

WFP Executive Board: Management Plan 2015 - 2017

Informal Consultation
24 September 2014



World Food Programme

Agenda

- A. Overview & Objectives**
- B. Directions of change introduced in this years Management Plan**
- C. Greater clarity on some of the more technical changes**
- D. Overview of Draft Decisions**
- E. Next Steps**

A. Overview & Objectives

A.1 Today's Presentation

- Overview of directions of change introduced in this years Management Plan
- Greater clarity on some of the more technical changes
- Present draft decisions in context
- Help identify concerns that can be addressed in the final document

B. Directions of change introduced in this years Management Plan

B.1 Management Plan 2015-2017: Direction of Change based on Performance Informed Budgeting

- Working with greater detail on funding estimates
- Planning, bottom up, based on prioritization of estimated funding
- Improved metrics for measuring food assistance
- Standardising approach to Value for Money through Investment cases
- Reprioritizing PSA within a Zero Nominal Growth budget

B.2 Recall: Plan based on prioritization at project level

- Forecast contributions of USD 4.4 billion in 2015, USD 3.9 billion excluding ISC and trust funds
- The provisional prioritized plan of work shows how USD 3.9 billion would be utilized

OPERATIONAL REQUIREMENTS AND PRIORITIZED PLAN OF WORK BY STRATEGIC OBJECTIVE, 2015				
Strategic Objective	Operational requirements		Prioritized plan of work	
	USD millions	%	USD millions	%
1: Save lives and protect livelihoods in emergencies	4 557	61	2 461	64
2: Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies	1 205	16	587	15
3: Reduce risk and enable people, communities and countries to meet their own food and nutrition needs	688	9	313	8
4: Reduce undernutrition and break the inter-generational cycle of hunger	996	14	497	13
Total	7 446		3 858	

- Operational requirements for 2015 projected at USD 7.4 billion

C. Greater clarity on some of the more technical changes

C.1 Using rations as unit of analysis for more accurately indicating the costs of food assistance

- 2015 Plan shifts the focus from beneficiaries to daily rations
- A ration is the amount of food, cash or voucher equivalent provided daily for a beneficiary in a target group
- Ration cost may differ depending on activity, e.g., average daily ration cost for school feeding is USD 0.16 per day and for general distribution is USD 0.41 per day
- Ration numbers & sizes can be adjusted to match funding constraints

Using rations as a metric allows WFP to more accurately reflect the costs associated with providing assistance in the form of food, cash or voucher transfers

C.2 Increased emphasis on Value for Money facilitates living within a Zero Nominal Growth PSA budget

Change	Secretariat's Action
Ability to Absorb Cost Increases	<ul style="list-style-type: none">• Section IV presents a proposed zero nominal growth PSA budget• Savings were achieved by applying a 5% savings target to most departments to allow for a strategic realignment of the PSA budget
Greater focus on Value for Money	<ul style="list-style-type: none">• Budget holders submitted Investment Cases for all support activities explaining value-for-money benefits• Process will mainstreamed for use in evaluating future institutional improvement proposals, irrespective of funding source
UNDSS Funding	<ul style="list-style-type: none">• USD 10 million in UNDSS costs will be funded through standard cost rates for all staff positions rather than the General Fund

C.3 Trust Fund data was collected and analyzed as part of the Management Plan process

Trust Fund shall mean an identifiable subdivision of the WFP Fund, established by the Executive Director for a special contribution, the purpose, scope and reporting procedures of which have been agreed with the donor.

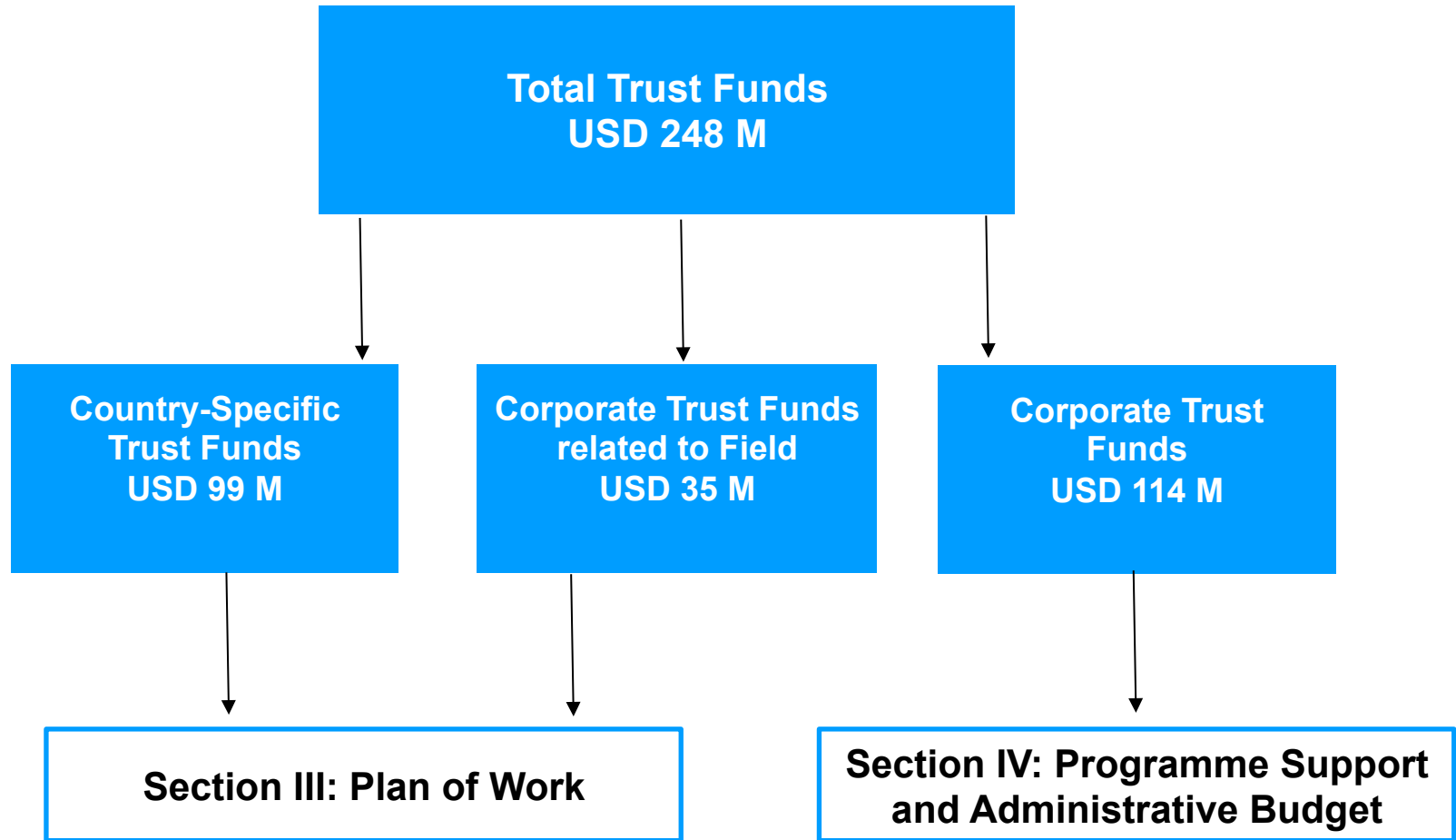
Country-specific Trust Funds

Data was collected with operational requirements and serve to assist governments with the management of implementation of programmes

Corporate Trust Funds

Data was collected with the PSA and Investment Case process and serve to develop WFP's Institutional improvements.

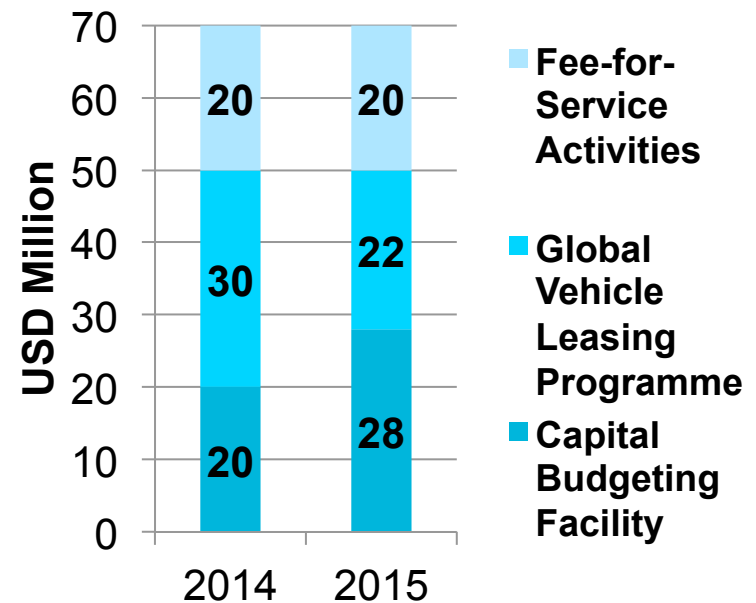
C.4 Forecasted Trust Funds are presented in Section III and Section IV to provide complete and integrated picture of operations and PSA



C.5 Section V outlines areas of investment through the capital budgeting facility within the corporate services advance financing ceiling

- Capital budgeting facility will expand to **USD 28 million** to include field-based capital improvements
- 2015 CBF Investments:
 - USD 20 million to continue supporting completion and roll-out of LESS
 - USD 8 million for field-based capital schemes to invest in premises for long-term use

Utilization of Corporate Services Advance Financing



The corporate services financing mechanism enables WFP to invest in large scale initiatives to provide house-wide services economically and efficiently

C.6 Special Accounts: vital role in supporting L3 Emergencies

Special Account

Description

UNHRD

- In less than 24 hours, the WFP-managed United Nations Humanitarian Response Depot (UNHRD) organizes the dispatch of essential food and relief on behalf of WFP, governments and humanitarian partners
- Partners can coordinate their efforts, prioritize dispatches to emergencies, lend and borrow stock among themselves, and benefit from immediate access to goods through a flexible sourcing structure

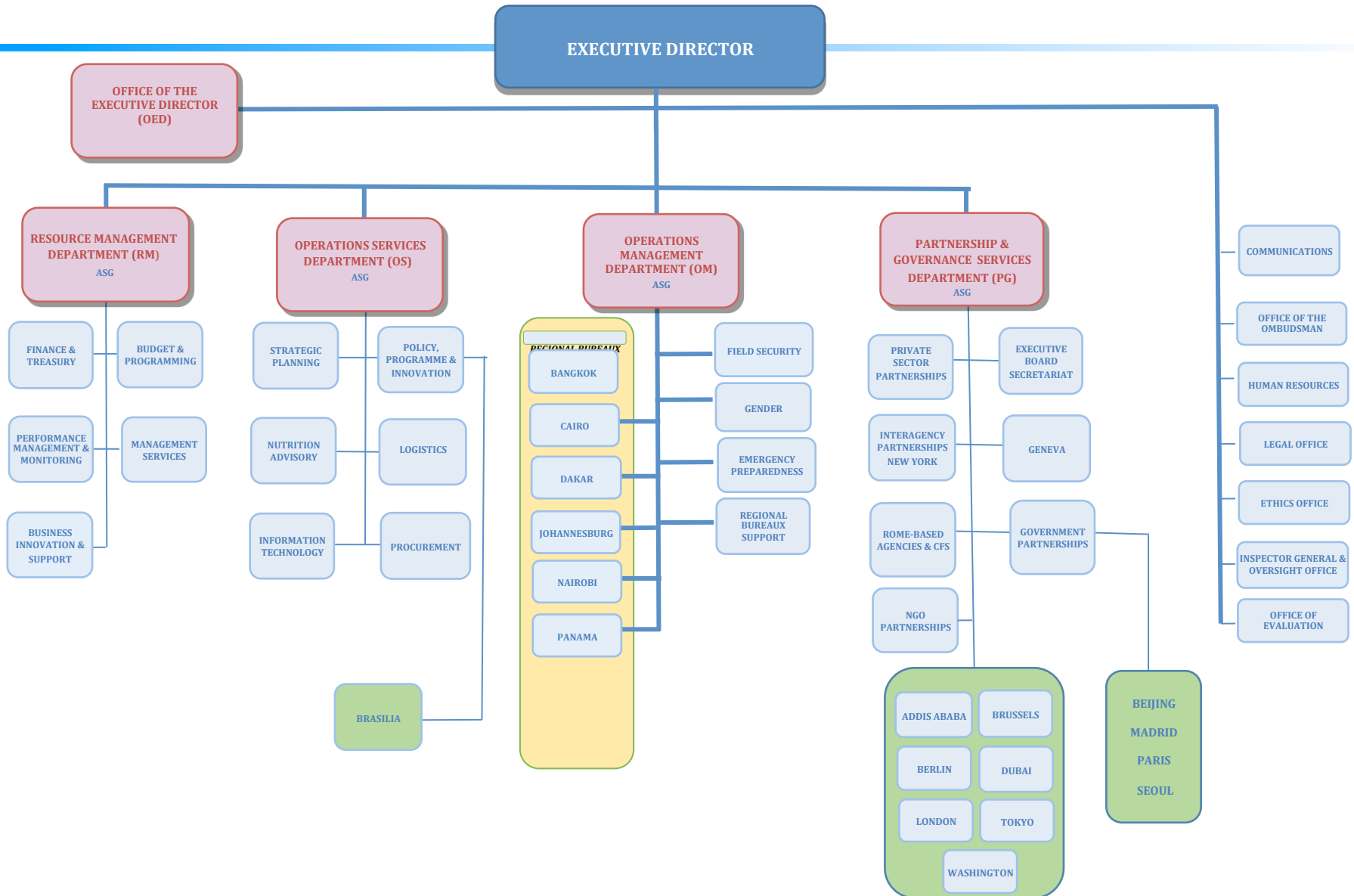
Aviation and Humanitarian Air Service

- WFP Aviation regularly provides a range of air services for third party organizations, Airlift Operations and Airdrop Operations and Long Term Dedicated Service
- The WFP-managed 'United Nations Humanitarian Air Service (UNHAS) provides efficient, safe and reliable air transport services to over 700 humanitarian UNHAS operations are currently active in 14 countries

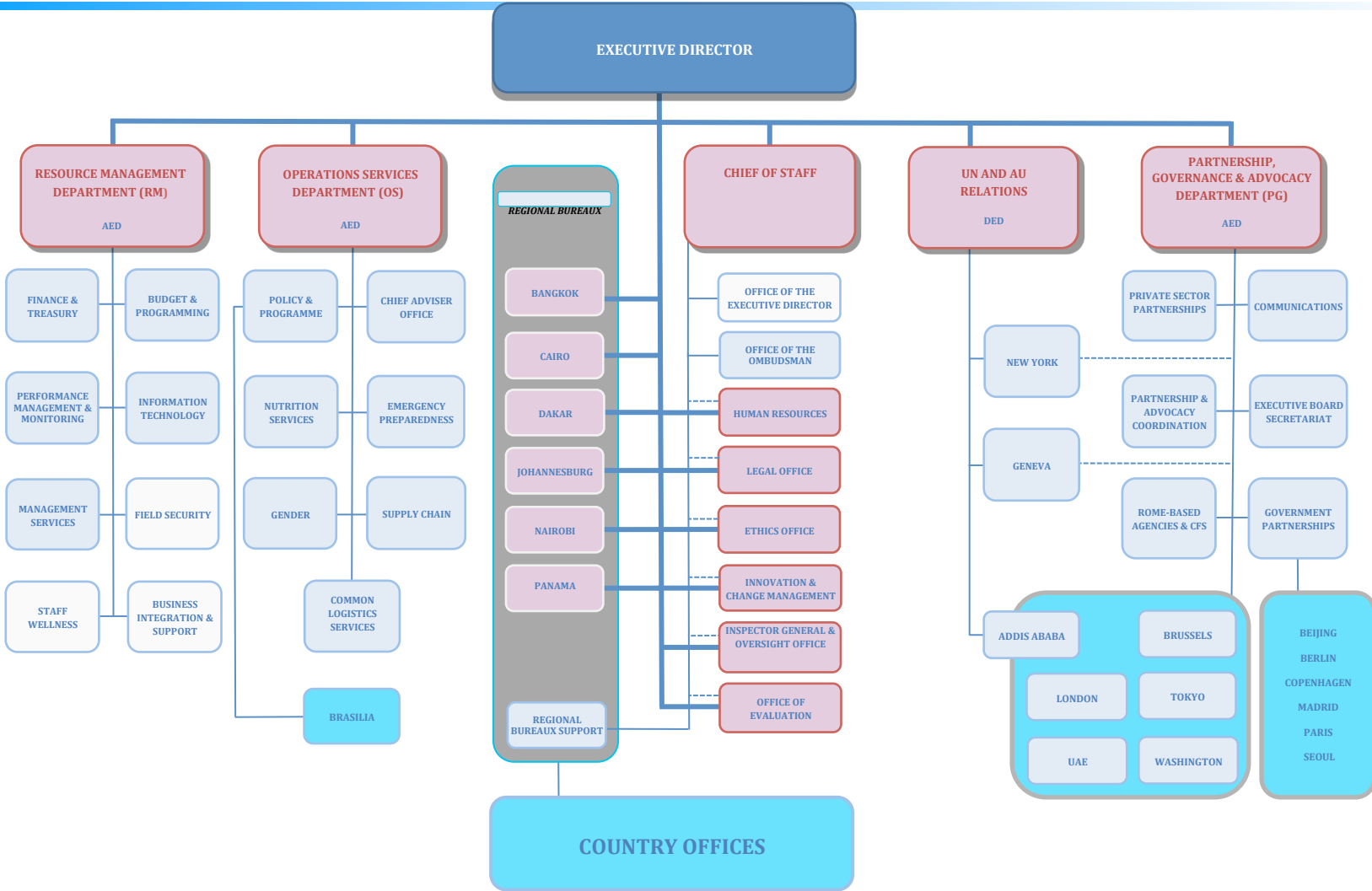
FITTEST

- The Fast Information Technology and Telecommunications Emergency and Support Team (FITTEST) is the IT official tool for WFP to respond to emergencies since 1998
- FITTEST Team is usually deployed in the emergency, in less than 24 hours and provides IT, telecommunication and infrastructure to support humanitarian aid operations

C.7 Recall: Current organizational structure effective February 2013 represents initial phase of Fit for Purpose



C.8 Proposed organizational structure for 2015 and 2016



D. Overview of Draft Decisions

D.1 The Management Plan 2015-2017 is based upon a detailed funding forecast, which forms the basis of the provisional plan of work

Having considered WFP's Management Plan for 2015-2017, as submitted by the Executive Director in document (...) the Board:

- i. **Takes note** that the 2015 Programme Support and Administrative appropriation and the provisional prioritized plan of work assume a funding level of **USD 4,400 million** in 2015
- ii. **Takes note of** the projected operational requirements of **USD 7,446 million** for 2015, excluding any provision for unforeseen emergencies and including direct support costs, as outlined in Section III

D.2 Draft Decision III reflects the continuing shift in resources to the field despite a Zero Nominal Growth PSA budget

iii. **Approves** a 2015 Programme Support and Administrative appropriation of **USD 281.8 million**, to be allocated as follows:

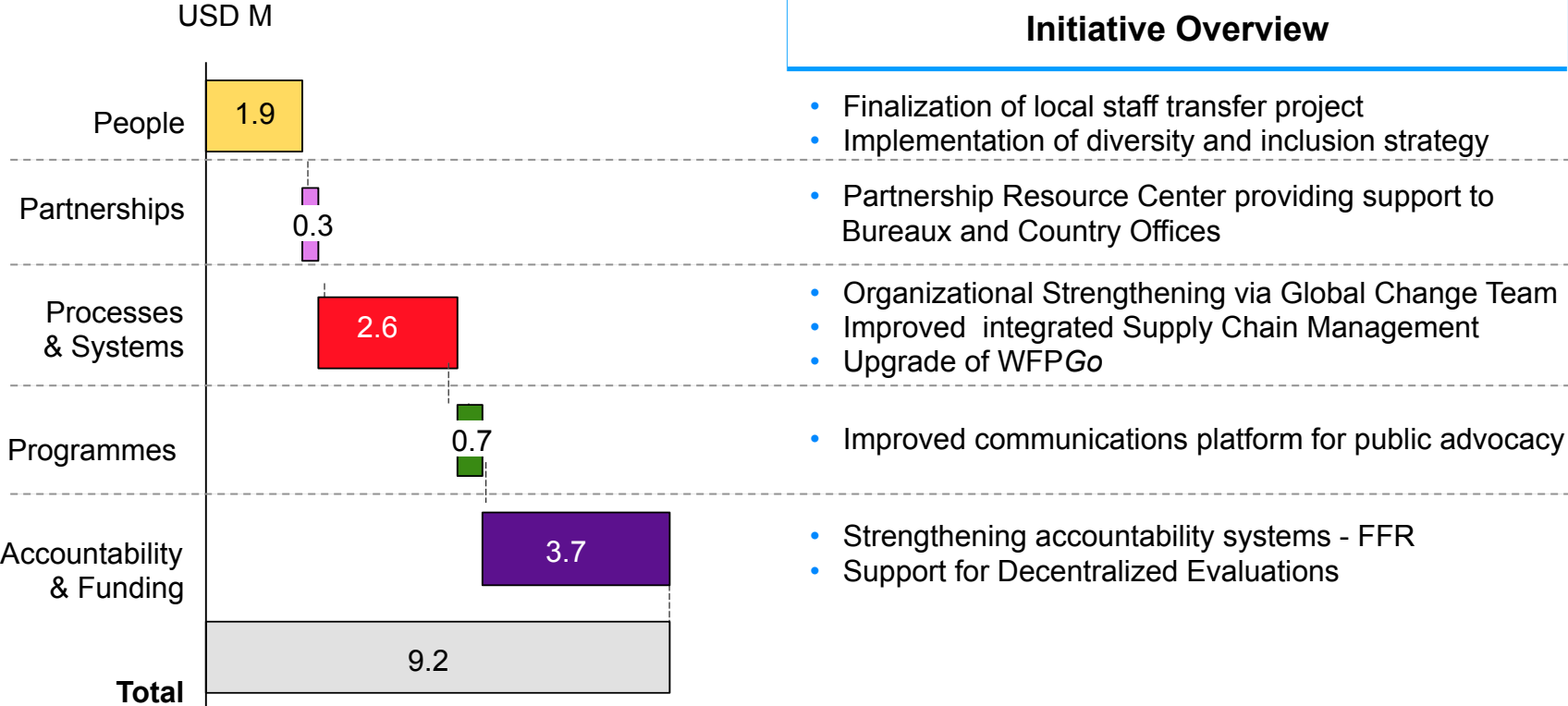
Programme support: regional bureaux and country offices	USD 99.3 million
Programme support: Headquarters	USD 52.9 million
Management and administration	USD 129.6 million
Total	USD 281.8 million

D.3 Draft Decision IV requests the Board to approve a supplementary allocation for critical corporate initiatives

- iv. **Approves** a supplementary Programme Support and Administrative appropriation of **USD 9.2 million**, for Critical Corporate Initiatives, as outlined in Section IV

D.4 Recall: USD 9.2 M in Critical Corporate Initiatives will enable WFP to drive its Fit for Purpose journey

Critical Corporate Initiatives are strategically oriented to Management Result Dimension (USD M)



Activities not funded through PSA or identified as critical corporate initiatives amount to USD 114 million and constitute an estimate of corporate trust fund need for 2015

D.5 Draft Decision V requests approval to increase the target level of the IRA from its current level of USD 70 million in recognition of its critical relevance as a flexible life-saving mechanism

- v. **Approves** a new Immediate Response account target level of USD 200 million

D.6 Raising the Immediate Response account (IRA) target level to USD 200 million to increase flexible funding for life-saving activities

Under Financial Regulation 4.3, the Executive Board may establish an Immediate Response Account (IRA) target level for each financial period.

Recall

- The **current target of USD 70 million** was set in October 2004
- WFP's income has doubled since 2004
- IRA is critical to providing food, non-food and logistics assistance in advance of directed donor contributions
- The high number of Level 3 emergencies has reduced the available IRA balance and threatens WFP's ability to respond to future emergencies
- Contributions to the IRA translate into multi year and less earmarked funding for life-saving activities
- Increasing the target does not imply a commitment by Member States

Management seeking donor support to increase IRA contributions to target level to USD 200 million

D.7 The increasing demand on the IRA as a life saving tool

- The IRA was revolved 2.5 times in 2013
- In 2014, significant support:
 - the Syrian regional emergency response, South Sudan
 - Guinea, Liberia and Sierra Leone in response to the Ebola virus
 - Ukraine, Bosnia & Herzegovina, Serbia, Iraq
- The balance available in 2013 was rarely sufficient to allow large allocations.
- At the end of 2013, the IRA balance stood at USD 14.1 million, compared with USD 38.7 million at the end of 2012
- In August 2014, the balance has dropped to USD 5 million

D.8 The potential multiplier nature of IRA in saving lives

	Country/Region	Amount
1	Syria Regional EMOP	31,916,306
2	Somalia	17,300,000
3	Kenya	15,522,027
4	Democratic Republic of Congo	14,916,252
5	Central African Republic	11,237,713
6	Philippines	10,207,240
7	Other	64,238,271

	Total	165,337,809

Top 6 represent 61% of total IRA allocation

D.9 Draft Decisions VI requests to keep the ISC rate constant for 2015

vi. **Approves** an indirect support cost recovery rate of 7.0% for 2015

D.10 Indirect support cost rate calculation indicates a rate of 6.63%

- Analysis of the ISC recovery rate is based on current Board approved methodology
- Secretariat recommends maintaining current **7% ISC rate**, pending the results on the ISC methodology review

ISC Calculation (%)	
2014 Baseline	6.84
Increase for higher indirect expenditures for 2015	+0.62
Decrease for higher funding forecast	-0.35
Decrease for higher PSAEA balance	-0.48
Proposed ISC rate for 2015	6.63

D.11 Draft Decision VII extends the ED's authority to adjust the PSA level by 10% should the volume of activities demand that

vii. Authorizes the Executive Director to adjust the Programme Support and Administration component of the budget in accordance with any variation in the volume of operational requirements of more than 10 percent from levels outlined in Section III

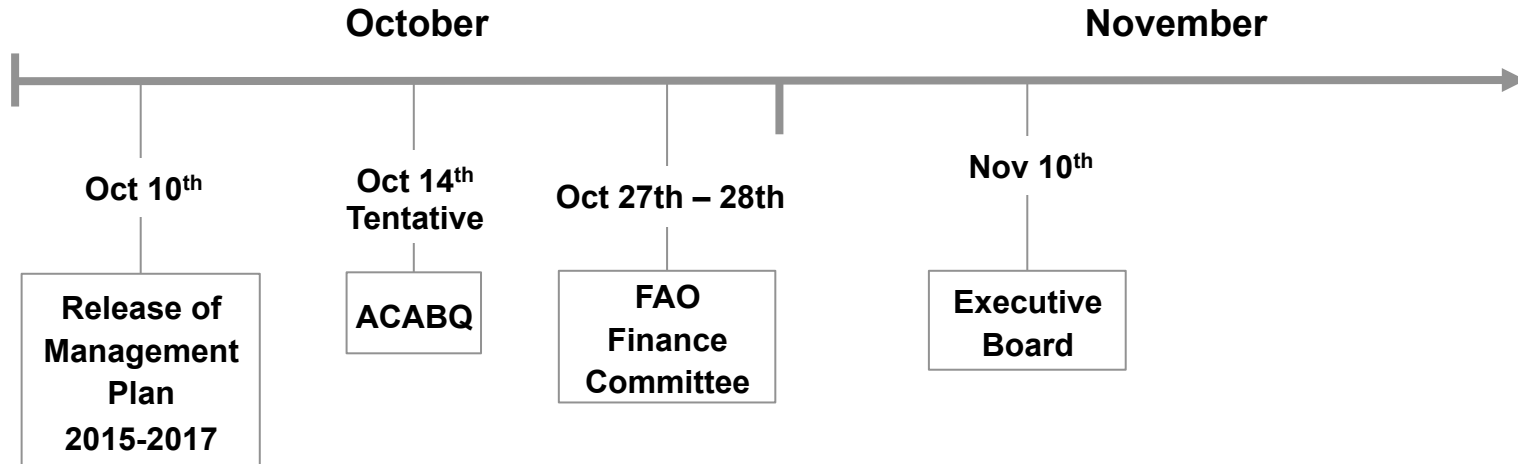
or

Recall tentative proposal in previous year:

vii. Authorizes the Executive Director to adjust the Programme Support and Administrative component of the budget in accordance with an increase in the level of the forecasted income for the year at a rate not to exceed 3.5% of the anticipated increase in income

E. Next Steps

E.1 Next Steps



Following this consultation and any further discussion on the proposed organizational structure, the Secretariat will finalize the Management Plan for the advisory bodies and the Executive Board

Thank you!