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Resource, Financial and Budgetary Matters

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Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)

The Executive Director is pleased to submit herewith the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) pertaining to WFP. The report covers the following agenda items:

- WFP Management Plan (2017–2019) (WFP/EB.2/2016/5-A/1/Rev.1)
- Financial Framework Review (WFP/EB.2/2016/5-B/1)
- Work Plan of the External Auditor (WFP/EB.2/2016/5-C/1)
- WFP Strategic Plan (2017–2021) (WFP/EB.2/2016/4-A/1)
- Corporate Results Framework (2017–2021) (WFP/EB.2/2016/4-B/1)
- Policy on Country Strategic Plans (WFP/EB.2/2016/4-C/1)

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Advisory Committee on
Administrative and Budgetary Questions

11 November 2016

Dear Ms. Cousin,

Please find attached a copy of the report of the Advisory Committee on your submissions concerning:

- WFP Strategic Plan (2017-2021) (WFP/EB.2/2016/4-A/1);
- Corporate Results Framework (2017-2021) (WFP/EB.2/2016/4-B/1) ;
- Policy on Country Strategic Plans (WFP/EB.2/2016/4-C/1);
- WFP Management Plan (2017-2019) (WFP/EB.2/2016/5-A/1/Rev.1/1);
- Financial Framework Review (WFP/EB.2/2016/5-B/1) and
- Work Plan of the External Auditor (for the period July 2016 to June 2017)
(WFP/EB.2/2016/5-C/1)

I should be grateful if you could arrange for the Advisory Committee's report to be placed before the Executive Board at its forthcoming session, as a complete and separate document. I would appreciate it if a printed version of the document could be provided to the Advisory Committee at the earliest possible opportunity.

Yours sincerely,

Carlos G. Ruiz Massieu
Chairman

Ms. Ertharin Cousin
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WORLD FOOD PROGRAMME

Resource, Financial and Budgetary Matters

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the following five reports of the World Food Programme (WFP), submitted to the WFP Executive Board for approval:
 - (a) WFP Strategic Plan (2017-2021) (WFP/EB.2/2016/4-A/1);
 - (b) Corporate Results Framework (2017-2021) (WFP/EB.2/2016/4-B/1);
 - (c) Policy on Country Strategic Plans (WFP/EB.2/2016/4-C/1);
 - (d) WFP Management Plan (2017-2019) (WFP/EB.2/2016/5-A/1/Rev.1/1); and
 - (e) Financial Framework Review (WFP/EB.2/2016/5-B/1).
2. The Advisory Committee also had before it the Work Plan of the External Auditor (for the period July 2016 to June 2017) (WFP/EB.2/2016/5-C/1) submitted to the Executive Board for information.
3. During its consideration of the reports, the Advisory Committee met with the Assistant Executive Director and other representatives of the WFP Secretariat, who provided additional information and clarification, concluding with written responses received on 1 November 2016.

II. WFP Strategic Plan (2017-2021)

4. The vision as described in the WFP Strategic Plan (2017-2021) is to ensure that countries are on track for achieving the 2030 Agenda, in particular SDG 2 on zero hunger, and the results framework of the Plan has been aligned with the 2030 Agenda based on two Strategic Goals with five Strategic Objectives. The Plan takes into account lessons from the mid-term review conducted in 2015 and builds on evaluations undertaken by WFP's Office of Evaluation in 2014 and 2015 (WFP/EB.2/2016/4-A/1, paras. 3, 20 and 21, and Figure 1).
5. Upon enquiry, the Advisory Committee was informed that as Agenda 2030 was time-bound with ambitious targets, it was important to align with the global agenda as expeditiously as appropriate. The Committee was also informed that the development of the Strategic Plan was in accordance with E/RES/2015/15 which requested all entities of the United Nations development system to ensure consistency and alignment with the post-2015 development agenda, once adopted, in the context of midterm reviews and the elaboration of strategic plans and frameworks.
6. The WFP Secretariat indicates that it is submitting the 2017–2021 Strategic Plan one year early with a five-year duration on an exceptional basis. It is also stated that in order to ensure that the Strategic Plan reflects all relevant outcomes of the Quadrennial Comprehensive Policy Review (QCPR) and is fully aligned with the efforts of the United Nations Development Group (UNDG), WFP will continue to engage fully in the current Quadrennial Comprehensive Policy Review process in 2017, and, if necessary, amend the Strategic Plan to ensure its full alignment with the United Nations Development Group strategic planning and actions (WFP/EB.2/2016/4-A/1, para. 3).

III. Corporate Results Framework (2017-2021)

7. The Framework document states that WFP's current performance management system is based on two results frameworks – the Strategic Results Framework and the Management Results Framework – which have been integrated into a Corporate Results Framework (WFP/EB.2/2016/4-B/1, paras. 1 and 3).

8. According to the WFP Secretariat, subject to the Board's approval, projects and Country Strategic Plans will be aligned with the new Corporate Results Framework as of 2017. From 2018, the Corporate Results Framework would be fully reflected in corporate planning and accountability documents such as the Management Plan and the Annual Performance Report (WFP/EB.2/2016/4-B/1, paras. 27 and 28).

IV. Policy on Country Strategic Plans

9. The Policy on Country Strategic Plans outlines WFP's approach to planning, programming and managing operations at the country level, according to which the design and implementation of each Country Strategic Plan must reflect the needs in the specific country or region, the added value that WFP can bring in a particular time and place, and the presence and capabilities of other actors. This programmatic framework based on country portfolios would replace WFP's programme categories and project documents (WFP/EB.2/2016/4-C/1, paras. 3, 4 and 27).
10. It is stated that the WFP Secretariat will pilot the country portfolio budget model in 2017 to support this approach, which would require Board approval of certain derogations from WFP's current General Rules and Financial Regulations (WFP/EB.2/2016/4-C/1, paras. 96 to 98).
11. Concerning the link between global priorities and national action, the Advisory Committee was informed upon enquiry that Member States establish their national targets for each SDG. The Country Strategic Planning approach would usually begin with an open and consultative National Zero Hunger Strategic Review or similar document in the possession of the Member State. Each Review concludes with a comprehensive analysis of the challenges a country faces in achieving SDG 2 by 2030 and identifies priorities for meeting these challenges for government and stakeholders. WFP then engages in a direct conversation with the particular government and country-level Strategic Outcomes will be agreed, setting out those activities which WFP will contribute to achieving and which provide the basis for a WFP Country Strategic Plan that will be taken to the Executive Board for oversight and approval.

V. WFP Management Plan (2017-2019)

12. The WFP Management Plan indicates that the 2017 funding forecast is USD 5.2 billion, and Table 1 of the Plan sets out the needs and projected funding from 2013 to 2017.

	2013	2014	2015	2016*	2017*
Management Plan funding forecast	3 700.0	4 200.0	4 400.0	4 900.0	5 200.0
Actual/revised funding level, September 2016	4 380.0	5 381.1	4 807.7	5 600.0	
Management Plan needs, including Indirect Support Costs	5 317.0	6 267.0	7 967.0	8 581.0	9 007.0

* Forecast

13. The Plan indicates that the operational requirements for 2017 amount to USD 9.0 billion, which would provide 21.5 billion daily rations for 85 million beneficiaries. According to the Management Plan, the prioritized plan of work, totalling USD 5.4 billion, would provide 16.5 billion daily rations for 68 million beneficiaries. It is stated that the prioritized plan of work figure is higher than the forecast of USD 5.2 billion because there is expected to be some carry-over of uncommitted contributions at the beginning of 2017. As compared to the operational requirements, the prioritized plan of work for 2017 anticipates a 40 per cent shortfall in meeting the assessed requirements (WFP/EB.2/2016/5-A/1/Rev.1/1, paras. 66 to 68).
14. Paragraph 71 of the Plan states that the projected average weighted ration cost in the 2017 prioritized plan of work is USD 0.30 per day. Upon enquiry, the Advisory Committee was informed that the WFP cost per ration measures the amount of food/cash equivalent for a predefined caloric intake defined for each programme per day for one beneficiary in a target group (e.g. for school meals - for one child attending school). Table III.2 of the Plan shows the cost per ration per activity by programme category.

TABLE III.2: 2017 AVERAGE WEIGHTED COST PER RATION BY ACTIVITY*	
Activity	Cost per ration (USD)
General distributions	0.24
Nutrition programmes	0.34
HIV/AIDS and tuberculosis	0.25
Food assistance for assets	0.30
School meals	0.28

* Based on 1,000 kcal base units as in the Management Plan (2016–2018).

15. The Management Plan indicates that more than 90 per cent of WFP's income is earmarked for specific projects and activities. In terms of WFP's efforts to increase unearmarked contributions, the Advisory Committee was informed upon enquiry that WFP would pursue these efforts by providing donors with financial and performance reports for each activity, as well as by boosting advocacy and visibility of its work through the roll-out of targeted guidance and training, sharing stories and evidence of impact.

Programme Support and Administrative Budget 2017

16. The proposed Programme Support and Administrative Budget 2017 would amount to USD 335.4 million, which includes a USD 10 million budget increase, or 3.4 per cent, for Global Headquarters (WFP/EB.2/2016/5-A/1/Rev.1/1, para. 63). Table IV.1 of the Plan indicates that as compared to the Programme Support and Administrative Budget for 2016 in the amount of USD 290.3 million, the Programme Support and Administrative Budget for 2017 would represent an increase of USD 45.1 million, comprising USD 35.1 million in a technical adjustment for centralized services and USD 13.0 million for increases under policy implementation, the cash-based transfer (CBT) platform, WFP's beneficiary and transfer management platform (SCOPE), and other priorities, with a reduction of USD 3 million due to a decrease in staff position costs. Upon enquiry as to the expected utilization of these increased funds and the corresponding benefits, the Advisory Committee was provided with a schedule for the proposed utilization of additional resources (see annex). **The Advisory Committee is of the view that the information on the proposed utilization of additional resources could benefit from further clarity and detail, including on expected benefits, and trusts that the WFP Secretariat will provide more detailed information to the Executive Board.**
17. With respect to the Programme Support and Administrative Equalization Account for 2017, it is estimated that USD 15 million would be required for critical corporate initiatives. In addition, the WFP Secretariat proposes to transfer USD 15 million from the Programme Support and Administrative Equalization Account to the Immediate Response Account. It is stated that the proposed transfer would not negatively impact the target balance of the Programme Support and Administrative Equalization Account (WFP/EB.2/2016/5-A/1/Rev.1/1, paras. 63 and 209).
18. The WFP Secretariat proposes that the indirect support cost recovery rate for public sector contributions be maintained at 7 per cent for 2017. The WFP Secretariat also proposes aligning the indirect support cost recovery rate for private sector contributions, currently 10 per cent, with the public sector rate of 7 per cent. Upon enquiry, the Advisory Committee was informed that based on actual figures for three years from 2013 to 2015, the application of a 7 per cent rate would have resulted in a total of USD 10.11 million (or an average of USD 3.37 million per annum) being available for value transfer to beneficiaries. According to the Management Plan, it is expected that the reduction in the rate would lead over time to an increase in private sector contributions and also contribute to a corresponding increase in value transfer to beneficiaries (WFP/EB.2/2016/5-A/1/Rev.1/1, paras. 54, 55 and 215).
19. **Subject to its observations above, the Advisory Committee recommends approval of the WFP Management Plan (2017-2019).**

VI. Financial Framework Review

20. The Financial Framework Review states that it is aligned with the country strategic planning approach and would deliver the Country Portfolio Budget structure. The Country Portfolio Budget will replace various existing programme and project budgets and, where possible, also reflect trust fund budgets that currently exist within a country, thereby including all the resources, outcomes and activities to provide managers with a complete picture to improve planning, budgeting and performance management. The Country Portfolio Budget will also create a single period for planning, implementation and reporting based on the calendar year (WFP/EB.2/2016/5-B/1, paras. 2, 15 and 16).
21. Paragraph 74 of the Financial Framework Review states that analysis of budgetary approvals over the past five years shows that the Executive Board approved approximately 52 per cent of WFP's approved project budgets. Upon enquiry, the Advisory Committee was informed that the remaining 48 per cent of WFP's approved project budgets were approved by the Executive Director of WFP or, in the case of larger amounts, jointly by the Executive Director of WFP and Director-General of FAO.
22. It is stated that application of the new financial framework would cause inconsistencies with provisions of WFP's current General Rules and Financial Regulations. As a result, certain derogations from the General Rules and Financial Regulations are proposed for the Board's approval, pending amendments of the relevant rules (WFP/EB.2/2016/5-B/1, paras. 82 and 83).
23. Upon enquiry as to budgetary implications, the Advisory Committee was informed that through informal consultations with the Executive Board, it had been agreed that a cost estimate for the implementation of the Financial Framework Review would be verbally provided to the Board during its session in November.

VII. Work Plan of the External Auditor

24. According to the Work Plan of the External Auditor, two audit areas have been selected for the period from July 2016 to June 2017: i) review of decentralization, and ii) changes in and structure of human resources. In addition, the External Auditor will undertake ten field audits during the same period (WFP/EB.2/2016/5-C/1, paras. 16 and 29 and Annexes 1 and 2).

ANNEX

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
Implementation of Board-approved policies				
197	Regional Evaluation Officers	1,650	<p>WFP new Evaluation Policy was approved at the November 2015 session of the Executive Board. As stated into the policy, an effective evaluation function requires - inter-alia - the allocation of adequate human resources and to build capacity in the Regional Bureaux to deliver on this critical function. The evaluation policy requires the allocation of experienced Evaluation Officers in each Regional Bureau.</p> <p>The investment covers requirements for Regional Evaluation Officers and associated/operational costs.</p>	<p>The investment will go towards ensuring the implementation of policy requirements. Investment results and outcomes will be included in relevant Regional Bureau annual performance plans.</p>

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
198	Strengthen Central Evaluation Coverage	800	<p>The current base PSA resources do not permit sufficient funding to meet the centralized evaluation coverage norms approved by the EB in the Evaluation Policy 2016-2021, which is a foundation stone for evidence-based decision making on policy and programme design and improvement. Current human resources (established positions) of the Office of Evaluation (OEV) are not adequate to cover all the activities of the new evaluation function.</p> <p>The objective is to augment regional and national evaluation capacities and specifically to:</p> <p>(i) increase and improve the engagement of RBs and COs in evaluation partnerships at national and regional levels that meet WFP's commitments to UNGA on strengthening national evaluation capacity in support of Agenda 2030;</p> <p>(ii) Organize a 2017 Global Evaluation Meeting (to be conducted on an annual basis); and</p> <p>(iii) Participate in regional Country Director and Monitoring & Evaluation network meetings to strengthen WFP evaluation capacities across WFP, and the appropriate and constructive engagement around evaluation between WFP and national/regional partners.</p>	<p>Expected benefits include</p> <p>WFP making progress towards its evaluation coverage targets;</p> <p>An outsourced quality support advisory service to all Decentralized Evaluations, intended to function throughout the life of the Evaluation Policy period, complementary to the internal support provided by Regional Evaluation Officers.</p> <p>Securing a solid cadre of OEV staff with evaluation experience and WFP knowledge.</p>

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
199	Gender RB	880	<p>The use of National Officers will enable WFP to establish the required expertise on Gender at a reduced cost to the organization.</p> <p>This investment in National Officers will ensure a strong institutional commitment and leadership for Gender Equality and Women's empowerment programmes. National Gender Advisers will support the Regional strategy implementation, create robust mainstreaming of gender into WFP programming and operations, develop strategies to be used in future evaluations of the corporate gender policy, and support COs through remote and on-site training and capacity building.</p>	Covered under the Investment Description

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
Implementation of Board-approved policies				
200	One sustainable learning organization at WFP	2,500	WFP's continued effectiveness depends on our ability to develop, equip and empower our employees to respond to the demands of today's challenges and prepare them for a future for which our learning activities are crucial. With a learning spend of approximately USD 25 million annually, a more concrete approach to build the capability to organize and harness learning in service of WFP' strategy is required. This investment case sets out to reshape the landscape of WFP's learning resources by offering a world class learning curriculum, measurable learning quality and confirmed results, full visibility and prioritized learning spend, and scaled digital and blended solutions.	<p>WFP will be able to harness its learning resources for the first time and drive up effectiveness, efficiency and economy of scale, characterized by a fundamental shift in capability. Anticipated benefits are:</p> <ul style="list-style-type: none"> - Active utilization by National Staff - One WFP learning curriculum that is consistently world class - Measurable learning quality and confirmed results - Full visibility and prioritized spend on learning - A coherent, unified single access point to learning - An organizational capability to equip staff and support change <p>The impact will be:</p> <ul style="list-style-type: none"> - Empowerment of national staff to equip themselves, develop their careers and fulfil potential - Drive a high-performing culture - Develop a change-ready organization - Create a high level of accountability - Further increase staff engagement and retention - Equip the organization with the capability to take its content to the world at large

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
200	Career Development Centres (CDCs) for P5-D1 Leadership Pool.	121	Completion of the design and delivery of assessment and development centres, including the design of a 2 day assessment, all exercises (tailor-made for WFP), management of psychometrics and pre-event tests (such as 360 degree reviews), individual coaching sessions and feedback to participants, group reporting and lessons learned exercises.	Identification and confirmation of WFP staff at higher grade levels with the appropriate skillsets to allow them to function in more senior managerial positions within the organization.
Cash-Based Transfers (CBT) and SCOPE				
202	Continued support to cash transfer scale-up	4,100	<p>This investment will consolidate WFP's corporate investments in cash based transfers (CBT) so far, ensure consistency across functional tools and capabilities, and improve oversight of WFP's global cash transfer portfolio. The immediate goal of this investment case is to ensure that WFP staff are as confident and enabled in implementing cash transfers as they are in implementing in-kind assistance.</p> <p>A secondary goal will be to reach out for emerging opportunities that are starting to show within the cash based transfer environment.</p> <p>Overall project deliverables include:</p> <ul style="list-style-type: none"> • Operational Readiness: Regional Bureaux and Country Offices apply the corporate tools and guidance in undertaking CBT interventions which are consistent with WFP's corporate approach. 	Covered under the investment description

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits

- Quality Assurance: HQ cross-functional staff guarantee maintenance and updating of corporate cash-based transfer tools and guidance where applicable.

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
203	Manage beneficiary and transfer digital platform (SCOPE) core services	2,000	<p>The digital platform for beneficiary and transfer management is a critical ingredient in WFP's strategy. This investment will ensure that this platform is leveraged effectively in all WFP operations, has the necessary technical backstopping at RB and HQ levels, would continue to be developed technically, and that the internal controls enforced by the platform contribute to mitigating risk and enhancing compliance to controls defined in WFP's standard operating model.</p> <p>OBJECTIVE: HQ and regional capacity for normative guidance, technical development and maintenance, coordination, oversight and staff capacity development for all operations be in in-kind, CBT or technical assistance to governments in digital tools and approaches for beneficiary and transfer management.</p>	<p>The requested PSA funding for this management capability would allow sustained HQ and regional support for the following deliverables:</p> <ul style="list-style-type: none"> • HQ-level normative guidance, business development capacity and emergency coordination capacity in the areas of beneficiary identity management, biometrics services, social protection/safety net digital services and digital financial services • HQ-level risk and compliance analytics support service • HQ-level technology development and maintenance service • RB-level project coordination and support for IT sectorial assessments and risk analysis, project design support, technical service provider management, technical oversight, and project implementation support. • RB-level technical support including a 24x7 service desk, on-site implementation support and on-site training

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
Other				
204	Partnership Resource Centre	355	The partnership resource centre was designed and developed to provide advice and support to WFP staff - particularly in the field - on how to identify, build, nurture and review effective partnerships, thereby constituting a key tool for implementing the Corporate Partnership Strategy. The resources which will continue to be developed include: guidance on assessing potential partners, Lessons Learned from successful partnerships, partnership evaluation tools, technical support, and a central database with updated comprehensive information about key partners. There will be a focus on sharing existing tools and guidance where available, with the development of new tools when gaps are identified. Further development of the Partnership Resource Centre will be undertaken in alignment with the re-design of WFPGo, while focus will also be given to the evolving WFP 'communities', of which partnerships will be one.	The Resource Centre will provide information and guidance on how to engage in different types of partnerships with different objectives, taking into account opportunities and risks and analysis.

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
205	WFP Operations Centre Minimum Capability	500	WFP maintains an Operations Centre (OPSCEN) at the Rome HQ. Funding is critical to ensure the basic operational capacity of the OPSCEN so that it can provide critical operational support both to management and field offices.	<p>More effective action because of better informed decision-making will be achieved through improved understanding of situations and anticipation of issues. Elements of this include:</p> <ul style="list-style-type: none"> a. Providing a common operational picture via daily, weekly, monthly and quarterly briefs and on an ad hoc basis -- these include both internal and external products; b. Support to emergency response management, in particular support to senior management in implementation of the Emergency Response Activation Protocol, Strategic Task Forces (STF), Operational Task Forces (OTF) and Crisis management teams (CMT); c. Support to critical incident/crisis management, including through operation of a 24/7 "hotline" for CD or RD to report critical incidents and, when critical incident/crisis management responses are activated, for the provision of information that can be shared with staff, relatives of staff and associated personnel, and partner organizations in all WFP locations who are concerned about the welfare of their colleagues; and d. Availability of appropriate all geospatial data.

Proposed utilization of additional resources under the Programme Support and Administrative Budget 2017				
Management Plan paragraph	SRAC Proposed Allocations	Amount Approved	Investment Description	Expected Benefits
	Support Geneva to move to safer and conveniently located office premises	85	The Geneva office requires updated more secure office space as the current location is not MOSS compliant. A new location would meet the commitments under duty of care to personnel by moving to a safer environment, which is also energy efficient and in compliance with ICT standards.	- Meet WFP's commitments under duty of care to its personnel by moving to a safer environment, which is also energy efficient and in compliance with ICT standards; Increase efficiency and staff wellbeing by moving to a location that would allow for greater engagement with partners and member states, raising WFP's profile as a humanitarian actor. This can lead to enhanced partnerships, more regular engagement with Member State representatives and potentially more funding, more time available for analysis and greater insight on key concerns and issues on the international agenda.
Total Proposed Allocations		12,991		