World Food Programme

SAVING LIVES
CHANGING LIVES

Second Informal Consultation on the Management Plan (2020-2022)

WFP Executive Board, 5 September 2019

Extracts provided in advance of today's informal consultation

Management Plan (2020 - 2022)	Extracts
Executive Summary	
Draft Decisions	Presented today
Section I: Introduction	✓
Section II: Funding Context and Resourcing Assumptions	✓
Section III: Operational Requirements for 2020	✓
Section IV: Programme Support and Administrative Budget	✓
Section V: Management Performance Measurement	✓
Section VI: Trust Funds and Special Accounts	✓
Annex I: Concept notes on proposed Critical Corporate Initiatives	✓

A complete draft of the Management Plan (2020-2022) will be distributed by 18 October

AGENDA

1 Section-by-Section Review of the Document

- Section 1: Introduction
- Section 2: Funding Context and Resourcing Assumptions
- Section 3: Operational Requirements for 2020
- Section 4: Programme Support and Administrative Budget
- Section 5: Management Performance measurement
- Section 6: Trust Funds and Special Accounts

2 Draft Decisions

Section-by-Section Review of the Document

Section 1: Introduction

Section 1 provides a framework for understanding the Management Plan proposals

Reader's Guide and Structure of the Document

Contains:

- Short guide on how to read the Management Plan
- Overview of purpose and content of each section

Paras. 1-4

Global Economic and Political Context

Assessment of external factors that may impact WFP's work:

- Economic outlook
- Conflict
- Climate variability

Paras. 5-23

Organizational Context

New organizational structure at headquarters to promote a culture of change

Organizational structure aligns with six corporate priorities

Permanent delegations of authority foreseen from 1 March 2020

Paras. 24-32

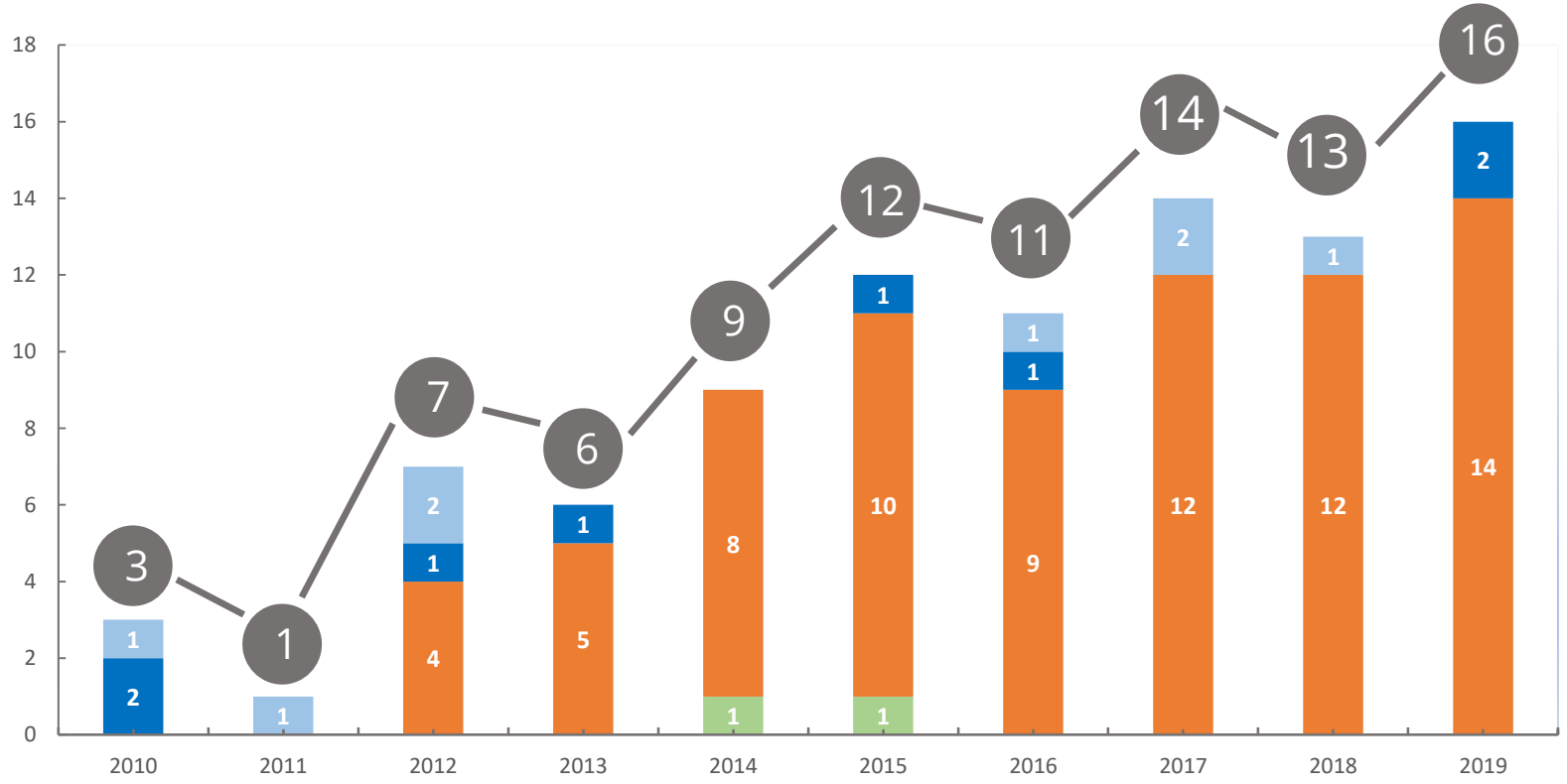
Context of WFP's operations (2010 – 2019)

Outbreak

Complex Emergency

Sudden-onset natural disaster

Slow-onset natural disaster



WFP operating in an environment of protracted complex emergencies and increasing food insecurity

Section-by-Section Review of the Document

Section 2: Funding Context and Resourcing Assumptions

Funding Context and Resourcing Assumptions

Provides the background for WFP's 2020 revenue forecast of USD 7.45 billion

Financial Context

- WFP funding trends 2019-2021 forecast
- L3 emergency responses account for > 50% of programme of work
- Possible effects of changing political landscapes on WFP income

Paras. 33-41

Flexible Funding

- Greater funding flexibility contributes to more efficient operations
- Benefits deriving from reduction in donor restrictions

Paras. 60-65

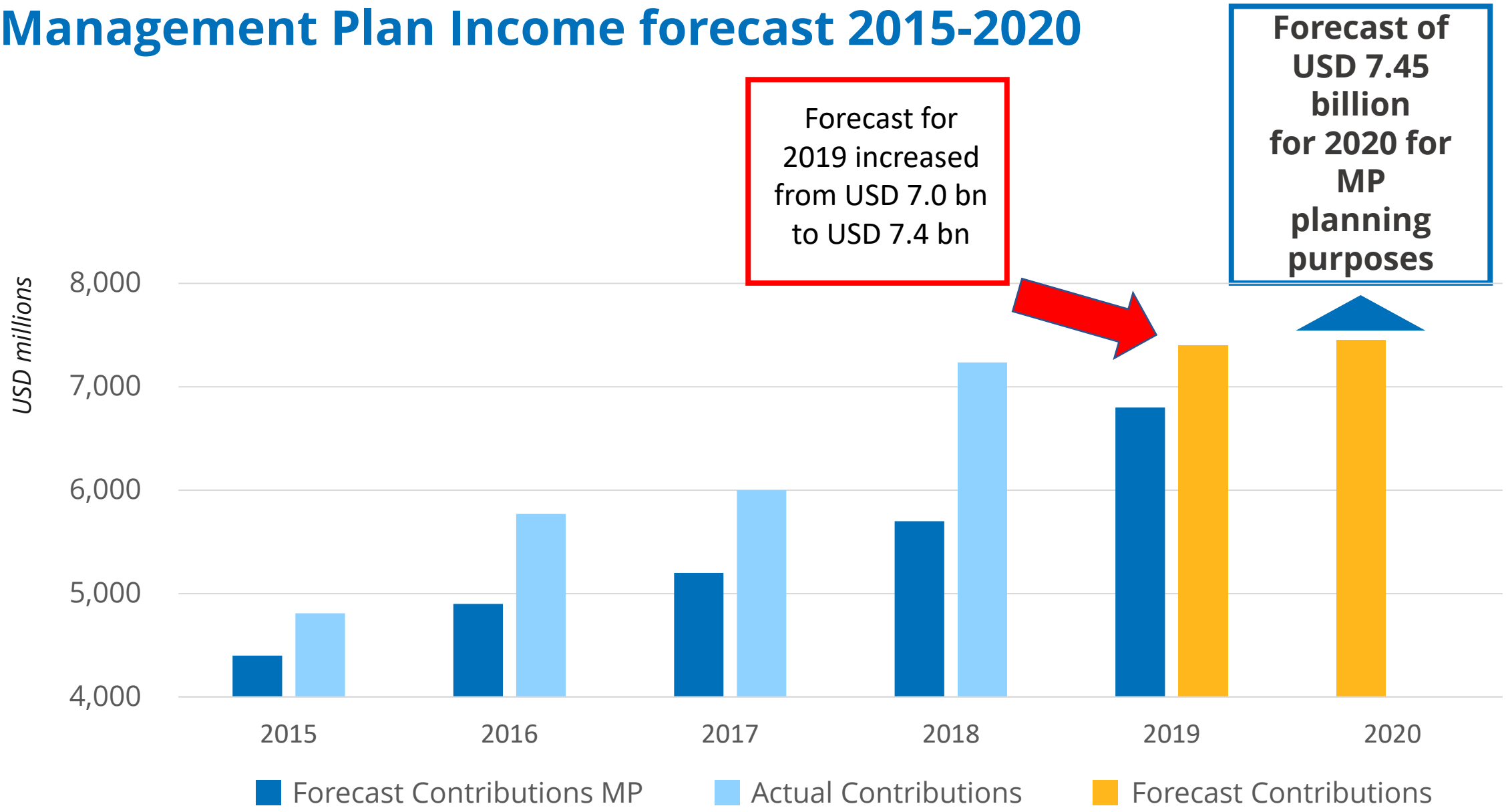
Actions being taken

- Dialogue with resourcing partners to promote reduced earmarking and increase multi-year funding
- Intensifying strategic engagement with government partners, IFIs
- Increased attention to UN pooled funds

Paras. 42-48; 60-65

WFP continues to advocate for needs while emphasizing the necessity of flexibility to support operational efficiency

Management Plan Income forecast 2015-2020



Section-by-Section Review of the Document

Section 3: Operational Requirements for 2020

Structure of Section III – Operational Requirements

Context

- 16 declared emergencies: six are L3 and 10 are L2
- 85 countries, including 67 CSPs and 18 ICSPs

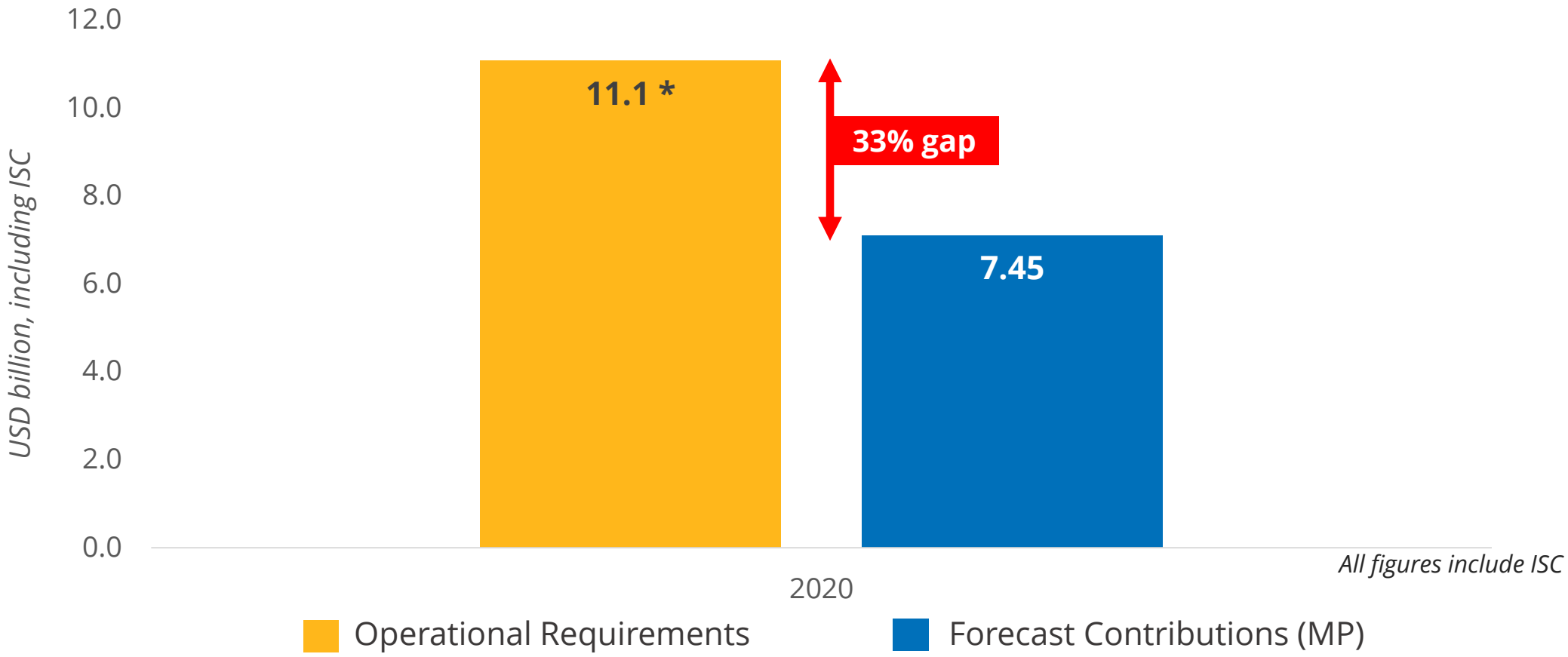
Analysis by

- Strategic Result
- Focus area
- Activity Category
- Transfer Modality

Cross-Cutting issues

- Environment and Climate Change
- Improving the Prospect of Peace
- Climate and Conflict
- Protection and Accountability to Affected populations
- Gender and Women's empowerment
- Social Protection
- Country capacity strengthening
- South–South cooperation

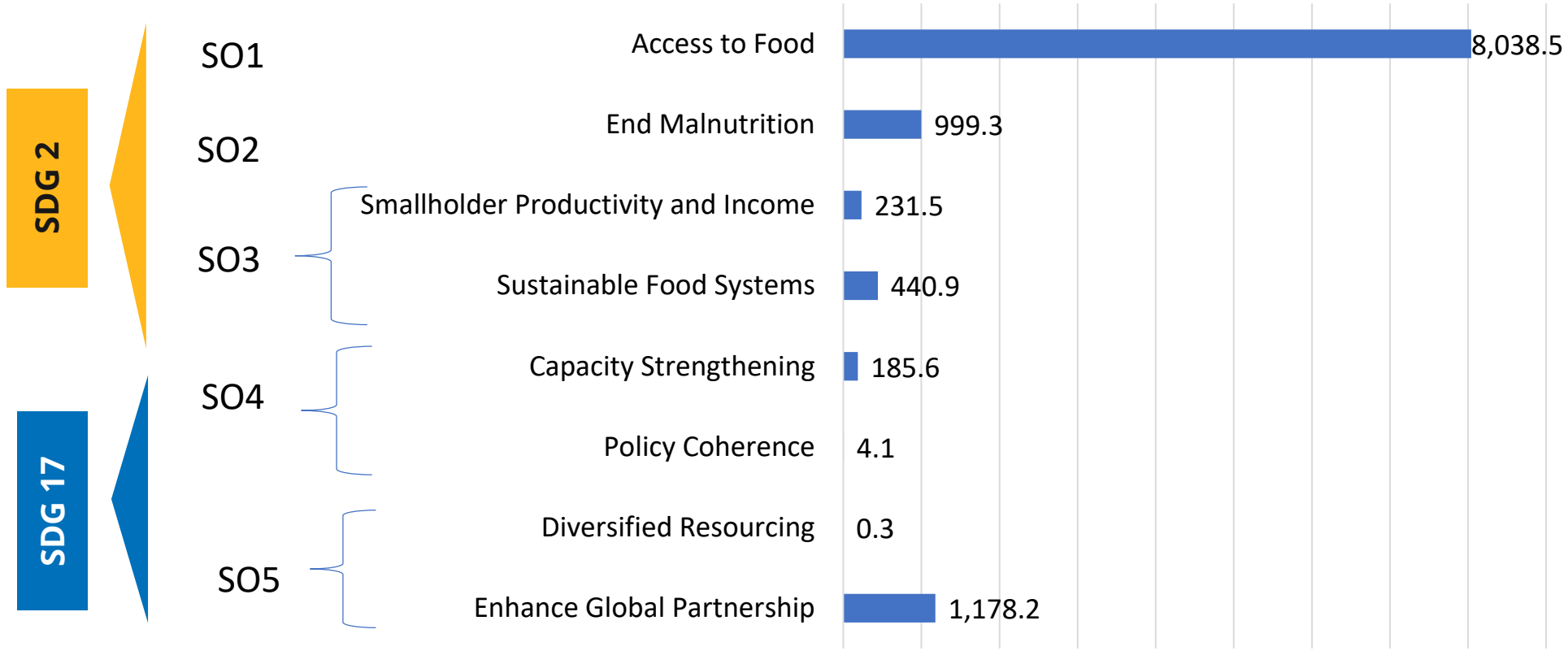
2020 Operational Requirements vs. Forecast Contributions



* Operational requirements include USD 700m for Turkey. Revision underway to reduce this to USD 189m for 2020

The funding gap between operational requirements and forecast contributions is currently projected to increase in 2020

2020 Operational requirements by Strategic Result/SO/SDG (total USD 11,078 million)



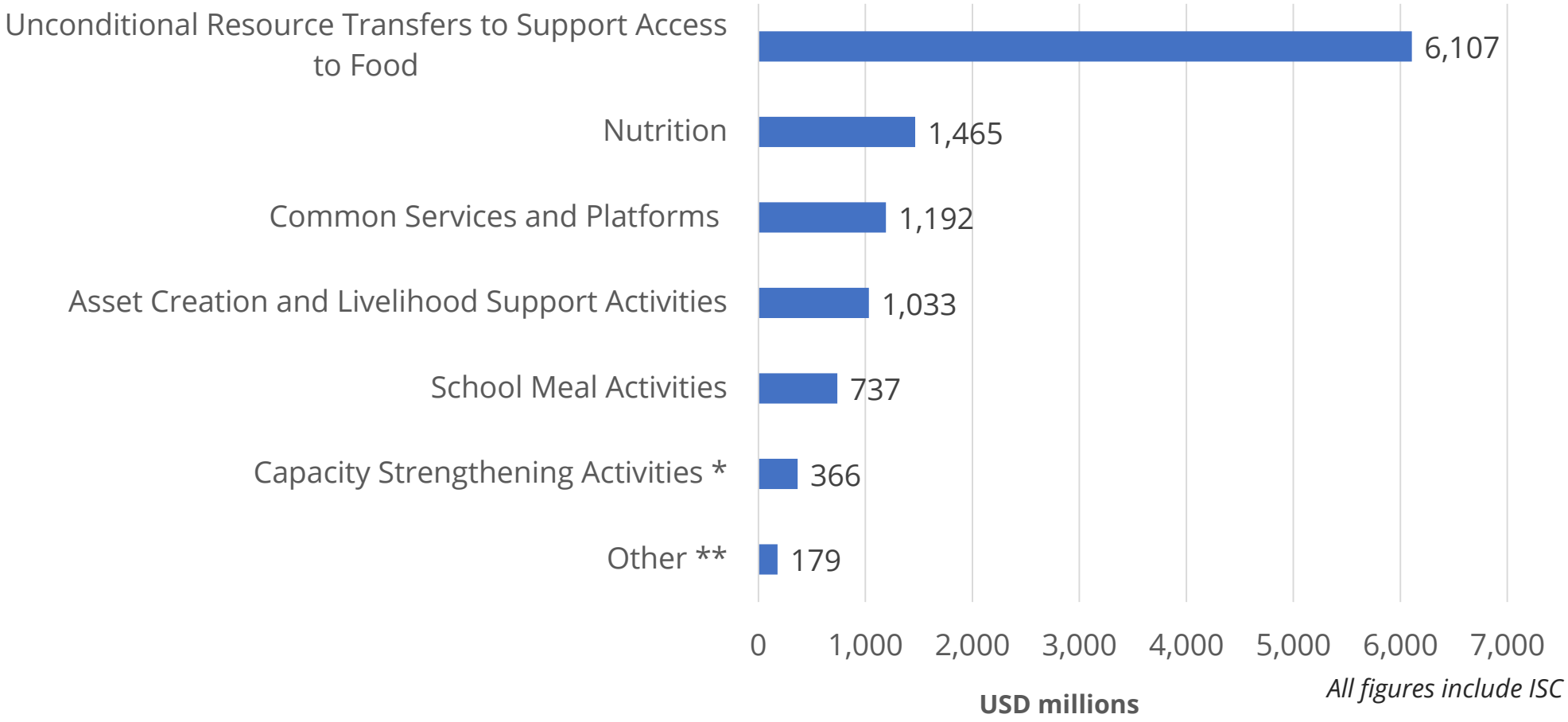
SR1 continues to share the highest budget for all SRs. Yemen, South Sudan, Syrian Arab Republic and Ethiopia share 50% of the total SR1 budget – amounting to some USD 3.9 billion

USD millions
All figures include ISC

SO 1: End hunger
SO 2: Improve nutrition
SO 3: Achieve Food Security

SO 4: Support SDG Implementation
SO 5: Partner for SDG Results

2020 Operational Requirements by Activity Category (total USD 11,078 million)



All figures include ISC

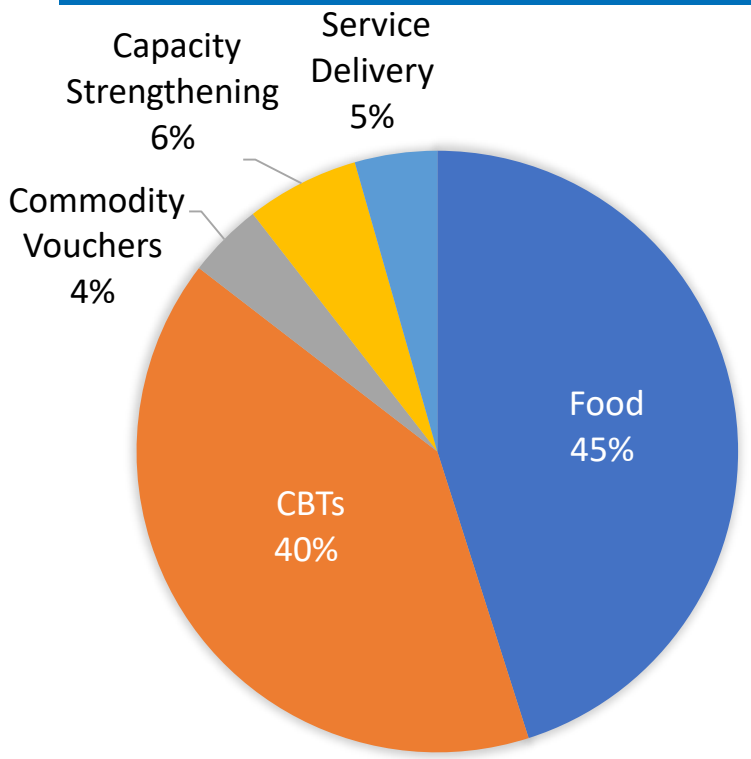
While 55% of WFP's 2020 MP focus on unconditional resource transfers, **Capacity Strengthening transfers are planned to increase by 20%,** reflecting a growing investment by WFP in institutional and Individual capacity strengthening

* Includes both institutional capacity strengthening and individual capacity strengthening activities

** Includes: climate adaptation and risk management activities; smallholder agricultural market support activities; emergency preparedness activities; and analysis, assessment and monitoring activities

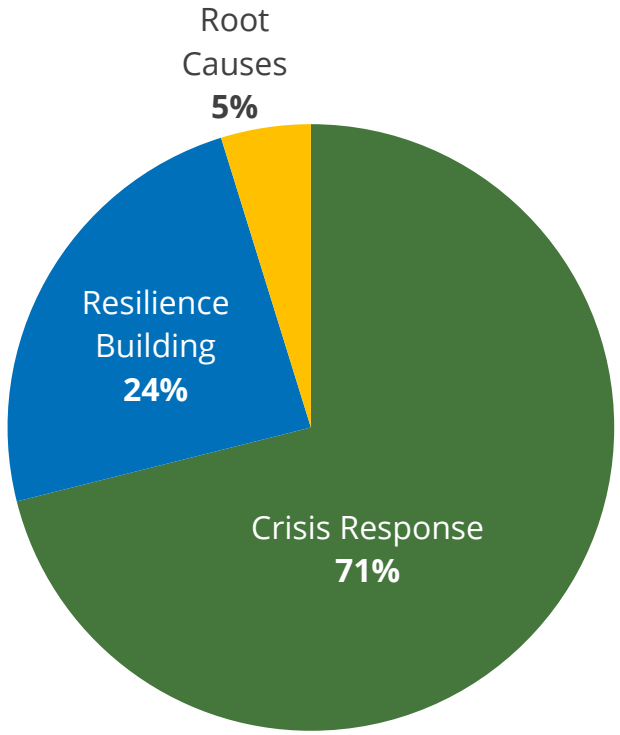
2020 Operational Requirements Analysis

BY TRANSFER MODALITY



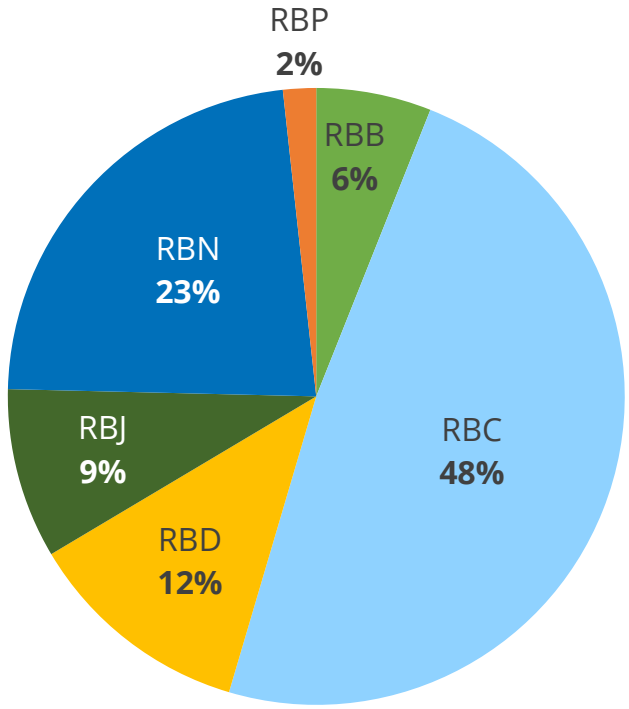
Cash-based transfers increase by 17% compared to 2019 while **Food transfers** remain broadly the same

BY FOCUS AREA



Crisis response requirements increase by 17% compared to 2019 while **Root Causes** decrease by 7%

BY REGIONAL BUREAU



A further increase is noted for RBC (**Yemen**, **Lebanon**) as well as in increase for RBJ (**DRC**, **Mozambique** and **Zimbabwe**)

Update on Implementation Plan

- Implementation Plans are currently prepared for the following year in May/June - outdated by the time the Management Plan is published
- Approach for MP 2020:
  - Implementation plans are not included in the Management Plan document but will be published online after the November Board

Section-by-Section Review of the Document

Section 4: Programme Support and Administrative Budget

Key Financial Considerations for Management Plan 2020-2022 PSA Planning

Budget Envelope

- Ensure **PSA budget remains within forecast of ISC income**
- Main **Indirect Support Cost (ISC)** rate to be maintained at **6.5%**
- Maintain **PSAEA at target five-month PSA spending level**
- Consultations on **ISC policy** to be discussed separately with the Executive Board through a separate workstream

Resource Allocation

- Areas of underfunding identified via audit and investigatory work were prioritized, together with corporate priorities
- Smaller number of large value, high-impact proposals for PSAEA allocations

2020 PSA Planning proposal

	USD Million		
	2018 Planning	2019 Planning	2020 Planning
Estimated Overall Income	5,700	6,800	7,450
Estimated ISC Income (6.5% from 2018)	342.9	409.0	✓ **446.0**
Proposed PSA level	335.4	385.1	✓ **423.7**
Actual/**projected** income	7,235	**7,400**	**7,450**

- **WFP proposes a PSA budget increase of approximately USD 38.6 million (10.0%)**
- **2020 PSA budget level is below current forecast of ISC income**
- **WFP will continue to maintain the lowest headline ISC rate among the United Nations funds and programmes and specialized agencies**

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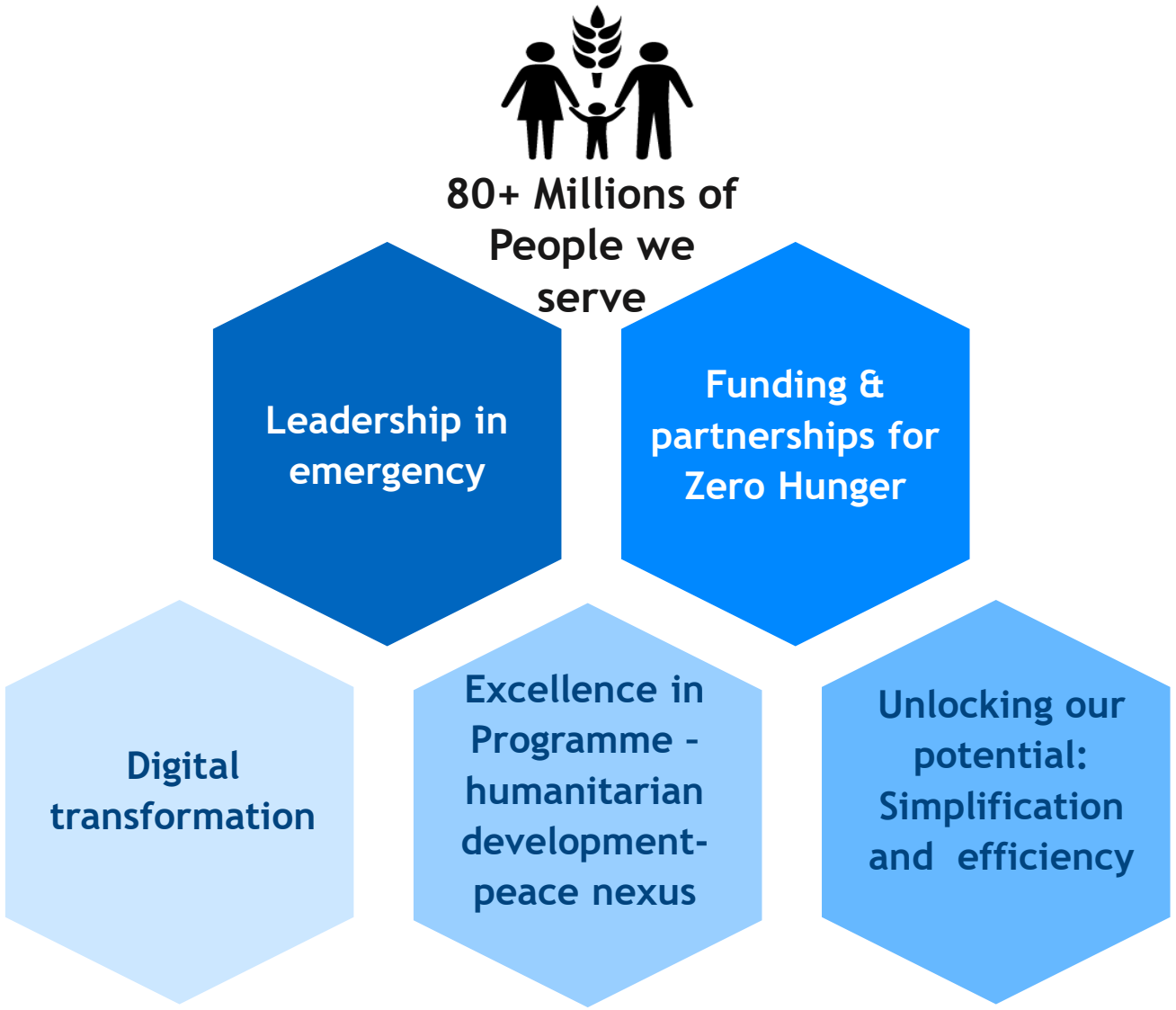
Corporate priorities to guide WFP's vision for 2020 and beyond



People added as a sixth priority by management in June 2019

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Summary of the main adjustments in the 2020 PSA budget

in USD million		
2019 approved appropriation		**385.1**
Decrease in standard staff cost rates net of statutory increases		(3.7)
Central appropriations		0.6
Subtotal		**382.0**
Increased capacity for oversight and follow-up		8.7
Resourcing for core support services		3.5
Corporate priorities		**29.5**
- Leadership in emergencies	9.0	
- Excellence in programming	7.9	
- Partnerships for zero hunger	2.6	
- Digital transformation	6.5	
- Simplification and efficiency	1.1	
- People and culture	2.4	
Proposed PSA appropriation for 2020		**423.7**

Full details of budget allocations are provided in "Section IV" of the Extracts of the Management Plan

Increased capacity for oversight and follow-up (USD 8.73 million)

PRIORITIZATION

- ✓ **Ethics office:**
  - providing advice and guidance to staff;
  - annual conflict of interests and financial disclosure programme;
  - work on prevention of sexual exploitation and abuse (particularly in the field).
- ✓ **Evaluation:**
  - covering 10 additional CSP evaluations, one corporate emergency evaluation, one evaluation synthesis and related management costs;
  - strengthening of capacities in country offices and regional bureaux in planning, managing and using decentralized evaluations to facilitate organizational learning.
- ✓ **Office of the Inspector General:**
  - increased capacity to address increase in complaints and allegations caseload;
  - provide sufficient assurance coverage of WFP operations.
- ✓ **Legal:**
  - provide appropriate legal support on oversight reports.
- ✓ **Enterprise Risk Management:**
  - augment enterprise risk management toolkit, guidance and advisory support.

Resourcing for core support services (USD 3.47 million)

PRIORITIZATION

PSA budget is allocated to close structural deficits in areas where PSA is the only funding option:

- ✓ **Headquarters facilities management:**
  - growth in operations and new corporate initiatives has generated an increase in overall service and administration costs at headquarters.

- ✓ **Headquarters security:**
  - meeting additional security required for WFP headquarters buildings and to implement internal audit recommendations.

- ✓ **Executive Board secretariat:**
  - workload of the secretariat has increased (by 92% in board-related meetings) from 2015 to 2019;
  - allocation to cover costs of managing increase in workload and technical aspects of the Executive Board website.

Additional PSA funding for corporate priorities

	in USD million
Corporate priorities	
- Leadership in emergencies	9.0
- Excellence in programming	7.9
- Partnerships for zero hunger	2.6
- Digital transformation	6.5
- Simplification and efficiency	1.1
- People and culture	2.4
Total	**29.5**

Corporate priority allocation of USD 29.5 million represents 70% of additional PSA for 2020

Leadership in Emergencies (USD 8.99 million)

PRIORITIZATION

- ✓ **Emergency preparedness and response:**
  - Optimization of emergency preparedness, early warning, early action and (pre-emptive) response based on integrated risk analysis, improved tools and systems, and enhanced surge capacity
- ✓ **Strengthening protection through programme design and implementation:**
  - adoption of a people-centred and needs-driven approach that is guided by a strong commitment to humanitarian principles
  - shift from reliance on extra-budgetary resources to use of the PSA
- ✓ **Operations management support:**
  - revised organizational structure is accompanied by new responsibilities for the Chief of Staff and Operations Management Support
  - provide strategic, programmatic, operational and policy advice to the Chief of Staff and the Executive Director, and serve as a link across all levels of WFP
- ✓ **Strengthening supply chain:**
  - support implementation of cash-based transfers
  - use WFP demand as catalyst to influence local and regional food production, and harmonization of food standards

Excellence in Programming (USD 7.93 million)

PRIORITIZATION

- ✓ **Operationalizing corporate guidance framework for capacity development**:
  - define, measure and report on how the results of its systems-strengthening support for national systems and services affect vulnerable people
- ✓ **Supporting long-term, multi-year school feeding partnerships:**
  - establishment of new guidelines and training and capacity support
  - internal coordination and support team for regional bureaux and country offices
- ✓ **Strengthening WFP's approach to the triple nexus:**
  - focusing on the design and operationalization of a corporate strategic approach
  - it will also focus on cross-fertilization of knowledge, guidance and best practices among country operations, and with enhanced external strategic engagement
- ✓ **Strengthening programme and policy:**
  - supporting country offices in design and monitoring of programmes for climate adaptation, disaster risk reduction and resilience building
  - supporting regional bureau resilience and livelihoods capacity and building of social protection systems

Funding and Partnerships for Zero Hunger (USD 2.64 million)

PRIORITIZATION

- ✓ **Presence in key capitals:**
  - strengthen WFP's engagement in a number of key capitals
  - bolster existing partnerships
  - solidify WFP's position, expand the donor base and increase resourcing

- ✓ **NGO Partnerships Unit:**
  - improve quality of programming and risk management
  - set strategic direction
  - provide technical support
  - monitor compliance and standards in NGO management processes

Digital Transformation (USD 6.49 million)

PRIORITIZATION

- ✓ **Technical adjustment for centralized services for additional information and communications technology costs:**
  - minimum connectivity required to operate IT services are increasing
  - other digital initiatives (GIS, COMET, knowledge management) also add to connectivity requirements
  - increase in satellite data and voice connectivity costs are anticipated owing to an increase in users
  - other corporate platforms (mobile data collection, invoice tracking, self-service) are also requiring support and are key to keeping pace with changing needs of WFP
  - telecoms and digital solutions are now being equipped with advanced IT security tools and engineered with data protection strategies

Simplification and Efficiency (USD 1.09 million)

PRIORITIZATION

- ✓ **Innovation and knowledge management:**
  - ➢ partial mainstreaming of the core management team of WFP's Innovation Accelerator

- ✓ **Maintain operational efficiency and effectiveness:**
  - ➢ further simplification as country offices move from initial CSPs to second-generation CSPs

People and Culture (USD 2.38 million)

PRIORITIZATION

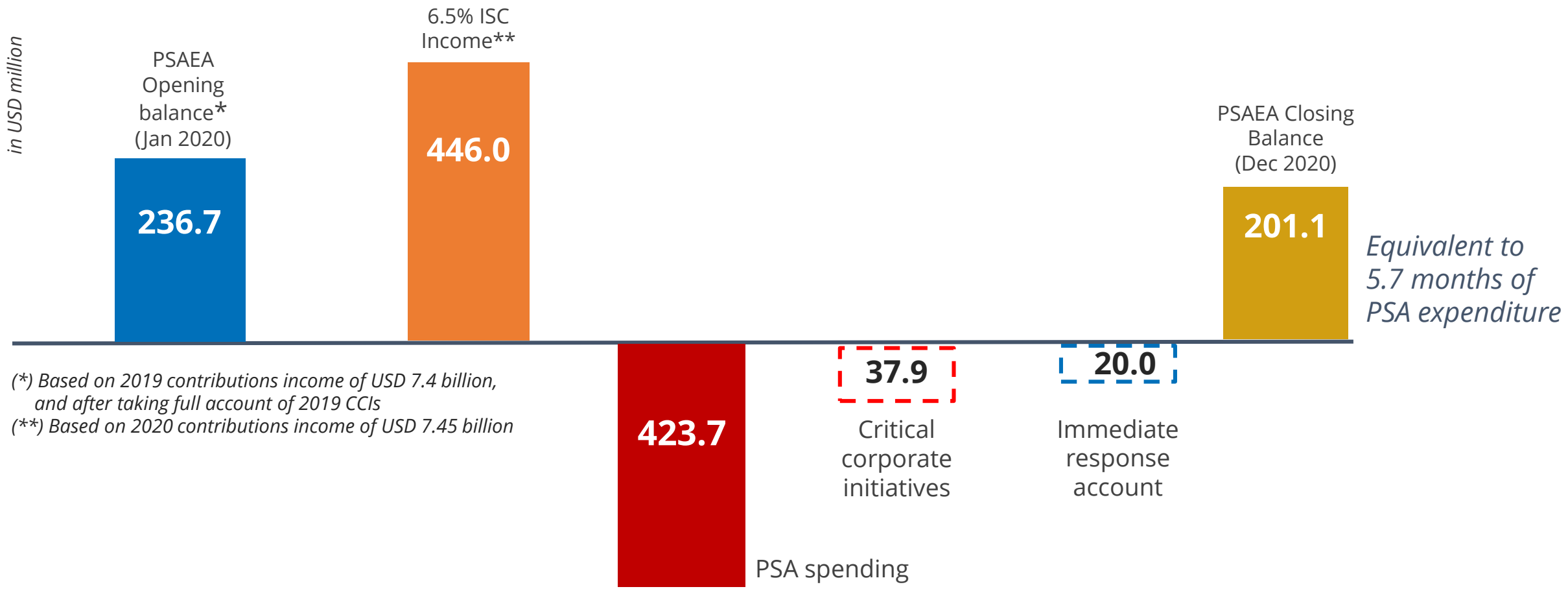
- ✓ **Office of the Ombudsman and Mediation Services:**
  - ➢ ensure timely and efficient support to growing requests from several WFP platforms
- ✓ **Human resources:**
  - ➢ development of new corporate systems that support emergency responses and simultaneously provide support and oversight on staffing
  - ➢ strengthening implementation of the People Strategy, including enhanced management oversight and more effective management of human resources in country offices

PSA budget increase: movement in appropriation line and pillar

	USD million
Strategy and Direction	**8.8**
A – Strategy and direction	8.8
Services to Operations	**25.7**
B – Business services to operations	15.8
C – Policy, guidance and quality assurance	9.9
Governance, independent oversight and fundraising	**7.8**
D – Advocacy, partnerships, fundraising and United Nations coordination	2.4
E – Governance and independent oversight	5.4
TOTAL	**42.3**

Full details of budget allocations are provided in "Section IV" of the Extracts of the Management Plan

Impact of proposed PSA budget and PSAEA drawdown in 2020



(*) Based on 2019 contributions income of USD 7.4 billion, and after taking full account of 2019 CCIs
(**) Based on 2020 contributions income of USD 7.45 billion

WFP can invest in critical corporate initiatives while maintaining a healthy PSAEA balance, exceeding the five-months reserve target

Proposed transfer to reserves and Critical Corporate Initiatives

Name	Amount	Timeframe
Transfer to Immediate Response Account	USD 20.0 million	Single year
(1) Continuation of Critical Corporate Initiatives started in 2019		
Systems Integration & IT-enabled efficiencies	USD 11.0 million	Single year
United Nations Reform	USD 8.1 million	Over a two-year period
(2) New Critical Corporate Initiatives		
Programme and Partnerships Support Facility	USD 5.7 million	Over a 2-year period
Subtotal (1) + (2)	**USD 24.8 million**	
(3) Under discussion		
Private Sector Strategy *	USD 13.1 million	Single year
Total	**USD 37.9 million**	

* Subject to approval of strategy by Executive Board, with second year of funding (USD 22.1 million) proposed to be covered from CCI or the General Fund, both of which require Executive Board approval

Systems Integration and IT-enabled efficiencies

Amount	Timeframe
USD 11 million	Single year

- Focus on the automation and digitalization of core corporate processes
- Catalogue of global services developed and standardized, supported by a service management tool
- Further development of **WFP dashboard,** including more integrated data to manage performance
- Continuing development of CSP portal to expand amount of information published and make portal user-friendly and meaningful
- Automation of requests, forms and repetitive tasks, focusing on finance, IT, administration, supply chain and HR

Paras. 266-271

United Nations Reform

Amount	Timeframe
USD 8.1 million	Over a two-year period

Objective: to ensure that WFP has the capacity to prepare for and respond to inter-agency reform efforts, and to develop WFP's positions and offerings related to the United Nations reform

1. **Continued support for work under the various United Nations reform workstreams**
   Resident Coordinator/Management and Accountability Framework, United Nations Sustainable Development Cooperation Frameworks, System-Wide Strategic Document, and Regional Assets

2. **WFP's role in co-leading the Business Innovation Group**
   Support to implement business operations simplification and common services (United Nations Reform targets), and pursue scalable United Nations innovations
   - Common Back Office (CBO), including the expansion of improved Business Operation Services (iBOS), the feasibility and piloting of CBO and Common Premises
   - Promote **location-independent** common services for Global Shared Service Centers
   - Strengthen WFP's contribution to the United Nations Digital Service Centre and other scalable services
   - Operationalize and integrate **Mutual Recognition and Client Satisfaction principles**

Paras. 272-276

Programme and Partnership Support Facility

Amount	Timeframe
USD 5.7 million	Over a two-year period

A facility to assist countries in designing programmes and pursuing funding opportunities beyond existing donor sources

Develop a more structured and systematic approach for diversifying resources base

Optimize internal processes and coordination to enable large-scale solutions, fostering partnerships and the RBA approach

Enhanced technical, geographic and contextual capacity and expertise to support field-based proposal design

Phase 1: undertake landscape analysis of relevant investment sources and take stock of expertise

Phase 2: Establishment of multi-functional technical teams to regional bureaux and country offices

Paras. 277-280

Private Sector strategy

Amount	Timeframe
USD 13.1 million (2020) **USD 22.2 million (2021)**	Over a two-year period

To fund **start-up investment** required to scale-up individual giving (IG) fundraising activity

Boosting high ROI yielding donor acquisition and retention activities such as Digital Paid Media, Direct Response Television and Face to Face building on recent successes of PGP and Share the meal

Achieving USD 225 million over the MP period, **USD 684 million** by 2025 and **USD 1.6 billion** by 2030 cumulatively

Enabled through three distinct funding streams: CCI, CBF loan and retention mechanism from IG income

Strict monitoring and control mechanisms:

- CCI disbursement in two tranches, first tranche covering activities in 2020 and 2021
- Second tranche released in early 2022 only if certain KPIs are met at least with 80% success rate
- Examples of KPIs:
  - 2020 paid acquisition income of USD 16.5m
  - Average year 1 ROAS (return on advertising spend) of 1.7:1
  - Digital paid year 1 ROAS 2:1
- Additional KPIs include donor retention, gift size and acquisition cost

Paras. 281-284

Section-by-Section Review of the Document

Section 5: Management Performance Measurement

Category II Key Performance Indicators

United Nations system and coordination performance indicators	Baseline	2020 target	Comment
Percentage of achievement of QCPR commitments	**100% (2016)**	**100%**	**KPI remains**
Percentage of UN-SWAP 2.0 indicator targets achieved	**93% (2016)**	**100%**	**KPI remains**
Percentage of cluster user surveys that reach their satisfaction targets	**100% (2017)**	**100%**	**KPI remains**
Executive thematic priorities	**Baseline**	**2020 target**	**Comment**
Percentage of employees completing mandatory trainings on HSHAPD and PSEA	**73% (2016)**	**100%**	**KPI remains (additional KPIs in corporate targets)**
Percentage of country offices with functioning complaints and feedback mechanism	8% (TBD)	TBD	Target to be revised
Percentage of WFP cash beneficiaries supported digitally	41% (2018)	80% (TBD)	Target to be revised

Section-by-Section Review of the Document

Section 6: Trust Funds and Special Accounts

WFP anticipates total expenditure of USD 72.7 million for Trust Funds in 2020

Trust Fund expenditure by thematic area		
	WFP expenditure projections (2020)	
	USD million	%
Government capacity strengthening	15.8	22 %
Nutrition	12.3	17 %
Climate change and disaster risk reduction	6.1	8 %
Food security	5.4	7 %
Innovation accelerator	5.0	7 %
Emergency preparedness and response	4.6	4 %
Supply chain	4.2	4 %
Others	20.3	31 %
TOTAL	**72.7**	**100%**

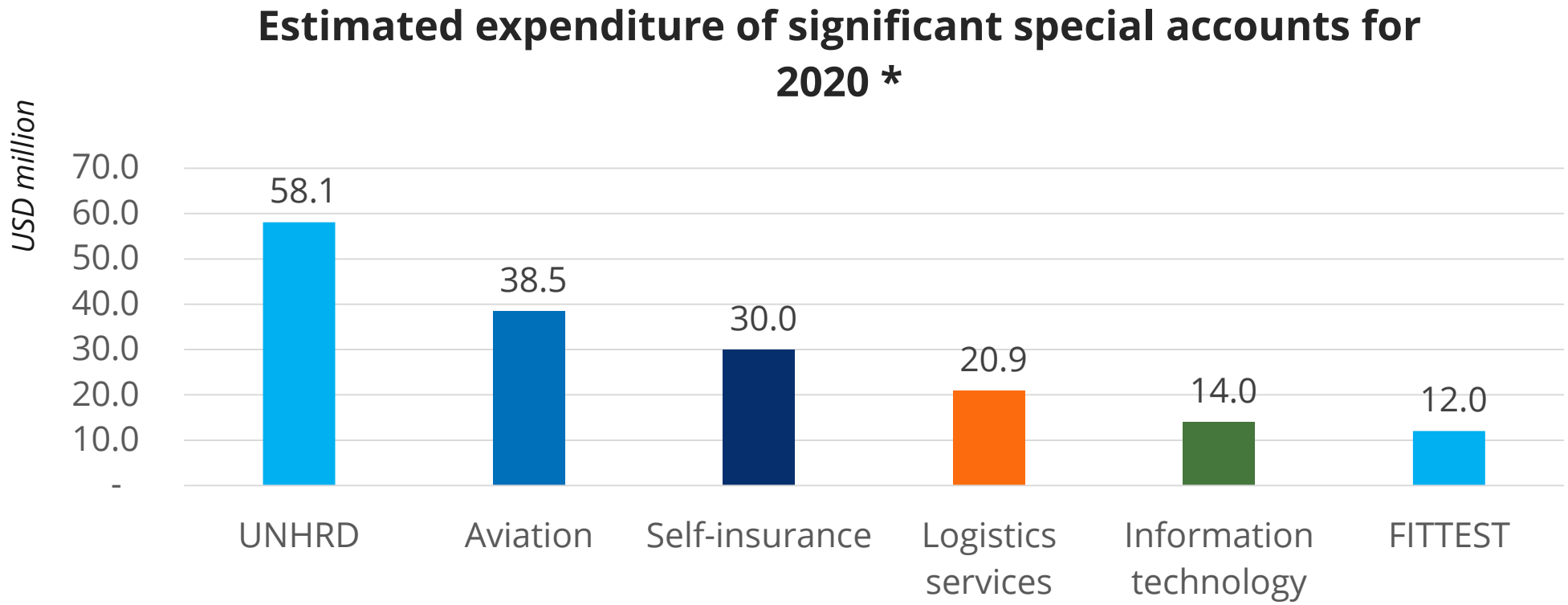
TRUST FUNDS

- support enhancement of WFP's organizational capacity and effectiveness
- supplement core PSA-funded activity
- have funding provided directly by donors or through internal SRAC allocation of multilateral funding for corporate priorities

Special accounts enable WFP to provide critical services to country offices and the humanitarian community

Special Account	Description
UNHRD	▪ Manages donor contributions and revenue from services provided through its six-hub network
Aviation	▪ Supports transport by air of both humanitarian cargo for relief operations and humanitarian workers
Self-Insurance	▪ Risk mitigation tool to minimize the economic effects of losses on food under WFP control and custody
Logistics services	▪ Provision of efficient, reliable and predictable services to the humanitarian community
Information technology	▪ Providing continuous support to WFP divisions and offices for the development, implementation and maintenance of internal IT projects and applications
FITTEST	▪ Providing life-saving IT connections and solutions to maintain an IT infrastructure when the humanitarian community is called to respond to an emergency

Special accounts enable WFP to provide critical services to country offices and the humanitarian community



* Excluding corporate services financing mechanism special accounts

Draft decisions

Draft decisions

At the second regular session 2019 the EB will be asked to take note:

- that the Programme Support and Administrative appropriation assume a funding level of USD 7.45 billion in 2020
- of the projected operational requirements of USD 11.1 billion for 2020

Draft decisions (cont'd)

At the second regular session 2019 the EB will be asked to approve:

- a **2020 PSA appropriation of USD 423.7 million**, to be allocated as follows:

Strategy and Direction	USD 71.1 million
Business Services to Operations	USD 237.0 million
Governance, independent oversight and Fundraising	USD 115.6 million

- a **corporate Indirect Support Cost recovery rate of 6.5 % for 2020**

- an **indirect support cost recovery rate of 4.0 % for 2020** for:
  - Host government contributions to programmes in their own countries
  - Contributions made by developing countries or countries with economies in transition

No changes from 2019

Draft decisions (cont'd)

At the second regular session 2019 the EB will be asked to approve:

a ceiling of USD 82 million for corporate services for 2020 and look forward to reviewing this as part of future management Plans

No changes from 2019

At the second regular session, the EB will be asked to authorize:

the Executive Director to adjust the Programme Support and Administrative component of the budget in accordance with a change in the level of the forecasted income for the year, at a rate not to exceed two % of the anticipated change in income

Acronym List

CBF Capital Budgeting Facility

CBT cash-based transfer

CCI critical corporate initiative

CPB country portfolio budget

CRF Corporate Results Framework

CSP country strategic plan

DSC direct support costs

GVLP Global Vehicle Leasing Programme

ICSP interim country strategic plan

IRA Immediate Response Account

IRM Integrated Road Map

ISC indirect support costs

IT information technology

PSA Programme Support and Administrative (budget)

PSAEA PSA Equalization Account

SDG Sustainable Development Goal

SO strategic objective

SPA strategic partnership agreement

SPC standard position cost

SRAC strategic resource allocation committee

T-ICSP transitional interim country strategic plan

UNHRD United Nations Humanitarian Response Depot

Thank You

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