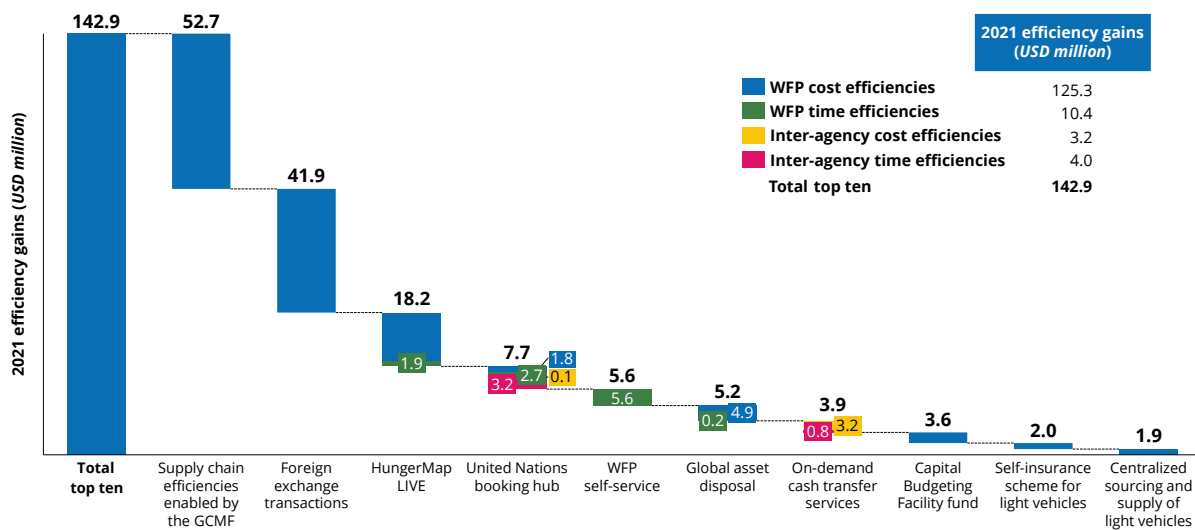


## ANNEX III-C: SUPPLEMENTAL REPORTING ON TOP TEN EFFICIENCY GAINS IN 2021

Efficiency is one of the Executive Director’s key priorities and a core value for WFP: every dollar saved means that WFP can reach more hungry people with much-needed food assistance and, in emergencies, every minute counts when reaching the most vulnerable people and communities.

The following annex provides detailed information on the top ten WFP initiatives in terms of validated efficiencies.

**Figure 1: Total efficiencies achieved from WFP’s top ten efficiency gains in 2021 (USD million)**



Note: USD equivalents of full-time equivalents saved are based on an average salary of USD 36,000 (locally recruited) and USD 162,480 (internationally recruited) per year.

Note: Total efficiencies include cost efficiencies and time efficiencies (in full-time equivalent units).  
 Abbreviation: GCMF = Global Commodity Management Facility.

### Process for tracking and reporting 2021 efficiency gains

In 2021, WFP tracked, measured and reported on efficiency gains throughout the organization. In accordance with the United Nations Development Coordination Office's definition, efficiency and effectiveness gains have three components: cost efficiencies, time efficiencies and quality improvements.<sup>1</sup> The exercise included gathering inputs from 14 functional areas at the headquarters, regional bureau and country office levels. Efficiency initiatives span the entirety of WFP programmes and cover internal WFP and interagency efficiency gains in 2021. All the estimated efficiencies have been validated with back-up calculations; are presented with clear explanations of underlying assumptions; have been evaluated against a consistent set of inclusion criteria; and have been reviewed and approved by the WFP directors concerned.

*Cost efficiencies* reflect the reduction in the financial resources disbursed to achieve a given outcome. In other words, it is the value (in US dollars) that is saved when a new way of working is introduced to achieve the same results; for example, a preferred rate agreed with selected hotels enables cost efficiencies.

*Time efficiencies* reflect the reduction in working hours needed to perform a given task and achieve the same results. It is presented as the number of full-time equivalent units (FTEs) saved when a new way of working achieves the same results; for example, the automated digital transformation of booking, invoicing and reporting processes yields time efficiencies.

### Top initiatives with efficiency values

1. The efficiencies from each initiative comprise WFP and/or interagency efficiencies. Each of the efficiencies is separated into costs and time (in FTEs) efficiencies, where applicable.

#### Supply chain operations (under the Supply Chain Operations Division)

##### **Supply chain efficiency gains enabled by the Global Commodity Management Facility (supported by the Corporate Planning and Performance Division)**

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
USD 52.7 million	-	-	-	USD 52.7 million
USD 52.7 million		-		

2. The Global Commodity Management Facility (GCMF) is a strategic working capital management mechanism under which WFP uses a corporate funding envelope of USD 800 million to purchase and preposition food in strategic handover locations before country offices receive their contributions. The facility's objectives are to: i) reduce food delivery lead-time; ii) shorten emergency response time; iii) purchase food when market conditions are more favourable, and capitalize on economies of scale; and iv) support local and regional procurement (including from smallholder farmers) where and when possible. In 2021, procurement through the GCMF allowed recipient country offices to receive their commodities after an average of 32 days; this represents a 73-percent reduction of the average 120 days under the "conventional" procurement process. In 2021, **USD 52.7 million in efficiencies**<sup>2</sup> were generated as a result of purchases made at the right time and

<sup>1</sup> In annual reporting, the focus is on measuring the USD value of cost avoidance and the time saved in FTEs.

<sup>2</sup> Cost efficiencies are calculated as the difference in the prices that country offices pay to purchase food through the GCMF and the "conventional" procurement process, taking into account the costs of food and external transport, when applicable.

economies of scale. This is a net figure, which also takes into account the few instances in which higher prices were paid under the GCMF as compared to “conventional” procurement (e.g. when urgency of needs did not allow purchasing food in the post-harvest season).

### Finance (under the Corporate Finance Division)

#### Foreign exchange transactions

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
USD 41.9 million	-	-	-	USD 41.9 million
USD 41.9 million		-		

3. WFP converts significant amounts of hard currency<sup>3</sup> into local currencies to pay local staff and vendors. Since 2007, WFP has made efforts to ensure that it receives the best possible rates on currency conversions through competitive bidding. The financial flows from WFP also inject much-needed hard currency into local financial systems. Since 2010, WFP has been centralizing foreign currency conversion for field offices, resulting in USD 171.0 million in cumulative efficiencies by the end of 2021, and **USD 41.9 million in cost efficiencies** in 2021 alone. Efficiencies are calculated from the variances between the actual exchange rates realized on foreign exchange deals and the prevailing United Nations Operational Rates of Exchange (UNORE) for those transactions, with each variance weighted according to the volume of transactions to which it applies. In addition, centralized foreign exchange transactions on behalf of 52 country offices result in better value for money when replenishing local operational bank accounts. The volume of foreign currency converted in 2021 totalled USD 1.23 billion.

#### On-demand cash transfer services

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
-	-	USD 3.1 million	4.7 FTEs	USD 3.9 million
-		USD 3.9 million		

4. In countries where WFP has established large-scale digital mechanisms for the delivery of cash-based transfers (CBTs) as food assistance, other United Nations agencies, non-governmental organizations and governments have approached WFP with a view to channelling their CBTs through those mechanisms, using the contracts and platforms established by WFP. Such sharing of WFP’s cash transfer services creates efficiencies for other United Nations entities by simplifying their CBT processes, reducing the duplication of efforts and allowing more comprehensive management of potential fraud and abuse. In 2021, other United Nations entities captured a total of **USD 3.1 million in cost efficiencies**<sup>4</sup> by using WFP’s cash transfer services. Use of the services also reduced the time required for

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The resulting net savings represent the higher price country offices would have paid in absence of the GCMF (i.e. if all procurement had taken place through the “conventional” process).

<sup>3</sup> Hard currency is money that is issued by a nation that is seen as politically and economically stable.

<sup>4</sup> Cost efficiencies are calculated from the difference between the cost to other United Nations entities of using WFP’s cash transfer services (which is between 0 and 1 percent of the value transferred) and the cost of using the entities’ regular procedures for administering contributions (which average 5.3 percent in indirect support costs according to the management plan for 2020–2022) with that difference being applied to the total direct operational costs of the CBT activities concerned.

the selection and contracting of financial service providers, generating **time efficiencies of 4.7 FTEs**<sup>5</sup> for other United Nations entities in 2021.

### Management services (under the Management Services Division)

#### United Nations booking hub

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
USD 1.8 million	73.5 FTEs	USD 0.1 million	89.2 FTEs	USD 7.7 million
USD 4.4 million		USD 3.3 million		

5. The United Nations booking hub is a global shared service open to the wider humanitarian community that provides digitalized booking and back-office services for accommodation, transport, medical and counselling services. In 2021, increased occupancy rates achieved by facilitating online access to WFP guesthouses resulted in **USD 1.6 million in cost efficiencies**,<sup>6</sup> and **time efficiencies of 37.5 FTEs** for WFP and **73.2 FTEs**<sup>7</sup> for other United Nations entities. In July 2019, the United Nations passenger mobility service was launched, enabling humanitarian staff to book United Nations light vehicles and drivers, and administrators to effectively use a global mobility back office. In 2021, by providing common mobility services through the United Nations booking hub platform, WFP made internal **cost efficiencies of USD 0.2 million**, with **USD 0.1 million**<sup>8</sup> for other United Nations entities, in addition to **time efficiencies of 36.0 FTEs** for WFP and **16.0 FTEs**<sup>9</sup> for other United Nations entities. In total, considering both accommodation and mobility services, WFP generated USD 1.9 million in cost efficiencies and 163 FTEs in time efficiencies, equivalent to USD 7.7 million.<sup>9</sup>

#### Global asset disposal

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
USD 4.9 million	6.4 FTEs	-	-	USD 5.2 million
USD 5.2 million		-		

6. A global asset disposal team was established at headquarters in 2019 to fast-track and maximize the generation of revenue from unused and obsolete assets and equipment through sales at public auctions. The primary source of income is the sale of light vehicles that are beyond their useful life (five years or more than 150,000 km travelled). The proof of concept for asset disposal was completed in 2019 and subsequently mainstreamed into a

<sup>5</sup> Time efficiencies are calculated as the reduction in the time required for the financial service provider selection and contracting process when other United Nations entities use WFP's cash transfer services (ten working days) rather than selecting and contracting financial service providers themselves (90 days). The efficiencies reported here take into account only those cases in which a United Nations entity first started to use WFP's cash transfer services in a specific country in 2021.

<sup>6</sup> Cost efficiencies are based on a comparison between occupancy rates in 2021 and a baseline, which was adjusted to take into account the effect of the COVID-19 pandemic as calculated in a [market report by Fitch](#), which indicates that hotel occupancy levels dropped by 60 percent due to the pandemic.

<sup>7</sup> Time efficiencies are calculated as the difference between the times spent before and after the automation of booking, invoicing, reporting and quality control processes.

<sup>8</sup> Cost efficiencies are based on the consolidation of approximately 36,000 trips via ride sharing, both within WFP and with other United Nations entities.

<sup>9</sup> USD equivalents of FTEs saved are based on an average salary of USD 36,000 per year.

new way of working. In 2021, WFP generated **USD 4.9 million in cost efficiencies**<sup>10</sup> in net revenues from the sale of unused and obsolete assets and in savings from the avoidance of rental expenses for the storage of those assets. Asset disposal is done in partnership with the Office of the United Nations High Commissioner for Refugees (UNHCR). In 2021, WFP also achieved internal **time efficiencies of 6.4 FTEs**<sup>11</sup> by adopting UNHCR's approach and services.

***Capital Budgeting Facility fund for engineering projects (supported by the Corporate Planning and Performance Division)***

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
USD 3.6 million	-	-	-	USD 3.6 million
USD 3.6 million			-	

7. The WFP engineering team administers the Field Premises Improvement (FPI) scheme benefiting from the Capital Budgeting Facility (CBF)<sup>12</sup> fund for engineering projects which is a revolving fund that provides loans for capital projects – such as the construction of offices and accommodation – that can demonstrate quantifiable economic and efficiency benefits. In 2021, **cost efficiencies of USD 3.6 million** were generated from two projects funded by the CBF: a project in Somalia generated cost efficiencies of USD 0.3 million<sup>13</sup> in rental savings by redirecting rental or lease payments that would otherwise have been incurred; and the humanitarian logistics base in Djibouti was able to achieve efficiencies of USD 3.3 million<sup>14</sup> through operational efficiencies and savings on storage rental that would not have been possible without the CBF fund's support.

***Self-insurance scheme for light vehicles***

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
USD 2.0 million	-	-	-	USD 2.0 million
USD 2.0 million			-	

8. The self-insurance scheme was introduced in 2007 and its use is mandatory for all WFP light and armoured vehicles. A low annual premium of approximately USD 420 per light vehicle is charged compared with an average market rate of approximately USD 1,092.<sup>15</sup> This enabled **cost efficiencies of USD 2.0 million** in 2021 on light vehicle insurance costs for an

<sup>10</sup> Cost efficiencies are derived from the disposal of approximately 25,000 assets at 27 auctions in 20 countries, and the average annual storage costs avoided through the offloading of assets.

<sup>11</sup> The estimated FTE saving on management of the equipment master record is based on the following assumptions: approximately 25,000 assets are disposed of each year; and each asset requires 0.45 hours per year for record management (physical count and reconciliation, etc.).

<sup>12</sup> The Capital Budget Facility is managed centrally by the Corporate Planning and Performance Division.

<sup>13</sup> Estimation of the cost efficiencies from rental savings in Somalia was based on the rental costs paid in previous years for Garowe United Nations common compound premises.

<sup>14</sup> Estimation of the cost efficiencies from operational and rental savings at the Djibouti humanitarian logistics hub took into account the reductions in vessel demurrage charges, freight charges, stevedoring costs, shunting costs, re-bagging and tagging costs, and storage costs. The efficiencies were estimated in USD saved per metric ton and multiplied by the volume of metric tons concerned.

<sup>15</sup> Estimation of the cost efficiencies is derived from an average acquisition cost of USD 25,405 per vehicle, multiplied by the average regular insurance premium rate of 4.30 percent.

average of 2,982 vehicles insured. Almost USD 22 million in insurance efficiencies have been achieved since the self-insurance scheme was launched in 2007.<sup>16</sup>

### **Centralized sourcing and supply of light vehicles**

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
USD 1.9 million	-	-	-	USD 1.9 million
USD 1.9 million		-		

9. In 2007, WFP established the Global Vehicle Leasing Programme (GVLP) as an internal centralized service to source light vehicles for WFP operations. Within GVLP, WFP incurs significant savings through a direct contract with Toyota for standard vehicles. In 2021, 521 vehicles (major five types of stock vehicles - Prado, LC76, LC79DC, LC79SC and Hiace) were purchased, generating a total **cost efficiency of USD 1.9 million**<sup>17</sup>.

### **Research, assessment and monitoring (under the Research, Assessment and Monitoring Division)**

#### **HungerMapLIVE**

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
USD 16.3 million	24.4 FTEs	-	-	USD 18.2 million
USD 18.2 million		-		

10. Near-real-time food security monitoring systems enable WFP to provide daily food security estimates in countries facing food crises. Data on key indicators are continuously collected through voice calls, analysed, visualized in near real-time, and fed into HungerMapLIVE ([hungermap.wfp.org](http://hungermap.wfp.org)), WFP's global hunger monitoring system. The objective of HungerMapLIVE is to enable WFP offices, governments and the broad humanitarian community to monitor food security daily, capture problems in real time in the event of a crisis, and provide the necessary information for early action and mitigation.
11. Traditional food security monitoring systems typically involve large-scale data collection exercises conducted multiple times a year, which can be resource- and time-intensive. Near-real-time food security monitoring systems provide a highly flexible and efficient way of collecting information daily. A combination of the traditional and near-real-time systems enhances efficiencies by providing continuously updated data at a lower cost and in less time than the traditional system alone can achieve, while ensuring the quality and robustness of the systems. In 2021, efficiencies from the leveraging of near-real-time food security monitoring systems (to replace an average of 1.9 face-to-face surveys of the sample

<sup>16</sup> Cost efficiencies are derived from a historic comparison of estimated market premiums with the self-insurance scheme premium from 2007 to 2021.

<sup>17</sup> Cost efficiencies are derived from a cost reduction from an average of approximately USD 29,000 to USD 25,000 per light vehicle sourced through the GVLP, scaled by the 521 light vehicles sourced in 2021.

population in each of 36 countries) led to **cost efficiencies of USD 16.3 million**.<sup>18</sup> The effort also generated additional **time efficiencies of 24.4 FTEs**<sup>19</sup> (equivalent to **USD 1.9 million**), driven by reductions in the costs and time required for data collection and analysis. The efficiencies are calculated based on the presence of near-real-time monitoring in 39 countries in 2021.

### Human resources (under the Human Resources Division)

#### *WFP self-service platform – digitalization of human resources documentation processes*

Total WFP efficiencies		Total interagency efficiencies		2021 total efficiencies
Cost	Time	Cost	Time	
-	121.6 FTEs	-	-	USD 5.6 million
USD 5.6 million		-		

12. With support from the Technology Division, WFP's self-service platform allows commonly used human resources-related forms to be converted from a traditional paper-based format to a digital one. The conversion includes the full migration of the forms and their related processes to the online platform, facilitating a more streamlined and efficient human resources management process. Digitalized human resources forms include leave applications, attendance records, documentation of separations and entitlements, and other items. Through the expansion of this effort as part of the ongoing human capital management initiative, over the coming years human resources documentation on all the 20,000+ employees in WFP will be managed on the WSS self-service platform. In 2021, the digitalization of human resources forms through the platform created estimated internal **time efficiencies of 121.6 FTEs**,<sup>20</sup> equivalent to approximately **USD 5.6 million**.

<sup>18</sup> Estimation of the cost efficiencies is derived from the difference between the total costs of implementing near-real-time monitoring and conducting face-to-face surveys via mobile technologies (calculated as the unit cost of an interview multiplied by the number of interviews conducted). In countries where near-real-time monitoring replaced face-to-face surveys during the course of 2021, efficiencies were calculated pro-rata according to the month in which the replacement was made. In countries where near-real-time monitoring had been used since prior to 2021, efficiencies were calculated for the whole year.

<sup>19</sup> Time efficiencies are calculated as the difference between the estimated times spent by WFP employees on conducting face-to-face surveys and on conducting near-real-time monitoring.

<sup>20</sup> Time efficiencies are calculated as the difference between the estimated times spent by various stakeholders on tasks related to human resources documentation processes before and after the digitalization of those processes.