

# **WFP Executive Board**

## **2013–2015 Management Plan**

### **2<sup>nd</sup> Informal Consultation**

**Friday, 27 July 2012**  
**10:00 -12:00**



**World Food Programme**

[wfp.org](http://wfp.org)

# Key Dates

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## Objective

**Present the 2013—2015 Management Plan during the Second Session of the Executive Board for approval**

- Informal Board Consultations:
  - July 6<sup>th</sup>
  - July 27<sup>th</sup>
  - September 5<sup>th</sup>
- Management Plan released to Executive Board (September)
- ACABQ/FAO Finance Committee (October/November)
- Board Approval (November 13<sup>th</sup>)

# Agenda

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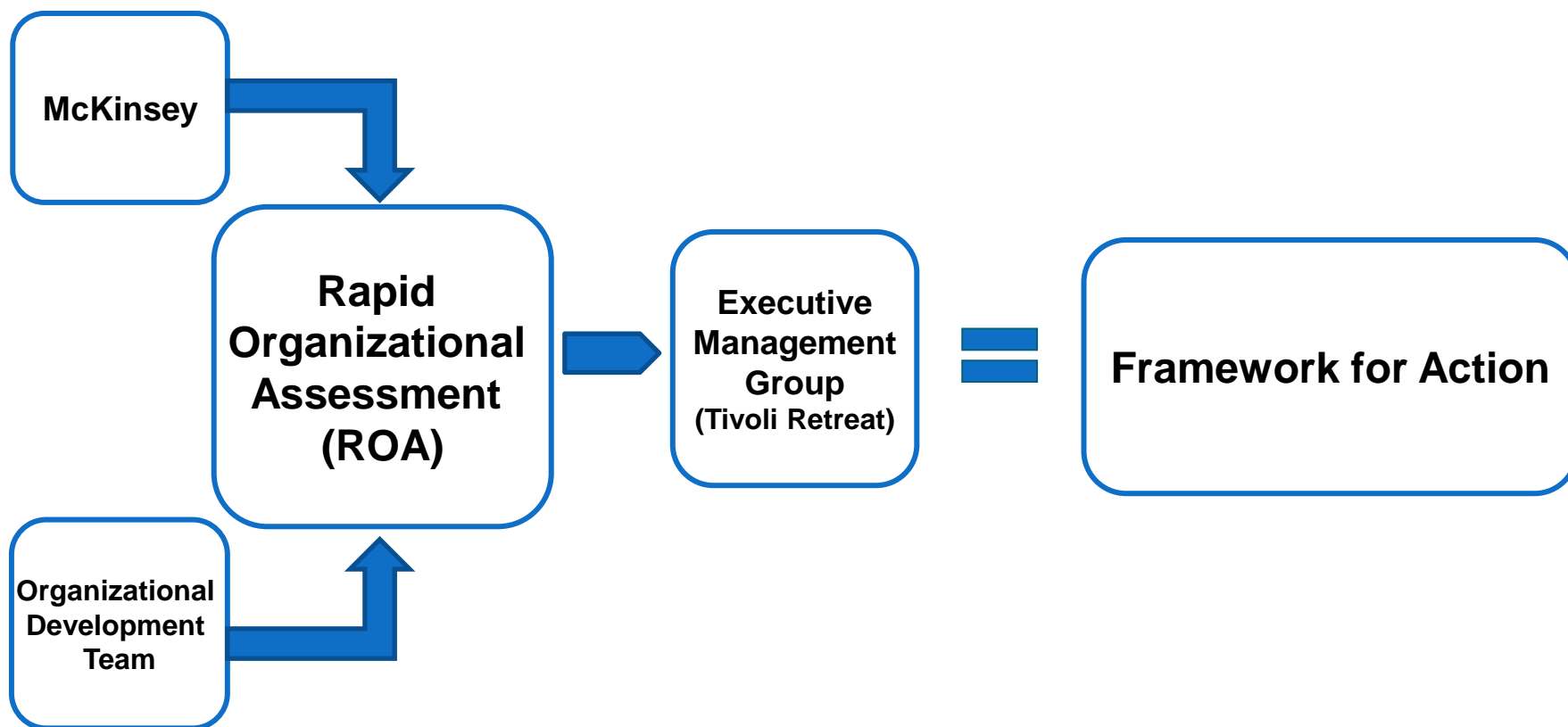
1. Strengthening WFP – Framework for Action
2. Organizational Design and Realignment – Fit for Purpose
3. Questions & Answers
4. Update on PSA exercise
5. Overview of Trust Funds and Special Accounts
6. 1<sup>st</sup> Informal Consultation Follow-up
7. Questions & Answers

# 1. Strengthening WFP – Framework for Action

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# Strengthening WFP - A Framework for Action

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# Framework for Action

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## 2. Organizational Design and Realignment – Fit for Purpose

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# Organizational design a key theme in Framework for Action

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## *Theme Two: Organizational Design*

“WFP must realign its organizational design around its strategic priorities thereby focusing efforts on the field to ensure more effective implementation of the Strategic Plan.”



# Overview of ODR process

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- **Reviewed corporate functions**
- **Consultative sessions with WFP staff (HQ and field)**
- **Intensive process culminated in the drafting of the ODR Report**
- **Presentation today previews the organizational design**
- **Paper on final organizational design to be provided next week**
- **Organizational design will provide key input into Management Plan**

# Four overarching principles

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- 1. Beneficiaries at the centre**
- 2. Empowered Country Offices as “centre of gravity” of WFP**
- 3. Strengthened Regional Bureaux to provide management supervision and support to Country Offices**
- 4. Unity of Purpose, strong corporate identity**

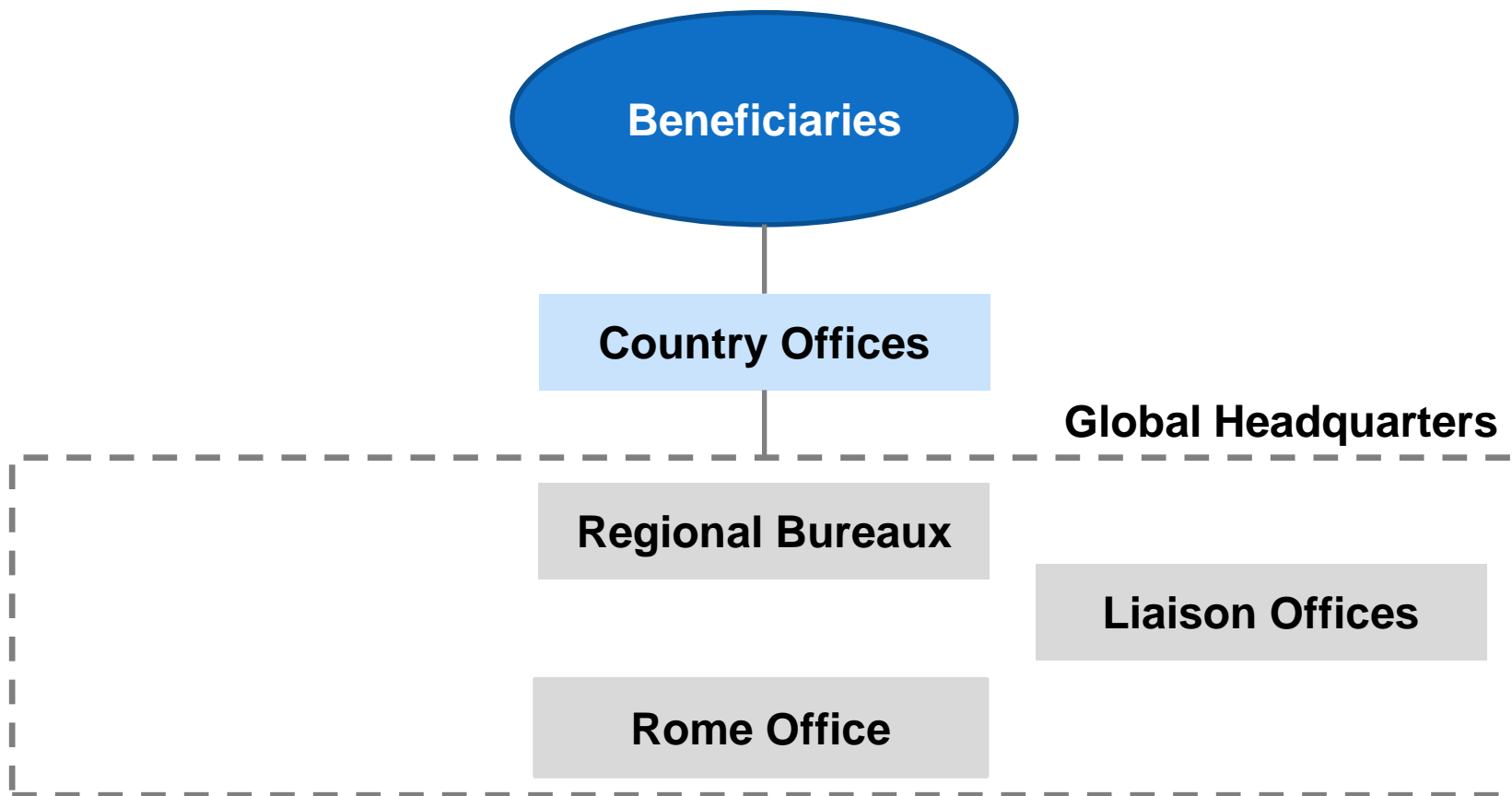
# More specifically...

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- **Place decision making authority as close as possible to point of implementation (subsidiarity) – empower Country Offices to design and manage implementation**
- **Default position to locate support services in Country Offices where appropriate and affordable, or at the Regional Bureaux**
- **Services agreed as “corporate” should be HQ-managed**
- **Seek cost-effectiveness at all points**
- **Clear single line of accountability**
- **At HQ level, functional expertise to be consolidated within one functional area**

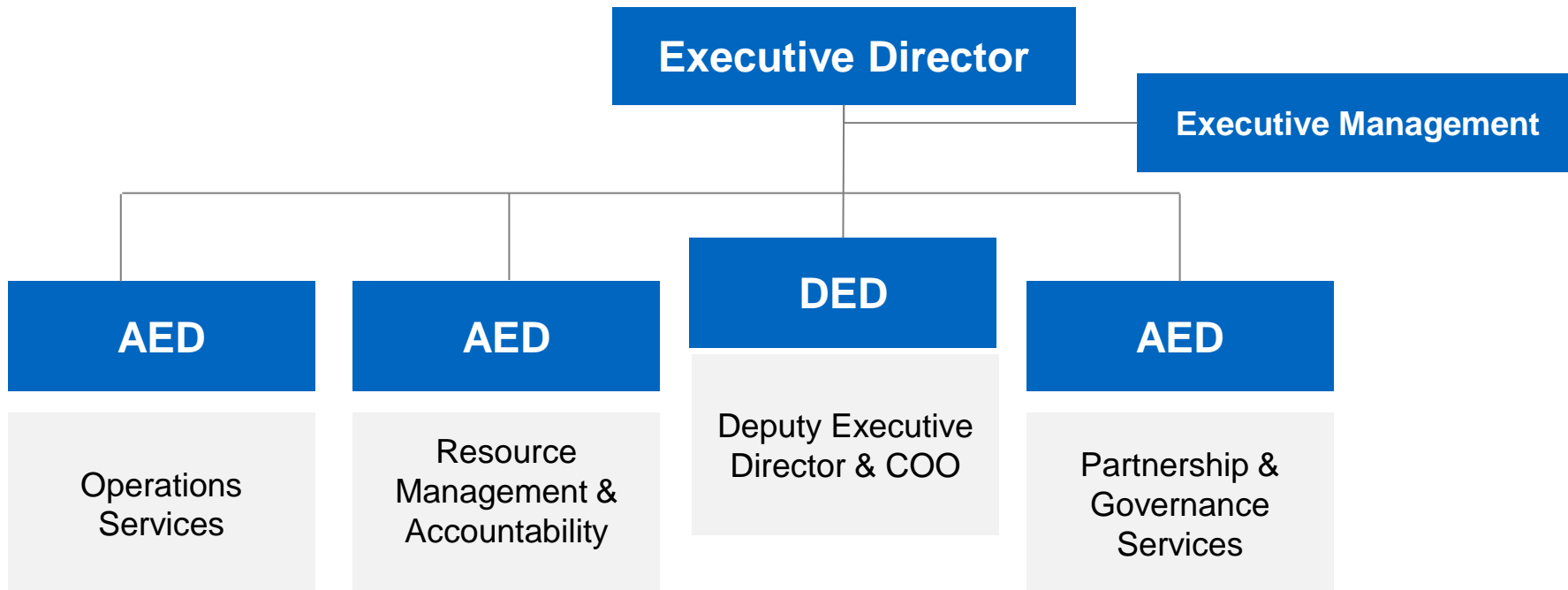
# Overall architecture of organization

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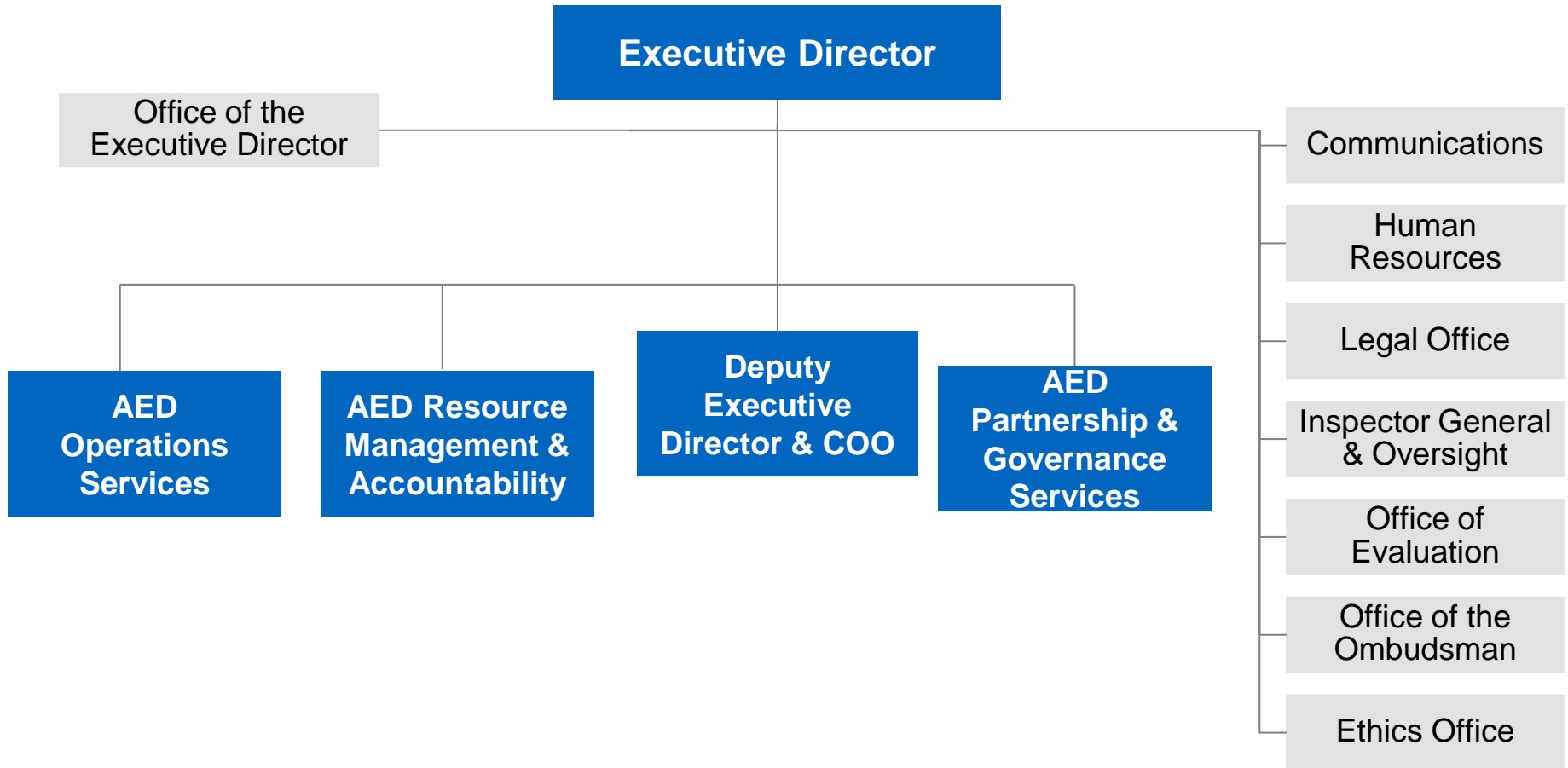
# Overall architecture of organization

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# Executive Management

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# Deputy Executive Director & Chief Operating Officer

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**Deputy Executive Director  
& Chief Operating Officer**

**Field Security**

**Bangkok RB**

**Cairo RB**

**Dakar RB**

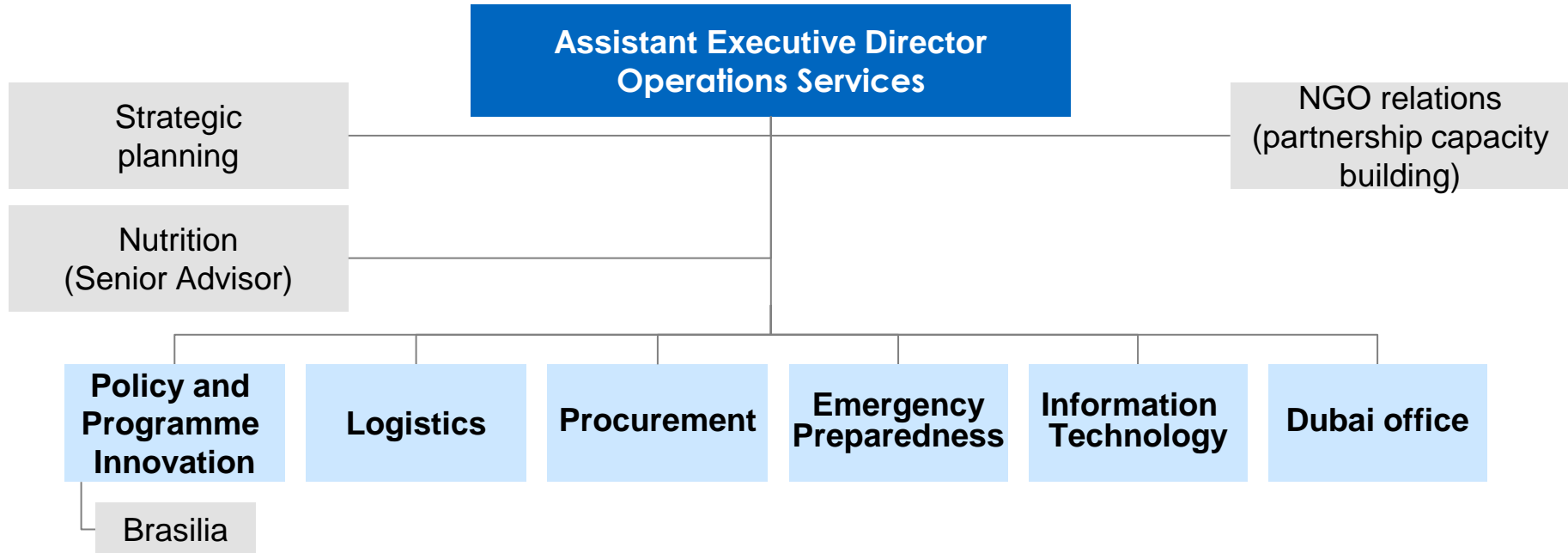
**Johannesburg  
RB**

**Nairobi RB**

**Panama RB**

# Operations Services

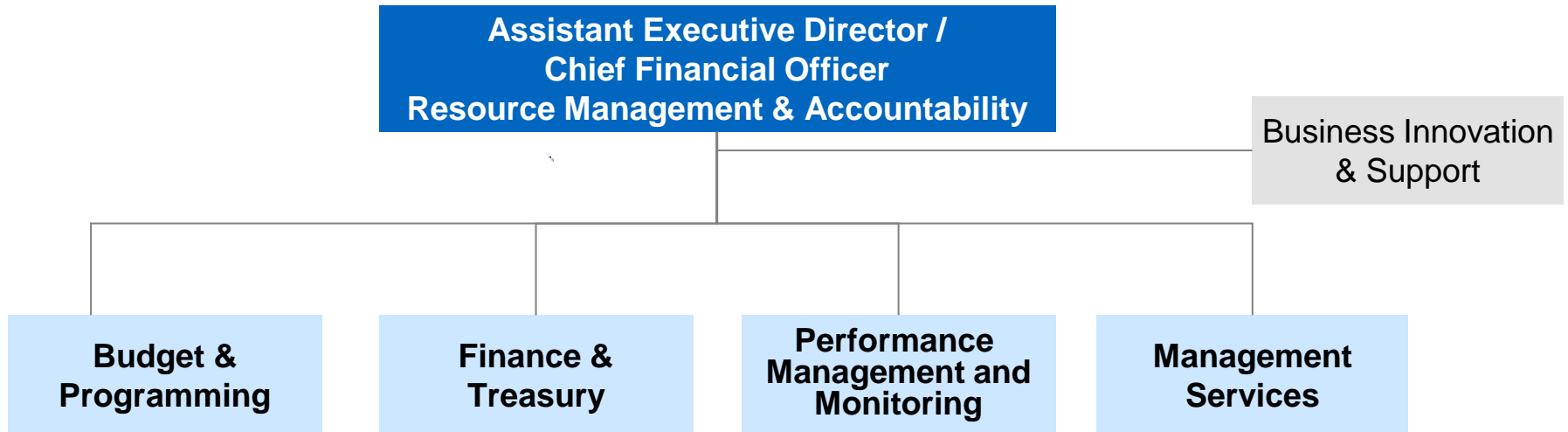
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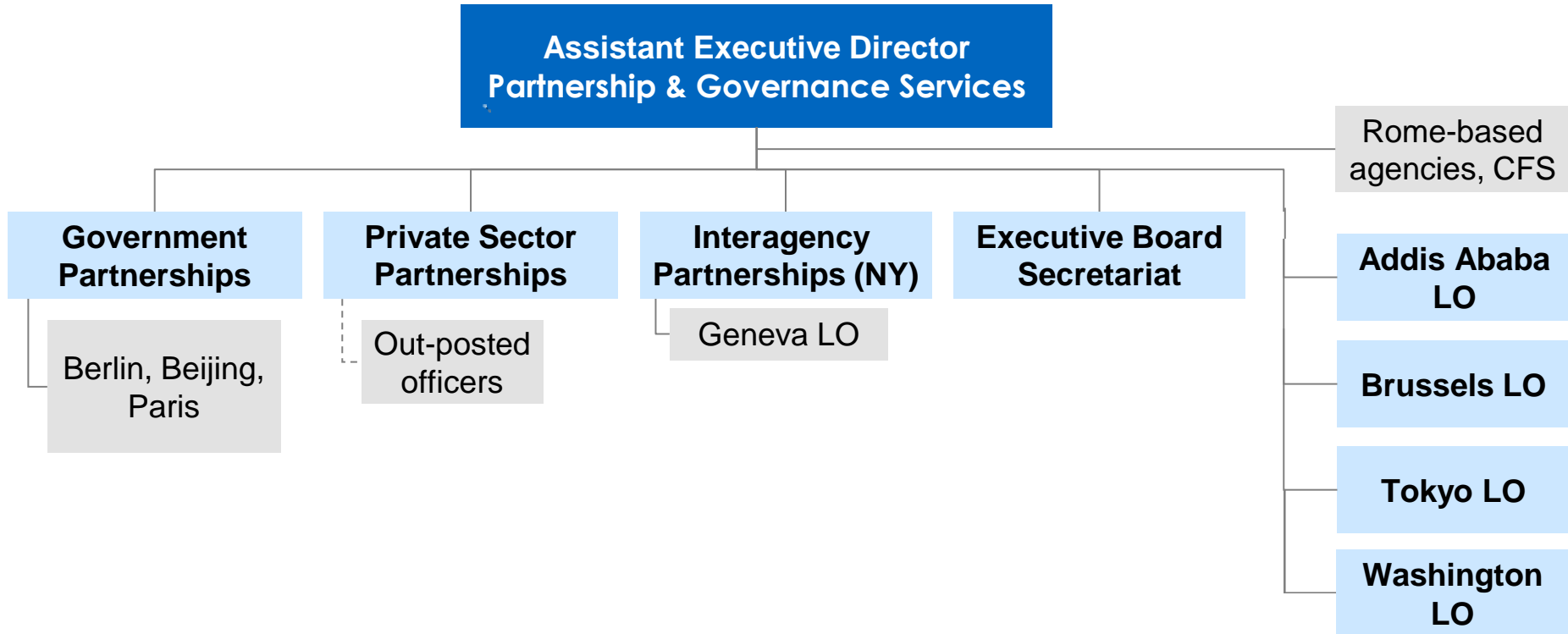
# Resource Management & Accountability

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# Partnership & Governance Services

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# Key Dates

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- **Paper on organizational design (next week)**
- **Change Management plan (September 10<sup>th</sup>)**
- **2013-2015 Management Plan presented to the Board for approval (November 13<sup>th</sup>)**
- **Global Management Meeting (December)**
- **Phased implementation (Launched February 1<sup>st</sup>, 2013)**

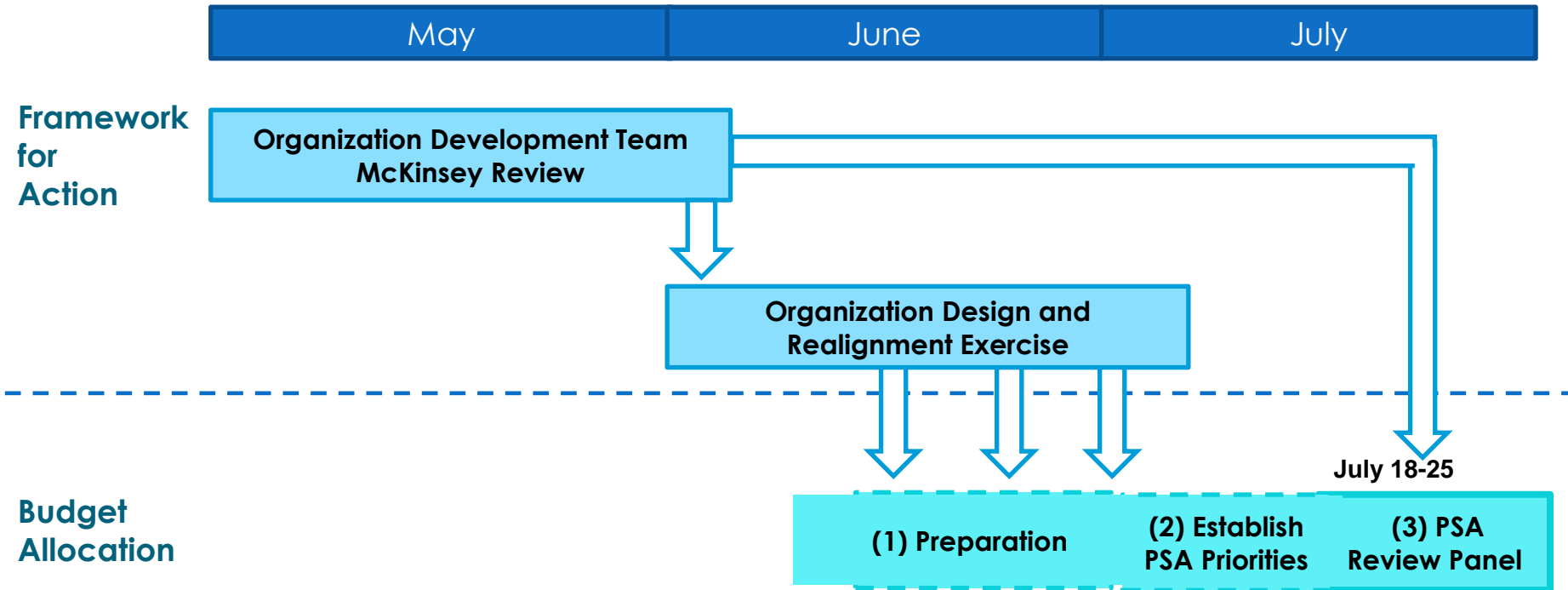
## 3. Questions and Answers

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## 4. Update on PSA exercise

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# Aligning the 2013 Budget Exercise with the Framework for Action



Clear linkages between the ROA, ODT and budget allocations will ensure the proposed PSA budget reflects WFP's operational capacity demands and management strategy.

# 2013 Budget Exercise (Stage 2) PSA Priorities

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Identified  
during EB  
Discussions

- **Gender**
- **Monitoring and Reporting**
- **Evaluation**

Additional  
priorities  
identified in  
Framework  
for Action

- **Country offices at the centre**
- **Regional Bureaux primary platform for managing, overseeing and supporting country offices**

**Status: Confirmed**

# 2013 Budget Exercise

## (Stage 3) PSA Review Panel

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### Objective

**Facilitate a clear, transparent process for prioritizing WFP's support activities**

- A cross-section of WFP management: HQ; Regional Bureaux; and Country Offices
- Presentation of budget submissions by Division Directors
- Reviewed and prioritized activities by Management Results Dimensions (MRDs) to form the basis for PSA allocation decisions
- Final recommendations to the Executive Director will support alignment of PSA and corporate trust funds to the organization design principles and MRDs

**Status: Panel Review completed July 25<sup>th</sup>**

**Report being finalized for Executive Director's consideration**



## 5. Overview of Trust Funds and Special Accounts

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# Overview of Trust Funds & Special Accounts

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## Country-Specific Trust Funds

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- Provide complementary resources for WFP in line with country operations
- Funded by one or more donors and/or host governments and managed by Country Offices
- Budgetary process linked to operational exercise

## Corporate Trust Funds

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- Contribute to institutional capacity development activities not covered by the approved PSA budget
- Majority of corporate trust fund resources are allocated to the field
- Budgetary process linked to PSA exercise to provide a comprehensive review of all available resources

## Special Accounts

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- Enable WFP to provide non-profit business services
- Established for special contributions or specific cost-recovery activities
- Normally established for programme-wide or corporate purposes

# ISC Rate for Trust Funds and Special Accounts

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## Trust Funds

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ISC rate depends on the degree of involvement of Regional Bureaux / Headquarters

- **7 percent ISC** applied when the activity relies on the services of a Regional Bureau or Headquarters
- **4 percent ISC** applied when the activity is planned, executed and managed in-country

## Special Accounts

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ISC rate depends on the source of funds

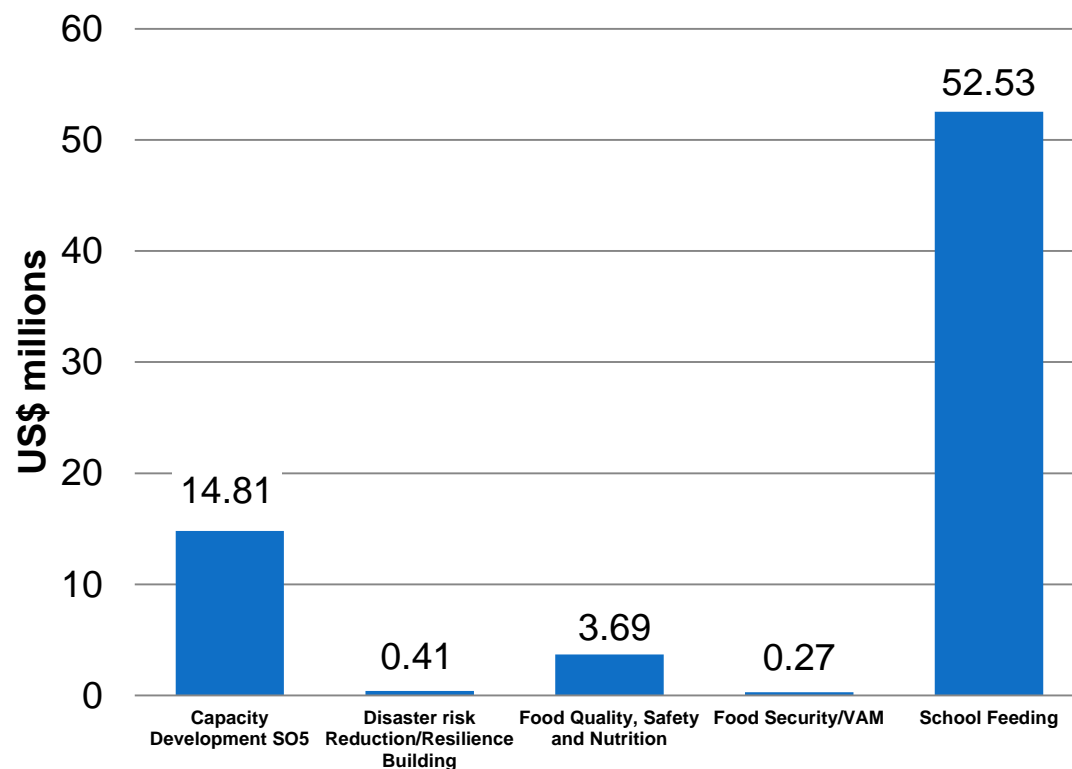
- **No ISC** is levied if an account is created from funds already within WFP (e.g. an allocation from the General Fund)
- **7 percent ISC** applied if donor funds are sought for a Special Account

# 2013 Country Specific Trust Funds

Forecasted resources total US\$71.71 million

## Forecasted resources by thematic area

RBx	Forecasted Resources US\$m	%
ODP	66.02	92%
ODB	2.58	4%
ODN	1.70	2%
ODJ	0.70	1%
ODD	0.51	1%
ODC	0.20	0%
<b>Total</b>	<b>71.71</b>	<b>100%</b>



# 2013 Corporate Trust Funds

Initial requirements total US\$161.64 million\*

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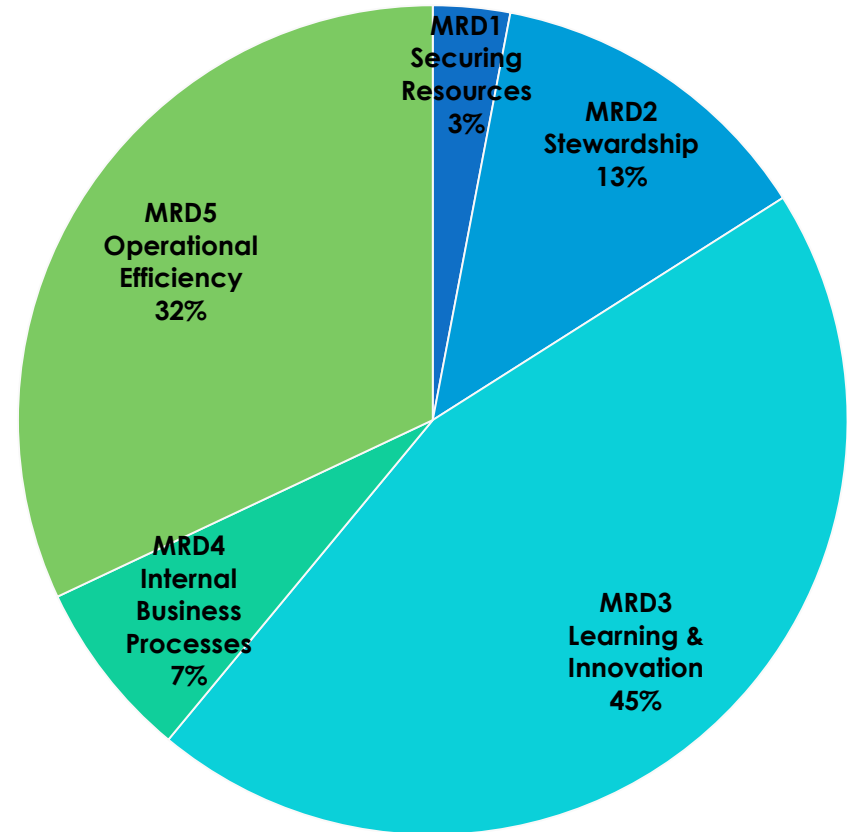
Thematic Area	Total Initial Requirements*	
	USD million	%
P4P	27.20	17%
Capacity Development	26.92	17%
Food Quality Safety And Nutrition	26.16	16%
Disaster Risk Red./Resilience Building	18.85	12%
Emergency Preparedness and Response	11.40	7%
LESS (Logistics Execution Support System)	9.75	6%
Cash and Voucher	9.54	6%
Food Security Analysis	6.74	4%
Gender	6.09	4%
Performance Management	4.42	3%
Other Thematic Areas	14.58	9%
<b>Total</b>	<b>161.64</b>	<b>100%</b>

\*Requirements submitted by organizational units. Under review by Panel.

# 2013 Corporate Trust Funds by Management Result Dimensions

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- 76% of Corporate Trust Fund Initial Requirements support:
  - MRD3: Learning and Innovation; and
  - MRD5: Operational Efficiency

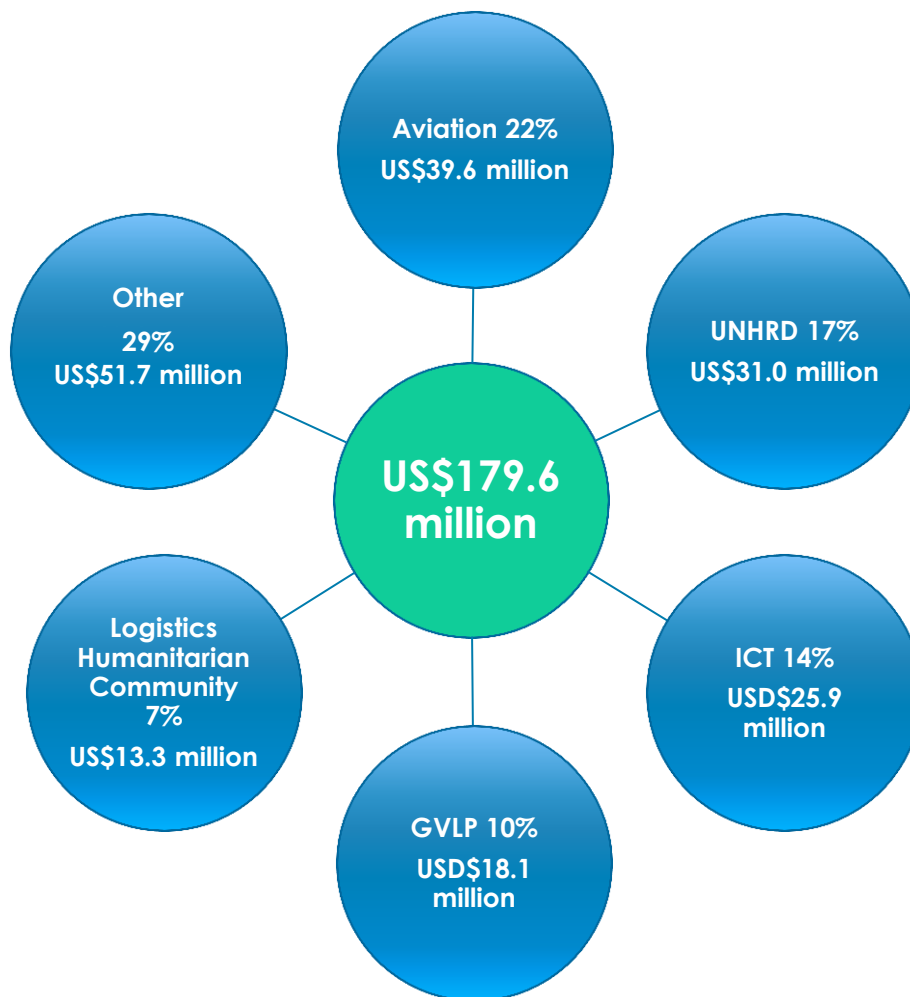


# Special Accounts\*

## US\$179.6 million in 2013 Forecasted Expenditures

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- The five largest Special Accounts make up more than 71% of the expected 2013 activity.



\*The Forward Purchase Facility Special Account is excluded as projected food purchases and associated costs are already embedded in the 2013 programme of work.

## 6. 1<sup>st</sup> Informal Consultation Follow-up

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# Questions raised following the 1st Informal Consultation

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## **Preliminary Projected Operational Requirements**

1. Why are SO1 and SO3 expected to decrease as a proportion of the overall 2013 programme of work?
2. Is the decline in 'Food and related direct operational costs' attributable to the increase in Cash and Vouchers or decline in the price index of cereals?
  - a. What is the impact on the volume of food for 2013?
3. What is the difference between Cash and Voucher Transfers and Cash and Vouchers and related direct operational costs?
4. Why is the 'Capacity Development & Augmentation' cost component expected to decrease from 2012 levels?

# Questions raised following the 1st Informal Consultation (continued)

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## **Programme Support & Administrative budget**

5. Clarification on Executive Director's authority 'to spend'

## **Indirect Support Cost Rate**

6. How are different ISC rates applied to the variety of trust funds and special accounts?

# 1. Why are SO1 and SO3 expected to decrease as a proportion of the overall 2013 programme of work?

Slide from July 6th

## Preliminary 2013 Projected Operational Requirements by Strategic Objective

### WFP Strategic Objectives

**SO1:** Save lives and protect livelihoods in emergencies

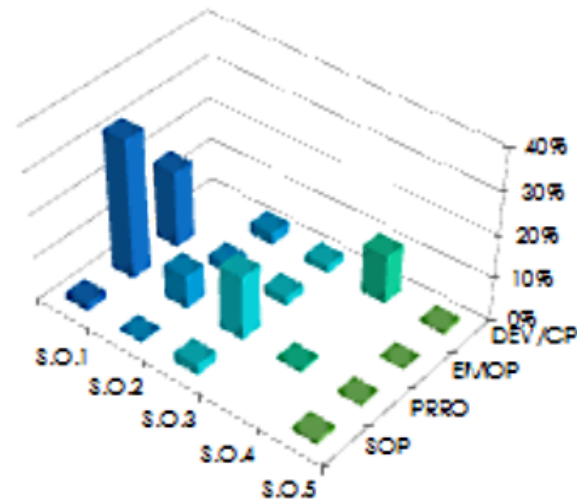
**SO2:** Prevent acute hunger and invest in disaster preparedness and mitigation measures

**SO3:** Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations

**SO4:** Reduce chronic hunger and undernutrition

**SO5:** Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase

### Continued predominance of SO1 and SO3 in 2013



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# 1. Why are SO1 and SO3 expected to decrease as a proportion of the overall 2013 programme of work?

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## Decrease in SO1

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- 0.05% decrease from 2012
  - Slight shift in EMOPs and Special Operations from SO1 to SO2 and SO3
- Partly compensated by an increase of more than US\$100 million in PRROs under SO1

## Decrease in SO3

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- 5.8% decrease from 2012
- Significant decrease in PRROs under SO3
- Slight increases in EMOPs and Special Operations
- Largest decreases are expected in ODB
  - Afghanistan
  - Pakistan
  - Nepal

## Increase in SO2

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- 47% increase from 2012
- Attributable to the increase in planned preparedness activities.
- Shift of EMOPs from SO1 and PRROs from SO3
- Largest increases are expected in ODN and ODC

## 2. Is the decline in 'Food and related direct operational costs' attributable to the increase in Cash and Vouchers or decline in the price index of cereals?

Slide from July 6th

### Comparing 2012 and 2013 Projected Operational Requirements by Tool

Programme Category	MP 2012 Projected Operational Requirements	MP 2013 Projected Operational Requirements <sup>1</sup>
	US\$M	US\$M
Food and related direct operational costs (DOC)	3,624	3,515
Cash & Vouchers and related DOC	255	512
Capacity Development and Augmentation	308	305
<b>Subtotal</b>	<b>4,187</b>	<b>4,332</b>
DSC Requirements	637	654
<b>Total Projected Operational Requirements</b>	<b>4,824</b>	<b>4,986</b>
<b>Total Programme of Work<sup>2</sup></b>	<b>5,162</b>	<b>5,335</b>

<sup>1</sup> Preliminary figures, subject to change

<sup>2</sup> The term Programme of Work is used to denote operational requirements plus SC.

## 2. Is the decline in 'Food and related direct operational costs' attributable to the increase in Cash and Vouchers or decline in the price index of cereals?

Programme Category	2012	2013	Difference
	US\$M	US\$M	
Food and DOC	3,624	3,515	-109
C&V DOC	255	512	+257

- **Projected decrease in Food and ODOC is linked to the projected increased utilization of C&V transfers.**

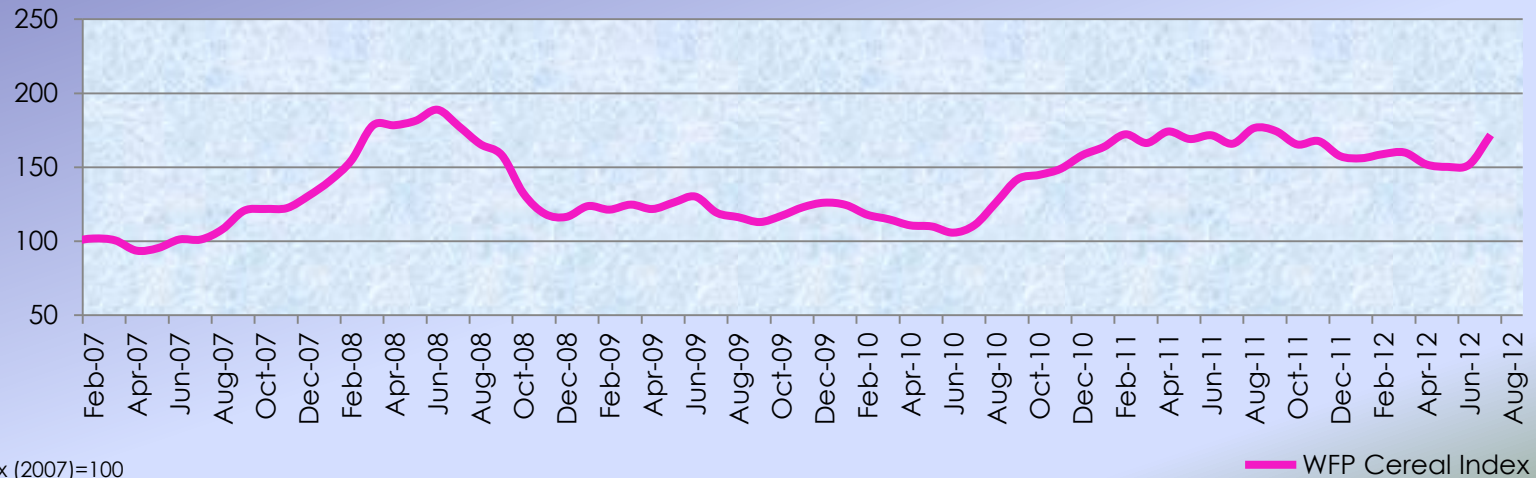
### What is the impact on the volume of food?

- Volume expected to decrease approximately 10% across the food basket.
- Estimated cost of commodities is based on current price index
  - Prices depend greatly on type and origin of commodities (in-kind, local purchase or international purchase)
- Cereals will account for approximately 72% of total tonnage provided

# Tracking the increasing food prices

Updated 25 July

WFP Cereal Index 2007 - 2012



- Critical emerging situation as corn and soybeans prices spike on reports of supply prospects in the United States and weather-related production problems globally.
- The Agriculture Market Information System notes the current futures and cash prices for maize and soybeans are at all time highs (higher than 2008 and 2011 records).
- Significant decreases in recent days, but markets remain volatile.

**Every 10% increase in food prices results in an over US\$200 million increase for WFP**

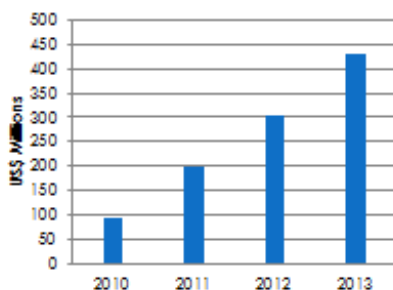
### 3. What is the difference between Cash and Vouchers and related direct operational costs and Cash and Voucher Transfers?

Programme Category	2012	2013
	US\$M	US\$M
Cash & Vouchers and related DOC	255	512

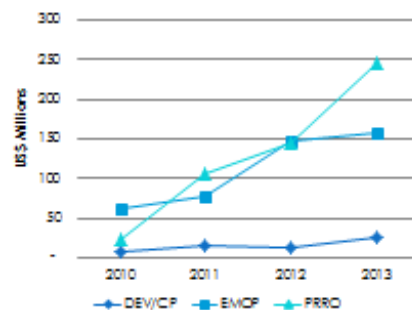
Slide from July 6th

#### Cash and Voucher Transfer Trends

Total Cash and Vouchers Transfers  
2010-2013



Cash and Voucher Transfer by Project Type  
2010-2013



➤ The US\$512 million figure for C&V and related DOC takes into account the costs of distribution and implementation of cash and vouchers

➤ 'Transfers' refer to only the actual amount of transfer, in cash or voucher



## 4. Why is the 'Capacity Development & Augmentation' cost component expected to decrease from 2012 levels?

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### What is Capacity Development & Augmentation?

- Integrated activities which establish, strengthen or augment the institutions, infrastructure and processes necessary to manage food security programmes.
- Incorporates all activities currently implemented under special operations: logistics augmentation, fleet augmentation, ICT augmentation, emergency infrastructure and UN common services.
- Activities currently implemented under EMOPs, PRROs and DEVs which fall under Capacity Development & Augmentation would include building national capacity in programme design, VAM, needs assessment, disaster management, market development, food fortification, etc.

## 4. Why is the 'Capacity Development & Augmentation' cost component expected to decrease from 2012 levels?

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Programme Category	2012	2013
	US\$M	US\$M
Capacity Development & Augmentation	308	305
<i>Special Operations</i>	231	225
<i>Capacity Development</i>	77	80

- Excluding special operations, projected requirements for capacity development increase in 2013
  - US\$52 million is categorized under SO5
  
- In 2012, only 41 countries had capacity augmentation requirements while in 2013 the number grows to 61 countries

## 5. Clarification on Executive Director's authority 'to spend'

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### Slide from July 6th

#### What is the Programme Support & Administrative (PSA) budget?

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- Portion of the WFP budget that pertains to providing indirect support to WFP's activities
- Funded through the indirect support cost income portion of contribution income
- Covers the majority of Headquarter and Regional Bureaux costs, as well as a core presence in each country office
- Planned and presented within the Management Plan
- Board approval of the PSA appropriation within the Management Plan gives authority to the Executive Director to spend

## 5. Clarification on Executive Director's authority 'to spend'

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Under **Financial Regulation 9.6** the Board's approval of the Management Plan shall constitute:

- (a) Acceptance of the WFP programme of work for the following financial period and an authorization to the Executive Director to proceed with the implementation of the programme of work; and
- (b) An authorization to the Executive Director to allocate funds, issue allotments, incur obligations and make payments for the purposes for which the appropriation was approved, up to the amount so approved.

## Outstanding Questions to be answered September 5th

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6. Where are resiliency building activities reflected in the programme categories?
7. What is the relationship between the projected operational requirements, project type and number of beneficiaries?
  - Currently working with Country Offices to collect and review data.
  - Comprehensive feedback will be provided.
8. Additional questions from today...

## 7. Questions and Answers...

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**Thank You!**