



World Food  
Programme

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LIVES



## Second Informal Consultation on the Management Plan (2019-2021)

WFP Executive Board, 06 September 2018

# Extracts provided in advance of today's informal consultation

Management Plan (2019 - 2021)	Extracts
Executive Summary	
Draft Decisions	<b>Presented today</b>
Section I: Introduction	✓
Section II: Funding Context and Resourcing Assumptions	✓
Section III: Operational Requirements and Implementation Plan for 2019	✓
Section IV: Programme Support and Administrative Budget	✓
Section V: Corporate Trust Funds and Special Accounts	✓
Annexes	

**A complete draft of the Management Plan (2019-2021) will be distributed by 26 October**

# AGENDA

## 1

### Section-by-Section Review of the Document

- **Section 1: Introduction**
- **Section 2: Funding Context and Resourcing Assumptions**
- **Section 3: Operational Requirements and Implementation Plan for 2019**
- **Section 4: Programme Support and Administrative Budget**
- **Section 5: Corporate Trust Funds and Special Accounts**

## 2

### Draft Decisions

# Section-by-Section Review of the Document



## Section 1: Introduction

# Section 1 provides a framework for understanding the Management Plan proposals

## Reader's Guide and Structure of the Document

### Contains:

- Short guide on how to read the Management Plan
- Overview of purpose and content of each section



Para. 1-3

## Global Economic and Political Context

### Assessment of external factors that may impact WFP's work:

- Economic outlook
- Climate
- Political instability and conflict
- International humanitarian assistance

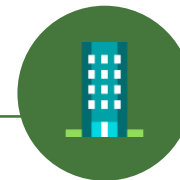


Para. 4-19

## Organizational Context

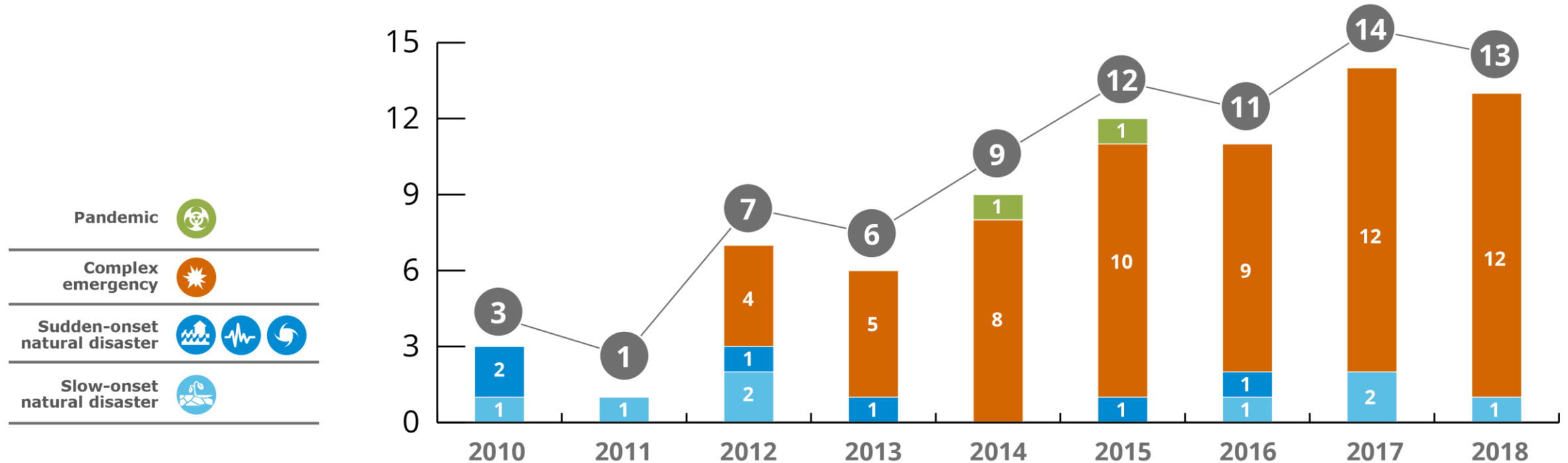
Last wave of country offices will present their strategic plans to the Executive Board in 2019

Revised general rules and financial regulations will be considered by the Board, to take effect from January 2019



Para. 20-29

# Context of WFP's operations (2010 – 2018)



**WFP operating in an environment of protracted complex emergencies and increasing food insecurity**

# Section-by-Section Review of the Document



## Section 2: Funding Context and Resourcing Assumptions

# Funding Context and Resourcing Assumptions

Provides the background for WFP's 2019 revenue forecast of USD 6.8 billion

## Financial Context

- WFP contribution trends 2017-2019
- Possible effects of changing political landscapes on WFP income
- Efforts to expand donor base

Para. 30-41



## Flexible and Predictable Funding

- Greater funding flexibility and predictability support WFP's integral role in the triple nexus
- Benefits deriving from multi-year and unearmarked or softly earmarked funding

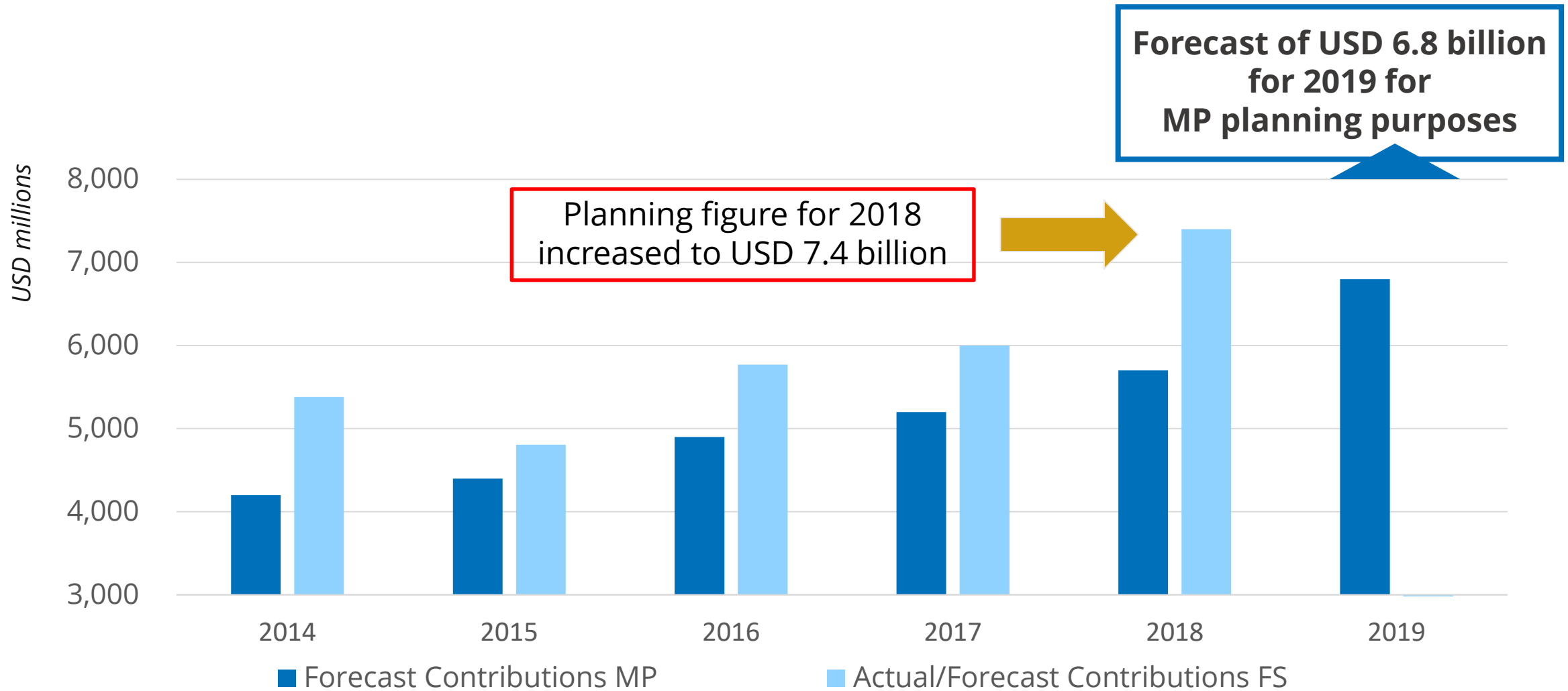
Para. 42-47



**WFP continues to advocate for needs while emphasizing the necessity of flexibility and predictability to support operational efficiency**



# Management Plan Income forecast 2014-2019



# Section-by-Section Review of the Document

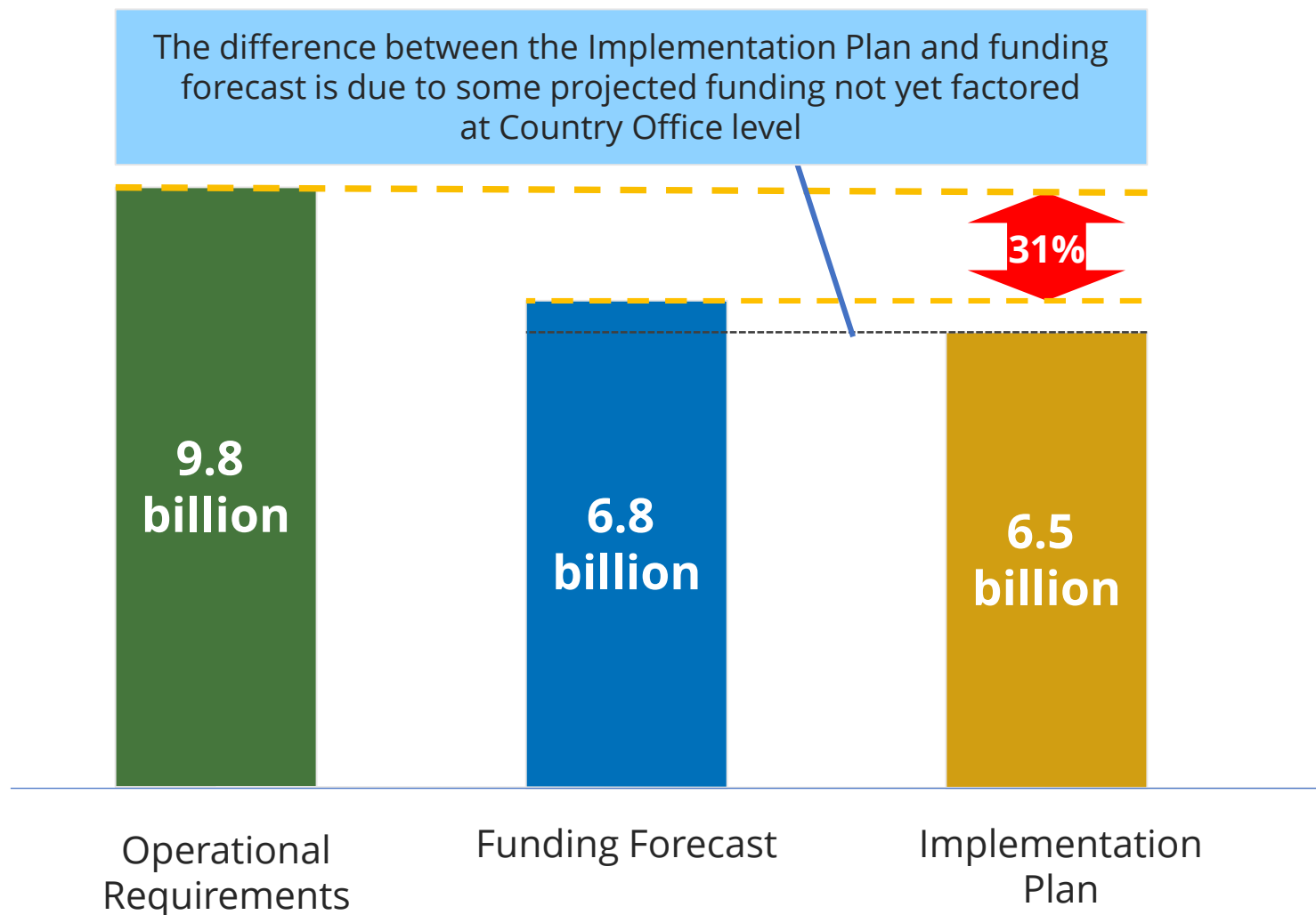


## Section 3: Operational Requirements and Implementation Plan 2019

# Structure of Section III – Operational Requirements and Implementation Plan

From Operational Requirements to Implementation Plan	Analysis of Implementation Plan	Analysis of Modality
<p><b>Context:</b></p> <ul style="list-style-type: none"><li>▪ 13 declared L3/L2 emergencies</li><li>▪ Country Strategy Plan (CSP) approach for all countries</li></ul>	<p><b>Analysis by:</b></p> <ul style="list-style-type: none"><li>▪ Strategic Result</li><li>▪ Focus area</li><li>▪ Activity Category</li></ul>	<p><b>Analysis by:</b></p> <ul style="list-style-type: none"><li>▪ Food costs</li><li>▪ CBT</li><li>▪ Commodity voucher</li><li>▪ Capacity Strengthening</li><li>▪ Service Delivery</li></ul>
<b>Cross-cutting issues</b>		
Social Protection	Protection and Accountability Environment Gender	Access

# Operational Requirements vs. Implementation Plan

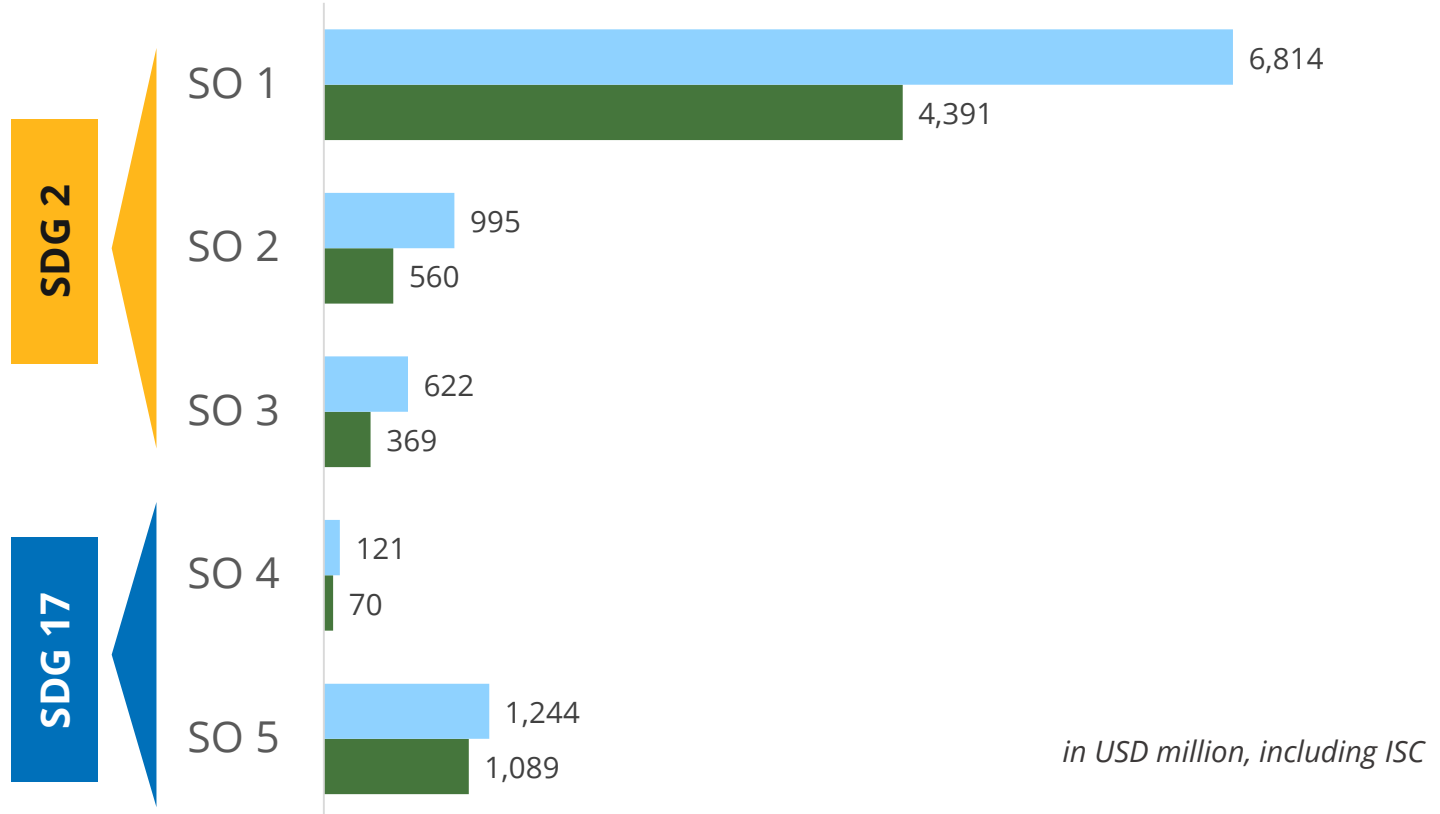


## PROCESS

1. WFP establishes the Operational Requirements based on assessed needs
2. Prioritization Process: Considering available and forecasted funding, WFP goes through a prioritization process
3. WFP reaches an Implementation Plan (IP)
4. Funding gap: The difference between the Operational Requirements and Funding Forecast

# 2019 Operational Requirements vs. Implementation Plan

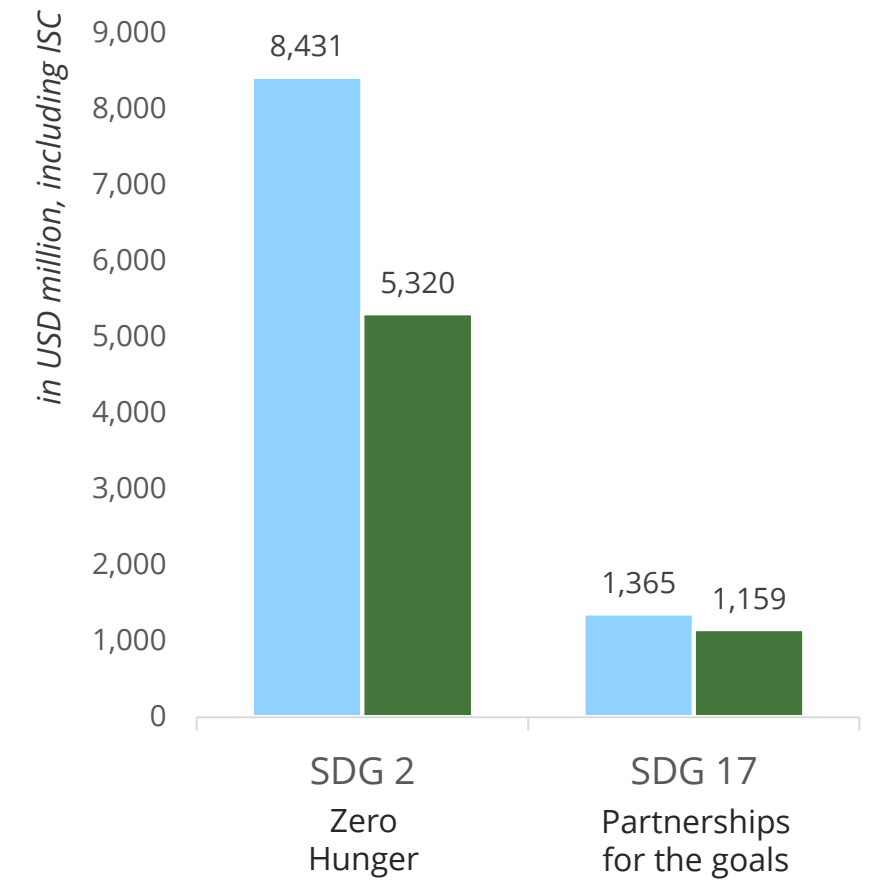
## By Strategic Objective



SO 1: End hunger  
 SO 2: Improve nutrition  
 SO 3: Achieve Food Security

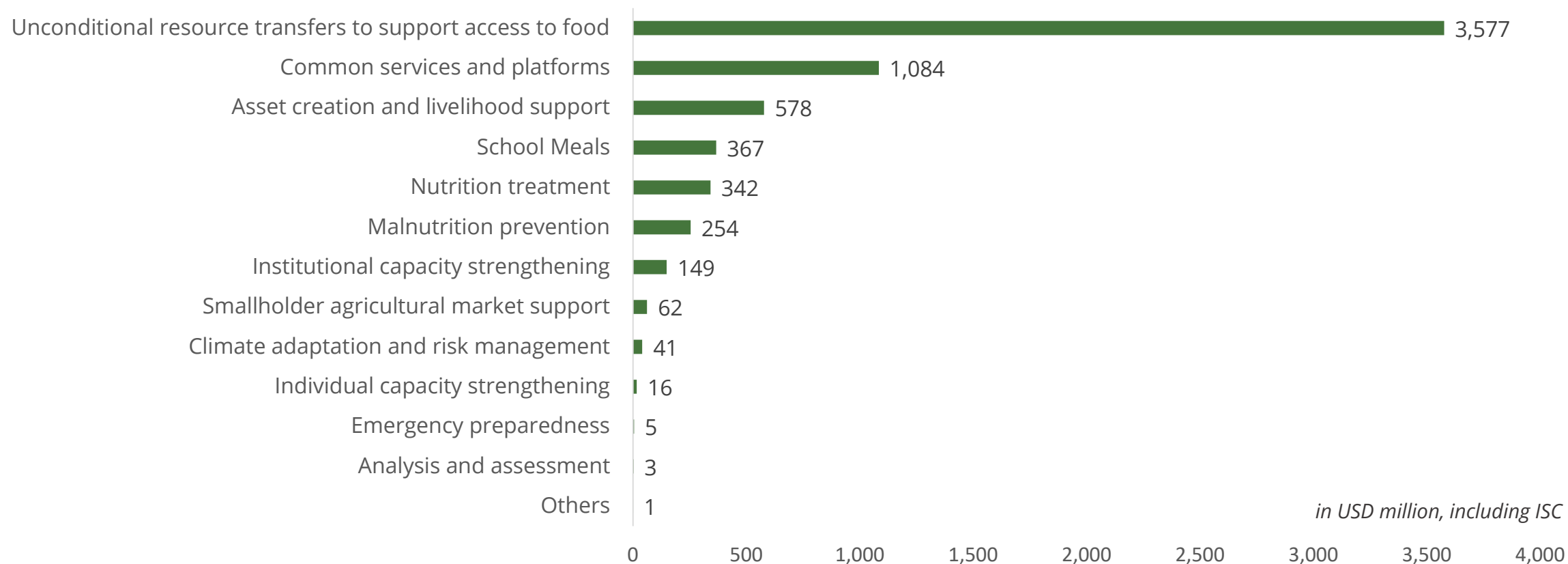
SO 4: Support SDG Implementation  
 SO 5: Partner for SDG Results

## By SDG



Needs-based plan Implementation plan

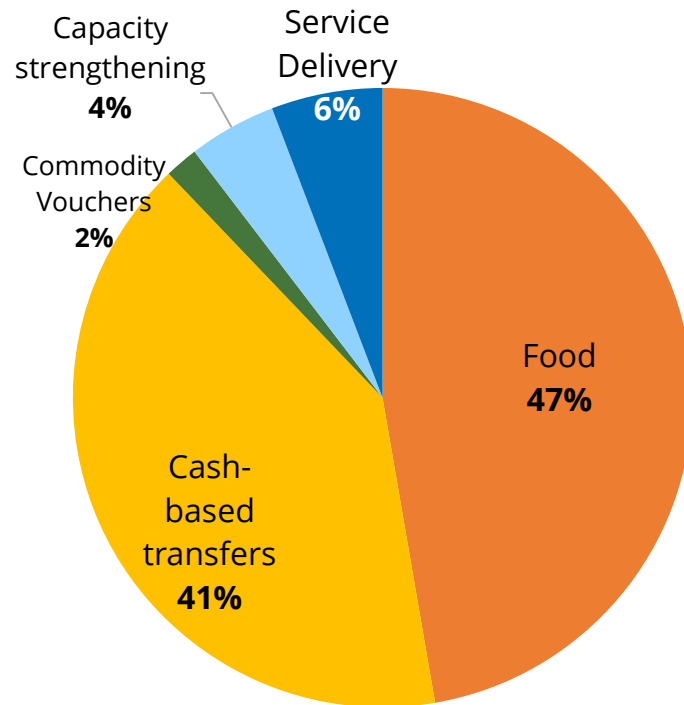
# 2019 Implementation Plan by activity



The **largest increase** since 2018 took place for **common services and platforms** (+USD 825 million, mainly due to the shift from unconditional resource transfer in Turkey) and **institutional capacity strengthening** (+USD 62 million)

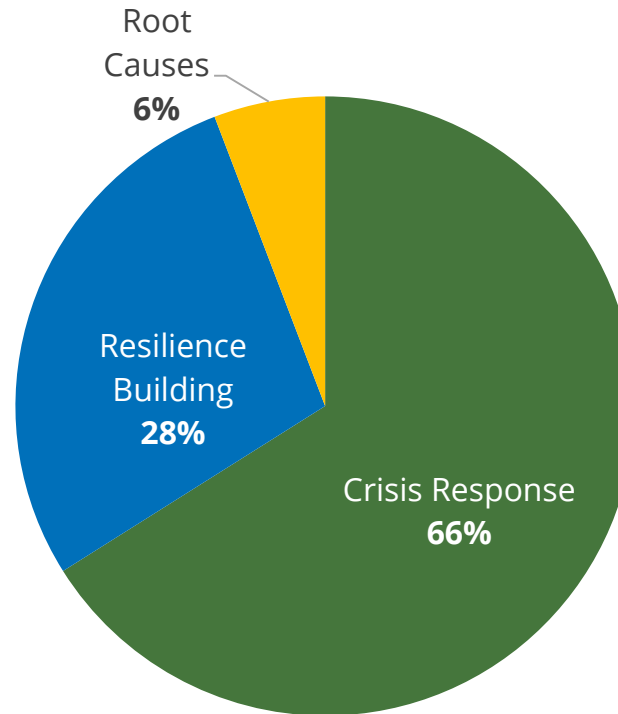
# 2019 Implementation Plan Analysis

## BY TRANSFER MODALITY



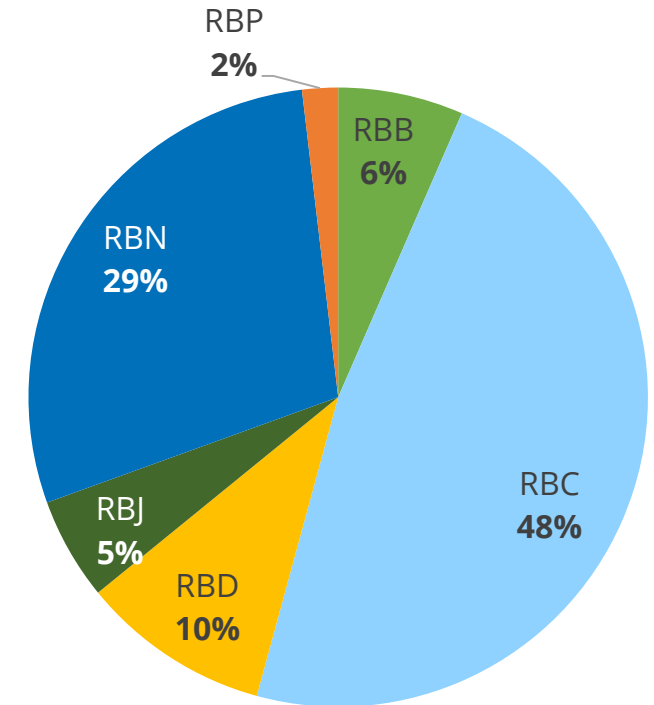
The weight of **CBTs** increased by **five percent** since 2018

## BY FOCUS AREA



A decrease in the share of **crisis response** is noted (-12%), while an increase took place for **resilience building** (+12%)

## BY REGIONAL BUREAU



A further increase is noted for **RBC**, mainly attributed to **Yemen**

# Section-by-Section Review of the Document



## Section 4: Programme Support and Administrative Budget



# Key Financial Considerations for Management Plan 2019-2021

## PSA Planning



### Budget Envelope

- Ensure **PSA budget remains within forecast of ISC income**
- Main **Indirect Support Cost (ISC)** rate to be maintained at **6.5 percent**
- Maintain **PSAEA at target five-month PSA spending level**



### Resource Allocation

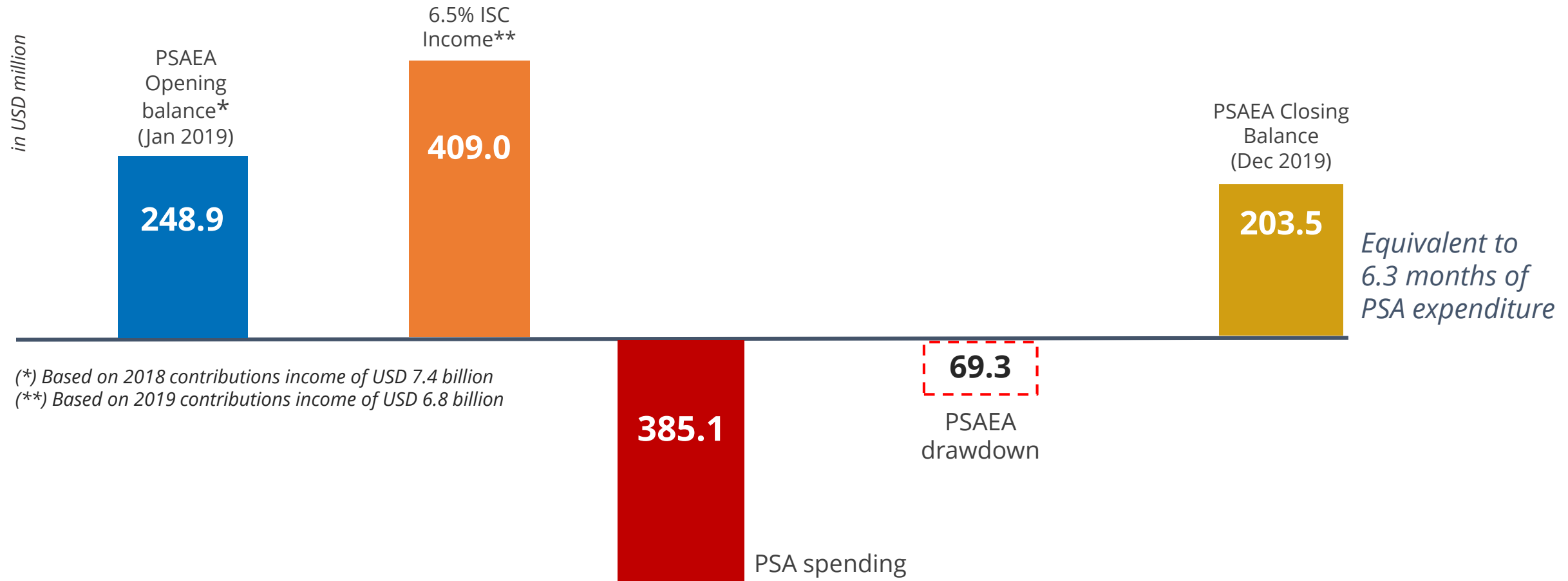
- PSA levels established through budget re-prioritization
- Areas of underfunding identified via audit and investigatory work were prioritized, together with corporate priorities
- Smaller number of large value, high impact proposals for PSAEA allocations

# 2019 PSA Planning proposal

	USD million			
	2017 Planning	2018 Planning	2019 Planning	
Estimated Overall Income	5,200.0	5,700.0	6,800.0	30.8 percent growth from 2017
Estimated ISC Income	335.4	342.9	✓ 409.0	
<b>Proposed PSA level</b>	335.4	335.4	✓ 385.1	14.9 percent growth from 2017

**WFP continues to keep the PSA budget level at or below current forecast of ISC income for the year, while maintaining the lowest headline ISC rate among major UN agencies**

# Impact of proposed PSA budget and PSAEA drawdown in 2019



**WFP can invest in critical corporate initiatives while maintaining a healthy PSAEA balance, exceeding the five-months reserve target**

# Income, PSA expenditures and ISC rate: trends and sensitivity analysis

	actual	projected	proposed	2019 Sensitivity Analysis		
	2017	2018	2019	A	B	C
<b>Actual / projected income level (cash + in-kind)</b>	6,000	7,400	6,800	6,000	6,800	7,000
<b>ISC rate</b>	7.0%	6.5%	6.5%	6.5%	6.0%	6.0%
<b>ISC income (actual/projected)</b>	401.0	445.1	409.0	360.9	378.8	390.0
PSA budget	(335.4)	(335.4)	(385.1)	(385.1)	(385.1)	(385.1)
Critical Corporate Initiatives (CCIs) & transfers to reserves and special accounts	(28.5)	(117.6)	(69.3)	(69.3)	(69.3)	(69.3)
PSA Equalization Account balance (actual/projected)	256.8	248.9	203.5	155.4	173.3	184.5
<b>Surplus / (deficit) over target PSAEA balance</b>	<b>117.1</b>	<b>109.2</b>	<b>43.0</b>	<b>(5.1)</b>	<b>12.8</b>	<b>24.0</b>

On current projections, an ISC rate of 6.0 percent in 2019 generates slightly less income (USD 378.8 million) than the PSA budget (USD 385.1 million)

Any ISC rate reductions may need to be reversed if contribution income projections are not matched by actual contributions

## Additional ISC rates

- Since 2017, the Secretariat has been reviewing the full cost recovery principles and application of ISC rates. The following recommendations are proposed for inclusion in the Management Plan (2019-2021):
  - *Recommendations achieving full cost recovery (FCR)*
    - Apply a reduced ISC rate for host government contributions to their own programmes;
    - Apply a reduced ISC rate to contributions to the IRA and to cash contributions that are not designated in any way
  - *Recommendation requiring exception from FCR under new General Rule*
    - Apply a reduced ISC rate for contributions made by one developing country or countries with economies in transition to another;
- A reduced rate of 4 percent is to be proposed in these cases

Para. 233-240

**These ISC proposals will be discussed with the Executive Board at the Informal Consultation on the Integrated Road Map on 6 September 2018**

# 2019 PSA Planning – Organizational Unit

*in USD million*

	2018	2019	
<b>TOTAL</b>	<b>335.4</b>	<b>376.6<sup>1</sup></b>	% change
Executive Director and Independent Offices	24.6	32.6	33%
Chief of Staff	27.3	33.2	22%
Operations Services	33.0	40.1	21%
Partnerships and Governance	32.0	36.9	15%
Central Appropriations	14.2	16.1	14%
Deputy Executive Director	20.1	22.0	9%
Resource Management	38.0	41.4	9%
Regional Bureaux*	66.8	71.7	7%
Country Offices*	79.4	82.6	4%

\* Prioritization of budget movements to be informed by review of RBx/HQ roles and responsibilities

<sup>1</sup> Excludes provision for staff cost increases of USD 8.5 million

**Full details of budget re-prioritization were provided for the 1<sup>st</sup> Informal Consultation and in “Section IV” of the Extracts of the Management Plan**

# 2019 PSA Planning: some areas of prioritization and de-prioritization

## PRIORITIZATION

- **Enhanced WFP capacity in HSHAP and Fraud:** to support the enforcement of accountability and updating of policies, raise awareness across the organization and support to employees, provide legal advice and anti-fraud anti-corruption support
- **Enhance Office of the Inspector General and Oversight:** to enhance its advisory role, capacity for investigations and assurance coverage, thus meeting donors and Executive Board requirements
- **Strengthening WFP Evaluation function:** to meet structural requirements and the coverage norms on centralized evaluations as stipulated in the Evaluation Policy
- Establishment of a dedicated **School Feeding Service** to regain WFP global leadership in school feeding direct programming and government technical support

## DE-PRIORITIZATION

- Funding re-allocated from aviation and retail units in **Supply Chain Division** to prioritize logistics field support and goods and services procurement
- **RM ongoing departmental** de-prioritization of transactional work, to invest in capacity for innovation and new initiatives including staff welfare (more medical services for emergencies/field) and field engineering

# Proposed Critical Corporate Initiatives

Name	Amount	Timeframe
Cash and the Digital Platform	USD 20 million	Over a 2-year period
WFP 2030 Fund	USD 15 million	Over a 2-year period
United Nations Reform	USD 8.2 million*	Over a 2-year period*
Workforce 2020	USD 11.1 million*	Over a 2-year period*
Integrated Road Map	USD 10 million	Single year
Systems Integration & IT-enabled efficiencies	USD 5 million	Single year
<b>Total</b>	<b>USD 69.3 million</b>	

\* CCI proposals have been updated since 1<sup>st</sup> Informal Consultation



# Cash and the digital platform

Amount

Timeframe

USD 20 million

Over a 2-year period



## Re-configure SCOPE into a multi-sector digital platform to:

- support multi-purpose cash and in-kind
- strengthen support for internal controls with enhanced application controls, including beneficiary validation and new modalities for biometric support



**Support sustained implementation of the digital platform** for WFP cash programmes and new approaches to analytics by end of 2020



**Provide resources to design the minimum essential business service** that can better position WFP to propose our digital platform to humanitarian partners and governments

# WFP 2030 Fund



**A dedicated fund** to ensure WFP has the capacity to deliver transformative CSPs/ICSPs in selected countries



**Enhancing WFP's ability** to re-shape its way of working, ensuring that WFP is able to reposition and operationalize the CSPs



**The fund will not overlap** with other existing funding mechanisms



**One-time funding source.** Consideration to joint proposals from more than one Country Office

Amount

Timeframe

**USD 15 million**

Over a 2-year period

## Strict minimum criteria to be applied:

- To support CSPs with strong, transformative development-humanitarian nexus elements
- Piloting, adaptability/scaling up of new initiatives, also to diversify donor base
- Testing of new ways of working, including in UN reform context
- Components that support transfer of knowledge and capacities to local institutions facilitating handover and exit strategies
- Joint Country Office proposals and/or proposals with initial host government funding an advantage
- Strong monitoring and reporting

Para. 254-256

SLIDE 26

# UN Reform

Amount

Timeframe

USD 8.2 million

Over a 2-year period



**Objective:** Support the Secretary-General's efforts to bring about and implement UN reform, with a particular emphasis on WFP's role in co-leading the Business Innovation Group.

Provide leadership in the development of common enabling services and common premises, including through an improved Business Operations Strategy:

- Devise a strategy for establishing common back offices for UN Country Teams, including launching pilots to test designs for different country typologies
- Support the expansion of common premises
- Operationalize mutual recognition of policies and processes

Surge capacity to two interagency teams: i) the Transition Team in New York that is shaping implementation plans for UN Development System repositioning; and ii) the interagency Business Innovations project team. This will also include support to the development of process and platforms that enable the gathering and reporting of system-wide results, with a focus on country results, accountability and performance

# Workforce 2020



**Proposal:** WFP will implement a plan aimed at ensuring that the Organization's workforce is actively managed and has the capabilities needed to lead and deliver on its corporate and country strategic plans



**Result:** Processes and systems are established to manage the shape, size and composition of the Organization's workforce and to identify and address gaps in skills and capabilities

**Block 1. Workforce analysis and skills development plans\***

**Block 2. Functional capability development and build surge capacity**

**Block 3. Cross-cutting skills development initiatives**

**Block 4. Learning technologies and infrastructure**

Amount	Timeframe
<b>USD 11.1 million</b>	Over a 2-year period



## Actions:

- Starting with workforce analysis and planning work at functional and Country Office level, WFP will conduct a review of the required and existing levels of capability across functions, divisions and field operations
- Ensure adequate funding and coordination of capability development initiatives across the Organization

Para. 266-270

# Integrated Road Map

Amount

Timeframe

USD 10 million

Single year



**Remaining 11 countries**, including some of WFP's largest and most complex operations, will transition to the IRM framework in early 2019



**Road to completion:** Maintain capacity for Regional Bureaux and relevant HQ divisions to successfully complete the transition globally



**Reduced IRM implementation team** to coordinate completion of residual implementation tasks:

- Complete mainstreaming of the IRM to the relevant units
- Continue simplifications and enhancements of the IRM framework
- Finalize and complete permanent delegations of authority to be presented at the 2020 first regular session

# Systems Integration and IT-enabled efficiencies

Amount	Timeframe
USD 5 million	Single year



- Further development of an **integration layer** for WFP's corporate systems
- Strengthening the linkages between **resources and results** in WFP's systems for improved decision making
- Updates to the **Member State CSP Data Portal**
- Continued development of a **dashboard** for WFP management
- Development or roll-out of some **IT-enabled initiatives** that will improve the efficiency of WFP's operations and support services

# Continue to use the General Fund for investment management costs

- Under Financial Regulation 11.3, interest income is credited to the General Fund
- In 2016, the Executive Board approved expenditure of up to USD 1 million per annum from the General Fund for investment management costs
- Recommendations made by the Office of the Inspector General and Oversight Office include an increase in staffing levels in the Treasury Branch to enable WFP to meet effectively some of the demands arising from larger volumes of cash and investments and increased business complexity
- The level of cash and cash equivalents and short-term investments which generate income for the unearmarked portion of the general fund have increased by 56 percent over the period 2015 to 2017
- The Secretariat proposes to increase the charge of investment management costs from USD 1.0 million to USD 1.5 million per annum from interest income accrued to the General Fund

**Proposal is included in the draft decisions for the EB**

# WFP anticipates total expenditure of USD 108.5 million for corporate trust funds in 2019

Corporate Trust Fund expenditure by thematic area		
	WFP expenditure projections (2019)	
	USD million	%
Supply chain	23.0	21 %
Government capacity strengthening	15.2	14 %
Nutrition	12.7	12 %
Emergency preparedness and response	11.1	10 %
Climate change and disaster risk reduction	10.8	10 %
Others	35.7	33 %
<b>TOTAL</b>	<b>108.5</b>	<b>100%</b>

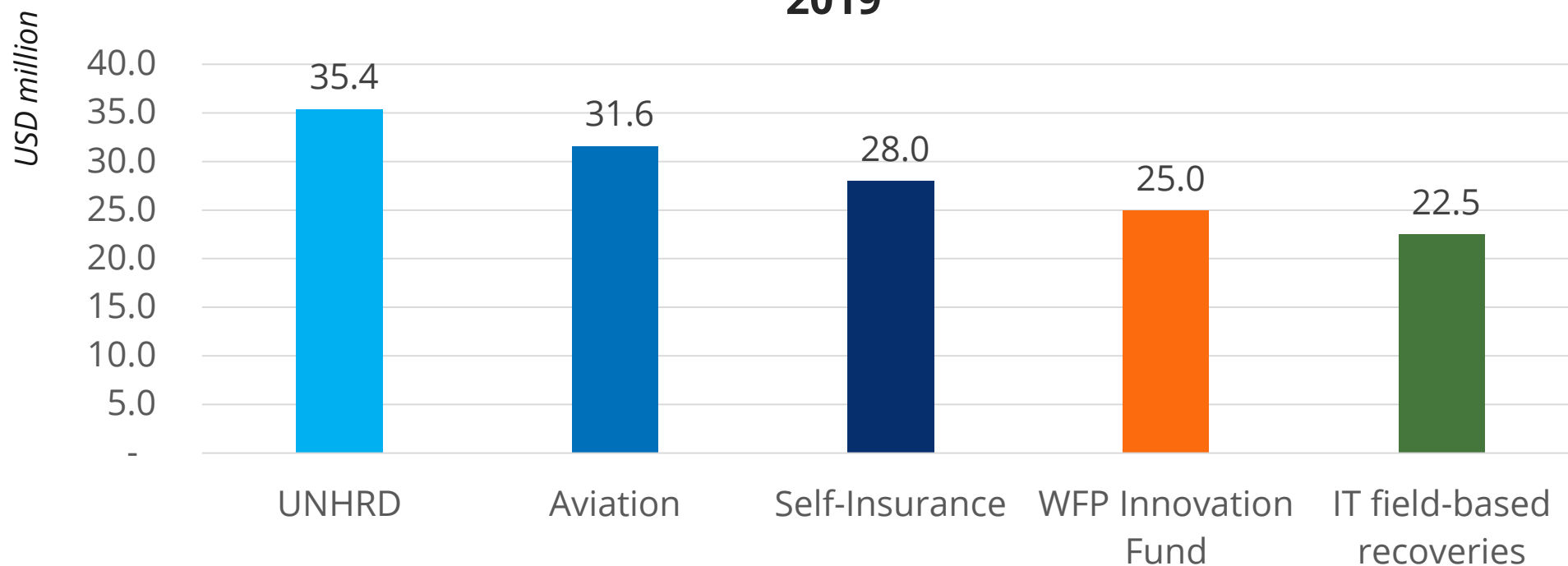
## CORPORATE TRUST FUNDS

- support enhancement of WFP's organizational capacity and effectiveness
- supplement core PSA-funded activity
- have funding provided directly by donors or through internal SRAC allocation of multilateral funding for corporate priorities



# Special accounts enable WFP to provide critical services to Country Offices and the humanitarian community

Estimated expenditure of top five special accounts for 2019



**These special accounts represent 61 percent of planned special account expenditure in 2019 of USD 233.4 million**

# Special accounts enable WFP to provide critical services to Country Offices and the humanitarian community

## Special Account

## Description

### UNHRD

- Manages donor contributions and revenue from services provided through its six-hub network

### Aviation

- Supports transport by air of both humanitarian cargo for relief operations and humanitarian workers

### Self-Insurance

- Risk mitigation tool to minimize the economic effects of losses on food under WFP control and custody

### WFP Innovation Fund

- Supporting innovative projects, both non-profit interventions and for-profit ventures. A major aspect is support it provides for scaling up proven innovations that have demonstrated impact

### IT field-based recoveries

- Supporting management of IT per capita cost recovery model for operational IT or TEC services, allowing funding to be provided up front with fund recovery managed centrally

# Draft decisions



## Draft decisions

At the Second Regular Session 2018 the EB will be asked to **take note**:

- that the Programme Support and Administrative appropriation assumes a funding level of USD 6.8 billion in 2019
- of the projected operational requirements of USD 9.8 billion for 2019 and the prioritization proposals outlined in Section III to align this with anticipated funding



## Draft decisions (cont'd)

At the Second Regular Session 2018 the EB will be asked **to approve**:

- a **2019 PSA appropriation of USD 385.1 million**, to be allocated as follows:

Strategy and Direction	USD 60.7 million
Services to Operations	USD 219.1 million
Governance, independent oversight and Fundraising	USD 105.3 million
- a **corporate Indirect Support Cost recovery rate of 6.5 percent for 2019**
- an **indirect support cost recovery rate of 4.0 percent for 2019\*** for:
  - Host government contributions to programmes in their own countries
  - Contributions made by one developing country or countries with economies in transition to another
  - Contributions to the IRA and to contributions not designated in any way

\* Subject to ongoing discussions on the Integrated Road Map (IRM)

## Draft decisions (cont'd)

**At the Second Regular Session 2018 the EB will be asked to approve:**

- Use of the General Fund to charge investment management costs up to USD 1.5 million per annum from interest income accrued to the General Fund
- A ceiling of USD 82 million for corporate services for 2019 and look forward to reviewing this as part of future management Plans

**At the Second Regular Session, the EB will be asked to authorize** the Executive Director to adjust the Programme Support and Administrative component of the budget in accordance with a change in the level of the forecasted income for the year, at a rate not to exceed 2 percent of the anticipated change in income

# Acronym List

**CBF** Capital Budgeting Facility

**CBT** cash-based transfer

**CCI** critical corporate initiative

**CPB** country portfolio budget

**CRF** Corporate Results Framework

**CSP** country strategic plan

**DSC** direct support costs

**GVLP** Global Vehicle Leasing Programme

**ICSP** interim country strategic plan

**IRA** Immediate Response Account

**IRM** Integrated Road Map

**ISC** indirect support costs

**IT** information technology

**PSA** Programme Support and Administrative (budget)

**PSAEA** **PSA** Equalization Account

**SDG** Sustainable Development Goal

**SO** strategic objective

**SPA** strategic partnership agreement

**SPC** standard position cost

**SRAC** strategic resource allocation committee

**T-ICSP** transitional interim country strategic plan

**UNHRD** United Nations Humanitarian Response Depot

# Thank You