

MANAGEMENT PLAN 2021-23

Informal Consultation

21 July 2020



Corporate Planning & Performance
CPP

Outline of the presentation

1. **Resourcing & financial context**
2. **2021 PSA “Zero Growth Plus” approach**
3. **Status of the PSA Equalization Account & proposed drawdown**
4. **Unearmarked portion of the General Fund and unquantified potential future uses**
5. **Overview of 2021 operational requirements**



1.

RESOURCING & FINANCIAL CONTEXT



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Key external drivers

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



Internal projections

- Needs based plans (operational requirements) will far **exceed resource availability**
- Information on **gap between needs and resources** will be provided in the Management Plan (2021-23) based on **projected income**
- **Implementation plans** will continue to be published online after the Second Regular Session of the Executive Board



Key 2021 figures

**USD
12.3 B**

**Needs-based
plan**

17% increase from 2020 (as per MP);
5% decrease from latest 2020 plan (USD 13.0 B)

**USD
7.4 B**

**Updated funding
forecast**

40% gap when compared to the needs-based plan (30% in 2020 as per MP)

101 M

**Targeted
beneficiaries**

(Under review)
15% increase from planned figures for 2020

85

**Recipient
countries**

Where WFP **provides its assistance**

**USD
443 M**

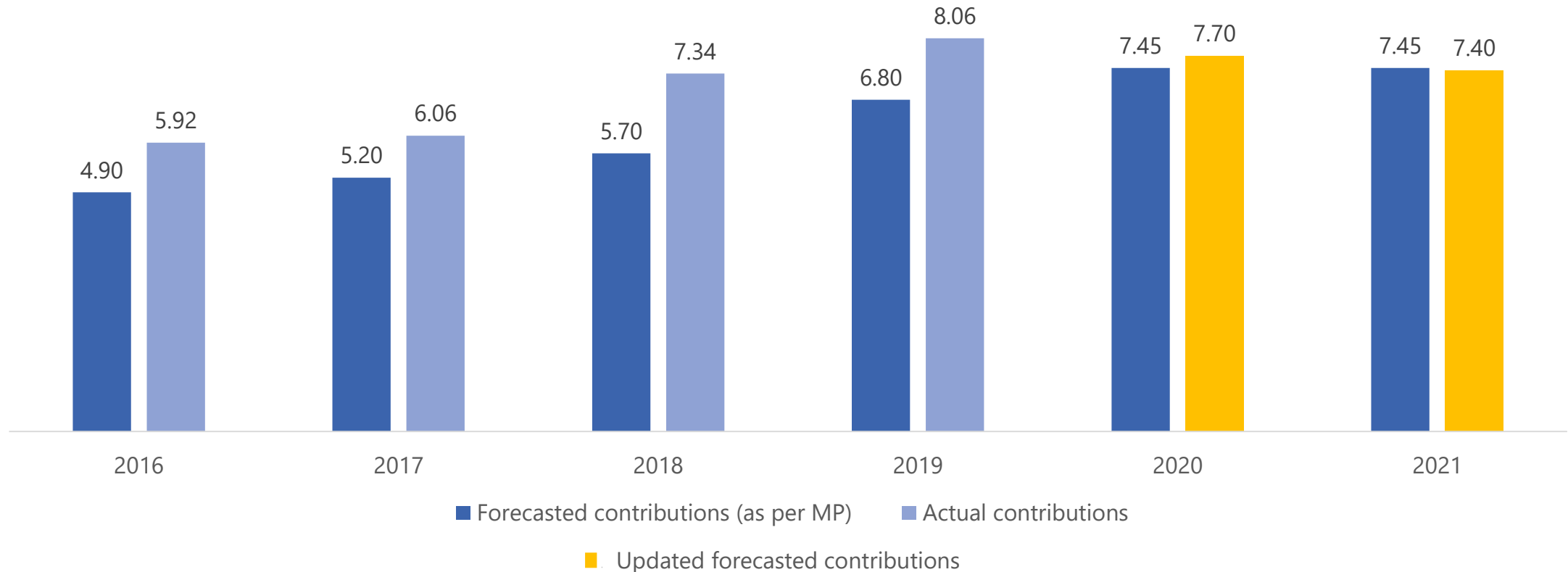
**Proposed PSA
budget**

Against an expected ISC income of **USD 445 M**



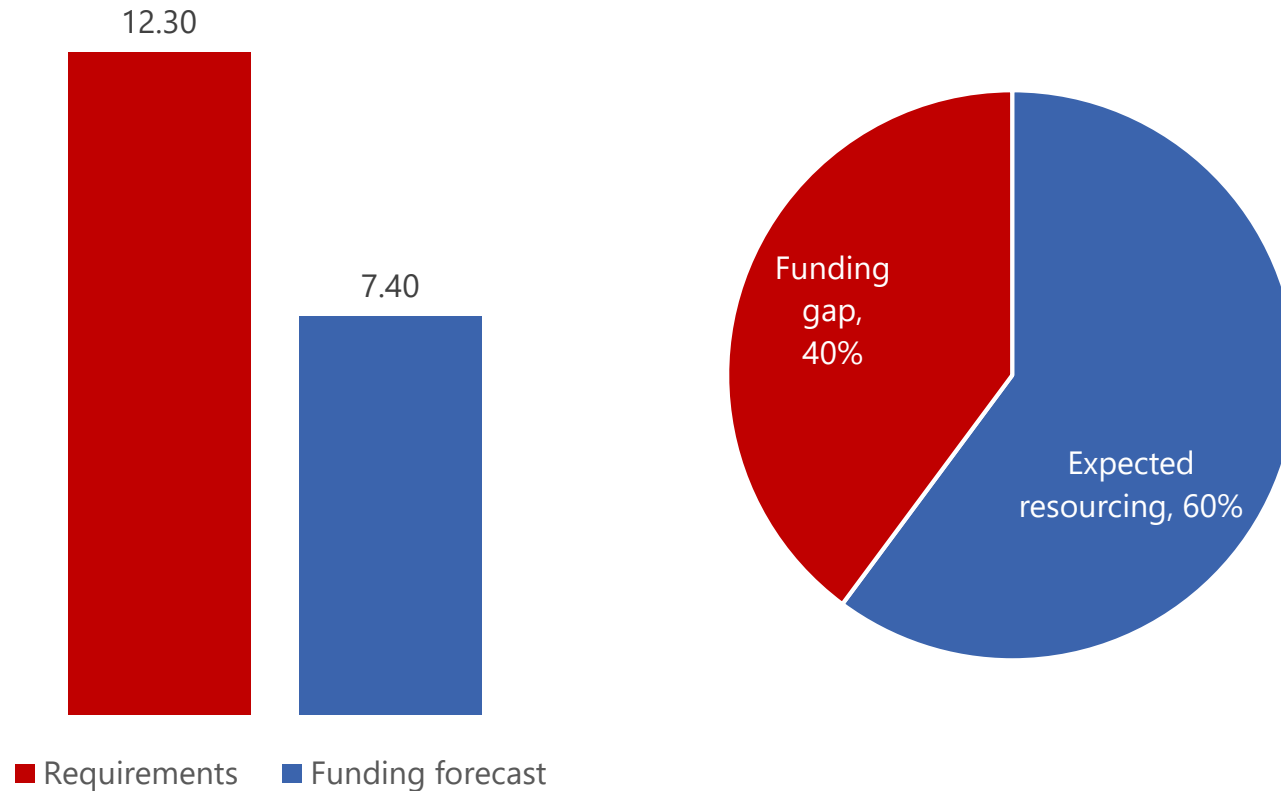
Latest projections for 2020 & 2021

2016-19 actual contributions and 2021 projections



Remarkable contribution level of **USD 8.1 B** achieved in **2019**; income forecasts for 2020 (**USD 7.7 B**) and 2021 (**USD 7.4 B**) are still robust

Requirements vs. funding forecast, 2021



Based on the USD 7.4 billion forecast, the anticipated funding gap for 2021 totals **USD 4.9 billion**, or **40 percent** of total operational requirements



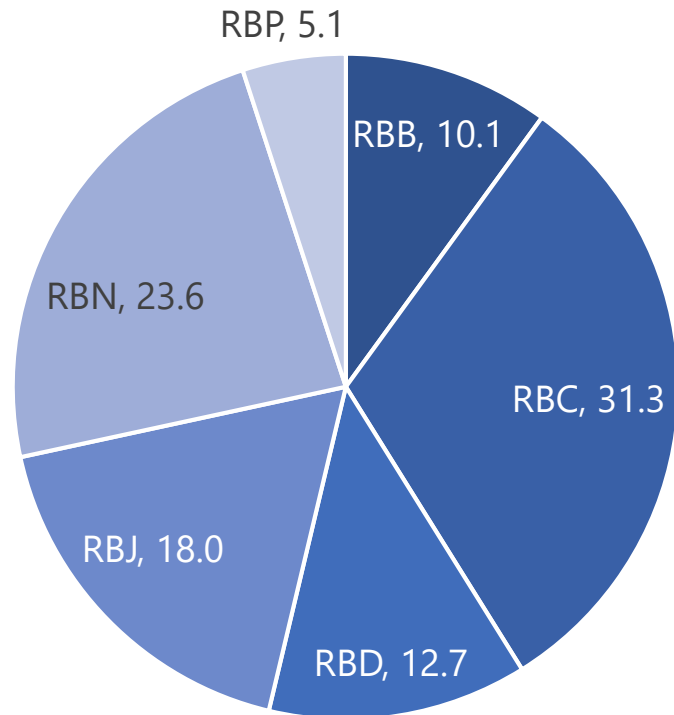
Factors impacting 2021 funding outlook

- High level of **uncertainty** due to the impact of the **COVID-19 outbreak** on donors' domestic economies
- Increased opportunities in **innovating financing**, including International Financial Institutions and host Governments
- **Private Sector donors** are on track to meet funding targets
- An increasing focus on **thematic funding** (e.g. Green Climate Fund, COVID-19 multi-partner Trust Fund)



Targeted beneficiaries by RB, 2021

Million beneficiaries



The share of targeted beneficiaries by region is **in line with operational requirements for 2021**

100.8 million beneficiaries targeted in 2021 (**15 percent increase** as compared to 2020)

Largest increases from 2020 in RBC (+31 million ben.), RBN (+24 million ben.) and RBJ (+18 million ben.)



RESOURCING & FINANCIAL CONTEXT

Q&As



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2.

2021 PSA “ZERO GROWTH PLUS” APPROACH

The Programme Support & Administrative Budget

What is the PSA?

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

How is it funded?

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

What does it cover?

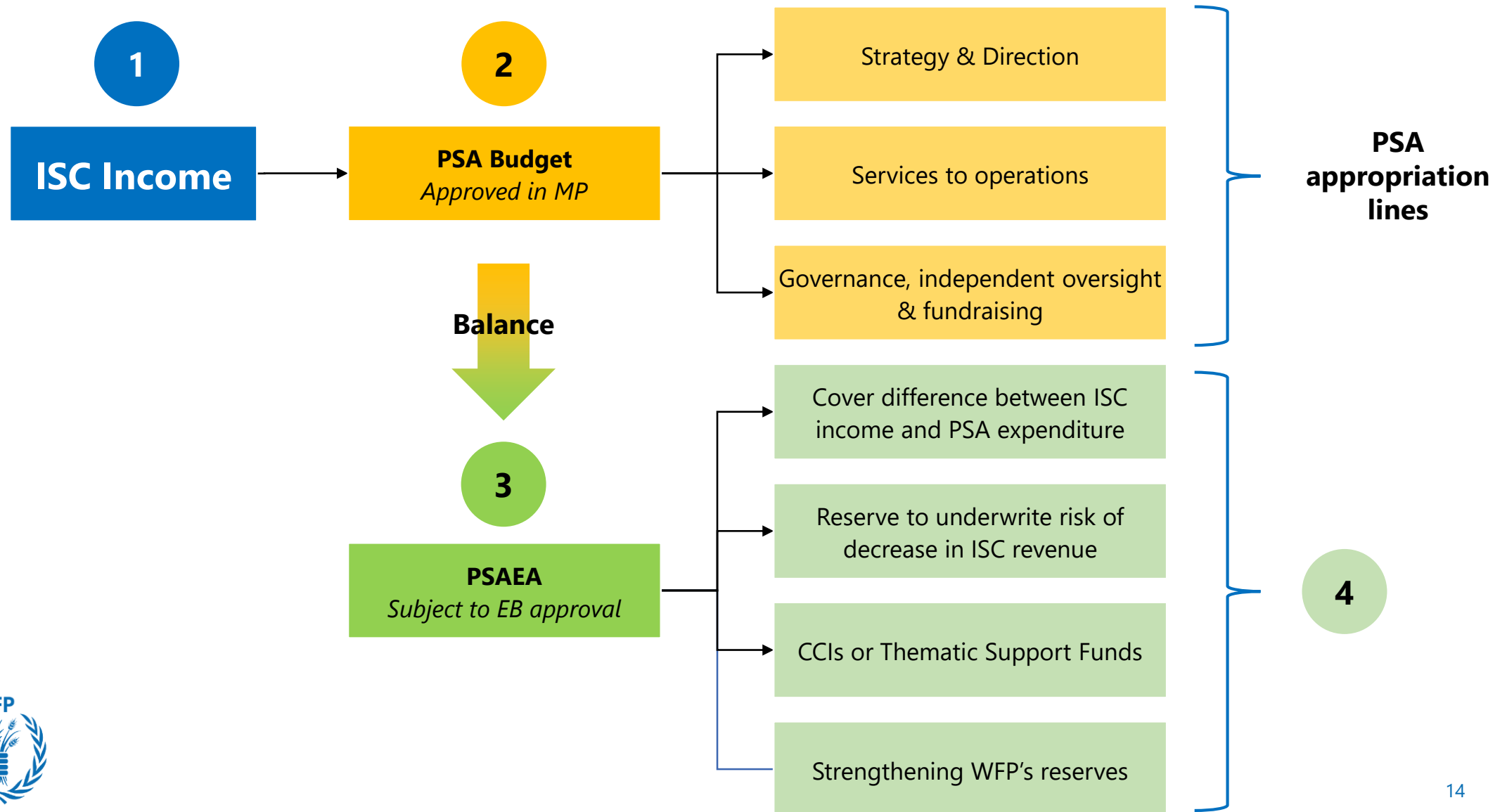
The majority of **HQs and RBx costs**, as well as the “backbone” structure of country offices

How is it approved?

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



The Programme Support & Administrative Budget



ISC income vs. PSA budget, 2020

Item	USD million		
	Approved in MP	Updated projections	Variation
Estimated overall income	7,450.0	7,700.0	+250.0
Estimated ISC income	443.0	461.0	+18.0
Proposed PSA budget	423.6	423.6	-
Estimated ISC income <i>minus</i> Proposed PSA budget	19.4	37.4	+18.0



Updated projections show an **increasing surplus** of 2020 ISC income vs PSA budget, to be **transferred to the PSA Equalization Account**

Planning principles for 2021 [1/2]

- 2021 PSA budget to be **zero growth** in current overall budget, **plus:**
 - Creation of ASG **Special Advisor Front Office**
 - Funding for **oversight** activities
 - Mainstreaming **emergency support** and **programme & policy development functions**, primarily to **switch** from donor contributions to the PSA
 - **“Essential”** requirements (e.g. central appropriations, technical adjustment)
- In the **“new normal”** following COVID-19 (reduced travel, increased online trainings), HQs and RBx will **reduce and re-purpose 50 percent of their 2021 travel & training budgets**
- **No PSA reduction** of allocations to **RBx/COs**

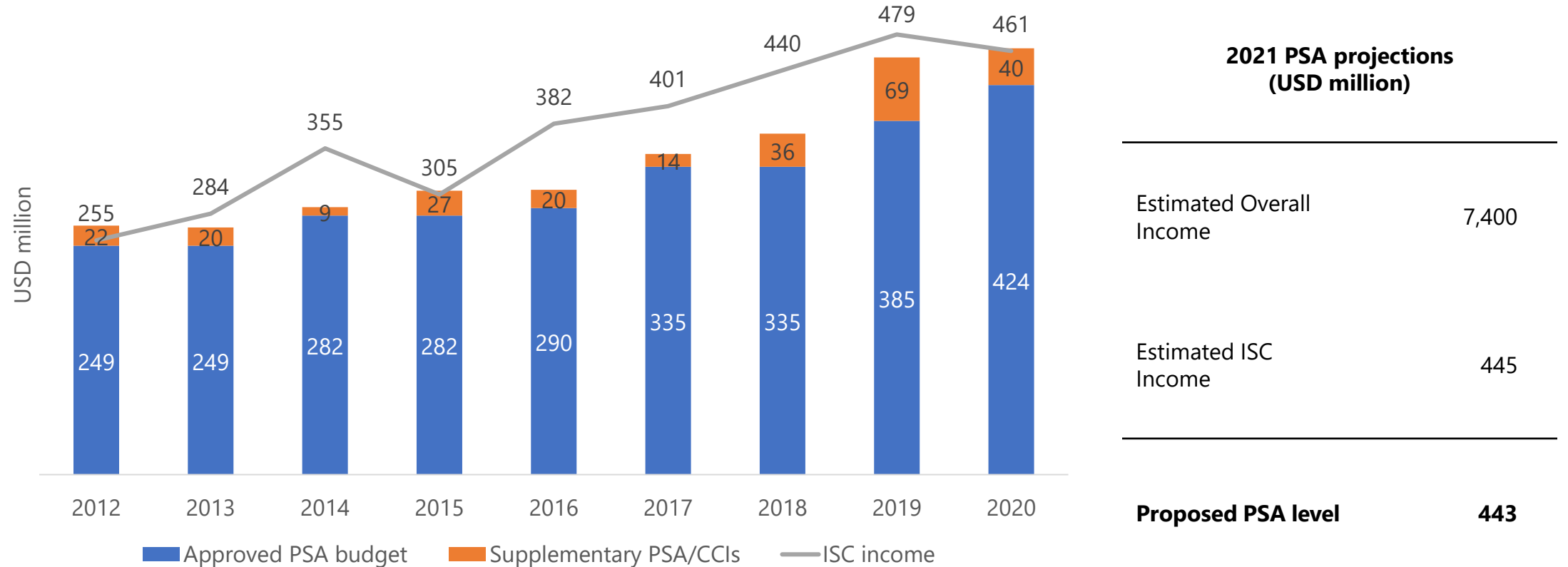


Planning principles for 2021 [2/2]

- **Commitment to having no new CCIs:** where corporate reprioritization exercise extends completion dates of approved CCIs, unutilized funds in 2020 to be carried over to 2021
- **Multi-year private sector strategy** funding approved in 2019 to be continued (USD 22.2 million required in 2021)
- **One-time proposal** for employee termination funding in 2021 (including to cover CO organizational realignment)
- **Greater proportion of unearmarked and softly earmarked funding** to be **directed to operations (CSPs)**, with HQs initiatives deprioritized



PSA no growth “plus” budget covered by 2021 ISC



Following the May-20 informal consultation, **ISC policy** to remain **unchanged** (6.5-4 percent); with latest WFP income forecast, 2021 **ISC income** totals **USD 445 M**, vs. current **2020 PSA** of **USD 423.6 M** and proposed **2021 PSA budget** of **USD 443 M**



ISC income vs. PSA budget, 2021

Item	USD million
Estimated ISC income <i>(based on overall USD 7.4 B funding forecast)</i>	445.0
Proposed 2021 PSA budget at “Zero Growth Plus” approach	443.0
2021 PSA budget at “Zero Growth”	423.6
“Plus” areas for 2021 PSA	19.4
Estimated ISC income <u>minus</u> Proposed PSA budget at “Zero Growth Plus” approach	2.0



Summary of the “plus” areas for 2021 PSA

Item	USD million
Requested increases for 2021 priorities	15.0
Oversight functions	4.0
Emergency Support	5.0
Programme & Policy Development	6.0
“Essential” charges	3.6
Central appropriation	0.1
Technical adjustments for centralized services	4.5
Standard position costs (<i>decrease foreseen</i>)	(1.0)
Establishment of ASG office	0.8
Establishment of the Office of the Sr. Advisor to the ED on people & workplace culture	0.8
TOTAL	19.4



Requested increases for 2021 priorities [1/2]

Consistent with EB recommendations, **oversight, emergency support and programme & policy development functions** are prioritized for PSA increase

OVERSIGHT FUNCTIONS

- **Evaluation:** strengthening the evaluation function as per Board-approved evaluation policy
- **Ethics:** enhanced whistleblower protection and annual financial disclosure programme
- **Office of the Inspector General:** increased investigation and audit capacity
- **Ombudsman:** additional support and advice to staff
- **Legal Office:** support to implement recommendations arising from investigations
- **Human Resources:** support to implement recommendations arising from investigations
- **Risk Management:** follow-up on implementation of internal controls and AFAC action plan

EMERGENCY SUPPORT and PROGRAMME & POLICY DEVELOPMENT FUNCTIONS

Currently relying on donor contributions with **systematic PSA shortfalls**; activities to be gradually **mainstreamed into the PSA budget**, starting from 2021



Requested increases for 2021 priorities [2/2]

Area	USD million
Oversight functions	4.0
Emergency support	5.0
Programme & Policy Development	6.0
TOTAL	15.0



Specific activities to be funded being **confirmed by concerned Departments**; longer-term strategy to **finance structural deficits** to be articulated during the BUSBE

“Essential” requirements

Item	USD million
Central Appropriation	0.1
Technical adjustments for centralized services	4.5
<i>Information and Communication Technology (IT per capita)*</i>	2.5
<i>Security Costs (UNDSS)</i>	2.0
Standard Position Costs (decrease foreseen)	(1.0)
TOTAL	3.6

* Proposed inject to TEC to cover a portion of IT per capita structural deficits



Office of the Sr. Advisor to the ED on people & culture

- The **Office of the Senior Advisor to the ED on people & workplace culture** will be established
- It is currently funded by the **Workplace culture and ethical climate Critical Corporate Initiative** (USD 5 million)
- From 2021, **PSA funding** is more appropriate for the ASG front office (**USD 0.8 million**)



2021 PSA “ZERO GROWTH PLUS” APPROACH Q&As

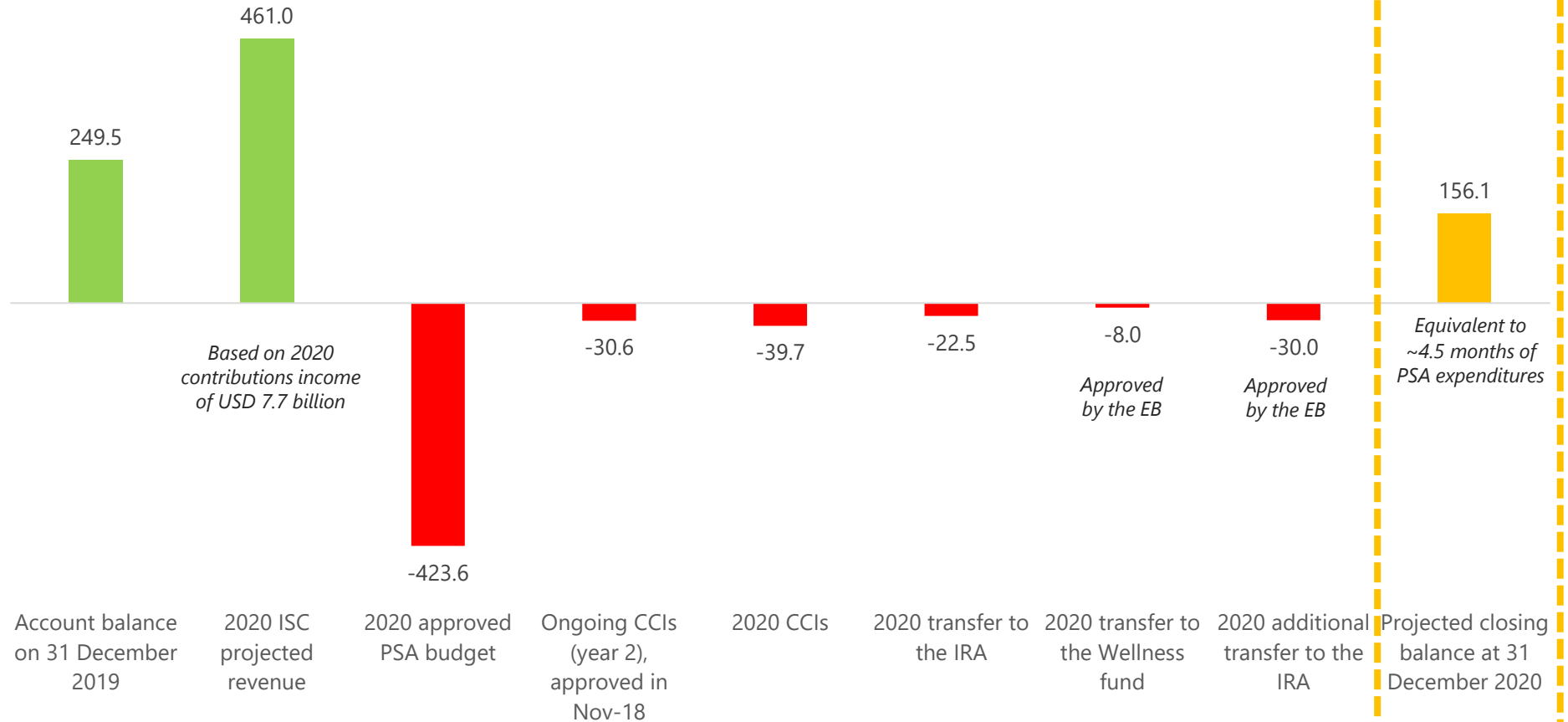
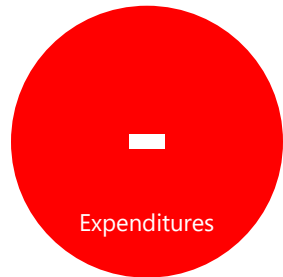


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3.

STATUS OF THE PSA EQUALIZATION ACCOUNT & PROPOSED DRAWDOWN

PSA Equalization Account projections, 2020 (USD M)



After 2020 approved drawdowns of USD 30 M for IRA and USD 8 M for the Wellness Fund, projected end-2020 PSAEA balance is **around 4.5 months of PSA expenditures**

Critical Corporate Initiatives to be continued in 2021

A **Critical Corporate Initiative (CCI)** is an activity to strengthen WFP's programming, operational and administrative capacity to fulfill its mission and delivering value for money

CCIs are **one-off in nature**, focused on organizational change, require predictable funding and **do not benefit a single operation**

In 2021, WFP's focus will be on the **continuation of CCIs started in 2020**, already **fully funded**:

1. UN Reform
2. Programme & Partnerships Support



Proposed drawdown on the PSAEA

Subject to EB approval, the PSAEA is proposed to be used to **support two areas** in 2021:

- 1. Continue multi-year initiative on Private Sector Strategy**, which includes resource mobilization activities that will enhance WFP's visibility
- 2. Termination Indemnity Fund:** a one-time proposal for employee termination funding in 2021 (including to cover country offices' organizational realignment)

Item	USD million
PPF Private Sector Strategy	22.2
Termination Indemnity Fund	10.0
TOTAL	32.2



PSAEA projections for 2021

Item	USD M
Projected account balance at 31 December 2020	156.1
2021 ISC projected revenue <i>(based on USD 7.4 B forecasted income)</i>	445.0
2021 proposed PSA at "Zero Growth Plus"	(443.0)
PSAEA drawdowns to be pursued in 2021	(32.2)
Termination Indemnity Fund	(10.0)
PPF Private Sector Strategy	(22.2)
Projected closing balance at 31 December 2021	125.9
<i>Equivalent number of months of PSA expenditures</i>	<i>3.4</i>



The projected closing balance is **below the 5-month PSA target** (USD 185.4 million) but **above the 2-month floor** (USD 74.2 million)

4.

UNEARMARKED PORTION OF THE GENERAL FUND & UNQUANTIFIED POTENTIAL FUTURE USES



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The General Fund

- The unearmarked portion of the General Fund includes WFP's **treasury activities** (e.g. investment income, exchange rate gains)
- The **Executive Board** can approve its use for **strategic investments** that aim to strengthen WFP's resourcing and financing mechanisms, in support of strategic priorities
- Over the past few years, WFP has accumulated a **balance of USD 285 million** (as of 30 June 2020) in the unearmarked portion of the General Fund



Potential uses of unearmarked portion of the GF [1/2]

No.	Title	Description
1	Strengthen WFP's operational reserve	Operational reserve now covers only 5% of annual Internal Project Lending (IPL); IPL increased by 70% since 2014
2	Funding employee benefits	Per 2019 accounts, 25% of WFP's long-term employee benefit liabilities are unfunded (USD 260 million); full funding not expected by 2025
3	Direct inject to the IRA	Increased funding required as the demand for IRA allocations is increasing in the current environment
4	Establish a Changing Lives Fund	To enable the start-up of and innovative funding for resilience & development activities, and better leverage and sustain external funding
5	Resource mobilization investments	Innovative financing activities that will enhance WFP's visibility or brand



Potential uses of unearmarked portion of the GF [2/2]

No.	Title	Description
6	ERP (WINGS)	Expansion of WINGS to include financing of other ERP-related systems requirements
7	Duty of Care and “stay and deliver”	PPE, hygiene and sanitization items, extensions of contracts, evacuation and R&R commitments, etc. on account of COVID-19
8	Security Upgrades	To ensure safety of WFP premises, capital expenditure requirements for reinforcing security measures



STATUS OF PSAEA & POTENTIAL USES OF THE UNEARMARKED PORTION OF THE GENERAL FUND

Q&As

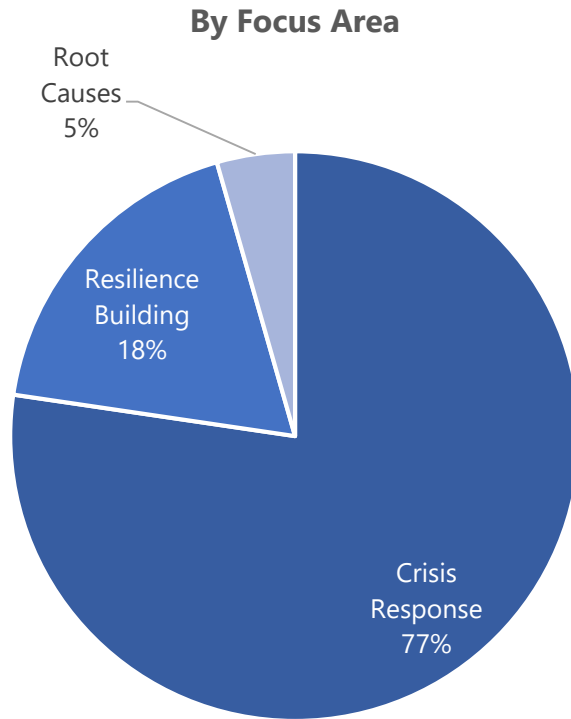
5.

OVERVIEW ON 2021 OPERATIONAL REQUIREMENTS

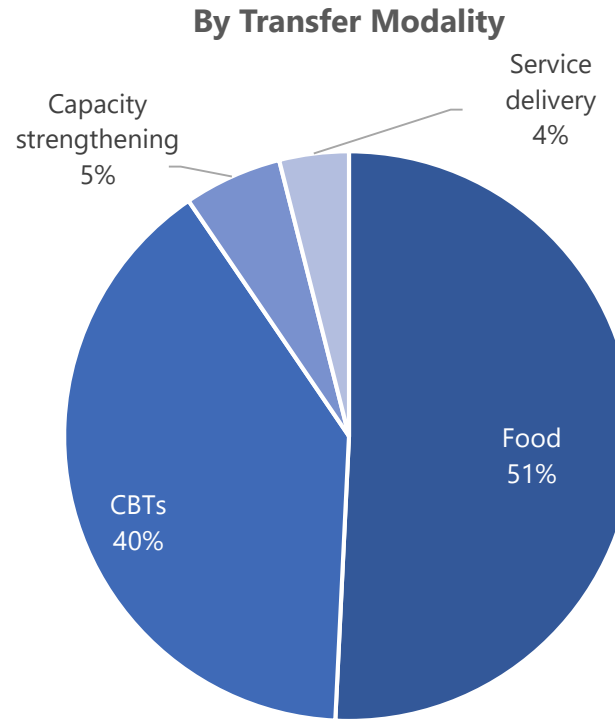


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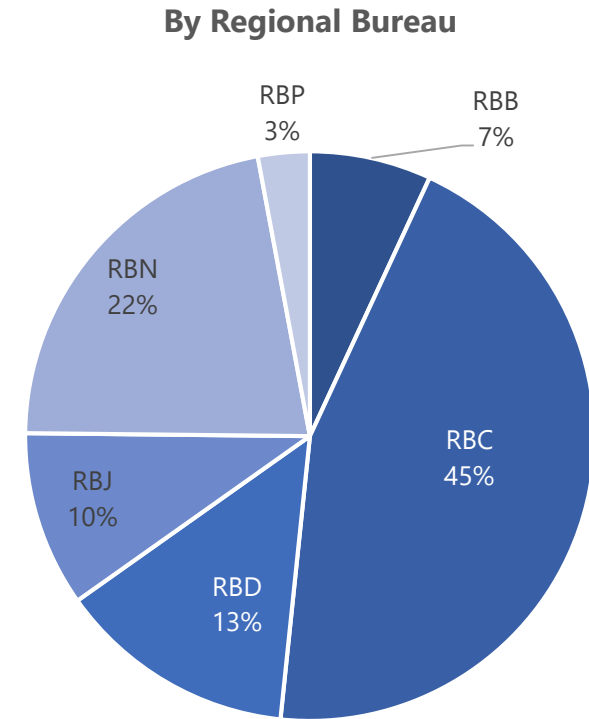
2021 operational requirements analysis



Requirements for **Crisis Response** increased by **22 percent** compared with MP 2020; modest increases for Resilience Building & Root Causes



Requirements for **food** and **CBTs** increase by **24 and 14 percent** respectively vs. MP 2020; minor decrease for capacity strengthening



Largest increases in operational requirements compared to MP 2020 are in **RBJ, RBC** and **RBD**



Figures based on USD requirements (full cost recovery)

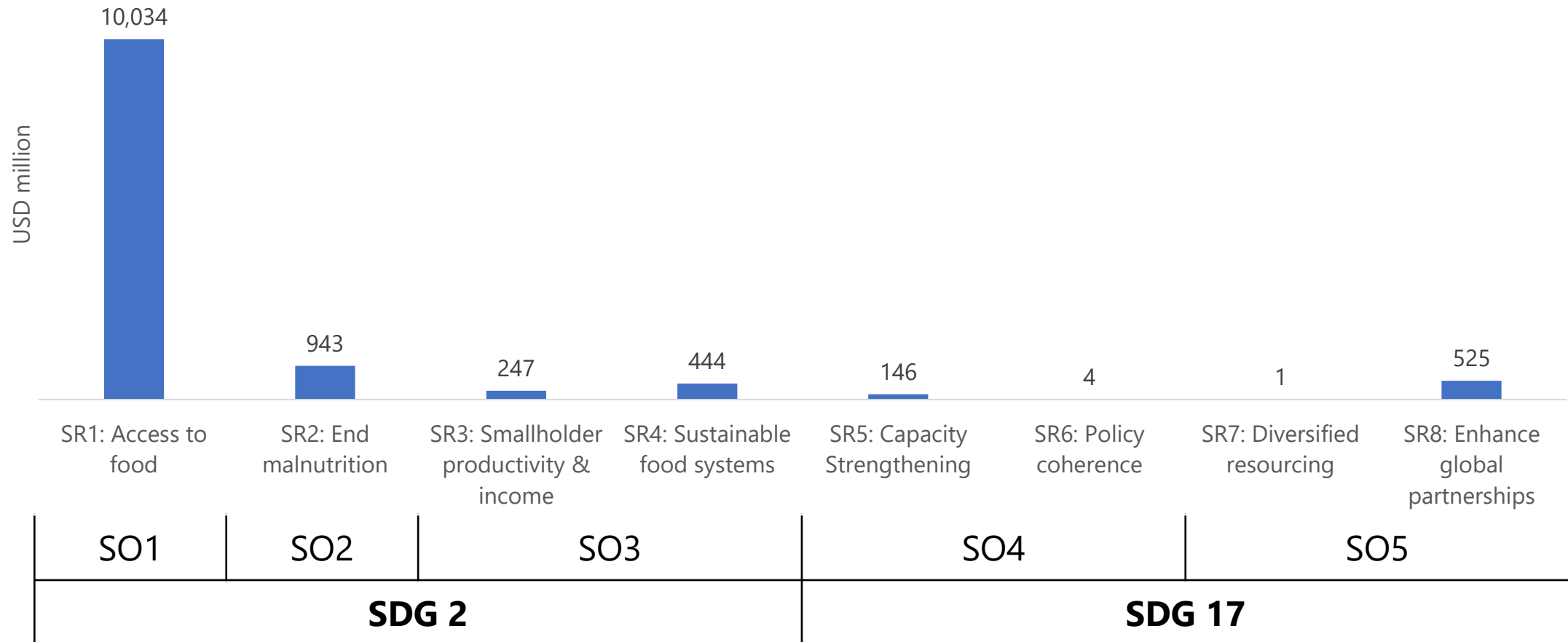
Top 10 recipient countries, 2021

Recipient Country	2021 requirements	
	USD million	%
Yemen (L3)	2,665	22
Syria (L3)	1,072	9
South Sudan (L3)	915	7
Lebanon (L2)	670	5
Somalia	632	5
Ethiopia	567	5
DR Congo (L3)	456	4
Sudan	447	4
Bangladesh (L2)	339	3
Nigeria (L3)	314	3
<i>Others</i>	4,268	35
TOTAL	12,344	100



Top 5 operations account for **almost 50 percent** of the 2021 needs-based plan; **7 out of the top 10 countries** are facing L3 or L2 emergencies

Requirements by SR, SO and SDG, 2021



Strategic Results 1 and 2 account for **89 percent** of total 2021 requirements

COVID-19 impact as addendum to 2021 requirements

- The global COVID-19 pandemic will continue to **dramatically impact needs** at community, national, and global levels throughout 2021, but, its **scale, scope, and timing** will vary greatly between regions and countries
- WFP's response efforts in 2020 focused on **responding to the crisis' immediate consequences** through protecting and scaling-up critical life-saving operations
- **UN and govt plans** to respond to the evolving socio-economic crisis are ongoing and will inform the scale, scope and timing of WFP's support for national response and recovery plans
- WFP's programming and operational response to COVID-19 and its compounding effects is **expected to evolve** to address emerging needs, creating unusually high **fluidity in budgetary requirements and beneficiary figures**
- To inform the EB, an **Addendum to the Management Plan** will be prepared for the November session, outlining increased projected needs for 2021. Board members may also monitor increases in requirements through the existing **CSP Portal**



OVERVIEW ON 2021 OPERATIONAL REQUIREMENTS

Q&As

THANK YOU



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