

Efficiency at WFP

Executive Board Briefing

November 2011



World Food Programme

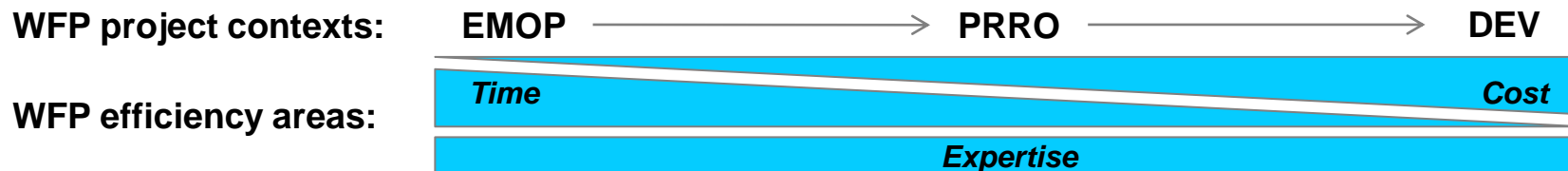
Efficiency is a matter of time and money at WFP

We have adopted the OECD / DAC definition of efficiency...

"[Efficiency is] a measure of how economically resources / inputs (funds, expertise, time, etc.) are converted to results"



...and applied it to the WFP context



Every dollar / minute saved helps WFP serve vulnerable people better

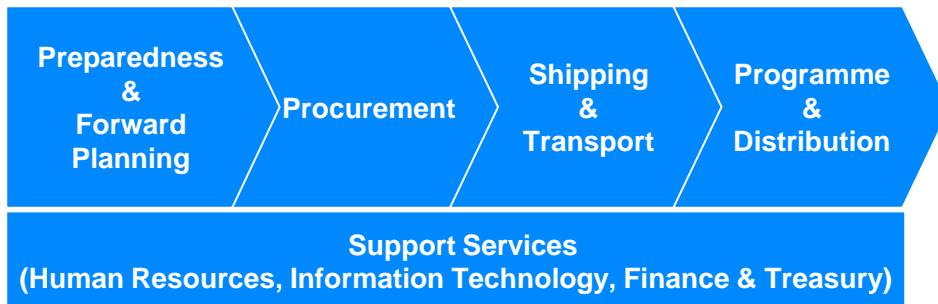
WFP pursues efficiency across the organization

We have used the WFP value chain to evaluate and present examples of efficiency

Efficiency is at the heart of WFP's work

WFP pursues efficiency to ensure competitiveness and deliver on donor trust

WFP value chain shows comprehensive view of the efficiencies at the heart of WFP's work




Further examples are listed in the Annex

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ANNEX

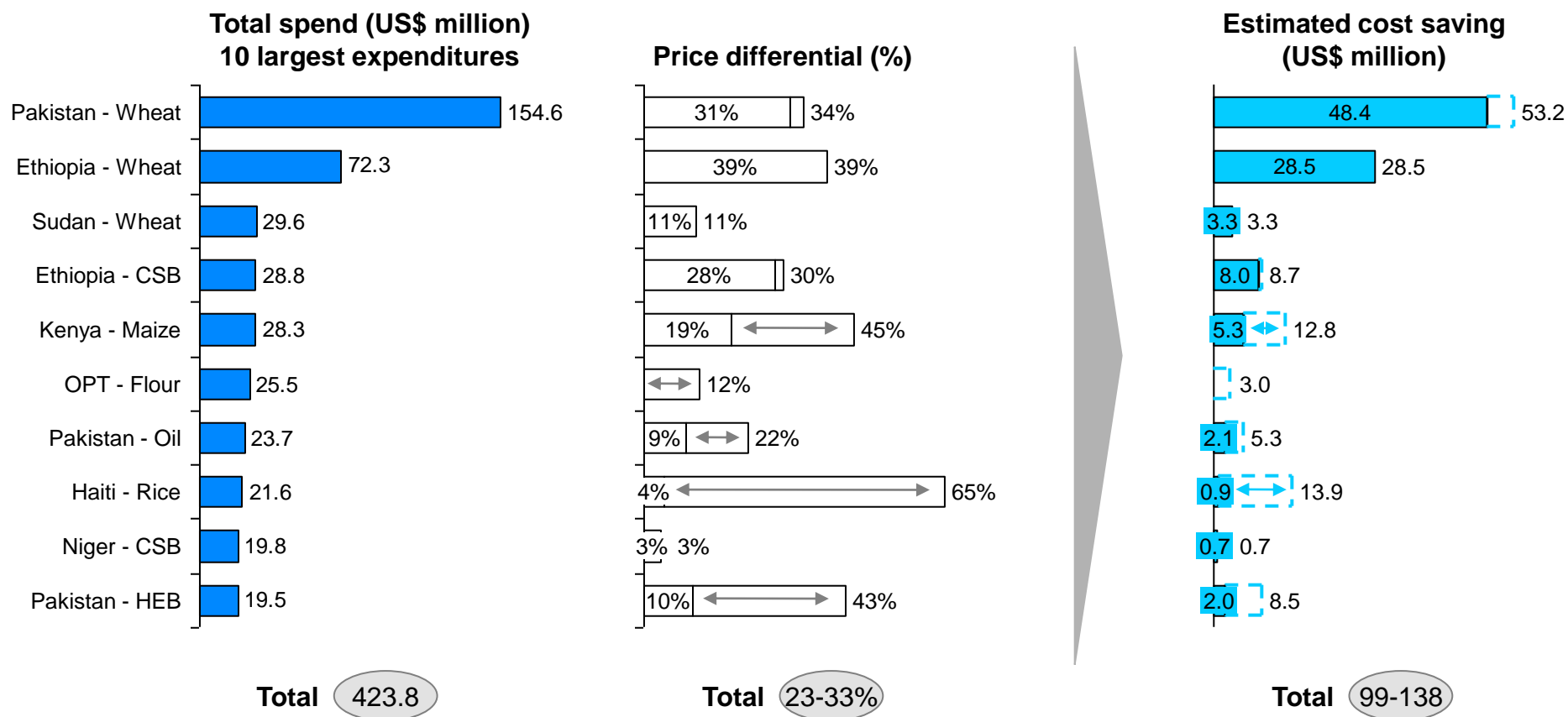
SELECTED WFP INITIATIVES RELATED TO EFFICIENCY

Leading unit	Initiative title	Initiative description
Government Donor Relations Division (ERD)	Twinning	Use of cash from one donor to pay shipping and distribution costs for in-kind donation from another. Makes it possible to receive in-kind contributions from countries that might otherwise not donate.
Multilateral and NGO Relations Division (ERM)	NGO/government operational partnerships	Engagement of NGOs and governments as implementing partners, to reduce operational cost and risk.
HR	Flexible workforce	Adjustment of WFP workforce positions and locations to ensure the right skill set is available where needed.
HR	HR Operational Services (HROS) process review	Review of existing processes to identify areas for optimization.
HR	Learning Management System (LMS) design and roll-out	E-learning system to provide global, instant access to virtual training materials.
HR	Tightened hiring policies	Approval authority for international professional hiring decisions moved to higher levels of management; consultant contracts limited to a maximum of six months.
Operations Department (OD) - Dubai	Global Vehicle Leasing Programme (GVL) design and roll-out	Centralized, bulk purchasing of light vehicles with internal leasing to country offices.
ODIE	Preparedness and Response Enhancement Programme (PREP)	Corporate initiatives over three years to enhance the organization's preparedness and response capacity.
Information Technology Division (ODI)	COMET system design and roll-out	WFP-wide system for monitoring data on country operations.
ODI	Emergency Preparedness Integration Centre (EPIC) design and roll-out	Integration of operational information from a variety of sources and different agencies into a single tool to support humanitarian preparedness and response.
ODI	Food Link design and roll-out	Increasing the bandwidth of WFP's IT networks.
ODI	Offshoring of IT services	Outsourcing of non-essential IT services to lower-cost providers.
ODI	One Truth data source design and roll-out	Data standardization and centralization.
ODI	WFP Connect design and roll-out	Modernization of WFP's global desktop and mobile communications capability.
ODI	WINGS II design and roll-out	Introduction of SAP enterprise resource software to increase data transparency and accuracy.
Logistics Division (ODL)	Aviation Improvements	Improvements in tracking of aviation movements and aircraft fuel efficiency.
ODL	In-house shipping services	Arrangement of shipping and offloading through competitive tendering to reduce costs.
ODL	Logistics Execution Support System (LESS) design and roll-out	Replacement of previous stand-alone COMPAS with SAP-based logistics data system that is fully compatible and integrated with WINGS II.
ODL	Post-delivery loss mitigation and recovery	Efforts to minimize losses through improved storage and shipping, and to reduce the financial impact of losses by recovering costs.


WFP

Import Parity Procurement contributes large cost savings

WFP saved an estimated 23-33% on the ten largest commodity expenditures in 2010 by purchasing at the lowest cost through the Import Parity Procurement process



1. "Price Differential" defined as the difference between lowest price (quoted or actual) and next lowest quoted price as well as highest quoted price. Actual prices paid by WFP have some variance from lowest quoted prices according to market price at day of purchase, purchase volumes, and shipping cost fluctuations.

Source: ODP; SMCA analysis

Initiatives across WFP deliver significant cost savings

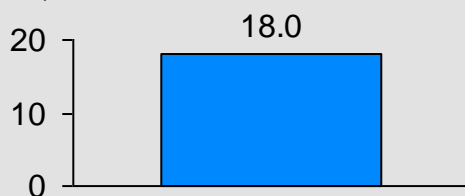
Selected vignettes: Stand-by partners, WFP shipping services, GVLP

Stand-by partners

- Partners maintain roster of rapidly deployable staff, services and equipment to support WFP
- Allows WFP to scale up operations rapidly and to fill critical skill gaps



US\$ million



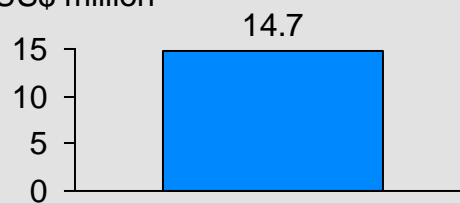
Annual savings (2010)

WFP shipping services

- WFP leverages scale to negotiate favourable pricing on contracts and to arrange shipping separately, rather than requesting bundled shipping and commodity contracts



US\$ million



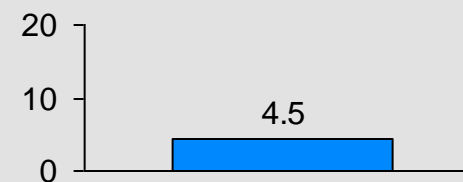
Annual savings (2010)

Global Vehicle Leasing Program (GVLP)

- Centralized, bulk purchasing of light vehicles with internal leasing to country offices
- Self-insurance scheme reduces insurance costs



US\$ million



Annual savings (2010)

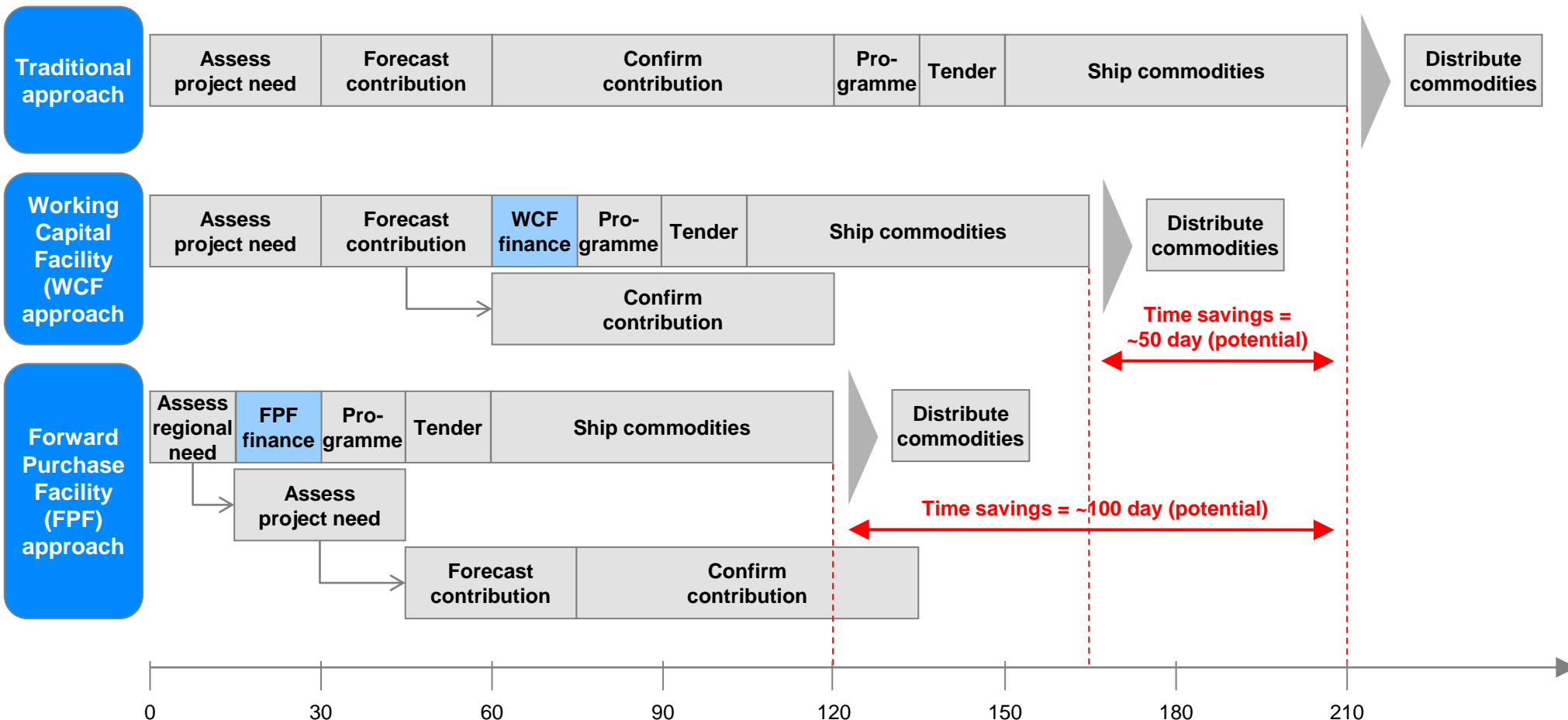
Photo: David Orr / WFP; Diego Fernandez / WFP

Source: "Collaboration with Standby Partners", ODLS / CCTI; GVLP / WFP-Dubai; SMCA analysis

SMCA – Strengthening Managerial Control and Accountability

Advance Finance techniques allow processes to be completed in parallel for large time savings

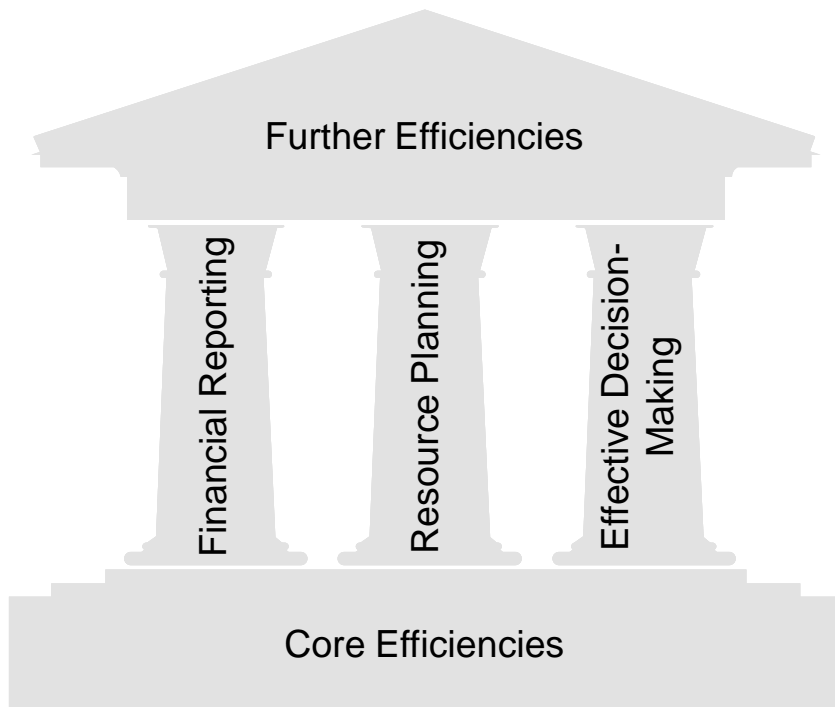
Comparison of traditional vs Advance Finance (WCF / FPF) process flows



Building on strong foundation, WFP will continue to pursue efficiency going forward

3 key pillars build on strong foundation...

...to take a strategic approach to further efficiencies



Approach to longer-term efficiency improvements:

- Develop clear base line
- Set aspirational targets
- Design initiatives to achieve targets
- Strategically prioritize initiatives for maximum impact in key areas
- Execute initiatives and monitor for impact

- Still room to improve
- Public reporting through the Annual Performance Report
- Continue to contribute to efficiency throughout the UN system