

MANAGEMENT PLAN (2021-2023)

Informal EB briefing

14 May 2020



Resource Management Department

Objectives & outline of the presentation

Objective of the informal EB briefing

Validate initial planning assumptions for the development of Management Plan (2021-2023), including the overall 2021 Programme Support and Administrative (PSA) budget

Outline of the presentation

1. **Strategic and financial context**
2. **Building the Management Plan (2021-2023)**
 - a) Key principles
 - b) Overall approach & preliminary figures
3. **Next steps**



1.

STRATEGIC & FINANCIAL CONTEXT



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Key external drivers

- Uncertainty in **resourcing projections** and **refocusing activities** due to the **COVID-19 pandemic**
- Record number of **concurrent emergencies** and **climate change**-related disasters
- An increasingly **challenging operational environment**
- Adherence to the **Humanitarian Development Nexus**: focus strategy, programme and policy development across humanitarian and development assistance
- Demand for strengthened **accountability on management of funds and results**
- Adherence to the **UN reform** to improve partnership, efficiency and effectiveness
- Capitalize on opportunities to use **innovative technologies** to increase efficiency



Internal projections

- Needs based plans (operational requirements) will **exceed resource availability**
- Information on **gap between needs and resources** will be provided in the Management Plan (2021-2023) document based on **projected income**
- **Implementation plans** will continue to be published online after the Second Regular Session of the Executive Board



Key underway internal actions: corporate reprioritization

- A **corporate reprioritization exercise** was launched in April 2020 to ensure focus on WFP's operations and the COVID-19 response, and attention to oversight issues
- Better definition and classification of initiatives will enable **improved quality of results**
- The number of initiatives imposing **workload on the field** will be reduced
- The exercise will enable some reallocation of multilateral funds to **crisis response activities**



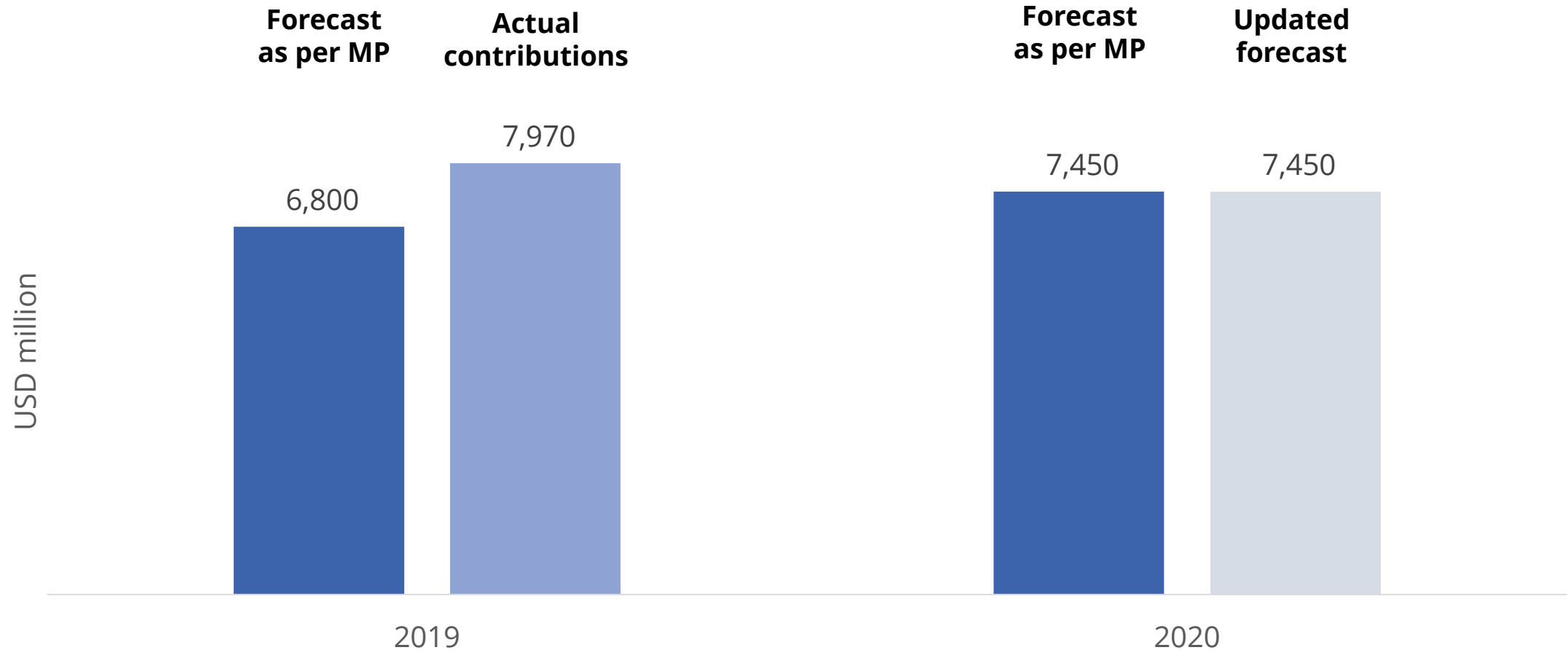
Key internal actions underway : Bottom-up Strategic Budgeting

An **extended timeline** for the Bottom-up Strategic Budgeting Exercise (BUSBE), to be fully reflected in the **Management Plan (2022-2024)**

- **COVID-19 outbreak** and impact on WFP's work
- Time needed for appropriate **consultation, buy-in and analysis**
- **Exercise launched**, BUSBE Director appointed
- **BUSBE project team** and the internal working group being set-up
- Enhancing **data collection**, etc. to be followed by a thorough internal review process
- Refinement of the **parameters** of the exercise

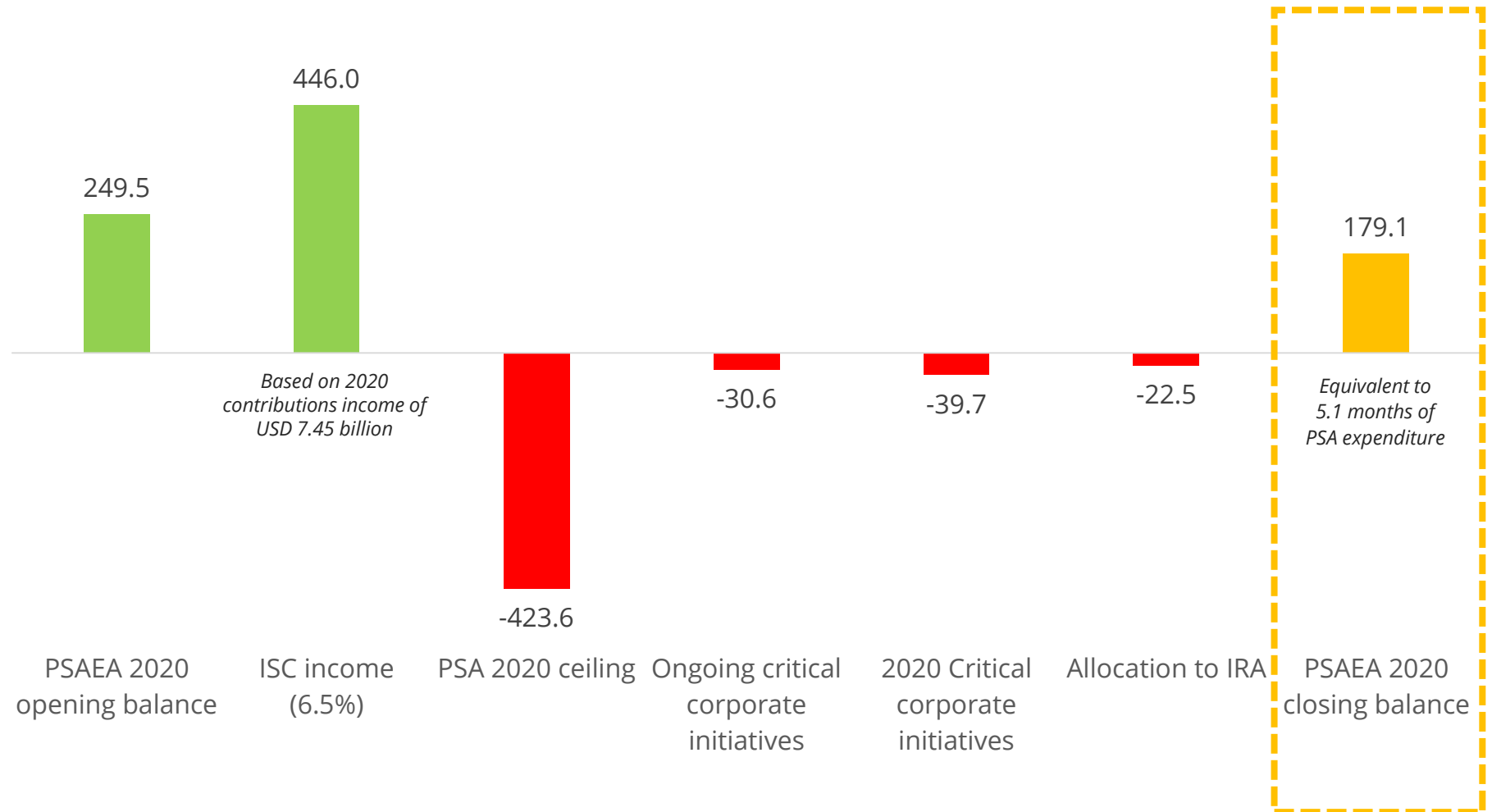
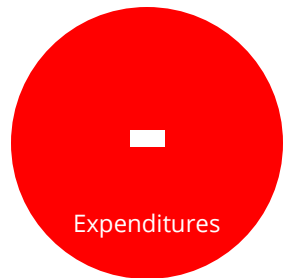


Updated resourcing projections



No significant variation observed on 2020 resource projections; ISC income forecast of **USD 446 million** per 2020 MP remains unchanged, versus 2020 PSA budget of **USD 423.6 million**

Projected PSAEA balance at end-2020 (USD M)



Assuming 2020 contributions income of **USD 7.45 billion**, and full consumption of 2020 Critical Corporate Initiatives (CCI); excludes USD 8 million **Wellness Fund** proposal, to be made to EB.A/2020

2.

BUILDING THE MANAGEMENT PLAN (2021-2023)

2.1

Key principles



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The Programme Support and Administrative Budget

What is the PSA?

A portion of the WFP budget providing **indirect support to WFP activities** (i.e.: costs that cannot be directly linked to the execution of a programme or activity)

How is it funded?

From the **standard Indirect Support Cost (ISC) charge** on each contribution (with a limited number of exceptions)

What does it cover?

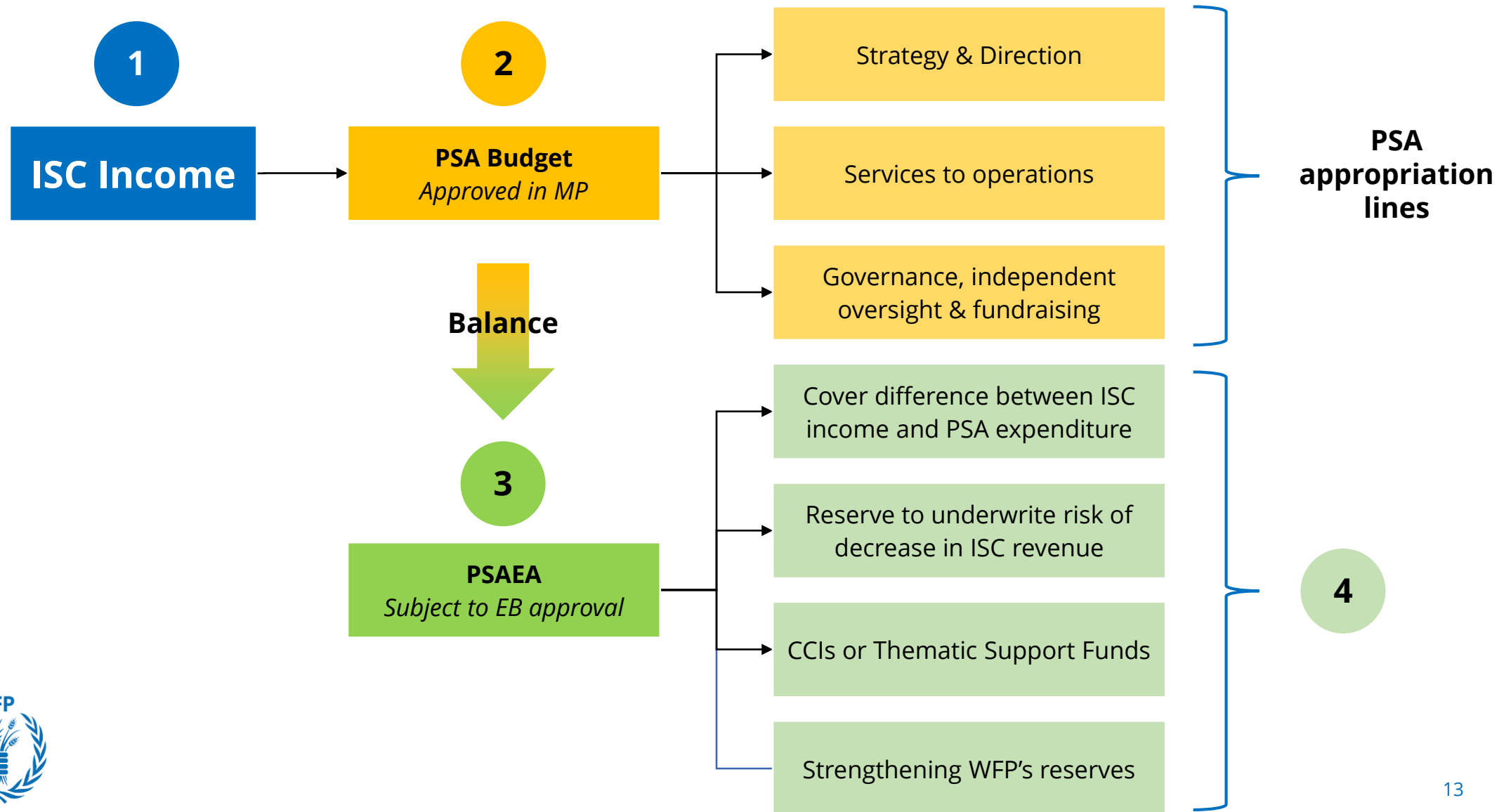
The majority of **HQs and RBx costs**, as well as the “backbone” structure of country offices

How is it approved?

The **EB approves the PSA appropriation** within the Management Plan, authorizing the ED to spend



The Programme Support and Administrative Budget



2021 PSA Planning Parameters

- A **more detailed and engaged process** to estimate contributions revenue
- The annual PSA budget to respect the need to **align funding to the current income forecast**
- Actual and projected PSAEA to respect **target levels** noted by the Executive Board in 2015 (5-month PSA target level, 2-month spending floor)



2.2

Overall approach & preliminary figures



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Planning assumption for Management Plan (2021-23) (1/2)

- Assumed income of **USD 7.4 billion**, generating an ISC income of **USD 443 million**
- 2021 PSA budget to be **zero growth** in the current overall budget (**USD 423.6 million**), plus:
 - Funding for oversight activities; and
 - Mainstreaming specific emergency support and programme functions reliant on donor contributions into the PSA prior to completion of BUSBE
- **No** proposals for **new Critical Corporate Initiatives (CCIs)**
 - However, corporate reprioritization exercise likely to result in extending completion dates of 2020 CCIs, with unutilized funds in 2020 carried over to 2021
- **One-time proposal** for employee termination funding is under consideration

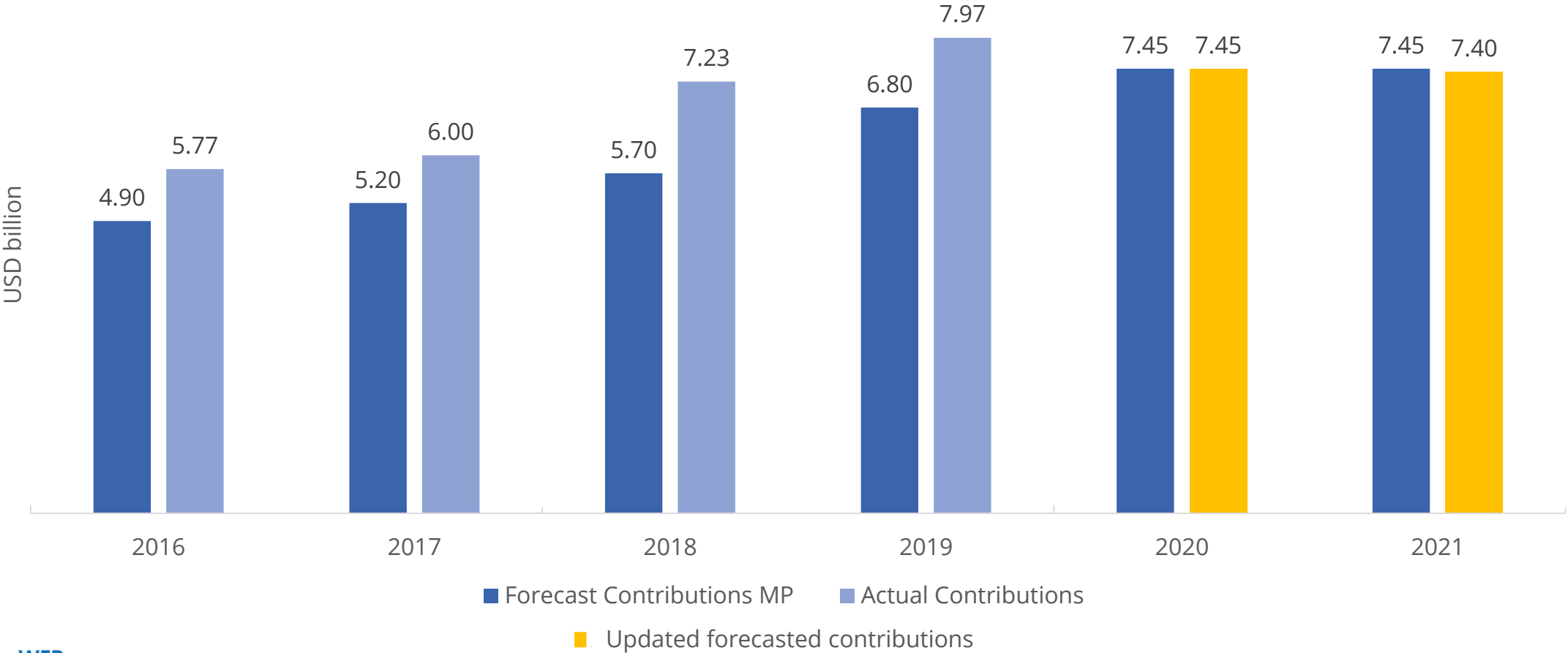


Planning assumption for Management Plan (2021-23) (2/2)

- Maintain the **standard ISC rate of 6.5 percent** and a lower ISC rate (*at least 4 percent*) for:
 - Host governments' contributions to their own programmes; and
 - Contributions from governments of developing countries or with economies in transition
- Any other changes in **ISC policy** will be discussed separately with the Board and incorporated subject to feedback in Informal Consultations

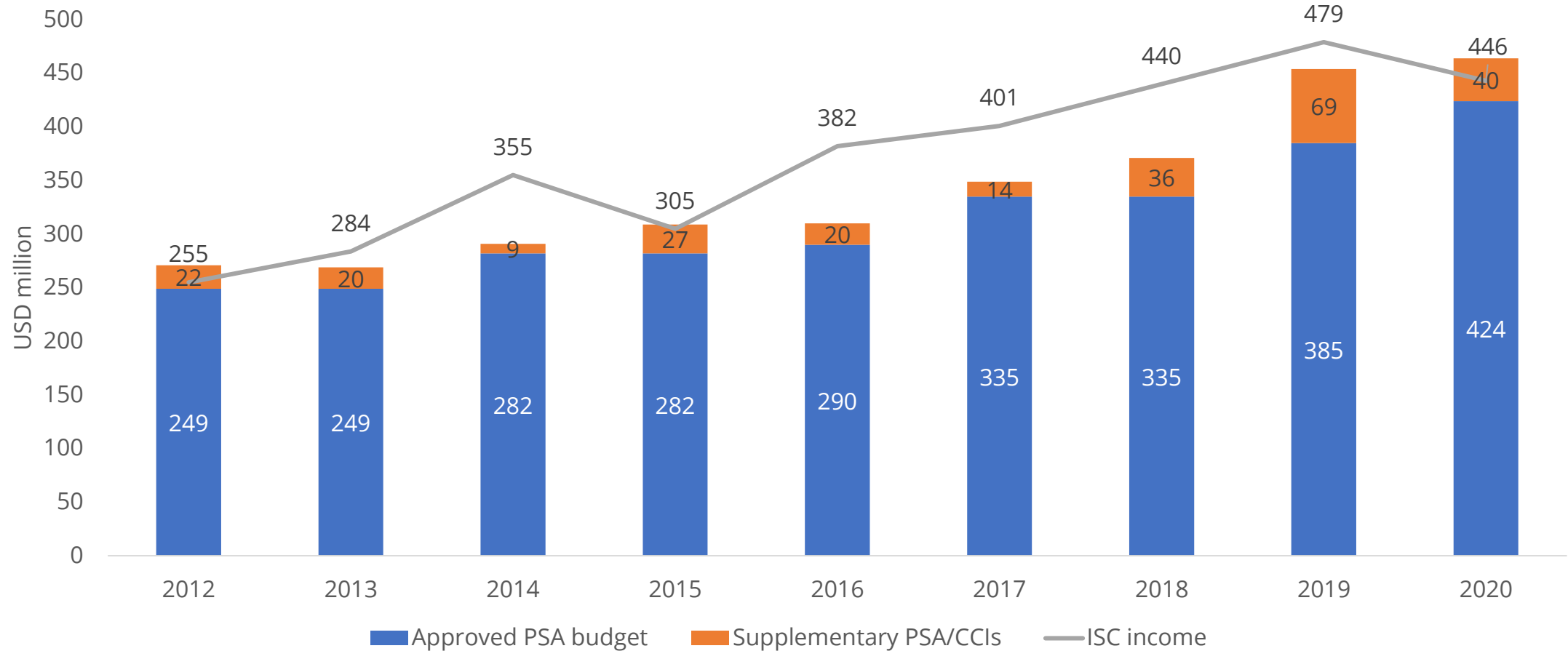


2016-2019 actual contributions and 2020-2021 projections



Forecast of **USD 7.4 billion** assumed for MP 2021 planning (USD 50 million decrease from projections in MP 2020)

Approved & supplementary PSA vs. ISC income



The approved PSA level grew **slightly more slowly** than the ISC income (6.9 percent vs. 7.2 percent compound growth rate respectively)

2021 PSA planning proposal (USD M)

Estimated Overall Income 7,400

Estimated ISC Income 443.0

Proposed PSA level (Zero Growth + oversight and transfers from donor funding) 423.6-435.0

“Living within our means” for 2021



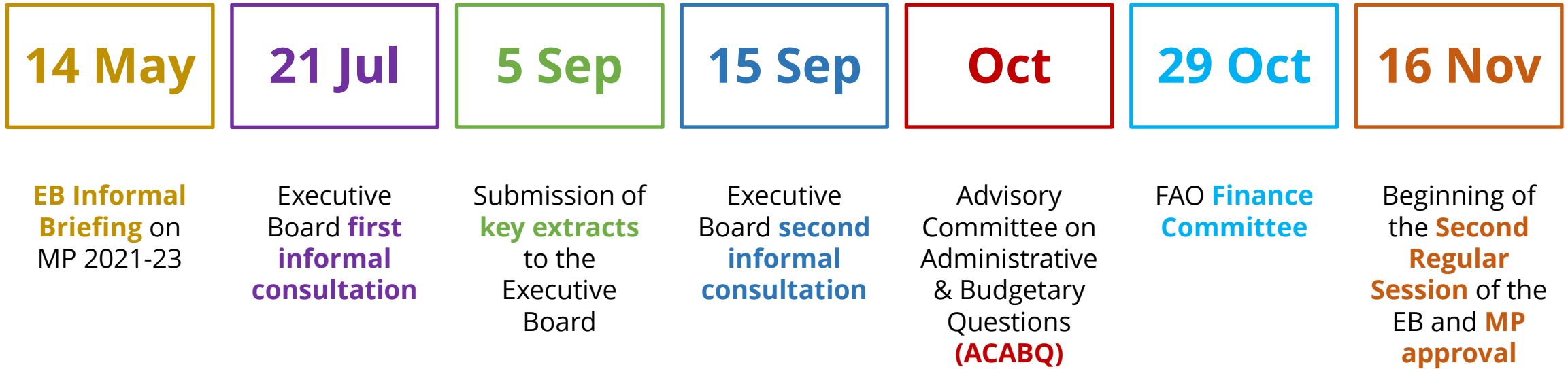
3.

NEXT STEPS



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Next key dates for the Management Plan process



THANK YOU



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