



Management Plan 2023-2025

Executive Board May Briefing

27 May 2022



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SAVING
LIVES
CHANGING
LIVES

Management Plan Highlights

Strategic context

- Align Management Plan with the newly approved **Strategic Plan & Corporate Results Framework** and future **Annual Performance Reports**
- Move in the direction of **resources to results**
- **Prioritization** aligned with the Strategic Plan
- Maintain **healthy levels of reserves**

Operating environment

- **Growing needs** and operating in an **increasingly complex environment**
- **Resources not keeping up with needs**
- External challenges on expected **cost increases** and high **inflation rate** driving up support costs
- While continuing to increase efficiency and effectiveness, no major structural changes



EXTERNAL AND INTERNAL ENVIRONMENT



Key External Drivers

- Coming on top of the COVID-19 pandemic at a time of rising inflation, tumbling currencies and record debt, the war in Ukraine has pushed **food prices to all-time highs**, thrown **energy markets in turmoil** and left the world at the brink of a debt crisis
- Major **drought** in Eastern Africa, the fourth in a row, and drought hotspots in Southern Africa, Central Asia and MENA countries
- With the root causes of hunger – conflict, the climate crisis, COVID-19 and costs – in full force, and rising operational costs, WFP's **operating environment is becoming increasingly complex**
- **Hunger**, both chronic and acute, is on the rise
- The world is off track to reach the global **nutrition** targets by 2030
- Global **extreme poverty** is still above pre-pandemic levels
- **Overall importance of social assistance and safety nets**, with school meals as the most important safety net for children
- Adherence to the **Humanitarian Development Peace Nexus**: focus strategy, programme and policy development with partners to operate cohesively towards collective outcomes



Key Internal Drivers

- First year of the **Strategic Plan 2022-2025** and **Corporate Results Framework**
- Refine key **management priorities** to accelerate achievement of strategic goals
- **Needs based plans** (operational requirements) will exceed resource availability
- **Rising operational costs** due to high global food and fuel prices
- Expected increase in **Service Provision** activities in support of UN sister agency activities and Host Governments
- Translate advances in **digital transformation** to improve services to beneficiaries while seeking opportunities to generate **efficiencies and enhance data security**



Funding Context & Resourcing Assumptions

Public Partnerships and Resourcing

- Current trend of record contributions received/expected in 2021 and 2022 is foreseen to remain at the **same level in 2023**
- The list of **top 10 donors** is expected to change in 2023 with new donors emerging
- **Efforts to diversify funding and funding sources** continue
- **Conflation of crises put donor budgets under pressure**, with growing transparency and accountability requirements

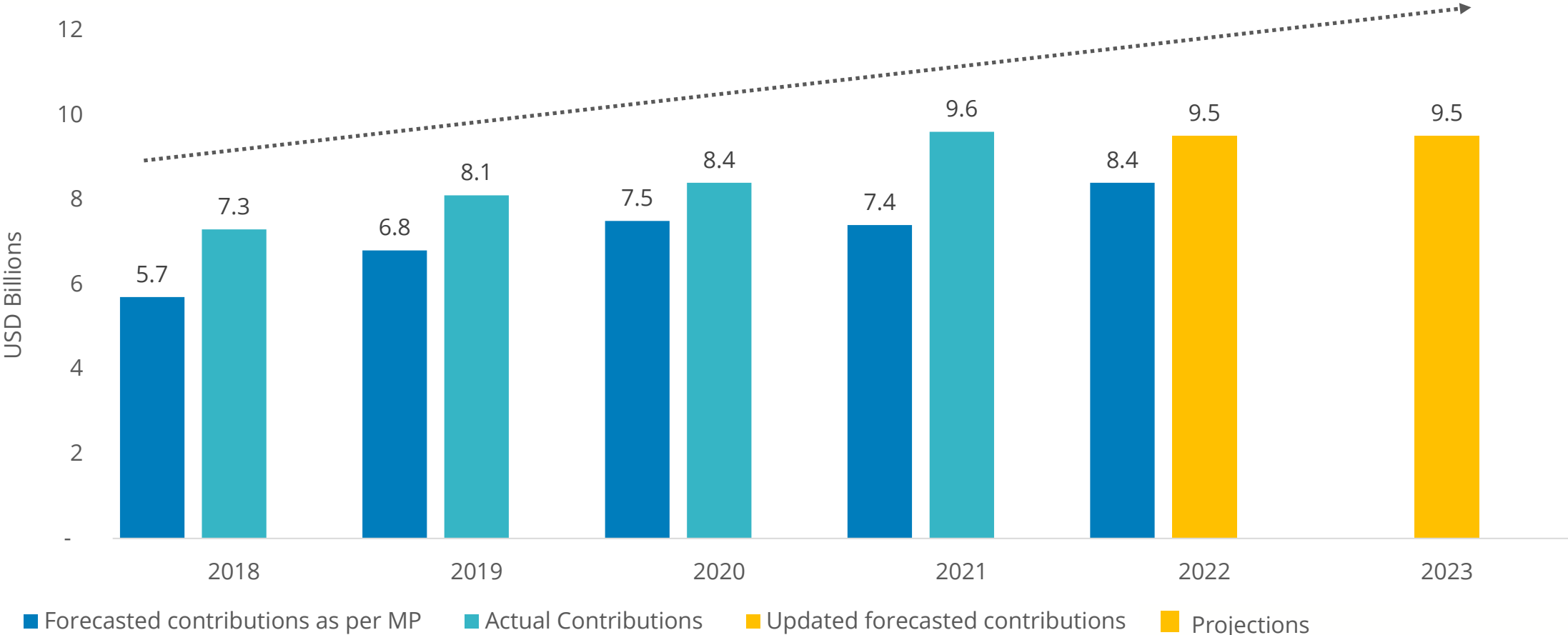
Strategic Partnerships

- The **upward trend** since 2019 in agreements signed with national governments, **including leveraging IFI resources**, is expected to continue in 2023
- WFP can contribute at scale in the areas of **Rural Transformation, Sustainable Infrastructure, and Human Capital Development**
- The continuation of the funding trend will depend on WFP's ability to position itself as an **implementing partner for governments** to contribute to national objectives

Private Partnerships & Fundraising

- **Private sector** has doubled since 2019 and is expected to continue **upward trend** in 2023
- 2021 exceeded **KPIs for individual giving** in Private Sector Partnerships and Funding Strategy (2020-2025) strategy and IG is expected to continue to increase in 2023
- **Strong results of EB-approved investment**
- WFP will continue to seek to strengthen long-term relationships for **increased and regular income** from the private sector

Actual contributions beat projections and have a steady growth



***Data Source:**
• Confirmed and Projected 2017-2021 – Figure II.1 MP 2021
• 2021 Actuals based on Audited Annual Accounts
• 2022-2023 updated forecast

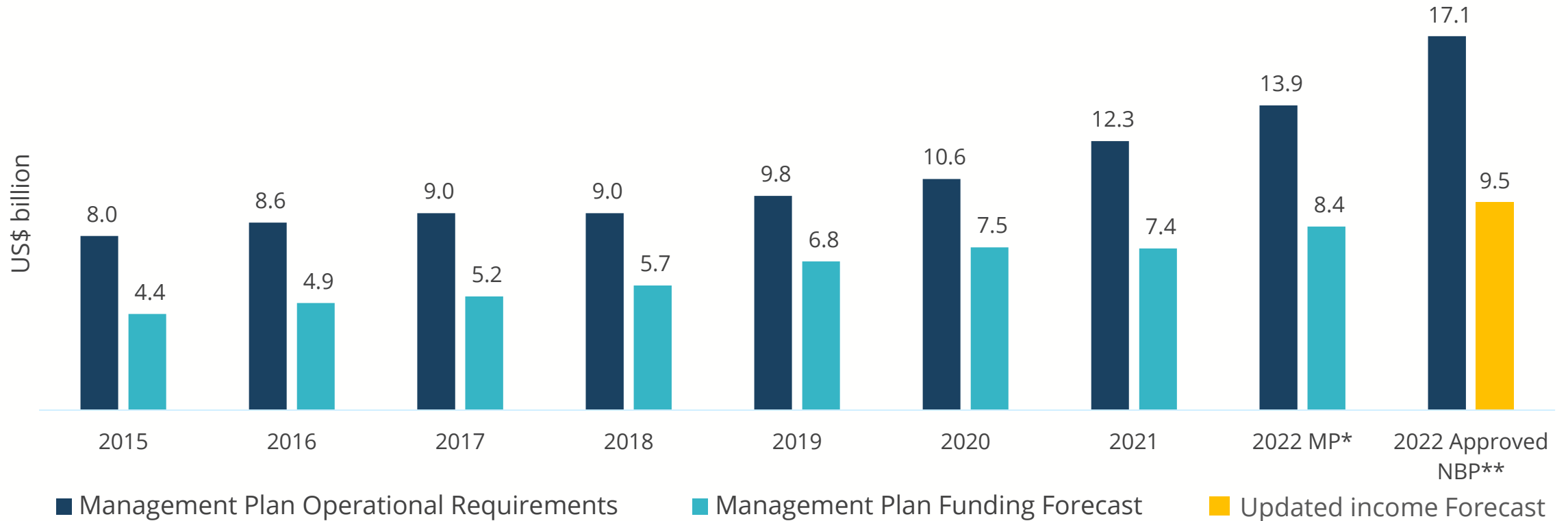
Operational Requirements for 2023

Key points

- Comparative information by focus area
- Results-focused: Projected Requirements will be aligned to the new Corporate Results Framework
- Global Provisional Implementation Plan will be shown
- Cross-cutting priorities will be prominent



Projected growth in needs and funding gap



***Data Source:**

*2022 Approved Management Plan and MP Funding Forecast

**2022 Approved Needs-Based Plan and Income Projections based on Updated Global Funding Forecast as at 31 March 2022

Funding gap in 2022 based on revised income projections is going up to **44% from 40%**

The average funding gap from 2015 to 2022 is **38%**

Q&A



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PLANNING ASSUMPTIONS



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Maintain BUSBE Approach to Budgeting

Continue to implement the framework of baseline* /other services

- Global headquarters budget submissions are comprehensive and by activity
- All funding sources are considered—PSA, Reserves, Cost Recovery, Extra-Budgetary
- Transparent and robust budget governance
 - Leadership Group guides prioritization
 - Budget Review Committee recommends budget & funding sources
 - Executive Director endorses budget for approval by EB

* Baseline: essential activities that contribute to the efficient and effective delivery of the annual implementation plan but that cannot be readily traced to individual CSPs.

They include corporate management, representation and administrative functions, operational services, policy and advisory functions and oversight functions.

Prioritization – Reduce Mortality

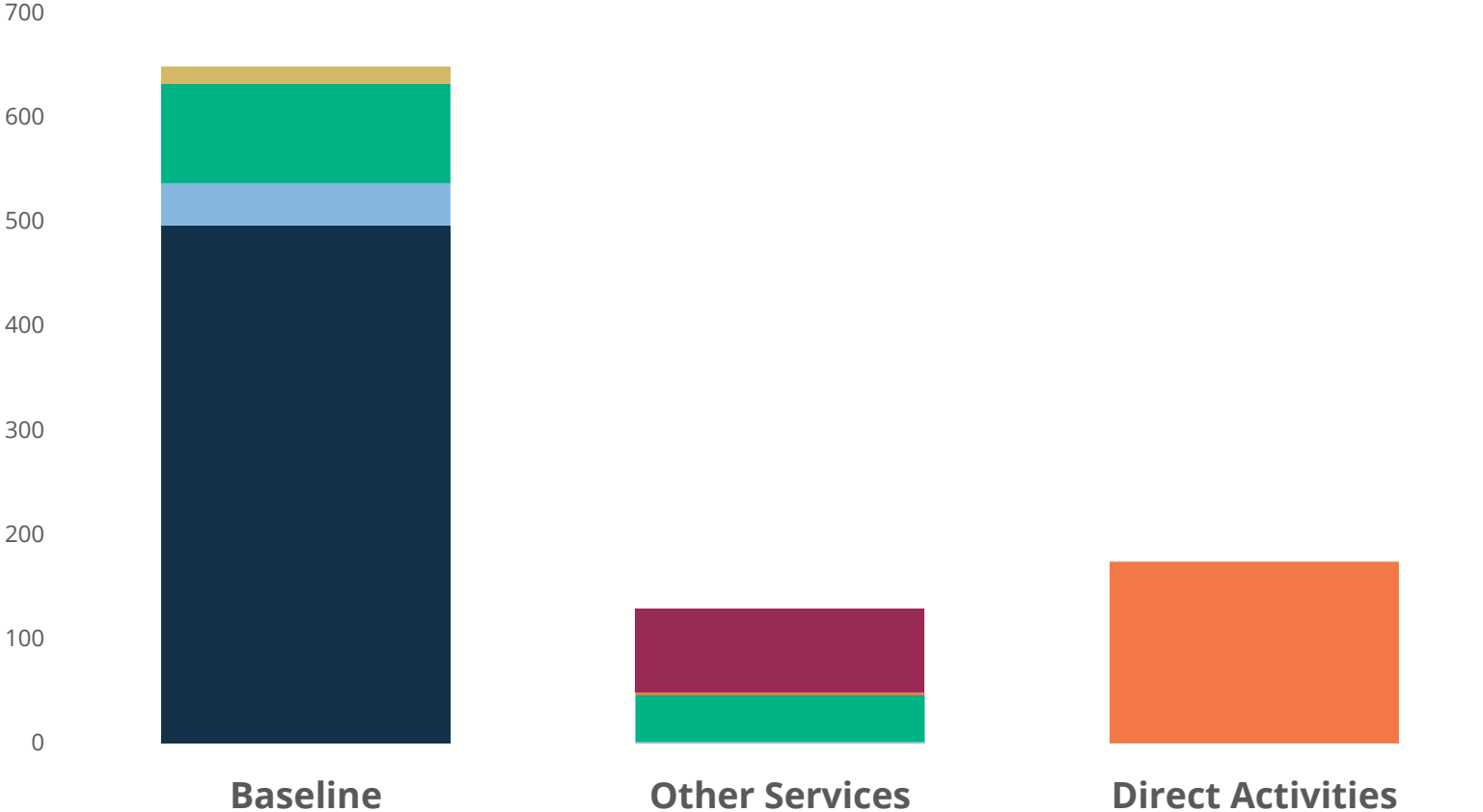
Call to Action Response Strategy

- Enhanced Food Security Monitoring and Early Warning
- Adapt and optimize WFP ops - focus on local procurement and cash transfers
- Reinvigorate national social protection programmes
- Support Govt and Regional Structures to build resilient regional and national food systems and related supply chains
- Re-establish the Global Food Crisis Response Programme
- Advocacy and connector for all-inclusive stakeholder support

Strategic Plan Enablers / CRF Management Results with emphasis on MR 1, 2, 5 and 6

- 1 Effectiveness in Emergencies**
- 2 People Management**
- 3 Engage in Effective Partnerships
- 4 Effective Funding for Zero Hunger
- 5 Evidence and Learning**
- 6 Leverage Technology**
- 7 Leverage Innovation

Comprehensive budget – sample MP 2022 data



- Unfunded
- New Trust Fund and Special Account
- PSAEA
- Others
- Existing Trust Funds and Special Accounts
- PSA

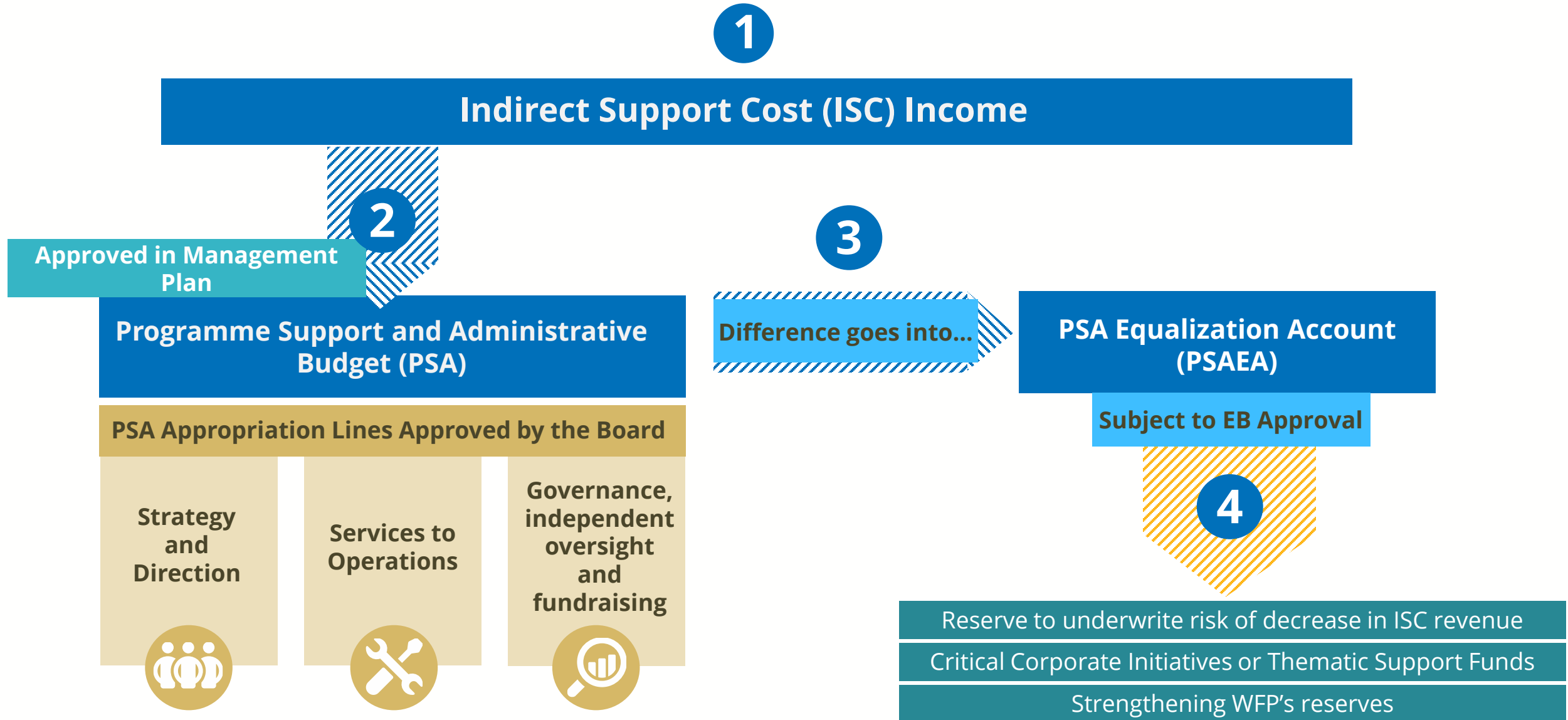
Total budget request
USD 952 million

Baseline
USD 648 million
100% funded

Other services
USD 130 million
38% funded

Direct Activities
USD 174 million
100% funded

The PSA Budget

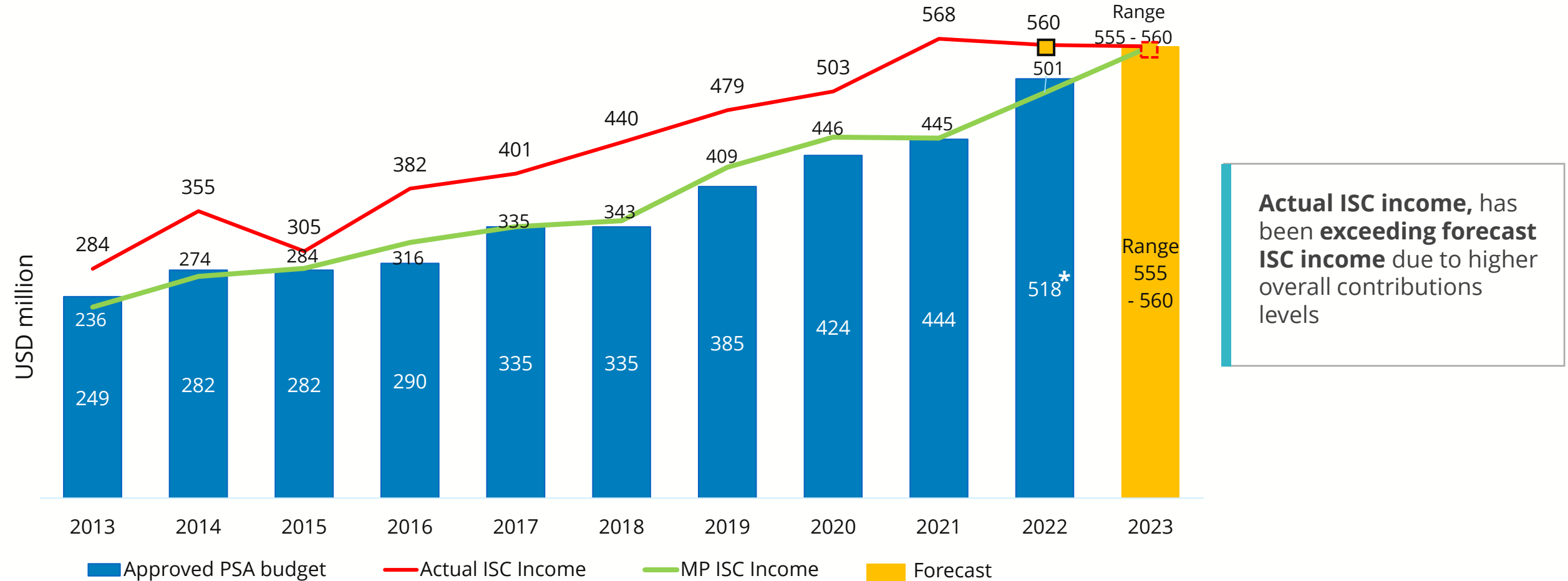


PSA Planning assumptions for 2023

- Eurozone **inflation projected at 7% in 2022 and 3% in 2023**
- **Dollar has strengthened**
- Maintain the standard **ISC rate of 6.5 percent**, with exceptions for lower rates as per EB decisions
- Projected contributions income of **USD 9.5 B** generating an ISC income of **~ USD 555 to 560 M**
- Proposed 2023 PSA budget will approximately be the projected **ISC** income



Approved PSA approximates projected ISC income



Actual ISC income, has been **exceeding forecast ISC income** due to higher overall contributions levels

* USD 496.1M approved in Management Plan plus USD 22M to be released under ED's authority

Maintain Healthy Reserves

PSAEA

- Respect target levels noted by the Executive Board in 2015 (**5-month PSA target level, 2-month spending floor**)
- Proposed **use of the PSAEA** in accordance with the **Board approved criteria**

Unearmarked Portion of the General Fund

- Balance of at least \$150 million deemed prudent



PSAEA projections (Low vs High) and Critical Corporate Initiatives

PSAEA projections for 2023

Item	USD M	
	Low	High
Projected balance at 31 Dec 2022*	273	273
2023 ISC projected revenue	555	560
2023 proposed PSA	(565)	(555)
PSAEA (5 months Target)	(235)	(231)
Available for PSAEA drawdowns	28	47

* Assuming approval of proposals submitted to June EB.

Critical Corporate Initiatives

- A **Critical Corporate Initiative (CCI)** is an activity to strengthen WFP's programming, operational and administrative capacity to fulfill its mission and deliver value for money
- CCIs are focused on organizational change and **one-off in nature but typically span more than one fiscal year**
- Proposed CCIs will **contain detailed budget information, expected results, KPIs and implementation schedule** through a concept note Annexed to the Management Plan

Possible **CCIs for 2023** are:

- 2nd year of Investing in WFP People
- Strategic Plan/CRF Implementation
- Country Office support optimization
- UNSDG efficiency roadmap
- Knowledge Management

Q&A



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NEXT STEPS



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Next key dates for the Management Plan process

May 27



EB informal briefing

Jul 29



1st informal consultation

Sept 12



Submission of Key Extracts to the EB

N.B. PSA data analysis at the overall level

Sept 20



2nd informal consultation to provide "extracts"

Oct



Advisory Committee on Administrative & Budgetary Questions (ACABQ)

FAO Finance Committee

Nov 14



Second regular session – MP approval

Q&A

Thank you



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Terminology & Acronyms

Baseline - activities identified that must be funded, regardless of funding source, required to support operations and other services of the programme

BUSBE - the **Bottom-Up Strategic Budgeting Exercise** aims to revisit WFP funding source management and determine how best to align them to activities in RB/CO/HQ divisions

Capital Budgeting Facility - A revolving facility for enabling WFP to implement large-scale initiatives that improve efficiency by reducing costs in the long term.

CBT - Cash Based Transfers - set of transfer modalities through which beneficiaries are provided with purchasing power in the form of cash and/or value vouchers

CCI - Critical Corporate Initiatives - non-recurring investments funded by allocations from the PSA equalization account aimed at strengthening WFP's programming, operational and administrative capacity

CSPs - Country Strategic Plans

EB - Executive Board

General Fund (GF)- accounting entity established for recording, under separate accounts, indirect support cost recoveries, miscellaneous income, operational reserve and contributions received which are not designated to a specific programme category fund, trust fund, or special account

IFI - International Financial Institution

ISC - Indirect Support Costs - are costs which support the execution of activities which cannot be directly linked with their implementation

KPI - Key Performance Indicators

MP - Management Plan

Multilateral contributions – cash contributions provided by donors, which, at the time of confirmation, have not been designated to a specific programme category or bilateral project

PPR - Public Partnerships and Resourcing Division

PSA - Programme Support and Administrative (Budget) is the portion of the WFP budget that pertains to providing indirect support to WFP's activities

PSAEA - Programme Support and Administrative Equalization Account

Reserves - established by the Executive Board as facilities for operational support and for other specific funding purposes

Service Provisions - The provision of services consistent with the purposes, policies and activities of WFP to a party in exchange for payment

UN - United Nations

WEB - World Wide Web

WINGS - WFP Information Network and Global System