



# The Purse:

Everyone's Guide to the  
Management Plan 2015-2017



**World Food Programme**



# Welcome to the PURSE: Your informal guide to the Management Plan

The Management Plan:  
A financial plan for tackling  
major emergencies while  
living within our means

## **What is the Plan's big message?**

Getting the best results  
for our beneficiaries by using  
our resources wisely



WFP/Marco Frattini/Philippines

We foresee operational requirements of USD 7.45 billion, while our estimated funding unfortunately is USD 4.4 billion. So, despite your increased support, and our increased mobilization of new resources, the gap between what we must do, what we need to do and what we are resourced to do is widening.

Executive Director Ertharin Cousin

One of the key improvements, in the Management Plan, is the use of a Provisional Prioritized Plan of Work (PPPW) and implementation plan to align operational priorities to available funding.

For the first time we present a prioritized workplan of USD 4.4 billion, which is fully aligned with the estimated funding for 2015. You therefore have a document grounded in financial reality.

Executive Director Ertharin Cousin

Management Plan focuses on the financial numbers for implementing the Strategic Plan. This plan enhances accountability. It incorporates value-for-money and performance management principles.

Executive Director Ertharin Cousin





WFP/Dina El-Kassaby/Jordan

Performance-informed budgeting establishes a clear relationship between budget input and results, demonstrating the impact of funding levels on performance. Thus performance information becomes a critical factor in determining the budget.

### Value for money

**WFP defines value for money as “getting the best results for our beneficiaries by using our resources wisely”, and seeks the optimal balance between economy, efficiency and effectiveness. Value-for-money criteria are applied at all stages of internal budgeting.**

The new PSA budget approach incorporates value-for-money considerations as a basis for resource allocations, and links planned achievements with management results with a view to ensuring that WFP manages its resources as economically, efficiently and effectively as possible with maximum transparency and accountability.

Imposition of a PSA budget ceiling of 5 percent below the 2014 level for most offices

A 5% budget cut across Headquarters departments helps reshape the PSA budget (areas exempted: Partnership and Governance Services, Human Resources Policy, Regional Bureaux and Country Offices, Gender Office, the Office of Evaluation and the Office of the Inspector General).



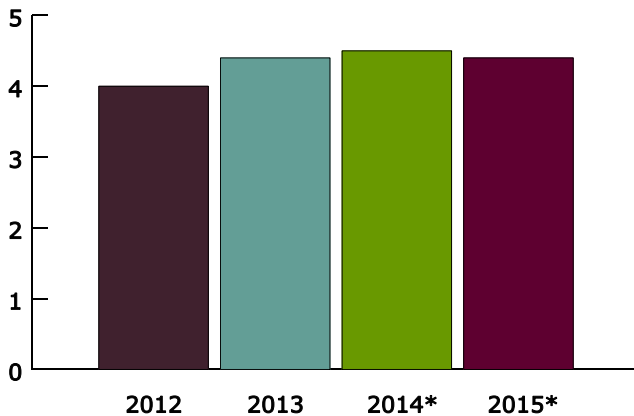


1. What is the Management Plan?

- The Plan is about: ***“Getting the best results for our beneficiaries by using our resources wisely”.***
- The Plan contains WFP’s programme of work, annual budget and outlines the planned outcomes and indicators of WFP’s achievements under the Strategic Objectives and Management Results Dimensions (MRDs) - People, Partnerships, Processes and Systems, Programmes, and Accountability and Funding.
- The Plan presents to the Board the amount of money WFP needs per year in order to accomplish our work around the world.



Chart 1: Actual and Projected Funding (USD billion)



\* Projected

2. The Management Plan, the Strategic Plan, the Annual Performance Report: How do they all fit together?
  - All these plans are about getting the best results for our beneficiaries.
  - The Strategic Plan provides the framework for WFP's efforts towards achieving a world with zero hunger. It reaffirms WFP's focus on food assistance for the poorest and most vulnerable women, men, boys and girls.
  - The Management Plan is the financial document outlining the activities and the required resources to implement the Strategic Plan.
  - **The Annual Performance Report details WFP's performance in terms of the Strategic Plan and Management Plan, the Strategic Results Framework and the Management Results Framework.**

3. You mean:

***“Put your money where your mouth is”?***

- WFP is a voluntarily funded organization: its operations and financial management depend on the level of funding actually received.
- Following discussions with traditional and emerging donors, host governments and the private sector, WFP anticipates USD 4.4 billion in revenue in 2015.

4. Is WFP able to get all the funding needed?

- Although donors make enormous efforts to maintain their levels of contributions, needs keep rising due to natural disasters and increasing political, financial and economic crises around the world.
- And as we are currently facing five Level 3 emergencies, we will not get all the funding we actually need. Growing needs continue to outstrip available resources. For 2015, we will need USD 7.4 billion to provide 17 billion daily rations around the world.

As part of the refinement of the measurement of food assistance costs, this Management Plan shifts the focus from beneficiaries to daily rations.

A ration is defined as the amount of food or cash and voucher equivalent provided daily for a beneficiary in a target group to meet defined objectives.



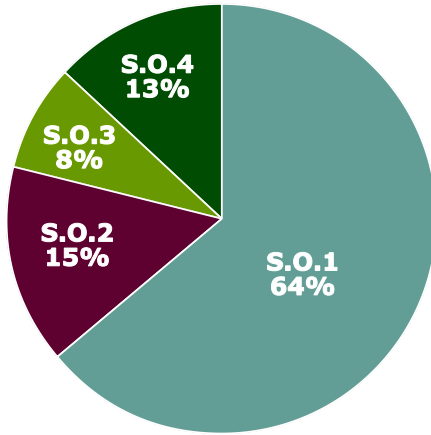


WFP/Richard Lee/Namibia

## 5. **What happens when you don't get enough funding?**

- Funding shortfalls mean that we are not able to assist all the people, communities and governments who need our assistance to implement solutions to meet their food and nutrition needs.
- With the generosity of donors, we are able to work towards our Strategic Objectives, which are:
  - Strategic Objective 1: Save lives and protect livelihoods in emergencies.
  - Strategic Objective 2: Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies.
  - Strategic Objective 3: Reduce risk and enable people, communities and countries to meet their own food and nutrition needs.
  - Strategic Objective 4: Reduce undernutrition and break the intergenerational cycle of hunger.

Chart 2: Prioritized Plan of Work by Strategic Objective





When funding is limited:  
The number of beneficiaries and/or the activity duration is reduced.

Operational requirements for 2015 are projected at USD 7.45 billion to provide 17 billion daily rations.

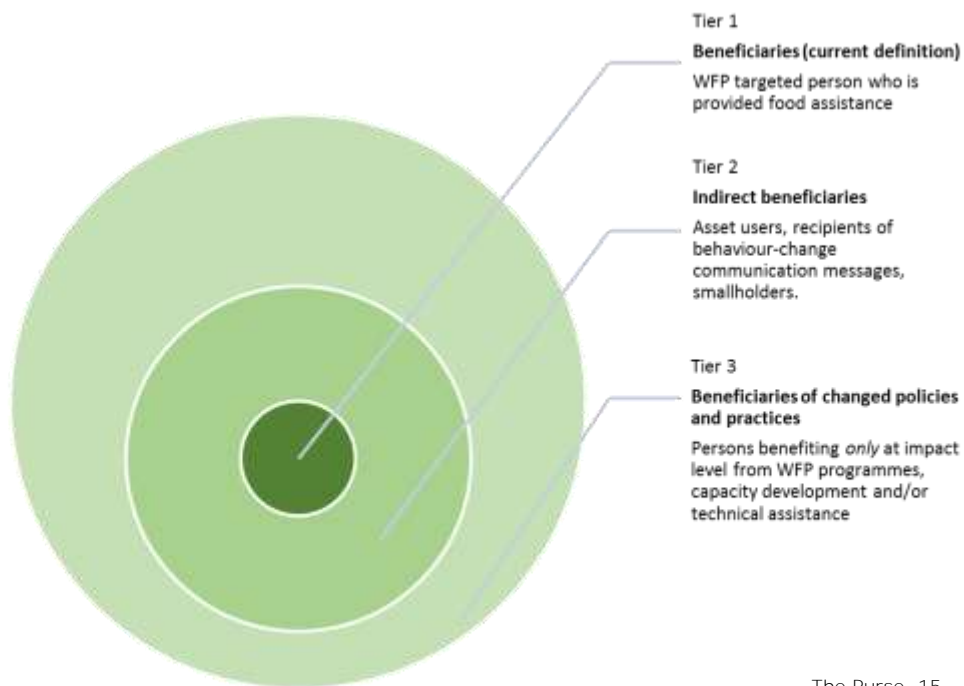
2015 Provisional Prioritized Plan of Work (PPPW) is based on USD 4.4 billion to provide 10.7 billion daily rations.

**WFP's planned activities will generate**

benefits for more people than the estimated 63 million people are expected to benefit directly from food or Cash and Voucher transfers.

WFP has therefore categorized beneficiaries into three tiers.

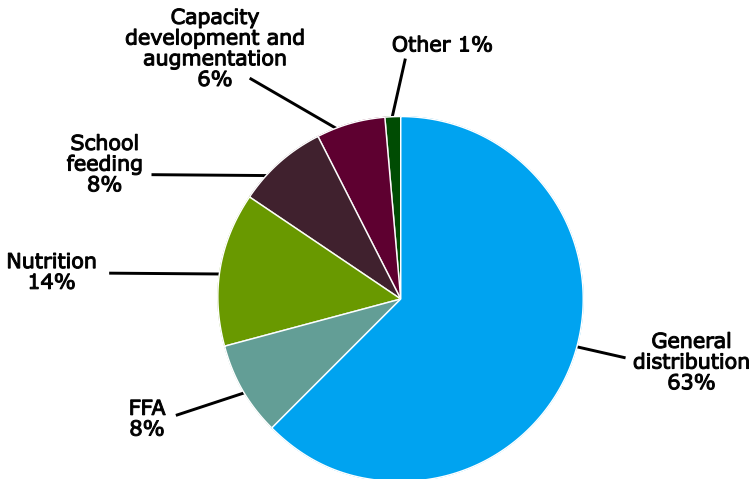
Chart 3: **Reach of WFP's assistance extends beyond the direct** recipients of food or cash and vouchers



6. How will you deal with funding shortfalls?

- When funding is limited, we prioritize life-saving activities (Strategic Objective 1) over other activities.
- We address funding limitations by reducing the number or size of daily rations, decreasing the duration of assistance or prioritizing one activity over another.
- When funding is not enough we prioritize life-saving assistance through general distribution - unconditional transfer of food, cash or vouchers.
- We will have to work with what we are given. We anticipate getting USD 4.4 billion. With this amount we will provide 10.7 billion daily rations for 63 million beneficiaries.

Chart 4: Provisional Prioritized Plan of Work









7. A 7 billion reduction in number of daily rations is a serious gap: What is WFP doing about it?
  - We are advocating for more funding: expanding the number of donors, including non-traditional donors, such as the Gulf States and Brazil, the Russian Federation, India, China and South Africa (BRICS). We will also leverage private-sector corporate social responsibility opportunities.

Increasing the flexibility and predictability of funding, through multilateral and multi-year agreements would: i) ensure that support for beneficiaries is more consistent; and ii) enable WFP to plan and prioritize its work more effectively to achieve the objectives of the Strategic Plan.

## Chart 5: The potential multiplier nature of IRA in saving lives

Allocation of the IRA in 2013: USD 165.34 million

	Country/ Region	Amount
1	Syrian Regional EMOP	31,916,306
2	Somalia	17,300,000
3	Kenya	15,522,027
4	Democratic Republic of the Congo	14,916,252
5	Central African Republic	11,237,713
6	Philippines	10,207,240
7	Other	64,238,217
	Total	165,337,809

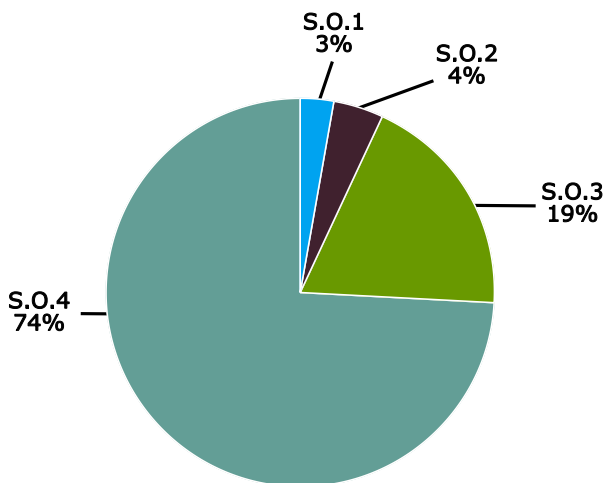
- The IRA is crucial for providing food, non-food and logistics assistance in advance of directed donor contributions.
- There is increasing demand on the IRA as a life-saving tool. For example, in 2014, we significantly supported:
  - The Syrian regional emergency response
  - South Sudan, Guinea, Liberia and Sierra Leone in response to the Ebola virus
  - Ukraine, Bosnia and Herzegovina, Serbia
  - Iraq.
- Contributions to the IRA translate into multi-year and less targeted funding for life-saving activities.
- The target level of IRA has been raised from USD 70 million to USD 200 million.

## 8. What are trust funds?

Trust funds are established by the Executive Director for a special contribution. There are two types:

- Country-specific trust funds go towards operational activities. These funds receive contributions at the country office level. The aim is to assist governments with the management and implementation of programmes aligned with **WFP's Strategic Objectives**.

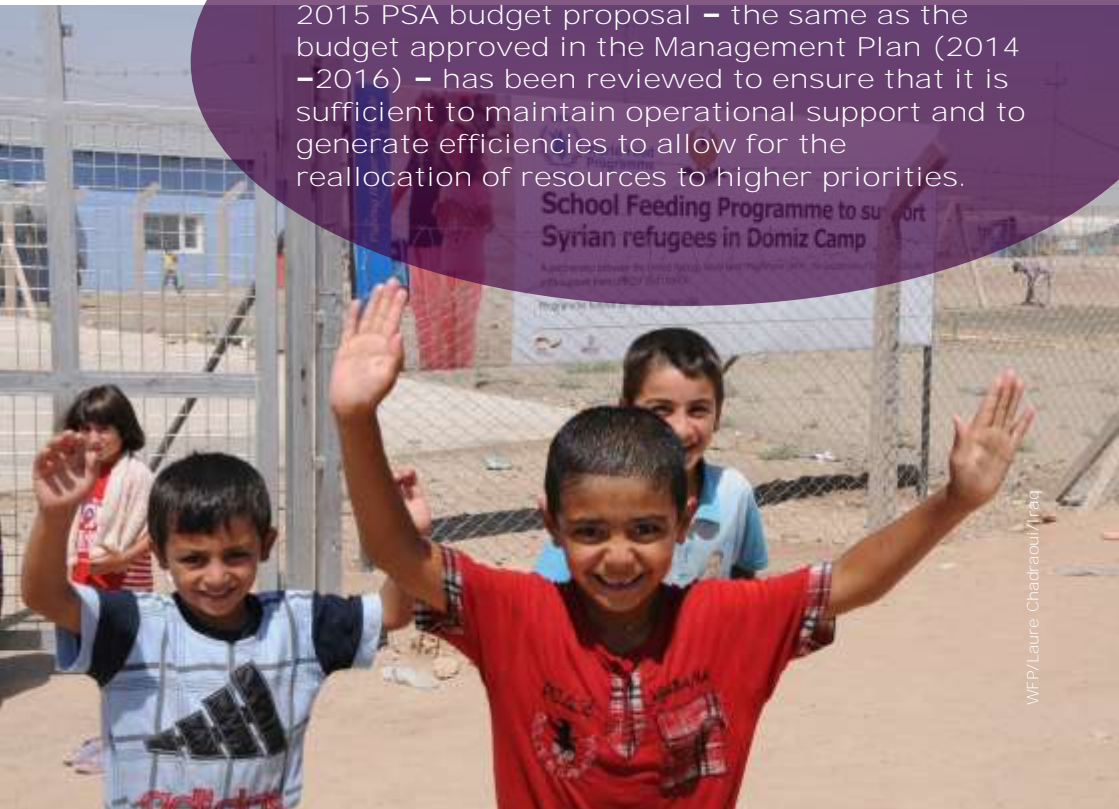
Chart 6: Country-Specific Trust Fund—Analysis by Strategic Objective



- Corporate trust funds **serve to develop WFP's institutional improvements**. Corporate trust fund activities promote innovation and major changes to operations, systems and processes in an evolving operational context, and support **WFP's institutional improvements and capacity development initiatives**.

9. What does the Programme Support and Administrative (PSA) budget cover?
- **The PSA budget covers WFP's indirect costs that support our operational activities.**
  - The PSA budget is funded from a recovery rate, called indirect support cost (ISC) rate, applied on contributions. The current rate is 7% on government contributions. From 2015, 10% will be applied on all private sector contributions.
  - **WFP is committed to "living within its means", and the 2015 regular PSA budget does not exceed the total ISC income to be generated.**
  - We have kept the PSA budget at the level of 2014: USD 281.8 million.

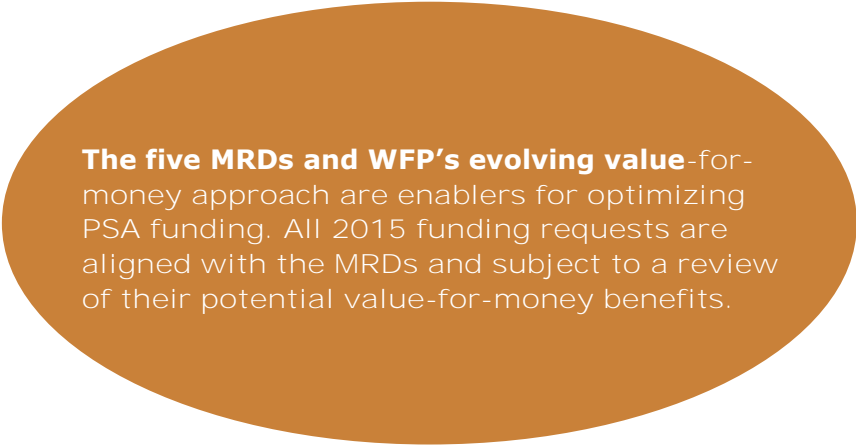
At a time of global fiscal restraint, WFP will maintain zero nominal growth for 2015. The 2015 PSA budget proposal – the same as the budget approved in the Management Plan (2014 –2016) – has been reviewed to ensure that it is sufficient to maintain operational support and to generate efficiencies to allow for the reallocation of resources to higher priorities.





10. How was the reduction in PSA budget achieved?

- Mainly through savings and a budget review using a value-for-money perspective, which means seeking the optimal balance between economy, efficiency and effectiveness.
- WFP established priorities to balance organizational needs with resourcing constraints; a 5% savings target was set for most departments.



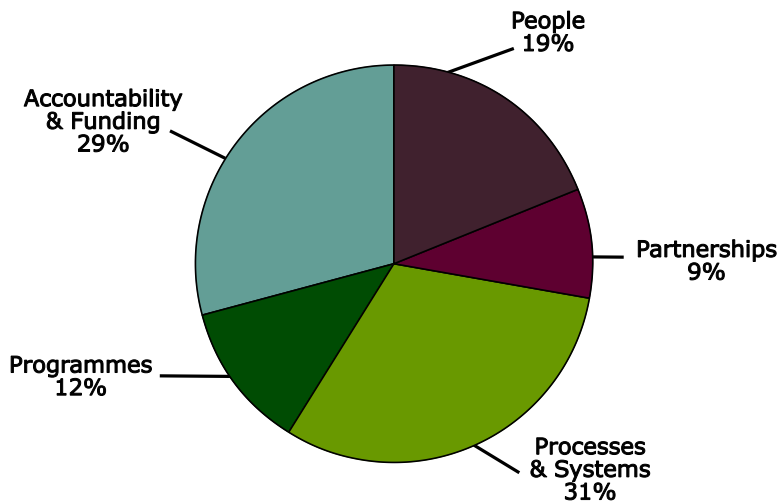
**The five MRDs and WFP's evolving value-for-money approach** are enablers for optimizing PSA funding. All 2015 funding requests are aligned with the MRDs and subject to a review of their potential value-for-money benefits.

11. Who was spared the reductions?

- The Regional Bureaux, Country Offices, the Partnership and Governance Services Department, the Gender Office, the Office of Evaluation, the Office of the Inspector General and Human Resources policy functions were spared the 5% cut.

2015 PSA budget: USD 281.8 million

Chart 7: Strategic Orientation of the PSA budget







The Management Plan continues to build on the *Framework for Action*

## Management Principles

The key management principles in Framework for Action include:

- Enhance the capacity of Country Offices to design and implement country programmes (CPs) and operations,
- Increase the capacity of Regional Bureaux to provide the policy, management and front-line support for Country offices,
- Ensure that Headquarters operates as an efficient field-oriented organization that establishes policies, strategies and standards, provides oversight, supports innovation, and facilitates optimum accountability, performance monitoring and reporting.

## Decisions – Approved

**Having considered WFP’s Management Plan for 2015-2017**, as submitted by the Executive Director in document WFP/EB.2/2014/5-A/1, the Board:

1. took note that the 2015 Programme Support and Administrative appropriation and the provisional prioritized plan of work assume a funding level of USD 4.4 billion in 2015;
2. took note of the projected operational requirements of USD 7.45 billion for 2015, excluding any provision for unforeseen emergencies and including direct support costs;
3. approved a 2015 PSA appropriation of USD 281.8 million to be allocated as follows:

Programme support: Regional Bureaux and Country Offices	USD 99.3 million
Programme support: Headquarters	USD 52.1 million
Management and administration	USD 130.4 million
Total	USD 281.8 million

4. approved a supplementary Programme Support and Administrative (PSA) appropriation of USD 9.2 million for Critical Corporate Initiatives;
5. approved expenditure in 2015 of USD 0.75 million from the General Fund for investment management costs;
6. approved a new Immediate Response Account target level of USD 200 million;
7. approved an indirect support cost recovery rate of 7% for 2015;
8. authorized the Executive Director to adjust the Programme Support and Administrative component of the budget in accordance with any variation in the volume of operational requirements of more than 10% from levels.



# 10 Takeaways

1. The level of needs is rising: operational requirements are estimated at USD 7.4 billion while contributions are estimated at USD 4.4 billion.
2. Provisional Prioritized Plan of Work (PPPW) presents a prioritized view of operations aligned with projected funding levels for 2015, noting that resourcing assumptions form the basis of prioritization and that donors earmark around 90% of funding for specific projects.
3. Funding shortfalls result in reduced daily rations and number of beneficiaries reached.
4. In 2015, with the estimated funding, WFP will provide 10.7 billion daily rations.
5. WFP needs more flexible funding.
6. The IRA provides such flexible funding and maximizes the impact of donor funding.
7. The target level of IRA has been raised from USD70 million to USD 200 million.
8. WFP is keeping the PSA budget at the same level for the second year running at USD 281.8 million.
9. WFP has strengthened the link between funding and performance.
10. WFP is improving accountability structures, systems and processes to increase its impact. WFP will continue to insist on value- for- money: ***"Getting the best results for our beneficiaries by using our resources wisely"***.

