

**EXTRACTS OF THE  
WFP MANAGEMENT PLAN (2014–2016)**



**Informal Consultation**

**20 September 2013**

**World Food Programme**  
Rome, Italy



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*(to be included in the final draft)*

## **Draft Decision**

*(to be included in the final draft)*

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## **SECTION I: INTRODUCTION**

### **Structure of the Document and Reader's Guide**

1. This Management Plan describes the resources needed to implement approved and foreseen activities for 2014. Anticipated requirements for 2015 and 2016 are also indicated. The document proposes a financial plan for implementation of the Strategic Plan (2014–2017) and continued improvements to make WFP Fit for Purpose.
2. This Management Plan is longer than its predecessors and similar documents produced by the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF). From 2014, the Secretariat intends to work with Board to reduce the length of the document and provide supporting information in a suitable electronic form.
3. Each section of this Management Plan starts with a summary of the matters covered. The main text has been reduced by moving some details of the Programme Support and Administrative (PSA) appropriation lines and the regional overview of operational requirements to the Annexes. In view of the fact that readers of the Management Plan have different requirements, this document enables them to access information at several levels of detail.
4. The reader can therefore review the Management Plan as a whole through the Executive Summary and Draft Decision, or consider the summary at the beginning of each section, or read the whole document in detail.

### **Executive Summary**

5. The Executive Summary and Draft Decision give an overview of the issues addressed.

### **Section I: Introduction**

6. An outline of the document is followed by an account of the strategic context reflected in the Management Plan and discussion of the funding situation and resourcing assumptions for 2014.

### **Section II: Projected Operational Requirements**

7. Projected operational requirements<sup>1</sup> for 2014 total US\$5,857 million, excluding provision for unforeseen requirements. Approved project budgets, compiled by country offices in consultation with government and other agencies through needs-based assessments, and their foreseen logical extensions, form the basis of the operational requirements. The requirements for 2014 include the Syrian crisis — which is quantified for only the first half of the year, with the remainder treated as unforeseen requirements as described in Annex IV — and substantially increased requirements for the Sahel. Overall, operational requirements are high compared with recent Management Plans.

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<sup>1</sup> Operational requirements comprise approved projects and foreseen logical extensions – the direct costs of emergency operations (EMOPs), protracted relief and recovery operations (PRROs), development projects (DEVs) and special operations (SOs).

8. An analysis of the funding gap is included for the first time that shows the decisions and the priorities that would have to be adopted in the case of a shortfall in funding for operational requirements. Improved ways of defining and measuring beneficiaries in the light of WFP's expanding food assistance toolbox are also described.

### **Section III: Programme Support and Administrative Budget**

9. The strategic investments proposed under the PSA budget for 2014 in effect describe the next phase of "Fit-for-Purpose" under the new Management Results Framework (MRF). The proposed regular PSA budget for 2014 is US\$281.8 million; one-off investments total an additional US\$9.2 million.
10. The Secretariat is proposing that the Executive Director's authority to adjust PSA levels be linked to estimated income levels instead of forecast operational levels. This is because the former are a better indicator of the increased programme support and administration needed to implement a larger volume of operational activities.
11. A capital budgeting facility is proposed for the financing of corporate services, to be set up with seed funding from the Working Capital Financing Facility (WCFF). An increase in the Forward Purchase Facility (FPF) is also proposed to better enable WFP to respond to escalating humanitarian needs.
12. The ongoing Financial Framework Review (FFR) under Fit for Purpose is expected to produce a blueprint for a business model that maximizes WFP's impact on beneficiaries. The objectives are to: i) enhance funding stability; ii) optimize the use of resources; iii) improve planning and cost management; and iv) enhance transparency to stakeholders
13. The case for a review of WFP's indirect support costs (ISC) rate is given on the basis of recent experience in UNDP, the United Nations Population Fund (UNFPA) and UNICEF for consideration by the Board during 2014.

### **Section IV: Trust Funds and Special Accounts**

14. Trust fund requirements in 2014 are projected to total US\$258.0 million; the use of special accounts is anticipated to be US\$180.0 million. This funding will enable WFP to provide non-profit business services, improve institutional capacities and mobilize country-specific complementary resources for programmes.

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## **STRATEGIC CONTEXT**

15. The context of the Management Plan is drawn from the Strategic Plan (2014–2017) and its four Strategic Objectives addressing three overlapping priorities: i) to prepare for and respond to shocks; ii) to restore and rebuild lives and livelihoods; and iii) to reduce vulnerability and build lasting resilience.
16. The Strategic Objectives are:
  - 1 – Save lives and protect livelihoods in emergencies.
  - 2 – Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies.
  - 3 – Reduce risk and enable people, communities and countries to meet their own food and nutrition needs.
  - 4 – Reduce undernutrition and break the intergenerational cycle of hunger.

- 
17. The Strategic Plan (2014–2017) reflects an evolving operating environment that has shaped WFP’s operational requirements and its proposed use of trust funds in this Management Plan, as these examples show:
- This Management Plan expands the effectiveness of WFP’s operations through the application of its enhanced set of tools. WFP is improving its capacity to provide policy, institutional and programmatic advice in response to the needs of governments and regional organizations with a view to handing programmes over where possible to local and national authorities.
  - WFP’s work is guided by the geography and demography of poverty, in particular a shift in 2014 in the prevalence of poverty from South Asia to sub-Saharan Africa. The number of stunted children and other chronically vulnerable people in middle-income countries is growing, and the last decade has also seen a shift of poverty to urban areas, particularly in Asia and Latin America. There is no “one size fits all” approach, so the policies and capacity needed for WFP to deploy the right tools in the right place at the right time will continue to be developed.
  - Of WFP’s beneficiaries, most of whom are women and children, 80 percent live in fragile and shock-prone environments and find it increasingly difficult to maintain their food security and cope with crises without compromising livelihoods and future capacities. WFP’s operational requirements will provide for increased resilience through asset creation, nutrition interventions and tools such as micro-insurance, with enhanced gender analysis and mainstreaming. This will be supported by food-security analyses and early-warning systems to help governments and communities to handle natural shocks and safeguard development gains.
18. The Strategic Plan and Framework for Action also steer the proposed use of programme support and administrative resources and trust fund resources in this Management Plan. The proposed PSA appropriation will continue to support WFP’s organizational design, management and operations in line with the Strategic Objectives. WFP will continue to:
- enhance the capacity of country offices to design and implement country programmes and operations;
  - increase the capacity of regional bureaux to provide the policy, management and front-line support for country offices; and
  - ensure that Headquarters operates as an efficient field-oriented organization that establishes policies, strategies and standards, provides oversight, supports innovation and facilitates optimum accountability, performance monitoring and reporting.
19. WFP will work with state and non-state actors to prevent fragmentation, duplication and competition and to maximize complementarity and the comparative advantages of each partner. Partnerships with governments, other United Nations agencies, non-governmental organizations (NGOs), civil society and private-sector businesses will be prioritized.
20. Ultimately it is the quality and commitment of staff that determines the efficiency with which WFP implements its Strategic Plan. Staffing profiles will have to evolve to meet new needs, so WFP is increasing its investment in learning, professional development and succession planning. The returns on this investment will be measured in terms of staff performance, commitment and accountability.

21. WFP must consistently provide value for money and demonstrate that it is delivering the best possible outcomes with the resources entrusted to it. With this in view, WFP will measure operational results under the Strategic Objectives through a new Strategic Results Framework, and the effectiveness and efficiency of its internal performance through a new Management Results Framework. Resources will be allocated to equip staff and partners with guidance, tools and training to ensure optimum monitoring and evaluation of WFP's operations and to report on and learn from outcomes.
22. A significant proportion of WFP's work will continue to be in fragile states, with inevitable security risks. The planning principles will be "no programme without security" and "no security without resources". Where possible, projects will be charged for security expenditures directly related to operations, and in line with the previous Management Plan up to US\$10 million may be drawn from the General Fund to cover security charges that cannot be charged to projects. Because the General Fund's main source of income is interest income net of bank charges – and interest income is declining – a new solution for security funding will have to be found.

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## FUNDING CONTEXT AND RESOURCING ASSUMPTIONS

23. The economic crisis that started in 2008 continues. There are signs of recovery in the United States of America, but several European countries continue to experience high unemployment, excessive sovereign debt and restricted access to funding. Global gross domestic product (GDP) growth forecasts for 2014 range from 0.9 percent in the eurozone to 6.9 percent in China, with 3 percent growth predicted for the United States of America. Food and energy prices have stabilized in the last year, but remain above the long-term averages.
24. In this context WFP is addressing major humanitarian crises in Afghanistan, the Caribbean, the Sahel and the Syrian Arab Republic. In 2012, WFP secured funding of US\$4,000 million to address these crises, and anticipates a programme of work for 2014 of about US\$6,000 million to provide nutrition and food assistance for its beneficiaries.
25. WFP's resourcing is undertaken in a competitive environment where efficiency, value for money and accountability are vital. Collaboration with donors, host governments, United Nations agencies, NGOs and the private sector is fundamental in getting nutrition and food assistance to those in need. WFP requires predictable, flexible funding and multi-year contributions to minimize exposure to risk and to plan securely for the future. WFP's innovative approaches are also important: examples include twinning, resourcing diversification to reduce the burden on the major donors, South–South cooperation and funding initiatives with host governments and the private sector.
26. Because WFP is voluntarily funded, the scale of operations depends on the level of funding received: effective partnerships and fundraising are therefore essential. The private-sector partnerships and fundraising strategy was endorsed by the Board at its 2013 Annual Session, and a partnership strategy will be presented in 2014. A priority is to broaden the range and quality of financial support by increasing the number of donors and the proportion of multi-year and multilateral funds at WFP's disposal.



27. The proposed US\$6,000 million programme of work projection for 2014, which is a significant increase from 2013, is based on a bottom-up assessment of what is needed to address the needs of vulnerable populations.
28. Forecast income for 2014 for calculating programme support costs is US\$4,200 million, in line with the following trends and assumptions:
- Since 2008, funding has exceeded US\$4,000 million every year except 2011. Current forecasts for 2013 predict that funding will reach US\$4,000 million.
  - Taking into account the funding trends noted above and the positive response to appeals for the Syrian crisis, a funding level of US\$4,200 million is anticipated.

## SECTION II: PROJECTED OPERATIONAL REQUIREMENTS

### Introduction and Overview

29. This section sets out WFP's projected operational requirements.<sup>2</sup> The 2014 operational requirements are included as part of the annual budget; the 2015 and 2016 operational requirements are provided for context and planning purposes. Projected Operational requirements are presented by Strategic Objective, programme category, cost component and regional bureau.
30. WFP's operational requirements for 2014 amount to US\$5,857 million. Project plans are approved by the Board or by the Executive Director under authority delegated by General Rule VI.2. On the basis of the approved project plans and their logical extensions, WFP will assist 75.9 million beneficiaries through 151<sup>3</sup> projects in 75<sup>4</sup> countries.
31. This increase in operational requirements from the level originally planned for 2013 reflects WFP's response to the needs of populations affected by the Syrian and Sahel crises; it is slightly above the high projection for 2014 in the Management Plan (2013–2015).<sup>5</sup> Operational requirements in 2014 build on the current programme of work<sup>6</sup> and the unforeseen requirements that arose during 2013 (see Annex IV and Annex V). Strategic Objective 1 – Save lives and protect livelihoods in emergencies – will account for 55 percent of operational requirements. Nutrition-related interventions, which are integrated into projects, fall primarily under Strategic Objective 4. The operational plans support WFP's work as a food assistance agency: 20 percent of the operational requirements for 2014 are related to cash and vouchers (C&V).
32. WFP estimates the operational requirements for the Syrian crisis and special operations at US\$780 million for the first six months of 2014 (see Box 1), the extent foreseeable given the volatility of the situation. Preliminary indications for the second half of 2014 are considered as unforeseen requirements (see Annex IV).
33. WFP's ten largest programmes account for 60 percent of projected operational requirements. Nine of these are the same as in 2013, with the Syrian operation the only addition.

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<sup>2</sup> Operational requirements include all operational needs and direct support costs related to approved projects and their logical extensions. ISC is excluded.

<sup>3</sup> Only projects in the programme categories EMOP, PRRO, DEV and SO are presented in the operational requirements section.

<sup>4</sup> Number of countries where WFP will be implementing at least one EMOP, PRRO, DEV or SO in 2014.

<sup>5</sup> WFP/EB.2/2012/5-A/1.

<sup>6</sup> Programme of work includes operational requirements and ISC.

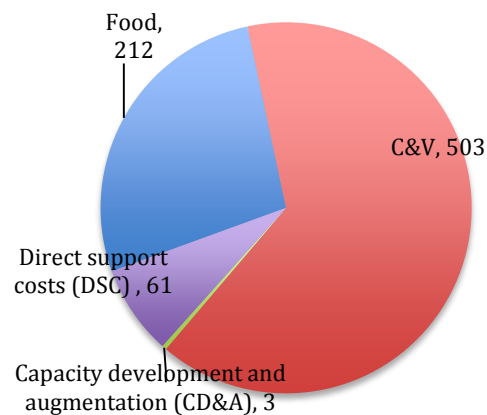
| <b>TABLE II.1: WFP'S TEN LARGEST PROGRAMMES</b> |   |            |
|---|---|------------|
|   | <b>2014 projected operational requirements (US\$ million)</b> | <b>%</b>   |
| Syrian crisis                                   | 780   | 13         |
| Ethiopia  | 569   | 10         |
| Sudan   | 392   | 7          |
| South Sudan                                     | 374   | 6          |
| Somalia   | 316   | 5          |
| Niger   | 309   | 5          |
| Kenya   | 256   | 4          |
| Yemen   | 208   | 4          |
| Democratic Republic of the Congo                | 197   | 3          |
| Chad  | 183   | 3          |
| <b>TOTAL</b>                                    | <b>3 584</b>  | <b>60</b>  |
| <b>Total projected operational requirements</b> | <b>5 857</b>  | <b>100</b> |

34. This Management Plan introduces new elements into the operational requirements section. The first is an outline of WFP's actions to improve beneficiary-related metrics such as a refined calculation for measuring cost per beneficiary: this is the first step in a process to be developed in consultation with the Board to optimize planning and reporting. In 2014, WFP will start to develop an approach to deal with the concept of "prospective beneficiaries".
35. The second element is analysis of the funding gap in response to recommendations from the Board and the External Auditor. This shows how WFP will prioritize its operational requirements in terms of programme category, Strategic Objective and activity, with the resulting impact on beneficiaries, in the context of a 33 percent funding gap. WFP will refine this analysis on the basis of feedback from the Board and lessons learned with a view to creating better linkages between planning, implementation and annual performance reporting.

**Box 1****Corporate Emergency Response to the Syrian crisis**

- In the first six months of 2014, WFP will target an estimated 6.6 million beneficiaries affected by the Syrian crisis. Most of the projected US\$780 million in operational requirements will be delivered through EMOPs to assist vulnerable people in the Syrian Arab Republic and refugees in Egypt, Iraq, Jordan, Lebanon and Turkey.
- Figure II.1 shows the projected operational requirements for the Syrian crisis by cost component. WFP will scale up C&V to a transfer value of US\$485 million, excluding delivery and other direct operational costs. WFP expects to deliver 194,300 mt of food.

**Figure II.1: Syrian crisis – Operational Requirements by Cost Component (US\$ million)**



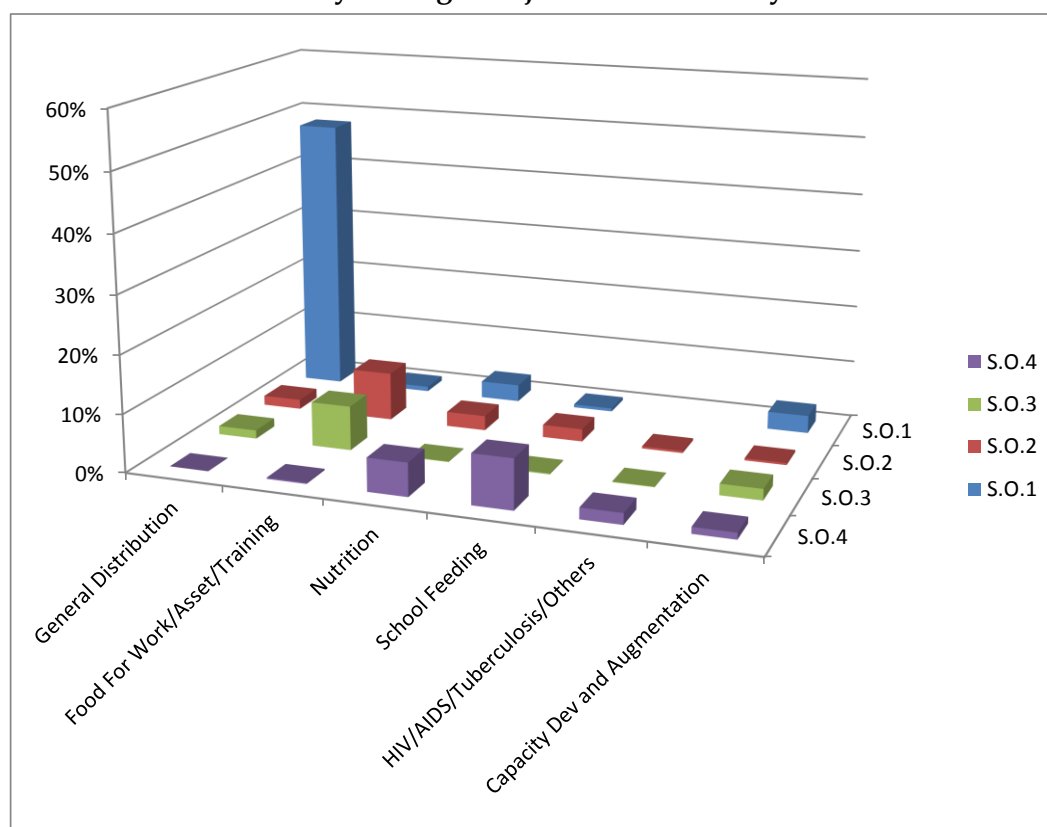
### Presentation of 2014 Projected Operational Requirements

36. For 2014, WFP projects operational requirements of US\$5,857 million to assist 75.9 million beneficiaries through 151 projects in 75 countries. These operational requirements are set out below by Strategic Objective, programme category, cost component and regional bureau.

⇒ *Distribution of operational requirements by Strategic Objective*

37. With the approval of the Strategic Plan (2014–2017) and the move from five to four Strategic Objectives, comparisons between 2013 and 2014 are problematic. Nonetheless, Strategic Objective 1: Save lives and protect livelihoods in emergencies continues to account for the largest share of operational requirements in 2014 (see Figure II.2 and Table II.2), as was the case in 2013.

**Figure II.2: 2014 Operational Requirements  
by Strategic Objective and Activity**



Note: General distribution means unconditional transfers of food, cash or vouchers.

**TABLE II.2: 2014 OPERATIONAL REQUIREMENTS  
BY STRATEGIC OBJECTIVE AND ACTIVITY (US\$ million)**

| Strategic Objective  | General distrib. | Food for work, etc | Nut.       | Sch. feed. | HIV/AIDS   | Cap. dev. and aug. | Total        |
|--|------------------|--------------------|------------|------------|------------|--------------------|--------------|
| 1: Save lives and protect livelihoods in emergencies   | 2 812            | 49                 | 175        | 32         | 0          | 180                | 3 248        |
| 2: Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies | 97               | 490                | 150        | 127        | 22         | 21                 | 907          |
| 3: Reduce risk and enable people, communities and countries to meet their own food and nutrition needs                               | 85               | 450                | 6          | 10         | 6          | 113                | 670          |
| 4: Reduce undernutrition and break the inter-generational cycle of hunger  | 1                | 12                 | 337        | 503        | 113        | 66                 | 1 032        |
| <b>TOTAL</b>   | <b>2 995</b>     | <b>1 001</b>       | <b>668</b> | <b>672</b> | <b>141</b> | <b>379</b>         | <b>5 857</b> |

38. Of WFP's projected operational requirements, 55 percent – US\$3,248 million – will support Strategic Objective 1.<sup>7</sup> The primary activity will be general distribution of food or C&V<sup>8</sup>. Most of the operational requirements for the Syrian crisis fall under Strategic Objective 1, of which US\$750 million is planned for general distribution. Although the largest ten programmes tilt the balance of activities towards general distribution, nutrition and capacity development and augmentation activities are also fundamental to achieving Strategic Objective 1.
39. Strategic Objective 2<sup>9</sup> accounts for US\$907 million – 16 percent of overall operational requirements – of which 54 percent is planned for food for work (FFW), food for assets (FFA) or food for training (FFT); school feeding, nutritional interventions and general distribution will be implemented where necessary to support or restore food security.
40. For Strategic Objective 3,<sup>10</sup> US\$670 million – 11 percent – is planned for activities related to FFW, FFA, FFT and capacity development and augmentation.
41. Strategic Objective 4<sup>11</sup> accounts for 18 percent of total operational requirements – US\$1,032 million, which is planned for school feeding, nutrition interventions and activities to address HIV/AIDS, malaria and TB.

⇒ *Distribution of operational requirements by programme category*

42. WFP clarified its programme categories in consultation with the Board in 2010 and 2011 and in the “Programme Category Review” (WFP/EB.A/2010/11/Rev.1). It also revised its programme guidance materials and established a more robust discipline in the application of programme categories for food assistance projects.

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<sup>7</sup> Strategic Objective 1: Save Lives and Protect Livelihoods in Emergencies. Goals: 1) Meet urgent food and nutrition needs of vulnerable people and communities and reduce undernutrition to below emergency levels; 2) Protect lives and livelihoods while enabling safe access to food and nutrition for women and men; and 3) Strengthen the capacity of governments and regional organizations and enable the international community to prepare for, assess and respond to shocks.

<sup>8</sup> Unconditional transfers

<sup>9</sup> Strategic Objective 2: Support or restore food security and nutrition and establish or rebuild livelihoods in fragile settings and following emergencies. Goals: 1) Support or restore food security and nutrition of people and communities and contribute to stability, resilience and self-reliance; 2) Assist governments and communities to establish or rebuild livelihoods, connect to markets and manage food systems; 3) Through food and nutrition assistance, support the safe, voluntary return, reintegration or resettlement of refugees and internally displaced persons; and 4) Ensure equitable access to and control over food and nutrition assistance for women and men.

<sup>10</sup> Strategic Objective 3: Reduce risk and enable people, communities and countries to meet their own food and nutrition needs. Goals: 1) Support people, communities and countries to strengthen resilience to shocks, reduce disaster risks and adapt to climate change through food and nutrition assistance; 2) Leverage purchasing power to connect smallholder farmers to markets, reduce post-harvest losses, support economic empowerment of women and men and transform food assistance into a productive investment in local communities; and 3) Strengthen the capacity of governments and communities to establish, manage and scale up sustainable, effective and equitable food security and nutrition institutions, infrastructure and safety-net systems, including systems linked to local agricultural supply chains.

<sup>11</sup> Strategic Objective 4: Reduce undernutrition and break the intergenerational cycle of hunger. Goals: 1) Prevent stunting and wasting, treat moderate acute malnutrition and address micronutrient deficiencies, particularly among young children, pregnant and lactating women and people infected with HIV, tuberculosis and malaria by providing access to appropriate food and nutrition assistance; 2) Increase access to education and health services, contribute to learning and improve nutrition and health for children, adolescent girls and their families; and 3) Strengthen the capacity of governments and communities to design, manage and scale up nutrition programmes and create an enabling environment that promotes gender equality.

| <b>TABLE II.3: OPERATIONAL REQUIREMENTS<br/>BY PROGRAMME CATEGORY<br/>(US\$ million)</b> |  |  |
|--|--|--|
| <b>Programme category</b>  | <b>Management Plan<br/>2013 operational<br/>requirements</b> | <b>Management Plan<br/>2014 operational<br/>requirements</b> |
| PRRO   | 2 800  | 3 354  |
| EMOP   | 1 074  | 1 407  |
| DEV/country programme (CP)   | 839  | 788  |
| SO   | 257  | 308  |
| <b>TOTAL</b>   | <b>4 969</b>   | <b>5 857</b>   |

43. Table II.3 presents projected operational requirements by programme category. The Syrian crisis response, for which operational requirements have progressively increased throughout 2013, accounts for US\$780 million of the operational requirements for 2014 – US\$772 million for EMOPs and US\$8 million for SOs in the first half of 2014. The foreseen operational requirements for EMOPs are 30 percent above the original figure planned for 2013; of this, 50 percent is related to the Syrian crisis response.
44. Operational requirements for the PRRO category will increase by 20 percent to US\$3,354 million because several large programmes categorized as EMOPs in 2013 will evolve into PRROs in 2014; the Mali and South Sudan programmes are examples. The PRROs in Afghanistan, Chad, the Democratic Republic of the Congo, Ethiopia, the Niger, Pakistan, Somalia and Zimbabwe will require US\$1,700 million.
45. Projected operational requirements for DEVs, CPs and SOs are expected to remain in line with the original 2013 planning levels.

⇒ *Operational requirements by cost component*

46. Under WFP's financial framework, food and non-food activities are planned separately. Table II.4 compares the 2013 and 2014 planning figures by cost component.

| <b>TABLE II.4: OPERATIONAL REQUIREMENTS BY COST COMPONENT –<br/>MANAGEMENT PLAN, 2013 AND 2014</b> |                       |            |                       |            |
|--|-----------------------|------------|-----------------------|------------|
| <b>Cost component</b>  | <b>2013</b>           |            | <b>2014</b>           |            |
|  | <i>(US\$ million)</i> | <b>%</b>   | <i>(US\$ million)</i> | <b>%</b>   |
| Food and related direct operational costs (DOC)  | 3 544                 | 71         | 3 699                 | 63         |
| C&V and related DOC  | 464                   | 10         | 1 127                 | 19         |
| Capacity development and augmentation  | 304                   | 6          | 334                   | 6          |
| <b>Subtotal</b>  | <b>4 312</b>          | <b>87</b>  | <b>5 160</b>          | <b>88</b>  |
| Direct support costs (DSC)   | 657                   | 13         | 697                   | 12         |
| <b>TOTAL OPERATIONAL REQUIREMENTS</b>  | <b>4 969</b>          | <b>100</b> | <b>5 857</b>          | <b>100</b> |

⇒ *Food and related direct operational costs*

47. Food and related DOC, which includes external transport, landside transport, storage and handling and other direct operational costs (ODOC), will account for US\$3,699 million – 63 percent of WFP’s projected operational requirements. In 2014, WFP will utilize 4 million mt of food valued at US\$2,256 million. Table II.5 shows the types of food and estimated costs of the 2014 WFP food basket.

| Food type               | 2013                        |                               | 2014                         |                               | Food basket % difference 2013/2014 (mt) | % difference unit cost per mt |
|-------------------------|-----------------------------|-------------------------------|------------------------------|-------------------------------|---|-------------------------------|
|                         | Expected food basket (% mt) | Estimated unit cost/mt (US\$) | Projected food basket (% mt) | Estimated unit cost/mt (US\$) |   |                               |
| Cereals                 | 71.8                        | 370                           | 70.1                         | 396                           | -1.7                                    | 7.0                           |
| Mixed and blended foods | 11.7                        | 981                           | 11.5                         | 1 044                         | -0.2                                    | 6.4                           |
| Pulses                  | 9.7                         | 675                           | 10.9                         | 663                           | 1.2                                     | -1.7                          |
| Oils and fats           | 4.8                         | 1 407                         | 5.1                          | 1 269                         | 0.3                                     | -9.8                          |
| Other                   | 2.0                         | 879                           | 2.3                          | 902                           | 0.3                                     | 2.7                           |
| <b>TOTAL</b>            | <b>100</b>                  | <b>531</b>                    | <b>100</b>                   | <b>556</b>                    | <b>-0.1</b>                             | <b>4.7</b>                    |

48. The average unit cost is estimated at US\$556/mt, 5 percent more than the 2013 planning figures. This increase is in line with WFP’s emphasis on the right food at the right time: it reflects the use of higher-value mixed and blended food and the doubling of ready-to-use supplementary foods and an increase in the cost of cereals.

49. The proportion of traditional staples such as cereals has fallen by 1.7 percent. In the cereal basket for the Syrian operation, the cost of the pasta, bulgur wheat and rice may be higher than other cereals, but the increased utilization of higher-cost cereals is not a trend across other operations. The pre-packed family rations and canned pulses in the specially designed food basket for the Syrian crisis also influences the higher average cost.

50. External transport costs, including overland haulage and international shipping costs are estimated at US\$267 million for 2014, a decrease of 10 percent from 2013 planning figures. The average international shipping rate is estimated at US\$102/mt, a 4 percent decrease from the foreseen 2013 level, reflecting improving market conditions.

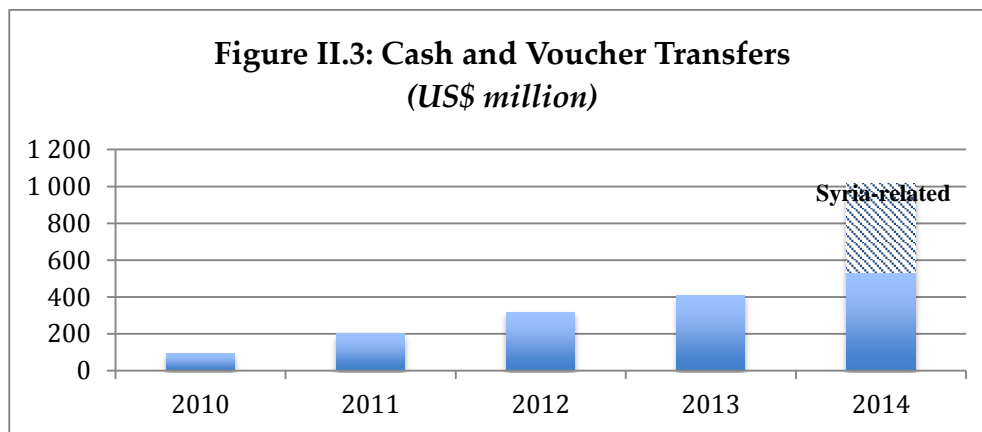
51. Landside transport, storage and handling (LTSH) requirements amount to US\$926 million, an increase of 3 percent from 2013 planning figures. The average rate has increased by 3 percent to US\$228/mt, in line with or below inflation rates in most countries where WFP operates.

52. Other direct operational costs related to food transfers account for US\$250 million. ODOC averages 8 percent for DEVs, compared with 7 percent for PRROs and 5 percent for EMOPs. This is attributable to the higher ODOC for non-food items required for FFW, FFT, FFA, nutrition and school feeding activities.



⇒ *Cash and vouchers and related direct operational costs*

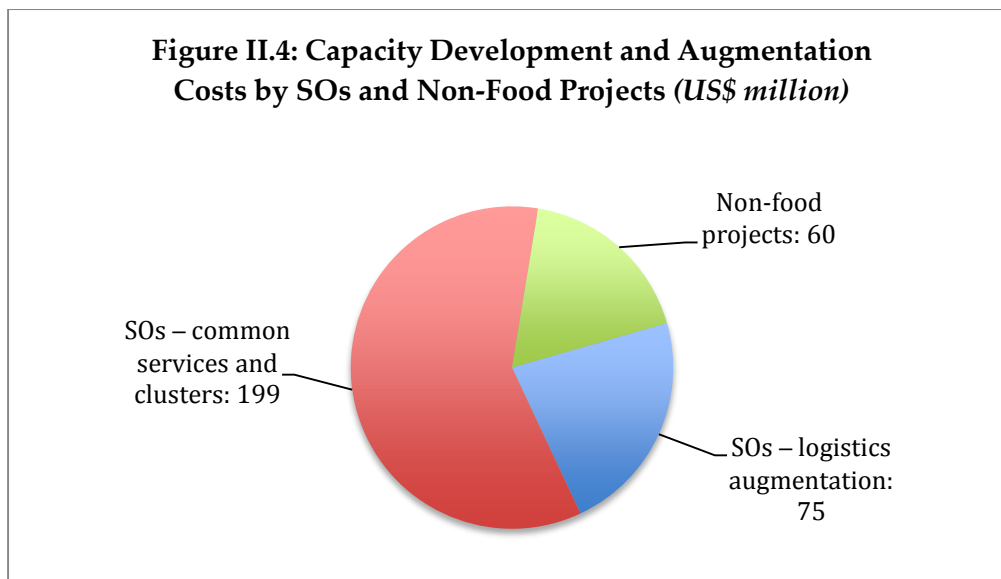
53. Cash and vouchers and related DOC account for US\$1,127 million – 19 percent – of projected operational requirements for 2014. Of this, 90 percent is the value of the cash or vouchers transferred to beneficiaries and 10 percent covers delivery and other costs.
54. The projected value of C&V transfers – US\$1,018 million – reflects a US\$600 million increase from the original 2013 planning figures. It should be noted, however, that project budgets approved or pending approval as of August 2013 include C&V transfers of US\$833 million for 2013.
55. The increase in 2014 projections and approved 2013 budget plans are primarily the result of scaled-up cash-based programmes in Chad, Egypt, Ethiopia, Iraq, Jordan, Lebanon, Malawi, Mali, the Niger, Palestine, Turkey and Yemen. In 2014, the Cairo Regional Bureau (OMC) and the Dakar Regional Bureau (OMD) expect the largest increases in C&V transfers for the Syrian and Sahel crises.
56. The rising trend in cash-based programming between 2010 and 2014 (see Figure II.3) reflects the policy of country offices giving all transfer modalities equal consideration. It also reflects WFP’s growing assurance in designing and developing food assistance programmes that use C&V, and building the relevant capacities and processes.



57. For 2014, the costs related to C&V are projected at US\$109 million, 10 percent of C&V and related DOC. In 2013, the projection was US\$55 million, 12 percent of C&V and related DOC. The decrease in the percentage of C&V related costs in 2014 compared with 2013 reflects savings attributed to economies of scale.

⇒ *Capacity development and augmentation*

58. Capacity development and augmentation is intended to establish, strengthen or supplement institutions and systems for managing food security programmes and supporting humanitarian assistance (see Figure II.4). It accounts for US\$334 million, 6 percent of operational requirements for 2014.



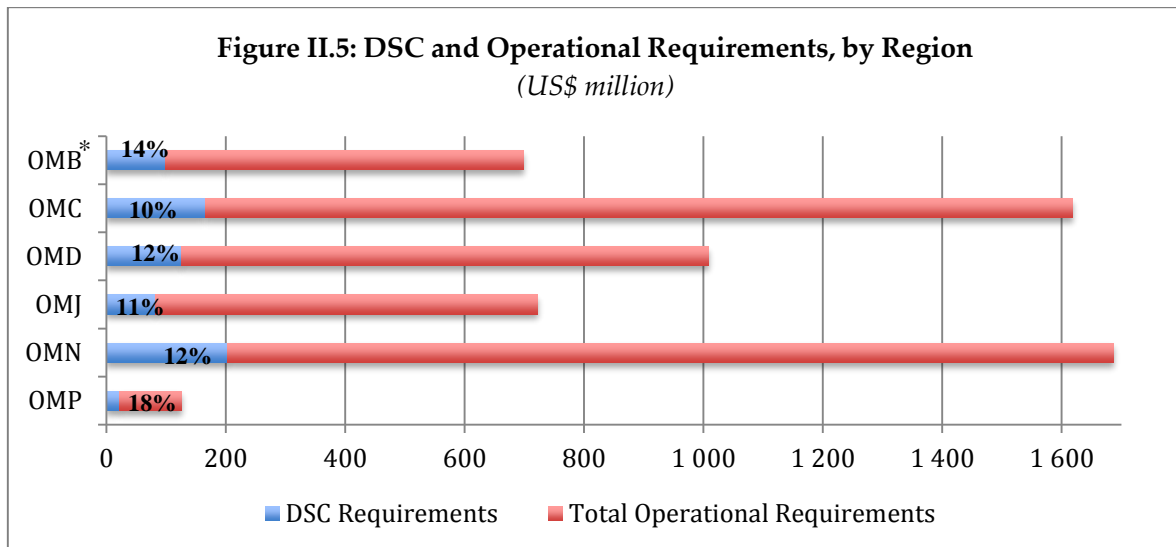
59. Of the capacity development and augmentation activities, 82 percent relates to 15 planned SOs costing an estimated US\$274 million. These SOs are critical to WFP's mandate in that they optimize transport and logistics, provide the United Nations Humanitarian Air Service (UNHAS) and support the food security, emergency telecommunications and logistics clusters. The largest SOs in 2014 will be implemented in Ethiopia, the Federal Republic of Somalia and South Sudan.
60. WFP has planned US\$60 million for non-food projects in 77 DEVs, EMOPs and PRROs in 59 countries: these include initiatives to develop national capacities in programme design, vulnerability analysis and mapping (VAM), needs assessment, disaster management, market development and food fortification. Several capacity-development programmes will be initiated in collaboration with governments through trust funds. WFP anticipates a corresponding increase in trust fund resources from US\$15 million in 2013 to US\$41 million in 2014. Additional information on capacity development trust funds is provided in Section IV.

⇒ *Direct support costs*

61. Direct support costs are estimated at US\$697 million in 2014 – 11.9 percent of operational requirements. Staff and staff-related costs account for 62 percent of DSC and recurring and capital costs account for the remaining 38 percent, which is comparable with previous years.

| <b>TABLE II.6: DSC AS PERCENT OF OPERATIONAL REQUIREMENTS, BY YEAR</b> |                       |                       |
|--|-----------------------|-----------------------|
| <b>2012 actual</b>   | <b>2013 estimated</b> | <b>2014 projected</b> |
| 13.6   | 13.2                  | 11.9                  |

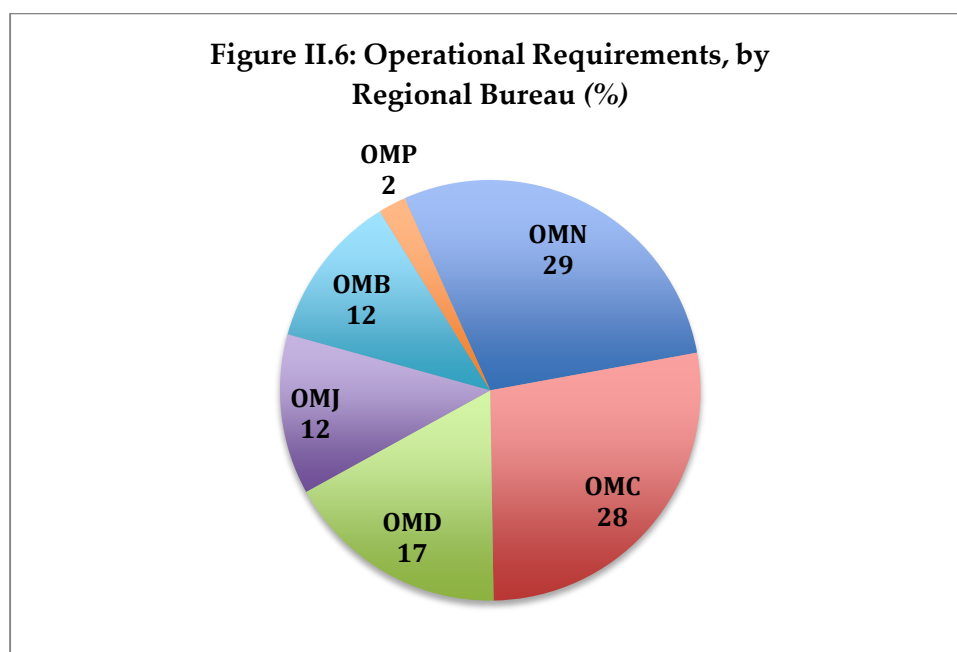
62. The DSC percentage of total operational costs varies according to programme category, reflecting the differences between food and non-food activities. In 2014, DSC is projected at 13 percent for DEVs/CPs and PRROs, 11 percent for SOs and 9 percent for EMOPs. The security situation and cooperating partners' capacities can influence the overall level of DSC. The lower DSC rate for EMOPs is primarily attributable to the scale of the Syrian operation and the fixed nature of staffing and recurrent costs.
63. Figure II.5 shows DSC and projected operational requirements by region. The DSC percentages are largely in line with 2013 planning figures. The OMC region has the most significant decrease compared with the previous planning year, again because of the Syrian operation.



\* See acronym list

⇒ *Operational requirements by regional bureaux*

64. The following paragraphs outline projected operational requirements by region. Compared with 2013, these operational requirements are expected to increase in OMC and OMD, with little change in the other four regions compared with 2013 planning figures.



65. More information is given in Annex III on projected operational requirements by regional bureau, factors affecting ongoing programmes and regional proposals for supporting the Strategic Plan. There is also a regional breakdown of operational requirements by Strategic Objective, programme category and cost component.
66. For 2014, OMB is planning 17 operations in 12 countries for which the operational requirements amount to US\$697 million; of this, 70 percent is planned for PRROs in support of Strategic Objectives 1 and 3. WFP will also increase its capacity development work in the region to enhance government capacities to respond to hunger and malnutrition challenges.
67. The largest increase in operational requirements compared with 2013 planning figures is in OMC, which will require US\$1,618 million to assist 18.8 million beneficiaries in 29 operations in 16 countries. Of these operational requirements, 75 percent will support Strategic Objective 1 and EMOPs. C&V interventions will account for US\$638 million – 40 percent. The Syrian crisis response is the first corporate emergency in which food will not be the main transfer mechanism.
68. Operational requirements for OMD are projected to increase by 50 percent compared with the original 2013 planning figures. In 2014, OMD will reach 12.5 million beneficiaries through 40 operations in 19 countries: the operational requirements amount to US\$1,009 million. Strategic Objectives 1 and 4 remain the priorities in addressing food insecurity and acute malnutrition. Most of the operational requirements will support PRROs. WFP expects to expand its use of C&V in the region.
69. The operational requirements for OMJ amount to US\$722 million, a 14 percent increase over 2013 planning figures. WFP will assist 12.2 million beneficiaries in 22 operations in ten countries; 70 percent of the operational requirements are planned for PRROs. Most of the work of OMJ will support Strategic Objectives 1 and 4, with a focus on establishing best practices for addressing HIV, AIDS and malnutrition and enhancing government safety nets.
70. The largest share of operational requirements – US\$1,687 million – is projected for OMN, which will assist 16 million beneficiaries through 29 operations in eight countries. Most of the operational requirements will support Strategic Objectives 1 and 4. Food assistance through community works, asset creation and training will feature prominently under Strategic Objectives 2 and 3.
71. Operational requirements in OMP are expected to remain stable in 2014. OMP will assist 2.5 million beneficiaries through 14 operations in nine countries. Of the projected operational requirements, 37 percent will support Strategic Objective 4 through social protection programmes and safety nets. WFP is committed to introducing C&V modalities in the region as an alternative to food.

### **Beneficiary-Related Metrics**

72. Projected beneficiary numbers for 2014 are 75.9 million, a 7 percent increase over 2013. The Syrian operation is the main driver of the increase.
73. WFP recognizes the need to continue to improve its reporting on beneficiaries and measurement of the cost of supporting them. An improved formula for calculating average costs per beneficiary has been established as a first step; further refinements, including a more complete definition of beneficiaries and broader measures of costs, are planned as described below.

⇒ *Refining the calculation of average cost per beneficiary*

74. WFP has improved its measurement of the average cost of assistance per beneficiary. In the past, annual average costs per beneficiary were calculated on the basis of projected operational requirements divided by the number of beneficiaries. But this calculation did not capture the duration of an individual operation.
75. The monthly cost per beneficiary per project can be produced by dividing operational requirements by the number of operational months and the number of beneficiaries. An overall average cost per beneficiary per month is then calculated from the average costs of each project.
76. If the duration of support in each project is factored in, the average monthly cost per beneficiary is projected to fall from US\$8.50 in 2013 to US\$8.10 in 2014. This excludes SOs and capacity-development activities, which have no direct recipients of food or cash.

⇒ *Improving the definition and measurement of beneficiaries*

77. At the output level, WFP defines beneficiaries as “targeted persons who are provided with WFP food assistance” regardless of the duration or type of programme. Output-level beneficiary reporting, typically based on monthly data provided by cooperating partners, is done at two levels: i) reporting by project or activity; and ii) reporting at the country level from aggregated project figures. Such data are disaggregated by age, sex, activity, category and special needs.

**Country Example: Iraq**

In Iraq, WFP implemented a DEV to reform the public distribution system and improve social safety nets for vulnerable groups. The overall aim was to help the Government to improve social protection for vulnerable groups; the objectives were to manage the supply chain and design and implement effective safety nets. Because the project aimed to increase government capacity, mainly through training and technical assistance, there were no direct food distributions and hence no “direct beneficiaries”. But “prospective beneficiaries” such as food-insecure and vulnerable populations who will receive improved social protection from the Government as a result of the project could amount to 6.4 million people.

78. WFP does not provide information about beneficiaries at the outcome level, but the need to distinguish between “direct beneficiaries” and “prospective beneficiaries” is recognized. The latter refers to people who are not reflected in output level planning and reporting. These include beneficiaries of capacity-development activities and the immediate benefits accruing to communities from assets built by WFP and from market-development and resilience-building activities. WFP understands the long-term developmental benefits derived from its food assistance interventions, as shown by the examples in this chapter.

**Country Example: Rwanda**

In Purchase for Progress (P4P) in Rwanda, 660 farmers in 25 farmers’ organizations were trained in agricultural production, post-harvest handling, quality assurance, marketing and finance. They then trained 24,000 additional farmers, who passed on the knowledge gained from P4P to neighbouring communities, thus doubling the number of beneficiaries.

79. Capacity-development and asset-creation interventions illustrate the development benefits for a much larger group that can be quantified in terms of “prospective beneficiaries”. P4P supports 832 farmers’ organizations with 1.1 million members, but the number of people benefiting is far larger than the targeted farmers. P4P is proving valuable to entire families and communities, a “cascade” effect of its capacity-development element.

**Country Example: South Sudan**

The food assistance project in South Sudan recorded 2.7 million people and their families as “direct beneficiaries”. The project focused on rural areas, which are home to 83 percent of the population and 3.8 million moderately or severely food-insecure people. Under the FFA activities, 13,064 ha of land were cleared, 435 km of roads and 251 classrooms were repaired and 1,728 community water ponds constructed; 3,780 households received fuel-efficient stoves. Under the emergency preparedness capacity-development activities, three food security monitoring systems were set up and 150 government staff were trained in their use. In view of the likely spill-over and multiplier effects, the number of “prospective beneficiaries” could be 7.8 million.

80. The examples show that the numbers of direct beneficiaries reported by WFP do not capture the wider effects of its programmes. They also show that WFP’s methods of calculating costs per beneficiary need to be extended to reflect its transition to food assistance. This will entail extending the concept of the direct transfer value of WFP’s assistance to include long-term development values and the secondary benefits of programmes such as school feeding, asset creation, capacity development and market development.
81. In 2014, WFP will therefore improve its definition and typology of beneficiaries and its counting and costing methods. This will include evaluation of the method used by comparable organizations and adopting best practices for quantifying “prospective beneficiaries” and the development and economic value of WFP’s food assistance activities.

## How WFP will Prioritize Resources to Address the Funding Gap

⇒ *A new planning prioritization exercise for 2014*

82. When reviewing the External Auditor’s report on the 2011 accounts, the Board asked the Secretariat to provide additional insight into WFP’s prioritization process and how managers address the gap between WFP’s projected operational requirements and forecast contributions. The Secretariat undertook to do this as part of the 2014–2016 Management Plan.
83. During the 2013 Financial Seminar, WFP outlined its global planning approach, the use of implementation scenarios and analysis of results by Strategic Objective, activity and programme category and the resulting impact on beneficiaries. This is the first year in which the Secretariat has carried out an exercise to prioritize operational requirements based on anticipated global funding levels.
84. The prioritization exercise was undertaken with the bottom-up collection of foreseen needs-based requirements. Data were collected for each project by activity, programme category and Strategic Objective. Country offices prioritized project requirements at the activity level in a scenario in which not all assessed needs could be met with the available resources under the assumption that contributions would be unearmarked, thus allowing maximum liberty to programme managers to make prioritized choices.

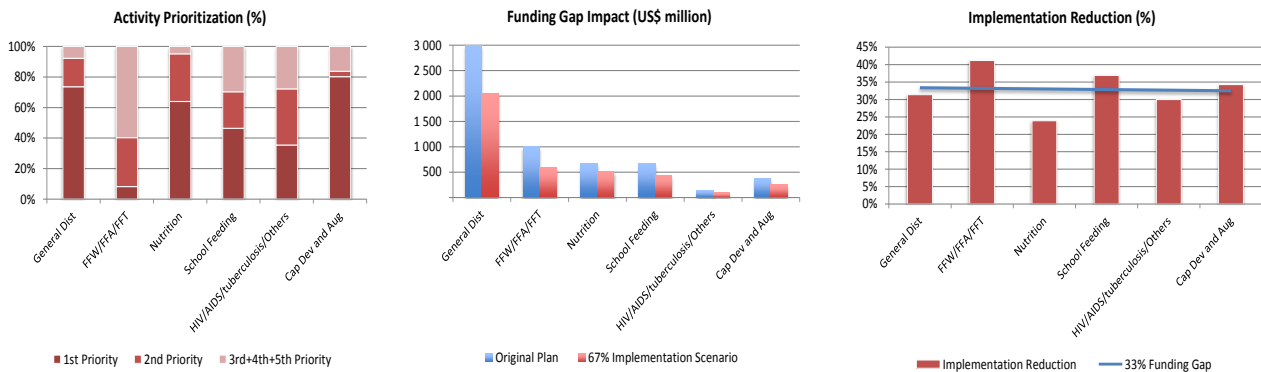
85. The exercise reflects the decisions that managers have to take when resources fall short: they may have to implement core activities at reduced funding levels, or reduce or terminate certain activities. It provides a useful insight into what may happen if a funding gap occurs, and will provide a basis for reviewing the actual prioritizations of resources described in the Annual Performance Report.

86. The Management Plan for 2014 shows a 33 percent difference between the 2014 forecast resources of US\$4,200 million (US\$3,925 million net of ISC) and the 2014 projected operational requirements of US\$5,857 million.

⇒ *The potential impacts of resource shortfalls on activities*

87. The following graphics and paragraphs show the extent to which activities would be curtailed in a scenario where WFP’s funding level is 67 percent (US\$3,925 million, net of ISC) of total projected operational requirements.

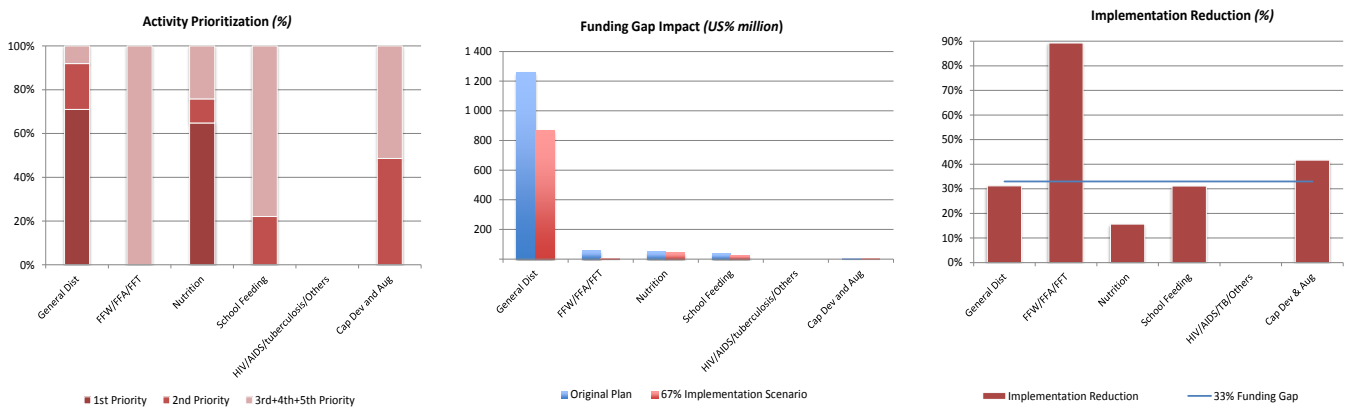
**Figure II.7: 2014 Global Activities**



88. Figure II.7 shows that in the case of a 67 percent implementation scenario (a 33 percent funding gap) the activities least affected in all programme categories are general distributions and nutrition interventions with less than a 33 percent reduction; FFW is particularly affected when implemented under EMOPs and PRROs but less so in DEVs and CPs where it is the second largest activity.

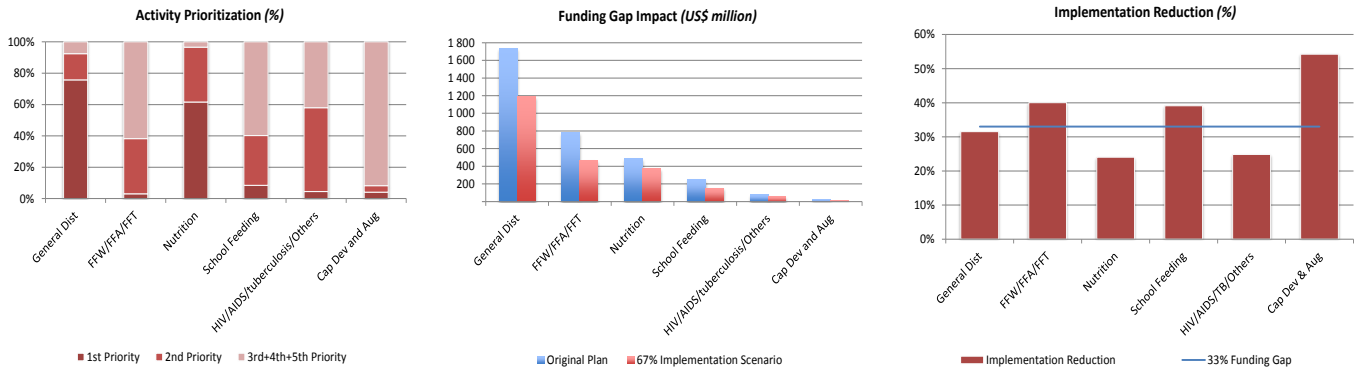
89. Figures II.8 to II.10 show WFP’s 2014 implementation plans by programme category and activity for a scenario with a 67 percent funding level.

**Figure II.8: 2014 EMOP Activities**



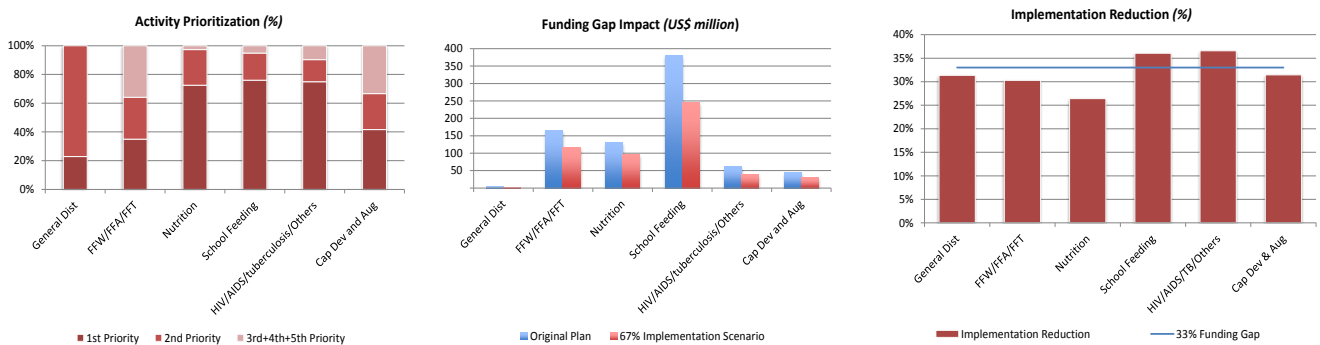
90. In EMOPs, general distributions and nutrition activities would be largely maintained by managers as priorities: the funding gap would be addressed by significant reductions to FFW, FFA, FFT and capacity development and augmentation programmes.

**Figure II.9 2014 PRRO Activities**



91. In PRROs, general distributions and activities related to nutrition, HIV/AIDS and TB would be prioritized; FFW, FFA and FFT would be reduced first, followed if necessary by school feeding. Capacity development and augmentation interventions would also be reduced, but they constitute only a small percentage of PRRO activities.

**Figure II.10: 2014 DEV/CP Activities**



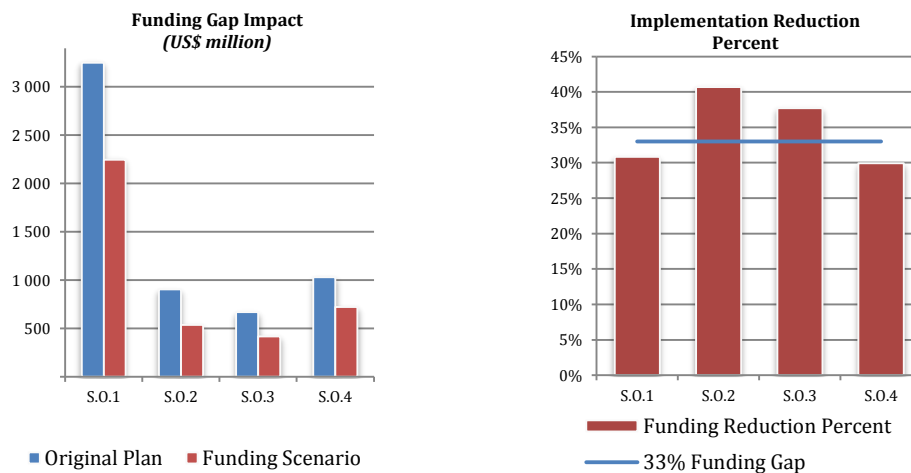
92. The most significant activities in DEVs are school feeding and interventions related to nutrition, HIV/AIDS and TB. In DEVs where managers prioritize activities such as nutrition interventions, relatively large decreases in school feeding are expected beyond the 33 percent level; in DEVs that prioritize school feeding, the reduction would be less than 33 percent. Overall, DEV activities related to nutrition and FFW, FFA and FFT tend to be preserved by managers, whereas school feeding and HIV/AIDS, TB and other activities are reduced.

⇒ *The potential impacts of resource shortfalls on the Strategic Objectives*

93. Figure II.11 shows the impact of a 33 percent funding gap by Strategic Objective. Overall, Strategic Objectives 1 and 4 are less affected than Strategic Objectives 2 and 3 because of the priority given to general distributions and nutrition interventions over FFW, FFA and FFT.

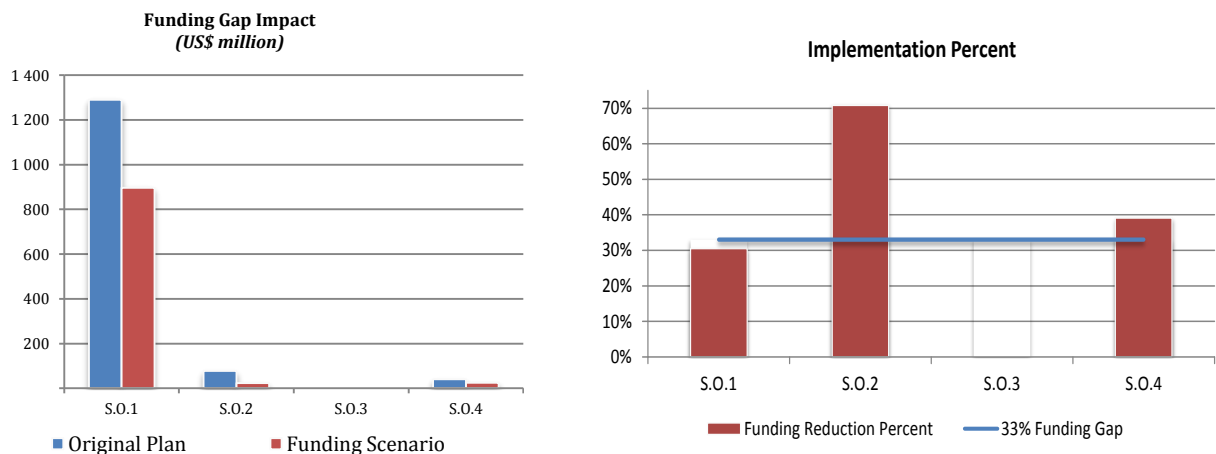


**Figure II.11: 2014 Global Strategic Objective**



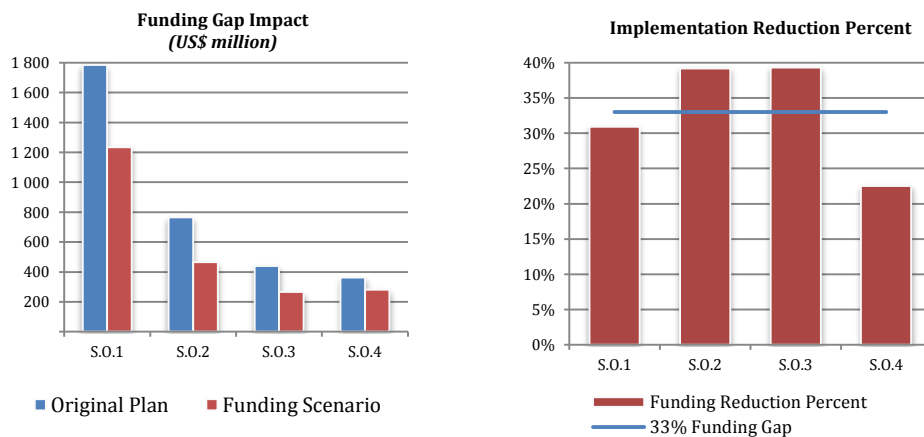
94. Figures II.12 to II.14 show WFP's 2014 implementation plans by programme category and Strategic Objective for the scenario with a 67 percent funding level.

**Figure II.12: 2014 EMOPs by Strategic Objective**



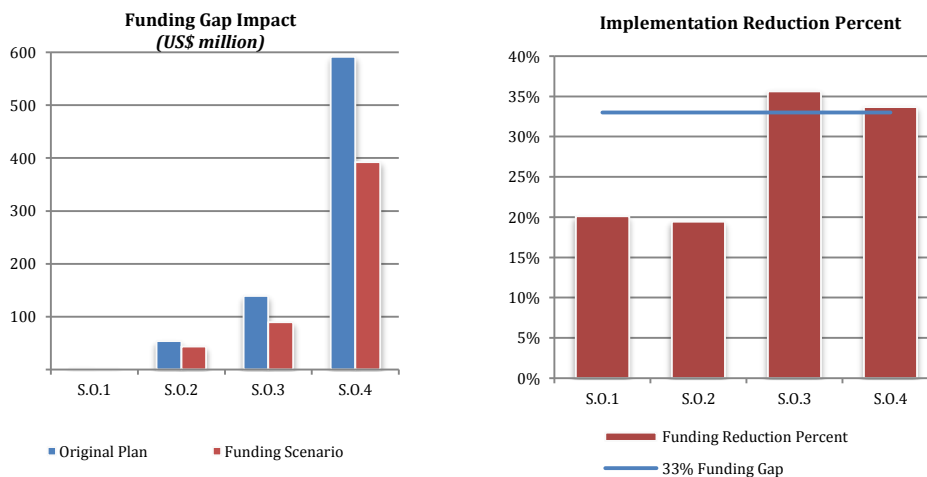
95. In EMOPs, Strategic Objectives 1 and 4 are the priorities. General distributions and nutrition interventions would be largely preserved and activities such as FFW related to Strategic Objective 2 would be cut in greater proportion to address the funding gap.

**Figure II.13: 2014 PRROs by Strategic Objective**



96. In PRROs, general distributions and other interventions under Strategic Objective 1 and Strategic Objective 4 would be largely maintained, whereas FFW, FFA and FFT activities related to Strategic Objectives 2 and 3 would be reduced to a greater extent.

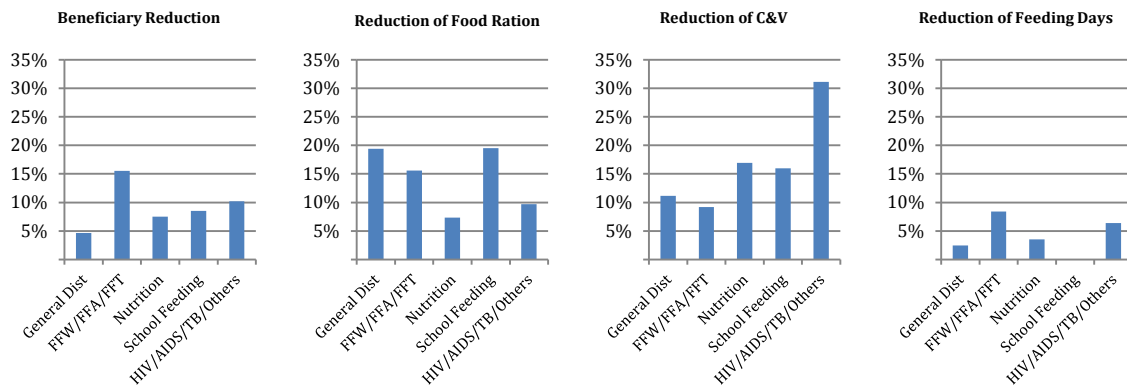
**Figure II.14: 2014 DEVs/CPs by Strategic Objective**



97. In DEVs, Strategic Objective 4 – the priority – would be affected in proportion to the funding gap. Strategic Objective 3, which primarily includes FFW, FFA and FFT, would be affected more than Strategic Objective 2, which includes these activities but also covers important capacity development and school feeding components. Strategic Objective 1 has marginal importance in DEVs.

98. Depending on context, prioritization would involve managers deciding whether to maintain the number of beneficiaries and reduce rations, or to reduce the number of beneficiaries and maintain the ration level; the latter may be critical in nutrition interventions.

**Figure II.15: Overall Impact of Implementation Scenario**



99. A 33 percent funding gap would affect all beneficiaries because the full amount of planned assistance would not be delivered. In such a scenario WFP would be unable to assist 6 million beneficiaries, 8 percent fewer than would be the case with full funding. The relatively small overall reduction in beneficiary numbers occurs because beneficiaries of general distribution activities are only reduced by 5 percent; the funding gap for general distribution would instead be dealt with primarily through a 19 percent reduction in food transfers and an 11 percent reduction in C&V transfers.

100. For nutrition and FFW, FFA and FFT activities, the reductions are more balanced between the number of beneficiaries and rations, and feeding days for FFW, FFA and FFT. For example, the number of beneficiaries and the ration level for nutrition activities decrease by 7 percent. For school feeding, rations are reduced in greater proportion with a view to maintaining the level of beneficiaries.

101. Overall, the tonnage of food delivered would be reduced by 33.4 percent to 2.7 million mt. C&V transfers would be reduced by 32 percent from US\$1,018 million to US\$690 million; the reductions in transfers of food and C&V would also reduce the nutritional benefits for recipients.

## 2015–2016 Outlook for Operational Requirements

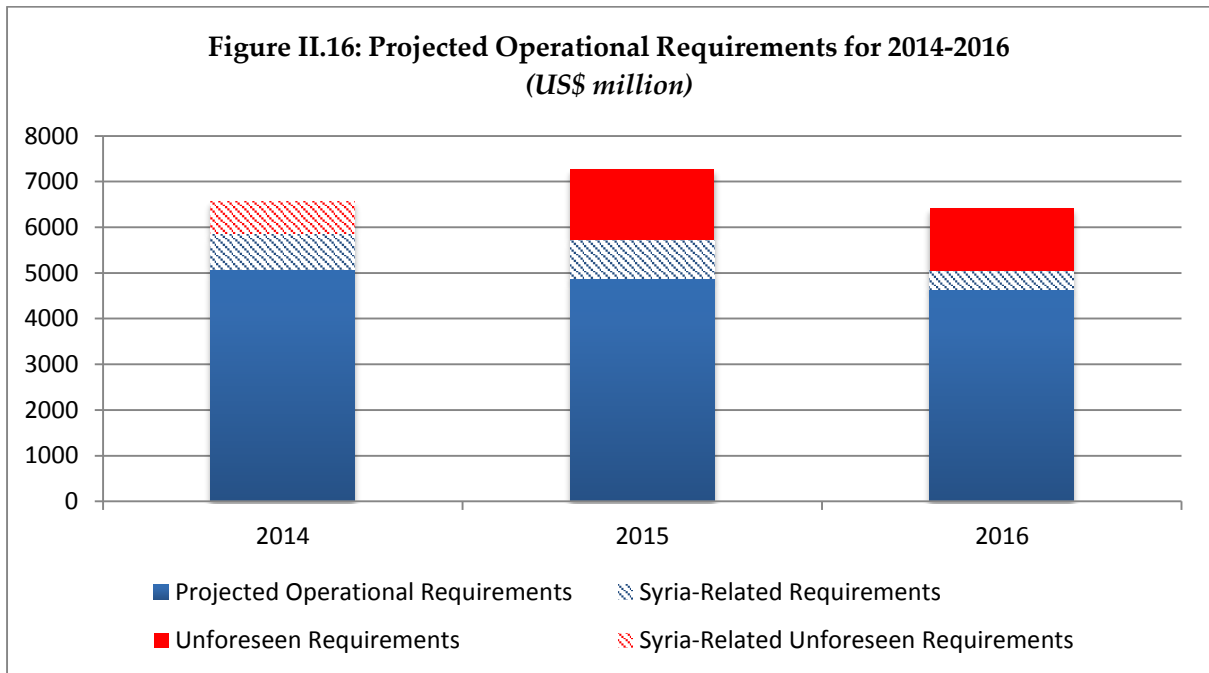
102. The high and low projections for operational requirements under the three-year rolling Management Plan are given for information. The low projections for 2015 and 2016 are based on estimates from country offices; the high projections, based on trends since 2004,<sup>12</sup> are estimated at 27 percent more than the low projection for 2014 and 2015.

103. The low projection for operational requirements for 2015 is US\$5,721 million; the high is US\$7,266 million. The low provides for assistance for 70 million beneficiaries with 3.8 million mt of food, C&V valued at US\$1,000 million.

104. The low projection for 2016 is US\$5,044 million; the high is US\$6,406 million. The low projection provides for assistance for 60 million beneficiaries with 3.5 million mt of food, C&V valued at US\$814 million.

105. Operational requirements for the Syrian operation will be monitored throughout 2014; the amount required to reach the 6.6 million beneficiaries may be higher than the US\$780 million projected for the first six months of 2014. Future operational requirements are projected at US\$849 million for 4 million beneficiaries in 2015 and US\$395 million for 2 million beneficiaries in 2016.

<sup>12</sup> See Annex IV.



## SECTION III: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET

### Introduction and Overview

106. This section sets out the Programme Support and Administrative (PSA) budget for the financial year 2014 and the associated assumptions, methods and budget drivers. The PSA budget covers programme support costs for country offices, regional bureaux and Headquarters, and for management and administration in Headquarters.

107. The PSA budget is funded from ISC recoveries from contributions, in accordance with the full cost recovery policy. As in the past, the regular PSA budget proposal takes into account increases in programme support and administrative workload as a result of a higher level of forecast contributions and related operational activity. Table III.1 shows the changes between 2013 and 2014.

| <b>2014 Estimated funding and proposed PSA</b> | <b>2014–2016 Management Plan, 2014 budget (US\$ million)</b> | <b>2013–2015 Management Plan, 2013 budget (US\$ million)</b> | <b>Increment 2014 vs 2013 (US\$ million)</b> | <b>% change</b> |
|--|--|--|--|-----------------|
| <b>Estimated funding level</b>                 | <b>4 200.0</b>   | <b>3 700.0</b>   | <b>500.0</b>                                 | <b>13.6</b>     |
| Regular PSA budget                             | 281.8  | 256.5*   | 25.2   | 9.8             |
| One-off PSA investments                        | 9.2  | 20.0   | (10.8)                                       | (53.5)          |
| <b>TOTAL</b>                                   | <b>291.0</b>   | <b>276.5</b>   | <b>14.5</b>                                  | <b>5.2</b>      |

\* The 2013 figure comprises the approved PSA of US\$249.1 million, and includes an adjustment of US\$7.4 million to mainstream private-sector work into the PSA (see paragraph 122).

108. With regard to the estimated funding level, the Management Plan (2013–2015) had forecast contributions of US\$3,700 million; the forecast contributions for 2014 amount to US\$4,200 million, a 13.6 percent increase.

109. Regarding expenditure, a regular PSA budget level of US\$256.5 million<sup>13</sup> was approved in the Management Plan (2013–2015); the corresponding proposal for 2014 is US\$281.8 million, a 9.8 percent increase.

110. The Secretariat is proposing a separate appropriation in 2014 of US\$9.2 million from the PSA Equalization Account for the one-off investments needed to achieve the goals of the Fit for Purpose process; the allocation in 2013 was US\$20.0 million.

111. Table III.2 shows the main areas of increase in the regular PSA budget for 2014; these are described in detail in this section. In brief:

- Non-discretionary increases in PSA costs amount to US\$9.5 million: they include cost adjustments arising from commitments over which WFP has little or no control such as increases in PSA staff costs, which are determined by the International Civil Service Commission and the United Nations General Assembly.

<sup>13</sup> Adjusted to reflect a change of accounting for private-sector fundraising.

- Investments amounting to US\$15.8 million ensure adequate funding to support WFP's growing operational activity. The Secretariat has reviewed the Fit for Purpose actions required in 2014 in the light of: i) the Strategic Plan 2014–2017; ii) the Framework for Action; iii) Board guidance; iv) the new Management Results Dimensions (MRDs) – People; Partnerships; Processes and Systems; Programmes; and Accountability and Funding; and v) prioritization criteria.<sup>14</sup>

**TABLE III.2: SUMMARY OF MAIN ADJUSTMENTS IN THE 2014 PSA BUDGET**  
(US\$ million)

|  |      |       |
|--|------|-------|
| 2013 approved appropriation              |      | 256.5 |
| Non-discretionary increases in PSA costs | 9.5  |       |
| Strategic investments (recurring costs)  | 15.8 |       |
| Subtotal: increases for 2014             |      | 25.3  |
| Proposed 2014 PSA appropriation          |      | 281.8 |

112. The proposals entail a net addition of 41 international professional positions, of which 29 are in regional bureaux and country offices; of these, 15 will be for the Programmes dimension.
113. The proposed regular and one-off PSA spending levels take into account resources available from current reserves and the need to retain a satisfactory PSA Equalization Account reserve at the end of 2014. The current year-end PSA Equalization Account balance is projected at US\$91.4 million, compared with US\$49.0 million in the Management Plan (2013–2015): this is because actual funding levels reached US\$4,000 million compared with estimates of US\$3,750 million in 2012 and US\$3,700 million in 2013. The 31 December 2014 PSA Equalization Account balance is projected at US\$74.4 million, equivalent to three months of regular PSA expenditure.
114. Attention is drawn to the following proposals to improve financial management during the Management Plan period:
- WFP's current funding model relies on voluntary funding for fixed and variable indirect costs. This undermines its ability to make long-term investments in corporate services requiring significant immediate outlay that can be repaid through administrative savings or charges to operational projects. A capital budgeting facility funded initially from the WCFE will be set up from 2014, with a ceiling of US\$20 million; the Logistics Execution Support System (LESS) is envisioned as a pilot project.
  - WFP needs to be in a position to provide an immediate food supply response in the event of an unforeseen escalation in demand. To meet such an eventuality, an increase in the Forward Purchase Facility from US\$300 million to US\$350 million is proposed. To mitigate the related risks of advance financing, and in accordance with the current risk management mechanisms and leverage ratio of 6:1, the Operational Reserve will be increased by US\$8.3 million.

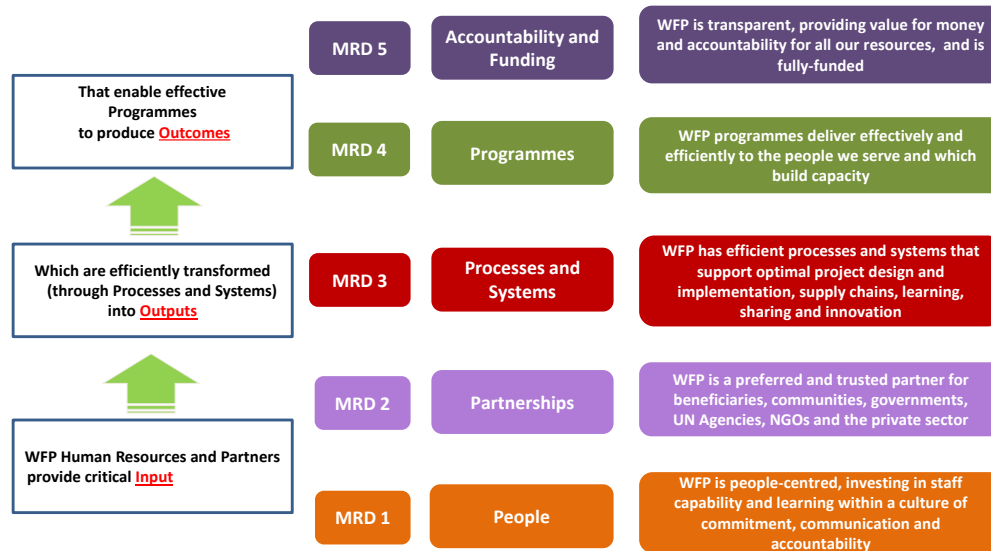
<sup>14</sup> The proposals for one-time investments for 2014 follow a similar process for prioritization.

- The capital budgeting facility and revolving inventory would be part of a broader financial framework review to be submitted to the Board at its 2014 First Regular Session as part of Fit for Purpose. Its objectives are to: i) enhance funding stability; ii) optimize the use of resources; iii) improve planning and cost management; and iv) enhance transparency to stakeholders
- WFP has not fully analysed its ISC costs since 2002, since when it has changed in terms of size, work programme, toolboxes, cost structure and financial framework. The review would be carried out in consultation with the Board with a view to incorporating an updated ISC rate in the Management Plan (2015–2017). This would be in line with the 2012 Quadrennial Comprehensive Policy Review and a study of ISC rates by UNDP, UNICEF, UNFPA and UN-Women.
- The Secretariat is proposing that the Executive Director’s authority to increase the PSA appropriation is linked to estimated funding levels instead of projected operational requirements, because the former is a better indicator of the increased programme support and administration needed to implement a larger volume of operational activities. On the basis of the recommended ISC rate for 2014 of 7.0 percent, the permitted increase in PSA would be limited to 3.5 percent above the forecast funding level for 2014 of US\$4,200 million.

### **Description of the PSA Budget Determination Process**

115. The 2014 budget takes the outcome of the Framework for Action completed in 2012 and the ensuing 2013 PSA budget as its starting point. Headquarters and field units presented their regular PSA budget requirements for 2014–2016 in three categories:
- priorities to be managed within the PSA budgetary envelope for 2013;
  - priorities over and above the 2013 baseline to be considered for PSA funding if available; and
  - initiatives that would have to be funded from extra-budgetary resources.
116. Senior management inputs into the review of PSA budget proposals and the establishment of priorities have focused on maximizing the effectiveness and efficiency of programme delivery. The initial step was a review of actions required in 2014 for Fit for Purpose in accordance with the Strategic Plan (2014–2017) and the discussions with the Board at its 2013 Annual Session.
117. All requirements were reviewed to identify those falling within WFP’s corporate priorities for 2014–2016. The new Management Results Framework (MRF) identifies the measurable results needed to give WFP the global capacity to reach hungry people effectively and efficiently in terms of the MRDs – People, Partnerships, Processes and Systems, Programmes, and Accountability and Funding (see Figure III.1). The assignment of initiatives in the framework facilitates the prioritization of recurring and one-off investments using PSA resources in 2014.

**Figure III. 1. 2014–17 Management Result Dimensions**



118. The prioritization criteria defined to help with the selection of investments for PSA resources are:

- the relative importance of an initiative in terms of the Strategic Plan (2014–2017) and Fit for Purpose;
- the extent to which proposals address specific corporate risks;
- the availability of funding sources other than PSA;
- the potential for increased efficiency; and
- the urgency of action required.

119. The proposed PSA budget is hence the result of quantification of the most pressing measures needed to operationalize the Strategic Plan (2014–2017) and to equip WFP to sustain a higher level of funded operations and a wider range of programmes.

### Main Areas of Increase/Decrease in the PSA Budget

120. The outcome of the budget process is shown in Table III.3. Starting from the approved 2013 PSA level, the appropriation is built up incrementally with adjustments for:

- mainstreaming private-sector work into PSA from 2014, in accordance with a Board decision in 2013;
- non-discretionary costs – cost adjustments arising from commitments over which WFP has little or no control, and central provisions for good financial management;
- investments to ensure incremental funding for core activities to support WFP’s growing operational portfolio; and
- additional one-off PSA investments to improve WFP’s effectiveness and efficiency.



| <b>TABLE III.3: MAIN AREAS OF INCREASE/DECREASE IN THE PSA BUDGET COMPARED WITH 2013 (US\$ million)*</b> |              |
|--|--------------|
| <b>2013 Baseline</b>   |              |
| 2013 approved appropriations   | 249.1        |
| Technical adjustment: private-sector fundraising   | 7.4          |
| <b>Adjusted baseline</b>   | <b>256.5</b> |
| <b>Adjustments for non-discretionary costs</b>   |              |
| Increases in staff-related costs   | 6.4          |
| Central appropriations   | 3.2          |
| <b>TOTAL</b>   | <b>9.5</b>   |
| <b>Adjustments to regular PSA for investments, by MRD</b>  |              |
| People   | 2.2          |
| Partnerships   | 3.1          |
| Processes and Systems  | 3.3          |
| Programmes   | 4.3          |
| Accountability and Funding   | 3.0          |
| <b>TOTAL</b>   | <b>15.8</b>  |
| <b>Proposed regular PSA appropriation for 2014</b>   | <b>281.8</b> |
| One-off PSA investments  | 9.2          |
| <b>2014 TOTAL PSA EXPENDITURE CEILING</b>  | <b>291.0</b> |

\* In some tables, totals do not add up exactly as a result of rounding.

### Technical Adjustment: Private-Sector Fundraising

121. Between 2008 and 2013, WFP accounted for the costs and the income related to private-sector fundraising in a special account separate from PSA.
122. From 2014, in line with the strategy approved by the Board (see WFP/EB.A/2013/5-B), the costs and staff positions associated with private-sector fundraising will be budgeted and accounted for under PSA. The Board's decision to mainstream private-sector fundraising increases PSA costs for 2014 by US\$7.4 million.<sup>15</sup>

<sup>15</sup> Comparison of the 2014 regular PSA budget with 2013 must reflect the changes in accounting treatment for the costs of private-sector fundraising in the 2013 figures: this gives an upward revision of US\$7.4 million in the 2013 figure from US\$249.1 million US\$256.5 million. WFP/EB.A/2013/5-B, paragraphs 47 and 48.

123. The strategy also stipulates that “WFP will continue to ensure that private-sector donors provide sufficient cash to cover the management and administrative costs related to their contributions”, that “the private-sector function continues to be a net positive contributor to PSA” and that “no cross-subsidies are made”.
124. No cross subsidies have been incurred: in fact the balance in the private-sector special account is projected to be enough to repay both loan tranches, totalling US\$7.7 million – US\$7.44 million received on start-up in 2008, and US\$220,000 outstanding from a second tranche. The outstanding balance will therefore be cleared by 31 December 2013.
125. Estimated income from private-sector fundraising is estimated at US\$100 million for 2014 and is included in the US\$4,200 million forecast contributions for 2014. These contributions will generate ISC revenue at a minimum average rate of 12 percent.
126. WFP will continue to monitor private-sector income and costs as provided in the strategy with a view to ensuring that donations cover the related management and administration costs. The private sector provides capacity-development support in the form of technical expertise, market knowledge, contacts and relationships, business processes and training. The Annual Performance Report will summarize private-sector income and costs, and discuss the effectiveness of private-sector fundraising.

### **Adjustments for Non-Discretionary Costs**

⇒ *Increase in staff-related costs*

127. WFP uses standard rates to budget and account for PSA staff costs, which are re-calculated each year to reflect: i) the actual costs of employing a staff member in each grade and location; ii) anticipated exchange rates for Euro-based expenditure for Rome-based staff; and iii) provisions for other staff-related benefits and allowances.
128. In 2013, the Secretariat improved the monitoring of actual versus standard costs with a view to more accurate and timely reporting and forecasting, and reviewed the extent to which standard staff costs provided for terminations and expenditures for situations such as staff on medical or special leave.
129. Applying the new standard cost rates to staff in the Management Plan (2013–2015) increases the baseline salary cost by 3 percent – US\$6.4 million. This comprises:
- US\$3.5 million to reflect actual payroll cost increases and a small inflation factor for entitlement benefits such as post adjustments and promotions;
  - US\$1.4 million, 0.75 percent of staff costs, to cover future terminations: the Board approved the use of US\$15 million from the self-insurance fund to cover termination packages in June 2007 (see WFP/EBA./2007/6-B/1) and US\$10 million for an audit of skills and targeted separations in 2012; termination packages in 2013 connected with Fit for Purpose also had to be funded through a one-time allocation drawn from the US\$20 million supplementary PSA investments in the Management Plan (2013–2015); the provision provides for a minimal amount to fund the cost of terminations and to avoid the need for one-time allocations for this purpose in the future; and
  - US\$1.5 million, 0.8 percent of staff costs, to supplement the use of savings from vacant staff positions to fund exceptional situations such as long-term medical leave or special leave.

⇒ *Central Appropriations*

130. Central appropriations include the cost of statutory requirements and other centrally controlled appropriations, which are budgeted under management and administration. The increase of US\$3.2 million from the 2013 level comprises:

- US\$1.2 million to cover WFP's share of the costs of the Resident Coordinator system; this comes into effect from 2014 in response to General Assembly resolution 67/226 for "concrete proposals on the modalities for the funding of the resident coordinator system"; the modalities for cost-sharing and WFP's estimated share were agreed by the UNDG Principals in April 2013;
- US\$1.1 million to fund the increased reassignment costs of PSA-related posts, in line with recently incurred costs and the higher proportion of PSA posts that are now based in the field;
- support for the Central Emergency Response Fund (CERF) and the Global Pulse initiative launched by the Secretary-General, and for existing inter-agency secondments; and
- US\$700,000 for potential unfavourable currency movements arising from information and communications technology (ICT) expenditure and building contracts and maintenance at Headquarters, which are incurred in Euros but budgeted in US dollars.

| <b>TABLE III.4: STATUTORY REQUIREMENTS AND OTHER CENTRAL APPROPRIATIONS</b> |                       |                      |
|---|-----------------------|----------------------|
|   | <b>Estimated 2013</b> | <b>Proposal 2014</b> |
| Reassignment costs  | 1 900 000             | 3 000 000            |
| Insurance fees  | 1 375 000             | 1 182 500            |
| Joint Inspection Unit   | 1 000 000             | 870 000              |
| International Civil Service Commission                                      | 510 000               | 600 000              |
| External Audit  | 418 000               | 400 400              |
| Chief Executives Board  | 310 000               | 315 000              |
| Emergency medical evacuation  | 300 000               | 300 000              |
| Audit Committee   | 231 000               | 194 000              |
| Services from other agencies  | 1 447 000             | 1 635 000            |
| Inter-agency support  | 772 000               | 1 051 700            |
| Resident Coordinator contribution   | -                     | 1 234 000            |
| Global Management Meeting   | 265 000               | 265 000              |
| Provision for Euro/US\$ currency movements                                  | -                     | 700 000              |
| Other   | 1 040 000             | 981 909              |
| <b>TOTAL</b>  | <b>9 568 000</b>      | <b>12 729 509</b>    |

## Strategic Investments for Increased Efficiency and Effectiveness

131. Over the past five years, WFP has used trust funds to support the development of new food assistance tools and modalities such as the FPF with a view to testing their effectiveness and efficiency before scaling them up. But new modalities must eventually be mainstreamed, and PSA resources allocated to support them, because it would be imprudent to continue to rely on trust funds for core activities. A significant characteristic of the transition from food aid to food assistance is that new tools supplement rather than replace existing modalities, which in turn generates the need for additional support.
132. The approval of the Strategic Plan (2014–2017) is an appropriate time to increase the use of PSA resources to maintain operational effectiveness and efficiency. The expenditure required must come from PSA even though the benefits accrue in reduced operational expenditure or increased effectiveness: the benefits are seen in operations, but the costs fall on the PSA budget.
133. Building on the adjusted PSA baseline for 2014 and in line with the budgeting process described above, US\$25 million in investments – US\$15.8 million for recurring PSA expenditures and US\$9.2 million for one-time investments – were identified for 2014 under the new MRDs (see Table III.5).

| <b>TABLE III.5: ANALYSIS OF INVESTMENTS BY MANAGEMENT RESULTS DIMENSIONS (US\$ millions)</b> |                              |              |              |                             |              |              |                          |
|--|------------------------------|--------------|--------------|-----------------------------|--------------|--------------|--------------------------|
| <b>MRD</b>   | <b>Recurring investments</b> |              |              | <b>One-time investments</b> |              |              | <b>Total investments</b> |
|  | <b>HQ</b>                    | <b>Field</b> | <b>Total</b> | <b>HQ</b>                   | <b>Field</b> | <b>Total</b> |                          |
| People   | 1.7                          | 0.5          | <b>2.2</b>   | 2.4                         | 0.4          | <b>2.8</b>   | 5.0                      |
| Partnerships   | 1.7                          | 1.4          | <b>3.1</b>   | -                           | -            | -            | 3.1                      |
| Processes and Systems  | 1.1                          | 2.2          | <b>3.3</b>   | 5.3                         | -            | <b>5.3</b>   | 8.5                      |
| Programmes   | 0.2                          | 4.1          | <b>4.3</b>   | -                           | -            | -            | 4.3                      |
| Accountability and Funding   | 1.4                          | 1.6          | <b>3.0</b>   | 1.1                         | -            | <b>1.1</b>   | 4.1                      |
| <b>TOTAL</b>   | <b>6.0</b>                   | <b>9.8</b>   | <b>15.8</b>  | <b>8.8</b>                  | <b>0.4</b>   | <b>9.2</b>   | <b>25.0</b>              |

134. The breakdown of investments by MRD shows that the highest priority is given to supporting programmes – US\$4.3 million in recurring investments, of which US\$4.1 million is for the field.
135. Table III.6 shows the proposed 41 international professional PSA positions for 2014, of which 29 would be in regional bureaux and country offices; of these, 15 would be programme support positions.

| <b>TABLE III.6: PROPOSED NEW INTERNATIONAL PROFESSIONAL POSITIONS, BY MRD</b> |              |              |                     |
|---|--------------|--------------|---------------------|
| <b>MRD</b>  | <b>Posts</b> |              | <b>Total</b>        |
|   | <b>HQ</b>    | <b>Field</b> | <b>HQ and field</b> |
| People  | 4            | 1            | 5                   |
| Partnerships  | 3            | 4            | 7                   |
| Processes and Systems   | 4            | 4            | 8                   |
| Programmes  | -            | 15           | 15                  |
| Accountability and Funding  | 1            | 5            | 6                   |
| <b>TOTAL</b>  | <b>12</b>    | <b>29</b>    | <b>41</b>           |

136. The proposals reflect the need for secure PSA funding for core activities supporting the new Strategic Plan and for a sustainable shift to food assistance modalities. Of the US\$25 million in investments, US\$15.8 million – 63 percent – are recurring: this guarantees stable funding for 2014. In line with Fit for Purpose, two thirds of these recurring outlays are directed to the regional bureaux and country offices.

137. Table III.7 shows the proposed additional PSA positions by unit.

| <b>TABLE III.7: PROPOSED ADDITIONAL PSA POSITIONS, BY UNIT</b> |                                  |              |
|--|----------------------------------|--------------|
| <b>Unit</b>  | <b>2014 projected post count</b> |              |
|  | <b>Prof.</b>                     | <b>Total</b> |
| OMB  | 3                                | 3            |
| OMC  | 4                                | 4            |
| OMD  | 3                                | 7            |
| OMJ  | 5                                | 8            |
| OMN  | 4                                | 5            |
| OMP  | 4                                | 7            |
| Country offices  | 6                                | 6            |
| <b>Subtotal</b>  | <b>29</b>                        | <b>40</b>    |
| Operations Management  | 1                                | 1            |
| Legal Office   | 1                                | 1            |
| Office of the Ombudsman  | -                                | 1            |
| Human Resources  | 3                                | 3            |
| Partnership and Governance Services                            | 1                                | 2            |
| NGO Office   | 1                                | 1            |
| Dubai Office   | 1                                | 1            |
| Brussels Liaison Office  | 1                                | 1            |
| Washington DC Liaison Office                                   | 1                                | 1            |
| Budget and programming   | 2                                | 4            |
| <b>Subtotal</b>  | <b>12</b>                        | <b>16</b>    |
| <b>TOTAL</b>   | <b>41</b>                        | <b>56</b>    |

⇒ *People (US\$5.0 million)*

138. Transforming WFP into a people-centred organization is a multi-year process, and some human resources (HR) initiatives that began in 2013 must continue in order to maintain momentum. Of the investments in this MRD, US\$2.2 million are recurring, and US\$2.8 million are one-time.
139. The recurring investments comprise: i) US\$700,000 for mainstreaming posts to recruit talented people and increase support for field staffing reviews; ii) US\$500,000 for increasing human resources capacity in the regional bureaux; iii) US\$300,000 for aligning the personal performance and accountability tools in Headquarters with the Strategic Plan and the MRDs; iv) US\$300,000 for improved infrastructure to enhance staff well-being; v) US\$200,000 to upgrade internal communications tools; vi) US\$100,000 for increased training and learning opportunities for field-based staff; and vii) US\$100,000 for support for the Office of the Ombudsman.
140. One-time investments comprise: i) US\$1.3 million for completion of the project begun in 2013 to improve payroll and benefits administration for national staff; ii) US\$1.4 million for improving knowledge management, learning and staff development; and iii) US\$100,000 for enhancing health and well-being programmes for staff.

⇒ *Partnerships (US\$3.1 million)*

141. Partnerships with governments, United Nations agencies and NGOs are a major feature of the new Strategic Plan. Recurring investments in this category include: i) US\$2.5 million to increase partnership-building capacity in regional bureaux, country offices, the Gulf region and WFP's offices elsewhere; ii) US\$200,000 for continued support for the REACH partnership; iii) US\$200,000 to fund a post at Headquarters dedicated to leading a team to develop NGO partnerships; and iv) US\$200,000 for additional informal consultations with the Board.

⇒ *Processes and Systems (US\$8.5 million)*

142. Recurring investments in processes and systems amount to US\$3.3 million; one-time investments total US\$5.3 million.

143. These recurring investments comprise: i) US\$1.7 million to fund positions and systems in the regional bureaux and support operational responsiveness to the recommendations of oversight bodies; and ii) US\$1.2 million for areas to be mainstreamed such as capacity to support FPF, WCFF and donor reporting. These activities create significant operational efficiencies, and mainstreaming the positions will ensure continued effectiveness. Other allocations are US\$200,000 to fund enhanced francophone capability in the Legal Office, and US\$200,000 to support compliance and oversight in operations.

144. One-time investments primarily support Fit for Purpose. The Board approved a US\$20 million transition fund for 2013 to support a series of workstreams that require follow-on initiatives for 2014. The Business Process Review, for example, identified initiatives to improve WFP processes and systems (see Box 2) and require further investment of US\$4.1 million; US\$500,000 will enhance efficiencies in procurement services, US\$400,000 will fund project management, support and reporting on WFP's change management, and US\$300,000 will fund compliance support for the regional bureaux at Headquarters.

**Box 2. WFP's Business Process Review**

In May 2013, WFP launched a Business Process Review as part of Fit for Purpose to identify bottlenecks and inefficiencies and ways in which they could be addressed, focusing on: i) programme cycle management; ii) resource management, allocation and utilization; iii) supply-chain management; and iv) monitoring, reporting and evaluation.

Over 12 weeks, 196 staff from Headquarters and the field were involved in regional and global workshops to identify and prioritize process issues and ideas for improvements. The review was driven by process owners and field practitioners, particularly in the regional bureaux and country offices.

The review identified 38 high-priority improvement proposals, with implementation plans and cost estimates, which were matched with effectiveness and efficiency criteria to ensure that they were complementary and aligned with the Strategic Plan in addressing corporate risk.

145. In the coming months, the proposals of the Business Process Review will be evaluated in detail. The incremental PSA allocation of US\$4.1 million will be used to initiate reviews of the administration and transactional human resources functions, and to enable the Secretariat to implement the priority initiatives.

⇒ *Programmes (US\$4.3 million)*

146. With the shift to food assistance, the range of WFP's interventions has grown to include cash, voucher and nutrition programmes. All investments in this category are recurring.

147. In 2014, the Secretariat will invest: i) US\$3.1 million to mainstream expertise in the new modalities in the regional bureaux and country offices; ii) US\$1.0 million to increase staff capacities in country offices to support programme planning and implementation; and iii) US\$200,000 to develop skills in the strategic planning unit for the mid-term review and preparation of the next Strategic Plan.

⇒ *Accountability and Funding (US\$4.1 million)*

148. Investments totalling US\$4.1 million will enable WFP to broaden its funding base and improve the effectiveness of its accountability systems; of these investments, US\$3.0 million are recurring.

149. In view of the gap between operational requirements and projected resource levels, the Board has consistently encouraged the Secretariat to broaden WFP's funding base and invest in developing more effective partnerships. Recurring investments will comprise: i) US\$1.0 million to mainstream staff posts and activities in Headquarters and the regions to secure additional resources; ii) US\$1.6 million to increase regional staff capacities in finance, reporting and donor relations; iii) US\$300,000 to mainstream staff capacity to support the Strategic Resource Allocation Committee (SRAC) with a view to enhancing transparency and rigour in allocating multilateral multi-year funding; iv) US\$100,000 to support the Office of the Inspector General and the Ethics Office.

150. One-time expenditures include US\$1.0 million for new reporting tools to improve accountability and US\$100,000 to support the WFP office in Brussels.

⇒ *Value for money in PSA expenditure*

151. WFP has a track record of innovation and efficiency, of which numerous examples are recorded in the last two Annual Performance Reports:

- Use of the import-parity approach in procurement reduced the cost of delivered food by between US\$15 million (8 percent; 17 percent in 2011) and US\$65 million (34 percent; 28 percent in 2011).
- In 2012, WFP procured 800,000 mt of food through forward purchasing, and the average lead time was reduced up to 70 percent: 95 percent of the food in South Sudan, for example, was delivered through forward purchasing, with average delivery time reduced from 106 days to 22 days.
- Supply chain efficiency was improved as more food was procured and shipped on time and cost savings were achieved in ocean transport.
- Advance financing increased significantly: in 2012, US\$1,000 million – 42 percent of cash resources – was used in advance of receipt of contributions to meet emergency needs, fill pipelines or reduce delivery times. This was well above the target of having 25 percent of funds available for advances. On occasions when food purchases were made with a combination of advance financing and forward purchasing the average lead-time was cut by 85 percent.



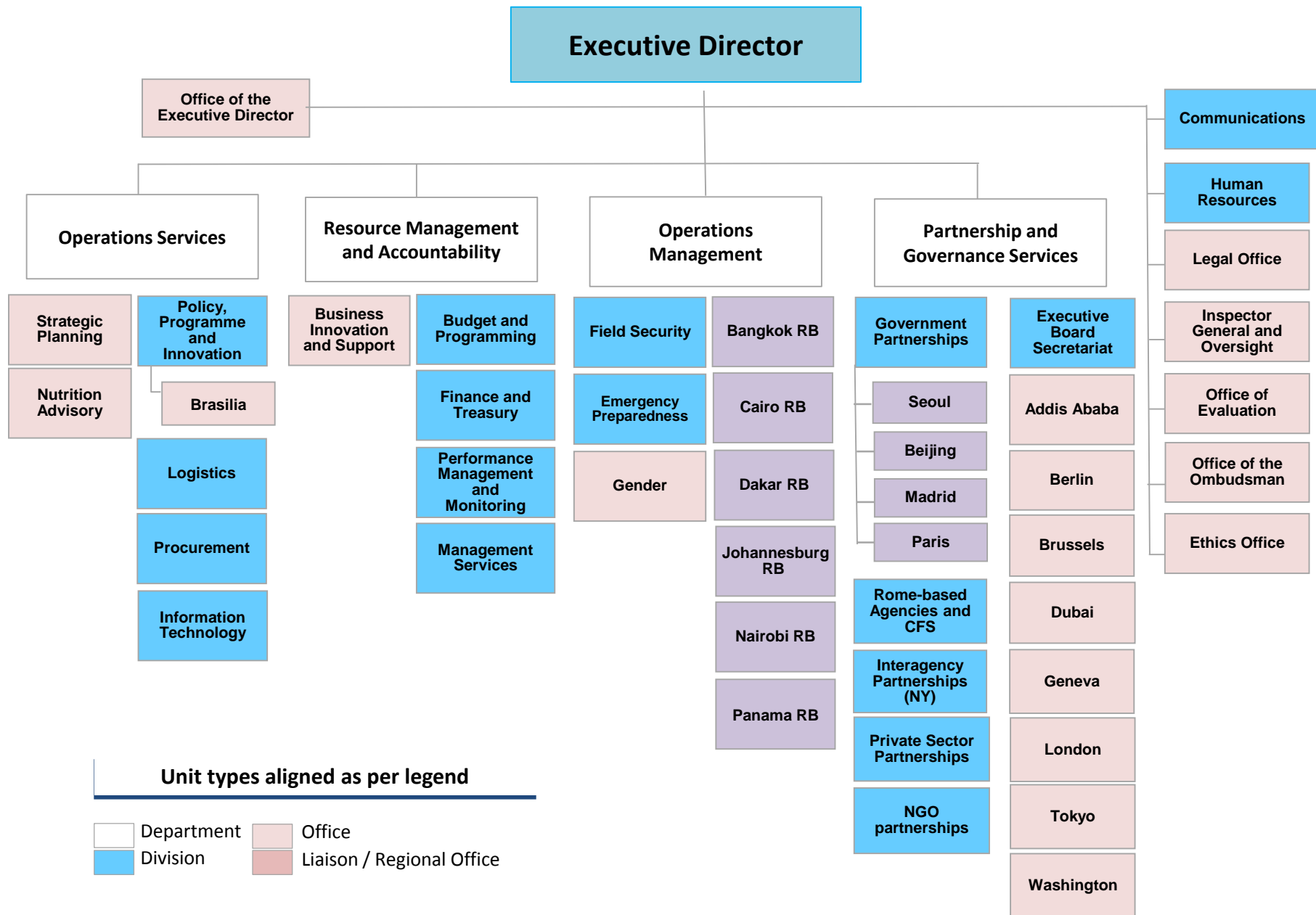
152. Strategic investments were selected in line with the MRDs and prioritization criteria with a view to maximizing value for money in PSA expenditure. WFP will continue to track the effectiveness and efficiency of the investments noted above and will report on them in the Annual Performance Report under the new Management Results Framework.

### **Organizational Changes: Structure of the Secretariat**

153. Because the Management Plan (2013–2015) was based on the organizational design in the Framework for Action, only a few changes are being implemented at this time. In 2013, the Secretariat reviewed its liaison and other offices and classified Addis Ababa, Berlin, Brussels, Dubai, Geneva, London, New York, Tokyo and Washington as WFP offices reporting directly to the Assistant Executive Director for Partnership and Governance Services. The Seoul office, which previously reported to Communications, will now report to the Government Partnerships Division. The NGO office will move from Operations Services to the Partnership and Governance Services Department to reflect the place of civil society as partners.

154. The Secretariat is studying organizational arrangements for cross-cutting activities such as knowledge management and change management.

Figure III.2: WFP Organigram for 2014–2016



## PSA BUDGET PROPOSAL 2014

155. In accordance with Financial Regulation 9.3, the overall PSA budget is shown in three appropriation lines:

- i) Programme support – regional bureaux and country offices;
- ii) Programme support – Headquarters; and
- iii) Management and administration.

156. Table III.8 shows the evolution of the regular PSA budget by appropriation line from 2012 to the proposal for 2014.<sup>16</sup> The total cost column reflects staff and non-staff costs; the total post count includes national staff.

|  | 2012 Expenditures |              |              | 2013 estimated |              |              | 2014 projected |              |              |
|--|-------------------|--------------|--------------|----------------|--------------|--------------|----------------|--------------|--------------|
|  | Post count        |              | Total cost   | Post count     |              | Total cost   | Post count     |              | Total cost   |
|  | Prof.             | Total        |              | Prof.          | Total        |              | Prof.          | Total        |              |
| Programme support – regional bureaux and country offices | 176               | 657          | 73.2         | 193            | 736          | 85.7         | 227            | 774          | 96.7         |
| Programme support – Headquarters                         | 169               | 322          | 70.3         | 166            | 276          | 54.7         | 162            | 277          | 55.5         |
| Management and administration                            | 266               | 489          | 103.4        | 254            | 515          | 108.8        | 296            | 563          | 129.6        |
| <b>TOTAL</b>   | <b>611</b>        | <b>1 468</b> | <b>246.9</b> | <b>613</b>     | <b>1 527</b> | <b>249.1</b> | <b>685</b>     | <b>1 614</b> | <b>281.8</b> |

157. The appropriation lines remain as they were in the previous Management Plan. The changes between 2012 and 2013 reflect the decreases in resources in Headquarters, with corresponding increases in country offices and regional bureaux, and changes arising from new management structures.<sup>17</sup> The main movements in the 2014 PSA budget are shown in Table III.9. The proposed increase in the post count is a result of mainstreaming private-sector work into the PSA budget and of the need for increased personnel to manage the incremental strategic investments described above.

<sup>16</sup> An additional US\$9.2 million has been included in the PSA budget proposal for 2014 for one-off investments.

<sup>17</sup> In 2012, the Policy, Planning and Strategy Division was included under the Management and Administration appropriation line. As a result of its merger with the Programme Division, the new Policy, Programme and Innovation Division is categorized under Programme Support: Headquarters from 2013; Management Services was moved to Administration from 2013 onwards to reflect its alignment with the Resource Management and Accountability Department.

**TABLE III.9: SUMMARY OF THE MAIN ADJUSTMENTS IN THE 2014 PSA BUDGET**

|   | US\$ million | Net additional professional posts |
|---|--------------|-----------------------------------|
| 2013 approved appropriation   | 249.1        |                                   |
| Technical adjustment: private-sector fundraising  | 7.4          | 28                                |
| Non-discretionary increases in PSA costs  | 9.5          | 0                                 |
| Net additional professional posts at Headquarters and regional bureaux proposed in 2013 approved appropriation budget level | -            | 3                                 |
| Strategic investments – Headquarters (recurring costs)  | 6.0          | 12                                |
| Strategic investments – field (recurring costs)   | 9.8          | 29                                |
| <b>Proposed 2014 appropriation</b>  | <b>281.8</b> | <b>72</b>                         |

### One-Time Investments

158. One-time investments – described above by MRD – are distinct from the regular PSA budget in that they are proposed for funding by direct drawdown on the PSA Equalization Account. Table III.10 summarizes the proposed investments for 2014.

**TABLE III.10: ONE-TIME INVESTMENTS 2014 (US\$ million)**

|  |            |
|--|------------|
| People: Human resources talent management        | 2.8        |
| Process: Business Process Review                 | 4.1        |
| Process: Procurement process streamlining        | 0.5        |
| Process: Support for Fit for Purpose workstreams | 0.4        |
| Accountability: Corporate reporting              | 1.0        |
| Process/Accountability: Operational support      | 0.4        |
| <b>TOTAL</b>                                     | <b>9.2</b> |

### Summary of 2014 Regular PSA Budget and One-Time Investments by Management Result Dimension

159. The MRDs and the related result areas are used to ensure that regular PSA and one-off investments enhance particular areas. Increased attention has been given to enabling the regional bureaux to provide frontline support and management for the country offices. Capacities have been built for programme design, delivery, monitoring, and evaluation and reporting to empower country offices and ensure that all staff operate in accordance with WFP's policies.

160. The new Management Results Framework identifies the measurable results needed to support administration and programmes effectively and efficiently. The regular PSA budget proposal and one-off investments are accordingly presented by MRD to facilitate tracking of the PSA budget, accountability and reporting (see Table III.11).<sup>18</sup>

<sup>18</sup> Allocations have been made across the new MRDs, pending finalization of the Management Results Framework. Minor adjustments between MRDs may be necessary during 2014.

| <b>TABLE III.11: PSA PROPOSALS BY MANAGEMENT RESULT DIMENSION<br/>(US\$ million)</b> |                                 |                                  |                                |               |                       |
|--|---------------------------------|----------------------------------|--------------------------------|---------------|-----------------------|
| <b>MRD</b>   | <b>Recurring<br/>PSA (base)</b> | <b>Incremental<br/>recurring</b> | <b>One-off<br/>investments</b> | <b>Total</b>  | <b>%<br/>of total</b> |
| People   | 36.7                            | 2.2                              | 2.8                            | 41.7          | 14.3                  |
| Partnerships   | 11.9                            | 3.1                              | -                              | 15.0          | 5.2                   |
| Processes and Systems  | 101.5                           | 3.2                              | 5.3                            | 110.0         | 37.8                  |
| Programmes   | 25.4                            | 4.3                              | -                              | 29.7          | 10.2                  |
| Accountability and Funding   | 90.5                            | 3.0                              | 1.1                            | 94.6          | 32.5                  |
| <b>TOTAL</b>   | <b>266.0</b>                    | <b>15.8</b>                      | <b>9.2</b>                     | <b>291.00</b> | <b>100.0</b>          |

161. A significant proportion of PSA expenditure is devoted to the processes and systems and the accountability and funding MRDs because they cover WFP's main operational, financial and oversight systems.

⇒ *People: 14.3 percent*

162. WFP's greatest strength is its dedicated staff. The allocation supports all aspects of human resource management with a view to increasing investment in learning, building capabilities and enhancing performance in a people-centred culture of commitment, communication and mutual accountability.

⇒ *Partnerships: 5.2 percent*

163. WFP aims to be the preferred partner for beneficiaries, governments, United Nations agencies, NGOs, academic organizations, and the private sector. The allocation will enable WFP to build better relationships with its partners and promote coherence and effectiveness in the United Nations system.

⇒ *Processes and Systems: 37.8 percent*

164. Efficient systems for project design and implementation, supply chains, learning, sharing and innovation are essential for WFP. The allocation ensures sound project design and business processes, and will fund the establishment of platforms for learning and innovation.

⇒ *Programmes: 10.2 percent*

165. WFP focuses on delivering effective and efficient programmes that build capacities for our beneficiaries and partners. The allocation will support the move to food assistance modalities and will provide resources to continue the current improvements in reporting and advocacy.

⇒ *Accountability and Funding: 32.5 percent*

166. WFP must be transparent, accountable for all resources and fully funded; it must also provide value for money. The allocation ensures that predictable, timely and flexible resources are obtained and allocated, that accountability frameworks are in place and that resources can be seen to be managed effectively.

## Status of the PSA Equalization Account

167. The estimated funding of US\$4,200 million for 2014 will generate ISC income of US\$274 million. For 2014 this includes management fees from private-sector fundraising, which were previously charged to a special account.
168. The 2014 opening balance of the PSA Equalization Account is estimated at US\$91.4 million. This is significantly above the US\$49.0 million in the Management Plan (2013–2015) because the actual funding level reached US\$4,000 million compared with estimates of US\$3,750 million in 2012 and US\$3,700 million in 2013.
169. The 2014 closing balance is projected to be US\$74.4 million, equivalent to three months of regular PSA expenditure. It is below the target level of four months expenditure – US\$94 million – but is still significantly higher than the closing balance projected in the Management Plan (2013–2015).

|   |         |
|---|---------|
| Projected opening balance, 1 January 2014   | 91.4    |
| 2014 ISC revenue based on US\$4,200 million revenue, including the private sector | 274.0   |
| 2014 PSA expenditure  | (281.8) |
| 2014 one-time investments   | (9.2)   |
| Projected closing balance, 31 December 2014                                       | 74.4    |

## 2015–2016 PSA Outlook

170. Income projections for 2015 and 2016 are set at US\$4,000 million per annum. The PSA budget proposed for 2014 has been formulated to create a prudent structure that supports WFP's business at the same level for the rest of the current Management Plan period.

### ⇒ *Use of interest income*

171. Financial Regulation 11.3 enables WFP to credit interest income from its investment portfolios and bank and money market accounts to the General Fund. Interest income for 2014 is estimated at US\$6 million.

### ⇒ *Security costs*

172. The cost relating to mandatory United Nations Department of Safety and Security (UNDSS) costs and the WFP Security Emergency Fund (SEF) amounts to US\$18.8 million per annum. This includes WFP's estimated US\$11.5 million share of UNDSS costs, unchanged from 2013, and US\$7.3 million to cover the costs of SEF equipment related to security and safety.
173. In view of the importance of security in operations, WFP proposes to draw on the General Fund for up to US\$10 million to cover costs that cannot be funded by cost-sharing operations, particularly in small country offices. This is not a long-term solution to funding these costs: the Secretariat will identify a sustainable solution during 2014 that balances the needs of the field and defines a financial mechanism for sharing of the costs between projects and WFP's central financing.

⇒ *Hedging*

174. At its 2008 Annual Session, the Board approved a policy for hedging the Euro component of PSA expenses incurred at Headquarters to enhance funding stability for PSA.
175. The Secretariat accordingly made a forward purchase of the required monthly Euro amounts in line with the timeframe for preparation of the 2014 PSA budget. The hedging policy for 2014 was implemented in August 2013, when the average exchange rate was €1 = US\$1.33. The 2014 standard position costs incorporate this average exchange rate to provide certainty as to the US dollar value of Euro-denominated PSA expenditure. The Secretariat will continue to report regularly on the impact of hedging arrangements.

## **Financial Management Initiatives in 2014**

⇒ *Capital budgeting*

176. Capital budgeting is a process of allocating a significant short-term outlay in the expectation of economic benefits in the medium term or long term.
177. WFP does not have a funding model for capital projects. Its funding cycle requires annual approval of the PSA budget, which in turn is funded from ISC income from operations. In the past WFP has used other funding sources such as interest income in the General Fund for capital investments; an example was the upgrade of the WFP Information Network and Global System (WINGS). But these resources are dwindling and the problem is becoming more serious. The absence of a source of funding that can provide spending authority in the short term in return for long-term economic benefits is delaying viable initiatives that could benefit WFP.
178. The challenge is such that WFP has no financial means to fund a large outlay in 2014 even if it were guaranteed to generate major financial savings in 2015–2017. A private-sector institution would be able to make such an investment by borrowing money and repaying it in full in the ensuing period.

### **Creation of a Capital Budgeting Facility**

179. WFP will address this gap by creating a Capital Budgeting Facility (CBF) on the same principles as other corporate services such as the Global Vehicle Leasing Programme (GVLP) to align WFP with best business practices. The facility would be a revolving fund like the FPF to be capitalized initially with seed funding from the WCFF. A ceiling would be included in the Management Plan each year, with new project proposals and a summary of the repayments for each capital project. A ceiling of US\$20 million is proposed for 2014.
180. The new facility will provide the capital for projects that can demonstrate quantifiable economic benefits and that have a repayment plan to replenish the facility, for example by charging operations, making administrative savings or charging third parties for services such as managing a WFP-constructed facility used by other United Nations personnel.

181. Because the capital budgeting facility will of necessity be limited, WFP will establish criteria for choosing between competing proposals for funding. Given the nature of WFP's activities, the criteria will include elements that are not purely financial, though all proposals must be able to generate a return on the investment. Projects competing for funding will be subject to an initial internal review to evaluate their support for corporate priorities.
182. As with all requests for WCFE funding, the SRAC will review each investment proposal and advise the Executive Director as to the projects to be funded from the capital budgeting facility within the available ceiling in the following Management Plan. The review will also ensure that any loan is repaid in accordance with the terms of the proposal.

#### Initial use of the Capital Budgeting Facility

183. WFP proposes to pilot the use of the facility for LESS. The cost-benefit analysis of this system was updated in 2013, and an independent review concluded that every US\$1 invested in LESS would yield a return of US\$1.35 and that the investment would generate quantifiable returns on full implementation. In 2012 and 2013, however, the Secretariat has had to find ad hoc funding for the development of LESS.
184. The Secretariat will make the investment through the CBF with a view to completing LESS and rolling it out across WFP. The advance would be repaid through a tonnage-based landside transport, storage and handling charge for use of the system once it has been set up and the savings realized. This approach will ensure that the charges to projects will be matched by the savings, in line with the principle of charging projects only for costs that can be directly attributed to them.
185. The cost of the LESS project in 2014–2016 is estimated at US\$35 million. Because some countries will “go live” during the first year and will start making repayments, the proposed ceiling for LESS funding from the CBF for the period is US\$20 million.

#### Advance Financing Review

186. WFP continues to look for ways to improve its funding structure to bring greater stability and predictability to its operations. The present advance financing instruments have become crucial to implementing many of WFP's interventions, particularly in response to emergency needs.
187. Advance financing tools have become a central part of WFP's response capability through the WCFE, which has grown significantly since its inception in 2004 to the present ceiling of US\$557 million. The tools permit WFP to:
- fund the GVLP and the CBF for corporate services as described above;
  - fund projects in advance of confirmed contributions, increasing on-time delivery of food to beneficiaries;
  - facilitate the purchase of food on the basis of aggregated regional demands and funding forecasts through the FPF, whose ceiling is US\$300 million: this enables WFP to make significant reductions in delivery lead times.



188. The FPF mechanism for procuring food enables WFP to maintain food inventories in continuous supply lines: it has enabled WFP to reduce delivery lead times in response to operational needs by up to 70 percent – two and a half months on average – compared with traditional financing methods. WFP has seen successes from its FPF with its corporate emergencies in Pakistan, the Horn of Africa, the Sahel and the Syrian Arab Republic as well as in many other operations. The FPF is currently utilizing all the US\$300 million of the allocated amounts, not leaving room for any additional allocations.
189. In view of the volatile situation in a number of regions, WFP must have the resources to meet escalating demands. Currently, US\$50 million – 57,700 mt of food – in FPF stocks is being consumed and revolved for Syrian operations alone. WFP must also be prepared for an escalation of the humanitarian crisis, which would require an immediate large-scale response. With a surge capacity in the supply chain of US\$40 million in corporate stocks and US\$10 million in associated costs, WFP would have the flexibility to scale up to address such an eventuality.
190. It is therefore proposed to raise the current US\$557 million ceiling of the WCFF by US\$50 million to US\$607 million to enable an increase in the FPF from US\$300 million to US\$350 million; this will be earmarked for surge capacity in the supply chain.
191. To mitigate the risks associated with advance financing, and in accordance with WFP's risk-management mechanisms and leverage ratio of 6:1, the Operational Reserve will be increased by US\$8.3 million.<sup>19</sup>

⇒ *Financial framework review*

192. The CBF and WCFF will be part of a financial framework review to be submitted to the Board at its 2014 First Regular Session as part of Fit for Purpose. Its objectives are to: i) enhance funding stability, particularly with respect to improving stability in contracting local staff; ii) optimize the use of resources; iii) improve planning and cost management; and iv) enhance transparency to stakeholders. The aim is to introduce a business model that maximizes WFP's impact on beneficiaries. Options being considered include increasing the size of the Operational Reserve and changing the leverage factor of the Operational Reserve, which is currently set at factor 6.

### Proposal to Review the ISC rate

193. In line with WFP/EB.A/2006/6-C/1, which described a method for setting the ISC rate for the forthcoming financial period, the rate for 2014 was calculated as shown in Table III.13.

|   |       |
|---|-------|
| 2013 baseline                                       | 7.07  |
| Increase for higher indirect expenditures for 2014  | +0.60 |
| Decrease for higher funding forecast                | -0.25 |
| Increase for lower PSA Equalization Account balance | +0.66 |
| Proposed ISC rate for 2014                          | 8.08  |

<sup>19</sup> WFP/EB.2/2010/5-B/1, paragraph 47.

194. The Secretariat nevertheless recommends that the current 7.0 percent ISC rate be maintained for 2014.
195. The Board last reviewed the ISC rate at its 2002 Third Regular Session. One of the outcomes of that review was approval for reduction of the ISC rate to 7.0 percent for 2003, a rate that has remained unchanged.
196. The Secretariat proposes to review the ISC rate in 2014 on the basis of the following considerations:
- The 2002 rate was calculated at a time when WFP was a rather different organization: income levels were significantly lower, the concept of advance financing was limited to the Immediate Response Account and the move to food assistance was not on the horizon.
  - UNDP, UNFPA, UNICEF and UN-Women have recently reviewed their ISC rates, and in January 2013 they recommended a harmonized cost-recovery rate of 8 percent from 2014. This rate is being used for their 2014 budget proposals, which will be presented in September 2013.
  - The QCPR is encouraging United Nations entities to adopt systems based on the principle that full cost recovery should draw proportionally from core and non-core resources, and should provide incentives for increasing core contributions and more predictable and flexible non-core funding.
197. The Secretariat proposes two stages for the review: i) identification of a method for calculating a new ISC rate; and ii) application of this method to WFP to generate an indicative ISC rate. The first stage could be discussed at the 2014 First Regular Session of the Board with a view to obtaining its approval; the results of the second stage would then be considered at the 2014 Annual Session with a view to incorporating the Board's recommendations in the Management Plan (2015–2017).

### **Proposal to Amend the Executive Director's Authority to Adjust the PSA**

198. Since the 1996–1997 Management Plan, the Executive Director has been authorized to adjust the PSA component of the budget in accordance with variations of more than 10 percent in the volume of operational requirements. This gives management the flexibility to adjust the PSA level temporarily to support large unforeseen increases in operations. For this Management Plan, the Secretariat proposes that this authority be based on the forecast funding level in the Management Plan rather than forecast operational requirements. Funding is more difficult to predict than operational requirements, but it is a more accurate reflection of the volume of business and hence of the amount of PSA funding required to implement actual operations.
199. The Secretariat therefore proposes that for the Management Plan (2014–2016) the Executive Director be authorized to adjust the PSA 2014 component of the budget if there is an increase in forecast funding beyond the US\$4,200 million projected in this Management Plan. For the purposes of good financial management, the permitted increase in the PSA level would be limited to half of the resulting forecast increase in ISC income arising from the higher level of funding. On the basis of the recommended 7.0 percent ISC rate for 2014, the permitted increase in PSA would be limited to 3.5 percent of forecast funding beyond the 2014 level of US\$4,200 million. This would be reflected in the draft decision for adoption by the Board.

## SECTION IV: TRUST FUNDS AND SPECIAL ACCOUNTS

### Overview of Trust Funds and Special Accounts

200. This section of the Management Plan summarizes the resource requirements that may be funded through trust funds, and the activity levels in special accounts. In response to requests from the Board, this section outlines WFP's plans for the prioritization and use of such extra-budgetary resources in 2014–2016.

#### ⇒ *Trust Funds*

201. Trust funds are contributions whose purpose, scope and reporting requirements are outside WFP's regular operational programmes, but that are in line with its objectives. They are approved by the Executive Director under Financial Regulation 5.1. Trust funds are of two types: i) corporate trust funds, which are established at the corporate level to develop WFP's institutional capacity and ii) country-specific trust funds, which are established at the country level to enable country offices to assist governments with the management and implementation of programmes aligned with WFP's Strategic Objectives.

202. WFP's estimate of trust fund requirements in 2014 is US\$258 million, of which US\$188 million relates to corporate trust funds and US\$70 million to country-specific trust funds (see Table IV.1). These estimates reflect: i) existing trust funds that are expected to continue into 2014 and beyond; and ii) additional requirements for such funding identified by WFP offices. Information relating to both these elements is collected as part of the budgeting process. The actual and potential extra-budgetary funding for future years also helps with the establishment of PSA funding levels by activity.

#### ⇒ *Special Accounts*

203. These are accounts established by the Executive Director under Financial Regulation 5.1 to enable WFP to provide non-profit business services and support activities that do not fall into its programme categories; examples are aviation services, vehicle leasing, information technology and logistics. The level of activity in special accounts is estimated at US\$180 million in 2014 (see Table IV.1), the same as in 2013.

| <b>TABLE IV.1: TRUST FUNDS AND SPECIAL ACCOUNTS</b> |                     |            |                     |            |
|---|---------------------|------------|---------------------|------------|
|   | <b>2013</b>         |            | <b>2014</b>         |            |
|   | <i>US\$ million</i> | <i>%</i>   | <i>US\$ million</i> | <i>%</i>   |
| <b>Trust funds</b>                                  |                     |            |                     |            |
| i) Corporate requirements                           | 161                 | 69         | 188                 | 73         |
| ii) Country-specific requirements                   | 72                  | 31         | 70                  | 27         |
| <b>Total trust funds</b>                            | <b>233</b>          | <b>100</b> | <b>258</b>          | <b>100</b> |
| <b>Special accounts</b>                             | <b>180</b>          |            | <b>180</b>          |            |

## Corporate Trust Funds

204. Corporate trust funds are a resource for developing, in a specific timeframe, WFP's institutional capacities and supplementing core PSA-funded activities.
205. WFP anticipates US\$188 million in corporate trust fund requirements in 2014: US\$95 million in forecast contributions – 51 percent – has been earmarked or allocated to specific activities; US\$93 million – 49 percent – will be allocated to priority areas to enhance WFP's organizational capacity. Although corporate trust funds are managed centrally, WFP expects that two thirds of the resources will be utilized in the field.
206. The Executive Director makes decisions as to the use of unearmarked or multilateral resources on the basis of recommendations from the SRAC, which bases its own recommendations on an inventory of prioritized unfunded requirements.
207. The requirements for funding by unearmarked corporate trust funds are prioritized by assessing relevance to the Strategic Objectives and WFP's management priorities. As with the prioritization of PSA, additional criteria are applied to ensure that specific activities are associated with areas requiring institutional strengthening.
208. Current priorities include emergency preparedness, C&V, capacity development, performance management, gender, food quality and safety and nutrition, and P4P.
209. The SRAC links the allocation of multilateral resources to particular time-bound outcomes, and establishes reporting and accountability mechanisms relating to the allocated multilateral funds.

## Use of Corporate Trust Funds in Line with Priority Areas

210. Table IV.2 gives examples of the way that resources have been used in the past to address priorities identified by the SRAC. It also identifies activities to be supported in 2014 and beyond against the same priorities.

| <b>THEMATIC AREA</b>   | <b>EXAMPLES OF PAST USE AND ACHIEVEMENTS</b>  | <b>FUTURE USES FROM 2014</b>   |
|------------------------|---|--|
| EMERGENCY PREPAREDNESS | <ul style="list-style-type: none"> <li>✓ Raised level of awareness at the country office level through the Emergency Preparedness and Response package</li> <li>✓ WFP's systems adjusted to accommodate the corporate response roster</li> <li>✓ Training capability enhanced</li> <li>✓ Lessons-learned toolkit developed</li> <li>✓ Corporate-response exercise launched</li> </ul> | <ul style="list-style-type: none"> <li>✓ Continue support for the global food security cluster</li> <li>✓ Provide further support for early warning, analysis and crisis management</li> <li>✓ Improve WFP's ability to respond to large-scale emergencies at the corporate, regional and country levels</li> <li>✓ Enhance information management platform</li> </ul> |

TABLE IV.2: USE OF CORPORATE TRUST FUNDS

| THEMATIC AREA                      | EXAMPLES OF PAST USE AND ACHIEVEMENTS  | FUTURE USES FROM 2014  |
|------------------------------------|--|--|
| CASH AND VOUCHERS                  | <ul style="list-style-type: none"> <li>✓ C&amp;V manual and financial directives developed</li> <li>✓ Cash for Change website developed; Cash for Change knowledge-management webpage developed that provides field offices with access to WFP global experts</li> <li>✓ Innovative solutions identified for distributing funds to beneficiaries</li> </ul>      | <ul style="list-style-type: none"> <li>✓ Integrate operational, information technology and finance components to support the scaling up of C&amp;V.</li> <li>✓ Cultivate partnerships to realize economies of scale in C&amp;V contracting and payment systems</li> <li>✓ Train field staff to embed processes and select optimum transfer modalities at the project design stage</li> <li>✓ Establish global-level service agreements with C&amp;V service providers</li> </ul> |
| CAPACITY DEVELOPMENT               | <ul style="list-style-type: none"> <li>✓ Centre of Excellence established in partnership with the Government of Brazil</li> <li>✓ Cost of Hunger Study piloted</li> <li>✓ Partnership with African Risk Capacity established</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Facilitate and promote south-south cooperation and triangular cooperation on food security</li> <li>✓ New initiatives for staff development</li> </ul>  |
| PERFORMANCE MANAGEMENT             | <ul style="list-style-type: none"> <li>✓ PROMIS and COMET design module rolled out in OMJ and OMP (22 countries)</li> <li>✓ Monitoring and Evaluation (M&amp;E) advisers and officers deployed</li> <li>✓ On-site support for Syrian regional emergency in Jordan and Turkey</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Establish a system and tools for country strategies</li> <li>✓ Establish systems for monitoring, performance and risk management</li> <li>✓ Roll out COMET and PROMIS systems across WFP</li> </ul>   |
| GENDER                             | <ul style="list-style-type: none"> <li>✓ New gender marker indicator introduced</li> <li>✓ New accountability framework established to hold staff and senior management accountable for gender mainstreaming</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Provide resources and training for country-led projects based on gender analysis</li> <li>✓ Strengthen gender mainstreaming accountability framework</li> </ul>   |
| FOOD QUALITY, SAFETY AND NUTRITION | <ul style="list-style-type: none"> <li>✓ Dialogue on nutrition enhanced through REACH and Scaling Up Nutrition (SUN) framework</li> <li>✓ Field level implementation of nutritional components tested and implemented</li> </ul>   | <ul style="list-style-type: none"> <li>✓ Enhance global nutrition</li> <li>✓ Scale up food and nutrition activities in regional bureaux and country offices</li> </ul>   |
| P4P                                | <ul style="list-style-type: none"> <li>✓ Implementation in 20 countries to bring together demand, supply, credit and policy actors to support smallholder-friendly market development</li> <li>✓ 262,000 farmers trained in improved agricultural production, post-harvesting handling and quality assurance</li> <li>✓ 312,000 mt of food contracted</li> </ul> | <ul style="list-style-type: none"> <li>✓ Optimize and expand procurement from smallholder farmers, enabling them to achieve their market potential</li> <li>✓ Investigate indicators reflecting innovative purchase modalities that will enhance livelihoods</li> </ul>  |
| OTHERS                             |  | <ul style="list-style-type: none"> <li>✓ Provide technical assistance for country offices to develop, test and evaluate innovative climate-risk management tools</li> <li>✓ Complete five-year partnership on rural resilience to develop innovative approaches that integrate FFW and cash for work (CFW) with community risk reduction</li> </ul>  |

## Analysis of Corporate Trust Funds by Management Dimension

211. Because corporate trust funds are intended to strengthen institutional capacities, clear links must be established with WFP's management priorities. Table IV.3 shows corporate trust fund requirements by MRD: of these, Processes and Systems and Partnerships account for two thirds, and 64 percent are field-based.

| <b>TABLE IV.3: CORPORATE TRUST FUNDS BY MANAGEMENT RESULT DIMENSION</b> |                            |                        |            |  |
|---|----------------------------|------------------------|------------|--|
|   |                            | <b>WFP projections</b> |            | <b>Designated for regional bureaux/country offices</b> |
|   |                            | <i>US\$ million</i>    | <b>%</b>   | <i>US\$ million</i>                                    |
| MRD 1   | People                     | 15                     | 8          | 5.6  |
| MRD 2   | Partnerships               | 50                     | 26         | 32.3   |
| MRD 3   | Processes and Systems      | 75                     | 40         | 59.6   |
| MRD 4   | Programmes                 | 27                     | 14         | 12.6   |
| MRD 5   | Accountability and Funding | 21                     | 11         | 10.9   |
| <b>TOTAL</b>  |                            | <b>188</b>             | <b>100</b> | <b>121.0</b>   |

### ⇒ *MRD 1 People*

212. This dimension accounts for US\$15 million – 8 percent of requirements for 2014 – of which US\$5.6 million is field-based. These resources will be used to enhance the acquisition and deployment of talent and career management, and to support improved medical services and counselling for employees working in challenging environments.

### ⇒ *MRD 2 Partnerships*

213. This accounts for US\$50 million – 26 percent of requirements for 2014 – of which US\$32.3 million is field-based. The resources will enhance WFP's partnerships with governments and other United Nations agencies, including:

- the partnership with the Government of Brazil to develop the capacities of governments in school feeding, food security and social protection;
- the Rome-based agencies Joint Programme on Rural Women's Economic Empowerment;
- the partnership of lead IASC members and government and military actors for advance planning for disasters in five high-risk countries in Asia; and
- technical assistance for the African Risk Capacity, an innovative insurance facility that provides participating states with readily available cash in the event of a natural disaster.

### ⇒ *MRD 3 Processes and Systems*

214. This dimension accounts for US\$75 million – 40 percent of requirements for 2014 – of which US\$59.6 million is field-based. The resources will support improvements in processes such as supply-chain optimization, P4P and legal services related to C&V. Additional funding will enable the Human Resources Division to shift from a transactional and compliance role to a role that is proactive in delivering services for WFP managers and employees.

⇒ *MRD 4 Programmes*

215. This accounts for US\$27 million – 14 percent of requirements for 2014 – of which US\$12.6 million is field-based. The resources will be used to:

- enhance the capacity of the Gender Unit and regional bureaux to support country offices in mainstreaming gender equality and the empowerment of women into all aspects of operations;
- establish programmes to develop community resilience; and
- support new initiatives such as developing a flexible multi-lingual WFP web platform.

⇒ *MRD 5 Accountability and Funding*

216. This dimension accounts for US\$21 million – 12 percent of requirements for 2014 – of which 51 percent is field-based. The resources will be used to:

- improve financial management, risk management and internal controls;
- improve planning and reduce fragmentation of funding with a view to mitigating risk and increasing efficiency, ultimately reducing costs;
- enable WFP to meet the United Nations target of reducing CO<sub>2</sub> emissions; and
- optimize the processes and tools for monitoring and performance management.

### **Country-Specific Trust Funds**

217. These are funds received at the country level to enable country offices to assist governments with the management and implementation of programmes aligned with WFP's four new Strategic Objectives.

218. The level of country-specific trust funds is forecast at US\$70.1 million in 2014, a level similar to 2013. The main providers of country-specific resources are host governments, though governments of other countries and some private foundations may also contribute.

219. Table IV.4 shows a significant regional shift in the use of country-specific trust funds, which in 2013 were used almost exclusively in Latin America. WFP anticipates greater use of such trust funds in other regions in 2014, particularly Asia and southern Africa.

**TABLE IV.4: 2014 FORECAST – COUNTRY-SPECIFIC TRUST FUNDS BY REGION  
(US\$ million)**

| Regional bureau   | 2014 forecast<br>(US\$ million) | 2013<br>(US\$ million) | 2014<br>%  | 2013<br>%  |
|---|---------------------------------|------------------------|------------|------------|
| OMP: Latin America and the Caribbean                            | 39.8                            | 66.0                   | 57         | 92         |
| OMB: Asia   | 15.0                            | 2.6                    | 21         | 4          |
| OMJ: Southern Africa  | 8.2                             | 0.7                    | 12         | 1          |
| OMD: West Africa  | 3.0                             | 0.5                    | 4          | 1          |
| OMC: Middle East, North Africa, Eastern Europe and Central Asia | 2.1                             | 0.2                    | 3          | 0          |
| OMN: East and Central Africa                                    | 2.0                             | 1.7                    | 3          | 2          |
| <b>TOTAL</b>  | <b>70.1</b>                     | <b>71.7</b>            | <b>100</b> | <b>100</b> |

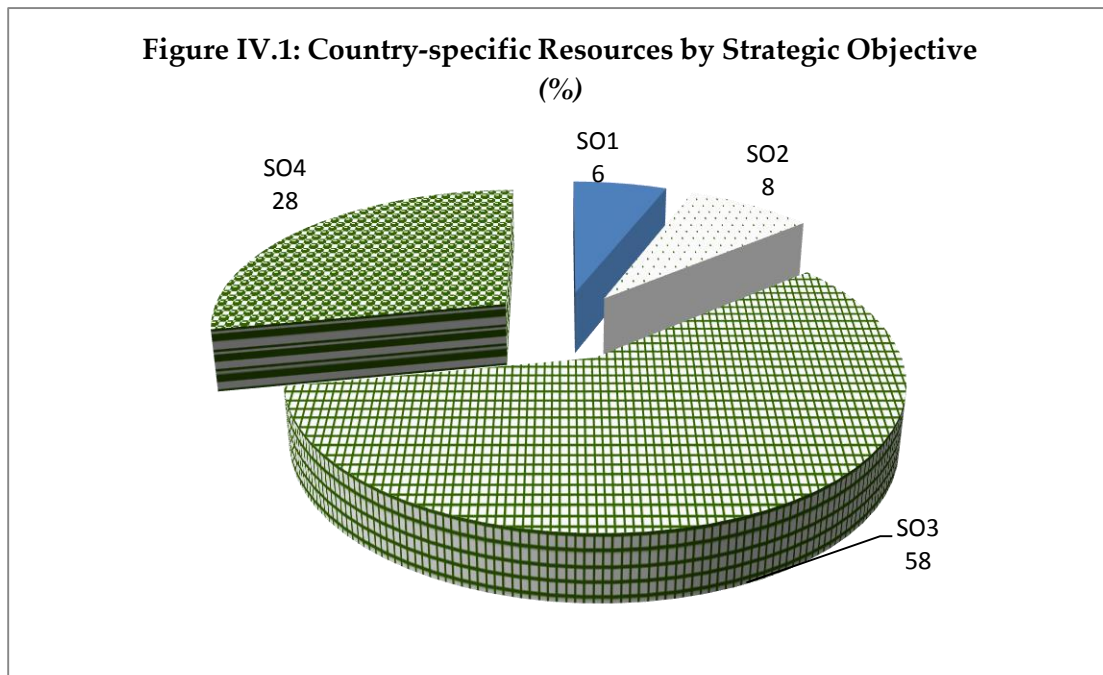
220. The number of countries with trust funds is expected to increase to 23 in 2014, from 19 in 2013. The five largest trust fund country programmes account for US\$40.8 million, 58 percent of the projection for 2014 (see Table IV.5). In 2013, the major share of such funds was in OMP, mainly in Colombia, Cuba, El Salvador, Haiti and Honduras, accounting for 88 percent of the total. New trust funds have been projected for 2014 in eight additional countries, including the Plurinational State of Bolivia, Egypt, India and Mozambique.

**TABLE IV.5: FIVE LARGEST COUNTRY-SPECIFIC TRUST FUNDS**

| Country          | 2014 forecast<br>(US\$ million) | 2013 Management Plan<br>(US\$ million) |
|------------------|---------------------------------|--|
| Colombia (OMP)   | 10.6                            | 10.5                                   |
| India (OMB)      | 8.7                             | 0                                      |
| Mozambique (OMJ) | 7.5                             | 0                                      |
| Ecuador (OMP)    | 7.2                             | 1.0                                    |
| Honduras (OMP)   | 6.8                             | 24.4                                   |
| <b>Subtotal</b>  | <b>40.8</b>                     |  |
| Other countries  | 29.3                            |  |
| <b>TOTAL</b>     | <b>70.1</b>                     | <b>71.7</b>                            |



## Analysis of Country-Specific Trust Funds by Strategic Objective



221. Figure IV.1 shows that most trust funds will focus on Strategic Objective 3 to provide technical assistance and develop the capacities of host governments.

- In India, WFP will support work to improve the efficiency of the Government's programmes for food security such as the Targeted Public Distribution System.
- In Mozambique, WFP will provide procurement and logistics services for the Government's Nutrition Rehabilitation Programme.
- In the Plurinational State of Bolivia, Ecuador, El Salvador, Peru and Sri Lanka, trust funds will be used to enhance community resilience to climate change, improve food and nutrition security, and address gender issues.

222. Trust fund activities under Strategic Objective 1 will improve vulnerability analysis and mapping, for example through communications centres, and help to develop emergency preparedness and response capacities.

223. Trust fund activities under Strategic Objective 2 will provide analysis of food security monitoring.

224. Trust fund activities under Strategic Objective 4 will support school feeding programmes and food fortification for vulnerable groups.

### Special Accounts

225. The Executive Director may establish special accounts under Financial Regulation 5.1 to: i) manage special contributions or funds earmarked for programmatic, corporate or cost-recovery purposes; and ii) support long-term activities.

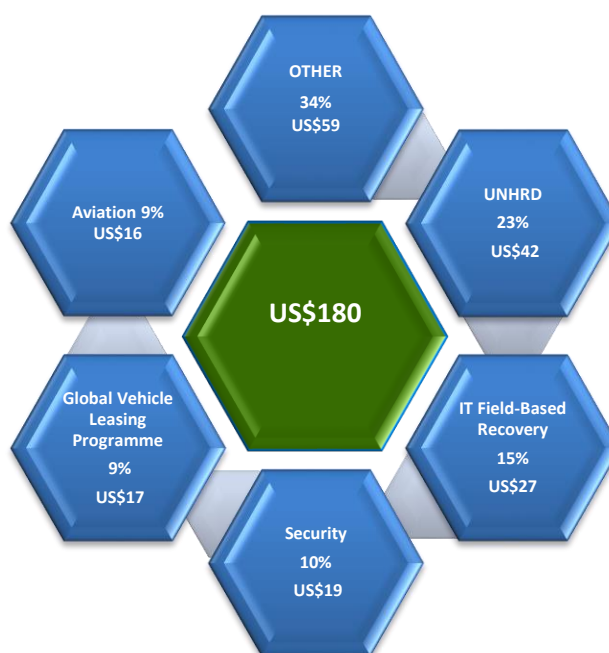
226. Special accounts enable WFP to provide services for the humanitarian community such as evacuation of personnel in emergencies and cargo airlifts in remote and insecure areas.

They are also used to support self-insurance and other internal accounting arrangements such as global vehicle leasing.

227. Where income to special accounts relates to WFP activities, it is budgeted against operational projects – vehicle leasing costs or insurance charges are examples.

228. The five largest special accounts, which constitute 66 percent of the portfolio, are: i) the United Nations Humanitarian Response Depots (UNHRDs); ii) IT field-based recovery; iii) security; iv) the Global Vehicle Leasing Programme (GVLP); and v) aviation (see Figure IV.2).<sup>20</sup>

**Figure IV.2: Forecast Special Accounts in 2014**  
(US\$ million)



229. Special account activity will total US\$180 million in 2014, a level similar to 2013.

- The UNHRD special account was established in June 2000 to manage donors' contributions and revenue from services at UNHRD hubs. It supports stockpiling by United Nations and governmental and non-governmental organizations to reinforce the capacity of the humanitarian community to respond to emergencies.
- The IT field-based recovery process consolidates the management of WFP's basic software for estimating global volumes and negotiating prices centrally. It establishes a direct cost-recovery structure from field offices and is used for cost recovery for recurring operational costs related to WFP's basic IT infrastructure.
- The security special account was established in January 2012 to ensure: i) coordination of security with regional field-security offices; ii) response to all security incidents in the field; iii) deployment of security staff to the field to support

<sup>20</sup> The Forward Purchase Facility special account is excluded because projected food purchases and associated costs are already embedded in the 2014 programme of work.

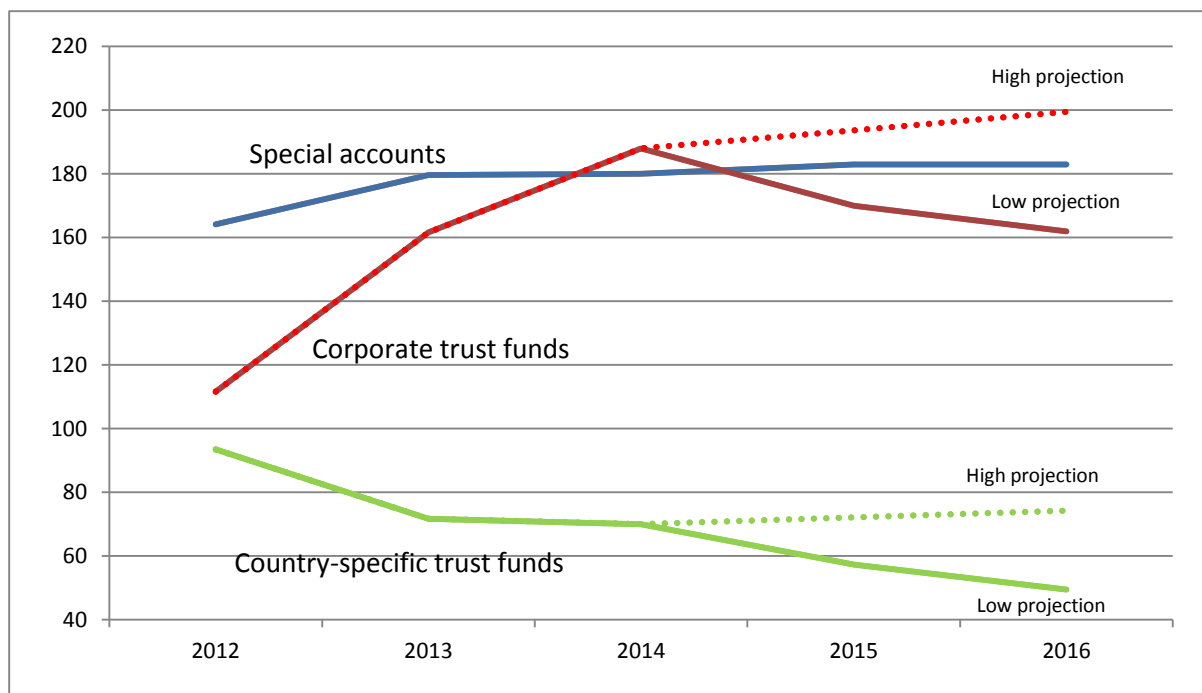
designated officials; iv) investigation of the deaths of staff in malicious circumstances; and v) assistance in the management of hostage incidents or in the event of the arrest or detention of staff members.

- The GVLP was established in 2006 to streamline WFP's vehicle procurement, reduce administration and country office costs, and provide flexibility in managing the vehicle fleet. It provides immediate availability of a standardized fleet of security-compliant vehicles, improved asset management and utilization, and centralization and simplification of procurement.
- The aviation special account was established in 2003 to provide resources for the financial management of WFP's aviation operations and for the enhancement of aviation standards and networks. The service provides airlifts and airdrops to ensure that food distribution continues uninterrupted by impediments such as blocked roads, poor infrastructure, conflict and natural disasters.
- Other special accounts provide for logistics, communications and food-security support for the international community, self-insurance and the Field Emergency Support Office.

### **Outlook for Trust Funds and Special Accounts, 2014–2016**

230. Under the three-year rolling Management Plan, the low and high projections for trust funds are shown in Figure IV.3. The low projections in 2015 and 2016 reflect the estimates from country offices and Headquarters divisions; the high projections are based on historical trends and outlooks since 2012, and are estimated at 24 percent above the low projection.
231. The low projection for corporate trust funds in 2015 is US\$170 million; the figure for 2016 is US\$162 million. The high projection for 2015 is US\$197 million; the figure for 2016 is US\$203 million. The low projection foresees lower investments, mainly in P4P and REACH. The high projection, a 3 percent increase from 2014, is based on the development of corporate capacity building.
232. The low projection for country-specific trust funds in 2015 is US\$57 million; the figure for 2016 is US\$50 million. The high projection for 2015 is US\$72 million; the figure for 2016 is US\$74 million. The high projection, a 3 percent increase over 2014, is based on current trends in support from host governments.
233. In 2015 and 2016, special accounts are expected to remain stable at the 2014 level of US\$180 million, in line with future business assessments made by special account administrators.

**Figure IV.3: Trends and projections for trust funds and special accounts 2012–2016**  
(US\$ million)

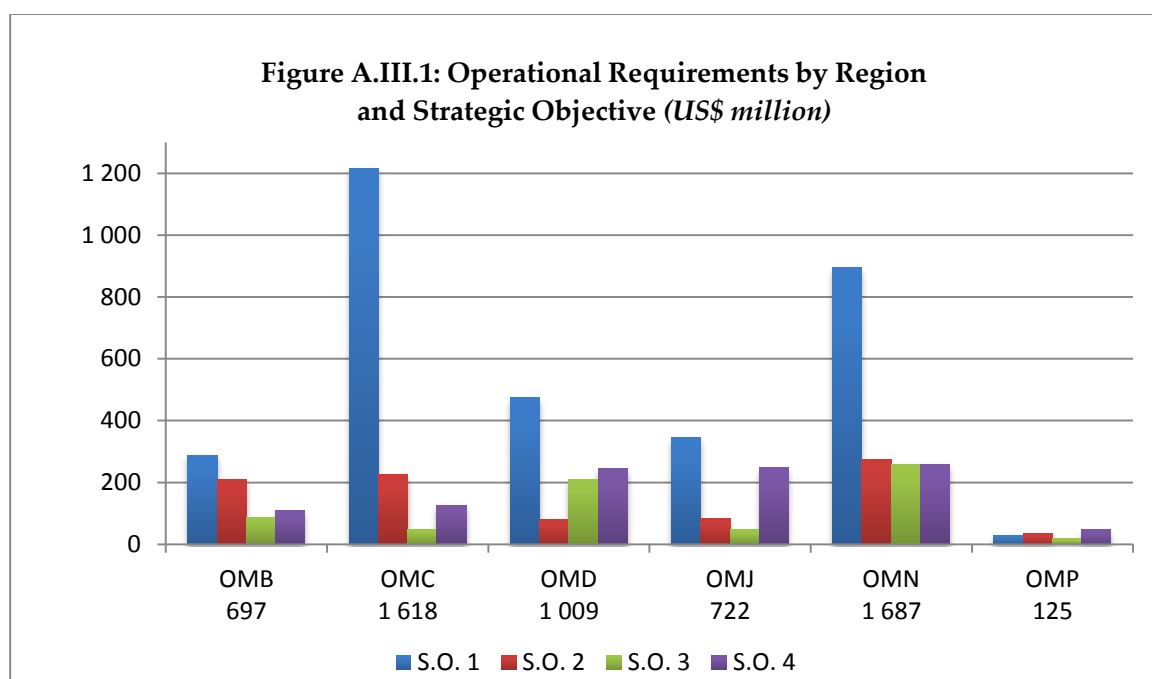


## **ANNEXES I and II**

**Annexes I and II detailing the PSA budget  
will be included in the final draft.**

## OPERATIONAL REQUIREMENTS – REGIONAL OVERVIEWS

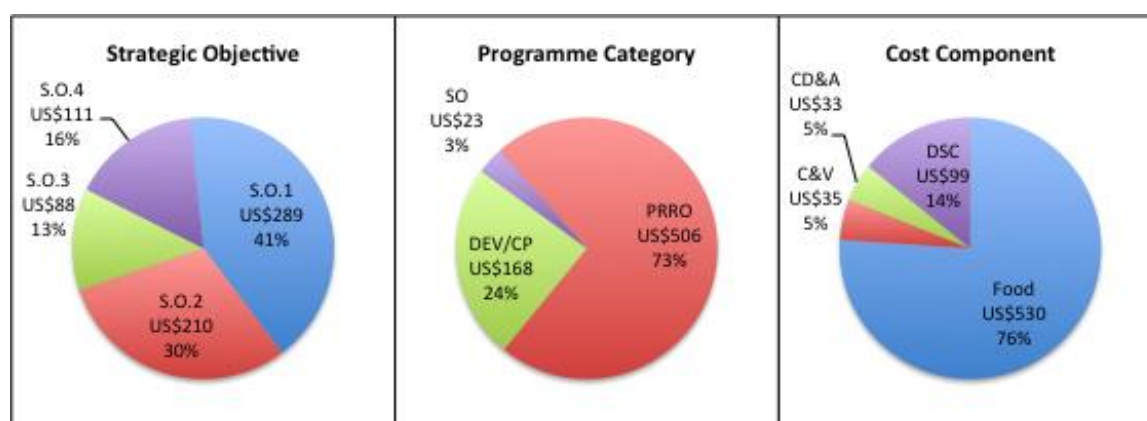
1. The following regional narratives outline projected operational requirements, the effect of the current context on programmes and implementation, and regional plans for supporting the Strategic Plan.
2. Requirements by region and Strategic Objective are shown in Figure A.III.1.



## Bangkok Regional Bureau

| TABLE A.III.1: OMB OPERATIONAL REQUIREMENTS |   |
|---|---|
| Total operational requirements              | US\$697 million   |
| Number of beneficiaries                     | 13.9 million  |
| Tonnage of food                             | 0.6 million mt  |
| Number of operations                        | 17  |
| Countries with planned operations           | 12: Afghanistan, Bangladesh, Bhutan, Cambodia, the Democratic People's Republic of Korea, Indonesia, the Lao People's Democratic Republic, Myanmar, Nepal, Pakistan, the Philippines, Sri Lanka |

Figure A.III.2: OMB operational requirements (US\$ million)



- The Asia region faces complex economic, political, social and environmental challenges exacerbated by food insecurity and alarming nutrition indicators. But the region includes several emerging middle-income countries and areas of rapid economic growth.
- Most of WFP's work in 2014–2016 will be in protracted relief situations in support of Strategic Objectives 1 and 3. The two largest interventions will be PRROs in Afghanistan and Pakistan: these have been refocused to reflect increasing restrictions on humanitarian access, security challenges and fluctuating funding. In both countries, WFP is seeking to reduce malnutrition, increase school attendance, address renewed displacement and reduce the risks to communities from natural disasters. The role of WFP's assistance in promoting stability is significant.
- WFP's work under Strategic Objective 4 will address the causes of long-term food insecurity in the region. CPs in Bangladesh, Cambodia, Indonesia, the Lao People's Democratic Republic and Nepal will continue the transition from direct implementation to enhancement of government capacities to address hunger and malnutrition. The largest increases in capacity development are in Cambodia, Indonesia and the Lao People's Democratic Republic: WFP will support these governments through school feeding, emergency preparedness and response, and disaster risk management. In Bhutan, WFP plans to work towards a full hand over of management and implementation of the national school feeding programme to the Government in 2018. In India, it will help the Government to scale up biometric technology to identify beneficiaries of the public distribution system and eliminate duplications and inconsistencies. WFP's final CP in India will end in 2013; a bilateral technical assistance programme will start in 2014.

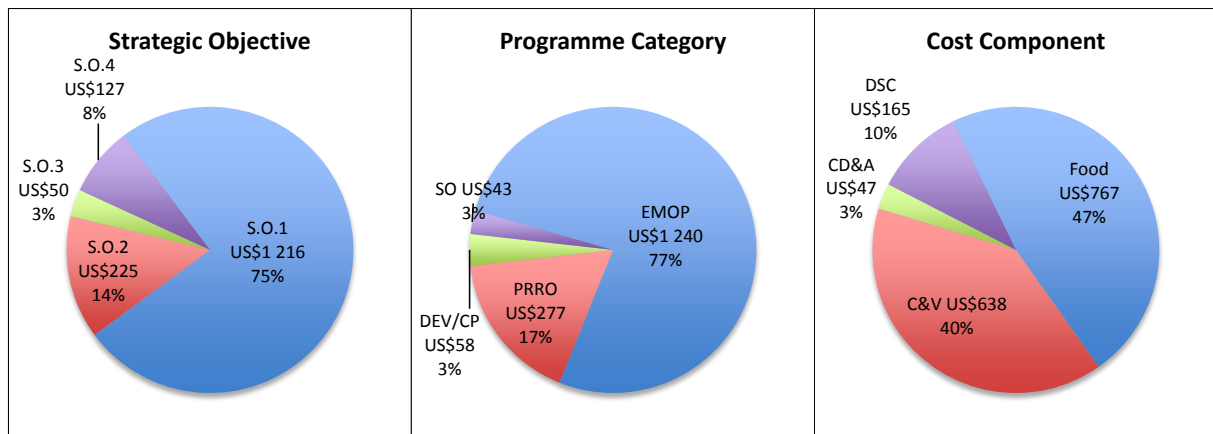
6. Nutrition and preparedness are regional priorities. A joint initiative with UNICEF will be launched in 2014 to reduce stunting in two pilot countries through a multi-sectorial approach. Rice fortification projects featuring nutritious locally produced foods promote nutrition, with a focus on the 1,000-day window of opportunity: the long-term plan is for these products to be adopted by external aid projects and government healthcare, nutrition and safety net programmes, with eventual commercial sales at affordable prices.
7. WFP's joint plans for high-risk, high-impact scenarios will include governments, humanitarian organizations and military forces. The plans will feature capacity development for national disaster-management offices, particularly in logistics and emergency response. WFP will increase its collaboration with the Office for the Coordination of Humanitarian Affairs (OCHA) in preparedness for natural disasters, particularly in Bangladesh, Indonesia, Myanmar, Nepal and the Philippines.
8. Where C&V are the most effective form of transfer, WFP will distribute them alongside food as a tool for relief, asset creation and the promotion of sustainable livelihoods. C&V transfers will increase by 40 percent to US\$42 million between 2014 and 2016, with the largest increases in Afghanistan, the Lao People's Democratic Republic and Myanmar.
9. In the next three years, WFP will assist food-insecure and undernourished populations, internally displaced persons (IDPs) affected by conflict and disasters, returnees and other vulnerable communities. The most significant activities will be general distributions, school feeding, nutrition and asset creation: these enable WFP to save lives and protect livelihoods in the short term and to reduce risk and enable people to meet their own food and nutrition needs in the long term. The 2014 portfolio positions WFP to respond to wide-ranging needs in a complex and evolving region.

### Cairo Regional Bureau

| <b>TABLE A.III.2: OMC OPERATIONAL REQUIREMENTS</b> |  |
|--|--|
| Total operational requirements                     | US\$1,618 million  |
| Number of beneficiaries                            | 18.8 million   |
| Tonnage of food                                    | 0.8 million mt   |
| Number of operations                               | 29   |
| Countries with planned operations                  | 16: Algeria, Armenia, Egypt, Iran (Islamic Republic of), Iraq, Jordan, the Kyrgyz Republic, Lebanon, Morocco, Palestine, the Sudan, the Syrian Arab Republic, Tajikistan, Tunisia, Turkey, Yemen |



Figure A.III.3: OMC operational requirements (US\$ million)



10. The Cairo Regional Bureau includes many middle-income countries with fully functional markets. WFP's transition to food assistance modalities helps countries to shift away from direct food assistance to cash-based modalities. The Syrian crisis response is WFP's first major emergency in which food is not the main transfer mechanism; C&V modalities are also being implemented in Egypt, Iraq, Jordan, Lebanon, Palestine, the Sudan, Tunisia and Turkey.
11. Conflict and political instability have increased the numbers of vulnerable people, IDPs and refugees. WFP will continue to address short-term food insecurity and malnutrition and will focus on building the resilience of vulnerable people in line with Strategic Objectives 1 and 2. Security concerns will continue to be a challenge, particularly in Iraq, the Sudan, the Syrian Arab Republic and Yemen.
12. A priority under Strategic Objective 2 is to enhance risk-management capacities by combining risk reduction, emergency preparedness and resilience-building with a view to supporting country offices.
13. The number of IDPs in the Syrian Arab Republic doubled in the first half of 2013 to 4 million; the situation is not expected to improve as refugees seek shelter in neighbouring countries. The in-country and regional EMOP will be extended into 2014. Projected operational requirements are based on 4 million IDPs in the Syrian Arab Republic and 2.5 million refugees in neighbouring countries in the first half of 2014. Food assistance under the regional EMOP will be provided primarily through electronic vouchers so that beneficiaries can purchase preferred foods, thereby increasing dietary diversity and supporting local markets. The situation may improve by 2015, but the scale of destruction in the Syrian Arab Republic means that prolonged assistance will be needed for IDPs and refugees: in 2015, therefore, the operations will become two-year PRROs envisaging a gradual reduction in beneficiary numbers in 2015 and 2016.
14. WFP will continue to assist refugees in Algeria, Iran, Palestine, the Sudan and Yemen under Strategic Objectives 1 and 2 and to support vulnerable and displaced people in conflict and post-conflict countries such as Iraq and the Kyrgyz Republic.
15. The operational environment in the Sudan is complex. Since 2009, WFP has been restructuring its assistance while continuing its large-scale emergency assistance with a view to stabilizing livelihoods, building resilience, reducing dependence on food aid and building government and civil capacities to the point where WFP's assistance will no longer be required. This approach will be reflected in the 2014 EMOP and the PRRO in

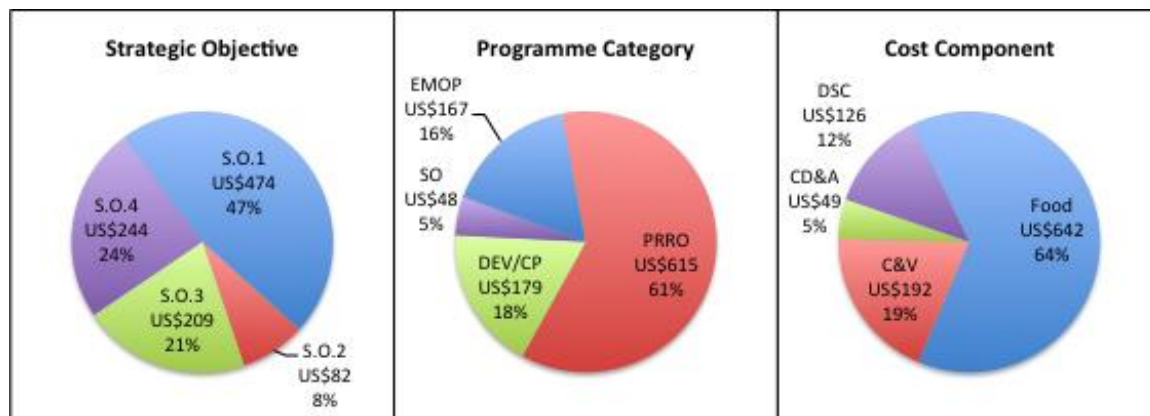
2015 and beyond. WFP will continue to provide food assistance for people affected by conflict and shocks in Darfur, the Central, East and Three Areas states, South Kordofan and Blue Nile, where it is the only United Nations agency that has access.

16. WFP is changing its Yemen portfolio to focus on resilience and restructuring of the EMOP in response to alarming food and nutrition insecurity. The Yemen operations will include the region's largest proportion of special nutritious products in 2014.
17. Under Strategic Objectives 3 and 4, WFP will support national food-subsidy systems, enhancement of supply chain management and national food security monitoring systems, improvement of social protection and safety net systems, school feeding and adaptation to climate change. In partnership with governments and other partners, WFP will invest in capacity development in line with national plans to achieve sustainable impact.
18. WFP will maintain and scale up school feeding programmes in line with Strategic Objectives 3 and 4; new projects will be introduced in Jordan and the Kyrgyz Republic. WFP plans to assist the governments of Morocco and Tunisia with capacity development with a view to improving school feeding programmes as part of their safety-net and social-protection systems.
19. Under Strategic Objective 4, WFP will address nutrient deficiencies by augmenting the capacities of national authorities to address nutrition challenges. OMC has a double burden of malnutrition – stunting from chronic malnutrition and obesity from over-nutrition; in middle income countries (MICs) micronutrient deficiencies are still being reported, especially among children under 5 and women of childbearing age. In partnership with other stakeholders, WFP will enhance its capacity to support the design and implementation of nutrition responses according to national priorities.
20. WFP works with other United Nations agencies to draft country-specific United Nations Development Assistance Frameworks (UNDAFs), regional response strategies and frameworks for action in the context of transformational change with a view to achieving sustainable development outcomes.

### Dakar Regional Bureau

| <b>TABLE A.III.3: OMD OPERATIONAL REQUIREMENTS</b> |  |
|--|--|
| Total operational requirements                     | US\$1,009 million  |
| Number of beneficiaries                            | 12.5 million   |
| Tonnage of food                                    | 0.6 million mt   |
| Number of operations                               | 40   |
| Countries with planned operations                  | 19: Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Côte d'Ivoire, the Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, the Niger, Sao Tome and Principe, Senegal, Sierra Leone, Togo |

Figure A.III.4: OMD operational requirements (US\$ million)



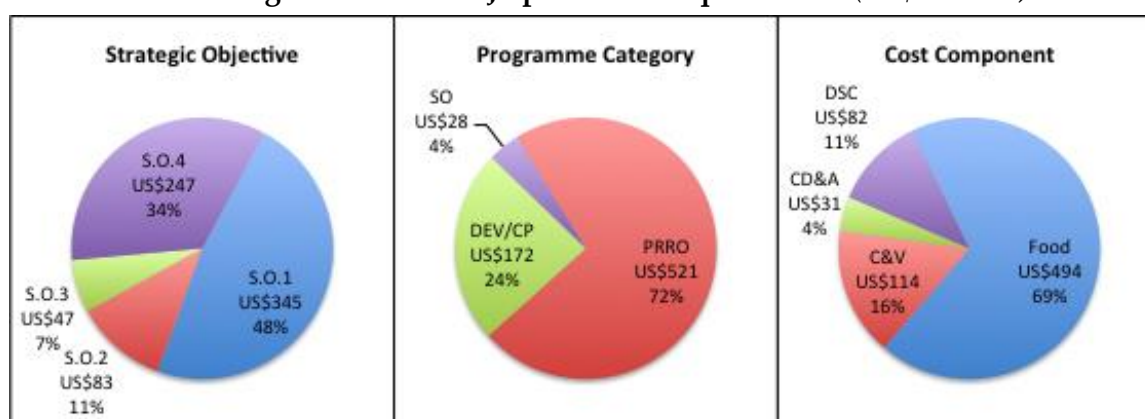
21. The West Africa Region faces high levels of food insecurity and malnutrition, compounded by chronic poverty, political instability, large-scale displacements, price volatility and natural disasters. Insecurity in northern Mali, Nigeria and the Central African Republic exacerbate existing vulnerabilities.
22. Through its food and cash distributions under Strategic Objective 1, WFP will support beneficiaries identified in food security and nutrition assessments. The region's needs call for a balance between addressing acute needs and building long-term resilience. Life-saving, recovery and development activities must be mutually reinforcing, and resilience-building and capacity development must be mainstreamed into all programmes.
23. Tackling undernutrition is a priority: under Strategic Objective 4, Ghana, Mali, Mauritania, the Niger and Sierra Leone are investing in prevention of undernutrition by focusing on the first 1,000 days of life. WFP will implement targeted and blanket supplementary feeding programmes, and will support vulnerable people living with HIV and TB.
24. Under Strategic Objectives 2 and 3, WFP is committed to mitigating the impact of shocks and to strengthening resilience to future shocks. Asset-creation to promote resilience to shocks will be implemented with the participation of able-bodied community members. School feeding is implemented in most countries in the region, primarily in support of Strategic Objective 4.
25. The use of C&V interventions is expected to expand three-fold from 2013 planning levels; capacity development in the coming years will double the planned level for 2013. This reflects high levels of government ownership and capacity to implement programmes to reduce food insecurity and malnutrition. WFP provides capacity-development programmes, for example in Togo and Cape Verde, and a combination of technical and food assistance programmes with a view to gradual hand-over in Côte d'Ivoire, the Gambia, and Sao Tome and Principe.
26. WFP is focusing increasingly on resilience-building, recovery and other long-term activities, which will be implemented with partners such as governments and the Economic Community of West African States (ECOWAS) in a multi-sector integrated response in the 19 countries of the region. In Senegal, the R4 Rural Resilience Initiative to mobilize communities to build agricultural assets and to establish insurance, credit and savings systems is jointly piloted with Oxfam, building on established livelihood and safety-net programmes.

27. WFP and its partners will continue to address challenges related to small-scale farming – a significant sector for African countries – by supporting the Comprehensive Africa Agriculture Development Programme (CAADP), which offers an excellent opportunity for countries to increase agricultural productivity and reduce hunger in the long term; phase II of a P4P pilot is planned in Burkina Faso and Mali.
28. Partnerships with governments and stakeholders such as the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS), the Food and Agriculture Organization of the United Nations (FAO), Famine Early Warning System Network (FEWS NET), the International Fund for Agricultural Development (IFAD), the Office of the United Nation High Commissioner for Refugees (UNHCR), and UNICEF are fundamental to the food security, nutrition and market assessments that underpin WFP's interventions.

### Johannesburg Regional Bureau

| TABLE A.III.4: OMJ OPERATIONAL REQUIREMENTS |  |
|---|--|
| Total operational requirements              | US\$722 million  |
| Number of beneficiaries                     | 12.2 million   |
| Tonnage of food                             | 0.6 million mt   |
| Number of operations                        | 22   |
| Countries with planned operations           | 10: The Congo, the Democratic Republic of the Congo (DRC), Lesotho, Madagascar, Malawi, Mozambique, Swaziland, the United Republic of Tanzania, Zambia, Zimbabwe |

Figure A.III.5: OMJ operational requirements (US\$ million)



29. Countries in southern Africa are facing new challenges arising from environmental and social pressures. Apart from protracted humanitarian situations, 47 international humanitarian emergencies were identified between 2000 and 2012, and 14 million people required humanitarian assistance after floods. Conflict in Angola and DRC and political unrest in Madagascar, Mozambique and Zimbabwe has increased the number of vulnerable people. There are now 3 million people of concern in the region: DRC alone hosts 2.6 million IDPs and 140,000 refugees.

30. The region has a significant proportion of the world's worst levels of stunting and child mortality: of the 36 countries with significant numbers of stunted children, eight are in southern Africa with 11.8 million such children. OMJ also includes seven of the ten countries with the highest levels of HIV/AIDS: 8 million people are living with HIV, and each year 625,000 people become infected and 415,000 die.
31. Under Strategic Objective 1, WFP plans to reduce the impact of disasters through VAM, scenario planning and logistics expertise: it will work with the Southern African Development Community (SADC), revitalized regional and national vulnerability assessment committees and the new Africa Risk Capacity project.
32. WFP will address Strategic Objective 2 by initiating or improving disaster risk profiling in countries with recurrent emergencies, and by working with FAO on a joint disaster risk reduction roadmap that is being piloted in Mozambique, Zambia and Zimbabwe. WFP will continue to invest in preparedness in non-operational countries in collaboration with OCHA. Through FFW and FFA projects, WFP will help communities and governments to build resilience to shocks and develop effective responses.
33. Strategic Objective 3 will be supported through school feeding, supplementary feeding and nutrition programmes for women, children and people living with HIV. Cash- and food-for-assets activities such as building dikes and roads will help to develop community resilience. The potential for expanding C&V transfers in 2014 will be explored in DRC, Malawi, Mozambique and Zimbabwe.
34. In support of Strategic Objective 4, WFP will address chronic hunger and undernutrition in accordance with its nutrition policy and the SUN framework; child undernutrition will be addressed by targeting adolescent girls and the 1,000 days from conception to age 2 and lactating women. Alignment with the United Nations Renewed Efforts Against Child Hunger and Undernutrition (initiative) (REACH) and memoranda of understanding with UNICEF and SADC will help to coordinate nutrition activities. WFP will continue to work on commercial and home fortification of food with NGOs and public-private partnerships such as the Global Alliance for Improved Nutrition; it will also provide technical and financial support for local industries with a view to enhancing local capacity for the production of affordable complementary foods for young children, ready-to-use foods and lipid-based nutrient supplements.
35. School feeding will target primary school aged children, especially orphans and other vulnerable children. In collaboration with UNFPA, WFP will pilot nutrition projects for adolescent girls in schools. Initiatives involving small-holder farmers will, where possible, be linked to school meals and home-grown school feeding to increase incomes. UNICEF, FAO, the World Health Organization (WHO) and WFP will continue to provide the essential package for schoolchildren, and will, with the Centre of Excellence in Brazil, increase national ownership and improve local management of school meals programmes in Lesotho, Malawi, Mozambique and Zambia.
36. Given the extraordinarily high prevalence of HIV, TB and undernutrition, WFP will accelerate the adoption of best practices for interventions addressing HIV, AIDS and nutrition, for example by enhancing HIV and nutrition-specific government safety nets as part of social protection systems.
37. Procurement in the region will rely on local and regional purchases when conditions are favourable. Initiatives such as P4P, which rely on partnerships with FAO, IFAD, the Alliance for a Green Revolution in Africa and the private sector, will target smallholder

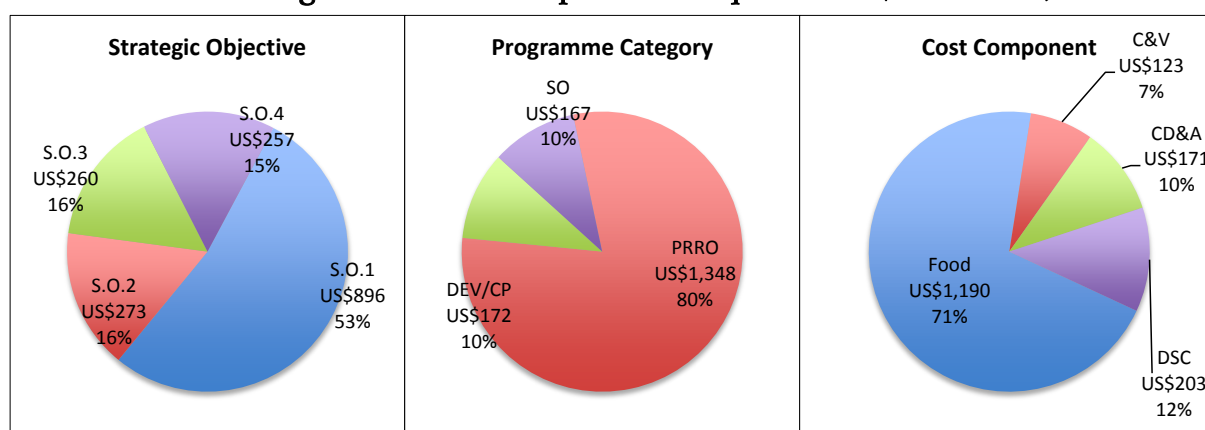
farmers, with an emphasis on women. The Forward Purchase Facility will enable WFP to optimize its timing and approaches for purchasing food in the region; this includes buying from Mozambique, the United Republic of Tanzania and Zambia as appropriate. OMJ will prioritize regional supply-chain management to minimize pipeline breaks and enable proactive responses to identified needs.

38. Gender inequality is a major issue, which is exacerbated by various forms of gender-based violence. Given the high rates of HIV prevalence, the burden on women has increased, and income generation and human development have been affected: WFP has therefore accelerated its mainstreaming of gender and created a joint action plan with UN-Women.
39. In alignment with its 2012 humanitarian protection policy, WFP has increased the protection element in food assistance activities, for example by monitoring potentially harmful practices in the field, providing training in protection issues, sensitizing stakeholders to gender-based violence and promoting safe firewood collection.
40. Work with inter-governmental organizations such as the Common Market for Eastern and Southern Africa and the Alliance for Commodity Trade in Eastern and Southern Africa will help to create an enabling policy environment to promote regional trade and enhance food and nutrition security. WFP will continue to help to develop CAADP agriculture and food security investment plans with United Nations partners, governments, non-state actors, SADC, the African Union (AU) and NEPAD. Other partners for food security and related objectives include the Regional Inter-Agency Coordination Support Office and the regional UNDG.

## Nairobi Regional Bureau

| TABLE A.III.5: OMN REGIONAL OPERATIONAL REQUIREMENTS |   |
|--|---|
| Total operational requirements                       | US\$1,687 million   |
| Number of beneficiaries                              | 16.0 million  |
| Tonnage of food                                      | 1.3 million mt  |
| Number of operations                                 | 29  |
| Countries with planned operations                    | 8: Burundi, Djibouti, Ethiopia, Kenya, Rwanda, Somalia, South Sudan, Uganda |

Figure A.III.6: OMN operational requirements (US\$ million)

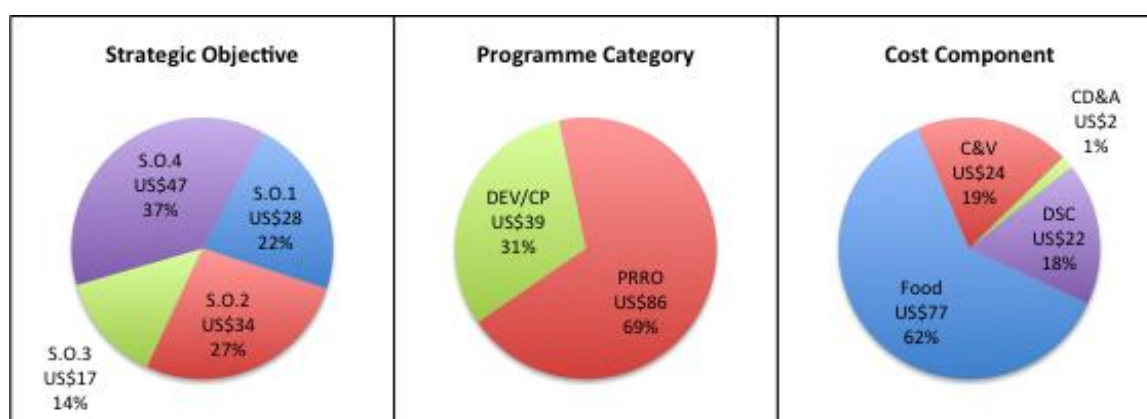


41. Political, environmental, economic and social challenges drive poverty and hunger in the East and Central Africa region, which has four of WFP's largest and most complex operations. The main issues shaping WFP's operations are vulnerability to conflict and recurrent shocks that often cause major population displacements. Addressing food insecurity and hunger requires building resilience, improving markets, reducing undernutrition and enhancing emergency response capacities. Partnerships with a variety of actors are essential, as is a commitment to enabling people, communities and countries to meet their food and nutrition needs.
42. Emergency response accounts for the largest proportion of requirements in the region. Under Strategic Objective 1, WFP will continue to support country-led efforts to save lives and protect livelihoods in emergencies by providing life-saving food assistance for people in need.
43. With partners such as FAO and UNICEF, WFP will support community resilience to shocks through safety nets, asset creation and C&V programmes. Food assistance supporting community asset creation and training accounts for 18 percent of operational needs, mainly under Strategic Objectives 2 and 3. Countries will also be helped in developing systems for early-warning, preparedness planning and disaster risk reduction.
44. The Nairobi Regional Bureau hosts more refugees than any other region. WFP will continue to support UNHCR in meeting the acute needs of refugees and building refugees' livelihoods and self-reliance: this will include the piloting of new approaches to achieve durable solutions in South Sudan and Uganda. Partnerships with governments, United Nations agencies and NGOs to support IDPs will draw on the full range of food assistance tools and will constitute a significant segment of operational requirements under Strategic Objectives 1, 2 and 4.
45. Reducing child and adult undernutrition is a regional priority. Recent studies highlight the economic cost of undernutrition: the 2013 Cost of Hunger in Africa study, for example, estimates that Uganda loses 5.6 percent of its annual gross domestic product as a result of malnutrition and that Ethiopia loses 16.5 percent. WFP will work with governments and partners such as UNICEF to address high rates of malnutrition through targeted food and nutrition assistance programming under Strategic Objectives 2 and 4, and in line with the AU nutrition strategy, the REACH and SUN initiatives and the 1,000 Days Partnership. Regional suppliers are making new nutritional products available as part of the Forward Purchase Facility, thereby improving WFP's nutrition response capacity.
46. The enhancement of national capacities to address food insecurity and hunger accounts for 11 percent of OMN's planned operations for 2014. Country offices will work with governments, FAO, the World Bank and regional organizations to support regional food purchases, develop market infrastructure and link farmers to markets.
47. A 15 percent increase in the use of C&V is planned for 2014–2016 with a view to increasing cost efficiency, dietary diversity, support for markets and beneficiary decision-making. WFP will continue to prioritize gender analysis and mainstreaming and ensure that projects meet the needs of women, men, girls and boys.
48. WFP will extend its partnerships with FAO, UNICEF, UNHCR, OCHA, UNDP, the World Bank, NGOs, the private sector and research institutions, and will continue to engage with the AU, the East African Community, the Intergovernmental Authority on Development and the Common Market for Eastern and Southern Africa (COMESA) to promote food security and resilience in the region.

## Panama City Regional Bureau

| TABLE A.III.6: OMP OPERATIONAL REQUIREMENTS |   |
|---|---|
| Total operational requirements              | US\$125 million   |
| Number of beneficiaries                     | 2.5 million   |
| Tonnage of food                             | 0.08 million mt   |
| Number of operations                        | 14  |
| Countries with planned operations           | 10: Bolivia (Plurinational State of), Colombia, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Peru |

Figure A.III.7: OMP operational requirements (US\$ million)



49. Poverty, inequality, natural disasters, economic shocks, volatile food prices, unemployment and migration drive food and nutrition insecurity, which affect vulnerable people disproportionately and reduce resilience to shocks.
50. To address food and nutrition security, WFP has adopted an integrated programming approach based on:
  - supporting governments in improving social-protection networks;
  - supporting governments and communities in increasing resilience to natural disasters; and
  - improving marketing opportunities and agricultural production by small-scale farmers.
51. WFP supports governments in implementing more effective social safety nets to reduce hunger and undernutrition under Strategic Objective 4, which accounts for most of its operational requirements, for example through school feeding and nutrition programmes.
52. Emergency response, relief and recovery operations under Strategic Objective 1 help to improve food and nutrition security and hence help to maintain peace and stability. Emergency preparedness and response capacities are improving, but the impact of the investments will not be felt for some time.



- 
53. A three-year emergency preparedness and response PRRO under Strategic Objectives 2 and 3 will support El Salvador, Guatemala, Honduras and Nicaragua in mitigating the effects of natural disasters. A new PRRO for Haiti in 2014 will aim to build resilience through activities such as FFW and FFA. Development programmes will continue in the Plurinational State of Bolivia, Cuba, Guatemala, Honduras and Nicaragua.
  54. Cash and voucher modalities will be increased as alternatives to food: cash transfers could reach US\$21 million in 2014 compared with the 2013 target of US\$5.9 million.
  55. WFP is well placed to provide technical assistance, capacity development and services for governments through country-specific trust funds. These are expected to amount to US\$40 million in 2014, compared with the 2013 forecast of US\$66 million, largely because Cuba's support for safety nets will end in 2013 and the Honduras school feeding trust fund will close in 2014. New interventions through trust funds are being developed, however, to support small-scale farmers in Cuba and El Salvador and promote food security and nutrition policies in Colombia.
  56. Social protection schemes are opportunities for WFP to facilitate South–South cooperation and knowledge-sharing on food and nutrition security. WFP is the partner of choice in many countries for supporting plans for the eradication of hunger and under-nutrition: its cooperation agreements with several governments account for much of the regional portfolio in terms of beneficiaries reached and the size of programmes.

## UNFORESEEN REQUIREMENTS, 2014

1. WFP's 2014 projected operational requirements are based on the foreseen needs of current operations and their logical extensions; the figures do not include unforeseen requirements that may arise during the year. Table A.IV.1 compares unforeseen requirements with the original programme of work.<sup>1</sup>

|                           | <b>Original programme of work</b> | <b>Unforeseen requirements</b> | <b>Final programme of work</b> | <b>% increase</b> |
|---------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------|
| 2004–2005                 | 4 784                             | 1 076                          | 5 860                          | 22                |
| 2006–2007                 | 6 198                             | 252                            | 6 450                          | 4                 |
| 2008–2009                 | 5 792                             | 5 987                          | 11 779                         | 103               |
| 2010                      | 4 606                             | 2 241                          | 6 848                          | 49                |
| 2011                      | 4 347                             | 1 764                          | 6 111                          | 41                |
| 2012                      | 5 162                             | 1 634                          | 6 796                          | 32                |
| 2013                      | 5 317                             | 1 356*                         | 6 673*                         | 26                |
| Average (excl. 2008–2009) | 3 801                             | 1 041                          | 4 842                          | 27                |

\* Mid-year figures.

2. In view of inherent uncertainties in socio-political, environmental and economic factors, it is likely that WFP's 2014 Programme of Work will increase, but the magnitude of change is unknown. Excluding the 2008–2009 biennium, increases to the programme of work have varied from 4 percent to 49 percent, averaging 27 percent per year. The related contextual risks are included in the corporate risk register and summarized below.

### Socio-Political Factors

3. Socio-political instability, conflict, unemployment among young people, economic uncertainty and unstable food prices will continue to threaten food security in many areas where WFP operates. Interventions to address food insecurity, for example, are often hampered by security and access issues.
4. As noted in Section II, the fluid nature of the Syrian crisis calls for short-term planning up to June 2014; requirements until then are in line with 2013 estimates. It is premature to forecast and quantify unforeseen requirements and determine the appropriate mix of tools for the entire duration of the 2014 planning period. UNHCR and OCHA have adopted a similar planning approach.

<sup>1</sup> The Programme of Work comprises operational requirements and indirect support costs.

5. Prolonged conflict will affect the Syrian Arab Republic's economic infrastructure and could affect regional stability. A joint FAO/WFP crop and food security assessment in May and June showed the impact of declining agricultural production in terms of food insecurity and lost livelihoods. If the crisis remains unresolved, these conditions are expected to worsen.
6. WFP will continually assess and update its response plans to ensure an appropriate mix of transfer modalities and alignment with implementation capacity for large-scale C&V interventions. Preliminary indications for the latter half of 2014 range from US\$700 million to US\$800 million because trends in 2013 indicate continued increases in the number of beneficiaries.

### **Environmental Factors**

7. Unforeseen requirements may arise from natural disasters that affect food security; WFP's access to beneficiaries may be limited because national emergency response capacities and infrastructure are often inadequate.

### **Economic Factors**

8. Volatile food and fuel prices and currency fluctuations have a disproportionate impact on vulnerable groups and can reduce WFP's ability to implement programmes.
9. The FAO Food Price Index rose by 5 percent between June 2012 and June 2013. A decline of 1 percent in May 2013 was attributed to a drop in sugar and dairy prices.

### **WFP Cereal Index**

10. International food prices have a significant impact on WFP's food budget. WFP monitors prices through a cereal index and periodically compares prices used in budget planning with actual procurement rates.
11. Prices for wheat, maize, sorghum and rice are projected to remain stable or decline slightly in 2014 as a result of strong global production and increased stocks.

### **Fuel Index**

12. WFP monitors fuel price changes through a crude oil index by tracking Brent oil futures. Transport costs constitute a significant portion of WFP's direct operational costs; increased costs can limit WFP's ability to reach beneficiaries.
13. The index currently indicates an 8 percent decrease in oil futures compared with the 2013 planning period.

**ANNEX V**

**REVIEW OF MANAGEMENT PLAN (2013–2015)**  
will be included in the final draft

## ANNEX VI

### OVERVIEW OF SUPPLEMENTARY PSA APPROPRIATIONS

1. In July 2012, the Executive Director launched a process of organizational strengthening. The Framework of Action and Fit for Purpose documents charted a new direction for WFP. The 2013–2015 Management Plan reflected this direction and introduced a realigned structure for WFP, which was put into place in February 2013.
2. To start the change management process, which is expected to take at least two years, the 2013–2015 Management Plan contained a provision for US\$20 million supplementary allocation from the PSA. These supplementary PSA investments were required to establish: i) a fund to provide flexibility in managing staff changes; and ii) a change management package focusing on implementation of the Framework for Action.
3. This annex provides information on the actions undertaken and planned as part of the change management package.

#### Funding for Flexibility in Staff Changes

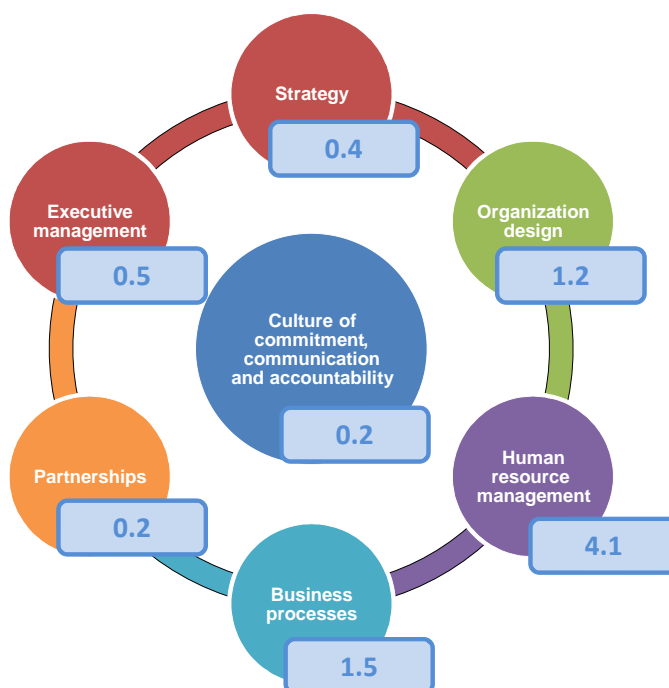
4. About half – US\$10.1 million – of the supplementary PSA allocation was devoted to the costs of managing staff changes resulting from the Fit for Purpose organizational design and realignment. These funds were used to ensure that WFP has the right staff in the right positions through: i) implementation of a special reassignment exercise associated with the organizational restructuring under Fit for Purpose principles; and ii) an agreed separation programme offered to WFP staff.
5. The special reassignment exercise involving both senior and other professional staff: was implemented in support of the new organizational design. More than 100 senior professional posts and 450 other professional posts were considered in the special reassignment process, which was intended to ensure that WFP's leadership and professional positions were realigned to the changed organizational structure following the Fit for Purpose exercise. The process required US\$3.4 million in costs to cover the increased number of international reassignments as well as staff costs incurred while positions were moved and reassignments were taking place.
6. The remaining US\$6.7 million of the transition costs were related to the agreed separation programme taking place in 2013. This programme was open to directors and international professional staff, along with general service staff at Headquarters and liaison offices. The 2013 programme included separations of 12 directors (US\$2.1 million), 28 international professionals (US\$3.2 million) and 11 general service staff (US\$1.3 million).<sup>1</sup> The preponderance of staff in higher-grade positions – Director, P5, P4, G6 – participating in the programme has provided management with more flexibility to manage staff changes, as identified in the 2013–2015 Management Plan and, when combined with the special senior reassignment, allowed many competent staff members with proven abilities to assume leadership roles.

<sup>1</sup> In addition to the 2013 exercise, in 2012, the Executive Board also approved the use of up to US\$10 million from the Self-Insurance Fund for a targeted separation programme. Of this allocation, US\$9.998 million was utilized for 154 agreed separations: 8 directors, 28 international professionals, 21 general service staff and 97 national staff.

## Organizational Strengthening Themes and Workstreams

7. The Framework for Action identified seven inter-related themes: strategy; organizational design; human resource management; business processes; partnerships; executive management; and culture of commitment, communication and accountability.
8. Within these themes, management identified several workstreams where actions were needed to strengthen the organization of WFP. While some workstreams focused on implementing transformational improvements, others required further analysis to diagnose the improvements needed prior to implementation.
9. The Chief of Staff was assigned to lead the change process, supported by a small change management team from the Business Innovation and Support Office in the Resource Management and Accountability Department. The responsibility for managing each workstream and accountability for its successful implementation were assigned to individual senior managers. A steering group chaired by the Chief of Staff managed the inter-relationships among workstreams.
10. Of the remaining US\$9.9 million available, US\$8.0 million has been allocated to activities associated with change management (see Figure A.VI.1).
11. Total projected expenditures of the US\$20 million supplementary PSA are expected to be between US\$16 and US\$18 million.

**Figure A.VI.1: Supplementary PSA allocations by organizational strengthening theme (all figures in US\$ million)**



## Details Relating to Individual Workstreams

12. Details of the objectives, rationale and progress of individual workstreams are outlined in Table.A.VI.1

TABLE A.VI.1: WORKSTREAM DETAILS

| Theme               | Workstream (status)  | Objective and rationale   | Activities  | Outputs  | Manager accountable                                  |
|---------------------|--|---|---|--|--|
| Strategy            | 1.1 Operationalizing the Strategic Plan<br><br>(completed) | Identify and remove the obstacles that prevent WFP from fully implementing the Strategic Plan<br><br><b>Rationale.</b> WFP experienced a proliferation of new initiatives for developing new tools in line with the strategic shift from food aid to food assistance. These initiatives have not always been synchronized with the needs identified in the field and are not consistently integrated into core business processes | <b>Phase 1:</b> Analysis and development of recommendations through a workshop for Regional Directors and consultations with Country Directors to analyse and develop recommendations for investments needed at the regional and country levels. Presentation of findings to the Executive Management Group (EMG) for approval<br><br><b>Phase 2:</b> Support to the transition, in coordination with other change processes in WFP. Consideration of approved recommendations during preparation of the Management Plan (2014–2016) and establishment of a Quadrennial Comprehensive Policy Review (QCPR) Reference Group document | <ul style="list-style-type: none"> <li>➤ Gaps in meeting the Strategic Objectives assessed</li> <li>➤ Recommendations aligned with further actions, including the necessary investments</li> <li>➤ Inputs to the Management Plan (2014–2016) made as necessary</li> <li>➤ Lessons learned to assist implementation of the new Strategic Plan gathered</li> </ul> | Assistant Executive Director for Operations Services |
| Organization design | 2.1 Organization design transition<br><br>(completed)      | Ensure the effective transition of the new organization design<br><br><b>Rationale.</b> Implementation of the new organization design requires coordination to ensure a smooth and effective transition   | <b>Phase 1:</b> Preparation and implementation of the special reassignment process<br><br><b>Phase 2:</b> Support the transition, by defining requirements, establishing a transition support unit and developing hand-over/transition checklists<br><br><b>Phase 3:</b> Institutionalization of the organizational changes, ensuring effective hand-over   | <ul style="list-style-type: none"> <li>➤ New organization design implemented as planned in February 2013</li> <li>➤ Learning and feedback from the reassignment and transition processes used to inform and improve the regular reassignment and other human resources processes</li> </ul>  | Chief of Staff                                       |

| TABLE A.VI.1: WORKSTREAM DETAILS |  |   |  |  |   |
|----------------------------------|--|---|--|--|---|
| Theme                            | Workstream (status)  | Objective and rationale   | Activities   | Outputs  | Manager accountable                                   |
| Organization design              | 2.2 Regional bureaux organization design implementation<br><br>(in progress) | Ensure an effective and coordinated transition to the redefined role for regional bureaux<br><br><b>Rationale.</b> The new organizational design empowers regional bureaux to provide more support to WFP operations and activities in their regions. The transition of regional bureaux to their redefined roles and accountabilities requires review and possible adaptation of operational and organizational structures, taking into consideration regional strategies and specific country office support needs  | <b>Phase 1:</b> Review of new regional bureau roles and accountabilities to assess the required changes in operations and to propose a standardized, basic organizational structure and functions for regional bureaux<br><br><b>Phase 2:</b> Assist the regional bureau transition planning through analysis of the gaps between current and target states, at workshops for Deputy Regional Directors. Presentation of findings, including an action plan for the transition.<br><br><b>Phase 3:</b> Implementation through the integration of regional bureau requirements into the Management Plan (2014–2016) | <ul style="list-style-type: none"> <li>➤ Standardized basic template for the organizational structure and functions of regional bureaux developed</li> <li>➤ Regional bureau transition plans prepared</li> <li>➤ All relevant functions transferred from Headquarter to the regional bureaux</li> <li>➤ Regional bureau support to country offices provided in line with targets</li> </ul> | Deputy Executive Director and Chief Operating Officer |
| Organization design              | 2.3 Country presence review<br><br>(in progress)                             | Evaluate WFP's country presence against the overarching organizational objectives stated in the 2014–2017 Strategic Plan, hunger and malnutrition trend lines and strategic partnership opportunities<br><br><b>Rationale.</b> WFP's field presence allows it to reach beneficiaries and respond effectively to emergency and protracted relief food needs, support economic and social development and promote world food security. Global footprint and reach must match the needs of WFP's beneficiaries, to facilitate the efficient and effective achievement of WFP's strategic objectives. | <b>Phase 1:</b> Gathering of an initial fact base on WFP's country presence, and baseline data for individual countries<br><br><b>Phase 2:</b> Analysis and development of country assessment criteria, in consultation with key stakeholders<br><br><b>Phase 3:</b> Development of options for WFP's country presence, and guidelines for resource allocation   | <ul style="list-style-type: none"> <li>➤ Set of country criteria and a framework prepared</li> <li>➤ Options for changes to WFP's presence identified</li> <li>➤ Input to the Management Plan (2015–2017) provided</li> </ul>  | Deputy Executive Director and Chief Operating Officer |



TABLE A.VI.1: WORKSTREAM DETAILS

| Theme               | Workstream (status)   | Objective and rationale   | Activities   | Outputs   | Manager accountable   |
|---------------------|---|---|--|---|---|
| Organization design | 2.4 Strengthening country office resource management<br><br>(in progress) | Strengthen the resource management of WFP's country offices in support of the efficient and effective achievement of Strategic Objectives<br><br><b>Rationale.</b> Their proximity to beneficiaries makes country offices the centre of gravity for WFP. An integral part of empowering country offices is to ensure efficient and effective utilization of resources   | <b>Phase 1:</b> Gathering of baseline country data and initial development of the country office benchmarking tool<br><b>Phase 2:</b> Refinement of a methodology and tool for resource efficiency reviews to facilitate strategically aligned resource management across the largest country offices<br><b>Phase 3:</b> Implementation of pilot projects in selected country offices, support to country directors in compiling action plans, and development of a roadmap for future resource management reviews | <ul style="list-style-type: none"> <li>➤ Methodology and toolkit for reviewing strategic resource management developed</li> <li>➤ First pilot projects completed in selected country offices</li> <li>➤ Roadmap for further projects in large country offices drawn up</li> </ul> | Assistant Executive Director for Resource Management and Accountability and Chief Financial Officer |
| Organization design | 2.5 Liaison office presence review<br><br>(completed)                     | Review the coverage of WFP's liaison and communication offices and develop a framework for guiding the structure and presence of offices to ensure that they bring the best possible value to WFP<br><br><b>Rationale.</b> WFP's liaison offices have many roles – donor relations, interagency relations, communications, etc. – which have evolved in response to requirements. There is need to review the basic terms of reference and structure of these offices | <b>Phase 1:</b> Development of a framework of criteria for assessing the current coverage of WFP's liaison offices, and assessment and benchmarking of the offices according to this framework<br><b>Phase 2:</b> Identification and implementation of changes   | <ul style="list-style-type: none"> <li>➤ Assessment criteria for liaison offices developed</li> <li>➤ Changes to the structure of liaison offices made in accordance with the new terms of reference</li> </ul>   | Assistant Executive Director for Partnerships and Governance Services                               |

| TABLE A.VI.1: WORKSTREAM DETAILS |  |  |  |  |                                    |
|----------------------------------|--|--|--|--|------------------------------------|
| Theme                            | Workstream (status)  | Objective and rationale  | Activities   | Outputs  | Manager accountable                |
| Human resources management       | 3.1 Human resources core processes review and improvements identification<br><br>(in progress) | Undertake a comprehensive review of the recruitment, reassignment and promotion processes, as well as systems related to performance management, learning and development, and benefits and entitlements. The workstream will identify quick wins and longer-term improvements that will enhance WFP's people management and development processes<br><br><b>Rationale.</b> The Fit for Purpose exercise identified a range of issues related to WFP's management of people, its key resource. | <b>Phase 1:</b> Development of a fact base for assessing human resources processes based on past assessments and the collection of data on those processes. Presentation of initial findings<br><br><b>Phase 2:</b> Assessment and prioritization of improvements, focusing on quick wins. Assessment of the time needed to implement improvements and the potential impacts<br><br><b>Phase 3:</b> Finalization of recommendations and development of a high-level implementation plan<br><br><b>Phase 4:</b> Implementation of recommendations | <ul style="list-style-type: none"> <li>➤ Report on human resources core processes assessment and recommendations for improvements prepared</li> <li>➤ Implementation plan, including prioritized improvements and potential impacts</li> <li>➤ Quick wins being implemented in several areas, including promotion, job evaluation and reclassification and strategy for career development; recommendations for longer-term improvements provide an input to the human resources strategy</li> </ul> | Director, Human Resources Division |

TABLE A.VI.1: WORKSTREAM DETAILS

| Theme                      | Workstream (status)   | Objective and rationale   | Activities  | Outputs   | Manager accountable                |
|----------------------------|---|---|---|---|------------------------------------|
| Human resources management | 3.2 Locally recruited staff transfer project<br><br>(in progress)             | Establish contractual modalities, administrative infrastructure and information systems for transferring locally recruited staff from United Nations Development Programme (UNDP) to WFP/FAO rules and regulations<br><br><b>Rationale</b> The Executive Director has decided that national staff should be brought into a common human resources system based on WFP/FAO rules and regulations | <b>Phase 1:</b> Preparation and analysis to identify the issues that need to be addressed, the implementation options available and the detailed project planning required<br><b>Phase 2:</b> Development of new system requirements, policies and procedures, including the necessary administrative, legal and policy frameworks<br><b>Phase 3:</b> Examination of the way different scenarios would affect the cost-effectiveness of the transfer, including options to transfer all fixed-term staff to FAO contracts while outsourcing the services of payroll, payment of benefits and entitlements to a UNDP service centre on a cost-recovery basis<br><b>Phase 4:</b> Implementation of core transition actions – such as ensuring that the human resources data in WINGS is complete, correct and up to date – to ensure an effective transition, and issuance of new contracts to all national staff | <ul style="list-style-type: none"> <li>➤ All national staff brought into a common human resources system based on WFP/FAO rules and regulations</li> <li>➤ New manual, IT systems and processes for the transfer, and input of national staff data</li> </ul> | Director, Human Resources Division |
| Human resources management | 3.3 Strategy for managing and developing human resources<br><br>(in progress) | Develop a multi-year strategy for managing and developing WFP's workforce in line with the new organizational design and strategic priorities<br><br><b>Rationale.</b> WFP's human resources strategy requires updating to reflect both Fit for Purpose principles and the new WFP strategic plan   | <b>Phase 1:</b> Review of past assessments and recommendations – the final report from the corporate skills audit and recommendations from the human resources process review – and key findings of the Global Staff Survey<br><b>Phase 2:</b> Definition of initiatives for achieving strategic goals<br><b>Phase 3:</b> Implementation of learning and organizational development initiatives   | <ul style="list-style-type: none"> <li>➤ Strategy for managing and developing WFP's workforce</li> <li>➤ Initial steps towards implementation of the defined measures</li> <li>➤ New human resources strategy developed</li> </ul>                            | Director, Human Resources Division |

| TABLE A.VI.1: WORKSTREAM DETAILS |  |  |  |  |  |
|----------------------------------|--|--|--|--|--|
| Theme                            | Workstream (status)                                      | Objective and rationale  | Activities   | Outputs  | Manager accountable  |
| Business processes               | 4.1 Scoping business process review<br><br>(in progress) | Review core business processes to ensure that they are in line with the new organizational design and WFP's strategic priorities<br><br><b>Rationale.</b> Analysis of current processes will reveal gaps and misalignments, providing an opportunity to develop actions for making improvements  | <b>Phase 1:</b> Investigation of issues and identification of potential areas for improvement – both quick wins and those requiring further study – through consultative process optimization workshops<br><b>Phase 2:</b> Support to the further study of areas requiring it, and extension of the process review to cover more areas of WFP activity – administration and human resources processes<br><b>Phase 3:</b> Implementation of prioritized process improvements  | <ul style="list-style-type: none"> <li>➤ High-level description of key processes provided</li> <li>➤ Improvement options quantified and prioritized</li> <li>➤ Business cases made for prioritized options</li> <li>➤ “Quick wins” implemented</li> </ul>  | Assistant Executive Director for Operations Services                 |
| Partnerships                     | 5.1 Partnership Approach Review<br><br>(in progress)     | Review WFP's partnership approach to identify actions for strengthening existing partnerships and building new ones, particularly at the field level, with a view to ensuring more effective assistance to WFP beneficiaries<br><br><b>Rationale.</b> Partnerships are central to implementation of the Strategic Plan. WFP strives to conclude partnerships when there is a clear collaborative advantage and when it is mutually beneficial to work together | <b>Phase 1:</b> Development of a partnership strategy for approval by the Board, based on an inventory of the range of partnerships that WFP enters into, feedback on how others view WFP as a partner now and in the future, and clear principles for effective partnership to guide WFP in establishing the right partnerships<br><b>Phase 2:</b> Development of an action plan for further work to address the partnerships elements of Fit for Purpose and the new Strategic Plan during 2014<br><b>Phase 3:</b> Work on priority actions to enhance the effectiveness of WFP's partnerships | <ul style="list-style-type: none"> <li>➤ Draft partnerships strategy for consideration by the Executive Management Group (EMG) and presentation to the 2014 Annual Session of the Board in June</li> <li>➤ Action plan for positioning WFP as a valuable partner</li> <li>➤ More targeted outreach and quality engagement with United Nations agencies and inter-governmental partners</li> <li>➤ WFP workforce at all levels competent in pursuing and managing partnerships</li> </ul> | Assistant Executive Director for Partnership and Governance Services |

TABLE A.VI.1: WORKSTREAM DETAILS

| Theme                | Workstream (status)  | Objective and rationale  | Activities  | Outputs   | Manager accountable   |
|----------------------|--|--|---|---|---|
| Executive management | 6.1 Strengthening of managers' performance and accountability<br><br>(in progress) | Strengthen WFP's management culture by: i) identifying measures for enhancing the performance management and accountability of managers; and ii) developing the next generation of WFP leaders, focusing on women.<br><br><b>Rationale.</b> There is need to make the performance management process more rigorous – holding managers accountable for the utilization of resources, the achievement of results and adherence to policy | Development of a performance compact for senior management positions, to include the main accountabilities, delegated authorities and key performance indicators<br><br>Development of an improved process for performance planning, review of the achievement of organizational results, linking all levels of WFP – from country offices to global Headquarters – and regular reviews of executive management<br><br>Configuration of existing systems, such as PROMIS, to aid data-driven executive decision-making<br><br>Development of a dedicated accountability framework for WFP | <ul style="list-style-type: none"> <li>➤ Institutionalized performance compacts for the Deputy Executive Director, Assistant Executive Directors and the Chief of Staff</li> <li>➤ Improved process for senior managers' regular reviews of the achievement of results</li> <li>➤ Accountability framework for WFP developed</li> </ul> | Assistant Executive Director for Resource Management and Accountability and Chief Financial Officer |
| Executive management | 6.2 Executive management review<br><br>(completed)                                 | Review WFP's executive decision-making and management processes to ensure accountability and effective oversight at the executive management level<br><br><b>Rationale.</b> Streamlined and effective decision-making structures and information flows are key to providing effective decentralization in the field  | <p><b>Phase 1:</b> Analysis of current decision-making and management processes, including the structure of committees and Office of the Executive Director (OED)</p> <p><b>Phase 2:</b> Identification of options for improvement, including the potential elimination/merger of committees based on analysis in phase 1</p> <p><b>Phase 3:</b> Implementation of changes to OED and the committee structure</p>   | <ul style="list-style-type: none"> <li>➤ Concept note on enhanced management practices shared with EMG</li> </ul>   | Chief of Staff  |

| TABLE A.VI.1: WORKSTREAM DETAILS                        |  |   |   |   |                                   |
|---|--|---|---|---|-----------------------------------|
| Theme   | Workstream (status)  | Objective and rationale   | Activities  | Outputs   | Manager accountable               |
| Culture of commitment, communication and accountability | 7.1 New approaches to communication and learning across WFP<br><br>(in progress) | Develop a shared culture based on commitment, communication and accountability, with engagement in continuous improvement by all staff<br><br><b>Rationale.</b> Communication and learning are key elements of many other workstreams. WFP will put in place generic communication and feedback mechanisms, to help senior management promote and track the important change in culture that underpins the whole change process | Define and execute new open communication channels, such as: <ul style="list-style-type: none"> <li>➤ executive management dialogue, with the participation and engagement of staff (ongoing)</li> <li>➤ quarterly meetings of all the staff, led by the Executive Director, with additional meetings as needed</li> <li>➤ institutionalization of the “just ask” concept for staff with questions for the Executive Director</li> <li>➤ Global Staff Surveys</li> <li>➤ enhanced communications to promote the strategic plan and the Annual Performance Report</li> <li>➤ translation of the content of WFPgo into more United Nations languages</li> </ul> | <ul style="list-style-type: none"> <li>➤ New communication channels opened</li> <li>➤ Global Staff Survey completed and analysis presented to staff</li> <li>➤ Initial steps towards implementation of further initiatives</li> </ul> | Director, Communications Division |

**ANNEX VII**

**OFFICE OF EVALUATION WORK PROGRAMME 2014**  
will be included in the final draft

## **ANNEX VIII**

**TERMINOLOGY**  
**will be included in the final draft**



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## ACRONYMS USED IN THE DOCUMENT

|       |   |
|-------|---|
| AU    | African Union   |
| C&V   | cash and vouchers                                       |
| CAADP | Comprehensive Africa Agriculture Development Programme  |
| CBF   | capital budgeting facility                              |
| CD&A  | capacity development and augmentation                   |
| CP    | country programme                                       |
| CPE   | country portfolio evaluation                            |
| DEV   | development project                                     |
| DOC   | direct operational costs                                |
| DRC   | Democratic Republic of the Congo                        |
| DSC   | direct support costs                                    |
| EMG   | Executive Management Group                              |
| EMOP  | emergency operation                                     |
| FAO   | Food and Agriculture Organization of the United Nations |
| FFA   | food for assets   |
| FFT   | food for training                                       |
| FFW   | food for work   |
| FPF   | Forward Purchase Facility                               |
| GVLDP | Global Vehicle Leasing Programme                        |
| IASC  | Inter-Agency Standing Committee                         |
| IDP   | internally displaced person                             |
| IFAD  | International Fund for Agricultural Development         |
| ISC   | indirect support costs                                  |
| IT    | information technology                                  |
| LESS  | Logistics Execution Support System                      |
| M&E   | monitoring and evaluation                               |
| MAM   | moderate acute malnutrition                             |
| MRD   | Management Result Dimension                             |
| MRF   | Management Results Framework                            |
| OCHA  | Office for the Coordination of Humanitarian Affairs     |
| ODOC  | other direct operational costs                          |
| OED   | Office of the Executive Director                        |
| OEV   | Office of Evaluation                                    |

|          |   |
|----------|---|
| OMB      | Bangkok Regional Bureau (Asia)  |
| OMC      | Cairo Regional Bureau (Middle East, North Africa, Eastern Europe and Central Asia)  |
| OMD      | Dakar Regional Bureau (West Africa)   |
| OMJ      | Johannesburg Regional Bureau (Southern Africa)                                      |
| OMN      | Nairobi Regional Bureau (East and Central Africa)                                   |
| OMP      | Panama Regional Bureau (Latin America and the Caribbean)                            |
| P4P      | Purchase for Progress   |
| PREP     | Preparedness and Response Enhancement Programme                                     |
| PRRO     | protracted relief and recovery operation  |
| PSA      | Programme Support and Administrative (Budget)                                       |
| QCPR     | Quadrennial Comprehensive Policy Review   |
| REACH    | United Nations Renewed Efforts Against Child Hunger and Undernutrition (initiative) |
| SADC     | Southern African Development Community  |
| SEF      | Security Emergency Fund   |
| SO       | special operation   |
| SRAC     | Strategic Resource Allocation Committee   |
| SUN      | Scaling Up Nutrition (framework)  |
| TB       | tuberculosis  |
| UNDAF    | United Nations Development Assistance Framework                                     |
| UNDP     | United Nations Development Programme  |
| UNDSS    | United Nations Department of Safety and Security                                    |
| UNEG/DAC | United Nations Evaluation Group/Development Assistance Committee                    |
| UNFPA    | United Nations Population Fund  |
| UNHCR    | Office of the United Nations High Commissioner for Refugees                         |
| UNHRD    | United Nations Humanitarian Response Depot  |
| UNICEF   | United Nations Children's Fund  |
| VAM      | vulnerability analysis and mapping  |
| WCFE     | Working Capital Financing Facility  |