

# WFP Executive Board

*2<sup>nd</sup> Informal Consultation  
Management Plan 2016-2018*

2 September 2015

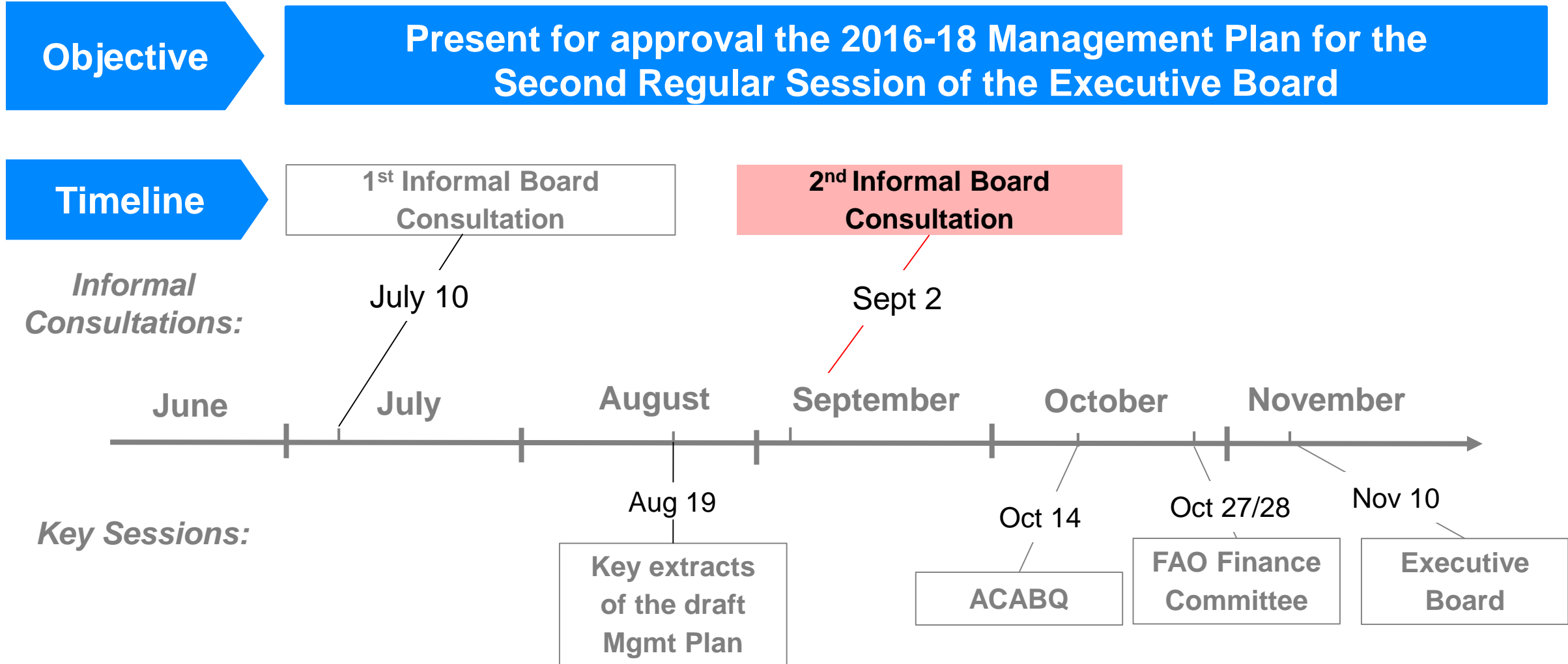


**World Food Programme**

# Agenda for Informal Consultation

- I. Directions of Change Introduced in the Management Plan (2016-2018)**
- II. Section-by-Section Review of the Document**
  - Section I: Introduction
  - Section II: Funding Context and Resourcing Assumptions
  - Section III: Provisional Prioritized Plan of Work
  - Section IV: Programme Support and Administrative Budget
  - Section V: Provision of Corporate Services and Business Services: Special Accounts
- III. Draft Decisions**

# Key dates for Management Plan 2016-18



## Key extracts provided in advance of today's informal consultation

Management Plan (2016 - 2018)	Key Extracts Released August 19 <sup>th</sup>
Executive Summary	
Draft Decisions	
Section I: Introduction	✓
Section II: Funding Context and Resourcing Assumptions	✓
Section III: Provisional Prioritized Plan of Work	✓
Section IV: Programme Support and Administrative Budget	✓
Section V: Provision of Corporate Services and Business Services: Special Accounts	✓
Annexes	

A complete Management Plan (2016-2018) including annexes will be distributed by October 9th

# I. Directions of Change Introduced in the Management Plan (2016-2018)

# Management Plan (2016-2018) will take WFP's planning in a new direction

Resource  
Based



Performance  
Informed

- Refined Prioritized Plan of Work exercise based on **tailored funding projections** for each project
- Will feature **streamlined resource allocation decisions**
- Will **link budget requests and anticipated results**
- **PSA budget and extra-budgetary requests will be linked to the MRDs**, with performance indicators and expected results
- 2016-2018 budgeting process **will be linked to the Annual Performance Report (APR) and the Management Plan (MP)**

**MP (2016-2018) will demonstrate WFP's commitment to resource-based and performance-informed budgeting**

## II. Section-by-Section Review of the Document

- Section I: Introduction
- Section II: Funding Context and Resourcing Assumptions
- Section III: Provisional Prioritized Plan of Work (PPW)
- Section IV: Programme Support and Administrative Budget
- Section V: Provision of Corporate Services and Business Services: Special Accounts

# Section I: Introduction provides a framework for understanding the drivers of the Management Plan

## Structure of the Document

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

## Global Economic & Political Context

- **Assessment of external factors** that may impact WFP's work :
  - Global food and energy prices
  - Funding environment
  - El Niño and climate-related change
  - Outcomes of international humanitarian conferences in 2015 & 2016

## Strategic & Organizational Context

- Outline of **internal considerations** for WFP's plans:
  - Initiate work for new Strategic Plan; align priorities with Zero Hunger Challenge, Sustainable Development Goals, and other reforms
  - Conclusion of Fit for Purpose
  - Management Principles



## Section II: Provides the details of WFP's 2016 revenue forecast of USD 4.9B

### Financial Context

- **Funding trends, 2016 funding forecast, and funding projections (2017 & 2018)**
- **Diversify donor base** and encourage multilateral/ multi-year contributions

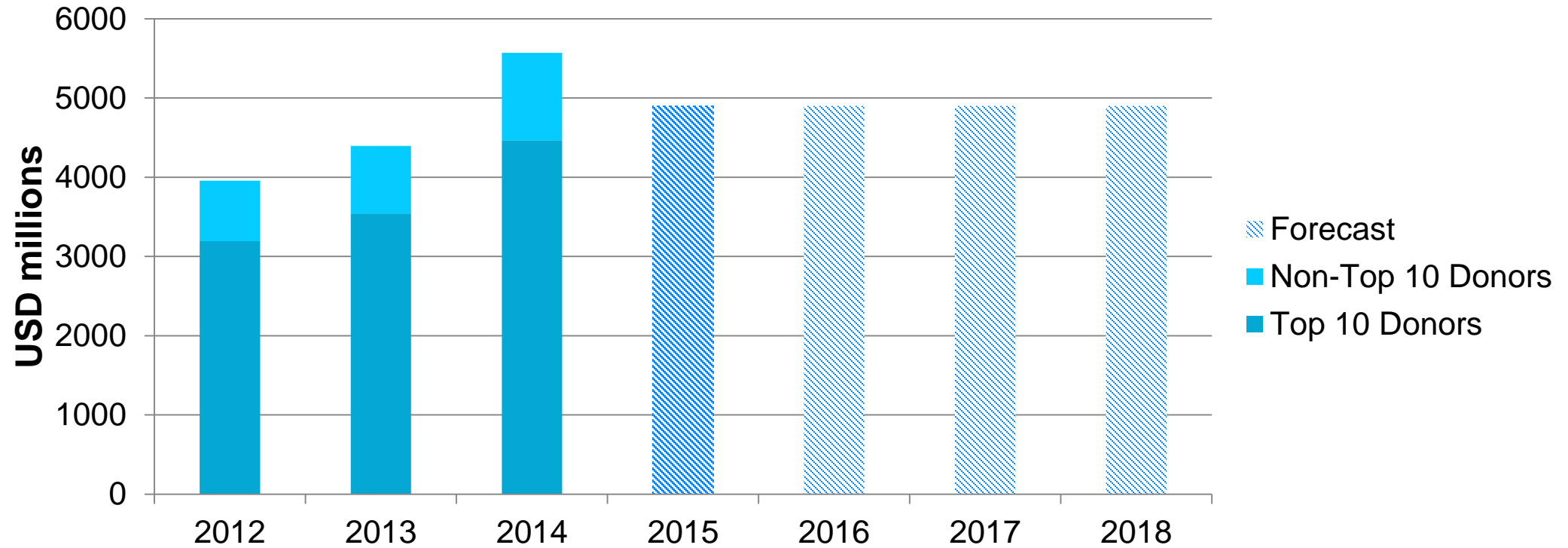
### Predictable, Flexible Funding for Efficient Planning

- **Impact of contribution restrictions** on operations and advance financing
- **Initiatives undertaken** by RM and PG to support flexible funding
- **Improved operational efficiency** of multi-year and/or multilateral funding
- Immediate Response Account (**IRA**) replenishment target

**WFP is looking to create a realistic plan, while advocating for beneficiaries' total needs**

# 2016 forecast is based on trends and the sum of project funding projections

## Recent Revenue Trends (2012-2014) and Forecasts (2015-2018)



**WFP is confident, given the current level of humanitarian needs, that contributions over the planning period will remain near USD 5 billion**

# Section III: Provisional PPW forms the basis of the Management Plan and presents needs aligned to the funding forecast

## 1 Provisional Prioritized Plan of Work

### Presented by :

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

### Shows Impact on:

- Rations
- # of Beneficiaries
- Duration

## 2 Cost and Reach of Food Assistance

### Avg. cost of daily rations by:

- Food based transfers
- Cash based transfers
- Activity
- Programme category

Update on methodology for Tier 2 and Tier 3 beneficiaries\*

## 3 Global Analysis by Thematic Area

### Overview of:

Thematic areas that will shape the implementation of the Provisional Prioritized Plan

## 4 Implementation Plan

### Consists of:

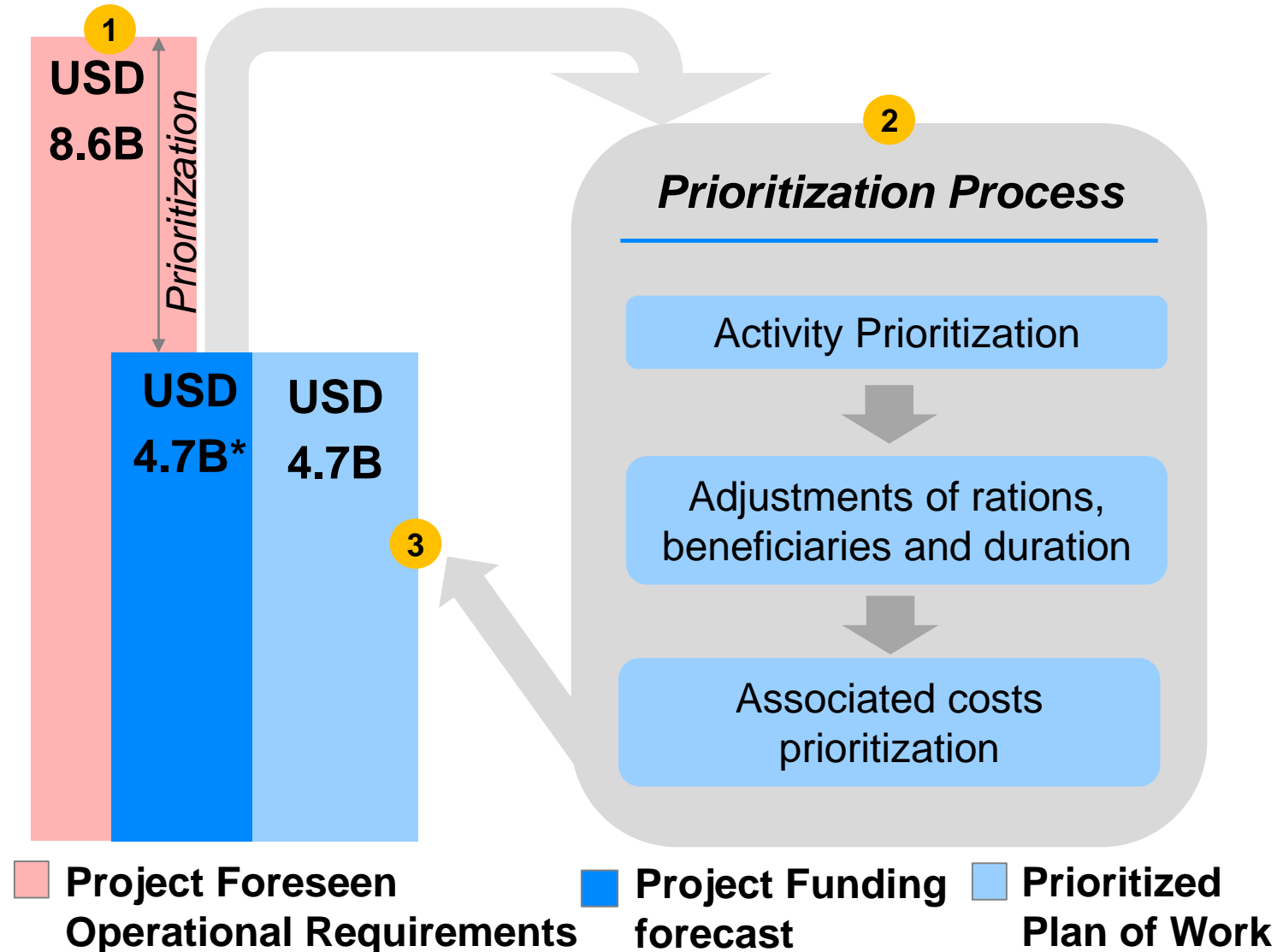
Provisional Prioritized Plan of Work

Full overview of country-specific and corporate trust fund resources utilized in the field

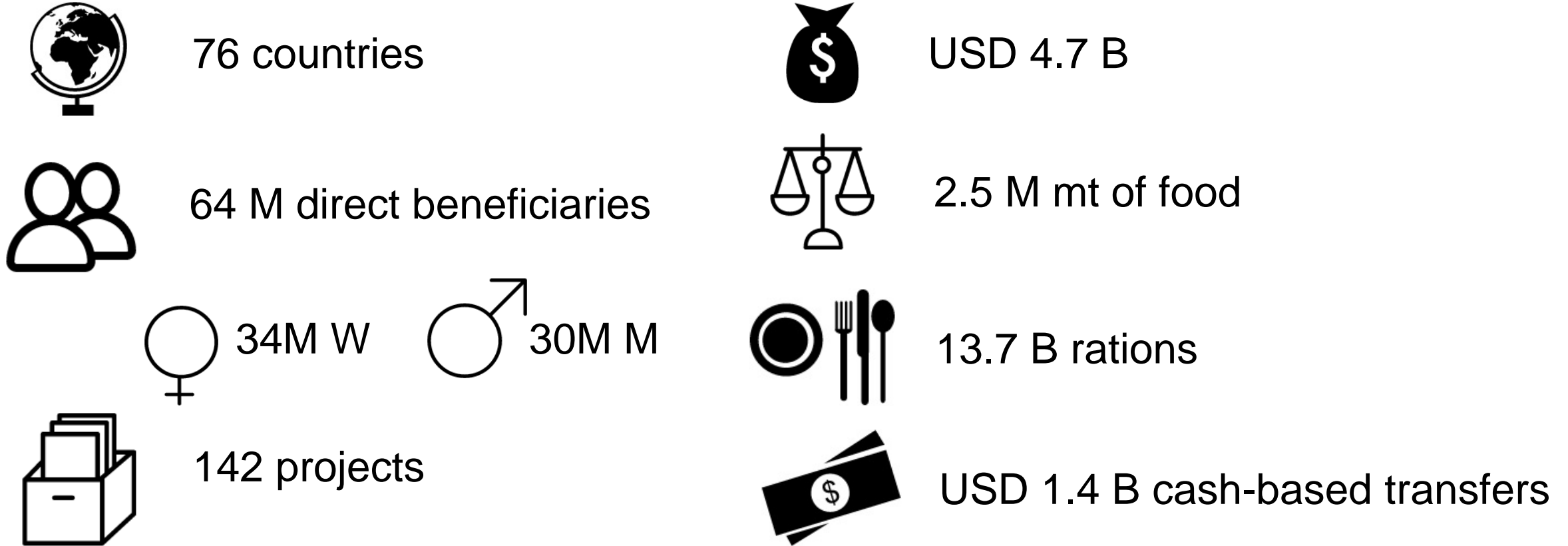
# 2016 Operational Requirements vs. Prioritized Plan

## How we get from Operational Requirements to the Prioritized Plan

- 1 WFP establishes the Operational Requirements based on needs
- 2 Considering available and forecasted funding, WFP goes through a prioritization process looking to maximize Value for Money
- 3 WFP reaches a Prioritized Plan



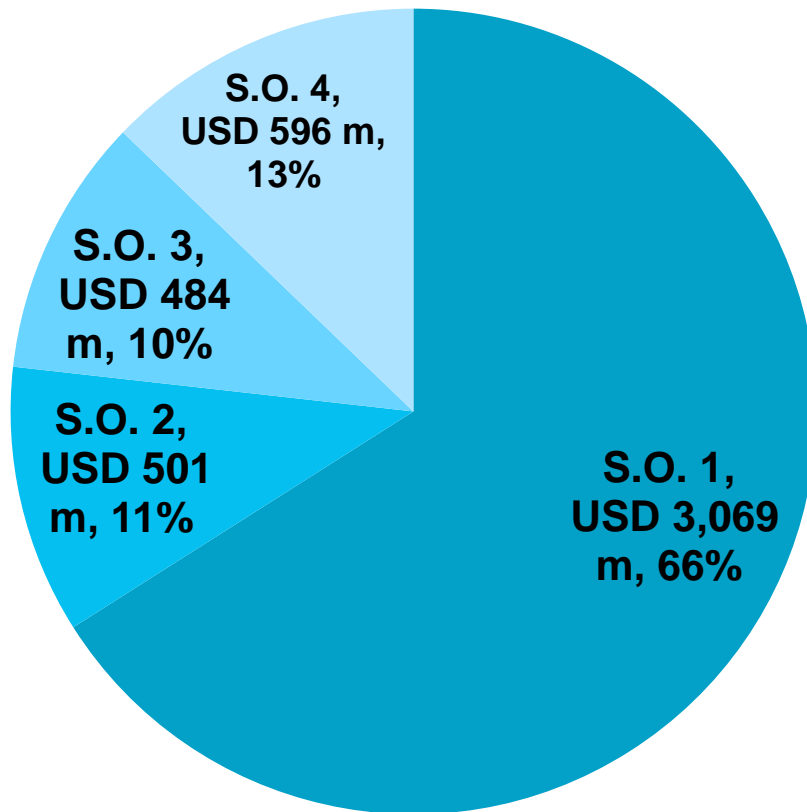
## 2016 Provisional Prioritized Plan of Work: Key Figures



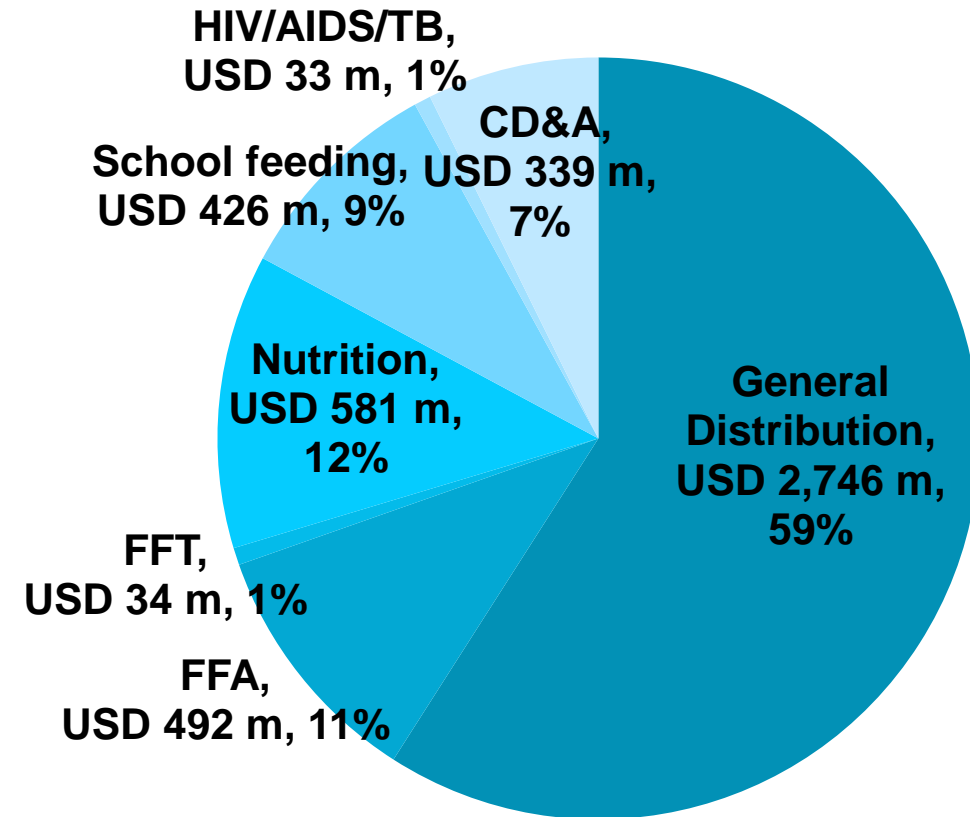
**Plan is prepared within the context of assessed needs, forecasted funding, the scope of the Strategic Plan and organisational capacity**

# Life-saving activities comprise the majority under 2016 Provisional Prioritized Plan of Work

Strategic Objective



Activity



## To improve accuracy for the cost of assistance, WFP is using daily rations

### # of Rations

	Billions
Provisional Prioritized Plan of Work	13.7

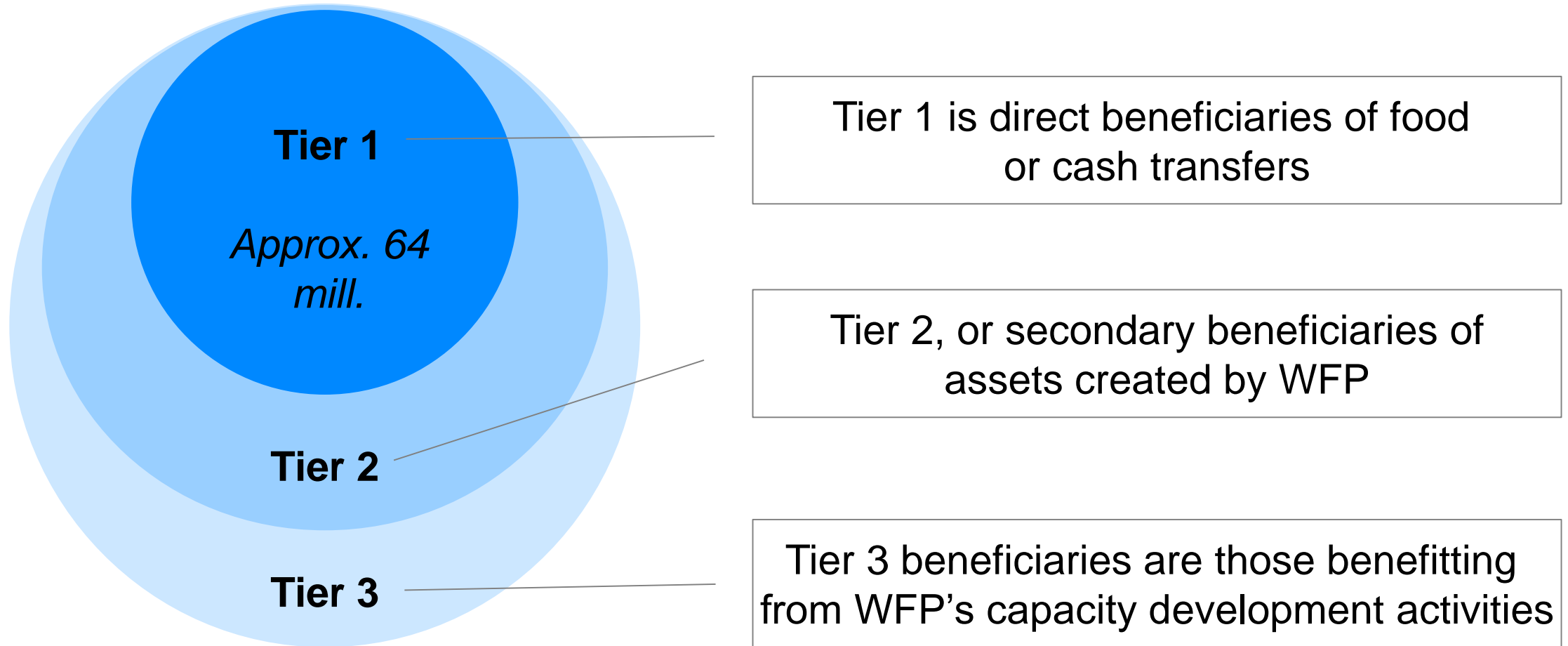
### Average Weighted Daily Ration Cost

	USD
Provisional Prioritized Plan of Work	0.33

- ✓ Tracking daily rations **better demonstrates the duration and frequency of assistance**
- ✓ Cost per food ration: **between USD 0.25 and USD 0.29**, except nutrition which is USD 0.42
- ✓ For cash-based transfers, general distribution is the least expensive activity

**31% of direct food assistance beneficiaries were in the Middle East, where L3 emergencies continue in Iraq, the Syrian Arab Republic, and Yemen**

# WFP provides assistance to beneficiaries in a multitude of ways, for which we are developing systems of measurements



**Future management plans will provide more quantification of secondary beneficiaries**



## Section III: Overview of thematic areas that will shape operations (I/III)

### Cash Based Transfers

- **Account for USD 1.4 billion** of the prioritized plan of work
- Corporate platform will **strengthen country office capacity** and delivery

### Emergency and Transition Programming

- To improve in emergency settings, we will **implement a framework with six key areas**:
  1. Protection
  2. Accountability to affected populations
  3. Refugees and IDPs
  4. Principled access
  5. Urbanization
  6. Peacebuilding

### Food Security and Nutrition Analysis

- **Enhance tools** so operational decisions are based on current market conditions and food security assessments
- Introduce innovation
- Strategic partnerships (incl. RBA) will **harmonize food & nutrition security analysis**

## Section III: Overview of thematic areas that will shape operations (II/III)

### Social Protection and Safety Nets

*Strengthen country systems to:*

- design, **operationalize**, and evaluate **cost-effective food security** and nutrition-sensitive **safety nets**
- social protection policies, programs and interventions

### Climate and Disaster Risk Reduction

- Strategic **investments will support disaster risk reduction** and build long-term resilience

### Asset Creation and Livelihood Support

*New PRROs & CPs will:*

- **address underlying causes** of food insecurity
- **build resilience** by including asset creation activities
- RBA common approach will **ensure efforts are operationalized**

### Asset Creation and Livelihood Support

- **P4P** activities will be **mainstreamed** where appropriate
- **Data** acquired from P4P pilot phase is **shared with partners**

## Section III: Overview of thematic areas that will shape operations (III/III)

### Capacity Development and Augmentation

- **Strengthen national capacity** to design and manage nationally owned hunger solutions
- Bring **Zero Hunger** activities **to scale**

### South-South and Triangular Cooperation

- Critical modality for:*
- enhancing country engagement
  - mobilizing resources
  - expertise capacity and practices
  - to support efforts to end hunger

### Nutrition

- Nutrition is **weaved into WFP programmes** to have greater nutritional impact

### Monitoring & Evaluation

- Rollout of corporate tools and IT systems **will support evidenced-based decisions** to determine the scope and scale of operational requirements

## Gender is the final thematic area with cross-cutting organizational impact

### WFP is...

- ✓ Exceeding UNSWAP standards
- ✓ Co-Chair of IASC Gender Reference Group
- ✓ Strengthening joint work with RBA and UN Women
- ✓ Active in GenCap Steering Committee
- ✓ Supporting inter-agency response to HIV/ AIDS

### Gender Policy 2015-2020

*Planned gender-sensitive activities include:*

- 1 Targeted measures to **increase girls' access to primary education**;
- 2 Seasonal **livelihood programmes** to align multi-sectoral projects with differentiated needs;
- 3 **Augmentation of gender expertise** and competence in regional and country offices;
- 4 **Capacity development** on gender for WFP staff and its partners.

**WFP is looking to accelerate gender mainstreaming, and serve as a global voice for gender equality**

## Implementation plan combines the prioritized plan of work and trust funds

Compared to 2015, country-specific trust funds are forecasted to decrease by 2% approx. USD 97M in 2016

Corporate trust funds (USD 35M) will comprise 27% of trust fund activity related to operations

2016 Implementation Plan			
Regional Bureau	Prioritized Plan of Work	Trust funds	Total
<i>USD Millions</i>			
RBB	524	15	539
RBC	1,861	4	1,865
RBD	744	3	747
RBJ	328	20	348
RBN	1,110	0	1,110
RBP	83	55	138
<b>Subtotal</b>	<b>4,650</b>	<b>97</b>	<b>4,747</b>
<b>Corporate trust funds related to field activity</b>		35	35
<b>Total</b>	<b>4,650</b>	<b>132</b>	<b>4,782</b>

**Implementation Plan will provide a holistic plan of field operations by including trust funds**

## Section IV: Programme Support and Administrative(PSA) Budget

**ISC rate maintained at 7%**

### PSA Budget

- Status of **PSA Equalization Account (PSAEA)**
- Proposed PSA Budget & Critical Corporate Initiatives by Management Results Dimension (MRD) and appropriation line
- **Mainstreaming of security & wellness costs** into standard position costs
- Proposal to **allow ED to adjust the PSA budget**

### Cost Excellence

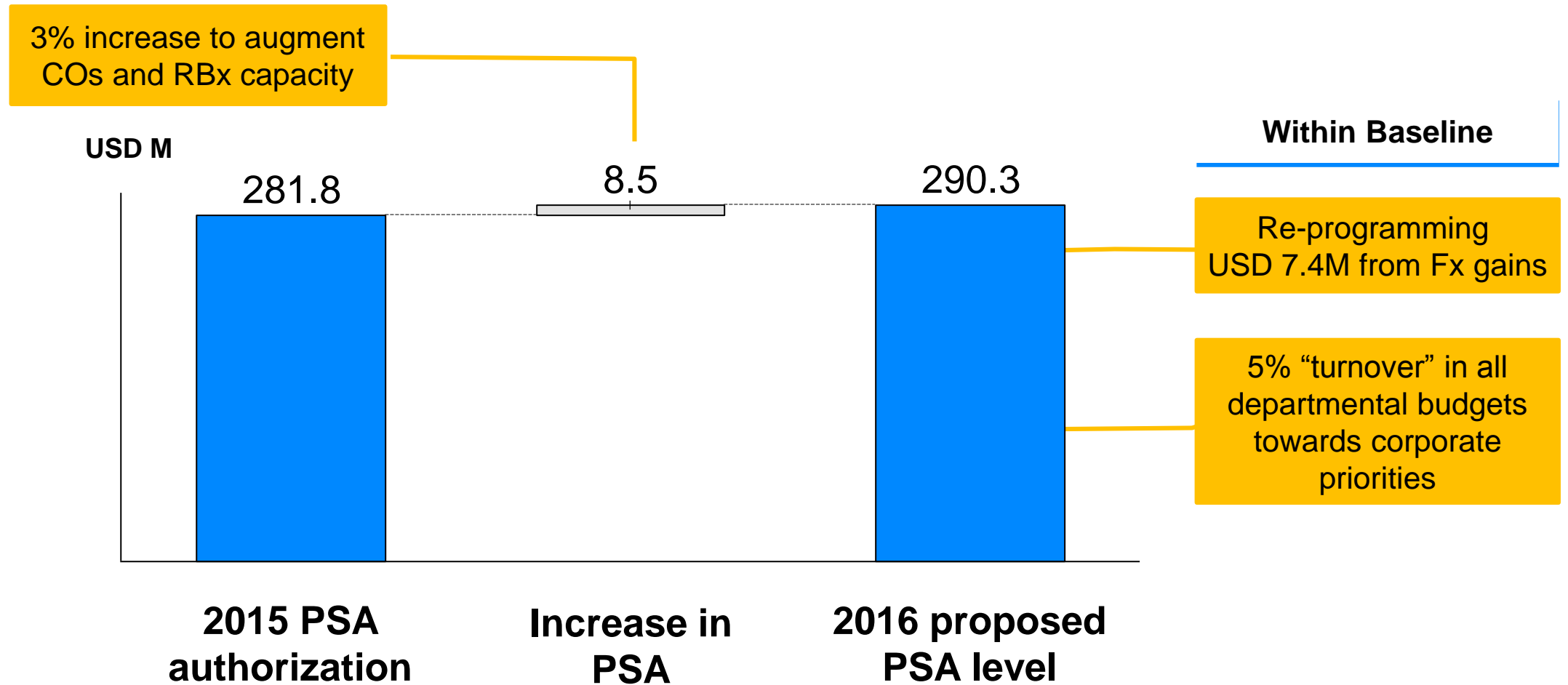
- Overview of Cost Excellence initiative and work-streams for the **Service Center** and **analysis of global support costs**

### Institutional Improvements

- Corporate trust fund activities for institutional improvements
- Analysis by MRD
- Organizational strengthening

**The PSA budget supports growth while continuing to ‘live within our means’**

# WFP proposes a three percent increase from the 2015 baseline to support growth in baseline



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

USD 8.5M will go to the field

3% increase in baseline budget

USD 1.4 M: **New COs** (Ukraine/ Libya) and ensure funding continuity for all COs

USD 6.3 M: **Augment RBx capacity** for Zero Hunger Challenge; M&E, and emergencies

USD 0.8 M: Mainstream **support for cash-based transfer** programmes

USD 7.4M from 2015 baseline

Currency Exchange Savings

USD 0.6 M: Increase in statutory requirements (Central Appropriations)

USD 3.1 M: **Allocations to key policy areas:** gender, evaluation, people policy, emergency preparedness, and change management

USD 2.3 M: Internal justice system, improved communications, support systems e.g. employee self-service

USD 1.4 M: **Mainstreaming support for cash-based transfers**

**Additionally, a 'turnover' of 5% was identified from departmental baseline budgets to increase efficiency and meet new priorities**



# Secretariat proposes USD 17 million for critical corporate initiatives to complete Fit for Purpose

Fit for Purpose Focus Areas (USD million)	Approved for 2015	Proposed for 2016
Workforce capabilities and skillsets	2.6	2.9
National Capacity Development	1.0	4.0
Nutrition Capacities		0.5
Strategic Partnerships		0.8
Programme Design processes, platforms and systems (SCOPE, COMET, SPRING)	14.4	5.0
Flexibility in funding and efficient resource usage (FFR work-stream)		2.5
Other Priorities (People strategy, INC)		1.3
<b>Total Critical Corporate Initiatives</b>	<b>18.0</b>	<b>17.0</b>

**2016 CCI proposal is in line with the 2015 Annual Session decision to:**

*allocate USD 18 million to accelerate Fit for Purpose implementation*

*further USD 17 million in 2016 to be considered within the Management Plan*

**Fit for Purpose will conclude in 2016 and a third-party review will evaluate the benefits**

# Cost Excellence initiative was launched in July 2014 with two main areas of work: (1) Global Support Cost analysis and (2) Service Centre Feasibility Review

The Cost Excellence initiative is the next crucial step to ensure the best use of our resources and to change the way we work by **identifying savings and redirecting them to mission focused activities.**

## Global Support Cost analysis

- An analysis of support costs globally is reviewing WFP's **direct and indirect support costs** i.e. travel, facilities, commercial consultancies etc., in order to identify opportunities for optimization and to realign cost base to our Strategy.

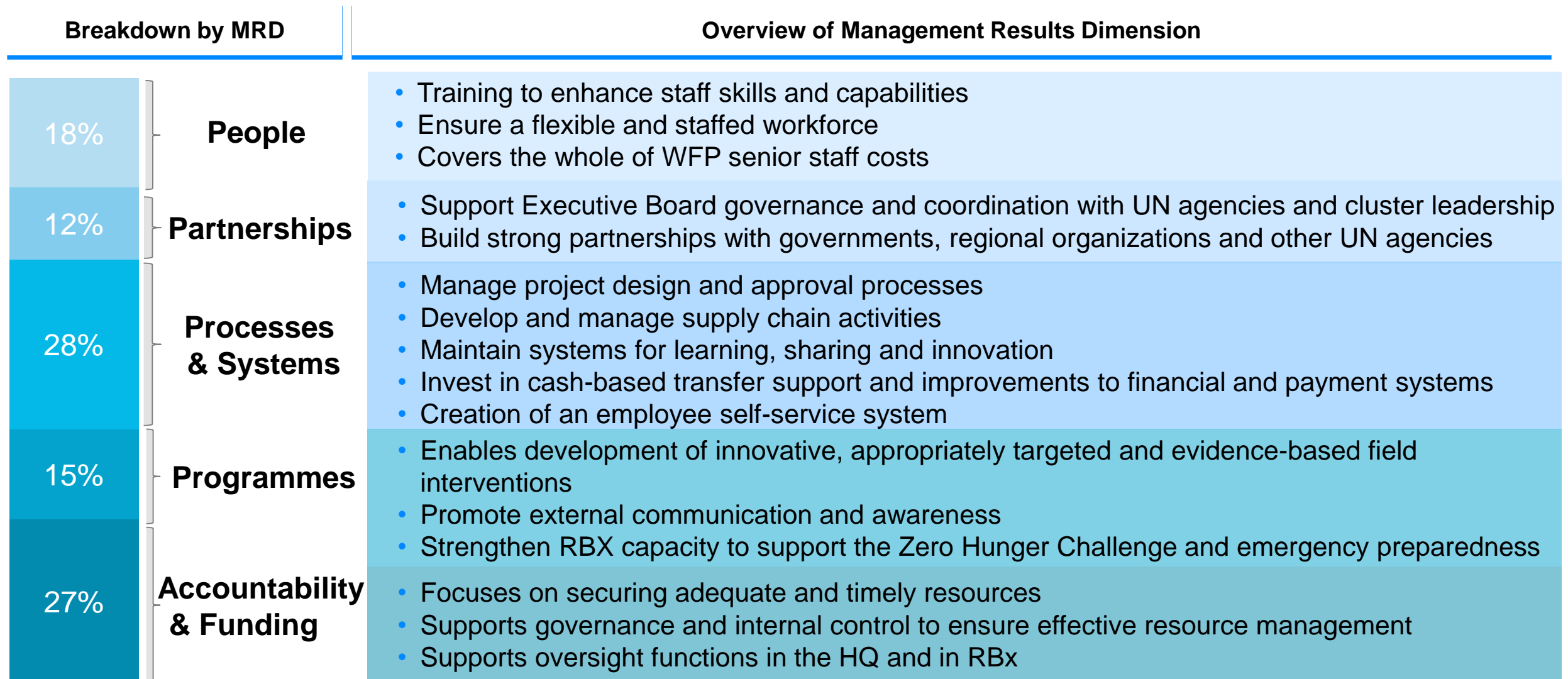
## Service Centre Feasibility Review

- Through establishing a **Service Centre for selected units/processes**, WFP would be able to do the same work at lower cost and reduce administrative burden on the Country Offices and Regional Bureaux.

While a portion of the implementation costs may be funded through the selected host government, **WFP requests USD 7 million be put aside from the PSAEA in anticipation of costs** which may not be covered, including:

- mitigation measures for the impact on staff
- moving costs
- other transitional costs to set up and implement the new center

# PSA budget and Critical Corporate Initiatives are strategically orientated against Management Results Dimensions (MRDs)



# A healthy 2016 year-end balance is maintained for the PSA Equalization Account if proposed CClIs and Service Centre set-aside are approved

<i>In USD M</i>	Estimated	Planning
	2015	2016
PSAEA Opening Balance	189.8	136.9
Estimated ISC Income	316.1	316.1
•Regular PSA	281.8	290.3
•Critical Corporate Initiatives	9.2	17.0
<b>Subtotal</b>	<b>291.0</b>	<b>307.3</b>
2015 PSA Drawdown	78.0	0
Service Centre Set Aside		7.0
<b>Estimated Year end PSAEA Balance</b>	<b>136.9</b>	<b>138.6</b>
<b>Current PSAEA Target Level @ 4 months</b>	<b>93.9</b>	<b>96.8</b>
<b>Balance over 4 month target</b>	<b>42.9</b>	<b>41.9</b>
<b>Estimated <u>months</u> of PSA Reserve in PSAEA</b>	<b>5.8</b>	<b>5.7</b>

**Results from a review of the PSA Equalization Account target level will be the subject of an informal consultation on September 21<sup>st</sup>**

# Continue to use the General Fund for all investment management costs

- Under Financial Regulation 11.3, interest income is credited to the General Fund
- In 2015, the Board approved expenditure of USD 750,000 from the General Fund for investment management costs.
- The Secretariat proposes to charge investment management costs – up to USD 1 million – henceforth from interest income accrued to the General Fund

**Interest income in 2016 is estimated at USD 8M**

# Allow for the adjustment of the PSA, if income is forecasted to increase

## Request to:

Authorize the Executive Director (ED) to adjust the PSA in accordance with the level of the forecasted income for the year, at a rate not to exceed two per cent (2%) of the anticipated change in income

## Rationale:

- Change in criterion is based on WFP's move to resource-based budgeting and recognition of the link between resourcing levels and the resulting income generated to fund the PSA budget
- Increase level (2%) is conservative compared with the ISC (7%)
- Enables ED to ensure an adequate level of support to operations if a surge in activity or substantial unforeseen emergencies occur
- The Board will be informed of any increases at the first opportunity

**Any increase in the PSA budget is dependent on the availability of resources**

## 2016 projected needs for corporate trust funds are aligned to Management Results Dimension; 20% of requirements are field-based

Corporate Trust Funds by Management Dimension		
	WFP projections	
	USD M	%
People	5.8	5
Partnerships	4.6	4
Processes and Systems	31.3	28
Programmes	44.9	40
Accountability and Funding	25.0	23
<b>TOTAL</b>	<b>111.6</b>	<b>100</b>

- Institutional improvements are aimed at innovation and/or major changes to operations, systems and processes
- Corporate trust fund requirements are an estimate of needs based on the remaining investment cases after prioritization for PSA funding and critical corporate initiatives
- Linking trust fund activities with PSA budgeting process promotes alignment with corporate priorities
- Donors may provide funding through corporate trust funds for specific activities or multilaterally for corporate priorities

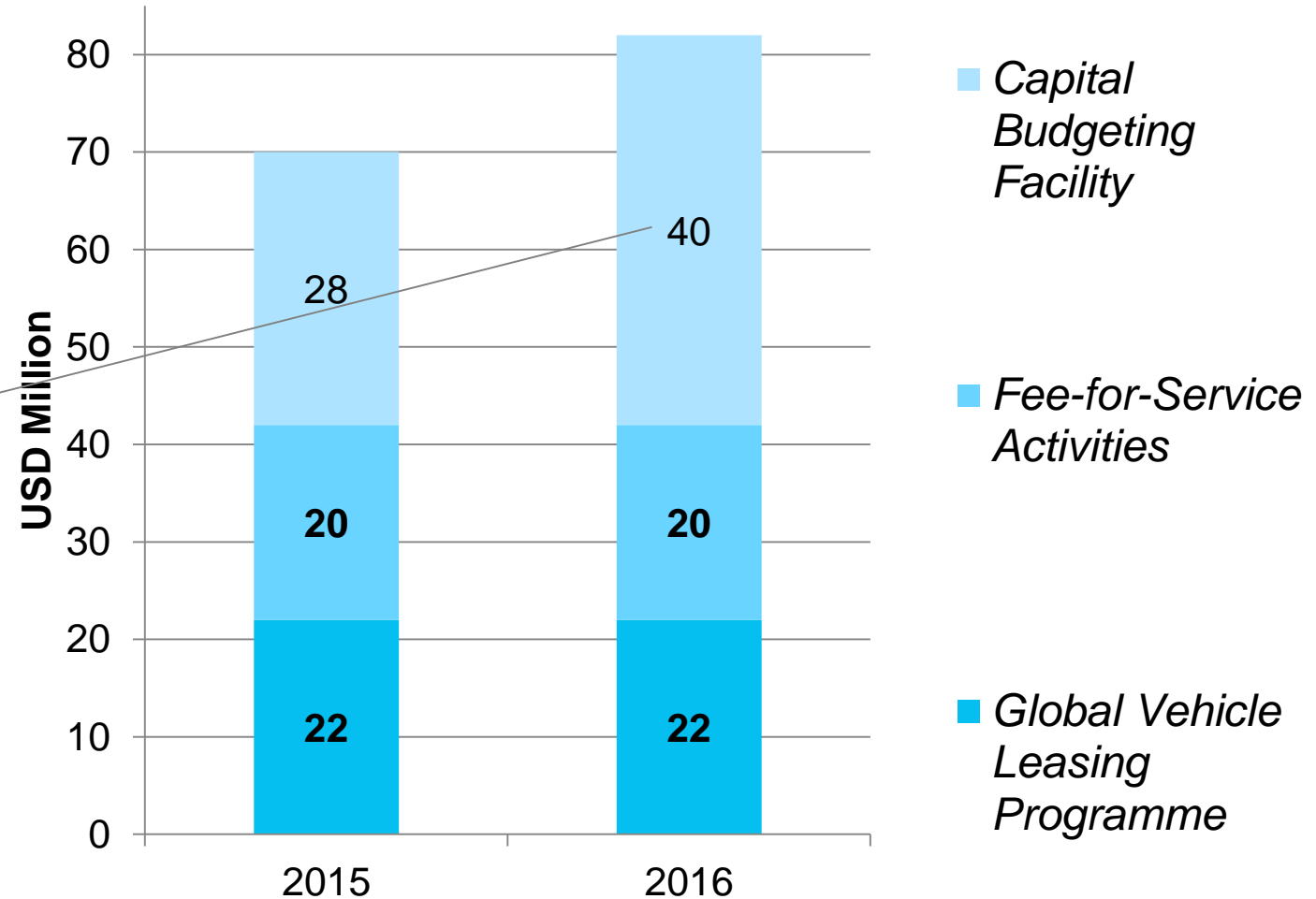
## Section V: Provision of Corporate Services and Business Services

Special Accounts	
Corporate Services	Business Services
<ul style="list-style-type: none"><li>• Review of corporate services financing mechanism</li><li>• Outlines increase of corporate services envelope to USD 82 million (currently USD 70 million) to accommodate the Capital Budgeting Facility</li></ul>	<ul style="list-style-type: none"><li>• Overview of largest special accounts and estimated volume</li></ul>



## Section V: Capital budgeting facility will accelerate improvements

**Capital budgeting facility will expand to USD 40 million to accelerate field-based capital improvements**



# Section V: Proposed investments through the capital budgeting facility within the corporate services financing envelope

Total = USD 40 M

## USD 20 M (ceiling) for LESS rollout

Will be implemented in **35 countries in 2015** and coverage will be expanded to an additional **37 countries in 2016**

Advances are **repaid through a tonnage-based charge**

## USD 20 M for field-based capital schemes

As at mid-2015, **investments in Iraq** (residential accommodation), **Somalia** (staff accommodation and office compounds) and **Djibouti** (humanitarian logistics base) totaling USD 7 million have been approved

Other shortlisted projects totaling USD 26 million have been identified

**The corporate services financing mechanism enables WFP to invest in large scale initiatives to provide house-wide services economically and efficiently**

# WFP anticipates a total volume of USD 161 million in transactions for business service-related special accounts

Special Accounts		
UNHRD's	Aviation	Self-Insurance
<ul style="list-style-type: none"> <li>Manages donor contributions and revenue from services provided through its six-hub network</li> <li>UNHRDs provide standard and specific services to 69 partners</li> </ul>	<ul style="list-style-type: none"> <li>Supports WFP's ability to transport relief supplies and passengers by air when necessary to locations that are inaccessible by any other means</li> </ul>	<ul style="list-style-type: none"> <li>Risk mitigation tool to minimize the economic effects of food losses</li> <li>Special account established to cover new risks arising from introduction of specialised nutritious foods</li> </ul>

**60 percent of special account activity is within UNHRD, aviation and self-insurance**

## III. Draft Decisions

# The Management Plan 2016-2018 is based upon a detailed funding forecast, which forms the basis of the provisional plan of work

Having considered WFP's Management Plan for 2016-2018, as submitted by the Executive Director in document (...) the Board:

- i. **Takes note** that the 2016 Programme Support and Administrative appropriation assumes a funding level of USD 4.9 billion in 2016;
- ii. **Takes note of the projected operational requirements** of USD 8.6 billion for 2016 and the prioritization proposals to align this **with anticipated funding**....as outlined in Section III

## Draft Decision III reflects the continuing shift in resources to the field

- iii. **Approves** a 2016 Programme Support and Administrative appropriation of **USD 290.3 million**, to be allocated as follows:

Programme support: regional bureaux and country offices	<b>USD 107.4 million</b>
Programme support: Headquarters	<b>USD 50.1 million</b>
Management and administration	<b>USD 132.8 million</b>
<b>Total</b>	<b>USD 290.3 million</b>

**Draft Decision III will improve field capacity to support cash based transfers, strengthen monitoring and evaluation and address the Zero Hunger Challenge**

# Draft Decision IV requests the Board to approve a supplementary allocation for critical corporate initiatives

- iv. **Approves** a supplementary Programme Support and Administrative allocation of **USD 17.0 million**, for Critical Corporate Initiatives, as outlined in Section IV

**Draft Decision IV concludes the Fit for Purpose initiative**

## Draft Decision V requests the Board to “set-aside” for Cost Excellence

- v. **Approves** a supplementary Programme Support and Administrative allocation of **USD 7.0 million**, for the Cost Excellence initiative in 2016, for initial expenditures and transitional costs relating to the proposed global service centre

**USD 7 million from the PSA Equalization Account is being requested for the Cost Excellence Initiative in 2016**



# Draft Decision VI requests the Board to allow charging of investment management costs to the General Fund

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- vi. **Approves** use of the General Fund to charge all investment management costs up to USD 1 million per annum from interest income accrued to the General Fund

## Draft Decision VII requests to keep the ISC rate constant for 2016

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**vii. Approves** an indirect support cost recovery rate of 7.0% for 2016

## Draft Decision VIII changes authority to adjust the PSA level

**viii. Authorises** the Executive Director to adjust the PSA component of the budget in accordance with a change in the level of the forecasted income for the year, at a rate not to exceed two per cent (2%) of the anticipated change in income

**Decision grants ED authority to adjust PSA in accordance with income changes, which will help ensure adequate support is provided during operational surges**

**Thank You**