RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

For information*

UPDATE ON THE WINGS II PROJECT

NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for information.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

Director, WINGS II Project: Mr C. Nikoi   tel.: 066513-2518

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

DRAFT DECISION*
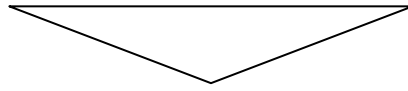
The Board takes note of "Update on the WINGS II Project" (WFP/EB.1/2008/6-E/1).

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* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document (WFP/EB.1/2008/15) issued at the end of the session.

INTRODUCTION

1.   This is the fourth progress report on the WFP Information Network and Global System II (WINGS II) Project submitted to the Board. It updates status report WFP/EB.2/2007/5-G/1, submitted in October 2007.[1]

WINGS II OBJECTIVES

2.   On the recommendation of WFP's External Auditor (WFP/EB.A/2005/6-B/1/Rev.1), the Board approved a business-led upgrade of WFP's information systems and business processes in October 2005, as part of the 2006–2007 management plan. The upgrade project, WINGS II, aims to:

   ➢   introduce industry-standard information systems that are as free from customization as possible, enabling easier and cheaper future upgrades in response to WFP's evolving needs; and

   ➢   redesign WFP's business processes to permit: a) use of industry-standard information systems; and b) essential business reforms, such as the integration of supply-chain processes, the New Business Model and the adoption of International Public Sector Accounting Standards (IPSAS).

CURRENT STATUS OF WINGS II

Internal Survey

3.   Information note WFP/EB.2/2007/5-G/1 reported that the workshop held in June 2007 with the WINGS II Steering Committee members and other senior WFP managers to assess WFP's readiness for the proposed changes recommended that the depth of changes to be introduced in the first release be scaled back to: a) ensure that WFP would not be overwhelmed with the scale of the changes, especially in the field; and b) to render the project more manageable and affordable. As a result substantial additional work was required to adjust the scope of the first release, and many of the design outputs required significant changes before the configuring and building of the systems could commence.

4.   Another recommendation from the June 2007 workshop was to strengthen the project's governance structure, specifically to mainstream the technical delivery of WINGS II into the Information Technology Division, under the responsibility of the Chief Information Officer. This has been carried out.

Work Streams

⇒ *Operations; finance and administration*

5.   The scopes of these work streams have been adjusted and the redesign has been completed. The completion time for the redesign work took longer than had been anticipated due to the unexpected complexity of several issues, particularly those related to solutions required for IPSAS compliance. An implementing partner has been identified,

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[1] Previous updates to the Executive Board were WFP/EB.A/2007/6-J/1 and WFP/EB.2/2006/5-F/1.

contract negotiations are underway and work will start in February on the next phases, which will involve system configuration, software development, data migration, testing, user training, etc. An outline project plan is attached to this document as Annex I.

6.   The "go-live" date for the new systems and processes has been set for January 2009 in order to ensure a smooth transition at the end of the 2008 financial period.

⇒ *Human resources*

7.   Acceptance testing for the Customer Development Programme (CDP) is progressing well and is expected to be completed in February 2008. The final version of the CDP software will be delivered to WFP by March 2008.

8.   The configuration and software development work for the rest of the human resources systems is also progressing well, with SAP as the implementing partner; it is scheduled to be completed in May 2008. The timeline for the human resources work stream has been realigned to the timelines for the rest of the project.

External Survey

9.   An advisory note from the external review carried out between July and October has been issued. The advisory note made several recommendations to improve the organization's capability and capacity to realize the full benefits envisaged in a major business transformation and change programme such as the WINGS II project. The recommendations have been discussed with the WINGS II project Steering Committee and a number of them have been accepted.
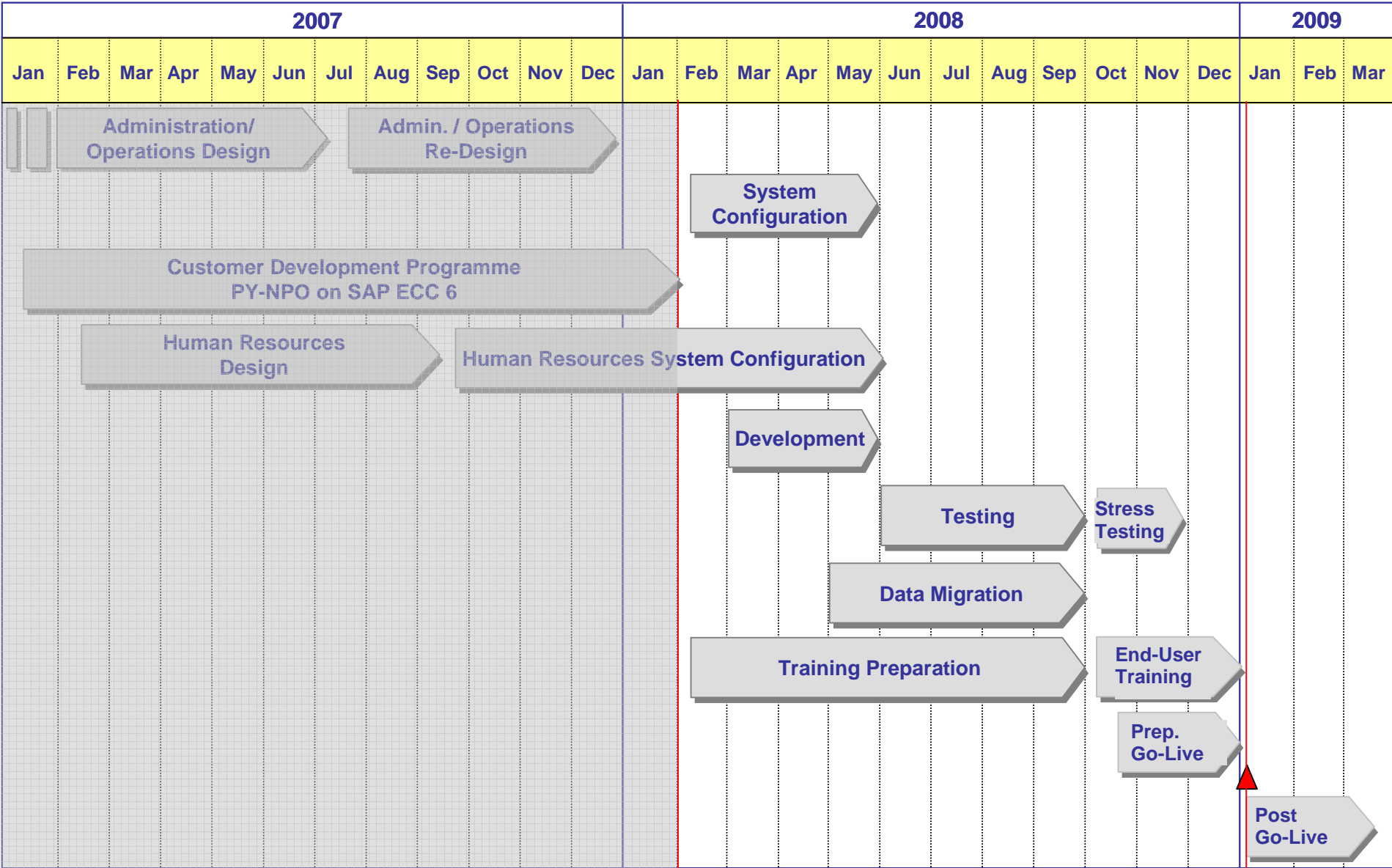
SCOPE

10.   The exercise to adjust the scope of the first release has substantially reduced project risks while retaining most of the principal changes and improvements envisaged in its original scope. An updated summary of the status of the scope of the first release is included in this information note as Annex II.

BUDGET STATUS

11.   The WINGS II budget, denominated in United States dollars (US$), has suffered from the continuous weakening of the dollar against major currencies in the last two years. This is especially true in relation to the Euro, which is the currency in which a significant portion of project expenditures are denominated. At current estimates, about US$6 million of the project funding has eroded due purely to the impact of Euro/dollar exchange rates. The weakening dollar has also had a further, indirect impact on the project through increased standard cost rates for internal resources. The project is employing a combination of budget containment mechanisms, including reducing its scope, reducing project staff and negotiating fixed-price contracts, in an attempt to keep project costs within the allocated budget.

12.   At present US$23 million of the allocated US$49 million remains to cover system configuration; software development; systems integration testing; data loads; user acceptance and system stress-testing; end-user training and support; and support for the "go-live" launch and the period immediately following it.

ANNEX I: WINGS II RELEASE 1 – HIGH-LEVEL PROJECT PLAN

ANNEX II

STATUS OF SCOPE OF FIRST RELEASE OF WINGS II		
AREA	**IMPROVEMENTS**	**STATUS**
Contribution Management		
Mobilize resources	Resource Mobilization System replaced by grants management integrated SAP solution	Retained
	Contribution forecasting refined	Retained
	Donor data maintenance and forecasting decentralized (pilot basis)	Deferred
Operations		
Manage project	Standardized WFP activities and beneficiary model	Retained
	Integrated application for project output monitoring	Retained
	Advance financing mechanism for all projects	Retained
	Flexible management of associated costs – project cash account	Retained
	Integrated project budget planning functionality	Deferred
	Improved budget revision processes	Retained
	Simplified and improved Project Planning Tool (PPT)	Retained as an interim solution
	Fully integrated PPT	Deferred
Manage the supply chain	Inventory stock accounting - IPSAS – Interim custom developed solution combining SAP and COMPAS to determine inventory level and value	Retained
	Replacement of COMPAS with SAP logistics execution system	Retained as a pilot to be tested in a limited number of countries following first release
	Integrated sales, procurement and warehouse management processes and tools for UNHRDs	Retained
	Introduction of e-tendering for applicable procurement processes and subsequent extension to selected country offices	Deferred
Human Resources Management		
Human resources administration	Adoption of payroll-non-profit organizations (PY-NPO) solution (SAP "UN Layer")	Retained
	Processing of payments and advances in the same system as payroll	Retained
	Introduction of master data for all categories of WFP employees worldwide into corporate system	Retained
	New processes and tools for establishing and managing organizational units and positions	Retained
	Introduction of self-service for managers	Retained
	Introduction of employee self-service (as pilot) and subsequent extension to entire payroll population	Deferred

WFP

STATUS OF SCOPE OF FIRST RELEASE OF WINGS II		
AREA	**IMPROVEMENTS**	**STATUS**
	Use of a single travel management system for all employee categories in WFP	Retained
Finance and Administration Management (including accounting procedures)		
Manage finance and treasury	Improved financial accountability at office level: provide office managers with a clear view of assets and liabilities under their responsibility	Retained
	Changes introduced to support IPSAS compliance	Retained
	Management of financial master records centralized	Retained
	Roles and responsibilities for financial processes streamlined	Retained
	Improved tools for preparation of donor reports	Retained
	Active contribution management in finance (billing and reminder procedures) introduced	Deferred
	Use of electronic banking in field offices and Headquarters extended; subsequent rollout to additional field offices	Deferred
	Improved cash management tools	Deferred
	Improved financial risk management	Deferred (procedural changes retained)
Plan organization and budget costs	Implemented SAP new budget control system	Retained
	Implemented concept of responsibility centres	Retained
	Improved management of staff cost budgeting	Retained
	Common budget management process for special accounts	Retained
	Extra-budgetary resource management	Retained
	On-line detailed budget planning and reporting	Deferred
Corporate service assets	Fixed asset accounting – IPSAS	Retained
	Introduction of SAP asset module for asset accounting	Retained
	Introduction of SAP asset module for asset tracking	Deferred

ACRONYMS USED IN THE DOCUMENT

CDP	Customer Development Programme
IPSAS	International Public Sector Accounting Standards
PPT	Project Planning Tool
PY-NPO	payroll-non-profit organizations
WINGS	WFP Information Network and Global System

WFP