

**KEY EXTRACTS OF THE  
DRAFT MANAGEMENT PLAN (2016–2018)**



**Informal Consultation**

**2 September 2015**

**World Food Programme**  
Rome, Italy

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## SECTION I: INTRODUCTION

### Reader's Guide

1. The Management Plan (2016–2018) continues WFP's progress to performance-informed budgeting. The clear links between the budget and resources, targets, results and performance are part of the increased emphasis on performance management introduced in the Management Plan (2015–2017). From 2017, budgetary allocations will be made in the light of results deriving from investments made in 2015, which will be reported in the 2015 Annual Performance Report (APR).
2. This Management Plan presents a provisional prioritized plan of work based on anticipated resourcing levels for operations, and continues to focus on maximizing value for the beneficiaries.
3. The proposed 2016 Programme Support and Administrative (PSA) budget is conservative to enable WFP to “live within its means” despite projected growth in income. Under this approach, departmental budget holders have where appropriate re-directed funding to corporate priority areas on the basis of anticipated results.
4. Each of the five sections of the Management Plan consists of an overview followed by more detailed material. Further information is to be provided in the Annexes that will be available when the full plan is posted. The reader can therefore obtain an understanding of the plan from the Executive Summary, the Draft Decision and the sectional overviews – but a complete reading of the document is encouraged in order to appreciate in full WFP's intentions for 2016–2018.

### Structure of the Document

5. The Management Plan (2016–2018) is to have an Executive Summary, a Draft Decision, five subject sections and several Annexes. This consultation document includes key extracts from the draft plan. The principal text consists of:
  - **Section I: Introduction.** This contains the Reader's Guide and a consideration of WFP's operational context for the period of this Management Plan.
  - **Section II: Funding Context and Resourcing Assumptions.** Factors that may affect the anticipated levels of resources are discussed, and the assumptions underlying WFP's 2016 projected income of USD 4.9 billion – including trust funds and Immediate Response Account (IRA) contributions – are stated.
  - **Section III: Provisional Prioritized Plan of Work.** This sets out the prioritization of projected income in 2016 in terms of project activities. Funding projections by country were developed to refine further the prioritization exercise and resulting provisional prioritized plan of work. The section also presents country office trust funds and corporate trust funds related to operational activities.

- **Section IV: Programme Support and Administrative Budget.** This section presents the 2016 PSA budget, which is proposed at a level within the anticipated growth in funding. In line with previous practice, the Strategic Resource Allocation Committee (SRAC) considered investment cases to identify and prioritize activities in the light of value-for-money benefits. The section also reviews proposed critical corporate initiatives, principally the cost-excellence initiative to establish a shared service centre, and the mainstreaming of the Wellness Programme Fund.<sup>1</sup>
- **Section V: Corporate Services and Business Services; Special Accounts.** This presents the status and proposed use of the corporate services financing mechanism approved by the Board at its 2014 Annual Session, and other special accounts established by the Executive Director.<sup>2</sup>

## Global Economic and Political Context

6. WFP's presence in 75 countries combined with its low level of discretionary funding – 8 percent – create a situation where its plans can be affected by circumstances over which it has little or no control.
7. WFP expects to face an increasingly challenging environment in 2016 characterized by major long-term conflicts and regional spill-over effects, and the requirement to address increasing needs with growing but ultimately insufficient resources.
8. The gradual decline in global food prices that began three years ago continued in 2015. The food price index of the Food and Agriculture Organization of the United Nations (FAO) has declined every month since April 2014 except for October, and food prices are expected to remain low. Steady demand, increasing supplies, lower fuel prices and a strong US dollar are all contributory factors. But it is likely that international food prices will begin to rise in 2016, and if the El Niño predictions materialize the magnitude of the increases could be such as to stretch WFP operationally and financially by impacting domestic prices in countries where WFP works and by increasing international prices as well.

### ⇒ *Effects of climate-related change*

9. An El Niño has been active since March 2015 and is approaching maximum intensity: there are indications that it could be one of the most intense of the past 30 years. This could affect the food security of a large number of vulnerable people dependent on agriculture and livestock in Central America, Southeast Asia and most of sub-Saharan Africa.
10. The effects are already being felt in the “dry corridor” from Guatemala to Nicaragua, where there is a second consecutive year of drought. The situation in Ethiopia, the Sudan and West Africa is uncertain, and in the coming months Zimbabwe and other countries in southern Africa could also be severely affected. The conditions are exacerbated in areas where populations are suffering from the cumulative effects of poor growing seasons.
11. The effects in grain-producing countries could result in higher and more volatile prices, which could in turn jeopardize the food security of WFP's beneficiaries, who already spend a large proportion of their incomes on food. These negative effects may be exacerbated by conflict, urbanization and land degradation.

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<sup>1</sup> Approved by the Board at its 2015 Annual Session.

<sup>2</sup> Special accounts enable WFP to provide non-profit business services, improve institutional capacities and mobilize country-specific complementary resources for programmes.

12. Not all impacts are negative, however: El Niño usually causes increased rainfall during the short rains in the Horn of Africa. This will bring welcome improvements, particularly in the semi-arid pastoralist regions, and although there is an increased risk of flooding the balance is likely to be beneficial.

⇒ *International humanitarian assistance*

13. In 2014 international humanitarian assistance rose for a second consecutive year to a record USD 24.5 billion, up by 19 percent from 2013. In response to conflicts in the Middle East, assistance from donor governments in the region increased by 120 percent between 2013 and 2014. Nonetheless, the funding gap for the United Nations consolidated appeal process remained 38 percent. Of funding from appeals coordinated by the United Nations, 66 percent went to the Level 3 emergencies in the Central African Republic, Iraq, South Sudan, the Syrian Arab Republic and the Ebola-affected countries. The gap between funding in the Ukraine and in Nigeria – the best and worst funded appeals – grew to 78 percentage points in 2014, the largest difference since 2008. The effects of these shortfalls are often not fully understood.
14. It is perhaps more significant that some crises remain uncovered by international appeals. The emergencies in Algeria and the western Sahara and in Myanmar, for example, have remained largely neglected for over a decade. The humanitarian sector needs to find new ways to tackle increasing needs as assistance shifts to multi-sector approaches, particularly in refugee settings, and increased cash-based transfer. The need to address peacebuilding, resilience and disaster risk reduction in protracted and recurrent crises remains as great as ever.
15. The World Humanitarian Summit in Istanbul in May 2016 aims to build a humanitarian system that is more transparent and accountable. The discussions will guide the development of new Strategic Plan for 2017–2021, which will begin in 2016 and continue through this Management Plan period.

⇒ *Concerns*

16. In Iraq and the Syrian Arab Republic an estimated 10 million people are living under full or partial Islamic State control. This creates major food-security issues in terms of: i) lack of security, which is making food access more difficult for displaced people; and ii) labour shortages and transport disruptions, which are affecting harvests, markets and domestic food supply. There are now more displaced people in the Middle East region than in Africa, and more displaced people in middle-income countries than in low-income countries. At the time of writing 59.5 million<sup>3</sup> people were displaced worldwide, more than at any time since World War II, and the average period of displacement is close to 20 years, up from 9 in the early 1990s.
17. The refugee situation is also challenging as crises become more protracted, and the effects on host governments and populations should not be neglected.

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<sup>3</sup> UNHCR. 2015. *Global Trends 2014: World at War*. Geneva.

18. During 2015 conflict has spread across Yemen, which depends on food and fuel imports to meet basic needs. Imports have decreased substantially as a result of restrictions and insecurity, and the resulting shortages, especially of fuel, have increased the prices of food, water and other basics. A large part of the country is vulnerable to food insecurity as a result. The conflict adds to the tensions affecting the Middle East and provides a breeding ground for extremists.
19. Political uncertainty and conflict in South Sudan and reliance on oil exports at a time of falling oil prices have led to a sharply declining unofficial currency exchange rate and almost exhausted foreign exchange reserves. In view of dwindling demand and poor physical and economic infrastructures, the commercial sector is unlikely to take on the challenges of working in an insecure environment. International agencies have to exchange hard currency at the official exchange rate, which is three to four times lower than the open-market rate: this significantly reduces their local purchasing power. WFP has had to reconsider its market-based interventions because they are no longer economically viable at the official exchange rate.

### **The Funding Environment**

20. Global economic conditions are expected to remain consistent with previous years. Donor countries continue to face financial constraints as the scale of humanitarian needs grows. WFP anticipates that total contributions will be in line with recent trends indicating modest annual growth (see Section II).

### **Strategic and Organizational Context**

21. The Management Plan (2016–2018) is aligned with the Strategic Plan (2014–2017), the Strategic Results Framework and the five Management Result Dimensions (MRDs): i) People; ii) Partnerships; iii) Processes and Systems; iv) Programmes; v) Accountability and Funding. These and WFP's drive for efficiency and value for money are enablers for optimizing PSA funding. Funding requests for 2016 are aligned with the MRDs and subject to review of their potential value-for-money benefits.
22. The Secretariat will conclude Fit for Purpose in 2016. The initiative is empowering country offices and regional bureaux, and ensuring that WFP has in place the people, partnerships and policies to meet food-assistance needs. The Secretariat is proposing a final tranche of USD 17 million in 2016, with the following priorities: workforce capabilities and skillsets; nutrition capabilities; national capacity development; programme design processes, platforms and systems, and evidence-based decision-making; flexible funding and efficient resource usage; and inter-agency and inter-governmental processes and strategic partnerships. Section IV provides the details.

#### *⇒ Strategic considerations*

23. WFP is introducing performance-informed budgeting whereby results are linked to budgets and funding is linked to performance. The results chain includes:
  - the Strategic Plan, which sets the context for WFP's interventions;
  - the Strategic Results Framework, which informs the provisional prioritized plan of work;
  - the Management Results Framework, which provides direction for PSA resource planning; and

- strategic and management results and related expenditures, which are monitored and reported annually with experience fed back into the planning cycle.
24. The Strategic Plan (2014–2017) defines WFP’s four Strategic Objectives in terms of their contribution to three priorities: i) prepare for and respond to shocks; ii) restore and rebuild lives and livelihoods; and iii) reduce vulnerability and build lasting resilience.<sup>4</sup> It reflects an evolving operating environment that determines WFP’s operational requirements and its proposed use of trust funds.
  25. WFP will undertake a mid-term review of the Strategic Plan (2014–2017) in late 2015 with a view to providing updates for the Board in December 2015 and January 2016; it will be presented to the Board at its 2016 First Regular Session.
  26. Following on from the June 2015 discussion of the Executive Board Bureau on alignment of WFP Strategic Plan with the post-2015 development agenda, WFP will present a road map for the Strategic Plan (2017–2021) to the Executive Board Bureau for endorsement. The new Strategic Plan will enable WFP to demonstrate its contribution to achieving zero hunger by aligning the Strategic Objectives with the post-2015 development agenda’s Sustainable Development Goal on ending hunger. The Strategic Plan will integrate critical outcomes of major 2015–2016 events such as the World Humanitarian Summit, the World Conference on Disaster Risk Reduction, the International Conference on Financing for Development and the United Nations Climate Change Conference. In addition, the new Strategic Plan will take into account new opportunities and address emerging challenges based on lessons learned from policy, programme and operation evaluations and assessments, as well as consultations with the Board and other stakeholders, including WFP management and staff.
  27. The new Strategic Plan will be accompanied by a single Corporate Results Framework that integrates the Strategic Results Framework and the Management Results Framework, enabling correlation between the Strategic Plan and the Management Plan. Implementation guidance and communication plans will be prepared for roll-out of the Corporate Results Framework.
  28. WFP is continually evolving as it seeks new and more efficient ways of delivering assistance. Its ability to provide food and nutrition assistance is supported by its proven capabilities in emergency preparedness, development and support of national capacities, participation in inter-agency and inter-governmental processes and efficient and effective use of resources.
  29. WFP’s participation in the Zero Hunger Challenge will ensure that its goals of zero stunted children under 2, universal access to adequate food all the year round, reduced waste and sustainable food systems are at the forefront of its work. It will also drive evaluations of working methods and improvements in programme design.

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<sup>4</sup> Strategic Objective 1 – Save lives and protect livelihoods in emergencies; Strategic Objective 2 – Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies; Strategic Objective 3 – Reduce risk and enable people, communities and countries to meet their own food and nutrition needs; Strategic Objective 4 – Reduce undernutrition and break the intergenerational cycle of hunger.

⇒ *Management principles*

30. WFP's management principles include:

- enhance the capacity of country offices to design and implement country programmes (CPs) and operations;
- increase the capacities of regional bureaux to provide policy and management support for country offices;
- ensure that Headquarters operates an efficient field-oriented organization that establishes policies, strategies and standards, provides oversight, supports innovation and facilitates optimum accountability, performance monitoring and reporting; and
- seek new innovations and approaches to delivering food assistance.

31. A further principle is cost excellence. WFP is committed to implementing programmes that make it more efficient and effective, and the cost-excellence approach will be the framework in which processes can be refined and a shared services centre created. Other opportunities will also be identified to maximize WFP's efficiency.

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## SECTION II: FUNDING CONTEXT AND RESOURCING ASSUMPTIONS

### Overview

32. This section provides an overview of the funding landscape and the financial assumptions underlying WFP's 2016 revenue forecast of USD 4.9 billion, including trust fund and IRA income, which is based on realistic funding projections for each project in each country. The aggregation of these individual projects forms the basis of the Management Plan.
33. WFP's funding model and its challenges are outlined, with emphasis on the need for flexible funding and the ways in which WFP makes optimum use of funding received. Predictable and flexible funding will help to improve planning, reduce transaction costs and enable operations to reach more people.
34. In view of the emergency-response nature of many of WFP's operations and the timing of preparation of the Management Plan – six months before the beginning of the budget period – unforeseen needs may change the pattern and volume of anticipated funding.
35. The financial plans and the proposed prioritized plan of work have been compiled on the basis of funding forecast at the project level. The Secretariat is committed to balancing that approach with the need to advocate on behalf of those beneficiaries who would fall outside the scope of these plans as a result of the prioritization.

### Funding Forecast 2016 and Projections for 2017–2018

#### ⇒ *Keeping pace with needs*

36. WFP constantly seeks optimum efficiency in its response to prolonged emergencies, but the needs continue to grow. Since December 2014, crises have emerged in Nepal, Vanuatu and Yemen in addition to the current unprecedented number of Level 3 responses. Global humanitarian financial requirements for 2015 had as a result risen from USD 16.4 billion to USD 18.8 billion as of early June 2015. At mid-year, global funding for humanitarian assistance was USD 4.8 billion – 26 percent of requirements – the lowest mid-year coverage in a decade.

#### ⇒ *WFP funding trends*

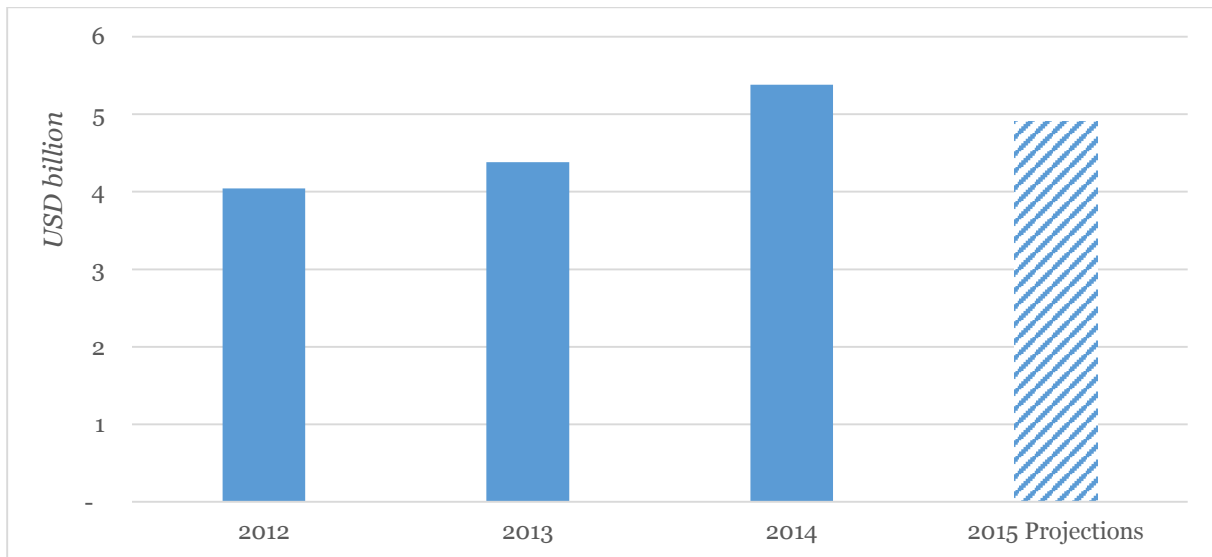
37. In 2014 the generous contributions of donors raised USD 5.38 billion,<sup>5</sup> enabling WFP to address new and ongoing emergency needs. Apart from a spike in 2014, contributions have increased on average by 5 percent annually since 2012. But needs continue to outpace contributions: between 2012 and 2014 contributions covered two thirds of assessed annual requirements.
38. Compared with 2012 and 2013, all programme categories benefited from increased contributions in 2014. Multilateral contributions, which provide WFP with the greatest flexibility in assisting beneficiaries promptly and effectively, also reached their highest level in 2014, though not as a proportion of overall contributions.

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<sup>5</sup> WFP's financial reporting in line with IPSAS recognizes contribution revenue when confirmed in writing.

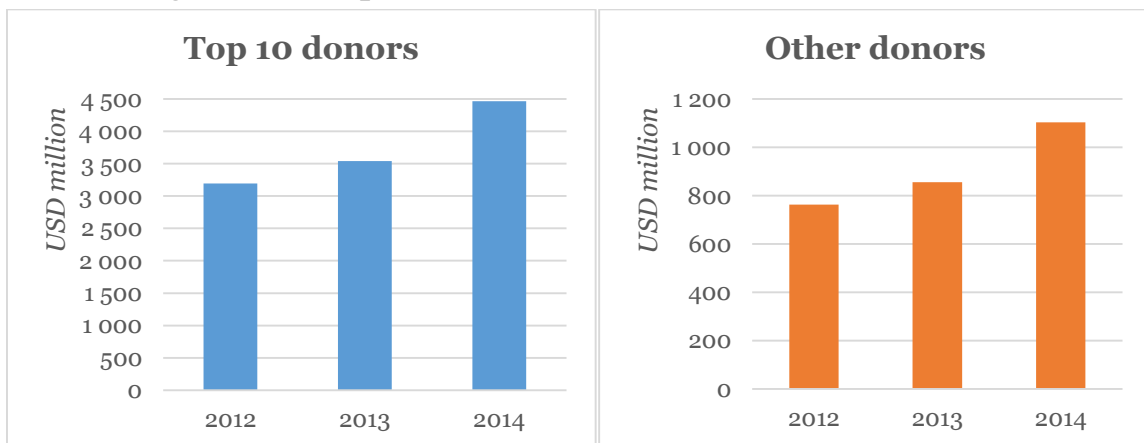


**Figure II.1: Recent revenue trends 2012–2014**



39. The top 10 donors in 2014 responded to the growing humanitarian crises with contributions totalling USD 4.5 billion, an increase of USD 925 million – 26 percent – from 2013. The share of the top 10 donors accounted for 80 percent of total confirmed contributions, in line with recent trends.<sup>6</sup> Contributions from other donors amounted to a record of USD 1.1 billion<sup>7</sup> in 2014, USD 248 million – 29 percent – more than in 2013.<sup>6</sup>

**Figure II.2: Top 10 donors and other donors in 2012–2014**



40. In 2014, WFP established a more stable donor base in the Gulf region. It developed its relationship with governments in the region and will continue to reach out to other countries.

<sup>6</sup> Confirmed contributions by contribution year figures as of 13 July 2015.

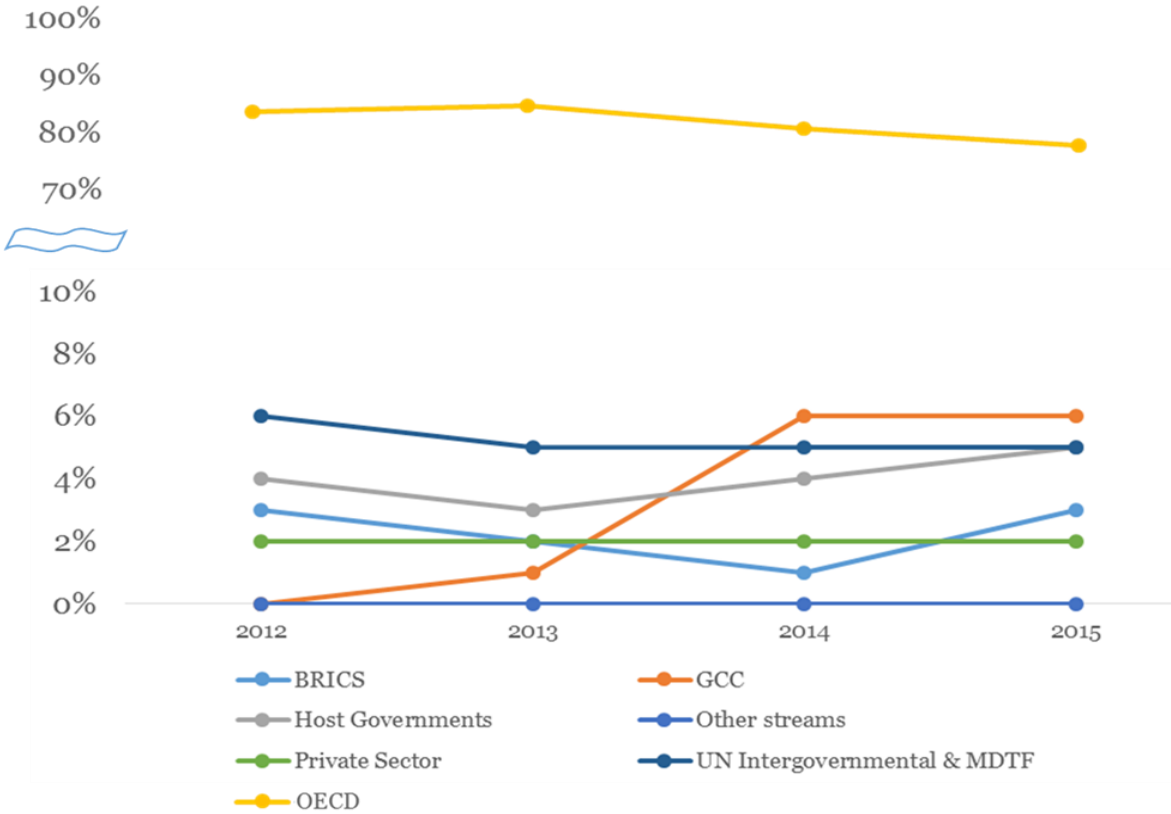
<sup>7</sup> Confirmed contributions in 2014 amounted to USD 5.6 billion, but USD 5.38 billion is recognized in the 2014 financial statements in line with International Public Sector Accounting Standards (IPSAS) requirements.

- 41. Host governments provided USD 210 million in 2014 – the largest amount in WFP’s history. These countries will be encouraged to become regular donors through twinning in the short term with a view to meeting full-cost recovery from their own resources in the long term.
- 42. In view of the Board’s desire for less conservative forecasting, the Secretariat is revising its original 2015 income forecast. This reflects the likelihood of emerging crises such as that in Yemen persisting into 2016. Contributions are expected to reach USD 4.9 billion level, exceeding the projection of USD 4.4 billion in the 2015–2017 Management Plan by more than 10 percent.

⇒ *Expanding the donor base*

- 43. The percentages of contributions by type of donor are shown in Figure II.3, in which the Y-axis is broken for reasons of scale. The effectiveness of WFP’s investment in the Gulf and the scale of emergencies in the region are reflected in the volume of contributions from the Gulf region. The contributions of host governments reflect their growing commitment to the work of WFP.

**Figure II.3: Contributions by donor type, 2012–2015**



BRICS: Brazil Russia, India, China and South Africa  
 GCC: Gulf Cooperation Council  
 MDTF: Multi-donor trust funds  
 OECD: Organisation for Economic Co-operation and Development

44. As global food assistance requirements continue to grow, WFP is seeking to diversify and expand donor support. The long-term objective of WFP's engagement with countries is self-reliance, and a major step towards this is when host governments begin to contribute to their own programmes with cash or in-kind contributions. The work on expanding the donor base will continue, even with the largest donors, and WFP will explore opportunities to diversify funding streams while enhancing existing partnerships.
45. Recognizing the increasing importance of individual giving as a source of income, and the need to facilitate entry into this new potential market – something that other agencies and non-governmental organizations (NGOs) are doing with success – the Secretariat is exploring ways to finance and launch a platform for the purpose.

⇒ *Forecast funding, 2016–2018*

46. Preliminary projections for funding in 2016 are based on operational planning scenarios developed in conjunction with field offices, which suggest that levels will be similar to 2015. Trend analyses and discussions with donors, host governments and the private sector indicate that USD 4.9 billion will be raised against anticipated needs in 2016; this includes USD 200 million for trust fund activities on behalf of governments and partners.
47. The Secretariat's forecasts for 2017 and 2018 are conservative: funding for the each year is projected at USD 4.9 billion in the absence of any new major emergency.

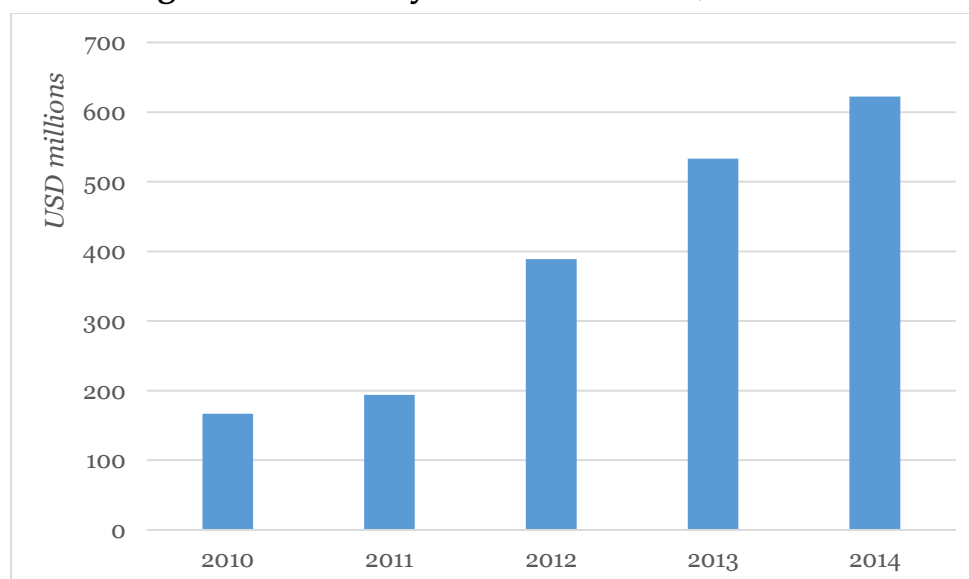
### **Flexible Funding and Strategic Partnerships**

48. WFP received an extraordinary level of support for its responses to corporate emergencies in 2014, from cash single contributions of over USD 100 million made by two donors, to numerous smaller contributions.
49. Contributions that could be used as collateral for advance financing increased from USD 1.9 billion in 2013 to USD 2.4 billion in 2014. The advantages of utilizing such contributions during project lifecycles, particularly in the early stages, are essential for efficient planning and implementation. The flexibility means being able to buy food at optimum times, prevent breaks in pipelines for food and cash-based transfers, and reduce transaction costs – ensuring that beneficiaries receive maximum support.
50. Contributions with long duration also enable WFP to plan and spend more flexibly and efficiently. The portion of contributions with a duration of more than a year, including multi-year contributions, increased from 69 percent in 2013 to 71 percent in 2014.
51. Work on the Financial Framework Review (FFR) includes piloting approaches that could transform project planning, provide access to funding at optimum times, facilitate cost efficiency and improve donors' access to information. Flexible and predictable funding will be essential to delivering on all these areas.
52. In parallel with the FFR, forecasting by the Partnership, Governance and Advocacy Department (PG) will be enhanced to provide decision-makers with more accurate and more up-to-date information to support emerging financing mechanisms and facilitate more internal lending.
53. With its Inter-Agency Standing Committee (IASC) partners, WFP advocates for more predictable and flexible funding such as multi-year and un-earmarked contributions. Such flexible financing tools will generate value for money for donors and effective programmes for the people WFP serves.

⇒ *Multilateral and multi-year funding*

54. About 92 percent of contributions to WFP are tied to particular projects, activities or communities. In 2014, WFP received USD 452 million in multilateral contributions, which accounted for 8 percent of total contributions – a 17 percent increase from 2013 – and the largest amount received in recent years.
55. WFP will continue to engage with donors to reduce or remove restrictions that hinder optimum use of resources. In 2004 WFP had established a target of 30 percent for multilateral funding. However, for 2016 a more realistic yet ambitious target is [XX] percent. All allocations of multilateral contributions are overseen by the SRAC to ensure the best possible outcomes.
56. WFP has signed strategic partnerships and multi-year funding agreements with a number of donors in recent years. In 2014, multi-year support of USD 593 million was received from 24 donors, the highest amount for some years.
57. In 2015, multi-year support was received from Andorra, Australia, Belgium, Cambodia, Canada, Finland, Germany, Iceland, Ireland, the Republic of Korea, Luxembourg, Monaco, the Netherlands, New Zealand, Norway, the Russian Federation, Sweden, Switzerland, the United Kingdom, the United States of America, private donors and the United Nations Children’s Fund (UNICEF).
58. Multi-year funding agreements facilitate planning, particularly at the start of a year, and enable advance actions such as pre-positioning of food and prioritization of activities. In 2016, WFP will continue to increase the number of its strategic partners, and will raise the level of multi-year predictable funding.

**Figure II.4: Multi-year contributions, 2010–2014**



⇒ *Immediate Response Account*

59. The Immediate Response Account (IRA) continues to be an invaluable tool in responding to life-threatening sudden-onset emergencies or pipeline breaks. The Secretariat is seeking to increase donor commitment to the IRA as a replenishable facility for emergency response. The Board approved the transfer of USD 50 million from the PSA Equalization Account to this account at its 2015 Annual Session,<sup>8</sup> which facilitated the creation of a minimum internal lending capacity of USD 50 million for emergencies, which will be sustained by repayments of loans by recipient projects or from new donor contributions to the IRA.
60. This allocation has improved the lending capacity of the IRA without changing its replenishable nature. Judicious lending – for example defining a repayment schedule before granting a loan – along with periodic reviews of sources of replenishment and timely repayments from recipient projects are ensuring that the IRA maintains its capacity to provide emergency loans, for example when no donor is available. The Secretariat is now using the upgraded IRA, and makes visible to donors the immediate effects of their support through quarterly reporting. Since 2014, several first-time donors have made contributions to the IRA. The Secretariat’s target is annual replenishment of USD 200 million.
61. WFP and the United Nations Population Fund are co-leading the IASC Humanitarian Financing Task Team study on donor conditions that affect United Nations agencies and NGOs. The findings which were finalized in July 2015, and support IASC members in their advocacy with the Good Humanitarian Donorship initiative and with the High-Level Panel on Humanitarian Financing; they will also contribute to the World Humanitarian Summit.

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<sup>8</sup> WFP/EB.A/2015/6-D/1.

### SECTION III: PROVISIONAL PRIORITIZED PLAN OF WORK

62. This section presents the provisional prioritized plan of work for 2016, which matches the funding forecast with assessed needs and addresses the Board's request for additional information as to the prioritization of assessed needs in relation to anticipated funding. The plan is the aggregate of exercises carried out for each project in which beneficiary groups are prioritized or the duration of assistance or ration size is adjusted according to the level of funding expected. This section also provides an overview of thematic areas that will shape implementation of the provisional prioritized plan of work in 2016.
63. This prioritization process was introduced in the Management Plan (2014–2016); the Management Plan (2015–2017) added analysis of the potential effects of funding shortfalls and shifted the unit of analysis from beneficiaries to daily rations to measure food-assistance costs.
64. Using daily rations as the unit of analysis enables WFP to determine the costs of assistance in the form of food or cash-based transfers with greater accuracy.<sup>9</sup> The 2016 analysis shows that the provisional prioritized plan of work has an average weighted daily ration cost<sup>10</sup> of USD 0.33 compared with an average cost of USD 0.40 for total assessed needs, reflecting the reduction in ration size resulting from funding limitations.
65. This plan of work curtails the assessed requirements for 2016 to the forecast contributions of USD 4.9 billion<sup>11</sup> in 2016 – USD 4.7 billion excluding trust funds. The funding projection is based on donor preferences and current expectations. Assessed requirements are based on assessment of the needs of the most food-insecure and undernourished populations and WFP's capacity to deliver food assistance.
66. The assessed requirements for 2016 are USD 8.6 billion to provide 19.7 billion daily rations for 82 million beneficiaries through 142 projects in 76 countries; if trust funds are included there are 179 projects in 81 countries. The alignment of assessed requirements with forecast contribution results in a provisional prioritized plan to provide 13.7 billion daily rations for 64 million beneficiaries of which more than two thirds are women and children.
67. The assessed requirements to assist 82 million beneficiaries account for 4.5 percent of the total population in 81 countries in which the overall average prevalence of undernourishment is 16 percent, average underweight among children under 5 is 19 percent and average child mortality is 57 per 1,000 live births. In 39 countries WFP assessed the need to assist up to 5 percent of the population, in 16 countries between 5 percent and 10 percent, and in 6 countries 10 percent to 15 percent of the population. Assistance for more than 15 percent of the population is needed in only 8 countries.

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<sup>9</sup> A ration is defined as the amount of food or cash-based transfer equivalent provided daily for a beneficiary in a target group to meet defined objectives.

<sup>10</sup> The weighting is based on the number of rations – beneficiaries multiplied by feeding days – planned per project in each programme category.

<sup>11</sup> Section II. Unless specified, all figures include indirect support costs (ISC).

68. Projected operational requirements for 2017 and 2018 are estimated in the Management Plan for context and planning purposes.<sup>12</sup> A prioritized plan of work for 2017 and 2018 will be prepared in future Management Plans.

69. WFP will continue to advocate for the funds required to address all assessed needs.

### **Cost and Reach of Food Assistance**

70. The Management Plan (2015–2017) moved away from using average cost per beneficiary as a unit of measure of cost of food assistance and adopted the daily ration as the costing unit to enable WFP to account for differences in the duration and frequency of assistance and to show how the planned average cost of assisting one direct beneficiary per day varies in different activities and project types. Since average ration sizes by design vary across activities, costs per ration have been notionally standardized across activities by 1000 kcal for food and by 1 USD for cash-based transfers. By using these base units, it becomes possible to undertake analysis and cost comparisons within an operation, and over a number of years.

71. WFP's planned activities will generate benefits for a population much larger than the 64 million Tier 1 direct beneficiaries of food or cash transfers. This is particularly relevant in activities related to capacity development or infrastructure enhancement, when the benefits of food assistance extend to entire communities. A method has been developed to estimate the number of such beneficiaries – Tier 2 or secondary beneficiaries of assets created by WFP – and is being mainstreamed. WFP will carry out economic value studies at the sectoral level to estimate the positive effects for those benefitting from WFP's capacity development activities – Tier 3. Future management plans will provide more quantification of secondary beneficiaries and those benefitting from WFP's capacity development activities.

72. The Management Plan (2016–2018) extends the analysis of direct beneficiaries to include an analysis of the effects of funding projections on rations and costs per ration planned according to assessed needs. Consideration is given to the strategies selected at the country level – reduced ration size, length of assistance or number of beneficiaries – to move from a needs basis to the provisional prioritized plan and to ensure that WFP delivers value for money in both resourcing contexts.

73. The highest proportion of beneficiaries targeted for direct food assistance in 2016 – 31 percent – is in the Middle East, where Level 3 emergencies continue in Iraq, the Syrian Arab Republic and neighbouring countries, and Yemen. The Asia region accounts for 19 percent of targeted assistance under the resource-based plan, the Central and East Africa region for 19 percent, the West Africa region for 18 percent, the Southern Africa region for 10 percent and the Latin America and the Caribbean region for 3 percent.

74. The projected average weighted daily ration cost for the 2016 provisional prioritized plan of work is of USD 0.33. Table III.1 shows the 2016 average weighted cost per ration by activity and programme category.

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<sup>12</sup> Annex III (to be included in final Board document).

<b>TABLE III.1: AVERAGE WEIGHTED COST PER RATION BY ACTIVITY AND PROGRAMME CATEGORY (USD)</b>			
<b>Activity</b>	<b>DEV/CP*</b>	<b>EMOP**</b>	<b>PRRO***</b>
General distribution	N/A	0.39	0.34
Food assistance for assets (FFA)	0.41	0.21	0.47
Food assistance for training (FFT)	0.68	0.11	0.44
Nutrition	0.24	0.40	0.29
School feeding	0.16	0.19	0.21
HIV and AIDS and tuberculosis	0.41	0.53	0.43
<b>AVERAGE WEIGHTED COST BY PROGRAMME CATEGORY</b>	<b>0.19</b>	<b>0.37</b>	<b>0.33</b>

\* Development project/country programme

\*\* Emergency operation

\*\*\* Protracted relief and recovery operation

75. The standardized cost per food ration, weighted by ration numbers, varies from USD 0.25 to USD 0.29 for all activities except nutrition. The standardized cost of USD 0.42 for nutrition activities reflects the higher production expenses of specialized nutritious foods and the outlay on transport and storage systems that is necessary to ensure they retain enough micronutrients to be effective. The pattern is similar for cash-based transfers. The average cost per ration for delivering cash-based transfers through HIV and AIDS interventions is expected to be the most expensive.<sup>13</sup> WFP will continue to refine the approach for standardizing costs for cash-based transfers to capture variations in the purchasing power of the US dollar in different countries.
76. In DEVs, it is expected that 80 percent of daily rations in the prioritized plan of work will be distributed through school feeding. In PRROs, delivery of 50 percent of daily rations is planned through general distributions and 23 percent through nutrition interventions. In EMOPs, general distributions are expected to account for 88 percent of daily rations. Of FFA and FFT daily rations, delivery of 75 percent is planned through PRROs; delivery of 66 percent of daily rations intended to promote adherence to HIV and AIDS medication is planned through DEVs.
77. In view of increasing financial constraints, programme managers must make prioritization decisions. Options include discontinuing interventions and reducing beneficiary caseloads, daily ration sizes or the duration of assistance. WFP anticipates that with adequate funding it could increase the number of targeted beneficiaries by a third by focusing on the most vulnerable populations. The most significant decreases expected in numbers of beneficiaries to be assisted under the prioritized plan of work are in: i) general distributions – 26 percent; ii) FFA – 39 percent; and iii) school feeding – 28 percent. General distribution ration sizes are expected to be reduced by 22 percent for food and 25 percent for cash-based transfers. The duration of assistance is generally maintained across activities, but in the case of FFT funding gaps may result in a 21 percent reduction in duration.

<sup>13</sup> The average cost per ration for HIV and AIDS interventions may result from the small sample size: only four interventions use cash-based transfers for HIV and AIDS activities.



## Provisional Prioritized Plan of Work

78. The provisional prioritized plan of work shows how USD 4.7 billion would be utilized to deliver 13.7 billion daily rations for 64 million beneficiaries. This plan represents an 11 percent increase over 2015.<sup>14</sup> It assumes earmarking of contributions at the project level only, which will provide flexibility for prioritization at the activity level. Data is aggregated to show the overall effect on the different aspects of WFP's work.

⇒ *Analysis by Strategic Objective*

79. Table III.2 shows the provisional prioritized plan of work by Strategic Objective.

<b>TABLE III.2: 2016 PROVISIONAL PRIORITIZED PLAN OF WORK BY STRATEGIC OBJECTIVE (USD million)</b>		
<b>Strategic Objective</b>	<b>Provisional prioritized plan of work</b>	
1: Save lives and protect livelihoods in emergencies	3 069	66%
2: Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies	501	11%
3: Reduce risk and enable people, communities and countries to meet their own food and nutrition needs	484	10%
4: Reduce undernutrition and break the intergenerational cycle of hunger	596	13%
<b>TOTAL</b>	<b>4 650</b>	<b>100%</b>

80. As in 2015, Strategic Objective 1 will account for the largest proportion of the provisional prioritized plan of work: USD 3.1 billion, 66 percent of the plan. Activities prioritized under Strategic Objective 1 increased by USD 436 million – 16 percent – from the 2015 plan. Strategic Objective 2 accounts for USD 501 million – 11 percent – a decrease of USD 127 million from 2015. Strategic Objective 3 accounts for USD 484 million – 10 percent – an increase of USD 149 million from 2015. Strategic Objective 4 accounts for USD 596 million – 13 percent – an increase of USD 64 million from 2015.

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<sup>14</sup> The increase of 11 percent was calculated using the prioritized plan of work figure for 2015 – USD 3.86 billion – plus ISC. The 2016 figure includes ISC.

⇒ *Analysis by activity*

81. Table III.3 shows the provisional prioritized plan of work by activity for 2016.

<b>TABLE III.3: 2016 PROVISIONAL PRIORITIZED PLAN OF WORK BY ACTIVITY (USD million)</b>		
<b>Activity</b>	<b>Provisional prioritized plan of work</b>	
General distribution	2 745	59%
FFA	492	11%
FFT	34	1%
Nutrition	581	12%
School feeding	426	9%
HIV and AIDS and tuberculosis	33	1%
Capacity development and augmentation	339	7%
<b>TOTAL</b>	<b>4 650</b>	<b>100%</b>

82. General distribution is the largest activity at USD 2.7 billion – 59 percent of the provisional prioritized plan of work. This is consistent with the prioritization of Strategic Objective 1 in that general distributions and nutrition are the main activities implemented under this Strategic Objective. The share of general distributions is less than the 63 percent in the 2015 plan, but the 2016 plan of work is USD 160 million larger than the 2015 plan.

83. The proportion of FFA will increase by 44 percent – USD 150 million – from the 2015 plan of work. Nutrition is the second largest activity at USD 581 million – 12 percent of the plan – as in 2015, reflecting the prioritization of nutrition activities. The emphasis on nutrition is also demonstrated by the 26 percent reduction against the assessed needs, the smallest reduction of all.

84. School feeding requirements increased by USD 100 million from the 2015 plan, and capacity development and augmentation requirements by USD 85 million.

⇒ *Analysis by programme category*

85. Table III.4 presents the provisional prioritized plan of work by programme category.

<b>TABLE III.4: 2016 PROVISIONAL PRIORITIZED PLAN OF WORK BY PROGRAMME CATEGORY (USD million)</b>		
<b>Programme category</b>	<b>Provisional prioritized plan of work</b>	
DEVs/CPs	432	9%
EMOPs	1 820	39%
PRROs	2 146	46%
Special operations	252	6%
<b>TOTAL</b>	<b>4 650</b>	<b>100%</b>

86. In 2015, PRROs will remain the largest programme category, accounting for USD 2.1 billion – 46 percent of prioritized resources. EMOPs will account for USD 1.8 billion – 39 percent – an increase of USD 423 million from the 2015 prioritized plan of work; this is mostly attributable to the increase in operations in Iraq and Yemen.

87. In the provisional prioritized plan of work, DEVs account for 9 percent of the total; they have increased by USD 69 million – 19 percent – compared with 2015. In 2016, special operations will increase by 44 percent. WFP’s largest operations, in the Democratic Republic of the Congo (DRC), South Sudan and Yemen, will together account for 56 percent of the plan for special operations..

⇒ *Analysis by type of transfer and activity*

88. Table III.5 shows the provisional prioritized plan of work by type of transfer.

<b>TABLE III.5: 2016 PROVISIONAL PRIORITIZED PLAN OF WORK BY TYPE OF TRANSFER (INCLUDING ASSOCIATED COSTS) (USD million)</b>		
<b>Type of transfer</b>	<b>Provisional prioritized plan of work</b>	
Food and related DOC*	2 948	63%
Cash-based transfers and related DOC	1 363	30%
Capacity development and augmentation	339	7%
<b>TOTAL</b>	<b>4 650</b>	<b>100%</b>

\* Direct operational costs.

89. Food and related DOC account for USD 2.9 billion – 63 percent of the prioritized plan of work. Cash-based transfers and related DOC account for USD 1.4 billion – 30 percent. Operations in the Syrian Arab Republic and Yemen will be the largest users of cash-based transfer modality, together accounting for 55 percent of the prioritized plan of work. Capacity development and augmentation accounts for 7 percent of the prioritized plan of work. The DRC and South Sudan will implement large special operations under this component that will account for 38 percent of the total.

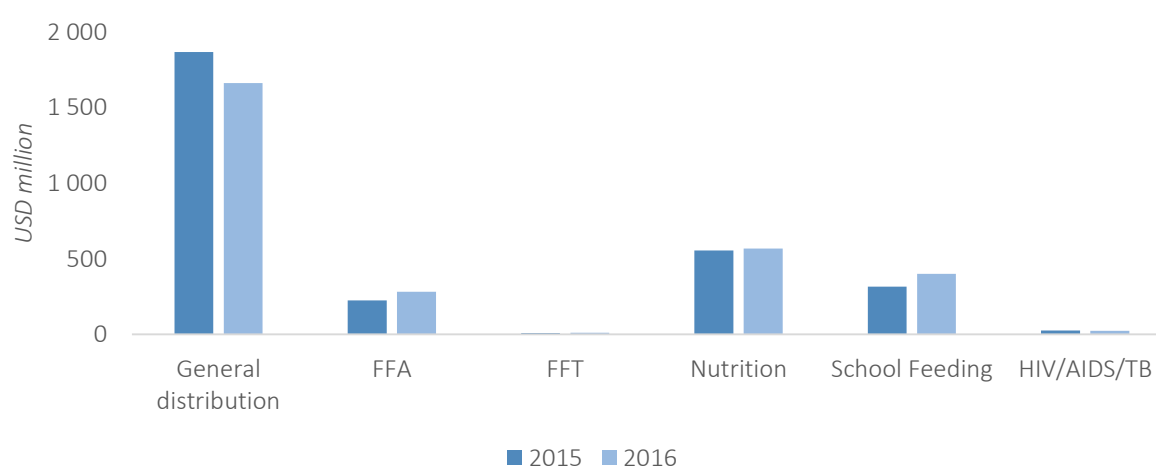
90. Table III.6 shows the provisional prioritized plan of work by activity and type of transfer.

<b>TABLE III.6: 2016 PROVISIONAL PRIORITIZED PLAN OF WORK BY ACTIVITY AND TYPE OF TRANSFER (USD million)</b>					
<b>Activity</b>	<b>Food</b>	<b>Cash-based transfers</b>	<b>Capacity development and augmentation</b>	<b>Total</b>	<b>%</b>
General distribution	1 663	1 082	-	<b>2 745</b>	59
Food assistance for assets	281	211	-	<b>492</b>	11
Food assistance for training	11	23	-	<b>34</b>	1
Nutrition	569	12	-	<b>581</b>	12
School feeding	401	25	-	<b>426</b>	9
HIV and AIDS and tuberculosis	23	10	-	<b>33</b>	1
Capacity development and augmentation	-	-	339	<b>339</b>	7
<b>TOTAL</b>	<b>2 948</b>	<b>1 363</b>	<b>339</b>	<b>4 650</b>	100

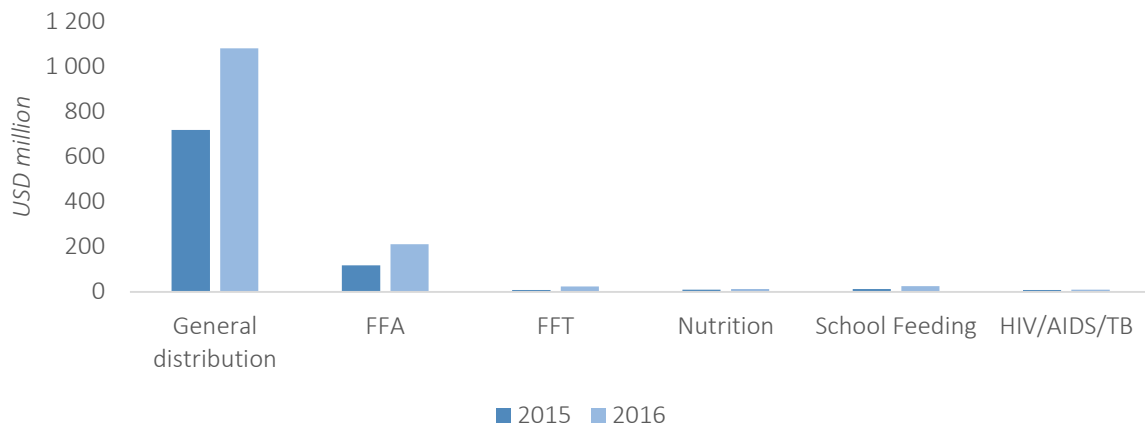
91. Cash-based transfers will be implemented mainly through general distributions and FFA. Nutrition and school feeding activities will use mainly food transfers.

92. Figures III.1 and III.2 show that cash-based transfers have increased significantly from 2015 levels and that food transfers have slightly decreased. The increase in cash-based transfers between 2015 and 2016 reflects results of WFP's capacity development investment, which enables country offices to choose the most appropriate form of transfer modality to suit the beneficiary needs and to optimize cash-based transfers within the food assistance portfolio.

**Figure III.1: Provisional prioritized plan of work for food-related activities, 2015–2016**



**Figure III.2: Provisional prioritized plan of work for cash-based transfers, 2015–2016**



⇒ *Analysis by region*

93. Table III.7 shows the provisional prioritized plan of work by region.<sup>15</sup>

<b>TABLE III.7: 2016 PROVISIONAL PRIORITIZED PLAN OF WORK BY REGIONAL BUREAU (USD million)</b>		
<b>Regional Bureau</b>	<b>Provisional prioritized plan of work</b>	
Bangkok	524	11%
Cairo	1 861	40%
Dakar	744	16%
Johannesburg	328	7%
Nairobi	1 110	24%
Panama	83	2%
<b>TOTAL</b>	<b>4 650</b>	<b>100%</b>

94. The largest shares of the plan of work are accounted for by the Cairo regional bureau – USD 1.9 billion – 40 percent, and 6 percent more than 2015 – and the Nairobi regional bureau – USD 1.1 billion – 24 percent, compared with 33 percent in the previous provisional prioritized plan of work. These figures reflect the large operations in South Sudan, the Syrian Arab Republic and Yemen.

95. The Dakar regional bureau will account for USD 744 million – 16 percent, as in 2015. The Bangkok regional bureau will account for USD 524 million – 11 percent, and USD 100 million less than in 2015. The Johannesburg regional bureau will account for USD 328 million – 7 percent – and the Panama regional bureau for USD 83 million – 2 percent.

<sup>15</sup> Details of operational requirements by region are provided in Annex III (in final Board document).

## Global Analysis by Thematic Areas

96. This subsection discusses thematic areas that will shape WFP's operations and implementation of the prioritized plan of work in 2016. These include cash-based transfers, emergency and transition programming, food security and nutrition analysis, social protection and safety nets, climate and disaster risk reduction programmes, asset creation and livelihood support, linking smallholders to markets, capacity development and augmentation, South–South and triangular cooperation, nutrition, gender and monitoring and evaluation.

### ⇒ *Cash-based transfers*

97. The proportion of cash-based transfers in WFP's food assistance portfolio has grown rapidly: they were utilized in 26 operations in 19 country offices in 2009, and in 71 operations in 52 country offices in 2014. The number of people assisted increased from 1 million in 2009 to 8.9 million in 2014.

98. Cash-based transfers are an integral part of WFP's operational modalities. Training began in 2015 for staff from all functional areas in all regions; it remains a critical corporate initiative in 2016. As a result of the investment in capacity development, country offices will be able to optimize cash-based transfers to improve food security and nutrition.

99. In 2016, WFP will deploy new tools developed for the cash-based transfer platform. Country offices will be able to apply a customizable selection of tools and services to enhance capacities for business and technical development. The platform will support delivery of cash-based transfers at scale and provide the flexibility to switch between modalities according to needs of beneficiaries. The platform will also benefit governments, partners and other United Nations agencies.

100. Cash-based transfers account for USD 1.4 billion – 29 percent – of the 2016 plan of work; this is a 52 percent reduction from the USD 2.8 billion needs-based requirements under this transfer modality. The EMOP in Yemen will require the largest share of cash-based transfers in 2016 – USD 385.7 million. The regional response to the Syrian refugee crisis will require the second largest share of cash-based transfers – USD 295.7 million. The main effect of the prioritization on cash-based transfers results from funding projections for Yemen, which forecast a 42 percent resourcing level as compared with needs.

101. General distribution is the main channel for cash-based transfers, amounting to USD 1 billion. The largest share of cash-based transfers – USD 814 million – will therefore be delivered through EMOPs; the second largest activity using cash-based transfers is FFA at USD 211 million.

### ⇒ *Emergency and transition programming*

102. In response to evaluations, audits and policy reviews, WFP will upgrade its programmes in emergency and transition settings, focusing on protection, accountability to affected populations, refugees and internally displaced people, urbanization, principled access and peacebuilding. Guidance will be developed and staff at the levels of Country Director, Deputy Country Director, Head of Programme and emerging leader will be trained through the Investing in Programme Excellence approach. A sustainable system of field support for country offices will be established.

103. Protection and accountability to affected populations will be integrated into WFP's work through field support, guidance and preparations for an evaluation of the protection policy. An access project in conjunction with the security, logistics and emergency divisions will help country offices to develop and implement access strategies in complex operational environments.
104. Following approval of the peacebuilding policy, WFP will provide guidance and support on conflict-sensitive programming for country offices. WFP will continue to work in partnership with the Office of the United Nations High Commissioner for Refugees (UNHCR) on a joint strategy for refugee self-reliance based on the pilots in Chad, South Sudan and Uganda. With regard to urbanization, WFP will update the current policy and provide guidance on adapting programmes to urban settings.

⇒ *Food security and nutrition analysis*

105. WFP will continue to optimize its needs assessments for prioritizing assistance and will continue to support market assessments and economic analysis. WFP is studying the multiplier effects of humanitarian assistance on local economies and is revising the market-analysis framework as part of the evolution of market-based responses. WFP is also exploring the inter-operability of its price database with FAO and the Famine Early Warning System Network (FEWSNET).

Assessments

106. Regional bureaux and country offices will, with Headquarters support, be undertaking food security surveys, emergency food security assessments, joint assessments with UNHCR, crop and food security assessments with FAO and inter-agency post-disaster needs assessments and multi-sector initial rapid assessments.

Food Security Information Network

107. WFP will continue in the Food Security Information Network, which is extending its partnerships with FAO, International Fund for Agricultural Development (IFAD), International Food Policy Research Institute, FEWSNET and regional institutions such as Intergovernmental Authority on Development and Permanent Inter-State Committee on Drought Control in the Sahel to optimize food and nutrition security analysis. WFP will continue to host the secretariat of the Food Security Information Network, which produces guidance on resilience measurement, food and nutrition security indicators and market price measurement databases; it will also support national and regional capacity development by establishing a collaboration between WFP, FAO and FEWSNET in support of capacity development.

Food security monitoring

108. WFP's mobile vulnerability analysis and mapping (VAM) project is testing and implementing remote data collection using voice calls, interactive voice response and SMS technology to collect real-time gender-disaggregated household, nutrition and market-related food-security indicators. Analytical bulletins are published shortly after each round of data collection to provide up-to-date information for decision-making, planning and appeals processes by WFP and other stakeholders. WFP piloted mobile VAM in 2013 in Somalia and DRC; it is being implemented in 11 countries, and will be rolled out to 30 countries in the next three years.

## Remote sensing and geographic information systems

109. WFP is developing country-specific seasonal monitoring using user-friendly dashboards and will carry out thematic analyses such as an El Niño impact analysis for the Procurement Division and a climate analysis for the Cambodia Land and Environment Atlas and Resource project. The joint WFP/IFAD agreement on climate, remote-sensing and geographic information system analytical services will continue, and WFP will work with the European Space Agency on access to data from Sentinel-n satellite platforms.

### ⇒ *Social protection and safety nets*

110. WFP will enhance systems enabling country offices to design, operationalize and evaluate cost-effective food security and nutrition-sensitive safety-net and social-protection policies and programmes. It will continue to support the development and implementation of hunger-related social-protection mechanisms for vulnerable populations and will develop differentiated approaches to assist populations vulnerable to food and nutrition insecurity. WFP will leverage organizational competence in cash-based transfers, risk management and value chains for nutrition and utilize standby partners and external experts to maximize human and technical resources.

111. WFP will promote transitions to national school feeding programmes and will continue to provide technical assistance for governments. It will continue to support home grown-school feeding models with links to local food producers and will promote the roll-out of the School Feeding Systems Approach for Better Education Results (SF SABER), which track progress towards national programme ownership. WFP will enhance its effectiveness and efficiency analyses of school feeding programmes.

### ⇒ *Climate and disaster risk reduction programmes*

112. In line with the Strategic Plan (2014–2017), WFP will support disaster risk reduction and build long-term resilience in a context of increasing environmental challenges and increasingly alarming nutrition indicators. Innovative tools are needed to reduce disaster risk and support community adaptation to climate change.

113. In partnership with national and regional governments, WFP will support community-based approaches integrating disaster risk reduction and climate change adaptation. WFP has developed tools such as the Food Security Climate Resilience Facility (FoodSECuRE), which support community-centred action to adapt to climate change, and the Rural Resilience Initiative, which enables vulnerable rural households to increase their food security and incomes by managing risk.

114. Testing of FoodSECuRE in selected countries and communities will aim to trigger funding on the basis of forecasts of climate shocks and following a climate-related disaster. The Rural Resilience Initiative will be scaled up to promote social protection and safety nets by promoting financial inclusion, the enhancement of livelihood opportunities and the use of innovative insurance schemes. WFP will support the development of tools to analyse the impacts of climate variability on food security and link national climate change adaptation and food-security programmes.



⇒ *Asset creation and livelihood support*

115. Following the approval of WFP's policy on building resilience for food security and nutrition, new PRROs and CPs will address the underlying causes of food insecurity and malnutrition and contribute to building resilience. Asset-creation programmes will remain a central feature of PRROs and other programmes. Communities gain immediate advantages from FFA in terms of food security and nutrition, disaster risk reduction and long-term environmental and livelihoods benefits, which increase resilience. WFP will enhance capacities in operations to establish asset-creation programmes in coordination with partners.
116. In view of the importance of reducing risk and maximizing resilience, the Rome-based agencies will continue their common approach to building resilience to improve food security and nutrition, together with other stakeholders.
117. In protracted crises and early-recovery phases following disasters, EMOPs will include activities to enable resilience programming and transitions to reconstruction and rehabilitation.
118. Adopting a resilience approach will require a shift in the design and implementation of programmes to determine how actions can be integrated and sequenced with the strategies of governments other stakeholders. In this context, WFP intends to scale up the three-pronged approach at all levels, particularly country offices. The approach puts people and their livelihoods at the centre of planning, lays the foundations for multi-sector and coordinated programmes and connects humanitarian and development stakeholders.

⇒ *Linking smallholders to markets*

119. The Purchase for Progress (P4P) approach of linking smallholders with markets will be mainstreamed into WFP's activities. Guidance materials are being developed to support dialogue with governments and other stakeholders, and partnerships will be established that will enable smallholder farmers to sell their produce at markets.
120. The testing of various P4P models in the pilot provided a wealth of experience that will be the basis for WFP's guidance materials; it will also be shared with academic and humanitarian practitioners, particularly FAO and IFAD, which have supported smallholder farmers and the development of models for access to finance for farmers' organizations. Another partner is the African Economic Research Consortium, a group of 42 African universities and research centres in 35 countries who manage the data gathered during the pilot.

⇒ *Capacity development and augmentation*

121. Governments are increasingly requesting technical assistance from country offices to support the design and implementation of innovative approaches to food security and nutrition. The achievement of Sustainable Development Goal 2 depends largely on WFP's capacity to leverage the role of governments in designing and managing national hunger solutions and supporting food security and nutrition. In the 2016 prioritized plan of work, USD 89 million is allocated to provide technical assistance under capacity development and augmentation, and USD 250 million are planned for capacity augmentation.

⇒ *South–South and triangular cooperation*

122. South–South and triangular cooperation will increasingly support Sustainable Development Goal 2. WFP’s policy, in place since May 2015, is to support national programmes addressing hunger by mobilizing expertise from developing countries. It will support South–South cooperation through modalities such as knowledge-sharing, technical cooperation, policy support, joint advocacy, in-kind support and regional initiatives as one of its mechanisms for enhancing national engagement.

⇒ *Nutrition*

123. Estimated requirements for nutrition activities account for 10 percent of total assessed needs for 2016. This is a relatively small share, but the USD 581 million allocated against needs of USD 798 million constitutes a significant contribution to global nutrition commitments.

124. The utilization of special foods in nutrition operations has been increasing steadily: in 2010 they were not provided for children aged 6–23 months, but 80 percent of such children received them in 2014.

125. The 2016 requirements may be under-estimated in that nutrition-specific interventions may be delivered as part of other operations: in Iraq, for example, blanket supplementary feeding to prevent undernutrition in children and women is part of general food distribution. WFP’s programmes are being modified to enhance their nutritional effects: school feeding, for example, provides SuperCereal, high-energy biscuits and micronutrient powders for 6.1 million school-aged children in 14 countries. WFP is also planning nutrition-sensitive interventions under social protection and safety net programmes, and aims to provide fortified foods in general food distributions and to utilize behaviour-change communications in cash-based transfer programmes with a view to improving household dietary diversity and micronutrient intake. The cost of these interventions is not reflected in the requirements for nutrition operations.

⇒ *Monitoring and evaluation*

126. Monitoring, evaluation and reporting are essential elements of WFP’s performance management system. Work is under way to ensure that managers can use monitoring findings in decision-making and to establish a business intelligence system to analyse and report on performance risks at all levels. The monitoring of programme implementation and management is being standardized and supported with guidance, capacity development and increased resources.

127. Electronic tools are a prominent part of the investments to optimize monitoring and reporting. The country office monitoring and evaluation tool (COMET) enables the field staff of WFP and partners to carry out quality monitoring in operations to support decision-making and reporting, and to improve programme design and management. The COMET design module has been rolled out to all offices; the implementation module will be rolled out in all regions by April 2016. The tool enables project design, implementation, monitoring and reporting in an IT-enabled system; its enhanced accuracy and reliability will enhance decision-making and maximize accountability.

## Accelerating Gender Mainstreaming

128. WFP is committed to exceeding standards of the United Nations System-Wide Action Plan for Gender Equality and the Empowerment of Women (UN SWAP) by mainstreaming gender equality. WFP promotes gender equality and women's empowerment in development and humanitarian responses, and is increasing its work with the Rome-based agencies and UN-Women; it is co-chair of the IASC Gender Reference Group and is active role in the GenCap steering committee.
129. In 2016, resources for gender-related activities will be allocated through PSA, extra-budgetary funding and project budgets, accounting for 12 percent of the programme of work. From 2015, WFP will train all WFP staff as mandated in the gender capacity assessment launched in September 2014. The pilot of WFP's certification programme for excellence in gender mainstreaming will end in 2015: if successful it will be scaled up in the field and will form the backbone of gender mainstreaming.
130. The 2015–2020 gender policy will guide the raising of WFP's gender profile and will ensure that gender equality and women's empowerment are integrated into all activities and that the different food security and nutrition needs of women, men, girls and boys are addressed equitably. Gender considerations will be mainstreamed into the programme cycle, from initial needs assessments to final evaluations.
131. Gender-sensitive activities include:
- measures to increase girls' access to primary education with a view to achieving gender parity and promoting equal rights and opportunities for all;
  - seasonal livelihood programming to align multi-sector projects with the different needs and priorities of women and men;
  - augmentation of gender expertise in regional and country offices; and
  - capacity development in gender for the staff of WFP and its partners.
132. Resource requirements include provision for addressing gender-related protection issues, particularly gender-based violence, and supporting inter-agency responses to HIV and AIDS.

## Trust Funds

⇒ *Country-specific trust funds*

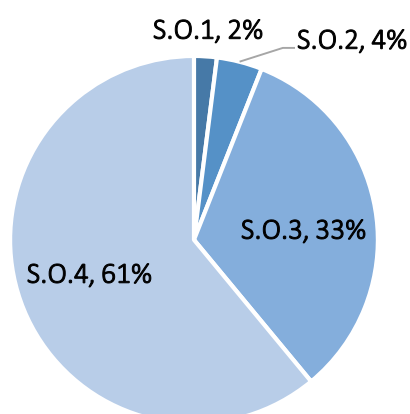
133. Country-specific trust funds assist governments with the management and implementation of programmes aligned with WFP's Strategic Objectives and provide extra-budgetary resources for programmes consistent with the WFP country strategy.
134. Country-specific trust funds for 2016 are forecast at USD 97.4 million, a 2 percent decrease from 2015. The main donors are host governments, but other governments and private foundations also contribute.

135. Table III.8 shows country-specific trust funds by region.

<b>TABLE III.8: 2016 TRUST FUNDS BY REGIONAL BUREAU (USD million)</b>		
<b>Regional bureau</b>	<b>Trust funds</b>	
Bangkok	14.8	15%
Cairo	3.5	4%
Dakar	3.5	4%
Johannesburg	20.2	21%
Nairobi	-	-
Panama	55.4	57%
<b>TOTAL</b>	<b>97.4</b>	<b>100%</b>

136. As in 2015, most country-specific trust funds are forecast for the Panama regional bureau, but projected trust fund resources for the region are expected to decrease by 22 percent from 2015 levels. Trust fund resources are expected to grow in other regional bureaux, particularly Bangkok and Johannesburg.

**Figure III.3: Country-specific trust funds by Strategic Objective**



137. Figure III.3 shows that most trust fund resources will support Strategic Objective 4, but the share of resources is reduced to 61 percent, 13 percent less than in 2015. These trust fund activities provide technical assistance and develop the capacities of host governments in areas such as school feeding and social protection.

138. Activities under Strategic Objective 3 are expected to increase by 14 percent. Trust funds will support the distribution of locally produced diet supplements and enhance local capacities to implement food-security and nutrition programmes. Activities related to Strategic Objective 1 will improve VAM and will support the development of emergency preparedness and response capacities. Activities under Strategic Objective 2 will support capacity and community development, for example through asset creation.

⇒ *Corporate trust funds related to field activity*

139. Corporate trust fund activities in country offices will account for USD 35 million, as in 2015, mainly through P4P, Renewed Efforts Against Child Hunger and Undernutrition (REACH), the Children’s Investment Fund Foundation and the Climate Resilience Innovation.

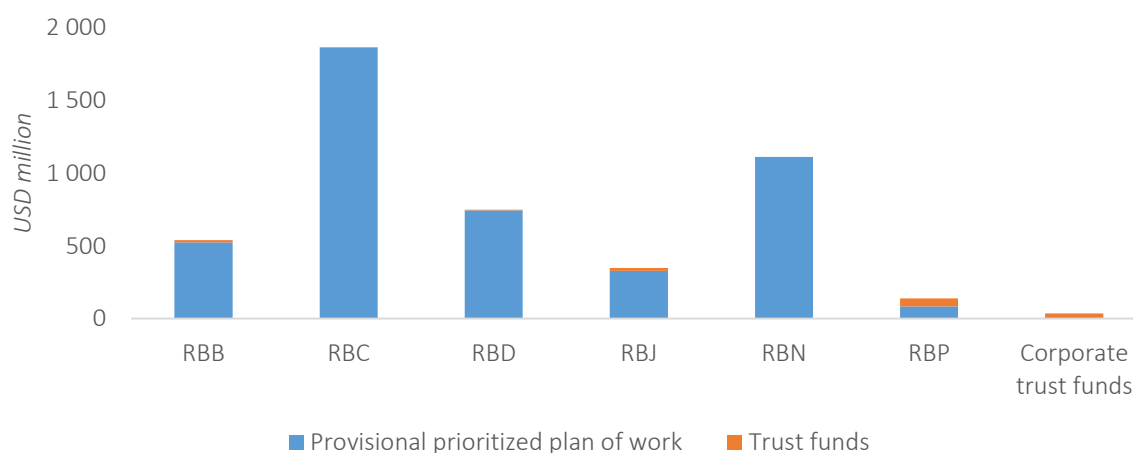
## Implementation Plan

140. The implementation plan for each region combines the provisional prioritized plan of work with country-specific and corporate trust funds supporting programmes or activities at the country or regional level. WFP foresees an implementation plan of USD 4.78 billion for 2016 – USD 4.65 billion for the provisional prioritized plan of work and USD 132 million for trust funds.

141. Table III.9 and Figure III.4 show the regional breakdown of the implementation plan.

<b>TABLE III.9: REGIONAL IMPLEMENTATION PLAN (USD million)</b>			
<b>Regional bureau</b>	<b>Provisional prioritized plan of work</b>	<b>Trust funds</b>	<b>Total</b>
Bangkok	523.8	14.8	<b>538.6</b>
Cairo	1 861.4	3.5	<b>1 864.9</b>
Dakar	743.8	3.5	<b>747.3</b>
Johannesburg	328.2	20.2	<b>348.4</b>
Nairobi	1 110.4	-	<b>1 110.4</b>
Panama	82.5	55.4	<b>137.9</b>
<b>Subtotal</b>	<b>4 650.0</b>	<b>97.4</b>	<b>4 747.4</b>
Corporate trust funds related to field activity	n/a	35.0	<b>35.0</b>
<b>Total</b>	<b>4 650.0</b>	<b>132.4</b>	<b>4 782.4</b>

**Figure III.4:  
Regional implementation plan**



## **SECTION IV: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET**

### **Overview**

142. This section presents the proposed 2016 PSA budget of USD 290.3 million. The budget reflects a turnover of 5 percent in the base PSA budget at Headquarters to ensure that WFP continues to increase efficiencies and adjust to new realities. An appropriation from the PSA Equalization Account is proposed for critical corporate initiatives to complete Fit for Purpose (WFP/EB.A/2015/6-D/1) in 2016, and the Secretariat requests that an additional USD 7 million be set aside to establish a service centre as part of the cost-excellence initiative.
143. The PSA budget exemplifies “living within our means” while right sizing the organization to meet the increasing demand over the last 5. It also prepares WFP to enhance its response capacity to major emergencies and evolve its food assistance mechanisms. The volume of work for 2016 is expected to be 11.3 percent higher than that projected in the 2015–2017 Management Plan to address demands for WFP’s services. The Secretariat is cautious about increasing the budget baseline, and so is proposing to limit the PSA baseline increase to 3 percent. This will be used to augment capacities in regional bureaux and country offices to meet the Zero Hunger Challenge and mainstream cash-based transfers capabilities. The 2016 PSA budget can also utilize net savings from the euro/US dollar exchange rate to provide USD 7.4 million for funding as required.

### **Purpose of the PSA Budget**

144. The PSA budget covers the indirect support costs that support WFP’s operations. It is funded from ISC recovered from contributions in accordance with the full-cost recovery policy and is approved by the Board on an annual basis. The review of the 2016 budget revised the regular PSA budget to align it with WFP’s organizational priorities. The regular PSA budget is supplemented by critical corporate initiatives to finalize Fit for Purpose.

### **Executive Director’s Authority to Adjust the PSA Budget**

145. Since 1994 the Executive Director has been authorized in each Management Plan “... to adjust the PSA component of the budget in accordance with any variation in the volume of operations when such variations amount to more than 10 percent of the planned level”. Although PSA requirements must be adapted to WFP’s needs, fluctuations during the year may not be directly proportional to the level of operations; and any increase in the PSA budget depends on the availability of resources.
146. The Secretariat recommended to the Board in 2013 that in future Management Plans the Executive Director’s authority should be linked to the level of forecast income rather than operational needs, given that support costs are driven by WFP’s overall funding level and not by changes in operational needs. This change would enable the Executive Director to ensure that operations receive adequate support, in line with funding levels, in the event of an increase in activity or an emergency that occurs after the annual PSA budget has been approved.

147. In view of the time needed to implement changes in expenditure, and because the timing of Board meetings means that changes can be recognized only during the latter half of a year, the Secretariat requests the Board to provide the Executive Director with the authority to adjust the PSA component of the budget by an amount not exceeding 2 percent of the forecast increase in income from the levels set out in Section III. The Board would be informed immediately of any such increase.

## **Value for Money**

148. “Getting the best results for our beneficiaries by using our resources wisely” is the concept underlying WFP’s value-for-money framework. Value for money is often misinterpreted as an obligation to choose the cheapest option – but although economy is a major consideration, it may not lead to the best results for our beneficiaries. The core of WFP’s policy is to achieve an optimum balance of effectiveness, efficiency and economy.

149. The concept has already started to change the outlook of WFP’s managers in that value for money has become a central element in decision-making. The cost-excellence initiative is a step in this process, and guidance has been developed for mainstreaming the value-for-money concept at all levels.

150. All budgetary requests, PSA or extra budgetary, must clearly define planned results and incorporate value for money indicators. The resulting portfolio is endorsed by the departmental head and prioritized for submission to the SRAC. The SRAC prioritizes PSA and extra budgetary funding recommendations for decision by the Executive Director. Only funding proposals with a strong value-for-money case are likely to be approved.

151. To ensure value for money in the PSA budget, a 5 percent turnover at Headquarters was introduced to accommodate changing priorities and scale the budget to new circumstances.

152. At its 2008 Annual Session, the Board approved a policy for hedging the euro component of PSA expenses incurred at Headquarters with a view to stabilizing PSA funding. In 2015, WFP and the World Bank are reviewing the foreign exchange policy with a view to optimizing the management of associated risks to WFP’s overall budget. The review will help reappraise the timing of the PSA euro/US dollar forward hedge in relation to the preparation of the Management Plan and will determine if any foreign exchange risks in WFP’s project operations should be absorbed centrally, to ensure maximum effectiveness.

## **Performance-Informed Budgeting**

153. A performance-informed budget enables WFP to prioritize allocations by linking budget requests with the anticipated advantages accruing from the expenditures, which must be detailed in the results chain attached to each funding request.

154. PSA budget and extra-budgetary requests include a link to the MRDs and set out the activities proposed for the next 12 months, with performance and value for money indicators and expected results. This approach enables WFP to establish clear connections between funding and results, thereby helping to ensure that it consistently delivers as planned with maximum transparency and accountability.

155. The 2016–2018 performance-informed budgeting process is linked with the annual performance planning and review process and the Management Plan. The connecting threads are the Management Results Framework<sup>16</sup> and key performance indicators.

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<sup>16</sup> See Annex [X].

## THE 2016–2018 PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET

### Main Areas of Increase

156. The proposed PSA budget for 2016 is USD 290.3 million. This reflects a 3 percent increase – USD 8.5 million – in the baseline. The main aim is to support operations. WFP is committed to “living within its means”, and the 2016 regular PSA budget will break even with ISC income of USD 4.5 billion; the income projection is USD 4.9 billion.
157. The outcome of the regular PSA budget process is shown in Table IV.1.

<b>2016 Base PSA</b>	<b>281.8</b>
Increase in the PSA budget to support field operations	8.5
<b>2016 Proposed PSA</b>	<b>290.3</b>

### Effective Use of the PSA Base

158. To balance organizational needs with resourcing constraints, each department in Headquarters was requested to reallocate at least 5 percent of its base budget to new focus areas and increased efficiency.
159. The PG increased its funding for partnerships with Gulf Cooperation Council (GCC) countries and NGOs under the Corporate Partnership Strategy, which promotes partnerships that will best serve WFP’s beneficiaries; this process is supported by the Partnership Resource Centre. Contributions from GCC countries rose substantially between 2012 and 2014, and WFP intends to augment its relationship with GCC donors with a view to transforming them into multi-year partners.
160. The Operational Services Department (OS) is adjusting to meet evolving needs efficiently and effectively. With the Zero Hunger Challenge in mind, OS is establishing a technical services pool to build capacities and utilize expertise to position WFP as a partner of choice for promoting food security, nutrition and resilience. Under OS, the Supply Chain Division is aligning logistics and procurement activities with a view to maximizing flexibility, synergies and systems in WFP’s supply chains.
161. In adjusting its PSA base, the Resource Management Department (RM) is allocating additional resources to the Global Commodity Management Facility to train staff to assist country offices utilizing the facility. An internal control unit established in the Finance Division will reinforce engagement with field offices and Headquarters divisions. The Management Services Division has redirected resources to support operations by developing administrative procedures for emergency preparedness and increasing funds for engineering activities, environmental sustainability and the management of light vehicles and guest houses.
162. The Human Resources Division reallocated resources to reinforce career management, talent deployment and talent acquisition.



163. With savings from staff re-structuring and the introduction of forensic analysis, data analytics and standardized processes, the Office of the Inspector General intends to issue 40 percent more audit reports than in 2013–2014. This will support the Office of Inspections and Investigations in increasing its productivity.
164. In the Office of the Deputy Executive Director, staff will be shifted to support WFP’s engagement in inter-governmental processes such as the World Humanitarian Summit and Habitat III and to manage inter-agency partnerships.

### **Increase in the PSA Budget to Support Field Operations – USD 8.5 million**

165. The Secretariat proposes an increase of USD 8.5 million to the PSA budget to support field operations:
- USD 1.4 million for new country offices in Libya and Ukraine, and to ensure funding continuity for country offices;
  - USD 6.3 million for the regional bureaux to augment capacities to meet the Zero Hunger Challenge and improve M&E and emergency preparedness and response capabilities; and
  - USD 800,000 to mainstream support for cash-based transfer programmes.
166. The allocation to the regional bureaux also takes account of increased local staff costs resulting from the accrual for long-term benefit liabilities for locally recruited staff. Moving locally recruited staff to FAO rules and IPSAS employee benefit requirements required the accrual of funding to meet these costs, which were previously charged on a pay-as-you-go basis.<sup>17</sup>

### **Programming of Foreign Exchange Benefits**

167. A currency exchange benefit was achieved by hedging planned PSA expenditure in euros in 2016 at an average euro 1 = USD 1.1, the 2015 rate was euro 1 = USD 1.35. This enables WFP to allocate funding to focus areas and align budgets with corporate priorities. The Secretariat will adjust future budgets as necessary if the increased purchasing power of the US dollar does not continue after the 2016 hedging period.

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<sup>17</sup> Long-term benefit liabilities include after-service health insurance, compensation for death, injury and illness and other separation benefits. Before the transfer of locally recruited staff to FAO contracts, expenses were charged as incurred to project budgets. Long-term benefit liabilities are included in the standard position costs for internationally recruited and Headquarters-based staff. In accordance with the funding plan approved by the Board (WFP/EB.A/2010/6-D/1), assets are set aside to cover long-term liabilities with a view to funding employee liabilities fully by 2025.

<b>TABLE IV.2: RE-PROGRAMMING OF EURO/USD FOREIGN EXCHANGE BENEFITS (USD million)</b>	
Decrease in staff-related costs resulting from exchange rate differences, net of cost increases and including mainstreaming of United Nations Department of Safety and Security (UNDSS) and the Wellness Programme	-7.4
Mainstreaming of cash-based transfers	1.4
Allocations to policy areas	3.1
Re-alignment to corporate priorities	2.3
Increase in statutory requirements (central appropriations)	0.6

### **Decrease in Staff-Related Costs Net of PSA Share of Security Costs and the Wellness Programme – USD 7.4 million**

168. WFP uses standard rates to budget and account for staff position costs; these are re-calculated each year to reflect: i) the actual costs of employing a staff member in each grade and location; ii) anticipated exchange rates for euro-based expenditure for Rome-based staff; and iii) provisions for other staff-related benefits and allowances.
169. In 2015, WFP hedged its euro-based staff costs at a rate of euro 1 = USD 1.35 and utilized it to calculate standard position costs. The rate for 2016 is euro 1 = USD 1.11, resulting in a USD 9.3 million decrease in euro-based staff costs. This was partially offset by an increase of USD 1.2 million for actual payroll costs caused by inflation for entitlement benefits and cost-of-living adjustments, and USD 700,000 for the Wellness Programme.
170. Security costs totalling USD 18.8 million comprise: i) WFP's estimated USD 11.5 million share of UNDSS costs, unchanged from 2015; and ii) USD 7.3 million for safety equipment under the Security Emergency Fund. The amount charged through payroll is USD 10.0 million – 2.73 percent – and is unchanged from 2015. A portion of the mandatory UNDSS costs and WFP's Security Emergency Fund are included in the standard staff position costs rate for 2016, which applies to positions funded from PSA or projects. The remainder is charged directly to projects.
171. WFP is committed to maintaining the physical, mental and social wellbeing of its employees in a safe and healthy working environment, in line with the Wellness Programme. A levy of 0.38 percent has been added to all staff costs – an increase of USD 700,000 in PSA – to provide sustainable funding for wellness services; these funds will complement the Wellness Programme Fund set up in 2015.
172. The new standard position rates reduce the PSA baseline salary cost in the Management Plan (2016–2018) by 3.5 percent – USD 7.4 million – comprising: i) a decrease of USD 9.3 million from exchange rate differences; ii) an increase of USD 1.2 million for payroll cost increases; and iii) an increase of USD 700,000 for the Wellness Programme.

## **Mainstreaming of Headquarters Support for Cash-Based Transfers – USD 1.4 million**

173. An allocation of USD 1.4 million from foreign exchange balances will be utilized to mainstream support for cash-based transfers.

### **Box IV.1: Supporting cash-based transfers**

As more WFP's programmes utilize cash-based transfers, it is important to stabilize support for the modality.

Support services for cash-based transfers have hitherto been funded from corporate trust funds. In 2015, a critical corporate initiative funded by a PSA Equalization Account investment of USD 7.9 million established customizable tools and services and developed capacities for technical development and roll-out; this is supplemented with USD 1 million in 2016 to finalize this process.

In order to mainstream the ongoing support functions and establish them in WFP's core budget, in 2015, WFP allocated PSA funds to embed financial risk management and controls into the cash-based transfer process. For 2016, USD 1.4 million PSA is allocated for further mainstreaming Headquarters support costs, with a further PSA allocation of USD 800,000 for the regional bureaux. A review to determine long-term financial requirements is under way.

## **Allocations to Policy Areas – USD 3.1 million**

174. A major component of the 2016 budget process was ensuring that Board-approved policies and priorities receive PSA funding. Additional allocations above the 2015 base level were made to support: i) the gender policy – USD 500,000; ii) evaluations – USD 800,000; iii) the people strategy – USD 500,000; iv) emergency preparedness and response – USD 500,000; and v) the Innovation and Change Management Division – USD 800,000.

### **Box IV.2: The Office of Evaluation**

Evaluation provides independent assessment of WFP's performance to support accountability and learning, complementing regular monitoring and reviews. To initiate phased increases in evaluation coverage, the PSA budget of the Office of Evaluation has been increased by 15 percent.

The Office of Evaluation has initiated value-for-money measures to achieve budget and time savings. The strategic partnership and co-management model for the series of evaluations of activities addressing moderate acute malnutrition, for example, will provide baseline, mid-term and end-of-operation data, and reduce evaluation management costs by 50 percent.

## **Realignment with Corporate Priorities – USD 2.3 million**

175. Allocations from PSA to support corporate priorities, totalling USD 2.3 million, include additional funding for: i) the internal justice system; ii) reviews to identify fraud risks and risk-mitigation measures at an early stage; iii) improved communications and WFP<sub>Go</sub> upgrades; iv) inter-agency forums; and v) support systems to improve efficiency, such as invoice tracking and employee self-service.

**Box IV.3: Support provided through PSA generates savings in operational costs**

Generating savings is part of the support provided through the PSA budget, but such savings are often reflected in operational budgets rather than the PSA budget.

For example oversight of landside transport, storage and handling (LTSH) fund management has been enhanced with a view to supporting country offices in cases of deviations from planned spending, thereby generating savings of USD 19 million in 2014 and USD 21 million in 2015; savings of USD 19 million are projected for 2016.

WFP has capitalized on freight market fluctuations by developing benchmarks to measure savings independent of the volatile market environment, and estimates savings of USD 10 million for 2016.

## Critical Corporate Initiatives

176. At its 2015 Annual Session the Board approved criteria for developing critical corporate initiatives<sup>18</sup> and the allocation of USD 78 million from the PSA Equalization Account surplus, of which a tranche of USD 18 million was allocated for critical corporate initiatives in 2015 to accelerate fit for Purpose; a further proposal will be included in the 2016–2018 Management Plan. Fit for Purpose will be concluded in 2016, and a third-party review will evaluate its benefits.

177. A summary of the Fit for Purpose investments by focus area is given in Table IV.3.

<b>Focus area</b>	<b>Tranche 1 2015</b>	<b>Tranche 2 2016</b>
<b>Investments in capabilities</b>	<b>3.6</b>	<b>7.4</b>
Workforce capabilities and skillsets	2.6	2.9
Nutrition capabilities	-	0.5
National capacity development	1.0	4.0
<b>Achieving more with given resources</b>	<b>14.4</b>	<b>9.6</b>
Programme design processes, platforms and systems, and evidence-based decision-making	14.4	5.0
Flexibility in funding and efficient resource usage	-	2.5
Inter-agency and inter-governmental processes and strategic partnerships	-	0.8
Other priorities	-	1.3
<b>TOTAL</b>	<b>18.0</b>	<b>17.0</b>

<sup>18</sup> WFP/EB.A/2015/6-C/1. The criteria are that a proposal is: i) one-off; ii) not covered by regular PSA; iii) not related to a project; iv) in need of predictable funding; v) unlikely to generate sufficient additional investment from donors; and vi) focused on organizational change.

⇒ *Investments in capabilities*

178. Critical corporate initiatives are intended to develop capabilities and provide value for money by increasing the effectiveness of WFP's work, for example in completing the transition to food assistance and addressing post-2015 challenges.
179. ***Workforce capabilities and skillsets (USD 2.9 million in 2016)***. As WFP moves to food assistance in a complex environment, continuous learning and development initiatives are required to remain relevant and equipped. The learning transformation project aims to create a standard model for learning programmes for WFP staff with a view to improving the effectiveness of training and enhancing staff performance. Standard training for programme officers will help to optimize WFP's capacity to design and implement effective projects to reduce hunger.
180. ***Nutrition capabilities (USD 0.5 million in 2016)***. WFP has an important role in supporting governments to strengthen their policies and programmes in nutrition. In order to better assist governments, WFP needs to elevate its corporate capabilities in nutrition. This investment will be focused on helping WFP to improve its programme design, field implementation and knowledge management of nutrition programmes in support of national governments and working in partnership with key nutrition stakeholders.
181. ***National capacity development (USD 4.0 million in 2016)***. The range of host governments' capabilities and capacity gaps requires WFP to build its partnership and planning capabilities for all country contexts. Country strategic plans were piloted in six countries in 2015, and will be implemented in ten more in 2016. The approach enables WFP to establish its value proposition for each country and ensures a robust, evidence-based rationale. Support from host governments will improve the effectiveness and sustainability of WFP's work.

⇒ *Achieving more with given resources*

182. WFP constantly seeks efficiency, and aims to achieve more with its resources in regular divisional work and through particular initiatives.
183. ***Programme design processes, platforms and systems, and evidence-based decision-making (USD 5.0 million in 2016)***. In 2016 WFP will complete the development of the cash-based transfer platform with the final module, which includes negotiation and management of long-term agreements with service providers such as financial organizations, mobile money operators and technology companies. To extend the platform to countries not covered by long-term agreements, templates and guidance will be developed for selection, assessment and contracting of local service providers.
184. The roll-out of COMET, the Standard Project Report Intelligent Next Generation (SPRING) and the Performance and Risk Management Information System (PROMIS) to country offices will enhance performance management. Gains in efficiency are expected as less time and money are devoted to numerous local solutions in country offices, and better data quality will reduce the need for quality controls at the regional bureaux and Headquarters.
185. WFP's experience constitutes a competitive advantage in humanitarian and development contexts. An initiative to improve knowledge management will enhance access, coverage and consistency and will enable WFP to learn from mistakes, reduce duplication and improve the effectiveness of food assistance. A related investment in IT systems enables access to information through a new content management system and a new search function.

186. ***Flexibility in funding and efficient resource usage (USD 2.5 million in 2016)***. The FFR for 2016 will be piloting ways in which country offices can make the most of their resources. Separation of cost categories in projects, fragmentation of food assistance, inability to borrow money against some confirmed contributions and long lead times negatively impact beneficiaries. The disruptions are not caused by lack of resources but by timing issues and a focus on inputs rather than outputs. Mechanisms such as internal project lending and consolidating projects into single budget entities are being explored to increase value for beneficiaries with the same level of resources.
187. ***Inter-agency and inter-governmental processes and strategic partnerships (USD 0.8 million in 2016)***. This investment will ensure that WFP is positioned to participate in international events in 2016.
188. ***Other priorities (USD 1.3 million in 2016)***. To finalize fit for purpose, additional funding has been allocated for implementation of the people strategy and to the Innovation and Change Management Division.

## **Cost Excellence**

189. The cost excellence initiative will help to ensure optimum use of WFP's resources. The driver is the need to meet the challenges of the changing context in which WFP works and increasing demand for its services.
190. The cost excellence initiative has been reviewing opportunities to change the way WFP works so as to identify ways to save and to redirect savings to mission-focused activities.
191. The initiative has two work streams: i) a feasibility review for a potential service centre to house functions that are less dependent on location, with a view to achieving efficiencies and to redirecting the resulting savings into mission-focused activities; and ii) an analysis of global support costs related, for example, to travel, facilities and commercial consultancies.

### *⇒ Service centre*

192. Establishing a service centre for selected processes would allow WFP to do the same work at lower cost and reduce the administrative burden on country offices and regional bureaux. The service centre would handle financial transactions, human resources, the supply chain and information technology. The implementation phase would start in the second half of 2016, and once fully operational the service centre would have a workforce of up to 300 positions and up to 150 consultants.
193. The service centre feasibility review involved various stakeholders in an advisory group that included all division directors and the staff representative bodies. Its four phases were: i) a benchmark review of experience in other United Nations agencies; ii) analysis of processes and financial implications; iii) identification of risks and mitigation options; and iv) selection of the location, which is ongoing. Some implementation costs may be funded by the selected host government. WFP requests an allocation of USD 7 million for initial expenditures and transitional costs.

### *⇒ Analysis of global support costs*

194. The cost excellence initiative identified areas where WFP could redirect substantial funds to operational needs, with an emphasis on value for money for purchases of goods and services. Direct and indirect cost categories were investigated to identify savings without reducing the quality of services.

195. The cost categories include facility management, duty travel, IT services and equipment, and commercial consultancies. In collaboration with cost owners, opportunities for savings were identified for implementation in 2016 and 2017. By optimizing the size of vehicle fleets and managing costs centrally, for example, WFP could save up to USD 1 million in vehicle expenditures, which were USD 43 million in 2014.
196. While these cost optimization initiatives are expected to have greatest impact on project-related costs, the Secretariat anticipates that it is likely that savings of USD 2.5 to 3 million will be reflected in the PSA budget.

### Status of the PSA Equalization Account

197. The PSA Equalization Account manages differences between ISC revenue and PSA expenditures to provide time for the PSA cost structure to adjust if ISC income fails to materialize at the expected rate. The current target level is four months of PSA expenditure. The results of the review of the PSA Equalization Account target level, agreed by the Board at its 2015 Annual Session,<sup>19</sup> are to be presented in the Financial Framework Paper at the 2015 Second Regular Session.<sup>20</sup>
198. The PSA Equalization Account year-end balance is based on a funding forecast for 2015 of USD 4.9 billion. The resulting opening balance is USD 136.9 million, compared with the original 2015 projection of USD 113.3 million in the Management Plan (2015–2017). The balance is equivalent to 5.6 months of PSA expenditure even after the drawdown of USD 78 million approved at the 2015 Annual Session.<sup>21</sup>
199. The 2016 funding forecast of USD 4.9 billion will generate ISC income of USD 316.1 million, as shown in Table IV.4. The projected closing balance of USD 138.6 million is equivalent to 5.7 months of PSA expenditure.

<b>TABLE IV.4: PROJECTED PSA EQUALIZATION ACCOUNT (USD million)</b>	
Projected opening balance at 1 January 2016	136.9
2016 ISC revenue based on USD 4.9 billion revenue	316.1
2016 PSA expenditure	(290.3)
2016 critical corporate initiatives	(17.0)
Set aside for service centre	(7.0)
Projected closing balance at 31 December 2015	138.6

<sup>19</sup> WFP/EB.A/2015/6-C/1

<sup>20</sup> This section will be revised on completion of the review; the results are expected after the publication of draft extracts of the Management Plan.

<sup>21</sup> WFP/EB.A/2015/6-D/1.

## Indirect Support Cost Rate

200. A review of the ISC methodology in 2014 and 2015, which took account of decisions of the General Assembly on the Quadrennial Comprehensive Policy Review (QCPR), determined that no fundamental changes were required in WFP.
201. WFP/EB.A/2006/6-C/1 described a method for setting the ISC rate for the next financial period. The derived rate for 2016 is calculated as shown in Table IV.5.

<b>2015 baseline</b>	<b>6.39</b>
Increase for higher indirect expenditures for 2015	+0.55
Decrease for higher funding forecast	-0.08
Decrease for higher PSA Equalization Account balance	-0.92
<b>Derived ISC rate for 2016</b>	<b>5.94</b>

202. As requested as part of the QCPR, WFP is committed to the principle of full-cost recovery through a simple, transparent and harmonized methodology.<sup>22</sup> WFP is engaged with other United Nations funds and programmes to develop a common definition of operating costs, and a common standardized system of cost control.<sup>23</sup> This will assist in improving the comparability of administration and management costs within the United Nations system.
203. WFP maintains one of the system's lowest ISC rates: comparable entities such as the United Nations Development Programme, UNICEF and the United Nations Population Fund maintain a harmonized rate of 8 percent. WFP's voluntarily funded business model makes it susceptible to fluctuations in ISC. The PSA Equalization Account provides a safety net to adjust the PSA cost structure, and a healthy PSA Equalization Account balance is particularly important at this juncture. The Secretariat therefore recommends that the current 7 percent ISC rate be maintained for 2016.

## 2017–2018 PSA Outlook

204. As outlined in Section II, the Secretariat's income forecasts for 2017 and 2018 are projected at USD 4.9 billion per year. Income projections are static, but WFP will continue to ensure that PSA resources are optimized to meet changing needs. PSA budgets will continue the principle of "living within our means" and ensuring maximum value for money through cost containment and budget turnover. The base budget will continue to be supplemented through critical corporate initiatives based on prioritized needs and funding availability.
205. WFP will begin work on the new Strategic Plan in 2016 to reflect changes in priorities aligned with the Zero Hunger Challenge, the Sustainable Development Goals, the Humanitarian Summit and United Nations reforms. This will help to maintain WFP's position as the partner of choice for building national capacities and providing logistics and shared services for the humanitarian community.

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<sup>22</sup> Quadrennial comprehensive policy review of operational activities for development of the United Nations system, United Nations General Assembly. A/RES/67/226, paragraph 53.

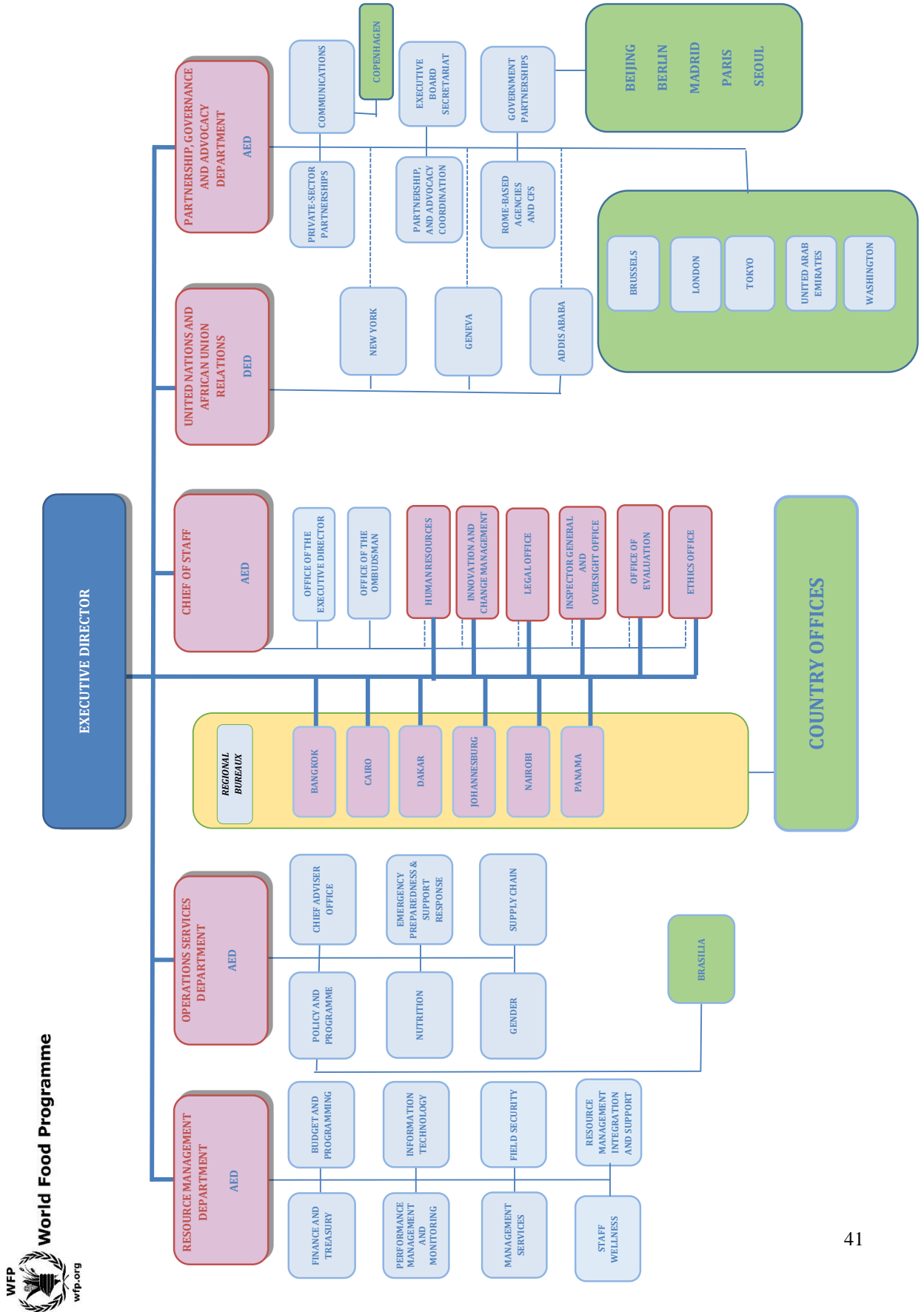
<sup>23</sup> *Ibid.*, paragraph 159.



# STRUCTURE OF THE SECRETARIAT

206. The current structure will remain unchanged for 2016 (Figure IV.1).

Figure IV.1: Organization 2015–2016



## ORIENTATION OF THE PSA BUDGET BY MANAGEMENT RESULT DIMENSION

207. Table IV.6 presents the elements of the PSA budget against the five MRDs.

<b>TABLE IV.6: ANALYSIS OF PSA BUDGET AND CRITICAL CORPORATE INITIATIVES BY MRD (USD thousand)</b>							
	<b>PSA</b>	<b>Reallocations from exchange gain</b>	<b>PSA increase</b>	<b>Total PSA</b>	<b>Critical corporate initiatives</b>	<b>Total</b>	<b>%</b>
People	48 377	109	1 750	<b>50 236</b>	4 920	<b>55 156</b>	18
Partnerships	33 873	500	0	<b>34 373</b>	800	<b>35 173</b>	11
Processes and Systems	78 729	3 822	842	<b>83 393</b>	3 480	<b>86 873</b>	28
Programmes	35 971	2 317	4 108	<b>42 396</b>	4 500	<b>46 896</b>	15
Accountability and Funding	77 046	1 066	1 800	<b>79 912</b>	3 300	<b>83 212</b>	27
<b>TOTAL</b>				<b>290 310</b>	<b>17 000</b>	<b>307 310</b>	<b>100</b>

### People

208. This dimension, accounting for 18 percent of PSA investments, focuses on training to enhance staff capabilities and improve individual performance management. The objective is a skilled and flexible workforce with a reserve of talent managed by capable leaders. The dimension covers all senior staff costs to reflect their role as leaders in promoting a culture of commitment, communication and accountability. New investments focus on the learning transformation project and enhancing training in programme skills.

### Partnerships

209. This dimension, which accounts for 11 percent of PSA investments, reflects WFP's intention to build partnerships with governments, regional organizations, other United Nations agencies and academic institutions to provide food assistance and build resilience. It includes support for the Board in its governance role and coordination with United Nations agencies and cluster leaders. Additional funding has been allocated to support WFP's participation in international events and implement the corporate partnership strategy.

### Processes and Systems

210. This dimension accounts for 28 percent of PSA investments. The aim is provide optimum food assistance at the right time, in the right place and in the most cost-efficient and effective way. This requires: i) sound project designs that meet corporate quality standards; ii) a cost-efficient food assistance delivery mechanisms supported by efficient systems and timely monitoring; and iii) effective systems for learning, sharing and innovation.

211. The largest new investment supports cash-based transfers. Other investments include the improvement of financial and payment systems and the creation of an employee self-service system to improve overall efficiency.

## Programmes

212. This dimension, accounting for 15 percent of PSA investments, promotes innovative and evidence-based interventions to address food and nutrition needs, build national capacities and ensure that programmes are aligned with policy. It covers WFP's ability to: i) respond to complex emergencies; ii) enhance capacities; iii) move programmes to national or local ownership and evaluate the results; iv) mainstream innovative approaches, communicate results and advocate hunger solutions; and v) publicize the WFP brand and generate support. Most of the PSA increase was allocated to the regional bureaux to support the Zero Hunger Challenge and emergency preparedness. The critical corporate initiative to develop country strategic plans will support this dimension.

## Accountability and Funding

213. This dimension, accounting for 27 percent of PSA investments, generates the funding required for operations, maintaining high standards of governance, internal control, stewardship and accountability. The objective is to ensure that resources are flexible, predictable and timely, and effectively managed and accounted for through oversight functions at the Headquarters, regional bureaux and country levels, and through the cost excellence and coordination of change initiatives.

## SUMMARY OF 2016 REGULAR PSA BUDGET BY APPROPRIATION LINE

214. In accordance with Financial Regulation 9.3, the regular PSA budget has three appropriation lines: i) programme support at regional bureaux and country offices; ii) programme support at Headquarters; and iii) management and administration.

215. Table IV.7 shows the regular PSA budget by appropriation line from 2014 to 2016. The total cost column reflects staff and non-staff costs; the total post count includes national staff. The appropriation lines remain as they were in the previous Management Plan. Additional details are provided in Annex I.

	2014 expenditures			2015 estimated			2016 projected		
	Post count		Total cost	Post count		Total cost	Post count		Total cost
	Prof.	Total		Prof.	Total		Prof.	Total	
Programme support – regional bureaux and country offices	227	787	96.5	244	824	99.3	263	840	107.4
Programme support – Headquarters	160	254	55.4	156	240	51.9	153	238	50.1
Management and administration	286	546	129.9	293	543	130.7	303	563	132.8
<b>TOTAL</b>	<b>673</b>	<b>1 586</b>	<b>281.8</b>	<b>693</b>	<b>1 607</b>	<b>281.8</b>	<b>719</b>	<b>1 641</b>	<b>290.3</b>

## Central Appropriations

216. Central appropriations cover statutory requirements and other centrally controlled appropriations, which are budgeted under management and administration. These appropriations are expected to be higher than the 2015 level (Table IV.8). The most significant change from 2015 is the increase in insurance fees, services from other agencies and other statutory costs such as the Resident Coordinator contribution.

<b>TABLE IV.8: STATUTORY REQUIREMENTS AND OTHER CENTRAL APPROPRIATIONS</b>		
	<b>Estimated 2015</b>	<b>Proposal 2016</b>
Reassignment costs	3 000 000	3 000 000
Insurance fees	1 284 000	1 384 900
Joint Inspection Unit	870 000	931 000
International Civil Service Commission	600 000	602 534
External audit	415 800	440 000
Chief Executives Board	315 000	290 000
Emergency medical evacuation	150 000	170 000
Audit Committee	194 000	194 000
Services from other agencies	1 798 633	2 066 057
Inter-agency support	1 372 320	1 358 973
Resident Coordinator contribution	1 301 554	1 413 500
Global management meeting	265 000	265 000
Other	794 650	869 150
<b>TOTAL</b>	<b>12 360 957</b>	<b>12 985 114</b>

## Institutional Improvements

217. Corporate trust fund activities promote innovation and major changes to operations, systems and processes, and support WFP's institutional improvements and capacity development initiatives.

218. Experience shows that certain donors are willing to fund activities focused on innovation and change in the way WFP works: developing processes for scaling up cash-based transfer programmes in country offices and enhancing performance and risk management are examples of new ways of working piloted with non-PSA resources. In some cases change is funded with ease because of donor interest and willingness to support activities; in others, WFP actively seeks funding for prioritized needs.

219. The Management Plan integrates information on actual and potential investments in the PSA budget process. Investment cases for activities that cannot be funded through the regular PSA budget are prioritized for reallocations of PSA resources, critical corporate initiatives or corporate trust funds. In line with criteria approved by the Board, initiatives that may attract sufficient additional investment from donors should receive lower priority for funding through PSA to ensure that its resources are directed to areas of greatest need.

220. For 2016, 79 investment cases totalling USD 57 million were submitted for PSA funding, and 54 investment cases totalling USD 88 million were submitted for funding from extra-budgetary sources.
221. The reallocations set out above resulted in the prioritization of 34 investment cases for funding in the regular PSA budget through the PSA increase and the exchange rate benefit; 15 others were recognized as critical corporate initiatives and received an allocation of USD 17 million. The remaining 84 investment cases, totalling USD 111.6 million, constitute an estimate of corporate trust fund needs for 2016 and may therefore be considered for future funding.

**Analysis of Corporate Trust Funds by MRD**

222. Table IV.9 shows corporate trust fund needs by MRD for 2016 based on a common investment template to assist the SRAC in recommending allocations of multilateral resources. The Processes and Systems and Programmes dimensions account for 68 percent of requirements; 20 percent of requirements are field-based.

<b>TABLE IV.9: 2016 CORPORATE TRUST FUNDS BY MRD</b>		
	<b>USD million</b>	<b>%</b>
MRD 1: People	5.8	5
MRD 2: Partnerships	4.6	4
MRD 3: Processes and Systems	31.3	28
MRD 4: Programmes	44.9	40
MRD 5: Accountability and Funding	25.0	23
<b>TOTAL</b>	<b>111.6</b>	<b>100</b>

223. Resources for MRD 1 will be used to optimize staff capacities for emergency responses and administration, and to support career development in logistics and a certification programme for gender equality excellence.
224. The MRD 3 allocation will support the development of a knowledge-management strategy, integration of cash-transfer modalities into supply-chain processes, capacity enhancements in resource analysis and demand planning, and enhanced performance management.
225. Resources for MRD 4 will be used to enhance: i) WFP’s emergency preparedness capacities through early-warning analysis and mapping support; ii) the gender advocacy, visibility and communication action plan; and iii) capacities related to climate-related resilience, disaster risk reduction and the Safe Access to Firewood and Alternative Energy (SAFE) programme.
226. The allocations for MRDs 2 and 5 will reinforce inter-agency partnerships, particularly in nutrition, enhance the environmental management system and support the FFR.

**Box IV.4: Enhancing procurement**

The Procurement Division has implemented innovative processes and improved access to market information, enabling it to set progressively larger savings targets for purchases of food, goods and services. The combined savings of USD 40 million in 2016 will benefit operational budgets in country offices.

## PSA Gender Marker

227. WFP plans to implement the maximum requirements of UN SWAP by 2016. The business-owner structure, established in 2014, is an efficient platform for collaboration, sharing of best practices and capacity support in WFP.
228. In 2015, WFP implemented a non-programmatic gender marker for its PSA budget based on the IASC gender marker used for project resources. The marker measures the level of resources budgeted for activities promoting gender equality and the empowerment of women. The Gender Office has achieved a 2b gender marker, and other divisions involved in the UN SWAP process are on track to achieve a 2a gender marker. Resources will be budgeted to implement all UN SWAP requirements by 2016, in line with the divisional gender action plan. Other divisions contribute to this process under a level 1 gender marker.

### **Box IV.5: Focus on gender investment**

To mainstream gender and fulfil UN SWAP commitments, a gender adviser will be posted in each regional bureau. This will augment regional and country-level capacities for gender analysis, enable the integration of gender into all phases of the programme cycle, particularly the design stage, and improve WFP's credibility and its partnerships related to gender. Implementing the gender strategy will improve the effectiveness of food assistance for women and entire communities. For 2016, USD 500,000 has been set aside to initiate this process.

229. Planned requirements are in line with the budget requirements of the 2015–2020 gender policy approved by the Board at its 2015 Annual Session; USD 13.4 million is required in 2016, funded from several sources: i) USD 4.8 million in the 2016 base PSA budget in Headquarters and regional bureau budgets; ii) USD 500,000 reallocated from the foreign exchange benefit; iii) USD 1.4 million in the gender special account; and iv) USD 6.7 million from corporate trust funds in 2016..

## Hedging

230. At its 2008 Annual Session the Board approved a policy for hedging the euro component of PSA expenses incurred at Headquarters to increase PSA funding stability. The Secretariat has accordingly made a forward purchase of the euro amounts required for the 2016 PSA budget. Hedging for 2016 was implemented in July 2015, when the average exchange rate was EUR 1 = USD 1.11. The 2016 standard position costs incorporate this rate, providing certainty as to the US dollar value of euro-denominated PSA expenditure.

## Use of the General Fund

231. Financial Regulation 11.3 enables WFP to credit interest income from its investment portfolios, bank and money-market accounts to the General Fund. Interest income for 2016 is estimated at USD 8 million. Most costs directly related to the management of WFP's investments such as investment managers' fees, custodian-related expenses and some bank charges are charged against investment income. The Secretariat proposes henceforth to charge all investment management costs up to USD 1 million from interest income accrued to the General Fund.

## SECTION V: CORPORATE SERVICES AND BUSINESS SERVICES; SPECIAL ACCOUNTS

### Overview

232. WFP exploits its strong balance sheet to maximize cost efficiency and economies of scale in its operations. In service provision areas where WFP has a competitive advantage, this solid financial base has been leveraged to provide services for other United Nations agencies and the humanitarian community; this increases collective savings in terms of cost and time.
233. WFP's services are provided on the basis of full-cost recovery from projects or partners, and are hence self-funding. Special accounts, which allow balances to be brought forward to the succeeding financial period, are the most suitable mechanism for service provision:<sup>24</sup> they fund services on the basis of an agreed repayment process, subject to a ceiling for the maximum value of an account. Each account has a manager responsible for ensuring that: i) all related expenditures and receipts are recorded in the account; ii) all such expenditures and receipts fall within the remit of the account; and iii) the account never exceeds its ceiling value.
234. The Secretariat separates the provision of services into two streams:
- i) corporate services, which benefit from being procured corporately and recovered locally, including fee-for-service activities; a repayment schedule ensures full-cost recovery; and
  - ii) business services, which would otherwise be sourced externally at greater cost; they are provided for internal purposes and for partners with costs recovered on the basis of usage.
235. The volume of transactions in special accounts for 2016 is estimated at USD 241 million.

### Corporate Services

236. The corporate services financing mechanism enables WFP to provide services economically and efficiently through three types of financing: i) the Global Vehicle Leasing Programme; ii) the Capital Budgeting Facility (CBF); and iii) fee-for-service activities.
237. The Board approved a 2014 ceiling for corporate service advances of USD 70 million, which was maintained in 2015. The Secretariat proposes to increase the ceiling to USD 82 million for 2016 to allow for acceleration in capital improvements.

⇒ *Global Vehicle Leasing Programme – USD 22 million*

238. The Global Vehicle Leasing Programme (GVLP) uses centralized procurement management and preparation of vehicles to generate value for money, improve asset management and ensure that country offices have access to security-compliant vehicles. Leasing fees included in project budgets ensure that GVLP recovers its costs.

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<sup>24</sup> A special account may be established by the Executive Director for purposes consistent with the policies, aims and activities of WFP, as indicated by Financial Regulation 5.1. Special accounts manage special contributions or funds earmarked for programme, corporate or cost-recovery purposes, or to support long-term activities.

⇒ *Capital Budgeting Facility – USD 40 million*

239. The facility was established in the Management Plan (2014–2016) with a ceiling of USD 20 million to support the Logistics Execution Support System (LESS) in WFP operations. The LESS project required an investment of USD 35 million, but because repayments were to begin midway through the three-year investment period it was only required to bridge shortfalls between expenditure and income, which were not to exceed USD 20 million.
240. WFP anticipates that LESS will be implemented in 35 countries by the end of 2015, expanding to an additional 37 countries in 2016. Repayment of the CBF advance has started through a tonnage-based LTSH charge once LESS is operating in a country office.
241. In the Management Plan (2015–2017), the Board approved expansion of the facility to USD 28 million to provide USD 8 million for field-based capital repayment schemes to finance improvements to premises. Investing in premises where WFP foresees a long-term presence will improve returns on investments, ensure security and improve operational efficiency.
242. A technical assessment prioritized investment in the 12 most vulnerable country offices, which were invited to identify their priorities: of the 28 proposals received, 11 were assessed in detail in terms of feasibility and requirements. With USD 8 million available, by mid-2015 investments from the CBF totalled USD 7 million:
- i) *Iraq – USD 2.9 million.* The country office operates under extreme insecurity, and WFP is not always able to place staff in secure premises. A United Nations residential complex will therefore house WFP staff and staff from other agencies. The investment will be repaid from savings generated from operation of the residential complex.
  - ii) *Somalia – USD 1.1 million.* The Government has recovered control of areas of insecurity and conflict, enabling United Nations personnel to access them. The investment will fund new accommodation and office compounds in Dollow and Garowe, to be repaid from project funding over five years.
  - iii) *Djibouti – USD 3.0 million.* WFP is constructing a logistics base in Djibouti to minimize port handling charges and to hold stocks to reduce lead times and enhance the delivery pipeline to the Horn of Africa. The investment will be recovered from the projects using the silos on a rate-per-ton basis.
243. The remaining shortlisted proposals require USD 26 million for 2016, which exceeds the CBF funding capacity. Other funding will have to be considered for these investments in premises. Early recovery of funds in 2015 may reduce the 2016 requirements.
244. The Secretariat proposes to increase the CBF to USD 40 million in 2016 to continue the LESS project, complete the field-based improvements to premises started in 2015 and start work on other field-based premise improvement proposals. Overall expenditure for 2016 on premises, which will lag behind project approval, is anticipated at USD 10 million.

⇒ *Fee-for-service activities – USD 20 million*

245. The fee-for-service mechanism was set up in 2014 for IT, security and evaluations of single operations. The ceiling is USD 20 million. Outstanding advances at no time exceed the ceiling, but the volume of business may exceed it because some services require periodic advances and subsequent recoveries.



246. Central management, procurement and maintenance of IT services – USD 24 million – promotes efficiency; a per-capita IT cost-recovery fee is applied. A per-capita funding model was introduced in 2013 to recover recurring IT costs for corporate systems and connectivity. Set-up costs and other capital expenditures are not covered by the per-capita charge. Fees are budgeted against the funding source of the staff member. Recurring IT service costs subject to per-capita fee must meet the following criteria: i) the IT service must be delivered to WFP as a whole; and ii) the service must benefit from centralized contracting and payment applicable to all participants.
247. In 2016, an expenditure of USD 18.8 million is planned under the security special account to enable the Field Security Division to ensure the safety and security of WFP staff and assets, coordinate field security through the USD 7.3 million Security Emergency Fund and pay UNDSS costs of USD 11.5 million. The Security Emergency Fund covers costs of security and safety equipment when DSC is insufficient. This equipment is needed to support the country offices in complying with minimum operating security standards. Organizations participating in the United Nations Security Management System (UNSMS) have to make a mandatory contribution to UNDSS costs. Field-related costs are shared in a cost-sharing formula based on the number of staff based in non-member countries of OECD. Where possible, security costs are charged to project DSC. For 2016, a charge is included in standard staff costs to cover expenses that cannot be funded by operations, especially in small country offices.
248. The Office of Evaluation receives an advance to facilitate planning and implementation of decentralized evaluations. Costs are recovered from projects being evaluated.
249. Table V.1 shows the estimated level of activity in corporate services special accounts, showing the advance financing ceiling and estimated expenditures during 2016.

<b>TABLE V.1: CORPORATE SERVICES SPECIAL ACCOUNTS IN 2016 (USD million)</b>					
	<b>Advance financing ceiling</b>		<b>Estimated expenditures</b>		<b>%</b>
<b>GVL</b>	-	22	-	19	21
<b>CBF</b>	-	40	-	24	27
LESS	20	-	-	14	-
Improved premises	20	-	-	10	-
<b>Fee-for-service activities</b>	-	20	-	46	52
IT services	-	-	24	-	-
Security	-	-	19	-	-
Evaluation	-	-	3	-	-
<b>TOTAL</b>	-	<b>82</b>	-	<b>89</b>	<b>100</b>

### ⇒ *Wellness Programme Fund*

250. At its 2015 Annual Session, the Board approved the Wellness Programme Fund to support staff in field duty stations in terms of health, safety and living conditions, to be financed by a transfer of USD 10 million from the PSA Equalization Account. Unlike the CBF, which is a lending instrument providing budgetary authority in the form of a line of credit that will be repaid by recipient projects, the Wellness Programme Fund provides resources to subsidize the wellness component of CBF initiatives if other sources of funding are not available. A Wellness Programme Fund Special Account is being established.

### **Business Services**

251. Other special accounts provide cost-recovery business services internally and for partners. The estimated volume of transactions is USD 161 million, of which 60 percent is accounted for by United Nations Humanitarian Response Depot (UNHRD), aviation and self-insurance.
252. The UNHRDs hold ready-to-eat foods and relief items for emergency preparedness and response. They provide standard and specific services to 69 partners (WFP offices and external customers). Costs are repaid from direct donor contributions and recovery of additional costs from clients.
253. The Aviation Special Account supports WFP's ability to fly relief supplies and humanitarian workers to locations that are inaccessible by other means.
254. The Self-Insurance Special Account, established by the CFA in 1993, enables WFP to purchase insurance cover for food and goods in transit. The Secretariat retains a significant self-insurance portion, which enables WFP to negotiate premiums significantly below market levels and to minimize negative economic effects on projects resulting from food losses.
255. In view of the nutrition considerations that cut across all WFP operations and programmes and the enhanced focus on nutrition needs of the people WFP serves, there is an increased range of specialized nutritious food handled by WFP. This has introduced new types of risks inherent in the introduction of more sensitive foods, such as those in relation to the "best used before date" or similar risks that fall outside the terms of insurable risk. Consistent with the original intention of the CFA decision, the Secretariat has set up a special account to cover such risks, utilizing the USD 10 million in the Self-Insurance Special Account declared surplus over the retention against future claims. (The Board recommended that retention against future claims be twice the average annual loss rate.) This will allow food that cannot be used because of national regulations – which in some cases are more stringent than international standards, particularly in relation to the best used before date for processed foods – to be replaced, minimizing the economic impact on projects.
256. The Gender Special Account was established in 2014 by the Executive Director with an initial allocation of USD 2.2 million to provide advance financing to: i) accelerate gender mainstreaming; ii) formulate a new gender policy; iii) implement the UN SWAP; iv) support gender-sensitive programming in regional bureaux and country offices; and v) support related capacity development at all levels.

### **Outlook for Special Accounts, 2017–2018**

257. Special accounts are expected to remain at the 2016 level of USD 241 million in 2017 and 2018. If unforeseen requirements emerge, the volume of business services provided through special accounts may increase.

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## ACRONYMS USED IN THE DOCUMENT

APR	Annual Performance Report
CBF	Capital Budgeting Facility
COMET	country office monitoring and evaluation tool
CP	country programme
DEV	development project
DOC	direct operational costs
DRC	Democratic Republic of the Congo
DSC	direct support costs
EMOP	emergency operation
FAO	Food and Agriculture Organization of the United Nations
FEWSNET	Famine Early Warning Systems Network
FFA	food assistance for assets
FFR	Financial Framework Review
FFT	food assistance for training
FoodSECure	Food Security Climate Resilience Facility
FPF	Forward Purchase Facility
GCC	Gulf Cooperation Council
GVLP	Global Vehicle Leasing Programme
IASC	Inter-Agency Standing Committee
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research
IPSAS	International Public Sector Accounting Standards
IRA	Immediate Response Account
ISC	indirect support cost
IT	information technology
LESS	Logistics Execution Support System
LTSH	landside transport, storage and handling
MRD	Management Result Dimension
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
OS	Operational Services Department
P4P	Purchase for Progress

PG	Partnership, Governance and Advocacy Department
PRRO	protracted relief and recovery operation
PSA	Programme Support and Administrative
SAFE	Safe Access to Firewood and Alternative Energy programme
SPRING	Standard Project Report Intelligent Next Generation
SRAC	Strategic Resource Allocation Committee
UN SWAP	United Nations System-Wide Action Plan for Gender Equality and the Empowerment of Women
UNDSS	United Nations Department of Safety and Security
UNHCR	Office of the United Nations High Commissioner for Refugees
UNHRD	United Nations Humanitarian Response Depot