

WFP Executive Board: Management Plan 2015 - 2017

2nd Informal Consultation
9 July 2014



World Food Programme

Agenda

- 1. Management Plan Timeline**
- 2. Management Plan 2015-2017: Strategic & Financial Context**
- 3. Management Plan 2015-2017: Directions of Change**
- 4. Operational Requirements and Provisional Prioritisation Plan**
- 5. Proposed Programme Support & Administration (PSA) approach and budget**
- 6. Financial Management Initiatives**

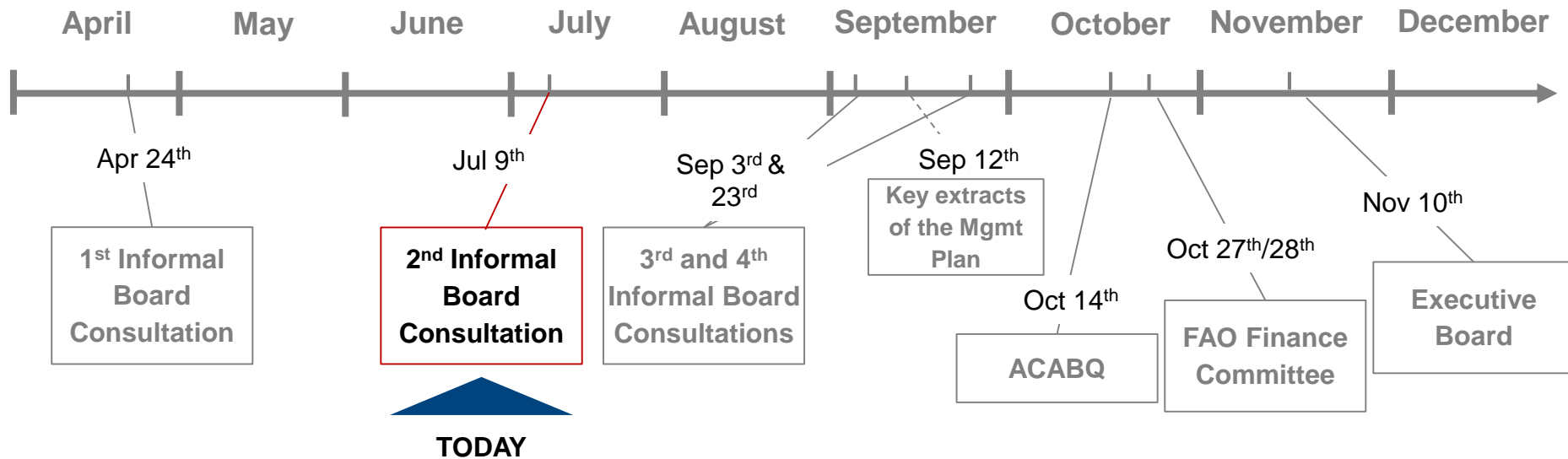
1. Management Plan timeline

1.1 Key dates for Management Plan 2015-17

Objective

Present for approval the 2015-17 Management Plan for the Second Regular Session of the Executive Board

Timeline



2. Management Plan 2015-2017: Strategic & Financial Context

2.1 Management Plan is a key element of WFP's Performance Management System

Performance Framework guides financial planning:

- **Strategic Plan** sets the **overall context for WFP's interventions**
- **Strategic Results Framework (SRF)** guides the **Provisional Prioritisation Plan**
- **Management Results Framework (MRF)** guides the **PSA resource planning**

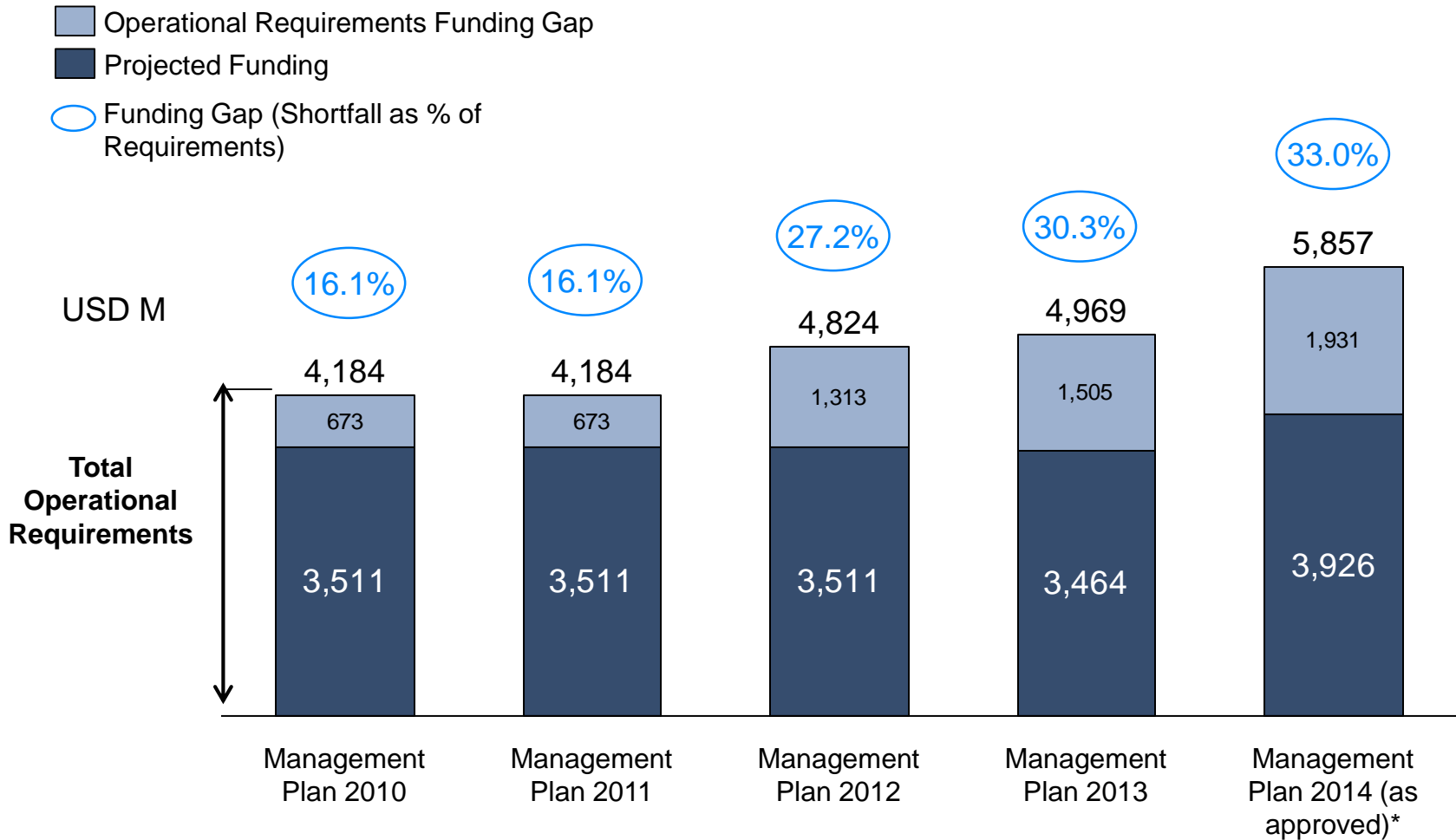
Resource allocation for implementation of activities is guided by funding expectations and donor limitations

Strategic and Management Results and expenditures are monitored and reported annually, with lessons learned during implementation to influence the succeeding Management Plan

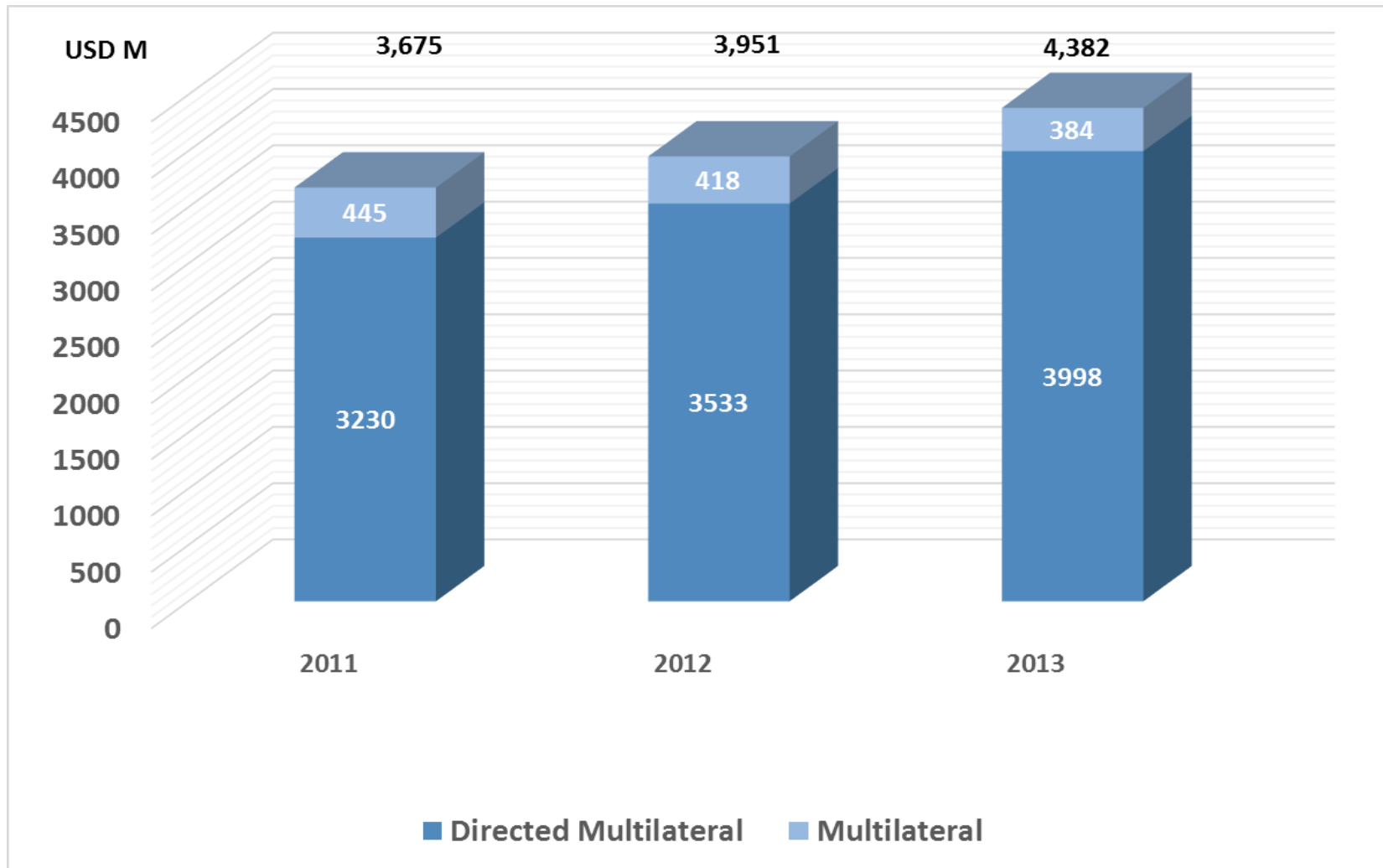
Value for Money guides the organisation approach to resource allocation budgeting

Evolving corporate approach to Value for Money continually being integrated into the Management Plan and overall performance management systems

2.2 Recall: Financial Context – Operational Requirements



2.3 Recall: Financial Context – Funding 2011-2013



2011 – 2013 figures from actual contributions per year based on APR. They do not reflect confirmed contributions for future years.

2.4 Recall: Financial Context – PSA and PSAEA

USD M	Management Plan 2011	Management Plan 2012	Management Plan 2013	Management Plan 2014 (projection)
PSA Expenditure Authorised / Planned	238.0	249.1	249.1	281.8 ¹
Non-recurring PSA Allocation	12.95	22.2	20	9.2
ISC Income Earned / Projected	251	255	284	281.8 ²
Actual/estimated year end PSAEA balance	114.4	102.8	121.3	112.1
PSAEA target level (4 months)	79.3	83.0	83.0	93.9

¹ Includes technical adjustment for Private Sector ² latest estimate based on income forecast of USD 4.35 billion

3. Management Plan 2015-2017: Directions of Change

3.1 For the 2015-2017 MP, key information provided in 1st week of July 2014

Issue	Response
The 'Gap'	Additional Section on ' <i>Provisional Prioritisation Plan</i> '
PSA Budget	Zero Nominal Growth (ZNG) in 2015 "Living within our means"
PSA Strategic Reallocation	Institutionalized Investment Cases
Field Focus	Continuing shift in resources (including headcount) from HQ to the field
Security Costs	Included in Standard Staff Costs
Trust Funds	<u>Country-specific Trust Funds</u> to be included with ' <i>Provisional Prioritisation Plan</i> ' <u>Corporate Trust Funds</u> to included with Programme Support PSA

3.2 Directions of Change in response to Executive Board feedback

Moving focus from Requirements and the resultant ‘Gap’, to Prioritised Plan based on donor funding projections:

- Requirements - based on assessed needs, within the scope of the Strategic Plan and organisational capacity
- Funding projections and limitations
- Provisional Prioritisation Plan articulates planning based on funding projection

Programme and Administrative support, focuses on “Living within our Means”:

- Accelerate the shift in PSA funding to the demands of fit for purpose priorities
- Fund new investments from savings within the 2014 envelope, mainstreaming support to priorities (e.g Cash & Vouchers, Gender, Learning & Development)
- Prioritisation of investments based on Value for Money and performance criteria, while safeguarding oversight activities

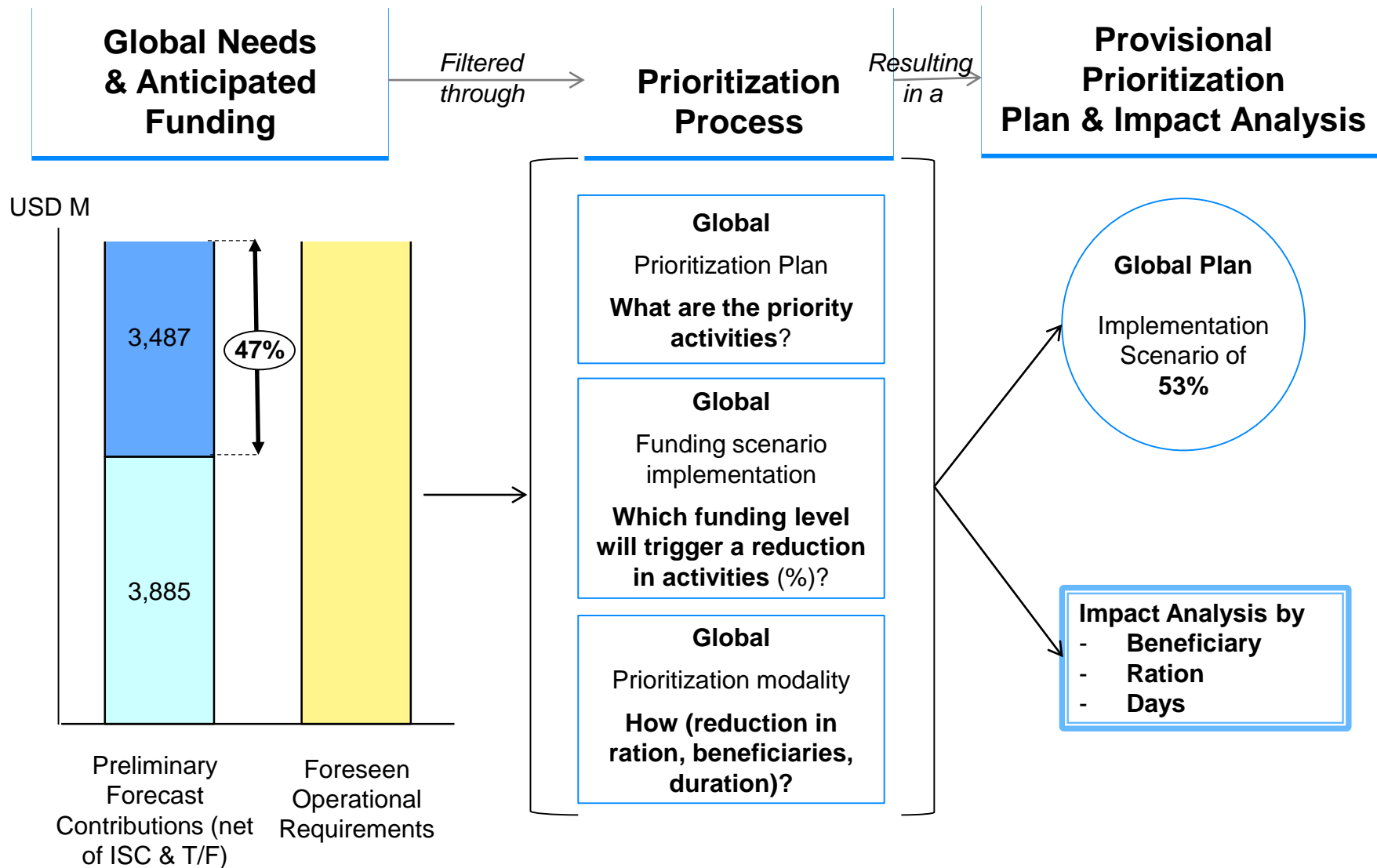
4. Operational Requirements and Provisional Prioritization Plan

4.1 Approach to the compilation of Operational Requirements

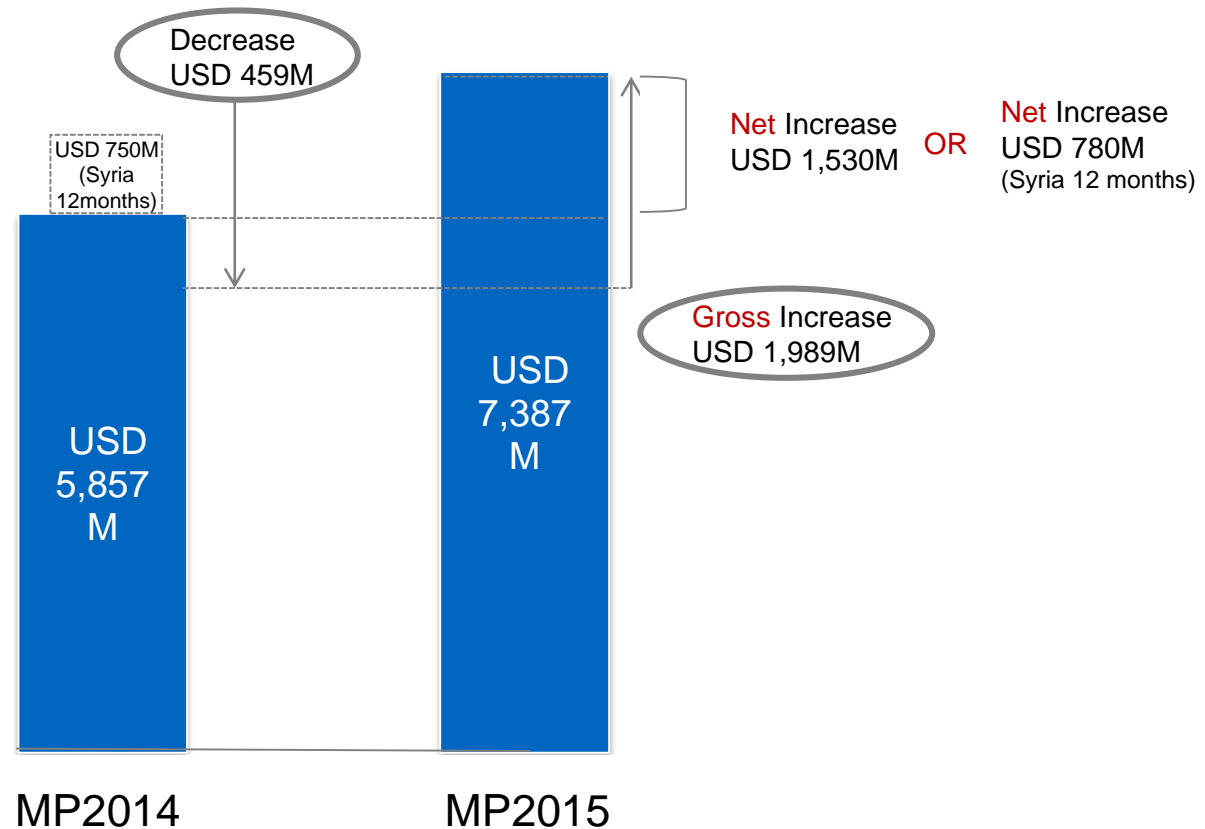
Operational Requirements Identification

- Based on WFP Strategic Plan & organizational capacity
- Bottom-up approach: Needs identified at CO level in consultation with partners
 - Needs by Strategic Objective, Activity, Project Type
- Review/challenge process at RB and HQ level of needs:
 - Parameters to establish requirements
 - WFP capacity to implement needs

4.2 Operational activities, prioritized by anticipated donor funding/limitations, provide Provisional Prioritization Plan



4.3 MP 2015 overall changes in operational requirements



Net increase of USD 1,530M compared to MP2014 or USD 780M (considering 12 months of Syria response in 2014)

4.4 MP 2014 vs. MP 2015 by Regional Bureaux

Regional Bureau	MP 2014 projected operational requirements (USD M)		MP 2015 projected operational requirements (USD M)	
	Others	Syria-related and South Sudan	Others	Syria-related and South Sudan
OMC	838	780	869	1,756
OMN	1,313	374	1,391	948
OMD	1,009		1,096	
OMJ	722		537	
OMB	697		680	
OMP	125		120	
TOTAL	4,704	1,154	4,693	2,704
	5,857		7,398	

No increase in overall requirements if Syria-related and South Sudan operational requirements are excluded

4.5 Overview: 10 Largest Programmes in 2015

No.	Recipient country	(USD M)	
1	Syria-related	1,756	<p>WFP's 10 largest programmes account for 71% of 2015 total operational requirements</p>
2	South Sudan	948	
3	Ethiopia	528	
4	Sudan	403	
5	Somalia	374	
6	Niger	359	
7	Kenya	287	
8	Yemen	234	
9	Afghanistan	183	
10	DR Congo	161	
Total of 10 Largest		5,234	71%
Others		2,153	29%
Grand Total		7,387	100%

WFP's 10 largest programmes account for 71% of 2015 total operational requirements

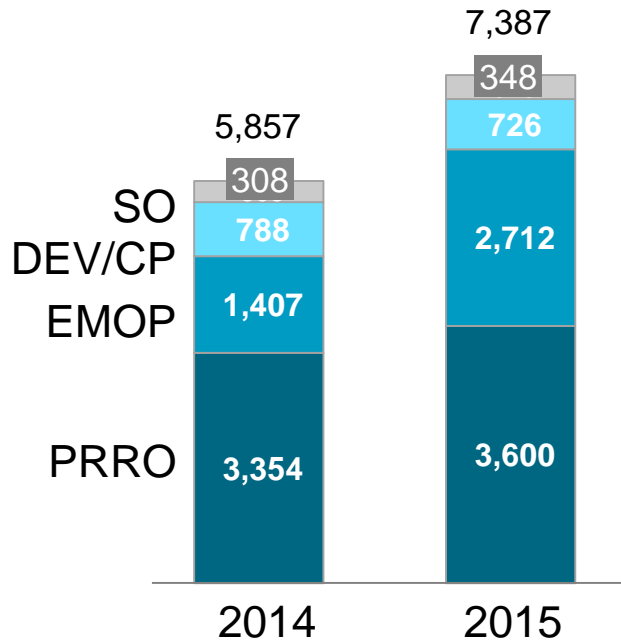
71%

29%

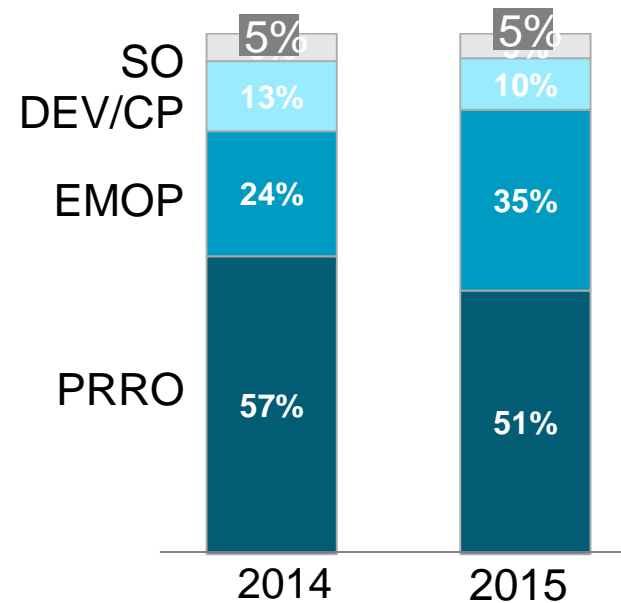
100%

4.6 MP 2014 and MP 2015 by Programme Category

Requirements by Programme Category (USD M)



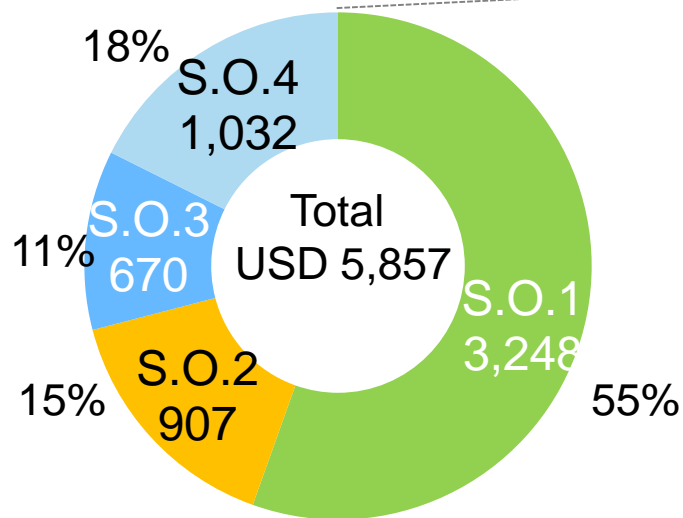
Requirements by Programme Category (% of total)



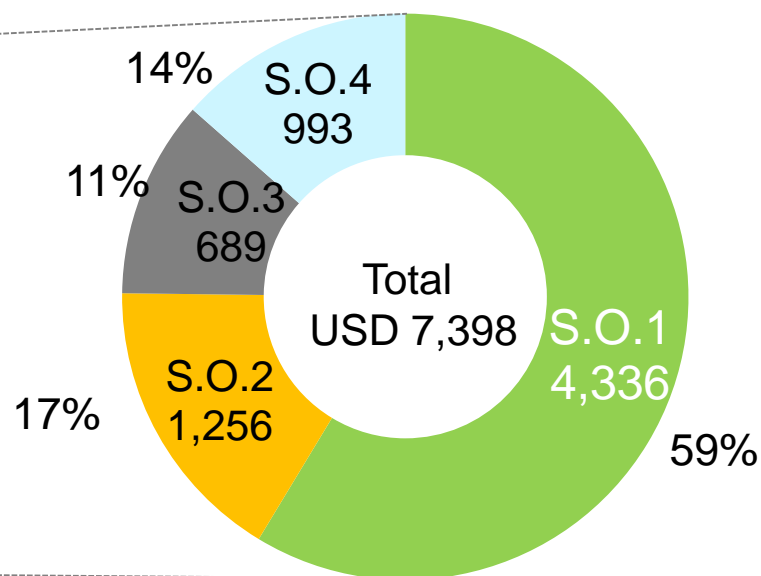
- Small decrease in development but large increase in EMOPs – expected to reach USD 2,712M
- Direct beneficiaries expected to increase from 76 m to 80 m

4.7 MP 2014 and MP 2015 by Strategic Objective (with Syria and South Sudan)

MP 2014 - (USD M)



MP 2015 - (USD M)



In 2015, the proportion of SO1 and SO2 will increase while SO4 is expected to decrease

4.8 Funding Forecast and Provisional Prioritization Plan

- Projected operational requirements of USD 7,400 M in 2015
- Preliminary funding projection of USD 4,400 M (incl. ISC)
- Funding a Provisional Prioritization Plan of USD 3,900 M (excl. ISC) for projects (excl. Trust Fund)
- Resulting in a gap of USD 3,500 M, representing 47% of operational requirements
- Increase accounted for by the large needs (USD 2,700 M) of Syria-related and South Sudan projects

Projected requirements and funding levels subject to evolving, dynamic operational context (i.e. Iraq)

5. Programme Support & Administration (PSA) Approach and Budget

5.1 Recall: 2015 Management Plan PSA built around key principles, focused on ‘Living within our Means’

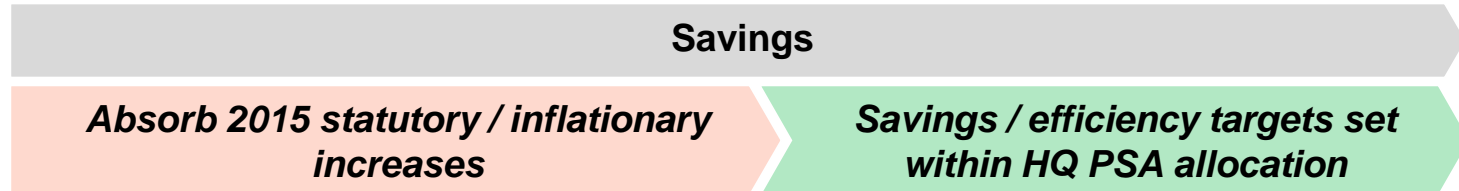
Budget Envelope

- Maintain **7% Indirect Support Cost (ISC)** rate
- Ensure target level of **PSAEA at 4 months level**
- **Zero-nominal growth** (absorption of any statutory / inflationary cost increase)
- Funding forecast to remain at 2013 & 2014 levels (USD 4.3B – USD 4.4B)

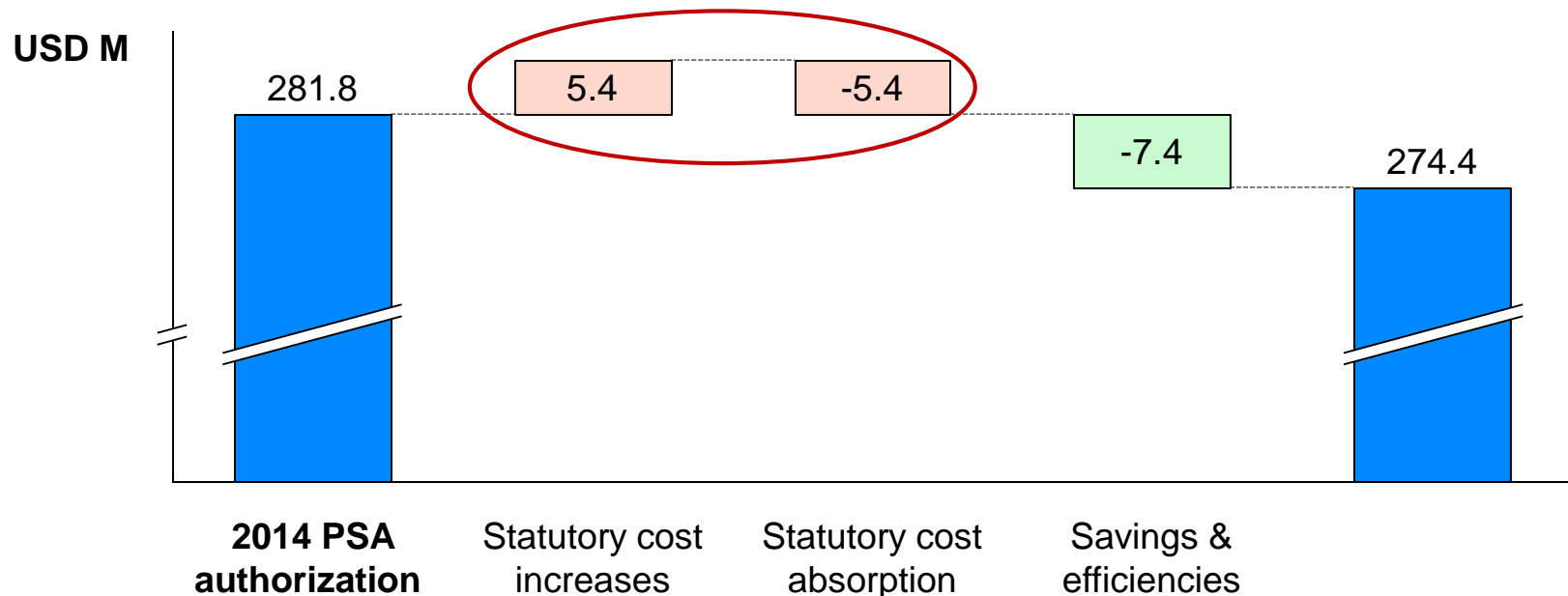
Resource Allocation

- Increased **emphasis on savings / efficiency** to make space for **strategic reallocation** and **critical corporate initiatives**
- **Business Case** and **Investment Case** templates used to:
 - Evaluate **Value for Money** benefits
 - Strengthen the **linkage to performance / Management Results Framework**
- **Thematic view of budget submissions** to encourage more strategic budgeting

5.2 Statutory cost increases absorbed and savings identified within HQ PSA – with field and oversight functions protected



- Staff cost increases (including UNDSS costs)
- Central Appropriations
- Euro exchange rate & inflation adjustments
- Savings / efficiencies identified via HQ departmental budget targets
- RB and CO exempted ('Fit for Purpose')
- Also limited impact to oversight functions and Partnership & Governance Services



5.3 Changes to the use of the General Fund Security Costs and the Use of Interest Income for 2015

Security Costs

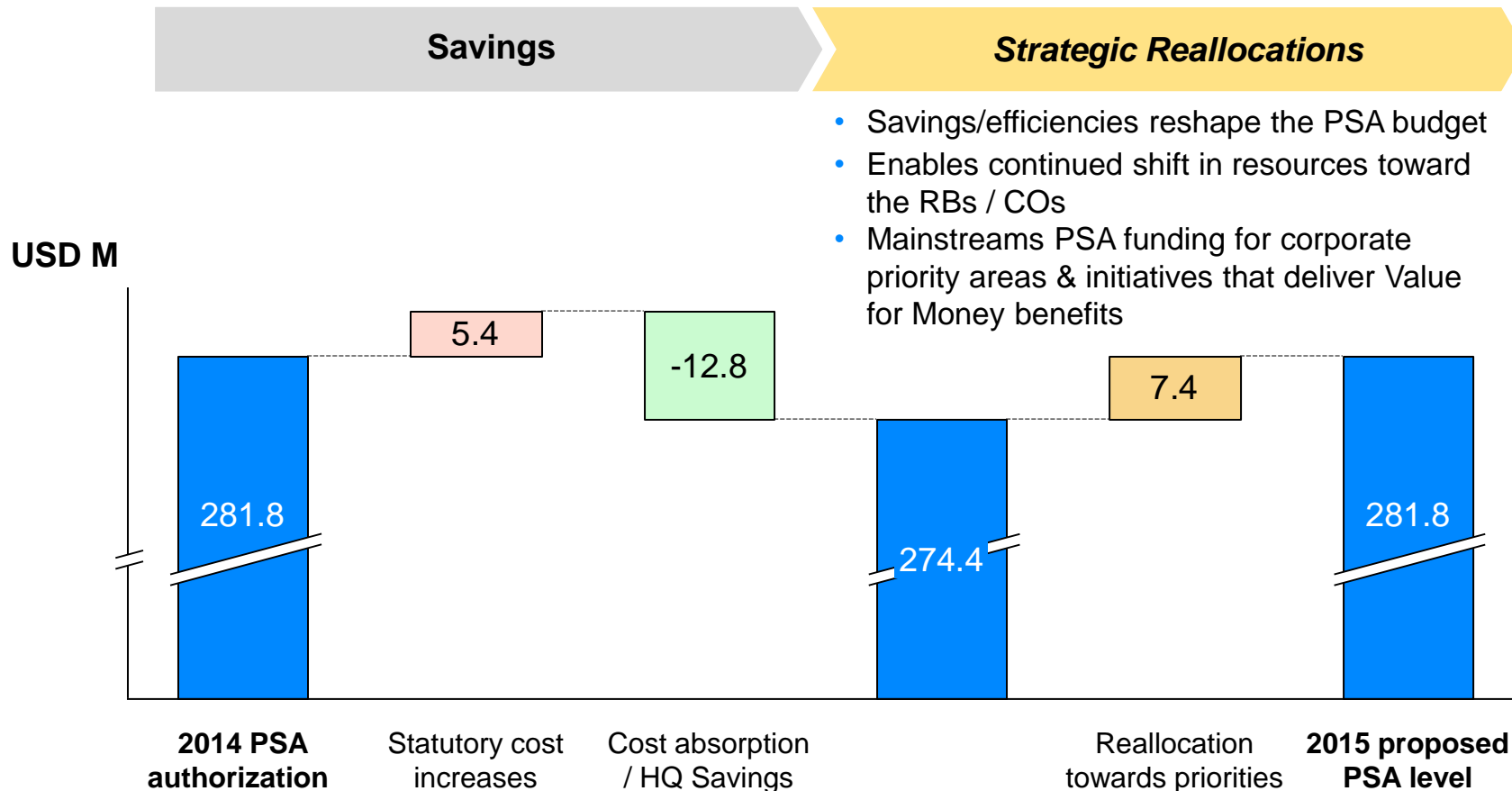
(UNDSS and WFP Security Emergency Fund)

- Security costs have been funded from either the General Fund or PSAEA since 2002
- Security Special Account set in 2013 for USD10 M from the General Fund for security costs which could not be funded by operations, especially in small country offices
- A more sustainable solution needed for funding security costs
- Proposed solution: to be incorporated into Standard Position Costs of all funded positions

Investment Costs

- FR 11.3 enables WFP to credit Interest Income from its investment and bank accounts to the General Fund.
- Costs directly related to the management of WFP investments (Approx. USD 850K), from 2015 will be charged against the Investment Income

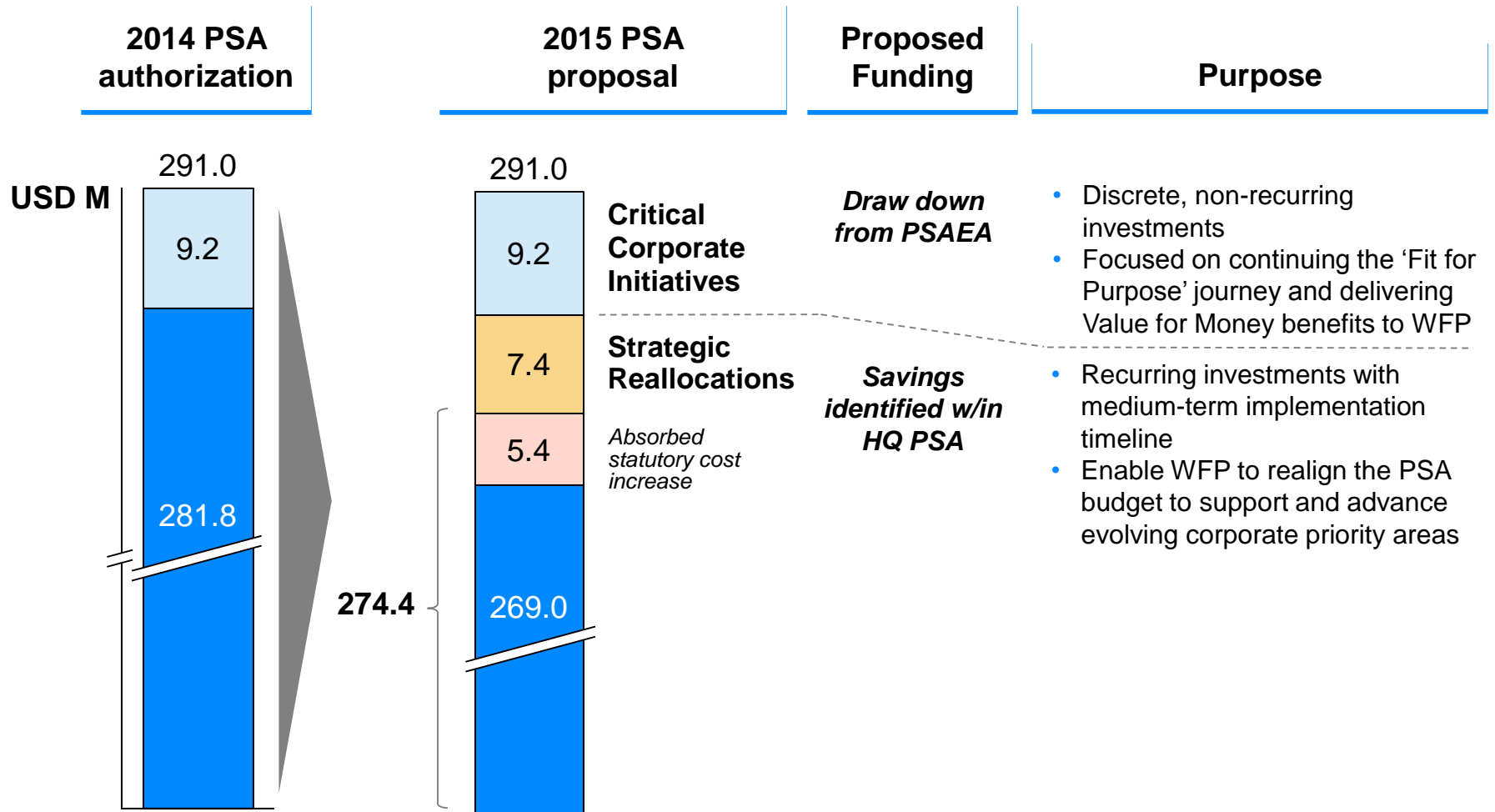
5.4 With space in ZNG PSA created by savings, proposing strategic reallocations to mainstream evolving corp. priorities



- Savings/efficiencies reshape the PSA budget
- Enables continued shift in resources toward the RBs / COs
- Mainstreams PSA funding for corporate priority areas & initiatives that deliver Value for Money benefits

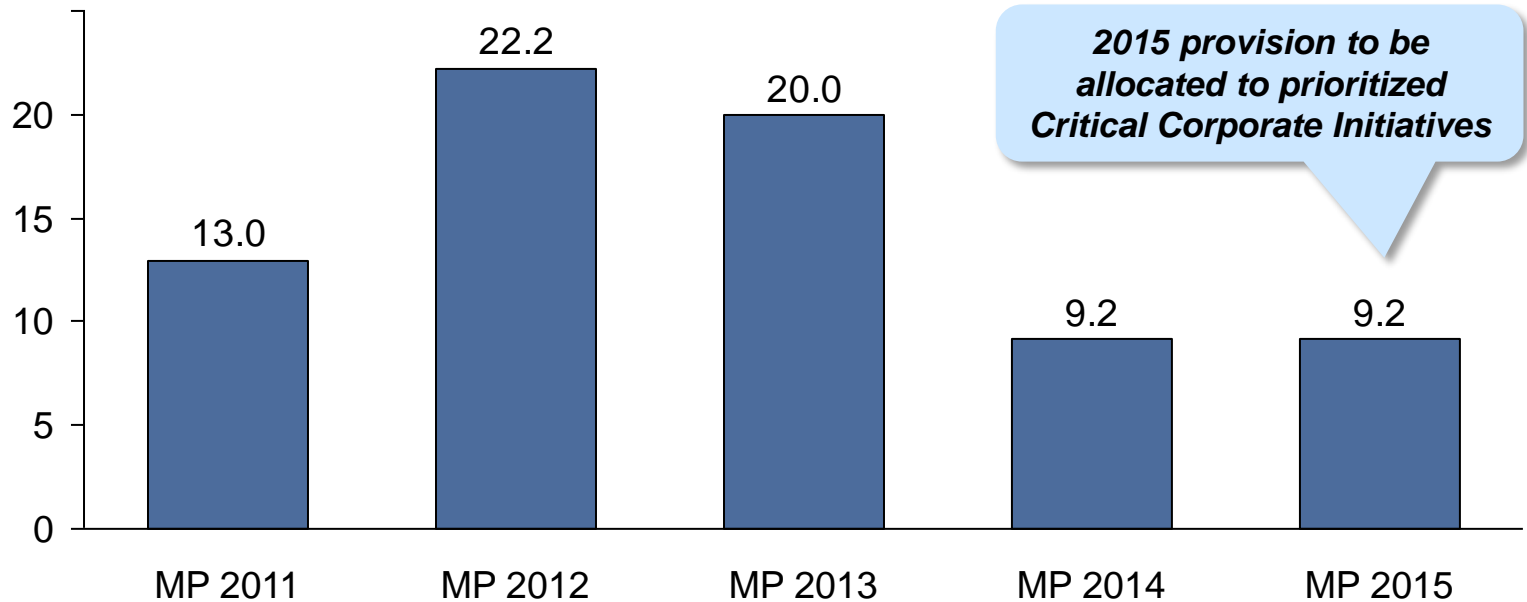
Prioritised areas include: Cash & Vouchers, Emergency Preparedness, Gender, Learning & Skills Development, Monitoring & Results, Nutrition Support and Partnership

5.5 In addition to Strategic Reallocations within ZNG PSA, also proposing funding for Critical Corp. Initiatives



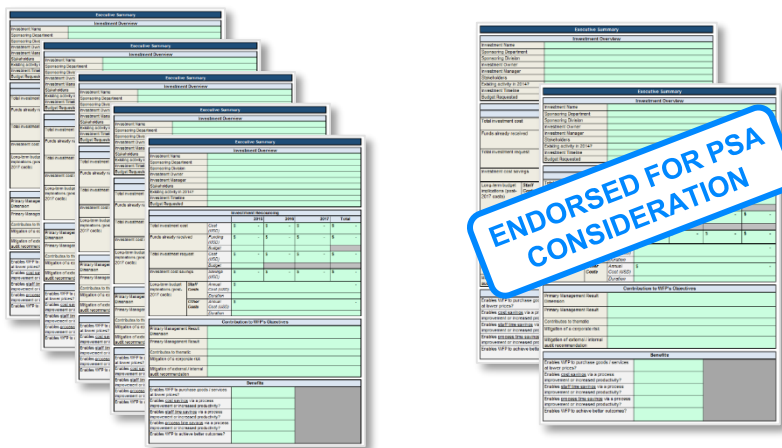
5.6 Proposed funding for Critical Corporate Initiatives is limited to 2014 level and ensures target PSAEA balance maintained

Non-recurring PSA allocation in USD M



Actual/ estimated year end PSAEA balance	114.4	102.8	121.3	112.1	102.9
PSAEA target level (4 months)	79.3	83.0	83.0	93.9	93.9

5.7 New process defined to prioritize and allocate resources, including Value for Money & performance monitoring review



	Criteria	Evaluation
Departmental Endorsement	ASG Prioritisation	High Medium Low
Strategic Benefits	2015 Corporate Priority Areas	3 priority areas 2 priority areas 1 priority areas
	Contribution to MR	Yes – contributes to MR No contribution to MR
	Mitigation of Corporate Risk	Yes – mitigates corp risk No corp risk mitigated
Value for Money Benefits	Economy / efficiency cost savings	3 yr savings > 3 yr cost 3 yr savings < 3 yr cost No cost savings
	Efficiency time savings	Yes – efficiency time savings No efficiency time savings
	Effectiveness improvement	3 outcome improvements 2 outcome improvements 1 outcome improvement No outcome improvements

Critical Corporate Initiatives

Item	Item-Overall Score	Proj. #	Proj. Val.	Strategic Value	Contribution to MR	Value for Money
1	100	1	100	100	100	100
2	95	2	95	95	95	95
3	90	3	90	90	90	90
4	85	4	85	85	85	85
5	80	5	80	80	80	80
6	75	6	75	75	75	75
7	70	7	70	70	70	70
8	65	8	65	65	65	65
9	60	9	60	60	60	60
10	55	10	55	55	55	55
11	50	11	50	50	50	50
12	45	12	45	45	45	45
13	40	13	40	40	40	40
14	35	14	35	35	35	35
15	30	15	30	30	30	30
16	25	16	25	25	25	25
17	20	17	20	20	20	20
18	15	18	15	15	15	15
19	10	19	10	10	10	10
20	5	20	5	5	5	5

Strategic Reallocation

Item	Item-Overall Score	Proj. #	Proj. Val.	Strategic Value	Contribution to MR	Value for Money
1	100	1	100	100	100	100
2	95	2	95	95	95	95
3	90	3	90	90	90	90
4	85	4	85	85	85	85
5	80	5	80	80	80	80
6	75	6	75	75	75	75
7	70	7	70	70	70	70
8	65	8	65	65	65	65
9	60	9	60	60	60	60
10	55	10	55	55	55	55
11	50	11	50	50	50	50
12	45	12	45	45	45	45
13	40	13	40	40	40	40
14	35	14	35	35	35	35
15	30	15	30	30	30	30
16	25	16	25	25	25	25
17	20	17	20	20	20	20
18	15	18	15	15	15	15
19	10	19	10	10	10	10
20	5	20	5	5	5	5

5.8 All activities proposed for Strategic Reallocation or Critical Corp. Initiative PSA funding subject to detailed review

Divisions completed detailed Investment Case template for each proposed activity

Executive Summary					
Investment Overview					
Investment Name					
Sponsoring Department					
Sponsoring Division					
Investment Owner					
Investment Manager					
Stakeholders					
Existing activity in 2014/7					
Investment Timeline					
Budget Requested					
Investment Resourcing					
		2015	2016	2017	Total
Total investment cost	Cost (USD)	\$ -	\$ -	\$ -	\$ -
Funds already received	Funding (USD)	\$ -	\$ -	\$ -	\$ -
		Budget			
Total investment request	Cost (USD)	\$ -	\$ -	\$ -	\$ -
		Budget			
Investment cost savings	Savings (USD)	\$ -	\$ -	\$ -	\$ -
Long-term budget implications (post-2017 costs)	Staff Costs	Annual Cost (USD)	\$ -		
		Duration			
	Other Costs	Annual Cost (USD)	\$ -		
		Duration			
Contribution to WFP's Objectives					
Primary Management Result Dimension					
Primary Management Result					
Contributes to thematic					
Mitigation of a corporate risk					
Mitigation of external / internal audit recommendation					
Benefits					
Enables WFP to purchase goods / services at lower prices?					
Enables cost savings via a process improvement or increased productivity?					
Enables staff time savings via a process improvement or increased productivity?					
Enables process time savings via a process improvement or increased productivity?					
Enables WFP to achieve better outcomes?					

Overall strategic importance for WFP

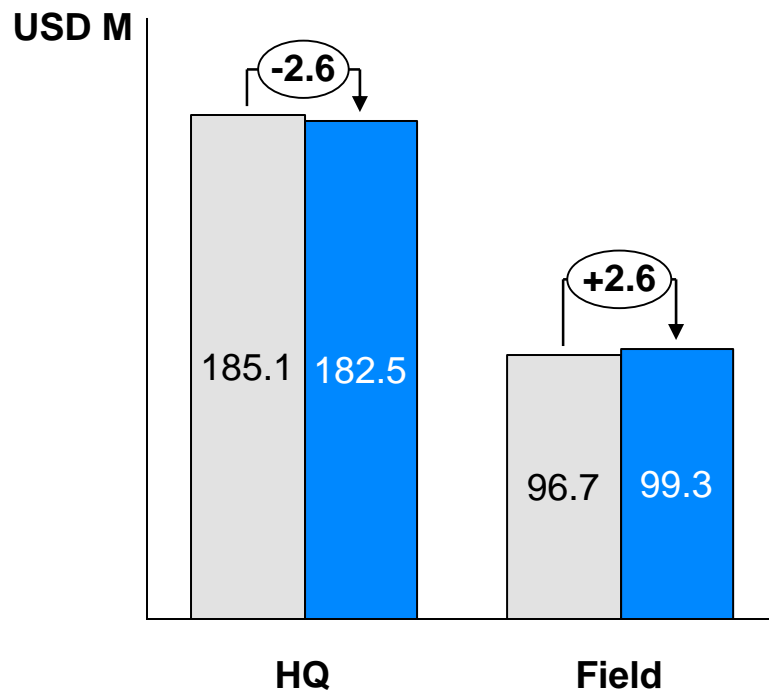
Linkage to Management Results Framework

Definition of Value for Money Benefits

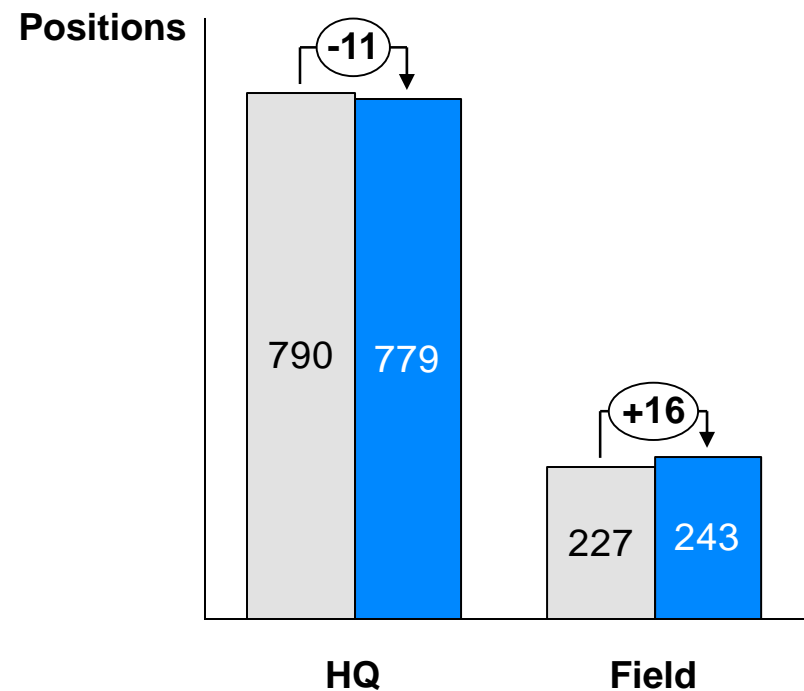
Performance Monitoring with clear KPIs and targets

5.9 In accordance with 'Fit for Purpose', proposed 2015 PSA budget continues shift of resources to the field

Proposed PSA Budget (USD M)



Proposed PSA Positions



2014 2015

6. Financial Management Initiatives

6.1 Overview of financial management initiatives

Commitments	Considerations / current status
<p>Capital Budgeting Facility</p>	<ul style="list-style-type: none"> • Capital budget facility created in Management Plan 2014 • Secretariat committed to meeting requests for annual updates • To remain within USD 70M total for 'corporate services' approved by the EB in June 2014 • Logistics Execution Support System (LESS) will continue in 2015; rollouts planned for Pakistan and Afghanistan by year end
<p>Financial Framework Review</p>	<ul style="list-style-type: none"> • To be continued in 2015-2016 <ul style="list-style-type: none"> ✓ Component 2: Improving flexibility by reviewing and refining WFP's funds management structure; ✓ Component 3: Improving accountability through development of cost benchmarking framework and tool kit.
<p>Working Capital Financing Facility</p>	<ul style="list-style-type: none"> • Implementation of decisions taken at EB.A/2014 will proceed in 2014; • Reporting on WFP's experience on implementation will be done at Annual Session of Executive Board 2015
<p>ISC Rate Review</p>	<ul style="list-style-type: none"> • November 2014: Paper for Consideration to be presented to the Executive Board <ul style="list-style-type: none"> ✓ Formalise conclusions of informal consultation on May 7th ✓ Address issue of incentivizing resource mobilization through differentiated ISC rates

Thank you!