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برنامج الأغذية العالمي

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For consideration

Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

Update on operational requirements and funding forecast for 2021

Draft decision*

The Board takes note of the update on operational requirements and funding forecast for 2021 (WFP/EB.1/2021/5-B/1).

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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Background

1. The WFP Management Plan (2021–2023),¹ which was approved by the Board at its 2020 second regular session, presented WFP's planned programme of work and the programme support and administrative (PSA) budget required to implement operations in 2021. The figures provided in the management plan include projected operational requirements for 2021 and forecasts of the resources available to meet them. Operational requirements continually evolve and are normally subject to change after management plan data are published. In recognition of the unprecedented uncertainty caused by the COVID-19 pandemic, however, WFP management prepared a supplementary information note on an exceptional basis to provide the Board with information on the impact of the pandemic on projected requirements and forecast contributions. In summary, the supplementary note indicated that, as reflected in WFP's needs-based plan, the demand for WFP's food assistance was increasing since the publication of the management plan; the funding forecast for 2021 was also increasing, with attendant implications for the projected funding gap and the PSA equalization account balance.
2. In accordance with the decision of the Board, this paper provides the latest 2021 operational requirements and funding forecast data arising from the implications of the COVID-19 pandemic.

Operational requirements

3. It is highly unlikely that the global food security situation will improve in 2021. Most indicators continue to point toward further deterioration in food security and the adverse health and socioeconomic consequences of the pandemic. The Food and Agriculture Organization of the United Nations estimates that the number of chronically undernourished people will increase by up to 132 million people from the current estimate of 690 million; WFP estimates that the number of acutely food insecure people doubled to 270 million at the end of 2020, from 135 million at the end of 2019.
4. WFP has stepped up its efforts since March 2020 to expand its provision of common services to the humanitarian system and to reach more beneficiaries. WFP has maintained an objective of meeting the needs of 138 million beneficiaries, given the increased needs and worsening food security globally.
5. Despite generous donor contributions and every effort to build toward this figure, funding gaps and operational constraints are likely to have limited the organization's ability to achieve this reach in 2020.

2020 current needs

6. Published management plan figures for 2020 included an overall requirement of USD 10.6 billion to reach an estimated 87.6 million beneficiaries. Current 2020 needs-based plan figures stand at USD 13.6 billion to reach an estimated 125 million beneficiaries. At the end of September 2020, actual beneficiaries reached numbered 99 million.²

2021 projected needs

7. The management plan for 2021–2023 presents a forecast operational requirement of USD 12.3 billion to reach an estimated 101 million beneficiaries in 2021. This is against a contribution forecast of USD 7.4 billion for 2021, resulting in a projected funding gap of

¹ WFP/EB.2/2020/5-A/Rev.1.

² Annual numbers are finalized by end of March every year and reported in the annual performance report, which is submitted at the annual session of the Board.

40 percent. These data were accurate as of June 2020 and included only a portion of requirements attributable to the COVID-19 pandemic.

8. WFP continues to strive to sustain operations to reach the beneficiaries already planned for while also scaling up to reach new beneficiaries affected by the pandemic. In some cases, country strategic plan revisions and corresponding budget increases have been required to capture the expanded caseload, while in others the scale-up is being managed within current operations through programme adaptations and reprioritization. As at mid-January 2021, needs-based plan figures, taking approved and ongoing budget revisions into account, stand at USD 13.5 billion to reach an estimated 109 million beneficiaries. This amounts to an increase of 9 percent over the figures in the published management plan for 2021–2023. WFP is asked by the Secretary-General and senior United Nations officials to develop and lead – together with the United Nations Office for the Coordination of Humanitarian Affairs and the Food and Agriculture Organization of the United Nations – an extraordinary resource mobilization strategy to prevent famine. These efforts should include USD 5 billion in emergency food assistance as part of a comprehensive famine relief and prevention package to reach up to 30 million people at the highest risk of famine. As country strategic plans are revised in accordance with assessments on the ground, the above-mentioned needs-based plan figures will be updated to align WFP's global task with this alarming situation.
9. The tables below update some key tables in the management plan for 2021–2023 to summarize the evolution of the operational requirements since the management plan was published.

Focus area	2020 (USD million)	Original 2021 management plan (USD million)	January 2021 needs-based plan (USD million)	Difference (USD million)	Difference (%)
Crisis response	7 830	9 545	10 430	885	9
Resilience building	2 208	2 252	2 489	237	11
Root causes	527	547	570	23	4
Total	10 566	12 344	13 489	1 146	9

Regional bureau	2020	Original 2021 management plan*	January 2021 needs-based plan	Difference (beneficiaries)	Difference (%)
RBB - Asia and the Pacific	9 335 591	10 804 603	12 394 168	1 589 565	15
RBC - Middle East, North Africa, Eastern Europe and Central Asia	28 449 185	25 036 455	23 421 916	1 614 539	-6
RBD - West Africa	12 708 481	12 691 071	18 022 120	5 331 049	42
RBJ - Southern Africa	12 994 247	18 026 273	18 180 890	154 617	1
RBN - East Africa	21 026 664	29 154 538	31 572 028	2 417 490	8
RBP - Latin America and the Caribbean	3 099 343	5 051 070	5 989 948	938 878	19
Total	87 613 511	100 764 010	109 581 070	8 817 060	9

* Note that 2021 figures reflect the shift of the Armenia, Kyrgyzstan, Tajikistan country offices from RBC to RBB and the shift of the Sudan country office from RBC to RBN.

10. As more country strategic plan revisions and budget increases are processed, these numbers may be reviewed prior to the 2021 first regular session of the Board and updated as required. The Board will have access to the latest needs-based plan figures via revisions presented for approval and through the country strategic plan data portal once revisions are approved.

Forecast contribution income and PSA equalization account balance

11. The published management plan for 2021–2023 provides an updated contribution income forecast for 2020 of USD 7.7 billion. Based on preliminary financial closure figures in mid-January, the actual figure is expected to rise to a historic record level of USD 8.46 billion. The projected balance of the programme support and administrative equalization account (PSAEA) as of 31 December 2020 is accordingly estimated to be healthier, at USD 250 million.
12. The latest 2021 global funding forecast stands at USD 7.8 billion, reflecting an increase compared to the USD 7.4 billion indicated in the approved management plan for 2021–2023 but consistent with the estimate provided in the supplementary information note referred to above. This forecast is likely to increase between now and the Board's 2021 first regular session. With the current forecast, projected indirect support cost (ISC) revenue stands at USD 469.2 million, which is comfortably higher than the approved PSA budget for 2021 of USD 443.5 million, thus reaffirming that WFP's PSA budget is "within its means".
13. The 2021 projected charges against the PSAEA, comprising the approved 2021 PSA budget and drawdowns, remain unchanged from those in the published management plan for 2021–2023 and are tabulated below.
14. The effect of the higher funding forecast is therefore that the projected PSAEA balance on 31 December 2021 is estimated to be healthier, at USD 243.5 million. This is higher than the target PSAEA balance equal to five months of PSA expenditure, compared with only 3.4 months estimated in the management plan for 2021–2023. The PSAEA is a critical safety net for WFP, as its primary purpose is to serve as reserve that can be drawn down if there is a sudden and unexpected downturn in contribution income so that any needed structural adjustments can be made judiciously. A projected PSAEA balance that is well above the floor level of two months of PSA expenditure and even above the PSAEA target level of five months of PSA expenditure is therefore reassuring at a time of global uncertainty.

TABLE IV.13: PROJECTED PROGRAMME SUPPORT AND ADMINISTRATIVE EQUALIZATION ACCOUNT BALANCE FOR 2020 AND 2021 (USD million)	
Projected PSAEA balance at 31 December 2020*	250.0
2021 ISC projected revenue (based on forecast income of USD 7.8 billion)	469.2
Proposed 2021 PSA budget	-443.5
PSAEA drawdowns in 2021	-32.2
- Termination Indemnity Fund	-10.0
- Private sector strategy	-22.2
Projected PSAEA balance at 31 December 2021	243.5
2021 PSAEA target (equivalent to 5 months of 2021 PSA expenditures)	184.8
2021 PSAEA floor (equivalent to 2 months of 2021 PSA expenditures)	73.9

* Based on preliminary financial closure figures for 2020 and assuming full spending for critical corporate initiatives approved prior to the management plan for 2021–2023.

Forecast funding gap

15. As noted above, both the operational requirements and the projected contribution income for 2021 have changed since the management plan for 2021–2023 was published and approved by the Board, and they will continue to evolve throughout 2021.
16. Based on current forecast operational requirements of USD 13.5 billion and contribution income of USD 7.8 billion, the estimated funding gap now stands at 42 percent. As described in paragraphs 44–68 of the management plan for 2021–2023, efforts are under way to broaden the funding base in order to better meet the operational requirements for 2021 and reduce the funding gap.