



2012 - 2014 Management Plan



2nd Informal Executive Board
Consultation
September 9th, 2011



Agenda

1. Background

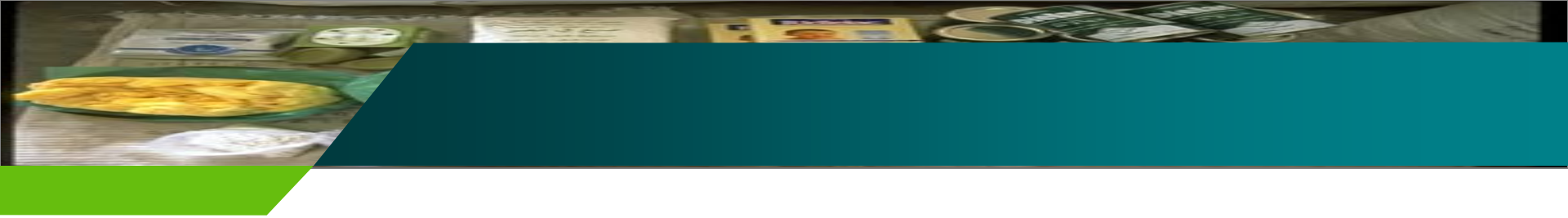
2. Strategic Overview

3. 2012 Presented Operational Budget

4. 2012 PSA Proposal

5. 2012 Extra-budgetary Resources

6. Proposed Draft Decisions



1. Background





Today's Objectives

- Present the strategic direction of the 2012-2014 Management Plan and the key numbers
- Present the 2012 Operational Requirements by:
 - Strategic Objective
 - Project Category
 - Cost Category (Food, C&V, Capacity Augmentation, DSC)
 - Region
- Present the 2012 PSA proposal, including by Management Dimension
- Provide more details on extra-budgetary resources
- Outline Proposed Draft Decisions



Key Dates

2011

- | | |
|--------------------|--|
| 07 June | Executive Board approval of a three-year rolling Management Plan with annual budget |
| June-Sept | FAO Conference and General Assembly approval of annual budget |
| 24 June
09 Sept | } Informal consultations |
| 26 Oct | |
| 7-8 Nov | FAO Finance Committee |
| 14-18 Nov | 2012-2014 Management Plan to be presented at the 2nd Regular Executive Board session |



Financial Framework

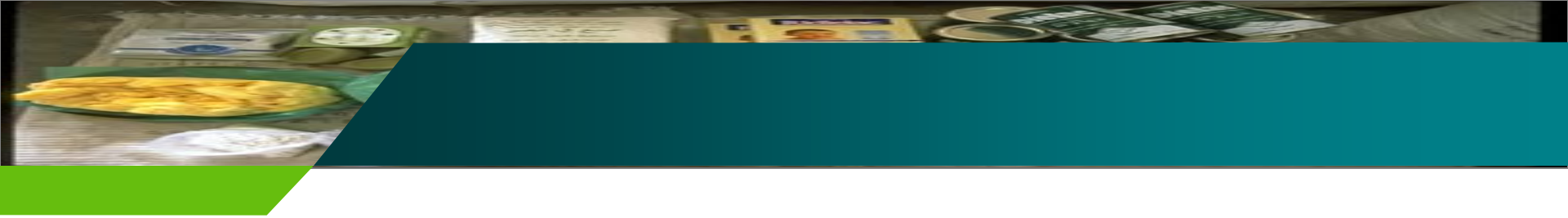
- First plan presented under the new Financial Framework
 - Move from a biennial document to a three year rolling Management Plan with annual appropriations
 - A rolling, forward-looking plan allows for funding adjustments each year and brings greater planning stability and improved oversight and transparency.

- Reflected in the Management Plan are the EB approved changes to the WFP cost components model and the DSC funding mechanism
 - Commodity and non-commodity project activities are segregated and non-commodity activities are assigned to separate cost categories
 - DSC funding model is applied as a percentage of a project cost to each contribution

Financial Framework Illustration

NEW SLIDE

Previous Categorization	\$m		New Categorization	\$m
Commodities	100	Food Part (80)	Food and Related Costs	115
External Transport	15	C&V Part (20)	C&V and Related Costs	22
LTSH	20	Ext All to Food (15)	Capacity Augmentation	3
ODOC	5	LTSH All to Food (2)		
DSC	10	C&V Part (2)		
		Capacity Part (3)		
DSC	10	DSC (10)	DSC	10
Total	150			150



2. Strategic Overview





Strategic Direction

- Continued strengthening of Emergency Preparedness and Response
- Shift from Food Aid to Food Assistance, characterized in particular by:
 - Increased Implementation of Cash and Vouchers
 - Scale-up of targeted Supplemental Food Interventions



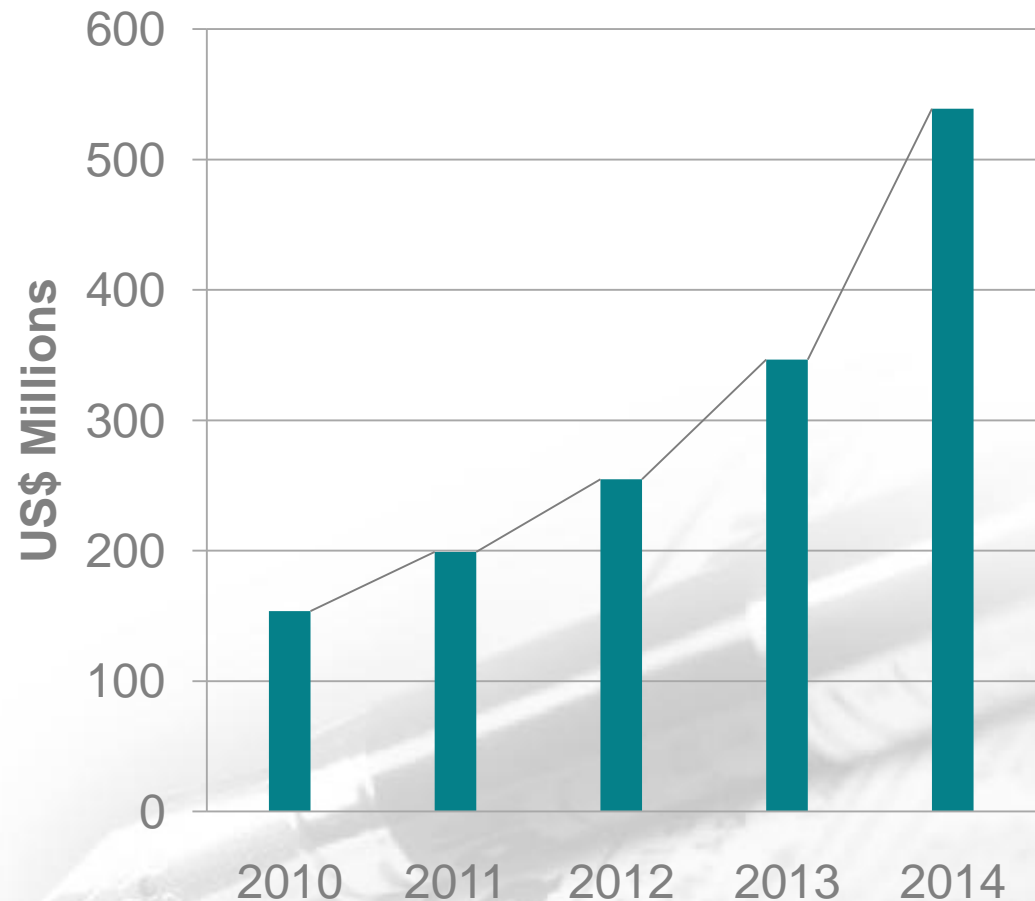
Emergency Preparedness and Response

- Continued enhancement of WFP's emergency response capabilities to successfully meet Strategic Objectives 1 & 2
- 2012 Planned Action
 - Further development and implementation of PREP organisation-wide strategic initiatives
- 2013-2014 Outlook
 - 2013 - PREP evaluation
 - 2014 - Planned technical study on how further emergency preparedness and response initiatives will be incorporated in the next Strategic Plan

Trend Targets for Cash and Vouchers

- Cash and Voucher transfers are expected to represent **17%** of the overall food assistance value in 2014.

Cash and Vouchers





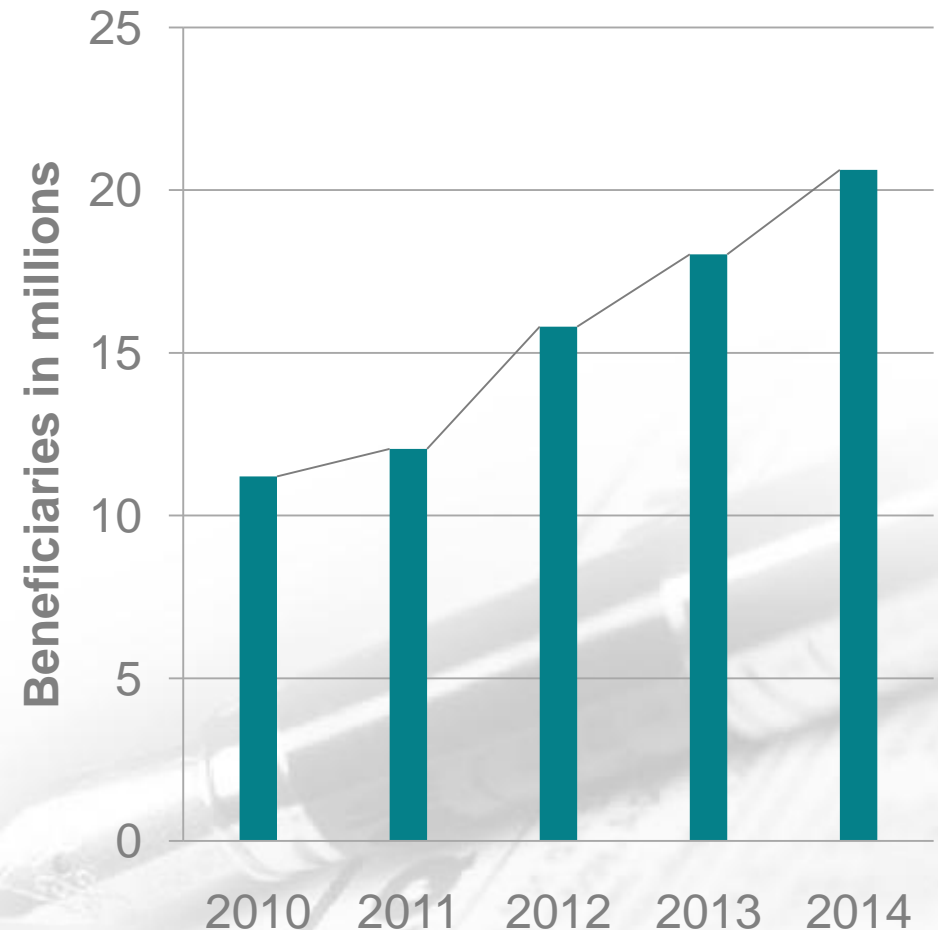
Action plan for Cash and Vouchers scale-up

- To continue the scale-up of cash and voucher programming new systems, processes and corporate capacity are required;
- In 2012 the *Cash-for-Change* initiative will continue building WFP capacities supporting an increased implementation rate of cash and voucher transfer modalities;
- COs will be encouraged to undertake analyses to assess the scope for cash and voucher for both new and on-going interventions;
- Standard cash and voucher programming options/models will be made available to facilitate the deployment of these tools in the field;
- A corporate IT system supporting the management of large scale cash and voucher based programmes is being developed;
- In 2013 assessment of the cost effectiveness of cash and voucher transfer modalities vs. food, based on large scale experiences, will be undertaken.

Targeted Supplemental Food Interventions

- To better prevent and address malnutrition, particularly for mothers and children during the first 1000 days of life – and children aged from 2-5 years.
- Significant scale up of nutrition programmes with specialized nutritious foods.
- Reaching up to **20 million** beneficiaries by 2014.

Targeted Supplemental Food: Beneficiaries





Action plan for targeted Supplemental Food Interventions scale-up

- Corporate skills and systems for quality supplemental nutrition interventions and capacity development of national counterparts will continue to be enhanced;
- The new program approaches targeting 1000 days and the use of specialized foods and improved delivery mechanisms will be increasingly applied;
- Timely supply of sufficient quantities of safe and specialized foods, when possible through local procurement, will be ensured;
- Cost efficiency and effectiveness analysis of the nutrition programs (including products and delivery channels) will be conducted to adjust and/or guide further scale up;
- Partnerships with national and international stakeholders will continue to be enhanced.

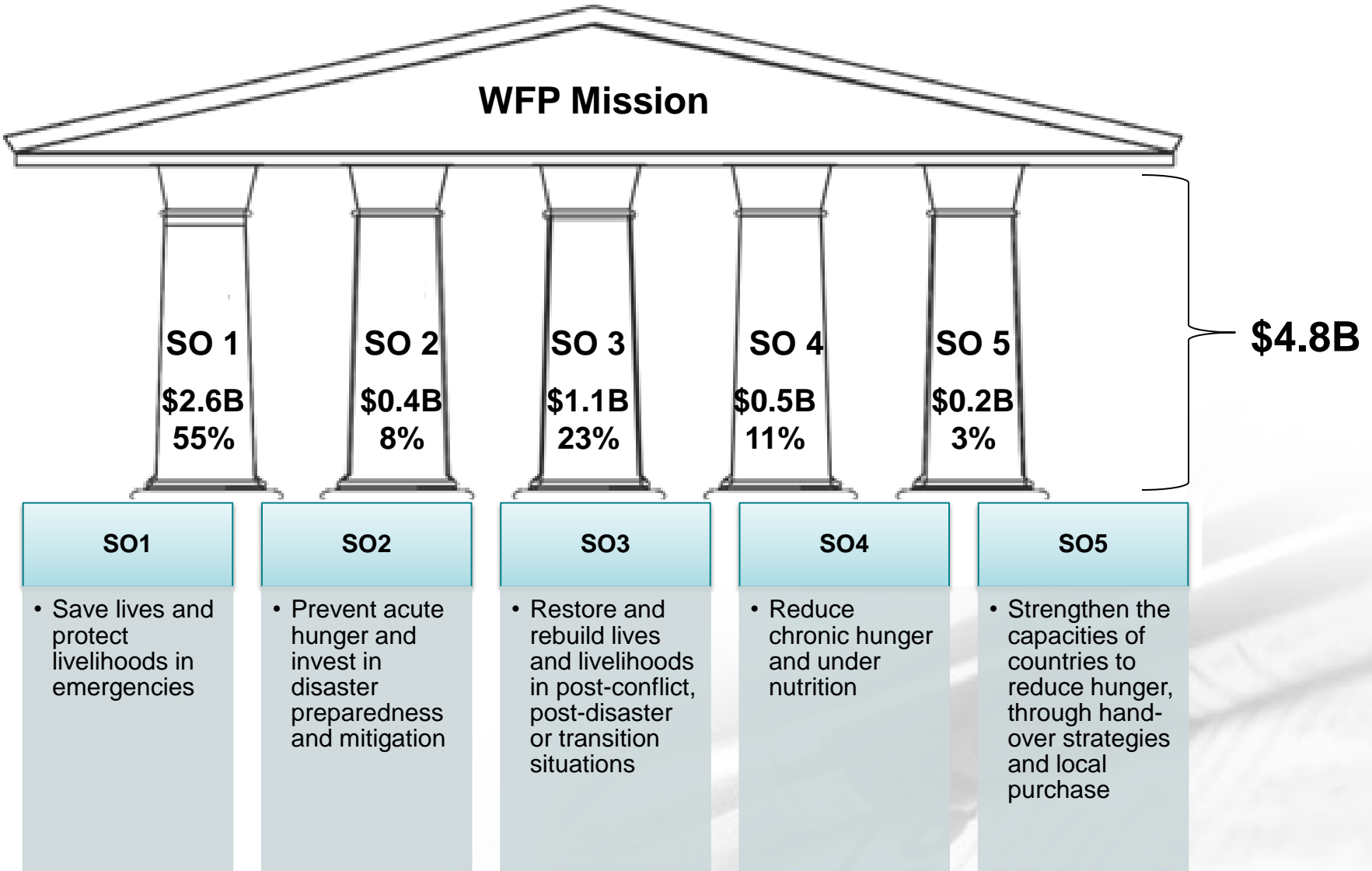


3. 2012 Presented Operational Budget



Presented Operational Requirements by Strategic Objective

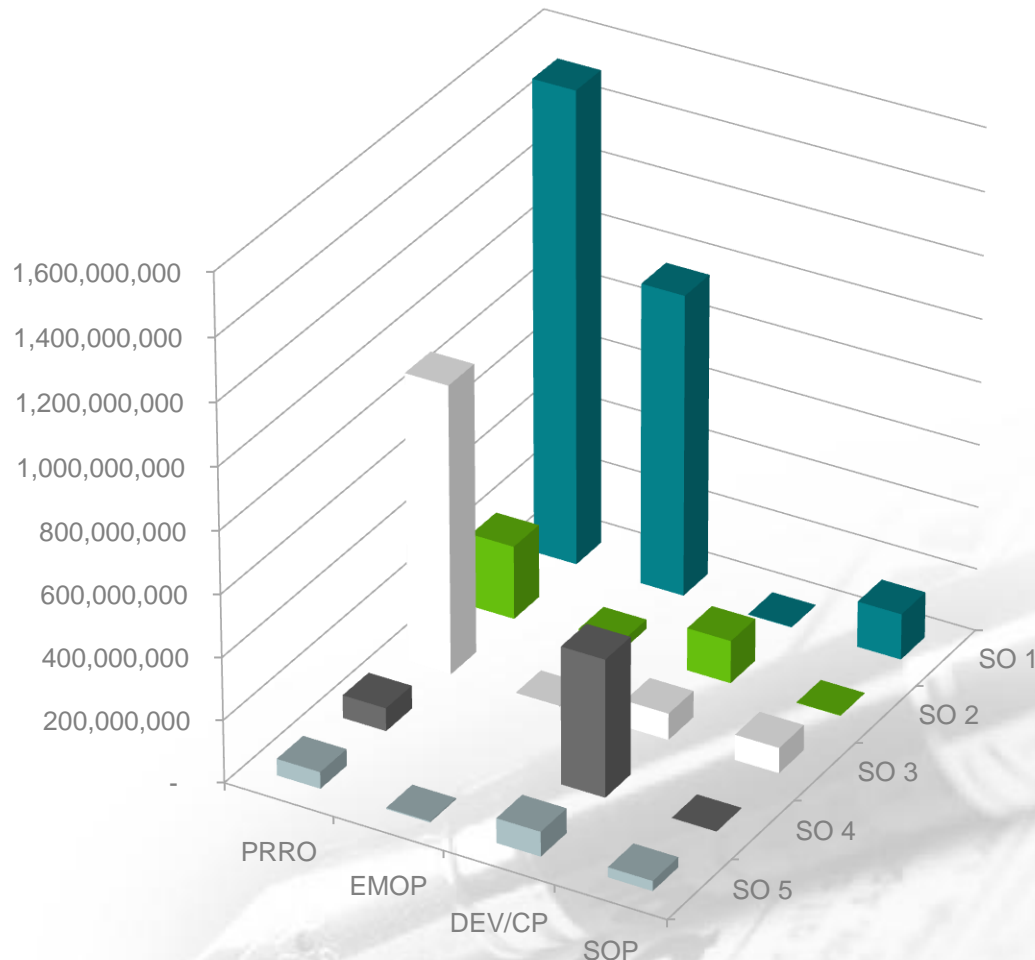
WFP Mission



Presented 2012 Operational Budget by Strategic Objective and Project Category

➤ More than half of WFP's work is linked to life saving interventions that are part of SO1.

➤ SO3, relating to interventions designed to help disaster affected populations rebuild their lives in the immediate aftermath of an emergency is another priority in the operational budget.

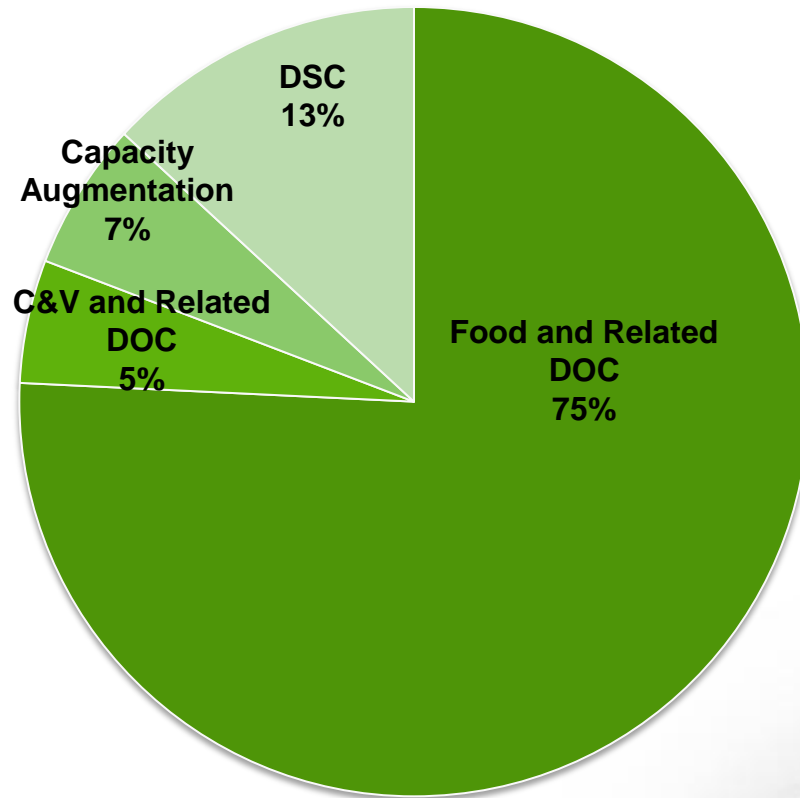




New Financial Framework

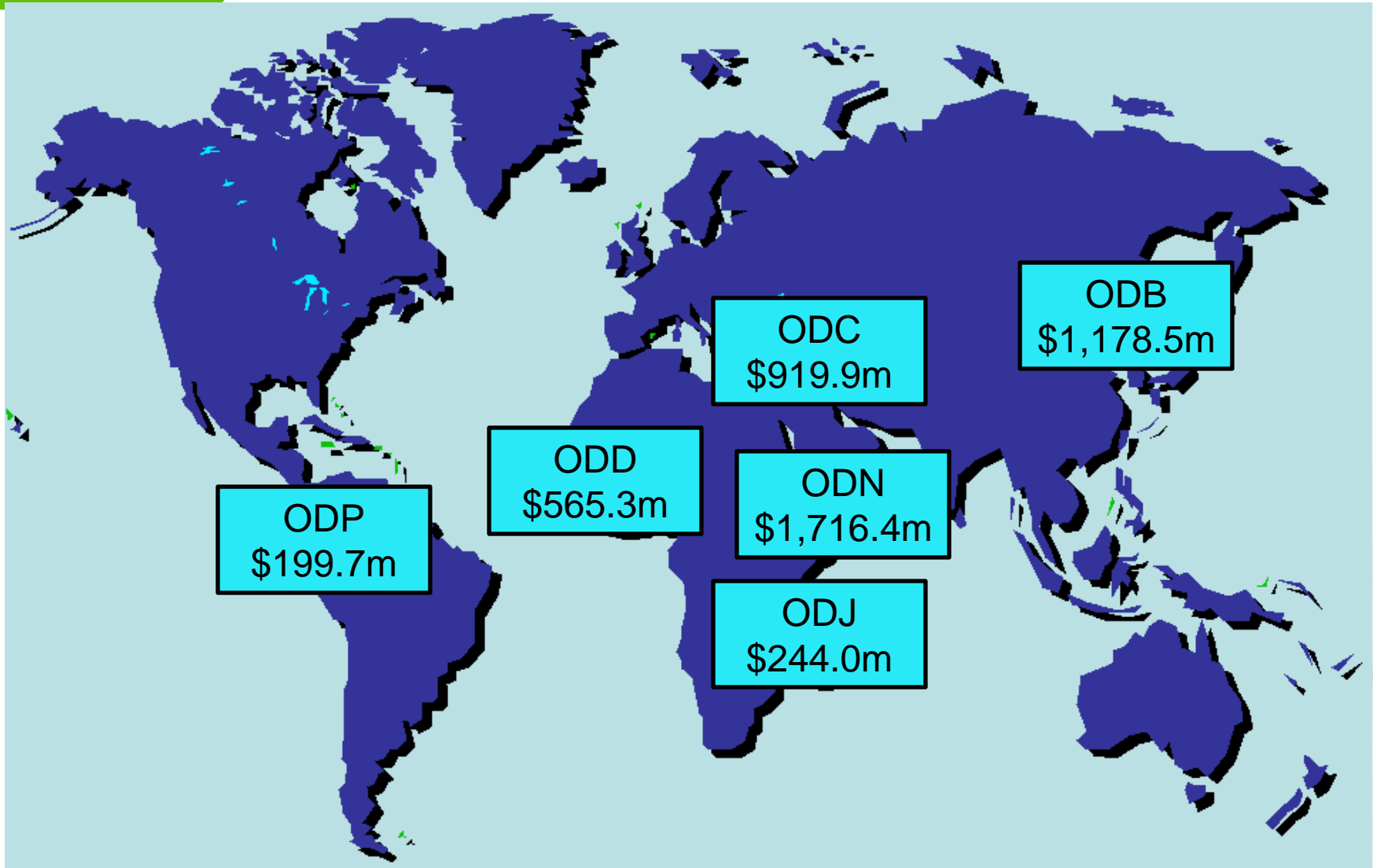
- Final Cost Categories under revised Financial Framework:
 - Food and Related DOC
 - Cash & Vouchers and Related DOC
 - Capacity Augmentation
 - Direct Support Costs
- Advantages of segregating the cost of non-commodity activities within projects:
 - Increased Transparency between commodity and non-commodity related activities;
 - Clearer links to key performance indicators for all types of activities; and
 - More accurate benchmarking as the cost per mt is easier to identify.

Presented 2012 Operational Requirements under new Financial Framework



(in millions of USD)	2012	% of OR
Food and related DOC	3,624	75%
C&V and related DOC	255	5%
Capacity Augmentation	308	7%
Direct Operating Costs	4187	87%
Direct Support Cost	637	13%
Operational Requirements	4,824	100%

Presented Operational Requirements by Region



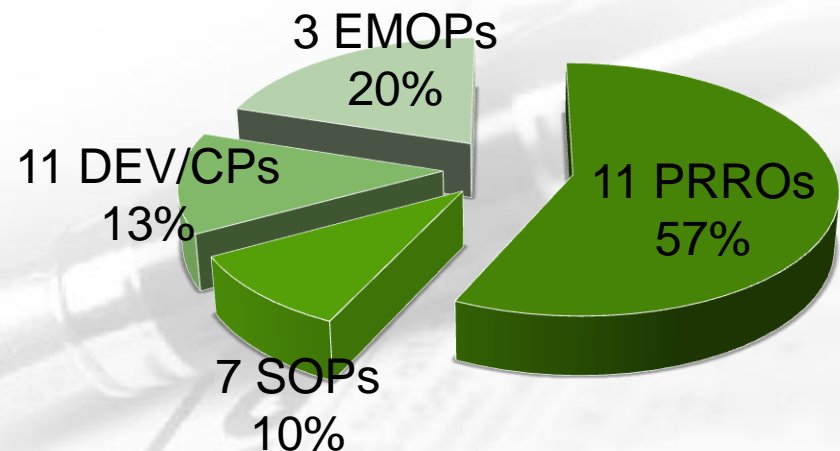
ODN: East and Central Africa Region

	US\$ million
Food and Related DOC	1,301.6
C&V and Related DOC	39.2
Capacity Augmentation	181.0
DSC	194.6
Total Operational Requirements	1,716.4

No of COs 11
No of Operations 32

- 36% of WFP's overall operational requirements
- ODN will cover the new country of South Sudan and the development of a fully operational country office.

ODN by Programme Category



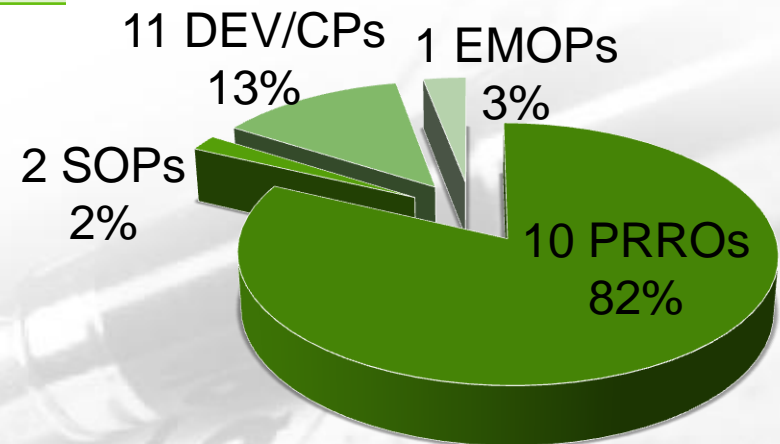
ODB: Asia Region

	US\$ million
Food and Related DOC	902.1
C&V and Related DOC	52.4
Capacity Augmentation	43.9
DSC	180.1
Total Operational Requirements	1,178.5

No of COs 14
No of Operations 24

- 24% of WFP's overall operational requirements
- Cash and Vouchers will feature in 12 out of 14 ODB countries.

ODB by Programme Category



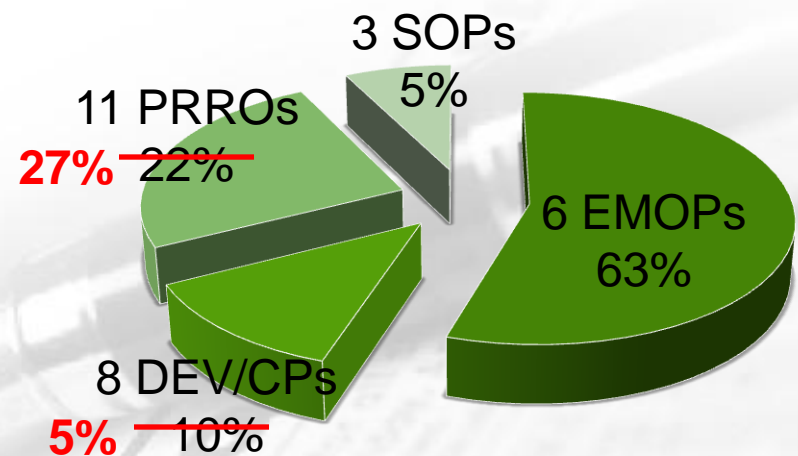
ODC: Middle East, North Africa, Central Asia and Eastern Europe Region

	US\$ million
Food and Related DOC	680.9
C&V and Related DOC	88.2
Capacity Augmentation	42.4
DSC	108.4
Total Operational Requirements	919.9

No of COs 12
No of Operations 28

- 19% of WFP's overall operational requirements
- Sudan will be included as of January 2012.

ODC by Programme Category



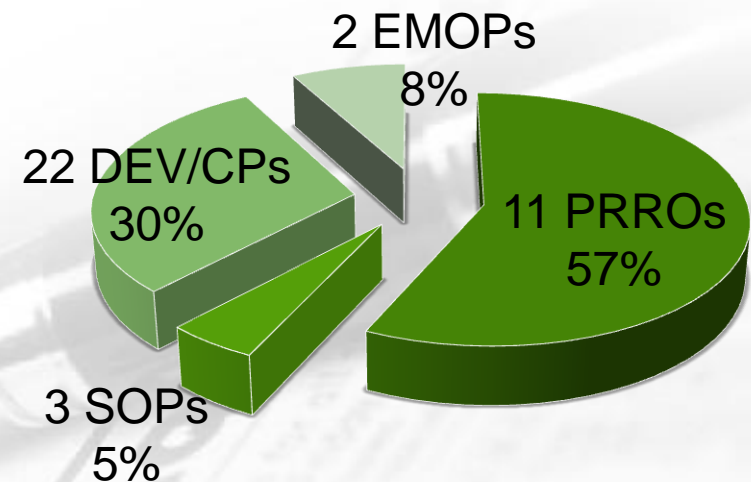
ODD: West Africa Region

	US\$ million
Food and Related DOC	423.1
C&V and Related DOC	37.2
Capacity Augmentation	27.4
DSC	77.6
Total Operational Requirements	565.3

No of COs	19
No of Operations	38

- 12% of WFP's overall operational requirements
- Throughout the region, Cash & Vouchers and P4P are being scaled up where possible.

ODD by Programme Category



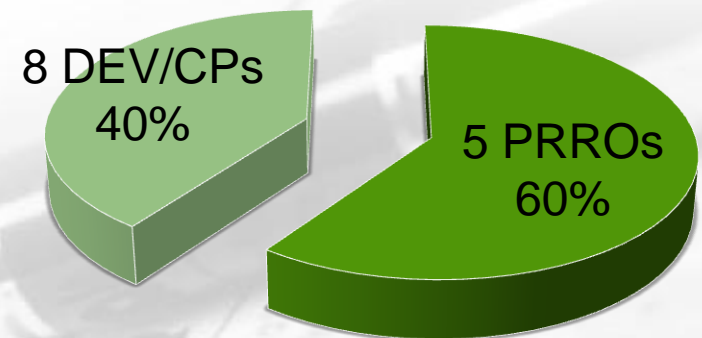
ODJ: Southern Africa Region

	US\$ million
Food and Related DOC	178.4
C&V and Related DOC	19.0
Capacity Augmentation	2.8
DSC	43.8
Total Operational Requirements	244.0

No of COs	8
No of Operations	13

ODJ by Programme Category

- 5% of WFP's overall operational requirements
- 7 of the 8 countries are currently piloting the use of Cash & Vouchers and this trend is expected to continue in 2012.



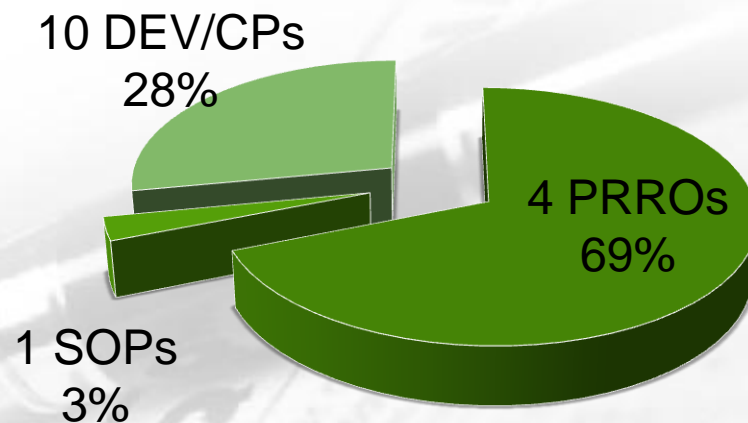
ODP: Latin America and the Caribbean Region

	US\$ million
Food and Related DOC	138.5
C&V and Related DOC	18.7
Capacity Augmentation	10.3
DSC	32.2
Total Operational Requirements	199.7

No of COs 10
No of Operations 15

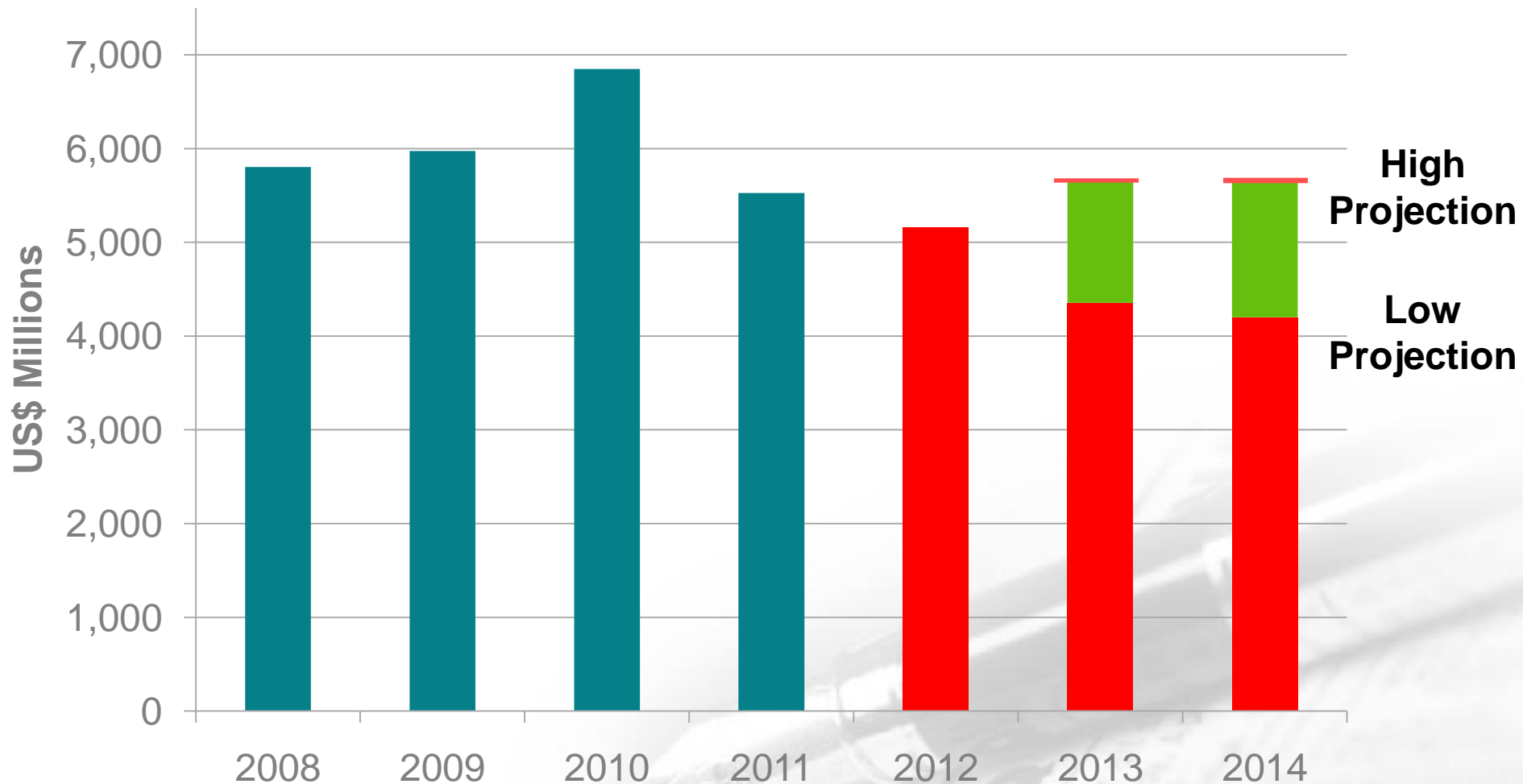
- 4% of WFP's overall operational requirements
- WFP is piloting P4P in four countries in Central America supporting small holder farmers to increase yields and linking them to markets.

ODP by Programme Category



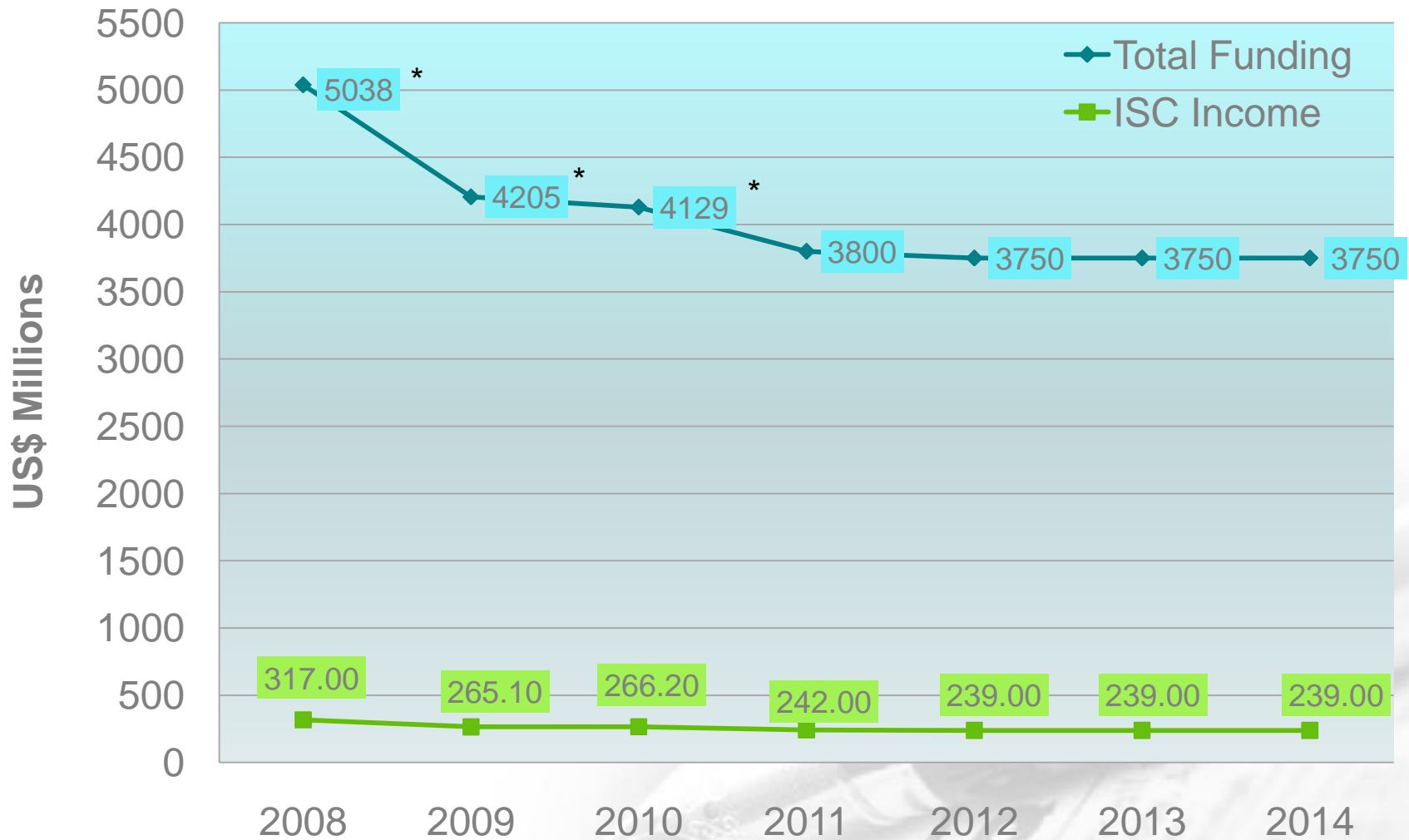
Presented Programme of Work

Programme of Work includes ISC



Projected Resourcing

Total Funding/ISC Income Trend 2007-2014

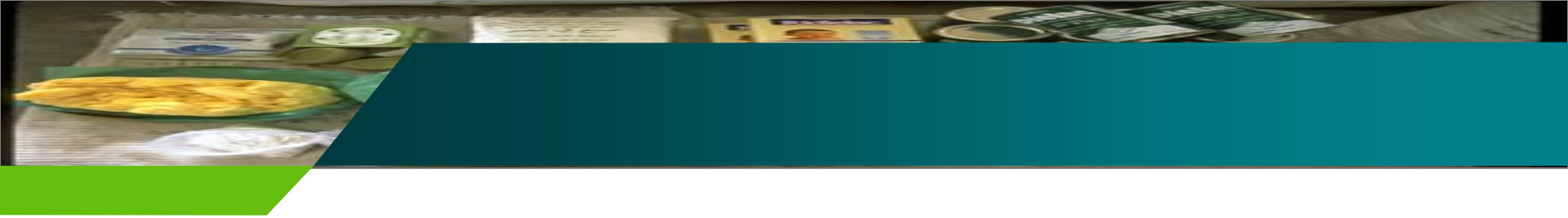


*Based on total contribution income as per Financial Statements



Proposed Draft Decisions

1. Notes the presented operational requirements of US\$4.8 billion, excluding any provision for unforeseen emergencies and including Direct Support Costs;
2. Notes the PSA budget proposal assumes a funding level of \$3.75 Billion;



4. 2012 PSA Proposal





Programme Support & Administrative (PSA) budget

What is PSA ?

- Portion of the WFP budget that pertains to providing indirect support to WFP's activities
- It covers the majority of Headquarter and Regional Bureau costs as well as a core presence in each country
- It is funded through the indirect support cost income portion of contribution income
- The PSA budget is planned, presented and approved in advance – within the Management Plan
- Approval of the PSA appropriation in the Management Plan gives Authority to the Executive Director to spend



Changes to Assumptions since June 24th

- PSA Equalization Account of 2011:
Opening Balance + US\$15 million due to prior year adjustments
- 2011 Income: +US\$300 million
- 2011 ISC: +US\$19 million
- 2012, 2013, and 2014 Income: +US\$250 million to
US\$ 3.750 Billion
- 2012, 2013, and 2014 ISC: +US\$16 million

Revised Staff Costs

Revised PSA Staff Costs 2012

International Staff

➤ Estimated Increase %:

- Currency fluctuations
- Inflation
- Total

~~+3.5%~~

+3.0%

+6.5%

Now \$4.8
million

➤ Estimated Increase Amount:

US\$ 10.5million

- A provision of between US\$1.7 million – US\$2.3 million is [also] proposed to compensate Regional Bureaux for [local staff costs] increases

Final
number
\$2.5 million

Extract from June 24th

2012 PSA Equalization Account

	Original 2011	Adjusted opening Balance	2011 Updated	Estimated 2012
	US\$ million	US\$ million	US\$ million	US\$ million
Opening balance	145.4	15	160.4	123.4
ISC Revenue	223	19	242	239
Approved PSA	-241.4		-241.4	-248.5
				113.9
One time activities	-13		-13	-20
Security	-24.6		-24.6	0
Forecasted Closing Balance	89.4		123.4	93.9

An Increase forecast generates 16M ISC

Above the 4 months target



Developing 2012 PSA Budget

- The 2012 PSA proposal is the first budget to be:
 - Costed by Management Dimensions and;
 - Submitted to the Executive Board on an annual basis.
- Departmental allocation ceilings for 2012
 - 3% reduction in real terms for all units except RBx, COs, Evaluation and Oversight
 - Aligned resources allocation with fixed costs and corporate priorities
- Cluster Leadership and Administration of Justice have been mainstreamed within the regular 2012 PSA budget

PSA Priorities

2010 – 2011	2012
Evaluation	Evaluation
Audit and Investigations (Oversight)	Audit and Investigations (Oversight)
Regional Bureaux and Country Offices	Regional Bureaux and Country Offices
Accountability	Potential one time investment in Accountability and Financial Risk Management
Food Quality Assurance	Creation of Office of Nutrition
	IT & Support costs

Priorities not subject to 3% cut.

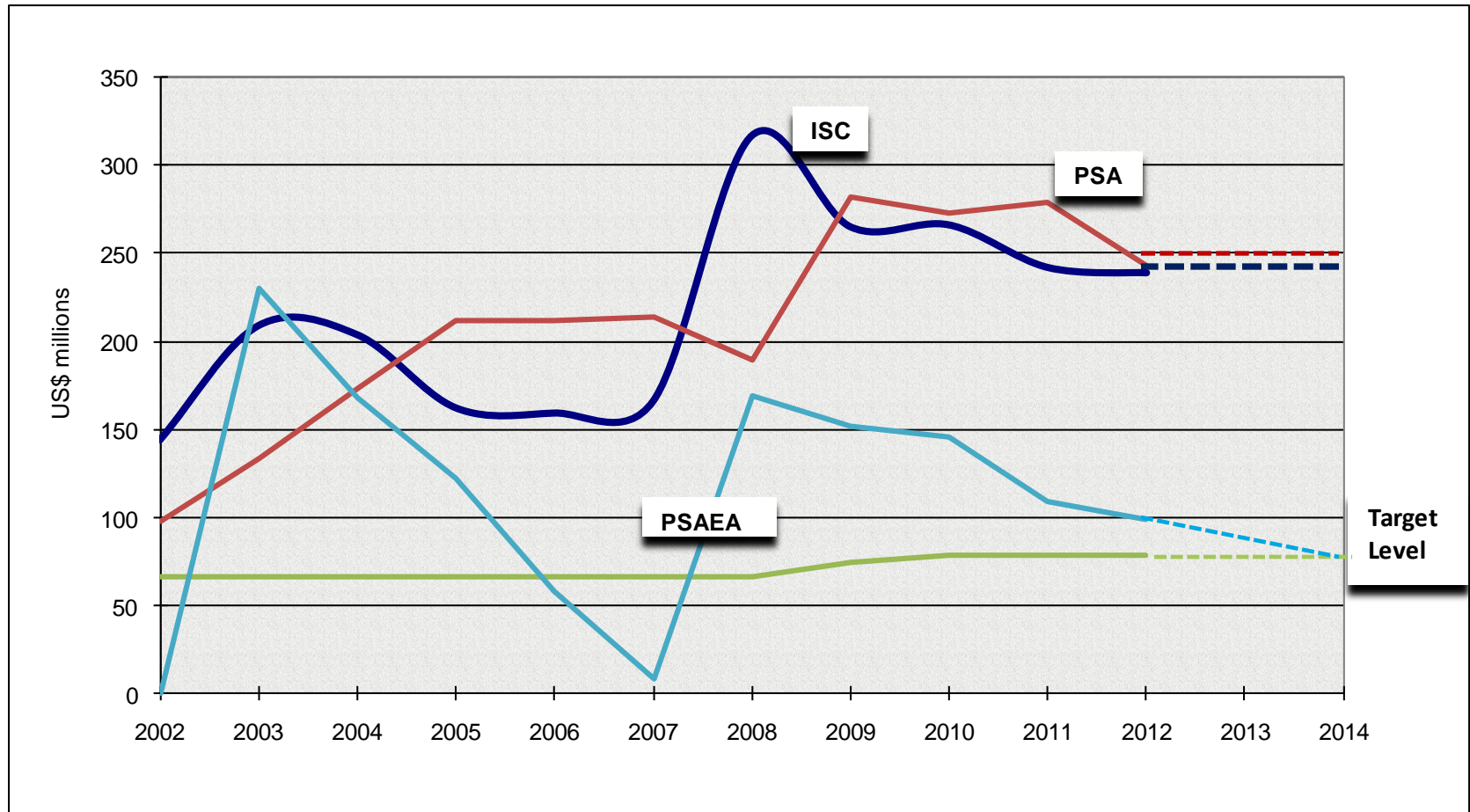


2012 PSA Methodology

	US\$ million
2011 PSA (Baseline)	241.4
Staff Cost Increases (International)	4.8
Staff Cost Increases (Local)	2.5
3% Cut (Excluding Regional Bureaux, Country Offices, Evaluation and Oversight)	(5.6)
Sub-Total	243.1
Clusters and Administration of Justice (AOJ)	5.4
2012 PSA Proposal	248.5



Projected level of the PSA Equalization Account at the current level of activity



2012 Programme Support & Administrative Budget Proposal

WFP Mission

SO 1

SO 2

SO 3

SO 4

SO 5

MD1: Securing Resources

\$25.9m 10%

MD2: Stewardship

\$76.1m 31%

MD3: Learning and Innovation

\$22.9m 9%

MD4: Internal Business Processes

\$31.0m 12%

MD5: Operational Efficiency

\$92.6m 38%

\$248.5m



Proposed Draft Decisions

3. Approves a PSA appropriation of US\$248.5 million;
4. Approves an ISC recovery rate of 7% for 2012;



One Time Investments 2012

- Proposals and business cases for one time investments being reviewed, including:
 - IT
 - Accountability & Financial Risk Management
 - Training
- Provisional amount of US\$20 million set aside for this.



Proposal for Security Funding

➤ Expected Requirements 2012

- WFP Security Fund ~~US\$9.6 million~~ **US\$7.3 million**
- UN DSS (WFP Share) ~~US\$7.3 million~~ **US\$9.6 million**

➤ Proposed Solution

- Create a Special Account to manage both types of security expenditure.
- Advance US\$16.9m from WCF (as needed to make above payments).
- Charge projects with these expenditures (where possible).
- Use General Fund to cover any amounts that cannot be funded by projects up to US\$10m.




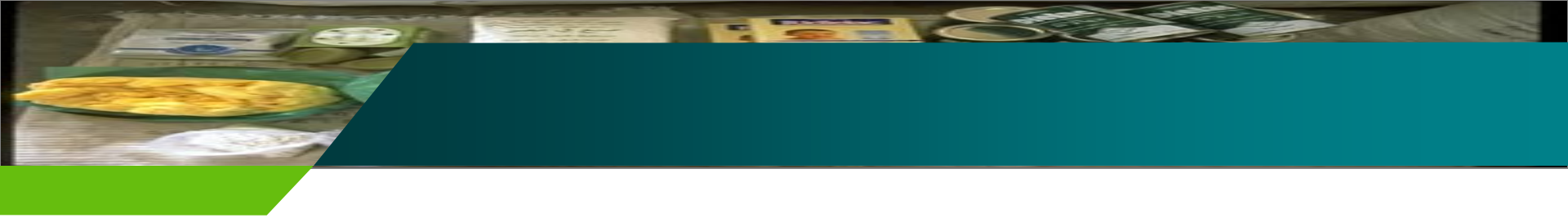
Workforce Re-Profiling Exercise

- Strategic transition from food aid to food assistance requires some workforce re-profiling.
- In addition to training this is likely to entail targeted buy-outs.
- US\$10 million of surplus in Self Insurance Fund to be requested for this purpose.



Proposed Draft Decisions

5. Approves up to US\$20m as a one time supplementary PSA appropriation from the PSA Equalization Account;
 6. Approves up to US\$10m for WFP field security upgrades and UNDSS from the General Fund;
 7. Approves up to US\$10m for Workforce Re-Profiling from the Self Insurance Fund.
- 



5. 2012 Extra-budgetary Resources



Extra-Budgetary Resources

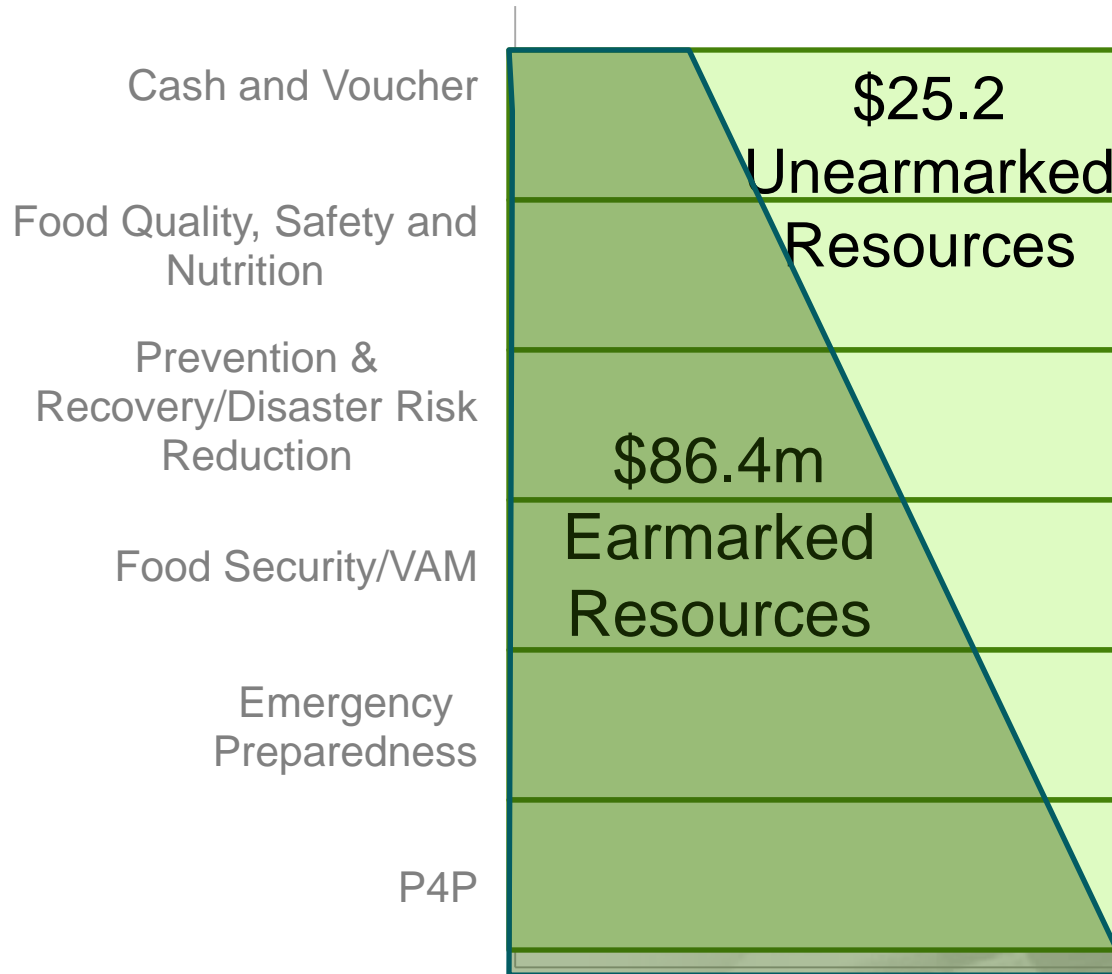
Trust Funds and Special Accounts

- Enable WFP to provide non-profit business services through Special Accounts
- Invest in organizational capacity development priorities
- Enable Country Offices to engage in strategic partnerships to mobilize complementary resources

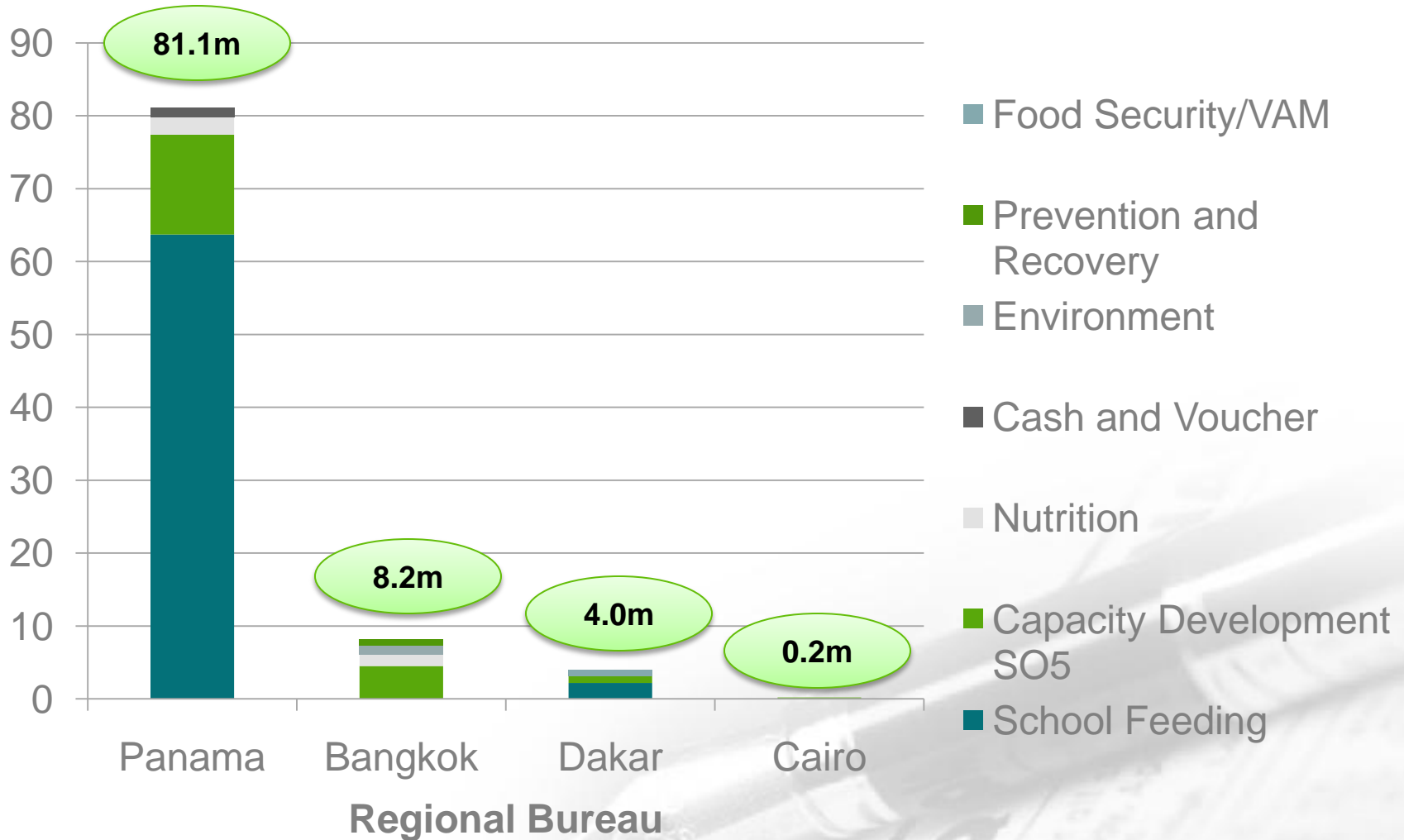
	2012 Forecasted Resources (USD millions)	% of Total
Corporate	111.6	30%
Country Specific	93.5	25%
Total Trust Funds	205.1	
Special Accounts	164.2	45%
Total	369.3	100%

Corporate Trust Funds \$111.6m

Prioritization of 2012 new Corporate Trust Fund Contributions



Country Specific Trust Funds \$93.5m

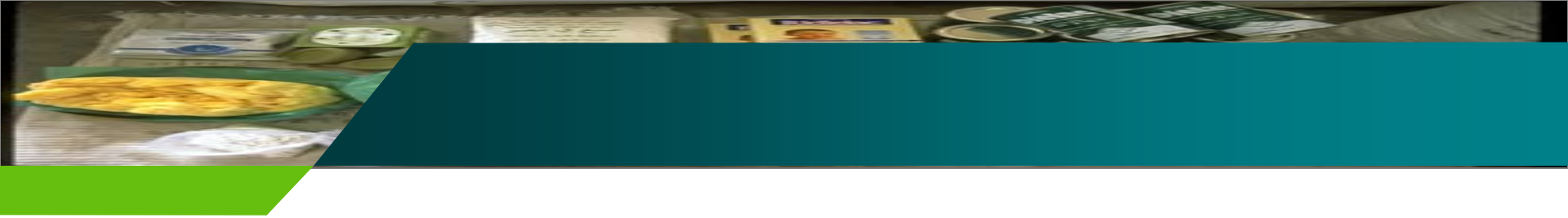


Special Accounts \$164.2m

2012 Forecasted Resources

➤ The five largest Special Accounts make up more than 78% of the expected 2012 activity.





6. Proposed Draft Decisions






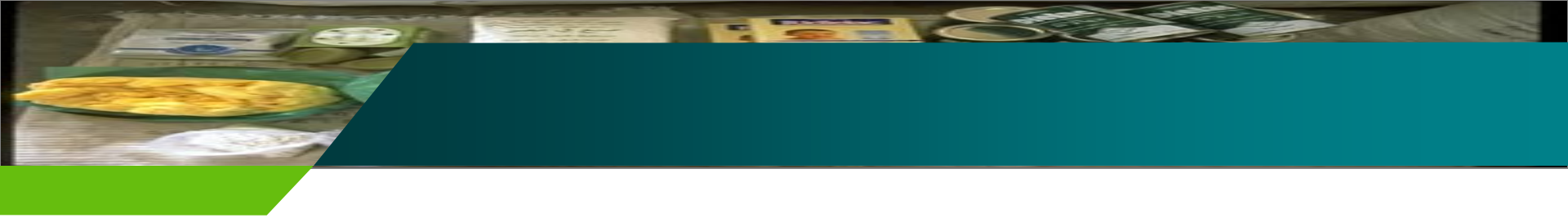
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THANK YOU

