

**Update on the Integrated Road Map,
including proposed amendments to the
WFP General Rules and Financial Regulations**



Informal consultation

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**World Food Programme
Rome, Italy**

Introduction

1. The Integrated Road Map (IRM) defines the transformative changes required to implement the WFP Strategic Plan (2017–2021)¹ and facilitate and demonstrate WFP’s contribution to achieving the goals of the 2030 Agenda for Sustainable Development, particularly Sustainable Development Goal (SDG) 2, “End hunger, achieve food security and improved nutrition, and promote sustainable agriculture”, and SDG 17, “Strengthen the means of implementation and revitalize the global partnership for sustainable development”. The IRM provides a new and comprehensive architecture that comprises four interrelated components – the WFP Strategic Plan (2017–2021), the Policy on Country Strategic Plans,² the Financial Framework Review³ and the Corporate Results Framework (2017–2021).⁴
2. This paper provides background and rationale for the proposed amendments to WFP’s General Rules and Financial Regulations, which aim to facilitate implementation of the IRM and reflect the current context in which WFP is operating. The paper is intended to inform the discussion at the 6 September 2018 informal consultation on the IRM, at which WFP management will seek the Board’s feedback on the proposed amendments, including eleven recommendations related to achieving full cost recovery, prior to approval at the 2018 second regular session. The eleven recommendations are summarized in table 1.

TABLE 1: SUMMARY OF RECOMMENDATIONS RELATED TO FULL COST RECOVERY		
Recommendation	Update	Annex reference
1. Continue twinning arrangements for in-kind contributions as provided for in existing General Rule XIII.4 (f).	Unchanged from 2018 annual session	General Rule XIII.4 (c)
2. Adjust General Rule XIII.4 (f) to allow cash as well as in-kind contributions to be eligible for twinning.	Substantively unchanged from 2018 annual session	General Rule XIII.4 (c)
3. Expand the current General Rule XIII.4 (e) to include relevant in-kind contributions for programme support and administrative (PSA) or related activities.	Unchanged from 2018 annual session	General Rule XIII.4 (b)
4. Maintain the ISC waivers provided for in General Rule XIII.4 (g) and amend the wording of the General Rule to reflect the Integrated Road Map (IRM) framework and cost categories, including by adjusting the waivers to cover broader support costs in line with the interim full cost recovery formulation approved by the Board at its 2017 second regular session.	Unchanged from 2018 annual session	General Rule XIII.4 (e)

¹ WFP/EB.2/2016/4-A/1/Rev.2.

² WFP/EB.2/2016/4-C/1/Rev.1.

³ WFP/EB.2/2016/5-B/1/Rev.1.

⁴ WFP/EB.2/2016/4-B/1/Rev.1.

TABLE 1: SUMMARY OF RECOMMENDATIONS RELATED TO FULL COST RECOVERY		
Recommendation	Update	Annex reference
5. Maintain the flexibility of direct support cost (DSC) rates for mandated common services and ensure that the General Rules and Financial Regulations allow for the possibility of more than one DSC rate in a single country in such cases.	Unchanged from 2018 annual session	General Rule XIII.4 (a)
6. Continue to treat revenue generated from on-demand service provision as distinct from contributions as defined by Financial Regulation I.	Unchanged from 2018 annual session	Financial Regulations 4.1, 4.8, 10.2, 10.3 and 10.9.
7. Integrate country-level trust funds into the country portfolio budget (CPB) and maintain trust funds at the headquarter and regional levels.	Unchanged from 2018 annual session	Financial Regulations 4.6, 5.1, 5.2, 10.3 and 10.4.
8.a. Apply a reduced ISC rate for host governments' contributions to their own programmes, with a proposed rate to be presented in the management plan.	Recommendation revised following the 25 July informal consultation. Reduced ISC rate would be applied for host governments' contributions to their own programmes.	No exception is required under General Rule XIII.4 as this recommendation achieves full cost recovery. A separate ISC rate for host government contributions to their own programmes would be set on an annual basis in the management plan.
8.b. Apply a reduced ISC rate for contributions made by one developing country or countries with economies in transition to another, with a proposed rate to be presented in the management plan.	Recommendation revised following the 2018 annual session; substantively unchanged since the 25 July informal consultation.	Exception required. New General Rule XIII.4 (f). Reporting requirement reference in new General Rule XIII.4 (g). A separate ISC rate would be set on an annual basis in the management plan.
9. Adjust General Rule XIII.4 (e) to allow for exemptions from ISC for contributions to the Operational Reserve.	Unchanged from 2018 annual session	General Rule XIII.4 (b)
10. Delegate authority to the Executive Director for the approval, on an exceptional basis, of twinning arrangements for contributions from any donor.	New recommendation following the 2018 annual session; unchanged since the 25 July informal consultation	Exception required. New General Rule XIII.4 (d). Reporting requirement reference in new General Rule XIII.4 (g).

TABLE 1: SUMMARY OF RECOMMENDATIONS RELATED TO FULL COST RECOVERY		
Recommendation	Update	Annex reference
11.a. Apply a reduced ISC rate to contributions to the Immediate Response Account (IRA).	New recommendation following the 2018 annual session; unchanged since the 25 July informal consultation	Amendment of current General Rule XIII.4 (e) is required to remove the reference to no additional cash or services being required in respect of IRA contributions. See new General Rule XIII.4 (e). No exception is required under General Rule XIII.4 as this recommendation achieves full cost recovery. A separate ISC rate for these contributions would be set on an annual basis in the management plan.
11.b. Apply a reduced ISC rate to cash contributions that are not designated in any way.	New recommendation following the 2018 annual session; unchanged since the 25 July informal consultation	Amendment of current General Rule XIII.4 (e) is required to remove the reference to no additional cash or services being required in respect of cash contributions that are not designated in any way. See new General Rule XIII.4 (e). No exception is required under General Rule XIII.4 as this recommendation achieves full cost recovery. A separate ISC rate for these contributions would be set on an annual basis in the management plan.

3. Taking into consideration the guidance and feedback received from the Board during a series of informal consultations, the Secretariat intends to present amendments to the General Rules and Financial Regulations for approval at the 2018 second regular session. A draft of the proposed amendments – reflecting feedback received to date, notably at the 27 April informal consultation, the 2018 annual session and the 25 July informal consultation – is provided in the annex to the present document.

4. In addition to the amendments to the WFP General Rules and Financial Regulations, management is also seeking the Board's feedback on three other issues that will require the Board's approval at the 2018 second regular session:
 - i) a proposed approach to regional responses;
 - ii) transitional governance arrangements for selected country strategic plans (CSPs) and interim country strategic plans (ICSPs) that will be considered at the 2019 first regular session; and
 - iii) extension of the duration of certain transitional ICSPs to allow approval of CSPs and ICSPs at the 2019 second regular session.⁵

Governance arrangements

5. As foreseen in the Policy on Country Strategic Plans and the Financial Framework Review, implementation of the IRM requires changes to the current WFP General Rules and Financial Regulations in three main areas: terminology and definitions that are coherent with the new structure;⁶ application of full cost recovery and introduction of new cost categories; and amendments to delegations of authority.
6. Proposed changes to the General Rules and Financial Regulations with respect to terminology and definitions and the application of full cost recovery and new cost categories are outlined in the following paragraphs, and draft text is provided in the annex. The Board is invited to provide feedback on these proposed changes prior to their presentation for approval at the 2018 second regular session. If approved, the changes will take effect on 1 January 2019.
7. The interim delegations of authority approved by the Board at the 2017 second regular session are in effect until 29 February 2020. Following a review of these interim delegations of authority, permanent delegations of authority⁷ will be presented for approval at the Board's 2020 first regular session and, if approved, will take effect from 1 March 2020.

Terminology and definitions to achieve alignment with the IRM structure

8. In the WFP General Rules and Financial Regulations, amendments to terminology that refers to existing programme categories are required to ensure coherence with the IRM framework. Additional changes have also been proposed to reflect the current context in which WFP is working. All amendments are detailed in the annex, which also includes an explanation for proposed changes.
9. The main areas for change include the following:
 - i) General Rule II.2, which defines WFP's programme categories, has been amended to refer to CSPs, ICSPs, limited emergency operations and transitional ICSPs. Based

⁵ Paragraph 41 of the Policy on Country Strategic Plans states that ICSPs based on previously approved project documents will be approved for up to 18 months by the Executive Director as a bridge to a CSP informed by a strategic review.

⁶ The Secretariat continues to draft new wording, including definitions under Financial Regulation 1.1, in order to align the affected General Rules and Financial Regulations with the new Board-approved policies. Wording that refers to existing programme categories, such as emergency operations (EMOPs), will be amended to reflect elements in the IRM framework.

⁷ The development of permanent delegations of authority will draw on experience from the interim period (1 January 2018 to 29 February 2020) and on a review that aims to ensure that the Board's fundamental approval and oversight role is maintained.

on countries' progress in adopting 2030 Agenda for Sustainable Development, as well as increased focus on localizing the Sustainable Development Goals (SDGs) as part of United Nations reform, the proposed language references "country-owned sustainable development analysis" to broaden the foundation for country strategic plans.

- ii) General Rule VII.1, which defines the responsibilities of the Executive Director for assuring supplies of resources, has been amended to include non-food items and cash resources as well as commodities and services.
- iii) General Rule X.2 has been amended to remove references to country strategy outlines and country programmes, as these are no longer relevant in the IRM context. In response to feedback received during the 25 July informal consultation, the language in this rule has also been revised to emphasize the role of national governments and United Nations agencies in establishing development activities within programmes and to reflect the new IRM framework, including the country portfolio budget and the new cost categories.
- iv) General Rules X.7, X.8 and XI.1 have been amended to remove reference to the project framework.
- v) General Rule XIII.1 (c) has been amended to broaden the understanding of which governments can make contributions by deleting the reference to "donor" governments.
- vi) General Rule XIII.6 has been amended to reflect the fact that the Food Aid Convention has been superseded by the Food Assistance Convention.
- vii) Financial Regulation I: Definitions have been amended to introduce new terminology related to the IRM framework. In addition, the definition of biennium has been removed to reflect that WFP operates on an annual period under the International Public Sector Accounting Standards (IPSAS).

Full cost recovery

- 10. The Board approved principles governing the interim application of full cost recovery for country offices operating in the CSP framework in 2017 and 2018 at its 2016 and 2017 second regular sessions in its decisions 2016/EB.2/7 and 2017/EB.2/2, with the intention of amending the General Rules and Financial Regulations with respect to full cost recovery – benefiting from lessons learned and with effect from 1 January 2019 – at its 2018 second regular session. Proposed amendments to the General Rules and Financial Regulations, which are in line with the previous approved principles, are included in the annex. These amendments are primarily focused on General Rule XIII.4, covering types of contributions, and related financial regulations.
- 11. Paragraphs (a–d) in current General Rule XIII.4, for which calculation criteria for achieving full cost recovery have been simplified in revised General Rule XIII.4 (a-b), are as follows:
 - transfer and implementation costs, which shall be calculated based on estimated cost;
 - direct support costs, which shall be calculated based on country-specific percentages of the transfer and implementation costs; and

- indirect support costs, which shall be calculated based on percentages, determined by the Board, of transfer and implementation costs, and direct support costs.
12. As noted at the 25 July informal consultation, to facilitate understanding of the new cost structure during the initial rollout of the IRM and to differentiate the DSC category of the project-based financial structure from that of the support cost category in the new country portfolio budget structure, the DSC category in the country portfolio budget structure was initially referred to as “adjusted DSC”. However, as all WFP country offices will move to the IRM framework by early 2019, and in the light of the changes being proposed to the General Rules and Financial Regulations, management proposes that the word “adjusted” be dropped and that, for simplicity, the term “direct support costs” or “DSC” be used hereafter.
 13. In addition to the changes to General Rule XIII.4 outlined in paragraph 11 above, 11 recommendations related to full cost recovery are being presented to the Board and are outlined in the following paragraphs. It should be noted that each of these recommendations should be viewed as a distinct proposal based on its individual impact from a financial and policy perspective.
 14. It should further be noted that Article XIII.2 of the General Regulations, outlined below, sets forth both the full cost recovery principle, and the manner in which exceptions may be made to it:
 - i) Except as otherwise provided in such general rules in respect of developing countries, countries with economies in transition and other non-traditional donors, or in respect of other exceptional situations, each donor shall provide cash contributions sufficient to cover the full operational and support costs of its contributions.
 15. Recommendations that will achieve full cost recovery do not require exceptions under the General Rules. For example, some contributions, due to their nature, can achieve full cost recovery through the application of an ISC rate that is lower than the standard ISC rate. The Secretariat has identified three such types of contributions, which fall under recommendations 8.a, 11.a, and 11.b. Provided that the ISC rate set for these contributions achieves full cost recovery, an exception under General Rule XIII.4 is not necessary to accommodate their implementation. As such, no exceptions in respect of them are set forth in the annex. Instead, it is proposed that the Board set the appropriate ISC rate for these contributions on an annual basis through the management plan.

Recommendation 1: Continue twinning arrangements for in-kind contributions as provided for in existing General Rule XIII.4 (f)

16. General Rule XIII.4 (f) enables twinning as a method for achieving full cost recovery when a developing country, country with an economy in transition or other non-traditional donor provides an in-kind contribution but no funding for associated costs. In such cases, the contribution is “twinning” with a separate cash contribution from another donor or donors to cover those costs.
17. The criterion for determining eligibility for twinning arrangements was expanded by the Board through its approval of the 2004 policy described in the document entitled “New

Partnerships to Meet Rising Needs – Expanding the WFP Donor Base”.⁸ The criterion as expanded states: “To determine whether a member state that cannot provide for FCR (full-cost recovery) is eligible...WFP proposes to use per capita gross national income (GNI) as the criterion. Countries eligible for assistance in meeting FCR will be least-developed countries, low-income and lower-middle income countries as defined at the time by the Organisation for Economic Co-operation and Development’s Development Assistance Committee”.

18. Twinning has been effective in facilitating contributions from new donors – often by allowing governments to invest in WFP operations in their own countries, which can enhance the sustainability of such operations – and broadening WFP’s donor base in an era of increasing needs for assistance. Between 2004 and 2016, through twinning arrangements, WFP received approximately 1.5 million mt of food valued at USD 958 million. WFP therefore proposes a continuation of twinning arrangements by maintaining the practice within General Rule XIII.4 (c).

Recommendation 1	Continue twinning arrangements for in-kind contributions as provided for in existing General Rule XIII.4 (f).
Update	Unchanged from 2018 annual session.
Proposed amendments in annex	General Rule XIII.4 (c)

Recommendation 2: Adjust General Rule XIII.4 (f) to allow cash as well as in-kind contributions to be eligible for twinning.

19. In addition to maintaining twinning under General Rule XIII.4, management proposes to expand eligibility to cover cash contributions in addition to in-kind commodities and services. The proposed changes to enable this expansion can be found in General Rule XIII.4 (c) in the annex.
20. Expanding the twinning eligibility beyond in-kind contributions to include cash contributions reflects WFP’s shift from a food aid to a food assistance organization and the increasing proportion of cash-based transfers in WFP’s operations: in 2009, WFP distributed approximately USD 10 million in cash-based transfers in ten countries; by 2017 the figure had grown to USD 1.4 billion in 61 countries. Expanding twinning eligibility to cash contributions would ensure that contributions for both cash and in-kind transfers are treated similarly and that twinning assistance is no longer restricted to only in-kind support.
21. The expansion of twinning arrangements to cash contributions would enable host governments that may have legislative or political restrictions on providing funds for associated costs (particularly ISC) to support WFP operations while ensuring that all associated costs are fully covered and full cost recovery is achieved. This may be particularly relevant for countries in which in-kind food assistance is decreasing and cash support is on the rise. Of the countries where WFP is operating within the CSP framework that are eligible for twinning arrangements, WFP is providing no food transfers in seven⁹ and is implementing programmes in which cash-based transfers

⁸WFP/EB.3/2004/4-C.

⁹ Ghana, India, Indonesia, Morocco, Sao Tome and Principe, Togo and Tunisia.

represent at least 85 percent of the programmes of work in five.¹⁰ In such cases, legislative restrictions on the payment of ISC could impede their ability to support WFP operations in their own countries.

22. In one country where WFP is currently operating, for example, WFP is involved in ongoing negotiations with provincial government officials regarding a substantial cash contribution that is needed to support critical nutrition activities. However, legislative restrictions on the payment of overhead costs have put the ability of the government to provide this support at risk. Consequently, these funds have not yet been made available to WFP. In another example, a substantial cash contribution from a host government for a critical school meals programme was delayed by two years due to government restrictions on cash being utilized outside of the country in relation to ISC. Expanding the eligibility of twinning arrangements to cash will therefore facilitate such contributions being received while simultaneously ensuring that all related support costs are covered and full cost recovery is achieved.

Recommendation 2	Adjust General Rule XIII.4 (f) to allow cash as well as in-kind contributions to be eligible for twinning.
Update	Substantively unchanged from 2018 annual session.
Proposed amendments in annex	Revised General Rule XIII.4 (c)

Recommendation 3: Expand the current General Rule XIII.4 (e) to include relevant in-kind contributions for PSA or related activities.

23. Currently, under General Rule XIII.4 (e), cash contributions that are designated to the programme support and administrative (PSA) budget or PSA-related activities are not required to provide additional cash or services to cover the full operational and support costs related to the contribution. This is because the PSA budget is funded by ISC revenue so any charging of ISC on such contributions would amount to double-charging.
24. The Secretariat proposes expanding this provision to include the small number of relevant in-kind contributions to the PSA budget or PSA-related activities. Such contributions include in-kind consulting services, office space or free advertising and are relatively small, averaging a total of USD 6 million per year from 2012 to 2016. Given the size of such contributions, the expansion of this rule would not risk a significant level of foregone ISC. It would, however, increase internal efficiencies as it would facilitate the administration of a very small number of in-kind contributions to support PSA work. This amendment is reflected in the revised General Rule XIII.4 (b), as found in the annex.

Recommendation 3	Expand the current General Rule XIII.4 (e) to include relevant in-kind contributions for PSA or related activities.
Update	Unchanged from 2018 annual session
Proposed amendments in annex	Revised General Rule XIII.4 b

¹⁰ El Salvador, Guatemala, Jordan, Plurinational State of Bolivia and Sri Lanka.

Recommendation 4: Maintain the ISC waivers provided for in General Rule XIII.4 (g) and amend the wording of the General Rule to reflect the IRM framework and cost categories, including by adjusting the waivers to cover broader support costs in line with the interim full cost recovery formulation approved by the Board at its 2017 second regular session.

25. General Rule XIII.4 (g) currently provides for reduced or waived ISC for in-kind contributions that cover the DSC of an activity. Examples of such contributions include those provided by standby partners, which are government and non-governmental organizations that maintain rosters of specialized staff who can be deployed rapidly, have various competencies and are available to WFP. Other examples include temporary offices such as tents and containers, and the office supplies and equipment used in them. While relatively small in value – in 2016, they totalled USD 20.9 million for operations in 48 countries – such contributions have proved to be critically important for WFP operations.
26. To maintain these arrangements in the IRM framework, an amendment to the wording of General Rule XIII.4 is required to reflect the IRM framework and cost categories. The new IRM cost categories have an impact on where such costs (and thus contributions) would be budgeted; for example, contributions of stand-by partners are now likely to be budgeted under implementation or transfer costs, and not direct support costs.¹¹ In the light of this change, and in order to reflect the spirit of the current General Rule XIII.4 (g), it is proposed to:
- (i) list under the General Rule the costs that will be eligible for the waiver; and
 - (ii) waive DSC as well as ISC when such costs are budgeted under transfer and implementation costs.

This is reflected in the revised General Rule XIII.4 (e), as found in the annex. Please note that this text is under review and may be further refined.

Recommendation 4	Maintain the ISC waivers provided for in General Rule XIII.4 (g) and amend the wording of the General Rule to reflect the IRM framework and cost categories, including by adjusting the waivers to cover broader support costs in line with the interim full cost recovery formulation approved by the Board at its 2017 second regular session.
Update	Unchanged from 2018 annual session.
Proposed amendments in annex	Revised General Rule XIII.4 (e)

Recommendation 5: Maintain the flexibility of direct support cost (DSC) rates for mandated common services and ensure that the General Rules and Financial Regulations allow for the possibility of more than one DSC rate in a single country in such cases.

¹¹ If in-kind contributions are budgeted under implementation or transfer costs, in accordance with the requirements of full-cost recovery, both DSC and ISC should be levied against the contributions.

27. It is also proposed that some flexibility continue to be allowed in applying DSC for mandated services. The proposed formulation of General Rule XIII.4 is consistent with the flexibility originally provided by the Board at its 2017 second regular session.¹²

Recommendation 5	Maintain the flexibility of DSC rates for mandated common services and ensure that the General Rules and Financial Regulations allow for the possibility of more than one DSC rate in a single country in such cases.
Update	Unchanged from 2018 annual session
Proposed amendments in annex	Provided for in revised General Rule XIII.4 (a)

Recommendation 6: Continue to treat revenue generated from on-demand service provision as distinct from contributions as defined by Financial Regulation I

28. WFP periodically provides on-demand services to third parties on a direct-cost recovery basis. Typically, such services include, but are not limited to, transport, sourcing of non-food items, storage, accommodation, engineering services and information technology solutions.
29. While service provision activities are incorporated into a country's CSP framework, it is recognized that the revenue generated by such activities is distinct from contributions. It is proposed that this distinction be defined. Adjustments to take this into account are reflected in the Financial Regulations, including through the addition of a new Financial Regulation 4.8 and adjustment to Financial Regulations 4.1, 10.2, 10.3 and 10.9.

Recommendation 6	Continue to treat revenue generated from on-demand service provision as distinct from contributions as defined by Financial Regulation I.
Update	Unchanged from 2018 annual session
Proposed amendments in annex	Provided for in new Financial Regulation 4.8 and revised Financial Regulations 4.1, 10.2, 10.3 and 10.9.

Recommendation 7: Integrate country-level trust funds into the CPB and maintain trust funds at the headquarter and regional levels.

30. Within the IRM framework, all country-level activities should be accounted for as programme or service provision, including activities funded entirely by host government contributions, which in the past were frequently handled as "trust funds". Consequently, trust funds will no longer exist at the country level, although they will continue to exist at the corporate and regional levels in order to enhance WFP's organizational capacity and effectiveness and ability to work in thematic areas. It should be noted that the administration of trust funds will not change. Consistent with the current practice, the Executive Director will continue to be responsible for the achievement of full cost recovery and will have the authority to set the applicable indirect support cost rate in respect of funds credited to trust funds and special

¹² Executive Board decision 2017/EB.2/2.

accounts. These changes have been reflected in the revised Financial Regulations 4.6, 5.1, 5.2, 10.3 and 10.4.

Recommendation 7	Integrate country-level trust funds into the CPB and maintain trust funds at the headquarter and regional levels.
Update	Unchanged from 2018 annual session
Proposed amendments in annex	Provided for in revised Financial Regulations 4.6, 5.1, 5.2, 10.3 and 10.4.

Recommendation 8.a: Apply a reduced ISC rate for host governments' contributions to their own programmes, with a proposed rate to be presented in the management plan

31. Currently, when extrabudgetary activities are planned, resourced and managed at the country level and implemented through a trust fund, an ISC recovery rate of 4 percent may be applied. This is because such activities are outside WFP's programmes and incur lower support costs because minimal support is provided by WFP headquarters.
32. As noted in paragraph 30, country level trust funds will not continue, and activities implemented through trust funds are now integrated into the IRM framework, thereby incurring a higher ISC rate. However, it is recognized that the underlying activities may continue, with support from host governments to their own programmes and requiring minimal support from headquarters.
33. Consequently, management recommends the application of a reduced ISC rate – still meeting full cost recovery – for host governments' contributions to their own programmes within the IRM framework. Applying a reduced rate would be useful because it would encourage support from host governments and national ownership.
34. As outlined in paragraph 58 of the 25 July 2018 informal consultation background document, excluding twinning arrangements and government counterpart cash contributions, WFP received approximately USD 166 million annually in contributions from host governments for programmes in their own countries between 2011 and 2016. An analysis of these contributions indicated that a 4 percent ISC recovery rate would have resulted in approximately USD 1 million in foregone ISC annually on these contributions.¹³
35. The analysis also examined in-kind contributions totalling 470 million received from host governments with twinning arrangements and directed to operations in the government's own countries. As outlined in paragraph 59 of the 25 July 2018 informal consultation background document, if a 4 percent ISC recovery rate had been applied to cash contributions that were "twinned" with in-kind contributions, the foregone ISC would have totalled approximately USD 3.7 million per year.
36. Following feedback at the 25 July information consultation and internal review, management proposes that the standard ISC rate be applied to such contributions in order to cover the costs that would be incurred in facilitating the twinning arrangement.

¹³ The analysis excludes contributions made through twinning arrangements and government counterpart cash contributions, for which no ISC is claimed from host governments.

37. As contributions would be deemed to meet full cost recovery, an amendment to the General Rules is not required. Hence, this proposal would not be implemented by a change in the General Rules but rather through the inclusion in the management plan of a separate ISC rate for host government contributions.

Recommendation 8.a	Apply a reduced ISC rate for host governments' contributions to their own programmes, with a proposed rate to be presented in the management plan.
Update	Recommendation revised following; 25 July informal consultation. Reduced ISC rate would be applied for host governments' contributions to their own programmes.
Proposed amendments in annex	No exception under General Rule XIII.4 is required as this recommendation achieves full cost recovery. A separate ISC rate for host government contributions to their own programmes would be set on an annual basis in the management plan. ¹⁴

Recommendation 8.b: Apply a reduced ISC rate for contributions made by one developing country or countries with economies in transition to another, with a proposed rate to be presented in the management plan

38. At the 2018 annual session, management set out a proposal for applying a reduced ISC rate to contributions made by one developing country to another through South–South and triangular cooperation. Management has refined the proposal to align it with General Regulation XIII.2, which states:

Donors may contribute appropriate commodities, cash and acceptable services in accordance with the general rules made pursuant to these General Regulations. Except as otherwise provided in such general rules in respect of developing countries, countries with economies in transition and other non-traditional donors, or in respect of other exceptional situations, each donor shall provide cash contributions sufficient to cover the full operational and support costs of its contributions.

39. The proposal being put forward is to apply a reduced ISC rate for contributions made by one developing country or countries with economies in transition to another. The criterion for determining eligibility for receiving support in meeting the requirements for full cost recovery was expanded by the Board through its endorsement of the strategy laid out in the 2004 document “New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base”.¹⁵ This criterion, which is also used to determine donors’ eligibility for twinning, states: “To determine whether a member state that cannot provide for FCR [full cost recovery] is eligible...WFP proposes to use per capita gross national income (GNI) as the criterion. Countries eligible for assistance in meeting FCR will be least-developed countries, low-income and lower-middle income countries defined by the Organisation for Economic Co-operation and Development’s Development Assistance Committee”. Eligible countries are least developed countries,

¹⁴ The Secretariat intends to propose an ISC rate of 4 percent for 2019 in the 2019 management plan.

¹⁵ WFP/EB.3/2004/4-C.

low-income countries and lower-middle-income countries as defined by the Organisation for Economic Co-operation and Development (OECD).¹⁶

40. The reduced ISC rate would help to encourage additional contributions in line with the 2004 strategy for enhancing the donor base and strengthening partnerships set out in the document entitled “New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base”¹⁷.
41. It should be noted that an analysis of contributions received between 2011 and 2016,¹⁸ using the above criteria, would have resulted in approximately USD 0.3 million in foregone ISC over this six-year period if an ISC recovery rate of 4 percent had been applied.
42. Because the actual cost of managing and administering such contributions would be similar to that for regular contributions, such contributions would not achieve full cost recovery with the reduced ISC rate that would be applied. The reduced rate would need to be approved through the inclusion of a new clause in General Rule XIII.4, as an exception to full cost recovery in General Rule XIII.4, and through the approval of a separate ISC rate – in addition to the corporate ISC rate – in the management plan. The Board could review the use of this ISC rate annually as part of its consideration of the management plan.
43. It should be noted that the reporting requirements under the current General Rule XIII.4 (h) have been broadened to encompass recommendations 8.b in the new General Rule XIII.4 (g).

Recommendation 8.b	Apply a reduced ISC rate for contributions made by one developing country or countries with economies in transition to another, with a proposed rate to be presented in the management plan
Update	Recommendation revised following the 2018 annual session; substantively unchanged since the 25 July informal consultation
Proposed amendments in annex	Exception required. New General Rule XIII.4 (f). Reporting requirement reference in new General Rule XIII.4 (g). A separate ISC rate would be set on an annual basis in the management plan. ¹⁹

Recommendation 9: Adjust General Rule XIII.4 (e) to allow for exemptions from ISC for contributions to the Operational Reserve

44. Management also proposes that the principle of General Rule XIII.4 (e) – which currently allows for an exemption from ISC for cash contributions to PSA or PSA-related activities – be extended to apply to contributions directed to the WFP Operational Reserve. WFP’s Operational Reserve is maintained within the General Fund to ensure continuity in operations in the event of a temporary resource shortfall. In line with a 2014 policy

¹⁶ A list of eligible countries is available at <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

¹⁷ WFP/EB.3/2004/4-C.

¹⁸ Excluding contributions such as those with twinning arrangements for which no ISC is generated.

¹⁹ The Secretariat intends to propose an ISC rate of 4 percent for 2019 in the 2019 management plan.

paper,²⁰ the reserve is also leveraged to provide internal project lending for operations. The current leverage factor is 6:1, which means that for every USD 1 made in donor contributions to the Operational Reserve an additional USD 6 is available for internal project lending. To date, there have been no direct donor contributions to the Operational Reserve and therefore the proposed extension of General Rule XIII.4 (e) – reflected in revised General Rule XIII.4 (b) – would have no impact on current levels of ISC income.

Recommendation 9	Adjust General Rule XIII.4 (e) to allow for exemptions from ISC for contributions to the Operational Reserve.
Update	Unchanged from 2018 annual session
Proposed amendments in annex	Revised General Rule XIII.4 (b)

Recommendation 10: Delegate authority to the Executive Director for the approval, on an exceptional basis, of twinning contributions from any donor

45. As outlined during the 25 July informal consultation on the IRM, the Secretariat proposes an additional amendment to General Rule XIII.4 to enable the Executive Director to approve, on an exceptional basis, twinning arrangements for contributions from any donor. The proposed change is included in General Rule XIII.4 (d) in the annex.
46. The rationale for this proposal originates from the Secretariat’s experience with twinning arrangements over the last decade and, if approved, has the potential to open additional opportunities for resource mobilization while ensuring full cost recovery under all circumstances.
47. The proposal aligns with General Regulation XIII.2, which provides flexibility to deviate from the full cost recovery principle “...in respect of other exceptional situations...”. However, since the proposal is limited to twinning arrangements, all associated and support costs would be fully covered from two or more different sources.
48. The exceptional nature of this approach would correspond to the application of current General Rule XIII.4 (g), which “exceptionally” allows the Executive Director to waive ISC on in-kind contributions that cover DSC. It is proposed to extend the application of the current General Rule XIII.4 (f) to such contributions.
49. To ensure transparency in the utilization of this rule, the approval of any related twinning arrangements would be shared with the Executive Board through the annual report of the Executive Director on the utilization of contributions and waivers of costs.
50. It should be noted that the reporting requirements under the current General Rule XIII.4 (h) have been broadened to encompass recommendation 10 in the new General Rule XIII.4 (g).

²⁰ WFP/EB.A/2014/6-D/1.

Recommendation 10	Delegate authority to the Executive Director for the approval, on an exceptional basis, of twinning arrangements for contributions from any donor.
Update	New recommendation following the 2018 annual session, unchanged since the 25 July informal consultation
Proposed amendments in annex	Exception required. New General Rule XIII.4 (d). Reporting requirement reference in new General Rule XIII.4 (g).

Recommendation 11: Apply a reduced ISC rate to contributions to the Immediate Response Account and cash contributions that are not designated in any way

51. General Rule XIII.4 (e) states that “Donors providing cash contributions which are not designated in any way or are designated to the Immediate Response Account (IRA) ... shall not be required to provide additional cash or services to cover the full operational and support costs related to their contribution, provided that such contributions do not result in any additional reporting burden to the Programme.”
52. Contributions to the Immediate Response Account are currently confirmed with no ISC. However, it is recognized that some management costs are incurred in administering IRA contributions, which are eventually converted into grants in support of life-saving operations. As detailed in WFP’s 2017 annual report on the utilization of its advance financing mechanisms,²¹ in 2017, WFP received approximately USD 46.9 million in new contributions from donors to the IRA. Of the USD 154.2 million in IRA allocations made that year, approximately USD 39.7 million was not revolved. In 2016, new contributions from donors amounted to USD 47.5 million, while USD 44.8 million was converted into grants.²² Thus, the IRA allocations that effectively became grants, rather than loans, were nearly equal to the total donor contributions to the IRA in 2016 and 2017.
53. Consequently, it is proposed that a reduced ISC rate for such contributions be introduced to ensure that management costs are sufficiently covered. The approach would recognize that these contributions give rise to lower indirect support costs, for instance by not requiring individual donor reporting, while ensuring that full cost recovery is achieved. It is proposed that this be implemented through an amendment to the current General Rule XIII.4 (e) and the reduced ISC rate for contributions to the IRA be approved annually by the Executive Board in the management plan.

²¹ WFP/EB.A/2018/6-D/1/Rev.1.

²² WFP/EB.A/2017/6-J/1.

Recommendation 11.a	Apply a reduced ISC rate to contributions to the Immediate Response Account.
Update	New recommendation following the 2018 annual session, unchanged since the 25 July informal consultation
Proposed amendments in annex	Amendment of current General Rule XIII.4 (e) is required to remove the reference to no additional cash or services being required in respect of IRA contributions. See new General Rule XIII.4 (e). No exception is required under General Rule XIII.4 as this recommendation achieves full cost recovery. A separate ISC rate for these contributions would be set on an annual basis in the management plan. ²³

54. In the General Rules and Financial Regulations, the phrase “contributions not designated in any way” refers to unearmarked contributions that are given to WFP without any donor conditions, therefore allowing WFP to fully determine the appropriate use of these funds. In 2017, contributions not designated in any way were valued at approximately USD 45 million, which represented 11 percent of WFP’s total multilateral contribution of USD 410 million for the year. The ISC generated from the USD 45 million amounted to USD 2.9 million in 2017.²⁴
55. Such contributions are recognized to incur lower management costs, as they do not require elements such as individual donor reporting. It is therefore proposed that a reduced ISC rate be introduced, which would ensure that overhead costs are sufficiently covered and full cost recovery is achieved. In terms of the proposal’s impact, if a 4 percent ISC recovery rate had been applied to the USD 45 million in contributions received in 2017, it would have resulted in approximately USD 1.2 million in foregone ISC.
56. Like recommendation 11.a, it is proposed to implement this recommendation through an amendment to General Rule XIII.4. The reduced ISC rate would be approved annually by the Executive Board in the management plan.

Recommendation 11.b	Apply a reduced ISC rate to cash contributions that are not designated in any way.
Updates	New recommendation following the 2018 annual session, unchanged since the 25 July informal consultation
Proposed amendments in annex	Amendment of current General Rule XIII.4 (e) is required to remove the reference to no additional cash or services being required in respect of cash contributions that are not designated in any way. See new General Rule XIII.4 (e). No exception is required under General Rule XIII.4 as this recommendation achieves full cost recovery. A separate ISC rate for these contributions would be set on an annual basis in the management plan. ²⁵

²³ The Secretariat intends to propose an ISC rate of 4 percent for 2019 in the 2019 management plan.

²⁴ The ISC rate in 2017 was 7 percent.

²⁵ The Secretariat intends to propose an ISC rate of 4 percent for 2019 in the 2019 management plan.

Summary of proposals that would be included in the management plan

57. In summary, the proposals relating to the application of a reduced ISC rate to be set on an annual basis in the management plan are:
- i) reduced ISC rate for host government contributions to their own programmes;
 - ii) reduced ISC rate for contributions made by one developing country or countries with economies in transition to another;²⁶ and
 - iii) reduced ISC rate for contributions to the Immediate Response Account and cash contributions that are not designated in any way.

Additional issues for consideration during the 2018 second regular session of the Board

58. In addition to the above amendments to the WFP General Rules and Financial Regulations, management also seeks the Board's feedback on several other issues that will require the Board's approval at its 2018 second regular session:
- i) a proposed approach to regional responses;
 - ii) transitional governance arrangements for selected CSPs and ICSPs that will be considered at the Board's 2019 first regular session; and
 - iii) extending the duration of certain transitional ICSPs to allow approval of CSPs and ICSPs at the Board's 2019 second regular session.

Proposed approach to regional responses

59. The Policy on Country Strategic Plans²⁷ defines the process and form of WFP's engagement at the country level. While the policy primarily considers country-specific CSPs, it also provides for regional responses in paragraph 35, which states:

Certain situations warrant regional strategic, resourcing and operational coordination. Regional initiatives, excluding emergency responses, are normally implemented through individual CSPs and/or ICSPs with additional or augmented WFP Strategic Outcomes as appropriate. The regional bureau coordinates the planning, design and pursuit of these Strategic Outcomes in the countries participating in the regional response, and develops and oversees joint resource mobilization strategies. Country-specific CSPs and ICSPs may include a regional strategic chapeau developed by the regional bureau. Limited Emergency Operations formulated and managed by regional bureaux will be used as and when appropriate. If technical assistance and/or special operations support has been requested by a country where WFP does not have an operational presence or a country framework, a limited response may be coordinated and managed by the relevant regional bureau and/or Headquarters.

²⁶ This proposal also requires approval of revised General Rules XIII.4(f) but the rate will be approved in the annual management plan.

²⁷ WFP/EB.2/2016/4-C/1/Rev.1.

60. In line with this paragraph, there is potential for a specific country office or regional bureau to act as a regional response coordinator and implement a regional response through a regional strategic chapeau that covers several CSPs or ICSPs. There would be at least one strategic outcome for each country covered by the regional chapeau.
61. There may, however, be places such as the Pacific or the Caribbean regions where WFP might have a single focus – disaster preparedness, for example – across a number of similarly situated small island states. In such circumstances, preparation of a full CSP focused on SDG 2 or SDG 17 and based on a national zero hunger strategic review may be less practical. It should be noted that a specific country in the region or a regional bureau would act as the regional response coordinator for managing a regional strategic plan.
62. A regional strategic plan would be a single plan covering all the countries where WFP would implement the response. The model could also be especially appropriate in situations where a regional United Nations development assistance framework is in place – such as the Pacific region. A common WFP strategic outcome or outcomes would be developed for all involved countries. One or more activities would be designed to achieve specified outputs and linked to the strategic outcome or outcomes, and activities could be designed as common activities applicable to countries under the regional strategic plan. Funds would be managed through a regional response portfolio budget.
63. Management seeks the Board’s views on the above-outlined approach. Taking into consideration feedback received, management would take steps to formalize the governance of regional strategic plans by presenting a draft decision to the Board at its 2018 second regular session.

Transitional governance arrangements for selected CSPs and ICSPs that will be considered at the 2019 first regular session

64. At its 2017 second regular session, the Board approved²⁸ transitional governance arrangements to allow select country offices submitting CSPs to the Executive Board for approval at the 2018 first regular session to implement certain ongoing activities for the first three months of 2018 under the rubric of the IRM framework. These arrangements provided for the Board to approve short-term ICSPs by correspondence. Only activities that were based on previously approved projects were implemented, meaning no new activities were implemented prior to the Board’s approval of the CSPs at its first regular session.
65. It is anticipated that the Board will consider ten CSPs and two ICSPs²⁹ for approval at its 2019 first regular session. At present, several country offices currently have indicated a preference for commencing their CSPs or ICSPs on 1 January 2019 to address workload implications or ensure alignment with neighbouring countries that have already transitioned to the CSP framework, among other reasons. Management proposes to employ the same approach used for CSPs considered at the 2017 first regular session.

²⁸ WFP/EB.2/2017/11.

²⁹ CSPs will be submitted for Bhutan, Cambodia, Congo, Cote d'Ivoire, Dominican Republic, Ethiopia, Malawi, Nicaragua, Nigeria, and Sao Tome and Principe. ICSPs for the Democratic People’s Republic of Korea and Libya will be submitted for Board approval.

66. Similar to last year's process, the draft CSP and ICSP documents that will be considered at the 2019 first regular session will be shared in early December and Member States will have 20 calendar days to comment. Each affected country office will also publish a three- to five-page short-term ICSP document at the same time, outlining the strategic outcomes, activities and related budget envelopes to be implemented between 1 January and 31 March 2019. The Board will be requested to approve the short-term ICSPs by correspondence in accordance with Rule IX.8 of the Rules of Procedure of the Executive Board.
67. Programmatic and budgetary controls will be in place to ensure that implementation between 1 January and 31 March 2019 provides operational continuity and is consistent with ongoing activities and strategic outcomes. The following controls would be applied:
 - a) Programmatic control, i.e., control prohibiting country offices from implementing any new activities or pursuing any new strategic outcomes outside of previously approved projects and ongoing activities. The short-term ICSP is to be read in conjunction with the full CSP or ICSP submitted to the Board and will identify the activities to be implemented in the three-month period. It will also note the new activities in the CSP or ICSP, which will not be implemented until formal Board approval of the CSP or ICSP. The country office will provide an analysis of beneficiaries for the short-term ICSP period as a total number and broken down by strategic outcome, activity, tier, modality, and gender.
 - b) Budgetary control, i.e., the budgetary value of only the first three months of the first year of the CSP will be programmed in WINGS, with the exception of commodity pre-positioning. The short-term ICSP will include an indicative cost breakdown by strategic outcome and the four high-level cost categories for the full duration of the CSP as well as for the three-month period.
68. The short-term ICSP would be subsumed into the CSP or ICSP upon the approval of the latter at the Board's 2019 first regular session, ensuring no duplication of resource transfers or other processes.
69. Management seeks the Board's feedback on extending the transitional governance arrangements approved at its 2017 second regular session to select country offices submitting CSPs or ICSPs for approval at the 2019 first regular session. If supported, a draft decision will be included in a document providing an update on the Integrated Road Map, which will be submitted for approval at the Board's 2018 second regular session.

Extending the duration of certain transitional ICSPs to allow approval of CSPs and ICSPs at the 2019 second regular session.

70. The Policy on Country Strategic Plans sets out the procedures for the transition of country offices from the existing project structure to the new programmatic framework. Paragraph 41 of the policy notes that ICSPs, based on previously approved project documents, are to be approved by the Executive Director for a duration of up to 18 months as a bridge to the adoption of a CSP informed by a strategic review. Within the 18-month period, WFP country offices are expected to develop and submit CSPs or ICSPs for approval by the Executive Board.
71. As at 22 August 2018, 36 country offices were implementing transitional ICSPs that were based on previously approved projects and had been approved by the Executive Director. These country offices, along with those operating within the previous project framework, are developing CSPs and ICSPs to be submitted to the Board for approval.

In response to feedback from the Board regarding the number of CSPs or ICSPs to be considered for approval at a single session of the Board, management proposed at the 25 July 2018 informal consultation that some country offices submit their CSPs or ICSPs at the 2019 second regular session in order to ensure that no more than 15 CSPs were presented at the 2019 annual session.

72. Based on the positive feedback received at the last informal consultation, management will seek the Board's approval at its 2018 second regular session to allow the duration of some transitional ICSPs that were based on previously approved projects and had been approved by the Executive Director, to be extended beyond 18 months.
73. Following the process approved at the 2017 annual session, the country offices concerned would seek approval by correspondence for extending the duration of their transitional ICSPs. Board members would be advised when the proposed extensions and corresponding budget revisions were posted and would have ten working days to provide comments to the Secretariat.

PROPOSED AMENDMENTS TO THE WFP GENERAL RULES AND FINANCIAL REGULATIONS

The General Rules and Financial Regulations revisions set forth in this annex reflect the Policy on Country Strategic Plans, the Budgeting for Operational Effectiveness component of the Financial Framework Review and proposed approaches for achieving full-cost recovery. Further revisions can be expected based on guidance and feedback received from the Board, and the outcomes of continued internal reviews. The revisions set forth herein are therefore preliminary in nature and are subject to change prior to being presented to the Executive Board for approval at EB.2/2018. Note that only rules and regulations with changes are included below. Unchanged rules and regulations are omitted for brevity and ease of reference.

GENERAL RULES CURRENT TEXT	GENERAL RULES PROPOSED TEXT
<p>General Rule II.2: Programme categories</p> <p>In order to carry out the purposes of WFP, the Board establishes the following programme categories:</p> <p>(a) Development Programme Category, for food aid programmes and projects to support economic and social development. This programme category includes rehabilitation and disaster preparedness projects and technical assistance to help developing countries establish or improve their own food assistance programmes;</p> <p>(b) Emergency Relief Programme Category, for food assistance to meet emergency needs;</p> <p>(c) Protracted Relief Programme Category, for food assistance to meet protracted relief needs; and</p> <p>(d) Special Operations Programme Category for interventions undertaken to:</p> <p style="padding-left: 20px;">(i) 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</p> <p style="padding-left: 20px;">(ii) enhance coordination within the United Nations system and with other partners through the provision of designated common services.</p>	<p>General Rule II.2: Programme categories</p> <p>In order to carry out the purposes of WFP, the Board establishes the following programme categories:</p> <p>(a) Development Programme Category, for food aid programmes and projects to support economic and social development. This programme category includes rehabilitation and disaster preparedness projects and technical assistance to help developing countries establish or improve their own food assistance programmes;</p> <p>(b) Emergency Relief Programme Category, for food assistance to meet emergency needs;</p> <p>(c) Protracted Relief Programme Category, for food assistance to meet protracted relief needs; and</p> <p>(d) Special Operations Programme Category for interventions undertaken to:</p> <p style="padding-left: 20px;">(i) 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</p> <p style="padding-left: 20px;">(ii) enhance coordination within the United Nations system and with other partners through the provision of designated common services.</p> <p>(a) <u>Country Strategic Plans include WFP's entire portfolio of humanitarian and development activities in a country, prepared following a country-owned sustainable development analysis;</u></p>

	<p>(b) <u>Interim Country Strategic Plans include WFP's entire portfolio of humanitarian and development activities in a country, prepared without a country-owned sustainable development analysis;</u></p> <p>(c) <u>Limited Emergency Operations include emergency relief in countries where WFP does not have a country strategic plan or an interim country strategic plan; or</u></p> <p>(d) <u>Transitional Interim Country Strategic Plans include WFP's entire portfolio of humanitarian and development activities in a country, to be carried out between the end of a limited emergency operation and the start of a country strategic plan or interim country strategic plan.</u></p>
<p>General Rule VII.1: Responsibilities of the Executive Director for programmes, projects and other activities</p> <p>The Executive Director shall be responsible for assuring that programmes, projects and other activities to be implemented are sound, carefully planned and directed towards valid objectives, for assuring the mobilization of the necessary technical and administrative skills, and for assessing the ability of recipient countries to carry out these programmes, projects and other activities. The Executive Director shall be responsible for assuring the supply of commodities and acceptable services as agreed. The Executive Director shall make arrangements for the evaluation of country programmes, projects and other activities. The Executive Director shall have the responsibility to seek, in consultation with recipient governments, correction of any inadequacies in the operation of programmes, projects and other activities, and may withdraw assistance in the event essential corrections are not made.</p>	<p>General Rule VII.1: Responsibilities of the Executive Director for programmes, projects and other activities</p> <p>The Executive Director shall be responsible for assuring that programmes, projects and other activities to be implemented are sound, carefully planned and directed towards valid objectives, for assuring the mobilization of the necessary technical and administrative skills, and for assessing the ability of recipient countries to carry out these programmes, projects and other activities. The Executive Director shall be responsible for assuring the supply of commodities, <u>cash, non-food items,</u> and acceptable services as agreed. The Executive Director shall make arrangements for the evaluation of <u>country</u> programmes, projects and other activities. The Executive Director shall have the responsibility to seek, in consultation with recipient governments, correction of any inadequacies in the operation of programmes, projects and other activities, and may withdraw assistance in the event essential corrections are not made.</p>

<p>General Rule X.1: Local assistance in project preparation</p> <p>In preparing requests for assistance under Article X of the General Regulations, governments desiring assistance from WFP should draw to the extent possible and necessary, on national and other locally available expertise, including that of the United Nations, FAO, WFP and other United Nations organizations. Requests shall normally be presented through the WFP Representatives, who shall keep the United Nations Resident Coordinators and, as appropriate, the representatives of other United Nations agencies fully informed.</p>	<p>General Rule X.1: Local assistance in <u>project-programme</u> preparation</p> <p>In preparing requests for assistance under Article X of the General Regulations, governments desiring assistance from WFP should draw to the extent possible and necessary, on national and other locally available expertise, including that of the United Nations, FAO, WFP and other United Nations organizations. Requests shall normally be presented through the WFP Representatives, who shall keep the United Nations Resident Coordinators and, as appropriate, the representatives of other United Nations agencies fully informed.</p>
<p>General Rule X.2: Country programmes for development assistance</p> <p>(a) Within the framework of the Strategic Plan, the Executive Director shall submit to the Board for review and approval multi-year country programmes to be undertaken by WFP that are integrated with the development plans and priorities of the recipient countries.</p> <p>(b) To facilitate the preparation of a country programme, WFP shall develop, in consultation with the government and with the collaboration of the United Nations, FAO and other relevant organizations a Country Strategy Outline (CSO). The CSO should establish clear linkages with the Country Strategy Note or with activities of the United Nations system as a whole, as appropriate, including wherever possible, joint programming.</p> <p>(c) The Executive Director shall seek the advice of the Board on Country Strategy Outlines and its approval for country programmes.</p> <p>(d) Approval by the Board of a country programme shall constitute a delegation to the Executive Director to approve projects and activities within that country programme as set out in the Appendix to these General Rules.</p>	<p>General Rule X.2: Country programmes for development assistance</p> <p>Development of programmes</p> <p>(a) Within the framework of the Strategic Plan, the Executive Director shall submit to the Board for review and approval multi-year country programmes to be undertaken by WFP that are integrated with the development plans and priorities of the recipient countries.</p> <p>(b) To facilitate the preparation of a country programme, WFP shall develop, in consultation with the government and with the collaboration of the United Nations, FAO and other relevant organizations a Country Strategy Outline (CSO). The CSO should establish clear linkages with the Country Strategy Note or with activities of the United Nations system as a whole, as appropriate, including wherever possible, joint programming.</p> <p>(c) The Executive Director shall seek the advice of the Board on Country Strategy Outlines and its approval for country programmes.</p> <p>(d) Approval by the Board of a country programme shall constitute a delegation to the Executive Director to approve projects and activities within that country programme as set out in the Appendix to these General Rules.</p> <p><u>(a) WFP shall work with the Government, employing country-owned sustainable development analysis, where available, to develop programmes with the collaboration of the United Nations, FAO and other relevant organizations.</u></p> <p><u>(a)(b) Programmes should integrate the humanitarian and development plans and priorities of recipient countries and establish clear linkages with relevant activities of the</u></p>

	<p><u>United Nations system, including, wherever possible, joint programming.</u></p> <p><u>(c) All programmes shall</u></p> <p><u>(i) define the type of assistance to be provided by WFP, the targeted beneficiaries, the geographic location of the assistance to be provided, and the expected results; and</u></p> <p><u>(ii) contain a country portfolio budget that encompasses all programme costs, organized in the following cost categories:</u></p> <ol style="list-style-type: none"> <u>1. transfer costs, which correspond to the monetary value of the commodity, cash, or service provided, as well as the related delivery costs;</u> <u>2. implementation costs, which correspond to expenditures that are directly linked to specific activities within the programme, other than transfer costs;</u> <u>3. direct support costs, which correspond to country-level expenditures that are directly linked to the execution of the programme as a whole but cannot be attributed to a specific activity within it; and</u> <u>4. indirect support costs, which are costs that cannot be directly linked to the execution of the programme.</u>
<p>General Rule X.7: Approval of requests</p> <p><i>(a)</i> Proposals for development projects and projects for protracted relief operations shall be presented by the Executive Director to the Board for approval, except that the Executive Director may decide upon requests for projects within the limits of the Executive Director's delegated authority.</p>	<p>General Rule X.7: Approval of requests programmes</p> <p><i>(a)</i> Proposals for development projects and projects for protracted relief operations shall be presented by the Executive Director to the Board for approval, except that the Executive Director may decide upon requests for projects within the limits of the Executive Director's delegated authority.</p> <p><u><i>(a)</i> The Executive Director shall submit programmes to the Board for approval, or approve programmes as permitted by the Delegations of Authority set forth in the Appendix to these General Rules.</u></p>

<p>(b) Requests for emergency assistance shall be approved in accordance with General Regulation X.6.</p>	<p>(b) Requests for emergency assistance shall be approved in accordance with <u>Article X.6 of the General Regulations</u>.</p> <p>(c) <u>The Executive Director shall be responsible for the implementation of programmes after their approval.</u></p>
<p>General Rule X.8: Availability of resources</p> <p>The Executive Director shall ensure that development projects submitted to the Board for approval, and development projects and country programme activities approved under the Executive Director's delegated authority, can be implemented within estimated available resources. Resource availability shall take into account pledges and contributions expected for the current calendar year, as well as resources which can reasonably be expected to be contributed during the five subsequent calendar years, including resources which could be made available by the recipient government itself or by bilateral donors.</p>	<p>General Rule X.8: Availability of resources</p> <p>The Executive Director shall ensure that development projects <u>activities</u> submitted to the Board for approval, and development projects and country programme activities approved under the Executive Director's delegated authority, can be implemented within estimated available resources. Resource availability shall take into account pledges and contributions expected for the current calendar year, as well as resources which can reasonably be expected to be contributed during <u>the development activity's execution period</u> the five subsequent calendar years, including resources which could be made available by the recipient government itself or by bilateral donors.</p>
<p>General Rule XI.1: Matters to be included in food aid programme and project agreements</p> <p>In addition to other terms and conditions upon which the proposed activities are to be carried out in connection with an approved programme or project, the agreements shall indicate aid to be provided by other agencies or institutions, the terms of delivery of commodities, the obligations of the government with respect to the utilization of the commodities supplied, including the use and control of any local currencies generated from their sale, and with respect to the arrangements made for their storage, internal transportation and distribution; the responsibility of the government for all expenses incurred from the point of delivery, including the cost of import duties, taxes, levies, dues and wharfage; and such other relevant terms and conditions as may be mutually agreed upon as necessary for the execution and subsequent evaluation of the programme or project. Such agreements shall safeguard WFP's right to monitor all phases of programme and project operations from the receipt of commodities in the country to final utilization; provide for audits as necessary; and allow WFP to suspend or withdraw assistance in case of serious non-compliance. They shall also provide for the collection of data on the food distribution and its effects on the improvement of the nutritional status of the beneficiaries and the economic and social development of the country on a longer-term basis; for the maintenance of</p>	<p>General Rule XI.1: Matters to be included in <u>food aid programme and project assistance agreements</u></p> <p>In addition to other terms and conditions upon which the proposed activities are to be carried out in connection with an approved programme or project, the agreements shall indicate aid to be provided by other agencies or institutions, the terms of delivery of commodities, the obligations of the government with respect to the utilization of the commodities supplied, including the use and control of any local currencies generated from their sale, and with respect to the arrangements made for their storage, internal transportation and distribution; the responsibility of the government for all expenses incurred from the point of delivery, including the cost of import duties, taxes, levies, dues and wharfage; and such other relevant terms and conditions as may be mutually agreed upon as necessary for the execution and subsequent evaluation of the programme or project. Such agreements shall safeguard WFP's right to monitor all phases of programme and project operations <u>programmes</u> from the receipt of commodities in the country to final utilization; provide for audits as necessary; and allow WFP to suspend or withdraw assistance in case of serious non-compliance. They shall also provide for the collection of data on the food distribution and its effects on the improvement of the nutritional status of the beneficiaries and the economic and social development of the country on a longer-term basis;</p>

<p>complete records, including transport and storage documents, concerning the utilization of assistance from WFP; and for the communication of such records to WFP upon request.</p>	<p>for the maintenance of complete records, including transport and storage documents, concerning the utilization of assistance from WFP; and for the communication of such records to WFP upon request.</p>
<p>General Rule XIII.1: Contributions</p> <p>Contributions may be:</p> <p>(a) pledged at conferences convened jointly by the Secretary-General and the Director-General and shall aim at such target and for such pledging periods as may from time to time be set by the Board;</p> <p>(b) announced during periodic resource consultations;</p> <p>(c) committed on an ad hoc basis by donor governments and bilateral institutions;</p> <p>(d) made in response to appeals;</p> <p>(e) through other fund-raising activities, including in the private sector; and</p> <p>(f) made in any other manner as may be determined by the General Assembly of the United Nations and the FAO Conference.</p>	<p>General Rule XIII.1: Contributions</p> <p>Contributions may be:</p> <p>(a) pledged at conferences convened jointly by the Secretary-General and the Director-General and shall aim at such target and for such pledging periods as may from time to time be set by the Board;</p> <p>(b) announced during periodic resource consultations;</p> <p>(c) committed on an ad hoc basis by donor governments and bilateral institutions;</p> <p>(d) made in response to appeals;</p> <p>(e) through other fund-raising activities, including in the private sector; and</p> <p>(f) made in any other manner as may be determined by the General Assembly of the United Nations and the FAO Conference.</p>
<p>General Rule XIII.2:</p> <p>Specification of contributions</p> <p>Contributions for the purposes of WFP as set out in Article II of the General Regulations may be made without restriction as to use or for one or more of the following:</p> <p>(a) programme categories;</p> <p>(b) specific country programmes, projects or activities within programme categories; or</p> <p>(c) such other activities as the Board may decide from time to time.</p>	<p>General Rule XIII.2:</p> <p>Specification of contributions</p> <p>Contributions for the purposes of WFP as set out in Article II of the General Regulations may be made without restriction as to use or for one or more of the following; <u>specifically identified programmes or activities.</u></p> <p>(a) programme categories;</p> <p>(b) specific country programmes, projects or activities within programme categories; or</p> <p>(c) such other activities as the Board may decide from time to time.</p>
<p>General Rule XIII.4: Types of contributions</p> <p>In accordance with General Regulation XIII.2, the following shall apply to the various types of contributions to WFP:</p> <p>(a) Donors contributing food commodities or cash designated for food purchases shall provide sufficient cash, acceptable services, or acceptable non-food items to cover the full operational and support costs related to their commodity contribution, using the following criteria for the calculation of operational and support costs:</p> <p>(i) commodities: to be valued in accordance with General Rule XIII.6;</p> <p>(ii) external transport: actual cost;</p>	<p>General Rule XIII.4: Types of contributions Contributions</p> <p>In accordance with General Regulation XIII.2 <u>Article XIII.2 of the General Regulations</u>, the following shall apply to the various types of contributions to WFP:</p> <p>(a) Donors contributing food commodities or cash designated for food purchases shall provide sufficient cash, acceptable services, or acceptable non-food items to cover the full operational and support costs related to their commodity contribution, using the following criteria for the calculation of operational and support costs:</p> <p>(i) commodities: to be valued in accordance with General Rule XIII.6;</p> <p>(ii) external transport: actual cost;</p>

<p>(iii) landside transport, storage and handling (LTSH): average per ton rate for the project;</p> <p>(iv) other direct operational costs: average per ton rate applicable to the food component of the project;</p> <p>(v) direct support costs: percentage of the direct operational costs of the project; and</p> <p>(vi) indirect support costs: percentage of direct costs of the project, including direct operational costs and direct support costs, as determined by the Board.</p> <p>(b) Donors contributing cash designated for activities that do not include food distribution shall provide sufficient cash to cover the full operational and support costs related to their contribution, using the following criteria for the calculation of operational and support costs:</p> <p>(i) direct operational costs: actual costs;</p> <p>(ii) direct support costs: percentage of the direct operational costs of the project; and</p> <p>(iii) indirect support costs: percentage of direct costs of the project, including direct operational costs and direct support costs, as determined by the Board.</p> <p>(c) Donors contributing acceptable non-food items not directly associated with other contributions shall provide sufficient cash or acceptable services to cover the full operational and support costs related to their contribution.</p> <p>(d) Donors contributing acceptable services not directly associated with other contributions shall provide sufficient cash or other acceptable resources to cover the full operational and support costs related to their contribution.</p>	<p>(iii) landside transport, storage and handling (LTSH): average per ton rate for the project;</p> <p>(iv) other direct operational costs: average per ton rate applicable to the food component of the project;</p> <p>(v) direct support costs: percentage of the direct operational costs of the project; and</p> <p>(vi) indirect support costs: percentage of direct costs of the project, including direct operational costs and direct support costs, as determined by the Board.</p> <p>(b) Donors contributing cash designated for activities that do not include food distribution shall provide sufficient cash to cover the full operational and support costs related to their contribution, using the following criteria for the calculation of operational and support costs:</p> <p>(i) direct operational costs: actual costs;</p> <p>(ii) direct support costs: percentage of the direct operational costs of the project; and</p> <p>(iii) indirect support costs: percentage of direct costs of the project, including direct operational costs and direct support costs, as determined by the Board.</p> <p>(c) Donors contributing acceptable non-food items not directly associated with other contributions shall provide sufficient cash or acceptable services to cover the full operational and support costs related to their contribution.</p> <p>(d) Donors contributing acceptable services not directly associated with other contributions shall provide sufficient cash or other acceptable resources to cover the full operational and support costs related to their contribution.</p> <p>(a) <u>Unless otherwise regulated in these General Rules, all donors shall provide contributions on a "full cost recovery" basis, that ensures recovery by WFP of all of the costs of the activities financed by the contribution, employing the following cost categories, as defined at General Rule X.2, and calculation criteria:</u></p> <p>(i) <u>transfer and implementation costs, which shall be calculated based on estimated cost;</u></p> <p>(ii) <u>direct support costs, which shall be calculated based on country-specific percentages of the transfer and implementation costs; and</u></p> <p>(iii) <u>indirect support costs, which shall be calculated based on percentages,</u></p>
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<p>(e) Donors providing cash contributions which are not designated in any way or are designated to the Immediate Response Account (IRA) or to Programme Support and Administrative (PSA) or related activities shall not be required to provide additional cash or services to cover the full operational and support costs related to their contribution, provided that such contributions do not result in any additional reporting burden to the Programme.</p> <p>(f) Governments of developing countries, countries with economies in transition, and other non-traditional donors as determined by the Board, may make contributions of commodities or services only, provided that:</p> <ul style="list-style-type: none"> (i) the full operational and support costs are covered by another donor or donors, by the monetization of part of the contribution and/or by resort to the WFP Fund; (ii) such contributions are in the interests of the Programme and do not result in any disproportionate administrative or reporting burden to the Programme; and (iii) the Executive Director considers that accepting the contribution is in the interests of the beneficiaries of the Programme. <p>(g) Exceptionally, the Executive Director may reduce or waive indirect support costs in respect of any contribution in kind to cover direct support costs of an activity or activities where the Executive Director determines that such reduction or waiver is in the best interests of the beneficiaries of the Programme, provided that:</p>	<p><u>determined by the Board, of transfer and implementation costs, and direct support costs.</u></p> <p>(e) Donors providing cash contributions <u>to programme support and administrative or related activities, or</u> contributions which are not designated in any way or are designated to the Immediate Response Account or to the Operational Reserve, Programme Support and Administrative (PSA) or related activities shall not be required to provide additional cash or services to cover the<u>meet</u> full operational and support costs- <u>cost recovery</u> related to their contribution, provided that such contributions do not result in any additional reporting burden to the Programme.</p> <p>(f) Governments of developing countries, countries with economies in transition, and other non-traditional donors as determined by the Board, may make contributions <u>that do not achieve full cost recovery of commodities or services only</u>, provided that:</p> <ul style="list-style-type: none"> (i) the full operational and support costs are covered <u>through contributions</u> by another donor or donors, by through the monetization of part of the contribution and/or by through resort to the WFP Fund; (ii) such contributions are in the interests of the Programme and do not result in any disproportionate administrative or reporting burden to the Programme; and (iii) the Executive Director considers that accepting the contribution is in the interests of the beneficiaries of the Programme. <p>(d) <u>[The Executive Director may, exceptionally, extend the exemption set forth in General Rule XIII.4(c) to contributions made by any donor.]</u></p> <p>(g) Exceptionally, the Executive Director may reduce or waive indirect support costs <u>and, where applicable, direct support costs</u> in respect of any<u>[contributions in kind of personnel, services, and equipment from partner entities, and other contributions as determined by the Board.]</u> to cover direct support costs of an activity or activities where the Executive Director determines that such reduction or waiver is in the best interests of the beneficiaries of the Programme, provided that:</p>
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<p>(i) such contributions do not result in any additional administrative or reporting burden on the Programme; and</p> <p>(ii) in the case of a waiver, the indirect support costs otherwise applicable have been determined by the Executive Director to be insignificant.</p> <p>(h) Contributions under paragraph (f) and reductions or waivers under paragraph (g) above shall be reported to the Executive Board at its Annual Session.</p>	<p>(i) such contributions do not result in any additional administrative or reporting burden on the Programme; and</p> <p>(ii) in the case of a waiver, the indirect-support costs otherwise applicable have been determined by the Executive Director to be insignificant.</p> <p>(f) <u>The Board shall set the indirect support cost rate applicable to contributions from governments of developing countries and countries with economies in transition as determined by the Board when such contributions are made to another such country.</u></p> <p>(hg) Contributions under paragraph (fc) and (d) and reductions or waivers under paragraphs (de) and (f) above shall be reported to the Executive Board at its Annual Session.</p>
<p>General Rule XIII.6: Valuation of commodity pledges and services In respect of commodity contributions, in whole or in part, these shall be recorded at the time when the commodity contributions are confirmed to WFP at fair value. Indicators of fair value include <i>inter alia</i> world market prices, the Food Aid Convention (FAC) price and the donor's invoice price. Contributions of acceptable non-food items and services shall be valued at fair value either based on world market prices or, where the service is of a local character, at the price contracted for by the Executive Director. Contributions in personnel services shall be valued at WFP's standard cost when these reflect fair value.</p>	<p>General Rule XIII.6: Valuation of commodity pledges and services In respect of commodity contributions, in whole or in part, these shall be recorded at the time when the commodity contributions are confirmed to WFP at fair value. Indicators of fair value include <i>inter alia</i> world market prices, the Food Aid-<u>Assistance</u> Convention (FAC) price and the donor's invoice price. Contributions of acceptable non-food items and services shall be valued at fair value either based on world market prices or, where the service is of a local character, at the price contracted for by the Executive Director. Contributions in personnel services shall be valued at WFP's standard cost when these reflect fair value.</p>

Financial Regulations Current text	Financial Regulations Proposed text
	<u>Assistance agreement shall mean a document, however designated, executed in accordance with the provisions of Article XI of the General Regulations.</u>
Biennium shall mean two Financial periods starting on 1 January of each even-numbered year.	Biennium shall mean two Financial periods starting on 1 January of each even-numbered year.
Broad-based appeal shall mean an appeal made by WFP or by WFP jointly with other programmes, funds or agencies for a regional project or for a number of separate country programmes, projects, or activities.	Broad-based appeal shall mean an appeal made by WFP or by WFP jointly with other programmes, funds or agencies for a regional project or for a number of separate country programmes, projects, or activities.
	<u>Country portfolio budget shall mean the budget of the programme.</u>
Country programme shall mean a country programme approved by the Board in accordance with General Regulation VI.2 (c).	Country programme shall mean a country programme approved by the Board in accordance with General Regulation VI.2 (c).
Directed Multilateral Contribution shall mean a contribution, other than a response to an appeal made by WFP for a specific emergency operation, which a donor requests WFP to direct to a specific activity or activities initiated by WFP or to a specific country programme or country programmes.	Directed Multilateral Contribution <u>multilateral contribution</u> shall mean a contribution, other than a response to an appeal made by WFP for a specific emergency operation, which a donor requests WFP to direct to a specific activity or activities initiated by WFP or to a specific country programme or country programmes.
Direct support cost shall mean a cost which can be directly linked with the provision of support to an operation and which would not be incurred should that activity cease.	<u>Direct support cost shall mean a cost which corresponds to country-level expenditures that are directly linked to the execution of the programme as a whole but cannot be attributed to a specific activity within it.</u> Direct support cost shall mean a cost which can be directly linked with the provision of support to an operation and which would not be incurred should that activity cease.
Full-cost recovery shall mean the recovery of operational costs, direct support costs and indirect support costs in full.	<u>Full-cost recovery shall mean the recovery of all of the operational costs and support costs of the activities being funded operational costs, direct support costs and indirect support costs in full.</u>

<p>General Fund shall mean the accounting entity established for recording, under separate accounts, indirect support cost recoveries, miscellaneous income, operational reserve and contributions received which are not designated to a specific programme category, project or a bilateral project.</p>	<p>General Fund shall mean the accounting entity established for recording, under separate accounts, indirect support cost recoveries, miscellaneous income, operational reserve and contributions received which are not designated to a specific programme category <u>fund, trust fund, or special account</u> project or a bilateral project.</p>
	<p>Implementation cost shall mean a cost which <u>corresponds to expenditures that are directly linked to specific activities within the programme, other than transfer costs.</u></p>
<p>Indirect support cost shall mean a cost which supports the execution of projects and activities but cannot be directly linked with their implementation.</p>	<p>Indirect support cost shall mean a cost which supports the execution of projects and activities but cannot be directly linked with <u>to their implementation</u> the execution of a programme or activity.</p>
<p>Multilateral contribution shall mean a contribution, for which WFP determines the country programme or WFP activities in which the contribution will be used and how it will be used, or a contribution made in response to a broad-based appeal for which WFP determines, within the scope of the broad-based appeal, the country programme or WFP activities in which the contribution will be used and how it will be used, and for which the donor will accept reports submitted to the Board as sufficient to meet the requirements of the donor.</p>	<p>Multilateral contribution shall mean a contribution, for which WFP determines the country programme or WFP activities in which the contribution will be used and how it will be used, or a contribution made in response to a broad-based appeal for which WFP determines, within the scope of the broad-based appeal, the country programme or WFP activities in which the contribution will be used and how it will be used, and for which the donor will accept reports submitted to the Board as sufficient to meet the requirements of the donor.</p>
<p>Operational costs shall mean any costs, other than direct support costs or indirect support costs, of WFP projects and activities.</p>	<p>Operational costs shall mean any <u>transfer costs, other than direct support and implementation costs</u> or indirect support costs, of WFP projects and activities <u>a programme or activity.</u></p>
	<p>Programme shall mean a programme approved in accordance with Article VI.2(c) of the General Regulations.</p>
<p>Project agreement shall mean a document, howsoever designated, executed in accordance with the provisions of General Regulation XI.</p>	<p>Project agreement shall mean a document, howsoever designated, executed in accordance with the provisions of General Regulation XI.</p>
	<p>Service-delivery shall mean <u>on-demand services provided on request to third parties in return for payment.</u></p>
	<p>Support costs shall mean <u>costs other than operational costs of a contribution or payment.</u></p>
	<p>Transfer costs shall mean a cost which <u>corresponds to the monetary value of the commodity, cash, or service provided, as well as the related delivery costs.</u></p>

<p>WFP Budget shall mean the annual budget component of the Management Plan approved each year by the Board indicating estimated resources and expenditures for programmes, projects and activities and shall include a Programme Support and Administrative budget.</p>	<p>WFP Budget shall mean the annual budget component of the Management Plan approved each year by the Board indicating estimated resources and expenditures for programmes, projects and activities and shall include a Programme Support and Administrative budget.</p>
<p>IV: Resources</p> <p>Financial Regulation 4.1: The resources of WFP shall consist of:</p> <p>(a) contributions made pursuant to Article XIII of the General Regulations;</p> <p>(b) miscellaneous income, including interest on investments; and</p> <p>(c) contributions received in trust as set forth in Financial Regulation V.</p>	<p>IV: Resources</p> <p>Financial Regulation 4.1: The resources of WFP shall consist of:</p> <p>(a) contributions made pursuant to Article XIII of the General Regulations;</p> <p>(b) miscellaneous income, including interest on investments; and</p> <p>(c) contributions received in trust as set forth in Financial Regulation V; and.</p> <p><u>(d) payments received for services delivered in accordance with Financial Regulation 4.8.</u></p>
<p>Financial Regulation 4.6: The Executive Director, under guidelines established by the Board and in consultation with the donor and the recipient country, may approve the sale of commodities for cash if in the Executive Director's opinion such cash will contribute more effectively to the objectives of the country programmes, projects or activities in question. The responsibility of managing the generated financial resources will rest with the holder of the title of commodities at the time of sale. The Executive Director shall retain in all circumstances responsibility for monitoring the management of resources so generated through audit requirements or other measures. When the Executive Director determines that it is in the best interest of the project or activity for WFP to manage the generated financial resources belonging to the recipient government, WFP will enter into a trust fund arrangement with the government. The delineation of the respective responsibilities of WFP, the donor, and the recipient government in the management of such trust fund shall be in accordance with the guidelines established by the Board.</p>	<p>Financial Regulation 4.6: The Executive Director, under guidelines established by the Board and in consultation with the donor and the recipient country, may approve the sale of commodities for cash if in the Executive Director's opinion such cash will contribute more effectively to the objectives of the country programmes, projects or activities in question. The responsibility of managing the generated financial resources will rest with the holder of the title of commodities at the time of sale. The Executive Director shall retain in all circumstances responsibility for monitoring the management of resources so generated through audit requirements or other measures. When the Executive Director determines that it is in the best interest of the <u>programme</u>, project or activity for WFP to manage the generated financial resources belonging to the recipient government, WFP will enter into an trust fund arrangement with the government <u>with regard to the management of such funds</u>. The delineation of the respective responsibilities of WFP, the donor, and the recipient government in the management of such trust funds shall be in accordance with the guidelines established by the Board.</p>
	<p>Financial Regulation 4.8: <u>The Executive Director may approve the provision to third parties, on demand, of services consistent with the purposes, policies and activities of WFP, and receive payments from them, ensuring that they achieve full cost recovery. Such services may be recorded in the country portfolio budget.</u></p>

<p>V: Trust funds and special accounts</p> <p>Financial Regulation 5.1: Trust funds and special accounts may be established by the Executive Director for specified purposes consistent with the policies, aims and activities of WFP. The Executive Director shall report all such trust funds or special accounts to the Board.</p>	<p>V: Trust funds and special accounts</p> <p>Financial Regulation 5.1: Trust funds <u>to fund the expenses of corporate activities overseen at headquarters or regional bureaux and special accounts</u>—may be established by the Executive Director, <u>provided that they are consistent with the purposes and policies for specified purposes consistent with the policies, aims and activities</u> of WFP. The Executive Director shall report all such trust funds or special accounts to the Board.</p>
<p>Financial Regulation 5.2: The purpose and limits of each trust fund and special account shall be clearly defined and contributions thereto shall be on a full cost recovery basis.</p>	<p>Financial Regulation 5.2: The purpose and limits of each trust fund and special account shall be clearly defined <u>and contributions thereto shall be on a full cost recovery basis</u>—and their funding shall be <u>provided on a full cost recovery basis, as determined by the Executive Director.</u></p>
<p>VI: Approvals of country programmes and projects</p> <p>Financial Regulation 6.1: To provide for continuity in the programming and implementation of WFP assistance to country programmes and projects, approvals for the purposes of the proposed utilization of resources and of the entering into commitments in respect of activities shall remain valid for the duration of each country programme or Project.</p>	<p>VI: Approvals of country programmes <u>and projects</u></p> <p>Financial Regulation 6.1: To provide for continuity in the programming and implementation of WFP assistance to country programmes and projects, approvals for the purposes of the proposed utilization of resources and of the entering into commitments in respect of activities shall remain valid for the duration of each country programme <u>or Project.</u></p>
<p><i>VIII: Country programmes and projects</i></p> <p>Financial Regulation 8.1: Approval of a country programme, project or operation shall normally constitute authority for the Executive Director to issue allotments, incur obligations and expend resources for the country programme, project or operation, subject to signature of the country programme, project or operation agreement. However, the Executive Director may incur obligations and expend resources during project preparation, if necessary, to fill the food pipeline for the project for the first three months, not exceeding one quarter of total funding requirements.</p>	<p><i>VIII: Country programmes Programmes and projects</i></p> <p>Financial Regulation 8.1: Approval of a country programme, project or operation shall normally constitute authority for the Executive Director to issue allotments, incur obligations and expend resources for the country programme, project or operation <u>in accordance with the country portfolio budget</u>, subject to signature of <u>the country programme, project or operation an assistance agreement in accordance with Article XI of the General Regulations.</u> However, the Executive Director may incur obligations and expend resources during <u>project programme</u> preparation, if necessary, to fill the food pipeline for the <u>project programme</u> for the first three months, not exceeding one quarter of total funding requirements.</p>
<p>Financial Regulation 10.2: All contributions to WFP shall be credited to the relevant programme category fund, trust fund, General Fund or special account and all expenditures shall be charged to the relevant fund.</p>	<p>Financial Regulation 10.2: All contributions <u>resources to received by</u> WFP shall be credited to the relevant programme category fund, trust fund, General Fund or special account and all expenditures shall be charged to the relevant fund.</p>

<p>Financial Regulation 10.3: All contributions will be classified as multilateral, directed multilateral, or bilateral. The Executive Director may accept bilateral contributions only if they are for activities consistent with the objectives and policies of WFP's mission statement and compatible with assistance provided by WFP in the recipient country. The Executive Director shall report all contributions to the Board.</p>	<p>Financial Regulation 10.3: All contributions will be classified as multilateral, directed multilateral, or bilateral. The Executive Director may accept bilateral contributions <u>that fund</u> only if they are for activities consistent with the objectives and policies of WFP's mission statement and compatible with assistance provided by WFP in the recipient country. <u>The Executive Director may receive payment for service delivery activities in accordance with Financial Regulation 4.8.</u> The Executive Director shall report all contributions <u>resources received</u> to the Board.</p>
<p>Financial Regulation 10.4: In respect of each bilateral contribution accepted under Regulation 10.3 of these Regulations, the Executive Director shall establish a trust fund.</p>	<p>Financial Regulation 10.4: In respect of each bilateral contribution accepted under Regulation 10.3 of these Regulations <u>that is initiated at headquarters or at a regional bureau,</u> the Executive Director shall establish a trust fund.</p>
<p>Financial Regulation 10.9: All income other than contributions received shall be classified as miscellaneous income, subject to the provisions of Financial Regulation 11.3 below.</p>	<p>Financial Regulation 10.9: All income other than contributions received <u>and payment received in return for service delivery</u> shall be classified as miscellaneous income, subject to the provisions of Financial Regulation 11.3 below.</p>
<p>Financial Regulation 11.3: Income from investments shall be credited, where applicable, to the related special account, and in all other cases to the General Fund as miscellaneous income. Unless otherwise specified by the contributor, interest accrued on donor funds administered by WFP for bilateral services shall be credited to the IRA.</p>	<p>Financial Regulation 11.3: Income from investments shall be credited, where applicable, to the related special account, and in all other cases to the General Fund as miscellaneous income. Unless otherwise specified by the contributor, interest accrued on donor funds administered by WFP for bilateral services <u>contributions</u> shall be credited to the IRA.</p>

Acronyms used in the document

CPB	country portfolio budget
CSP	country strategic plan
DSC	direct support costs
ICSP	interim country strategic plan
IRM	Integrated Road Map
ISC	indirect support costs
PSA	programme support and administrative (budget)
SDG	Sustainable Development Goal