



# MNA Knowledge and Learning ...Fast Brief



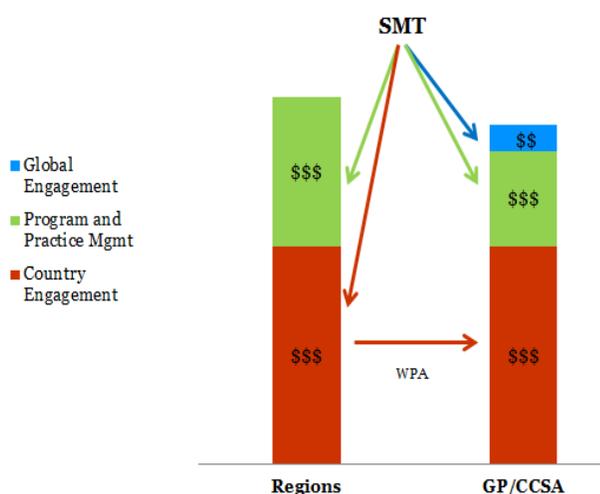
## FY15-FY17 MNA Business Planning

Shanu Biswas<sup>1</sup>

**Introduction:** The new Bank structure that is to come into force on July 1, 2014 will bring with it a new business planning structure. This MNA K&L Fast Brief provides a brief overview of this process. The focus here is on the Regions however some light is also shed on the budgeting process on the side of the Global Practices (GPs) and the Cross-Cutting Areas of Engagement CCSAs).

Figure 1 below illustrates how the Senior Management Team (SMT) will distribute three non-fungible envelopes to each of the Regions, the GPs and the CCSAs. Figure 2 provides the flow of funding for the Country Engagement envelope.

**Figure 1**  
SMT distributes up to three non-fungible envelopes to each of the Regions and GP/CCSAs



**Regional Budgets:** The Regions will be given 2 budget envelopes – the envelopes will not be fungible. These budget envelopes are explained below:

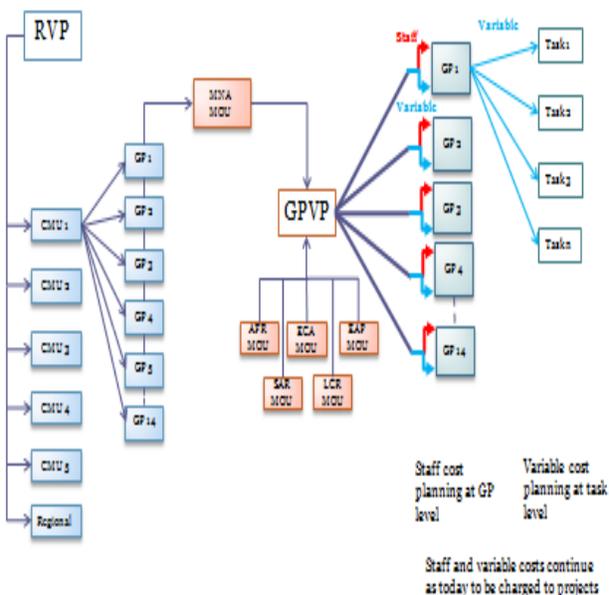
- Cost of running the business: (Regional Program Management). This envelope includes funding for items such as management structures, CMU and regional unit staff, country office administration/facilities, ACS, regional learning and internal knowledge management. The current assumption is that all staff will be fully funded and that budgets will be roughly the same allocation as in FY14, adjusted for projected savings from the Expenditure Review. However, there will be a move during FY15 to allocations on a more normative basis.
- Country Engagement: Funding for Regional, sub-Regional and Country work programs: Regional Vice-Presidents (RVPs) will allocate work program budgets to countries reflecting any top-down guidance provided from the SMT. Aggregate work program requirements and funding will be agreed between the RVPs and the GPVPs through a simplified Work Program Agreement (WPA) process.

Budgets will then be allocated to the GPs for financial and knowledge services and to Regions for CMU deliverables and convening services.

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Figure 2

Country Engagement Flow of Funding



**Work Program Agreements (WPA):** The purpose of the Work Program Agreement (WPA) is for the Regions to IDENTIFY and SIZE the work program and for Global Practices to DELIVER the work program for a given country engagement, budget, and quality indicators.

WPA key features: As part of the new budget planning process, SMT has endorsed the simplification of the WPA process. The key features of the new WPA process are envisioned to be:

- Consistent process across the regions and global practices
- Less transaction intensive
- Single WPA between a region and GPVP – a total of 6 WPAs for the Bank.
- No budget loaded at task level.

There will be a greater focus on identifying the work program rather than costing task by task as well as a move to wholesale WPAs. Towards this end lending and supervision coefficients will be

introduced to simplify costing and negotiating WPAs. Also, programmatic approaches (PA product line) for ESW and TA will be encouraged.

**Country Engagement Planning-Key Guidelines:**

As Country Teams meet to formulate their FY15-17 plans, the following guidelines should be followed:

On the WPA Envelope an adjustment will be made to reflect the SMT decision that program leaders will be funded 50% from the Country Engagement envelope and 50% from Regional Program Management. Further adjustments will be necessary to reflect other SMT decisions as they are announced. The focus will be on maximizing external funds – EFOs, RAS, TFs. Note that these external funds are to be included in the WPA.

WPA Costing will be undertaken on the basis of the 3 year plans required for FY15-17. Standard, country-based (or Regional) coefficients will be used for BB funded IBRD/IDA LEN and SPN tasks. Note that coefficients are not “completion costs” but 3 year-average spending per task worked on. Also, coefficients will include project support from FM, Procurement, and Safeguards though excluding oversight functions and any stand-alone AAA products managed by those units. All lending projects will be funded using standard coefficients for all tasks to be worked on, whether for FY15 delivery or future delivery. Other product lines (AAA) and funding sources (TF, RAS) will use manual task by task costing.

Task coding for GP WPAs will include no process tasks (internal orders) (e.g., business development); product lines are limited to Lending, ESW, TA, PA (Programmatic Approach). Country Monitoring tasks (e.g., Country economist work) are proposed to be placed under PA as a temporary code.

CMU managed tasks will be treated differently than before: the funding for CMU staff will come from the Regional Program Management envelope while the Country Engagement envelope can include a limited amount of variable costs (e.g., STC, travel) for CMU tasks (SCD, CPF, partner co-ordination), Third Party Monitoring, and support from GP staff. Teams can create new temporary AAA codes for GP input to CMU tasks for planning and budget allocation purposes only. Actual costs will be charged to the main CMU code.

No CMU contingencies are permitted and only an

RVP-held Country Engagement contingency is allowed.

Regional tasks and Regional units such as MNARS (Regional Strategy), MNCMI (the Center for Mediterranean Integration in Marseille) and the MNACE (Chief Economist's office) are treated as CMUs and their programs are considered as part of Country Engagement. For the FY15-17 cycle, a separate RLT discussion will determine the broad directions of MNA's Regional tasks.

Process Steps and timeline: The immediate task at hand includes the CMU business plans which are to be ready by cob Friday April 4. The SMUs (acting for the GPs) will provide their inputs and are to be consulted and kept informed by the CMUs. The SMUs (acting for the GPs) are to provide SMU/GP managed TF tasks to the Country Engagement Plan for FY15-FY17. The next steps and dates are outlined below:

By March 31 (TBC) Country Envelopes will be announced following SMT decisions on VPU budgets.

By April 4 CMUs are to prepare a list of tasks and estimated costs by GP in the planning tool for FY15-FY17 - including RAS and CMU-managed TFs. SMUs are to prepare a list of SMU-managed tasks funded by BETFs and EFOs along with estimated disbursements in the planning tool for FY15-FY17.

By April 4 -15 a review of the planning data will take place and units are to provide qualitative inputs, if asked by the Center.

By April 15 the RMT retreat which starts on that day will include a FY15 Country Engagement session for further discussion and refinement.

By April 16 - 21 MNA may need to circulate and discuss the plan data with GPVPs

By April 21 submission to SMT

By May 5-6 SMT Meeting followed by final funding decisions and GPs to start internal budget planning

**Budget Buckets for Other VPUs:** Global Practices will be given 3 budget envelopes (CCSAs will have 2 envelopes) - the envelopes are not fungible. These include:

Cost of running the business for Global Practices and CCSAs and includes funding for items such as management structures, administrative costs, and knowledge and learning. These will be determined on a normative basis.

Country Engagement Funding to deliver Regional, sub-Regional and Country work programs. This is for the GPs not the CCSAs. This will proceed as agreed with the Regions through the simplified Work Program Agreement (WPA) process for financial and knowledge services.

Global Engagements including non-regional and non-country specific AAA, and partnerships which are based on proposals by GPVPs with RVP endorsement.

Institutional, General and Administrative units will receive one budget envelope and units would be benchmarked and normalized through the expenditure review exercise, to ensure they are sized appropriately for cost-effective delivery.

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