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برنامج الأغذية العالمي

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## WFP management plan (2023–2025)

### Executive summary

Globally, progress towards achieving Sustainable Development Goal 2 on zero hunger has faltered. Since the outbreak of the coronavirus disease 2019 (COVID-19) pandemic in 2020, the number of people affected by chronic and acute hunger has grown substantially: in 82 countries where WFP operates, up to 345 million people are estimated to be acutely food insecure in 2022. This crisis is being exacerbated by the effects of climate change, the conflict in Ukraine, record food and fuel prices, and ongoing disruption of supply chains. Acute food insecurity has worsened in recent years. As many countries struggle with dangerous debt burdens, a significant slowdown in economic growth and the highest level of inflation in almost four decades, households are experiencing the greatest global cost of living crisis in a generation. Currently, 1.2 billion people reside in countries that are vulnerable to high food and energy prices and financial distress.

Violent conflict and insecurity remain the main drivers of food insecurity for seven out of ten acutely hungry people. The estimated number of people forced to flee their homes because of conflict, violence, fear of persecution or human rights violations reached a record 89.3 million at the end of 2021. Half of the population of Afghanistan and more than half of the population of Yemen faces acute hunger. The accelerating climate crisis has damaged the systems by which food is produced, processed, and delivered to people's tables, and in 2021 it triggered 22.3 million internal displacements. There are indications that a third consecutive La Niña event may extend to mid-2023. Catastrophic floods have affected Pakistan. Meanwhile, it is likely that Somalia, eastern Kenya and southeastern Ethiopia will endure a fifth consecutive drought season and may face severe and chronic food insecurity in late 2022 and beyond.

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The new WFP strategic plan and corporate results framework, covering 2022–2025, assign highest priority to saving lives in emergencies by strengthening WFP's efficiency and effectiveness in meeting urgent food and nutrition needs with optimal speed, assistance modalities, skills, partnerships and people. Where possible, WFP will seek to expand national and local capability to respond to crises and use crisis response as an opportunity to change lives by building the resilience of households and communities. The high-level targets for each of the strategic plan outcomes and seven management results strengthen WFP's ability to measure management performance and provide accountability for results.

## **WFP operational requirements and provisional implementation plan**

WFP's projected operational requirements for 2023 are estimated at USD 19.7 billion, a 41 percent increase compared with the initial estimate in the management plan for 2022. This increase reflects the rising humanitarian need and WFP's capacity to respond to unprecedented growth in worldwide hunger and malnutrition caused by conflict, the climate crisis, economic shocks and the COVID-19 pandemic. WFP plans to reach 150 million people through 86 operations in 2023, 21 percent more people than under the previous management plan.

Following record contribution revenue of USD 9.6 billion in 2021, WFP expects to receive more than USD 11 billion in 2022 and the same amount in 2023. This global contribution forecast is based on extensive trend analysis, systematic engagement with and unprecedented response from government donors and recent achievements in expanding and diversifying the WFP donor base.

Nonetheless, resource requirements are expected to outpace increases in funding; WFP will therefore increase its advocacy and fundraising activities by leveraging its strong partnerships with donors, seeking more flexible funding and adapting its partnership approaches. To diversify funding, the organization will further enhance partnerships with national governments, international financial institutions, the private sector and thematic and multilateral funds. In addition, anticipatory action, including forecast-based financing, will be promoted to optimize the efficient and effective use of financial resources.

Crisis response will continue to account for the largest share of total requirements in 2023 (78 percent), reflecting the priority of saving lives in emergencies. Resilience building will account for 19 percent and root causes for 3 percent.

The projected 45 percent increase in total transfer costs in 2023 is driven more by the increase in cash-based transfers than the increase in in-kind food assistance. While smaller in terms of dollar value, the 35 percent increase in capacity strengthening transfers reflects a growing demand for WFP's capacity strengthening activities for individuals, communities and governments and its focus on contributing to sustainable solutions.

The provisional WFP implementation plan for 2023 of USD 12 billion derives from the global contribution forecast for 2023, the estimated net use of carry-over contribution balances and projected on-demand service provision revenue. This figure constitutes 61 percent of the USD 19.7 billion in operational requirements and would enable WFP to reach 140 million people, or 93 percent of the 150.5 million beneficiaries originally targeted. WFP will prioritize life-saving assistance and seek to minimize the negative effects of funding shortfalls on targeted population groups and performance targets and objectives.

## **WFP programme support and business operations**

Building on the methodology adopted during the bottom-up strategic budgeting exercise, the annual corporate budget exercise captures all activities managed by global headquarters regardless of their funding source. For 2023, this comprehensive programme support and business operations budget is USD 935.7 million.

Baseline activities are those activities that contribute to the efficient and effective delivery of the annual implementation plan but cannot readily be traced to individual country strategic plans; they account for USD 752.6 million, or 80 percent, of the total 2023 budget, compared with USD 632.8 million in 2022. The increase is primarily due to a focus on achieving corporate priorities and growth in the size and complexity of WFP operations in response to the rise in global hunger. The increase in the baseline budget mostly reflects WFP's leading role in managing and monitoring emerging and ongoing emergencies and coordinating anticipatory action and response.

Management results and their related key performance indicators will support performance management and accountability. Four of the seven management results have been identified as corporate priority areas in 2023: effectiveness in emergencies (management result 1); people management (management result 2); evidence and learning (management result 5); and leverage technology (management result 6). Priority has also been given to addressing significant and critical risk areas not covered by the four prioritized management results. Effectiveness in emergencies accounts for 17 percent (USD 121.8 million) of the total 2023 baseline activities budget. Effective funding for zero hunger and people management represent 13 percent and 12 percent of the total 2023 baseline budget, respectively.

### **2023 programme support and administrative budget**

The programme support and administrative (PSA) budget funds 77 percent of the baseline budget. Based on the operational needs and provisional implementation plan, management proposes a 2023 PSA budget of USD 576.3 million, an increase of USD 80.2 million over 2022. This is a rise of 16 percent, compared with the projected increase in the global contribution forecast of 31 percent (from USD 8.4 billion in 2022 to USD 11 billion in 2023) and the projected increase in the provisional implementation plan of 41 percent (from USD 8.5 billion in 2022 to USD 12 billion in 2023).

The increase in the PSA budget is described in section IV of this management plan with regard to three areas: inflation (USD 21.1 million), corporate priorities (USD 33.1 million) and the volume and complexity of WFP operations (USD 26 million). The number of posts funded by the PSA budget is expected to grow by almost 10 percent, with a continuing shift towards fixed-term positions for core functions, consistent with the objectives of the WFP people policy.

The funding for the PSA budget is derived from amounts that are recovered from contributions to cover indirect support costs. The indirect support cost rate is approved by the Board each year. The Secretariat proposes that the rate be maintained at 6.5 percent in 2023, with a lower rate of 4 percent to be applied under conditions previously approved by the Board, namely, for government contributions to programmes in their own countries; contributions made by developing countries or countries with economies in transition; and contributions from international financial institutions for country-owned programmes that are directed to WFP due to the absence of an internationally recognized or otherwise eligible government.

### **Proposed use of the PSA equalization account**

In 2015 the Board endorsed the use of the PSA equalization account for transfers to funds or reserves and critical corporate initiatives, which are non-recurring investments intended "to strengthen WFP's programming, operational and administrative capacity".

Management proposes that the Board approve use of the PSA equalization account to replenish the Immediate Response Account in the amount of USD 50 million; to correct an indirect support cost revenue error made in 2021 in the amount of USD 6.1 million; and to invest USD 50.4 million in four critical corporate initiatives.

The second year of the critical corporate initiative on investing in WFP people (USD 27 million) aims to achieve WFP's vision of delivering excellence in people management to enable the organization to continue to save and change the lives of food-insecure people. The initiative is aligned with the 2023 budget prioritization of management result 2, people management.

The second critical corporate initiative covers the second year of the implementation of the strategic plan and corporate results framework (USD 13.6 million). The initiative supports the prioritization of management results 5 (evidence and learning) and 6 (leverage technology) and of activities aimed at strengthening field monitoring and cooperating partner management processes.

The proposed critical corporate initiative for the first year of country office support model optimization and simplification (USD 3.2 million) aims to focus country offices on operations while global headquarters reduce country office workloads by streamlining oversight and improving the effectiveness and efficiency of the support they provide. The initiative relates to management result 5 (evidence and learning) and seeks to promote efficiency.

The critical corporate initiative on the United Nations Sustainable Development Group efficiency road map (USD 6.6 million) will ensure that WFP continues to have the capacity to prepare for and respond to the requirements of United Nations development system reform and will identify cost efficiency gains within WFP and the wider United Nations system.

### **Strategic financing facilities**

WFP's three strategic financing facilities – corporate services financing, internal project lending and the Global Commodity Management Facility – serve as internal tools for flexibly managing operations and do not require contributions from donors. WFP proposes that the ceiling for corporate services financing – which enables WFP to provide services economically and efficiently through the fleet centre, the Capital Budgeting Facility and fee-for-service activities – be increased to USD 200 million from the current ceiling of USD 147 million. The increase reflects increased demand resulting from growth in WFP operations.

Over the past two years, WFP has requested Board approval to increase the internal project lending ceiling twice and Global Commodity Management Facility ceiling three times in order to respond to rapidly escalating humanitarian needs. In this context and given strong donor support, WFP proposes to change the ceilings from a fixed United States dollar amount to a percentage of its global contribution forecast. This more dynamic approach will make management of the ceilings more efficient and increase WFP's ability to rapidly deploy strategic financing for large-scale, sudden onset emergencies. Management recommends that the ceilings of the internal project lending facility and the Global Commodity Management Facility each be set at 10 percent of the prevailing global contribution forecast, with the ceiling of the internal project lending facility not to exceed the operational reserve ratio of 10:1.

In order to support increased internal project lending, management recommends transferring USD 34.8 million from the unearmarked portion of the General Fund, thus increasing the operational reserve from USD 95.2 million to USD 130 million.

Management also recommends that the Immediate Response Account target be set at USD 400 million for 2023 to reinforce WFP's frontline role in the initial response to emergencies and to meet the likely increased demand on the account given the projected funding gap.

## Draft decision\*

Having considered WFP's management plan for 2023–2025 (WFP/EB.2/2022/5-A/1/Rev.1), the Board:

- i. notes that the 2023 programme support and administrative appropriation assumes a funding level of USD 11 billion in 2023;
- ii. takes note of the projected operational requirements of USD 19.7 billion for 2023 and the provisional implementation plan of USD 12 billion for 2023 to align the activities of WFP with anticipated funding, as outlined in section III of the management plan for 2023-2025;
- iii. approves a 2023 programme support and administrative appropriation of USD 576.3 million, to be allocated as follows:

strategy and direction	USD 113.7 million
services to operations	USD 293.3 million
governance, independent oversight and fundraising	USD 169.3 million
<b>Total</b>	<b>USD 576.3 million</b>

- iv. approves the replenishment of the Immediate Response Account in the amount of USD 50 million from the programme support and administrative equalization account to ensure sustainability and improve the availability of funds for Immediate Response Account allocations;
- v. approves a transfer in the amount of USD 6.1 million from the programme support and administrative equalization account to the Afghanistan and Yemen operations to correct an indirect support cost revenue error made in 2021;
- vi. approves an allocation of USD 27 million from the programme support and administrative equalization account for the second year of the critical corporate initiative "investing in WFP people" to support WFP's ongoing efforts to shape the workforce as required to fulfil the organization's mandate, support employee health and well-being and build improved, respectful and inclusive workplaces;
- vii. approves an allocation of USD 13.6 million from the programme support and administrative equalization account for the second year of the critical corporate initiative "strategic plan and corporate results framework implementation" to strengthen performance planning, monitoring and reporting by emphasizing activities that enhance evidence and learning and leverage technology;
- viii. approves an allocation of USD 3.2 million from the programme support and administrative equalization account for a new one-year critical corporate initiative "country office support model optimization and simplification" to enable country offices to focus their efforts on carrying out operations by improving the effectiveness and efficiency of support provided by global headquarters through more efficient organizational structures and reporting lines;
- ix. approves an allocation of USD 6.6 million from the programme support and administrative equalization account for the first year of a new critical corporate initiative "United Nations Sustainable Development Group efficiency road map" to cover activities aimed at ensuring that WFP has the capacity to prepare for, participate in, deliver and lead United Nations development system reform efforts;
- x. approves a standard indirect support cost recovery rate of 6.5 percent for 2023 for all contributions except for such contributions received pursuant to General Rule XIII.4(e), for which an indirect support cost recovery rate of 4 percent shall apply;

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\* 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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- xi. approves the transfer of USD 34.8 million from the unearmarked portion of the General Fund to increase the operational reserve to USD 130 million to support the internal project lending facility;
  - xii. approves an increase in the ceiling for corporate services financing from USD 147 million to USD 200 million to respond to increased demand associated with growth in WFP's operations since the corporate services financing mechanisms were adopted;
  - xiii. approves a new Immediate Response Account target level of USD 400 million for 2023;
  - xiv. approves the change in ceilings of the internal project lending facility and the Global Commodity Management Facility from a fixed United States dollar amount to a level of up to 10 percent of the prevailing global contribution forecast for each facility at any given time. The ceiling of the internal project lending facility, however, shall not exceed the operational reserve ratio of 10:1; and
  - xv. 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 global contribution forecast for the year, at a rate not to exceed 2 percent of the anticipated change in income.

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### Web annexes:

#### [Annex I: Baseline budget by organizational level](#)

Table A.I.1: Baseline budget by organizational level

#### [Annex II: Programme support and administrative budget by organizational level](#)

Table A.II.1: Programme support and administrative post count\* by organizational level

Table A.II.2: Programme support and administrative budget by organizational level, staff and non-staff costs (*USD thousand*)

Table A.II.3 Programme support and administrative budget by pillar and organizational level

#### [Annex IV: Trust funds and special accounts](#)

#### [Annex V: Concept notes for the proposed critical corporate initiatives](#)

#### [Annex VI: Corporate high-level targets, management result key performance indicators and cost per beneficiary](#)

#### [Annex VII: Update on the bottom up strategic budgeting exercise](#)

## Section I: Introduction

### Reader's guide

1. The WFP management plan for 2023–2025 presents a summary of WFP's planned programme of work for 2023–2025 and the budgetary support required to implement that programme in 2023. The figures quoted include projected operational needs and forecasts of the resources available to meet those needs. The comprehensive programme support and business operations budget includes three categories of activities (baseline activities, other services and direct activities) and outlines the funding required to support the organization's projected level of operations.
2. The programme support and administrative (PSA) budget – approved annually by the Executive Board – is a subset of the baseline budget and is funded from the indirect support costs (ISC) recovered from contributions in accordance with the full cost recovery policy.

### Structure of the document

3. The management plan for 2023–2025 comprises an executive summary, a draft decision, five sections and six annexes.
4. The five sections are as follows:
  - *Section I: Introduction.* This section outlines WFP's planning given the commitments outlined in the new strategic plan and corporate results framework (CRF) for 2022–2025 and the global food security, economic and political situation.
  - *Section II: Funding context and resourcing assumptions.* This section sets out the current funding situation and provides details on the projected contributions for 2023 and an overview of resourcing trends. It also outlines WFP's plans for diversifying its funding base and pursuing innovative funding modalities with the aim of achieving greater efficiency and effectiveness.
  - *Section III: Operational requirements and provisional implementation plan for 2023.* This section provides an overview and analysis of the operational requirements for 2023 and presents a provisional implementation plan based on projected available resources. It also highlights services provided by WFP to the humanitarian community in accordance with its mandate, policies, activities and comparative advantages.
  - *Section IV: Programme support and business operations.* This section presents the programme support and business operations budget, including analysis of the baseline and proposed PSA budgets; the proposed ISC rates; the status of the PSA equalization

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