



World Food Programme

Integrated *Road Map*



Update on the Integrated Road Map: proposed interim governance arrangements

Informal Consultation | 7 September 2017

Objective

The purpose of today's consultation is to provide an update on implementation, discuss issues raised at the 18 July informal consultation, and seek the Board's feedback in two areas that will inform draft decision points at the Second Regular Session.

Update on implementation: Progress on CSP/ICSP implementation and ED approval of T-ICSPs.

Interim Governance Arrangements for 2018: Based on feedback received to date, the proposal for budgetary thresholds for delegations of authority has been revised.

Transitional Governance Arrangements for CSPs/ICSPs to be considered in February 2018: Select country offices would seek 'approval by correspondence' to minimally implement operations beginning 1 January 2018.

Lessons learned to date: Strategic review process, CSP framework, country portfolio budget structure, CRF, Sudan ICSP, focus areas, reducing earmarking, resource migration to new country portfolio budgets, annual planning process and COMP, partnerships and organizational readiness; update on reporting.

Agenda

- 1. Update on implementation**
- 2. Proposed interim governance arrangements for 2018**
- 3. Transitional governance arrangements for select CSPs and ICSPs that will be considered at the 2018 First Regular Session**

Open floor for discussion

- 4. Lessons learned to date, including reporting**
- 5. Other key developments**

Open floor for discussion

1. Update on implementation

We are here

12 country offices under the IRM framework
Over 90% resources transferred in Wave 1A and 1B countries (as of 18 August 2017)

Wave 1A: Bangladesh, China, Colombia, Ecuador, El Salvador, Indonesia, Lao PDR, Zimbabwe

February 2017
2017 First Regular Session
8 CSPs approved

2 April 2017
8 CSPs 'live'

Wave 1B: Cameroon, Lebanon, Mozambique, Namibia, Tanzania, Sudan (ICSP)

June 2017
2017 Annual Session
5 CSPs and 1 ICSP approved

1 July 2017
3 CSPs and 1 ICSP 'live':
Mozambique, Namibia, Tanzania, Sudan

Wave 2A: CSPs, ICSPs and T-ICSPs

November 2017
Second Regular Session
7 CSPs and 4 ICSPs for approval

1 January 2018

55

T-ICSPs preparation and submission for approval by the Executive Director
29 T-ICSPs approved as of 4 September 2017; remaining 9 to be approved.

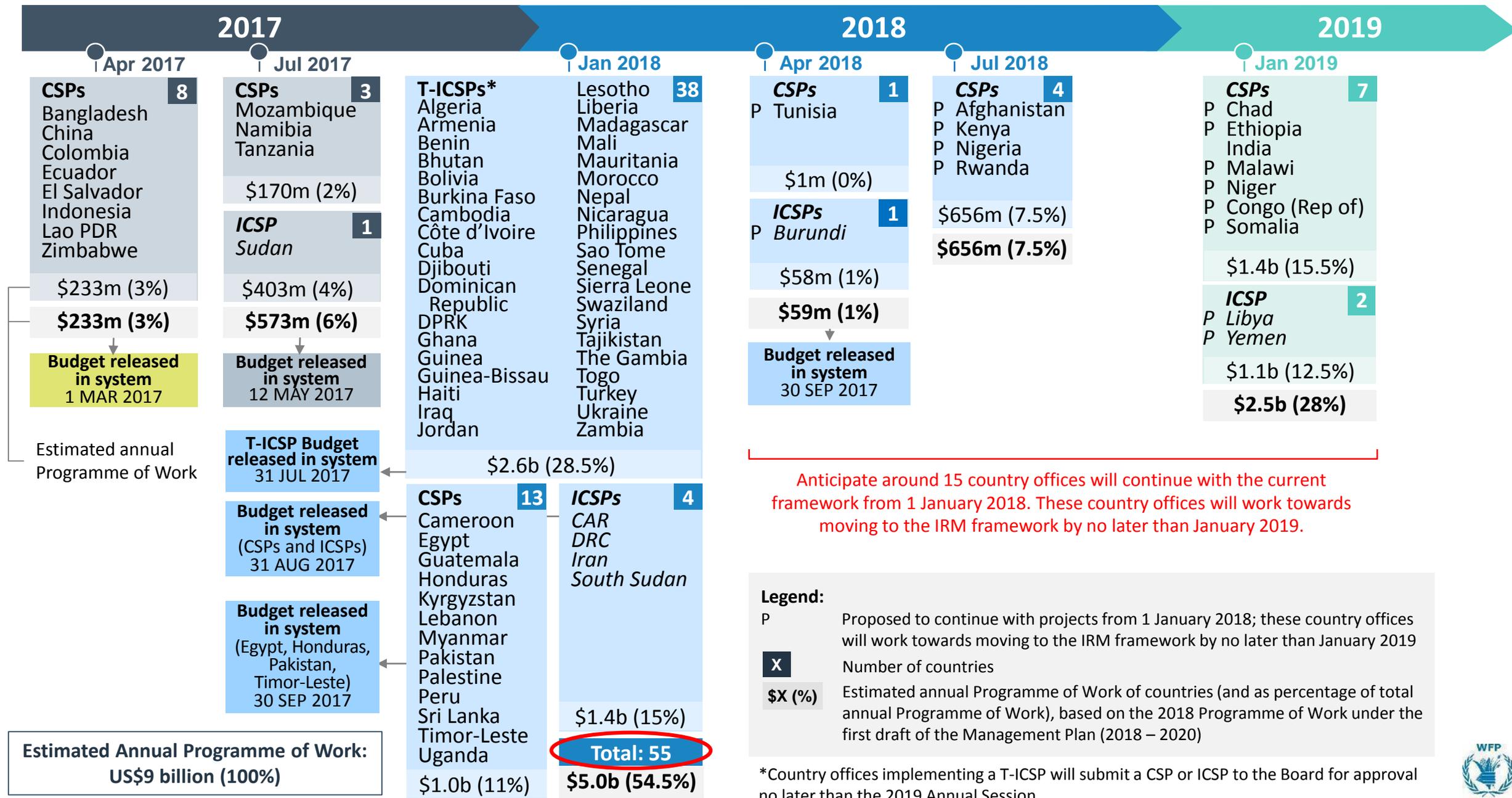
Approval by correspondence for projects requiring budget revisions before the approval and start of a CSP, ICSP or T-ICSP

2 CSPs approved in June 2017
7 CSPs and 4 ICSPs for approval in Nov 2017
38 T-ICSPs 'live' in Jan 2018
4 CSPs for approval in Feb 2018**

* The CSPs for Cameroon and Lebanon will go live on 1 January 2018.

** Subject to the Board's feedback on the proposal to employ approval by correspondence for the implementation of certain activities under the IRM framework during the period January – March 2018.

Indicative transition of country offices to the IRM framework, 2017–2019 (as of 5 September 2017)



2. Interim governance arrangements for 2018: Context

The main underlying principles for programme approval include:

1. Maintaining the Executive Board's **fundamental approval role**
2. Maintain WFP's ability to **respond quickly to emergencies**
3. **More strategic** and **less fragmented engagement** with the Executive Board, leading to a more global perspective of WFP's work
4. A **cost-effective** and **risk-based** governance model

2. Interim governance arrangements for 2018

Three areas of change proposed for 2018:

Updated
proposal



For
approval
at the
2017
Second
Regular
Session

A final package of amendments will be presented for approval at the
2018 Second Regular Session

Budgetary threshold levels for delegations of authority approved at the 2018 Second Regular Session would be reviewed after three years and amended if necessary.

2a. Proposed interim delegations of authority: changes since 18 July (I/IV)

1. Budgetary thresholds for interim delegations of authority not related to fundamental changes, emergency response, or service provision

- Based on overall budget value
- **Minimum threshold of USD 48 million removed.**
- Proposed maximum threshold of USD 150 million (all budget revisions over this value go to the Executive Board for approval);
- Proposed relative proportion threshold of 30% (all budget revisions over this value go to the Executive Board for approval).
- Thresholds would only apply to budget increases.
- **Thresholds to be applied cumulatively; calculation to be reset to zero after an Executive Board approval.**

2a. Proposed interim delegations of authority: changes since 18 July (II/IV)

2. Joint approval of crisis response-linked strategic outcomes with the FAO Director-General

- Proposed threshold (**USD 48 million of total budget value**) under discussion with FAO.
- The threshold would apply to:
 - a. Crisis-response-related strategic outcomes within a limited emergency operation (LEO); or
 - b. Emergency-related budget increases for LEOs, CSPs, ICSPs or T-ICSPs.

Rationale for increasing the budgetary threshold:

- a. **Overall budget value:** The shift from an input-based food value to the total budget value reflects the IRM's outcome-focused approach.
- b. **Scope, complexity and size of emergency operations:** Since 1994, operations have changed significantly in terms of scope and complexity; the overall approved budget has increased seven-fold.
- c. **Crisis response focus area:** different in scope and duration.

2a. Proposed interim delegations of authority: changes since 18 July (III/IV)

3. Bringing more visibility to budget revisions related to crisis response-linked strategic outcomes

- Propose to share crisis response-linked revisions with the Board for comment, at the discretion of the Executive Director, before they are approved by the Executive Director, and if required, by the FAO Director-General.
- Board Members would have five days to provide comments and/or request that the revision be presented for information at the subsequent Board session.
- The Secretariat would make the appropriate revisions and address comments bilaterally with the member.
- Proposed revision would then be submitted to the Executive Director, and if required, the FAO Director-General.
- Following approval, the final version would be shared with Board members.
- Criteria for Executive Director's discretion to be developed.

2a. Draft interim delegations of authority for 2018

For CSPs, ICSPs, T-ICSPs and Limited Emergency Operations

The Board retains authority to approve:

Initial
approval

1. **CSPs and ICSPs**, other than those funded entirely by a host country where the host country elects to have approval through the Executive Director.¹

Approval of
modifications

1. **Increases in the value of a CSP, ICSP, T-ICSP or ~~strategic outcome~~ that exceed the specific thresholds:** greater than 30% of its last Board-approved value or USD 150m;² and
2. **The addition or removal of entire strategic outcomes from a CSP, ICSP or T-ICSP.**³

¹ Noting that a CSP, ICSP or strategic outcome funded entirely by a host country may be submitted for Board approval with the agreement of the host country. Approval by the Executive Director is further to Financial Regulations 5.1 and 5.2.

² Applied cumulatively over the lifespan of the CSP, ICSP or T-ICSP (except for emergency-related revisions); calculation will be reset to zero when an approval is made by the Board.

³ Excluding strategic outcomes that relate only to emergency or service-provision activities or are funded entirely by a host country.

2a. Draft Interim delegations of authority for 2018

Feedback is sought on the following authorities proposed to be delegated to the Executive Director by the Executive Board in accordance with Article VI.2(c) of the WFP General Regulations.*

Initial approval

1. **Limited emergency operations (LEOs) and T-ICSPs**, with the joint approval of ED and FAO DG when the LEO/T-ICSP emergency-related components exceed USD 48m in value; and
2. **CSPs, ICSPs and strategic outcomes funded entirely by a host country** where the host country elects to have approval through the ED.¹

Approval of modifications

1. **Revision of any LEO or emergency-related revision of a CSP, ICSP, or T-ICSP**, with the joint approval of the FAO DG for any increase exceeding USD 48m.
2. **Revision in the value of a CSP, ICSP or T-ICSP that does not:**
 - a) Increase the cumulative amount approved by the ED for the entire CSP, ICSP or T-ICSP to a value greater than 30% of its last Board-approved value or USD 150m;²
 - b) ~~Increase the cumulative amount approved by the ED for any individual strategic outcome of the CSP, ICSP or T-ICSP to a value greater than 30% of its last Board-approved value; or~~
 - c) Add or remove a strategic outcome.
3. **Revision of non-emergency components of a T-ICSP following a LEO.**
4. **Revision of a CSP, ICSP or strategic outcome funded entirely by the host country** where the host country elects to have approval through the ED.¹
5. **Revisions related to service provision activities.**

* All approvals that are not specifically delegated to the ED (with the FAO Director-General where applicable) are, by implication, retained by the Executive Board.

¹ Noting that a CSP, ICSP or strategic outcome funded entirely by a host country may be submitted for Board approval with the agreement of the host country. Approval by the Executive Director is further to Financial Regulations 5.1 and 5.2.

² Applied cumulatively over the lifespan of the CSP, ICSP or T-ICSP (except for emergency-related revisions); calculation will be reset to zero when an approval is made by the Board.

2b) Interim guiding principles for the application of full-cost recovery in 2018

Proposal: Interim guidance for 2018 be adopted at the 2017 second regular session for CSP, ICSPs, T-ICSPs and limited emergency operations with respect to the application of full-cost recovery principles.*

Feedback is sought on the changes since the 18 July draft:

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.

2c) Terminology and Definitions

At the 2016 Second Regular Session the Board authorized specific derogations – up to 31 December 2017 – from WFP General Rules and Financial Regulations to permit the introduction of CSPs and the application of CP budget principles in Wave 1A and 1B countries. These include:

- Provisions of General Rule XIII.4 and Financial Regulations 1.1 and 4.5 concerning cost categorization and the manner in which full-cost recovery is achieved; and that
- Provisions referring to existing programme categories be interpreted as reference to CSPs.

Proposal: To extend certain derogations to WFP's General Rules and Financial Regulations – at the 2017 second regular session – as a temporary measure for CSPs, ICSPs, T-ICSPs and limited emergency operations from 1 January until 31 December 2018.

3. Transitional governance arrangements for select CSPs and ICSPs that will be considered at the 2018 First Regular Session

CSPs/ICSPs for approval at EB.1/2018: Egypt, Honduras, Pakistan, Timor-Leste and Tunisia and Burundi.

Feedback is sought on proposed arrangements for country offices requesting to commence their CSPs/ICSPs on 1 January 2018:

- Seek the Board's approval by correspondence, on a no-objection basis, for the implementation of certain activities under the IRM framework in their respective countries during the period from January – March 2018.
 - i. Each affected **country office** would provide a 3–5 page document outlining the strategic outcomes, activities and related budget to be implemented in the January–March period.
 - ii. **The Board** would be requested to approve the documents on a no-objection basis within 10 working days of receipt.
- Programmatic and budgetary controls would be in place to ensure that implementation during the January–March period is consistent with ongoing activities and strategic outcomes.

Proposed timeline for EB.1/2018 CSPs proposed to start in January 2018:



Discussion



4. Lessons learned process

Lessons learned from the pilots are being compiled systematically, including through:

- **Detailed tracking**
- **Structured input from Wave 1A country offices**
- **Impact “pulse check” conducted by BCG**
 - “Pulse check” conducted to date: Colombia, Ecuador and Zimbabwe
- **Deputy Regional Directors’ meetings**
- **Regular teleconferences with Deputy Regional Directors and regional focal points**
- **Direct inputs from Country Directors**

4. Lessons learned to date I/IV *(August 2017)*

New lessons learned since the 18 July Informal Consultation highlighted in red.

1. Strategic Review process

- Guidance from the **lead convener** helps determine the most suitable parameters for each country's Strategic Review.
- Establishing an **advisory board** proved to be instrumental in steering the Strategic Review process.
- A **'whole-of-society' approach** received positive reactions in generating country-wide engagement.
- **Synchronization with other planning cycles** in a country is paramount but challenging; careful analysis required.
- **Full and inclusive participation** of stakeholders is encouraged.

2. CSP framework

- The Strategic Review's focus **on building evidence for WFP's value proposition helps** 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 facilitating more effective **partnerships** with governments and transferring capabilities, helping WFP to focus on exit strategies.
- Wave 1A countries conveyed that the **extended duration of the CSP framework** has the potential to broaden the donor base, support multi-year funding discussions and create longer-term partnerships and build South-South cooperation.

3. Country Portfolio Budget structure

- Wave 1A countries appreciated the new 'line of sight' and cost structure, which have **increased transparency** at the activity level.
- Country offices should **involve cross-functional units** early on in the development of the country portfolio budget.
- Wave 1A and 1B countries emphasized the importance of striking a balance between **reducing the number of activities** for better budget management and having the **right portfolio of activities**.
- The country portfolio budget structure and processes are being evaluated with a view to simplification; changes will be introduced. The roll-out of the **budget planning tool** will also simplify many of the current processes.
- An **internal reporting platform** was launched in June to provide information on the implementation's progress and to support financial resource management at the country and activity levels.
- **Guidance for capacity strengthening** is being strengthened.

4. Lessons learned to date II/IV *(August 2017)*

New lessons learned since the 18 July Informal Consultation highlighted in red.

4. Corporate Results Framework

- To date, the CRF has been used to design the **CSP logframes** of all 14 Wave 1A and 1B countries, 30 T-ICSPs and Wave 2 countries.
- Following CRF lessons learned meetings, **three senior-level working groups** were formed:
 - Working group 1: positioning WFP in the inter-agency environment and ensuring strong linkage with the SDGs.
 - Working group 2: tracing WFP's contribution to other SDGs (other than SDG 2 and 17) and determining tracking processes.
 - Working group 3: addressing issues related to SDG 17 and WFP's ability to measure capacity strengthening.
- Selected **organizational performance indicators** have been included in the proposed Management Plan (2018–2021). The indicators are being tested in 2017 annual performance planning activities.

5. Inclusion of Sudan's ICSP in Wave 1B

- The Sudan ICSP went live from 1 July 2017 and distributions under the ICSP began in August.
- **Partner consultations** were integral to repositioning WFP in the country through the ICSP.
- **The volume of transactions** across its 17 sub-offices related to the country portfolio budget will be significant. WFP is looking at ways to increase flexibility, effectiveness, and efficiency of funds and commodity management within the country portfolio budget.
- Lessons learned from the **dual-structure implementation approach** may permit similar arrangements for a limited number of country offices to mitigate potential resource transfer issues.

6. Focus areas

- Wave 1A and 1B country offices have conveyed that, to the extent possible, **stakeholders should be involved in formulating strategic outcomes** and links to focus areas to strengthen partnerships and maximize opportunities for funding.
- It has been noted that focus areas distinctions may potentially **reinforce earmarking** and fragment country office funding streams.
- Member States and donors have acknowledged the use of focus areas as a **viable methodology for supporting donors ability to commit funds**.
- In addition, it is proposed focus areas be used to facilitate the application of relevant **WFP General Rules and Financial Regulations**.

4. Lessons learned to date III/IV *(August 2017)* New lessons learned since the 18 July Informal Consultation highlighted in red.

7. Reducing earmarking

- Quantitative and qualitative data will be used to analyse the **level of earmarking of resources allocated to Wave 1A and 1B** countries.
- WFP continues to **engage with partners** to encourage more flexible and predictable funding.
- Enhanced staff guidance will support strengthened **engagement with donors at a more strategic level**
- WFP is confident of building the evidence required to **facilitate reduced earmarking**, e.g. linking resources to results, value for money.

9. Annual Planning Process and Country Operations Management Plan (COMP)

- Wave 1A and 1B countries emphasized the importance of collecting meaningful information, streamlining the process and improving and simplifying the format and structure.
- Work is underway to automate compilation of COMP data for EB.2/2017 CSPs/ICSPs and for the second-year COMPs of Wave 1A and 1B countries.
- It is foreseen that COMP data could provide a basis for data to be included in the online portal.
- **Work will continue on improving the content and process.**

8. Resource Migration

- A **resource migration strategy** has been developed to facilitate the January 2018 roll-out. **Major components include:**
 - i. Early release of CSPs, ICSPs or T-ICSPs to enable the direct confirmation of contributions rather than migrating resources;
 - ii. Begin the migration of estimated contributions in Sept/Oct to facilitate early consultation with donors;
 - iii. Creating tools to facilitate the migration process; and
 - iv. Cleaning up project balances starting in the third quarter.
- Country offices are creating **resource migration and project closure plans** and appointing resource migration **focal points and multi-functional committees** to support the process. Regional Bureaus will match the focal point and cross-functional committee structure and provide the first line of support to country offices.

4. Lessons learned to date IV/IV *(August 2017)* New lessons learned since the 18 July Informal Consultation highlighted in red.

10. Partnerships

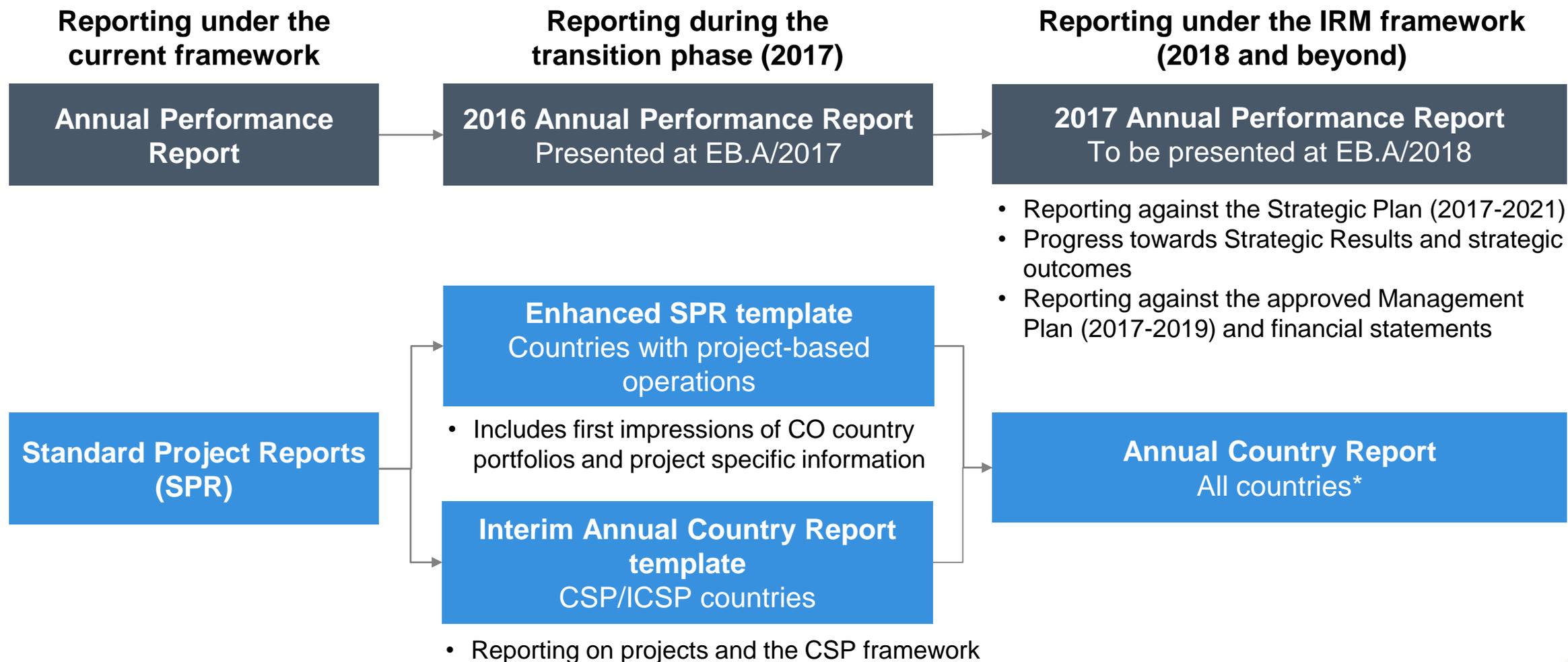
- Development of CSPs and ICSPs to date have underscored the **importance of partner engagement** from the outset through the design and implementation of the CSP.
- **Partnership workshops** held in 2017 have focused on new ways of identifying, engaging and aligning with partners.
- Internal **partnership action plans** help establish the country's partnership priorities and strategies. Partnership action plans are not obligatory for country offices and as such are not included in formal governance documentation.
- An **e-learning course on resource mobilization for CSPs/ICSPs** was launched in the second quarter, targeting country office focal points.

11. Organizational readiness

- **Open and regular communication** through multiple mediums (newsletters, online space, meetings, field visits, IRM national champions, etc.) is key to sensitizing staff and facilitating buy-in for the IRM.
- Appointing **change-management leaders and multi-functional teams** in country offices have proven beneficial.
- **Review and realignment processes** (e.g. country office structure, individuals' terms of reference), if required, should involve all functions through a gradual or phased approach.
- **Online self-learning materials** have been made available to all staff.
- Appointment of a learning and development focal point, encouragement from country office management and cross-functional joint learning has led to increased knowledge and understanding.

4. Reporting under the IRM framework

The WFP Annual Performance Report (APR) and standard project reports (SPR) are being re-shaped to allow reporting against the WFP Strategic Plan (2017-2021) and clearly link resources to results.



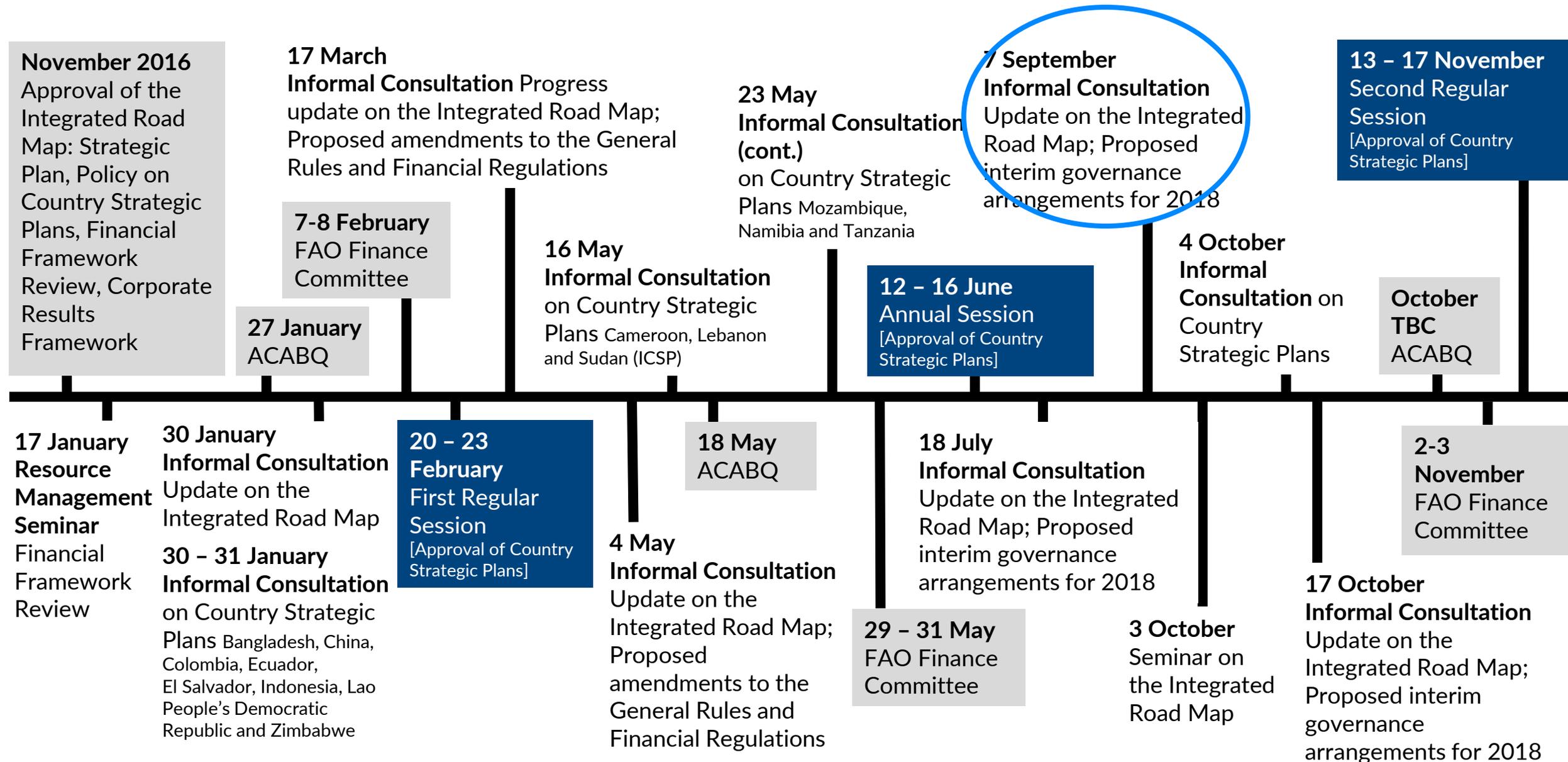
* With the exception of countries continuing with the current framework in 2018 while working towards moving to the IRM framework by no later than January 2019.



5. Other key developments

1. **Alignment with the Quadrennial Comprehensive Policy Review (QCPR) (2017–2020)**
 - Update on the QCPR provided on 6 September 2017.
2. **Strategic Resource Allocation Committee (SRAC)**
 - In September 2017, with support from BCG, WFP will examine the future working of the SRAC.
 - Lessons learned will be drawn from the macro-advance financing pilots conducted to date.
3. **Multilateral funds for host-country funded CSPs/ICSPs/strategic outcomes that are not Board approved**
 - With certain exceptions, multilateral funds would be ineligible for allocation to a host-country funded CSP/ICSP/strategic outcome that has not been approved by the Board.
4. **Other systems in development**
 - Budget planning tool; online portal;
 - Integration of WFP's corporate systems

Informal Consultations in 2017



Discussion

