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

Executive Board
Annual session
Rome, 20–24 June 2022

Distribution: General
Date: 9 May 2022
Original: English

Agenda item 6
WFP/EB.A/2022/6-D/1
Resource, financial and budgetary matters
For approval

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

Update on the WFP management plan (2022–2024)

Draft decision*

Having considered the update on the WFP management plan (2022–2024) (WFP/EB.A/2022/6-D/1), the Executive Board,

a) *takes note* of the 2022 approved needs-based plan of USD 17.1 billion as of 31 March 2022, representing an increase of USD 4.2 billion compared with the projected operational requirements for 2022 in the WFP management plan for 2022-2024;

b) *takes note* of the increased contribution forecast for 2022 from the USD 8.4 billion reported in the WFP management plan for 2022–2024 to USD 9.5 billion;

c) *takes note* of the USD 1.1 billion increase in the contribution forecast for 2022 and the increase in the complexity of operations, and notes that the Executive Director is considering releasing additional funding for programme support and administrative costs of up to 2 percent of the increase in the contribution forecast;

d) *takes note* of the proposal to expand the application of a reduced indirect support cost rate

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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e) *decides* to revise General Rule XIII.4 (e), which shall read as follows:

> "The Board shall set the indirect support cost rate applicable to contributions from:
>
> (i) governments of developing countries and countries with economies in transition, as determined by the Board;
>
> (ii) governments for contributions to programmes in their own countries; and
>
> (iii) international financial institutions under such conditions as shall be determined by the Board."

f) *also decides* that contributions from international financial institutions that are certified by such institutions as being made directly to WFP due to the absence of an internationally recognized or eligible government in the location to which funding is allocated shall be received under General Rule XIII.4(e)(iii) and that the rate for such contributions during the remainder of 2022 shall be 4 percent; and

g) *decides* that a 4 percent indirect support cost rate shall apply retroactively to the funding provided by the Asian Development Bank through the "Sustaining Essential Services Delivery Project [Support for Afghan People]".

h) *approves* the use of USD 23.4 million from the programme support and administrative equalization account as follows:

   i) USD 8 million as thematic funding for the Special Account for Wellness Programmes fund for the joint United Nations COVID-19 response covering the Medevac framework, first line of defence and vaccination programme; and

   ii) USD 15.4 million for a critical corporate initiative aimed at aligning planning and reporting tools and platforms with the strategic plan and corporate results framework for 2022–2025;

i) *approves* the use of USD 185 million from the unearmarked portion of the General Fund as follows:

   i) USD 100 million to strengthen the Immediate Response Account;

   ii) USD 55 million to establish a changing lives transformation fund; and

   iii) USD 30 million to replenish the Emerging Donor Matching Fund; and

j) *takes note* of the updates on the bottom up strategic budgeting exercise.

Introduction

1. At its 2021 second regular session, the Board approved WFP's management plan for 2022–2024. This is the first update on that plan.

2. This document provides an update on the contribution forecast and operational requirements for 2022 and the impact of that forecast on the indirect support provided by headquarters and regional bureaux; a revision of the application of the 4 percent indirect support cost (ISC) rate; and proposals for allocating funding from the programme support and administrative equalization account (PSAEA) and the unearmarked portion of the General Fund.

Operational requirements

3. For 2022, the management plan for 2022–2024 outlined projected operational requirements of USD 13.9 billion to reach 124 million people in 85 operations with a provisional implementation plan of USD 8.5 billion. However, given the nature of WFP's work, operational requirements are continually evolving and are subject to change after management plan data have been published. This is especially the case in 2022, when many of the countries where WFP has operations and many donor countries are still recovering from the impact of the coronavirus disease 2019 (COVID-19) pandemic, while at the same time the world faces the unfolding of multiple new, large-scale humanitarian emergencies, most notably in Afghanistan, Ethiopia and, more recently, Ukraine.

4. The approved needs-based plan as of 31 March stands at USD 17.1 billion, a 23 percent increase over the original figure in the management plan for 2022–2024, allowing WFP to reach 137 million beneficiaries, a 10 percent increase over the management plan.[1] The very large increase in approved needs-based plans is spearheaded by the recent scale-up of operations in Afghanistan and Ukraine.

5. Afghanistan is currently WFP's largest active operation and has requirements of USD 2.6 billion – an increase of USD 2.1 billion over the management plan for 2022–2024 as data collection for that plan was complete before the crisis unfolded. The management plan did not foresee an operation in Ukraine and neighbouring countries, for which the approved needs-based plan stands at USD 590 million and is expected to increase. The top five countries in terms of variation between current approved needs-based plan and the management plan account for 99 percent of the total increase (USD 3.2 billion) and have collectively almost doubled their requirements (from USD 3.2 billion to USD 6.3 billion).

6. Increases are observed in all three focus areas. In line with WFP's extensive humanitarian delivery capacity and its overarching priority of saving lives, crisis response continues to account for the largest share of total approved requirements – at 80 percent, which is 3 percentage points more than the share in the management plan. The need for life-saving interventions will persist in many areas unless lives are changed through prevention activities and the building of resilience and addressing of the root causes of hunger and malnutrition. Resilience building accounts for 17 percent of total operational requirements (a 2 percentage-point decrease from the share in the management plan) and root causes for 3 percent (1 percentage point less than in the management plan).

7. The conflict in Ukraine is causing significant disruption to global grain and energy markets as Ukraine and the Russian Federation play a significant role in both sectors. Negative effects are already being felt in WFP's global supply chains and operations, with more disruption

[1] The lower increase in beneficiaries in comparison with United States dollar requirements is primarily driven by a planned extension to the duration of assistance (feeding days) for beneficiaries in Afghanistan due to their increased vulnerability and need for prolonged assistance because of the internal economic crisis.

and uncertainty expected in the coming months as the emergency and its impact unfold. Purchasing prices are surging and already reaching 2008 and 2011 levels for a variety of commodities, particularly wheat and maize, for which Ukraine and the Russian Federation are among the largest sources of supply. In addition, volatile fuel prices are negatively affecting shipping rates while lead times are increasing as global supply chains, already affected by the pandemic, adjust to the new situation. All of these factors are expected to result in higher costs for WFP operations, which are not reflected in the revised needs-based plans as they were approved prior to the Ukraine crisis. Country offices will be reviewing and revising their implementation plans in the coming months with a view to coping with the worsening operational setting and putting in place specific mitigation measures (such as diversification of the sources of supply with an increased focus on local and regional sources, substitutions of commodities and the build-up of buffer stocks) as they move forward.

TABLE 1: 2022 OPERATIONAL REQUIREMENTS BY FOCUS AREA

Focus area	**Management plan operational requirements**		**Approved needs-based plan (as of 31 March 2022)**	
	(USD million)	***(%)***	***(USD million)***	***(%)***
Crisis response	10 770	77	13 753	80
Resilience building	2 614	19	2 831	17
Root causes	553	4	550	3
Total	**13 937**	**100**	**17 134**	**100**

8. Taking into account the new country strategic plans (CSPs) presented for approval at the Executive Board's 2022 annual session, increases in requirements for ongoing operations and expected cost increases, the projected operational requirements for 2022 are approaching USD 19.8 billion to reach 146.5 million beneficiaries.

Contribution forecast

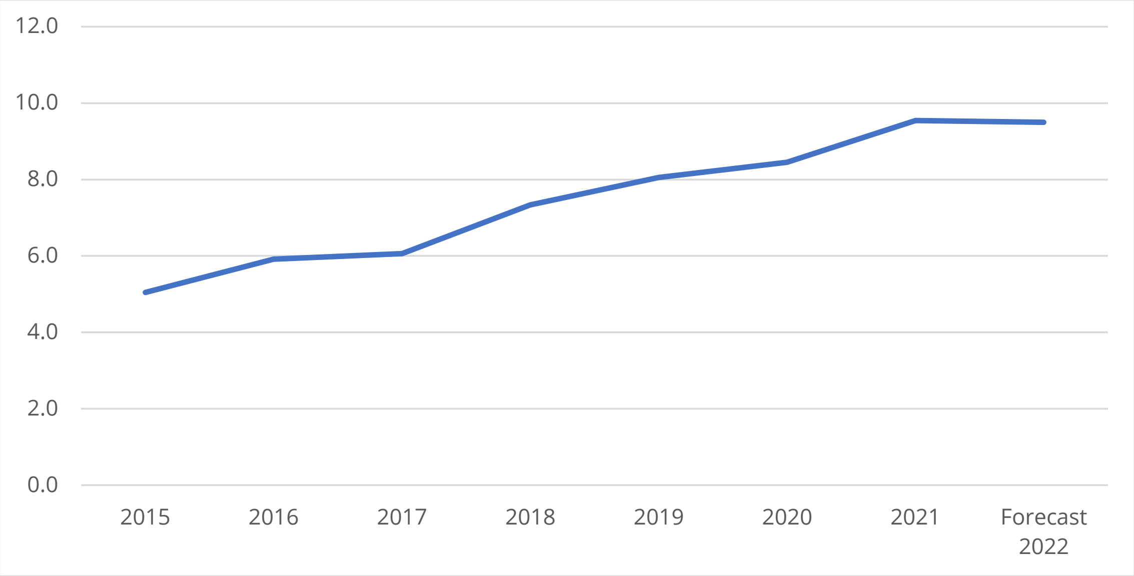
9. The contribution forecast of USD 8.4 billion for 2022 in the management plan for 2022–2024 was calculated in July 2021 based on the information and funding prospects available at the time. The forecast was consistent with the funding level of 2020 and slightly below the updated USD 8.6 billion forecast for 2021. However, following an increase in contributions in the last quarter of 2021, driven mainly by large-scale emergencies, including in Afghanistan, the actual contribution revenue in 2021 reached USD 9.6 billion.

10. The pressures that lead to increased food insecurity are intensifying this year, and WFP anticipates that donors will continue to respond robustly. Hence, the global contribution revenue forecast for 2022 has been revised to USD 9.5 billion, slightly less than the 2021 contribution revenue.

11. The updated global contribution revenue forecast for 2022 is aligned with contribution trends by donor. For example, of the top ten traditional donors in 2021, six registered consecutive increases in the past three years and seven in the past two years. The forecast is also underpinned by strong growth in funding from the private sector and from international financial institutions (IFIs) via national governments.

12. Building on strong support for the Immediate Response Account (IRA), for which directed contributions grew by 175 percent between 2020 and 2021, advocacy of that critical tool will be pursued in 2022 through outreach to donors and dedicated events aimed at reaching the corporate target of USD 200 million of IRA capitalization.

Figure 1: Contributions in 2015–2021 and 2022 forecast *(USD billion)*



13. While total contribution revenue grew from USD 8.4 billion in 2020 to USD 9.6 billion in 2021, it remains highly concentrated in a small number of WFP operations (table 2).

TABLE 2: SHARES OF TOTAL CONTRIBUTION REVENUE, 2020–2022 *(percentages)*			
	2020	**2021**	**2022***
Top 5 operations	30	41	20
Top 10 operations	46	60	52

* As of 31 March 2022.

14. At the same time, the funding gap is growing (table 3).

TABLE 3: FUNDING GAP, 2020–2022			
	Needs based plan *(USD billion)*	**Funding *(USD billion)***	**Funding gap *(%)***
2020	13.7	8.4	39
2021	14.8	9.6	36
2022	17.1	9.5 (projected)	44

15. The gap is expected to widen as the projected operational requirements for 2022, as of 31 March, are USD 19.8 billion and are likely to grow. Funding needs were already on the rise owing to the combined effects of COVID-19, climate change and conflict, which will now be exacerbated by the conflict in Ukraine and its impact on global fuel and food prices, adding complexity and uncertainty to WFP's forecasts.

16. WFP will continue to position the fight against hunger as a key global priority through proactive advocacy based on integrated, cross-cutting political, programmatic and policy engagement. This approach will be combined with communications that incentivize a wider audience to support WFP in preventing millions of people from being pushed to the brink of famine and hundreds of millions from being driven to starvation.

17. Funding diversification will continue to be a priority, tapping into various channels, including the private sector, national governments, IFIs and development-oriented and climate adaptation budget lines, while maintaining a focus on where WFP can provide the most added value. Such new programmes are part of WFP's work on resilience and at the humanitarian–development–peace nexus and are aimed at decreasing humanitarian needs over time.

18. WFP will continue to appeal for maximum funding flexibility from its donors as flexibility contributes to more effective planning and more efficient allocation of resources, including through early action and the pre-positioning of supplies. In this regard, WFP will be introducing a new subcategory of flexible funding, "softly earmarked", which better reflects and acknowledges this form of funding.

Executive Director's authority to adjust the programme support and administrative budget level

19. The level of contributions is the primary, but not the only, driver of WFP's actual level of operations. When the management plan for 2022–2024 was prepared, the forecast revenue for 2021 and 2022 was USD 8.5 billion and USD 8.4 billion, respectively, resulting in a provisional implementation plan of USD 8.5 billion for 2022. Given the actual contribution revenue of USD 9.6 billion in 2021 and the updated forecast contribution revenue of USD 9.5 billion for 2022, the level of operations in 2022 will increase accordingly. As a consequence of an unprecedented level of crisis driving food insecurity combined with the complexity of ongoing operations, regional bureaux and headquarters divisions are increasing their capacities to provide increased policy, business and transactional services, monitor and mitigate high levels of risk, and explore and adapt to dynamic business environments and opportunities.

20. To fund the increase in programme and administrative support, the Executive Director is likely to use his authority to release additional programme support and administrative (PSA) funding of up to USD 22 million, representing 2 percent of the increase in forecast contributions from USD 8.4 billion to USD 9.5 billion, in accordance with decision x in the WFP management plan (2022–2024) document:

> "Authorized the Executive Director to adjust the programme support and administrative component of the budget in accordance with a change in the level of the forecasted income for the year, at a rate not to exceed 2 percent of the anticipated change in income."

21. As the time of writing this update, at the start of the second quarter of 2022, it was too early to assess which divisions and regional bureaux would receive the additional PSA funding. Budget allotments for the whole of 2022 have been released to global headquarters and regional bureaux, so there is no immediate need to release additional PSA funding. By the middle of 2022, based on an analysis of actual and forecast expenditures and with a clearer picture of the impact that the increased workload will have on WFP divisions and regional

bureaux, the global budget committee will make recommendations for allocating the additional PSA funding.

Expanded application of the 4 percent indirect support cost rate to specific cases

22. The funding for the PSA budget is derived from amounts that are recovered from contributions made to cover ISC. The ISC rate is approved by the Board each year. In the management plan for 2022–2024 approved in November 2021, the Board approved the application of a standard 6.5 percent ISC rate with a lower rate of 4 percent for governments' contributions to programmes in their own countries and contributions made by developing countries or countries with economies in transition, in accordance with WFP's policy on full-cost recovery.

23. As requested by the Board, WFP continues to invest heavily in diversifying its funding base, including by adapting the services it offers to governments in order to contribute to national objectives in areas where it has a comparative advantage. This has resulted in an increase of 48 percent in the value of agreements signed with national governments, from USD 334.1 million in 2020 to USD 495.8 million in 2021. A significant portion of the growth (45 percent) is driven by the leveraging of government resources that originate from IFIs. In such cases, IFI funds are provided as loans or grants to national governments that have chosen WFP to implement programmes using those funds. As such agreements are signed directly with national governments, a 4 percent ISC rate is applied.

24. Such application of the 4 percent ISC rate is based on the principle of ownership of the funds by a national government. In cases where WFP is the direct recipient of IFI financing, with no government involvement, the standard ISC rate of 6.5 percent is applied. This applies, for example, when WFP receives financing from World Bank-administered funds such as the State and Peacebuilding Fund or the Global Partnership for Education.

25. In certain exceptional circumstances, IFIs may be unable to transfer funds directly to a government – for example, where there is no internationally recognized government or where the government is in arrears or otherwise ineligible to receive IFI funds directly. In some such cases, the boards of IFIs have authorized their institutions to transfer the funds directly to third parties, such as WFP, but the IFIs continue to consider the funds as country owned to be expended in line with agreed national expenditure priorities, and as being made on behalf of the government. When a temporary bar to a government being eligible to receive funds is removed, normal IFI processes and modalities of transfer automatically resume.

26. WFP seeks confirmation that in such temporary and exceptional circumstances, funds transferred directly to WFP from a dedicated IFI country envelope fall within the scope of the Board's provision relating to governments' contributions to programmes in their own countries, to which the 4 percent ISC rate applies. This aligns WFP with IFI and United Nations practice in classifying such funds as "country owned" and applying a preferential ISC rate for such arrangements.[2] It addresses an anomaly whereby the

[2] Expansion of the 4 percent rate for the exceptional circumstances described would be consistent with the approach of other United Nations agencies to WFP's host government funds. For example, the harmonized indirect cost recovery structure adopted by the United Nations Children's Fund, the United Nations Development Programme, the United Nations Entity for Gender Equality and the Empowerment of Women and the United Nations Population Fund has a standard rate of 5 percent for programme country funding, which is 3 percentage points less than the agencies' headline rate of 8 percent. In addition, the executives of those agencies, and the executives of most other United Nations agencies, funds and programmes, have delegated authority to issue waivers and apply a lower rate.

countries facing the greatest challenges to governance are, by that very fact, excluded from provisions available to all other countries making use of IFI-sourced assistance.

27. The need for clarity on exceptional circumstances came to light in 2021 when WFP received contributions directly from IFIs for operations in Yemen and Afghanistan that would have met the criteria for exceptional circumstances. The difference in ISC revenue generated from those contributions would have been USD 6.07 million. Due to the critical situation and the significant funding gap in Afghanistan, a contribution of USD 135 million was confirmed with the Asian Development Bank in early April 2022, applying the 6.5 percent rate subject to the Board's final decision in June on the rate to be applied in such circumstances. The application of a 4 percent ISC rate in such circumstances is considered critical by both WFP and the Asian Development Bank's management, and it had a significant effect on the negotiations for contributions to operations in Afghanistan. With the application of the 4 percent rate, ISC revenue would decrease by USD 3.05 million, which would instead be channelled to the operation in Afghanistan.

28. WFP recommends that funds transferred directly to WFP from a dedicated IFI country envelope or allocation be confirmed as falling within the scope of the Board's provision relating to governments' contributions to programmes in their own countries, to which the 4 percent ISC rate applies. Therefore, the Secretariat proposes that the Board:

a) amend General Rule XIII.4 (e) as follows:

"The Board shall set the indirect support cost rate applicable to contributions from:

(i) governments of developing countries and countries with economies in transition, as determined by the Board;

(ii) governments for contributions to programmes in their own countries; and

(iii) international financial institutions under such conditions as shall be determined by the Board."

b) Also decides that contributions from international financial institutions that are certified by such institutions as being made directly to WFP due to the absence of an internationally recognized or eligible government in the location to which funding is allocated shall be received under General Rule XIII.4 (e)(iii), and that the rate for such contributions during the remainder of 2022 shall be 4 percent; and

c) Further decides that a 4 percent indirect support cost rate shall apply retroactively to the funding provided by the Asian Development Bank through the "Sustaining Essential Services Delivery Project [Support for Afghan People]".

Programme support and administrative equalization account

Updated projection of the programme support and administrative equalization account

29. Established in 2002, the PSAEA records the differences between WFP's ISC revenue and PSA expenses for each financial period. The balance acts as a safety net to underwrite the risk of a shortfall in ISC income versus PSA expenditure. In 2015, the Board endorsed the use of the PSAEA for critical corporate initiatives[3] that enable WFP to invest in sustainable initiatives that require non-recurring investment and improve the delivery of services to beneficiaries. Subject to the approval of the Board, the PSAEA can also be used for thematic support funds and for strengthening WFP's reserves.

[3] "Progress on the Financial Framework Review, including Indirect Support Costs" (WFP/EB.A/2015/6-C/1). The criteria are that a proposal must be a one-off investment, not covered by the regular PSA budget, not related to a project, in need of predictable funding, unlikely to generate sufficient additional investment from donors, and focused on organizational change.

30. The assumptions used in the projection of the PSAEA in the management plan for 2022–2024 have changed considerably owing to higher-than-expected actual contribution revenue in 2021 and an increase in forecast contribution revenue in 2022. Additional changes include the Board's approval of the transfer of USD 30 million from the PSAEA to the IRA, the expectation that the Executive Director will release up to USD 22 million for additional PSA costs, and a revised projection of five months of PSA expenditure.[4]

TABLE 4: PROJECTIONS OF THE PROGRAMME SUPPORT AND ADMINISTRATIVE EQUALIZATION ACCOUNT FOR 2022 *(USD million)*

	Approved in the management plan	**Revised**
PSAEA balance at 31 December 2021	266.9	326.6
2022 projected ISC revenue*	501.0	560.0
Approved 2022 PSA budget	(496.1)	(496.1)
Additional 2022 PSA utilization (2% of increase forecast contributions)		(22.0)
Approved PSA drawdowns	(42.4)	(42.4)
Approved IRA replenishment from PSAEA**		(30.0)
PSAEA projected balance at 31 December 2022	239.4	296.1
Target PSAEA (5 months of forecast 2023 PSA expenditure)	(206.7)	(233.6)
Available PSAEA balance for utilization	**22.7**	**62.5**

* Assumes expansion of the 4 percent ISC rate to exceptional circumstances.

** Approved at the first regular session of the Board in 2022.

31. Given the revised projected surplus of USD 62.5 million, and considering the ceiling for the target balance and that the PSAEA balance at the end of a year is a normal source of funding for the following year's critical corporate initiatives, the Secretariat proposes that USD 23.4 million be used as follows:

   - ➢ USD 8 million as thematic funding for WFP's wellness programmes and, more specifically, for costs related to the joint United Nations COVID-19 response framework (medical evacuations, first line of defence and vaccinations); and
   - ➢ USD 15.4 million for a new critical corporate initiative that aligns planning and reporting tools and platforms with the strategic plan and corporate results framework for 2022–2025.

32. If these allocations are approved, the forecast PSAEA surplus would be USD 39.1 million, which would be available to cover the anticipated second year of ongoing critical corporate initiatives, other critical corporate initiatives that will be developed through the annual budget process, thematic funding or allocations to the reserves.

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[4] The recalculation of five months of PSA expenditure is deliberately conservative, being based on a projected increase in PSA of 13 percent in 2023, to coincide with the increase in forecast contribution revenue in 2021 and 2022.

Thematic funding – Special Account for Wellness Programmes, joint United Nations COVID-19 response

33. In 2015, utilizing an initial allocation of USD 10 million from the PSAEA, WFP established a special account for wellness programmes to fund activities for improving staff wellness at duty stations when project funding was scarce. Two replenishments of USD 8 million each were approved in 2017[5] and 2020[6] to fund wellness programmes through 2024 in line with the wellness strategy for 2019–2024.

34. Since its inception the special account has been used for wellness programmes in country offices and deep field locations in support of staff who work in the most underserved and disadvantaged WFP duty stations. The programmes have resulted in the funding of primary care clinics and roving medical teams in Afghanistan, Bangladesh, the Democratic Republic of the Congo, Ethiopia, Malawi, Myanmar and the Sudan; upgrades of deep field staff accommodations; and the design and launch of the WFP occupational safety management system. The wellness fund also supported the design and launch of WFP's wellbeing digital solutions such as the humanitarian booking and wellbeing mobile applications, which have been essential tools during the COVID-19 pandemic.

35. In 2020, recognizing the challenges that the pandemic poses to the health and safety of United Nations personnel, their dependants and implementing partner staff, and the importance of providing essential field-level health services for United Nations teams in order to ensure business continuity during the global pandemic, the Secretary-General created a United Nations system-wide medical evacuation task force, which reports to a United Nations executive committee led by the Secretary-General. In alignment with United Nations occupational safety and health principles, the task force established a COVID-19 response plan that includes the joint COVID-19 medical evacuation framework, first line of defence and vaccination campaign of the United Nations.

36. The first line of defence comprises activities that focus on the safety and health of United Nations personnel and their families in the field, while COVID-19 medical evacuations are a last resort solution that provides life-saving support for severely ill COVID-19 patients who require a level of care not available at their locations. These initiatives ensure that United Nations personnel, partners and their dependants can "stay and deliver" in the field. The vaccination programme allocates and distributes supplies for the vaccination of United Nations personnel and their dependants, and issues communications on key vaccination issues.

37. The numerous achievements to date have the potential to shape joint wellness activities after the COVID-19 pandemic subsides. Under phase 1 of the United Nations system-wide vaccination programme, 300,000 doses of COVISHIELD-AstraZeneca vaccine were deployed to and administered in 66 countries. A regional medical hub was established at a Nairobi hospital, a field hospital was established in Accra, and a study is under way to identify opportunities for further leveraging of the existing mechanism for non-COVID-19 medical evacuations in COVID-19-affected environments. The total expenses (unaudited) incurred by United Nations joint efforts from 22 May 2020 to 31 December 2021 amounted to USD 115.6 million, of which WFP's share was 12.36 percent or USD 10.7 million.

38. In December 2021, the United Nations executive committee endorsed the recommendation that financing arrangements for the United Nations joint COVID-19 response be continued until the end of 2022. Due to the lateness of that decision, a budget for the programme was not included in the management plan for 2022–2024. In the worst-case scenario,

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[5] "WFP Management Plan (2018–2020)" (WFP/EB.2/2017/5-A/1/Rev.1).

[6] "Replenishment of the special account for wellness programmes" (WFP/EB.A/2020/6-B/1).

WFP's share of the costs in 2022 will be USD 9.5 million. As WFP's commitment to continuing to participate in and fund the programme was a factor in it being extended, and requests for the initial instalment for 2022 were received in 2021, USD 1.5 million has been funded from 2021 PSA savings, leaving a funding gap of USD 8 million.

39. To enable WFP to continue making its full contribution to the interagency cost-sharing arrangement, the Secretariat seeks the Board's approval for a transfer of USD 8 million from the PSAEA to the special account for wellness programmes to fund the shortfall of USD 8 million in the 2022 budget for the following activities:

i) medical evacuation framework, USD 6.8 million;

ii) first line of defence and vaccination campaign, USD 1.1 million; and

iii) miscellaneous travel costs related to medical evacuations, USD 100,000.

Critical corporate initiative – implementation of the new strategic plan and corporate results framework

40. Implementation of the new strategic plan and corporate results framework for 2022–2025 will require changes in systems and platforms and new guidance and approaches to accommodate the introduction of five new outcomes and related outputs, management results, revised outcome and output indicators and activity categories and to align more closely with the United Nations system.

41. Given the shift from a five- to a four-year duration of the strategic plan, WFP is seeking a rapid realignment to facilitate implementation of the new strategic plan and corporate results framework through all of its CSPs by 1 January 2023, with the exception of the 17 CSPs for which new versions will be presented for approval at the Board's 2022 second regular session and the 13 CSPs with new versions due for presentation at the Board's first regular and annual sessions in 2023. This will require a concentrated and fast effort to realign and enhance all relevant tools and systems for country offices as soon as possible, and to find effective and efficient mechanisms that will facilitate the realignment of more than 50 CSPs with the new strategic plan and corporate results framework by the end of the year, with minimal burden to country offices and in ways that allow country-level and aggregated corporate reporting within the new framework.

42. The USD 15.4 million multi-year budget proposal for this initiative includes changes to, and automation of, existing tools and systems that are necessary for CSP approval, operation and reporting under the new strategic plan and corporate results framework; and key business deliverables that enhance implementation of the strategic plan and corporate results framework, particularly in the areas of cross-cutting priorities, capacity strengthening and service delivery, where new guidance, business processes, tools or systems are required. These deliverables will be based on the initial formulation of business requirements in the first two quarters of 2022 and will be finalized and implemented to the extent possible by the end of the year, with continuation of roll-out, change management and further development in 2023.

43. This critical corporate initiative includes technology costs for 2022 only, with additional funding for technology in 2023 to be fully articulated based on project milestones and deliverables. Further funding for technology needs will be considered in the management plan for 2023–2025 and will cover the completion of certain critical corporate initiative deliverables such as the optimization of field budget processes, and key digital transformation items that provide the road map for end-to-end planning to reporting processes and enable more effective CSP design, operation and reporting.

TABLE 5: BUDGET BY OBJECT OF EXPENDITURE *(USD million)*	
Cost breakdown	**Budget**
Staff costs	6.1
Non-staff costs	9.3
Total costs	**15.4**

TABLE 6: BUDGET BY DELIVERABLE *(USD million)*	
Deliverable	**Budget**
1. Realignment of financial, donor and corporate reporting, beneficiary counting systems, and platforms (including analysis of interoperability with the United Nations sustainable development cooperation framework – UNSDCF)	5.3
2. Full alignment of the planning, budgeting and reporting of all country offices with the new strategic plan and corporate results framework	3.1
3. Optimization of field budget processes to enhance resources-to-results	5.1
4. Realignment and change management	1.9
Total	**15.4**

Further details are provided in annex I.

Unearmarked General Fund

Updated projection

44. The main income source for the unearmarked portion of the General Fund is interest income; the fund accrues net investment income and exchange rate gains that are not designated to a specific programme category or project and are therefore unearmarked.

45. With no one-time drawdown from the unearmarked portion of the General Fund since 2014, the *closing balance* of the unearmarked portion of the General Fund as of 31 December 2021 stood at *USD 313.3 million* and the closing balance at the end of 2022 is projected to be *USD 336 million* as per details in table 7.

TABLE 7: UNEARMARKED PORTION OF THE GENERAL FUND *(USD million)*		
	2021 actual	**2022 forecast**
Opening balance	280.9	313.3
Net revenue	32.4	22.7
Closing balance	313.3	336.0

46. From 2006 to 2014, the Board has approved various allocations from the General Fund for security costs (related to the United Nations Department of Safety and Security, the WFP security emergency fund and field security upgrades), the private sector partnerships and fundraising strategy, and the WFP information network and global system, WINGS II.

47. In the management plan for 2022–2024, the only request related to the unearmarked portion of the General Fund was for an increase in the annual allocation to the Treasury Branch from USD 1.55 million to USD 2.35 million in order to increase the capacity to ensure optimal management of WFP's financial resources and enhance the monitoring of financial risks. While no other requests were made, the management plan document indicated that specific proposals on funding WFP's capacities, resourcing and financing mechanisms in support of strategic priorities may be submitted separately in 2022.

48. Given the projected balance in the fund at the end of 2022, the approval of the strategic plan for 2022–2025, the state of WFP's emergency response reserves and the growing need to support diversified funding opportunities, WFP proposes to utilize USD 185 million of the unearmarked portion of the General Fund as follows:

- USD 100 million for the IRA;
- USD 55 million to establish a changing lives transformation fund; and
- USD 30 million to replenish the Emerging Donor Matching Fund (EDMF).

49. If these transfers are approved, the projected balance in the unearmarked portion of the General Fund would be USD 151 million. Given the uncertainty in the global economy and the unpredictability of future investment income, the Secretariat is of the view that USD 151 million is a prudent balance to retain for unexpected financial outlays.

Transfer to the Immediate Response Account

50. The IRA, established in 1991, enables WFP to provide immediate assistance in life-threatening situations in the absence of forecast contributions. Advances are drawn directly from the IRA reserve, which is replenished through donor contributions, repayments and transfers from reserves or other internal accounts.

51. A record high amount of IRA totalling USD 220 million was allocated in 2021. The top five countries receiving an IRA allocation were Afghanistan (USD 48.8 million), Nigeria (USD 34.3 million), Yemen (USD 28.2 million), Mozambique (USD 27.3 million) and Ethiopia (USD 22.1 million).

52. The 2022 IRA started at a critically low balance of USD 43.7 million. This was partially addressed by a USD 30 million transfer from the PSAEA and a USD 25 million allocation of fully flexible multilateral contributions during the first quarter of 2022. At the same time, a total of USD 78.1 million has already been allocated to operations, which is 66 percent more than the amount allocated in the first quarter of 2021.

53. The IRA fund availability as of 31 March is USD 65 million as illustrated in table 8. The record demand for IRA allocations is expected to continue throughout 2022. The low balance in IRA increases the risk of failing to respond to country offices' requests for support in case of a sudden emergency.

TABLE 8: IMMEDIATE RESPONSE ACCOUNT MOVEMENTS, YEAR 2022 as of 31 March 2022		
Opening balance 1 January 2022		**43.71**
Directed contributions		**7.51**
Other revenue		**58.09**
Multilateral contributions	*25.00*	
PSAEA	*30.00*	
*Others**	*3.09*	
Revolved funds		**33.89**
Total revenue		**143.20**
Allocations		**78.14**
Closing balance as of 31 March 2022		**65.06**

* Including individual giving and adjustments.

54. Considering the critical level of IRA availability, the Secretariat proposes to transfer USD 100 million from the unearmarked General Fund to the IRA. The USD 100 million covers the minimum desired IRA balance of USD 85 million, which is the average cost of three months of requirements for 2 million people, plus USD 15 million. The transfer would improve the financial health of the IRA, but would not remove the necessity for increased direct and recurring contributions to the IRA for long-term sustainability.

Establishment of a changing lives transformation fund

55. As the largest humanitarian actor, in 2021, WFP provided critical assistance to almost 128.2 million people in 80 countries, many of which are in a state of protracted crisis. Based on WFP's dual mandate as set out in the approved WFP strategic plan for 2022–2025, the organization's commitment goes beyond humanitarian action to save lives by also seeking to change lives. Despite the magnitude and complexity of today's shocks and stressors, which require multisectoral programmes that meet urgent needs while seizing the opportunities to build resilience and address the root causes of vulnerability, WFP also seeks to complement national government strategies and partner activities to help countries achieve the Sustainable Development Goals (SDGs).

56. In a year when WFP faces extraordinary needs and compounded crises, its multi-dimensional mandate and its adherence to the recommendation on the humanitarian–development–peace nexus of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC) compels WFP to ensure that the food crises of the future are also prevented. Saving lives, including through crisis response, is core to WFP's service to the world. Changing lives covers the spectrum of activities and services that WFP can provide to reduce needs and achieve zero hunger.[7] By fulfilling its multi-dimensional mandate, and with the right level of investment, WFP can

[7] WFP contributes to *changing lives* through the design and implementation of tailored, contextualized programmes. Where appropriate and requested, such programmes can include resilience building, the addressing of root causes, and the provision of support for governments in achieving their development objectives, including in areas related to climate, social protection and school-based programmes, while concurrently contributing to the achievement of SDG 2. Taking a systems approach, and building on its role in United Nations sustainable development cooperation frameworks and on its CSPs, WFP contributes to sustainable solutions at scale, while maintaining its crisis response focus and capacity.

contribute to the transformation of a country's situation by helping to reduce and prevent future food insecurity.

57. The Secretariat proposes the establishment of a changing lives transformation fund, with the allocation of USD 55 million from the General Fund to enable WFP country offices to reorient their engagement and reposition and catalyse their programming and new financing towards the changing lives agenda. In line with the WFP strategic plan for 2022–2025, the changing lives transformation fund will be subject to rigorous planning and prioritization, with progress reviews that will support country offices in leveraging WFP's identified strengths, aligning with national priorities and contributing to transformational change.

58. The objective of the fund is the achievement of government ambitions for national transformation, including towards the achievement of SDGs 2 and 17. Current donor funding for root causes and resilience activities has not been sufficient for country offices to design, pilot, innovate and sustain interventions that have a transformative impact.

59. Key structural characteristics of the changing lives transformation fund include the following:

- Allocations will be made to catalyse programming and financing at scale, based on a highly analytical allocation mechanism that takes into account the readiness of the country concerned, WFP's strengths and the country office's ability to implement activities successfully.
- Significant resources (USD 2.0 million to USD 7.0 million) will be allocated to selected countries over periods of three to five years, with a formal proposal process allowing country offices to make submissions for funding.
- A robust approval mechanism under the multilateral budget committee will ensure strong evidence-based decision making, the allocation of appropriate funding volumes, and the avoidance of any "sprinkling" of funding, building on the lessons learned that "sprinkling" across many proposals has short-term impacts on the immediate funding gaps in existing programmes but does not allow for transformative approaches.
- Rather than filling the funding gaps in current WFP programmes, funds will be used for actions seen as transformational, innovative, scalable and replicable.
- A senior director will be accountable as portfolio manager and will support country offices in their applications for funding, provide advice and inputs to the multilateral budget committee on investment selection, monitor the progress of projects, and actively seek new funding.

Replenishment of the Emerging Donor Matching Fund

60. The EDMF was established as a corporate funding facility to assist eligible national governments[8] in covering the associated costs of their contributions to WFP.

61. Established in 2003, the initial funding of USD 47.5 million for the EDMF was depleted by 2016, and the fund was replenished in 2018 with USD 30 million from the PSAEA; annual allocations are not to exceed USD 10 million in total and USD 1 million per recipient country. When all allocations and interest accruals are taken into account, the EDMF balance at the end of 2021 was USD 12.3 million, available for allocation in 2022.

[8] Applicable to least developed and other low-income and lower-middle-income countries, as defined by OECD.

62. To date, the EDMF has increased the volume of resources available to support WFP operations by providing enabling resources for bilateral contributions that would otherwise not have been available. The EDMF continues to fulfil its intended purposes by facilitating technical assistance arrangements and multi-year engagement with national governments, South–South and triangular cooperation agreements, and rapid national crisis response plans, including those in relation to COVID-19.

63. As a key enabler of resourcing from least developed countries, low-income countries and lower-middle-income countries and territories, continued resourcing from the EDMF remains key to the achievement of the WFP strategic plan for 2022–2025 and the realization of strategic partnerships.

64. The Secretariat proposes a replenishment of USD 30 million for the continuing functioning of the fund until December 2025. This would allow WFP to use the fund in a sustained and effective manner, including for the advancement of priorities in line with the evolving nature of partnerships with national governments, and to implement structural changes to the scale and scope of the fund moving forward.

65. WFP will align the EDMF framework with the priorities outlined in the strategic plan for 2022–2025, which include the expansion of the financial resource base with non-traditional donor governments. The fund will have a sharper focus on promoting national ownership and leadership, including through multi-year commitments, while supporting governments in the implementation of the SDGs.

66. To allow larger contributions from eligible national governments, WFP proposes raising the annual allocation ceiling to USD 1.5 million per recipient country while maintaining the maximum total annual allocation at USD 10 million.

Bottom up strategic budgeting exercise

67. In November 2021, WFP provided a final report on the bottom up strategic budgeting exercise (BUSBE) covering activities up to the point of dissolution of the BUSBE project team. As stated in that report, the BUSBE objectives were ambitious and the project should have had a longer duration to allow the completion of all the foundational work and a full implementation cycle to support transition, monitoring and adjustment. The report described the status of the four BUSBE workstreams and identified several actions still to be completed. WFP agreed to provide progress updates on the ongoing actions throughout 2022.

68. The updated status of the four workstreams is shown in table 9.

TABLE 9: STATUS OF THE FOUR WORKSTREAMS OF THE BOTTOM UP STRATEGIC BUDGETING EXERCISE

Workstream	November status	Current status
Budget governance: Assess current budget governance structures across funding sources	transitioning	completed
Cost-recovery analysis: Catalogue cost-recovery models across WFP and make recommendations that support a corporate position	ongoing	ongoing
Country office budget analysis: Analyse country office budgets to define the optimum standard country office structure to be funded from the PSA budget	completed	completed
Technical budgeting: Analyse, review and recommend changes to the headquarters budgeting process to ensure transparency and allow for effective allocation and prioritization	ongoing	ongoing

69. The updated status and timeline of open activities are shown in table 10.

TABLE 10: STATUS AND TIMELINE OF OPEN ACTIVITIES UNDER THE BOTTOM UP STRATEGIC BUDGETING EXERCISE

Activity	Status and timeline
Budget governance	
Transition decision making from the Strategic Resource Allocation Committee to a new budget governance structure which includes two budget committees	Completed
Cost recovery	
Identify activities and their related costs with potential for direct cost attribution	Completed for 2022 activities; proceeding with the identification and analysis of activities for 2023 cost-recovery in progress
Prepare an impact analysis with regard to the impact of such costs and their reattribution on country programmes, extrabudgetary activities and the PSA budget	
Formalize principles and mechanisms for, and issue a policy and guidance on, the use of cost recovery	In progress
Country office budget analysis	
Conduct a country presence review exercise	In progress
Technical budgeting	
Elaborate detailed corporate priorities to guide resource allocation decision making	Completed*
Harmonize the naming of activities across all regional bureaux	Completed
Analyse and eliminate overlaps between headquarters divisions and regional bureaux	In progress
Analyse and eliminate overlaps across functional areas in headquarters	In progress

* This is a recurring activity. Prioritization for resource allocations recommended in the first quarter of 2022 was provided by the Leadership Group.

70. The *budget governance* workstream is considered complete. An Executive Director's circular was issued in January 2022 promulgating the new budget governance structure. Two new committees established to recommend and monitor resource allocations are fully functioning. Committee members have been inducted, and both committees have convened at least once in 2022 to deliberate on and recommend resource allocations, guided by the prioritization set by the Leadership Group. The timing of meetings of the multilateral budget committee depends on the confirmation of flexible resources. The global budget committee also convenes when corporate resources, such as the PSAEA and the unearmarked portion of the General Fund, are deemed sufficient to warrant a resource allocation, but will also convene on at least a quarterly basis to monitor ongoing critical corporate initiatives. The global budget committee will play a key role in reviewing the budget submissions for the 2023 corporate budget and making recommendations for PSA and other funding.

71. Activities in the *cost recovery* workstream are aimed at strengthening corporate guidance on cost recovery and identifying centralized corporate headquarters activities that are currently funded from ISC, but should be charged to country portfolio budgets and other funding sources.

72. To streamline the attribution of identified global headquarters costs to direct costs and to harmonize those costs with country portfolio and other project budgets, a corporate framework has been drafted in consultation with headquarters functional offices, country

offices and regional bureaux and is undergoing internal review before dissemination. The framework establishes the principles for cost attribution at global headquarters, defines the activities within the scope of the initiative, assigns responsibilities for the development of individual costing models, and prescribes governance over the cost recovery process.

73. Because the attribution of corporate global headquarters business service costs to relevant CSPs and other projects forms an integral part of WFP's annual planning and budgeting processes, it is governed by WFP's internal budget governance decision making structure and falls within the mandate of the newly established global budget committee. Similarly, the attribution of new activities to direct costs will be aligned with the annual management plan preparation process in order to reflect the financial impact of the activities on the PSA appropriations and on the planned budgetary requirements of relevant CSPs and other projects.

74. The *country office* budget analysis workstream is considered complete. Country office presence continues to be assessed; to date no decisions have been taken regarding the closure of country offices in 2022.

75. The open actions in the *technical budgeting* workstream are related to two themes – prioritization and functional review.

76. In accordance with the new budget governance structure, the Leadership Group is fulfilling its role in providing high-level guidance on prioritization for budget allocations. Taking direction from the Leadership Group, the multilateral allocation committee has recommended that for the allocation of flexible multilateral contributions, the standard prioritization criteria be adapted to include information on beneficiaries in Integrated Food Security Phase Classification phases 4 and 5. The global budget committee deliberated on the resource allocations from the PSAEA and the unearmarked portion of the General Fund proposed in this document, taking guidance from the Leadership Group on prioritizing the direct and immediate benefits to country operations, while balancing the need to support the transition to the new strategic plan and to provide long-term strategic investment in country office capacity to make progress on the changing lives agenda. Forthcoming prioritization guidance includes elaboration of the corporate priorities in the recently approved corporate results framework that supports the strategic plan for 2022–2025 with a view to guiding the formulation of recommendations for the 2023 corporate budget.

77. With regard to the functional review, the following actions have been taken:

- *Harmonization of activity naming across all regional bureaux:* To achieve a higher degree of standardization, regional bureau budget plans will be centred on 29 standard activities that are articulated as part of WFP's ongoing work on improving effectiveness, particularly with regard to the rapid growth of headquarters and regional bureau activities. Each of the 29 standard activities is linked to the categories developed as part of WFP's work on effectiveness and to the corporate results framework management pillars.

- *Analysis and elimination of overlaps between headquarters divisions and regional bureaux:* WFP continues its work on effectiveness in the short to medium term, using the opportunity to improve inefficient back-and-forth processes between headquarters and regional bureaux (and country offices) and engaging with stakeholders to gather inputs on potential solutions and pilot opportunities.

- *Analysis and elimination of overlaps across functional areas in headquarters:* WFP is further analysing the prevalence of resources that perform functional activities outside the core divisions and to identify overlaps in activities within a single functional area.

ANNEX I

Strategic plan implementation (critical corporate initiative)

Lead division(s)	CPP	Total proposed budget	**USD 15.4 million**
Participating division(s)	*PD:* RAM, PRO; *DED:* EME, SCO *RM:* FIN, TEC; *PA:* PPR, PPF	Critical corporate initiative lifespan (single or multi-year)	Multi-year (2022–2023)

Link to WFP corporate results framework management results	Effectiveness in emergencies	People	Partnerships	Funding	Evidence	Technology	Innovation
			x		x	x	x

Organizational change objective(s)
The implementation of the new strategic plan and corporate results framework for 2022–2025 will require changes in systems and platforms, and new guidance and approaches to accommodate the introduction of five new outcomes and related outputs, management results, revised outcome and output indicators and activity categories, along with closer United Nations system alignment. The new corporate results framework is the operational tool for implementing the new strategic plan, defining what WFP will deliver and how that will be achieved through management capabilities based on organizational enablers. Supplemented by the policy on CSPs, the new strategic plan and corporate results framework provide a performance and accountability framework that enables WFP to measure and demonstrate its response to humanitarian and development needs and contribute to the capacity strengthening of national governments as they progress towards achievement of the 2030 Agenda for Sustainable Development. The new plan and framework provide an opportunity to strengthen the WFP line of sight between resources used and the associated results at the country and corporate levels. It sets out the expected results to be achieved by the entire organization, thereby informing the design of CSPs and providing a basis for monitoring, performance assessment and reporting. The updates and changes in systems and platforms will therefore need to enable country-level and aggregated corporate reporting within the new framework, enhance performance management, and facilitate effective and efficient allocation and utilization of resources for organizational priorities. Given the shift from a five- to four-year duration of the strategic plan, WFP is seeking a rapid realignment to facilitate the implementation of its new strategic plan and corporate results framework through all of its CSPs by 1 January 2023, with the exception of the 17 CSPs for which new versions will be presented for the Board's approval at its 2022 second regular session, and the 13 with new versions due for presentation at the Board's first regular and annual sessions of 2023. The initiative requires a concentrated effort to realign and enhance all relevant tools and systems for country offices as soon as possible, to identify an effective and efficient mechanism that will facilitate the realignment of more than 50 CSPs by the end of the year while minimizing the burden on country offices. The *USD 15.4 million* multi-year budget proposal for this initiative includes the critical changes to and automation of existing tools and systems that are necessary for CSP approval, operation and reporting under the new strategic plan and corporate results framework; and key business deliverables that enhance implementation of the strategic plan and corporate results framework, particularly in the areas of cross-cutting priorities, capacity strengthening and service delivery, where new guidance, business processes, tools and systems are required. These deliverables will be based on the initial formulation of business requirements in the first two quarters of 2022 and will be finalized and implemented to the extent possible by the end of the year, with additional components expected in 2023.

Organizational change objective(s)
The critical corporate initiative includes the budget for activities of TEC for only 2022, while the budget for other divisions (primarily CPP) covers 2022 and 2023. Subsequent funding for TEC will be considered in the management plan for 2023–2025 and will cover the completion of certain critical corporate initiative deliverables such as the optimization of field budget processes, and key digital transformation items that provide the road map for end-to-end planning to reporting processes and enable more effective CSP design, operation and reporting. This will help operations to standardize data collection processes, streamline and automate corporate reporting, improve data quality and generate new performance insights while strengthening evidence and knowledge management. Such costs are highly dependent on the solutions selected, which will not be known until options have been fully designed and assessed in 2022. *Abbreviations: CPP = Corporate Planning and Performance Division; DED = Office of the Deputy Executive Director; EME = Emergency Operations Division; FIN = Corporate Finance Division; PA = Partnerships and Advocacy Department; PD = Programme and Policy Development Department; PPF = Private Partnerships and Fundraising Division; PPR = Public Partnerships and Resourcing Division; PRO = Programme – Humanitarian and Development Division; RAM = Research, Assessment and Monitoring Division; RM = Resource Management Department; SCO = Supply Chain Operations Division; TEC = Technology Division.*

Table A.1.1: **Budget by deliverable split, TEC and CPP in support to other divisions *(USD million)***

Deliverables	TEC	CPP in support to other divisions	Total
1 Realignment of financial, donor and corporate reporting, beneficiary counting systems, and platforms (including analysis of interoperability with the UNSDCF)	2.19	3.14	**5.33**
2 Full alignment of planning, budgeting and reporting of all country offices with the new strategic plan and corporate results framework	2.26	0.79	**3.05**
3 Optimization of field budget processes to enhance resources-to-results	2.9	2.20	**5.10**
4 Project management and change management	-	1.88	**1.88**
Total budget	**7.35**	**8.00**	**15.35**

Deliverable 1 focuses on:

- comprehensive review and realignment of relevant business processes and data streams linked to the corporate results framework, including field-level data collection and monitoring;
- realignment of existing tools (COMET – country office monitoring and evaluation tool, SPRING – Standard Project Report Intelligent Next Generation) for CSP approval, operation and reporting processes and for strengthening beneficiary counting in line with new strategic plan and corporate results framework;
- development of a new beneficiary counting module for CSPs that reflects new outcomes, activity categories and tags designed through line of sight testing;
- enhancement of reporting capabilities, including the realignment of financial reporting with the new frameworks;
- strengthening of strategic plan and corporate results framework cross-cutting priorities (guidance, dashboard);
- analysis of interoperability with and reporting through the UNSDCF (field support) while reducing the manual reporting burden of the UN INFO system; and
- investment in a new approach to cross-cutting priorities aimed at fulfilling the commitments made in the new strategic plan and corporate results framework.

Table A.1.1: **Budget by deliverable split, TEC and CPP in support to other divisions *(USD million)***

<table>
<tr><th>Deliverables</th><th>TEC</th><th>CPP in support to other divisions</th><th>Total</th></tr>
<tr><td colspan="4">
Deliverable 2 aims to achieve:

a retrofitting or realignment strategy that will facilitate the alignment of the logical frameworks and country portfolio budgets of 50+ CSPs with the new strategic plan, corporate results framework and line of sight while requiring minimal manual effort from country offices;
development of the tools that make the timely realignment and mid-term review of 50+ CSPs feasible;
a dual planning and reporting framework that allows the 13 CSPs due for approval in 2023 to continue operating within the framework of the previous strategic plan and corporate results framework; and
the adaptation of budget planning and reporting solutions that support the design of new CSPs within the new framework and the realignment of 50+ existing CSPs that will continue into 2023 (e.g., the WFP dashboard and CSP data portal).

Deliverable 3 centres on:

optimization of field budget planning processes (needs-based plan, implementation plan, and pipeline) that facilitate the day-to-day work of budget and programming officers in the field, enable better decisions at all levels of WFP, strengthen oversight, and ultimately improve process efficiency and effectiveness;
consolidation and harmonization of country office budget preparation workflows to create a modern and dynamic solution that replaces the current fragmented technical infrastructure, improves integration with corporate systems, and is in line with the new strategic plan, corporate results framework and line of sight; and
strengthening of budget planning solutions and reporting platforms to enable automated reporting at the sub-activity level (including on capacity strengthening activities) that reflects current activity-bundling practices at the operational level and reduces the reporting burden on the field.

Deliverable 4 ensures:

strong coordination between the field change management teams and project management officers working on the above deliverables throughout 2022 and 2023 and change management for effective implementation of the related initiatives.

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Table A.1.2: **Budget by deliverable, 2022–2023**

Deliverables	2022	2023	Total
1 Realignment of financial, donor and corporate reporting, beneficiary counting systems, and platforms (including analysis of interoperability with the UNSDCF)	4.53	0.8	**5.33**
2 Full alignment of planning, budgeting and reporting of all country offices with the new strategic plan and corporate results framework	2.88	0.17	**3.05**
3 Optimization of field budget processes to enhance resources-to-results	4.2	0.9	**5.10**
4 Project management and change management	1.68	0.19	**1.88**
Total budget	**13.29**	**2.07**	**15.35**

Table A.1.3: Budget by object of expenditure, including full-time equivalent staffing requirements

Cost breakdown	TEC budget*	CPP in support to other divisions	Total
Staff costs *(USD million)*	1.98	4.09	**6.07**
Non-staff costs *(USD million)***	5.37	3.91	**9.28**
Total *(USD million)*	**7.35**	**8.00**	**15.35**
Positions (full-time equivalent)***	14	26	**40**

* 2022 funding needs only.
** Non-staff costs include, but is not limited to, consultants, national staff, temporary assistance, licences, training and change management.
*** Positions include full-time equivalent number of staff and non-staff such as consultants as well as consider internal, temporary TDY assignments from regional bureaux and country offices.

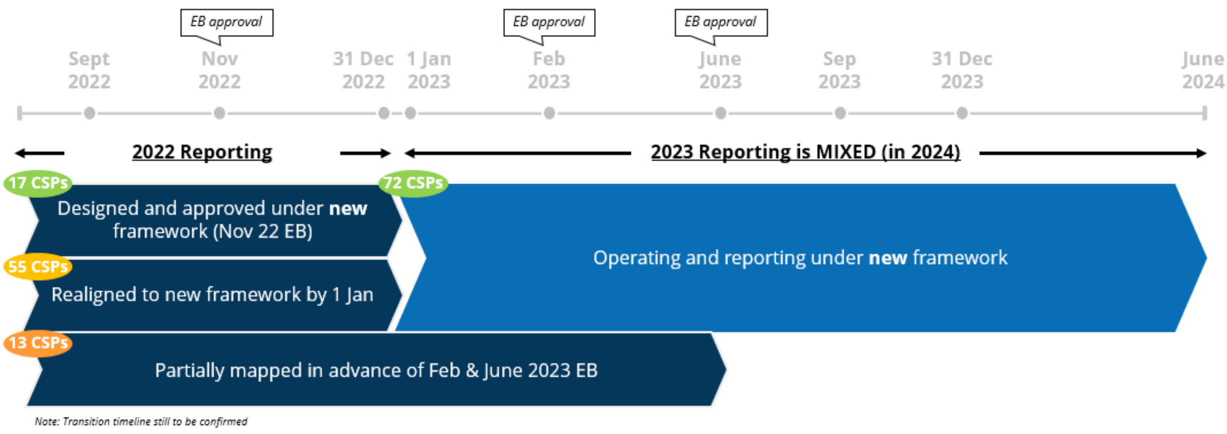
Table A.1.4: Key performance indicators by deliverable

Key performance indicator	Target *(%)* by end of 2023
Deliverable 1: Realignment of financial, donor and corporate reporting, beneficiary counting systems, and platforms (including analysis of interoperability with the UNSDCF)	
Percentage of systems and platforms realigned with new strategic plan and corporate results framework	100
Country office user satisfaction with new strategic plan and corporate results framework tools and systems	90
Percentage of new corporate results framework requirements implemented	90
Score in the International Aid Transparency Initiative aid transparency index (QCPR) (MR 4)	100
Percentage of CSP development outputs and outcomes that are aligned with UNSDCF and are captured in WFP's digital platforms (MR 3)	100 (as appropriate)
Number of countries where WFP uses/contributes to UN INFO (MR 6)	100 (as appropriate)
Percentage of country offices trained and enabled to report on cross-cutting priorities	75
Deliverable 2: Full alignment of planning, budgeting and reporting of all country offices with new strategic plan and corporate results framework	
Percentage of CSP logical frameworks and country portfolio budgets aligned with the new strategic plan, corporate results framework and line of sight	100 (by three deadlines)
CSP data portal and country operation management plan fully aligned with the new corporate results framework and available to Executive Board members	Fully achieved
Deliverable 3: Optimization of field budget processes to enhance resources-to-results	
Percentage of country offices with resources-to-results	80
Percentage of country offices adopting new budgeting tool	100
Percentage of countries releasing pipeline updates by deadline	80
Deliverable 4: Project management and change management	
Country offices trained on upgraded systems	100
Change management approach for full implementation and roll-out of the corporate results framework	Fully achieved

MR – management result (from the corporate results framework for 2022–2025).

Implementation schedule

Overview of CSP transitions



ANNEX II

Changing Lives Transformation Fund

Introducing the Changing Lives Transformation Fund

1. As the world's largest humanitarian actor, in 2021, WFP provided critical assistance to 128 million people in more than 80 countries, many of which are in a state of protracted crisis. WFP's commitment and mandate go beyond humanitarian action aimed at *saving lives* by also seeking to *change lives,* thereby ensuring that all WFP actions help to reduce and end hunger, build self-reliance and prevent the recurrence of crises over time.

2. In a year when WFP faces extraordinary needs and compounded crises, the organization is compelled to ensure that future food crises are prevented by leveraging its multi-dimensional mandate and its adherence to the recommendations on the humanitarian–development–peace nexus put forward by the OECD-DAC. Saving lives, including through crisis response, is core to WFP's service to the world. *Changing lives* covers the spectrum of activities and services that WFP can provide to help achieve zero hunger.[1] By fulfilling its multi-dimensional mandate, and with the right level of investment, WFP can contribute to the transformational development objectives of a country by helping to reduce and prevent future food insecurity.

3. The capacities, knowledge and presence that define WFP's organizational excellence in crisis response can be leveraged to enable the achievement of broader national objectives. WFP country offices need investment to position themselves to do so.

4. WFP regional and country directors, and their respective counterparts in host governments, have consistently stated that WFP country offices require a substantially different investment model to enable them to design, pilot, innovate and sustain interventions that have a transformative impact on their country of operation. Pilot investments have demonstrated the potential for generating returns on investment, but WFP's current operating model does not facilitate the provision of contributions at scale to national development objectives because it does not provide the flexibility to direct current WFP donor funding sources to root causes and resilience programmes. The new fund seeks to address that gap.

5. In line with the WFP strategic plan for 2022–2025, the Changing Lives Transformation Fund will *support* country offices in leveraging WFP's identified strengths in line with national priorities in order to contribute to transformative change. The fund will *enable* this by investing in the ability of WFP country offices to reorient their engagement, reposition and catalyse their programming and make use of new financing, at scale.

6. In countries where governments and communities can benefit from its comparative advantages in the changing lives agenda, WFP will invest in aligning its programmes and positioning itself to design and implement transformative programmes that contribute to SDG 2, in collaboration with host governments and IFIs. The investment will position WFP as a partner of choice, as demonstrated when governments and other partners turn to WFP to implement their priority programmes.

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[1] WFP contributes to *changing lives* through the design and implementation of tailored, contextualized programmes. Where appropriate and requested, such programmes can include resilience building, the addressing of root causes, and the provision of support for governments in achieving their development objectives, including in areas related to climate, social protection and school-based programmes, while concurrently contributing to the achievement of SDG 2. Taking a systems approach, and building on its role in United Nations sustainable development cooperation frameworks and on its country strategic plans, WFP contributes to sustainable solutions at scale, while maintaining its crisis response focus and capacity.

7. The Changing Lives Transformation Fund will build on corporate mechanisms, including the new strategic plan and corporate results framework for 2022–2025, and the lessons learned under the critical corporate initiative on programme and partnership support at the country office level.

8. Key structural characteristics of the fund include the following:

   - Allocations will be made to catalyse programming and financing at scale, based on a highly analytical allocation mechanism that takes into account country context readiness and a WFP country offices' ability to implement their proposals successfully.
   - Significant direct resources (USD 2.0 million to USD 7.0 million) will be allocated to selected countries over periods of three to five years, with a formal proposal process allowing country offices to make submissions for funding.
   - A robust approval mechanism under the multilateral budget committee will ensure strong evidence-based decision making, the allocation of funding in appropriate amounts and the avoidance of any "sprinkling" of funding, building on the lessons learned that demonstrate that sprinkling has only limited short-term impacts on immediate funding gaps in existing programmes and does not allow for transformative approaches.
   - Rather than filling the funding gap in current WFP programmes, funds will be used for actions seen as transformative, innovative, scalable and replicable.
   - A senior director will be accountable as portfolio manager and will support country offices in their applications for funding, provide advice and inputs to the multilateral budget committee on investment selection, monitor the progress of projects, and actively seek new funding.

9. The success of the fund will be measured in terms of long-term progress towards in-country transformation and the achievement of SDG 2. Each investment should have the medium-term goal of mobilizing additional funding from diverse partners, donors and the government through continuing efforts and investments at the national level. Funding channelled via WFP for the continued implementation of programmes is seen as only a secondary desired outcome. The Changing Lives Transformation Fund will be established using WFP internal sources, specifically the unallocated portion of the General Fund.

10. The Secretariat proposes the allocation of USD 55 million from the General Fund to establish the Changing Lives Transformation Fund.

What does the Changing Lives Transformation Fund set out to do?

11. The objective of the Changing Lives Transformation Fund is the achievement of government ambitions for national transformation, including towards the achievement of SDGs 2 and 17. WFP will contribute to that objective by aligning its engagement in ways that provide catalytic support. This represents an important strategy for reducing the growth of humanitarian needs and addressing WFP's widening funding gap.

12. The Changing Lives Transformation Fund will enable country offices to leverage WFP's identified strengths and align with national priorities in order to support transformative change towards zero hunger. In implementing its country strategic plans, and when called on to do so, WFP will invest in the services it offers, demonstrating its potential to support such national ambitions of governments.

13. The capacities, knowledge and presence that define WFP's organizational excellence in crisis response can be leveraged to enable the achievement of broader national objectives. This requires that WFP work more coherently with partners on collectively helping to meet people's needs in line with the UNSDCF for the country concerned, mitigating risks and vulnerability over time, particularly in protracted crisis settings. Such work requires clear transition strategies that link humanitarian relief efforts to recovery and long-term development and to a WFP-specific exit strategy. The fund will allow investment in long-term strategies, processes and approaches in countries where WFP holds a comparative advantage but may need to reorient its engagement.

14. In 2019, the Board approved a critical corporate initiative on joint programming and partnership, which aimed to broaden and enhance WFP's capacity to pursue diversified and long-term financing opportunities. With the goal of establishing multisectoral plans in support of government objectives, the initiative identified entry points for WFP's adaptation of its programmes in order to deliver against national priorities at scale. In some countries, WFP was able to position itself to support the implementation of government activities that were funded by the government, including through IFI-sourced funds. The experience demonstrated that governments are willing to invest in and partner on activities focused on changing lives, including from domestic funding sources. WFP is therefore engaging in the inception and design of national programmes that contribute to the achievement of SDG 2, demonstrating the need to "participate during the early phases of national programme design and development in terms of securing this new, additional avenue for funding.

15. In 2021, WFP's changing lives-linked activities accounted for USD 1.24 billion of its budget. While recent emphasis on the development of agreements with governments and IFIs has proved successful, the agreements of significant value have been in fragile countries. The Changing Lives Transformation Fund will position WFP to support national governments in delivering on their development priorities with scale and impact.

16. Prominent case studies demonstrating the catalytic power of strategic investments in government and IFI engagement include Burkina Faso, Cameroon, the Democratic Republic of the Congo, Haiti, Kenya, Lebanon, Mozambique, Nicaragua, Pakistan, and Somalia.

> In *Haiti*, the country office will implement activities for a value of more than USD 150 million over two years following investments in technical expertise and operational capacity in social protection. Over the course of four to five years, WFP positioned highly skilled technical experts to support the Government in the design of a national social protection policy at a time when there was an increasing need for social safety nets. WFP built on its clear comparative advantage in the social spending space through investments in an inclusive, far-reaching social protection database, technical expertise and operational capacity, which demonstrated WFP's ability to deliver. This enabled the country office to position itself as a strategic partner of the Government and the International Monetary Fund, which proved to be catalytic for the support it received later from the World Bank and the Inter-American Development Bank. Together, WFP and its IFI partners are now supporting the Government in delivering transformative results.

17. The Changing Lives Transformation Fund will enable selected country offices to make similar scalable investments, thereby allowing them to carry out the following actions:

    a) *Diversifying funding sources:* The Changing Lives Transformation Fund will support country offices in engaging more proactively with a diverse set of governments and IFIs across programmatic areas. This will cement WFP's role as a strategic partner in its areas of excellence in work towards the achievement of SDG 2.

b) *Improving WFP's strategic positioning:* There is demand from governments and IFIs for WFP to assume more strategic and technical advisory roles in support of the achievement of national objectives. Positioning WFP more systematically in that space, will enhance WFP's influence on project outcomes and contribute to transformative impact at the country level.

c) *Catalysing programming internally* to support WFP in developing integrated value propositions in programmatic areas that can address the priorities of governments and IFIs and are based on WFP's clearly defined comparative advantage.

> In *Kenya,* targeted support for the country office enabled WFP to sign its first partnership agreement on locally led climate action with the Government, seeking to strengthen local resilience to the impact of climate change by building capacity to plan, budget, implement, monitor and report on resilience investments, in partnership with county governments and communities.

18. By serving as a catalyst for the objectives described in the preceding paragraph, the Changing Lives Transformation Fund will position WFP as a partner of choice for governments in delivering priority, national interventions at scale that significantly diminish risk, prevent vulnerability, build the resilience of individuals, households, communities and countries, and contribute to the achievement of SDG 2.

19. The fund will provide the security and flexibility for country offices to pursue the medium- to long-term approach required to catalyse change internally, improve WFP's strategic positioning and diversify funding sources, specifically tailored to the operating setting. Country offices will develop proposals that outline the opportunities, strategy and requirements for contributing to the transformative objectives of the country concerned, demonstrating links to SDG 2, national development plans, UNSDCFs and agreed contributions through country strategic plans.

20. Outcomes will be related to national development plans and the UNSDCF areas of focus for SDGs 2 and 17. Depending on the national situation, investments may be made in technical assistance for risk-informed development or, more specifically, in thematic areas such as adaptation to climate change, resilient food systems and social protection, including school-based programmes.

21. In the long term, the country offices that receive resources through the Changing Lives Transformation Fund will serve as case studies for WFP, providing transformative interventions for replication at scale and learning in various contexts. Reporting on outcomes will be aligned with the corporate results framework.

> Recently, in *Cameroon*, the country office, with the Government, the World Bank and the Food and Agriculture Organization of the United Nations, co-designed a food security project connected to the early response financing of the World Bank Crisis Response Window. This engagement will result in USD 60 million in resources to be used by WFP to address immediate and recovery needs arising from the multiple crises facing the country.

The allocation mechanism, governance, reporting and volume of the Changing Lives Transformation Fund

Allocation mechanism

22. The Changing Lives Transformation Fund aims to finance new and transformative SDG 2-related projects with high potential to address the root causes of food insecurity efficiently while optimizing long-term socioeconomic resilience and building solid multisectoral partnerships in participating countries.

23. Functioning and stable government institutions will be prerequisites to the successful implementation of the transformative projects financed by the fund. The selection criteria for the allocation mechanism will therefore be directed to finding the right balance between a country's need for SDG 2-related transformation and the intention of government institutions to work towards long-term transformation rather than response to immediate crisis. The Changing Lives Transformation Fund will complement other WFP initiatives, including those aimed at relieving immediate needs in crisis-affected areas.

24. The focused funding approach of the fund requires a solid analytical allocation process that selects the right country and ensures optimal use of each dollar granted in maximizing the transformative impact. The allocation mechanism is therefore data-driven and has clear, predefined selection criteria.

25. The allocation mechanism for the fund is based on a three-step process through which the projects selected will receive an allocation for a period not exceeding five years.

26. The three steps are as follows:

    - Step 1: assesses the country context readiness for a Changing Lives Transformation Fund project.
    - Step 2: assesses the WFP country office's ability to drive a transformative project.
    - Step 3: assesses the potential of a proposed project through a validation procedure.

Governance

27. The governance structure for the Changing Lives Transformation Fund will comprise the following:

    - The Leadership Group and Executive Director will advise on strategy and support global implementation.
    - A budget committee: Leveraging the mandate of the multilateral budget committee, this executive body will be in charge of reviewing and validating the project proposals to be financed.
    - A portfolio manager will be responsible for the overall management of the fund by:
        - being accountable to the multilateral budget committee for recommendations of the final shortlist of country office proposals;
        - acting as a facilitator of cross-function engagement (with PRO, the Strategic Partnerships divisions and other headquarters units);
        - collaborating with the country director, who remains the relationship holder working with the host government and IFIs working with WFP in the country; and
        - having full responsibility for results and actively supporting projects funded across country offices.

Reporting

28. Goal-focused reporting on projects receiving funding from the Changing Lives Transformation Fund is central. Impact is measured through quantitative key performance indicators (KPIs), which will be defined at the outset of the project proposal phase and linked to the project's theory of change.

29. The main KPIs will be related to the catalytic capacity of the transformation projects in building strong partnerships with government, IFIs and bilateral donors. The project workplan and main KPIs are included in the annex.

30. Secondary KPIs may include new funding for WFP to supplement the initial Changing Lives Transformation Fund investment at the country level.

31. The accountability provided by project reporting is maximized through regular formal and informal tracking with a focus on transparency.

Volume

32. The establishment of the Changing Lives Transformation Fund is a response to WFP's critical need for a financial mechanism that allows the flexible funding of transformative root cause and resilience projects beyond the immediate short term.

33. The goal of the fund is to make WFP the key partner of governments in SDG 2-related transformation, for which it will leverage a total volume of USD 55 million to provide grants of USD 2 million to 7 million per country office selected for the establishment, together with the government, of innovative projects that drive long-term, sustainable SDG 2 transformation.

34. As transformative projects may require more than the proposed three to five years of funding, the versatile structure of the Changing Lives Transformation Fund will allow future replenishment from additional multisectoral contributions and investments through the implementation of resource mobilization and innovative financing mechanisms.

ANNEX

Changing Lives Transformation Fund

Workplan mid-2022 to mid-2024

	2022							2023												2024					
Item	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**
Submission of funding proposals to the Board for approval	x																								
Creation of a secretariat and internal processes for the fund	x	x																							
Launch of the fund	x	x	x	x	x																				
Advocacy and publication of guidance note			x	x	x																				
First call for proposals (selection of initial country offices)					X*																				
Second call for proposals (selection of additional country offices)																	X**								
Selection of proposals									X*	X*											X**	X**			
Funding approval											X*												X**		
Funding release											X*												X**		
Start of programme implementation												X*												X**	
Annual reporting to the Board																			X						

* Actions related to the first call for proposals.
** Actions related to the second call for proposals.
Note: Reviews are envisaged in mid-2025 (two years after the first allocation) and mid-2027.

Main Changing Lives Transformation Fund KPIs

% of countries receiving funding that have confirmed agreements with governments.

% of achievement of project milestones.

Acronyms

BUSBE	bottom up strategic budgeting exercise
COVID-19	coronavirus disease 2019
CPP	Corporate Planning and Performance Division
CSP	country strategic plan
DED	Office of the Deputy Executive Director
EDMF	Emerging Donor Matching Fund
EME	Emergency Operations Division
FIN	Corporate Finance Division
IFI	international financial institution
IRA	Immediate Response Account
ISC	indirect support cost
KPI	key performance indicator
MR	management result
OECD-DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
PA	Partnerships and Advocacy Department
PD	Programme and Policy Development Department
PPF	Private Partnerships and Fundraising Division
PPR	Public Partnerships and Resourcing Division
PRO	Programme – Humanitarian and Development Division
PSA	programme support and administrative (budget)
PSAEA	programme support and administrative equalization account
RAM	Research, Assessment and Monitoring Division
RM	Resource Management Department
SCO	Supply Chain Operations Division
SDG	Sustainable Development Goal
TEC	Technology Division
UNSDCF	United Nations sustainable development cooperation framework