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MANAGEMENT RESPONSE TO THE RECOMMENDATIONS OF THE SUMMARY EVALUATION REPORT OF WFP'S USE OF POOLED FUNDS FOR HUMANITARIAN PREPAREDNESS AND RESPONSE (2009–2013)

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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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Should you have any questions regarding availability of documentation for the Executive Board, please contact the Conference Servicing Unit (tel.: 066513-2645).

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BACKGROUND

1. This document presents the management response to the recommendations of the summary evaluation report of WFP's use of pooled funds for humanitarian preparedness and response. The evaluation examined WFP's access and use of the Central Emergency Response Fund (CERF) and country-based pooled funds (CBPF). It assessed the extent to which pooled funds enhance the effectiveness and efficiency of WFP operations, with a focus on: their contribution to WFP's emergency response; complementarities with other financing instruments; their impact on partnership and coordination mechanisms; and factors affecting WFP's use of these funds.
2. The evaluation found that the main added value of pooled funds for WFP lies in their timeliness and predictability, and their additionality to other sources of funding, especially for Level 3 emergency responses. For smaller-scale emergencies and for supporting the provision of common services, their value was less evident. The evaluation noted that WFP's need for early and rapid financing was met mainly by internal mechanisms. However, it acknowledged that pooled funds supported the use of these mechanisms by providing a source of collateral.
3. Management takes note of the finding that WFP would benefit from more cohesive and clearly defined internal responsibilities and leadership of the processes related to accessing and managing pooled funds, which would help address the inconsistency in the quality of proposals and reporting cited by the evaluation. Management is committed to developing and implementing guidance that will enable a clearer division of labour between Headquarters and regional bureaux to address these shortcomings.
4. Management welcomes the findings and recommendations of this evaluation, noting that many of the prescribed follow-up actions involve advocacy with the Office for the Coordination of Humanitarian Affairs (OCHA) and the CERF Secretariat, with whom the primary responsibility for fund management and disbursement (along with related policy guidance) rests. In order to take these actions forward, management will work alongside its partners on the Inter-Agency Standing Committee (IASC), including the Food and Agriculture Organization of the United Nations (FAO) as its cluster co-lead.
5. The full set of actions is presented in the following matrix, including implementation timelines.



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Recommendations	Action by	Management response and action taken	Implementation deadline
<p>1. Maintain and strengthen the life-saving focus of pooled funds. <i>Based on the conclusion that funding for core life-saving criteria was inadequate and the comparative disadvantage in supporting other functions.</i></p> <p>1(a) Advocate with donors on maintaining a focus on life saving across all pooled funds.</p> <p>1(b) Advocate with pooled fund managers on establishing a compliance and monitoring mechanism to ensure that life-saving criteria are respected in the humanitarian coordinator (HC)/humanitarian programme cycle (HPC) prioritization process.</p> <p>1(c) Advocate for a significant financial augmentation of the CERF rapid response window to enable it to contribute more effectively and at appropriate scale to the core needs of affected populations.</p>	<p>Government Partnerships Division (PGG), with support from the Interagency Partnerships Division (PGI) New York and Geneva PGG, with support from PGI New York and Geneva</p> <p>PGG, with support from PGI New York and Geneva</p> <p>PGG, with support from PGI New York and Geneva</p>	<p>Agreed</p> <p>WFP frequently discusses pooled funds and their administration with donors. WFP will advocate with donors to maintain the life-saving focus of the CERF, common humanitarian funds (CHFs) and emergency response funds (ERFs).</p> <p>WFP will also advocate with the managers of the CERF, CHFs and the ERFs to ensure that life-saving criteria are respected in the prioritization of pooled funds. WFP will discuss this point directly with pooled fund managers.</p> <p>During donor consultations, WFP will advocate for a significant financial augmentation of the CERF, provided that WFP continues receiving additional funds through this means.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>2. Reduce the earmarking of grants from pooled funds. <i>Based on the conclusion that earmarking adds transaction costs, constrains flexibility and does little to improve quality.</i></p> <p>2(a) Advocate for enhancing the flexibility of pooled funds by aligning grant contributions with WFP operations, rather than project-level activities.</p>	<p>PGG, with support from PGI New York and Geneva</p>	<p>Agreed.</p> <p>WFP will advocate with managers of the CERF, CHFs and the ERFs for greater flexibility of pooled-fund contributions to WFP. WFP recognizes the importance of aligning pooled fund contributions with WFP operations rather than project-level activities: this would result in much-needed operational flexibility.</p>	<p>Ongoing</p>



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<p>3. Clarify the criteria for using grants from the CERF underfunded emergencies window. <i>Based on the conclusions regarding the unclear contribution of CERF underfunded emergency grants.</i></p> <p>3(a) Review and adapt the criteria used by WFP to identify underfunded emergencies to prioritize crises that are both underfunded – as opposed to experiencing temporary cash-flow difficulties – and emergencies, as opposed to operations that address chronic poverty.</p> <p>3(b) Advocate with pooled fund managers on clarifying the criteria for making allocations from the CERF underfunded emergencies window to forgotten emergencies.</p>	<p>PGG, with support from the Office of the Deputy Executive Director and Chief Operating Officer (DED/COO)</p> <p>Partnership and Governance Services Department (PG), with support from the Office of the DED/COO</p>	<p>Agreed.</p> <p>WFP will review the internal criteria used for identifying underfunded emergencies and will ask the CERF Secretariat to clarify its criteria for allocations to underfunded emergencies.</p> <p>Depending on the outcomes of the internal review and external consultation with the CERF Secretariat, WFP may adapt its approach to submissions to the CERF underfunded emergencies window.</p>	<p>June 2015</p>
<p>4. Increase the capacity of WFP to utilize pooled funds as collateral for the release of internal advances. <i>Based on the conclusion that pooled funds have a complementary role in supporting the deployment of internal advances.</i></p> <p>4(a) Building on existing mechanisms, increase the risk appetite for using advance funds by using early forecasting of CERF contributions as a basis for releases. Consider the use of generic forecasts and broader collateral, rather than firm forecasts of specific grants.</p> <p>4(b) Support the establishment of clear definitions and protocols for activation of the CERF rapid response facility in Level 2 and Level 1 emergencies, and advocate for their system-wide introduction.</p>	<p>PGG, with support from the Budget and Programming Division (RMB)</p> <p>PGG, with support from RMB</p>	<p>Agreed.</p> <p>WFP sees the value of increased use of advance financing. It will consider generic forecasts as the basis for internal advances, but will seek to forecast specific CERF contributions in a timelier manner to increase the levels of internal advances.</p> <p>WFP will suggest to the CERF Secretariat that it establish clear definitions and protocols for activating CERF rapid-response grants in Level 2 and Level 1 emergencies and will consider discussing the topic at the next annual WFP/CERF consultations.</p>	<p>Ongoing</p> <p>June 2015</p>



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<p>5. Enhance the contribution of pooled funds to the operation of common services in emergencies. <i>Based on the conclusion that pooled funds are important in funding common services.</i></p> <p>5(a) Advocate with the Inter-Agency Standing Committee Principals for an inter-agency review of funding of common services through all pooled funds – CERF and CBPFs.</p> <p>5(b) Advocate with the CERF Secretariat to: i) develop inclusive guidelines on use of the CERF rapid response facility in financing all common services – not just the United Nations Humanitarian Air Service (UNHAS) – including financing of cluster coordination costs and ii) specify the use of Level 3 CERF rapid response activation in financing the start-up of common services.</p>	<p>Emergency Preparedness Division, with support from PGI Geneva</p>	<p>Agreed.</p> <p>WFP will advocate both points in the Emergency Directors Group.</p> <p>In addition to its ongoing advocacy, WFP will present this proposal to the CERF Secretariat and will consult with FAO about using the same approach for the global food security cluster – in addition to the logistics and emergency telecommunications clusters, which WFP leads.</p>	<p>Ongoing</p> <p>June 2015</p>
<p>6. Consolidate fulfilment of WFP's coordination responsibilities to improve support for effective use of pooled funds. <i>Based on the finding that WFP has not consistently allocated sufficient resources to fulfilling its cluster leadership responsibilities.</i></p> <p>6(a) Clarify the corporate position and expectations regarding country offices' responsibilities for cluster/sector coordination where WFP is the lead/co-lead, including performance targets and accountability arrangements.</p> <p>6(b) Ensure that the indicators on cluster performance included in the 2014–2017 WFP Management Results Framework are incorporated into relevant country office performance plans, monitored and reported on at the corporate level at appropriate times.</p>	<p>Office of the DED/COO</p> <p>Office of the DED/COO</p>	<p>Agreed</p> <p>WFP hosts Global Cluster Support Cells for the logistics, emergency telecommunications and global food security clusters, providing office facilities, staff and funding through Programme Support and Administrative resources or special accounts.</p> <p>The Executive Director's Circular on WFP Leadership in IASC Clusters of August 2013 (OED2013/016) lays out WFP's position and expectations for country-level delivery on coordination responsibilities related to cluster activation, leadership, management and deactivation.</p> <p>WFP Country Directors are responsible for ensuring the optimal use of resources in light of WFP's operational priorities – including through clusters. Where WFP leads clusters, country offices are required to report on the performance indicators related to clusters included in the Management Results Framework.</p>	<p>Completed</p> <p>Ongoing</p>



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<p>7. Define strategic and operational responsibilities for using and reporting on pooled funds at all levels. <i>Based on the conclusion that responsibilities for pooled funding processes are poorly defined.</i></p> <p>7(a) Define the respective roles and responsibilities of Headquarters units, regional bureaux and country offices in managing pooled funding processes to enhance the credibility of and accountability for the application process.</p> <p>7(b) Develop and implement a training package for both online and face-to-face delivery.</p>	<p>PGG</p> <p>PGG</p>	<p>Agreed.</p> <p>WFP will produce a guidance note to more clearly define the roles and responsibilities of Headquarters, regional bureaux and country offices in fundraising and reporting on pooled funds.</p> <p>A training package will be developed subject to the availability of resources.</p>	<p>June 2015</p> <p>June 2015</p>
<p>8. Enhance the quality, efficiency and utility of monitoring and reporting on the use of pooled funds. <i>Based on the conclusion that aspects of monitoring arrangements are weak or inappropriate.</i></p> <p>8(a) Negotiate limiting the contents of narrative and financial reports to information that is necessary for the management of pooled funds and that justifies the additional transaction costs.</p> <p>8(b) Review WFP Standard Project Reports (SPRs) to assess whether they could be aligned with a revised reporting format for pooled funding, and generally be considered fit for purpose by donors.</p> <p>8(c) Systematically apply relevant corporate key performance indicators from WFP's Management Results Framework to track the response times for sudden-onset emergencies, and report on performance through the Annual Performance Report. Performance on the specific indicators should be analysed in depth, including by breaking down processes into sub-steps when relevant.</p>	<p>RMP</p> <p>RMP</p> <p>RMP</p>	<p>Agreed.</p> <p>WFP will advocate with OCHA and the CERF Secretariat for pooled-fund reporting requirements that are commensurate with accountability and performance norms.</p> <p>WFP is revising the SPR templates to better satisfy donor demand for performance information and is reviewing its reporting on pooled funds.</p> <p>The Management Results Framework includes a key performance indicator that tracks response times to sudden-onset emergencies; analysis of WFP's performance against the indicator was included in the most recent Annual Performance Report (WFP/EB.A/2014/4).</p>	<p>End 2016</p> <p>Completed</p>

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8(d) Advocate with OCHA for the clarification, monitoring and reporting of all steps – not just the CERF Secretariat's responsibilities – taken to release CERF rapid response grants, including processes under the jurisdiction of the HC/humanitarian country team (HCT).	PGG	WFP will continue to advocate with OCHA and CERF Secretariat for streamlined grants-management processes.	Ongoing



ACRONYMS USED IN THE DOCUMENT

CBPF	country-based pooled funds
CERF	Central Emergency Response Fund
CHF	common humanitarian fund
DED/COO	Deputy Executive Director/Chief Operating Officer
ERF	emergency response fund
FAO	Food and Agriculture Organization of the United Nations
HC	humanitarian coordinator
IASC	Inter-Agency Standing Committee
OCHA	Office for the Coordination of Humanitarian Affairs
PGG	Government Partnerships Division
PGI	Interagency Partnerships Division