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RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

*For information**



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UPDATE ON THE BIENNIAL MANAGEMENT PLAN



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NOTE TO THE EXECUTIVE BOARD

This document is submitted for information to the Executive Board.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

* Office of Budget

INTRODUCTION

1. This document provides an update on the carry-over of Programme Support and Administrative (PSA) budget approved in the Biennial Management Plan (2006–2007) and includes an organizational chart that should have been included in the document.
2. No other issues are dealt with, because final figures for 2004–2005 are not yet available. A review of the past biennium is thus premature, and it is too early to give an update on progress in implementing the 2006–2007 Management Plan.

BACKGROUND

3. In its decision on the Biennial Management Plan (2006–2007), the Board “authorized the Executive Director to carry over expenditures originally budgeted for 2004–2005 that would be more appropriately spent in 2006, up to a maximum of US\$7 million, funded from the PSA equalization account, and requested the Executive Director to report any such carry over to the Executive Board at the First Regular Session in 2006”.¹
4. The Secretariat had originally proposed that the Board approve a change to Financial Regulation 9.9, which would have allowed the 2004–2005 PSA appropriation to remain available for twelve months following the end of the biennium. During the Board’s discussion, it was explained that the carry-over would relate to activities that could not be fully finalized in 2005. The Board therefore recommended a more specific carry-over as outlined above.
5. To achieve the objective of the carry-over and help to ensure prudent financial management, the Secretariat has established 30 June 2006 as the internal deadline for finalizing activities funded by carry-over allotments. No allotments for carry-over activities will be made after this date.
6. To be considered for carry-over, the activities needed to be a clear continuation of already approved 2004–2005 activities that could be finalized in the first six months of 2006.

OVERVIEW OF ALLOTMENTS CARRIED OVER

7. Preliminary figures for 2004–2005 indicate that US\$7.2 million of the approved 2004-2005 PSA budget will be unspent at the end of 2005. The total amount carried over is US\$5.3 million,² which is within the authorized amount of US\$7 million and within the amount of unspent PSA at 31 December 2005.
8. The amount to be carried over includes a carry-over for regular PSA and a carry-over for the capital and capacity-building funds³ approved in the Biennial Management Plan (2004-2005). Of the US\$5.3 million carried over, US\$ 3.5 million relates to regular PSA; US\$1.8 million relates to the capital and capacity-building funds.

¹ WFP/EB.2/2005/14.

² As the financial results for 2004–2005 had not been finalized at the time of drafting this note, the final figures may vary.

³ Capital Asset Fund, Security Upgrade Fund, Strengthening Financial Management Fund and Results-Based Management Fund.



CARRY-OVER OF REGULAR PSA ACTIVITIES

9. The main activities for which carry-over budget has been approved from regular PSA are in the Office of the Executive Director (OED), the Administration Department (AD), the Fundraising and Communications Department (FD) and the Operations Department (OD). The amount carried over by unit is outlined in Table 1.

OED	627 853
AD	982 939
FD	272 790
OD	1 332 282
Other	234 500
Total	3 450 364

10. OED has carried over budget for activities related to the preparation of the 2006 Global Staff Survey and for travel to southern Africa, which was planned for 2005 but postponed.
11. AD has carried forward budget to finalize the National Staff Project, the Broadbanding Project and training activities postponed to 2006. The planned automation of the switchboard was also delayed and will be implemented during January–March 2006.
12. FD carried over budget to finalize a project to improve forecasting of donor contributions, some training activities and the printing of certain publications that were delayed; they will be printed in 2006.
13. OD has carried forward budget mainly to support implementation of the Business Process Review (BPR), which was transferred to the department in 2005. OD has carried forward funds to sustain the Strengthening Emergency Needs Assessments Capacity (SENAC) project for an additional three months, pending confirmation of future funding by donors. Some regional bureaux have postponed travel to country offices planned for 2005 to early 2006.

CARRY-OVER OF CAPITAL AND CAPACITY-BUILDING ACTIVITIES

14. Table 2 outlines the amounts carried over from the capital and capacity-building funds.

Strengthening Financial Management	122 000
Capital Asset Fund (CAF)	1 400 000
Results-Based Management Fund	296 000
Total	1 818 000

15. The Strengthening Financial Management fund is carrying over budget to deliver postponed training activities.
16. CAF is carrying over budget (i) to implement hardware improvements that were started in late 2005 but that can only be finalized during early 2006, (ii) to support the Electronic Records Management Programme and a re-design of the WFP intranet and (iii) to cover some of the capital expenditures associated with the BPR project.
17. The Results-Based Management fund is carrying over budget to support the Common Monitoring and Evaluation Approach (CMEA) project and to finalize the implementation of a database to be used for the production of standardized project reports.

CONCLUSION OF THE CARRY-OVER EXERCISE

18. The 2004–2005 financial results are not final, so it is too early to conclude whether the objectives of this exercise have been met. Initial conclusions are that some end-of-biennium spending has been reduced and that more effective implementation of the activities identified for carry-over is expected.

WFP ORGANIZATIONAL CHART, 2006–2007

19. During the Board's discussions of the Biennial Management Plan (2006–2007), it became evident that a chart of the budgeted organizational structure should have been included. The Secretariat acknowledged this and presents the 2006–2007 organizational chart with this document.



Organizational Chart 2006-07

