BOTTOM UP STRATEGIC BUDGETING EXERCISE (BUSBE)

Executive Board Update
The BUSBE was formed by the Executive Director in 2020 to address four main objectives:

1. Ensure the use of the optimum funding source for activities
2. Enable a more efficient use of funding
3. Improve the transparency of HQ and RBx funding
4. Examine the PSA* support provided to country offices

*Programme Support and Administrative Budget
The BUSBE has two phases, with phase II having started in January 2021

2020

*Phase One – Foundational*

Laying the groundwork for a thorough review in 2021 through focusing on baseline and other services

2021

*Phase Two – Implementation*

Utilise the inputs from Phase One to conduct a rigorous budgeting exercise

2022+

*Realization of Benefits*

Greater consistency, transparency and a more optimum use of resources will be delivered
Phase I saw recommendations made to the organization which have resulted in follow on activities for impacted divisions

- **Technical Budgeting**
  - Modelling exercise conducted, findings will inform phase II of the BUSBE

- **Budget Governance**
  - Principles for strengthened budget governance agreed with the Senior Management Group, Terms of Reference agreed by the Leadership Group and implementation is being undertaken by a project team led by CPP

- **Cost Recovery Analysis**
  - Recommendations handed to FIN who have formed a cost recovery working group

- **CO Budget Analysis**
  - Recommendations handed to OMS to implement the strengthened country office model
The modelling exercise compared PSA allocation against baseline needs for 28 divisions and regional bureaux.

**Comparison of baseline vs. PSA**

- The analysis focussed on PSA and unfunded activities and thus does not fully capture all global headquarter needs. Full needs will be articulated during the 2022 management plan exercise.

- Extrapolated for the entire organization (minus the PSA allocation to COs), the shortfall would be USD 189.1m.

*Note: the PSA allocation to COs has been excluded*

Baseline defined as the capability that needs to be funded to support the organization based on income projections and corporate priorities.
Building on the foundations of phase I, phase II will see a rigorous assessment of HQ and RBx budget submissions.

Phase II will...

- Implement the new Planning framework of baseline / other services to support funding source mapping
- Introduce a rigorous review process to better align the right funding sources to activities
- Deliver a 2022 Management Plan that better funds baseline activities
### Decisions by the Executive Director will guide phase II of BUSBE

<table>
<thead>
<tr>
<th>Question</th>
<th>Decision</th>
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<tr>
<td>Should the organization look to change the ISC rate?</td>
<td>Retain the current ISC rate of 6.5 percent for 2022, which dictates a ceiling for the PSA Budget</td>
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<td>How should baseline and the PSA budget interact?</td>
<td>Introduce the “PSA eligible” concept to baseline, whereby WFP ensures that baseline activities will be funded, from the PSA budget or other funding sources</td>
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WFP commits to providing updates to the Executive Board during the 2022 budget process

EB First Regular Session 
*February 22-24*  
Introduce the BUSBE Phase II exercise

Quality Control and Committee Review  
*April – July*  
Thorough review of submissions

First Informal Consultation  
*July 21*  
Light update on budget process due to ongoing review

Second Informal Consultation  
*September 10*  
EB members opportunity to discuss extracts

EB Second Regular Session  
*November 15-19*  
MP submitted for approval

Launch the Budget Process  
*March*  
Build submissions according to new budgeting model

Briefing on the MP / Informal consultations  
*May 19*  
Ongoing updates

Extracts shared  
*August / September*  
EB members receive first draft of MP document

Final MP Document Shared  
*October / November*  
Share the final version of the MP

Informal consultations to be provided as required