



Update on the Management Plan 2006/2007

Informal EB Consultation 11 January 2007

Document Overview

Policy Issue:

- I. Funding of staff variances

PSA Related:

- II. General Service staff salary increase
- III. Revised PSA appropriations

General Fund Related:

- IV. Funding of Walk-the-World 2006
- V. Funding of DSS related expenditures
- VI. Advance to WINGS II

Decision (i): Standard Staff Costs

Policy Issue

- WFP uses Standard Position Rates to fund staff within the Programme;
- The standard rates are an estimate of future staff costs based on past expenditures;
- Many other UN organizations use standard rates;
- Standard rates usually leads to variances between the standards and actual costs.

Recommendation

Funding of variances to be treated as follows:

a) variances from PSA positions:

- Absorb within existing PSA appropriation (where possible e.g. current estimate of \$ 6 million);
- Unabsorbed amounts: charge / credit PSA Equalization Account

b) variances from non-PSA positions: charge / credit the General Fund.

Decision (ii): Rome GS Salary Increase

PSA Issue:

- A cost-of-Living survey carried out by the ICSC has resulted in a 12.16% increase in the GS Rome salary scale.
- The survey was conducted after the standard rates were established.
- The increase has not been built into the standard rates.
- General Service staff in Rome, with a very few exceptions are funded by PSA.

Recommendation

Funding the US\$6.9 million for the General Service staff salary increase from the PSA Equalization Account.

Decision (iii): Revised PSA appropriation

PSA Issue:

- The Secretariat has concluded the PSA reprioritization exercise.
- Results:
 - Reallocation of PSA budget from the field, PD and AD to improve fundraising capacity, financial controls, oversight and RBM.
 - 3.5 percent downward adjustment for all budget units.
 - Travel budgets and re-assignment of staff reduced by 20%.

Recommendation

- revised regular PSA appropriations of US\$371.8 million and
- a revised property, plant and equipment capital appropriation of US\$4.0 million.

Decision (iii): Revised PSA appropriation

US\$	Original appropriation (including carryover)	Revised appropriation
Programme support: regional and country offices	123.8 million	120.6 million
Programme support: Headquarters	38.6 million	38.4 million
Management and administration	208.4 million	212.8 million
Total regular PSA	370.8 million	371.8 million
Property, plant and equipment capital appropriation	5.0 million	4.0 million
Total	375.8 million	375.8 million

PSA Summary: PSA Equalization Account

	PSA equalization forecast, Management Plan	Current PSA equalization forecast
1 January 2006 opening balance	78	122
Projected ISC income	327	352
* Rome GS salary increase	-	(7)
* Regular PSA expenditure	(368)	(372)
* Property, plant equipment capital appropriation	(5)	(4)
Other capital and capacity funds	(20)	(24)
Transfer to IRA	-	(20)
31 December 2007 forecast	12	47

* See decisions ii and iii of document

Decision (iv): Walk-the-World 2006

General Fund Issue

- An advance of US\$2.6 mill. was provided from 2006 PSA to initially cover 2006 Walk overhead costs.
- Recovery of the advance was planned through corporate sponsors.
- Many corporate sponsors emerged – but only US\$10,000 was contributed for overhead costs.
- The Walk generated a total income of US\$1.9 million which has been contributed mainly as donations to WFP child hunger projects.

Recommendation

The Secretariat recommends that the Board approves the proposal to fund the 2006 Walk-the-World income deficit of US\$2.6 million from the General Fund

Decision (v): DSS-related expenditures

General Fund Issue

- Department of Safety and Security (DSS) organizes staff security in the field.
- Costs are apportioned among UN organizations through a cost sharing formula.
- WFP's share for 2006/7 – US\$22.6 million.
- DSS costs cannot be linked directly to individual operations – therefore problematic to charge these costs to DSC.

Secretariats Recommendation

The Secretariat recommends that the Board approves the use of the General Fund to cover DSS-related expenditures for 2006–2007 up to a maximum of US\$22.6 million

Decision (vi): WINGS II Advance

General Fund Issue

- US\$15 mill. approved to launch the Upgrade of WINGS.
- Scope of project changed to include HR and COMPAS.
- Total costs of upgrade estimated at US\$49 mill.
- Donor contributions sought to cover funding gap.
- Advance needed to continue the upgrade.

Recommendation

The Secretariat recommends that the Board approves the provision of a US\$10 million advance to the WINGS II Special Account from the General Fund

General Fund Summary

Actual Balance, 1 January 2006*	\$ 12.7 m
2006-07 Projected Income, net of adjustments	\$ 81.4 m
Proposals in Current Document	(\$ 35.2 m)
Projected Balance, 31 December 2007	\$ 58.9 m

*Actual balance, 30 September 2006: \$ 53.1 m

World Food Programme

Summary Financial Impact

Policy Issue:

I. Funding of staff variances -

PSA Related:

II. General Service staff salary increase \$ 6.9 m

III. Revised PSA appropriations -

General Fund Related:

IV. Funding of Walk-the-World 2006 \$ 2.6 m

V. Funding of DSS related expenditures \$ 22.6 m

VI. Advance to WINGS II \$ 10.0 m

Total (including \$ 10 m advance) \$ 42.1 m
