



World Food Programme
Programme Alimentaire Mondial
Programa Mundial de Alimentos
برنامج الأغذية العالمي

Executive Board
Second regular session
Rome, 13–16 November 2023

Distribution: General

Agenda item 6

Date: 6 November 2023

WFP/EB.2/2023/5-(A,B,C)/2

Original: English

Resource, financial and budgetary matters

For information

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

Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)

The Executive Director is pleased to submit herewith the report of the Advisory Committee on Administrative and Budgetary Questions pertaining to WFP. The report covers the following agenda item:

- WFP management plan (2024–2026) (WFP/EB.2/2023/5-A/1)
- Housing allowance of the Executive Director (WFP/EB.2/2023/5-B/1)
- Workplan of the External Auditor (WFP/EB.2/2023/5-C/1)

COPY OF LETTER RECEIVED FROM THE UNITED NATIONS — NEW YORK

Reference: AC/2270

Advisory Committee on
Administrative and Budgetary Questions

2 November 2023

Dear Ms McCain,

Please find attached a copy of the report of the Advisory Committee on your submission of the reports:

WFP management plan (2024–2026) EB.2/2023/5-A/1; Addendum to WFP management plan (2024–2026) EB.2/2023/5-A/1/Add.1; Housing allowance of the Executive Director EB.2/2023/5-B/1; and Workplan of the External Auditor EB.2/2023/5-C/1.

I should be grateful if you could arrange for the Advisory Committee's report to be placed before the Executive Board at its forthcoming session, as a complete and separate document. I would appreciate it if a copy of the document could be provided to the Advisory Committee at the earliest possible opportunity.

Yours sincerely,

Abdallah Bachar Bong
Chairman

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I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered four reports of the World Food Programme (WFP) Secretariat, which are being submitted to the WFP Executive Board annual session to take place in Rome, Italy, commencing on 13 November 2023. The WFP Management Plan (2024–2026) (EB.2/2023/5-A/1), the addendum to the Management Plan (EB.2/2023/5-A/1/Add.1), the review of the housing allowance for the Executive Director (EB.2/2023/5-B/1) are submitted to the Executive Board for approval; the Work plan of the External Auditor (EB.2/2023/5-C/1) for information. During the Advisory Committee's consideration of the reports, the Committee met with representatives of the WFP Secretariat, who provided additional information and clarification, concluding with written responses dated 23 October 2023.

II. WFP Management Plan (2024–2026)

Planned programme of work

2. The WFP management plan for 2024–2026 (EB.2/2023/5-A/1) presents a summary of WFP's planned programme of work for 2024–2026 and the budgetary support required to implement that programme in 2024. The report seeks approval from the Executive Board for the annual Programme Support and Administrative (PSA) budget, drawdowns from the PSA equalization account and unearmarked portion of the General Fund, setting the standard indirect support cost (ISC) rate that will be applied to contributions for the upcoming year, and the Immediate Response Account resourcing target level.
3. The report indicates that the number of people affected by chronic hunger is estimated to be up to 783 million in 2022, which is 122 million more people chronically undernourished than in 2019. Projections indicate almost 600 million people will face hunger in 2030, leaving the world far from the goal of achieving zero hunger by 2030. Current estimates indicate that up to 345 million people are projected to be acutely food insecure during 2023 in 79 countries where WFP operates. A further 40.4 million people are estimated to be at emergency or worse levels of acute food insecurity in 51 countries in 2023. (EB.2/2023/5-A/1, paras 11 to 13).
4. While in 2022, WFP received a record level of resources at USD 14.1 billion, the revised forecasted contributions for 2023 amount to USD 10 billion, or 42 percent lower than projected operational requirements. The forecast for 2024 is also set at USD 10 billion, reflecting the current outlook for the global economy (*ibid.*, paras 17-31). Upon enquiry, the Advisory Committee was informed that the level of contributions received by WFP for 2023 as of 2 October 2023 totaled USD 5.5 billion.

Fundraising

5. The report provides information on the diversification of the WFP funding base (*ibid.*, paras 32 to 48) and strategies for improving funding flexibility and predictability (*ibid.*, paras 49 to 54). Upon enquiry, the Advisory Committee was informed that with projected contributions of USD 10 billion and operational requirements of USD 22.7 billion for 2024, WFP is projecting an increasing funding gap and will continue its efforts in broadening and diversifying the donor base. Regarding the funding gap in recent years, the Committee was provided with the table below comparing operational requirements with confirmed contributions by year:

Fiscal Year	Operational Requirements* (USD billion)	Confirmed Contributions (USD billion)
2020	10.6	8.4
2021	12.3	9.5
2022	13.9	14.2
2023	19.7	5.5

Note: *Management Plan Operational Requirements are as per the figures included in Management Plan document published in November every year. Contribution information as of 2 October 2023.

6. Upon enquiry, the Committee was provided with the below table with information on contributions from 2020 to 2023 by donor groups:

Donor Groups	2020		2021		2022		2023	
	Confirmed Contributions (USD millions)	Percentage						
OECD-DAC governments	7,200	85%	7,697	80%	12,189	86%	4,603	83%
Non OECD-DAC governments	893	7%	818	9%	676	5%	493	9%
International Financial Institutions (Direct Only)	3	0%	273	3%	338	2%	5	0%
Private Sector	161	2%	494	5%	540	4%	174	3%
United Nations partnerships and joint programmes	445	5%	265	3%	437	3%	256	5%
Others	21	0%	30	0%	0	0%	5	0%
Total	8,423	100%	9,576	100%	14,180	100%	5,536	100%

7. The report indicates that WFP will employ the full scope of its financing facilities and tools in mobilizing resources, pursuing complementary sources of funding and seeking to forge high-impact and sustainable partnerships, including by facilitating greater cooperation between international financial institutions and governments, improving South-South and triangular cooperation, increasing fundraising from private sector businesses, foundations and individuals, thematic funds and United Nations funding instruments. In addition to traditional donor fundraising, innovative fundraising efforts include:

- a) *Leveraging domestic resources*: WFP promotes the national financing of programmes related to SDG 2 and in other areas, including through direct support and the use of initiatives such as the Emerging Donor Matching Fund. In 2022, WFP received USD 89 million in such contributions to programmes. Domestic funding for WFP is forecasted to reach USD 138 million in 2023 and 2024. (ibid., para 35)
- b) *Debt Swaps*: WFP will continue to advocate the use of debt relief measures, including by brokering debt-for-development swaps, to reduce the external debt of countries while investing in development activities in those countries (ibid., para 37). Upon enquiry, the Advisory Committee was informed that most debt swap transactions supported school feeding interventions. While France, Italy, Germany and Spain have a debt conversion program for bilateral development cooperation, debt swaps abide to a certain set of criteria (e.g., debt indicators threshold, political considerations, etc.) in order to trigger a debt swap opportunity from these bilateral donors. Multilateral donors do not use the debt-for-development swap instrument.

- c) *Private sector*: Income from the private sector (corporations, foundations and individuals) is projected to reach \$350 million in both 2023 and 2024. Of that total, more than USD 130 million is projected to be generated by the individual fundraising programme. Individual fundraising is the largest private sector contributor to flexible funding, with an estimated 30 to 35 percent of all individual contributions being flexible (ibid., paras 46-47). The Committee was provided with the below table that contains the recent trend in private sector donations:

Income (in millions)	2019	2020	2021	2022	2023	Total
Private Sector contributions	101	161	493	540	168	1,463
Individuals	16	42	91	104	69	323
% of Individuals	16%	26%	18%	19%	41%	22%
Ukraine Total	-	-	-	127	7	134
% of Ukraine	-	-	-	24%	4%	
Ukraine Individuals	-	-	-	15	2	17
Ukraine % of Individuals	-	-	-	15%	3%	

Note: 2021 includes 288m from Famine Relief Foundation managed and raised by Private Sector which was then registered for visibility reasons on request of the donor as public contribution.

- d) *United Nations partnerships*: In 2022, WFP received USD 260 million from key pooled funds such as the United Nations Peacebuilding Fund, country-based pooled funds and other United Nations funds. Pooled funds serve as an important instrument for promoting collaboration and efficient coordination among United Nations entities while allowing WFP to scale up humanitarian and development interventions with greater flexibility. WFP will continue to strengthen its engagement in key pooled funds so as to maintain similar levels of funding in 2023 and 2024. (ibid., para 43) Upon enquiry, the Advisory Committee was informed that 2023 contributions to date, from the UN Peacebuilding Fund amounted to USD 3.8 million and WFP is negotiating for more by end of the year. The Committee was also informed that WFP expects to receive a similar level of funding in 2023 and 2024 from the Central Emergency Response Fund as compared to 2022.
8. **The Advisory Committee notes the reduced contribution forecast for 2024 compared to 2022, as well as the fact that contributions as of September 2023, totaling USD 5.5 billion, are lagging in comparison to the revised income estimates of USD 10 billion (already a reduction from initially estimation at USD 11 billion). The Advisory Committee notes there is reduced income from all donor groups, more notably from donor OECD-DAC countries, IFIs and private sector, and encourages WFP to redouble efforts aimed at recovering its donor base, as well as diversifying its fundraising efforts.**
9. The report indicates that in 2022, WFP received a record USD 1.3 billion in flexible funding – 9.2 percent of total contributions – from 34 government donors and the private sector. WFP expects that in 2023 and 2024, flexible funding as a share of total revenue will remain stable at approximately 9 percent. (ibid, paras 50 and 51). Upon enquiry the Advisory Committee was informed that to better align with the Grand Bargain definition of flexible funding, in 2022 WFP introduced the “softly earmarked” funding category, which identifies contributions

that are earmarked at the thematic or regional level. The Committee was also informed that the increase in total flexible funds is tributary of both the donors' increased unearmarked contributions to the multilateral and the Immediate Response Account, as well as the new category of softly earmarked funding. So far in 2023, around 10 percent of confirmed contributions were flexible funds. The Committee was provided with the below table for the breakdown of flexible funds in 2021-2023 to date, as well as percentage against the total confirmed contributions.

	2021 USD millions (% of total contributions)	2022 USD millions (% of total contributions)	2023 To Date USD millions (% of total contributions)
Flexible funds	563 (5.9%)	1,307 (9.2%)	639 (11.6%)
Unearmarked multilateral	498 (5.2%)	530 (3.7%)	414 (7.5%)
Immediate Response Account	67 (0.7%)	98 (0.7%)	92 (1.7%)
Softly earmarked* (regional/thematic)	1 (0.01%)	679 (4.8%)	134 (2.4 %)

10. **While noting the establishment of the category of “softly earmarked” and the related increase in flexible funding in 2022, the Advisory Committee notes that the increase in total percentage of flexible funding for 2023 takes place in a scenario of reduced total amount of flexible funding and is reflective of a significant reduction on the earmarked contributions from donors. The Committee trusts that WFP will seek to expand the mobilization of flexible funding, including through a range of diverse fundraising initiatives, to further increase the total amount and percentage of unearmarked contributions and will report thereon in the next WFP Management Plan.**

Operational requirements

11. As of June 2023, WFP's operational requirements for 2024 are estimated at USD 22.7 billion. In 2024, WFP plans to reach 157 million people through 88 operations in more than 120 countries and territories, representing a 15 percent increase in operational requirements compared with the previous management plan. (ibid., para 60). The report further indicates that the provisional plan for 2024 has been formulated at the global level and its total value of USD 11 billion comprises the 2024 global contribution forecast of USD 10 billion, the estimated use of net carry-over contribution balances of USD 500 million and the projected revenue of USD 500 million from on-demand service provision. The report indicates that the provisional implementation plan for 2024 aims to reach 76 per cent of the beneficiaries planned in the operational requirements with 48 per cent of the projected resources. In 2023, WFP's provisional plan aimed to reach 93 per cent of the beneficiaries planned in the 2023 operational requirements with 61 per cent of the projected resources. (ibid, para 64, Table 3.1). **The Advisory Committee trusts that updated information regarding the contributions and the beneficiaries reached through WFP operations in 2023 will be provided to the Executive Board at the time of consideration of the present report.**

Programme support and business operations

12. The report presents the 2024 programme support and business operations budget at the level of USD 983 million, which is based on the objectives and methodology introduced by the bottom up strategic budgeting exercise (BUSBE) and reflects the planned budget

required to support and complement the organization's USD 11 billion provisional implementation plan. It represents an increase of USD 48.1 million or four per cent from the 2023 level, in a scenario of estimated eight per cent reduction in country strategic plans (*ibid*, para 99, table 4.1).

WFP's 2024 comprehensive budget

PROGRAMME SUPPORT AND BUSINESS OPERATIONS										
	Baseline				Other services	Direct	Total		CSPs	Comprehensive budget
	PSA (ISC)	CCIs (PSAEA)	TFs, SAs and others	Total baseline	TFs and SAs	CSPs, TFs and SAs				
2024	568.0	97.9	145.6	811.4	39.7	131.9	983.0		10 159	11 142
2023*	576.3	58.2	121.0	755.5	52.0	127.4	934.9		11 093	12 028
Increase (decrease)	(8.3)	39.7	24.6	55.9	(12.3)	4.5	48.1		(934)	(886)
% change	(1%)	68%	20%	7%	(24%)	4%	5%		(8%)	(7%)

Abbreviations: CCI = critical corporate initiative; ISC = indirect support costs; PSA = programme support and administrative; PSAEA = PSA equalization account; SA = special account; TF = trust fund, CSP = country strategic plan.

13. Upon enquiry, the Advisory Committee was informed that all activities included in the 2024 programme support and business operations budget have identified funding sources and are classified according to whether they are "baseline activities", "other services" or "direct activities". Baseline activities, which account for USD 811.4 million or 82.5 per cent of the total 2024 comprehensive budget and reflect an increase of USD 55.9 million or 7 per cent against the 2023 baseline budget. The Committee was further informed that the 2024 baseline budget is driven by three financial planning principles: reducing the administrative and financial burden on country operations, aligning the PSA budget with indirect support cost (ISC) income, and using reserves and fund balances judiciously. The increase over the 2023 baseline budget level is driven by:
- An increase in Critical Corporate Initiatives (CCI) of nearly 40 million due to the launch of 3 new CCIs.
 - An increase in 24.5 million, for Trust Funds and Special Accounts with the largest specific increase attributed to a trust fund focusing on strengthening WFP's emergency response capacity through improved preparedness and a projected increase in service provision managed through Special Accounts. The Trust fund is funded by direct donations.
14. **The Advisory Committee notes the increase in the baseline budget despite the estimated reduction on contributions from 2022 to 2024 being of 42 per cent and the downward trend in confirmed contributions for 2023 (see para. 8 above). The Committee is of the view that further clarity is needed on how the programme support and business operations budget in general, and the baseline and PSA budgets, more specifically, are expected to reflect scalability in line with the contributions forecast. The Advisory Committee trusts that further justifications will be provided to the Board at the time of consideration of the present report and in the next management plan.**

Programme support and administrative budget

15. A programme support and administration (PSA) budget of USD 568 million, reflecting a decrease of USD 8.3 million or one per cent from 2023, is proposed for the approval of the Executive Board. The report indicates that the PSA is a subset of the baseline budget funding, of which it funds 70 percent. The funding for the PSA budget is derived from amounts recovered from contributions to cover indirect support costs (ISC). WFP management proposes that the rate be maintained at 6.5 per cent in 2024, with specific exceptions for a reduced 4 percent rate under conditions that have previously been approved by the Executive Board.
16. The report indicates that in recognition of the funding outlook, activities have been prioritized to focus on the most critical needs and activities where past investments could be leveraged to realize efficiency gains (*ibid.*, para 133). The 2024 PSA budget proposes an increase of USD 11.8 million (24 percent) in the funding for country offices. For the regional bureaux, the proposed PSA allocations will decrease by only 1 percent. Overall, the headquarters department budgets will decrease by 6 percent to absorb the overall decrease in PSA funding and to enable the increase in the country office (*ibid.*, table 4.5). The Advisory Committee was informed that all Departments are observing a reduction in PSA compared to 2023. In some cases, these reductions are mitigated with one-time investments in CCIs or mitigated with projected Trust Fund or Special Account, resulting in projected increase in the baseline amount received by Operations Management (USD 23.5 million increase, 27 percent), Programme and Policy Development (USD 15.4 million increase, 17 percent) and Partnerships and Advocacy (USD 3.9 million increase, four percent) Departments. Table A.II.2 contained in Annex II of the Management Plan provides information on the PSA budget by organizational level, staff and non-staff costs, over time since 2022 (also in annex 1 to this report).

Organizational level	2024 PSA budget allocation	2023 PSA budget allocation	USD value difference	% change
Country offices	60.2	48.4	11.8	24
Regional bureaux	115.7	116.4	-0.7	-1
Offices of the Executive Director and Chief of Staff	56.2	57.2	-1.0	-2
Management Department	95.2	101.3	-6.1	-6
Operations Management Department	53.6	61.6	-8.0	-13
Partnerships and Advocacy Department	63.8	65.7	-1.9	-3
Programme and Policy Development Department	52.4	56.9	-4.5	-8
Workplace Culture Department	35.3	36.8	-1.5	-4
Central appropriations	35.6	32.0	3.6	11
Total	568.0	576.3	-8.3	-1

17. In relation to the table A.II.2, the Advisory Committee was informed upon enquiry, that the increase in the budget line "other" in 2024 as compared to the 2022 actual costs is mainly due to the additional targeted PSA Country Office allocation of USD 10 million planned to address funding challenges that undermine compliance with accountability, assurance

standards and policy implementation at local level. The specific type of cost covered by this targeted allocation in 2024 will vary based on the specific challenges faced but may include costs associated with monitoring risks, identifying and addressing internal control weaknesses. The table further indicates that the allocations to Country Offices changed from 9 per cent in 2022 to 10.6 per cent in 2024, from the total PSA budget. At the same time, allocations to bureaux and headquarters have remained steady or decreased slightly over the same time period.

18. The Advisory Committee recalls that WFP's corporate budgeting framework builds on the methodology adopted during the bottom-up strategic budgeting exercise (BUSBE) launched by the Executive Director in 2020 and that a new budget methodology came into effect on 1 January 2022. The Committee further recalls that during the development of the 2023 budget the classification of activities was reviewed, resulting in the reclassification of a number of activities between the baseline, other services and direct activity categories. (see AC 2234, para. 16). Upon enquiry, the Advisory Committee was provided with a table containing PSA budget allocation for the period 2019 – 2024 (please see Annex II) The Advisory Committee notes that the PSA budget allocated to country offices went from USD 103.4 million in 2021 (or 23.3% of 2021 PSA budget) to USD 43 million in 2022 (or 8.7% of PSA budget) after the introduction of the new budget methodology, The Advisory Committee further notes that the change in cost classification introduced by the BUSBE methodology increased the percentage of PSA directed to Headquarters (from 54.5% of PSA budget in 2021 to 62.8% of PSA budget in 2024). **The Advisory Committee notes that, for 2024, the PSA budget allocation aims at increasing the support to country offices, elevating the proposed amounts to USD 60.2 million from USD 48.4 million in 2023. The Advisory Committee further notes current proposals include additional USD 85 million from unearmarked portion of the General Fund to country offices (see para. 28 below). The Advisory Committee recalls its past recommendation for an assessment of the implementation of the BUSBE methodology and trusts that updated information thereon will be included in the next WFP report, including as it pertains to the appropriateness of the new methodology in relation to support to country offices, as well as to the introduced new cost classifications.**

Indirect support cost rate

19. The report indicates that the indirect support cost (ISC) rate is calculated to ensure that the cost of the activities defined in the PSA budget can be fully funded from projected contribution revenue (ibid., para 172 and table 4.8). Upon enquiry, the Advisory Committee was informed that for 2024, management proposes to maintain a standard ISC rate of 6.5 percent and a lower rate of 4 percent, in line with General Rule XIII.4 (e), for contributions from the governments of developing countries and countries with economies in transition, as determined by the Board; governments contributing to programmes in their own countries; and international financial institutions under such conditions as shall be determined by the Board. The derived standard ISC rate for 2024 has been calculated, as shown in table 4.8, using the methodology established in 2006 ("Review of Indirect Support Costs Rate" (WFP/EB.A/2006/6-C/1)). The calculated ISC rate of 6.78 would cover the costs of the PSA budget and would allow for funding for new and existing CCIs in 2024 and 2025 while maintaining a PSAEA balance within the range of the PSAEA target. As the projected PSAEA balance at the end of 2024 will be higher than the target ceiling of five months, there is no need to increase the ISC rate to raise the PSAEA balance. **The Advisory Committee trusts that additional information on the calculation of PSAEA balance within range as an element that allows for the Indirect Support Cost to be below the calculated rate of 6.78 be provided to the Executive Board. The Committee also trusts that additional information on possible impact of a scenario of reduced contributions and increased programme support and business operations' budget might have on the ISC rate will be provided to the Executive Board at the time of consideration of the present report.**

Proposed use of the programme support and administrative and equalization account (PSAEA)

20. The report indicates that the Executive Board is requested to approve a transfer of an unspent balance of approximately USD 7 million, remaining from the 2022 allocation which was approved as thematic funding for wellness programmes specifically intended for joint United Nations COVID-19 response activities. Owing to the decline in the risks posed by the Covid-19 pandemic, those activities were completed ahead of schedule. Management is proposing to use the unspent funds to address new wellness projects and recommendations stemming from the fund's 2022 global health survey (ibid. paras 181-183).

Replenishment of the Immediate Response Account (IRA)

21. The report indicates that WFP management is requesting the Board to approve the replenishment of the Immediate Response Account in the amount of USD 50 million. This is in line with the request in the previous management plan. The transfer will improve the availability of funds in the first quarter of 2024 while WFP continues to engage with donors to replenish the IRA (ibid., paras 184-186).

Internal Project Lending and Global Commodity Management Facility ceilings

22. Upon enquiry, the Advisory Committee was informed that the Board, during its second regular session in 2022, approved WFP's establishment of Internal Project Lending (IPL) and Global Commodity Management Facility ceilings at 10 percent of the prevailing global contribution forecast at any given time. For Internal Project Lending, there is a stipulation that the ceiling should not exceed the operational reserve leverage ratio of 10:1. Currently, the total operational reserve for IPL is \$130 million, which means the total IPL ceiling cannot exceed 10% of global forecasts and shall not surpass \$1.3 billion in total. Commodity loss and damages under the Global Commodity Management Facility are fully covered by self-insurance, along with a \$6 million operational reserve set aside as an additional safety net. In the event of a decrease in the global contribution forecast, the ceilings would adjust proportionally, and management would take steps to align IPL and GCMF balances with the lowered ceilings. In the case of IPL, this would involve limiting new advances and accelerating repayments where possible. For the GCMF, it would entail reducing the replenishment of GCMF stock and accelerating sales to country offices where feasible. **The Advisory Committee trusts that detailed information on the implementation on the new percentage ceiling, including for a reduced amount, and any eventual destination of surplus in the IPL reserve balance will be provided to the Executive Board in the related report.**

Use of the PSAEA for Corporate Priorities

23. The six Critical Corporate Investments (CCIs) proposed for 2024 and 2025 represent an incremental investment of USD 88.4 million for CCIs and includes USD 22 million of unused funds carried over from 2023. The corresponding amounts for approval are: i) Investing in WFP people (USD 27.0 million): this CCI is in its third year and aimed at addressing talent management and workforce planning, workplace culture and conduct; ii) Monitoring, Identity Management and Traceability (USD 23.7 million): this is new CCI with goal to address issues around organization management, identity management, and monitoring; iii) Fit for future in a changed funding landscape (USD 7.9 million): this is a new CCI with the goal to improve resource mobilization, building partnerships, including with the private sector; iv) Corporate process optimisation (USD 21.0 million): this is a new CCI with a focus to maximize efficiency and accountability and prioritizing innovation; v) United Nations Sustainable Development Group (UNSDG) efficiency road map (USD 5.8 million): this CCI addresses the theme of effective partnerships and the achievement of efficiencies vi) Country office support model optimization and simplification (COSMOS) (USD 3.0 million): this CCI relates to improving the effectiveness and efficiency of the support provided to country offices by global

headquarters. (ibid, paras 187-211, Annex III- Concept Notes). The information is presented in table 4.11 (see below).

CCI name	2024	2025	Multi-year total	Less: carry-over from 2023	Total requested funding
People Investing in WFP people	32.4	-	32.4	5.4	27.0
Monitoring New – Monitoring, Identity Management and Traceability	20.8	2.9	23.7	-	23.7
Partnerships New – Fit for future in a changed funding landscape	6.9	1.0	7.9	-	7.9
Efficiency	37.8	8.6	46.4	16.6	29.8
<i>New</i> – Corporate process optimization	12.4	8.6	21.0	-	21.0
UNSDG efficiency road map	5.8	-	5.8	-	5.8
COSMOS	3.0	-	3.0	-	3.0
Strategic plan/corporate results framework implementation	12.8	-	12.8	12.8	-
Termination indemnity fund	3.8	-	3.8	3.8	-
Total	97.9	12.5	110.4	22.0	88.4

Abbreviations: COSMOS = country office support model optimization and simplification; UNSDF = United Nations Sustainable Development Group.

24. Upon enquiry, the Advisory Committee was provided with a table on approved budget and expenditures of the four existing CCIs:

Critical Corporate Initiatives Name	Approved Budget	Time Frame	Staff*	Consultancy	Duty Travel	Training, Meetings & Workshops	Rent, utilities and supplies	Communications, IT services and equipment	Services from and contributions to other United Nations entities	Commercial Consultancy Services	Other	Total
COSMOS	3.2	2023	1.1	0.6	0.1		0.0	0.0			0.0	1.9
People Policy	52.3	2022–2023	18.9	7.6	3.6	4.0	1.1	0.6	0.1	3.7	1.5	41.1
Strategic plan/corporate results framework implementation	29.0	2022–2023	0.7	2.7	0.5	0.1	0.0	3.7		3.2	0.5	11.4
Termination Indemnity	10.0	2022–2023	1.2								0.0	1.2
UNSDG Efficiency Roadmap	6.6	2023	0.9	1.7	0.5	0.1	0.0	0.0	0.1	0.7	0.5	4.4

Note: Expenditures include Pre-commitments, Commitments and Actuals

*Includes total fixed-term, short-term and local staff, temporary assistance, and overtime.

25. **The Advisory Committee notes that despite recent years of underexpenditures of resources allocated to CCIs and the expected reduction of estimated contributions to WFP, the programme management and support costs present a significant increase in the resources for CCIs. The Advisory Committee is of the view that WFP should improve the accuracy of its planning assumptions on CCIs and, while noting the information provided in Annex III, the Committee trusts that performance information will be further enhanced in future iterations, including additional justification for underexpenditures. The Committee trusts that updated performance information on the CCIs will be provided to the Board at the time of consideration of the present report.**

Unearmarked portion of the General Fund; transfer to the Operational Reserve

26. The Executive Board is requested to approve the transfer of USD 100.4 million from the unearmarked portion of the General Fund in support of country offices:
- a) USD 15.4 million for an early repayment to the Capital Budget Facility for the Human Capital Management (HCM) platform, which will improve people management, human resource services and data-driven people management decisions.
 - b) USD 85 million for a country office safety net to mitigate the impact of reductions in contribution revenue on country offices that are transitioning to lower resourcing and operational levels. (ibid., paras 218-225)
27. Upon enquiry, the Advisory Committee was informed that the unearmarked portion of the General Fund has been used in the recent past to indirectly fund Country Offices such as last year's allocations to strengthen the Immediate Response Account (IRA) (USD 100 million), to fund the Changing Life Transformation Fund (CLTF) (USD 55 million), to replenish the Emerging Donor Matching Fund (EDMF) (USD 30 million), etc. (ref. "Update to WFP management plan (2022-2024)" WFP/EB.A/2022/6-D/1). WFP management views this recommendation as a means to maintaining high standards of assistance, meeting established norms and assurance standards and targeting the right people while adjusting to lower resourcing levels. With regards to the criteria to be employed by WFP on the allocation of the requested resources to Country Offices, the Advisory Committee was informed that operational and financial monitoring tools will be used to select the countries most in need of support, considering factors such as the complexity of the operational environment, including the risks related to instability, migration and staff safety; the risks posed to operational integrity from a drastic and rapid scale-down; and the potential benefits that an injection of resources would bring. The Committee was further informed that the use of the allocation in specific country offices would be determined depending on the operational and financial situation of the office. All allocations to country offices will be subject to the approval of the Executive Director, drawing upon existing budget governance structures as appropriate. Indicated potential uses of the fund include the following:
- transition or bridging costs for cooperating partners impacted by a lower level of implementation;
 - the cost of retargeting exercises including communicating the results, developing a revised implementation plan and sensitizing beneficiaries, communities, partners and other stakeholders;
 - costs of ensuring the capacity of community feedback mechanisms to receive and manage feedback from those affected by reductions in assistance;

- discrete investments that have proven cost savings or strong potential to leverage additional support;
- costs associated with the reduction in WFP's footprint, including warehouse and office closures and payment of termination indemnities to employees; and
- coverage of fixed costs to temporarily alleviate financial stress while downsizing plans are implemented or until new funding is received, particularly in volatile operations when WFP's agility to scale up may be compromised.

28. **The Advisory Committee notes that the proposal would constitute the first instance of direct use of unearmarked portion of the General Fund to country offices. The Advisory Committee, recommends the Executive Board to consider giving guidance and establishing adequate allocation procedures and criteria on the proposed use of the unearmarked portion of the General Fund to country offices, in line with regulations adopted for the use of the CLTF and EDMF funds.**

Staffing matters; People management

29. In line with the WFP people policy and the strategic workforce planning initiative, WFP will continue to improve the contractual conditions of its employees, especially those who have been performing essential functions for several years but remain on short-term contracts. The pace of conversion in 2024 will slow considerably compared with 2022 and 2023, when significant levels of funding were allocated to accelerate the conversions. Despite the funding constraints in 2024, the proportion of fixed-term to short-term staff will increase by three percentage points. Compared with the PSA in 2021, the year before the staffing framework was launched, the number of fixed-term PSA-funded positions have grown by 30 percent (*ibid.*, para 166). **The Advisory Committee notes the continued efforts made by WFP in converting service contracts to fixed term appointments. The Committee trusts that information on the implementation of further progress in the priority area of "people management" in a possible scenario of reduced contributions be provided to the Executive Board during the consideration of current report and in the next report.**

Geographic representation

30. Upon enquiry, the Advisory Committee was provided with the tables below providing the gender and geographical distribution of the current international staff, as well the breakdown of staff from developing and developed countries.

International Professional Staff by Gender and Geographical Region

Please note the content of this report is confidential. Please do not share with anyone without the written consent of HRMOI

1) Excludes African Risk Capacity (ARC) Staff, and staff on leave without pay or on loan or secondment to other UN agency

2) Includes International Professional Staff with Fixed Term, Indefinite Appointment, and Continuing Contract Types

3) Region of Nationality as per: <https://www.un.org/dgacm/en/content/regional-groups>

NUMBER OF INTERNATIONAL PROFESSIONAL STAFF, BY REGIONS OF NATIONALITY, GENDER AND PERSONAL GRADE LEVEL

REGION OF NATIONALITY	GENDER	GRADE LEVEL									
		P-1	P-2	P-3	P-4	P-5	D-1	D-2	ASG	USG	Total
African Group	F	0	32	106	82	46	14	3	0	0	283
	M	0	36	201	160	56	13	10	0	0	476
	Total	0	68	307	242	102	27	13	0	0	759
Asia-Pacific Group	F	0	18	75	50	22	6	2	0	0	173
	M	1	28	92	74	26	11	3	0	0	235
	Total	1	46	467	124	48	17	5	0	0	408
Eastern European Group	F	0	5	18	19	7	6	0	0	0	55
	M	0	3	13	17	9	3	0	0	0	45
	Total	0	8	31	36	16	9	0	0	0	100
Latin American and Caribbean Group (GRULAC)	F	0	12	31	19	7	4	0	0	0	73
	M	1	5	14	21	10	1	1	0	0	53
	Total	1	17	45	40	17	5	1	0	0	126
Western European and Others Group (WEOG)	F	6	45	184	207	93	32	12	2	1	582
	M	0	18	135	170	119	48	23	1	0	514
	Total	6	63	319	377	212	80	35	3	1	1096
Total		8	202	869	819	395	138	54	3	1	2489

International Professional Staff Nationality (Developed vs. Developing)

INTERNATIONAL PROFESSIONAL STAFF NATIONALITY					
(developed vs. developing)					
Year	Absolute No. of Staff Developed Countries	% of Staff from Developed Countries	Absolute No. of Staff Developing	% of Staff from Developing Countries	Total
2019	906	56%	721	44%	1 627
2020	956	55%	772	45%	1 728
2021	1 013	54%	869	46%	1 882
2022	1 115	53%	986	47%	2 101
2023	1 228	50%	1 206	50%	2 434

31. **The Advisory Committee notes the imbalance in geographic representation amongst international staff and trusts that updated information on the efforts to improve geographic representation at all levels including non-staff personnel, including a more detailed breakdown of geographical representation in WFP by nationality, will be reflected in the next Management Plan.**

32. Upon enquiry, the Advisory Committee was informed that WFP had developed an Anti-Racism Action Plan and, while currently being reviewed at the senior level, actions are already underway. The plan comprises recommended actions to create a more equitable and inclusive environment by actively addressing and eliminating racism and discrimination. It involves a multifaceted approach that includes education and training, recommends policy and practice modifications, diversity initiatives to increase under-represented groups, and ongoing evaluation to ensure progress is made and measured. **The Advisory Committee trusts that updated information on WFP's anti-racism policy will be provided in future reports.**

Addendum to WFP management plan (2024-2026) (EB.2/2023/5-A/1/Add.1)

Changes to WFP organizational structure

33. The report submitted to the Executive Board for approval, indicates that as the outcome of the Executive Director's review of the organization, a revised organizational structure is proposed to improve agility and response times. According to WFP, the new structure brings together multiple functions (operations, partnerships, workplace management) along with field and regional teams under the purview of the Chief Operating Officer/ Deputy Executive Director. At the same time, the Chief Financial Officer has been moved from the line functions and reports directly to the Executive Director (EB.2/2023/5-A/1/Add.1, paras 1-4). The report further indicates the budgetary implications will be absorbed within the 2024 proposed PSA budget, and a second phase of the structural review is expected (EB.2/2023/5-A/1/Add.1, paras 5-6).
34. Upon enquiry, the Advisory Committee was informed that the Executive Director, under General Regulations Article VII.5, "shall be responsible for the staffing and organization of the Secretariat." The Executive Board, under General Regulations Article VI.2(b), is "responsible for the intergovernmental supervision and direction of the management of WFP." As concerns budgetary authority, General Regulations Article XIV.6(a) further provides for the Executive Board to approve the annual WFP budget. It is pursuant to this authority that the Board approves the appropriation lines in the management plan. The Executive Board has delegated certain budgetary authority to the Executive Director through the Financial Regulations, including the authority to make transfers within each of the main appropriation lines, and to make transfers between appropriation lines up to limits the Executive Board may specifically set (Financial Regulation 9.7).
35. The Committee was further informed that the preparations for the management plan (2024-2026) document (WFP/EB.2/2023/5-A/1) began in April with the budgeting process and in May with the content drafting process and the document was finalized in September. Throughout this process, WFP Executive Board was informed several times that the senior management structure would be reviewed. In September 2023, WFP launched an internal review of its organizational structure at the headquarters (HQ) level to understand how to evolve as an organization and manage the challenges ahead. This review was informed by a desk analysis of WFP, an external benchmark of UN entities of a similar size and scope of work, and an internal consultation involving all WFP Country Directors, Regional Directors and HQ Division Directors. By reviewing the organization structures of UNHCR, UNICEF, UNDP and IOM, the Advisory Committee notes two different approaches to the position of deputy, working either as part of the Executive Office, to which many departments/entities report directly, or as the person responsible for operations or management (in one case one deputy for each of these areas). The Committee also notes that the position of Chief Financial Officer is usually integrated with management functions.

36. **The Advisory Committee is of the view that further clarification and justification on the proposed changes in the organizational structure of WFP should be provided to the Executive Board at the time of consideration of the present report, including on how the proposed structure corresponds to other similar UN entities, and on the proposed span of control of the Deputy Executive Director and Chief Operations Officer, as well as on the placement of the Chief Financial Officer. The Advisory Committee also trusts that additional information on the impact of the proposed structural changes on the Management Plan and Budget proposed, and how the information presented on proposed budgets by Departments should be considered in light of the new structure, will be clearly presented for consideration by the Executive Board.**

Other Matters

Blended financing arrangement with United Nations Capital Development Fund

37. Upon enquiry, the Advisory Committee was informed that the WFP Innovation BRIDGE launched, on 1st July 2022 by WFP and the United Nations Capital Development Fund (UNCDF), is meant to attract greater investments to contribute to achieve SDG 2: Zero Hunger. This catalytic funding facility uses grant funding to invest in impact businesses (companies and NGOs), via concessional loans and guarantees. Initial funding (USD 500,000) was provided by WFP from previously raised funds dedicated to innovative finance activities. WFP together with UNCDF, actively engage in resource mobilization efforts to regularly replenish and increase the amount of funding available. Depending on sectoral and geographical expertise, an 'Implementation Officer' from UNCDF or WFP, prepares funding proposals. UNCDF as the Facility Manager then evaluates the proposals and makes independent risk assessments and investment decisions. UNCDF then enters into the loan and guarantee agreements with investees.
38. The Committee was further informed that WFP reached the highest annual income raised from the private sector, USD 540 million in 2022. Collectively, private donors represented WFP's fourth largest donor in 2022. The newly proposed CCI 'Fit for Future' will focus on identifying new partnership and resourcing opportunities with the private sector, including blended financing options. **The Advisory Committee notes the efforts of WFP in seeking innovative financing solutions and trusts that further information on its processes for risk management and due diligence of private sector partners will be provided in future reports.**

III. Housing allowance of the Executive Director (EB.2/2023/5-B/1)

39. The report (EB.2/2023/5-B/1) submitted to the World Food Programme (WFP) Executive Board for approval, indicates that the Executive Director's housing allowance should be set at EUR 160,000 per annum, inclusive of services and utilities, effective from 1 April 2023. The document provides background information (ibid., paras 1 - 2), methodology used to review the allowance (ibid., paras 3 - 8), current and past practices at FAO and IFAD (ibid., paras 9-10) and final preferences of the Executive Director (ibid., para 11). Upon enquiry, the Advisory Committee was informed of the decision of the WFP Executive Director to keep the proposed housing allowance at EUR 160,000 per annum even if the WFP Secretariat deemed that a slight increase would be appropriate, at EUR 180,000. The Advisory Committee was further informed that, with respect to the EUR 180,000, this is the ceiling for the housing allowance provided to the President of IFAD (as approved under IFAD Governing Council Resolution 216/XLIV dated 18 February 2021) and the same allowance accorded to the Director-General of FAO until 31 July 2023. As of August 2023, the FAO Conference decided, through its resolution 1/2023, that the organization would directly rent appropriate accommodation to be assigned as the official residence of the FAO Director-General and would pay related expenses, in lieu of a rental subsidy. The Committee was also informed

that the International Civil Service Commission in New York had recommended WFP to use "country specific" indices which reflect more the appropriate housing allowance for the Executive Director. Specifically, the Harmonized Index of Consumer Prices (HICP) by Eurostat, and the Consumer Price Index (CPI) by Istat, were used in the determination of the Executive Director housing allowance. The analysis conducted to determine the Executive Director housing allowance was based on the review made by a consulting firm commissioned by WFP. **While noting the proposal of the Executive Director to maintain the level of the housing allowance from previous years, the Advisory Committee trusts that, in a scenario of decreased contributions, further justification will be provided to the Board on the proposed level. The Advisory Committee further notes the lack of a harmonized approach among the United Nations system entities based in Rome on the determination of the housing allowance of their highest official and trusts that any lessons learned from FAO's recent decision on the issue will be shared with the Executive Board.**

ANNEX I

TABLE A.II.2 PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL, STAFF AND NON-STAFF COSTS													
(USD thousand)													
	Year	Staff*	Consultancy	Duty travel	Training, meetings and workshops	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	2022	33 505	1 074	1 674	393	3 648	2 018	618	19	829	225	1 960	45 962
	2023	33 817	0	0	0	0	531	0	0	0	0	14 054	48 401
	2024	35 946	0	1 500	410	8 533	1 477	600	20	900	0	10 850	60 236
Regional bureaux	2022	62 726	11 855	7 290	2 845	5 873	4 615	143	7	1 361	5 685	2 110	104 509
	2023	87 591	12 127	4 912	1 616	2 395	2 757	176	49	421	607	3 787	116 437
	2024	90 598	10 858	4 676	1 579	2 281	2 955	150	81	683	603	1 250	115 714
Headquarters	2022	198 749	48 651	11 250	2 722	10 199	18 472	1 122	91	3 810	28 507	9 361	332 936
	2023	276 999	42 875	11 811	4 916	9 826	10 193	46	191	483	9 847	12 266	379 453
	2024	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	2022	28 836	5 083	2 209	455	530	1 926	890	3	2 575	4 314	509	47 330
	2023	43 060	1 888	2 851	754	270	2 135	28	83	21	5 244	818	57 151
	2024	43 646	2 012	2 111	694	187	1 836	30	44	325	5 006	244	56 135
Management Department	2022	49 548	13 111	1 641	557	5 869	9 083	50	79	61	5 756	2 574	88 330
	2023	72 399	13 027	1 774	719	7 010	3 035	0	5	36	870	2 393	101 269
	2024	68 853	13 184	1 241	479	3 680	6 149	0	5	16	519	1 105	95 231
Operations Management Department	2022	33 161	7 402	2 440	285	609	2 175	0	0	329	1 135	2 249	49 785
	2023	45 528	7 046	2 073	1 032	59	1 206	0	11	226	614	3 823	61 617
	2024	44 794	5 047	750	176	52	799	0	10	179	0	1 784	53 591

ANNEX I continued

TABLE A.II.2 PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL, STAFF AND NON-STAFF COSTS													
(USD thousand)													
	Year	Staff*	Consultancy	Duty travel	Training, meetings and workshops	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
Partnerships and Advocacy Department	2022	37 885	9 315	2 490	629	2 708	2 541	13	9	330	1 409	2 976	60 305
	2023	49 285	8 835	1 980	278	2 169	1 973	17	24	56	0	1 060	65 678
	2024	46 734	9 708	1 636	156	2 630	1 597	18	44	45	158	1 028	63 753
Programme and Policy Development Department	2022	29 876	9 981	2 138	503	327	1 634	0	0	367	9 966	1 005	55 798
	2023	38 703	7 764	2 077	2 070	274	1 089	0	44	129	2 120	2 677	56 946
	2024	38 846	8 307	1 388	383	154	913	0	70	57	949	1 344	52 409
Workplace Culture Department	2022	19 444	3 760	331	293	156	1 113	169	0	147	5 926	47	31 386
	2023	28 023	4 316	1 056	63	44	755	0	24	16	1 000	1 494	36 791
	2024	29 606	3 656	577	136	29	655	0	22	11	11	583	35 286
Central appropriations	2022	1 821	354	207	16	446	299	2 224	0	19 647	526	4 082	29 623
	2023	2 882	0	0	600	0	0	2 696	0	22 683	0	3 124	31 986
	2024	2 499	581	791	665	155	425	4 474	1	24 748	1 237	50	35 625
Total	2022	296 801	61 934	20 422	5 976	20 166	25 405	4 106	117	25 647	34 943	17 512	513 029
	2023	401 288	55 002	16 722	7 132	12 221	13 482	2 918	239	23 587	10 454	33 230	576 277
	2024	401 521	53 353	14 670	4 677	17 700	16 806	5 271	297	26 964	8 482	18 238	567 979

* Includes total fixed-term, short-term and local staff, temporary assistance, and overtime.

ANNEX II

<i>PSA BUDGET ALLOCATION 2019–2024 (USD million)</i>						
	<i>2024 Total</i>	<i>2023 Total</i>	<i>2022 Total</i>	<i>2021 Total</i>	<i>2020 Total</i>	<i>2019 Total</i>
<i>Country Offices</i>	60.2	48.4	43	103.4	98.1	82.6
<i>Regional Bureaux</i>	115.7	116.4	105.3	81.8	80.6	72.3
<i>Regional Bureaux for Asia and the Pacific</i>	18.9	18.6	15.9	13.7	13.9	13.2
<i>Regional Bureaux for the Middle East, Northern Africa and Eastern Europe</i>	19.2	18.4	16.5	14.9	14.9	13.5
<i>Regional Bureaux for Western Africa</i>	22.8	23.7	22	16.4	15.8	12.1
<i>Regional Bureaux for Southern Africa</i>	16.2	16.2	14.8	12	11.9	11.3
<i>Regional Bureaux for Eastern Africa</i>	20.5	21.2	19.5	14.4	13.9	13
<i>Regional Bureaux for Latin American and the Caribbean</i>	18.2	18.2	16.6	10.5	10.3	9.2
<i>Headquarters</i>	356.5	379.5	319.1	241.7	228.1	214
<i>Operational Management Department</i>	11.2	9.6	9.1	7.7	7	7
<i>Divisions reporting to the Executive Director</i>	56.1	49.6	45	37.5	33.9	30.2
<i>Supply Chain, Emergencies and Security Department</i>	53.1	63.6	47.4	38.5	34.1	30.4
<i>Partnerships & Advocacy Department</i>	63.8	65.7	58.7	44	44.3	44.1
<i>Programme and Policy Development Department</i>	52.4	64.1	52.2	36.6	32.1	27.3
<i>Management Department</i>	84.5	90	76.9	57.2	57.3	56
<i>Workplace Culture Department</i>	35.3	36.8	29.9	20.2	19.4	19
<i>Central Appropriations</i>	35.6	32	28.7	16.5	16.7	16.2
<i>Grand Total</i>	568	576.3	496.1	443.5	423.6	385.1