



# WFP Financial Framework

## Presentation on Programme Categories

July 2009



- **Introduction/Background**
- **Options Identified**
  - Improved application of existing Programme Categories
  - Revised Programme Categories
- **Way Forward**

# Introduction/ Background

## Financial Framework Review initiated by Secretariat in 2009

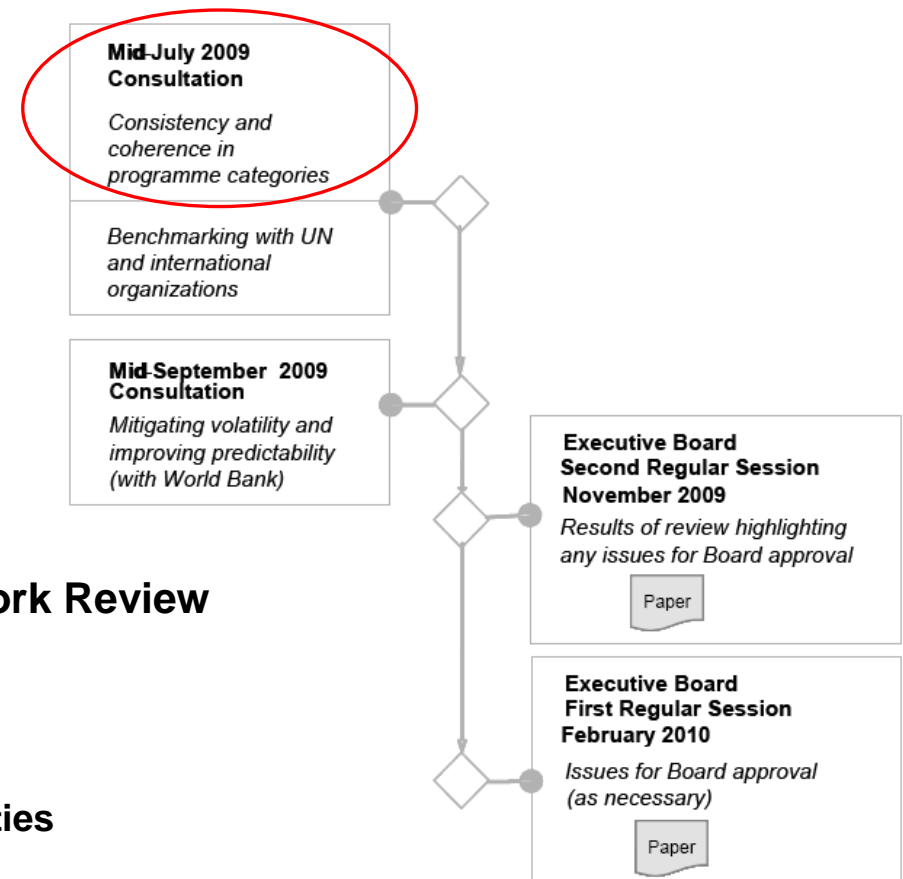
- Support implementation of the Strategic Plan 2008-2011
- Assist WFP to respond to shifting global context
- Review process outlined in paper presented to EB in June 2009 for consideration

## Objectives of the Review:

- Ensuring predictability and stability of the Programme's funding
- Achieving a higher level of flexibility and effectiveness in resource usage
- Reinforcing transparency in allocation of resources

## Main areas to be examined by the Financial Framework Review

- Programme Categories
- Funding Windows
- PSA funding
- Costing Framework & its application for non-food activities



# Introduction: *Financial Framework basics*

**WFP is 100% voluntary funded**

**Full cost recovery principle (introduced in 1996)**

- Concept: to cover operational and support costs associated with the implementation of a contribution
- Three types of costs:
  - ⇒ Direct Operational Costs
  - ⇒ Direct Support Costs
  - ⇒ Indirect Costs

**Funding windows**

- Multilateral
- Directed multilateral
- Bilateral

**Programme categories**

- EMOP, PRRO, Development, Special Operations

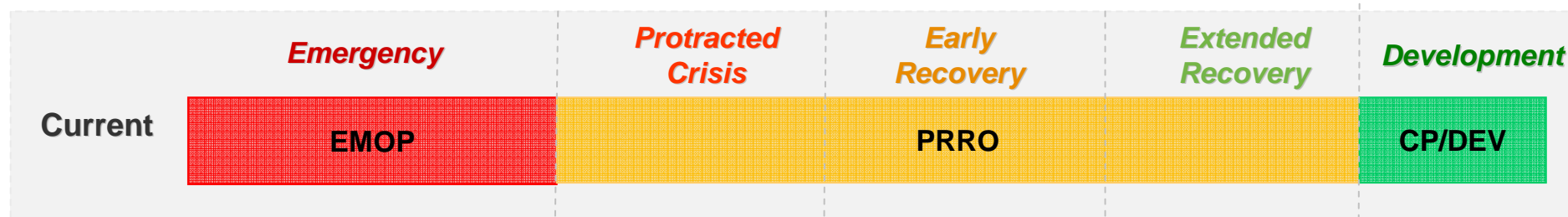
# WFP projects classified into four programme categories



<b>Emergency Relief</b>	<p><b>For purposes of WFP, emergencies are defined as:</b> “Urgent situations in which there is clear evidence that an event or series of events has occurred which causes human suffering or imminently threatens human lives or livelihoods and which the government concerned has not the means to remedy; and it is a demonstrably abnormal event or series of events which produces dislocation in the life of a community on an exceptional scale.”<sup>1</sup></p>
<b>Protracted Relief and Recovery</b>	<p><b>PRROs are the means by which WFP responds to protracted relief and recovery needs</b> in situations where such assistance is needed for an extended period.</p> <p>The focus is on helping to re-establish and stabilize livelihoods and food security to the extent that circumstances permit while providing continuing relief, where necessary<sup>2</sup>.</p>
<b>Development</b>	<p><b>Food aid programmes and projects to support economic and social development</b><sup>3</sup></p> <ul style="list-style-type: none"><li>• Rehabilitation and disaster preparedness projects</li><li>• Technical assistance to help developing countries establish/improve food program</li></ul>
<b>Special Operations</b>	<p><b>Special Operations are initiatives to:</b> Rehabilitate and enhance transport and logistics infrastructure to permit timely and efficient delivery of food assistance, especially to meet emergency and protracted relief needs; and enhance coordination within the United Nations system and with other partners through the provision of designated common services.<sup>4</sup></p>

1 WFP/EB.1/2005/4-A/REV.1 'Consolidated Framework of WFP Policies'; 2 1998 Policy Paper 'From Crisis to Recovery'; 3 General Rule II.2 Programme Categories; 4 WFP/EB.1/2005/5-B 'Definition of Special Operations'

# Review of Programme Categories: *Current Structure*



## EMOP

- For a maximum period of 24 months from the onset of the crisis.
- Emphasis on relief (saving lives and protecting livelihoods) but assistance to recovery (restoring livelihoods and food supply systems) is initiated as soon as feasible.

## PRRO

- Usually for an extended period,
- Implemented during (and in the immediate aftermath of) complex emergencies and long-term droughts.
- Focus on helping to re-establish and stabilize livelihoods and food security while providing continuing relief, where necessary.
- Flexibility to adapt the balance between relief and recovery during implementation in response to changes in the overall situation.

## CP/DEV

- CPs normally cover periods of not more than five years.
- Dev. projects are normally small and limited to a single development activity.
- Developed on the basis of the common country assessment (CCA), United Nations Development Assistance Framework (UNDAF) or Poverty Reduction Strategy (PRS) for the country.

# Review of Programme Categories: *PRRO Evaluation results*



*Results of thematic evaluation of the PRRO category undertaken in 2004<sup>1</sup>:*

**QUOTE:** ‘...The PRRO category is a relevant, innovative creation that is consistent with the evolving needs of WFP beneficiaries, the changing nature of WFP’s corporate mission and of current crisis... It provides a reasonable planning horizon, ...and is flexible enough to accommodate the dynamics of protracted crisis...’ **UNQUOTE**

*The following PRRO benefits were highlighted:*

- It effectively supports core relief functions and promotes recovery and response to unstable situations;
- It is associated with a lower level of general relief food assistance;
- It has increased flexibility of field operations;
- Has a positive impact on WFP’s ability to mobilize additional resources.

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<sup>1</sup> - ref. WFP/EB.1/2004/6-A, ‘Summary report of the thematic evaluation of the PRRO category’

# Review of Programme Categories: *Issues identified*

- **Definition and understanding of boundaries of Programme Categories**
- **Does the current structure allow to easily distinguish between 'humanitarian' and 'development' activities?**
- **Transparency in resource allocation and utilization**
- **Consistency/coherence between Programme Categories and Donor Funding**
- **Access to funding for longer-term activities**
- **Coverage of 'transitional' situations**



# Review of Programme Categories: *Options*

## 1 Improved application of existing Programme Categories

Improving use of existing Programme Categories:

- Increase clarity in definitions and time periods
- Improve explanation of context of country and project/activity
- Strengthened and centralised PRC process
- Clearer prioritization within the projects

## 2 Revised Programme Categories

Split current PRRO category:

- Separate Protracted Crisis (into 'EMOP') from Early Recovery (to remain as 'PRRO') activities;
- Separate and isolate Extended Recovery (to become a new Programme Category).

### *Implications:*

<b>Funding Windows</b>	<b>X</b> No changes	<b>X</b> No changes
<b>Costing Framework</b>	<b>X</b> No changes	<b>X</b> No changes
<b>'Blue Book'</b>	<b>X</b> No changes	✓ Impact on General Rules (EB authority)

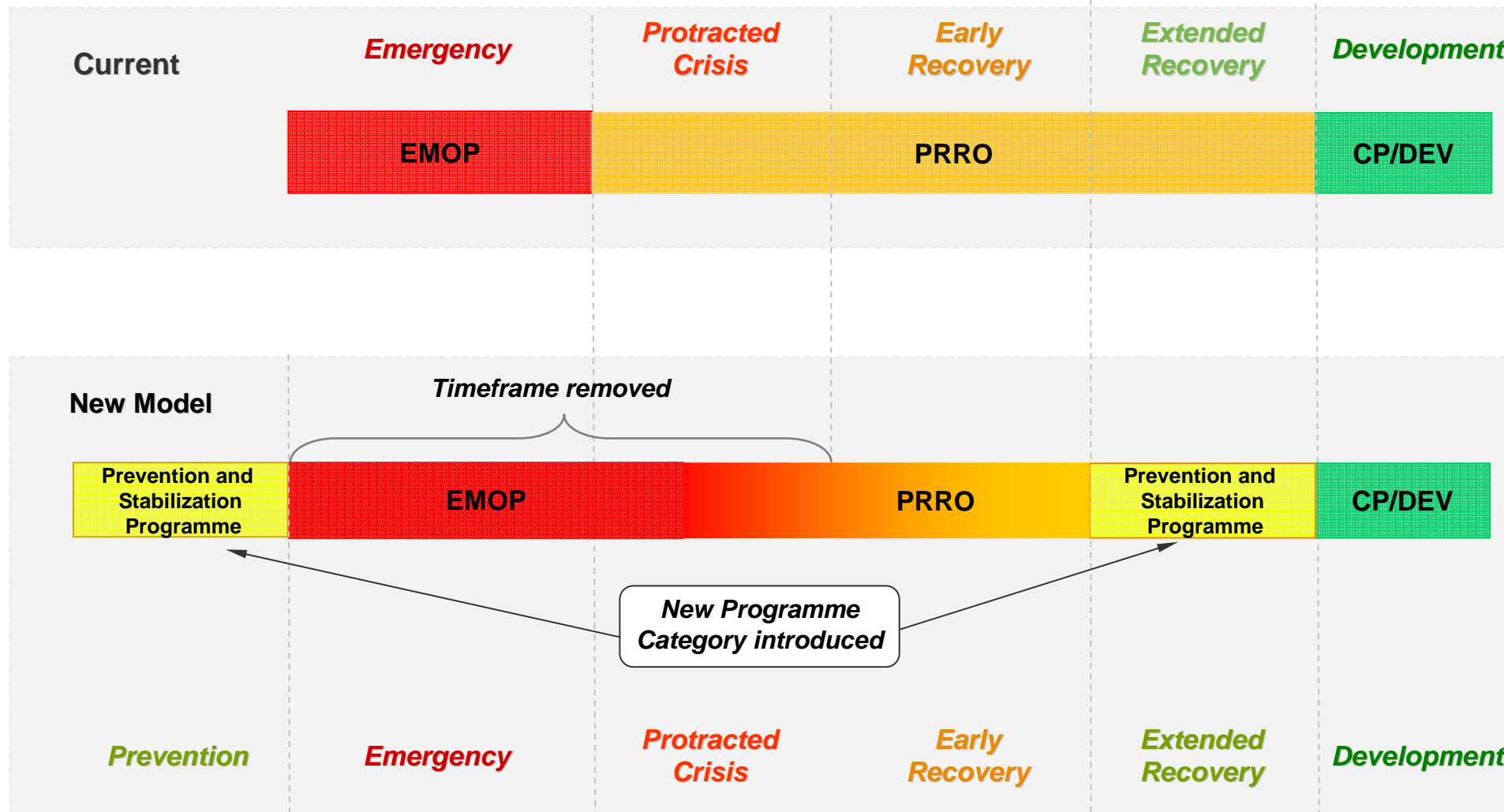
# Review of Programme Categories:

## *Improved application of existing Programme Categories*



- ✓ Clarify definitions of programme categories and criteria for shifting from one programme category to another
- ✓ Increase clarity and transparency of activity choice and prioritization
- ✓ Joint consultations (WFP/UNHCR/member states) to refine food assistance eligibility for refugees
- ✓ Refine system for budgeting and reporting on relief, recovery and refugee assistance within PRRO
- ✓ Strengthen programme review and approval processes

# Review of Programme Categories: Revised Programme Categories



# Review of Programme Categories: *Revised Programme Categories*

## Highlights:

### Changes:

- Refinement of Programme Categories definitions
- Transition from one programme category to another based on assessment of context and programme variables
- New 'Prevention and Stabilization' Programme category created to accommodate crisis prevention and extended recovery activities in 'fragile' situations

### Implementation based on:

- Country-based Strategic Process
- Strengthened and centralised programme review process
- Streamlined and updated guidance

# Review of Programme Categories: *Revised Programme Categories*

## Highlights:

### Potential Risks:

- Requires changes to General Rules, Financial Regulations, existing policies
- Potentially more selective funding by donors
- May limit operational flexibility to support full range of activities in dynamic contexts
- May result in reduced funding for important extended recovery/stabilization activities

***Requires an in-depth analysis of risks***

## Continue working on Programme Categories:

- Solicit feedback on proposal
- Gain consensus on way forward
- Do risk assessment if required
- Develop associated policies if required

## Other areas to be examined within the Financial Framework Review:

- Costing framework for non-food activities
- PSA budgeting and funding
- Funding Windows

# Review of Programme Categories



**Thank you!**