



2012 - 2014 Management Plan



1st Informal Executive Board
Consultation
June 24th , 2011



Agenda

1. Objectives & Process

2. Changes to the Management Plan

3. Key Themes

4. Programme of Work

5. Funding Assumptions & Risks

6. PSA

7. Extra-budgetary resources



2012 – 2014 Management Plan

1. Objectives & Process





Today's objectives

- Outline the consultation process
- Outline the potential changes in the 2012-2014 Management Plan
- Highlight the key themes of the 2012-2014 Management Plan
- Present an overview of the foreseen operational requirements
- Outline funding assumptions and potential risks
- Present the approach to PSA
- Provide overview of extra-budgetary resources



Key Dates

2011

- 07 June Executive Board approval of a three-year rolling Management Plan with annual budget
- June-Sept FAO Conference and General Assembly approval of annual budget
- 24 June }
21 July } Informal consultations
06 Sept }
- 14 Sept Final document due for release
- 14-18 Nov 2012-2014 Management Plan to be presented at the 2nd Regular Executive Board session

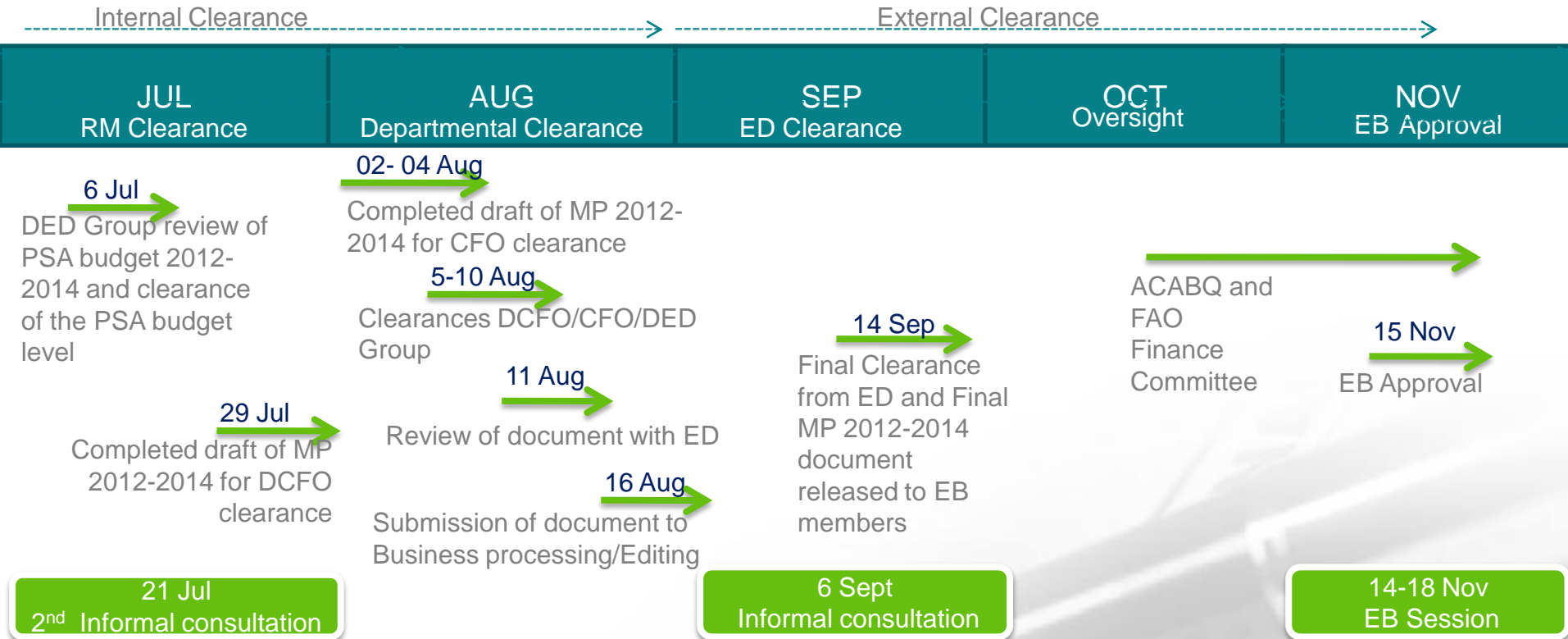
Overview of the 2012-2014 Management Plan Timeline

Preparation process



Overview of the 2012-2014 Management Plan Timeline

Clearance process





2012 – 2014 Management Plan

2. Changes to Management Plan





Major changes

Approved Changes

- Move from a biennial document to a three year rolling Management Plan
- Annual budgeting
- Presentation under the new Financial Framework

Potential Changes

- Impact of “best practices review” of other UN Organizations



UN Organizations “best practice” review

Background

- Executive Director’s commitments made to the Executive Board *
- Feedback received from the Executive Board

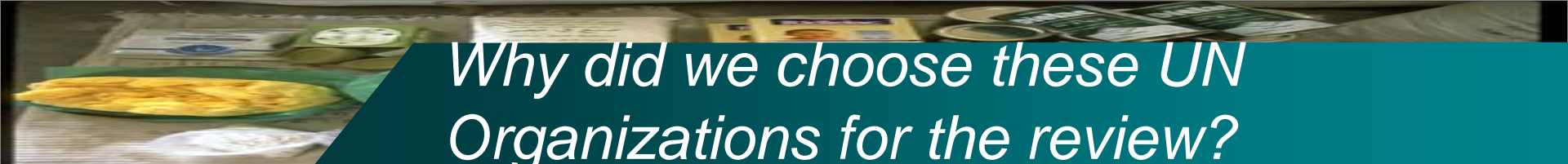
Objective

- Use other UN Organizations’ “best practices” to improve WFP’s Management Plan

Methodology

- Desk review of budget documents - UNDP, UNICEF, UNFPA, UNHCR
- Identify improvements in structure and presentation to be made from comments received from the Executive Board, ACABQ and FAO Finance Committee

** 2010-2011 Management Plan approval – Second Regular Session of the Executive Board – November 2009*



Why did we choose these UN Organizations for the review?

Similarities

- Funding structure (voluntary funded)
- Budget practices
- Organizations with which WFP works closely with in the field to fulfill its mandate
- Part of the UNDG Group (UNICEF, UNDP, UNFPA and WFP)



UN Organizations “best practice” review

Areas of Focus

1. **Budgeting practices**

To understand the budget processes of other UN organizations and how they compare to WFP

2. **Presentation**

Based on ACABQ, FAO Finance Committee and Executive Board comments and comparison to improve on reader transparency and reader friendliness

3. **Workforce planning**

Understand best practices to be potentially included in the next WFP Management Plan

4. **Strategic Implementation**

Understand best practices relating to strategy implementation



UN Organizations “best practice” review

Preliminary Findings for the WFP Management Plan

- Shorter, more focused, strategic document
- Improve the presentation of contribution trends (over several years)
- Include a visual presentation of resource allocation
- More central presentation of the Organizational Structure
- Outline strategic context for workforce planning
- Outline organizational priorities (strategic and management)
- Identify important areas for additional investments



2012 – 2014 Management Plan

3. Key Themes





Key Themes

- Nutrition as the key to sustainable WFP interventions (Food Quality, Food Safety, Nutrition)
- 1,000 Days – Global Partnership, Scaling up Nutrition
- Cash for Change (Cash & Voucher)
- Working with regional bodies
- Preparedness and Response Enhancement Programme
- Forward purchase implementation
- Risk Management, controls and oversight
- Workforce planning
- Resource Prioritization Process (Strategic Resources Allocation (SRAC) etc..)



2012 – 2014 Management Plan

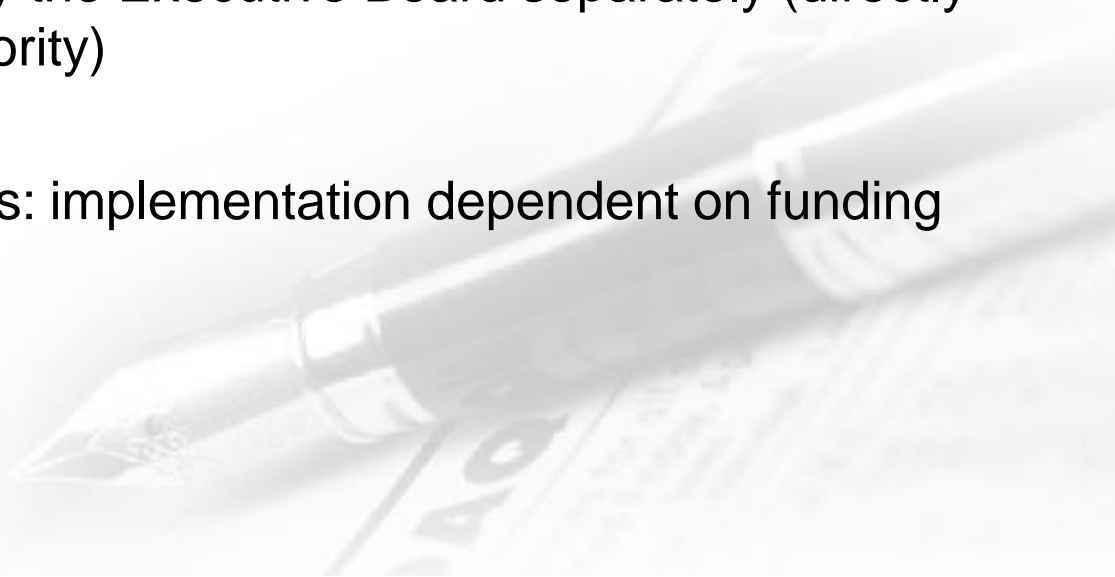
4. Programme of Work





Programme of Work

What is the WFP Programme of Work ?

- Aggregation of all active projects (EMOP, PRRO, DEV and SO)
 - Projects are approved by the Executive Board separately (directly or under delegated authority)
 - Represents requirements: implementation dependent on funding availability
- 



Programme of Work

Methodology

- All Country Offices (CO) requested to submit their foreseen 2012-2014 operational needs

The primary focus is on the approved operations and their foreseen programme of work and how these operations are expected to evolve (logical extensions)

- All submissions are reviewed by the Regional Bureaux (RB) together with OD/RM departments
- No provision for new requirements has been included

New requirements

HISTORICAL UNFORESEEN REQUIREMENTS				
	Original Management Plan (US\$ million)	Unforeseen requirements (US\$ million)	Total Final Programme of Work (US\$ million)	Increase (%)
2002–2003	2,931	2,689	5,620	92%
2004–2005	4,784	1,076	5,860	22%
2006–2007	6,198	252	6,450	4%
2008–2009	5,792	5,987	11,779	103%
2010-2011*	8,953	3,102	12,055	35%
Average 2002–2011*	5,732	2,621	8,353	46%

Presentation of a one-year budget should reduce uncertainty, however the Programme of Work excludes any provision for new requirements

**As of the 5th update on the WFP Management Plan (2010-2011)*

Top 10 Countries

10 Largest countries	2011 5 th Update (US\$ million)	2012 needs (US\$ million)	% of Total
Sudan*	618.70	631.71	12.5%
Ethiopia	498.32	478.29	9.4%
Afghanistan	431.40	442.80	8.7%
Kenya	225.32	428.82	8.5%
Pakistan	572.50	325.97	6.4%
Somalia	203.58	249.37	4.9%
DR Congo	214.94	242.29	4.8%
Yemen	117.28	193.88	3.8%
Chad	217.75	190.64	3.8%
Haiti	212.95	157.97	3.1%
Total of 10	3,312.74	3,341.74	65.9%
TOTAL 2012**	5,207.15	5,073.04	100.0%

- 10 Largest countries make up 2/3 of the Programme of Work for 2012
- Changes in operational volume or costs in these countries have a major impact on the Programme of Work

*under current structure

**preliminary figures, subject to change



2013 & 2014 Provisional Requirements

2013 provisional requirements US\$ 4,444million

2014 provisional requirements US\$ 4,295 million

The 2013-2014 provisional requirements are:

- collected for planning purposes
- not for the Executive Board approval

The focus of the plan will be on major expected changes to the future requirements



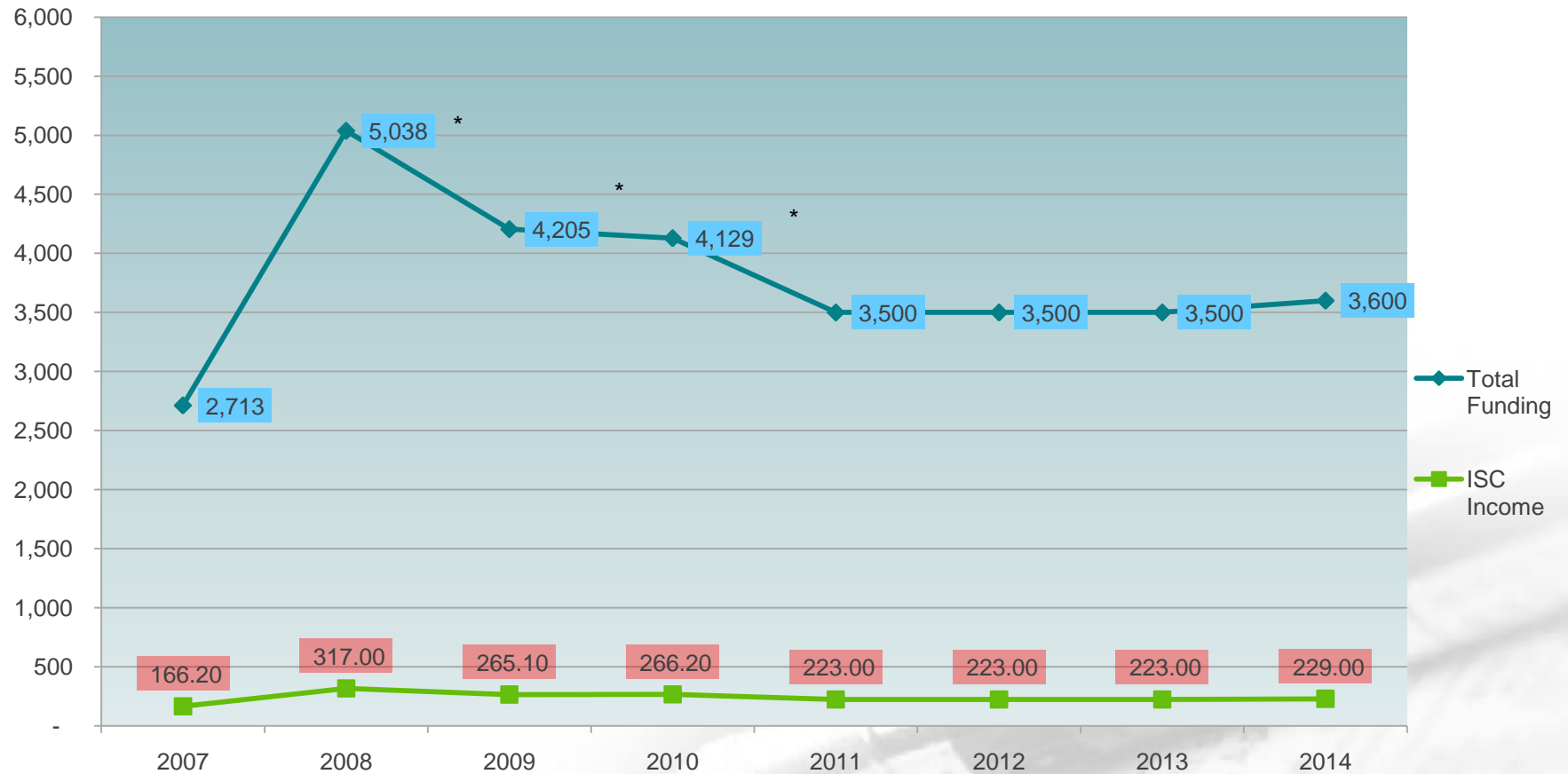
2012 – 2014 Management Plan

5. Funding Assumptions & Risks



Total Income/ISC Income Trend 2007-2014

US\$ million



* Based on total contribution income as per Financial Statements

Total Income/ISC Income Trend 2007-2014

	2007	2008 *	2009 *	2010 *	2011	Projected 2012	Projected 2013	Projected 2014
	(US\$ million)	(US\$ million)	(US\$ million)	(US\$ million)	(US\$ million)	(US\$ million)	(US\$ million)	(US\$ million)
Total Contribution Income	2,713	5,038	4,205	4,129	3,500	3,500	3,500	3,600
ISC Income	166	317	265	266	223	223	223	229
Actual ISC rate "realized"	6.5%	6.7%	6.7%	6.9%	6.8%	6.8%	6.8%	6.8%

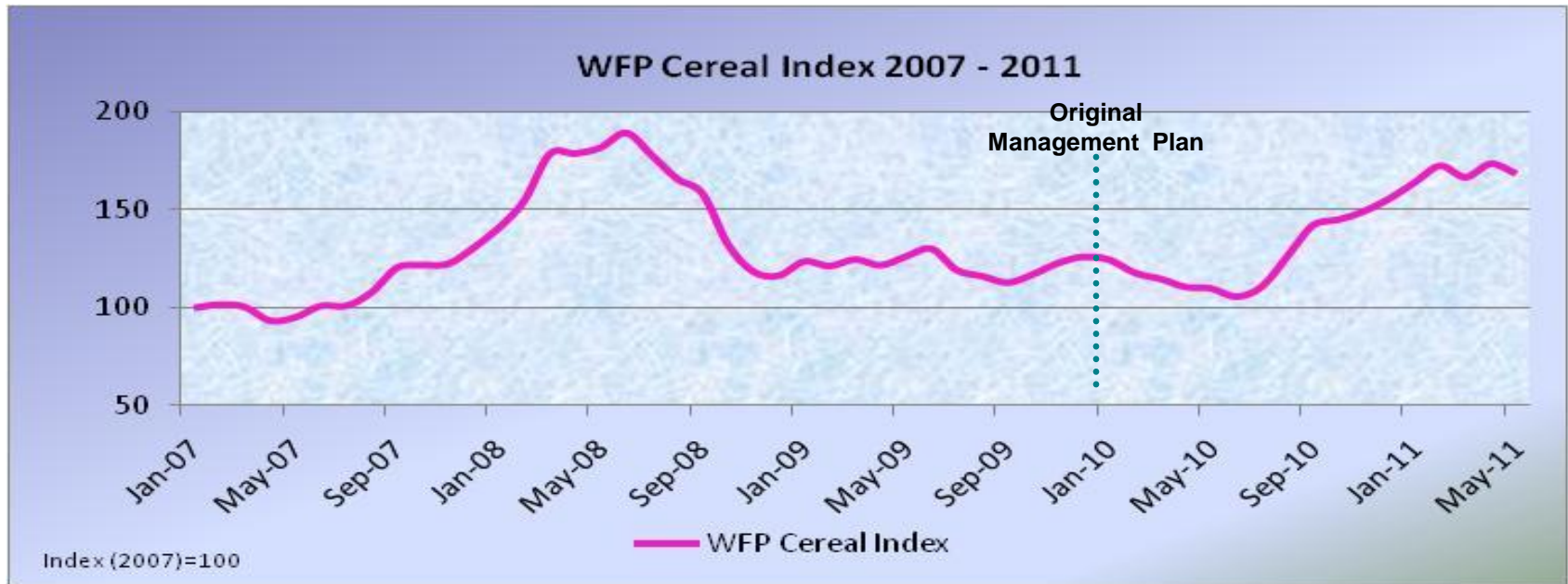
* Based on total contribution income as per Financial Statements



Possible Risks

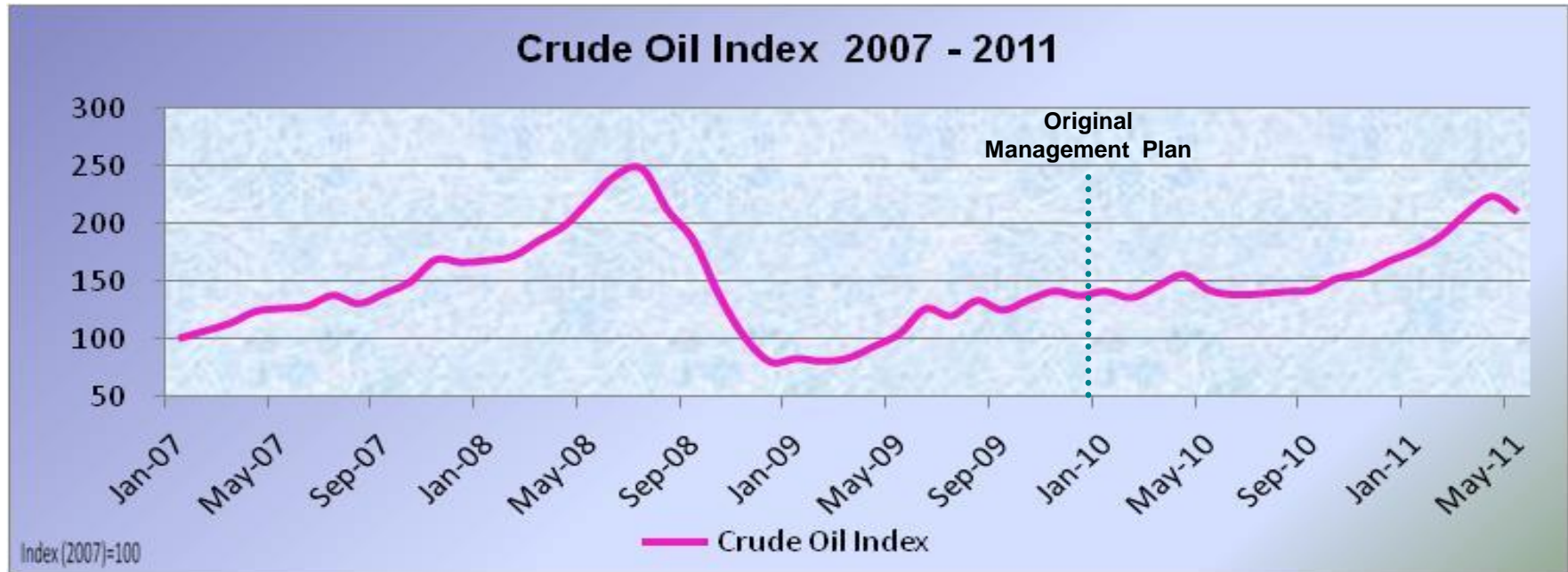
- Exchange rate impact (hedging process started)
- Fluctuation in food and fuel prices
- Funding assumption changes:
 - Reduction of contribution income (operations)
 - Expected PSA/ISC income is not generated
 - Interest income uncertainty

WFP Cereal Index



- When the 2010-2011 Management Plan was approved, WFP' Cereal Index was 34% short of the historical food price levels reached in June 2008, while today it is 11% short from its historical peak
- WFP's Cereal Index has increased by 35% since the start of the 2010-2011 Management Plan
- Current Cereal markets remain volatile: the commodity cost assumptions for 2012 are being reviewed

Crude Oil Index



- When the 2010-2011 Management Plan was approved, the Crude Oil was 43% short of the historical food price levels reached in July 2008, while today it is 15% short from its historical peak
- The Crude Oil Index has increased by 49% since the start of the 2010-2011 Management Plan



2012 – 2014 Management Plan

6. PSA





Programme Support & Administrative (PSA) budget

What is PSA ?

- Portion of the WFP budget that pertains to providing indirect support to WFP's activities
- It covers the majority of Headquarter and Regional Bureau costs as well as a core presence in each country
- It is funded through the indirect support cost income portion of contribution income
- The PSA budget is planned, presented and approved in advance – within the Management Plan
- Approval of the PSA appropriation in the Management Plan gives Authority to the Executive Director to spend

2011 PSA Equalization Account

2011 forecast for the PSA Equalization Account Reserve

	2011
	PSA Equalization Account
	US\$ million
Opening balance at 01 January 2011	145.4
ISC revenue	223.0
Approved 2011 PSA	-241.4
SUBTOTAL	127.0
One time activities	-13.0
Security Expenses	-24.6
Forecast closing balance at 31 December 2011*	89.4 *

* *Based on conservative assumptions
As of the 5th update on the WFP Management Plan (2010-2011)*



Revised Staff Costs

Revised PSA Staff Costs 2012

International Staff

➤ Estimated Increase %:

- | | |
|-------------------------|-------|
| • Currency fluctuations | +3.5% |
| • Inflation | +3.0% |
| • Total | +6.5% |

➤ Estimated Increase Amount: US\$ 10.5million



Local Staff Cost Increases

- International & Rome General Service Staff cost managed using “Standard Staff” Rates
- PSA also includes National Staff, in particular in Regional Bureaux
- In the past no provision has been made to allow for increased local staff costs in PSA
- From 2007 Regional Bureaux National Staff increased by between 3.2 % and 39.1 % in dollar terms
- A provision of between US\$1.7 million – US\$2.3 million is proposed to compensate Regional Bureaux for these increases

2011 – 2012 Security Costs

(US\$ million)	2011	Provisional 2012 Estimate
Security Emergency Fund	12.4	7.3
UN Department of Safety and Security (DSS)	12.2	9.6

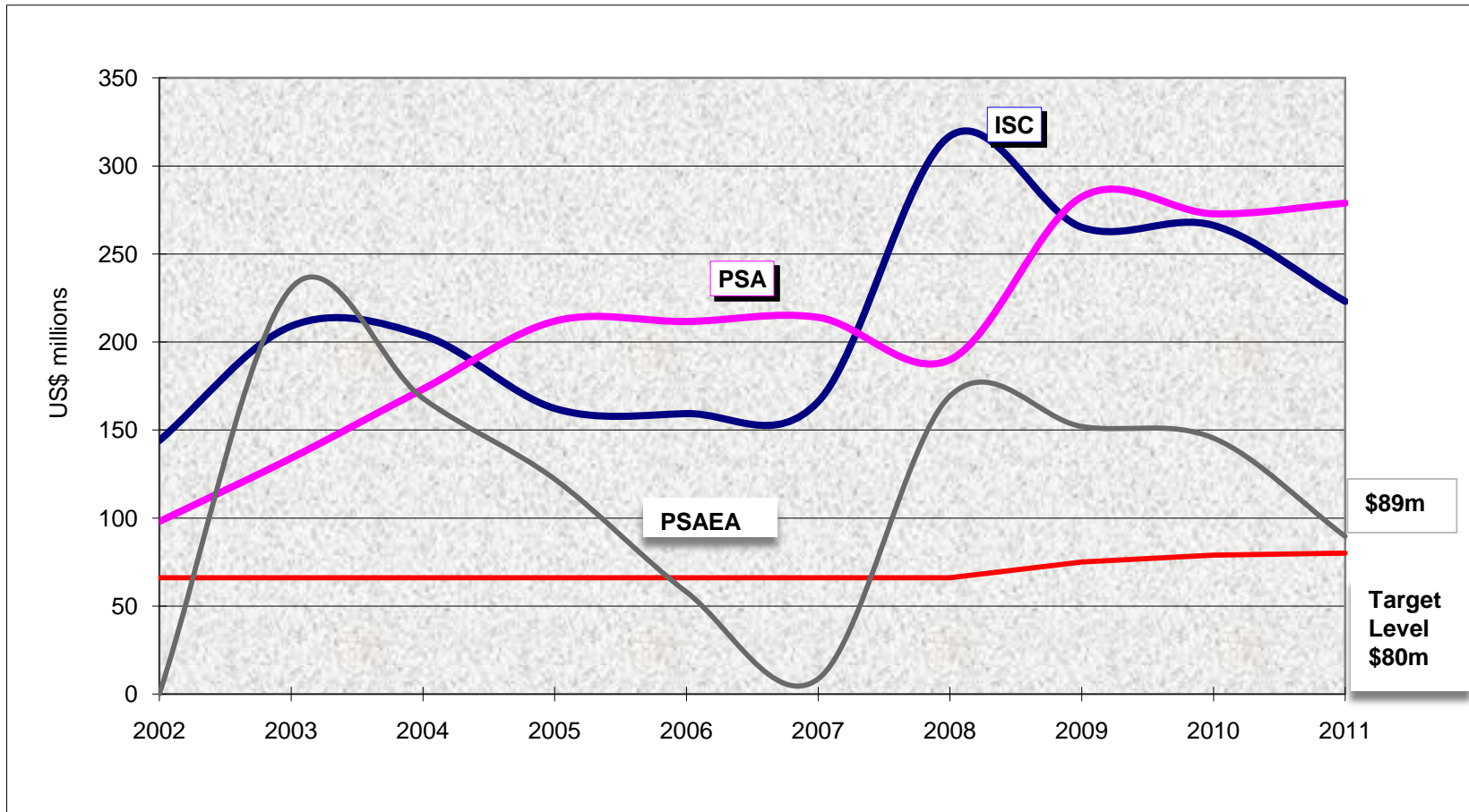
Security Emergency Fund

- The reduction in the planning figure for the Security Emergency Fund follows a number of one-time investments in security infrastructure which have now been completed
- The 2012 planning figure will enable WFP to sustain the upgrades and maintain MOSS compliance

UN Department of Safety and Security

- The reduction in the DSS planning figure is based on more realistic forecasts and follows a comprehensive review of costs and cost sharing mechanisms spearheaded by WFP

Projected level of the PSA Equalization Account at the current level of activity





2012 PSA Budget

Principles and Methodology

The PSA budget will:

- Address the increase in the international and local staff costs for 2012
- Be sustainable: *based on ISC income and PSA reserve projections*
- Maintain stability: *to ensure continued delivery of programmes and strategy*



2012 – 2014 Management Plan

7. Extra-budgetary resources





Extra-Budgetary Resources

Technical improvement in the management of the Extra Budgetary Portfolio

- New WINGS platform implemented improving Extra Budgetary Resources monitoring and reporting

Country-specific Trust Funds & Bi-laterals

Country-specific Trust Fund budget; forecast driven

Operational and often funded by host governments and managed by Country Offices

- 2012 Country Specific Trust Funds and Bilateral forecasted resources are synchronized and harmonized with ongoing projects to allow Country Office programs to increase resource efficiency and effectiveness

Corporate Trust Funds

Corporate Trust Fund budget; driven by corporate priorities

Corporate trust funds contribute to institutional capacity-building activities and are managed by HQ and RB

- 2012 Corporate Trust Funds requirements and prioritization by Thematic Areas (P4P, Cash & Voucher, Nutrition, etc)

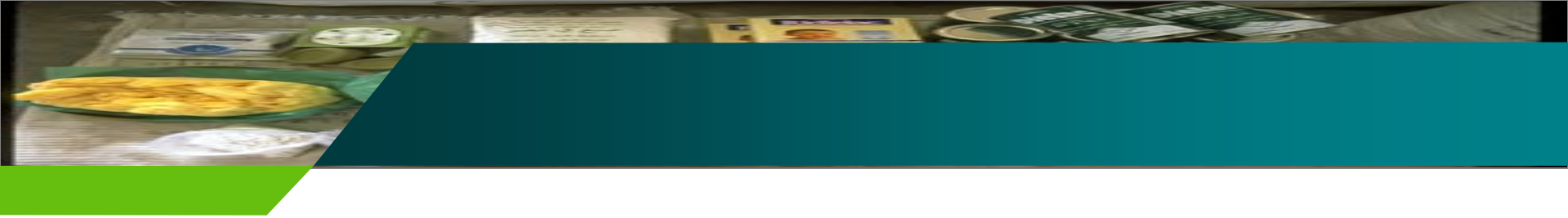


Extra-Budgetary Resources

Special Accounts

Forecasted 2012 Special Accounts activity will be outlined in the Extra Budgetary Section of the Management Plan as well as highlights on the main Special Accounts such as:

- ***Aviation – UNHAS – Air Support for emergency operations***
- ***UNHRD – UN Humanitarian Response Depots***
- ***Forward Purchase Facility***
- ***ICT – Information and Communication Technology***
- ***Dubai (WFP Global Light Vehicle Leasing Pool)***



THANK YOU

