

Update on the Financial Framework Review

Informal Consultation

7 October 2016



World Food Programme

Key changes since last informal consultation

- Governance outline and preliminary proposal for budgetary thresholds and delegations of authority added [Paragraphs 102–116, Annex XI]
- Transitional arrangements for 2017, including General Rules and Financial Regulations added [Paragraphs 117–122]
- Note on Governance from 13 September Informal Consultation added [Annex VIII]
- Updated wording of draft decisions [Annex X]
- Addendum issued on 5 October covering:
 - Alignment to funding lines;
 - Country Strategic Plan and Annual Planning Process; and
 - Governance arrangements on budgetary thresholds.

I. Alignment to funding lines

- **Issue definition**

- Move away from programme categories (EMOPS, PRROS, DEV, SOs).
- World Humanitarian Summit recommendations:
 - Enable coherent financing that avoids fragmentation by supporting collective outcomes.
- Need to give assurance that humanitarian and development funding is deployed appropriately.

I. Alignment to funding lines

Step 1: Visibility in the formulation of Strategic Outcomes

- CSPs are structured around Strategic Outcomes linked to one WFP Strategic Result and national SDG targets.
- **WFP Strategic Outcomes describe:**
 - The short- to medium-term effects that contribute to the achievement of national SDG targets and WFP Strategic Results.
 - The people who will benefit (SDG2) or entities (SDG17), the geographic scope, the result that is sought, and the foreseen timeframe of the programme intervention.
 - The primary focus (crisis response, resilience building or root causes).
- **Tightened guidance on formulation of Strategic Outcomes is being developed.**

Step I: WFP's approach on the formulation of Strategic Outcomes

EXAMPLE

1 WHO Target population	2 WHERE Geographic location	3 WHAT	4 WHEN Expected change and strategic focus
Children	In prioritized districts with high poverty and malnutrition rates	Have <u>stunting rates trends</u> in line with the national and global targets	By 2025 SR2
Food insecure communities and individuals, and institutions	In areas with high vulnerability to climate change	Have <u>adapted to climate change</u>	By 2021 SR4
Refugees, displaced persons and other food insecure people	In Ecuador	Have <u>access to adequate food and nutrition</u>	All year long SR1
Food insecure people including refugees	In the most affected districts	Are enabled to <u>meet basic food and nutrition requirements</u>	During severe seasonable shocks or other disruptions SR1

I. Alignment to funding lines

Step 2: Potential use of outcome tags or categories to emphasise distinction

2a Tagging Context Across All Strategic Outcomes

- Disruptions
- Structural poverty
- Transitions/Recovery
- Disaster prevention/risk mitigation

2b Mutually Exclusive Tagging Across All Strategic Outcomes

- Crisis Response Outcomes
- Resilience Building Outcomes
- Root Causes Outcomes
- Etc.

Step 2 : Option A WFP's Strategic Outcomes would be tagged with the appropriate context to facilitate resource mobilization and funding decisions

EXAMPLE

	1 WHO Target population	2 WHERE Geographic location	3 WHAT	4 WHEN Expected change and strategic focus
Structural poverty	Children	In prioritized districts with high poverty and malnutrition rates	Have <u>stunting rates</u> in line with the national and global targets	By 2025 SR2
Disaster prevention /Transitions /Recovery	Food insecure communities and individuals, and institutions	In areas with high vulnerability to climate change	Have <u>adapted to climate change</u>	By 2021 SR4
Disruption	Refugees, displaced persons and other food insecure people	In Ecuador	Have <u>access to adequate food and nutrition</u>	All year long SR1
Disruption	Food insecure people including refugees	In the most affected districts	Are enabled to <u>meet basic food and nutrition requirements</u>	During severe seasonable shocks or other disruptions SR1

- Context categories examined as potential solution
- Overlapping nature may limit assurance

Step 2: Option B WFP's Strategic Outcomes would be tagged with the appropriate focus area to facilitate resource mobilization and funding decisions

EXAMPLE

Focus	1 WHO Target population	2 WHERE Geographic location	3 WHAT	4 WHEN Expected change and strategic focus
Root Causes	Children	In prioritized districts with high poverty and malnutrition rates	Have <u>stunting rates trends</u> in line with the national and global targets	By 2025 SR2
Resilience Building	Food insecure communities and individuals, and institutions	In areas with high vulnerability to climate change	Have <u>adapted to climate change</u>	By 2021 SR4
Crisis Response	Refugees, displaced persons and other food insecure people	In Ecuador	Have <u>access to adequate food and nutrition</u>	All year long SR1
Crisis Response	Food insecure people including refugees	In the most affected districts	Are enabled to <u>meet basic food and nutrition requirements</u>	During severe seasonable shocks or other disruptions SR1

I. Alignment to funding lines

Step 3: Enhancing our ability to communicate results

- CP Budget structure will allow funds to be **“tracked and traced”** through the completion of activities to the achievement of outcomes.

Other assurances will also be provided, for example:

- Reporting through the Corporate Results Framework;
- Donor reporting, including corporate reports on the use of multilateral funds; and
- Decision-making processes on multilateral fund allocations will be updated.

I. Alignment to funding lines

Next steps

1. All steps to be taken forward in the pilot CSP countries:
 - Option B for will be used for ‘tagging’, with outcomes reformulated where necessary
2. Engage with donors on each step through 2017 pilots

II. Level of planning information (CSP)

More Information to
be presented on 11
October

Level of information in Pilot CSPs will be the same as current PRRO project document:

- Modality of transfers by Strategic Outcomes and Activity;
- An overview of beneficiaries, broken down by age group, and by status
- Beneficiaries by Strategic Outcome and Activity, disaggregated by gender
- Food rations or transfers by activity (g/person/day) for each Strategic Outcome and Activity

II. Level of planning information: Country Operations Management Plan

Through an online portal medium, COMPs will provide:

- Updated information for all CSP variables on an annual basis;
- Links between resources and results, i.e. Strategic Outcome budgets broken down by activity with respective planned results
- Quantitative information will be available by dollar value by Strategic Outcome and activity and by tonnage, where applicable

Level of information provided in CSPs, CP Budgets and COMPs will be assessed in the 2017 pilot CSPs to ensure it supports the Board's governance and oversight role and facilitates funding decisions

III. Approach to budgetary thresholds and delegations of authority

Governance and oversight: Programme Approval

1 New CSPs	Approved by the Board*	<p>*Some CSPs may not be approved by the Board. When a CSP is funded entirely by the host government it may be approved by the Executive Director further to Financial Regulations 5.1 and 5.2, subject to General Regulation X.6</p> <p>**Some fundamental changes to CSPs may not be approved by the Board. When a new strategic outcome not previously foreseen is added to a CSP and funded entirely by the host government, it may be approved by the ED further to Financial Regulations 5.1 and 5.2, subject to General Regulation X.6</p> <p>Conditions:</p> <p>i. Made available to Board for a disclosure period</p> <p>ii. Option for a member to request a discussion at a subsequent Board session</p> <p>iii. Subject to thresholds</p>
2 Fundamental changes to CSPs (changes to the strategic focus and/or WFP role)	Approved by the Board	
3 Non-fundamental changes not related to emergency responses	Proposal under consideration	
4 Sudden-onset and other unforeseen emergency responses and amounts below threshold	Rapid approval through delegated authority (ED / DG-FAO)	

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Proposed thresholds for Board approval of budget revisions

Size of CP Budget	Very large	Large	Medium	Small
(USD millions)	> 2,000	2,000–500	500–100	< 100
Annual relative threshold	15%	20%	30%	n/a*

Principles of the proposed thresholds:

- Thresholds would be based on total budget value of the CSP.
- Country offices would be grouped by size.
- Relative thresholds would be used to ensure the Board considers revisions that require increased oversight or brings on increased strategic or financial exposure.
- The largest budget revisions, relative to the size of the approved CSP, would be subject to Board approval.

*The Executive Board would be notified of revisions under the Executive Director's delegated authority unless budget revisions exceed USD 100 million over a 12-month period.

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- **Early discussion: Dialogue over the coming six – nine months before decision in November 2017**
- **Non-fundamental changes not related to emergency response:**
 1. Should we have a sliding scale – as opposed to a single percentage - for EB approval or an absolute amount for small, medium, large, very large CSPs?
 2. How do we ensure visibility for revisions to “small” CSPs?
 3. When considering thresholds, which is more appropriate: Percentages or absolute values?
 4. If absolute values are being considered, are we using the right thresholds?

Finalization of EB paper

- Standalone policy-oriented paper: simplified and shortened
- Information on the process (how we got here): to be moved to an annex
- Recommendations will be de-emphasized
- Examples will be removed

THANK YOU