



منظمة الأغذية  
والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

Organisation  
des  
Nations  
Unies  
pour  
l'alimentation  
et  
l'agriculture

Продовольственная и  
сельскохозяйственная  
организация  
Объединенных  
Наций

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## FINANCE COMMITTEE

**Hundred and Thirty-fourth Session**

**Rome, 21 – 22 October 2010**

**Third Update on the WFP Management Plan (2010-2011)**

Queries on the substantive content of this document may be addressed to:

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### **EXECUTIVE SUMMARY**

- **The Third Update on the WFP Management Plan is presented to the Board for information. The document outlines the changes on the Programme of Work since the last update, a net increase of US\$1.24 billion for the 2010–2011 biennium.**
- **The increase is primarily owing to operations to address the flood affected population in Pakistan and the drought in the Sahel region. The document also outlines reductions in operational requirements totalling US\$410 million which occurred in 25 countries.**
- **The resulting total foreseen programme of work for the biennium 2010–2011 is US\$11.98 billion, of which US\$6.91 billion is for 2010 and US\$5.07 billion is for 2011.**
- **This update also provides an overview of WFPs projected income for the biennium and the status of its PSA equalization account and extra budgetary resources.**

### **GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE**

- **The Finance Committee is requested to note the Third Update on the WFP Management Plan, and to endorse it for information by the Executive Board (EB).**

#### **Draft Advice**

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee takes note of the “Third Update on the WFP Management Plan.**

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**Executive Board  
Second Regular Session**

**Rome, 8–11 November 2010**

# RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

*For information\**

# E

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7 October 2010  
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## THIRD UPDATE ON THE WFP MANAGEMENT PLAN (2010–2011)

\* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

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## NOTE TO THE EXECUTIVE BOARD

### **This document is submitted to the Executive Board for approval**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

Deputy Executive Director and Chief Financial Officer, RM\*: Ms G. Casar tel.: 066513-2885

Deputy Chief Financial Officer and Director, RMB\*\*: Mr S. O'Brien tel.: 066513-2682

Chief, RMBB\*\*\*: Mr G. Crisci tel.: 066513-2704

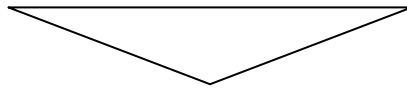
Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Resource Management and Accountability Department

\*\* Budget and Programming Division

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## DRAFT DECISION\*



Having considered the Third Update on the WFP Management Plan (2010–2011) (WFP/EB.2/2010/5-C/1), the Board takes note of the updated foreseen programme of work of US\$11.98 billion for the 2010–2011 biennium, excluding any provision for unforeseen requirements.

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\* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

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## INTRODUCTION

1. On approval of the original WFP Biennial Management Plan (2010–2011), the Secretariat reaffirmed its commitment to providing updates on the implementation of the plan. This is the third update to the Board. The information it provides applies to the period up to September 2010.

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## BACKGROUND

2. The original WFP Biennial Management Plan (2010–2011) outlined a programme of work for the biennium totalling US\$8.95 billion – US\$4.6 billion in 2010 and US\$4.35 billion in 2011 – based on only foreseen needs.
3. The planned programme of work consists of the operational requirements inclusive of indirect support costs (ISC).
4. The Programme Support and Administrative (PSA) budget of US\$476 million took into consideration the level of ISC income, based on expected funding levels and predicted reserve balances. As WFP is a voluntarily funded organization, the Secretariat will continue to review the level of PSA expenditure to ensure that it is sustainable.
5. As outlined in the original WFP Biennial Management Plan (2010–2011), the original programme of work for the biennium excluded any provision for unforeseen requirements. It was highlighted that unforeseen needs were likely to arise during the biennium, which would increase the programme of work. In the first and second updates of the Management Plan, presented at the 2010 first regular session and the annual session of the Board, the Secretariat outlined increases in the programme of work amounting to US\$1.8 billion.
6. Since the last update, a number of events, particularly the floods in Pakistan and additional requirements in the Sahel region, have led to increases in the programme of work and the number of beneficiaries WFP is assisting, to 112 million. This third update gives an overview of the increases and reductions to the programme of work.
7. The update also provides an overview of WFP's projected income for the biennium and the status of its extra-budgetary resources. Given that food and fuel prices can have major impacts on WFP's budget, the Secretariat will continue to monitor food price trends through a specific cereal index based on WFP's food basket.
8. In a time of tight financial constraints and historically high levels of hunger, it is important to understand the significance of the various numbers contained in this document. Consistent with WFP's General Regulations, the programme of work proposed by the Secretariat is comprised of the total operational requirements, inclusive of ISC, related to interventions requested by national governments. The operational requirements are needs-based and are compiled from assessment findings in collaboration with governments and other partners. When appropriate, WFP participates in joint assessments with other United Nations organizations, partners and donors.
9. The programme of work therefore represents an appeal for resources, based on needs, while the level of actual operational activity depends entirely on the contributions received over the period. WFP's policies, business processes and controls ensure that expenditure is always limited to the level of resources contributed by donors.

## SECTION I – PROGRAMME OF WORK CHANGES

10. Since the last update, WFP's 2010–2011 programme of work has increased by US\$1.24 billion: US\$516 million for 2010 and US\$720 million for 2011, primarily owing to work to address the flood-affected population in Pakistan and the drought in the Sahel region. The total foreseen programme of work for the biennium now stands at US\$11.98 billion, of which US\$6.91 billion is for 2010 and US\$5.07 billion for 2011.

### 2010 Programme of Work

11. As shown in Table 1, the 2010 programme of work has increased since the second update, to US\$6.9 billion, representing a net increase of US\$516.6 million, with major increases in Pakistan, Niger and Chad. WFP has also reduced the programme of work for 2010 in 25 countries – including Iraq, Somalia and the Sudan – by a total of US\$410 million.

TABLE 1: UPDATED PROGRAMME OF WORK FOR 2010 (US\$ MILLION)*						
Country	Original Management Plan	Increases 1st update	Increases 2nd update	Changes 3rd update	Revised requirements	Revised requirements as % of original Management Plan
Pakistan	75.4	240.8	111.5	388.7	816.4	983
Niger	35.6	-2.4	111.1	217.5	361.8	916
Chad	210.9	-2.5	0.0	50.1	258.5	23
Yemen	58.1	3.9	0.0	46.3	108.3	86
Kenya	245.0	0.7	0.0	31.7	277.4	13
Uganda	84.2	4.4	3.0	28.6	120.2	43
Kyrgyzstan	11.6	0.3	0.0	24.1	36.0	210
Other	3 885.2	349.4	971.6	139.6	5 345.8	37
<b>Subtotal</b>	<b>4 606.0</b>	<b>594.6</b>	<b>1 197.2</b>	<b>926.6</b>	<b>7 324.4</b>	<b>59</b>
<i>Reductions</i>				-410		
<b>TOTAL</b>	<b>4 606.0</b>	<b>594.6</b>	<b>1 197.2</b>	<b>516.6</b>	<b>6 914.4</b>	<b>50</b>

\* All numbers include ISC.

### 2010 Increases since Last Update

12. Table 1 indicates an increase in 2010 requirements, of US\$926.6 million since the previous update.

### Pakistan

13. Since the last update, the needs in Pakistan have increased by US\$388.7 million, of which US\$342 million is for emergency operations (EMOPs) and US\$46.7 million for 2010 for special operations to support the flood EMOPs.

14. As the emergency continues to unfold, the floods in Pakistan currently represent the world's largest humanitarian disaster, with more than 20 million people affected. An initial EMOP was launched only days after the disaster, on 1 August 2010, targeting 1 million people. A budget revision was approved on 20 August 2010, reflecting the increased needs

to provide essential life-saving assistance to 6 million beneficiaries, valued at US\$151 million. A further budget revision resulted in an increase of US\$446 million, to US\$597 million, for assisting up to 7.3 million beneficiaries. Of this, US\$342 million is to provide food assistance and cash or voucher transfers in 2010, while the remaining US\$255 million is to meet needs until July 2011. Under this operation, WFP will continue to provide life-saving assistance as flood waters continue to rise in some parts of the country, while catering to early recovery needs as people are able to return to their homes in other areas.

15. The original three-month special operation, initially budgeted at US\$13 million, has been extended by three months, requiring an additional US\$33.7 million. This extension will ensure a coordinated and effective logistics cluster to support the main logistics and telecommunication needs identified by the humanitarian community and to increase WFP's logistics capacity in support of its operations.

## Niger

16. Niger faced a major food and nutrition crisis in 2010, which threatened half of the country's population. The June 2010 nutrition and child survival survey revealed alarming rates of malnutrition, with young children at particular risk, requiring life-saving interventions. In the face of the lean season, WFP launched an EMOP to scale up ongoing food assistance for more than 7.8 million vulnerable people, with 212,518 mt of food, and cash transfers valued at US\$500,000 for hungry heads of households.
17. Under the EMOP, valued at US\$213 million for the period August to December 2010, WFP, working with the Government and partners, increased its food assistance, to reduce acute malnutrition among children under 5 and pregnant and lactating women in targeted emergency-affected populations and to protect livelihoods and reinforce the capacity of vulnerable populations to cope with shocks.
18. To respond to increased needs of 200,000 mt over a five-month period, WFP increased the special operation requirement by US\$4 million. The operation supports the EMOP by ensuring the timely supply, storage and transport of urgently needed food assistance.
19. As October marks the end of the lean season, WFP is planning gradually to reduce the level of assistance provided, taking into account the expected good harvest and resultant improved livestock conditions. Any eventual budgetary reductions arising from this change in situation and WFP response will be reflected in a subsequent Management Plan update.

## Chad

20. In neighbouring Chad, particularly in the northwest of the country, the nutrition status of children under 5 was equally alarming; a country-wide assessment in December 2009 recorded global acute malnutrition (GAM) rates as high as 26.9 percent. With the proportion of food-insecure people in the Sahelian belt of Chad surging from 41 percent in May 2009 to 61 percent in March 2010, GAM rates are likely to have increased. In response, WFP launched an EMOP in March 2010, requiring additional resources of US\$65 million to support 740,000 malnourished children and pregnant and lactating women until the end of 2010. As in Niger, any changes in situation, such as a better harvest, will be reflected in a modified WFP response from October. The Chad country office has reduced its requirements for existing projects in 2010 by US\$14.9 million.



## Yemen

21. Yemen has one of the worst malnutrition rates in the world. WFP is assisting more than 2 million beneficiaries through two ongoing EMOPs: i) Targeted Food Support to Vulnerable Groups Affected by High Food Prices; and ii) Food Assistance to Conflict-Affected Persons in Northern Yemen. WFP requires an additional US\$46.3 million for 2010 for these two EMOPs.
22. Under the Targeted Food Support to Vulnerable Groups Affected by High Food Prices EMOP, WFP requires an additional US\$16.8 million for 26,500 mt of commodities and associated costs. WFP plans to assist 1.9 million beneficiaries by providing monthly household rations.
23. Under the Food Assistance to Conflict-Affected Persons in Northern Yemen EMOP, WFP requires an additional US\$29.5 million for 2010. Owing to continuing instability, the number of beneficiaries continues to increase gradually, and is expected to reach 340,000. WFP's objective under the EMOP is to save lives and protect the livelihoods of internally displaced persons by providing appropriate food and nutritional assistance to the most affected population groups.

## Kenya

24. WFP Kenya requires an additional US\$31.7 million for 38,800 mt of food and associated costs. This increase in requirements for the protracted relief and recovery operation (PRRO) will address the needs of 876,000 beneficiaries affected by recurrent droughts. WFP will provide additional individual rations under a targeted supplementary feeding programme for moderately malnourished children under 5 and pregnant and lactating women, and blanket supplementary feeding as a preventive measure in the five districts with the highest malnutrition rates.

## Uganda

25. The hunger situation in Uganda has improved slightly over the last few years, but hunger challenges persist country-wide. Even in the absence of a specific crisis, the combination of frequent natural disasters, violence and extreme poverty has eroded people's capacity to respond to shocks.
26. Uganda's EMOP, Emergency Assistance to Communities Affected by the 2008 Drought in Karamoja, North-Eastern Uganda, will continue to assist 309,000 food-insecure people throughout 2010, as acute malnutrition has remained above the alert threshold and often reaches emergency levels in some areas. WFP requires an additional US\$28.6 million for the remainder of 2010, to stabilize and, where possible, reduce acute malnutrition among the most food- and nutrition-insecure populations.

## Kyrgyzstan and Uzbekistan

27. WFP has responded to the inter-ethnic violence that erupted in Kyrgyzstan in April 2010 with an immediate-response EMOP – valued at US\$1 million – in Kyrgyzstan and Uzbekistan, where many of those affected sought refuge. WFP requires an additional US\$23.1 million for 28,300 mt of food, to assist 560,000 food-insecure beneficiaries through general food distributions and institutional feeding until the end of the year.

## 2010 Decreases since Last Update

28. In addition to the increases, Table 1 also indicates a total decrease in 2010 requirements, of US\$410 million since the previous update.

29. This reduction in operational requirements occurred in 25 countries as a result of contextual changes, strengthened processes for identifying only the most critical needs, and the alignment of requirements to more realistic funding expectations.
30. WFP Somalia has reduced its requirements for 2010 by US\$46.3 million. Lack of access and assessments has resulted in a reduction in the number of beneficiaries to 1.9 million – from 3.6 million – requiring US\$292 million for 2010. This has led to an overall decrease in tonnage of 60,500 mt, valued at US\$18.7 million, and a reduction in transport costs totalling US\$24.6 million. The reduction in tonnage is also due to a lower quantity of cereal required under the general food distribution ration, as agreed with the nutrition cluster.
31. WFP Iraq has reduced its requirements by US\$200 million, to align with the resourcing outlook for the PRRO. Under the original PRRO, WFP Iraq planned to provide assistance to almost 1.8 million beneficiaries located in 41 districts. Under the revised PRRO, WFP will assist 267,300 beneficiaries in eight districts, with the aim of providing assistance to the most vulnerable groups and focusing on school feeding activities to increase attendance. The overall food requirements of the PRRO have been reduced from US\$115 million to US\$15.3 million, representing a decrease in tonnage of 164,483 mt. The reduction in tonnage has led to significant decreases in associated costs, totalling US\$100 million.
32. There are also reductions in the Sudan EMOP for 2010, amounting to US\$14.4 million in associated costs. Although food requirements remain unchanged, external transport and landside transport, storage and handling (LTSH) requirements have declined, owing to a shift in the country office's procurement strategy, the continuous monitoring of local transport rates, and ongoing negotiations with transporters. The realignment of local staff salaries has led to a reduction in the direct support cost (DSC) budget of more than US\$5.8 million.
33. The remaining reductions have been achieved in 22 other countries.

### 2010 Programme of Work Summary

34. The major changes in the 2010 programme of work compared with the original Management Plan are summarized in Table 2.

Country	Original Management Plan	Overall increase	Revised requirements	Revised requirements as % of original Management Plan
Pakistan	75.4	741.0	816.4	983
Haiti	97.9	535.5	633.4	547
Sahel region**	269.2	393.0	662.2	146
Horn of Africa***	1 052.3	295.8	1 348.1	28
Others	3 111.2	343.1	3 454.3	11
<b>TOTAL</b>	<b>4 606.0</b>	<b>2 308.4</b>	<b>6 914.4</b>	<b>50</b>

\* All numbers include ISC.

\*\* The Sahel region includes the requirements for Niger, Chad and Cameroon.

\*\*\* The Horn of Africa includes the requirements for Ethiopia, Kenya, Somalia and Uganda.

35. Table 2 shows an increase in the programme of work of US\$2.3 billion for 2010. This significant increase is largely due to increased requirements in Pakistan, Haiti, the Sahel region and the Horn of Africa, which total US\$1.96 billion, or 85 percent of the total increase.

### 2011 Programme of Work

36. The latest 2011 foreseen programme of work of US\$5.07 billion represents an increase of US\$720 million compared with the original 2011 programme of work of US\$4.35 billion. This increase is also primarily due to additional requirements in the Sahel region, Pakistan, the Horn of Africa and Haiti.
37. Compared with the latest 2010 projections of US\$6.9 billion, the foreseen 2011 programme of work is US\$1.84 billion, or 27 percent, lower, as a result of 57 countries having lower requirements than in the latest 2010 programme of work.
38. Although 2011 requirements appear to decline compared to 2010, the 2010 programme of work already includes substantial unforeseen requirements that have arisen during the year as outlined above. It is likely that unforeseen requirements will arise also during 2011.
39. The 2011 Programme of Work will be outlined in greater detail in the Forth Update of the WFP Management Plan (2010–11).

## SECTION II: PROJECTED RESOURCE LEVELS

40. The original WFP Biennial Management Plan (2010–2011) was based on an income forecast of US\$7.5 billion, which would generate US\$476 million of ISC income. The current forecasted funding level for 2010–2011 stands at US\$7.45 billion against a programme of work of US\$11.98 billion.
41. In 2010, WFP expects to receive US\$3.7 billion against assessed needs of US\$6.9 billion. The resourcing outlook for 2010 was slightly decreased, by US\$50 million, owing to unfavourable exchange rates, the economic downturn affecting Official Development Assistance (ODA) levels more dramatically than estimated, droughts reducing in-kind donations, and competing humanitarian crises.
42. The higher programme of work has not resulted in proportionate additional funding.

### Key Resourcing Highlights for 2010

43. As of 26 September 2010, WFP had received US\$2.88 billion. The overall trends are consistent with previous years, with the top ten funding sources providing 80 percent of all funds received and funding levels at approximately the same as at the same time last year. However, varying trends underpin these composite figures, reflecting the new focus of donor relation efforts as guided by *Resourcing for a Changing Environment*.<sup>1</sup>
44. Demonstrating continued support and increased commitment to WFP's operations following the 2008 high food and fuel price crises, WFP has received levels of funding from 39 donor nations that are above their 2005–2007 averages.
45. A much-welcome development over recent years is the increase in contributions from governments that are host nations for WFP assistance. Eighteen governments in this category have contributed US\$81 million. The largest donation, of US\$36 million, came from the Government of Nepal, for food and cash assistance, micronutrient

<sup>1</sup> WFP/EB.1/2010/5-B/Rev.1

supplementation for children under 5, and community assets projects that improve local crop production and income, in up to 26 moderately to severely food-insecure districts.

46. Reflecting WFP's continued expansion of partnerships with emerging economies and developing countries, the twinning of cash donations with commodity contributions has enabled seven governments – Algeria, Bangladesh, Brazil, Kenya, Malawi, the Sudan and Thailand – to make 25 in-kind contributions, so far, in 2010. The Government of Algeria provided 15,000 mt of rice, valued at US\$10 million, for six countries in Africa, marking the largest in-kind contribution in quantitative terms from this Government since 2003. The Government of National Unity in the Sudan donated 4,105 mt of sorghum to WFP's PRRO in Ethiopia. The governments of Bangladesh, Kenya and Malawi contributed in-kind commodities to WFP operations in their own countries for the fifth consecutive year.
47. The generous and swift response to the Haiti earthquake saw the governments of Brazil and Thailand donate in-kind commodities valued at US\$11 million and US\$2.5 million respectively. The Government of Spain provided US\$17.6 million in associated costs for Brazil's donation, while the governments of New Zealand and Switzerland partnered to ensure the delivery of rice provided by the Government of Thailand. The governments of Colombia and Benin made cash contributions of US\$50,000 and US\$32,000 respectively in the immediate aftermath of the earthquake.
48. WFP's efforts to strengthen partnerships with countries in the Gulf and Arab States, which have long supported humanitarian activities, primarily through bilateral aid and non-governmental organizations (NGOs), have also been successful, with a number of significant contributions from the Government of Oman, and the Kingdom of Saudi Arabia. The Oman Government's US\$26 million to WFP activities in the Syrian Arab Republic was a record high.
49. Global efforts – such as the L'Aquila Food Security Initiative (AFSI), which is supported by a commitment of US\$22 billion over three years – and their offshoots, such as the United States Feed the Future initiative, are country-led programmes where the Secretariat believes that WFP has a comparative advantage, owing to its work with national governments on food-based productive safety nets that enable supported populations to seize development opportunities, while buffering them during hard times. WFP is well-positioned to benefit from these initiatives, and from programmes such as the European Union (EU) Food Facility and the Global Health Initiative. However, activities must align with the policy and programmatic objectives governing WFP activities.
50. The Strategic Resource Allocation Committee is continuing its instrumental role of allocating resources to the operations with the most significant needs. In 2010, multilateral contributions of US\$286 million account for 10 percent of all contributions received so far. The most significant multilateral contributions continue to come from the governments of Sweden, the Netherlands, Denmark, Australia, Germany, Norway and Finland.

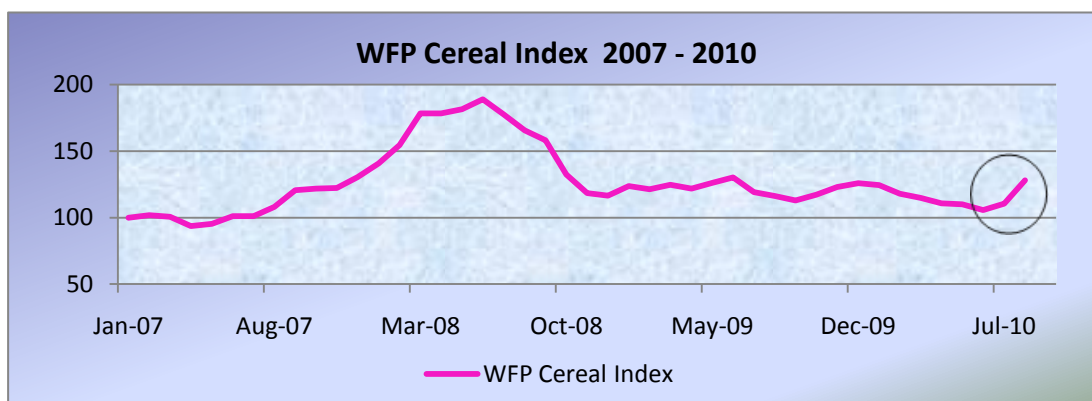
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## **SECTION III: IMPACT OF COMMODITY AND FUEL MARKET DEVELOPMENTS ON WFP'S BUDGET**

51. WFP is positioning itself to respond to recent developments in the commodity markets and is exploring alternative markets that can ensure supplies at competitive prices.
52. Despite two consecutive years of record cereal production in 2009 and 2010, concerns over a possible repetition of the 2007/2008 global food price crisis and its impacts on

market price volatility and food security have recently grown. Acute drought, afflicting major wheat and barley export countries in the Black Sea region of the Russian Federation, Kazakhstan and Ukraine, has raised concerns about the world wheat supply in the 2010/2011 marketing season.

53. The Food and Agriculture Organization of the United Nations' (FAO's) latest forecast indicates 2010 global cereal production of about 2,239 million mt, only 1 percent lower than last year's and representing the third largest crop harvest on record. Reduced outputs of grains in Commonwealth of Independent States (CIS) countries account for most of the decline. At the current forecast level, 2010 cereal production, coupled with large carry-over stocks, should be adequate to cover projected world cereal utilization in 2010/2011. The world cereal stocks-to-use ratio at the end of marketing year 2010/2011 will decline only marginally, to 23 percent, still well above the 19.6 percent low level registered in the 2007/2008 food crisis period.<sup>2</sup>
54. WFP monitors international cereal prices through a cereal index based on FAO International Grains Council data and the WFP quarterly Market Monitor, which provides information on price changes for common staples and their potential impacts on the cost of the basic WFP food basket.



55. Although WFP's Cereal Index has risen sharply over the past eight weeks, WFP's overall commodity budget for the 2010–2011 biennium remains sufficient.
56. Fuel prices have increased in the past months by US\$6/barrel, but WFP's transport budget for the 2010–2011 biennium remains sufficient.

<sup>2</sup> FAO, *Crop Prospects and Food Situation report*, September 2010.

## SECTION IV: MANAGEMENT OF INDIRECT SUPPORT COSTS

### Status of the Programme Support and Administrative Equalization Account

57. As outlined in the Audited Financial Statements for 2009, the balance of the PSA Equalization Account at 31 December 2009 was US\$152 million. The forecast for the PSA Equalization Account, taking into account the funding for 2011 staff liabilities and the approved PSA expenditure, is outlined in Table 3.

1 January 2010 opening balance <sup>3</sup>		152.0
2010–2011 projected income at 7%		473.0
2010–2011 approved PSA	(479.4)	
2010–2011 one-time allocation	(25.9)	
Approved transfer of 2010–2011 expenditure to PSA Equalization Account	(38.9)	
Subtotal, expenditure		(544.2)
<b>31 December 2011 forecast</b>		<b>80.8</b>

58. The forecasted balance includes the approved transfer of expenditure of US\$38.9 million from the unearmarked portion of the General Fund, including expenditure for WFP's shares of the United Nations Department of Safety and Security, of US\$24.4 million, and the Security Fund, of US\$14.5 million.

59. The forecasted balance of the PSA Equalization Account for the end of the biennium has been reduced by US\$3 million due to a reduction in income and is projected at US\$80.8 million. This is an increase from the estimated closing balance of US\$44.5 million projected in the original WFP Biennial Management Plan (2010–2011). The underestimation of the PSA Equalization Account balance was due to a number of large contributions received during the last quarter of 2009. The balance of the PSA Equalization Account is in line with the target of maintaining an amount equivalent to four months of expected PSA expenditure.

60. The Secretariat recognizes the importance of keeping the target balance in the PSA Equalization Account and will continue to monitor both ISC income and PSA expenditure to ensure that they are in line with projections. The Executive Board will be kept informed on the status of the account throughout the biennium.

## SECTION V: UPDATE ON EXTRA-BUDGETARY RESOURCES

61. In the original Management Plan (2010–2011), extra-budgetary resources were forecast at US\$506 million. This forecast has been revised to US\$578.3 million, taking into account recently confirmed extra-budgetary resources that had not been foreseen: US\$309 million in Special Accounts; US\$257.3 million in trust funds –US\$194.5 million country-specific and US\$62.8 million general; and US\$12 million in bilaterals.

<sup>3</sup> WFP, 2009, *Financial Statements* (WFP/EB.A/2010/6-A/1).

62. Extra-budgetary resources remain a critical source of investment for corporate innovation and capacity-building, and for the capacity development of partners, required for alignment to the Strategic Plan (2008–2013).
63. Extra-budgetary resources received to date stand at US\$228.5 million, representing 39 percent of the revised forecasted requirements for 2010–2011.
64. Approximately US\$114.5 million has been received as income to the Special Accounts, representing 37 percent of the revised forecast of US\$309 million for the 2010–2011 biennium. Income for Special Accounts is generated mainly from the provision of specific services in the areas of logistics and information technology (IT). A new Special Account was created in the IT area, valued at US\$10 million, to complement the existing account; it will be used for the recovery of field-related licences and other IT services.
65. Against the forecast of US\$194.4 million for country-specific trust funds, US\$60 million, or 31 percent, has been received in 2010. General trust funds received are currently at US\$51 million, indicating a shortfall of 19 percent. A general trust fund for institutional strengthening in support of the Strategic Plan is under negotiation.
66. During the biennium, 31 new trust funds have been established, valued at US\$28.3 million, to support capacity-building in country-led hunger solutions, new school feeding and nutrition approaches, a disaster risk reduction and climate change adaptation toolbox, and food security analysis.
67. The Government of Canada has recently confirmed US\$19 million to support WFP's Forward Purchase Facility (FPF). The funds will be used to expand the capacity of the FPF, allowing for procurement of non-cereal commodities. Small pilot purchases will be made, for the pre-positioning of stock when prices are advantageous to WFP.
68. WFP is scaling up the use of the Right Foods at the Right Time approach during the critical window from conception to 2 years of age, providing more than 1 million young children with nutritious foods in 2010, including in large-scale EMOPs in Haiti, Niger and Pakistan. The REACH partnership, hosted by WFP, is operational in Mauritania and the Lao People's Democratic Republic, with additional countries at different stages of preparation, including Sierra Leone, Bangladesh, Mozambique and Rwanda. In the area of HIV and AIDS, technical support has been provided to integrate food and nutrition into national AIDS strategies, while nutrition and food support has been integrated into tuberculosis/HIV activities in five Asian and 14 African countries.
69. The current shortfall of US\$12 million for general trust funds is hindering country-level alignment to the Strategic Plan, through the funding of country strategies, in the areas of performance management, safety nets, food security monitoring and information management, cash and vouchers, partnership and hand-over, and early warning/emergency preparedness.

## ANNEX I

## ANALYSIS OF UNFORESEEN REQUIREMENTS

1. As outlined in the original WFP Biennial Management Plan (2010–2011), updates of the projected 2010–2011 programme of work take into account only foreseen needs, consisting of existing operations and their logical extensions. They make no provision for unforeseen requirements.
2. As requested at the 133th Session of the FAO Finance Committee, this Annex presents a comparison of the original approved Management Plans for past biennia and the final programmes of work.
3. For the first year of the biennium, compared with the original WFP Biennial Management Plan (2010–2011), WFP's programme of work has increased by US\$3.0 billion, which represents a 34 percent increase.
4. Table A.1 outlines unforeseen requirements compared with original WFP Biennial Management Plans.

<b>TABLE A.I: HISTORICAL UNFORESEEN REQUIREMENTS</b>				
	<b>Management Plan (US\$ million)</b>	<b>Unforeseen requirements (US\$ million)</b>	<b>Total final programme of work (US\$ million)</b>	<b>Increase (%)</b>
2002–2003	2 931	2 689	5 620	92
2004–2005	4 784	1 076	5 860	22
2006–2007	6 198	252	6 450	4
2008–2009	5 792	5 987	11 779	103
2010–2011*	8 953	3 031	11 984	34
<b>Average 2002–2011</b>	<b>5 732</b>	<b>2 607</b>	<b>8 339</b>	<b>45</b>

\*Excludes any unforeseen requirements for 2011.



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## ACRONYMS USED IN THE DOCUMENT

AFSI	Aquila Food Security Initiative
CIS	Commonwealth of Independent States
DSC	direct support cost
EMOP	emergency operation
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FPF	Forward Purchase Facility
GAM	global acute malnutrition
ISC	indirect support costs
IT	information technology
LTSH	landside transport, storage and handling
NGO	non-governmental organization
ODA	Official Development Assistance
PRRO	protracted relief and recovery operation
PSA	Programme Support and Administrative
RM	Resource Management and Accountability Department
RMB	Budget and Programming Division
RMBB	Budget Service