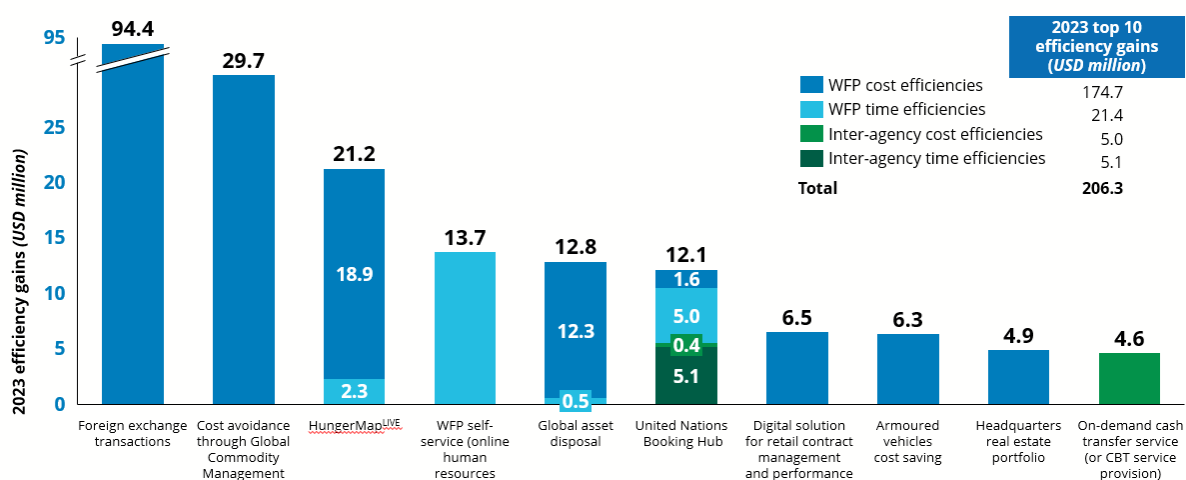


ANNEX IV-C: SUPPLEMENTAL REPORTING ON TOP TEN EFFICIENCY GAINS IN 2023

WFP prioritizes efficiency and effectiveness in line with its management plan for 2023–2025 and the United Nations Secretary-General's reform targets. Since 2021, WFP has intensified its efforts to achieve more efficient resource use, contributing to the United Nations efficiency report. The strategic plan for 2022–2025 highlights the importance of efficiency throughout all WFP programmes.

This annex identifies and describes the top ten initiatives for enhancing efficiency in terms of the validated savings generated.

Figure 1: Total efficiencies achieved from WFP's top ten efficiency gains in 2023 (USD million)



Note: Total efficiencies include cost efficiencies and time efficiencies (in full-time equivalent units).

Top initiatives with efficiency gains

- Reporting on each initiative takes into account the efficiencies achieved in WFP and/or at the inter-agency level, distinguishing between cost and time efficiencies where applicable. Cost efficiencies are savings in the financial resources disbursed to achieve a given outcome; time efficiencies are savings in the working hours required to perform a given task and are presented in terms of the number of full-time equivalent (FTE) units required to achieve the result.

Foreign exchange transactions

Office of the Chief Financial Officer

Total WFP efficiencies		Total inter-agency efficiencies		2023 total efficiencies
Cost	Time	Cost	Time	
USD 94.4 million	–	–	–	USD 94.4 million
USD 94.4 million			–	

- WFP's conversion of hard currency into local currencies to pay local vendors continued to lead the cost efficiencies made in 2023. Since 2007, WFP has used competitive bidding to secure the most favourable rates on currency conversions. This approach ensures efficient financial operations, while injecting vital hard currency into local financial systems. Since

2010, WFP has centralized its foreign currency conversion for field offices, resulting in cumulative efficiencies of USD 362.1 million by the end of 2023, including significant cost efficiencies of USD 94.4 million in 2023 alone. Those efficiencies comprise a combination of the economic and the accounting gains achieved from the centralization and are calculated by aggregating the actual variances between the exchange rates realized by WFP on its foreign exchange deals and the prevailing United Nations operational rates of exchange for each of those transactions.

- In 2023, centralized foreign exchange transactions were carried out in 53 country offices and continued to deliver better value for money than the decentralized system when replenishing local operational bank accounts. In 2023, WFP's foreign exchange volume reached USD 1.5 billion, enabling the organization to obtain better value for money from its donor funding, as larger amounts of local currency are purchased centrally on the foreign exchange markets at more favourable exchange rates, resulting in lower United States dollar requirements.

Efficiency gains enabled by the Global Commodity Management Facility

Corporate Planning and Performance Division

Total WFP efficiencies		Total interagency efficiencies		2023 total efficiencies
Cost	Time	Cost	Time	
USD 29.7 million	-	-	-	USD 29.7 million
USD 29.7 million			-	

- In 2023, the Global Commodity Management Facility (GCMF) continued to play a crucial role in improving WFP's operational efficiency through the timely procurement and delivery of food to strategic locations. The facility enabled WFP to reduce delivery times, expedite emergency response, optimize costs and support local and regional procurement, including from smallholder farmers.
- In 2023, food purchased by country offices through the GCMF accounted for 57 percent of WFP's cash-funded procurement and allowed the handover of 1.4 million mt of food to 50 country offices. The GCMF played a pivotal role in WFP's corporate emergency responses: country offices responding to emergencies of corporate attention or scale-up purchased nearly 1.2 million mt of food from the GCMF, accounting for 65 percent of their total purchases.
- The well-timed purchases and economies of scale facilitated by the GCMF produced USD 29.7 million in cost efficiencies.¹ Food procured through the GCMF reached country offices in an average of 37 days, representing a 69 percent reduction compared with the average of 120 days required for conventional procurement processes.

¹ These cost efficiencies were calculated by comparing the food prices of direct purchases with those of purchases made through the GCMF and multiplying the differences by the corresponding tonnages of food purchased. The prices comprise the food value and the external transport costs. Direct purchases are those made by country offices using conventional procurement systems rather than the GCMF, and reflect market rates. The calculation is carried out for each commodity and each GCMF supply line (zone), focusing solely on commodities in the GCMF food basket.

HungerMap^{LIVE}

Research, Assessment and Monitoring Division

Total WFP efficiencies		Total interagency efficiencies		2023 total efficiencies USD 21.2 million
Cost	Time	Cost	Time	
USD 18.9 million	27.35 FTE	-	-	
USD 21.2 million		-		

- HungerMap^{LIVE} is WFP's global hunger monitoring system which seeks to enable WFP offices, national governments and the wider humanitarian community to monitor food security and its drivers on a daily basis. HungerMap^{LIVE} makes it possible to identify a deterioration in food security in real time in the event of a crisis, and provides information for early action and mitigation. In 2023, the HungerMap^{LIVE} system provided real-time data on some of the key food security indicators and their underlying drivers in almost 80 countries, using a combination of actual survey data and predictive models based on artificial intelligence. Predictive models are used to provide estimates of key food security indicators in areas where data are not collected through remote surveys.
- In 2023, real-time food security monitoring generated total efficiency gains of USD 21.2 million, comprising USD 18.9 million² achieved by reducing by 1.7 rounds the average number of rounds of face-to-face surveys of the sample populations in the 40 countries where the systems were applied, and time efficiencies valued at USD 2.6 million³ driven by reductions in the personnel costs and time required to collect and analyse data.

WFP self-service platform – digitization of human resources documentation processes

Human Resources Division

Total WFP efficiencies		Total interagency efficiencies		2023 total efficiencies USD 13.7 million
Cost	Time	Cost	Time	
-	264 FTE	-	-	
USD 13.7 million		-		

- In 2023, WFP continued to expand the use of its online self-service platform for the administration and management of human resources forms, converting forms that are commonly used in human resources from a traditional paper-based format to a digital one. Additional forms were converted or enhanced and further technical developments were implemented. These advances contributed to a more streamlined and efficient process for

² These cost efficiencies are estimated from the difference in total costs between conducting surveys face-to-face and using mobile technologies. In this exercise, the average cost of a face-to-face interview is estimated to be USD 30, while the average cost for phone surveys is estimated using the actual costs from the long-term agreements with the service providers carrying out the surveys. The use of real-time monitoring over a full year is estimated to result in approximately 1.7 fewer rounds of face-to-face surveys. Efficiencies were calculated pro-rata according to the number of months in which real-time monitoring was used in each of the countries where the initiative was first implemented in 2023. Efficiencies for the full year of 2023 were calculated for countries that started using real-time monitoring prior to 2023.

³ These time efficiencies are calculated from the difference between the estimated time that would have been spent by WFP on conducting the additional 1.7 face-to-face surveys of the sample population in each country and the estimated time spent on conducting real-time monitoring in that country.

the documentation of WFP's global workforce, resulting in estimated time savings of 264 FTE⁴ units, equivalent to USD 13.7 million.

Global asset disposal

Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2023 total efficiencies
Cost	Time	Cost	Time	
USD 12.3 million	12.31 FTE	-	-	USD 12.8 million
USD 12.8 million		-		

10. WFP continued its efforts to maximize revenue through the sale by public auction of fully depreciated, obsolete, surplus or unserviceable assets.⁵ In collaboration with the Office of the United Nations High Commissioner for Refugees, such sales generated USD 12.8 million in efficiency gains in 2023. The total cost savings of USD 12.3 million were derived mainly from the sale of fully depreciated light vehicles or those that were no longer road-worthy. In addition, time savings of 12.31 FTE units, equivalent to USD 489,469, were realized as a result of the streamlining of storekeeping processes (9.4 FTE units) and the improved management of master records for equipment (2.9 FTE units).

United Nations booking hub

Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2023 total efficiencies
Cost	Time	Cost	Time	
USD 1.6 million	125.8 FTE	USD 0.4 million	128.4 FTE	USD 12.1 million
USD 6.6 million		USD 5.5 million		

11. The United Nations booking hub is a WFP-managed global shared service open to the wider humanitarian community for digitized booking and back-office services. Five service lines are offered as common services through the hub: accommodation services, passenger mobility services, carpooling, medical clinic services and aviation services. In 2023, these digital services generated USD 12.1 million in efficiency gains. WFP achieved internal cost efficiencies of USD 1.6 million⁶ while other United Nations entities saved USD 427,254 in costs.⁷ In terms of time efficiencies, savings of 125.8 FTE⁸ units (USD 5 million) were realized internally⁹ and 128.4 FTE (USD 5.1 million) by other United Nations entities.

⁴ These time efficiencies are calculated as the differences between the estimated times spent by various stakeholders on tasks related to human resources documentation processes before and after the digitization of those processes.

⁵ These cost efficiencies are based on the disposal of approximately 10,419 assets through 44 auctions in 120 countries and the avoidance of average annual storage costs through the disposal of those assets.

⁶ These cost efficiencies are calculated by applying a 9 percent flat rate (based on data from previous years) as representing the cost savings generated by increased occupancy rates in WFP guesthouses under accommodation services, and internal trip consolidation and the provision of carpooling trips from WFP to other United Nations agencies under mobility services.

⁷ These cost efficiencies are based on the consolidation of approximately 82,000 trips via ride-sharing and carpooling, both within WFP and with other United Nations entities.

⁸ These time efficiencies in FTE units are based on average salaries of USD 39,750 per year for local staff and USD 167,280 per year for international staff.

⁹ These time efficiencies are calculated from the difference between the times spent before and after the automation of booking, invoicing, reporting and quality control processes.

12. In 2023, more than 1.2 million customers were served through the United Nations booking hub platform, making a cumulative total of 3 million customers served since the hub was rolled out in 2022. Booking hub services are now available in 115 countries following the addition of five countries in 2023. Passenger mobility services were provided to 856 locations, 152 of which were new in 2023. Operations management team agreements for carpooling were signed by 25 United Nations entities. Under the hub's accommodation services, 293 guesthouses are operational. The medical service represents 98 clinics, following the addition of six clinics in 2023. The United Nations Humanitarian Air Service was rolled out to 19 additional countries, representing 90 percent of the total number of countries served.

Digital solution for retail contract management and performance evaluation

Supply Chain Division

Total WFP efficiencies		Total interagency efficiencies		2023 total efficiencies
Cost	Time	Cost	Time	
USD 6.5 million	-	-	-	USD 6.5 million
USD 6.5 million		-		

13. In 2023, WFP's digital solution for monitoring and evaluating the performance of retailers (hosted in Databridges) enabled USD 6.5 million in cost efficiencies. Efficiencies were calculated from voucher programmes implemented in Afghanistan, Ethiopia, Jordan and Ukraine, which enabled beneficiaries to purchase items in WFP-contracted shops at more affordable prices than in the general market. In 2023, value vouchers constituted 28 percent of WFP's cash-based transfers worldwide, totalled USD 814 million in value and were distributed through a network of about 5,700 vendors. WFP's work with retailers helped to ensure the availability of safe food, improved services and affordable essential items for beneficiaries.
14. The enhancement of WFP's digitalization efforts and the integration of core corporate platforms, such as the Databridges database and the retail contract management system, enabled the direct comparison and analysis of information on general market prices with data collected from contracted retailers, improved assurance and provided solid evidence on the impact of WFP's programmes. The digital data solution is integrated into the retail contract management system, which brings together all the information on assessed, shortlisted and historically contracted retailers. This improves access to key information and documents, such as contracts, performance evaluations and reports on corrective actions, and informs decisions regarding the management of retail contracts.

Armoured vehicles

Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2023 total efficiencies
Cost	Time	Cost	Time	
USD 6.3 million				USD 6.3 million
USD 6.3 million				

15. In 2023, WFP's Fleet Centre generated USD 6.3 million in efficiency gains¹⁰ by continuing to centralize the sourcing of armoured vehicles and "up-armouring" 69 standard vehicles. Significant overall cost reductions were achieved in the acquisition of armoured vehicles through the up-armouring of the Fleet Centre's own light vehicles and by leveraging the advantages of centralized procurement processes with Toyota Gibraltar Stockholdings Limited.

Headquarters real estate portfolio

Management Services Division

Total WFP efficiencies		Total interagency efficiencies		2023 total efficiencies
Cost	Time	Cost	Time	
USD 4.9 million	-	-	-	USD 4.9 million
USD 4.9 million		-		

16. In 2023, WFP generated USD 4.9 million in efficiency gains by implementing cost-saving measures in its headquarters' real estate portfolio through the flexible workspace project, which includes increased reliance on the use of flexible working space arrangements. WFP prioritized divisional workspaces over individual workstations and introduced a rotational system to promote more efficient sharing of workspace resources, resulting in avoiding the costs of 908 workstations that were removed in 2023.

On-demand cash transfer service

Office of the Chief Financial Officer

Total WFP efficiencies		Total inter-agency efficiencies		2023 total efficiencies
Cost	Time	Cost	Time	
	-	USD 4.6 million	-	USD 4.6 million
		USD 4.6 million		

17. In countries where WFP employs large-scale digital systems for delivering cash-based transfers as food assistance, other United Nations entities, non-governmental organizations and governments often seek to leverage WFP's contracts and platforms to benefit from the organization's due diligence and expertise in cash assistance activities, and the infrastructure, technologies and systems for cash transfers that it has put in place. This collaboration offers unified assistance, minimizes the duplication of efforts, optimizes risk management through reliable due diligence and financial sector assessments, enables quick emergency response and fosters efficiency for all the United Nations entities involved.

¹⁰ These efficiencies are based on an average cost reduction of USD 91,673.49 per armoured vehicle – from an average cost of USD 178,317 for vehicles that are sourced externally to USD 86,643.51 for vehicles sourced through the Fleet Centre – multiplied by the number (69) of armoured vehicles sourced in 2023.