WFP Management Plan (2024-2026)

1st Informal Consultation

19 July 2023
Objective of the 1st Informal Consultation

- Update on Programmatic Figures (Op. Requirements & Implementation Plan)
- Update of budget assumptions and priorities
- Preliminary figures for the PSA
- Use of reserves and fund balances

Structure of the presentation

Introduction: External and internal factors

Funding context

Programmatic Context: Operational Requirements & Provisional Implementation Plan

Q&A

Programme Support & Business Operations

- Overview
- PSA
- Reserves and General Fund

Next steps and Q&A
Management Plan 2024 Proposed Draft EB Decisions

For EB approval

- Level of the **Programme Support and Administrative Budget**
- **Use of Reserves and General Fund**
  - PSA Equalization Account
  - Unearmarked portion of the General Fund
- **Indirect Support Cost rate**
- **IRA Resourcing Target**

For noting

- External and internal context
- Funding forecasts
- Programmatic context: (Projected Operational Requirements and Provisional Implementation Plan)
INTRODUCTION
Key external drivers

Conflicts remain the primary driver of hunger.

Climate hazards continue to be a key driver of food insecurity.

High food inflation limits the access to food of poor households.

Public debt levels are alarmingly high.

Hunger remains extremely high.

Malnutrition persists in many forms across all regions.

Forced displacement rose sharply in the past decade and 2022 saw a record yearly increase.

Humanitarian funding cuts make it challenging to serve needs.
### Key Internal Factors

**SP and CRF**
Second year of the Strategic Plan 2022-2025 and Corporate Results Framework – all CSPs transitioned

**Needs-based plans**
(operational requirements) will exceed resource availability

**Funding**
Stretched resources will require WFP to prioritize

**Partnerships and Innovation**
Increased emphasis on scaling up Partnerships and Innovation

**Scaling**
Greater agility needed in scaling needs-based assistance up and down

**Trust**
Trust must be renewed in WFP’s ability to reach beneficiaries in greatest need

**Prices**
Increases to operational costs due to global inflation

**Digital transformation**
Translate advances in digital transformation
FUNDING CONTEXT
Factors impacting 2024 funding outlook

High level of **uncertainty & pressure** due to the impact of the 4 C’s (conflict, covid-19, climate, costs) on donors’ domestic economies

Enhanced strategic engagements for continued funding, **intensified efforts to attract new donors** and diversify funding base

Enhanced efforts and reach are delivering **encouraging funding results** with private sector donors and supporters

Continued engagement in **new financing solutions**, including development of financing partnerships with national governments and International Financial Institutions, and **innovative financing** mechanisms

**Proactive engagement** with donors on **predictable, flexible, and multi-year funding** while reporting on use and added value
Resourcing assumptions and outlook

**Public Partnerships and Resourcing**

• Efforts ongoing to secure high-value, multi-year partnerships, while exploring new opportunities

• 2023 and 2024 contributions forecasts are revised to USD 10 billion

**Strategic Partnerships**

• Positioning as an implementing partner for governments to contribute to national objectives

• The upward trend since 2019 in agreements signed with national governments, including leveraging IFI resources, is expected to continue in 2024.

**Private Partnerships & Fundraising**

• WFP will continue to build-up long-term relationships for increased, flexible and regular income from the private sector.

• Annual income raised from Private Sector likely to reach the overall (cumulative) target for 2020-2025 ahead of time
Funding levels expected to return to previous trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecasted contributions as per MP</th>
<th>Actual contributions</th>
<th>Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>6.8</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>7.5</td>
<td>8.4</td>
<td></td>
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<tr>
<td>2021</td>
<td>7.4</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>8.4</td>
<td>14.1</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>11.0</td>
<td>10.0</td>
<td></td>
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<tr>
<td>2024</td>
<td>10.0</td>
<td>10.0</td>
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</tbody>
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PROGRAMMATIC CONTEXT: 
Operational Requirements & Provisional Implementation Plan
2024 Operational Requirements vs. Provisional Implementation Plan

The Provisional Implementation Plan for 2024 is 48 percent of projected operational requirements.

<table>
<thead>
<tr>
<th>USD Billions</th>
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<tbody>
<tr>
<td>Contribution Forecast</td>
</tr>
<tr>
<td>Net use of fund balances</td>
</tr>
<tr>
<td>Service Provision</td>
</tr>
<tr>
<td>Provisional Implementation Plan</td>
</tr>
</tbody>
</table>

Operational Requirements: 22.7 USD Billion
Provisional Implementation Plan: 11.0 USD Billion
2024 Operational Requirements and Provisional Implementation Plan: Key Figures

**Operational Requirements**
- Value: USD 22.7 B
  - 15% increase from MP 2023

**Provisional Implementation Plan**
- Value: USD 11.0 B
  - 48% of operational requirements

**Planned Beneficiaries**
- 157 M
  - 5% increase from MP 2023

**Targeted Beneficiaries**
- 120 M
  - 76% of operational requirements beneficiaries
In line with previous years, the provisional implementation plan anticipates a greater share to crisis response. Transfer modalities are expected to follow a similar distribution as past years. The provisional implementation plan is anchored around SDG 2 (90%), in line with WFP’s Strategic Plan.
Q&A
PROGRAMME SUPPORT AND BUSINESS OPERATIONS
2024 MP Corporate Budget Process

LG Meeting
Initial guidance and priorities (mid-March)

Regional /HQ Budget submissions (early May)

Global Budget Committee
5 – 9 June

Executive Director endorsement
4 July

Management Plan Approval
13 Nov

LG Meeting
Review and Discussion
Early June

1st Informal Consultation
19 July

2nd Informal Consultation
8 Sept

ACABQ, FAO Fin Committee
29 Sept, 30 Oct

2nd Regular Session
13 Nov
WFP’s budget

Programme Support and Business Operations Budget
This budget captures all activities managed by global headquarters which includes HQ, RBx, and CO representation costs.
Management Results

1. Effectiveness in Emergencies
2. People Management
3. Engage in Effective Partnerships
4. Effective Funding for Zero Hunger
5. Evidence and Learning
6. Leverage Technology
7. Leverage Innovation

- Support effective implementation of the strategic plan at the global level
- Capture WFP's results and performance throughout the cycle of planning, implementation, monitoring, evaluation, and reporting
- Aligned with Annual Performance Report
- Provide comparability with 2023 budget
2024 Guiding Principles

Corporate Budget Priorities

1. Ensuring maximum **efficiency** and **accountability** and embracing innovation

2. Scaling up **partnerships** to expand the **funding base** and capitalize on partners’ expertise

3. Ensuring **duty of care** and improving **workplace** culture

4. Strengthening **emergency response** capabilities

Corporate Risk Areas – Costed workplans

- Workplace culture and conduct including talent management and workforce planning.
- NGO Management, Beneficiary Management, and Monitoring

Financial Planning Principles

- Reduce administrative and financial burden on Country Operations
- PSA budget aligned to ISC income
- Judicious use of WFP reserves for one-time investments
PSA planning assumptions for 2024

• In 2024, global inflation projected at 4.5%, Eurozone inflation projected at 2.5%

• Dollar expected to be weaker than the 2023 budget assumptions

• Maintain ISC standard rate of 6.5 percent, with exceptions for lower rates as per EB decisions

• USD 10B income generates an ISC of USD 568M

• Proposed 2024 PSA budget at 568M compared to 576M in 2023.

• The budget will be presented based on the May 2023 organigram
Proposed 2024 PSA level of USD 568 million is a decrease in the PSA Budget compared with 2023.

* Excludes additional USD 17.1 M released under ED's authority
PSA budget changes – 2023 to 2024

Emphasis on Strengthening Country Offices

- **22%** increase in Country Office PSA funding
- **11%** increase in Central appropriations
- **2%** RB budget prioritized over HQ
- **9%** HQ departments absorb the burden

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Budget</th>
<th>Country Offices</th>
<th>Central Appropriations</th>
<th>Regional Bureaux</th>
<th>Global HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>576 M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>568 M</td>
<td></td>
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- **100%**
Start of calibration on PSA 2023

Revised contributions for 2023 influence ISC income for 2023

- PSA 2023 approved at **576M** considering funding forecast of 11 B
- Updated funding forecast of 10 B will generate ISC income of **568 M**

Calibration to a lower PSA has begun with reductions to 2023 allotments

Any shortfall of 2023 ISC income vs. 2023 PSA expenses incurred up to the appropriation of USD 576M could be absorbed by the PSAEA
RESERVES AND GENERAL FUND
## Reserve and General Fund Overview

(USD millions)

<table>
<thead>
<tr>
<th></th>
<th>PSAEA</th>
<th>UGF</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td><strong>Projected balance 31 Dec 2023</strong></td>
<td>390</td>
<td>330</td>
<td>721</td>
</tr>
<tr>
<td>Projected earnings in 2024</td>
<td>0</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>Prudent balance</td>
<td>(237)</td>
<td>(150)</td>
<td>(387)</td>
</tr>
<tr>
<td><strong>Availability after prudent balance Dec 2024</strong></td>
<td>154</td>
<td>305</td>
<td>459</td>
</tr>
</tbody>
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### Proposed usage

- **Repurposing of the staff wellness fund**: 
  - PSAEA: -
  - UGF: 50
  - Total: 50

- **IRA**: 50

- **CCIs**: 90

- **Country Office Support**: 85

- **Human Capital Management**: 15

**Total proposed usage for approval**: 140

27/36
IRA Transfer and Resourcing Target

**IRA Transfer**

PSAEA *proposed use* of USD 50 million for the Immediate Response Account

**IRA Resourcing Target**

Annual *resourcing target* proposal to be kept at USD 400 million, same as 2023
**PSAE A usage for Critical Corporate Initiatives**

**Proposed CCIs in 2024**

1. Investing in WFP People (People 30%)
2. Tracking and Monitoring Business Optimization (Monitoring 26%)
3. Fit for Future in a changed funding landscape (Partnerships 9%)

**CCI Total by Priority:**

- **USD 90.4 M**

**Efficiency 35%**

4. Corporate Process Optimization
5. Transforming Technology for Sustainable Impact
6. COSMOS
7. UNSDG Efficiency Road Map

*CCIs Termination Indemnity Fund and Strategic Plan/CRF Implementation do not require new funding in 2024*
2024 Critical corporate initiatives (1 of 3)

1. **Investing in WFP People**
   - Est. USD 27.0 million
   - Year 3
   - To support **strengthening WFP’s organizational capacity** and absorb new corporate processes

2. **Tracking and Monitoring Business Optimization**
   - Est. USD 23.7 million
   - Years 1 and 2
   - Seamless **end-to-end tracking** of WFP purchased and in-kind food from farm gate/load point to household level while **piloting remote processes for output and outcome monitoring** activities

3. **Fit for Future in a changed funding landscape**
   - Est. USD 7.9 million
   - Year 1
   - Strengthen PA Department’s delivery of **Innovative Finance, Climate Funding** activities and enhance capacity across RBx/COs with **effective tracking of PA lifecycle** and **end-to-end partner management**
Corporate Process Optimization
Est. USD 21.0 million
Years 1 and 2

To minimize transactional workload through integration, automation and streamlining of enabling services at a global level to leverage global efficiencies and allow Country Offices to focus more on programmatic activities.

Transforming Technology for Sustainable Impact
Est. USD 2.0 million
Year 1

To build the digital and data architecture that will allow WFP to operate more efficiently and effectively across operations and create a creative culture that harnesses the power of science and data.
### COSMOS

**Est. USD 3.0 million**  
**Year 2**

To improve **effectiveness and efficiency of CO support** provided by global HQ. The first phase (2023) included the design, development and implementation of pilot models of support that are to be expanded to more functional areas based on lessons learned in the second phase (2024).

### UNSDG Efficiency Road Map

**Est. USD 5.8 million**  
**Year 2**

To ensure WFP has capacity to prepare and respond to **inter-agency reform efforts**
Proposed use of the General Fund

**Country Office Support**
Cushioning impact of reductions in contribution revenue on COs - USD 85M

**Human Capital Management Project**
Early Capital Budget Facility loan repayment of USD 15M used to develop system used in Country Offices
NEXT STEPS
Next Key Dates for the Management Plan Process

- **May 31**: EB informal briefing
- **Jul 19**: 1st informal consultation
- **Aug 25**: MP draft posted on EBS
- **Sept 8**: 2nd informal consultation
- **Sept 29**: Advisory Committee on Admin. & Budgetary Questions (ACABQ)
- **Oct 13**: MP document posted on EBS
- **Oct 30**: FAO Finance Committee
- **Nov 13**: Second regular session – MP approval