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For information

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Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)

The Executive Director is pleased to submit herewith the report of the Advisory Committee on Administrative and Budgetary Questions pertaining to WFP. The report covers the following agenda items:

- WFP management plan (2023–2025) (WFP/EB.2/2022/5-A/1)
- Update on the Changing Lives Transformation Fund (WFP/EB.2/2022/5-B/1)
- Workplan of the External Auditor (WFP/EB.2/2022/5-C/1)

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Advisory Committee on
Administrative and Budgetary Questions

7 November 2022

Dear Mr Beasley,

Please find attached a copy of the report of the Advisory Committee on your submission of the following reports:

Management Plan (2023–2025) (EB.2/2022/05-A/1);

Update on the Changing Lives Transformation Fund (EB.2/2022/05-B/1); and,

Work plan of the External Auditor (EB.2/2022/05-C/1).

I should be grateful if you could arrange for the Advisory Committee's report to be placed before the Executive Board at its forthcoming session, as a complete and separate document. I would appreciate it if a copy of the document could be provided to the Advisory Committee at the earliest possible opportunity.

Yours sincerely,

Abdallah Bachar Bong
Chairman

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I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered three reports of the World Food Programme (WFP) Secretariat, which are being submitted to the WFP Executive Board annual session to take place in Rome, Italy, commencing on 14 November 2022. The WFP Management Plan (2023–2025) (EB.2/2022/05-A/1) is submitted to the Executive Board for approval, the Update on the Changing Lives Transformation Fund (EB.2/2022/05-B/1) for consideration, and the Work plan of the External Auditor (EB.2/2022/05-C/1) for information. During the Advisory Committee's consideration of the reports, the Committee met with representatives of the WFP Secretariat, who provided additional information and clarification, concluding with written responses dated 13 October 2022.

II. WFP Management Plan (2023–2025)

Planned programme of work

2. The WFP management plan for 2023–2025 (EB.2/2022/05-A/1) presents a summary of WFP's planned programme of work for 2023–2025 and the budgetary support required to implement that programme in 2023. The report indicates that the new Corporate Results Framework (CRF), approved by the Executive Board at its 2022 first regular session and covering the period 2022–2025, will become effective on 1 January 2023. It sets out expected results and targets to be achieved and the indicators that WFP will use to monitor and report on its programmes; links WFP's activities to the SDGs; aligns WFP more closely with other United Nations organizations; and strengthens accountability.
3. The report indicates that the number of people affected by chronic hunger has grown substantially since the outbreak of the pandemic, rising by about 150 million people between 2019 and 2021 to reach a total of between 702 and 828 million. Nearly 670 million people are projected to still be facing chronic hunger in 2030, nearly 8 per cent of the world's population, and the same percentage as in 2015 when the 2030 Agenda was launched (EB.2/2022/05-A/1, paras 9 to 11, and 16; Annex VI.).

Fundraising

4. The report provides information on the diversification of the WFP funding base (paras 36 to 57) and strategies for improving funding flexibility and predictability (paras 58 to 65). To enable implementation of the strategic plan, WFP will increase its efforts to diversify its funding base by strengthening engagement with emerging donors that are not members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development, including by facilitating South–South and triangular cooperation, increasing fundraising from private sector businesses, foundations and individuals, thematic funds and United Nations funding instruments and fostering joint approaches with International Financial Institutions (IFIs) (ibid, para 36). Fundraising efforts include:
 - a) Private sector: Income from the private sector (corporations, foundations and individuals) is projected to continue to grow rapidly, reaching USD 300 million in 2023 (ibid, para 42);
 - b) United Nations partnerships: From 2019 to 2021, the average annual contribution to WFP from the United Nations Central Emergency Response Fund (CERF) was USD 169 million. In the same period, the average annual contribution to WFP from United Nations funds other than CERF was USD 170 million, although 2020 was an exceptional year, with USD 201 million received because of the response to the COVID-19 pandemic. WFP expects to receive a similar amount of funding (USD 180 million) from pooled funds in 2022 (ibid, para 50);

- c) Leveraging domestic resources: From the revitalization of the Emerging Donor Matching Fund (EDMF) in 2019 to June 2022, more than USD 22 million was allocated to some 25 countries to cover the associated costs of national government contributions valued at approximately USD 35 million (ibid, para 51); and,
 - d) Innovative funding modalities: WFP will focus on exploring additional opportunities and building capacities to mobilize resources beyond traditional financing mechanisms, including those associated with co-financing, capacity strengthening services such as South-South and triangular cooperation and debt relief arrangements. (ibid, para 53).
5. Upon enquiry, the Advisory Committee was informed that WFP has historically run giving campaigns at the end of the calendar year to coincide with major holidays and the beginning of a new year. In recent years, WFP also started timing its campaigns around Ramadan, as the Islamic holy month of Ramadan is also associated with giving. In early 2021, WFP secured zakat accreditation from the Shariah Board of the Islamic Development Bank, allowing supporters to donate to WFP's zakat-focused campaigns. The Committee was also informed that since 2014, WFP has partnered with The Church of Jesus Christ of Latter-Day Saints (LDS), headquartered in Utah, United States, which contributed over USD 36 million in cash to-date mainly towards significant emergencies. An additional USD 32 million contribution was donated in mid-2022 to help fight the global food crisis, thus representing the Church's largest ever one-time contribution to a humanitarian organization.
 6. The report indicates that debt relief efforts, in particular debt-for-development swaps that redirect resources towards national development goals, help to mobilize valuable resources for WFP and have been successful in funding operations through debt swaps in such countries as Egypt, Guinea-Bissau, Mauritania and Mozambique (ibid, para 57). Upon enquiry, the Advisory Committee was informed that WFP has successfully implemented several innovative financing solutions, including debt swaps, disaster risk insurance, and climate finance, both to broaden resource mobilization towards development and to achieve enhanced efficiency and effectiveness from existing funding.
 7. **The Advisory Committee notes the efforts by WFP to employ innovative approaches by diversifying its fundraising efforts and encourages WFP to continue its efforts to broaden its donor base.**
 8. The report indicates that unearmarked contributions have increased in recent years in terms of absolute value; however, as a proportion of funding, these have remained stable, at 5 to 6 per cent of total funding. To create an enabling environment for increased flexible and multi-year funding, WFP will continue to enhance the visibility, transparency and reporting related to such funding, at both the global and country levels. In 2023, WFP will also start to report on "softly earmarked" funding, which will provide due recognition of contributions that are earmarked at the regional or thematic level (ibid, paras 60 and 62, Fig. II.3). **While noting the increase of unearmarked contributions in terms of absolute value, the Advisory Committee notes that flexible funding continues to account for between 5 and 6 percent of total contribution revenues which is approximately the same as in previous years. The Committee trusts that the WFP will continue to make every effort to expand the mobilization of flexible funding , including through a range of diverse fundraising initiatives, to further increase the percentage of unearmarked contributions and will report thereon in the next WFP Management Plan.**

Operational requirements

9. The report indicates that based on the dramatic growth globally in the number of people affected by chronic hunger and malnutrition, operational requirements for 2023 were estimated at USD 19.7 billion as of June 2022, an increase of \$5.8 billion or 41 percent over the previous management plan. Overall, through 86 operations, WFP plans to reach

150 million people in need, a 21 percent increase over the previous management plan (EB.2/2022/05-A/1, para. 66). The report indicates that in 2023, crisis response in the amount of USD15,347 million, will continue to account for the largest share of requirements at 78 per cent of the total, resilience building will account for 19 per cent and root causes for 3 per cent, in the amounts of USD 3,768 million and USD 574 million respectively. The report indicates that these figures reflect unprecedented growth in humanitarian needs globally and WFP's priority of saving lives in emergencies (ibid, para 74, Table III.1). The contribution revenue of the organization in 2021 was USD 9.6 billion. For 2022, WFP expects to receive more than USD 11 billion as global contributions and the same amount is projected for 2023.

The Advisory Committee trusts that updated information regarding the contributions and the beneficiaries reached through WFP operations in 2022 will be provided to the Executive Board at the time of consideration of the report.

Food and cash-based transfers

10. WFP's needs-based plan for 2023 calls for 7.5 million metric tonnes of in-kind food valued at USD 8.1 billion. This represents an increase of more than 40 percent compared with 2022 (USD 5.8 billion). In 2023, WFP's estimated operational requirements for cash-based transfers (CBTs) will amount to USD 6.2 billion in 73 countries, representing an increase of USD 2.1 billion or 50 per cent over 2022. Cash transfers account for 86 per cent of the increase, and value vouchers for the remaining 14 per cent. In 2023, the operational requirements for commodity vouchers will be USD 571 million, or 3 per cent of total transfer costs. That figure represents an upward trend, in contrast to the downward trend observed in previous years (EB.2/2022/05-A/1, paras 90, 94 and 98).
11. Upon enquiry, the Advisory Committee was informed that CBT impacts are evaluated on a regular basis through country-specific evaluations commissioned directly by WFP or as part of inter-agency evaluations. WFP also tracks performance as part of its Corporate Results Framework where the combination of CBT relevant outcome and output indicators allow WFP to conduct analysis that complements the findings of evaluations. The Committee was informed that qualitative inputs are obtained by speaking to thousands of people in communities every week and that they are critical for elaborating and understanding the results as part of evaluation-based monitoring and reporting. In terms of complementarity with other agencies, funds and programmes, the Committee was informed that WFP has a very strong partnership with UNHCR, including a joint Programme Excellence Hub and aligned policies and approaches for cash transfers. Since the launch of the UN Common Cash Statement (UNCCS), WFP has collaborated with the UN signatories and made significant progress in its three pillars of harmonized cash programming, collaborative procurement and systems interoperability. The Committee was also informed that, through the UNCCS, WFP will continue expanding the approach to countries beyond the focal countries, including activities related to the interoperability in operations, building stronger collaboration with governments and other partners to avoid parallel systems, encourage greater UNCCS inclusiveness and harmonization in procurement and digital payments, establish technology solutions for data sharing, and increase learning exchanges and communication. **The Advisory Committee notes the projected increase on CBTs in the amount of USD 2.1 billion or 50 per cent over 2022. The Committee further notes the multi-layered and qualitative evaluation carried by WFP on cash-based transfers, as well as the cooperation and complementary work with other UN organizations. The Advisory Committee trusts that more detailed information on cash-based transfers will be provided in future WFP reports.**

Cost per beneficiary

12. The report indicates that the daily cost per beneficiary reflects the estimated budgeted amount that can be attributed to the daily food ration or CBT provided to each beneficiary in order to achieve programme objectives. For 2023, the overall estimated cost per

beneficiary is estimated at USD 0.45, an 18 percent increase over the US0.38 reported in the 2021 annual performance report and the management plan for 2022-2024 (EB.2/2022/05-A/1, paras 105 – 108). It is also indicated that the main component of the daily cost per beneficiary is the cost of providing the transfer (the sum of the transfer value and the costs of transferring it), which in 2023 is expected to constitute an average of 86 percent of the total cost per beneficiary.

13. Upon enquiry, the Advisory Committee was informed that the breakdown of cost categories in the cost per beneficiary analysis is identical to the Country Portfolio Budget (CPB) cost categories as defined in WFP's General Rule X.2 (c)(ii)(1) and as shown in Table III.4 of the report. Overall, 86 per cent of the 2023 Operational Requirements is comprised of the first category, or "Transfer costs", which corresponds to "the monetary value of the item, cash, or service provided, as well as the related delivery costs." The Committee was informed that the remaining 14 per cent is comprised of the following: (i) "implementation costs", which correspond to expenditures that are directly linked to specific activities within the programme, other than transfer costs; (ii) "direct support costs", which correspond to country-level expenditures that are directly linked to the execution of the programme as a whole but cannot be attributed to a specific activity within it; and, (iii) "indirect support costs", which are costs that cannot be directly linked to the execution of the programme. **The Advisory Committee notes the detailed breakdown of the calculation of the cost per beneficiary and is of the view that an additional separation between monetary value of the item and transfer costs would enhance the presentation of the cost per beneficiary.**

Provisional implementation plan

14. The report indicates that the global provisional implementation plan for 2023 is estimated at USD 12 billion to assist 140 million beneficiaries, constituting 61 per cent of the USD 19.7 billion in operational requirements. The provisional implementation plan for 2023 has been formulated at the global level, and its total value is limited by three factors: the updated global contribution forecast for 2022 of US\$ 11 billion, the estimated net use of carry-over contribution balances of US\$ 500 million and projected on-demand service provision revenue of US\$ 500 million. It shows prioritization by focus area, strategic outcome and output, activity category and transfer modality and outlines how WFP intends to make the most efficient use of its forecast resources and available funding to assist beneficiaries. Each country office team will create a 2023 implementation plan which will form the basis for reporting in financial statement V (statement of comparison of budget and actual amount for the year) and annual country reports (EB.2/2022/05-A/1, para. 111–115 and Table III.7). **The Advisory Committee acknowledges the presentation of the provisional implementation plan for 2023 and its contribution towards a more transparent management of resources shortfall and related expenditure patterns.**

Programme support and business operations

15. The 2023 corporate budgeting framework builds on the methodology adopted during the bottom-up strategic budgeting exercise (BUSBE) launched by the Executive Director in 2020. The annual corporate budget exercise was expanded to capture all activities managed by global headquarters (i.e., headquarters divisions in Rome, regional bureaux and WFP liaison offices), regardless of their funding source. WFP's comprehensive programme support and business operations budget for 2023 is USD 935.7 million, which reflects an increase of USD 122.7 million (15 percent) over the 2022 budget. Among the primary drivers of the increase are the growth in size and complexity of WFP's operational activities in response to the rise in global hunger, as reflected by the 41 percent increase in the 2023 provisional implementation plan. Inflation is another major driver of the cost increase (EB.2/2022/05-A/1, para. 131–132).

16. All activities included in the 2023 comprehensive programme support and business operations budget have identified funding sources and are classified according to whether they are “baseline activities”, “other services” or “direct activities”. Baseline activities, which account for USD 752.6 million or 80 percent of the total 2023 comprehensive budget, are essential activities that contribute to the efficient and effective delivery of WFP’s annual implementation plan but cannot be readily traced to individual CSPs. Activities in the “other services” category complement baseline activities by including surge or scale-up activities, activities that bridge resource shortfalls and initiatives that are timebound or new. They are incidental, supplementary or discretionary activities that relate to the maintenance of operations and the achievement of priorities but do not directly support WFP operations. Activities classified as “direct”, accounting for 14 percent of the total budget, are those that can be traced to country operations or other activities. Expenditures for and cost recovery from such activities are managed through special accounts. During the development of the 2023 budget the classification of activities was reviewed, resulting in the reclassification of a number of activities between the baseline, other services and direct activity categories. For an accurate comparison of baseline activities between 2022 and 2023, the new classification introduced in 2023 has been applied to the activities carried out in 2022, resulting in a net decrease of USD 15.5 million in the 2022 budget for baseline activities (ibid, paras 133–137).
17. Upon enquiry, the Advisory Committee was informed that there is no formal preliminary assessment of the revised standardized office structure for country offices (COs) following the implementation of BUSBE and the introduction of the baseline. Annex VII of the report indicates that, as called for in its annual workplan, the Office of Internal Audit conducted an audit of the BUSBE in early 2022. The challenges facing the auditors included that performance indicators had not been established at the beginning of BUSBE and that a full budget cycle had not been completed using the approach introduced by BUSBE. Furthermore, the audit report acknowledged that actions to complete the BUSBE workstreams were still under way. Consequently, the auditors were not able to fully assess the impact of BUSBE on the budget process and budget decision making. Based on the audit recommendation and also on the ongoing activities under BUSBE, work will continue in the main areas of measuring the impact of BUSBE and enhancing budgeting tools.
18. **The Advisory Committee sees merit in carrying out an assessment of the impact of BUSBE, the introduction of the baseline and other related budgetary tools, and trusts that further information thereon, including on the implementation of the indicated audit recommendations, will be included in the next WFP Management Plan.**

Programme support and administrative budget

19. A programme support and administration (PSA) budget of USD 576.3 million, an increase of USD 80.2 million over 2022, is proposed for the approval of the Executive Board. The report indicates that the PSA is a subset of the baseline budget funds, of which it funds 77 percent. The funding for the PSA budget is derived from amounts recovered from contributions to cover indirect support costs (ISC). Management proposes that the rate be maintained at 6.5 per cent in 2023, with specific exceptions for a reduced 4 percent rate under conditions that have previously been approved by the Executive Board.
20. According to the report, although WFP’s global contribution forecast is projected to increase by 31 percent (from USD 8.4 billion in 2022 to USD 11 billion in 2023) and the provisional implementation plan is projected to increase by 41 percent (from USD 8.5 billion in 2022 to USD 12 billion in 2023), the 2023 PSA budget increase of USD 80.2 million is an increase of only 16 percent. The additional requirements relate to three areas: inflation (USD 21.1 million), corporate priorities (USD 33.1 million) and the volume and complexity of WFP operations (USD 26 million) (EB.2/2022/05-A/1, para 178, Fig. IV.2).

21. The report indicates that the largest portion of the proposed PSA increase of USD 80.2 million will support the corporate priority areas of "effectiveness in emergencies" (paras 193 to 196), "people management" (paras 197 to 200), "evidence and learning" (paras 201 to 204) and "leverage technology" (paras 205 to 206), as well as in addressing significant and critical risk areas not covered by the four prioritized management results i.e. "mitigating corporate risks" (paras 207 to 209). The budget for these activities accounts for approximately 6 per cent of the 2023 PSA budget (ibid, para 181). The number of posts funded by the PSA budget, they are expected to grow by almost 10 per cent, with a continuing shift towards fixed-term positions for core functions, consistent with the objectives of the WFP people policy (see also paras 30, 32 to 34 below on staffing matters). Upon enquiry, the Advisory Committee was provided with information on PSA budget allocation by organizational level at country, regional and headquarter level for the five-year period 2019–2023.

	2023 Total	2022 Total	2021 Total	2020 Total	2019 Total
Country Offices	48.4	43.0	103.4	98.1	82.6
Regional Bureaux	116.4	105.3	81.8	80.6	72.3
Regional Bureau for Asia and the Pacific	18.6	15.9	13.7	13.9	13.2
Regional Bureau for the Middle East, Northern Africa and Eastern Europe	18.4	16.5	14.9	14.9	13.5
Regional Bureau for Western Africa	23.7	22.0	16.4	15.8	12.1
Regional Bureau for Southern Africa	16.2	14.8	12.0	11.9	11.3
Regional Bureau for Eastern Africa	21.2	19.5	14.4	13.9	13.0
Regional Bureau for Latin America and the Caribbean	18.2	16.6	10.5	10.3	9.2
Headquarters	379.5	319.1	241.7	228.1	214.0
Operations Management Department	9.6	9.1	7.7	7.0	7.0
Divisions reporting to the Executive Director	49.6	45.0	37.5	33.9	30.2
Supply Chain, Emergencies and Security Department	63.6	47.4	38.5	34.1	30.4
Partnerships & Advocacy Department	65.7	58.7	44.0	44.3	44.1
Programme and Policy Development Department	64.1	52.2	36.6	32.1	27.3
Management Department	90.0	76.9	57.2	57.3	56.0
Workplace Culture Department	36.8	29.9	20.2	19.4	19.0
Central Appropriations	32.0	28.7	16.5	16.7	16.2
Grand Total	576.3	496.1	443.5	423.6	385.1

22. **While noting that the reduction in PSA resources dedicated to country offices reflects the changes introduced by the BUSBE methodology, the Advisory Committee sees merit in further assessing the impact of the new methodology, as well as of such other corporate initiatives, as the new WFP people policy, in the distribution of staff among headquarters, regional bureaux and country offices and trusts that updated information thereon will be included in the next WFP report.**

United Nations ID project

23. The report indicates that under the proposed central appropriations budget of PSA, resources allocated under “other United Nations fees” includes USD 0.3 million for the new United Nations ID project, which aims to solve data fragmentation and data transportability challenges across United Nations organizations (EB.2/2022/05-A/1, paras 214 to 215). Upon enquiry, the Advisory Committee was informed that the ID project is a transformative UN solution that provides its workforce with a universal, system wide identity with a huge potential for time efficiency savings for the processes from on-boarding through to retirement with the Joint Staff Pension Fund. It is currently being tested by the UN Digital Solutions Centers a data exchange platform. The UN Digital ID will allow staff and consultants from participating organizations to share any of their human resource and other personal information that they are comfortable and consent to sharing with complete control and visibility.
24. The Committee was informed that the total estimated costs required to move the UN Digital ID solution into enterprise, organizational wide capability are USD 1,766,000 and include the cost of: (i) Inter-Agency programme management, (ii) the technical development, and (iii) the addition of new user cases when needed. The programme is currently in the pilot phase with the total cost divided between the following participating organizations: WFP, UN, UNICEF, UNDP, UNHCR and UNJSPF. **The Advisory Committee notes the objectives of reducing data fragmentation and data transportability challenges across United Nations organizations and trusts that additional information regarding the project will be provided in the next report.**

Proposed use of the programme support and administrative and equalization account (PSAEA)

25. The report indicates that in light of the healthy PSAEA balance projected for the end of 2022 in the amount of USD 337.7 million, the forecasted level of contributions in 2023 and the ISC income versus the proposed PSA budget in 2023, management proposes using the PSAEA to replenish the Immediate Response Account (IRA) in the amount of USD 50 million, correct an ISC revenue error made in 2021 in the amount of USD 6.1 million and invest USD 50.4 million in four critical corporate initiatives (CCIs) (EB.2/2022/05-A/1, para 243 and Fig. IV.3).

Adjustment for the 2021 indirect support cost income

26. Upon enquiry, the Advisory Committee was informed that the proposal to use US\$ 6.1 million proposed to cover the error in ISC revenue in 2021 related to the need to make up for the 2.5 per cent ISC rate shortfall between the 4 per cent ISC rate contractually agreed with the World Bank and the 6.5 per cent standard ISC rate for contributions being made directly to WFP in Afghanistan and Yemen. The 4 per cent ISC rate would have been permissible if funds had been given directly to WFP, instead of their having been given to the government. The PSA Equalization Account will cover the 2.5 per cent ISC shortfall as that account is credited with income derived from the application of the ISC rates (see also *ibid*, paras 246–249).

Replenishment of the Immediate Response Account (IRA)

27. The report indicates that in 2022, the Immediate Response Account (IRA) allocations to country offices are on track to exceed the 2021 record allocations of USD 220 million. In addition, with operational requirements projected at USD 19.7 billion and a global

contribution forecast of USD 11 billion, the demand for the use of the IRA as a last resort, in the absence of contributions, is expected to increase in 2023. In this context, management proposes that USD 50 million be transferred from the PSAEA to the IRA. While WFP will continue to advocate direct contributions to the IRA that ensure its long-term sustainability, the transfer will improve the availability of funds for IRA allocations (EB.2/2022/05-A/1, para 245 and Table IV.14). The Advisory Committee notes from Table IV.14 and from information provided upon enquiry, that transfers from reserves have occurred four times since 2015, of which, as of 30 June 2020, the highest amount totaled USD 130 million.

Use of the PSAEA for Corporate Priorities

28. The four Critical Corporate Initiatives (CCIs) proposed for 2023 with the corresponding amounts for approval from the Programme Support and Administrative and Equalization Account (PSAEA) are: (i) Investing in WFP people (USD 27.0 million) (see paras 30 and 34 to 38 below); (ii) Strategic plan and corporate results framework implementation (USD 13.6 million); (iii) Country office support model optimization and simplification (COSMOS) (USD 3.2 million)(see para 31 below); and, (iv) United Nations Sustainable Development Group (UNSDG) efficiency road map (USD 6.6 million) (see paras 49 to 52 below) (EB.2/2022/05-A/1, para 251).
29. Upon enquiry, the Advisory Committee was informed that CCIs are one-time, non-recurring investments funded by allocations from the PSAEA that are aimed at strengthening WFP's programming, operational and administrative capacity. The Committee was also informed that the 4 per cent increase from USD56 million in 2022 to USD58.2 million in 2023 is required in order to implement the Strategic Plan and Corporate Results Framework in 2023 and that the CCIs offer benefits by enabling WFP to invest in strategic initiatives that otherwise are unlikely to generate sufficient additional investment from donors through corporate trust funds. The Committee was also informed that WFP has used critical corporate initiatives to focus on organizational change opportunities that strengthen WFP's programming, operational and administrative capacity. Investments have the aim of improving WFP's global workplace culture and strengthening capacity primarily at the regional and country office levels. The Committee was further informed that the CCIs offer value for money by often generating efficiency and effectiveness gains that otherwise would not be realized. One such example is the CCI private sector fundraising strategy, which since it started in 2019. Private sector contributions have doubled from USD 100 million in 2019 to USD 205 million in 2021, exceeding annual income targets and demonstrating strong progress in the diversification of WFP's funding base.
30. The report indicates that USD 27 million investment is requested for the second year of the CCI "investing in people" (ibid, paras. 253-260). Upon enquiry, the Advisory Committee was provided with information regarding achievements and impacts of the first year under the five deliverables of the CCI and was informed that 2024 is anticipated to be the last year of the CCI Investing in WFP People, with final expenditures for commitments made to be incurred in 2025

(see paras 34 and 38 below).

31. As regards the country office support model optimization and simplification (COSMOS) initiative, paragraphs 270 to 274 of the report indicate that functional reviews were carried out which identified a need for further analysis of WFP's operating structure with a view to define ways of improving the effectiveness and efficiency of the organization. COSMOS is aimed at improving the effectiveness and efficiency of country office support provided by global headquarters, to enable country offices to focus their efforts on delivering operations. Upon enquiry, the Advisory Committee was informed that the COSMOS implementation implies a limited review of three functions in eight pilot countries in terms of how support services are provided to country offices. The initiative is looking to redesign how support is

provided by building on a global functional team, rather than, as currently provided, partially from regional offices and partially from headquarters; and testing that redesign on a pilot basis. The Committee was also informed that the new target model is expected to be piloted in 2023 to validate and measure its potential impact. The pilots are estimated to conclude at the end of the second quarter of 2023, at which point WFP will review whether the anticipated benefits, in terms of effectiveness and efficiencies, have been realized in order to decide whether such a model could form the basis of a more general corporate realignment. **The Advisory Committee trusts that an update on the COSMOS initiative will be included in the next report.**

32. **The Advisory Committee notes that Annex V of the report includes the concept note for the proposed Critical Corporate Initiatives for 2023, including the implementation plan, deliverables, and performance indicators. The Advisory Committee acknowledges the efforts for adequate planning and recommends that the WFP Management Programme should also include performance information on the ongoing initiatives.**

Unearmarked portion of the General Fund; transfer to the Operational Reserve

33. In line with the recommendation to determine the ceiling of the internal project lending (IPL) as a percentage of the global forecast of contributions (see also paras 42 to 47 on Strategic Financing Facilities below), WFP requests the Executive Board to approve the transfer of USD 34.8 million from the unearmarked portion of the General Fund to increase the IPL operational reserve to USD 130 million (EB.2/2022/05-A/1, page 6). A USD 130 million operational reserve and a leverage ratio of 10:1, would support the raise of the IPL ceiling to USD 1.3 billion if the global contribution forecast were to reach USD 13 billion (ibid, para 284). With the transfer of USD 34.8 million, the projected balance of the unearmarked portion of the General Fund is expected to be USD 127.9 million at the end of 2023. Upon enquiry, the Advisory Committee was informed that WFP considers it prudent to maintain a conservative balance in the unearmarked portion of the General Fund to absorb risks and as a funding source for risk reserves, unfunded priorities and financing mechanisms. As such, a balance of USD 130 million is considered sufficient for the above purposes. The Committee was also informed that WFP regularly used the unearmarked portion of the Fund to cover financial risks of write-offs of losses and ineligible expenditures and that in June 2022, the Board approved a USD 185 million allocation to existing financing mechanisms such as the Immediate Response Account, the Emerging Donor Matching Fund and the new Changing Lives Transformation Fund.

TABLE 2: USAGE OF THE GENERAL FUND FROM 2017 TO 2022 (second quarter)

	2017	2018	2019	2020	2021	Q2 2022
Opening balance	54.4	95.6	177.9	249.5	280.9	324.8
Revenue	29.4	97.3	84.0	35.9	57.1	20.0
Expenses	12.8	-14.0	-10.9	-3.0	-11.6	1.6
Treasury Management Annual Allotments	-1.0	-1.0	-1.6	-1.6	-1.6	-2.4
EB Approved Allocations (IRA and EDMF)						-130.0
Final balance	95.6	177.9	249.5	280.9	324.8	214.0
EB Approved Allocations – CLTF – not Processed						-55.0
Revised final Balance	95.6	177.9	249.5	280.9	324.8	159.0

Staffing matters; People management

34. The increase in PSA staff costs from USD 299.7 million in 2022 to USD 360.9 million in 2023 is due to the higher number of positions in those categories and an increase in standard position rates. The report indicates that WFP will continue to improve the contractual conditions of its employees, especially those who have been performing essential functions for several years but yet remain on short-term professional and consultancy contracts. Within the PSA budget, the number of fixed-term professional full-time equivalent positions will grow by 275. An estimated 185 new fixed-term positions will be created through the conversion of short-term and consultancy positions, at a cost of approximately USD 11 million (ibid, paras 197, 231).
35. Upon enquiry, the Advisory Committee was informed that, as regards strategic and operational workforce planning under the people policy, the corporate target is to reduce the short-term versus long-term workforce ratio to 46 per cent by 2025 and that the specific target set for 2022 was to reach a 55 per cent ratio. The Committee was informed that as of the end of August 2022, the short-term workforce represents 49 per cent of the total workforce. A dedicated dashboard has been created to help heads of office to track their progress in implementing the Staffing Framework, to provide the Human Resources Division and senior management with the tools to monitor improvements (notably in terms of short-term versus regular staff distribution), and to identify offices that may need support to further improve.
36. The Committee was also informed that the use of short-term professional (STP) appointments is discontinued as part of the new Staffing Framework. The transitional measures allow for the renewal of existing appointments at the time the new policy was issued (15 September 2021) but only up until the end of 2025. Managers have been invited to carefully assess their staffing needs and determine whether the functions carried out by employees on short-term contractual modalities, including STP, are needed in the long term and, if so, regularize the relevant positions. The regularization process does not entail a conversion given that positions identified as needed should be advertised and filled through a competitive selection process. The Committee was also provided with information on the proposed 21 per cent increase in PSA funding for the Workplace Culture Department which will provide capacity for coordinating and monitoring the roll-out of strategic workforce planning, managing recruitment and promotion processes and ensuring adequate funding for staff development (ibid, para 230).
37. As regards the ratio between employee (staff and other employee) costs and non-employee costs, the Committee was informed, upon enquiry, that the ratio has remained approximately the same at 79 per cent for employee costs and 21 per cent for non-employee costs in both 2022 and 2023 plans. Although the ratio for employee costs should have increased due to the increase in post count for 2023 and the cost of contract conversions to fixed-term staff, the net effect of the exceptional increase in headquarter energy costs, the country office contingency fund, and inflation on non-employee costs offset the expected increase in the ratio (ibid, table IV.10).
38. The Committee was also provided with the table below indicating the increase in staffing across country offices, regional bureaux and headquarters staff from the PSA budget cost by organizational level and pillar over the 2021-2023 period. Furthermore, as regards field staffing, the Committee was informed that as part of the staffing framework, a conversion exercise was carried out in 2021/2022 whereby the appointment of more than 2,000 service contract holders was converted to fixed-term appointments. That exercise reduced the short term/long term ratio of locally recruited employees from 61 per cent (in August 2021) to 47 per cent (as of March 2022). As regards the increase in staffing at the headquarters level,

the Advisory Committee was informed that the PSA budget is related to the corporate global headquarters (headquarters and regional bureaux) and core country office budget and that any increase in staff positions in the PSA budget would be mainly attributed to global headquarters (see also para 32 above). **The Advisory Committee acknowledges the progress made by WFP in converting service contracts to fixed-term appointments and looks forward to updated information in the next report. The Committee trusts that a table with clear information on staff versus non-staff data will be provided in future reports.**

TABLE 3: STAFF AND NON-STAFF PSA BUDGET COST BY ORGANIZATIONAL LEVEL AND PILLAR FROM 2021-2023

TABLE 3: STAFF AND NON-STAFF PSA BUDGET COST BY ORGANIZATIONAL LEVEL AND PILLAR FROM 2021-2023																									
		Pillar A				Pillar B				Pillar C				Pillar D				Pillar E							
Year	Row Labels	Total Costs			Pillar A Total	Total Costs			Pillar B Total	Total Costs			Pillar C Total	Total Costs			Pillar D Total	Total Costs			Pillar E Total	Grand Total			
		(USD million)				(USD million)				(USD million)				(USD million)				(USD million)							
		Employees		Non-Emp costs		Employees		Non-Emp costs		Employees		Non-Emp costs		Employees		Non-Emp costs		Employees		Non-Emp costs			Employees		Non-Emp costs
		Staff	Other Emp			Staff	Other Emp			Staff	Other Emp			Staff	Other Emp			Staff	Other Emp				Staff	Other Emp	
2023	Country Offices	14.3	2.5	6.3	23.0								14.6	2.5	8.3	25.4					48.4				
	Regional Bureaux	5.4	2.1	2.2	9.6	22.2	14.9	9.7	46.9	27.1	11.3	6.0	44.4	6.7	3.4	1.6	11.7	1.9	1.2	0.8	3.8	116.4			
	Headquarters	56.5	8.1	14.6	79.3	89.6	17.4	23.0	130.0	36.7	7.2	8.4	52.3	54.2	12.0	11.7	77.9	29.0	1.6	9.3	39.9	379.5			
	Central App.			1.8	1.8	0.2		19.5	19.6					2.7		5.4	8.2			2.4	2.4	32.0			
	2023 Total	76.2	12.7	24.9	113.7	111.9	32.4	52.3	196.6	63.8	18.5	14.4	96.7	78.2	17.8	27.1	123.2	30.8	2.8	12.5	46.1	576.3			
2022	Country Offices	13.2	2.7	5.6	21.5								13.3	2.6	5.6	21.5						43.0			
	Regional Bureaux	11.3	5.2	4.8	21.3	20.0	12.9	6.1	39.0	19.3	8.4	3.8	31.5	7.2	2.7	1.3	11.2	1.1	0.8	0.4	2.3	105.3			
	Headquarters	46.3	7.8	13.4	67.5	64.3	20.1	19.7	104.1	32.9	5.9	7.0	45.9	43.9	10.4	10.5	64.8	25.8	1.8	9.4	36.9	319.1			
	Central App.			0.9	0.9			20.9	20.9					1.1		3.7	4.8	0.0		2.2	2.2	28.7			
	2022 Total	70.8	15.7	24.6	111.1	84.3	33.0	46.7	164.0	52.2	14.4	10.8	77.4	65.4	15.8	21.0	102.3	26.9	2.5	12.0	41.4	496.1			
2021	Country Offices	18.5		6.7	25.2	0.0		62.1	62.1	0.0		5.0	5.0	6.2		5.0	11.2	0.0		0.0	0.0	103.5			
	Regional Bureaux	6.6		2.3	8.9	16.1		12.9	29.0	21.4		11.9	33.3	5.5		3.3	8.8	0.9		1.0	1.9	81.9			
	Headquarters	32.3		16.0	48.3	56.7		23.3	80.0	24.1		5.8	29.9	33.0		14.8	47.8	24.2		11.6	35.8	241.8			
	Central App.	0.0		1.4	1.4	0.0		7.5	7.5	0.0		0.0	0.0	0.8		4.5	5.3	0.0		2.1	2.1	16.3			
	2021 Total	57.4	0.0	26.4	83.8	72.8	0.0	105.8	178.6	45.5	0.0	22.7	68.2	45.5	0.0	27.6	73.1	25.1	0.0	14.7	39.8	443.5			

Gender policy; geographic representation

39. Table IV.15 of the report indicates the budget for deliverable 4 “development and respectful and inclusive workplaces” with an increase to USD 7.6 million in 2023 from USD 1.0 approved budget in 2022. Information on gender and women’s empowerment is provided in paragraphs 234 to 236, 254 and 258 of the report. Upon enquiry, the Advisory Committee was provided with information including that the goal of the updated gender policy is to ensure that WFP optimizes its presence, role and capabilities to advance gender equality and empower women, including through strategic objectives to address the differing needs, priorities and experiences of the women, men, girls and boys with whom it works. The report also indicates that under the investing in people initiative, policies and certification processes will be developed to cover all areas of diversity and inclusion. Investments in planned activities will address advancing gender equality and women’s empowerment and making progress to ensure that all employees have equal opportunities, access to resources and a voice in decision making. **The Advisory Committee trusts that further information regarding the aforementioned initiatives and the implementation of the updated gender policy will be provided in the future WFP reports.**
40. As regards geographic representation, the Advisory Committee was provided the table below and informed that increased representation of international professional staff from developing countries is currently at parity, which is considered between 47 and 53 per cent. Through Future International Talent Pools, WFP is considering dimensions of diversity including gender and geographic origin to ensure a diverse slate of candidates and eventually staff. The WFP promotion process also requires diverse candidates to be considered, and diversity dimensions of staff are always “front and centre” in reassignment decisions. **The Advisory Committee trusts that updated information on the efforts to improve geographic representation at all levels, including a more detailed breakdown of geographical representation in WFP, will be reflected in the next Management Plan.**

Year	Absolute No. of Staff Developed Countries	% of Staff from Developed Countries	Absolute No. of Staff Developing	% of Staff from Developing Countries	Total
2019	906	56%	721	44%	1 627
2020	956	55%	772	45%	1 728
2021	1 013	54%	869	46%	1 882
2022	1 115	53%	986	47%	2 101

41. In terms of WFP's anti-racism policy, the Committee was informed that WFP employs a zero-tolerance policy towards abusive or discriminatory conduct. Anyone suspected to have committed such acts will be subject to a prompt and rigorous disciplinary process which could result in removal from WFP, and referral to law enforcement agencies. Since 1 January 2021, the Office of Inspections and Investigations has received 16 allegations that relate to or include elements of racism or racial discrimination. Four allegations have been closed at the preliminary assessment stage while the others are being processed. **The Advisory Committee trusts that updated information on WFP's racism policy will be provided in future reports.**

Strategic Financing Facilities

Corporate services

42. The report indicates that the Executive Board approved a ceiling of USD 147 million for corporate services financing in the Management Plan for 2022–2024 and that WFP is requesting a further increase in the ceiling to USD 200 million. The proposed ceiling of USD 200 million for 2023 and the allocation to the three mechanisms of the fleet centre, the capital budgeting facility (CBF) and fee-for-service activities, reflect increased demand associated with growth in WFP's operations since the mechanisms were adopted. The allocations are provided in table V.1 (EB.2/2022/05-A/1, paras 288 to 290). Upon enquiry, the Advisory Committee was informed that the increase is mainly related to the fleet center and capital budget facility (CBF) as indicated below:
- a) The fleet center provides advances to WFP offices for fleet-related services that are recovered through vehicle leasing fees charged to the budgets of the WFP offices leasing the vehicles and from revenue generated from the disposal of leased vehicles at the end of their lease periods. WFP's fleet service has more than 2,600 leased vehicles in its portfolio whilst Global truck fleet has almost 900 trucks leased to country office, of which 300 trucks have been purchased in 2021 through CBF loans. The Committee was further informed that the WFP and UNHCR joint structure to provide fleet services for other UN agencies under the UN reform agenda has gained momentum. The projected fleet centre balance available at the end of 2022 is USD 5 million and WFP projects that the global truck fleet special account requires advances in 2023 of USD 10 million to expand country office truck capacity (see also paras 49 to 52 below); and,
 - b) The capital budget facility is a revolving facility that enables WFP to provide advances for multi-year projects and to receive repayments from country portfolio budgets or other funding sources over several years. The projected available balance of the CBF at the end of 2022 is USD 25 million, whilst the projected disbursement for approved and new projects totals USD 64.1 million. Therefore, an increase of USD 43 million was identified to fulfill the demand of projected requests for multi-year projects in 2023.

Immediate response account (IRA) target level

43. Management proposes that the Executive Board approve a new Immediate Response Account (IRA) target level of USD 400 million for 2023. The report indicates that the IRA provides life-saving assistance and that contributions to the account have a high degree of flexibility and are not earmarked for a specific activity or country programme. A record USD 220 million was allocated from the IRA in 2021 (17 per cent increase compared with 2020) for emergency response, early action and life-saving preparedness or operational readiness activities (EB.2/2022/05-A/1, paras 322 to 328). Upon enquiry, the Advisory Committee was informed that the current IRA target level of USD 200 million was approved in 2015 and accounted for 4 per cent of annual contributions. As of August 2022, this level accounts for 1.8 per cent of the 2022 global contribution forecast. The Committee was informed that to regain the previous levels of agility and responsiveness, doubling the target

level is proposed to USD 400 million in 2023, which will account for less than 4 percent of the global contribution forecast. The Committee was further informed that the proposed target is both a reflection of the increased demand for the IRA and increased donor response to the global food crisis, and that the approval of the higher target is a signal of the Executive Board's acknowledgement of the importance of the IRA as a tool for responding to emergencies and can be used to advocate for resources from both traditional and non-traditional donors.

Ceilings of the IPL and GCMF

44. As regards the ceilings for the internal project lending (IPL) facility and the Global Commodity Management Facility (GCMF), WFP requests the Executive Board to approve the change in ceilings of the internal project lending facility and the Global Commodity Management Facility from a fixed United States dollar amount to a level of up to 10 percent of the prevailing global contribution forecast for each facility at any given time. The ceiling of the internal project lending facility, however, shall not exceed the operational reserve ratio of 10:1 (EB.2/2022/05-A/1, page 6).
45. The report indicates that over the past two years, WFP has requested the Board to increase the IPL ceiling twice and the GCMF ceiling three times to respond to rapidly escalating humanitarian demand. The most recent increase was approved at the Board's 2022 annual session, when it approved a ceiling of USD 950 million for IPL and a ceiling of USD 950 million for the GCMF. The report indicates that the frequency with which these facilities have been increased in the past two years signals that a fixed amount is no longer fit for purpose in an uncertain and rapidly escalating humanitarian environment (EB.2/2022/05-A/1, para 303).

To manage the increases in the ceilings more efficiently, avoid the risk that the funds in the two facilities are insufficient and increase the ability to respond to growing and changing needs, management proposes to change the ceilings from a fixed United States dollar amount to a percentage of WFP's global contribution forecast. Such an approach would provide surge capacity for WFP's strategic financing facilities, enabling management to proactively anticipate, prepare for and respond to emergencies with speed and agility, in line with the projected response from donors (ibid, para 304).

46. Upon enquiry, the Advisory Committee was informed that the WFP experience over the past 18 months, which has seen dramatic growth in needs and contributions, has demonstrated that a ceiling at 10 per cent of the forecast would have been adequate to scale up strategic financing to meet the increased demand. It is therefore proposed to maintain this percentage and continue monitoring the utilization of these facilities. The Committee was also informed that WFP would manage the utilization of IPL and GCMF up to the ceilings as the global contribution forecast is updated, a process that takes place five times a year. In the event of a decrease in global contribution forecast, the ceilings would drop proportionally, and actions will be taken to bring the IPL and GCMF balances into line with the lowered ceilings. In the case of IPL, this would entail limiting new advances and accelerating repayments where possible. In the case of the GCMF, it would entail reducing the replenishment of the GCMF stock and accelerating sales to country offices where possible. The Committee was also provided with information regarding both facilities in the tables below as well as the risk mitigation measures should anticipated contributions not materialize.

Year	Funded programme of work	Amount allocated	Amount repaid	End Balances
2020	8 400.0	1 543.1	1 543.1	481.9
2021	9 500.0	2 186.8	2 160.0	245.8
2022 YTD	11 000.0*	2 019.5	1 529.3	433.0**

* Based on 2022 global contribution forecast as per the Management Plan

** As of 11.10.2022

GCMF, 2020–2022 to date (USD million)				
Year	Funded programme of work	GCMF replenishment	GCMF sales to country offices	End of year Balance
2020	8 400.0	863.0	823.0	111.5
2021	9 500.0	1 455.0	1 287.0	517.3
2022 YTD	11 000.0*	1 621.0	1 524.0	62.0 **

* Based on 2022 global contribution forecast as per the Management Plan

** As of 11.10.2022

47. The Advisory Committee recalls that it was previously informed in May 2022 that defining the GCMF ceiling as a percentage, or a fixed ratio, of the annual global forecast would require further evaluation in order to determine the feasibility of implementing a systematic approach as the global forecast was considered a moving target throughout the year and therefore continuously updated. For the IPL, it was indicated that the proposal already reflected a ceiling to reserve leverage ratio of 10:1, i.e. a proposed ceiling of USD 950 million against the current reserve of \$95.2 million (AC 2210, para 21).
48. The Advisory Committee recalls its recommendation that the Executive Board consider requesting the Executive Director to conduct a further analysis on an approach whereby the Executive Board would determine adequate ratios/ percentages for the calculation of the levels of advance finance mechanisms in determining the ceiling for the Global Commodity Management Facility and the Internal Project Lending mechanism. and to report to the Board in the context of the next report (AC 2210, para 22). **The Advisory Committee trusts that further information on the procedures for the definition of GCMF ceiling as a percentage of a moving target be presented to the Executive Board at the time of consideration of the present report. The Committee is also of the view that more clarity should be provided to the Board as to whether the level of the operational reserve is expected to be requested to constantly increase as the global contributions forecast evolves or if the current proposed increase would bring the reserve to an adequate level for the future. Should the Board approve the proposals, the Advisory Committee trusts that the Board would be regularly updated regarding the funding status of both the IPL and GCMF facilities.**

Collaboration with other entities; Common services and cost sharing arrangements

49. The report indicates a number of initiatives for collaboration with other United Nations system entities, common services and cost sharing arrangements. Paragraphs 275 to 281 provide information on the multi-year initiative on the United Nations Sustainable Development Group (UNSDG) efficiency road map. Upon enquiry, the Advisory Committee

was informed that the United Nations Development Coordination Office (UNDCO) has set annual targets for efficiency gains for the UNSDG, amounting to a total of USD 316 million in 2024 as follows: (i) Business Operations Strategies (BOS): USD 105 million efficiency gains in 2024; (ii) Local Shared Service Centers (LSSC), formerly Common Back Offices (CBO): USD 77 million efficiency gains in 2024; (iii) Common Premises (CP): USD 8 million efficiency gains in 2024; and, (iv) Global Shared Services (GSS): USD126 million efficiency gains in 2024.

50. The Committee was informed that efficiency gains are quantified in the WFP Annual Performance Report and that in 2021, among its major initiatives, WFP generated approximately USD 164 million in time and cost efficiencies and WFP plans to continue driving inter-agency common practices, common back offices, and joint programming to maximize efficiency gains among UN agencies as set out in the vision of the Secretary General for the Reform of the UN Development System. Upon enquiry, the Committee was provided with a detailed list regarding the inter-agency common practices, including information regarding WFP's engagement and efficiency gains realized, which is provided as an annex to the present report. **The Advisory Committee notes the information provided regarding inter-agency initiatives and efficiency gains and trusts that updated information thereon will be provided in future reports.**

Cost recovery

51. The report provides information on cost recovery and fee for service mechanisms (ibid, paras 136, 139, 279, 200 to 302). Upon enquiry, the Advisory Committee was informed that WFP applies the principle of full cost recovery for all of its activities which can be financed by a donor contribution or a service provision payment. The principle also applies to WFP advisory solutions and service delivery, which includes on-demand services (e.g. procurement and transport of food), the United Nations Humanitarian Air Service (UNHAS), and the Logistics cluster and Emergency telecommunications cluster. For 2023, the projected on-demand service provision revenue is USD 500 million. At the inter-agency level, including the use of common premises, cost recovery is aligned with the relevant agreements between WFP and the United Nations agency (EB.2/2022/05-A/1, para 113 and Tables III.3 and III.10).
52. The Committee was also informed that in terms of providing support to other United Nations entities on a fee for service basis, WFP puts its supply chain expertise at the service of the wider humanitarian community and is currently mandated to manage the United Nations Humanitarian Response Depot (UNHRD) network, lead the Global Logistics Cluster, and administer UN air charter operations (UNHAS). WFP also offers to leverage this expertise in support of its partners' programmatic objectives. The Committee was informed that the current UN Development system presents a new opportunity to mainstream elements of this ad-hoc/fee-for-service supply chain support within the UN, and that service provision transactions may be recorded within a country strategic plan (CSP) when the service is specific to a country operation or may be recorded in a Special Account, such as the UNHRD Special Account. **The Advisory Committee trusts that information on income received via cost-recovery services will be provided in the context of the future reports.**

III. Update on the Changing Lives Transformation Fund

53. The report (EB.2/2022/05-B/1) submitted to the World Food Programme (WFP) Executive Board for consideration, indicates that at its annual session in June 2022 the Executive Board approved the use of USD 55 million from the General Fund to establish the Changing Lives Transformation Fund (CLTF). The Fund seeks to strengthen WFP's support for governments in achieving the goals of the 2030 Agenda for Sustainable Development, in particular Sustainable Development Goals (SDGs) 2 and 17. In approving the CLTF, the WFP Executive Board also requested that WFP conduct a number of activities as outlined in paragraph 2 of the report.

54. The document provides background information (paras 4 to 7), lessons learned of the CLTF (paras 8 to 10), an overview of the Fund and its envisioned activities (paras 11 to 20) and how they fit into country strategic plans (CSPs) (paras 21 to 24). It outlines how countries will be prioritized and specific proposals selected (paras 25 to 34), emphasizes the importance of partnerships and provides KPIs that will be used to monitor and assess the Fund (paras 25 to 43). Upon enquiry, the Advisory Committee was provided information regarding the Fund and advised that, in the long term, effectively “Changing Lives” would reduce the need for “Saving Lives”, WFP’s new Strategic Plan (2022-2025) clearly states the need to address hunger and food and nutrition insecurity in both contexts of “Saving Lives” and “Changing Lives”, when requested by national governments. The Committee was informed of the complementarity of the two mandates and that CLTF supports the transition from humanitarian assistance to self-sufficiency.
55. The Committee was also provided with information regarding the country selection process and the funding allocation mechanism, indicating that the CLTF will only fund activities under WFP’s Strategic Plan (2022-2025) and within the Board approved Country Strategic Plans. All of these activities are based on WFP’s comparative advantage and the funding is meant to be catalytic so that WFP can help governments build coalitions to enable governments to progress in line with the national development plans and the approved UNSDCF toward the 2030 Agenda. The Committee was informed that to ensure complementarity with other entities in the field, WFP will expand existing and build new partnerships including with some sister agencies as indicated in the report.

ANNEX

Inter-agency common practices and related efficiency gains

(a) Business Operations Strategy ('BOS'):

- o A business operations strategy has been established in all 131 UNCTs including within 87 WFP COs.
- o WFP's participation in BOS has led to estimated internal WFP efficiency gains of ~\$25M for the 5-year period from 2019-2023.
- o Across all Country Offices, WFP is managing ~235 Common Services: ~40% of which fall under Administration, and ~25% of which are under Information Communication Technology (ICT).
- o WFP has sent ~50 individuals to be trained on the BOS at interagency DCO trainings.
- o WFP HQ is establishing a BOS Practitioners' Network with representatives from each Country Office to serve as a technical resource within the CO and maintain CO BOS records.
- o WFP HQ is developing tools, trainings, and guidance documents to supplement the official inter-agency guidance and trainings, as the current existing content is not detailed enough and is resulting in a knowledge gap in the field.

(b) Local Shared Service Centers 'LSSC' (formerly 'common back offices' or 'CBO'), key achievements include:

- o WFP has been identified as the lead entity for the planning and design phase, working with DCO on the technical aspects of the roll-out in Tanzania.
- o WFP has been identified as the lead for logistics service provisioning in Kenya, and is currently working on developing a business case and coordinating inter-agency inputs to build a demand assessment that can define the local service context.

(c) Common Premises ('CP'):

- o Significant gains were made in increasing the co-location premises to 48% for WFP, which resulted in better lease terms and services for commercial rentals, enhanced security, and economies of scale for maintenance contracts. WFP serves as the lead agency in 63 premises.
- o The use of standard UNSDG MOU for participating agencies amounted to resource savings that would have been used in reviewing individualized contracts with separate lessors.
- o The IDEAS tool has also been implemented to ensure co-located premises are environmentally sustainable.
- o In the coming year, the following will be the key areas of focus and priority for CP:
 - § Adjusting the timeline from 2023, since the Common Premises roll-out plan has been reassessed and a new methodology has been established. The intent is to prioritize implementation of common premises projects of high impact and efficiency, based on a validated global set of comprehensive data through a stock-take exercise within the UN INFO platform. Reporting on premises' efficiency gains will be validated.
 - § Providing technical support to country teams to establish construction/renovations project cases including CBA, and during project implementation in 66 locations.

§ Conducting in-depth in-person trainings (TOTs) to empower Country Teams to establish and implement common premises projects.

§ Managing the common premises roadmap and reporting on common premises to governing bodies.

(d) Global Shared Services (GSS):

- o Going forward, WFP will further support the development of Global Shared Services (GSS), which has been recently kicked-off by UNDCO. The GSS focuses on offering location-independent services to all UN agencies and entities as part of the broader global supply architecture for UN operational support services.
- o Services will be managed by the larger entities in the system, benefiting from their scale and geographical coverage, and will be offered to all other interested entities in the system. Nine entities have agreed to collaborate on GSS: UNDP, UNICEF, WFP, UNHCR, UNOPS, UNFPA, FAO, WHO, and the UN Secretariat.
- o WFP will offer nine services:
 1. Cash Transfer Service (CTS)
 2. UN Booking Hub: UN Mobility
 3. UN Booking Hub: Accommodation
 4. UN Booking Hub: Medical services
 5. Logistics Services
 6. Aviation Services
 7. "Heavy Fleet" Services
 8. Fuel Supply Services, and
 9. UN Fleet (together with UNHCR).

(e) UN Fleet:

- o The business case for providing centralized fleet services across the entire UN system identified an opportunity to realize estimated recurring savings of USD 17 million to USD 28 million per annum and estimated one-off savings of USD 25 million to USD 69 million.
- o UN Fleet is set up on a cost-recovery basis, with all activities fully funded from the fees charged to clients. All costs (capital & operating) are recovered through monthly leasing fees as well as revenue from the disposal of vehicles at the end of the lease.
- o To start vehicle leasing operations, UN Fleet requires significant up-front capital to purchase vehicles and accessories to be leased to client agencies on a 60-month lease period. As the number of leased vehicles will be low at the initial stage of operations, the UN Fleet will reach a break-even point by 2026 with current operational funding, and the requested CCI funds will support operations as the number of leased vehicles increases over time.

(f) UN Booking Hub:

- o 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.
- o In 2021, increased occupancy rates achieved by facilitating online access to WFP guesthouses resulted in \$1.6 million in cost efficiencies, and time efficiencies of 37.5 FTEs for WFP and 73.2 FTEs for other United Nations entities.

- o In total, considering both accommodation and mobility services, WFP generated \$1.9 million in cost efficiencies and 163 FTEs in time efficiencies, equivalent to \$7.7 million.

(g) Global Payment Solution 'GPS':

- o The proposed model for a Global Payment Solution was reviewed by the Leadership Group and is prioritized as a pilot project for global services as part of WFP's commitment to the UN Sustainable Development Goals "Efficiency Roadmap."
- o Supported by proven technology, this best-in-class solution will consolidate on average 70% of the current manually performed payment tasks of Country Offices to a single platform centralizing transactional tasks that are high in volume and routine in nature.
- o The GPS is being implemented in a multi-step pilot, followed by a full roll-out phase over the coming three years.
- o At full implementation (2026), it is estimated that around 190,000 hours of repetitive and manual work will be saved per year, equivalent to \$5M.