

# **Extracts of the WFP Management Plan (2021–2023)**



**Second informal consultation**

**15 September 2020**

**World Food Programme  
Rome, Italy**

# Section I: Introduction

## Reader's guide

1. The management plan (2021–2023) presents summary details of WFP's planned programme of work for this period and the budgetary support required to implement it in 2021. The figures include projected operational requirements and forecasts of the resources available to meet those needs. The Programme Support and Administrative (PSA) budget – approved annually by the Executive Board – provides the core funding required to support the implementation of the global programme.
2. The executive summary and draft decision and the introductions to each section explain the logic of the management plan and highlight the main figures. The body of each section contains more details.

## Structure of the document

3. The management plan (2021–2023) comprises an executive summary, draft decision, six sections and annexes:
  - *Section I: Introduction.* This section outlines the global economic and political context as well as the foreseen impact of the COVID-19 pandemic in already fragile settings. It also describes WFP's positioning and the organizational context for its management plan.
  - *Section II: Funding context and resourcing assumptions.* This section sets out the current financial situation and provides details on the projected levels of resources for 2020 and 2021 and an overview of resourcing trends.
  - *Section III: Operational requirements for 2021.* This section provides an overview of the operational requirements for 2021 and an analysis of those requirements. It also discusses the impact of the gap between the total operational requirements expressed by WFP's country offices and the global forecast of resources available to meet these requirements. Country offices' detailed implementation plans for 2021 will be made available on the country strategic plan (CSP) data portal in the fourth quarter of 2020. The section also summarizes WFP's medium-term framework for its response to the COVID-19 crisis and the main cross-cutting thematic areas.
  - *Section IV: Programme support and administrative budget.* This section presents the proposed PSA budget for 2021. The PSA budget is presented in terms of the appropriation lines approved by the Executive Board in 2018 and by results pillar. The section also provides an overview of the PSA equalization account and a proposed drawdown to support an ongoing critical corporate initiative and a one-time termination indemnity fund.
  - *Section V: Management performance measurement.* This section presents the standards for management performance and the performance measures for corporate priorities set in the corporate results framework. Tables of management key performance indicators (KPIs) and components are provided with baselines and targets along with KPIs measuring progress in the achievement of corporate priorities.
  - *Section VI: Trust funds and special accounts.* This section presents the expected amounts of corporate trust funds and special accounts, together with updates on use of the USD 82 million corporate services financing mechanism.

## Global economic and political context

### Economic outlook

4. The COVID-19 pandemic has led to an unprecedented economic crisis in 2020 with an uncertain recovery. In mid-2020, 93 percent of the global workforce lived in countries where workplace closure measures were in place. The International Labour Organization (ILO) estimated a global decline in work hours in the second quarter of 2020 equivalent to the loss of 400 million full-time jobs, while another wave of COVID-19 could result in a loss of 340 million full-time jobs in the last quarter of the year.<sup>1</sup> As a result of job losses, international remittances are estimated to decline by 19.7 percent in low- and middle-income countries in 2020. The World Trade Organization has forecasted that the volume of world merchandise trade will shrink by between 13 and 32 percent in 2020, although preliminary data available in mid-June were consistent with the optimistic side of that range.<sup>2</sup> The Economist Intelligence Unit expects global oil consumption to contract by more than 9 percent in 2020 with a slow recovery as many energy consuming industries, particularly travel and tourism, will remain depressed.<sup>3</sup> Global growth projections are frequently updated but at the time of writing they stood at -4.9 percent in 2020 and 5.4 percent in 2021.<sup>4</sup>
5. The contraction in aggregate demand is generally pushing inflation down: in April 2020, inflation was 0.4 percent in advanced economies<sup>5</sup> (1.1 percentage points lower than the average in 2019), while in emerging markets and developing economies it was 3.9 percent (1.6 percentage points down). Food prices remain stable. Price quotations for vegetable oil, sugar and dairy rebounded slightly in June 2020, driving the Food and Agriculture Organization of the United Nations (FAO) Food Price Index to 93.2, approximately 2.1 points higher than in May 2020 but 2.1 points lower than in June 2019. Nonetheless, some economies such as those of Lebanon, South Sudan, the Sudan, the Syrian Arab Republic, Yemen and Zimbabwe are experiencing currency devaluation as well as core and food inflation at acutely high levels.
6. The magnitude of the current economic downturn, and possibly the length of the recovery, can be better understood by benchmarking it with the 2008/09 financial crisis that led to a global growth recovery of "only" -0.1 percent in 2009. In fact, the World Bank states that "deep recessions triggered by the pandemic are likely to leave lasting scars through multiple channels, including lower investment; erosion of the human capital of the unemployed; and a retreat from global trade and supply linkages. These effects may well lower potential growth and labour productivity in the longer term".<sup>6</sup>

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<sup>1</sup> ILO. 2020. [ILO Monitor: COVID-19 and the world of work. Fifth edition. Updated estimates and analysis](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_749399.pdf). 30 June 2020. [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_749399.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_749399.pdf).

<sup>2</sup> World Trade Organization, Organisation for Economic Co-operation and Development and United Nations Conference on Trade and Development. 2020. [Joint summary of Reports on G20 Trade and Investment Measures \(Mid-October 2019 to mid-May 2020\)](https://unctad.org/en/PublicationsLibrary/unctad_oecd2020d23_summary_en.pdf). 29 June 2020. [https://unctad.org/en/PublicationsLibrary/unctad\\_oecd2020d23\\_summary\\_en.pdf](https://unctad.org/en/PublicationsLibrary/unctad_oecd2020d23_summary_en.pdf).

<sup>3</sup> The Economist Intelligence Unit. Crude Oil Industry Analysis. 1 July 2020.

<sup>4</sup> International Monetary Fund. 2020. [World Economic Outlook Update: June 2020](https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020). <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>.

<sup>5</sup> Year-over-year. International Monetary Fund. 2020. IMF DataMapper: Inflation rates, average consumer prices, data downloaded on 3 July 2020.

<sup>6</sup> World Bank. 2020. [Global Economic Prospects](https://www.worldbank.org/en/publication/global-economic-prospects#overview). June 2020. <https://www.worldbank.org/en/publication/global-economic-prospects#overview>.

7. The World Bank estimates that the COVID-19 pandemic could push between 71 and 100 million additional people into extreme poverty in 2020, depending on the severity of the scenario considered. In the best-case scenario, the number of additional people in lower- and upper-middle-income countries pushed below the USD 5.5 per day<sup>7</sup> international poverty line is estimated to be 177 million.<sup>8</sup>

### **Political instability and conflict**

8. Conflict and violence are among the main drivers of food insecurity globally. In previous years, nine of the ten countries with the largest populations in need faced conflict and forced displacement.<sup>9</sup>
9. The COVID-19 pandemic risks exacerbating existing vulnerabilities in already fragile settings. The actions taken in response to COVID-19 can contribute to increasing tensions and violence and also affect the capacities and behaviour of local, national and international actors, which in turn may alter existing conflict and peace dynamics. Under certain conditions, the COVID-19 crisis may exacerbate existing drivers of conflict and undermine social and economic resilience.<sup>10</sup>
10. Rising levels of unemployment (particularly among young people), loss of income and livelihoods, increasing poverty, inequalities and food insecurity can exacerbate existing social discontent and fragmentation, especially in countries with pre-existing economic crises. Analysis indicates that levels of civil unrest threaten to be higher and to have more destabilizing effects than in recent years.<sup>11</sup>
11. Migrants in irregular situations, migrant workers with precarious livelihoods or working in the informal economy, victims of human trafficking and people fleeing their homes because of persecution, war, violence, human rights violations or disaster – whether within their own countries or across international borders – are disproportionately affected. One third of the world's 45.7 million internally displaced persons live in the ten countries most at risk from COVID-19. They now face three crises combined into one – a health crisis, a socioeconomic crisis and a protection crisis – against the backdrop of an ever-growing climate crisis.<sup>12</sup>

### **Chronic and acute food insecurity**

12. The number of people affected by hunger in the world continues to grow. As noted in *The State of Food Security and Nutrition in the World 2020*, this trend began in 2014 and there are nearly 60 million more undernourished people now than in 2014, a situation that has been exacerbated by the COVID-19 pandemic. Preliminary assessments suggest that the pandemic may add between 83 and 132 million people to the total number of undernourished in the world in 2020.<sup>13</sup>

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<sup>7</sup> Per day, in 2011 purchasing power parity (PPP).

<sup>8</sup> World Bank. 2020. [Projected poverty impacts of COVID-19 \(coronavirus\)](https://pubdocs.worldbank.org/en/461601591649316722/Projected-poverty-impacts-of-COVID-19.pdf). 8 June 2020.

[http://pubdocs.worldbank.org/en/461601591649316722/Projected-poverty-impacts-of-COVID-19.pdf](https://pubdocs.worldbank.org/en/461601591649316722/Projected-poverty-impacts-of-COVID-19.pdf).

<sup>9</sup> United Nations Office for the Coordination of Humanitarian Affairs. 2019. *Global Humanitarian Overview 2020: December 2019*. <https://reliefweb.int/report/world/global-humanitarian-overview-2020-enarfrzh>.

<sup>10</sup> FAO and WFP. 2020. [FAO-WFP early warning analysis of acute food insecurity hotspots](https://www.wfp.org/publications/fafo-wfp-early-warning-analysis-acute-food-insecurity-hotspots): July 2020. <https://www.wfp.org/publications/fafo-wfp-early-warning-analysis-acute-food-insecurity-hotspots>.

<sup>11</sup> *Ibid.*

<sup>12</sup> United Nations. 2020. *Policy Brief: COVID-19 and People on the Move*. <https://reliefweb.int/report/world/policy-brief-covid-19-and-people-move-june-2020>.

<sup>13</sup> FAO, International Fund for Agricultural Development, United Nations Children's Fund, WFP and World Health Organization. 2020. *The State of Food Security and Nutrition in the World 2020*. <http://www.fao.org/3/ca9692en/online/ca9692en.html>.

## **Impact on food systems**

13. With existing vulnerabilities being exacerbated by the COVID-19 pandemic, it is important to understand the pandemic's impacts not only on the food security of individual people and families, but also on national, regional and global food systems. The following are some examples:
  - While the global outlook for the 2020/21 harvests of staple crops is promising, movement restrictions imposed to contain the spread of the virus have disrupted the harvesting, transportation and processing of food and other critical goods, increasing delivery times and reducing the availability of even the most basic food items.<sup>14</sup>
  - For households dependent on food production and animal husbandry, disruption of agricultural input supply chains, veterinary supplies and access to markets will likely lead to loss of income due to reduced crop and livestock production and sales.<sup>15</sup>
  - Unemployment, underemployment and reduced remittances will reduce people's purchasing power. Urban people, particularly daily wage earners in informal economies and employees in the service sector are at particular risk of losing their income sources as a result of regulations on social distancing and government restrictions aimed at minimizing virus transmission. People who are reliant on remittances to meet their basic needs and those who regularly cross borders to engage in livelihood activities will lose their income sources. As households face reduced purchasing power, there is enormous potential for a decline in consumer demand, particularly for higher value products, further weakening the incomes of producers, including those who produce high-value food products.<sup>16</sup>
14. The pandemic came at a time when food security and food systems were already under strain. The socioeconomic impact of the COVID-19 crisis will affect the cash flow and financial liquidity of producers, small- and medium-sized agribusinesses and financial institutions owing to inhibited production capacity, limited market access, loss of remittances, lack of employment and unexpected medical costs. As countries continue to roll out sizeable relief and stimulus packages, the needs of food system actors require urgent and focused attention.<sup>17</sup>

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<sup>14</sup> FAO. 2020. Novel Coronavirus (COVID-19). <http://www.fao.org/2019-ncov/q-and-a/impact-on-food-and-agriculture/en/>.

<sup>15</sup> *Ibid.*

<sup>16</sup> United Nations. 2020. *Policy Brief: The Impact of COVID-19 on Food Security and Nutrition.* <https://reliefweb.int/report/world/policy-brief-impact-covid-19-food-security-and-nutrition-june-2020>.

<sup>17</sup> United Nations. 2020. *Global Humanitarian Response Plan COVID-19, United Nations Coordinated Appeal (April–December 2020).* [https://www.un.org/development/desa/ageing/wp-content/uploads/sites/24/2020/05/GHRP-COVID19\\_May\\_Update.pdf](https://www.un.org/development/desa/ageing/wp-content/uploads/sites/24/2020/05/GHRP-COVID19_May_Update.pdf).

## **Climate**

15. Climate and natural hazards are drivers of malnutrition and food insecurity and can have both economic and political impacts. Current signs of an impending near-global climate event such as an El Niño or La Niña imply a "La Niña Watch". This means that the likelihood of a La Niña event developing in the next six to nine months is higher than the likelihood of an El Niño event combined with that of neutral conditions, although the probability is so far low, at 50-55 percent.<sup>18</sup> For WFP, the implications of a full La Niña event, should it materialize, vary across its areas of operation:
- In the Southern Africa region, La Niña conditions typically enhance seasonal rainfall and are associated with improved crop and pasture performance. This would contribute to improved food security conditions for key WFP operations such as the one in Zimbabwe. The country had poor crop production in 2020<sup>19</sup> with negative impacts extending into the coming lean season of late 2020 and early 2021. Good harvests in mid-2021 resulting from a favourable rainfall season would improve prospects in Zimbabwe for late 2021 and early 2022. The same applies to drought-prone areas of southern Mozambique, southern Angola and Namibia. All these areas have undergone a series of poor growing seasons since the regional droughts of 2014/15 and 2015/16 induced by a large El Niño event.
  - In Eastern Africa, La Niña events are associated with drier than average conditions, which have led to major regional scale droughts in the recent past. Specialized long-range forecasts indicate a likelihood of below average rainfall in Somalia during the coming two rainfall seasons of October to December 2020 and March to May 2021,<sup>20</sup> which would lead to unfavourable food security conditions until the end of 2021 or early 2022; such conditions could persist, depending on the rainfall prospects for late 2021 and early 2022. Generally, droughts are not confined to Somalia, so should these conditions materialize, they are likely to affect semi-arid regions of Kenya and southeast Ethiopia (Somali Region). On the positive side, drier than average conditions will end the favourable conditions for the multiplication and spread of desert locusts. Hence, the expectation is that the impact of desert locusts in East Africa will be confined to recent or near future harvests and end by late 2020 at the latest.
  - In West Africa, the effects of La Niña are less well defined but tend to be associated with more favourable seasonal conditions. However, by the time of the next growing season in the Sahel, in mid-2021, La Niña conditions – should they materialize – are likely to have dissipated.
  - In Asia, La Niña events are associated with drier than average conditions in Indonesia and southeast Asia, but impacts tend to be significant only during strong events. In Central America, a La Niña event is more likely to bring favourable than unfavourable conditions, but there is also an increased chance of large tropical storms and hurricanes.
16. Even if a full La Niña event does not materialize, borderline La Niña conditions may result in some of the scenarios described above. However, droughts or wetter than average conditions can, of course, also occur irrespective of whether a La Niña or El Niño episode takes place.

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<sup>18</sup> Climate Prediction Center. 2020. El Niño/Southern Oscillation Diagnostic Discussion. 9 July 2020. [https://www.cpc.ncep.noaa.gov/products/analysis\\_monitoring/enso\\_advisory/ensodisc.pdf](https://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/ensodisc.pdf).

<sup>19</sup> FAO. 2020. GIEWS. Global Information and Early Warning System, Country Brief, Zimbabwe. 25 June 2020. <http://www.fao.org/giews/countrybrief/country.jsp?code=ZWE>.

<sup>20</sup> Climate Hazards Center. 2020. Skillful very long-lead forecasts anticipate potential back-to-back below normal East African rains, July update. <https://blog.chc.ucsb.edu/?p=774>.

## **Impact on international humanitarian assistance**

17. Prior to COVID-19, it was estimated that nearly 168 million people would need humanitarian assistance and protection in 2020. This number represents one in about 45 people in the world and is the highest figure in decades.<sup>21</sup> The pandemic is expected to have a significant impact on people in need largely through job losses and declining remittances. WFP estimates that 270 million people will be acutely food-insecure by the end of 2020.<sup>22</sup> Countries with high shares of people employed in the informal sector, high poverty rates among people in work and underperforming social protection systems are at particular risk of increasing food insecurity. With more than 2 billion people – or 62 percent of all those working worldwide – employed in the informal economy according to ILO data, millions of people face a growing risk of hunger. Earnings for informal workers are estimated to decline by 82 percent, with Africa and Latin America expected to face the largest declines.<sup>23</sup> Women and young people will be disproportionately affected as they are employed in the sectors that are most affected by the crisis.
18. It is likely that the pandemic will have significant repercussions on the delivery of humanitarian assistance. Richer countries may divert their resources to support their own COVID-19 response efforts, affecting budgets for assistance. Movement restrictions are likely to affect the mobility of supplies and staff, and therefore the ability to conduct field work. The costs of delivering humanitarian assistance may increase as a result.

## **WFP's positioning**

19. WFP operates on the frontline, responding to a record number of concurrent emergencies, which are often driven by conflict or climate change-related disasters, in 2019 and 2020. The COVID-19 pandemic has intensified WFP's operating environment by creating simultaneous economic and health crises. It has driven more vulnerable people into food insecurity and further challenged WFP by restricting access and travel.
20. WFP will continue to focus on and work at the humanitarian-development-peace nexus. Partnering with development and peace actors, including private sector entities and governments, will result in a common vision and the leveraging of comparative advantages to achieve maximum impact for vulnerable people so that they can attain healthy lives and productive livelihoods. Achieving zero hunger requires a combination of addressing emergency needs where appropriate and implementing alternative strategies for tackling vulnerability without necessarily resorting to protracted emergency support.
21. WFP continues to be a leader in the United Nations development system reform, contributing to the global system of United Nations resident coordinators and United Nations sustainable development cooperation frameworks. Second-generation CSPs and WFP's work with United Nations partners will ensure coordinated efforts in working towards collective outcomes that strengthen both humanitarian and development results.

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<sup>21</sup> United Nations Office for the Coordination of Humanitarian Affairs. 2020. [Global Humanitarian Overview 2020](https://reliefweb.int/report/world/global-humanitarian-overview-2020-enarfrzh): December 2019. <https://reliefweb.int/report/world/global-humanitarian-overview-2020-enarfrzh>.

<sup>22</sup> WFP. [WFP Global Response to COVID-19: June 2020](#).

<sup>23</sup> ILO. 2020. ILO Monitor: COVID-19 and the World of Work. Third edition. Updated estimates and analysis. 29 April 2020. [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_743146.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_743146.pdf).

## **Organizational context**

22. Building on the management plan for 2020–2022 and implementation of that plan to date, WFP continues to prioritize the following six areas:
  - leadership in emergency;
  - funding and partnerships for zero hunger;
  - digital transformation;
  - excellence in programme: the humanitarian–development–peace nexus;
  - unlocking WFP’s potential: simplification and efficiency; and
  - people management.
23. In line with its corporate priorities, in mid-2019 WFP put in place an organizational structure at headquarters that reflects the organization’s greater role at the humanitarian–development–peace nexus and the growing complexity of operations and protracted crises in a context of increased resource levels. In June 2020, WFP further reorganized its senior leadership structure, notably by elevating the position of the Senior Advisor for Workplace Culture to an Assistant Secretary-General position. The change underscores the importance placed on duty of care to WFP’s employees and on strengthening WFP’s workplace culture to create a more conducive working environment where all forms of harassment, abuse of power and discrimination are tackled.

## **Governance**

24. The framework of the Integrated Road Map comprises four interrelated components – the WFP Strategic Plan (2017–2021), the Policy on Country Strategic Plans, the Financial Framework Review and the Corporate Results Framework (2017–2021) – all of which were approved at the second regular session of the Board in 2016. The governance model for the Integrated Road Map framework is risk-based and cost-effective. It strengthens the Executive Board’s approval and strategic oversight functions by reducing fragmentation while maintaining WFP’s ability to respond quickly to emergencies.
25. At the reconvened 2020 first regular session, after considering a review of the interim delegations of authority that were in place from 2018 to 2019, the Executive Board approved delegations of authority to the Executive Director, which came into effect on 1 May 2020.<sup>24</sup> WFP will conduct a review of delegations of authority no later than 2025 with a view to ensuring that the Executive Board’s fundamental role in approval and oversight of WFP activities is maintained. The review will consider the development and implementation of a second generation of CSPs, the impact of reform of the United Nations resident coordinator system and the rollout of the United Nations sustainable development cooperation framework.

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<sup>24</sup> Delegations of authority are set forth in annex III of document WFP/EB.1/2020/4-A/1/Rev.2 and the Appendix to the General Rules.

## **Section II: Funding context and resourcing assumptions**

### **Introduction**

26. This section provides an overview of the financial context and assumptions supporting WFP's revenue forecast of USD 7.40 billion in 2021. The forecast is based on systematic engagement with donors and an analysis of trends, which are reconciled with local funding projections in each of WFP's country offices. The conservative forecast recognizes that there is a high degree of uncertainty for 2021 owing to the impact of the COVID-19 pandemic on donors' domestic economies.
27. In order to meet the needs outlined in its programme of work, and in accordance with the WFP Strategic Plan (2017–2021) and the strategic evaluation of funding WFP's work,<sup>25</sup> WFP is taking action to broaden its donor base and diversify its funding resources by adopting new approaches at the capital and field levels. WFP will also continue its proactive dialogue with donors on predictable, flexible and multi-year funding as a means of strengthening operational continuity and enhancing operational effectiveness and efficiency. This section provides an overview of resourcing trends related to that work.

### **Current context and way forward**

28. As the number of acutely food-insecure people increased by nearly 70 percent between 2015 and 2019, WFP has seen a sizeable and comparable increase in funding over the same period, owing in large part to growing humanitarian needs. Over this period, funding for WFP increased by 60 percent, from USD 5 billion in 2015 to USD 8 billion in 2019. However, despite this notable growth, significant gaps in funding have persisted, challenging WFP's capacity to fully implement its planned programme of work.
29. The global economic impact of the COVID-19 pandemic has caused needs related to food security to soar in many countries already facing humanitarian crisis, placing increased pressure on WFP to mobilize resources to meet escalating operational requirements. Unlike most crises that WFP has responded to throughout its history, the impact of the pandemic is directly affecting countries that comprise the organization's donor base as well as those where it operates. Over a relatively brief period from February to March 2020, the world witnessed stock market uncertainty, a declaration of a global pandemic and a steep drop in oil prices, leading to turmoil and volatility in developed and developing economies. As WFP confronts a "new normal" in terms of resource mobilization, it is reasonable to anticipate that a constrained fiscal environment may lead to reduced aid budgets in the near term.
30. In these rapidly changing conditions, WFP is taking decisive action to address its persistent funding gap through a clear set of actions intended to broaden its donor base. Crucially, the recent strategic evaluation of funding WFP's work has provided a timely and important basis for guiding WFP's efforts to mobilize increased resources and protect and diversify its funding base, focusing on the private sector, international financial institutions (IFIs), innovative financing and enhanced United Nations partnerships in addition to greater advocacy for predictable and flexible funding.
31. In line with the evaluation's recommendations, WFP commits to more clearly articulating its full mandate and priorities with one voice, and acting accordingly. While ensuring that its capacity to respond to emergencies is maintained and strengthened, WFP is developing strategies for unlocking and adding value to its changing lives mandate by better positioning itself at the humanitarian–development–peace nexus while enhancing partnerships with relevant donors. Key investments are being made in the partnerships function of the

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<sup>25</sup> WFP/EB.A/2020/7-C and WFP/EB.A/2020/7-C/Add.1.

organization, which will result in greater professionalization in this critical area of work and make WFP “fit for the future”.

## **Impact of COVID-19 on forecasts and resourcing**

32. While needs are increasing exponentially, projected contribution levels for 2020 and beyond show a relatively stable trend and are indicative of donor confidence in WFP and its fundamental role in addressing the new aspects of hunger. However, WFP remains mindful of the global economic impact of the COVID-19 crisis, which may lead to a downward trend in contributions. Such a trend may exacerbate the funding strain on smaller operations and responses to forgotten emergencies.
33. In a setting of unprecedented uncertainty, WFP has dedicated concerted efforts to forecasting the level of support it can expect to receive in 2020 and beyond. Based on historical funding trends, donor intelligence and the latest available information on the pandemic’s impact on the humanitarian financing system, WFP estimates that resources for 2020 will reach USD 7.7 billion. This funding level would represent roughly 60 percent of the organization’s 2020 programme of work, leaving a funding gap of USD 5.3 billion.
34. Donors reacted swiftly as the scope and scale of the COVID-19 pandemic became apparent. On 23 March, shortly after the World Health Organization’s declaration of the pandemic, the Executive Director issued a USD 1.9 billion appeal to donors for advancing their contributions to WFP, underscoring the urgent need to secure the organization’s most critical food assistance operations. The appeal was fully funded within three months. WFP’s global response to COVID-19<sup>26</sup> was issued subsequently on 29 June and details the organization’s plan for sustaining current operations, scaling up to meet the needs of additional beneficiaries affected by the pandemic and supporting national governments and partners in their responses to the pandemic through technical assistance. The plan increases the 2020 programme of work from USD 10.6 billion to USD 12.7 billion and details USD 4.9 billion in net funding requirements for 83 operations from July to December 2020. WFP has also mobilized an additional USD 965 million to ensure critical common services, including passenger and cargo air services, during the global health and humanitarian response.
35. By mid-July 2020, WFP had received roughly USD 500 million more in contributions than at the same point in 2019. This is likely owing to donors expediting their support for WFP in response to the Executive Director’s appeal, and the organization could expect a reduced rate of contributions through the remainder of 2020. However, WFP may also anticipate a slight increase in support in late 2020 given the potential for year-end allocations from some donors. On the whole, while a large share of donors are expected to maintain stable or moderately increased support for WFP in 2020, the petroleum market shock has had negative effects on forecasts for Gulf Cooperation Council donors in the short term, although a recovery in 2021 is anticipated.
36. Funding through the United Nations and other agencies rose from USD 290 million in 2018 to USD 307 million in 2019 (including USD 149 million from the United Nations Central Emergency Response Fund), and is forecast to reach USD 480 million in 2020. Factors that continue to have positive effects on contribution levels include the significant increase in support from the Peacebuilding Fund, the launch of the Joint Sustainable Development Goal (SDG) Fund and increases in contributions from some donors to United Nations joint programmes.

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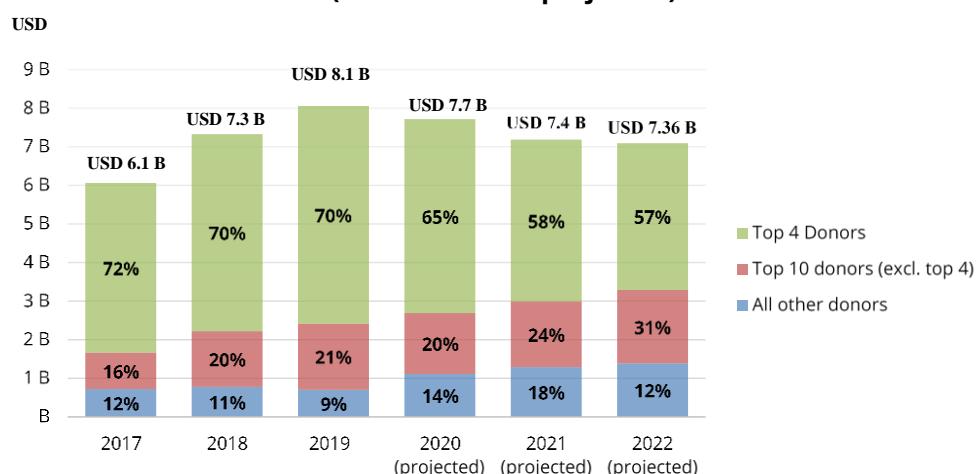
<sup>26</sup> WFP. 2020. *WFP Global Response to COVID-19: June 2020*. <https://docs.wfp.org/api/documents/WFP-0000117304/download/>

37. For 2021, the latest global forecast indicates an expectation of USD 7.4 billion in contributions to WFP, although there is a degree of uncertainty regarding this projection. Many donors have expressed a commitment to maintaining current levels of funding for WFP, some foresee decreases and others indicate that funds may be repurposed to meet health-related or competing humanitarian needs. The reorganization taking place within some of WFP's largest donors adds to the uncertainty. Overall, while there is reason to be cautiously optimistic considering donors' trust in WFP for its humanitarian work, it is possible that development funding for WFP and beyond may suffer some reductions.
38. While the 2021 outlook remains relatively stable among bilateral donors, there are optimistic indications for increased support in response to the COVID-19 crisis, including from IFIs and the private sector.
39. The strong commitment that IFIs have demonstrated to mitigating the socioeconomic impacts of the COVID-19 pandemic, including through significant levels of financing, has created new entry points for WFP and led to an exchange of data and analysis that has advanced partnerships with IFIs and maximized impact on the ground. Given this development, annual contributions sourced from IFIs are forecast to reach USD 300 million by the end of 2020, USD 500 million in 2021 and USD 600 million in 2022.
40. Implementation of the recently approved private sector partnerships and fundraising strategy (2020–2025) started successfully in 2020, with results exceeding all key performance indicators set in the strategy. Income from the private sector is forecast to increase by 22 percent from 2020 to 2021, to reach USD 140 million overall, of which USD 73 million is anticipated from individual giving.<sup>27</sup>

## Closing the funding gap by strengthening and diversifying the donor base

41. Progress is being made towards the attainment of a broader and more diverse resourcing base. In recent years WFP has consistently secured funding from a range of new funding sources and partners. However, the proportion of contributions from the top 14 donors remained constant from 2017 to 2019, at an average of 90 percent of total funding. Overall, analysis of the current forecast projects a gradual trend towards more evenly balanced shares of contributions among donors (see figure II.1).

**Figure II.1. Donors to WFP by value of contributions and percentages of total contributions, 2017–2022 (confirmed and projected)**



<sup>27</sup> Including individual donations through organizations such as World Food Program USA and the Japan Association for WFP.

- 42. In line with the strategic evaluation of funding WFP's work, the organization is seeking to expand its donor base and funding sources by following new approaches at the capital and field levels. These include assessing opportunities for and strengthening access to innovative financing instruments with a view to mobilizing additional resources; broadening engagement with non-traditional and non-governmental stakeholders; and utilizing risk mitigating facilities.
- 43. In 2019 and 2020, WFP continued to explore new ways of diversifying and broadening its resource base, including through strategic dialogue with donors. As part of this dialogue, priority is given to the articulation and positioning of WFP as an organization that can provide a significant contribution at the humanitarian–development–peace nexus.

#### **Private sector**

- 44. Since January 2020, significant investments have been made in mobilizing resources by attracting new individual givers. Investments from the related critical corporate initiative have been deployed throughout the Private Partnerships and Fundraising Division and the Share the Meal team, and activities with the Japan Association for WFP and World Food Program USA are planned for the second half of 2020.
- 45. In 2020, WFP is exceeding the target for the most important of its key performance indicators set out in the private-sector partnerships and fundraising strategy: generating, within 12 months, USD 2.10 from every USD 1 spent on digital fundraising channels. By 30 June, as a result of the scale-up of digital fundraising activity made possible by the investments made, income from individuals had already reached USD 15.2 million, surpassing the amount received throughout the whole of 2019 (USD 12.2 million). The second quarterly report will be available in August and will be presented to the Executive Board in November.
- 46. The impact of the COVID-19 pandemic increases risks that may affect the successful implementation of the private sector strategy. However, the COVID-19 emergency appeal has generated strong support from individual donors, including those contributing through the Share the Meal app. WFP's strategic focus on digital engagement, rather than more traditional forms of fundraising, will mitigate the halting of many activities in response to the pandemic, which has affected face-to-face fundraising efforts and large-scale fundraising events.
- 47. There is a risk that the economic impact on businesses in countries badly affected by the pandemic may undermine corporate partnerships. However, there are indications that companies are prioritizing community and social missions as well as their core business. WFP's messages regarding the need for continued support have clearly resonated. In response to the crisis, corporate partners have provided support both financially and in the form of technical expertise and in-kind contributions. The impact of COVID-19 will continue to be tracked and, where possible, mitigated by adapting WFP's private sector fundraising activities.

#### **Innovative financing, international financial institutions, debt relief and the role of national governments**

- 48. In 2019 and 2020, building on the continued generous support of its donors, WFP made progress in building the foundation for diversification and broadening of its resource base, including through expanded and enhanced dialogue with IFIs and multilateral, bilateral and national development banks and the development of stronger and more sustained relationships with national governments and regional entities such as the African Union. Such relationships, bolstered by robust engagement, will be key to expanding WFP's support for the shaping, implementation and evaluation of country development policies and programmes, many of which are funded through loans from IFIs and development banks.

49. Recognizing the sizeable gap in funding for achievement of SDG 2, WFP resolved to explore all available alternative financing mechanisms, of which innovative financing is particularly relevant. Blended financing and debt swaps may provide WFP with strategic opportunities to contribute to the development goals of national governments by unlocking greater funding for development and high-impact interventions and projects, which would not otherwise be mobilized to reach the people most in need. With the launch of the joint Heavily Indebted Poor Countries Initiative by the International Monetary Fund and the World Bank, countries meeting specific criteria were granted the possibility of receiving debt relief. WFP will follow a strong risk management approach in exploring appropriate options.
50. In the COVID-19-affected macroeconomic environment, many stakeholders have called for debt relief, which is expected to provide renewed funding opportunities for WFP programmes via debt swaps, following the successful approach applied in Egypt and Mozambique. Donor governments may consider debt swaps as part of their official development assistance, and WFP with its food security and social protection interventions (implemented at scale and with large local currency requirements) is particularly well placed to partner with national governments in supporting beneficiaries via these financing agreements, in line with debt relief agreements between debtors and creditors.

#### **United Nations pooled and other thematic funding**

51. The formation of thematic funding “windows” will be another important step in providing WFP with the fiscal space to more strategically explore activities and actions and to engage in dialogue that can empower technical and thought leaders in WFP to drive innovation and more independently explore forward-looking strategies for achieving zero hunger. In 2019 and 2020, WFP has continued to strengthen existing partnerships and engage with global thematic entities such as the Green Climate Fund, the Global Agriculture and Food Security Program and the Global Partnership for Education. For example, after a period of proactive engagement, 2020 is the first year in which WFP received funding from the Green Climate Fund. To date, the Green Climate Fund Board has approved five WFP projects, totalling an estimated USD 50 million. Thematic funding windows will also allow the organization to invest in start-up activities for proposed or negotiated projects with governments, enter into co-financing partnerships with IFIs and non-traditional donors and assume financial risks with new partners that expect financial buy-in from WFP, such as the provision of first-loss guarantees and the sharing of performance and financial risks.
52. Building on recognition of the value of thematic approaches and funding opportunities in support of zero hunger, WFP continues to work in areas such as gender equality, nutrition, resilience, school feeding, climate change and the humanitarian–development–peace nexus. WFP will continue to strengthen its thematic approaches in positioning itself as a key player at the humanitarian–development–peace nexus and obtaining access to new funding opportunities from global, regional and country thematic funds, which provide a crucial resource base for countries in transition as well as opportunities for WFP to mobilize seed funding and invest in transformational change.
53. Concerted efforts throughout the United Nations system and agencies in response to pre-existing needs and those triggered by the pandemic, along with WFP’s unique value proposition as both a service provider and a humanitarian agency, are expected to lead to continuation of the positive funding trend for the organization. Overall, the scope of WFP’s operations, including its deep field presence, facilities for multiple transfer modalities and robust logistics and transportation capacities, present opportunities for WFP to support other United Nations agencies that face constraints in delivering their own assistance in the wake of the pandemic. As the need for WFP’s role as implementer, convener, facilitator and service provider grows, the need to promote access to alternative resources is becoming more apparent and pressing,

underscoring the importance of the organization's role and participation in United Nations appeals processes.

54. The Secretary-General established a United Nations multi-partner trust fund for the immediate socioeconomic response to COVID-19 in April 2020, with the first call for contributions focusing on 47 low- and middle-income countries that are not covered by the United Nations COVID-19 Global Humanitarian Response Plan.<sup>28</sup> WFP secured funding for ten proposals totalling USD 3.7 million for interventions in Bhutan, El Salvador, Eswatini, Guinea, Guinea-Bissau, India, Indonesia, Nicaragua, Sao Tome and Principe and Tunisia. In full alignment with national priorities, WFP took a partnership-based approach to resource mobilization, leveraging funds – primarily with the United Nations Development Programme, the United Nations Children's Fund (UNICEF) and FAO, but also with the World Health Organization and the United Nations Human Settlement Programme – while complying with the “new way of working”, which calls for humanitarian and development actors to collaborate towards shared outcomes.

### **National governments**

55. National government contributions have remained relatively stable in recent years, with USD 103 million received in 2018 increasing to USD 128 million in 2019 (figures exclude IFI resources channelled through national government contributions). Funding through national governments in the period from 2020 to 2022 is forecast at the five-year average of USD 139 million per year, but in view of the COVID-19 pandemic, WFP will continue to monitor national priorities and related resourcing opportunities. WFP continues to encourage national government partners to make regular contributions to its programmes.
56. In addition to its role as facilitator and convener for the provision of services and technical support, WFP began to make use of the most recent version of the Emerging Donor Matching Fund (EDMF) in mid-2019. Despite initial slow progress since the EDMF's revitalization, allocations in 2019 totalled USD 3.4 million, which is similar to those received in the previous EDMF implementation period (2003–2016), when they averaged USD 3.6 million per year. At the time of writing, in 2020 USD 2.7 million had been allocated from the EDMF, and ten national governments had provided contributions, either in-kind or cash-based, which have facilitated the provision of EDMF support for national programmes.
57. The EDMF serves as a multiplier of funding. For every dollar of EDMF funds allocated since 2019, WFP has received close to twice as much in contributions. The EDMF has also facilitated the timely delivery of humanitarian assistance to conflict-affected people, particularly in the absence of readily available funds from donors for covering the associated costs of national government contributions. In addition, the EDMF has enabled certain country offices to widen their collaboration with national governments. In El Salvador, for example, a national government contribution allowed WFP to provide technical assistance for the production of fortified cereal blends. Such contributions may not have been received in the absence of the EDMF funds, particularly in settings with challenging funding environments and limited options for covering associated costs.

### **Predictable and flexible income**

58. As a voluntarily funded organization, WFP values all types of funding, including that earmarked for specific operations, which is consistently provided by WFP's top donors. At the same time, receiving flexible funding that allows for an agile and quick response to humanitarian needs is critical for WFP, while the multi-year funding provided by increasing numbers of donors is

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<sup>28</sup> United Nations. 2020. *Global Humanitarian Response Plan COVID-19, United Nations Coordinated Appeal (April–December 2020)*. [https://www.unocha.org/sites/unocha/files/GHRP-COVID19\\_July\\_update.pdf](https://www.unocha.org/sites/unocha/files/GHRP-COVID19_July_update.pdf).

critical for the long-term planning of the organization's engagement in resilience and root causes. WFP's proactive dialogue with donors on predictable, flexible and multi-year funding, aimed at strengthening operational continuity, including in saving lives, is a priority.

59. WFP's programme and financial architecture provides opportunities for securing more predictable funding, especially in the form of multi-year contributions, enabling the long-term, consistent and continuous investments that are necessary for reducing the impact of adverse events and strengthening community resilience over time. WFP continues to set clear benchmarks for increasing the flexibility and predictability of funding – including earmarked funding – in order to achieve greater efficiency and effectiveness. In many instances, these contributions are the result of extensive negotiations between WFP and the donor that determine the exact nature of such allocations in terms of country-associated outcomes and activities and timing, taking into consideration expected contributions from other donors.
60. Contributions eligible for deployment in internal project lending increased from USD 3.1 billion in 2018 to USD 4 billion in 2019, accounting for 53 percent of all contributions. WFP will continue to highlight the critical nature of its internal project lending, given the relevance of this facility in the prevailing operational environment.
61. WFP will employ a dual approach to enhancing the quality of its funding by considering both internal and external actions that draw on its commitments to drive efficiency and effectiveness of operations. WFP will continue to strengthen its advocacy on flexibility. It will create targets for ensuring the quality of individual donor engagements and monitor the attainment of those targets with a view to continuously pursuing improvements in funding predictability and flexibility and capturing lessons learned. Intensifying the communication and exchange of ideas with donors, at both the capital and field levels, will be key to establishing a clear path towards enhanced partnerships; a broader understanding of the budgeting priorities of donors will allow all stakeholders to respond to and facilitate the provision of better services for beneficiaries and achievement of the goal of zero hunger in line with their priorities.
62. Since the onset of the global COVID-19 crisis, WFP has called on its network of donor partners to provide simplified and accelerated flexible funding. Building on WFP's programme of work, these efforts have led to increased awareness of the urgency of operational requirements, positive media campaigns, high-level strategic support and, most importantly, increased donor willingness to contribute to WFP operations.
63. Progress towards more flexible funding was made in 2019, with funding earmarked at the activity level decreasing from 81 percent (USD 4.2 billion) of total funding in 2018 to 71 percent (USD 5.3 billion) in 2019. Ongoing analysis of contributions indicates that the percentage of flexible contributions for 2020 is expected to match 2019 levels.
64. Multi-year funding increased by 36 percent from USD 1 billion in 2018 to USD 1.3 billion in 2019. For the coming months, analysis of intelligence on donors suggests that multi-year contributions will increase in 2020, with USD 943 million in multi-year funding confirmed by mid-year.
65. Strategic partnership agreements are one of WFP's primary tools for securing predictable and flexible funding aligned with a set of jointly agreed, relatively long-term objectives. At present, WFP has 14 strategic partnership agreements with donors that include Australia, Canada, Denmark, Finland, Iceland, Ireland, Luxembourg, New Zealand, Norway, the Republic of Korea, the Russian Federation, Spain, Sweden and the United Kingdom of Great Britain and Northern Ireland, and is discussing the renewal of agreements that are coming to an end in 2020, which will contribute to its resourcing prospects from 2021 onwards.

## **Section III: Operational requirements for 2021**

### **Overview**

66. In three of the last four years, the number of people experiencing acute hunger and requiring urgent food, nutrition and livelihoods assistance has increased by 10 percent or more.<sup>29</sup> WFP's operational requirements have also steadily increased, by an average of 5 to 15 percent each year, mirroring a world of worsening violence and conflict, increasing climate shocks, extreme weather events and economic crises that force households further and further into poverty, hunger and malnutrition. These were the challenges already faced by WFP and the world prior to the global COVID-19 crisis.
67. The management plan for 2020–2022 outlined operational requirements for reaching 88 million beneficiaries in 2020, an increase of 11 percent compared with the previous year's plan of reaching 79 million beneficiaries. This management plan (2021–2023) anticipates reaching 101 million beneficiaries in 2021, representing a further 13 percent increase. While these planning figures reflect WFP's ability in forward-looking management of its programme of work, imperfect information and exogenous shocks require flexibility in the organization's approach to effectively saving and changing lives. This flexibility has never been more necessary than now, as the global COVID-19 crisis threatens to multiply operational requirements and WFP is compelled to adapt its response to meet increasing calls for support.

### **The effect of the COVID-19 pandemic on the 2021–2023 planning period**

68. The global COVID-19 crisis, beginning in the first quarter of 2020, will continue to have dramatic impacts at the community, national and global levels throughout 2021. In addition, efforts to control the spread of the virus and the interaction of those efforts with pre-existing inequalities and vulnerabilities are compounding the effects of the pandemic on lives, livelihoods and the ability to cope with this global crisis.
69. As a result, the full scale, scope and timing of the pandemic's impact are still evolving in WFP's countries of operation, creating unprecedented uncertainty for WFP's projected needs in 2021. Country office data presented in this management plan were collected in the spring of 2020 and do not capture the full impact of the pandemic on food security, which will likely take longer to manifest.
70. In these conditions, and with the effect of the global pandemic on food security manifesting itself in new forms of deprivation, WFP is addressing these challenges by assuming more responsibility within the broader international community and establishing platforms that enable humanitarian response even when borders are closed and global transport is threatened; seeking innovation in the response to food insecurity at all levels of society, while striving to protect gains made; and scaling up in response to requests from governments and communities for support that enables them to meet urgent needs while recovering from crisis with greater resilience to withstand future compound crises.<sup>30</sup>
71. As countries' needs evolve, country offices will therefore switch between responding to the short-term effects of the pandemic and supporting governments in minimizing the longer-term effects of the related protracted socioeconomic shocks. WFP will regularly adjust its needs-based plans through budget revisions throughout 2020 and into 2021. Member States will be notified of all budget revisions to CSPs and interim CSPs and updated planning figures will be shared via the CSP data portal.

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<sup>29</sup> Analysis by WFP based on Global Network Against Food Crises and Food Security Information Network. 2020. 2020 *Global Report on Food Crises* (FSIN) <https://www.wfp.org/publications/2020-global-report-food-crises>.

<sup>30</sup> WFP's adherence to the OECD-DAC Recommendation on the Humanitarian-Development-Peace Nexus puts in place an overarching commitment to reduce the risks, vulnerabilities and humanitarian need over time.

## **Situational analysis**

72. According to the 2020 Global Report on Food Crisis,<sup>31</sup> an additional 11 million people were classified as being in “crisis” or worse – IPC phase 3 or above – in 2020 due to increasing conflict, climate, and economic shocks. An additional 183 million people are on the brink of slipping into phase 3 (crisis) or worse if faced with additional shocks. Africa has, by far, the largest numbers of acutely food-insecure people with levels particularly high in countries affected by regional crises such as those in the Lake Chad Basin and Central Sahel. Food insecurity is also seen where armed conflict, intercommunal violence and other localized tensions continue to affect peace and security, such as in the Democratic Republic of the Congo and South Sudan, with large refugee populations from South Sudan moving into neighbouring countries such as the Democratic Republic of the Congo, Ethiopia, Kenya, the Sudan and Uganda. Conflict is compounded by extreme weather events and locust infestations that threaten to destroy large agricultural and pasture areas of the Horn of Africa and Southern Africa. Economic crises are also having a growing influence on food security levels, particularly in the Bolivarian Republic of Venezuela, Haiti, Pakistan and Zimbabwe.
73. The people hit hardest by shocks are the most vulnerable and marginalized – children, women and people forced from their homes and across borders. More than one in five children under 5 years of age (144 million) are stunted. Each percentage point drop in global gross domestic product is expected to result in an additional 0.7 million stunted children.<sup>32</sup>
74. Emerging evidence on the impact of the COVID-19 crisis suggests that women’s economic and productive lives will be affected disproportionately and differently from those of men. Around the globe, women generally earn less than men, save less, hold less secure jobs and are more likely to be employed in the informal sector. They have less access to social protection instruments and account for the majority of single-parent households.<sup>33</sup> Consequently, their capacity to absorb economic shocks is less than that of men.
75. In mid-2019, an estimated 79 million people were displaced globally, of whom 44 million were internally displaced and 20 million were refugees assisted under UNHCR’s mandate. More than half of these refugees were hosted in countries that already had a high prevalence of acutely food-insecure people. In countries where funding constraints have reduced assistance in refugee camps, often for prolonged periods, refugees’ food security is severely threatened. In 2019 more than a quarter of WFP’s saving lives programme was dedicated to meeting the needs of forcibly displaced populations.<sup>34</sup>

## **Evolution of the Management Plan (2021–2023)**

76. Through the management plan (2021–2023) WFP affirms its commitment to aligning and integrating its capacities and programmes with those of national authorities and other partners. This plan reflects progress towards implementation of WFP’s global commitments, including the 2030 Agenda for Sustainable Development.
77. The management plan (2021–2023) covers WFP’s operations in 121 countries. Of these countries 69 have endorsed CSPs, 13 have interim CSPs, 1 is operating under a transitional interim country strategic plan, 37 are operating under either the Pacific or the Caribbean interim multi-country strategic plan and 1 is operating under a limited emergency operation.

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<sup>31</sup> Global Network Against Food Crises and Food Security Information Network. 2020. [2020 Global Report on Food Crises](https://www.wfp.org/publications/2020-global-report-food-crises). <https://www.wfp.org/publications/2020-global-report-food-crises>.

<sup>32</sup> World Health Organization. 2020. Fact sheet. Malnutrition. 1 April 2020 <https://www.who.int/news-room/fact-sheets/detail/malnutrition>.

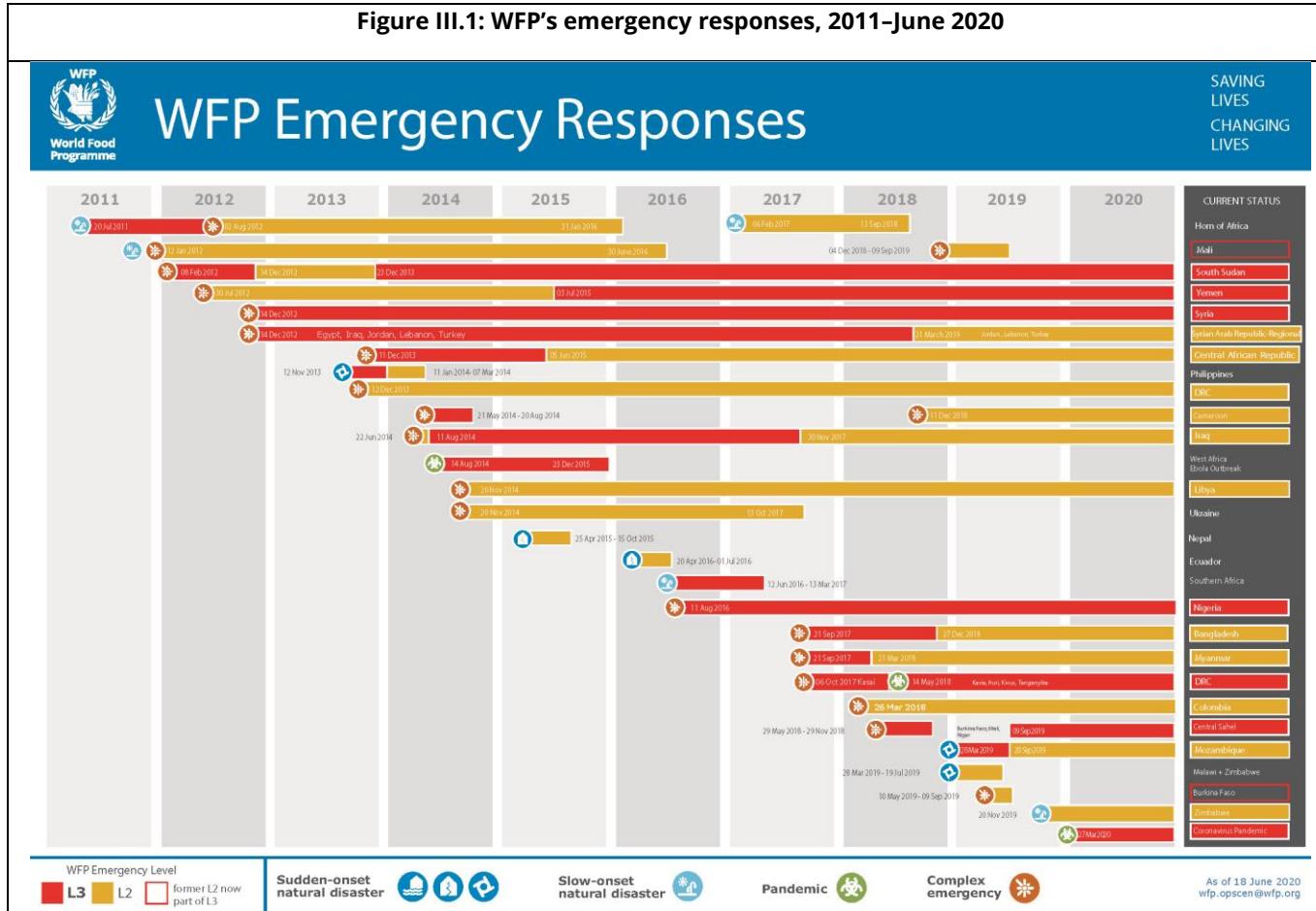
<sup>33</sup> United Nations. 2020. *Policy Brief: The Impact of COVID-19 on Women*. <https://www.unwomen.org/en/digital-library/publications/2020/04/policy-brief-the-impact-of-covid-19-on-women>.

<sup>34</sup> Annual performance report for 2019. WFP/EB.A/2020/4-A.

The strategic and programmatic shifts set out in the WFP Strategic Plan (2017–2021) are now firmly embedded in WFP's planning processes and the next generation of CSPs are increasingly revealing the transformative programmes and partnerships required to achieve the ambitious shift towards programmes that build on emergency assistance in ways that save lives and change lives. WFP seeks to meet emergency needs in a timely and effective manner – where possible, in ways that prevent the need for further life-saving assistance in the future – while simultaneously designing multi-year operations that sequence and layer transition and development efforts that reduce humanitarian needs in the medium and long terms. This is particularly important where conflict, climate and economic shocks are interlinked and difficult to predict.

78. In 2020, WFP and its partners are responding to 17 concurrent emergencies worldwide. Seven are Level 3 emergencies, which represent the most complex, protracted, and costly operations because of access challenges and the overlap of conflict and climate shocks. Examples include the emergencies in the Democratic Republic of the Congo, Nigeria, South Sudan, the Syrian Arab Republic, Yemen and the central Sahel region (Burkina Faso, Mali and the Niger), and the response to the COVID-19 pandemic. The remaining ten emergencies are classified as Level 2. Figure III.1 summarizes WFP's coverage of emergencies since 2011, highlighting an increasing and prolonged trend in humanitarian crises.

**Figure III.1: WFP's emergency responses, 2011–June 2020**



79. The global trend in increasing humanitarian crises, excluding the evolving impact of the COVID-19 pandemic, is reflected throughout the management plan (2021–2023). While WFP's programming remains needs-based, increases in the number of people facing recurring acute hunger and food insecurity underline the need for parallel efforts that tackle the origins of these vulnerabilities. Such efforts start with the design of emergency responses that not only do no harm, but also seek to do good. Equitable and inclusive assistance provision focused on the most marginalized people can support key elements of social cohesion and the

strengthening of trust between citizens and the state, even during the emergency phase of a response. When interventions are coupled with programmes that build beneficiaries' resilience and self-reliance, they provide lasting results that help gradually to reduce humanitarian need.

80. WFP's first priority of saving lives and reducing suffering in emergencies is in accordance with humanitarian principles. With needs steadily rising, however, the forging of strategic and operational partnerships with national and local authorities and other development actors is essential in enabling populations to better withstand recurring shocks and strengthening systems so that they respond more efficiently and reduce needs. Achievement of the long-term benefits of this approach will incur higher short-term costs. For example, incorporating resilience building from the start of an emergency response may be more expensive at the outset, but reduces the need for and cost of humanitarian response in the long term. For every USD 1 invested in building people's resilience, donors can expect to save up to USD 3 in reduced humanitarian aid and avoided losses,<sup>35</sup> while USD 1 invested in preventing malnutrition can generate returns of up to USD 16.<sup>36</sup>

## The impact of limited resources and growing needs

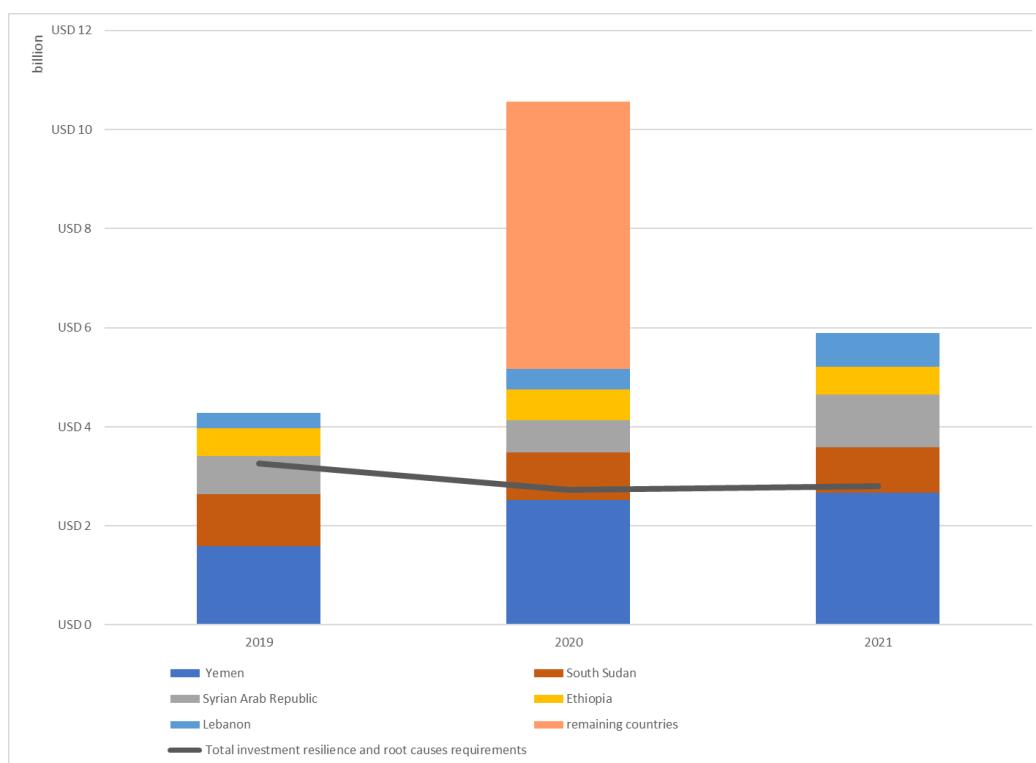
81. WFP's projected operational requirements for 2021 amount to USD 12.3 billion, a 17 percent increase compared with the 2020 needs-based plan. Conflicts in Burkina Faso, Somalia and the Syrian Arab Republic demand expanded responses that meet increased levels of need, while economic shocks and drought in Zimbabwe have pushed millions of people into unacceptable levels of food insecurity. Globally, emergency needs are projected to increase in more than 43 countries compared with 2020.
82. Almost half of the overall operational requirements for 2021, an estimated USD 5.2 billion, are for WFP's five largest operations – in Ethiopia, Lebanon, South Sudan, the Syrian Arab Republic, and Yemen. Operational requirements in these five countries will increase by 14 percent (USD 716 million) compared with 2020, and have more than 4 million additional beneficiaries. The increase is attributed to the effects of drought, conflict, economic shocks, cyclones and locusts, which are becoming interrelated and are occurring with greater frequency and intensity, compounding vulnerability and increasing needs. Figure III.2 illustrates the increases in overall requirements from 2019 to 2021 and shows WFP's planned requirements for resilience building and root cause-related activities, which reflect sustained efforts to build on the gains of the emergency response, breaking the cycle of cumulative vulnerability and reducing long-term need.

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<sup>35</sup> United States Agency for International Development. 2018. The economics of resilience to drought in Kenya, Ethiopia and Somalia. <https://www.usaid.gov/resilience/economics-resilience-drought>.

<sup>36</sup> International Food Policy Research Institute. 2015. *Global Nutrition Report 2015: Actions and accountability to advance nutrition and sustainable development*. <http://www.ifpri.org/publication/global-nutrition-report-2015>.

**Figure III.2: Projected requirements for WFP's five largest operations and for resilience building and root cause-related activities, 2019–2021**



83. As needs continue to grow, projected contribution levels are expected to remain relatively stable. For 2021, WFP forecasts USD 7.4 billion in contributions towards its operational requirements of USD 12.3 billion. The forecast funding gap of 40 percent in 2021 will reduce WFP's ability to achieve its strategic vision and global commitments and limit the organization's ability to assist all affected populations adequately. The projected gap for 2021 is most pronounced for crisis response-related activities, resulting in the prioritization of life-saving assistance for populations devastated by conflict, displacement or drought. Such prioritization leaves gaps that lead to permanent damage and potential loss of life. It also causes the loss of opportunities for using WFP's deep field presence, leveraging operational partnerships and supporting national systems for building resilience and social cohesion, and addressing the systemic drivers of crisis, resulting in higher long-term costs to the international community as development gains disappear.
84. WFP's first responsibility is saving lives. Based on experience gained over the last three years, the projected impact of a USD 5 billion funding gap in operational requirements is anticipated to equate to a reduction of between 35 and 50 percent in the delivery of programmes that change lives, reduce long-term vulnerability to shocks and reverse the recurrence of acute hunger and malnutrition. Projected impacts include:
- a reduction in life-saving assistance for displaced communities and reprioritization of beneficiaries – even the most vulnerable – which would lead to cuts in rations, reduced duration of assistance and incomplete ration baskets, increasing the risk of acute malnutrition and the use of negative coping strategies, including displacement and migration;
  - a decrease in activities aimed at the prevention of malnutrition, including the promotion and fostering of safe and nutritious diets, breastfeeding, clean environments, prevention of illness and good caring practices that alleviate the strain on often fragile healthcare and community systems;

- suspension of analysis and assessment activities that support the development of government capacities to establish in-country food security monitoring systems for assessing and predicting the impact of shocks, and a reduction in the real-time and remote monitoring that is critical for WFP and national governments;
- delays in the development of national forecast-based financing systems and anticipatory action plans that can reduce the cost of traditional, reactive humanitarian response by up to two thirds; and
- contraction of support for activities that enhance smallholders' access to markets, including training on good agricultural practices, post-harvest handling and storage, formation of savings groups, provision of post-harvest equipment and fostering of linkages with private sector entities to reduce post-harvest losses.

## **Analysis of 2021 operational requirements**

85. WFP projects an overall 17 percent increase in operational requirements for 2021 compared with 2020. The increase reflects WFP's commitment to continuing its life-saving efforts while simultaneously making steady and meaningful progress in improving peoples' ability to deal with shocks, investing in government capacities to support people and, ultimately, reducing the need for humanitarian interventions.

### **Analysis by focus area**

86. Table III.1 outlines operational requirements by focus area, showing a 22 percent increase (USD 1.7 billion) in crisis response-related activities between 2020 and 2021. The increase in this focus area is most significant in countries that include Burkina Faso, Colombia, Somalia and Zimbabwe, where operational requirements have more than doubled since 2020. Such activities include support, both in-kind and through cash-based transfers (CBTs), for severely food-insecure shock-affected households and critical nutrition support for malnourished children under 5 years of age and for pregnant and breastfeeding women and girls.

<b>Focus area</b>	<b>2020 operational requirements</b>	<b>2021 operational requirements</b>	<b>Difference (%)</b>
	<b>(USD million)</b>		
Crisis response	7 830	9 545	22
Resilience building	2 208	2 252	2
Root causes	527	547	4
<b>Total</b>	<b>10 566</b>	<b>12 344</b>	<b>17</b>

87. Operational requirements for resilience building in 2021 are projected to increase by 2 percent (USD 44 million) compared with 2020. These slightly increased requirements are for programmes focused on reducing long-term humanitarian need. For example, operations in the Central African Republic, Nigeria and Somalia have increased resilience building requirements even though their crisis response needs will also expand. In Somalia, limited access to water and soil erosion are major livelihood challenges and are exacerbated by conflict and climate change. To mitigate this, communities engage in the construction of shallow wells, dams and water ponds and the rehabilitation of water catchments and irrigation systems that support agriculture and livestock production. Partnering with FAO and UNICEF on joint resilience-building strategies allows the provision of complementary interventions that build the capacities of households and communities to adapt to climate- and conflict-related hazards

through, for example, essential basic services for health, nutrition, water and education, livelihood support activities including pasture restoration, rangeland restoration and the introduction of post-harvest loss technologies, and feeder road construction for market access.

88. Compared with 2020, the needs-based plan for activities in the root causes focus area will increase by 4 percent (USD 19 million) in 2021. The largest planned increases are for Lebanon and the Central African Republic. In Lebanon, root cause-related programmes support chronically vulnerable Lebanese people through the national poverty reduction programme, reducing social tensions with Syrian refugees receiving life-saving assistance in Lebanon.

#### **Analysis of beneficiary numbers**

<b>TABLE III.2: BENEFICIARIES BY REGIONAL BUREAU, 2020-2021</b>			
<b>Regional bureau</b>	<b>2020*</b>	<b>2021</b>	<b>Difference (%)</b>
RBB – Asia and the Pacific	9 335 591	10 093 858	8
RBC – Middle East, North Africa, Eastern Europe and Central Asia	28 449 185	31 345 577	10
RBD – West Africa	12 708 481	12 691 071	0
RBJ – Southern Africa	12 994 247	18 026 273	39
RBN – East Africa	21 026 664	23 556 161	12
RBP – Latin America and the Caribbean	3 099 343	5 051 070	63
<b>Total</b>	<b>87 613 511</b>	<b>100 764 010</b>	<b>15</b>

\* WFP/EB.2/2019/5-A/1.

89. In 2021 WFP's programming is currently projected to directly reach 101 million beneficiaries, a 15 percent increase (13.1 million people) from 2020 plans. This is due to the compound vulnerability that results from combinations of conflict, climate events and economic crises, which will be exacerbated by the global COVID-19 pandemic. While the impact of the pandemic is yet to be fully seen and reflected in this management plan, the revised 2020 operational requirements as of June 2020 already indicated an increase of nearly 25 percent in the second half of 2020 owing to requirements for the COVID-19 response.
90. Large-scale increases in the numbers of people requiring WFP assistance in the Southern African region (RBJ) and the Latin America and the Caribbean region (RBP) are seen in Zimbabwe and Colombia where beneficiary numbers have more than doubled as a result of economic crisis and associated displacement. A deepening social and economic crisis alongside the ongoing conflicts in the Syrian Arab Republic and Lebanon accounts for the moderate increases in the Middle East, North Africa, Eastern Europe and Central Asia region (RBC). In the East Africa region (RBN), climate shocks, locusts and drought along with the ongoing conflict have contributed to the increases in beneficiary numbers. In West Africa (RBD) and RBJ, increasing conflict contributes to increased beneficiary numbers in Cameroon and the Democratic Republic of the Congo. In the Asia and the Pacific region (RBB), the increase in beneficiary numbers is due in part to an increase in the number of people requiring support in Bangladesh because of expanded provision of food assistance for host communities affected by the protracted refugee crisis. However, it is important to note that while beneficiary figures provide an overall picture of WFP's volume of work, they neither reflect the duration of the

support provided nor indicate how beneficiaries benefit from several simultaneous WFP programmes in ways that achieve long-term outcomes.<sup>37</sup>

91. The cost per ration is an essential benchmark for WFP. Historically, it has reflected the estimated budgeted amounts that can be attributed to a daily food basket or CBT that is designed to achieve programme results. While the current metric is useful for assessing the cost of operations and facilitating decision making when pursuing efficiency gains and economies of scale, WFP is rethinking the cost per ration metric to better reflect the changes that have occurred within the organization since the measure was introduced. The complexity of WFP's programmatic activities, improved availability and granularity of data, changes in activity portfolios, and the increased use of CBTs all need to be critically examined in regard to how the cost per ration is calculated and reported. To this end, an inter-departmental working group is developing a revised approach and methodology, which is expected to be implemented for the 2020 annual performance report exercise.
92. As this work is ongoing, a provisional simplified calculation has been used for this management plan. The method estimates an average planned cost per ration of USD 0.40 for the 28.1 billion rations reported in 2021 needs-based plans. These provisional numbers will be replaced in the 2021 annual performance report with estimates calculated using the finalized methodology and cannot easily be used in comparisons with previous estimates. The revision of the methodology and approach for the cost per ration will ensure that this critical indicator continues to be an important decision making tool for WFP.

#### **Ability to deliver towards achievement of the SDGs**

93. While humanitarian action and reducing long-term needs are WFP's core responsibilities, the management plan (2021–2023) reflects a continued commitment to assisting governments in achieving SDG 2 and to supporting the attainment of SDG 17 through strengthened partnerships that leverage the contribution of food security to the attainment of other SDG goals. Table III.3 outlines WFP's operational requirements by each of the five WFP strategic objectives and the eight WFP strategic results.

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<sup>37</sup> Examples include WFP's ongoing work with smallholders. WFP. 2018. *Changing Lives for Smallholder Farmers, Beyond the Annual Performance Report 2018 Series*. <https://docs.wfp.org/api/documents/WFP-0000110345/download/>.

TABLE III.3: OPERATIONAL REQUIREMENTS BY STRATEGIC OBJECTIVE AND STRATEGIC RESULT, 2020 AND 2021						
SDG	Strategic Objective		Strategic Result	2020 operational requirements (USD million)	2021 operational requirements (USD million)	Difference (%)
2	1	End hunger	1 Access to food	8 038	10 034	25
	2	Improve nutrition	2 End malnutrition	999	943	-6
	3	Achieve food security	3 Smallholder productivity and income	231	247	7
			4 Sustainable food systems	441	444	1
17	4	Support SDG implementation	5 Capacity strengthening	186	146	-21
	6 Policy coherence	4.09	3.75	-8		
	5	Partner for SDG results	7 Diversified resourcing	0.26	0.80	211
			8 Enhance global partnership	666	525	-21
<b>Total</b>				<b>10 566</b>	<b>12 344</b>	<b>17</b>

#### **Sustainable Development Goal 2**

94. Strategic Objectives 1 on ending hunger and 2 on improving nutrition constitute approximately 89 percent (USD 10.9 billion) of WFP's overall operational requirements and account for 86 percent of the crisis response-related needs. Forty-five countries are planning increases in requirements for activities linked to Strategic Objective 1 (end hunger) and Strategic Result 1 (access to food) in 2021; the largest increases – totalling more than USD 1.3 billion – are in response to ongoing emergencies in Burkina Faso, Lebanon, Somalia, the Syrian Arab Republic and Zimbabwe.
95. While planning figures indicate a reduction in overall requirements for Strategic Objective 2 (improve nutrition) and Strategic Result 2 (end malnutrition), WFP's total operational requirements for nutrition activities, presented in table III.4, will increase by 13 percent. This is because nutrition inputs will be more prevalent in WFP's life-saving work – with an increase of 49 percent compared with 2020 – and are captured under Strategic Objective 1. The increase reflects requirements for tackling acute malnutrition rates, which exceed emergency levels in some of the largest crisis response-oriented operations such as those in Afghanistan, South Sudan, the Syrian Arab Republic and Yemen.
96. Under Strategic Objective 3 (achieve food security), WFP activities are projected to increase by USD 18.8 million and constitute 6 percent of WFP's total operational requirements in 2021. WFP anticipates a modest increase in requirements for strengthening smallholders' productivity and incomes under Strategic Result 3. Examples are seen in the Central African Republic, Honduras, Mozambique and Nigeria. Slight increases (1 percent) in activities related to Strategic Result 4 for supporting sustainable food systems are planned, for example, in Guatemala and the Sudan.

#### **Sustainable Development Goal 17**

97. WFP's capacity strengthening work under Strategic Objective 4 (support SDG implementation) is projected to decrease by 21 percent, or USD 40 million. This is primarily because of reductions in planned activities in the Democratic Republic of the Congo and Iraq, where reprioritized plans

of work reflect reductions in support for government services and systems that reduce hunger. WFP also anticipates that requirements<sup>38</sup> linked to Strategic Objective 5 (partner for SDG results) and Strategic Result 8 (enhance global partnership) will decline by 21 percent, or USD 141 million, compared with 2020. This is because of the handover of implementation of the large-scale Emergency Social Safety Net (ESSN) in Turkey – which was implemented in partnership with the Turkish Red Crescent (Kizilay) – to the International Federation of Red Cross and Red Crescent Societies (IFRC).

### **Analysis by activity category**

98. In 2021, WFP anticipates that 63 percent of its operational requirements will be provided through unconditional resource transfers for highly vulnerable people. These include life-saving transfers in 65 countries for refugees and forcibly displaced people and for other men, women, girls and boys affected by conflict, drought, economic shocks or infestations. Table III.4 outlines the operational requirements for 2021 by activity category.

<b>TABLE III.4: OPERATIONAL REQUIREMENTS* BY ACTIVITY CATEGORY, 2020 and 2021</b>			
<b>Activity category</b>	<b>2020 operational requirements (USD million)</b>	<b>2021 operational requirements (USD million)</b>	<b>Difference (%)</b>
Analysis, assessment and monitoring	9	6	-36
Asset creation and livelihood support activities	1 033	1 122	9
Climate adaptation and risk management	86	109	26
Common services and platforms	684	529	-23
Capacity strengthening activities – individual	40	43	8
Capacity strengthening activities – institutional	321	304	-5
Emergency preparedness	18	23	29
Nutrition activities	1 465	1 661	13
Other	2	2	19
School feeding activities**	737	746	1
Smallholder agricultural market support	64	83	30
Unconditional resource transfers to support access to food	6 107	7 716	26
<b>Total</b>	<b>10 566</b>	<b>12 344</b>	<b>17</b>

\* Operational requirements presented in this table have been rounded to the nearest USD million. The percentage differences reflect the actual, unrounded operational requirements.

\*\* The operational requirements for school feeding include requirements for school feeding activities and the provision of emergency school meals embedded in unconditional resource transfer activities.

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<sup>38</sup> In 2020, WFP estimated a reduction of 46 percent (USD 587 million) in requirements for Strategic Result 8 compared with 2019.

99. With two thirds of WFP's 2021 operational requirements (USD 7.72 billion) directed to the provision of unconditional resource transfers that support access to food, the remaining planned operational requirements for 2021, totalling USD 4.63 billion, are for the following core areas:
- Thirteen percent of requirements are aimed at reducing high levels of malnutrition.
  - Ten percent of requirements are investments related to asset creation, smallholder market access and climate adaptation and risk management activities.
  - Six percent of requirements are directed towards the school feeding portfolio, which constitutes the fourth largest activity category.
100. The most substantial changes in operational requirements for activity categories compared with 2020 include the following:
- *Analysis, assessment and monitoring*: In 2021, stand-alone activities related to analysis, assessment and monitoring are expected to decrease by 36 percent owing to changes in the Democratic Republic of the Congo. The change masks an increased focus on evidence building and government capacity strengthening in support of, for example, targeting for social protection instruments and development of national early warning systems for emergency preparedness. In Kyrgyzstan, WFP will continue to support the Government in automating national food security monitoring systems including those for price stability. In Indonesia and Nepal, through the Platform for Real-time Impact and Situation Monitoring (PRISM), WFP supports governments in the collection and analysis of data for supporting efforts to reach the most vulnerable people and mitigate the impacts of disaster and climate change.
  - *Asset creation and livelihood support*: Globally, operational requirements for asset creation and livelihood support activities will increase by 9 percent in 2021. This reflects expanded programmes aimed at investing in smallholder productivity and reducing vulnerability to various shocks. Examples include activities in Bangladesh and Jordan that focus on increasing the self-reliance of refugees, and in Afghanistan, Burkina Faso, Mozambique and Somalia, where targeted lean season and early recovery support is provided to food-insecure people as part of larger programmes for reducing long-term needs through strengthened resilience to drought, conflict and cyclones.
  - *School feeding*: Operational requirements for school feeding activities will increase slightly in 54 countries, particularly in the needs-based plans for Burkina Faso, Colombia, Mali, the Niger, Sierra Leone and Somalia. However, the overall modest increase is tempered by reductions in requirements in 12 countries including Rwanda, Ethiopia and Lesotho. The decrease reflects the ongoing transition of school feeding programmes to national governments and the corporate school feeding strategy for 2020–2030, which is focused on supporting nationally owned school feeding programmes, reinforcing the work of regional bodies such as the African Union and strengthening the provision of school health and nutrition services with UNICEF.
  - *Smallholder agricultural market support*: Needs-based plans for smallholder agricultural market support activities will increase by 30 percent in 2021. The increase includes, for example, activities in Mozambique for enhancing the aggregation, marketing and decision making capacities of smallholder farmers, particularly women, and the use of hermetic storage technologies to reduce post-harvest losses.

## **Analysis by Strategic Result, activity category and transfer modality**

### ***Strategic Result and activity category***

101. Table III.5 outlines 2021 operational requirements by Strategic Result and activity category.

<b>TABLE III.5: OPERATIONAL REQUIREMENTS BY STRATEGIC RESULT AND ACTIVITY CATEGORY, 2021 (USD million)</b>									
<b>Activity category</b>	<b>Strategic Result 1</b>	<b>Strategic Result 2</b>	<b>Strategic Result 3</b>	<b>Strategic Result 4</b>	<b>Strategic Result 5</b>	<b>Strategic Result 6</b>	<b>Strategic Result 7</b>	<b>Strategic Result 8</b>	<b>Total</b>
Analysis, assessment and monitoring	1	<1	-	<1	4	-	-	<1	6
Asset creation and livelihood support activities	712	1	162	247	-	-	-	-	1 122
Climate adaptation and risk management	14	-	2	92	1	-	-	-	109
Common services and platforms	5	-	-	-	3	-	-	521	529
Capacity strengthening activities – individual	24	2	8	9	1	-	-	-	43
Capacity strengthening activities – institutional	94	28	12	42	122	4	-	2	304
Emergency preparedness	9	-	-	6	7	-	-	-	23
Nutrition activities	779	879	-	2	-	-	-	-	1 661
Other	-	-	-	-	-	-	1	2	2
School feeding activities	699	31	8	1	7	-	-	-	746
Smallholder agricultural market support	<1	1	56	26	<1	-	-	-	83
Unconditional resource transfers to support access to food	7 696	<1	-	19	-	-	-	-	7 716
<b>Total</b>	<b>10 034</b>	<b>943</b>	<b>247</b>	<b>444</b>	<b>146</b>	<b>4</b>	<b>1</b>	<b>525</b>	<b>12 344</b>

102. In 2021, more than 80 percent of WFP's operational requirements are under Strategic Result 1 (access to food) and are concentrated primarily in four activity categories. Under Strategic Result 3 (smallholder productivity and income), institutional capacity strengthening activities are projected to grow from USD 1.5 million to USD 11.7 million. For example, in South Sudan, WFP expects to support the Ministry of Agriculture and the Agricultural Bank of South Sudan in strengthening the production and marketing capacities of smallholder farmers. Under Strategic Result 4 (sustainable food systems), requirements for institutional capacity strengthening activities are projected to grow by 12 percent compared with 2020. This is owing to operations in countries such as Egypt and the Sudan where WFP is increasing support for farmers and state and national agricultural institutions, with a focus on improving post-harvest storage techniques and fostering access to multilateral climate funds.

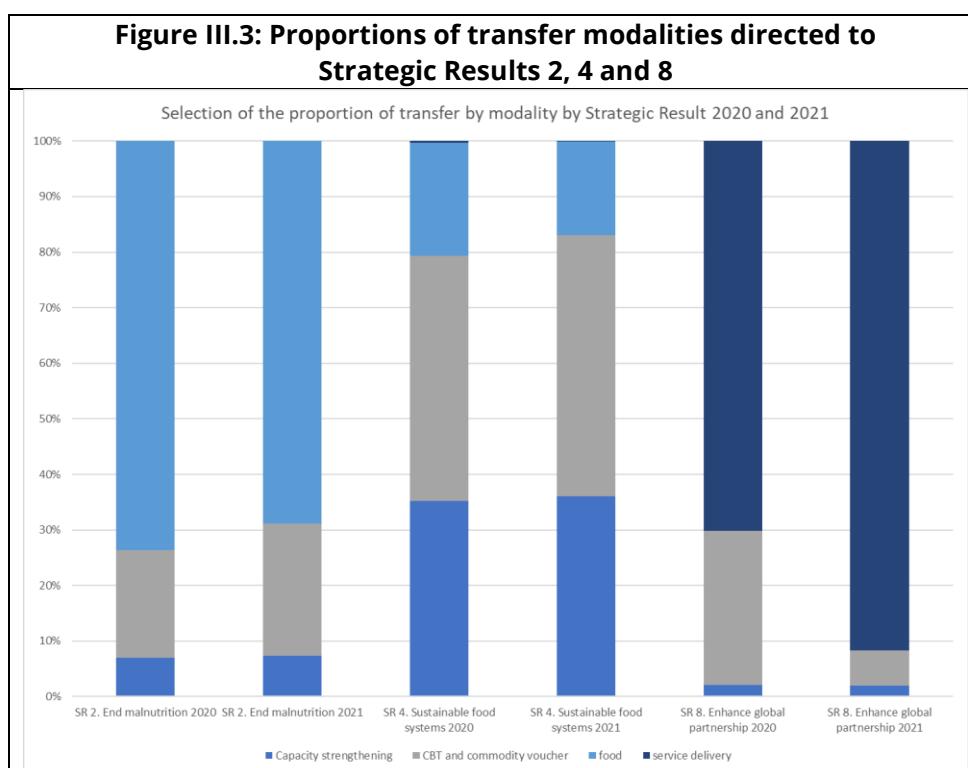
### ***Transfer modalities by focus area and Strategic Result***

103. The management plan (2021–2023) highlights continued use of the capacity strengthening transfer modality to help governments achieve SDG 2. As a transfer modality, capacity strengthening may stand on its own, complement other types of transfers when WFP is implementing programmes directly, or underpin institutional capacity strengthening interventions. Capacity strengthening transfers encompass information, communication and educational initiatives in various thematic or sectoral interventions that address skill gaps at the

household, community or institutional level. In addition, they may also include the transfer to beneficiaries of tools and equipment (shovels, etc.) and technical supervision and engineering support for building and maintaining livelihood infrastructure as part of assets in asset creation and livelihood activities.

<b>TABLE III.6: MODALITY BY FOCUS AREA (%)</b>				
	<b>Crisis response</b>	<b>Resilience building</b>	<b>Root causes</b>	<b>Total</b>
Capacity strengthening	1	20	29	<b>6</b>
CBTs and commodity vouchers	39	44	30	<b>40</b>
Food	55	35	41	<b>51</b>
Service delivery	5	1	0	<b>4</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

104. As table III.6 highlights, while in-kind food and CBTs remain the overwhelming transfer modalities in WFP's operations, the capacity strengthening modality accounts for 20 percent of total transfers to individuals, households, communities and government counterparts under the resilience building focus area and for 29 percent under root causes.
105. As a modality, CBTs and commodity vouchers represent 40 percent of WFP's total operational requirements and are distributed across all three focus areas to support various programmes and activities in appropriate combinations for achieving cost effectiveness and programme outcomes.
106. Across the eight strategic results, the four transfer modalities are employed in various combinations to ensure WFP's contribution to achievement of the SDGs. Figure III.3 illustrates some of the more significant changes between 2020 and 2021 in the combination of transfer modalities for Strategic Results 2 (end malnutrition), 4 (sustainable food systems) and 8 (enhance global partnership).



107. The 2021 needs-based plan anticipates a 16 percent increase in the use of CBTs for Strategic Objective 2 (improve nutrition) and Strategic Result 2 (end malnutrition). This modality change will enable WFP to flexibly adapt its programmes and build on success. For example, in Malawi, WFP revised its nutrition strategy to focus more on a combination of nutrition-sensitive and prevention activities, with household programmes that provided CBTs to promote better dietary diversity and micronutrient intake for addressing high levels of stunting, after a SMART<sup>39</sup> survey showed a reduction in the global acute malnutrition rate from 2.7 percent to 0.5 percent.
108. In 2021, WFP foresees an 82 percent reduction in CBTs under Strategic Result 8 (enhance global partnership). This is because of the handover of the ESSN to the IFRC – a programme that assisted 1.75 million vulnerable refugees, most of whom are Syrian. Similarly, as part of WFP's programme to support smallholder farmers and food systems under Strategic Result 4 (sustainable food systems), a 7 percent increase in CBTs and a 16 percent decrease in in-kind transfers are anticipated in 2021 for activities aimed at increasing market flows and enhancing access to markets for smallholder farmers.

#### **Analysis by transfer and associated cost**

109. To accomplish its goal of saving lives and changing lives, WFP makes use of a range of activities and transfer modalities. Direct transfers of food, CBTs and commodity vouchers, capacity strengthening and service delivery for beneficiaries cover most foreseen operational requirements and equate to 89 percent of total direct costs.<sup>40</sup> In addition, WFP works to improve national policies, capacities, food systems and processes, indirectly improving the food security of far more people through capacity strengthening and service delivery modalities.
110. Table III.7 outlines the values of transfers and their associated costs in WFP's operational requirements for 2020 and 2021. In 2021, total operational requirements are projected to increase by 17 percent compared with 2020. This translates into a 24 percent increase in the requirements for food transfers, a 14 percent increase in CBTs and a 1 percent increase in service delivery transfers.

**TABLE III.7: TRANSFER VALUES AND ASSOCIATED COSTS, 2020 AND 2021**

<b>Transfer and associated cost</b>	<b>2020 operational requirements (USD million)</b>	<b>Percentage of total transfer costs</b>	<b>2021 operational requirements (USD million)</b>	<b>Percentage of total transfer costs</b>
Food	4 164	47	5 204	50
CBTs	3 263	37	3 800	37
<i>cash</i>	2 315	26	2 425	24
<i>value vouchers</i>	948	11	1 374	13
Commodity vouchers	374	4	369	4
Capacity strengthening	557	6	531	5
Service delivery	409	5	416	4
<b>Total transfer costs</b>	<b>8 767</b>	<b>100</b>	<b>10 320</b>	<b>100</b>
Implementation costs	689		783	

<sup>39</sup> SMART = standardized monitoring and assessment of relief and transitions.

<sup>40</sup> Data on transfers in this section exclude implementation, direct support and indirect support costs.

<b>TABLE III.7: TRANSFER VALUES AND ASSOCIATED COSTS, 2020 AND 2021</b>				
<b>Transfer and associated cost</b>	<b>2020 operational requirements (USD million)</b>	<b>Percentage of total transfer costs</b>	<b>2021 operational requirements (USD million)</b>	<b>Percentage of total transfer costs</b>
Direct support costs	465		490	
<b>Total direct costs</b>	<b>9 921</b>		<b>11 593</b>	
Indirect support costs	645		751	
<b>Total</b>	<b>10 566</b>		<b>12 344</b>	

#### ***Food-based transfers***

111. In 2019, WFP purchased 3.5 million mt of food with a value of USD 1.7 billion. Food was procured in 91 countries, with 77 percent sourced from developing countries and 23 percent from developed countries. The value of food procured in 2019 increased by 6 percent compared with the USD 1.6 billion procured in 2018. Since 2012, the value of food procured has increased by more than 64 percent. In 2019, WFP had seven active Level 3 emergency responses, which accounted for about 54 percent of all food procured.
112. Over the past decade, WFP has steadily increased the share of local food procurement. Through local, regional and pro-smallholder procurement, WFP injects cash into local economies to strengthen smallholders' livelihoods and invests in the sustainability of food systems and value chains for farmers, farmer organizations, processor groups, aggregators and traders. The 2019 local and regional food procurement policy<sup>41</sup> introduces a principled pro-smallholder procurement approach that complements the cost-efficiency considerations that guide WFP's procurement decisions. This allows WFP to further leverage its procurement footprint by investing in smallholders while increasingly integrating procurement from smallholders into ongoing nutrition, resilience and livelihoods activities. In 2019, half of WFP food commodities were purchased locally.
113. The Food Procurement Service has improved the agility, cost efficiency and reliability of WFP's procurement. Innovative procurement modalities and sourcing strategies for major food commodities were essential tools for meeting increasing demand in 2019. Food supply agreements, differential contracts and other arrangements enabled WFP to buy food at the right time when market prices were at optimal levels. These types of contract modality allow suppliers to better plan production and to secure available commodities.
114. In 2020, the Food Procurement Service aims to make further gains in productivity and efficiency through integrated end-to-end supply chain planning and optimized use of advance financing mechanisms such as the Global Commodity Management Facility, compliance of WFP's food procurement with industry standard practices, use of market intelligence to ensure that purchases are made at the right time, and enhanced efforts to widen the supply base. In close collaboration with the Nutrition Division and the Programme – Humanitarian and Development Division, the Food Procurement Service will aim to satisfy the needs and tastes of beneficiaries by maximizing procurement of local crops and preferred commodities. Together with the Food Safety and Quality Assurance Unit, the Food Procurement Service will also aim to decrease the risk of incidents related to food safety and quality.
115. WFP forecasts distributing 5.8 million mt of food at a total cost of USD 5.2 billion in food transfer value and transfer costs in 2021. The Middle East, North Africa, Eastern Europe and Central Asia region will continue to be the main recipient of food transfers. Requirements for ongoing Level 3 emergency operations are forecast to be approximately 3.5 million mt. The three largest food

<sup>41</sup> WFP/EB.2/2019/4-C.

recipient countries in 2021 are expected to be Yemen (with food transfers of USD 1.2 billion), the Syrian Arab Republic (USD 703 million) and South Sudan (USD 538 million). Cereals represent approximately 65 percent of the forecast total tonnage of food to be procured and are valued at USD 2.3 billion.

### **Cash-based transfers**

116. WFP provides more humanitarian cash-based transfers than any other agency. The use of CBTs has increased consistently over the past ten years and in 2021 WFP plans to provide USD 3.8 billion in CBTs in 71 countries. The majority of CBT requirements are planned for operations in the Middle East, North Africa, Eastern Europe and Central Asia region. In 2021, Bangladesh, Jordan, Lebanon, Somalia, the Syrian Arab Republic, and Yemen account for 55 percent of the total CBT requirements. As a modality CBTs represents 37 percent of WFP's total operational requirements distributed across all focus areas. In 2019, WFP transferred a record high of USD 2.1 billion of purchasing power to 27.9 million people in 64 countries.<sup>42</sup>
117. As governments work to extend social protection systems in response to the unprecedented economic and social challenges stemming from the COVID-19 crisis, the provision of CBT-based support for national responses through tailored long-term strategic solutions will continue to grow. Examples include efforts in Afghanistan, Mozambique, the Philippines and the Sudan that focus on enabling people, systems and markets to respond to immediate needs, recover and contribute to resilience.
118. Greater use of real-time analytics from market monitoring and assessments is allowing WFP to provide beneficiaries with the right transfers at the right times. In the Niger and the Sudan, for example, CBTs are used during post-harvest periods while in-kind transfers are used during lean seasons. In 2021, the use of CBTs is planned to increase, reaching USD 2.4 billion or 24 percent of WFP's total transfer costs.
119. In 2021, value vouchers will account for nearly USD 1.4 billion, or 13 percent of total transfer costs. Beneficiaries of this form of assistance can choose what to buy at shops that have been designated and contracted by WFP. To ensure that the commodities available at contracted shops are of high quality and affordable, WFP provides technical assistance to retailers and wholesalers. Where possible, WFP negotiates with contracted retailers to increase the purchasing power of beneficiaries, resulting in reduced costs for all customers and not just those receiving direct assistance from WFP.
120. WFP has worked with partners in Chad, the Democratic Republic of the Congo, Lebanon and Turkey to enhance the effectiveness of CBTs. In Jordan and Lebanon, the CBT platform provides beneficiaries with the choice of redeeming their entitlements at selected retailers or withdrawing cash at ATMs. Working through national safety nets provides an opportunity to strengthen national systems and avoids the construction of parallel structures. In recent years WFP has used this model in several other countries including the Dominican Republic, Ecuador, Fiji, the Philippines and Sri Lanka and intends to expand its cash assistance model as an effective way of tackling emergencies, including the COVID-19 crisis.
121. WFP works with 70 financial service providers including banks, microfinance institutions, mobile money operators and money transfer agents. In locations where financial service providers cannot operate, WFP partners with governments, non-governmental organizations (NGOs) and the Red Cross through its SCOPE platform for beneficiary and transfer management. Cash transfers have a multiplier effect on local economies. By enabling people to purchase essential goods locally they help strengthen local markets. CBTs can also be used to encourage smallholder farmers to produce more and contribute to the building of national capacities. Studies conducted in Lebanon, Rwanda and Uganda have shown that every USD 1

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<sup>42</sup> Based on internal review of 2019 annual country reports, the 2019 annual performance report and data from COMET.

given to a refugee translates into almost USD 2 in the local economy as businesses respond to the increase in demand.<sup>43</sup>

### ***Commodity vouchers***

122. Commodity vouchers are a distinct transfer modality through which beneficiaries are provided with an amount of credit equivalent to a fixed quantity of specific foods. They have proved particularly useful in unstable environments and where market operators have better access to populations in need of food assistance than humanitarian agencies have. In 2021, commodity vouchers will account for USD 369 million, or less than 4 percent of total transfer costs, and will be employed in ten countries. Yemen is expected to be the largest operation relying on commodity vouchers, with USD 340 million in planned requirements, followed by Mozambique with USD 14 million.

### ***Capacity strengthening***

123. Capacity strengthening transfers include materials and equipment, knowledge and skills and other resources, which are directly transferred to individual beneficiaries, communities, partners or government counterparts to complement and support the objectives of food and cash-based transfers. In 2021, operational requirements totalling USD 531 million are planned for capacity strengthening transfers in 85 countries, equivalent to 5 percent of total transfer costs. Compared with 2020, capacity strengthening transfers are anticipated to decrease by 5 percent. The decrease is driven by changes in operational requirements in three countries and masks increased capacity strengthening transfers in 42 countries. For example, in Sri Lanka, where WFP is handing over school feeding activities to the Government, the capacity strengthening requirement is planned to increase by 143 percent to enable the transition.
124. Operations in seven countries – Bangladesh, Iraq, Lebanon, Somalia, the Sudan, the Syrian Arab Republic and Yemen – account for 30 percent of total capacity strengthening transfers in 2021. In these countries, communities and households will be provided with capacity strengthening transfers alongside food and CBTs to help build the resilience of food-insecure communities. However, in other country operations, capacity strengthening transfers constitute 100 percent of WFP's 2021 programme.<sup>44</sup> For example, in India, there are plans for capacity strengthening that will embed expertise within the Government at the state level, with corresponding cross-learning among state participants; make investments in advanced analytics; expand rice fortification into new states (the operation already reaches more than 200 million beneficiaries); and provide support for further expansion of private sector collaboration.

### ***Service delivery***

125. Under Strategic Result 8 (enhance global partnership), WFP provides services to the humanitarian community through the three clusters it leads and co-leads and the United Nations Humanitarian Air Service (UNHAS), the United Nations Humanitarian Response Depot (UNHRD) and bilateral logistics service provision. In addition, it provides partner agencies with access to systems and platforms that enable them to transfer entitlements to beneficiaries, as in Bangladesh, Chad, Jordan and Lebanon. WFP leverages its deep field presence and comparative advantage in logistics to provide both mandated and on-demand services for the international community. In 2019, UNHAS transported more than 400,000 passengers in 20 countries, UNHRD supported 42 partners in 85 countries and the logistics cluster supported more than 700 organizations through its operations in 15 countries. WFP also provided logistics services on request to 47 partners, including host governments, in 18 countries. In 2021, operational requirements totalling USD 416 million are planned for service delivery.

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<sup>43</sup> WFP, 2018. *Cash transfers factsheet*. <https://www.wfp.org/publications/2018-cash-transfers-factsheet>.

<sup>44</sup> The countries include Bhutan, China, India, Indonesia, Morocco, Namibia, Pacific island states, Peru, Sao Tome and Principe, Timor-Leste and Tunisia.

### ***Implementation costs***

126. The management plan (2021–2023) is the second plan for which multi-year implementation costs for five-year comparisons are available. According to needs-based plans, implementation costs in 2021 will amount to USD 783 million or 6.8 percent of total direct costs. This is an increase from 6 percent in 2019 and slightly below the 6.9 percent estimate for 2020.

### ***Direct support costs***

127. Direct support costs (DSC) are estimated at USD 490 million or 4.2 percent of total direct costs for 2021. This is similar to DSC requirements for 2019 and slightly below the estimate for 2020.

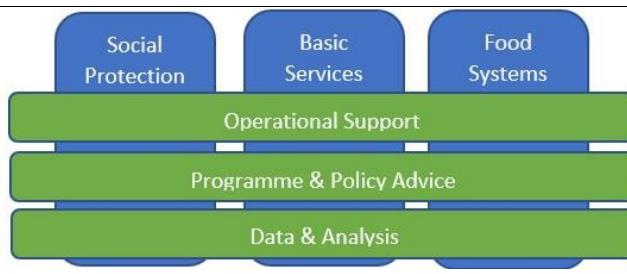
<b>TABLE III.8: DIRECT SUPPORT COSTS AS PERCENTAGE OF OPERATIONAL REQUIREMENTS</b>				
<b>2017 actual*</b>	<b>2018 actual</b>	<b>2019 actual</b>	<b>2020 estimated</b>	<b>2021 estimated</b>
10.7	7.0	4.0	4.7	4.2

\* Actual data for 2017, 2018 and 2019 are based on statement V of the 2017, 2018 and 2019 audited accounts respectively.

## **COVID-19 and WFP's medium-term programme framework for response**

128. The global COVID-19 pandemic will continue to cause mass health and socioeconomic crises in 2021. Current projections indicate catastrophic impacts on global financial, economic and social systems. Trade, livelihoods, financial flows, safety of persons and movement of people are all at risk. Low- and middle-income countries will be disproportionately affected, both directly through the health and socioeconomic consequences of the crisis and indirectly through compounding vulnerabilities and shocks including climate change and conflict. Poverty and vulnerability to food insecurity and malnutrition are likely to deepen among already poor and marginalized groups and expand among populations that were previously able to meet their own food and nutrition needs. More than 130 million people around the world were acutely food-insecure before the crisis and this number is expected to double.
129. To date, WFP response efforts have focused on addressing the immediate consequences of the crisis through the protection and scale-up of critical life-saving operations. Beyond immediate response, global expectations are that the full impact of the crisis, expected in 2021, will be unprecedented; however, its scale, scope and timing will vary greatly among regions and countries. At the request of national governments and in addition to its life-saving activities, WFP is investing in national social protection, health and nutrition systems and their flexibility to scale up in response to the socioeconomic impacts of COVID-19 in 2021 and beyond. As a result, WFP will be required to adapt its programming and operations to address emerging needs in 2021, creating unusually high fluidity in planning figures.
130. To respond to the scale and scope of needs that will emerge from the COVID-19 crisis, WFP has developed a medium-term programme framework that provides a high-level vision for shaping its contribution to global response efforts. The framework is focused on where WFP's expertise and capacities can best strengthen national governments' response efforts. As shown in figure III.4, it establishes three interdependent pillars: social protection; basic services, with an emphasis on nutrition and school-based programming; and food systems. Three cross-cutting support areas highlight where and how WFP and its partners can best support national responses, from strengthening evidence bases and decision making to filling vital gaps in operations: data and analysis; programme and policy advice; and operational support.

**Figure III.4: WFP's medium-term programme framework for response**



131. The framework represents a shift in how WFP will integrate its capacities, efforts and partnerships to achieve the highest overall impact in the face of expanding and changing needs. The framework's pillars and cross-cutting support areas address the compounding impacts of the COVID-19 crisis at the systems level and align WFP's efforts to support national responses and those of traditional and non-traditional partners, including IFIs. The framework is a flexible tool, not a concrete plan – pillars and support areas will expand and contract in response to emerging needs and will vary among regions and countries and over time. These shifts will not be automatic – augmented capacities, resources and structures are needed for WFP to deliver on its commitments and potential in countries.

## Cross-cutting thematic areas

### Environment and climate change

132. Achieving food security and ending hunger require healthy natural ecosystems, the sustainable use of natural resources and consistent reflection of the interdependent environmental, social and economic dimensions of the 2030 Agenda in WFP's work. The 2017 Environmental Policy<sup>45</sup> commits WFP to protecting the environment, managing the environmental risks that arise from activities and operations, and capturing the environmental benefits that food assistance can generate. The protection of the environment and the management of environmental risks are mainstreamed into activities by means of safeguard procedures, operational support functions guided by an environmental management system, and oversight functions. Over the 2021–2023 period, safeguarding procedures (already employed in 31 country offices in 2019) and the environmental management system (active in six country offices in 2019) will be significantly scaled up with support from regional advisers and through capacity strengthening at the regional bureau and country office levels.
133. WFP continues to invest in a range of approaches that meet the specific needs of food-insecure people exposed to climate risks, strengthen government institutions and systems for protection from climate hazards, and support the development and implementation of government-led climate risk management strategies and community-level activities. These efforts have led to an increase in the number of vulnerable countries supported by forecast-based financing systems, climate information services and climate risk insurance schemes. With increasing access to climate finance from the Green Climate Fund, the Adaptation Fund and the International Climate Initiative, these experiences inform WFP's engagement in global policy discussions under the United Nations Framework Convention on Climate Change.

<sup>45</sup> WFP/EB.1/2017/4-B/Rev.1.

### **Conflict and WFP's contribution to peace**

134. A substantial proportion of WFP operations are located in conflict settings. It is therefore important for WFP to ensure that its programmes reduce need by contributing to prospects for peace, and the COVID-19 pandemic makes this increasingly urgent. WFP's peacebuilding policy<sup>46</sup> presents a robust foundation for delivering programmes that support wider peace efforts. Corporate investment in operationalizing the policy will be critical for WFP's ability to deliver on commitments to reducing vulnerabilities, risks and needs. WFP has developed a five-year strategy (2019–2023) for its work at the humanitarian–development–peace nexus, and an evaluation of the peacebuilding policy planned for 2021 will assess the progress made.
135. WFP is also continuing to build evidence of its contribution to peace and explore ways of measuring that contribution. During the second phase of the multi-year partnership with the Stockholm International Peace Research Institute the evidence base will be expanded through further country-level research and thematic "deep dives" focused on climate change, the use of cash, gender issues and post-conflict stabilization. Significant results are expected in 2021 and 2022. Strengthened inter-agency engagement and strategic and operational partnerships with actors specializing in peace and conflict will be critical in facilitating the delivery of conflict-sensitive programmes and the design of joint responses with peace outcomes.

### **Protection and accountability to affected populations**

136. In 2020, several iterations of WFP's protection and accountability policy have been discussed with the Board through informal consultations and other fora. The policy will be submitted to the Board for approval at the 2020 second regular session. Operationalization of the policy in coming years will be supported by a resourcing and implementation plan and a guidance package, which includes a field manual highlighting strengthened integration of protection issues and accountability to affected populations into corporate risk management systems, and guidance for ensuring strengthened accountability to affected populations in assessments and monitoring and the continued roll out of the standardization initiative for complaints and feedback mechanisms. In addition, WFP has adopted a two-year road map for ensuring the inclusion of persons with disabilities in its programme design and implementation. The whole initiative is also supported by specially developed communication materials.
137. In 2021, WFP will partner with a protection entity as a way of facilitating its engagement in protection in the field; continue to engage in inter-agency fora and contribute to policy decisions, operational guidance, advocacy and communication; and continue to capacitate employees, collate good practices and develop practical tools that ensure the mainstreaming of protection issues in strategy development and design, programme implementation, and recruitment. In addition, WFP will continue to strengthen accountability to affected populations through the release of a strategy on community participation, the complaints and feedback mechanism standardization initiative and the promotion of understanding of the importance of appropriate language and digital and financial literacy in ensuring meaningful accountability to affected populations.

### **Gender equality**

138. With the renewal of the Gender Policy in 2021, WFP's efforts to advance gender equality in delivering on its mission will be consolidated through concrete and resourced actions. In all of its programming, operations and workplaces, WFP will promote gender-equitable practices and advance gender-transformative initiatives, with an emphasis on strategic partnerships. In order to implement these corporate policies and strategies, gender considerations will continue to be integrated into all CSPs, from the context analysis phase, through the planning of activities and in their resourcing, implementation, monitoring and learning-based revision. Systemic gender

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<sup>46</sup> WFP/EB.2/2013/4-A/Rev.1.

mainstreaming is supported by the Gender Transformation Programme, the Gender with Age Marker (applied at both the design and monitoring phases) and the United Nations System-Wide Action Plan on Gender Equality and the Empowerment of Women.

139. Following an evaluation of the Gender Policy (2015–2020), management is implementing all eight of the related recommendations. This will strengthen WFP's commitments to and actions on gender equality for food security, contributing to effective, efficient, equitable and empowering operations in humanitarian and development settings, including COVID-19 responses. WFP will invest in knowledge management, with innovative data collection, research and impact evaluations; and strategic partnerships that foster gender equality results in work towards SDG 2 with actors that range from global entities such as Women Deliver and the International Women's Development Agency to local women's rights organizations. Critical enablers for this are an engaged, competent and equipped workforce and adequate financial resources. Investments will continue to be made in enhancing the knowledge and skills of employees and partners, including through the gender learning channel, the WFP gender toolkit and tailored capacity strengthening opportunities. Complementing the gender budgets required in all CSP documents, a piloted process for tracking gender equality-related expenditures will be implemented corporately.

### **Social protection**

140. For governments around the world, effective, equitable social protection systems are a key instrument for reducing extreme poverty, hunger and inequality. As a global leader in fighting hunger and malnutrition, WFP is increasingly called upon by governments to help implement or strengthen national social protection systems. WFP is partnering on social protection with governments in more than 70 countries, making support to social protection an integral part of WFP's activities in most of the countries where it operates.
141. Working with, alongside or through national social protection systems is one of WFP's best low-cost, high-impact solutions for supporting people in meeting their essential needs, contributing to food security and nutrition and reducing humanitarian needs overall. For example, with an annual expenditure of less than USD 700,000, WFP has supported the strengthening of India's Targeted Public Distribution System – the largest food safety net in the world, reaching 800 million beneficiaries – by improving targeting and community awareness, reducing leakage and optimizing the supply chain. In Jordan, WFP is reaching 395,000 households per month through its support for digitalization of the National Aid Fund. In Ethiopia, under the Urban Productive Safety Net Project, WFP is introducing a cash top-up for more than 17,000 people. In Madagascar, a new government-led unconditional cash transfer programme is being introduced in urban areas to assist vulnerable households, with financial and technical support from the World Bank, the United Nations Development Programme, UNICEF and WFP.
142. As the COVID-19 crisis deepens existing vulnerabilities and creates new ones, countries are redesigning and adapting the implementation of social assistance interventions that address the socioeconomic impacts of the pandemic and strengthening existing social protection systems designed to respond to shocks. WFP is supporting governments in developing a better understanding of the changing needs arising from COVID-19 and the actions needed to address them, assisting the scale-up of existing cash-and food-based safety nets and expanding their coverage in urban areas, and broadening new government programmes to reach groups that are not covered by current safety nets.

### **Country capacity strengthening**

143. WFP's work in country capacity strengthening benefits from the organization's extensive field presence, solid understanding of regional, national and local contexts, and established networks and partnerships. WFP deploys a robust, holistic approach to country capacity

strengthening which focuses on bolstering systems through long-term partnerships with national stakeholders. The organization's capacity strengthening work fosters food security and nutrition policies and legislation; reinforces institutional effectiveness and accountability; supports strategic planning and financing; enhances programme design, delivery and monitoring; and encourages the participation of communities, civil society and the private sector. This agenda is expected to gain further importance in 2021, as the vast needs arising from the global COVID-19 pandemic are stretching existing national response capacities and systems to their limits. WFP will increase its attention to the strengthening of capacities in national food security and nutrition systems that can reach even wider vulnerable populations, while continuing its direct operational response serving food-insecure people.

### **South-South cooperation**

144. South-South and triangular cooperation are expanding WFP's role from a direct implementer of programmes to a provider of technical assistance, connector among countries in the global South and enabler of humanitarian and development assistance across the full spectrum of its work. Without South-South cooperation, it will not be possible to achieve SDG 2. South-South cooperation enables WFP and host governments to tap into a much wider partnership and resource base and to source additional technical assistance for the fight against hunger and malnutrition. Between 2015 and 2019, in line with evolving needs, the percentage of WFP country offices that supported host governments in sharing knowledge, expertise, technologies and resources for achieving zero hunger with other developing countries increased from 48 to 85 percent. In 2020, more than 90 percent of CSPs include plans for South-South and triangular cooperation in support of host governments. For example, in China, the Congo, Egypt, Ecuador and Peru, WFP's role has evolved from the direct implementation of activities and programmes to the facilitation of cooperation among developing countries. This has been achieved through the provision of technical assistance in social protection, smallholder market access and food systems, nutrition and disaster risk reduction, the provision of support to regional economic commissions that have prioritized school feeding in continental discussions and WFP centres of excellence such as those in Brazil, China and Côte d'Ivoire.

### **Food systems and smallholder farmer support**

145. Food systems encompass the entire range of actors involved in the production and supply of food and their interlinked value-adding activities.<sup>47</sup> In fragile environments food systems are prone to failure owing to a disconnection between supply and demand caused by insecurity, damaged infrastructure and markets, distorted food prices, low levels of farm productivity, limited investment by public and private sector entities and severely constrained household purchasing power. An example of WFP's engagement in food systems is its support for smallholders' access to agricultural markets. WFP provides smallholders with entry points to markets, building resilient and inclusive food systems by leveraging its procurement from smallholders – and eventually that of other public and private buyers – with expertise in agricultural value chains, the production and processing of nutritionally diverse foods, the building of pro-smallholder aggregation systems, the strengthening of smallholder post-harvest management and the fostering of sustainable commercial and institutional market development.

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<sup>47</sup> Such activities include the production, aggregation, processing, distribution, consumption and disposal of food products that originate from agriculture, forestry or fisheries, and parts of the broader economic, social and natural environments in which they are embedded.

146. In 2021 WFP will continue to shape and disseminate its demand-led pro-smallholder value chain development approach, articulated in the 2019 policy on local and regional food procurement.<sup>48</sup> The policy will guide WFP in boosting its local, regional and pro-smallholder procurement by complementing the cost-efficiency considerations that have so far guided its procurement decisions with cost-effectiveness considerations. At the smallholder level, WFP is offering a broader package of interventions for building sustainable food systems, including investments in digital tools that promote pro-smallholder value chain linkages and facilitate data collection and management.

### **Evidence-based programming and monitoring**

147. Recognizing the importance of evidence-based programming, WFP continues to monitor food security around the world with a view to identifying food security gaps and recommending interventions. In hard-to-reach areas, WFP leverages remote monitoring capacities – including mobile vulnerability analysis and mapping (mVAM) systems and web surveys – to closely monitor the food security situation of affected people. Following the onset of the COVID-19 pandemic, mVAM systems for near real-time monitoring were rapidly scaled up in more than 30 countries to track the impact of the outbreak on food security and livelihoods and the broader impacts on access to services, markets and supply chains. These systems enable WFP to continue collecting timely data remotely during the suspension of face-to-face data collection due to restrictions put in place by many countries. The data enable global decision makers to monitor the situation daily, identify problems immediately and take early action to mitigate them. In 2021, WFP will continue to expand near real-time monitoring and predictive analytics capacities, focusing on countries identified as particularly vulnerable to shocks and global crises.

### **Reducing the vulnerabilities and strengthening the self-reliance of refugees**

148. Evidence has shown that hunger, conflict and displacement are closely intertwined. In 2020, WFP and the Office of the United Nations High Commissioner for Refugees (UNHCR) established a joint hub for programme excellence and targeting aimed at strengthening practices for meeting basic needs, fostering self-reliance among vulnerable people and improving coherence between humanitarian and development activities at the country level. This is becoming ever more important as the COVID-19 crisis will amplify refugees' vulnerability to food insecurity, economic poverty and protection risks. In view of this, strategic planning, cross-programme liaison, donor engagement and support and engagement between WFP and UNHCR at the leadership level will remain key priorities.

### **School feeding**

149. In 2021, WFP will maintain its commitment to schoolchildren by rolling out its corporate strategy for supporting nationally owned school feeding programmes. Investments will be sustained at headquarters through the School-based Programmes Service and capacities will be strengthened at the regional level. Priorities include supporting countries in the rollout of safe and healthy school feeding operations as the COVID-19 crisis evolves, improving the evidence base and WFP's ability to demonstrate results from its school feeding programmes, supporting the work of regional bodies such as the African Union, diversifying the donor base, and strengthening the quality of government and WFP programmes. The partnership with UNICEF on school health and nutrition, launched in 2020, will continue to be a priority, as will collaboration with FAO, the United Nations Educational, Scientific and Cultural Organization, the World Bank and private sector and NGO partners.

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<sup>48</sup> WFP/EB.2/2019/4-C.

150. By March 2020, as a result of school closures related to COVID-19, 370 million children were missing school meals. The crisis highlights the importance of school feeding as a safety net and the access to financial and non-financial incentives and services that school-based activities can provide to poor families. WFP has worked with governments in 50 countries to find alternative solutions that reach the most vulnerable children through take-home rations and vouchers or cash. The scale-up of school health and school feeding programmes as school systems reopen will be crucial in ensuring that children return to school. The longer children are out of school the less likely they are to return, especially girls who are at risk of early marriages, pregnancy and abuse. School closures risk losing a generation of children, especially girls who, without incentives, may never return to school. WFP and partners are working to prevent that and to ensure that no child is left behind.

## **Section IV: Programme support and administrative budget**

### **Introduction and overview**

151. This section sets out the proposed programme support and administrative (PSA) budget for 2021. The purpose of the PSA budget is to provide essential programme and administrative support for WFP's operations. It is funded from the indirect support costs (ISC) recovered from contributions in accordance with the full cost recovery policy. It supports changes in operational needs and the implementation of policy commitments made to the Executive Board.
152. In the management plan for 2020–2022 contributions were forecast at USD 7.45 billion for 2020. Current contribution projections are USD 7.70 billion for 2020 and USD 7.40 billion for 2021.
153. The ISC rate is approved by the Board each year. The Secretariat proposes that the rate be maintained at 6.5 percent in 2021. The forecast income level of USD 7.40 billion for 2021 will therefore generate approximately USD 445.0 million in ISC income.
154. WFP proposes a PSA budget of USD 443.0 million for 2021, an increase of USD 19.4 million over the 2020 PSA budget. Under the proposal, most of the budgets for headquarter divisions are at zero growth. The 5 percent increase in funding will be allocated entirely to corporate priority areas such as the oversight, emergency support and programme and policy development functions; essential requirements for central appropriations and technical adjustments for the costs of centralized services such as information and communications technology (ICT) and security; and establishment of the Office of the Senior Advisor to the Executive Director on people and workplace culture.
155. Based on the balance projected in the PSA equalization account (PSAEA) at the end of 2020, a separate appropriation of USD 32.2 million from the PSAEA is proposed for 2021. The appropriation will support work in two areas: a continuation of a multi-year critical corporate initiative for implementation of the private sector strategy, and the creation of a termination indemnity fund to cover country offices' organizational realignment.
156. Table IV.1 shows how the PSA budget and the PSAEA have changed since 2015.

**TABLE IV.1: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET AND EQUALIZATION ACCOUNT  
(USD million)**

	2015	2016	2017	2018	2019	2020	2021
Actual/projected income level (cash and in-kind)	4 662.2	5 771.1	6 000.0	7 234.9	8 073.0	7 700.0	7 400.0
ISC income/projected income	305.2	382.4	401.0	439.6	474.6	461.0	445.0
PSA budget	281.8	290.3	335.4	335.4	395.1	423.6	443.0
Critical corporate initiatives	27.2	20.0	13.5	35.6	69.3	39.7	10.0
Ongoing critical corporate initiatives						30.6	22.2
Proposed transfer to reserves and special accounts							
- Immediate response account	50.0		15.0	44.0		52.5	
- Wellness fund	10.0			8.0	8.0	8.0	
- Emerging donor matching fund				30.0			
PSAEA year-end balance/forecast	138.3	212.4	256.8	247.1	249.5	156.1	125.9

#### **Prioritization of the programme support and administrative budget in 2021 and 2022**

157. Development of the 2021 PSA budget began with a corporate prioritization exercise in April 2020. The exercise considered the challenges WFP faces in providing its country offices with support from headquarters and regional bureaux; developing new ways of working in COVID-19-compounded environments. Since the onset of the pandemic, WFP's underlying work has increased, as has the number of transactions. However, WFP's staff has adopted new ways of working and has maintained its productivity levels and efficiency to a remarkable degree throughout these trying times.
158. As part of the PSA budget exercise, departments and their divisions were tasked with putting forward a zero-growth budget for 2021. It is recognized that in programmes, functions and divisions where there is no budgetary growth, priorities and activities do not remain static and there is still a need for reprioritization of existing resources. Executive guidance outlined a 50 percent cut in travel and training budgets in 2021, freeing approximately USD 7.5 million across WFP, which should be reallocated within departments' budgets towards other internal priorities. The 2021 PSA budget also includes an additional USD 15 million for corporate priority areas such as the oversight, emergency support and programme and policy development functions, as mentioned in paragraph 154.
159. The year 2021 will be one of transition for WFP while a bottom-up strategic budgeting exercise is conducted. The exercise – launched in the spring of 2020 – involves a comprehensive review of the PSA budget with the objective of informing the design of a PSA budget structure for inclusion in the management plan for 2022-2024. It will require each organizational unit at headquarters and in regional bureaux to describe and justify all of its expenses, irrespective of their funding source. Such a review will allow WFP to develop a PSA budget structure from the bottom up, generating a PSA budget that is aligned with the support required for WFP's activities.

160. The timing of the bottom-up strategic budgeting exercise is appropriate given the updates to the organizational structure approved at the Board's 2020 annual session and WFP's latest efforts to mainstream critical functions such as emergency support and programme and policy development into the regular PSA budget. The exercise will analyse the structural deficits arising in the Information Technology Division as a result of WFP's increased headcount, the growing demand for digitization and implementation of new tools such as Quantum and the geographical expansion of the SCOPE platform for beneficiary and transfer management. It is recognized that divisions other than the Information Technology Division are similarly underfunded from the PSA budget. The bottom-up strategic budgeting exercise will provide an opportunity to reflect in the PSA budget allocations the new ways of working during the COVID-19 crisis and beyond, and to identify areas of systemic underfunding and develop solutions to these recurring issues. The PSA budget appropriation lines may need to be refined.
161. Informal consultations that provide the Board with updates on the bottom-up strategic budgeting exercise are expected in late 2020 and early 2021.

## The 2021 programme support and administrative budget

162. The proposed budget for 2021 is USD 443.0 million. Table IV.2 shows the main changes from the PSA budget for 2020.

<b>TABLE IV.2: SUMMARY OF MAIN ADJUSTMENTS IN THE 2021 PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET (USD million)</b>		
<b>2020 approved appropriation</b>		<b>423.6</b>
Decrease in standard staff cost rates net of statutory increases		(1.0)
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Adjusted 2020 PSA budget total at 2021 staff cost rates		<b>422.6</b>
<b>Requested increases for 2021 priorities</b>		
- Oversight functions	4.0	
- Emergency support	5.0	
- Programme and policy development	6.0	
		<b>15.0</b>
<b>Essential charges</b>		
Technical adjustments for centralized services		
- Information and communication technology costs (per capita)*	2.5	
- Security costs (UNDSS)	2.0	
- Central appropriations	0.1	
		<b>4.6</b>
<b>Establishment of the Office of the Senior Advisor to the Executive Director on people and workplace culture</b>	0.8	<b>0.8</b>
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<b>Proposed PSA appropriation for 2021</b>		<b>443.0</b>

UNDSS = United Nations Department of Safety and Security.

\* Proposed injection for the Information Technology Division to cover a portion of IT per capita structural deficits.

## **Changes in the programme support and administrative budget between 2020 and 2021**

### **Decrease in standard staff cost rates (USD 1.0 million)**

163. WFP uses standard rates to budget and account for standard position costs. These rates are re-calculated each year to reflect the actual costs of employing a staff member at each grade and location; anticipated exchange rates for euro-based expenditure for Rome-based staff; and provisions for other staff-related benefits and allowances.
164. The standard position costs for 2021 are based on the actual costs in 2019 adjusted for inflation, after-service costs and – for positions at headquarters – currency exchange rates. They also include some charges for security, staff wellness and termination indemnities.
165. A comparison between the total 2021 budgeted costs for staff based on 2020 standard position costs and the same total costs based on updated 2021 standard position costs shows a decrease of USD 1 million. For the euro component of these costs incurred at headquarters, WFP makes a forward purchase of the euro amounts required as a way of providing certainty regarding the US dollar value of that euro-denominated expenditure.

## **Budget allocations for corporate priorities**

### **Increased capacity for oversight functions: USD 4.0 million**

166. As a result of an increased focus on the prevention of harassment, sexual harassment, abuse of authority, sexual exploitation and abuse and fraud and corruption, and in response to recommendations from a Joint Inspection Unit report concerning the budget for the Office of the Inspector General (OIG) and the WFP evaluation policy target of having 0.8 percent of income dedicated to evaluation, WFP has significantly augmented the resources devoted to oversight. Building on the additional USD 8.73 million included in the 2020 PSA budget for increased oversight and follow-up capacity,<sup>49</sup> the 2021 PSA budget includes a further increase of USD 4 million for oversight functions as described in paragraphs 167–170.
167. The Office of the Inspector General (OIG) is responsible for ensuring the effective and efficient use of the resources of WFP and safeguarding its assets. The OIG's Office of Inspections and Investigations (OIGI) responds to fraud and misconduct complaints by carrying out inspections and investigations. In 2019 and 2020, OIGI handled an average of 600 cases per year and 50 percent of the complaints received became investigations. The number of investigators – currently 15 – is insufficient to manage the growing number of investigations.
168. In response to significant growth in the number of complaints received across the organization, WFP proposes to allocate an additional USD 2.8 million to OIG. A majority of the allocation – USD 1.9 million – will go towards strengthening OIGI's workforce with additional permanent investigator positions, a roster of investigation consultants and supplemental staffing for forensic investigations and investigation intake. OIGI will use a roster system to appoint supplementary investigators, which will give it the flexibility to adjust staffing levels downwards as the backlog of cases declines.
169. An additional USD 582,000 in the 2021 PSA budget for the Office of Evaluation demonstrates the commitment of WFP management to sustaining the decentralized evaluation function over time and releasing multilateral funding dedicated for this purpose every year since the adoption of the WFP evaluation policy (2016–2021).<sup>50</sup> The Office of Evaluation will support impact evaluation activities and in particular the opening of a new impact evaluation window on

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<sup>49</sup> The 2020 PSA budget allocation increased capacity for oversight functions including the Ethics Office, the Office of Evaluation, the Office of the Inspector General, the Legal Office, the Enterprise Risk Management Division and the regional bureaux. More details can be found in paragraphs 144–159 of the management plan (2020–2022). WFP/EB.2/2019/5-A/1.

<sup>50</sup> WFP/EB.2/2015/4-A/Rev.1.

school-based programming.<sup>51</sup> The Office of Evaluation's work plan for 2021–2023 will be shared as an annex in the final draft of this management plan presented for approval at the Board's 2020 second regular session.

170. Reflecting the aim of increasing capacity for WFP's oversight functions, an increase of USD 462,000 will be allocated to the Office of the Ombudsman and Mediation Services. This will support additional professional capacity in order to ensure that informal conflict resolution services, workplace counselling and mediation services are accessible to all employees, particularly while the COVID-19 crisis creates additional pressure.

#### **Mainstreaming of emergency support activities: USD 5.0 million**

171. To date, as a result of systemic shortfalls in the PSA budget, emergency support-related activities have relied consistently on extra-budgetary funding through directed contributions, flexible contributions or a combination of the two. However, these activities – carried out by core WFP emergency response units – support a high percentage of WFP's emergency operations and should therefore be prioritized and gradually mainstreamed into WFP's PSA budget. It is proposed that an additional USD 5 million be included in the PSA and allocated to emergency support activities in 2021 as described in paragraphs 172 to 174.
172. Approximately USD 2.5 million will be allocated to the Supply Chain Division. The resulting increase in financial predictability will help the division to build a cadre of emergency-focused staff. It will enable units related to shipping, procurement, logistics and field support to improve their core capacities and deploy more rapidly to country offices to provide support in demanding emergencies.
173. Another area of focus is solidifying the presence of the food security cluster, particularly in the field. In 2021, USD 1 million will be allocated to the cluster. This will facilitate the creation of a pool of field-based food security cluster coordinators to provide continuous and high-quality support to regional bureaux and country offices.
174. In line with recommendations from a recent functional review, USD 1.5 million will be allocated to the emergency preparedness and response function. This will support decentralization of emergency preparedness and response work and the posting of emergency preparedness and response officers, recruited at either the national or the international level, to regional bureaux and country offices. Officers will focus on early warning analysis, emergency preparedness and response plans, and related activities.

#### **Mainstreaming of programme and policy development activities: USD 6.0 million (including USD 3 million for regional bureaux)**

175. A number of core functions within the Programme and Policy Development Department have been generously funded by extra-budgetary resources – some for up to eight years – to cover PSA budget shortfalls. An increase of USD 6 million in the 2021 PSA budget, as described in paragraphs 176 and 177, will support the gradual mainstreaming of staff positions in the core areas that enable WFP to implement and fulfill its policy and operational commitments.
176. At headquarters, such provision of predictable PSA funding will enable core capacities to be created or enhanced in important policy areas such as climate, resilience, social protection, food systems, nutrition and data collection and management for cash-based transfer activities.

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<sup>51</sup> WFP Office of Evaluation. WFP Impact Evaluation Strategy (2019-2026). <https://www.wfp.org/publications/wfp-impact-evaluation-strategy-2019-2026>.

177. Approximately USD 3 million will be allocated to the regional bureaux. The first priority is to ensure that protection capacity is enhanced and mainstreamed at the regional level. In addition, increased investment at the regional bureau level will enhance regional capacity to support the implementation of WFP's school feeding strategy.

#### **Establishment of Assistant Secretary-General office: USD 0.8 million**

178. At the 2020 annual session, the Board approved the proposed reorganization of WFP's senior leadership structure.<sup>52</sup> The reorganization established the position of Senior Advisor for Workplace Culture at the Assistant Secretary-General level and aligned the reporting lines of functions relating to WFP employees. The Senior Advisor will lead the workplace culture programme as well as the divisions for human resources and wellness and the comprehensive action plan team. The Office of the Ombudsman and the Ethics Office will report directly to the Executive Director, with an administrative dotted line to the Senior Advisor.
179. To date, the Office of the Senior Advisor has been funded through the workplace culture and ethical climate critical corporate initiative. However, from 2021, PSA funding will be more appropriate. The need for further organizational changes will be assessed after the Senior Advisor has been appointed. The Board will be kept closely informed about any such changes and the Secretariat is committed to managing them within existing resources to the extent possible.

### **Essential requirements**

#### **Technical adjustment for centralized services for country offices**

180. The PSA budget for 2021 includes USD 45.3 million for centralized services for country offices. These recurring costs support country operations but are administered centrally. As shown in table IV.3, an increase of USD 4.5 million from 2020 is for additional ICT costs and UNDSS-related security costs. The budget for other centralized services remains unchanged.

#### **Security costs**

181. WFP participates in the United Nations security management system and shares the costs of UNDSS services. Field-related costs are distributed by UNDSS among participating agencies according to an agreed formula based on the number of staff members in non-member countries of the Organisation for Economic Co-operation and Development.
182. Owing to the growing number of WFP staff members worldwide, costs relating to mandatory UNDSS activities will increase by USD 2 million compared with 2020.

#### **Information and communications technology costs**

183. This increase results from the growing number of WFP employees, systems and products and the increase in bandwidth consumption per head. There is an increase in the minimum connectivity required to operate IT services, while other digital initiatives such as geographic information systems, WFP's country office management tool COMET and the knowledge management platform add to connectivity requirements.
184. An increase in satellite data and voice connectivity costs is anticipated owing to increases in the number of users and in satellite traffic for all WFP locations in the field. With many country offices and regional bureaux as well as headquarters resorting to remote working as a coping mechanism in a COVID-19-compounded setting, WFP's aim is to guarantee higher-capacity and faster satellite bandwidth for more rapid data transfer.

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<sup>52</sup> WFP/EB.A/2020/12-F.

185. Other corporate platforms will also be supported. These include the platforms for document management (GoDocs), mapping (GIS), digital asset inventory (GLASS), mobile data collection (ONA), invoice tracking (ITS), automation (Self-Service) and knowledge management (WFP manuals), and WFP's centralized data management, integration and operations platform DOTS. These products are key to keeping pace with the changing needs of the organization.
186. All such ICT services – both telecoms and digital solutions – are now being equipped with advanced IT security tools and engineered with data protection strategies that were not previously present. They are essential as WFP shifts towards an ICT model that is similar to that of a financial institution, and for maintaining the trust of donors and beneficiaries in WFP's data security and management. The Information Technology Division invests in strengthening WFP's core digital practices by improving the governance, flexibility and responsiveness of digital development.
187. The move to remote working has increased the demand for and, consequently the cost of systems and services.

<b>TABLE IV.3: CENTRALIZED SERVICES FOR COUNTRY OFFICES (USD million)</b>					
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
UNDSS and WFP Security Emergency Fund	13.8	13.5	13.5	13.5	15.5
Employee wellness	0.7	0.7	0.7	0.7	0.7
IT per capita	19.1	19.1	19.5	25.1	27.6
Contingency Evaluation Fund	1.5	1.5	1.5	1.5	1.5
<b>Total</b>	<b>35.1</b>	<b>34.8</b>	<b>35.2</b>	<b>40.8</b>	<b>45.3</b>

## Central appropriations

188. Central appropriations comprise statutory requirements and other centrally managed appropriations. In 2021, central appropriations are expected to be slightly lower than in 2020 (table IV.4). The primary reason for this decrease is completion of the global staff survey (USD 360,000) in 2020. In addition, costs related to services from other agencies are projected to be lower in 2021 as a result of WFP absorbing the social security costs previously paid to FAO, including those for pensions, after-service health insurance and work-related compensations, and establishing its own advisory committee on compensation claims. Projected increases in statutory requirements and central appropriations are related mostly to the COVID-19 pandemic's impact on the insurance sector – which has resulted in increased premium prices – the estimated 2021 adjusted amount for advice from the International Civil Service Commission, and WFP's increased cost share for the Joint Inspection Unit as a participating organization.

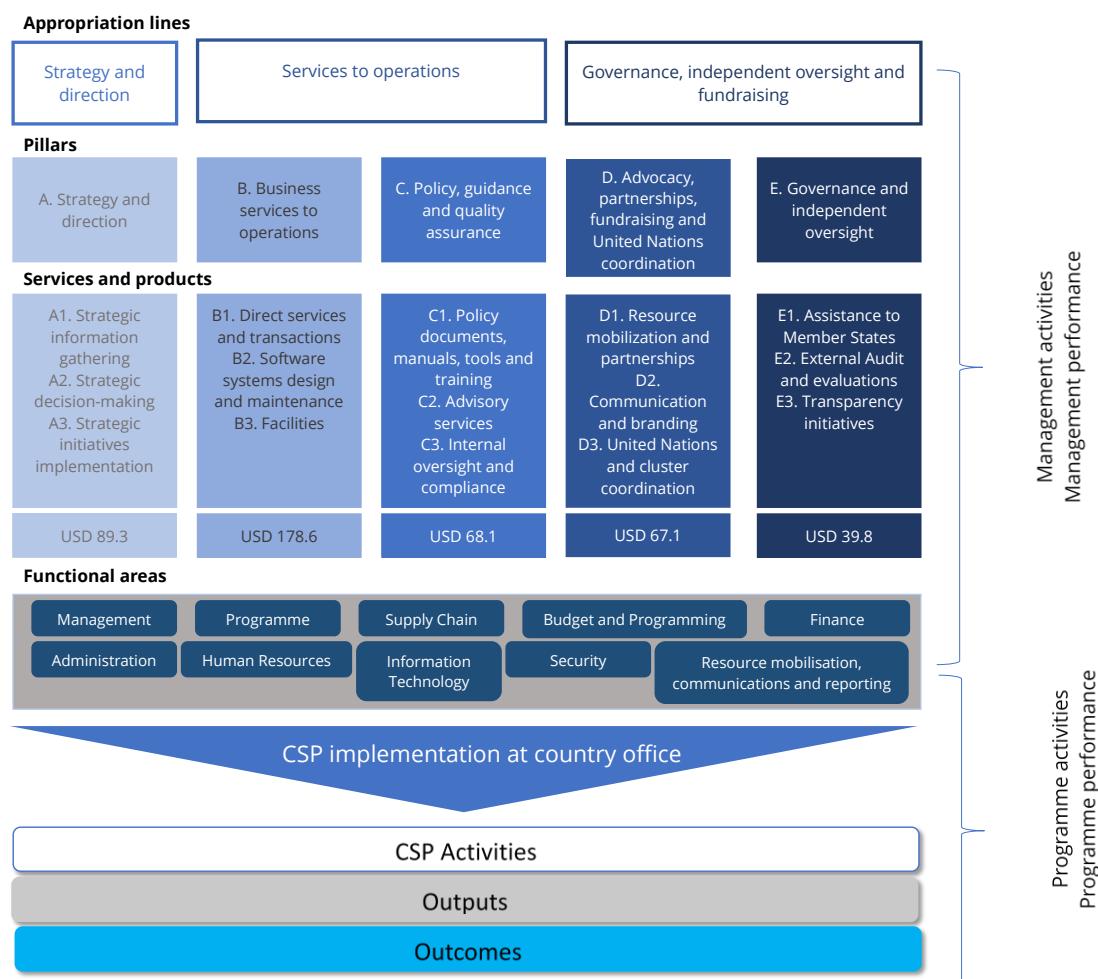
**TABLE IV.4: STATUTORY REQUIREMENTS AND OTHER CENTRAL APPROPRIATIONS (USD)**

	<b>2020</b>	<b>2021</b>
<b>Pillar A: Strategy and direction</b>	<b>1 765 596</b>	<b>1 433 442</b>
Chief Executives Board	340 596	368 442
Global management meeting	600 000	600 000
Global staff survey	360 000	-
Recruitment costs	400 000	400 000
Senior management and alumni network	65 000	65 000
<b>Pillar B: Business services to operations</b>	<b>7 604 313</b>	<b>7 522 559</b>
Emergency medical evacuation	170 000	170 000
International Civil Service Commission	684 000	770 841
Insurance and legal fees	1 507 000	1 659 400
Programme criticality and Standing Committee on Nutrition	600 000	570 000
Services from other agencies	820 995	580 000
Reassignment costs	3 464 318	3 464 318
Staff awards, settlements and surveys	308 000	308 000
Farm to Market Alliance membership fee	50 000	-
<b>Pillar D: Advocacy, partnerships, fundraising and United Nations coordination</b>	<b>5 519 460</b>	<b>5 370 644</b>
Corporate inter-agency positions and union	1 199 460	1 190 644
Resident coordinator system cost sharing and assessment centre	3 150 000	3 150 000
United Nations agencies' legal fees	215 000	215 000
Others	955 000	815 000
<b>Pillar E: Governance and independent oversight</b>	<b>1 859 549</b>	<b>2172 767</b>
Audit Committee	199 280	196 648
External Auditor	400 000	400 000
International Aid Transparency Initiative membership fee	85 000	200 000
Advisory services	166 000	176 000
Joint Inspection Unit	1 009 269	1 200 119
<b>Total</b>	<b>16 748 918</b>	<b>16 499 412</b>

## Programme support and administrative budget by appropriation line and pillar

189. The management line of sight shown in figure IV.1 illustrates how PSA resources are provided through headquarters divisions, regional bureaux and core resources for country offices to ensure implementation of the CSPs and the achievement of WFP results. The line of sight is structured along three appropriation lines, which are in turn categorized as five pillars and 15 services and products that define the nature of the support provided.<sup>53</sup> The ten functional areas define the areas of expertise that provide and receive support for direct implementation of CSPs. This management performance architecture has been employed since the management plan (2018-2020).

**Figure IV.1: Management plan appropriation lines, pillars and outputs**



190. The 2021 PSA budget<sup>54</sup> is summarized in table IV.5. In 2021, the allocations to pillars differ significantly compared with 2020. Allocations will increase by 27 percent for pillar A (strategy and direction) and by 20 percent for pillar C (policy, guidance and quality assurance). Pillar E (governance and independent oversight) will have a 12 percent increase. The increases are driven by additional allocations for mainstreaming of the emergency support and programme and policy development functions and strengthening of oversight functions. On the other hand, compared with 2020, pillars B (business services to operations) and D (advocacy, partnerships,

<sup>53</sup> For further details on the management performance detailed structure: <https://docs.wfp.org/api/documents/WFP-0000023707/download/>.

<sup>54</sup> The 2021 PSA budget is presented according to the three appropriation lines approved by the Executive Board at its 2017 second regular session. It is further broken down by the five pillars and the three organizational levels.

fundraising and United Nations coordination) will realize budget decreases of 1 and 16 percent respectively. The overall appropriation line for services to operations shows an increase that reflects the additional support to be provided to country offices and regional bureaux, particularly in light of the COVID-19 pandemic.

**TABLE IV.5: ANALYSIS OF PSA BUDGET BY PILLAR, APPROPRIATION LINE AND ORGANIZATIONAL LINE  
(USD million)**

	Country offices	Regional bureaux	Headquarters	Central appropriations	Total 2021	Total 2020
<b>Strategy and direction</b>	<b>31.3</b>	<b>8.9</b>	<b>47.7</b>	<b>1.4</b>	<b>89.3</b>	<b>70.5</b>
A - Strategy and direction	31.3	8.9	47.7	1.4	89.3	<b>70.5</b>
<b>Services to operations</b>	<b>67.1</b>	<b>62.2</b>	<b>109.9</b>	<b>7.5</b>	<b>246.7</b>	<b>237.5</b>
B - Business services to operations	62.1	29.0	80.0	7.5	<b>178.6</b>	<b>180.6</b>
C - Policy, guidance and quality assurance	5.0	33.2	29.9	0.0	<b>68.1</b>	<b>56.9</b>
<b>Governance, independent oversight and fundraising</b>	<b>5.0</b>	<b>10.7</b>	<b>83.7</b>	<b>7.5</b>	<b>106.9</b>	<b>115.6</b>
D - Advocacy, partnerships, fundraising and United Nations coordination	5.0	8.8	47.9	5.4	<b>67.1</b>	<b>80.0</b>
E - Governance and independent oversight	0.0	1.9	35.8	2.2	<b>39.8</b>	<b>35.6</b>
<b>Total</b>	<b>103.4</b>	<b>81.8</b>	<b>241.2</b>	<b>16.5</b>	<b>443.0</b>	<b>423.6</b>

#### Pillar A: Strategy and direction

191. Under pillar A, WFP supports direct programme implementation by gathering information through consultations and meetings focused on strategy and producing corporate documents that inform strategic decision making through the participation of senior management at the headquarters, regional bureaux and country office levels. Work under this pillar also ensures the monitoring and implementation of corporate change initiatives.<sup>55</sup> Table IV.6 presents the PSA budget for pillar A, which constitutes 20 percent of the total 2021 PSA allocation.

**TABLE IV.6: ANALYSIS OF PILLAR A – STRATEGY AND DIRECTION (USD thousand)**

	Country offices	Regional bureaux	Headquarters	Central appropriations	Total 2021	Total 2020
Staff costs	24 615	6 617	31 960	0	63 193	48 156
Non-staff costs	6 683	2 269	15 770	1 433	26 156	22 376
<b>Total</b>	<b>31 299</b>	<b>8 886</b>	<b>47 731</b>	<b>1 433</b>	<b>89 349</b>	<b>70 533</b>

192. An increase in staff costs for implementing structural changes in WFP, mostly at the country office level, is the main driver for the budget allocation to pillar A. Staff costs, which include the majority of WFP's senior and executive management positions, account for 70 percent of the budget, an increase from 68 percent in 2020.

<sup>55</sup> For more information on the strategic initiatives please consult annex IV-B in the Annual Performance Report 2019: <https://docs.wfp.org/api/documents/WFP-0000115522/download/>.

193. The non-staff costs in this pillar cover internal meetings and strategic decision making structures, for which a small increase is observed in the headquarters budget compared with 2020.

#### **Pillar B: Business services to operations**

194. Under pillar B, WFP supports operations by performing direct transactions on behalf of country offices and developing and maintaining software systems used in the daily management of operations. This pillar also includes budget lines for facilities management. Allocations for central appropriations related to pillar B are for services that are centrally managed on behalf of the entire organization, such as services for employees provided by FAO, reassignment costs, medical emergency evacuations and several corporate insurance policies. Table IV.7 presents the PSA budget for pillar B, which constitutes 40 percent of the total 2021 PSA allocation.

<b>TABLE IV.7: ANALYSIS OF PILLAR B – BUSINESS SERVICES TO OPERATIONS (USD thousand)</b>						
	<b>Country offices</b>	<b>Regional bureaux</b>	<b>Headquarters</b>	<b>Central appropriations</b>	<b>Total 2021</b>	<b>Total 2020</b>
Staff costs	-	16 129	56 259	-	72 388	76 639
Non-staff costs	62 118	12 857	23 733	7 523	106 230	103 923
<b>Total</b>	<b>62 118</b>	<b>28 986</b>	<b>79 992</b>	<b>7 523</b>	<b>178 619</b>	<b>180 562</b>

195. In 2020, the allocation to this pillar increased in absolute value to cover identified gaps and support decentralization of some processes related to the Integrated Road Map (IRM). In 2021, the budget for staff costs under pillar B slightly decreases as some areas, including the design, maintenance and roll-out of support systems for corporate operations, require less in 2021. The budget for non-staff costs applies to management decisions on enhancing capacity to provide support in the field, controlling the decentralization of processes, and enhancing the capacities of country offices in certain functions.

#### **Pillar C: Policy, guidance and quality assurance**

196. Under pillar C, WFP works on ensuring policy design and implementation, bottom-up interventions and advisory services for country offices. Work under this pillar also includes monitoring of compliance with policies, which serves as a second line of defence to the oversight function. Compliance activities are performed by the divisions responsible for functional areas or by specific compliance units in regional bureaux. Table IV.8 presents the PSA budget for pillar C, which constitutes 15 percent of the total 2021 PSA allocation.

<b>TABLE IV.8: ANALYSIS OF PILLAR C – POLICY, GUIDANCE AND QUALITY ASSURANCE (USD thousand)</b>						
	<b>Country offices</b>	<b>Regional bureaux</b>	<b>Headquarters</b>	<b>Central appropriations</b>	<b>Total 2021</b>	<b>Total 2020</b>
Staff costs	0	21 356	24 094	0	45 450	36 119
Non-staff costs	5 004	11 893	5 771	0	22 668	20 774
<b>Total</b>	<b>5 004</b>	<b>33 249</b>	<b>29 865</b>	<b>0</b>	<b>68 118</b>	<b>56 893</b>

197. The overall budget allocation to pillar C shows an increase of nearly 20 percent for 2021 compared with 2020. The increase is driven by staff costs, which account for 67 percent of pillar C's total allocation, up from 63 percent in 2020. The increase is mainly for regional bureaux staff costs, which have a significant increase for strengthening their role in policy and guidance services. Non-staff costs have increased slightly. This line typically covers training, which is often provided remotely, and the publication of guidance materials.

#### **Pillar D: Advocacy, partnerships, fundraising and United Nations coordination**

198. Under pillar D, WFP supports resource mobilization and strategic partnerships that facilitate partnerships at both the local and operational levels. This work includes external communication and advocacy efforts, coordination with the other Rome-based agencies, other United Nations agencies and the humanitarian response system, and WFP's participation in United Nations joint initiatives.<sup>56</sup> Table IV.9 presents the PSA budget for pillar D, which constitutes 15 percent of the total 2021 PSA allocation.

**TABLE IV.9: ANALYSIS OF PILLAR D – ADVOCACY, PARTNERSHIPS, FUNDRAISING AND UNITED NATIONS COORDINATION (USD thousand)**

	<b>Country offices</b>	<b>Regional bureaux</b>	<b>Headquarters</b>	<b>Central appropriations</b>	<b>Total 2021</b>	<b>Total 2020</b>
Staff costs	0	5 510	33 027	831	39 368	52 789
Non-staff costs	5 004	3 314	14 849	4 540	27 707	27 211
<b>Total</b>	<b>5 004</b>	<b>8 824</b>	<b>47 877</b>	<b>5 371</b>	<b>67 075</b>	<b>80 000</b>

199. The budget allocated to pillar D decreases for staff costs, which account for 59 percent of the total budget for the pillar, compared with 66 percent in 2020. The decrease is significant for country offices, which receive no PSA budget allocations for staff costs in 2021. Activities such as fundraising and advocacy are carried out at all levels of WFP, including at headquarters, where most of the work under this pillar is under the remit of the Partnerships and Advocacy Department.

#### **Pillar E: Governance and independent oversight**

200. Under Pillar E, WFP implements activities related to the Board and the management of Board sessions; provides assurance to donors through the independent functions of evaluation, investigations and internal and external audits; and promotes transparency through initiatives that provide information on performance management within WFP. Work under this pillar constitutes WFP's third line of defence for oversight purposes. Table IV.10 presents the PSA budget for pillar E, which constitutes 9 percent of the total 2021 PSA allocation.

**TABLE IV.10: ANALYSIS OF PILLAR E – GOVERNANCE AND INDEPENDENT OVERSIGHT (USD thousand)**

	<b>Country offices</b>	<b>Regional bureaux</b>	<b>Headquarters</b>	<b>Central appropriations</b>	<b>Total 2021</b>	<b>Total 2020</b>
Staff costs	0	899	22 932	48	23 879	23 265
Non-staff costs	0	989	12 849	2 125	15 963	12 303
<b>Total</b>	<b>0</b>	<b>1 889</b>	<b>35 781</b>	<b>2 173</b>	<b>39 843</b>	<b>35 568</b>

201. The budget allocated to pillar E continues to increase, with 60 percent of it directed to staff costs. This reflects reinforcement of the evaluation and audit functions and the OIGI through increases in capacity for headquarters divisions and regional bureaux. Non-staff costs include support for the oversight, evaluation and audit functions, organization of Board sessions and other Board-related activities.

<sup>56</sup> The budget allocated to pillar D for central appropriations includes contributions to United Nations initiatives such as the resident coordinator system, inter-agency meetings and forums and services provided by the United Nations.

### **Contributions by organizational units**

202. The five pillars define the nature of the support provided to country offices for successful implementation of their CSPs. The diverse types of support provided are complementary among the various organizational units, but some of them are focused on specific pillars owing to the nature of the work that they facilitate.
203. Table IV.11 shows how the work of various organizational units is aligned with the five pillars:
- Regional bureau budgets are concentrated in pillars B and C, and increasingly in pillars A and D, while the budgets allocated to country offices are primarily in pillars A and B. This reflects the main products and services provided by the staff included in the allocations, which in turn reflect the continuous revision of staff roles and types of support provided.
  - The Resource Management Department concentrates its services in pillars A, B and C in the areas of strategic direction, business services to operations, and policy and guidance services.
  - The Partnerships and Advocacy Department focuses most of its work in pillar D for advocacy, partnerships, fundraising and United Nations coordination.
  - The Office of the Chief of Staff concentrates its work in pillars A and B.
  - The Programme and Policy Development Department concentrates its work in Pillars A and C, providing strategic support and guidance to regional bureaux and country offices.
  - The Office of the Executive Director concentrates its work in pillar E, but with significant contributions to pillars A, B and C.
  - Workplace culture is primarily concentrated in pillars A and B.

**TABLE IV.11: ANALYSIS OF PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL UNIT AND PILLAR (*USD thousand*)**

	A. Strategy and direction	B. Business services to operations	C. Policy, guidance and quality assurance	D. Advocacy, partnerships, fundraising and United Nations coordination	E. Governance and independent oversight	Total 2021	Total 2020
<b>Regional bureaux and country offices</b>	<b>40 185</b>	<b>91 104</b>	<b>38 253</b>	<b>13 828</b>	<b>1 889</b>	<b>185 258</b>	<b>178 713</b>
Country offices	31 299	62 118	5 004	5 004	0	<b>103 424</b>	<b>98 072</b>
Regional bureaux	8 886	28 986	33 249	8 824	1 889	<b>81 835</b>	<b>80 641</b>
<b>Headquarters</b>	<b>47 731</b>	<b>79 993</b>	<b>29 865</b>	<b>47 877</b>	<b>35 781</b>	<b>241 246</b>	<b>228 093</b>
Chief of Staff	5 981	1 267	0	0	0	<b>7 248</b>	<b>7 276</b>
Deputy Executive Director	6 549	25 935	3 012	3 323	5 692	<b>44 510</b>	<b>39 910</b>
Executive Director	1 815	5 301	1 690	951	27 718	<b>37 476</b>	<b>33 856</b>
Partnerships and Advocacy Department	269	-	1 960	41 781	-	<b>44 009</b>	<b>44 338</b>

**TABLE IV.11: ANALYSIS OF PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL UNIT AND PILLAR (*USD thousand*)**

	A. Strategy and direction	B. Business services to operations	C. Policy, guidance and quality assurance	D. Advocacy, partnerships, fundraising and United Nations coordination	E. Governance and independent oversight	Total 2021	Total 2020
Programme and Policy Development Department	15 678	2 327	10 728	1 822	-	30 556	25 991
Resource Management Department	15 903	43 658	12 254	-	2 371	74 186	74 553
Workplace Culture	1 536	1 505	221	-	-	3 261	2 169
<b>Central appropriations</b>	<b>1 433</b>	<b>7 523</b>	<b>-</b>	<b>5 371</b>	<b>2 173</b>	<b>16 499</b>	<b>16 749</b>
<b>Total</b>	<b>89 349</b>	<b>178 619</b>	<b>68 118</b>	<b>67 075</b>	<b>39 843</b>	<b>443 004</b>	<b>423 555</b>

#### **Contributions by functional area**

204. In the management line of sight, the services provided by headquarters and regional bureaux that enable successful implementation of CSPs are categorized into areas of expertise (functional areas) within WFP. This allows classification of the PSA budget by function. Table IV.12 shows how functional areas are aligned with the five pillars.

**TABLE IV.12: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET ALLOCATIONS BY FUNCTIONAL AREA AND RESULTS PILLAR (*USD thousand*)**

	A. Strategy and direction	B. Business services to operations	C. Policy, guidance and quality assurance	D. Advocacy, partnerships, fundraising and United Nations coordination	E. Governance and independent oversight	Total 2021	Total 2020
Administration	1 306	14 743	2 035	-	-	18 084	17 678
Budget and programming	-	6 171	746	1 129	-	8 046	7 614
Donor relations, communications and reporting	269	909	2 298	40 589	785	44 850	46 333
Finance	-	5 861	5 601	-	2 210	13 672	11 889
Human resources	3 455	23 986	6 073	140	-	33 654	32 974
Information technology	9 631	42 102	117	-	-	51 850	51 348
Management	62 851	9 193	14 867	17 703	24 618	129 233	119 451
Programme	10 647	33 051	31 643	5 978	12 229	93 547	91 281
Security	21	17 763	63	-	-	17 847	17 902
Supply chain	1 169	24 840	4 676	1 536	-	32 222	27 086
<b>Total</b>	<b>89 349</b>	<b>178 619</b>	<b>68 118</b>	<b>67 075</b>	<b>39 843</b>	<b>443 004</b>	<b>423 555</b>

205. The various degrees of importance of the different functional areas in the overall PSA budget allocation are similar to those of previous years. The highest allocations are to the functional areas of management, followed by programme and information technology. The allocation to finance, an increase of 15 percent compared with 2020, reflects an expected increase in the volume of operations, which also explains the 19 percent increase in the supply chain functional area, the 6 percent increase in budget and programming and the slight 2 percent increases in both the administration and the human resources functions. The allocation to donor relations, communications and reporting decreases slightly by 3 percent while the allocation to the security function remains stable compared with 2020.

206. For comparison with past years, table IV.13 shows the PSA budget by organizational level, displaying the number of posts covered and the breakdown between staff and other costs.

<b>TABLE IV.13: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL</b>														
	2020 estimated				2021 projections				2020 estimated			2021 projections		
	Post counts			Professional	Post counts			General Service	Total costs (USD million)			Total costs (USD million)		
	Professional	General Service	National		Total posts	Professional	National		Total posts	Staff costs	Other costs	Total costs	Staff costs	Other costs
Country offices	77	0	345	422	77	0	345	422	23.8	74.3	98.1	24.6	78.8	103.4
Regional bureaux	216	0	309	525	219	0	312	531	49.8	30.8	80.6	50.5	31.3	81.8
Headquarters	605	380	6	991	640	388	59	1 086	162.5	65.6	228.1	168.3	73.0	241.2
Central appropriations	3	2	0	5	3	2	0	5	0.9	15.9	16.7	0.9	15.6	16.5
<b>Total</b>	<b>902</b>	<b>381</b>	<b>660</b>	<b>1 943</b>	<b>939</b>	<b>389</b>	<b>716</b>	<b>2 044</b>	<b>237.0</b>	<b>186.6</b>	<b>423.6</b>	<b>244.3</b>	<b>198.7</b>	<b>443.0</b>

### Programme support and administrative gender marker

207. Following the evaluation of WFP's Gender Policy (2015–2020),<sup>57</sup> the Gender Office will lead the implementation of the recommendations deriving from the evaluation. The main recommendations include updating the gender policy, reviewing the allocation of financial and human resources, and establishing a gender equality and women's empowerment steering group. The Gender Office continues to support the integration of gender equality and women's empowerment into all of WFP's work and activities, which has the aim of ensuring that the specific food security and nutrition needs of women, girls and boys are met. This work includes the provision of technical support and training on the Gender Transformation Programme, the Inter-Agency Standing Committee Gender with Age Marker and the integration of gender equality and women's empowerment into policies, strategies and other corporate documents.
208. The procedure for tracking gender equality-related budget allocations has been revised and simplified. Compared with the methodology used in previous years, the new procedure has resulted in a more focused and accurate estimate of PSA resources spent on gender-equality-related activities, which includes the proportional costs of personnel engaged in actions for

<sup>57</sup> WFP/EB.A/2020/7-B and WFP/EB.A/2020/7-B/Add.1.

gender equality. For 2021, USD 15.4 million for gender equality-related activities is incorporated into the PSA budget, a decrease compared with the 2020 estimate of USD 26.0 million.

## Organizational structure of the Secretariat

209. In June 2020, the Board approved a reorganization of WFP's senior leadership structure.<sup>58</sup> This entailed elevating the position of Senior Advisor for Workplace Culture by using an unutilized fifth Assistant Secretary-General position. The human resources and staff wellness divisions and the Comprehensive Action Plan Team will report to the Senior Advisor. These changes highlight the critical importance of human resources and workplace culture issues.
210. The organizational structure, headed by the Executive Director, is underpinned by six interrelated areas including workplace culture, resource management, programme and policy development, operations management, operations assistance, and partnerships and advocacy. Together they will ensure enhanced strategic collaboration in headquarters and enhanced support for the field through the delivery of better global policies, stronger quality control and strengthened oversight of WFP's activities.
211. WFP headquarters ensures coherence throughout WFP; leads the development of corporate strategies, policies, processes, systems and tools; is the think tank for the achievement of zero hunger; supports the mainstreaming of initiatives and processes and facilitates effective operational performance; engages with partners at the global level; serves as the hub for knowledge management and learning; supports emergency preparedness and response; helps foster a culture of change within WFP with the aim of creating a more conducive working environment in which harassment, sexual harassment, abuse of power and discrimination are tackled effectively; and ensures oversight, including of performance, risk management and compliance with standards and norms, throughout WFP. Headquarters also provides field support that supplements the capacities of regional bureaux and provides leadership with regard to office functions and specialized corporate services for regional bureaux and country offices.
212. At the regional bureau level, regional directors report directly to the Executive Director. The bureaux are responsible for positioning WFP strategically in each region and providing country offices with direct support at the operational level for the design of programmes and the implementation of strategies, policies, processes and programmes. The regional bureaux also engage with partners at the regional level and promote best practices in their regions. They facilitate emergency preparedness and response and provide oversight throughout their regions, including through assessments of performance, risk and compliance.
213. Management will continue to be ready to make further adjustments, refinements and adaptations to the structure where necessary to improve delivery of enabling services, policies and programmes. WFP will keep the membership informed of any refinements that are made under the Executive Director's authority.
214. As shown in figure IV.2, the new structure has provided the basis for presenting information on the 2021 PSA budget and comparative figures for 2020 in this section of the management plan.<sup>59</sup>

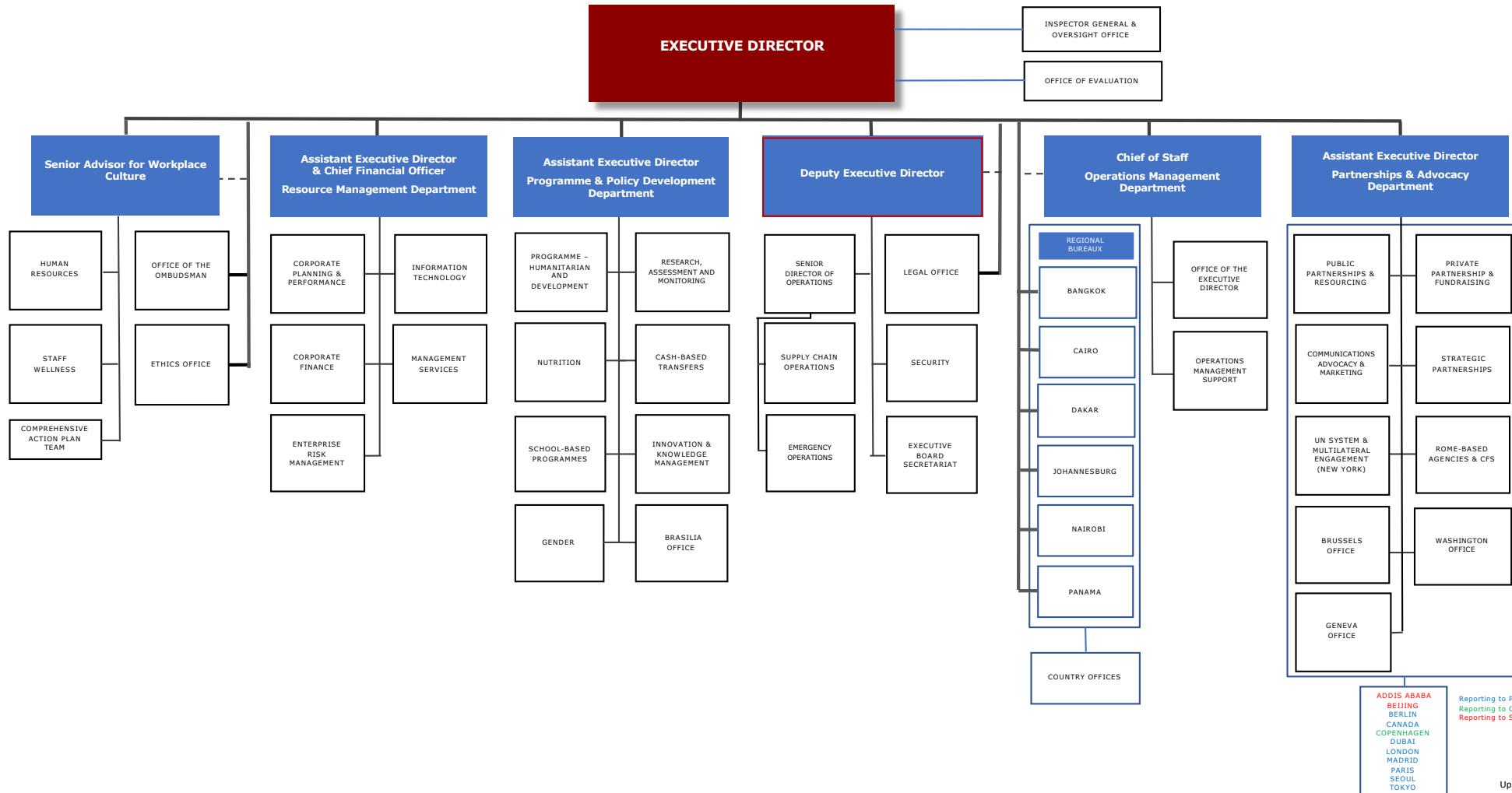
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<sup>58</sup> WFP/EB.A/2020/12-F.

<sup>59</sup> It is important to note that at the time of writing the Human Resources Division remains under the Resource Management Department until the recruitment process for the Senior Advisor for Workplace Culture is completed. Following the appointment of the Senior Advisor, the PSA budget for the Human Resources Division (USD 17 million) will shift to Workplace Culture. Therefore, the 2021 PSA budget for Workplace Culture and the Resource Management Department will be USD 20.2 million and USD 57.2 million, respectively.

**Figure IV.2: Organizational structure of the Secretariat**

## Executive Board



Updated: 19/6/2020

ADDIS ABABA  
BEIJING  
BERLIN  
CANADA  
COPENHAGEN  
DUBLIN  
LONDON  
MADRID  
PARIS  
SEOUL  
TOKYO

Reporting to PPR  
Reporting to CAM  
Reporting to STR

## **Status of the programme support and administrative equalization account**

215. The PSAEA, established in 2002, records the differences between WFP's ISC revenues and the PSA expenses for the financial period. It can be used for four purposes: to cover any difference between ISC income and approved PSA expenditure; as a reserve that underwrites the risk of decreases in ISC income or underfunding of the PSA budget; for critical corporate initiatives or thematic support funds; and for strengthening WFP's reserves. The PSAEA has a target level of five months of PSA expenditure and a "floor" that is equivalent to two months of PSA expenditure.
216. Table IV.14 shows the projected closing balance for the PSAEA in 2020 and the proposed utilization of the account in 2021. The projected closing balance of the PSAEA at 31 December 2020 is USD 156.1 million. This is calculated based on a funding forecast for 2020 of USD 7.7 billion. The balance is equivalent to approximately 4.4 months of PSA expenditure.
217. Based on the projected ISC revenue for 2021 and the proposed drawdown, the projected 2021 closing balance is USD 125.9 million – equivalent to approximately 3.4 months of PSA expenditure – which is higher than the "floor" of USD 73.8 million.

<b>TABLE IV.14: PROJECTION OF THE PROGRAMME SUPPORT AND ADMINISTRATIVE EQUALIZATION ACCOUNT FOR 2020 AND 2021 (USD million)</b>	
<b>Projected PSAEA balance at 31 December 2020</b>	<b>156.1</b>
2021 ISC projected revenue (based on forecasted income of USD 7.4 billion)	445.0
Proposed 2021 PSA budget	-443.0
PSAEA drawdowns in 2021	-32.2
- Termination Indemnity Fund	-10.0
- Private sector strategy	-22.2
<b>Projected PSAEA balance at 31 December 2021</b>	<b>125.9</b>
<b>2021 PSAEA target (equivalent to 5 months of 2021 PSA expenditures)</b>	<b>184.5</b>
<b>2021 PSAEA floor (equivalent to 2 months of 2021 PSA expenditures)</b>	<b>73.8</b>

## **Use of the programme support and administrative equalization account for critical corporate initiatives**

### **Termination Indemnity Fund: USD 10 million**

218. In 2018, the Human Resources Division began conducting organizational alignment reviews in country offices to support the transition to the Integrated Road Map framework and ensure that country offices have workforces with the necessary skills to deliver on their CSPs. The reviews in country offices covered office and staffing structures, workforce composition, skills and collaboration platforms. The reviews and subsequent discussions indicated a need to renew skill sets for working at the humanitarian-development-peace nexus and supporting implementation of the United Nations sustainable development cooperation frameworks envisioned under the United Nations reform.
219. Recommendations stemming from the organizational alignment reviews included establishing more fixed-term staff positions and increasing the number of national professional officer positions with a view to stabilizing the workforce of country offices.

220. The Termination Indemnity Fund, which is the sole new critical corporate initiative proposed for 2021, requires an allocation of USD 10 million from the balance of the PSAEA. It will aid in WFP achieving the organizational change necessary to meet the operational demands of the future. The Secretariat will keep the Board apprised of its use of the fund.

### **Continuation of multi-year critical corporate initiatives**

#### ***Multi-year initiative on the private sector strategy (USD 22.2 million in second year)***

221. WFP plans to significantly increase funding from the private sector – primarily through individual giving – to enable WFP to save more lives and change more lives. Individual giving is a large and growing source of funds that are often given flexibly and can be used for WFP's greatest needs. The private sector strategy,<sup>60</sup> approved at the 2019 second regular session, forecasts that income from private sector individual giving will increase from USD 17.6 million in 2018 to USD 172 million in 2025. It should be noted that the critical corporate initiative investment described in this section and totalling USD 35.3 million over two years relates only to the growth of individual giving under pillar 2 of the private sector strategy – income.
222. In the management plan (2020–2022), the Board approved an initial allocation of USD 13.1 million from the PSAEA to implement the private sector strategy. The success of the strategy is being closely measured against key performance indicators. The second quarterly report will be available in August and will be presented to the Board in November. Updated results will be shared in the final draft of this management plan presented for approval at the Board's 2020 second regular session. Approval and disbursement of the second tranche of funding – USD 22.2 million – will be considered only if Board-approved key performance indicators are achieved during 2020 and the first half of 2021.

#### ***United Nations development system reform (USD 8.1 million for the 2020–2021 period)***

223. Resolution A/RES/72/279 on reform of the United Nations development system and approved by the United Nations General Assembly called for a number of changes to be made “to better position the United Nations operational activities for development to support countries in their efforts to implement the 2030 Agenda for Sustainable Development”. These changes included revitalization of the United Nations development assistance framework, introduction of a new generation of United Nations country teams, strengthening of capacities, resources and skills among entities of the United Nations development system in order to support national governments in achieving the Sustainable Development Goals, and advancement of common business operations.
224. In 2019, a critical corporate initiative was launched with an allocation of USD 8.2 million for a two-year period from 2019 to 2020 with the aim of ensuring that WFP has the capacity to support the Secretary-General's efforts to prepare for and implement reform of the United Nations development system. In 2020, an additional USD 8.1 million was approved to continue the work in 2020 and 2021.<sup>61</sup> Investments for this period are focused on the design and piloting of reform initiatives, with implementation and rollout of piloted activities and systems continuing into 2021.
225. The initiative in 2021 has the following main objectives: to ensure that WFP has the capacity to prepare for and respond to inter-agency reform efforts, ensuring particularly that regional bureaux respond to the requirements of reform and are able to lead reform where appropriate; and to develop WFP's positions and offerings related to reform. WFP will

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<sup>60</sup> WFP/EB.2/2019/4-A/Rev.1.

<sup>61</sup> The concept note for the critical corporate initiative is provided in annex IV of the management plan (2020–2022). WFP/EB.2/2019/5-A/1.

also continue to pursue specific initiatives to drive innovation by strengthening the United Nations Digital Service Centre (UNDSC). The UNSDC is currently a joint UNHCR/WFP pilot programme that leverages digital solutions that United Nations agencies can use to rapidly scale up digital capabilities and drive efficiency, thereby reducing the need to develop similar solutions across the United Nations.

***Programme and partnership support initiative (USD 2.5 million for the 2020–2021 period)***

226. To fulfil its long-term objective of supporting countries in achieving zero hunger, WFP, collectively with the other Rome-based agencies and other key partners, seeks to broaden and enhance its programme design capacities in order to identify and successfully pursue diversified and long-term financing opportunities that complement its current donor sources. Relevant international funding mechanisms that address these drivers are often inaccessible at the national level, partly because of a lack of specialized expertise in the specific programmatic design, monitoring, reporting and evaluation requirements of such funds.
227. In 2020, a critical corporate initiative for the programme and partnership support initiative was launched with a one-time investment of USD 2.5 million for a two-year period from 2020 to 2021.<sup>62</sup> The CCI addresses gaps in country-level project design to enable better access to a broad range of funding streams. Such support will orient long-term objectives towards global strategic initiatives, including by mobilizing domestic resources and multisector investments. It will also enable stronger linkages at the humanitarian–development–peace nexus and demonstrate the relative expertise and leadership of the Rome-based agencies and, with select key partners, in core thematic areas at the nexus.
228. This initiative will fully scope both the design requirements and the needed capacities in resource mobilization to strengthen partnership and funding possibilities. This approach would be coupled with forward-looking thought leadership on strategic priorities, including the lead roles that the Rome-based agencies play in the humanitarian–development–peace nexus, in order to provide end-to-end support for the scoping, prioritization, design and formulation of proposals and programmes and for mobilizing resources.

**General Fund**

229. The General Fund is the accounting entity that records recoveries of indirect costs, miscellaneous income, the operational reserve and contributions received that are not designated to a specific programme category fund, trust fund or special account. The main source of income for the General Fund is interest and investment income derived from WFP's cash balances held in investment portfolios and bank and money market accounts. The unearmarked portion of the fund consists mainly of investment income and exchange rate gains and excludes special accounts and other balances that have been earmarked for particular uses.
230. The estimated balance of the unearmarked portion of the General Fund as of 30 June 2020 is USD 285 million. In previous years, the Board has exercised its authority to approve allocations from the unearmarked portion for strategic investments aimed at strengthening WFP's resourcing and financing mechanisms in support of strategic priorities. No allocations from the unearmarked portion of the General Fund are proposed in the management plan (2021–2023). However, management will continue its dialogue with the Board on potential opportunities for utilizing the unearmarked portion of the General Fund to facilitate sustained financial stability and investments in appropriate strategic priorities.

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<sup>62</sup> The concept note for the critical corporate initiative is provided in Annex IV of the management plan (2020–2022). WFP/EB.2/2019/5-A/1.

## **Indirect support cost rate**

231. The ISC rate, which is levied on contributions made to WFP, provides the resources for the PSA budget that supports the activities necessary for WFP's effective and efficient performance. The ISC rate is approved annually by the Board through its approval of the management plan.
232. In 2014, the Board concluded that a single-rate ISC model was simple and transparent and should be maintained. In May 2020, the Secretariat held an informal discussion with the Board to discuss the potential application of flexible ISC rates for certain types of contributions. Based on the Board's feedback, the Secretariat is not proposing any changes to the ISC policy or rates in 2021.
233. A method for deriving the standard ISC rate was established in 2006<sup>63</sup> and the derived rate for 2021 has been calculated as shown in table IV.15.

<b>TABLE IV.15: CALCULATION OF THE INDIRECT SUPPORT COST RATE (%)</b>	
2019 baseline	5.32
Increase for higher indirect expenditures in 2021	0.81
Increase for lower funding forecast	0.20
Increase for lower PSAEA balance	0.25
Derived ISC rate for 2021	6.58

234. Although analysis indicates a slightly increased ISC rate of 6.58 percent, the Secretariat recommends that the current 6.5 percent rate be maintained for 2021. This rate continues to be the lowest such headline rate among the funds, programmes and specialized agencies of the United Nations. It is also proposed that an ISC rate of 4.0 percent be maintained for governments' contributions to programmes in their own countries and for contributions made by developing countries or countries with economies in transition.

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<sup>63</sup> WFP/EB.A/2006/6-C/1.

## **Section V: Management performance measurement**

### **Overview**

235. The revised Corporate Results Framework (2017–2021)<sup>64</sup> and the Revised Corporate Results Framework (2017–2021) – Part II set targets for the programme outputs and performance indicators<sup>65</sup> that guide WFP's use of all available resources to accomplish its mandate, ensure transparency and accountability, and define the strategic direction of the organization in the period from 2017 to 2021.
236. The revised corporate results framework (CRF) is based on the principle that programme performance reflects WFP's results in saving and changing beneficiaries' lives, while management performance supports programme performance. These two areas of performance are indivisible but measured by different types of indicators: programme output and outcome indicators for programme results, and key performance indicators (KPIs) for management results. The indicators are used in WFP's tools for performance management and internal and external reporting at the country and corporate levels – CSP logical frameworks, annual plans and country reports.
237. To complement the indicators, the revised CRF part II set corporate targets that define the overall direction of WFP's work. The targets are set for both programme output indicators and management KPIs, constitute the basis for strategic discussions, and are reflected in the main corporate performance management tools: the management plan and the annual performance report. The inclusion of these targets in the management plan allows their confirmation or revision to reflect the most recent planning figures and the latest organizational developments. Corporate targets for 2022 and beyond will be set out in the new strategic plan.

### **Corporate programme output targets**

238. WFP's corporate programme output targets communicate global food security needs and WFP's intended response, and supports advocacy and resource mobilization. As stipulated in the revised CRF part II, annual targets can be updated in the management plan if needed.
239. The original 2021 targets set in the revised CRF part II, shown in table V.1, were based on a projection of trends in needs-based planning figures from previous years. Table V.1 shows updated targets for 2021, aligned with the latest available planning figures from country offices and therefore represents needs more accurately. These figures reflect changes in context for current CSPs and in the planning of CSPs approved in 2020. The rationale for some of the main changes is provided below, and more details regarding WFP's 2021 operational requirements can be found in section III of this document.

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<sup>64</sup> WFP/EB.2/2018/5-B/Rev.1.

<sup>65</sup> WFP/EB.A/2019/5-A.

<b>TABLE V.1: RESULTS AGAINST PROGRAMME OUTPUTS</b>			
<b>Category A: Targets for transfer modalities</b>			
<b>Indicator</b>	<b>Revised 2020 target</b>	<b>Original 2021 target</b>	<b>Proposed revised 2021 target</b>
Total quantity of food provided ( <i>mt</i> ) to targeted beneficiaries	4.6 million	5.8 million	5.8 million
Total value of food provided ( <i>USD</i> ) to targeted beneficiaries	2.37 billion	2.92 billion	3.09 billion
Quantity of fortified food provided ( <i>mt</i> )	264 000	406 000	380 000
Quantity of specialized nutritious food provided ( <i>mt</i> )	607 000	824 000	629 000
Total amount of value transferred ( <i>USD</i> ) through CBTs and commodity vouchers to targeted beneficiaries	3.8 billion	4.2 billion	3.8 billion
Unrestricted cash ( <i>USD</i> )	2.6 billion	2.6 billion	2.2 billion
Vouchers ( <i>USD</i> )	889 million	1.3 billion	1.3 billion
Commodity vouchers ( <i>USD</i> )	366 million	337 million	360.7 million
Total value of capacity strengthening transfers ( <i>USD</i> )	562 million	464 million	531 million
Percentage of UNHAS passengers served against number requesting services	95	95	95
<b>Category B: Targets for beneficiary numbers</b>			
<b>Indicator</b>	<b>Revised 2020 target</b>	<b>Original 2021 target</b>	<b>Proposed revised 2021 target</b>
Total number of beneficiaries targeted through WFP food and CBTs	87.8 million	83 million	100.8 million
Number of schoolchildren targeted through school feeding interventions	22.2 million	17.9 million	19.9 million
Number of persons targeted through nutrition-specific interventions	18.8 million	24.6 million	20 million
Number of persons targeted through food assistance for assets programmes	9.9 million*	12.5 million	10.2 million

\* The 2020 planned beneficiary figure for food assistance for assets (FFA) programmes was revised in line with refinements of beneficiary numbers by activity.

CBT = cash-based transfer; UNHAS = United Nations Humanitarian Air Service.

240. The global trend in steadily increasing humanitarian crises, exacerbated by the COVID-19 crisis, is reflected in the 2021 needs-based programme output targets, which show increased beneficiary numbers and food transfers compared with 2020, and in the associated operational requirements (refer to section III for more details).
241. Adjusted overall targets for CBTs and commodity voucher transfers in 2021 remain in line with the high level of need projected in 2020. As noted in the management plan for 2020–2022, the rate of growth in CBTs is expected to slow as WFP portfolios reach levels of CBTs that reflect the most appropriate blend of modalities for the policy, operational and risk environments in each country. The expected stable trend shown in the management plan is indicative, operational decisions regarding the most appropriate modality and mechanism depend on individual settings, and changes in volume depend on WFP's operational circumstances, including the handover of implementation of the ESSN in Turkey to the IFRC mentioned in section III.
242. The 2021 target for the total projected value of capacity strengthening transfers remains relatively stable reflecting WFP's commitment to resilience building- and root cause-related activities. However, it entails a small reduction (6 percent) compared with the 2020 target. Behind this global figure, there are various country-level changes, both increases and decreases, as operations are adapted and prioritized with a view to changing conditions. Among the most significant contributors to the overall decrease is WFP's institutional capacity strengthening activities in Iraq, where 2021 requirements are projected to be more than USD 30 million less than in 2020 as the rollout of a digital identity and beneficiary management platform with the Ministry of Trade's Public Distribution System is slowed down to prioritize the use of government resources for transfers provided through the existing platform.
243. The 2021 school feeding target shows an increase of approximately 2.2 million beneficiaries compared with 2020. Forty percent of this increase is attributed to expansion of operations in Egypt, Ethiopia, Mozambique, the Syrian Arab Republic, the Sudan and Yemen, and is in line with the WFP school feeding strategy for 2020–2030, which foresees a scale-up in the coverage of vulnerable children in countries affected by crisis and in humanitarian settings.
244. Estimates for FFA activities are based on the global aggregation of the 2021 projected numbers of persons targeted through FFA activities, utilizing food, cash-based or voucher transfers to address the consumption gaps of the most vulnerable people while building household and community productive assets to reduce the risk of future disasters, strengthen livelihoods and build resilience to shocks over time. The integrated nature of resilience programming, when "layered" with FFA activities over a period of several years, allows additional interventions to be provided to the same households. This leads to the underreporting of total humanitarian and development transfers provided to a beneficiary group.
245. Actual figures will be reported against these needs-based targets in the annual performance report for 2021.

## Corporate management performance targets

246. WFP's targets for corporate management performance define the standards for which WFP holds itself accountable and that ensure that WFP makes the best possible use of financial, human and physical assets to fulfil its mandate. These standards are measured by three categories of indicators:<sup>66</sup> indicators in categories I and II reflect WFP's overall performance, and category III indicators are used internally by WFP for daily management of operations.

### Category I key performance indicators

247. The inclusion of category I and II indicators in the management plan for (2021–2023) offers an opportunity to update targets and component indicators if needed. Corporate targets for category I indicators that were approved as part of the revised CRF part II remain valid. However, developments during 2019 and 2020 have allowed the revision of some components to take into account improvements in WFP internal processes. Details on indicators and targets set for 2020 and 2021 can be found in table V.2.

248. Category I KPIs reflect WFP's corporate performance and measure management performance that contributes to implementation of the WFP strategic plan through CSPs. There are three high-level category I indicators, the components of which are used in internal tools for country offices:

- KPI 1: Overall progress in country strategic plan implementation measures how funding and operational constraints influence WFP's implementation and its performance under the activities and strategic outcomes that are implemented during the period being measured.
- KPI 2: Effective emergency preparedness and response measures WFP's performance against emergency preparedness and response standards. This includes preparedness at the country and corporate levels, and implementation of corporate responses to acute emergencies.
- KPI 3: Overall achievement of management performance standards measures country offices' performance in each functional area in supporting the implementation of CSPs. Aggregation of functional areas permits a corporate analysis of management processes.

**TABLE V.2: CATEGORY I MANAGEMENT KEY PERFORMANCE INDICATORS AND COMPONENTS**

Key performance indicator	2019 values*	2020 target	2021 target**	2022 target***
<b>KPI 1: Overall progress in country strategic plan implementation</b>	<b>61% of country offices met targets</b>	<b>80% of country offices meet targets</b>	<b>90% of country offices meet targets</b>	<b>90% of country offices meet targets</b>
Component indicator				
% of outcomes with implementation	85	70	70	70
% of outcomes for which values are achieved or on track	83	75	75	75
% of outputs with implementation	84	80	80	80

<sup>66</sup> For further details on the KPIs see WFP/EB.2/2018/5-B/Rev.1. <https://docs.wfp.org/api/documents/WFP-0000099356/download/>.

<b>TABLE V.2: CATEGORY I MANAGEMENT KEY PERFORMANCE INDICATORS AND COMPONENTS</b>				
<b>Key performance indicator</b>	<b>2019 values*</b>	<b>2020 target</b>	<b>2021 target**</b>	<b>2022 target***</b>
% of outputs for which values are achieved or on track	52	80	80	80
<b>KPI 2: Effective emergency preparedness and response</b>	<b>1 out of 5 targets met</b>	<b>4 out of 5 targets met</b>	<b>5 out of 5 targets met</b>	<b>5 out of 5 targets met</b>
Component indicator				
% of country offices that update or implement at least 80% of minimum preparedness actions	61	100	100	100
Number of training events in emergency response according to the Functional and Support Training for Emergency Response (FASTER) standard	3 events	4 events	4 events	4 events
Timeliness of the Immediate Response Account for Preparedness facility	13 days	5 days	5 days	5 days
Timeliness of the operational task force	360 hours	≤ 24 hours	≤ 24 hours	≤ 24 hours
Timeliness of the elaboration of the concept of operations by the country office	4 days	≤ 5 days	≤ 5 days	≤ 5 days
<b>KPI 3: Overall achievement of management performance standards</b>	<b>59% of country offices met targets</b>	<b>80% of country offices meet targets</b>	<b>90% of country offices meet targets</b>	<b>90% of country offices meet targets</b>
Component indicator				
Management: gender representation	39%	Office milestones*	Office milestones	Office milestones
Management: number of outstanding audit recommendations	62	Fewer than previous year	Fewer than previous year	Fewer than previous year
Management: % of overdue internal audit recommendations	25	≤ 5	≤ 5	≤ 5
Programme: % of implemented evaluation recommendations (due for implementation)	95	100	100	100
Programme: % of outputs achieved within partnerships	93	90	90	90
Supply chain: % of post-delivery losses	0.43	< 2	< 2	< 2
Supply chain: % of tonnage uplifted by the agreed date	73	95	95	95
Supply chain: % of tonnage not reconciled	5	≤ 10	≤ 10	≤ 10
Budget and programming: % of all CSP expenditures against implementation plan	84	90	90	90
Human resources: Performance and competency enhancement (PACE) compliance rate (%)	74	100	100	100

<b>TABLE V.2: CATEGORY I MANAGEMENT KEY PERFORMANCE INDICATORS AND COMPONENTS</b>				
<b>Key performance indicator</b>	<b>2019 values*</b>	<b>2020 target</b>	<b>2021 target**</b>	<b>2022 target***</b>
Human resources: % of staff who have completed all mandatory trainings	75	100	85	85
Administration: % of internal controls in place and implemented in administration	70	100	75	75
Administration: % of WFP fixed assets physically counted and verified	97	100	100	100
Finance: % of enhanced risk items in the financial dashboard	5	< 7	< 7	< 7
Information technology: % of compliance with information technology security standards	99	100	100	100
Security: % compliance with field security accountability framework standards	84	100	100	100
Resource mobilization, communication and reporting: % of needs-based plan funded in country operations	99	80	80	80
Resource mobilization, communication and reporting: % of favourable stories	66	70	70	70

Note. Each country office has annual milestones and a target for 2021. The actual value for all country offices is presented as the average gender representation of all country offices and the annual performance report shows the number of country offices that achieved their milestones.

- \* For more information on the 2018 Baseline, please consult Annex IV-A of the Annual Performance Report 2019: <https://docs.wfp.org/api/documents/WFP-0000115522/download/>
- \*\* 2021 targets are based on the updated targets in the Annual Performance Report 2019: <https://docs.wfp.org/api/documents/WFP-0000115522/download/>
- \*\*\* Note: 2022 targets have not been set yet and will be finalized in the new Strategic Plan. The values presented here are the existing 2021 targets.

## Category II key performance indicators

249. Category II KPIs have a more short-term perspective and measure progress against corporate priorities set by WFP's leadership,<sup>67</sup> multilateral arrangements, and externally governed commitments.
250. As illustrated in table V.3, the first cluster of indicators covers the United Nations system and coordination. The KPIs are unchanged since the management plan for 2018–2020 and reflect WFP's continued external commitments. The second cluster covers executive management priorities and reflects established and emerging priorities of WFP's executive leadership.

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<sup>67</sup> First included in the management plan for 2018–2020, the category II KPIs were approved by WFP senior management in October 2019 and include indicators for which targets were set in the revised CRF part II approved by the Board at its 2019 annual session. These indicators are reviewed annually and are subject to additions and alterations following the Executive Management Group meeting in August each year.

<b>TABLE V.3: CATEGORY II MANAGEMENT KEY PERFORMANCE INDICATORS AND COMPONENTS</b>				
	<b>Baseline</b>	<b>2019 values</b>	<b>2020 target</b>	<b>2021 target*</b>
<b>United Nations system and coordination</b>				
% of achievement of QCPR commitments	100 (2016)	20	100	100
% of UN SWAP 2.0 indicator targets achieved	93 (2016)	75	100	100
% of cluster user surveys that reach their satisfaction targets	100 (2017)	100	100	100
<b>Executive thematic priorities</b>				
% of employees completing mandatory training on harassment, sexual harassment and abuse of power and protection against sexual exploitation and abuse	73 (2016)	91	100	100
% of country offices with functioning complaint and feedback mechanisms	69 (2019)	66	85	85
% of WFP cash beneficiaries supported digitally	41 (2018)	71	80	80
% of country offices implementing environmental management systems	4 (2018)	NR**	20 launched (8% fully working)	20 launched (8% fully working)
% of contributions directed to the strategic outcome level or above	17 (2018)	NR	30	30

\* Targets for 2021 to be confirmed following the Executive Management Group meeting in August 2020.

\*\* The final two KPIs in table V.3 were developed for the management plan (2020–2022) using 2018 baseline values; values were not officially reported in 2019 for either indicator.

NR = not reported; QCPR = quadrennial comprehensive policy review.

## Section VI: Trust funds and special accounts

### Overview

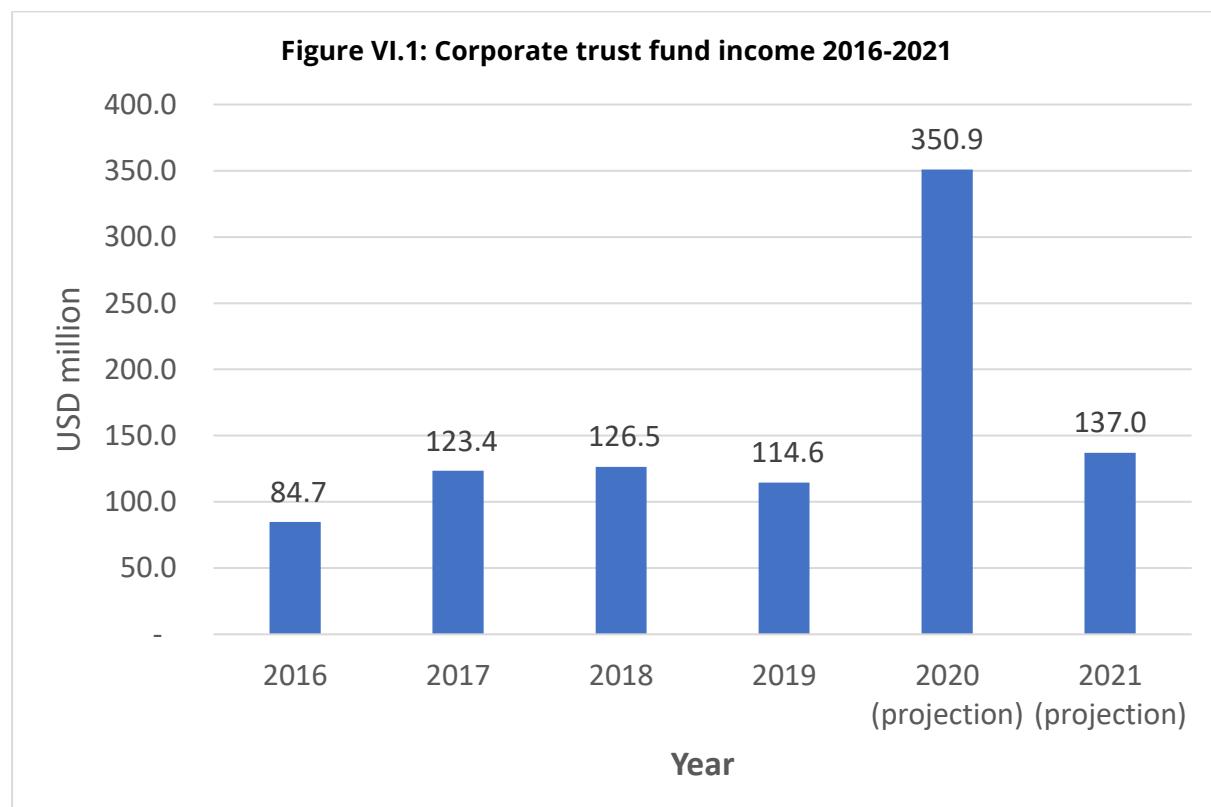
251. This section of the management plan (2021–2023) summarizes the resource requirements that may be funded through trust funds and the levels of activity in special accounts. It also describes the corporate services financing mechanism.

### Trust funds

252. Trust funds are contributions whose purpose, scope and reporting requirements are outside WFP's regular operational programmes but are consistent with the policies, aims and activities of WFP. They are established by the Executive Director under Financial Regulation 5.1.
253. Under the IRM framework, all country-level activities are accounted for as programme or service provision within a country's CSP framework. Consequently, from 2019 onwards, country-specific trust funds no longer exist. Trust funds for headquarters and regional levels continue to be used to enhance WFP's organizational capacity and effectiveness and its ability to work in specific thematic areas.<sup>68</sup>

### Trust fund income from 2016 to 2020

254. As illustrated in figure VI.1, trust fund income has fluctuated in recent years. The extraordinary increase in the 2020 projection is due to the creation of a trust fund related to the COVID-19 pandemic response that is valued at USD 214.5 million as of mid-August 2020.



255. Table VI.1 breaks down the trust fund income received for the period 2016–2020 by thematic area.

<sup>68</sup> WFP/EB.2/2018/5-A/1.

<b>TABLE VI.1: TRUST FUND INCOME BY THEMATIC AREA, 2016–2020</b>		
<b>Thematic area</b>	<b>Total (<i>USD million</i>)</b>	<b>% of total</b>
Emergency preparedness and response*	266.4	33.3
Government capacity strengthening	112.8	14.1
Nutrition	71.0	8.9
WFP capacity development	61.0	7.6
Climate change and disaster risk reduction	56.4	7.0
Supply chain	49.2	6.1
Food security	45.1	5.6
Other	138.3	17.3
<b>Total</b>	<b>800.2</b>	<b>100.0</b>

\* Includes the trust fund related to the COVID-19 pandemic response.

### Trust funds in 2021

256. The 2021 forecasted income from trust funds is USD 137 million, a decrease of USD 213.9 million or 61 percent compared with the projected total for 2020. This decrease is attributable to the significant allocation received in 2020 related to the COVID-19 pandemic. At this time, the COVID-19-related trust fund is not foreseen to be operational in 2021. However, given the overall state of the pandemic, the trust fund could be extended accordingly.

257. Table VI.2 shows the projected movements of funds held in trust funds in 2021.

<b>TABLE VI.2: PROJECTED MOVEMENTS OF FUNDS HELD IN TRUST FUNDS, 2021 (<i>USD million</i>)</b>	
Balance brought forward at 1 January 2021	57.1
Trust fund income for the year	137.0
Planned trust fund expenditure	(151.9)
<b>Balance carried forward at 31 December 2021</b>	<b>42.2</b>

258. In 2021 trust funds at the headquarters and regional bureau levels will support the enhancement of WFP's organizational capacity and effectiveness through activities in areas that include climate change and disaster risk reduction, food security, government capacity strengthening, nutrition, supply chain, innovation (the Innovation Accelerator), school feeding and emergency preparedness and response.
259. Table VI.3 shows projections of trust fund income and expenditure figures for 2021 by thematic area.

**TABLE VI.3: TRUST FUND INCOME PROJECTIONS VERSUS EXPENDITURE PLANS  
BY THEMATIC AREA, 2021 (USD million)**

<b>Thematic area</b>	<b>Income projection</b>	<b>Expenditure plan</b>
Climate change and disaster risk reduction	50.8	19.8
Food security	30.0	43.6
Government capacity strengthening	16.1	24.4
Nutrition	11.5	12.1
Supply chain	8.0	4.7
Innovation Accelerator	6.2	5.0
School feeding	4.8	4.7
Emergency preparedness and response	4.2	5.9
Other	5.6	31.7
<b>Total</b>	<b>137.0</b>	<b>151.9</b>

### **Trust funds by thematic area**

260. The following subsections describe a selection of trust funds in each thematic area.

#### ***Climate change and disaster risk reduction***

261. The *Green Climate Fund trust fund (estimated income USD 39.1 million for multi-year projects, estimated expenditures USD 10.1 million)* enables WFP to receive funds from the Green Climate Fund (GCF), which is the largest multilateral funding instrument established under the United Nations Framework Convention on Climate Change. The trust fund supports developing countries in adapting to climate change and limiting or reducing their greenhouse gas emissions. WFP became an international “accredited entity” of the GCF in March 2016 and is eligible to submit project proposals on behalf of, and in close collaboration with, host governments. WFP activities that are funded by the GCF focus on climate change adaptation. These activities are aligned with WFP's climate change policy and the priorities outlined in national zero hunger strategic reviews and CSPs. GCF funds allow WFP to scale up innovative climate action in countries where livelihoods and food security are most affected by climate change.
262. The *hunger-related climate change trust fund (estimated income USD 2.1 million, estimated expenditures USD 4.5 million)* supports the development and implementation of normative guidance and training materials on climate and disaster risk reduction that allow governments and humanitarian actors to understand the impact of climate change on food security. It enables WFP to engage with partners on global policy processes and to implement the three pillars of WFP's climate change policy: capacity development; programme and policy support to governments; and scaling up of climate innovations.
263. The *Rural Resilience Initiative (R4) trust fund (estimated expenditures USD 1.2 million)* aims to help communities build resilience, incomes and well-being in the face of increasing climate variability and shocks. The trust fund receives multi-year resources to support the global expansion and mainstreaming of micro-insurance in WFP operations. At present, R4 supports vulnerable farmers and their families in seven countries and there are plans to expand it to 12 countries by 2022.

### **Food security**

264. The *mobile food security monitoring (mVAM – mobile vulnerability analysis and mapping) initiative trust fund (estimated income USD 7.1 million, estimated expenditures USD 24.9 million)* was created to receive contributions from multiple donors for activities related to the collection and analysis of data on household food security using mobile phones. The purpose of the trust fund is to facilitate timely programme decisions by providing accurate food security information using the most appropriate tools and technologies. Activities that will continue in 2021 include near real-time monitoring through HungerMap Live<sup>69</sup> in 60 countries; field monitoring support in tracking, collecting and analysing programme performance to maintain operational focus on results and generate data for outcome and impact analyses and evaluations; food security and nutrition assessments; analysis of high-resolution satellite imagery; and capacity development support.
265. The Rome-based agencies are collectively supporting the Secretary-General's call to hold a food systems summit in 2021. The summit will be a key contribution to the Decade of Action to deliver the Sustainable Development Goals (SDGs) by 2030 and provides an opportunity to emerge from the COVID-19 crisis with strengthened food systems to help the world achieve sustainable progress for all. The *Rome-based agencies food systems summit trust fund (estimated income USD 10 million, estimated expenditures USD 9.6 million)* was created to allow donor contributions to be received and directed towards the summit's costs, which include those of the special envoy secretariat in Nairobi and Rome, travel and the functioning of an advisory group, support for a high-level scientific group, as well as expenditures related to meetings and the event's organization.
266. The *Sahel resilience scale-up trust fund (estimated income USD 2.8 million, estimated expenditures USD 2.8 million)* guarantees that the Regional Bureau in Dakar has the capacity and resources to successfully support the scale-up of resilience work, which has been defined as one of WFP's global priorities. The regional bureau is playing a substantial role in supporting, catalysing and scaling-up integrated resilience in the Sahel region, which presents a unique opportunity for WFP to display its capacity to conduct large-scale resilience operations, generate transformative impact and position itself as a major actor along the humanitarian–development–peace nexus.

### **Government capacity strengthening**

267. The *African Risk Capacity (ARC) trust fund (estimated income USD 10 million, estimated expenditures USD 14.6 million)* is designed to support the strengthening and improvement of the capacities of African governments in planning and preparing for and responding to extreme weather events and natural disasters such as droughts, floods and cyclones. The intergovernmental nature of the trust fund allows countries to work together as a group, managing risk and securing funds from donors and the international risk market in a financially efficient manner. Pre-approved contingency plans help countries to improve the predictability and speed of their responses to natural disasters by effectively linking financing with early warning systems and contingency planning.
268. Resilience building is growing in global importance, as reflected in the 2030 Agenda for Sustainable Development, SDGs 2 and 17, the humanitarian–development–peace nexus and the underlying need for layered and integrated partnerships. The *trust fund on Building Resilience to Recurrent Crisis: Strengthening Capacities for Asset Creation (FFA) Programming and Partnerships Initiative (estimated income USD 930,000, estimated expenditures USD 4.8 million)* contributes to filling identified gaps by fostering and strengthening WFP's capacity to deliver and support government-led resilience building programmes in a variety of contexts,

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<sup>69</sup> <https://hungermap.wfp.org>.

together with other partners. The approaches covered by the fund ensure that resilience programmes are robust and community and people-centred and that interventions are complementary and integrated so that they achieve sustained food and nutrition security and strengthen the resilience of communities and individuals facing recurring risks and shocks and governments responding to the needs of their populations.

### **Nutrition**

269. The *micronutrient initiative trust fund (estimated income USD 1.7 million, estimated expenditures USD 3.7 million)* was established to support the implementation of WFP's nutrition capacity strengthening plan. The multi-donor trust fund focuses on improving the quality and coverage of WFP's nutrition programmes globally. The fund is directed at strengthening partnerships and developing national capacities, conducting nutrient gap analyses and improving the evidence base for healthy foods. In 2021, activities will include life-saving nutritional support that is maintained in the era of the COVID-19 crisis, a global nutrition digitalization road map operationalized through the scale-up of digital nutrition tools, Fill the Nutrient Gap (FNG) analysis and the development of diet tools and a global action plan on child wasting, among others.
270. The *Joint United Nations Programme on HIV/AIDS (UNAIDS) trust fund (estimated income USD 3.3 million, estimated expenditures USD 3.1 million)* was established to receive and manage core funds received from the joint programme of United Nations agency co-sponsors and the UNAIDS Secretariat for responding to the global HIV/AIDS health crisis. The trust fund ensures that a comprehensive nutrition strategy is in place to govern the implementation of activities at the global, regional and country levels in line with the UNAIDS strategy and "fast-track" targets, the SDGs and within the thematic areas of the UNAIDS division of labour, of which WFP leads those on HIV in emergencies and HIV-sensitive social protection.
271. The *DSM micronutrient trust fund (estimated income USD 2.1 million, estimated expenditures USD 2.1 million)* stems from the successful partnership between WFP and the global science-based company Royal DSM, which has the aim of increasing attention to nutrition throughout WFP's programmes. A renewed partnership covers the period from January 2019 to December 2021 and has been expanded to include the mainstreaming of rice fortification for strategically-high-rice-consumption countries, generating significant regional impact and the development of a food and nutrition retail strategy that promotes the consumption of nutritious diets.

### **Supply chain**

272. In 2021, the Supply Chain Division in partnership with the Takeda Pharmaceutical Company will launch a new trust fund dedicated to the *Health Systems Supply Chain Strengthening project (estimated income USD 2.2 million, estimated expenditures USD 2.3 million)*. Through this project, WFP will aim to enhance the resilience of in-country public health supply chains and thus increase the effectiveness of responses to health shocks and reduce their impact on universal health care. The multi-year project will be implemented provisionally in four countries in two regions in Africa.
273. The *food quality management system trust fund (estimated income USD 1.1 million, estimated expenditures USD 1.2 million)* is used for the leveraging of top-level expertise to assist WFP in enhancing food safety and quality throughout its operations. The trust fund will complement the core activities of the food safety and quality special account by focusing on the technical support and expertise available through private partners. In 2021 it will continue to work on the harmonization of specialized nutritious food products and specifications as well as research and development on packaging and shelf-life.

### ***Innovation Accelerator***

274. The *Innovation Accelerator trust fund (estimated income USD 5.0 million, estimated expenditures USD 5.0 million)* supports innovations emanating from global operations. It was created to support WFP in delivering on its mandate to end hunger. The accelerator works by identifying, nurturing and scaling-up promising innovations; guiding and supporting innovators and external start-ups by providing funding, experts and access to relevant networks; supporting WFP in adopting new technologies and solutions; and supporting other organizations in working more effectively and efficiently by leveraging innovations.<sup>70</sup>

### ***School feeding***

275. The *school feeding trust fund (estimated income USD 3.9 million, estimated expenditures USD 4.7 million)* was established to support strategic global school feeding activities and recently launched a new ten-year school feeding strategy. The trust fund channels contributions from both public and private sector donors. In 2021 the trust fund is expected to support most of the cutting-edge initiatives presented in the new strategy. It will help develop regional school feeding implementation plans, establish a new international school feeding research consortium, carry out various evaluations of WFP's work, provide technical support to country offices and governments and roll out a suite of digital school feeding solutions.

### ***Emergency preparedness and response***

276. The *emergency preparedness and response trust fund (estimated income USD 3.4 million, estimated expenditures USD 5.9 million)* is used to promote preparedness actions that are focused on reinforcing existing tools through investments in human capacity, early warning and WFP's internal processes and systems; strengthening capacities through support for governments and national social protection mechanisms; and expanding and consolidating partnerships. The priority in 2021 will be to support WFP's capacity to meet the growing need for emergency response by enhancing preparedness based on integrated risk analysis and improved systems and tools, adequate surge capacity at the global level and strong leadership in preparedness activities, early action and response.

### ***Special accounts***

277. Special accounts<sup>71</sup> are established by the Executive Director under Financial Regulation 5.1 with a view to enabling WFP to provide, on a no-profit basis, business services and support activities that do not fall within its country strategic plans.
278. Special accounts are the most suitable mechanism for funding WFP's management of organizational service provision, both for its own offices and units and for other United Nations agencies and the humanitarian community. The Secretariat separates the provision of services into two streams: corporate services, which are procured centrally by WFP with costs recovered locally, including through fees for services and a repayment schedule that ensures full cost recovery; and business services that would otherwise be sourced externally at greater cost, which are provided for internal purposes and to partners, with costs recovered on the basis of usage.

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<sup>70</sup> A "WFP Innovation Fund" special account was established to provide a means of integrated financial management allowing WFP to accept contributions to cover for services provided by the WFP Innovation Accelerator and external innovations provided as a grant or procurement contract.

<sup>71</sup> A special account may be established by the Executive Director for purposes consistent with the policies, aims and activities of WFP, as indicated by Financial Regulation 5.1. Special accounts are used to manage special contributions or funds earmarked for programme, corporate or cost-recovery purposes or to support long-term activities.

279. The income of special accounts for 2021 is estimated at USD 284.1 million, including all income from sales of services and cost recoveries. Expenditure is estimated to reach USD 312.8 million.

**TABLE VI.4: PROJECTED MOVEMENTS OF FUNDS IN SPECIAL ACCOUNTS, 2021 (USD million)**

Balance brought forward at 1 January 2021	127.6
Special account income for the year	284.1
Planned special account expenditure	(312.8)
<b>Balance carried forward at 31 December 2021</b>	<b>98.9</b>

#### **The corporate services financing mechanism**

280. The corporate services financing mechanism<sup>72</sup> adopted in 2014 enables WFP to provide services economically and efficiently through three mechanisms: the Fleet Centre (formerly the Global Vehicle Leasing Programme), the Capital Budgeting Facility (CBF) and fee-for-service activities. These services are managed through special accounts. The current ceilings for the three mechanisms total USD 82.0 million.
281. Table VI.5 shows the estimated levels of activity in special accounts for corporate service financing mechanisms, with advance financing ceilings and estimated expenditures in 2021.

**TABLE VI.5: CORPORATE SERVICES FINANCING MECHANISM SPECIAL ACCOUNTS, 2021 (USD million)**

	Advance financing ceiling	Estimated expenditures	% of total expenditures
<b>Fleet Centre</b>	<b>15.0</b>	<b>29.6</b>	<b>28</b>
<b>Capital Budgeting Facility</b>			
– Improved premises		11.7	
<b>Total Capital Budgeting Facility</b>	<b>47.0</b>	<b>11.7</b>	<b>11</b>
<b>Fee-for-service activities</b>			
– IT services		42.3	
– Security		20.5	
<b>Total fee-for-service activities</b>	<b>20.0</b>	<b>62.8</b>	<b>60</b>
<b>Total</b>	<b>82.0</b>	<b>104.1</b>	<b>100</b>

#### **Fleet Centre**

282. The Fleet Centre provides fleet services to all WFP offices and operations. These services include tools, systems and support for fleet assessment and management; procurement and deployment of light and armoured passenger vehicles, adapted for optimal performance, cost-effectiveness and safety in each operational context; procurement and installation of vehicle accessories and safety equipment; and driver training for WFP and humanitarian partners. Fleet Centre operations are funded through a special account. The corporate financing mechanism will fund capital costs, which are subsequently recovered through vehicle leasing fees charged to each project. This financing mechanism enables WFP to

<sup>72</sup> WFP/EB.A/2014/6-D/1.

optimize procurement through the bulk purchasing of vehicles while ensuring that vehicle costs for country offices are aligned with funding, vehicle usage and programme cycles.

283. The projected overall expenditure for 2021 is USD 28.8 million and mainly consists of WFP offices' vehicle requirements with costs recovered from leasing fees included in country portfolio budgets. The total volume of expenditures may exceed the Fleet Centre's advance ceiling of USD 15 million because recoveries made during the year ensure that the balance of advances outstanding (projected at USD 10.2 million in 2021) at any one time does not exceed the ceiling.
284. The Fleet Centre also manages the self-insurance special account (estimated expenditures USD 800,000), which provides comprehensive insurance coverage for WFP's light and armoured vehicles.

#### ***Capital Budgeting Facility***

285. The CBF was established in the management plan (2014-2016). It is a revolving facility that enables WFP to provide advances for multi-year projects and to receive repayments from country portfolio budgets or other funding sources over agreed time periods.
286. CBF allocations are approved by the Strategic Resource Allocation Committee in response to applications from interested WFP units. Use of the CBF is conditional on the inclusion of a clear, viable repayment plan in the allocation request. An investment of USD 7 million for premises in Afghanistan, which includes office premises as well as residence quarters, is expected in 2021. An investment of USD 4.7 million for the Uganda country office is also anticipated. These CBF advances will be recovered through savings arising from reduced rental payments.
287. No increase in the CBF ceiling is required at this time.

#### ***Fee-for-service activities***

288. The fee-for-service mechanism can provide advances of up to USD 20 million for information technology (IT) services and staff security. The volume of advances transacted each year may exceed the amount of the ceiling, but the recoveries made during the year ensure that the balance of advances outstanding at any time does not exceed the ceiling.
289. In 2013, WFP implemented a per capita cost recovery model for recurring corporate operational IT services, allowing funding to be provided up front, with fund recovery managed centrally. The main activities included in this model are the provision of the basic IT infrastructure that is essential in all WFP offices; the maintenance of WFP's global connectivity via satellite and terrestrial links; the hosting of the United Nations International Computing Centre by WFP; the development and acquisition of common software and licenses for WFP's corporate IT services such as SAP and Microsoft; and the use of the PasPort application for field staff payroll.
290. Per capita activity is managed in the special account for field-based IT recoveries. For 2021, expenditures are projected at USD 42.3 million. Funding of IT per capita for country office staff is provided through the PSA budget technical adjustment. Other recoveries are made directly from the units in which staff are placed.
291. The special account for security, including the security emergency fund, covers the costs of security and safety equipment and training when funding through country portfolio budgets is insufficient. The special account provides funding for the deployment of staff to provide advice, guidance and technical assistance relating to best practices in security risk management. Staff members are located at headquarters and in country offices and are deployed as surge support in emergency situations. The security emergency fund also enables country offices to comply with minimum operating security standards, enhance

facilities and purchase telecommunications equipment. As agreed with the Executive Board in 2016, funding for security is provided through the PSA technical adjustment and from a charge included in the standard position costs to cover expenses that cannot be funded by operations, especially in small country offices.

### **Business services**

292. Other special accounts provide business services in WFP and for partners. The estimated level of expenditure in these special accounts in 2021 is USD 220.4 million. The most notable special accounts include those discussed below.

#### ***Global Commodity Management Facility (GCMF)***

***(estimated income USD 3.2 million, estimated expenditures USD 3.1 million)***

293. The GCMF is a strategic financing mechanism through which WFP purchases food commodities in advance of the confirmation of contributions with the objectives of reducing delivery lead times, shortening emergency response times, purchasing food when market conditions are favourable and increasing local and regional purchases, including from smallholder farmers, where and when possible. The target of purchasing 40–50 percent of the total volume of food handled by WFP in a given year through the GCMF is driven by the country offices' projected funded demand. Over the years performance has improved, and country offices purchasing from the GCMF currently receive their food in an average of 32 days. More country offices will benefit from GCMF efficiency gains next year, which will be primarily due to the geographic expansion of the facility.

#### ***United Nations Humanitarian Response Depot special account***

***(estimated income USD 57.7 million, estimated expenditures USD 60.7 million)***

294. The United Nations Humanitarian Response Depot network is operated by WFP and consists of six hubs at strategic locations around the world. It facilitates preparedness for and response to emergencies by supporting strategic stockpiling by United Nations, international, government and non-governmental organizations. The network also holds stocks of emergency relief goods such as medical kits, shelter items, ready-to-use supplementary foods, IT equipment and other assets, all designed to support relief organizations in responding to emergencies. One of the main outcomes expected in 2021 is the repositioning of the network within WFP supply chain integrated service provision.

#### ***Self-insurance special account***

***(estimated income USD 29 million, estimated expenditures USD 30 million)***

295. The self-insurance special account, established by the Committee on Food Aid Policies and Programmes in 1993, enables WFP to cover risks associated with food commodity loss either through a combination of risk retention or transfer mechanisms. The Secretariat retains significant self-insurance, which enables WFP to negotiate premiums significantly below market levels, provide insurance coverage in locations where commercial insurance is difficult to get and provide coverage for those losses that are traditionally not covered by commercial insurance. This allows the Secretariat to minimize the negative economic effects of food losses on activities.

#### ***Aviation special account***

***(estimated income USD 21.2 million, estimated expenditures USD 23.9 million)***

296. The aviation special account is the core funding source for various aviation activities including the promotion of a safety culture, support for WFP's safety structures and ensuring compliance with standards through an effective quality management system for all aviation operations. It serves as a funding mechanism that pays for WFP Aviation's administrative and

management structure and provides bridging finance so that WFP can maintain the preferential terms and conditions granted by its contractors while awaiting receipt of funds.

297. Through its activities in 2020–2022, the Aviation Safety Unit will aim to maintain aviation-related risks at a level that is as "low as reasonably practicable". In so doing, it will continue to categorize the safety performance of contracted air operators and evaluate the safety level of each aviation field office to ensure operational safety.

***Emerging Donor Matching Fund***

***(estimated income USD 10.0 million, estimated expenditures USD 12.8 million)***

298. The Emerging Donor Matching Fund (EDMF) provides resources for "twinning", i.e. cash to cover the operational and support costs associated with contributions from eligible countries that cannot provide the funds to cover such costs, thereby enabling them to achieve full cost recovery. The fund promotes three objectives: to maximize the volume of resources to meet beneficiary needs; to promote national ownership and leadership at the country level by providing incentives for the mobilization of domestic resources; and to support governments in implementing the SDGs through the promotion of technical cooperation and capacity strengthening initiatives. The EDMF will be increasingly used at the country level in 2021.

***Global surge capacity in emergencies special account***

***(estimated expenditures USD 10 million)***

299. With the growing number, complexity, scale and protracted nature of emergency operations, the Emergency Operations Division developed a comprehensive global surge capacity corporate project to enable the rapid deployment of headquarters-based staff and assets to emergency locations. The project will allow the right people to be deployed at the right time through flexible processes with dedicated resources available to avoid delays. As the leading actor in emergency response, WFP will ensure that the funding through this special account is readily available even prior to the onset of an emergency to mitigate any potential delays in deploying personnel that might undermine the speed and efficacy of WFP's emergency response.

***Information technology special account***

***(estimated income USD 10.6 million, estimated expenditures USD 10.6 million)***

300. The information technology special account was established to ensure continuous support to WFP divisions and offices for the development, implementation and maintenance of internal IT projects and applications. The special account facility reduces the effort required from the requesting division or office to administer funding, facilitates cost recovery for IT efforts and provides transparency on all costs associated with the many development projects and applications. In 2021 it is expected that more new products will be requested and processed through the IT special account as part of WFP's digital transformation and modernization.

***FITTEST special account***

***(estimated income USD 12 million, estimated expenditures USD 12 million)***

301. The Fast Information Technology and Telecommunications Emergency Support Team (FITTEST) is the IT emergency response capacity of WFP. FITTEST is a team of IT, telecommunications and electrical specialists that provide life-saving IT connections and solutions for maintaining IT infrastructure when the humanitarian community is called to respond to emergencies. The special account is a self-financing model used to cover the operational and personnel costs of the team. It serves as a tool for cost recovery on activities, including equipment sales and the provision of support for WFP and other United Nations agencies.

302. Other special accounts include the following:

- The special account for *local staff insurance* (*estimated income USD 12 million, estimated expenditures USD 10.8 million*) was established for insurance premiums and other related costs associated with the health insurance policy for service contract (SC) and special service agreement (SSA) holders in field offices. When WFP took over the management of health insurance policies from FAO, this account was expanded to provide coverage to all categories of WFP employees. The account receives contributions collected from insured participants and any applicable rebates and favourable returns from the risk underwriter in accordance with the terms of the policy. It is used to fund all self-insured benefits of covered employees and dependents and is a placeholder for reserves to ensure the long-term sustainability of the insurance plans by absorbing and mitigating cost fluctuations.
- The *private partnerships and fundraising (PPF) individual giving special account* (*estimated income USD 18.2 million, estimated expenditures USD 9.6 million*) was established to strategically manage and invest the portion of contributions retained from individual donors that covers fundraising-activity-related costs and the administrative and operational management of loans from the Capital Budgeting Facility. In accordance with WFP's PPF strategy,<sup>73</sup> WFP will invest in the development of a significant, sustainable stream of flexible income through the creation of a digital-led fundraising strategy that engages people worldwide. Individual giving is a large and growing source of funds that are often given flexibly and can therefore be used by WFP to meet its greatest needs.
- The *food safety and quality special account* (*estimated income USD 4.7 million, estimated expenditures USD 6.1 million*) aims to secure funding to address critical gaps in supplier food safety management, for training and knowledge, for the systematic implementation of core activities, to enhance WFP's functional capacity and to invest in IT systems that support food safety and quality assurance activities. The account facilitates transparent and timely cost recovery in respect of the services provided by the Food and Safety Quality Assurance Unit. The unit provides support for a myriad of operations and activities, ranging from emergencies to capacity strengthening, from oversight to support in local production and engaging in dialogue with governments on regulations and standards.
- In line with the global goal of attaining zero hunger by 2030, the *WFP innovation fund* (*estimated income USD 3.6 million, estimated expenditures USD 5.1 million*) special account was established as a strategic tool for facilitating the identification, nurturing and scale-up of solutions to hunger that have high potential worldwide by providing innovators, entrepreneurs, start-up companies and non-governmental organizations with financial support and access to a network of experts.

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<sup>73</sup> Decisions and recommendations of the 2019 second regular session of the Executive Board ([WFP/EB.2/2019/12](#)) and private-sector partnerships and fundraising strategy (2020–2025) ([WFP/EB.2/2019/4-A/Rev.1](#)).

## Acronyms

CBF	Capital Budgeting Facility
CBT	cash-based transfer
CRF	corporate results framework
CSP	country strategic plan
EDMF	Emerging Donor Matching Fund
ESSN	Emergency Social Safety Net
FAO	Food and Agriculture Organization of the United Nations
FFA	food assistance for assets
FITTEST	Fast Information Technology and Telecommunications Emergency Support Team
GCF	Green Climate Fund
GCMF	Global Commodity Management Facility
ICT	information and communications technology
IFI	International financial institution
IFRC	International Federation of Red Cross and Red Crescent Societies
ILO	International Labour Organization
ISC	indirect support costs
IT	information technology
KPI	key performance indicator
mVAM	mobile vulnerability analysis and mapping
OIG	Office of the Inspector General
OIGI	Office of Inspections and Investigations
PSA	Programme Support and Administrative (budget)
PSAEA	PSA equalization account
SDG	Sustainable Development Goal
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDSS	United Nations Department of Safety and Security
UNHAS	United Nations Humanitarian Air Service
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund