



CORPORATE PLANNING AND PERFORMANCE (CPP)

WFP Management Plan (2023-2025)

1st Informal Consultation


29 July 2022



WFP
World Food Programme

SAVING
LIVES
CHANGING
LIVES

Structure of the presentation

- 
- Management Plan (MP) document outline**
 - Resourcing & financial context**
 - Overview of 2023 Operational Requirements & Provisional Implementation Plan**
 - Programme Support & Business Operations**
 - Baseline approach
 - Management Results Measurement
 - PSA Budget
 - Status of the PSAEA & Proposed Drawdown (CCIs)
 - Reserves
 - Strategic financing facilities**
 - Next steps**

-- Several pauses for Q&A throughout presentation --

Management Plan 2023 Proposed Draft EB Decisions

For approval:

- Level of the Programme Support and Administrative budget
- Use of the PSA Equalization Account
- Indirect Support Cost rate
- Use of Reserves
- Revise the ceilings of strategic financing mechanisms
- IRA Target (under review)
- Adjust the PSA for the year not exceeding 2% of income change

For noting:

- Funding level
- Projected Operational Requirements and Provisional Implementation Plan

MANAGEMENT PLAN DOCUMENT OUTLINE



Outline of the Management Plan

Management Plan 2023 Sections

Executive summary

Draft decision

1. Introduction
2. Funding context and resourcing assumptions
3. Operational requirements and provisional Implementation Plan
4. Programme Support and Business Operations
 - Baseline Approach
 - Pillars/Management Results Measurement
 - PSA
 - PSA Equalization Account and CCIs
 - Reserves
5. Strategic financing facilities

Annexes

- Tables showing PSA budget by organizational unit, pillar, staffing, budget, etc.
- Evaluation Workplan
- Trust Fund and Special Accounts
- Critical Corporate Initiatives Concept Notes

INTRODUCTION, RESOURCING & FINANCIAL CONTEXT



Key external drivers

Conflicts

have risen markedly over the past decade, in number and severity, and **forced displacement surpassed the dramatic 100 million milestone** in 2022



Climate variability

driven by back-to-back **La Niña events adding to natural climate variability** have long-lasting food security implications



COVID-19 pandemic

continues to disrupt economies as incomes remain depressed, the global debt burden has risen to dangerous levels, and inflation is high



High food, fuel and fertilizer prices

have created a **food access crisis**, which high costs for fertilizer could turn into a food availability crisis



Hunger

is **on the rise** – up to 828M people undernourished in 2021 and up to **345M people acutely hungry** or at high risk in 2022



Malnutrition

persists in many forms across all regions and **immense efforts are required to reach the 2030 global nutrition targets** despite global setbacks



Poverty

up to **95M more people are expected to live in extreme poverty** in 2022



Greatest cost-of-living-crisis in a generation

with 1.2 billion people living in countries highly exposed and vulnerable to **high food and fuel prices and financial distress**



Internal Context

Strategic Plan 2022-2025

frames the organizational context for the management plan

Corporate Results Framework 2022-2025

strengthens accountability and moves WFP towards greater United Nations alignment

Management Results

support performance management and accountability with four priorities identified through the call for action in 2023

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

Management review of significant risk and control issues

- Workplace culture and conduct
- Talent management and workforce planning
- Non-governmental organization management
- Beneficiary management and information technology solution
- Field Monitoring

Rising Operational Costs

Increased food prices

Increased fuel/energy cost

Key 2023 figures

Operational Requirements

USD 19.7 B



41% increase from MP 2022

Contribution Forecast

USD 11 B

Provisional Implementation Plan

USD 12 B

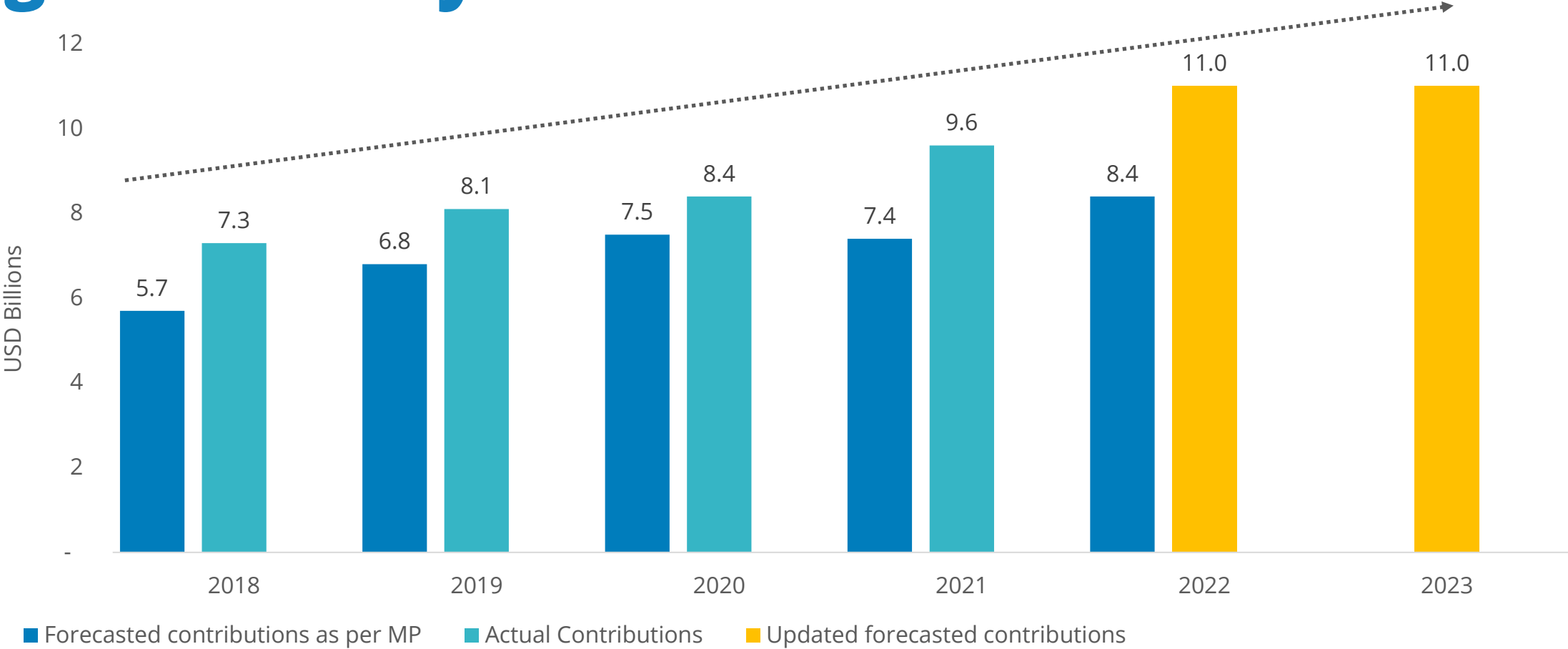


61% of 2023 operational requirements

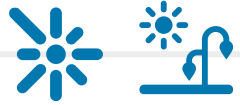
Proposed PSA budget

USD 580 M

Actual contributions beat projections and have grown steadily



Factors impacting 2023 funding outlook



High level of **uncertainty & pressures** due to the impacts 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 resources



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



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



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

OVERVIEW OF 2023 OPERATIONAL REQUIREMENTS AND PROVISIONAL IMPLEMENTATION PLAN



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2023 Operational Requirements and Provisional Implementation Plan: Key Figures

Operational Requirements

Value

USD 19.7 B



41% increase from MP 2022

Targeted Beneficiaries

150.5 M



21% increase from MP 2022

Provisional Implementation Plan

Value

USD 12.0 B



61% of 2023 operational requirements

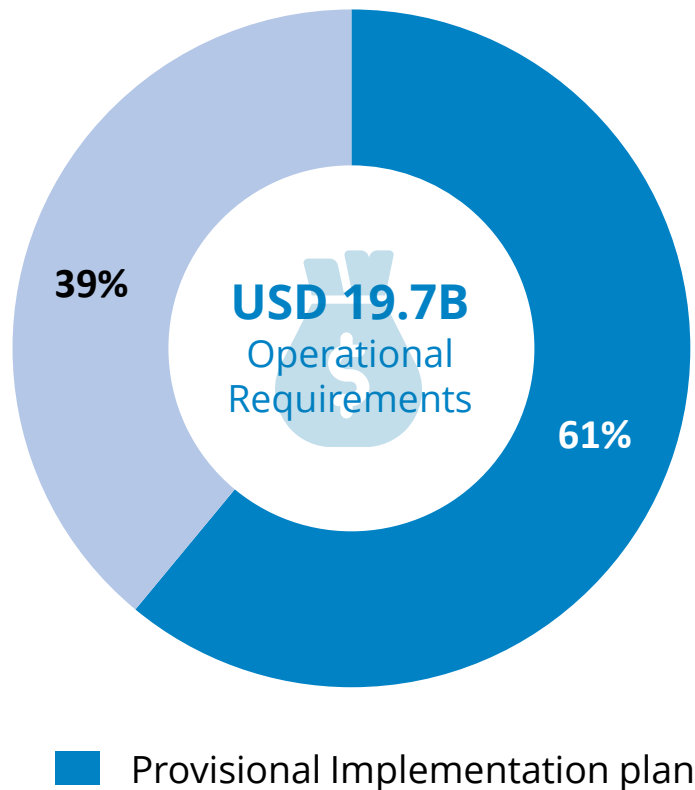
Planned Beneficiaries

140.0 M



93% of operational requirements beneficiaries

2023 Operational Requirements vs. Provisional Implementation Plan

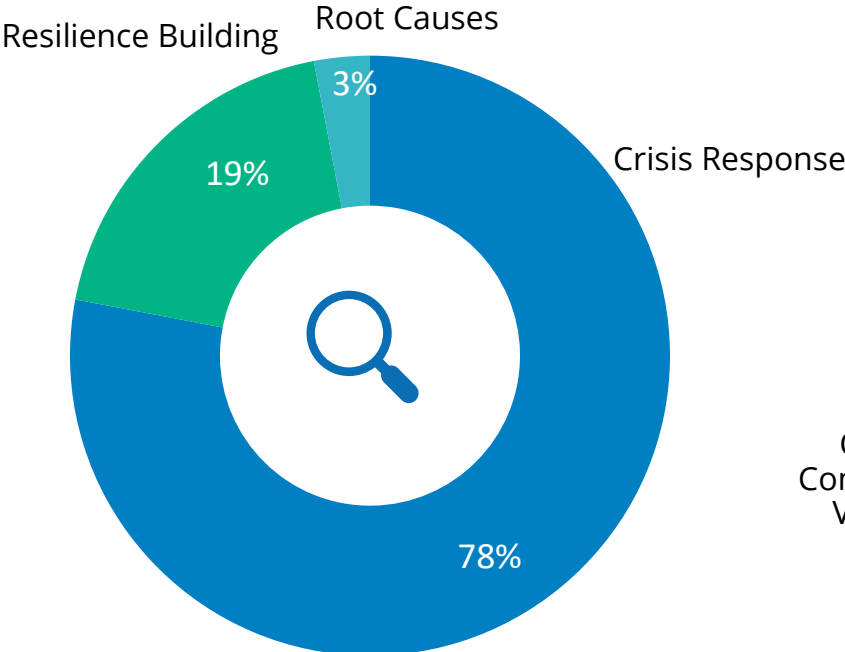


The anticipated **Provisional Implementation Plan** for 2023 totals **USD 12 billion**, or **61 percent** of total operational requirements.

	USD Billions
Contribution Forecast	11.0
Net use of fund balances	0.5
Service Provision	0.5
Provisional Implementation Plan	<u>12.0</u>

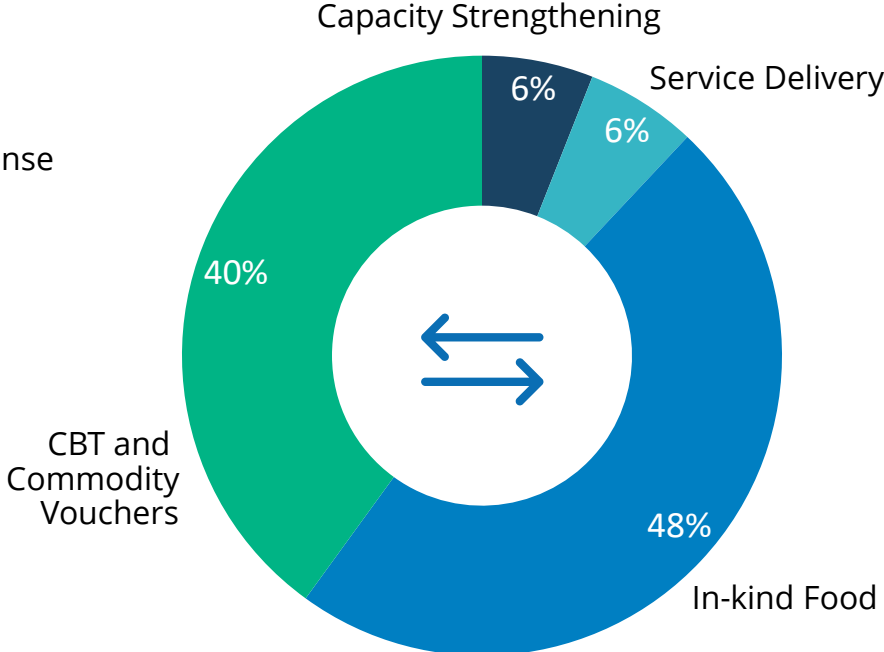
2023 Operational Requirements Analysis - USD 19.7 B

By Focus Area



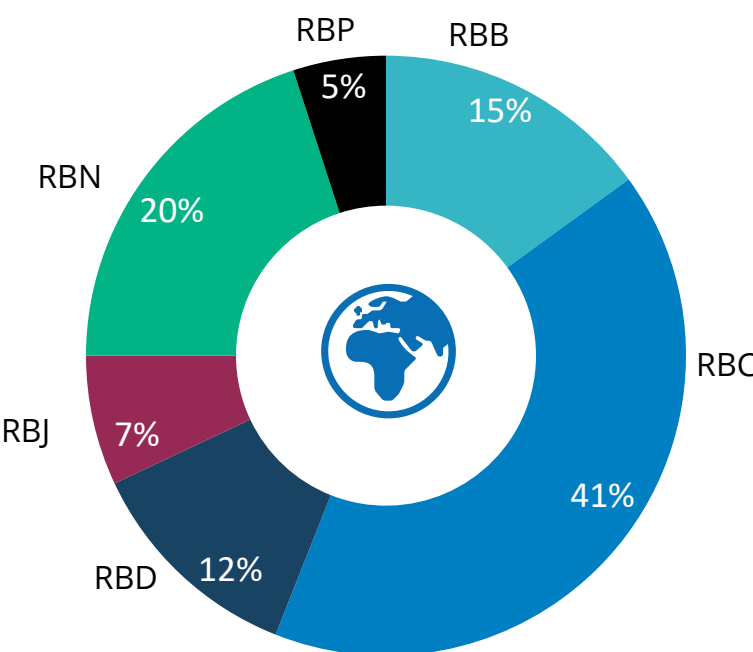
The **share of each focus area** out of the total requirements **remains stable** since MP2020.

By Transfer Modality



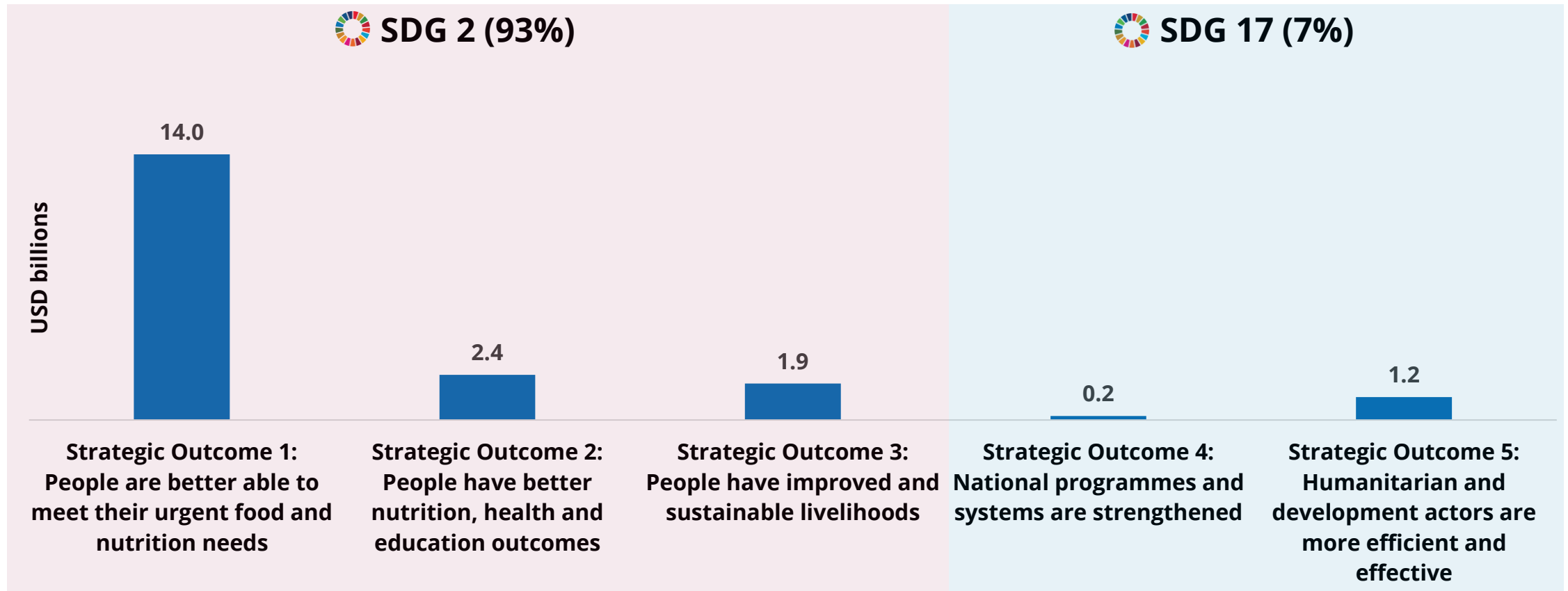
The **share of each transfer modality** out of the total requirements **remains stable** since MP2019

By Regional Bureau



RBC continuously accounts for the **largest share** of requirements. **RBB** represent the **most significant increase** in requirements compared to MP2022

2023 Operational Requirements by Strategic Outcome



Q&AS



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PROGRAMME SUPPORT AND BUSINESS OPERATIONS



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Status of four workstreams of the BUSBE

1
**Budget
Governance**

Fully completed

2
**Cost Recovery
Analysis**

Mostly completed

3
**Country Office
Budget Analysis**

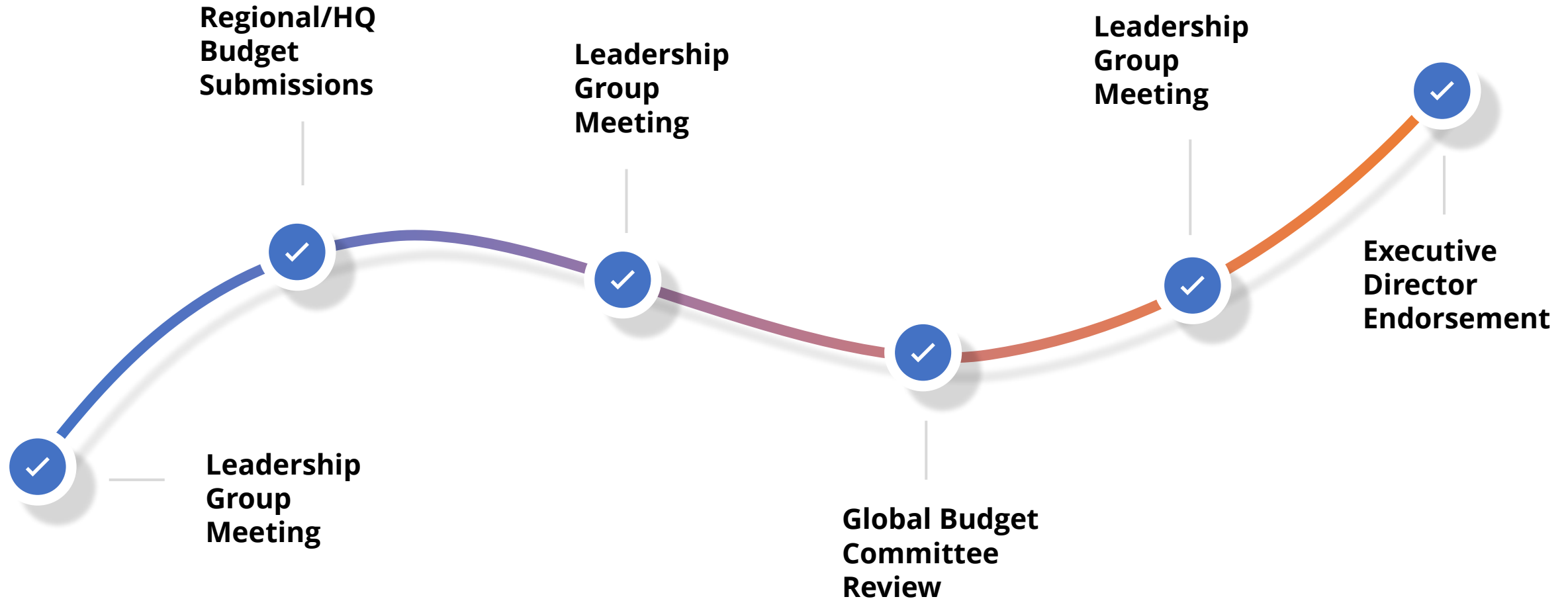
Fully completed

4
**Technical
Budgeting**

Mostly completed

Comprehensive Budgeting Process

Key steps to ensure proper oversight and scrutiny prior to EB approval



Programme Support and Business Operations Budget

Optimal programme support and business operations requirements to ensure WFP's internal resource allocation process are:

- aligned with priorities;
- sufficient to support programme needs;
- based on the most appropriate funding source; and

Composed of:

Baseline activities - essential activities contributing to the efficient and effective delivery of the annual Implementation Plan, but not traceable to Country Strategic Plans.

Other Services - capture surge or scale-up activities that are timebound and new.

Directed Services - certain services traceable to individual CSPs

Funded from:

- indirect support cost revenue
- directed donor contributions (through Trust Funds and Special Accounts)
- management cost recovery fees and/or direct charges to CSPs

2023 Sample Tables

TABLE XX: BUDGET BY APPROPRIATION LINE (USD MILLION)

Appropriation Line / Pillar	Baseline	Other Services	Direct	Total 2023
Strategy and direction	0.0	0.0	0.0	0.0
A – Strategy and direction	0.0	0.0	0.0	0.0
Services	0.0	0.0	0.0	0.0
B – Business services	0.0	0.0	0.0	0.0
C – Policy, guidance and quality assurance	0.0	0.0	0.0	0.0
Governance, independent oversight and fundraising	0.0	0.0	0.0	0.0
D – Advocacy, partnerships, fundraising and UN coordination	0.0	0.0	0.0	0.0
E – Governance and Independent oversight	0.0	0.0	0.0	0.0
Grand Total	0.0	0.0	0.0	0.0

TABLE XX: BUDGET BY ORGANIZATIONAL STRUCTURE (USD MILLION)

Departments	Baseline	Other Services	Direct	Total 2023
Country offices	0.0	0.0	0.0	0.0
Regional bureaux	0.0	0.0	0.0	0.0
Headquarters	0.0	0.0	0.0	0.0
Operations Management Department	0.0	0.0	0.0	0.0
Divisions Reporting to the Executive Director	0.0	0.0	0.0	0.0
Supply Chain, Emergencies and Security Department	0.0	0.0	0.0	0.0
Partnerships and Advocacy Department	0.0	0.0	0.0	0.0
Programme and Policy Development Department	0.0	0.0	0.0	0.0
Management Department	0.0	0.0	0.0	0.0
Workplace Culture Department	0.0	0.0	0.0	0.0
Central appropriations	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

2023 Management Results

Call to Action Response Strategy

- Enhanced Food Security Monitoring and Early Warning
- Adapt and optimize WFP ops - focus on local procurement and cash transfers
- Reinvigorate national social protection programmes
- Support Govt and Regional Structures to build resilient regional and national food systems and related supply chains
- Re-establish the Global Food Crisis Response Programme
- Advocacy and connector for all-inclusive stakeholder support

Strategic Plan Enablers / CRF Management Results with emphasis on MR 1, 2, 5 and 6

- 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

2023 Management Results Tables

Management Results / Baseline & PSA

TABLE XX: BY MANAGEMENT RESULT				
Management Result	USD		% Distribution	
	Total 2023 Baseline	Of which PSA	Total 2023 Baseline	Of which PSA
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				
Not directly tied to a Management Result				
Total	0.0	0.0	%	0.0

Management Results / Pillar

TABLE X.X: BASELINE ALLOCATION BY MANAGEMENT RESULT AND APP LINE / PILLAR						
Management Result	Pillar A	Pillar B	Pillar C	Pillar D	Pillar E	Total
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						
Not directly tied to a Management Result						
Total						

2023 PSA BUDGET



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The Programme Support & Administrative Budget

What is the PSA?

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

What does it cover?

The majority of **HQ and Regional Bureaux costs**, as well as the basic structure of country offices

Primarily **recurring costs**

How is it funded?

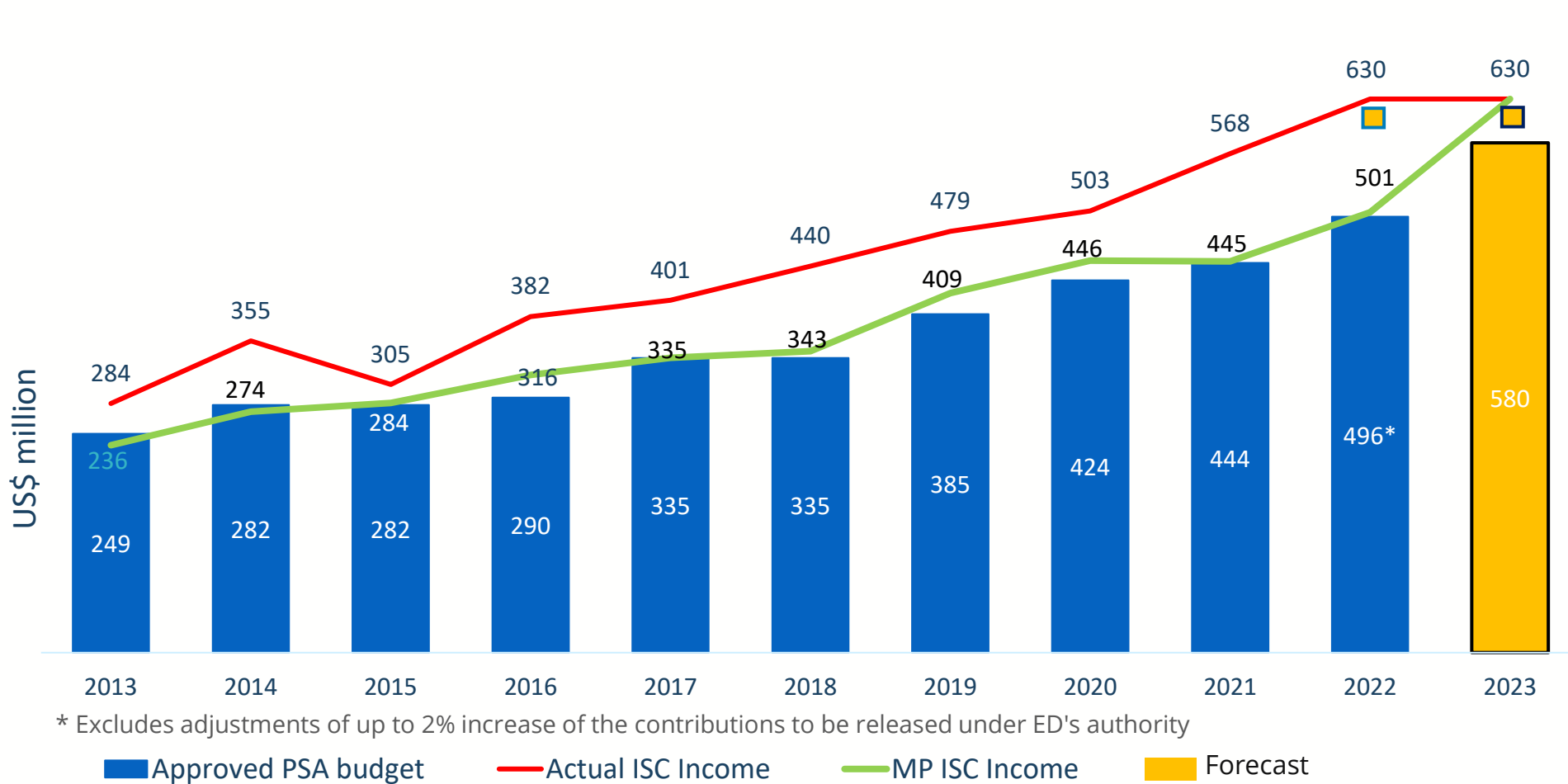
From the **Indirect Support Cost** rate applied to contributions

How is it approved?

EB approves three appropriation lines within the Management Plan giving authority to the ED to spend:

- Strategy & Direction
- Service to operations
- Governance, independent oversight and fundraising

Approved PSA trend below actual ISC income



Actual ISC income, has been **exceeding forecast ISC income** due to higher overall contributions levels

2023 PSA projections (USD million)

Estimated Overall Income	11,000
Estimated ISC Income	630

Proposed PSA level **580**

Proposed PSA level of **USD 580 million** far less than projected ISC income of USD 630 million.

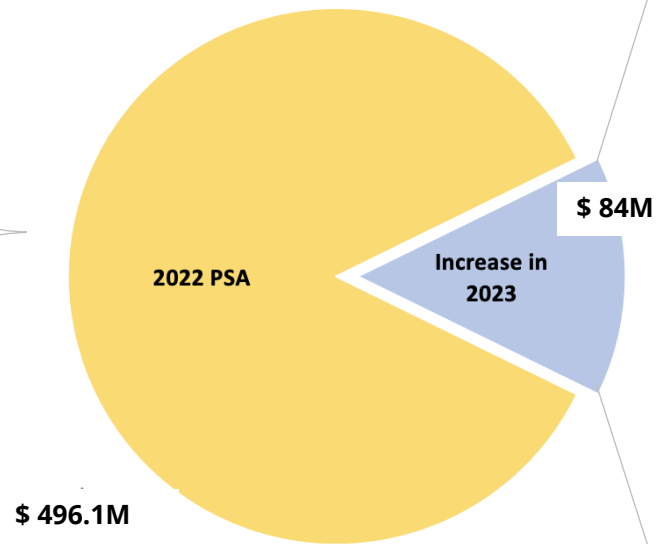
PSA Budget Changes – 2022 to 2023

↑ **31%**
in **contribution income**
(from USD 8.4B to 11B)

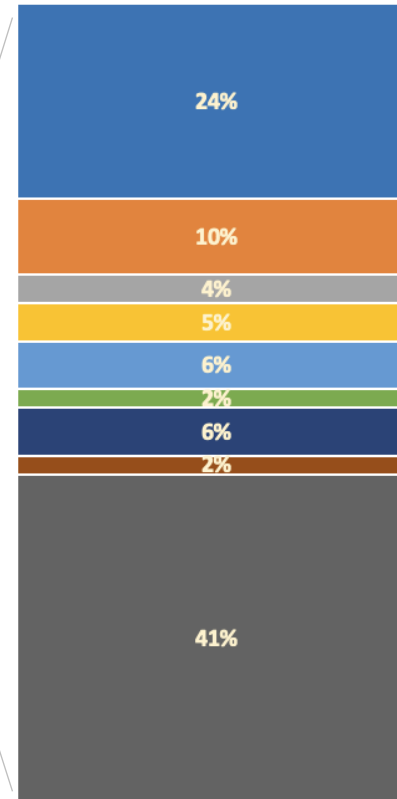
↑ **41%**
in **provisional
implementation plan**
(from USD 8.5B to 12B)

↑ **17%**
increase in **PSA**
(from USD 496.1M to 580M)

2023 Proposed PSA



PSA Increase



- inflation
- staffing framework
- UN cost sharing, secondments
- Strengthening risk areas (monitoring, NGO mgmt)
- Surge capacity - management and response
- Country Office contingency fund
- Strengthen recruitment, promotion and staff development
- Strengthen field security - strategy and sub-regional support
- Increases due to volume, complexity

For Executive Board Approval: Indirect Support Cost Rates

Maintain the standard **ISC rate of 6.5 percent**, and a 4 percent rate for:

1

Host government contributions to their own programmes

2

Contributions from **governments of developing countries** or with economies in transition

3

International financial institutions under such conditions as determined by the Board

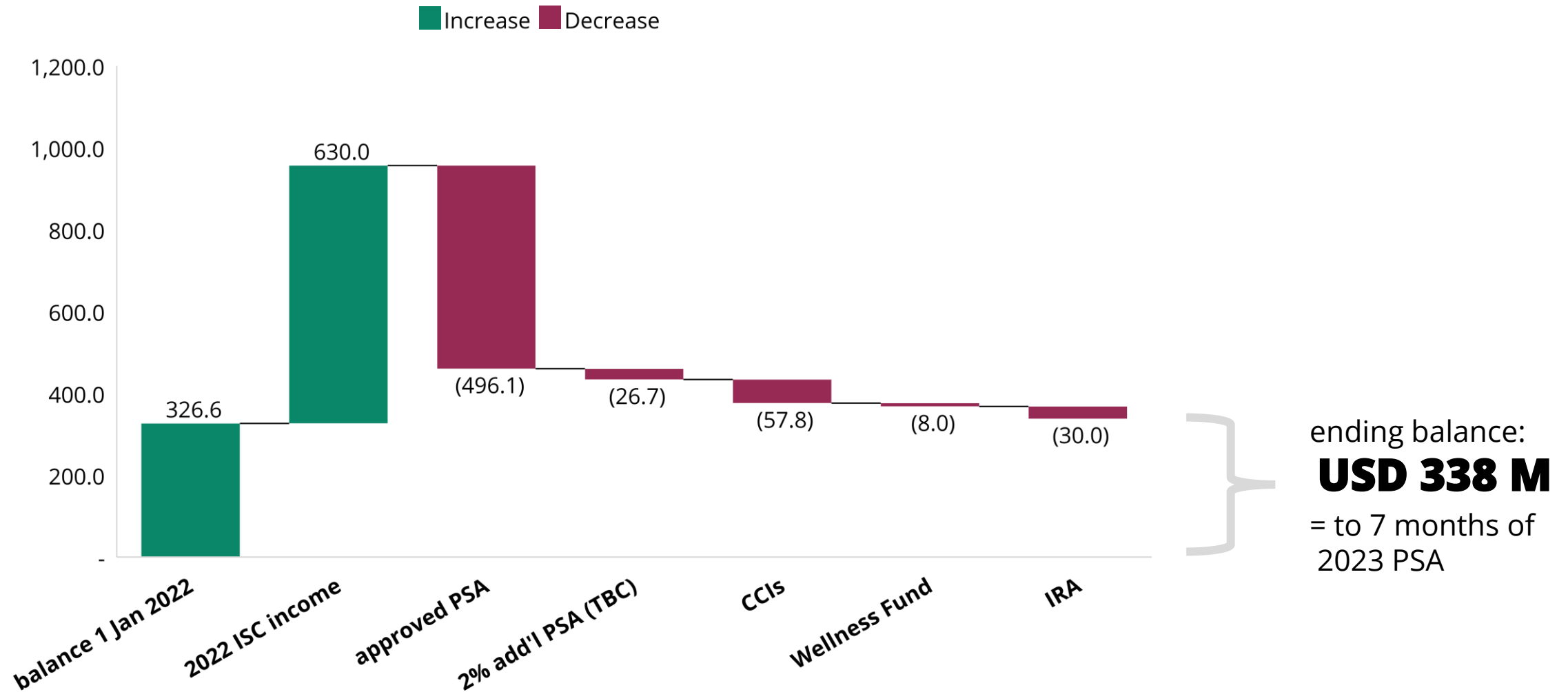
(Approved at EB.A/2022 and Secretariat requested JIU review of UN rates applied to IFIs)

STATUS OF THE PSA EQUALIZATION ACCOUNT & PROPOSED DRAWDOWN (CCI)



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Healthy PSAEA balance projected at end 2022



PSAEA projections and usage for 2023

PSAEA projected balance for 2023

Projected account balance at 31 December 2022	338
2023 ISC projected revenue (<i>based on USD 11B forecasted income</i>)	630
2023 proposed PSA budget	(580)
Balance	388
Target PSAEA (5 months of PSA as reserve)	(242)
Projected surplus balance at 31 December 2023	146

PSAEA potential usage for 2023

Item	USD M
Critical corporate initiatives	50
Strengthening of reserves	50
ISC Shortfall from World Bank contributions	6
Projected PSAEA drawdowns in 2023	106
Potential use for CCI's extended to year 2024	40
Total	146

Projected 2023 year-end PSAEA surplus of **USD 146 million** available for critical corporate initiatives, strengthening reserves or thematic funding.

For Executive Board Approval: PSAEA usage for Critical Corporate Initiatives

Proposed CCIs in 2023:

- Investing in WFP People (Year 2)
- SP/CRF Implementation (Year 2)
- Country Office Support Model Optimization & Simplification
- UNSDG Efficiency Road Map

Characteristics

- A **CCI** is an activity to strengthen WFP's programming, operational and administrative capacity to fulfill its mission and delivering value for money
- CCIs are **one-off in nature, often multi-year**, focused on **organizational change**, require predictable funding and do not benefit a single operation

In Compliance with External Audit: CCI proposed will contain detailed budget information, expected results, and implementation schedule in the management plan

Examples of critical corporate initiatives (1 of 2)

1

Investing in WFP People

Est. USD 27 million

Year 2

To support strengthening WFP's organizational capacity and absorb new corporate processes

Deliverables:

- 1) Proactive management of structures and positions
- 2) Acquisition and retention of diverse talent
- 3) Capability and capacity development
- 4) Development of respectful and inclusive workplaces
- 5) Employee safety, health, and wellbeing

2

SP/CRF Implementation

Est. USD 13 million

Year 2

To re-align and upgrade existing platforms that oversee planning, monitoring and reporting

Deliverables:

- 1) Financial and donor reports, beneficiary counting, systems and platform realignment
- 2) Fully aligned planning, budgeting and reporting for all COs to new SP and CRF
- 3) Optimization of field budget processes to enhance Resources -to- Results
- 4) Project management and change management
- 5) End to End Planning to Reporting – Digital Transformation
- 6) Support to SPI workstreams
- 7) Mainstreaming of cross-cutting priorities within WFP operations
- 8) Strengthening of evidence generation and evaluation
- 9) Roadmap for thematic funding

Examples of critical corporate initiatives (2 of 2)

3	<p>Country Office Support Model Optimization & Simplification (COSMOS) Est. USD 3 million Year 1</p> <p><i>To improve effectiveness and efficiency of CO support provided by global HQ</i></p>	<p>Deliverables:</p> <ol style="list-style-type: none">1) Piloting the models for TEC and CBT (which will be designed during 2022)2) Completing the design of the SCO model followed by piloting3) Assuming piloting is successful, designing models for a further six functional areas.
4	<p>UNSDG Efficiency Road Map Est. USD 7 million Year 1</p> <p><i>To ensure WFP has capacity to prepare and respond to inter-agency reform efforts</i></p>	<p>Deliverables:</p> <ol style="list-style-type: none">1) UNSDG Activities:<ul style="list-style-type: none">▪ Common Premises▪ Business Operation Strategy (BOS)▪ Local Shared Service Centers (LSSC)/Common Back Offices▪ Global Shared Services (GSS) – including mandatory UNDCO contribution2) UN Booking Hub3) UN Fleet4) Global Payment Solution (GPS)

RESERVES



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The Unearmarked Portion of the General Fund

Overview

- Investment income accrual and exchange rate gains not designated to any specific programme category or project
- Projected year-end 2022 balance is USD 151 million.
- The Executive Board approves its use, for example:
 - WFP treasury activities e.g. investment income, exchange rate management (up to USD 2.35 million per annum)
 - Increase operational reserve in support of IPL increase (estimated at USD 50 million)

STRATEGIC FINANCING FACILITIES



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Strategic financing mechanisms

Internal facilities that provide diverse financing solutions to WFP's operations enabling timely, efficient and effective assistance to beneficiaries.



Internal Project Lending (IPL)

to provide spending authority to projects



Global Commodity Management Facility (GCMF)

for food purchases prior to requests from specific countries

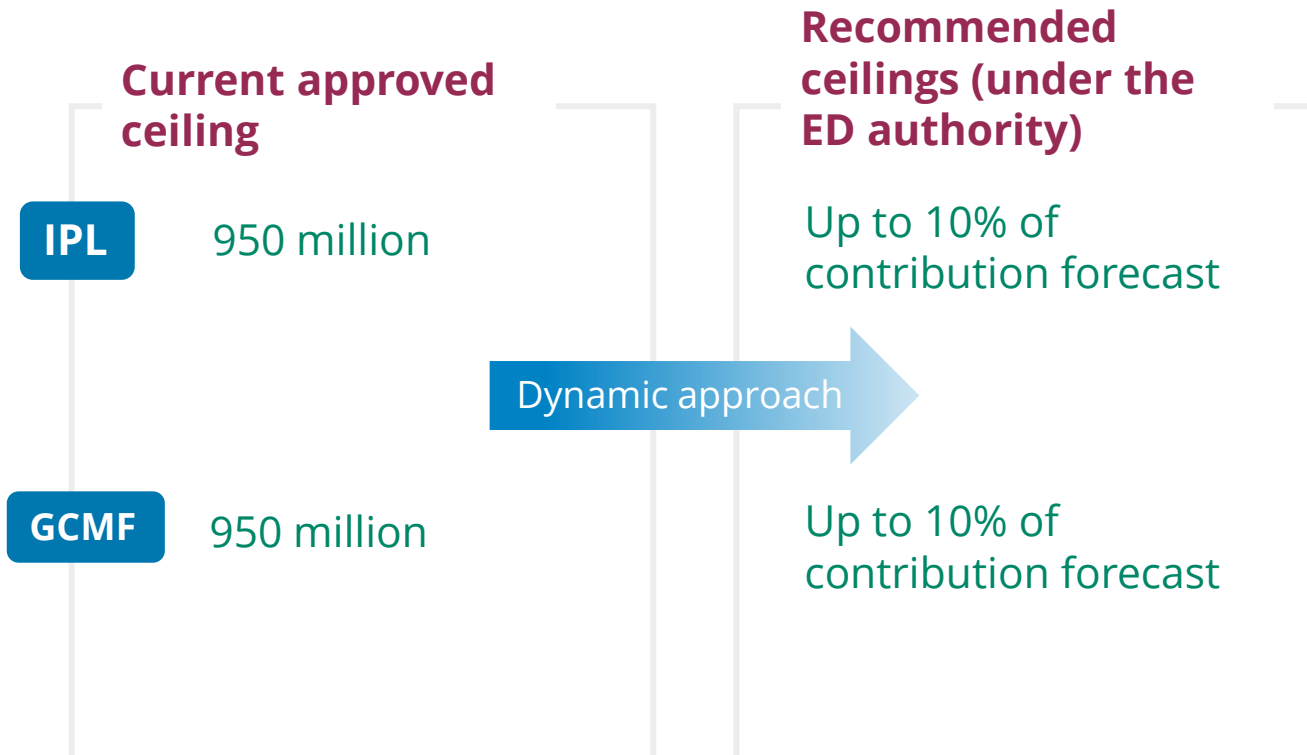


Corporate Services (CS)

for vehicles, IT systems, capital investments, etc.

These internal tools do not require any funding from donors.

Dynamic ceilings for IPL & GCMF (in USD)



The Board authorizes the ED to adjust the IPL and GCMF ceilings in accordance with a change in the level of the global forecast throughout the year, at a level **not to exceed 10%** of the annual contribution forecast.

- ▶ IPL ceiling not to exceed the 10:1 leverage ratio to operational reserve
- ▶ IPL operational reserve to be increased
- ▶ MAF ceiling within IPL will remain at USD 270 million
- ▶ Allow GCMF growth in line with growing contributions
- ▶ GCMF fully covered by self-insurance

Increase to Corporate Services to meet growing needs

Current level: USD 147 M

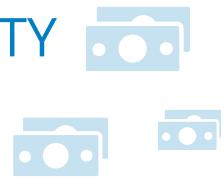
FLEET CENTRE

USD 15 M



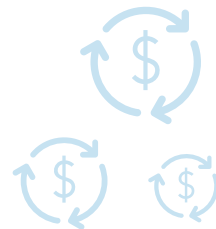
CAPITAL BUDGETING FACILITY

USD 82 M



FEE-for-service activities

USD 50 M



Proposed adjustments: USD 200 M

FLEET CENTRE

To USD 20 M (fleet expansion)



CAPITAL BUDGETING FACILITY

To USD 130 M (increased demand in coming years)



FEE-for-service activities

USD 50 M



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NEXT STEPS



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Next Steps

May 27



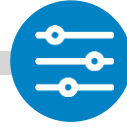
EB informal briefing

Jul 29



1st informal consultation

Sept



Submission of Key Extracts to the EB

- *Main Sections narrative text (in English)*
- *CCI concept notes detailing budget information and KPIs*

Sept 20



2nd informal consultation to provide “extracts” and discuss draft EB decision

Oct



Advisory Committee on Administrative & Budgetary Questions (ACABQ) *

FAO Finance Committee

Nov 14 - 18



EB Second regular session – MP approval

* ACABQ requested for earlier meeting.



THANK YOU



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Terminology & Acronyms

Baseline - activities identified that must be funded, regardless of funding source, required to support operations and other services of the programme

BUSBE - the **Bottom-Up Strategic Budgeting Exercise** aims to revisit WFP funding source management and determine how best to align them to activities in RB/CO/HQ divisions

Capital Budgeting Facility - A revolving facility for enabling WFP to implement large-scale initiatives that improve efficiency by reducing costs in the long term

CBT – Cash-based Transfers - set of transfer modalities through which beneficiaries are provided with purchasing power in the form of cash and/or value vouchers

CCI - Critical Corporate Initiatives - non-recurring investments funded by allocations from the PSA equalization account aimed at strengthening WFP's programming, operational and administrative capacity

CSPs - Country Strategic Plans

EB - Executive Board

General Fund (GF) - accounting entity established for recording, under separate accounts, indirect support cost recoveries, miscellaneous income, operational reserve and contributions received which are not designated to a specific programme category fund, trust fund, or special account

IFI - International Financial Institution

ISC - Indirect Support Costs - costs which support the execution of activities which cannot be directly linked with their implementation

KPI - Key Performance Indicators

MP - Management Plan

Multilateral contributions – cash contributions provided by donors, which, at the time of confirmation, have not been designated to a specific programme category or bilateral project

PPR - Public Partnerships and Resourcing Division

PSA - Programme Support and Administrative (Budget) is the portion of the WFP budget that pertains to providing indirect support to WFP's activities

PSAEA - Programme Support and Administrative Equalization Account

Reserves - established by the Executive Board as facilities for operational support and for other specific funding purposes

Service Provisions - The provision of services consistent with the purposes, policies and activities of WFP to a party in exchange for payment

UN - United Nations

WEB - World Wide Web

WINGS - WFP Information Network and Global System