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WFP Management Plan (2019–2021)

Executive summary

In 2017, world hunger increased for the third consecutive year. The number of undernourished people in 2017, estimated at 821 million or close to 11 percent of the world's population, was the highest for nearly ten years. Increasing instability and large-scale conflict, the consequences of climate change and extreme weather events, large-scale migration resulting from conflict and an economic slowdown are all contributing to the worsening situation.

As the world's leading emergency response organization, WFP has an essential role in a world of growing instability. However, the complexity of its operations and the unprecedented number of declared WFP emergencies, coupled with significant resource constraints, – despite attaining record levels of funding – can prevent WFP from reaching the people most in need.

It is therefore critical that resources be employed effectively, to efficiently reach the largest possible number of beneficiaries. To realize the vision articulated in the WFP Strategic Plan (2017–2021) and contribute to the achievement of the goals of the 2030 Agenda for Sustainable Development, WFP must save lives and change lives by implementing the transformative programmes that are incorporated in the Integrated Road Map framework.

The Management Plan (2019–2021) sets out the core resource allocations in the programme support and administrative (PSA) budget. It renews WFP's focus on leadership in emergencies and programme excellence, underpinned by a workforce that must be equipped to deliver transformative country strategic plans at the humanitarian-development-peace nexus. The Management Plan (2019–2021) addresses the need for completing the rollout of the Integrated Road Map and increasing investments in oversight for improved learning and greater

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assurance to stakeholders regarding WFP's stewardship of resources. Investments in technology will assist in making every dollar resourced go further in support of the people served by WFP, ensuring that WFP leverages digitization as an enabler for transforming its approach to food assistance.

Needs and the WFP implementation plan

WFP's operational requirements for 2019 amount to USD 9.8 billion, a 9 percent increase from 2018. The three largest operations – in the Syrian Arab Republic and the Syrian region, Yemen and South Sudan – account for 50 percent of total operational requirements.

WFP faces an unprecedented number of declared WFP emergencies, with seven Level 3 emergencies in Bangladesh, the Democratic Republic of the Congo, northeastern Nigeria, the Sahel region, South Sudan, the Syrian Arab Republic (and neighbouring countries) and Yemen.

Although requirements for crisis response remain on a par with those in previous years, resilience building activities have almost doubled, from nearly 16 percent of the 2018 implementation plan to 29 percent in 2019. This reflects the current high levels of need and a shift to the resilience building focus area for the large-scale operation for refugees in Turkey, in accordance with WFP's country strategic plan (CSP) for Turkey. Requirements for the root causes focus area account for 6 percent of the implementation plan, down from 10 percent in 2018.

In-kind food is the main transfer modality for 2019, accounting for 48 percent of total transfer costs in the implementation plan. Cash-based transfers account for 40 percent of the implementation plan. Commodity vouchers will account for 1 percent of total transfer costs. The capacity strengthening modality accounts for 5 percent of total transfer costs, and service delivery for 6 percent. Capacity strengthening is expected to be implemented in 79 of the 82 countries where WFP operates, while service delivery will be implemented in 34.

Despite the 9 percent increase in operational requirements compared with 2018, the global gap between operational requirements and the implementation plan has decreased from 35 percent in 2018 to 34 percent in 2019, with an expectation that this gap will reduce further to 31 percent as additional contributions revenue already forecast at the global level is allocated to country plans. In order to reduce this gap further, WFP will continue its efforts to broaden its funding base and is engaging in a variety of approaches for increasing the resources available, including the provision of incentives for alternative funding and financing of WFP operations, re-establishment of the emerging donor matching fund, further development and marketing of the ShareTheMeal mobile application and engagement with donors on the benefits of flexible and predictable funding.

2019 programme support and administrative budget

The PSA budget covers the indirect costs of delivering on WFP's implementation plan. The PSA budget proposal for 2019 has been prepared on the basis of the expected indirect support cost (ISC) income generated from the forecasted contribution revenue for 2019. The Secretariat proposes that the ISC recovery rate be maintained at 6.5 percent in 2019.

Projected contribution revenue for 2019 of USD 6.8 billion is based on analyses of the policies and strategic interests of donors and of past funding trends, which has been reconciled with local funding projections from each country. Although lower than the 2018 projected contribution revenue of USD 7.2 billion, the figure for 2019 represents a 30.8 percent increase over projected revenue for 2017 in the Management Plan (2017–2019).

The ISC income for 2019 is expected to be USD 409.0 million and is derived from the projected contribution revenue and the ISC recovery rate. The Secretariat proposes a 2019 PSA budget of USD 385.1 million. This is an increase of USD 49.7 million or 14.9 percent over the PSA budget of USD 335.4 million for both 2017 and 2018.

Given the recent, favourable actual and projected income levels, the Secretariat is increasing the PSA budget in order to ensure adequate support for WFP's growing operational activity and the maintenance of its operational effectiveness and efficiency. Proposals are put forward for the use of PSA resources for additional investments in critical areas such as independent oversight, cybersecurity and internal controls, including those relating to anti-fraud and anti-corruption initiatives. Proposals for the strengthening of school feeding capacity and emergency surge capacity are also included.

In calculating their individual departmental budgets, departments have continued their efforts to reprioritize the disposition of the PSA budget. For example, the Supply Chain Division is giving greater priority to logistics support in the field and goods and services procurement, while the Resource Management Department has increased investments in innovation and staff welfare through the de-prioritization of transactional work.

The Secretariat has also doubled its financial support for the resident coordinator system to USD 3.0 million, in accordance with the proposals set out in the Secretary-General's report on repositioning of the United Nations development system in order to deliver on the 2030 Agenda.

Critical corporate initiatives funded from the PSA equalization account

In 2015, the Executive Board endorsed the use of the PSA equalization account for critical corporate initiatives. The healthy balance in the account arises from successive years of growth in contribution revenue and the development of PSA budgets aimed at ensuring that WFP "lives within its means". It provides an opportunity for WFP to make further investments in strengthening its ways of working, its people and its systems.

The Secretariat proposes an investment of USD 69.3 million for six critical corporate initiatives. Four of the initiatives will be funded for two years and the other two for one year. The following table shows how the USD 69.3 million will be apportioned.

Name	Amount (USD million)	Timeframe (years)
Integrated Road Map	10	1
Workforce 2020	11.1	2
WFP 2030 Fund	15	2
United Nations reform	8.2	2
Cash and the digital platform	20	2
Systems integration and IT-enabled efficiencies	5	1
Total	69.3	

The Integrated Road Map (USD 10 million) initiative will ensure the successful transition of the remaining 11 country offices to the IRM framework in early 2019 by maintaining capacity for the regional bureaux and affected headquarters divisions providing country office support. In 2019, a significantly smaller central IRM team will continue to provide overall coordination, carry out simplifications and enhancements of the IRM framework, and finalize the permanent delegations of authority to be presented for approval at the Board's 2020 first regular session. All substantive responsibilities under the Integrated Road Map framework will be mainstreamed into the relevant units during 2019.

Workforce 2020 (USD 11.1 million) is aimed at ensuring that WFP's workforce is appropriately managed and has the capabilities for leading and delivering on its corporate and country strategic plans. The initiative will help WFP to anticipate future workforce needs for each

function, build functional capabilities and surge capacity, support cross-cutting skills development, and expand its learning technology infrastructure in order to deliver a holistic information technology (IT) platform for workforce development. These coordinated activities will lay the foundation for an integrated capacity development approach.

The WFP 2030 Fund (USD 15 million) will finance actions that bridge the gap between WFP's previous and its new ways of working with a view to positioning WFP so that it can deliver transformative CSPs that address the findings of countries' comprehensive zero hunger strategic reviews. The fund will strengthen the ability of selected country offices to operationalize the CSPs through new initiatives and adapted working modalities.

The United Nations reform initiative (USD 8.2 million) will ensure that WFP has the capacity to prepare for and support the Secretary-General's reform of the United Nations development system. In 2019 and 2020, the investment will be directed to three main objectives: ensuring that WFP has adequate capacity to prepare for and respond to the requirements of the reform; supporting WFP's role as co-lead of the business innovation group, which will focus on developing common enabling services and common premises across the United Nations with associated cost savings; and contributing to the development of processes, tools and platforms that will enable the United Nations development system to gather and report on the system-wide collective results achieved.

Under this initiative, WFP is committed to providing surge capacity to its New York office, the United Nations development system reform transition team based in New York and the inter-agency project team that was established to support the business innovations group.

The cash and the digital platform critical corporate initiative (CCI) (USD 20 million) will leverage data and technology in order to enhance knowledge and improve the delivery of assistance to people in need.

A digital ecosystem will be created from a combination of systems that have been internally built, purchased by WFP or provided through partnerships. The investment will be used to fund the completion and testing of the core elements of a digital system for cash-based transfers and to create a platform that enables cost-efficient and cost-effective programmes, irrespective of the transfer modality used.

Systems integration and IT-enabled efficiencies (USD 5 million) will launch investment in a platform that integrates existing and new systems. Investing in the integration of corporate systems will first require identification of the challenges to and gaps in existing system alignment. Subsequent work on the development of tools, such as the incorporation of data analytics and the strengthening of linkages between resources and results, will enhance the transparency of the data provided to Member States via the CSP Data Portal and the presentation of management insights via the WFP management dashboard. In 2019, WFP will also continue to deliver simplified and automated core functional processes with a view to improving the efficiency of its operations. Actions in this area include the rollout of a global service management tool for business support functions, increased automation of data flows among systems in order to eliminate the need for manual entry, and an assessment of the feasibility of using process automation technologies for simplifying repetitive tasks.

Use of the General Fund

A report by the Inspector General included a recommendation for increasing staffing levels in the Treasury Branch in order to meet the growing demand for treasury services that arises from having larger volumes of cash and investments and increased business complexity. Interest income from investments is credited to the General Fund. The Secretariat proposes to increase the annual allocation from the General Fund for support to the Treasury Branch to USD 1.55 million.

Review of the full cost recovery principle

Since 2017, the Secretariat has been reviewing WFP's policies for full cost recovery and ISC rates. Based on inputs provided during informal consultations with the Board in 2018 on implementation of the Integrated Road Map (IRM), the standard ISC rate of 6.5 percent will be applied to the vast majority of contributions. In addition, it is proposed that a reduced ISC rate of 4 percent be applied to contributions of two types: those that governments make to WFP programmes in their own countries; and those made by developing countries or countries with economies in transition.

Contributions made by host governments require less support from headquarters and regional bureaux than other contributions so the proposed reduced ISC rate satisfies the requirements for full cost recovery. The application of a reduced rate reflects the integration of country-level trust funds into the IRM framework and underscores the importance of host governments' engagement in and national ownership of CSP implementation.

Contributions made by developing countries or countries with economies in transition incur similar administrative costs to those of regular contributions. A new clause in General Rule XIII.4 will allow a reduced ISC rate to be applied to these contributions.

Corporate trust funds and special accounts

Trust funds are contributions that support WFP's objectives but whose purpose, scope and reporting requirements are outside WFP's regular operational programmes. Corporate trust funds at the headquarters and regional bureau levels support the enhancement of WFP's institutional capacity and effectiveness in areas such as climate change, emergency preparedness and response, food security, government capacity strengthening, nutrition and supply chain. Corporate trust fund expenditure of USD 108.5 million is planned for 2019.

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

WFP established the corporate services financing mechanism in 2014 to provide services economically and efficiently through three types of financing: the Capital Budgeting Facility (CBF), the Global Vehicle Leasing Programme and fee-for-service activities. All three are managed through special accounts, and the overall ceiling of USD 82 million will be retained for 2019.

The ceiling for the CBF is USD 47 million, of which USD 20 million has been used to support implementation of the Logistics Execution Support System (LESS). It is projected that the CBF advance for LESS will be fully repaid by the end of 2018. Based on the successful experience of using the CBF for the LESS pilot scheme, and the noted long-term efficiency gains, the Secretariat is considering other options for using this financing facility.

Outside the corporate services financing mechanism, other special accounts provide support services for WFP and its partners. The estimated volume of transactions in these special accounts for 2019 is USD 151 million.

Draft decision*

Having considered WFP's Management Plan (2019–2021) (WFP/EB.2/2018/6-A/1/Rev.1), the Board:

- i. notes that the 2019 programme support and administrative appropriation assumes a funding level of USD 6.8 billion in 2019;
- ii. takes note of the projected operational requirements of USD 9.8 billion for 2019 and the prioritization proposals to align the activities of WFP with anticipated funding, as outlined in section III of the Management Plan (2019–2021);
- iii. approves a 2019 programme support and administrative appropriation of USD 385.1 million, to be allocated as follows:

strategy and direction	USD 58.4 million
services to operations	USD 218.7 million
governance, independent oversight and fundraising	USD 108.0 million
Total	USD 385.1 million
- iv. approves the allocation of USD 69.3 million from the programme support and administrative equalization account for critical corporate initiatives;
- v. approves a standard indirect support cost recovery rate of 6.5 percent for 2019 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 in 2019 shall apply;
- vi. approves use of the General Fund to charge investment management costs up to USD 1.55 million per annum from interest income accrued to the General Fund;
- vii. approves a ceiling of USD 82 million for corporate services advances from 2019 and looks forward to reviewing this as part of future management plans; and
- viii. 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 (2019–2021) presents a summary of WFP's planned programmes for the period based on the expected requirements, the resources it aims to raise and the resources it expects to have available. The plan is intended for internal and external oversight and accountability purposes but is not replacing the total needs' plan of all beneficiaries, that WFP will continue to advocate for and which will remain the basis for country office programme design.
2. The executive summary, draft decision and introduction to each section explain the flow and logic of the plan. The body of each section contains the detailed provisions.

Structure of the document

3. The Management Plan (2019–2021) comprises an executive summary, draft decisions, six sections and a number of annexes:
 - *Section I: Introduction.* This section contains a discussion of the global economic and political context for WFP's management proposals.
 - *Section II: Funding context and resourcing assumptions.* This section provides details of the resourcing assumptions underlying projections of the level of resources expected to be received during 2019.
 - *Section III: Operational requirements and implementation plan for 2019.* The presentation of information in this section follows the structure of the approved Strategic Plan (2017–2021) and the Corporate Results Framework (CRF) (2017–2021). The section contains an overview of operational requirements, the implementation plan for 2019 that is a consolidation of the individual country-level implementation plans prepared by country offices on the basis of their individual funding projections, which are in turn the result of detailed discussions with donors. Information continues to be drawn from the different country planning instruments foreseen in the Integrated Road Map, which are country strategic plans (CSPs), interim country strategic plans (ICSPs) and transitional ICSPs (T-ICSPs). More details are available in the CSP data portal, the website platform where Member States have access to programme, financial and performance-related information.
 - *Section IV: Programme support and administrative budget.* This section presents the proposed 2019 programme support and administrative (PSA) budget, which is set below the forecast level of indirect support cost (ISC) income for 2019. The section also

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