

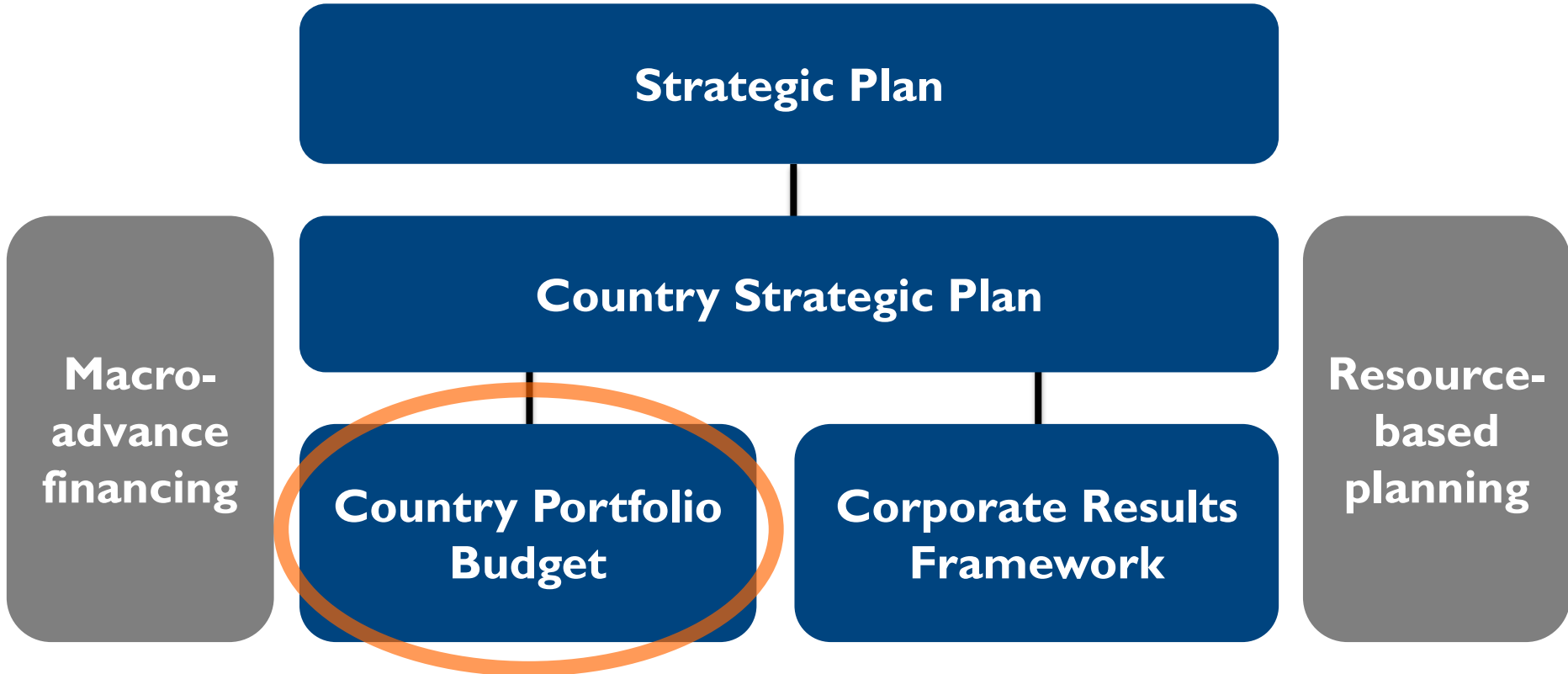
# Update on the Financial Framework Review

Informal Consultation  
25 July 2016



**World Food Programme**

# Integrated Roadmap: Alignment of Strategic Plan, Country Strategic Plan, Corporate Results Framework and Financial Framework Review



# Country Portfolio Budget model concepts and examples provided today build on previous discussions with WFP's partners

Purpose of today's consultation

Discuss key aspects and future requirements of the proposed Country Portfolio Budget model; provide examples from the Zimbabwe country office to illustrate the core concepts.

2016 Executive Board Engagement



## Reminder: Country Portfolio Budget objectives

### Country Portfolio Budget

*Country Office budget with a clear line of sight from global SDGs to local activities*

#### OBJECTIVES

**Accountability**

**Competitiveness  
and transparency**

**Flexibility**

**Simplification**

### Operational effectiveness

*to optimally support WFP's beneficiaries*

# Concepts covered today are fundamental to the proposed model

## Prototype countries



Colombia



Niger



Indonesia



Uganda



Jordan



Yemen



Kenya




Zimbabwe

## Topics include:

- Zimbabwe example
- Cost classification
- Full cost recovery
- Supporting emergency response
- Governance and oversight
- Draft implementation timeline
- Draft decision for November Executive Board

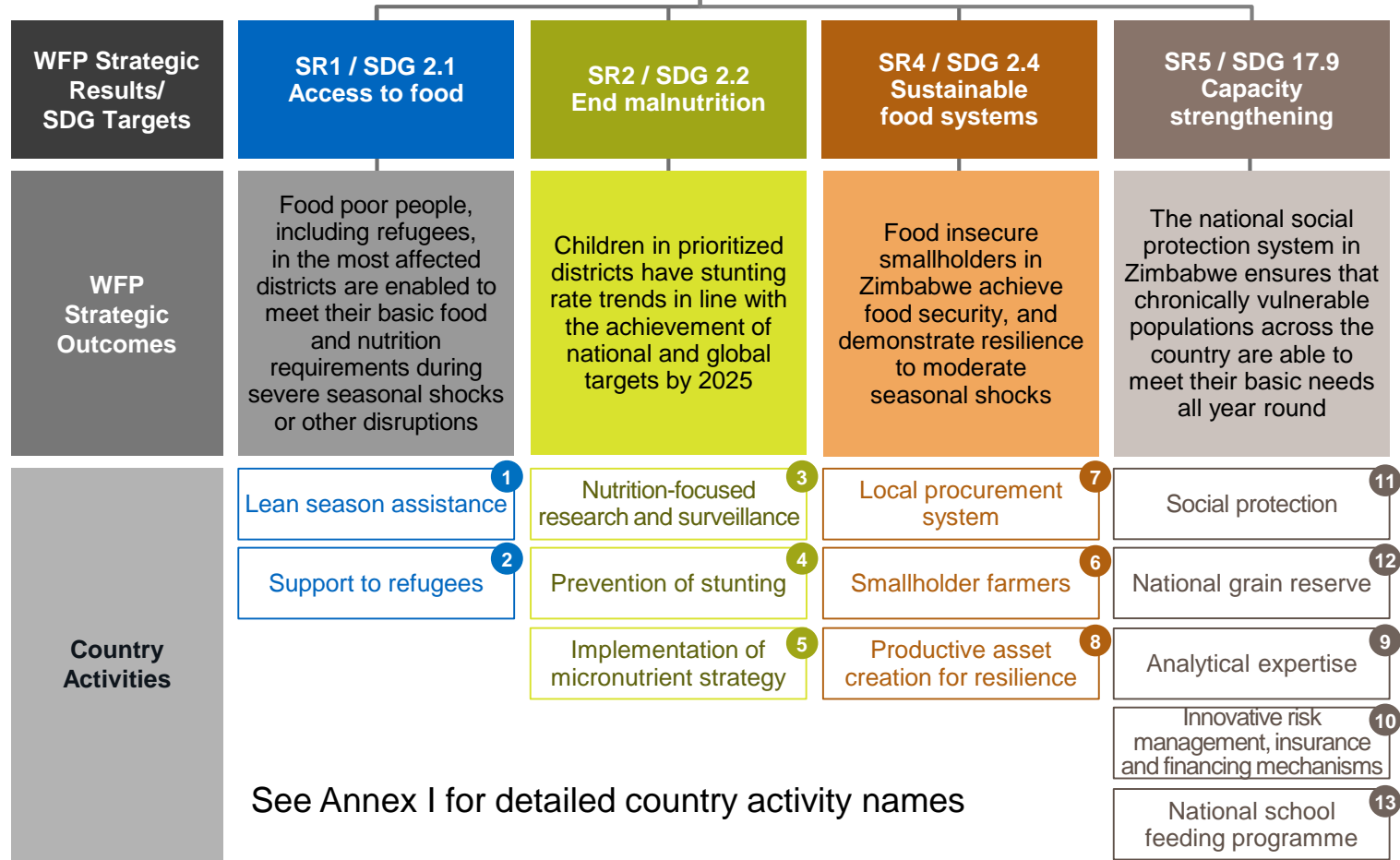
# Zimbabwe example

Total CSP	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Zimbabwe Country Portfolio Budget</b> 					
<b>WFP Strategic Results/SDG Targets</b>	<b>SR1 / SDG 2.1 Access to food</b> <b>198,203,178</b>	<b>SR2 / SDG 2.2 End malnutrition</b> <b>11,688,070</b>	<b>SR4 / SDG 2.4 Sustainable food systems</b> <b>57,107,317</b>	<b>SR5 / SDG 17.9 Capacity strengthening</b> <b>6,809,550</b>	
<b>WFP Strategic Outcomes</b>	Food poor people, including refugees, in the most affected districts are enabled to meet their basic food and nutrition requirements during severe seasonal shocks or other disruptions <b>198,203,178</b>	Children in prioritized districts have stunting rate trends in line with the achievement of national and global targets by 2025 <b>11,688,070</b>	Food insecure smallholders in Zimbabwe achieve food security, and demonstrate resilience to moderate seasonal shocks <b>57,107,317</b>	The national social protection system in Zimbabwe ensures that chronically vulnerable populations across the country are able to meet their basic needs all year round <b>6,809,550</b>	
<b>Country Activities</b>	<b>See following slide for details</b>				

**Illustrative example**

# Activity Roll-up example

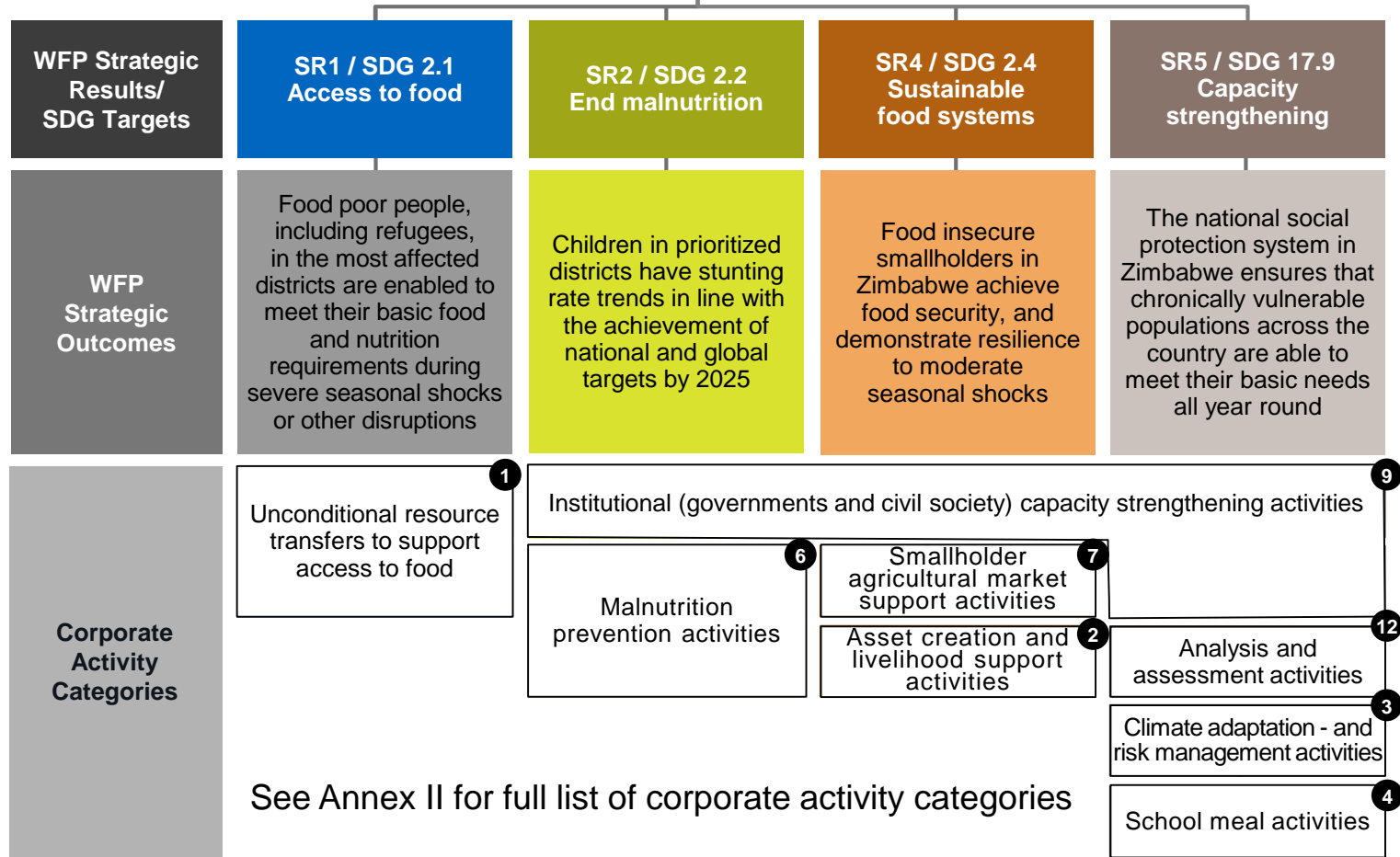
## Zimbabwe Country Portfolio Budget (2017)



See Annex I for detailed country activity names

# Activity Roll-up example

## Zimbabwe Country Portfolio Budget (2017)



See Annex II for full list of corporate activity categories



## Cost classification: Detailed cost planning items are being mapped to the new high-level cost categories

### Programme Transfer

Costs which directly add to the transfer value and transfer cost of food assistance, cash-based transfers and capacity strengthening activities: they relate strictly to the transfer of assistance to a beneficiary, and can be tracked by modality.

### Programme Implementation

Costs directly attributable to implementing the activities associated with a transfer.

They do not add direct value to the transfer.

### Management

Costs that are managed at the country level rather than by activity.

Minimum costs associated with operating and meeting the fiduciary responsibilities of the country office.

## Cost classification: Detailed cost planning items are being mapped to the new high-level cost categories

### Programme Transfer

**Examples:** food costs, voucher or cash value, and the costs of transport and voucher printing.

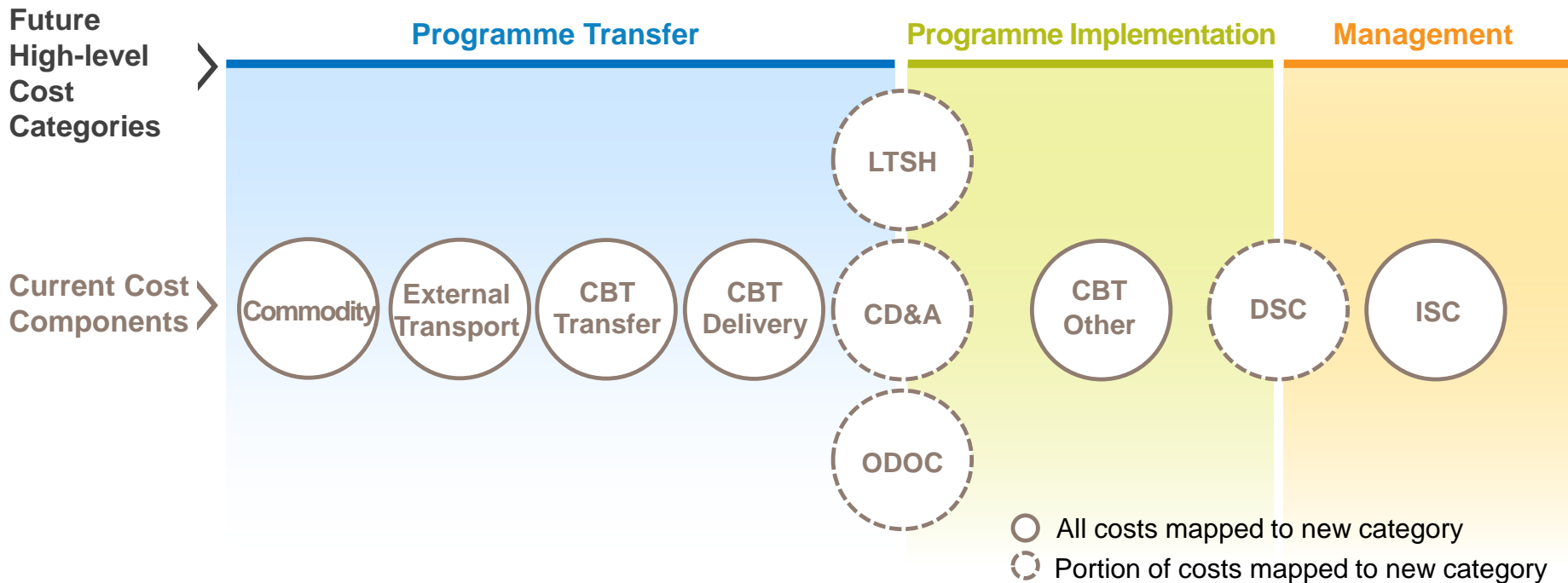
### Programme Implementation

**Examples:** the costs of WFP cooperating (implementing) partners, WFP staff working on an activity, assessments, monitoring and evaluation related directly to the activity, and WFP area office expenses linked to the activity.

### Management

**Examples:** country office management costs, rental costs for the country office, assessments and evaluations not directly linked to a specific activity, and certain security costs.

# Cost classification: Mapping of current cost components to the new high-level cost categories



# Cost structure: High-level categories broken down further

**DRAFT**

Level 1	Level 2	Level 3	Level 4: Category/Planning item	Level 5: Detailed costs	
Programme Transfer	Food	Transfer Value	Food	Commodity types	
		Transfer Cost	External transport	Ocean, air transport...	
	CBT	Transfer Value	Transport	Transport	Surface transport...
			...	...	...
		Transfer Cost	Cash	Cash	Cash
			Voucher	Voucher	Value voucher...
	Capacity Strengthening	Transfer Cost	Platform set-up	Platform set-up	TC/IT equipment
			...	...	...
			Assessments	Assessments	Assessments
		Staff	Staff	Technical consultants	
		Training	Training	Workshop costs	
	Service Delivery	...	...	...	...
		Air Transport	Air Transport	Air Transport	Air Transport
		...	...	...	...
Programme Implementation			Partner operating and management costs	Partner operating and management costs	
			Sub-office running costs	Sub-office rent	
			...	...	
Management Costs	Adjusted direct support costs (DSC)		Office running costs	Country office rent	
			Vehicle & vehicle running costs	Vehicle leasing fees	
			...	...	
	Indirect support costs (ISC)		ISC	ISC	

**New material. Work in progress.**



## Full Cost Recovery: Proposed Guiding Principles

- 1 Distinguish between the policy on full cost recovery and the treatment of individual contributions**
- 2 Shifting from being fundamentally designed around a certain type(s) of contribution to one designed to accommodate all contributions**
- 3 Full cost recovery based on resource-based plan**
- 4 Rules & regulations should in future define application of full cost recovery as support cost focused**

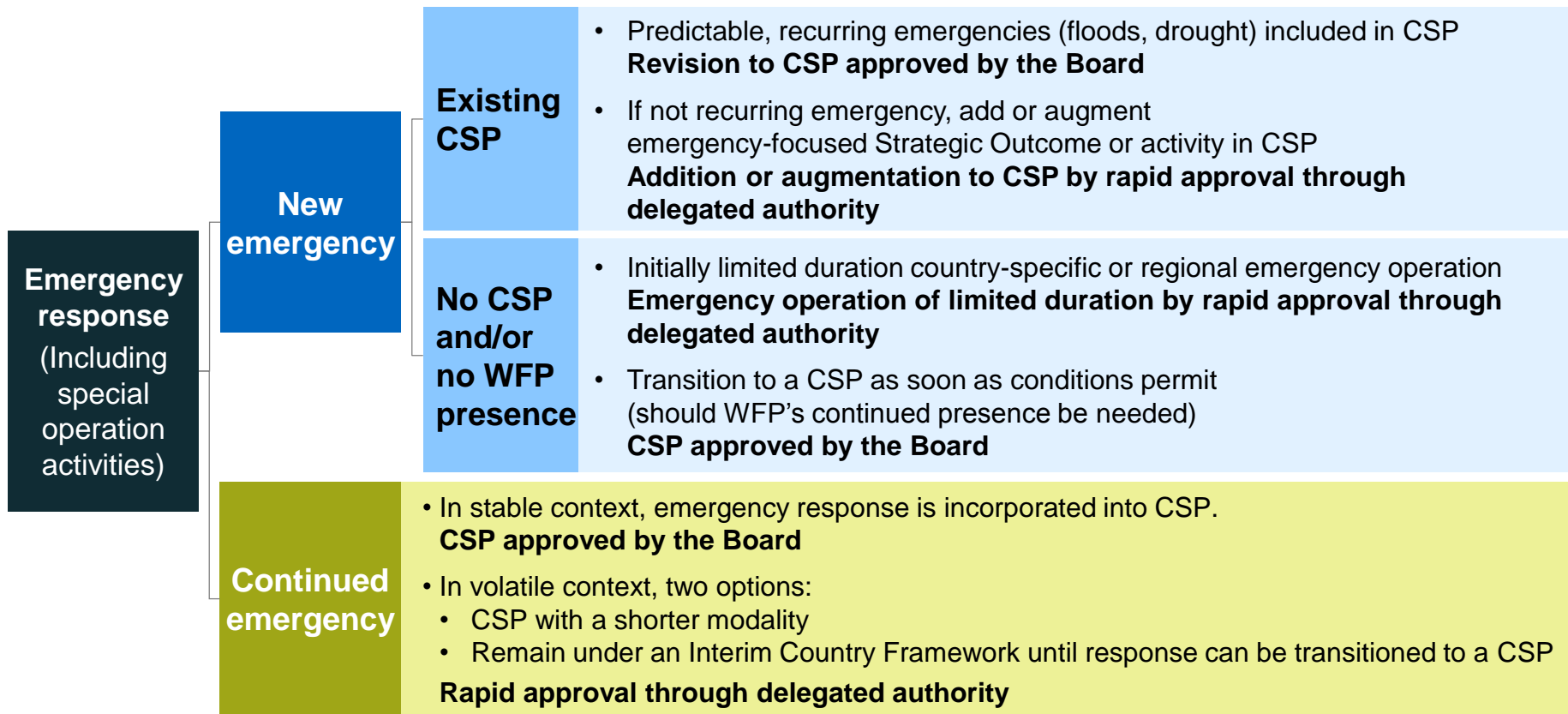
## **Full Cost Recovery:** Focused on recovery of Management support costs

Application of Full Cost Recovery proposal illustrated in Annex V of the document:

- **Adjusted direct support costs (DSC) rate of 5.07 percent in the example (this will vary by country)**
- **7 percent indirect support costs (ISC) rate maintained**

## Supporting emergency response:

# Rapid and effective emergency response is at the core of WFP's mandate



## Governance and Oversight: Fundamental governance role maintained

### General Regulation Article VI.2 (c)

*The Board shall review, modify as necessary, and approve programmes, projects and activities submitted to it by the Executive Director.*

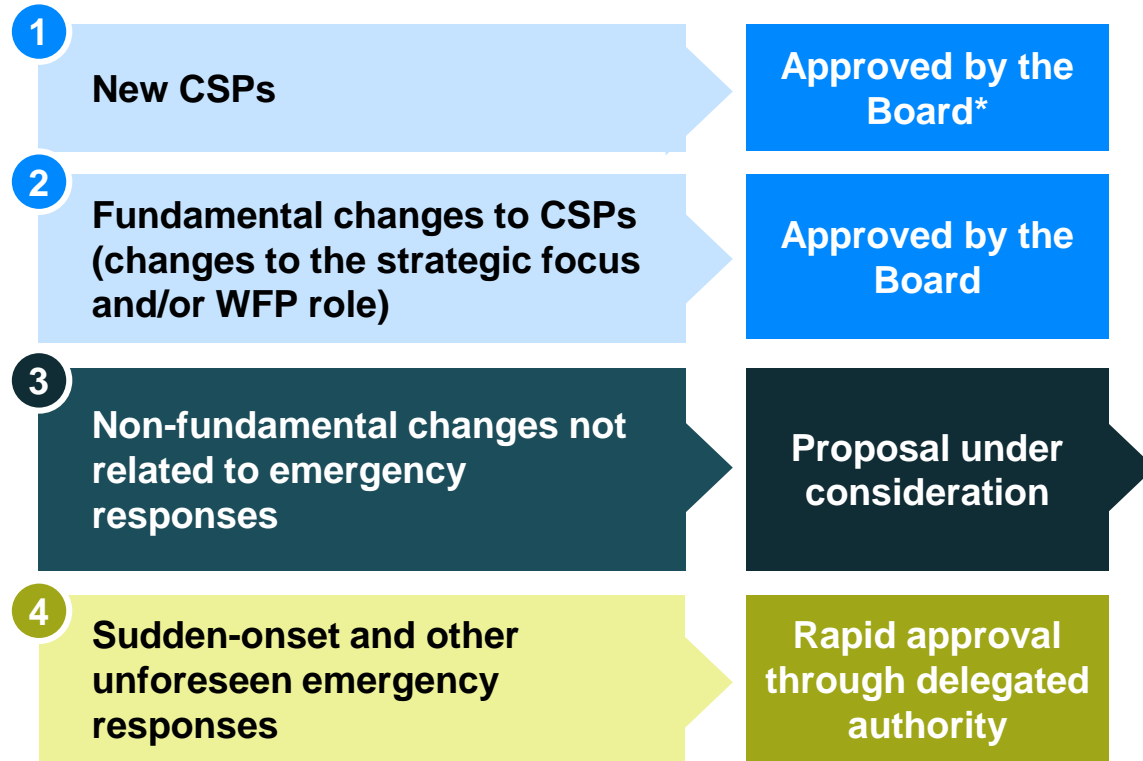
*In respect of such approvals, however, it may delegate to the Executive Director such authority as it may specify.*

*It shall review, modify as necessary, and approve the budgets of programmes, projects and activities, and review the administration and execution of approved programmes, projects and activities of WFP.*

**Board currently approves, on average, USD 4 billion (52 percent) of the annual Programme of Work each year. This value will likely increase as predictable, recurring emergency operations are embedded into Country Strategic Plans.**



# Governance and oversight: Outline proposal



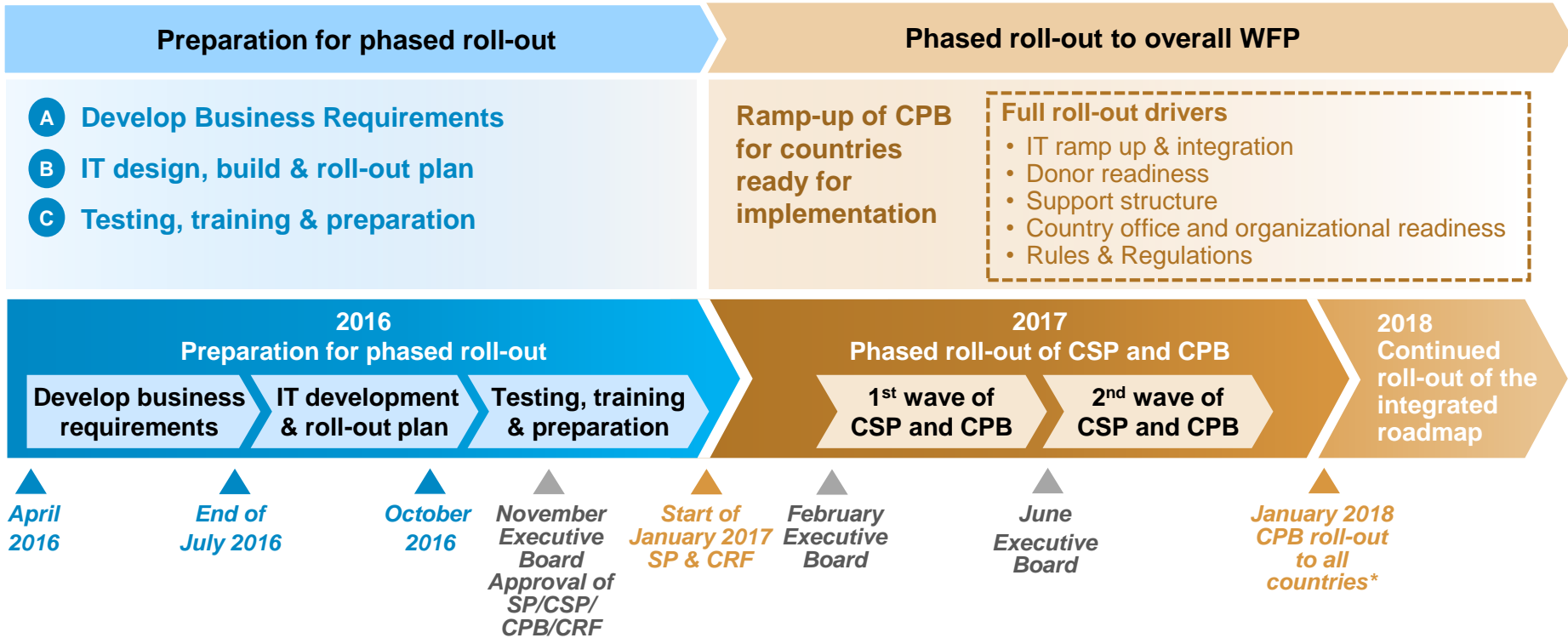
\*Some CSPs may not be approved by the Board, e.g. when a CSP is funded entirely by the host government it would be considered as a bilateral project and subject to Financial Regulations 5.1 and 5.2 which delegates approval to the Executive Director.

- Approved through delegation of authority
- Made available to Board for a disclosure period
- Option for a member to request a discussion at a subsequent Board session
- Subject to thresholds

## **Governance and oversight: Priority placed on maximizing transparency and providing holistic and strategic overview of operations**

- A Country Portfolio Budget, divided by WFP Strategic Outcomes, will accompany a Country Strategic Plan
- Extracts of updated operational and budget plans [Management Plan]
- More detailed information from the annual needs-based plans, including activity level detail, will be shared with Member States
- Post-factum reports covering the use of delegations of authority
- Implementation reports [Annual Performance Report and revised Standard Project Reports]

# Draft implementation timeline



SP: Strategic Plan; CSP: Country Strategic Plan; CPB: Country Portfolio Budget; CRF: Corporate Results Framework.

\*In countries without an approved CSP by February 2018, an interim country framework will be designed.

## Draft implementation timeline:

### Initial review of CSP countries for approval in 2017



## **Draft decision for November Executive Board:**

### **Preliminary draft language for Second Regular Session**

Having considered the Financial Framework Review (WFP/EB.2/2016/X-X/X), the Board:

- i. approves the reform of WFP's financial framework and related transitional measures as set forth in section [xx] of the Update on the Financial Framework Review;**
- ii. takes note that the approval and revision process in respect of Country Strategic Plans, which include Country Portfolio Budgets, is set forth in the Policy on Country Strategic Plans [insert document number];**
- iii. requests the secretariat to provide the Board with further information over the course of 2017 on the WFP-wide transition from the current to the new programmatic and financial framework; and**
- iv. takes note of the preliminary resourcing requirements for the transition and implementation of the Country Portfolio Budget structure in 2017 and 2018. [Indicative amount to be presented at 5 September 2016 informal consultation.]**

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# THANK YOU

# Annex I: Zimbabwe Country Portfolio Budget - detailed country activities

## Detailed activities:

- 1 Provide unconditional cash and/or food transfers to the most vulnerable households affected by seasonal food shortages (activity category 1)
- 2 Provide unconditional cash and/or food transfers to refugees living in official refugee settlements/camps (activity category 1)
- 3 Contribute to a nutrition-focused research agenda and nutrition surveillance (activity category 9)
- 4 Support stunting prevention in prioritized districts (activity category 6)
- 5 Support the Ministry of Health and Child Welfare in implementing its micronutrient strategy (activity category 6)
- 6 Enable farmers' organizations to market drought-resistant crops (activity category 7)  
Support the development of micro-storage and improve post-harvest handling (activity category 7)
- 7 Develop a focused and coordinated local procurement mechanism (activity category 9)  
Support the development of a warehouse receipt and commodity change system (activity category 9)
- 8 Support the creation and rehabilitation of assets for sustainable food and nutrition security (activity category 2)
- 9 Provide analytical expertise to establish a common understanding of the causes of hunger and vulnerability (activity category 12)
- 10 Explore innovative risk management, insurance and financing mechanisms (activity category 3)
- 11 Support the consolidation and administration of social transfer programmes under the national social protection system (activity category 9)
- 12 Support the re-establishment of the national grain reserve (activity category 9)
- 13 Support the re-establishment of the national school feeding programme (activity category 4)

*Work in progress. For illustration purposes only.*

## **Annex II: Vertical elements - list of corporate activity categories**

- 1. Unconditional resource transfers to support access to food**
- 2. Asset creation and livelihood support activities**
- 3. Climate adaptation- and risk management activities**
- 4. School meal activities**
- 5. Nutrition treatment activities**
- 6. Malnutrition prevention activities**
- 7. Smallholder agricultural market support activities**
- 8. Individual capacity strengthening activities**
- 9. Institutional (governments and civil society) capacity strengthening activities**
- 10. Common services and platforms activities**
- 11. Emergency preparedness activities**
- 12. Analysis and assessment activities**
- 13. Other**

*Work in progress. For illustration purposes only.*



## Annex III: Acronyms used in the presentation (I/II)

ACRONYM	MEANING
ACABQ	Advisory Committee on Administrative and Budgetary Questions
CBT	Cash-based Transfers
CD&A	Capacity Development & Augmentation
CO	Country Office
CPB	Country Portfolio Budget
CRF	Corporate Results Framework
CSP	Country Strategic Plan
DSC	Direct Support Costs
FAO	Food and Agriculture Organization
FSP	Financial Service Provider

## Annex III: Acronyms used in the presentation (II/II)

ACRONYM	MEANING
ISC	Indirect Support Costs
LESS	Logistics Execution Support System
LTSH	Landside, Transport, Storage and Handling costs
ODOC	Other Direct Operational Costs
RBP	Resource-based Plan
SDG	Sustainable Development Goal
SP	Strategic Plan
SR	Strategic Result
TC/IT	Telecommunications/Information Technology