Update on the Integrated Road Map
2018 Annual Session
WFP/EB.A/2018/5-D/1
18 – 22 June 2018
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1. Twinning

**Recommendation 1**

Continue twinning arrangements as provided for in General Rule XIII.4 (f).

**Recommendation 2**

Adjust General Rule XIII.4 (f) to allow for cash earmarked for purposes that are not classified as associated costs as well as in-kind contributions to be eligible for twinning.

**Additional proposal under consideration**

Possible expansion of the twinning donor definition: WFP will conduct a review to assess the potential for expanding the definition of “twinning donor” to make it more coherent with the Policy on South-South and Triangular Cooperation.\(^1\) Any expansion of eligibility would require the Board’s approval through a future policy paper and any changes could require a change to General Regulation XIII.2.

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\(^1\) WFP’s Policy on South-South and Triangular Cooperation (EB.A/2015) outlined the need to create incentives for South–South cooperation on food security and nutrition issues in line with WFP’s rules, regulations and financial framework. Mechanisms for WFP to explore include twinning and similar arrangements, linking existing funding mechanisms to innovations in South-South and triangular cooperation, and facilitating bilateral cooperation programmes.
2. Exemptions from and waivers of indirect support costs

**Recommendation 3**

Expand the ISC exemptions for PSA and PSA-related cash contributions provided for in General Rule XIII.4 (e) to include relevant in-kind contributions for the PSA or PSA-related activities.

**General Rule XIII.4(e)** sets out ISC exemptions for the IRA, PSA and PSA-like contributions for cash only.

**Recommendation 4**

Maintain the ISC waivers provided for in General Rule XIII.4 (g) and amend the wording of the General Rule to reflect the IRM framework and cost categories, including by adjusting the waivers to cover broader support costs in line with the interim full cost recovery formulation approved by the Board.

**General Rule XIII.4(g)** sets out ISC waivers provided for in-kind direct support cost (DSC).
3. Adjusted DSC rates for mandated common services

Recommendation 5

Maintain the flexibility of adjusted DSC rates for mandated common services and ensure that the General Rules and Financial Regulations allow for the possibility of more than one DSC rate in a single country in such cases.

Current provision: At the 2017 second regular session, the Board approved the provision of a degree of flexibility in applying adjusted DSC for mandated services.

4. Handling of revenue generated from on-demand service provision

Recommendation 6

Continue to treat revenue generated from on-demand service provision as distinct from contributions as defined by Financial Regulation I.*

Current provision: The revenue generated by on-demand service provision is now recognized as being distinct from contributions as defined by Financial Regulation I.

* Financial Regulation I states: “Contribution shall mean a donation of appropriate commodities, non-food items, acceptable services or cash made in accordance with procedures set out in these Regulations. A contribution may be multilateral, directed multilateral or bilateral.”
5. Trust Funds

Recommendation 7

Integrate country-level trust funds into the IRM framework, while other trust funds continue.

Within the IRM framework, all country-level activities should be accounted for as programmatic or service provision in the CSP structure, including activities funded entirely by host governments.
6. Indirect support costs

**Recommendation 8**

*Apply a reduced ISC rate* for host governments’ contributions to their own programmes and for contributions made by one developing country to another through South–South and triangular cooperation, with a proposed rate to be presented in the management plan.

**Recommendation 9**

*Adjust General Rule XIII.4 (e) to allow for exemptions from ISC for contributions to the Operational Reserve.* (This would expand WFP’s ability to engage in internal project lending.)

**ISC rates are approved annually** by the Executive Board

Currently, under General Rule XIII.4 (e) contributions to the IRA and PSA are exempt from ISC recovery.
Discussion
General Regulation XIII.2: Contributions

Donors may contribute appropriate commodities, cash and acceptable services in accordance with the general rules made pursuant to these General Regulations. Except as otherwise provided in such general rules in respect of developing countries, countries with economies in transition and other non-traditional donors, or in respect of other exceptional situations, each donor shall provide cash contributions sufficient to cover the full operational and support costs of its contributions.