



Management Plan 2024-2026

Executive Board briefing

31 May 2023



World Food Programme

SAVING
LIVES
CHANGING
LIVES

Objectives & outline of the presentation

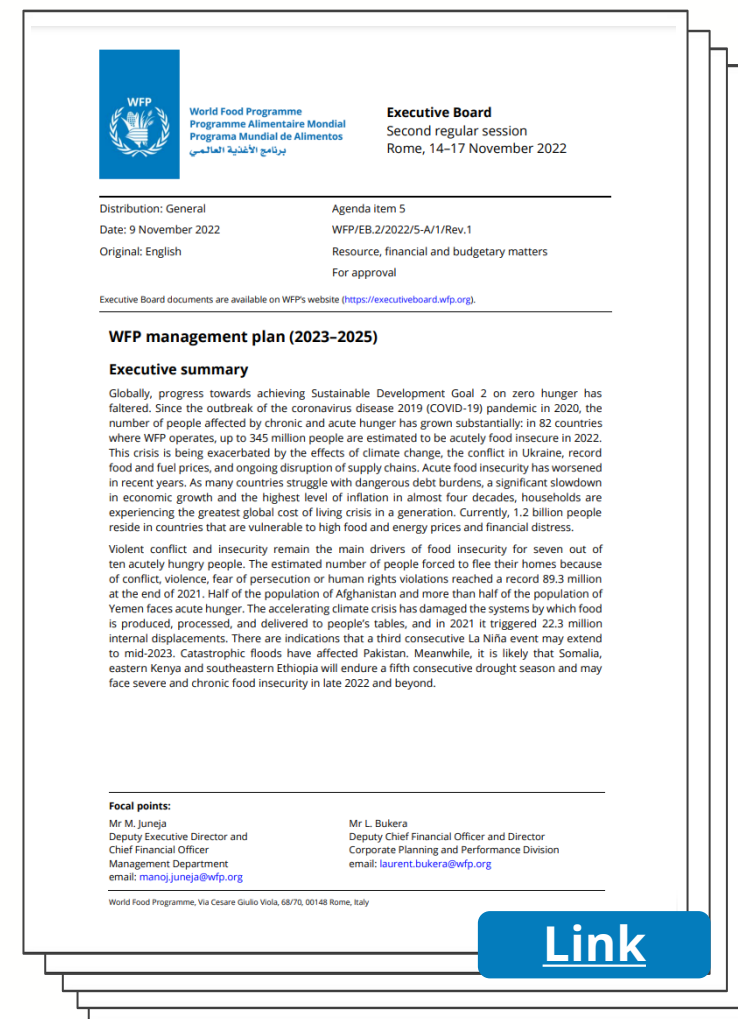


Objective of the informal EB briefing

- Clarify management plan purpose and main concepts
- Provide an update on the outlook and factors influencing the Management Plan

Outline of the presentation

- 1 Purpose of the Management Plan and key concepts
- 2 Q&A
- 3 Outlook
- 4 Factors driving the budget preparation
- 5 Next steps
- 6 Q&A



1. Purpose and key concepts



Management Plan purpose

Management Plan is a **comprehensive, annual plan of work**. It is one of our key financial planning documents that presents:

- **External context** – outline of the global food security, economic, and political situation
- **Programmatic context** - projected operational needs and implementation plan (prioritized plan of work)
- **Funding context** - forecasts of the resources available to meet needs
- WFP's **Programme Support and Business Operations** and proposes:
 - **Programme Support and Administrative (PSA) budget**
 - **Indirect Support Cost (ISC) rate**
 - **Use of reserves (PSAEA and GF)**
 - **IRA resourcing target**




For context




For EB approval

WFP's programme of work is determined by anticipated needs and funding forecasts



Needs-based Plan

- Anticipated **operational needs** based on assessments at country level
- Included and approved in CSPs



Implementation Plan

- **Prioritized** operational needs
- Based on projected contributions



The corporate budget in MP is geared to support the implementation plan

WFP's Financial Framework

How WFP funds its budget



Voluntarily funded

- 100% voluntarily funded with no core budget.



Full Cost Recovery

- Operates under a Full Cost Recovery model. This means that each contribution* must cover all associated operational, direct, and indirect support costs.
- This applies to contributions from both the public and private sectors and is applicable to in-kind and cash contributions.

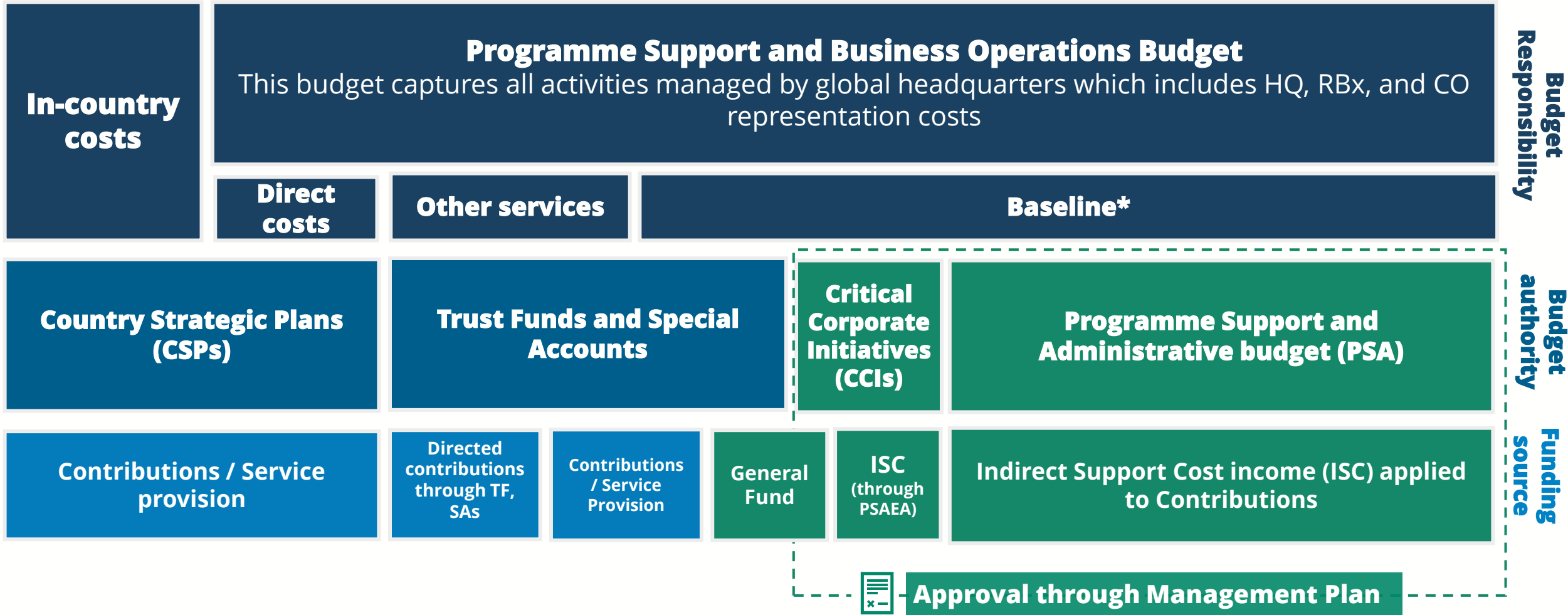


Sources of revenue

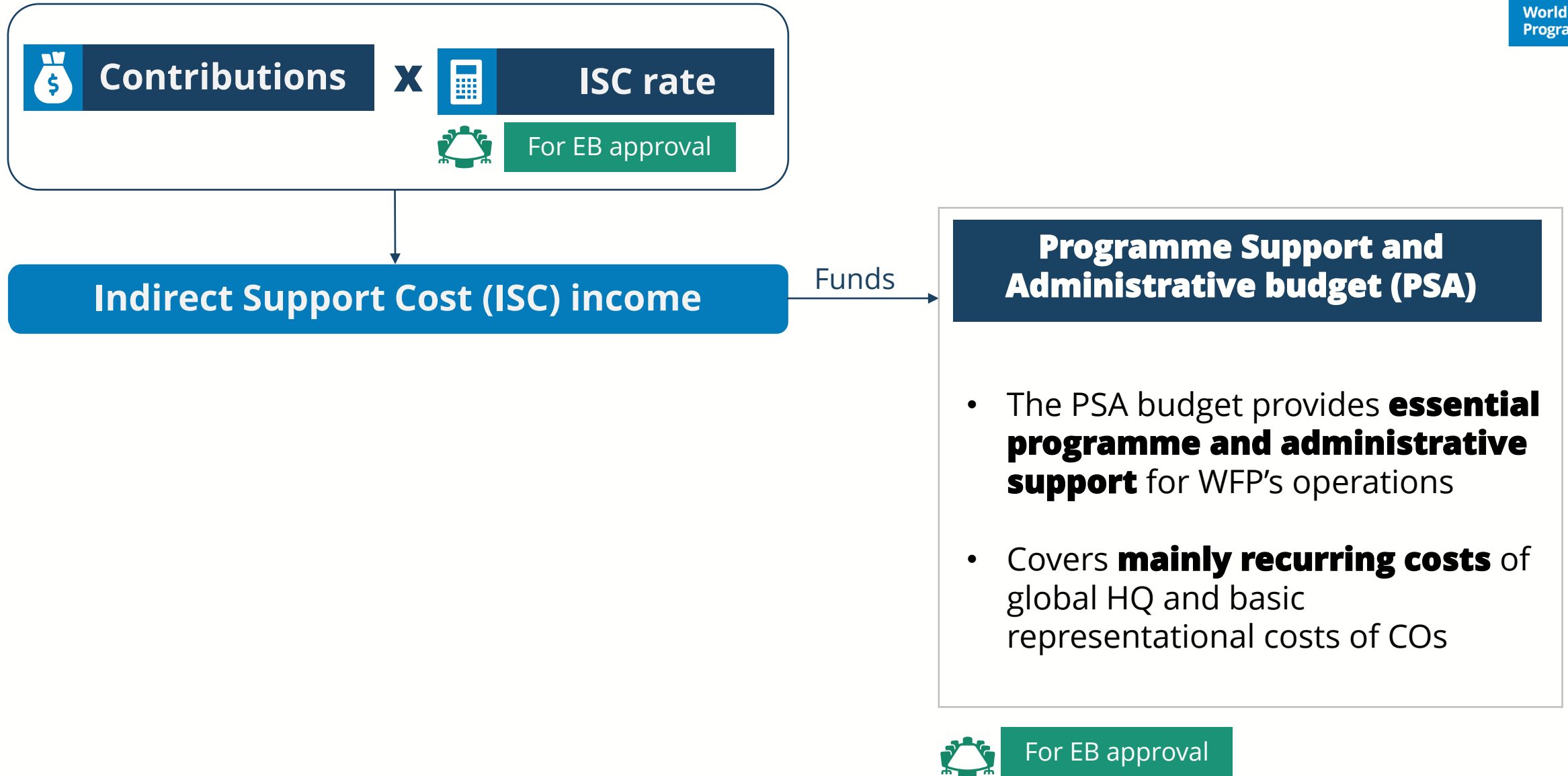
- Contributions
- Investment income
- Service provision
- Foreign exchange gains

**Limited exceptions, approved by the Board.*

WFP's budget



Programme Support and Administrative budget (PSA)





Difference between
ISC income and PSA
goes to



PSA Equalization
Account (PSAEA)



CCIs

- Activities that strengthen **programming, operational** and **administrative** capacity
- Focused on **organizational** and **transformative** change and **one-off** in nature but typically span more than one fiscal year



PSA Equalization Account (PSAEA)

- PSAEA serves as a **reserve** in case of decrease in ISC revenue
- **Target levels** noted by the EB in 2015 (5-month PSA target level, 2-month spending floor)
- The Board **approves** its use for:
 - Critical corporate initiatives (CCIs)
 - Thematic support funds
 - Strengthening WFP's reserves, e.g. IRA



Unearmarked portion of the General Fund

- Main source of income is **investment income** on cash balances and **foreign exchange income**
- No specific criteria for its use

Q&A



2. Outlook



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Key External Factors



- A **difficult economic situation and uncertain outlook**. Historically low economic growth, high inflation, currency depreciation, unsustainable debt levels, rising debt servicing costs and higher financial risks make for a toxic mix, with the poorest on the frontline.
- **Climate challenges**. Following a prolonged La Niña event, El Niño is expected in 2023. Drought is looming in Central America; a poor growing season is expected in the Southern Africa region.
- **Persistent conflicts**. After a slight reduction in the scale and intensity of armed conflicts, the eruption of violence in Sudan will likely reverse this trend and impact several neighbouring countries.
- The numbers of **internal displacements** and forcibly displaced people more broadly are breaking records.
- Acute **food insecurity** has risen to the highest levels since monitoring began. Chronic hunger figures follow a similar trend.
- The world is off track to reach the global **nutrition** targets by 2030; global progress towards eradicating extreme **poverty** has stalled in 2022.
- Expected **funding cuts** make it more challenging to serve high needs.

Key Internal Factors

- Second year of the **Strategic Plan 2022-2025** and **Corporate Results Framework** – all CSPs transitioned
- Stretched resources will require WFP to **deliver more with less**
- Increased emphasis from management on **scaling up Partnerships** and **Innovation** in 2023 onwards
- **Needs based plans** (operational requirements) will exceed resource availability
- Operational costs susceptible to sharp increases, due to **unpredictable global food and fuel prices**
- Translate advances in **digital transformation** to improve services to beneficiaries while seeking opportunities to **generate efficiencies, enhance data security** and **demonstrate further WFP's contribution to the SDGs**





Funding context & resourcing assumptions

Public Partnerships and Resourcing

- 2022 was an **unprecedented** year for funding
- **2023 contributions forecast revised to USD 10 billion**
- **2024 projected funding** is aligned with previous trajectory
- Efforts ongoing to secure **high-value, multi-year partnerships**, while exploring **new opportunities**

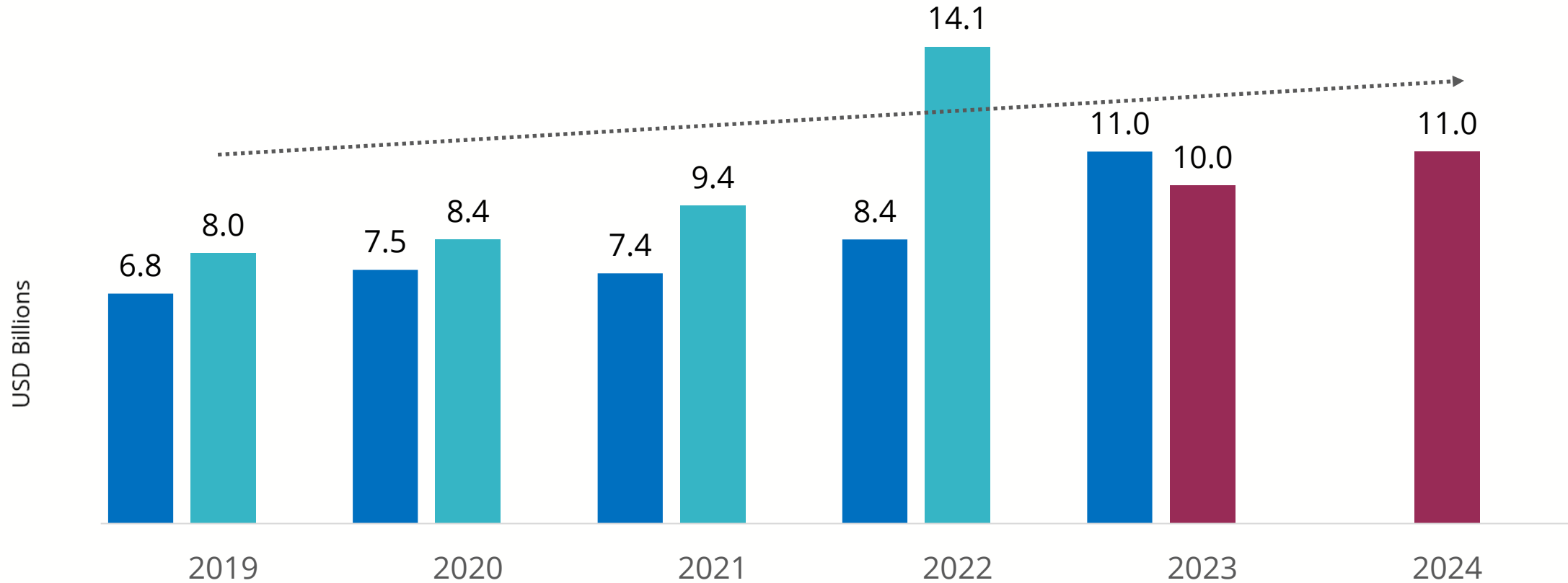
Strategic Partnerships

- The **upward trend** since 2019 in agreements signed with national governments, **including leveraging IFI resources**, is expected to continue in 2024
- Positioning as an **implementing partner for governments** to contribute to national objectives

Private Partnerships & Fundraising

- By 2022, annual income raised from **Private Sector was** approaching the overall target for 2020-2025.
- WFP will continue to build-up long-term relationships for **increased, flexible** and **regular income** from the private sector.
- **Individual Fundraising** has grown almost fivefold since inception of the Private Sector Strategy

Funding levels expected to follow historical trend



***Data Source:**

- Forecasted contributions MPs 2019 through 2023
- Actuals based on Audited Annual Accounts
- 2023-2024 updated forecast

- Forecasted contributions as per MP
- Actual contributions
- Projections

3. Factors influencing budget preparation

Budget Principles

Bottom-up strategic budget approach (BUSBE)

Corporate priorities



Risk areas



PSA planning assumptions for 2024



- In 2024, **global inflation** projected at **4.5%**, **Eurozone inflation** projected at **2.5%**
- **Dollar expected to be weaker** than the 2023 budget assumptions
- Maintain **ISC standard rate of 6.5 percent**, with exceptions for lower rates as per EB decisions
- Proposed 2024 PSA budget will continue to consider the principle of **living within our means**

Indirect Support Cost Rates

- Standard ISC rate of 6.5 percent, and **4 percent** rate for:

1

Host government contributions to their own programmes

2

Contributions from **governments of developing countries** or with economies in transition

3

International financial institutions under such conditions as determined by the Board

PSA budget considerations



PSA Budget Assumptions under adjusted Global Funding Forecast

ISC income projection at USD 10B contribution forecast	USD 567M
ISC income projection at USD 11B contribution forecast	USD 625M
2023 PSA Budget	USD 576M
2023 PSA Budget + Inflation/Foreign Exchange (5%)	USD 605M

The 2024 PSA budget will be within the 2024 ISC income projection

Healthy Reserves: PSAEA and Unearmarked portion of General Fund

Projected balances at 31 December 2023	
PSAEA	USD 389M
UGF	USD 370M

Historical Use of PSAEA and UGF			
Year	CCIs	IRA	Other
2020	40M	53M	2M
2021	32M	-	2M
2022	58M	130M	95M
2023	50M	150M	43M

Potential uses*

Potential uses are for CCIs, thematic funding, strengthening reserves (e.g., IRA) such as:

- Immediate Response Account
- Investing in People (3rd year of CCI)
- Monitoring
- Beneficiary ID management
- Last mile commodity tracking
- Country office support model optimization and simplification (COSMOS)

**Proposals for CCIs and transfer to reserves to be decided after review by Global Budget Committee & Leadership Group*

4. NEXT STEPS



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Next key dates for the Management Plan process

May 31



EB informal briefing

Jul 19



1st informal consultation

Sept 8



2nd informal consultation to provide MP draft document

Sept 29



Advisory Committee on Administrative & Budgetary Questions (ACABQ)

Oct 13



Full MP posted on EBS

Oct 30



FAO Finance Committee

Nov 13



Second regular session – MP approval

Q&A THANK YOU