

Informal EB Briefing

Management Plan 2019-2021

15 May 2018



World Food Programme

Agenda

1 Management Plan timeline & structure

2 Strategic & financial context

3 Building the Management Plan

A. Overall approach and preliminary numbers

B. PSAEA and possible uses

C. Corporate Services

4 Operational Requirements and Implementation Plan

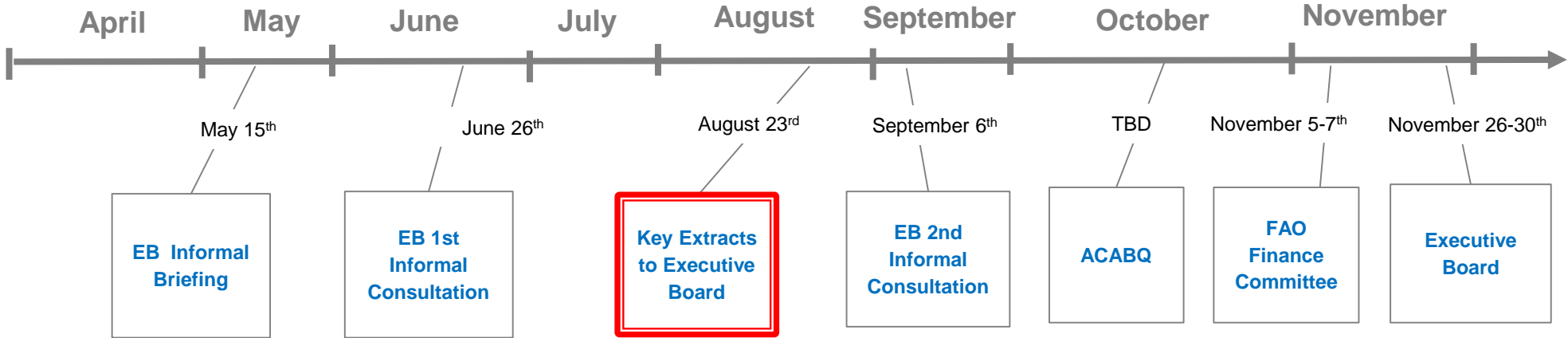
1. Management Plan timeline and structure

Key Dates for Management Plan (2019-21)

Objective

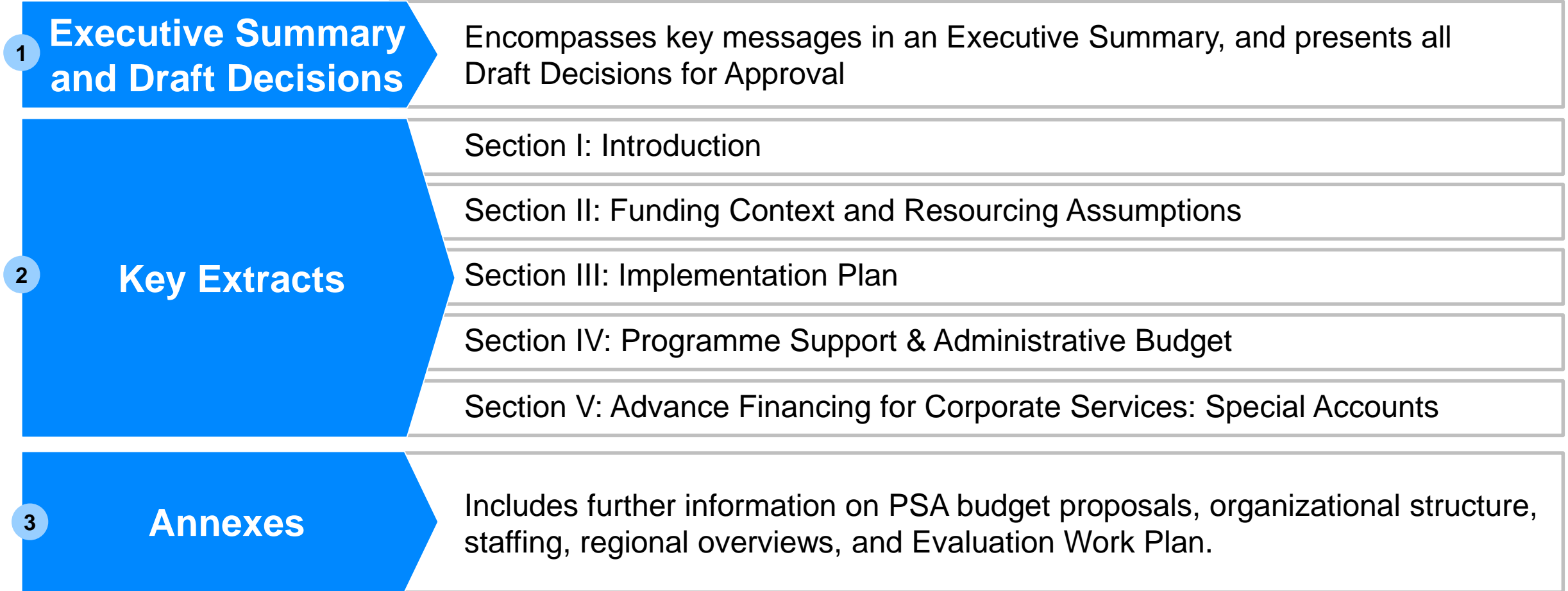
Present for approval the Management Plan 2019-21 for the Second Session of the Executive Board

Timeline



Key Extracts in all languages 10 working days before final Informal Consultation

Proposed Management Plan Structure



Detailed information on needs-based operational requirements and implementation plan to be provided on-line

2. Strategic & Financial Context

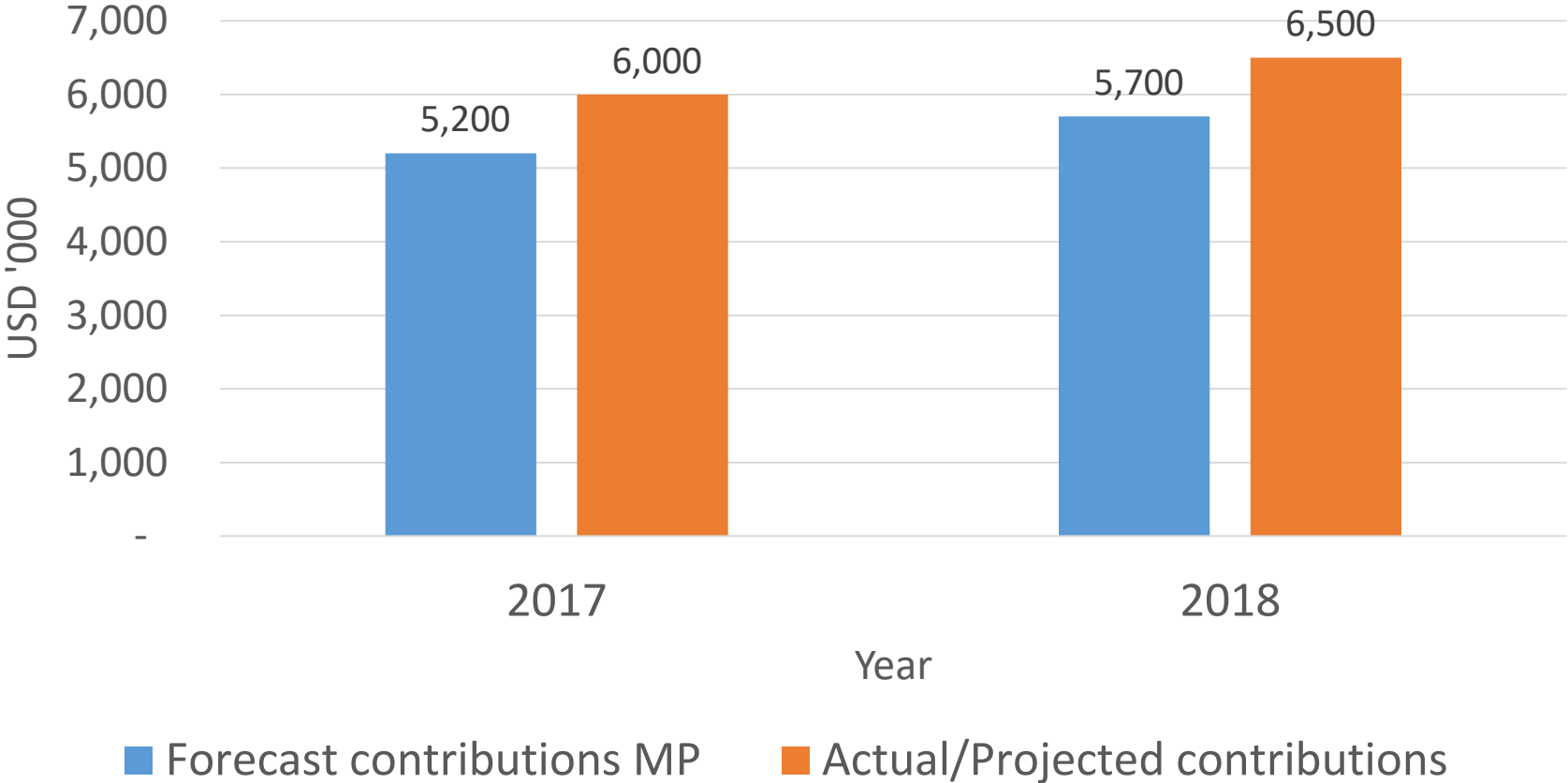
2.1. Key External Challenges for the Management Plan

- Today's challenges characterized by protracted large-scale **conflicts** with regional spill-over effects
- **Climate** and **natural hazards** as significant drivers of malnutrition and food insecurity
- **Economic slowdown**: reducing revenue, affecting both food **availability** through reduced import capacity and food **access** through reduced capacity to protect poor households against rising domestic food prices.

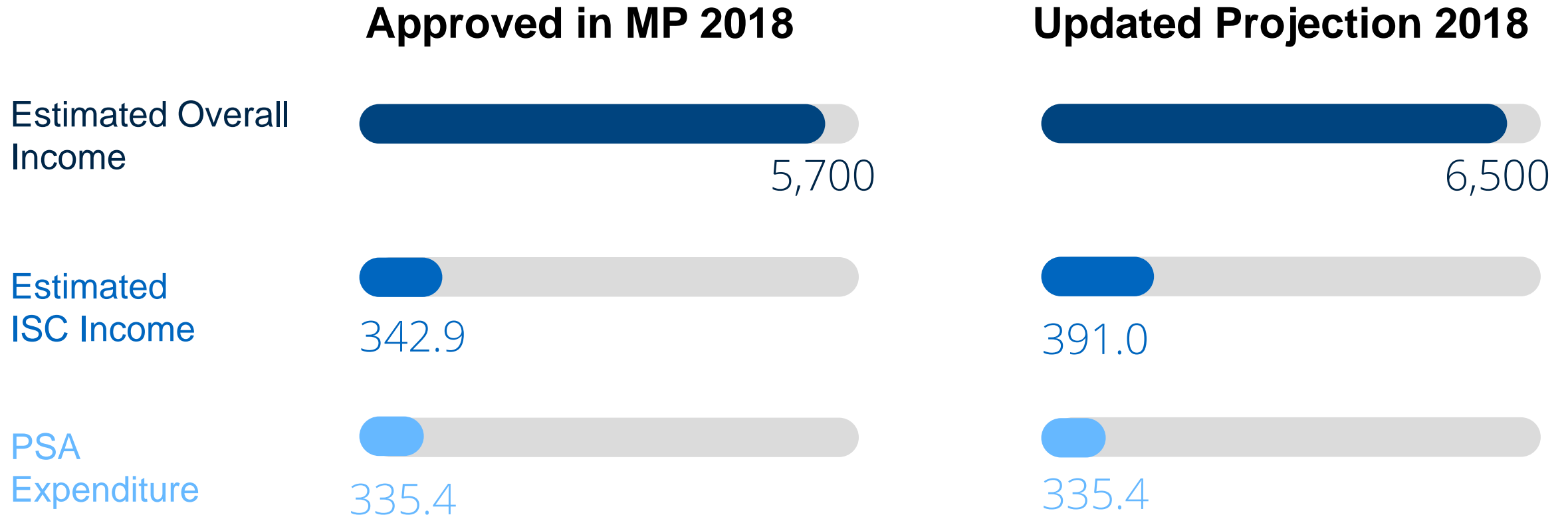
2.2. Key internal considerations for the Management Plan

- **Integrated Road Map** – mainstreaming to embed in WFP as the way of doing business
- **Full cost recovery review** – possible changes to the General Rules affecting approval of ISC rates
- **Management priorities** – to ensure that strategic direction set for WFP is reflected through budgetary allocations

2.3. Updated 2018 Income Forecast: MP Forecast vs. Actual Contributions

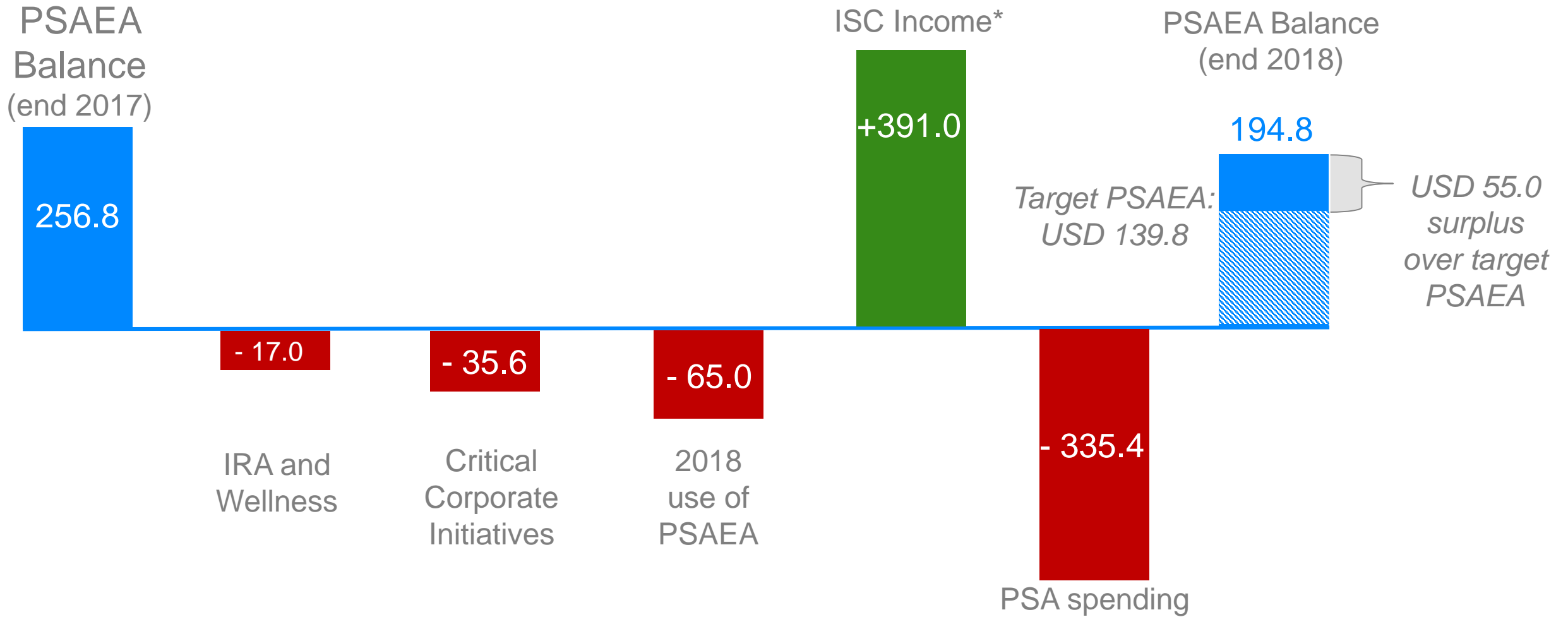


2.4. 2018 PSA Income versus Expenditure



2018 projections contained in Management Plan (2018-2020) updated to reflect current expectations

2.5. Projected PSAEA balance end 2018



WFP is expecting to maintain a very healthy PSAEA balance, exceeding the 5-months reserve target

3. Building the Management Plan (2019-2021)

- **Part A:** PSA Approach and Preliminary Numbers
- **Part B:** PSAEA and possible uses
- **Part C:** Corporate Services

3A. Overall Approach and Preliminary Numbers

3A.1. What is the Programme Support & Administrative (PSA) budget?

What is the PSA?

- Portion of the WFP budget providing indirect support to WFP activities
- An indirect support cost is “a cost which supports the execution of projects and activities but cannot be directly linked with their implementation”

How is it funded?

- Funded from standard 6.5% ISC charge on each contribution

What does it cover?

- Covers the majority of Headquarters and Regional Bureaux costs, as well as ‘backbone’ structure of country offices

How is it approved?

- Board approval of the PSA appropriation within the Management Plan gives authority to the Executive Director to spend

3A.2. What is the Programme Support & Administrative (PSA) budget?

6.5% Indirect Support Cost (ISC)



Difference between ISC income and PSA expenditure goes into...

2

PSA Equalization Account

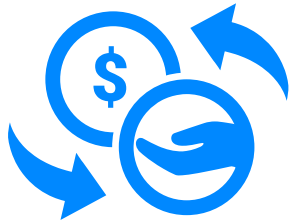


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Critical corporate Initiatives

Subject to Executive Board Approval

3A.3. PSA planning parameters



- More detailed and engaged process for estimating contributions revenue
- **Annual PSA budget** respects the desire to live within current income forecasts

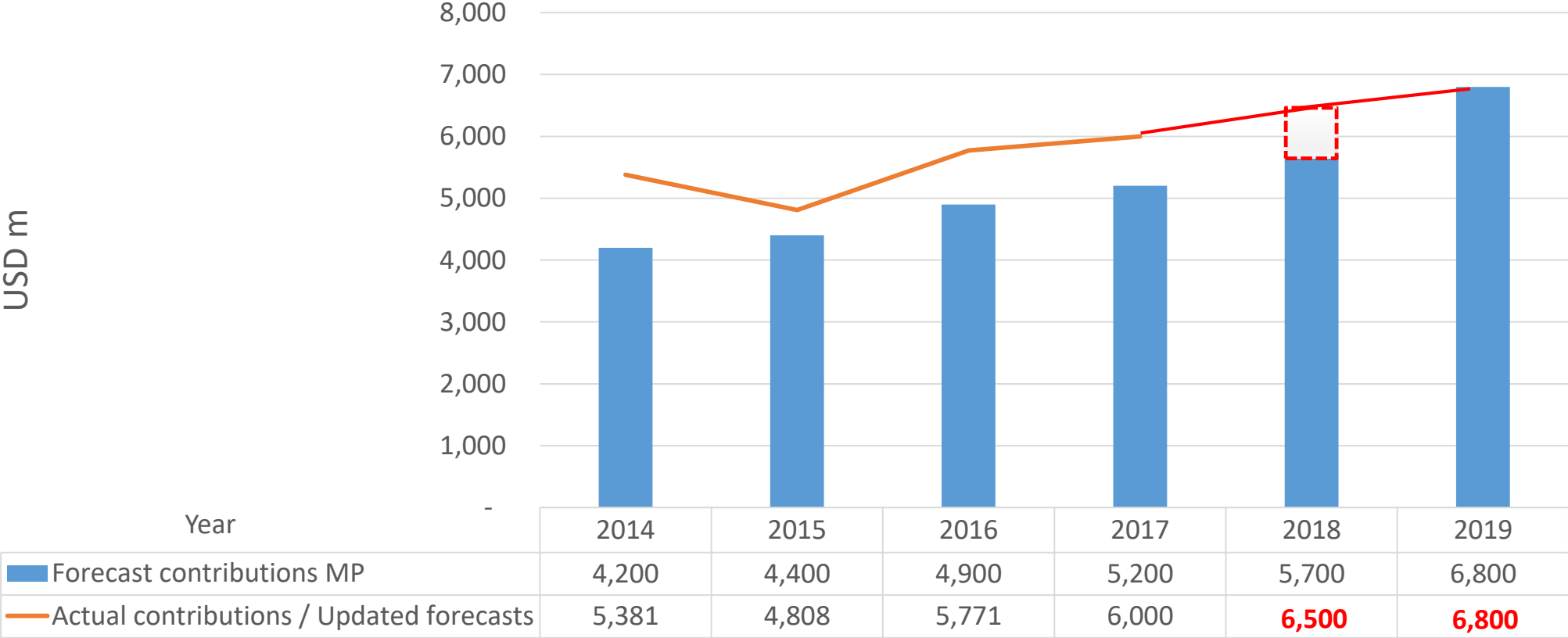


- Maintain **6.5% Indirect Support Cost (ISC)** rate
- Lower ISC rate to be proposed for host government contributions and for contributions made through South-South cooperation



- Actual and projected **PSAEA respects target levels noted by EB in 2015 (5-month PSA spend level, 2-month spend floor)**

3A.4. Management Plan Income forecast versus Actual Contributions



Tentative 2019 income forecast for Management Plan (2019-2021) is USD 6.8 billion vs USD 5.7 billion income forecast in Management Plan (2018-2020)

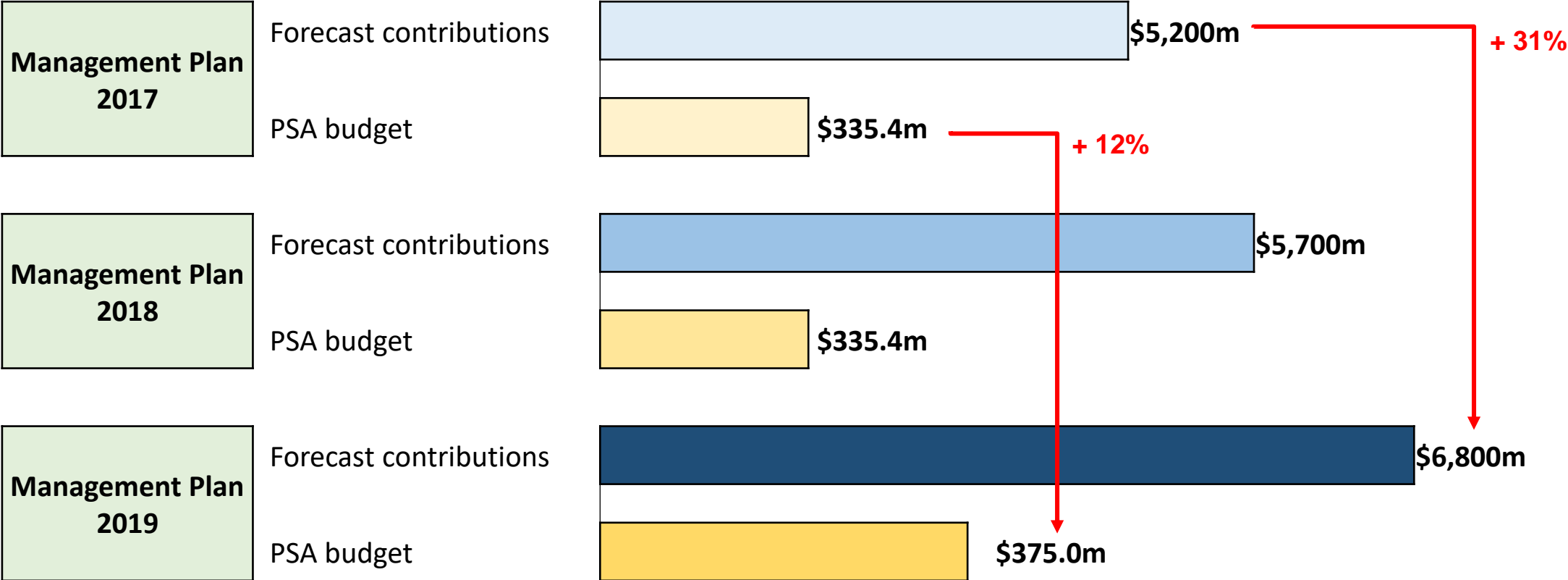
3A.5. 2019 PSA Planning proposal

	<i>USD M</i>
	2019 Planning
Estimated Overall Contributions Revenue	6,800.0
Estimated ISC Income	✓ 409.0
Proposed PSA level	✓ 375.0

Proposed PSA budget within current indirect support cost (ISC) means

Tentative PSA level for 2019 proposed at USD 375.0 million versus USD 335.4 million in 2018

3A.6. Comparison of 2018 and 2019 Management Plans: Contribution forecast and PSA budget



Contribution forecast increase 2017 - 2019: + 31%
PSA budget increase: 2017 - 2019: + 12%

3B. Proposed PSA approach: PSAEA and possible uses

3B.1. What is the PSA Equalization Account?

Established in 2002 to manage surpluses or deficits between ISC revenue and PSA expenditures:

The Executive Board endorsed* use of the balance on the PSAEA as follows:

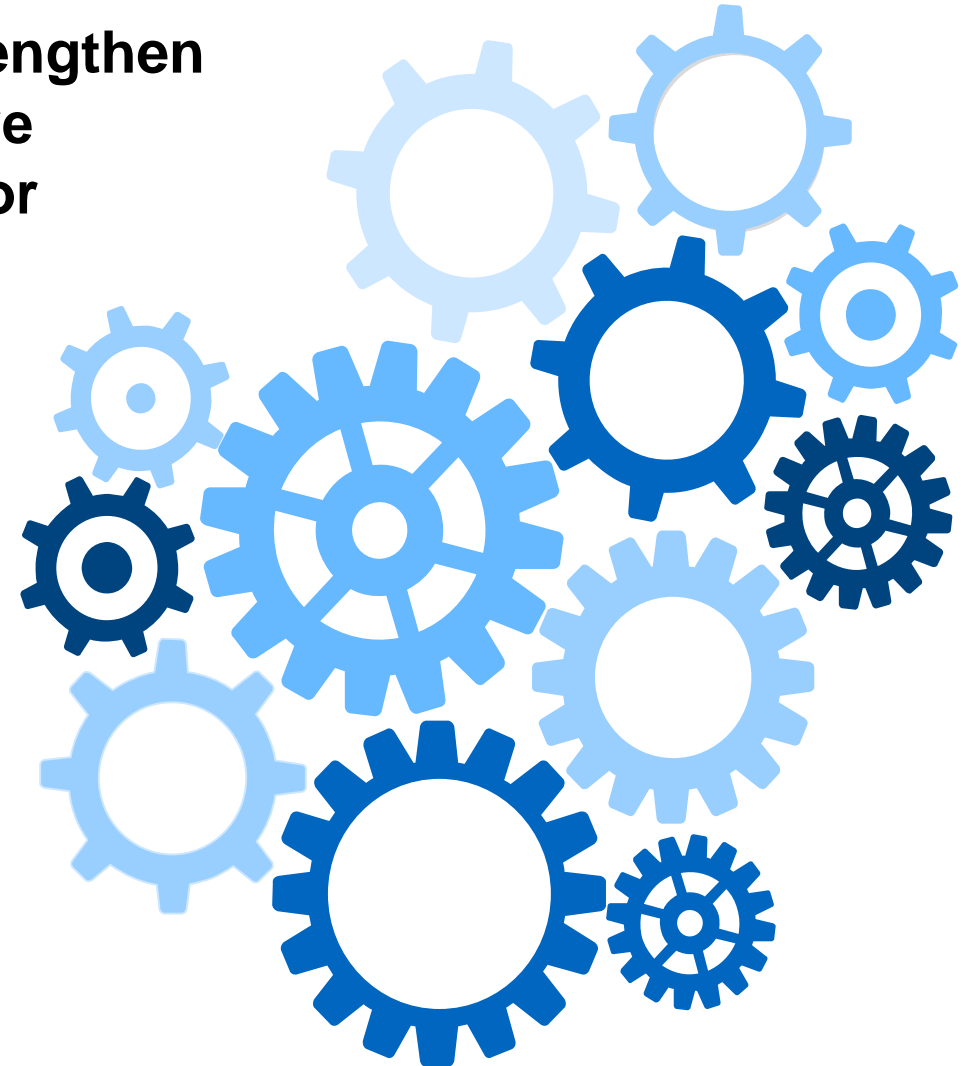
- 1 to cover any difference between indirect support cost income and approved Programme Support and Administrative expenditure;
- 2 as a reserve to underwrite risk of decreases in indirect support cost income or underfunding of the Programme Support and Administrative budget;
- 3 for critical corporate initiatives or thematic support funds; and
- 4 for strengthening WFP's reserves;

A target level of five months with a floor equal to 2 months PSA expenditure

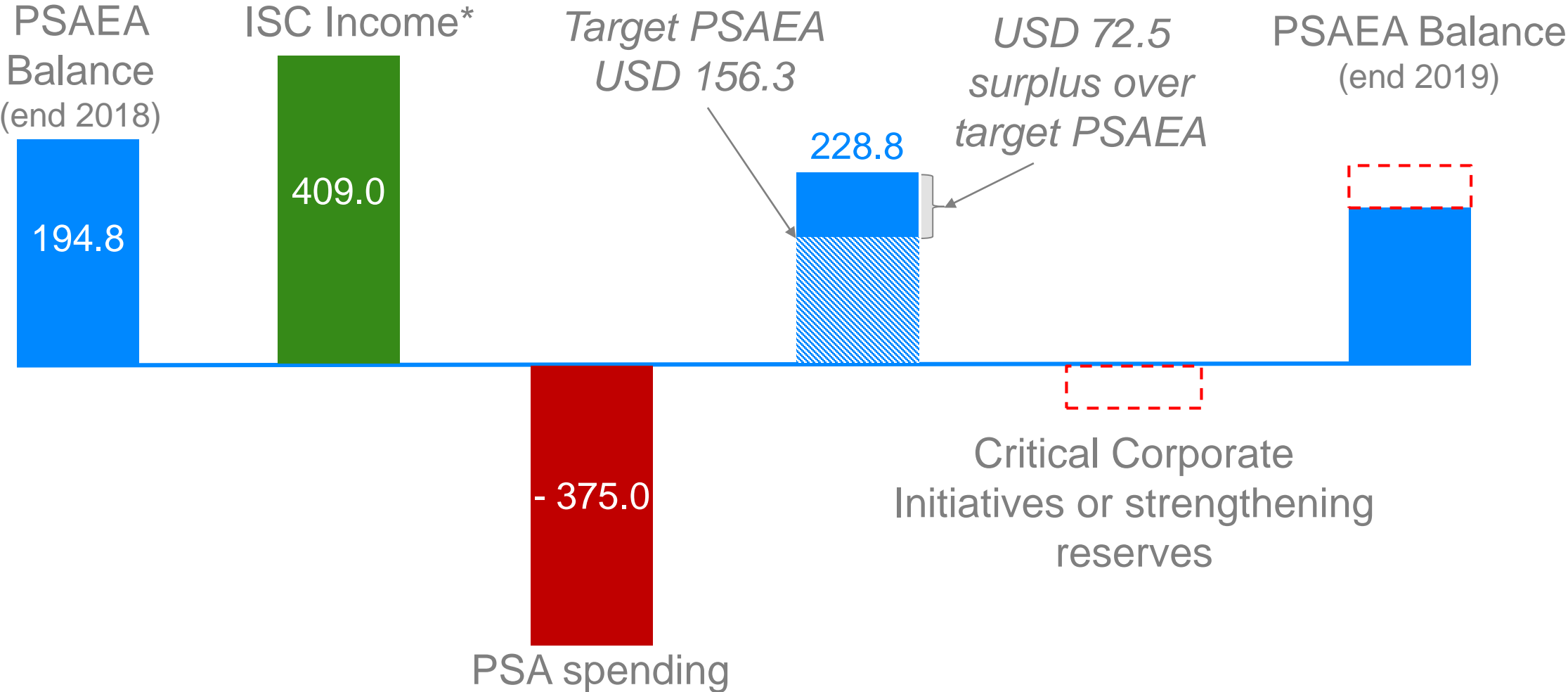
3B.2. Critical Corporate Initiatives

Definition (*WFP/EB.A/2015/6-C/1*): an activity to strengthen WFP's programming, operational and administrative capacity to fulfill its mission and delivering value for money

- One-off in nature
- Focused on organizational change
- Require predictable funding
- Unlikely to generate sufficient additional investments from donors
- No recurring or regular PSA-type cost
- No benefiting a single operational project



3B.3. Impact of proposed PSA budget and drawdown on 2019 PSAEA



WFP can invest in CCIs while maintaining a healthy PSAEA balance, exceeding the 5-months reserve target

3C. Corporate Services

3C.1. Update on Corporate Services

Corporate Services envelope set at USD 82 million:

- Global Vehicle Leasing Programme 15m
- Capital Budgeting Facility 47m
- “Fee-for-service” activities 20m

GVLP

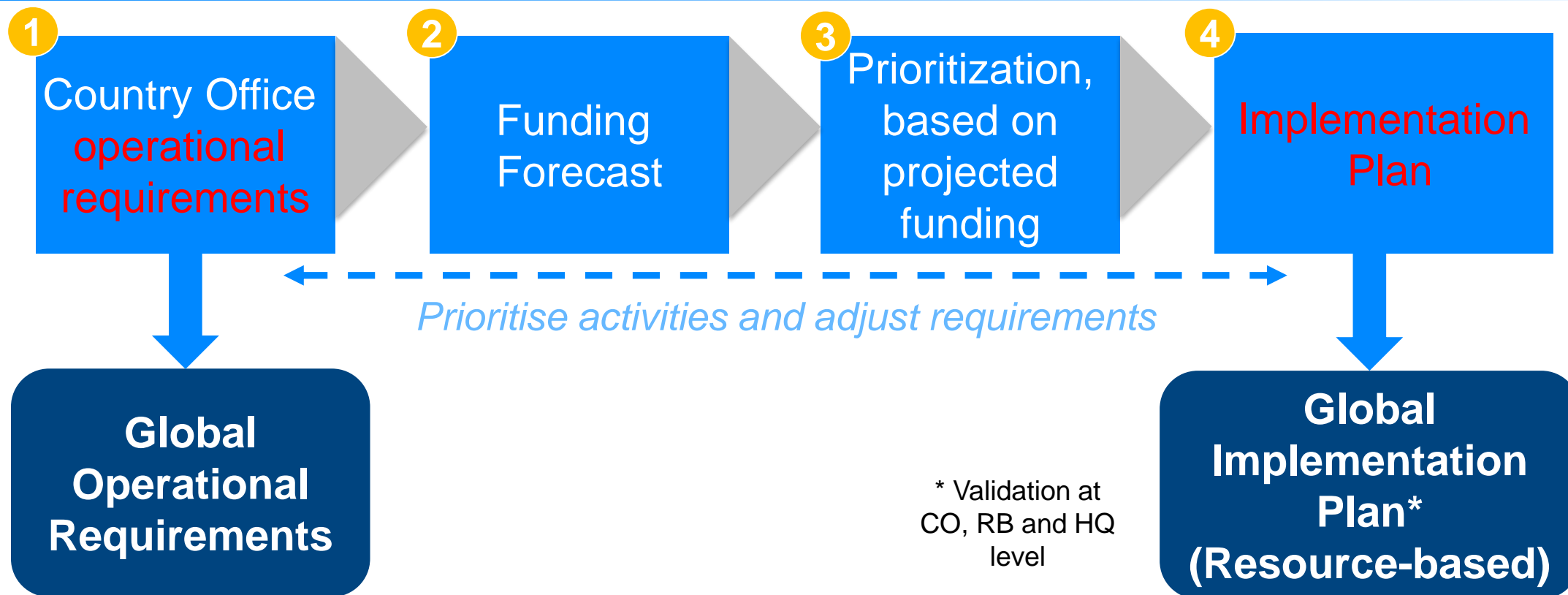
- ✓ January 2018: GVLP Board approved use of GVLP fund balance to effect repayment of USD 3 million.

Capital Budgeting Facility

- ✓ USD 20 million has been used supporting rollout of Logistics Execution Support System (LESS)
- ✓ Current outstanding balance of USD 8.8 million. Advance projected for repayment by November 2018.

4. Operational Requirements and Implementation Plan

4.1. Key principles: the Implementation Plan



Operational requirements

All foreseen operational needs related to approved CSP, planned (I)CSP, approved projects and their logical extensions

Implementation Plan

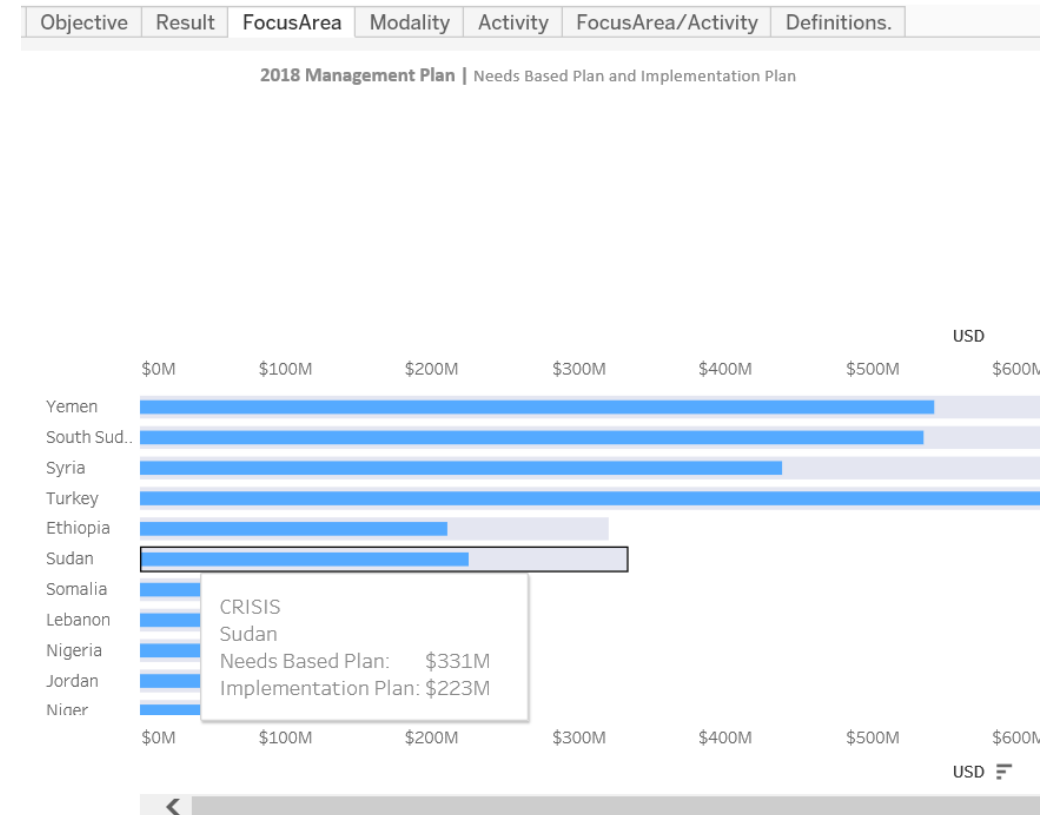
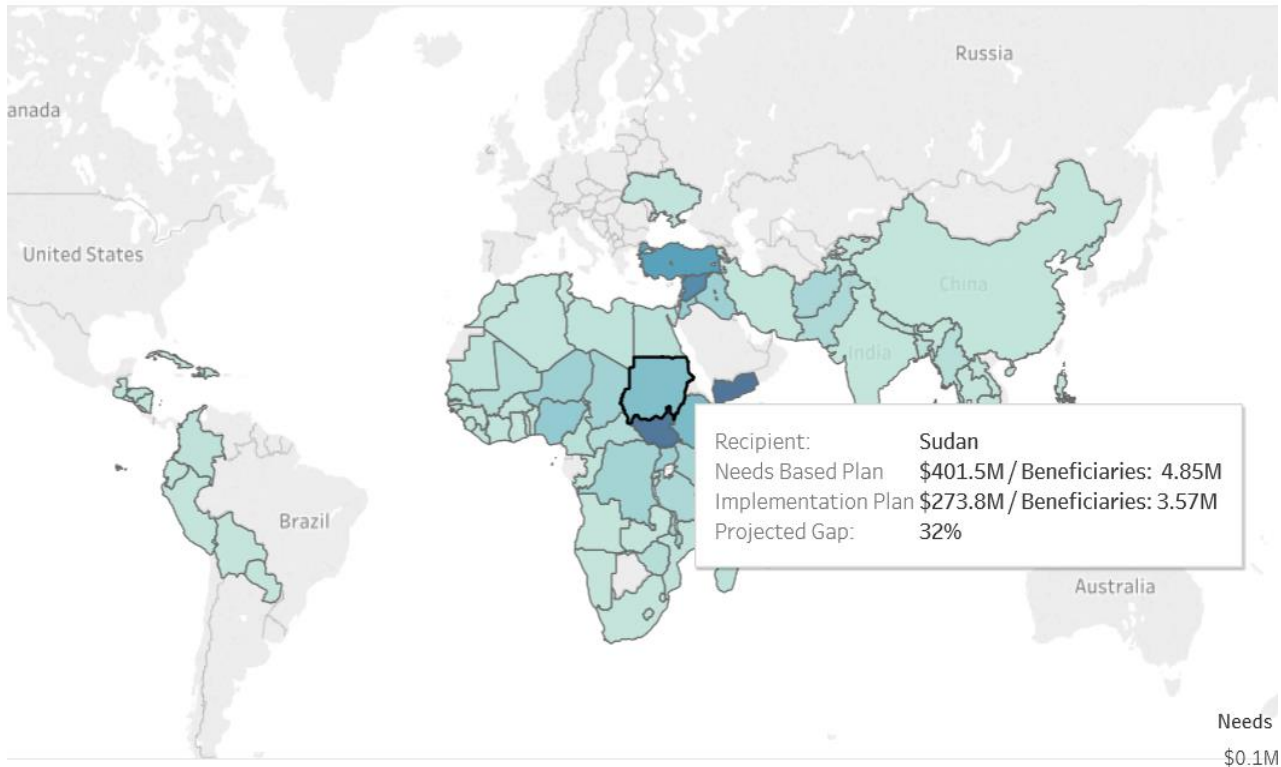
Sets out utilization of anticipated funding on the basis of project funding forecasts

4.2 Proposed content on Operational Section of the 2019-2021 Management Plan (section III)

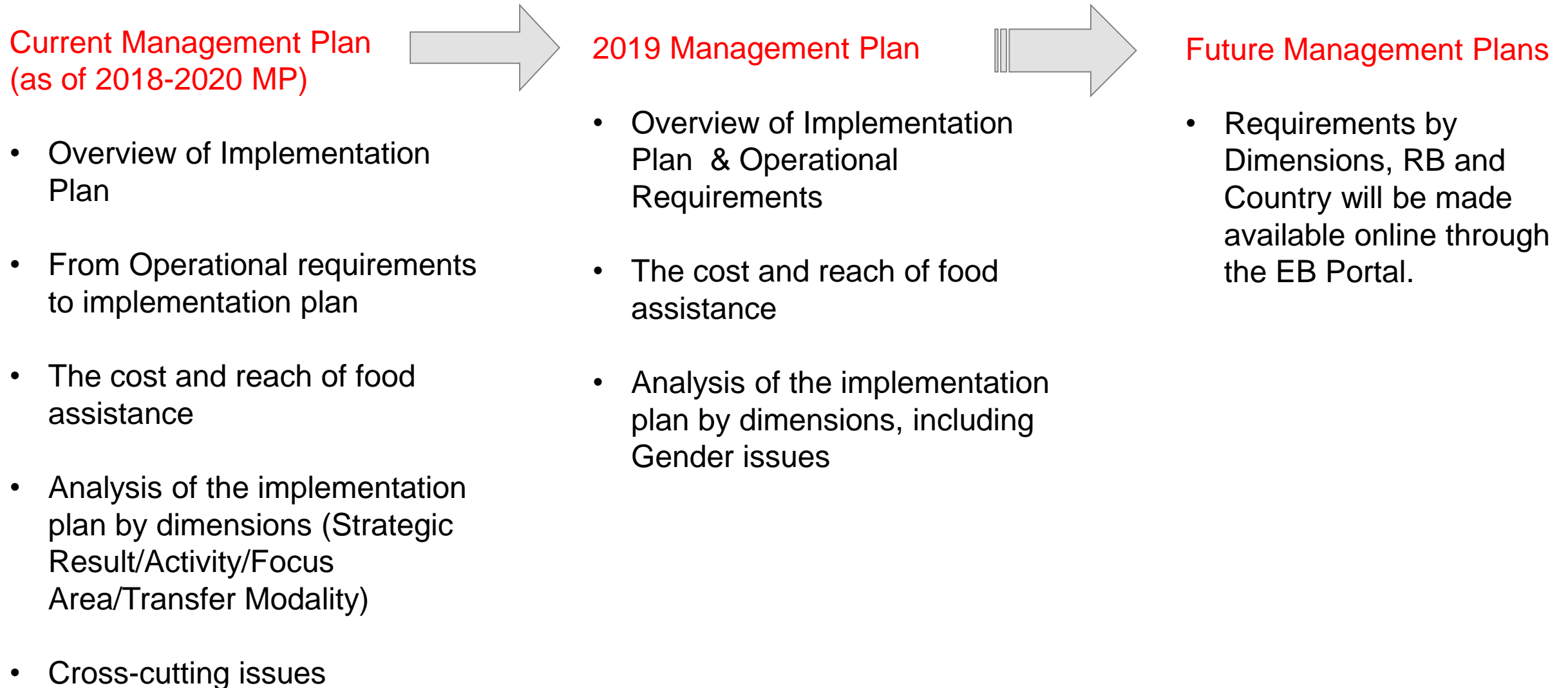
- ✓ Presentation of Operational requirements and Implementation plan by
 - Focus Area
 - Strategic Objective/Result/Activity, and
 - Transfer Modality
- ✓ Highlight gap between operational requirements and implementation plan and impact of the gap
- ✓ Integration of 'Cross-Cutting issues' in the overall analysis and not presented separately
- ✓ Overview by Regional Bureau integrated in Operational Section, with RB/CO details available on Management Plan website

4.3 MP website for 2019 MP

- ✓ MP Operational requirements and Implementation Plan by country will be available on-line, through the MP website, as done for 2018 MP below



4.4 The future for the Implementation Plan in the Management Plan



Thank you!

