

# Briefing on the Strategic Resource Allocation Process

*14 May 2018*



**World Food Programme**

# 1. The Committee: What it does

# Multilateral funding: Definition

## Financial Regulation 1.1:

*Donor contributions, for which WFP determines the Country Programme or other WFP activities in which the contribution will be used and how it will be used.*

### → Types of funding:

#### **(a) Unearmarked**

- ✓ Funds without conditions

#### **(b) Softly Earmarked Funds,**

- ✓ Immediate response account (IRA)
- ✓ Specific programme categories (CPB, EMOP, PRRO, SOP, DEV)
- ✓ Extra Budgetary activities (e.g. Innovative activities)

# Multilateral funding: What does the SRAC do?

## The Committee:

- (1) **Reviews** funding availability of financial resources over which management has discretion, including multilateral funds
  - (2) **Prioritizes\*** softly earmarked and unearmarked funds among:
    - CPBs
    - IRA and
    - Extra Budgetary Activities.
- \*Considering any donor conditions and critical needs/priorities*
- (3) **Recommends to Executive Director** Multilateral Funding Allocation Proposals to Prioritized Programmes and Extra Budgetary Activity requests

## 2. How does the SRAC prioritize? – the allocation process

# Prioritization Process for Multilateral contributions

## PREVIOUS PRIORITIZATION

BY FUNCTIONAL AREA: EMOP / PRRO

QUANTITATIVE Criteria: 6 month Projected Net Funding Requirement

QUALITATIVE criteria: Average score of 1 to 5 across three dimensions:

- **Corporate/Regional Attention:** Priority level within the region
- **Food Security Indicator (FSI):** Price pattern to reflect market access
- **Global Hunger Index (GHI):** Long-term measure of food insecurity

## CURRENT CPB PRIORITIZATION

BY FOCUS AREA: CRISIS & RESILIENCE

QUANTITATIVE Criteria: 6 month Projected Net Funding Requirement

*Complementary information: Implementation Plan status*

QUALITATIVE: Average score of 1 to 4 of three dimensions:

- **Emergency level:** Short term/Strategic measure

Focus Area	Emergency Level	Score
	L3	4
	L2	3
Crisis		2
Resilience		1

- **Food Security Indicator (FSI):** Price pattern to reflect market access
- **Global Hunger Index (GHI):** Long-term measure of food insecurity

# Prioritization and Allocation Process Overview: EMOPs, PPROs, Crisis and Resilience Focus Areas

Prioritization and Proposed Allocation

SRAC Review & Approval

## 1 Quantitative Analysis:

### Projected Net Funding Requirements

= 6 month pipeline shortfall

+ Outstanding advance

- Un-programmed contributions

- Forecast expected within 6 months

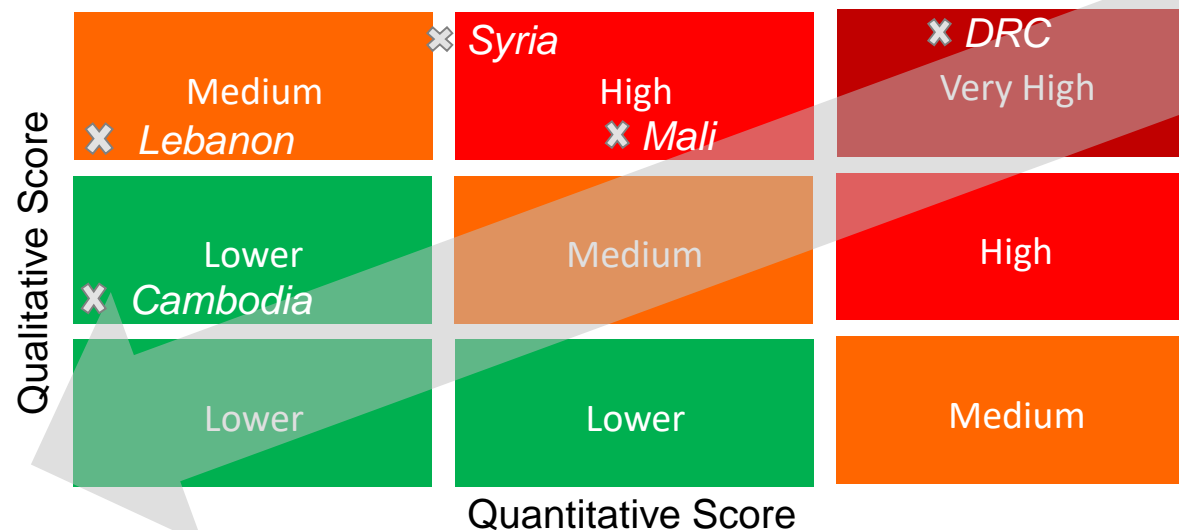


## 2 Qualitative Analysis:

- Food security indicator (1-4)
- Emergency Level (1-4)
- Global Hunger Index (GHI) (1-4)



## 3 Result: Criticality Matrix



## 4 Regional Director Review

## 5 SRAC Meeting and Decision

## 6 Final SRAC allocation

# Prioritization and Allocation Process Overview: DEV/CPs and Root Causes Focus Area

## Prioritization and Proposed Allocation

## SRAC Review & Approval

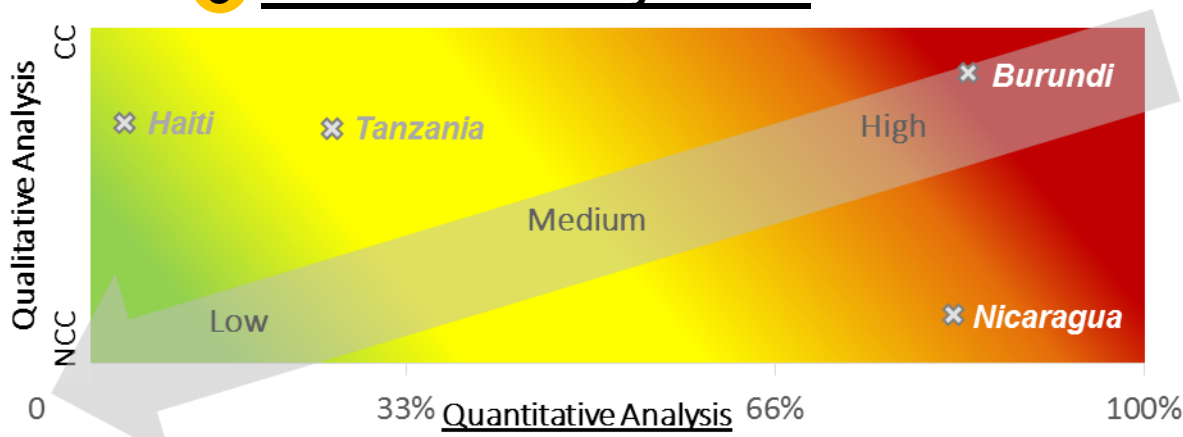
- 1 Quantitative Analysis:**  
**Projected Net Funding Requirements**  
 = Pipeline shortfalls for Calendar year  
 + Outstanding advance  
 - Un-programmed contributions  
 - Forecast expected within calendar year



- 2 Qualitative Analysis:** “At least 90 percent of the undirected multilateral resources from traditional donors used for development should go to concentration countries (CC):
- LDC or equally low income (<USD 1,045); AND
  - Under-five child stunting > 25 %.”
- Max 10% can go to Non Concentration Countries (NCC)



### 3 Result: Criticality Matrix

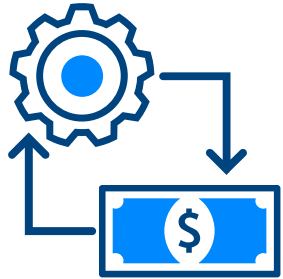


- 4 Regional Director Review**
- 5 SRAC Meeting and Decision**
- 6 Final SRAC allocation**



### 3. Preliminary future directions for Strategic Resource Allocation

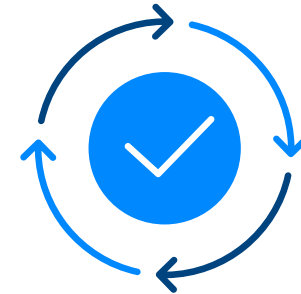
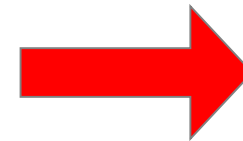
# Strategic Financing with three objectives



Enhance operational effectiveness at CO level



Optimize usage of ~ USD 2B cash balance<sup>1</sup>



A holistic review of mechanisms

1. Cash, cash equivalents and short-term investments

# Preliminary ideas for creating a more impactful way of leveraging multilateral resources – building on existing procedures

## A. Use of forecasted multilateral contributions ?

- Make larger advances upfront based on overall **forecast** projections for a year?
- Conceptually, the process would be similar to the Internal Project Lending mechanism

 Predictability of funding for country operations would be enhanced.

## B. Revolving multilateral allocations ?

- Allocate multilateral at the start of an operation
- Original multilateral allocation can be revolved if a directed contribution is available later
- Conceptually, the process would be similar to the Immediate Response Account
- Multilateral originally allocated would eventually show up as unallocated, and available for spending against another programme

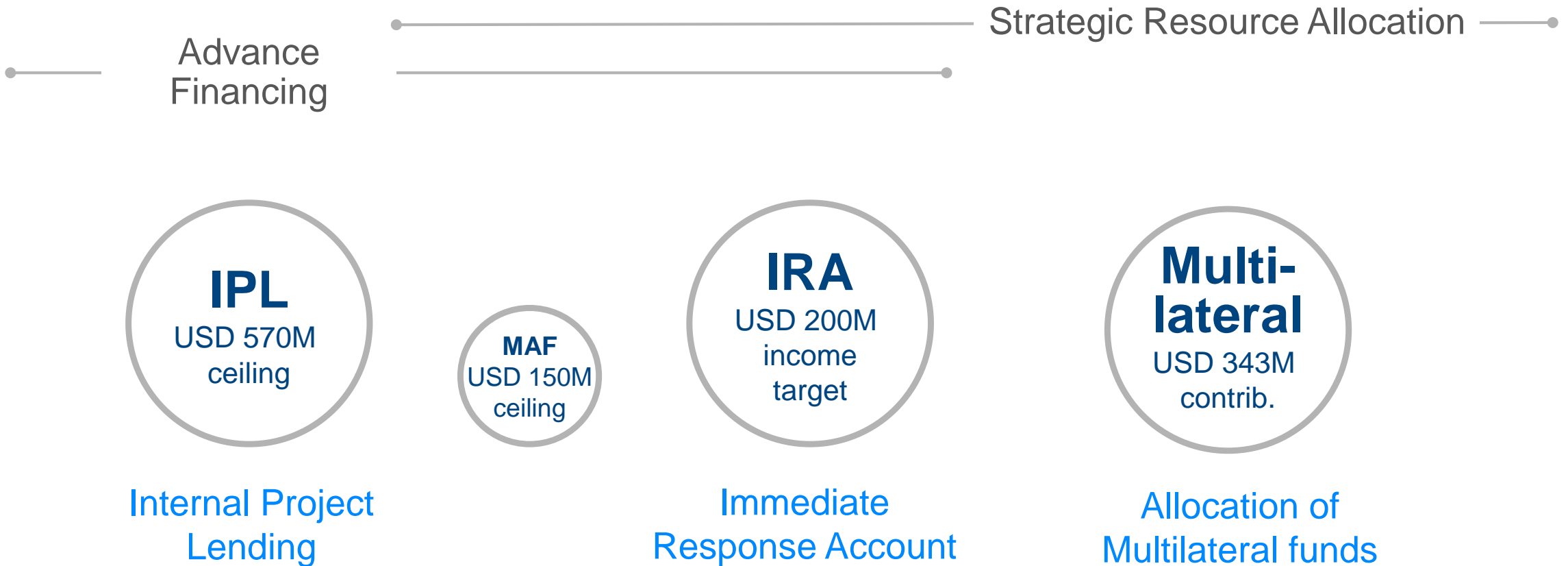
➤ *Donor visibility and reporting implications need to be considered*

# Preliminary ideas on new directions for a more impactful way of leveraging multilateral resources – impact of the IRM

## C. Allocation model

- The allocation model currently focuses on country strategic plans (formerly it was EMOP, PRRO, etc.) as the starting point for allocation
  - What if WFP were to move to a model using, for example, thematic areas as a starting point for allocation?
  - Activity based budgeting in the IRM provides this opportunity by the way in which it captures planning data.
  - Multilateral allocations can still be proposed for the less well funded operations, by identifying the activities within a particular focus area that have lower levels of funding
  - Complete the circle by incorporating results information in decision making process
- *Donor conditionality (e.g. focus area, Terminal Obligation Date - TOD, Terminal Disbursement Date - TDD) would be maintained*

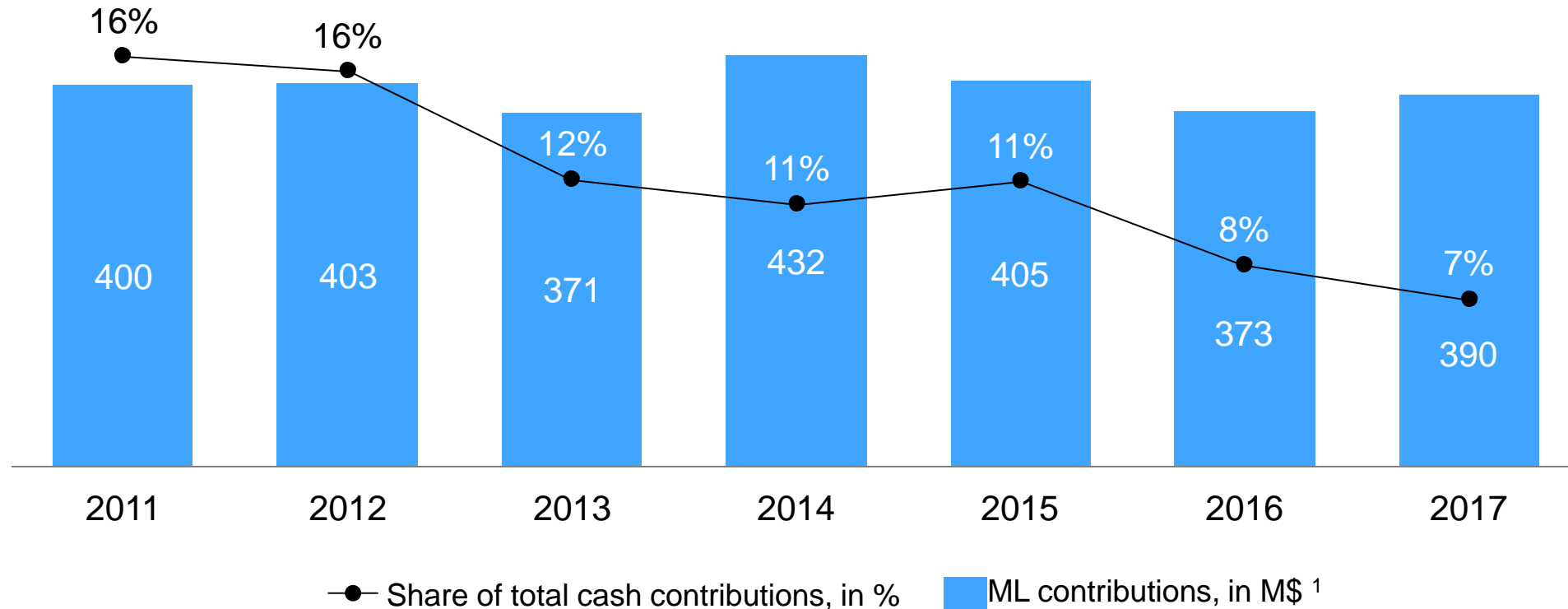
# What financing mechanisms do we have at our disposal to release funds to programmes?



Source: WFP report on the Advance Financing mechanisms 2017; WFP's Use of Multilateral Funding 2016

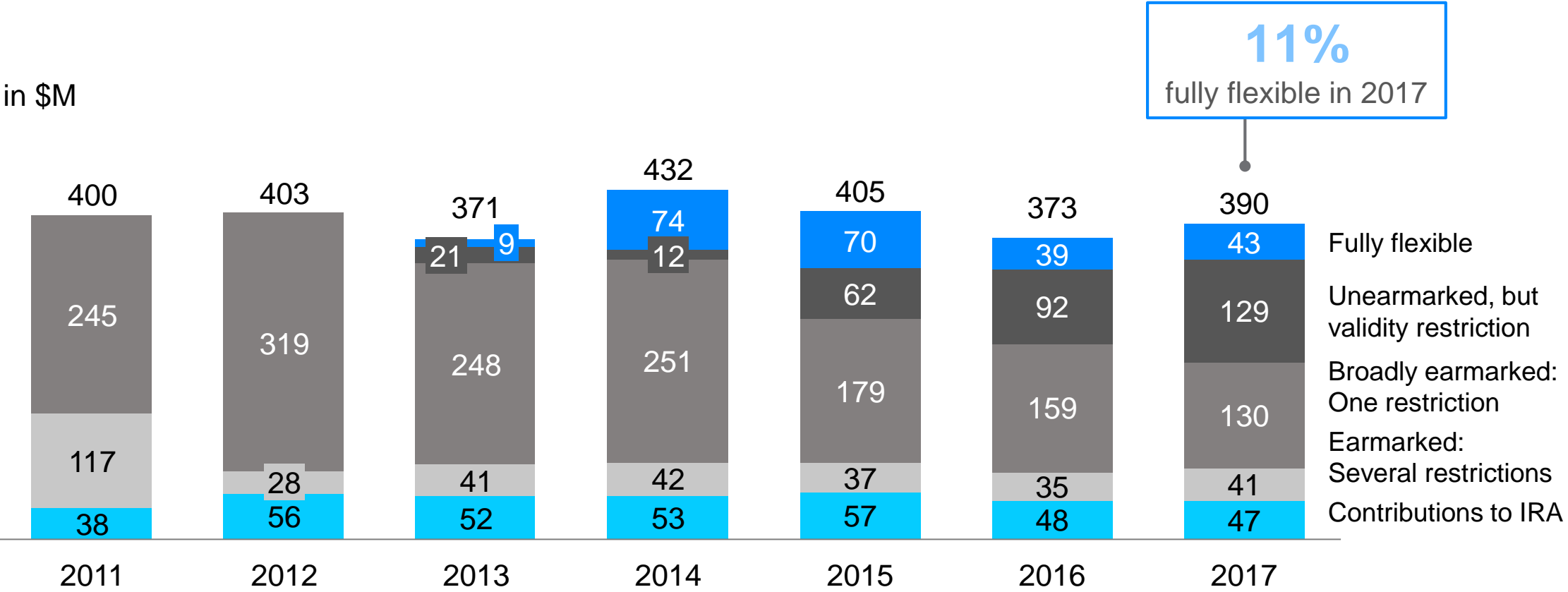
## 4. Multilateral contributions for programmes 2011 - 2017

# Multilateral contributions fluctuate but share among total contributions decreased



1. Multilateral contributions incl. contributions to the IRA, but excl. contributions allocated to CSIK, GGCC, GPSA, GSPE and transfers to IRA from PSAEA; total contributions excluding in-kind

# Only 11% of multilateral contributions in 2017 were fully flexible



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## 5. Report: Use of Multilateral and Immediate Response Account funding

# 2017 Report on Use of Multilateral and Immediate Response Account Funding



Issued annually since 2012, this year's report presented exclusively online:

[www.wfp.org/flexible2017](http://www.wfp.org/flexible2017)

(Optimal viewing on desktops and tablets)