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RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

*For information**

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STATUS OF IMPLEMENTATION OF THE BUSINESS PROCESS REVIEW MODEL

* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for information.

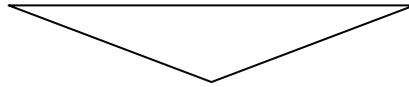
The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

| | | |
|-----------------------------------|---------------|-------------------|
| Chief of Staff and Director, OED: | Mr M. Stayton | tel.: 066513-2002 |
| Director, ODM: | Mr T. Due | tel.: 066513-2008 |

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).



DRAFT DECISION*



The Board takes note of “Status of Implementation of the Business Process Review Model” (WFP/EB.2/2006/5-H/1).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document (document WFP/EB.2/2006/16) issued at the end of the session.



INTRODUCTION

1. At its Annual Session in June 2006, the Executive Board authorized the Secretariat to extend the Business Process Review (BPR) model to country offices that had implemented the business building blocks to support the BPR system and had the capacity to benefit from it. Since then, the Secretariat has focused on finalizing the automated tool, which – together with guidance materials – forms the basis of the roll-out of the New Business Model (NBM) to regional bureaux and country offices for the remainder of 2006 and 2007.

IMPLEMENTATION MODALITIES AND TIME FRAME

2. The NBM aims to improve WFP project management. It integrates the BPR, Results-Based Management (RBM) and the Common Monitoring and Evaluation Approach (CMEA) corporate initiatives and the country-office-specific Best Practice Project (BPP). The first product of the NBM is the Project Planning Tool (PPT); for country office project management, this integrates into one package resource forecasting, pipeline, logistics and commodity tracking for the supply chain, and budget, finance and reporting project support services.
3. As the first step in roll-out to country offices, WFP trained regional bureau staff on the PPT during the third quarter of 2006. Training will continue as the Secretariat starts to roll out the PPT to individual country offices in the last quarter of 2006.
4. The roll-out methodology follows a phased approach that assesses a country office's eligibility based on capacity, number of projects and size of operation, in tonnage and value. All WFP country offices and regional bureaux are eligible for the first phase; additional requirements are imposed for phases two and three.
5. Roll-out of the PPT targets all WFP regions. Ten pilot projects are operating under the NBM scheme. These projects are to be brought under the PPT umbrella as soon as possible, so they will be prioritized. Other projects in the same countries as the pilot projects may also benefit from PPT implementation. Larger WFP country offices with appropriate management capacity are also being targeted for PPT implementation.
6. WFP's development portfolio will be managed centrally in the NBM because of the nature of the funding.
7. Roll-out to regional bureaux will take place from October to mid-December 2006, by which time six of the seven bureaux will have the PPT. The Southern Africa Bureau (ODJ), will go through the process in mid-January 2007. Each regional bureau will then decide the strategy for implementation in the country offices – other than in those where the pilot is operating. It is expected that some country offices will go live with the PPT in the last quarter of 2006.

POST-ROLL-OUT SUPPORT

8. The Secretariat is aware of the need to provide post-roll-out support to regional bureaux and country offices. Budgetary provision is being made to secure the appropriate level of support in 2007 as the PPT is embedded in country offices and the system is embedded within the corporate environment.



9. In accordance with the decentralization of WFP's operations, regional bureaux will provide the first level of support for country offices; this should capture the majority of queries pertaining to the PPT and the NBM. In 2007, Headquarters will have the resources to provide a second level of backstopping for country offices.

WORKING-CAPITAL FACILITY

10. The Working-Capital Facility (WCF) provides qualifying field operations with the ability to improve the on-time availability of food aid to beneficiaries. To date, WFP has approved US\$209.5 million in working capital financing, of which US\$196.5 million, or 93.8 percent, has been repaid, leaving an outstanding balance of US\$13 million. Additional loans of US\$428.1 million have been made to three projects since the last progress report in February 2006; of this, US\$23.5 million has been repaid. The following table provides details of the projects to benefit from the WCF.

| WORKING-CAPITAL FINANCING: OCTOBER 2006 (US\$) | | | | |
|---|----------------------|--------------------|--------------------|--------------------|
| Project | Approval date | Loan | Repaid | Outstanding |
| Democratic Republic of the Congo PRRO 10288.0 | June 2004 | 4 100 000 | 4 100 000 | - |
| Occupied Palestinian Territory EMOP 10190.2 | July 2004 | 9 600 000 | 9 600 000 | - |
| Indonesia PRRO 10069.1 | October 2004 | 4 800 000 | 4 800 000 | - |
| China CP 10050.0 | December 2004 | 4 100 000 | 4 100 000 | - |
| West Africa Coastal PRRO 10064.3 | December 2004 | 4 500 000 | 4 500 000 | - |
| Democratic Republic of the Congo PRRO10288.0 ¹ | January 2005 | 15 800 000 | 9 900 000 | 5 900 000 |
| Sudan EMOP 10048.3 | April 2005 | 34 700 000 | 34 700 000 | - |
| Occupied Palestinian Territory PRRO 10387.0 | June 2005 | 13 200 000 | 13 200 000 | - |
| Uganda PRRO 10121.1 | June 2005 | 9 300 000 | 9 300 000 | - |
| Southern Africa Regional PRRO 10310.0 | July 2005 | 16 300 000 | 16 300 000 | - |
| Southern Africa Regional PRRO 10310.0 | August 2005 | 18 200 000 | 18 200 000 | - |
| Uganda PRRO 10121.1 | October 2005 | 7 700 000 | 7 700 000 | - |
| West Africa Coastal PRRO 10064.3 ² | October 2005 | 11 100 000 | 8 600 000 | 2 500 000 |
| Indonesia SO 10498.0 | December 2005 | 3 000 000 | 3 000 000 | - |
| Sudan EMOP 10503.0 | December 2005 | 25 000 000 | 25 000 000 | - |
| Niger PRRO 10509.0 | March 2006 | 3 600 000 | 3 600 000 | - |
| Sudan EMOP 10503.0 | April 2006 | 15 000 000 | 15 000 000 | - |
| Occupied Palestinian Territory PRRO 10387.0 | May 2006 | 9 500 000 | 4 900 000 | 4 600 000 |
| Total | | 209 500 000 | 196 500 000 | 13 000 000 |

¹ Includes \$1,300,000 refinancing of first Democratic Republic of the Congo (DRC) loan.

² Includes \$5,800,000 refinancing of first West African coastal loan.

11. As mentioned in the "Report on the Business Process Review" (WFP/EB.1/2006/6-F), a partial write-off is expected against the 2005 risk reserve for DRC PRRO 10288.0 working capital financing loan. The Secretariat is pleased to report that this write-off has been reduced from US\$8.5 million to a maximum of US\$6.0 million.
12. Following recommendations in the "Summary Report of the Evaluation of the Business Process Review" (WFP/EB.A/2006/7-B), WFP is reviewing roles and responsibilities relating to the financing facilities. The interdepartmental Credit Committee oversees the internal adjustments made by country offices, minimizing the risks associated with such



transactions. A review is also being conducted to refine the methodology for calculating the benefits of working capital financing.

CONCLUSION

13. The Secretariat is implementing the Executive Board's decision of June 2006, which authorized it to extend the BPR as appropriate. During the remainder of 2006 and the first half of 2007, the NBM will become increasingly active at the country office level, greatly increasing the potential for drawing on the various methods of pre-financing. The volume of such business is expected to increase significantly in the first half of 2007.

ACRONYMS USED IN THIS DOCUMENT

| | |
|------|--|
| BPP | Best Practice Project |
| BPR | Business Process Review |
| CMEA | Common Monitoring and Evaluation Approach |
| CP | country programme |
| DRC | Democratic Republic of the Congo |
| EMOP | emergency operation. |
| NBM | New Business Model |
| ODJ | Regional Bureau Johannesburg (Southern Africa) |
| ODM | Programme Management Division |
| OED | Office of the Executive Director |
| PPT | Project Planning Tool |
| PRRO | protracted relief and recovery operation |
| RBM | Results-Based Management |
| SO | special operation |
| WCF | Working-Capital Facility |