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Resource, financial and budgetary matters

For approval

Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

Update to the WFP management plan (2024–2026)

Draft decision*

Having considered the update to the WFP management plan for 2024–2026 (WFP/EB.A/2024/6-B/1/Rev.1), the Board:

- a) *takes note* of the decreased contribution forecast for 2024 from the USD 10 billion reported in the WFP management plan (2024–2026) (WFP/EB.2/2023/5-A/1) to USD 8 billion;
- b) *takes note* of the projected operational requirements of USD 18 billion as of 31 March 2024, and of the updated provisional implementation plan of USD 10 billion;
- c) *takes note* of the reorganization of WFP's internal structure and the new organigram with updated reporting lines expanding on the elements introduced in the Addendum to the WFP management plan (2024–2026) and referred to in paragraph xii) of Executive Board decision 2023/EB.2/3 reflected in the Decisions and recommendations of the 2023 second regular session of the Executive Board (WFP/EB.2/2023/11);
- d) *approves* a reduced 2024 programme support and administrative appropriation of USD 528 million in light of the decreased contribution forecast and *authorizes* the Executive Director to implement the cost savings of USD 40 million across the three appropriation lines as appropriate; *urges and authorizes* the Executive Director to implement additional cost-saving measures as feasible up to a further USD 45 million across the three appropriation lines; and *looks forward* to receiving regular updates;

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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- e) *authorizes* the Executive Director to adjust the revised programme support and administrative budget of USD 528 million in accordance with a further change in the level of the global contribution forecast for the year, at a rate not to exceed 2 percent of the anticipated change in income;
- f) *approves* the use of the programme support and administrative equalization account to fund any shortfall between indirect supports cost revenue from contributions for the 2024 management plan and the reduced 2024 programme support and administrative budget;
- g) *approves* the use of the unearmarked portion of the General Fund instead of the programme support and administrative equalization account as the funding source for the following two allocations approved pursuant to paragraphs vi) and vii) d) of the Board's decision 2023/EB.2/3:
 - i) USD 21 million for the corporate process optimization critical corporate initiative; and
 - ii) USD 50 million for the replenishment of the Immediate Response Account.

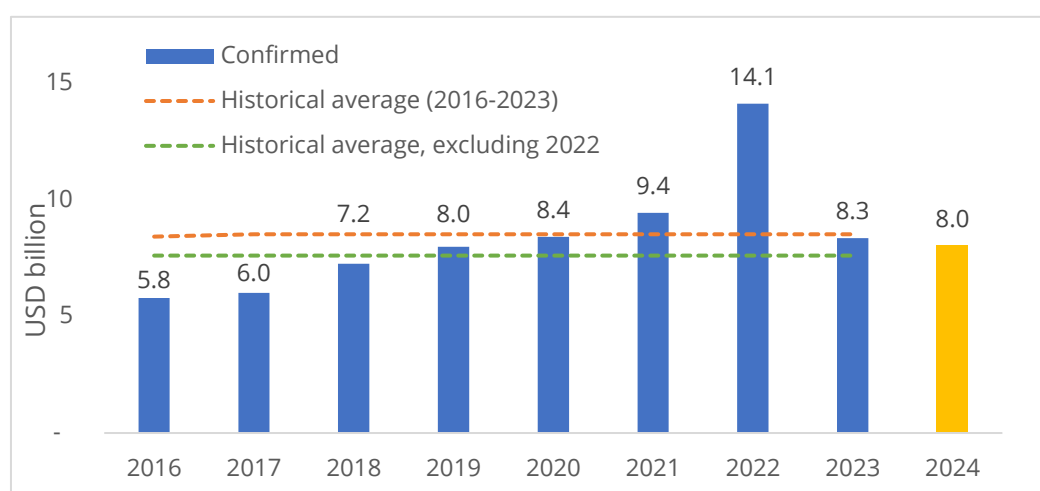
1. Introduction

1. At its 2023 second regular session, the Board approved WFP's management plan for 2024–2026. This document is the first update on that plan.
2. This document provides an update on the contribution forecast, the operational requirements and the implementation plan for 2024. It also presents the results of the reorganization exercise, including an updated organigram, the corresponding programme support and administrative (PSA) budget for the revised structure, and a replanned PSA budget in the light of lower contributions. The document proposes the use of the unearmarked portion of the General Fund instead of the PSA equalization account (PSAEA) for two elements of the management plan for 2024–2026 approved by the Board.

2. Update on forecasted contributions

3. The management plan for 2024–2026 assumed a contribution forecast of USD 10 billion in both 2023 and 2024. In 2023, confirmed contributions amounted to USD 8.3 billion, 17 percent lower than the forecasted contributions, reflecting the challenges related to making funding predictions in a volatile world where fiscal constraints affect many Member States.
4. WFP's current analysis indicates that funding levels in 2024 may return to pre-pandemic levels. In the light of shifting donor priorities and uncertainty related to the multiplicity and complexity of humanitarian crises and global economic growth, WFP has revised the 2024 contribution forecast to USD 8 billion.
5. Sixty percent of that USD 8 billion is expected to come from WFP's top four donors, a 5 percent decrease compared with the expectations held when the management plan (2024–2026) document was approved. Meanwhile, 22 percent is expected to come from the remaining top ten donors (excluding the top four) and 18 percent from all other donors.
6. Flexible funds are projected at USD 880 million, which is 11 percent of the total forecasted contributions and represents a slight increase in percentage and absolute terms compared with previous projections, which were based on the higher contribution forecast of USD 10 billion.
7. As of 25 March 2024, WFP had received USD 1.8 billion in confirmed contributions, representing 23 percent of the USD 8 billion global forecast for the year. This is in line with the trends in previous years as, historically, the largest share of contributions to WFP is confirmed in quarters 3 and 4.

Figure 2.1: Evolution of donor contributions, 2016–2024



8. To address the gap between the revised forecast of USD 8 billion for 2024 and the revised projected operational requirements of USD 18 billion (versus the USD 22.7 billion projected in the management plan for 2024–2026), WFP will retain and strengthen existing partnerships with high-potential donors through strategic engagement and enhanced visibility, assurance and transparency. WFP will forge new partnerships, including in the Global South, seek more flexible and predictable funding and increase domestic funding from host governments for its programmes.
9. WFP will also seek to diversify funding sources and continue to prioritize activities aimed at obtaining new resources from national governments, international financial institutions, the private sector, individuals and thematic and multilateral funds. To achieve this end, WFP will continue to provide country offices and regional bureaux with proactive support for the formulation of evidence-based partnership proposals.

3. Update on operational requirements and the implementation plan

3.1 Introduction

10. This section provides an overview of the updated projected operational requirements and provisional implementation plan for 2024.
11. The management plan for 2024–2026 anticipated operational requirements of USD 22.7 billion for the ambitious goal of assisting 157 million people worldwide. Driven by record numbers of people experiencing hunger globally, WFP's requirements over recent years have been increasing in an environment of lower resources. Consequently, the funding gap continues to widen from a 40 percent gap in 2021 to a projected 52 percent gap in the management plan for 2024–2026. Exacerbating the gap is the reduction in WFP's updated global contribution forecast for 2024, from USD 10 billion to USD 8 billion.
12. In light of the increasing challenges in obtaining resources to meet its operational requirements, WFP is adopting a prioritized needs-based approach when defining the operational requirements for country strategic plans (CSPs). The approach is designed to improve consistency among operations while better aligning requirements with projected resources. As a result of this approach, the projected operational requirements for 2024 have been adjusted downwards, from USD 22.7 billion to assist 157 million people, to USD 18 billion to reach 139.2 million people in need.
13. Based on a contribution forecast of USD 10 billion, the management plan for 2024–2026 reported a provisional implementation plan of USD 11 billion to support 120 million beneficiaries. With the reduction of the contribution forecast, the updated provisional implementation plan is USD 10 billion with the aim of assisting 106 million beneficiaries.

3.2 Update on operational requirements and the implementation plan

TABLE 3.1: OPERATIONAL REQUIREMENTS VERSUS IMPLEMENTATION PLAN, TOTAL AMOUNTS, 2024				
	Management plan (2024–2026)		Update to the management plan (2024–2026)	
	Operational requirements	Provisional implementation plan	Projected operational requirement as per prioritized plan	Updated provisional implementation plan
2024 requirements	USD 22.7 billion	USD 11 billion	USD 18 billion	USD 10 billion
2024 beneficiaries	157 million	120 million	139 million	106 million

Update on operational requirements

14. The introduction of the country-specific prioritization approach requires country offices to conduct thorough reviews of their operational environments and capacities and the severity of needs. The prioritization approach is primarily used for large-scale programme activities, such as unconditional transfers, while also preserving critical programmes such as school meals and nutrition assistance for vulnerable refugees. The revised requirements will maintain the strategic orientation of the CSPs in the context of financial constraints and will be addressed through budget revisions to the CSPs.
15. Approximately 80 percent of the operational requirements identified in the management plan for 2024–2026 are concentrated in 16 country operations identified as high-risk owing to their size and complexity. As of 15 April, eight of those operations have revised their budgets, leading to a net reduction of USD 1.2 billion. Another nine operations are processing budget revisions, which will be finalized in the coming months and are expected to result in a further reduction of USD 3.5 billion. The total net reduction is thus expected to be USD 4.7 billion. While most country offices are revising their needs downwards, the most notable exceptions to this trend are in the Sudan and the State of Palestine, where scale-ups are projected given the deteriorating circumstances. Accounting for these revisions (completed and planned), the updated projected operational requirements are USD 18 billion, with a resulting funding gap of 44 percent.

TABLE 3.2: PROJECTED OPERATIONAL REQUIREMENTS, 2024 (USD million)		
	Management plan (2024–2026)	Update to the management plan (2024–2026)
16 largest operations and State of Palestine		
Revisions completed		
Chad	505	600
Haiti	328	328
Lebanon	1 581	960
Mali	377	300
Niger	303	315
Sudan	538	731
Syrian Arab Republic	1 496	1 001
Ukraine	1 294	943
Subtotal: completed revisions	6 421	5 178
Revisions in progress or planned		
Afghanistan	2 218	8 078
Burkina Faso	501	
Democratic Republic of the Congo	1 684	
Ethiopia	1 320	
Nigeria	561	
Somalia	1 064	
South Sudan	1 229	
State of Palestine	98	
Yemen	2 891	
Subtotal: in progress or planned revisions	11 566	8 078
16 largest operations and State of Palestine	17 987	13 256
All other operations	4 761	4 736
Total	22 748	17 992

16. To mainstream the new approach, WFP headquarters is preparing guidelines designed to enable country offices to develop realistic and calibrated needs-based plans that are grounded in rigorous needs assessments and adhere to consistent standards, while also considering country-specific circumstances and operational constraints. The approach to needs-based plans should also be informed by the latest resource trends and forecasts, ensuring that plans are strategic and adaptable to changing conditions.
17. The number of beneficiaries to be assisted with the projected operational requirements has decreased from 157 million to 139 million. This is primarily the result of the prioritization strategy in the five largest operations – Afghanistan, Ethiopia, the Syrian Arab Republic, Yemen and South Sudan.

Update on provisional implementation plan

18. With a global resource forecast of USD 10 billion, in late 2023 country offices prepared their 2024 implementation plans, which totalled USD 11.2 billion to assist 106 million people. Following a reduction in the global forecast in February 2024, to USD 8 billion, country offices were prompted to update their implementation plans by further prioritizing their CSP activities and better aligning their plans with the revised projected resources.
19. In navigating these reduced funding levels, country offices are faced with difficult choices, including reducing ration sizes, shortening the duration of assistance, or prioritizing beneficiaries based on their vulnerability, beneficiary group or geographical location. Such decisions reflect the ongoing challenges facing operational planning and resource allocation in a dynamic and often uncertain global humanitarian funding environment.
20. While country offices are revising their individual implementation plans, an updated provisional implementation plan for WFP as a whole has been developed at USD 10 billion. The total comprises a global contribution forecast of USD 8 billion, the use of net carry-over contribution balances estimated at USD 1.5 billion, and the projected revenue of USD 500 million from on-demand service provision.
21. In 2024, with the reduced resource forecast, country offices are expected to continue to draw on carry-over balances to implement their programmes. The estimated USD 1.5 billion net carry-over to be used in 2024 is slightly lower than the net carry-over used in 2023 and would align the carry-over at the end of 2024 with that seen in the years 2018–2020, when contribution levels were in the same range as the 2024 forecast.
22. On-demand service provision at the country office level, such as cash transfer services and commodity procurement on behalf of host governments, is included in the CSPs but not in the contribution revenue forecast as the payments expected to be received for providing such services are classified as “other revenue” and recognized as other revenue only once WFP has discharged its liability to transfer contracted cash and/or commodities.

TABLE 3.3: OPERATIONAL REQUIREMENTS VERSUS IMPLEMENTATION PLAN BY FOCUS AREA, 2024

Focus area	Management plan (2024–2026)				Update to the management plan (2024–2026)			
	Operational requirements		Provisional implementation plan		Projected operational requirements		Updated provisional implementation plan	
	2024	Proportion of total	2024	Proportion of total	2024	Proportion of total	2024	Proportion of total
	(USD million)	(%)	(USD million)	(%)	(USD million)	(%)	(USD million)	(%)
Crisis response	17 469	77	8 805	80	13 439	75	7 870	78
Resilience building	4 617	20	1 826	17	3 920	22	1 794	18
Root causes	662	3	369	3	627	3	372	4
Total	22 748	100	11 000	100	17 986	100	10 000	100

Analysis of projected operational requirements

23. A comparison of the projected operational requirements in the management plan for 2024–2026 with the updated requirements shows reductions of 24 percent in crisis response and 15 percent in resilience-building activities, while requirements for interventions that address the root causes of food insecurity remain constant. In terms of proportions, the updated figures for crisis response and resilience building are within 2 percentage points of the original figures, while the figure for root causes remains largely unchanged.

Analysis of updated provisional implementation plan

24. In table 3.3, the analysis of the 2024 updated provisional implementation plan shows a decrease in the share of the plan foreseen for the crisis response focus area and slight increases in the resilience-building and root causes focus areas. Owing to the drop in funding projections, country offices have had to scale back some of their crisis response activities while many resilience and root causes activities have been maintained owing to the more long-term nature of those activities and the related funding commitments. In response to the financial challenges, country offices continue to work with host governments with a view to leveraging non-traditional financial mechanisms, such as international financial institutions, the private sector and climate financing.
25. WFP's updated provisional implementation plan maintains the same emphasis on Sustainable Development Goals 2 and 17 and their associated strategic outcomes with no major change compared with the original provisional implementation plan.
26. In table 3.4, food and cash-based transfers continue to be the main transfer modalities in the updated provisional implementation plan. Food accounts for 48 percent, a 5 percentage point decrease compared with the original provisional implementation plan; cash-based transfers account for 33 percent, an increase of 3 percentage points; and capacity strengthening accounts for 9 percent, a 4 percentage point increase as country offices' commitments to host governments remain constant while there is an overall reduction in operational activities.
27. Implementation costs and direct support costs have increased in the updated provisional implementation plan. The increase is driven largely by WFP's commitment to improving assessment, targeting, monitoring and evaluation – often in support of country offices' reassurance action plans and the delivery of high-quality programmes. In addition, these cost categories have a high proportion of fixed costs, thus their reduction lags behind the reduction in transfer costs. The termination of contracts, including for staff and facilities, may result in additional costs in the short term while leading to longer-term savings.

TABLE 3.4: OPERATIONAL REQUIREMENTS VERSUS IMPLEMENTATION PLAN BY TRANSFER MODALITY, 2024

	Management plan (2024–2026)				Update to the management plan (2024–2026)			
Transfer and associated costs	Operational requirements		Provisional implementation plan		Projected operational requirement		Updated provisional implementation plan	
	2024 operational requirements	% of total transfer costs	2024 provisional implementation plan	% of total transfer costs	2024 projected operational requirements	% of total transfer costs	2024 updated provisional implementation plan	% of total transfer costs
	(USD million)	(%)	(USD million)	(%)	(USD million)	(%)	(USD million)	(%)
Food	9 322	48	4 939	53	7 221	48	4 001	48
Cash-based transfers	7 054	36	2 831	30	5 307	35	2 627	33
<i>Cash</i>	5 219	27	2 082	22	3 747	25	1 798	22
<i>Value vouchers</i>	1 835	9	749	8	1 560	10	829	10
Commodity vouchers	757	4	260	3	347	2	179	2
Capacity strengthening	1 011	5	489	5	1 045	7	594	9
Service delivery	1 334	7	770	8	1 093	7	678	8
Total transfer costs	19 478	100	9 289	100	15 013	100	8 079	100
Implementation costs	1 213		659		1 192		809	
Direct support costs	725		442		718		558	
Total direct costs	21 416		10 390		16 924		9 446	
Indirect support costs (ISC)	1 332		610		1 062		591	
Total	22 748		11 000		17 986		10 000	

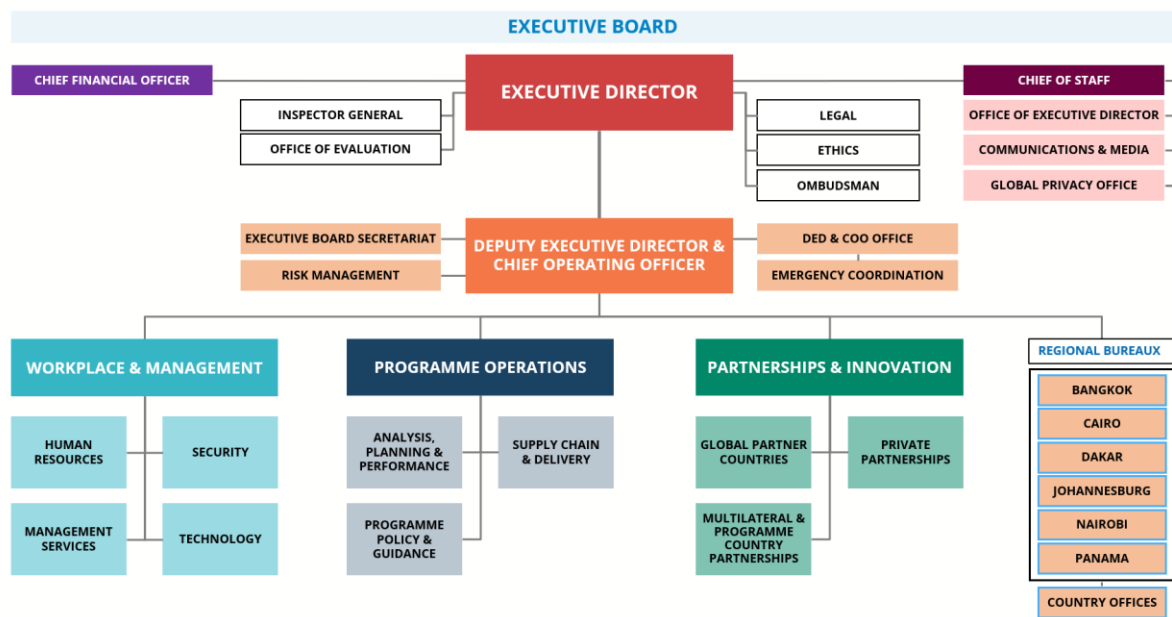
4. Update on the programme support and administrative budget based on the reorganization of WFP and updated contributions

4.1 Reorganization update

28. In August 2023, the Executive Director launched an internal review of WFP's organizational structure, as described in the Addendum to the management plan (2024–2026) presented at the second regular session of the Board in November 2023. The review explored how WFP should evolve in order to more effectively address the challenges facing operations and adapt to the new reality of rising humanitarian needs alongside declining funding. The goal was to strengthen collaboration throughout the organization, streamline activities and ensure a focus on operations and employees in the field. The reorganization also aimed to realign WFP's headquarters structures with the Executive Director's strategic priorities of strengthening the duty of care to WFP's people, promoting innovation and digitization,

achieving high-impact engagement with the private sector and enhancing support for country offices.

29. The organizational evolution has three phases. The first phase (conducted in August and September 2023) resulted in a new configuration of headquarters departments, which was presented in the WFP management plan for 2024–2026. The second phase, a review of WFP headquarters at the divisional level, took place from October 2023 to January 2024. The revised organizational structure at the division level was launched on 15 February 2024. Phase three, from March to December 2024, will review WFP's regional configuration with a view to refining the roles and responsibilities of headquarters and regional bureaux and improving their provision of strategic guidance, technical support and management oversight to field operations.
30. The review of the organizational structure included external benchmarking, internal consultations with directors at the field and headquarters levels and an analysis of WFP internal data on, for example, budgets and the span of control at the departmental and divisional levels, and a staffing analysis. The benchmarking exercise was based on interviews with key stakeholders from the United Nations Children's Fund, the Office of the United Nations High Commissioner for Refugees and the International Organization for Migration and aimed to gain understanding of the choices driving the organizational structure of their respective headquarters and regional offices.
31. As part of broad internal consultation, more than 60 senior WFP officers from the field and headquarters were regularly engaged in helping to redesign the departmental and divisional structures. The consultations identified three main opportunities for improving headquarters and regional bureau structures:
 - bolstering coordination and collaboration between departments and divisions to mitigate fragmentation and strengthen governance;
 - refining roles, responsibilities and accountabilities in headquarters and regional bureaux to ensure more focused provision of strategic guidance, technical support and management oversight to country offices; and
 - streamlining processes and reducing bureaucracy relating to policies, procedures, systems and guidance in order to improve operational agility and response times.
32. The new divisional configuration will equip WFP with a more streamlined organizational structure that enhances collaboration and fosters efficiency and effectiveness. As a result, WFP has evolved from an organization with:
 - one Deputy Executive Director and four Assistant Executive Directors to one Deputy Executive Director and three Assistant Executive Directors; and
 - 31 divisions to one with 23 divisions, with the number of D-2 positions in headquarters decreasing from 25 to 19, and the number of D-1 positions from 50 to 45.
33. The new headquarters organizational structure is shown in figure 4.1.

Figure 4.1: The new WFP organigram, 2024

34. The Deputy Executive Director and Chief Operating Officer oversees three Assistant Executive Directors, who serve as heads of departments; the incumbent also oversees the regional bureaux, the Risk Management Division, the Executive Board Secretariat and the Office of the Deputy Executive Director and Chief Operating Officer. The responsibilities of the Office of the Deputy Executive Director and Chief Operating Officer include emergency coordination, regional bureaux coordination, strategic analysis, and transformation and change.
35. The Chief of Staff will continue to oversee the Office of the Executive Director and the Global Privacy Office and will also oversee the Communications and Media Office, which is responsible for developing WFP's communications on all public platforms. This will help to ensure that WFP implements a coordinated and cross-department strategy in its communications with internal and external stakeholders.
36. The Chief Financial Officer will serve as the organization's most senior financial adviser, with an internal mandate for resource management and external engagement with the Board, the United Nations Finance and Budget Network and financial oversight and advisory bodies. The Chief Financial Officer will also have authority over financial policy design and implementation. The Chief Financial Officer Division will drive effective planning, allocation and utilization of resources and will oversee the financial cycle, from corporate planning, through budgeting, performance management and the recording of accounting transactions and payments, to financial performance reporting. In addition, the division will oversee two aspects of insurance services (special account and resource management), strategic financing and financial monitoring.
37. The Workplace and Management Department consolidates all the services and functions designed to support, protect and empower WFP's global teams. The department is a merger of the former Workplace Culture Department with three of the six divisions in the former Management Department, consolidating all people-centred functions and services to allow WFP to deliver on its mandate with safety and security as a core focus. The department oversees four divisions: the Human Resources Division, the Management Services Division, the Security Division and the Technology Division. In addition, the Assistant Executive

Director of the Workplace and Management Department directly supervises the Wellness Service.

38. The Programme Operations Department provides strategic support for operational delivery and every aspect of programme analysis, design and implementation. The new department is a merger of the former Programme and Policy Development Department and the former Supply Chain Operations Division with some elements of the former Emergency Operations Division and the former Corporate Planning and Performance Division. This new configuration is intended to remove overlaps and strengthen the integration of programme and operational activities by streamlining the number of divisions from 11 to 3. The department oversees three divisions: the Analysis, Planning and Performance Division, which includes all functions related to analysis, assessment, research, knowledge management and the management of CSP programme budgets; the Programme Policy and Guidance Division, which includes services for emergency preparedness and response, nutrition and food quality, gender, protection and inclusion, school meals and social protection, and climate and resilience; and the Supply Chain and Delivery Division, which consolidates all implementation activities, including procurement, shipping, logistics, aviation and delivery assurance.
39. The Partnerships and Innovation Department leads an ambitious new approach to expanding the range and scale of WFP's strategic partnerships. The department oversees three divisions: the Multilateral and Programme Country Partnerships Division, the Global Partner Countries Division and the Private Partnerships Division. The global offices in Berlin, Brussels, Geneva, New York and Washington DC and the Partnerships Coordination Service and Innovation Service will report directly to the Assistant Executive Director for Partnerships and Innovation.
40. In February 2024, a review of internal committees was launched to update the composition of management committees and align them with the new organizational structure and the related division of responsibilities. As a second step, the structure and composition of management-level committees within WFP will be reviewed to identify opportunities for improvement and ensure that the committees meet WFP's business needs. The review of internal committees is expected to be concluded in the second quarter of 2024.

4.2 Restructured budget

TABLE 4.1: BASELINE BUDGET BY FUNDING SOURCE, 2024 (USD million)			
PSA (ISC)	Critical corporate initiatives (PSAEA)	Trust funds, special accounts, and others	Total
568.0	97.9	145.6	811.4

41. Subsequent to the approval of WFP's new organizational structure as described in section 4.1, WFP's programme support and business operations budget for 2024 has been realigned. The baseline budget of USD 811.4 million for 2024, as shown in table 4.1, remains unchanged from the budget presented in the management plan for 2024–2026. The realignment has no impact on the budget by funding source, PSA appropriation line or pillar, or management result; the changes are at the departmental level.

TABLE 4.2 PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET ORGANIZATIONAL STRUCTURE, FORMER AND NEW (USD million)

		Total	Post-reorganization departments							
			Country offices	Regional bureaux	Executive Director and Chief of Staff	Deputy Executive Director and Chief Operating Officer	Partnerships and Innovation	Programme Operations	Workplace and Management	Central appropriations
Pre-reorganization departments	Country offices	60.2	60.2							
	Regional bureaux	115.7		115.7						
	Executive Director and Chief of Staff	56.1			56.1					
	Management	95.2			24.6	6.0		5.0	59.6	
	Operations Management	53.6				15.0		37.6	1.0	
	Partnerships and Advocacy	63.8			11.8		52.0			
	Programme and Policy Development	52.4					3.0	49.4		
	Workplace Culture	35.3							35.3	
	Central appropriations	35.6								35.6
Total		568.0	60.2	115.7	92.5	21.0	55.0	92.0	95.9	35.6

42. Table 4.2 reflects the evolution of the approved PSA budget from the six former departments to the five new departments as described in section 4.1.
43. *Management Department:* The former management department sees the most changes, with its budget being allocated across four new departments:
- The budget for the Finance Division remains fully within the Chief Financial Officer Division under the Executive Director and Chief of Staff.
 - The budget for the former Corporate Planning and Performance Division is split, with elements related to corporate performance, budgeting and reporting and the monitoring of strategic financing risks remaining with the Chief Financial Officer, while the budget for CSP resource management and strategic financing of operational activities moves to the Programme Operations Department.
 - The budget for the Risk Management Division moves fully to the Deputy Executive Director and Chief Operating Officer.
 - The budgets for the Technology Division, the Management Services Division and the Security Division move fully to the Workplace and Management Department.
44. *Operations Management Department:* The former Operations Management Department has been split as follows:
- The budget for the Office of the Deputy Executive Director and Chief Operating Officer, the Executive Board Secretariat and some elements of the former Emergency Operations Division and the Operation Management Support Office remain with the Deputy Executive Director and Chief Operating Officer.

- The budget for the Supply Chain Operations Division and most of the budget for the Emergency Operations Division move to the Programme Operations Department.
 - The small element of the budget for the Emergency Operations Division related to the management of surge capacity moves to the Workplace and Management Department.
45. *Partnerships and Advocacy Department:* The majority of the budget for the former Partnerships and Advocacy Department is reallocated to the Partnerships and Innovation Department. The budget for the former Communications and Advocacy Division moves to the Executive Director and Chief of Staff under the newly formed Communications and Media Office.
46. *Programme and Policy Development Department:* The budget for the former Programme and Policy Development Department is reallocated to the Programme Operations Department, with the exception of the budget related to innovation activities under the Innovation and Knowledge Management Division, which is moved to the Partnerships and Innovation Department.

TABLE 4.3: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY PILLAR AND ORGANIZATIONAL LEVEL
(USD million)

Department	Strategy and direction	Services to operations		Governance, independent oversight and fundraising		Total
	A. Strategy and direction	B. Business services	C. Policy, guidance and quality assurance	D. Advocacy, partnerships, fundraising and United Nations coordination	E. Governance and independent oversight	
Country offices	23.9		10.0	26.3		60.2
Regional bureaux	10.2	46.0	44.1	11.5	3.9	115.7
Headquarters	84.8	123.9	48.5	60.3	39.0	356.4
Office of the Executive Director and Chief of Staff	16.9	16.1	14.0	9.0	36.6	92.5
Deputy Executive Director and Chief Operating Officer	4.1	9.1	5.4		2.4	21.0
Partnerships and Innovation	12.8	2.0		40.3		55.0
Programme Operations	28.6	29.9	23.8	9.7		92.0
Workplace and Management	22.4	66.9	5.3	1.3		95.9
Central appropriations	2.3	23.4		7.4	2.5	35.6
Total	121.3	193.2	102.6	105.5	45.4	568.0

47. Table 4.3 presents the 2024 PSA budget in the new organizational structure by appropriation line and pillar. There is no change to the total budget by appropriation line or pillar compared with the former structure.

48. Compared with the previous budget structure, a higher proportion of the budget of the Office of the Executive Director and Chief of Staff goes towards business services as part of the activities of the Chief Financial Officer Division, which now reports directly to the Executive Director.
49. The Programme Operations Department is appropriately balanced among pillars A, B and C with a small share of the budget going towards pillar D. This allocation reflects the diversity of the Programme Operations Department in supporting programme strategy and policy, CSP design and implementation, operational delivery and the management of partnership operations.
50. The budget of the Workplace and Management Department leans heavily towards pillar B, reflecting the nature of the department's main divisions – Human Resources, Technology, Management Services and Security.

4.3 Replanning of the programme support and administrative budget

51. Consistent with the projected ISC income generated from USD 10 billion in forecasted contributions, the 2024 PSA budget was approved in November 2023 at USD 568 million. As explained in section 2, the global contribution forecast for 2024 has since been reduced to USD 8 billion. Contributions of USD 8 billion will generate ISC income of USD 456 million, leading to a substantial PSA deficit if the full approved PSA budget is utilized.
52. In mid-2023, with signs of declining resources, WFP began to take action to reduce PSA expenditures. In December 2023, in anticipation of a second year of contributions falling below USD 10 billion, WFP management embarked on a more aggressive approach to minimize the potential PSA deficit in 2024. PSA allocations for 2024 were initially released in full for country offices, offices reporting to the Executive Director (primarily oversight offices) and central appropriations, while regional bureaux, other global headquarters divisions and global offices received 75 percent of their approved PSA budgets. After the preliminary 2023 financial closure, when contribution levels for 2023 were confirmed as having fallen significantly short of the forecast, WFP embarked on a PSA replanning exercise to assess and mitigate the impact of the potential reduction in the PSA budget.
53. The objective of the replanning was to develop a PSA utilization plan that aligned the PSA budget with the updated income forecast and the resulting lower level of operations. Guidance for the PSA utilization plan prioritized field-focused activities and the activities that have the greatest impact, that capitalize on past investments in efficiencies or that are related to oversight, while continuing to follow the priorities set out in the approved management plan for 2024–2026. The PSA ceilings for the replanning were set at the levels of the reduced PSA allocations. Positions that were encumbered in January 2024 were used as the starting point for the replanning of staffing levels. When planning staff reductions, directors were reminded of WFP's contractual obligations and commitment to ensuring duty of care to staff and were encouraged to reduce non-staff discretionary costs.
54. The first phase of the replanning resulted in a PSA utilization plan of USD 467 million. Analysis of the replanning exercise revealed critical funding gaps in headquarters and regional bureaux. Consequently, the initial allocations were increased by USD 16 million to provide additional funding for security, the activities of the Executive Board Secretariat, the maintenance and running of the headquarters building, cybersecurity, supply chain capacity, the management of downsizing and staff separation activities, and regional bureaux's capacity for critical country office oversight and support. At present, the utilization plan stands at USD 483 million. The current utilization plan by organizational level is shown in annex III.

55. Actual PSA utilization is likely to change over the course of the year. Owing to the timelines of agreed separations, reassignments and the abolition of positions, positions may be encumbered longer than planned by organizational units aiming to stay within their reduced budget allocations. In such cases, staff will continue to perform their normal duties and additional PSA funding will be released until the positions can be officially abolished. Similarly, as implementation of the restructuring exercise continues, budget gaps for some critical activities may be identified and require increases in the PSA allocations, or unexpected events and costs may require funding beyond the current utilization plan.

TABLE 4.4: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY APPROPRIATION LINE AND PILLAR, 2024 (USD million)				
Appropriation line and pillar	Original	Utilization plan	Value difference	Change (%)
Strategy and direction	121.3	100.6	(20.7)	-17
A - Strategy and direction	121.3	100.6	(20.7)	-17
Services to operations	295.8	246.3	(49.4)	-17
B - Business services	193.2	163.3	(29.9)	-15
C - Policy, guidance and quality assurance	102.6	83.0	(19.6)	-19
Governance and independent oversight and fundraising	150.9	135.8	(15.2)	-10
D - Advocacy, partnerships, fundraising and United Nations coordination	105.5	92.3	(13.2)	-12
E - Governance and independent oversight	45.4	43.4	(2.0)	-4
Total	568.0	482.6	(85.3)	-15

56. As shown in table 4.4, the result of the replanning exercise is a total reduction of USD 85 million or 15 percent of the original PSA plan. By appropriation line, both the "strategy and direction" and the "services to operations" lines have been reduced by 17 percent. The "governance, independent oversight and fundraising" appropriation line decreases by only 10 percent because oversight offices and activities are prioritized and have largely been exempt from the budget reductions.

TABLE 4.5: 2024 PSA BY OBJECT OF EXPENDITURE (USD million)				
	Original	Utilization plan	Value difference	Change (%)
Employee costs	453.7	372.4	(81.3)	-18
Non-employee costs	114.3	110.2	(4.1)	-4
Total	568.0	482.6	(85.3)	-15

57. The replanning of the budget will have a significant impact on WFP's workforce as employee costs represent 80 percent of the approved PSA budget. The high percentage reduction in the utilization plan for employee costs reflects current vacancies, the ongoing recruitment pause and the flexibility afforded by not renewing short-term staff contracts. Conversely, in the non-employee costs category, there is a much higher proportion of fixed costs such as those for facilities, information technology infrastructure and United Nations jointly funded activities. In addition, non-staff costs in country offices and the costs of outsourcing essential oversight activities, such as evaluations, were not subject to the budget reductions.

TABLE 4. 6: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET POST COUNT

	Original budget, 2024				Replanned budget				Change	Change (%)
	Country offices	Regional bureaux	Head-quarters	Total	Country offices	Regional bureaux	Head-quarters	Total		
International professional and higher	84	268	1 075	1 427	84	220	839	1 143	-284	-20
General service			510	510			446	446	-64	-13
Local staff (national officers and general service)	180	406	153	739	180	364	112	656	-83	-11
Fixed-term subtotal	264	674	1 738	2 676	264	584	1 397	2 245	-431	-16
Professional and higher (short-term)			22	22			37	37	15	68
General service (short-term) and temporary assistance)		51	112	163		47	80	127	-36	-22
Consultants		101	521	622		82	375	457	-164	-26
Short-term subtotal	0	152	654	807	0	129	493	622	-185	-23
Total	264	826	2 393	3 483	264	713	1 890	2 867	-616	-18

58. As expected, the percentage reduction in full-time equivalent positions for short-term employees, at 23 percent, is higher than that for fixed-term staff. The anomaly in the short-term professional and higher category, where the number of posts has increased, is a reflection of the recruitment pause which has delayed the conversion of short-term professional and consultancy positions into fixed-term positions.
59. While recognizing the need to ensure continued capacity and support for critical operations, WFP has put in place various processes for effectively and efficiently managing staffing reductions and stabilizing the workforce. Throughout the stabilization process, employees and managers are being supported through regular targeted communication toolkits and employee support programmes with webinars and other useful resources.
60. The recruitment pause mentioned in paragraph 57 was announced in October 2023 for global headquarters – WFP's headquarters in Rome, regional bureaux and global offices. The pause is intended to give WFP sufficient time to make informed staffing decisions in line with the new funding situation. The pause applies to external recruitment and to all contract types and will remain in place until further notice.

61. An agreed separations exercise was launched at the global level in February. It is based on staff members' expressions of interest in separating from WFP and is guided by overarching consideration of the organization's interests. However, the final decision on whether to accept the offer of separation arrangements rests with the staff member. The final results of the exercise and offers to staff members were communicated at the end of April 2024.
62. As part of their budget replanning efforts, various offices have taken steps to reduce their staffing costs and levels, including by – for example – cancelling planned new positions and vacancies and delaying the upgrading of positions. WFP remains fully committed to implementing the staffing framework and maintaining the current transition period until the end of 2025, but some position conversions have been slowed down or paused temporarily until there is a clearer understanding of longer-term requirements and resources.
63. As offices have been reviewing their core needs against revised priorities, some rotational positions due for reassignment have been cancelled. As the staff members in those positions are in any case due for reassignment, they are expected to apply for other rotational opportunities in the current reassignment exercise. Should a staff member not be reassigned to a new position, they will be placed on "unassigned" status and be expected to apply for future reassignment opportunities.
64. Other active positions not directly supporting prioritized activities have been discontinued or are planned for discontinuation. This means that short-term positions may not be extended on completion of a current contract period. It also means that some encumbered staff positions have been earmarked for abolition. A corresponding ad hoc framework on the management of staffing implications has recently been approved, providing guidance on the abolition of positions. The positions that have been earmarked for abolition are currently under review.
65. Once the consolidated outcomes of the ongoing workforce stabilization efforts are known, and taking into consideration the status of the restructuring exercise, including the review of regional bureau accountabilities, additional measures may be required.

Executive Director's authority to implement a reduced level of programme support and administrative budget

66. Paragraph x) of the management plan for 2024–2026 authorizes the Executive Director to adjust the PSA component of the budget in accordance with a change in the level of the global contribution forecast for the year, at a rate not to exceed 2 percent of the anticipated change in income. Two percent of the USD 2 billion decrease in the contribution forecast is USD 40 million. In its efforts to calibrate the PSA budget to the lower level of income, while allowing flexibility as the situation evolves, WFP is committed to reducing the budget by at least USD 40 million. Therefore, WFP proposes to revise the PSA budget to USD 528 million. WFP will strive to implement further cost-saving measures up to another USD 45 million, which could lower PSA expenditures to USD 483 million.

4.4 Update on programme support and administrative equalization account and the unearmarked portion of the General Fund

67. This section provides an update on the status of the PSAEA and the unearmarked portion of the General Fund and proposes using the unearmarked portion of the General Fund instead of the PSAEA as the source funding for two budget allocations approved in the management plan for 2024–2026.

Programme support and administrative equalization account

68. The PSAEA records the differences between WFP's ISC revenue and the PSA expenses for the financial period. The balance acts as a safety net for underwriting the risk of a shortfall in the ISC income needed for PSA expenditure. The PSAEA projected balance presented in the management plan for 2024–2026 was based on forecasted global contributions of USD 10 billion in both 2023 and 2024.
69. Since the time of the preparation of the management plan for 2024–2026, the contribution landscape has changed. Actual contributions in 2023 were USD 8.3 billion, and the balance of the PSAEA at 1 January 2024 was USD 15 million lower than the projection. Meanwhile, the 2024 contribution forecast has been lowered to USD 8.0 billion which will reduce the projected ISC income by USD 112 million. Assuming that the full revised PSA budget is spent, the projected PSAEA balance at 31 December 2024 would be USD 164.6 million.
70. In 2015, the Board approved a PSAEA floor equivalent to two months of PSA expenditure.¹ With a revised proposed PSA budget of USD 528 million, the floor is USD 88 million, so the revised projected PSAEA balance is above the floor. However, given the volatility of funding and the lead time needed to make adjustments to fixed costs, it is desirable that the balance be closer to the upper end of the range. A higher balance can be achieved by reducing the PSA expenditures, as described in section 4.3, and by reducing the approved allocations from the PSAEA.

TABLE 4.7: PROJECTION OF THE PROGRAMME SUPPORT AND ADMINISTRATIVE EQUALIZATION ACCOUNT WITH REVISED PSA BUDGET (USD million)		
	Forecast as per management plan (2024–2026)	Updated forecast
PSAEA balance at 1 January 2024	390.0	375.0
ISC projected revenue income	568.0	456.0
Approved/proposed PSA budget	568.0	528.0
Approved PSAEA drawdowns as per management plan	-138.4	-138.4
PSAEA balance at 31 December 2024	251.6	164.6

Unearmarked portion of the General Fund

71. The main source of income for the unearmarked portion of the General Fund is investment income from WFP's cash balances held in investment portfolios and bank and money market accounts, and foreign exchange income on treasury transactions, which is credited to the General Fund in accordance with Financial Regulation 11.3. In the management plan for 2024–2026, the balance at 1 January 2024 was USD 330 million. Due to sustained high interest rates in 2023, the actual balance was USD 420 million. The current financial outlook indicates that high rates will continue, thus investment income for 2024 is projected to be higher than originally projected in the management plan for 2024–2026. The updated projected unearmarked portion of the General Fund balance at the end of 2024 is USD 467.2 million, which is well above the prudent minimum balance of USD 150 million.

¹ "Update on the Financial Framework Review" (WFP/EB.2/2015/5-C/1).

TABLE 4.8: UNEARMARKED PORTION OF THE GENERAL FUND (USD million)		
	Forecast as per management plan (2024–2026)	Updated forecast
Unearmarked portion of the General Fund balance at 1 January 2024	330.0	420.0
Projected income	125.0	150.0
Approved uses in the management plan (2024–2026)	-102.8	-102.8
Projected balance at 31 December 2024	352.2	467.2

Proposed swap of funding

72. Historical use of the unearmarked portion of the General Fund has included funding for large organizational initiatives, such as the implementation of the WFP Information Network and Global System (WINGS) and the Human Capital Management platform, and the replenishment of the Immediate Response Account.
73. Given the higher-than-expected income for the unearmarked portion of the General Fund and the desire to maintain a PSAEA balance near the five-month target ceiling, the Secretariat proposes to use the unearmarked portion of the General Fund to fund the corporate process optimization critical corporate initiative by USD 21 million and the Immediate Response Account replenishment of USD 50 million, both of which had been approved for funding from the PSAEA.
74. This proposed swap of USD 71 million in funding is shown in table 4.9. Following the swap, the unearmarked portion of the General Fund would still have a projected end-of-year balance higher than that projected in the management plan for 2024–2026.

TABLE 4.9: PROJECTED BALANCES WITH REVISED PSA BUDGET AND PSAEA USAGE (USD million)		
	PSAEA updated forecast	Unearmarked portion of the General Fund updated forecast
Balance at 1 January 2024	375.0	420.0
Projected income	456.0	150.0
PSA proposed budget	528.0	
Updated total projected uses	67.4	173.8
<i>Approved use in the management plan (2024–2026)</i>	<i>138.4</i>	<i>102.8</i>
<i>Corporate process optimization critical corporate initiative</i>	<i>-21.0</i>	<i>21.0</i>
<i>Immediate Response Account replenishment</i>	<i>-50.0</i>	<i>50.0</i>
Projected balance at 31 December 2024	235.6	396.2
PSAEA target (equivalent to five months of 2024 PSA expenditures)	220.0	
PSAEA floor (equivalent to two months of 2024 PSA expenditures)/unearmarked portion of the General Fund prudent balance	88.0	150.0

ANNEX I

Baseline budget by former and new organizational structure

TABLE A.1.1 BASELINE BUDGET BY FORMER AND NEW ORGANIZATIONAL STRUCTURE (USD million)										
		Total	Post-reorganization departments							
			Country offices	Regional bureaux	Executive Director and Chief of Staff	Deputy Executive Director and Chief Operating Officer	Partnerships and Innovation	Programme Operations	Workplace and Management	Central appropriations
Pre-reorganization departments	Country offices	60.2	60.2							
	Regional bureaux	135.8		135.8						
	Executive Director and Chief of Staff	60.5			60.5					
	Management	151.6			38.1	6.8		5.2	101.6	
	Operations Management	111.8				17.7		92.3	1.9	
	Partnerships and Advocacy	103.2			11.8		91.4			
	Programme and Policy Development	105.0					11.1	93.9		
	Workplace Culture	47.6							47.6	
	Central appropriations	35.6								35.6
Total		811.4	60.2	135.8	110.3	24.4	102.5	191.4	151.1	35.6

ANNEX II

Programme support and administrative budget tables

The tables below show the original PSA budget remapped to the new organizational structure.

TABLE A.2.1: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL – DEPARTMENT AND DIVISION, 2024 (USD million)		
Department	Division	
Country offices total		60.2
Regional bureaux	Regional Bureau for Asia and the Pacific	18.9
	Regional Bureau for Eastern Africa	20.5
	Regional Bureau for Latin America and the Caribbean	18.2
	Regional Bureau for Southern Africa	16.2
	Regional Bureau for the Middle East, Northern Africa and Eastern Europe	19.2
	Regional Bureau for Western Africa	22.8
Regional bureaux total		115.7
Executive Director and Chief of Staff	Communications and Media	11.8
	Global Privacy Office	2.2
	Office of the Executive Director	5.1
	Chief Financial Officer	24.6
	Ethics Office	2.5
	Inspector General and Oversight Office	20.1
	Legal Office	8.4
	Office of Evaluation	15.8
	Office of the Ombudsman and Mediation Services	2.1
Executive Director and Chief of Staff total		92.5
Deputy Executive Director and Chief Operating Officer	Deputy Executive Director and Chief Operating Officer Office	7.5
	Executive Board Secretariat	6.8
	Risk Management	6.7
Deputy Executive Director and Chief Operating Officer total		21.0

TABLE A.2.1: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL – DEPARTMENT AND DIVISION, 2024 (USD million)		
Partnerships and Innovation	Berlin Global Office	2.4
	Brussels Global Office	3.4
	Geneva Global Office	1.3
	Global Partner Countries	13.6
	Innovation	2.6
	Multilateral and Programme Country Partnerships	7.8
	Partnerships and Innovation Front Office	2.2
	Partnerships Coordination Services	3.8
	Private Partnerships	8.9
	United Nations System, African Union and Multilateral Engagement (New York Office)	3.1
	Washington Global Office	5.8
Partnerships and Innovation total		55.0
Programme Operations	Analysis, Planning and Performance	20.7
	Insurance	0.7
	Programme Policy and Guidance	35.2
	Staffing Coordination and Capacity	2.0
	Strategic Coordination and Assistant Executive Director Office	4.8
	Supply Chain and Delivery	28.6
Programme Operations total		92.0
Workplace and Management	Human Resources	30.0
	Management Services	19.1
	Security	10.7
	Technology	30.0
	Wellness	2.2
	Workplace and Management Front Office	3.8
Workplace and Management total		95.9
Central appropriations		35.6
Total		568.0

TABLE A.2.2: PROGRAMME SUPPORT AND ADMINISTRATIVE POST COUNT* BY ORGANIZATIONAL LEVEL																
Department	USG (ED)	ASG	D-2	D-1	P-5	P-4	P-3	P-2	P-1	HQ GS	National (local)	Total fixed-term	Professional and higher (short-term)	Consultants	Temporary assistance	Total
Country offices			20	29	34	1					180	264			0	264
Regional bureaux			6	9	52	111	77	13			406	674	0	101	51	826
Headquarters	1	4	29	58	155	291	372	142	14	507	153	1 726	22	521	112	2 380
Executive Director and Chief of Staff	1		7	14	43	83	103	48	3	100	79	481	6	72	19	578
Deputy Executive Director and Chief Operating Officer		1	2	5	8	20	15	6	0	32	0	88	4	25	4	122
Partnerships and Innovation		1	10	8	22	38	63	14		70	16	243	2	88	10	342
Programme Operations		1	6	22	51	88	104	29	8	103	0	413	9	137	21	581
Workplace and Management		1	4	8	32	61	87	45	3	201	58	500	1	198	58	758
Central appropriations			1	1	3	2	3			3		13			0	13
2024 total	1	4	56	97	244	404	451	155	14	510	740	2 676	22	622	163	3 483
2023 total	1	5	55	99	234	399	433	157	14	499	663	2 559	77	663	174	3 473
2022 total	1	3	49	92	207	309	273	58	6	416	514	1 928	93	741	367	3 129

* Post count is measured in FTE: number of full-time equivalent staff members and non-staff employees

Abbreviations: ASG = Assistant Secretary-General; ED = Executive Director; GS = General Service; HQ = headquarters; USG = Under-Secretary-General.

TABLE A.2.3: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL, STAFF AND NON-STAFF COSTS
(USD thousand)

Department	Staff	Consultancy	Duty travel	Training	Rent, utilities and supplies	Communications, IT services and equipment	Insurance and legal fees	Hospitality	Services from and contributions to other United Nations entities	Commercial consultancy services	Other	Total
Country offices	35 946		1 500	410	8 533	1 477	600	20	900		10 850	60 236
Regional bureaux	90 598	10 858	4 676	1 579	2 281	2 955	150	81	683	603	1 250	115 714
Headquarters	272 479	41 914	7 703	2 023	6 732	11 949	47	195	633	6 643	6 087	356 406
Executive Director and Chief of Staff	72 885	5 984	2 637	842	506	3 303	30	49	325	5 169	776	92 507
Deputy Executive Director and Chief Operating Officer	15 593	2 259	649	117	24	344	0	10	179	0	1 783	20 957
Partnerships and Innovation	41 223	7 470	1 461	150	2 534	995	18	55	45	49	1 031	55 030
Programme Operations	74 418	11 566	1 531	453	171	1 472	0	59	57	949	1 342	92 017
Workplace and Management	68 360	14 635	1 425	462	3 497	5 835	0	22	27	475	1 156	95 895
Central appropriations	2 499	581	791	665	155	425	4 474	1	24 748	1 237	50	35 625
2024 total	401 521	53 353	14 670	4 677	17 700	16 806	5 271	297	26 964	8 482	18 238	567 979
2023 total	401 288	55 002	16 722	7 132	12 221	13 482	2 918	239	23 587	10 454	33 230	576 277
2022 total	296 801	61 934	20 422	5 976	20 166	25 405	4 106	117	25 647	34 943	17 512	513 029

ANNEX III

Programme support and administrative budget utilization plan by organizational level

TABLE A.3.1: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL (<i>USD million</i>)			
Department	Original	Utilization plan	% change
Country offices	60.2	60.2	0
Regional bureaux	115.7	97.8	-15
Headquarters	356.4	288.9	-19
Executive Director and Chief of Staff	92.5	82.4	-11
Deputy Executive Director and Chief Operating Officer	21.0	17.9	-14
Partnerships and Innovation	55.0	41.4	-25
Programme Operations	92.0	71.3	-22
Workplace and Management	95.9	75.9	-21
Central appropriations	35.6	35.7	0
Total	568.0	482.6	-15

Acronyms

CSP	country strategic plan
ISC	indirect support costs
PSA	programme support and administrative (budget)
PSAEA	programme support and administrative equalization account
WINGS	WFP Information Network and Global System