



# 2012 - 2014 Management Plan



2<sup>nd</sup> Regular Board Session  
15<sup>th</sup> November 2011



# Today's Agenda and Objectives

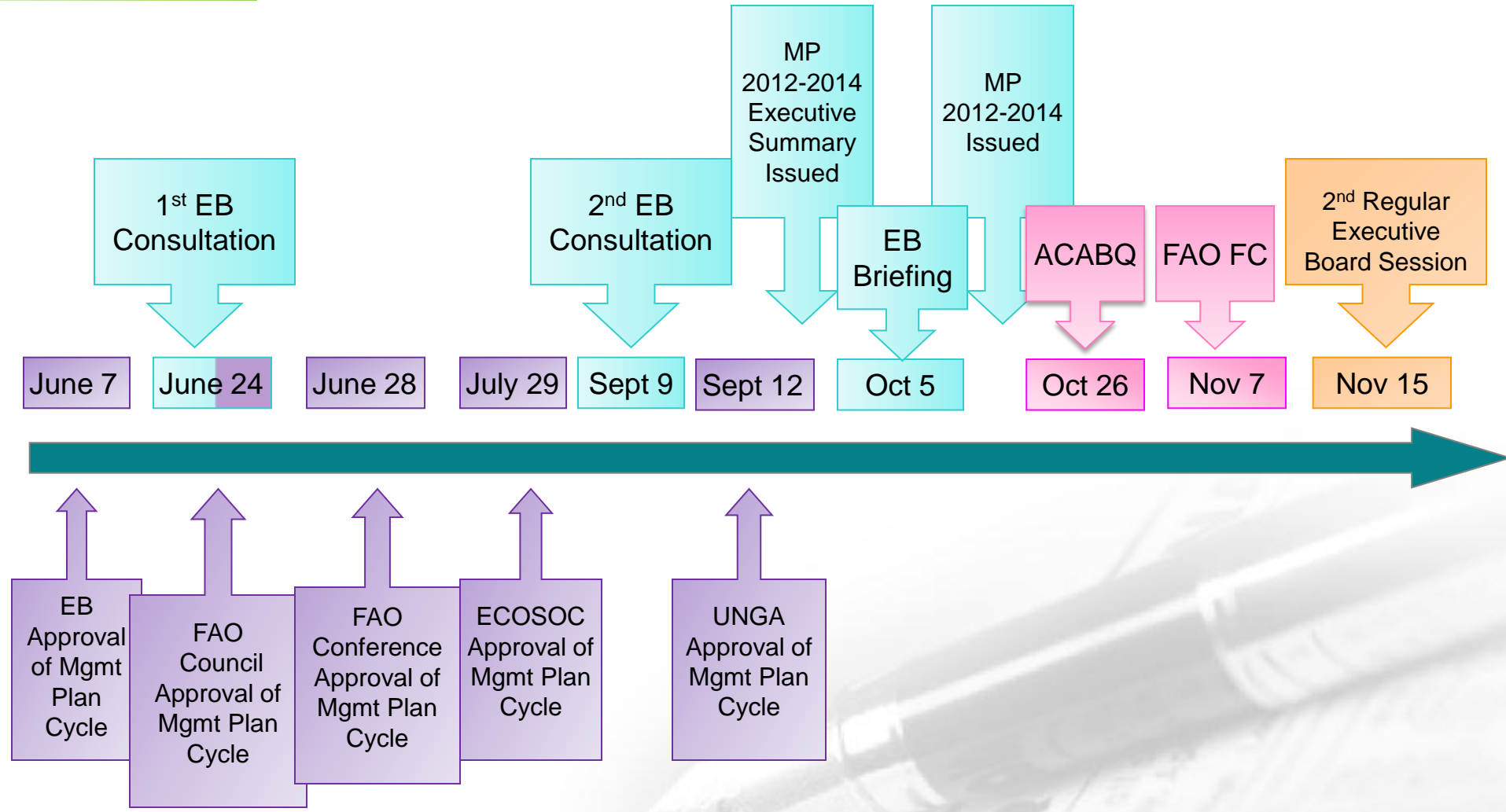
1. Development of the Management Plan

2. Evolution from the 2010-2011 Management Plan

3. Supporting the Strategic Plan

4. Overview of Budget Proposal for 2012

# 1. Development of the Management Plan





## 2. Evolution from the 2010-2011 Management Plan

- Amended General Regulation XIV.6(a) to move from a biennial management plan to a three-year rolling plan with an annual budget.
- Budgeted projected operational requirements under the new financial framework, segregating commodity and non-commodity costs.
- Aligned projected operational requirements to the Strategic Results Framework.
- Aligned the programme support and administrative budget to Management Result Dimensions.
- Prioritized areas for extra-budgetary investment.



## 3. Supporting the Strategic Plan (1)

- Continued strengthening of Emergency Preparedness and Response through:
  - Preparedness and Response Enhancement Programme (PREP)
    - Frameworks and Strategic Guidance
    - Emergency Systems and Procedures
    - WFP Response Capacities
    - Humanitarian Services, External Coordination and Capacity-building
  - Forward Purchase Facility
- Shift from Food Aid to Food Assistance, characterized in particular by:
  - Increased Implementation of Cash and Vouchers
  - Scale-up of targeted Supplemental Food Interventions



### 3. Supporting the Strategic Plan (2)

- Prioritization by the Strategic Resource Allocation Committee
  - Building on Prioritization Seminars from 2010-2011

	Secretariat (HQ)	Donor	Secretariat (COs)
Allocation			
Multilateral	A		
Directed Multilateral		B	
Utilization			
Project Implementation			C

- Development of communication strategy for greater visibility and transparency in the allocation process
- Increased confidence of multilateral donors of allocation alignment with WFP priorities

## 4. Overview of Budget Proposal for 2012

<b>2012 Budget Proposal</b>	<i>US\$ million</i>	<b>Action</b>
Section III: Operational Requirements	4,823.8	Draft Decision (ii) For information
Section IV: Regular PSA	249.1	Draft Decision (iv) For Approval
Section IV: One-Time Investments	22.2	Draft Decision (v) For Approval
Section IV: Workforce Re-Profiling Exercise	10.0	Draft Decision (vii) For Approval
Section IV: Security Funding (from General Fund)	10.0	Draft Decision (vi) For Approval
Section IV: Treasury Management System (from General Fund)	0.9	Draft Decision (viii) For Approval
Section V: Special Accounts and Trust Funds	369.3	For Information
<b>Total</b>	<b>5,485.3</b>	



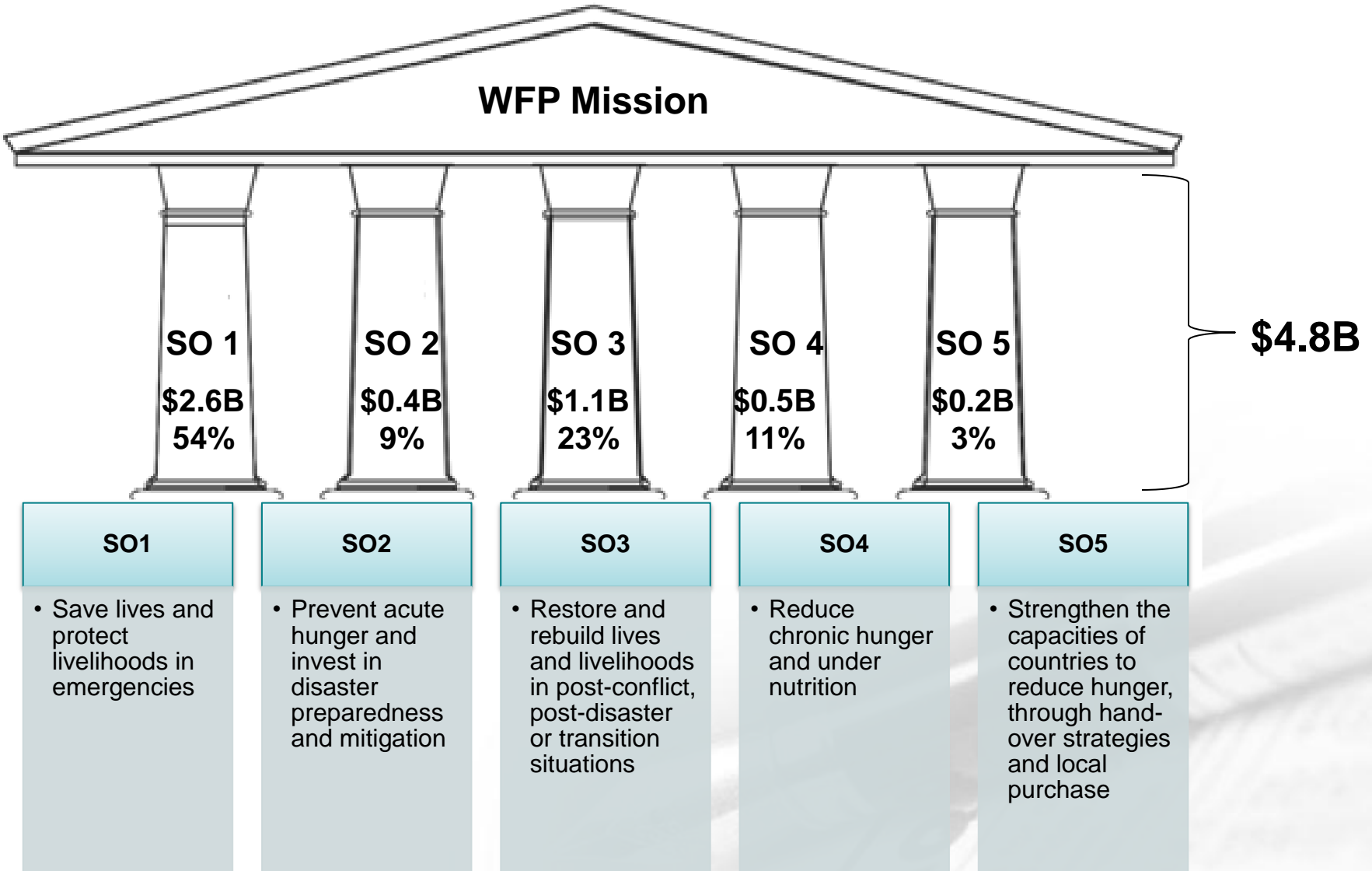
# Overview of Budget Proposal for 2012

2012 Budget Proposal	<i>US\$ million</i>	<b>Action</b>
Section III: Operational Requirements	4,823.8	Draft Decision (ii) For information

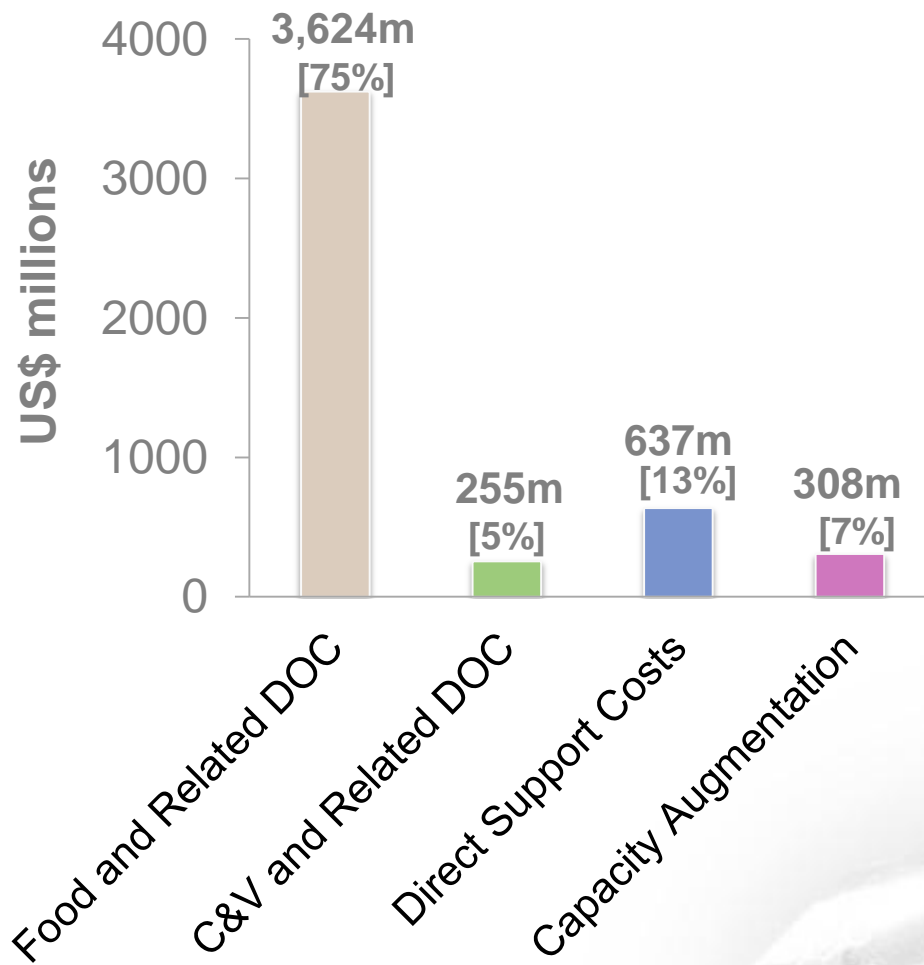


# Aligning the Management Plan to the Strategic Results Framework

## WFP Mission

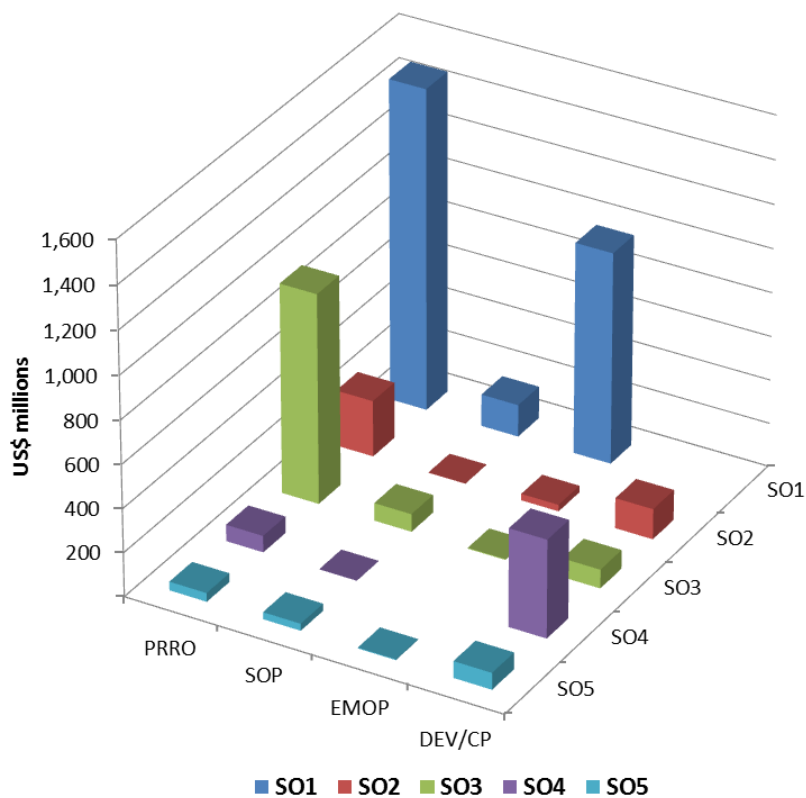


# Projected 2012 operational requirements under the new Financial Framework



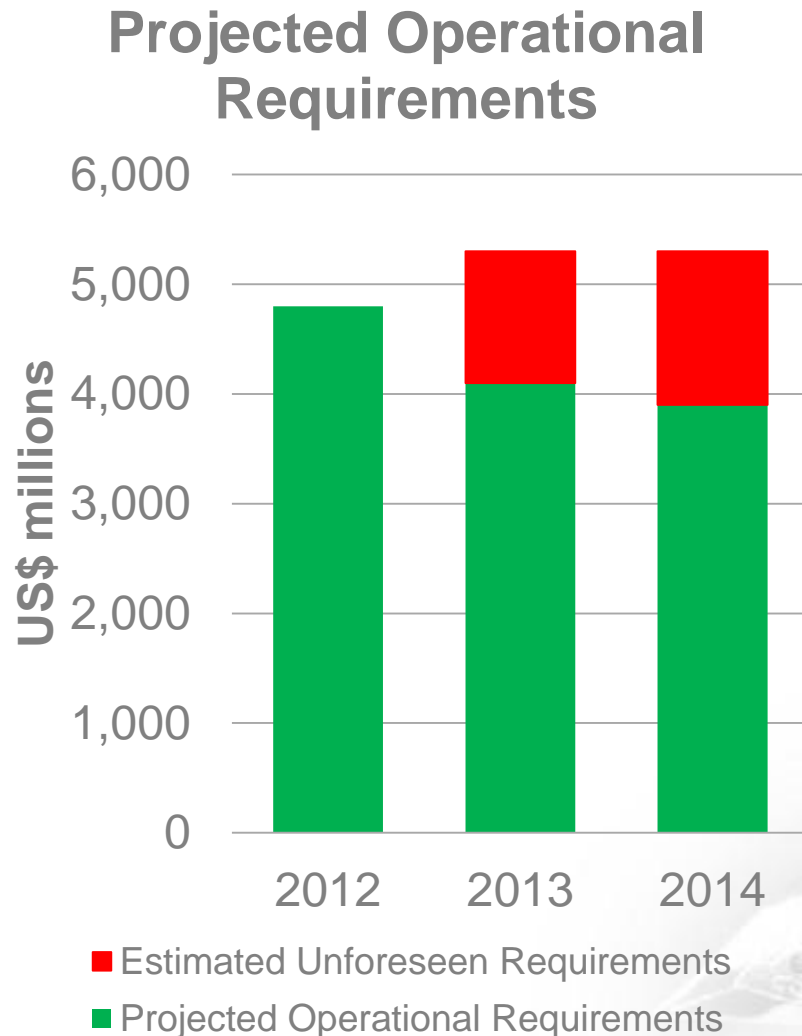
- Increased transparency between commodity and non-commodity related activities;
- Clearer links to key performance indicators for all types of activities; and
- More accurate benchmarking as the cost per metric tonne is easier to identify.

# Projected 2012 operational requirements by Strategic Objective and Programme Category



- More than half of WFP's work in PRROs and EMOPs are linked to life saving, emergency 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.

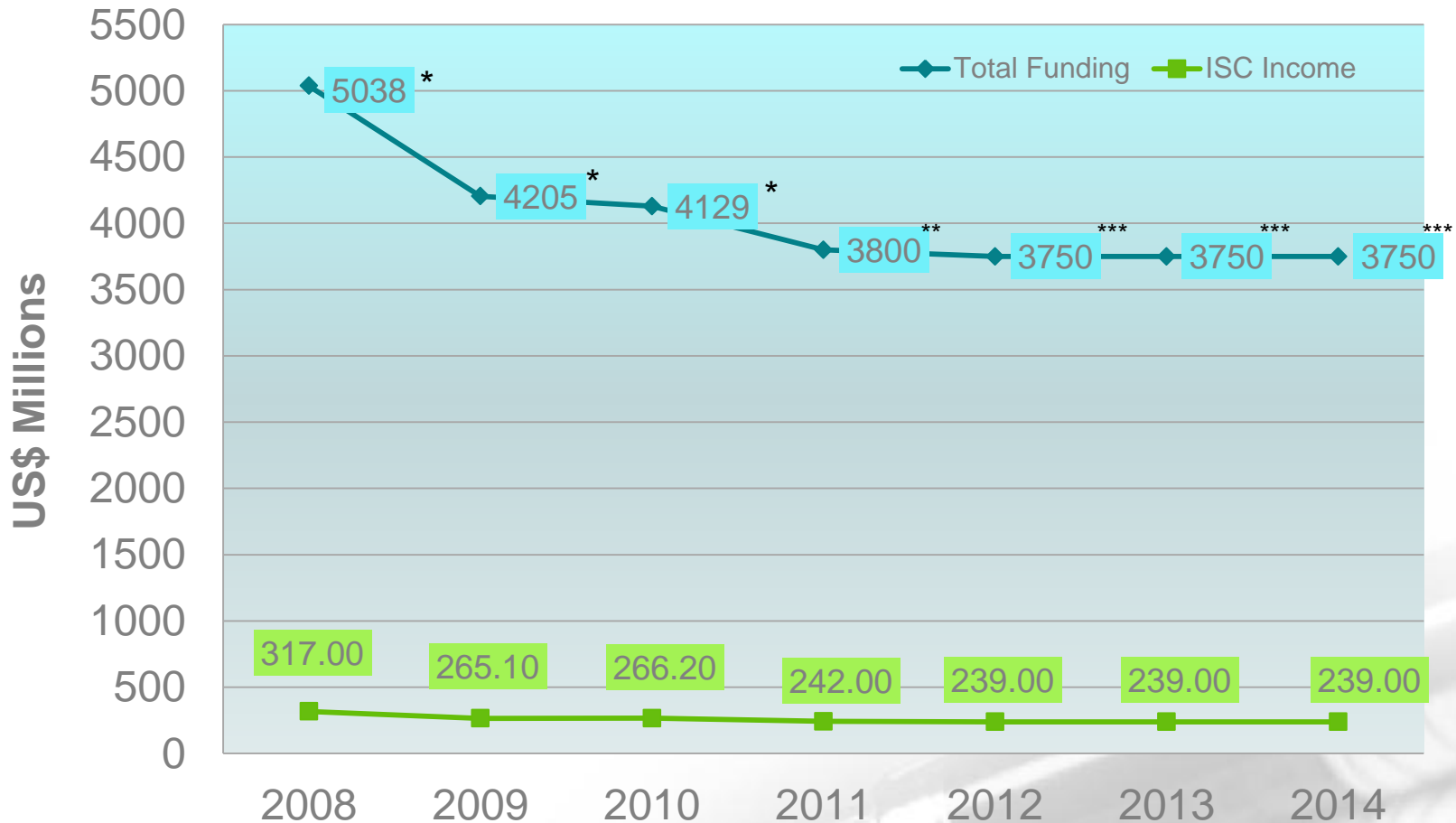
## 2013-2014 Outlook for operational requirements



- Presented in two scenarios: a low and high projection.
- The low projection is the best estimate for the current WFP caseload.
- The high projection is a conservative estimate based on the historical trends from the past five bienna.

# Contributions, including Forecasts

## Total Funding/ISC Income Trend 2008-2014



\*Based on total contribution income as per Financial Statements

\*\*Estimated

\*\*\*Forecast

# Indirect Support Cost Recovery Rate

## ISC Calculation

2010 Baseline	7.2%
Increase for higher indirect expenditures for 2012	+0.1%
Increase for lower funding forecast	+0.3%
Reduction for excess PSAEA balance	-0.4%
Proposed ISC rate for 2012	7.2%

- Analysis of the ISC recovery rate is based on Board approved methodology.
- Although analysis indicates an ISC rate of 7.2 percent, the Secretariat recommends the current 7.0 percent be maintained for 2012.





# Proposed Draft Decisions

## Section III

ii) **Takes note of** the projected operational requirements of US\$4.8 billion for 2012, excluding any provision for unforeseen emergencies and including Direct Support Costs (DSC), as outlined in Section III.

## Section II: Para 63-64

iii) **Takes note** that the 2012 Programme Support and Administrative (PSA) appropriation assumes a funding level of US\$3.75 billion in 2012.

## Section IV: Para 181-182

ix) **Approves** an indirect support cost (ISC) recovery rate of 7.0 percent for the 2012 year.



# Overview of Budget Proposal for 2012

2012 Budget Proposal	<i>US\$ million</i>	<b>Action</b>
Section IV: Regular PSA	249.1	Draft Decision (iv) For Approval



## 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.

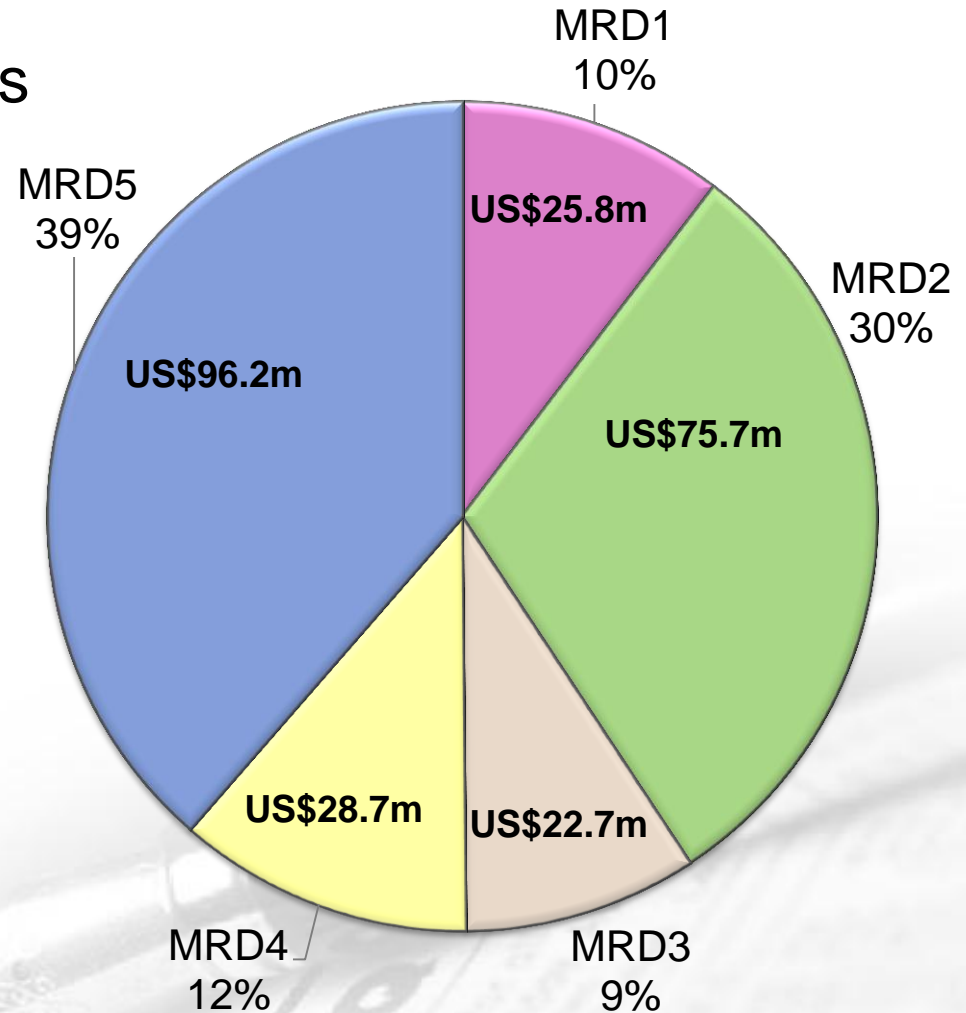


# Developing 2012 PSA Budget

- The 2012 PSA proposal is the first budget to be:
  - Aligned to Management Result Dimensions; and
  - Submitted to the Executive Board on an annual basis.
- Departmental allocation ceilings for 2012
  - 3% reduction in real terms excluding regional bureaux, country offices, and allocations to priority areas.
  - 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 aligned to the Management Result Dimensions

- MRD1: Securing Resources
- MRD2: Stewardship
- MRD3: Learning and Innovation
- MRD4: Internal Business Processes
- MRD5: Operational Efficiency





# Creating the Office of Nutrition

- Further information has been requested on the grade structure and configuration of the Office of Nutrition.
  - A centre of excellence on nutrition and a corporate focal point to consolidate food quality, food safety, and nutrition functions within headquarters including the REACH secretariat.
  - In coordination with Regional Bureaux, it will support Country Offices in:
    - Implementation of the highest food safety standards;
    - Nutritional product development, production and processing;
    - Programmes targeting young children with specialized nutritious foods;
    - Engagement in global nutrition policy dialogues and development of partnerships; and
    - Policy, guidance and training.





# Office of Nutrition in the PSA

## Allocated PSA Budget 2012

Appropriation Line	US\$ thousand
Staff Costs	1.506
Temporary Assistance	20
Duty Travel	21
<b>Total</b>	<b>1.547</b>

## Structure

- No new PSA funding: Existing positions shifted from policy, programmes, EDD, and food quality/procurement divisions to new office.
- Structure to be finalized in coming weeks
  - Focus areas: food quality, safety & product development, operational support, policy, product research/protocol development, interagency support and partnership development
  - Strong linkages to programmes division to ensure coordinated strategy and harmonized approaches




# Proposed Draft Decision

## Section IV: Para 170-209

**iv) Approves** a 2012 PSA appropriation of US\$249.1 million for the following purposes:

Programme support: regional bureaux and country offices	US\$74.7 million
Programme support: Headquarters	US\$68.7 million
Management and administration	US\$105.7 million
<b>Total</b>	<b>US\$249.1 million</b>





# Overview of Budget Proposal for 2012

2012 Budget Proposal	<i>US\$ million</i>	<b>Action</b>
Section IV: One-Time Investments	22.2	Draft Decision (v) For Approval

# One-Time Investments

## Section IV: Para 219-220

v) **Approves** a one-time supplementary Programme Support and Administrative appropriation of US\$22.2 million as outlined in Section IV.

- WFP proposes to allocate US\$22.2 million on a 'one-time' basis for investments in:
- COMET US\$1.7 million
  - Finalization of Strengthening Managerial Control Accountability (SMCA) Initiative US\$1.8 million
  - Strategic Budgeting Review US\$1.9 million
  - Financial Risk Management for Cash & Vouchers US\$1.4 million
  - Training and Staff Development US\$2.1 million
  - Logistics Execution System Pilot Project US\$3.0 million
  - Finalization of IT Initiatives US\$10.3 million
- Total US\$22.2 million**

# 2012 Projected PSA Equalization Account

	2011	2012
	US\$ million	US\$ million
Opening balance	145.4	123.4
Adjustment to opening balance	15.0	
ISC Revenue	242.0	239
Approved PSA	-241.4	-249.1
One time activities	-13.0	-22.2
Security	-24.6	0
Forecasted Closing Balance	123.4	91.1

Above the 4 month target



# Overview of Budget Proposal for 2012

2012 Budget Proposal	<i>US\$ million</i>	<b>Action</b>
Section IV: Security Funding (from General Fund)	10.0	Draft Decision (vi) For Approval





# Security Expenditures

## Section IV: Para 230-231

- vi) **Approves** expenditures of up to US\$10.0 million funded from the General Fund for the United Nations Department of Safety and Security (UNDSS) and for the WFP Security Emergency Fund.
- WFP proposes to draw on the General Fund for up to US\$10 million to cover security costs that cannot be funded by operations, especially in small country offices.
  - Proposed to create a Security Special Account
    - Advance of US\$16.9 million from the Working Capital Financing Facility
    - Used for expenditures to the UNDSS and Security Emergency Fund
    - Repaid by project's DSC.



# Overview of Budget Proposal for 2012

2012 Budget Proposal	<i>US\$ million</i>	<b>Action</b>
Section IV: Workforce Re-Profiling Exercise	10.0	Draft Decision (vii) For Approval



# Workforce Re-profiling Exercise

## Section IV: Para 224-227

vii) **Authorizes** the Executive Director to utilize up to US\$10 million from the Self Insurance Fund for termination payments specifically provided for under staff regulations and ICSC rules.

- In order for WFP to strategically re-align the existing workforce while staying within the 2012 budget re-training alone will not be sufficient, new talent may need to be recruited externally.
- As a way of allowing WFP to strategically realign the existing workforce a voluntary separation programme is proposed.
- To be funded by the surplus on the Self Insurance Fund.



# Overview of Budget Proposal for 2012

2012 Budget Proposal	<i>US\$ million</i>	Action
Section IV: Treasury Management System (from General Fund)	0.9	Draft Decision (viii) For Approval



# Treasury Management System

## Section IV: Para 232-234

viii) **Approves** expenditure of up to US\$0.9 million funded from the General Fund for the finalization of a treasury management system.

- At the 2011 First Regular Session, the Executive Board approved an initial allocation from the General Fund for the first phase of Treasury Management System investments.
- Total expenditure of US\$1.6 million required.
- Through its enhanced treasury functionalities estimated cost savings of US\$1.25 million per year are expected.



# Overview of Budget Proposal for 2012

2012 Budget Proposal	<i>US\$ million</i>	Action
Section V: Special Accounts and Trust Funds	369.3	For Information



# 2012 Plan for Special Accounts and Trust Funds

## For Information: Section V

### 2012 Forecasted Special Accounts and Trust Funds

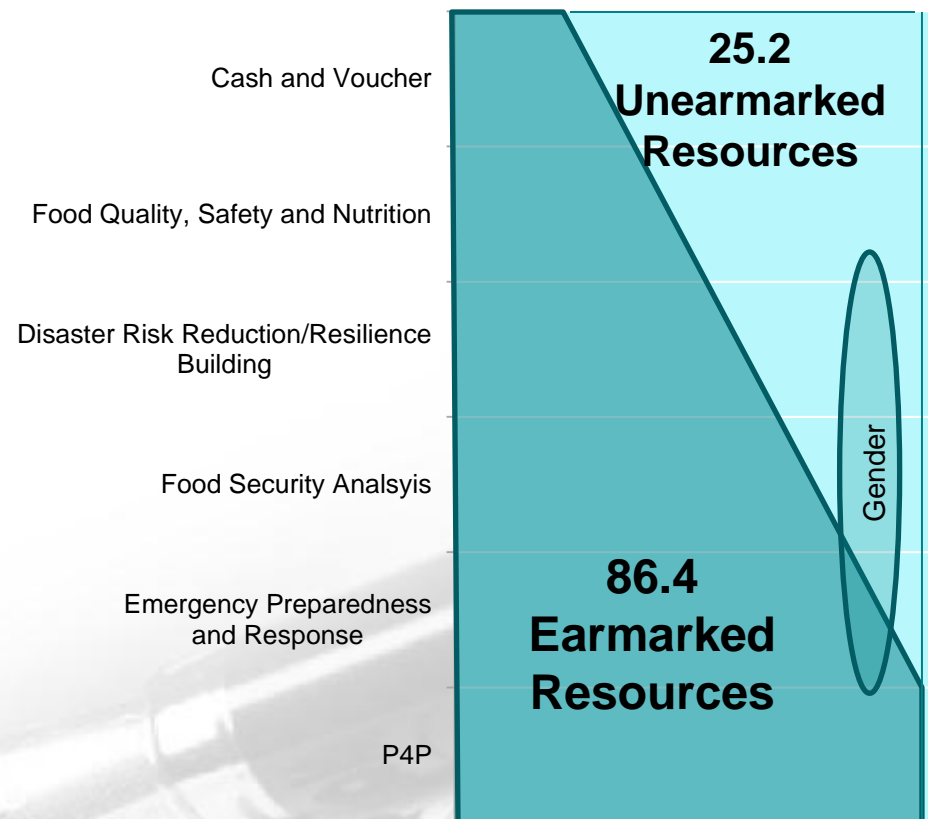
	(US\$ millions)	% of Total
Corporate	111.6	30%
Country Specific	93.5	25%
Total Trust Funds	205.1	
Special Accounts	164.2	45%
Total	369.3	100%

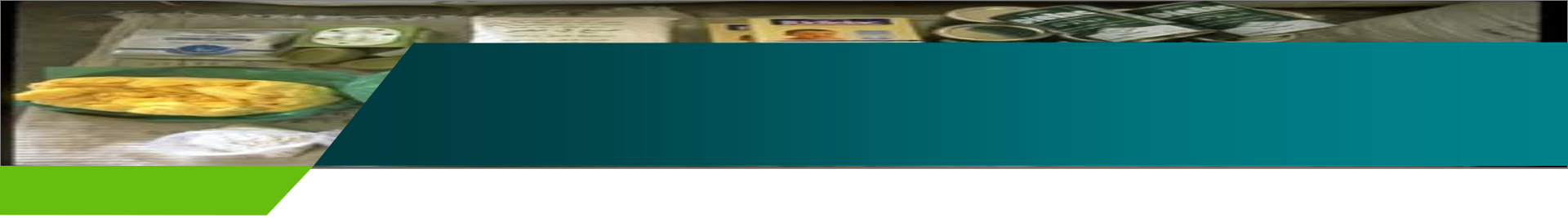
- Enable WFP to provide non-profit business services through Special Accounts.
- Corporate trust funds invest in organizational capacity development priorities.
- Country specific trust funds enable Country Offices to engage in strategic partnerships to mobilize complementary resources.

# Strengthening management of Corporate trust funds

- Prioritizing areas for new investment
- Alignment of Corporate trust funds to the Management Results Dimensions
- Over 60 percent of Corporate trust fund resources are allocated to the field

## Prioritization of 2012 new Corporate Trust Fund Resources (US\$ millions)





**THANK YOU**

