

**UPDATE ON THE INTEGRATED ROAD MAP:
PROPOSED INTERIM GOVERNANCE
ARRANGEMENTS**



Informal Consultation

18 July 2017

World Food Programme
Rome, Italy

Introduction

1. WFP's business model is rapidly aligning with the results-oriented framework and related processes of the Integrated Road Map (IRM). Momentum continues to grow as more country offices transition from the current project-based system to the IRM framework. Country offices are seeing opportunities for increased organizational cohesiveness, improved collaboration and partnership with host governments, United Nations agencies and other stakeholders through the national zero hunger strategic review process and the development of the country strategic plans¹ (CSPs) and interim country strategic plans² (ICSPs), with accompanying country portfolio budgets. Recognizing the primacy of the global agenda and accountability to the people WFP serves, the Corporate Results Framework (CRF) builds on WFP's results chain – with the Strategic Plan (2017–2021) as its foundation – and emphasizes results linked to Sustainable Development Goals (SDGs) 2 and 17.
2. Implementation of the IRM is well under way, with 96 percent of critical milestones on track as of July 2017. WFP is set to meet the target “go-live” date of 1 January 2018 for transition to the new programmatic and financial framework. The flexibility introduced into the implementation timeline will permit an estimated 15 country offices to continue implementing projects in 2018 and provide an extended learning period for the organization. Notwithstanding this, the Secretariat continues to advance other aspects of the IRM including the CRF. It has identified the requirements for standardized reporting, drafting interim delegations of authority for 2018, developing the online portal and aligning Strategic Resource Allocation Committee (SRAC) decision-making criteria to performance and outcomes.
3. The 18 July 2017 informal consultation provides an opportunity to update the Board on lessons learned and how they are being integrated into WFP's work. The Boston Consulting Group (BCG) has recently conducted a “pulse check”³ in three Wave 1A country offices to determine whether they are getting the most out of the IRM in terms of operational effectiveness. Lessons learned in critical areas are also being collected from the Wave 1A and Wave 1B countries. The deputy regional directors met recently to identify lessons learned, success factors and opportunities for guiding WFP's transition to the IRM framework by 1 January 2018.
4. The Secretariat is seeking the Board's feedback on proposals for interim governance arrangements in 2018, which include: i) proposed threshold levels for interim delegations of authority that are not related to fundamental changes, emergency responses or service provision (see Annex); ii) principles to guide the interim application of full-cost recovery; and iii) the continuation of specific derogations of the WFP General Rules and Financial Regulations for implementation of the IRM framework.⁴ Taking into consideration the Board's guidance, the Secretariat intends to present the interim language for approval at the 2017 Second Regular Session of the Executive Board.

¹ CSPs can be designed for a duration of up to five years and are informed by country-led national zero hunger strategic reviews and evaluations, assessments – including joint needs assessments – and feasibility studies. Except for host country-funded CSPs, which may be approved by either the Board or the Executive Director, CSPs are approved by the Board.

² ICSPs may have a duration of up to three years and are used when a strategic review to inform a CSP has not been completed. ICSPs are based on existing strategies, studies, assessments – including joint needs assessments – analysis and data. Except for host country-funded ICSPs, which may be approved by either the Board or the Executive Director, ICSPs are approved by the Board.

³ A ‘pulse check’ is not a comprehensive evaluation nor a quantification of the programmatic impact. It is based on stakeholder interviews and data.

⁴ Existing General Rules and Financial Regulations would still apply to country offices implementing current projects in 2018 – including emergency operations, protracted relief and recovery operations, special operations, country programmes and development projects.

5. Interim governance arrangements, effective from 1 January to 31 December 2018, would only apply to those country offices implementing a CSP, ICSP, transitional interim country strategic plan (T-ICSP)⁵ or limited emergency operation.⁶ Final amendments to the General Rules and Financial Regulations, benefiting from lessons learned in 2017 and 2018, will be proposed for approval at the Board's 2018 Second Regular Session and would take effect on 1 January 2019. Approved budgetary threshold levels for delegations of authority would be reviewed after three years and amended if necessary.

Rollout of the Integrated Road Map

Progress Update

6. As of July 2017, 96 percent of critical milestones for implementing the IRM were on track. This includes the major milestone achieved at the Board's 2017 Annual Session with approval of Wave 1B, which includes five CSPs, one ICSP and accompanying country portfolio budgets.
7. CSPs are currently being implemented in 12 of 14 countries. These include Wave 1A countries Bangladesh, China, Colombia, Ecuador, El Salvador, Indonesia, Lao People's Democratic Republic and Zimbabwe, which were approved at the 2017 First Regular Session and went "live" on 2 April 2017 with the reconfigured WFP Information Network and Global System (WINGS). The Wave 1B CSPs for Mozambique, Namibia, and the United Republic of Tanzania, and the ICSP for the Sudan went "live" on 1 July 2017. The remaining CSPs for Wave 1B country offices Cameroon and Lebanon, will go live on 1 January 2018.
8. Contributions to the Wave 1A and Wave 1B CSPs and ICSP are now being received and, while still early, funding levels are in line with historical trends. Pilot countries have indicated that the CSP framework is providing additional funding opportunities and facilitating discussions with new donors. While some donors have provided funding at the country level, others are directing funding to the levels of strategic results, strategic outcomes, activities or a combination of these. Of the 117 grants received to date, 68 percent were allocated at the activity level. The Secretariat will continue to build confidence in the IRM framework to encourage higher-level contributions.
9. At least 13 country offices are currently scheduled to present CSPs and ICSPs for approval at the Board's 2017 Second Regular Session. The country offices are on track to meet all milestones and documents will be submitted to the Board for feedback within the agreed timeframes. An informal consultation is scheduled for October 2017 to discuss those CSPs and ICSPs.
10. Organizational readiness support to country offices is ongoing. In addition to tools and guidance issued to staff, targeted field missions to prioritized offices and regional bureaux are taking place in all regions. These missions have strengthened the awareness and capacity of regional bureaux to support other offices in their respective regions.
11. To facilitate implementation of the IRM's 'people' dimension in country offices, more than 40 human resources officers from around the globe were trained in the four focus areas of the Integrated Capability Model (culture, organization, skills and talent). The training also strengthened human resources skills specifically related to the IRM, creating a pool of deployable human resources officers as needed.

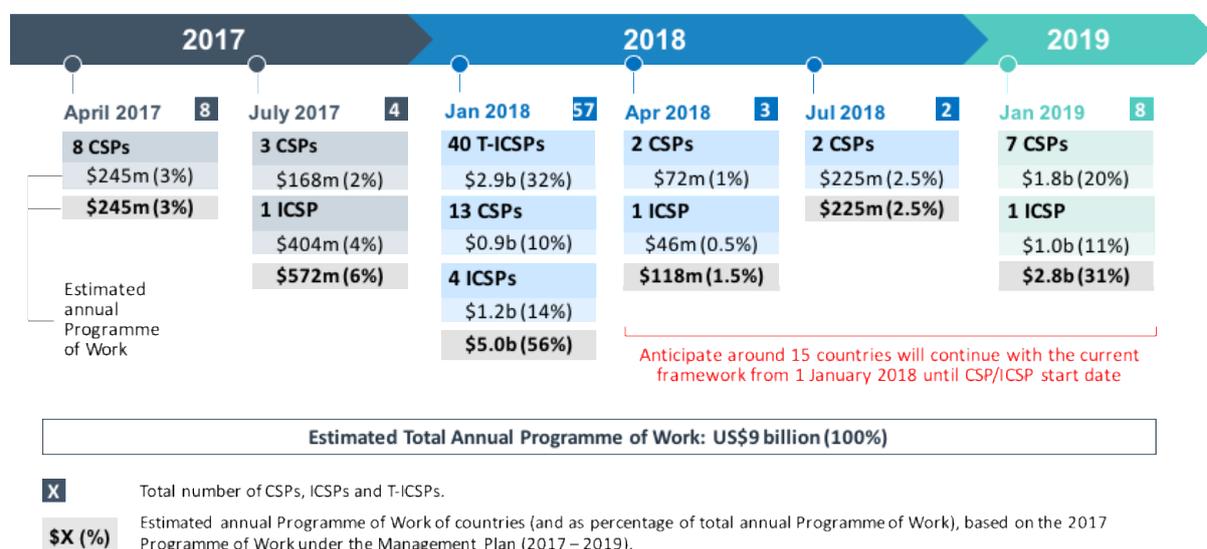
⁵ A T-ICSP can either be based on previously approved project documents or follow a limited emergency operation. T-ICSPs can be approved for up to 18 months by the Executive Director. Those following a limited emergency operation may require joint approval with the FAO Director-General subject to thresholds.

⁶ Limited emergency operations – which may include service provision or capacity-strengthening support, as required – may be implemented in countries where WFP does not have a presence in the event of an unforeseen and sudden-onset emergency. Planned for an initial period of up to six months, limited emergency operations are approved by the Executive Director and, if required, the Director-General of the Food and Agriculture Organization of the United Nations (FAO).

Impact of Increased Flexibility in the Implementation Approach

12. During informal consultations held in May 2017 and at the Board's 2017 Annual Session,⁷ the Secretariat conveyed its plan to bring more flexibility to the IRM. This approach maintains the target go-live date of 1 January 2018 for most country offices, but allows some country offices to refine their implementation timelines and – on an exceptional basis – to continue under the current project-based system beyond January 2018. Depending on the country, the additional time will enable the Secretariat to improve programme quality, address resource-migration issues and ensure capacity to manage the transition at Headquarters, in regional bureaux and at the country level.
13. Most country offices – 69 in total, representing 65 percent of WFP's programme of work⁸ – have opted to continue their transition to the IRM framework by 1 January 2018 through a CSP, ICSP or T-ICSP. This includes the 14 approved documents under Wave 1A and Wave 1B, the country offices poised to submit CSP or ICSP documents for approval at the Board's 2017 Second Regular Session and the country offices that have developed T-ICSPs for approval by the Executive Director up to June 2019. Within the 2018 and 2019 transition period, country offices implementing T-ICSPs will develop and submit CSPs or ICSPs for approval by the Board.
14. It is anticipated that up to 15 country offices – representing 35 percent of the WFP's programme of work – will continue implementing projects under the current system for a period of time in 2018.⁹ These country offices will work towards transitioning to the IRM framework by no later than January 2019. To maintain flexibility, the Secretariat will regularly consult with regional bureaux and country offices to determine whether changing needs require additional countries to maintain current projects or allow them to transition more rapidly to the IRM framework.
15. Figure 1 illustrates the transition of 69 country offices to the IRM framework in January 2018 and the anticipated timeframe for the transition during 2018 under the flexible implementation approach.

Figure 1: Indicative transition of country offices to CSPs, ICSPs and T-ICSPs, 2017–2019



⁷ WFP/EB.A/2017/5-A/1.

⁸ Percentage of programme of work is based on the 2017 Management Plan as of November 2016.

⁹ Existing General Rules and Financial Regulations would apply to country offices implementing projects under the current framework in 2018.

16. Recognizing Member States' concerns related to the number of CSPs and ICSPs to be submitted for approval at Board sessions in 2017 and 2018, the Secretariat is working with regional bureaux and country offices to identify where adjustments to the submission schedule can be accommodated. The Board will be apprised of updates to the indicative roll-out of CSPs and ICSPs during informal consultations and Executive Board sessions.
17. The Secretariat is committed to strictly enforcing all deadlines. Draft CSP and ICSP documents will be made available at least 12 weeks before they are submitted for approval; Board members will have 20 days to comment. Comments will be published on the Board website, discussed with concerned governments and stakeholders, and incorporated, as appropriate, into the final CSP and ICSP documents, which will be posted in all official languages at least six weeks before the Board session at which they are submitted for approval. For country offices that are not in a position to submit draft CSPs or draft ICSPs for Board approval, when current projects or T-ICSPs are about to expire, the Secretariat will take the necessary steps to seek approval by correspondence for extending them until the next Board session.¹⁰ In addition, the Secretariat is exploring the possibility of holding informal consultations on country offices' CSP or ICSP concept notes in order to give Member States an opportunity to provide feedback early in the development of CSP or ICSP documents.

Implications of a more flexible approach

18. The more flexible approach will require authorization from the Board to extend certain derogations from WFP's General Rules and Financial Regulations to enable implementation of the IRM framework. These derogations were originally approved at the Board's Second Regular Session in 2016 as a temporary measure from 1 January 2018 through 31 December 2018.
19. It also requires WFP to continue operating a dual structure in WINGS to manage both the current project system and the IRM framework until January 2019. Dual structures for resource management and reporting are already in place and being successfully managed, albeit at a smaller scale, for Wave 1A and Wave 1B country offices. The impact on WFP's operational, financial and performance reporting in 2018 is being considered. The Secretariat is working to align the 2018 Board-approved corporate planning and accountability documents (including the 2018 Management Plan, Annual Performance Report and financial statements) to the new results framework and – as much as possible – to the new cost structure. The Secretariat will keep the Board and donors apprised of the implications from a resource management and reporting perspective.
20. With respect to resource requirements, the 2017 IRM implementation budget approved at the Board's First Regular Session of 2017 remains unchanged. Upon review, the Secretariat is confident that 2018 implementation activities, including any additional requirements as a result of the more flexible approach, can be managed within the initial estimated 2018 budget of USD 18 million to USD 23 million put forward during discussions early in 2017. The Secretariat is committed to re-prioritizing internal resources and presenting an incremental budget request in the range of USD 10 million to USD 15 million or lower. This critical initiative will be discussed during informal consultations on the Management Plan (2018–2020) prior to its consideration at the Board's 2017 Second Regular Session.

¹⁰ As part of WFP/EB.A/2017/5-A/1, the Board approved, as a temporary measure, the procedure for granting approval by correspondence of: i) all necessary budget revisions to protracted relief and recovery operations, development programmes and country programmes until 1 January 2019; and ii) extensions in time for T-ICSPs from January 2018 through June 2019.

Other Key Developments

Alignment to the Quadrennial Comprehensive Policy Review (2017–2020)

21. WFP's approved Strategic Plan (2017–2021) is aligned with the Quadrennial Comprehensive Policy Review (QCPR). The Secretariat is contributing to the QCPR discussions to benefit the broader United Nations system and is following developments related to other agencies' strategic plans to ensure common commitments, objectives and language. In line with ongoing discussions, the Secretariat is evaluating the potential implications for the Strategic Plan and the IRM, and will apprise the Board at upcoming informal consultations if updates are needed to better align the IRM with the QCPR.

Strategic Resource Allocation Committee

22. Prioritization of multilateral resources for WFP's operations by the Strategic Resource Allocation Committee (SRAC) is currently based on a robust process and analysis of quantitative and qualitative indicators.
23. For relief operations, the quantitative analysis is based on projected net funding requirements for the coming six-month period. The qualitative score for relief operations has three dimensions: i) the food security indicator, measured on a scale from one to five; ii) the Global Hunger Index, measured on a scale from one to five; and iii) the corporate/regional attention indicator, as determined by regional directors on a scale of priority from one to six. Based on the analysis, projects are mapped against four areas of criticality ranging from very high to low; this will inform SRAC deliberations.
24. For development projects, the quantitative analysis is extended to 12 months to consider the funding predictability required for programme design and support. The qualitative analysis gives greater weight to "concentration countries".¹¹ Per the Board's direction, 90 percent of multilateral allocations for development go to concentration countries.
25. Decisions regarding the allocation of multilateral resources for relief and development projects are reviewed and endorsed by the regional directors before a final recommendation is presented to the Executive Director.
26. The Secretariat recognizes that confidence in the process of allocating multilateral resources and subsequent reporting is of utmost importance to donors. This process is also critical for constructive dialogue with donors to increase the overall amount of multilateral funding for operations. Decision-making criteria are being reviewed and will be revised to ensure alignment with the spirit of the IRM and WFP's increased focus on outcomes and performance.

Regional Bureau Portfolio Budget and Regional Responses

27. Certain situations and initiatives warrant strategic, resourcing and operational coordination at the regional level. Regional initiatives will be implemented through individual CSPs, ICSPs and T-ICSPs, with additional or augmented WFP strategic outcomes as appropriate. WFP strategic outcomes and activities related to a regional response will be implemented through individual CSPs and country portfolio budgets of countries involved in the regional response. These strategic outcomes and activities will be tagged at the country office level to enable regional- and global-level monitoring and reporting on performance and resources mobilized for the regional response.
28. To guide the treatment of regional operations, regional services and trust funds, the Secretariat has outlined the following scenarios:
 - *Scenario 1. Regional bureau receives and manages funds:* A regional bureau portfolio budget structure will be used to capture and manage contributions confirmed at the regional bureau level in addition to managing Programme Support and Administrative budget allocations to a regional bureau. Funds will be directed to individual country portfolio

¹¹ "Concentration countries" are defined as least developed or equally low-income countries, and those facing chronic malnutrition as measured by a stunting rate greater than 25 percent among children under 5.

budgets at the activity level. The regional bureau will be responsible for the overall management of and reporting on funds received directly for the regional bureau portfolio budget.

- *Scenario 2. Country office transfers funds to the regional bureau portfolio budget to reimburse for implementation support:* Funds are allocated and directed within the country portfolio budget of an individual country office. The country office transfers funds to the regional bureau portfolio budget to cover the costs of related implementation support provided.
 - *Scenario 3. Regional bureau acts as the coordinating entity for a regional response:* WFP strategic outcomes and activities will be defined and “tagged” at the country office level within the corresponding country portfolio budget. The country office will have full responsibility and autonomy for implementing activities in the regional response. Related oversight and coordination costs will be transferred to the regional bureau portfolio budget.
 - *Scenario 4. Regional bureau directs implementation to a non-WFP country office or region:* The regional bureau portfolio budget structure will be used to capture and manage funds. Regional bureaux will be responsible for the direct implementation of transfers or services, and their distribution to countries or regions without WFP representation.
29. In line with these scenarios, the Secretariat is currently defining the business requirements and solutions for regional operations and the management of transnational activities by a regional bureau or country office.
30. All country offices involved in WFP’s regional response to the Syrian crisis will transition to the IRM framework by January 2018. In the Lake Chad Basin regional response, the Cameroon and Nigeria country offices will transition to the IRM framework in 2018 while the Niger and Chad country offices will continue under the current project-based system in 2018. These countries will still be able to absorb regional and multi-year contributions.

Other Systems Under Development

31. The corporate budget planning tool, currently under development, will be an integrated platform for country offices to develop needs-based plans, implementation plans and monthly pipeline plans and calculate supply-chain costs. The tool will link with WINGS and WFP’s country office monitoring and evaluation tool (COMET) for better reporting. The first version will be released in late 2017 with limited features to support the roll-out of the CSP framework in January 2018. Lessons learned and additional supply chain and other functional area business requirements will be incorporated into the final version, which will be ready during 2018. Design elements and information requirements for the online portal are also being considered, and will be developed in time for the launch in the second quarter of 2018.

Lessons Learned

32. BCG conducted an impact “pulse check” of Colombia, Ecuador and Zimbabwe – three Wave 1A country offices – to determine if country offices are getting the most out of IRM in terms of operational effectiveness and to gauge short- and medium-term benefits.
33. Recognizing that the Zimbabwe pulse check was conducted just three weeks after going live while the pulse checks for Ecuador and Colombia were performed two months after going live, BCG reported that implementation of the IRM has enhanced the strategic focus of programmes, improved alignment with stakeholders and enhanced organizational cohesiveness. The consolidation of activities under a single plan and the improved line of sight are increasing both internal and external understanding of WFP’s operations, and enabling better analysis of value for money.

34. Lessons from the three Wave 1A countries demonstrate that country-led strategic reviews have facilitated deeper and more forward-looking conversations about the road to zero hunger and the role WFP can play. The choice of lead convenor has been critical to opening doors, adding visibility and engaging with key stakeholders including the United Nations country team, relevant government institutions, non-governmental organizations and donor partners. BCG noted that greater simplification in processes and tools should be sought and that redundancies in planning processes could be reduced. Concerns were raised that earmarking may increase in the short term, reducing country offices' flexibility until results are demonstrated and donors have confidence in providing longer-term funding. BCG foresees that full implementation of the CRF should be conducive to achieving these objectives.
35. Wave 1A country offices validated BCG's assessment, noting that the strategic reviews provided a strong rationale for WFP's interventions and forged new partnerships. They expect that the benefits of the strategic review process will be even more visible in years two and three of implementation. Wave 1A country offices expressed the view that the extended duration of the CSP framework has the potential to broaden the donor base, support multi-year funding discussions, create longer-term partnerships and build South-South cooperation.

CSP Framework

36. Building on the strategic review process, CSPs have proved to be useful tools for reaching out to partners and increasing awareness of WFP's role beyond food delivery. Governments are welcoming the opportunity to align WFP's work with national plans. CSPs are also facilitating more effective partnerships with governments and transferring capabilities, which helps to increase WFP's focus on exit strategies.
37. Wave 1A country offices welcome the CSP framework's increased transparency, which is helping to facilitate prioritization of activities to achieve the strategic outcomes, expected Strategic Results and SDG targets.

Country Portfolio Budget Structure

38. Wave 1A country offices appreciate the new "line of sight" and cost structure, which have increased transparency at the activity level, and recommended issuing additional guidance to ensure that flexibility is maximized. It was also recommended that the template be simplified and future waves of country offices involve cross-functional units early on in the development of the country portfolio budget.

Corporate Results Framework

39. The CRF, approved by the Board at its 2016 Second Regular Session, came into effect on 1 January 2017. The CRF merges WFP programmatic and management results frameworks under the overall premise of allowing a clear vision of organizational performance that contributes to the achievement of programmatic results. During the Board's Annual Session, the Secretariat took note of the increased interest and deepened discussions regarding organizational performance and initiated a set of improvements in line with the IRM.
40. For the management elements of the CRF, the new approach implies modifications to and cohesiveness of management planning processes and tools in the context of the IRM's focus on linking results to resources and ensuring value for money throughout WFP. An in-depth revision of the key performance indicators enabled by the increasing level of information made available by the country portfolio budget structure will strengthen WFP performance management overall.
41. For the programme elements of the CRF, guidance materials were issued in February 2017 on the CRF indicators and the design of logframes and monitoring review and evaluation plans. Regional monitoring advisers participated in a CRF training of trainers and country-level training is currently being rolled out. To date, WFP has used the CRF to design the CSP logframes of all 14 Wave 1A and 1B countries, 30 T-ICSPs and logframes for Wave 2.

42. As a follow up to a lessons-learned meeting in February, a second meeting on lessons-learned through the CRF was held in June, with participation from country offices, regional bureaux and Headquarters divisions. Based on the meeting's conclusions, the Secretariat will: i) work to adjust and better define outcome categories and clarify the links between WFP indicators and the SDG targets and indicators; ii) finalize the guidance and systems for tracking contributions to SDG targets other than SDG 2 and SDG 17; and iii) improve the indicators for SDG 17 and capacity strengthening interventions.
43. The required changes will be introduced sequentially following a specific timeline, and will be discussed during informal consultations. Amendments to the CRF, including the revised organizational performance framework, will be presented at the Board's Second Regular Session in 2017. Part of the exercise will focus on determining the CRF's core elements, which will remain in force until 2030. The Board will be regularly informed of any elements of the CRF that may require revision and adjustment as the implementation process continues.

Inclusion of Sudan's ICSP in Wave 1B

44. The Secretariat included the Sudan in Wave 1B to ensure that experience from a major complex operation would be gained during the pilot phase. Because of the Sudan operation's size, dialogue with stakeholders, including the Government and donors, continues to be dynamic. As a result, development of the Sudan ICSP benefited from a highly consultative process.
45. The Sudan ICSP went live on 1 July 2017. Emerging lessons learned from this launch will be presented at upcoming informal consultations.

Focus Areas

46. Guidance on the formulation of strategic outcomes is being strictly applied for all CSPs, ICSPs and T-ICSPs, ensuring that each strategic outcome corresponds to only one focus area. This will facilitate programme coherence and integrity, and promote greater visibility for resource mobilization and funding decisions. Wave 1A country offices have conveyed that, to the extent possible, stakeholders should be involved in the formulation of strategic outcomes and links to focus areas to support better understanding for resource mobilization.
47. Following informal consultations in March and May, and the Annual Session of the Executive Board, the Secretariat proposes using the crisis response and root causes focus areas to facilitate the application of relevant WFP General Rules and Financial Regulations.
48. For example, strategic outcomes developed in response to emergencies will explicitly define the type of shock and will be linked to the crisis response focus area. This will help to identify strategic outcomes and budget revisions that will be submitted to the Executive Director for approval and, where required, the Director-General of the Food and Agriculture Organization of the United Nations (FAO).
49. Strategic outcomes identified within the root causes focus area will facilitate the application of General Rule X.8, which indicates that development activities should be budgeted according to estimated available resources. The budgeting of strategic outcomes related to the crisis response and resilience building focus areas will be based on needs assessments.
50. The Secretariat has received feedback from Member States and donors on the use of focus areas applied to the 14 Wave 1A and Wave 1B countries. It will continue to seek feedback to ensure strong links between identified focus areas and WFP strategic outcomes. The Secretariat expects that the CSPs and ICSPs currently being submitted by country offices will help WFP and Member States to understand how the formulation of strategic outcomes – and links to focus areas – can be strengthened to promote better alignment with funding streams, from the perspective of both planning and reporting. The extended learning period provided by the more flexible implementation approach will enable WFP to evaluate the implications of using focus areas to facilitate application of the General Rules and Financial Regulations.

Resource Migration to New Country Portfolio Budgets

51. Resource migration entails the transfer or reallocation of resources from closing projects to the new CSP framework and country portfolio budget structure, facilitating the availability of resources at the start of the CSP to ensure business continuity. Resources are transferred or reallocated in line with the original intent of the contribution and in consultation with the donor when necessary. Current project closure procedures dictate that all outstanding commitments must be closed or transferred to the new project before the existing project can be financially closed, the final financial report can be completed and the final resource transfer can take place.
52. Resource migration was challenging for Wave 1A country offices. An analysis of the grant transactions for Wave 1A showed that 58 percent were for food transfers of less than 20 metric tons and 30 percent were for balances under USD 100,000. Despite their small size and monetary value, the high number of transactions made the migration process burdensome. Country offices have been requested to minimize small balances prior to project closure in order to ease the resource-migration process.
53. While resource migration is an established process in WFP, it is typically performed for only a few projects at a time. Given the large number of country offices transitioning to the IRM framework and going live in January 2018, the Secretariat developed a resource-migration strategy over the first quarter of 2017 to facilitate a smoother transition. The strategy plans for automating data collection and processing for resource migration and regular communications, and enhances the role of regional bureaux as the first line of support for country offices preparing for resource migration and project closure. A monitoring system will track key indicators of resource migration and project closure, including project and grant balances, metric tonnage to be transferred and open commitment items.
54. Country offices will initiate the migration process by mapping the resources to be transferred from projects and trust funds to the country portfolio budget accompanying the CSP, ICSP or T-ICSP. Based on the mapping exercise, Headquarters will undertake a phased approach to migrating resources and better distributing the workload. The Secretariat will initiate the resource-migration process much earlier for countries going live in January 2018. Budgets for the 40 T-ICSPs will be ‘early released’ in the WINGS system in July 2017 and budgets for the CSPs and ICSPs going live on 1 January 2018 will be ‘early released’ in August 2017. This early release will allow all new contributions to be confirmed directly against a CSP, ICSP or T-ICSP unless they will be utilized in projects during 2017.¹² All new contribution discussions – even for contributions directed to ongoing projects – will include language regarding the transfer to the CSP framework.
55. Country offices will identify which current contributions that will be transferred in their entirety to the CSP framework early in the migration process and determine those contributions which will be spent in the final months of current projects. This critical step, along with confirming contributions directly to the CSP, will ensure operational continuity and that sufficient funds are available to initiate operations at the start of CSPs, ICSPs and T-ICSPs.

Annual Planning Process and Country Operations Management Plans

56. Implementation of the IRM is enabling WFP to review its current fragmented planning processes, with the aim of reducing the redundancies that country offices currently face while maximizing coherence and the links between planning outputs.

¹² Distribution of contributions confirmed directly to CSPs or ICSPs will only begin after formal Board approval. Distribution to T-ICSPs will begin on 1 January 2018.

57. The 14 country offices in Wave 1A and Wave 1B prepared the first versions of their country operation management plans (COMPs), which were shared with Member States as a complement to the CSP documents. Lessons learned are being gathered from the Wave 1B countries and regional bureaux to make the content of COMPs as meaningful as possible in order to support country office management. These lessons are focused on timing and streamlining the process for preparing and publishing COMPs. Work is underway to automate the compilation of data from corporate systems as much as possible by 2018; this could also provide a basis for data included in the online portal.

Partnerships

58. The 2030 Agenda, the SDGs and implementation of the IRM provide opportunities for the Secretariat to collaborate with host governments, civil society and the private sector, and adapt to the needs of traditional and non-traditional donors. The experience of developing CSPs and ICSPs has led to a better understanding of the importance of inclusive partner engagement early on. The Secretariat has established focal points in all regional bureaux to support IRM rollout and will continue to reinforce with country offices the importance of building deep and sustained partnerships with local missions and donors.
59. The Secretariat is also taking steps to increase knowledge about mobilizing resources for CSPs and ICSPs. An e-learning course has been launched, targeting country office focal points. The course aims to equip staff with the tools for developing a resource mobilization strategy, pursuing new resource opportunities and better articulating WFP's value proposition.
60. By the beginning of September 2017, partnership workshops will have taken place at all six regional bureaux,¹³ with the aim of providing country offices with resource mobilization, communications and advocacy tools for more strategic partnering and positioning of CSPs. A cross-divisional team from the Partnership, Governance and Advocacy Department has also been actively engaged in supporting country offices as they develop internal partnership action plans, which should form the basis of a deeper partnership, resourcing and communication engagement strategy to support the beginning of the five-year CSP programme cycle.

Outstanding Issues

Reporting

61. Currently, WFP reports to Member States and donors through the Annual Performance Report and standard project reports. The 2016 Annual Performance Report detailed achievements and performance through the Strategic Results Framework and Management Results Framework. The standard project reports cover progress made on specific projects, including financial information.
62. Implementation of the IRM will enable WFP to link resources and results, and demonstrate value for money – underscoring how WFP reaches its beneficiaries in the most effective, efficient and economic manner possible. This will provide an opportunity to significantly improve donor reporting and take into consideration recent commitments to the Grand Bargain, including harmonization, simplification and reduction of duplication.
63. Major improvements in reporting will include a redesign of the Annual Performance Report and the introduction of annual country reports for CSP countries. These enhancements will build on the recently approved CRF and country portfolio budget structure, and new thinking in capturing Programme Support and Administrative elements in the Management Plan.

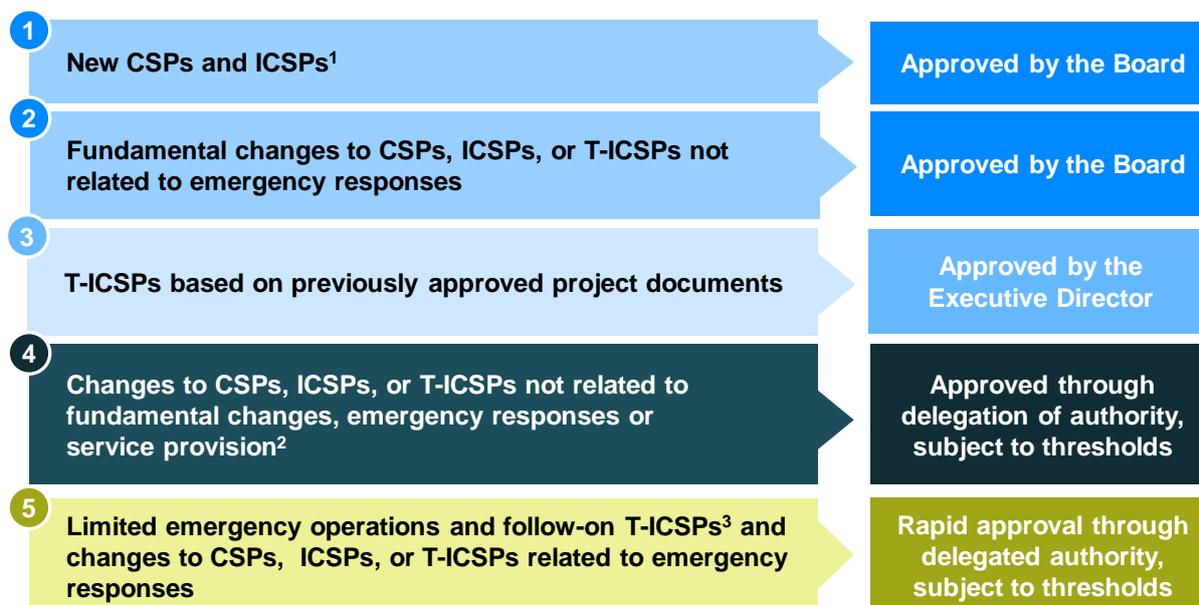
¹³ Four regions had received training as of 18 July.

64. Following approval of the IRM, COMET is now being utilized to initiate the design phase of CSPs. COMET’s logframe module was adapted for the new CRFs and the creation of a results chain, ensuring the links between results and resources through country portfolio budgets. COMET’s module on planning and distribution will be available for use by CSP countries in July 2017 to allow for automatic generation of COMPs and periodic reports. COMET data for CSP countries, outcome-level information and outputs will also be made available for off-line 2017 annual country reports. The remaining country offices will continue to utilize Standard Project Report Intelligent Next Generation (SPRING) for their 2017 standard project reports.
65. WFP is actively learning from the Wave 1A country offices and ensuring that the data extracted will be meaningful for country office decision making and communicating with Member States and donor partners.

Governance

66. The Policy on CSPs¹⁴ and the Financial Framework Review,¹⁵ approved at the Board’s 2016 Second Regular Session, established a governance model for the IRM framework that strengthens the Board’s governance and oversight roles, and ensures robust, efficient and effective implementation. An overview of the IRM governance framework is provided in Figure 2.

Figure 2: IRM governance model



¹ Host country funded CSPs, ICSPs and strategic outcomes may be approved by the Executive Director (unless Board approval is requested). Consideration is being given to the most appropriate approval process to apply when a CSP, ICSP, or strategic outcome containing an emergency component is funded entirely by the host government, and has not been approved by the Board.

² Noting the proposal for revisions linked to Service Provision to be fully delegated to the Executive Director.

³ Implementation of a limited emergency operation may include service provision or capacity strengthening support.

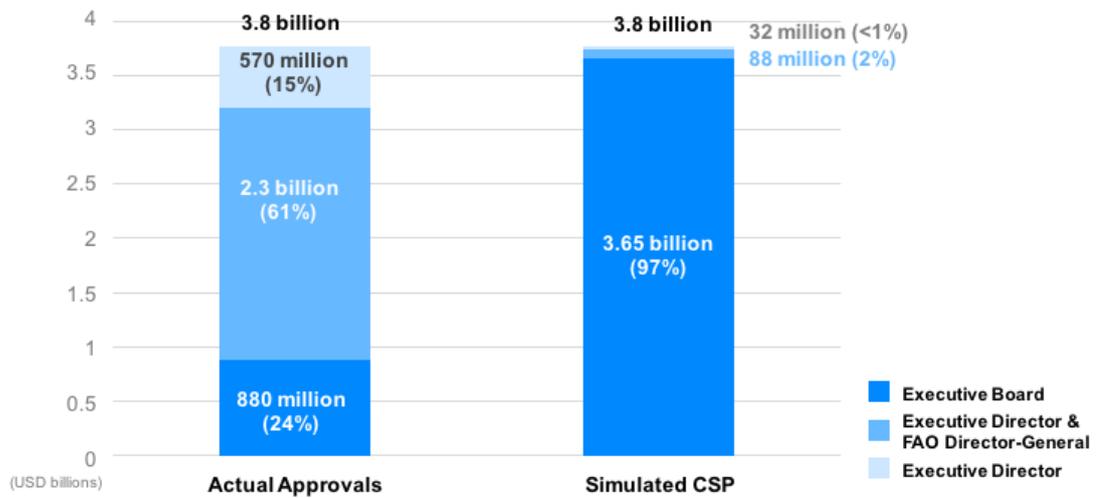
¹⁴ WFP/EB.2/2016/4-C/1/Rev.1*.

¹⁵ WFP/EB.2/2016/5-B/1/Rev.1.

67. New CSPs and ICSPs submitted for approval will encompass all of WFP's operations in all contexts, including emergency, service provision and capacity strengthening support activities that are protracted, predictable or recurring. In the March 2017 paper "Progress Update on the Integrated Road Map: Background to Proposed Amendments to the General Rules and Financial Regulations", the Secretariat presented its analysis of project and budget revision approvals from 2011 to 2015, and the anticipated global increase in the Board's oversight and approval role.¹⁶
68. Approval of changes to existing CSPs, ICSPs and T-ICSPs that do not fundamentally change WFP's strategic focus or role in the country, and are not related to emergency response or service provision, requires further discussion with the Board. The Secretariat proposes to use delegations of authority to ensure that the Board considers any significant changes while internal efficiencies are maximized by delegating authority to the Executive Director for approval of less significant changes to existing CSPs, ICSPs and T-ICSPs.
69. Based on its analysis of budget revision approvals from 2011 to 2015, the Secretariat determined that two types of budget revisions – those relating to extensions in time and technical revisions – represented the vast majority of changes under the current project-based system. To better understand the extent of changes that may be anticipated under the new IRM framework, the Secretariat sharpened its focus on country-level data to simulate initial CSP planning. It first extracted projects and budget revisions that were approved for a country over a three- to five-year period between 2010 and 2015. The Secretariat made the assumption that operations present at the start of the period and subsequently extended through budget revisions or continued through successive operations would have been included in the initial CSP or ICSP submitted to the Board for approval. It is important to note that the analyses were conducted with the benefit of hindsight, although the findings can serve as a potential indicator of future results.
70. The following simulations illustrate the Secretariat's expectation that budget revisions related to extensions in time and technical revisions – will be minimal since the initial CSP design will have foreseen a majority of factors that are the basis for the revisions under the current system. For example, in the South Sudan example below (Figure 3), the need to separately approve successive emergency operations and special operations or extensions in time (both types of operation are typically designed for one-year periods) would not have been required in view of the longer duration of the initial CSP design. In addition, the enhanced flexibility of the country portfolio budget structure and the use of resource-based implementation plans are expected to improve operational planning at the country level and reduce the need for budget revisions to account for technical adjustments.

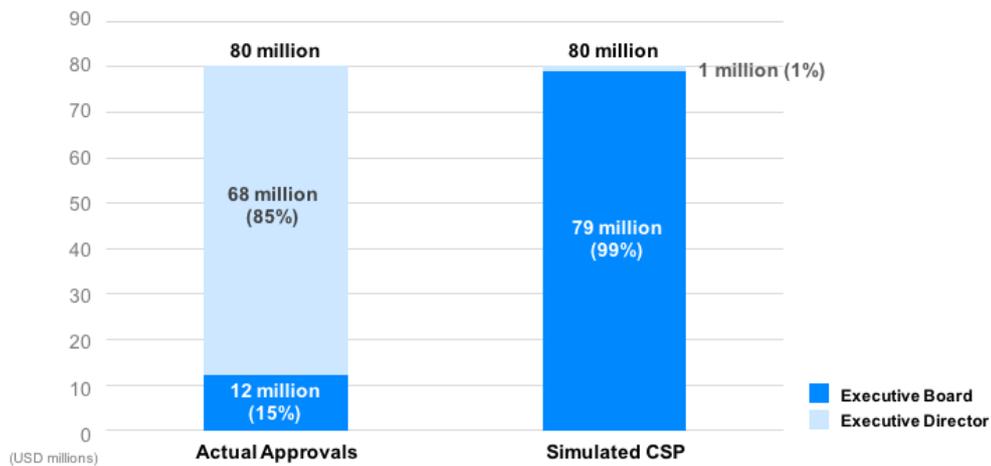
¹⁶ Traditional projects are usually shorter and more disaggregated than CSPs so their comparability with the new CSP structure is limited.

Figure 3: Simulation of CSP for South Sudan, 2011–2015 (USD)



71. Under the project-based governance framework, the Board approved USD 880 million in projects and budget revisions for South Sudan – or 24 percent of the total USD 3.8 billion approved between 2011 and 2015. By analysing the 43 individual projects and budget revisions approved during this time, which included a protracted relief and recovery operation, emergency operations and special operations, it was estimated that 30 of these would have been consolidated into the initial CSP for Board approval, with a value of USD 3.65 billion.
72. An additional USD 120 million, comprised of 12 budget revisions over five years, would have subsequently been approved under delegations of authority by the Executive Director and, where required, the FAO Director-General. These additional budget revisions would bring the final value of the simulated South Sudan CSP to USD 3.8 billion. In addition to bringing a significantly greater amount of the South Sudan portfolio to the Board for approval, this represents a major efficiency gain in terms of time spent in drafting, processing and approving individual projects and revisions. The number of distinct approvals by the Board, the Executive Director and the FAO Director-General would decrease from 43 to approximately 13 – an efficiency gain of 70 percent.

Figure 4: Simulation of CSP for Jordan, 2012–2015 (USD)



73. Under the project-based governance framework, the Board approved USD 12 million in projects and budget revisions – or approximately 15 percent of the total USD 80 million approved for Jordan from 2012 to 2015. By analysing the ten individual projects and budget revisions approved during this period, it was estimated that seven of them would have been consolidated into the initial CSP for Board approval, with a value of USD 79 million.

74. An additional USD 1 million, comprised of two projected budget revisions, would subsequently have been approved by the Executive Director through delegations of authority, bringing the final value to USD 80 million for the simulated Jordan CSP. Similar to the South Sudan simulation presented above, an efficiency gain of 70 percent would be achieved since the number of distinct approvals by the Board and the Executive Director would decrease from ten to approximately three.
75. Based on the Secretariat's simulations and benefitting from its experience in the 2017 pilot countries, it is expected that the concept – and magnitude – of changes to approved CSPs, ICSPs and T-ICSPs that are not related to fundamental changes, emergency responses or service provision will be significantly different than the current project-based system. In considering this aspect of the governance framework, the Secretariat will work with the Board to ensure that an appropriate balance is found between the Board's oversight and approval roles, and achieving efficiency by delegating authority to the Executive Director.

Proposed interim governance arrangements for 2018

76. The Secretariat intends to present for approval, at the Board's 2017 Second Regular Session, interim delegations of authority and principles to guide the interim application of full-cost recovery. These will complement the continued derogations of the WFP General Rules and Financial Regulations for implementation of the IRM framework in 2018. The interim language, effective from 1 January to 31 December 2018, would only apply to those country offices implementing a CSP, ICSP, T-ICSP or limited emergency operation in 2018. The proposed interim governance arrangements will be the subject of informal consultations leading up to the Board's 2017 Second Regular Session.
77. Lessons learned from implementation and consultation with the Board in 2017 and 2018 will inform finalization of the amendments to the WFP General Rules and Financial Regulations, which will be presented to the Board for approval at its 2018 Second Regular Session.

Proposed interim delegations of authority for revisions that are not related to fundamental changes, emergency responses or service provision for 2018

78. General Rule VI.2 establishes the delegation of authority and the Appendix to the General Rules describes when authority is delegated to the Executive Director and, when required for emergency operations, the FAO Director-General. As currently written, these delegations of authority are subject to annual budgetary thresholds and are broken down by project category (see Figure 5). Because these programme categories cannot be applied to the CSP framework, it is necessary to revisit the formulation of the current delegations of authority. The FAO Director-General's role in the approval of emergency operations above a certain threshold will continue.

Figure 5: Current delegations of authority to the Executive Director for project approval



79. At the 4 May 2017 informal consultation, the Board’s 2017 Annual Session and a series of subsequent bilateral meetings, the Secretariat laid out three principles on which development of budgetary thresholds for delegations of authority should be based. These thresholds are not intended to apply to new CSPs and ICSPs, fundamental changes to CSPs, ICSPs, or T-ICSPs, budget revisions related to crisis response and service provision-related outcomes, or CSPs or strategic outcomes entirely funded by the host country.
80. *Principle 1. Delegations of authority should be based on the overall approved budget value of the CSP framework:* Current delegations of authority are defined by a ‘food value’ budgetary threshold in the Appendix to the General Rules. However, WFP has gradually shifted from providing in-kind food assistance towards the inclusion of cash-based transfers and capacity-building activities. In the current project framework, food value is converted to an equivalent input value for cash-based transfers and capacity development and augmentation activities within a project. But significant differences remain in the implementation and support costs of the various transfer modalities that are not captured in the current methodology.
81. Under the approved CSP framework, WFP is committed to achieving its strategic outcomes through various modalities, and is therefore transitioning to an outcome-focused rather than input-based approach to planning and implementing its activities. To better reflect this shift, WFP’s thresholds for delegation of authority – currently defined by an input-based food value – should be linked to the overall budget value, based on the country portfolio budget of the CSP, ICSP or T-ICSP.
82. *Principle 2. Based on maximum and minimum absolute values:* Establishing minimum and maximum absolute thresholds would ensure Board oversight of large budgetary revisions while maximizing efficiencies through delegated authority for smaller revisions.

Maximum Threshold

83. In line with feedback from Member States, the Secretariat recognizes that large-value budget revisions represent increased risk to WFP by virtue of their size. The Secretariat recognizes the importance of ensuring that revisions not related to fundamental changes, emergency response or service provision should be reviewed and approved by the Board. The Secretariat undertook a sensitivity analysis based on project and budget revision approvals from 2011 to 2015 – comparing levels of USD 250 million, USD 150 million and USD 100 million – to ensure a balance in the number and value of budget revisions that would be submitted to the Board for approval.¹⁷
84. The Secretariat proposes a maximum threshold of USD 150 million, which would ensure that any revisions greater than this value are required to have Board approval. This threshold would be applied annually and would provide a strong balance between Board oversight of a significant proportion of budget revisions while ensuring a reasonable annual workload.

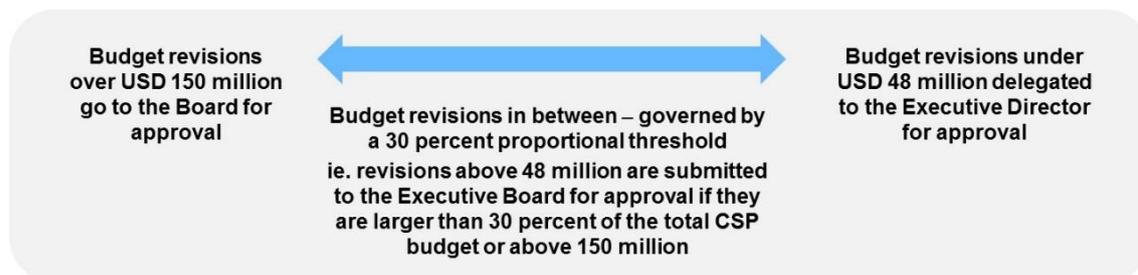
Minimum Threshold

85. Striking the right balance between maintaining the Board’s role in the approval of budget revisions while ensuring the optimum level of efficiency in terms of both the Board’s workload and WFP’s internal processes is a critical focus of discussions on thresholds for delegation of authority.
86. Taking into consideration feedback provided at informal consultations, and consistent with the approach used in current delegations of authority, the Secretariat proposes to establish a minimum threshold of USD 48 million in order to maximize efficiencies through internal management of small changes. This minimum threshold is extrapolated from the current protracted relief and recovery operation budgetary threshold of USD 20 million in food value. The threshold would be a dollar value below which all revisions would be delegated by the Executive Board and would be applied annually.

¹⁷ For the full sensitivity analysis, refer to the 4 May 2017 informal consultation document “Update on the IRM”.

87. *Principle 3. Based on relative proportion (percentage based) to accommodate variations in the size of CSPs:* The Secretariat foresees significant disparities in the operational size of CSPs. Based on data from 2011–2015, the size of CSPs would have ranged from an average of more than USD 2 billion in the largest six countries to an average of USD 150 million in the smallest 40 countries. Establishing a relative threshold of 30 percent, to be applied cumulatively¹⁸, would better accommodate variations in CSP size and ensure that relatively significant budget changes are approved by the Board.
88. Figure 6 illustrates how these principles and thresholds work together.

Figure 6: Proposed interim delegations of authority for revisions of CSPs, ICSPs and T-ICSPs that are not related to emergency response, fundamental changes or service provision in 2018



89. The Annex provides a preview of the proposed draft interim delegations of authority for 2018.¹⁹ It is proposed that the delegations of authority for modifications are applied to budgetary increases. With the exception of deletions of strategic outcomes – which would be considered a fundamental change, and therefore subject to Executive Board approval²⁰ – it is proposed that budgetary decreases are fully delegated to the Executive Director. This practice would encourage frequent reviews and adjustments of budgets for better alignment with prevailing costs. Feedback received from the Board during this and subsequent informal consultations will enable a refinement of the draft text and proposed threshold levels before the Board’s 2017 Second Regular Session. Permanent delegations of authority, benefiting from lessons learned through the application of interim delegations of authority in 2018, will be proposed for approval at the Board’s 2018 Second Regular Session and would take effect on 1 January 2019. It should be noted that thresholds would be reviewed after three years, and amended if necessary.

Proposed Delegation of Authority for Budgetary Revisions Related to Service Provision

90. The Secretariat will also propose that the Board provide delegated authority to the Executive Director to approve budgetary revisions related to service provision. Noting that service provision – planned common and shared services – is fully integrated into CSPs and ICSPs, it is recognized that these activities are often planned in response to specifically funded requests. In recognition of the different nature and funding sources of these activities, related budget revisions would be handled in the same spirit as the current delegations of authority for special operations: revisions arising from service provision will be approved by the Executive Director.

¹⁸ The value of strategic outcomes approved by the Executive Director will not be included in the CSP, ICSP or T-ICSP value calculations. Were the value of such strategic outcomes to be included, the value of the CSP, ICSP or T-ICSP would be inflated for the application of the 30 percent threshold, thereby diminishing the Board’s supervisory function. This rationale is explained in greater detail in the Explanatory Notes section of the Annex of this paper.

¹⁹ The treatment of trust funds under the CSP framework, including the application of delegations of authority, remains under consideration.

²⁰ Noting exception of strategic outcomes funded entirely by host governments, as explained in the Annex.

Proposed Delegations of Authority to the Executive Director and the FAO Director-General

91. As noted in earlier discussions, the crisis response focus area will facilitate identifying strategic outcomes that have been modified or added after initial Board approval of the CSP or ICSP. These will be submitted to the Executive Director for approval and if they are above the delegated threshold, they will be submitted jointly for approval by the Executive Director and the FAO Director-General.
92. The Secretariat is currently exploring mechanisms to ensure visibility and oversight of the Board for budget revisions related to crisis response-linked strategic outcomes while maintaining flexibility and efficiency for WFP's emergency response. The current procedure for emergency operations approved jointly by the Executive Director and the FAO Director-General, or the Executive Director requires the Secretariat to provide information related to emergency operations twice each year during formal sessions of the Executive Board. It is envisaged that this practice will continue. In addition, revisions above the thresholds for delegated authority will be shared with Member States in the following manner:
 - a) The Secretariat will post crisis response revisions on WFP's website as soon as they have been approved by the Executive Director, and if required, the FAO Director-General.
 - b) Board members will be advised immediately by email of the posting so that they may request, within five working days, the presentation of the approved revision for information at the next Board session.
 - c) Requests must be addressed to the Secretary of the Executive Board, with a copy to the Executive Board President.

Interim Guiding Principles for Application of Full-Cost Recovery in 2018

93. As a 100 percent voluntary-funded organization, the Secretariat recognizes that WFP General Regulation XIII.2, which sets out the principle of full-cost recovery, should be retained to ensure that sufficient funds are provided to cover all operational and support costs related to each contribution. However, the current text of General Rule XIII.4, which largely defines the application of full-cost recovery to different cost categories, is overly prescriptive and primarily designed for contributions of in-kind food and cash for food.
94. As part of the Financial Framework Review, the Secretariat determined that a guiding principle of the country portfolio budget structure was the simplified application of full-cost recovery to better reflect: the increasing diversity of WFP's assistance; the country portfolio budget design; and the new cost structure with four high-level cost categories.
95. Full-cost recovery will continue to be applied at the contribution level. The new methodology, as outlined in the Financial Framework Review, is based on the high-level cost categories of transfer and implementation, adjusted direct support costs and indirect support costs. The basis for full-cost recovery calculations will be the annual resource-based implementation plan. Transfer and implementation costs will be calculated at the activity level and the adjusted direct support cost component will be calculated as a country-wide proportion of the consolidated transfer and implementation costs, which will vary by country. Indirect support costs and the current recovery rate of 7 percent will remain unchanged.²¹ The Secretariat is reviewing WFP's full-cost recovery exceptions and will present recommendations to the Board. One recommendation is likely to be that several of the current exceptions, such as the waiver of indirect support costs for contributions to the Programme Support and Administrative budget, and some non-food in-kind contributions (such as stand-by partners) will remain, as well as opportunities for twinning.

²¹ The indirect support cost rate is approved annually by the Executive Board.

96. Box 1 provides the proposed interim principles to guide the application of full-cost recovery in 2018 to facilitate the new programmatic and budgetary framework. Taking into consideration the feedback received from the Board during the upcoming series of informal consultations and bilateral meetings, the Secretariat will propose, at the Board’s 2017 Second Regular Session, that interim guidance for 2018 be adopted for CSPs, ICSPs, T-ICSPs and limited emergency operations with respect to the application of full-cost recovery principles.²²

Box 1 provides the proposed interim principles to guide the application of full-cost recovery in 2018 to facilitate the new programmatic and budgetary framework.

In accordance with General Regulation XIII.2, the following shall apply to the various types of contributions to WFP (replacing General Rule XIII.4):

- a) The following high-level cost categories shall apply to all types of contributions:
 - i) transfer and implementation costs, which represent the operational costs of a contribution;
 - ii) adjusted direct support costs; a country specific percentage of the transfer and implementation costs of the contribution; and
 - iii) indirect support costs: a standard, Board determined, percentage of the transfer, implementation and adjusted direct support costs of the contribution.
- b) Subject to (c), below, all donors shall provide sufficient cash or other acceptable resources to cover the full operational and support costs related to their contributions.
- c) General Rule XIII.4(e) - (h), shall continue to apply as per current practices. For the purposes of the indirect support costs waiver under General Rule XIII.4(g), “direct support costs” will mean “costs that would previously have constituted direct support costs”.*

* Examples of “direct support costs” include staff, consultants, stand-by partners, facilities, and some equipment costs, etc.

Terminology and Definitions

97. The Secretariat continues to draft new language, including definitions under Financial Regulation 1.1, to align the relevant General Rules and Financial Regulations with the new Board-approved policies.
98. At its 2016 Second Regular Session, the Board authorized specific derogations from the General Rules and Financial Regulations to permit the introduction of CSPs and the application of country portfolio budget principles in Wave 1A and Wave 1B countries for the transition period from the Board’s 2017 First Regular Session to 31 December 2017. These included provisions of General Rule XIII.4 and Financial Regulations 1.1 and 4.5 concerning cost categorizations and the manner in which full-cost recovery is achieved, solely where necessary to permit the application of country portfolio budget principles. The Board also approved, for application until 31 December 2017, an interpretation of provisions of the WFP General Rules and Financial Regulations referring to existing programme categories as references to CSPs to permit CSP implementation. In addition, the Board granted the Executive Director authority until the end of 2017 to revise the pilot CSPs when necessary.²³

²² Country offices continuing under the current project-based system in 2018 would continue to apply the General Rules and Financial Regulations currently in force.

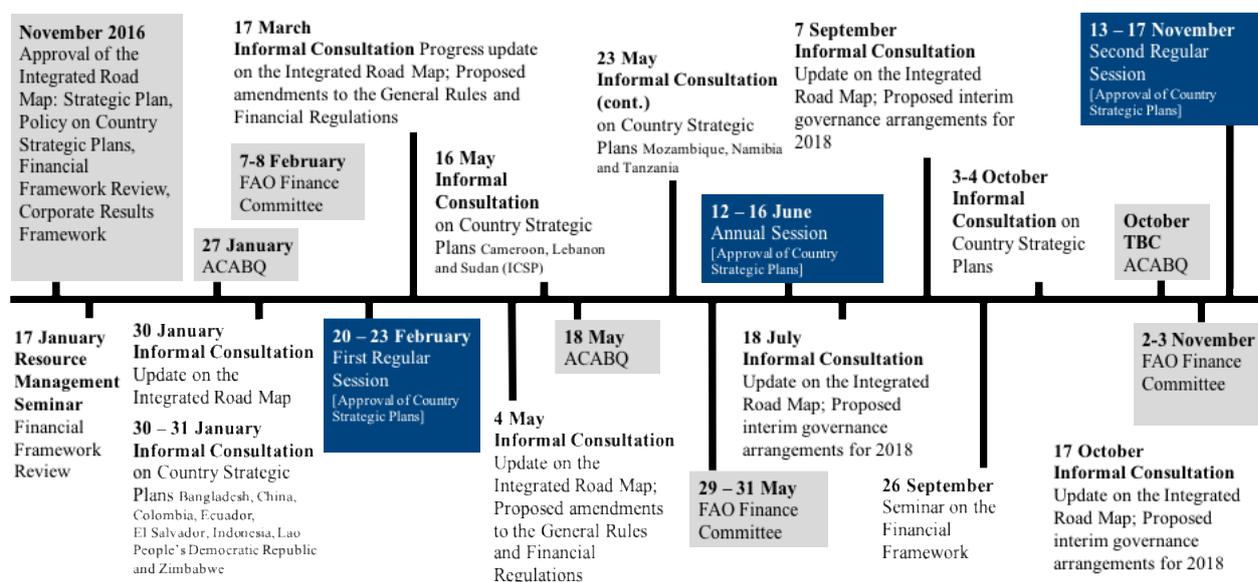
²³ All revisions to T-ICSPs during their initial 18-month period until June 2019 will be approved in line with the applicable General Regulations and Rules governing delegations of authority. The existing delegations of authority with respect to emergency operations will be maintained.

99. Bringing more flexibility to the implementation approach means that WFP will be operating two frameworks in 2018 – the current project-based system and the new IRM framework. To ensure effective governance, the Secretariat will apply existing General Rules and Financial Regulations to country offices implementing the current framework in 2018. For country offices transitioning to and implementing the IRM framework in 2018, the Secretariat will seek authorization from the Board at its 2017 Second Regular Session to extend certain derogations to WFP’s General Rules and Financial Regulations as a temporary measure for CSPs, ICSPs, T-ICSPs and limited emergency operations from 1 January until 31 December 2018.

Partner Engagement in 2017 and 2018

100. To ensure the Board’s continued engagement during this critical period, the Secretariat has developed a comprehensive engagement strategy for 2017, which will continue into 2018. These informal consultations (see Figure 7) will provide an opportunity to share updates on IRM implementation, discuss draft CSPs, draft ICSPs and interim governance arrangements, and consider needed amendments to the General Rules and Financial Regulations and proposed revisions to delegations of authority, which will be presented for approval at the Board’s 2018 Second Regular Session.

Figure 7: Informal consultations in 2017 (as of 21 June)



ANNEX

The table below provides draft guidance on interim delegations of authority for countries operating within the CSP framework in 2018. These delegations of authority are still in development and they may be refined in the coming months prior to being submitted for the Board's approval at its 2017 Second Regular Session.

Draft proposed interim guidance	Explanatory notes
<p><u>I – General retention of authority not delegated</u></p> <p>The Board by default will retain all authorities that it does not delegate.</p>	<p><i>As is the case at present, the Board delegates certain authorities to the Executive Director, as set forth below. Authorities not delegated are by default retained by the Board.</i></p>
<p><u>II - Authority to initially approve</u></p> <p>(1) The Board retains authority to approve Country Strategic Plans (CSPs) and Interim Country Strategic Plans (ICSPs), other than those funded entirely by a host country that has opted not to use the Board approval process.</p> <p>(2) The Board grants the Executive Director authority to approve:</p> <ul style="list-style-type: none"> a. CSPs and ICSPs funded entirely by a host country that has opted not to use the Board approval process; b. Transitional ICSPs (T-ICSPs) based on previously approved project documents; and c. limited emergency operations (LEOs), and T-ICSPs following a LEO, such authority to be exercised jointly with the FAO Director-General when the LEO or the emergency-related components of the T-ICSP exceed \$XXm in value. 	<p><i>This section sets out who has the authority to initially approve WFP programmes (as opposed to the authority to modify them, which is set out below).</i></p>

Draft proposed interim guidance	Explanatory notes
<p><u>III – Authority to modify:</u></p>	<p><i>This section sets out who has the authority to modify WFP programmes once they have been initially approved in line with the delegations above.</i></p>
<p>(1) <u>Authorities delegated to Executive Director:</u></p> <p>a. <u>Executive Director authority to modify CSPs/ICSPs funded by host government:</u></p> <p>The Executive Director has the authority to modify CSPs and ICSPs funded entirely by a host government, unless the host government has opted to have the CSP approved by the Board.</p> <p>b. <u>Executive Director authority to modify certain aspects of CSPs/ICSP/T-ICSPs regardless of value:</u></p> <p>Within a CSP, ICSP, or T-ICSP, the Executive Director has authority to increase or decrease the budget for:</p> <ul style="list-style-type: none"> (i) emergency activities (subject to the concurrence of the FAO Director-General where applicable, as per (III)(1)(d) below); (ii) service provision activities; and (iii) strategic outcomes funded entirely by a host government <p>(collectively, for the purposes of this document, “legacy authority areas”).</p>	<p><i>As per previous Board papers, the Executive Director will have the authority to approve individual strategic outcomes funded entirely by host governments within a multi-donor CSP, ICSP, or T-ICSP – CSPs, ICSPs, and T-ICSPs will generally contain several strategic outcomes. The Executive Director will also retain existing authority in respect of service provision activities, and emergency activities. This does not represent a substantive change – the Executive Director already has authority, under the current system, over special operations, which would now fall under service provision activities; bilateral activities, which would now fall under service provision activities or host-country funded strategic outcomes; and emergency activities. As these three areas – emergency activities, service provision activities, and strategic outcomes funded entirely by a host government – are mentioned repeatedly in this document, they have been defined as “legacy authority areas”, recognizing that they reflect the Executive Director’s traditional areas of authority under existing delegations.</i></p> <p><i>Service provision activities include activities that: i) rehabilitate and enhance transport and logistics infrastructure to permit timely and efficient delivery of food assistance, especially to meet emergency and protracted relief needs; ii) enhance coordination within the United Nations system and with other partners through the provision of designated common services; or iii) are not initiated by WFP but, being consistent with its policies, aims and activities, are provided at the request of third parties on a full-cost-recovery basis.</i></p>

Draft proposed interim guidance	Explanatory notes
<p data-bbox="240 293 807 383">c. <u>Executive Director authority to modify other aspects of CSPs/ICSPs/T-ICSPs on the basis of value thresholds:</u></p> <p data-bbox="288 412 823 533">To the extent that a modification does <u>not</u> fall under the Executive Director’s authority under (III)(1)(b) above, the Executive Director can authorize it when:</p> <ul style="list-style-type: none"> <li data-bbox="363 566 823 745">(i) it changes the aggregate absolute value of the original CSP, ICSP, or T-ICSP and any Board-approved modifications by less than USD 48 million and is not a fundamental change; or <li data-bbox="363 779 823 1081">(ii) it changes the aggregate absolute value of the original CSP, ICSP, or T-ICSP and any Board-approved modifications by between USD 48 million and USD 150m, but only if this change to the absolute value of the CSP represents less than 30 percent of the last Board-approved value of the CSP, ICSP, or T-ICSP and is not a fundamental change. 	<p data-bbox="858 293 1506 414"><i>The Executive Director will also have the power to approve CSP, ICSP, and T-ICSP revisions not related to the areas listed above, but this authority is constrained by budgetary thresholds, above which Board approval is required.</i></p> <p data-bbox="858 443 1506 564"><i>As set forth in previous Board papers, (III)(1)(c)(i) establishes the minimum threshold, below which revisions will not be approved by the Board unless they are fundamental.</i></p> <p data-bbox="858 611 1506 978"><i>(III)(1)(c)(ii) establishes the relative threshold, intended to ensure that changes’ significance is captured properly in the context of CSPs, ICSPs, and T-ICSPs, which range widely in value. For the purpose of calculating the relative size of revisions, the last Board-approved value (i.e. the aggregate value of the original CSP, ICSP, or T-ICSP and any Board-approved modifications) will be used. For example, if a CSP is revised in its second year from USD 150 million to USD 310 million in absolute value, with this revision approved by the Board, for the purposes of calculating the relative value of a future revision, the value of the CSP will be USD 310 million.</i></p> <p data-bbox="858 1025 1506 1146"><i>(III)(1)(c)(ii) also establishes a maximum threshold of USD 150 million, above which revisions will always be approved by the Board, hence there is no delegation in respect of such changes.</i></p> <p data-bbox="858 1176 1506 1480"><i>These thresholds do not apply to modifications related to legacy authority areas, and modifications related to legacy authority areas will not count towards “the aggregate ... value of the original CSP, ICSP, or T-ICSP and any Board-approved modifications” as such modifications will not be Board-approved. This avoids the risk that the Executive Director’s augmentation of areas within the Executive Director’s authority could inflate the value of the CSP, ICSP, or T-ICSP for the purposes of the thresholds, thereby diminishing the Board’s supervisory function.</i></p> <p data-bbox="858 1509 1506 1756"><i>This means that if, for example, the Board approves a CSP and subsequently a proposed modification increases the CSP’s budget by USD 200 million, comprising USD 100 million in service-provision activities and USD 100 million in activities not related to the legacy authority areas, only the latter USD 100 million would be counted for the purposes of the cumulative thresholds for the Board’s approval.</i></p> <p data-bbox="858 1785 1506 2000"><i>However, if the Executive Director later seeks to reallocate this budget increase to aspects of the CSP falling outside the legacy authority areas, this reallocation will count towards the thresholds, as it will (a) change the “value of the CSP... and any Board-approved modifications” and (b) not fall under the delegated authority in respect of the legacy authority areas.</i></p>

Draft proposed interim guidance	Explanatory notes
<p>d. <u>Executive Director authority to modify LEOs, and requirement for joint approval with FAO Director-General of certain emergency modifications to CSPs, ICSPs, and T-ICSPs:</u></p> <p>The Executive Director has authority to approve modifications to LEOs, such authority to be exercised jointly with the FAO Director-General when the modification would change the absolute value of the LEO by more than USD XX million (or, where the FAO Director General has not previously approved the LEO, when the modification would take the absolute value of the LEO over USD XX million). The same monetary thresholds for joint approval apply to the Executive Director’s authority to make emergency-related modifications to CSPs, ICSPs, and T-ICSPs pursuant to (III)(1)(b) above.</p>	<p><i>This also means that modifications related to the legacy authority areas will be ignored when calculating what constitutes 30 percent of the value of the CSP, ICSP, or T-ICSP. For example, if there is a USD 500 million CSP including USD 100 million of Executive Director-approved service provision activities, the 30 percent threshold will be set at 30 percent of USD 400 million – i.e. modifications above USD 120 million will trigger the threshold.</i></p>
<p>(2) <u>Cumulative calculations:</u></p> <p>For the purposes of the authorities delegated in (III)(1), above, modifications will be treated cumulatively for the purposes of assessing the extent to which they change absolute value. However, this cumulative calculation will reset to zero:</p> <ul style="list-style-type: none"> (a) in the case of modifications falling under (III)(1)(c), every time the Board approves a modification pursuant to that provision; (b) in the case of modifications falling under (III)(1)(b)(i) or (III)(1)(d), every time the FAO Director-General jointly approves a modification pursuant to those provisions; and (c) on the first day of each calendar year. 	<p><i>This section sets out caveats to the calculations set forth in relation to the above delegations.</i></p> <p><i>Modifications will be cumulative. For example, if one modification increases the value of a USD 1 billion CSP by USD 149 million, and a second modification increases it by USD 2 million, this takes the value of the modification over the USD 150 million absolute threshold, so the second modification will require Board approval. However, the cumulative calculation will be reset to zero upon each Board approval (or FAO Director-General approval – see below) and at the start of each calendar year. For instance, in the above example, after the Board approves the USD 2 million modification (cumulatively, the USD 151 million modification), the next modification will start from zero. The same principle would apply to emergency-related revisions, which are approved jointly by the FAO Director-General. Board approval will only be relevant to modifications unrelated to the legacy authority areas and FAO Director-General approval will only be relevant to modifications related to emergencies, as per the above provisions.</i></p>

Draft proposed interim guidance	Explanatory notes
<p>(3) <u>Board’s reserved authority over fundamental changes:</u></p> <p>The Board retains authority to approve fundamental changes to CSPs, ICSPs and T-ICSPs, except when such programmes are funded entirely by a host government, in which case the Board delegates authority to approve fundamental changes to the Executive Director (unless the host government has opted to have the CSP approved by the Board). A fundamental change is a change that:</p> <p>a. adds or removes a strategic outcome (except where that strategic outcome is funded entirely by a host government, or relates solely to a legacy authority area);</p> <p>b. allows a CSP, ICSP, or strategic outcome, previously funded entirely by a host government to be funded by other donors (including via multilateral funds) [The Secretariat is considering proposing additional language, for this provision, that would allow the Executive Director to authorize a limited amount of other funds to flow to a host country-funded CSP/ICSP/strategic outcome without triggering a fundamental change.]; or</p> <p>c. reallocates budget to/from a Board-approved strategic outcome to/from any other strategic outcome by more than 30 percent of the value of the Board-approved strategic outcome (or if both strategic outcomes are Board approved, 30 percent of the strategic outcome with the lower value). However, a reallocation will not count towards this threshold to the extent that:</p>	<p><i>The Board automatically retains authority to approve all modifications that do not fall within the criteria above.</i></p> <p><i>Even for modifications that would normally fall under the thresholds above, the Board retains authority when the contemplated change to the CSP, ICSP, or T-ICSP would be fundamental (see below).</i></p> <p><i>The concept of a “fundamental change” has been explained in previous Board papers as the addition or removal of a strategic outcome; (III)(3)(a) details this issue. The Executive Director will retain existing authority in relation to legacy authority areas (see above). This authority would be reduced if changes related to such activities would count as a fundamental change (requiring the addition or removal of a strategic outcome), and therefore require Board approval. That is why (III)(3)(a) exempts these activities from calculations of fundamentality.</i></p> <p><i>This provision (b) is suggested for inclusion to allow some limited flexibility for WFP to open a CSP/ICSP/strategic outcome to funds from sources other than the host government. If the specified threshold is met, this would require Board approval.</i></p> <p><i>This provision provides a trigger for this approval. It is important to note here that at this stage, the Board will not retrospectively be approving the original CSP. Instead, the Board will prospectively be approving the opening up of that CSP to additional donors and its inclusion in WFP’s regular multi-donor CSP framework.</i></p> <p><i>While the thresholds above deal with the situation where the overall budget of a CSP, ICSP, or T-ICSP is increased, consideration is being given to also including this last provision, to deal with budget reallocations between strategic outcomes within a CSP, ICSP, or T-ICSP. For example, a situation where one strategic outcome has a Board-approved budget of USD 1 billion, a second strategic outcome has a Board-approved budget of USD 200 million, and a reallocation of USD 200 million from the first to the second is sought.</i></p> <p><i>This provision is intended to ensure the Board’s oversight of major budget reallocations to or from Board-approved strategic outcomes, which could have a similar substantive effect to the removal or addition of a strategic outcome, which is defined in (III)(3)(a) above as a “fundamental” change. The term “Board-approved” is used to highlight the fact that the Executive Director retains authority to reallocate funds among strategic outcomes within the Executive Director’s purview – e.g. strategic outcomes related solely to service provision activities. In cases where only one of the strategic outcomes involved in a reallocation is Board approved, it is the value of the Board-approved outcome that is relevant as the Executive Director has broad authority with respect to strategic outcomes related to legacy authority areas.</i></p>

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<p>(i) it simply reallocates budget among legacy authority areas;</p>	<p><i>Sub-provision i) is designed to preserve the Executive Director's flexibility to reallocate budget among legacy authority areas, e.g. to move budget from service provision under one strategic outcome to service provision under another strategic outcome.</i></p>
<p>(ii) in instances where the Executive Director has increased a CSP, ICSP, or T-ICSP's budget in respect of a legacy authority area, and subsequently seeks to reallocate that budget increase to part of the CSP not falling under a legacy authority area. In such instances, the thresholds under (III)(1)(c) will apply instead.</p>	<p><i>Sub-provision ii) means that, where the Executive Director has increased the budget of the CSP, ICSP, or T-ICSP with respect to a legacy authority area, a subsequent reallocation of that budget outside of the legacy authority areas will be treated as an increase to the value of the CSP, ICSP, T-ICSP, as envisaged in rule (III)(1)(c), rather than fall under this present provision. Therefore, the thresholds for budget increases in (III)(1)(c), rather than this present rule,) would apply to any such reallocation.</i></p>

Acronyms Used in the Document

COMET	country office monitoring and evaluation tool
COMP	country operation management plan
CRF	Corporate Results Framework
CSP	country strategic plan
FAO	Food and Agriculture Organization of the United Nations
ICSP	interim country strategic plan
IRM	Integrated Road Map
LEO	limited emergency operation
QCPR	Quadrennial Comprehensive Policy Review
SPRING	Standard Project Report Intelligent Next Generation
SDG	Sustainable Development Goal
SRAC	Strategic Resource Allocation Committee
T-ICSP	transitional interim country strategic plan
WINGS	WFP Information Network and Global System