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منظمة الأغذية والزراعة للأمم المتحدة

FINANCE COMMITTEE

Hundred and Sixty-eighth Session

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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 the "Update on the Integrated Road Map".**

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Update on the Integrated Road Map

Executive summary

The Integrated Road Map comprises the WFP Strategic Plan (2017–2021),[1] the Policy on Country Strategic Plans,[2] the Financial Framework Review[3] and the Corporate Results Framework (2017–2021).[4] Together these components provide a holistic platform to support the strengthening of the humanitarian–development nexus within countries and to help ensure that WFP's responses are appropriate and sustainable. In a time of unprecedented humanitarian needs, the framework of the Integrated Road Map reinforces the effectiveness and efficiency of operations.

Implementation of the Integrated Road Map is transforming WFP and renews the focus on performance, transparency and maximizing value for money. It requires a reconfiguration of WFP's technology systems, changes to the General Rules and Financial Regulations to support the introduction of the new programmatic and financial framework, early and inclusive partner engagement, and the development and roll-out of tools and training to equip staff with the right capabilities.

From 1 January 2018, a majority of country offices – representing nearly two thirds of WFP's programme of work[5] – will have completed the transition to country strategic plans, interim country strategic plans or transitional interim country strategic plans with accompanying country portfolio budgets. Under the flexible approach to implementing the Integrated Road Map, 16 country offices will continue to use the current system on an exceptional basis beyond that date and will transition to the country strategic plan framework by 1 January 2019.[6]

[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] Estimates of the annual programmes of work of the countries concerned and of the percentage of the total annual programme of work that these represent are based on the 2018 programme of work in the latest draft of the Management Plan (2018–2020).

[6] WFP/EB.A/2017/5-A/1.

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For WFP, 2017 is a year of learning. Preparing and implementing the first two waves of Board-approved country strategic plans and one interim country strategic plan, as well as the development of 38 transitional interim country strategic plans based on projects previously approved by the Board, has greatly informed the development of relevant guidance, processes and approaches. Lessons learned, compiled in annex I, and Member State feedback have stimulated discussion and solidified the key building blocks of the Integrated Road Map framework, including the foreseen consultation process; treatment of emergencies, and annual planning processes.

The Integrated Road Map's governance model is intended to strengthen the Board's fundamental approval role, reducing fragmentation to enhance the Board's strategic oversight while retaining WFP's ability to respond quickly to emergencies by applying a governance model that is risk-based and cost-effective.

The proposed interim governance arrangements will apply to country offices implementing the country strategic plan framework. The Secretariat is seeking the Board's approval of the following interim governance arrangements: i) interim delegations of authority, effective from 1 January 2018 to 29 February 2020; ii) additional principles to guide the interim application of full cost recovery for 2018; and iii) an extension of derogations to the WFP General Rules and Financial Regulations until 31 December 2018.[7]

Amendments to the General Rules and Financial Regulations with respect to full cost recovery, terminology and definitions, benefiting from lessons learned in 2017 and 2018, will be presented for approval at the Board's 2018 second regular session and, if approved, will take effect on 1 January 2019. Permanent delegations of authority, drawing on experience from the interim period from 1 January 2018 to 29 February 2020, as well as a review to ensure that the Board's fundamental approval and oversight role is maintained, will be presented for approval at the Board's 2020 first regular session and, if approved, will take effect from 1 March 2020.

In addition, the Secretariat proposes transitional governance arrangements that will allow the use of approval by correspondence to enable three country offices to implement certain ongoing activities that are included in their proposed country strategic plans. These activities are limited to those being implemented under currently approved projects, and the approval by correspondence will cover the period from 1 January 2018 until the country strategic plans are presented to the Board for approval at its 2018 first regular session. Subject to the Board's approval of these arrangements, the same approach will be followed for country strategic plans or interim country strategic plans to be considered at the Board's 2019 first regular session.

Draft decision*

Having considered the "Update on the Integrated Road Map" (WFP/EB.2/2017/4-A/1/Rev.1) and recalling the Executive Board decisions concerning the "Policy on Country Strategic Plans" (WFP/EB.2/2016/4-C/1/Rev.1), the "Financial Framework Review" (WFP/EB.2/2016/5-B/1/Rev.1) and the "Update on the Integrated Road Map" (WFP/EB.A/2017/5-A/1), the Executive Board:

i) *notes* that while certain country offices will continue to implement the project-based system, the country strategic plan (CSP), interim country strategic plan (ICSP), transitional interim country strategic plan (T-ICSP) and limited emergency operation modalities, including country portfolio budgets – hereafter referred to as the "CSP framework" – that are foreseen in the Integrated Road Map (IRM) will, following a pilot phase in 2017, be introduced in 2018;

ii) *notes* the progress on the IRM, where the experience of implementing the pilot CSPs and one ICSP has served to inform and refine the design of the country portfolio budget, CSP and ICSP structures, and *decides* that their pilot phase will end on 31 December 2017, noting that they will be implemented as standard CSPs and ICSPs for the remainder of their duration;

[7] These derogations were originally authorized for 2017 at the Board's 2016 second regular session.

* 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.

iii) *recalls* its request to the Executive Director, made at the 2017 annual session, to present at the 2017 second regular session proposals in respect of the application of the General Rules and Financial Regulations to allow for the implementation of the CSP framework in 2018, as well as the Secretariat's commitment to present proposals, also at the 2017 second regular session, on principles to guide, on an interim basis during 2018, full cost recovery, together with proposed interim delegations of authority to the Executive Director for operations carried out under the CSP framework;

iv) *recalls* that WFP's General Rules and Financial Regulations are expected to be amended at the 2018 second regular session, and approves*:*

1) the continued application of existing General Rules and Financial Regulations to country offices implementing the current project-based system; and

2) for countries operating under the CSP framework:

a) the temporary application of provisions of the General Rules and Financial Regulations referring to existing programme categories as if such references were to the CSP framework; and

b) derogations from provisions of General Rule XIII.4 and Financial Regulations 1.1 and 4.5 relating to cost categories and full cost recovery in order to allow for the application of the principles referenced in paragraph v, below;

v) *decides*, pending amendment of the General Rules and Financial Regulations at the 2018 second regular session, to extend the principles previously approved by the Board for the purpose of pilot CSPs[8] to the CSP Framework in effect in 2018, with the exception of those formulated in connection with full cost recovery, which shall be applied as follows:

1) The following high-level cost categories shall apply to all types of contributions:

a) transfer and implementation costs, which represent the operational costs of a contribution;

b) adjusted direct support costs, i.e., a country-specific percentage of the transfer and implementation costs of a contribution for all activities, save for those related to mandated common services, for which a different adjusted direct support costs rate will be applied due to the manner in which costs for these activities are budgeted, and;

c) indirect support costs (ISC), i.e., a standard, Board-determined, percentage of the transfer and implementation and adjusted direct support costs of a contribution. Notwithstanding the foregoing, the Board-determined ISC may, as an interim measure pending consideration of the role of extra-budgetary funding at the 2018 second regular session, be varied through the continued use of trust funds and extra-budgetary accounts in instances where they have in the past been employed to fund activities that are now part of the CSP framework;

2) Except as otherwise provided in sub-paragraph 3, below, all donors shall provide sufficient cash or other acceptable resources to cover the full operational and support costs related to their contributions;

3) The exceptions currently provided for full cost-recovery, set forth in General Rule XIII.4 (e) – (h), shall continue to be applied in accordance with current practices. As the category of direct support costs will no longer exist for programmes operating under the CSP Framework, for the purposes of waiver authorization under General Rule XIII.4 (g) "direct support costs" shall mean "costs that prior to application of the CSP Framework would have constituted direct support costs", and the Executive Director's authority to reduce or waive ISC for such contributions shall encompass adjusted direct support costs as well;

[8] *See* WFP/EB.2/2016/15, decision 2016/EB.2/7, para. v.

vi) *approves*, for the period from 1 January 2018 to 29 February 2020, the interim delegations of authority to the Executive Director, that are set forth in annex II to this Update on the Integrated Road Map (WFP/EB.2/2017/4-A/1/Rev.1), noting that permanent delegations of authority to the Executive Director will be approved, following a review of the interim delegations of authority, by the Executive Board at its 2020 first regular session; and

vii) *notes* that in the interest of a more efficient transition to the CSP Framework, certain country offices that plan to submit CSPs to the Executive Board for approval at the Board's 2018 first regular session have indicated a preference for commencing CSP implementation from 1 January 2018. In order to facilitate that, the Executive Board requests the Secretariat to submit for approval by correspondence, in accordance with Rule IX.8 of the Rules of Procedure of the Executive Board, short-term ICSPs that detail activities to be implemented under the Integrated Road Map framework from 1 January 2018 through 31 March 2018 for those countries, and *also notes* that a similar process may be followed for countries operating under the legacy project system in 2018 that will present CSPs or ICSPs for Executive Board approval at the Board's 2019 first regular session.

Introduction

1. The Integrated Road Map (IRM) defines the transformative changes required to implement the Strategic Plan (2017–2021) and facilitate and demonstrate WFP's contribution to achieving the goals of the 2030 Agenda for Sustainable Development, particularly Sustainable Development Goal (SDG) 2, "End hunger, achieve food security and improved nutrition, and promote sustainable agriculture", and SDG 17, "Strengthen the means of implementation and revitalize the global partnership for sustainable development".

2. WFP's approved Strategic Plan (2017–2021) is aligned with the Quadrennial Comprehensive Policy Review (QCPR). The Secretariat continues to contribute to discussions on the current QCPR in order to benefit the broader United Nations system and is following developments related to the strategic plans of other agencies to ensure consistency in commitments, objectives and language. On 6 September 2017, WFP provided an update on its progress towards meeting the obligations of the 2016 QCPR. The Secretariat continues to evaluate the potential implications of these discussions for the Strategic Plan (2017–2021), the IRM and the QCPR process and will provide further updates to the Board following the release of the United Nations Secretary-General's report in December 2017.

3. The country strategic plan (CSP) framework will help WFP to design better programmes that are aligned with national priorities in order to serve people more effectively and efficiently, supporting governments and other partners in achieving the SDGs. The CSP framework introduces comprehensive country portfolios, which replace existing programme categories and project documents. The framework is composed of the following programme types:

   - CSPs can be designed for a duration of up to five years and are informed by country-led national zero hunger strategic reviews and evaluations, assessments – including joint needs assessments – and feasibility studies. Except for CSPs funded entirely by the host country, which may be approved by either the Board or the Executive Director, CSPs are approved by the Board.[9]

   - Interim country strategic plans (ICSPs) can have a duration of up to three years and 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. Except for host country-funded ICSPs, which may be approved by either the Board or the Executive Director, ICSPs are approved by the Board.

   - A transitional interim country strategic plan (T-ICSP) following a limited emergency operation and T-ICSPs based on previously approved project documents adapted to the CSP framework will be approved for up to 18 months by the Executive Director as a bridge to a CSP informed by a national strategic review. T-ICSPs that are based on previously approved project documents[10] give country offices time to establish and implement uniform programmatic, financial and operational systems in line with the new Strategic Plan (2017–2021).

   - A limited emergency operation – which may include the provision of services or capacity strengthening support, as required – may be implemented in the event of an unforeseen and sudden-onset emergency in a country where WFP does not have a presence. Limited emergency operations are planned for an initial period of up to six months and are approved by the Executive Director and, if required, the Director-General of the Food and Agriculture Organization of the United Nations (FAO).

[9] In cases where a CSP is funded entirely 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 by the Board through the regular CSP approval process.

[10] In 2017, the Executive Director will approve 38 T-ICSPs based on previously approved project documents for implementation from 1 January 2018 for up to 18 months. Within this transition period – until June 2019 – country offices are expected to develop and submit strategic review-informed CSPs or ICSPs for the Board's approval.

4. The country portfolio budget that accompanies the CSP framework consolidates all the operations and resources in a country into a single structure, with the exception of service level and third party agreements that are incidental to WFP's programme of work and pass-through activities. It articulates the relevance and impact of WFP's work by transparently showing how strategy, planning and budgeting, implementation and resources are linked to and contribute to the results achieved. It also introduces four high-level cost categories – transfer costs, implementation costs, adjusted direct support costs and indirect support costs – and simplified procedures for full cost recovery. The country portfolio budget, broken down into the four high-level cost categories, is approved in terms of the total budget allocated to each WFP strategic outcome.

5. Implementation of the IRM is well under way. The level of commitment and engagement from country offices, regional bureaux and headquarters divisions and the strong support from national governments, Member States, donors and partners continue to sustain significant momentum.

6. Lessons learned in 2017 have greatly informed refinements to the programmatic, financial and performance management frameworks and helped identify the requirements for moving country offices to the IRM framework. A summary of the lessons learned to date is provided in annex I.

7. The 2017 learning period also provided the time necessary to simplify the annual planning processes, automate the resource migration exercise where possible and further develop the system requirements for the treatment of emergencies, complex emergencies, regional responses, humanitarian response plans and other systems. Feedback solicited improved the foreseen consultation process for CSPs and ICSPs and underscored the importance of early and inclusive partner engagement to strengthen partnerships, including facilitating South-South and triangular cooperation, as well as donor partners' funding decisions. The Corporate Results Framework (CRF) is being refined to ensure that WFP is well positioned in the inter-agency environment to demonstrate the links between its work and the SDGs.

8. This document outlines the Secretariat's proposals for interim governance arrangements, which include

   a) interim delegations of authority from 1 January 2018 to 29 February 2020 concerning the Executive Director's authority regarding programme approval and budget revisions and joint delegations of the authority with the FAO Director-General for limited emergency operations and crisis response-related strategic outcomes, including revisions above a certain budget threshold;

   b) principles to guide the interim application of full cost recovery in 2018; and

   c) the continuation of specific derogations from the WFP General Rules and Financial Regulations for implementation of the IRM framework in 2018.[11]

   The document also outlines the proposed process for increasing the Board's oversight of budget revisions, and the introduction of a comment period during which Board members can express their views on new or revised strategic outcomes related to crisis response.

9. Transitional governance arrangements for implementing certain ongoing activities from a limited number of CSPs from 1 January 2018, before formal Board approval at the 2018 first regular session, are also included. The Secretariat proposes that the approval by correspondence mechanism be used to enable the three country offices to implement ongoing activities for the first three months of 2018 pending formal approval of the CSP at the 2018 first regular session. Programmatic and budgetary controls would be put in place to ensure that activities do not fall outside the scope of current projects and expenditures do not exceed the three-month budget for these activities. Subject to approval, the same approach will be applied to the CSPs and ICSPs to be considered at the 2019 first regular session.

[11] Existing relevant provisions of the General Rules and Financial Regulations will still apply to country offices implementing the current system of projects in 2018 – comprising emergency operations, protracted relief and recovery operations, special operations, country programmes and development projects.

Progress to date

10. The Secretariat's flexible approach to implementing the IRM entails maintaining the target "go-live" date of 1 January 2018 for most country offices, but allows some country offices to continue under the current system on an exceptional basis beyond that date.

11. Most country offices – currently 66 in total, representing 64 percent of WFP's programme of work – have opted to continue their transition to the IRM framework by 1 January 2018 through a CSP, ICSP or T-ICSP.

Wave 1A and wave 1B CSPs and ICSP

12. Following the Board's approval of the wave 1A[12] CSPs and the wave 1B[13] CSPs and ICSP at its 2017 first regular and annual sessions, the IRM framework is being used in 12 of 14 country offices in 2017.[14] The proposal to increase flexibility in the IRM timeline, approved by the Executive Board at its 2017 annual session, has allowed for the Sudan country office to continue implementation of a protracted relief and recovery operation, notwithstanding the approval of the Sudan ICSP containing a pilot country portfolio budget at its 2017 annual session (see annex I, para. 17). With the exception of the Sudan country office, all country offices with wave 1A and wave 1B CSPs are finalizing the project closure process and have transferred most resources to the CSP framework.

CSPs, ICSPs and T-ICSPs to be implemented from 1 January 2018

13. The Executive Director has approved T-ICSPs that will take effect on 1 January 2018. During the 2018–2019 transition period, the country offices that submitted these T-ICSPs will develop and submit CSPs or ICSPs for approval by the Board.

14. Eleven country offices have submitted CSPs or ICSPs for approval at the Board's 2017 second regular session. As outlined in the Policy on CSPs, the documents were circulated 12 weeks before the Board session and Member States had five weeks to provide written comments.

15. In addition to the IRM-related tools and guidance issued to staff in all regions, the Secretariat is implementing a "cutover" strategy and workplan that set out the activities, training plans and deadlines necessary to ensure a timely and accurate transition from projects to the IRM framework. A "cutover monitoring dashboard" has been made available to country offices, regional bureaux and headquarters for monitoring the transition from projects to the CSP framework and country portfolio budget structure. This allows focal points to monitor the budget, commodity and cash balances in their countries and regions and globally.

16. Cross-regional collaboration in the cutover process has proved valuable for sharing lessons learned, resolving challenges and avoiding bottlenecks in the expansion of cutover activities for simultaneous implementation in many country offices.

Country offices transitioning to the IRM framework in 2018

17. It is anticipated that 16 country offices – representing 36 percent of WFP's programme of work – will continue to implement projects in accordance with the current framework for part of 2018.[15] Depending on the country, the additional time will enable the Secretariat to improve programme quality, address issues with the "migration" (transfer) of resources and ensure capacity to manage the transition at the Headquarters, regional bureau or country office level. These country offices will aim to move to the IRM framework by no later than January 2019.

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[12] Wave 1A CSPs are for Bangladesh, China, Colombia, Ecuador, El Salvador, Indonesia, Lao People's Democratic Republic and Zimbabwe. The CSPs went live on 2 April 2017.

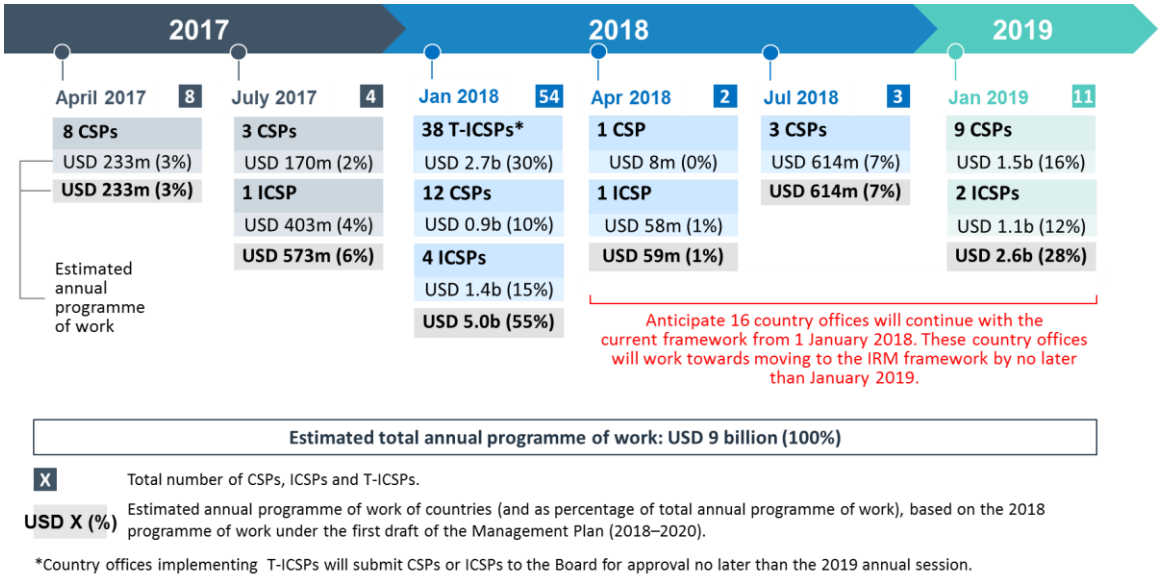
[13] Wave 1B CSPs are for Cameroon, Lebanon, Mozambique, Namibia and the United Republic of Tanzania; the ICSP is for the Sudan.

[14] Except for the Cameroon and Lebanon CSPs, which will go live on 1 January 2018, wave 1B CSPs went live on 1 July 2017.

[15] Existing provisions of the General Rules and Financial Regulations will apply to country offices implementing projects under the current framework in 2018.

18. Figure 1 shows the 12 country offices that have successfully moved to the IRM framework in 2017, the 54 country offices that will have done so by January 2018 and the anticipated timeframe for the transition of those country offices that will continue to implement the current framework in 2018 in accordance with the more flexible implementation approach.

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



19. In keeping with the spirit of flexibility, the Secretariat will monitor the extent to which changing needs may require additional countries to stay in the current system or to move more rapidly to the IRM framework. To mitigate potential resource-transfer issues, the dual-structure approach tested in the Sudan may be extended to a limited number of countries transitioning to the IRM framework for a short period in 2018.

20. The indicative schedule for the Board had more than 30 CSPs and ICSPs being submitted for approval at the 2018 second regular session. Recognizing Member States' concerns regarding this high number, the Secretariat has identified up to 16 countries for which presentation of the respective CSPs could be moved to another Board session because the respective country offices are awaiting the completion of national strategic reviews. The Board will be informed of changes in the expected roll-out of CSPs and ICSPs during informal consultations and Board sessions and in the biennial programme of work.

Contributions received to date

21. Budgets for the CSPs, ICSPs and T-ICSPs that go live on 1 January 2018 were "early-released" in the WFP Information Network and Global System (WINGS) during the third and fourth quarter of 2017. The "early release" mechanism allows all new contributions to be confirmed directly against a CSP, ICSP or T-ICSP taking into account the lead time required for contributions to materialize in a country, unless the contributions are to be utilized in projects during 2017.[16]

22. Contributions are being received and, while it is still too early to make reliable projections, funding levels are in line with historical trends. Of the 70 new grants received to date, 70 percent were directed to the activity level, including some that were directed to multiple activities. The Secretariat will continue to build confidence in the IRM framework to encourage contributions to higher levels in the results framework, such as strategic outcomes, strategic results or the country level.

[16] Distributions of contributions confirmed directly to CSPs or ICSPs will begin only after Board approval. Distributions of contributions to T-ICSPs will begin on 1 January 2018.

23. To date, 188 grants totalling USD 218 million – USD 135 million in new resources and USD 83 million in resources transferred ("migrated") from closing projects – have been confirmed for CSPs, ICSPs and T-ICSPs: 20 grants totalling USD 30.2 million at the country level; seven grants totalling USD 17.8 million at the strategic result level; 32 grants totalling USD 29.2 million at the strategic outcome level; and 129 grants totalling USD 140.8 million at the activity level, including seven grants that are allocated to more than one activity.

24. In wave 1A, 49 new grants totalling USD 77 million have been confirmed: four grants totalling USD 10.3 million at the country level; six grants totalling USD 5.8 million at the strategic outcome level; and 39 grants totalling USD 60.8 million at the activity level, including grants that have been allocated to more than one activity.

25. In wave 1B, 20 new grants totalling USD 58.3 million have been confirmed: four grants totalling USD 11.9 million at the country level; two grants totalling USD 16.5 million at the strategic result level; four grants totalling USD 5.1 million at the strategic outcome level; and ten grants totalling USD 24.9 million at the activity level, including grants that have been allocated to more than one activity.

Reducing earmarking

26. The Secretariat is gathering quantitative and qualitative data with which to analyse the level of earmarking of resources allocated to the country offices in waves 1A and 1B. While it is too early to evaluate funding trends or draw firm conclusions, WFP continues to engage with partners to encourage more flexible and predictable funding. The Secretariat is confident that over time it will amass the evidence required to facilitate reduced earmarking and increased multilateral funding. The Secretariat appreciates the willingness of multilateral donors to communicate the benefits of multilateral funding to other donors.

27. The Secretariat is enhancing guidance for staff members, encouraging them to engage with donors at a more strategic level and to present CSPs as a holistic response to zero hunger. This will help to ensure that WFP does not limit its discussions to specific activities.

28. Given that the IRM's implementation is strengthening WFP's ability to track resources transparently, from strategy, planning, budgeting and implementation to performance reporting, the Secretariat will continue its efforts to demonstrate the links between resources secured and results achieved and value for money. With support from The Boston Consulting Group, the Secretariat is examining the future working of the Strategic Resource Allocation Committee and will draw on the lessons learned from the macro-advance financing pilots conducted to date. The Secretariat recognizes that confidence in the process of allocating multilateral resources and better communicating and reporting the impact of WFP's assistance is critical to constructive dialogue with donors to increase the overall amount of multilateral funding for operations.

Lessons learned in 2017

29. For WFP, 2017 is a year of learning. The experience of developing and using the CSP framework and accompanying pilot country portfolio budgets has greatly informed the design of relevant templates, processes and guidance. The Secretariat will benefit from the additional learning offered by the flexible implementation approach in 2018, particularly amendments to the General Rules and Financial Regulations regarding full cost recovery, terminology and definitions. Permanent budgetary thresholds for delegations of authority will also be better informed by extending the interim period for the delegations of authority through 29 February 2020.

30. The Secretariat has systematically gathered lessons from countries' experiences in waves 1A and 1B through support missions, regional workshops and regular dialogue on challenges and best practices among IRM teams at headquarters and in regional bureaux and country offices. During regular teleconferences, interviews and meetings, country directors and deputy regional directors are providing frank feedback on what is working well and what can be improved. An IRM seminar on 3 October 2017 enabled country directors from wave 1A and 1B countries to share with Member States their first-hand experiences with implementing the IRM framework, the impact of the framework on country operations, including during emergencies, and the details of lessons learned.

31. Annex I summarizes the lessons learned to date regarding the strategic review process, the CSP structure, the country portfolio budget structure, the inclusion of the Sudan's ICSP in wave 1B, focus areas, resource migration, annual planning and country operations management plans (COMPs), partnerships and organizational readiness.

IRM Framework Building Blocks

Foreseen process for consultations with Member States in 2018 and 2019

Process for providing comments

32. As with the process employed for the 2017 second regular session, draft CSP and ICSP documents will be made available at least 12 weeks before they are submitted for approval; Board members will have 20 calendar days to comment. Final CSP and ICSP documents will be posted in English at least six weeks before the Board session at which they are to be considered for approval.

Foreseen process for informal consultations

33. The Secretariat is exploring the possibility of holding informal consultations early in the development of CSPs and ICSPs and at the conclusion of the 20-calendar day period for review and comment by Member States before CSP and ICSP documents are finalized and submitted to the Board for approval. This will facilitate the Board's full engagement throughout the development of CSPs and ICSPs. Bilateral meetings will also be held when required.

34. It is proposed that concept notes for CSPs and ICSPs be discussed at informal consultations held approximately six months before the Board session at which the CSPs and ICSPs are to be presented. This process would start with the concept notes for CSPs and ICSPs to be considered at the Board's 2018 annual session.

35. Concept notes will describe the context, country targets and priorities that WFP will address. They will set the overall strategic direction and focus of a country's programme of work, including strategic results, strategic outcomes, focus areas, outputs, activities and associated monitoring and evaluation plans. Preliminary implementation arrangements will also be outlined, including analysis of beneficiary needs, targeting, supply chain plans and partnerships.

36. The benefits of informal consultations are well recognized, and the Secretariat seeks to provide ample opportunity for input while balancing the number of informal consultations with the efficient use of the Board's time. The Secretariat will explore the various options for reviewing, commenting on and discussing draft CSPs and ICSPs in close consultation with Member States and the Executive Board Bureau.

Treatment of emergencies

37. The IRM is intended to strengthen WFP's core business of saving lives in emergency responses. Existing response mechanisms are embedded in the new framework to ensure that WFP's emergency response remains nimble and flexible. The country portfolio budget structure will make it easier for country directors to manage resources efficiently by increasing flexibility and the visibility of available resources.

38. Approved CSPs, ICSPs and T-ICSPs will address unforeseen needs through the addition of one or more WFP strategic outcomes or the augmentation of one or more existing strategic outcomes. Country offices will use an emergency CSP revision template. The revision will be approved under the delegated authority of the Executive Director and, where required, the FAO Director-General.

39. In the event of unforeseen needs, country offices operating within the current system of projects in 2018 will continue to utilize current templates.

40. In the event of unforeseen needs in a country where WFP does not have a presence, WFP will implement a limited emergency operation – which may include service provision or capacity strengthening support if required – utilizing a modified emergency operation (EMOP) template and country portfolio budget. The operation will be approved under the delegated authority of the Executive Director and, where required, the FAO Director-General.

Treatment of complex emergencies

41. WFP's core work is emergency response. WFP's operations in situations of humanitarian relief are increasingly complex and prolonged. The Secretariat included the Sudan country office in wave 1B to ensure that experience from a major complex operation would be gained during the pilot phase. A summary of lessons learned to date from implementing the Sudan country office's ICSP is provided in Annex I.

42. To handle the large number of transactions in a complex emergency, ensure flexibility and maintain operational agility for the supply chain process, WFP is prototyping a cost aggregation model for certain fixed costs in the Sudan country office. The model entails managing and recording food transfer costs as an aggregated budget at the strategic outcome level. This will simplify the management of food transfer costs, which are currently fragmented among a large number of activities. Periodically, actual expenditures will be reattributed to individual activities through manual calculation or automated transactions.

43. In the cost aggregation model, all planning, reporting and posting of final expenditures will be at the activity level. The Secretariat recognizes that meeting donor conditions is a priority; the model does not apply to the in-kind portion of contributions or grant-relevant contributions.

Treatment of regional responses and purpose of a regional bureau portfolio budget

44. Under the IRM framework, implementation of regional responses and regional initiatives can be considered in two ways:

    a) *at the country level*, whereby regional responses and initiatives are implemented through individual CSPs, ICSPs and T-ICSPs (or limited emergency operations in countries where WFP does not have a presence) and country portfolio budgets with additional or augmented WFP strategic outcomes and related activities as appropriate.

    b) *at the regional bureau level*, whereby, in rare circumstances, the regional bureau will act as the coordinating entity and will use a regional portfolio budget that mirrors the structure of a country portfolio budget.

45. Under the first scenario, a specific country or regional bureau will act as the regional response coordinator. All implementation will be at the country office level through individual CSPs and ICSPs with additional or augmented WFP strategic outcomes and related activities as appropriate; in certain situations implementation will take place in the coordinating country.[17]

46. A country office implementing part of a regional response through a CSP, ICSP or T-ICSP will have full responsibility for and autonomy in implementing activities in the response The strategic outcomes and/or activities will be tagged at the country office level to meet the requirements for regional and global level monitoring of and reporting on resources mobilized and performance in the regional response.

47. At the regional level, in rare circumstances, such as an unforeseen emergency that is regional in scope and that affects one or more countries where WFP does not have a presence, the regional bureau will act as the coordinating entity of a regional response. The regional portfolio budget will be used to capture and manage funds for a response. The regional bureau will be responsible for the direct implementation of transfer or service provision activities and the distribution of funds to countries or areas without WFP representation.

[17] In accordance with the policy on country strategic plans, the regional bureau will coordinate the planning, design and pursuit of these strategic outcomes in the countries participating in the regional response and will develop and oversee joint resource mobilization strategies. Country-specific CSPs and ICSPs may include regional strategic chapeaux developed by the regional bureaux.

48. Each regional bureau will have the equivalent of a country portfolio budget structure. For administrative purposes, a regional portfolio budget will allow a regional bureau to manage its allocations, which will in turn facilitate the management of regional services and trust funds. Such a regional bureau portfolio budget will not be linked to specific SDGs because the line of sight will be traced through strategic outcomes and activities pursued at the country level. Minimum requirements for a regional portfolio budget will be established to ensure consistency.

49. The Secretariat is finalizing the system business requirements and design of solutions for regional operations and the management of transnational activities by a regional bureau or country office.

50. It should be noted that country offices involved in WFP's regional response to the Syrian crisis will move to the IRM framework by January 2018. In the Lake Chad basin regional response, the Cameroon and Nigeria country offices will move to the IRM framework in 2018 while the Niger and Chad country offices will continue to use the current project-based system in 2018. These countries will still be able to absorb regional and multi-year contributions. To accommodate the different transition dates, off-line or manual solutions are being finalized to ensure that reporting requirements are met.

Contributing to humanitarian response plans and appeal requirements

51. To support collective strategic planning and resource mobilization for humanitarian action and to facilitate reporting to the financial tracking system managed by the Office for the Coordination of Humanitarian Affairs (OCHA), WFP will participate in the United Nations Country Team's work and comply with OCHA's guidelines and requirements on registering its plans in humanitarian response plans.

52. If an unforeseen, sudden-onset emergency occurs in a country with an approved CSP, ICSP or T-ICSP, WFP's emergency response may require the addition of a strategic outcome to the CSP, ICSP or T-ICSP, and a budget revision. In the event of unforeseen needs in a country where WFP does not have a presence, WFP will implement a limited emergency operation. The limited emergency operation, additional strategic outcome and any related activities will be aligned with the humanitarian response plan framework and related appeals and will be tracked.

53. Some approved CSPs, ICSPs and T-ICSPs may include strategic outcomes for responses to the types of emergency that are likely to occur in the country concerned and would therefore not require the addition of a strategic outcome in the event of such an emergency. The Secretariat is finalizing the system business requirements to ensure that such emergency response activities or strategic outcomes are aligned with the humanitarian response plan framework and appeals.

54. The Secretariat is committed to tracking activities related to humanitarian response plans through the logical framework of the country office monitoring and evaluation tool (COMET). Meanwhile, WFP will continue to report on the donor contributions it receives for humanitarian response plans and appeals so that it can report to OCHA and its financial tracking system.

Corporate Results Framework

55. The CRF approved by the Board at its 2016 second regular session came into effect on 1 January 2017. For the programme elements of the CRF, guidance materials were issued in February 2017 on CRF indicators and the design of logical frameworks and the monitoring, review and evaluation plans. Regional monitoring advisers participated in a CRF training of trainers and country-level training is currently being rolled out.

56. In February and June 2017, lessons learned meetings on the CRF were held involving country offices, regional bureaux and headquarters divisions. To address issues emerging from these meetings, three senior-level working groups with representatives from country offices, regional bureaux and headquarters were formed.

57. The first working group's focus is on ensuring that WFP is well positioned in the inter-agency environment and that there are strong links between WFP's work and the SDGs, with a focus on SDG 2. The second working group will trace WFP's contributions to SDGs other than SDGs 2 and 17, and determine processes for tracking these contributions at the country level, including through monitoring and reporting. The third working group is addressing issues related to SDG 17 and WFP's ability to measure capacity strengthening and examine alternative indicators when required.

58. For performance management elements of the CRF, selected organizational performance indicators have been included in the proposed Management Plan (2018–2020), which was presented to the Board at the 13 July 2017 informal consultation. The indicators are being tested in 2017 annual performance planning activities.

Focus areas

59. The IRM framework must support donor partners' ability to commit funds and must provide assurances that funding is deployed appropriately in different contexts, in accordance with donors' legislative or policy requirements. WFP strategic outcomes provide visibility on the characteristics of an intervention. Each country-driven strategic outcome is tied to one strategic result and one focus area – crisis response, resilience building or root causes. Corporate guidance has been issued to ensure that strategic outcomes are formulated with standard, coherent elements describing the people and entities involved, the geographic scope, the result sought and the foreseen timeframe of the programme intervention. The use of focus areas is proving useful for resource mobilization and facilitating donor partners' funding decisions, but it may result in increased earmarking.

60. In addition, the crisis response and root causes focus areas will be used to facilitate the application of relevant provisions of the WFP General Rules and Financial Regulations as follows:

- Strategic outcomes developed in response to crises will explicitly define the type of shock prompting the response and will be linked to the crisis response focus area. This will help to identify strategic outcomes and budget revisions to be submitted to the Executive Director for approval and, when required, the Director-General of FAO. A process for increasing the Board's oversight of crisis response-related budget revisions is outlined in paragraph 110.
- Strategic outcomes in the root causes focus area will facilitate the application of General Rule X.8, which indicates that the budgets for development activities should be consistent with estimated available resources.

61. It should be noted that budgeting for strategic outcomes related to the crisis response and resilience building focus areas will be based on needs assessments.

Resource migration: facilitating resource availability at the start of a CSP, ICSP or T-ICSP

62. Resource migration entails the transfer or reallocation of resources from closing projects to new CSPs, ICSPs, or T-ICSPs and country portfolio budgets, facilitating the availability of resources at the start of implementation to ensure business continuity. Resources are transferred or reallocated in line with the original intent of the contribution and in consultation with the donor when necessary. Current project closure procedures dictate that all outstanding commitments must be closed or transferred to new projects before existing projects can be financially closed, final financial reports can be completed and final resource transfers can take place.

63. Given the large number of country offices transitioning to the IRM framework and going live in January 2018, and the lessons learned (described in Annex I), the Secretariat has developed a resource migration strategy to facilitate a smooth transition. Major components of the migration strategy include:

- early release of CSP, ICSP and T-ICSP budgets to enable the direct confirmation of contributions rather than migrating resources;[18]

[18] Distributions of contributions confirmed directly to CSPs or ICSPs will begin only after formal Board approval. Distributions of contributions to T-ICSPs will begin on 1 January 2018.

- beginning the migration of estimated contributions from September in order to facilitate early consultations with donors as necessary;
- early consultation with donor partners to request their "blanket" approval for resource migration in order to streamline the process;
- creating tools to facilitate the migration process; and,
- creating resource migration and project closure action plans.

64. Budgets for the CSPs, ICSPs and T-ICSPs that will go live from 1 January 2018 were "early-released" in the WINGS system in a phased approach over the course of the third and fourth quarters of 2017. This helps manage the workflow for WFP and some donors. In order to ensure business continuity and minimize the number of transactions to be migrated, contributions are being confirmed directly to CSP, ICSP, or T-ICSP whenever possible. In discussing new contributions, including contributions directed to ongoing projects, consideration is being given to the migration of funds to the IRM framework.

65. Country offices are identifying contributions that could be transferred in part or entirely to the CSP framework early in the migration process, and contributions that will be spent in the final months of current projects. Early migration, along with contributions to the CSP framework that are confirmed early, allow procurement transactions to be made under the CSP framework, which then facilitates the resource migration process while ensuring business continuity by making resources available from day one of operations.

66. Tools have been developed for gathering and tracking resource migration data more effectively, facilitating processing and monitoring progress. Contribution mapping, which tracks which resources need to be migrated to which components, is linked to standard internal corporate reports to facilitate accuracy and data cleaning while providing real-time information on the migration process. A monitoring system is tracking indicators of resource migration and project closure, including project and grant balances, metric tonnage to be transferred and open commitment items.

67. Country offices have created resource migration and project closure plans and appointed resource migration focal points and multi-function committees to support the resource migration and project closure process. Regional bureaux have matched the focal point and cross-functional committee structure to provide the first line of support for country offices throughout the process.

Annual planning process

68. Implementation of the IRM is enabling WFP to review its current fragmented planning processes, with the aim of reducing the redundancies that country offices currently face while maximizing coherence and the links among planning outputs. Development of an integrated planning process will streamline annual performance planning, operational planning and management planning.

Other systems in development

69. To meet the needs of the IRM, all corporate systems are being updated to reflect the new financial and programmatic architecture. This is an opportunity to integrate WFP's corporate systems – such as WINGS, COMET and the budget planning tool – fully and support the compilation of a virtual data depository. WFP's reporting tools, including information related to COMPs and the external online portal, will draw from this depository to support the creation of customized reports and data-driven decision-making.

Budget planning tool

70. The budget planning tool will provide WFP with a corporate planning application that acts as a central repository of budgeting and planning data, enabling consistency in quality and financial control. The tool will be fully integrated into current applications, interacting with WINGS and COMET to ensure consistency among the various sources. The budget planning tool will streamline and automate various planning databases into a single solution; modernize and simplify the budgeting process; and facilitate collaboration among financial and operational

planners. The tool will also enable the preparation of budgets that align resource allocation with strategic results and outcomes throughout WFP. Country offices using the tool will be able to:

- prepare needs-based budgets, including necessary revisions, reflecting overall assessed needs in a country and all costs of delivering required assistance;
- prepare related implementation plans that are based on the needs-based plan and adjusted to take into account available and forecasted resources;
- produce statements on pipeline shortfalls and related funding gaps for a given period;
- monitor the budget review and approval processes for both original budgets and subsequent revisions; and
- provide standardized reports on budgets and funding projections as inputs for management reports.

71. It is anticipated that the budget planning tool will be ready for roll-out to country offices in the first half of 2018.

Online portal

72. The Secretariat is committed to launching an online portal by the second quarter of 2018. The portal will provide clear and easily accessible programme, financial and performance-related information, including activity-level details for countries operating in the IRM framework. The supplemental information is required to strengthen governance and oversight requirements and facilitate funding decisions.

73. The annual planning process and COMPs provide the basis for data to be included in the online portal. The portal will draw from WFP's corporate systems and existing data such as approved budgets, updated information on relevant CSP or ICSP variables and modalities of assistance. Planning information will be available by strategic result or SDG target, strategic outcome, activity and year. It is planned that the online portal will be periodically updated with information on expenditures, outputs delivered and performance indicators from the CRF to complement annual country reports.

74. Until the online portal is functional in the second quarter of 2018, this information is being provided through a COMP document and includes:

- the "line of sight" from WFP strategic goals to activities;
- an overview of beneficiaries, broken down by age group and status – for example, internally displaced persons, refugees, etc.;
- beneficiaries by strategic outcome, activity, beneficiary group and modality, disaggregated by gender;
- an overview of how resources are linked to results, including strategic outcome budgets broken down by activity and planned results – outcome targets;
- transfer modalities by strategic outcome and activity;
- an overview of modality choice and rationale; and
- food rations or transfers for each strategic outcome and activity.

75. To date, country offices in waves 1A and 1B have prepared COMPs for the first year and are currently preparing the second year of CSP or ICSP implementation. Country offices presenting their CSPs or ICSPs at the 2017 second regular session are finalizing COMPs for the first year of implementation. Work is under way to automate the compilation of COMP data.

Outstanding issues

Reporting

76. The two important documents for corporate reporting to donors are the WFP annual performance report and standard project reports. These are being reshaped to allow reporting against the WFP Strategic Plan (2017–2021) and clearly link resources to results.

77. An enhanced standard project report template – anticipating the changes brought about by the IRM – was used for donor reporting in 2016. The enhanced template includes WFP country offices' first impressions of their country portfolios as well as project-specific information. During the transition, a differentiated approach will be used for reporting at the country level: countries with project-based operations will continue to use the enhanced standard project report template while countries operating in the IRM framework will use an interim annual country report template that accommodates reporting on projects and the CSP framework. The new template being developed includes inputs from the reporting working group at headquarters, feedback from the recent reporting consultations and outcomes from a donor survey on reporting. The annual country report is expected to become the standard performance report for all countries in 2018, with the exception of those countries continuing with the current framework.

78. At the corporate level, the 2017 annual performance report will report against the new Strategic Plan (2017–2021); elaborate progress towards the Strategic Results and strategic outcomes; and utilize the new CRF to the greatest extent possible, using elements of the strategic results framework, management results framework and corporate results framework. In addition, the 2017 annual performance report will clearly report against WFP's approved Management Plan (2017–2019) and financial statements.

Interim governance arrangements

79. The Policy on Country Strategic Plans and the Financial Framework Review noted that changes to the General Rules and Financial Regulations will be required to support implementation of the new programmatic and financial framework in the following areas:

    i) the Executive Director's authority regarding programme approval and budget revisions and joint delegations of authority with the FAO Director-General for limited emergency operations and crisis response-related strategic outcomes, including budget revisions above a certain budget threshold;

    ii) the application of full cost recovery and the introduction of new cost categories; and

    iii) the alignment of terminology and definitions with the new structure.[19]

80. The Secretariat is presenting interim governance arrangements for approval, which include interim delegations of authority for the period 1 January 2018 to 29 February 2020 and principles to guide the application of full cost recovery to complement continued derogations of the WFP General Rules and Financial Regulations required for implementation of the IRM framework in 2018. The interim arrangements will apply to those country offices implementing the CSP framework. Proposed interim governance arrangements were discussed in a series of informal consultations leading up to the 2017 second regular session and reflect the feedback received from Board members. Annex II sets out the proposed draft interim delegations of authority for 1 January 2018 through 29 February 2020.

81. Lessons learned from implementation of the interim governance arrangements and consultations with the Board in 2017 and 2018 will inform the finalization of amendments to the WFP General Rules and Financial Regulations with respect to full cost recovery, terminology and definitions, which will be presented to the Board for approval at its 2018 second regular session and, if approved, will take effect on 1 January 2019. Permanent delegations of authority, drawing on experience from the interim period as well as review, will be presented for approval at the Board's 2020 first regular session and, if approved, will take effect on 1 March 2020.

[19] Changes to the WFP General Regulations are not expected.

Interim delegations of authority

Authority for initial approval

82. The governance model of the IRM is intended to strengthen the Board's fundamental approval role, reduce fragmentation to enhance the Board's strategic oversight and retain WFP's ability to respond quickly to emergencies.

83. Except as described in paragraph 85, all new CSPs and ICSPs will be approved by the Board. Because CSPs and ICSPs will encompass all WFP operations in all contexts,[20] including emergencies, and service provision and capacity strengthening support that are protracted, predictable or recurring, the Secretariat anticipates that the Board's oversight and approval of new operations will increase by approximately 23 percent as a result of the new framework.[21]

84. In 2017 the Executive Director approved T-ICSPs that are based on previously approved project documents and have a duration of up to 18 months. Limited emergency operations that are initially planned for up to six months and T-ICSPs that follow limited emergency operations and last for up to 18 months will be approved by the Executive Director or approved jointly by the Executive Director and the FAO Director-General when the limited emergency operation or crisis response-related components of the T-ICSP exceed a budgetary threshold.

85. In cases where a CSP, ICSP or new strategic outcome is funded entirely by the host country, should the host government opt not to submit it for approval by the Board, it can be subject to the provisions of Financial Regulations 5.1 and 5.2, which delegate approval to the Executive Director. Based on feedback from Member States, the Secretariat has determined that multilateral funds will not be eligible for allocation to a host country-funded CSP, ICSP or strategic outcome that has not been approved by the Board.

Authority to modify

86. A fundamental change is a change that adds or deletes a strategic outcome. All fundamental changes to CSPs, ICSPs and T-ICSPs will be submitted to the Board for approval, except when the strategic outcome at issue is funded entirely by a host government or relates to emergency activities or service provision activities.

87. The Secretariat proposes to use the delegations of authority to maintain WFP's rapid and effective emergency response and ensure that the Board's oversight role is maintained for significant changes to operations while maximizing internal efficiencies by delegating approval authority to the Executive Director for less significant changes.

Current delegations of authority in the project-based framework

88. General Rule VI.2 establishes the delegation of authority and the Appendix to the General Rules describes when authority is delegated to the Executive Director and, when required for emergency operations, the FAO Director-General. Delegations of authority in the project-based framework are subject to annual budgetary thresholds and are broken down by project category. Currently the Executive Director has the delegated authority to approve:

- development projects and emergency operations with a food value of less than USD 3 million;
- protracted relief and recovery operations with a food value of less than USD 20 million;
- emergency operations with a food value exceeding USD 3 million, jointly with the FAO Director-General;

[20] The CSP framework will encompass all WFP operations with the exception of service level and third party agreements that are incidental to WFP's programme of work and pass-through activities where WFP acts solely to disburse funds to other implementing partners on behalf of a donor, and assumes no financial, operational or reporting responsibility for the use of such funds.

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

- all budget revisions that increase the food value up to USD 3 million for development projects and emergency operations and USD 20 million for protracted relief and recovery operations; and
- all special operations and their revisions.

89. Because these programme categories cannot be used in the CSP framework, it is necessary to revisit the formulation of delegations of authority in the following areas:

i) budget increases for CSPs, ICSPs and T-ICSPs not related to fundamental changes, emergency responses, strategic outcomes funded entirely by a host government or service provision;

ii) approval and joint approval of limited emergency operations and crisis response-related budget increases; and

iii) budget revisions related to emergency activities (subject to thresholds for joint approval with the FAO Director-General), service provision activities or non-emergency components of a T-ICSP following a limited emergency operation, and strategic outcomes funded entirely by a host government for a CSP, ICSP or T-ICSP regardless of value.

90. In line with current practices – and with the exception of the deletion of strategic outcomes, which would be considered a fundamental change and therefore subject to Board approval – it is proposed that budget decreases remain within the delegated authority of the Executive Director. This ensures that the process is simple and quick and therefore that it does not constitute a disincentive for country directors to decrease their budgets. The Secretariat recognizes the importance of ensuring that Member States have oversight over budget decreases and their effects on the implementation, or the cancellation, of activities. All changes exceeding USD 7.5 million will therefore continue to be shared with the Board for information.

Proposed interim delegations of authority for budget increases that are not related to fundamental changes, emergency responses, strategic outcomes funded entirely by a host government or service provision

91. The Secretariat has analysed budget revision approvals from 2011 to 2015 and determined that the majority of budget revisions in the current project system relate to extensions in time and technical revisions. It is anticipated that these types of change will be less prevalent under the country strategic planning approach because the design and development of CSPs and ICSPs will have taken into account many of the factors that provide the basis for revisions in the current system. In addition, the enhanced flexibility of the country portfolio budget structure and the use of resource-based implementation plans are expected to improve operational planning at the country level and reduce the need for budget revisions related to technical adjustments.

92. Based on this analysis and benefiting from experience in the 2017 pilot countries, it is expected that the changes to approved CSPs, ICSPs and project-based T-ICSPs will be of a significantly different nature and magnitude and will be fewer in number than in the current project-based system. The Secretariat recognizes the importance of achieving an appropriate balance between the Board's oversight and approval roles for these types of changes and achieving efficiency through the delegation of authority to the Executive Director.

93. At the 2017 annual session and informal consultations in May, July and September 2017, the Secretariat presented three principles on which to base the development of budgetary thresholds for delegations of authority for revisions. These thresholds are not intended to apply to new CSPs and ICSPs, fundamental changes to CSPs, ICSPs, limited emergency operations or T-ICSPs following limited emergency operations or budget revisions related to crisis response and service provision-related outcomes.

94. Based on feedback received during the informal consultations, the principles and accompanying proposed budgetary thresholds were subsequently adjusted to eliminate the minimum threshold of USD 48 million, apply the budgetary threshold cumulatively over the period covered by the CSP, ICSP or T-ICSP at issue, and establish a proportion-based threshold of 25 percent of the overall approved budget value of the CSP, ICSP, or T-ICSP at issue rather than the 30 percent originally proposed.

95. *Principle 1. Delegations of authority should be based on the overall approved budget in the CSP framework.* Current delegations of authority are defined by a food value budgetary threshold in the Appendix to the General Rules. However, WFP has gradually shifted from providing in-kind food assistance towards the provision of cash-based transfers and capacity building activities. In the current project-based framework, food value is converted to an equivalent input value for cash-based transfers and capacity development and augmentation activities in a project. Significant differences remain, however, in the types of implementation and support costs for the various transfer modalities that are not captured in the current methodology for converting food values to equivalent input values for cash-based transfers and capacity development and augmentation.

96. In the approved CSP framework, WFP is committed to achieving its strategic outcomes through various modalities and is therefore moving to a more holistic, less fragmented, outcome-focused rather than input-based approach to planning and implementing its activities. To better reflect this shift, WFP's thresholds for delegation of authority – currently defined by an input-based food value – should be based on the overall value of the country portfolio budget for the CSP, ICSP or T-ICSP concerned.

97. *Principle 2. Delegations of authority should be based on a maximum absolute value.* A maximum absolute threshold ensures that the Board has oversight of large budgetary increases, which represent increased risk to WFP by virtue of their size, while maximizing efficiencies through delegated authority for smaller revisions. A sensitivity analysis was completed based on project and budget revision approvals from 2011 to 2015 – comparing levels of USD 250 million, USD 150 million and USD 100 million – to ensure a balance between Board oversight of a significant proportion of large budget increases and the need for a reasonable annual workload.[22]

98. The Secretariat proposes a maximum threshold of USD 150 million, with any revisions exceeding this value required to have Board approval. Revisions approved by the Executive Director will be summed over the lifespan of a CSP, ICSP or T-ICSP.

99. *Principle 3. Delegations of authority should be based on a proportion – as a percentage – of the original CSP budget to accommodate variations in the size of CSPs.* The Secretariat foresees significant disparities in the operational size of CSPs. A proportion-based threshold of 25 percent of the total budget, which will complement the maximum absolute threshold, will ensure that relatively significant budget changes are approved by the Board and will better accommodate variations in CSP size.

100. Increases will be applied cumulatively over the period covered by a CSP, ICSP or T-ICSP.[23] Having considered the above principles, the Secretariat proposes that the Board delegate authority to the Executive Director – for the period from 1 January 2018 to 29 February 2020 – to approve modifications that are not related to fundamental changes, emergency responses, strategic outcomes funded entirely by a host government, or service provision if the budget revision does not increase the value of the strategic outcome by a value greater than 25 percent of its last Board-approved value, or USD 150 million. Revisions approved by the Executive Director will be summed up over the lifespan of a CSP, ICSP or T-ICSP. Once the total budgetary value of revisions reaches the threshold of USD 150 million or 25 percent of the original budget value, Board approval of the current budget revision will be required. Every time

[22] For the full sensitivity analysis, refer to the 4 May 2017 informal consultation document "Update on the IRM". http://documents.wfp.org/stellent/groups/public/documents/resources/wfp291821.pdf

[23] The value of strategic outcomes approved by the Executive Director will not be included in calculations of the CSP, ICSP or T-ICSP value. Were the value of such strategic outcomes to be included, the value of the CSP, ICSP or T-ICSP would be inflated for the application of the 25 percent threshold, thereby diminishing the Board's supervisory function.

the Board approves a revision, however, the cumulative amount of the revisions approved to date by the Executive Director and the Board will be reset to zero.

Proposed interim delegations of authority to the Executive Director and the FAO Director-General for approval and joint approval of limited emergency operations and crisis response-related budget revisions for limited emergency operations, CSPs, ICSPs or T-ICSPs

101. Implementation of the IRM framework presents an opportunity to revisit, in consultation with FAO and the Board, the current delegation of authority established in 1994 at a threshold of USD 3 million in food value for joint approval by the Executive Director of WFP and the Director-General of FAO of emergency operations and related budget revisions.

102. Following consultation with FAO and feedback received at the IRM seminar on 3 October 2017, the Secretariat proposes, for Board approval, an increase in the budgetary threshold for joint approval to USD 50 million. The threshold will apply to limited emergency operations and crisis-response-related strategic outcomes under a CSP, ICSP or T-ICSP, including revisions. Crucially, it will facilitate WFP in responding swiftly, efficiently and effectively to emergencies.

103. The rationale for increasing the budgetary threshold is as follows:

a) *Overall budget value*: Under the IRM, WFP is shifting its focus to an outcome-focused rather than input-based approach. This shift requires a redesign of current delegation of authority thresholds from the input-based food value to a broader total budget value. The USD 3 million food value set in 1994 for all project types represents a total budget value of USD 7.5 million. The USD 20 million food value threshold for protracted relief and recovery operations, approved in 2004, represents a total budget value of USD 48 million.

b) *Scope, complexity and size of emergency operations:* The threshold reflects the increased scope, complexity and relative size of emergency operations. While the threshold for joint approval by the Executive Director and the FAO Director-General has remained unchanged since 1994, the total budget approved annually for WFP has increased almost seven-fold, from USD 1.45 billion in 1995 to USD 9.56 billion in 2015. When the budget threshold of USD 3 million in food value was established in 1994, it represented 25 percent of the average budget revision for emergency operations. Today, it represents only 1 or 2 percent of most WFP approvals.

c) *Broader application of authority:* The crisis response focus area is broader in scope than the current emergency operations project category. It is expected that modifications of approved CSPs, ICSPs and T-ICSPs will often relate to strategic outcomes linked to crisis response. This is supported by the draft Management Plan (2018-2020), which anticipates that 74 percent of WFP's programme of work will fall under crisis response-related strategic outcomes.[24] The broad scope of crisis response supports the conclusion that the budgetary threshold should be increased.

104. In addition, the longer duration of CSPs and ICSPs, which are planned for three to five years, compared with the usual one-year planning cycle for an emergency operation implies a greater operational size and budget.

Increasing the Board's oversight of budget revisions, including for crisis response

105. Budget revisions are currently published on WFP's website if they are: i) greater than USD 3 million in food value; or ii) include changes in a project's duration. The Board is informed twice a year about emergency operations approved by the Executive Director or jointly by the Executive Director and the FAO Director-General. The Secretariat is committed to following the current process for posting budget revisions and will publish all changes greater than USD 7.5 million and any changes in the duration of a CSP or ICSP, regardless of approval

[24] Emergency operations and protracted relief and recovery operations represented 21 percent and 69 percent, respectively, of WFP's 2017 programme of work.

authority. Improvements in notifying Member States of newly posted changes, including the use of e-mail to inform Board Members, could be made if necessary.

106. As noted in paragraph 60, use of the crisis response focus area will facilitate the identification of strategic outcomes that have been modified or added after initial Board approval of a CSP or ICSP. These changes will be submitted to the Executive Director for approval or, if they are above the budgetary threshold, they will be submitted for joint approval by the Executive Director and the FAO Director-General.

107. Some Member States have conveyed concerns about reduced transparency and oversight in respect of budgetary increases for crisis-response-related strategic outcomes that previously would have been part of protracted relief and recovery operations and therefore subject to Board approval in the case of operations or revisions greater than USD 20 million in food value.

108. In response to this concern, at the 18 July and 7 September informal consultations and at the 3 October IRM seminar, the Secretariat outlined proposals for sharing crisis-response-related budget revisions above the thresholds for delegated authority for non-crisis-response-related revisions – i.e., above the lesser of USD 150 million or 25 percent of the overall budget – with the Board in order to enhance the transparency of such budget revisions while maintaining the flexibility and efficiency of WFP's emergency response capability.

109. Based on comments received at recent informal consultations, the Secretariat proposes to share crisis-response-related revisions with Member States for comment before they are approved by the Executive Director and, if required, the FAO Director-General. This process will include a minimum comment period of four days and will apply to budget revisions above the delegation thresholds for non-crisis response-related revisions, i.e., the lesser of USD 150 million or 25 percent of the overall budget. Increased consultation with the Board will benefit the design of WFP's interventions by considering Member States' views in a more structured and transparent manner, along with inputs provided through consultations with local partners and donors. Early consultation could also help to avoid challenges and promote greater acceptance of WFP's interventions, resulting in more effective responses.

110. The process will entail the following steps:

a) The Secretariat will post the draft crisis response revision in English on WFP's website following internal review, Board members will be advised of the posting immediately by e-mail. To balance a light and manageable process with qualitative consultation, revisions will be translated and posted as soon as possible.

b) Board members have a minimum of four working days to provide comments to the Secretariat.

c) The Secretariat will collate the comments on the password-protected interactive comment portal of the Board website. All comments will be accessible to all Member States.

d) A fifth working day will be reserved for Member States to react to each other's comments.

e) On receipt of comments, the Secretariat will make the appropriate revisions.

f) The proposed revision will be submitted to the Executive Director and, if required, the FAO Director-General for approval.

g) Following approval, the final version of the revision will be shared with Board members.

h) Following this, Member States can communicate to the Secretary of the Executive Board, with a copy to the President of the Board, to request that the revision be presented for information at the next Board session.

111. This notification and comment process will be in addition to the usual twice-yearly report on emergency operations approved by the Executive Director or jointly by the Executive Director and the FAO Director-General, which is submitted for information at formal Board sessions.

112. In addition, taking into account Member States' feedback regarding the need for WFP to safeguard flexibility and ensure timely, swift and effective responses to emergencies, there may

be instances where the Executive Director and, if required, the FAO Director-General will approve a crisis response-related strategic outcome or revision without sharing the revision beforehand. The rationale for such approvals will depend on the time-sensitivity and unforeseen nature of the emergency response in which WFP must respond to needs without delay. The Secretariat will provide a brief information note explaining the operational context and justifying the time-sensitivity of the response. Approved revisions will be shared with the Board for information. The process described in paragraph 110, including the comment period, will be followed after the approval, and a next iteration of a budget revision could incorporate Member States' comments, where appropriate.

Proposed interim delegation of authority for budget revisions related to emergency activities (subject to thresholds for joint approval with the FAO Director-General), service provision activities, or non-emergency components of a T-ICSP following a limited emergency operation, and strategic outcomes funded entirely by a host government for CSPs, ICSPs, T-ICSPs regardless of value

113. The Secretariat proposes that the Board delegate to the Executive Director authority to modify certain aspects of a CSP, ICSP or T-ICSP related to emergency activities – subject to thresholds for joint approval with the FAO Director-General – service provision, non-emergency components of a T-ICSP following a limited emergency operation and, in exceptional cases, strategic outcomes funded entirely by a host government. This does not represent a substantive change from current practice because the Executive Director already has authority regarding special operations, bilateral activities and emergency activities.

114. Noting that service provision – planned common and shared services – is fully integrated into CSPs and ICSPs, it is recognized that these activities are often planned in response to specifically funded requests. In recognition of the different nature and funding sources of these activities, authority to approve related budget revisions will be handled in the same spirit as is currently the case for special operations: revisions arising from changes to service provision activities will be approved by the Executive Director.

Interim guiding principles for application of full cost recovery in 2018

115. As WFP is a 100 percent voluntarily funded organization, the Secretariat recognizes that WFP General Regulation XIII.2, which sets out the principle of full cost recovery, should be retained to ensure that sufficient funds are provided to cover all the operational and support costs related to each contribution. However, the current text of General Rule XIII.4, which largely defines the application of full cost recovery to different cost categories, is overly prescriptive and designed primarily for contributions of in-kind food and cash for food.

116. As part of the Financial Framework Review, the Secretariat determined that a guiding principle of the country portfolio budget structure was the simplified application of full cost recovery to better reflect the increasing diversity of WFP's assistance, the country portfolio budget design and the new cost structure with its four high-level cost categories.

117. Full cost recovery will continue to be applied at the contribution level. The new methodology outlined in the Financial Framework Review is based on the high-level cost categories of transfer costs, implementation costs, adjusted direct support costs and indirect support costs. The basis for full cost recovery calculations will be the annual resource-based implementation plan. Transfer and implementation costs will be calculated at the activity level and the adjusted direct support cost component will be calculated as a country-wide proportion of the consolidated transfer and implementation costs, which will vary by country. The Board-approved indirect support cost rate will continue to be applied, although different rates may be applied through the continued use of trust funds and extra-budgetary accounts in instances where such mechanisms have been used as the funding source for certain activities that are now encompassed in the CSP framework.

118. It is proposed that a limited degree of flexibility be allowed in setting the adjusted direct support cost rates for mandated common services. These services, mandated to WFP by the Inter-Agency Standing Committee, include the United Nations Humanitarian Air Service and the WFP-led

logistics, emergency telecommunications and global food security clusters.[25] As these services are primarily activated in emergencies and are provided by WFP on behalf of the humanitarian community, contributions to them are considered to be for the humanitarian community as a whole. These activities were formerly provided through their own special operations, with self-contained support costs. In the IRM framework, these services will be included as separate activities in the CSP framework and as such will contribute to the related adjusted direct support costs for the country. As most support costs for these activities are budgeted directly in the implementation costs, however, and the activities are implemented for and on behalf of the entire humanitarian community – not solely WFP – it is proposed that some flexibility be provided for in applying the adjusted direct support cost rate.

119. General Rule XIII.4(g) provides for exceptional waivers of indirect support costs when in-kind contributions – generally of services and non-food items – are used to cover direct support costs. As the direct support costs category will no longer exist under the IRM framework, and costs that used to be allocated to the direct support costs category will be assigned to the cost categories of transfer, implementation and adjusted direct support costs going forward, General Rule XIII.4 will need to be revised. For example, the costs of using standby partners, which account for the vast majority of such waivers having constituted 86 percent of them in 2015–2016, would typically be budgeted under implementation costs because standby partners directly implement activities. The proposed full cost recovery guidance for 2018 allows for ISC to continue to be reduced or waived for such costs and also extends the Executive Director's authority to reduce or waive ISC to encompass adjusted direct support costs as well. In keeping with current practice, WFP will report annually to the Board on the use of waivers provided by this rule.

120. Service-level, third-party agreements and pass-through activities are not incorporated into the CSP framework and are not classified as contributions or included in the country portfolio budget. Service level and third party agreements focus on small-scale service provision that is incidental to WFP's programmatic work and pass-through activities entail WFP disbursing funds to implementing partners on behalf of a donor but WFP assumes no financial, operational or reporting responsibility for use of the funds. Although WFP ensures that these services are provided on a full cost recovery basis, they are extra-budgetary and have a different cost structure, so the full cost recovery principles set forth in this paper do not apply.

121. Box 1 provides the proposed interim guidance for the CSP framework with respect to the application of full cost recovery principles in 2018.[26]

[25] The global Food Security Cluster is co-led by WFP and FAO.

[26] Country offices continuing to use the current project-based system in 2018 will continue to apply the General Rules and Financial Regulations currently in force.

Box 1: Proposed interim principles to guide the application of full cost recovery in 2018 to facilitate use of the new programmatic and budgetary framework

In accordance with General Regulation XIII.2, the following shall apply to the various types of contributions to WFP (replacing General Rule XIII.4):

a) The following high-level cost categories shall apply to all types of contributions:

   i) Transfer and implementation costs, which represent the operational costs of a contribution;

   ii) adjusted direct support costs, i.e., a country-specific percentage of the transfer and implementation costs of a contribution for all activities, save for those related to mandated common service activities, for which a different adjusted direct support cost rate will be applied due to the manner in which costs for these activities are budgeted; and,

   iii) indirect support costs (ISC), i.e., a standard Board-determined percentage of the transfer, implementation and adjusted direct support costs of the contribution. Notwithstanding the foregoing, the Board-determined ISC may, as an interim measure pending consideration of the role of extra-budgetary funding at the Board's 2018 second regular session, be varied through the continued use of trust funds and extra-budgetary accounts in instances where they have in the past been employed to fund activities that are now part of the CSP Framework;

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, set forth in General Rule XIII.4 (e) – (h), shall continue to be applied in accordance with current practices. As the category of direct support costs will no longer exist for programmes operating under the CSP Framework, for the purposes of a waiver authorization under General Rule XIII.4 (g) "direct support costs" shall mean "costs that prior to application of the CSP Framework would have constituted direct support costs," and the Executive Director's authority to reduce or waive ISC for such contributions shall encompass adjusted direct support costs as well.

Review of full cost recovery exceptions in 2018

122. The Secretariat is reviewing WFP's full cost recovery exceptions and will submit its recommendations to the Board in 2018. It is likely to recommend that several of the current exceptions, such as the waiver of indirect support costs for contributions to the programme support and administrative budget and some non-food in-kind contributions, such as those from standby partners, remain, along with opportunities for twinning. This review of current exceptions will provide an opportunity to update the language of General Rule XIII.4 and related policies to reflect the changing environment in which WFP is working.

Trust funds

123. Trust funds and special accounts are not a programme category in themselves but have been used for programming extra-budgetary resources received for specified purposes – such as providing services to governments, development partners and other United Nations organizations – that do not fall within one of the four WFP programme categories.

124. The Secretariat is reviewing the existing guidance, processes and templates pertaining to trust funds and other funding sources in order to ensure their alignment with and, where possible, their inclusion in the CSP framework and country portfolio budget structure. Updated guidance on trust funds is being developed, which spells out the circumstances under which a grant is classified as a trust fund and the implications for governance, including the manner in which trust funds are integrated into the CSP framework, revenue recognition and indirect support cost application for which differentiation of indirect support cost rates will be required. Pending final resolution of these issues and as provided for in the Policy on CSPs, some activities or strategic outcomes may continue to be funded by trust funds or other budgetary mechanisms, depending on the situation in the country concerned. Donors that have traditionally funded certain activities

through the use of trust funds may therefore continue to do so in 2018, in spite of the interim full cost recovery principles. In continuing to use trust funds as a funding mechanism for the CSP framework in 2018, WFP seeks to ensure that funding from trust fund donors, including host governments and charitable institutions, is not jeopardized during the transition to the IRM framework.

Terminology and definitions

125. In 2018, the Secretariat will share its initial proposal regarding the revision of terminology and definitions, including definitions under Financial Regulation 1.1, to ensure consistency between the relevant General Rules and Financial Regulations and the new Board-approved policies. Feedback received from the Board during informal consultations will inform the final proposed amendments, which will be presented for approval at the 2018 second regular session. If approved, the revised General Rules and Financial Regulations will take effect on 1 January 2019.

126. 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 for wave 1A and wave 1B country offices during the transition period from the Board's 2017 first regular session to 31 December 2017. These included provisions in General Rule XIII.4 and Financial Regulations 1.1 and 4.5 concerning cost categorizations and the manner in which full cost recovery is achieved, solely where necessary to permit the application of country portfolio budget principles. The Board also approved, for application until 31 December 2017, an interpretation of provisions of the WFP General Rules and Financial Regulations that refer to existing programme categories as though they were 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. It is important to note that the pilot phase of the country portfolio budgets for CSPs approved by the Board at the 2017 first regular and annual sessions will end on 31 December 2017. The plans will then be implemented as standard CSPs and ICSPs for the remainder of their duration.

127. Bringing more flexibility to implementation means that WFP will be operating two frameworks in 2018 – the current project-based system and the new IRM framework. To ensure effective governance, the Secretariat will apply existing General Rules and Financial Regulations to country offices implementing the current framework in 2018. For country offices implementing the IRM framework in 2018, including country offices in waves 1A and 1B, the Secretariat is seeking authorization from the Board to extend certain derogations from WFP's General Rules and Financial Regulations as a temporary measure for the CSP framework from 1 January 2018 to 31 December 2018.

Financial Regulation 9.3

128. Financial Regulation 9.3 states that each proposed management plan shall include the estimated resources and expenditures for each programme category and shall show proposed appropriations for programme support and administrative services in such separate main appropriation lines as may be decided by the Board.

129. The latest draft of the Management Plan (2018–2020) is aligned to the IRM framework and links resources to results and proposes revisions to the appropriation lines of the programme support and administrative budget to better reflect the role of regional bureaux and headquarters offices in supporting country offices in achieving WFP's Strategic Results.

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

130. It is anticipated that the Board will consider CSPs for Honduras, Pakistan, Timor-Leste and Tunisia and an ICSP for Burundi at its 2018 first regular session. At present, the Honduras, Pakistan and Timor-Leste country offices have indicated a preference for commencing their CSPs on 1 January 2018 to address workload implications or ensure alignment with neighbouring countries that have already transitioned to the CSP framework, among other reasons. Under the current arrangements, these country offices would be required to create a T-ICSP based on previously approved projects, approved by the Executive Director, for a duration of three months

or to continue implementing projects until the "go-live" date in April after the Board session. Country offices affected by these requirements have described them as inefficient and excessively burdensome.

131. To address this concern, the Secretariat proposes to seek the Board's approval by correspondence of short-term ICSPs. The short-term ICSP will be approved by the Board, rather than the Executive Director, in order to enable implementation of certain activities in the IRM framework in the respective countries during the period from 1 January to 31 March 2018. Only activities based on currently approved projects and ongoing activities would be implemented during this period. New activities would be implemented only after formal CSP approval.

132. The draft CSP and ICSP documents that will be considered at the 2018 first regular session will be shared in early December and Member States will have 20 calendar days to comment. Each affected country office will also publish a three- to five-page short-term ICSP document at the same time, outlining the strategic outcomes, activities and related budget envelopes to be implemented in the 1 January–31 March period.

133. Because these short-term ICSPs will be published at the same time as the draft CSP documents the Board will already have information about the strategic outcomes and planned activities from the draft CSPs. The Board will be requested to approve the short-term ICSPs by correspondence in accordance with Rule IX.8 of the Rules of Procedure of the Executive Board. Subject to approval, these transitional governance arrangements may be extended for CSPs and ICSPs to be considered at the Board's 2019 first regular session.

134. Programmatic and budgetary controls will be in place to ensure that implementation during the 1 January to 31 March period provides operational continuity and is consistent with ongoing activities and strategic outcomes. The following controls will be applied:

a) **Programmatic control**, i.e., control prohibiting country offices from implementing any new activities or pursuing any new strategic outcomes outside of previously approved projects and ongoing activities. The short-term ICSP is to be read in conjunction with the full CSP submitted to the Board and will identify the activities to be implemented in the three-month period. It will also note the new activities in the CSP, which will not be implemented until after formal Board approval of the CSP. The country office will provide analysis of beneficiaries for the short-term ICSP period as a total number and broken down by strategic outcome, activity, tier, modality, and gender.

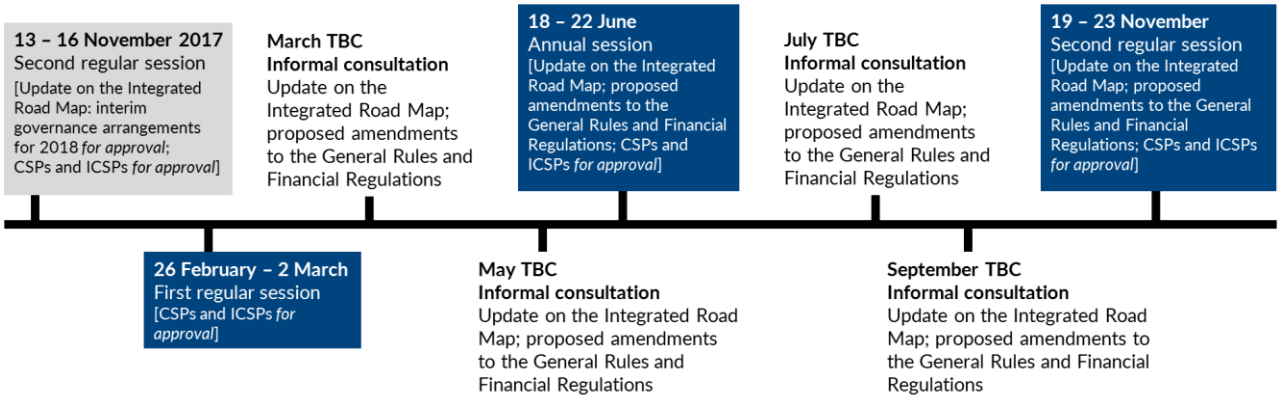
b) **Budgetary control**, i.e., the budgetary value of only the first three months of the first year of the CSP will be programmed in WINGS. The short-term ICSP will include an indicative cost breakdown by strategic outcome and the four high-level cost categories for the full duration of the CSP as well as for the three-month period.

135. Approval of the CSP at the first regular session will subsume the short-term ICSP, ensuring no duplication of resource transfers and other processes.

Board engagement in 2017 and 2018

136. To ensure the Board's continued engagement during this critical period, the Secretariat has scheduled a series of informal consultations for 2018. Informal consultations (see Figure 2) provide an opportunity to share updates on IRM implementation, discuss draft CSPs, draft ICSPs and interim governance arrangements and consider needed amendments to the General Rules and Financial Regulations that will be presented for approval at the Board's 2018 second regular session, along with the proposed revisions to delegations of authority that will be presented for approval at the Board's 2020 first regular session.

Figure 2: Informal consultations in 2018



ANNEX I

Lessons learned

1. As noted in paragraphs 29-31 of the document, lessons learned have been systematically gathered over the course of 2017 from country offices, regional bureaux and headquarters. Highlights were shared at informal consultations on 17 March, 4 May, 18 July and 7 September, at the IRM seminar on 3 October and at the 2017 annual session.

Strategic review process

2. An emerging lesson from the more than 40 countries that have concluded or embarked on country-owned national zero hunger strategic reviews is that each such review needs to reflect country-specific circumstances. Despite generic terms of reference intended to provide a blueprint, strategic review reports have ranged from detailed and academic to high level and strategic. The shape of the final product – and equally important, the process leading up to it – must be determined for each context based on what will have the greatest impact on hunger while generating the required national political momentum. Guidance from the lead convener has helped to identify the most suitable parameters for determining this.

3. Some countries reported that the establishment of an advisory board proved to be instrumental in steering the strategic review process, providing technical oversight and reaching a consensus on priority actions. A best practice is to go beyond involving line ministries and subject-matter experts to include planning entities such as ministries of finance, which participate in budget decisions related to costed national zero hunger plans. Countries also reported positively on a "whole-of-society" approach extending horizontally across sectors and vertically from the national to the subnational level and encouraging a range of stakeholders to anchor their plans and programmes in strategic review findings. Subnational consultations helped to generate greater community-level engagement and examination of the feasibility of implementing proposed priority actions.

4. Synchronizing strategic reviews with other national planning cycles is paramount but challenging. It requires careful analysis of how to position and time a strategic review in order to maximize its contribution to national development plans, United Nations system-wide plans or voluntary national reviews – all in the interest of facilitating priority actions to accelerate progress towards zero hunger. In countries where localization of the SDGs is in its infancy or absent, the zero hunger strategic review is perceived as a useful model on which to base national reviews pertinent to other SDGs. When countries put in place alternative approaches to localizing SDG 2, WFP will contribute to the existing national exercise rather than support a competing review.

5. The Secretariat continues to encourage the full and inclusive participation of stakeholders – including the private sector and development banks – throughout the strategic review process. Wave 1A country offices have noted that strategic reviews provide a strong rationale for WFP interventions, are useful for the detailed design of activities, and promote new partnerships by enhancing engagement with government ministries and facilitating South–South and triangular cooperation. They expect that the benefits of the strategic review process will be even more visible in the second and third years of implementation.

6. Some country offices have found it necessary to conduct follow-up missions or reviews to complement the strategic review process to ensure robust results and findings for the development of the CSP. Recommendations have also stressed beginning as early as possible as the success of the strategic review is partially dependent on timely planning.

Country strategic planning framework

7. Engaging a large number of stakeholders during the strategic review process and early in CSP development prompts varying expectations and opinions regarding WFP's role in a country. The strategic review's focus on building evidence for WFP's value proposition based on recommendations and collective goals has helped to develop a shared vision and understanding of WFP's future portfolio among partners. Governments are welcoming the opportunity to align WFP's work with national plans, including economic and social development plans. CSPs are

also facilitating more effective partnerships with governments and the transfer of capabilities, which helps to increase WFP's focus on exit strategies.

8. Wave 1A country offices have expressed the view that the extended duration of the CSP framework has the potential to broaden the donor base, support multi-year funding discussions, create longer-term partnerships and foster South–South cooperation.

9. The longer planning duration and line of sight have also brought greater coherence and vision to the programme design and provided staff a clear understanding of the way forward for the country office. Middle-income countries have suggested that the CSP framework better supports the strategy of moving from an operational role to a more capacity-building role.

10. The Secretariat continues to gather feedback from the Board and country offices on the structure and content of CSPs. Updated guidance to country offices has enabled better integration into CSPs of elements of the zero hunger strategic reviews, information related to partnerships, contributions to other SDGs, monitoring and evaluation, and transition and exit strategies.

Country portfolio budget structure

11. Wave 1A country offices appreciate the new cost structure and the clear line of sight from strategy, planning and resourcing to results, which have increased transparency down to the activity level and made communication easier, and they recommend that additional guidance be issued to ensure that flexibility is maximized. It has also been recommended that the country portfolio budget template be simplified and that country offices involve cross-functional units early on in the development of country portfolio budgets. Country offices with pilot country portfolio budgets have highlighted the importance of striking a balance between reducing the number of activities for better budget management and having the right portfolio of activities.

12. In response to requests for simplification, the Secretariat is evaluating the country portfolio budget structure and processes. Notable changes could include providing a detailed needs-based plan for only two years; streamlining planning elements and expenditure commitment items; and simplifying the funds-management hierarchy. It is anticipated that the wider roll-out of the budget planning tool will also serve to simplify many of the current processes.

13. To better leverage the country portfolio budget's increased line of sight and support informed decision-making, country offices have requested that more sophisticated tools and reports be developed. In June 2017, an internal reporting platform was launched to provide information on implementation progress and support financial resource management at the country and activity levels. New reports will be added as soon as they are available.

14. Member States and some country offices have also reported a lack of consistency regarding capacity strengthening in the country portfolio budget structure. The Secretariat is working to strengthen guidance for capacity strengthening, which is a transfer modality for SDG 2 and SDG 17, an activity under SDG 17 or a strategic outcome.

Inclusion of the Sudan's ICSP in wave 1B

15. The Secretariat included the Sudan in wave 1B to ensure that experience from a major complex operation would be gained during the pilot phase. The Sudan ICSP, which the Board approved at its 2017 annual session, went live on 1 July 2017 and distributions under the ICSP began in August. Headquarters and the regional bureau are providing support through workshops, training courses and weekly teleconferences to ensure a smooth transition during the ICSP's implementation in a complex setting, learning from experience, and quickly articulating lessons learned to benefit the organization.

16. In consultation with the Government, the Sudan country office determined that the ICSP approach would support important programmatic shifts that could be implemented while allowing additional time for a nationally owned zero hunger strategic review and developing a robust CSP. The Sudan ICSP was developed in consultation with the United Nations country team to ensure that planned strategic outcomes were aligned with the work of United Nations and non-governmental partners. The ICSP takes into consideration the Government's National Strategy (2007–2031)[1] and supporting policies and the Multi-Year Humanitarian Strategy 2017–2019. Partner consultations were integral to repositioning WFP in the country.

17. The proposal to increase flexibility in the IRM timeline, approved by the Executive Board at its 2017 annual session, has allowed for the Sudan country office to continue the implementation of a protracted relief and recovery operation, notwithstanding the approval of the Sudan ICSP, including a pilot country portfolio budget, at that session. There are practical issues associated with this operating structure, including the replication of field-level agreements, budget management, COMET logical frameworks and reporting, reconciliation of expenditures by commodity and activity and a need for strong financial oversight mechanisms, which are being established. Lessons learned from this approach will inform the application of the dual-structure approach, which may be extended to a limited number of country offices for a short period to mitigate potential resource transfer issues in 2018.

Focus areas

18. Each strategic outcome is linked to one strategic result and has only one primary focus area – crisis response, resilience building or root causes. The Secretariat notes that this type of categorization has the potential to increase earmarking and fragment country office funding streams, a view that has been corroborated by some country offices.

19. Feedback from Member States and donors on the application of focus areas in the 14 wave 1A and wave 1B countries suggests that it is a viable methodology for supporting donors' ability to commit funds. Lessons learned have underscored the importance of applying strict guidance for formulating strategic outcomes to ensure programmatic coherence and integrity and promote greater visibility for resource mobilization. Both wave 1A and wave 1B country offices have said that, to the extent possible, stakeholders should be involved in formulating strategic outcomes and links to focus areas in order to strengthen partnerships and maximize opportunities for funding.

Resource migration to new country portfolio budgets

20. Resource migration was challenging for wave 1A country offices. An analysis of the grant transactions for wave 1A shows that 58 percent were for food transfers of less than 20 mt and 30 percent were for balances of less than USD 100,000. Despite their small size and monetary value, the high number of transactions made the migration process burdensome. Country offices have been requested to minimize small balances prior to project closure in order to ease the resource migration process; wave 1B has shown improvement in this area.

21. To smooth resource migration, the Secretariat appointed a resource migration coordinator and is following a strategy that entails the early release of budgets for CSPs, ICSPs and T-ICSPs and the development of tools to facilitate the process. The Sudan country office, for example, has reported that the early release of the country portfolio budget worked extremely well, allowing new contributions to be recorded and the procurement process to begin two months before the ICSP start date.

Annual planning process and country operation management plans

22. Lessons learned from waves 1A and 1B emphasized the importance of collecting more meaningful information, automating the data compilation, streamlining the process, minimizing redundancies in CSP documents and improving and simplifying the format and structure of the COMP document. Guidance material has been updated to improve the quality of information

[1] General Secretariat of the Sudan National Council for Strategic Planning. 2007. *The Twenty-Five-Year National Strategy 2007–2031.*

provided and ensure a high degree of consistency, particularly in resource prioritization, and justification for decisions regarding assistance modalities.

23. Work is under way to automate the compilation of COMP data from corporate systems. It is anticipated that the majority of COMP information will be automated and then compiled as a complement, for information purposes, for those CSPs and ICSPs presented for approval at the Board's 2017 second regular session and for the second-year COMPs of wave 1A and wave 1B countries. Work will continue to improve the content and process as much as possible through 2018. It is foreseen that COMP data could provide a basis for data to be included in the online portal.

Partnerships

24. The transition from individual projects to an integrated programme and the shift from funding projects to financing and resourcing outcome-level results are substantial and require significant partner engagement. The development of CSPs and ICSPs necessitates positioning WFP as a strategic, long-term partner supporting national achievement of the SDGs. Learning from the pilot CSP process has underscored the importance of partner engagement from the outset through the design and implementation of CSPs.

25. The Secretariat is encouraging country offices to prepare internal partnership action plans that establish their partnership priorities and strategies. The partnership action plan template provides a simple structure through which country offices can describe how they will engage with stakeholders including governments, civil society, the private sector, international financial institutions, academia, media and traditional and new donors on shared strategic objectives. Strategic outcomes are mapped against existing and potential partnerships and funding sources along with the actions – for example, communications and advocacy – required to support partner engagement, strategic alignment and resource mobilization.

26. While country offices are encouraged to develop partnership action plans using the current template for their internal use, such plans are not obligatory and so are not included in formal governance documentation.

27. In an effort to strengthen skills for partner engagement at the country office level, partnership workshops focusing on new ways of identifying, engaging and aligning with partners have been held in all but one region since January 2017. These workshops have aimed to update country offices on corporate guidance related to partnership engagement, advocacy and resource mobilization and provide tools, resources, techniques and skill set development for partnership engagement throughout the CSP planning, formulation and implementation phases.

28. The Secretariat is also taking steps to increase knowledge about mobilizing resources for CSPs and ICSPs. An e-learning course was launched in the second quarter of 2017, targeting country office focal points. The course aims to equip staff with the tools for developing a resource mobilization strategy, pursuing new resource opportunities and better articulating WFP's value proposition.

Organizational readiness

29. Organizational readiness support to country offices is ongoing. The Secretariat has found that open and regular communication through multiple media such as newsletters, online space, meetings, field visits and IRM national champions is key to sensitizing staff and facilitating buy-in for the IRM. Country offices have also benefited from the appointment of change management leaders and multi-functional teams to support internal change and ensure consistency.

30. While a full staffing and structure review may not be required, some country offices may need to realign their structures and the terms of reference of some staff members to support IRM implementation. Review and realignment processes should involve all functions through a gradual or phased approach.

31. Online self-learning materials have been made available to all staff to facilitate the transition. Emerging best practices show that the appointment of a learning and development focal point and encouragement from country office management increase knowledge and understanding. In addition, cross-functional joint learning has proved beneficial for increasing awareness of each function's role and synergies in end-to-end processes.

ANNEX II

The table below presents the proposed interim delegations of authority for countries operating within the IRM framework. They would be effective from 1 January 2018 to 29 February 2020.

Text	Commentary
The following are authorities delegated to the Executive Director by the Executive Board in accordance with Article VI.2 (c) of the WFP General Regulations.	Under Article VI.2 (c) of the WFP General Regulations, the Board is responsible for the approval of activities of WFP, but may delegate to the Executive Director such approval authorities as it may specify.
A. Initial approval: 1. Limited emergency operations and transitional interim country strategic plans (T-ICSPs), with the joint approval of the Executive Director and the FAO Director-General when the limited emergency operation or the emergency-related components of the T-ICSP exceed USD 50 million in value; and 2. Country strategic plans (CSPs) and interim country strategic plans (ICSPs) funded entirely by a host country where the host country has not requested the Executive Board to approve the plan.	This provision lays out initial approvals that are delegated to the Executive Director. All approvals that are not specifically delegated to the Executive Director, with the FAO Director-General where applicable, are by implication retained by the Executive Board. The Board therefore retains the authority to approve CSPs and ICSPs, other than those funded entirely by a host country that has not referred them to the Board for approval, as such authorities have not been delegated to the Executive Director.
B. Approval of modifications: 1. Revision of any limited emergency operation or emergency-related revision of a CSP, ICSP or T-ICSP, with the joint approval of the FAO Director-General for any increase exceeding USD 50 million. 2. Upwards revision of one or more individual strategic outcome(s) of a CSP, ICSP or T-ICSP provided that the total amount of such revisions does not exceed 25 percent of the plan's latest Board-approved value – in the absence of such a value for T-ICSPs, the initial Executive Director-approved value – or USD 150 million.	This provision lays out approvals of modifications to the CSP framework that are delegated to the Executive Director, acting alone or jointly with the FAO Director-General. All approvals that are not specifically delegated to the Executive Director, with the FAO Director-General where applicable, are, by implication, retained by the Executive Board. Therefore, the Board retains the authority to approve: 1. increases in the value of one or more strategic outcomes that exceed the specified thresholds; and 2. the addition or removal of entire strategic outcomes from a CSP, ICSP or T-ICSP except in the case of strategic outcomes that relate only to emergency or service provision activities or are funded entirely by a host country that has not requested the Executive Board for approval, in which case the addition or removal falls under the Executive Director's general authority in those areas.

Text	Commentary
3. Downwards revision of any individual strategic outcome(s) of a CSP, ICSP or T-ICSP. 4. Revision of non-emergency components of a T-ICSP following a limited emergency operation. 5. Revision of a CSP, ICSP or strategic outcome funded entirely by the host country. 6. Addition to a CSP, ICSP or T-ICSP of a strategic outcome funded entirely by a host country that has not requested the Executive Board to approve the strategic outcome. 7. Revisions related to service provision activities.	The Secretariat will treat increases approved under the authority of the Executive Director cumulatively for the purposes of assessing the extent to which they modify the CSP, ICSP or T-ICSP, thereof, resetting the calculation to zero each time an approval is made by the Board. Emergency-related revisions will not be treated cumulatively. The approval of service provision activities is delegated to the Executive Director, consistent with the existing delegation of authority for special operations and for service provision activities approved under the Executive Director's authority to approve trust funds and special accounts. Revisions in respect of emergency or service provision activities, or Executive Director-approved strategic outcomes funded entirely by a host country, will not count towards the Board approval thresholds.

Acronyms used in the document

BCG	The Boston Consulting Group
COMET	country office monitoring and evaluation tool
COMP	country operation management plan
CRF	Corporate Results Framework
CSP	country strategic plan
FAO	Food and Agriculture Organization of the United Nations
ICSP	interim country strategic plan
IRM	Integrated Road Map
ISC	indirect support costs
OCHA	Office for the Coordination of Humanitarian Affairs
QCPR	Quadrennial Comprehensive Policy Review
SDG	Sustainable Development Goal
T-ICSP	transitional interim country strategic plan
WINGS	WFP Information Network and Global System