

# **Extracts of the Management Plan (2020–2022)**



**Second informal consultation**

**5 September 2019**

**World Food Programme  
Rome, Italy**

## Section I: Introduction

### Reader's guide

1. The Management Plan (2020–2022) presents summary details of WFP's planned programmes for this period and the budgetary support required to implement them in 2020. The figures it shows include projected needs and forecasts of the resources available to meet those needs. The programme support and administrative (PSA) budget provides the core funding required to support the implementation of the global programme.
2. The executive summary and draft decision and the introductions to each section explain the logic of the management plan. The body of each section contains more details.

### Structure of the document

3. The Management Plan (2020–2022) comprises an executive summary, draft decisions, six sections and annexes:
  - *Section I: Introduction.* This section outlines the global economic and political context as well as WFP's positioning and the organizational context for its management plan.
  - *Section II: Funding context and resourcing assumptions.* This section provides details on the projected levels of resources for 2019 and 2020, with insights into projections for the second and third years of the Management Plan (2020–2022).
  - *Section III: Operational requirements for 2020.* This section provides an overview of the operational requirements for 2020. These planning figures are taken directly from the budget planning tool. The gap between the total operational requirements expressed by WFP's country offices and the global forecast of resources available to meet these requirements is reviewed in this section. Details of implementation plans, which were included in previous management plans, will be available on the management plan website in the fourth quarter of 2019. The data will also be available on the country strategic plan (CSP) data portal.
  - *Section IV: Programme support and administrative budget.* This section presents the proposed PSA budget for 2020. The PSA budget is presented in terms of the appropriation lines approved by the Executive Board in 2018 and by results pillar.
  - *Section V: Management performance measurement.* This section presents the standards for management performance and the performance measures for corporate priorities set in the corporate results framework. Tables of management key performance indicators (KPIs) and components are provided with baselines and targets along with KPIs measuring progress in the achievement of corporate priorities.
  - *Section VI: Trust funds and special accounts.* This section presents the expected amounts of corporate trust funds and special accounts, together with updates on use of the USD 82 million corporate services financing mechanism.
4. The annexes include details of the PSA budget and the evaluation work plan for 2020–2022.

## Global economic and political context

### Economic outlook

5. In June 2019, the World Bank Group downgraded its forecast of global growth to 2.6 percent, 0.3 percentage points lower than previous forecasts. Global growth is projected to rise gradually to 2.8 percent by 2021, including a modest recovery in emerging markets and developing economies.

6. Downside risks to the global economic outlook are rising, in part reflecting the possibility of destabilizing policy developments, including a further escalation of trade tensions between major economies; renewed financial turmoil in emerging markets and developing economies; and sharper than expected slowdowns in major economies.<sup>1</sup>

### **Chronic and acute food insecurity**

7. There has been a rise in world hunger. The absolute number of undernourished people increased to nearly 822 million in 2018,<sup>2</sup> from about 796 million in 2016. People living in conflict-affected areas make up 60 percent of the world's chronically hungry population and are more than twice as likely to be undernourished than people living in countries without conflict.<sup>3</sup> In 2018, more than 113 million people in 53 countries faced a hunger crisis or worse.<sup>4</sup> An additional 143 million experienced stressed conditions, meaning that they were close to slipping into a hunger crisis.
8. Over the past three years, more than 100 million people have faced acute hunger crises. Eight countries accounted for two thirds of this total – with nearly 72 million people. The worst food crises in order of severity were in Yemen, the Democratic Republic of the Congo, Afghanistan, Ethiopia, the Syrian Arab Republic, the Sudan, South Sudan and northern Nigeria.<sup>5</sup>

### **Conflict, hunger and displacement**

9. In 2017, the global economic impact of violence was USD 14.76 trillion in purchasing power parity, equivalent to 12.4 percent of global gross domestic product (GDP) and 45 percent of GDP in the ten countries most affected by conflict.<sup>6</sup> The cost of armed conflict totalled USD 1.02 trillion in 2017, driven by conflicts in the Middle East, North Africa and South Asia.
10. Conflicts remain a major driver of food crises. About 74 million food-insecure people (or two thirds of those facing acute hunger) are located in countries suffering conflict and insecurity.<sup>7</sup> Sixty percent of hungry people<sup>8</sup> and 75 percent of the world's 155 million stunted children live in conflict-affected countries.<sup>9</sup>
11. Conflict, violence and persecution have led to an unprecedented number of displaced people, with 68.5 million forced to flee their homes. Of this total, more than 40 million are internally displaced persons and nearly 25.4 million are refugees.

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<sup>1</sup> World Bank Group. 2019. *Global Economic Prospects, June 2019: Heightened Tensions, Subdued Investment*. <http://documents.worldbank.org/curated/en/541011559679035492/Global-Economic-Prospects-June-2019-Heightened-Tensions-Subdued-Investment>

<sup>2</sup> FAO, IFAD, UNICEF, WFP and WHO. 2019. *The State of Food Security and Nutrition in the World 2019*. <http://www.fao.org/3/ca5162en/ca5162en.pdf>.

<sup>3</sup> FAO, IFAD, UNICEF, WFP and WHO. 2017. *The State of Food Security and Nutrition in the World 2017. Building resilience for peace and food security*. [https://docs.wfp.org/api/documents/WFP-0000022419/download/?\\_ga=2.229406168.513769417.1553075019-512056628.1528281179](https://docs.wfp.org/api/documents/WFP-0000022419/download/?_ga=2.229406168.513769417.1553075019-512056628.1528281179).

<sup>4</sup> Food Security Information Network. 2019. *Global report on food crises 2019*. <http://www.fao.org/resilience/resources/resources-detail/en/c/1187704/>.

<sup>5</sup> Ibid.

<sup>6</sup> Institute for Economics and Peace. 2018. *The economic value of peace 2018*. <http://visionofhumanity.org/app/uploads/2018/11/Economic-Value-of-Peace-2018.pdf>.

<sup>7</sup> Food Security Information Network. *Global report on food crises 2019*. <http://www.fao.org/resilience/resources/resources-detail/en/c/1187704/>.

<sup>8</sup> FAO and WFP. 2019. *Monitoring food security in countries with conflict situations*, January 2019. <http://www.fao.org/3/ca3113en/CA3113EN.pdf>.

<sup>9</sup> FAO, IFAD, UNICEF, WFP and WHO. 2017. *The State of Food Security and Nutrition in the World, 2017*. <http://www.fao.org/3/a-i7695e.pdf>.

12. Worldwide, 57 percent of refugees come from three countries affected by protracted conflict: the Syrian Arab Republic accounts for 6.3 million, Afghanistan for 2.6 million and South Sudan for 2.4 million.<sup>10</sup> Five developing countries host 85 percent of all refugees: Turkey with 3.5 million, Pakistan with 1.4 million, Uganda with 1.4 million, Lebanon with 1 million and the Islamic Republic of Iran with 0.9 million. Most refugees do not want to leave their own homes. Nine out of ten migrants from Africa and eight out of ten from Asia prefer to stay on their own continent.
13. A WFP study from 2017 illustrates how food insecurity affects and is affected by cross-border migration and conflict.<sup>11</sup> The research found that food insecurity is a major “push” factor driving international migration; other push factors are lack of economic opportunities, income inequality, population growth and the existence of networks that facilitate migration. Based on the study, every 1 percent rise in the prevalence of hunger results in an additional 2 percent of the population leaving their homes, while each additional year of conflict causes an additional 4 percent to flee. Migration itself can cause food insecurity given the lack of income opportunities and the adverse travel conditions along migration routes, while food insecurity coupled with poverty is a significant cause of the incidence and intensity of armed conflict, which is one of the main drivers of forced migration.
14. A WFP report from 2018 shows that a one-point increase in the World Bank’s Index on Political Stability and Absence of Violent Conflict could reduce the scale of food crises by half.<sup>12</sup>

### **Climate variability and investment opportunities**

15. Climate-related and other natural disasters pushed 29 million people into acute food insecurity in 2018. Extreme climate-related disasters have doubled in frequency since the early 1990s and now average 213 each year.<sup>13</sup> The average level of hunger in countries with high exposure to climate shocks is 3.2 percentage points higher than in countries with low or no exposure. Fifty-one low- and middle-income countries experienced early or delayed onset of agricultural seasons, 29 experienced seasons of shorter length and 28 experienced both. In 2017, climate shocks were a key driver of food crises in 34 of the 51 countries facing such crises.
16. Climate shocks are also a significant driver of migration and forced displacement. On average, climate-related disasters force 22.5 million people to leave their homes each year. The returns on investment in climate change adaptation are substantial: USD 1 spent on climate risk management and disaster risk reduction can save up to USD 4 in humanitarian response.
17. There are also substantial returns on investments in resilience building measures. In the Niger, each USD 1 spent on WFP’s “changing lives package” of food assistance for assets, school feeding and nutrition activities will generate returns of USD 3.67 in real terms over the following 20 years and create an additional USD 0.46 in spillover effects for households that do not receive direct assistance. This means that WFP could save more than USD 1 billion dollars in opportunity costs over 20 years.

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<sup>10</sup> UNHCR. Figures at a glance. <https://www.unhcr.org/figures-at-a-glance.html>.

<sup>11</sup> WFP. 2017. *At the root of exodus: Food security, conflict and international migration*. [https://docs.wfp.org/api/documents/WFP-0000015358/download/?\\_ga=2.261829705.513769417.1553075019-512056628.15282.81179](https://docs.wfp.org/api/documents/WFP-0000015358/download/?_ga=2.261829705.513769417.1553075019-512056628.15282.81179).

<sup>12</sup> WFP. 2018. *World Food Assistance 2018: Preventing Food Crises*. [https://docs.wfp.org/api/documents/WFP-0000070719/download/?\\_ga=2.202594645.513769417.1553075019-512056628.1528281179](https://docs.wfp.org/api/documents/WFP-0000070719/download/?_ga=2.202594645.513769417.1553075019-512056628.1528281179).

<sup>13</sup> FAO, IFAD, UNICEF, WFP and WHO 2018. *The State of Food Security and Nutrition in the World 2018*. <http://www.fao.org/3/i9553en/i9553en.pdf>.

18. Investing in nutrition can also boost economic growth. On average, every USD 1 invested in proven nutrition programmes yields USD 16 in health and productivity benefits.<sup>14</sup>

## **WFP's positioning**

19. WFP's operating environment is changing. Vulnerable people not only face long-standing risks related to poor governance and conflict, but they must also cope with more unpredictable and extreme weather events occurring at a rate that outpaces their capacities to cope. WFP country programmes are becoming more forward-looking and risk-informed. About 70 percent of country strategic plans include activities dedicated to climate risk management, and WFP has made significant progress in innovative programmes such as weather index-based insurance, forecast-based financing and climate information services for food-insecure communities.
20. Humanitarian crises affect increasing numbers of people and for ever-longer periods. In partnership with a range of national and international actors, WFP must seek to progressively reduce humanitarian needs through a range of interventions that address immediate and chronic vulnerability simultaneously.
21. Reducing the need for humanitarian assistance requires WFP to work at the humanitarian–development–peace nexus in order to prevent conflict from arising and to ensure equity and facilitate opportunities for vulnerable people so that they can attain healthy lives and productive livelihoods. Achieving zero hunger requires a combination of addressing emergency needs where appropriate and implementing alternative strategies for tackling vulnerability without necessarily resorting to protracted emergency support.
22. WFP will achieve this by:
  - increasing programme flexibility, ensuring that development and peace gains are defended while humanitarian needs are met, for example by implementing concurrent humanitarian and resilience building programmes for communities in the Sahel;
  - identifying, measuring and maximizing ways of using WFP's broad operational reach to contribute to development and peace outcomes, for example by using cash transfer platforms and climate-based insurance schemes in emergency and recovery programmes; and
  - using comparative advantages to partner with development and peace actors, including private sector entities and governments, in new ways that achieve collective outcomes that tackle the root causes of hunger, for example by leveraging partnerships with the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Children's Fund (UNICEF) to support health, education and agriculture interventions that protect natural and human capital.
23. Against the backdrop of United Nations reform and efforts to streamline country-level operations so that they work more closely towards collective outcomes that encompass both humanitarian and development indices, WFP has adopted a forward-leaning approach, internally with the second generation of CSPs and with United Nations partners, to ensure that its investments contribute substantially to the newly established United Nations sustainable development cooperation frameworks in countries. The Programme – Humanitarian and Development Division is developing new ways of analysing, designing,

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<sup>14</sup> Independent Expert Group of the Global Nutrition Report Stakeholder Group. 2016. *Global Nutrition Report 2016: From promise to impact: ending malnutrition by 2030*. <https://globalnutritionreport.org/reports/2016-global-nutrition-report/>

implementing and monitoring operations in line with the United Nations new way of working.

## Organizational context

24. WFP's rapidly changing operational environment demands a more agile and accountable organization that optimizes the effectiveness of its response to best serve those in need.
25. The new organizational structure at headquarters introduced in June 2019 responds to the greater complexity of operations, including WFP's increasing recognition of the humanitarian, development and peace nexus and protracted crises, in a context where resource levels have increased by more than 25 percent over the past two years. The new structure will also help promote a culture of change towards a more conducive working environment where all forms of harassment, abuse of power and discrimination are tackled.
26. The new organizational structure reflects important adjustments made to ensure that WFP is equipped for and capable of responding to increasing and more complex demands. The realignment has the main aim of strengthening WFP's focus on supporting the field effectively, aided by revised terms of reference for headquarters and regional bureaux. The new structure will also help to ensure that WFP's increasing resources are spent effectively and efficiently, with strengthened oversight and risk management and effective implementation of internal controls.

## Oversight and risk management

27. Over the last two years WFP has strengthened its oversight and risk management offices. The capacity of the independent oversight offices will be further enhanced in 2020, with the capacities of the Legal Office and the Human Resources Division also increasing to provide stronger support for the implementation of recommendations arising from investigations. Risk management will be strengthened to include more systematic follow-up on the implementation of internal controls and the anti-fraud and anti-corruption action plan.

## Corporate priorities

28. The new organizational structure and responsibilities are better aligned with the five corporate priorities illustrated in figure I.1.

**Figure I.1: Corporate priorities**



29. These priorities are reflected in the proposed increases in the PSA appropriation and critical corporate initiatives in 2020.

30. A further priority – people management – was added by management in June 2019 in response to feedback given at the 2019 global management meeting. This priority underpins the others and will be addressed through consideration of issues such as career planning, performance and accountability, corporate culture and the capacity and qualifications of field-based staff.

## **Governance**

31. The Integrated Road Map provides a new framework for WFP's work. It comprises four interrelated components – the WFP Strategic Plan (2017–2021), the Policy on Country Strategic Plans, the Financial Framework Review and the Corporate Results Framework (2017–2021) – all of which were approved at the second regular session of the Board in 2016.
32. During 2017 and 2018 the Board approved a number of interim delegations of authority, which came with a commitment to reviewing the application of these delegations in order to ensure that the Board's fundamental role of approval and oversight was maintained. The review is currently being completed and discussed with the Board with a view to obtaining approval of permanent delegations of authority at the Board's first regular session in 2020. As the permanent delegations would come into effect from 1 March 2020 they would be in place throughout most of the period covered by this Management Plan.

## Section II: Funding context and resourcing assumptions

### Overview

33. This section provides an overview of the financial context for and assumptions supporting WFP's revenue forecast of USD 7.45 billion in 2020. The forecast is based on donor positions and trends and reconciled with local funding projections in each of WFP's country offices, which are aggregated to form the basis of the management plan.
34. In order to meet the needs outlined in its programme of work, and in accordance with the WFP Strategic Plan (2017–2021), WFP is expanding the range of funding resources that it can use. This section provides an overview of trends and analysis in this regard.
35. Ongoing dialogue on funding aimed at encouraging donors to provide flexible and predictable funding continues as a means of improving the planning and financing basis for WFP country operations and enhancing operational effectiveness and efficiency.
36. Among humanitarian agencies and actors, WFP is a leader in responding to increasing global humanitarian needs. At the same time, WFP is focused on reducing the need for humanitarian action and funding and limiting the impact of humanitarian shocks by investing in preparedness and early action activities, resilience building efforts with governments and support to activities that contribute to addressing the underlying causes of hunger

### Keeping pace with global trends

37. In 2018, WFP implemented its programme of work guided by the WFP Strategic Plan (2017–2021) and benefitting from the new programmatic and financial framework provided by full implementation of the Integrated Road Map. The resulting transparency and operational insights have strengthened WFP's global partnerships and resourcing foundation.
38. Throughout the year, WFP demonstrated an ability to adjust to rapid changes in the political, security and environmental conditions in which it worked and to respond effectively to increasing humanitarian needs. This was particularly evident in operations related to the crises in Yemen and the Syrian Arab Republic operations. However, increases in needs create challenges for effective prioritization and delivery of programmes. The integrated country-based strategic planning process defines a set of interlinked objectives and actions that address life-saving needs while, at the same time, providing support for the attainment of sustainable outcomes that strengthen the ability of individuals, communities and countries to cope with future shocks. Predictable and flexible funding enables WFP to optimize its approach to prioritization and programming.

### WFP funding trends: 2019–2021 forecast

39. In 2018, the growth in WFP's operational requirements was commensurate with the scale of global humanitarian needs. Projected donor response to WFP's growing needs has resulted in a global forecast of USD 7.4 billion against a planned programme of work of USD 12 billion for 2019. By mid-August, WFP had already received USD 4.7 billion in contribution revenue for 2019, which is in line with the level received at the same point in 2018.
40. The funding gap for operations is currently estimated to increase from 27 percent in 2018 to 38 percent in 2019. This is the result of an increase in WFP's programme of work (to USD 12 billion) compared with last year, when the programme of work was USD 10 billion and gross requirements were 73 percent funded. Taking account of historical funding trends, available donor intelligence and assumptions of geopolitical change, WFP estimates that resources for 2020 will reach USD 7.45 billion. This funding level would cover 67 percent

of the current programme of work for 2020, leaving a funding gap of about USD 3.7 billion. WFP assumes a similar level of income for 2021/22 to the projection for 2019/20.

41. The continued high level of operational needs is a result of increased requirements for Level 3 emergency responses, which account for more than half of WFP's current programme of work and a significant portion of its resourcing shortfall. In view of early warning and early action indicators, these critical needs are expected to increase.
42. Contributions received from international financial institutions increased significantly in 2018, from USD 6 million to USD 44 million in directed contributions (excluding contributions through host governments), primarily resulting from an increase in contributions from the African Development Bank in 2018. As WFP continues to invest in its partnerships with international financial institutions, contributions from institutions such as the World Bank, the African Development Bank and the Asian Development Bank are expected to rise substantially from 2019 onwards, with most of this increase to be channelled through host government contributions.
43. The overall trend in contributions from United Nations pooled funds is positive and has generated additional resources for WFP. In 2018, WFP received a record level USD 290 million from various United Nations funding sources for its programme of work, and contributions for 2019 already exceeded USD 200 million by mid-August. Donor support for the United Nations reform and operationalization of the new United Nations resident coordinator system signals a continuous positive trend. Contributions from the United Nations Central Emergency Response Fund (the largest source of pooled funding for WFP) have been stable, ranging from USD 122 to USD 143 million over the past five years. The expanded annual funding target of the fund to USD 1 billion could result in increased funding for WFP.
44. Projected contribution levels for 2019 and onwards indicate a continuation of a trend that reflects a high level of donor confidence in WFP and the continued relevance of WFP's mandate as needs evolve.

### **Possible effects of changing political landscapes on WFP income**

45. The dynamic geopolitical landscape worldwide will continue to have a significant effect on WFP's income. In 2018, the strategic priorities of major donors were reflected in their contributions to WFP: while resilience and development initiatives aimed at reducing the impact of shocks remain a critical part of WFP's integrated portfolio of work in CSPs, two thirds of resources for WFP operations continue to be in response to urgent humanitarian activities. This trend is expected to continue. Competing domestic priorities contribute to the uncertainty of WFP's resourcing, despite rising numbers of the most vulnerable people and global recognition of food security as a major variable in improving the global socio-political climate.

### **Keeping pace with needs**

46. The primary challenge for WFP is how to meet the increasing and changing resourcing needs in a complex funding environment. WFP continues to improve its methodology for forecasting contributions and maintains its commitment to maximizing operational efficiencies and impact, including minimizing the loss of life resulting from food insecurity at the onset of, during and after a crisis. Working ever more closely with its public and private partners, WFP has increasing confidence in its contribution forecasts and thus in the financial commitments that it can make to its operations.
47. To address funding challenges, particularly for its portfolio of activities other than crisis response portfolio, WFP is intensifying its strategic engagement with government partners, international financial institutions and initiatives and the private sector.

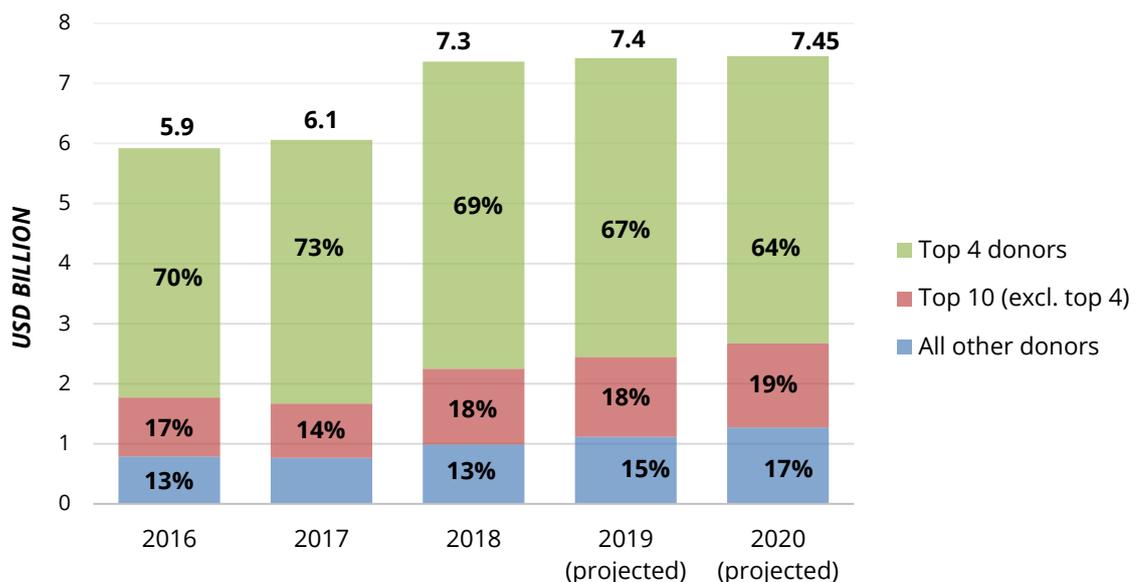
Investment in WFP’s capacity to enhance mutually supportive strategic alignment with partners remains key. WFP will continue to strengthen its engagement in the capital cities of major donor countries and to collaborate with host governments and United Nations partners. WFP is reinforcing its partnerships with traditional development partners, international financial institutions – particularly the African Development Bank, the Asian Infrastructure Investment Bank and the Islamic Development Bank – and a variety of thematic global entities such as the Green Climate Fund and global initiatives focused on specific global priorities such as the Education Cannot Wait fund and the Global Fund. Including resources mobilized from host governments and other sources, WFP aims to mobilize more than USD 1 billion per year in overall development and thematic financing by 2022.

48. Drawing on its evolving contribution forecasting analysis and tools, WFP will continue to provide the Executive Board with regular updates as projections are revised. It is expected that over time, dependable contribution forecasting and enhancements to WFP’s programme cycle approach will result in more detailed projections of donors’ response to WFP’s operational needs, thus improving the planning and financing base for WFP country operations.

### Expanding the donor base

49. The proportion of contributions from the top 14 donors remained constant over the period from 2016 to 2018, at 87 percent. However, current analysis of the forecast foresees a trend towards more equal shares of contributions among traditional and new donors (see figure II.1).
50. Increased engagement with international financial institutions and public and private sector partners is also expected to significantly increase contributions for development in 2019–2020 and beyond.

**Figure II.1: Donors to WFP by value of contributions and percentages of total, 2016–2020 (USD billion)**

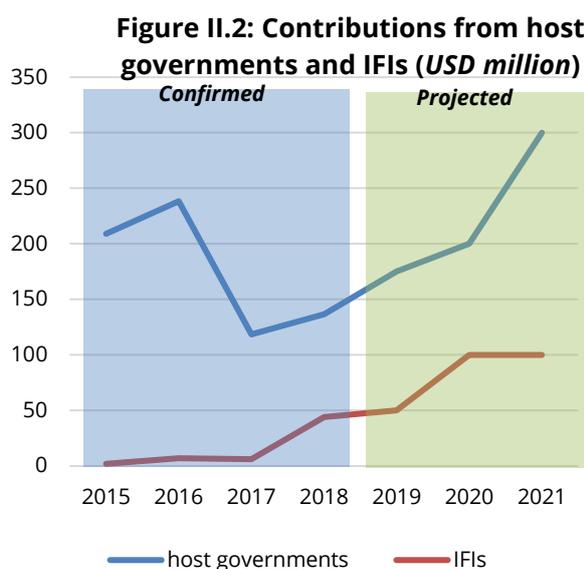


51. WFP continues to diversify its donor base and optimize access to a range of public sector funding streams.

52. In 2018, WFP focused on carrying out strategic and technical analysis of funding opportunities in the public and private sectors to support its integrated programme approach. These analyses aid WFP in obtaining access to a range of new public sector funding sources at the global, regional and country levels that were previously untapped. This includes new development funding from Italy and Norway, and new funding sources such as national university and municipal budgets from Italy, the Republic of Korea and Spain among others. Projected income from these resources is USD 200 million in 2019 with an increasing trend in future periods.
53. United Nations funding is expected to increase in the coming years as a result of donors' increased interest in funding joint programmes and an increase in the annual target for country-based pooled funds of the Office for the Coordination of Humanitarian Affairs in 2019. The signing of a Master Agreement between WFP and the Green Climate Fund in November 2018 and the establishment of the Joint SDG Fund are also positive developments. Contributions to thematic United Nations funding sources such as the United Nations Adaptation Fund and the Green Climate Fund are rising. The CSP structure provides country offices with a wider and longer-term set of opportunities for creating new and joint pooled fund programmes, enabling them to take increasing advantage of pooled funding opportunities.
54. WFP's expanding portfolio of thematic funding, which includes nutrition, school feeding and climate financing, is an example of its effort to apply increasingly its integrated programme approach aligned with its strategic plan. Ranging from support received through host governments to specialized funding mechanisms and resources received from public discretionary funding sources, funding from both humanitarian and development financing is expected to increase. Contributions earmarked for nutrition and HIV programming are already growing, with USD 349 million received in 2018 and USD 396 million received by mid-August 2019.
55. As part of these efforts, WFP has also highlighted its value proposition as a critical partner with national actors on resilience efforts, including its potential pivotal role in promoting the humanitarian-development continuum.

## Role of host governments

56. Host government contributions were USD 136.7 million in 2018, an increase of 15 percent compared with 2017 (USD 118.5 million). Thus far in 2019, USD 170 million has already been received from host governments. In previous years, contributions from host governments were significantly higher at USD 209.1 million in 2015 and USD 238.2 million in 2016.
57. Through its country strategic plans, WFP aims to optimize traditional donor resources in tandem with those of host governments in areas where transformative actions offer the highest returns on investment and help accelerate progress towards achievement of the Sustainable Development Goals (SDGs), particularly SDGs 2 and 17. To this end, an increasing trend in host government resources is expected in the period from 2019 onwards.



58. Over the past year, WFP has continued to foster a shift from funding to financing. It works with host government partners to identify how best to facilitate progress towards key national priorities including food systems and human capital formation. National actors such as the ministries of planning and finance, international financial institutions and regional institutions participate in strategic dialogue to this end.
59. WFP encourages host governments to make regular contributions to its programmes, including through the recently introduced twinning initiative and the restructured of the Emerging Donor Matching Fund. In 2018, USD 30 million was allocated to this initiative.

### **Flexible and predictable income**

60. While contributions aimed at providing WFP with the resources it needs for its humanitarian response operations remain essential for continuity of operations, the availability of funding for immediate action is fundamental to the success of WFP's role as a first responder at the onset of a crisis. As such, donor conditionalities and funding restrictions can directly affect timely response to beneficiary needs. Examples are ineligibility of contributions for internal project lending and repayment of allocations from the Immediate Response Account. WFP works with donor partners to raise awareness of the impact of donor restrictions and promote reduced earmarking.
61. A thorough analysis of donor requirements conducted in 2018 resulted in the identification of ten priority criteria for overcoming internal and external funding conditions that affect the flexible use of resources for WFP operations. Dialogue with resourcing partners is resulting in the partners' increased understanding of flexible funding as a pillar of effective and efficient operations and some increase in the flexibility of funds while allowing donors to meet their own fiduciary requirements.
62. Softly earmarked contributions to WFP increased by 10 percent from USD 382 million in 2017 to USD 420 million in 2018, accounting for 6 percent of total contributions in both years. Current analysis of contributions indicates that flexible contributions for 2019 onwards are expected to remain at least at the same level and possibly to increase according to dialogue with donor partners. Regarding contributions earmarked at the CSP level or below, there has been a positive trend thus far in 2019, with 72 percent of contributions earmarked at the activity level, a decrease from the 83 percent seen in 2018.
63. Multi-year funding increased by 6 percent from USD 947 million in 2017 to USD 1 billion in 2018. Looking into the near future, analysis of information from donors suggests there will be an increase of multi-year contributions for 2019 and an upwards trend is projected for 2020. The multi-year nature of the CSP framework enhances resource mobilization efforts that target multi-year funds and contributes to this result.
64. At the same time, contributions eligible for use in internal project lending decreased from USD 3.7 billion in 2017 to USD 3.1 billion in 2018, accounting for 42 percent of all contributions, with similar figures forecasted for the 2019–2021 period. By mid-August, USD 1.9 billion in 2019 contribution revenue was available for internal project lending, representing 40 percent of 2019 contribution revenue to date. WFP will therefore continue to encourage donors to provide contributions that can be used in internal project lending, which is fundamental to ensuring the timely provision of support to beneficiaries, and is monitoring trends.
65. Overall, WFP's dialogue with donors is essential and successful in fostering the establishment of strategic partnership agreements that provide predictable and flexible funding for a set of jointly agreed relatively long-term objectives. WFP currently has 14 of these agreements with donors (see figure II.3).

**Figure II.3: Strategic partnership agreement donors, 2012-2022**

Donor with SPA	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Australia	Light green	Light green		Dark green	Dark green	Dark green	Dark green	Dark green	Dark green	Yellow	Yellow
Canada	Light green	Dark green	Dark green	Dark green	Dark green	Dark green					
Denmark					Dark green	Dark green	Dark green	Dark green			
Finland			Light green	Light green	Light green	Light green	Dark green	Dark green	Dark green	Dark green	
Iceland						Dark green	Dark green	Dark green	Dark green	Dark green	
Ireland		Light green	Dark green	Dark green	Dark green						
Luxembourg	Light green	Dark green	Dark green	Dark green	Dark green						
New Zealand		Light green	Dark green	Dark green	Dark green						
Norway	Light green	Light green	Light green	Light green	Dark green	Dark green	Dark green	Dark green	Yellow	Yellow	Yellow
Republic of Korea				Dark green	Dark green	Dark green	Dark green	Dark green	Dark green		
Russian Federation			Light green	Light green	Light green	Light green	Dark green	Dark green	Dark green	Dark green	
Spain								Dark green	Dark green	Dark green	Dark green
Sweden							Dark green	Dark green	Dark green	Dark green	
United Kingdom of Great Britain and Northern Ireland	Light green	Light green	Light green	Dark green	Dark green	Dark green	Dark green	Dark green	Dark green		

Light green = past agreements.

Dark green = current agreements.

Yellow = under negotiation.

## Section III: Operational requirements for 2020

### Overview

66. Through the Management Plan (2020–2022) WFP continues to affirm its commitment to aligning and integrating its food assistance and nutrition capacities and programmes with those of national authorities and other partners, in line with the Sustainable Development Goals (SDGs). The Management Plan (2020–2022) covers 85 countries, 67 of which have CSPs and 18 with ICSPs,<sup>15</sup> all highlighting the strategic and programmatic shifts set out in the Strategic Plan (2017–2021), which are now firmly embedded in WFP’s planning processes and aim to build on its priority emergency assistance in ways that not only save lives but also change them.
67. While the Management Plan (2019–2021) focused on enhancing WFP’s alignment with the SDGs, the plan for 2020–2022 outlines how WFP is delivering on the goals of the 2030 Agenda for Sustainable Development through well-designed strategies and programmes implemented in partnership with governments, communities, non-governmental organizations and United Nations agencies, especially the other Rome-based agencies, the United Nations Children’s Fund (UNICEF) and the Office of the United Nations High Commissioner for Refugees (UNHCR). The Management Plan (2020–2022) also responds to the sharp increase in humanitarian needs as conflict- and climate-induced needs continue to grow.
68. Achieving the goals of the Management Plan (2020–2022) will require the implementation of country strategic plans (CSPs) with transformative programmes that both save and change lives. Through the plan, WFP renews its emphasis on leadership in emergencies, programme excellence and engagement at the humanitarian–development–peace nexus. Saving and changing lives requires WFP to carry out actions that respond to emergency needs while simultaneously investing in prevention and development efforts that can reduce humanitarian needs in the medium and long terms.
69. WFP and its partners continue to face significant challenges. The most complex, protracted and expensive humanitarian crises are in places where people are caught between conflict and recurring climate extremes. As a result, 113 million people in 53 countries face acute hunger, requiring urgent food, nutrition and livelihoods assistance. Of these people, more than half – 72 million – live in eight countries: Afghanistan, the Democratic Republic of the Congo, Ethiopia, northern Nigeria, South Sudan, the Sudan, the Syrian Arab Republic and Yemen.<sup>16</sup> Worryingly, an additional 822 million people face chronic hunger and food insecurity globally, 7 million more than in 2019.<sup>17</sup> While WFP’s programming remains needs-based, increases in the number of people facing chronic hunger and food insecurity draw attention to the need for parallel efforts that meet emergency needs while tackling root causes and through integrated programmes that build resilience, reducing and ending need.

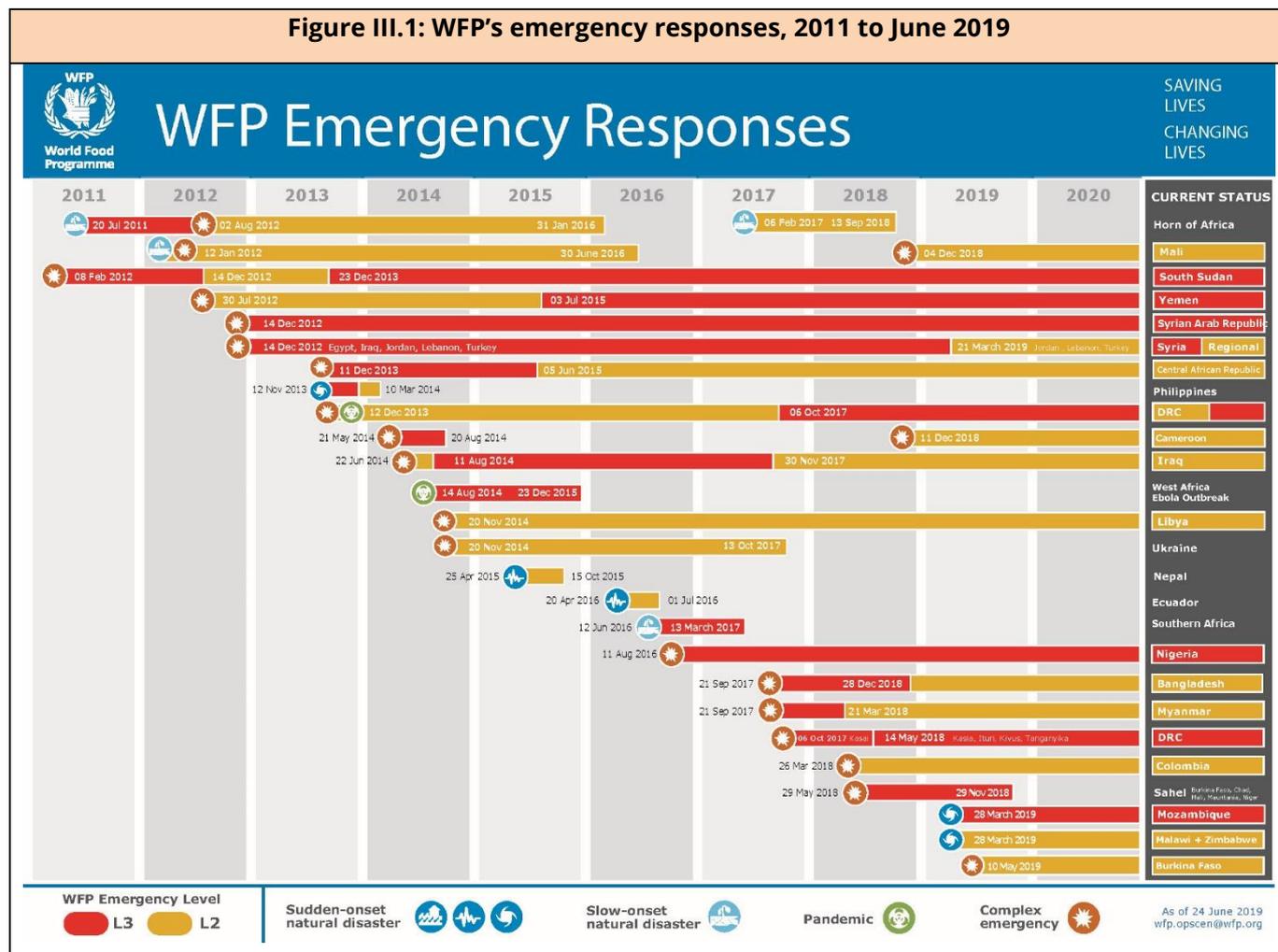
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<sup>15</sup> Figures include multi-country CSPs and ICSP and CSP submissions for Turkey and Togo.

<sup>16</sup> Global Report on Food Crises, [http://www.fsinplatform.org/sites/default/files/resources/files/GRFC\\_2019-Full\\_Report.pdf](http://www.fsinplatform.org/sites/default/files/resources/files/GRFC_2019-Full_Report.pdf).

<sup>17</sup> *Ibid.*

70. In 2019 WFP is responding to 18 concurrent emergencies worldwide – the most it has ever faced at one time. Of these, six are Level 3 emergencies – in the Democratic Republic of the Congo, Mozambique, northern Nigeria, South Sudan, the Syrian Arab Republic and Yemen – and the remaining 12 are classified as Level 2. Figure III.1 summarizes WFP’s coverage of emergencies since 2011, highlighting an increasing and prolonged trend in humanitarian crises.

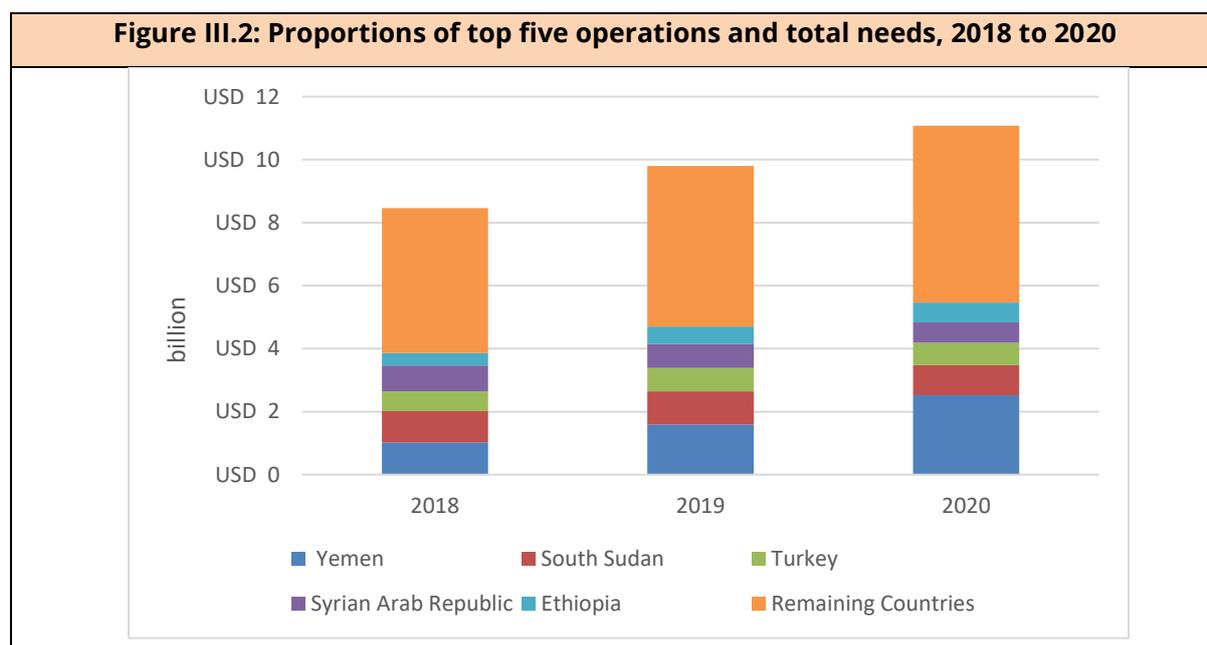


71. The global trend in increasing humanitarian crises is reflected throughout the Management Plan (2020–2022) with increases in beneficiary numbers and associated financial requirements. Two-thirds of the additional 9 million people in need of emergency food assistance reside in the six countries facing Level 3 emergencies. As a result, resource requirements for emergency transfers in 2020 will increase by 20 percent from 2019, with an additional USD 0.93 billion required to meet urgent needs in these six countries alone.
72. As a first priority, WFP seeks to save lives and livelihoods and reduce suffering in emergencies. Reducing and preventing humanitarian need is integral to this, and increased investments and strengthened partnerships are required in order to deliver positive change for the poorest and most vulnerable people. This calls for strategic and operational partnerships with national and local authorities and other development actors, ensuring respect for humanitarian principles, and contributing to peace where appropriate. Achievement of the long-term benefits of this approach will incur short-term costs. For example, incorporating resilience building from the start of an emergency response is more expensive in the short term than implementing a traditional humanitarian responses but reduces the need for and cost of humanitarian response in the long term. For every USD 1 that they invest in building people’s resilience, donors can expect to save up to

USD 3 in reduced humanitarian aid and avoided losses<sup>18</sup> while USD 1 invested in preventing malnutrition can generate USD 16 of returns.<sup>19</sup>

### The impact of limited resources and growing needs

73. WFP operational requirements for 2020 amount to USD 11.1 billion, 13 percent more than in 2019. The increase is primarily caused by rising requirements for responses to conflict in Yemen, conflict and Ebola in the Democratic Republic of the Congo, conflict in the Central African Republic and cyclone Idai in Mozambique and Zimbabwe. While emergency needs have increased in more than 15 countries, almost half of these requirements are for WFP's five largest operations in Yemen, South Sudan, Turkey,<sup>20</sup> the Syrian Arab Republic and Ethiopia. Figure III.2 illustrates this trend in the period from 2018 to 2020.



74. As needs continue to grow, the forecasted funding gap of 33 percent in 2020 will limit WFP's ability to assist affected populations, requiring it to undertake difficult prioritization exercises and to target only the most vulnerable people in a limited set of operations, as in 2018 and 2019. The result of such prioritization is an increase in the long-term risk of not only failing to deliver life-saving assistance, but also missing opportunities to build resilience and eroding development gains. Using examples from previous years, the projected impact of a USD 3.7 billion gap in funding for operational requirements is a reduction of between 35 and 50 percent in the delivery of school feeding, malnutrition prevention, climate adaptation and risk management and asset creation and livelihood activities. All of these are programmes that focus on changing lives and reducing long-term vulnerability to shocks and the risk of a food insecurity crisis or emergency.<sup>21</sup>

<sup>18</sup> United States Agency for International Development. 2018. *Economics of resilience to drought in Ethiopia, Kenya and Somalia*. <https://www.usaid.gov/documents/1867/economics-resilience-drought-summary>.

<sup>19</sup> International Food Policy Research Institute. 2015. *Global Nutrition Report 2015: Actions and accountability to advance nutrition and sustainable development*. <http://www.ifpri.org/publication/global-nutrition-report-2015>.

<sup>20</sup> Operational requirements for Turkey are currently under revision.

<sup>21</sup> WFP/EB.2/2018/6-A/1/Rev.1.

Focus area	2019 operational requirements	2020 operational requirements	Difference (%)
	(USD million)	(USD million)	
Crisis response	6 530	7 830	20
Resilience building	2 699	2 720	1
Root causes	566	527	-7
<b>Total</b>	<b>9 796*</b>	<b>11 078</b>	<b>13</b>

\* WFP Management Plan (2019–2021)

75. Comparing WFP's 2019 and 2020 operational requirements table III.1 highlights a 20 percent increase in crisis response, relatively unchanged requirements for resilience building and a 7 percent reduction in planned activities and programmes that address root causes. The increase in crisis response is for activities in countries such as the Central African Republic, the Democratic Republic of the Congo, Mozambique and Yemen, where operational requirements for crisis response have increased by between 60 and 500 percent since 2019. At the same time, reductions of between 60 and 70 percent in crisis response activities in other countries, including the Congo, Côte d'Ivoire and Pakistan, have helped to keep the magnitude of global needs for emergency response within a manageable range, provided that resources are sufficient to meet these needs.
76. The relative stability of operational requirements for resilience building activities reflects WFP's continuing commitment to supporting individuals, households, communities, governments and systems in adapting to and absorbing shocks and maintaining food security and nutritional health. Examples of WFP's commitment to building resilience through activities that strengthen smallholders' access to markets and enhanced livelihood assets and strengthen the capacities of individuals and institutions are the projects found in Kenya, the Syrian Arab Republic and Turkey. Despite this relative stability in funding needs, however, it is important to note that in 2020 operational requirements for resilience building increase by 130 percent in the Democratic Republic of the Congo and 170 percent in Iraq.
77. In 2020, the forecasted operational requirements for root causes equates to 5 percent of the total management plan for 2020 and are USD 39 million lower than in 2019. However, for Benin, Colombia and Peru there are increases of between 100 and 400 percent in the operational requirements for root causes in 2020, mirroring in the total needs in 2020 for these countries.

### Beneficiary numbers

Regional bureau	2019	2020	Difference (%)
RBB – Asia and the Pacific	10.81	9.34	-14
RBC – Middle East, North Africa, Eastern Europe and Central Asia	26.04	28.59	10
RBD – West Africa	9.55	12.71	33
RBJ – Southern Africa	8.87	12.99	46
RBN – East Africa	19.75	21.03	6
RBP – Latin America and the Caribbean	3.74	3.10	-17
<b>Total</b>	<b>78.76</b>	<b>87.76</b>	<b>11</b>

78. In 2020 WFP projects will directly reach 87.8 million beneficiaries, an increase of 11 percent or 9 million people from 2019. Forecasted increases in beneficiary figures can be explained by a combination of increasing beneficiary requirements in emergency operations and retargeting efforts in several countries that are shifting to recovery and resilience-centred programmes. For example, humanitarian operations responding to cyclone Idai in Mozambique and Zimbabwe, increased vulnerability and drought in the Sahel countries, El Niño in the Horn of Africa and Ebola and conflict in the Democratic Republic of the Congo account for the increased numbers of beneficiaries in the Southern, West and East Africa bureaux. The continuing conflict in Yemen is the main cause of increased beneficiary numbers in the Middle East, North Africa, Eastern Europe and Central Asia, where increases are partially offset by the retargeting of WFP activities as part of a transition to recovery and resilience programming in the Syrian Arab Republic and the Sudan. In the Asia and the Pacific and Latin America and the Caribbean regions decreases in numbers of beneficiaries are driven by a stronger focus on resilience and institutional capacity strengthening activities in Bangladesh, Pakistan, Haiti and Honduras.
79. It is important to note however that although beneficiary figures can provide an overall picture of WFP's volume of work, they do not reflect the duration of the support provided to beneficiaries. For this reason, figures on the foreseen numbers of daily rations reaching beneficiaries have become an integral part of the overall operational requirement analysis. The operational requirements for 2020 highlight that for the 85 countries where WFP is assisting people the foreseen requirements are of 22 billion daily rations.
80. The cost per ration is an important benchmark for WFP. It reflects the estimated budgeted amounts that can be directly or indirectly attributed to a daily food basket or cash-based transfer (CBT) designed to achieve programme results.<sup>22</sup> Because WFP focuses on the most vulnerable groups, its crisis response activities are more prominent in remote areas affected by conflict, failed harvests or other shocks. This drives up the cost of providing assistance, largely because of limited access during rainy seasons or periods of insecurity or because of seasonal price increases. To guarantee impact, resilience building activities typically necessitate longer interventions or combinations of interventions and investments in addition to the food transfers themselves, which increases the cost of assistance. The different costs per ration per focus area can be seen in table III.3.

<b>TABLE III.3: COST PER RATION PER FOCUS AREA</b>		
<b>Focus area</b>	<b>Number of daily rations (million)</b>	<b>Average cost per ration (USD)</b>
Crisis response	16 017	0.51
Resilience building	4 612	1.42
Root causes	1 857	0.37

81. In 2020, the overall expected weighted average cost of a daily ration is USD 0.55. This global figure comprises a range of activities with different costs per ration, such as school feeding, which has an average cost per ration of USD 0.27, nutrition activities, with USD 0.59 and unconditional resources transfers, which constitute more than 55 percent of all WFP daily rations and have an average expected cost per ration of USD 0.53.

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<sup>22</sup> Within the current financial framework, budgets are prepared at the CSP activity level. When calculating the cost of multiple rations that are included in a single CSP activity, costs such as direct support costs are calculated based on estimations of the numbers of beneficiaries and rations.

82. The main components of the cost per ration are the cost of the transfer itself, which in 2020 is expected to constitute an average of 75 percent of the total transfer cost<sup>23</sup> per ration, and the implementation and other operating costs. Because of the importance of the transfer share in the overall cost, CBT rations tend to have higher overall costs than the in-kind food rations. This is because the CBT costs remain equal for all the beneficiaries who receive them in a specific activity, while the total transfer cost of in-kind food decreases with scale owing to WFP supply chain practices and related economies of scale. However, in both modalities efficiency gains can be made in implementation and other costs depending on the context and nature of the operation as WFP systems and operations are designed with a view to benefiting as much as possible from economies of scale.

### Ability to deliver against the SDGs

83. While humanitarian action remains WFP's core responsibility, the Management Plan (2020-2022) highlights a continued commitment to assisting governments in the achievement of SDG 2 and supporting the attainment of SDG 17. Table III.4 provides a breakdown of WFP's operational requirements by each of the five WFP Strategic Objectives and the eight WFP Strategic Results.

SDG	Strategic Objective		Strategic Result		2019 operational requirements (USD million)	2020 operational requirements (USD million)	Difference (%)
2	1	End hunger	1	Access to food	6 814	<b>8 038</b>	18
	2	Improve nutrition	2	End malnutrition	995	<b>999</b>	0
	3	Achieve food security	3	Smallholder productivity and income	252	<b>231</b>	-9
			4	Sustainable food systems	370	<b>441</b>	19
17	4	Support SDG implementation	5	Capacity strengthening	115	<b>186</b>	61
			6	Policy coherence	6	<b>4</b>	-27
	5	Partner for SDG results	7	Diversified resourcing	0	<b>0</b>	5
			8	Enhance global partnership	1 244	<b>1 178</b>	-5
<b>Total</b>				<b>9 796</b>	<b>11 078</b>	<b>13</b>	

84. *SDG 2*: In 2020, rising food insecurity and malnutrition will continue to require urgent food assistance and nutrition prevention and treatment programmes. These interventions, represented by Strategic Objectives 1 on ending hunger and 2 on improving nutrition, constitute approximately 82 percent (USD 9 billion) of WFP's overall programme of work and are WFP's primary contribution towards the achievement of SDG 2, zero hunger.

85. Beyond addressing immediate food and nutrition needs under Strategic Objectives 1 and 2, WFP activities supporting the achievement of food security (Strategic Objective 3) are projected to increase by USD 50 million in 2020 and comprise 6 percent of total operational requirements. Between 2019 and 2020, the focus of activities and operational requirements for Strategic Objective 3, will shift from Strategic Result 3 (smallholder productivity and income) to Strategic Result 4 (sustainable food systems), reflecting a broadening of the focus

<sup>23</sup> Including implementation costs.

of WFP's support to smallholders to include systems-level engagement. For example, in China, Ecuador and Haiti, resources required for smallholder farmers and agricultural actors are included in programmes and activities as part of a food systems approach. This requires WFP to work with partners to expand targeting from the individual and community levels to include production, transformation and consumption pillars. For example, in Colombia and Kenya WFP's work with governments and partners on building more resilient food systems includes a combination of supporting smallholder productivity, improving market access and identifying bottlenecks in retail systems in order to achieve intensive and transformational impacts.

86. *SDG 17*: Compared with 2019, operational requirements for forecasted WFP efforts under Strategic Objective 4 (support *SDG* implementation) will increase by 57 percent in 2020. The increase is driven by an expansion of government-requested capacity strengthening activities under Strategic Result 5 aimed at helping governments to achieve *SDG* 2. Based on WFP's operational requirements for Strategic Objective 5 (partner for *SDG* results), delivery of joint programming in the Democratic Republic of the Congo, Turkey and South Sudan continues to account for the bulk of WFP's efforts to enhance its global partnerships and support the wider humanitarian and development community through the provision of emergency coordination and services including air operations.

### Analysis by activity category

87. In 2020, WFP plans to allocate 55 percent of its operational requirements to unconditional resource transfers to particularly vulnerable groups. Table III.5 outlines the operational requirements for 2020 by activity category.

<b>Activity category</b>	<b>2020 operational requirements (USD million)</b>
Unconditional resource transfers to support access to food	6 107
Asset creation and livelihood support activities	1 033
School feeding activities	737
Nutrition activities	1 465
Common services and platforms	1 192
Capacity strengthening activities – individual and institutional strengthening activities	366
Other – including analysis, assessment and monitoring, climate adaptation and risk management, emergency preparedness, smallholder agricultural market support, and others	179
<b>Total</b>	<b>11 078</b>

\* The operational requirements for school feeding include requirements for school feeding activities and the provision of emergency school meals embedded in unconditional resource transfers activities.

88. More than half of WFP's operational requirements for 2020 are directed to the provision of unconditional transfers to save lives, contributing to SDG 2 in 59 countries. The remaining USD 4.97 billion of the programme of work can be broken-down as follows:
- One quarter is in support of SDG 17 and WFP Strategic Result 8 (enhance global partnership), which includes WFP's provision of common services and platforms and the technical assistance and capacity strengthening it offers to national governments and partners. Of this total, 79 percent is for programmes in four countries – the Democratic Republic of the Congo, South Sudan, Turkey and Yemen.
  - Of the residual USD 3.8 billion of resources, 94 percent is allocated to nutrition, asset creation and livelihoods, school feeding and institutional capacity strengthening activities for SDG 2, with more than half (52 percent) of these resources programmed for activities in 11 countries: Afghanistan, the Democratic Republic of the Congo, Ethiopia, Kenya, Malawi, the Niger, South Sudan, the Sudan, Somalia, the Syrian Arab Republic and Yemen.
  - Of the remaining USD 0.2 billion, 64 percent is allocated across six activity categories for outputs that contribute to Strategic Results 4 on sustainable food systems, 5 on capacity strengthening, 6 on policy coherence and 7 on diversified resourcing.
89. While 55 percent of WFP's 2020 programme of work is dedicated to unconditional resource transfers, the operational requirements for capacity strengthening will increase by more than 46 percent, reflecting WFP's growing investment in institutional capacity strengthening. This includes support to national governments for the design of fortification strategies, strengthening of national food and nutrition assessment and analysis capacities, national advocacy campaigns aimed at improving dietary habits and the development of local government proficiency in the use of early warning information. More than 60 percent of the increase in institutional and individual capacity strengthening activities is for the Ethiopia, Iraq, Rwanda and Somalia CSPs.

## **Analysis by activity, Strategic Result and transfer modality**

### **Strategic Results and activities**

90. In 2020, WFP plans to allocate almost three quarters of its operational requirements to Strategic Result 1 in nine of the 12 activity categories. Table III.6 outlines the operational requirements for 2020 by Strategic Result and activity category.

<b>TABLE III.6: OPERATIONAL REQUIREMENTS BY STRATEGIC RESULT AND ACTIVITY CATEGORY, 2020 (USD million)</b>									
<b>Activity category</b>	<b>Strategic Result 1</b>	<b>Strategic Result 2</b>	<b>Strategic Result 3</b>	<b>Strategic Result 4</b>	<b>Strategic Result 5</b>	<b>Strategic Result 6</b>	<b>Strategic Result 7</b>	<b>Strategic Result 8</b>	<b>Total</b>
Unconditional resource transfers to support access to food	6 084	-	-	23	-	-	-	-	<b>6 107</b>
Asset creation and livelihood support activities	595	1	180	258	-	-	-	-	<b>1 033</b>
School feeding activities	701	25	3	-	7	-	-	-	<b>737</b>
Nutrition activities	523	940	-	2	-	-	-	-	<b>1 465</b>
Common services and platforms	22	-	1	1	2	-	-	1 167	<b>1 192</b>
Capacity strengthening activities (for individuals and institutions)	104	33	6	43	166	4	-	10	<b>366</b>
Other – analysis, assessment and monitoring, climate adaptation and risk management, emergency preparedness, smallholder agricultural market support, and others	9	1	41	115	11	-	0	2	<b>179</b>
<b>Total</b>	<b>8 038</b>	<b>999</b>	<b>231</b>	<b>441</b>	<b>186</b>	<b>4</b>	<b>0</b>	<b>1 178</b>	<b>11 078</b>

91. According to the Management Plan (2020–2022), requirements for nutrition activities under Strategic Result 2 (end malnutrition) will increase to USD 940 million in 2020. Requirements for nutrition activities that contribute to Strategic Result 1 are also increasing significantly. More than half – USD 560 million – of the nutrition budget for Strategic Result 2 is allocated to high-burden operations in four countries with acute malnutrition rates exceeding emergency levels: Afghanistan, Somalia, South Sudan and Yemen. It should also be noted that under Strategic Result 2, for its provision of nutrition activities, WFP has included an additional USD 59 million for activities in the analysis, assessment and monitoring, capacity strengthening and school feeding categories.
92. WFP anticipates a slight decrease in the operational requirements for activities contributing to Strategic Result 3 (smallholder productivity and income) in 2020. These include activities contributing to the improvement of smallholders’ food security and nutrition through increased productivity and income. The decrease is partly the result of country offices broadening their operational requirements for supporting smallholders to include support for a food systems-based approach under Strategic Result 4, and the refocusing of operations to relief interventions in 2020 in response to natural disasters. However, the slight reduction of WFP’s overall operational requirements for Strategic Result 3 masks the planned increases of more than 100 percent in activities for Strategic Result 3 in Cuba, the Democratic Republic of the Congo, Gambia, Honduras and the Niger. In addition, some of the CSPs approved in 2019 include significant investments in increasing smallholders’ production, such as in Angola and Togo. While plans for activities related to increasing smallholder production decline in 2020, table III.4 also shows a 19 percent increase in WFP’s budget for activities contributing to Strategic Result 4 (sustainable food systems).

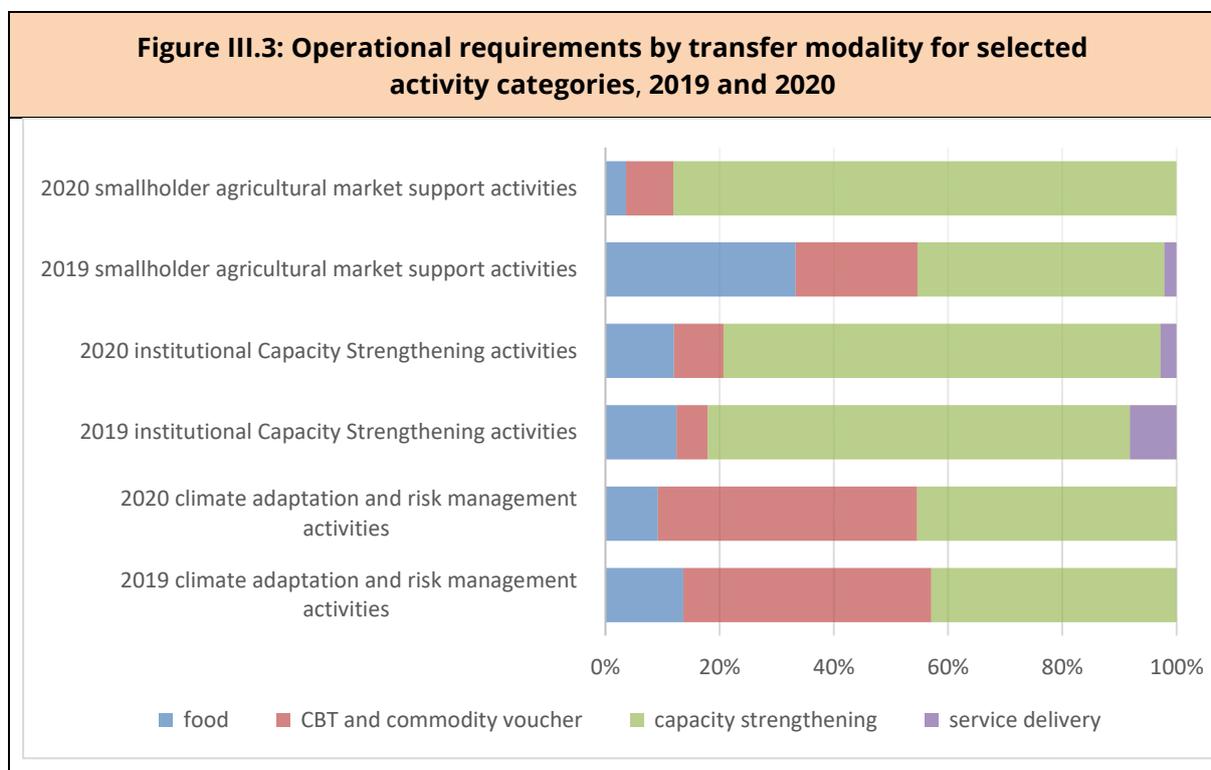
93. The increase in WFP's planned activities that contribute to strengthening food systems is driven partly by a broadening of its activities for smallholders to include engagement at the systems level. The CSPs for Haiti, Iraq, Lesotho and Madagascar approved in 2019 account for 80 percent of the increase in requirements for activities geared towards strengthening food systems. In 2020, requirements for Strategic Result 4 will increase by 19 percent compared with 2019. Major changes include a decrease in unconditional resource transfers and increases in asset creation and livelihood activities, including those that build resilience to climate change such as in Egypt where WFP is working with multilateral climate funds under the United Nations Framework Convention on Climate Change providing vulnerable smallholder farmers with support for increasing productivity and resilience to climate change through community- and nature-based solutions.
94. Compared with 2019, operational requirements for Strategic Result 5 (capacity strengthening) will increase by 61 percent in 2020, driven by increases in programmes for Ethiopia, Iraq, South Sudan, the Syrian Arab Republic and Yemen. Operational requirements programming for Strategic Result 8 (enhance global partnership) will decrease by 5 percent in 2020. The delivery of joint assistance through the Emergency Social Safety Net in Turkey accounts for the majority of funding for this Strategic Result, which covers service provision and platform activities.

### **Modalities and activities**

95. Despite the increasing operational requirements for crisis response, the Management Plan (2020–2022) highlights a growing use of Capacity Strengthening to help governments achieve SDG 2. As outlined in the Strategic Plan (2017–2021), Capacity Strengthening is a Transfer Modality, an Activity Category and a Strategic Outcome. As a modality, capacity strengthening may stand on its own, complement other types of transfer when WFP is implementing programmes directly, or underpin institutional capacity strengthening interventions. It can encompass information, communication and education initiatives in various thematic or sectoral interventions that address skill gaps at the household, community or institutional level, or it can include the transfer to beneficiaries of tools and equipment (shovels, etc.) for building and maintaining assets in asset creation and livelihood activities.
96. As an activity category, capacity strengthening activities have the aim of strengthening capacities that will enable stakeholders to contribute to the achievement of specific national SDG 2 targets. Examples include WFP's work in support of national school feeding and nutrition programmes and objectives, or in strengthening national food systems by enhancing smallholder farmers' market access. Capacity strengthening activities, under Strategic Results 5 and 6, comprise activities aimed at strengthening the capacities of stakeholders from various disciplines or sectors in ways that contribute to the achievement of a range of national SDG targets above and beyond SDG 2, as demonstrated through WFP's support for governments' disaster management programmes, supply chains and national food security and social protection sectors and for national capacities to integrate the assessment and analysis of food security and nutrition vulnerability into a wide range of sectoral policies and programmes.
97. Compared with 2019, operational requirements for 2020 show an increase in the capacity strengthening modality as a proportion of total transfers used in Asset Creation, Livelihood and Individual Capacity Strengthening Activities. More than three quarters of the 2020 operational requirements for capacity strengthening activities (individual and institutional) are allocated to ten countries, with operations in Iraq, Ethiopia, Lebanon and Somalia accounting for the largest share. For example, in 2020, 37 country offices are planning to increase capacity strengthening transfers by at least 50 percent as

country offices continue to integrate capacity strengthening into other types of programming in order to better achieve food security outcomes.

98. In addition to the increase in the number of countries providing Capacity Strengthening transfers is the increase in capacity strengthening transfers as a proportion of total transfers to beneficiaries, compared with 2019. Figure III.3 highlights the composition by modality of the total transfer value for selected activity categories in 2019 and 2020. Food, CBTs, commodity vouchers, capacity strengthening and service delivery modalities address immediate food gaps and the objective of saving and changing lives. As Figure III.3 shows however, in some situations, a greater emphasis is placed on capacity strengthening transfers. For example, in 2020, capacity strengthening transfers as a proportion of total transfers provided to beneficiaries for smallholder market support activities and programmes will increase significantly – from 40 to 88 percent – reflecting a strategic shift towards the broadening of smallholder market support so that it holistically strengthens agricultural value chains while assisting smallholder farmers.



### Analysis by transfer and associated cost

99. In order to accomplish its goal of saving lives and changing lives, WFP makes use of a range of activities and transfer modalities. Direct transfers of food, CBTs and commodity vouchers to beneficiaries cover most foreseen operational requirements and equate to 89 percent of total transfer requirements. In addition, WFP works to improve national policies, capacities, food systems and processes, indirectly improving the food security of far more people through capacity strengthening and service delivery modalities. Table III.7 outlines the values of transfers and their associated costs in WFP's operational requirements for 2019 and 2020.

<b>TABLE III.7: TRANSFERS VALUES AND ASSOCIATED COSTS, 2019 AND 2020</b>				
<b>Cost</b>	<b>2019 operational requirements (USD million)</b>	<b>% of total transfer costs</b>	<b>Operational requirements (USD million)</b>	<b>% of total transfer costs</b>
Food	4 143	50	4 164	45
CBTs	3 083	37	3 726	40
<i>Cash</i>	2 004	24	2 769	30
<i>Value vouchers</i>	1 079	13	958	10
Commodity vouchers	141	2	374	4
Capacity strengthening	427	5	562	6
Service delivery	456	6	409	4
<b>Total transfers costs</b>	<b>8 250</b>	<b>100</b>	<b>9 235</b>	<b>100</b>
Implementation costs	556		700	
Direct support costs	393		467	
<b>Total direct costs</b>	<b>9 199</b>		10 402	
Indirect support costs	598		677	
<b>Total</b>	<b>9 797</b>		<b>11 078</b>	

### **Food transfers**

100. In 2018, WFP purchased 3.6 million mt of food with a value of USD 1.6 billion. Food was procured in 93 countries, with 79 percent in terms of value sourced from developing countries and the remaining 21 percent from developed countries. The tonnage procured in 2018 was 20 percent higher than that procured in 2017 and 70 percent higher than that of 2013. An increase in cereal purchases was the main cause of the increase and was driven mainly by Level 3 emergency responses in Yemen and Bangladesh. In 2018, WFP had eight Level 3 emergency responses active, which accounted for about 61 percent of all the food procured, compared with 48 percent in 2017.
101. The Food Procurement Unit made progress in improving the agility, cost efficiency and reliability of WFP's procurement. Innovative procurement modalities and sourcing strategies for major food commodities were essential tools for meeting increasing demand in 2018. The introduction of food supply agreements, differential contracts and other arrangements ensured that WFP paid competitive market prices. These types of contract modality reduce the risks of cancellation of contracts and defaults. Suppliers can also better plan their production and availability.
102. In 2019, the Food Procurement Unit will aim to make further productivity gains and efficiencies through integrated end-to-end supply chain planning and optimized use of advance financing mechanisms such as the Global Commodity Management Facility, compliance of WFP's food procurement with industry standard practices, use of market intelligence to ensure that purchases are made at the right time and enhanced efforts to widen the supply base. In close collaboration with the Nutrition Division and the Programme – Humanitarian and Development Division, the Food Procurement Unit will aim to satisfy the needs and tastes of beneficiaries by maximizing procurement of local crops and preferred commodities.

103. For 2020, WFP forecasts distributing 4.6 million mt of food at a total cost of USD 4.2 billion in food transfer value and transfer costs. The Middle East, North Africa, Eastern Europe and Central Asia region will continue to be the main recipient of food transfers with requirements forecasted to be approximately 2.2 million mt for ongoing Level 3 emergency operations. The three largest food recipient countries in 2020 are expected to be Yemen (with food requirements of USD 1.1 billion), South Sudan (with USD 550 million) and Ethiopia (with USD 307 million). Compared with 2019 the most significant increases in food requirements will be in Yemen, the Democratic Republic of the Congo and the Central African Republic. Cereals represent approximately 67 percent of the forecasted total tonnage of food, at a total value of USD 2 billion accounting for nearly 50 percent of the total food procured.

### **Cash-based transfers**

104. WFP provides more humanitarian cash transfers than any other agency. Now the second largest transfer modality for WFP activities, the use of CBTs has increased consistently over the past ten years and WFP plans to provide USD 3.7 billion in 65 countries, accounting for 40 percent of total transfer values in the operational requirements for 2020. The Middle East, North Africa, Eastern Europe and Central Asia region accounts for the largest share of operational requirements for CBTs, with Yemen, Turkey, Lebanon, the Syrian Arab Republic, Jordan and Ethiopia together accounting for 60 percent of total operational requirements for 2020.
105. CBTs support a variety of programmes and activities reflecting WFP's use of the most appropriate mix of programming modalities for achieving cost effectiveness and programme outcomes. Greater use of real-time analytics from market monitoring and assessments is allowing WFP to provide beneficiaries with the right transfers at the right times. In the Niger and the Sudan, for example, CBTs are used during post-harvest periods and in-kind transfers during lean seasons.
106. In 2020, the use of unrestricted cash transfers will continue to increase, reaching USD 2.8 billion accounting for almost 28 percent of total WFP transfers according to the operational requirements and almost three times the amount of value vouchers, which will total USD 958 million.
107. Value vouchers account for 10 percent of operational requirements transfer costs for 2020. Beneficiaries of this form of assistance can choose what to buy at shops that have been designated and contracted by WFP. To ensure that the commodities available at contracted shops are of high quality and as cheap as possible, WFP provides technical assistance to retailers and wholesalers. Where possible, WFP negotiates with contracted retailers to increase the purchasing power of beneficiaries, resulting in reduced costs for all customers and not just those receiving direct assistance from WFP.
108. WFP has worked with partners in Chad, the Democratic Republic of the Congo, Lebanon and Turkey, to enhance the effectiveness of unrestricted cash transfers by covering several competing needs at the same time, and in Jordan and Lebanon to give assisted populations the choice of redeeming their entitlements at selected retailers or withdrawing them as cash at ATMs. Working through national safety nets provides an opportunity to strengthen national systems and avoids the construction of parallel structures. WFP has used this model in several countries in recent years, including the Philippines, Ecuador, Fiji, Sri Lanka and the Dominican Republic, and intends to expand its use as an effective way of tackling emergencies through cash assistance.
109. WFP works with 70 financial service providers including banks, microfinance institutions, mobile money operators and money transfer agents. In locations where financial service providers cannot operate, WFP partners with governments, non-governmental

organizations (NGOs) and the Red Cross through its SCOPE platform for beneficiary and transfer management. Cash transfers are known to have a multiplier effect on local economies: by enabling people to purchase essential goods locally they can help strengthen local markets, encourage smallholder farmers to produce more and contribute to the building of national capacities. Studies conducted in Lebanon, Rwanda and Uganda have shown that every USD 1 given to a refugee translates into almost USD 2 in the local economy as businesses respond to the increase in demand.

### **Commodity vouchers**

110. Commodity vouchers are a distinct transfer modality through which beneficiaries are provided with an amount of credit equivalent to a fixed quantity of specific foods. They have proved particularly useful in unstable situations where market operators have better access to populations in need of food assistance than humanitarian partners do. Commodity vouchers are projected at USD 374 million of operational requirements in 2020, accounting for less than 4 percent of total transfer costs. Yemen is expected to be the largest operation relying on commodity vouchers, with USD 340 million, followed by the Democratic Republic of the Congo with USD 14 million.

### **Capacity strengthening**

111. Capacity strengthening transfers include materials and equipment, knowledge and skills and other resources, which are directly transferred to individual beneficiaries, communities, partners or government counterparts to complement and support the objectives of food and cash-based transfers. In the operational requirements for 2020, USD 728 million<sup>24</sup> is allocated to capacity strengthening transfers, equivalent to 7 percent of total planned transfers, up from 5 percent in 2019. The number of countries implementing capacity strengthening transfers will increase to 84 in 2020, with the addition of countries such as Angola and Libya where no such transfers were provided in 2019. Operations in five countries – Iraq, the Syrian Arab Republic, Ethiopia, South Sudan and Yemen – account for 30 percent of total capacity strengthening transfers. In these countries, communities and households will be provided with capacity strengthening transfers alongside food and cash-based transfers to help build the resilience of food-insecure communities. In Iraq, for example, capacity strengthening transfers constitute 39 percent of the total value of planned transfers.

### **Service delivery**

112. Under Strategic Result 8, WFP provides services to the humanitarian community through the three clusters it leads and co-leads, the United Nations Humanitarian Air Service (UNHAS), the United Nations Humanitarian Response Depot (UNHRD) and bilateral logistics service provision. In addition, it provides partner agencies with access to systems and platforms that enable them to transfer entitlements to beneficiaries, as in Bangladesh, Chad, Jordan and Lebanon.
113. Under Strategic Result 8 (common services and platforms), WFP leverages its deep field presence and comparative advantage in logistics to provide both mandated and on-demand services to humanitarian and development actors. In 2018, UNHAS transported more than 386,000 passengers in 16 countries, UNHRD supported 35 partners in 93 countries and the logistics cluster supported more than 600 organizations through its operations in 13 countries. WFP also provided logistics services on request to 75 partners, including host governments, in more than 20 countries.

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<sup>24</sup> Data include implementation, direct support and indirect support costs.

## Implementation costs

114. The Management Plan (2020–2022) is the first plan for which implementation costs are available and comparable with those of 2019. According to country portfolio budgets, implementation costs in 2020 will amount to USD 700 million – 7 percent of total direct costs – in operational requirements, up from 6 percent in 2019. The conflict crises in Yemen and South Sudan and the Ebola emergency in the Democratic Republic of the Congo account for most of the increase because of the costs incurred to ensure delivery, distribution, monitoring and evaluation in remote, inaccessible locations.

## Direct support costs

115. Direct support costs (DSC) are estimated at USD 467 million – 4.5 percent of total direct costs in operational requirements for 2020, in line with DSC requirements in 2019.

<b>TABLE III.8: DSC AS PERCENTAGE OF OPERATIONAL REQUIREMENTS</b>			
<b>2017 actual*</b>	<b>2018 actual</b>	<b>2019 estimated**</b>	<b>2020 estimated</b>
10.7	7.0	4.3	4.5

\* Actual data for 2017 and 2018 are based on statement V of the 2017 and 2018 audited accounts.

\*\* Estimated data for 2019 and 2020 are based on the management plans for 2019–2021 and 2020–2022.

## Cross-cutting issues

### Environment and climate change

116. WFP recognizes that achieving food security and ending hunger require healthy natural ecosystems and sustainable use of natural resources, and that the interdependent environmental, social and economic dimensions of the 2030 Agenda must be consistently reflected in its work. WFP's environmental policy of 2017 commits to identifying, avoiding and managing the environmental risks that arise from WFP's activities while seeking to capture the environmental benefits that WFP's food assistance can generate. Environmental considerations are mainstreamed into all aspects of WFP's work through an environmental and social safeguards framework. Starting in 2020, the safeguards will be applied by relevant programme areas and environmental considerations will be included as a cross-cutting issue in all new CSPs. Asset creation and livelihood support activities and engineering projects will be consistently screened for environmental and social risks, and the environmental management system will be launched in additional country offices.

117. WFP continues to invest in a range of innovative programme approaches that meet the specific needs of food-insecure people exposed to climate risks. This work includes increasing the number of vulnerable countries supported by forecast-based financing systems, climate information services and index-based macro- and microinsurance schemes; supporting the development and implementation of government-led climate risk management strategies and community-level activities; and helping to strengthen institutions and systems so that they can provide more sustainable and resilient climate protection in the long term. With increasing access to climate finance from instruments such as the Green Climate Fund and the Adaptation Fund, these experiences inform WFP's engagement in global policy discussions related to the United Nations Framework Convention on Climate Change.

### Improving the prospects for peace

118. As a core component of its humanitarian, development and peace work (also known as "the triple nexus") and in response to the Secretary-General's Sustaining Peace agenda, WFP is partnering with the Stockholm International Peace Research Institute to determine how WFP food assistance programmes help to improve the prospects for peace.

Initial findings suggest that WFP is making contributions in four areas: strengthening social capital through community-based participatory processes; enhancing livelihoods and building resilience and human capital; strengthening links between citizens and states through inclusive social protection and enhanced service delivery; and enhancing access to and the supply of contested natural resources. In order to sustain and expand its contributions, WFP must ensure that its programmes reinforce trust and social cohesion and do not perpetuate inequality. Transformative programming also requires WFP to change the way in which it partners and the partners with which it works. WFP needs to be conflict-sensitive in all situations and to ensure that all programme design processes are fully conflict-sensitive. This is an essential starting point for all of WFP's efforts to build and sustain peace in its work at the triple nexus.

### **Climate and conflict**

119. In unstable and conflict-prone settings, climate change is the main “threat multiplier” that exacerbates structural inequalities and underlying tensions, locking some of the most vulnerable people into a vicious cycle of recurring humanitarian crisis. At the same time, the effects of climate change are posing an increasing threat to food security through decreased agricultural production, water scarcity and the inability of institutions to adapt. WFP is developing and testing innovative approaches and strengthening existing programmes that help to prevent and reduce humanitarian needs. In partnership with the Stockholm International Peace Research Institute, WFP will analyse the interlinkages among climate change, conflict and food insecurity and the role and potential of WFP assistance. It will also enhance partnerships and inter-agency collaboration, including through the Climate Security Mechanism established by the United Nations in November 2018, with a view to strengthening holistic responses that incorporate forecasting and early warning, vulnerability assessments, disaster preparedness and shock-responsive social protection.

### **Protection and accountability to affected populations**

120. In recent years, WFP's efforts under the Humanitarian Protection Policy (2012), the Inter-Agency Standing Committee's Commitments on Accountability to Affected People (2011, updated 2017) and the Charter on Inclusion of Persons with Disabilities in Humanitarian Action (2016) have brought solid gains, but significant gaps remain. Adequate resources are essential to the improvement of data collection and analysis, partnerships and stakeholder engagement, along with strengthened integration of protection and accountability to affected populations into risk management, supported by sufficient human resources, strong leadership and a clear policy framework. WFP considers protection and accountability to affected populations to be closely interlinked and mutually supportive. Investments will be made in revising the corporate protection policy, to be presented for endorsement by the Executive Board at its second regular session in November 2020. WFP will foster the engagement of staff and partners in the field through robust consultations with regional bureaux, country offices and beneficiaries and the development of sound and practical guidance reflecting protection priorities and accountability to affected populations. In 2020, WFP will continue to roll out standardized complaint and feedback mechanisms, including the development of a beneficiary engagement strategy. Inclusion of vulnerable people, including those with disabilities, is a core component of WFP's approach to protection, which incorporates a focus on population groups who are discriminated against and marginalized. Analysis of the various threats and vulnerabilities that affect different groups will inform programme design and implementation. In 2020, WFP will continue to strengthen the incorporation of disability and inclusion issues into the corporate results framework.

## **Gender and women's empowerment**

121. WFP remains committed to advancing gender equality as fundamental to the achievement of a world without hunger and as a goal in its own right. Based on foreseen operational requirements for 2020–2022, 12 percent of the resources required are allocated to activities that promote gender equality. WFP will thus seek to ensure that its work is consistently gender-equitable and, when the situation allows, gender-transformative, with interventions that contribute to the food security and nutrition of all the people served.
122. To this end, and in accordance with the findings of the strategic evaluation of the current Gender Policy (2015–2020), WFP will continue to provide resources for and to roll out the main mechanisms for translating the concepts underlying the policy into actions. These mechanisms include the Gender Transformation Programme, the gender and age marker, the second iteration of the United Nations System-Wide Action Plan for Implementation of the Chief Executives Board for Coordination United Nations System-Wide Policy on Gender Equality and the Empowerment of Women, and the inclusion of gender equality in all WFP CSPs.
123. Resources are essential for the implementation of activities and the delivery of results that contribute to gender equality effectively, efficiently and equitably. Investments will thus continue to be made in strengthening the gender competencies of employees and partners, both remotely (such as through the Gender Learning Channel and the WFP Gender Toolkit) and in-person, with tailored learning opportunities. Partnerships with entities that range from community-based organizations and country-level, inter-agency gender groups, to international non-governmental organizations such as Women Deliver and the International Women's Development Agency will be strengthened for joint programming, knowledge generation and advocacy.

## **Social Protection**

124. WFP is committed to strengthening social protection as a way of reducing long-term needs and assisting individuals and governments in managing risks and absorbing shocks. Of the CSPs and ICSPs operational in 2020, 90 percent include activities aimed at strengthening national social protection capacities. Through these efforts, WFP enables governments to address increasing proportions of vulnerable people's needs. In Mauritania for example, WFP supports a nascent social protection system, providing assistance for both development and humanitarian functions and promoting national leadership. In Malawi, WFP and partners are working to build national capacities to respond to needs that have become chronic. Shock-responsive social protection is now a national priority and the plans to scale up the coverage and value of social protection and improve its delivery are expected to contribute to reducing the number of food-insecure people requiring emergency assistance.

### **Country capacity strengthening**

125. WFP recognizes that strong and sustained national capacities are critical to addressing the multiple causes of hunger and responding to the food security and nutrition needs of vulnerable people over the long term. WFP's extensive and deep field presence coupled with its role in implementing the 2030 Agenda provide it with an opportunity to leverage its knowledge and experience and expand its role from that of operational partner of choice to a more strategic role in enabling partners to enhance their capacities. Country capacity strengthening focuses on supporting the development of national systems and services that include laws, policies, strategies and procedures for an enabling environment, well-functioning organizations in the institutional domain, and educated, skilled people in the individual domain. Without such support, state and non-state duty bearers cannot effectively plan, implement and review efforts to deliver intended products and services to their target groups.

### **South-South cooperation**

126. Between 2015 and 2018, in line with the evolving needs, economic development, increasing interconnectedness and emerging double role as both the providers and the recipients of food assistance of WFP's host governments, the percentage of WFP country offices that support host governments in sharing knowledge, expertise, technologies and resources for achieving zero hunger with other developing countries increased from 48 to 78 percent. In addition, 90 percent of CSPs include plans for South-South and triangular cooperation in support of host governments. For example, in China, Egypt and Peru WFP's role has evolved from the direct implementation of activities and programmes to the facilitation of cooperation among developing countries including through the provision of technical assistance in social protection, nutrition and disaster risk reduction, WFP centres of excellence such as those in Brazil, China and, since 2019, Côte d'Ivoire, and the provision of support to regional economic commissions that have prioritized school feeding in continental discussions.

## **Section IV: Programme support and administrative budget**

### **Introduction and overview**

127. This section sets out the proposed programme support and administrative (PSA) budget for 2020. The budget reflects the prioritization exercise carried out by all departments in headquarters and by regional bureaux to ensure that WFP's resources for governance, oversight and fundraising, the setting of strategic direction and the provision of services for operations are optimized in support of the strategic plan and country strategic plans (CSPs).
128. In the Management Plan (2019–2021) contributions were forecast at USD 6.8 billion for 2019. This forecast has been revised and current projections are for contributions of USD 7.4 billion in 2019 and USD 7.45 billion in 2020.
129. The income forecast level of USD 7.45 billion for 2020 will generate approximately USD 446.0 million in indirect support cost (ISC) income at the proposed headline ISC rate of 6.5 percent. WFP proposes to increase the level of the PSA budget to USD 423.7 million, from USD 385.1 million in 2019.
130. The additional PSA funding of USD 38.6 million will be used principally in support of WFP's corporate priorities. Allocations are made to both the field and headquarters levels providing additional resources for leadership in emergencies, excellence in programming, partnerships – including with non-governmental organizations (NGOs), people and digitalization. Additional resources are also being provided to the oversight functions (ethics, evaluation and the Inspector General), the ombudsman and in areas where there are known structural deficits (headquarters facilities management, security, and the Executive Board Secretariat).
131. Based on the balance projected for the PSA equalization account (PSAEA) at the end of 2019, the Secretariat is proposing a separate appropriation of USD 57.9 million from the account. The proposal comprises transfers to reserves in order to provide additional support for the Immediate Response Account (USD 20 million). In addition, critical corporate initiatives are proposed for non-recurring investments to enhance the systems integration and IT-enabled efficiencies and the United Nations reform projects that started in 2019 and to invest in a programme and partnership support facility and the mobilization of private-sector donors, focusing on fundraising from individuals, subject to receiving the Board's approval of the private sector strategy. The total investment in critical corporate initiatives is USD 37.9 million.

### **PSA budget prioritization for 2020 and 2021**

132. In creating the PSA budget proposal, the Secretariat's prioritization process was based on recognition of the PSA budget as the only, and therefore a necessary, funding source for some specific costs. Additional budget support is thus provided for core headquarters support services. The growth of WFP in recent years, including in staff at headquarters, has generated additional support costs that have not been matched by corresponding PSA budget allocations. Investments totalling USD 3.47 million will be made in headquarters facilities management, headquarters security and secretariat support to the Executive Board, as the use of funding from other sources is not appropriate for these additional costs.

133. Increased capacity for institutional oversight and internal control issues (USD 8.73 million) has been identified as critical for WFP, for ensuring augmented funding for oversight functions, the efficient functioning of headquarters units and for providing the capacity to implement internal controls at the country office and regional levels. The allocations are for responding to well-documented observations made by oversight bodies and discussed with the Executive Board.
134. The bulk of the additional PSA budget (USD 29.5 million) and the PSAEA are allocated to the six corporate priorities ratified during the first half of 2019.
135. The PSA budget for 2020 is presented on the basis of the appropriation lines approved in 2018. These were designed to provide a better “line of sight” between PSA resources allocated at the divisional level and corporate outcomes that focus on intended results rather than the geographical location of the PSA spending. The breakdown of the PSA budget by appropriation line and pillar highlights the strategic direction of the PSA investments.
136. Despite the significant increase in PSA resources in 2019 and the PSA budget proposal for 2020, which addresses some significant funding issues, there remain areas that require additional resources that could not be addressed in the 2020 PSA budget. Accordingly, a detailed review of the PSA budget through a zero-based budgeting exercise is planned for the Management Plan (2021–2023). This would require each organizational unit to describe and justify all of its expenses and from this to build the PSA budget from zero.
137. The timing of such a zero-based budget review is appropriate as it can incorporate the outcome of two recent initiatives: the new organizational structure of WFP, which is effective from the second half of 2019, and substantial progress made on the review of terms of reference of headquarters and regional bureaux. The zero-based budget review can start in late 2019 and carry on into 2020 so that it can form the basis of the PSA budget for 2021, reflecting the outcomes of both of these recent initiatives.

### **Purpose of the PSA budget**

138. The PSA budget covers the ISC that support WFP’s operations. It is funded from the ISC recovered from contributions in accordance with the full cost recovery policy. It supports changes in operational needs and implementation of policy commitments made to the Executive Board.
139. The ISC rate is approved by the Executive Board on an annual basis. The Secretariat proposes that the indirect support cost rate be maintained at 6.5 percent in 2020.
140. Table IV.1 shows how the PSA budget and PSA Equalization Account have changed since 2014.

<b>TABLE IV.1: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET AND EQUALIZATION ACCOUNT</b>							
<i>(USD million)</i>							
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Actual/projected income level (cash and in-kind)	5 381.1	4 662.2	5 771.1	6 000.0	7 234.9	7 400.0	7 450.0
ISC income/projected income	354.7	305.2	382.4	401.0	439.6	444.0	446.0
PSA budget	281.8	281.8	290.3	335.4	335.4	385.1	423.7
Critical corporate initiatives	9.2	27.2	20.0	13.5	35.6	69.3	37.9
Proposed transfer to reserves and special accounts							
- Immediate Response Account		50.0		15.0	44.0		20.0
- Wellness Fund		10.0			8.0		
- Emerging Donor Matching Fund					30.0		
PSA equalization account year-end balance/forecast	191.8	138.3	212.4	256.8	247.1	236.7	201.1

### The 2020–2022 programme support and administrative budget

141. The proposed budget for 2020 is USD 423.7 million. Table IV.2 shows the main changes from 2019 in the PSA budget.

<b>TABLE IV.2: SUMMARY OF MAIN ADJUSTMENTS IN THE 2020 PSA BUDGET</b>		
<i>(USD million)</i>		
<b>2019 approved appropriation</b>		<b>385.1</b>
Decrease in standard staff cost rates net of statutory increases		(3.7)
		-----
Adjusted 2019 PSA total at 2020 staff cost rates		381.4
Increased capacity for oversight and follow-up		8.7
Resourcing for core support services		3.5
Corporate priorities		
- Leadership in emergencies	9.0	
- Excellence in programming	7.9	
- Partnerships for zero hunger	2.6	
- Digital transformation	6.5	
- Simplification and efficiency	1.1	
- People and culture	2.4	
	-----	
		29.5
Central appropriations		0.6
		-----
<b>Proposed PSA appropriation for 2020</b>		<b>423.7</b>

## **Movements in the PSA budget: 2019 to 2020**

### **Decrease in standard staff cost rates (USD 3.72 million)**

142. WFP uses standard rates to budget and account for standard position costs. These rates are recalculated each year to reflect the actual costs of employing a staff member at each grade and location; anticipated exchange rates for euro-based expenditure for Rome-based staff; and provisions for other staff-related benefits and allowances.
143. The standard position costs for 2020 are based on the actual costs in 2018 adjusted for inflation, after-service costs and – for positions at headquarters – currency exchange rates. They also include some charges for security, staff wellness and termination indemnities. The standard position costs calculated for use in the 2020 PSA budget are lower than those for 2019, primarily as a result of the strengthening of the US dollar against the euro during the past year.
144. For the euro component of these costs incurred at headquarters, WFP makes a forward purchase of the euro amounts to provide certainty regarding the US dollar value of euro-denominated expenditure.

### **Budget allocations for management priorities**

#### **Increased capacity for oversight and follow-up: USD 8.73 million (including USD 2.24 million for regional bureaux and USD 0.65 million for country offices)**

##### **(a) Headquarters (USD 5.84 million)**

145. The increased focus on the prevention of harassment, sexual harassment, abuse of authority, sexual exploitation and abuse, and fraud and corruption, taken together with recommendations from a Joint Inspection Unit report concerning the budget for the office of the Inspector General and the WFP evaluation policy target of having 0.8 percent of income dedicated to evaluation, has contributed to WFP's significant augmentation of the resources devoted to the oversight area.
146. The Ethics Office is mandated to cover five main areas: education and outreach, protection from retaliation, the annual conflicts of interest and disclosure programme, standard setting and policy advocacy, and advice and guidance. Since 2018, the Ethics Office serves as the corporate focal point for protection from sexual exploitation and abuse.
147. The additional resources allocated to the Ethics Office (USD 342,000) will be used for providing advice and guidance to staff, the annual conflicts of interest and financial disclosure programme, technological enhancements for privacy and accountability, field education and outreach, work on the prevention of sexual exploitation and abuse, particularly in the field, and infrastructure to support compliance with and accountability for all the areas of the office's mandate and the additional requirements placed on it and its Director under the revised policy on the prevention of harassment, sexual harassment, abuse of authority and discrimination and the revised Audit Committee regulations.
148. An allocation of USD 3 million will allow the Office of Evaluation to cover the cost of ten additional CSP evaluations, one corporate emergency evaluation, one evaluation synthesis and the related management costs. It will also provide resources for activities related to global, regional and national evaluation partnerships and increased support to learning from and use of evaluation, embedded in corporate systems and structures. It will contribute to the strengthening of the capacities of country offices and regional bureaux in planning, managing and using decentralized evaluations to facilitate organizational learning and evidence-based design and implementation of CSPs.

149. The resources allocated to the Office of the Inspector General (USD 1.7 million) have the aim of providing the office with the capacity to:
- address the increase in the complaints and allegations caseload seen in the last two years, with a rise from 10 to 20 received a month in 2017 to more than 50 at present; and
  - provide sufficient assurance coverage of WFP operations, through audits and, for fraud prevention, through proactive integrity reviews.
150. A significant increase in case volume beyond the initial surge in 2018 continues to affect the ageing of complaints (the period from intake until closure). The “surge” in case reporting is no longer considered temporary and additional investigators will be recruited to assist with intake, case management and forensic auditing.
151. The additional budget allocated to oversight divisions will also result in incremental work for the Legal Office, which provides legal advice to oversight offices and assists in the development of internal procedures and policies. Specific legal support is also provided to the Office of Inspections and Investigations with regard to the frameworks for the prevention of harassment, sexual harassment, abuse of authority, discrimination and sexual exploitation and abuse and for all legal issues relating to investigations.
152. In line with the Executive Board’s request that all functions involved in the prevention of harassment, sexual harassment, abuse of authority, discrimination and sexual exploitation and abuse be supported by sufficient staff and funds, the Legal Office will use USD 300,000 to establish two new positions to provide appropriate legal support on the reports of the Office of Inspections and Investigations and the other oversight offices. The positions will help to support the Legal Office’s efforts to enhance efficiency through the development of knowledge management systems and technologies, which will strengthen the office’s capacity to absorb the work generated by oversight offices and achieve cost-effectiveness while minimizing the need for additional human resources.
153. Building on recommendations issued by the External Auditor and the Audit Committee in 2019, and in line with implementation of the enterprise risk management policy and the anti-fraud and anti-corruption strategy and action plan, in 2020 the Enterprise Risk Management Division will augment the enterprise risk management toolkit, guidance and advisory support with a focus on the first line of defence (country offices) and “last mile” implementation; and build fraud prevention capabilities within WFP’s first and second lines of defence (i.e. regional bureaux, functional areas).
154. The deliverables will be achieved through a PSA increase of USD 500,000 from 2019. This will fund one additional P3 risk management officer and other recurring expenditures for implementation of the enterprise risk management policy and the anti-fraud and anti-corruption strategy and action plan. In 2020, WFP will also focus on other high-priority risk management, internal control and fraud prevention activities in the financial management of cash-based transfers, management services and administration, and human resources.

**(b) Regional bureaux (USD 2.24 million)**

155. In the Asia and the Pacific region (RBB), WFP has redefined its presence in order to address changing needs and emerging food and nutrition security challenges in more relevant ways through new modalities and types of partnership with host governments and core stakeholders, and with an emphasis on capacity development, resilience building, technical cooperation and knowledge sharing. WFP is more closely aligned with national development plans and has a stronger focus on outcomes. The body of evidence on which the CSP portfolio in the region is based means that WFP investments and support are

sustainable and that they unlock long-lasting benefits for people affected by food and nutrition security.

156. In support of country offices in the region, the regional bureau will establish an international senior operations coordinator position (P5) to foster close collaboration among functions in order to ensure that good quality technical advice and management oversight are delivered on time for all operational aspects of the CSPs. In addition, in order to augment efforts in evidence generation and management oversight, positions will be established for national staff who will provide not only support to information management, data coordination and analytics through WFP corporate systems, but also in-country support that is based on local demand and informed by local knowledge of risks.
157. In the Regional Bureau for the Middle East, North Africa, Eastern Europe and Central Asia (RBC), a P3 finance officer is key for supporting the 17 country offices in the region, including several in countries with Level 2 or Level 3 emergencies. The position will assist country offices in the management of their financial resources, oversight and the review of internal controls and provide support during implementation of corporate initiatives.
158. In the West Africa region (RBD), a P4 compliance officer will extend the capacity of the Dakar-based regional risk and compliance unit by strengthening risk and oversight in five coastal countries, enhancing the internal control environment, managing and preventing risks and ensuring effective implementation of recommendations from audits, proactive integrity reviews and the regional bureau's compliance reviews. The position complements corporate efforts to develop and strengthen risk and compliance systems and processes. The officer will be based in Ghana.
159. In the Southern Africa region (RBJ), a P4 risk and compliance officer will be crucial in ensuring that the regional bureau and country offices conduct operations in compliance with WFP rules and regulations and with professional standards, accepted best practices and internal controls. The risk and compliance officer will provide advice to regional bureau managers and country directors in the region, including guidance on and support for other risk and compliance functions.

### **Resourcing for core support services (USD 3.47 million)**

	<i>USD million</i>
Headquarters facilities management	2.40
Headquarters security	0.47
Executive Board Secretariat	0.60
<b>Total</b>	<b>3.47</b>

160. As a result of the increase in the growth and complexity of WFP operations, the services and support required from its global headquarters has increased leading to higher facility and administration service costs. The unparalleled number of Level 2 and 3 emergencies that WFP has dealt with over the past six years, along with growth in operations and new corporate initiatives has led to the need for additional office space and administration services to enable the delivery of headquarters support to field operations. The growth in services, with the headquarters Landmark construction also requiring servicing, has put pressure on all aspects of WFP's headquarters facilities. While the Management Services Division has introduced new business processes for achieving cost efficiencies and increased the use of flexible and desk sharing arrangements, there has been an increase in overall administration costs at headquarters for delivering WFP's expanding and increasingly complex portfolio, which grew from USD 4.5 billion in 2013 to USD 7.2 billion in 2018.

161. As a result, the costs of maintenance, cleaning, information technology, portering, supplies, utilities and related administration services such as printing have increased.
162. The incremental cost related to the provision of facility running costs, facility management and administration services covers also off-compound facilities in two adjacent buildings in the Parco de' Medici business park and at the headquarters of FAO, which has provided space for additional WFP teams on a cost reimbursement basis. The total investment in management services is USD 2,400,000.
163. The Security Division is receiving USD 470,000 for addressing a recurring budget shortfall for private security services at WFP headquarters including two adjacent buildings and implementing recommendations from a 2017 internal audit for replacing of private armed guards with seven new WFP security positions.
164. The workload of the Executive Board Secretariat has increased significantly. The number of Board-related meetings jumped from 49 in 2015 to 94 in 2019 (at time of writing) as a result of the multi-step approval process for CSPs, an increase in the number of oversight and related briefings and emerging operational matters.
165. The Executive Board website has been revamped and was relaunched in January 2018. It uses an application for managing formal Board documents on two internet sites: a public website and a restricted area for Board members, which was designed to fulfil the request of the Executive Board's website revamp working group for a password-protected area that allows Member States to interact, including to comment on CSPs. The restricted area has evolved into a "one-stop shop" that provides users with background documentation and data on the CSPs and other restricted oversight information including documentation issued by the Office of the Inspector General. The additional allocation of USD 600,000 will cover the costs of continuing to manage the increase in workload and the technical aspects of the website, contributing to the enhancement of the workflow for preparing Board documentation in line with the need to provide timely and quality services to Board members and with United Nations reform efforts aimed at improving the working methods of the Executive Board.

## **Corporate priorities (USD 29.52 million, including USD 3.96 million in regional bureaux and USD 14.96 million in country offices)**

### **Leadership in Emergencies (USD 8.99 million)**

166. The PSA allocations described in paragraphs 167-201 for global headquarters of WFP and paragraphs 202-205 for country offices are directed to WFP's main corporate strategic priorities. The allocations, driven firstly by WFP's mandate in the emergency sphere and with significant attention in programmatic areas including the triple nexus, and with ICT as the enabler to support more secure worldwide connectivity and corporate platforms that deliver knowledge and services to beneficiaries, will be key for maximizing WFP's contribution to the achievement of zero hunger.

<b>Corporate priority</b>	<b>Headquarters and regional bureaux</b>	<b>Country offices</b>	<b>Total</b>
Leadership in emergencies	5.80	3.19	<b>8.99</b>
Excellence in programming	5.45	2.48	<b>7.93</b>
Partnerships for zero hunger	1.63	1.01	<b>2.64</b>
Digital transformation		6.49	<b>6.49</b>
Simplification and efficiency	0.40	0.69	<b>1.09</b>
People and culture	1.28	1.10	<b>2.38</b>
<b>Total</b>	<b>14.56</b>	<b>14.96</b>	<b>29.52</b>

**(a) Headquarters**

167. Life-saving work is the core of WFP operations, particularly in the current climate of increasing, ever-more complex and protracted emergencies. WFP is currently responding to 18 declared Level 3 and Level 2 emergencies – many of which are cross-border in nature – and monitoring emerging high risks in its six regions, in both countries where it is present and those where it is not.
168. To better leverage WFP's expertise and address the impact of the growing numbers of crises and needs for life-saving assistance, USD 3.5 million will be used to strengthen the emergency preparedness and response function.
169. The priority for 2020 will be the optimization of emergency preparedness, early warning, early action and (pre-emptive) response based on integrated risk analysis, improved tools and systems for operational planning and enhanced surge capacity, including investment in the next generation of emergency responders.
170. Strengthening protection throughout programme design and implementation is core to WFP's emergency and humanitarian response. An allocation of USD 1 million will be directed to the adoption of a people-centred and needs-driven approach that is guided by a strong commitment to humanitarian principles. While protection activities in the field have significantly improved since the humanitarian protection policy was issued in 2012, ownership of the activities throughout WFP and instruments that support their implementation require further attention. The ongoing revision of the corporate protection policy is underpinned by robust consultations with regional bureaux, country offices and beneficiaries with a view to developing sound and practical guidance that reflects protection priorities and accountability to affected populations throughout WFP operations at the country level. This will be achieved through the establishment of a mutual accountability framework, strengthened partnerships and integrated data systems and engagement with affected populations and vulnerable groups, including through enhanced community feedback mechanisms. As WFP moves towards the full mainstreaming of protection considerations in its operations, it will also shift from reliance on extra-budgetary sources of funding to use of the PSA budget. Work on protection is also closely coordinated with investments in building a "corporate approach to access", with the PSA allocation supporting efforts to establish programmatic guidance and tools for promoting access activities throughout WFP.

## **Operations management support**

171. As a result of the revised organizational structure implemented in July 2019, the regional bureaux and country offices have a direct reporting line to the Executive Director. The change is accompanied by new responsibilities for the Office of the Chief of Staff and the Operations Management Support Unit (OMS), which will require an ability to respond to requests from the field in a timely manner.
172. Given the increased complexity of humanitarian situations and the growing interconnectedness among humanitarian, development and peace interventions, the additional resources will be devoted to enhancing OMS's overall capacity to support the preparation for and response to sensitive and complex humanitarian situations. A new P5 position will be added to the OMS staff in order to enhance the decision-making process by providing strategic, programmatic, operational and policy advice to the Chief of Staff and the Executive Director and to serve as a direct link across all levels of WFP, especially in the context of complex humanitarian operations. The new position will provide support for high-level coordination among multiple humanitarian actors, negotiations on security, protection and access, and resolution of complex and sensitive registration and accountability issues. It will ensure that relevant matters are reported to and handled by the highest level of WFP as required.

### **(b) Regional bureaux**

173. In RBC, a P3 supply chain officer responsible for cash-based transfers will cover the whole region, supporting the implementation of cash-based transfer programmes in RBC countries.
174. In their CSPs, RBD countries are committed to using the demand from WFP operations as a catalyst to influence local and regional food production and facilitate market integration and the harmonization of food standards. The hiring of a supply chain officer at the P4 level will contribute to the achievement of this objective.

## **Excellence in Programming (USD 7.93 million)**

### **(a) Headquarters**

175. The 2030 Agenda commitments reflect the growing ambitions and potential of nations to take the lead in sustainably improving the well-being of their populations and building their own capacities to deliver effective food security and nutrition solutions. In this context, WFP is increasingly being called upon to support and enable components of national food security and nutrition systems. The 2030 Agenda, coupled with WFP's long-standing experience and presence on the ground, provides an opportunity to achieve this by strengthening and systematizing a robust, results-oriented approach to country capacity strengthening.
176. This has been widely recognized at the field level. According to the needs-based plan for 2020, USD 562 million in capacity strengthening transfers, equivalent to 6 percent of total transfer value planned for 2020 (up from 5 percent in 2019), are required to complement food and cash-based transfers at the community and household levels, and increasingly to provide support for institutional capacity strengthening in several countries. In the last two years, only USD 160,000 in 2018 and one PSA staff position in 2019 have been allocated to the country capacity strengthening workstream.
177. Currently, needs and demands for WFP to operationalize a robust approach to country capacity strengthening exceeds the available corporate capacity. This undermines WFP's efforts to strengthen national systems and programmes reaching hundreds of millions of hungry and food-insecure individuals.

178. With an allocation of USD 1.5 million, WFP intends to operationalize its corporate guidance framework for capacity development. The recently developed corporate framework provides WFP with a robust, academically grounded conceptual framework that is aligned with the best practice of the United Nations Development Group and through which – using the allocation – WFP will capitalize on its niche in the country capacity strengthening domain.
179. The allocation for 2020 will enable WFP to engage in efforts to systematically define, measure and report on how the results of its systems-strengthening support for national systems and services affect the lives of vulnerable people around the world. WFP is also increasing its provision of capacity strengthening support to a wider range of national actors as it adopts a “whole of society” approach as part of its efforts to ensure sustainable, locally developed and implemented systems and services.
180. To better support long-term, multi-year school feeding partnerships, WFP will invest USD 627,000 in additional capacity at headquarters and in key offices. This will include the establishment of new guidelines and related training and capacity support. A dedicated team will be established to augment corporate coordination of and support for regional bureaux and country offices.
181. An allocation of USD 900,000 will contribute to strengthening WFP’s approach to the humanitarian–development–peace nexus at the operational, inter-agency and global levels, a major pillar in WFP’s drive towards programme excellence. Investment will be focused on the design and operationalization of a corporate strategic approach in line with the leadership vision, at the core of which is the design and delivery of the successful programmatic response models that reduce need, as part of the CSP process. It will also focus on the cross-fertilization of knowledge, guidance and best practices among all country operations, and on the development of the requisite operational and knowledge partnerships that support the generation and use of a critical evidence base for enhancing coherent programmes among humanitarian, development and peace actors at the field level. This work will be supported by enhanced strategic external engagement to ensure that WFP’s policies, strategies and programmes reflect realities in the field and support the fulfilment of WFP’s mandated role.

**(b) Regional bureaux**

182. In RBC, a P4 regional programme policy advisor in social protection and safety nets will enhance WFP’s regional leadership in policy fora on subjects related to social protection and resilience building, and engage in strategic issues such as partnerships between WFP and the World Bank and bridging of the humanitarian–development divide. The advisor will provide support to country offices in the development and implementation of CSPs with outcomes related to social protection, including by identifying opportunities and priorities, designing actions related to social protection and facilitating knowledge exchange aimed at enhancing country offices’ engagement in social protection.
183. A P3 position for a regional programme and policy officer in climate change and disaster risk management will support country offices in the formulation, design and monitoring of strategies, programmes and activities for climate adaptation, disaster risk reduction and resilience building, including in the development of tools and approaches that facilitate implementation and in capacity building.
184. In RBD, an additional PSA allocation of USD 1.1 million will fund a D1 deputy regional director position to help address the span of control challenges in the region. The position will strengthen the management capacity of the regional bureau in order to ensure that country offices in the region obtain adequate strategic leadership and guidance.

185. A P5 programme policy officer in resilience will support the regional bureau's resilience and livelihoods team, enabling it to meet the surge capacity needs of country offices, regional institutions, governments and cooperating partners. The officer will focus on building coalitions for the operationalization of resilience initiatives at an appropriate scale and carrying out major capacity strengthening initiatives in resilience tools and approaches for the staff of country offices, governments and NGOs in the G5 countries and Senegal. The officer will also facilitate learning and the measurement of outcomes and impacts through the engagement of the World Bank's Development Impact Evaluation group for scale-up in the Sahel, working with ten Sahel universities with which the regional bureau has signed memoranda of understanding.
186. In RBN, an additional PSA allocation of USD 400,000 will cover a P4 social protection policy officer position and partly fund a P3 executive administrative officer.
187. These RBN regional officers will contribute significantly to the building of social protection systems in each country, leveraging partnerships in order to strengthen advocacy on policy and enhance internal operational expertise. The regional social protection policy officer will also support strategic thinking and operational prioritization in country offices in the region.
188. In the Latin America and the Caribbean region (RBP), following the 2017 hurricane season that led to significant losses in several small-island developing states where WFP is not present, donors, United Nations partners and governments in the Caribbean expressed the need to strengthen WFP's presence in the subregion. This need was further highlighted by WFP's internal lessons learned exercise following the initial emergency response and an after-action review conducted by the inter-governmental Caribbean Disaster Emergency Management Agency (CDEMA), an entity of the Caribbean Community, WFP's main counterpart in the Caribbean. A PSA allocation of USD 500,000 will fund a head of office position and local consultants in the region.

### **Funding and partnerships for zero hunger (USD 2.64 million)**

#### **(a) Headquarters**

189. WFP has undertaken a review of its presence in country capitals. Management has concluded that there is scope for strengthening WFP's engagement in a number of key capitals with an investment of USD 1.04 million. The allocation is expected to have significant returns by helping to strengthen existing partnerships, solidify WFP's position, expand WFP's donor base and increase resourcing. These investments are needed in order to align WFP's funding with the evolving demands from CSPs. WFP will remain vigilant in assessing the returns on these investments and recognizes that changes in domestic politics and in the orientation of national governments in supporting the multilateral system can have a significant impact on the added value of WFP investments.
190. The NGO Partnerships Unit was returned to the Operations Services Department (now the Programme and Policy Development Department) in mid-2018, which helped to lay a solid foundation for closer integration of field partnerships with operational practices reinforced by specialist expertise from the department. In addition, the unit's core functions have been significantly increased with the pivotal focus of WFP and its donors on effective risk management practices and increased operational and technical support for WFP regional bureaux and country offices in accordance with changes brought by the implementation of the Integrated Road Map (IRM) and an ever-growing demand for high-level strategic engagement with WFP's NGO partners. As the NGO Partnerships Unit's mission and mandate have increased in importance, funding to support the increasing demand across the organization for collaboration, inputs and guidance has been prioritized. To assist WFP's efforts to improve the quality of programming and risk management the unit will use increased funding of USD 591,000 to ensure that it meets the demands for this

corporate role, including for the setting of strategic direction and guidance, the provision of technical support and the monitoring of compliance and standards in NGO management processes.

### **Digital transformation (USD 6.49 million)**

#### ***Technical adjustment for centralized services for country offices***

191. The PSA budget for 2020 includes USD 40.8 million for centralized services for country offices. These recurring costs support country operations but are administered centrally. An increase of USD 5.65 million from 2019 is for additional information and communications technology (ICT) costs. The other centralized services remain unchanged.
192. This increase results from the growing number of WFP employees and the increase in bandwidth consumption per head. There is an increase in the minimum connectivity required to operate IT services while other digital initiatives, such as geographic information systems (GIS), WFP's country office management tool COMET and the knowledge management platform) add to connectivity requirements.
193. A moderate increase in satellite data and voice connectivity costs is anticipated owing to an increase in users, and an increase in satellite capacity traffic for all WFP locations in the field. WFP's aim is to guarantee a data transfer rate of 150 Kbps for each user in 2020 (from an average of 130 Kbps per user in 2019).
194. Other corporate platforms will be supported. These include the platforms for document management (GoDocs), mapping (GIS), digital asset inventory (GLASS), mobile data collection (ONA), invoice tracking (ITS), automation (Self-Service) and knowledge management (WFP manuals). These products are key to keeping pace with the changing needs of the organization.
195. All such ICT services – both telecoms and digital solutions – are now being equipped with advanced IT security tools and engineered with data protection strategies that were not previously present. They are essential as WFP shifts towards an ICT model that is more similar to that of a financial institution, and critical for maintaining the trust of donors and beneficiaries in WFP's data security and management.

<b>TABLE IV.3: CENTRALIZED SERVICES FOR COUNTRY OFFICES (USD million)</b>				
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
UNDSS and WFP Security Emergency Fund	13.8	13.5	13.5	13.5
Employee wellness	0.7	0.7	0.7	0.7
IT per capita	19.1	19.1	19.5	25.1
Contingency Evaluation Fund	1.5	1.5	1.5	1.5
<b>Technical adjustment for centralized services</b>	<b>35.1</b>	<b>34.8</b>	<b>35.2</b>	<b>40.8</b>

UNDSS = United Nations Department of Safety and Security.

### **Simplification and Efficiency (USD 1.09 million)**

#### ***Innovation and knowledge management (USD 400,000)***

196. The investment will be used to augment the contribution of the PSA budget towards innovation by funding a core management team for the Innovation Accelerator consisting of a head of office, a business support assistant and a consultant.

## **People and culture (USD 2.38 million)**

### **(a) Headquarters**

197. The Office of the Ombudsman and Mediation Services exists to support employees in addressing any work-related problem or conflict in a confidential, informal, impartial and independent manner. It contributes to creating an engaged and committed workforce by providing feedback to higher levels of WFP and identifying systemic issues and trends.
198. In recent years, the office has professionalized and expanded its services through implementation of the recommendations issued by the Joint Inspection Unit in 2015. The office has also intensified its engagement with stakeholders and partners to better provide responses to situations of conflict or disharmony at work. Demand for mediation as a conflict intervention and reconciliation tool has recently risen sharply.
199. Investment of an additional USD 115,000 is a further step in helping to ensure that the office can provide timely and efficient support to growing requests from several WFP platforms.
200. The additional budget allocated to the Human Resources Division reflects the dual nature of the work required to develop new corporate systems that support emergency responses and simultaneously provide support and oversight on staffing. An additional allocation of USD 300,000 will contribute to the reinforcement of human resource policies and best practices.

### **(b) Regional bureaux**

201. In RBD, a P3 human resources officer will enhance the human resources function by supporting country offices and strengthening implementation of the WFP People Strategy in the region. The officer will provide direct human resources support to country offices to further enable and enhance their human resources-related results and provide additional technical support to the human resources section in the regional bureau. The officer will also help to enhance human resources support in coastal and island country offices by providing an appropriate level of management oversight and technical support.

## **Country offices**

202. The PSA budget allocation to country offices ensures that core field structures are sufficiently supported. This budget is complemented by host countries' efforts to assist in the maintenance of basic country office functions.
203. WFP's rapidly changing operational environment, which includes increasingly complex humanitarian operations, changes in the United Nations development system and new organizational priorities, is placing additional demands on country offices. Within the framework of the United Nations reform, the launch of a new common country assessment, a new programming instrument – the United Nations Sustainable Development Cooperation Framework – and the broadening of the concept of partnership all require country offices to engage more intensively with governments and the United Nations country teams. At the same time, country offices are having to keep pace with new organizational priorities, such as implementation of the IRM, especially the launch of second-generation CSPs, new partnerships for increased access to more diverse funding sources and demands for country offices to support change management – including more effective management of human resources, digital transformation and innovation – while ensuring enhanced accountability and compliance functions, including accountability to affected populations, internal control and fraud prevention.
204. A PSA increase of USD 9.96 million for country offices will therefore help to enhance country offices' capacities in addressing gaps in integrated programming and priority cross-cutting themes, ensuring that country offices remain agile and responsive and that

they maintain operational efficiency and effectiveness in serving food-insecure people. The priorities for funding are leadership in emergencies, including emergency preparedness and response; excellence in programme design, including in the formulation and implementation of second-generation CSPs that are aligned with United Nations reform efforts such as the new United Nations Sustainable Development Cooperation Framework and that contribute to the strengthening of the triple nexus; enhanced operational effectiveness, including in human resources management, simplification and efficiency and digital transformation; development of partnerships and funding; enhanced management oversight, particularly in countries where risks are high; and issues related to sexual exploitation, sexual abuse, harassment and abuse of power.

<b>TABLE IV.4: PSA ALLOCATIONS FOR COUNTRY OFFICES (USD million)</b>	
Oversight	0.65
<b>Corporate priorities</b>	
Leadership in emergencies	3.19
Excellence in programming	2.48
Partnerships for zero hunger	1.01
Digital transformation	0.84
Simplification and efficiency	0.69
People and culture	1.10
<b>Subtotal country office allocations</b>	<b>9.96</b>
Technical adjustment	5.65
<b>Total country offices</b>	<b>15.61</b>

205. The additional resources will be distributed among all WFP country offices in accordance with the needs of each office and with the specific aim of addressing these priorities, irrespective of the size of the country portfolio. This will ultimately provide managers in regional bureaux and country directors with additional flexibility and predictability in implementing their roles and functions, thereby contributing to the holistic and robust achievement of key corporate priorities. Given the considerable variety in operational conditions and needs among countries, regional directors will be able, on an annual basis, to direct these additional resources to priority country offices, enabling the offices to deploy additional resources in order to respond to corporate priorities including monitoring while also taking into account feedback received from external assessments, evaluations and oversight-related matters, such as internal and external audit recommendations. Each year, resources will also be prioritized to address key cross-cutting issues and support the efficient and effective delivery of assistance in certain country offices; such issues may include the promotion of gender equality and empowerment, the enhancement of accountability to affected populations and the prevention of abuse and exploitation.

### Central appropriations

206. Central appropriations comprise statutory requirements and other centrally managed appropriations. In 2020, central appropriations are expected to be slightly higher than in 2019 (table IV.5). The most significant increase is for the global staff survey (USD 360,000). The survey is carried out once every two years and was not carried out in 2019. The other significant increase includes the cost of licences for GIS mapping (USD 158,000).

GIS software is now widely used in WFP to provide mapping services globally, support the logistics cluster in implementing preparedness and emergency response activities and support the digital transformation and activities of the Emergency Telecommunications Cluster with a new website, emergency dashboards and an unmanned aerial vehicle/drone project. The amount payable for services from other agencies is lower in 2020 as a result of WFP absorbing social security and health insurance management costs previously paid to the Food and Agriculture Organization of the United Nations (FAO).

<b>TABLE IV.5: STATUTORY REQUIREMENTS AND OTHER CENTRAL APPROPRIATIONS (USD)</b>		
	<b>2019</b>	<b>2020</b>
<b>Pillar A: Strategy and direction</b>	<b>1 394 362</b>	<b>1 765 596</b>
Chief Executives Board	304 362	340 596
Global management meeting	600 000	600 000
Global Staff Survey	-	360 000
Recruitment costs	400 000	400 000
Senior Management and Alumni Network	90 000	65 000
<b>Pillar B: Business services to operations</b>	<b>7 662 844</b>	<b>7 604 313</b>
Emergency medical evacuation	170 000	170 000
International Civil Service Commission	630 000	684 000
Insurance and legal fees	1 457 000	1 507 000
Programme criticality and Standing Committee on Nutrition	442 000	600 000
Services from other agencies	1 124 526	820 995
Reassignment costs	3 464 318	3 464 318
Staff awards, settlement and survey	325 000	308 000
Farm to Market Alliance membership fee	50 000	50 000
<b>Pillar D: Advocacy, partnerships, fundraising and United Nations coordination</b>	<b>5 397 614</b>	<b>5 519 460</b>
Corporate inter-agency positions and union	1 142 614	1 199 460
Resident coordinator system cost-sharing and assessment centre	3 120 000	3 150 000
United Nations agencies' legal fees	200 000	215 000
Others	935 000	955 000
<b>Pillar E: Governance and independent oversight</b>	<b>1 726 619</b>	<b>1 859 549</b>
Audit Committee	197 300	199 280
External Audit	400 000	400 000
International Aid Transparency Initiative membership fee	85 000	85 000
Advisory services	129 160	166 000
Joint Inspection Unit	915 159	1 009 269
<b>Total</b>	<b>16 181 439</b>	<b>16 748 918</b>

## PSA budget by appropriation line and pillar

207. The 2020 PSA budget is presented according to the three appropriation lines approved by the Executive Board at its 2017 second regular session. It is also analysed in terms of five pillars, which are subsets of the appropriation lines.

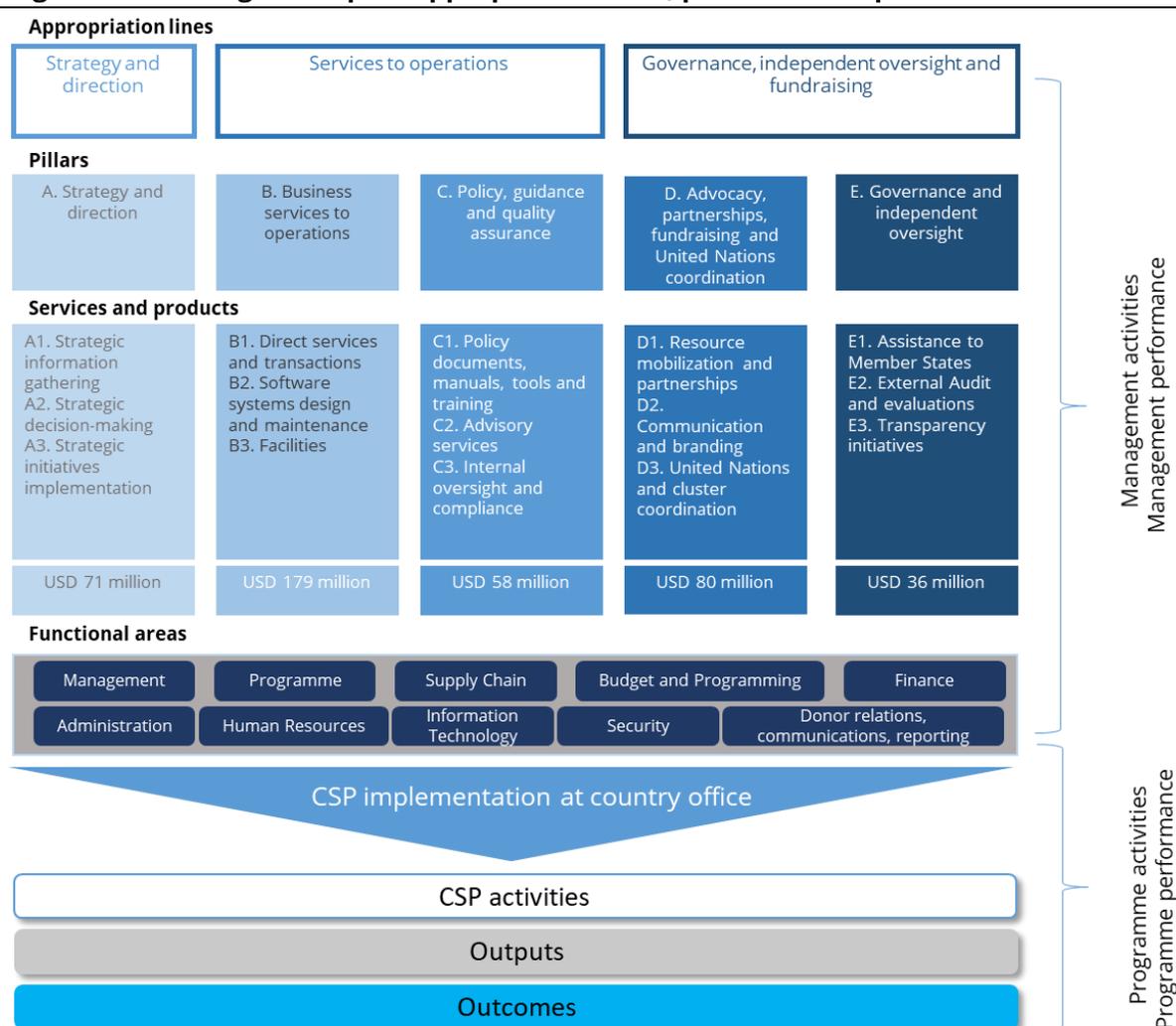
208. Table IV.6 presents a summary of the PSA budget according to the appropriation lines, the pillars and the organizational level of each allocation – country office, regional bureau, headquarters or central appropriation. Based on the prioritization of additional PSA resources already described in the previous paragraphs, the allocations to all pillars are higher than in 2019, with pillars E - Governance and independent oversight, A - Strategy and direction, and C - Policy, guidance and quality assurance receiving the highest increases (of 17, 16 and 11 percent respectively), while pillar B - Business services to operations has been allocated 8 percent more budget than in 2019 and pillar D - Advocacy, partnerships, fundraising and United Nations coordination remains at a very similar level with a 3 percent increase. The highest increases are driven by the increased allocations to regional bureaux and country offices, which are concentrated mainly in pillars A, B and C.

<b>Appropriation line/pillar</b>	<b>Country offices</b>	<b>Regional bureaux</b>	<b>Headquarters</b>	<b>Central appropriations</b>	<b>Total 2020</b>	<b>Total 2019</b>
<b>Strategy and direction</b>	<b>19.1</b>	<b>7.9</b>	<b>42.3</b>	<b>1.8</b>	<b>71.1</b>	<b>58.4</b>
A – Strategy and direction	19.1	7.9	42.3	1.8	<b>71.1</b>	<b>58.4</b>
<b>Services to operations</b>	<b>62.7</b>	<b>60.5</b>	<b>106.2</b>	<b>7.6</b>	<b>237.0</b>	<b>218.7</b>
B – Business services to operations	59.3	35.6	76.8	7.6	<b>179.3</b>	<b>166.6</b>
C – Policy, guidance and quality assurance	3.4	24.9	29.5		<b>57.8</b>	<b>52.1</b>
<b>Governance, independent oversight and fundraising</b>	<b>16.3</b>	<b>11.4</b>	<b>80.6</b>	<b>7.4</b>	<b>115.6</b>	<b>108.1</b>
D – Advocacy, partnerships, fundraising and United Nations coordination	16.3	11.4	46.9	5.5	<b>80.0</b>	<b>77.7</b>
E – Governance and independent oversight	0.0	0.0	33.7	1.9	<b>35.6</b>	<b>30.4</b>
<b>Total</b>	<b>98.1</b>	<b>79.8</b>	<b>229.1</b>	<b>16.7</b>	<b>423.7</b>	<b>385.1</b>

209. Figure IV.1 provides further detail of the programme and administrative support that headquarters divisions, regional bureaux and core resources for country offices provide for the implementation of country strategic plans (CSPs), and hence to the achievement of WFP results. This support is structured around five pillars and 15 services and products that define the nature of the support provided, and ten functional areas that define the areas of expertise that provide and receive the support.

210. The appropriation lines and the management performance architecture were introduced in the management plan for 2018, making the present management plan for 2020 the third to use this structure.

**Figure IV.1: Management plan appropriation lines, pillars and outputs**



**Pillar A: Strategy and direction**

211. Pillar A is defined by the following statement: “WFP leadership guides the organization with robust and transparent decision making that is continuously improving to fulfil WFP’s mandate in the best way possible.” To achieve this, WFP gathers the information necessary for decision making through consultations and corporate documents, has well-informed senior staff with the appropriate profiles who participate in internal and external decision-making forums, and monitors the implementation of corporate change management initiatives. Table IV.7 presents the overall PSA budget for pillar A.

Type	Country offices	Regional bureaux	Headquarters	Central appropriations	Total 2020	Total 2019
Staff costs	11 920	6 012	31 008	-	48 939	40 918
Non-staff costs	7 228	1 868	11 251	1 766	22 112	17 474
<b>Total</b>	<b>19 147</b>	<b>7 879</b>	<b>42 260</b>	<b>1 766</b>	<b>71 052</b>	<b>58 391</b>

212. The budget allocated to pillar A has increased in absolute terms compared with 2019 figures, driven by an increase in staff costs. Staff costs, which account for 69 percent of the budget compared with 70 percent in 2019, include the majority of WFP's senior and executive management. The two main reasons for the increase are structural changes implemented in WFP, mostly at headquarters, in 2019 and a significant increase in the budget allocated to regional bureaux, in line with findings from a review of the capacities and roles of these offices carried out in 2019.
213. The non-staff costs in this pillar cover internal meetings and strategic decision-making structures, for which no significant changes are noted from 2019.

#### **Pillar B: Business services to operations**

214. Pillar B is defined by the following statement: "WFP implements processes and procedures in ways that balance decentralization and segregation of duties with the advantages of economies of scale to support operations in the most effective, efficient and economical way possible." To achieve this, WFP headquarters and regional bureaux perform direct transactions on behalf of country offices and develop and maintain software systems used in the daily management of operations. The pillar also includes budget lines for facilities management, which are allocated to the offices that provide these services. Table IV.8 presents the overall PSA budget for pillar B.

Type	Country offices	Regional bureaux	Headquarters	Central appropriations	Total 2020	Total 2019
Staff costs	-	22 171	54 265	-	<b>76 436</b>	<b>82 739</b>
Non-staff costs	59 258	13 458	22 496	7 604	<b>102 815</b>	<b>83 845</b>
<b>Total</b>	<b>59 258</b>	<b>35 629</b>	<b>76 760</b>	<b>7 604</b>	<b>179 251</b>	<b>166 584</b>

215. The share of pillar B in the overall PSA allocation has decreased slightly since 2018 (as shown in table IV.6), but the absolute amount has increased, particularly for non-staff costs, which represent 57 percent of the total in the 2020 allocation.
216. The increase since 2019 has three main elements, which result from management decisions. The first of these elements is the allocation of additional funding to cover identified gaps in the capacity to respond to requests from the field for support in areas that include administration, human resources and emergency preparedness and response. The second element is the increase in regional bureaux, which is proportionally higher than the increase in headquarters as a result of the increasing decentralization of some of the processes established by the Integrated Road Map. There are also increased allocations to country offices to provide them with functional capacities and to stabilize the provision of core business services and maintenance of adequate internal controls in small offices.
217. Pillar B also includes the design, maintenance and roll-out of support systems for corporate operations. Building on the Executive Director's promotion of digitalization, the coverage of several ongoing initiatives, including initiatives in regional bureaux, has been expanded.
218. The allocations for central appropriations in this pillar are for services that are centrally managed on behalf of the entire organization, such as services for employees provided by FAO, reassignment costs, medical emergency evacuations and a number of corporate insurance policies.

## Pillar C: Policy, guidance and quality assurance

219. Pillar C is defined by the following statement: “WFP maintains high standards in its internal norms, policies and tools and has capable staff who ensure that its operations are designed and implemented to meet the needs of the people it serves.” To achieve this, the pillar includes top-down activities such as policy design and implementation, bottom-up interventions, such as responding to country offices’ requests for guidance and support, and the monitoring of compliance with policies. Activities included in the pillar constitute a critical second line of defence for the oversight function and, by their nature, they are implemented by headquarters offices and regional bureaux. Table IV.9 presents the overall PSA budget for pillar C.

<b>TABLE IV.9: ANALYSIS OF PILLAR C. POLICY, GUIDANCE AND QUALITY ASSURANCE (USD thousand)</b>						
<b>Type</b>	<b>Country offices</b>	<b>Regional bureaux</b>	<b>Headquarters</b>	<b>Corporate</b>	<b>Total 2020</b>	<b>Total 2019</b>
Staff costs	-	14 288	21 752	-	<b>36 040</b>	<b>37 212</b>
Non-staff costs	3 400	10 621	7 736	-	<b>21 756</b>	<b>14 857</b>
<b>Total</b>	<b>3 400</b>	<b>24 909</b>	<b>29 488</b>	<b>-</b>	<b>57 796</b>	<b>52 069</b>

220. Staff costs represent 62 percent of the total allocation for pillar C. Non-staff costs included in the pillar are mostly for training, which is often provided remotely, and the publication of guidance and materials through internal information and knowledge management platforms.
221. Since 2017, most training programmes and roll-outs have been related to new processes and areas of work arising directly from the IRM. In the 2020 allocation, the thematic areas included in this pillar are starting to diversify including through programme areas such as nutrition, resilience, risk, performance and knowledge management.
222. For the regional bureaux, the share of the budget allocated to pillar C represents 31 percent in 2020, compared with 40 percent in 2019. This reflects the prominent role that the regional bureaux have taken in implementation of the IRM and its progressive rollout, and the decentralization mentioned in the sections on pillars A and B; it is also in line with the increased budget allocated to regional bureaux in the two pillars.
223. These factors are also reflected in the decrease of the allocation to headquarters offices, passing from USD 31 million in 2019 to USD 29 million in 2020. Budget allocations to the headquarters level focus on the preparation, updating and approval of policy documents and the development of materials for supporting the implementation of policies, such as guidance, tools and training packages. With the transition to the IRM almost completed, the need for such centralized functions is decreasing.
224. Pillar C also includes internal oversight and compliance activities performed by the divisions responsible for functional areas or by specific compliance units in regional bureaux. The strengthening of capacities for the internal oversight and compliance function (both at headquarters and in field offices) in the last two years, most of which was covered by budget increases in pillar E, is also reflected in the 2020 budget, in which funds are allocated to strengthening of the compliance function, and an increase of capacities of some operations in the West Africa region.

## Pillar D: Advocacy, partnerships, fundraising and United Nations coordination

225. Pillar D is defined by the following statement: “WFP collaborates with host and donor governments, NGOs and the private sector to align priorities and mobilize resources, advocate for zero hunger and partner with United Nations agencies in contributing to achievement of the SDGs.” To achieve this, the pillar includes WFP’s efforts to mobilize resources, communicate, advocate and coordinate with the other Rome-based agencies, other United Nations agencies and the humanitarian response system. It also includes the establishment and maintenance of strategic partnerships with NGOs, private sector entities and academic institutions that can contribute to or facilitate partnerships at the country and operational levels. Table IV.10 presents the overall budget for pillar D, including the central appropriations budget line.

<b>TABLE IV.10: ANALYSIS OF PILLAR D. ADVOCACY, PARTNERSHIPS, FUNDRAISING AND UNITED NATIONS COORDINATION (USD thousand)</b>						
<b>Type</b>	<b>Country offices</b>	<b>Regional bureaux</b>	<b>Headquarters</b>	<b>Central appropriations</b>	<b>Total 2020</b>	<b>Total 2019</b>
Staff costs	11 920	7 299	33 066	839	<b>53 124</b>	<b>52 767</b>
Non-staff costs	4 348	4 055	13 817	4 680	<b>26 899</b>	<b>24 926</b>
<b>Total</b>	<b>16 267</b>	<b>11 354</b>	<b>46 883</b>	<b>5 519</b>	<b>80 024</b>	<b>77 693</b>

226. Reflecting the time-intensive nature of activities in this pillar, most costs are allocated to staff – 66 percent, slightly lower than in 2019. Non-staff costs include budget allocations to fund WFP offices located in donor capitals or fully dedicated to liaison with other United Nations agencies and regular participation in United Nations and NGO meetings and forums.
227. Fundraising and advocacy activities are carried out at all organizational levels. At the headquarters level, most of the activities in pillar D fall under the remit of the Partnerships Department. At the regional level, activities also include advocacy and strategic work with governments in order to align priorities, such as in the Latin America and the Caribbean and Asia and the Pacific regions. At the country office level, resource mobilization is a central responsibility of country directors, and part of the budget dedicated to covering their positions and related costs is also included in this pillar. The allocation in 2020 will increase the capacity to mobilize resources with specific donors.
228. The budget allocated to leading and co-leading the food security, logistics and emergency telecommunications clusters, which is managed by the emergencies, supply chain and technology divisions in headquarters, is included in this pillar. This budget is complemented by local funds and staff dedicated to local clusters where they are active and is reflected in country portfolio budgets. In 2020, specific funds are included for the strengthening of strategic dialogue and due diligence with partners.
229. The budget allocated to pillar D central appropriations includes contributions to United Nations initiatives, such as the resident coordinator system, inter-agency meetings and forums and services provided by the United Nations. The pillar also includes WFP’s participation in United Nations joint initiatives, such as the Committee on World Food Security and the Global Preparedness Partnership.

## Pillar E: Governance and independent oversight

230. Pillar E is defined by the following statement: "WFP applies good governance, provides assurance to donors and disseminates information on performance." To achieve this, the pillar includes activities related to the operation of the Executive Board, the independent functions of evaluation, investigations and internal and external audit, and initiatives that promote transparency, provide increasing information to stakeholders and complete the internal cycle of accountability and performance management activities within WFP. This fifth pillar encompasses WFP's third line of defence for oversight purposes. Table IV.11 presents the overall budget for pillar E, including the central appropriations budget line.

Type	Country offices	Regional bureaux	Headquarters	Central appropriations	Total 2020	Total 2019
Staff costs	-	-	23 405	51	<b>23 455</b>	<b>20 485</b>
Non-staff costs	-	-	10 327	1 809	<b>12 135</b>	<b>9 893</b>
<b>Total</b>	-	-	<b>33 731</b>	<b>1 860</b>	<b>35 591</b>	<b>30 378</b>

231. The budget allocated to this pillar continues to increase, reflecting mostly the strengthening of the evaluation and audit functions and the investigations office, which will continue in 2020 and which include the funds that headquarters divisions allocate to regional bureaux, reflecting the increased capacities of regional bureaux and the increase in pillar C for the internal oversight function.

232. Most allocations in this pillar are directed to staff costs, which account for 66 percent of the total; non-staff costs account for 34 percent. The non-staff costs include additional funds for the evaluation, audit and investigation functions, the organization of Executive Board sessions and similar events for other advisory committees and bodies, other Board-related trips and activities and the procurement of external services for these activities.

233. The 2020 allocation also includes funding for additional consultations with the Executive Board, further reinforcement of the evaluation function and capacity increases for the Office of Inspections and Investigations.

### Contributions of functions by organizational unit

234. The five pillars capture the nature of the support provided to country offices for the implementation of CSPs. In this structure, different organizational units provide different and often complementary types of support, while the nature of some offices means that they focus on specific pillars. For example, the Partnerships Department concentrates most of its support in pillar D, while the Office of the Executive Director and independent offices concentrate their contributions in pillar E, but with other important contributions to pillars A and B as well.

235. The Programme and Policy Development Department concentrates its work in pillars A and C, reflecting the fact that most of this work is carried out in providing strategic support and guidance to regional bureaux and country offices. The budget allocated to regional bureaux and country offices is concentrated in pillar B, where direct capacity increases are recorded, and in A, D and increasingly C, reflecting the main services provided by staff included in the allocations for these pillars and recommendations arising from the revision of the regional bureaux terms of reference. The Resource Management Department and the Office of the Chief of Staff/Operations Management Support Division focus on providing business services to operations and strategic direction in the functional areas covered by the divisions in the two departments.

236. Table IV.12 reflects the contributions of each department to the five results pillars.

<b>TABLE IV.12: ANALYSIS OF PSA BUDGET BY ORGANIZATIONAL UNIT AND PILLAR (USD thousand)</b>							
	<b>Strategy and direction</b>	<b>Business services to operations</b>	<b>Policy, guidance and quality assurance</b>	<b>Advocacy, partnerships, fundraising and United Nations coordination</b>	<b>Governance and independent oversight</b>	<b>2020 total</b>	<b>2019 total</b>
Country offices	19 147	59 258	3 400	16 267		<b>98 072</b>	<b>82 599</b>
Regional bureaux	7 879	35 629	24 909	11 354		<b>79 771</b>	<b>72 308</b>
Executive Director and independent offices	1 624	4 940	2 194	703	25 330	<b>34 792</b>	<b>30 187</b>
Chief of Staff/Operations Management Department	12 799	13 931		959		<b>27 688</b>	<b>28 049</b>
Deputy Executive Director/Operational-Focused Divisions	7 399	22 272	2 199	2 603	5 775	<b>40 249</b>	<b>36 358</b>
Programme and Policy Development Department	10 401	2 811	9 963	1 082		<b>24 257</b>	<b>20 265</b>
Partnerships Department	294		2 527	41 536		<b>44 357</b>	<b>44 138</b>
Resource Management Department	9 743	32 806	12 604		2 627	<b>57 779</b>	<b>55 030</b>
Central appropriations	1 766	7 604	0	5 519	1 860	<b>16 749</b>	<b>16 181</b>
<b>Total</b>	<b>71 052</b>	<b>179 251</b>	<b>57 796</b>	<b>80 024</b>	<b>35 591</b>	<b>423 714</b>	<b>385 115</b>

### **Contributions to functional areas**

237. The services provided by headquarters divisions and regional bureaux are performed in specific areas of expertise within WFP, which contribute to providing programme and administrative support for implementation of the CSPs. These areas of expertise are the functional areas. PSA budget allocations can therefore also be classified by function.

**TABLE IV.13: ANALYSIS BY FUNCTIONAL AREA AND RESULTS PILLAR (USD thousand)**

	<b>A - Strategy and direction</b>	<b>B - Business services to operations</b>	<b>C - Policy, guidance and quality assurance</b>	<b>D - Advocacy, partnerships, fundraising and United Nations coordination</b>	<b>E - Governance and independent oversight</b>	<b>Total 2020</b>	<b>Total 2019</b>
<b>Management</b>	44 546	5 069	13 943	27 827	20 995	<b>112 380</b>	<b>103 042</b>
Programme	11 522	39 221	25 717	6 660	11 240	<b>94 360</b>	<b>77 647</b>
Supply chain	1 330	21 658	3 324	1 631	-	<b>27 942</b>	<b>28 101</b>
Budget and programming	-	6 377	729	909	-	<b>8 016</b>	<b>8 434</b>
Human resources	3 648	24 476	5 456	195	-	<b>33 775</b>	<b>33 506</b>
Administration	1 294	14 625	1 782	-	-	<b>17 702</b>	<b>14 810</b>
Finance	-	6 339	3 778	-	2 114	<b>12 231</b>	<b>11 699</b>
Information technology	8 417	42 675	192	727	-	<b>52 010</b>	<b>45 874</b>
Security	-	17 902	-	-	-	<b>17 902</b>	<b>17 326</b>
Donor relations, communications and reporting	294	909	2 875	42 075	1 242	<b>47 396</b>	<b>44 676</b>
<b>Total</b>	<b>71 052</b>	<b>179 251</b>	<b>57 796</b>	<b>80 024</b>	<b>35 591</b>	<b>423 714</b>	<b>385 115</b>

238. The relative importance of the different functional areas in the overall PSA budget allocations remains broadly similar to that of previous years across all functional areas.
239. The largest allocations are to the functional area of management, followed by programme and information technology, which includes all the costs of WFP's software systems and digitalization efforts. All three of these functional areas also receive the highest increases in budget allocations compared with 2019. The allocation to donor relations, communications, and reporting, which increases by 6 percentage points compared with 2019, reflects the importance of this function for WFP's voluntary funding model.
240. The allocations to human resources and supply chain remain similar to those in 2019; in both cases, the PSA allocations are heavily complemented by the costs of these functions included in country portfolio budgets because of the particularly decentralized nature of these functions. Similar cases are the finance and security functions, which increase by 5 and 3 percentage points respectively compared with the 2019 allocations, representing a normal increase caused by the expected increase in volume of operations and with these allocations also being complemented by costs included at the country level, particularly for security.
241. Although the overall allocation to the administration functional area in 2020 is only slightly larger as a proportion of the overall budget than it was in 2019, it is 20 percent larger than the actual allocation in 2019, reflecting the increased budgets allocated at both the headquarters and field levels.
242. For comparison with past years, table IV.14 shows the PSA budget by organizational location, displaying the number of positions covered and the breakdown between staff and other costs.

**TABLE IV.14: PSA BUDGET BY ORGANIZATIONAL LOCATION**

	2018 expenditures							2019 estimated							2020 projected						
	Post counts				Staff costs (USD million)	Other costs (USD million)	Total costs (USD million)	Post counts				Staff costs (USD million)	Other costs (USD million)	Total costs (USD million)	Post counts				Staff costs (USD million)	Other costs (USD million)	Total costs (USD million)
	Professional	General service	National	Total				Professional	General service	National	Total				Professional	General service	National	Total			
Country offices	106	-	345	451	28.4	50.1	<b>78.5</b>	106	-	345	451	30.1	52.5	<b>82.6</b>	77	-	345	422	23.8	74.2	<b>98.1</b>
Regional bureaux	188	-	279	467	40.2	26.3	<b>66.5</b>	199	-	270	469	45.4	26.9	<b>72.3</b>	215	-	287	502	49.8	30.0	<b>79.8</b>
Headquarters	482	338	4	823	119.0	56.2	<b>175.2</b>	563	377	3	942	157.7	56.3	<b>214.0</b>	607	384	-	991	163.5	65.6	<b>229.1</b>
Central appropriations	3	-	-	3	0.6	14.3	<b>14.9</b>	3	2	-	5	0.9	15.3	<b>16.2</b>	3	2	-	5	0.9	15.9	<b>16.7</b>
<b>Total</b>	<b>779</b>	<b>338</b>	<b>628</b>	<b>1 744</b>	<b>188.2</b>	<b>146.9</b>	<b>335.1</b>	<b>871</b>	<b>379</b>	<b>618</b>	<b>1 867</b>	<b>234.1</b>	<b>151.0</b>	<b>385.1</b>	<b>902</b>	<b>386</b>	<b>632</b>	<b>1 920</b>	<b>238.0</b>	<b>185.7</b>	<b>423.7</b>

## PSA gender marker

243. The Gender Office has created a programme of work for implementing the WFP Gender Policy (2015–2020) successfully and strategically and supporting the integration of gender equality into the IRM. The office's activities build on existing initiatives and constitute core components of WFP's gender mainstreaming.
244. The non-programmatic gender marker that WFP uses for its PSA budget is based on the Inter-Agency Standing Committee gender marker for project resources. The marker measures the level of resources budgeted for activities promoting gender equality and the empowerment of women. For 2020, USD 26.0 million of such resources is incorporated in the PSA budget. This total includes the costs of personnel whose work is primarily dedicated to gender issues and part of the costs of gender focal points and other staff whose work supports gender-related activities.

## Organizational structure of the Secretariat

245. A new organizational structure entered into force in June 2019 after the Board's annual session.<sup>1</sup> The changes provide a more accountable and coherent headquarters structure that facilitates response to the greater complexity of operations and service delivery, including increasing recognition of the importance of the triple nexus as well as protracted crises, against a background of increases in resource levels of more than 25 percent in the past two years. The structure also helps to foster a culture of change within WFP with the aim of creating a more conducive working environment in which harassment, sexual harassment, abuse of power and discrimination are tackled effectively.
246. The structure is underpinned by five inter-related pillars and headed by the Executive Director, as presented to the Executive Board at its 2019 annual session. The five pillars are resource management, programme and policy development, operations management, operations assistance, and partnerships and advocacy. Together, they will ensure enhanced strategic collaboration in headquarters and enhanced support to the field through the delivery of better global policies, stronger quality control and strengthened oversight of WFP's activities.
247. The structure has provided the basis for presenting information on the 2020 PSA budget and comparative figures for 2019 in this section of the management plan.
248. The current structure is shown in figure IV.2 with three changes from the structure outlined in the update to the management plan presented to the Executive Board at its 2019 annual session: the senior advisor – Sahel (not funded by the PSA budget) has been removed, the Office of the Executive Director had previously been omitted and is shown under the Chief of Staff; and the Office of the Inspector General is moved to the top of the chart.
249. Management will continue to be mindful of making further adjustments, refinements and adaptations to the structure where necessary to improve delivery of enabling services, policies and programmes. WFP will keep the membership informed of refinements that may be made under the Executive Director's authority.

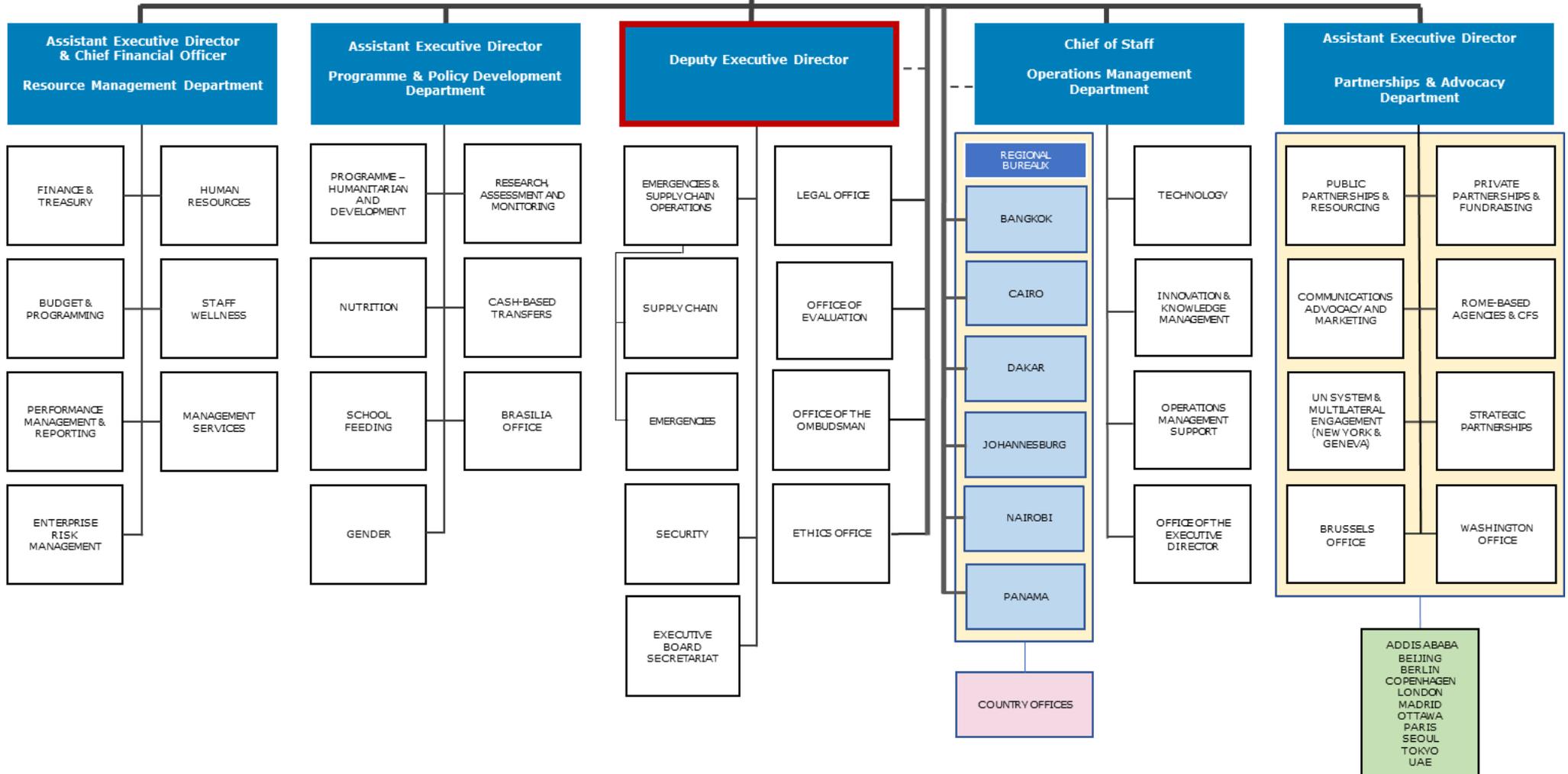
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<sup>1</sup> WFP/EB.A/2019/6-B/1.

# Executive Board

EXECUTIVE DIRECTOR

INSPECTOR  
GENERAL &  
OVERSIGHT OFFICE



## General Fund

250. The General Fund is the accounting entity that records recoveries of indirect costs, miscellaneous income, the operational reserve and contributions received that are not designated to a specific programme category fund, trust fund or special account. The unearmarked portion of the fund excludes special accounts and other balances that have been earmarked for particular uses.
251. The main source of income for the General Fund is interest and investment income derived from WFP's cash balances held in investment portfolios and bank and money market accounts. For a prolonged period after the global financial crisis, interest rates were near zero in most major currencies. In recent years, however, interest rates in WFP's base currency, the US dollar, have increased. Interest and investment income on cash balances, recorded as miscellaneous income in accordance with Financial Regulation 11.3, have substantially increased from 2016 onwards. This is because of an increase in the absolute level of interest rates and growth in cash balances in line with WFP's programme size. The estimated balance of the unearmarked portion of the General Fund at the end of 2019 is USD 245 million.

## Status of the PSA equalization account

252. The PSAEA can be used for four purposes: to cover any difference between ISC income and approved PSA expenditure; as a reserve that underwrites the risk of decreases in ISC income or underfunding of the PSA budget; for critical corporate initiatives or thematic support funds; and for strengthening WFP's reserves. The PSAEA has a target level of five months of PSA expenditure and a "floor" that is equivalent to two months of PSA expenditure.
253. The projected opening balance of the PSAEA at 1 January 2020 is USD 255.4 million. This is calculated based on a funding forecast for 2019 of USD 7.4 billion. The balance is equivalent to 7.96 months of PSA expenditure.

<b>TABLE IV.15: PSAEA PROJECTION FOR 2019 (USD million)</b>	
<b>PSAEA balance at 1 January 2019</b>	<b>247.1</b>
Estimated ISC income 2019 (based on projected income of USD 7.0 billion)	444.0
Approved PSA budget	-385.1
PSAEA drawdowns	-
Allocations to reserves	-
2019 critical corporate initiatives*	-50.6
<b>Projected PSAEA balance at 31 December 2019</b>	<b>255.4</b>
<b>PSAEA target (equivalent to 5 months of 2019 PSA expenditures)</b>	<b>160.5</b>
<b>Excess over target PSAEA balance</b>	<b>94.9</b>

\* 2019 element of the USD 69.3 million in critical corporate initiatives approved by the Board for 2019–2020.

## Indirect support cost rate

254. Indirect support costs, levied on contributions made to WFP, provide the resources for the PSA budget which supports the activities necessary for WFP's effective and efficient performance. The ISC rate is approved annually by the Executive Board through the management plan.

255. A method for deriving the standard ISC rate was established in 2006 <sup>26</sup> and the derived rate for 2020 has been calculated as shown in table IV.16.

<b>TABLE IV.16: ISC CALCULATION (%)</b>	
2018 baseline	5.77
Increase for higher indirect expenditures for 2020	0.79
Decrease for higher funding forecast	(0.48)
Decrease for higher PSAEA balance	(0.37)
Derived ISC rate for 2020	5.72

256. Although analysis indicates an ISC rate of 5.72 percent, the Secretariat recommends that the current 6.5 percent rate be maintained for 2020. This rate continues as the lowest such headline rate among the funds and programmes and specialized agencies of the United Nations. It will also be proposed that an ISC rate of 4.0 percent be maintained for governments' contributions to programmes in their own countries and contributions made by developing countries or countries with economies in transition.

257. In 2014, the Executive Board concluded that a single-rate ISC model was simple and transparent and should be maintained. WFP has continued to significantly increase in size and continues to seek means to maximize its funding base. With other organizations able to show some flexibility in the application of ISC rates, management proposes to seek the guidance of the Executive Board on the issue of flexibility in the application of indirect support cost rates in a separate consultative process during 2020.

**Use of the PSA equalization account for critical corporate initiatives and strengthening of reserves**

**Transfer to the IRA (USD 20 million)**

258. The Immediate Response Account is an essential source of immediate funding for mitigating pipeline breaks in life-threatening situations or sudden-onset emergency responses. The main sources of funding for the account are direct donor contributions and transfers made to the account from softly earmarked contributions to WFP. To provide additional support for emergency response, including by helping to address the recurring shortfall in resourcing for the Immediate Response Account against the annual target level, the Secretariat is recommending approval of a proposal to transfer USD 20 million from the PSAEA to the Immediate Response Account.

259. In 2015, the Executive Board endorsed the use of the PSAEA for critical corporate initiatives,<sup>27</sup> which enable WFP to invest in sustainable initiatives that require non-recurring investment and improve the delivery of services to beneficiaries.

260. The Secretariat is proposing to continue investing in two critical corporate initiatives started in 2019 and to launch two new initiatives. The total proposed investment in critical corporate initiatives is USD 37.9 million.

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<sup>26</sup> WFP/EB.A/2006/6-C/1.

<sup>27</sup> WFP/EB.A/2015/6-C/1. The criteria are that a proposal must be one-off; not covered by the regular PSA budget; not related to a project; in need of predictable funding; unlikely to generate sufficient additional investment from donors; and focused on organizational change.

261. Table IV.17 shows the projections for the PSAEA in 2020, with the projected closing balance of USD 201.1 million equivalent to 5.70 months of PSA expenditure.

<b>TABLE IV.17 PSAEA PROJECTION FOR 2020 (USD million)</b>	
<b>PSAEA balance at 1 January 2020</b>	<b>255.4</b>
Estimated ISC income 2020 (based on projected income of USD 7.45 billion)	446.0
Proposed PSA budget	-423.7
Transfer to the Immediate Response Account	-20.0
Ongoing critical corporate initiatives (year 2), approved in November 2018	-18.7
Proposed 2020 critical corporate initiatives	-37.9
<b>Projected PSAEA balance at 31 December 2020</b>	<b>201.1</b>
<b>PSAEA target (equivalent 5 months of PSA expenditures)</b>	<b>176.5</b>

262. As part of the review of WFP's financial architecture in 2015, work was undertaken to establish the uses that could be made of the PSAEA<sup>28</sup> including for critical corporate initiatives which the Board document defined as "strengthening WFP's programming, operational and administrative capacity to fulfil its mission, and delivering value for money". Criteria were established for guiding the development and prioritization of proposals.

263. WFP's corporate priorities were established in early 2018 and refined in 2019. They continue to guide the direction of the organization. These priorities are leadership in emergencies, the triple nexus, transform and lead digitally, simplification and efficiency, partnerships and people, and have the aim of maximizing WFP's contribution to the achievement of zero hunger.

264. The critical corporate initiatives proposed for 2020 together with the PSA allocations made for programmatic and resourcing priorities address all of these priorities. Annex I provides concept notes on the proposed critical corporate initiatives.

265. A summary of all the critical corporate initiatives proposed for 2020 is given in table IV.18.

<b>TABLE IV.18: PROPOSED CRITICAL CORPORATE INITIATIVES (USD million)</b>		
<b>Title</b>	<b>USD million</b>	<b>Timeframe</b>
<b><i>Continuation of 2019 critical corporate initiatives</i></b>		
Systems integration and IT-enabled efficiencies	11.0	1 year
United Nations reform	8.1	2 years
<b><i>New critical corporate initiatives for 2020</i></b>		
Programme and partnership support facility	5.7	2 years
Private sector strategy	13.1	1 year *
<b>Total</b>	<b>37.9</b>	

\* USD 22.2 million to be considered in year 2.

<sup>28</sup> WFP/EB.A/2015/6-C/1.

**(a) Continuation of 2019 critical corporate initiatives**

***Systems-integration and IT-enabled efficiency (USD 11.0 million over a one-year period)***

266. Digitalization is essential for WFP. In the management plan for 2019, USD 5 million was allocated to a critical corporate initiative primarily in support of the development of a corporate data integration layer to inform decision making, and a suite of actions for continuing the simplification and automation of WFP's core business processes.
267. In 2019, the work has covered two principal areas. In the first area of work, WFP focuses on improving its ability to use corporate data. WFP built a robust foundation for the integration of data from various corporate systems, with a first integrated view of data from the supply chain and COMET expected to come online by the end of 2019. An external CSP portal that increases the visibility of WFP's performance and results for Member States has also been improved, and an internal WFP dashboard that provides senior management with critical data about WFP's operations will be released during the final quarter of 2019. In addition, work was undertaken to analyse requirements for new data chains that link WFP's resources to results more effectively. An in-depth review of the annual planning process was also undertaken with a view to improving the integration and alignment of supporting systems. These efforts help to ensure that WFP staff, entities and partners at all levels have access to high-quality, integrated data, thereby contributing to the creation of a "data culture" throughout WFP.
268. In the second area, work is focused on the automation and digitalization of core corporate processes. A catalogue of global services has been developed and standardized across functions and is supported by a service management tool that is being deployed gradually. The tool will provide staff with a single location to submit requests, simplifying access to the services that they need for their work. A number of frequently used forms are being digitalized, freeing up human resources by reducing repetitive, offline tasks.
269. Work in 2020 will build on the foundations laid in 2019. WFP will develop the WFP dashboard further to include new features such as custom alerts, push notifications and more integrated data to manage performance through a wide range of additional data from the supply chain, travel and nutrition offices. Development of the CSP portal will also continue, including based on feedback from Member States and aimed at expanding the amount of information published and ensuring that the portal is user-friendly and meaningful. The data integration layer will continue to integrate corporate data sets from other systems, enriching the data universe and enabling more WFP staff in more functions and geographic areas to make better decisions.
270. In the automation and digitalization workstream, WFP will continue to digitalize and automate requests, forms and repetitive tasks, focusing on the finance, IT, administration, supply chain and human resources functions. WFP will also continue to standardize its global services through the global services management tool in order to increase the speed and quality of service delivery while improving and harmonizing processes. A global payment factory will bring benefits such as improved productivity and cost performance.
271. WFP aims to shape the future of its current enterprise resource planning system and needs to devise a clear strategy and road map that allow a full analysis of the options and careful planning of the implementation of the selected approach. The road map will define specific deliverables, together with milestones and dates by which WFP needs to take action, and will include a budget, the composition of a team and projected "go live" dates.

### ***United Nations Reform (USD 8.1 million over a two-year period)***

272. Resolution A/72/L.52 approved by the United Nations General Assembly on reform of the United Nations development system called for a number of changes to be made “to better position the United Nations operational activities for development to support countries in their efforts to implement the 2030 Agenda for Sustainable Development”. These changes included revitalization of the United Nations development assistance framework, introduction of a new generation of United Nations country teams, strengthening of capacities, resources and skills among entities of the United Nations development system in order to support national governments in achieving the SDGs, and advancement of common business operations.
273. This critical corporate initiative continues the work started in 2019 to ensure that WFP has the capacity to prepare for and support the Secretary-General's reform of the United Nations development system. The initiative covers a two-year period with two main objectives: to ensure that WFP has the capacity to prepare for and respond to inter-agency reform efforts, ensuring particularly that regional bureaux respond to the requirements of the reform and are able to lead the reform where appropriate; and to develop WFP's positions and offerings related to the United Nations reform.
274. WFP continues to take a leadership role in United Nations reform as the co-chair, along with the Office of the United Nations High Commissioner for Refugees, of the business innovations strategic results group (BIG). The BIG is on track to complete the conceptual and design work by early 2020, drawing also from a series of country office pilots to test business operations and common premises models. Implementation would commence from 2020. A Review of the Terms of Reference of the United Nations Sustainable Development Group, which oversees all the strategic results groups supporting the Secretary-General's reform efforts, will be undertaken towards the end of 2019. A review of the TORs of the strategic results groups will also be undertaken. With the strengthened Development Coordination Office now fully operational, the objective of the review is to reduce overlapping and conflicting responsibilities. The review may have implications on the arrangements and scope of the work of the BIG from 2020.
275. Work in 2020 will be focused on completing the design and piloting of reform initiatives with implementation and roll-out of piloted activities and systems continuing in 2021. Funding for the initiative will be used to provide WFP's leadership in support of strengthened business operations at the country level and consolidated location-independent common services.
276. WFP's work will also include the expansion and roll-out of an improved business operations strategy at the country level. WFP will support the design and piloting of common back offices, common premises and a market place for global shared service centres among agencies in the United Nations development system. In the spirit of the United Nations reform, a core aspect of this work involves WFP in developing the range of services that it offers to the United Nations system and in which it has a comparative advantage. WFP will also continue to pursue specific initiatives to drive efficiency and innovation, for example by participating in the design of a worldwide United Nations mobility and fleet management service and strengthening the United Nations Digital Service Centre (UNDSC). The UNDSC is currently a joint UNHCR/WFP pilot programme that will test the viability of a set of digital solutions that other United Nations agencies can use to rapidly scale-up digital capabilities, thereby reducing the need to develop similar solutions across the United Nations.

**(b) New critical corporate initiatives in 2020**

***Programme and partnership support facility (USD 5.7 million over a two-year period)***

277. To fulfil its long-term objective of supporting countries in achieving zero hunger, WFP needs to assist countries in designing programmes and pursuing funding opportunities beyond traditional donor sources. Many of the international funding mechanisms that support SDG implementation are inaccessible to WFP projects partly because of a lack of specialized expertise in the specific design and monitoring requirements of such funds.
278. Despite WFP's practical, technical expertise, there is a growing need for technical expertise in supporting countries in the development and measurement of successful programmes and funding proposals that capitalize on this expertise. WFP proposes to allocate funding for a centrally managed, streamlined and systemized facility that provides end-to-end support in the design of field-based proposals covering various new and emerging thematic funding opportunities while also benefiting areas of existing technical expertise.
279. Throughout 2020 and into 2021, WFP will undertake a landscape analysis of relevant investment areas and will establish a team to support the design and funding of projects in CSPs. WFP also plans to use the allocation to streamline application processes and communication lines between it and its various funding sources and to research and develop a financial model for ensuring sustained funding for the programme and partnership support facility.
280. This workstream will be coupled with thought leadership on strategic priorities, including WFP's principal role in the humanitarian-development-peace nexus.

***Private sector strategy (USD 13.1 million in first year)***

281. The Executive Board will consider the private sector strategy separately during the same session as this management plan.
282. As a financial document, the management plan requires that all proposed financial drawdowns from the PSAEA are brought to the attention of the Executive Board for approval.
283. The private sector strategy envisages investment in the strategy from four separate sources, one of which is a critical corporate initiative using the PSAEA. Should the strategy be approved, this critical corporate initiative, amounting to USD 13.1 million in 2020 and USD 22.2 million in 2021, will be required.
284. The success of the strategy will be measured through key performance indicators. A further tranche of funding would be sought only if the key performance indicators were met.

## Section V: Management performance measurement

### Overview

285. The revised Corporate Results Framework (2017–2021)<sup>29</sup> and the Revised Corporate Results Framework (2017–2021) – Part II: 2021 targets for the programmatic outputs and performance indicators<sup>30</sup> set the system and measures that guide WFP’s use of all available resources to accomplish its mandate, ensure transparency and accountability and define the strategic direction of the organization.
286. The revised corporate results framework (CRF) is based on the principle that programme performance reflects WFP’s results in saving and changing beneficiaries’ lives, while management performance supports programme performance. These two areas of performance are indivisible but measured by different types of indicators: programme output and outcome indicators for programme results, and key performance indicators (KPIs) for management results. The indicators are used in WFP’s tools for performance management and internal and external reporting – CSP logical frameworks, annual plans, country reports – at the country and corporate levels.
287. Complementing the indicators, corporate targets were approved by the Board in June 2019 and set the overall direction of WFP’s work. They are set for both programme output indicators and management KPIs, constitute the basis for strategic discussions and are reflected in the main corporate performance management tools: the management plan and the annual performance report. The inclusion of these targets in the management plan allows for their confirmation or revision to reflect the most recent planning figures and the latest organizational developments.

### Corporate programme output targets

288. WFP’s corporate programme output targets communicate its intended response to global food security needs and support advocacy and resource mobilization. As stipulated in the revised CRF part II, approved in June 2019, annual targets can be updated in the management plan if needed.
289. The targets set in the revised CRF part II were based on a projection of trends in needs-based planning figures from previous years. Table V.1 shows updated targets for 2020, aligned with the latest available planning figures from country offices and therefore representing needs more accurately.<sup>31</sup> These figures reflect changes in context for current CSPs and in the planning of CSPs that were approved in 2019. The rationale for the changes is provided below, and more details can be found in section III of this document.

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<sup>29</sup> WFP/EB.2/2018/5-B/Rev.1.

<sup>30</sup> WFP/EB.A/2019/5-A.

<sup>31</sup> Targets for 2021 will subsequently be adjusted in the Management Plan 2021–2023, when more accurate needs-based plan figures will be available.

<b>TABLE V.1: CORPORATE NEEDS-BASED PLAN PROGRAMME TARGETS BY TRANSFER MODALITY AND BENEFICIARY GROUP</b>			
<b>Category A: Targets for transfer modalities</b>			
<b>Indicators</b>	<b>2019 target</b>	<b>Original 2020 target</b>	<b>Proposed revised 2020 target</b>
Total quantity of food provided (mt) to targeted beneficiaries	5.6 million	5.7 million	4.6 million
Total value of food provided (USD) to targeted beneficiaries	2.81 billion	2.86 billion	2.37 billion
Quantity of fortified food provided (mt)	326 000	376 000	264 000
Quantity of specialized nutritious food provided (mt)	747 000	785 000	607 000
Total amount of value transferred (USD) through CBTs and commodity vouchers to targeted beneficiaries	3.3 billion	3.8 billion	3.8 billion
Unrestricted cash	2.2 billion	2.3 billion	2.6 billion
Vouchers	1.1 billion	1.2 billion	889 million
Commodity vouchers	130 million	306 million	366 million
Total value of capacity strengthening transfers (USD)	425 million	446 million	562 million
Percentage of UNHAS passengers served against number requested		95	95
<b>Category B: Targets for beneficiaries</b>			
<b>Indicators</b>	<b>2019 target</b>	<b>2020 target</b>	<b>Proposed revised 2020 target</b>
Total number of beneficiaries targeted through WFP food and CBTs	78.8 million	81 million	87.8 million
Number of schoolchildren targeted through school feeding interventions	17.7 million	17.7 million	22.2 million
Number of persons targeted through nutrition-specific interventions	22.4 million	23.5 million	18.8 million
Number of persons targeted through food assistance for assets	10.9 million	11.7 million	14.7 million

290. The global trend in increasing humanitarian crises is reflected in the increases in beneficiary numbers and associated financial requirements. Two thirds of the additional beneficiaries in need of emergency food assistance reside in the six countries facing Level 3 emergencies. Whereas the adjusted targets for food transfers have decreased, CBT-related targets remain as previously projected, and targets for capacity strengthening increase, reflecting the increasing number of countries with capacity strengthening portfolios, as well as

the expansion of capacity strengthening transfers in some of the largest WFP operations, such as those in Ethiopia and Iraq (see section III, paragraphs 89 and 111).<sup>32</sup>

291. It is expected that the rate of growth in CBTs will slow as WFP portfolios reach levels of CBTs that reflect the most appropriate blend of modalities for the policy, operational and risk context in each country. The expected stable trend shown in the management plan is indicative, operational decisions regarding the most appropriate modality and mechanism depend on individual contexts, and changes in volume depend on the circumstances in which WFP operates. Expected changes in the volumes of value and commodity vouchers are explained by the shift from value vouchers to commodity vouchers in some large operations, such as in Yemen.
292. The adjusted beneficiary targets for school feeding, nutrition and food assistance for assets programmes are higher than the original ones and are based on the needs-based plans of country offices. These figures are currently being refined and it is possible that the targets for these areas should be more conservative (as previously planned).
293. Actual figures will be reported against these targets in the annual performance report for 2020.

#### **Corporate management performance targets**

294. Complementing its programme indicators and targets, WFP's targets for corporate management performance define the standards for which WFP holds itself accountable and which ensure that WFP makes the best possible use of financial, human and physical assets in order to fulfil its mandate. These standards are measured by three categories of indicators: categories I and II reflect WFP's overall performance, and category III is used internally by WFP for daily management of operations.

#### **Category I key performance indicators**

295. The inclusion of category I and II indicators in the Management Plan (2020–2022) offers an opportunity to update targets and component indicators if needed. Corporate targets for category I indicators that were approved as part of the CRF part II remain valid. However, developments during 2019 have allowed the revision of some components to take into account improvements in WFP internal processes. Details on indicators and targets set for 2020 can be found in table V.2.
296. Category I KPIs reflect WFP's corporate performance and measure management performance that contributes to implementation of the WFP strategic plan through CSPs. There are three category 1 indicators, the components of which are used in internal tools for country offices:
  - KPI 1: Overall progress in country strategic plan implementation: Measures how funding and operational constraints influence WFP's implementation, and the performance of the activities and strategic outcomes that are implemented during the period being measured.
  - KPI 2: Effective emergency preparedness and response: Measures WFP's performance against emergency preparedness and response standards. This includes preparedness at the country and corporate levels, as well as implementation of corporate responses to acute emergencies.

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<sup>32</sup> WFP is working on the preparation and roll-out of guidelines for the accurate estimation of direct beneficiaries of the capacity strengthening modality. Although it is expected that this figure will be available for 2020, it is not possible to estimate them as of the date of preparation of this document.

- KPI 3: Overall achievement of management performance standards: Measures country office performance in each functional area in supporting the implementation of CSPs. Aggregation of functional areas permits a corporate analysis of management processes.

297. The corporate targets for these indicators are based on the numbers of country offices that meet the targets, which are set progressively for the period from 2019 to 2021. The targets for each individual component, which reflect the standards to which WFP holds offices accountable, are standard and have not been changed for 2020.

<b>TABLE V.2: CATEGORY I MANAGEMENT KEY PERFORMANCE INDICATORS AND COMPONENTS</b>				
<b>Key performance indicator</b>	<b>Baseline (2018)</b>	<b>2019 target</b>	<b>2020 target</b>	<b>2021 target</b>
KPI 1: Overall progress in country strategic plan implementation	<b>59% of country offices met targets</b>	<b>70% of country offices meet targets</b>	<b>80% of country offices meet targets</b>	<b>90% of country offices meet targets</b>
Component indicator				
% of outcomes with implementation	80%	70%	70%	70%
% of outcomes for which values are achieved or on track	78%	75%	75%	75%
% of outputs with implementation	82%	80%	80%	80%
% of outputs for which values are achieved or on track	67%	80%	80%	80%
KPI 2: Effective emergency preparedness and response	3 out of 5	3 out of 5	4 out of 5	5 out of 5
Component indicator				
% of country offices that update or implement at least 80% of minimum preparedness actions	38%	100%	100%	100%
Number of training events in emergency response according to the Functional and Support Training for Emergency Response (FASTER) standard	6 events	4 events	4 events	4 events
Timeliness of the Immediate Response Account for Preparedness facility	10 days	5 days	5 days	5 days
Timeliness of the operational task force	24 hours	≤ 24 hours	≤ 24 hours	≤ 24 hours
Timeliness of the elaboration of the concept of operations by the country office	2 days	≤ 5 days	≤ 5 days	≤ 5 days
KPI 3: Overall achievement of management performance standards	51% of country offices met targets	70% of country offices meet targets	80% of country offices meet targets	90% of country offices meet targets
Component indicator				
Management: gender representation	37%	Office milestones*	Office milestones	Office milestones

<b>TABLE V.2: CATEGORY I MANAGEMENT KEY PERFORMANCE INDICATORS AND COMPONENTS</b>				
<b>Key performance indicator</b>	<b>Baseline (2018)</b>	<b>2019 target</b>	<b>2020 target</b>	<b>2021 target</b>
Management: number of outstanding audit recommendations	68	< 68	Fewer than previous year	Fewer than previous year
Programme: % of implemented evaluation recommendations (due for implementation)	84%	100%	100%	100%
Programme: % of outputs achieved within partnerships	71%	90%	90%	90%
Supply chain: % of post-delivery losses	0.77%	< 2%	< 2%	< 2%
Supply chain: % of tonnage uplifted by the agreed date	87%	95%	95%	95%
Budget and programming: % of all CSP expenditures against implementation plan	76%	90%	90%	90%
Human resources: Performance and competency enhancement (PACE) compliance rate	79%	100%	100%	100%
Human resources: % of staff who have completed all mandatory trainings	49%	100%	100%	85%
Administration: % of internal controls in place and implemented in administration	67%	100%	100%	100%
Administration: % of WFP fixed assets physically counted and verified	98%	100%	100%	100%
Finance: % of enhanced risk items in the financial dashboard	4.5%	< 7%	< 7%	< 7%
Information technology: % of compliance with information technology security standards	93%	100%	100%	100%
Security: % compliance with Field Security Accountability Framework standards	96%	100%	100%	100%
Resource mobilization, communication and reporting: % of needs-based plan funded in country operations	47%	80%	80%	80%
Resource mobilization, communication and reporting: % of favourable stories	71%	70%	70%	70%

\* Each country office has annual milestones and a target for 2021. The actual value for all country offices is presented as the average gender representation of all country offices and the annual performance report includes how many country offices achieved their milestones.

### **Category II key performance indicators**

298. Category II KPIs have a more short-term perspective and are used to review progress against corporate priorities set by WFP's leadership, multilateral arrangements and externally governed commitments. They will be approved by WFP's senior management in September 2019, and will include the indicators for which targets were set in the CRF part II approved in June 2019.

## Section VI: Trust funds and special accounts

### Overview

299. This section of the Management Plan (2020-2022) summarizes the resource requirements that may be funded through trust funds, and the levels of activity in special accounts. It also describes the corporate services financing mechanism.

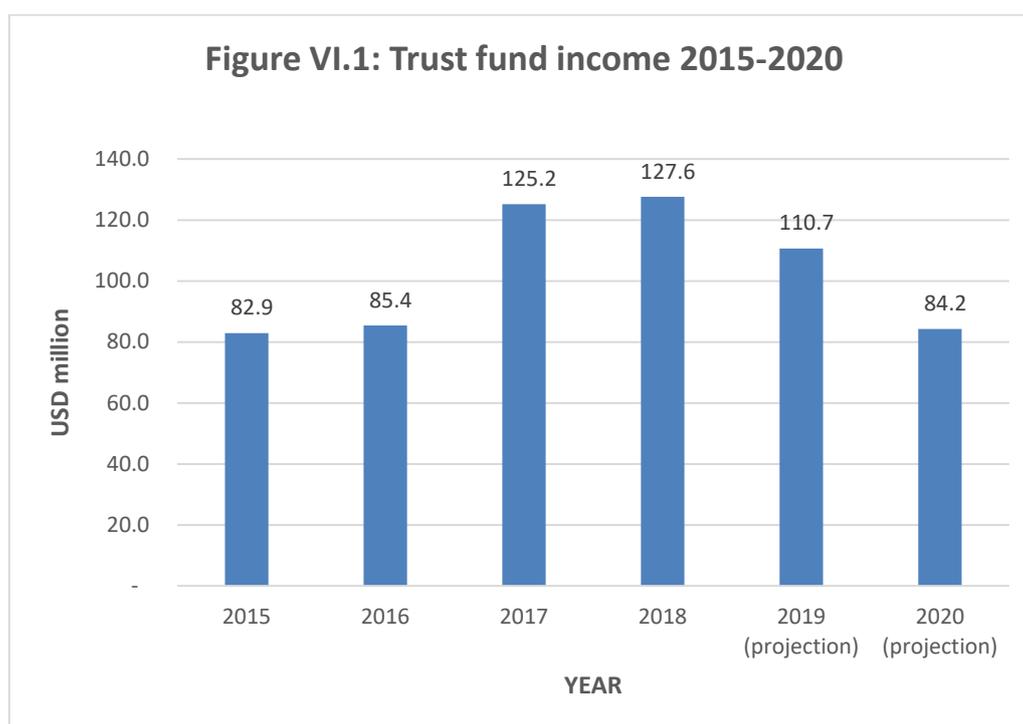
### Trust funds

300. Trust funds are contributions whose purpose, scope and reporting requirements are outside WFP's regular operational programmes, but are consistent with the policies, aims and activities of WFP. They are established by the Executive Director under Financial Regulation 5.1.

301. In the Integrated Road Map (IRM) framework, all country-level activities should be accounted for as programme or service provision within the country strategic plans (CSPs). Consequently, from 2019 onwards, country-specific trust funds no longer exist. Trust funds for the headquarters and regional levels continue to be used to enhance WFP's organizational capacity and effectiveness and its ability to work in specific thematic areas.<sup>33</sup>

### Trust fund income from 2015 to 2019

302. Trust fund income has fluctuated in recent years, as illustrated in figure VI.1.



303. Trust fund income for the years 2015 to 2019 was distributed by thematic area as shown in table VI.1.

<sup>33</sup> WFP/EB.2/2018/5-A/1.

<b>TABLE VI.1: TRUST FUND INCOME BY THEMATIC AREA, 2015-2019</b>		
<b>Thematic area</b>	<b>Total (USD million)</b>	<b>% of total</b>
Government capacity strengthening	94.0	17.7
Nutrition (including the REACH initiative)	67.2	12.6
Emergency preparedness and response	54.2	10.2
Supply chain	38.2	7.2
Food security	32.9	6.2
Climate change and disaster risk reduction	32.6	6.1
Innovation accelerator	25.3	4.7
Purchase for progress	21.0	4.0
Others	166.3	31.3
<b>Total</b>	<b>531.7</b>	<b>100.0</b>

REACH = Renewed Efforts Against Child Hunger and Undernutrition.

### Trust funds in 2020

304. The forecasted income from trust funds in 2020 is USD 84.2 million, a decrease of USD 26.4 million (24 percent) compared with the projected total for 2019.

305. Table VI.2 shows the projected movements of funds in trust funds in 2020.

<b>TABLE VI.2: PROJECTED FUND MOVEMENTS IN TRUST FUNDS, 2020 (USD million)</b>	
Balance brought forward at 1 January 2020	17.8
Trust fund income for the year	84.2
Planned trust fund expenditure	(72.7)
<b>Balance carried forward at 31 December 2020</b>	<b>29.3</b>

306. In 2020, trust funds at the headquarters and regional bureau levels will support the enhancement of WFP's organizational capacity and effectiveness through activities in areas that include government capacity strengthening, nutrition, climate change and disaster risk reduction, food security, innovation (the Innovation Accelerator), emergency preparedness and response and supply chain.

307. Table VI.3 shows projections of trust fund income and expenditure figures for 2020 by thematic area.

<b>TABLE VI.3: TRUST FUNDS INCOME PROJECTIONS VERSUS EXPENDITURE PLANS BY THEMATIC AREA, 2020 (USD million)</b>		
<b>Thematic area</b>	<b>Income projection</b>	<b>Expenditure plan</b>
Government capacity strengthening	13.3	15.8
Nutrition	12.4	12.3
Climate change and disaster risk reduction	5.6	6.1
Food security	4.0	5.4
Innovation Accelerator	5.0	5.0
Emergency preparedness and response	4.6	4.0
Supply chain	4.2	3.8
Others	35.1	20.3
<b>Total</b>	<b>84.2</b>	<b>72.7</b>

### **Trust funds by thematic area**

308. The following subsections describe a selection of trust funds in each thematic area.

#### **Government capacity strengthening**

309. The *African risk capacity trust fund (estimated income USD 9.1 million, estimated expenditures USD 11.0 million)* is designed to support the strengthening and improvement of the capacities of African governments in planning and preparing for and responding to extreme weather events and natural disasters such as droughts, floods and cyclones. The inter-governmental nature of the trust fund allows countries to work together as a group, managing risk and securing funds from donors and the international risk market in a financially efficient manner.
310. Supporting national social protection systems is a core WFP strategy for helping countries to achieve the targets of Sustainable Development Goal (SDG) 2 at a transformative scale. The *strengthening government capacity for effective social protection systems and safety nets trust fund (estimated income USD 1.2 million, estimated expenditures USD 908 thousand)* was developed to help governments to improve the coverage, quality and shock-responsiveness of national social protection, especially where systems are weak or nascent. In 2020, the objective is to ensure that countries are increasingly able to meet the food security and nutrition needs of their poorest and most vulnerable people.

#### **Nutrition**

311. The *micronutrient initiative trust fund (estimated income USD 2.8 million, estimated expenditures USD 3.2 million)* was established to support implementation of WFP's nutrition capacity strengthening plan. The multi-donor trust fund focuses on improving the quality and coverage of WFP's nutrition programmes globally. In 2020, activities include testing simplified and combined protocols for the treatment and prevention of wasting, development and roll-out of guidance and tools for nutrition-sensitive programming and scale-up of digital platforms.
312. The *DSM micronutrient trust fund (estimated income USD 2.1 million, estimated expenditures USD 2.3 million)* stems from a successful partnership between WFP and the global science-based company Royal DSM, which has the aim of increasing attention to nutrition throughout WFP's programmes. The scope of a renewed partnership to cover the period from January 2019 to December 2021 has been expanded to include the

mainstreaming of rice fortification for strategically high rice consumption countries generating significant regional impact; and the development of a food and nutrition retail strategy that promotes the consumption of nutritious diets.

313. The Joint United Nations Programme on HIV/AIDS (UNAIDS) HIV/AIDS trust fund (estimated income USD 3.2 million, estimated expenditures USD 3.3 million) was established to support the delivery of an effective response to the global HIV/AIDS epidemic. The trust fund ensures that the HIV/AIDS response in both emergency and non-emergency settings incorporates a comprehensive nutrition strategy at the global, country and regional levels. Needs under this fund in 2020 will also include support for WFP's programmes and partnerships related to activities for the prevention and treatment of non-communicable diseases (NCDs).
314. The Renewed Efforts Against Child Hunger and Undernutrition (REACH) trust fund (estimated income USD 1.8 million, estimated expenditures USD 1.8 million) is an inter-agency partnership amongst five United Nations agencies: WFP, FAO, UNICEF, WHO and IFAD. REACH was set up to strengthen capacities in nutrition programming at the national level by supporting government-led, results-oriented partnerships and is one of the four main networks of the Scaling Up Nutrition (SUN) movement. In 2020, the priorities are to increase coherence, coordination and collaboration among United Nations agencies in supporting national governments' actions in nutrition aimed at achieving the SDGs and to broaden the engagement and participation of United Nations agencies in nutrition activities in more than 60 SUN and non-SUN countries.

### **Climate change and disaster risk reduction**

315. The *Rural Resilience Initiative (R4) trust fund* (estimated income USD 600 thousand, estimated expenditures USD 1.0 million) is a global initiative that builds on collaboration between WFP and Oxfam America to promote the scale-up of micro-insurance schemes as part of a climate risk management strategy integrated into WFP programmes. It provides technical advisory services for and financial investments in the design and implementation of index-based micro-insurance programmes, with a target of insuring 500,000 food-insecure people by 2020. The initiative contributes to the work of the G20 InsuResilience Global Partnership, which was launched at the 2017 United Nations Climate Change Conference in Bonn and has the aim of increasing the numbers of poor and vulnerable people in developing countries benefiting from insurance protection.
316. The *hunger-related climate change trust fund* (estimated income USD 1.0 million, estimated expenditures USD 2.3 million) supports capacity development initiatives that address the impact of climate change on hunger. It enables WFP to engage with partners on global policy processes and to design climate change adaptation programmes that are integrated into CSPs and corporate result frameworks and that foster food security and facilitate the management of climate-related risks to food systems.

### **Food Security**

317. The mobile food security monitoring (mVAM – mobile vulnerability analysis and mapping) initiative (estimated income USD 860 thousand, estimated expenditures USD 3.3 million) was created to receive contributions from multiple donors for activities related to the collection and analysis of data on household food security using mobile phones. The purpose of the trust fund is to facilitate timely programme decisions by providing accurate food security information using the most appropriate tools and technologies. Activities that will continue in 2020 under this project include scoping and support missions to WFP country offices for food security and nutrition assessments; remote data collection by live operators and using interactive voice response and text messages; analysis of high-resolution satellite imagery; and capacity development support.

## **Innovation Accelerator**

318. The *Innovation Accelerator trust fund (estimated income USD 5.0 million, estimated expenditures USD 5.0 million)* supports innovations emanating from global operations. It was created to support WFP in delivering on its mandate to end hunger. The accelerator works by identifying, nurturing and scaling up promising innovations; guiding and supporting innovators and external start-ups by providing funding, experts and access to relevant networks; supporting WFP in adopting new technologies and solutions; and supporting other organizations in working more effectively and efficiently by leveraging innovations.<sup>34</sup>

## **Emergency preparedness and response**

319. The *emergency preparedness and response trust fund (estimated income USD 3.4 million, estimated expenditures USD 4.0 million)* is used to promote preparedness actions that are focused on reinforcing existing tools through investments in human capacity, early warning and WFP's internal processes and systems; strengthening capacities through support to governments and national social protection mechanisms; and expanding and consolidating partnerships. The priority in 2020 will be to support WFP's capacity to meet growing needs for emergency response by enhancing existing systems and tools, ensuring adequate surge capacity at the global level and providing strong leadership in preparedness activities, early action and response.

## **Supply chain**

320. The *food quality management system trust fund (estimated income USD 1.1 million, estimated expenditures USD 588 thousand)* is used for the leveraging of top-level expertise to assist WFP in enhancing food safety and quality throughout its operations. Plans for 2020 include addressing critical gaps and empowering field operations by improving the products in their supply chains and strengthening quality management practices.

321. The Supply Optimization through Logistics, Visibility and Evolution (SOLVE) initiative (estimated income USD 1.8 million, estimated expenditures USD 2.7 million) supports the Family Planning 2020<sup>35</sup> initiative in SOLVE countries and serves as a channel for financial contributions to activities aimed at accelerating the availability of health commodities in SOLVE project countries.

## **Selected other trust funds**

322. The *School Feeding trust fund (estimated income USD 3.3 million, estimated expenditures USD 2.7 million)* was established to support strategic global school feeding activities with contributions from multiple donors including public and private sector entities. The trust fund's focus in 2020 is on helping countries establish and maintain nationally owned programmes by improving the efficiency of school feeding supply chain mechanisms, and developing corporate tools and guidance, including for digitalization and other innovations.

323. The *Finance Process Transformation trust fund (estimated income USD 2.2 million, estimated expenditures USD 2.2 million)* ensures the introduction of digitalization and automation to allow the workforce of WFP's finance function to drive improved performance by supporting WFP's operations in the most cost-efficient manner. In line with the strategic finance benchmarking exercise, planned activities in 2020 will include completing the roll-out of an integrated WFP-wide payroll solution that simplifies the processing of

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<sup>34</sup> A "WFP Innovation Fund" special account was established to provide a means of integrated financial management allowing WFP to accept contributions to cover for services provided by the WFP Innovation Accelerator and external innovations provided as a grant or procurement contract.

<sup>35</sup> Family Planning 2020 is a global initiative that supports the right of women and girls to decide, freely and for themselves, whether and when to have children and how many they want to have.



humanitarian partners. Fleet Centre operations are funded through a special account. The corporate financing mechanism will fund capital costs, which are subsequently recovered through vehicle leasing fees charged to each project. This financing mechanism enables WFP to optimize procurement through the bulk purchasing of vehicles while ensuring that vehicle costs for projects are aligned with funding, vehicle usage and project cycles. The projected overall expenditure for 2020 at USD 33.3 million mainly consists of WFP offices' vehicle requirements with costs recovered from leasing fees included in project and country portfolio budgets.

330. The Fleet Centre also manages the self-insurance special account which provides comprehensive insurance coverage for WFP's light and armoured vehicles.

### **Capital Budgeting Facility**

331. The CBF was established in the Management Plan (2014–2016). It is a revolving facility, enabling WFP to provide advances for multi-year projects, with repayment from country portfolio budgets or other funding sources over an agreed timescale.
332. The success of the CBF pilot in financing the Logistics Execution Support System (LESS) opens possibilities for other strategic uses of the CBF. Currently, approximately USD 43 million of the USD 47 million held in the facility is available for allocation, which is carried out by the Strategic Resource Allocation Committee in response to applications from interested WFP units. Investments of USD 7.6 million in premises in Nepal and Afghanistan are anticipated, with the savings arising from reduced rental payments providing the means by which the CBF advance will be recovered. Some improvements at headquarters may also be considered. Use of the CBF is conditional on the inclusion of a clear, viable repayment plan in the allocation request.
333. The private sector fundraising strategy will be presented to the Board for approval together with a funding plan. The implementation plan for the private sector fundraising and partnerships strategy would require an initial investment from the CBF of approximately USD 3.9 million in 2020. This investment would be used for one-off activities related to the "individual giving" element of the new strategy such as digital media and direct response television campaigns. Repayments of the loan will be made in instalments once a solid revenue base has been generated.
334. No increase in the CBF ceiling is required at this time.

### **Fee-for-service activities**

335. The fee-for-service mechanism can provide advances of up to USD 20 million for information technology (IT) services and staff security. The volume of advances transacted each year may exceed the amount of the ceiling, but the recoveries made during the year ensure that the balance of advances outstanding at any time does not exceed the ceiling.
336. In 2013, WFP implemented a per capita cost recovery model for recurring corporate operational IT services, allowing funding to be provided upfront with fund recovery managed centrally. The main activities included in this model are provision of the basic IT infrastructure that is essential in all WFP offices; maintenance of WFP's global connectivity via satellite and terrestrial links; hosting of the United Nations International Computing Centre by WFP; the development and acquisition of common software and licences for WFP's corporate IT services such as SAP and Microsoft; and use of the PasPort application for field staff payroll. Funding was extended to cover a cyber-security team to address the worldwide increase in cyber-security threats. In 2020, WFP plans to include the Global Service Desk in the per capita model.

337. Per capita activity is managed in the special account for field-based IT recoveries, which has projected expenditures of USD 31.8 million for 2020. Funding of IT per capita for country office staff is provided through the programme support and administrative (PSA) budget technical adjustment. Other recoveries are made directly from the units in which staff are placed.
338. The special account for security, including the security emergency fund, covers the costs of security and safety equipment and training when funding through the country portfolio budget is insufficient. The special account provides funding for the deployment of staff to provide advice, guidance and technical assistance relating to best practices in security risk management. Staff members are located at headquarters and in country offices and are deployed as surge support in emergency situations. The security emergency fund also enables country offices to comply with minimum operating security standards, enhance facilities and purchase telecommunications equipment. Funding is provided through the PSA technical adjustment and from a charge made on the standard position cost as agreed with the Board in 2016.
339. Table VI.5 shows the estimated levels of activity in special accounts for corporate service financing mechanisms, with advance financing ceilings and estimated expenditures in 2020.

<b>TABLE VI.5: CORPORATE SERVICES FINANCING MECHANISM SPECIAL ACCOUNTS, 2020 (USD million)</b>			
	<b>Advance financing ceiling</b>	<b>Estimated expenditures</b>	<b>% of total expenditures</b>
<b>Fleet Centre</b>	<b>15.0</b>	<b>12.0</b>	<b>16</b>
<b>Capital Budgeting Facility:</b>			
– Improved premises		7.6	
– Private sector strategy		3.9	
<b>Total Capital Budgeting Facility</b>	<b>47.0</b>	<b>11.5</b>	<b>16</b>
<b>Fee-for-service activities:</b>			
– IT services		31.8	
– Security		18.9	
<b>Total fee-for-service activities</b>	<b>20.0</b>	<b>50.7</b>	<b>68</b>
<b>Total</b>	<b>82.0</b>	<b>74.2</b>	<b>100</b>

**Wellness special account (estimated income USD 3.0 million, estimated expenditures USD 4.8 million)**

340. The Wellness Programme Fund, managed in the wellness special account, provides funding for start-up activities that enhance employees’ wellness in WFP offices that have only limited funding for staff wellness initiatives. Continuing wellness initiatives for 2020 include:
- prevention and care of medical and mental health problems;
  - psychosocial health initiatives aimed at increasing the use of wellness digital platforms and apps that mitigate the psychological and health-related risks of working in the humanitarian sector;
  - improved staff working and living conditions, including through Living Standards Global training modules on general hygiene, healthy food and environmental awareness;

- d) compliance with the WFP field occupational safety management system; and
- e) enhanced work-life balance and increased access to staff support services.

### **Other special accounts**

341. Other special accounts provide business services in WFP and for partners. The estimated level of expenditure in these special accounts in 2020 is USD 230.5 million. The largest special accounts are as follows:

#### **United Nations Humanitarian Response Depot special account (estimated income USD 58.1 million, estimated expenditures USD 58.1 million)**

342. The United Nations Humanitarian Response Depot (UNHRD) network is operated by WFP and consists of six hubs at strategic locations around the world. It facilitates preparedness for and response to emergencies by supporting strategic stockpiling by United Nations, international, government and non-governmental organizations. The network also holds stocks of emergency relief goods such as medical kits, shelter items, ready-to-use supplementary foods, IT equipment and other assets. In 2020, the UNHRD network will continue to facilitate responses to large-scale emergencies such as natural disasters by pre-positioning relief items at its hubs. In 2020, a 10 percent increase in UNHRD operations is expected, with a marked increase in procurement.

#### **Aviation special account (estimated income USD 31.4 million, estimated expenditures USD 38.5 million)**

343. The aviation special account is the core funding source for various aviation activities including the promotion of a safety culture, support to WFP's safety structures and ensuring compliance with standards through an effective quality management system for all aviation operations. It serves as a funding mechanism that pays for WFP Aviation's administrative and management structure covering staffing, security and quality assurance programmes and provides bridging finance so that WFP can maintain the preferential terms and conditions granted by its contractors while awaiting receipt of funds.

344. Through its activities in 2020–2022, the Aviation Safety Unit will aim to maintain aviation-related risks to a level that is as "low as reasonably practicable". In so doing, it will continue to categorize the safety performance of contracted air operators and evaluate the safety level of each aviation field office to ensure operational safety.

#### **The logistics services special account (estimated income USD 20.9 million, estimated expenditures USD 20.9 million)**

345. The logistics services special account establishes an integrated financial management system that enables the Logistics function to provide efficient, reliable and predictable services to the humanitarian community, and to recover costs transparently and efficiently. In 2020, the logistics services provided to customers will continue to cover all operational support and implementation activities for all partners, with data tracking, management and reporting. The global fleet's truck management and operational services will continue to be offered efficiently at a new lease rate. The new strategy to enhance WFP's emergency response involves the centralization, renewal and standardization of WFP's truck fleet through the gradual transition from country office-owned trucks to a centralized global fleet.

**Information Technology special account  
(estimated income USD 12.8 million, estimated expenditures USD 14.0 million)**

346. The IT special account was established to ensure continuous support to WFP divisions and offices for the development, implementation and maintenance of internal IT projects and applications. The special account facility reduces the effort required from the requesting division or office to administer funding, facilitates cost recovery for IT efforts and provides transparency on all the costs associated with the projects and applications. Moving into 2020, it is expected that more new products will continue to be requested and processed through the IT special account as part of WFP's digital transformation.

**FITTEST Special Account  
(estimated income USD 12 million, estimated expenditures USD 12 million)**

347. The Fast Information Technology and Telecommunications Emergency Support Team (FITTEST) is the IT emergency response capacity of WFP. FITTEST is a team of IT, telecommunications and electrical specialists that provide life-saving IT connections and solutions to maintain an IT infrastructure when the humanitarian community is called to respond to an emergency. The special account is a self-financing model used to cover the operational and personnel costs of the team. It serves as a tool for cost recovery on activities, including equipment sales and the provision of support for WFP and other United Nations agencies.

**Self-insurance special account**

348. The self-insurance special account, established by the Committee on Food Aid Policies and Programmes in 1993, enables WFP to purchase insurance cover for food and goods in transit. The Secretariat retains a significant self-insurance portion, which enables WFP to negotiate premiums significantly below market levels, provide insurance coverage in locations where commercial insurance is difficult to obtain and provide coverage for losses that are traditionally not covered by commercial insurance. This allows the Secretariat to minimize the negative economic effects on activities resulting from food losses.

349. Income and expenditure for 2019 are as follows:

Fund balance at January 2019	USD 48,610,982
Income	USD 8,105,607
Expenditure	(USD 20,423,970)
Fund balance at August 2019	USD 36,292,619

350. In the Management Plan (2018–2020),<sup>38</sup> the Board approved the following main changes to the WFP self-insurance arrangement:

- an extension of the scope of the self-insurance scheme to start from the time when WFP takes possession of the goods insured up to their physical handover to partners; and
- expansion of the coverage to include losses that are non-insurable under commercial insurance cover.

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<sup>38</sup> WFP/EB.2/2017/5-A/1/Rev.1.

351. These changes, now fully implemented, have more than doubled the portfolio of losses under the self-insurance scheme. The self-insurance special account currently maintains a capitalization level of USD 40 million as an appropriate and prudent amount for enabling the self-insurance scheme to respond to both attrition and catastrophic losses.
352. Other special accounts include the following:
- The *Emerging Donor Matching Fund (EDMF)* (estimated income USD 10.0 million, estimated expenditures USD 10.0 million) provides resources for "twinning", i.e. cash to cover the operational and support costs associated with contributions from eligible countries that cannot provide the funds to cover such costs, thereby enabling them to achieve full-cost recovery.
  - In line with the global goal of attaining zero hunger by 2030, the *WFP innovation fund* (estimated income USD 5.9 million, estimated expenditures USD 5.7 million) special account was established to facilitate the identification, nurturing and scale-up of solutions to hunger that have high potential worldwide by providing innovators, entrepreneurs, start-up companies and non-governmental organizations with financial support and access to a network of experts.
  - The *Global Commodity Management Facility (GCMF)* (estimated income USD 1.7 million, estimated expenditures USD 1.8 million) is a strategic financing mechanism through which WFP purchases food commodities in advance of the confirmation of contributions with the objectives of reducing delivery lead times, shortening emergency response times, purchasing food when market conditions are favourable and increasing local and regional purchases, including from smallholder farmers, where and when possible.
  - The *Share the Meal* special account (estimated income USD 1.5 million, estimated expenditures USD 1.5 million) was established in 2015 to enable the launch of the ShareTheMeal app. As the initiative has developed, WFP management is examining a mechanism that would allow Share the Meal to retain a fixed portion of the contributions it generates in order to partially cover its operations and marketing costs.

## Concept notes on proposed critical corporate initiatives

### Systems integration and IT-enabled efficiencies (USD 11 million over a one-year period)

1. WFP's digital transformation aimed at making it a leader in the design and use of digital solutions in humanitarian responses and its internal processes is one of its priorities. Under the Systems integration and IT-enabled efficiencies critical corporate initiative (CCI) (USD 11 million for 2020), WFP will continue to invest in a series of initiatives that provide improved data-driven insights and enhanced efficiency for day-to-day tasks in the organization. A significant component of this initiative is the continued development and use of the platform that integrates data from disparate systems, improving data access, dissemination and transparency throughout WFP. This leading-edge "data integration layer" has the purpose of providing a unified, intuitive and reliable view of WFP's data across functions and domains. This will enable WFP to strengthen its fact-based decision making, leading to greater efficiencies and impact. The CCI also enables WFP to automate repetitive tasks and simplify time-consuming processes to make its operations more efficient and to free up staff time.
2. To start improving data-driven insights, the initial 2019 investment has been used to establish robust data governance systems and tools, providing the necessary foundation for and facilitating the roll-out of WFP's first integrated view of supply chain data by the fourth quarter of 2019. This development is yielding several advantages, such as end-to-end traceability of global supply chain and logistics operations, enabling WFP to save costs and improve efficiency in transportation. To make processes more efficient, by the end of 2019, 12 staff service forms will have been automated, including leave requests, generating substantial efficiency gains in processing. The entire amount of USD 5 million budgeted for 2019 is expected to be utilized by December 2019.
3. WFP also launched several new tools that empower staff and partners, such as the CSP data portal and the internal WFP dashboard, which provide easily understood, relevant information for Member States and WFP management, respectively. In addition, the recently launched global service management tool is simplifying time-consuming and repetitive processes for staff.
4. For WFP to continue to progress in its digital transformation, which requires time-bound extra-budgetary funding, it needs to invest in the expansion and sustained adoption of these platforms and services, integrating data from more functions and units and automating and simplifying more processes across the organization.
5. In 2020, WFP will integrate data from more functions, including performance, finance, human resources, vulnerability analysis and mapping and government and donor relations. WFP will improve its existing platforms with a view to increasing the visibility, accessibility and transparency of its data and empowering staff, partners and WFP Member States by enabling them to make data-informed decisions. In 2020, other time-consuming tasks and processes will be automated and simplified.

**Development and enhancement of key projects that improve data access, reporting excellence and increase transparency across WFP. (USD 5.1 million)**

6. The inclusion of data from more WFP functions and units into the data integration layer – with a strong focus on financial data, performance data and data on human resources, partnerships, governments and vulnerability analysis and mapping – will enable the use of data to inform decisions in all functions across WFP, improving processes and helping to achieve corporate objectives.
7. Investment in training in and support for the new systems and tools at the functional, regional and country office levels is critical to increasing the adoption and usage of data throughout WFP, allowing staff to spend more time on analytical insights rather than putting data together. Examples of the support required include region-specific training, data awareness events and training for trainers aimed at strengthening and increasing skills in data handling and the use of data at WFP.
8. Another investment aimed at increasing data visibility is the continuing development of the CSP data portal. In response to feedback from Member States, the CSP portal will be updated to provide a more comprehensive view of financial data and data on beneficiaries and resources. New sections providing regional and global overviews will be created with relevant data incorporated into the data integration layer, resulting in the large-scale use of data across WFP and improving transparency for and accountability to Member States.
9. A key contributor in building a data-informed culture is the internal WFP dashboard, which provides management with essential business intelligence, expressed graphically and based on key performance indicators, in order to answer critical questions, align actions with corporate strategy and improve fact-based decision making. Continued development will see more data added to the dashboard from the supply chain, travel, nutrition and other functions. The mobile version of the dashboard will be updated to include a global telephone directory, custom alerts and notifications on areas of interest, thereby maximizing its value to management.
10. Currently, WFP does not have the ability to analyse in detail its financial performance at the country and segment levels in activities outside the operational budget, including special accounts and trust funds. The information is aggregated at the corporate level and is consequently not covered by internal management reports. The investment in reporting excellence will enable greater visibility of these areas, which is important for efficient resource management.

**Continued simplification and automation of WFP's core business processes (USD 5.9 million)**

11. Development and roll-out of IT-enabled initiatives that improve the efficiency of WFP's operations and support services remain a business priority. With several core processes already automated, WFP will continue to drive operational efficiency by automating and simplifying manual business processes to reduce costs and enhance the productivity and reliability of performance.
12. Digitalizing more service request forms so that staff have access to and can complete them digitally rather than manually is critical to improving operational efficiencies and reducing time spent on paperwork. All leave requests for staff throughout WFP are now digitized, with more than 96,000 forms per year submitted online. In 2020, WFP will digitize additional commonly used forms in the finance, IT, administration, supply chain and human resources functions in order to enable staff to spend less time on paperwork.

13. Another significant activity for enabling WFP to become more operationally efficient is the continued deployment of the global services management tool, which unifies services delivered by various functions in order to increase the speed of delivery, manage the quality of services provided and ensure that processes are consistent across WFP. The tool provides field staff with a single location to which to submit their requests for items such as United Nations laissez-passers and entitlement travel, simplifying access to the services they need. Additional investments will enable WFP to continue standardizing the global services managed by the tool and expand its service catalogue to two additional regional bureaux, enabling the digitization of their services.
14. Looking ahead, the Finance and Treasury Division is exploring opportunities for further digitization and automation of manual processes, enabling the finance workforce to free up staff time and dedicate more time to higher-value tasks. Opportunities identified include automating country offices' cash replenishment request forms, annual country reports and United Nations donor reports. Additional funding is required in 2020 for scale up of robotics process automation with the intention of using the full potential of this technology to reduce or eliminate manual data entry.
15. Greater integration of WFP's systems has brought efficiencies to an important area of finance: to a large extent, financial payments are now location-independent, allowing WFP to have its payments processed at any location where there is demonstrated cost efficiency over local processing. Initial studies also indicate potential productivity gains in finance of 5 to 10 percent from a centralized payments function. The resulting freeing up of staff time in country offices would enable finance staff to commit more of their time to providing valuable financial insights. Ensuing from this, part of the initiative will be committed to facilitating the groundwork required for WFP to establish a centralized "global payment factory" from where all vendor payments could be managed.
16. To best enable the use of these technologies, WFP requires investments in change management and communication. These entail the recruitment of trainers to conduct training sessions for staff on the adoption and use of the new platforms, maximizing their strategic benefits throughout WFP, and to carry out communication initiatives that showcase the benefits for staff.
17. WFP is aiming to shape the future of its current enterprise resource planning system, which is based on SAP and "went live" in July 2009 while more recent developments in technology are shifting towards Cloud-based and "best-of-breed" solutions that are integrated with each other rather than following the monolithic approach that was taken ten years ago. WFP will need to formulate a clear strategy for its main enterprise resource planning system and a road map to its adoption between 2020 and 2025, allowing sufficient time for proper decision making, implementation, and change management for its 17,000+ employees and 5,000+ users of enterprise resource planning. The road map will define individual deliverables, together with milestones and key dates by which WFP needs to take action, including for budgets and accruals, team composition and projected "go-live" dates.
18. The costs of the workstreams being implemented in this CCI and the attendant benefits expected are shown in table A.I.1.

<b>TABLE A.I.1: WORKSTREAMS IN SYSTEMS INTEGRATION AND IT-ENABLED EFFICIENCIES</b>		
<b>Action</b>	<b>Benefit</b>	<b>Budget (USD million)</b>
Further development of an integration layer for WFP's corporate systems.	Enhanced business efficiency, scalability, reduced development costs, and improved data transparency and analysis for financial reporting.	2.9
Integrated annual planning and reporting for improved decision making.	Ability to uncover insights from diverse and complex large-scale data sets. Improved decision making.	1.3
Updates posted on the Member States CSP data portal	Increased transparency and accountability towards Member States	0.4
Continued development of a dashboard for WFP management.	Informed decision making and understanding of complex corporate data	0.5
Development and roll-out of IT-enabled initiatives that will improve the efficiency of WFP's operations and support services.	Increased operational efficiency through automation and simplification of manual processes, including centralization and automation of transactional activities.	5.1
Enterprise resource planning road map	Development of a road map defining individual deliverables, milestones and key dates for shaping the future of WFP's enterprise resource planning system.	0.8
<b>Total</b>		<b>11.0</b>

### **United Nations reform (USD 8.1 million over a two-year period)**

19. This CCI was launched with an initial budget of USD 8.2 million for a two-year period from 2019 to 2020 in order to ensure that WFP has the capacity to support the Secretary-General's efforts to prepare for and implement reform of the United Nations development system.
20. A major element is WFP's role in co-leading through the business innovations strategic results group, with UNHCR,<sup>1</sup> the transformation of business operations aimed at establishing common business (enabling) services, which larger agencies will make available to the 34 entities in the United Nations development system. A Review of the Terms of Reference of the United Nations Sustainable Development Group, which oversees all the strategic results groups supporting the Secretary-General's reform efforts, will be undertaken towards the end of 2019. A review of the TORs of the strategic results groups will also be undertaken. With the strengthened Development Coordination Office now fully operational, the objective of the review is to reduce overlapping and conflicting responsibilities. The review may have implications on the arrangements and scope of the work of the BIG from 2020.

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<sup>1</sup> The WFP Executive Director and the United Nations High Commissioner for Refugees co-lead the business innovations strategic results group.

21. The investment will continue in 2020 and 2021 for the following three main objectives: ensuring that WFP has the capacity to prepare for and participate in inter-agency reform efforts; developing WFP's positions and offerings related to United Nations reform; and ensuring that WFP, particularly regional bureaux, have the capacity and capability to respond to the requirements of the reform and provide leadership where appropriate. WFP will also continue to pursue specific initiatives to drive innovation by strengthening the United Nations Digital Service Centre (UNDSC). The UNDSC is currently a joint UNHCR/WFP pilot programme that will test the viability of a set of digital solutions that other United Nations agencies can use to rapidly scale up digital capabilities, thereby reducing the need to develop similar solutions across the United Nations.
22. WFP will require a total budget of USD 8,087,785 for its internal work on the reform in 2020 and 2021. Investments will be focused on the design and piloting of reform initiatives, with implementation and roll-out of piloted activities and systems continuing into 2021. Furthermore, a projected balance of USD 434,959 from the 2019 budget allocation will be reallocated to fund the activities under the programmatic and policy workstream in 2020.
23. Most of the funding will be allocated to WFP's leadership of strategy development and support for the implementation of location-dependent and location-independent common services (including the United Nations reform targets, as defined by the Secretary-General). Actions include capability building across offices in order to facilitate collaboration, the fulfilment of legal and operational requirements (United Nations reform enablers, as defined by the Secretary-General) and the simplification of business operations in line with corporate priorities.
24. For WFP, 2020 and 2021 will be critical years in which it will aim to contribute to United Nations reforms of enabling services through the following actions:
  - Provision of informed, effective and timely inputs from all areas and levels of WFP into inter-agency reform efforts, including country-level feasibility studies and pilot projects. This entails ensuring that WFP has the capacity to prepare for and respond to reform requirements effectively through the provision of information and support for coordination.
  - Provide leadership in the development of common enabling services and common premises aimed at facilitating system-wide improved services, cost savings and collaboration. Efforts will include expansion and roll-out of an improved business operations strategy at the country level, and provision of support for the design and piloting of common back-offices, common premises and support the design of a "marketplace" for the exchange of services among United Nations entities. In the spirit of the reform, a core aspect of this work involves identifying and developing a range of services that WFP can offer to the United Nations system and in which it has a comparative advantage, and identifying services that WFP can receive from other agencies based on the signed mutual recognition statement. Mutual recognition is intended to readily enable a United Nations entity to use or rely on another United Nations entity's policies, procedures, system contracts and related operational mechanisms.
  - Build capacity and capability in regional bureaux and country offices to prepare them to respond to reform requirements and provide leadership where necessary. This entails the development of corporate guidance on WFP's position with regard to the reform, which will vary depending on the country typology and provision of the necessary support and training from headquarters. WFP's country typology methodology classifies all countries into four clusters according to operation size and risk context.

## Key activities for fund use

25. Funding for work on United Nations reform targets and enablers is allocated among headquarters, regional bureaux and country offices with the goal of boosting shared services with other agencies and strengthening regional bureaux and country offices so that they can deliver as required by the initiatives.

## Overall governance and coordination

26. Support will be needed for the coordination of WFP's overall engagement in the repositioning of the United Nations development system. Adjusting to the new resident coordinator system and the new generation of United Nations country teams will require specific efforts in 2020, including strengthened engagement with the new United Nations Development Coordination Office. Internal efforts will also be needed to complete the transition to the new management and accountability framework and the system-wide strategic document, together with additional capacity to ensure coherence of all WFP's efforts on all the various reform workstreams.
27. The New York Office (NYO) acts as the coordinating body and as the secretariat for various WFP teams supporting United Nations development system reform, including the WFP United Nations reform's Senior Task Team. Therefore, it is necessary to have a dedicated focal point in NYO to support the United Nations reform to ensure coordination across all six United Nations reform workstreams<sup>2</sup> and to communicate with the leadership and the broader organization regarding the progress of the initiatives. NYO also acts as the external liaison in the New York meetings and forums on United Nations reform, liaising with the United Nations Development Coordination Office (DCO), United Nations agencies, United Nations Executive Boards, the Economic and Social Council of the United Nations (ECOSOC), and the United Nations General Assembly (UNGA). Likewise, the NYO will be in charge of aligning with the United Nations reform workstreams on the overarching WFP's United Nations reform messages and communicating internally by preparing relevant documents for senior management, engaging with the inter-agency coordination mechanisms, providing updates for headquarters, and supporting the internal information provision and sharing across workstreams. The NYO will also be responsible for updating all staff on key reform elements by building and maintaining the WFPgo portal. The NYO focal point will help to mitigate corporate risks on United Nations reform, specifically its "Inability to participate in and adapt effectively to the United Nations Development System reform".
28. The different phases of the United Nations reform workstreams will be monitored, tracked and coordinated by the Change Management Support Team (CMST) that facilitates and supports evidence-based decision making by the cross-divisional governance team (CDGT) through consolidated analysis and recommendations, serves as a centre of excellence for the business operations strategies (BOS) and cost-benefit analysis (CBA) tool, including facilitating overall knowledge, monitors pilot projects in line with the expected efficiency and effectiveness and engages with external (i.e. BIG team) and internal partners to develop WFP's position and ensure staff is engaged and empowered. Furthermore, the team oversees external and internal activities related to back-office operations and common premises.

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<sup>2</sup> United Nations reform workstreams are: WS1 – Resident coordinator system and country teams; WS2 – United Nations regional functions and capacities; WS3 – System-wide governance and oversight; WS4 – Funding compact and partnership; WS5 – Business Innovation Group; WS6 – Programmatic and policy Implications

## **Enabling services**

### ***Location-dependent services***

29. Guidelines to the improved business operations strategy and new online tools for cost-benefit analysis are to be launched globally in 2019, with expansion to all countries by 2021. WFP will need resources for the mainstreaming of the strategy, including through the provision of support to regional bureaux and country offices. Funds will also be used for the design and implementation of a reporting tool for the Quadrennial Comprehensive Policy Review (QCPR), which will enable assessment of the country-level efficiency gains that the strategy brings. WFP will also use resources to support its engagement in the proposed fleet consolidation initiative, piloting of the humanitarian booking hub (inter-agency booking service supporting humanitarian workers) and management of the related changes at the regional level.
30. Regarding common back offices, a project team from the business innovations strategic results group is performing an initial assessment in 2019, which will conclude with proposals of possible consolidation approaches for each type of country, to be piloted in 2020. During the piloting phase, WFP headquarters will assist country offices by developing new tools for cost-benefit analysis and guidance on the conditions under which WFP could offer or provide services and on which services WFP is willing to receive locally from other United Nations entities. In addition, the Supply Chain Division will bring the integrated service provision approach to maturity, develop the necessary systems for servicing external partners and expand the digitalization initiative to provide the humanitarian community with a single entry point for WFP logistics services.
31. Regarding common premises, the project team of the business innovations strategic results group is reviewing existing guidelines, outlining requirements and establishing a new inter-agency database of United Nations premises with a view to establishing pilot common premises in eight countries in 2019, with roll-out to additional countries in 2020 and 2021. WFP will need to develop corporate guidance on common premises for regional bureaux and country offices, including on whether and how country offices would participate in the common premises initiative based on the type of country and the WFP operations in the country. Funded activities also include resources for engaging in common premises pilots from which to develop country-wide and long-term consolidation plans, assessing the results of the pilots and scaling up the approach to other countries.

### ***Location-independent***

32. The project team of the business innovations strategic results group proposes establishing a network of global shared service centres, starting with the creation of a “marketplace” for the exchange of services among United Nations entities. The first task in this initial phase was the conducting of a survey of “marketplaces” for United Nations services with the aim of identifying existing service needs and services that WFP could potentially offer. WFP will prioritize the provision of services for which it has a competitive advantage and will assess internal costs in order to create a “catalogue” of the services that it will offer in the marketplace. Resources from the CCI will also be used for benchmarking among agencies with the goal of developing a business case for WFP’s provision of these prioritized services to the United Nations system.
33. Building on WFP’s extensive experience and leadership in emergency and technology services, the Technology Division will continue the development of WFP’s service provision platform. This entails carrying out two pilot projects in selected field operations and defining service and business models that will enable WFP to offer services to the United Nations system. The funds will also be used to implement the WFP service provision platform for internal and external clients requesting cross-functional services.

### ***Enabler services***

34. The successful establishment and functioning of common business operations, back offices and premises and global shared services centres require mutual recognition of policies and procedures and agreement on client satisfaction and pricing principles among United Nations entities.
35. Funding for mutual recognition will be used to research how to operationalize and benchmark mutual recognition which will vary by functional area, pilot the proposed approach in two or three country offices with prioritized services and establish inter-agency coordination on the approach. From the results of these steps, the Legal Office will develop recommendations regarding the necessary amendments to WFP policy and procedures and an implementation plan.
36. For client satisfaction principles, the systems developed will need to incorporate metrics and features that allow the assessment of customer satisfaction within WFP and among agencies.
37. In order to comply with costing and pricing principles, WFP will need to define an internal methodology and ensure that it is applied in all the cost analyses included in the service catalogue, providing the necessary support to its functional units.

### ***Business process optimization and efficiency gains***

38. As the United Nations reform implementation will bring greater efficiencies and savings, a portion of the funding will be utilized cross-functionally to support the overall optimization and simplification of services preparing WFP for participation in common back offices and global shared service centres. Each category of services will require business analysis, process mapping and costing assessment to define services and processes that could be simplified and optimized for greater efficiency, focusing on the functions prioritized by WFP for its participation in shared services as either provider or recipient. A technical group will be identified and will work in collaboration with other United Nations agencies not only to coordinate technical and operational aspects of the common back offices (CBO) and global shared service centres (GSSC) but also to identify a methodology for calculating and reporting on efficiency and productivity gains resulting from service consolidation and process optimization initiatives across business process optimization (BOS), the CBO and the GSSC.
39. In detail, the Human Resource Division will undertake a business review to define services and processes which could be simplified and optimized for greater efficiency defining new services set-up and identifying associated risks, costs, benefits, gaps and opportunities for collaboration and consolidation at global, regional and country level. Therefore, HR policies and systems which would require adjustments will be revised and options to enable the long-term efficient flow of information amongst regional bureaux/country offices will be defined, with particular focus on structure with consolidated services at local level. The Management Services Division is shifting most of the services that it currently provides at the global and country levels on to a global service management system (ticketing system), requiring funding to ensure data-driven decision making on comparative advantages to provide or receive services. The Finance and Treasury Division will use the funding to exploit the potential offered by corporate applications, including the Invoice Tracking System and the Bank Communication Manager, aiming to achieve higher standards of productivity and enable "virtualization" preparing the groundwork for WFP to be part of shared services in the CBO and GSSC. The Supply Chain Division will work on the optimization and innovation of business processes among external service providers to ensure compliance with agreed standards through the expansion of its portfolio of supply chain services. Business process optimization also entails the analysis, identification,

definition and mapping of any other services offered by the Supply Chain Division mature enough to be proposed to external parties.

### **Programmatic and policy implications**

40. The United Nations system is moving towards the next generation of the United Nations development assistance framework (UNDAF) – now renamed the United Nations Sustainable Development Cooperation Framework (UNSDCF). The new UNSDCF is expected to become the central governing and management document for all United Nations development activities, including related elements in CSPs. The increased authority of the UNSDCF over agencies' country strategic planning has implications on WFP's current approach, leading to the adjustment of existing guidance in line with UNSDCF. Besides adjustment of existing and production of new guidance, the second generation of country strategic planning will have to be rolled out at country level. Given the changes expected by the United Nations reform and especially the UNSDCF, dedicated resources and support are required for country offices in order to play a proactive and meaningful role in UNSDCF design and implementation. Following an inclusive CSP design approach that draws on WFP's collective excellence and expertise across headquarters divisions, units and regional bureaux, the ambition is to continue the strategic and programmatic transformation of WFP at country level.

### **Capacity building in regional bureaux and country offices**

41. Capacity building and strengthening is crucial to ensure that the regional bureaux are engaged in and prepared for the proposed changes. The funding to boost regional capacity and support WFP-wide change management are embedded in the numerous activities planned. Staff at regional bureaux to support and ensure the roll-out and implementation of the business operations strategy, common back office and global shared service centre workstreams and their enablers will be identified providing a reinforced and efficient structure that can guarantee communication and coordination during the transition periods and enforce associated decision making. In the Finance and Treasury Division, the requested resources of USD 152,764 will be used for a review of service modalities at the regional and country levels with a view to informing decisions on which services to offer to or seek from other agencies and facilitating the mainstreaming of new services. The Management Services Division requested USD 791,232 to increase capacities and expertise of regional bureaux in providing support to country offices and provide additional staff to manage and support location-dependent projects, including the mainstreaming of mutual recognition systems and customer satisfaction and cost principles into location-dependent services.

### **Implications for mainstreaming and recurring costs**

42. The mainstreaming of United Nations reform workstreams will lead to potential recurring costs and a transitional period during which WFP will need to ensure continuity of service provision. Additional staff could be required to oversee and ensure coordination across the organization. United Nations focal points from regional bureaux and country offices of different functions will support local staff training and oversee the local service provision. If necessary, proper capacity building training (on-site training, workshops and online training) and adequate materials – such as an information package, video tutorials – will be delivered on United Nations reform targets to fill potential gaps. Potential and additional costs could be linked to the development of data analysis capability that is essential to track transactions going to the CBO/GSSC and to monitor efficiency gains and continuous maintenance and upgrades of systems and tools to support WFP service provision.

<b>TABLE A.I.2: UNITED NATIONS REFORM CRITICAL CORPORATE INITIATIVE, 2020–2021 (USD million)</b>	
<b>Action</b>	<b>Budget (USD million)</b>
Overall coordination	0.6
Location-dependent services	3.0
Location-independent services	3.0
Enabling services	1.1
Programmatic and policy implications	0.4
<b>Total</b>	<b>8.1</b>

<b>TABLE A.I.3: UNITED NATIONS REFORM CRITICAL CORPORATE INITIATIVE, 2020–2021. COST BREAKDOWN. (USD million),</b>				
<b>Staff costs</b>	<b>Positions</b>	<b>Other costs*</b>	<b>IT costs</b>	<b>Total costs</b>
2.8	18	4.3	1	8.1

\* Other costs include international consultants, locally hired staff, duty travel, training, implementation costs (rental, utilities, office supplies, insurance, vehicle leasing and running costs), hospitality, services from other United Nations agencies and contributions to United Nations bodies.

### **Private sector strategy (USD 35.3 million over a two-year period; USD 13.1 million in 2020)**

43. WFP plans to significantly increase funding from the private sector – primarily through individuals – to enable WFP to save more lives and change more lives. Individual giving is a large and growing source of funds that are often given flexibly and can be used for WFP’s greatest needs. The private sector strategy forecasts that income from private sector individual giving alone will increase from USD 17.6 million in 2018 to USD 172 million in 2025. It should be noted that the CCI investment described in this section relates only to the growth of individual giving within pillar 2 of the strategy – Income.
44. A CCI is required to kick start the growth in individual giving. An initial investment of USD 35.3 million allocated over two years is proposed, as shown in table A.I.4. Further investment for the initiative will be requested only if Board-approved key performance indicators (KPIs) are achieved during 2020 and the first half of 2021.<sup>3</sup>
45. The CCI funding is one of four funding streams for the initiative, along with a loan,<sup>4</sup> a mechanism through which a percentage of the income from individual giving is retained<sup>5</sup> and a share of the PSA budget of the Private Sector Partnerships Division, which is currently allocated to individual giving.

<sup>3</sup> The KPIs are outlined in paragraph 296.

<sup>4</sup> From the capital budgeting facility or any other appropriate internal loan mechanism.

<sup>5</sup> Retaining a proportion of donations for reinvestment in fundraising activities is an established practice in NGOs around the world and in other United Nations agencies that have well-established private sector fundraising operations. It is proposed that to help increase individual giving, a proportion of each donation is retained to cover future fundraising costs. The envisaged retention rate over a ten-year period is in line with the “industry” average of about 25 percent.

46. The initial investment will be deployed as shown in table A.I.4

<b>TABLE A.I.4: PRIVATE SECTOR STRATEGY, 2020–2021 (USD million)</b>			
	<b>2020</b>	<b>2021</b>	<b>Total</b>
Critical corporate initiative	13.1	22.2	35.3
Other costs*	6.1	11.5	17.6
<b>Total expenses</b>	<b>19.2</b>	<b>33.7</b>	<b>52.9</b>
<b>Total individual giving income (projected)</b>	<b>40.2</b>	<b>73.0</b>	<b>113.2</b>

\* A loan, retained income from individual donations and PSA budget to cover the costs of staff and activities for the promotion of individual giving in the Private Sector Partnerships Division.

47. The investment is expected to generate revenue through activities aimed at acquiring and retaining supporters, which yield high returns on investment. Fundraising activities will focus on paid advertising in digital media, direct-response television and face-to-face fundraising activities, and will build on recent WFP successes such as ShareTheMeal.
48. Projections of income from individual giving show total cumulative revenue of USD 113 million in the two-year period from 2020–2021, USD 684 million in 2020–2025 and at least USD 1.6 billion for the period from 2020 to 2030.
49. Proposed investments in 2020 and 2021 are shown in table A.I.5.

<b>TABLE A.I.5: INVESTMENTS IN FUNDRAISING FROM INDIVIDUAL GIVING, 2020–2021</b>					
<b>Item</b>	<b>Purpose</b>	<b>2020 (USD million)</b>	<b>% of total</b>	<b>2021 (USD million)</b>	<b>% of total</b>
Media	<ul style="list-style-type: none"> <li>- Attracting new and retaining existing supporters.</li> <li>- &gt; 90 percent on recruiting new supporters, primarily through online media (Facebook, Google digital platforms etc.) with but also through television and face-to-face.</li> <li>- Small percentage directed to retention of supporters, mainly through email, post and telephone.</li> </ul>	13.1	68.2	26.7	79.2
Technology	- To optimize the media investments, the supporting technology (supporter database, online donation pages and online payment solutions) will require annual updates.	0.105	0.5	0.110	0.3

<b>TABLE A.I.5: INVESTMENTS IN FUNDRAISING FROM INDIVIDUAL GIVING, 2020–2021</b>					
<b>Item</b>	<b>Purpose</b>	<b>2020 (USD million)</b>	<b>% of total</b>	<b>2021 (USD million)</b>	<b>% of total</b>
Staffing	<ul style="list-style-type: none"> <li>- Existing personnel and additional expertise and staff (primarily consultants).</li> <li>- Part will be used to contract external agencies for outsourced customer care services, asset development (for content and advertising creation) and in-depth results analysis.</li> <li>- 5–7 additional staff positions will be required in supporting teams for the communications, advocacy and marketing, legal and procurement divisions.</li> </ul>	4.1	21.4	5.0	14.8
ShareTheMeal	<ul style="list-style-type: none"> <li>- Includes fixed costs for 22 consultants, office rental and associated office costs.</li> </ul>	1.9	9.9	1.9	5.7
<b>Total</b>		<b>19.2</b>		<b>33.7</b>	

#### **Assumptions underlying planned activities for increasing individual giving**

50. The income growth model is based on drivers that include the cost of attracting new supporters to WFP, the amount that each supporter gives each year and how long supporters give for. These assumptions are based on:
- i) the results of WFP's initial testing of digital advertising which were stronger than the benchmarks of peer organizations, with growing sample sizes. (Over the last 18 months WFP has invested more than USD 1 million in testing and validating the performance of the digital channels.)
  - ii) benchmarks from two other United Nations agencies for key markets and fundraising channels such as digital paid advertising; and
  - iii) expertise and lessons learned from the fundraising efforts of other international organizations, including the results of a 2018 global benchmark exercise by an international NGO, with a robust sample size of 2.5 million supporters, and the use of a consultancy firm to secure averages from a range of peers in prioritized markets such as Japan and the Republic of Korea.
51. The investment model was developed with technical support from the Boston Consulting Group.
52. Table A.I.6 provides an example of standard assumptions regarding paid advertising in digital media, which is WFP's largest channel of investment in fundraising from individuals.

<b>TABLE A.I.6: ASSUMPTIONS UNDERLYING FUNDRAISING FROM PAID ADVERTISING IN DIGITAL MEDIA (USD)</b>		
	<b>One-off donor</b>	<b>Regular donor</b>
Cost of acquiring a new supporter	30	90
Average annual donation	50	210 (17.50 a month)
Supporter retention rate beyond first year of supporting WFP	25%	80%

### **Key performance indicators**

53. The results of the first investment will be closely monitored throughout 2020 and the first half of 2021, including through quarterly reviews with subsequent adjustments to maximize performance. Further investment will be approved only on achievement of Board-approved KPIs including:
- 2020 target for income from “paid acquisition” (of supporters): USD 16.5 million;
  - average return on advertising spend in first 12 months: = 1.7:1;
  - average return on advertising spend on “digital paid” (advertising): = 2:1; and
  - key assumptions regarding cost per supporter, average gift and first year retention as shown in table A.I.6

## **Programme and Partnership Support Facility**

### **Background**

54. In identifying priority needs at the country level, recent national zero hunger strategic reviews have shown that many countries face new and complex drivers of hunger. Food security is increasingly linked to myriad factors – climate change, conflict, migration, etc. – and multi-sectoral solutions are needed. Relevant international funding mechanisms that support WFP’s objectives of addressing these drivers are often inaccessible to WFP country offices and programmes partly because of a lack of specialized expertise in the specific design and monitoring, reporting and evaluation requirements of such funds. This constraint was raised during the general management meeting in January 2019, when regional bureaux and country offices were called on to provide support. It limits WFP’s ability to support the achievement of national development objectives, to formulate well-designed proposals that are specific to the purpose of a particular funding source, including public-private and multi-sectoral sources, and to ensure that the processes in place throughout the CSP cycle are responsive to funding conditions. This note presents a one-time investment proposal to strengthen the practices of the policy, programme and partnership units supporting WFP’s country offices in designing programmes that are more effective in attracting investments from such funding streams.
55. In line with its strategic plan, and to fulfil its long-term objective of supporting countries in achieving zero hunger and the broader goals of the 2030 Agenda, WFP needs to broaden and enhance its programme design capacities in order to identify and successfully pursue diversified and longer-term funding opportunities that complement its current donor sources. Programmes should be presented as multi-sectoral proposals that host governments are willing to invest in and partner on (including through domestic funding sources) and that also appeal to international financial institutions and non-traditional sources of funding. Examples of such potential partners include the Green Climate Fund, the Adaptation Fund, The Global Fund to Fight AIDS, Tuberculosis

and Malaria and the Education Cannot Wait fund. In addition to seeking new funding sources, the purpose of this CCI will be to further streamline and deepen partnerships with these initiatives.

## **Proposal**

56. The Programme and Policy Development Department, in cooperation with the Partnerships Department proposes a CCI for addressing the gaps in WFP's access to and ability to maintain a broad range of new funding streams. A more established and systemized support structure for enhancing programme design and adapting proposals would better orient WFP's long-term objectives towards global strategic initiatives, including by mobilizing domestic resources and multi-sector investments that can appeal to ministers of finance and planning. It would also enable stronger linkages at the humanitarian-development-peace nexus and demonstrate WFP's leadership in core thematic areas at the nexus. The CCI also responds to increasing demand from the field for such support.
57. The CCI has the aim of enhancing the technical expertise available to regional bureaux, country offices and national governments, not only in thematic areas but also in the location- and context-specific issues for which dedicated support is required at regional levels. This expertise would be coupled with forward-looking thought leadership on strategic priorities, including WFP's principal role at the humanitarian-development-peace nexus, in order to provide end-to-end support for the scoping, prioritization, design and formulation of proposals and programmes and for fundraising.
58. An additional return on investment of this CCI would be the streamlining of application processes and communication lines between WFP and various funding sources, including international financial institutions, and systematic coordination with the Rome-based agencies and other United Nations agencies. Stronger communication and cooperation lines would also engender enduring, longer-term partnerships with new actors and various funds.
59. While the amount of resources potentially available varies among thematic areas (depending on, among other factors, the magnitude of potential investment sources), the structure adopted for proposals to the Green Climate Fund serves as a useful model for estimating a budget and is detailed in the section on Phase II below.

## **Phases and indicative budget of the CCI**

### ***Phase I: Scoping***

60. Building on existing donor partnerships, conduct a "landscape analysis" of relevant and viable investment sources that could be harnessed to support the achievement of zero hunger objectives and related SDGs. The "landscape" includes the bilateral thematic funds of donor governments, multilateral funding sources, public-private partnerships and programmes implemented by international financial institutions. The analysis should provide a clear technical rationale for cooperation – i.e., the extent to which there is strategic alignment among the funding source, national development objectives and WFP's Strategic Objectives – arising from the CSP design process.
61. In line with SDG 17, identify relevant partnerships (with United Nations agencies, research institutes etc.) in order to leverage the potential for large-scale solutions. Take stock of WFP's needs at the headquarters, regional bureau and country office levels for the development of high-quality field-based projects that support national development priorities. A clear value proposition for a programme support facility and a projected return on investment should be central components of the analysis.

62. Identify how and where WFP can support national governments in fostering partnerships with non-traditional partners on global strategic initiatives that respond to government priorities, and make recommendations on potential adjustments to CSP activities with a view to optimizing such engagement.
63. Assess the governance structure of the funds identified and what is required of WFP for it to engage and maintain enduring partnerships with them.
64. Identify and propose as many points of existing or potential alignment as possible with activities and initiatives of the other Rome-based agencies, especially where there would be opportunities for joint proposals for thematic funds.
65. Identify the potential scope of an appropriate financial model for sustained funding, possibly based on replenishment through, for example, administrative surcharges on grants received or direct cost recovery from CSP budgets for services provided.

***Phase II: Establishment of a multi-functional technical team and capacity support for regional bureaux and country offices***

66. Based on the outcomes of the scoping exercise carried out in phase I scoping, a support team for the CCI will be established, modelled broadly on the approach followed by the climate unit's and other similar approaches. The team would have overall responsibility for providing the end-to-end support envisioned for the Programme and Partnership Support Facility, which is as follows:
  - *Scoping.* Assessing which partners, funds and other sources would be most relevant and viable for a given activity at the country level and identifying new opportunities for WFP to support national government priorities.
  - *Prioritization and coordination.* Determining which proposals would have the greatest chance of receiving support at a given time, based on engagement with various partners and funding sources in order to ensure that the right proposals are submitted at the right time
  - *Proposal writing.* Recruiting proposal writers (on a when-actually-employed basis) to provide in-country support as and where needed. The proposals produced by writers would need to be supplemented by assessments and studies (following the staffing model of the climate unit).
  - *Interaction with funding sources.* Responding to reviews, supporting country offices' interaction with thematic funds, and maintaining accreditation with funding sources.
  - *Monitoring and evaluation.* Depending on the specific requirements of non-traditional partners and new funds, additional monitoring and reporting support may be required.
67. The team would consist of thematic experts and regionally based desk officers to provide cross-cutting support. WFP could leverage its network of South-South and triangular cooperation partners to provide some of this expertise and access to it.

***Phase III: Ongoing facility support, sustainability and mainstreaming***

68. Depending on the feasibility of fund replenishment (an administrative surcharge or earmarked contributions for the fund, or cost recovery through direct billing from CSP budgets), WFP will aim to mainstream the facility at the end of the CCI, using the staff capacity developed in phase II. This phase would therefore also include an assessment of the proposal for any corporate changes needed to ensure sustainability, with guidance on priorities requested from the Leadership Group as needed.

69. A communication and engagement strategy will be developed to ensure enduring and robust partnerships with the initiatives with which WFP partners.
70. The facility will also ensure complementarity and linkages with private sector investment support where appropriate and coherent with WFP's overall partnership and resource mobilization approaches.

<b>TABLE A.I.7: INDICATIVE BUDGET FOR THE PARTNERSHIP SUPPORT FACILITY CCI (USD)</b>	
<b>Phase I</b>	
Consultant for the initial scoping and analysis of investment sources	69 000
Travel (to the headquarters of funds, and to assess existing capacities in country offices and regional bureaux)	20 000
<b>Phase II</b>	
Experts providing technical advice and quality assurance in core thematic areas	1 518 000
Staff providing cross-cutting support in each regional bureau	1 325 160
Proposal writers engaged as needed for selected countries and fund applications	1 200 000
Assessments and evaluations	800 000
Travel	600 000
Training and workshops	120 000
<b>Total</b>	<b>5 652 200</b>

## Acronyms used in the document

BIG	business innovations strategic results group
BOS	business operations strategies
CBF	Capital Budgeting Facility
CBO	common back offices
CBT	cash-based transfer
CCI	critical corporate initiative
CRF	Corporate Results Framework
CSP	country strategic plan
DSC	direct support costs
FASTER	Functional and Support Training for Emergency Response
GDP	gross domestic product
GIS	geographic information systems
GSSC	global shared service centres
ICSP	interim country strategic plan
ICT	information and communications technology
IFI	international financial institution
IRM	Integrated Road Map
ISC	indirect support cost
IT	information technology
KPI	key performance indicator
NGO	non-governmental organization
NYO	New York Office
OMS	Operations Management Support Unit
PSA	programme support and administrative (budget)
PSAEA	PSA equalization account
REACH	Renewed Efforts Against Child Hunger and Undernutrition
SDG	Sustainable Development Goal
SPA	strategic partnership agreement
UNDSC	United Nations Digital Service Centre
UNHAS	United Nations Humanitarian Air Service
UNHCR	Office of the United Nations High Commissioner for Refugees
UNHRD	United Nations Humanitarian Response Depot
UNICEF	United Nations Children's Fund
UNSDCF	United Nations Sustainable Development Cooperation Framework