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FINANCE COMMITTEE

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Update on the Integrated Road Map

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EXECUTIVE SUMMARY

- The “Update on the Integrated Road Map” is submitted to the Board for approval.
- The Executive Summary of the “Update on the Integrated Road Map” is included within the main document presented to the Committee for its review.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to endorse WFP’s “Update on the Integrated Road Map” for approval by the Executive Board.

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to approve “Update on the Integrated Road Map”.**

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Policy Issues

For approval

Executive Board documents are available on WFP's website (<http://executiveboard.wfp.org>).

Update on the Integrated Road Map

Executive Summary

Implementation of the Integrated Road Map is the largest transformation for WFP in the last 20 years. The Integrated Road Map provides a new business model for WFP, requires a full re-configuration of WFP's information technology system, and demands a change in culture throughout the organization, with a focus on performance, transparency and maximizing value for money. The opportunities the Integrated Road Map brings to WFP are significant, with substantial benefits to be realized once the transformation is complete. The results-oriented framework is holistic and comprehensive, but flexible enough to enable WFP to respond swiftly to crises and scale-up while providing a foundation to strengthen the humanitarian–development nexus within country contexts.

The level of commitment to and engagement in implementing the Integrated Road Map in country offices, regional bureaux and Headquarters divisions and the strong support from national governments, Member States, donors and partners have generated significant momentum. As of May 2017, more than 96 percent of critical milestones were on track towards a full transition to the Integrated Road Map programmatic and budgetary system on 1 January 2018.

In spite of these achievements, however, the pace of implementation has raised concerns from some Member States. The Secretariat is therefore proposing to introduce a flexible implementation approach. This approach safeguards the progress made by maintaining the target “go-live” date of 1 January 2018 for most country offices, but permits selected country offices to continue implementing projects under the current system – instead of country strategic plans, interim country strategic plans or transitional interim country strategic plans – beyond 1 January 2018. These country offices will work towards transitioning to the Integrated Road Map framework by no later than January 2019.

This approach will give country offices flexibility to refine their implementation timelines, provide more time for continued learning – internally and in consultation with partners – and ensure capacity at the country office, regional bureaux and Headquarters levels to implement the Integrated Road Map and respond to an unprecedented level of emergencies. It will also allow more analysis and consultation to inform amendments to the WFP General Rules and Financial Regulations, and the budgetary thresholds for delegations of authority, which will be deferred for approval until the 2018 Second Regular Session of the Executive Board.

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Existing General Rules and Financial Regulations would still apply to country offices implementing the current system of projects in 2018 – emergency operations, protracted relief and recovery operations, special operations, country programmes and development projects. For countries that will operate under the Integrated Road Map framework – country strategic plans, interim country strategic plans, transitional interim country strategic plans and limited emergency operations – in 2018, the Secretariat will seek the Executive Board’s approval at the 2017 Second Regular Session for: i) interim delegations of authority; ii) additional principles to guide the interim application of full-cost recovery; and iii) an extension of derogations to the WFP General Rules and Financial Regulations until 31 December 2018. These derogations were originally authorized for 2017 at the Board’s 2016 Second Regular Session.

Other transitional governance arrangements for 2017 and 2018 addressed in this paper include employing approval by correspondence for project budget revisions under the current system, and extensions in time for transitional interim country strategic plans. These proposed arrangements, discussed with the Board and partners at informal consultations and bilaterally, reflect the feedback received to date.

Draft Decision*

Having considered the “Update on the Integrated Road Map” (WFP/EB.A/2017/5-A/1), the Executive Board:

- i) *notes* the progress on the Integrated Road Map, where the experience of the pilot country strategic plans containing pilot country portfolio budgets is informing the final design of the country portfolio budget and country strategic plan structures;
- ii) *notes* the Secretariat’s proposal to allow for increased flexibility in the Integrated Road Map implementation timeline, with some country offices continuing to implement projects under the current system beyond 1 January 2018, while maintaining the commitment to transition completely to the Integrated Road Map framework by 1 January 2019 and *decides* that this proposal shall be implemented;
- iii) *notes* that point ii) will require that derogations from certain provisions of the General Rules and Financial Regulations approved by the Executive Board at its Second Regular Session in 2017 with respect to country strategic plans containing pilot country portfolio budgets be extended to all country strategic plans, interim country strategic plans, transitional interim country strategic plans and limited emergency operations in 2018;
- iv) *requests* the Executive Director to present a formal proposal to this effect for approval at the Board’s Second Regular Session in 2017;
- v) *notes* that, at the Board’s Second Regular Session in 2017, the Secretariat will present proposals with respect to interim delegations of authority and principles to guide the interim application of full-cost recovery for country strategic plans, interim country strategic plans, transitional interim country strategic plans and limited emergency operations in 2018;
- vi) *approves*, as a temporary measure, the procedure for Board approval by correspondence, as set forth in paragraph 89 of this document, for: i) all necessary budget revisions to protracted relief and recovery operations, development programmes and country programmes effective after this Board session until 1 January 2019; and ii) time extensions for transitional interim country strategic plans from January 2018 through June 2019; and
- vii) *requests* the Secretariat to present the proposed final amendments to the General Rules and Financial Regulations and the revised delegations of authority to the Board for approval at its Second Regular Session in 2018 so that they may come into effect on 1 January 2019.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

Introduction

1. The Executive Board approved the Integrated Road Map (IRM) and its four components – the Strategic Plan (2017–2021),¹ the Policy on Country Strategic Plans² (CSPs), the Financial Framework Review³ and the Corporate Results Framework⁴ (CRF) at its Second Regular Session in 2016. The IRM defines the transformative change required to facilitate and demonstrate WFP’s contribution to achieving the goals of the 2030 Agenda, particularly Sustainable Development Goals (SDGs) 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. The Strategic Plan (2017–2021) and the CRF came into effect on 1 January 2017. Country offices are at various stages in transitioning to the new programmatic framework outlined in the Policy on CSPs and the accompanying country portfolio budget structure developed as part of the Financial Framework Review.
3. The new CSP framework will help WFP to design better programmes aligned with national priorities to serve people more effectively and efficiently, supporting governments and other partners in achieving the SDGs. The CSP framework introduces coherent country portfolios, which replace existing programme categories and project documents. The framework is composed of CSPs, interim country strategic plans (ICSPs), transitional interim country strategic plans (T-ICSPs) and limited emergency operations:
 - CSPs can be designed for 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. CSPs are approved by the Board.⁵
 - ICSPs may have a duration of up to three years and are approved by the Board. They are used when a CSP informed by a strategic review has not been completed because of ongoing conflict or instability that undermines governance, including the functioning of national institutions. ICSPs are based on existing strategies, studies, assessments – including joint needs assessments – analysis and data.
 - T-ICSPs following a limited emergency operation and T-ICSPs 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. Within the 18-month transition period – up to June 2019 – country offices are expected to develop and submit strategic review-informed CSPs or ICSPs for approval by the Board.
 - Limited emergency operations – which may include service delivery or capacity-strengthening support, as required – may be implemented in countries where WFP does not have a presence in the event of an unforeseen and sudden-onset emergency. Limited emergency operations, planned for an initial period of up to six months, are approved by the Executive Director and, if required, the Director-General of the Food and Agriculture Organization of the United Nations (FAO).

¹ WFP/EB.2/2016/4-A/1/Rev.2*.

² WFP/EB.2/2016/4-C/1/Rev.1*.

³ WFP/EB.2/2016/5-B/1/Rev.1.

⁴ WFP/EB.2/2016/4-B/1/Rev.1*.

⁵ In cases where a CSP 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 of bilateral projects to the Executive Director, unless the host government elects to have the CSP approved through the regular CSP approval process.

4. The country portfolio budget that accompanies each CSP, ICSP, T-ICSP and limited emergency operation consolidates all operations and resources into a single structure. It articulates the relevance and impact of WFP's work by transparently linking strategy, planning and budgeting, implementation and resources to demonstrate the results achieved. It also introduces four high-level cost categories and simplifies the application of full-cost recovery. The country portfolio budget, broken down into its four cost categories, is approved by total budget per WFP strategic outcome.
5. This document outlines WFP's plan to bring more flexibility to IRM implementation and provides the background and rationale for the Secretariat's proposal of employing approval by correspondence for project budget revisions to protracted relief and recovery operations (PRROs), country programmes, and development projects, and extensions in time for T-ICSPs during the remainder of the foreseen implementation period. It also describes other developments, lessons learned to date, and provides an update on outstanding governance issues, including the approach to learning, by applying interim language in 2018 related to delegations of authority and full-cost recovery for CSPs, ICSPs and T-ICSPs. This is expected to inform amendments to the WFP General Rules and Financial Regulations required for alignment with the new programmatic and financial frameworks.
6. Feedback received during informal consultations on 17 March and 4 May 2017 has been incorporated into this document, particularly with regard to the implementation approach, proposed transitional governance arrangements, and development of guiding principles and budgetary thresholds for interim delegations of authority in 2018.⁶

Major Developments

Progress to Date

7. As of May 2017, more than 96 percent of critical milestones for implementing the IRM were on track, resulting from major investments from Headquarters divisions, regional bureaux and country offices. Intensive workshops and training have stimulated further discussion of the IRM implementation plans of individual country offices. This has facilitated the development of T-ICSPs with relevant budget conversions, CSPs and ICSPs with accompanying country portfolio budgets, and updates to logical frameworks. Implementation has greatly improved the understanding of staff and management regarding the organizational and structural implications of the new business model.
8. The Board approved eight CSPs with accompanying country portfolio budgets, collectively referred to as wave 1A, at its First Regular Session in 2017.⁷ Wave 1A country offices are Bangladesh, China, Colombia, Ecuador, El Salvador, Indonesia, Lao People's Democratic Republic and Zimbabwe. Before the "go-live" date of 2 April 2017, several major milestones were required. These included implementation of the reconfigured WFP Information Network and Global System (WINGS), and the transfer of outstanding project balances to the country portfolio budget structure in WINGS to enable closure of all projects under the current system and facilitate resource availability at the start of a CSP.
9. On 1 March 2017, WINGS was ready to record new contributions to the approved CSPs. This followed an intense period of design and development in 2016, and three phases of extensive testing in the last quarter of 2016 and first two months of 2017. The country office tool for managing effectively (COMET), WFP's performance tracking system, was reconfigured to interface with WINGS and create the desired alignment between resources and results.
10. The second wave, wave 1B, is to be submitted for approval at the 2017 Annual Session. It includes five CSPs – Cameroon, Lebanon, Mozambique, Namibia and the United Republic of Tanzania – and an ICSP for the Sudan. Similar to the process employed for wave 1A,

⁶ An informal consultation on 16 May 2017 provided an opportunity to discuss the draft CSPs and ICSPs that will be submitted for approval at the 2017 Annual Session.

⁷ Country portfolio budgets will be piloted in 2017 only. Accordingly, the 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.

draft CSPs and the ICSP in wave 1B were circulated prior to the 16 May 2017 informal consultation. If approved, the CSPs and ICSP will have a start date of 1 July 2017, except for Cameroon and Lebanon, which will both start on 1 January 2018. The Secretariat is preparing the resource transfer exercise for wave 1B country offices.

11. Up to 16 CSPs and ICSPs will be submitted for approval at the 2017 Second Regular Session; the remaining CSPs and ICSPs, which will be approved over the subsequent implementation period – i.e. up to June 2019 – are in various stages of preparation. All future draft CSP and ICSP documents will be made available at least 12 weeks before they are submitted for approval; Board members will have 20 days to comment. Comments will be published on the Board website, discussed with concerned governments and stakeholders, and incorporated, as appropriate, into the final CSP and ICSP documents, which will be posted in English at least six weeks before the Board session at which they are submitted for approval.
12. Remaining country offices are developing T-ICSPs, country portfolio budgets and logical frameworks to enable the migration of budgets and resources to the new structure from 1 January 2018, and this will be completed by January 2019.

Introducing more flexibility to the IRM's implementation

13. Recognizing that 2017 is a year of learning and refinement for the IRM, the Secretariat is sensitive to concerns raised internally and by some Board members and donor partners that a more flexible implementation approach should be considered to:
 - give individual country offices an opportunity to refine their timelines, while safeguarding progress to date;
 - provide more time for WFP to make adjustments in the light of lessons learned and to implement improvements progressively during the roll-out;
 - maintain WFP's capacity to implement the IRM while responding to an unprecedented number of emergencies;
 - discuss and resolve process, system, policy and legislative issues with donors to ensure uninterrupted funding and avoid the risk of potentially serious funding issues; and
 - enable the Board to maintain a high level of oversight and engagement in the process.
14. The Secretariat proposes bringing more flexibility to the IRM implementation approach while preserving progress to date by:
 - maintaining the original target “go-live” date of 1 January 2018 for the corporate transition to the new IRM programmatic and budgetary system to retain momentum and ensure that the widely recognized benefits and learning from IRM implementation are delivered as early as possible; and
 - on an exceptional basis, allowing flexibility for selected country offices to continue operating under the project system during 2018, while transitioning to the IRM framework by no later than January 2019.
15. This means that the Secretariat will maintain the existing timeline while presenting country offices with the option – in exceptional circumstances – of continuing to implement projects under the current system in 2018. The Chair of the IRM, in consultation with the regional bureaux and country offices, will decide which country offices will follow the more flexible timeline, based on:
 - i) contexts where there is an opportunity to improve programmatic quality by following a more flexible timeline;
 - ii) a combination of funding concerns and the extent of the resource migration exercise, which could impede operational continuity if the country office transitions to the new framework by 1 January 2018; and
 - iii) Headquarters and regional bureaux readiness for IRM service support, and country office capacity to manage the change with success.

16. Given the progress to date, the investments made across the organization and the documented benefits of the IRM, the current indicative timelines for CSP and ICSP submissions to the Board, and the adoption of T-ICSPs are not expected to change significantly. Nevertheless, a more flexible approach offers an opportunity to alleviate pressure on some country offices while ensuring that those able to move forward continue to do so.
17. Existing General Rules and Financial Regulations would apply to country offices implementing projects under the current framework in 2018. Country offices implementing projects under the current system may also need to submit for approval extensions in time for ongoing projects. This may require establishing an expedited process for submission and approval of extensions, such as approval by correspondence.
18. Amendments to the WFP General Rules and Financial Regulations, and the revised budgetary thresholds for delegations of authority would be considered for finalization at the Second Regular Session of the Board in 2018 and would take effect on 1 January 2019. Implementation of a more flexible approach will require authorization from the Board to extend certain derogations from WFP's General Rules and Financial Regulations, described in paragraph 85, which were originally approved at the Board's Second Regular Session in 2016, as a temporary measure from 1 January 2018 through 31 December 2018.
19. In the event of unforeseen needs in 2018, country offices operating under the current project system will use current templates and procedures such as those for emergency operations, to implement an emergency response. Country offices implementing the IRM framework will address unforeseen needs by the addition of one or more WFP strategic outcomes or augmentation of existing strategic outcomes using the CSP emergency revision template.
20. The introduction of more flexibility in WFP's implementation approach presents both opportunities and risks.

Opportunities

21. *Extended period to implement and integrate learning.* The flexibility of the implementation approach would strengthen the development and integration of lessons learned and best practices while enabling refinement of the IRM framework as necessary. This especially applies to linking resources to results, strengthening partnerships, the use of focus areas and changes to the General Rules and Financial Regulations. In addition, WFP would benefit from lessons learned regarding internal processes and systems, and governance arrangements, including at the country office, regional bureau and Headquarters levels.
22. *Organizational readiness.* Increased flexibility would provide country offices, regional bureaux and Headquarters with more time to understand implications on organizational readiness, including the full realignment of corporate support with the new architecture.
23. *Corporate capacity.* In the face of unprecedented complex crises, introducing more flexibility to the timeframe would ensure that WFP retains its corporate response capacity and undertakes the transformation resulting from the IRM with a measured approach.
24. *Resource transfer process.* With some country offices opting to continue with projects under the current system in 2018, the scale and pressure to transfer resources – including undistributed commodities and unspent cash – in advance of a project's natural end date would ease, even when taking into account mitigation measures brought on by the early release of CSPs and ICSPs, and advance financing options. From the perspective of both WFP and donor partners, this would result in a more balanced distribution of resource transfers staggered over an extended period. In exceptional cases, operational activity could be allowed to continue in both projects and in a given country's CSP or ICSP to facilitate a smoother transition.
25. *Changes to the General Rules and Financial Regulations.* Given the lead time required for discussions with the Board on permanent changes to the General Rules and Financial Regulations, the more flexible approach would ensure that such changes are sufficiently informed by consultations and lessons learned from pilot countries. For example, interim delegations of authority for CSPs, ICSPs and T-ICSPs, and interim guiding principles for full-cost recovery will be proposed at the Board's Second Regular Session in 2017.

Final delegations of authority and revised General Rules and Financial Regulations – benefiting from lessons learned – will be proposed at the Second Regular Session in 2018.

26. *Reducing risks at year-end.* Risks associated with transitioning all country offices to the new architecture simultaneously would be reduced, depending on the number of country offices selecting to stay on the project path, including those with more complex operations.

Risks

27. *Resources to results.* It would not be possible to demonstrate how investments in planning, strategy and use of resources were linked to results throughout WFP until 2019, given that it would only be possible for countries implementing the CSP framework in 2018. Communicating the impact of WFP's assistance at an aggregate level in a way that is holistic and comprehensive – and that builds on the benefits of the new, results-oriented approach – will therefore be delayed by a year. The Secretariat is exploring an interim solution to mitigate this risk.
28. *Reputational impact.* WFP's transformation to a results-oriented business model has been highly visible and the organization has provided assurances to Member States and partners that it can meet its ambitious timeline. United Nations and other partners are monitoring WFP's progress, and delays in the transformation could be perceived as a setback.
29. *Dual structures.* WFP would require dual structures in WINGS to manage both the current project system and the new IRM framework until January 2019. This would have several implications from a resource management and reporting perspective. The Secretariat is exploring how these impacts can be minimized through interim solutions to mitigate this risk.
30. *Governance.* To govern the project system and the new IRM framework effectively, the Executive Board would be requested to approve an extension of certain derogations to WFP's General Rules and Financial Regulations.
31. *Contributions.* Contributions would be accepted in two different ways in line with the two different structures and their respective full-cost recovery policies. This could create confusion as donors could receive both portfolio reports and project reports – depending on the countries where contributions are provided – for an extended period.
32. *Increased resource requirements.* Moving the full global transition from January 2018 to January 2019 would entail additional investments for WFP, particularly at the regional bureau level. Increased resource requirements would need to be carefully assessed and addressed, including the costs of maintaining dual structures. To meet these requirements, there may be need to request resources from the Programme Support and Administrative Equalization Account as part of the Management Plan proposals for 2018. However, as development of the 2018 Management Plan has recently begun, a projection of IRM costs for 2018 will need to be revisited with the Board during the informal consultations leading up to the Management Plan's submission for approval at the Board's Second Regular Session in 2017.

Risk mitigation strategy

33. Some of the risks outlined in the previous section are also valid for the 2017 pilots, albeit on a smaller scale, and are being managed successfully. In addition, WFP is considering a number of measures to ensure that its internal system can handle parallel configurations at scale. Investments will be made to ensure that WFP can manage operational processes with a dual structure approach. Support to country offices will be maintained throughout 2017 and 2018 to ensure that sufficient attention and resources are given to both country offices going live on 1 January 2018 and those undertaking the transition during 2018.
34. WFP staff and partners will be sensitized to support the dual structure approach. All communication on WFP's programme of work, information about operational requirements and resource management reports will clearly indicate the applicable framework. WFP will also develop a clear strategy that provides consolidated reporting on its needs and expenditures.
35. WFP will work with the Executive Board on reporting requirements during the course of 2017 to ensure that information demands are met.

Indicative Roll-Out

36. The Secretariat is working closely with regional bureaux and country offices to identify countries that will transition to the IRM framework in 2018 and those that will carry on with project implementation in 2018. The Board will be apprised of updates to the indicative roll out of CSPs and ICSPs during informal consultations and Executive Board sessions.

Other Key Developments

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

37. The Secretariat is following and participating in the ongoing Quadrennial Comprehensive Policy Review (QCPR) discussions.⁸ Overall, WFP's Strategic Plan and the Policy on CSPs are aligned with the spirit and letter of the QCPR. Preliminary analysis indicates that the IRM documents encompass all critical elements of the QCPR resolution.⁹ The Secretariat will continue to ensure that IRM implementation is aligned with the QCPR resolution.

Corporate Results Framework

38. The Secretariat is currently evaluating how to measure and monitor WFP's contribution to SDG targets other than SDG 2 and SDG 17. As a first step, an analysis was undertaken to identify the most relevant targets and indicators for WFP within each SDG, taking into account areas in which the organization has proven expertise. Internal discussions are ongoing to determine the most appropriate approach to reporting on contributions in the CRF.

Other systems under development

39. In addition to reconfiguration of WINGS and COMET, implementation of the IRM provides an opportunity for digital transformation and increased integration of WFP's systems to improve business delivery and support data-driven decision-making. The first version of the budget planning tool is in development and will be ready to support country offices implementing country portfolio budgets from 1 January 2018. Lessons learned will be used to refine the tool and it is expected that the final version will be ready within 2018. Design elements and information requirements for the online portal are also being considered, and will be developed further during 2017 and 2018.
40. The IRM Operations Unit is working closely with functional areas throughout WFP to finalize the remaining requirements for the country portfolio budget structure. This includes defining additional system requirements for the supply chain – internal services provision, external supply chain service provision, the United Nations Humanitarian Air Service, and the Logistics Cluster, and handling regional operations and transnational engagements. Related processes and guidance materials are being updated for country offices in wave 1B and subsequent waves of countries making the transition.

Lessons Learned

41. As part of the discussion and approval of the Financial Framework Review at the Board's Second Regular Session in 2016, the Secretariat agreed that up to 16 CSPs with pilot country portfolio budgets would be submitted for approval and start implementation in 2017. Lessons learned have been captured since approval of the IRM in November 2016. A workshop was held from 27 to 29 March 2017 with deputy regional directors to share lessons learned regarding strategic reviews and the country operations management plan (COMP), and to discuss how these experiences can be applied to country offices in wave 1B and subsequent waves.

⁸ The QCPR is a mechanism through which the United Nations General Assembly assesses the effectiveness, efficiency, coherence and impact of United Nations operational activities for development. The QCPR is the primary policy instrument of the General Assembly to give the United Nations Development System, including WFP, guidance on how it should operate to support programme countries in their development efforts. WFP must implement the QCPR and annually report on its progress in implementing its requirements.

⁹ A/RES/71/243.

42. The experience of implementing CSPs and ICSPs is proving to be a valuable tool for learning, refining and validating the final design of the country portfolio budget and CSP structure and has underscored the importance of full staff engagement and country office ownership of the IRM process. Lessons learned from wave 1A country offices have already strengthened processes, templates and guidance for wave 1B country offices. The Secretariat will continue to consult local partners and host governments to gain lessons learned from an external perspective, and will share lessons learned with the Board during informal consultations, bilateral discussions and the 2017 Second Regular Session.
43. WFP's approach to country strategic planning has the potential to improve the efficiency and effectiveness of its assistance. Efficiency gains from using a single, coherent framework as opposed to multiple projects with varying approval processes, durations and planning needs will be assessed during 2017. The Secretariat will also assess gains in the effectiveness of its emergency response in the event of a crisis in wave 1A and wave 1B countries. This will help WFP to determine its ability to respond quickly, flexibly and efficiently with a range of appropriate activities and modalities and improved agility to transition to outcomes related to recovery and resilience building.
44. Recognizing that the coming months will continue to yield extensive lessons, the following paragraphs outline lessons learned to date in areas such as the strategic review process, the CSP structure, the use of focus areas, resource migration, COMPs, the allocation of multilateral funding, organizational readiness, and improving internal management, templates, guidance and processes.

Strategic Review Process

45. As a facilitator of the country-owned national zero hunger strategic review, the Secretariat encourages the full and inclusive participation of stakeholders – including the private sector and development banks – throughout the strategic review process.
46. It is widely acknowledged that the zero hunger strategic review process is being adapted to each context and the consultative process should extend from the national to the community level to gain perspectives from a wide network of local non-governmental organizations (NGOs) and stakeholders throughout the country. Country offices have recognized the usefulness of the zero hunger strategic review process for engaging with government ministries and partners while facilitating South–South and triangular cooperation. Building trust and partnerships is critical when discussing and sharing results of these reviews.

CSP Framework

47. Following the Board's review and feedback on wave 1A CSPs, the Secretariat updated the CSP corporate guidance for country offices to include additional guidelines on: i) better integrating elements of the zero hunger strategic review; ii) information related to partnerships; iii) contributions to other SDGs; iv) monitoring and evaluation; and v) transition and exit strategies. Early and inclusive partner engagement in the development of CSPs has been recognized as an opportunity to build stronger partnerships early on, leverage opportunities for South–South and triangular cooperation, and mobilize resources.

Regional Responses

48. Certain situations warrant regional strategic, resourcing and operational coordination. Regional initiatives, excluding emergency responses, will be implemented through individual CSPs and ICSPs, with additional or augmented WFP strategic outcomes as appropriate. WFP strategic outcomes and activities related to a regional response will be implemented through individual CSPs and country portfolio budgets of countries involved in the regional response. These strategic outcomes and activities will be tagged at the country office level to enable regional- and global-level monitoring and reporting on resources mobilized for the regional response.
49. The regional bureau will coordinate the planning, design and pursuit of these strategic outcomes, and other regional initiatives. Guidance on the treatment of regional operations and trust funds is

being developed to ensure that a regional approach is embedded in the IRM structure. The Secretariat is also reviewing potential regional structures for exceptional cases.

Focus Areas

50. A WFP strategic outcome is tied to one WFP Strategic Result and one focus area – crisis response, resilience building or root causes:
 - i) *Crisis response* aims to provide relief and maintain food security and nutrition in relation to an identified crisis or shock, and may include recovery efforts to restore livelihoods. It typically targets internally displaced persons, refugees, vulnerable host communities and malnourished and food-insecure populations affected by conflict, natural disaster or economic crises.
 - ii) *Resilience building* aims to build resilience to future crises and shocks by providing support to people and institutions and enabling communities and institutions to develop assets and capacities to prepare for, respond to and recover from crises. It typically supports people, communities and institutions in areas that are food-insecure, poor, hazard-prone or vulnerable to climate change.
 - iii) *Root causes* occur in the context of long-standing or unaddressed needs and vulnerabilities, and work in this focus area aims to address the underlying, root causes of vulnerability, including unavailability of food, poverty and poor access to education and basic social services. 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. Activities in this area typically target people and communities suffering from chronic food insecurity, persistent poverty and limited access to services.
51. Corporate guidance on the formulation of strategic outcomes is ensuring that each strategic outcome corresponds to only one focus area. This will facilitate programme coherence and promote greater visibility for resource mobilization and funding decisions.
52. Following the 17 March 2017 informal consultation, the Secretariat proposes in addition using the crisis response and root causes focus areas to facilitate the application of relevant WFP General Rules and Financial Regulations.
53. For example, strategic outcomes developed in response to emergencies will explicitly define the shock and will be linked to the crisis response focus area. This will help to identify strategic outcomes and budget revisions that will be submitted to the Executive Director if above the delegated threshold for approval and, where required, also to the Director-General of FAO. A report detailing the use of delegation of authority for the approval of strategic outcomes and budget revisions related to WFP strategic outcomes in the crisis response focus area will also be made available to the Board.
54. Strategic outcomes identified with the root causes focus area will facilitate the application of General Rule X.8, which indicates that development activities should be budgeted according to estimated available resources. The budgeting of strategic outcomes related to the crisis response and resilience building focus areas will be based on needs assessments.
55. Feedback from Member States and donor partners on the use of focus areas has been useful to date, although it has applied to wave 1A countries only so far. The 2017 pilots provide critical opportunities to gain additional experience in linking focus areas to WFP strategic outcomes. The Secretariat expects that the CSPs and ICSPs currently being submitted by country offices will help WFP and Member States to understand how the formulation of strategic outcomes – and links to focus areas – can be strengthened to promote better alignment with funding streams. The extended learning period provided by the more flexible implementation approach will enable WFP to evaluate the implications of using focus areas to facilitate application of the General Rules and Financial Regulations.

Resource Migration to New Country Portfolio Budgets

56. The resource migration process requires close and timely engagement and coordination with multiple functions and organizational units at the country office, regional bureau and Headquarters levels to manage the significant number of actions associated with this exercise.
57. Following the successful reconfiguration and launch of WINGS on 1 March 2017, the Secretariat is able to bring forward the internal approval of CSPs to “early release” country portfolio budgets in the system three to six months prior to the CSP start date. This enables new contributions to be confirmed directly to the CSP rather than against the closing projects in the current system. The advance approval period will ease the transition and is an effective strategy for facilitating resource availability from day one of a CSP or ICSP. For example, it is anticipated that wave 1B country offices will be able to accept contributions to CSPs and ICSPs in early May, two months before the start date, enabling them to begin procurement to be ready for distributions from the start date. It is expected that this advance approval period will increase with subsequent waves of CSPs and ICSPs.
58. The Secretariat is also undertaking resource migration activities to transfer or reallocate resources from projects in the current system to the CSPs and country portfolio budgets, in line with the original intent of the contributions. For the eight wave 1A country offices, the resource transfer exercise entailed 94 grant transactions (54 grants) from 19 donors, including the United Nations.
59. In spite of these measures, resource migration is a heavy burden on manual processes and draws on the technical expertise of a pool of specialists for WFP and for some donor partners. Lessons learned in wave 1A country offices demonstrated the need to ensure sufficient capacity at the country, regional and Headquarters levels to strengthen the coordination required to meet critical milestones and close projects on time to ensure operational continuity. Building on the good practices and lessons learned from wave 1A, the approach was adjusted for wave 1B to include the appointment of a resource migration coordinator to: i) coordinate resource migration activities within each country office and regional bureau; and ii) liaise with the resource migration team based at Headquarters. Detailed process mapping, assignment of responsibilities and clear deadlines were also issued to wave 1B country offices and subsequent waves of country offices to enhance coordination.

Annual Planning Process and Country Operations Management Plans

60. Implementation of the IRM is enabling WFP to review its current fragmented planning processes. Development of an integrated annual planning process will streamline annual performance planning, operational planning and management planning. COMPs will capture annual planning data and support corporate planning and reporting requirements. Information from the COMPs will be summarized in the Management Plan and made available through an online portal, including activity-level details, resource prioritization and modalities of assistance.
61. The eight country offices in wave 1A prepared their first annual COMPs and extracted information was shared with Member States in January 2017 as a complement to the draft CSP documents. Following this exercise, lessons learned from wave 1A country offices and their respective regional bureaux were reviewed to improve the COMP content and process prior to preparation of COMPs by wave 1B countries.
62. Country offices reported that while some sections of the COMP were particularly useful, the process required simplification, with clearer guidance. The information included in a COMP should be carefully selected to ensure that it is useful and meaningful in supporting country office decision-making. This includes differentiating the information collected and minimizing redundancies with the CSP document.
63. Based on the feedback received, the Secretariat adjusted the COMP structure and format for wave 1B countries. Updated and simplified guidance material was shared with wave 1B country offices to improve the quality of information provided and ensure a high level of consistency – particularly on resource prioritization and justification of assistance modalities, to facilitate funding decisions. Work is currently under way to automate the compilation of data from corporate systems as much as possible by 2018, and could provide the basis for the data included in the online portal.

Allocation of Multilateral Funding

64. The Strategic Resource Allocation Committee allocates multilateral funding to operations based on qualitative and quantitative information. The holistic nature of the CSP framework provides an opportunity to revisit the committee's decision-making criteria to consider needs, strategic outcomes, focus areas and performance. The aim is to maximize the use of multilateral funding and enhance the outcomes of WFP's programmes.

Corporate Results Framework

65. The CRF has been used successfully to design the eight wave 1A CSPs, including respective logical frameworks, and the CSPs, ICSPs and T-ICSPs currently under development. Using the CRF ensures that the CSPs are in line with the Strategic Plan (2017–2021) and its focus on SDG 2 and SDG 17. The CRF corporate categories for outcomes, outputs and activities allow country offices to formulate results and activities in alignment with national priorities at the country level while at the same time enabling alignment with WFP's corporate results and activities for transparent performance and reporting.
66. WFP systems have been reconfigured and tested with participation from the field. The options for capturing contributions to other SDGs will be examined further, in the contexts of both performance and financial data.
67. Future feedback on the CRF will determine whether additional guidance or revisions are required, and how best to introduce these.

Inclusion of the Sudan ICSP with Pilot Country Portfolio Budget in Wave 1B

68. The inclusion of the Sudan ICSP with a pilot country portfolio budget (pilot ICSP) in wave 1B – to be considered for approval at the Board's 2017 Annual Session – will enable the Secretariat to gain experience in implementing the IRM in a major complex operation. However, at its Second Regular Session in 2016, the Board approved derogations from WFP General Rules and Financial Regulations, and the accompanying delegations of authority. These derogations apply only to CSPs containing pilot country portfolio budgets, and will therefore need to be extended by the Board to cover the Sudan pilot ICSP. The Secretariat proposes extending the foregoing derogations and delegations to apply to the Sudan pilot ICSP as part of the draft decision attached to the Sudan ICSP document presented to the Board for approval at its 2017 Annual Session.

Organizational Readiness and Human Resources

69. As described at the 17 March informal consultation, the Human Resources Division rolled out to all country offices an IRM organizational readiness toolkit for country offices based on four dimensions of an integrated capability model – climate, organization, skills and talent). Preliminary lessons learned regarding the impact of the new IRM framework on country office staffing and structures in wave 1A country offices have begun to feed into the next iteration. Online self-learning materials have been made available to all staff; their contents and use have been reinforced by Headquarters and regional support teams.

Treatment of Trust Funds

70. As stated in the Policy on CSPs, CSPs or strategic outcomes entirely funded by a host country will be subject to Financial Regulations 5.1 and 5.2, which delegate approval of bilateral projects to the Executive Director, unless the host government elects to have the CSP or strategic outcome approved through the regular CSP approval process.
71. A working group on trust funds has been formed to review and revise the guidance, processes and templates for trust funds and other funding sources. This group will ensure alignment with the CSP framework and country portfolio budget structure, and consider the application of Financial Regulations 5.1 and 5.2 within the CSP framework. The working group will collaborate with the IRM project team, the Budget Service, the Finance and Treasury Division and the Government Partnerships Division to establish a clear definition of trust funds, the circumstances in which a grant can be classified as a trust fund, and the implications for governance, revenue recognition and the indirect support cost rate. The working group will also develop guidance for handling similar funding sources such as regional trust funds.

Outstanding Issue: Governance

Amendments to WFP General Rules and Financial Regulations

72. As foreseen in the Policy on CSPs and the Financial Framework Review, implementation of the new programmatic and financial frameworks requires changes to the current WFP General Rules and Financial Regulations regarding the: i) application of full-cost recovery and introduction of new cost categories; ii) delegations of authority to the Executive Director and joint delegations of authority for emergency operations above a certain threshold to the Executive Director and the FAO Director-General; and iii) terminology and definitions aligned with the new structure.¹⁰
73. To ensure that changes are sufficiently informed by lessons learned, the Secretariat proposes to submit interim guidance for 2018 regarding full-cost recovery and delegations of authority for approval at the 2017 Second Regular Session of the Board. The interim language, effective from 1 January to 31 December 2018, would only apply to those country offices implementing a CSP, ICSP, T-ICSP or limited emergency operation in 2018. Lessons learned would provide critical inputs for discussions with the Board through informal consultations in 2017 and 2018 – before the amendments to the WFP General Rules and Financial Regulations are finalized and presented to the Board for approval at its 2018 Second Regular Session.

Application of full-cost recovery

74. In light of paragraphs 72 and 73 above, the Secretariat proposes to adopt interim guidance for 2018 CSPs, ICSPs, T-ICSPs and limited emergency operations in respect of full-cost recovery. This will be presented for approval at the Board's 2017 Second Regular Session. Country offices continuing under the current project system in 2018 would continue to apply the General Rules and Financial Regulations currently in force. 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.

**Box 1. Proposed interim principles to guide the application
of full-cost recovery in 2018**

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

- a) The following high-level cost categories shall apply to all types of contributions:
- i) Transfer and implementation costs, which represent the operational costs of a contribution;
 - ii) Adjusted direct support costs; a country specific percentage of the transfer and implementation costs of the contribution; and
 - iii) Indirect support costs: a standard, Board determined, percentage of the transfer, implementation and adjusted direct support costs of the contribution

Delegations of authority to the Executive Director and the FAO Director-General

75. General Rule VI.2 establishes the delegation of authority and the appendix to the General Rules describes when authority is delegated to the Executive Director and, when required for emergency operations, the FAO Director-General. As currently written, these delegations of authority are subject to annual budgetary thresholds and are broken down by project category (Figure 1). Because these programme categories cannot be applied to the CSP framework, it is necessary to revisit the formulation of the current delegations of authority. The FAO Director-General's role in the approval of emergencies above a certain threshold will continue.

¹⁰ Changes to the WFP General Regulations are not expected.

Figure 1: Current delegations of authority to the Executive Director for project approval

76. At informal consultations, the Secretariat shared its analysis of project budget approvals and budget revisions from 2011 to 2015 and its expectation that the Board's approval will be sought for more new operations under the CSP governance framework than in the current system.¹¹ It is also expected that the majority of revisions to existing CSPs and ICSPs will relate to either an emergency response or a fundamental change in the overall strategic focus or role of WFP in a country.¹² Revisions related to an emergency response would continue to be approved by the Executive Director and – if required – the FAO Director-General. The Executive Board would approve revisions related to fundamental changes in the overall strategic focus or role of WFP in a country.

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

77. In line with Member States' feedback from 17 March 2017, the Secretariat has moved away from its original proposal of using a single percentage as a budgetary threshold for delegating authority to approve changes that are not related to fundamental changes, emergency responses or service delivery.¹³ At the informal consultation on 4 May 2017, the Secretariat sought feedback on the set of three principles and related thresholds outlined in paragraphs 78–82. Together, the thresholds would ensure that significant changes are considered by the Board while maximizing internal efficiency by delegating authority for less significant revisions. Annex I expands on these three principles and how the proposed threshold values were reached.
78. *Based on overall budget value of the CSP framework.* Current delegations of authority are defined by an input-based food value.¹⁴ To reflect better WFP's shift to food assistance and the outcome-focused approach of the CSP framework, delegations of authority should be linked to the overall budget value, based on the country portfolio budget of the CSP.

¹¹ 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.

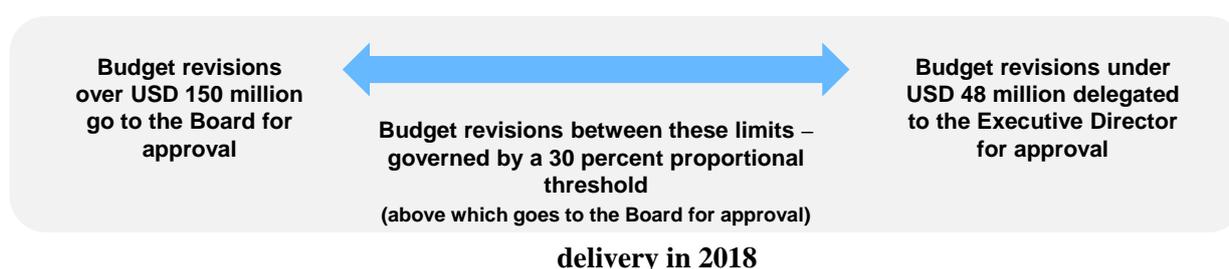
¹² The Policy on Country Strategic Plans (WFP/EB.2/2016/4-C/1/Rev.1*) refers to the approval of revisions sought from the Board in the event of a fundamental change in WFP's overall strategic focus in a country, involving the addition or deletion of one or more WFP strategic outcomes in the CSP. However, revisions concerning fundamental changes to a CSP that arise as a result of a new strategic outcome funded entirely by the host country may be approved by the Executive Director, as stated in paragraph 38 of the policy.

¹³ Further to paragraphs 70 and 71, it should be noted that the treatment of trust funds under the CSP framework, including the application of delegations of authority thereto, remains under consideration.

¹⁴ The input-based food value has also been applied to cash-based transfers and capacity development and augmentation.

79. *Principle of maximum and minimum absolute values.* It is important to ensure Board approval for large budget revisions while maximizing efficiencies through internal management of smaller changes. This can be accomplished by setting annual thresholds for maximum and minimum values in each country. A proposed maximum value threshold of USD 150 million would ensure that very large budget revisions, irrespective of their proportional size, were considered and approved by the Board. A proposed minimum value threshold of USD 48 million would ensure efficient use of the Board's time by allowing the internal approval of small budget revisions.
80. *Principle of relative proportion (percentage based).* There is a large disparity in the foreseen operational size of country portfolios. This implies that an absolute dollar value for budgetary thresholds would be an inefficient tool to apply in all countries for capturing significant changes. Establishing a relative threshold – proposed at 30 percent – would therefore better accommodate variations in CSP size and ensure that relatively significant budget changes are approved by the Board. This calculation will apply only where the value of the percentage revision is above the minimum and below the maximum absolute values set forth in paragraph 79.
81. Figure 2 illustrates how these principles and thresholds work together. The Secretariat will continue to discuss the proposed threshold levels during future consultations. It will present for approval at the 2017 Second Regular Session interim delegations of authority for managing revisions to CSPs and ICSPs that are not related to fundamental changes, emergency responses or service delivery from 1 January to 31 December 2018. Permanent delegations of authority, benefiting from lessons learned in 2018, will be proposed for approval at the 2018 Second Regular Session and would take effect on 1 January 2019.

Figure 2: Proposed interim delegations of authority for revisions of CSPs, ICSPs and T-ICSPs that are not related to emergency response, fundamental changes or service



82. The Secretariat also proposes to revisit the approved final threshold levels for delegations of authority within three years of their introduction. This will ensure that the appropriate balance is found between ensuring oversight and proper governance while seeking increased management efficiency.

Proposed delegation of authority for budgetary revisions related to service delivery

83. The Secretariat will also propose that the Board provide delegated authority to the Executive Director to approve budgetary revisions related to the service delivery modality. Noting that service delivery – 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, such revisions would be handled in the same spirit as the current delegations of authority for special operations: revisions arising from the service delivery modality will be approved by the Executive Director as set forth in paragraph 75.

Terminology and definitions

84. 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.

85. 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 transitional period from the 2017 First Regular Session to 31 December 2017. These included provisions of General Rule XIII.4 and Financial Regulations 1.1 and 5.2 concerning cost categorizations and the manner in which full-cost recovery is achieved, solely where necessary to permit the application of country portfolio budget principles. The Board also approved, for application until 31 December 2017, an interpretation of provisions of the WFP General Rules and Financial Regulations referring to existing programme categories as references to CSPs to permit CSP implementation. In addition, the Board granted the Executive Director authority until the end of 2017 to revise the pilot CSPs when necessary.¹⁵
86. Bringing more flexibility to the implementation approach means that WFP will be operating two frameworks in 2018 – the current project system and the new IRM framework. To ensure effective governance, the Secretariat will apply existing General Rules and Financial Regulations to country offices implementing projects under the current system in 2018. For country offices transitioning to and implementing the IRM framework in 2018, the Secretariat will seek authorization from the Board at its 2017 Second Regular Session to extend certain derogations to WFP's General Rules and Financial Regulations as a temporary measure for CSPs, ICSPs, T-ICSPs and limited emergency operations from 1 January until 31 December 2018.

Other Transitional Governance Arrangements

87. The Secretariat proposes to employ approval by correspondence for: i) project budget revisions in 2017 and 2018; and ii) extensions in time for T-ICSPs in 2018 and 2019. This mechanism takes into consideration feedback provided by Member States at the 17 March informal consultation to bring more flexibility to the implementation timeline, provide visibility and oversight to the Board, and ensure operational continuity.

Approval by correspondence for project budget revisions in 2017 and 2018

88. It is foreseen that some country offices will require the Board's approval of budget revisions related to projects under the current system – PRROs, country programmes and development programmes – before the approval and start of a CSP, ICSP or T-ICSP. The Secretariat initially proposed a temporary delegation of authority to the Executive Director to include the approval of project budget revisions until the start date of a country office's CSP or ICSP. Based on feedback received from Member States during the 17 March 2017 informal consultation, the Secretariat has revised this proposal to employ instead a process of approval by correspondence. This will streamline approval and reduce the Board's workload at upcoming Board sessions.
89. Approval by correspondence will entail the following steps:¹⁶
- i) The Secretariat will post the project budget revision on WFP's website as soon as it has been cleared by the Executive Director.
 - ii) Board members will be advised immediately by e-mail of the posting so that they may communicate comments to the Secretariat within ten working days.
 - iii) On receipt of comments from any Board member, the Secretariat will address them bilaterally with the member.
 - iv) At the end of the posting period, the document will be considered approved unless at least one Board member requests a discussion at the next Board session. Requests must

¹⁵ 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 the delegations of authority. The existing delegations of authority with respect to emergency operations will be maintained.

¹⁶ This procedure will supersede the "Mechanism for Approval by Correspondence of PRROs and PRRO Budget Revisions" (WFP/EB.A/2005/11-B) for PRRO budget revisions. The procedure set forth in paragraph 89 differs from the mechanism in that it applies to all PRRO revisions, not just those related to cases of extreme urgency, and the period for Board consideration of PRRO revisions will be ten working days as opposed to the five working days that the mechanism allows for.

be addressed to the Secretary of the Executive Board, with a copy to the President of the Board.

90. Project budget revisions approved by correspondence will be submitted for information to the Board at subsequent sessions.

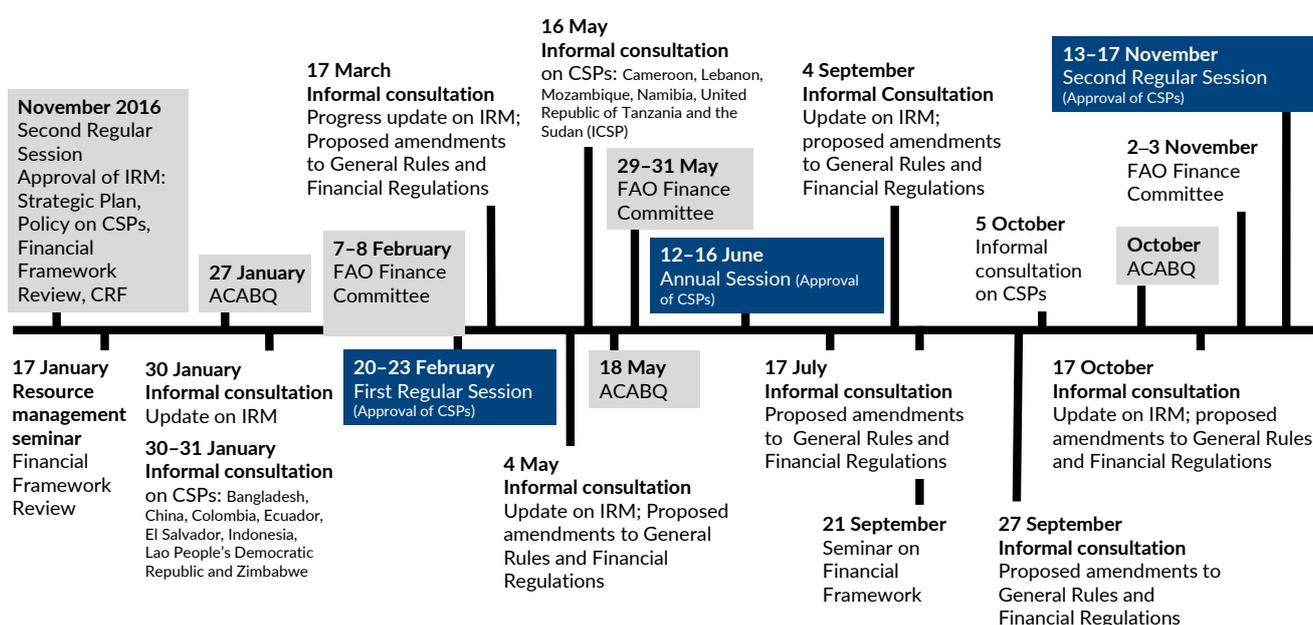
Approval by correspondence for extensions in time for T-ICSPs during the transition period, until June 2019

91. A T-ICSP based on previously approved project documents may be approved for up to 18 months by the Executive Director as a bridge to a CSP informed by a national zero hunger strategic review. Within this 18-month period, the country office is expected to develop and submit a strategic review-informed CSP for approval by the Board. In some cases, however, the development of a CSP may extend beyond the currently envisaged timeframe. The Secretariat initially proposed that the Board grant temporary delegation of authority to the Executive Director to approve extensions in time for T-ICSPs up to the end of the transition period, by June 2019. However, given concerns about granting this delegation of authority during the implementation period, the Secretariat is proposing an alternative mechanism, as detailed in the following paragraph.
92. Recognizing that a country office may have limited time to prepare and submit a budget revision for the Board's approval to enable an extension in time, the Secretariat proposes adopting the procedure outlined in paragraph 89. Such an arrangement would ensure operational continuity for country offices operating under T-ICSPs without being bound to the next Board session for CSP or ICSP approval.

Partner Engagement in 2017 and 2018

93. Recognizing the significance of the transformation brought on by the IRM and other important governance decisions, which require substantial discussion, the Secretariat has developed a comprehensive engagement strategy for 2017 (Figure 3), which will continue into 2018. The Board's engagement and feedback will provide invaluable guidance to ensure the successful implementation of the IRM, discussion of draft CSPs and ICSPs, and consideration of the normative amendments to the General Rules and Financial Regulations, and the proposed revisions to delegations of authority, which will be presented for approval at the 2018 Second Regular Session.

Figure 3: Informal consultations in 2017



ANNEX I

Principles and budgetary thresholds for delegations of authority

1. The Secretariat will present the principles outlined below for discussion during the Executive Board's 2017 Annual Session and hold additional informal consultations on the proposed threshold levels between the 2017 Annual Session and 2017 Second Regular Session. It intends to present for approval at the 2017 Second Regular Session interim delegations of authority for managing revisions to CSPs, ICSPs and T-ICSPs that are not related to fundamental changes, emergency response or service delivery from 1 January 2018 to 31 December 2018. Permanent delegations of authority, benefiting from lessons learned in 2018, will be proposed for approval at the 2018 Second Regular Session and would take effect on 1 January 2019.

Principle 1: Based on overall budget value to reflect the CSPs' focus on outcomes

2. WFP has gradually shifted from providing in-kind food assistance to increasingly including cash-based transfers and capacity-building activities. In 2010, the Board approved the segregation of non-food activities within projects.¹ In line with this decision, in 2013 the Secretariat introduced cash-based transfers and capacity development and augmentation as modalities in the budget structure. At the time, cash-based transfers represented approximately 1 percent of WFP approved budgets and capacity development and augmentation approximately 4 percent. By 2015, the values were 22 percent for cash-based transfers and 9 percent for capacity development and augmentation.
3. In the approved CSP framework, WFP is committed to achieving its strategic outcomes through various modalities, and is therefore transitioning to an outcome-focused rather than input-based approach. To reflect this shift, WFP's thresholds for delegation of authority, currently defined by an input-based food value, could be revised to be based on overall budget value. They would therefore no longer be defined solely by a single modality type.

Principle 2: Based on maximum and minimum absolute values

4. Establishing minimum and maximum absolute thresholds would ensure Board oversight of large budgetary revisions while maximizing efficiencies through delegated authority for smaller revisions. These thresholds are not intended to apply to new CSPs and ICSPs, fundamental changes to CSPs and ICSPs, budget revisions related to crisis response and service delivery-related outcomes, or to CSPs or strategic outcomes funded entirely by the host country.

Minimum threshold

5. Striking the right balance between maintaining the Board's role in the approval of budget revisions while ensuring the optimum level of efficiency in terms of both the Board's workload and WFP's internal processes is a critical focus of discussions on thresholds for delegation of authority.
6. In line with feedback provided at the 17 March informal consultation, the Secretariat proposes to establish a minimum threshold to maximize efficiencies through internal management of small changes. This minimum threshold would be a dollar value below which all revisions would be delegated by the Executive Board, irrespective of their proportional value relative to the CSP or ICSP.
7. To establish a proposed minimum threshold level, the Secretariat reviewed the current delegations of authority provided by the Executive Board. From 2011 to 2015, 85 percent of the budgets approved by the Executive Board were for PRROs. Therefore, the delegations of authority provided to the PRRO category were viewed as an appropriate baseline for considering new minimum thresholds. The current PRRO budgetary threshold of USD 20 million in food value has been extrapolated to reflect a total budget value of USD 48 million.

¹ WFP/EB.2/2010/5-A/1.

The Secretariat proposes to maintain this level as the minimum threshold. This threshold would be applied annually.

Maximum threshold

8. Recognizing that large-value budget revisions represent increased risk to WFP by virtue of their size, it is important that such changes that are not related to fundamental changes, emergency response or service delivery be reviewed and approved by the Board. Following the recommendations of Member States during the 17 March consultation, the Secretariat proposes to establish a maximum absolute value threshold to ensure that these revisions are reviewed and approved by the Board, irrespective of their proportional size in relation to the CSP or ICSP.
9. The Secretariat proposes a maximum threshold of USD 150 million, which would ensure that any revisions greater than this value are automatically required to have Board approval. This threshold would be applied annually.
10. The Secretariat undertook a sensitivity analysis – comparing levels of USD 250 million, USD 150 million and USD 100 million – to ensure a balance in the number and value of budget revisions that would be submitted to the Board for approval. This analysis recognized several factors, including the Board’s critical role in the oversight of WFP’s activities and the implications of the number of budget revisions on the Board’s workload as new CSPs and ICSPs are presented to the Board for approval.
11. The sensitivity analysis was based on project and budget revision approvals from 2011 to 2015. This analysis also took a holistic view of the proposed governance model – incorporating the minimum threshold and the relative proportion – to evaluate the overall impact.
12. The analysis found that if the maximum threshold had been USD 250 million, during 2011–2015, the Board would have approved approximately 12 budget revisions – approximately 2.4 per year – valued at USD 1.6 billion. While the number of revisions presented for Board approval was viewed as manageable, there was concern that the overall value may be less than that desired for Board oversight.
13. With a maximum threshold of USD 100 million, the Board would have approved approximately USD 2.8 billion through 21 budget revisions – approximately 4.2 per year. In view of the demands on the Board for CSP and ICSP approvals, this level was considered sub-optimal in terms of its potential annual workload.
14. With a maximum threshold of USD 150 million, the Board would have approved approximately 15 budget revisions – 3 per year – with an overall value of USD 2.1 billion. This proposed threshold would provide a strong balance between Board oversight on a significant proportion of budget revisions while ensuring a reasonable annual workload.

Principle 3: Based on relative proportion to accommodate variations in the size of CSPs

15. The Secretariat foresees significant disparities in the operational size of CSPs. Based on data from 2011–2015, the size of CSPs would have ranged from an average of more than USD 2 billion in the largest six countries to an average of USD 150 million in the smallest 40 countries.
16. This implies that a single monetary value for budgetary thresholds is an inefficient tool to apply in all countries. For this reason, establishing a percentage threshold would ensure that the Board focuses its efforts on changes that are significant to each country, irrelevant of operational size.
17. As a first step in setting a percentage for budgetary thresholds, the Secretariat conducted a historical analysis of what the current thresholds represented proportionally when they were approved by the Executive Board in 1994 and 2004. Taking into consideration principle 1 and the current food-value basis for budgetary thresholds, the analysis first extrapolated what these thresholds would have represented in terms of overall budget value, including associated costs, in 1994 and 2004, then compared this value with the average budget approval size at the time. The analysis shows that the 1994 budgetary threshold represented on average 30 percent of the budget approval size, and the 2004 budgetary threshold represented 42 percent of the PRRO budget approval size (Figure A.1).

Figure A.1: Analysis of current budgetary thresholds

What the delegation of authority meant in 1994 (when it was newly in place)			
Threshold in food value	Equivalent total budget value	Average budget approval size (PRRO, emergency operation, development project)	Average proportion
USD 3 million	USD 7.5 million	USD 25 million	30%

What the delegation of authority Meant in 2004 (when it was revised for PRROs)			
Threshold in food value (PRRO)	Equivalent total budget value	Average PRRO budget approval size	Average proportion
USD 20 million	USD 48 million	USD 114 million	42%

18. Based on this analysis, and to ensure the Board's involvement and oversight in all significant changes to CSPs, the Secretariat proposes setting a relative percentage of 30 percent, to be applied cumulatively. This would require that budget revisions between USD 150 million and USD 48 million, and representing greater than 30 percent of overall budget value, be submitted to the Board for approval. To test this proposal, the Secretariat applied the relative percentage to the 20 largest budget revisions from 2011–2015 and found that all would have been above this threshold. These 20 budget revisions represented USD 7.7 billion, or more than half of the total approved budget revision value of USD 14.8 billion.
19. The analysis indicates that the overall impact of these thresholds during 2011–2015 would have increased the Executive Board's oversight of WFP's Programme of Work by 15 percent, from USD 20 billion to USD 23 billion.

Acronyms Used in the Document

ACABQ	Advisory Committee on Administrative and Budgetary Questions
COMET	country office tool for managing effectively
COMP	country operations management plan
CRF	Corporate Results Framework
CSP	country strategic plan
DEV	development project
EMOP	emergency operation
FAO	Food and Agriculture Organization of the United Nations
ICSP	interim country strategic plan
IRM	Integrated Road Map
PRRO	protracted relief and recovery operation
QCPR	Quadrennial Comprehensive Policy Review
SDG	Sustainable Development Goal
T-ICSP	transitional interim country strategic plan
WINGS	WFP Information Network and Global System