

**PROGRESS UPDATE ON THE
INTEGRATED ROAD MAP AND BACKGROUND TO
PROPOSED AMENDMENTS TO THE
GENERAL RULES AND FINANCIAL REGULATIONS**



Informal Consultation

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Introduction

1. Following approval of the Integrated Road Map (IRM) at the Second Regular Session of 2016, the Secretariat is undertaking an ambitious plan to operationalize the Strategic Plan (2017–2021) to achieve the goals of the 2030 Agenda. The key implementation activities in 2017 are:
 - i) *Transition to Country Strategic Plan Framework:* Taking into account lessons learned from the first waves of country strategic plans (CSPs) and interim country strategic plans (ICSPs) considered and approved by the Board at the First Regular Session and Annual Session of 2017, all country offices will transition to CSPs or ICSPs with accompanying country portfolio budgets (CP budgets) from 2018. The new programmatic framework will help WFP design better programmes aligned with national priorities to serve people more effectively and efficiently, support governments and partner to support implementation of all the Sustainable Development Goals (SDGs).
 - ii) *Implementation of new financial framework:* To maximize operational effectiveness, better allocate resources, and more clearly communicate WFP's distinct added value, the Secretariat will implement the approved CP budget structure. Over the course of 2017 the structure and processes will be refined based on lessons learned. All country offices will prepare a CP budget and resource-based implementation plan for 2018. Critically, WFP's information technology (IT) systems, notably WFP Information Network and Global System (WINGS), will be reconfigured and rolled-out to support the new financial framework.
 - iii) *Refinement of Corporate Results Framework:* The approved results framework, which will guide the planning, implementation and monitoring of WFP's programmes and demonstrate the links between resources and results, could be refined during 2017 to strengthen alignment with the CSP framework and to management performance categories. The country office tool for managing effectively (COMET) is being modified to capture the new results chain and improve alignment with WINGS.
 - iv) *Amendments to WFP General Rules and Financial Regulations:* To support the full roll-out of the Integrated Road Map from 2018, WFP's General Rules and Financial Regulations will need to be amended in three main areas: i) terminology and definitions to align with the new cost structure; ii) application of full-cost recovery and introduction of new cost categories; and iii) delegations of authority to the Executive Director¹ to approve non-fundamental, non-emergency revisions. Proposed amendments will be presented for approval at the 2017 Second Regular Session.
 - v) *Transitional Governance Arrangements:* It is foreseen that some country offices will require budget revisions related to existing projects in 2017 before the approval and start of a CSP/ICSP or Transition-ICSP (T-ICSP). To streamline the approval of budget revisions during this transitional period the Secretariat will seek approval at the 2017 Annual Session to amend the Executive Director's temporary delegated authority to include approval of project budget revisions related to T-ICSPs.² Additionally, the Secretariat proposes that the Executive Board provide temporary delegated authority to the Executive Director to approve extensions in time for T-ICSPs up to the end of the transition period, i.e. June 2019, to maintain flexibility in the indicative roll-out schedule for CSPs and ICSPs. Lastly, the Secretariat will seek temporary delegations of authority related to T-ICSPs for CSPs/ICSPs that will be considered at the 2018 First Regular Session.
2. This paper provides an update on the key developments, lessons learned to date and the status of drafting amendments to the WFP General Rules and Financial Regulations to align to the new approved CSP and CP budget frameworks.

¹ The role of the FAO Director-General in the approval of emergencies under the delegation of authority will continue.

² The Board granted the Executive Director authority until the end of 2017 to make revisions to the pilots CSPs, when necessary.

Key Developments

Project Management Structure

3. Overall governance of the IRM is being guided by a steering committee chaired by the Executive Director and comprising the Deputy Executive Director, Assistant Executive Directors and regional directors. The single, integrated project management office structure, led by the Deputy Executive Director, is providing oversight, ensuring business continuity and promoting close engagement with regional bureaux and country offices during the implementation period.
4. The escalation and resolution of issues in Wave 1A country offices are being logged and tracked through the existing ticketing system, GSM, following established corporate procedures. First level of support is being provided at the regional bureaux level. Second level support is being provided by a dedicated and inter-disciplinary functional and technical team located in Headquarters.
5. Fortnightly calls with deputy regional directors is providing a platform to share progress updates, lessons learned and provide technical and strategic guidance on required changes to the current framework (i.e. business processes, policies and organizational structure).

Updated Roll-out to All Country Offices

6. At the First Regular Session of 2017, the Board approved eight CSPs with accompanying pilot CP budgets,³ collectively referred to as Wave 1A, for the following country offices: Bangladesh, China, Colombia, Ecuador, El Salvador, Indonesia, Lao People's Democratic Republic and Zimbabwe.
7. Implementation of the IRM requires reconfiguration of WINGS to support the CP budget structure. Prototype testing of the CP budget structure in 2016 enabled detailed business requirements to be compiled for the IT system. The IT Division redeveloped WINGS system to accommodate the new business requirements. Testing of the IT system design solution began in the fourth quarter of 2016 and was conducted in three waves. The first wave – integration testing – verified the functionality of the system under identified business scenarios. The second wave – regression testing – proved the new WINGS components worked with other processes such as travel and procurement.
8. The final round of testing the IT systems design solution – user acceptance testing – began in mid-January and has been successfully completed. The system set-up phase has begun and involves uploading the new CP budget configuration into WINGS from the COMET logframe. On 1 March 2017, WINGS was ready for recording new contributions against the CSP/CP budget and for initiating the advance resource transfer. Transitional steps will include closing all existing projects in Wave 1A countries and transferring outstanding balances to the CP budget structure in WINGS by 31 March 2017.
9. The IRM Management Support Unit is working closely with regional bureaux and country offices to track the readiness of individual country offices to transition to the new programmatic framework through either a CSP or ICSP approved by the Board or a T-ICSP approved by the Executive Director.
10. As noted in the Policy on CSPs⁴ and the Financial Framework Review,⁵ ICSPs – with a duration of up to three years and approved by the Board - will be used when a CSP informed by a strategic review has not been completed due to ongoing conflict or instability that undermines governance, including the functioning of national institutions. At this time, the Secretariat foresees

³ The piloting of CP budgets will occur in 2017 only. Accordingly, the pilot country portfolio budget components of CSPs approved by the Board in 2017 will become CP budgets without the need for further Board consideration or approval, unless necessary, once the revised normative and financial framework is introduced in 2018. Thereafter, these CSPs will be governed by the financial and normative framework to be finalized and approved by the Board at EB.2/2017.

⁴ WFP/EB.2/2016/4-C/1/Rev.1*.

⁵ WFP/EB.2/2016/5-B/1/Rev.1.

nine country offices⁶ will submit ICSPs for Board approval, rather than CSPs, during the 2017-2019 implementation period. The Sudan ICSP will be submitted as part of the Wave 1B in June 2017.⁷

11. T-ICSPs for the period January 2018–June 2019 are under preparation. Approximately 45 country offices have prepared and submitted concept notes to align their current projects and activities to SDG 2 and SDG 17 and initiate the transfer of their budgets to the CP budget structure. Concept notes were produced through joint country office-regional bureau-Headquarters workshops held in all Regional Bureaux in January and March 2017.
12. Table 1 provides an indicative schedule, as of 7 March 2017, for the roll-out of the IRM to all country offices over the next two and half years – through June 2019. The Secretariat acknowledges the Board’s concern that the roll-out plan is ambitious and should be flexible. Working closely with the Board, the Secretariat will ensure sufficient time is allowed for each CSP and ICSP submitted for approval to be considered and discussed during bilateral meetings, informal consultations and formal Board sessions. As outlined in the Policy on Country Strategic Plans, draft CSP documents should be circulated electronically to Board members at least 12 weeks before the approval session. Board members will have 20 days to comment. Comments will be published on the Board website, discussed with concerned governments and stakeholders and incorporated, as appropriate, into the final CSP. The final document will be posted in English at least six weeks before the Board approval session.⁸

	2017				2018				2019			Total
	EB.1	EB.A	EB.2	2017 Total	EB.1	EB.A	EB.2	2018 Total	EB.1	EB.A	2019 Total	
RBB	4	1	3	8	2	1	4	7	0	0	0	15
RBC	0	2	5	7	3	1	7	11	0	1	1	19
RBD	0	1	2	3	0	0	13	13	1	2	3	19
RBJ	1	3	1	5	0	0	3	3	0	3	3	11
RBN	0	0	3	3	0	3	1	4	0	1	1	8
RBP	3	0	3	6	1	2	2	5	0	0	0	11
Subtotal (CSPs)	8	6	11	25	5	7	29	41	1	7	8	74
Subtotal (ICSPs)	0	1	6	7	1	0	1	2	0	0	0	9
TOTAL	8	7	17	32	6	7	30	43	1	7	8	83

RBB: Bangkok Regional Bureau
RBC: Cairo Regional Bureau
RBD: Dakar Regional Bureau
RBJ: Johannesburg Regional Bureau
RBN: Nairobi Regional Bureau
RBP: Panama Regional Bureau

⁶ It is expected that Burundi, Central African Republic, the Democratic Republic of Congo, Iran, Libya, South Sudan, Sudan, Turkey and Yemen will be submitted as ICSPs to the EB for approval.

⁷ Authorized derogations from WFP General Rules and Financial Regulations to permit CSPs and pilot CP budgets for 2017 are equally applicable for the pilot Sudan ICSP.

⁸ This process will begin with the CSPs/ICSPs presented for approval at the 2017 Second Regular Session. Similar to the consultation process employed for Wave 1A, an informal consultation will be held prior to the 2017 Annual Session for Wave 1B countries (Cameroon, Lebanon, Mozambique, Namibia, Philippines, Tanzania and Sudan).

Alignment to the Quadrennial Comprehensive Policy Review 2017-2020

13. The Secretariat is closely following and participating in the on-going Quadrennial Comprehensive Policy Review (QCPR) discussions. Overall, the Strategic Plan and the Policy on Country Strategic Plans are aligned with the spirit and letter of the QCPR. Preliminary analysis indicates that the Integrated Road Map documents encompass all critical elements of the QCPR resolution. The Secretariat will continue to ensure that the IRM implementation is aligned to the QCPR resolution.

Reporting

14. Two key accountability documents for WFP are the Annual Performance Report (APR) and the Standard Project Report (SPR) of the country offices. The APR reports on corporate achievements and performance – the extent to which WFP has made progress vis-à-vis strategic objectives set forth in the Strategic Plan and implementation plan in the Management Plan. The SPRs, in turn, report on progress, performance and achievements made in specific projects, including financial information.

Annual Performance Report

15. The implementation of the IRM necessitates the alignment of the APR structure with the Strategic Plan (2017–2021), and reporting progress towards the Strategic Results and Outcomes. The IRM's improved "line of sight" will enable enhanced corporate reporting on resources used to achieve the results and to demonstrate value for money – that WFP reaches its beneficiaries in the most effective, efficient and economic ways.
16. The 2017 APR will be aligned to the extent possible with the IRM, taking into account that in the reporting period a majority of country offices will still be operating under the project-based structure. The draft 2017 APR outline and approach will be presented to the WFP senior management and subsequently to the Board at the forthcoming informal consultations; after the presentation of the 2016 APR at the 2017 Annual Session and following the lessons learned exercise.

Reporting on country portfolios

17. The IRM provides an opportunity to redefine reporting requirements at the country level. In the context of the new programmatic framework, the base line for reporting is provided by the CSP/ICSP and country operations management plan (COMP). Reporting is against the content of the CSP/ICSP and annual implementation plan, including logical frameworks and resource requirements. Reporting reflects whether and to what extent planned results have been achieved and how effectively, efficiently and economically resources have been used.
18. An enhanced SPR template – already anticipating some of the IRM changes – will be used for 2016 annual reporting. The enhanced template includes a first take of all WFP country offices on their country portfolio, as well as project specific information. The country office level information includes an analysis of the country context, response of the government and strategic coordination, summary of WFP operational objectives at country level, as well as resources used for results, and main achievements. Country level information is provided on supply chain as well as on implementation of evaluation recommendations and lessons learned. The 2016 reports, using the enhanced template, are expected to be completed by the end of March 2017 and will be made available.
19. A mock-up of an annual country report is currently being internally reviewed and is in the process of being refined. A draft mock-up will be shared at a future informal consultation. The Secretariat will take into consideration lessons learned and feedback from the Board regarding the enhancements made to 2016 reporting template.

Periodic reporting

20. The Periodic Reporting to donors is planned to be managed via an online portal. The information could include Monthly Country Briefs, Quarterly Monitoring Reports and a data dashboard, based on information made available from the online portal.

Simplification and harmonization of reporting

21. The different types of reporting are expected to be integrated and feed into each other: the information collected and presented in the context of periodic reporting is expected to be used and analysed for annual reporting. This will reduce work load and duplication of efforts across the organization. This approach will advocate increased awareness of performance throughout the implementation at all levels of the organization.

Evaluation

22. As defined in the Policy on Country Strategic Plans, under the management of the Office of Evaluation, all CSPs, other than ICSPs, will undergo country portfolio evaluations towards the end of their implementation period, to assess progress and results against intended CSP outcomes and objectives, including towards gender equity and other cross-cutting corporate results; and to identify lessons for the design of subsequent country-level support. Without prejudice to the independent selection of Country Portfolio Evaluations by the Office of Evaluation in line with the Evaluation Policy, ICSPs will undergo decentralized reviews as appropriate.

Treatment of Emergencies and Other Revisions During the 2017 Transition Period

23. The IRM is intended to strengthen WFP's core business of saving lives in an emergency response. Existing response mechanisms are embedded in the new framework to ensure WFP's emergency response remains nimble and flexible and the CP budget structure will make it easier for country directors to efficiently manage resources by increasing flexibility and visibility over available resources.
24. Throughout 2017, all country offices will be in varying stages of transitioning to the CSP framework. In the event of unforeseen needs during this period, the Secretariat has identified four potential scenarios.
 - i) **Scenario 1: CSPs/ICSPs approved in February 2017 or June 2017 for implementation in 2017 (i.e. wave 1A and 1B country offices).** Unforeseen needs will be addressed by the addition of a WFP strategic outcome(s) or augmentation of existing strategic outcomes(s). Country offices will use an emergency CSP revision template. The revision will be approved under the delegated authority of the Executive Director and the Food and Agriculture Organization of the United Nations (FAO) Director-General, where required. All other revisions will be prepared using a standard CSP revision template and will be approved by the Executive Director under the temporary authority granted by the Board until the end of 2017 to make revisions to the budgets of the pilot CSPs, when necessary, subject to the existing delegations of authority with respect to emergency operations. Any budget revisions approved during the pilot period will be reported promptly to the membership.
 - ii) **Scenario 2: Countries due to start a Transitional ICSPs on 1 January 2018.** Unforeseen needs relating to 2017 will be addressed using current templates and procedures. For unforeseen needs relating to the T-ICSP period country offices will use emergency or standard CSP revision templates, depending on the context. Emergency revisions will be approved under delegated authority by the Executive Director and the FAO Director-General, where required. All revisions to T-ICSPs are to be approved in line with the applicable General Regulations and Rules governing the delegations of authority until the country office's CSP/ICSP start date. Any approved budget revisions will be reported promptly to the Board.
 - iii) **Scenario 3: Countries due to start a Board-approved CSP/ICSP in January 2018.** Similar to scenario 2, country offices will use current templates and procedures for 2017 needs and emergency or standard CSP revision templates for revisions to the CSP/ICSP. Emergency revisions will be approved under delegated authority by the Executive Director and the FAO Director-General, where required. Fundamental, non-emergency changes to the CSP/ICSP will require Board approval.

- iv) **Scenario 4: Countries where WFP does not currently have a presence.** Country offices will use current templates and procedures for 2017 needs. As noted in paragraph 67, for unforeseen needs relating to 1 January 2018 onwards, WFP may implement a Limited Emergency Operation (which may include service delivery or capacity strengthening support, as required), utilizing a modified EMOP template and CP budget. It will be approved under delegated authority by the Executive Director and the FAO Director-General, where required.

Human Resources/Organizational Readiness

- 25. The WFP People Strategy is a key enabler for the implementation of the IRM. The Human Resources Management (HRM) Division is collaborating closely with the IRM Office to address the organizational readiness elements of the IRM's implementation.
- 26. HRM and the IRM Office have developed an IRM country office organizational readiness toolkit for the field that outlines key principles and provides easy-to-use checklists and tools to facilitate common understanding and consistency in implementation. Toolkit elements have been developed from and applied to Wave 1A country offices, in line with HR policies and practices. The overall package will be reviewed and updated with more information as lessons learned are collected from the Wave 1A and Wave 1B country offices.
- 27. The toolkit is centred around an Integrated Capability Model that is country office-focused and supported by Headquarters and the regional bureaux. The model, which will be used to help measure and support the people component of the IRM implementation, has four key dimensions:
 - i) **Climate:** Ensuring offices and staff are aware of, and ready for, the transformation;
 - ii) **Organization:** Aligning roles/responsibilities and structures to support the IRM;
 - iii) **Talent:** Ensuring the right talent is in the right roles to meet objectives; and
 - iv) **Skills:** Aligning and developing organizational and individual skills with IRM requirements.
- 28. The impact on the office structure and workforce composition and skills required will vary depending on the extent of the change in each country office. Regional Directors will lead the transformation, enabling and supporting country directors to implement the necessary changes required by the IRM framework. The HR capacity at the regional bureau level is being developed to further enable front line support to country offices.
- 29. To equip staff with the right capabilities IRM learning and development initiatives are targeting four categories: IRM general awareness, process/systems knowledge, technical skills and personal/interpersonal skills. Self-learning materials for general awareness and for processes/systems have been developed for the first phase and made available to staff. Courses for the remaining two categories are being developed and will be rolled-out over the course of 2017 and early 2018. Functional areas are also developing any necessary specific learning content to support their staff. Training for Wave 1A country offices is underway and lessons learned will help identify possible learning and development gaps as well as improvement areas.

Other Work Streams

- 30. In addition to the budgeting for operational effectiveness work stream that delivered the CP budget structure, the Financial Framework Review (FFR) prioritized two work streams in 2015 and 2016 – resource-based planning and macro-advance financing. The work streams were focused on improving internal management of resources.
- 31. In 2016, all country offices prepared a resource-based Implementation Plan for 2017. The implementation plans were aggregated to create the global prioritized plan of work for 2017 presented in the WFP Management Plan (2017–2019). The integration of funding projections, distribution and implementation plans enables country offices to make more effective use of resources against planned outcomes and provides valuable information for subsequent performance reviews. As part of the Management Plan (2018–2020) exercise, all country offices will prepare their 2018 implementation plan based on the CP budget structure.

32. The final work stream, macro-advance financing, seeks to improve predictability of funding, efficiency and effectiveness. A total of USD 100.7 million was advanced from the Internal Project Lending facility to five pilot country offices.⁹ Repayment of the macro-advances is on-going; USD 97.9 million has been repaid to date.
33. Lessons learned from these pilots and potential gains in efficiency and associated risks will be assessed and reported to the Board at the 2017 Annual Session.

Lessons Learned to Date

34. The experience of preparing and implementing Wave 1A and Wave 1B CSPs/ICSPs provides a significant learning opportunity in key areas such as: COMP, allocation of multilateral funding, system tagging using focus areas, structure of CSPs, the strategic review process, the degree to which comprehensive partnership strategies are adequately developed, organizational readiness, governance and delegations of authority and improving internal management, templates, guidance and processes. Lessons learned will be shared with the Board at the 2017 Annual and Second Regular Sessions as well as during informal consultations and bilateral discussions.

Annual Planning Process and Country Operations Management Plan

35. Implementation of the IRM provides an opportunity to review WFP's current fragmented planning processes. Development of an integrated annual planning process will streamline annual performance planning, operational planning and management planning. The COMP will form the basis of the annual planning cycle. Summarized information from the COMPs will be included within the Management Plan and information will be made available through the online portal, including activity-level detail, resource prioritization and modalities of assistance.
36. To date, the eight Wave 1A country offices have conducted their annual planning exercise and COMP. Information from the COMP was extracted and shared with the Member States in January 2017.
37. In mid-2017, the Secretariat, in consultation with the Board, will assess the information that should be retained within the CSP framework, the balance of information that could be made available at the time of the CSP approval; and/or information that could be moved to the COMP.
38. Country offices have conveyed that the COMP process needs to be simplified and information collected should be carefully considered to ensure it is useful and meaningful to support country office decision-making. Based on feedback received regarding COMPs for Wave 1A country offices, the Secretariat is updating its COMP guidance material for Wave 1B country offices to improve the quality of information provided and ensure a high-level of consistency, particularly on resource prioritization as well as justification for modalities of assistance, while also facilitating funding decisions.

Allocation of Multilateral Funding

39. The Strategic Resource Allocation Committee (SRAC) allocates multilateral funding to operations based on qualitative and quantitative information. The holistic nature of the CSP framework presents an opportunity to revisit the SRAC's decision-making criteria to consider needs, strategic outcomes, focus areas and performance to maximize the use of multilateral funding and the outcomes of WFP's programmes.¹⁰

Focus Areas

40. WFP Strategic Outcomes are tied to one Strategic Results and one focus area – crisis response, resilience building or root causes.

⁹ Ethiopia, Kenya, Mali, Nicaragua and the Sudan.

¹⁰ WFP has begun to apply the new full cost recovery approach to contributions received for pilot countries. While contributions are being received in accordance with the high-level cost categories of transfer and implementation costs, adjusted DSC, and ISC, some donors continue to direct the allocation of their contribution to specific transfer and implementation cost categories.

- i) *Crisis response*: aims to provide relief and maintain food security and nutrition in relation to a crisis, and may also include recovery efforts to restore livelihoods; targets internally displaced persons, refugees, vulnerable host communities, and malnourished and food-insecure populations affected by a shock – conflict, natural disaster or economic crisis.
 - ii) *Resilience building*: aims to build resilience to future crises and shocks by providing support to people and institutions and enabling communities and institutions to develop their assets and capacities to prepare for, respond to and recover from crises; typically supports people, communities and institutions in areas that are food-insecure, poor, hazard-prone or vulnerable to climate change.
 - iii) *Root causes*: occurs in the context of long-standing and/or unaddressed needs and vulnerabilities, and aims to address the underlying, root causes of vulnerability, including unavailability of food, poverty, and poor access to education and basic social services, etc.; objective is to ensure and protect the food security and nutrition of the most vulnerable people and communities while strengthening institutional capacity to respond to their needs; typically targets people and communities suffering from chronic food insecurity, persistent poverty and limited access to services.
41. Rigorous corporate guidance on the formulation of Strategic Outcomes will ensure that each outcome is categorized to only one focus area to promote greater visibility for resource mobilization and funding decisions.
42. Current CSP and ICSP submissions by country offices and the approximately 45 T-ICSP concept notes are providing the Secretariat with a better understanding of how formulation of Strategic Outcomes and links to focus areas can be strengthened to promote better alignment with funding lines. The Wave 1A and 1B CSPs are providing an important opportunity to gain experience in applying focus area tags to Strategic Outcomes. Guidance to this effect is being updated so that the experience and lessons learned informs discussions with Member States and donor partners.

CSP Structure

43. Following the Board’s review and feedback of Wave 1A CSPs, the Secretariat is updating the CSP template format to include additional guidance on better integrating elements of the strategic review and including information relating to partnerships, contributions to other SDGs, monitoring and evaluation and transition/exit strategies.

Strategic Review Process

44. As a facilitator of the country-owned national zero hunger strategic review, the Secretariat recognizes the need for early engagement and inclusive participation of stakeholders at critical milestones during the process and in the lead-up to the formulation of a CSP. Country offices are therefore being encouraged to ensure full and inclusive participation, where possible, of key stakeholders through the strategic review process and in the development of the CSP framework.

Corporate Results Framework

45. The Secretariat is reviewing the Corporate Results Framework, beneficiary definitions and formulation of outputs in light of lessons learned to date. Feedback received will determine if additional guidance or revisions are required and how best to introduce these revisions.

Inclusion of Sudan’s ICSP in Wave 1B

46. The addition of the Sudan ICSP in Wave 1B, to be considered at the 2017 Annual Session, will provide an opportunity to draw lessons from a major operation.

Outstanding Issues

Governance: Amendments to the WFP General Rules and Financial Regulations

47. As foreseen in the Policy on Country Strategic Plans and the FFR, implementation of the new programmatic and financial framework requires changes to the current WFP General Rules and Financial Regulations. The Board authorized specific derogations from the General Rules and Financial Regulations solely where necessary to permit the introduction of CSPs and the application of the CP budget principles in Wave 1A and Wave 1B countries for the transitional period from the 2017 First Regular Session to 31 December 2017.
48. To support the full roll-out of the Integrated Road Map from 2018, WFP's General Rules and Financial Regulations will need to be amended in three main areas: i) terminology and definitions to align with the new cost structure; ii) application of full-cost recovery and introduction of new cost categories; and iii) delegations of authority to the Executive Director and the FAO Director-General.¹¹ Changes to the WFP General Regulations are not foreseen.
49. It is anticipated that a first draft of the proposed changes to WFP's General Rules and Financial Regulations will be made available to the Board for the informal consultation planned for 17 May 2017. Subsequent drafts, benefiting from discussion with the Board, will be shared in advance of future informal consultations and at the 2017 Annual Session. The Secretariat will present a final package of amendments to the Board for approval at the 2017 Second Regular Session.¹²

Terminology and definitions

50. The Secretariat is conducting a detailed review to catalogue all General Rules and Financial Regulations that may require amendment to align with the new Board-approved policies. Drafting new language for the identified General Rules and Financial Regulations, including definitions under Financial Regulation 1.1, is underway to ensure that all terminology is adjusted to reflect the CSP framework and CP budget structure, i.e. CSP, ICSP, limited emergency operation, high-level cost categories, etc.
51. System tags using the focus area categories will also facilitate identifying which General Rules and Financial Regulations should be applied to certain categories of Strategic Outcomes. For example, Strategic Outcomes developed in response to emergencies will explicitly define the shock and will be tagged with the 'Crisis Response' focus area. This will serve as a means to identify Strategic Outcomes and/or budget revisions which will be submitted to the Executive Director and the FAO Director-General, where required. A post-factum report detailing the use of delegation of authority for the approval of Strategic Outcomes and/or budget revisions related to WFP Strategic Outcomes tagged as 'crisis response' will also be made available to the Board.
52. The CP budget accompanying the CSP framework will consist of the Strategic Outcomes developed on the basis of needs assessments. However, Strategic Outcomes tagged with "root causes" will include development activities and thus will be linked to General Rule X.8 and will be budgeted according to estimated available resources.

¹¹ The role of the FAO Director-General in the approval of emergencies under the delegation of authority will continue.

¹² The Advisory Committee on Administrative and Budgetary Questions and the FAO Finance Committee will provide advice on amendments to the Financial Regulations and General Rules related to the financial administration of WFP in advance of the 2017 Second Regular Session. Once approved by the Board, amendments to the General Rules will be shared, for information, with the United Nations Economic and Social Council and the FAO Council.

Full cost recovery and cost categorization

53. General Regulation XIII.2, which articulates the full-cost recovery principle as “...each donor shall provide cash contributions sufficient to cover the full operational and support costs of its contributions,” does not require any amendments. However, the related General Rule XIII.4 and Financial Regulation 4.5 concerning cost categorizations and the manner in which full-cost recovery is achieved, will require revision. The proposed changes to the General Rules and Financial Regulations will be the subject of several informal consultations in 2017 before they are presented to the Board for approval at the 2017 Second Regular Session.

Revised delegations of authority

54. Further to the agreed-upon governance model for the CSP framework, the Secretariat and Board recognized that the transition to the CSP framework would require revisiting the Executive Director’s authorities in relation to programme approvals and budget revisions because the existing delegations of authority to the Executive Director is based on programme categories and cannot be applied to the CSP framework.¹³
55. The approach, lessons learned from the pilot CSPs and emerging draft proposals and language will be regularly shared and discussed with the Board throughout the 2017 informal consultation process to seek feedback and reach consensus on the substance of the delegations of authority which will inform the drafting of the relevant text for the General Rule appendix and related passages.

Board Oversight and Governance of WFP CSPs and CP Budgets

56. Article VI of WFP’s General Regulations provides the power and functions of the Board; General Regulation VI.2 establishes the fundamental approval role of the Board.

General Regulation VI.2 (c): The Board shall review, modify as necessary, and approve programmes, projects and activities submitted to it by the Executive Director. In respect of such approvals, however, it may delegate to the Executive Director such authority as it may specify. It shall review, modify as necessary, and approve the budgets of programmes, projects and activities, and review the administration and execution of approved programmes, projects and activities of WFP.

57. The Policy on Country Strategic Plans (CSPs)¹⁴ and the FFR,¹⁵ approved at the 2016 Second Regular Session, sets out the foreseen governance model and approval process for the CSP framework (outlined below in paragraphs 58-68).

Approval of CSPs and ICSPs

58. The Board will approve all CSPs with an accompanying CP budget, with the exception of paragraph 61. CSPs and ICSPs will encompass all of WFP’s operations in all contexts, including emergency and special operations that are protracted, predictable and/or recurring, as well as trust funds where possible. They will also include smaller operations which currently fall below the thresholds for delegation of authority. Importantly, these are elements not currently approved by the Board and thus their inclusion in the CSP/ICSP will provide the Board with full visibility and transparency over the full spectrum of WFP’s work.

¹³ The Board granted the Executive Director authority until the end of 2017 to make revisions to the pilot CSPs, when necessary. All revisions to T-ICSPs during their initial 18-month period (i.e. through June 2019) will be approved in line with the applicable General Regulations and Rules governing the delegations of authority. The existing delegations of authority with respect to emergency operations are maintained.

¹⁴ WFP/EB.2/2016/4-C/1/Rev.1*.

¹⁵ WFP/EB.2/2016/5-B/1/Rev.1.

59. As noted in the Policy on Country Strategic Plans, some activities or Strategic Outcomes may continue to be funded by trust funds or other budgetary mechanisms. The Secretariat is considering the feasibility of including the programmatic framework and rationale for trust funds in CSPs, ICSPs or Limited Emergency Operations in all situations and all contexts.
60. Figure 2 illustrates the anticipated increase in oversight from project-based governance to CSP governance. Under the project-based governance structure, the Board approved new operations with a total value of USD 16,725 million over a five-year period. In comparison, under the CSP governance structure the Board would have approved new operations totalling USD 20,623 million. Therefore, it is expected that, at a minimum, these changes will provide a 23 percent increase in the Board’s approval of new operations,¹⁶ thereby strengthening its oversight of new operations

Figure 2: Increased Board approval role of new operations under CSP governance structure

Current EB approvals for new projects			New governance structure for new CSPs		
Project type	Threshold	Total value 2011-2015	Project type	Threshold	Total value 2011-2015
CPs	All CPs	USD 2,678M	CPs	All CPs	USD 2,678M
DEV	All > USD 3M in transfers + < USD 3M in transfers if no previous WFP presence	USD 196M	DEV	All DEVs	USD 257M (+30%)
PRRO	All > USD 20M in transfers	USD 13,851M	PRRO	All PRROs	USD 14,458M (+4%)
EMOP SOP	No EB approval		EMOP SOP	Only planned recurring EMOPs or SOPs (assumed half of total EMOP or SOPs)	+ USD 3,230M
Total EB approvals for 5 years: USD 16,725 million			Total EB approvals for 5 years: USD 20,623 million		

61. In cases where a CSP or new Strategic Outcome not previously foreseen in a CSP is entirely funded by the host country, it will be subject to the provisions of Financial Regulations 5.1 and 5.2, which delegates approval of bilateral projects to the Executive Director, unless the host government elects to have the CSP or Strategic Outcome approved through the regular CSP approval process.
62. ICSPs following a limited emergency operation, and T-ICSPs based on previously approved project documents, will be approved for up to 18 months by the Executive Director as a bridge to a strategic-review informed CSP. Within the 18-month period, WFP country offices would be expected to develop and submit strategic review-informed CSPs for approval by the Executive Board. Where a strategic review that provides a national roadmap for zero hunger has not been completed or is unlikely to be completed in the foreseeable future due to the operational context of the country, country offices will submit an ICSP lasting for up to three years for approval at any Board session.
63. All revisions to T-ICSPs (i.e. during their initial eighteen months) are to be approved in line with the applicable General Regulations and Rules governing the delegation of authority.

Approval of fundamental changes to a CSP or ICSP (outside of an emergency response)

64. During the lifecycle of a CSP or ICSP, significant contextual and operational changes may arise that could require a CSP, ICSP and/or CP budget to be revised. Except for paragraph 61, approval of revisions will be sought from the Board in the event of a fundamental change to the overall strategic focus and/or role of WFP in a country which involves the addition or deletion of one or more WFP Strategic Outcomes.¹⁷

¹⁶ This estimate excludes trust fund activities, which would also be included in the CP budget.

¹⁷ WFP/EB.2/2016/4-C/1/Rev.1*.

Approval of revisions linked to emergency response

65. In countries with a CSP or ICSP in place, an emergency may require the revision or addition of a WFP Strategic Outcome. Recognizing the critical importance of maintaining WFP's ability to respond quickly to an emergency, such responses (which may include service delivery or capacity strengthening support), as well as any necessary revisions to that support, will continue to be approved by the Executive Director and, if required, the FAO Director-General, in line with the applicable General Regulations and Rules governing the delegation of authority.
66. In order to facilitate application of the delegations of authority, the addition or revision of a Strategic Outcome which is developed in response to such emergencies (and which would fall under the delegated authority of the Executive Director and, if required, the FAO Director-General), would be tagged with the 'Crisis Response' focus area.¹⁸
67. It should be noted that an emergency may occur in countries where WFP does not have an operational presence or a CSP framework in place. In such situations, WFP may implement a Limited Emergency Operation (which may include service delivery or capacity strengthening support, as required), utilizing a modified EMOP template and CP budget. A Limited Emergency Operation, planned for an initial period of up to six months, would be approved by the Executive Director, and, if required, the FAO Director-General.
68. A post-factum report detailing the use of delegation of authority for the approval of budget revisions related to WFP Strategic Outcomes tagged as 'crisis response' will also be made available to the Board.

Delegations of authority for non-fundamental, non-emergency revisions

69. The final component of the governance model is the delegations of authority to the Executive Director for non-fundamental, non-emergency revisions. Given the governance arrangements outlined above – where the Board will approve CSPs and ICSPs as well as revisions relating to fundamental changes to the overall strategic focus and/or role of WFP in a country which involves the addition or deletion of one or more WFP Strategic Outcomes – resulting in an overall increase in Board governance and oversight, the Secretariat expects that such revisions will be limited, but acknowledges the importance of setting an appropriate level of delegation.

Approach to Developing Proposed Delegations of Authority for Non-Fundamental, Non-Emergency Revisions in 2017

70. The issue of governance and maintaining the Board's fundamental role in the approval process was discussed during the informal consultations and formal Board sessions held in 2016. Feedback from the Board suggested that the Membership would prefer a governance model which utilized budgetary thresholds for delegations of authority for approving budget revisions to CSPs/ICSPs (noting the exceptions in paragraph 61). The Secretariat, in consultation with the Board, determined more time was needed for analysis and discussion, before presenting a proposal for approval. During the informal consultation on 30 January 2017, the following questions for non-fundamental changes not related to emergency response were posed to the Board for feedback.
 - i) *Should we have a sliding scale – as opposed to a single percentage – for EB approval or an absolute amount for small, medium, large, very large CSPs?*
 - ii) *How do we ensure visibility for revisions to "small" CSPs?*
 - iii) *When considering thresholds, which is more appropriate: Percentages or absolute values?*
 - iv) *If absolute values are being considered, what are the most appropriate thresholds?*

¹⁸ The use of tags will also enable WFP to track requirements and contributions linked to United Nations coordinated humanitarian response plans.

71. Annex I outlines the Secretariat’s current thinking to further the discussion.
72. The Secretariat is committed to an extensive informal consultation process in 2017 and presenting a proposal on the revised delegations of authority to the Board for approval at the 2017 Second Regular Session. Importantly, the Secretariat also proposes the approved threshold levels for delegations of authority be revisited after a set number of years of implementation, to ensure the appropriate balance is found between ensuring oversight and proper governance while seeking increased management efficiency.
73. The current delegations of authority were established in 1994, with an initial threshold of USD 3 million food value for all project types. The threshold for PRROs was increased to USD 20 million in 2004.¹⁹ Annex I additionally outlines the reasons why delegations of authority need to be reviewed including the evolution of the organization. Since 1994, WFP has shifted from food aid to food assistance and will now transition from a project-based structure to the country portfolio framework envisioned in the IRM. Understanding and reflecting WFP’s operational drivers and contextual changes will be key in developing a proposal for new delegations of authority and thresholds.
74. As a first step, the Secretariat undertook an analysis of past levels and frequencies of budget revisions to inform the discussion on establishing appropriate budgetary thresholds for delegated authority to approve such revisions. Over the 2011–2015 period, approximately USD 38 billion in new operations and budget revisions were approved – of which nearly two-thirds (USD 23.3 billion) were the approval of new operations. This trend – where the approval of new operations is substantially greater than revisions – is expected to continue in the new CSP framework.
75. A closer look at the USD 14.7 billion in budget revisions shows that a majority of the value of these changes were approved by either the Board or by the Executive Director and the FAO Director-General (USD 11.9 billion, or 81 percent), with the balance approved through the delegation of authority. The analysis of budget revisions has also shown there are three main categories of budget revisions that are considered non-fundamental or non-emergency related:
- i) **Extensions in Time:** The vast majority of the *number* of budget revisions (41 percent) as well as the *value* of these revisions (72 percent) were linked to changes to project duration.
 - ii) **Change in transfer value:** Changes in transfer value (independent of an extension of time), which could indicate an increase in caseload or a change in programmatic focus, represented approximately 12 percent of the *number* of budget revisions and approximately 7 percent of the *value*.
 - iii) **Technical Revisions:** Technical revisions and adjustments of associated costs represented approximately 17 percent of the *number* of budget revisions, though the *value* was less than 1 percent.
76. The balance of the approved budget revisions was due to a combination of different factors, which were difficult to isolate into one category.
77. When considering the reasons for budget revisions, and what revisions may look like in the future, it should be reiterated that WFP expects the majority of CSP or ICSP revisions to relate to either an emergency response or a fundamental change to the overall strategic focus and/or role of WFP in a country. The former would continue to see approvals by the Executive Director and, if required, the FAO Director-General, as outlined in paragraphs 65 and 67. The Executive Board would approve revisions relating to fundamental changes to the overall strategic focus and/or role of WFP in a country, as outlined in paragraph 64. It should be noted that the need for technical revisions and adjustments of associated costs is expected to largely disappear, because of improvements in resource-based implementation planning.

¹⁹ Thresholds for EMOPs and DEVs stayed the same.

78. Consequently, the number of budget revisions that will be considered non-emergency and non-fundamental is expected to be minimal and will fall into the following main categories:
- i) Small to medium size scale-ups/downs of activities; and
 - ii) Revisions to service provision.
- i) *Small to medium size scale-ups/downs of activities.*
79. It is expected that any significant scale-ups/downs would be captured as a fundamental change to a strategic outcome (which would be approved by the Board), or would be in response to an emergency/crisis response context (which would be approved by the Executive Director and, if required, the FAO Director-General). However, small to medium size scale-ups/downs of activities can also be expected, for instance in response to changes in beneficiary caseload.
80. Within this context, the Secretariat will have further discussions with the Board on the extent to which budgetary thresholds, based on to the total value of the CSP be considered, and whether employing a percentage, rather than a dollar value, will better account for the disparity in operational size. Annex I presents a series of key questions which help frame the discussion for determining the most appropriate methodology and values for budgetary thresholds for delegated authority to approve such budgetary revisions.
81. Striking the right balance between maintaining the Board's role in the approval of such revisions, which are expected to be minimal given their non-fundamental and non-emergency nature, while also ensuring the optimum level of efficiency both for the Board's workload as well as WFP's internal processing will be a key consideration in the discussion on budgetary thresholds for delegations of authority to approve such revisions.
- ii) *Delegation of authority for revisions to service provision*
82. Noting that service delivery, i.e. planned common/shared services, is fully integrated into CSP/ICSPs, it is also recognized that such activities are often planned in direct response to a specifically funded request. In recognition of the different nature (and funding sources) of such activities, the Secretariat is seeking feedback from the Board to determine whether potential budgetary revisions for this modality can be handled through the continued (though revised) application of the appendix to the General Rules Part (e) IV, which establishes that the Executive Director may receive and programme any additional directed resources to country programmes and projects, keeping the Board regularly informed.²⁰

Temporary delegation of authority for transitional governance arrangements

83. To ensure the indicative roll-out schedule of CSPs/ICSPs remains flexible and to address the potential misalignment between the current schedule of Executive Board sessions and the time-sensitivity of implementation of the CSPs, ICSPs and T-ICSPs, the Secretariat seeks the Board's feedback on temporary delegations of authority to be granted in three areas:
- i) Project budget revisions in 2017;
 - ii) Extensions in time for T-ICSPs through the transition period (up to June 2019); and
 - iii) Temporary delegation of authority related to T-ICSPs for CSPs/ICSPs that will considered at the 2018 First Regular Session.

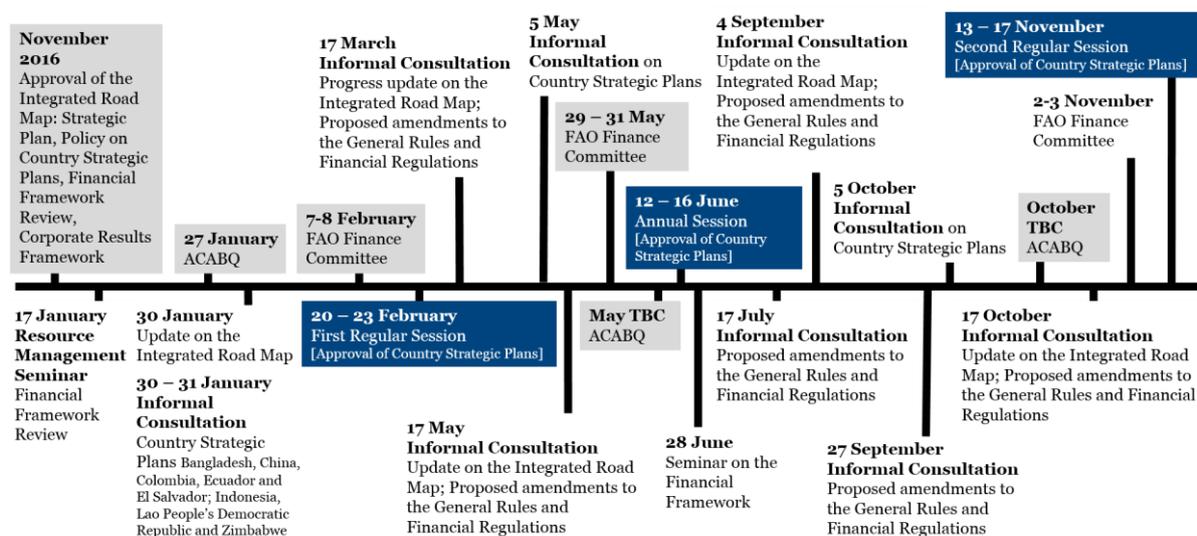
²⁰ The Secretariat is considering the feasibility of including the programmatic framework and rationale for trust funds in CSPs, ICSPs or Limited Emergency Operations in all situations and all contexts.

- i) *Temporary delegation of authority for the approval of project budget revisions in 2017*
84. Some country offices will require approval of budget revisions for existing projects in 2017 before the approval and start of a CSP/ICSP. To streamline the approval of budget revisions during this period the Secretariat proposes to amend the Executive Director’s temporary delegated authority to include approval of project budget revisions until the country offices’ CSP/ICSP start date. The Secretariat will present a draft decision for approval at the 2017 Annual Session.
- ii) *Temporary delegation of authority for extensions in time for T-ICSPs*
85. As noted in paragraph 62, T-ICSPs based on previously approved project documents will be approved for up to 18 months by the Executive Director as a bridge to a strategic-review informed CSP. Within the 18-month period, country offices are expected to develop and submit strategic review-informed CSPs for approval by the Executive Board. In recognition that in some cases the development of the CSPs may slip outside of the timeframes currently envisaged, it is proposed that exceptionally, a delegation of authority for approving extensions up to the end of the transition period, i.e, June 2019, be provided so that ongoing T-ICSPs may minimally continue operations through a subsequent session of the Executive Board. The Secretariat will present a draft decision for approval at the 2017 Annual Session.
- iii) *Temporary delegation of authority related to T-ICSPs for CSPs and ICSPs that will be considered at the 2018 First Regular Session*
86. The Board will consider five CSPs (Afghanistan, Honduras, Jordan, Pakistan and Tunisia) and the ICSP for Yemen at the First Regular Session of 2018. Under the current arrangements, these six country offices would be required to create a transitional ICSP - approved by the Executive Director – for the six to eight weeks prior to the Board session. This anomaly has been raised by impacted country offices as inefficient and overly burdensome. To address this concern, the Secretariat proposes that under the temporary delegation of authority proposed in paragraph 85 that the Executive Director approve the six CSPs /ICSPs as T-ICSPs for the first two months of 2018. Internal controls would be put in place to ensure that country offices would not implement any new programmatic activities that are outside of the previously approved projects and to limit the country offices budgetary expenditures until formal approval is in place. The Secretariat will present a draft decision for approval at the 2017 Annual Session.
87. In summary, the Secretariat is seeking the Board’s feedback on the proposed delegations of authority in the following areas:
- i) delegation of authority for non-fundamental, non-emergency revisions, including:
 - i) small to medium size scale-ups/downs of activities; and
 - ii) revisions to service provision.
 - ii) temporary delegation of authority for the approval of project budget revisions in 2017;
 - iii) temporary delegation of authority for extensions in time for T-ICSPs up to June 2019; and
 - iv) temporary delegation of authority related to T-ICSPs for CSPs and ICSPs that will be considered at the 2018 First Regular Session.
88. In consultation with the Board, the Secretariat will present a draft decision for approval for the temporary delegations of authority outlined in paragraphs 84–86 at the 2017 Annual Session. Proposed revisions to delegations of authority outlined in paragraphs 78–82 will be presented for approval at the 2017 Second Regular Session.

2017 Engagement

89. In recognition of the significance of the transformation brought on by the IRM and important governance decisions which require substantial discussion, the Secretariat has developed an extensive engagement strategy for 2017 (see Figure 3). The Board's direct engagement and feedback will provide invaluable guidance to ensuring the successful implementation of the IRM, discussion of draft CSPs/ICSPs and consideration of the normative amendments to the General Rules and Financial Regulations and proposed revisions to delegations of authority that will be presented for approval at the Second Regular Session of 2017.

Figure 3: 2017 Informal consultations on the Integrated Road Map

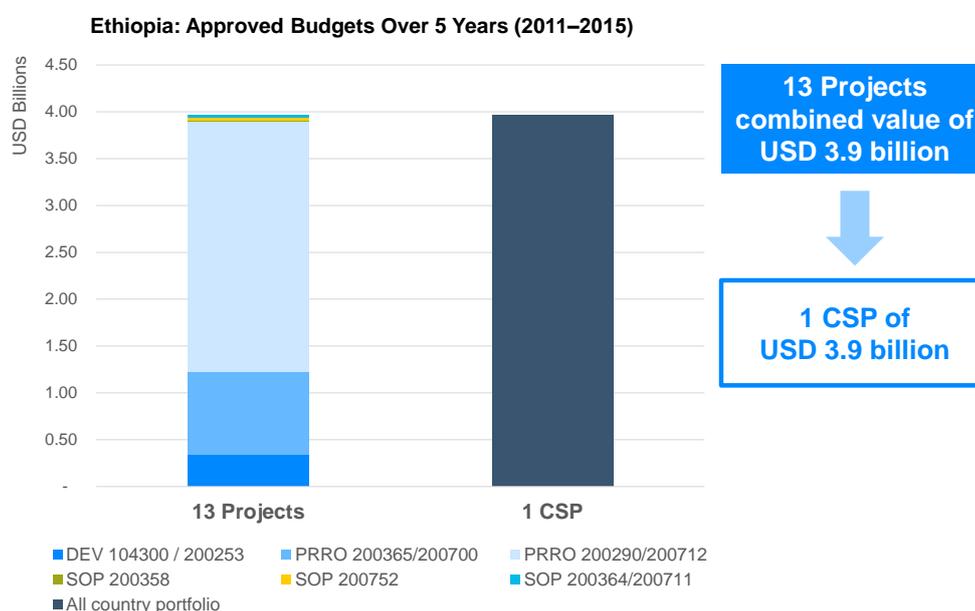


ANNEX I

❖ *Why do the threshold levels of delegation of authority for budget revisions need to be reviewed?*

1. With the approval of the CSP Framework to replace existing programme categories and project documents, all activities and resources foreseen for a period of up to five years are included in the country office's CSP and accompanying CP budget. The country portfolio approach is therefore by definition significantly larger in operational size and budget value, as well as longer in duration than the individual projects active today. A typical country office, over the course of five years, will implement five separately approved projects (on average: one Dev, one PRRO, two EMOPs and one SOP), each with a distinct project-based approval threshold. Under the CSP Framework, the same country office will implement these projects in one consolidated portfolio which is approved by the Board. The portfolio approach creates a multiplying effect in terms of budget value, so even with all other things being equal, the transition from project-based to portfolio-based operations should necessitate a revision of thresholds, as the value of CSPs will far exceed the current single project thresholds.
2. This concept is best illustrated with an example from WFP's Ethiopia Country Office (see Figure A.1). Over the last five years, the Ethiopia Country Office has implemented 13 different approved projects, of which eight were initially approved by the Board (six PRROs and two DEVs) and five were approved by the Executive Director (five SOPs). Under the new programmatic and financial frameworks, the Ethiopia Country Office would have sought the Board's approval for a single CSP with a total budgetary value of USD 3.9 billion. This example shows the multiplying effects of the portfolio approach, and the disparity between the size of the new CSPs and the current thresholds for delegation of authority for budget revisions (USD 3 million food value for EMOPs and DEV/CP; USD 20 million food value for PRROs).

Figure A.1: Practical Example: Ethiopia Country Office



3. This example also highlights the potential for realizing efficiency gains under the new framework as a result of decreasing the amount of time spent on preparing multiple project documents and budget revisions and the number of approvals required by the Board and WFP management. Additionally, transitioning from fragmented project-based approvals to a more coordinated and strategic approval of a single CSP will result in more effective and holistic oversight and governance.

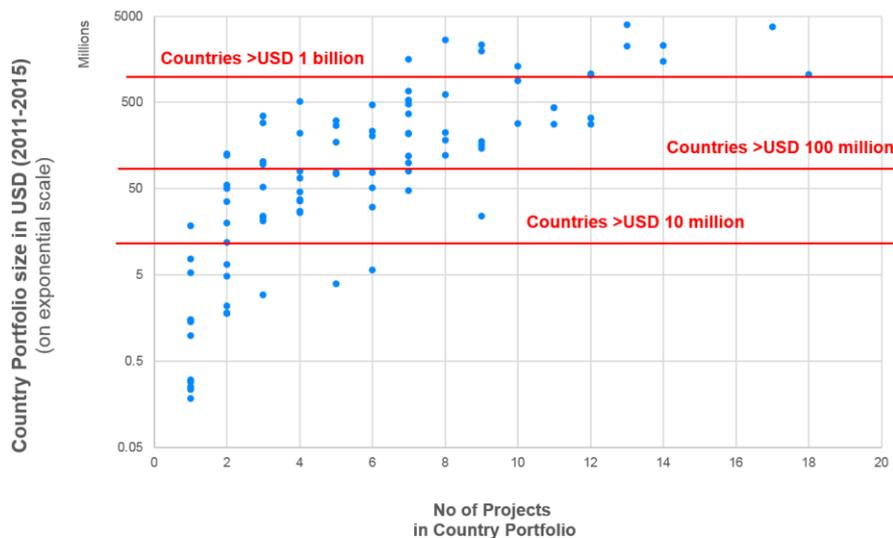
❖ *Should WFP move from input-based budget revision thresholds (i.e. food value) to total budget revision thresholds?*

4. In line with its Strategic Plan, over time WFP has gradually shifted from providing only in-kind food assistance to increasingly including cash-based transfers and capacity building activities in its programme of work. In 2010, the Board approved segregating non-commodity activities within projects.¹ In line with this decision, in 2013, the Secretariat introduced cash-based transfers (CBT) and capacity development and augmentation (CDA) as modalities in the budget structure. At the time, CBT represented approximately one percent of WFP approved budgets and CDA was approximately four percent (which also included special operations such as UNHAS air operations). By 2015, the values of CBT and CDA modalities increased to 22 percent and 9 percent of approved budgets, respectively.
5. Under the approved CSP framework, WFP is committed to achieving strategic outcomes through various modalities and is therefore transitioning to an outcome-focused (rather than input-based) approach. To reflect this shift, WFP’s delegation of authority thresholds, currently defined by an input-based “food” value, should be revised to be based on overall budget value and therefore no longer defined solely by one type of modality.

❖ *When considering thresholds, instead of considering absolute budgetary values, should percentages be considered?*

6. In addition to approving all CSPs and all fundamental changes to CSPs, a goal is for the Executive Board to be involved in all *significant* changes to CSPs. In recognition of the growing disparity of operational sizes in country portfolios (as illustrated in Figure A.2 below), this would imply that the actual dollar *value* of that change would not be uniform across all countries. For this reason, establishing a percentage threshold as opposed to an absolute value threshold would ensure that the Board would focus its efforts only on significant changes irrelevant of operational size.

Figure A.2: Disparity of Operational Sizes in Country Portfolios, 2011-2015



¹ WFP/EB.2/2010/5-A/1.

Acronyms Used in the Document

APR	Annual Performance Report
CBT	cash-based transfer
CDA	capacity development and augmentation
COMET	country office tool for managing effectively
COMP	country operations management plan
CP budget	country portfolio budget
CSP	country strategic plan
FAO	Food and Agriculture Organization of the United Nations
FFR	Financial Framework Review
HRM	Human Resources Management
ICSP	interim country strategic plan
IRM	Integrated Road Map
IT	information technology
QCPR	Quadrennial Comprehensive Policy Review
SDG	Sustainable Development Goal
SPR	Standard Project Report
SRAC	Strategic Resource Allocation Committee
T-ICSP	Transition ICSP
WINGS	WFP Information Network and Global System