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Addendum to the WFP Management Plan (2017–2019) – Use of the PSA Equalization Account

Executive Summary

The Management Plan (2017–2019) stated that the Secretariat expected to propose for approval at the Board's 2016 Second Regular Session critical corporate initiatives amounting to USD 15 million in 2017 to implement the Integrated Road Map and other non-recurring investments.[1]

The Programme Support and Administrative (PSA) Equalization Account is one of WFP's financial reserves. If indirect support cost income does not materialize as forecast, the reserve covers excess PSA expenditure until the PSA budget is realigned to actual income levels.

In 2015, the Board endorsed the use of the PSA Equalization Account for critical corporate initiatives, which enable WFP to invest in sustainable initiatives that require non-recurring investment, and which improve the delivery of services to beneficiaries.

Consistent with the indications in the Management Plan (2017–2019) the Secretariat is proposing a total allocation of **USD 13.5** million from the PSA Equalization Account for the following purposes:

- *Implementation of the Integrated Road Map*. The Integrated Road Map, which consists of the Strategic Plan (2017–2021), country strategic plans with a planning horizon of up to five years with supporting country portfolio budgets, and a new Corporate Results Framework, will require one-time funding in 2017. The recently approved corporate architecture realigns WFP's focus, the structure of its programmes, financial management and performance reporting to bolster its ability to support countries in achieving the Sustainable Development Goals by 2030. Significant financial resources and staff commitments will be required in 2017 for piloting and transition, related reorganization and the roll-out of information technology system solutions; this will include reprioritization of staff capacity to operationalize the proposed transformation. The Secretariat has reviewed all regular PSA departmental allocations and any unused balances from previously approved critical corporate initiatives with a view to reprioritizing regular and extra-budgetary resources to activities for the Integrated Road Map to ensure that it is fully funded in 2017. The amount of funding sought from the PSA Equalization Account for this purpose in 2017 is **USD 8.2 million**.

[1] WFP/EB.2/2016/5-A/1/Rev.2.

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- *Cost excellence initiatives*. Certain key functional areas will focus on process re-engineering, realignment and standardization of their activities in 2017 to improve effectiveness and make financial savings. The initiative aims to ensure that donors' contributions reach the people most in need. The amount involved is **USD 3.3 million**.
- *Evaluation*: The increased coverage of country portfolio evaluations in 2017 will enable WFP to meet the norms of the Evaluation Policy (2016–2021) and will support effective engagement in evaluation capacity development among regional and national partners and networks. The amount involved is **USD 1.5 million**.
- *Preparedness*: Augmentation of WFP's emergency preparedness and response capacity will reinforce operational readiness, improve early warning and response and enhance technical support for partners and governments. The amount required is **USD 500,000**.

The proposed critical corporate initiatives are consistent with WFP's commitment to "living within our means". In 2015 the Board approved a PSA Equalization Account "floor" level equivalent to two months of PSA expenditure, and established a target level for the account equivalent to five months of PSA expenditure – USD 139.8 million for 2017. The PSA Equalization Account balance at the end of 2017 is projected at USD 166.8 million, and takes into account a proposed change in accounting policy to recognize multi-year income over the life of the contribution agreement. The proposed critical corporate initiatives are described in Section I of this document

Section II provides an update on the corporate services financing mechanism. As part of the Management Plan (2017–2019) the Board approved a ceiling of USD 82 million for the mechanism. Since then, the Global Vehicle Leasing Programme has repaid a portion of its advance and amended its estimated requirements for 2017. Within the approved ceiling, the Secretariat has revised the available advance envelopes for the Global Vehicle Leasing Programme, the Capital Budgeting Facility and fee-for-service activities.

Draft decision*

Having considered "Addendum to the WFP Management Plan (2017–2019) – Use of the PSA Equalization Account" (WFP/EB.1/2017/5/1/Rev.1), the Board:

i) approves the allocation of **USD 13.5 million,** as critical corporate initiatives, from the Programme Support and Administrative Equalization Account for: i) implementation of the Integrated Road Map; ii) cost excellence initiatives; iii) evaluation; and iv) preparedness; and

ii) takes note of the update on the corporate services financing mechanism, and looks forward to further reviews as part of future management plans.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

Section I: Critical Corporate Initiatives

Introduction

1. At its 2016 Second Regular Session, the Board approved the Management Plan (2017–2019), which did not include any requests from the Programme Support and Administrative (PSA) Equalization Account for critical corporate initiatives in 2017 because the Secretariat felt it prudent to wait until the four components of the Integrated Road Map (IRM) had been approved and the Fit for Purpose review had been completed before proposing further investments.

2. This document seeks the Board's approval of an allocation of **USD 13.5 million** from the PSA Equalization Account for critical corporate initiatives in 2017, in particular for implementation of the IRM, which will transform WFP's planning, operations and financial architecture and hence improve its effectiveness.

Overview of the PSA Equalization Account

3. The PSA Equalization Account was established in 2002 to record the difference between WFP's indirect support cost (ISC) revenue and its PSA expenses for the financial period. The account is available as a safety net for periods when the annual PSA appropriation approved by the Board exceeds the ISC income derived from donors' contributions.

4. In 2006, the Board determined that the account should have a target level linked to the annual approved PSA appropriation to cover the period needed to adjust to a longer-term reduction in ISC income and implement the associated PSA cost reductions.[2] In 2015 the Secretariat reviewed the target level of the PSA Equalization Account, which had remained unchanged since 2006. The Board endorsed an increase in the target level from the equivalent of four months of approved PSA expenditure to five months, and established a "floor" equivalent to two months of PSA expenditure.[3]

5. The Board endorsed the use of the PSA Equalization Account for the following purposes:
   - to cover any differences between ISC income and approved PSA expenditure;
   - as a reserve to underwrite the risk of decreased ISC income or under-funding of the PSA budget;
   - for critical corporate initiatives or thematic fund transfers, subject to Board approval; and
   - for strengthening WFP's reserves, subject to Board approval.[4]

Current Balance of the PSA Equalization Account

6. The 2017 PSA budget is aligned with anticipated ISC income for the year. As noted in the Management Plan (2017–2019), departments identified 5 percent of activities that could be adjusted in 2017 to increase the funding available for higher-priority activities offering greater value for money. This commitment to "living within our means" combined with an increase in ISC income has built up a healthy balance in the PSA Equalization Account.

7. Table 1 shows the 2017 opening balance of the PSA Equalization Account at USD 180.3 million: this takes into account the approved transfer of USD 15 million to the Immediate Response Account[5] and an adjustment to reflect a proposed change in accounting policy for recognizing income on multi-year contributions. The proposed allocation of **USD 13.5 million** for critical corporate initiatives would bring the PSA Equalization Account closing balance at 31 December 2017 to USD 166.8 million.

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[2] WFP/EB.A/2006/6-C/1.

[3] WFP/EB.2/2015/5-C/1.

[4] WFP/EB.A/2015/6-C/1.

[5] WFP/EB.2/2016/5-A/1/Rev.2.

TABLE 1: PROJECTED PSA EQUALIZATION ACCOUNT IN 2017 *(USD million)*	
Projected opening balance at 1 January 2017	180.3
2017 ISC revenue (as adjusted)	335.4
2017 PSA expenditure	(335.4)
2017 Proposed critical corporate initiatives	**(13.5)**
Projected closing balance at 31 December 2017	**166.8**

Critical Corporate Initiatives – USD 13.5 million

8. The Management Plan (2017–2019) noted that proposals for critical corporate initiatives in 2017, tentatively amounting to USD 15 million, would be made once the IRM proposals had been endorsed at the Board's 2016 Second Regular Session, and that the Secretariat would "… prioritize investments arising from the approval of the IRM, further investments needed for Cost Excellence, and implementation of Board-approved policies such as Evaluation and Gender".[6]

9. An investment of **USD 13.5 million** is therefore proposed for critical corporate initiatives in 2017 from the PSA Equalization Account with a view to enhancing capacities in WFP for programming, operations and administration.[7] Prioritized investments in 2017 include: i) implementation of the IRM; ii) Cost Excellence; iii) evaluation and iv) preparedness.

10. The proposals in this document are consistent with the principles of prudent financial management endorsed by the Board in 2015.[8] The proposed critical corporate initiatives, which are non-recurring and require predictable funding, focus on organizational change. Budget holders have prepared investment cases for all the proposed critical corporate initiatives, and the Strategic Resource Allocation Committee has evaluated them.

Implementation of the Integrated Road Map: USD 8.2 million

11. The IRM responds to the 2030 Agenda and the Sustainable Development Goals in aiming to end poverty, hunger and inequality. After extensive consultations with the Board in 2015 and 2016, the components of the IRM – the Strategic Plan (2017–2021), the policy on Country Strategic Plans (CSPs), the Financial Framework Review and the Corporate Results Framework – were approved at the Board's 2016 Second Regular Session. The integrated approach, to be implemented in 2017 and 2018, will improve the effectiveness of programmes, maximize transparency, communicate value more clearly, enhance collaboration with partners and support performance-based resource allocations with a view to enabling WFP to operate more effectively and efficiently.

12. The Strategic Plan (2017–2021) and the Corporate Results Framework are in effect as of 1 January 2017. As a first step in the transition to the CSP and Country Portfolio Budget (CPB) structure, up to 16 country offices will present CSPs and CPBs to the Board for approval at its First Regular and Annual sessions in 2017. Lessons learned from the pilots will be shared with the Board along with recommendations for refinements as required. Additional consultations will be held in 2017 to discuss the changes envisaged in WFP's General Rules and Financial Regulations and proposals regarding budget thresholds for delegations of authority.

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[6] WFP/EB.2/2016/5-A/1/Rev.2 paragraph 209.

[7] The Secretariat is not seeking the full USD 15 million from the PSA Equalization Account for critical corporate initiatives in 2017 as indicated in the Management Plan (2017–2019). However, additional investments may be required in 2017, and would be presented for approval at later sessions of the Board.

[8] WFP/EB.A/2015/6-C/1.

13. Country offices that have completed a national zero hunger strategic review will prepare CSPs and CPBs for approval at the Board's 2017 Second Regular Session. The remainder will submit interim CSPs and CPBs, prepared on the basis of approved project documents, to the Executive Director for approval by November 2017. The interim CSPs will have a duration of 18 months and will serve as a bridge to full CSPs that will be presented to the Board for approval.

14. The implementation plan of the IRM is ambitious and involves departments, functions, regional bureaux and country offices; it will touch on nearly every aspect of WFP's day-to-day work. A significant commitment of financial resources and dedicated staff capacity will be required to: i) pilot CSPs and CPBs and introduce the new programmes and financial frameworks in all country offices; ii) ensure organizational readiness; and iii) support the roll-out of information technology (IT) system solutions. The Secretariat has closely consulted the regional bureaux and country offices to determine the level of support and additional capacity required to train staff to implement the IRM without affecting current operations.

15. Table 2 shows the 2017 incremental budget for the IRM of USD 30.4 million (the budget is described in more detail in paragraphs 16–33). The volume of existing financial resources proposed for reprioritization to IRM activities amounts to USD 22.2 million, as further explained in paragraphs 34–38. To fully fund the IRM in 2017, the balance of USD 8.2 million is sought as a critical corporate initiative from the PSA Equalization Account.

TABLE 2: PROPOSED CRITICAL CORPORATE INITIATIVE INVESTMENT FOR THE INTEGRATED ROAD MAP, 2017 *(USD million)*	
2017 incremental budget	30.4
Reprioritized existing resources	(22.2)
Proposed critical corporate initiative for the IRM	**8.2**

2017 Incremental Budget for the Integrated Road Map

16. Funding requirements in 2017 for implementing the IRM are estimated at USD 30.4 million.[9] Table 3 shows the 2017 incremental budget for this. A separate investment case for implementation activities planned in 2018 may be presented at a later date for consideration and approval, but the Secretariat does not anticipate the need for the same level of incremental investment as 2017.

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[9] The total IRM investment for 2017 is estimated at USD 45.36 million. However, management has identified USD 14.94 million primarily in reprioritized existing and budgeted staff capacity that will be dedicated to implementation of the IRM, leaving an incremental funding requirement of USD 30.4 million. For example, for the IRM project management structure, the IRM Chair and the Directors of the IRM Policy and Planning Unit and the IRM Operations Unit are already funded from PSA and staff who will be in the Management Support Unit consist of PSA-funded staff from the Innovation and Change Management Division. In the regional bureaux, the deputy regional directors are allocating up to 50 percent of their time to implementation of the IRM, leading regional cross-functional teams to support country offices during the transition.

TABLE 3: 2017 INCREMENTAL BUDGET FOR THE INTEGRATED ROAD MAP *(USD million)*						
	Non Staff (CST)	**Staff**	**Training**	**Travel**	**Others**	**Total**
i) IRM structure	0.25	1.24	-	-	-	**1.48**
ii) Other costs for the CSP approach, Corporate Results Framework (CRF) and Financial Framework Review (FFR)*	1.59	3.63	0.27	0.55	3.00	**9.04**
iii) Information technology costs**	1.38	-	-	-	6.97	**8.35**
iv) Field support	6.13	1.06	0.92	0.79	0.08	**8.98**
v) Other Headquarters investments***	0.22	1.16	0.36	0.14	0.70	**2.57**
TOTAL	**9.56**	**7.08**	**1.54**	**1.48**	**10.75**	**30.42**

* Includes costs for Strategic Reviews.
** Includes external vendor costs for WINGS, COMET, Portal Development and Budget Planning Tool.
*** Includes external vendor costs for development of training material.

i) Integrated Road Map Structure

17. Given the extent of organizational transformation required, the IRM will need extensive engagement throughout Headquarters and the field under the responsibility of the Assistant Executive Directors and regional directors. To ensure effective oversight and a coordinated transition, WFP will adopt a single, integrated project-management office structure led by the Deputy Executive Director on a full-time basis, serving as the IRM Chair. The Deputy Executive Director will be supported by a dedicated team and structure that will ensure that all parts of WFP join in the transition process, particularly the regional bureaux and country offices, where the majority of implementation will occur.

18. Reporting to the Deputy Executive Director will be the Director of the IRM Policy and Planning Unit that supports the CSP planning process and formulation of the results chain through the CRF. The Director of the IRM Operations Unit will also report to the Deputy Executive Director to facilitate the finalization and roll-out of the new financial framework.

19. The Deputy Executive Director will also receive assistance from a “pro bono” IRM Integration Adviser and a Management Support Unit that will include staff from the Innovation and Change Management Division and support from The Boston Consulting Group. Overall implementation of the IRM will be guided by a steering committee chaired by the Executive Director and comprising the Deputy Executive Director, Assistant Executive Directors and regional directors.

ii) Other Costs for the CSP approach, CRF and FFR

20. Other costs for implementing the CSP approach and the FFR are primarily funding for: i) CSP functional experts, who will be responsible for developing normative guidance and providing support to country offices undertaking national zero hunger strategic reviews and formulating CSPs and the results chain utilizing the CRF; and ii) FFR experts, who will be responsible for developing management processes for the CPBs and for training and supporting country office staff in budget planning and funds management under the new financial framework. These experts will be responsible for developing policy proposals and working with IT experts on systems development, testing, transitions to new systems, roll-out and support after the new systems “go live”.

iii) Information Technology Costs

21. WFP’s IT systems will require significant investment to update the WFP Information Network and Global System (WINGS), develop an online portal and budget planning tool and modify the country office tool for managing effectively (COMET) to support the IRM. This digital transformation is critical to the success of the IRM. Increased integration in WFP’s systems will improve business delivery and support data-driven decision-making.

22. On the basis of the prototyping in 2016, the Resource Management Integration and Support office, country offices and functional leads identified the detailed requirements for design of the IT system solution and the critical links to governance, resourcing, grant management, programming, expenditure certification, annual and CPB closures, reporting, system integration and RACI matrix mapping (Responsible, Accountable, Consulted and Informed).[10] Testing of the IT system design solution began in the fourth quarter of 2016.

23. The IT system solution design will continue to be tested in the first two months of 2017 and will “go-live” to support the pilot country offices from March 2017. Based on the feedback from the pilot and testing, the IT systems solution will be refined and then rolled out to all country offices for implementation on 1 January 2018.

24. Investments in 2017 include IT development costs for configuring the WINGS-SAP system in accordance with the new financial framework and related processes. This will leverage the existing investment in IT systems to ensure that significant value is derived from the integration of systems – WINGS, Logistic Execution Support System (LESS) and COMET.

25. COMET will be updated to capture the new results chain and improve the interface with WINGS so that programmatic and financial performance data are fully aligned.

26. The 2017 investment includes USD 1.3 million for development of a budget-planning tool and online portal. The latter is significant in terms of maximizing transparency and giving Member States access to operational and budgetary information from country operation management plans (COMPs), expenditure information and delivery of outputs, and to ad hoc reports. The portal is expected to be functional by the second quarter of 2018.

27. The development work involves engagement with external companies such as CapGemini and KPMG. These are non-recurring investments except for licence fees for the next-generation reporting system and portal, which will be subsumed in the future PSA budget.

28. Table 4 provides an indicative breakdown of the proposed USD 8.35 million investment in IT. The critical corporate initiative will focus on funding this element of the incremental budget.

TABLE 4: PROPOSED INVESTMENT FOR INFORMATION TECHNOLOGY SOLUTION FOR THE IMPLEMENTATION OF THE INTEGRATED ROAD MAP *(USD million)*	
WINGS	5.65
COMET	1.40
Budget planning tool	0.90
Portal development	0.40
TOTAL	**8.35**

iv) Field Support

29. Investments in field support cover the cost of capacity augmentation at the regional bureaux and country offices: this primarily involves supporting temporary staffing surges for national zero hunger strategic reviews, the formulation of CSPs and the results chain, implementation of the new financial framework and training of staff in CPB preparation, especially programme officers responsible for managing activities.

30. The costs of training workshops and related travel are accounted for in this investment with a view to ensuring: i) that the regional bureaux leading implementation of the IRM have the capacity to support country offices; and ii) that country offices will have the capacities to implement the new way of working introduced through the IRM. These are non-recurring investments; staff surge capacity will end when implementation is complete.

[10] Draft update on the Financial Framework; informal consultation 25 July 2016.

v) Other Headquarters Investments

31. Other investments related to the IRM are capacity augmentation costs for functional areas at Headquarters to provide support to country offices, develop normative guidance and update processes.

32. This includes an investment of USD 800,000 for the Human Resources Division (HR) to support learning and capacity development in IRM processes, support the functional areas in creating tailored learning programmes and implement a learning strategy. HR will use its current PSA resources to support country offices in introducing workforce planning processes and aligning the workforce and structures to implement the CSPs.

33. An amount of USD 1.27 million is budgeted for the Performance Management and Monitoring Division (RMP) for experts related to COMET, who will support both the roll-out of the CRF and the redesign of the COMET system. This augmented capacity will also support the improvement of corporate country portfolio reports and outcome and output reporting. A further USD 491,000 has been budgeted to augment the Secretariat's capacity to manage robust internal review processes for country strategic plans and interim country strategic plans. This amount also includes investments by the Partnership, Governance and Advocacy Department to support donor partners in preparing for and understanding the new financial framework.

Reprioritization of Existing Resources

34. In line with WFP's commitment to "living within our means", Headquarters departments and the regional bureaux reviewed ongoing and planned 2017 activities to: i) identify those that could support, or could be revised to support, the IRM; and ii) determine whether the activities could be closed to release resources. The review also considered freezing PSA posts and leaving staff vacancies unfilled in the near future to fund the IRM. The Secretariat also reviewed unused balances, for example from 2016 critical corporate initiatives, to determine whether allocations made in 2016 could be redeployed to the IRM. The result is that USD 22.2 million of internal funding and reprioritized PSA resources were found to fund the IRM in 2017.

35. The main principle of the prioritization exercise is predicated on the new model of conducting WFP's day-to-day business with the IRM at the core; this will require full utilization of existing resources. A major consideration of this exercise is that the changes will not affect WFP's ability to deliver timely assistance nor will they have impacts on WFP's operational capacity to respond to emergencies. WFP's optimal stewardship of the resources of donors and partners will continue.

36. The reprioritizations at Headquarters and of corporate training funds in particular will require a readjustment of work plans including by: i) delaying new initiatives for streamlining the responsiveness of some internal services; ii) slowing innovations in some business units; iii) reducing regional bureaux's oversight missions to country offices; and/or iv) combining oversight missions with IRM implementation missions, and focusing training on the IRM. Investments in the corporate Learning Management System (LMS) are being maintained so that corporate training can be continued; the LMS platform will be upgraded in 2017.

37. Table 5 shows how existing resources will be reprioritized in Headquarters, and the anticipated reprioritization of corporate resources to fund the IRM.

TABLE 5: REPRIORITIZED EXISTING RESOURCES TO SUPPORT THE INTEGRATED ROAD MAP *(USD million)*	
Reprioritization in Headquarters	
Office of the Executive Director	1.05
Operations Services Department	1.11
Partnership, Governance and Advocacy Department	0.55
Resource Management Department	2.64
Corporate reprioritization	16.86
TOTAL	**22.21**

38. Corporate reprioritization comprises a number of actions under management's authority. These include planned savings in PSA funds through staff vacancies (USD 2 million), cost excellence savings (USD 1.5 million), utilizing balances from existing allocations and corporate funding balances (USD 6.8 million) and the surplus balance of the termination indemnity fund (USD 4.5 million). The termination indemnity fund to cover future terminations was approved in the Management Plan (2014–2016).[11] It is resourced by the inclusion of 0.75 percent in the standard staff cost rate. This amount funds the cost of terminations and eliminates the need for non-recurring allocations for the purpose. Since its establishment in 2014, cautious use of the termination indemnity fund has resulted in a surplus in the account. The Secretariat proposes to utilize USD 4.5 million of the surplus balance for implementation of the IRM.

Cost Excellence: USD 3.3 million

39. The Cost Excellence initiative was launched in 2014 to reduce costs and improve efficiency, while investing in strategic priorities. The emphasis in 2017 is on improving processes, particularly those with a high volume of transactions, that have the potential to provide significant financial savings and enable field offices to focus on more significant, value-added work in functional areas such as finance, management services, human resources, IT and supply chain. This will require a financial investment of USD 3.3 million to continue planned work and to generate cashable savings of up to USD 6.2 million in 2017.

Finance: USD 0.49 million

40. The Finance and Treasury Division will continue the roll-out of the corporate applications, Invoice Tracking System and Bank Communication Manager, focusing on country offices with higher transactional volumes or volatile security situations. This will be complemented with a revision of local standard operating procedures to exploit the potential offered by these tools; implementing paperless and standardized process work-flows, recording of on-line transaction processing, data validation and approval, and, ultimately, electronic archiving of suppliers' documents. The related processes will be transformed to achieve higher standards of productivity and enable their "virtualization". To implement this, the Finance and Treasury Division will pilot the Global Payment Factory to deliver invoice processing and payment services transparently to selected offices, with the ultimate objectives of relieving field staff from transactional burden, responding better to the scale-up of operations and emergencies, and achieving further efficiency and economies of scale.

Management Services (Travel): USD 0.70 million

41. In 2017, a user-friendly platform will be introduced to improve travel planning and requisitioning. This will encourage self-service and will capture travel requirements in a systematic manner to enable the consolidation of travel arrangements where possible. The platform will also support improved integration with the United Nations Department of Safety and Security (UNDSS) Travel Request Information Processing (TRIP) system and implementation of a pilot Preferred Hotel Programme. Additional initiatives include the roll-out of a Global Corporate Travel Management

[11] WFP/EB.2/2013/5-A/1.

agreement, providing travel data and analytics to improve travel management. Policy changes aimed at reducing travel-associated costs will also be implemented. Process improvements in the areas of light vehicles and asset management will also be pursued throughout 2017.

Human Resources: USD 1.00 million

42. Efforts will focus on four transaction-heavy areas: contracts; global services; information systems and reporting; and talent acquisition. Opportunities for achieving efficiency and effectiveness gains have been identified in six work streams: i) optimizing transfer and entitlements management; ii) integrating self-service management of fixed-term modalities; iii) streamlining lifecycle management of short-term modalities; iv) optimizing information systems and reporting; v) optimizing talent sourcing and contracting; and vi) reviewing human resource policies.

Information Technology: USD 0.53 million

43. Existing information technology standards constrain the Information Technology Division's ability to respond quickly to evolving business needs, including improved data management capabilities to support data-driven decision-making. In 2017, the division will carry out studies on strategic sourcing, the Fast Information Technology and Telecommunications Emergency Support Team (FITTEST), IT architecture and radio communications to identify process optimization opportunities and new capabilities in the management framework.

Supply Chain: USD 0.33 million

44. The Supply Chain Division is launching an end-to-end assessment and re-engineering of corporate supply chain processes to optimize and standardize the integrated delivery of supply chain services to WFP's programmes, national governments, humanitarian and development partners. The objective is to design a business process that is conducive to the most cost-efficient, reliable, agile and highest-quality supply chain services. The 2017 review will be conducted taking into account strategic priorities and shifts in the supply chain, with a focus on streamlining and eliminating non-value-adding activities in transaction-oriented processes and improving linkages and collaboration throughout the global supply chain network.

Change Management support: USD 0.25 million

45. In 2017, the Innovation and Change Management Division will continue to guide the Cost Excellence initiative with a central team to manage and oversee the project and offer support to each functional area's move from strategy to implementation of improved processes to deliver sustained results. In addition to supporting each function, the Innovation and Change Management Division will coordinate any cross-functional initiatives, guarantee alignment and identify potential opportunities in knowledge- and service-sharing with other United Nations agencies, and outsourcing opportunities.

Evaluation: USD 1.5 million

46. The Secretariat proposes an allocation of USD 1.5 million from the PSA Equalization Account to the Office of Evaluation to increase centralized evaluation coverage towards the norms set in the Evaluation Policy (2016–2021). In 2017 one strategic evaluation and two country portfolio evaluations will begin as part of WFP's plan to ensure adequate and systematic evaluation coverage of all of its work. The funds will increase capacity in the field for effective engagement in evaluation capacity development with regional and national partners and networks.

Preparedness Activities: USD 0.5 million

47. The Secretariat proposes an allocation of USD 500,000 from the PSA Equalization Account to the Emergency Preparedness and Support Response Division to augment its operational readiness and its ability to trigger early responses. Deliverables in 2017 will include enhanced emergency planning and operations management through exploitation of geospatial technologies and production of maps and remote sensing analysis; and the creation of a knowledge management platform for national capacity strengthening to provide technical support to partners and governments.

Section II: Corporate Services Financing

48. The corporate services financing mechanism adopted in 2014 enables WFP to support business units through: i) the Global Vehicle Leasing Programme (GVLP); ii) the Capital Budgeting Facility (CBF); and iii) fee-for-service activities. The ceiling for this mechanism stands at the USD 82 million set in the Management Plan (2016–2018) and the Management Plan (2017–2019).

49. Following the finalization of the Management Plan (2017–2019), the GVLP repaid part of the start-up funds that it had received. There is no expectation that it will require further advances in 2017, and the GVLP envelope could therefore be reduced.

50. The Secretariat will maintain the approved ceiling of USD 82 million for the corporate services financing mechanism, reducing the 2017 envelope for the GVLP by USD 7 million and increasing the CBF by a corresponding amount; fee-for-service activities will be unchanged. This adjustment will maximize the impact of the corporate services financing mechanism. The proposed ceilings are shown in Table 6.

TABLE 6: CORPORATE SERVICES FINANCING MECHANISM IN 2017 ***(USD million)***

	Advance financing ceiling in Management Plan (2017–2019)	**Revised advance financing ceiling**
GVLP	22	15
CBF	40	47
Fee-for-service activities	20	20
TOTAL	**82**	**82**

Acronyms Used in the Document

CBF	Capital Budgeting Facility
COMET	country office tool for managing effectively
CPB	country portfolio budget
CRF	Corporate Results Framework
CSP	country strategic plan
FFR	Financial Framework Review
GVLP	Global Vehicle Leasing Programme
HR	Human Resources Division
IRM	Integrated Road Map
ISC	indirect support costs
IT	information technology
LMS	Learning Management System
PSA	Programme Support and Administrative (budget)
WINGS	WFP Information Network and Global System