

WFP Executive Board

*1st Informal Consultation
WFP Management Plan (2017-2019)*

7 July 2017



World Food Programme

Agenda for 1st Informal Consultation

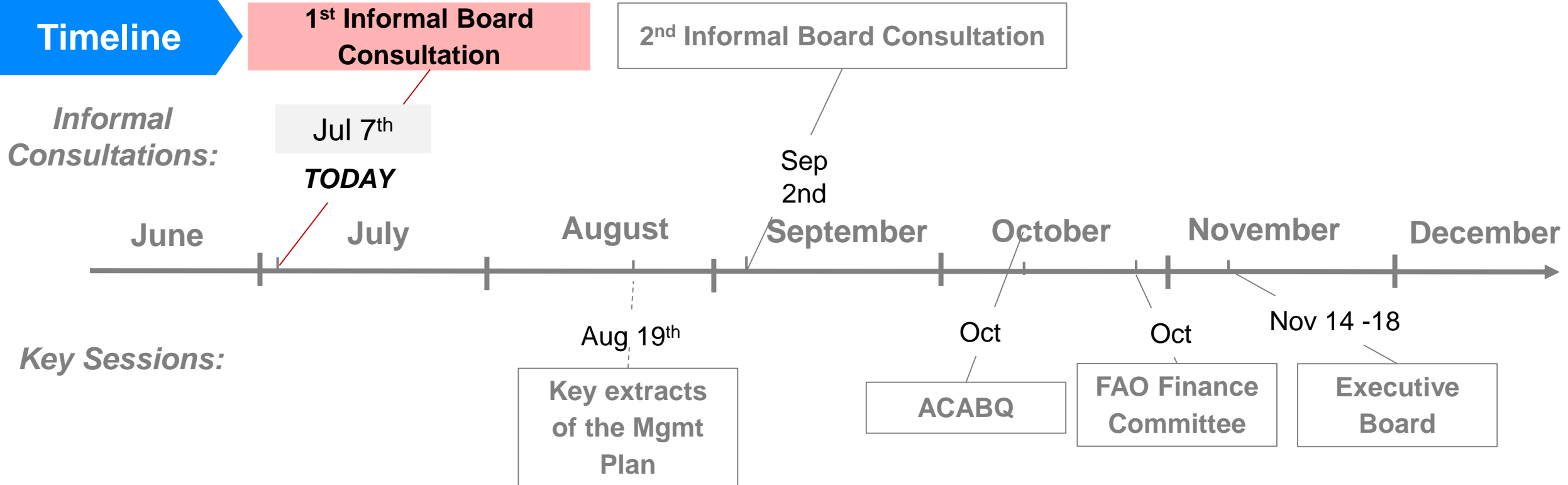
- 1. Setting the Scene: Resourcing & the Financial Context of the 2017-2019 Management Plan**
- 2. Operational Requirements and Provisional Prioritized Plan**
- 3. PSA Approach and Proposed Budget**
- 4. Proposal to Harmonize Private Sector ISC Rate**
- 5. Proposal to Rationalize Management Plan document**

Key dates for Management Plan 2017-19

Objective

Present for approval the 2017-19 Management Plan for the Second Regular Session of the Executive Board

Timeline



1. Setting the Scene: Resourcing & Financial Context of the 2017-2019 Management Plan

- I. Preparing for the Future
- II. Updated Resourcing Forecasts
- III. Living within our Means

1.I Management Plan: Preparing for the Future

Provisional Prioritized Plan of Work

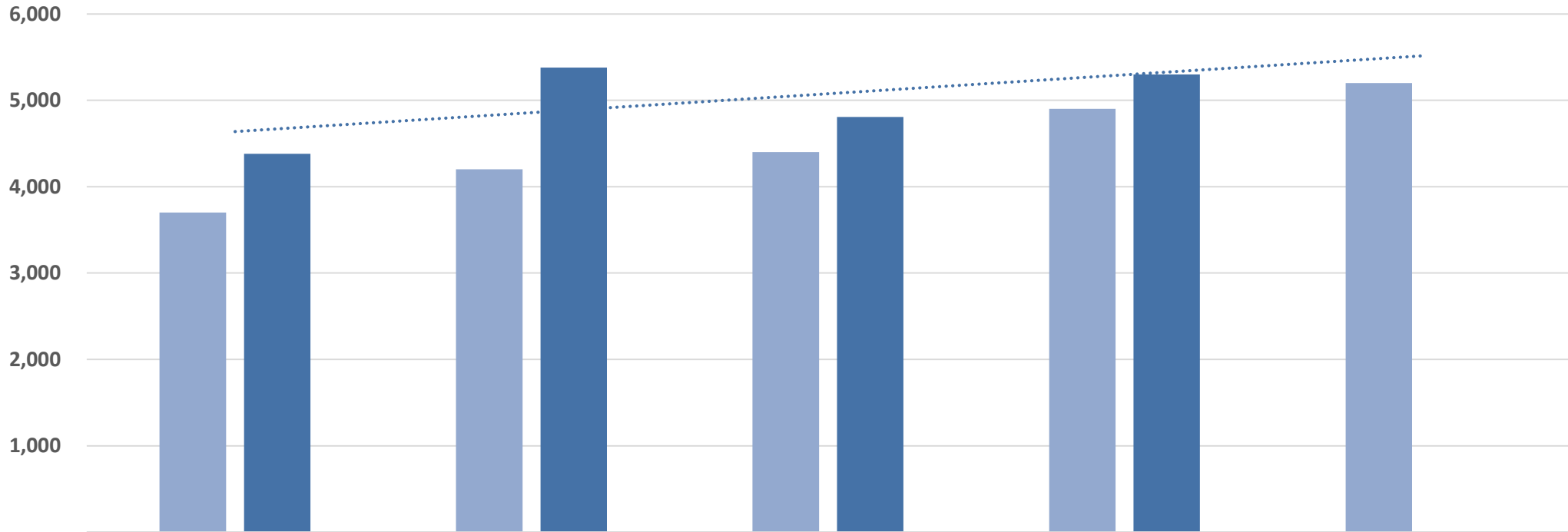
- ✓ **Resource Based:** donor funding and conditionality projections
- ✓ **Prioritized from Needs:** within the scope of (current) Strategic Plan
- ✓ **Outputs:** planned beneficiary and rations numbers
- ✓ **Unfunded Opportunities:** in terms of beneficiary numbers, days & ration size

Programme and Administrative Support

- ✓ Living within our means
- ✓ Takes account of the WHS, and related EB commitments
- ✓ Fully integrated part of Strategic Resource allocation process
- ✓ Cost Excellence proposal detailed in a separate paper

1.II Updated 2016 & 2017 income forecasts

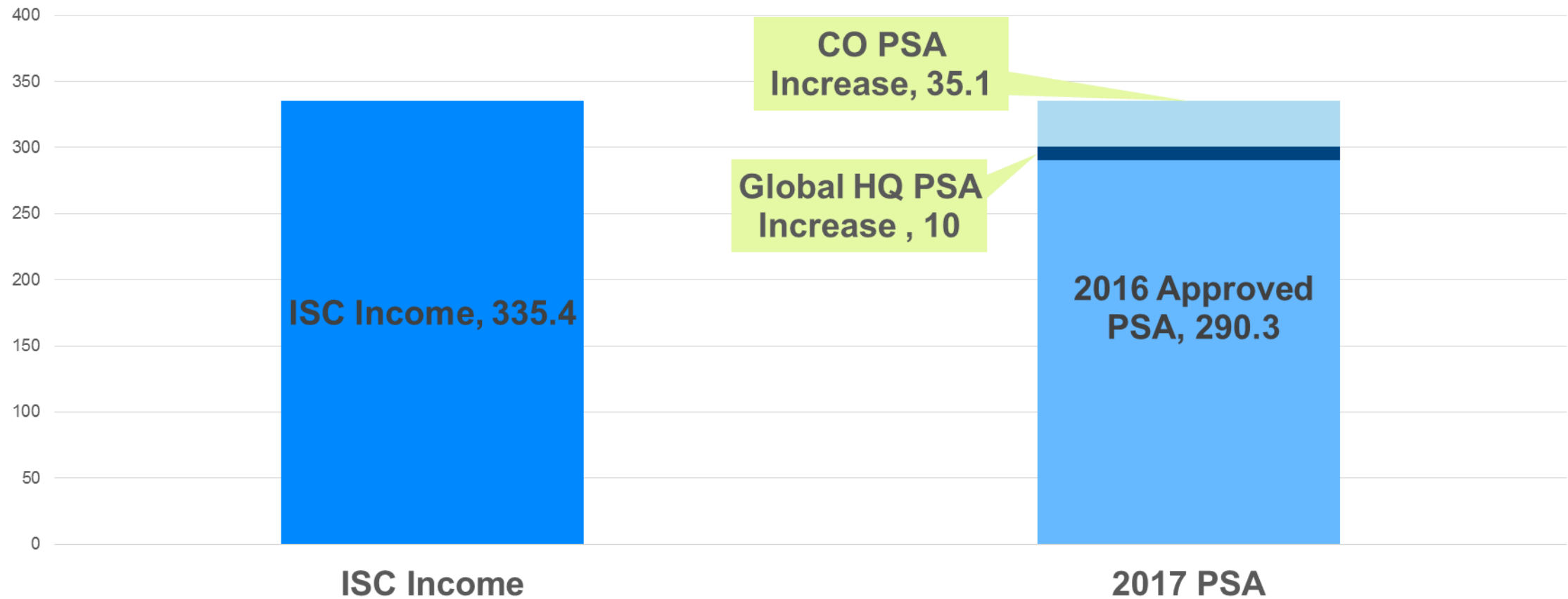
MP Forecast versus Actual contributions



	2013	2014	2015	2016*	2017
Forecast Contributions MP	3,700	4,200	4,400	4,900	5,200
Actual Contributions FS	4,380	5,378	4,808	5,300	

Projected income for 2016 & 2017 exceeding growth trend of 5%

1.III PSA Overview: Living with our Means



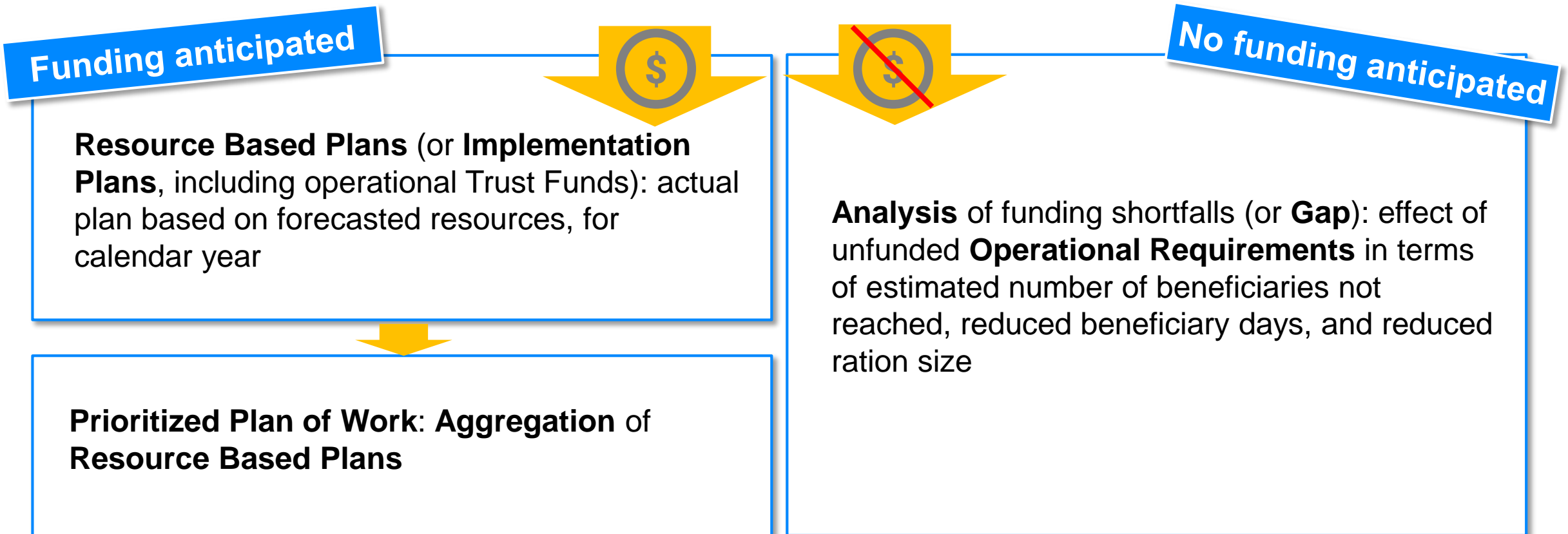
Global HQ PSA expenditures proposed at *USD 300.3 M*, a growth of 3.4%

2. Operational Requirements and Provisional Prioritized Plan

- I. Advocating for Needs; Planning around Resources
- II. From Operational Requirements to Prioritized Plan
- III. Operational Needs and Provisional Prioritized Plan of Work details

2.1 Key concept of the Management Plan 2017-2019 is to advocate for Needs; Planning around Resources

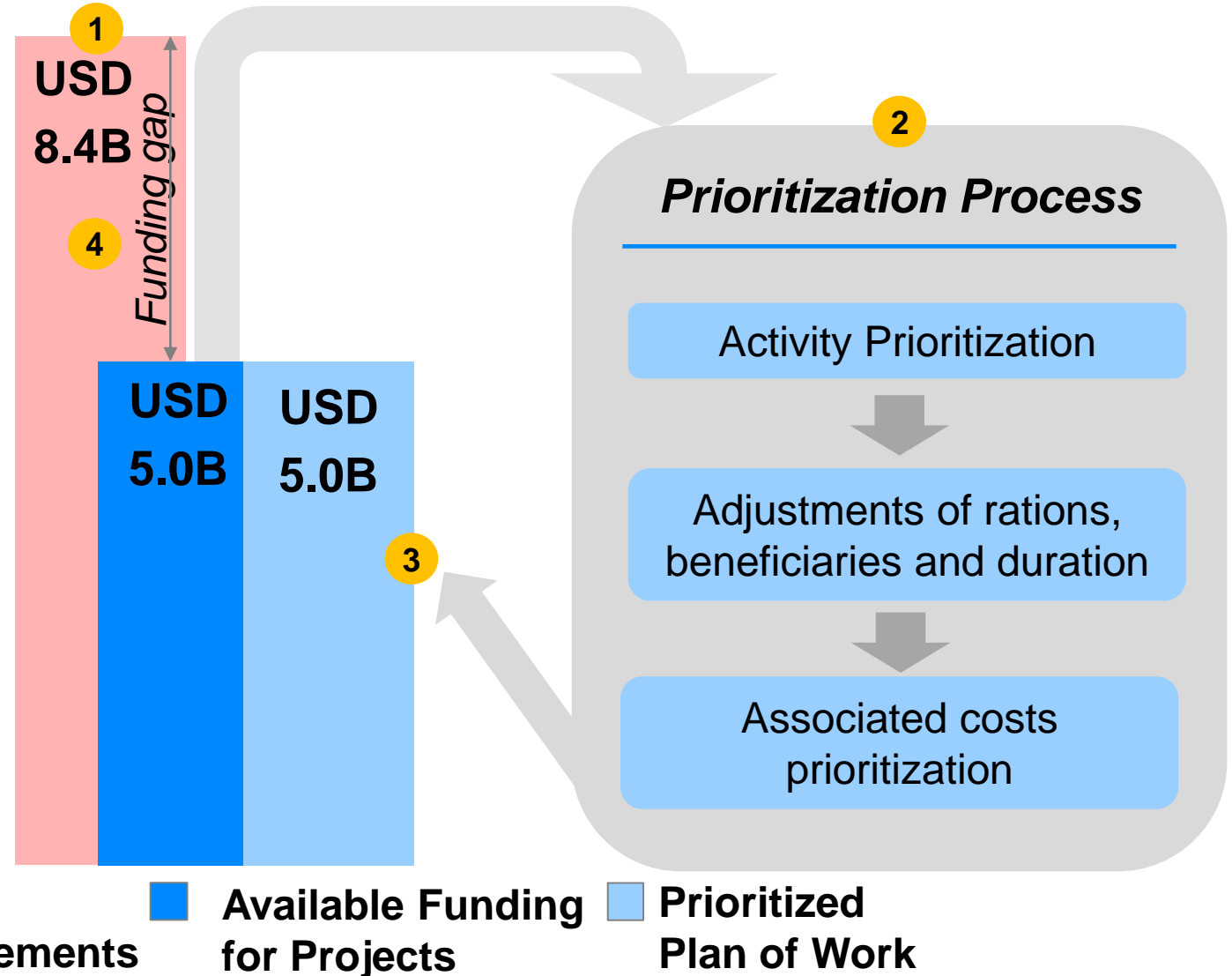
Operational Requirements/ Programme of Work is the estimated cost of providing for assessed needs, based on corporate capacity.



2.II From Operational Requirements to Prioritized Plan

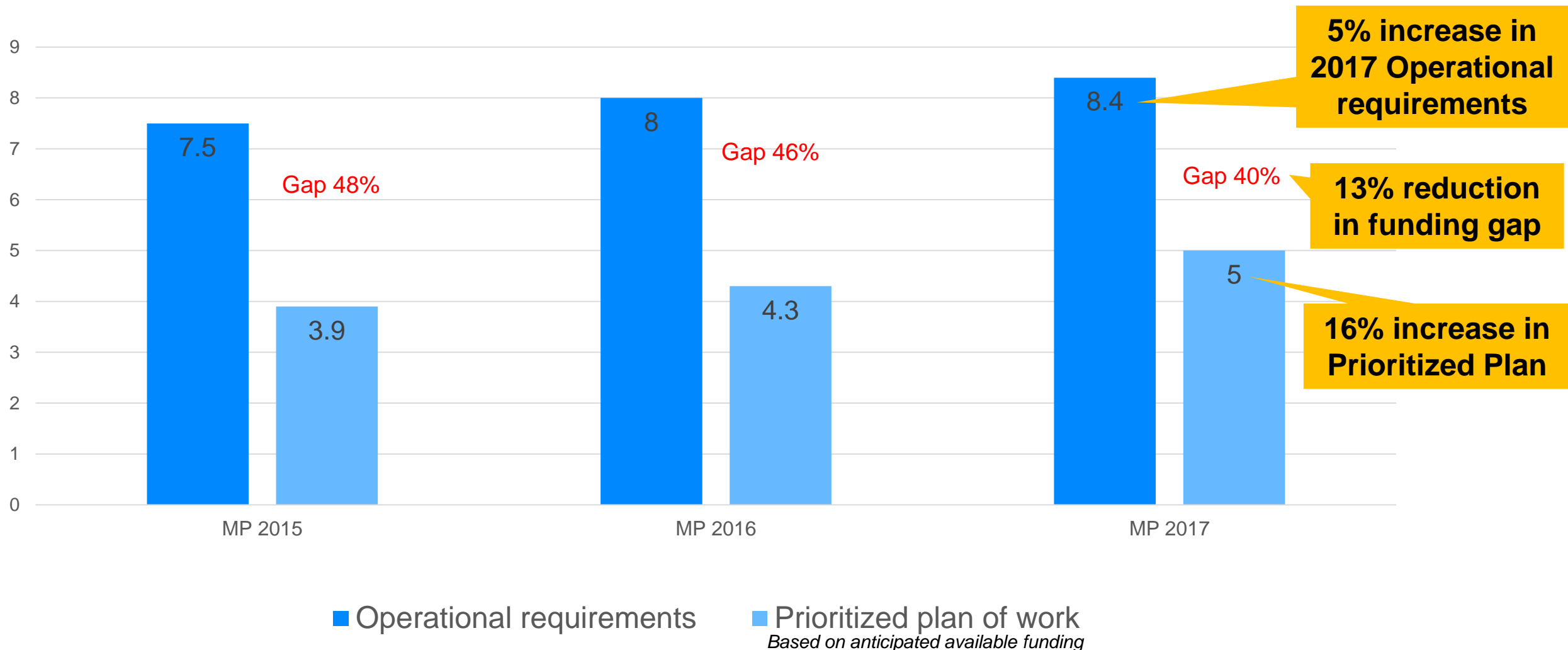
From: Operational Requirements to Prioritized Plan of Work (excl. ISC & T/F)

- 1 WFP establishes the Operational Requirements based on assessed needs
- 2 Considering available and forecasted funding, WFP goes through a prioritization process
- 3 WFP reaches a Prioritized Plan
- 4 The difference between the Prioritized Plan of Work and available resources reflected in terms of beneficiary impact



2.IIIa Operational Requirements vs. Prioritized Plan, 2015-17 (excl. ISC & T/F)

All figures in USD billion



2.IIIb 2016-2017 Operational Requirements (excl. ISC & T/F)

	<u>2016 MP</u>	<u>2017 MP</u>	<u>2017 MP %</u>	<u>Variation</u>
L3 Emergencies				
Syria Crisis	981	1,839	22%	87%
Iraq	481	333	4%	-31%
Yemen	1,240	953	11%	-23%
South Sudan	891	866	10%	-3%
Southern Africa Region	249	508	6%	104%
Sub total L3	3,842	4,499	53%	17%
Top non-L3 Countries				
Ethiopia	480	751	9%	56%
Sudan	354	380	5%	7%
Somalia	265	233	3%	-12%
Niger	362	205	2%	-43%
Afghanistan	230	183	2%	-20%
Sub total non-L3	1,691	1,752	21%	4%
Total other	2,487	2,166	26%	-13%
Total	8,020	8,417	100%	5%

Major Increases:

↑ **Syria (L3)**
 ↑ **Southern Africa (L3)**
 ↑ **Ethiopia**

Major Decreases:

↓ **Iraq (L3)**
 ↓ **Niger**

2.IIc

2017 Operational Requirements and Provisional Prioritized Plan: Key Figures

NEEDS

USD 8.4 B

88 M beneficiaries

21.5 B rations



PRIORITIZED PLAN

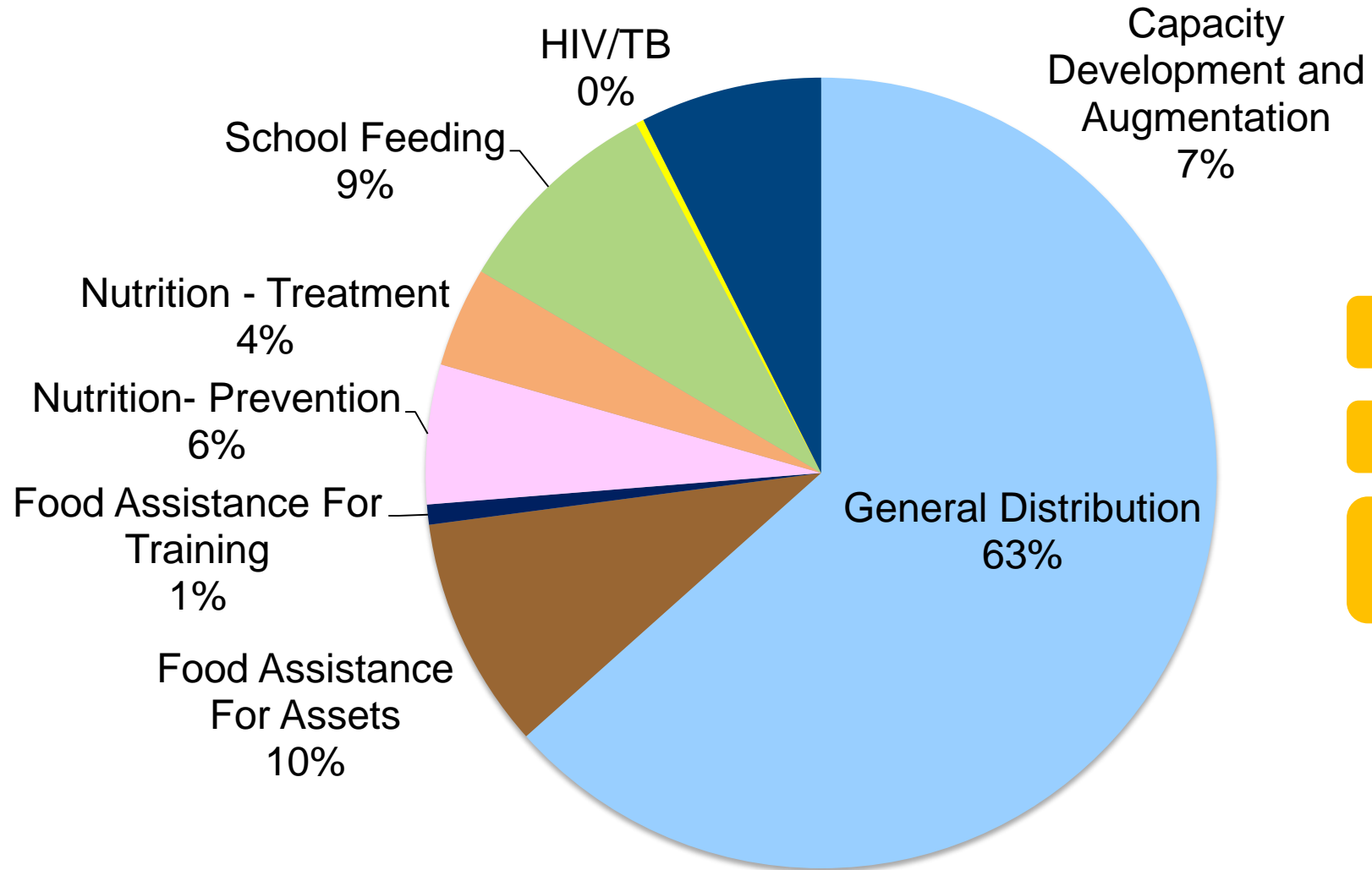
USD 5.0 B

69 M beneficiaries

16.5 B rations

143 Projects in 77 Countries

2.IIId 2017 Provisional Prioritized Plan per Activity

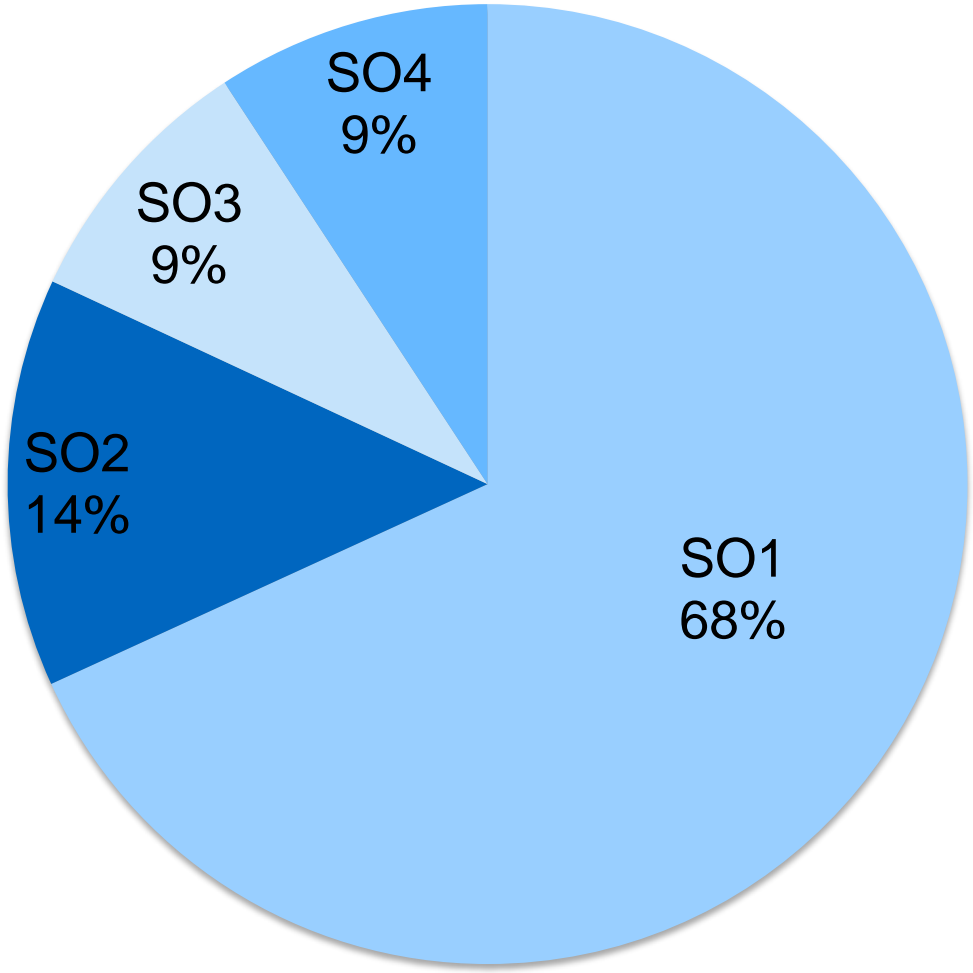


GD is 63% of total

Only for L3's is 79%

**For other operations
47%**

2.IIe 2017 Provisional Prioritized Plan per Strategic Objective

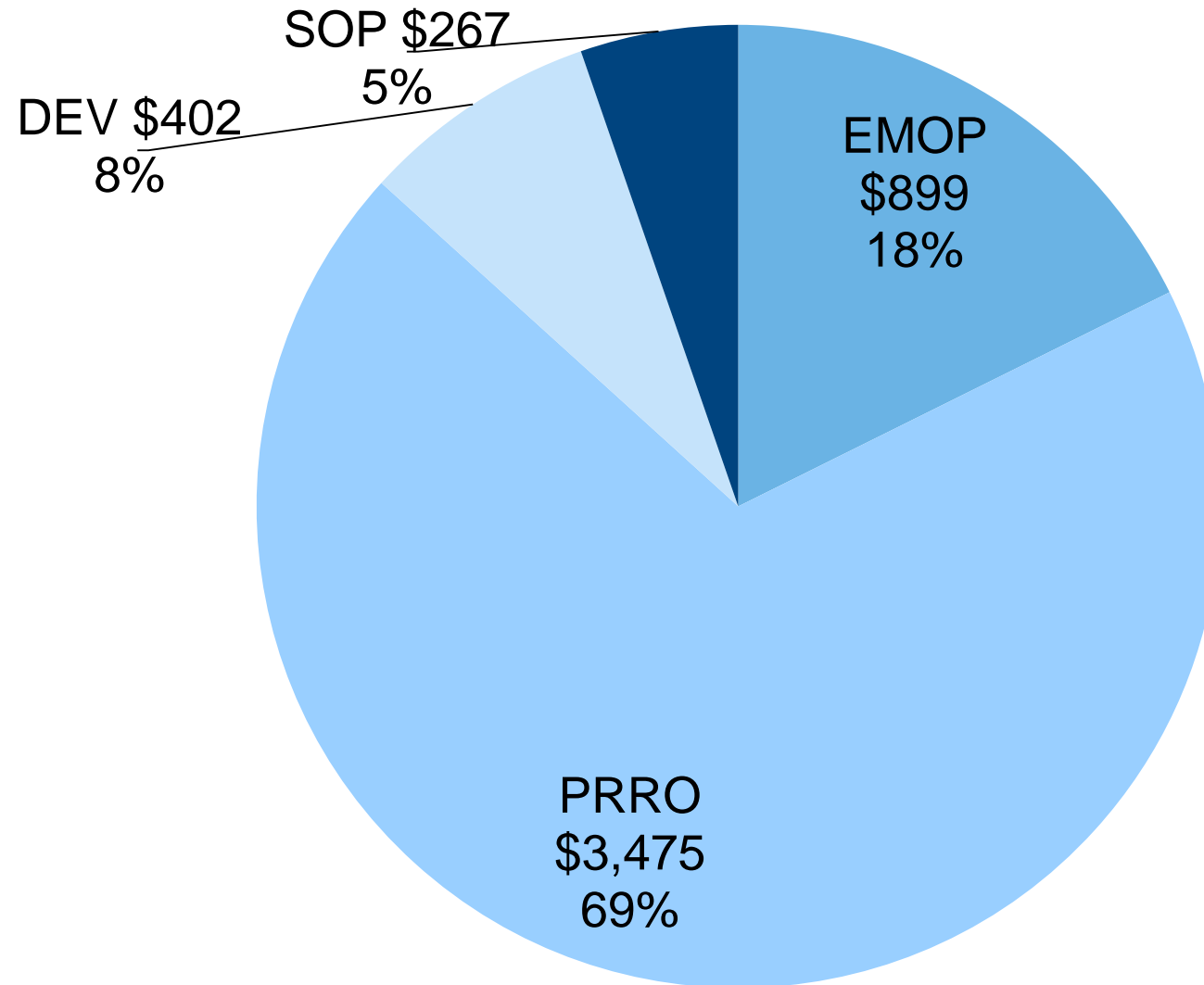


SO 1 is 68% of total

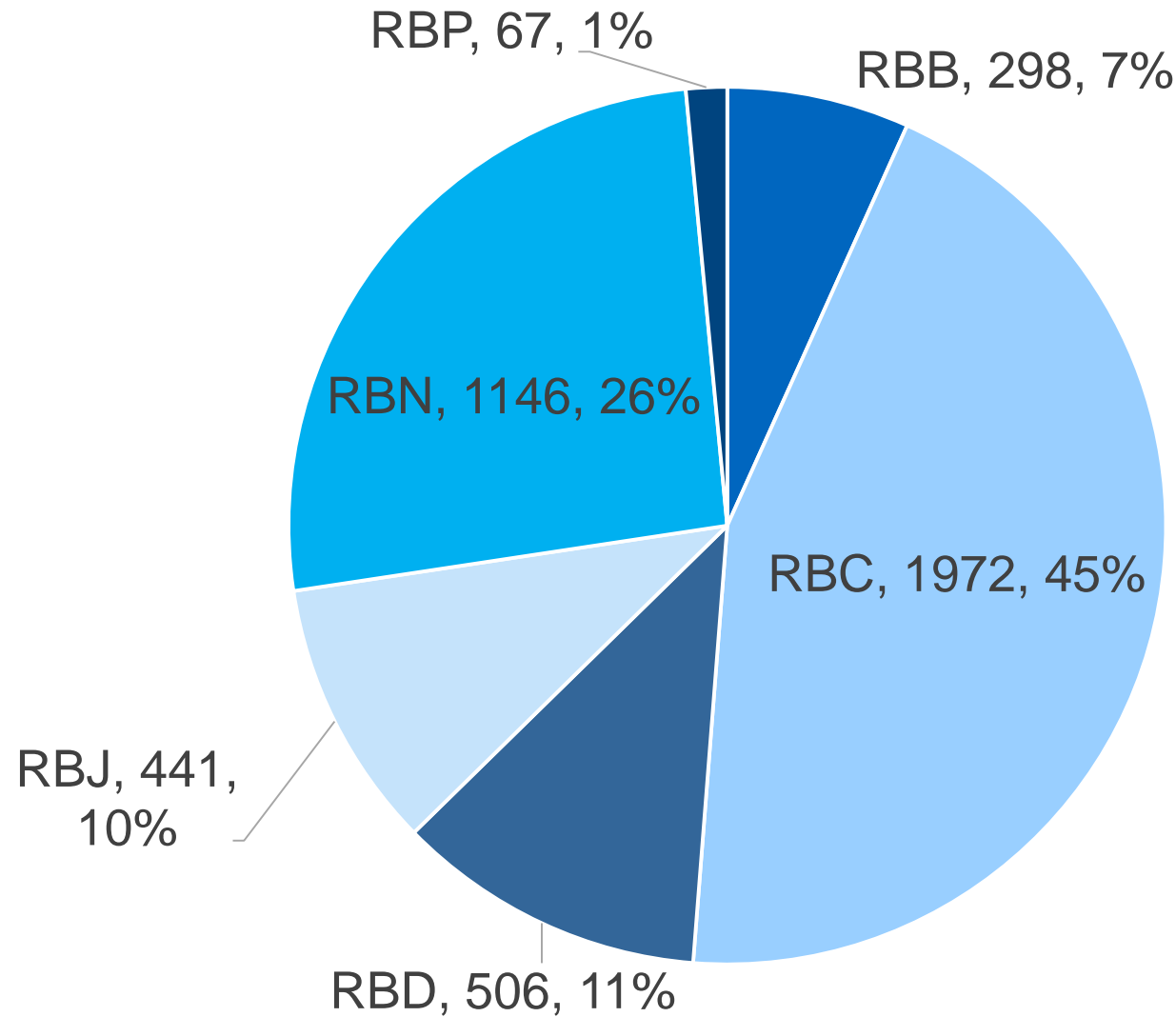
Only for L3's is 87%

**For other operations
48%**

2.IIf 2017 Provisional Prioritized Plan: Overview by Project Category



2.IIf 2017 Provisional Prioritized Plan: Overview by Regional Bureau

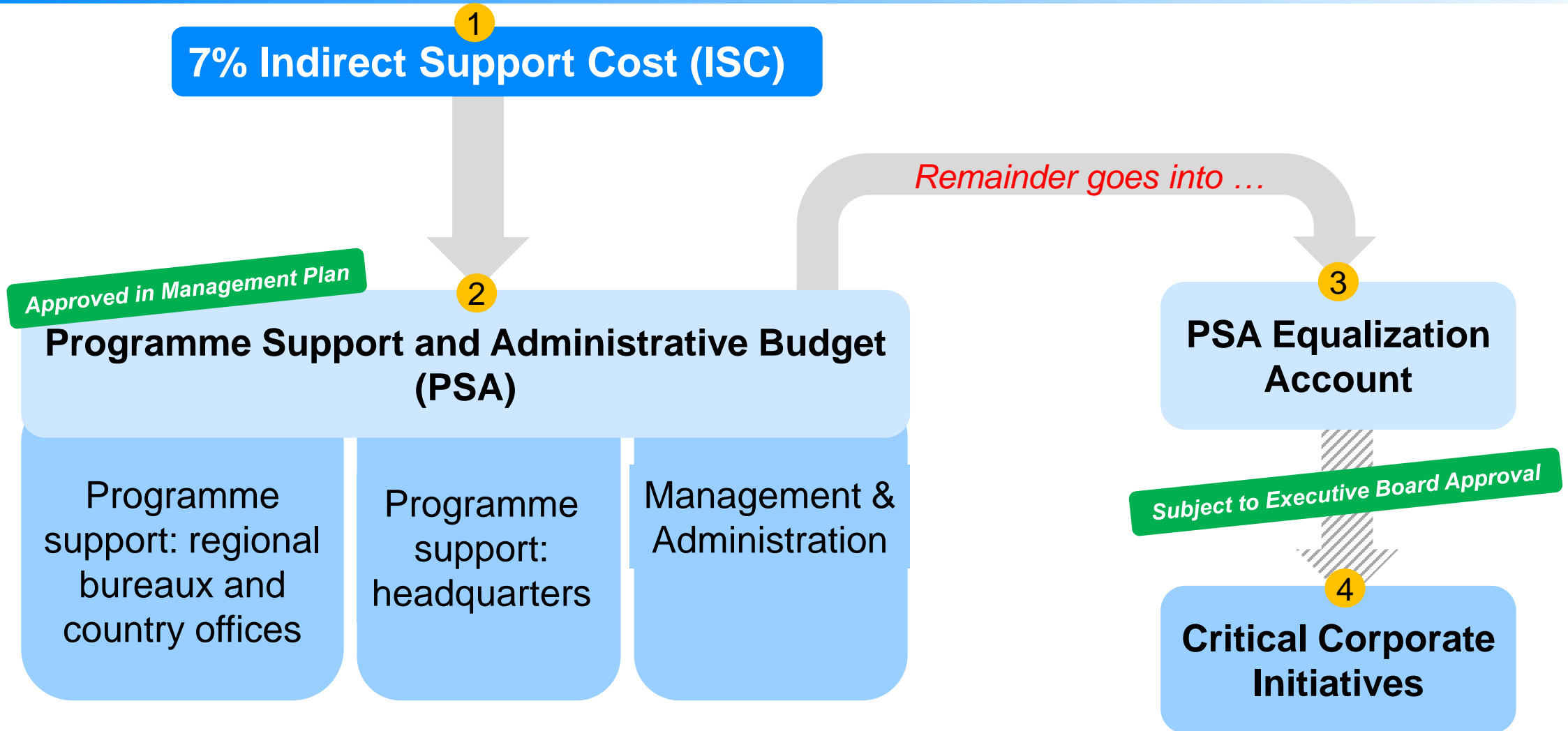


*All figures exclude ISC and trust fund projects

3. PSA and PSAEA Approach and Proposed Budget

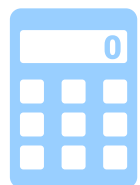
- I. Overview of PSA and PSA levels from 2014 – 2017
- II. Key Principles for the Management Plan (2017-19) PSA
- III. Highlights of 5% Churn from Departmental 2017 Submissions
- IV. Recommended PSA Allocations, Appropriations, and PSAEA balances for 2017
- V. Using PSA to fund a portion of DSC

3.1a What is the Programme Support & Administrative (PSA) budget?



3.Ib Trajectory of ISC income and PSA levels from 2014 - 2017

USD M	Management Plan 2014	Management Plan 2015	Management Plan 2016 (projection)	Management Plan 2017 (proposed)
ISC Income Earned / Projected	277.4	284.0	310.3	335.4
Proposed PSA Expenditure	274.4	281.8	290.3	300.3
Proposed PSA Technical Adjustment	7.4*	-	-	35.1
PSA Expenditure Authorized / Planned	281.8	281.8	290.3	335.4



2017 PSA incorporates 5% Churn and Cost Excellence savings



Critical Corporate Initiatives: *to be included in EB.1/2017*



Cost Excellence: **USD 7M** to be dealt with in a separate paper

3.II Key principles for Management Plan 2017-19 PSA planning

Budget Envelope



- **Ensure PSA budget is within our means**
- **Use PSA Budget to increase beneficiary value-transfer**
- Limited growth for HQ PSA
- Cost Excellence savings on non-payroll costs integrated into PSA Departmental targets
- Maintain **7% Indirect Support Cost (ISC)** rate
- Maintain **PSAEA at minimum 5-month PSA spend level**

Resource Allocation



- **PSA targets set by Department at 2016 approved levels**
- Documented 5% Churn
- Increases documented by Investment cases and in line with corporate commitments, VfM and field focused
- CCI postponed until February 2017

3.III Highlights of 5% Churn from Departmental 2017 Submissions

PG

- **Berlin Office to be strengthened** to be funded from cost efficiencies merging accommodation in NY, and release of funding from China office

RM

- shifting resources **to digital transformation activities** such as **SCOPE, CBT and CRF**, leveraging capacity released through the Innovation Centre, Budget office as well as other activities

DED

- Staff resources **shift to provide additional support to key intergovernmental processes**

OED

- OEV will **augment support to decentralized evaluations**
- OMS will **place emphasis on the management of the project approval system** to implement the new CSP process

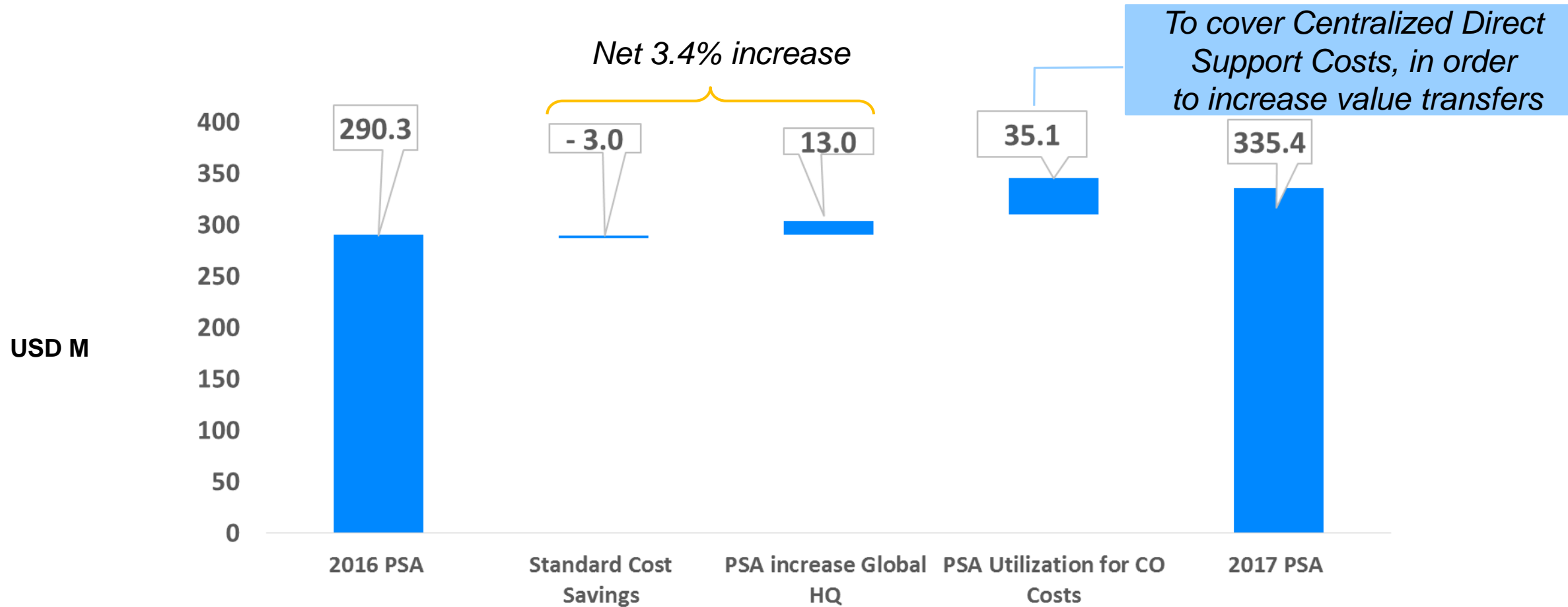
OS

- Use funds from the Chief Advisor's office to mainstream support to sustainable food systems and small holder productivity
- Procurement will shift from strategy and performance to **strengthen work for CBT retail sector**
- Logistics will reorganize support units to create **a Logistics Field Support service** and Governance Unit

3.IVa PSAEA Actual 2015, Projections 2016 & 2017

USD M	Actual 2015	Projected 2016	Projection 2017
Actual/Estimated Overall Income	4,808.0	5,300.0	5,200.0
Estimated ISC Income	277.4	341.9	335.4
PSA Recurring Expenditure	281.8	290.3	290.3
Increase PSA Expenditure HQ/RB			10.0
Total PSA Recurring Expenditure			300.3
Utilization of PSA for COs (explained later)			35.1
Approved/Proposed PSA	281.8	290.3	335.4
Critical Corporate Initiatives	9.2	17.0	-
CCI - Cost Excellence / Off shoring		3.0	-
PSAEA Drawdown	78.0		
Total PSA/PSAEA Allocations	369.0	310.3	335.4
Actual/Projected year-end PSAEA Balance	138.3	169.9	169.9
PSAEA Target Levels 5 Months	117.0	121.0	139.8
Balance over T5 month Target	21.3	48.9	30.1

3.IVb PSA Overview: increase PSA to support evolving business model



Global HQ PSA expenditures proposed at USD 300.3 M, a growth of 3.4%

Investment in CO increased by 81%

3.IVc Recommended PSA Allocations for 2017

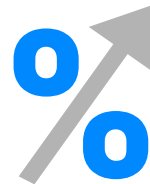
Implementation of Board Approved Policies	Proposal USD '000
Evaluation Policy Implementation	2,460
Gender Strategy	880
People Strategy	2,620
Cash Based Transfer Support	4,100
SCOPE	2,000
<u>Other</u> <i>Emergency Preparedness, Partnerships</i>	940
Total Allocations	13,000

PSA Increases focused on Executive Board Commitments

3.IVd Summary of PSA Appropriation Recommendations for 2017

Overview of Figures

	2016 Approved	2017 Proposed
Total HQ	183.0	187.2
COs	41.7	78.6
RBs	65.6	69.6
Total Field	107.3	148.2
Total PSA budget	290.3	335.4



**81% increase in
PSA Transfer to COs**

3.Va Guiding Principles in the allocation of additional PSA to CO's



The ISC funds will be **substitution**, not additional, funding for COs DSC*



Avoidance of cross subsidization



The means of achieving it should be **simple to communicate**



The cost alleviation / increase in **value-transfer should be transparent**

**Principles were developed through internal consultation at SRAC, and
Reallocation forms part of overall PSA appropriation**

3.Vb In following the principles, we recommend the following PSA Funding

Pre-existing costs

Centralized Direct Support Costs	
IT per Capita	18.6
UNDSS & Security Emergency Fund	13.8
Decentralized Evaluation Fund	2.0
Employee Wellness	0.7
Total Centralized costs	35.1



This is **substitution**



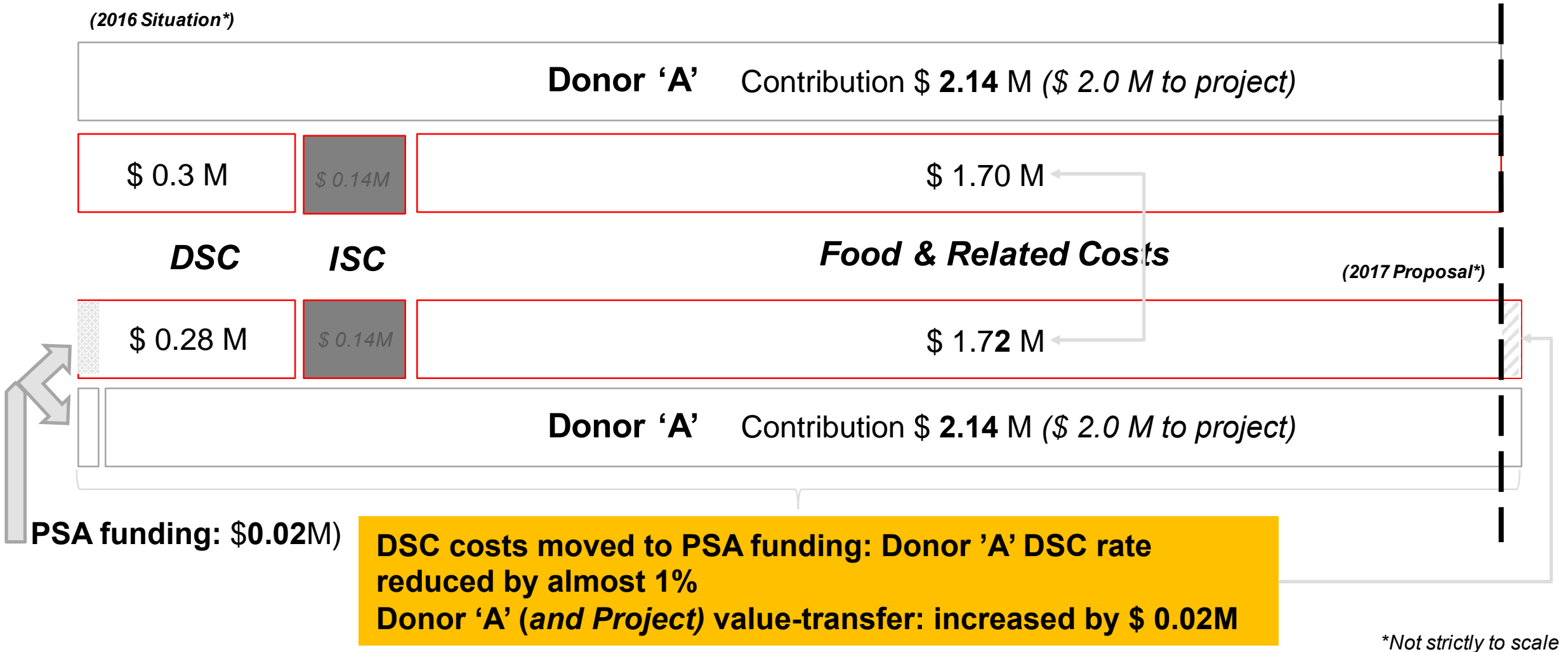
It is **not cross-subsidization**



It is **simple**

Proposals shift existing costs from donor funding to PSA

3.Vc Using PSA to fund a portion of DSC, reduces the % associated costs charged to Donor 'A', and increases value-transfer



4. Proposal to Harmonize Private Sector ISC Rate

- I. Harmonize Private Sector ISC rate to 7%

4.I Harmonize Private Sector ISC rate to 7%

Harmonizing ISC rate for Private Sector to the Corporate 7% would:



Reduce transaction and administrative costs



Make WFP **more competitive** in the private sector area
+ Aligned with other UN agencies



7% ISC rate for Private Sector* is already taken into account in the Corporate ISC income forecast of USD 335.4 M**

**PGP also facilitates substantial in-kind capacity development and technical assistance which is not included in these estimates.*

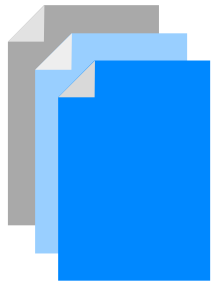
*** Impact of reduction in ISC rate from 10% to 7% is USD 3 M assuming no increase in Private Sector income as a result of lowering the ISC rate*

5. Proposal to rationalize Management Plan document

- I. Increased transparency with reduced document length

5.1a Increased transparency with reduced document length

Why?



More
information



Easily
Accessible



Shorter MP
document

What will be available online?

- For the first time, data behind **operational requirements will be available online**
- Based on feedback, **annexes can be shifted to online format** to reduce document length, and provide interactive data

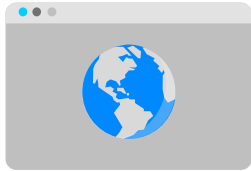
5.Ib Management Plan proposal (1) – Main sections

Executive Summary, Decisions and Sections 1 – 5:

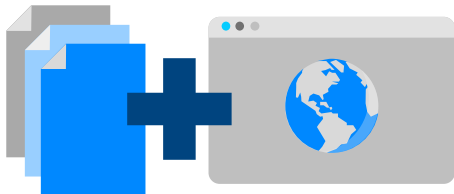


All to be **maintained in the Management Plan document**

Section 3 “Provisional Prioritised Plan of Work”:



Operational requirements data available on line



Provisional Plan of Work summaries in document and online

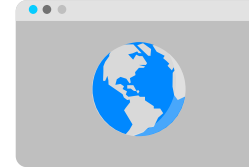
5.Ic Management Plan proposal (2) - Annexes

Annex 1: PSA budget Proposal



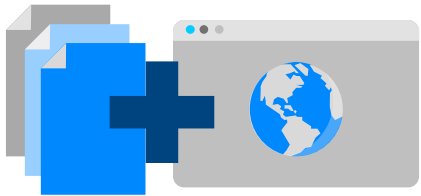
To be maintained **in document**

Annex 2: PSA tables and Organisational structure



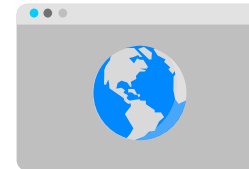
A.II.1. **only available online**

Annex 3: Operational Requirements and Regional Overviews



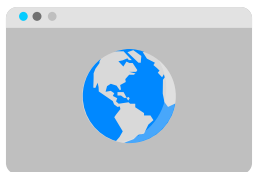
Data to be provided on-line, when **Management Plan document** is provided to the Board

Annex 4: Review of the Management Plan (2016-2018)



To be **provided on-line only**

Annex 5: OEV workplan



To be **maintained in document**

Annex 6: Terminology



To be **maintained in document**

Thank You