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WFP Management Plan (2020–2022)

Executive summary

Globally, 822 million people were chronically undernourished in 2018, an increase from 812 million in 2017. Conflict and insecurity have remained the main drivers of food insecurity. In 2018, more than 113 million people in 53 countries experienced acute hunger requiring urgent food, nutrition and livelihood assistance; two thirds of these people were in areas affected by conflict or insecurity. Climate-related and other natural disasters also push people into acute food insecurity. As the world's leading humanitarian organization, with unparalleled operational presence in the field and ability to reach the people who are "furthest behind", WFP has a unique and critical role in enabling and supporting the broader humanitarian system in saving lives while also addressing the root causes of hunger and crises.

With needs continuing to outpace resources, WFP has to prioritize the saving of lives, which limits its ability to contribute to achievement of the Sustainable Development Goals through the changing of lives. This results in missed opportunities, particularly in protracted crises, where humanitarian assistance meets short-term needs but does not help families to move towards self-reliance. However, the aspirations of the ongoing United Nations reform require WFP to leverage its operational presence and experience in order to contribute significantly to collective outcomes on the humanitarian, development and peace agendas by not only meeting current needs but also reducing and preventing future needs.

The WFP Management Plan (2020–2022) details the operational requirements for the strategic and programmatic shifts at the country and corporate levels that are set out in the WFP Strategic Plan (2017–2021) and defines requirements for addressing the growing challenges in increasingly

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complex, protracted and expensive humanitarian crises. In 2019, WFP has responded to 18 Level 2 and Level 3 corporate emergencies – the most it has ever faced at one time. The global trend in increasing humanitarian crises is reflected in increased operational requirements of USD 10.6 billion in 2020, 8 percent more than in 2019. In 2020, WFP projects will directly reach 87.6 million beneficiaries, an increase of 11 percent compared with the planning figure for 2019.

A forecasted funding gap of USD 3.1 billion (29 percent) in 2020 will, however, limit WFP's ability to assist affected people, requiring it to undertake difficult prioritization exercises – in compliance with donors' funding restrictions – in order to target the most vulnerable people. The funding gap will lead to disproportionate reductions of between 35 and 50 percent in programmes that focus on development gains, resulting in missed opportunities to reduce and prevent future humanitarian needs. It is therefore critical that WFP employ its resources effectively to address immediate humanitarian needs such as the consequences of conflict and climate change, while also emphasizing, whenever feasible, the urgent need for long-term solutions that foster resilient livelihoods and contribute to peace.

The management plan (2020–2022) sets out the core resource allocations in the programme support and administrative (PSA) budget and the non-recurring investments to be funded from the PSA equalization account. These proposals demonstrate WFP's commitment to delivering effective leadership in emergencies and programme excellence that contribute to progress towards the Sustainable Development Goals.

WFP operational requirements

Complex emergencies combined with conflict, large-scale displacements of people, high prevalence of undernutrition and food shortages and fragile or failing economic, political and social institutions continue to challenge WFP and the international community. WFP is currently supporting six Level 3 emergency responses in the Democratic Republic of the Congo, Mozambique, northern Nigeria, South Sudan, the Syrian Arab Republic and Yemen, and an additional 12 operations are classified as Level 2 emergency responses. These 18 responses account for approximately two thirds of WFP's estimated total operational requirements of USD 10.6 billion for 2020.

WFP's ability to respond to emergencies is reflected in its crisis response requirements of USD 7.8 billion, which account for 74 percent of overall requirements. Throughout the management plan, leadership in emergencies and programme excellence are highlighted and the link to the humanitarian–development–peace nexus is key. While responding to emergencies, WFP invests in efforts to reduce and prevent humanitarian need in the medium and long terms through resilience building, which accounts for 21 percent of overall requirements, and work in the root causes focus area, which accounts for 5 percent.

In terms of transfer modalities, in-kind food transfers account for the largest portion of projected WFP assistance in 2020 (47 percent). Cash-based transfers, the second largest transfer modality to be used by WFP in 2020, account for 37 percent of total assistance, and reflect WFP's position as the largest user of cash programming among humanitarian agencies. Commodity vouchers have also increased in importance since 2019, accounting for 4 percent of total transfer costs in 2020, while capacity strengthening transfers, now used in 84 countries, account for 6 percent of total planned transfers.

In order to reduce its funding gap and attract more attention to activities aimed at building community-level resilience while addressing the underlying causes of individuals' inability to support themselves and their families, WFP will continue its efforts to broaden its funding base and engage with donors on the benefits of flexible and predictable funding.

2020 programme support and administrative budget

The PSA budget provides indirect support to WFP's activities. The Executive Board's approval of the proposed PSA appropriation provides the Executive Director with authority to spend. The PSA budget proposal for 2020 has been prepared taking account of projected income from indirect support costs arising from the forecasted contribution revenue for 2020.

The projected contribution revenue for 2020 is USD 7.45 billion, representing a 10 percent increase on the 2019 projected contribution revenue of USD 6.8 billion in the management plan (2019–2021). The projection is based on donor positions and trends in donor contributions reconciled with local funding projections in each of WFP's country offices. The analysis takes into account information on efforts to expand the donor base including by encouraging more contributions from host governments and international financial institutions and more multi year contributions. ISC income for 2020 is expected to be USD 446 million. This figure is a product of the projected contribution revenue and the headline ISC recovery rate, which the Secretariat proposes to maintain at 6.5 percent for 2020.

The Secretariat proposes a 2020 PSA budget of USD 423.6 million, an increase of USD 38.5 million or 10 percent over the PSA budget of USD 385.1 million for 2019. The increase has the aim of ensuring adequate support for WFP's growing operational activity, the maintenance of WFP's operational effectiveness and efficiency and strengthened independent oversight.

The PSA budget proposals are aimed at augmenting recurring resources in support of WFP's six corporate priorities: leadership in emergencies, excellence in programming, funding and partnerships for zero hunger, digital transformation, simplification and efficiency in WFP processes, and people and culture. The bulk of the additional PSA budget (USD 29.5 million) is allocated to these areas. Additional resources (USD 8.7 million) are also being provided to address clearly identified critical areas in independent oversight, including anti-fraud and anti-corruption initiatives and targeted implementation of internal controls at the regional and country levels. The balance of additional PSA funding (USD 3.5 million) is required for areas of known structural deficits (headquarters facilities management, security and the Executive Board Secretariat), where funding from any other source is not feasible or appropriate.

Departments continue their efforts to reprioritize the disposition of the PSA budget while considering the observations made by oversight bodies and the Board. For example, the Emergencies Division now prioritizes early warning, early action and response based on integrated risk analysis, improved tools and systems for operational planning and enhanced surge capacity, focusing on the next generation of emergency responders.

Bottom-up strategic budget

Despite the significant increase in PSA resources in 2019 and the proposed PSA budget for 2020, some areas require additional resources that could not be provided from the 2020 PSA budget. Accordingly, a detailed review of the PSA budget through a bottom-up strategic budgeting exercise will be undertaken, with the results of the exercise informing the PSA budget to be included in the management plan (2021–2023). This exercise will require each organizational unit at headquarters and each regional bureau to describe and justify all of its expenses, irrespective of funding sources. Such a review will allow WFP to build the PSA budget from the bottom up, generating a PSA budget that is aligned to the support requirements for WFP's activities.

Critical corporate initiatives funded from the PSA equalization account

In 2015, the Board endorsed the use of the PSA equalization account for critical corporate initiatives, which are non-recurring investments "to strengthen WFP's programming, operational and administrative capacity".¹ A healthy balance in the account has been built up as a result of

¹ WFP/EB.2/2018/6-A/1/Rev.1.

several years of increases in contribution revenue coupled with the setting of prudent PSA budgets below the levels of ISC income generated from contributions. This healthy balance will be utilized in the first instance to provide USD 22.5 million to the Immediate Response Account – WFP's primary source of immediate funding for mitigating pipeline breaks in life-threatening situations or for rapid responses to sudden-onset emergencies. The transfer will supplement direct contributions from donors and help address recurring shortfalls in resourcing.

The Secretariat is also proposing a 2020 investment of USD 39.7 million in five critical corporate initiatives. Two of the initiatives are continuations of critical corporate initiatives approved in 2019; the other three are new. The following table shows how the USD 39.7 million will be apportioned.

PROPOSED CRITICAL CORPORATE INITIATIVES		
Title	USD million	Timeframe
<i>Continuation of 2019 critical corporate initiatives</i>		
Systems integration and IT-enabled efficiencies	11.0	1 year
United Nations reform	8.1	2 years
<i>New critical corporate initiatives for 2020</i>		
Programme and partnership support initiative	2.5	2 years
Private sector strategy	13.1	1 year*
Workplace culture and ethical climate	5.0	1 year
Total	39.7	

* USD 22.2 million to be considered in year 2.

The systems integration and IT-enabled efficiencies initiative (USD 11 million) will support continued enhancement of WFP's ability to use corporate data through the building of a robust foundation for the integration of data from various corporate systems, allowing new features to be included in the WFP dashboard for management and the country strategic plan portal for Member States. WFP will also continue to catalogue its global services through a standardized service management tool that increases the speed and quality of service delivery. To deliver simplified and efficient core functional processes, more forms will be automated in order to eliminate manual entry.

The United Nations reform initiative (USD 8.1 million) will continue the work started in 2019. The overall aim of this initiative is to ensure that WFP offices in all locations have the capacity to prepare for and support the Secretary-General's reform of the United Nations development system. In 2020–2021, the investment will include support for programmatic reforms, such as the roll out of new United Nations development cooperation frameworks. It will also be used for the design and piloting of business innovations, providing support, as needed, to the United Nations Development Coordination Office for the implementation and roll out of piloted activities and systems in 2021. WFP will continue to co-lead the business innovation group and contribute to the development of processes, tools and platforms that will enable the United Nations development system to gather and report on system-wide collective results achieved.

The programme and partnership support initiative (USD 2.5 million) will use the proposed funding allocation to address gaps at country-level project design in order to improve access to a broad range of funding streams. Such support will facilitate the alignment of long-term objectives with global strategic initiatives, including through the mobilization of domestic resources and multi-sector investments. It will also facilitate stronger linkages at the humanitarian–development–peace nexus and demonstrate the expertise and leadership of the Rome-based agencies, and of selected partners, in core thematic areas at the nexus.

The private sector strategy initiative (USD 13.1 million) is a proposal for the first phase of start-up funding for the scale up of fundraising from private individuals. According to the 2015 definition of critical corporate initiatives, funding can be used only for non-recurring costs such as one-off technical items (e.g. technical improvements).

Workplace culture and ethical climate (USD 5.0 million)

Pending the completion of the analysis, recommendations and action plan with a Joint Working Group of board members and management, this critical corporate initiative will provide a budgetary envelope of USD 5 million for 2020 to accelerate actions aimed at strengthening workplace culture and reinforcing behavioural standards.

Review of the indirect support cost rate

Recognizing a renewed interest in discussing whether to introduce further flexibility in setting ISC rates for certain types of contributions, the Secretariat is preparing a separate workstream for the Board's engagement in 2020. The workstream will start with a framing of the issue through the Board's consideration of a small number of questions of principle presented by the Secretariat.

Trust funds and special accounts

Trust funds at the headquarters and regional bureau levels provide funding for enhancing WFP's institutional capacity and effectiveness. Trust fund expenditure of USD 72.7 million is planned for 2020 (versus USD 108.5 million planned for 2019). The areas covered include government capacity strengthening, nutrition, climate change and disaster risk reduction, food security, innovation (the Innovation Accelerator), emergency preparedness and response, and supply chains.

Special accounts enable WFP to finance its management of corporate services, provide business services, and support activities that do not fall within a country strategic plan.

The corporate services financing mechanism established by WFP in 2014 provides services through three mechanisms: the Capital Budgeting Facility, the Fleet Centre (formerly the Global Vehicle Leasing Programme) and fee-for-service activities. The overall ceiling of USD 82 million for corporate services will be retained for 2020.

The ceiling for the Capital Budgeting Facility is USD 47 million, of which approximately USD 43 million is available for allocation by the Strategic Resource Allocation Committee for areas such as investments in field premises and headquarters improvements. Given that recurring and staff costs related to activities for increasing fundraising from individuals cannot be funded from the private sector strategy critical corporate initiative, the implementation plan for the private sector fundraising and partnerships strategy, if approved, will require an initial loan of USD 3.9 million from the Capital Budgeting Facility. In particular, this will affect costs associated with the ShareTheMeal app, which has so far been entirely funded by extra-budgetary resources. Bringing ShareTheMeal into the overall funding framework for WFP's work in increasing fundraising from individuals will enable a cohesive and coherent approach to engagement with all potential WFP supporters.

Other special accounts provide support services for WFP and its partners. Principal among these special accounts are those for the United Nations Humanitarian Response Depot network and for aviation and logistics services. For 2020, the estimated volume of transactions in special accounts other than the corporate services mechanism is USD 230.5 million.

Draft decision*

Having considered WFP's Management Plan (2020–2022) (WFP/EB.2/2019/5-A/1), the Board:

- i. notes that the 2020 programme support and administrative appropriation assumes a funding level of USD 7.45 billion in 2020;
- ii. takes note of the projected operational requirements of USD 10.6 billion for 2020, as outlined in section III of the management plan (2020–2022);
- iii. approves a 2020 programme support and administrative appropriation of USD 423.6 million, to be allocated as follows:

strategy and direction	USD 71.0 million
services to operations	USD 237.0 million
governance, independent oversight and fundraising	USD 115.6 million
Total	USD 423.6 million
- iv. approves the following uses of the programme support and administrative equalization account:
 - a transfer of USD 22.5 million to the immediate response account reserve; and
 - allocation of USD 39.7 million for critical corporate initiatives
- v. approves a standard indirect support cost recovery rate of 6.5 percent for 2020 for all contributions except for governments' contributions to programmes in their own countries and contributions made by developing countries or countries with economies in transition, as determined by the Executive Board, for which an indirect support cost recovery rate of 4 percent shall apply in 2020;
- vi. approves a ceiling of USD 82 million for corporate services advances from 2020 and looks forward to reviewing this as part of future management plans; and
- vii. authorizes the Executive Director to adjust the programme support and administrative component of the budget in accordance with a change in the level of the forecasted income for the year, at a rate not to exceed 2 percent of the anticipated change in income.

* 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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Section I: Introduction

Reader's guide

1. The management plan (2020–2022) presents summary details of WFP's planned programmes for this period and the budgetary support required to implement them in 2020. The figures it shows include projected needs and forecasts of the resources available to meet those needs. The programme support and administrative (PSA) budget provides the core funding required to support the implementation of the global programme.
2. The executive summary and draft decision and the introductions to each section explain the logic of the management plan. The body of each section contains more details.

Structure of the document

3. The management plan (2020–2022) comprises an executive summary, draft decisions, six sections and annexes:
 - *Section I: Introduction.* This section outlines the global economic and political context as well as WFP's positioning and the organizational context for its management plan.
 - *Section II: Funding context and resourcing assumptions.* This section provides details on the projected levels of resources for 2019 and 2020, with insights into projections for the second and third years of the management plan (2020–2022).
 - *Section III: Operational requirements for 2020.* This section provides an overview of the operational requirements for 2020. These planning figures are taken directly from the budget planning tool. The gap between the total operational requirements expressed by WFP's country offices and the global forecast of resources available to meet these requirements is reviewed in this section. Details of implementation plans, which were included in previous management plans, will be available on the management plan website in the fourth quarter of 2019. The data will also be available on the country strategic plan (CSP) data portal.
 - *Section IV: Programme support and administrative budget.* This section presents the proposed PSA budget for 2020. The PSA budget is presented in terms of the appropriation lines approved by the Executive Board in 2018 and by results pillar.
 - *Section V: Management performance measurement.* This section presents the standards for management performance and the performance measures for corporate priorities set in the corporate results framework. Tables of management key

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