INFORMATION NOTES

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STATUS REPORT ON THE FINANCIAL MANAGEMENT IMPROVEMENT PROGRAMME (FMIP)

FMIP OBJECTIVES

1.   The Financial Management Improvement Programme (FMIP) was created in 1995 to help address shortcomings in WFP's capacity to manage and report on the use of its resources. These weaknesses were exacerbated by a rapid increase in Programme activity, significant changes in the characteristics of operations and growing donor expectations. At the same time, management recognized that WFP's information systems, coming from a previous technical generation, were unable to keep up with the increasing reporting requirements placed on the Programme or to support the planned organizational decentralization. The introduction of more modern information technology architecture and improved telecommunications capability to deliver information was identified as a necessary pursuit.

SCOPE OF THE FMIP PLAN

2.   The FMIP was conceived as a collection of integrated long-, medium- and short-term activities that would be combined to improve overall financial management both at Headquarters and in country offices. The FMIP plan was approved early in 1996, and full-scale implementation commenced late that year.

3.   The plan is structured as follows:

Short/medium-term

- ➢ Develop and install a series of low-cost, tactical information systems and applications to provide immediate improvements until a new corporate system is introduced.

- ➢ Provide operational support to deficient areas of current financial management activities.

- ➢ Strengthen information systems services and enhance support for existing legacy systems, thereby allowing core staff to participate in the development of the new corporate system.

Long-term

- ➢ Redesign key business processes and plan, design and implement a strategic information system that is fully integrated and that will meet the majority of corporate information needs.

- ➢ Provide the technical architecture and information exchange capabilities to support the new systems.

THE CORPORATE INFORMATION SYSTEM

4.   By mid-1998, all of the short- and medium-term activities had been completed.

5.   The long-term objective—the design, development and implementation of the new corporate information system (by far, the largest, most complex and costly component of the plan)—remained.

6.   As part of the FMIP plan, a number of system modules were defined. These were divided into two broad categories: business systems and support systems. The business systems cover resource mobilization and programming, project planning and management and logistics. The support systems include financial management, human resources/payroll, travel and procurement.

7.   In September 1998, after evaluating a range of potential applications, WFP selected SAP as offering the closest fit to its needs, and contracted IBM to implement SAP enterprise software for the Programme's finance, procurement and HR requirements. Payroll and travel components were subsequently added. In late 1999, design and implementation of the business systems components in SAP were also awarded to IBM.

CURRENT STATUS OF THE NEW SYSTEM

8.   The new corporate information system has gone live, with the exception of the HR/payroll and travel components. Over the last quarter of 2000, it had become apparent that the complexity of the HR/payroll parts of the system meant that these would be delayed. Rather than delay the whole system, it was decided that WFP should put the HR/payroll on a separate timetable and place a temporary solution in SAP for travel, which normally depends on HR/payroll functionality.

  ➢ **Comprehensive integration and system testing** was carried out, including connectivity tests with the bureaux in Cairo and Managua, as these went live at the same time as Headquarters. Over the last few weeks, further tests with migrated data have been carried out.

  ➢ **Data preparation and migration** from the legacy WFP systems, such as the WFP Information System (WIS) and GL:M, to the SAP system were undertaken. Building on lessons learned from other major system implementation projects, WFP placed considerable importance on and devoted considerable resources to this area. The migration strategy consists of a "go-live snapshot" and a final balance sheet migration after a year-end financial closure. Notwithstanding the time and effort spent on preparation and migration, this activity posed serious challenges and continues to do so. The data migration involves moving data from largely disparate systems into an integrated environment and has to contend with the very problems that prompted the establishment of FMIP. The first part of the data migration is largely completed, and the focus will now switch to the final closure.

  ➢ The first round of **end user training** was completed by the end of the year, with more than 120 people trained, including staff from Cairo and Managua. The second round was started in January, covering 200 staff members, and will be completed by the end of February. This will bring the number of trained staff to more than 300. Training will continue through 2001.

  ➢ **Telecommunications capacities** to enable regional and country offices to access the SAP systems physically located at Headquarters, were improved mainly through very

small aperture terminal (VSAT) links provided through the Enhanced Telecommunications Network (ETNet) project.

➢ WFP has developed a cash transaction **field office accounting** package. This software package, which has been distributed to all WFP field offices, allows for SAP-compatible returns to be filed automatically from regional/country/liaison offices not yet connected to live SAP.

➢ WFP began a phased shut-down of the legacy systems at the beginning of 2001 and entered a **transition period**. The establishment of a transition team assured business continuity. Guidelines for business continuity were developed and have been followed. Most of the transactions made during the transition period will have to be entered into the new system. These have been carefully recorded in a manner to facilitate this task.

➢ The go-live of the new system is following a **phased start-up** and beginning to gather speed. The start-up must include the registering of projects approved during the transition period and the reprocessing of other elements of WFP's business. It is anticipated that the system will be fully operational over the next few weeks. The effort required during the start-up is huge and will place a strain on WFP's resources. Therefore, it is imperative that, to the extent possible, urgent business proceed as usual. However, it is inevitable that certain non-critical tasks will be delayed.

➢ The initial **field roll-out** is to the two outposted bureaux in Cairo and Managua that have gone live at the same time as Rome. Once the system stabilizes, a further roll-out to regional and country offices will take place. This will remain a priority task through the first half of 2001.

➢ Completion of the **HR/payroll** software is the remaining priority. Many other United Nations agencies have expressed an interest in the eventual SAP system solution to the United Nations HR/payroll requirements. The complex requirements are proving difficult in terms of configuring off-the-shelf software, but the desired result of a fully integrated system makes this difficult endeavour worthwhile.

BUDGET STATUS AS AT FEBRUARY 2001

9.   The cost ceiling for the FMIP plan, approved by the Executive Director in 1998 and endorsed by the Executive Board, remains unchanged at US$37 million, of which US$21.1 million has been raised from a combination of direct donor contributions, WFP resources and interest income generated in the FMIP Special Account. The shortfall of about US$15.9 million was covered from the General Fund, as approved by the Executive Board in May 1999.

10.   The costs of the extended time frames and the added complexity of the system are now starting to affect the project budget. IBM has advised WFP that it will be difficult for them to continue the HR/payroll project at the original contract price.

11.   In addition to completion of the HR/payroll system, the areas that remain to be funded are field roll-out and training. It is not desirable that WFP cut back on these areas.

12.   These issues are being looked at and negotiations with IBM are being conducted to identify the most cost-effective way of completing the corporate information system in accordance with the FMIP plan. The Board shall be informed in due course of the actions taken.