

# WFP Executive Board

*2<sup>nd</sup> Informal Consultation  
Management Plan 2018-2020*

6 September 2017



**World Food Programme**

# Key dates for Management Plan 2018-2020

## Objective

Present for approval the 2018-2020 Management Plan for the Second Regular Session of the Executive Board

## Timeline



# Key extracts provided in advance of today's informal consultation

Management Plan (2018 - 2020)	Key Extracts
Executive Summary	
Draft Decisions	<b>Presented today</b>
Section I: Introduction	✓
Section II: Funding Context and Resourcing Assumptions	✓
Section III: Implementation Plan for 2018	
Section IV: Programme Support and Administrative Budget	✓
Section V: Corporate Services and Business Services: Special Accounts	✓
Annexes	

**A complete draft of the Management Plan (2018-2020) will be distributed by October 15<sup>th</sup>**

# Agenda for Informal Consultation

- 1. Changes Introduced in the Management Plan (2018-2020)**
- 2. Section-by-Section Review of the Document**
  - Section 1: Introduction
  - Section 2: Funding Context and Resourcing Assumptions
  - Section 3: Implementation Plan for 2018
  - Section 4: Programme Support and Administrative Budget
  - Section 5: Corporate Services and Business Services: Special Accounts
- 3. Draft Decisions**

# 1. Changes Introduced in the Management Plan (2018-2020)

# 1.1 Main changes in the Management Plan (2018-2020)

## Supporting the people we serve

- Fully engaged in the IRM transformation
- Reduce corporate ISC rate from 7.0% to 6.5%, augmenting transfers to beneficiaries

## New set of appropriation lines for PSA budget

- PSA budget to be structured around 3 appropriation lines
- 5 outcome pillars summarise the main results jointly delivered by HQ, RBx and COs

## Performance Informed

- Strategic KPIs for overall corporate performance used to capture effectiveness, efficiency and economy of WFP's support and administration

**Operations aligned to the Strategic Plan 2017-2021 and Corporate Results Framework, focusing on transparency and performance**

## 2. Section-by-Section Review of the Document

## 2.1: Introduction

## 2.1.1 Introduction provides a framework for understanding the drivers of the Management Plan

### Reader's Guide and Structure of the Document



#### Contains:

- **Guide on how to read the Management Plan**
- **Overview of purpose and content of each section**

Para. 1-6

### Global Economic & Political Context



#### Assessment of external factors that may impact WFP's work:

- Climate
- Political instability and conflict
- Economic outlook
- International humanitarian assistance

Para. 7-23

### Organizational Context

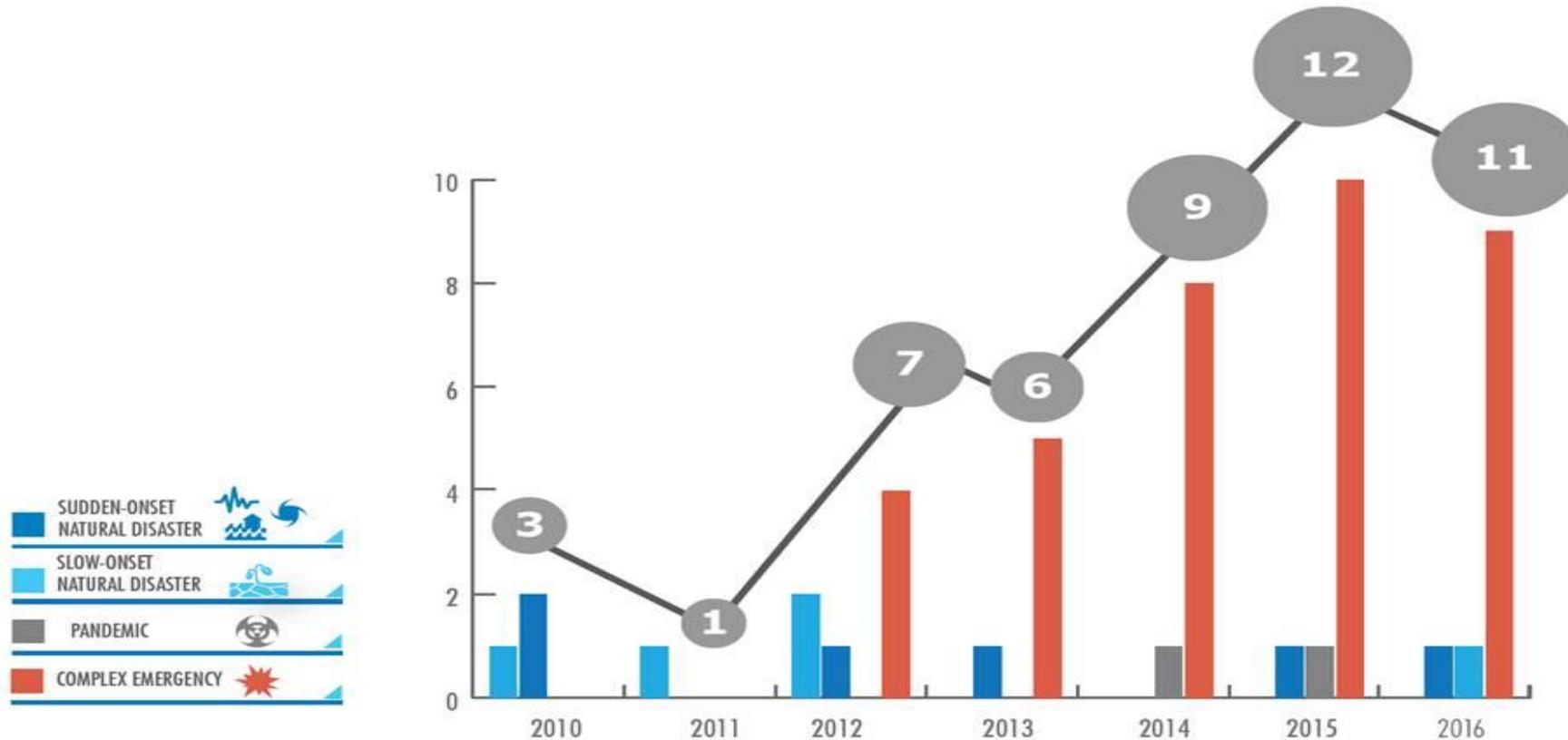


Transforming WFP profoundly in the context of Agenda 2030 while leaving no one behind

Ongoing implementation of major change effected by the **IRM**

Para. 24-32

## 2.1.2 Context of WFP's operations (2010 – 2016)



**WFP operating in an environment of protracted complex emergencies and increasing food insecurity in the four countries threatened with famine in 2017**

## 2.2: Funding Context and Resourcing Assumptions

## 2.2.1 Provides the details of WFP's 2018 revenue forecast of USD 5.7B

### Financial Context



- **WFP funding trends 2017-2020**
- Possible effects of **politics** and **currency fluctuations** on WFP income
- Efforts to **expand donor base**

Para. 33-49

### Predictable, Flexible Funding for Efficient Planning and Implementation

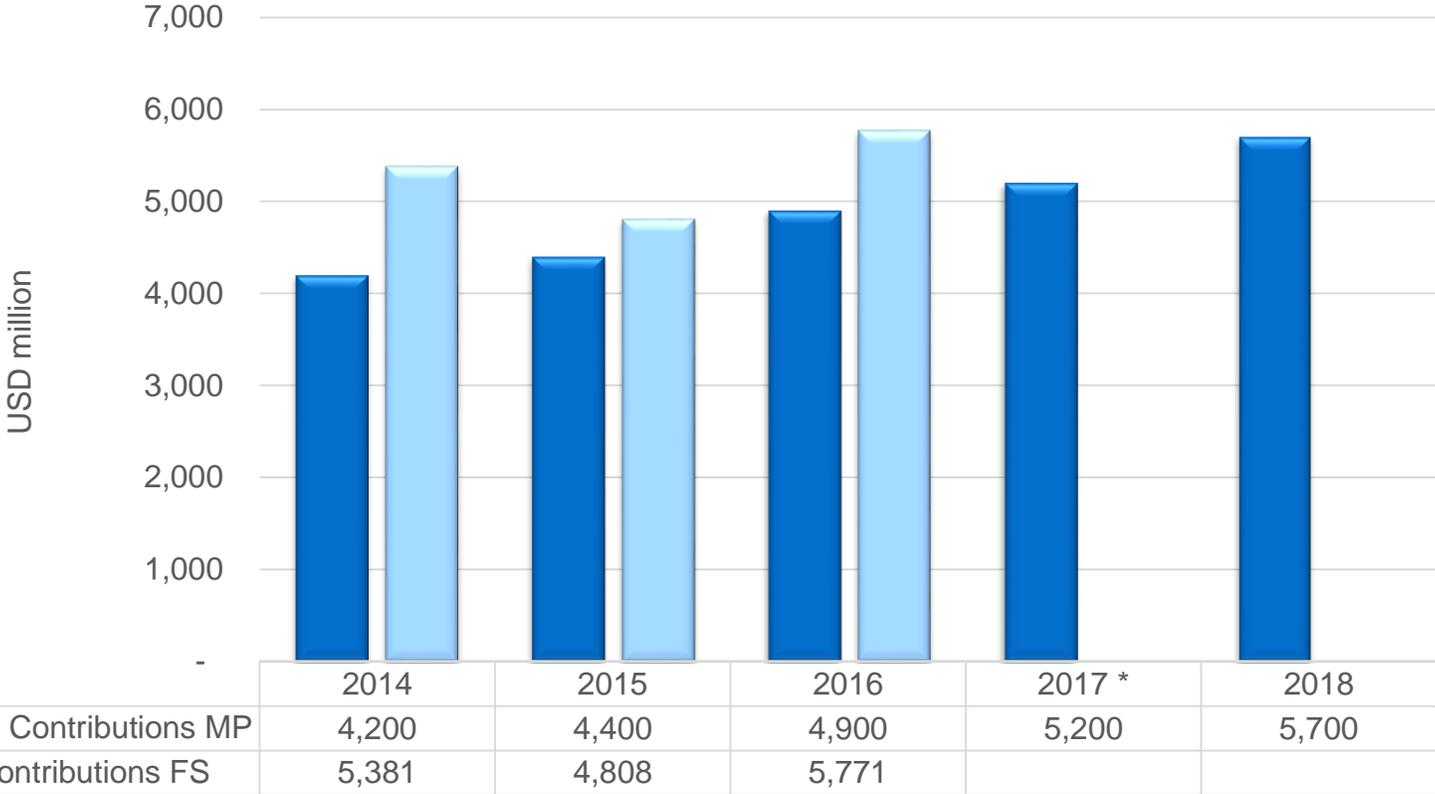


- **Impact of contribution restrictions** on operations and advance financing
- **Benefits deriving from multi-year and/or multilateral funding**

Para. 50-57

**WFP continues to advocate for needs while emphasizing the necessity of flexibility and predictability to support operational efficiency**

# 2.2.2 Management Plan forecasts versus Actual contributions - trends



**Forecast contributions** derive from Management Plan for the forecast year

**Actual contributions** reflect contribution status at end of the year.

NB: Actuals for 2015 and 2016 have been restated based on policy change for revenue recognition on multi-year contributions.

**\* 2017 forecast as stated in Management Plan (2017-2019) dated November 2016.  
Current forecast for 2017: USD 5,900M**

## 2.3: Implementation Plan 2018

## 2.3.1 Structure of Section III – Implementation Plan

FROM  
OPERATIONAL  
REQUIREMENTS  
TO  
IMPLEMENTATION  
PLAN

### Context:

- 11 declared L3/L2 emergencies
- Country Strategy Plan (CSP) approach
- 40 Countries have completed Strategic Reviews

ANALYSIS  
OF  
IMPLEMENTATION  
PLAN

### Analysis by:

- Strategic Result
- Activity Category
- Rations

ANALYSIS  
OF  
OPERATIONAL  
COST COMPONENTS

### Analysis by:

- Food costs
- CBT
- Capacity Strengthening
- Service Delivery
- DSC

## 2.3.2 2018 Operational Requirements and Implementation Plan: Key Figures

### NEEDS

**USD 9.0 B**

**87 M** beneficiaries

**21 B** rations



### IMPLEMENTATION PLAN

**USD 5.9 B**

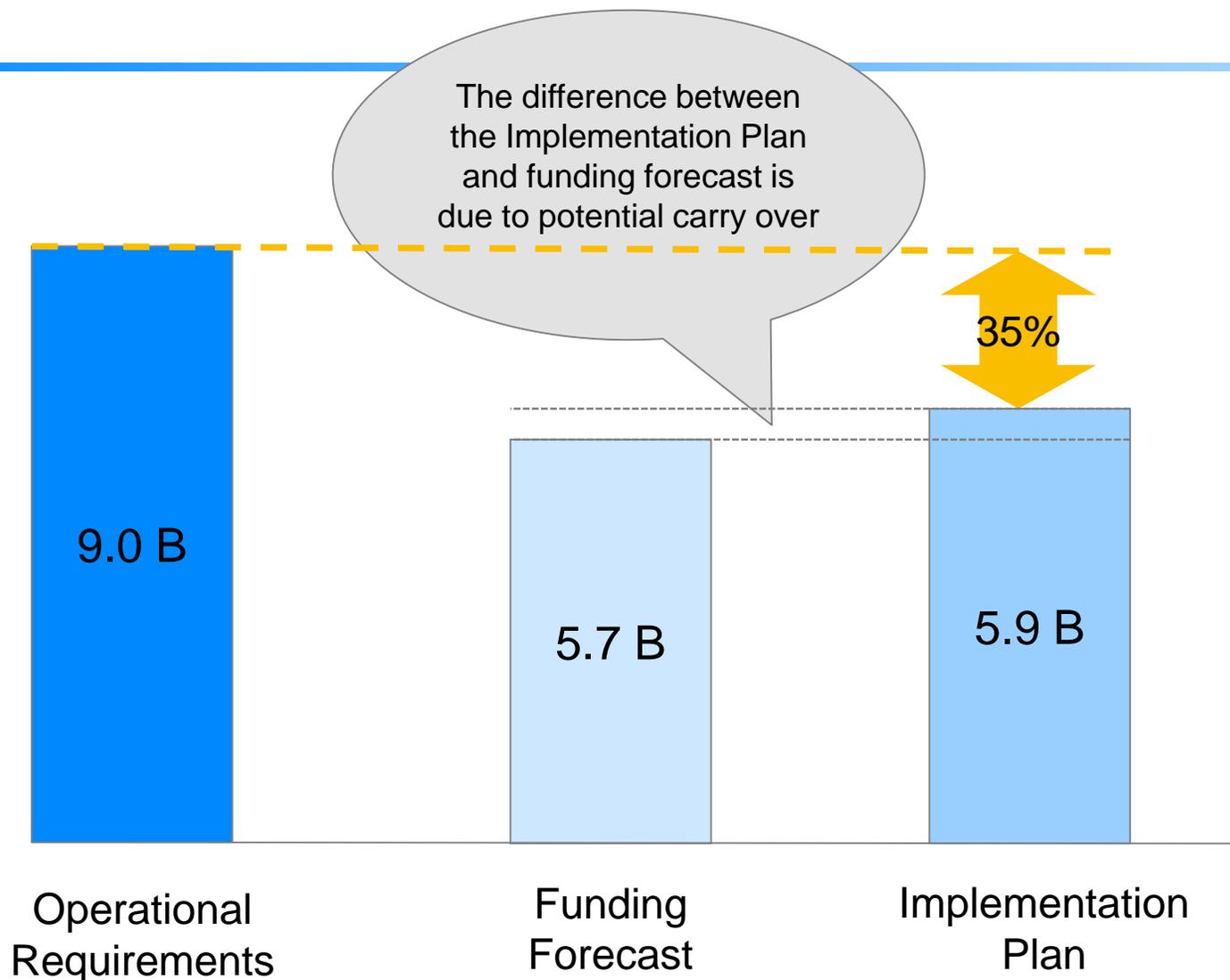
**69 M** beneficiaries

**15 B** rations

**84 Countries**

## 2.3.3 Operational Requirements vs. Implementation Plan

All figures in USD million



### PROCESS:

1. WFP establishes the Operational Requirements based on assessed needs

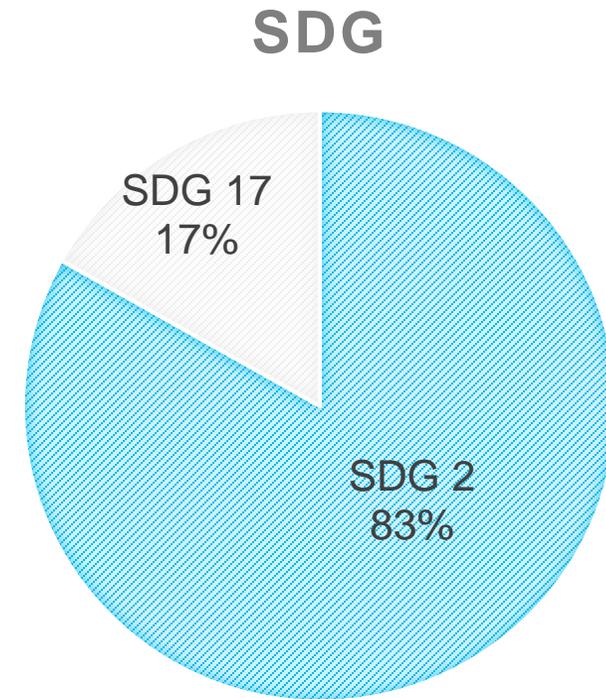
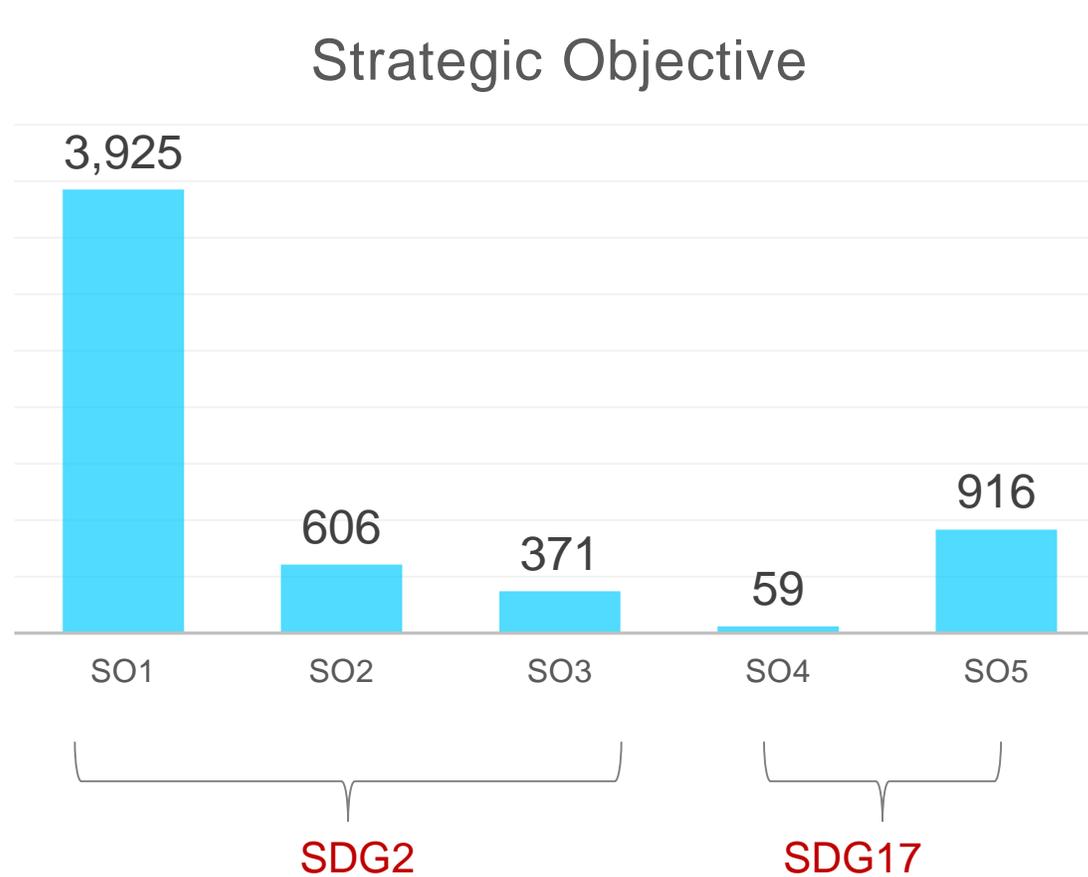
**2. Prioritization Process:** Considering available and forecasted funding, WFP goes through a prioritization process

**3. WFP reaches a Implementation Plan (IP)**

**4. Funding gap:** The difference between the Implementation Plan and Operational Requirements

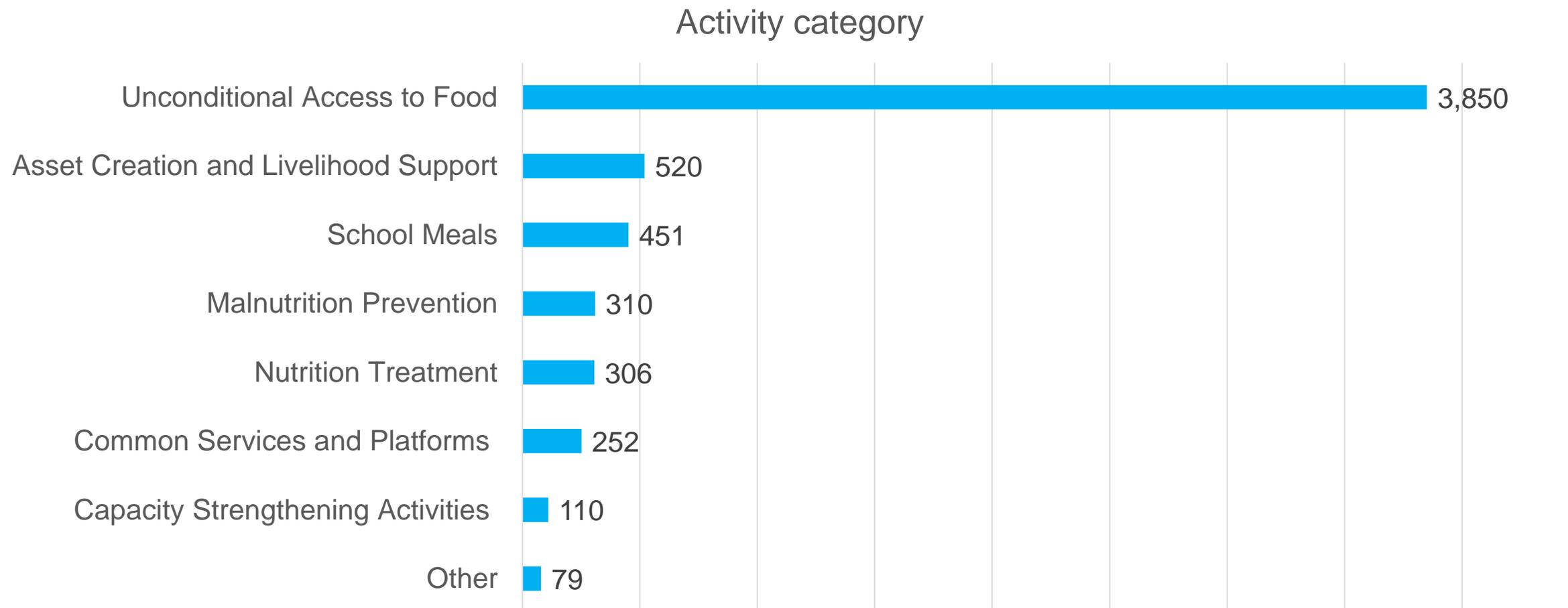
## 2.3.4 2018 Implementation plan by Strategic Objective and SDGs

All figures in USD million



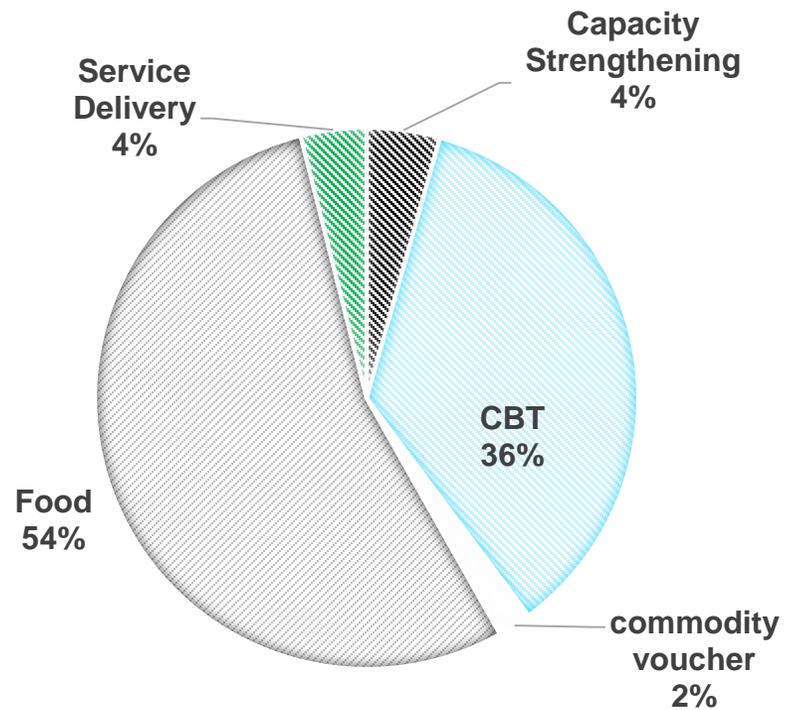
## 2.3.5 2018 Implementation Plan per Activity

All figures in USD million

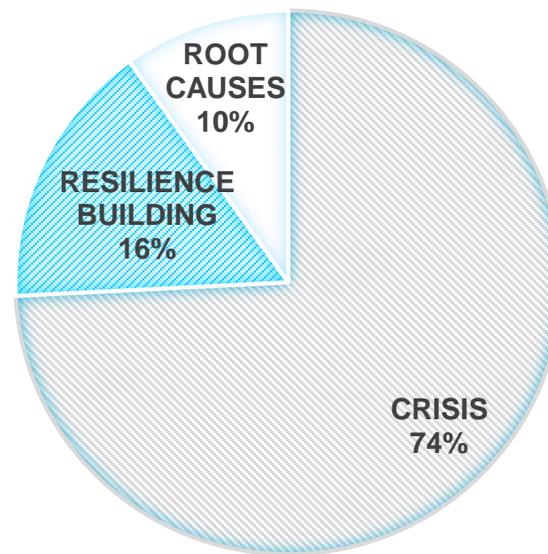


## 2.3.6 2018 Implementation Plan Analysis

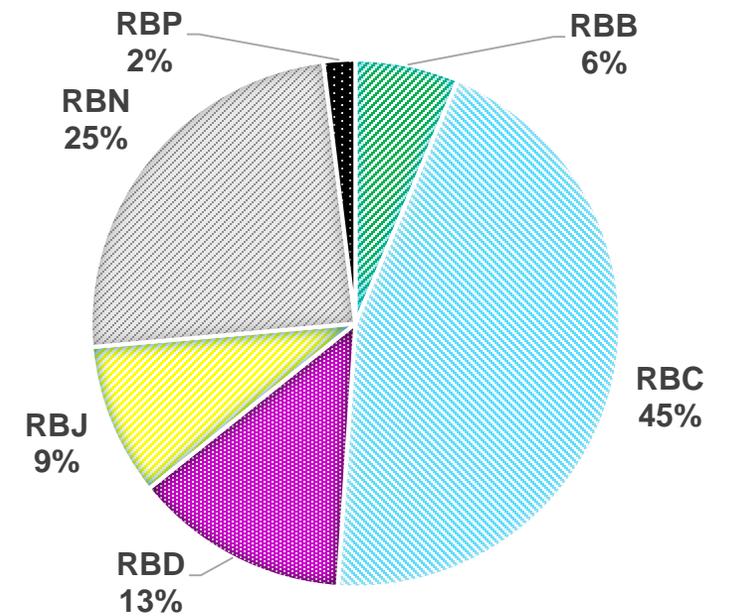
### TRANSFER MODALITY



### FOCUS AREA



### REGIONAL BUREAU



## 2.4: Programme Support & Administrative Budget

- a. Overview of PSA budget and PSA Equalisation Account
- b. New Appropriation Lines aligned to the Corporate Results Framework
- c. PSA budget 2018 – allocation of USD 5.3 million to targeted priorities
- d. PSA Equalisation Account drawdown (USD 47.6 million)

## 2.4.a: Overview of PSA budget and PSA Equalisation Account

## 2.4.a.1 Key principles for the proposed PSA

### Budget Envelope



- Zero nominal growth for global PSA
- PSA budget is within our means
- Reduction of Indirect Support Cost (ISC) rate from 7% to 6.5%
- Increase beneficiary value-transfer

### Resource Allocation



- Presents a revised set of appropriation lines to reflect the role of Regional Bureaux and HQ in support of Country Offices
- Aligns appropriation lines with the Corporate Results Framework, linking resources to results

## 2.4.a.2 Proposed level of 2018 PSA budget

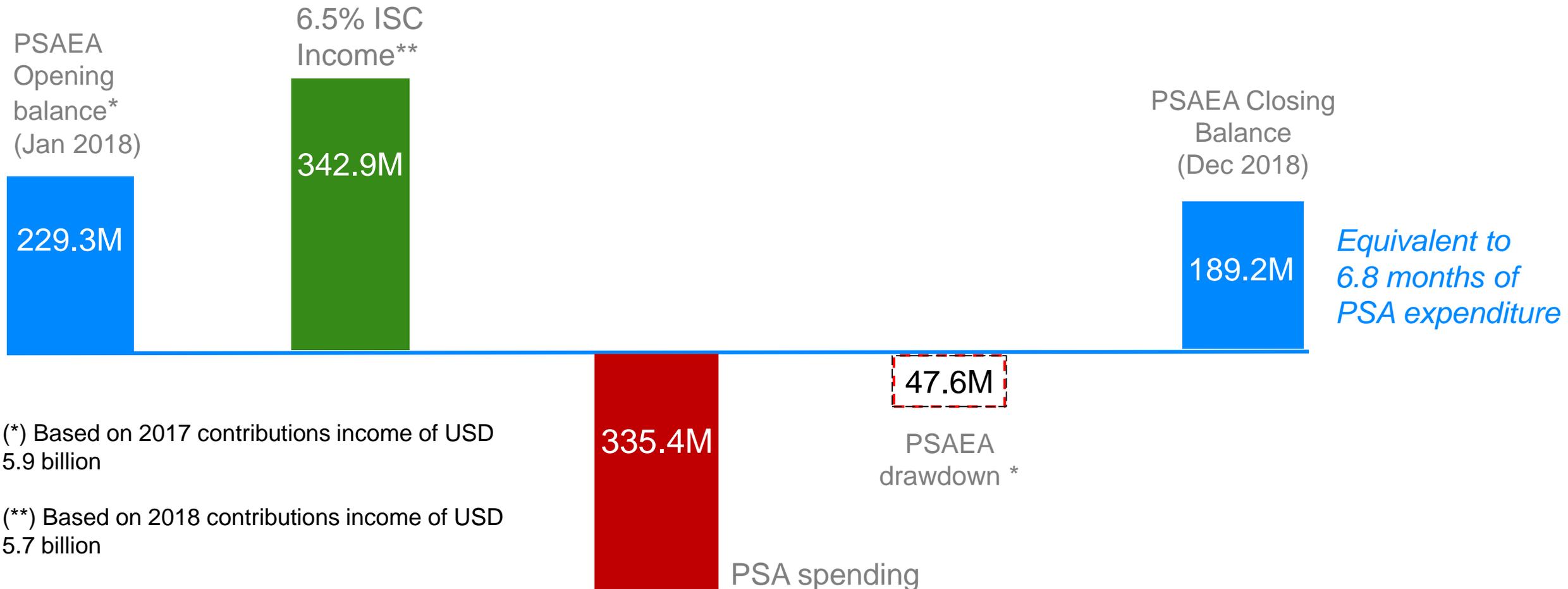
	<i>USD M</i>
	<b>2018 Planning</b>
<b>Estimated Overall Income</b>	<b>5,700.0</b>
<b>Estimated ISC Income (7.0%)</b>	<b>367.9</b>
<b>Estimated ISC Income (6.5%)</b>	<b>342.9</b>
<b>Proposed PSA level</b> <small>(zero nominal growth)</small>	 <b>335.4</b>

The reduction in ISC income of USD 25M augments the level of transfers to beneficiaries

WFP continues to keep the PSA budget level below expected income for the year

**WFP wants to utilize a reduced ISC rate of 6.5% while living within our means, and will engage with the Board in 2018 on methodology and application of WFP's ISC policies**

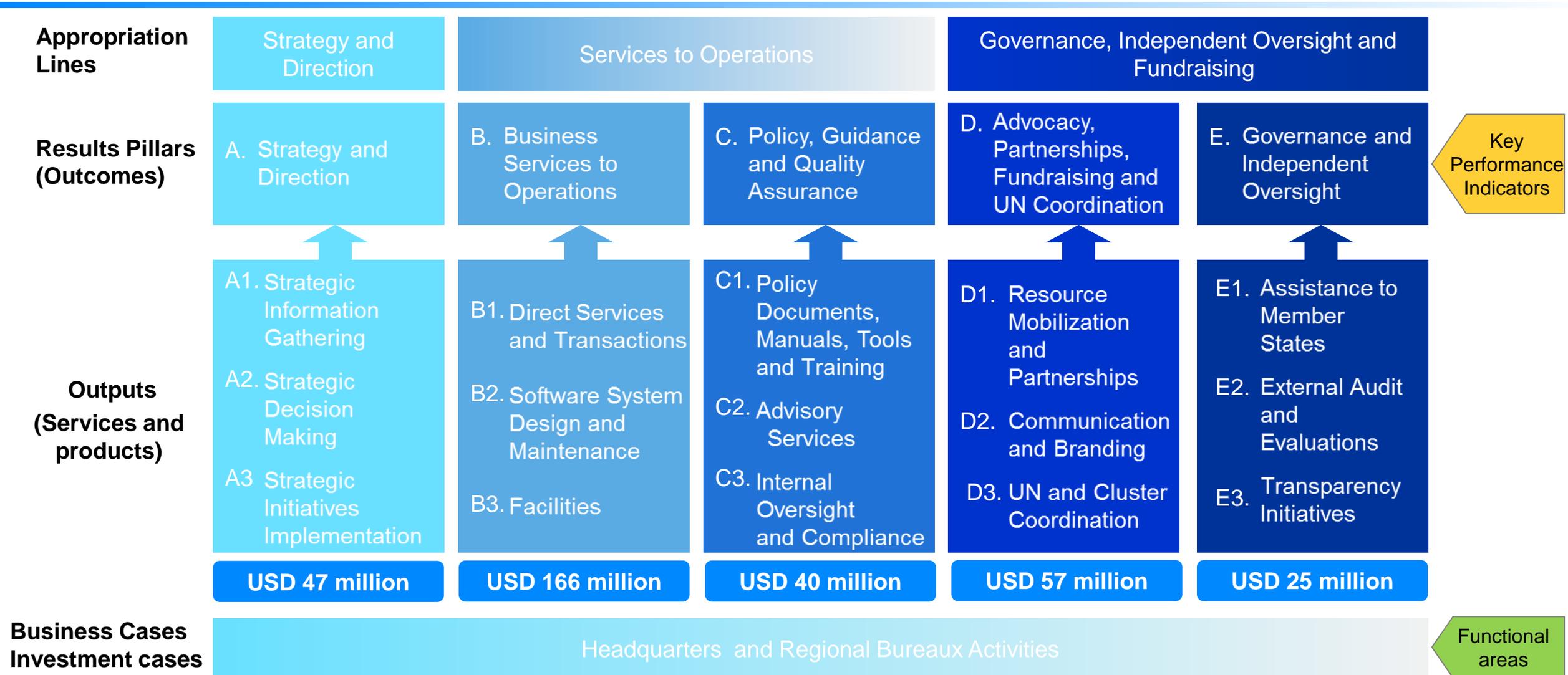
## 2.4.a.3 Impact of proposed PSA budget and PSAEA drawdown



**WFP can invest in transfers to reserves/special accounts and CCIs while maintaining a healthy PSAEA balance, exceeding the 5-months reserve target**

## 2.4.b: New Appropriation Lines aligned to the Corporate Results Framework

## 2.4.b.1 Connecting Divisional Activities to Appropriation Lines



## 2.4.b.2 Introduction of indicators in the Management Plan

- Indicators for each Results Pillar

Results Pillars (Outcomes)	A. Strategy and Direction	B. Business Services to Operations	C. Policy, Guidance and Quality Assurance	D. Advocacy, Partnerships, Fundraising and UN Coordination	E. Governance and Independent Oversight
Examples of Key Performance Indicators	A i) % implementation of milestones of the IRM	B iii) % of CBTs delivered on time	C i) % of CSPs that meet quality standards	D ii) % of achievement of outputs in partner operations	E iii) WFP's ranking in the IATI transparency index

- Indicators for WFP Corporate Performance

- % of achievement of programme outcome indicators of country offices
- % of achievement of management performance indicators
- % of sudden-onset emergencies timely responded
- % of QCPR indicators for which WFP reports achieved targets
- RBA indicator
- % of ERM components in place

## 2.4.b.3 Worked example of Results Pillar A

### A. Strategy and Direction

#### Result statement:

WFP leadership guides the organisation with robust and transparent decision making, continuously improving to fulfil WFP's mandate in the best way possible



#### Services and products:

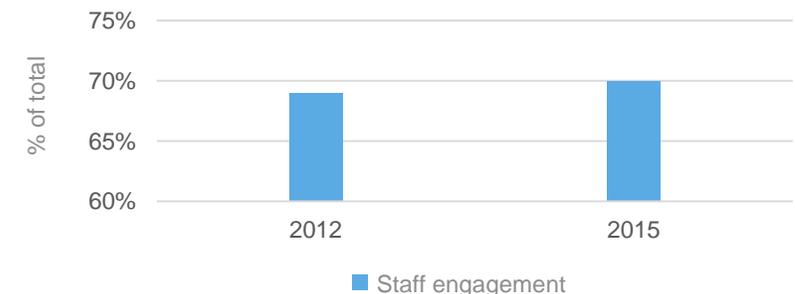
- Strategic information gathering
- Strategic decision making
- Strategic initiatives implementation

*US\$ thousand*

	COs	RBx	HQ Divisions	Corporate	Total
Staff cost	11 781	1 866	21 516	-	35 164
Non staff cost	768	2 819	6 912	1 339	11 837
Total	12 549	4 685	28 428	1 339	47 001

#### Key Performance Indicators:

- Staff engagement rate ●
- Category II KPIs:
  - % implementation of milestones of the IRM
  - % implementation of EB approved policies in the previous year



## 2.4.b.4 Worked example of Results Pillar B

### B. Business Services to Operations

#### *Result statement:*

*WFP implements processes and procedures balancing decentralisation and segregation of duties and taking advantage of economies of scale when relevant to support operations in the most effective, efficient and economical way possible*



#### *Services and products:*

- *Direct services and transactions*
- *Software systems design and maintenance*
- *Facilities*

*US\$ thousand*

	COs	RBx	HQ Divisions	Corporate	Total
Staff cost	5 814	24 753	48 635	-	79 202
Non staff cost	49 267	15 592	14 090	7 650	86 599
Total	55 082	40 345	62 725	7 650	165 801

#### *Key Performance Indicators:*

- *% staff deployed to L3s which were on roster (and followed FASTER training)*
- *% of tonnage delivered with the right quantity, quality and time*
- *% of CBTs delivered on time, as percentage of planned*

✓ *No meaningful trends available since all the indicators are newly introduced*

## 2.4.b.5 Worked example of Results Pillar C

### C. Policy, Guidance and Quality Assurance

#### Result statement:

WFP has high standard internal norms, policies and tools, and capable staff which ensure that our operations are designed and implemented to meet the needs of the people we serve



#### Services and products:

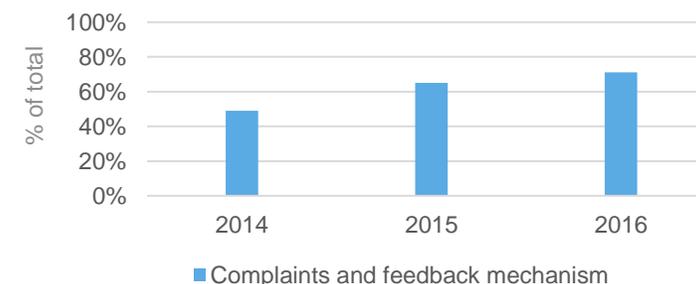
- Policy documents, manuals, tools and training
- Advisory services
- Internal oversight and compliance

US\$ million

	COs	RBx	HQ Divisions	Corporate	Total
Staff cost	-	7 110	21 575	-	28 685
Non staff cost	-	4 468	7 103	-	11 571
Total	-	11 579	28 678	-	40 256

#### Key Performance Indicators:

- % of CSPs that meet quality standards at the first submission
- % of COs with complaints and feedback mechanisms in place ●
- % of Emergency Preparedness and Response Package (EPRP) implementation



## 2.4.b.6 Worked example of Results Pillar D

### D. Advocacy, Partnerships, Fundraising and UN Coordination

#### Result statement:

WFP collaborates with host and donor governments, NGOs and private sector to align our priorities and mobilise resources; advocates for zero hunger and partners with UN agencies to contribute to the achievement of the SDGs



#### Services and products:

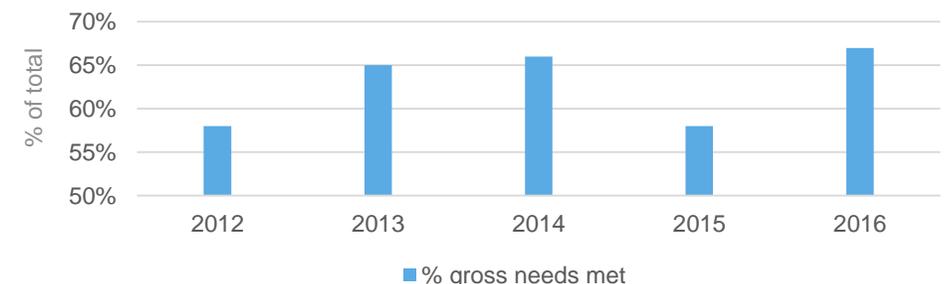
- Resource mobilisation and partnerships
- Communication and branding
- UN and cluster coordination

US\$ million

	COs	RBx	HQ Divisions	Corporate	Total
Staff cost	11 781	6 185	23 134	745	41 845
Non staff cost	-	3 991	8 554	2 763	15 307
Total	11 781	10 176	31 688	3 508	57 152

#### Key Performance Indicators:

- % of cluster surveys achieving satisfaction targets
- % of achievement of outputs in partner operations
- % of gross funding needs met ●
- % of favourable mainstream media messages



## 2.4.b.7 Worked example of Results Pillar E

### E. Governance and Independent Oversight

#### Result statement:

WFP applies good governance, provides assurance to donors and disseminates information on performance.



#### Services and products:

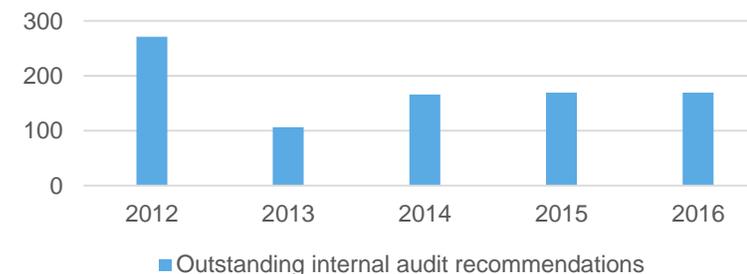
- Assistance to member states
- External audit and evaluations
- Transparency Initiatives

US\$ million

	COs	RBx	HQ Divisions	Corporate	Total
Staff cost	-	-	15 014	-	15 014
Non staff cost	-	-	8 457	1 723	10 180
Total	-	-	23 470	1 723	25 194

#### Key Performance Indicators:

- % completion of EB plan of work
- Number of high risk internal audit recommendations outstanding ●
- WFP ranking in IATI transparency index



## 2.4.c: PSA budget 2018 – allocation of USD 5.3 million to targeted priorities

## 2.4.c.1 Despite Zero Nominal Growth (ZNG) PSA budget of USD 335.4m, reductions in standard staff costs and other investments generate USD 5.3m of PSA for re-allocation

<b>Pillar A - Strategy and Direction : USD 0.8M</b>	<ul style="list-style-type: none"> <li>➤ Delivering the training programme for country directors and heads of sub-offices</li> </ul>	<b>USD 0.8M</b>
<b>Pillar B - Business services to operations : USD 2.5M</b>	<ul style="list-style-type: none"> <li>➤ Regional Bureaux to support first and second lines of defence</li> <li>➤ Improving FASTER trainings and alignment with IRM</li> <li>➤ Human Resources structural requirements</li> </ul>	<b>USD 0.5M</b> <b>USD 0.4M</b> <b>USD 1.6M</b>
<b>Pillar C - Policy, guidance and quality assurance : USD 0.4M</b>	<ul style="list-style-type: none"> <li>➤ Cash-based Transfers (CBT)</li> </ul>	<b>USD 0.4M</b>
<b>Pillar D - Advocacy, fundraising and UN coordination : USD 0.6M</b>	<ul style="list-style-type: none"> <li>➤ Strengthening the relations with World bank</li> <li>➤ Implementing the Rome-based agencies joint paper</li> </ul>	<b>USD 0.5M</b> <b>USD 0.1M</b>
<b>Pillar E - Governance and independent oversight : USD 1.0M</b>	<ul style="list-style-type: none"> <li>➤ Reinforcing centralized evaluation coverage</li> <li>➤ Strengthening the Inspector General function</li> </ul>	<b>USD 0.6M</b> <b>USD 0.4M</b>

## 2.4.c.2

	2017	2018	
	USD m	USD m	USD m
Adjustments in standard position costs			2.5
UN Department of Safety and Security (UNDSS) and WFP Security Emergency Fund	13.8	13.5	
Employee wellness	0.7	0.7	
IT per capita	19.1	19.1	
Evaluation	1.5	1.5	
	-----	-----	
	35.1	34.8	0.3
Reallocation of 2017 investment case for staff skills			2.5
			-----
<b>Total available for targeted priorities</b>			<b>5.3</b>

## 2.4.d: PSA Equalisation Account drawdown (USD 47.6 million)

## 2.4.d.1 Recommended PSAEA Allocations to Reserves and Special Accounts: USD 17M

		USD	Mill.
<b>Immediate Response Account Reserve</b>	Further injection of funds for mitigation of pipeline breaks in life-threatening situations or in sudden-onset emergency responses	9.0	
<b>Staff Wellness special account</b>	Implementation of the 5 pillars of the WFP Wellness Strategy: Medical/Psychosocial, Living Conditions, Safety and Human Resources Stewardship	8.0	
<b>TOTAL</b>			<b>17.0</b>

## 2.4.d.2 Recommended PSAEA Allocations to CCIs: USD 30.6M

Pillar	Critical Corporate Initiatives	USD	Mill.
<b>A - Strategy and Direction</b>	➤ Learning programme for CDs and Heads of Sub-offices	0.4	<b>0.4</b>
<b>B - Business Services to operations</b>	➤ COMET monitoring module	1.2	<b>22.2</b>
	➤ INTTRA-based shipment data management solution	0.4	
	➤ Integrated Road Map	9.0	
	➤ Regional Bureaux priorities	1.6	
	➤ ERM and strengthening of internal controls	5.0	
	➤ Cash Based Transfer	5.0	
<b>C - Policy, guidance and quality assurance of operations</b>	➤ Ensuring effective documents and information management	0.3	<b>0.7</b>
	➤ Supporting implementation of the new nutrition policy	0.4	
<b>D - Advocacy, partnerships, fundraising and UN coordination</b>	➤ Resource mobilization	6.5	<b>6.5</b>
<b>E - Governance and independent oversight</b>	➤ Reinforcing centralized evaluation coverage	0.4	<b>0.8</b>
	➤ Expansion of the Executive Board website	0.4	

## 2.4.d.3 Business Services to Operations (extract)

<u>Critical Corporate Initiative</u>	<u>Description</u>	<b>USD</b>
<b>Integrated Road Map</b>	Primarily providing support to the field in 2018. Support includes capacity augmentation at Regional Bureau and Country Office level and functional experts during transition period. CCI will also be utilised to launch on-line portal.	9.0
<b>Enterprise Risk Management (ERM) and strengthening of Internal Controls</b>	Funding to ensure ERM and internal control frameworks fully embedded in operations. Improvements will focus on increased consistency and proactivity in risk management activities including risk identification and assessment, prevention and mitigation, reporting and monitoring, and focus on most material risks	5.0
<b>Cash-Based Transfers</b>	For developing and mainstreaming enhanced corporate capabilities in CBTs, with special attention going <i>inter alia</i> to improving staff capabilities in rapid emergency response, operational response analysis and programme design and delivery, and corporate solutions for enhanced collection, architecture, analysis and visibility of data	5.0

## 2.4.d.4 Advocacy, partnerships, fundraising and UN coordination

<u>Critical Corporate Initiative</u>	<u>Description</u>	<b>USD</b>
<b>Resource Mobilisation for individual donors</b>	Funding for individual fundraising with planned activities that include expanding and strengthening high-performing fundraising approaches with existing local fundraising partners (e.g. WFP USA), as well as moving into new geographies and testing new channels.	3.0
<b>Scale-up digital fundraising and awareness activities</b>	Expand global digital fundraising and awareness capabilities, particularly through scalable mobile solutions, through ongoing development of innovative technology platforms and bolstering capacity to engage social media and other digital channels.	2.0
<b>Reinvigorate Goodwill Ambassadors, champions and supporters programme</b>	Leverage numerous persons of influence, including high net-worth individuals, on the global, regional and national levels to support, expand and increase fundraising activities and enhance WFP's brand recognition through various events, field visits and media.	1.5

## 2.5: Provision of Corporate Services and Business Services: Special Accounts

## 2.5.1 Provision of Corporate Services and Business Services: Special Accounts

Section	Description
<b>Corporate Services</b>	<ul style="list-style-type: none"><li>• Review of corporate services financing mechanism</li><li>• Envelope to remain at USD 82 million, for the Global Vehicle Leasing Programme (USD 15m), Capital Budgeting Facility (USD 47m) and “Fee-for-service” activities (USD 20m)</li></ul>
<b>Business Services</b>	<ul style="list-style-type: none"><li>• Overview of largest special accounts and estimated volume of business</li></ul>

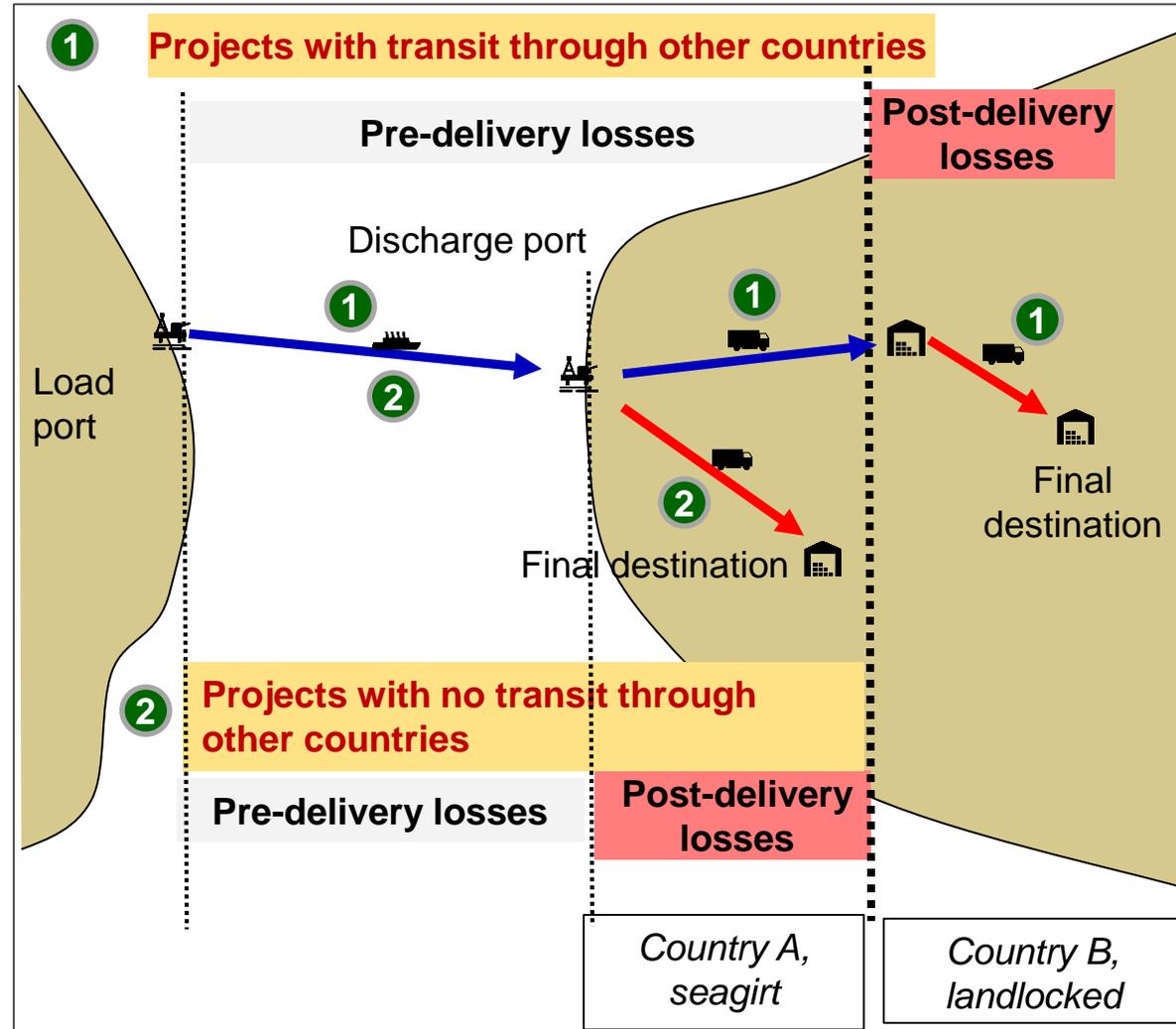
## 2.5.2 WFP anticipates a volume of USD 166 million in transactions for business service-related special accounts

Special Account	Description
Aviation	<ul style="list-style-type: none"><li>• Supports transport by air of both humanitarian cargo for relief operations and humanitarian workers</li></ul>
UNHRD	<ul style="list-style-type: none"><li>• Manages donor contributions and revenue from services provided through its six-hub network</li><li>• UNHRDs provide standard and specific services to 75 partners</li></ul>
Cash-based transfers	<ul style="list-style-type: none"><li>• Enables WFP to extend the CBT delivery platform and services to humanitarian partners</li></ul>
Self-Insurance	<ul style="list-style-type: none"><li>• Risk mitigation tool to minimize the economic effects of losses on food under WFP control and custody</li></ul>

**These special accounts represent 81 percent of planned special account activity in 2018**

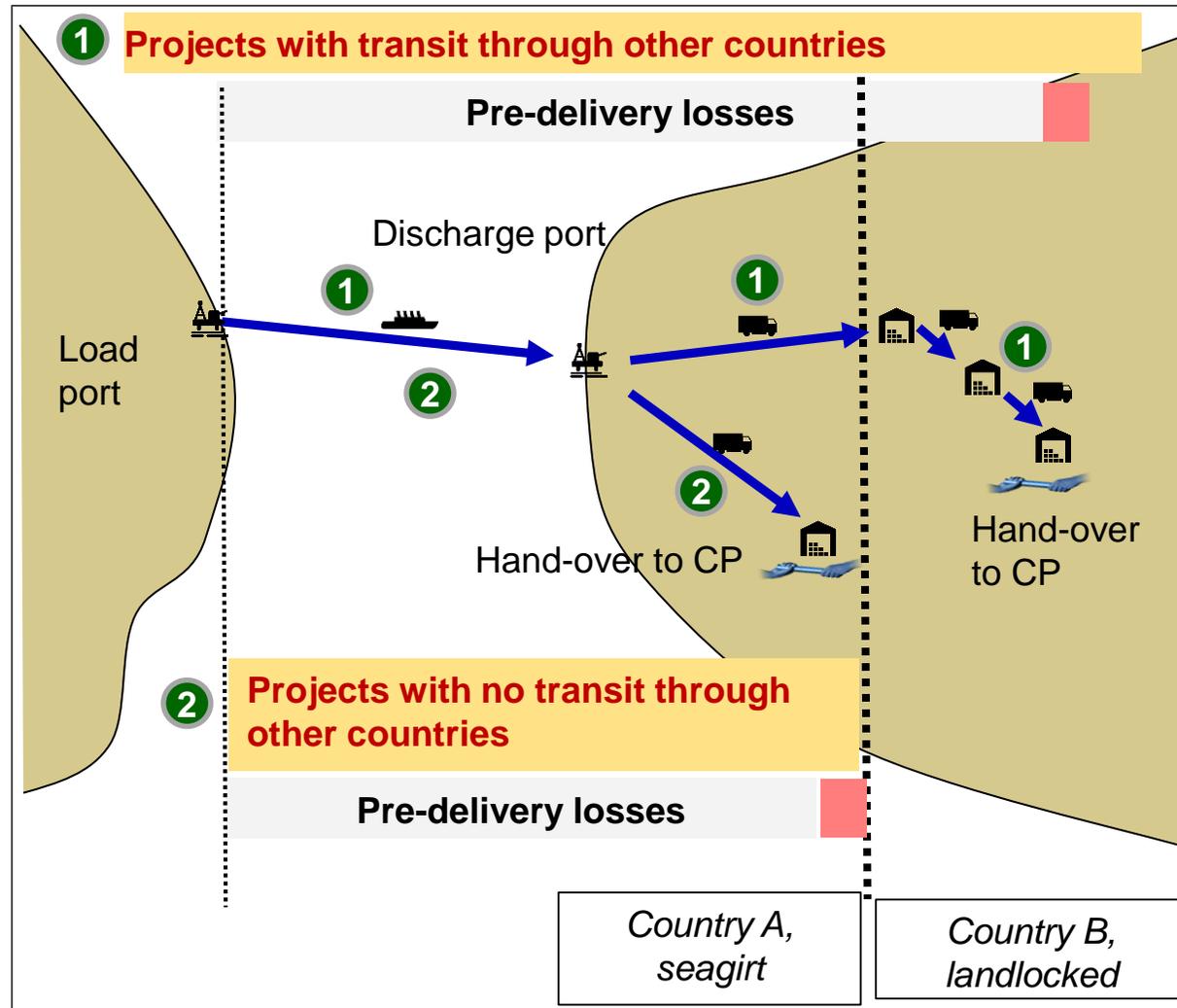
## 2.5.3 Extension and expansion of cover under Self-Insurance-Retention: Slide 1/2

**Current delivery point:** 1<sup>st</sup> warehouse in recipient country



## 2.5.3 Extension and expansion of cover under Self-Insurance-Retention: Slide 2/2

**Extended delivery point:** Last warehouse before handing over to CPs



## 3. Draft Decisions

## 3.1 Draft decisions

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**At the Second Regular Session 2017 the EB will be asked to take note:**

- that the 2018 Programme Support and Administrative appropriation assumes a funding level of USD 5.7 billion in 2018;
- of the projected operational requirements of USD 9.0 billion for 2018 and the prioritization proposals to align this with anticipated funding, as outlined in Section III;

## 3.2 Draft decisions (cont)

**At the Second Regular Session, the EB will be asked to approve:**

- Establishment of new PSA appropriation lines with a **2018 PSA appropriation of USD 335.4 million**, to be allocated as follows:
  - Strategy and Direction USD 47.0 million
  - Services to Operations USD 206.1 million
  - Governance, Oversight and Fundraising USD 82.3 million
  
- a corporate Indirect Support Cost recovery rate of 6.5 percent for 2018;
  
- A proposal to extend the scope of the Self-Insurance Retention Scheme from the moment WFP takes possession of goods up to their physical handover and to provide coverage for losses that are non-insurable under existing re-insurance arrangements

### 3.3 Draft decisions (cont)

**At the Second Regular Session, the EB will be asked to approve:**

- a transfer of USD 9 million to the Immediate Response Account Reserve
- a transfer of USD 8 million to the Staff Wellness Special Account
- allocation of USD 30.6 million for critical corporate initiatives

**At the Second Regular Session, the EB will be asked to authorize the Executive Director to adjust the Programme Support and Administrative component of the budget in accordance with a change in the level of the forecasted income for the year, at a rate not to exceed 2% of the anticipated change in income.**

Thank You

# Acronym List

<b>CBF</b> Capital Budgeting Facility	<b>ISC</b> indirect support costs
<b>CBT</b> cash-based transfer	<b>IT</b> information technology
<b>COMET</b> country office tool for managing effectively	<b>KPI</b> key performance indicator
<b>CPB</b> country portfolio budget	<b>LESS</b> Logistics Execution Support System
<b>CRF</b> Corporate Results Framework	<b>MOU</b> Memorandum of Understanding
<b>CSP</b> country strategic plan	<b>OIG</b> Office of the Inspector General
<b>EDI</b> electronic data interchange	<b>OIGI</b> Office of Inspections and Investigations
<b>FAO</b> Food and Agriculture Organization of the United Nations	<b>PGC</b> Partnership and Advocacy Coordination Division
<b>FASTER</b> Functional and Support Training for Emergency Response	<b>PSA</b> Programme Support and Administrative (budget)
<b>FPI</b> Field Premises Improvement	<b>PSAEA</b> PSA Equalization Account
<b>GCC</b> Gulf Cooperation Council	<b>RBA</b> Rome-based agency
<b>GVLP</b> Global Vehicle Leasing Programme	<b>SDG</b> Sustainable Development Goal
<b>HRM</b> Human Resources Division	<b>SPA</b> strategic partnership agreement
<b>IATI</b> International Aid Transparency Initiative	<b>SPC</b> standard position cost
<b>ICSP</b> interim country strategic plan	<b>T-ICSP</b> transitional interim country strategic plan
<b>IFI</b> international financial institution	<b>UNDSS</b> United Nations Department of Safety and Security
<b>IMF</b> International Monetary Fund	<b>UNHAS</b> United Nations Humanitarian Air Service
<b>IRA</b> Immediate Response Account	<b>UNHRD</b> United Nations Humanitarian Response Depot
<b>IRM</b> Integrated Road Map	<b>VAM</b> vulnerability analysis and mapping