

WFP

**AMENDMENTS TO WFP
FINANCIAL REGULATIONS**

**Submission to the
FAO Finance Committee and ACABQ**

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ORIGINAL: ENGLISH**

BACKGROUND AND RATIONALE FOR THE AMENDMENTS

1. In November 2005, the WFP Executive Board endorsed the approach set out in “Funding for Effectiveness” (WFP/EB.2/2005/5-B), which emphasized that if donors provided a greater portion of their contributions multilaterally and with greater predictability and flexibility, WFP could be more effective in meeting beneficiary needs on time.¹
2. The paper also noted that if donors could provide at least a portion of their contribution to a programme category on a multilateral basis, leaving allocation within a category to WFP, there would be benefits in terms of flexibility of allocation and efficiency. In line with this, and recognizing that the current definitions of multilateral and directed contributions are out of date with practice in terms of donor appeals and reporting requirements, updated versions of these definitions were proposed.
3. The Board endorsed WFP’s objective of supporting beneficiary needs effectively as presented in “Funding for Effectiveness” and requested the Secretariat to submit the necessary amendments to the definitions in the Financial Regulations. As these definitions form part of WFP’s Financial Regulations, the Secretariat is seeking the advice of the FAO Finance Committee and ACABQ, and will submit the proposed amendments to the Board for final approval.

CURRENT DEFINITIONS

4. The current definition of a **multilateral contribution** to WFP is:

“... a contribution for which WFP determines the Country Programme or WFP activities in which the contribution will be used and how it will be used, or a contribution made in response to a broad-based appeal for which WFP determines, within the scope of the broad-based appeal, the Country Programme or WFP activities in which the contribution will be used and how it will be used, and for which the donor will accept reports submitted to the Board as sufficient to meet the requirements of the donor.”²

5. This definition is outdated in that (i) it refers to broad-based appeals, which are no longer commonly used as an appeal mechanism, (ii) it does not refer to standard project reports (SPRs) as the standard reporting mechanism currently accepted by the Board and (iii) it does not recognize the benefits in terms of flexibility of allocation and efficiency that can be gained if donors specify that a contribution be used within a programme category or for the Immediate Response Account (IRA) without further restriction as to its use. The Board requested the Secretariat to submit the following updated definition of a multilateral contribution.

¹ “Funding for Effectiveness” (WFP/EB.2/2005/5-B).

² WFP Financial Regulations, Section I: Definitions.



“A multilateral contribution shall mean a contribution to WFP to be allocated without restriction and at the discretion of WFP for any programme category, including the IRA, for which the donor agrees to accept the Standard Project Reports and reports submitted to the Board as sufficient to meet the requirements of the donor; a multilateral contribution may also include a contribution in which the donor identifies the programme category only, but places no other restriction on its use, which will be at the sole discretion of WFP.”

6. In contrast, a **directed multilateral contribution** is currently defined as:

“... a contribution, other than a response to an appeal made by WFP for a specific emergency operation, which a donor requests WFP to direct to a specific activity or activities initiated by WFP or to a specific Country Programme or Country Programmes.”³

7. This definition is also outdated. To ensure consistency and clarity, WFP’s Board also requested that it be updated as follows:

“A directed contribution shall mean a contribution regarding which the donor requests WFP to direct it to a specific activity or activities or a specific operation or operations and agrees to accept Standard Project Reports and reports submitted to the Board as sufficient to meet the requirements of the donor.”

CONCLUSION

8. The above modifications will serve to update the definitions of multilateral and directed contributions in line with current practice in terms of donor appeals and reporting requirements. They will also provide greater clarity and support the Board in measuring progress toward its target of increasing the percentage of contributions provided multilaterally and without requirements as to their use over the next biennium.

³ Ibid, pp. 37–38.