

Briefing on the Management Plan MP 2026-2028

23 May 2025

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

Resource, financial and budgetary matters

Second regular session Rome, 13-16 November 2023

tribution: General Agenda item 5

Date: 13 October 2023 WFP/EB.2/2023/5-A/1*

Original: English

* Reissued for technical reasons on

For approval

WFP management plan (2024-2026)

Executive summary

Introduction

3 November 2023

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 food 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 sasigns 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 brought he integration, automation and streamlning 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. Prioritizing innovation and partnerships to meet this goal, WFP will maintain collaboration and confidence of its valued donors and partners.

Focal points

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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%

PSA 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

To

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 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. Risk management

Management Result and
Appropriation Line 2:
Efficient, effective and evidence
based business services

- 2.1. Emergency coordination and preparedness
 - 2.2 <u>People</u> management and duty of care
 - 2.3. Leveraging innovation and technology
 - 2.4. Programme operations support
- 2.5. Administrative and financial services

2.6. Supply Chain 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 23

Jul 23

Aug 26

Sept 8

End Sept

Oct 18

Oct 27 - 28

Nov 17

















EB informal briefing

1st informal consultation

MP "extracts" posted on EB website (in English) 2nd 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



Additional slides for background

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

^{*}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.