

Update on the Financial Framework Review

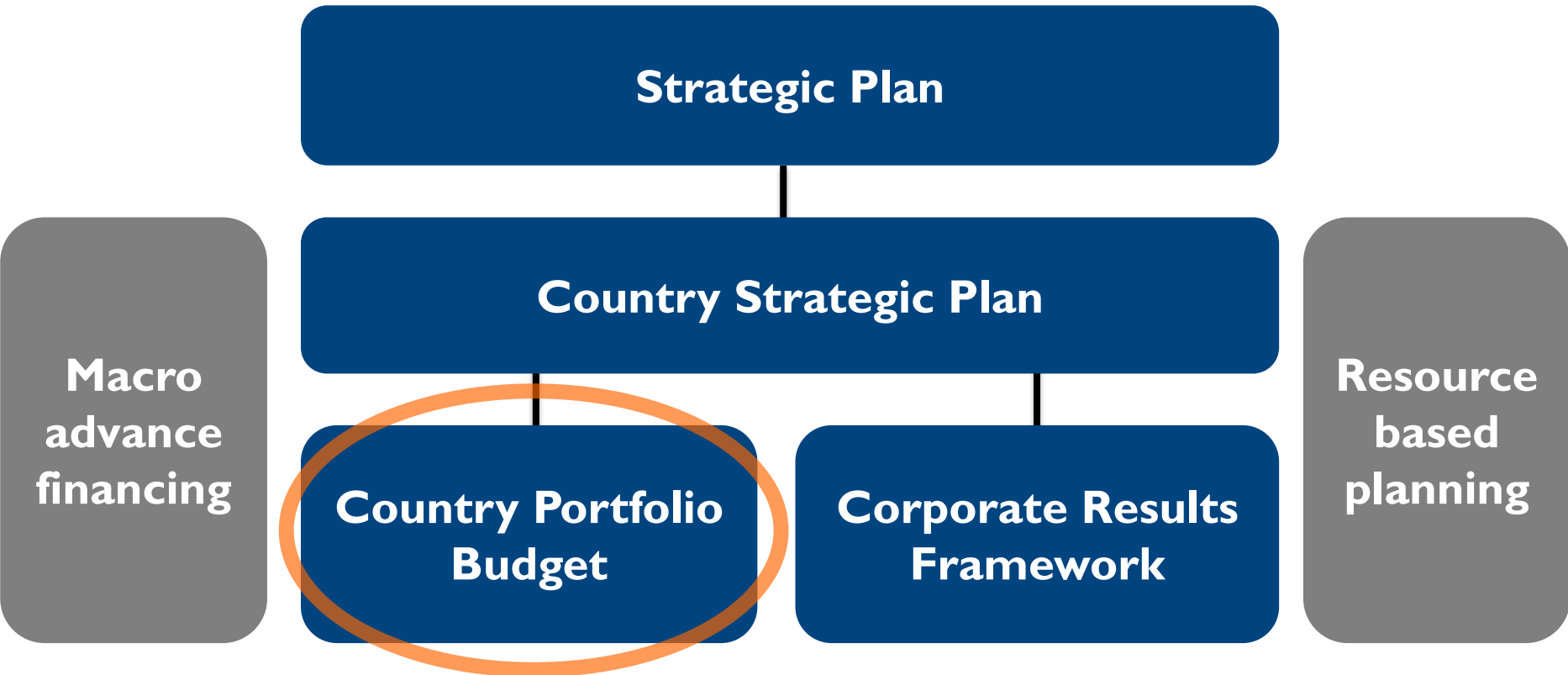
WFP/EB.A/2016/5-C/1*

2016 Annual Session of the Executive Board
14 June 2016



World Food Programme

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

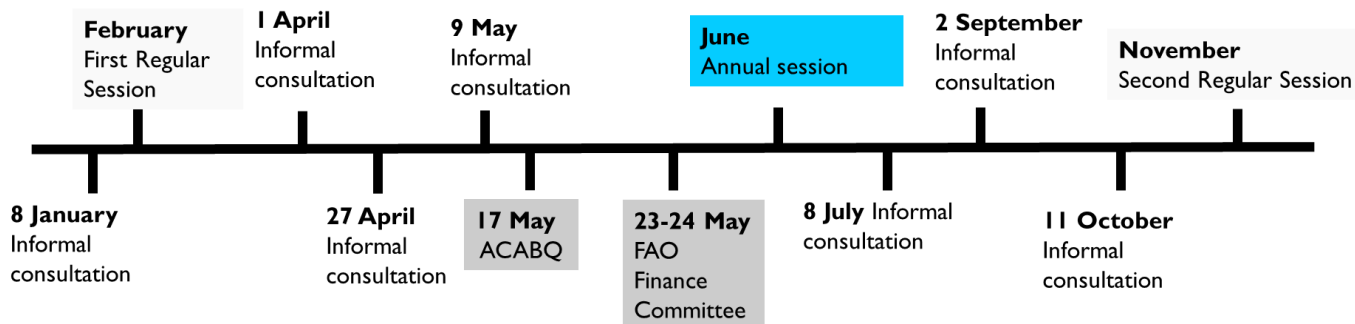


WFP seeks comments on the country portfolio budget principles that will be presented for the Board's approval in November 2016

Purpose of today's presentation

Communicate the progress of the Financial Framework Review, anchored on a country approach, and describe the principles underlying the proposed country portfolio budget structure.

Executive Board Engagement to date in 2016



Countries involved



Colombia



Indonesia



Jordan



Kenya



Niger



Uganda



Yemen

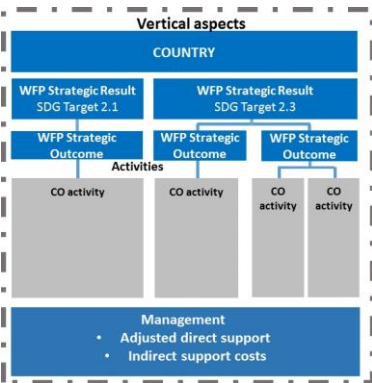


Zimbabwe



new prototype countries

Vertical line of sight: Principles of the proposed country portfolio budget



- **A holistic, results-oriented approach** to planning and budgeting at the country office level
- **All inclusive, reflecting all resources in a Country Office**
- Single planning period encompassing all operations for a calendar year
- Identification of costs in terms of **transfer** or **implementation**

- Management of some costs on a country-wide basis, with attribution thereafter
- **Harmonization of cost categories** where possible with other United Nations agencies
- **Visibility** over contribution-specific expenditures
- **Equitable recovery of costs** amongst donors

Phase I update as described in the Update of the Financial Framework Review paper (WFP/EB.A/2016/5-C/1*)

**The following topics were not covered in the FFR Update paper
(WFP/EB.A/2016/5-C/1*)
and will be discussed in more depth during the
Informal Consultation scheduled for 8 July**

Country offices are leading the testing and development of the country portfolio budget model

Phase II Objectives: Simulate the Country Portfolio Budget model by creating an inclusive budget structure, define cost-accounting procedures, consider the application of full cost recovery and identify context and governance requirements

Feedback from Phase II prototyping are ongoing in the 8 prototype countries

“Easier to measure performance under the Country Portfolio Budget and assess the impact of contributions.”

“Valuable as it will ensure manual budgeting and planning will be implemented through a corporate system.”

“Provides transparency and helps us be more effective in our work.”

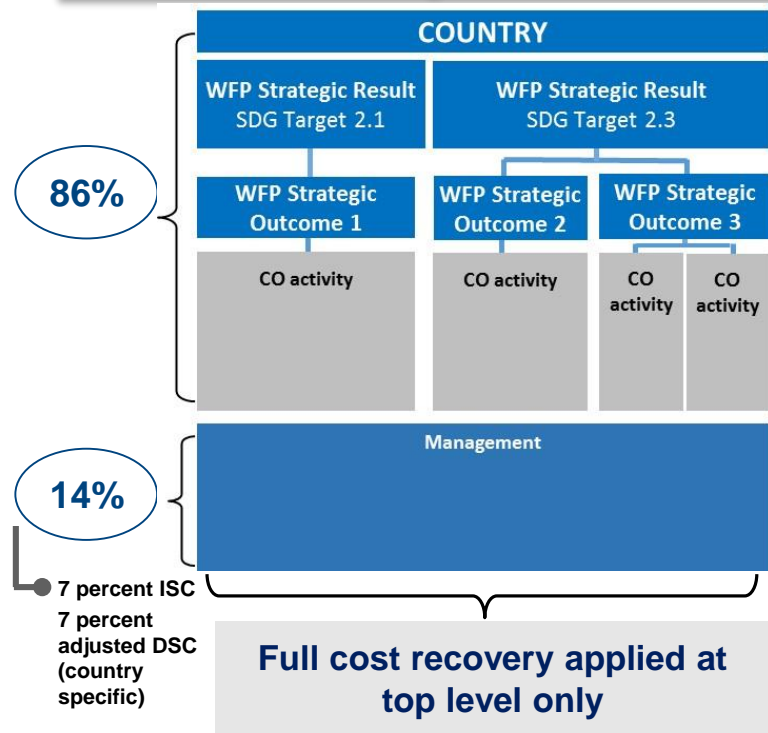
“Cross-functional involvement enabled all to contribute to a holistic picture.”

Cost structure: emerging proposal

- 1 Separate cost categories into programme transfer, programme implementation and management costs (referred to as adjusted direct support costs and indirect support costs)
- 2 Track three types of modalities (Food, CBT, Capacity Strengthening)
- 3 Detailed cost items can be rolled-up to standardised UN costs categories; other views are also possible

Full cost recovery: emerging proposal

Example: Application of full cost recovery for Uganda



- 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 define application of full cost recovery as support cost focused

Informal Consultation of 8 July

Countries involved



Colombia



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Yemen



Zimbabwe

Topics to be covered during the Informal Consultation include:

- Governance requirements
- The application of full cost recovery
- Further definition of the cost structure
- Approach to management costs (adjusted direct support costs and indirect support costs)
- Outline of the draft November Executive Board decision

UPDATE ON RESOURCE-BASED PLANNING

Resource-based planning will improve planning and performance management

- **Continue to advocate for full funding for all beneficiary requirements**
- **Match operational plans with anticipated funding levels**
- **Aggregated resource-based plans will represent the prioritized plan of work in the Management Plan**
- **Pilots on-going in nine country offices**
- **Roll out from January 2017 will build on Management Plan preparations and lessons learned from the pilots**

Benefits of standardized resource-based planning

- **Effectiveness:** Increased coordination enables better operational planning and efficient use of resources
- **Prioritization:** Activities prioritized according to needs and funding projections
- **Resource mobilization:** Effects of shortfall better identified
- **Problem Anticipation:** Better visibility in supply chain and pipeline
- **Financial management:** More realistic rates for associated cost planning
- **Direction:** Greater coherence in planning

UPDATE ON MACRO-ADVANCE FINANCING

Macro advance financing for country offices seeks to provide greater resource predictability

- **Pilots are underway to provide aggregated budget authority to country offices**
- **Macro advances of USD 100.6 million approved for Ethiopia (2 tranches), Kenya, Mali, Nicaragua and Sudan**
- **USD 63.5 million of macro advances have been repaid to date**
- **All donor conditions are respected for repayment**
- **Risk borne by the organization under the Internal Project Lending facility**
- **Realized gains in operational efficiency and effectiveness will be quantified**

THANK YOU