

# **WFP Executive Board**

## **2013–2015 Management Plan**

### **4<sup>th</sup> Informal Consultation**

**Friday, 12 October 2012**  
**10:00 am – 1:00 pm**



**World Food Programme**

[wfp.org](http://wfp.org)

# Key Dates

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## Objective

**Present the 2013–2015 Management Plan during the Second Session of the Executive Board for approval**

### Previous Milestones

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- Informal Consultations
  - July 6<sup>th</sup>
  - July 27<sup>th</sup>
  - September 5<sup>th</sup>
- Management Plan Released
  - October 5<sup>th</sup>

### Today's Informal Consultation

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- October 12<sup>th</sup>
  - Review 2013-2015 Management Plan by section
  - Emphasis on areas such as PSA and corporate trust funds
  - Update on Change Management
  - Questions & Answers

### Next Steps

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- ACABQ
  - October 23<sup>rd</sup>
- FAO Finance Committee
  - October 29<sup>th</sup>
- Board Approval
  - November 13<sup>th</sup>

# WFP Management Plan (2013-2015)

WFP/EB.2/2012/5-A/1



Executive Board  
Second Regular Session  
Rome, 12–14 November 2012

## RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

*For approval*

**WFP MANAGEMENT PLAN  
(2013–2015)**



Distribution: GENERAL  
WFP/EB.2/2012/5-A/1  
5 October 2012  
ORIGINAL: ENGLISH

This document is printed in a limited number of copies. Executive Board documents are available on WFP's Website (<http://executiveboard.wfp.org>).

## Executive Summary

## Draft Decision

- Section I:** Reader's Guide
- Section II:** 2013 Budget Overview
- Section III:** Projected Operational Requirements
- Section IV:** Programme Support & Administrative Budget
- Section V:** Special Accounts and Trust Funds

## Annexes

# Executive Summary

Paragraphs 1-29

- Review of the organizational strengthening process and linkages to 2013-2015 Management Plan
- Outlines key design elements of:
  - Empowered Country Offices
  - Aligned Regional Bureaux
  - Light and lean Headquarters
  - Integrate policy and programme in a single division
  - Strengthen:
    - Gender;
    - Monitoring and reporting; and
    - Evaluation



# Executive Summary continued

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- Presents projected operational requirements of US\$4,969 million
- Proposes a Programme Support and Administrative budget of US\$249.1 million
- Highlights resourcing trends for planning period
- Outlines additional budget line items including supplementary PSA investments and allocations from interest income of the General Fund
- Estimates special accounts and trust funds to reach US\$412.9 million in 2013

# Section I: Reader's Guide

Paragraphs 30-47

## Purpose

**Outline purpose and structure of the document in the context of WFP's organizational strengthening and realignment process**

- As a principal governance document, the annual budget plan should be read in conjunction with the Strategic Plan and the Annual Performance Report
- Principles and actions identified in the organizational strengthening process underpin the direction and draft decisions of the plan
- Operational requirements for approved projects and foreseen logical extensions were compiled using a bottom-up approach
- PSA budget holders prepared zero-based budgets by activity that were reviewed by a PSA Review Panel
- Forecast income and the PSA Equalization Account level were taken into account to determine the PSA budget level

# Section II: 2013 Budget Proposal

Paragraphs 48-71

## Purpose

Present the total 2013 budget proposal, including funding assumptions and resourcing highlights

### 2013 Budget Proposal

	US\$ million
Operational Requirements	4,969.0
Regular PSA	249.1
Supplementary PSA Investments	20.0
Security funding (from the General Fund)	10.0
Treasury Management System (from the General Fund)	0.4
Special Accounts and Trust Funds	412.9
<b>Total</b>	<b>5,661.4</b>

# Section III: Projected Operational Requirements

Paragraphs 72-172

## Purpose

Present for information the projected operational requirements for programme plans approved by the Board or by the Executive Director

### 1<sup>st</sup> Consultation

- Discussed preliminary operational requirements
- Identified 10 largest country plans

### 2<sup>nd</sup> Consultation

- Addressed specific questions pertaining to:
  - Operational requirements supporting SO1 and SO3;
  - Cash and Vouchers; and
  - Capacity Development and Augmentation

### 3<sup>rd</sup> Consultation

- Presented 2013 projected operational requirements by:
  - Programme Category;
  - Cost Component;
  - Strategic Objective; and
  - Region

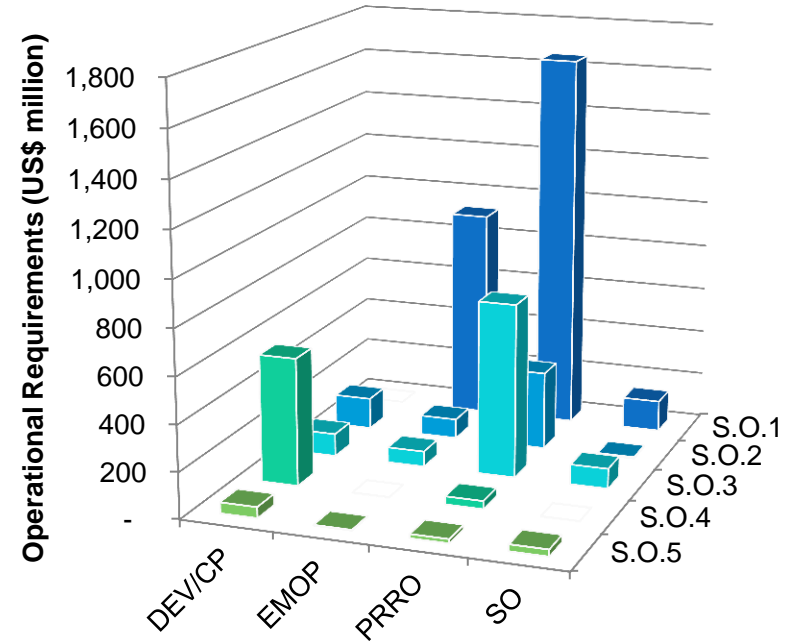


# Aligning programme requirements to the Strategic Objectives

## WFP Strategic Objectives

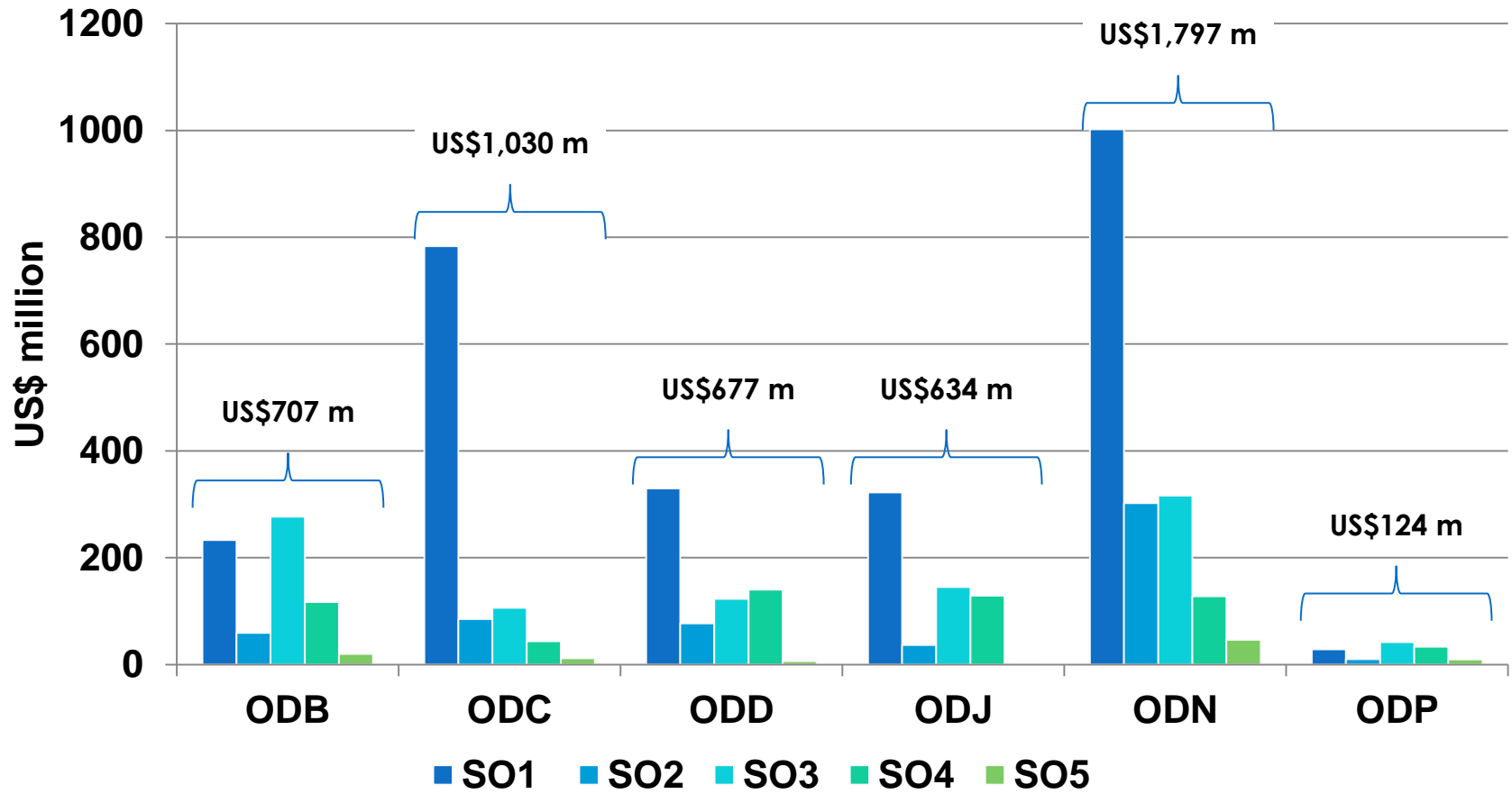
- SO1:** Save lives and protect livelihoods in emergencies
- SO2:** Prevent acute hunger and invest in disaster preparedness and mitigation measures
- SO3:** Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations
- SO4:** Reduce chronic hunger and undernutrition
- SO5:** Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase

## Programme categories by Strategic Objective



# Regional Overviews

## Linking operational requirements to the Strategic Plan



# Section IV: Programme Support and Administrative Budget

Paragraphs 173-245

## Purpose

Present for approval the 2013 PSA budget, supplementary PSA investments and allocations from interest income

### 1<sup>st</sup> Consultation

- Introduced linkages between the Framework for Action and the 2013 budget exercise
- Reviewed 2012 PSA Equalization Account status
- Summarized the 2013 Hedging Arrangements

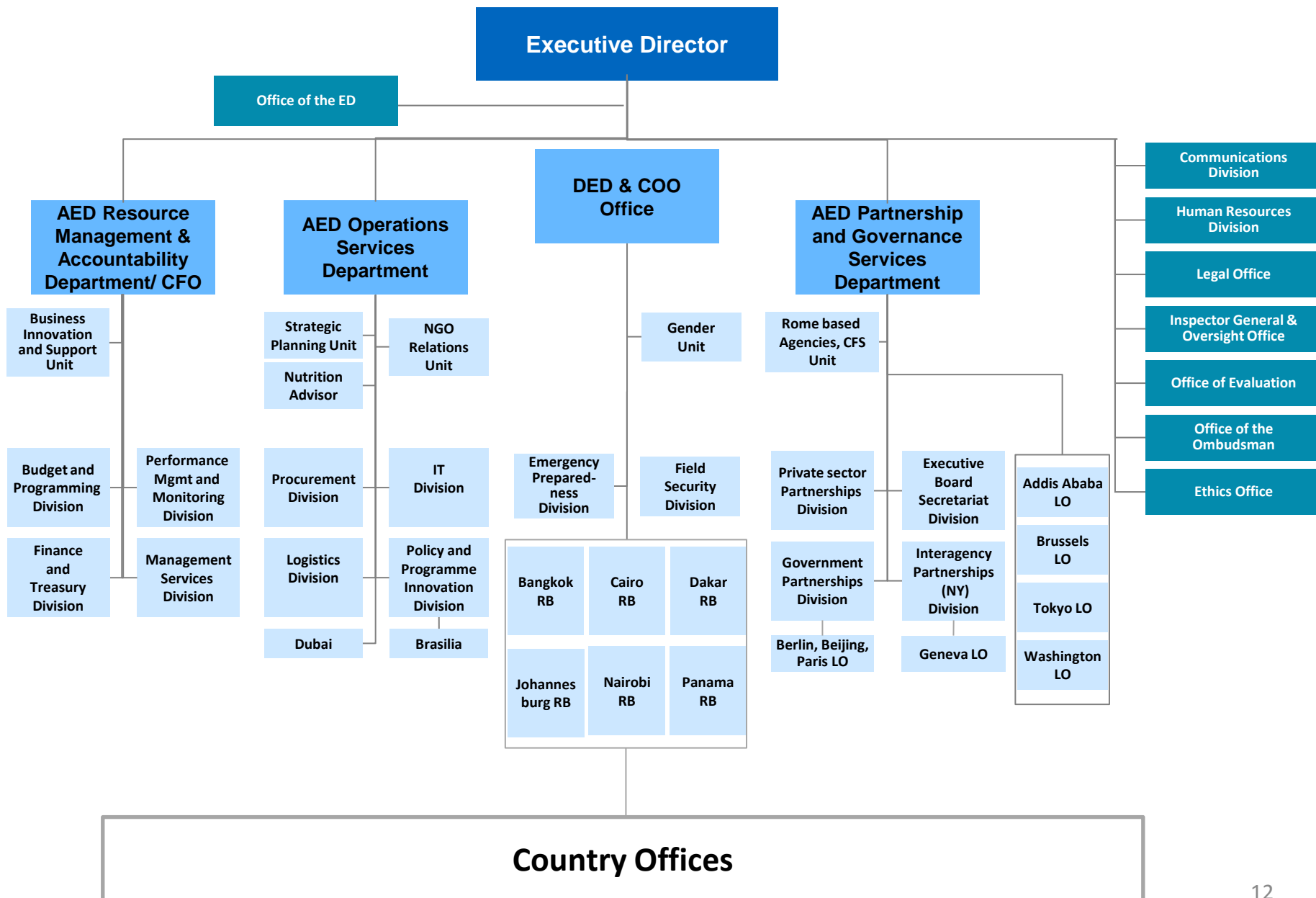
### 2<sup>nd</sup> Consultation

- Previewed the overall architecture of WFP
- Presented the overarching principles of the Organizational Design and Realignment initiative
- Update on the PSA priority areas and the PSA Review Panel process

### 3<sup>rd</sup> Consultation

- Noted approach to organizational design plan
- Highlighted the shift of PSA resources from Headquarters to Regional Bureaux and Country Offices
- Outlined the impact on the identified priority areas of gender, monitoring, reporting and evaluation.

# Section IV: Reorganization of the WFP Secretariat in 2013



## What is the Programme Support & Administrative (PSA) budget?

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- Portion of the WFP budget that pertains to providing indirect support to WFP's activities
- Funded through the indirect support cost income portion of contribution income
- Covers the majority of Headquarter and Regional Bureaux costs, as well as a core presence in each country office
- Planned and presented within the Management Plan
- Board approval of the PSA appropriation within the Management Plan gives authority to the Executive Director to spend

# Main Areas of Increase and Decrease in the PSA Budget

2013 PSA Proposal (US\$ millions)	
2012 Approved PSA Appropriation	249.1
Increase in Staff Costs	+0.5
Additional Support to Country Offices and Regional Bureaux	+11.6
Increased support to Gender, Monitoring and Reporting and Evaluation	+1.2
HQ Budget Reduction	-13.3
2013 Proposal	249.1

## Increase in Staff Costs: US\$500,000

- Analysis of actual costs for 2011 for all international positions and Rome-based general service staff
- Euro exchange rate for Rome-based staff costs was adjusted downwards from €1=US\$1.41 to €1=US\$1.28
  - Hedging gain expected to nearly cover regular standard staff rate increases

# Main Areas of Increase and Decrease in the PSA Budget

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2013 Proposal	249.1

## Additional Support to Country Offices and Regional Bureaux: US\$11,600,000

- 16 percent increase to enhance capacity and support decision-making as close as possible to point of implementation
- 79 country offices will receive on average US\$500,000 of PSA support
- 18 new PSA posts for international professional staff
- 62 new PSA posts for national staff

# Main Areas of Increase and Decrease in the PSA Budget

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2013 Proposal	249.1

## Increased support to Gender, Monitoring, Reporting and Evaluation: US\$1,200,000

- 89 percent increase or US\$400,000 in additional support to mainstream gender and create a stand-alone unit
- 50 percent increase for performance monitoring and results to enhance WFP's capacity to measure results and embed a culture of results-based thinking coupled with accountability
- 8 percent increase for the Office of Evaluation
  - Costs for Operations Evaluations will be covered by the direct support costs of the projects under evaluation



# Main Areas of Increase and Decrease in the PSA Budget

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HQ Budget Reduction	-13.3
2013 Proposal	249.1

## HQ Budget Reduction: US\$13,300,000

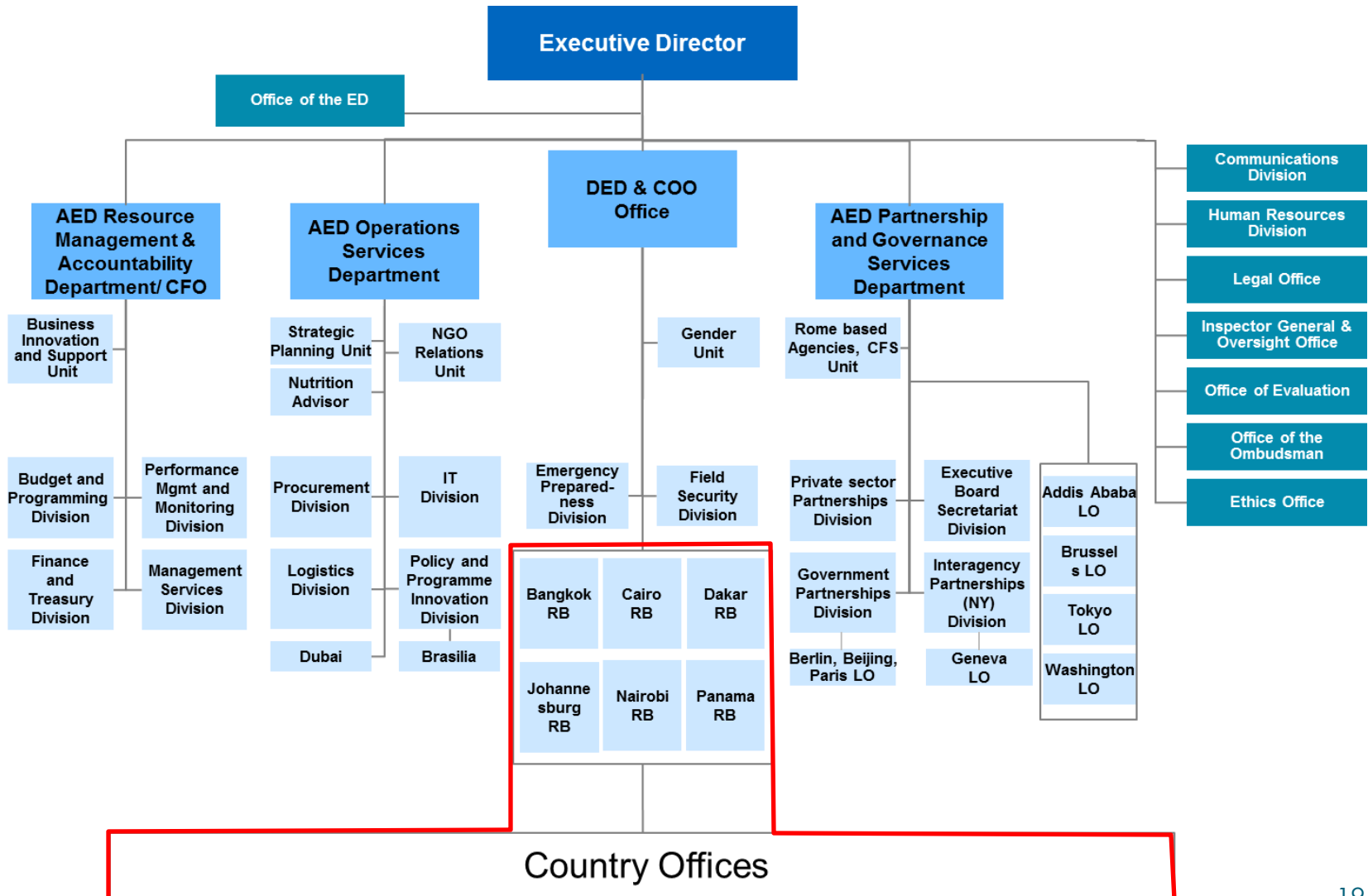
- On average, Headquarters divisions reduced by 7 percent
  - Policy and Programme Innovation: Decrease of US\$5.3 million
  - Communications and Private Sector Partnerships Division: Decrease of US\$2.24 million
  - Management Services Division: Decrease of US\$1.3. million
  - Government Donor Relations Division: Decrease of US\$1.2 million
- Decrease of 17 PSA posts for international professional staff
- Decrease of 10 PSA posts for HQ/LO general service staff

# Overview of the 2013 PSA budget by appropriation line

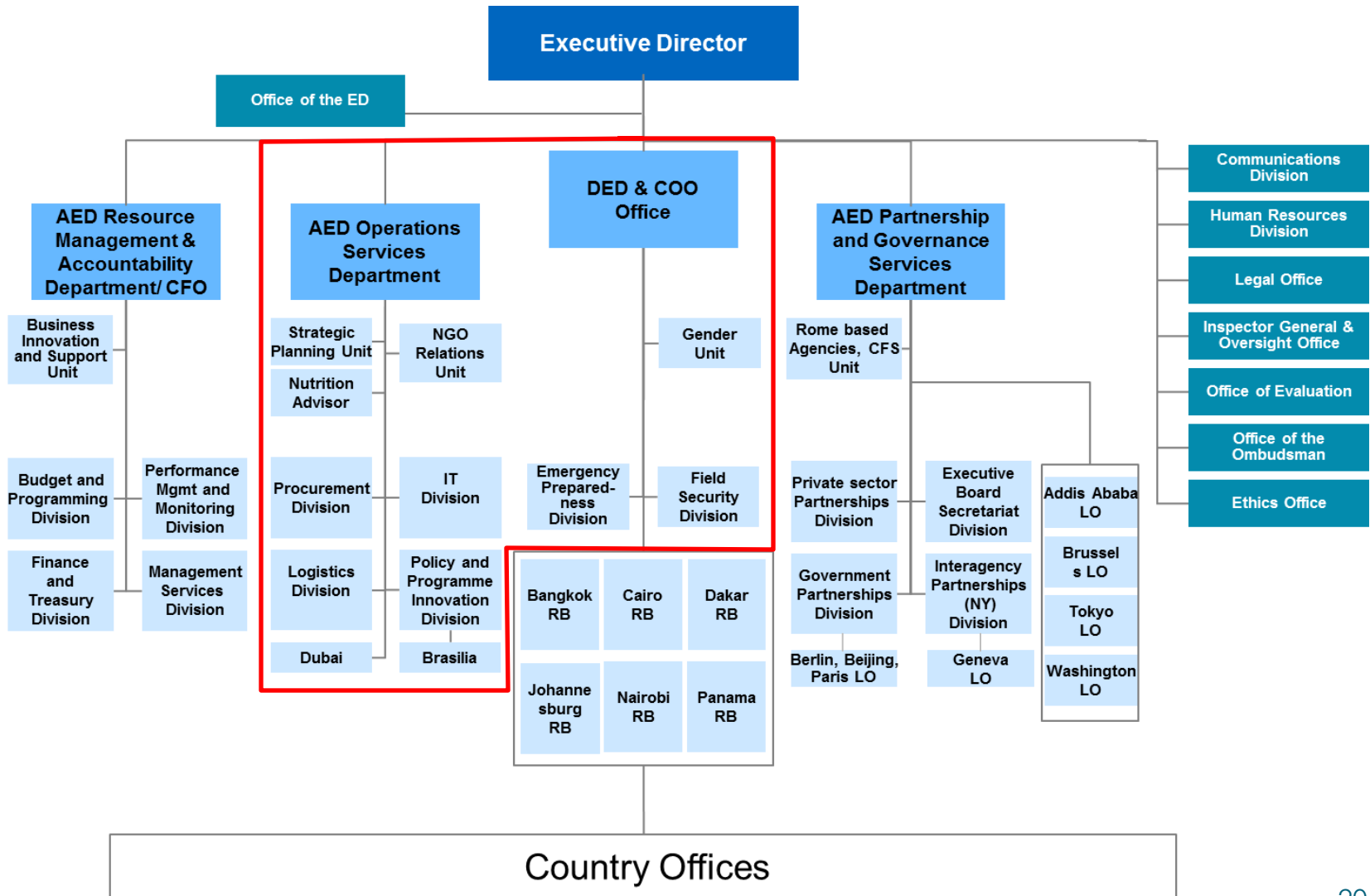
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	2013 Projected		
	Post count		Total Cost
	Prof.	Total	
Programme Support – Regional bureaux and country offices	194	737	86.3
Programme Support - Headquarters	165	267	54.0
Management and Administration	254	516	108.8
<b>Total</b>	<b>613</b>	<b>1,520</b>	<b>249.1</b>

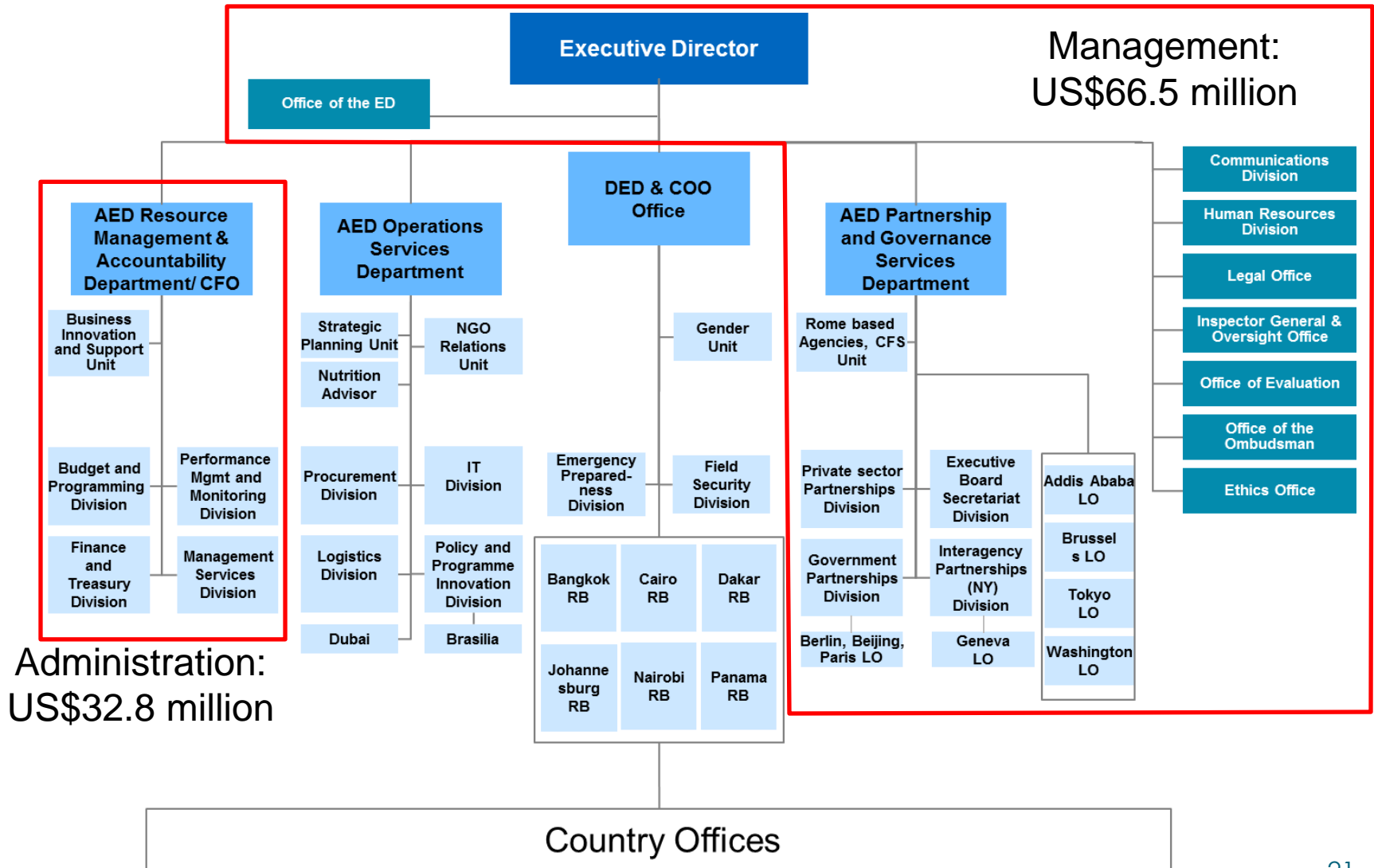
# Programme Support – Regional Bureaux and Country Offices: US\$86.3 million



# Programme Support – Headquarters: US\$54.0 million



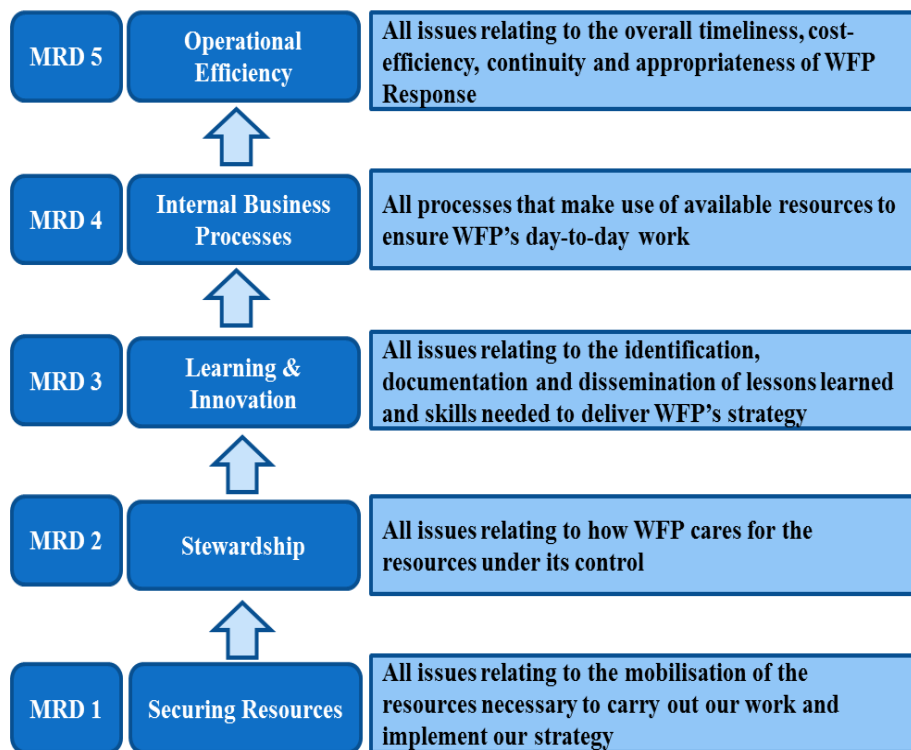
# Management and Administration – US\$108.8 million



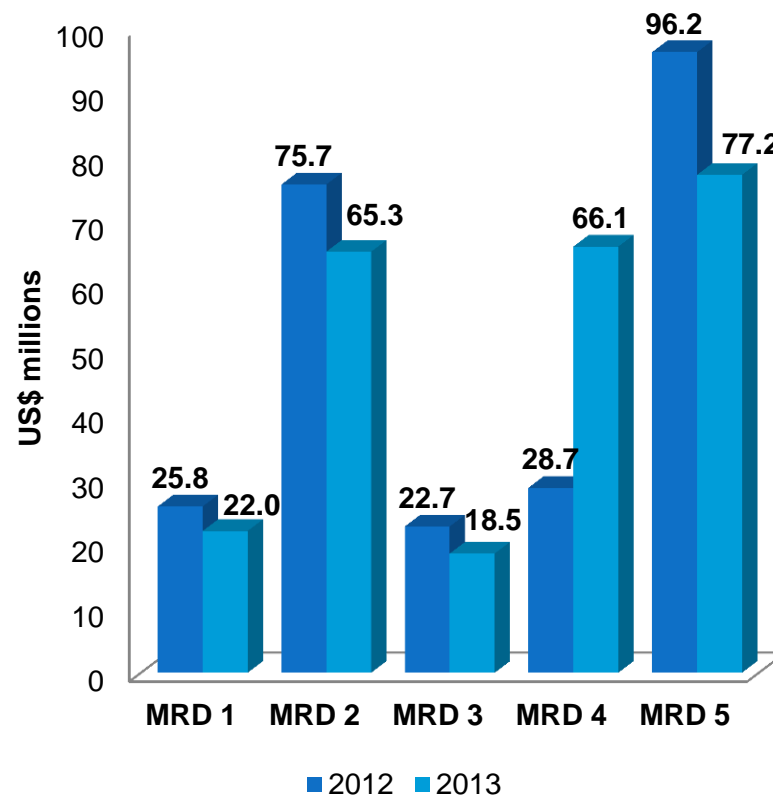
## Management and Administration – Central Appropriations: US\$9.6 million

Statutory Requirements and other Central Appropriations (US\$)		
	Estimated 2012	Proposed 2013
Reassignment costs	2,400,000	1,900,000
Insurance fees	1,275,000	1,375,000
Joint Inspection Unit	900,000	1,000,000
International Civil Service Commission	600,000	510,000
External Audit	450,000	450,000
Chief Executives' Board	307,500	310,000
Emergency medical evacuation	266,300	300,000
Audit Committee	176,700	231,000
Services from other agencies	1,540,500	1,447,000
Contingency Fund	850,000	772,000
Global Management Meeting	300,000	265,000
Others	611,000	1,008,000
<b>Total</b>	<b>9,677,000</b>	<b>9,568,000</b>

# Management Results Dimensions and PSA



PSA Budget by MRD



# Supplementary PSA Investments

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## What are supplementary PSA Investments?

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- Separate from the regular PSA budget to promote improved governance and management
- Proposed to be funded from PSA Equalization Account
- Minimal risk as planned activities will not require additional resources for continued operation

## 3<sup>rd</sup> Consultation

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- Presented a preliminary estimate for an investment of US\$20 million
- A transition fund to provide flexibility to manage staff changes;
- A Change Management package focused on implementation of the Framework for Action; and
- Other one-off investments



# The seven *themes* from 'Framework for Action' continue to guide the organizational strengthening process

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The change management process is the roadmap for taking WFP from good (“where we are now”) to great (“where we want to be”)

## The process builds upon

- The *Rapid Organizational Assessment*, which facilitated a process of reflection, review and analysis from both external (McKinsey) and internal (Organizational Development Team) viewpoints
- The *Framework for Action* developed by the Executive Management Group (EMG) as a holistic strengthening plan for WFP
- The Executive Director’s vision for organizational design as set out in *Fit for Purpose*

# Change management 'workstreams' have been aligned with themes for the next stage of strengthening work

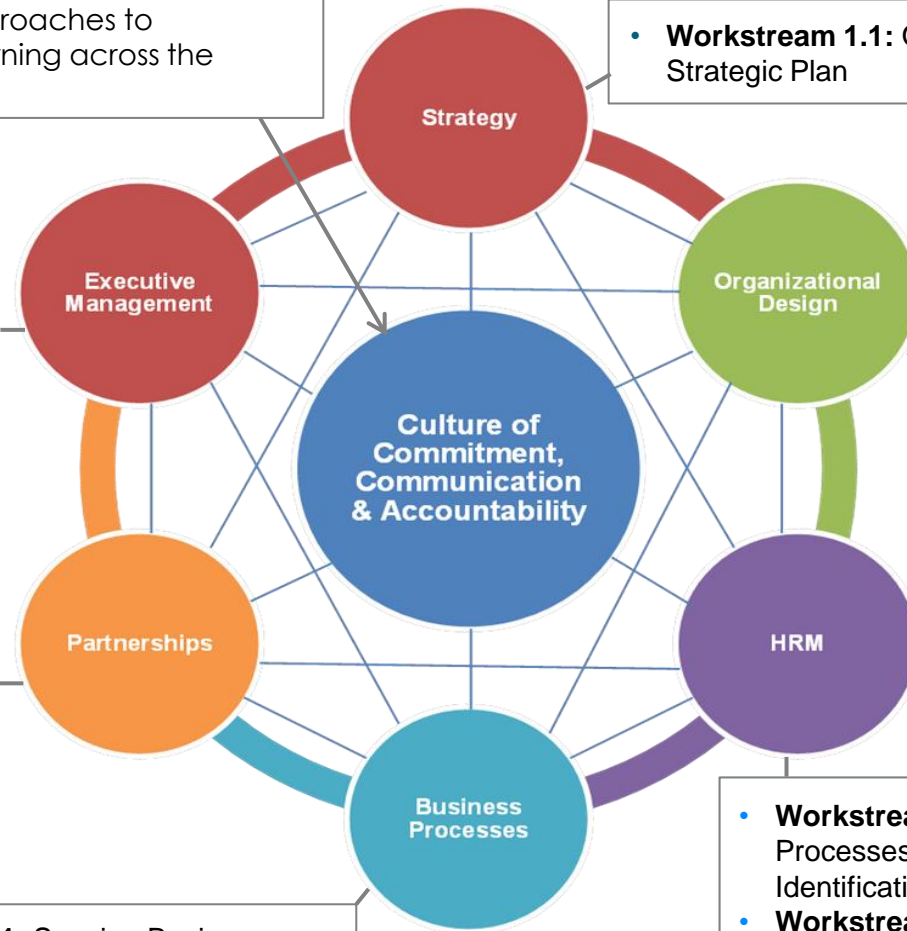
- **Workstream 7.1:** New Approaches to Communication and Learning across the Organization

- **Workstream 1.1:** Operationalizing the Strategic Plan

- **Workstream 6.1:** Strengthening Manager's Performance and Accountability
- **Workstream 6.2:** Executive Management Review

- **Workstream 5.1:** Partnership Approach Review

- **Workstream 4.1:** Scoping Business Processes Review

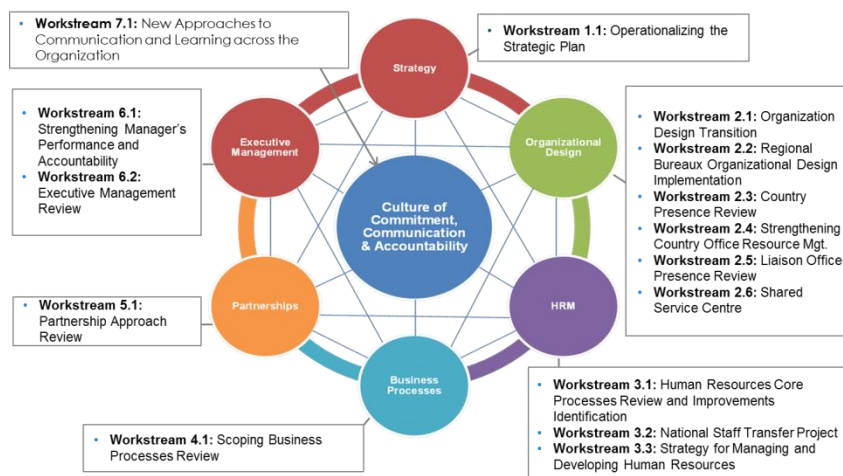


- **Workstream 2.1:** Organization Design Transition
- **Workstream 2.2:** Regional Bureaux Organizational Design Implementation
- **Workstream 2.3:** Country Presence Review
- **Workstream 2.4:** Strengthening Country Office Resource Mgt.
- **Workstream 2.5:** Liaison Office Presence Review
- **Workstream 2.6:** Shared Service Centre

- **Workstream 3.1:** Human Resources Core Processes Review and Improvements Identification
- **Workstream 3.2:** National Staff Transfer Project
- **Workstream 3.3:** Strategy for Managing and Developing Human Resources

# 2013 Proposed Supplementary PSA Investments

- Investment will ensure WFP has the capacity and expertise to undertake the identified workstreams
  - Includes benchmarks and deliverables to ensure actions are undertaken efficiently
  - Facilitate the implementation of the Strategic Plan
- A portion will be used to manage staff changes including:
  - Termination payments specifically provided for under staff regulations and International Civil Service Commission rules
  - Additional reassignment costs associated with change process



# Update on the PSA Equalization Account

## What is the PSA Equalization Account?

- A reserve set up to record any surpluses or deficits between ISC revenue and PSA expenditures for the financial period
- Provides a level of certainty in PSA planning if ISC income does not materialize at the expected rate
- All uses of the PSAEA are approved by the Board and are generally limited to support costs, including capital and capacity-building costs
- The Board has established a target level for the PSAEA equivalent to four months of PSA expenditure

## Projected PSA Equalization Account Balance

	Projected 2013
	US\$M
Opening balance	82.1
ISC Revenue	236
PSA Expenditure	(249.1)*
<b>Sub-total</b>	<b>69.0</b>
Supplementary PSA investments	(20.0)*
<b>Forecast Closing Balance</b>	<b>49.0</b>

\* Subject to approval by Executive Board

# Use of Interest Income from the General Fund Security Special Account: up to US\$10 million

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- Security expenditures are estimated at US\$18.8 million for 2013
  - US\$11.5 million for WFP's share of the UN Department of Safety and Security costs, 19% increase over 2012
  - US\$7.3 million for the Security Emergency Fund, zero growth over 2012
- A Security Special Account will manage security expenditures with an advance from the Working Capital Financing facility
  - Security costs will be charged to DSC. Cost per office is expected to average US\$176,000 per year from DSC
  - Up to US\$10 million is requested from the interest income of the General Fund to cover security costs that cannot be charged to operations

# Use of Interest Income from the General Fund

## Treasury Management System: US\$400,000

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- To date, total investment for the treasury management system is US\$1.6 million
  - At the First Regular Session of 2011, the Board approved an initial US\$1 million, of which US\$700,000 was expended in the calendar year
  - An additional US\$900,000 was approved in November 2011 in the Management Plan (2012-2014) to finalize the treasury management system
- The second phase, SAP-to-bank integration for payment processes, will be completed in early 2013 for nine countries and roll-out to countries with significant operating volume is planned
- Cost savings will be in excess of US\$2.5 million per annum from 2013 onwards, significantly higher than originally expected
- US\$400,000 is requested from the interest income of the General Fund to complete the roll-out, bringing the total cost to US\$2 million

# Section V: Special Accounts and Trust Funds

Paragraphs 246-279

## Purpose

Outlines the expected resources and requirements for special accounts and trust funds in 2013

### 1<sup>st</sup> Consultation

- Previewed the role of the PSA Review Panel in prioritizing corporate trust funds

### 2<sup>nd</sup> Consultation

- Provided an overview of:
  - country-specific trust fund resources;
  - preliminary requirements for corporate trust funds; and
  - forecasted expenditures of special accounts

### 3<sup>rd</sup> Consultation

- Highlighted the role of trust funds in supporting the identified priority areas and the shift in resources from Headquarters to Regional Bureaux and Country Offices

# Purpose of Special Accounts and Trust Funds

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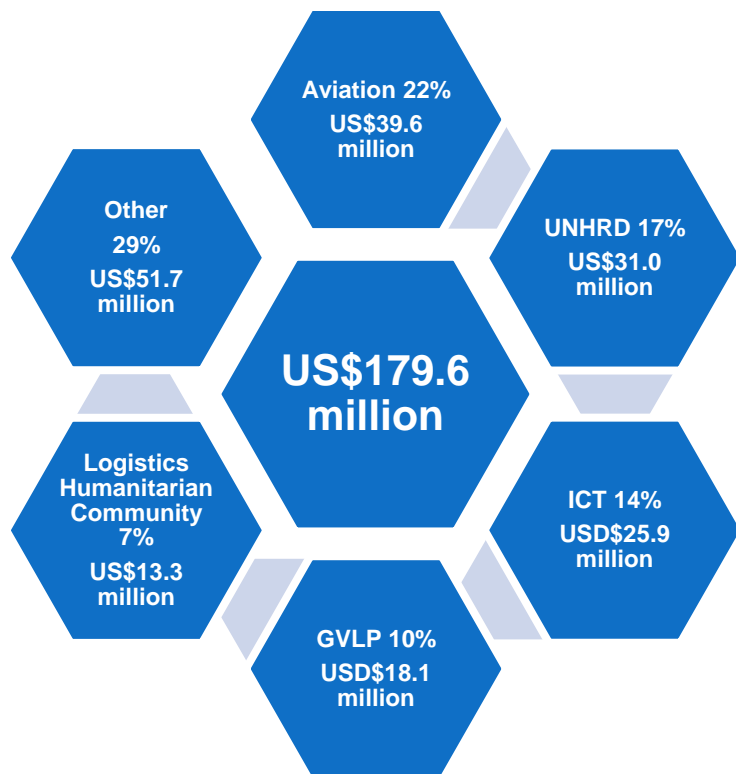
- Enable WFP to provide non-profit business services through special accounts.
- Corporate trust funds invest in organizational capacity development priorities and pilot initiatives
- Country-specific trust funds enable Country Offices to engage in strategic partnerships to mobilize complementary resources

2013 Forecast Extra-budgetary Requirements and Resources	
	US\$ million
Corporate trust funds	161.6
Country-specific trust funds	71.7
<b>Total trust funds</b>	<b>233.3</b>
Special accounts	179.6
<b>Total</b>	<b>412.9</b>



# Review of Special Accounts and Country-Specific Trust Funds

## Forecast Special Accounts in 2013



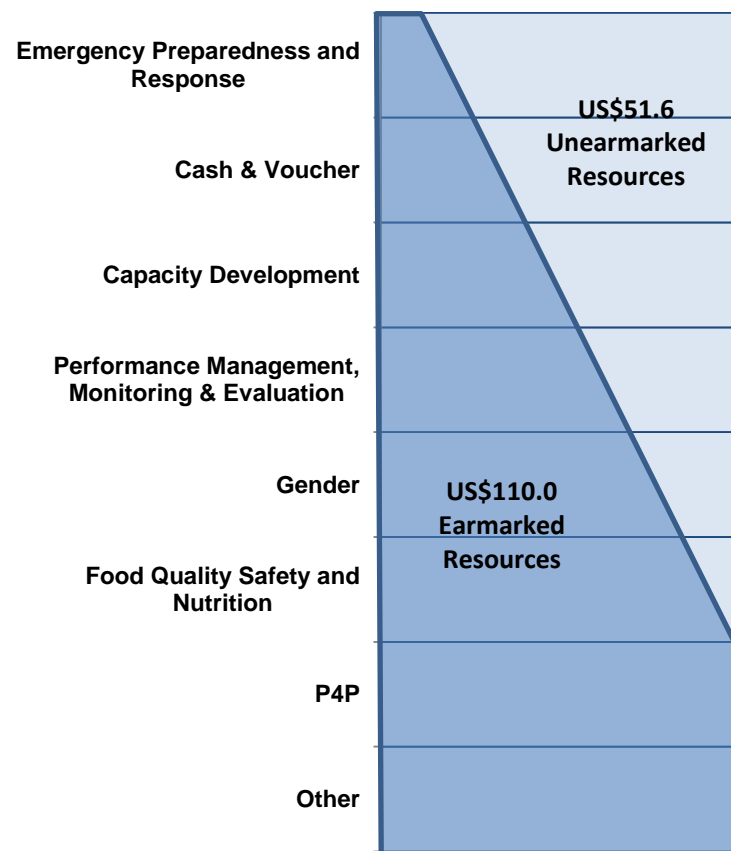
## Country-Specific Trust Funds, by Region

RBx	Forecasted Resources US\$m	%
ODP	66.0	92%
ODB	2.6	4%
ODN	1.7	2%
ODJ	0.7	1%
ODD	0.5	1%
ODC	0.2	0%
<b>Total</b>	<b>71.7</b>	<b>100%</b>

# Prioritization of Corporate Trust Funds

- Projected requirements of US\$161.6 million
  - US\$110.0 million in earmarked contributions
  - Additional US\$51.6 million will be targeted towards priority areas
- Requirements and priorities reviewed by the PSA Review Panel and the Strategic Resource Allocation Committee
- Priorities may be revisited as workstreams in the Framework for Action are implemented and additional requirements identified

**Prioritization of new corporate trust contributions in 2013**  
(US\$ million)



# Corporate Trust Fund Priorities (1)

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## Emergency Preparedness and Response

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- To improve WFP's preparation and response to large scale emergencies, prioritized resources will support:
  - Emergency preparedness and response;
  - Early warning analysis;
  - Crisis management;
  - Technology; and
  - Preparedness and Response Enhancement Programme (PREP)

## Cash and Vouchers

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- Provide additional support to country offices and regional bureaux to ensure the most efficient and appropriate interventions are designed and implemented
- Enhance the evidence base for decision-making related to cash and vouchers
- Support scaling up of the cash and voucher technology

# Corporate Trust Fund Priorities (2)

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## Capacity Development

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- Trust funds under this thematic area include the WFP Centre of Excellence, a partnership with the Government of Brazil
  - Promotes capacity development for national school feeding and other programmes addressing hunger
  - 2013 activities will support 18 countries and others that may request assistance
- Capacity development for staff will include programme leadership training and curricula for technical trainings

## Performance Management, Monitoring and Evaluation

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- Prioritized resources will contribute to implementing the monitoring and evaluation strategy focused on:
  - Capacity development for field staff and partners;
  - Targeted project outcome measurement and reporting;
  - Guidance and training in country-managed evaluations; and
  - Development of the corporate monitoring and evaluation tool

# Corporate Trust Fund Priorities (3)

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## Gender

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- Sustained investment to ensure gender is mainstreamed and implement a accountability framework
- Gender Innovations Fund will provide resources and training for context-led projects based on gender analysis

## Food Quality, Safety and Nutrition

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- Support WFP's role as host agency for REACH to provide capacity development for governments
- Focus on enhancing global nutrition and scaling up food and nutrition activities in regional bureaux and country offices

# Annexes

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## **Annex I:**

- Table A.I.1: Organizational Structure and PSA Positions Distribution 2012 and 2013
- Table A.I.2: PSA and DSC Staffing Table by Appropriation Line, 2012 and 2013
- Table A.1.3: PSA Budget by Organizational Unit and by Appropriation Line, 2012 and 2013

**Annex II:** Review of the 2012-2014 Management Plan

**Annex III:** Office of Evaluation Work Programme 2013

**Annex IV:** Strategic Results Framework 2012

**Annex V:** Unforeseen Requirements

**Annex VI:** Terminology

## Draft Decisions (1)

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- i. approves** an exemption from Financial Regulation 9.2, requiring the Management Plan to be circulated not later than 60 days before the session;
- ii. takes note** of the projected operational requirements of US\$4.97 billion for 2013;
- iii. takes note** that the PSA appropriation assumes a funding level of US\$3.7 billion in 2013;
- iv. approves** a PSA appropriation of US\$249.1 million
  - Programme support: regional bureaux and country offices      US\$86.3 million
  - Programme support: Headquarters      US\$54.0 million
  - Management and administration      US\$108.8 million

## Draft Decisions (2)

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- v. **approves** a supplementary PSA appropriation of US\$20 million
- vi. **approves** up to US\$10 million from the General Fund for security expenditures
- vii. **approves** US\$400,000 from the General Fund for completion of the treasury management system
- viii. **approves** an indirect support cost recovery rate of 7 percent for 2013
- ix. **authorizes** the Executive Director to adjust the PSA component of the budget in accordance with the any variation in the volume of operational requirements of more than 10 percent from levels outlined in Section III.



**Thank you!**