



World Food Programme



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LIVES  
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LIVES

## First Informal Consultation on the Management Plan (2020-2022)

WFP Executive Board, 16 July 2019

# AGENDA

- ① **Resourcing and Financial Context for the 2020-2022 Management Plan**
- ② **PSA Approach and Proposed PSA Budget**
- ③ **PSAEA and Critical Corporate Initiatives**
- ④ **Organizational Structure and Indirect Support Cost**
- ⑤ **Operational Requirements and Funding Gap**

# Resourcing and Financial Context for the 2020-2022 Management Plan



- 2020 Key figures
- Updated Income Forecasts: 2019 and 2020
- 2019 PSA income versus expenditure
- PSA Equalization Account projection at year end 2019

## 2020 Key figures

**Total Operational Requirements**

**USD 11.1 billion**

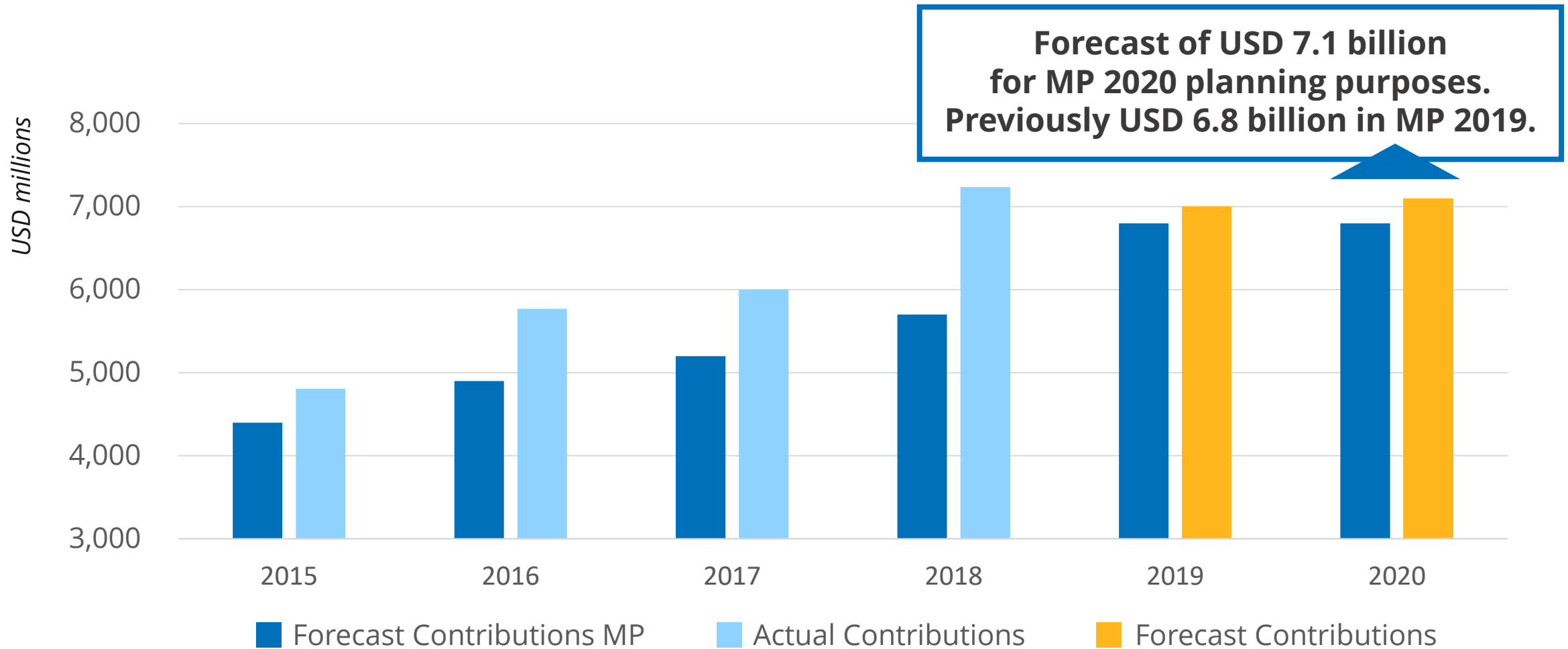
**Forecast Contributions**

**USD 7.1 billion**

**Proposed Programme Support  
and Administrative Budget (PSA)**

**USD 420.0 million**

# Management Plan Income forecast 2019-2020



# 2019 PSA Income versus Expenditure

	2019		
	Approved in MP	<i>Updated Projection</i>	
	<i>in USD million</i>		
Estimated Overall Income	6,800.0	7,000.0	+USD 200.0 M
<b>Est. ISC Income (at 6.5%)</b>	<b>409.0</b>	<b>421.1</b>	<b>+USD 12.1 M</b>
PSA Expenditure	385.1	385.1	
<b>ISC Income minus PSA expenditure</b>	<b>23.9</b>	<b>36.0</b>	

Updated projection for 2019 income continues to build up balance to be transferred to the PSA Equalization Account

## 2019 PSA Equalization Account (PSAEA)

Projected Balance	USD Million
PSAEA balance at 1 January 2019	247.1
Projected PSA income 2019 (based on projected income of USD 7.0 billion)	421.1
Approved in 2018	
Approved PSA budget	(385.1)
2019 Critical Corporate Initiatives	(50.6) *
Projected PSAEA balance at 31 December 2019	232.5
PSAEA target (Equivalent 5 months of PSA expenditure)	160.5
<b>Excess over target PSAEA balance</b>	<b>72.0</b>

\* 2019 portion of the USD 69.3 million CCIs approved by EB for 2019-2020

# PSA Approach and Proposed PSA Budget



- What is the Programme Support and Administrative (PSA) budget?
- Key financial considerations for MP (2020-2022) PSA planning
- Preliminary summary & breakdown of 2020 PSA



# What is the PSA budget?

## WHAT IS THE PSA?

Portion of the WFP budget providing indirect support to WFP activities

## HOW IS IT APPROVED?

Board approval of the PSA appropriation gives authority to the Executive Director to spend



## HOW IS IT FUNDED?

From Indirect Support Cost (ISC) charge on contributions

## WHAT DOES IT COVER?

The majority of Headquarters and Regional Bureaux costs, as well as support structure of Country Offices

# What is the PSA budget? (cont'd)

1

Indirect Support Cost (ISC) Income

2

Approved in Management Plan

Programme Support and Administrative Budget (PSA)

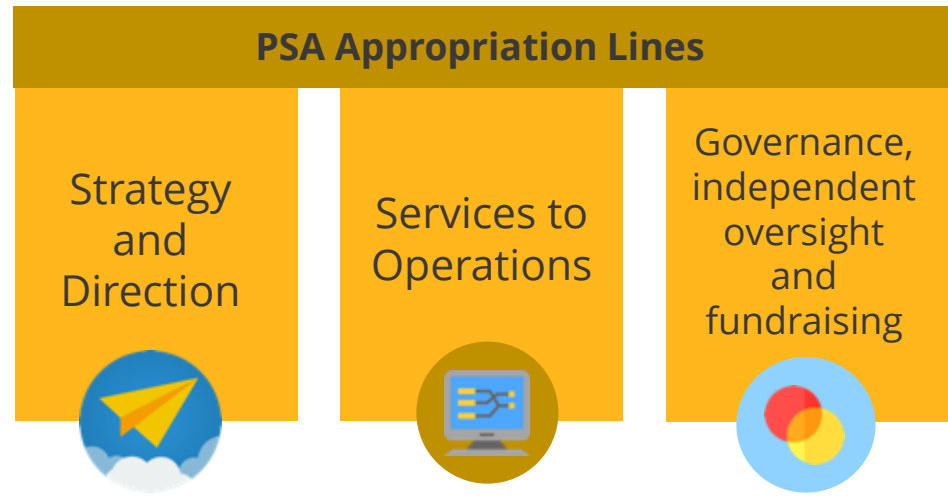
Difference goes into...

3

PSA Equalization Account (PSAEA)

Subject to EB Approval

4



- Cover difference between ISC income and PSA expenditure
- Reserve to underwrite risk of decrease in ISC revenue
- Critical Corporate Initiatives or Thematic Support Funds
- Strengthening WFP's reserves

# 2020 PSA Planning proposal

	USD Million			
	2017 Planning	2018 Planning	2019 Planning	2020 Planning
Estimated Overall Income	5,200	5,700	6,800	7,100
<b>Estimated ISC Income (7% in 2017, 6.5% from 2018)</b>	342.9	342.9	409.0	✓ 427.1
<b>Proposed PSA level</b>	335.4	335.4	385.1	✓ 420.0
Actual/ <b>projected</b> income	6,000	7,235	<b>7,000</b>	<b>7,100</b>

- WFP proposes a PSA budget increase of approximately USD 35 million
- 2020 PSA budget level is below current forecast of ISC income
- WFP will maintain the lowest headline ISC rate among the UN funds and programmes and specialized agencies

# 2020 PSA Planning – Summary by Organizational Unit

*in USD million*

	2019	2020	% change
<b>TOTAL</b>	<b>385.1</b>	<b>420.0</b>	<b>9%</b>
Country Offices including “technical adjustment”*	82.6	96.5	17%
Executive Director and Independent Offices	33.9	39.3	16%
Programme and Policy Development	20.3	22.4	10%
Regional Bureaux	72.3	78.5	9%
DED/Operational-Focused Divisions	36.0	38.6	7%
Resource Management	55.0	58.2	6%
Central Appropriations	16.2	16.7	3%
Partnerships	44.1	45.1	2%
Chief of Staff / Operations Management	24.7	24.7	0%

**Line by line adjustments are detailed in the following slides**

\* Includes Country Office support for ICT, security and other costs of USD 35.2m [2019] and USD 39.1m [2020]

# Summary of main adjustments in 2020 PSA budget – (1 of 2): “required” increases

<i>in USD million</i>	
<b>2019 approved appropriation</b>	<b>385.1</b>
<b>Proposed allocations for “required” increases</b>	<b>10.1</b>
<b><i>Increased capacity for oversight offices</i></b>	
Ethics, Ombudsman, Inspector General, Evaluation	5.1
Legal and HR support to implement recommendations arising from investigations	0.6
Risk management for follow-up on implementation of internal controls and Anti-Fraud and Anti-Corruption action plan	0.5
<b><i>Areas of recurring PSA budget shortfall</i></b>	
HQ Facilities Management, HQ Security, Executive Board meetings	3.4
<b><i>Central appropriations</i></b>	
2020 Global Staff Survey, GIS licences	0.5

## Summary of main adjustments in 2020 PSA budget – (2 of 2): operational and programmatic increases

<i>in USD million</i>		
<b>Support to Regional Bureaux and Country Offices</b>	<b>20.2</b>	<b>81%</b>
Increase to Country Office PSA budgets	14.0	56%
Regional Bureaux (addressing span of control issues RBB, RBD, RBN; Sahel: strengthening emergency preparedness)	6.2	25%
<b>Programmatic and Resourcing Priorities (HQ)</b>	<b>4.6</b>	<b>19%</b>
Investments in components guiding WFP's vision for 2020 and beyond	4.6	19%
<b><i>Total PSA increases from previous page and this page</i></b>	<b>34.9</b>	<b>100%</b>
<b>Proposed PSA appropriation for 2020</b>	<b>420.0</b>	

**81% of the programmatic and operational increases in PSA to be allocated closest to field delivery - to country offices and regional bureaux**

# 2020 PSA Planning - breakouts

## INCREASED CAPACITY FOR OVERSIGHT OFFICES

	2017	2018	2019	2020	% change 2017-20
<i>in USD million</i>					
<b>TOTAL</b>	16.0	17.0	24.2	29.3	83%
<b>Evaluation:</b> strengthening evaluation as per Board-approved evaluation policy	6.9	7.4	10.4	13.4	95%
<b>Ethics:</b> enhanced whistleblower protection and annual financial disclosure programme	0.9	0.9	1.5	1.8	110%
<b>Office of the Inspector General:</b> increased investigation capacity with some increase in audit capacity	7.6	8.0	11.0	12.7	67%
<b>Ombudsman:</b> additional support and advice to staff	0.6	0.7	1.3	1.4	113%

# 2020 PSA Planning - breakouts

## INCREASED LEGAL/HR SUPPORT FOR INVESTIGATIONS AND RISK MANAGEMENT FOLLOW-UP

	<i>in USD million</i>	2019	2020	% change
<b>TOTAL</b>		26.4	27.5	4%
<b>Legal Office:</b> support to implement recommendations arising from investigations		6.0	6.3	5%
<b>HR Division:</b> support to implement recommendations arising from investigations		17.1	17.4	2%
<b>Risk Management:</b> follow-up on implementation of internal controls and AFAC action plan		3.3	3.8	15%



# 2020 PSA Planning - breakouts

## ADDITIONS TO ADDRESS RECURRING PSA BUDGET SHORTFALLS

	<i>in USD million</i>	2019	2020	% change
<b>TOTAL</b>		20.7	24.2	17%
<b>HQ Facilities Management:</b> increased running costs to service HQ office space and increased staff		11.3	13.7	21%
<b>HQ Security:</b> security for additional HQ office space and staff; bringing some security services in-house to address audit observation		3.8	4.3	12%
<b>Executive Board Secretariat:</b> recurring additional Executive Board meetings		5.6	6.2	11%

# 2020 PSA Planning - breakouts

## CENTRAL APPROPRIATIONS

*in USD million*

**TOTAL**

**2020  
additions**

**+0.5**

2020 Global Staff Survey

+0.4

Geographic Information System licences

+0.1

# 2020 PSA Planning - breakouts

## COUNTRY OFFICES AND REGIONAL BUREAUX

		<i>in USD million</i>			
		2019	Changes		2020
<b>TOTAL</b>		154.9	20.1	13%	175.0
<b>Country Offices</b>	Across the board increase for all COs <i>Country office support for ICT, security*</i>	47.4	10.0	21%	57.4
<b>RBB</b> (Bangkok)	Geographical Scope enhancement	35.2	3.9	11%	39.1
<b>RBC</b> (Cairo)	Mainstreaming of positions to PSA	13.2	0.7	5%	13.9
<b>RBD</b> (Dakar)	Geographical Scope enhancement**	13.5	1.0	7%	14.5
<b>RBJ</b> (Joburg)	No proposed allocation	12.1	3.5	29%	15.6
<b>RBN</b> (Nairobi)	Geographical Scope enhancement***	11.3	0.0	0%	11.3
<b>RBP</b> (Panama)	Emergency Preparedness	13.0	0.4	3%	13.4
		9.2	0.6	7%	9.8

\* Funded under “technical adjustment”

\*\* Including creation of RBD office to support coastal countries; support to Sahel

\*\*\* Communications officer

# 2020 PSA Planning - breakouts

## INVESTMENTS IN COMPONENTS GUIDING WFP'S VISION FOR 2020 AND BEYOND

	<i>in USD million</i>	2020 additions	
	<b>TOTAL</b>	<b>+4.6</b>	<i>Department impacted</i>
<b>Excellence in Programme:</b> Country capacity strengthening bridging Humanitarian-Development-Peace nexus		+1.5	<i>Programme and Policy</i>
<b>Leadership in Emergency:</b> maintain leadership in responding to emergencies		+1.5	<i>DED/Operational-Focused Divisions</i>
<b>Funding &amp; partnerships:</b> strengthen WFP Government Partnership offices and NGO partnerships and controls		+1.6	<i>Partnerships and Programme and Policy Development</i>
<b>Digital transformation:</b> covered by CCIs (see slides 24-27 for details)		-	<i>Chief of Staff / Operations Management</i>
<b>Simplification and efficiency:</b> covered by CCIs (see slides 24-27 for details)		-	<i>Resource Management</i>



# Q&A



# PSAEA and Critical Corporate Initiatives



- Projected PSAEA balance as at 31 December 2020
- Proposed Critical Corporate Initiatives

# PSA Equalization Account

Projected Balance	USD Million
Projected PSAEA balance at 1 January 2020	232.5
Projected PSA income 2020 (based on projected income of USD 7.1 billion)	427.1
To be approved for 2020	
Proposed PSA budget	(420.0)
2019 Critical Corporate Initiatives (year 2)	(18.7)
2020 Critical Corporate Initiatives	<b>Slides 24-27</b>
Projected PSAEA balance at 31 December 2020	220.8
PSAEA target (Equivalent 5 months of PSA expenditure)	175.0
<b>Excess over target PSAEA balance</b>	<b>45.8</b>

The projected balance on the PSA Equalization Account allows for investment in critical corporate initiatives

# Proposed Critical Corporate Initiatives and other PSAEA uses

Name	Amount	Timeframe
<b>(1) Continuation of Critical Corporate Initiatives started in 2019</b>		
<b>Systems Integration &amp; IT-enabled efficiencies</b>	USD 11.0 million	Single year
<b>UN Reform</b>	USD 9.0 million	Over a 2-year period
<b>(2) New Critical Corporate Initiatives</b>		
<b>Investment Support Facility</b>	USD 5.7 million	Over a 2-year period
<b>Subtotal</b>	<b>USD 25.7 million</b>	
<b>(3) Under discussion</b>		
<b>Private Sector Strategy *</b>	USD 13.1 million	Single year
<b>(4) Other uses of PSA Equalization Account</b>		
<b>Transfer to IRA</b>	USD 7.0 million	Single year
<b>Total</b>	<b>USD 45.8 million</b>	

\* Subject to approval of strategy by Executive Board, with second year of funding (USD 22.1 million) proposed to be covered from CCI or the General Fund, both of which require Executive Board approval



# Systems Integration and IT-enabled efficiencies

Amount	Timeframe
USD 11.0 million	Single year



- Expand the **data lake** by adding business functions (finance, HR, programme operations)
- **Integrate financial data/reports** to better inform decision-making
- Simplify, integrate and automate 2020-21 **annual planning process**
- Enhance **CSP Data Portal** for member states and **dashboard** for WFP managers
- Further **IT-enabled initiatives** to improve efficiency, including digitizing paper forms
- **Develop future ERP Roadmap** for WINGS of 2025 and beyond

# UN Reform

Amount

Timeframe

USD 9.0 million

Over a 2-year period

**Objective:** augmentation of the 2019 CCI to ensure WFP capacity to continue to deliver on the requirements of the UN Reform, and support WFP's leadership in UN Reform across the system

## 1. Continued support for work under the various UN reform workstreams

Resident Coordinator/Management and Accountability Framework, UN Sustainable Development Cooperation Frameworks, System-Wide Strategic Document, and Regional Assets.

## 2. WFP's role in co-leading the Business Innovation Group

Support to implement location-dependent and location-independent common services (UN Reform targets), including key capability building and business operations simplification

- Common Back Office (CBO), including the expansion of improved Business Operation Services (iBOS), the feasibility and piloting of CBO and Common Premises
- Promote and consolidate WFP's set of **location-independent** common services for Global Shared Service Centers, including the marketplace
- Operationalize and integrate **Mutual Recognition and Client Satisfaction principles**

# Investment Support Facility

Amount

Timeframe

**USD 5.7 million**

Over a 2-year period



**An Investment Support Facility** to equip WFP to diversify its funding base in the humanitarian-development space



**Developing a more structured and systematic approach** for securing investment from thematic funds by sourcing technical teams and proposal writers



**Streamlining application processes and coordination** internally and between WFP and international funding sources.



**Enhanced technical, geographic and contextual capacity and expertise** to support field-based proposal design.

**Phase 1: undertake landscape analysis of relevant investment sources and take stock of expertise**

**Phase 2: Establishment of technical teams of thematic experts, regional support and proposal writers**



# Q&A



# Organizational Structure and Indirect Support Cost



- Organizational Structure
- Indirect Support Cost

## Organizational structure:

- The proposed PSA budget for 2020 is prepared on the basis of the organizational structure included in the Update on the WFP Management Plan (2019–2021)
  - The ACABQ and the FAO Finance Committee asked WFP Management to monitor the impact of these changes and any need for further adaptations
  - The Audit Committee noted the need for WFP to *“rapidly transition to be a digital cutting-edge organization”*. It also noted that *“as far as the organizational structure and regional bureaux are concerned.....there be seasoned leadership, ultimately led by the Executive Director”* to deal with WFP’s operations under new United Nations guidelines
- WFP will include the organizational structure in the Management Plan (2020-2022)
  - WFP will keep the membership informed of any further refinements that may be made under the Executive Director’s authority

# Indirect Support Cost

2014

## **WFP/EB.2/2014/5-D/1 “Method for determining the indirect support cost rate for WFP”**

The review asked: *Should WFP continue with a single indirect support cost recovery rate, or should the rate vary according to the type of intervention?*

Conclusion: *The current single-rate ISC model is simple and transparent and should be maintained.*

2014  
to  
2019

## **Examples of specific situations in intervening period that have triggered ISC discussions**

- Gulf contribution to WFP for Yemen operation
- World Bank adoption of sliding support cost rates for large-scale contributions
- Emergency Social Safety Net activities (Turkey)

**Other organizations have been able to show some flexibility on support cost rates**

2018

## **WFP/EB.2/2018/5-A/1 “Update on the Integrated Road Map”**

Discussion on ISC rate for host governments contributions, and contributions made by governments of developing countries or countries with economies in transition – *accepted*  
Initial discussions held on ISC rate for IRA and multilateral contributions

**WFP proposes to re-open the issue of indirect support cost through a parallel consultative process. We seek preliminary feedback on the process to be followed.**



# Q&A





# Operational Requirements and Funding Gap

5

# 2020-2022 Management Plan: Country Operations

**82 countries  
and 2 Interim  
Multi-Country CSPs**

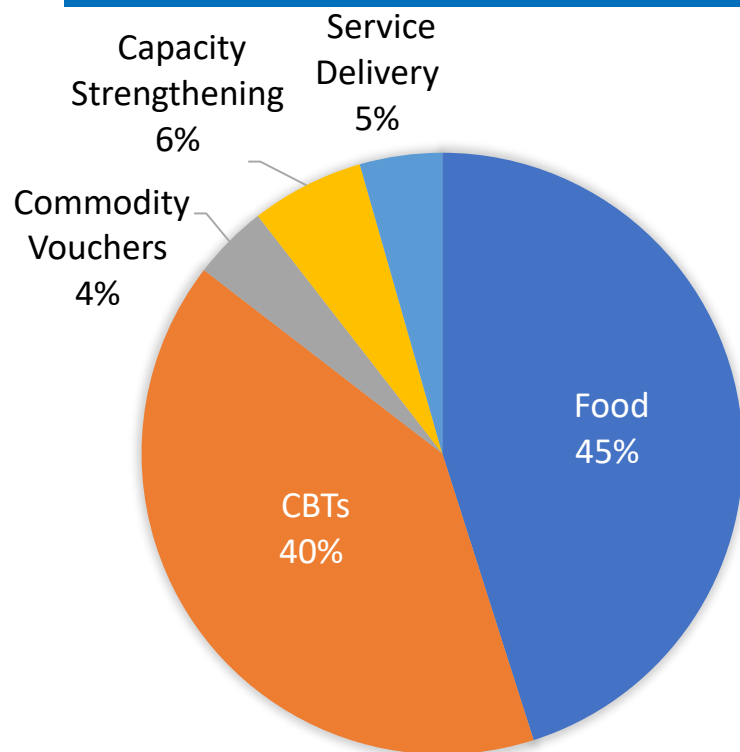


**All already have a CPB  
approved or draft for 2020  
(whole year or part of the year)**



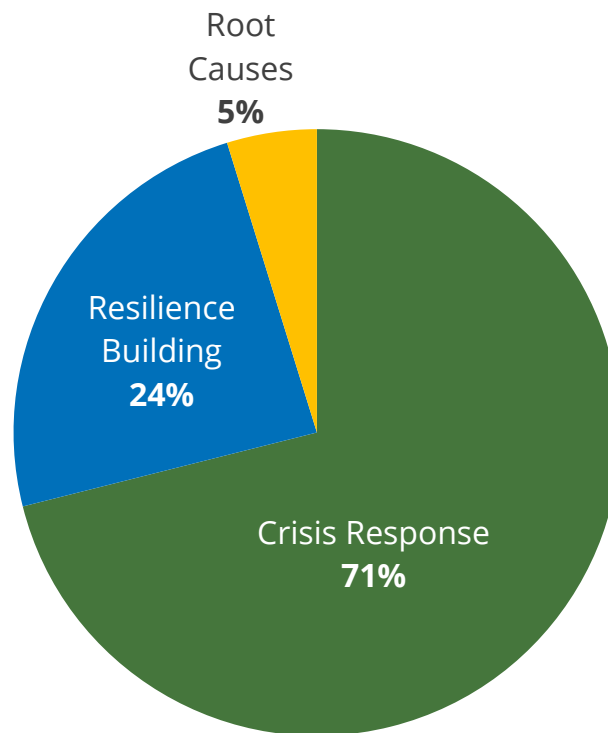
# 2020 Operational Requirements Analysis

## BY TRANSFER MODALITY



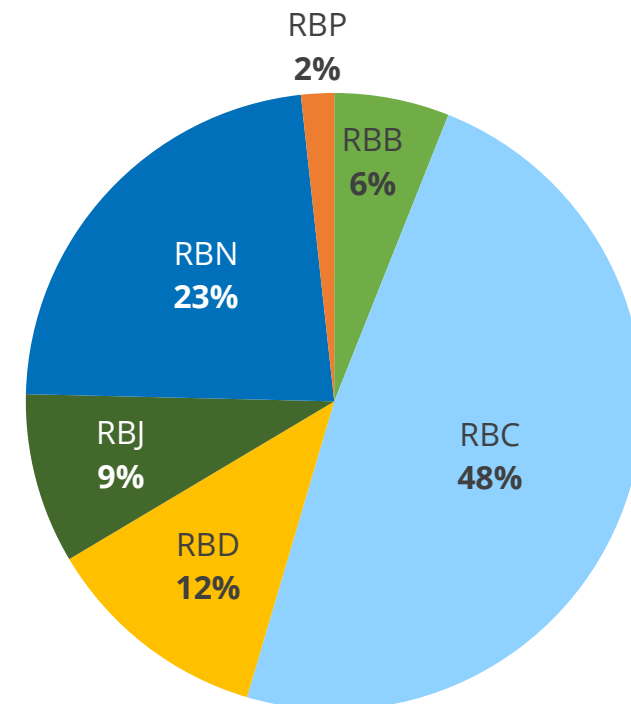
**Cash-based transfers** increase by 17% compared to 2019 while **Food transfers** remain broadly the same

## BY FOCUS AREA



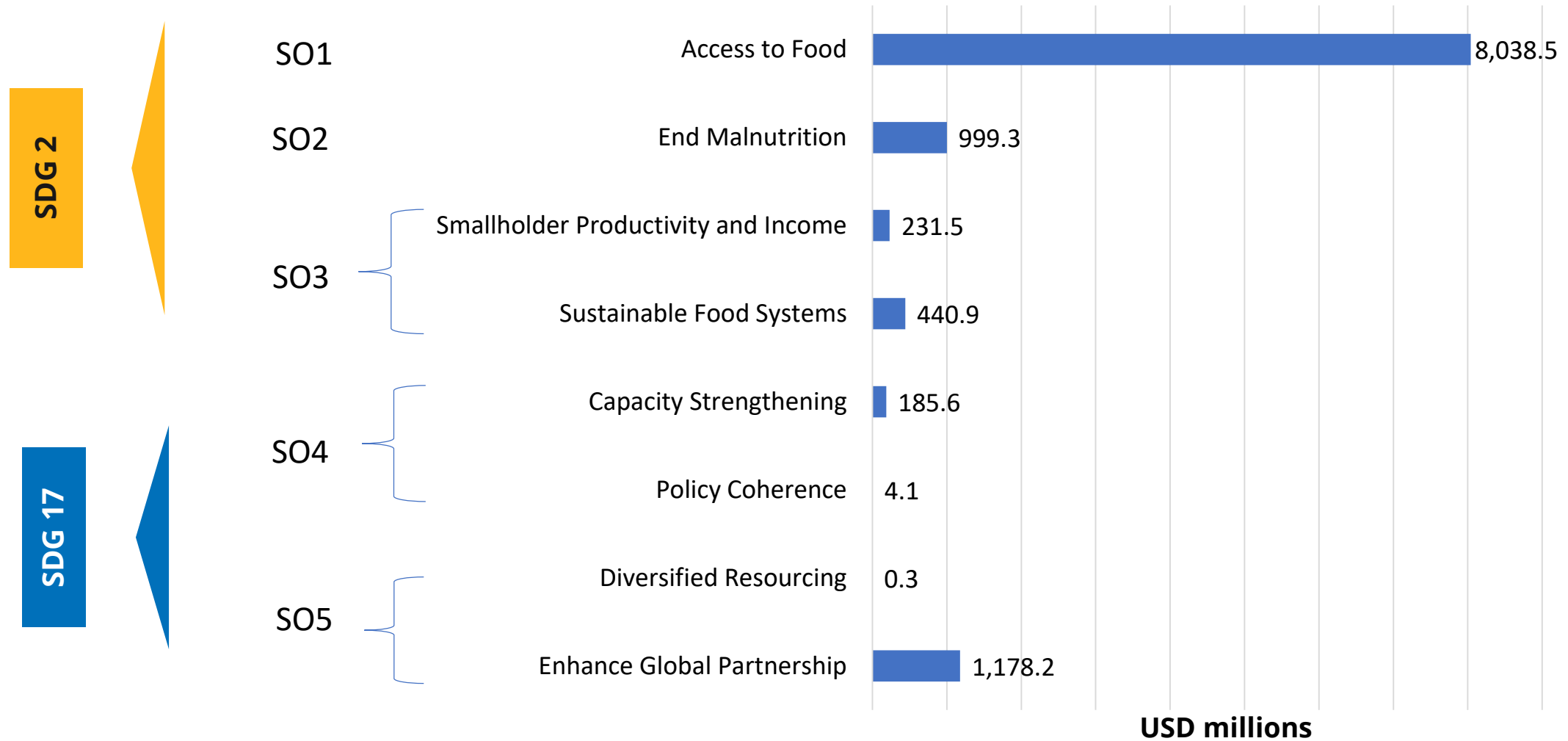
**Crisis response** requirements increase by 17% compared to 2019 while **Root Causes** decrease by 7%

## BY REGIONAL BUREAU

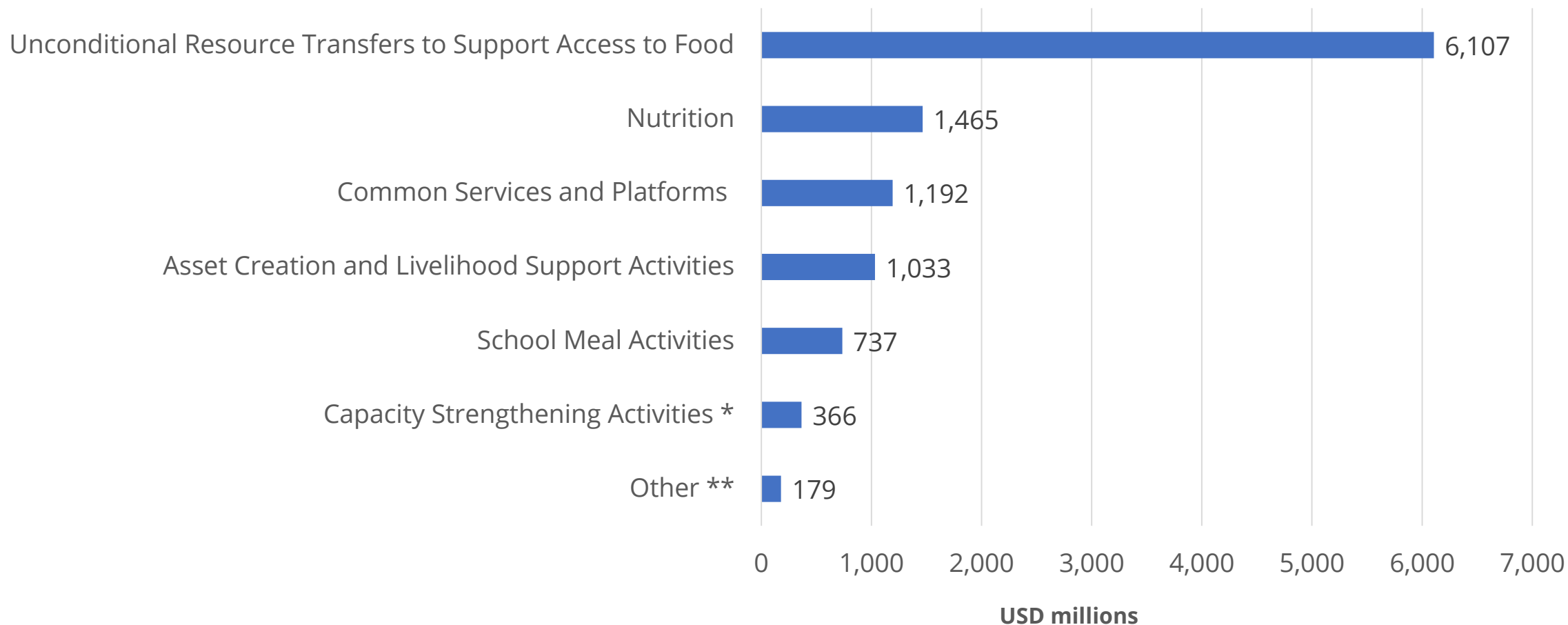


A further increase is noted for RBC (**Yemen, Lebanon**) as well as in increase for RBJ (**DRC, Mozambique and Zimbabwe**)

# 2020 Operational requirements by Strategic Result/SO/SDG (total USD 11,078 million)



# 2020 Operational Requirements by Activity Category (total USD 11,078 million)



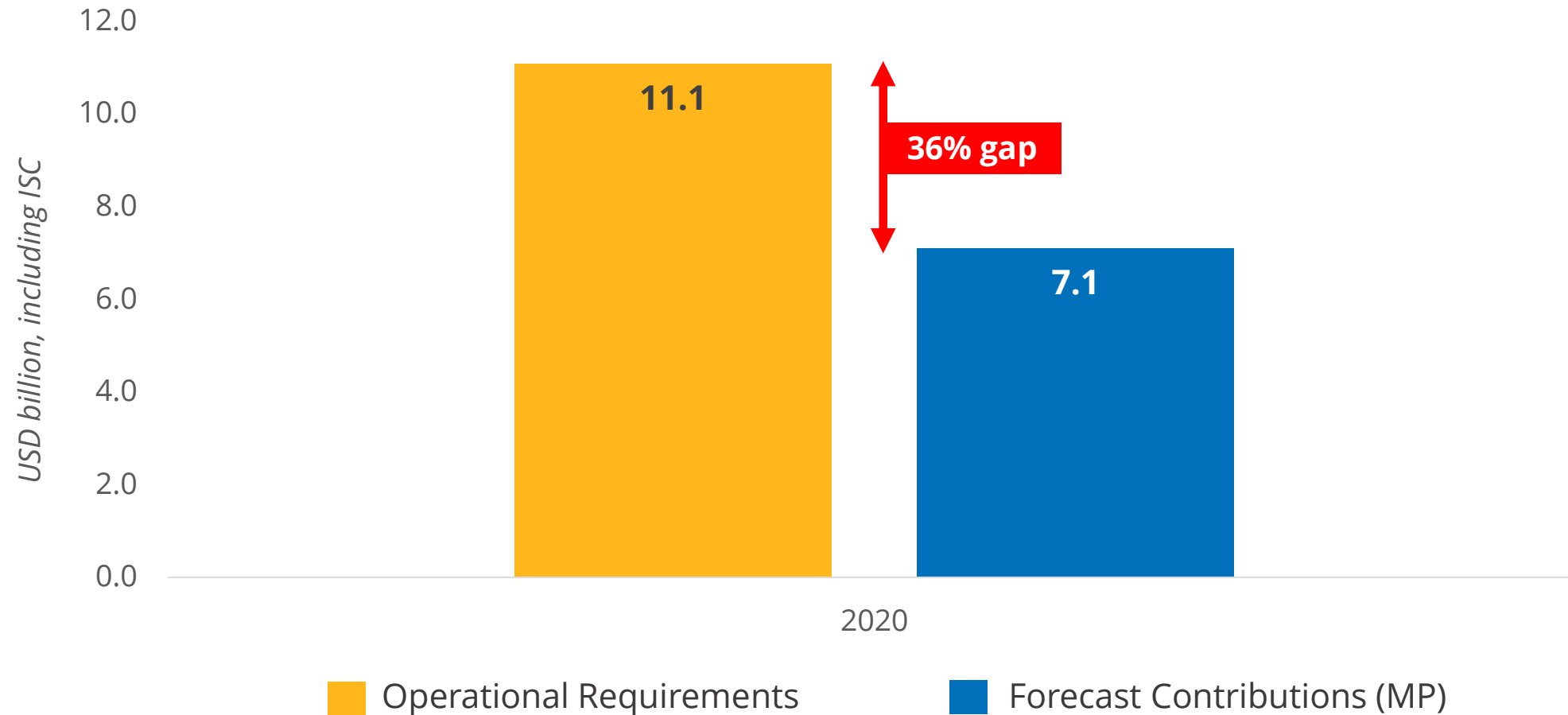
\* Includes both institutional capacity strengthening and individual capacity strengthening activities

\*\* Includes: climate adaptation and risk management activities; smallholder agricultural market support activities; emergency preparedness activities; and analysis, assessment and monitoring activities

# Recap from informal EB briefing on 23 May: Implementation Plan

- Implementation Plans are currently prepared for the following year in May/June - outdated by the time the Management Plan is published
- Approach for MP 2020:
  - Implementation plans will not be included in the Management Plan document - instead published online after the November Board
  - Information on the “gap” between needs and resources will continue to be provided in the Management Plan document

# 2020 Operational Requirements vs. Forecast Contributions



**The funding gap between operational requirements and forecast contributions is currently projected to increase in 2020**

## 2020 top 10 recipients (operational requirements)

	Recipient	2020 needs-based plan (in USD million, including ISC)	2020 needs-based plan (%)
L3	1 Yemen	2,526	22.8%
L3	2 South Sudan	955	8.6%
	3 Turkey	701	6.3%
L3	4 Syria	649	5.9%
	5 Ethiopia	631	5.7%
L3	6 DRC	432	3.9%
	7 Sudan	420	3.8%
	8 Lebanon	411	3.7%
	9 Somalia	313	2.8%
	10 Chad	269	2.4%
	Others	3,773	34.1%
	<b>TOTAL</b>	<b>11,078</b>	<b>100.0%</b>
L3	18 Nigeria	183	1.7%
L3	23 Mozambique	100	0.9%

**4 out of the top 10**  
2020 recipients  
**are facing L3**  
**emergencies**

L3 emergencies account  
for **44%** of the total 2020  
needs-based plan (down  
from **61% in 2019**)





# Q&A



# Thank You