

# Briefing on the Management Plan MP 2025-2027 update and MP 2026-2028

8 May 2025

# **Outline of the presentation**



Q&A

Management Plan 2026-2028

Q&A

Purpose of the Management Plan and key concepts (for background)





**Vorld Food Programme** Programme Alimentaire Mondial Programa Mundial de Alimentos

#### **Executive Board**

Second regular session Rome, 18-21 November 2024

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Original: English Resource, financial and budgetary matters

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

#### WFP management plan (2025-2027)

#### **Executive summary**

The world continues to grapple with alarmingly high levels of food insecurity driven by conflicts, climate crises and economic shocks and exacerbated by critical shortfalls in humanitarian funding. In 2023, 757 million people around the world were chronically food-insecure, while in 2024, an estimated 309 million people are acutely food-insecure in 71 countries where WFP operates and where data are available. In addition, significant numbers of children under 5 are still affected by stunting and wasting. Despite some improvements, the overall pace of progress remains insufficient to achieve the 2030 global targets.

The economic outlook remains challenging, with global growth projected to slow to 3.2 percent in 2024 and 2025. Economic shocks are a primary driver of food crises for one in four acutely food-insecure people. Debt servicing pressures are increasing, particularly for low-income countries, while international food prices are expected to decline slightly but remain above levels recorded before the coronavirus disease 2019 (COVID-19) pandemic. Poverty rates in low-income countries and countries affected by conflict and violence remain higher than pre-pandemic levels.

The WFP management plan for 2025-2027 outlines a strategic approach to navigating the increasingly challenging global environment. To ensure agility in our response to both immediate humanitarian needs and long-term resilience goals, we must anticipate a deterioration of the operational environment, requiring enhanced security measures and strategic planning to mitigate potential threats. Implementing the management plan for 2025-2027 will require an agile and skilled workforce able to adapt its capabilities and competencies to the evolving humanitarian and development environment. WFP will manage its workforce in a way that meets corporate needs and optimizes the impact of its assistance on vulnerable communities. A primary focus on organizational culture and organizational change - together with country offices empowered with the right skills and knowledge - will ensure high standards of delivery.

With humanitarian needs set to continue to outpace available funding, WFP will step up its efforts to narrow this gap, including by protecting, growing and diversifying its resource base; reducing needs in partnership with others; and working more efficiently and effectively to maximize the resources available for its frontline operations. Progress is being made. For example, strengthened engagement with programme countries has resulted in further diversification of resources, alongside WFP's increased efforts with the private sector. At the same time, WFP has revised its planning approach, equipping country offices with a framework that leads to credible and prioritized humanitarian plans that take into account the ability of others to respond.

#### Focal points:

Mr R. van der Zee Chief Financial Officer Ms W. Bigham Director

email: robert.vanderzee@wfp.org

Corporate Planning, Budgeting and Reporting Service email: wendy.bigham@wfp.org

World Food Programme, Via Cesare Giulio Viola, 68/70, 00148 Rome, Italy

# 1. Update to the MP 2025



# **Outline of the MP 2025 update**



#### 1. Funding context and resourcing assumptions

From USD 8.0B to 6.4B

#### 2. Programmatic context:

- Operational requirements → from USD 16.9B to 19.1B
- Implementation plan → from USD 8.8B to 9.6B

### 3. Programme support and business operations:

- a. Reorganization
- b. PSA cost containment
- c. Status of the PSA Equalization Account

#### 4. Proposed uses of Unearmarked General Fund

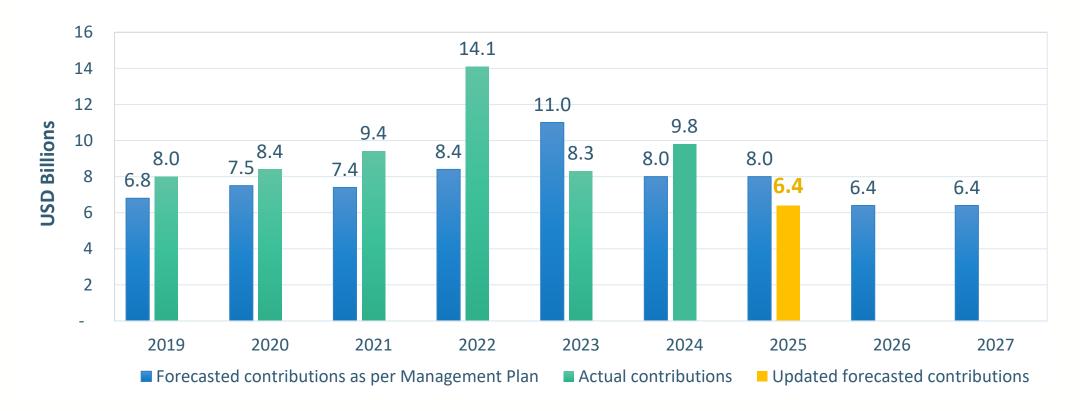
- a. Country Office safety net
- b. Workforce Management
- c. Insurance Captive

## **Funding context**





#### Revised Contribution Forecast for 2025 at USD 6.4 billion

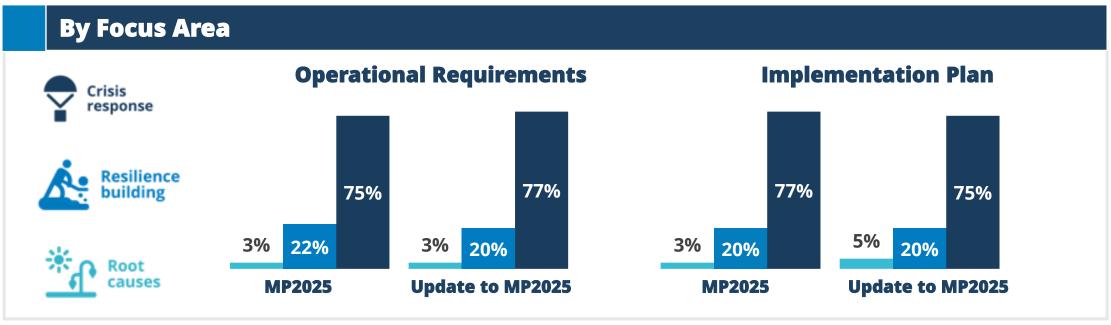


- Contributions from traditional donors are projected to decline significantly.
- ➤ WFP is implementing a comprehensive resourcing approach to **strengthen and diversify** WFP's funding through a revised Resource Mobilization Strategy

# **Updated Programmatic Figures**







➤ The share of **crisis response** under Operational Requirements (77%) and the Implementation Plan (75%) remains within 2 percentage points of the provisional estimates provided in MP2025.

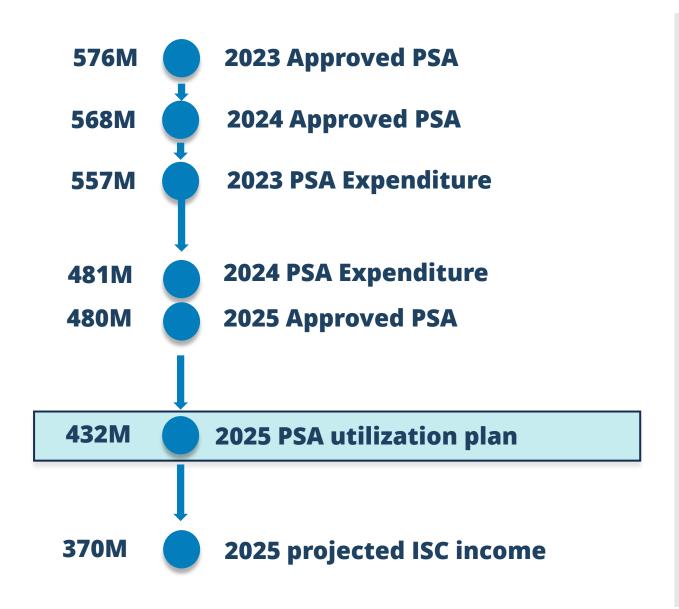
## **Reorganization - phase III**





- Implementation of WFP's One Integrated Global Headquarters model to remove duplication, fragmentation and unnecessary bureaucracy and increase collaboration, efficiency and accountability
- ➤ The new structure will contribute to the 2025 PSA cost savings but the 2025 budget structure will not be modified. The presentation of the 2026 corporate budget will be fully aligned with the functional consolidation.

### 2023 – 2025 PSA Calibration – Transitioning to a lower budget



- > 2025 cost containment measures included:
  - Recruitment pause initiated in October 2023 for Global Headquarters extended globally.
  - Only essential travel permitted, with a focus on virtual delivery of workshops, events, and training.
  - ☐ International gatherings suspended, and any renovations aligned with the Duty of Care Framework.
  - ☐ Procurement of non-essential, non-food items was also suspended.
- Standard position cost rates reviewed and reduced as part of cost-control efforts

# **PSA cost savings**



Cost containment measures implemented across the organization

Departments	Approved PSA	Utilization Plan	% Change
Country offices	60.3	53.5	11%
Regional Bureaux	95.2	86.6	9%
Headquarters	287.4	256.3	11%
Offices of the Executive Director and Chief of Staff	86.0	76.8	11%
Deputy Executive Director and Chief Operating Officer	20.1	18.2	9%
Partnerships and Innovation Department	40.6	36.3	11%
Programme Operations Department	63.8	57.1	10%
Workplace and Management Department	77.0	67.9	12%
Central Appropriations	37.0	35.6	4%
Total	480.0	432.0	10%

# Proposed use of unearmarked General Fund (USD million)



	Original MP 2025	Updated MP 2025	
Balance at 1 January 2025	414.0	480.8	
Projected 2025 earnings	155.0	121.1	
Previously approved 2025 uses*	154.8	154.8	
Proposed new uses for approval		150.0	
Country Office safety net		40.0	
Workforce management		40.0	
Captive insurance replenishment		70.0	
Projected balance at 31 December 2025	414.2	297.1	
Prudent balance	150.0	150.0	

<sup>\*</sup>Replenishment of the Immediate Response Account (USD 75 m), critical corporate initiatives (USD 30.4 million), individual fundraising model (USD 20 m), workforce management (USD 20 m), health insurance fund (USD 7 m), and treasury management (USD 2.4 m)





# **Country Office safety net**

Allocation of **USD 40 million** from the UGF,
to support Country
Offices in adapting to
reduced funding levels

- ✓ Maintain similar level of support provided in 2024 for country offices to adapt to lower resourcing level.
- ✓ Allocations will be based on a prioritization criteria detailed in the MP 2024-2026 with priority for activities that manage workforce reductions, uphold assistance standards, follow assurance norms and target beneficiaries effectively.
- ✓ A main funding source for termination indemnities of country office national employees.





# **Workforce management**

Allocation of **USD 40 million** from the UGF, to for costs related to aligning and stabilizing the international professional and global headquarters general service workforce

- ✓ Aligning staffing plans to resource availability, while ensuring continued capacity and support for critical activities and operations
- ✓ Funding a combination of unassigned staff and termination indemnities (325-400 staff)
- ✓ Any amount not fully utilized in 2025 would carry-forward to 2026





# **Captive insurance replenishment**

Allocation of **USD 70 million** from the UGF,
to replenish WFP's selfinsurance retention
scheme (the Captive)

- ✓ Losses over the past three years are primarily due to conflict events in Sudan, Gaza, Myanmar, Sudan, and Syria.
- ✓ The allocation is needed to ensure the Captive's continued solvency and its ability to support WFP's critical operations in volatile environments.
- ✓ WFP is exploring additional measures such as securing alternative reinsurance arrangements, and reviewing the adequacy of the premium rates

### **Draft decisions**





- ✓ Takes note of the updated contribution forecast at 6.4B
- ✓ **Takes note** of revised operational requirements at **19.1B** and implementation plan at **9.6B**
- ✓ **Takes note** of PSA cost containment measures by up to **10%** of the PSA appropriation
- ✓ Approves the use of the UGF as follows:
  - Country office safety net: USD 40 million allocation
  - Workforce management costs: USD 40 million allocation
  - Insurance Captive replenishment: **USD 70** million allocation
- √ Takes note of the progress of WFP's internal reorganization





# 2. MP 2026-2028



### **MP 2026-2028**

#### **Outline of the document**

- 1 Introduction (internal and external context)
- Funding context
- Programmatic context (operational requirements and provisional implementation plan)
- Programme Support and Business Operations (including PSA, ISC rate, and use of reserves)
- External Audit Recommendations



Executive Board

Second regular session Rome, 13-16 November 2023

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Original: English Resource, financial and budgetary matters

\* Reissued for technical reasons on For approva 3 November 2023

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#### WFP management plan (2024-2026)

#### Executive summary

#### Introduction

The world continues to experience the largest global food and nutrition crisis in recent history, further threatening progress towards the achievement of the Sustainable Development Goals. Because of overlapping conflicts, the climate crisis and economic shocks, up to 783 million people were affected by chronic hunger in 2022 – nearly 17 percent more than in 2019 – and 345 million people are projected to be acutely food-insecure during 2023 in 79 countries where WFP operates.

In 2023 and beyond, global economic recovery is expected to be hampered by the lingering effects of the coronavirus disease 2019 pandemic, ongoing conflict in Ukraine and other countries, low global growth rates and high rates of inflation. International flood prices have remained well above pre-pandemic levels and could face renewed upward pressure following the termination of the Black Sea Grain Initiative. The El Niño event that began in 2023 is expected to continue into early 2024, increasing the risk of floods and drought in many countries.

WFPs strategic plan for 2022-2025 assigns the highest priority to saving lives in emergencies through strengthering WFPs efficiency and effectiveness in meeting urgent food and nutrition needs with optimal speed, assistance modalities, skills, partnerships and people. Where possible, WFP will bolster national and local capability to respond to crises, and improve efficiency and effectiveness through the integration, automation and streamlining of enabling processes. The high-level targets for each of the strategic plan outcomes and seven management results strengthen WFPs ability to measure management performance and provide accountability for results. In 2024, WFP will strengthen its corporate monitoring and assurance mechanisms so that, in an environment with high competition for limited resources, the organization can continue ensuring that optimal assistance is delivered to intended beneficiaries. Prioritzing innovation and partnerships to meet this goal, WFP will maintain collaboration and confidence of its valued donors and partners.

#### Focal points

Assistant Executive Director and Chief Financial

Officer (a.i.) Corporate Planning and Performance Division Management Department email: wendy.bigham@wfp.org

email: laurent.bukera@wfp.org

World Food Programme, Via Cesare Giulio Viola, 68/70, 00148 Rome, Italy

# **PSA planning assumptions for 2026**





- USD 6.4 billion Global Forecast
- ISC income forecasted at USD 365 million, based on a standard ISC rate of 6.5 percent, with exceptions for lower rates as per previous EB decisions
- Proposed 2026 PSA budget will continue WFP's effort to live
   within our means
- In 2026, global inflation projected at 3%

## **Budget Principles for MP 2026-2028**



- ➤ Maintain essential activities to meet governance obligations and to support operations as adjusted to the level of operational activity and size of the organization
- ➤ Efficiency-enhancing and cost-reduction measures to further reduce 2026 PSA in Global Headquarters to prioritize resources for frontline operations
- > Streamline Global Headquarters management structures (including removal of layers) and processes
- Prioritize support capacity closest to our operations
- ➤ Diversify and grow WFP's resource base through innovative funding mechanisms and a revised resources mobilization strategy

# **PSA 2026 presentation (with reorganization)**



Departments	PSA 2025 (% of total)	
Country offices	13%	
Regional bureaux	20%	
Global Headquarters	60%	
Offices of the ED and CoS	18%	
DED and COO	4%	
Partnerships and Innovation Department	8%	
Programme Operations Department	13%	
Workplace and Management Department	16%	
Central Appropriations	8%	
Total	100%	

	SA 2026 (% of total)
	15%
	-
	75%
	%
	%
	%
	%
	%
	10%
•	100%

- Efforts to safeguard Country Offices
- Central appropriations relatively inflexible
- Reductions will need to come from all other organizational units including independent offices

## Towards CRF 2026-2029: A single unified framework for Management Results and Resources

Two frameworks from 2022-2025 will be merged into a single framework.

#### From

#### **Resources: Appropriation lines and pillars**

- 1. Strategy and Direction
  - A. Strategy and Direction
- 2. Services
  - **B.** Business Services
  - C. Policy, Guidance and Quality Assurance
- 3. Governance, Independent Oversight and Fundraising
  - D. Advocacy, Partnerships, Fundraising and UN Coordination
  - E. Governance and Independent Oversight



#### **Management Results**

- 1. Effectiveness in emergencies
- 2. People management
- 3. Engage in effective partnerships
- 4. Effective funding for zero hunger
- 5. Evidence and learning
- 6. Leverage technology
- 7. Leverage innovation

То

#### **APPROPRIATION LINES = MANAGEMENT RESULTS**

Effective Strategy,
Direction and
Management

Efficient and effective business services

Leverage global advocacy for effective funding and partnerships

Governance and independent oversight

## **Proposed Integrated Framework**

### **Management Results and Resources Framework 2026-29**

Management Result and
Appropriation Line 1:
Effective Strategy, Direction and
Management

1.1. Strategic direction and change management

1.2 .Management oversight, <u>assurance</u> and compliance

1.3. Policy development

1.4. Effective risk management

Management Result and
Appropriation Line 2:
Efficient and effective business
services

2.1. Effectiveness in emergency coordination and preparedness

2.2 Effective people management

2.3. Leveraging technology and innovation

2.4. Program operations support guided by <u>evidence</u> and learning

2.5. Administrative and financial services

Management Result and
Appropriation Line 3:
Leverage advocacy for effective
funding and partnerships

3.1. Global <u>advocacy</u>, Communications, and Branding

3.2. Accelerated, diversified, flexible, multi-year <u>funding</u>

3.3. Engage in effective partnerships

Management Result and Appropriation Line 4: Governance and Independent oversight

4.1. Effective engagement with Governing Bodies (Executive Board, FAO, UN ACABQ)

4.2. Audit and Evaluation

### **External Audit Recommendations**

- Revisit budget-related definitions, regulations and rules
- Consolidate budgetary policy, more comprehensive Regulations and Rules
- Reduce length and number of Management Plan decisions

#### Main elements to be revised

- Update Financial regulations Criteria for MP updates, flexibility across appropriations lines, refine based on definitions of WFP budget and programme of work
- New Financial regulations or rules Use of PSAEA and UGF
- Definitions in Financial regulations or rules WFP budget, Programme of work,
   CCIs, central appropriations, thematic funding, standard position cost rates

# Financial Regulations to be updated

**Financial Regulation 9.7**: The Executive Director may make transfers within each of the main appropriation lines of the approved Programme Support and Administrative budget. The Executive Director may also make transfers between appropriation lines up to limits the Board may specifically set.

To address the recommendation of regulations being more comprehensive, and to allow flexibility during implementation as context or assumptions change:

 Proposed addition – ED authority to transfer across appropriation lines up to 5% of the approved appropriation line, unless otherwise agreed by the Board

**Financial Regulation 9.8:** The Executive Director may propose a revision in the Management Plan, including a revised [PSA] budget, for the financial period in a form and manner consistent with the Management Plan.

To address the recommendations of more specific criteria needed for MP revisions and shorter MP decisions:

- Proposed addition is to delegate authority to the ED to:
  - "Increase PSA by up to 25% of the forecast increase in ISC income after any projected deficits are covered"
  - "implement cost savings measures to decrease PSA expenditures by up to 10%"

# Next key dates for the Management Plan process



May 8

**Jul 23** 

Aug 26

Sept 8

**End Sept** 

**Oct 18** 

Oct 27 - 28

**Nov 17** 

















EB informal briefing

1<sup>st</sup> informal consultation

MP "extracts" posted on EB website (in English) 2<sup>nd</sup> informal consultation

Advisory
Committee on
Administrative
& Budgetary
Questions
(ACABQ)

Posting of full MP in all languages on EB website FAO Finance Committee regular session - MP approval



# 3. MP purpose, key concepts and financial framework





# **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
  - and presents Trust Funds and Special Accounts (for visibility purposes)



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 PSA budget 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

<sup>\*</sup>Limited exceptions, approved by the Board.

# Comprehensive budget framework\*



Budget Responsibility **Programme Support and Business Operations Budget** This budget captures all activities managed by global headquarters which includes HQ, RBx, and CO **In-country** representation costs costs **Direct Other services Baseline** costs **Budget** authority **Critical Country Strategic Plans Trust Funds and Special Programme Support and** Corporate (CSPs) **Accounts** Initiatives **Administrative budget (PSA)** (CCIs) **Directed** Source **Funding** Contributions ISC **Contributions / Service** contributions Indirect Support Cost income (ISC) applied General / Service through TF, (through provision to Contributions Fund **Provision** PSAEA) SAs **Approval through Management Plan** Approved by the Executive Board

# **Programme Support and Administrative budget (PSA)**





Indirect Support Cost (ISC) income

Funds

# Programme Support and Administrative budget (PSA)

- The PSA budget provides essential programme and administrative support for WFP's operations
- Covers mainly recurring costs of global HQ and basic representational costs of COs



## **Funding sources: PSAEA and UGF**





Difference between ISC income and PSA goes to





#### **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:
  - Strengthening WFP's reserves, e.g. IRA, Critical corporate initiatives (CCIs),
     Thematic support funds



#### **Unearmarked portion of the General Fund**

- Main source of income is **investment income** on cash balances and **foreign exchange income**
- Has been used to fund strategic investments that strengthen WFP's capacities, resourcing, and financing mechanisms. (E.g, WINGS, IRA, funding for EDMF and CLTF, private sector strategy and CCIs.