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UPDATE ON THE FINANCIAL FRAMEWORK REVIEW: PROGRAMME CATEGORIES



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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for consideration.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

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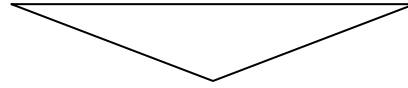
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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms I. Carpitella, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).



DRAFT DECISION*



The Board, having considered the “Update on the Financial Framework Review: Programme Categories” (WFP/EB.1/2010/6-C/1), appreciates the work undertaken by the fast-track working group and takes note of the proposed approach to issues related to programme categories. It looks forward to the document to be submitted for approval at its Annual Session in June 2010.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.



INTRODUCTION

1. The financial framework review has been proceeding since early 2009 with three mutually reinforcing objectives:
 - i) ensuring the predictability and stability of WFP's funding;
 - ii) achieving a higher level of flexibility and effectiveness in resource use; and
 - iii) reinforcing transparency in the allocation of resources.
2. Strategic alignment and harmonization within the United Nations system were noted as underlying themes in the review. At the request of several Board members, issues related to programme categories and funding windows were prioritized in the review process.¹ The Secretariat initiated several actions in immediate response.
3. Programme categories provide an operational framework that sets out when, for what purpose and in what contexts WFP operates.² In the light of the Strategic Plan 2008–2013 and in the context of evolving donor policies, the Secretariat is reviewing the coherence of WFP's programme categories and their interactions with two related funding windows (multilateral and directed multilateral).
4. Over the course of several informal consultations, Board sessions and other meetings, members have focused on the distinction between relief, recovery and development programmes in relation to existing programme categories. Some of these concerns are related to issues regarding alignment with individual donors' funding frameworks. Within the humanitarian assistance community and among donor nations, there is a lack of coherence regarding distinctions and definitions, which presents significant challenges. The unique challenge WFP faces in this area may reflect the fact that programme categories are based on contexts (emergency, relief and recovery, development) rather than the themes or functional lines adopted by other agencies
5. This paper proposes a path forward for discussions related to WFP's programme categories, aiming for a final paper for approval at the Board's Annual Session in 2010. Establishing a consensus for resolving programme category issues is critical to the continued use of such categories and the success of the financial framework review.
6. The Secretariat therefore proposes a four-pronged approach to addressing the issues related to programme categories:
 - i) approval by the Board of definitions for major operational contexts that are directly relevant to WFP's programme categories (emergency, relief, recovery);
 - ii) clarification of the relationship between programme categories and WFP's Strategic Plan;
 - iii) issuance of revised programme guidance to ensure discipline and uniformity of application; and
 - iv) full implementation of centralized review and compliance mechanisms to ensure greater discipline and consistency in the use of programme categories.

¹ A full account of the background to the financial framework review was provided in WFP/EB.2/2009/5-B/1.

² All WFP projects are classified into one of four programme categories: emergency operation, protracted relief and recovery operation, country programme and special operation.



7. The present paper focuses primarily on the first point – definitions of major operational contexts – since that issue was addressed by the Board-approved fast-track working group and is therefore the most developed at this time. The paper also outlines what the Board can expect regarding the elements above in subsequent discussions; the aim is to conclude the programme category review at the Annual Session of the Board in June 2010.

PROPOSED APPROACH TO ISSUES RELATED TO PROGRAMME CATEGORIES

Approval by the Board of definitions for major operational contexts that have direct relevance for WFP's programme categories

8. The Executive Director and the Executive Board Bureau established a fast-track working group in December 2009 to review and form a consensus on the working definitions for major operational contexts such as emergency, relief, early recovery and recovery. Special attention is needed to ensure that any updated definitions are coherent with other conceptual frameworks in the United Nations system.
9. The working group is co-chaired by the Director of the Programme Division and the President of the Board. At the request of members, each regional List designated one or two representatives to participate in the working group. A country director also provides input into the group's discussions to provide a field perspective.
10. Meetings of the working group were held on 17 December 2009 and 22 January 2010. The findings of the working group and its consensus definitions will be presented to the Board in June 2010 for approval.
11. The working group examined the definitions – or working interpretations – of *relief*, *recovery*, and *early recovery* among United Nations agencies, including the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF) and the United Nations Development Programme (UNDP), as well as the World Bank, the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC), the Red Cross Movement, the General Assembly and others. From the beginning of the exercise, working-group members encouraged a pragmatic, policy-oriented approach based on country-level experience, rather than an academic exercise, to identify ways of improving programmes.

⇒ *Discussions on definitions*

Emergency

12. As approved by the Board at the First Regular Session of 2005 (WFP/EB.1/2005/4-A/Rev.1), WFP defines emergencies as:

“urgent situations in which there is clear evidence that an event or series of events has occurred which causes human suffering or imminently threatens human lives or livelihoods and which the government concerned has not the means to remedy; and it is a demonstrably abnormal event or series of events which produces dislocation in the life of a community on an exceptional scale.

The event or series of events may comprise one or a combination of the following:



- a) sudden calamities such as earthquakes, floods, locust infestations and similar unforeseen disasters;
 - b) human-made emergencies resulting in an influx of refugees or the internal displacement of populations or in the suffering of otherwise affected populations;
 - c) food scarcity conditions owing to slow-onset events such as drought, crop failures, pests, and diseases that result in an erosion of communities' and vulnerable populations' capacity to meet their food needs;
 - d) severe food-access or availability conditions resulting from sudden economic shocks, market failure, or economic collapse — and that result in an erosion of communities' and vulnerable populations' capacity to meet their food needs; and
 - e) a complex emergency for which the Government of the affected country or the Secretary-General of the United Nations has requested the support of WFP.”
13. The working group did not further examine this definition since it was recently approved by the Board, at which time it was deemed consistent with other United Nations agencies.

Relief

14. WFP's definition of relief (derived from its definition of emergencies and the Strategic Plan) comprises assistance that saves lives and protects livelihoods in emergencies. Relief enables people affected by a crisis to meet their food and nutritional needs with dignity and without resorting to activities that undermine their future food security. Other definitions of relief refer to survival (UNHCR) and to saving lives and alleviating suffering (UNICEF). More encompassing definitions of relief – such as OECD's – explicitly refer to assistance that supports disaster prevention and preparedness and “reconstruction and transition assistance while the emergency situation persists”.
15. The working group noted that increasingly, relief is understood to be only one point in the non-linear continuum between relief and development, rather than a discrete set of interventions.

Early recovery

16. WFP does not have its own definition for early recovery. The inter-agency Cluster Working Group on Early Recovery defines early recovery as “a multi-dimensional process of recovery that begins in a humanitarian setting. It is guided by development principles that seek to build on humanitarian programmes and catalyze sustainable development opportunities.”³
17. Working-group members noted that it is now widely accepted that the early recovery period is variable, and depends on the unique challenges of each crisis. Early recovery is “not an identifiable stage in a sequential ‘continuum’ between relief and recovery [. . .] various combinations of relief and recovery may take place simultaneously.”⁴

³ Cluster Working Group on Early Recovery. 2008. Guidance Note on Early Recovery. (April)

⁴ UNDP Bureau for Crisis Prevention and Recovery. 2008. UNDP Policy on Early Recovery. (February)



Recovery

18. According to WFP's working definition, recovery comprises assistance that aims to return crisis-affected people to their pre-crisis situation in terms of food security. Recovery generally begins after the acute phase of a crisis, when households begin to make investments and undertake their usual livelihood activities again, and ends when they have regained what was lost in terms of access to food. Other agencies interpret recovery as: i) a sustainable return to a pre-crisis situation; ii) improvement on the pre-crisis situation; or iii) improvement on the pre-crisis situation along with measures to reduce and prepare for future risk and increase resilience. According to the General Assembly, recovery must counteract the tensions that led to the conflict in the first place and re-establish the enabling conditions for a functioning peacetime society. The World Bank now considers recovery to include any activity identified as a priority in a national recovery programme.
19. The working group noted that WFP's definition of recovery was narrower than that of other agencies, given the emphasis on returning populations to their "pre-crisis state".

⇒ *Findings of the working group to date*

20. Having considered various definitions and issues related to the phases of relief and recovery – and recognizing that some agencies have adopted more expansive definitions than WFP's – the fast-track working group turned to the question of whether the existing terminology was sufficient for WFP's uses, or whether it should be aligned more closely with the definitions and interpretations used by its sister agencies.
21. As the basis for further discussion, the Secretariat was asked to provide examples to demonstrate whether and how the definitions applied in WFP operations. In their review, working-group members noted that WFP's definition of relief was largely coherent with other agencies and consistent with programmes on the ground. With regard to recovery, members found WFP's definition to be narrow compared with definitions used in other parts of the aid community. They also noted that WFP programmes in some complex contexts appear more consistent with other agencies' broader definitions of recovery than with WFP's narrower one. While a more limited definition of recovery could encourage discipline, the importance of coherence and flexibility was stressed. The working group discussed the need for WFP to remain conscious of the context in the countries where it works when determining the scope of recovery interventions, and to retain the capacity to support governments in their recovery efforts – particularly in low-capacity contexts.
22. As a next step, the working group will examine how these definitions are applied by other United Nations agencies in their work, and will review alternate language for recovery, keeping in mind the need to: i) be coherent with the United Nations system; ii) maintain parameters to guide WFP operations; and iii) ensure appropriate exits. Consensus definitions will be presented to the Board at its Annual Session.

Clarifying the Relationship Between Programme Categories and WFP's Strategic Plan

23. Based on the work of the fast-track working group, the Secretariat will consult internally and with Board members to clarify the relationship between the proposed adjusted programme categories, the Strategic Plan (2008–2013), and the Strategic Results Framework before making a presentation to the Board at its Annual Session.



Issuance of Revised Programme Guidance

24. Once agreement has been reached on definitions and linkages between programme categories and the Strategic Plan, the Secretariat will update programme-guidance materials, including through the electronically disseminated *Programme Guidance Manual*. To support this process, the Secretariat is conducting an exercise to outline the “turning point” criteria between relief, early/extended recovery and development, and to determine how these would be applied in some of WFP’s protracted relief and recovery operation (PRROs).
25. Discussions on proposed changes to guidance materials will be a central feature of the upcoming Global Meeting with all country directors, scheduled for July 2010. Additional guidance will be communicated as necessary from WFP Headquarters via e-mail and regional-level discussions.

Formalization of Centralized Review and Compliance Mechanisms to Ensure Greater Consistency in the Interpretation and Application of Programme Categories

26. As part of the decentralization process carried out between 1996 and 2001, regional bureaux were charged with managing the project review process. This has contributed to some lack of consistency in the categorization of projects between regions.
27. The Programme Review Committee (PRC) is the primary mechanism for the review of proposed projects. In order to ensure a consistent interpretation and application of programme guidance, in June 2009 the Secretariat issued a directive recentralizing the PRC and issuing new guidelines to establish a higher level of representation and leadership for committee meetings. The Chief Operating Officer will chair – and the other Deputy Executive Directors will also participate in – PRC meetings to review projects with a total value exceeding US\$100 million.
28. Following the discussions with the Board on programme categories, the Executive Director will issue a circular formalizing these measures and their application throughout WFP.

NEXT STEPS IN THE FINANCIAL FRAMEWORK REVIEW

29. The Secretariat will present a paper on important elements of the programme category discussion for approval by the Board at its Annual Session in June 2010. Prior to that session, additional consultations may be necessary.
30. Following the resolution of issues related to programme categories, the financial framework review will return to addressing issues related to funding stability, predictability and transparency. These issues include:
 - examining alternatives to the tonnage-based approach for funding activities with a limited (or no) food component; and
 - enhancing the predictability and stability of support-cost income at both the corporate (Programme Support and Administrative) and country (primarily direct-support cost) levels.



31. The Secretariat has held several internal consultations regarding these two issues, including discussions with all country directors and Regional Directors. Discussions have focused on understanding the challenges related to the financial framework issues with an eye towards improving programme coherence, efficiency and effectiveness in support of the Strategic Plan.
32. The results of this review will be discussed with the membership at informal consultations and further refined before being presented to the Board at its formal session.

ACRONYMS USED IN THE DOCUMENT

DAC	Development Assistance Committee
OECD	Organisation for Economic Co-operation and Development
PRC	Programme Review Committee
PRRO	protracted relief and recovery operation
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund