

WFP MANAGEMENT PLAN 2012–2014

EXECUTIVE SUMMARY



FOLLOW-UP BRIEFING

5 October 2011

World Food Programme
Rome, Italy

EXECUTIVE SUMMARY

INTRODUCTION

1. The WFP Management Plan for 2012–2014 presents the Board with the 2012 budget for approval, and the projections and plans for 2013–2014 for consideration. This is the first time a rolling three-year Management Plan with annual budget has been presented to the Board. The 2012 budget includes the projected operational requirements and support budget requirements, showing how these relate to achieving WFP’s Strategic Objectives; it also outlines special accounts and trust fund activities.
2. This is the second Management Plan to be drafted in support of WFP’s Strategic Plan (2008–2013), and the first to form part of WFP’s new corporate performance management framework. It sets out WFP’s management priorities and resource requirements by Strategic Objectives and Management Result Dimensions to facilitate measurement of the efficiency and effectiveness of WFP’s implementation of the Strategic Plan and its transition from food aid to food assistance.
3. As it pursues its Strategic Objectives, WFP continues to strengthen its core business: emergency preparedness and response. Among other things, through use of its Forward Purchase Facility, and improved information management at all levels, WFP enhances its ability to rapidly and effectively respond to the needs of beneficiaries.
4. In addition, to ensure WFP is deploying the right tools to address the challenges in fulfilling its mission as a food assistance agency, the Management Plan focuses on the following key areas:
 - *Cash and vouchers.* WFP will continue the targeted scale-up of appropriate cash and voucher programming and further enhance the required processes and control systems. By 2014, cash and vouchers are expected to represent 17 percent of the value of WFP’s food and nutrition assistance.
 - *Targeted supplementary food.* WFP aims to maximize the nutritional impact of its food assistance activities by providing the right food at the right time, particularly for mothers and children during the critical 1,000 days from the womb to age 2 and for children aged 2–5 years. WFP plans to significantly enhance its food interventions to ensure they address the supplementary food requirements of 20 million beneficiaries by 2014.
 - *School feeding.* WFP’s long-term vision is to enable governments to reduce hunger and malnutrition among schoolchildren so that lack of adequate food is not an obstacle to their development. In line with this vision, WFP’s new approach to school feeding frames school feeding

as a safety-net intervention with increased government ownership and sustainability.

- *Hand-over strategies.* WFP will continue to support governments through capacity augmentation and hand-over strategies to enhance nationally-owned and community-owned hunger solutions.

FINANCIAL FRAMEWORK REVIEW

5. WFP undertook a review of its financial framework to ensure that it fully supported the implementation of the Strategic Plan (2008–2013) and to improve the predictability, flexibility and transparency of resource usage. Changes contained in the new financial framework include the separation of commodity and non-commodity activities; a different direct support cost recovery mechanism; and the move to a three-year rolling planning cycle with an annual budget.
6. The separation of commodity and non-commodity activities has resulted in a new cost categorization for operational costs, which is presented for the first time in this document.

BUDGET PROPOSAL 2012

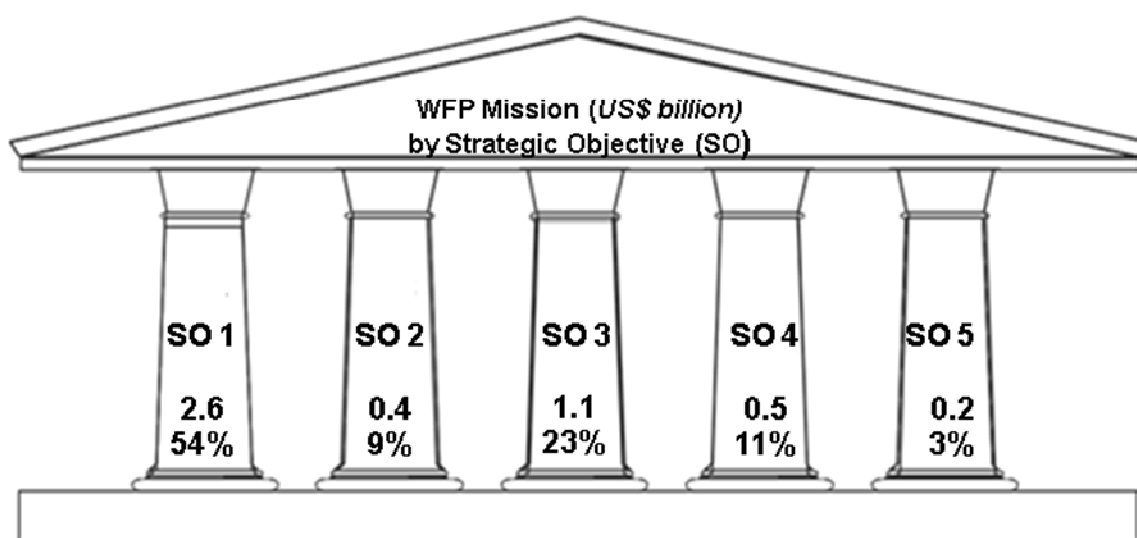
7. WFP partners with nations to fight hunger and malnutrition in 74 of the world’s least developed countries, often in insecure areas that lack infrastructure. WFP’s field capacities, together with robust needs assessment capabilities, make it a

Operational requirements	4 823.8
Regular Programme Support and Administrative	249.1
One-time investments	22.2
Workforce re-profiling exercise	10.0
Security funding (from the General Fund)	10.0
Special accounts and trust funds	369.3
Total	5 484.4

respected partner in the United Nations system and a leader in logistics and supplementary nutrition activities. The total budget proposal for 2012 for all resources is US\$5.5 billion, as shown in Table 1.

OPERATIONAL REQUIREMENTS FOR 2012

8. Operational requirements are driven by WFP’s five Strategic Objectives. The activities in the projected operational requirements are designed to ensure that WFP is utilizing the right tool at the right time and in the right place.

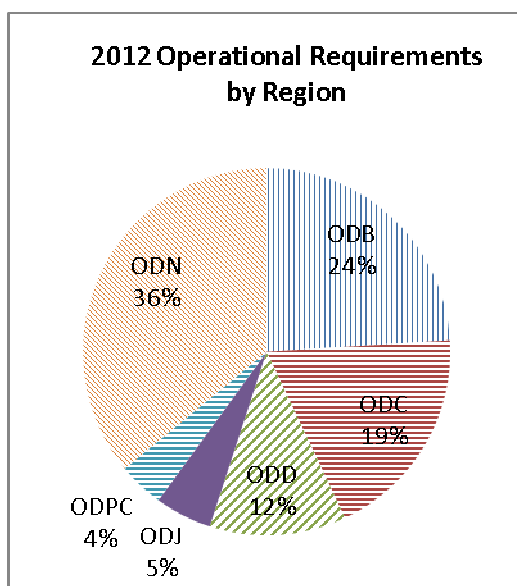


Strategic Objective 1	Strategic Objective 2	Strategic Objective 3	Strategic Objective 4	Strategic Objective 5
<ul style="list-style-type: none"> • Save lives and protect livelihoods in emergencies 	<ul style="list-style-type: none"> • Prevent acute hunger and invest in disaster preparedness and mitigation 	<ul style="list-style-type: none"> • Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations 	<ul style="list-style-type: none"> • Reduce chronic hunger and undernutrition 	<ul style="list-style-type: none"> • Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase

9. WFP aims to assist 85 million beneficiaries with 4.4 million metric tons of food, including supplementary rations, along with cash and vouchers valued at US\$255 million. These figures do not take into account unforeseen needs that may arise during the period.

10. Almost all of the world's undernourished people live in developing countries.¹ WFP's geographical coverage mirrors this fact: operations in Asia and East and Central Africa account for most of the 2012 operations. Compared with previous years, operational requirements in the Regional Bureau in Cairo have increased owing to events of the Arab spring; continued political upheaval in the region; and the inclusion of Sudan as part of that regional bureau beginning in January 2012. A bureau for East and Central Africa has been created, which includes the new country of South Sudan and brings regional support closer to countries with some of the largest WFP emergency, relief and recovery operations.

¹ 2010 hunger figures from FAO/WFP. 2010. *The State of Food Insecurity in the World*. Rome.



Countries	Operational Budget (US\$ million)	% of total 2012 Operational Budget
Ethiopia	448	9
Afghanistan	442	9
Sudan	398	8
Kenya	359	7
Pakistan	305	6
South Sudan	254	5
Yemen	224	5
Somalia	218	5
Dem. Rep. Congo	195	4
Chad	180	4
Subtotal	3,023	63
Other countries	1,800.8	37
Total	4,823.8	100

ODB: Regional Bureau Bangkok (Asia)

ODC: Regional Bureau Cairo (Middle East, North Africa, Eastern Europe and Central Asia)

ODD: Regional Bureau Dakar (West Africa)

ODJ: Regional Bureau Johannesburg (Southern Africa)

ODPC: Regional Bureau Panama City (Latin America and the Caribbean)

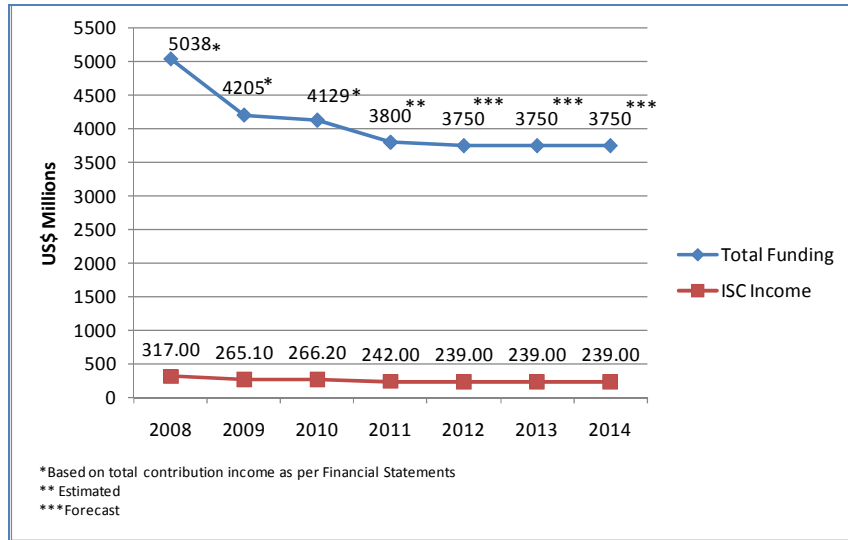
ODN: Regional Bureau Nairobi (East and Central Africa)

- As in previous years, it is expected that nearly two thirds of WFP's 2012 operational budget will be implemented in the ten countries with the largest programmes. Logistical challenges, insecurity, conflict and volatility are pervasive in many of the countries where WFP is needed the most.

RESOURCING

- WFP is funded entirely by voluntary contributions and the level of actual operations depends on the level of contributions received. WFP works with its donors to sustain support for WFP operations, while also increasing its efforts to diversify its donor base, particularly by partnering with host governments and emerging economies. These partnerships include twinning arrangements where commodities are received from an emerging donor and associated costs are provided by a cash contribution from a traditional donor.
- The contribution forecast for 2012, 2013 and 2014 is US\$3.75 billion per year. The figure below shows actual and projected funding and ISC income for 2008–2014.

Contributions, including Forecasts for 2012–2014



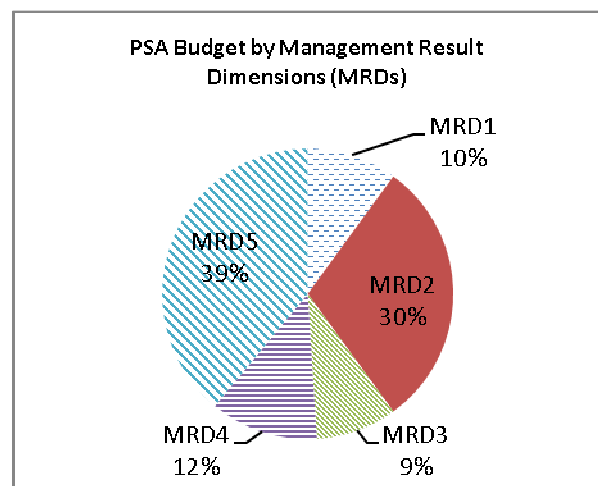
PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET FOR 2012

14. In accordance with the new Management Plan cycle approved by the Board at its 2011 Annual Session, a one-year Programme Support and Administrative budget is presented for Board approval.
15. The proposed Programme Support and Administrative budget for 2012 – US\$249.1 million – was determined taking into account resources expected to be available from funding for foreseen operational requirements, along with resources available from current reserves, and is considered sustainable.
16. To further increase efficiency, the Programme Support and Administrative budget for 2012 represents a 3 percent reduction from the 2011 levels in real terms excluding regional bureau, country offices and allocations to priority areas. WFP has examined all its Programme Support and Administrative activities and costs in order to ensure effective prioritization of limited resources. The proposed resource allocation is an attempt to preserve the most important activities while reducing overhead costs.
17. The two priority areas of cluster leadership and administration of justice have been mainstreamed to be included in the regular Programme Support and Administrative budget with a total appropriation of US\$5.4 million – or US\$3.8 million and US\$1.6 million respectively.

18. This is the first time the Programme Support and Administrative budget forms part of a performance management framework, with the aim of aligning resources with priority areas. The WFP performance management framework consists of 18 activities grouped into five management result dimensions (MRDs), as shown below.

MRD1	<ul style="list-style-type: none"> • Securing Resources: All issues relating to the mobilization of the resources necessary to carry out WFP's work and implement organizational strategy
MRD2	<ul style="list-style-type: none"> • Stewardship: All issues relating to the effective management of the resources under WFP's control.
MRD3	<ul style="list-style-type: none"> • Learning and innovation: All issues relating to the identification, documentation and dissemination of lessons learned and skills needed to improve performance.
MRD4	<ul style="list-style-type: none"> • Internal business processes: All issues relating to provision and delivery of the support processes necessary for the continuity of WFP's operations.
MRD5	<ul style="list-style-type: none"> • Operational efficiency: All issues relating to the timeliness, cost-efficiency, continuity and appropriateness of WFP response.

19. The main focus of the Programme Support and Administrative budget is operational efficiency under MRD 5, ensuring design and delivery of projects and activities that have the maximum impact on beneficiaries. Management Result Dimension 2, related to safeguarding resources and optimizing resource usage, accounts for 30 percent. WFP pays close attention to ensuring maximum return on funds that donors entrust to it. Accountability, minimizing resource losses, safeguarding human, physical and financial capital, and reporting of results are prioritized to ensure that donors and other stakeholders can continue to place their trust in WFP.



20. Income forecasts for the projected operational requirements are used to determine the expected resources for indirect support cost income. Indirect support cost income is generated by applying a recovery rate to all contributions and it is used to fund Programme Support and Administrative budget expenditure. The Secretariat recommends that the 7.0 percent indirect support cost rate be maintained for 2012.

SPECIAL ACCOUNTS AND TRUST FUNDS

21. Special accounts, with a value of US\$164.2 million for 2012, are earmarked for specific activities that cannot be categorized under a WFP programme categories. The five largest special accounts support air transport, logistics, humanitarian response depots, information technology and insurance services and account for more than 78 percent of the expected special account activity.
22. Corporate trust funds, with a value of US\$111.6 million for 2012 – of which over 60 percent is expected to be spent in the field – serve a key role in enabling WFP to invest in the future through research, piloting of new initiatives and institutional capacity development to enhance its operational efficiency in a rapidly evolving global environment. Corporate trust funds will be targeted to the priority areas of cash transfers and vouchers; food quality, safety and nutrition; disaster risk reduction/resilience-building; and gender.
23. Country-specific trust funds, with a value of US\$93.5 million, will mainly support school feeding, along with capacity development and other Strategic Objective 5 Activities. The regional bureau in Panama City accounts for 87 percent of country-specific trust funds because of its innovative partnerships with host governments and south–south cooperation agreements.