



World Food  
Programme



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

Executive Board presentation

17 December 2020

SAVING  
LIVES  
CHANGING  
LIVES

# Introduction

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# The first phase of BUSBE is focused on identifying the most appropriate funding sources for activities

## The BUSBE is referenced in the 2020 – 2022 Management Plan



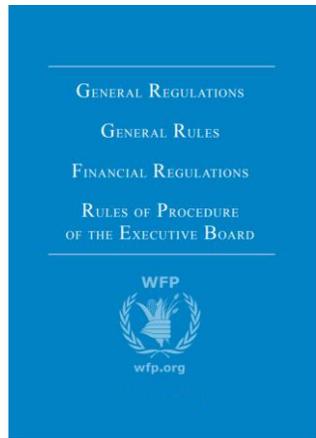
The BUSBE would require “each organisational unit at headquarters and each regional bureau to **describe and justify all of its expenses, irrespective of funding sources**”

## Through a refining of the scope, the objectives of the exercise evolved to:

- Ensure all **funding sources (including but not limited to the PSA) are efficiently aligned to the various types of activities undertaken in HQ and RBx**
- Allow WFP to **transparently allocate funding between HQ and RBx, and may inform the nature of WFP's future country presence**
- Enable a **more efficient use of funding, in line with the organisation's operational and mgmt. priorities**



# The exercise examines different funding sources but retains a special focus on the PSA



**WFP Rules and Regulations**

**Programme Support and Administrative budget**

The portion of the WFP Budget that **pertains to providing indirect support to WFP's activities**

# Phase two will see a rigorous review of the 2022 headquarters and regional bureaux budgets

2020

## **Phase One – Foundational**



Laying the groundwork for a thorough review in 2021 through focusing on core and non-core concepts

***Focus of this Board update***

2021

## **Phase Two – Implementation**



Utilize the inputs from Phase One to conduct a rigorous budgeting exercise

*Focus of February Board update*

2022+

## **Realization of Benefits**



Greater consistency, transparency and a more optimum use of resources will be delivered

*Subsequent Board updates*

# To address the first phase objectives, four workstreams were identified which will form the basis of this Board update

## Technical budgeting



Examine current usage of different funding sources for HQ and RBx budgets and develop framework for an optimum allocation of funding based on the nature of the activity

## Budget governance



Assess current budget governance structures across funding sources

## Cost recovery analysis



Catalogue cost recovery models across WFP and making recommendations to support a corporate position

## CO budget analysis



Analyse CO budgets to define the optimum standard country office structure for PSA support



# Technical budgeting

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# BUSBE is currently examining how HQ and RBx could optimally fund their activities

## Divisional budget review

1



*Developed understanding of how different funding sources are used across the organization*

## Developed planning framework

2



*Worked with Leadership to define a **planning framework** that supports the optimum allocation of resources*

## Modelling with divisions

3



*Currently testing the **planning framework** with 27 of the largest divisions and the regional bureaux*

# The new planning framework is being tested with divisions and regional bureaux to support a review exercise of the 2022 budgets



**Core**

Baseline capability that needs to be funded to support the organization based on income projections and corporate priorities



**Non-Core**

“Above the Line”

Surge, scaling or bridging shortfall

Initiatives

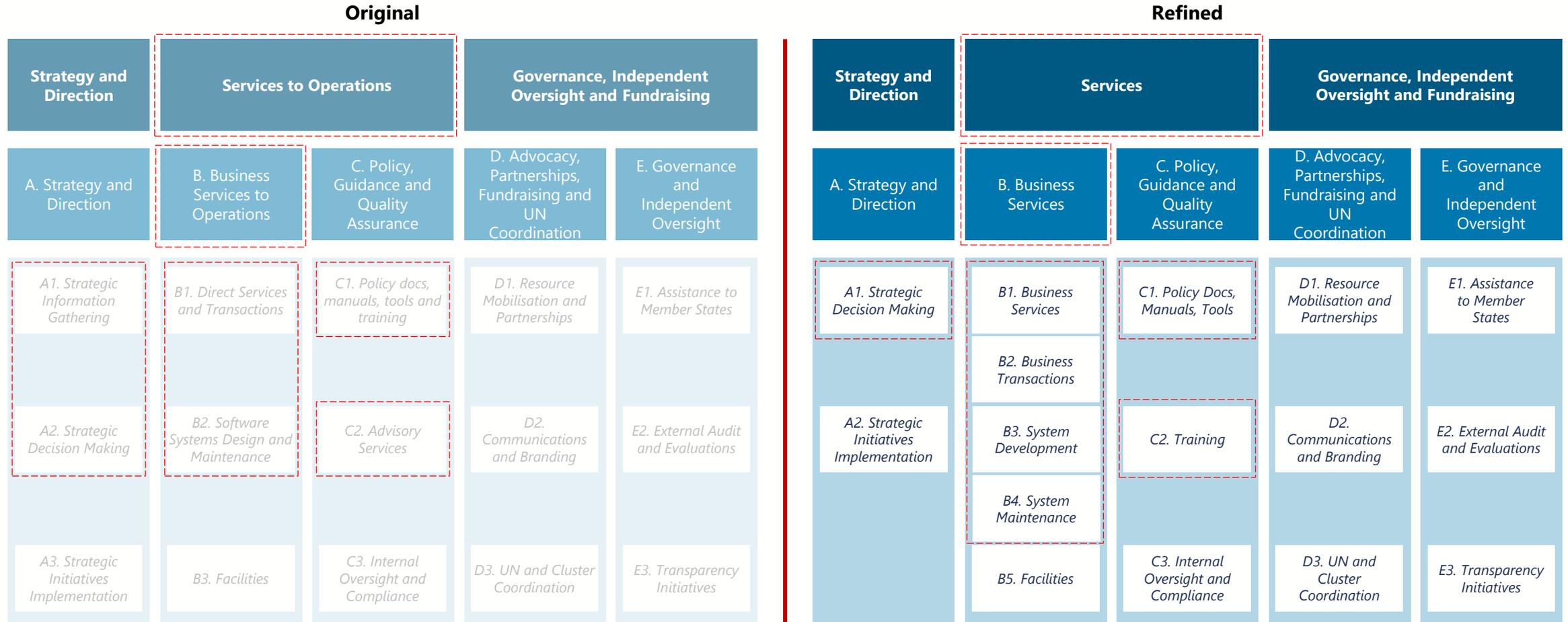
Timebound, new



**Direct**

Attributable to a specific country office, regional bureau or HQ division

# The Corporate Results Framework has also been improved, which will be evident in the 2022 Management Plan proposal



# **Budget governance**

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# BUSBE conducted an assessment of the current budget governance framework and derived observations

Executive leadership		Budget governance has not evolved as the organization has increased in size and complexity
		Burden on Leadership to participate in a large range of budget governance fora
Preparation		Use of sub-committees would support Leadership with budget related decision-making
		The level of detail should correspond to the audience and decisions to be taken
Participation		Opportunity for greater Director engagement to support budget related decisions
		Greater CO and RB participation would create more equitable representation

# To address these observations, WFP is leveraging the findings from the BUSBE to strengthen budget governance

## Scope agreed



*Findings from the BUSBE inform further analysis and design to identify a future budget governance structure*

## Project team being formed



*This requires focussed attention and will benefit from a dedicated team*

## Expertise identified

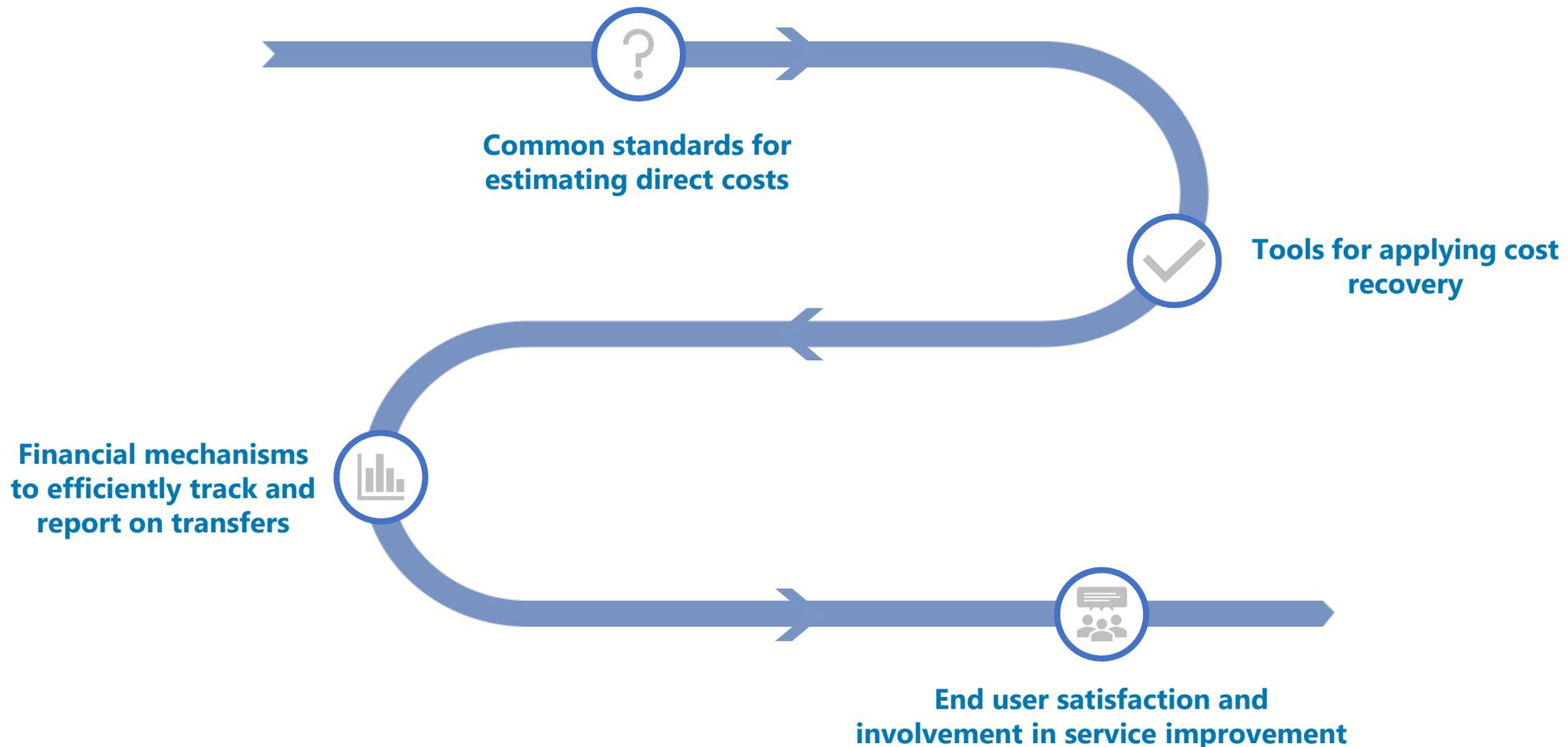


*Both internal and external expertise have been identified to ensure WFP builds a lasting, robust budget governance structure*

# **Cost recovery**

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# BUSBE has found there is a need for greater clarity on cost recovery and there are opportunities if defined consistently



# WFP is implementing the BUSBE recommendation to form a Working Group to define a corporate position on cost recovery



The cost recovery working group will develop a corporate position through...

*Identifying the current scale and types of cost recovery at WFP*

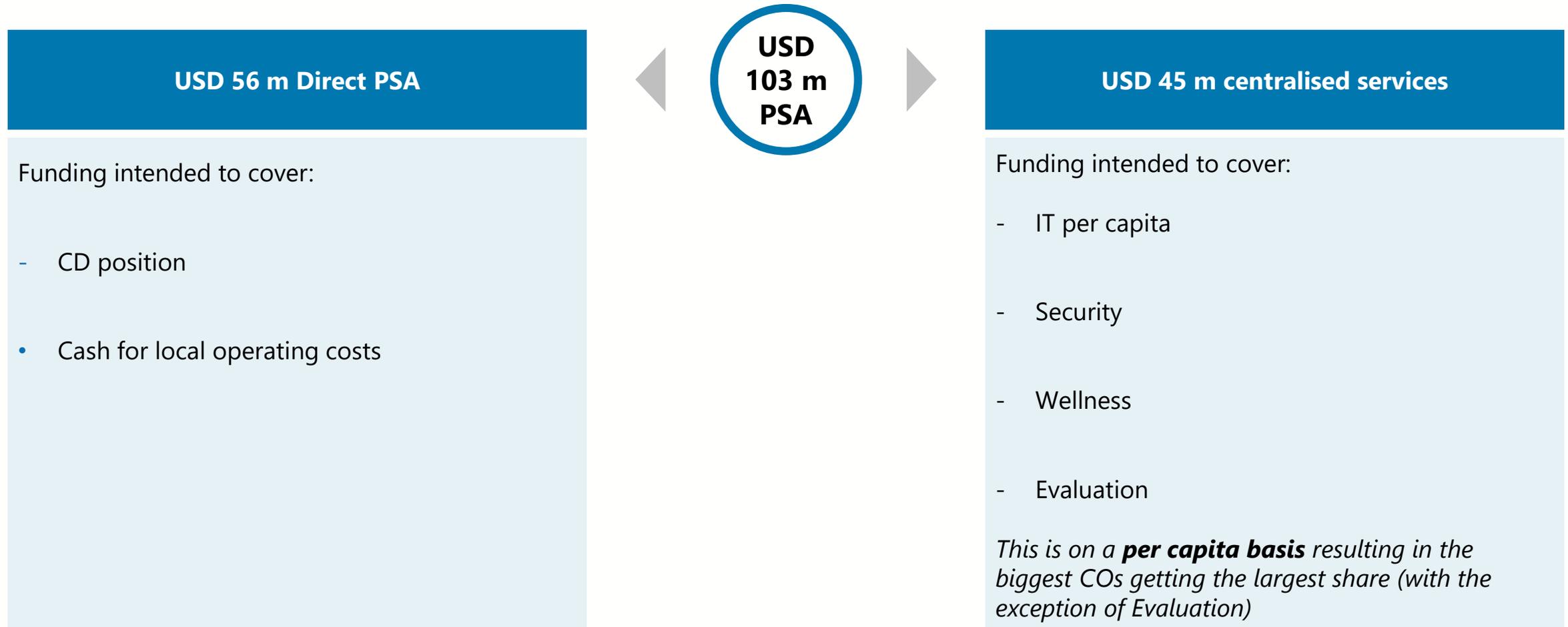
*Ensuring suitability of approach for the Organization*

*Defining cost recovery guidelines and policies*

# **Country office budget analysis**

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# The current CO PSA model funds CD positions and cash as well as centralised services mostly covering per capita staff costs



# BUSBE is proposing to strengthen the existing standard country office structure

To provide support as close to beneficiaries as possible, the standard office enables WFP to:



*Strengthen country offices strategic capacity*



*Enable WFP to better respond to the country context*

**Costs currently charged to Centralised Services will be borne by appropriate funding source**

# **BUSBE phase II**

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# Building on the foundations of phase one, the second phase will see a rigorous assessment of HQ and RBx budget submissions

***Phase II will...***



# Arbitration will be provided through a committee which will conduct a thorough review of HQ and RBx submissions



*Review  
Committee*

## Responsibilities

- Support the articulation of core needs for divisions and RBx
- Thoroughly review submissions and challenge Directors to justify their budget requests
- Focus on the funding sources being used and improve alignment

## Composition



Strong field  
representation



Regional Bureau  
engagement



Independent  
arbitration

**Further information on the approach will be shared with the Board in February**

# **Next steps**

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# BUSBE will be returning to the Executive Board in February with further updates against those workstreams

