

WFP Executive Board: 2014—2016 Management Plan

3rd Informal Consultation
10:00 am – 1:00 pm, 20 September 2013



World Food Programme

Agenda

- 1. Management Plan timeline, document overview and objectives for today's consultation**
- 2. Management Plan highlights**
 - Section I: Introduction
 - Section II: Projected Operational Requirements
 - Section III: Programme Support and Administrative (PSA) Budget
 - Section IV: Trust Funds and Special Accounts
 - Annex VI: Overview of Supplementary PSA appropriations
 - Annex VII: Office of Evaluation work plan
- 3. Draft decisions**

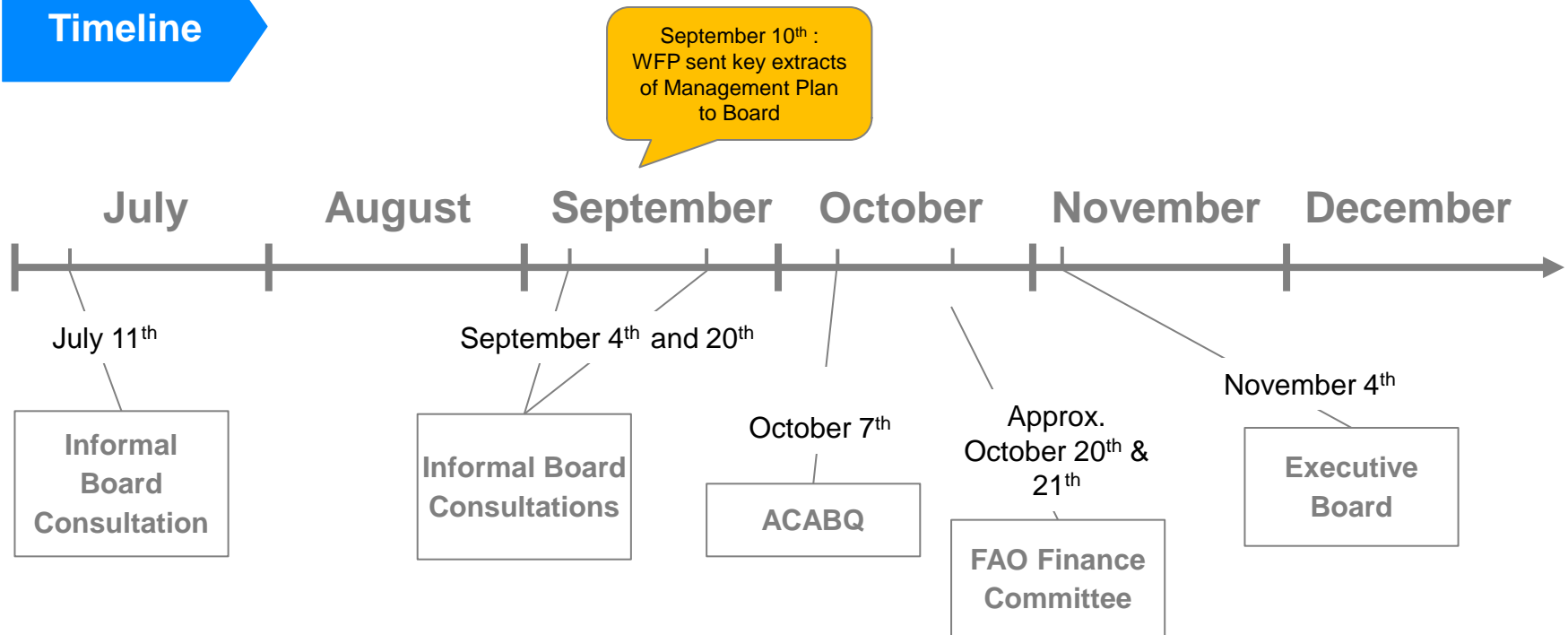
Management Plan timeline, document overview and objectives for today's consultation

Key Dates

Objective

Present for approval the 2014-16 Management Plan for the Second Session of the Executive Board

Timeline



Management Plan Outline

Management Plan Section	Extract on September 10 th
Executive Summary	
Draft Decisions	
Section I: Introduction	✓
Section II: Projected Operational Requirements	✓
Section III: Programme Support and Administrative Budget	✓
Section IV: Trust Funds and Special Accounts	✓
Annex I: Organisational Structure and PSA Positions	
Annex II: PSA Budget Proposal by Appropriation Line	
Annex III: Operational Requirements – Regional Overviews	✓
Annex IV: Unforeseen Requirements, 2014	✓
Annex V: Review of Management Plan (2013 – 2015)	
Annex VI: Overview of Supplementary PSA Appropriations	✓
Annex VII: Office of Evaluation Work Programme 2014	
Annex VIII: Terminology	
Acronyms Used in the Document	

Objectives for today's consultation

- 1 Provide summary of key sections of the Management Plan**
- 2 Share Office of Evaluation Work Plan**
- 3 Answer your questions, including those raised in the last consultation:**
 - Funding forecast assumptions
 - Funding gap prioritisation
 - Differences between strategic and one-time investments
 - Explanation of expected efficiency and effectiveness gains and how they will be monitored
 - Any other issues raised today
- 4 Present Draft Decisions**

Section I: Introduction

- **Reader's Guide**
- **Funding Forecast**

Reader's Guide: The Management Plan has three levels of detail

Management Plan sections

Executive Summary and Decisions

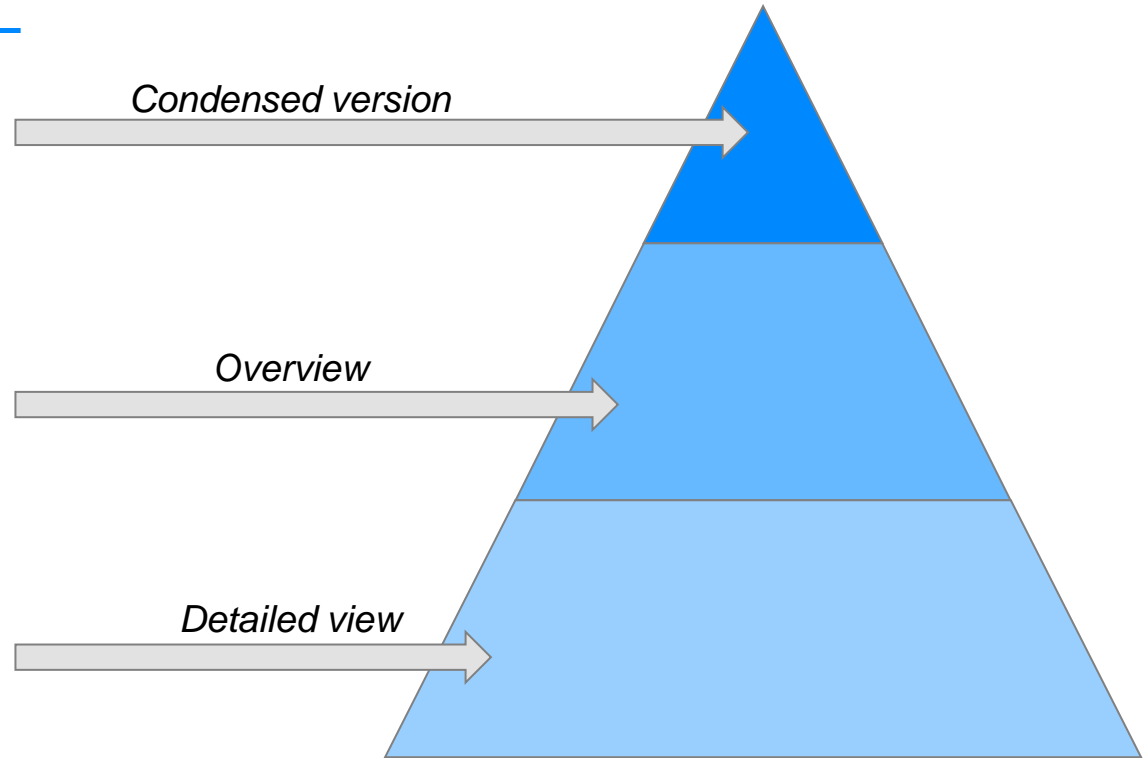
Condensed version

Section 1 Introduction and Overview of each section

Overview

Full document with the Annexes (*Regional overviews and PSA detail by Division in Annexes*)

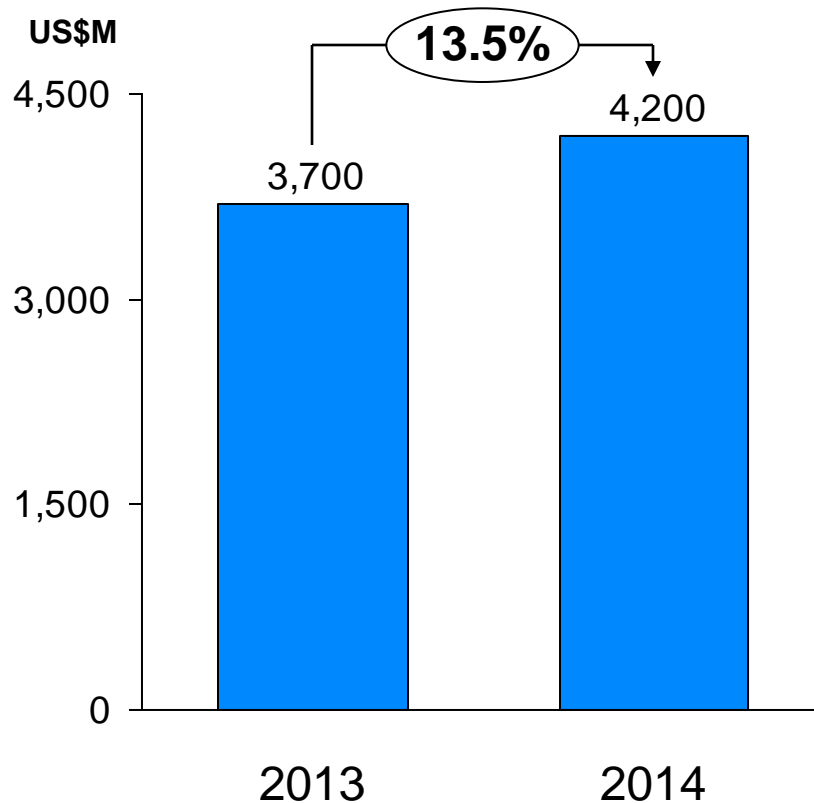
Detailed view



Secretariat commits to work with the EB to determine the appropriate detail and length required in the future

The 2014 funding forecast of US\$4,200M is based on observed trends

Funding forecast increased by 13.5% from 2013 to 2014



Forecast based on observed trends

International response to Syria crisis

- Response to funding Syria crisis is positive and expected to continue through 2014

Trends in funding levels

- Since 2008, funding has reached US\$4.0B every year except 2011
- 2013 funding expected to be US\$4.0B

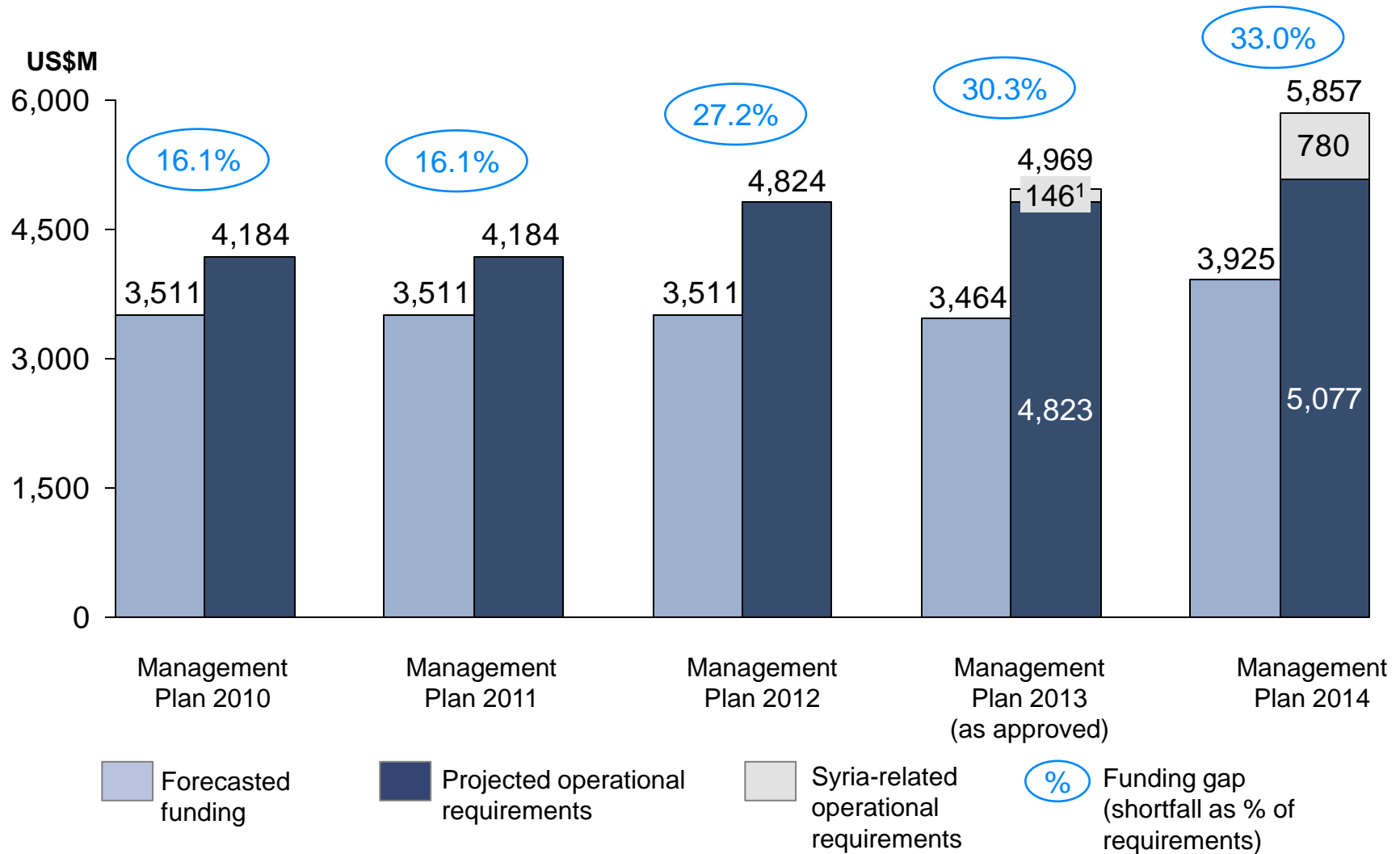
Change in donor and resource dynamics

- Broadening the government donor base
- Expanding non-government sector donors
- Close partnerships with host governments

Section II: Projected Operational Requirements

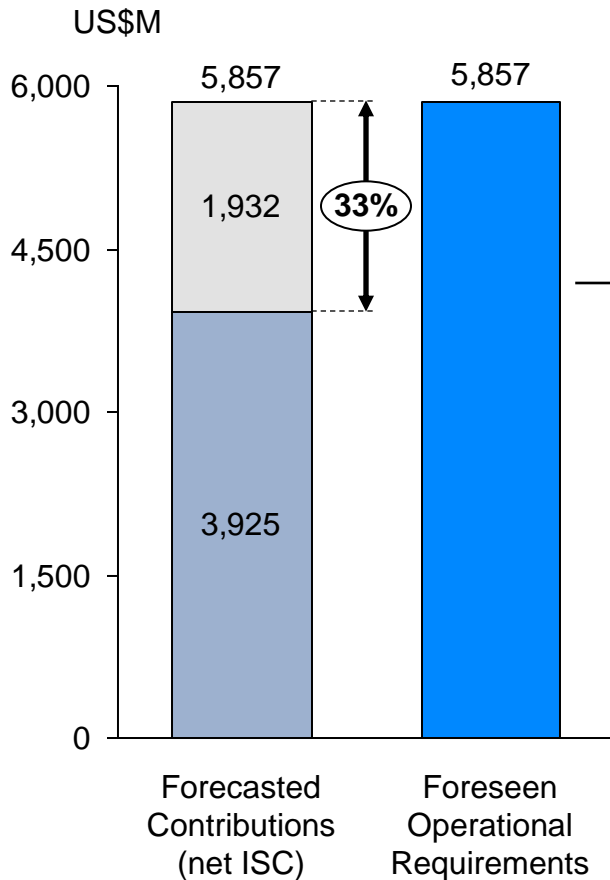
- **Operational Requirements**
- **Gap Analysis**

WFP's projected operational requirements for 2014 total US\$5,857M

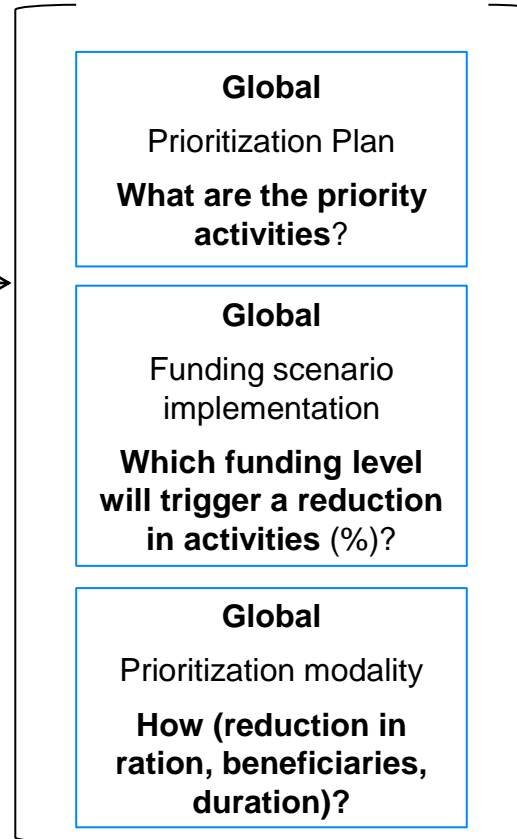


A clear strategic method to prioritize activities has been identified to address anticipated 33% funding shortfall

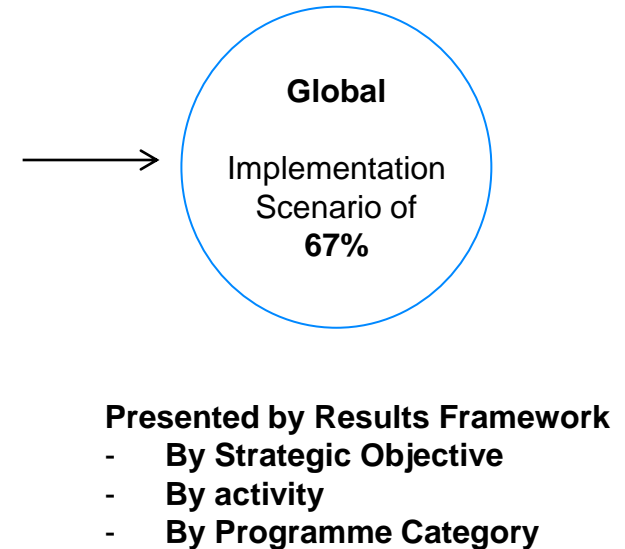
Global Needs and Funding Gap



Prioritization Approach



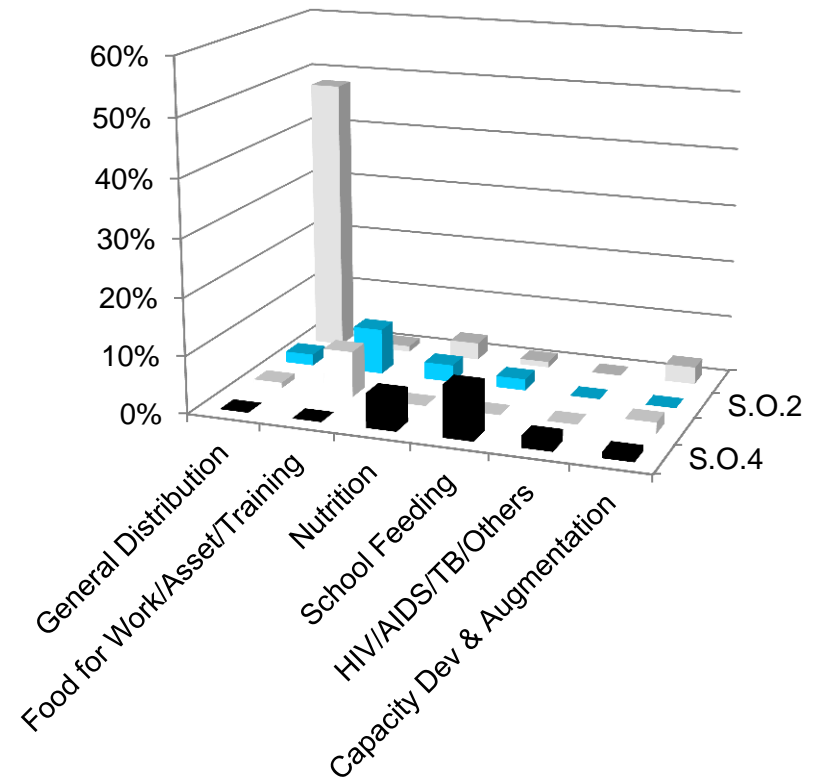
Implementation Plan



Majority of the 2014 projected operational requirements are allocated to Strategic Objectives 1 and 4

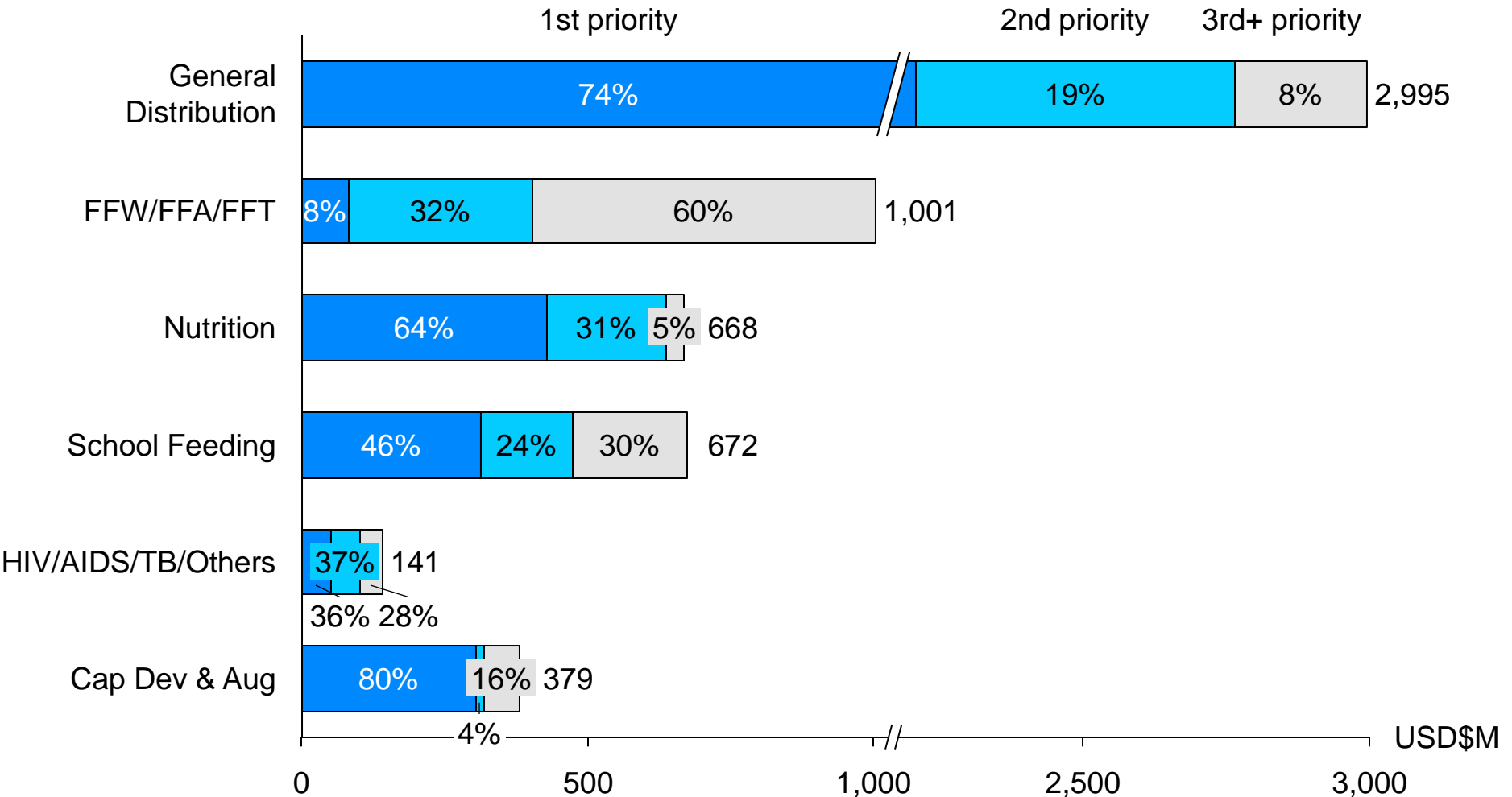
Projected Operational Requirements

	General Distribution	Food for work, etc.	Nut .	Sch. Fee d.	HIV/ AIDS	Cap. Dev and aug..	Total
S.O. 1	2 812	49	175	32	0	180	3 248
S.O. 2	97	490	150	127	22	21	907
S.O. 3	85	450	6	10	6	113	670
S.O. 4	1	12	337	503	113	66	1 032
Total	2 995	1 001	668	672	141	379	5 857

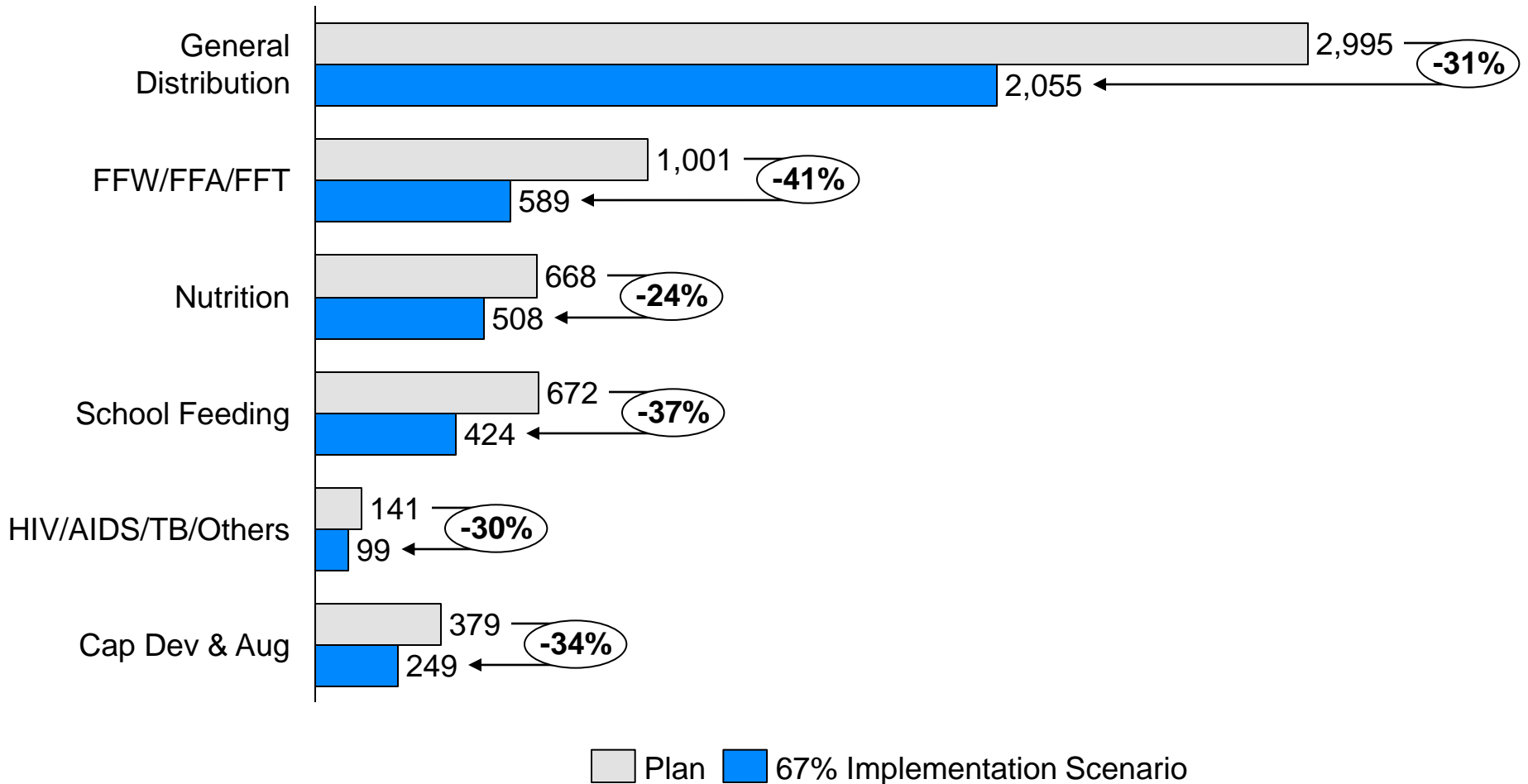


Activities planned under Strategic Objective 1 and 4 total US\$4,280, or 73% of total projected operational requirements for 2014

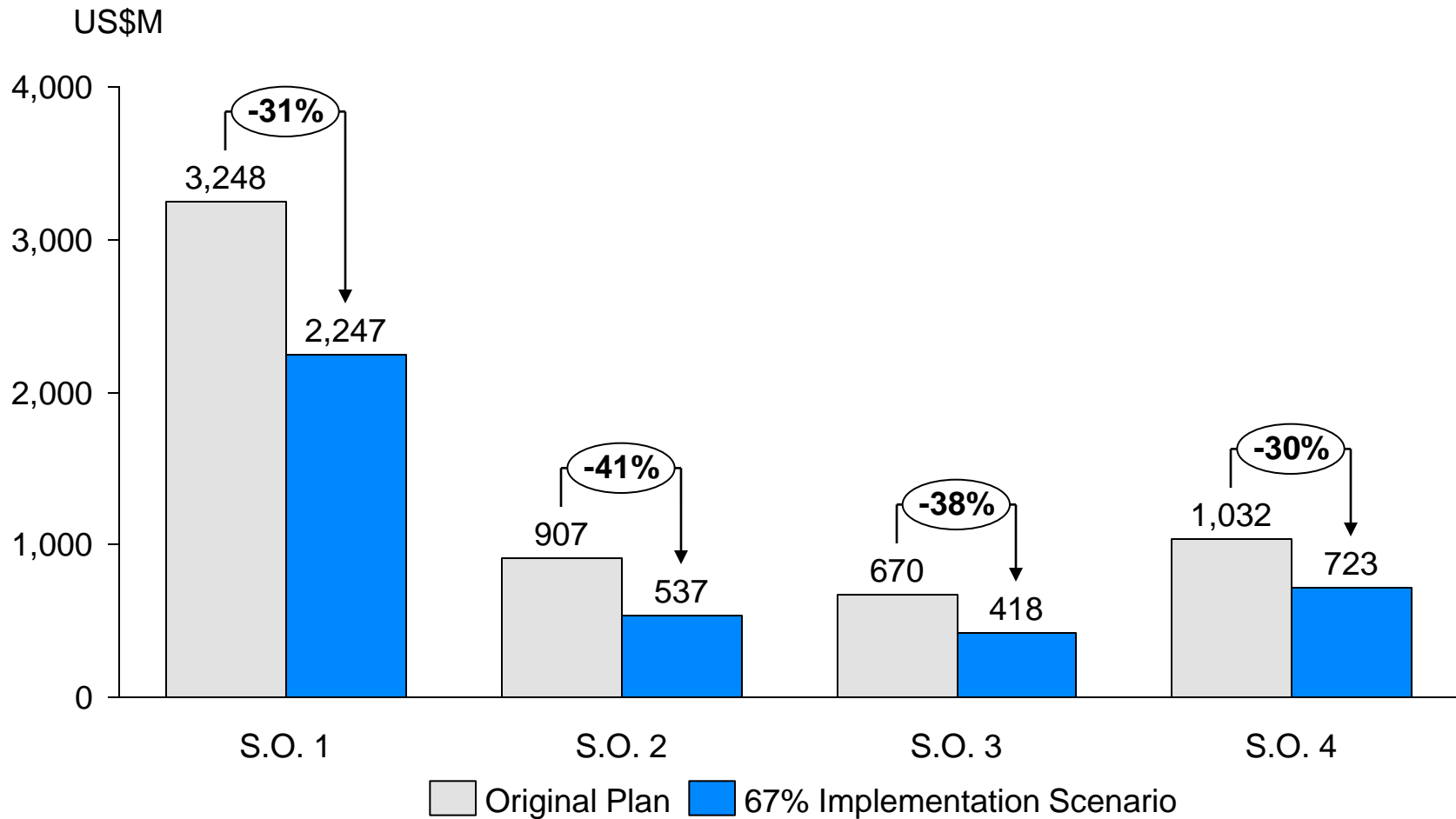
Prioritisation occurs on the activity level where critical emergency and nutrition needs are given first priority



If a funding gap materialises, the prioritisation provides a plan for targeted implementation of activities

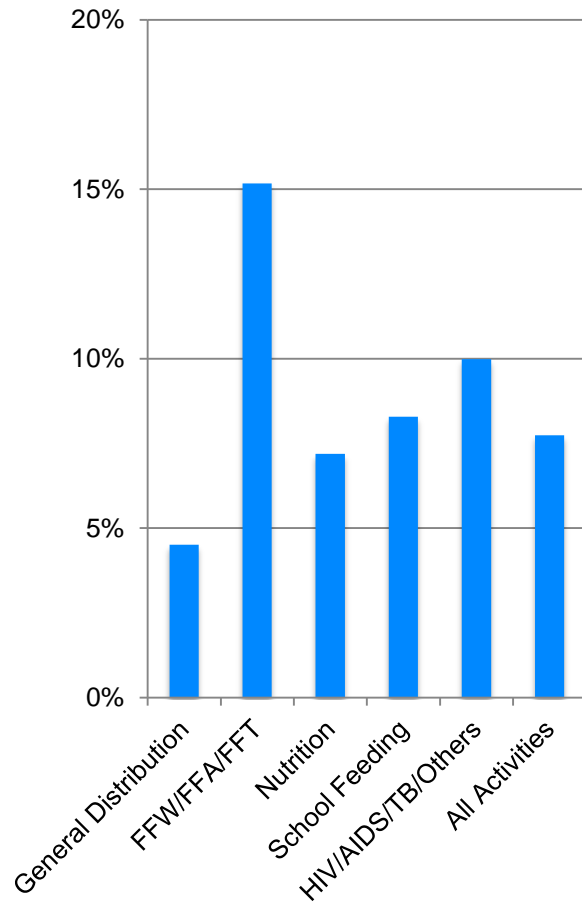


Activities under each strategic objective will be reduced, but strategic objectives 1 and 4 will be less impacted

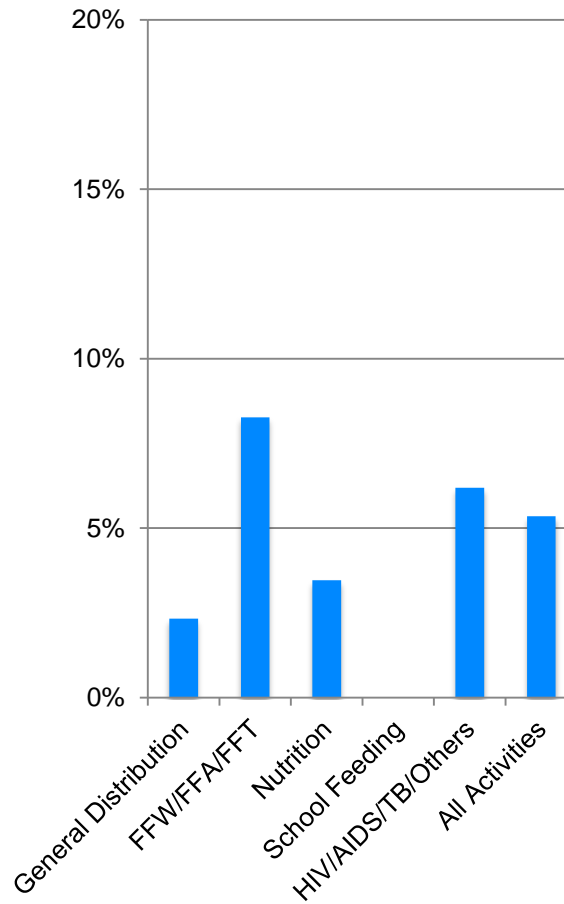


Targeted implementation will impact beneficiary numbers, programme duration and/or rations

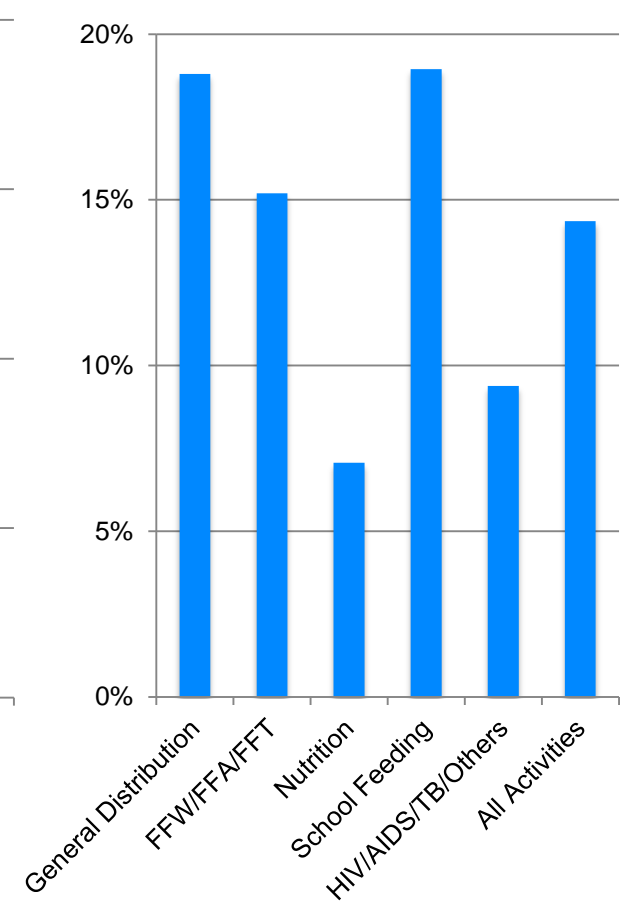
Reduction in beneficiaries



Reduction in feeding days



Reduction in food rations



Section III: Programme Support and Administrative (PSA) Budget

- **PSA Budget**
- **Supplementary Budget**

In WFP, PSA is determined by funding levels -- not assessed contributions

WFP's model

- Funded 100% through voluntary contributions
- Programme of work developed for most critical global requirements
- Programme of work is then adjusted according to planned/actual funding levels
- Overhead on voluntary contributions covers programme support and administrative (PSA) costs
- PSA is based on estimated funding level and is specifically approved by governing body

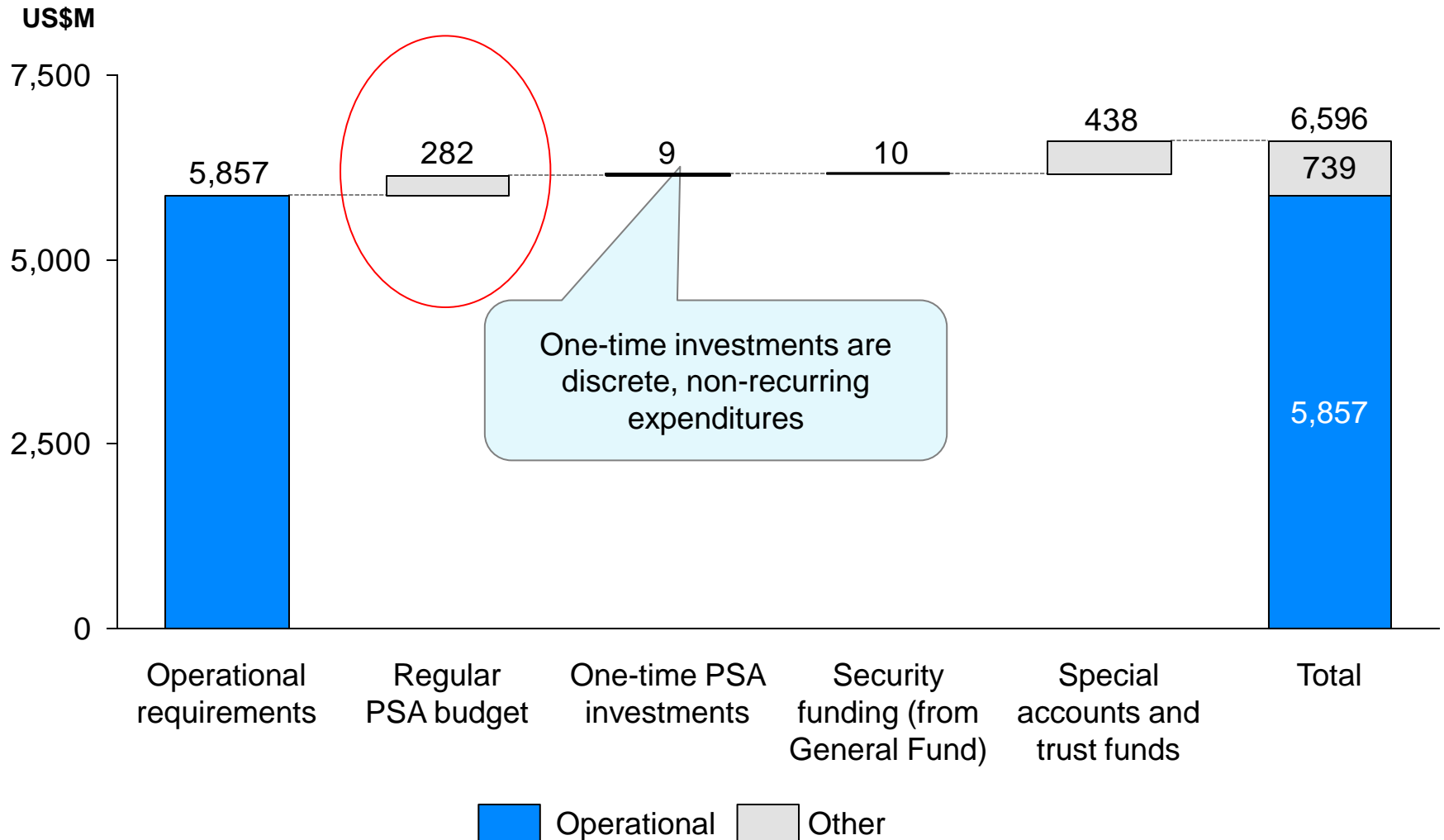
Agencies with assessed contributions follow a different model

- ✓ Specialised Agencies (e.g. FAO, UNESCO, WHO)
 - Conference of member states sets size of regular programme budget funded through contributions set by the Conference
 - Voluntary contributions and trust funds supplement assessed contributions

Example: FAO:

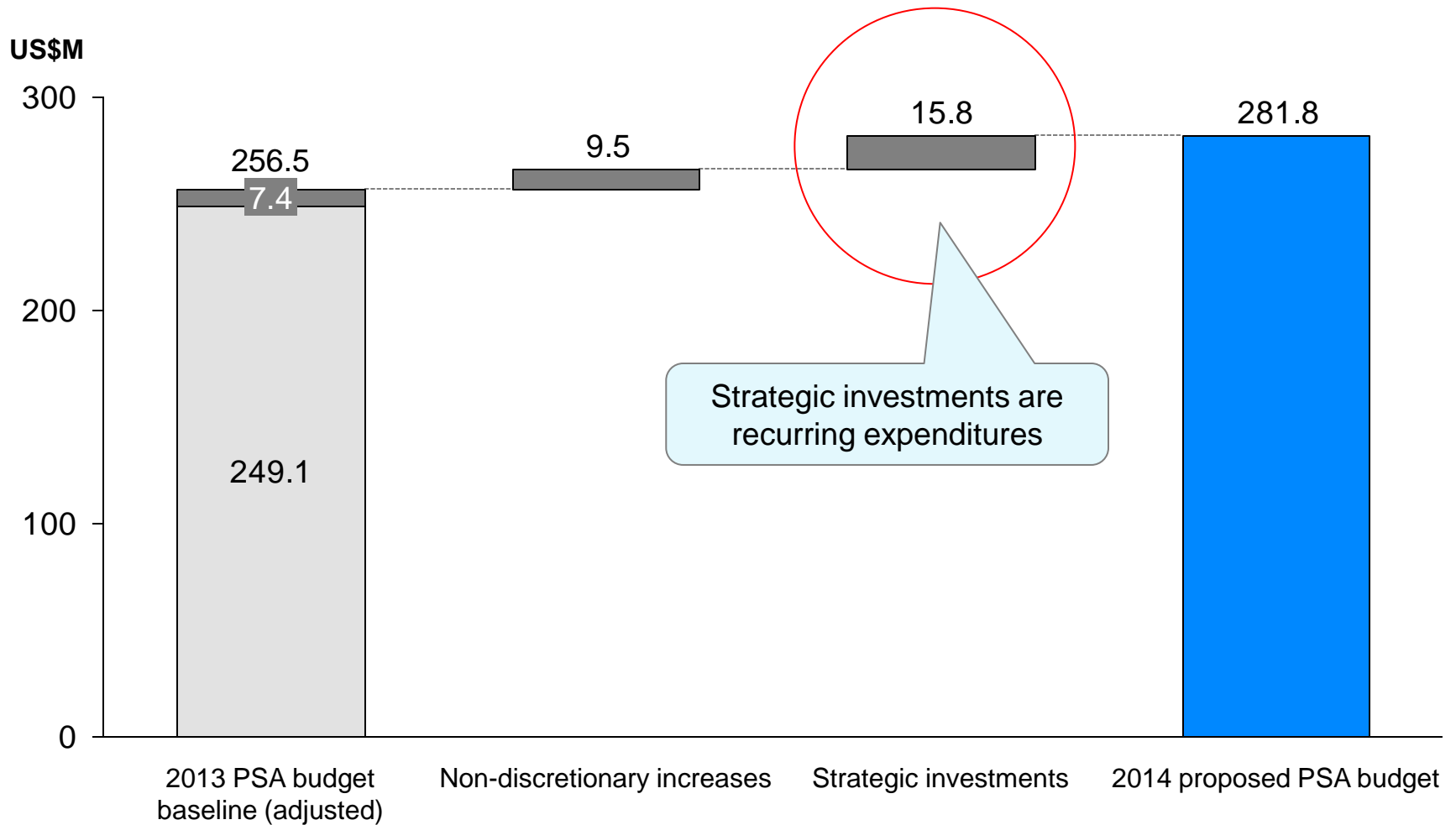
- ❖ Overhead contained within budget chapters of net appropriation

The 2014 PSA budget proposal is US\$282M out of a total US\$6,596M estimated requirements

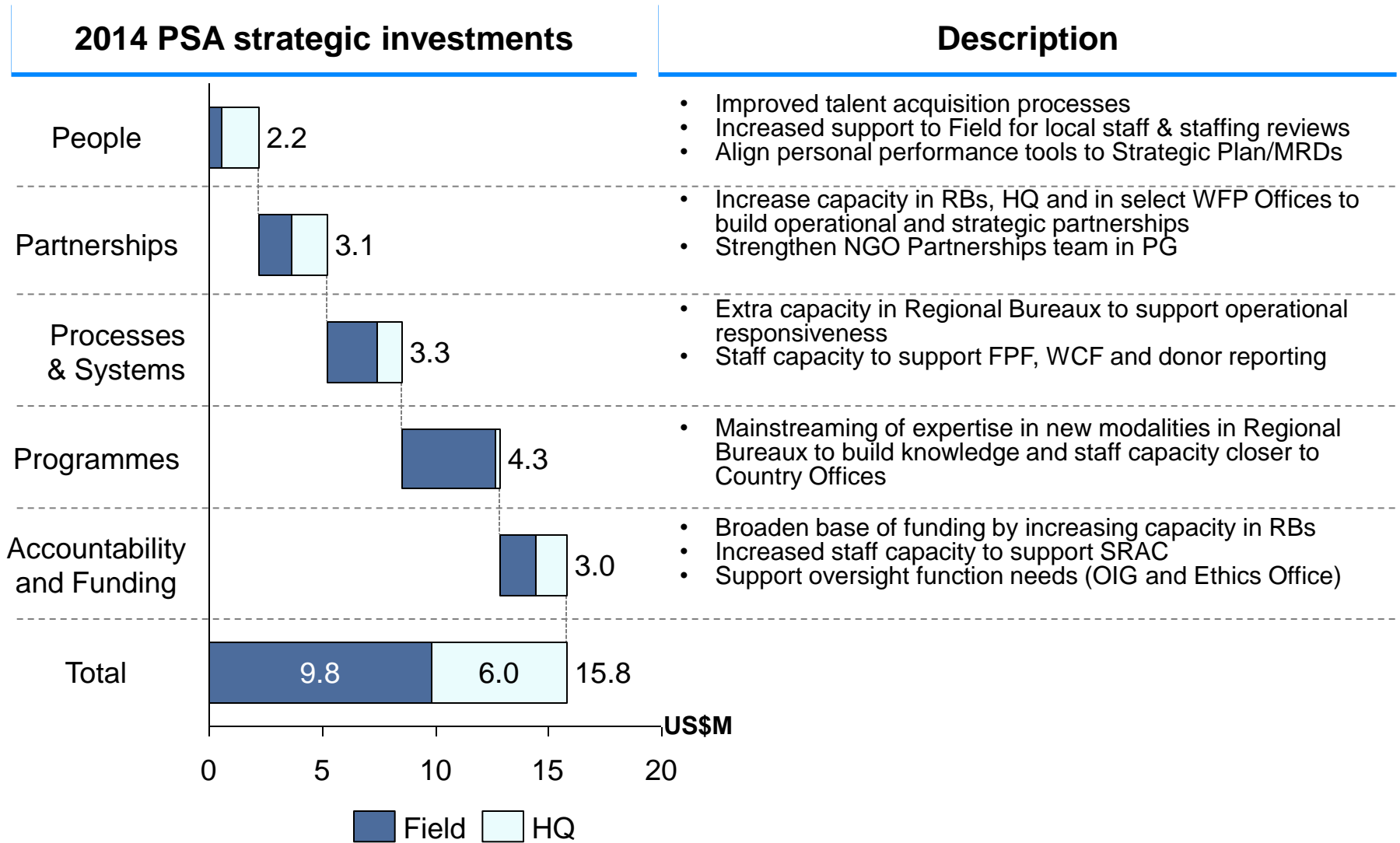


Proposed 2014 PSA budget has three main components

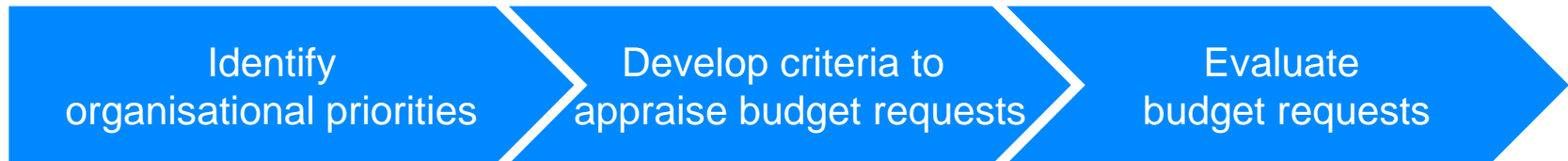
– the EB expressed interest in strategic investments



Incremental recurring PSA investments of US\$15.8M are mostly for the Field and support the Fit for Purpose shift



Recall: Strategic PSA investments are the result of a careful review of budget needs against top priorities



The Secretariat identified organisational priorities based on:

- Strategic Plan 2014 – 2017
- Organisational strengthening needs to meet “Fit for Purpose” goals
- Views of Executive Board, as reflected in discussion at June 2013 session
- New Management Results Dimensions (MRDs)

Criteria ensured consistent and rigorous evaluation of budget requests. They include:

- Strategic and operational importance
- Corporate risks addressed
- Availability of alternative funding sources
- Potential to deliver efficiency gains
- Urgency of action in 2014
- Recurring vs. one-time nature

Budget requests reviewed against criteria by leadership group to finalise recommendations:

- Several days of meetings to review assumptions and proposals against organisational priorities and MRDs
- Executive Director challenged recommendations with leadership group
- Recommendations finalised

EB expressed interest in more information on efficiency and effectiveness benefits

Investments can be viewed in terms of economy, efficiency and effectiveness

Economy

Investments will yield savings through the direct purchases of commodities, goods and services, e.g., lower prices due to renegotiation

Efficiency

Investments will yield savings through an improvement in processes, e.g., increased productivity or better delivery times

Effectiveness

Investments will enable activities to produce better outcomes, e.g. better programme results, such as higher household consumption scores

Benefits will be realised over varying timelines in global operations and/or the PSA budget

All recurring investments have been assessed for economy, efficiency and effectiveness

Methodology

All owners of recurring investments were required to submit analysis of effectiveness/efficiency/economy gains of investment

The investments were analysed across four key dimensions:

- ▶ What will the activity deliver?
- ▶ Does the activity lead to cost / time savings?
- ▶ Does the activity lead to better outcomes, e.g. better programme results?
- ▶ How will performance of the activity be measured?

Assessment of submissions

The screenshot shows a spreadsheet with columns for 'Economy', 'Efficiency', and 'Effectiveness'. The 'Economy' column contains numerical values, while 'Efficiency' and 'Effectiveness' columns contain checkboxes. The spreadsheet is titled 'Resource Management and Accountability Department'.

A comprehensive review and assessment of all submissions were performed

All investments will contribute to more effective operations

Majority of investments focus on efficiency while specific investments will yield economy savings

Specific example 1/4: Support to Regional Bureaux (RBs)

2014 investments into ‘Fit for Purpose’ Regional Bureaux to provide support among several key areas to address specific structural gaps per RB—especially:

US\$8.4M

- Expertise in programmatic areas like market analysis, VAM, cash & voucher or emergency preparedness
- Improvement of functional management and support in areas like human resources or resource management

The investment in RBs will strengthen critical quality assurance and support from RBs to Country Offices.

Results Expected:

- Better quality of WFP operations in planning and implementation (e.g., project design, programmatic support)
- Increased efficiency of WFP’s processes throughout the whole project cycle from planning to reporting
- Clarified accountability of WFP operations across all RBs ensuring the COs have the support required to better serve the beneficiaries

Efficiency & Effectiveness

These PSA investments will be reflected in effectiveness and efficiency at project level

Specific example 1/4: Support to Regional Bureaux (RBs)

Overview of key investments in RBs

Key investments per RB to cover critical gaps

OMB

- Nutrition
- Oversight
- Human Resources

OMC

- Cash and Vouchers
- Safety nets
- Donor Relations

OMD

- Safety nets
- Market analysis
- Donor Relations

OMJ

- Emergency Preparedness & Response
- Cash and Vouchers
- Public Information

OMN

- VAM
- Market analysis
- Finance

OMP

- Cash & Voucher
- Donor Relations
- School feeding

Specific example 2/4: Establish capacity to support Forward Purchase Facility (FPF)

US\$500K

FPF is transforming WFP's supply chain with introduction of demand forecasting, trend analysis, monitoring and resourcing projections as driver to forward purchase actions

- However, to date, capacities to design, launch and establish forward planning and purchasing process have been funded exclusively from extra budgetary funding

Without predictable PSA funding, WFP will not be able to mainstream this initiative and maintain FPF as an integral part of WFP's business processes

Implementation of FPF approach has generated lead time improvements of about 70% or 75 days, e.g. : South Sudan, Sahel and Syria emergencies

- Ability to maintain FPF capacity will allow for continued efficiency and effectiveness in supply chain

Timely provision of food assistance is critical to achieving WFP's objectives

Efficiency

Effectiveness

FPF has proven benefits in improving operational performance

Specific example 3/4: Talent Management

US\$1M

WFP will build a best-practice integrated talent management approach to drive sustainable organizational performance

- Expansion of the current talent pool for recruitment through a multi-channel strategy that includes public and private sector sources
- Strengthen HR capabilities to support field office for managing organizational structure and staffing reviews, etc.

Efficiency

Improved talent management will strengthen performance by enhanced employee engagement and productivity

- Strengthened talent pool
- Getting people to the right place

Effectiveness

Having the right people at the right place is essential to support the structure of all WFP offices being “fit for purpose”

This investment will lead to improvements throughout the whole organization

Specific example 4/4: Support to Ombudsman Office

US\$100K

The activity will enable the office to increase its caseload by 33%

- Thus shifting from the 300 cases in 2012 to approximately 400 cases in 2014
- It will allow the setting up of a mobile office of the Ombudsman in three additional Country Offices each year

The resolution rate of the cases opened by the Office was 60%, and 70% of the respondents agreed with the statement that the Office helped them avoid using the formal mechanisms (usually more costly)

- Literature states that employees spend an average of 2.1 hours per week in dealing with a badly managed conflict
- Therefore, if the additional cases would be 100, a saving of 126 hours per week because of conflict resolution can be estimated ($2.1 \times 0.6 \times 100$)

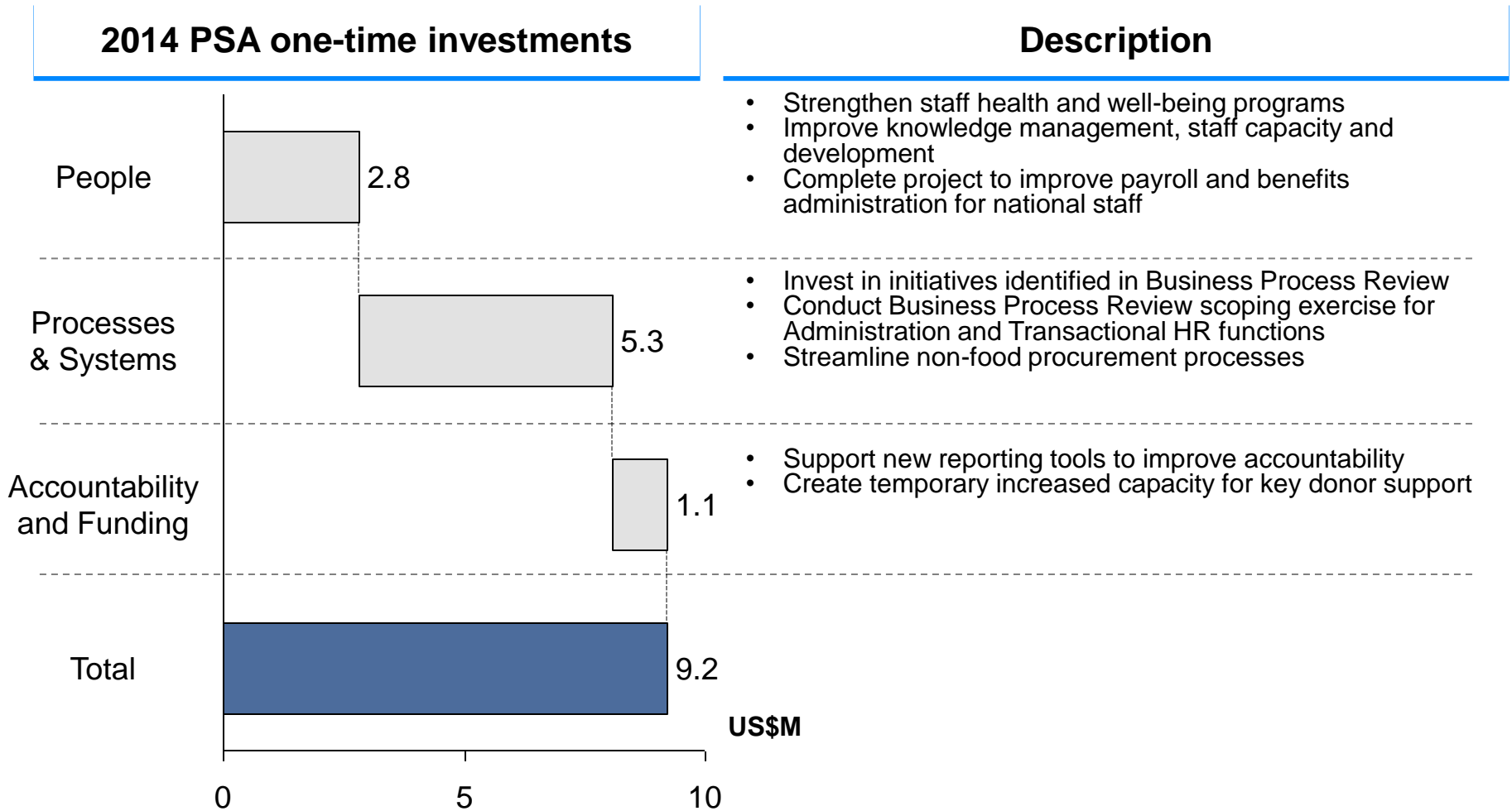
People working in a free of harassment workplace and people not experiencing work-related conflicts are more engaged and productive, helping the organization better reach its objectives

Better solved conflicts will help save time throughout the whole organization

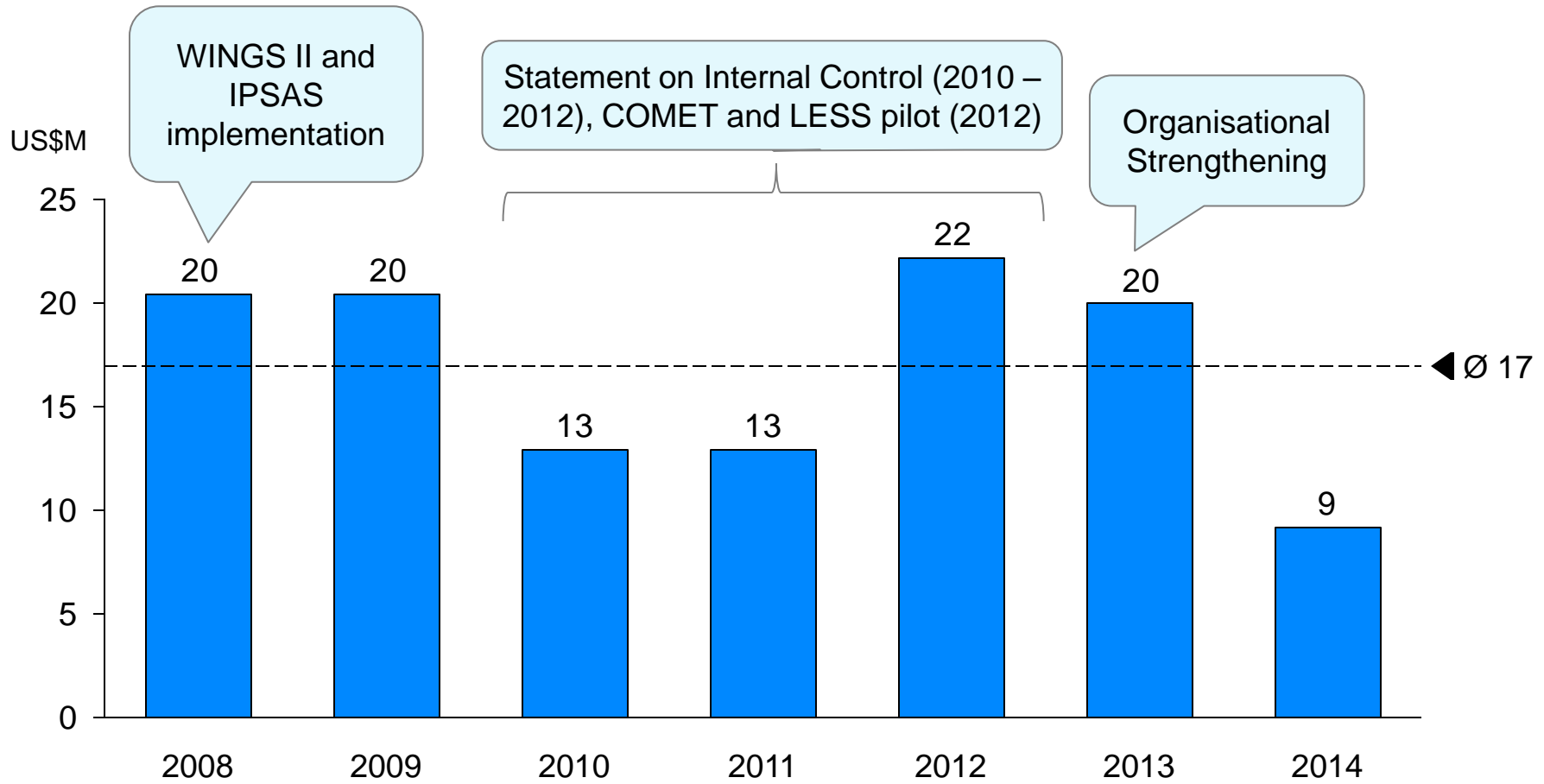
Efficiency

Effectiveness

US\$9.2M investment proposed for follow-on from Fit for Purpose workstreams



One-time investments have supported critical corporate improvement projects



Average of US\$17M in one-time investments over last 6 years

All one time investments have been assessed for economy, efficiency and effectiveness

Methodology

All owners of one time investments were required to submit analysis of effectiveness/efficiency/economy gains of investment

The investments were analysed across four key dimensions:

- ▶ What will the activity deliver?
- ▶ Does the activity lead to cost / time savings?
- ▶ Does the activity lead to better outcomes, e.g. better programme results?
- ▶ How will performance of the activity be measured?

Assessment of submissions

Activity	US\$ Trnd.	Economy	Efficiency	Effectiveness
Skills building and development: New HR branch for staff capacity learning and development	1,428	✓	✓	✓
Process re-engineering: staff transfer project implementation: Payroll & benefits administration for national staff	1,300	✓	✓	✓
Strengthen staff health and well-being	800	✓	✓	✓
Support files in the project cycle management and provide guidance	800	✓	✓	✓
Goods and Services Procurement process re-engineering to increase efficiency in Country Offices	800	✓	✓	✓
Business Process Review Support	4,100	✓	✓	✓
Fit for Purpose/EC SCOs support for organisational strengthening initiatives	380	✓	✓	✓
Increase staff capacity in UNR Office in Brussels	128	✓	✓	✓

A comprehensive review and assessment of all submissions were performed

All investments will contribute to more effective operations

Majority of investments focus on efficiency while specific investments will yield economy savings

Specific example: Streamlining of Goods & Services Procurement

US\$500K

WFP will streamline the Goods and Services procurement to reflect the increased value of goods and services and innovative procurement processes in offices

- Over the past decade the volume of goods & services purchased has quadrupled (\$49 million in 2001 to \$463 million in 2012)

Economy & Efficiency

This investment will contribute to savings and efficiency gains across the goods & services supply chain and permit to maintain the goods & services procurement service in line with WFP's evolving mandate

- The investment is expected to contribute to a minimum of 10% value savings (through innovative procurement tools and methods, on an annual basis in comparison to current year)
- A reduction in process-time by 40% through redesigned processes should be realized

Effectiveness

Cost-efficient supply chain will facilitate effective program delivery at Country level

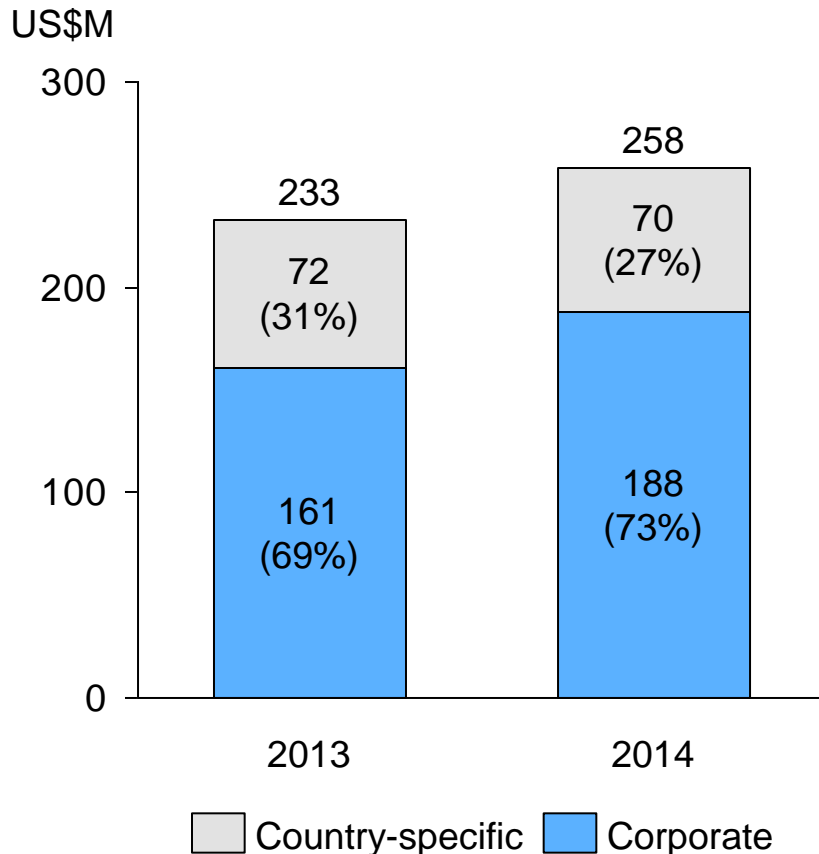
This investment should generate savings for both PSA and projects

Section IV: Trust Funds and Special Accounts

- **Trust Funds**
- **Special Accounts**

WFP anticipates US\$258M in trust fund balances for 2014

Corporate trust funds are 73% of the total 2014 balance



Definition and features of trust funds

Two types of trust funds:

1) Country-specific

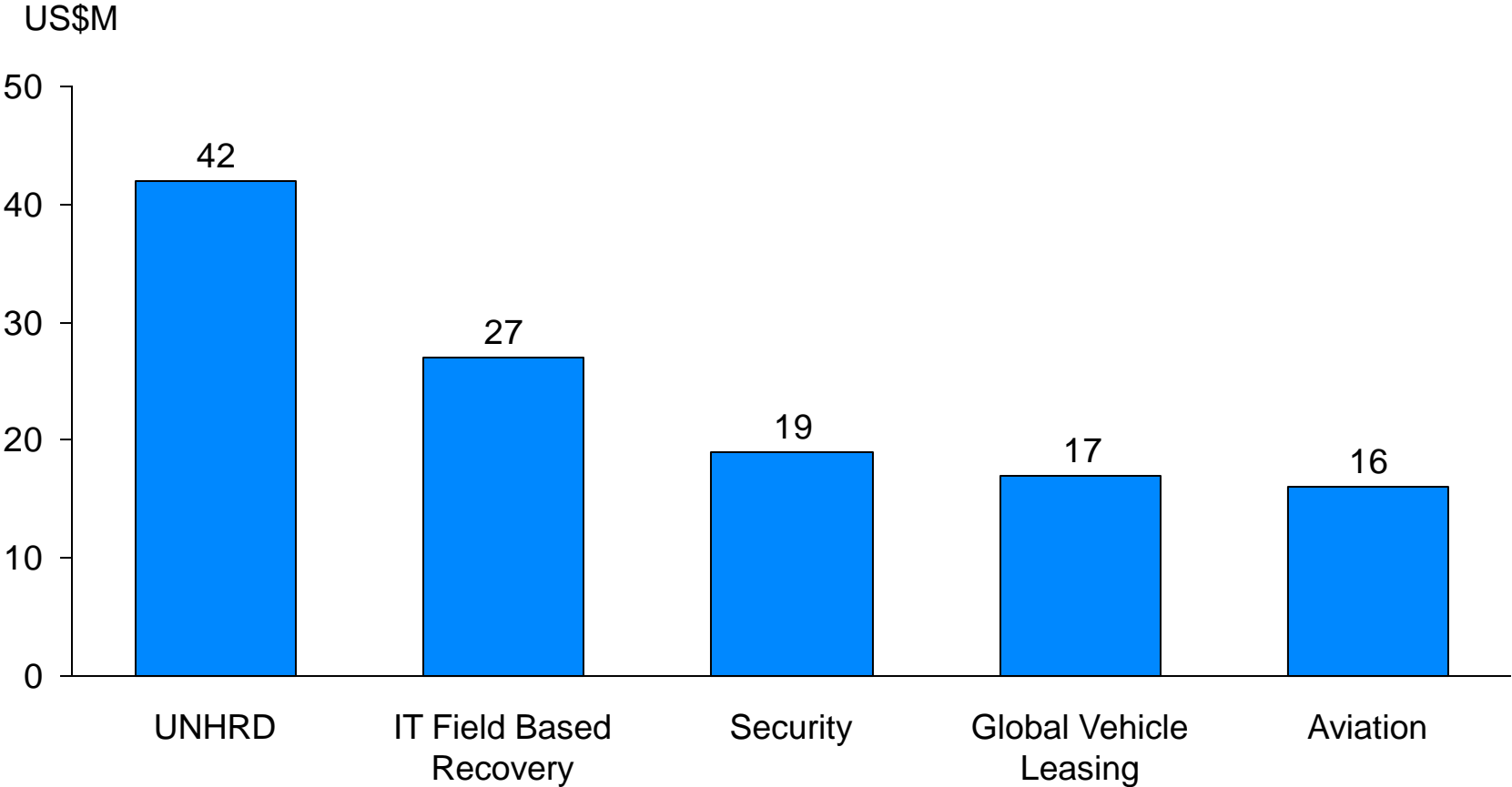
- Donated to specific country programs
- Usually funded by host governments
- Examples include Colombia (US\$10.6M) and India (US\$8.7M)

2) Corporate

- Develop WFP's institutional capacity and supplement core PSA-funded activity
- Funds can be earmarked or not earmarked
- Non-earmarked funds are allocated through SRAC based on prioritisation reflective of Strategic Objectives and WFP's management priorities

Special Accounts enable WFP to provide critical services to Country Offices and the humanitarian community

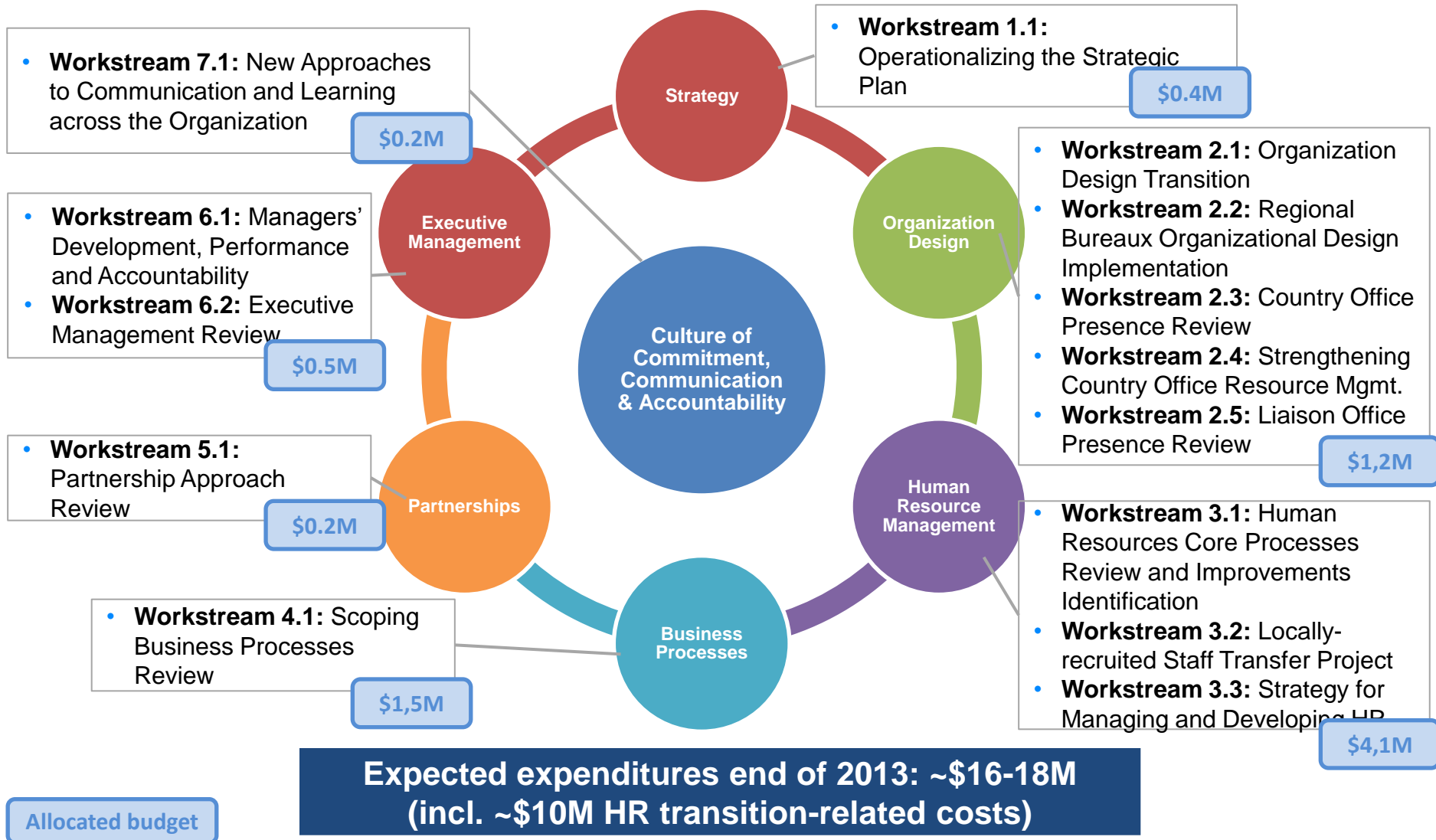
Top 5 Special Accounts for 2014



Annex VI: Overview of Supplementary PSA appropriations

- Organizational Strengthening

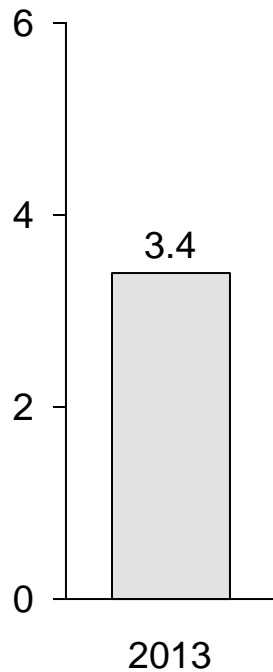
Recap: Allocations by workstream



US\$10.1M from transition fund used for HR transition-related costs to support Fit for Purpose staffing shift

Special reassignment and restructuring costs

US\$M

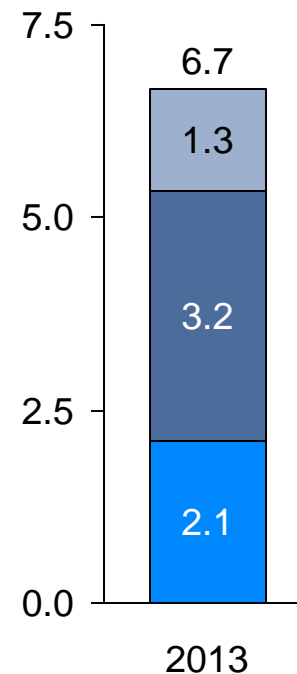


Special reassignment exercise for new Fit for Purpose organizational design

- 100+ senior professional posts and 450 other professional posts reassigned
- Costs to cover the increased number of international reassignments as well as staff costs incurred while positions were moved and reassignments were taking place

Agreed separation programme in 2013

US\$M

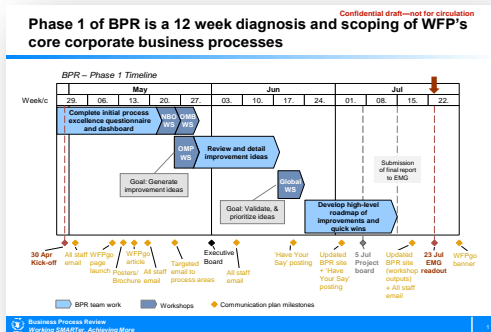


- Programme open to Directors and international professional staff, along with general service staff at Headquarters and liaison offices.
- Separation of higher-grade positions has provided management with more flexibility to manage staff changes

GS-level
 P-level
 D-level

Specific example 1/2: Business Process Review

Global consultative approach to identify issues



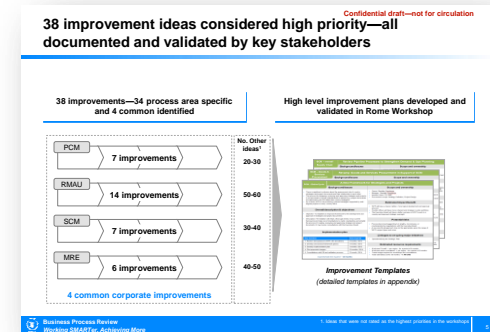
- Structured process in compressed timeline to diagnose improvements
- Use of structured interaction points using stringent methodology
- Corporate communication campaign

Workshops to gather improvement ideas



- Regional Workshops in 3 Regional Bureaus with 97 Senior Management Participants from 29 COs
- Global Workshop with 90 Senior Management Participants from COs, RBs and Rome HQ to review, and validate improvements

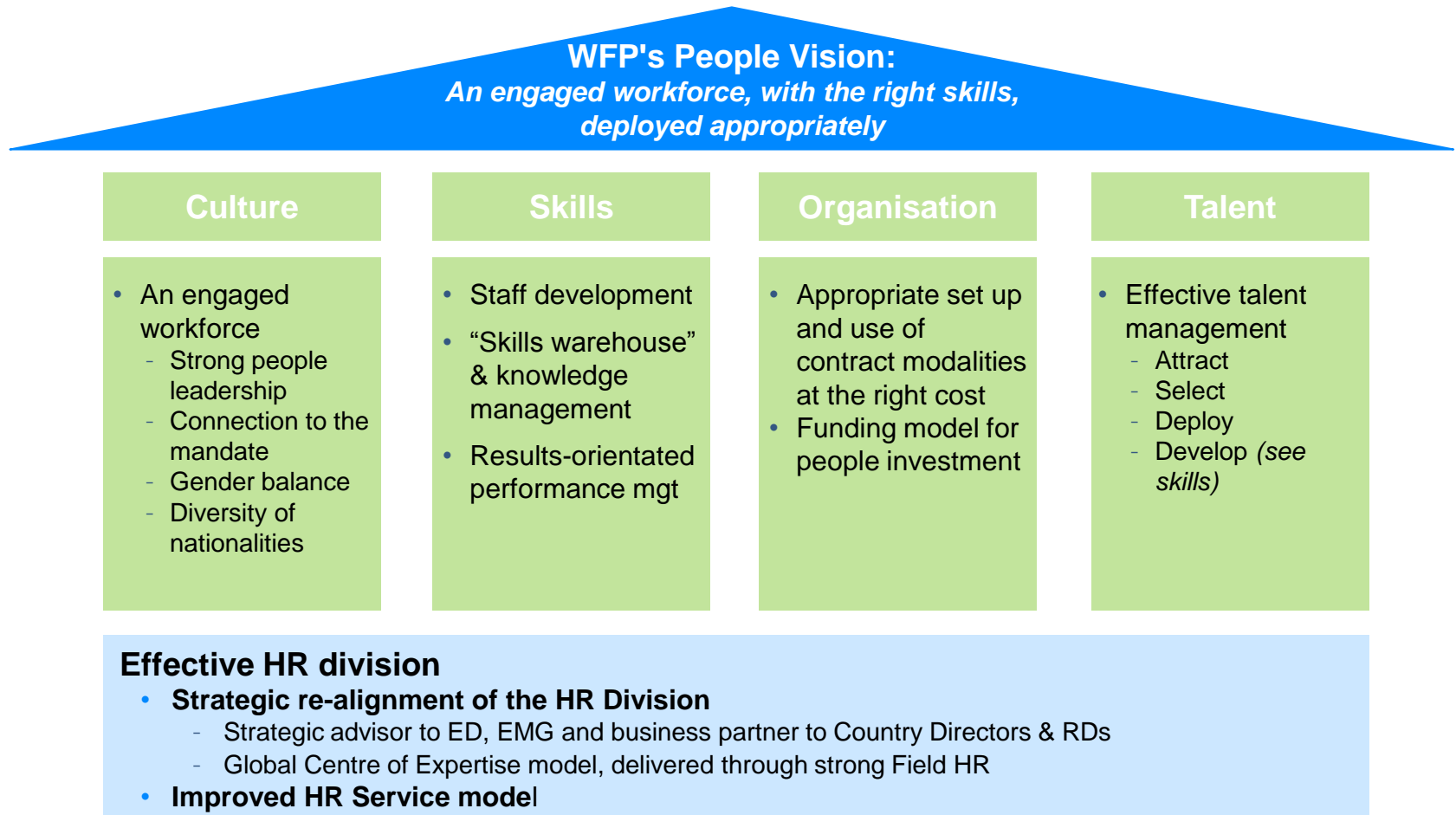
Improvement plans



- Improvement plans with clear milestones, benefits and resource requirements
- Ideas comprise both quick wins and ready-to-go projects
- Improvements specifically focus on more efficient and more effective processes
- Implementation would lead to better programme results

Specific example 2/2: HR Core Processes Review and Strategy for Managing and Developing Human Resources

The People Vision will be delivered by four pillars, underpinned by an effective HR division



Annex VII: Office of Evaluation Work Programme 2014

- **Adapted Work Programme**
- **Funding 2014**

OEV Work Programme adapted since Annual Consultation on Evaluation (ACE), May 2013


Responding to:

1. Changes in the environment:



- Transformative Agenda
- QCPR 2012
- Strategic Plan 2014-17
- UNEG-OECD/DAC Peer Review of WFP's Evaluation Function

2. Continued implementation of Framework for Action

Adapted Focus

<p>New Work</p> 	<ul style="list-style-type: none"> • Support to establishing WFP's decentralized evaluation function • Strengthen inter-agency humanitarian evaluation, especially Level III emergencies • Laying foundations for evaluation of Strategic Plan 2014-2017 (in line with QCPR)
<p>Continue as per ACE</p>	<ul style="list-style-type: none"> • Scale up of single-operation evaluations, based on project resources. From 11 (2013) to 24 (2014) • 13 complex evaluations underway (8 new, 5 continuing from 2013)
<p>Later Work</p>	<ul style="list-style-type: none"> • Evaluations of nutrition (impact and policy) moved to 2015 • Urban work integrated into other evaluations

Funding (compared to 2013)

	Total*	PSA (non-staff) Core OEV Work Programme
Amount	US\$ 6.7 M	US\$ 3.0 M
% of WFP Budget	0.16%	0.09%
Comparison with 2013	 24 %	 0.03%

* Including single-operations evaluations (temporarily managed by OEV)

Draft Decision

Draft Decisions I, II requests the Board to take note of the operational requirements and funding forecast for 2014

Having considered WFP's Management Plan for 2014–2016, as submitted by the Executive Director in document (...) the Board:

1. **Takes note of** the projected operational requirements of **US\$5,857 million** for 2014, excluding any provision for unforeseen emergencies and including direct support costs, as outlined in Section II
2. **Takes note** that the 2014 Programme Support and Administrative appropriation assumes a funding level of **US\$4,200 million** in 2014

Draft Decision III requests the Board to approve the 2014 PSA budget

3. **Approves** a 2014 Programme Support and Administrative appropriation of **US\$281.8million**, to be allocated as follows:

Programme support: regional bureaux and country offices	US\$96.7 million
Programme support: Headquarters	US\$55.5 million
Management and administration	US\$129.6 million
Total	US\$281.8 million

Draft Decisions IV and V request the Board to approve one-time allocations

4. **Approves** a supplementary Programme Support and Administrative appropriation of **US\$9.2 million**, as outlined in Section III
5. **Approves** expenditures of up to **US\$10.0 million** funded from the General Fund for the United Nations Department of Safety and Security and for the WFP Security Emergency Fund;

Draft Decisions VI and VII request the board to approve the ISC rate and an increase in WCF fund level

6. **Approves** an indirect support cost recovery rate of 7.0% for 2014;
7. **Approves** an increase in the WCF fund level, from **\$557 million** to **\$607 million**, through increasing the Operational reserve by **\$8.3 million** in order to be able to meet a sudden surge in supply chain capacity in any emergency;

Secretariat proposes modification to draft decision VIII on parameters for the ED to adjust the PSA budget

Current text

VIII. Authorizes 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 percent from levels outlined in Section III



Proposed approach

VIII. Authorizes the Executive Director to adjust the Programme Support and Administrative component of the budget in accordance with an increase in the level of forecasted income for the year at a rate not to exceed 3.5% of the anticipated increase in income.

Proposed change to decision VIII represents a more prudent management approach

Hypothetical example

Original estimate

Mid-year estimate

ED Authority

Current:
Adjust PSA based on changes in **operational requirements**

Operational Requirements:
US\$5,000M

Operational Requirements:
US\$6,000M

+20% or
US\$1,000M

Since operational requirements increased by more than 10%, ED has **unlimited authority** to increase PSA

Proposed:
Adjust PSA based on changes in **funding levels**

Funding forecast:
US\$3,000M

Funding forecast:
US\$3,325M

+11% or
US\$325M

Since funding forecast exceeds original estimate, ED has **limited authority** to increase PSA by a maximum of 3.5% of US\$325M (equivalent to US\$11.4M)

The Board can also take note of the Secretariat's various commitments mentioned in the MP, to be fulfilled in 2014

Section	Secretariat commitment
Section I	<ul style="list-style-type: none">• Determine appropriate level of detail for the next Management Plan, in consultation with EB
Section II	<ul style="list-style-type: none">• Convene task force to review beneficiary metrics• Continue to proactively prioritize activities in anticipation of funding gaps
Section III	<ul style="list-style-type: none">• Increased transparency in measuring efficiency and effectiveness as part of regular reporting process• Launch Capital Budgeting Facility• Financial Framework review, including ISC rate review

Thank you