



World Food  
Programme



# **BOTTOM-UP STRATEGIC BUDGETING EXERCISE BUSBE**

Executive Board 2<sup>nd</sup> Informal Consultation

24 September 2021

SAVING  
LIVES  
CHANGING  
LIVES

# **BUSBE Overview**

BUSBE – Executive Board 2<sup>nd</sup> Informal Consultation

# Following the completion of phase I in 2020 and phase II in 2021, BUSBE is coming to an end

2020

## *Phase I – Foundational*



- Budget frameworks reviewed
- Activities handed over and recommendations provided on:
  - Budget governance structures
  - Cost recovery practices
  - Country Office PSA allocation

2021

## *Phase II – Implementation*



- Conducted a detailed and rigorous budgeting exercise for Global HQ:
- Guided, collected and reviewed 2022 budget submissions
  - Supported 2022 Management Plan development
  - Budgeting activities handed over to CPP in September 2021

2022+

## *Realisation of BUSBE benefits*



- 2022 budget shows greater consistency, transparency and a better use of resources
- 2023 budgeting exercise will be informed by the BUSBE and conducted by CPP Division

**Global HQ refers to headquarters, regional bureaux and liaison offices**

# **BUSBE Update: Budget Governance**

Executive Board Update – BUSBE Final Report

# A revised budget governance structure has been approved

## “Baseline” budgeting methodology

### Annual submission by Global HQ budget holders

#### Baseline

*Minimum resources required to support the organization based on income projections and corporate priorities*

#### Other Services

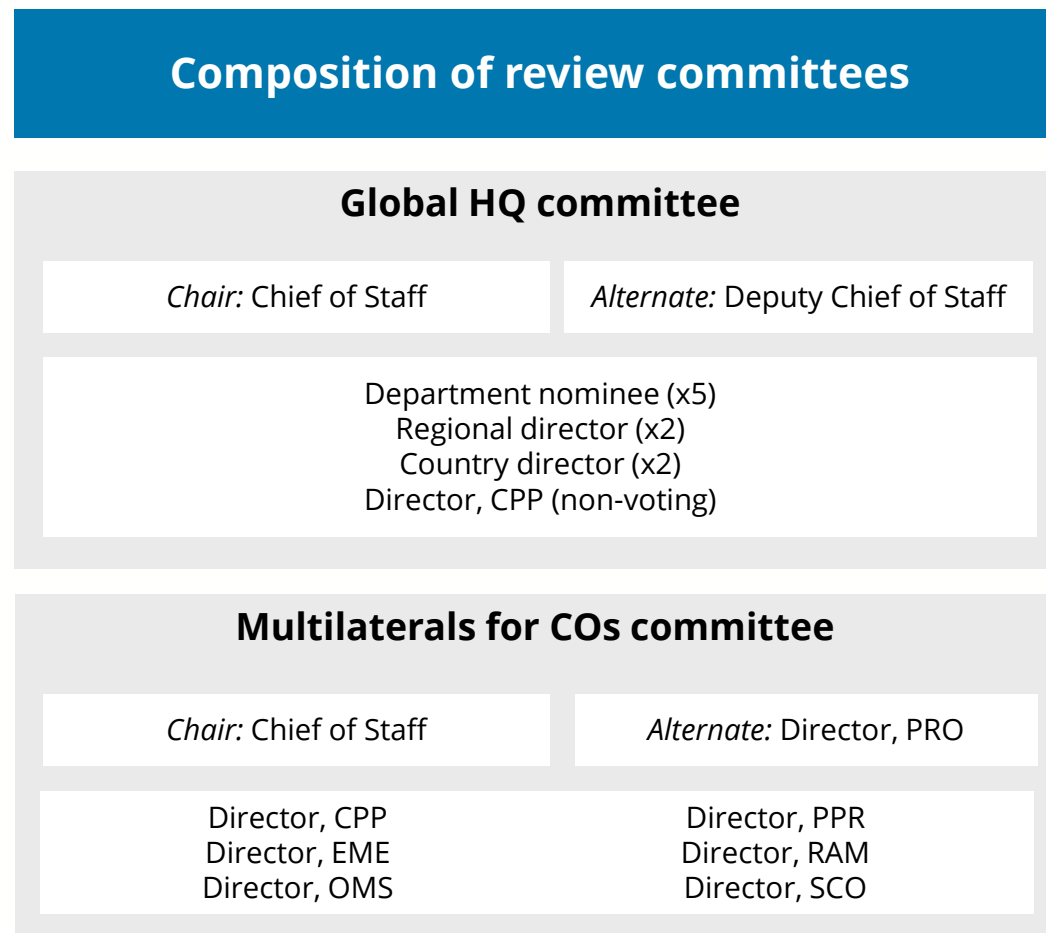
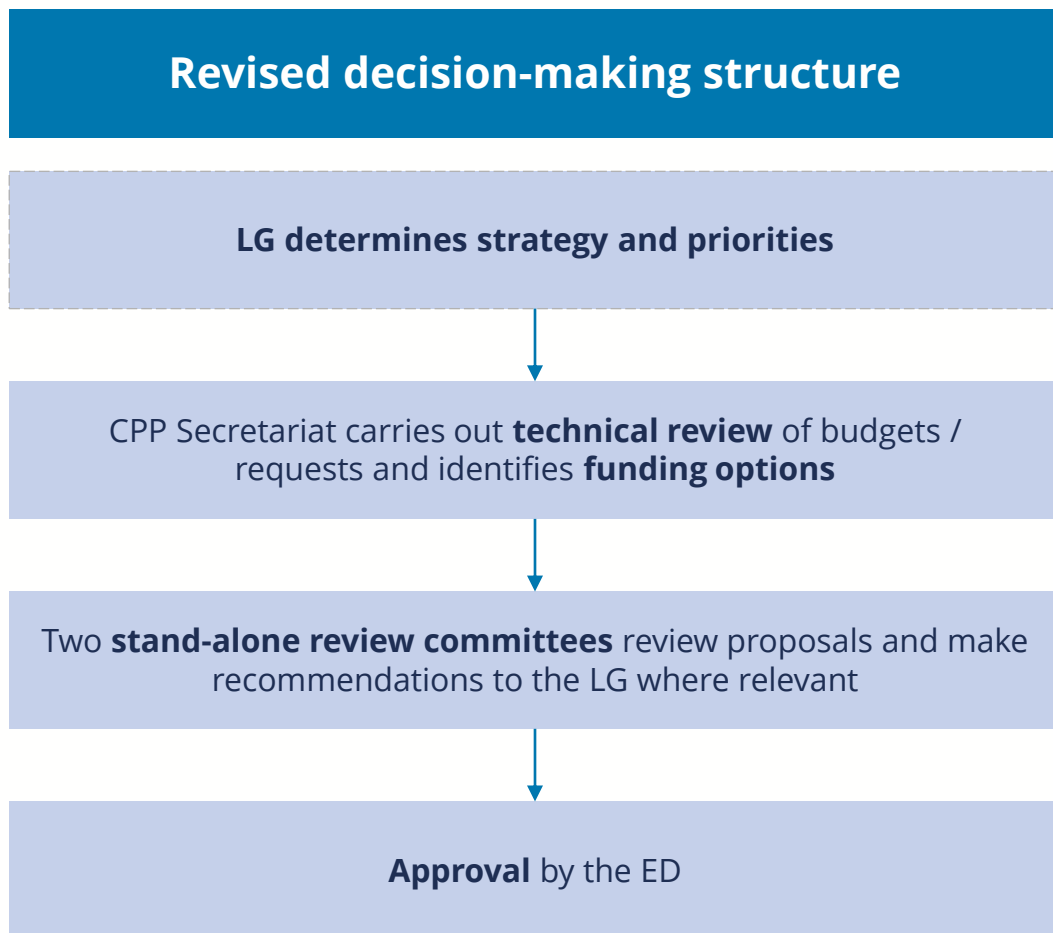
*Activities which are “above the line”, including indirect activities which improve organizational effectiveness and direct services provided to COs or other parties*

### Off-cycle requests

*Unexpected funding requirements for essential activities*

*May be in relation to changing operational circumstances, audit and evaluation findings, price increases, increase in demand, increase in risk, etc.*

# Decision-making structure will utilize two review committees



# Decision-making on certain financing mechanisms is to be streamlined

	Responsible	Accountable	Consulted	Informed
<b>Internal Project Lending</b> Advances to CSPs with forecasted contributions as collateral	CPP	CPP	<b>CFO</b> (Where threshold >USD50m or judged by CPP to be exceptional based on criteria agreed with CFO)	<b>LG</b> (periodic reporting)
<b>Macro Advanced Financing</b> Advances to CSPs requiring robust funding outlook	CPP	CFO	<b>Budget Review Committee</b> (at CFO's discretion)	<b>LG</b> (periodic reporting)
<b>Capital Budgeting Facility</b> Upfront funding to multi-year capital projects	<b>CPP</b> (considering eligible areas in ED Circular)	CFO	<b>Budget Review Committee</b> (at CFO's discretion)	<b>LG</b> (periodic reporting)

- Note:**
- CFO and CPP will be required to consult with the relevant LG member where a proposed advance is to be declined. Escalation to the ED remains available by way of exception.
  - Fee-for-service and IRA financing mechanisms are out of scope of this review, although coordination between projects is taking place.

# The approved structure is now being implemented



## Next Steps

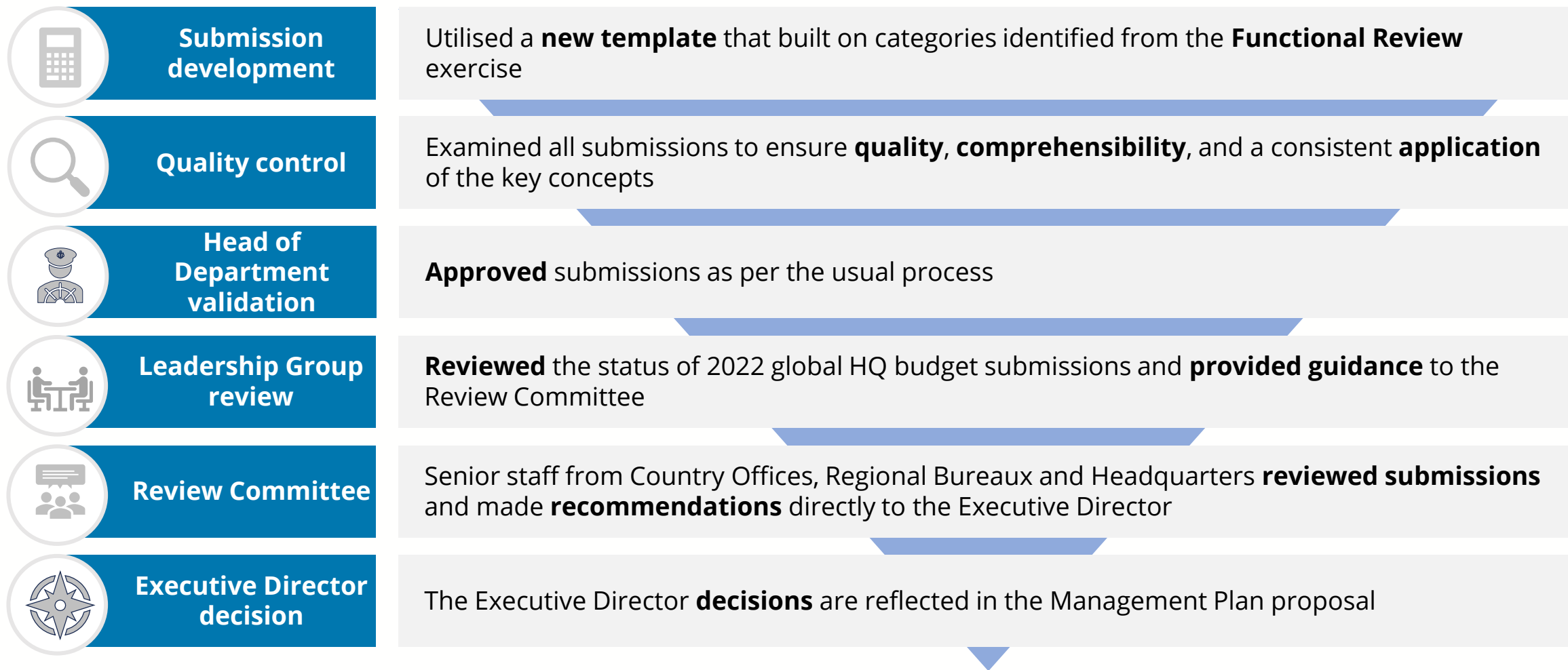
- **Hand-over to CPP launched**
- **Implementation has begun with a dedicated team in CPP:**
  - Drafting key corporate documents to institutionalize and inform the organization about the new structure
  - Ensuring that lessons learnt from BUSBE will inform future structure
  - Updating budgetary and performance tools and templates (e.g. CCI templates for two proposed CCIs for 2022)
  - Aligning with other ongoing projects (e.g. IRA governance review, cost recovery WG)
- **New structure expected to be in place by early 2022**



# **BUSBE Update: Technical Budgeting**

BUSBE – Executive Board 2<sup>nd</sup> Informal Consultation

# The 2022 budget process introduced new elements to ensure baseline needs were captured accurately



# The organization commits to fund baseline activities



## **BASELINE = FUNDED**

*If an activity is tagged as baseline and is approved by the Executive Director, the organization is committing to fund it*



## **BASELINE DOES NOT EQUAL PSA**

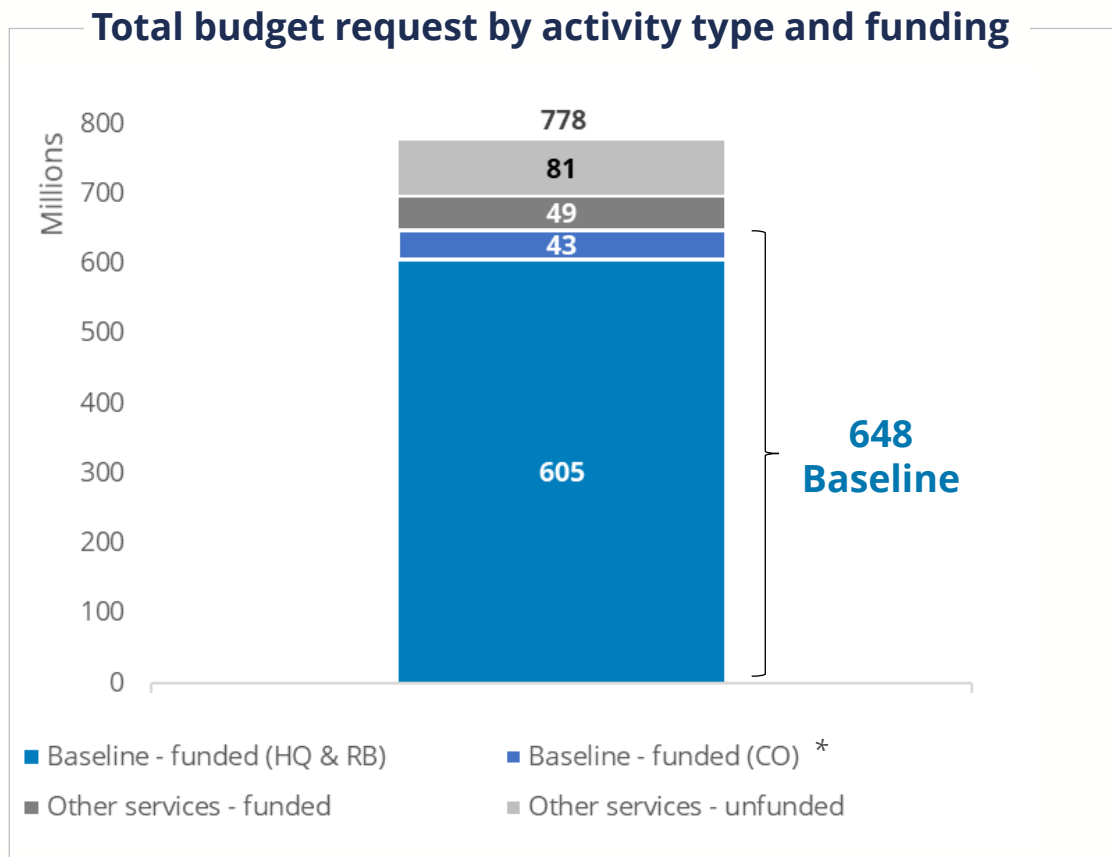
*Baseline activities will be funded not only from PSA, but also from PSAEA, Trust Funds and Special Accounts*

# The revised definition of Baseline guided the selection of activities to be funded and funding sources

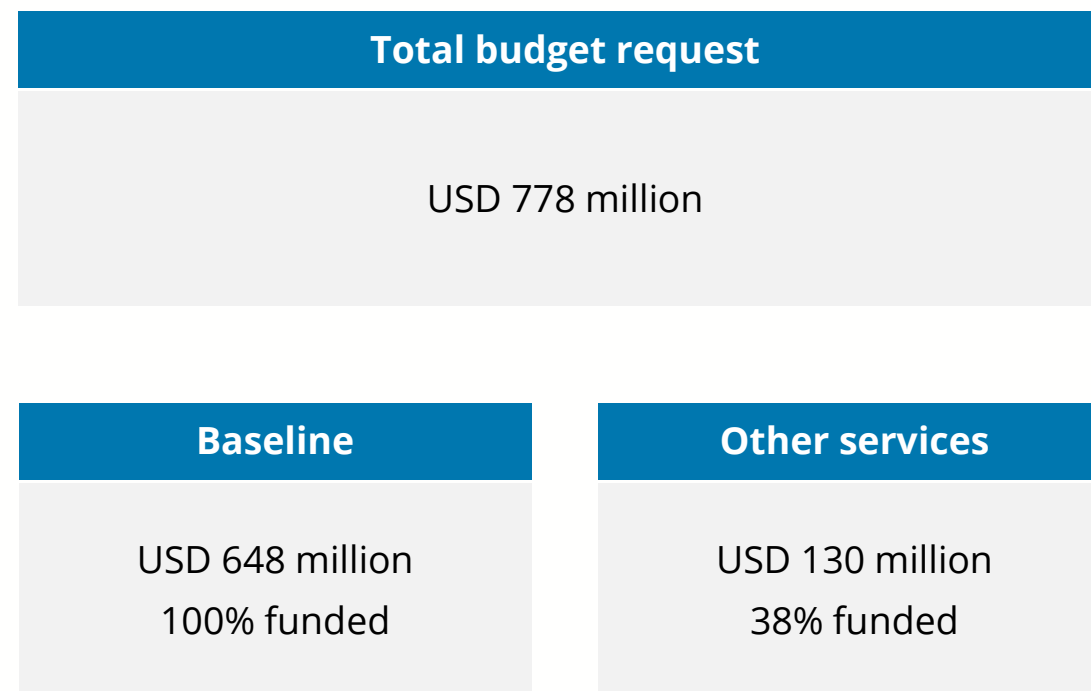


- Baseline activities are **essential activities** that contribute to the efficient and effective delivery of the annual Implementation Plan, but **cannot be readily traced to individual Country Strategic Plans**.
- These activities include the fulfilment of WFP's institutional obligations through corporate management and administrative functions, representational functions, operational services, policy and advisory functions and oversight functions.
- **Enabling WFP to achieve its goals, strategic direction and corporate priorities**, these activities ensure delivery of our commitment to value for money, and they position us to mitigate emerging risks.
- Baseline activities may be **recurring or one-time**, and the latter may span more than one year.
- Baseline activities are **funded by indirect support cost revenue** and may also be funded by **management recovery fees, and directed contributions**.

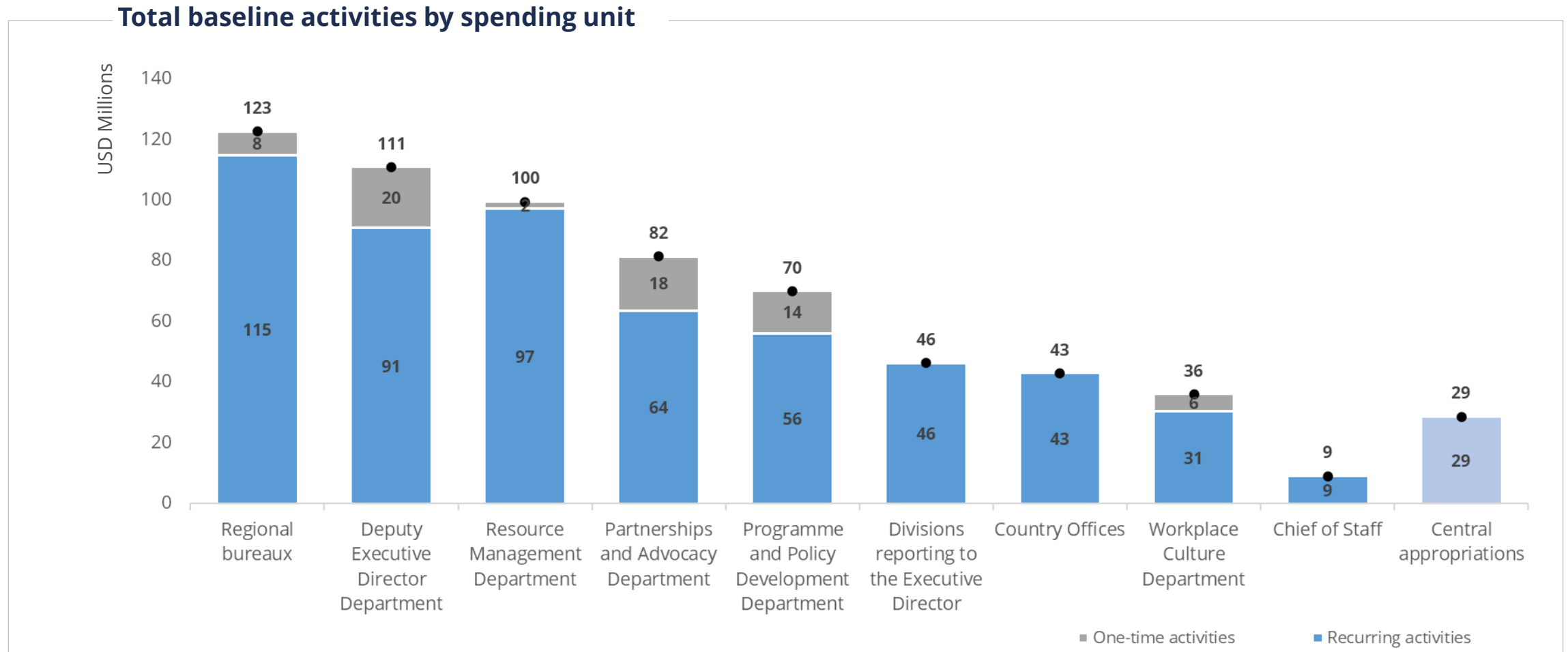
# Baseline activities account for USD 648 million out of the total ask of USD 778 million



\* PSA support to Country Offices



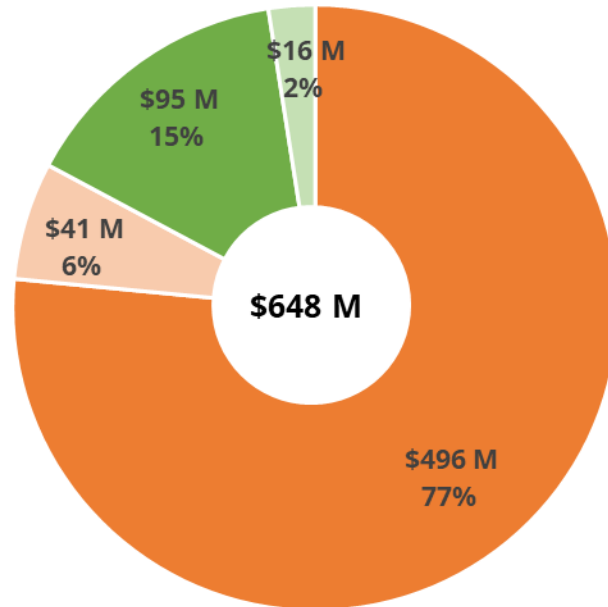
# USD 648 million baseline activities by spending unit



Note: For a more detailed breakdown, please refer to WFP Management Plan (2022-2024) Table IV.4

# USD 648 million baseline activities by funding source

Total baseline activities by funding source



■ PSA ■ PSAEA ■ Existing Trust Funds and Special Accounts ■ New Trust Funds and Special Accounts

## Baseline activities

- USD 605 million for HQ & RB
- USD 43 million for CO

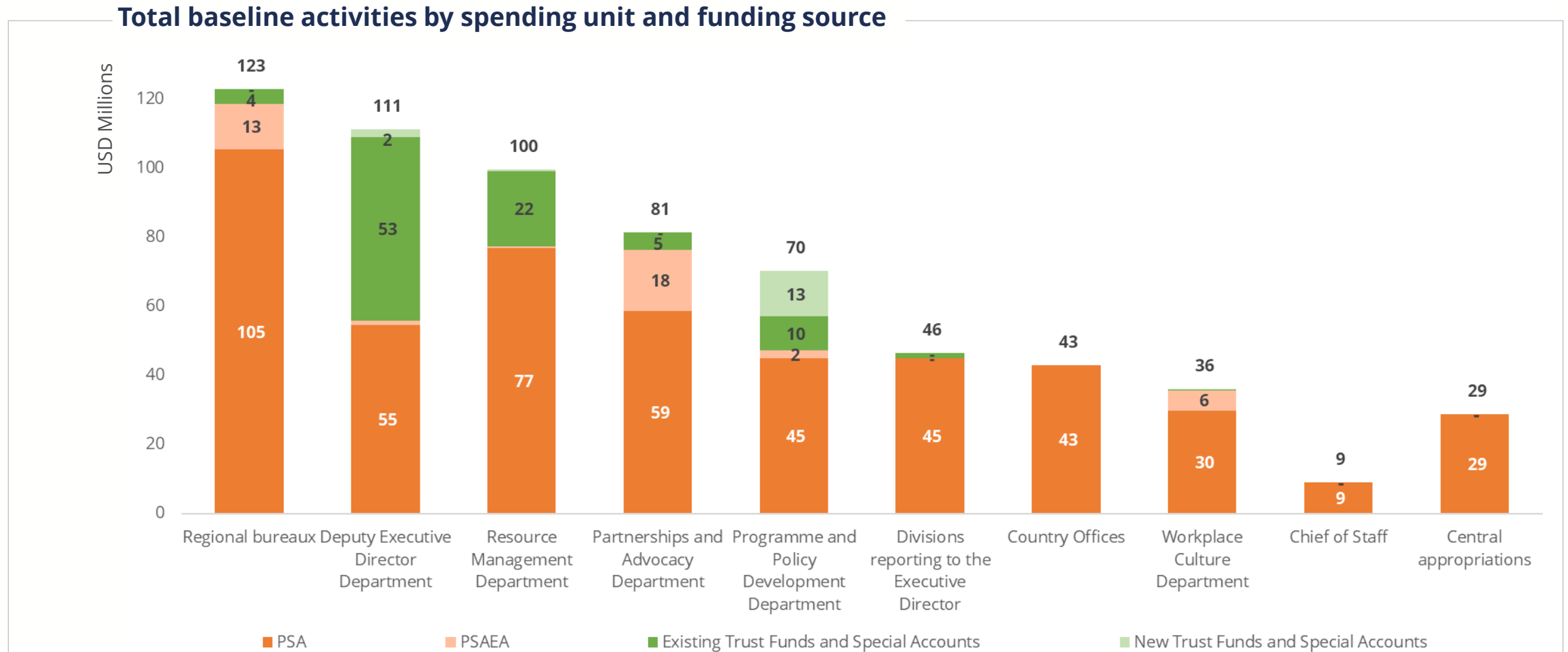
**USD 648 million total**

## PSA allocation

- USD 453 million for HQ & RB
- USD 43 million for CO

**USD 496 million total**

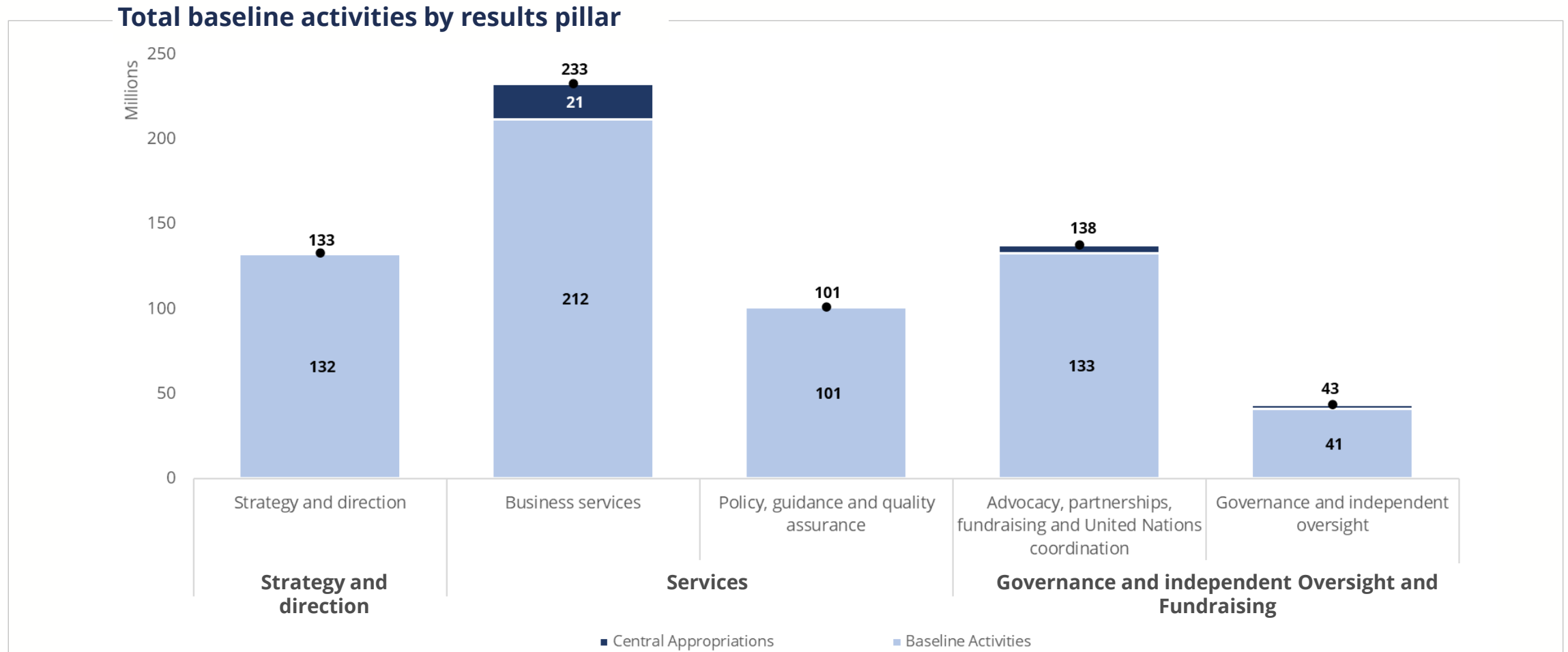
# USD 648 million baseline activities by spending unit and funding source



Note: For a more detailed breakdown, please refer to WFP Management Plan (2022-2024) Tables IV.6



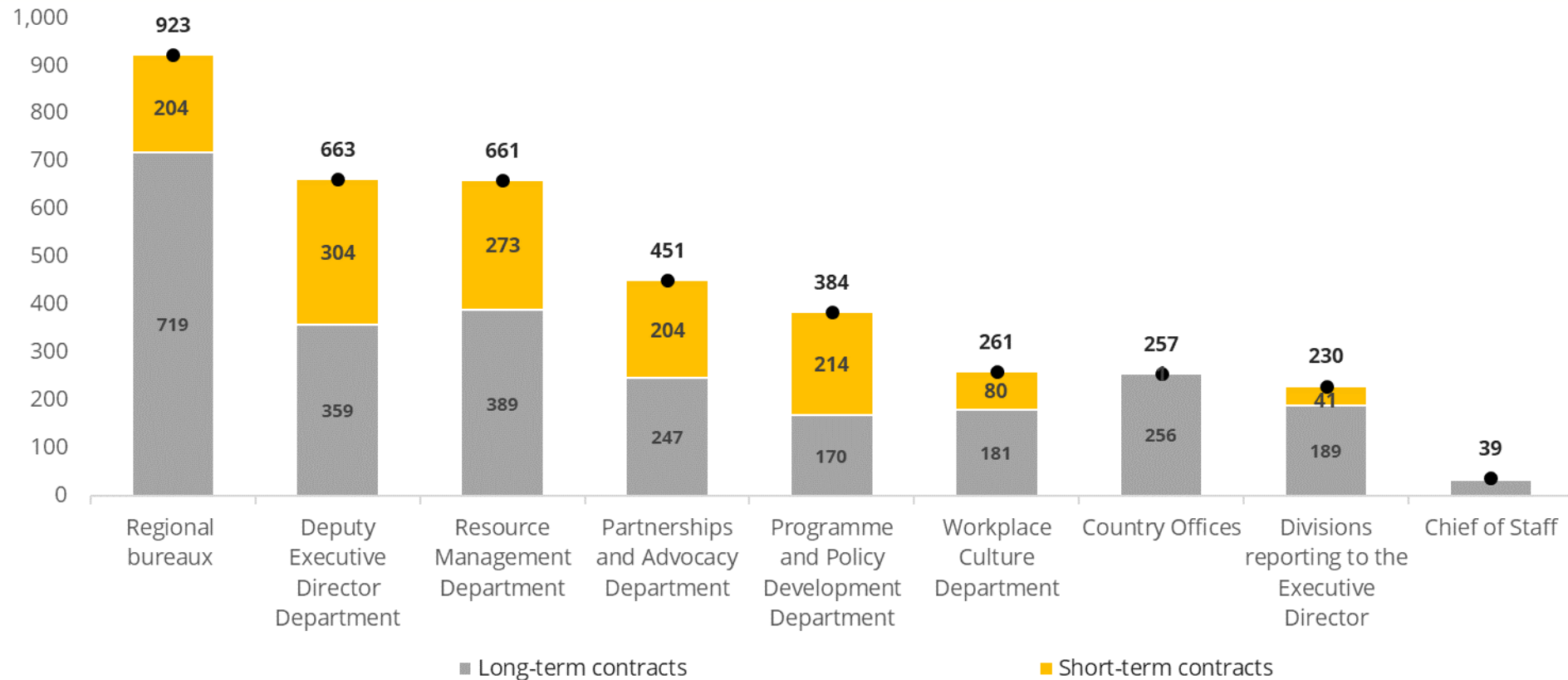
# USD 648 million baseline activities by pillar



Note: For a more detailed breakdown, please refer to WFP Management Plan (2022-2024) Table IV.2






# 3,870 employees assigned to baseline activities by spending unit and contract type

Total employees in baseline activities by spending unit and contract type



Note: Long-term contracts include General Service, National Professional Officer, or International Professional and higher categories of service. Short-term contracts include short-term General Service, short-term Professionals, Consultants, and other temporary assistance contracts. For a more detailed breakdown, please refer to WFP Management Plan (2022-2024) Tables IV.5.

# Ongoing BUSBE activities

Budget governance	1		<i>Finalization of budget governance structures</i>
Cost Recovery	2		<i>Finalization of guidance and policies on the use of cost recovery</i>
Regional Bureaux activities	3		<i>Harmonization of activity naming across all Regional Bureaux</i>
Vertical overlaps	4		<i>Review of activity overlaps between Headquarter divisions and Regional Bureaux</i>
Horizontal overlaps	5		<i>Review of horizontal overlaps across functional areas in Headquarters</i>