

Financial Framework Review: Informal Consultation

10:00-13:00, April 2nd, 2014



Financial Framework 'Fit for Purpose'

Objective:

More efficient and effective operations through greater funding stability

Project(s) Goals:

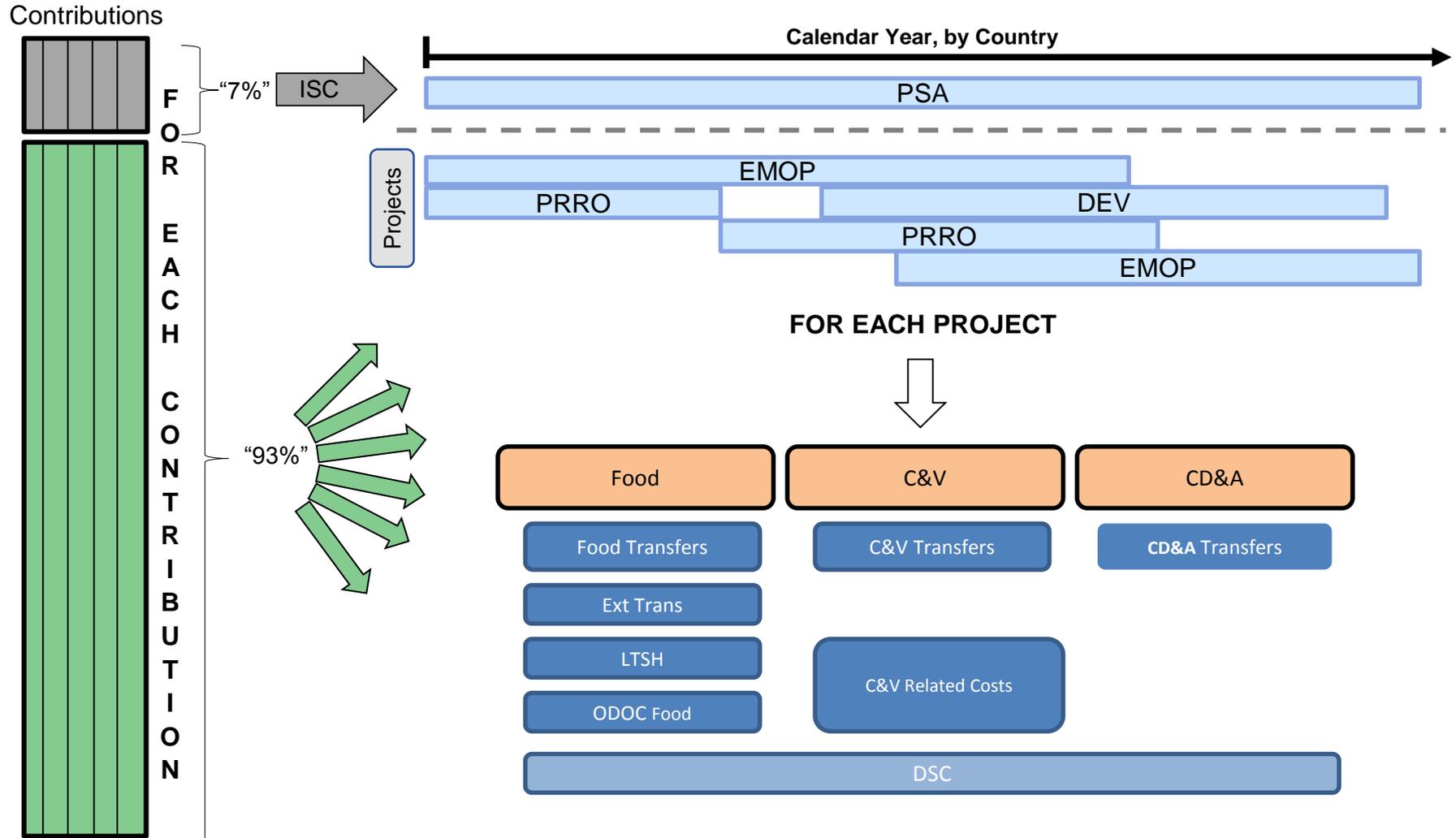
- Improve planning and cost management practices
- Enhance transparency to increase donor confidence
- Enhance accountability for results achieved
- More predictable and flexible funding
- More autonomy over resource usage
- Ensure faster utilization of resources

Conclusion:

Undertake a more comprehensive review of financial architecture to achieve above objectives

Financial Framework Review: Approach Overview

Current Funding Model: Illustrative

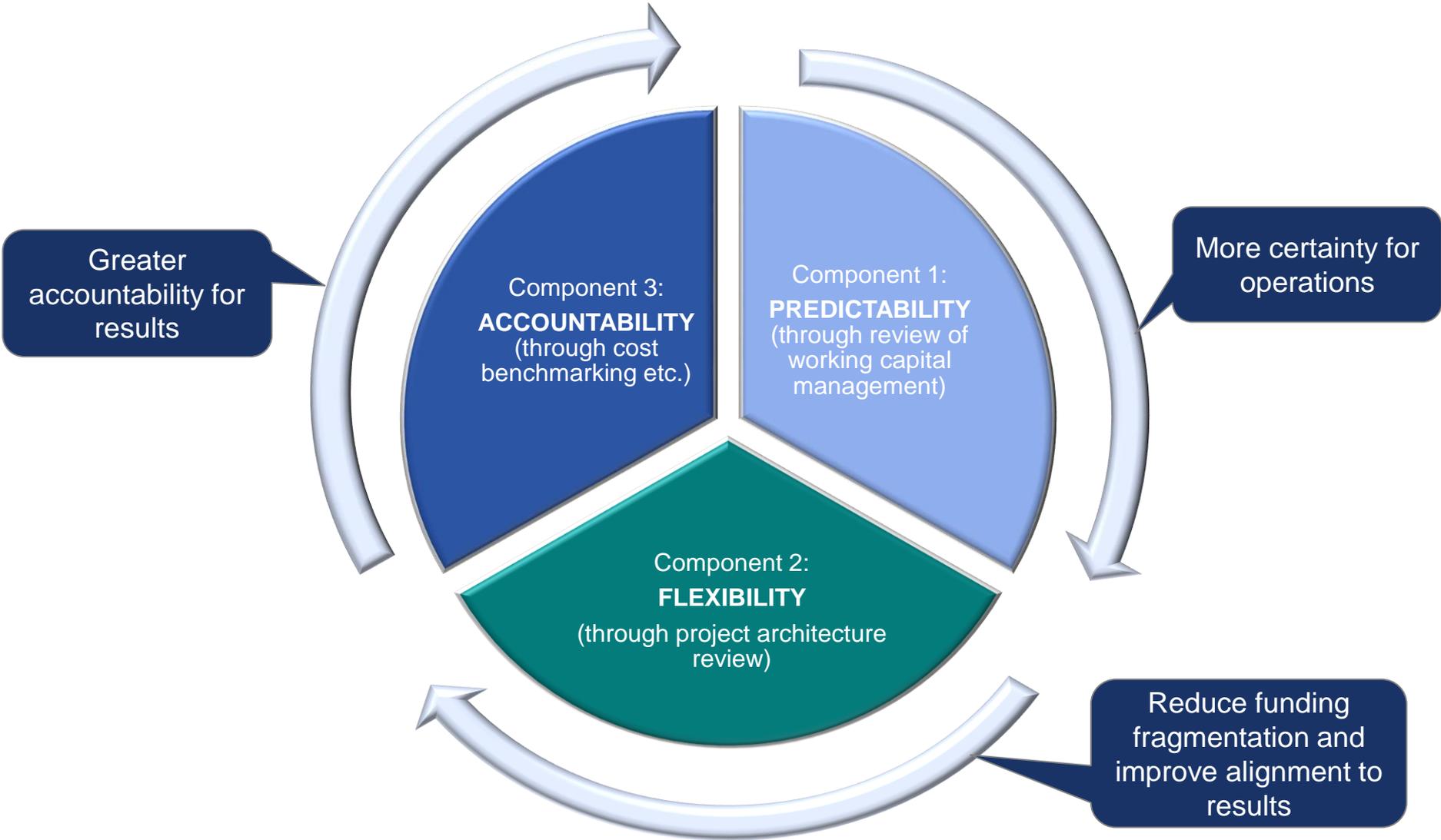


Revising WFP's funding structure and financial framework to achieve greater stability

Today's Challenges:

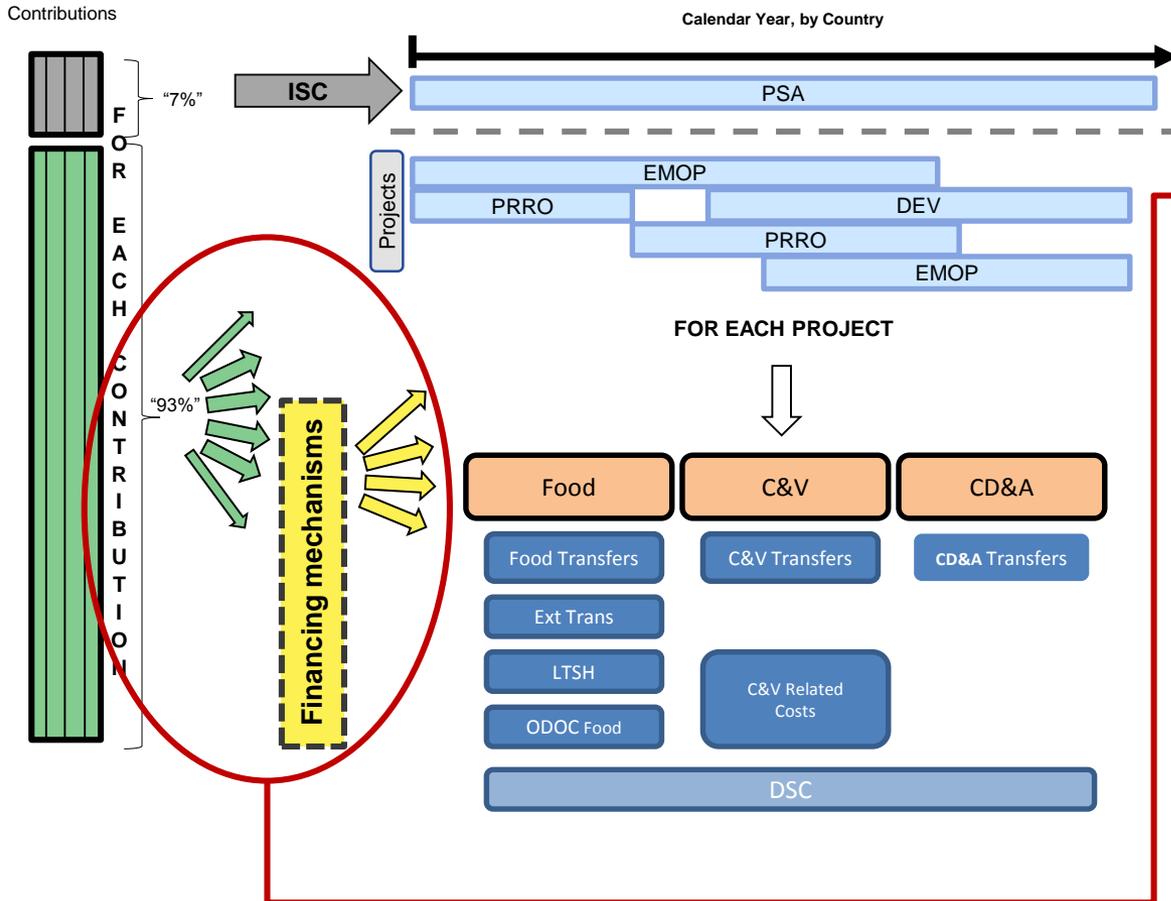
- Fragmented funding released piecemeal, with limited flexibility
- Uncertainty in total funding hampers planning
- Using aggregated costs to drive efficiency and economy
- Formal planning is needs-based with focus on inputs and shortfalls

Three Interdependent Components



Component 1: Predictability (Review of Working Capital Management)

Component 1: Predictability

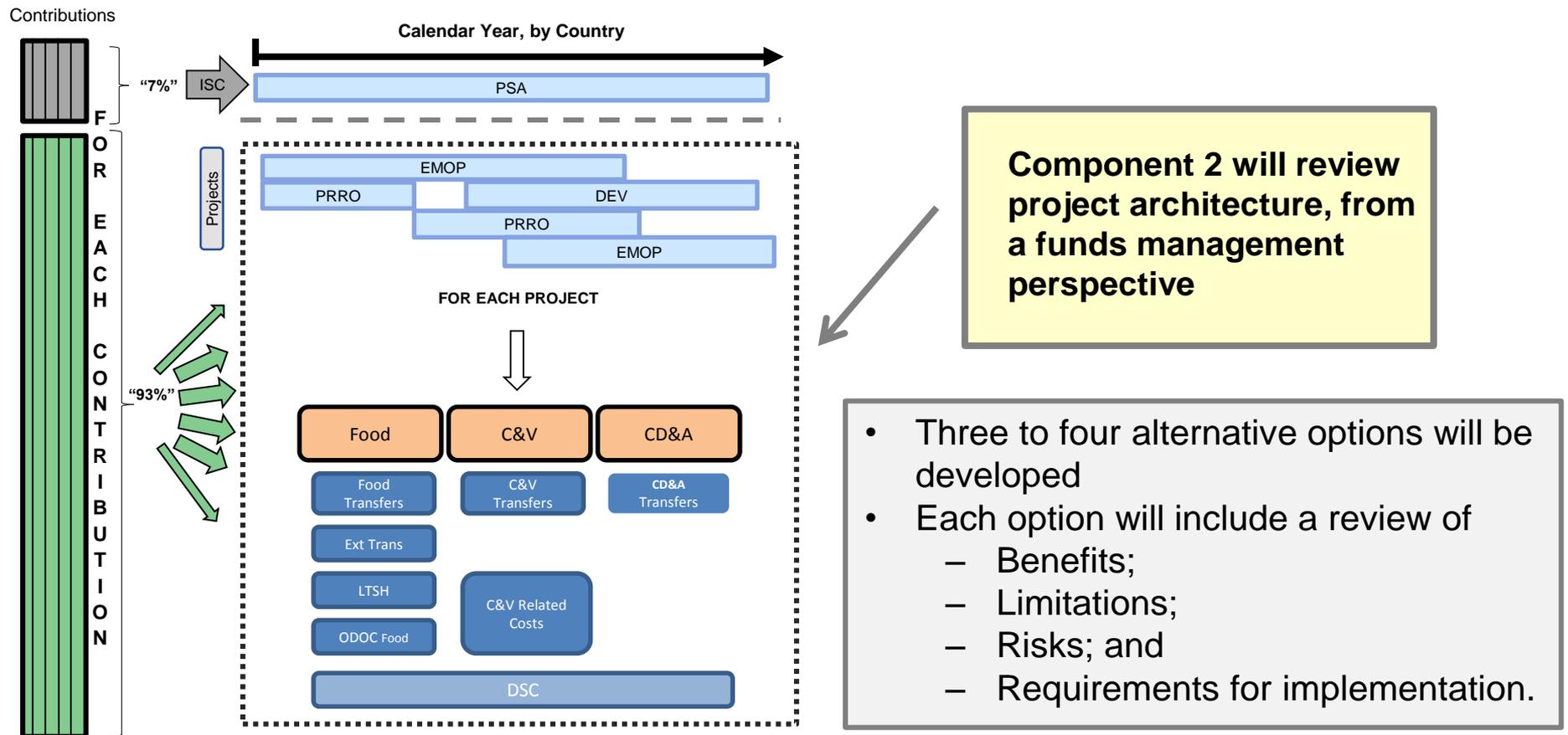


Review of working capital management to focus on:

- Internal advancing and risk management framework
- Benefits and results of advance financing to date
- How to maximize impact of advance financing on beneficiaries
- How to manage associated risks
- Maximizing transparency and clarity

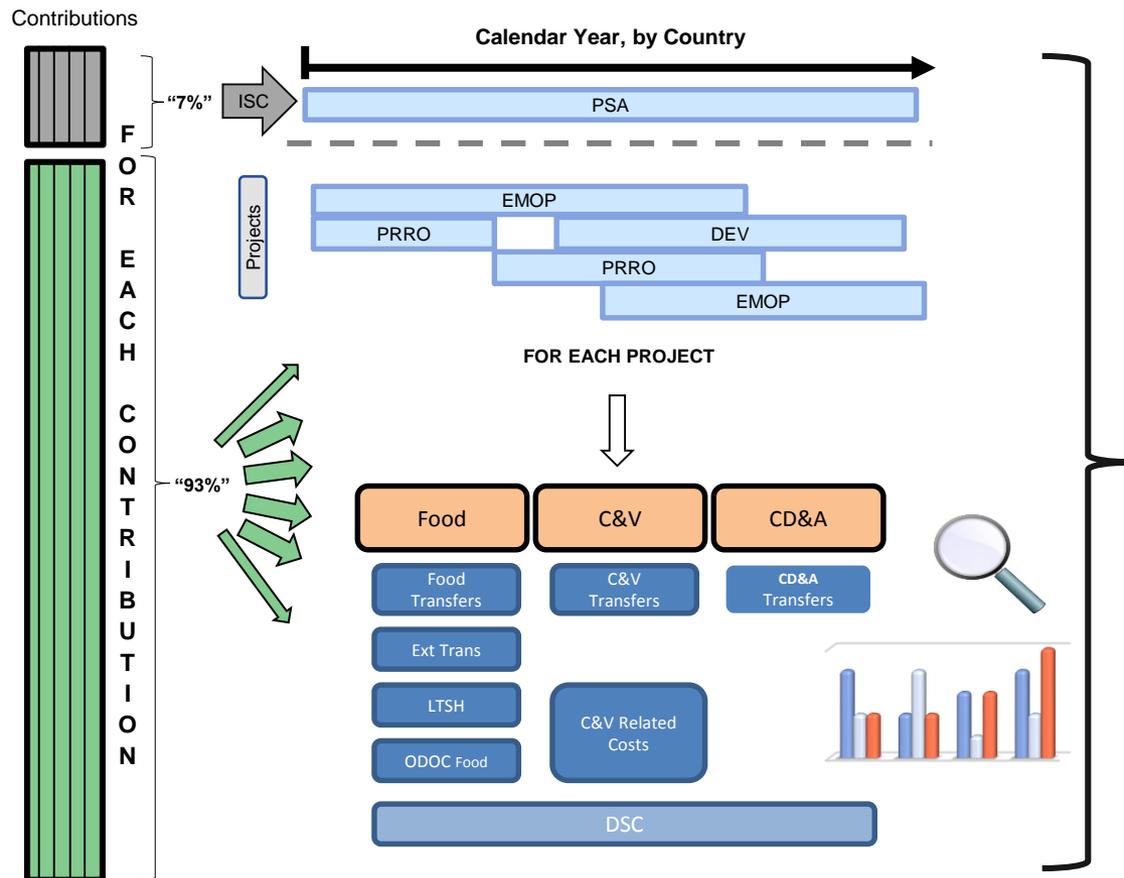
Component 2: Flexibility (Project Architecture Review)

Component 2: Flexibility



Component 3: Accountability (Cost Benchmarking, etc.)

Component 3: Accountability



Enhance accountability over operational funds usage through:

- Improving results management, measurement and reporting (on-going, elsewhere)
- Strengthening links between resources and results (also through component 2)
- Cost benchmarking framework

Cost Benchmarking Framework

- To better understand cost drivers throughout the operational life cycle and to improve costing, a Cost Benchmarking Framework will be examined to:
 - Improve transparency in planning and management of programme support and delivery costs;
 - Facilitate cost comparison between offices and where possible replicate best practices in cost control measures for operations of similar size and scope;
 - Strengthen accountability in project planning and management

Timeline and Next Steps

Potential Timeline for Financial Review (tentative)



Component 1:
Predictability
(review of
working capital
management)

Phase 1: Review

Phase 2 (tbc)

Component 2:
Flexibility
(Project
Architecture
Review)

Phase 1: Review

Phase 2 (tbc)

Component 3:
Accountability
(Cost
Benchmarking,
etc.)

Phase 1: Review

Phase 2 (tbc)

under discussion