



World Food Programme

SAVING
LIVES
CHANGING
LIVES

Management Plan 2022-2024

Executive Board Informal Consultation

26 May 2021

Objectives & outline of the presentation

Objective of the informal EB briefing

Validate initial planning assumptions for the formulation of Management Plan (2022-24), including the overall 2022 PSA budget

Outline of the presentation

- 1 Improving the Management Plan
- 2 Review planning assumptions by Section (I – III)
-- Pause for initial Q&A session --
- 3 Review planning assumptions by Section (IV – VII)
-- Pause for next Q&A session --
- 4 Next steps

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

Executive Board
Second regular session
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Agenda item 5
WFP/EB.2/2020/5-A/1/Rev.1
Resource, financial and budgetary matters
For approval

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

WFP Management Plan

Executive summary

Prior to the onset of the coronavirus disease 19 (COVID-19) pandemic, it was estimated that nearly 168 million people would need humanitarian assistance and protection in 2020, the highest figure in decades.¹ In addition, the 2020 Global Report on Food Crises² further cautioned that a further 11 million people were classified as being in "crisis" or worse based on the Integrated Food Security Phase Classification (IPC) for food insecurity.³ The COVID-19 emergency has exacerbated existing vulnerabilities, affecting the capacity and behaviour of local, national and international actors and undermining social and economic resilience. As a result, an additional 183 million people are on the brink of slipping into the "crisis" phase if faced with additional shocks.⁴

The COVID-19 pandemic comes at a time when food security and food systems are already under strain. The socioeconomic impact 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. It is also likely that the pandemic will have significant repercussions for the delivery of

¹ United Nations Office for the Coordination of Humanitarian Affairs. 2020. *Global Humanitarian Overview 2020: December 2019*. <https://reliefweb.int/report/world/global-humanitarian-overview-2020-enarfrzh>.

² 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>.

³ IPC Technical Manual, Version 3.0, at pp. 27-61 (describing the classification of severity). <http://www.ipcinfo.org/ipcinfo-website/ipc-overview-and-classification-system/ipc-acute-food-insecurity-classification/en/>.

⁴ Global Network Against Food Crises and Food Security Information Network. 2020. At pp. 2 and 23.

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1. Improving the Management Plan

A more focused Management Plan

Management Plan 2022 Sections

Executive summary / Draft decision – encompasses key messages and presents Draft Decisions for Approval

1. Introduction
2. Funding context and resourcing assumptions
3. Operational requirements for 2021
4. Trust funds and special accounts (**expanded**)
5. Programme support and administrative budget
6. Use of Reserves (**new**)
7. Management performance measurement

Annexes - Includes further information on PSA budget proposals, organizational structure, staffing, and Evaluation Work Plan

Possible improvements

- More **strategic content** coverage
- Sections to be streamlined and reader friendly **without compromising** data/information
- Facilitate **reading soft copy** through the inclusion of links
- **Narratives** of active Trust Fund/Special Accounts **available on the WEB**
- **Select annexes available on WEB**, accessed via hyperlinks

2. Review planning assumptions by Section (I – III)

Section I: Introduction

Key External Drivers

- **Increasingly complex operating environment** underscored by **COVID-19, economic, climate and conflict shocks**
- **Hunger**, both chronic and acute, **is on the rise** across the world
- **First increase in poverty in two decades**
- **Rise in debt** leading to risk of depreciating currencies and rising inflation
- **Food Systems Summit** to set the pathway to transform food systems globally
- **Overall importance of social assistance and safety nets**, with school meals as the most important safety net for children
- Adherence to the **Humanitarian Development Peace Nexus**: focus strategy, programme and policy development with partners to operate cohesively towards collective outcomes
- Strategic planning in the context of **United Nations reform**



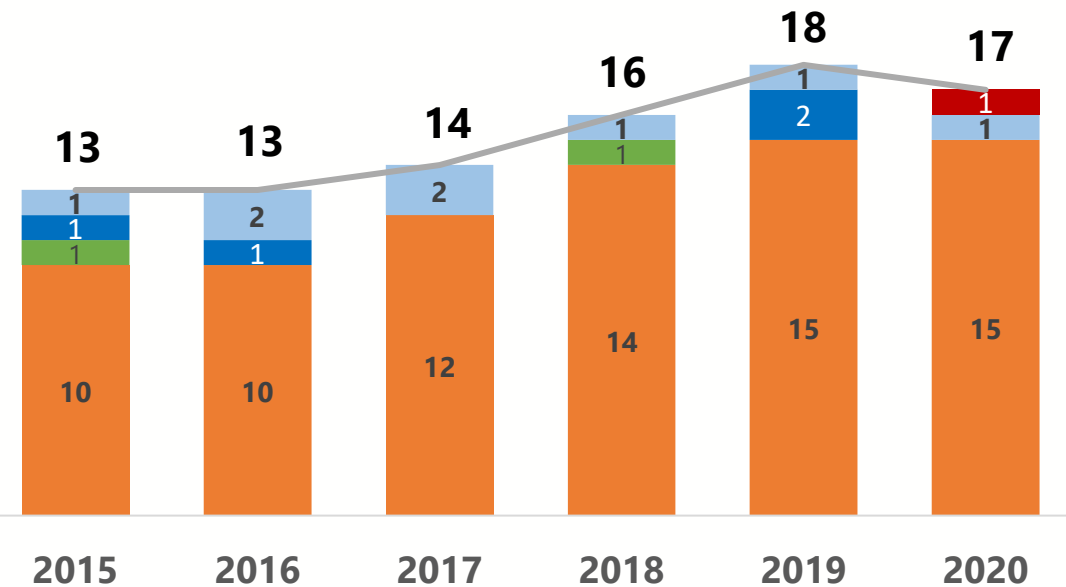
Key Internal Drivers

- Last year of the **Strategic Plan 2017-2021** and bridging to **new Strategic Plan 2022-2026** and **Corporate Results Framework**
- Refine key **management priorities** to accelerate achievement of strategic goals
- **Needs-based plans** (operational requirements) will exceed resource availability
- Expected increase in **Service Provision** activities in support of United Nations sister agency activities and Host Governments
- Translate advances in **digital transformation** to improve services to beneficiaries while seeking opportunities to generate **efficiencies** and **enhance data security**
- Harmonize and optimize **HQs & regional bureaux organizational staffing**
- Budget implications of **new policies in 2021**, such as People Policy, to be considered in developing the management plan



WFP Operating Context: 2015 vs. 2020

17 L3/L2 emergencies – including first ever Global L3 at HQ (13 in 2015)



Complex Emergency



Outbreak



Sudden-onset natural disaster



COVID-19 in 2020



Slow-onset natural disaster



8.4B

received (USD) in contribution revenue
(4.8B in 2015 **↑ 75%**)

115.5M

beneficiaries assisted across 84 country operations
(76.7M in 81 countries in 2015 **↑ 50%**)

4.2M mt

food distributed to beneficiaries
(3.2M mt in 2015 **↑ 31%**)

2.1B

transferred (USD) through CBT and commodity vouchers
(680M in 2015 **↑ 209%**)

Section II: Funding Context and Resourcing Assumptions

Funding Context & Resourcing Assumptions

Public Partnerships and Resourcing

- ▶ Record **USD 8.4B** received in 2020
- ▶ **Flexible funding increased in absolute terms: USD 482M** (2020), up 14% from 424m (2019)
- ▶ **Expansion of donor base** and diversification of funding resources

Strategic Partnerships

- ▶ Through 2020-2021 WFP has signed **USD 362M** of agreements as of 18 May 2021 – significantly **up from USD 22M in 2019** - with national governments to implement programmes using IFI resources
- ▶ WFP can contribute at scale in the areas of **Rural Transformation, Sustainable Infrastructure, and Human Capital Development**
- ▶ The continuation of the funding trend will depend on WFP's ability to position itself as an **implementing partner for governments** in order to contribute to national objectives

Private Partnerships & Fundraising

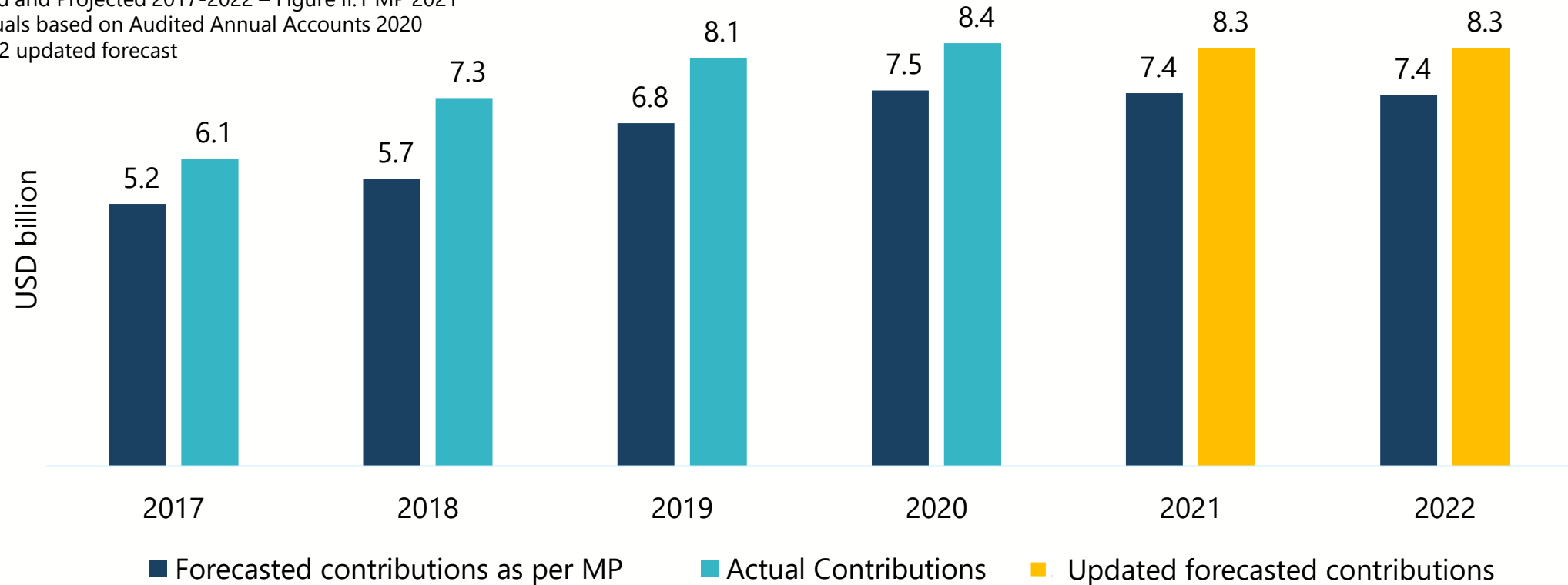
- ▶ Private sector **income increased 59% to USD 161M (2020)** from USD 101M (2019)
- ▶ USD 35M raised from individuals in 2020, **exceeding KPIs for individual giving** in PSPF strategy
- ▶ **Strong results of EB-approved investment** of USD 10.2M
- ▶ New joint initiative in 2021 with Islamic Development Bank for **zakat collection and distribution**

USD 18.8M raised by Strategic Partnerships & Private Partnerships Fundraising individual giving

2017-20 actual contributions and 2021-22 projections*

***Data Source:**

- Confirmed and Projected 2017-2022 – Figure II.1 MP 2021
- 2020 Actuals based on Audited Annual Accounts 2020
- 2021-2022 updated forecast






ISC utilization for PSA in 2021 will remain at **USD 443.5M despite a 12% increase** in projected Contribution Income
Forecast of **USD 8.3B** assumed for MP 2022 planning (**USD 900M** increase from projections in MP 2021)

Section III: Operational Requirements

Operational Requirements for 2022

Key content

- Situational Analyses covering:
 -  Effect of COVID-19 Pandemic
 -  Emergency response
 -  Impact of limited resources and growing needs

Prioritization process

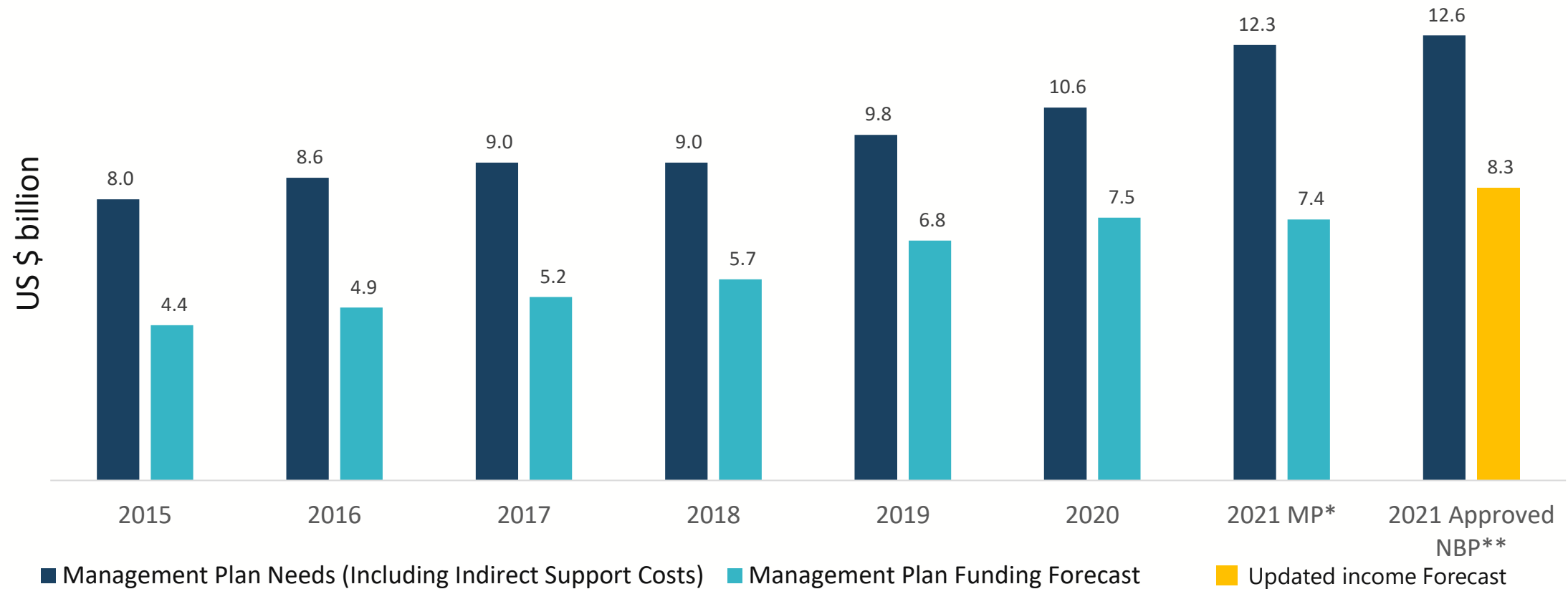
- Information on the funding gap between needs and resources will be provided in this section based on projected income
- Needs draw from approved CSPs
 - Funding gap analyses: Needs vs Contribution Income
- Implementation Plan - enable country offices to prioritize their:
Activities | Transfer modalities | Expenditure level

Implementation plan

- Based on funding forecasts/available resources/actual operational challenges
- Will be made available through the CSP Portal by **end of year 2021**



Needs-Based Plan vs. MP Income Projections



Funding gap in 2021 based on revised income projections is down to **34% from 40%**.
 The average funding gap from 2015 to 2021 is **38%**

***Data Source:**

*2021 Approved Management Plan and MP Funding Forecast

**2021 Approved Needs-Based Plan in WINGS and Income Projections based on Updated Global Funding Forecast

Q&A

3. Review planning assumptions by Section (IV – VII)

Section IV: Trust Funds & Special Accounts

Trust Fund and Special Accounts *(expanded)*

Key contents

- The **majority of the data and information** of the Trust Fund and Special Accounts will be presented **as in the past** covering:
 - Historical Trust Fund data by thematic area
 - Sources and usage of funds
 - Use of Capital Budgeting Facility and Fee for Services activities
- Part of recurring and one time **“Baseline”*** requirements to be potentially covered through:
 - 10% of unearmarked contributions to be established as Trust Funds or Special Accounts
 - Direct contributions under Trust Funds and Special Accounts
 - Chargeback mechanism handled through Special Accounts

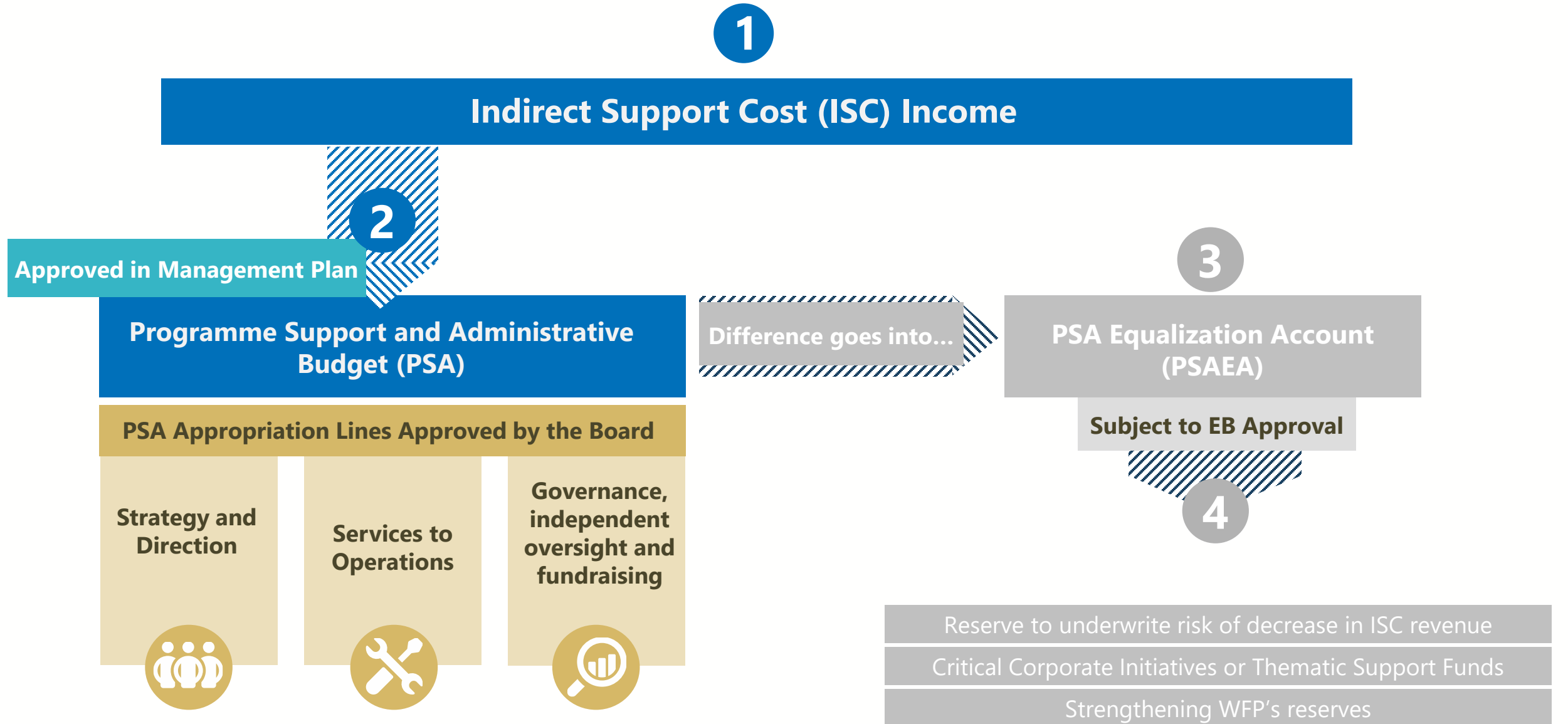
To **expand details** of major Trust Funds and Special Accounts, **narratives** of 2022 workplans to be presented as a **WEB annex**.

* **Baseline activities to be elaborated during the BUSBE presentation**



Section V: Programme Support and Administrative Budget (PSA)

What is the PSA budget?



PSA Planning assumptions for 2022

- Assumed income of **USD 8.3B** generating an ISC income of **USD 499.3M**
- Proposed 2022 PSA budget at a level **below ISC** income to cover part of the recurring “Baseline” * activities
- Maintain the standard **ISC rate of 6.5 percent**, and lower ISC rate (at least **4 percent**) for:
 - Host governments’ contributions to their own programmes; and
 - Contributions from governments of developing countries or with economies in transition

* **Baseline activities to be elaborated during the BUSBE presentation**



2022 PSA Section

Key contents

The majority of the PSA section will **remain** covering:

- **Prioritization** of the PSA budget (component of the recurring “Baseline” * costs)
- Information and data of the proposed **PSA budget** for 2022
 - by appropriation line (**EB approval**)
 - by pillars and products and services
 - by organizational line
- Statutory Requirements and Central Appropriations

* **Baseline activities to be elaborated during the BUSBE presentation**



2022 PSA planning proposal (USD M)

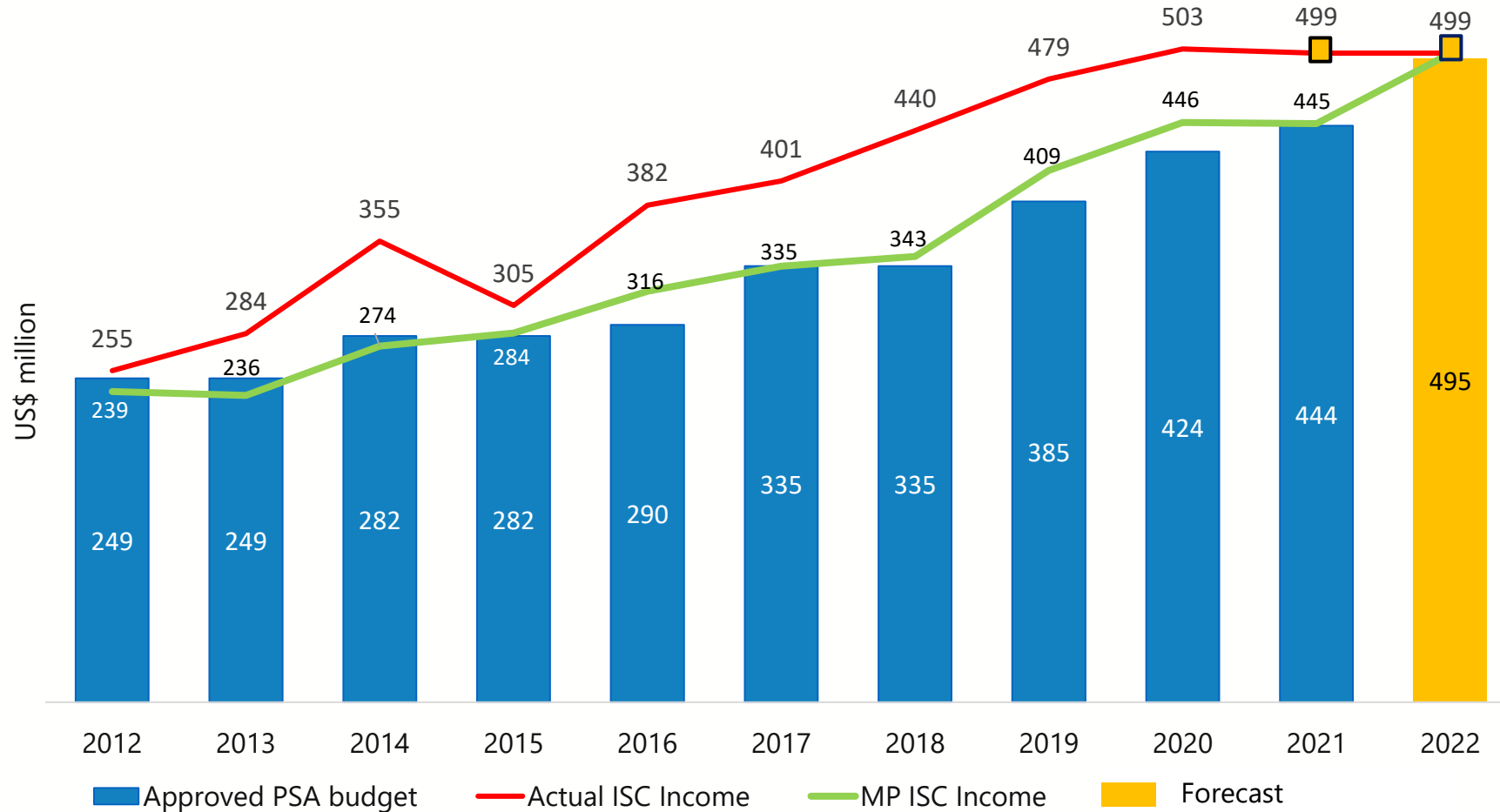
Estimated Overall Income 8,300

Estimated ISC Income 499.3

Proposed PSA level (including country offices) 495.0

**“Living within
our means” for
2022**

Approved PSA vs. Actual and MP ISC income



- Actual ISC income **realized, higher than forecasted ISC** in the MPs due to higher actual overall contribution income
- ISC rate was **reduced** in MP 2018 from **7% to 6.5%**
- Approved PSA from 2015 **reasonably within** MP ISC Income **“living within our means”**
- Approved PSA **significantly lower** than actual ISC income on average by **20%** from 2012 to 2020

Section VI: Use of Reserves

Use of Reserves

(new)

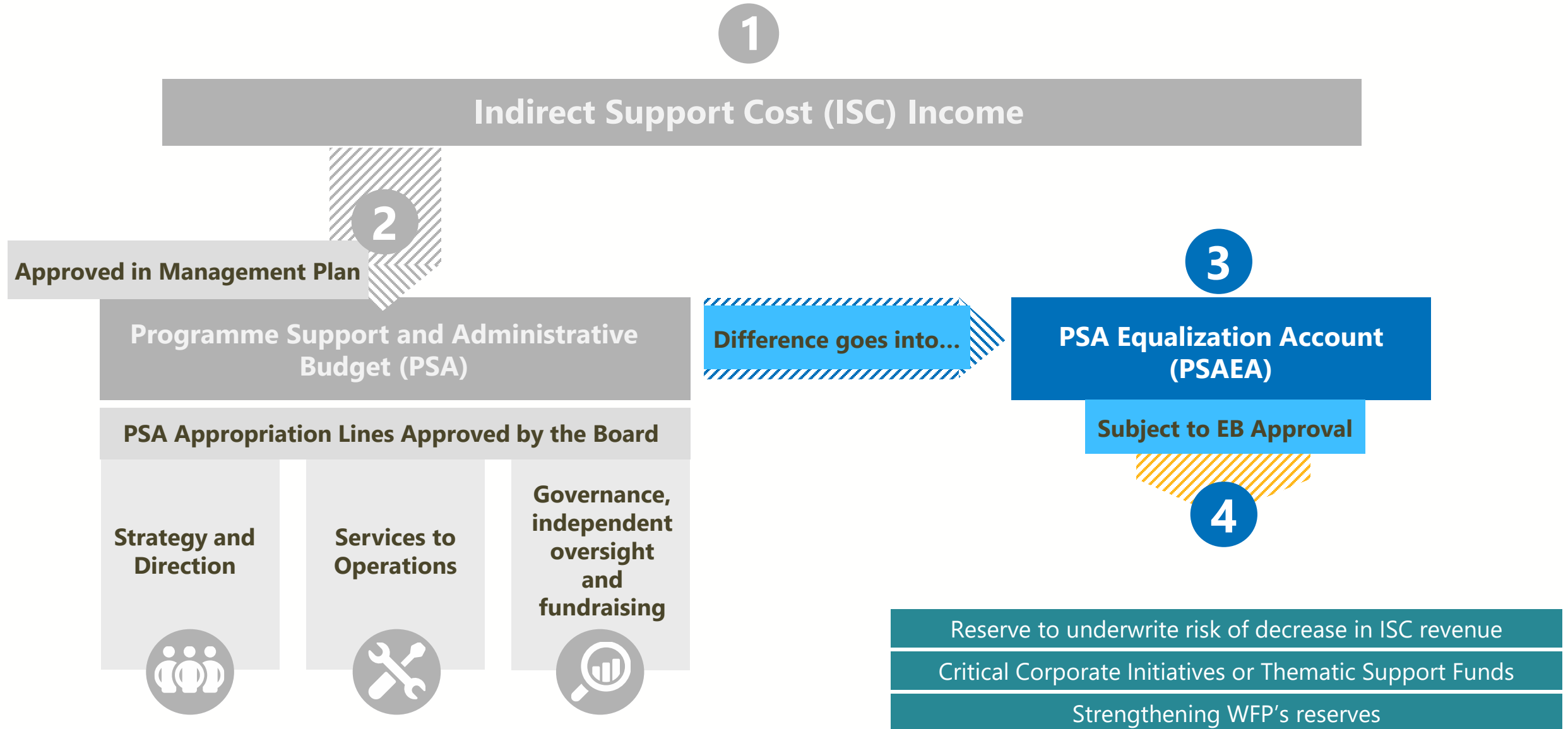
Key contents

The new section will present information on the following:

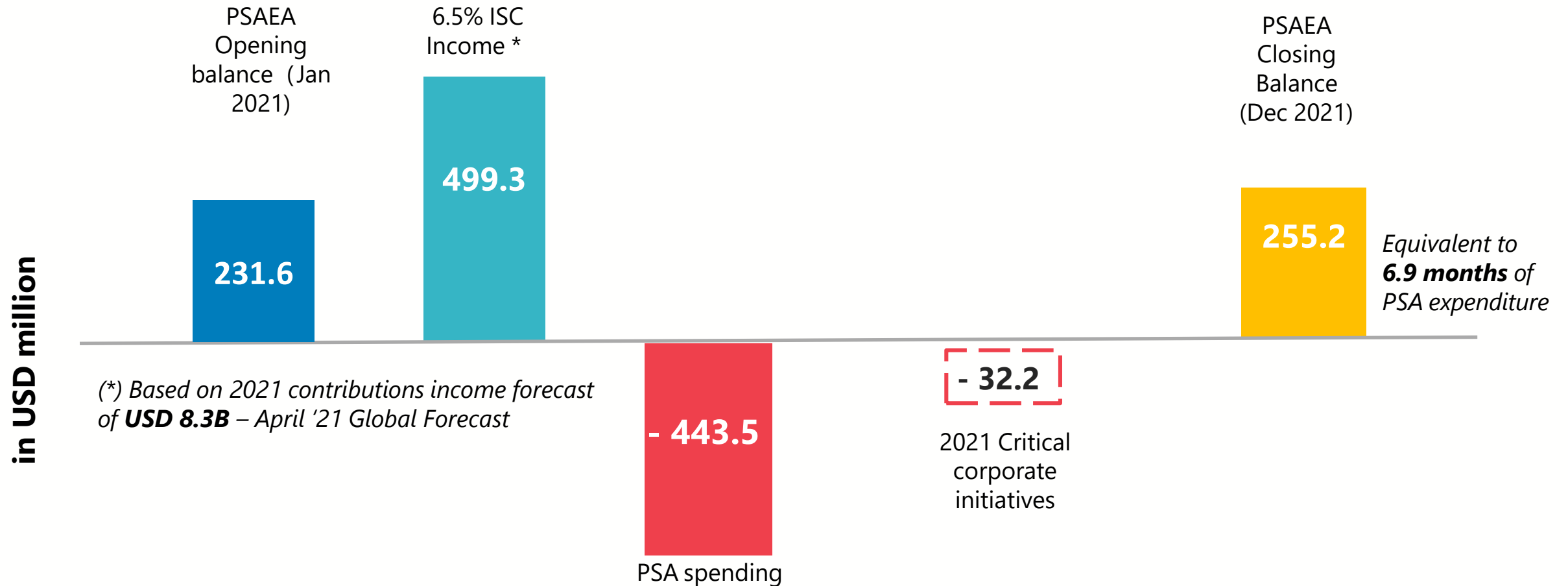
- Projection of **PSA Equalization Account (PSAEA) balance**
- Proposed **use of the PSAEA** in accordance with the **Board approved criteria**
- Actual and projected PSAEA to respect target levels noted by the Executive Board in 2015 (**5-month PSA target level, 2-month spending floor**)
- Unearmarked portion of the **General Fund approximately USD 285M** – trend/availability and potential use for the **implementation** of the new **Strategic Plan and Corporate Results Framework**



What is the PSAEA?



Projected PSAEA balance end 2021



At 2021 contributions income of **USD 8.3B**, WFP is expecting a sufficient PSAEA balance of **USD 255.2M**

PSAEA projections for 2022 and Critical Corporate Initiatives in 2022

PSAEA projections for 2022

Item	USD M
Projected account balance at 31 December 2021	255.2
2022 ISC projected revenue <i>(based on USD 8.3B forecasted income)</i>	499.3
2022 proposed PSA	(495.0)
Maximum PSAEA drawdowns in 2022	(53.2)
Projected closing balance at 31 December 2022	206.3

PSAEA drawdowns will be limited to achieve the required **full five months of PSA expenditures balance of PSAEA**

5.0

Critical Corporate Initiatives

- A **Critical Corporate Initiative (CCI)** is an activity to strengthen WFP's programming, operational and administrative capacity to fulfill its mission and delivering value for money
- CCIs are **one-off in nature**, focused on organizational change, require predictable funding and **do not benefit a single operation**
- In 2022, utilization for the continuation of the multi-year **Private Sector Strategy** and the potential use for the **People Policy** recently considered by the Board
- Any CCI proposed will **contain detailed budget information, expected results, and implementation schedule in the management plan** for approval by the Board

Section VII: Management Performance Measurement

Management Performance Section

Key contents

The **majority of the data and information** of the section will be presented **as in the past** covering:

- Management Performance Measurement
- Incorporation of **robust Key Indicators** for planned activities to achieve **results-based budgeting**
- Setting **targets** for the performance indicators that guide WFP's use of all available resources to accomplish its mandate, ensure **transparency** and **accountability**



Q&A

4. Next Steps

Next key dates for the Management Plan process

May 26



EB informal briefing

Jul 21



1st informal consultation

Sept 12



Submission of Key Extracts to the EB

N.B. PSA data analysis at the overall level

Sept 24



2nd informal consultation to provide “extracts”

Oct



Advisory Committee on Administrative & Budgetary Questions (ACABQ)

FAO Finance Committee

Nov 15



Second regular session – MP approval

End of Presentation

Thank you



Terminology & Acronyms

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

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

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

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

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

CSPs - Country Strategic Plans

EB - Executive Board

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

IFI - International Financial Institution

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

KPI - Key Performance Indicators

MP - Management Plan

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

PPR - Public Partnerships and Resourcing Division

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

PSAEA - Programme Support and Administrative Equalization Account

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

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

UN - United Nations

WEB - World Wide Web

WINGS - WFP Information Network and Global System