

WFP Executive Board: Management Plan 2015 - 2017

Informal Consultation
5 September 2014



World Food Programme

Agenda

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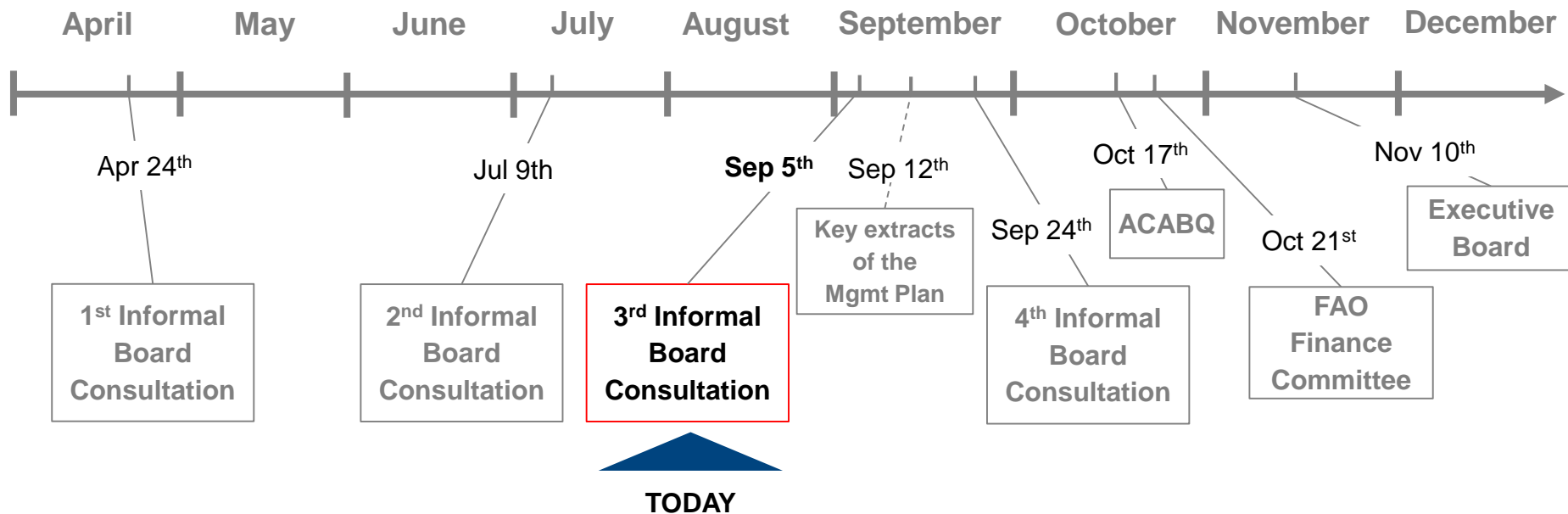
1. Management Plan Timeline

1.1 Key Dates for Management Plan 2015-2017

Objective

Present for approval the Management Plan 2015-2017 for the Second Regular Session of the Executive Board



Timeline



TODAY

2. Structure of Management Plan 2015-2017

2.1 Document structure and release of key extracts

Management Plan (2015-2017)	Key Extracts
Executive Summary	
Section I: Introduction	
Section II: Funding Context and Resourcing Assumptions	
Section III: Plan of Work	
Section IV: Programme Support and Administrative Budget	
Section V: Corporate Services Advance Financing and Other Special Accounts	
Annexes	

The entire main body of the draft Management Plan (2015-2017)
will be distributed on September 12th

3. Overview of the Document

3.1 Section I: Introduction is a reader's guide to the document

Section	Description
Core Structure & Document Improvements	<ul style="list-style-type: none">• New sections on funding, prioritized plan of work and corporate services advance financing• Inclusion of implementation budget• Stronger links to performance-informed budgeting and value for money
Global Economic & Political Context	<ul style="list-style-type: none">• Assessment of external factors that may impact WFP's work over the planning period and lead to unforeseen requirements:<ul style="list-style-type: none">• Armed conflict• Climate change• Funding Environment
Strategic & Organizational Context	<ul style="list-style-type: none">• Outlines internal considerations for WFP's plans over the planning period:<ul style="list-style-type: none">• Strategic Plan and Strategic Results Framework• Framework for Action and Management Results Dimensions

Section I provides a broader framework for reading and understanding the drivers of the Management Plan and draft decisions

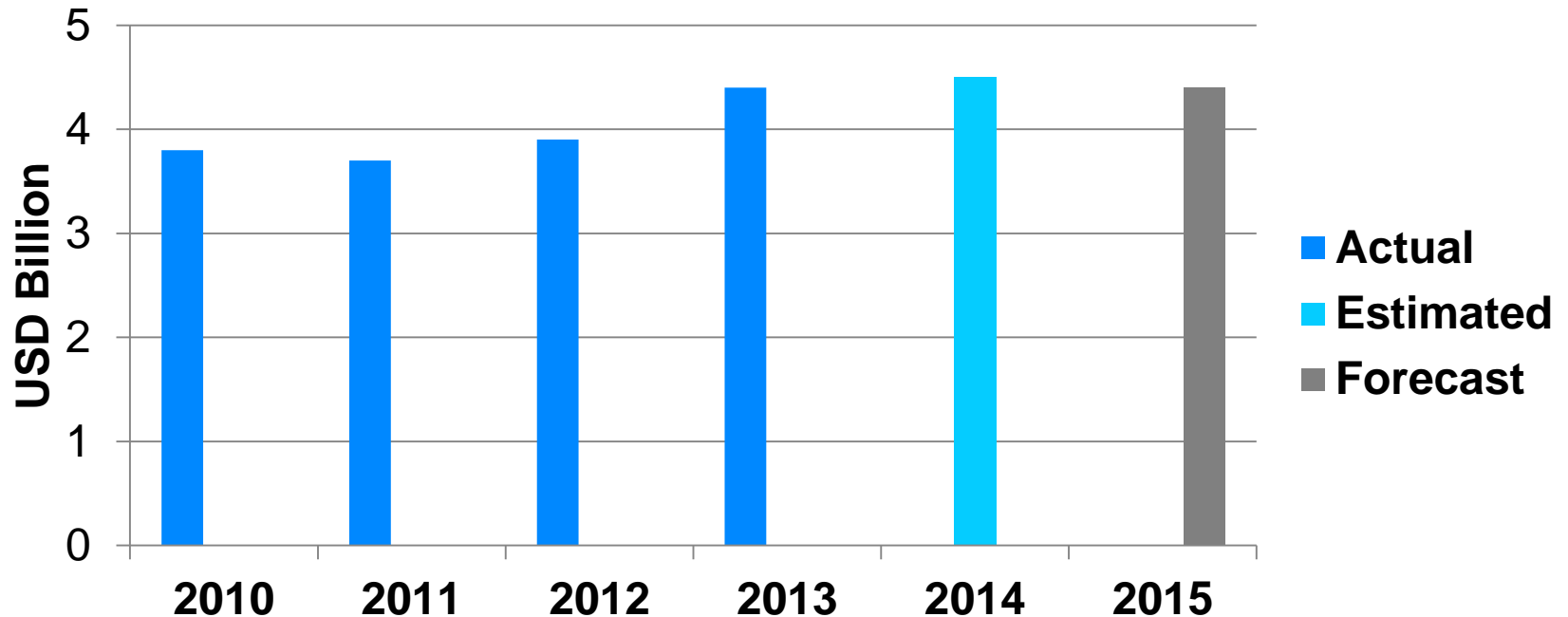
3.2 Section II: Funding Context and Resourcing Assumptions is a new stand alone section to support WFP's funding forecast

Section	Description
Financial Context	<ul style="list-style-type: none">• Overview of humanitarian needs• Funding trends• Forecast of funding for 2015-2017 planning period
Improving Funding Predictability and Flexibility	<ul style="list-style-type: none">• Impact of contribution restrictions on advance financing tools and operations• Benefits of multiyear and/or multilateral funding for operational efficiency• Proposal to increase the target level of the Immediate Response Account• Trends for multiyear contributions

Section II justifies the funding forecast as the basis for the proposed PSA budget and the provisional prioritized plan of work

3.3 WFP's USD 4.4 billion funding forecast for 2015 is realistic and conservative considering historical performance

WFP Funding Trend



WFP seeks to establish a broad and consistent donor base across emerging and private sector donors to complement the stable level of support provided by traditional donors

3.4 To increase flexible funding availability, WFP proposes to increase the IRA target level

Under Financial Regulation 4.3, the Executive Board may establish an IRA target level for each financial period. The **current target of USD 70 million** was set in October 2004.

The Secretariat proposes a new IRA target level of USD 200 million based on the following:

- Doubling of WFP's income since 2004 and advancement of over USD 165 million in 2013 from the IRA to projects;
- Effective IRA revolvment by using available funds as collateral for advance financing in life-saving circumstances when forecasted contributions have yet to be registered; and
- As a much needed avenue for donors to contribute less earmarked multilateral, multi-year funding that will be directed towards immediate emergency response activities.

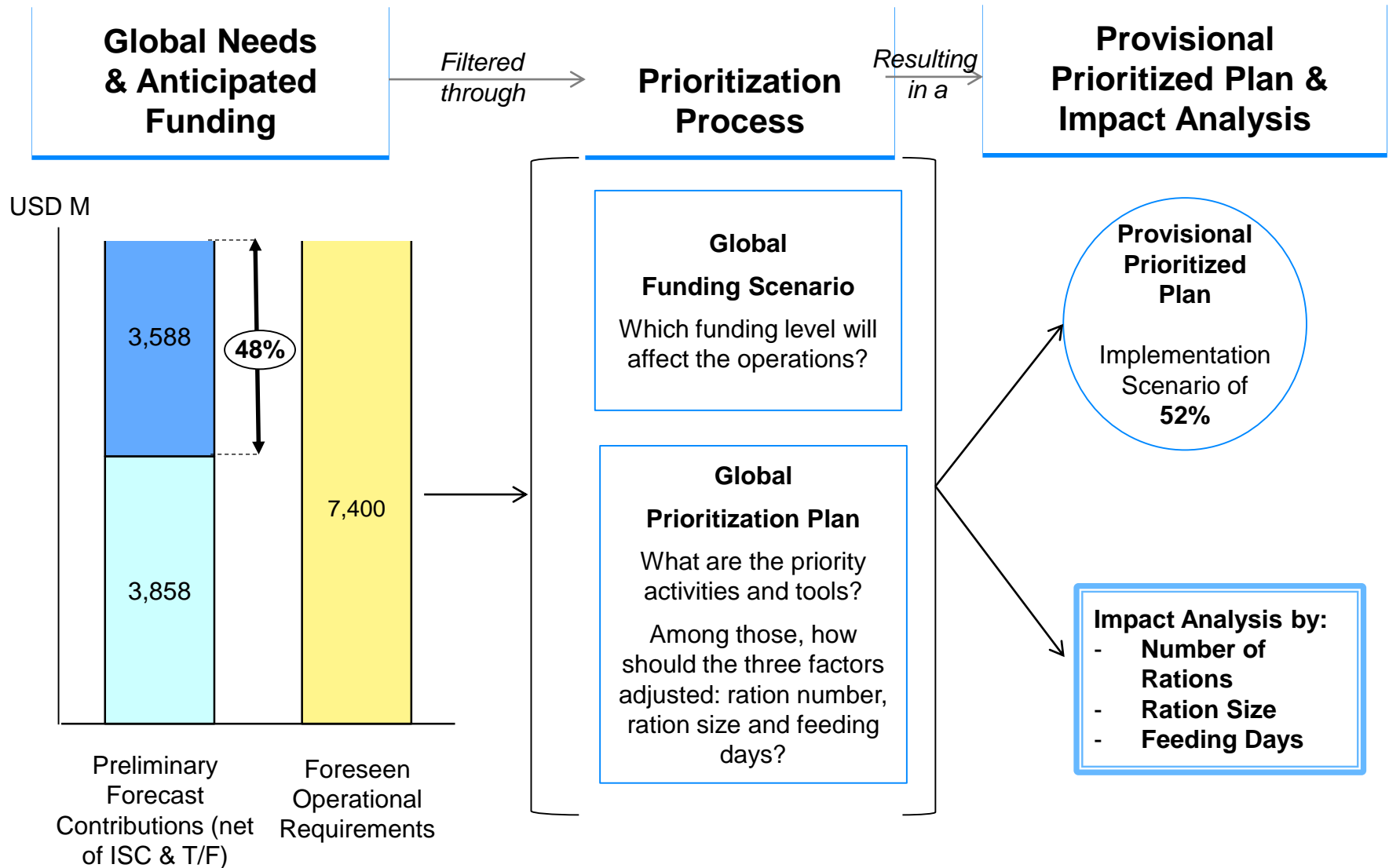
An increased IRA target level will ensure immediate assistance in life-threatening emergencies, including logistics and non-food costs

3.5 Section III: Plan of Work is refocused to provide a view of operations matched with forecast funding

Section	Description
Implementation Plan	<ul style="list-style-type: none">• Implementation Plan consists of:<ol style="list-style-type: none">i. Provisional Prioritized Plan of Work; andii. Full overview of country-specific and corporate trust fund resources utilized in the field
Provisional Prioritized Plan of Work	<ul style="list-style-type: none">• Outlook for 2015-2017 projected operational requirements• Presentation of 2015 prioritized plan of work by: Strategic Objective, activity, programme category, cost component, tool and region• Accelerating gender mainstreaming within interventions• Effect on rations and durations
Cost and Reach of Food Assistance	<ul style="list-style-type: none">• Introduction of average daily ration as cost measurement• Update on categorization of beneficiaries

Section III prioritizes operational requirements to present planned operations aligned with forecasted funding and introduces improved cost metrics

3.6 Recall: Operational activities, prioritized by anticipated donor funding/limitations, provide Provisional Prioritized Plan of Work

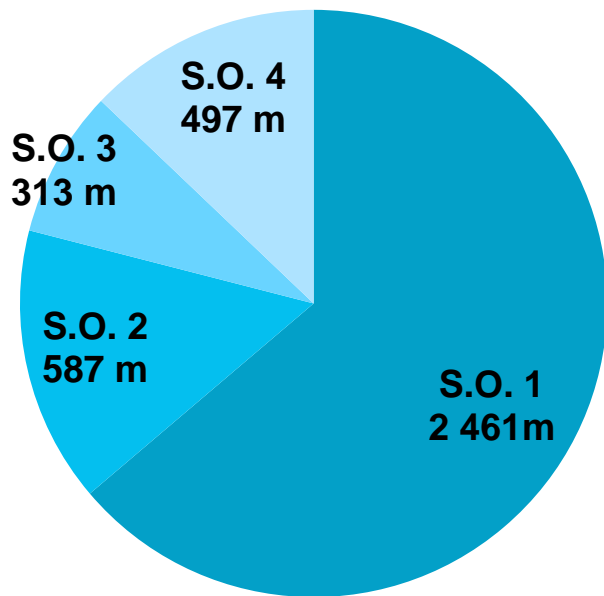


3.7 Provisional prioritized plan of work aligns operation plans with projected funding

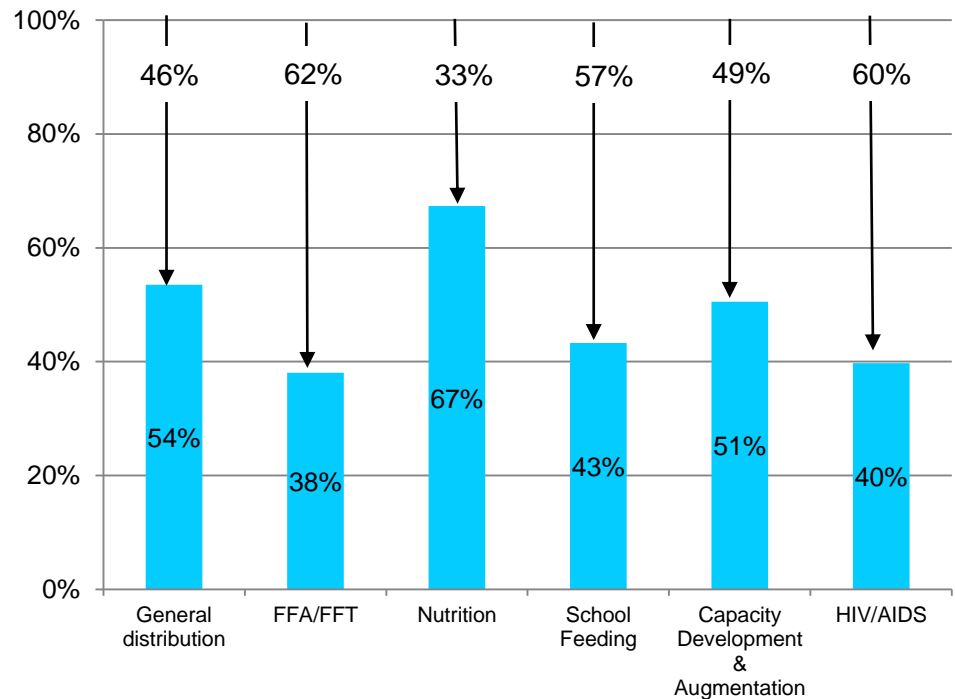
- **USD 7.4 billion** in projected operational requirements for 2015 represents global aggregated needs based on approved projects and their logical extensions
- Forecasted contributions for 2015 are **USD 4.4 billion (USD 3.9 billion net of ISC and exclusive of trust funds)**
- Prioritization exercise assumed earmarking at the project level, as 90 percent of contributions are earmarked for specific projects, to afford flexibility at the activity level
- Managers address funding limitations by reducing the number or size of daily rations, decreasing the duration of assistance or prioritizing one activity over another
- Overall effect on WFP's work is described
- Management Plan presents a monetized plan of work of USD 3.9 billion

3.8 Managers largely preserve life-saving activities under the 2015 prioritized plan of work

Prioritized Plan of Work by Strategic Objective and Activity



(As % of Operational Requirements)



Nutrition and general distribution activities in support of S.O. 1 are prioritized while FFA/FFT activities are reduced. OMC and OMN will maintain the largest regional portfolios.

3.9 Implementation plan combines the prioritized plan of work and trust funds to provide a holistic plan of field operations

- Country-specific trust funds are forecasted to increase by 41 percent to approximately USD 99 million in 2015.
- Corporate trust fund resources of USD 35 million will comprise 26 percent of trust fund activity related to operations

2015 Implementation Plan			
Regional bureau	Prioritized Plan of Work	Trust funds	Total
	<i>USD Millions</i>		
OMB	378	12	390
OMC	1 311	4	1 315
OMD	603	1	604
OMJ	245	15	260
OMN	1 262	0	1 262
OMP	59	67	126
Subtotal	3 858	99	3 957
Corporate trust funds related to field activity		35	35
Total	3 858	134	3 992

3.10 Refined methodology utilizing rations better articulates the cost of food assistance

- This Management Plan introduces a shift in focus from the number of beneficiaries to rations provided for calculating the cost of food assistance
- Definition of Ration: The amount of food, cash or voucher equivalent provided daily by an assistance operation for a beneficiary in a target population group
- Enables a more accurate cost measurement that considers duration of direct assistance
- Reporting and information systems will be rolled out in 2014 and 2015 to enable global analysis of planned rations versus distributed rations

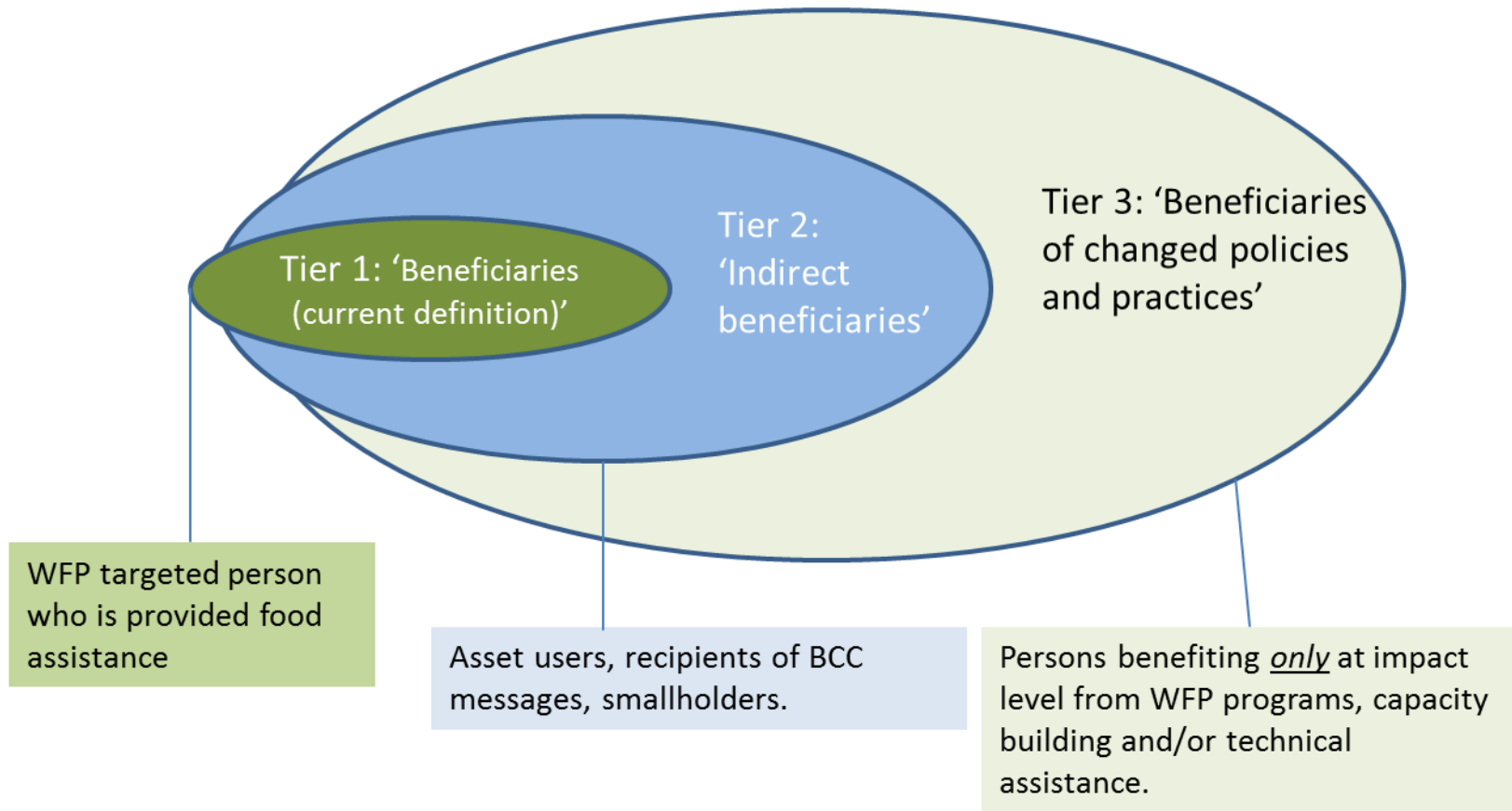
3.11 Amount and cost of rations for 2015

- The number of beneficiaries and/or the activity duration is reduced under the prioritized plan resulting in fewer rations provided during 2015 and limiting WFP's reach
- Daily costs per ration vary between activities reflecting operational conditions of transfer modalities
- The costs per ration under the PPP reflect reduced ration sizes, i.e. smaller nutritional and/or economic value transferred to beneficiaries in response to funding constraints
- Prioritized plan of work will provide 10.7 billion daily rations through 150 projects in 76 countries

# of Rations	
	Billions
Projected Operational Requirements	17.1
Provisional Prioritized Plan of Work	10.7

Average Daily Ration Cost	
	USD
Projected Operational Requirements	0.44
Provisional Prioritized Plan of Work	0.34

3.12 Reach of WFP's assistance extends beyond the direct recipients of food or cash & vouchers



3.13 Section IV: Programme Support and Administrative budget supports ‘Living within our Means’

Section	Description
PSA Budget	<ul style="list-style-type: none">• Overview of the 2015 – 2017 PSA Budget• Status of the PSA Equalization Account• Proposed 2015 regular PSA Budget and Critical Corporate Initiatives by Management Results Dimension (MRD) and appropriation line• Proposed 2015 ISC rate of 7.0 percent
Institutional Improvements	<ul style="list-style-type: none">• Corporate trust fund activities for institutional improvements• Analysis by MRD• Organizational strengthening

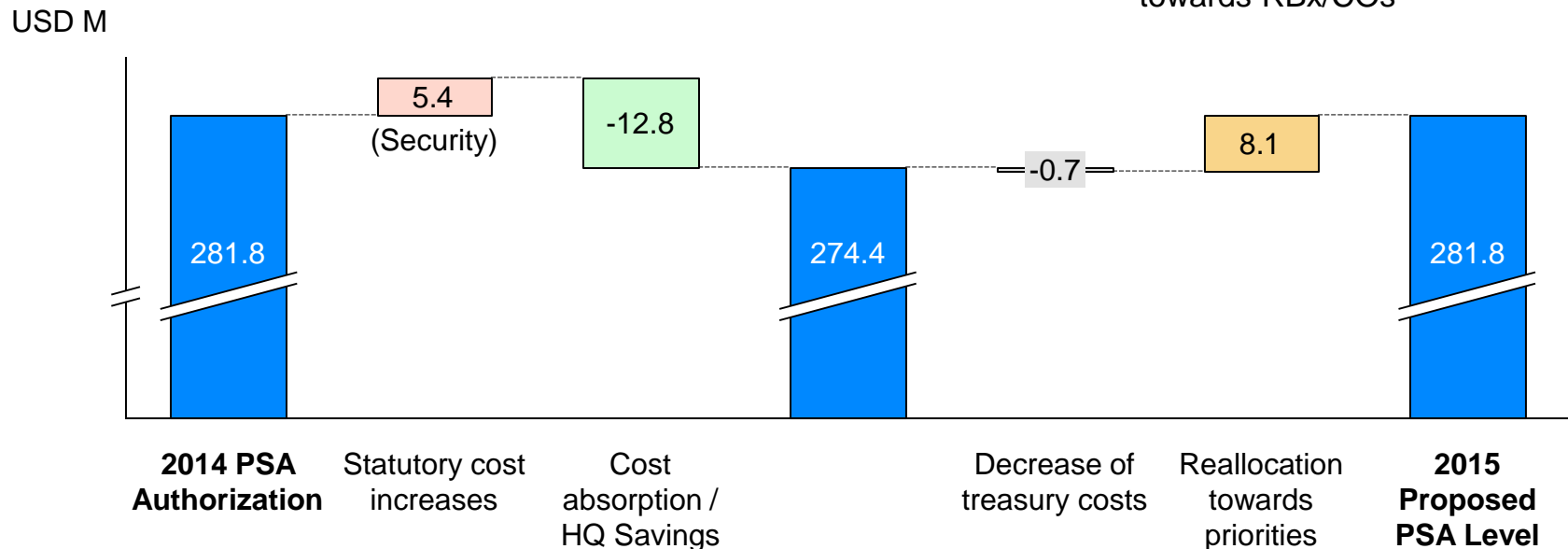
3.14 Recall: Regular PSA budget includes strategic reallocations despite ZNG level

Savings

- Savings / efficiencies help reshape the PSA budget
 - Identified through 5% budget cuts across HQ departments (Areas exempted: Partnership and Governance Services, human resources policy, RBx and COs)
 - Decrease of treasury costs to be funded by General Fund (USD 0.7M)

Strategic Reallocations

- Prioritizes PSA funding for corporate initiatives and areas that deliver Value for Money benefits
 - Focuses on MRDs and promotes organizational effectiveness
- Enables resource reallocation towards RBx/COs



3.15 Strategic Reallocations totaling USD 8.1 M are based on Investment Cases and categorized as three main types

Category	Description	Funding
<p>Maintain effectiveness of certain functions</p>	<p>Allocations back to divisions where the mandatory PSA reduction would detract from priority areas</p> <ul style="list-style-type: none"> • Office of Evaluation (OEV) • Office of the Inspector General and Oversight • The Gender Office 	<p>USD 1.1M</p>
<p>Mainstream Critical Corporate Initiatives</p>	<p>Allocations to fund the development of mature tools and modalities currently funded by Corporate Trust Funds</p> <ul style="list-style-type: none"> • Key risk management functions for C&V • Monitoring and reporting functions • Operations Centre • Internal Control Framework 	<p>USD 1.9M</p>
<p>Support high priority recurring expenses</p>	<p>Allocations to support recurring expenditures that are central to future effectiveness of WFP</p> <ul style="list-style-type: none"> • Enhancing technical capacity in regional bureau • Restructuring of partnership cooperation and WFP offices • Supporting People Strategy through staff development, occupational health, training, ethics awareness, and communications 	<p>USD 5.1M</p>

USD 8.1M

3.16 Strategic reallocations example: Implementation of Financial Risk Management for Cash and Vouchers

Example Strategic Reallocation

Strategic Reallocation	Financial Risk Management for Cash & Vouchers	2015 Proposed Funding Level	USD 0.53 M
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Initiative Description
<p>Objective:</p> <ul style="list-style-type: none"> Implementation of a standardized financial risk management solution for the scale up of C&V <p>Deliverables:</p> <ul style="list-style-type: none"> Templates and guidelines for assessing country financial sector and contracting service providers Capacity development / training in fee negotiation and risk reduction tools

Strategic Importance
<ul style="list-style-type: none"> Directly supports the Management Result of Accountability & Funding – Effective management of resources demonstrated Important component in ensuring efficient and effective C&V program, as part of transition from food aid to food assistance

Value for Money benefits	
Economy	<ul style="list-style-type: none"> Improved staff knowledge / negotiating skills will result in lower transaction and contract fees, saving WFP up to USD 750,000 annually
Efficiency	<ul style="list-style-type: none"> Improved coordination and risk mitigation reduce operational cash losses by an estimated USD 250,000 annually
Effectiveness	<ul style="list-style-type: none"> Financial controls embedded within C&V interventions Appropriate modalities chosen w/in context of country's financial sector Enhanced scalability of WFP C&V solutions

3.17 Strategic reallocations example: Strengthening Monitoring, Evaluation and Performance Reporting Capacity in WFP

Example Strategic Reallocation

Strategic Reallocation	Strengthening Monitoring, Evaluation, and Performance Reporting Capacity in WFP	2015 Proposed Funding Level	USD 1.4 M
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Initiative Description

Objective:

- Enable operations to utilize relevant monitoring data and that WFP is best-in-class in demonstrating VfM through corporate reports

Deliverables:

- M&E guidance package, Learning Programme, streamlining of SPR process, analytical reports

Strategic Importance

- Improve WFP’s ability to demonstrate its ability to achieve improvement in beneficiaries’ lives as well as its ability to show how well the organization is managed

Value for Money benefits

Efficiency

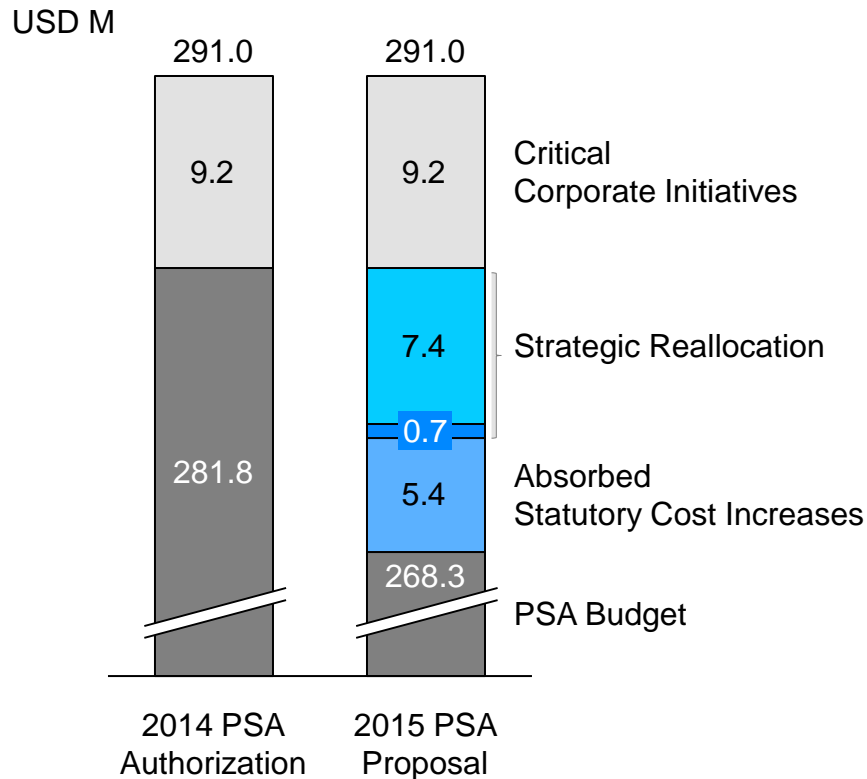
- Increased staff capacity will lead to fewer consultants required at reporting peak times, saving WFP up to **USD 180K**
- Standard global training material will eliminate development of individual trainings leading to **USD 650K savings**

Effectiveness

- Systematic and robust evidence of WFP results will be collected, analyzed and reported; quality data will be available at all times, through corporate IT systems; approx. savings of **USD 4M**

3.18 Recall: In addition to Strategic Reallocations within ZNG PSA, funding for Critical Corporate Initiatives is also proposed

PSA Breakdown



Proposed Funding & Purpose

Critical Corporate Initiatives

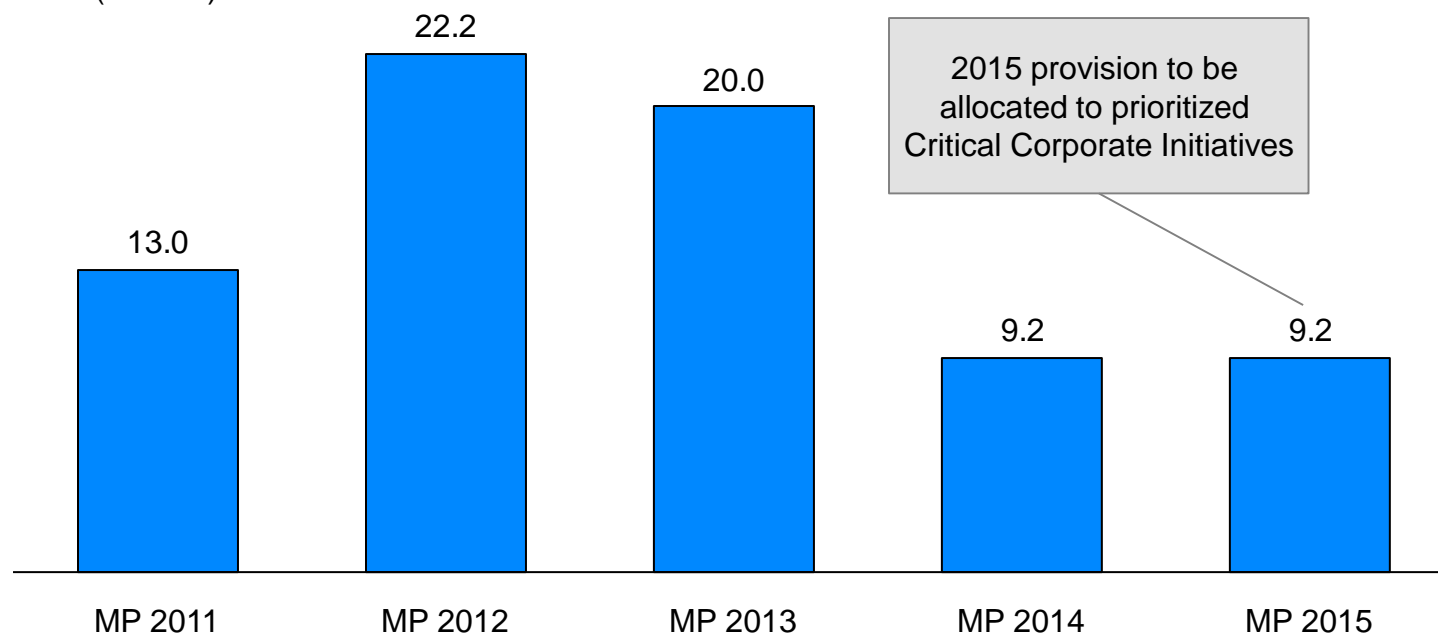
- Funded by drawdown from PSAEA
- Discrete, non-recurring investments
- Focuses on driving the 'Fit for Purpose' journey

Strategic Reallocation

- Funded by savings identified through departmental budget cuts within HQ PSA
- Recurring investments with medium-term implementation timeline
- Focuses on advancing the evolving corporate priority areas

3.19 Recall: Proposed funding for Critical Corporate Initiatives is limited to 2014 level and ensures target PSAEA balance is exceeded

Non-recurring PSA allocation (USD M)

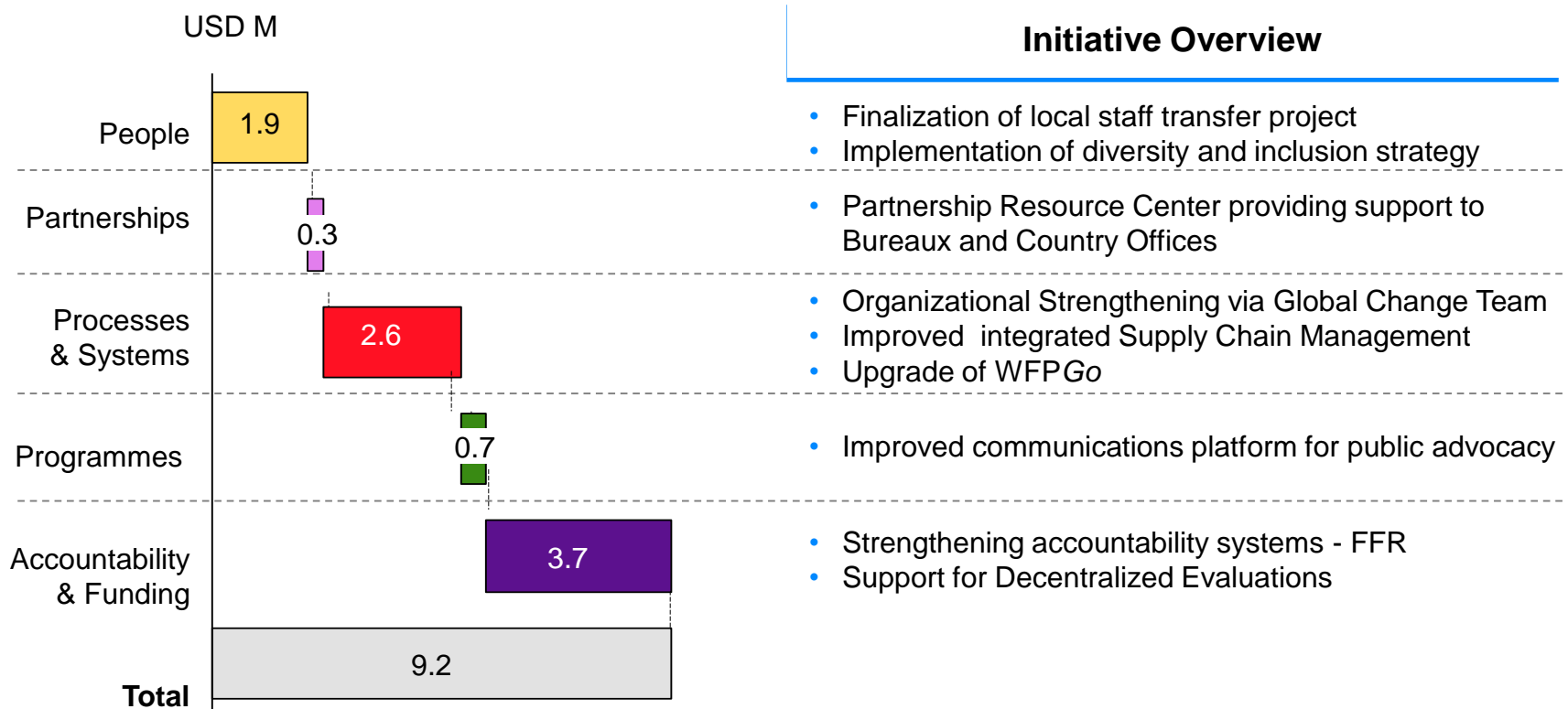


Actual / estimated year-end PSAEA balance	114.4	102.8	121.3	120.3	113.3
PSAEA target level (4 months)	79.3	83.0	83.0	93.9	93.9

*2014 and 2015 assume forecast income of USD 4.5 billion and USD 4.4 billion respectively.

3.20 USD 9.2 M in Critical Corporate Initiatives will enable WFP to drive its Fit for Purpose journey

Critical Corporate Initiatives are strategically oriented to Management Result Dimension (USD M)



Activities not funded through PSA or identified as critical corporate initiatives amount to USD 114 million and constitute an estimate of corporate trust fund need for 2015.

3.21 Critical Corporate Initiatives example: Strengthening WFP Integrated Supply Chain Management

Example Critical Corporate Initiative

Critical Corporate Initiative	Strengthening WFP Integrated Supply Chain Management	2015 Proposed Funding Level	USD 1.2 M
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Initiative Description

Objective:

- Definition and implementation of a corporate Supply Chain vision and accompanying strategy

Deliverables:

- A planning and optimization tool to support COs in transfer modality and planning optimization, training of staff & provision of operational support

Strategic Importance

- Enables WFP to deliver significant **cost-efficiency gains** by allowing to better anticipate commodity and logistics services requirements
- Improves end-to-end supply chain **reliability** and **responsibility** due to cross functional planning and performance management

Value for Money benefits

Efficiency

- Initiative will allow to leverage market opportunities and benefit from economies of scale and enable resource optimization
- Expected to generate **~\$9M annual savings**

Effectiveness

- A strengthened integrated Supply Chain enhances WFP's ability to:
- Enhance reliability
 - Improve responsiveness

3.22 Critical Corporate Initiatives example: Financial Framework Review

Example Critical Corporate Initiative

Critical Corporate Initiative	Implementing the Financial Framework Review	Proposed Funding Level	USD 3.1 M (2015)
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Initiative Description

Objectives:

- To strengthen financial accountability while enabling WFP to develop and adopt increased flexibility for ops management
- Support transparent and efficient prioritization, allocation and utilization of resources within WFP

Deliverables:

- Cost benchmarking framework
- Improved systems/data integration
- Integrated dashboard/scorecard for ops management

Strategic Importance

- Directly supports the Management Result of **Accountability & Funding** – Strategic, transparent and efficient allocation of resources
- Provides tools to **improve financial oversight** at the Regional Bureaux and Country Office level, in **alignment with ‘Fit for Purpose’**

Value for Money benefits

Efficiency

- Initiative will enable better cost containment of project support costs, as well a flexibility in funds utilization Projected **0.5% decrease in project support costs** expect to generate **~\$2.5M annual savings**

Effectiveness

- Increased cost visibility and flexibility in the field enhances WFP’s ability to:
- Enable greater transparency
 - Improve accountability
 - Manage financial resources
 - Maximize programmatic impact
 - Reduce unspent balances.

3.23 Projected needs for corporate trust funds are supported by Investment Cases and aligned to Management Dimension

Corporate Trust Funds by Management Dimension		
	WFP projections	
	USD M	%
People	7.8	7%
Partnerships	12.4	11%
Processes and Systems	36.9	32%
Programmes	49.0	43%
Accountability and Funding	8.3	7%
TOTAL	114.4	100%

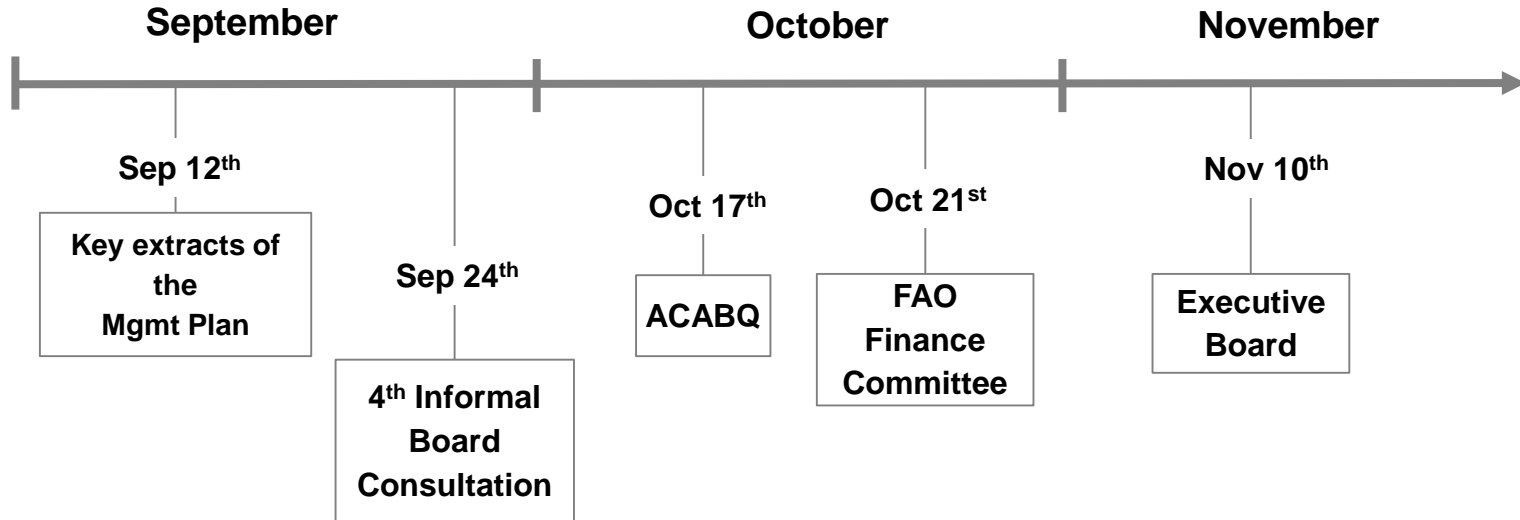
- Institutional improvements are aimed at innovation and/or major changes to operations, systems and processes.
- Linking trust fund activities with PSA budgeting process promotes alignment with corporate priorities
- Donors may provide funding through Corporate Trust Funds for specific activities or multilaterally for corporate priorities.

3.24 Section V: Corporate Services Advance Financing and Other Special Accounts ensures a holistic view of all resources

Section	Description
Corporate Services	<ul style="list-style-type: none">• Review of advance financing for corporate services• Expansion of Capital Budgeting Facility to USD 28 million within agreed USD 70 million corporate services envelope to include field-based improvements
Special Accounts	<ul style="list-style-type: none">• Overview of largest special accounts and estimated volume
2016-2017 Outlook	<ul style="list-style-type: none">• Estimate of business volume for planning period

4. Next Steps

4.1 Next Steps



Following the 4th Informal Consultation, the Secretariat will finalize the Management Plan for its formal submission to its advisory bodies and the Executive Board

Thank you!