

Addendum to the WFP Management Plan (2017–2019) - Use of the PSA Equalization Account

WFP Executive Board
20 February 2017



World Food Programme

The PSA Equalization Account has built up a healthy balance

The surplus is due to unprecedented number of L3 emergencies and donors' extraordinary response to funding appeals

	USD millions
Provisional opening balance as at 1 January 2017	180.3
Projected 2017 ISC Income	335.4
2017 PSA Expenditure	(335.4)
Critical Corporate Initiatives	(13.5)
PSAEA Balance at 31 December 2017	166.8

Target level (five months of PSA expenditure) is USD **139.8 million**

Current balance of the PSA Equalization Account provides opportunity to invest in critical corporate initiatives

	Total USD m
<u>Proposed Use:</u>	
1 Implementation of the Integrated Road Map	8.2
2 Cost Excellence	3.3
3 Evaluation	1.5
4 Preparedness activities	0.5
Total Proposed Use	13.5

An investment of USD 13.5 million is proposed with a view to enhancing capacities in WFP for programming, operations and administration

Overview of Critical Corporate Initiatives

Implementation of the Integrated Road Map: overall funding table

	Total USD m
Total IRM investment for 2017	45.36
Reprioritized existing and budgeted staff capacity	(14.94)

2017 incremental budget for IRM (net funding requirement)	30.42
Reprioritization of existing resources	(22.21)

Proposed critical corporate initiative for the IRM	8.21

To fully fund the IRM in 2017, the balance of USD 8.2 million is sought as a critical corporate initiative from the PSAEA

Budget Drivers for the Integrated Road Map

Systems Development

- Adapting WINGS to the new financial framework and better integrating all systems, i.e. WINGS, LESS, and COMET
- Development of a budget planning tool and on-line portal

Functional Experts for CSP and FFR implementation

- Develop new process, systems requirements, normative guidance, policy proposals and training
- Support country offices undertaking Strategic Reviews, formulating CSPs utilizing the CRF and managing the CP Budget

Temporary Staffing Surge

- Capacity augmentation at Regional Bureaux and Country Office level to lead, coordinate and formulate CSPs, provide training and implement the new financial framework

Migration of Information

- Transition from projects to country portfolio will require the transfer of resources, data and related information to the new framework

COMET Investments

- Support roll-out of CRF and re-design of COMET system

Budget allocation will be released on a quarterly basis to ensure effective budgetary control

Funding requirements for implementing the IRM are estimated at USD 30.41 million

Breakdown by cost type	Non Staff (CST)	Staff	Training	Travel	Others	Total
IRM Structure	0.25	1.24	0.00	0.00	0.00	1.48
Other costs for CSP, CRF and FFR	1.59	3.63	0.27	0.55	3.00	9.04
IT Costs	1.38	0.00	0.00	0.00	6.97	8.35
Field (RB)	6.13	1.06	0.92	0.79	0.08	8.98
Other HQ costs	0.22	1.16	0.36	0.14	0.70	2.56
Total	9.56	7.08	1.54	1.48	10.75	30.41

Total IRM effort for 2017 is USD 45.3m, and existing and budgeted staff capacity will be dedicated to implementation of the IRM, leaving a net incremental budget of USD 30.4m

WFP will re-prioritize existing resources of internal funding and re-prioritized PSA resources to help fund the IRM in 2017

	Total USD m
Reprioritization in Headquarters:	
Office of the Executive Director	1.05
Operations Services Department	1.11
Partnership, Governance and Advocacy Department	0.55
Resource Management Department	2.64
Corporate reprioritization (details in next slide)	16.86
Total	22.21

Reprioritization will not affect WFP’s ability to deliver timely assistance nor impact on operational capacity to respond to emergencies

Corporate reprioritization directs funds under management’s authority to the IRM

	<u>Total USD m</u>
PSA staff savings	2.00
Corporate training	1.83
Global staff survey (to be deferred)	0.16
Cost Excellence savings	1.50
Utilization of available surpluses from Special Accounts	4.37
Balances carried forward from existing allocations for IRM	2.50
Termination Indemnity Fund excess re-prioritized for IRM	4.50
Total	16.86

Critical Corporate Initiative – Cost Excellence: improving processes, particularly those with high transactional volumes: USD 3.3 million

2017 Focus

5 functional areas: Finance, Human Resources, Information Technologies, Travel and Supply Chain

Expected Benefits

- **Reduce process lead-time** by reducing administrative burden
- **Reduce** current direct and indirect **costs**
- **Enhance service delivery** effectiveness and quality to HQ / Field
- **Increase synergies** and **collaboration with UN sister agencies**
- **Free-up staff time at the field** by consolidating selected processes

Critical Corporate Initiative – Cost Excellence: improving processes, particularly those with high transactional volumes

<i>Proposed Use:</i>	Total USD m
Finance	0.49
Travel	0.70
Human resources	1.00
Information technology	0.53
Supply chain	0.33
Change management support	0.25
Total Proposed Use	3.30

Critical Corporate Initiative – Restore centralized evaluation coverage and strengthen evaluation partnerships: USD 1.5 million

Expected Benefits

- Increased centralized evaluation coverage, for evidence-based decision making on policy and programme design and improvement
- Augmented regional and national evaluation capacities and increased and improved engagement of Regional Bureaux and Country Offices in evaluation partnerships at national and regional levels

Critical Corporate Initiative – Restore centralized evaluation coverage and strengthen evaluation partnerships

<i>Proposed Use:</i>	Total USD m
One Strategic Evaluation	0.40
Two Country portfolio evaluations	0.50
2013 - 2016 Operations Evaluations series - Regional Synthesis of findings per region	0.06
Guidance materials for effective engagement in evaluation capacity development	0.03
Global Evaluation Meeting 2017	0.08
Augmented OEV staff cadre for Evaluation Function	0.43
Total Proposed Use	1.50

Critical Corporate Initiative – Augment operational readiness and ability to trigger early responses: USD 0.5 million

Expected Benefits

- Leadership roster for efficient surge capacity in large scale emergencies (USD 50,000)
- Strengthen FASTER training at global and regional levels to ensure staff capacity for effective emergency response (USD 220,000)
- Coordinate Corporate Alert System with VAM, Security and Gender for WFP to be “ahead of the curve” (USD 30,000)
- Strengthen country office and national government capacity through emergency simulations (USD 200,000)

THANK YOU