

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



**Informal Consultation**

**7 September 2017**

**World Food Programme**  
Rome, Italy

## Introduction

1. WFP's transformation through the implementation of the Integrated Road Map (IRM) is well under way. The level of commitment and engagement to the Integrated Road Map's implementation from country offices, regional bureaux and Headquarter divisions, as well as strong support from national governments, Member States, donors and partners, has generated significant momentum.
2. Lessons learned in preparing and implementing the first two waves of country strategic plans<sup>1</sup> (CSPs) and interim country strategic plans<sup>2</sup> (ICSPs) approved by the Executive Board, at its 2017 first and annual sessions, have greatly informed the development of relevant guidance, processes and approaches. CSPs, ICSPs and transitional interim country strategic plans (T-ICSPs)<sup>3</sup>, with accompanying country portfolio budgets, will be in place in a majority of country offices on 1 January 2018.
3. The Corporate Results Framework (CRF) is being refined to ensure that WFP is well positioned in the inter-agency environment to demonstrate the links between its work and the Sustainable Development Goals (SDGs).
4. The 7 September 2017 informal consultation is an opportunity to update the Board on lessons learned, including initial emerging lessons from the Sudan country office; to provide an overview of outstanding issues relating to matters such as reporting; and to explain how the Board's recent feedback has been taken into account.
5. The present update outlines the most recent proposal for interim governance arrangements in 2018, which includes proposed budgetary thresholds for interim delegations of authority; principles to guide the interim application of full cost recovery; and the continuation of specific derogations from the WFP General Rules and Financial Regulations for the implementation of the IRM framework.<sup>4</sup> It also expands on the proposed budgetary threshold and rationale for joint approval – by the Executive Director of WFP and the Director-General of the Food and Agriculture Organization of the United Nations (FAO)<sup>5</sup> – of crisis-response-related strategic outcomes that are currently under review and discussion with FAO. In addition, a process for increasing the Board's oversight of budget revisions for crisis-response related strategic outcomes is also outlined.
6. Taking into consideration the Board's guidance, the Secretariat intends to present for approval at the 2017 second regular session of the Executive Board interim governance arrangements. Interim governance arrangements, effective from 1 January to 31 December 2018, would apply to those country offices implementing CSPs, ICSPs, T-ICSPs or limited emergency operations.<sup>6</sup> The proposed interim delegations of authority, as set out in the annex to the present update, have

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> A T-ICSP following limited emergency responses and a T-ICSP based on previously approved project documents can be approved for up to 18 months by the Executive Director as a bridge to a CSP informed by a strategic review. The Executive Director began approving T-ICSPs in 2017 for implementation in 2018 for up to 18 months.

<sup>4</sup> Existing relevant provisions of the General Rules and Financial Regulations would still apply to country offices implementing the current system of projects in 2018 – including emergency operations, protracted relief and recovery operations, special operations, country programmes and development projects.

<sup>5</sup> This would apply to limited emergency operations and emergency-related budget revisions.

<sup>6</sup> In the event of unforeseen and sudden-onset emergencies limited emergency operations – which may include the provision of services or capacity-strengthening support, as required – may be implemented in countries where WFP does not have a presence. 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 FAO.

been significantly simplified since the 18 July informal consultation. 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 if approved would take effect on 1 January 2019. Approved budgetary thresholds for delegations of authority would be reviewed after three years and amended if necessary.

7. Other transitional governance arrangements for implementing a limited number of CSPs from 1 January 2018, prior to formal Board approval at the 2018 first regular session, are also outlined in the present update. The Secretariat proposes that the approval-by-correspondence mechanism be used to enable the affected country offices to minimally implement operations to maintain operational continuity for the first three months of 2018 pending further approval at the 2018 first regular session.

## **Progress to date**

### **Implementation in wave 1A and wave 1B country offices**

8. Following the Board's approval of the wave 1A CSPs and wave 1B CSPs and one ICSP at its 2017 first regular session and 2017 annual session, the IRM framework is being implemented in 12 of 14 country offices.
9. Wave 1A CSPs include Bangladesh, China, Colombia, Ecuador, El Salvador, Indonesia, Lao People's Democratic Republic and Zimbabwe. Approved at the 2017 first regular session, the 8 CSPs went live on 2 April 2017 with the reconfigured WFP Information Network and Global System (WINGS). Wave 1B, approved at the 2017 annual session, include CSPs for Cameroon, Lebanon, Mozambique, Namibia and the United Republic of Tanzania and the ICSP for the Sudan. The CSPs for Mozambique, Namibia, the United Republic of Tanzania and the ICSP for the Sudan went live on 1 July 2017, while those for Cameroon and Lebanon will go live on 1 January 2018.
10. As of 18 August 2017, over 90 percent of the resources in wave 1A and 1B countries have been transferred. The remaining resources to be transferred are either the subject of ongoing discussions with donors or stocks that have yet to be received. The final transfers are pending final project closures, which are in progress.
11. Pilot countries have indicated that the CSP framework is providing additional funding opportunities and facilitating partnership discussions with new donors. While some donors have provided funding at the country level, others are directing funding to strategic results, strategic outcomes and/or activities.
12. Contributions to the wave 1A and wave 1B CSPs and ICSP are now being received and, while it is still early, funding levels are in line with historical trends. Of the 47 new grants received to date, 68 percent were directed to the activity level, including some which were directed to multiple activities.<sup>7</sup> The Secretariat will continue to build confidence in the IRM framework to encourage higher-level contributions.
13. To date, 160 grants – totalling USD 141 million in new and migrated resources, USD 60 million and USD 81 million respectively, have been confirmed to wave 1A and wave 1B country offices, including USD 21.9 million (18 grants) at the country level; USD 8.4 million (6 grants) at the strategic results level; USD 19.6 million (27 grants) at the strategic outcome level; and USD 90.8 million (109 grants) at the activity level, including multiple activities.
14. In wave 1A, 34 new grants – totalling USD 31.2 million – have been confirmed, including USD 10.4 million (4 grants) at the country level; USD 784,000 (3 grants) at the strategic outcome level; and USD 20 million (27 grants) at the activity level, including multiple activities.

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<sup>7</sup> In the last update on the IRM, dated 18 July 2017, the Secretariat reported that of the 117 grants received to date, 68 percent had been directed to the activity level. Those figures included both new and migrated grants.

15. In wave 1B, 13 new grants – totalling USD 28.7 million – have been confirmed, including USD 3.6 million (3 grants) at the country level; USD 7.1 million (1 grant) at the strategic result level; USD 5.1 million (4 grants) at the strategic outcome level; and USD 12.9 million (5 grants) at the activity level, including multiple activities.

### **Looking ahead: Transition of country offices to the IRM framework**

16. The Secretariat’s flexible approach to implementing the IRM entails maintaining the target “go-live” date of 1 January 2018 for most country offices, but allows some country offices to continue under the current system on an exceptional basis beyond that date. The implications of this flexible approach were shared during informal consultations in May and July 2017 and at the 2017 annual session of the Executive Board.<sup>8</sup>
17. Most country offices – 68 in total, representing 66 percent of WFP’s programme of work<sup>9</sup> – have opted to continue their transition to the IRM framework by 1 January 2018 through a CSP, ICSP or T-ICSP. This includes the wave 1A and wave 1B country offices; 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 based on previously approved project documents for approval by the Executive Director.
18. Eleven country offices are currently scheduled to present CSPs and ICSPs for approval at the Board’s 2017 second regular session. An informal consultation is scheduled for 4 October 2017 to discuss those CSPs and ICSPs.
19. As of 18 August, 25 T-ICSPs have been approved by the Executive Director and it is expected that the remaining 14 T-ICSPs will be approved by mid-September 2017. Within the 2018 and 2019 transition period, country offices implementing T-ICSPs will develop and submit CSPs or ICSPs for approval by the Board.
20. Given the large number of country offices expected to make the transition on 1 January 2018, the Secretariat has implemented a phased resource-migration process. Budgets for the CSPs, ICSPs and T-ICSPs that will go live on 1 January 2018 will be “early-released” in the WINGS system over the course of the third quarter of 2017 to ensure a smooth transition. The “early release” mechanism allows all new contributions to be confirmed directly against a CSP or ICSP, taking into account the lead time required for contributions to materialize in a country, unless they will be utilized in projects during 2017.<sup>10</sup>
21. In addition to the IRM-related tools and guidance issued to staff in all regions, the Secretariat is implementing a “cutover” strategy and workplan that sets out the activities and deadlines necessary to ensure a timely and accurate transition from projects to the IRM framework. A “cutover monitoring dashboard” has been made available to stakeholders in country offices, regional bureaux and headquarters for monitoring the transition from projects to CSPs, ICSPs or T-ICSPs and the country portfolio budget structure. This allows focal points to monitor the budget and stock situations in their countries and regions, as well as globally.
22. It is anticipated that up to 15 country offices – representing 34 percent of the WFP programme of work – will continue to implement projects under the current framework for a period of time in 2018.<sup>11</sup> 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 the Headquarters, regional bureau or country office level. These country offices will work towards moving to the IRM framework by no later than January 2019.

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<sup>8</sup> WFP/EB.A/2017/5/1.

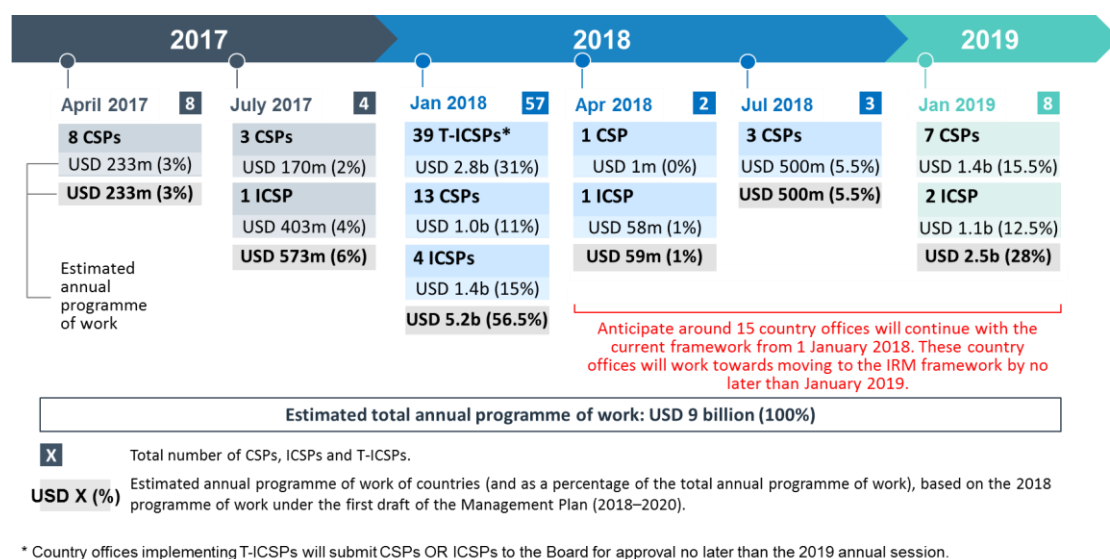
<sup>9</sup> Estimated annual programme of work for countries (and as a percentage of total annual programme of work) based on the 2018 programme of work in the first draft of the Management Plan (2018–2020).

<sup>10</sup> Distributions for contributions confirmed directly to CSPs or ICSPs will only begin after formal Board approval. Distributions for contributions to T-ICSPs will begin on 1 January 2018.

<sup>11</sup> Existing provisions of the General Rules and Financial Regulations would apply to country offices implementing projects under the current framework in 2018.

23. Figure 1 illustrates the transition of 68 country offices to the IRM framework by January 2018 and the anticipated timeframe for the transition of those country offices that will continue to implement the current framework in 2018 under the more flexible implementation approach.

**Figure 1: Indicative transition of country offices to the IRM Framework, 2017–2019**



24. In keeping with the spirit of flexibility, the Secretariat will monitor the extent to which changing needs may require additional countries to stay in the current system or to move more rapidly to the IRM framework.
25. 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 changes in the expected roll-out of CSPs and ICSPs during informal consultations and Executive Board sessions.
26. At the 2017 annual session, the Board approved a process of approval by correspondence for projects that may require budget revisions before the approval and start of a CSP, ICSP or T-ICSP and extensions of the duration of T-ICSPs.<sup>12</sup> Board members will be advised when a budget revision is posted and will have ten working days to communicate comments to the Secretariat.

## Other key developments

### Adherence to submission deadlines and process for incorporating Member State feedback

27. 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. It is envisioned that feedback will be incorporated through the following steps:
- Members will share their comments with the Executive Board Secretariat by email and the compiled comments will be posted in the password-protected area of the Board website.
  - Comments will be discussed with concerned governments and stakeholders and incorporated as appropriate.
  - If there are questions or comments of broad interest, the Secretariat will provide a response bilaterally and share the response and the rationale for revising or retaining the CSP or ICSP language in question with all Member States.

<sup>12</sup> WFP/EB.A/2017/5-A/1.

- The revised CSP or ICSP will be posted on the password-protected area of the Board website. The document will be shared in revision mode to show changes from the previous version. A matrix of the comments received and how they were addressed will accompany the revised document. The Secretariat will explain any significant changes to the CSP or ICSP as a result of the comments received.
28. Internal discussions are under way regarding how to facilitate discussion and time the dissemination of changes arising from comments received via the Board website in order to maximize the transparency of the process. If there are points of contention among Member States or between Member States and the Secretariat, a Member State may request an informal consultation on the relevant CSP or ICSP. Final CSP and ICSP documents will be posted in English at least six weeks before the Board session at which they are to be considered for approval.

#### **Proposal for informal consultations on concept notes**

29. For CSPs and ICSPs to be considered in 2018 and 2019, the Secretariat is considering holding informal consultations on country offices' CSP and ICSP concept notes to give Member States an opportunity to provide feedback early in the development of CSP or ICSP documents.
30. Concept notes will describe the context, country targets and priorities that WFP will address. They will set the overall direction and focus of a country's programme of work, including strategic results, strategic outcomes, focus areas, outputs, activities and associated monitoring and evaluation plans. Implementation arrangements will also be outlined, including analysis of beneficiary needs and targeting, supply chain issues, partnerships, costs of outcomes and resourcing.
31. The forthcoming informal consultation on CSPs, scheduled for 4 October 2017, will provide an opportunity to discuss the individual CSPs and ICSPs that will be considered at the 2017 second regular session as well as to seek the Board's feedback on the proposed consultation approach, based on concept notes. The Secretariat recognizes the value of informal consultations in ensuring full engagement in the development of CSPs and ICSPs and is committed to holding bilateral meetings whenever required during the process. However, any change to the current process will only be made after the Board's 2018 first regular session.

#### **Alignment with the Quadrennial Comprehensive Policy Review (2017–2020)**

32. WFP's approved Strategic Plan (2017–2021) is aligned with the Quadrennial Comprehensive Policy Review (QCPR). The Secretariat continues to contribute to discussions on the current QCPR in order to benefit the broader United Nations system and is following developments related to other agencies' strategic plans to ensure consistency of commitments, objectives and language. In line with ongoing discussions, the Secretariat is evaluating the potential implications of these discussions for the Strategic Plan, the IRM and the QCPR process and will apprise the Board at forthcoming informal consultations, including the consultation on the update on the QCPR scheduled for 6 September 2017.

#### **Strategic Resource Allocation Committee**

33. The prioritization of multilateral resources for WFP's operations by the Strategic Resource Allocation Committee (SRAC) is based on a robust process and analysis of quantitative and qualitative indicators. During the briefing on the 2018 Management Plan and subsequent informal consultations in May and July on resource management items and the 2018 Management Plan, the Secretariat provided an overview of the qualitative and quantitative indicators and examples of how the SRAC recommends the allocation of multilateral resources to relief and development operations.
34. In September 2017, the Secretariat, with support from the Boston Consulting Group, will examine the future working of the SRAC in the light of IRM implementation and the increased focus on planning, outcomes and performance. In addition, WFP will draw on lessons learned from the macro-advance financing pilots conducted to date with a view to providing country offices earlier and greater resource predictability.

35. The Secretariat recognizes that confidence in the process of allocating multilateral resources and subsequent reporting is of utmost importance to donors and is critical to constructive dialogue with donors to increase the overall amount of multilateral funding for operations.

### **Regional bureau portfolio budget and regional responses**

36. 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 regional responses will be implemented through individual CSPs and country portfolio budgets of countries involved in the regional responses. 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 responses.
37. The Secretariat has outlined various scenarios to guide the treatment of regional operations, regional services and trust funds. One or more scenarios could apply within a single regional bureau.
- *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 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.
38. 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.
39. It should be noted that 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.

### **Contributing to humanitarian response plans and appeal requirements**

40. To support collective strategic planning and resource mobilization for humanitarian action, and facilitate reporting to the Financial Tracking System managed by the Office for the Coordination of Humanitarian Affairs (OCHA), WFP will identify those activities and contributions that align to humanitarian response plans and appeals. Related activities will be tracked through the country office monitoring and evaluation tool (COMET) logframe and will eventually be reflected in the online portal.

41. The Secretariat is in the process of mapping contributions to humanitarian response plans and appeals in order to ensure its ability to report to OCHA.

### **Other systems in development**

42. To meet the needs of the IRM, all corporate systems are being updated to reflect the new financial and programmatic architecture. This is an opportunity to fully integrate WFP's corporate systems (e.g. WINGS, COMET, budget planning tool) and support the compilation of a virtual data depository. WFP's reporting tools, including the information related to the country operation management plan (COMP) and external online portal, will draw from this depository to support the creation of customized reports and data-driven decision making.
43. The budget planning tool will provide WFP with a corporate planning application that acts as a central budgeting and planning data repository, enabling consistency in quality and financial control. The tool will be fully integrated within current applications, interacting with WINGS and COMET to ensure consistency among the various sources. The budget planning tool will streamline and automate various planning databases into a single solution; modernize and simplify the budgeting process; and facilitate collaboration among financial and operational planners. The tool will also enable the preparation of budgets that align resource allocation with strategic results and outcomes across the entire organization. Country offices using the tool will be able to:
  - prepare needs-based budgets, including necessary revisions, reflecting overall assessed needs in a country and all costs of delivering required assistance;
  - prepare related implementation plans based on the needs-based plan taking into account available and forecasted resources;
  - produce statements on pipeline shortfalls and related funding gaps for a given period;
  - monitor the budget review and approval processes for both original budgets and subsequent revisions; and
  - provide standardized reports on budgets and funding projections as inputs for management reports.
44. It is anticipated that the tool will be ready for roll-out to the country offices in the first half of 2018.
45. The Secretariat is committed to launching an online portal by the second quarter of 2018, which will provide Member States with access to activity-level detail for countries operating under the IRM framework and the ability to create reports. As previously noted, information compiled in the annual planning process, including COMPs, will serve as the basis for data in the online portal. This will include updated information on important CSP or ICSP variables, and modalities of assistance. In addition, it is planned that the online portal will be periodically updated with information on expenditures and outputs delivered.

### **Lessons learned**

46. The Secretariat continues systematically to gather lessons from wave 1A and wave 1B country experiences through support missions, regional workshops and regular exchanges between IRM teams at Headquarters, regional bureaux and country offices on challenges and best practices. During regular teleconferences, interviews and meetings, country directors and deputy regional directors are providing frank feedback on what is working well and what can be improved, particularly with regard to simplifying the country portfolio budget structure and annual planning process; strengthening performance management; and streamlining resource migration.



## **Strategic review process**

47. An emerging lesson from the more than 40 countries that have concluded or embarked on country-owned national zero hunger strategic reviews is that each such review needs to reflect country-specific circumstances. Despite generic terms of reference intended to provide a blueprint, strategic review reports have ranged from detailed and academic to high level and strategic. The shape of the final product – and equally important, the process leading up to it – must be determined for each context based on what will have the greatest impact on hunger while generating the required national political momentum. Guidance from the lead convener has helped to identify the most suitable parameters for determining this.
48. Some countries reported that the establishment of an advisory board proved to be instrumental in steering the strategic review process, providing technical oversight and reaching a consensus on priority actions. A best practice is to go beyond involving line ministries and subject-matter experts to include planning entities such as ministries of finance, which participate in budget decisions related to costed national zero hunger plans. Countries also reported positively on a “whole-of-society” approach extending horizontally across sectors and vertically from the national to the sub-national level and encouraging a range of stakeholders to anchor their plans and programmes in strategic review findings. Subnational consultations helped to generate greater community-level engagement and examination of the feasibility of implementing proposed priority actions.
49. Synchronizing strategic reviews with other national planning cycles is paramount but challenging. It requires careful analysis of how to position and time a strategic review in order to maximize its contribution to national development plans, United Nations system-wide plans or voluntary national reviews – all in the interest of facilitating priority actions to accelerate progress towards zero hunger. In countries where localization of the SDGs is in its infancy or absent, the zero hunger strategic review is perceived as a useful model on which to base national reviews pertinent to other SDGs. When countries put in place alternative approaches to localizing SDG 2, WFP will contribute to the existing national exercise rather than support a competing review.
50. The Secretariat continues to encourage the full and inclusive participation of stakeholders – including the private sector and development banks – throughout the strategic review process. Wave 1A country offices have noted that strategic reviews provide a strong rationale for WFP interventions and promote new partnerships by enhancing engagement with government ministries and facilitating South-South and triangular cooperation. They expect that the benefits of the strategic review process will be even more visible in the second and third years of implementation.

## **Country strategic planning framework**

51. Engaging a large number of stakeholders during the strategic review process and in CSP development prompts varying expectations and opinions regarding WFP’s role in a country. The strategic review’s focus on building evidence for WFP’s value proposition based on recommendations and collective goals has helped to develop a shared vision and understanding of WFP’s future portfolio among partners. Governments are welcoming the opportunity to align WFP’s work with national plans. CSPs are also facilitating more effective partnerships with governments and the transfer of capabilities, which helps to increase WFP’s focus on exit strategies.
52. Wave 1A country offices have 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 foster South-South cooperation.
53. The Secretariat continues to gather feedback from the Board and country offices on the structure and content of CSPs. Updated guidance to country offices has enabled better integration into CSPs of elements of the zero-hunger strategic review, information related to partnerships, contributions to other SDGs, monitoring and evaluation, and transition and exit strategies.

## **Country portfolio budget structure**

54. Wave 1A country offices appreciate the new cost structure and the clear line of sight from strategy, planning and resourcing to results, which have increased transparency down to the activity level, and they recommend that additional guidance be issued to ensure that flexibility is maximized. It has also been recommended that the country portfolio budget template be simplified and that country offices involve cross-functional units early on in the development of country portfolio budgets. Country offices with pilot country portfolio budgets have highlighted the importance of striking a balance between reducing the number of activities for better budget management and having the right portfolio of activities.
55. In response to requests for simplification, the Secretariat is evaluating the country portfolio budget structure and processes. Notable changes could include providing a detailed needs-based plan for only two years; streamlining planning elements and expenditure commitment items; and simplifying the funds-management hierarchy. It is anticipated that the wider rollout of the budget planning tool will also serve to simplify many of the current processes.
56. To better leverage the country portfolio budget's increased line of sight and support informed decision making, country offices have requested that more sophisticated tools and reports be developed. In June 2017, an internal reporting platform was launched to provide information on implementation progress and support financial resource management at the country and activity levels. New reports will be added as soon as they are available.
57. Member States and some country offices have also reported a lack of consistency regarding capacity strengthening in the country portfolio budget structure. The Secretariat is working to strengthen guidance for capacity strengthening, which is a transfer modality for SDG 2 and an activity within SDG 17.

## **Corporate Results Framework**

58. The CRF, approved by the Board at its 2016 second regular session, came into effect on 1 January 2017. 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 wave 1B countries, T-ICSPs and logframes for wave 2.
59. In February and June 2017, lessons-learned meetings on the CRF were held with country offices, regional bureaux and Headquarters divisions. To address issues emerging from these meetings, three senior-level working groups with representation from country offices, regional bureaux and Headquarters were formed.
60. The first working group's focus is on ensuring that WFP is well positioned in the inter-agency environment and that there are strong links between WFP's work and the SDGs, with a focus on SDG 2. The second working group will trace WFP's contribution to the SDGs other than SDG 2 and SDG 17, and determine processes for tracking those contributions at the country level, including through monitoring and reporting. The third working group is addressing issues related to SDG 17 and WFP's ability to measure capacity strengthening and examine alternative indicators when required.
61. For performance management elements of the CRF, selected organizational performance indicators have been included in the proposed Management Plan (2018–2021), which was presented to the Board at the 13 July 2017 informal consultation. The indicators are being tested in 2017 annual performance planning activities.

## **Inclusion of Sudan's ICSP in wave 1B**

62. The Secretariat included the Sudan in wave 1B to ensure that experience from a major complex operation would be gained during the pilot phase. The Sudan ICSP went live from 1 July 2017 and distributions under the ICSP began in August. Headquarters and the regional bureau are providing support through workshops, training courses and weekly teleconferences to ensure a smooth transition during the ICSP's implementation in a complex setting; learn from experience; and quickly articulate lessons learned to benefit the organization.
63. In consultation with the Government, the Sudan country office determined that the ICSP approach would support important programmatic shifts that could be implemented while allowing additional time for a nationally-owned zero hunger strategic review and developing a robust CSP. The Sudan ICSP was developed in consultation with the United Nations country team to ensure that planned strategic outcomes were aligned with the work of United Nations and non-governmental partners. The ICSP takes into consideration the Government's National Strategy (2007–2031)<sup>13</sup> and supporting policies and the Multi-Year Humanitarian Response Strategy 2017–2019. Partner consultations were integral to repositioning WFP in the country.
64. The Sudan country office anticipates that the volume of transactions across its 17 sub-offices related to the country portfolio budget will be significant. The Secretariat is looking at ways to increase flexibility, effectiveness, and efficiency of funds and commodity management within the country portfolio budget.
65. Sudan is currently testing a dual-structure approach to the transition that entails implementing the (extended) protracted relief and recovery operation and the approved ICSP in parallel. There are practical issues associated with this operating structure, including the replication of field-level agreements, budget management, COMET logframes and reporting, reconciliation of expenditures by commodity and activity, and a need for strong financial oversight mechanisms, which are being established. Lessons learned from this approach may permit a limited number of country offices to implement a dual-structure approach for a short period to mitigate potential resource-transfer issues.

## **Focus areas**

66. During the early stages of developing the IRM framework, the Secretariat recognized that the new corporate architecture must support partners' ability to commit funds as well as provide assurances that funding would be deployed appropriately to different contexts in accordance with their legislative or policy requirements. To that end, the Secretariat determined that strategic outcomes should be formulated with standard, coherent elements.
67. Each strategic outcome links to one strategic result and has only one primary focus area (i.e., crisis response, resilience building or root causes). The Secretariat notes that this type of categorization has the potential to increase earmarking and fragment country office funding streams which has been corroborated by some country offices.
68. Notwithstanding this, feedback from Member States and donors on the application of focus areas in the 14 wave 1A and wave 1B countries suggests that it is a viable methodology for supporting donors' ability to commit funds. Lessons learned have underscored the importance of applying strict guidance for formulating strategic outcomes to ensure programmatic coherence and integrity and promote greater visibility for resource mobilization. Both wave 1A and wave 1B country offices have said that, to the extent possible, stakeholders should be involved in formulating strategic outcomes and links to focus areas in order to strengthen partnerships and maximize opportunities for funding.

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<sup>13</sup> General Secretariat of the Sudan National Council for Strategic Planning. 2007. *The Twenty-Five-Year National Strategy 2007–2031*.

69. In addition, the crisis response and root causes focus areas will be used to facilitate the application of relevant provisions of the WFP General Rules and Financial Regulations as follows:
- Strategic outcomes developed in response to emergencies will explicitly define the type of shock prompting the response and will be linked to a crisis response focus area. This will help to identify strategic outcomes and budget revisions to be submitted to the Executive Director for approval and, when required, the Director-General of FAO. A process for increasing the Board's oversight of crisis-response-related budget revisions is outlined in paragraph 129.
  - Strategic outcomes identified within the root causes focus area will facilitate the application of General Rule X.8, which indicates that the budgets for development activities should be consistent with estimated available resources.
70. It should be noted that budgeting for strategic outcomes related to the crisis response and resilience building focus areas will be based on needs assessments.

### **Reducing earmarking**

71. The Secretariat is gathering quantitative and qualitative data with which to analyse the level of earmarking of resources allocated to the wave 1A and wave 1B country offices.
72. While it is too early to evaluate funding trends or draw conclusions, WFP continues to engage with partners to encourage more flexible and predictable funding. The Secretariat appreciates the willingness of multilateral donors to showcase the benefits of multilateral funding to other donors. It also requests that Board Members who are knowledgeable about the CSP process encourage their own governments to decrease earmarking whenever possible.
73. The Secretariat is also enhancing guidance to staff members, encouraging them to engage with donors at a more strategic level and to present the CSP as a holistic response to zero hunger. This will help to ensure that WFP does not limit its discussions to specific activities.
74. Given that the IRM's implementation is strengthening WFP's ability to track resources transparently, from strategy, planning, budgeting and implementation to performance reporting, the Secretariat will continue its efforts to demonstrate the links between resources secured and results achieved and value for money. In communicating the impacts of WFP's assistance, the Secretariat is confident that over time it will amass the evidence required to facilitate reduced earmarking.

### **Resource migration to new country portfolio budgets**

75. Resource migration entails the transfer or reallocation of resources from closing projects to new CSPs and country portfolio budgets, facilitating the availability of resources at the start of CSP implementation 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 new projects before existing projects can be financially closed, final financial reports can be completed and final resource transfers can take place.
76. Resource migration was challenging for wave 1A country offices. An analysis of the grant transactions for wave 1A shows 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; wave 1B has shown improvement in this area.

77. Given the large number of country offices transitioning to the IRM framework and going live in January 2018, the Secretariat has developed a resource-migration strategy to facilitate a smooth transition. Major components of the migration strategy include:
- the early release of CSPs, ICSPs and T-ICSPs to enable the direct confirmation of contributions rather than migrating resources<sup>14</sup>;
  - beginning the migration of estimated contributions in September or October in order to facilitate early consultations with donors as necessary;
  - creating tools to facilitate the migration process; and
  - cleaning up project balances starting in the third quarter.
78. Budgets for the CSPs, ICSPs and T-ICSPs that will go live on 1 January 2018 will be “early-released” in the WINGS system in a phased approach over the course of the third quarter of 2017. This will help to manage the workflow for WFP and some donors. In order to ensure business continuity and minimize the number of transactions to be migrated, contributions will be confirmed directly to the CSP whenever possible. In discussing new contributions, including contributions directed to ongoing projects consideration will be given to the migration of funds to the IRM framework. The Sudan country office, for example, has reported that the early release of the country portfolio budget worked extremely well, allowing new contributions to be recorded and the procurement process to begin two months in advance of the ICSP start date.
79. Country offices are in the process of identifying contributions that could be transferred in part or entirely to the CSP framework early in the migration process, and contributions that will be spent down in the final months of current projects. When resources are confirmed to the CSP structure, the migration can take place so that procurement transactions can be made under the CSP. This facilitates the resource-migration process while ensuring business continuity by making resources available from day one of operations.
80. A number of tools are being developed for gathering and tracking resource-migration data more effectively, facilitating processing and monitoring progress. Contribution mapping, which tracks which resources need to be migrated to which components, will be linked to standard reports to facilitate accuracy and data cleaning while providing real-time information on the migration process. A monitoring system will track indicators of resource migration and project closure, including project and grant balances, metric tonnage to be transferred and open commitment items.
81. Country offices are in the process of creating resource migration and project closure plans and appointing resource-migration focal points and multi-function committees to support the resource migration and project closure process. Regional bureaux will match the focal point and cross-functional committee structure and provide the first line of support for country offices throughout the process.

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<sup>14</sup> Distributions for contributions confirmed directly to CSPs or ICSPs will only begin after formal Board approval. Distributions for contributions to T-ICSPs will begin on 1 January 2018.

## **Annual planning process and country operations management plans**

82. 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. The Secretariat has also committed to making supplemental information, which is required to meet governance and oversight requirements, and facilitate funding decisions, available to Member States via the online portal. Until the online portal is functional in the second quarter of 2018, this information is being provided through a COMP document and includes:
- i) the line of sight from WFP strategic goals to activities;
  - ii) an overview of beneficiaries, broken down by age group and status (e.g., internally displaced persons, refugees, etc.);
  - iii) beneficiaries by strategic outcome, activity, beneficiary group and modality, disaggregated by gender;
  - iv) an overview of how resources are linked to results, including strategic outcome budgets broken down by activity and planned results (outcome targets);
  - v) modality of transfers by strategic outcome and activity;
  - vi) an overview of modality choice and rationale; and
  - vii) food rations or transfers by activity for each strategic outcome and activity.
83. The 14 country offices in wave 1A and wave 1B prepared the first versions of their COMPs, which were shared with Member States to complement the CSP and ICSP documents. Lessons learned from waves 1A and 1B emphasized the importance of collecting more meaningful information, automating the data compilation, streamlining the process and improving and simplifying the format and structure of the COMP document.
84. Work is under way to automate the compilation of COMP data from corporate systems. It is anticipated that the majority of COMP information will be automated and then compiled as a complement, for information purposes, for those CSPs and ICSPs presented for approval at the Board's 2017 second regular session and for the second-year COMPs of wave 1A and Wave 1B countries. Work will continue to improve the content and process as much as possible through 2018. It is foreseen that COMP data could provide a basis for data to be included in the online portal.

## **Partnerships**

85. The transition from individual projects to an integrated programme and the shift from funding projects to financing and resourcing outcome-level results is substantial and requires significant partner engagement. The development of CSPs and ICSPs necessitates positioning WFP as a strategic, long-term partner supporting national achievement of the SDGs. Learning from the pilot CSP process has underscored the importance of partner engagement from the outset through the design and implementation of CSPs.
86. The Secretariat is encouraging country offices to prepare internal partnership action plans that establish their partnership priorities and strategies. The partnership action plan template provides a simple structure through which country offices can describe how they will engage with stakeholders including governments, civil society, the private sector, international financial institutions, academia, media and traditional and new donors on shared strategic objectives. Strategic outcomes are mapped against existing and potential partnerships and funding sources along with the actions (e.g. communications, advocacy) required to support partner engagement, strategic alignment and resource mobilization.
87. While country offices are encouraged to develop partnership action plans using the current template for their internal use, they are not obligatory and as such are not included in formal governance documentation.

88. In an effort to strengthen skills for partner engagement at the country-office level, partnership workshops focused on new ways of identifying, engaging and aligning with partners have been held in all but one region since January 2017. These workshops have aimed to update country offices on corporate guidance related to partnership engagement, advocacy and resource mobilization and provide tools, resources, techniques and skillset development for partnership engagement throughout the CSP planning, formulation and implementation phases.
89. The Secretariat is also taking steps to increase knowledge about mobilizing resources for CSPs and ICSPs. An e-learning course was launched in the second quarter, 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.

### **Organizational readiness**

90. Organizational readiness support to country offices is ongoing. The Secretariat has found that open and regular communication through multiple mediums (e.g., newsletters, online space, meetings, field visits, IRM national champions) is key to sensitizing staff and facilitating buy-in for the IRM. Country offices have also benefited from the appointment of change-management leaders and multi-functional teams to support internal change and ensure consistency.
91. While a full staffing and structure review may not be required, some country offices may need to realign their structures and some individuals' terms of reference to support IRM implementation. Review and realignment processes should involve all functions through a gradual or phased approach.
92. Online self-learning materials have been made available to all staff to facilitate the transition. Emerging best practices show that the appointment of a learning and development focal point and encouragement from country office management increase knowledge and understanding. Additionally, cross-functional joint learning has proven beneficial for increasing awareness of each function's role and the synergies in end-to-end processes.

### **Outstanding issues**

#### **Reporting**

93. The two important documents for corporate reporting to donors include the WFP Annual Performance Report and the standard project reports. These are being reshaped to allow reporting against the WFP Strategic Plan (2017–2021) and clearly link resources to results.
94. An enhanced standard project report template – anticipating the changes brought about by the IRM – was used for donor reporting in 2016. The enhanced template includes WFP country offices' first impressions of their country portfolios as well as project-specific information. During the transition, a differentiated approach will be used for reporting at the country level: countries with project-based operations will continue to use the enhanced standard project report template while CSP countries will use an interim annual country report template that accommodates reporting on projects and the CSP framework. The new template being developed includes inputs from the Headquarters Reporting Working Group, feedback from the recent reporting consultations and outcomes from a donor survey on reporting. The annual country report is expected to become the standard performance report for all countries in 2018, with the exception of those countries continuing with the current framework.
95. At the corporate level, the 2017 Annual Performance Report will report against the new Strategic Plan (2017–2021); elaborate progress towards the Strategic Results and strategic outcomes; and utilize the new Corporate Results Framework to the greatest extent possible (using elements of the Strategic Results Framework, Management Results Framework and Corporate Results Framework). In addition, the 2017 Annual Performance Report will clearly report against WFP's approved Management Plan (2017–2019) and financial statements.

## **Trust funds**

96. Trust funds and special accounts are not a programme category in themselves but have been used for programming extra-budgetary resources received for specified purposes – such as providing services to governments, development partners and other United Nations organizations – that do not fall within one of the four WFP programme categories.
97. In this context, the Secretariat has tasked a working group with reviewing the existing guidance, processes and templates pertaining to trust funds and other funding sources in order to ensure their alignment with the IRM framework and country portfolio budget structure. Updated guidance on trust funds is being developed, which spells out the circumstances under which a grant is classified as a trust fund and the implications for governance, including the manner in which trust funds are integrated into the CSPs, ICSPs and T-ICSPs, revenue recognition and indirect support cost application for which differentiation of indirect support cost rates will be required. Pending final resolution of these issues, the Secretariat will continue to apply existing norms, *mutatis mutandis*, while reflecting trust funds in CSPs wherever possible.

## **Interim governance arrangements for 2018**

98. The Policy on Country Strategic Plans<sup>15</sup> and the Financial Framework Review<sup>16</sup> noted that changes to the General Rules and Financial Regulations will be required to support implementation of the new programmatic and financial framework in the following areas: i) Executive Director's authority regarding programme approval and budget revisions and joint delegations of authority with the FAO Director-General for limited emergency operations and emergency-related budget revisions above a certain budget threshold; ii) the application of full-cost recovery and introduction of new cost categories; and iii) alignment of terminology and definitions with the new structure.<sup>17</sup>
99. The Secretariat intends to present for approval at the 2017 second regular session interim governance arrangements, which include delegations of authority and principles to guide the application of full-cost recovery, to complement continued derogations of the WFP General Rules and Financial Regulations required for implementation of the IRM framework in 2018. The interim arrangements would be effective from 1 January to 31 December 2018 and would apply to those country offices implementing CSPs, ICSPs, T-ICSPs or limited emergency operations in 2018. The proposed interim governance arrangements will continue to be discussed at a series of informal consultations leading up to the 2017 second regular session.
100. Lessons learned from implementation and consultation with the Board in 2017 and 2018 will inform finalization of amendments to the WFP General Rules and Financial Regulations, which will be presented to the Board for approval at its 2018 second regular session and if approved would take effect on 1 January 2019. Approved budgetary thresholds for delegations of authority would be reviewed after three years and amended if necessary.

## **Interim delegations of authority**

### ***Authority to initially approve***

101. The Policy on Country Strategic Plans and the Financial Framework Review, approved at the 2016 second regular session, set out a governance model for the IRM framework that ensures the Board's robust governance and oversight role while maintaining WFP's ability to respond quickly to emergencies.

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<sup>15</sup> WFP/EB.2/2016/4-C/1/Rev.1\*.

<sup>16</sup> WFP/EB.2/2016/5-B/1/Rev.1.

<sup>17</sup> Changes to the WFP General Regulations are not expected.



102. Except as described in paragraph 104 below, all new CSPs and ICSPs will be approved by the Board. Because CSPs and ICSPs will encompass all WFP operations in all contexts, including emergencies, service provision and capacity strengthening support that are protracted, predictable or recurring, the Secretariat anticipates that the Board's oversight and approval role will increase under the new framework.<sup>18</sup>
103. The Executive Director will approve T-ICSPs based on previously approved project documents. Limited emergency operations and T-ICSPs following limited emergency operations will be approved jointly by the Executive Director and the FAO Director-General when limited emergency operations or crisis-response-related components of the T-ICSP exceed a set budgetary threshold.
104. In cases where a CSP, ICSP or new strategic outcome is entirely funded by the host country, it will be subject to the provisions of Financial Regulations 5.1 and 5.2, which delegate approval to the Executive Director, unless the host government opts to have the CSP, ICSP or strategic outcome approved by the Board.

#### ***Authority to modify***

105. Except for the scenarios set forth in paragraph 104, all fundamental changes to CSPs, ICSPs and T-ICSPs will be submitted to the Board for approval. A fundamental change is a change that adds or deletes a strategic outcome (except when the strategic outcome is funded entirely by a host government or relates to emergency activities or service provision activities). The initial draft interim guidance for delegations of authority presented at the 18 July informal consultation proposed limited flexibility for WFP to open a CSP, ICSP or strategic outcome previously funded entirely by a host country and not approved by the Board to funding from other donors, including multilateral funds. Based on feedback from the Member States, the Secretariat proposes that, with certain exceptions, multilateral funds be ineligible for allocation to a host country-funded CSP, ICSP or strategic outcome that has not been approved by the Board.
106. The Secretariat proposes to use delegations of authority to maintain WFP's expedient and effective emergency response and ensure that the Board's oversight role is maintained for significant changes to operations while maximizing internal efficiencies by delegating approval authority to the Executive Director for less-significant changes.

#### **Current delegations of authority under the project-based framework**

107. 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. Delegations of authority under the project-based framework are subject to annual budgetary thresholds and are broken down by project category. Currently the Executive Director has the delegated authority to approve:
  - development projects and emergency operations with a food value under USD 3 million;
  - protracted relief and recovery operations with a food value under USD 20 million;
  - emergency operations with a food value exceeding USD 3 million jointly with the FAO Director-General;
  - all budget revisions that increase food value up to USD 3 million for development projects and emergency operations and USD 20 million for protracted relief and recovery operations; and
  - all special operations and their revisions.

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<sup>18</sup> 17 March 2017 informal consultation on "Progress Update on the Integrated Road Map; Background to Proposed Amendments to the General Rules and Financial Regulations". It is important to note that traditional projects are usually shorter and more disaggregated than CSPs, so their comparability with the new CSP structure is limited.

108. Because these programme categories cannot be applied to the CSP framework, it is necessary to revisit the formulation of delegations of authority in the following areas: i) budget increases for CSPs, ICSPs and T-ICSPs not related to fundamental changes, emergency responses, strategic outcomes funded entirely by a host government or service provision; ii) joint approval of limited emergency operations and emergency-related budget revisions; and iii) budget revisions related to emergency activities, service provision activities, or non-emergency components of a T-ICSP following limited emergency operations, and strategic outcomes funded entirely by a host government for CSPs, ICSPs and T-ICSPs regardless of value.
109. In line with current practices – and with the exception of the deletion of strategic outcomes, which would be considered a fundamental change and therefore subject to Board approval – it is proposed that budget decreases remain within the delegated authority of the Executive Director.
- i) Proposed 2018 interim delegations of authority for budget increases that are not related to fundamental changes, emergency responses or service provision**
110. The Secretariat has analysed budget revision approvals from 2011 to 2015 and determined that the majority of budget revisions under the current project system relate to extensions in time and technical revisions. It is anticipated that these types of changes will be less prevalent under the country strategic planning approach because the design and development of CSPs and ICSPs will have taken into account many of the factors that are the basis for revisions under the current system. 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 related to technical adjustments.
111. Based on this analysis and benefitting from experience in the 2017 pilot countries, it is expected that the nature and magnitude of changes to approved CSPs, ICSPs and T-ICSPs will be significantly different – and fewer in number – than under the current project-based system. The Secretariat recognizes the importance of achieving an appropriate balance between the Board’s oversight and approval roles for these types of changes and achieving efficiency through the delegation of authority to the Executive Director.
112. At the 2017 annual session and informal consultations in May and July 2017, the Secretariat presented three principles on which to base the development of budgetary thresholds for delegations of authority. These principles and accompanying proposed budgetary thresholds were subsequently adjusted – to take into account feedback received during the informal consultations – to eliminate the minimum threshold and to apply the budgetary threshold cumulatively over the lifespan of the CSP, ICSP, or T-ICSP at issue. These thresholds are not intended to apply to new CSPs and ICSPs, fundamental changes to CSPs, ICSPs, T-ICSPs, budget revisions related to crisis response and service provision-related outcomes, or CSPs, ICSPs, T-ICSPs or strategic outcomes entirely funded by the host country.
113. *Principle 1. Delegations of authority should be based on the overall approved budget under 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 provision of cash-based transfers and capacity-building activities. In the current project-based framework, food value is converted to an equivalent input value for cash-based transfers and capacity development and augmentation activities within a project. Significant differences remain, however, in the type of implementation and support costs of the various transfer modalities that are not captured in the current methodology for converting food values to equivalent input values for CBTs and capacity development and augmentation.
114. Under the approved CSP framework, WFP is committed to achieving its strategic outcomes through various modalities and is therefore moving 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 based on the overall budget value of the country portfolio budget under the applicable CSP, ICSP or T-ICSP.

115. *Principle 2. Delegations of authority should be based on a maximum absolute value:* A maximum absolute threshold ensures Board oversight of large budgetary increases that represent increased risk to WFP by virtue of their size while maximizing efficiencies through delegated authority for smaller revisions. A sensitivity analysis was completed 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 between Board oversight of a significant proportion of large budget increases while ensuring a reasonable annual workload.<sup>19</sup>
116. The Secretariat proposes a maximum threshold of USD 150 million, with any revisions exceeding this value required to have Board approval. Revisions approved by the Executive Director will be summed up over the lifespan of a CSP, ICSP, or T-ICSP. Once the total budgetary value of revisions reaches the threshold, Board approval will be required. Every time the Board approves a revision, however, the cumulative amount of the revisions approved to date by the Executive Director and the Board will reset to zero.
117. *Principle 3. Delegations of authority should be 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, if CSPs had been in place during those years, they 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 cumulatively over the lifespan of a CSP, ICSP, or T-ICSP,<sup>20</sup> would better accommodate variations in CSP size than only relying on a single absolute threshold and ensure that relatively significant budget changes are approved by the Board.
118. Having considered the above principles, the Secretariat proposes that the Board delegate authority to the Executive Director in 2018 to approve modifications that are not related to fundamental changes, emergency responses or service provision if the budget revision does not increase the value of the CSP, ICSP or T-ICSP to a value greater than 30 percent of its last Board-approved value or USD 150 million. If the cumulative amount of budget revisions approved by the Executive Director exceeds either threshold, Board approval would be required. After Board approval, the cumulative amount would reset to zero.
- ii) Proposed interim delegations of authority to the Executive Director and the FAO Director-General for joint approval of limited emergency operations and emergency-related budget revisions for limited emergency operations, CSPs, ICSPs or T-ICSPs**
121. Implementation of the IRM framework presents an opportunity to revisit, in consultation with FAO, the current delegation of authority established in 1994 at a threshold of USD 3 million in food value for the joint approval by the Executive Director of WFP and the Director-General of FAO of emergency operations and related budget revisions.

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<sup>19</sup> For the full sensitivity analysis, refer to the 4 May 2017 informal consultation document “Update on the IRM”.

<sup>20</sup> 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.

122. A proposal to increase the budgetary threshold for joint approval to USD 48 million has been developed and is currently being considered by FAO. The proposal is predicated on the replacement of existing programme categories with the CSP framework; a recognition of WFP's shift to food assistance and the outcome-based approach of the CSP framework; an analysis of the increase in scope, complexity and size of WFP's emergency portfolio; and consideration of the crisis response focus area itself. To maintain some level of uniformity, the proposal broadly applies some of the same principles and the rationale for budgetary thresholds related to delegations of authority currently under discussion with the Executive Board. It should be noted that the USD 48 million threshold proposed takes into consideration the extrapolated total budget value of the current PRRO threshold, based on the analysis referred to in paragraph 117. The threshold would apply to crisis-response-related strategic outcomes within a limited emergency operation or emergency-related budgetary increases for a CSP, ICSP or T-ICSP. Crucially, it would maintain WFP's ability to respond swiftly, efficiently and effectively to emergencies.
123. The threshold would apply to crisis response-related strategic outcomes within a limited emergency operation or emergency-related budgetary increases for a CSP, ICSP or T-ICSP. Crucially, it would maintain WFP's ability to respond swiftly, efficiently and effectively to emergencies.
124. The rationale for increasing the budgetary threshold is as follows:
- a) *Overall budget value:* Under the IRM, WFP is shifting its focus to an outcome-focused, rather than input-based, approach. This shift requires a redesign of current delegation of authority thresholds from the input-based food value to a broader total budget value. The USD 3 million food value in 1994 for all project types represents a total budget value of USD 7.5 million. The USD 20 million food value threshold for PRROs, approved in 2004, represents a total budget value of USD 48 million.
  - b) *Scope, complexity and size of EMOPs:* The threshold reflects the increased scope, complexity and relative size of the emergency operations. While the threshold for the joint approval by the Executive Director and FAO Director-General has remained unchanged since 1994, the total budget approved annually for WFP has increased almost seven-fold, from USD 1.45 billion in 1995 to USD 9.56 billion in 2015. When the budget threshold of USD 3 million in food value was established in 1994, it represented 25 percent of the average budget revision for emergency operations. Today, that amount is only 1 or 2 percent of most WFP approvals.
  - c) *Crisis response focus area:* The Secretariat considers that the crisis response focus area is broader in scope than the current emergency operations project category. It is expected that modifications of approved CSPs, ICSPs and T-ICSPs will often relate to strategic outcomes linked to crisis response. This is supported by the draft 2018 Management Plan, which anticipates that 74 percent of WFP's programme of work will fall under crisis response-related strategic outcomes.<sup>21</sup> The broad scope of crisis response supports a conclusion that the budgetary threshold should be increased.
125. In addition, the longer duration of the CSP/ICSP framework (planned for three to five years) compared to the usual one-year planning cycle for an emergency operation implies a greater operational size and budget.

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<sup>21</sup> Emergency operations and protracted relief and recovery operations represented 21 percent and 69 percent, respectively, of WFP's 2017 programme of work.

### *Increasing Board oversight of crisis response-related budget revisions*

126. As noted in earlier informal consultations, the crisis response focus area will facilitate the identification of strategic outcomes that have been modified or added after initial Board approval of a CSP or ICSP. These will be submitted to the Executive Director for approval and, if they are above the delegation threshold, will be submitted jointly for approval by the Executive Director and the FAO Director-General.
127. Some Member States have conveyed concerns about reduced transparency and oversight in respect of budgetary increases for crisis response-related strategic outcomes that previously would have been part of protracted relief and recovery operations and therefore subject to Board approval in the case of operations or revisions greater than USD 20 million in food value.
128. In response to this concern, at the 18 July informal consultation the Secretariat outlined a process for promptly notifying the Board of all approved crisis-response-related budget revisions above the thresholds for delegated authority for non-crisis-response-related revisions (i.e., the lesser of USD 150 million or 30 percent of the overall budget), post-factum, in order to enhance the transparency of such budget revisions while maintaining the flexibility and efficiency of WFP's emergency response capability. This notification would be in addition to the usual twice-yearly report on emergency operations approved by the Executive Director or jointly by the Executive Director and Director-General submitted for information at formal Board sessions.
129. Based on comments at the 18 July informal consultation, the Secretariat has considered the implications of sharing crisis response-related revisions above the delegation thresholds for non-crisis-response revisions (i.e., the lesser of USD 150 million or 30 percent of the overall budget calculated cumulatively) with Member States for comment before they are approved by the Executive Director (and, if required, by the FAO Director-General). The process for doing so would entail the following steps:
  - i) The Secretariat would post the draft crisis response revision on WFP's website when the revision was submitted for internal review.
  - ii) Board members would immediately be advised of the posting by e-mail to enable them to provide comments to the Secretariat within five working days, during which time they could request the Secretary of the Executive Board, with a copy to the President of the Board, that the revision be presented for information at the subsequent Board session.
  - iii) Upon receipt of comments from any Board member, the Secretariat would make the appropriate revisions and address comments bilaterally with the member.
  - iv) The proposed revision would be submitted to the Executive Director and, if required, the FAO Director-General for approval.
  - v) Following approval, the final version of the revision would be shared with Board members.
130. The consultation process outlined above could benefit the design of WFP's interventions by considering partner views in a more structured manner in addition to inputs provided through consultations with local partners and donors. In addition, early consultation could help to avoid challenges and promote greater acceptance of WFP's interventions, resulting in a more-effective response.
131. Recognizing that some revisions may be extremely time sensitive (for which the five working days for review may not be feasible), sharing crisis-response-related budget revisions for comment would be at the discretion of the Executive Director. Criteria for determining if crisis-response revisions could be shared in advance of approval are being developed on the basis of time sensitivity and other factors.
  - iii) **Proposed interim delegation of authority for budget revisions related to emergency activities (subject to thresholds for joint approval with the FAO Director-General), service provision and strategic outcomes funded entirely by a host government**

132. The Secretariat proposes that the Board delegate authority to the Executive Director to modify certain aspects of CSPs, ICSPs and T-ICSPs related to emergency activities (subject to thresholds for joint approval with the FAO Director-General), service provision, non-emergency components of a T-ICSP following limited emergency operations, and strategic outcomes funded entirely by a host government, regardless of value. This does not represent a substantive change from current practice since the Executive Director already has authority regarding special operations, bilateral activities and emergency activities.
133. 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, authority to approve related budget revisions would be handled in the same spirit as currently is the case for special operations: revisions arising from service provision would be approved by the Executive Director.
134. The annex to the present update sets out proposed draft interim delegations of authority for 2018, which have been significantly simplified subsequent to the 18 July 2017 informal consultation. Additional guidance received from the Board during the informal consultation on 7 September 2017 will be taken into account to refine the draft delegations and proposed thresholds before the 2017 second regular session.
135. Lessons learned through the application of interim delegations of authority in 2018 will contribute to the drafting of permanent delegations of authority, which will be discussed through consultations in 2018, submitted for approval at the 2018 second regular session and take effect on 1 January 2019. The thresholds will be reviewed after three years and amended if necessary.

#### **Interim guiding principles for application of full-cost recovery in 2018**

136. As a 100 percent voluntarily-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.
137. 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.
138. 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. The Board approved indirect support cost rate will continue to be applied, with the exception of some trust funds for which differentiation of indirect support cost rates will continue to apply in line with existing norms.
139. The Secretariat is currently reviewing WFP's full-cost recovery exceptions and will submit its recommendations to the Board. It is likely to recommend 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 those by stand-by partners), will remain, as will opportunities for twinning. This review of the current exceptions will provide an opportunity to update the language of General Rule XIII.4 and related policies to reflect the changing environment in which WFP is working.
140. One issue that is currently being analysed is related to mandated common services. These services, mandated to WFP by the Inter-Agency Standing Committee, include the United Nations Humanitarian Air Service and the WFP-led Logistics, Emergency Telecommunications and

Global Food Security clusters.<sup>22</sup> These activities were formerly implemented through their own special operation, with self-contained support costs. Under the Integrated Road Map framework, these services would be included as their own activity in each CSP, ISCP, T-ICSP or limited emergency operation and would contribute to the related adjusted direct support costs of the CSP, ICSP, T-ICSP or limited emergency operation. However, most support costs are budgeted directly in an activity's implementation costs and since these activities are implemented for and on behalf of the entire humanitarian community it is currently being explored if some flexibility in the application of the adjusted direct support cost rate should be provided.

141. 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 forthcoming 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.<sup>23</sup>

**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, i.e., a country specific percentage of the transfer and implementation costs of the contribution; and
  - iii) indirect support costs, i.e., a standard Board determined percentage of the transfer, implementation and adjusted direct support costs of the contribution, except for certain trust funds.
- b) Except as otherwise provided in (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) The exceptions currently provided for full cost-recovery, as outlined in General Rule XIII.4 (e) - (h), would continue to be applied in accordance with current practices. Although the category of direct support costs will no longer exist for programmes operating under the new system, for the purposes of a waiver under General Rule XIII.4 (g) "direct support costs" will mean "costs that would previously have constituted direct support costs"; this will ensure continuity in the interim period.

## Terminology and definitions

142. 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.
143. 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

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<sup>22</sup> The Global Food Security Cluster is co-led by WFP and FAO.

<sup>23</sup> Country offices continuing under the current project-based system in 2018 would continue to apply the General Rules and Financial Regulations currently in force.

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.<sup>24</sup>

144. Bringing more flexibility to implementation 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, including the wave 1A and wave 1B country offices<sup>25</sup>, the Secretariat will seek authorization from the Board at its 2017 second regular session to extend certain derogations from WFP’s General Rules and Financial Regulations as a temporary measure for CSPs, ICSPs, T-ICSPs and limited emergency operations from 1 January 2018 to 31 December 2018.

#### **Transitional governance arrangements for select CSPs and ICSPs that will be considered at the 2018 first regular session**

145. It is anticipated that the Board will consider CSPs for Egypt, Honduras, Nigeria, Pakistan, Timor-Leste and Tunisia and an ICSP for Burundi at its 2018 first regular session. At present, a number of country offices have indicated a preference to commence their CSPs on 1 January 2018. Under the current arrangements, these country offices would be required to create a T-ICSP, approved by the Executive Director, for a duration of three months or continue implementing projects until the “go-live” date in April following the Board session. This has been characterized by affected country offices as inefficient and excessively burdensome.
146. To address this concern, the Secretariat proposes to seek the Board’s approval by correspondence, on a no-objection basis, for the implementation of certain activities under the IRM framework in the respective countries during the period from January to March 2018. Strategic outcomes and activities would be based on currently approved projects and ongoing activities. New strategic outcomes or activities that are not already included in existing projects would only be implemented after the official CSP approval in February.
147. As outlined in paragraph 27, the draft CSP documents would be shared 12 weeks in advance of the Board session and Member States would have 20 days to comment. Each affected country office would then provide a three- to five-page document outlining the strategic outcomes, activities and related budget to be implemented in the January–March period.
148. Because these brief documents will follow the circulation of the draft CSP documents, the Board will have all information about the strategic outcomes and planned activities in the CSPs. Similar to the process of Board approval by correspondence adopted as a temporary measure during the 2017 annual session,<sup>26</sup> the Board would be requested to approve the documents on a no-objection basis within ten working days of receipt.

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<sup>24</sup> 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.

<sup>25</sup> Country portfolio budgets will be piloted in 2017 only. Pilot country portfolio budget components of CSPs approved by the Board in 2017 will become country portfolio budgets without the need for further Board consideration or approval in 2018.

<sup>26</sup> WFP/EB.A/2017/5-A1.



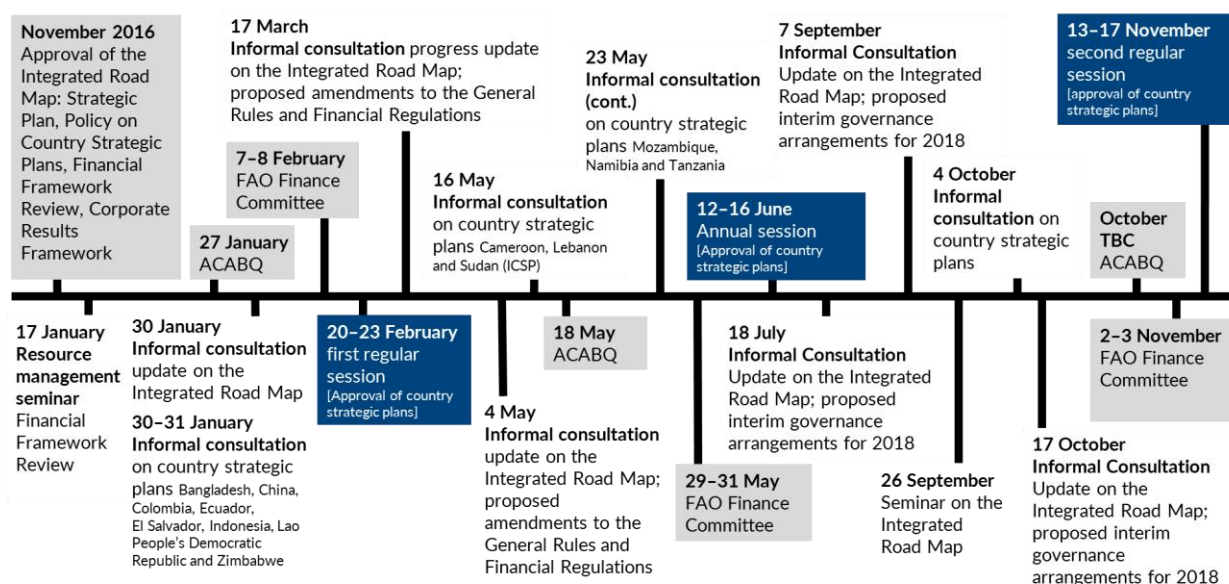
149. Programmatic and budgetary controls would need to be in place to ensure that implementation during this January–March period is consistent with ongoing activities and strategic outcomes. This would require:
- Programmatic control, i.e., control prohibiting country offices from implementing any new activities or strategic outcomes outside of their currently approved projects; and
  - Budgetary control, i.e., programming in WINGS would be limited to the budgetary value of the first three months of the first year of the CSP, except that for certain activities identified as new (i.e., different from those under existing projects), programming on these activities would be limited to pre-positioning.
150. The Board’s feedback on this proposed process is requested. Based on the guidance received, the Secretariat would include in the document “Update on the Integrated Road Map” to be presented for approval at the 2017 second regular session an additional decision point providing for the Board to employ approval by correspondence in respect of certain activities to be undertaken from January to March 2018. Similar transitional governance arrangements may be adopted for those CSPs or ICSPs to be considered at the 2019 first regular session as well.

## Board Engagement in 2017 and 2018

151. To ensure the Board’s continued engagement during this critical period, the Secretariat scheduled a series of informal consultations for 2017 and 2018. These informal consultations (see Figure 2) 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 that will be presented for approval at the Board’s 2018 second regular session.

Figure 2: Informal consultations in 2017

## 2017 Informal Consultations



## ANNEX

1. The table below presents draft interim delegations of authority for countries operating within the IRM framework in 2018. This has been significantly simplified following the 18 July informal consultation. These delegations of authority are still being developed and may be refined in the coming months prior to being submitted for the Board’s approval at its 2017 second regular session.

<b>Text</b>	<b>Commentary</b>
<p>The following are authorities delegated to the Executive Director by the Executive Board in accordance with Article VI.2(c) of the WFP General Regulations.</p>	<p>Under Article VI.2(c) of the WFP General Regulations, the Board is responsible for the approval of activities of WFP, but may delegate to the Executive Director such approval authorities as it may specify.</p>
<p>A. Initial approval:</p> <ol style="list-style-type: none"> <li>1. Limited emergency operations (LEOs) and transitional interim country strategic plans (T-ICSPs), with the joint approval of the Executive Director and the FAO Director-General when the LEO or the T-ICSP’s emergency-related components exceed USD 48 m in value; and</li> <li>2. Country strategic plans (CSPs), interim country strategic plans (ICSPs) and strategic outcomes funded entirely by a host country.</li> </ol>	<p>This provision lays out initial approvals that are delegated to the Executive Director.</p> <p>All approvals that are not specifically delegated to the Executive Director (with the FAO Director-General where applicable) are, by implication, retained by the Executive Board.</p> <p>Therefore, the Board retains the authority to approve Country Strategic Plans and Interim Country Strategic Plans, other than those funded entirely by a host country, as this is not delegated to the Executive Director.</p>

<p>B. Approval of modifications:</p> <ol style="list-style-type: none"> <li>1. Revision of any LEO, or emergency-related revision of a CSP, ICSP, or T-ICSP, with the joint approval of the FAO Director-General for any increase exceeding USD 48m.</li> <li>2. Revision in the value of a CSP, ICSP, or T-ICSP that does not: <ol style="list-style-type: none"> <li>(a) increase the cumulative amount approved by the Executive Director for the entire CSP, ICSP or T-ICSP to a value greater than 30 percent of its last Board-approved value or USD 150 million;</li> <li>(b) increase the cumulative amount approved by the Executive Director for any individual strategic outcome of the CSP, ICSP or T-ICSP to a value greater than 30 percent of its last Board-approved value; or</li> <li>(c) add or remove a strategic outcome.</li> </ol> </li> <li>3. Revision of non-emergency components of a T-ICSP following a LEO.</li> <li>4. Revision of a CSP, ICSP or strategic outcome funded entirely by the host country.</li> <li>5. Revisions related to service-provision activities.</li> </ol>	<p>This provision lays out approvals of modifications to CSPs, ICSPs, T-ICSPs and LEOs that are delegated to the Executive Director, acting alone or jointly with the FAO Director-General.</p> <p>All approvals that are not specifically delegated to the Executive Director (with the FAO Director-General where applicable) are, by implication, retained by the Executive Board.</p> <p>Therefore, the Board retains the authority to approve:</p> <ol style="list-style-type: none"> <li>1. increases in the value of a CSP, ICSP, T-ICSP or strategic outcome that exceed the specified thresholds; and</li> <li>2. the addition or removal of entire strategic outcomes from a CSP, ICSP or T-ICSP except in the case of strategic outcomes that relate only to emergency or service-provision activities or are funded entirely by a host country, in which case the addition or removal falls under the Executive Director’s general authority in those areas.</li> </ol> <p>A CSP, ICSP or strategic outcome funded entirely by a host country may still be submitted for Board approval at the option of the host country.</p> <p>The Secretariat will treat increases approved under the authority of the Executive Director cumulatively for the purposes of assessing the extent to which they modify the CSP, ICSP, T-ICSP, or strategic outcomes thereof, resetting the calculation to zero when an approval is made by the Board. Emergency-related revisions will not be treated cumulatively.</p> <p>The approval of service-provision activities is delegated to the Executive Director, consistent with the existing delegation of authority for special operations.</p> <p>Revisions in respect of emergency or service-provision activities, or strategic outcomes funded entirely by a host country, will not count towards the Board approval thresholds.</p>
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## 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
OCHA	Office for the Coordination of Humanitarian Affairs
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