

WFP Executive Board: Management Plan 2015 - 2017

Informal Consultation
24 April 2014



World Food Programme

Agenda

- 1. Management Plan timeline**
- 2. Strategic & financial context**
- 3. Proposed Programme Support & Administration (PSA) approach, numbers and process**
- 4. Operational requirements, funding and gap**
- 5. Previous commitments**

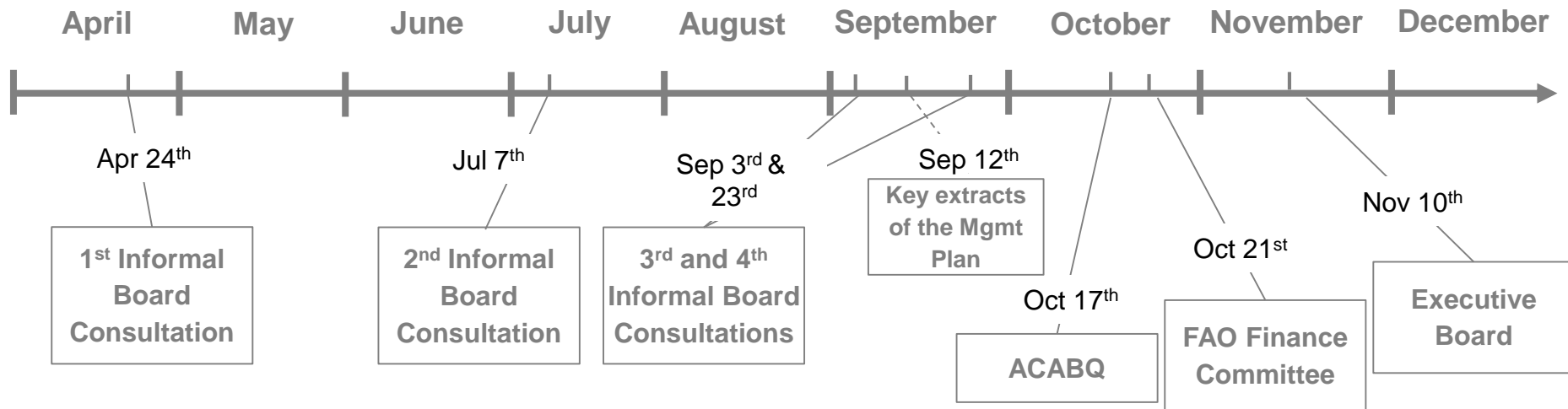
1. Management Plan timeline

1.1 Key dates for Management Plan 2015-17

Objective

Present for approval the 2015-17 Management Plan for the Second Regular Session of the Executive Board

Timeline



2. Strategic & financial context

2.1 Strategic context: Management Plan supporting organizational performance

- Management Plan is a key element of WFP's Performance Management System
- **Performance Frameworks** guide operational requirements planning:
 - Assessed **beneficiary needs** from country offices, are guided by the **Strategic Results Framework** (SRF) and constitute the annual Programme of Work (PoW)
 - WFP's **Management Results Framework** (MRF) guides the **PSA resource planning**
- **Resource allocation** for implementation of activities is guided by **funding forecasts**
- **Strategic and Management results and expenditures** will be **monitored and reported** annually
- Lessons learned while implementing will guide the **adjustments** to current and **preparation** of the succeeding Management Plan

Evolution of Value for Money corporate approach

- Corporate VFM framework being elaborated
- Management Plan increasingly incorporating VFM elements

2.2 New features of the Management Plan 2015

Building on Management Plan 2014

Operations

- More rigorous collection of operational requirements from COs
- Improved validation and challenge process
- Implementation planning better aligning needs with projected funding

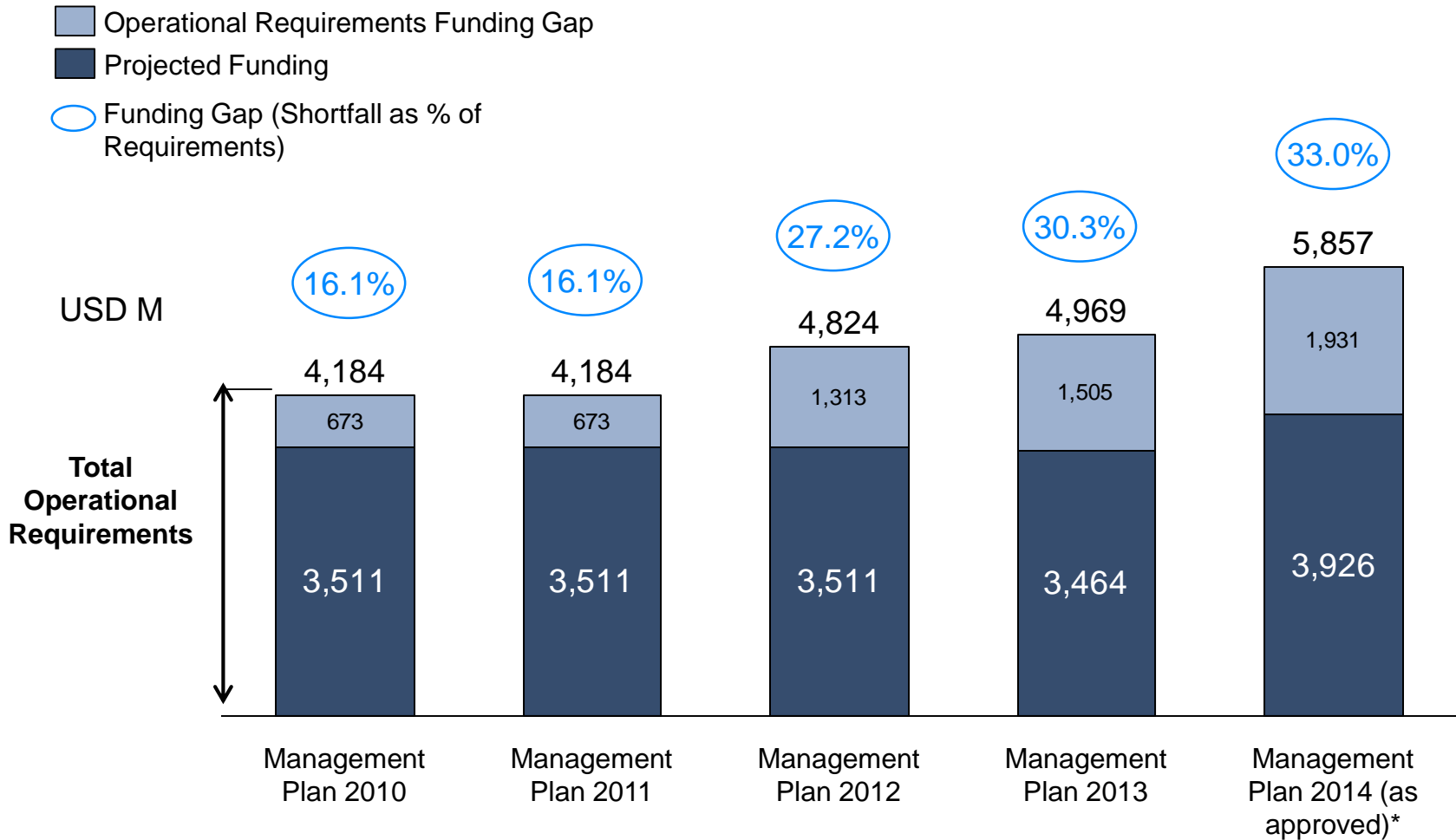
Funding

- More detailed and engaged process for estimated funding levels
- Includes more discussions with operational managers

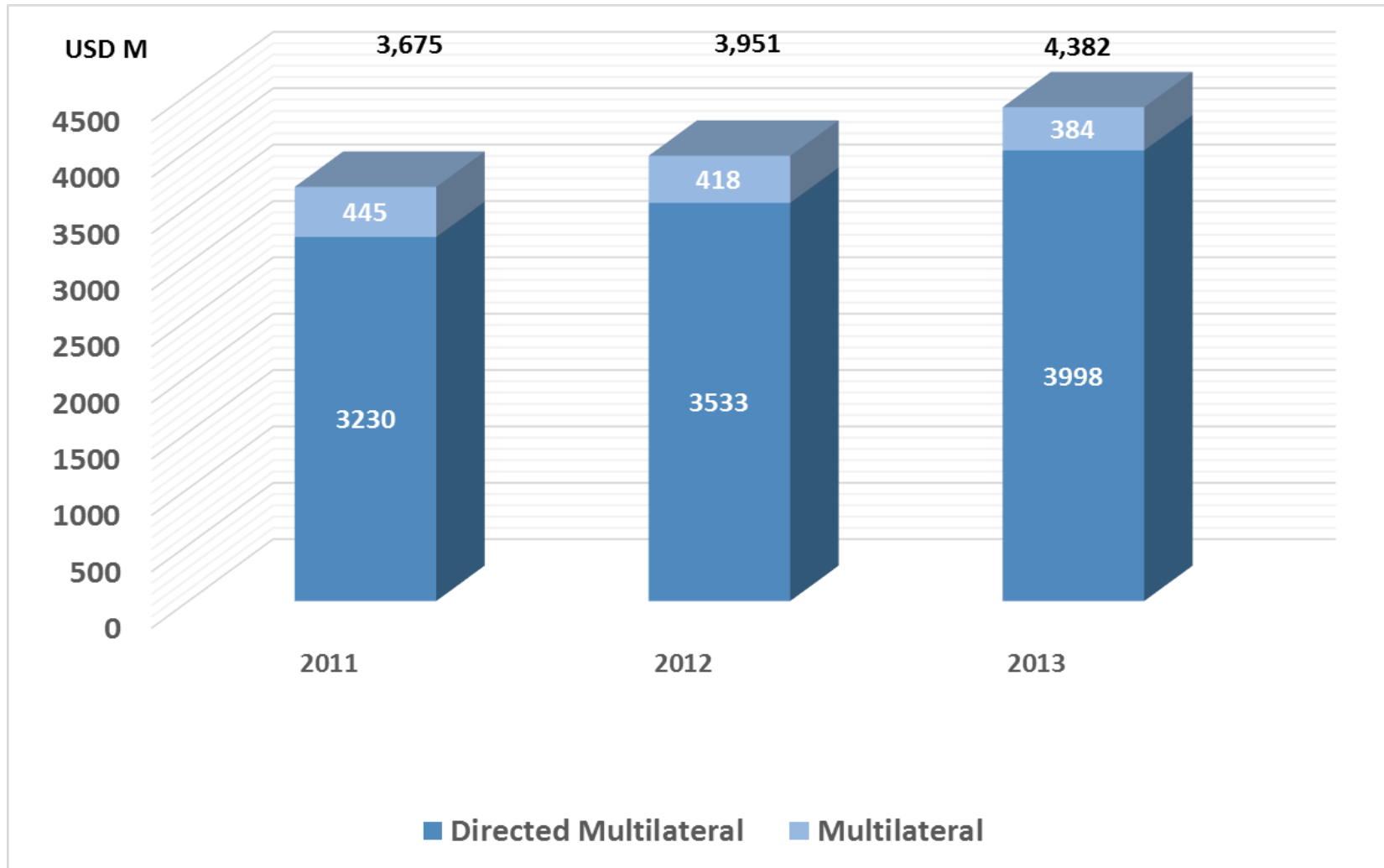
PSA setting

- All budget submissions fully aligned with new Management Results Framework
- Incorporation of Value for Money review at all stages of process
- Savings to be identified for a constrained PSA budget

2.3 Financial Context: Operational Requirements



2.4 Financial Context: Funding 2011-2013



2011 – 2013 figures from actual contributions per year based on APR. They do not reflect confirmed contributions for future years.

2.5 Financial Context: PSA and PSAEA

USD M	Management Plan 2011	Management Plan 2012	Management Plan 2013	Management Plan 2014 (projection)
PSA Expenditure Authorised / Planned	238.0	249.1	249.1	281.8 ¹
Non-recurring PSA Allocation	12.95	22.2	20	9.2 ¹
ISC Income Earned / Projected	251	255	284	277.4 ²
Actual/estimated year end PSAEA balance	114.4	102.8	121.3	107.7
PSAEA target level (4 months)	79.3	83.0	83.0	93.9

¹ as per MP, ² latest estimate based on income forecast of USD 4.3 billion

Figures in USD M

3. Proposed Programme Support & Administration (PSA) approach

- **Part A: Overall Approach and Preliminary Numbers**
- **Part B: The Process**

3 Part A. Proposed PSA approach: Overall Approach and Preliminary Numbers

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

- Portion of the WFP budget funding indirect costs
- Funded from an indirect support cost charge on each contribution
- Covers the majority of Headquarter and Regional Bureaux costs, as well as a core presence in each country office
- Plan for expenditure presented within the Management Plan
- Board approval of the PSA appropriation within the Management Plan gives authority to the Executive Director to spend

3.2 What is the PSA Equalization Account?

- PSA authority is given by the Board. ISC income varies due to nature of voluntary contributions. Surplus or deficit arises between ISC income and PSA expenditure.
- The PSA Equalization Account (PSAEA): a reserve to cushion deficits in a given financial period.
- PSAEA allows PSA budget and expenditure levels to be managed if ISC income does not materialize at the expected rate.
- All uses of the PSAEA are approved by the Executive Board.

3.3 Key principles for the 2015 Management Plan PSA

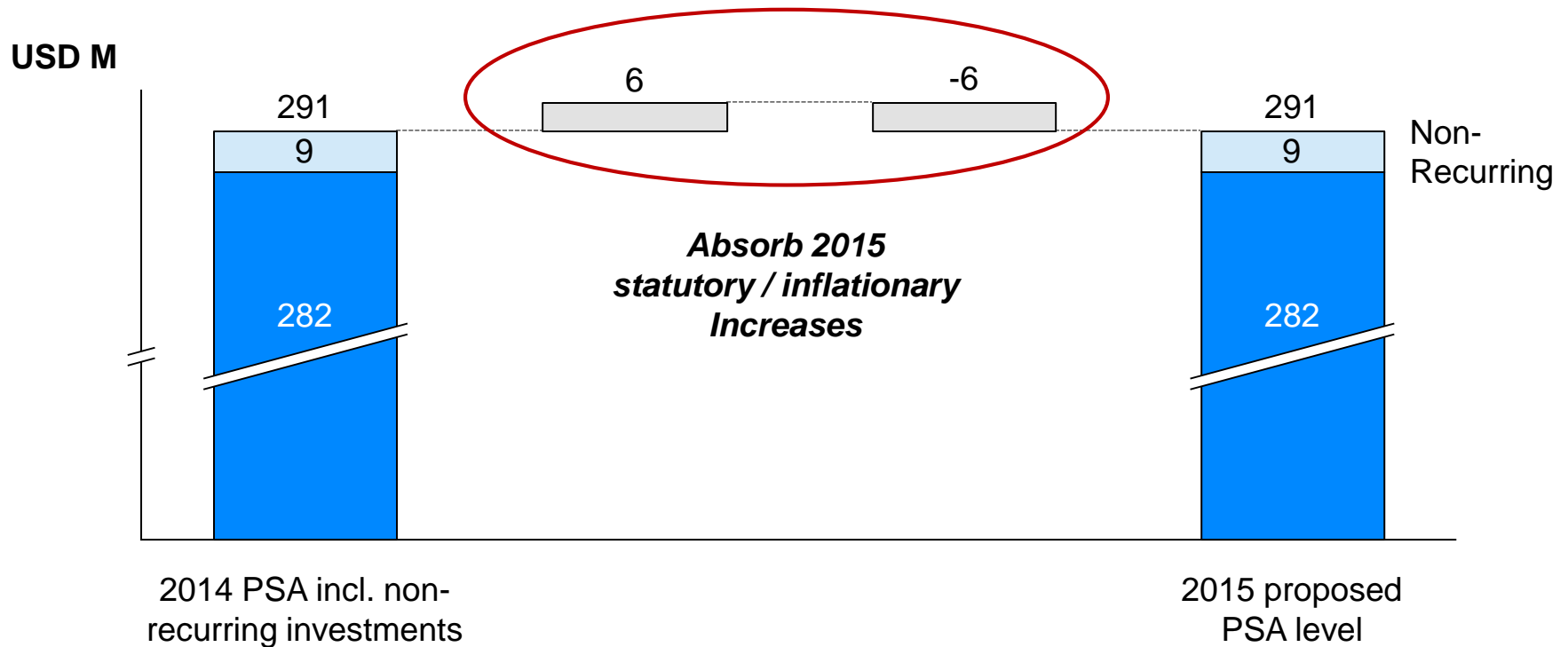
Budget Envelope

- Maintain **7% Indirect Support Cost (ISC)** rate
- Ensure target level of **PSAEA at 4 months level**
- **Zero-nominal growth** (absorption of any statutory / inflationary cost increase)
- Maintain funding forecast at 2013 & 2014 levels (USD 4.3B – USD 4.4B)

Resource Allocation

- Increased **emphasis on efficiency** to make space for prioritized corporate investments
- Allocation process tied to improved **Value for Money review**
- Increase **linkage to performance and Management Results Framework**
- **Thematic view of budget submissions** to encourage more strategic budgeting

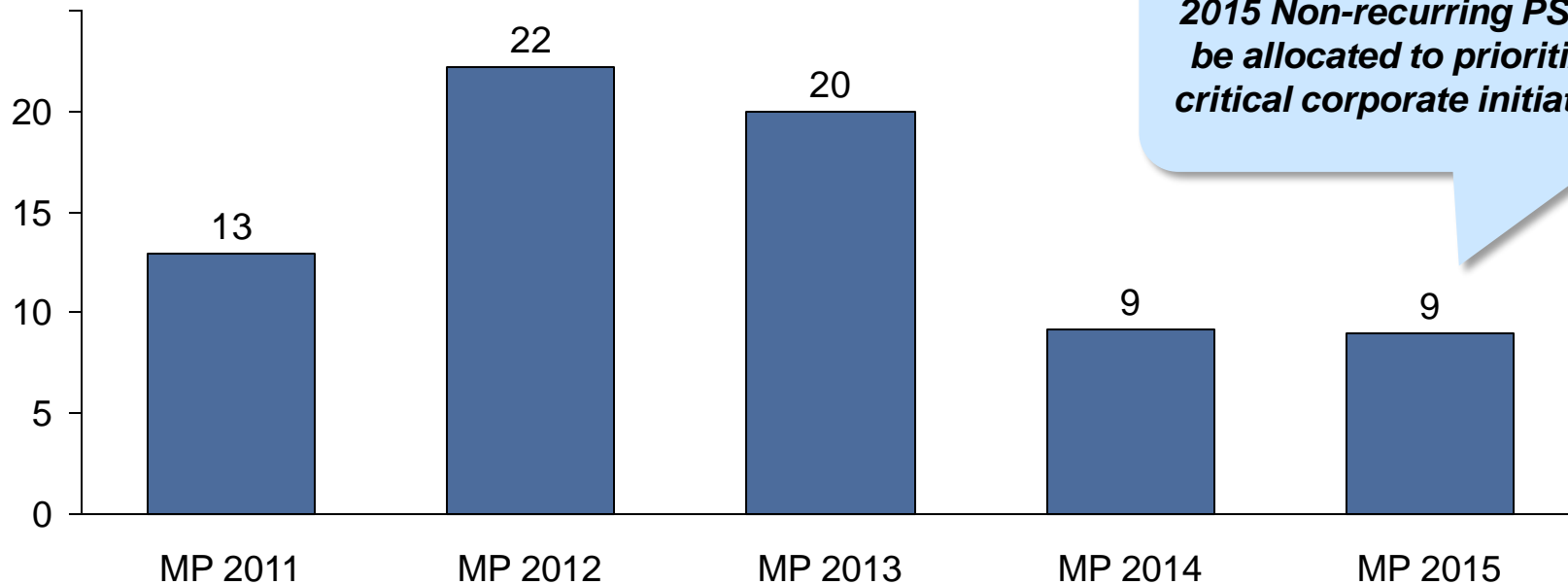
3.4 Proposed 2015 PSA budget follows the principle of zero-nominal growth



Zero-nominal growth means absorbing any statutory / inflationary cost increase

3.5 Proposed level of non-recurring investments not to exceed 2014 to ensure target PSAEA balance maintained

Non-recurring PSA allocation in USD M



3.6 Proposed PSA level to maintain healthy PSA equalization account balance

	2014 Updated	2015 Projection
January 1, Projected PSAEA Opening Balance	121.3	107.7
Projected ISC revenue	277.4	281.8
Estimated PSA expenditure	281.8	281.8
Non-recurring activities	9.2	9.2
December 31, Projected Closing Balance	107.7	98.5

Target PSAEA balance of 4 months: USD 93.9M

Figures in USD M

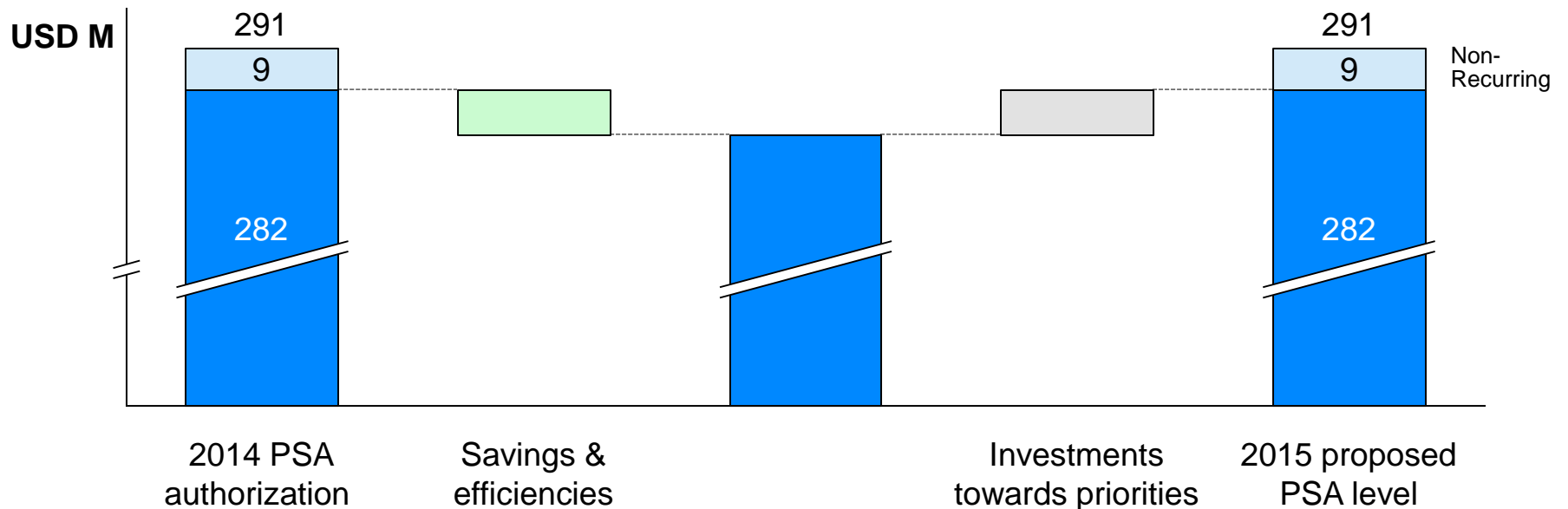
3 Part B. Proposed PSA approach: The Process

3.7 Within the 2015 PSA: Identify savings to make room for strategic investments



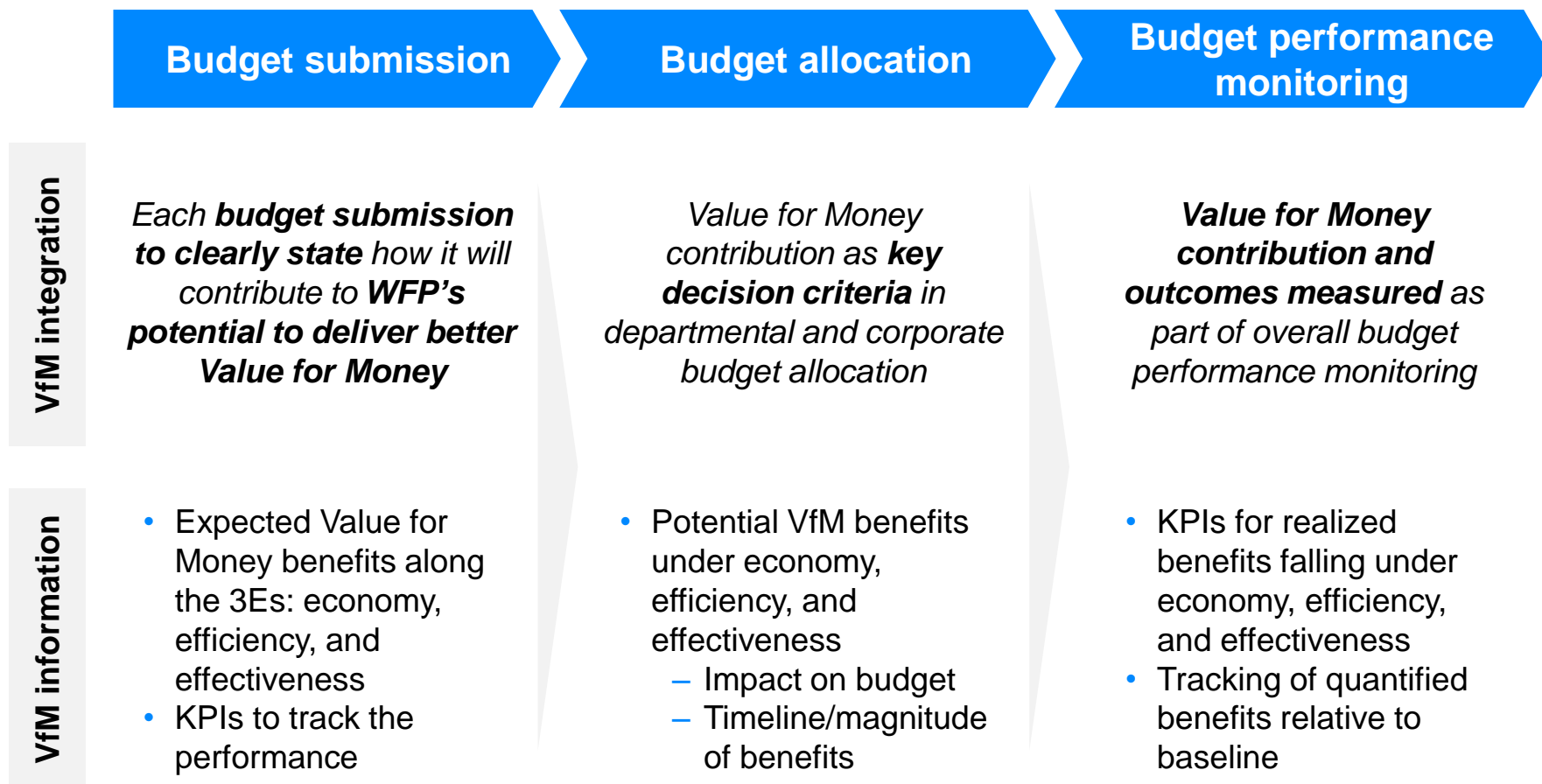
- **Business Cases** submitted to support all approved expenditures
- Efficiency savings to be identified through **budgetary targets**

- Detailed **Investment Cases** submitted for all investment activities
- **Strategic investments to be aligned with** key corporate priorities



Rigorous approach to resource allocation, incorporating Value for Money and results based budgeting

3.8 The prioritization process incorporates Value for Money at all levels



3.9 Increase linkage to results to move towards results-based budgeting

Objective

- Link PSA to performance to move to results-based budgeting

Process

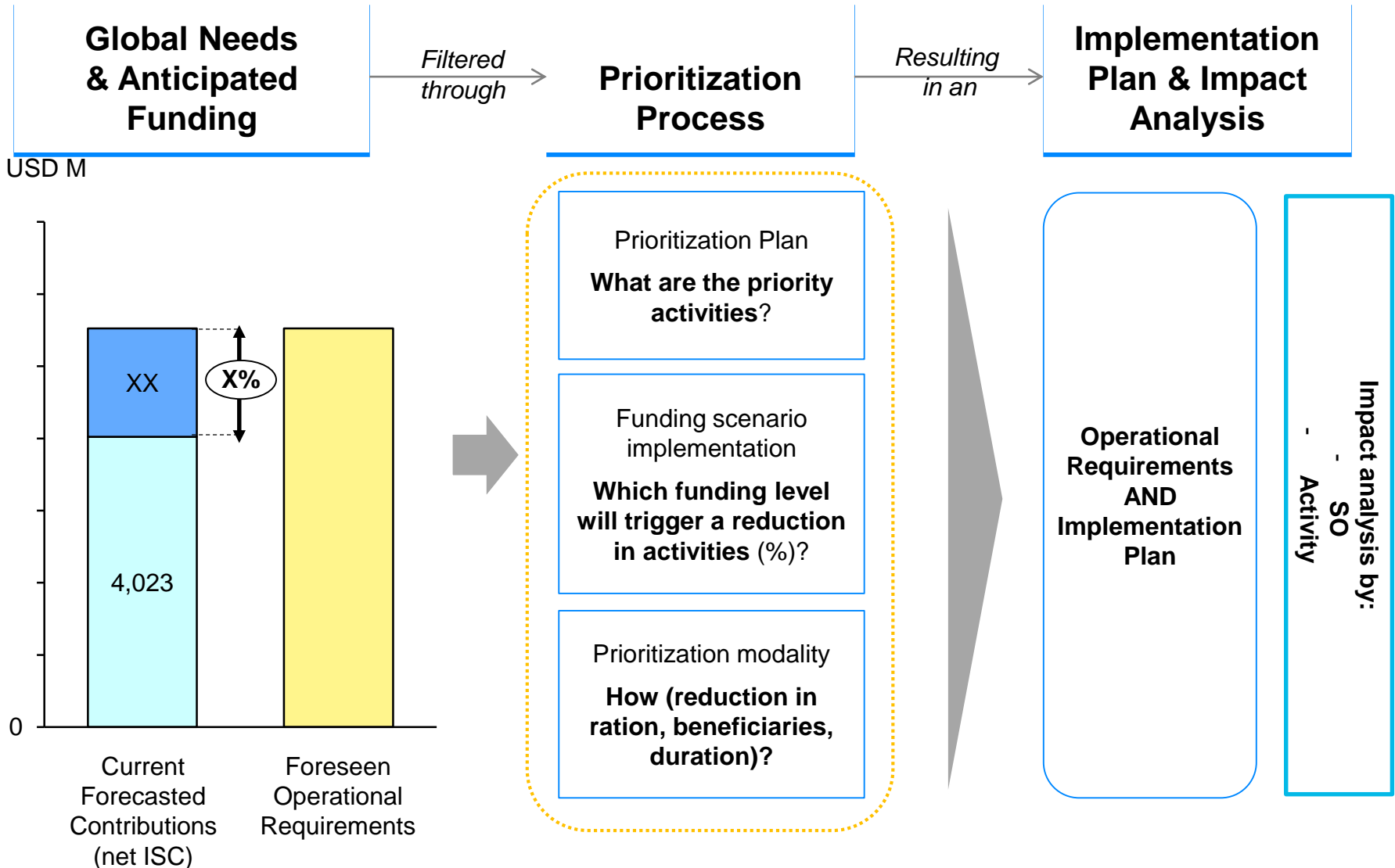
- Budget submission will follow the “results chain”: link Activities to Output and Outcome results (Corporate MRs)

Benefits

- **Prioritization:** Corporate results, thematic areas and Value for Money information will support resource prioritization
- **Allocation:** Linking the Division’s budget requests to the relevant MR will enable WFP to measure investments by MR/MRD
- **Performance Management:** Assigning KPI at results level to facilitate performance measurement of planned activities/results

4. Operational requirements, funding and gap

4.1 Prioritization of operational activities, as an implementation plan, integrated into standard practice



4.2 Operational requirements and funding expectations

1. Reinforce Operational Requirements review:

- Strengthen use of needs assessments to inform projected requirements
- More rigorous validation process at Regional & Headquarters levels
- Refine review of planned requirements vs. criticality of the food insecurity situation
- Greater enquiry on the cost of planned programme assistance (food/transport costs, etc.)

2. More granularity on funding expectations

- Refine methodology to improve resourcing projections at country and project level
- Integrate local resourcing intelligence into the process

4.3 Operational requirements and funding expectations

3. Implementation plan

- Link project needs with funding projections
- Prioritize activities / strategic objectives at Country Office level within the projected funding constraints
- Analyze the impact of projected funding constraints

KEY OBJECTIVES

- **Separation of needs based operational requirements from implementation plan based on estimated funding**
- **Implementation plan to help manage within projected funding from day one**
- **Management of the gap through regular review of implementation plan**

5. Previous commitments

5.1 Overview of previous commitments

Commitments	Considerations / current status
Reduced length of Management Plan	WFP will investigate means of streamlining the document without compromising on detail provided to the Board
Updates on Capital Budgeting	Capital budget facility created in Management Plan 2014. Secretariat committed to meeting requests for annual updates. Logistics Execution Support System is pilot scheme starting in 2014
Improved beneficiary counting	Task force created and work underway to improve definition of beneficiary/ cost calculations methodology for inclusion in operational requirements

Thank you!