

Informal EB Briefing

Management Plan 2020-2022

23 May 2019



World Food Programme

Agenda

1 Management Plan timeline

2 HQ and Regional Bureau Terms of Reference

3 Strategic and financial context

4 Building the Management Plan

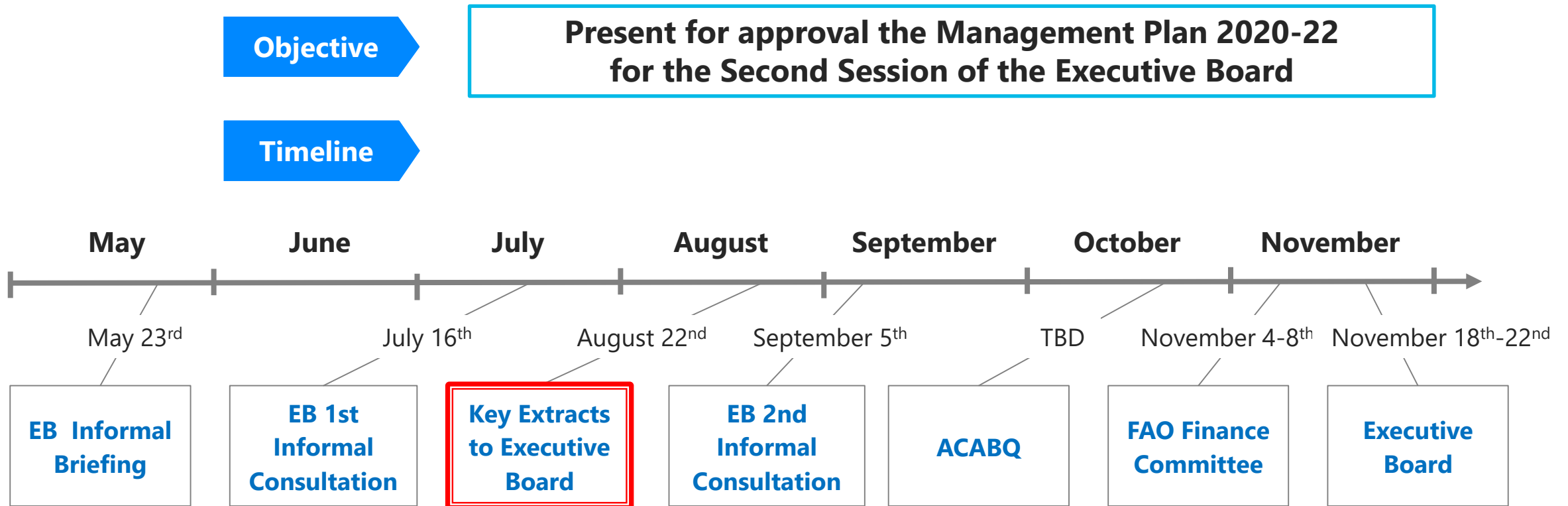
A. Key principles for developing the Plan

B. Overall approach and preliminary numbers

C. PSAEA and possible uses

1. Management Plan timeline

1.1 Key Dates for Management Plan (2020-2022)



Key Extracts in all languages 10 working days before final Informal Consultation

1.2. Purpose of today's briefing

- Update the Board on the HQ and Regional Bureau Terms of Reference and likely impacts on the Management Plan (2020-2022)
- Validate initial planning assumptions to be used to prepare the Management Plan, including:
 - Overall **2020 PSA budget envelope**, taking into account the likely operational context, income projections and internal priorities
 - **ISC rates** to be applied
 - Scope of **CCI proposals**

2. HQ and Regional Bureau Terms of Reference

2.1 HQ and Regional Bureau Terms of Reference: to be included in 2020-2022 Management Plan

HQ

- is the think-tank for the achievement of zero hunger
- ensures coherence throughout WFP
- leads the development of corporate strategies, policies, processes, systems and tools
- supports the mainstreaming of initiatives and processes and facilitates effective operational performance
- engages with partners at the global level
- serves as the hub for knowledge management and learning
- supports emergency preparedness and response
- ensures oversight, including performance, risk management and compliance throughout WFP
- supplements the capacities of regional bureaus and provides leadership of office functions and specialized corporate services for regional bureaus and country offices

2.2 HQ and Regional Bureaux Terms of Reference: to be included in 2020-2022 Management Plan

Regional Bureaux

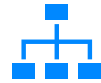
- provide direct support to country offices and call on headquarters for additional support as needed
- are responsible for positioning WFP strategically in their regions
- provide CO with support at the operational level for the design of programmes and the implementation of strategies, policies, processes and programmes
- engage with partners at the regional level and promote best practices in their regions
- facilitate emergency preparedness and response
- provide oversight throughout their regions, including assessments of performance, risk and compliance.

2.3 HQ and Regional Bureaux Terms of Reference: implementation



Divisional Function review aims to...

- 1) Contribute to address specific **accountabilities** within the function and across HQ and RBs
- 2) **Optimize** the **support** provided by HQ and RBs **to the COs** to ensure **future readiness**
- 3) Inform future **resource allocations across organizational levels** associated to the divisional function ToRs
- 4) Identify **efficiencies, reduce duplications and overlaps** and identify **services** to remain **centralized**.



15 Divisions involved...

- 1) Human Resources
- 2) Supply Chain
- 3) Programme
- 4) Nutrition
- 5) Emergency preparedness and support response
- 6) VAM/Monitoring
- 7) IT
- 8) Comms., Advocacy & Marketing
- 9) Management Services
- 10) Finance & Treasury
- 11) Budget and Programming
- 12) Resource Mobilization/ Partnership
- 13) Security
- 14) Staff Wellness
- 15) Innovation and Change Mgmt



Expected outcome

- 1) **HQ/RB ToRs by division**
- 2) Initial **understanding** of potential **budgetary impact** by RB and HQ (PSA & XB)
- 3) **List of centralized services**
- 4) Areas of **duplications** and initial recommendations to reduce them

3. Strategic and Financial Context

3.1. Key External Drivers for the Management Plan

Main drivers

- **Conflict:** continuation of the record number of Level 3 and Level 2 emergencies with conflict being the primary driver
- **Climate change** and climate-related disasters continue to be key drivers of malnutrition and food security
- **Increased uncertainty** in the world driving up the hunger rate, driving up migration and driving destabilization
- **Humanitarian-development nexus:** need to focus strategy, programme and policy development across humanitarian and development work
- **United Nations reform** and ensuring that it helps WFP to be both more efficient and more effective
- **Technology:** opportunities to use innovative tools and technology to increase efficiency and effectiveness
- **Accountability:** heightened accountability for the use of funds and demands for greater efficiency



3.2. Key Internal considerations for the Management Plan

- Implementation Plans are currently prepared for the following year in May/June and are outdated by the time the Management Plan is published
- Approach for MP 2020:
 - Implementation plans would not be included in the Management Plan document, and would instead be published online after the November Board
 - Information on the “gap” between needs and resources would continue to be provided in the Management Plan document using projected income rather than consolidated implementation plans

3.3. Proposed Management Plan Structure

1 Executive Summary and Draft Decisions

Encompasses key messages in an Executive Summary, and presents all Draft Decisions for Approval

2 Key Extracts

Section I: Introduction

Section II: Funding Context and Resourcing Assumptions

Section III: Operational Requirements and Impact of the Funding Gap

Section IV: Programme Support & Administrative Budget

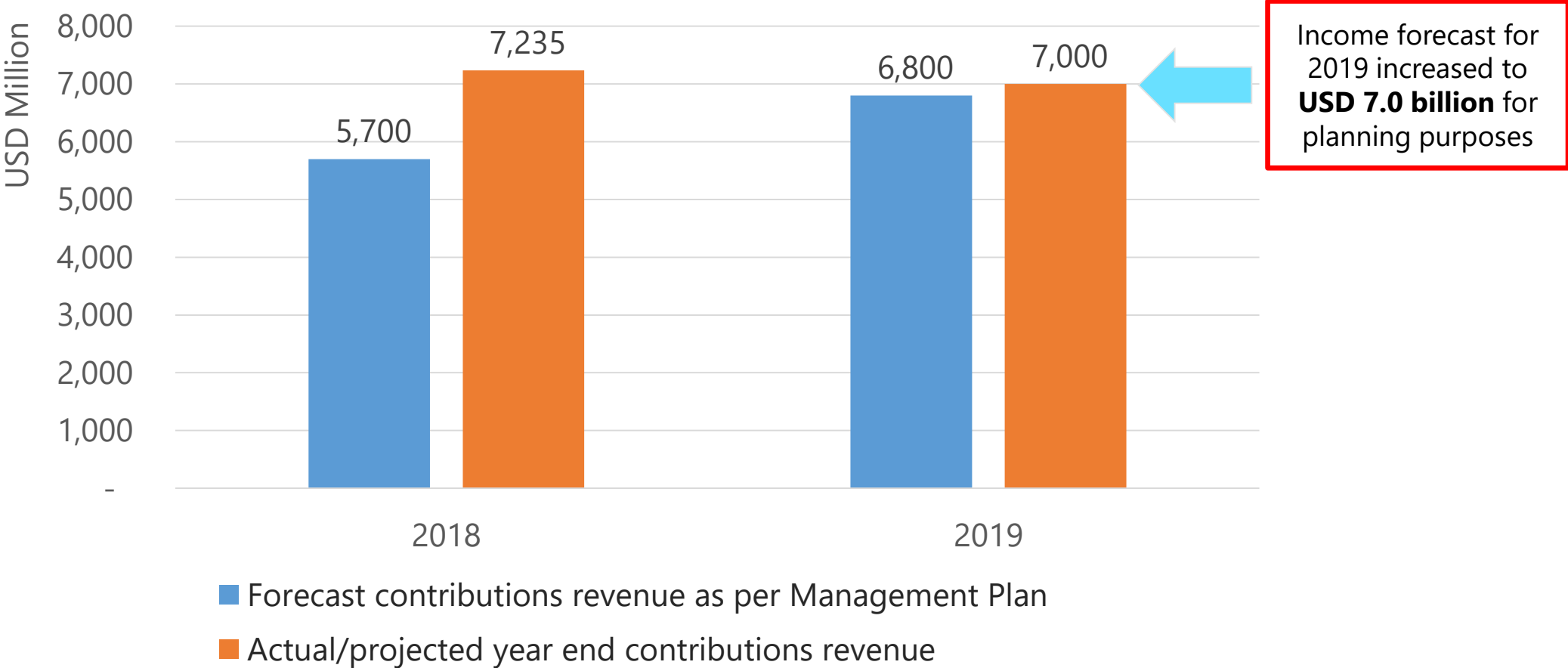
Section V: Trust Funds and Special Accounts

3 Annexes

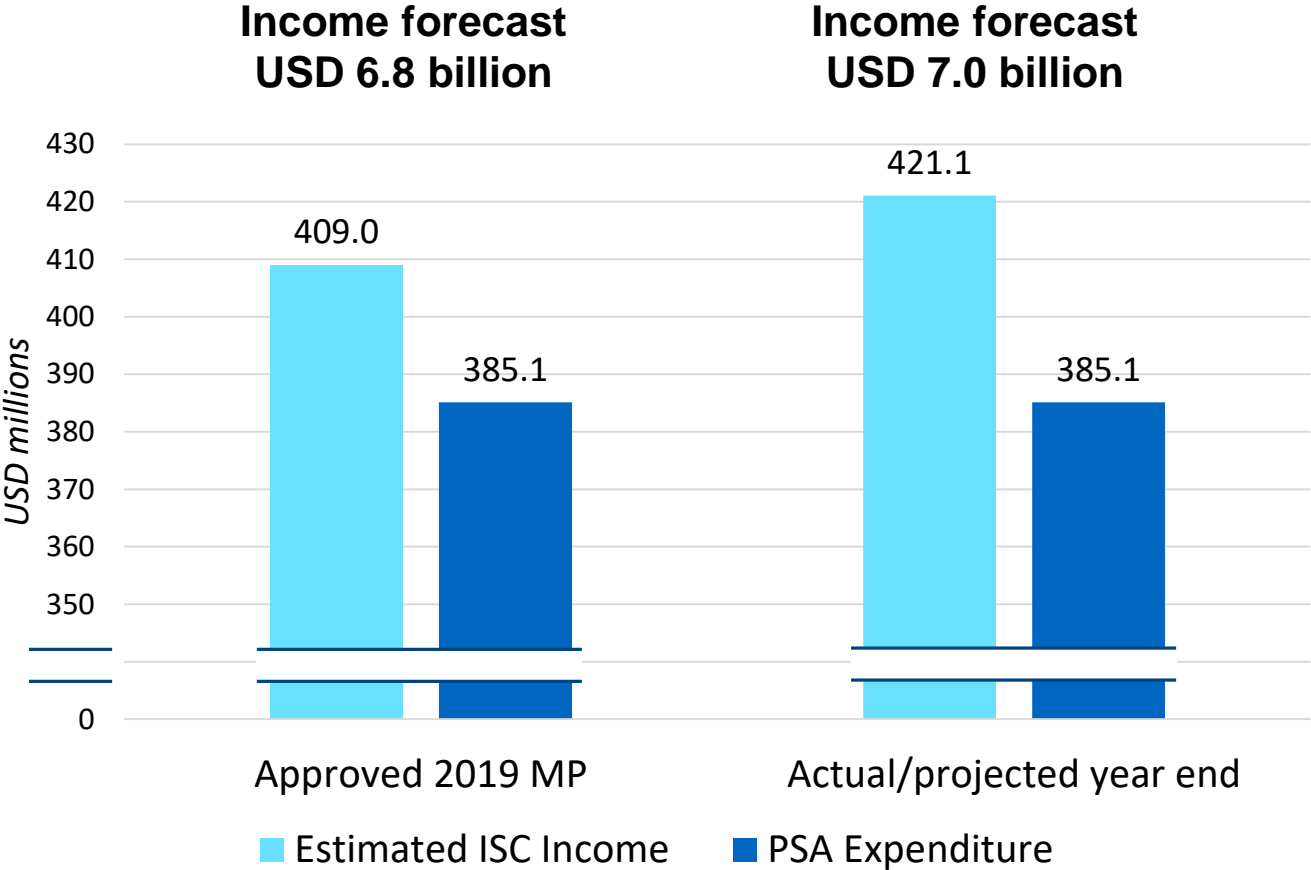
Includes further information on PSA budget proposals, organizational structure, staffing, and Evaluation Work Plan

Implementation plans and more detailed information on needs-based operational requirements to be provided on-line

3.4. Updated 2019 Income Forecast: MP Forecast vs. Actual Contributions

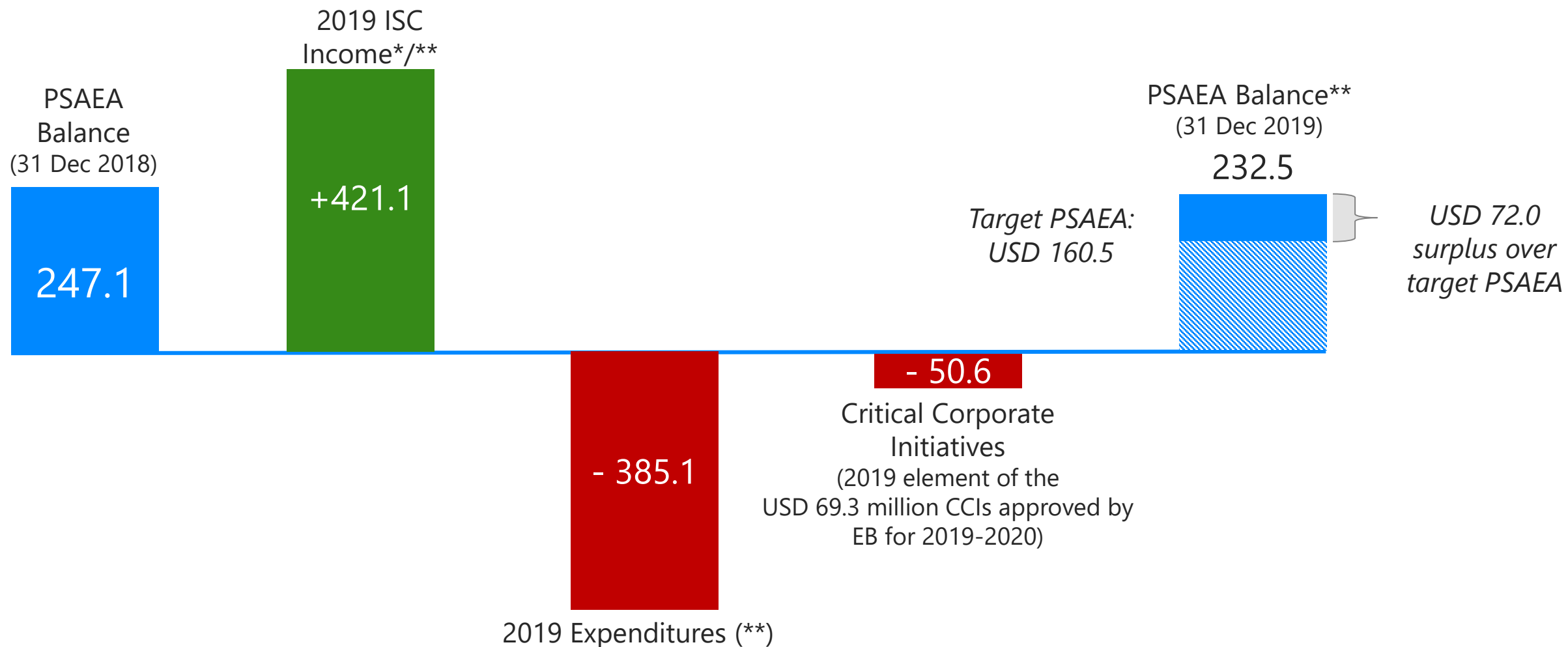


3.5. 2019 PSA Income versus Expenditure



**2019 projections contained in Management Plan (2019-2021)
updated to reflect current expectations**

3.6. Projected PSAEA balance end 2019 *(figures in USD millions)*



WFP is expecting a very healthy PSAEA balance

4. Building the Management Plan (2020-2022)

- **Part A:** PSA Approach and Preliminary Numbers
- **Part B:** PSAEA and possible uses

4A. Overall Approach and Preliminary Numbers

4A.1. What is the Programme Support & Administrative (PSA) budget?

What is the PSA?

- Portion of the WFP budget providing indirect support to WFP activities
- Indirect support costs are “costs that cannot be directly linked to the execution of a programme or activity”

How is it funded?

- Funded from standard ISC charge on each contribution, with a limited number of exceptions

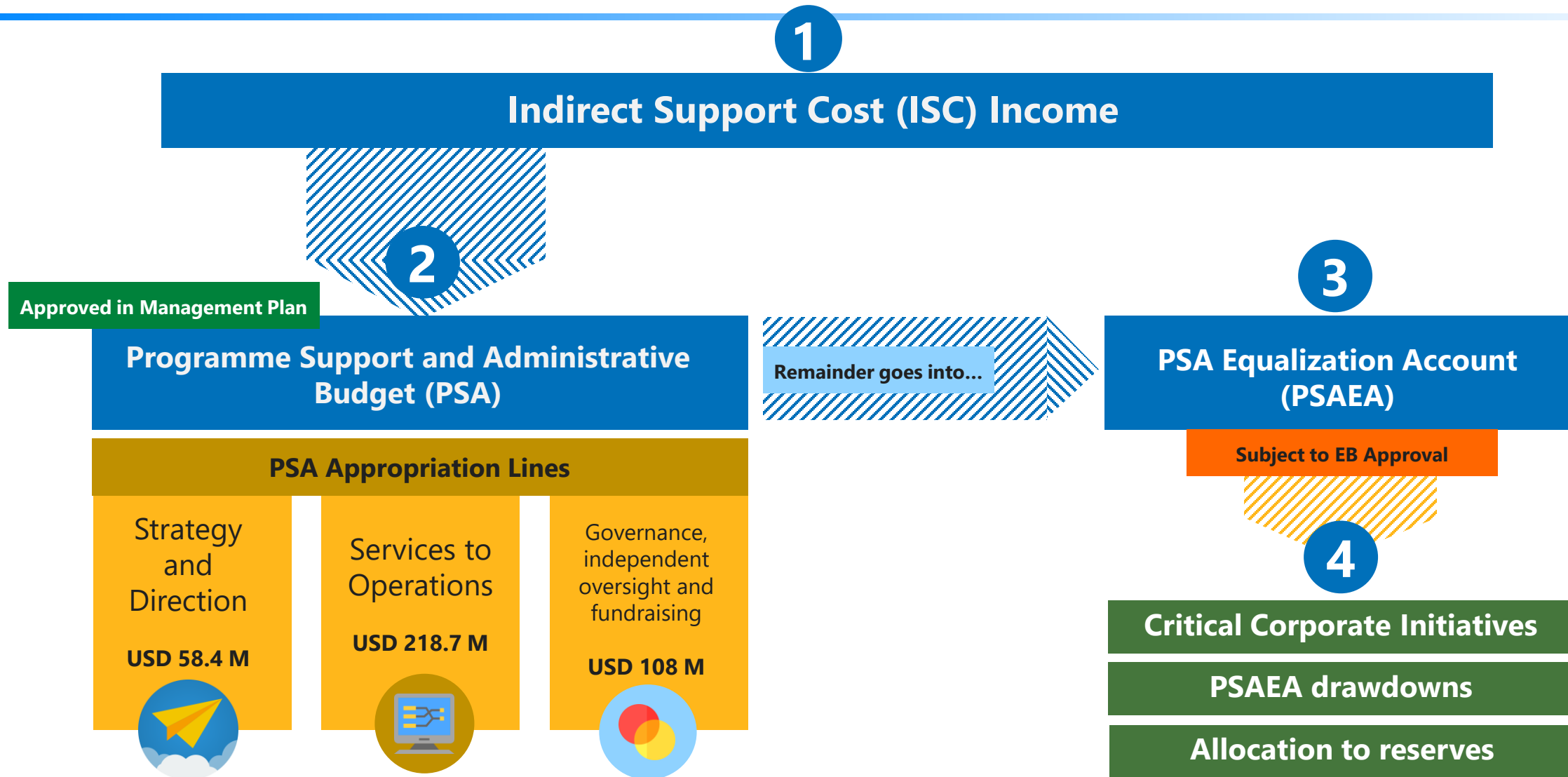
What does it cover?

- Covers the majority of Headquarter and Regional Bureaux costs, as well as ‘backbone’ structure of country offices

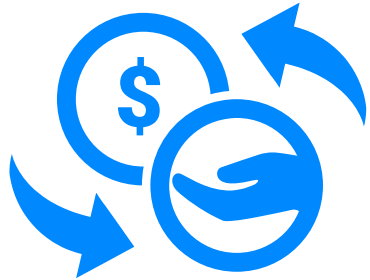
How is it approved?

- Board approval of the PSA appropriation within the Management Plan gives authority to the Executive Director to spend

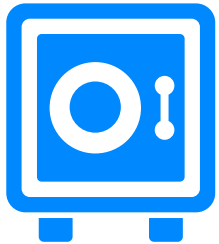
4A.2. What is the Programme Support & Administrative (PSA) budget?



4A.3. PSA planning parameters



- More detailed and engaged process for estimating contributions revenue
- **Annual PSA budget** respects the desire to live within current income forecasts
- **Actual and projected PSAEA respects target levels noted by EB in 2015 (5-month PSA target level, 2-month spend floor)**



4A.4. PSA planning parameters – ISC recovery rates

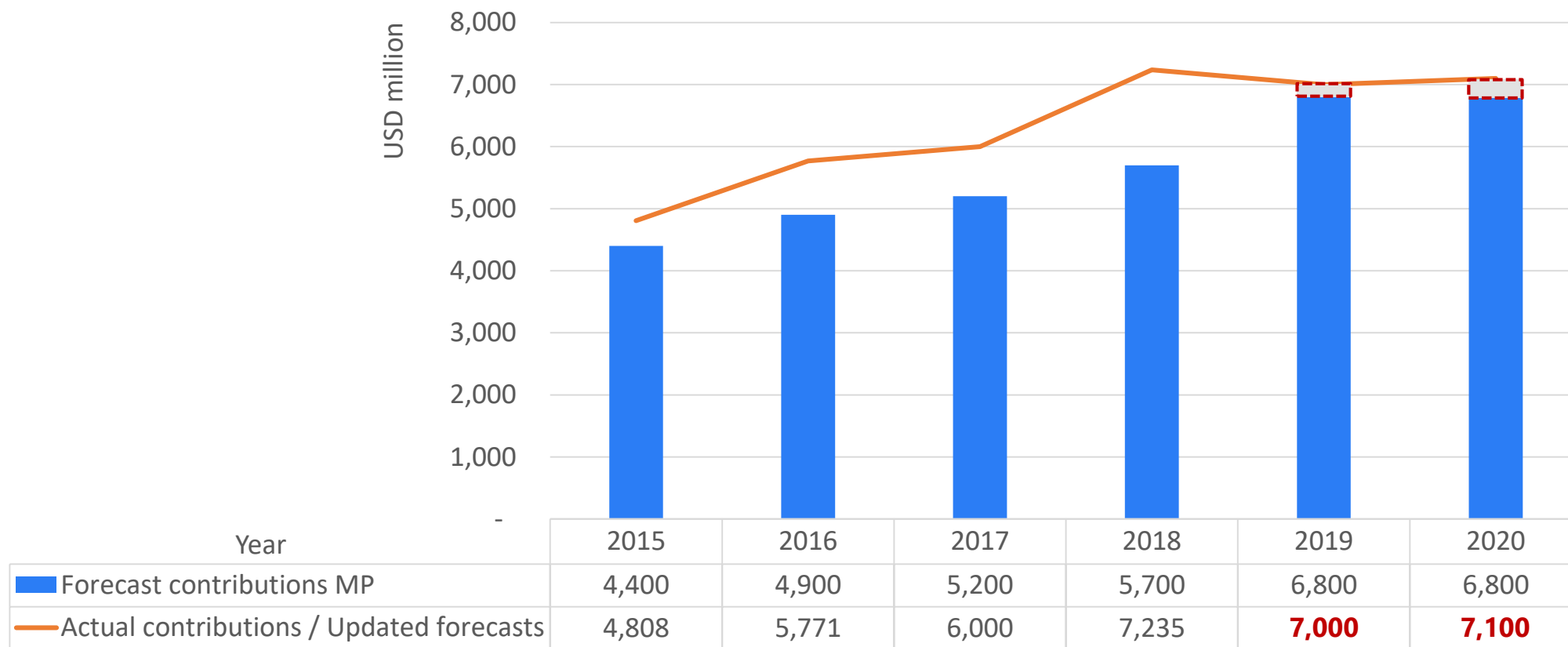
Standard ISC recovery rate

- Analysis of likely ISC income and expenditures indicate that it would be high risk to reduce the standard ISC rate to 6% given the current funding projections for 2020 and uncertainties related to future operational requirements
- Propose to maintain the **6.5% standard Indirect Support Cost (ISC)** rate for 2020

Lower ISC rate

- Propose to maintain the **4% lower ISC rate** for host governments' contributions to their own programmes, and for contributions made by governments of developing countries or countries with economies in transition

4A.5. Management Plan Income forecast versus Actual Contributions



**Tentative 2020 income forecast for Management Plan (2020-2022)
is USD 7.1 billion versus 6.8 billion projected income in Management Plan (2019-2021)**

4A.6. 2020 PSA Planning proposal

	<i>USD million</i>
	2020 Planning
Estimated Overall Income	7,100
Estimated ISC Income	✓ 427
Proposed PSA level	✓ 410-420

Living within our means for 2020

**Tentative PSA range for 2020 proposed at USD 410-420 million
(6-9% increase compared to USD 385.1 million in 2019)**

4A.7. Examples of corporate priorities under discussion as input to the final 2020 PSA budget proposal (non-exhaustive, not prioritised)

- Strengthened corporate surge capacity
- Leadership for school meals
- Strengthened surge support and tools to support integrated programming
- Strengthening WFP's position as a development partner to mobilize resources from International Financial Institutions and Host-Governments
- Evaluation
- Oversight
- Regional and Country level PSA
- Develop dedicated analytics capacity

4A.8. Examples of corporate priorities under discussion as input to the final 2020 PSA budget proposal (non-exhaustive, not prioritised)

- Build fraud prevention capabilities within WFP's first and second lines of defence (RBs, functional areas)
- Invest in high priority risk management, internal control and fraud prevention activities including CBT financial management and other areas
- NGO Management: Policy, Guidance and Strengthening Second Line of Defence
- Operational Monitoring and Review: Implementation of the Monitoring Strategy
- Anti-Fraud and Anti-Corruption (AFAC): Field and regional AFAC support
- CBT: End to end analytics/dashboards

4B. Proposed PSA approach: PSAEA and possible uses

4B.1. What is the PSA Equalization Account?

Established in 2002 to manage surpluses or deficits between ISC revenue and PSA expenditures:

The Executive Board endorsed use of the balance on the PSAEA as follows:

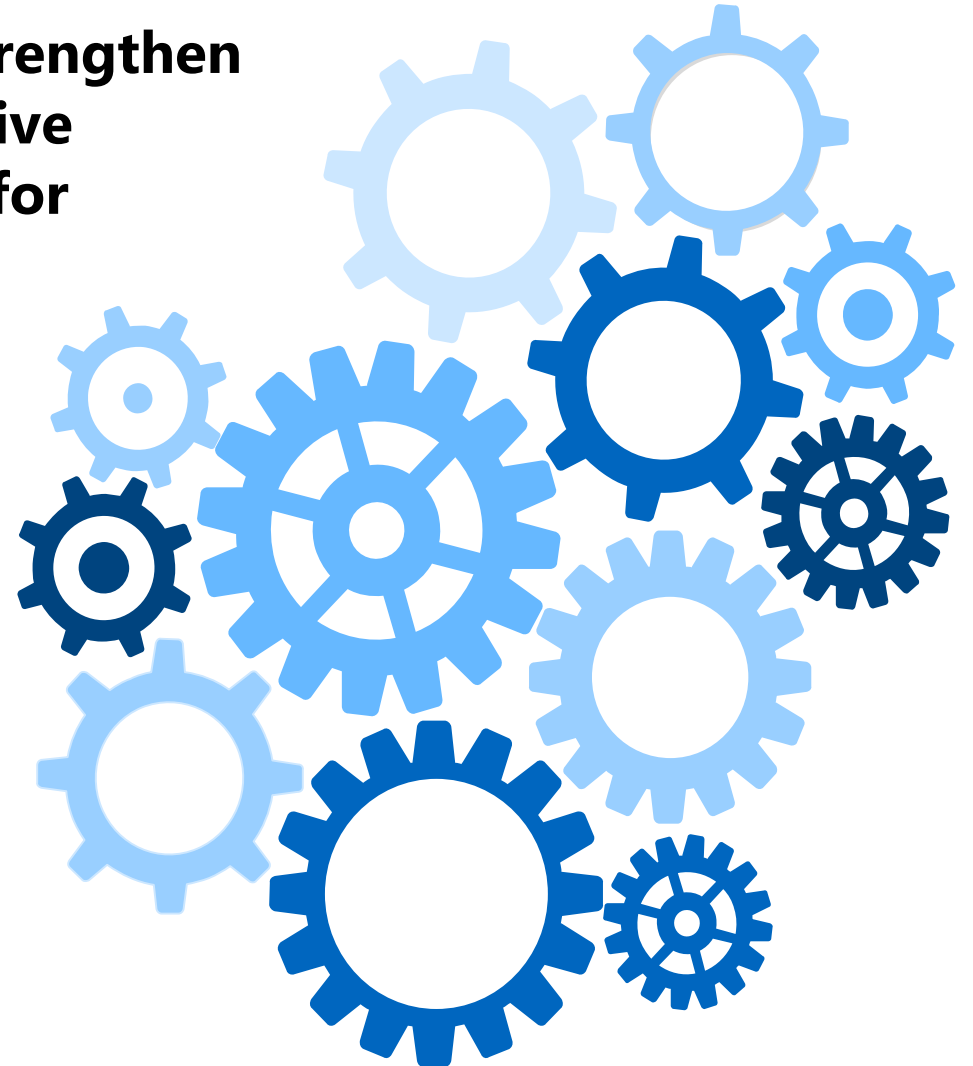
- 1 to cover any difference between indirect support cost income and approved Programme Support and Administrative expenditure;
- 2 as a reserve to underwrite risk of decreases in indirect support cost income or underfunding of the Programme Support and Administrative budget;
- 3 for critical corporate initiatives or thematic support funds; and
- 4 for strengthening WFP's reserves.

A target level of five months with a floor equal to 2 months PSA expenditure

4B.2. Critical Corporate Initiatives

Definition (WFP/EB.A/2015/6-C/1): an activity to strengthen WFP's programming, operational and administrative capacity to fulfill its mission and delivering value for money

- One-off in nature
- Focused on organizational change
- Require predictable funding
- Unlikely to generate sufficient additional investments from donors
- Not a recurring or regular PSA-type cost
- Not benefiting a single operation



4B.3. Approach for Critical Corporate Initiatives in 2020

- **Main focus will be on the continuation of CCIs started in 2019**
 - CCIs approved in MP 2019 included a number of initiatives with a 2-year timeframe that will continue in 2020 (e.g. UN Reform; Systems Integration and IT-enabled Efficiencies)
 - Further proposals to be included where necessary in MP 2020 to augment the funding for these initiatives in 2020
- **Other potential CCI proposals for 2020**
 - **Private sector fundraising strategy:** an initial CCI investment may be required to provide part of the funding; thereafter it would be expected to be self-funding through the capital budgeting facility
 - Development of ERP (SAP) roadmap

Thank you!

BACKUP

4B. Recall: Critical Corporate Initiatives Approved in MP (2019-2021)

Name	Amount	Timeframe
Cash and the Digital Platform	USD 20 million	Over a 2-year period
WFP 2030 Fund	USD 15 million	Over a 2-year period
United Nations Reform	USD 8.2 million	Over a 2-year period
Workforce 2020	USD 11.1 million	Over a 2-year period
Integrated Road Map	USD 10 million	Single year
Systems Integration & IT-enabled efficiencies	USD 5 million	Single year
Total	USD 69.3 million [of which USD 50.6 million in 2019]	