

# **UPDATE ON THE INTEGRATED ROAD MAP**



**Informal Consultation**

**30 January 2017**

**World Food Programme**  
Rome, Italy

## **Introduction**

1. The Board’s approval of the Integrated Road Map (IRM) at the Second Regular Session of 2016 marks a turning point for the organization. The four components of the IRM – the Strategic Plan (2017–2021), the Policy on Country Strategic Plans, the Corporate Results Framework and the Financial Framework Review define the transformative changes required to facilitate and demonstrate WFP’s contribution to achieving the goals of the 2030 Agenda, particularly Sustainable Development Goals 2, “End hunger, achieve food security and improved nutrition and promote sustainable agriculture” and 17, “Strengthen the means of implementation and revitalize the global partnership for sustainable development”.
2. 2017 will be a year of learning as the experience of pilot country strategic plans (CSPs), interim country strategic plans (ICSPs) and accompanying country portfolio budgets (CP budgets) will inform the final design of the programmatic and financial frameworks before the roll-out to all country offices from 2018. Engagement with the Board is critical to ensure close consultation and full support throughout the year. Discussions in 2017 will centre on lessons learned from Wave 1A and Wave 1B pilot CSPs and ICSPs, including recommendations for necessary refinements; changes envisaged in WFP’s General Rules and Financial Regulations, including terminology and definitions aligned to the new cost structure, programmatic framework and thresholds; proposals regarding budgetary thresholds for delegations of authority; focus areas and alignment to donor funding lines; the annual planning process and country operations management plans; and, transitional arrangements for 2017/2018.
3. This paper provides an update on the status of implementation in 2017 and management of the IRM, overviews the key developments and foreseen implementation timeline; and outlines the outstanding issues that will be explored in the 2017 consultative process.

## **Implementation and Management in 2017**

4. The implementation plan of the IRM is ambitious and cuts across departments, functions, regional bureaux and country offices to touch on nearly every aspect of WFP’s day-to-day work. The Strategic Plan (2017–2021) and Corporate Results Framework (CRF) are in effect as of 1 January 2017 and supporting guidance and tools are being rolled-out to all country offices. In parallel, piloting CSPs and CP budgets in 2017 and ultimately transitioning all country offices to the new programmatic and financial framework over the next two and half years is a top corporate priority. As such, a significant commitment of financial resources and dedicated staff capacity will be required for piloting, ensuring organizational readiness and supporting the roll-out of information technology (IT) system solutions.<sup>1</sup> To ensure success, the Secretariat has embarked on a series of actions since the Second Regular Session of the Executive Board that are outlined below.

## **Project Management Structure**

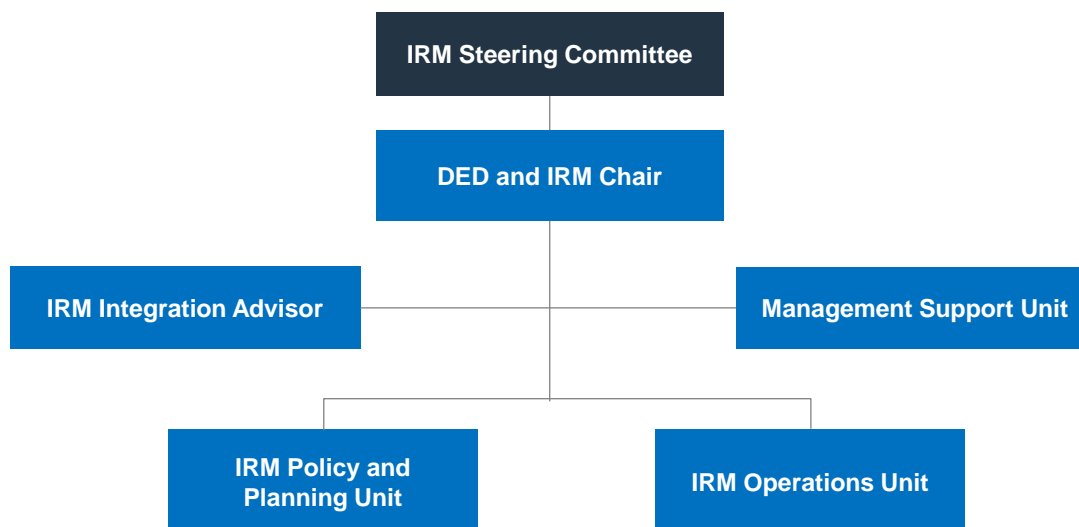
5. Given the extent of organizational transformation required, the IRM will need extensive engagement throughout Headquarters and the field under the responsibility of the Assistant Executive Directors and regional directors. To ensure effective oversight and a coordinated transition, WFP will adopt a single, integrated project management office structure led by the Deputy Executive Director on a full-time basis, serving as the IRM Chair. The Deputy Executive Director will be supported by a dedicated team and structure that will ensure that all parts of WFP join in the transition process, particularly the regional bureaux and country offices, where the majority of implementation will occur.

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

6. Reporting to the Deputy Executive Director will be the Director of the IRM Policy and Planning Unit, that supports the CSP planning process and formulation of the results chain through the CRF, and the Director of the IRM Operations Unit that will facilitate the finalization and roll-out of the new financial framework.
7. The Deputy Executive Director will also receive assistance from a “pro bono” IRM Integration Adviser and a Management Support Unit that will include staff from the Innovation and Change Management Division (INC) and support from The Boston Consulting Group, also on a “pro bono” basis. Overall implementation of the IRM will be guided by a steering committee chaired by the Executive Director and comprising the Deputy Executive Director, Assistant Executive Directors and regional directors (Figure 1).

**Figure 1: Integrated Road Map project management structure**



### 2017 Budget for the Integrated Road Map

8. Implementing the IRM in 2017 will require a total investment of USD 45.36 million. As part of its efforts to “live within its means,” management has identified USD 14.94 million in existing and budgeted staff capacity that will be dedicated to the IRM. For example, for the IRM project management structure, the IRM Chair and the IRM Policy and Planning Unit Director are already funded from the Programme Support and Administrative (budget) PSA and staff who will be in the Management Support Unit consist of PSA-funded staff from INC. In the regional bureaux, the deputy regional directors are allocating up to 50 percent of their time towards the implementation of the IRM, leading regional cross-functional teams to support country offices during the transition.
9. After accounting for the existing and budgeted staff capacity, the remaining incremental funding requirement amounts to USD 30.4 million. Table 1 breaks down the 2017 incremental budget for the IRM.

<b>TABLE 1: 2017 INCREMENTAL BUDGET FOR THE INTEGRATED ROAD MAP (USD million)</b>		
i)	IRM structure	1.48
ii)	Other costs for the CSPs, CRF and Financial Framework Review (FFR)	9.04
iii)	IT costs	8.35
iv)	Field support	8.98
v)	Other Headquarters investments	2.56
<b>TOTAL</b>		<b>30.4</b>

10. The Addendum to the Management Plan, to be presented at the First Regular Session of 2017 details the Secretariat's plan to reprioritize USD 22.2 million in existing financial resources towards activities related to the IRM. A key element of the prioritization exercise was that it would not impact WFP's ability to serve those in need on a timely basis nor would it impact WFP's operational capacity to respond to emergencies.
11. The remaining USD 8.2 million required to fully fund the IRM is sought as a critical corporate initiative (CCI) from the PSA Equalization Account. The CCI will focus on funding the IT investment in 2017.
12. It should be noted that the 2017 budget figures are the best estimate at this time. Piloting in 2017 will be a purposeful learning process and, as such, budgetary requirements may change. Therefore, the IRM Steering Committee, chaired by the Executive Director, will review the status of the IRM budget on a quarterly basis.

### Roll-out to All Country Offices

13. The IRM will be rolled out to all country offices over the next two and half years – through June 2019. Table 2 breaks down the number of CSPs and ICSPs that the Secretariat anticipates will be presented to the Board for approval by year and region.<sup>2</sup>

<b>TABLE 2: ANTICIPATED SUBMISSION OF CSPs/ICSPs WITH CP BUDGETS TO THE EXECUTIVE BOARD, 2017–2019</b>												
	2017				2018				2019			Total
	EB.1	EB.A	EB.2	2017 Total	EB.1	EB.A	EB.2	2018 Total	EB.1	EB.A	2019 Total	
RBB	4	1	3	8	2	1	4	7	0	0	0	15
RBC	0	2	4	6	4	1	3	8	0	4	4	18
RBD	0	1	3	4	0	1	12	13	1	2	3	20
RBJ	1	3	1	5	0	0	3	3	0	3	3	11
RBN	0	0	3	3	0	3	1	4	0	1	1	8
RBP	3	0	3	6	1	3	1	5	0	0	0	11
Subtotal (CSPs)	8	6	11	25	6	9	23	38	1	9	10	73
Subtotal (ICSPs)	0	1	6	7	1	0	1	2	0	1	1	10
<b>TOTAL</b>	<b>8</b>	<b>7</b>	<b>17</b>	<b>32</b>	<b>7</b>	<b>9</b>	<b>24</b>	<b>40</b>	<b>1</b>	<b>10</b>	<b>11</b>	<b>83</b>

14. As a first step in the transition to the CSP Framework and CP budget structure, eight country offices will present CSPs with accompanying pilot CP budgets<sup>3</sup> to the Board for approval at the 2017 First Regular Session as Wave 1A. These country offices are: Bangladesh, China, Colombia, Ecuador, El Salvador, Indonesia, Lao People's Democratic Republic and Zimbabwe.

<sup>2</sup> It is envisaged that some country offices will also submit budget revisions for Board approval during the course of 2017 to cover the full period of the transition into ICSPs through 2019.

<sup>3</sup> The piloting of CP budgets will occur in 2017 only. Accordingly, the pilot country portfolio budget components of CSPs approved by the Board in 2017 will become CP budgets without the need for further Board consideration or approval, unless necessary, once the revised normative and financial framework is introduced in 2018. Thereafter, these CSPs will be governed by the financial and normative framework to be finalized and approved by the Board at EB.2/2017.

An additional seven country offices are expected to present CSPs or ICSPs with accompanying pilot CP budgets to the Board for approval at the Annual Session of 2017 as Wave 1B. The country offices are: Cameroon, Lebanon, Mozambique, Namibia, Philippines, Sudan (ICSP) and the United Republic of Tanzania. Lessons learned from the Wave 1A and 1B pilot schemes will be shared with the Board, along with any recommendations for any necessary refinements.

15. Additional country offices will submit a CSP or ICSP for approval at the Second Regular Session of 2017 for implementation from January 2018.<sup>4</sup> It should be noted that the Secretariat intends to have a discussion with the Board on the approach for CSPs planned for approval in February 2018 to determine if approval could be given to early release of a component of those CSPs for the first two months.
16. Implementation of the country portfolio-based programmatic and financial framework will enhance the speed and effectiveness of WFP's emergency response. Existing response mechanisms are embedded in the new framework to ensure WFP's emergency response remains nimble and flexible.

### **Support Strategy to Wave 1A and Wave 1B Country Offices and Countries Transitioning to an ICSP**

17. To facilitate the transition from the project-based structure to the new programmatic and financial framework, the Secretariat is implementing a support strategy for Wave 1A and Wave 1B country offices as well as those countries transitioning to an ICSP approved by the Executive Director. The objective of the strategy is to ensure business continuity, capture lessons learned and opportunities for improvement, further develop learning materials for future roll-outs, identify additional learning and development gaps and raise general awareness about the changes arising from the IRM. Headquarters has developed a series of guidance materials and critical milestones for the transition to support regional bureaux and country offices. As part of organizational readiness, targeted learning and development opportunities are also being identified for employees directly impacted by the IRM implementation.
18. The first level of support is being provided at the regional bureaux level together with country offices. Each region will have a dedicated and interdisciplinary functional support team composed of staff from the regional bureau, country offices, and from the IRM team. This team will closely collaborate with key functional divisions. In parallel, a dedicated technical support team has been established at Headquarters under the IRM as a second level support with a dedicated hotline.
19. Additionally, in line with the People Strategy, guidance and training on the design and implementation of CSPs will be provided to staff. The existing structure of country offices, regional bureaux and Headquarters will be reviewed and required adjustments in staff skill sets will be identified. Gaps in human resources will be filled and the transition process will generate lessons for improving implementation.<sup>5</sup>

### **Capturing and Sharing Lessons Learned**

20. Preparation of the pilot CSPs has already provided the Secretariat with significant learning experiences from an internal management, process and systems perspective. As the pilot CSPs are implemented the Secretariat anticipates key lessons will emerge and be captured in areas such as: organizational readiness, governance and budgetary thresholds for delegations of authority and system tagging using focus areas. Lessons learned and WFP's approach to developing solutions will be summarized and shared with the Board at the Annual and Second Regular Sessions of 2017 as well as during informal consultations and bilateral discussions.

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<sup>4</sup> All remaining country offices must prepare and submit an ICSP with a CP budget to enable the transition to the new framework, based on previously approved project documents, to the Executive Director for approval for implementation from January 2018 and for a maximum duration of 18 months. During this transition phase, these ICSPs will serve as a bridge to CSPs/ICSPs that will be presented to the Board for approval.

<sup>5</sup> WFP/EB.2/2016/4-C/1/Rev.1\*.

21. At the Annual Session of 2017, the Secretariat will also present a document which reviews the financial framework work streams – macro-advance financing and resource-based planning work – that were piloted in 2016. The review will include lessons learned, realized gains in efficiency and effectiveness and the associated risks. It is important to note that based on the successful piloting of the resource-based planning work stream every country office prepared a resource-based implementation plan for 2017.

## **Key Developments**

### **Testing of IT Systems Design Solution**

22. Testing of the IT systems design solution began in the fourth quarter of 2016 and will continue through the first two months of 2017. The first phase of integration testing has been completed and included representatives from six country offices; all regional bureaux; as well as Headquarters divisions to ensure in-depth verification of functionalities under identified business scenarios. The IT system solution will ‘go-live’ to support the pilot country offices from March 2017. Based on the pilot feedback and testing, the IT systems solution will be refined and then rolled-out to all country offices for implementation on 1 January 2018.
23. To support the implementation of the IRM, WFP’s IT systems solutions will require significant investment, including revamping the enterprise resource planning system (WFP Information Network and Global System (WINGS)), development of an online portal and a budget planning tool and modifying the country office tool for managing effectively (COMET). The envisioned digital transformation is critical to the success of the IRM. Increased integration in WFP’s systems will improve business delivery and support data-driven decision-making.

### **Application of Full-Cost Recovery**

24. At the Second Regular Session of 2016, the Board approved the CP budget model and its underlying principles which included simplifying the application of full-cost recovery. Full-cost recovery under the new financial framework will be applied at the contribution level, i.e. the activity, strategic outcomes, strategic result or country level, and will employ the high-level cost categories of transfer and implementation costs, direct support costs (DSC) and indirect support costs (ISC). Full-cost recovery will be based on the country office’s annual resource-based implementation plan.
25. ISC and its current recovery rate of 7 percent will remain unchanged, and the DSC component will be calculated as a country-wide proportion of the consolidated transfer and implementation costs, which will vary by country. The remainder of the contribution will be allocated to transfer and implementation costs.
26. General Regulation XIII.2, which broadly articulates the full-cost recovery principle as “...each donor shall provide cash contributions sufficient to cover the full operational and support costs of its contributions,” will remain unchanged. However, the related General Rule XIII.4, which defines the application of full-cost recovery will require revision. The proposed changes to the General Rules and Financial Regulations will be the subject of several informal consultations in 2017 before they are presented to the Board for approval at the Second Regular Session of 2017.

### **Facilitating Resource Availability at the Start of a CSP**

27. To facilitate the availability of resources when CSPs (or ICSPs) begin to ensure operational continuity, WFP is gearing up to bring forward the internal approval of CSPs, so that the CP budgets can be “early released” in WINGS some 3–6 months prior to the CSP start date. This would enable new contributions which are expected to be utilized during the CSP to be confirmed directly to the CSP, rather than against the final months of the closing projects. While the period for this will be limited for Wave 1A countries (as the system solution to accommodate the CP budget structure in WINGS is expected to “go-live” on 1 March 2017), for Wave 1B countries and those countries which will transition to the CSP/ICSP in 2018, this should be an effective strategy for facilitating resource availability at day one of the CSP/ICSP.

28. Even with the above strategy, as projects are transitioned to the CSP framework and CP budget structure, there may be resource balances which should, when possible, be transferred from the project to the new CSP. The strategy that the Secretariat is undertaking with the pilot country offices is to transfer these resources by accounting and mapping balances, in line with the original intent of the contributions. Ideally the majority of these transfers would occur just prior to the start of the CSP or ICSP, so that resources are in place to enable operational continuity.

## **Outstanding Issues**

### **Governance**

29. The CSP policy notes that to support the introduction of the revised programme and financial frameworks from 2018, WFP's General Rules and Financial Regulations will need to be amended in three main areas: i) delegations of authority to the Executive Director and the FAO Director-General;<sup>6</sup> ii) application of full-cost recovery and introduction of new cost categories; and iii) terminology and definitions to align with the new cost structure, programmatic framework and thresholds. Changes to WFP's General Regulations are not foreseen.
30. As articulated in General Regulation Article VI.2(c), a fundamental role of the Board is the approval of WFP programmes, projects and activities. The Secretariat is currently developing its proposal for the levels of delegated authority that are appropriate for CSP revisions that do not involve fundamental changes to the strategic focus and that are not related to an emergency response. A proposal that considers lessons learned from the pilot CSPs will be refined during 2017 in close engagement with Member States.
31. The Secretariat will hold informal consultations to discuss the changes envisaged in WFP's General Rules and Financial Regulations and proposals regarding budgetary thresholds for delegations of authority throughout 2017 before presenting them to the Board for approval at the 2017 Second Regular Session.<sup>7</sup> The Secretariat also proposes that approved threshold levels for delegations of authority be reviewed after a set number of years of implementation.

### **Focus Areas**

32. As explained in the Financial Framework Review, the new corporate architecture must support partners' ability to commit funds as well as provide assurances that funding is deployed appropriately to different contexts, in accordance with their legislative or policy requirements.
33. WFP strategic outcomes will provide visibility on the nature of the intervention. Corporate guidance has been issued to country offices to ensure that WFP strategic outcomes are formulated with standard, coherent elements. The country-driven WFP strategic outcomes are tied to one strategic result and one focus area – crisis response, resilience-building or root causes. They will describe the people and entities, the geographic scope, the result that is sought and the foreseen timeframe of the programme intervention. Piloting in 2017 will ensure that this level of information provided in the CSP framework, CP budget and country operation management plan (COMP) is sufficient to facilitate resource mobilization and funding decisions. Figure 2 outlines an example of the formulation of strategic outcomes.

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<sup>6</sup> The role of the FAO Director-General in the approval of emergencies under the delegation of authority will continue.

<sup>7</sup> The Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the FAO Finance Committee will provide advice on amendments to the Financial Regulations and General Rules related to the financial administration of WFP in advance of the 2017 Second Regular Session. Once approved by the Board, amendments to the General Rules will be shared, for information, with the Economic and Social Council of the United Nations and the FAO Council.

**Figure 2: Example of a formulation of WFP strategic outcomes**

Focus Area	1 WHO Target population	2 WHERE Geographic location	3 WHAT	4 WHEN Expected change and strategic focus area
Root causes	Children	In prioritized districts with high poverty and malnutrition rates	Have <u>stunting rates</u> trends in line with the national and global targets	By 2025 SR2
Resilience-building	Food-insecure communities and individuals, and institutions	In areas with high vulnerability to climate change	Have <u>adapted to climate change</u>	By 2021 SR4
Crisis response	Refugees, displaced persons and other food-insecure people affected by a shock	In Ecuador	Have <u>access to adequate food and nutrition</u>	All year long SR1
Crisis response	Food-insecure people including refugees	In the most affected districts	Are enabled to <u>meet basic food and nutrition requirements</u>	During severe seasonal shocks or other disruptions SR1

34. The formulation of strategic outcomes, supported by the linkage to activities, will clarify alignment with partners' funding lines to ensure the accurate deployment of funding, in accordance with partners' legislative or policy requirements.
35. System tags using the focus area categories (crisis response, resilience-building, root cause) will be used across all strategic outcomes. Only one category will apply to each strategic outcome:
- i) *Crisis response*: The response occurs in the context of a crisis. The objective is to provide relief and maintain food security and nutrition. The response could also include recovery efforts to restore livelihoods. This outcome category targets internally displaced persons, refugees, vulnerable host communities, and malnourished and food-insecure populations affected by a shock – conflict, natural disaster, economic crisis.
  - ii) *Resilience-building*: WFP responds in the context of building resilience to future crisis. WFP's objective is to support the response of people and institutions to future shocks and enable communities and institutions to develop their assets and capacities and, in some cases, also to recover from crises. This outcome category typically includes people, communities and institutions in food-insecure areas, poor areas, hazard-prone areas or areas vulnerable to climate change.
  - iii) *Root causes*: WFP's response occurs in the context of long-standing and/or unaddressed needs and vulnerabilities. It addresses the underlying, root causes of vulnerability, including unavailability of food, poverty, poor access to education and basic social services, etc. The objective is to ensure and protect the food security and nutrition of the most vulnerable people and communities while strengthening institutional capacity to respond to their needs. This outcome category typically targets people and communities suffering from chronic food insecurity, persistent poverty and limited access to services.
36. The Secretariat has applied its proposed tagging system in the 2017 pilot CSPs and CP budgets discussions regarding the associated risks, sufficiency and transparency of information for making funding decisions, donor reports and sharing lessons learned with the Board will help refine the programmatic and financial frameworks and how the Secretariat will communicate results. The Secretariat requests Member States to provide feedback on the focus areas used for the Wave 1A pilots.



## **Annual Planning Process**

37. COMPs will support the implementation of CSPs as part of WFP's internal management process. The COMP forms the basis of the annual planning cycle and will consist of a country's programme of work, including budgets for needs-based and resource-based implementation plans.
38. Operational and budgetary information from the COMPs, including activity-level details, will be made available to Member States via an online portal.<sup>8</sup> Specific information will be provided on an annual basis for the full duration of the CSP. This will include:
  - a) modality of transfers by strategic outcome and activity;
  - b) an overview of beneficiaries, broken down by age group, and by status;
  - c) beneficiaries by strategic outcome and activity, disaggregated by gender;
  - d) food rations or transfers by activity for each strategic outcome and activity;
  - e) breakdown of transfers by modality; and
  - f) quantitative information will be available by dollar value by strategic outcome and activity and by tonnage, where applicable.
39. In mid-2017, the Secretariat, in consultation with the Board, will assess the information that should be retained within the CSP framework; the balance of information that could be made available at the time of the CSP approval; and/or information that could be moved to the COMP process.

## **2017 Engagement**

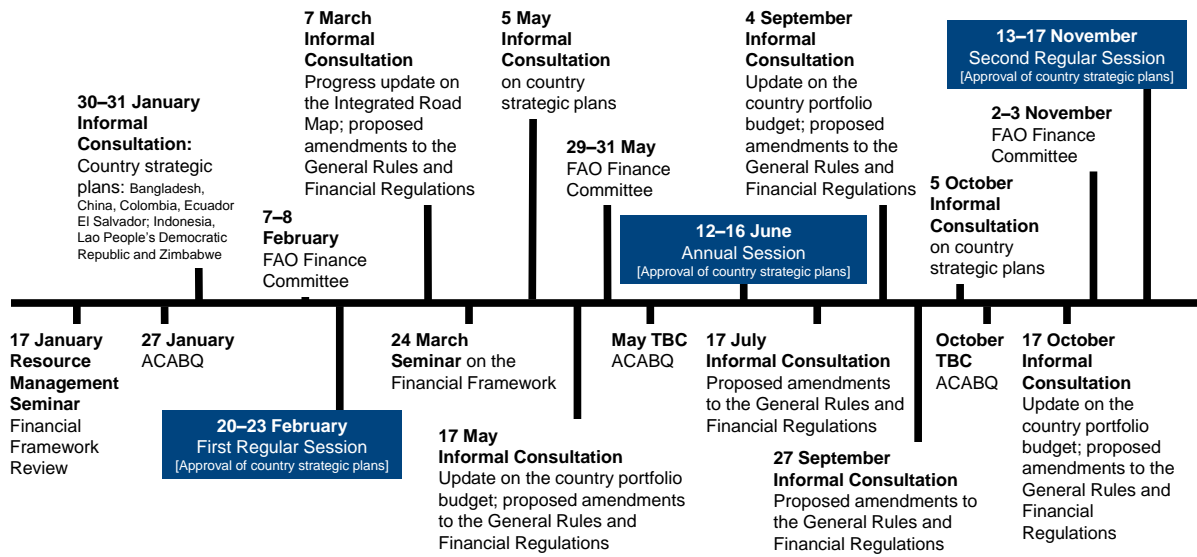
40. The Secretariat will hold extensive informal consultations in 2017 (Figure 3) to provide updates on the implementation and to discuss the changes envisaged in WFP's General Rules and Financial Regulations and proposals regarding budgetary thresholds for delegations of authority throughout 2017 before presenting them to the Board for approval at the Second Regular Session of 2017.<sup>9</sup>

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<sup>8</sup> On-line portal is expected to be functional by the second quarter of 2018. Until then, data dashboards will be shared with Member States through a password-protected platform.

<sup>9</sup> The ACABQ and the FAO Finance Committee will provide advice on amendments to the Financial Regulations and General Rules related to the financial administration of WFP in advance of the 2017 Second Regular Session. Once approved by the Board, amendments to the General Rules will be shared, for information, with the Economic and Social Council of the United Nations and the FAO Council.

**Figure 3: 2017 Informal consultations on the Integrated Road Map**



## **Acronyms Used in the Document**

ACABQ	Advisory Committee on Administrative and Budgetary Questions
CCI	critical corporate initiative
COMP	country operation management plan
CP	country portfolio
CRF	Corporate Results Framework
CSP	country strategic plan
DED	Deputy Executive Director
FAO	Food and Agriculture Organization of the United Nations
ICSP	interim country strategic plan
INC	Innovation and Change Management Division
IRM	Integrated Road Map
ISC	indirect support costs
IT	information technology
PSA	Programme Support and Administrative (budget)
WINGS	WFP Information Network and Global System