

WFP Executive Board

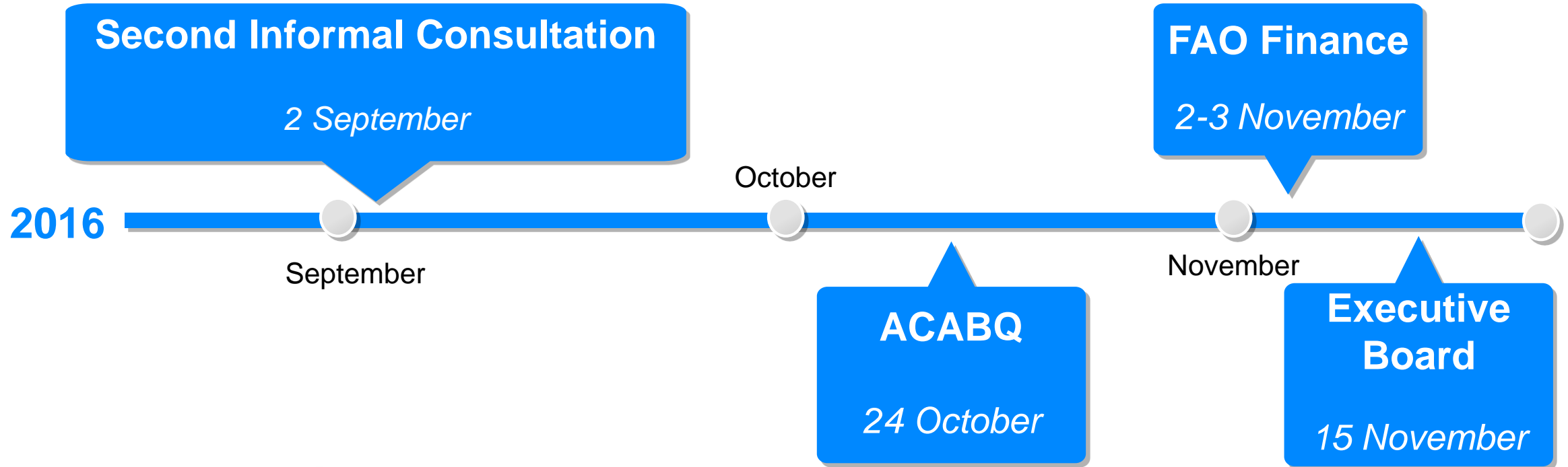
*2nd Informal Consultation
Management Plan 2017-2019*

2 September 2016



World Food Programme

Upcoming Key dates for the Management Plan (2017-2019)



Objective:

Present for approval the 2017-19 Management Plan for the Second Regular Session of the Executive Board

Key extracts provided in advance of today's informal consultation

Management Plan (2017 - 2019)	Key Extracts Released August 19 th
Executive Summary	
Draft Decisions	Presented today
Section I: Introduction	✓
Section II: Funding Context and Resourcing Assumptions	✓
Section III: Prioritized Plan of Work	✓
Section IV: Programme Support and Administrative Budget	✓
Section V: Provision of Corporate Services and Business Services: Special Accounts	✓
Annex on Office of Evaluation Workplan	✓
Other Annexes	

A complete draft of the Management Plan (2017-2019) will be distributed by October 15th

Agenda for Informal Consultation

- I. Directions of Change Introduced in the Management Plan (2017-2019)**
- II. Section-by-Section Review of the Document**
 - Section I: Introduction
 - Section II: Funding Context and Resourcing Assumptions
 - Section III: Prioritized Plan of Work
 - Section IV: Programme Support and Administrative Budget
 - Section V: Provision of Corporate Services and Business Services: Special Accounts
- III. Draft Decisions**

I. Directions of Change Introduced in the Management Plan (2017-2019)

Management Plan (2017-2019) will prepare WFP for the new integrated roadmap

Resource Based

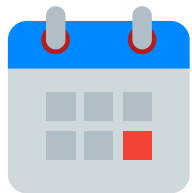


VfM Focused



Performance Informed

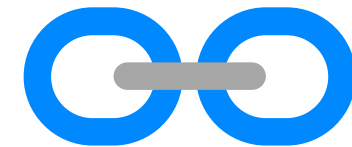
Standardized Resource Based Plans drafted for each project based on funding projections



PSA budget focused on delivering on Board commitments



2017-2019 budgeting process linked to the Annual Performance Report (APR) and the current Management Plan (MP)



MP (2017-2019) plans to be realigned to the new Corporate Results Framework

II. Section-by-Section Review of the Document

Section I: Introduction

Introduction provides a framework for understanding the drivers of the Management Plan

Structure of the Document

Overview of **purpose and content** of each section

Emphasis on **resource based planning** as the foundation for financial planning, and the integrated road map

Para. 6-7

Global Economic & Political Context

Assessment of **external factors** that may impact WFP's work:

- Funding environment
- Climate-related change
- Commitments made in global summits and conferences

Para. 8-20

Strategic & Organizational Context

Outline of **internal considerations** for plans:

- Initiate implementation of the new roadmap, particularly the Financial Framework
- Analysis of global support costs
- Commitment to Cost Excellence primarily through process improvements


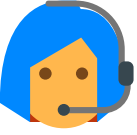



Para. 21-35

WFP is actively working to follow up on the World Humanitarian Summit and the Grand Bargain

WFP is...

- ✓ Working towards 47 commitments across 10 Grand Bargain work-streams
- ✓ Assigning ownership of commitments
- ✓ Looking to also establish timeframes and KPI's in partnership with others
- ✓ Continuing dialogue with partners

Areas of work include:

- Transparency and improved data 
- Improved partnerships with first responders 
- Cash programming 
- Reducing costs and measuring efficiency gains 
- Joint assessments 

Para. 39-40

Section II: Funding Context and Resourcing Assumptions

Provides the details of WFP's 2017 revenue forecast of USD 5.2B

Financial Context



- **Funding trends, 2017-2019 funding forecast**
- **Diversify donor base** and encourage multilateral/ multi-year contributions

Para. 36-56

Predictable, Flexible Funding for Efficient Planning



- **Impact of contribution restrictions** on operations and advance financing
- **Initiatives undertaken** by RM & PG to **support flexible funding**
- **Improved operational efficiency** of multi-year and/or multilateral funding

Para. 57-62

Harmonizing Cost Recovery Rates



- **Alignment with other agencies** which are harmonized
- **Increase competitiveness**
- **Reduced transaction costs**

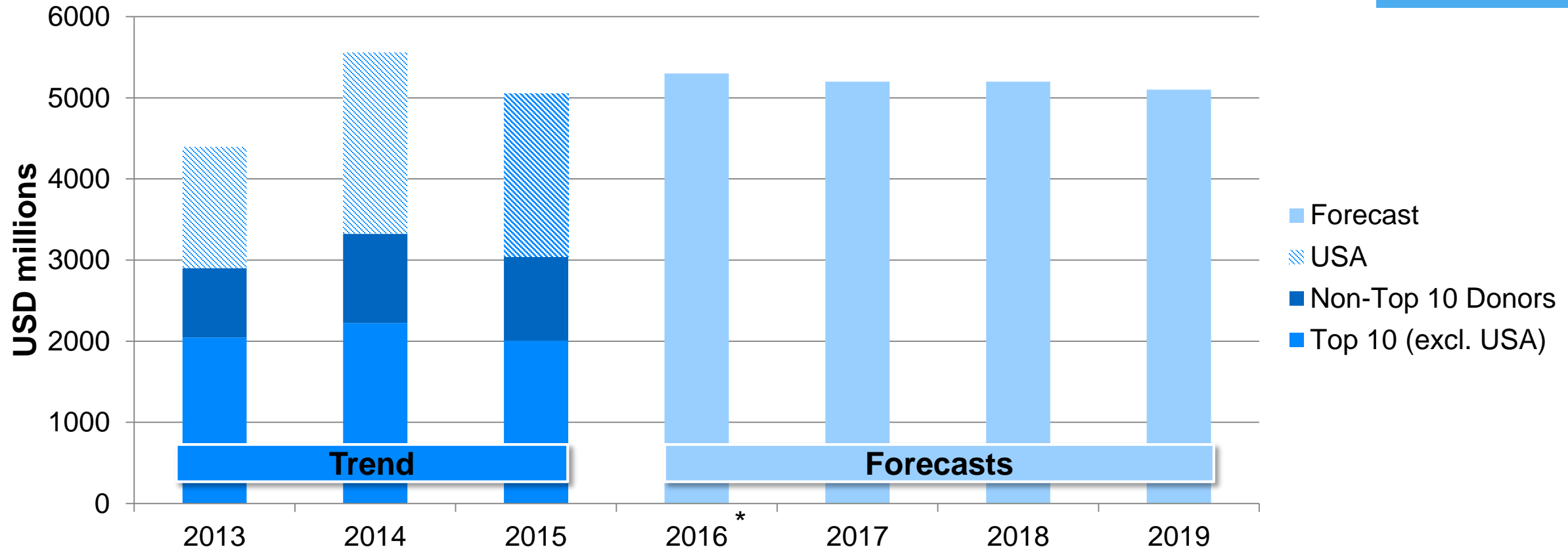
Para. 55-56

WFP is committed to creating a realistic plan, while advocating for needs, and emphasising the importance of flexibility and predictability

2017 forecast of general trends is based on an aggregation of projections for individual projects

Recent Revenue Trends and Forecasts

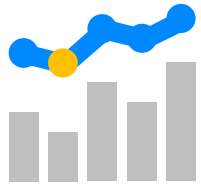
Figure II.3 (pg.9)



Given the current level of humanitarian needs and donor intelligence, contributions are expected to exceed USD 5 billion over the next few years

Harmonize Private Sector ISC rate to 7%

Harmonizing ISC rate for Private Sector to the Corporate 7% would:



Make WFP **more competitive** in the private sector area, and align the organization with other UN agencies



Reduce **transaction** and **administrative costs**

7% ISC rate for Private Sector* is already taken into account in the Corporate ISC income forecast of USD 335.4 M**

* Private sector also provides substantial in-kind capacity development and technical assistance

** Impact of reduction in ISC rate from 10% to 7% is USD 3 M, assuming no increase in Private Sector income as a result of lowering the ISC rate

Section III: Prioritized Plan of Work

Before, let's take a second to reflect on definitions and figures



Operational Requirements (OR): All direct operational needs & direct costs related to approved projects and their logical extensions. Includes ISC, and excludes Trust Funds.



Total: USD 9.0 B

Prioritized Plan of Work (PPoW): Sets out the utilization of anticipated funding on the basis of project funding forecasts. Includes ISC, and excludes Trust Funds.



Total: USD 5.4 B

The Operational Requirements are needs based, while the Prioritized Plan of Work (PPoW) reflects available resources

PPoW forms the basis of the Management Plan and presents needs aligned to the funding forecast

1 Prioritized Plan of Work

Presented by :

- Strategic Objective
- Activity
- Programme category
- Transfer type
- Region

Shows Impact on:

- Rations
- # of Beneficiaries
- Duration

Para. 111-144

2 Cost and Reach of Food Assistance

Avg. cost of daily rations by:

- Activity
- Programme category

Progressively attempt to estimate Tier 2 beneficiaries*

Para. 94-110

3 Global Analysis by Thematic Area

Overview of:

Thematic areas that will shape the implementation of the Prioritized Plan

Para. 111-144

4 Implementation Plan

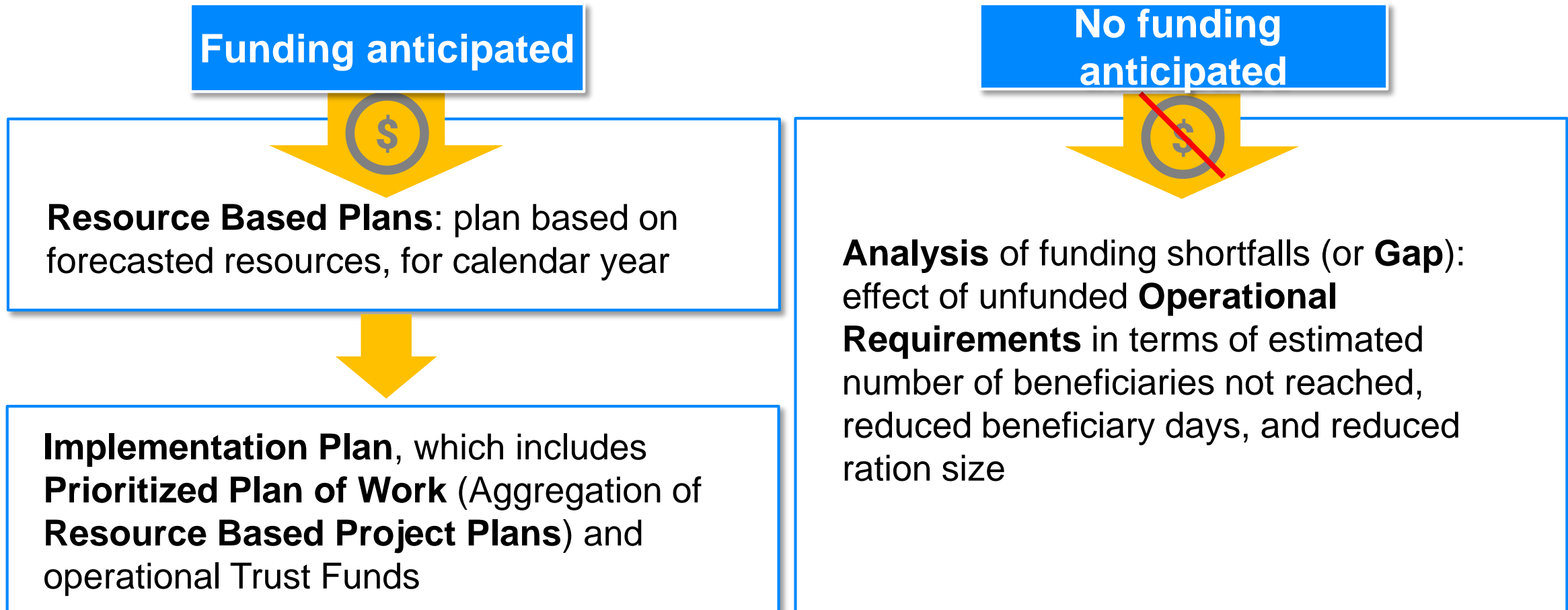
Consists of:

Prioritized Plan of Work

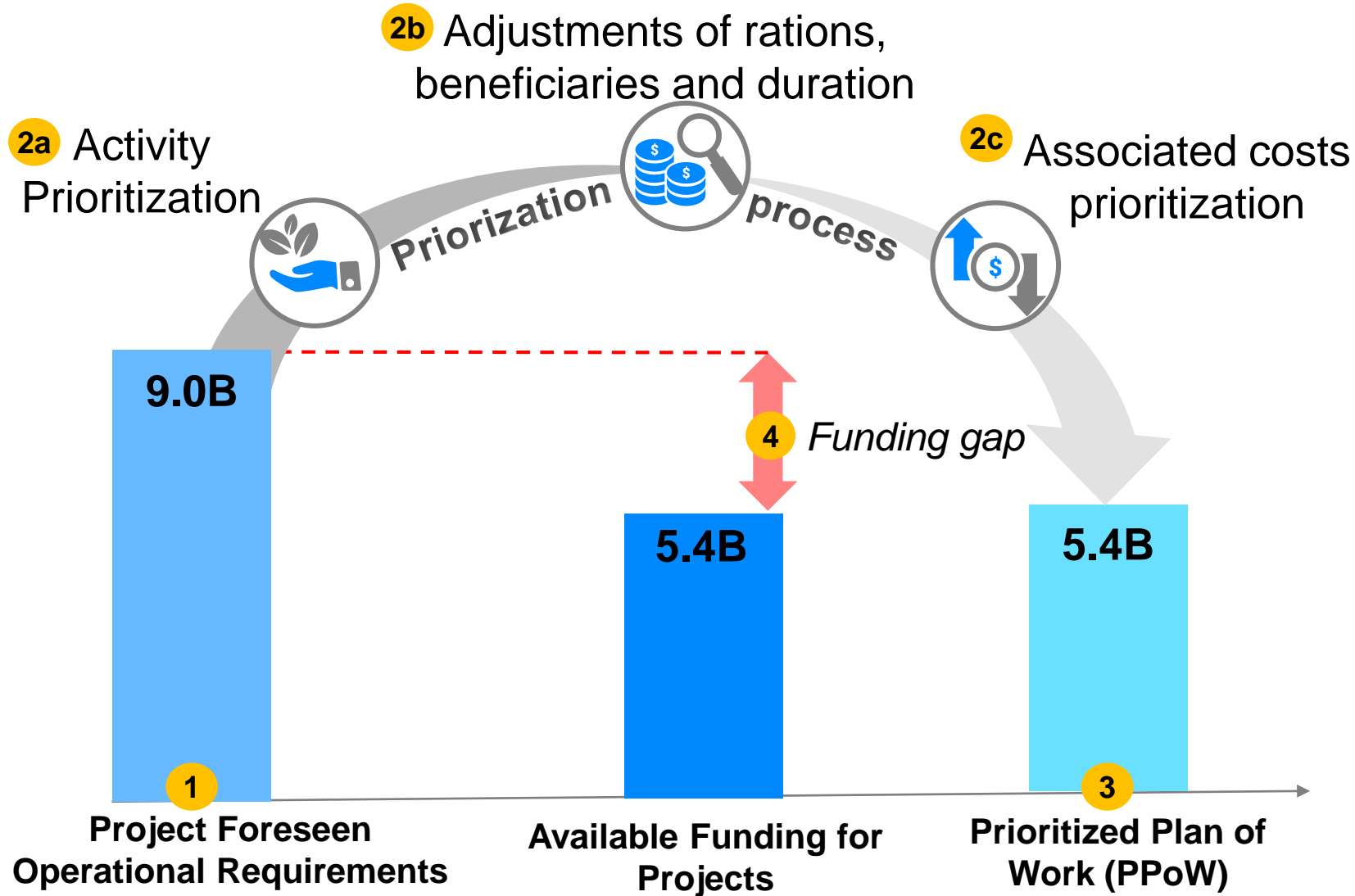
All work undertaken by WFP irrespective of funding source or category

Para. 150

Key concept of the Management Plan 2017-2019 is planning around resources, while advocating for needs



2017 From Operational Requirements to Prioritized Plan of Work (including ISC)



Process (excl. T/F)

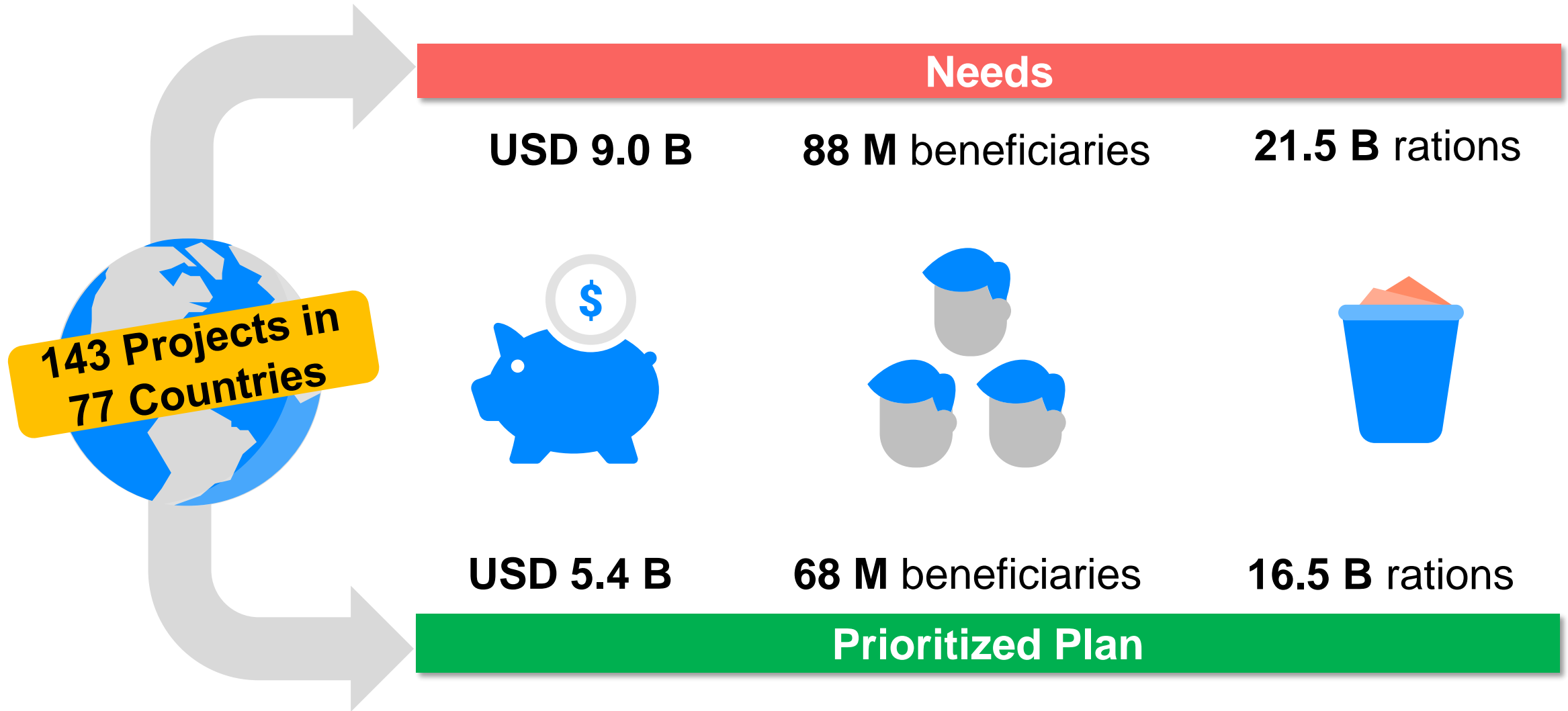
1. Operational Requirements: WFP establishes the Operational Requirements based on assessed needs

2a-2c. Prioritization Process: Considering available and forecasted funding, WFP goes through a prioritization process

3. PPOW: WFP reaches a Prioritized Plan

4. Funding gap: The difference between the PPOW and available resources reflected in terms of beneficiary impact

2017 Operational Requirements and Prioritized Plan: Key Figures



2017 (2016) Prioritized Plan: Key Figures



USD 5.4 B (*USD 4.6 B*) prioritized plan



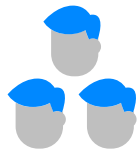
3.27 M mt (*2.5 M mt*) / **USD 2.8 B** of food



USD 1.1 B (*1.1* B cash-based transfers*)



16.5 B (*13.7 B*) rations



68 M beneficiaries



36m W



32m M

Plan is prepared within the context of assessed needs, forecasted funding, the scope of the Strategic Plan and organizational capacity

Life-saving activities are the majority of the 2017 Prioritized Plan of Work

Strategic Objective

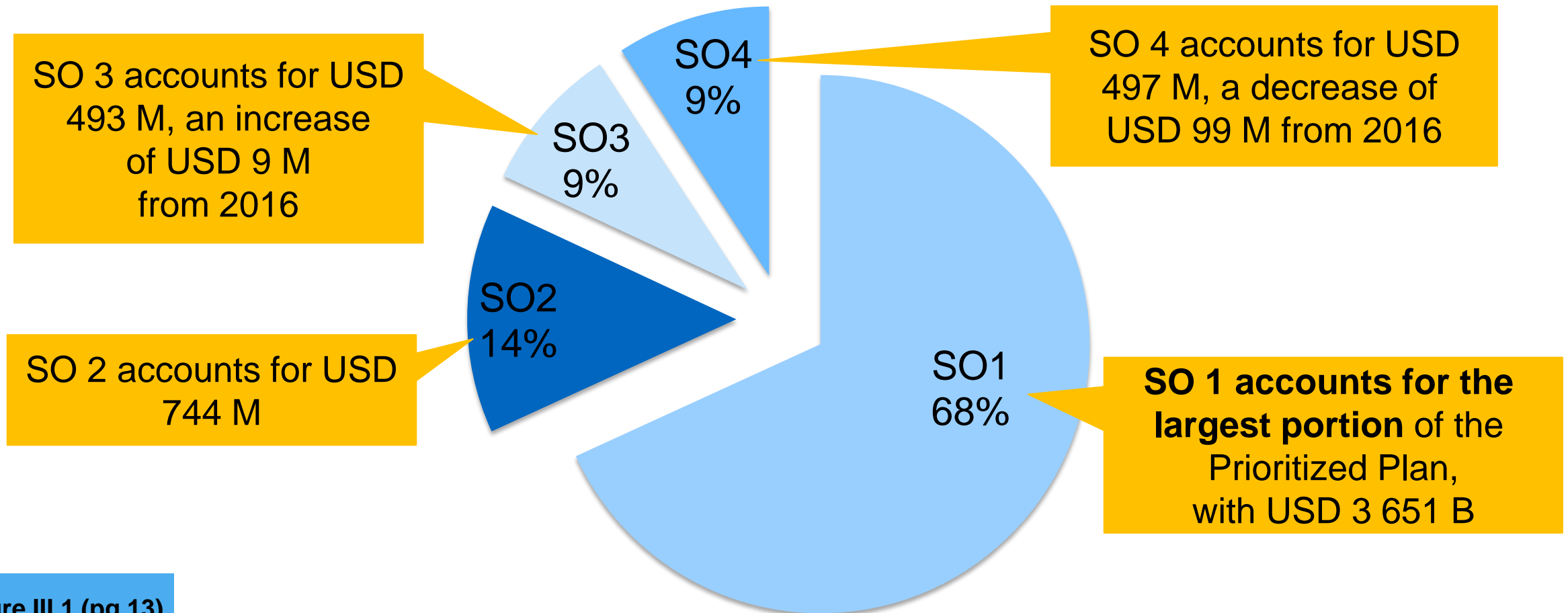


Figure III.1 (pg.13)

Life saving activities, within donor conditions, are prioritized

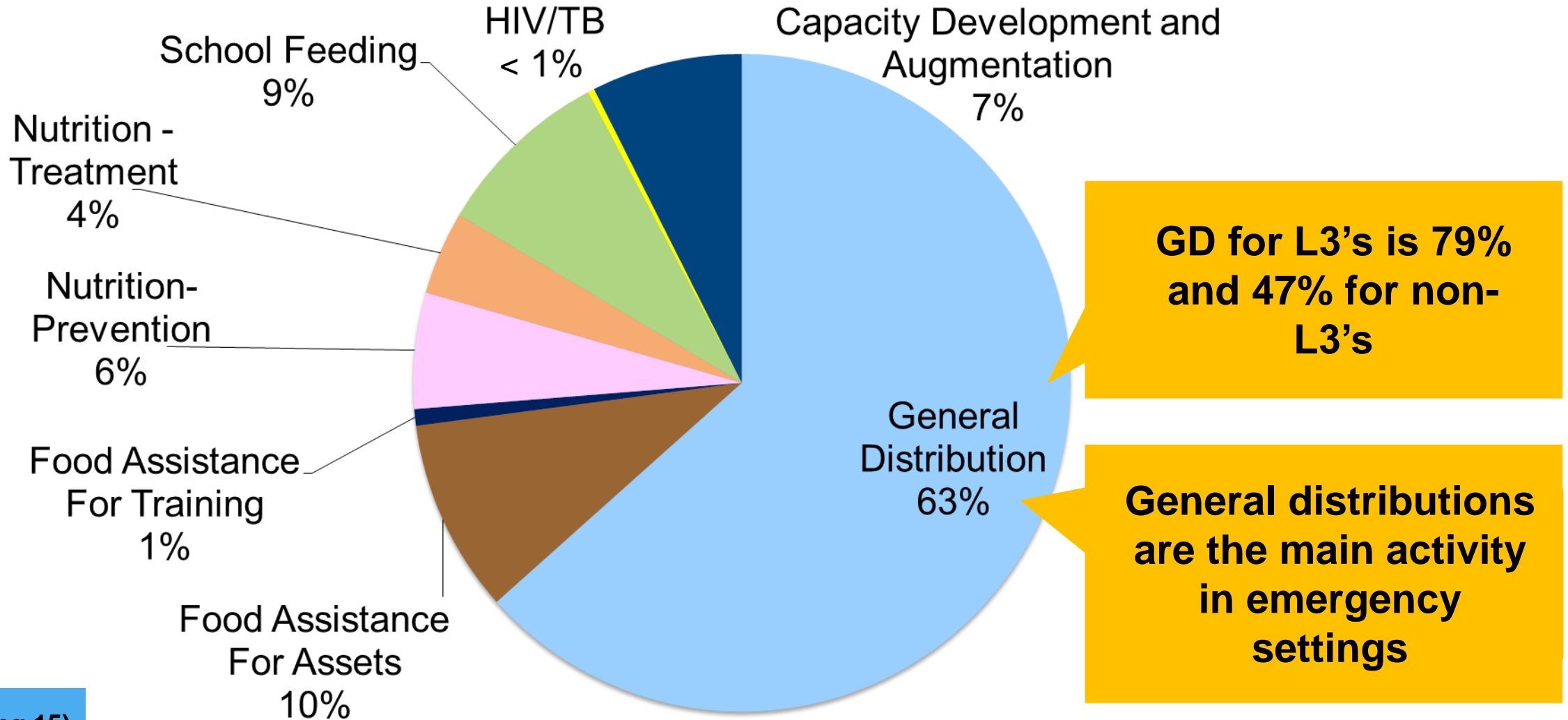


Table III.2 (pg.15)

Implementation plan combines the prioritized plan of work and trust funds to provide a holistic plan of field operations *(including ISC)*

2017 Implementation Plan

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Regional bureau	Prioritized Plan of Work	Trust funds	Total
<i>USD Millions</i>			
RBB	401	21	442
RBC	2,292	7	2,300
RBD	676	3	680
RBJ	524	21	545
RBN	1,403	13	1,417
RBP	88	27	116
Subtotal	5,385	95	5,480
Corporate trust funds related to field activity		21	21
Total	5,385	116	5,502

By Regional Bureau

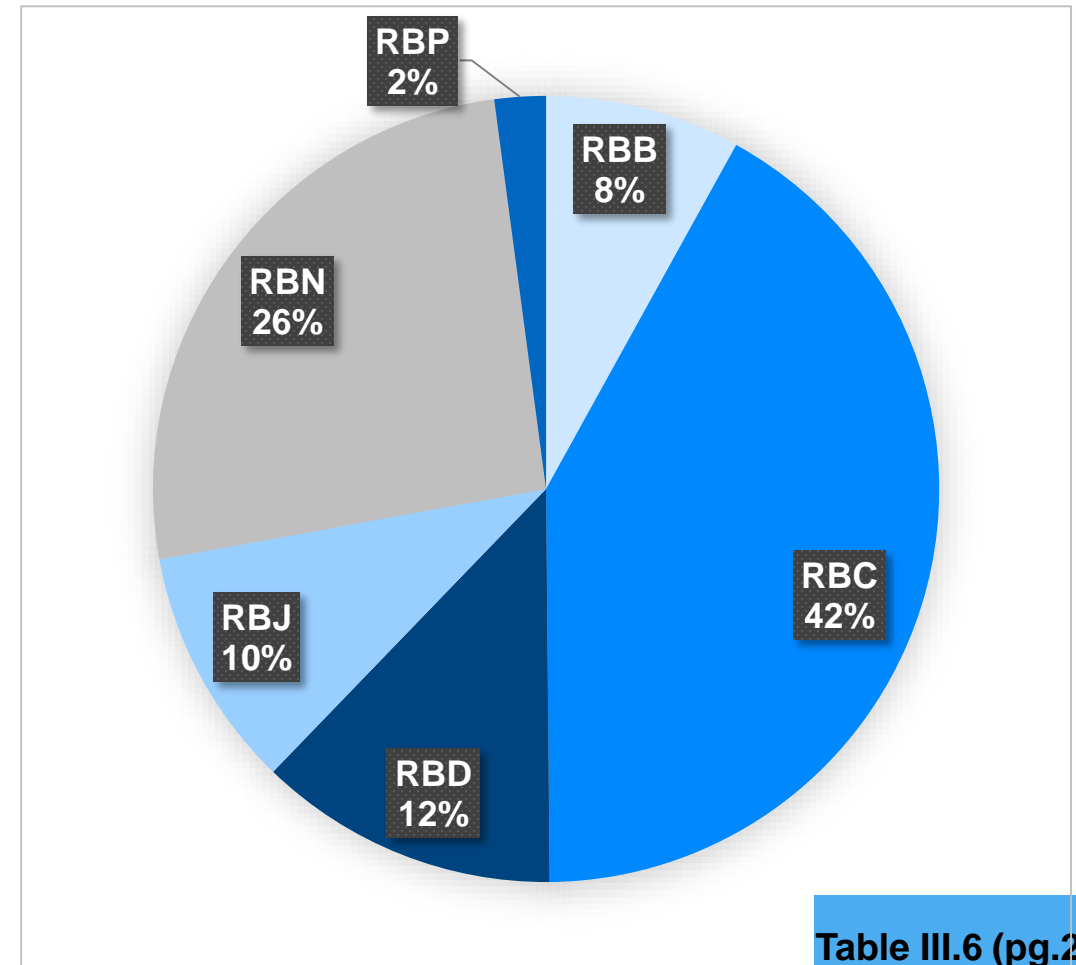


Table III.6 (pg.26)

To improve understanding of the cost of assistance, WFP is using daily rations

# of Rations	
	Billions
Prioritized Plan of Work	16.5

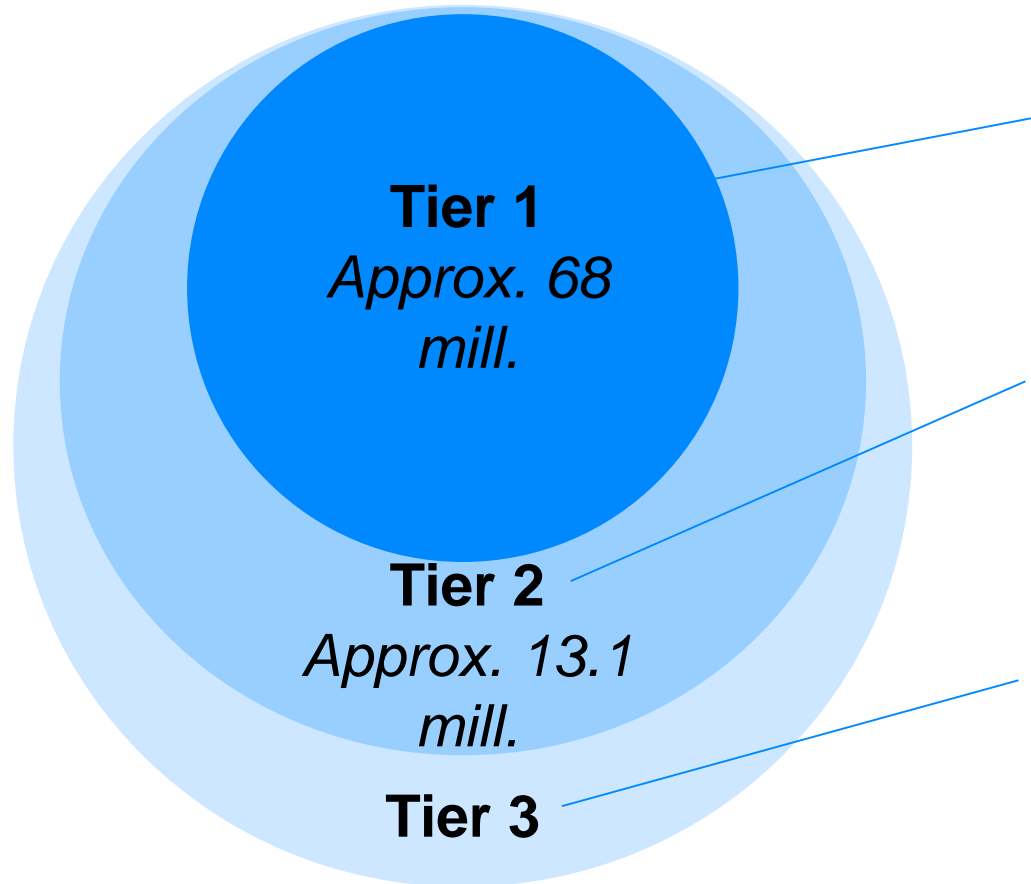
Average Weighted Daily Ration Cost	
	USD
Prioritized Plan of Work	0.30

- ✓ Tracking daily rations **better demonstrates the volume and frequency of assistance**
- ✓ **Costs per ration are baselined for future comparisons**
- ✓ Cost per food ration average: **between USD 0.24 and USD 0.34**
- ✓ Cost per ration for general distribution is the least expensive activity, while Nutrition is the highest

Para. 64-68

WFP provides assistance to beneficiaries in a multitude of ways

Para. 70-71



Tier 1 is direct beneficiaries of food or cash transfers

Tier 2, or secondary beneficiaries of assets created by WFP

Management to provide further quantification

Tier 3 beneficiaries are those benefitting from WFP's capacity development activities

40% of Tier 1 direct food assistance beneficiaries are in the Syrian crisis countries, South Sudan, Yemen, Iraq and the El Niño affected countries in Southern Africa

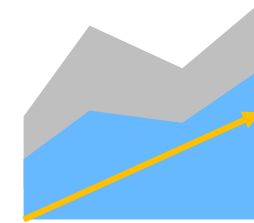
Overview of thematic areas that will shape operations



**Emergency and
Transition Programming**



**Social Protection and
Safety Nets**



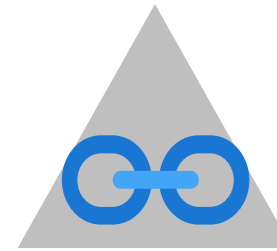
**Food Security and Joint
Assessments**



**Climate and
Disaster Risk
Reduction**



**Market Access
for Smallholder
Farmers**



**South-South
& Triangular
Cooperation**

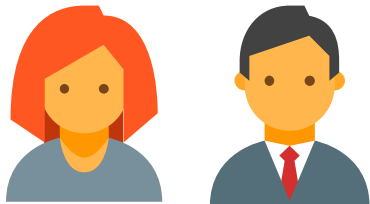


**Monitoring &
Reporting**

Selected other areas that will shape operations

Accelerating Gender Mainstreaming

- **Resources allocated** to gender-related activities in PPOW **are estimated at 13%**
- 2015-2020 **Gender Policy** will ensure gender equality and women's empowerment are integrated in all activities



Cash Based Transfers

- **Strengthening internal capacity and partnerships** to enhance the outcomes achieved with cash based programming



Nutrition

- Account for 10% of Prioritized Plan
- Other **programmes being modified to enhance nutritional effects** (eg. Increased dietary diversity, behavior change commitments)



Section IV: Programme Support & Administrative Budget

Key principles for Management Plan 2017-19 PSA planning

Budget Envelope



- **Ensure PSA budget is within our means**
- **Use PSA Budget to increase beneficiary value-transfer**
- **Maintain 7% Indirect Support Cost (ISC) rate**
- **Maintain PSAEA at minimum 5-month PSA spend level**

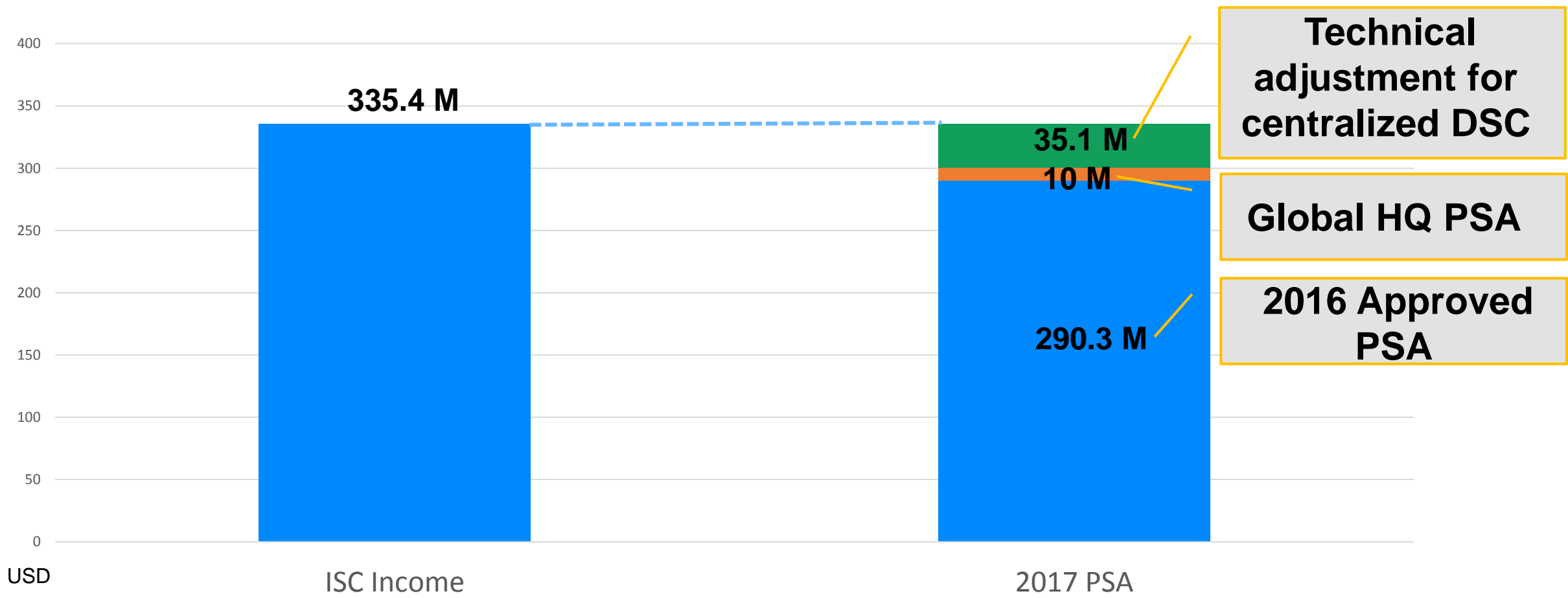
Resource Allocation



- **Documented 5% Churn of 2016 PSA budget level**
- **Increases documented by investment cases and in line with corporate commitments, VfM and field focused**
- **Limited growth for Global HQ PSA**
- **CCIs postponed until February 2017**

PSA Overview: Living with our Means

Para. 151-153



PSA expenditures proposed at *USD 300.3 M*, a growth of 3.4%

USD 35.1 M technical adjustment will cover some of the DSC costs with ISC funding

Example

Country Office (Normal)		HQ Centralized Costs		Country Office (35.1 M)	
Costs	In USD	Costs charged per person	In USD	Costs	In USD
Food & Related	33	IT	3	Food & Related	38
CBT	50	Security	2	CBT	50
DSC	10			DSC	5
ISC	7			ISC	7
Total	100			<i>35.1 M technical adjustment</i>	5
				Total	100

Value Transfer USD 83

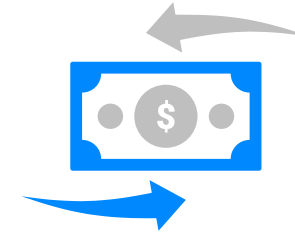
Value Transfer USD 88

The USD 35 M will help cover direct costs for programming and pass savings on to beneficiaries

The USD 35 M will allow WFP to improve competitiveness in the coming year



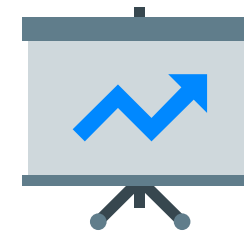
Transfers value from ISC in a centralized and traceable manner



Will be **used to cover existing (not additional) DSC**



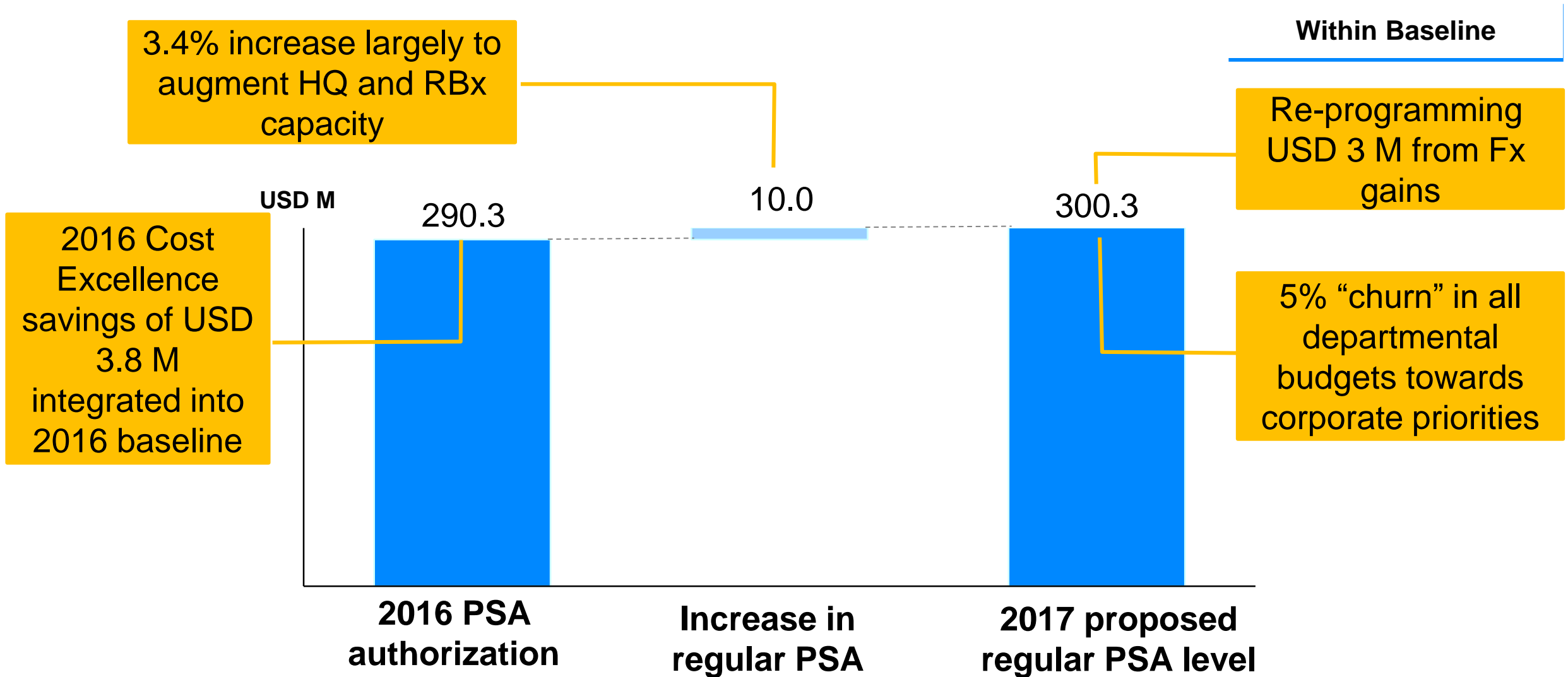
Equitably distributes extra PSA based on CO staff



Improves value transfer for donors, by using ISC to cover some direct project costs

With an average 2017 ration cost of USD 0.30, this proposal would represent about 117 million additional daily rations

WFP proposes to limit increase in regular PSA to support growth in baseline



Highlights of 5% Churn from Departmental 2017 Submissions

PG

- **Berlin Office to be strengthened** by redistributing funds within the department

RM

- Shifting resources **to digital transformation activities** such as **SCOPE, CBT and CRF**, leveraging re-prioritization of budgets of the IT Division and Budget and Programming Division

DED

- Staff resources **shift to provide additional support to key intergovernmental processes**

OED

- OEV will **augment support to decentralized evaluations**
- OMS will **place emphasis on the management of the project approval system** to implement the new CSP process

OS

- Use funds from the Chief Advisor's office to mainstream support to sustainable food systems and small holder productivity
- Procurement will shift from strategy and performance to **strengthen work for CBT retail sector**
- Logistics will reorganize support units to create **a Logistics Field Support service** and Governance Unit

Increases and reallocations within the regular PSA budget are based on investment cases and criteria to deliver value-for-money

Increase to implement board-approved policies

USD 6.0 million will be allocated to implement board-approved policies:

- **USD 2.45 M: Evaluation policy** implementation including \$800,000 for OEV
- **USD 0.9 M: Gender investment** to ensure stronger institutional commitment and leadership for gender equality and women's empowerment programmes.
- **USD 2.6 M: Reshaping** the landscape of WFP's **learning resources** and mainstreaming the Career Development Centre.

Cash based transfers and SCOPE

USD 6.1 million will be allocated towards:

- **USD 4.1 M: Cash-based transfer support** for normalizing and mainstreaming the oversight, technical support and maintenance of CBT systems, processes and tools
- **USD 2.0 M:** Support to the **digital solution for beneficiary and transfer management** so that solution will continue to address programmatic requirements.

Other increases

USD 0.94 million will be allocated towards:

- **USD 0.44 M: Partnership Resource Centre** for support of staff in maintaining effective partnerships
- **USD 0.50 M: WFP's Emergency Operations Centre** for information sharing and global coordination

Recommended PSA Allocations for 2017

Implementation of Board Approved Policies	Proposal USD '000
Evaluation Policy Implementation	2,460
Gender Strategy	880
People Strategy	2,620
Cash Based Transfer Support	4,100
SCOPE	2,000
<u>Other</u> <i>Emergency Preparedness, Partnerships</i>	940
Total Allocations	13,000

PSA Increases focused on Executive Board Commitments

Analysis of Table IV.6: PSA, by appropriation line

Appropriation Lines	2016 estimated		2017 movements		2017 projected	
	Post Count		Post Count		Post Count	
	Prof.	Total	Prof.	Total	Prof.	Total
Programme Support - RBx and COs	263	840	13	18	276	858
Programme Support - HQ	152	238	29	29	181	267
Management and Administration	305	563	8	3	313	566
	-----	-----	-----	-----	-----	-----
Subtotal	720	1641	50	50	770	1691
Cost excellence re-engineering			-20	-20	-20	-20
	-----	-----	-----	-----	-----	-----
Total	720	1641	30	30	750	1671

The cost excellence exercise will redistribute resources and shift and re-profile positions in headquarters and the field



A healthy 2017 year-end balance will still be maintained in the PSA Equalization Account if CCIs reach the set-aside* estimate

	Estimated	Planning
	2016	2017
PSAEA Opening Balance (USD M)	138.3	169.9
Estimated ISC Income (USD M)	341.9	335.4
• Regular PSA (USD M)	290.3	300.3
• Technical adjustment for centralised costs (USD M)		35.1
Total PSA Expenditure (USD M)	290.3	335.4
Cost Excellence drawdown (USD M)	3.0	-
Critical Corporate initiatives (USD M)	17.0	*15.0
Estimated Year end PSAEA Balance (USD M)	169.9	154.9
Current PSAEA Target Level @ 5 months (USD M)	121.0	139.8
Balance over 5 month target (USD M)	48.9	15.1
Estimated months of PSA Reserve	7.0	5.5

Estimated balance of PSA Equalization Account at end of 2017 exceeds target level agreed with the Executive Board in 2015 [WFP/EB.A/2015/6-C/1]

Section V: Provision of Corporate Services and Business Services: Special Accounts

Provision of Corporate Services and Business Services: Special Accounts

Section	Description
<p data-bbox="287 549 570 668">Corporate Services</p> 	<ul style="list-style-type: none">• Review of corporate services financing mechanism• Corporate services envelope to remain at USD 82 million, accommodating the financing of capital improvements through the Capital Budgeting Facility
<p data-bbox="298 958 560 1076">Business Services</p> 	<ul style="list-style-type: none">• Overview of largest special accounts and estimated volume of business

Para. 245-246

WFP anticipates a total volume of USD 389 million in transactions for business service-related special accounts

Special Account	Description
Aviation	<ul style="list-style-type: none"> Supports WFP's ability to transport relief supplies by air when necessary
Cash-based transfers	<ul style="list-style-type: none"> Enables WFP to extend use of CBT delivery platform for benefit of humanitarian partners Services provided consist of (a) those directly related to use of the CBT delivery platforms, (e.g. assistance in performing beneficiary registration and distribution cycles) and (b) additional services, including M&E
UNHRD	<ul style="list-style-type: none"> Manages donor contributions and revenue from services provided through its six-hub network UNHRDs provide standard and specific services to 75 partners
Self-Insurance	<ul style="list-style-type: none"> Risk mitigation tool to minimize the economic effects of food losses
Gender	<ul style="list-style-type: none"> Dedicated resources will accelerate gender mainstreaming; support implementation of the Gender Action Plan; exceed all UNSWAP requirements; implement regional gender strategies and country-level action plans; and enhance Gender Results Network

83 percent of special account activity is within Aviation, Cash-based transfers and UNHRD

III. Draft Decisions

Draft decisions relating to Operations

Takes note:

- that the 2017 Programme Support and Administrative appropriation assumes a funding level of USD 5.2 billion in 2017;
- of the projected operational requirements of USD 9.0 billion for 2017 and the prioritization proposals to align this with anticipated funding, as outlined in Section III;

Draft decisions relating to PSA and ISC

Approves:

a **2017 PSA appropriation of USD 335.4 million**, to be allocated as follows:

- | | |
|-----------------------------------|--------------------------|
| • Programme support: RBx and CO | USD 145.4 million |
| • Programme support: Headquarters | USD 54.3 million |
| • Management and administration | USD 135.7 million |
| • Total | USD 335.4 million |

A corporate indirect support cost recovery rate of 7.0 percent for 2017;

Other draft decisions

Approves:

- the harmonization of indirect support cost recovery rate for Private Sector to the Corporate rate; and
- a ceiling of USD 82 million for corporate services advances from 2017 and looks forward to reviewing this regularly as part of future management plans.

Thank You

Acronym List

ACABQ: Advisory Committee on Administrative and Budgetary Matters

APR: Annual Performance Report

CBT: Cash Based Transfer

CCI: Critical Corporate Initiatives

CP: Country Plan

CRF: Corporate Results Framework

CSP: Country Strategic Plan

DEV: Development Operations

FFR: Financial Framework Review

GD: General Distribution

ISC: Indirect Support Costs

KPI: Key Performance Indicator

M&E: Monitoring & Evaluation

MP: Management Plan

mVAM: Mobile Vulnerability Assessment Mapping

OEV: Office of Evaluation

OR: Operational Requirement

P4P: Purchase for Progress

PG: Partnerships, Governance and Advocacy Department

PPoW: Prioritized Plan of Work

PSA: Programme Support & Administration

PSAEA: Programme Support & Administration Equalization Account

RBA: Rome-based Agencies

RBB: Regional Bureau, Bangkok

RBC: Regional Bureau, Cairo

RBD: Regional Bureau, Dakar

RBJ: Regional Bureau, Johannesburg

RBN: Regional Bureau, Nairobi

RBP: Regional Bureau, Panama

RBx: Regional Bureaux

RM: Resource Management Department

PRRO: Protracted Relief and Recovery Operation

SCOPE: SCOPE is WFP's beneficiary and transfer management platform

SO: Strategic Objective

TF (T/F): Trust Funds

UNHRD: UN Humanitarian Response Depot

UNSWAP: UN System-wide Action Plan [on Gender Equality and the Empowerment of Women]

VfM: Value for Money

WHS: World Humanitarian Summit