

# Seminar Session

# Resource Management

# Department

Executive Board, 17 January 2017

# Agenda

## 1. Introduction

## 2. Planning

- Management Plan
- Advance Financing

## 3. Stewardship & Oversight

- Annual Financial Statements
- External Audit
- Internal Control

## 4. Performance Management

- Enterprise Risk Management
- Corporate Results Framework
- Annual Performance Report & Standard Project Report

## 5. Cash-Based Transfers

- SCOPE
- CBT Financial Management

## 6. Preview of EB.1

## 7. Key Dates



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# Introduction

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“Driving performance management for all WFP resources, and enabling operations to improve beneficiary lives”

**- RM Department Vision Statement**



# The Resource Management team



**Manoj Juneja**

Assistant Executive  
Director & CFO



**Erika  
Jorgensen**

Budget &  
Programming



**Nicholas  
Nelson**

Finance &  
Treasury



**Philip  
Ward**

Management  
Services



**Jane  
Pearce**

Performance Management  
& Monitoring



**Christophe  
Boutonnier**

Field Security



**Enrica  
Porcari**

Information  
Technology



**Sergio  
Arena**

Staff Wellness



**Otto  
Reichner**

Financial Systems &  
Processes Support



# Guiding principles of governance and management

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100% voluntary funding



Principle of Full Cost Recovery



Global uncertainty of markets  
(currencies and commodity prices)



Contributions can be monetary, in-kind  
(food commodities), or goods and services



Operational uncertainty, difficult environment



UN and donor regulatory frameworks



New intervention types (e.g. Cash-Based  
Transfers)



New results chain and financial framework  
(Integrated Road Map)



**WFP operates in a unique and  
challenging context**

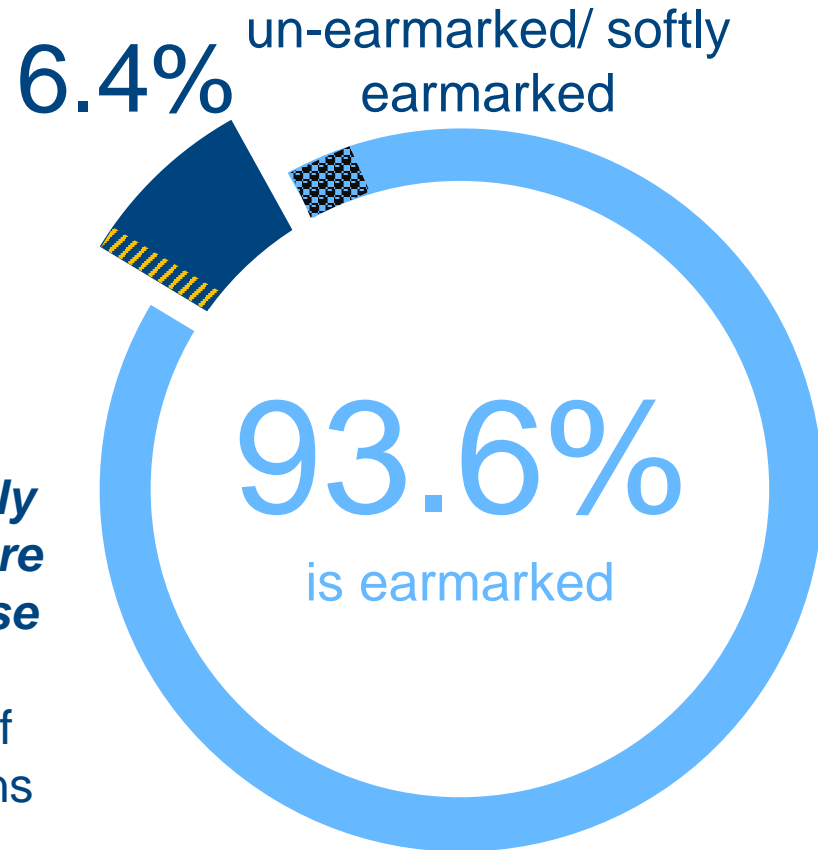
# WFP's funding windows

## Un-earmarked/ softly earmarked:

- **Most flexible** source of funding for WFP
- Allocated and prioritized by Strategic Resource Allocation Committee (SRAC)

**10% of un-earmarked/ softly earmarked contributions are for the Immediate Response Account** (striped section of the graph), which is a form of softly earmarked contributions (also “revolving”).

## Proportion of funding in 2016\*:



## Earmarked:

- **Directed by donor to a specific WFP activity or project**
- Standard Project Reports that are submitted to the Executive Board

**4% of earmarked contributions** (dotted section of graph) are trust funds, special accounts, and the General Fund. These are used by donors to support bilateral activities, global initiatives, or infrastructural needs.

# Management ensures contributions fulfil the Full Cost Recovery Principle

## Full Cost Recovery Principle:

All contributions must cover their full operational and support costs



## Rationale

- Principle helps protect against cross-subsidization of support costs
- Ensures sustainability of direct and indirect support costs
- Principle is equitable towards all donors

## Exceptions:

- Commodities/Services from developing countries, countries in transitional economies, and non-traditional donors (subject to further requirements)
- Some un-designated cash contributions

**Interpretation of Full Cost Recovery principles to be changed from 2018**





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# Planning

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# Management Plan

# Management Plan (2017-2019) consolidates WFP's financial plans around a 'value-add' Financial Framework

## Resource Based

Tailoring Prioritized Plan of Work to **funding projections** for each project:

- **Prioritized resource allocation decisions**
- **Recognizing scale and duration of emergency responses**
- **Reflecting variety of food-assistance tools, and donor funding preferences**



## Performance-Informed

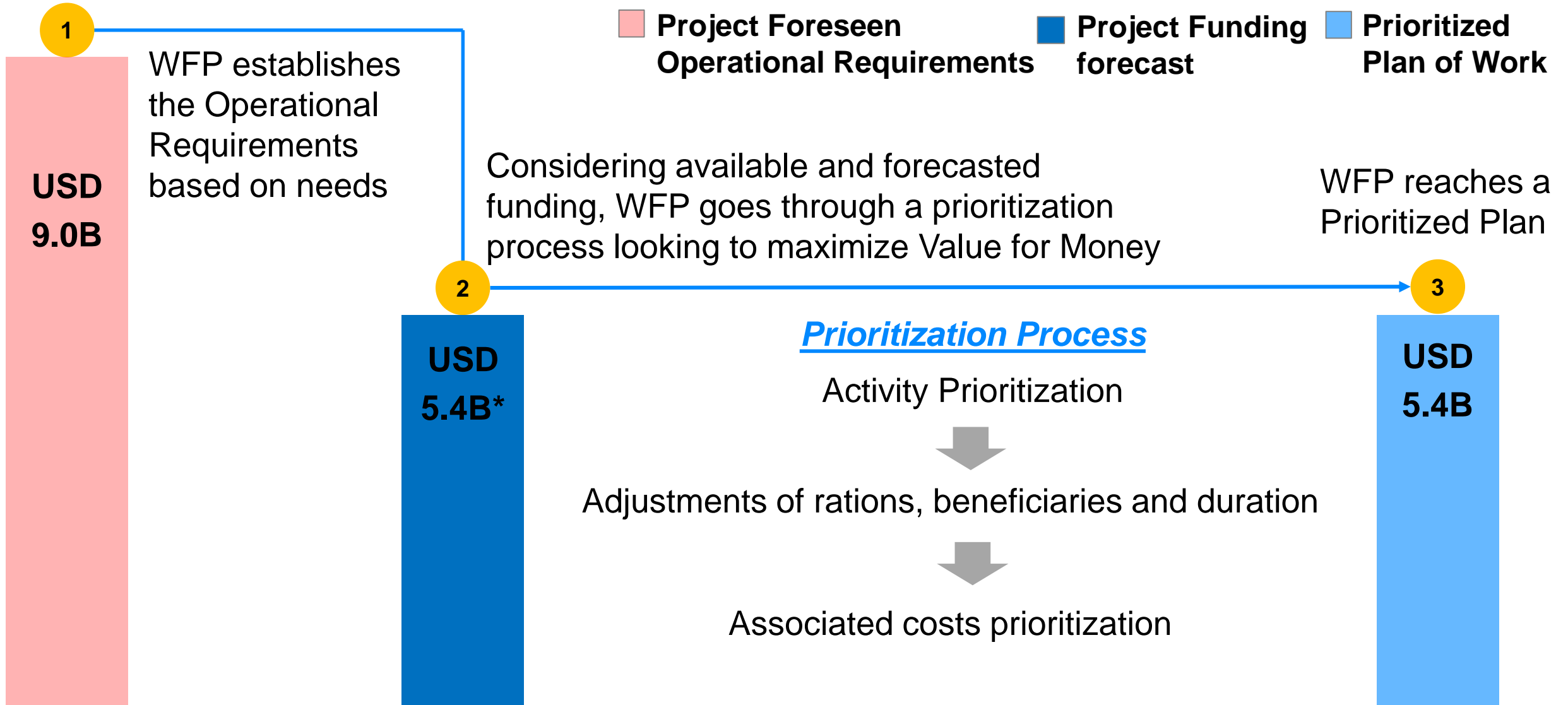
Budget requests reviewed through an anticipated results lens:

- **PSA budget and extra-budgetary allocations clearly reference the Corporate Results Framework (CRF), with performance indicators and expected results.**

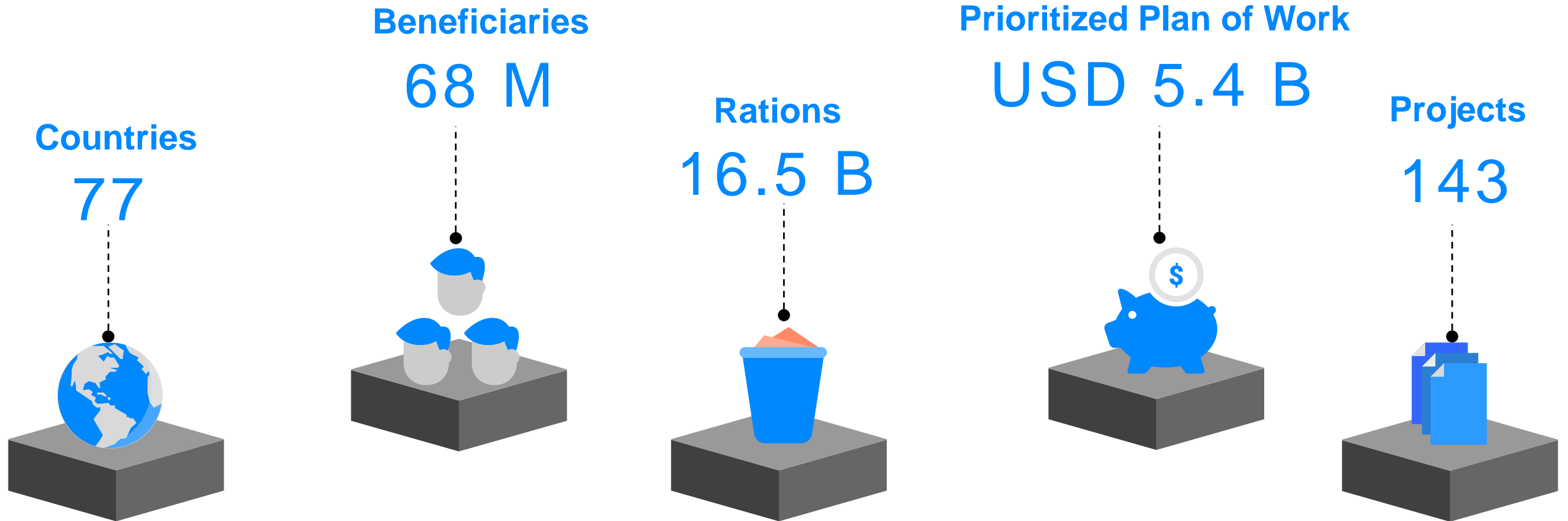
**2017-2019 budgeting process feeds directly into the Annual Performance Report (APR) and future Management Plans (MP)**



# How we get from Operational Requirements to the Prioritized Plan



# Key figures: 2017 Prioritized Plan of Work



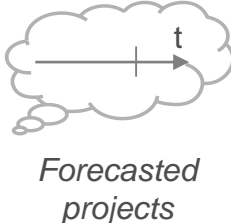


**The Prioritized Plan of Work is prepared within the context of assessed needs, forecasted funding, the scope of the Strategic Plan and organisational capacity**



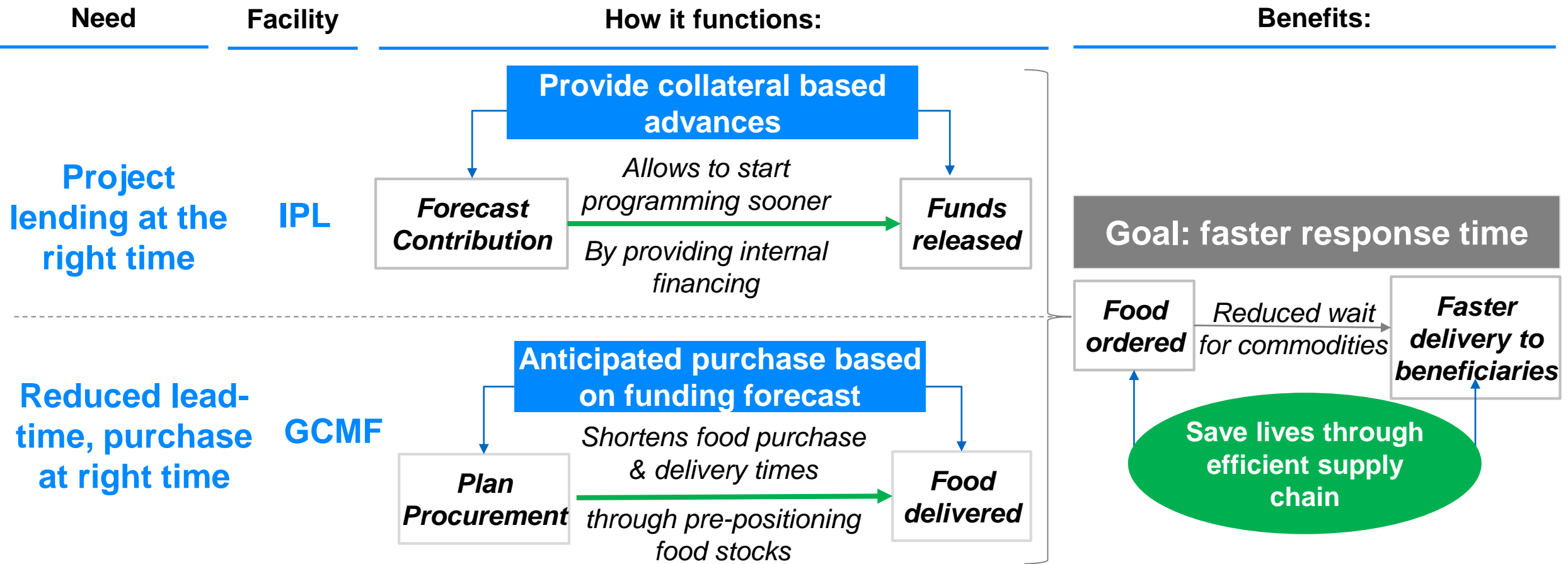
# Advance Financing



# Planning: Advance Financing Tools in WFP

What is the problem?	Solution?	What is the benefit?	What is funded?	How much can be funded?	What is the risk?
Delay in receiving contributions	<b>Internal Project Lending (IPL)</b>	<b>Project lending at the right time</b>	 <p>Forecasted projects</p>	USD 570 million	Forecasts not materializing
Long supply lead-time	<b>Global Commodity Management Facility (GCMF)</b>	<b>Shortened response time</b>	 <p>Food inventory</p>	USD 350 million (revolving)	Forecasts not materializing
Upfront investment needed	<b>Corporate Services</b>	<b>Right sized corporate investments</b>	 <p>Cars, IT systems, etc.</p>	USD 82 million	Loss of assets/ Planned benefits not materializing

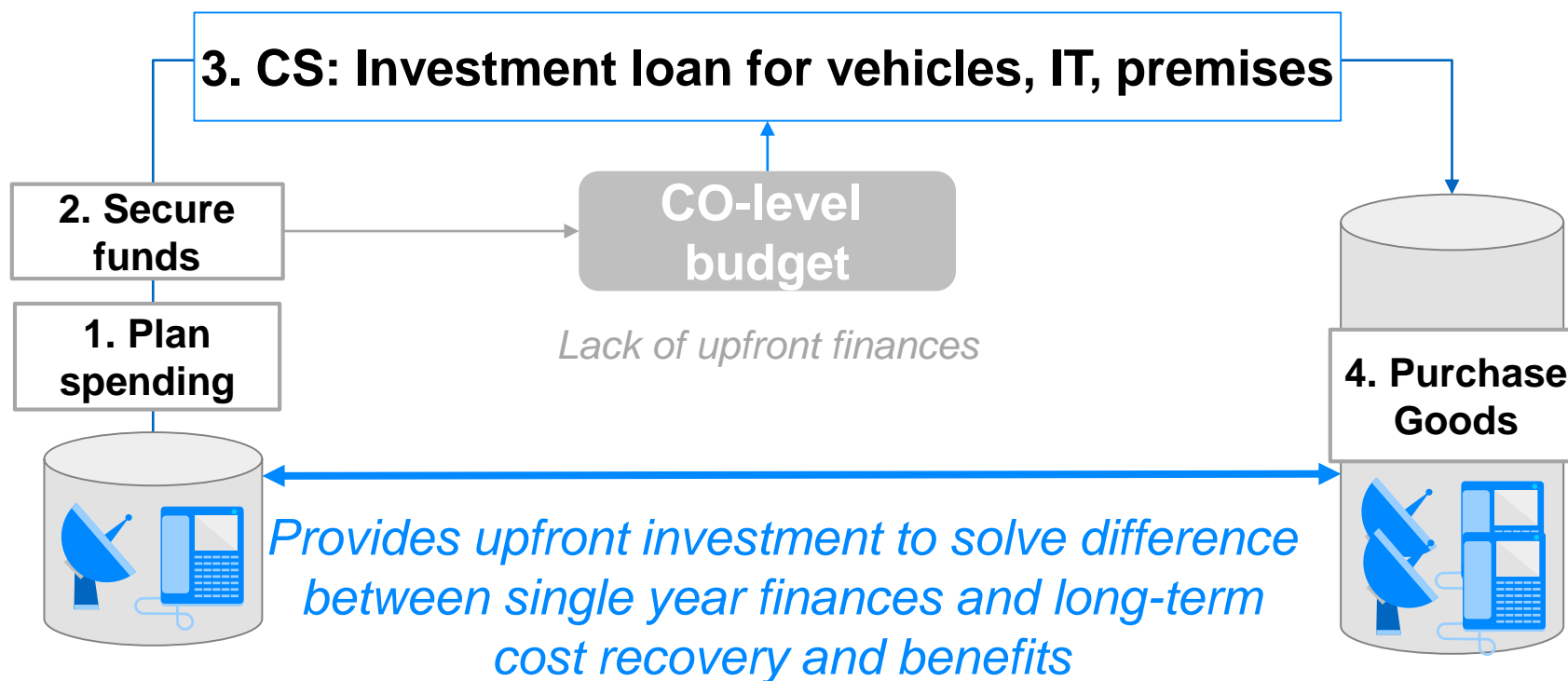
# Two different financing needs within WFP Operations



**Timing is key to maximizing the impact of interventions. In the absence of confirmed contributions, WFP can resort to Advance Financing tools.**

# Third financing need within Corporate Services (CS) is infrastructure

## Lack of lump sum for investment



**Capital Financing allows WFP to invest in infrastructure which provides recoveries and benefits over a number of years**





# Stewardship & Oversight

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# Annual Financial Statements



# Structure of WFP Financial Statements

## 1. Executive Director's Statement provides overview of:

- ❖ Financial and Budget Highlights
- ❖ Enhancing Transparency and Accountability
- ❖ Enterprise Risk Management and Financial Risk Management

## 2. Statement on Internal Control

- ❖ The Internal Control Framework and Enterprise Risk Management
- ❖ Review of the Effectiveness of Internal Control
- ❖ Significant Risk and Internal Control Matters

## 3. Financial Statements I to V provide financial views on WFP's operations.

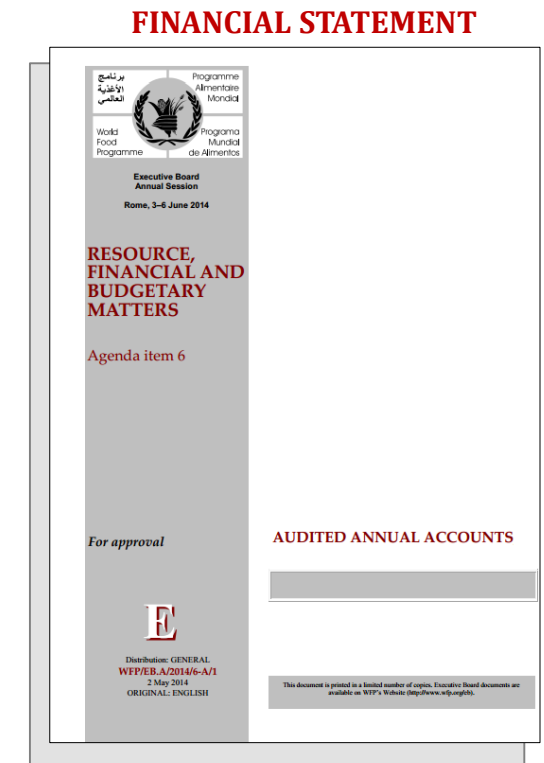
Key statements are:

- ❖ Statement I – states the financial position of WFP as of 31 December 2016
- ❖ Statement II – states the financial performance of WFP for 2016
- ❖ Statement V – compares WFP's Actual performance against Budget

## 4. Notes to the Financial Statements

- ❖ Disclose WFP's accounting policies (Note 1)
- ❖ Provide explanatory detail to elements of the Financial Statements (Notes 2 – 12)

## 5. External Audit Opinion and Report



# Statement of Financial Performance (USD millions)

	2016 Forecast *	2015	2014	2013	2012
<b>Contribution revenue (monetary and in-kind) **</b>	5,789.6	4,985.9	5,409.7	4,400.6	3,829.9
<b>Other (Other Revenue, Currency and Return on Investment)</b>	181.4	103.2	69.3	156.2	167.1
<b>Total Revenue</b>	5,971.0	5,089.1	5,479.0	4,556.8	3,997.0
<b>Expenses</b>	5,136.5	4,816.3	5,214.6	4,514.8	4,395.7
<b>Surplus (Deficit) **</b>	834.5	272.8	264.4	42.0	-398.7

	2016 Forecast *	2015	2014	2013	2012
<b>Cash-Based Transfer expense</b>					
<b>CBT expense</b>	846.9	679.1	845.6	498.1	191.8
<b>Annual growth</b>	25%	-20%	70%	160%	59%
<b>Total expenses</b>	5,136.5	4,816.3	5,214.6	4,514.8	4,395.7

\* Based on preliminary 2016 figures

\*\* Contribution Revenue and Surplus (Deficit) figures have been updated to reflect the proposed change in multi-year revenue recognition policy



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## External Audit

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# External Audit

## Overview:

- External Auditor is appointed by the Executive Board
- In 2015, a new External Auditor - Cour des Comptes of France - was appointed for the July 2016 to June 2022 term

## Each year, the External Auditor conducts:



Audit of the  
Financial  
Statements



Two Performance  
Audits on topics in  
consultation with  
Management



A review of the  
implementation status of  
the External Audit  
recommendations

**Presented at the Annual Board Session in June**



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# Internal Control

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# Internal Control: WFP's Internal Control Framework serves as a foundation for all activities required for good management

Based on COSO international best practice

## 1. Control Environment



- Ethical values
- Organization structure
- Strategic objectives
- HR policies
- Management style

## 2. Risk Assessment



- Identification of threats & opportunities
- Risk assessment
- Risk response

## 3. Control Activities



- Management review of actions
- Segregation of roles in WINGS II
- IT systems password policy

## 4. Information & Communication



- Sharing of relevant information
- Information escalation
- Timeliness & quality of information

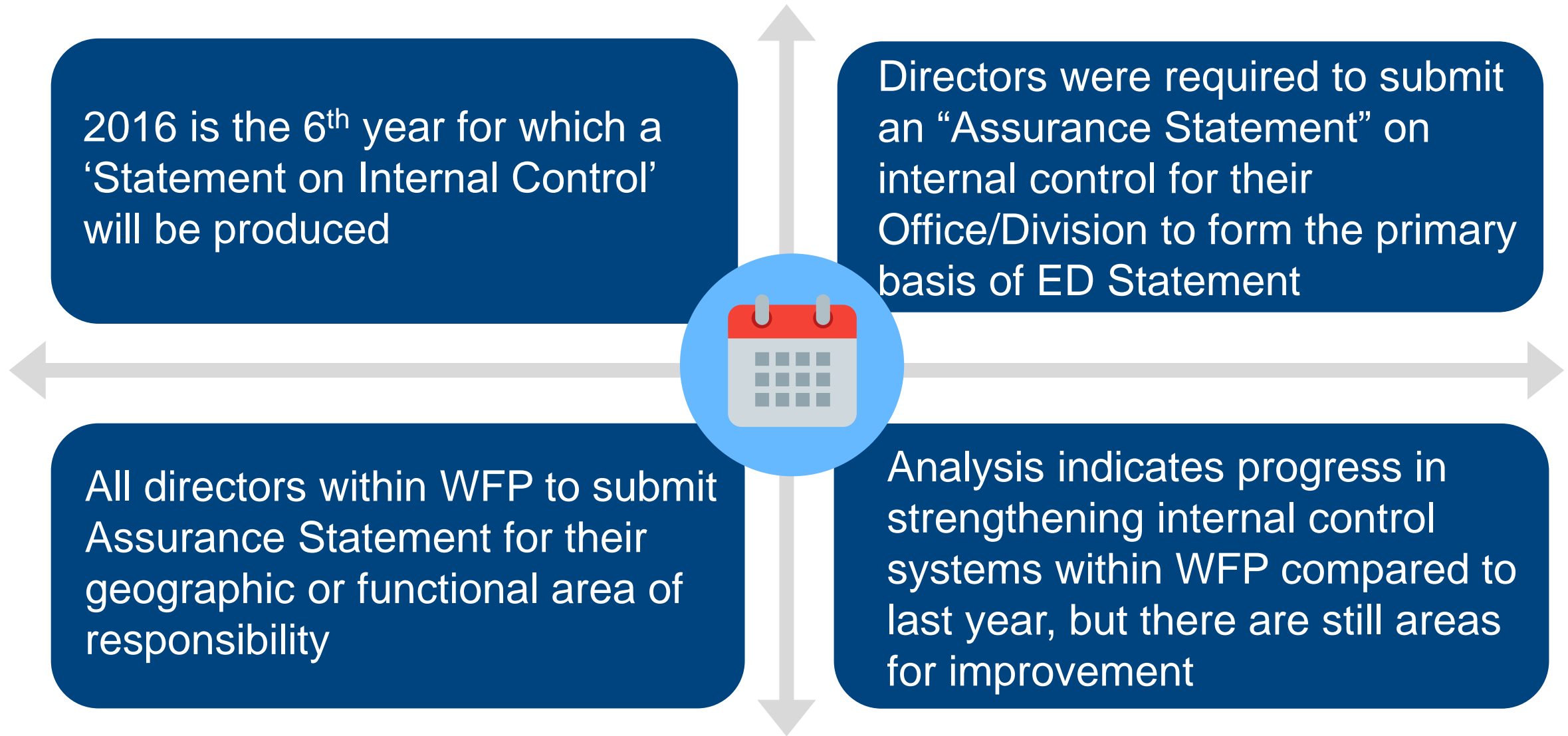
## 5. Monitoring Activities



- Balancing supervision & micro management
- Periodic review of systems
- Reporting deficiencies

**The five components of Internal Control are used as framework for all Internal Control improvement tools**

# Overview of Statement on Internal Control







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# Performance Management

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# Enterprise Risk Management

# Risk Management

Keeps us on track as part of internal controls and performance management



## Key activities:

- Assisting WFP offices in preparing **risk registers**, maintaining the **Corporate Risk Register** and preparing quarterly **Global Risk Reports** for Senior Management.
- Custodian of **Enterprise Risk Management policy** and **Risk Appetite** statement;
- Working jointly with audit and internal controls team on **risk analysis** and linking **mitigation actions** with **oversight recommendations**.








# Corporate Results Framework

# New Corporate Results Framework



To demonstrate programme results, the framework details the strategic **outcome, output and activity categories, cross-cutting results**, and all related **indicators**. It also outlines an **improved approach to Management Performance**.

## Key Benefits include:

-  Tailored **country level planning**, permitting a view of **global contribution** to achieving the SDGs
-  Strengthened **planning, monitoring and reporting** processes, linking **results and resources**
-  Tell **WFP's performance story**, set and **track priorities**
-  **Streamline the use of KPIs** for strategic planning, **automate collection of data**
-  Provide **better tools to Country Offices**, and links to **Country Portfolio Budgets**





# Annual Performance Report & Standard Project Report



# Reporting and Programme Management

Improved **decision making** and **accountability** to donors and partners

Key activities:



## Standard Project Reports

Design/develop **Country Reports** and coordinating **Standard Project Reports**



## Annual Performance Report

Preparing WFP's **Annual Performance Report** showing the overall achievement of the organization along the performance management framework



## COMET/SPRING

Supporting effective programme management, monitoring and reporting through **COMET** and **SPRING**



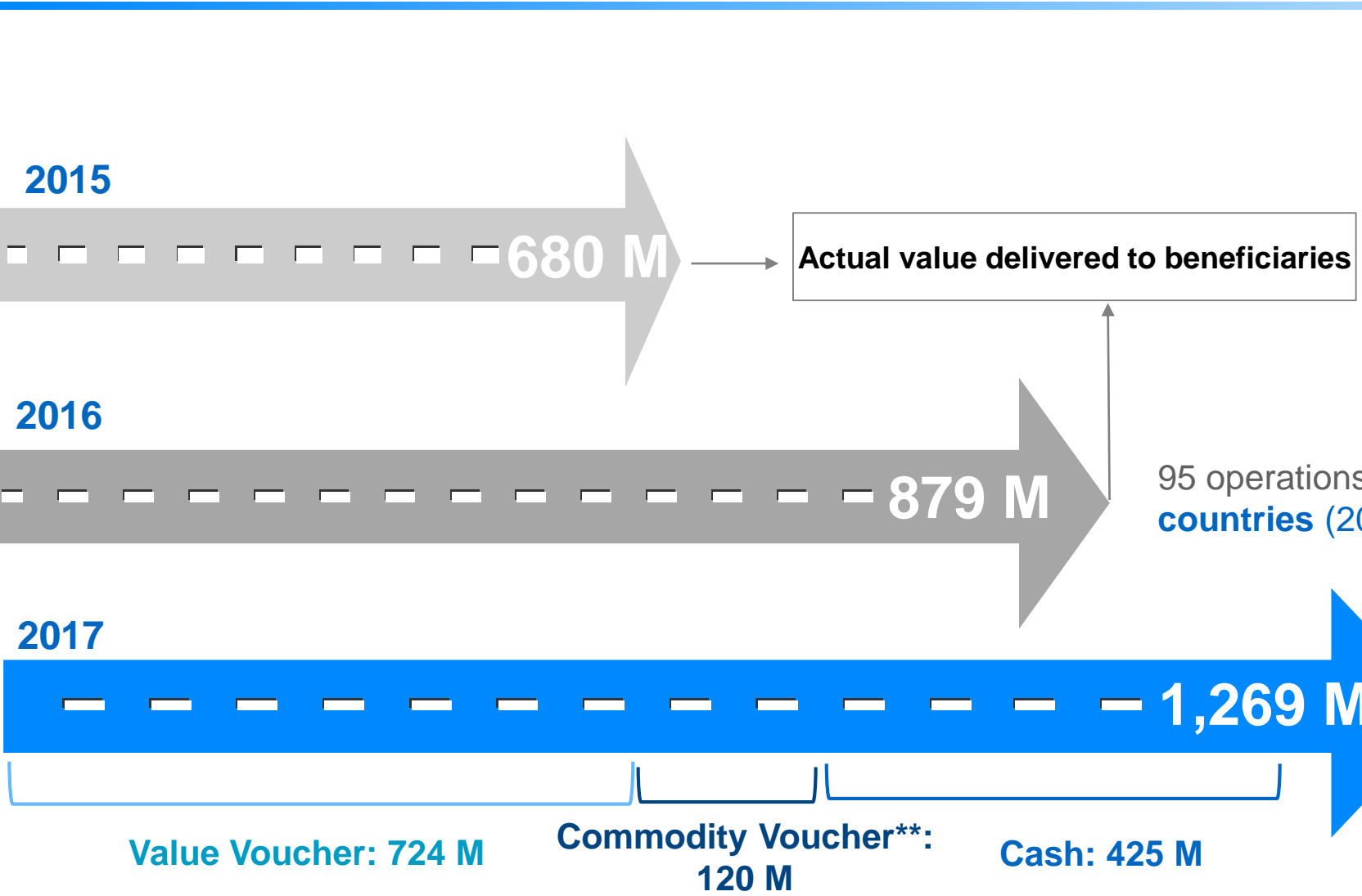
**Cash-Based  
Transfers**

Resource Management Department

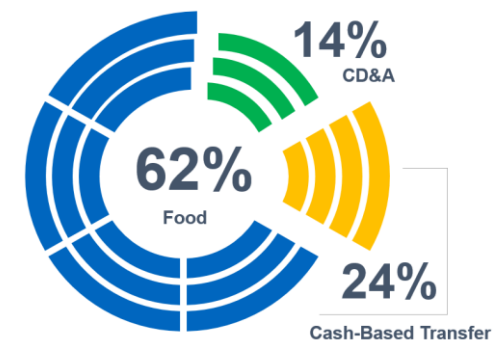


# CBT Financial Management

# Approved Budgets for Cash Based Transfers



CBT Percentage share - WFP Global Food Portfolio (2015)



95 operations across 60 countries (2016)

\*Planning figure from MP 2017-2019 excl. DSC and ISC



# Continuously strengthening financial support and services around CBT

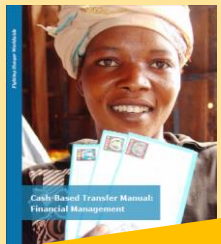


WFP has **identified 7 Financial Service Providers** (FSP), with global coverage:

- FSPs offer a range of CBT solutions (mobile money, pre-paid cards and remittance services)
- **Potential to reach over 9.6 M beneficiaries**, in 90+ countries
- Will reduce implementation time from 9 months to (ideally) 1-2 weeks

## Including updates to CBT Risk Management tools

### CBT Manual: Financial Management



Newly Released

- Highlights roles in selecting Financial Service Providers (FSP) and contains a regulatory framework for CBT financial losses



### Marco Financial Assessment (MaFA):

- Assesses a country's financial sector and ability to support a CBT intervention



### Micro Financial Assessment (MiFA):

- Assesses if a FSP meets CBT requirements including key financial indicators and risk factors

**Face-to-face training in 5 regions, with 350+ staff trained through e-Learning**



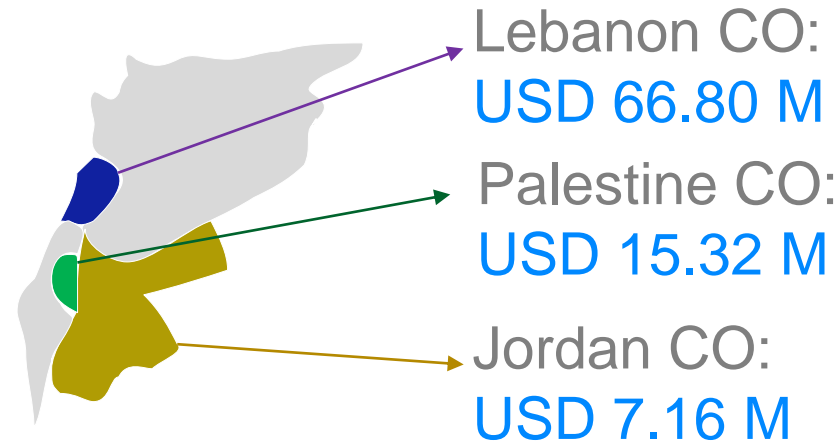
# Cash-based Transfers Special Accounts (SAVC)

## Delivering as One:

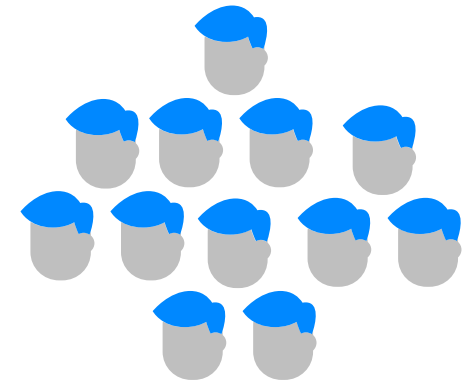
Consistent with the UN effort of 'Delivering as One', HQ CBT Finance developed the Special Account (SACV) & the Multipurpose Card. Now, WFP and the humanitarian community have a single place to manage and distribute funds.



14 partner users  
including UN agencies,  
NGOs & governments



The Special Account has a Cash  
Transfer Value of **USD 89.28 M**



Reached **425,000**  
beneficiaries in 2015



# SCOPE

# SCOPE: WFP's Beneficiary & Transfer Management Platform

## Benefits



- Highly customizable
- Run and manage multiple interventions simultaneously
- One registration only including biometrics
- Saves time (verification, tracking and operational decision-making)
- End-to-end platform
- Increase the value of the resources
- Enhance compliance
- Reduce risks







# Preview of EB.1

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# Addendum to the Management Plan: Utilization of WFP's PSA Equalization Account

...Recalling that:

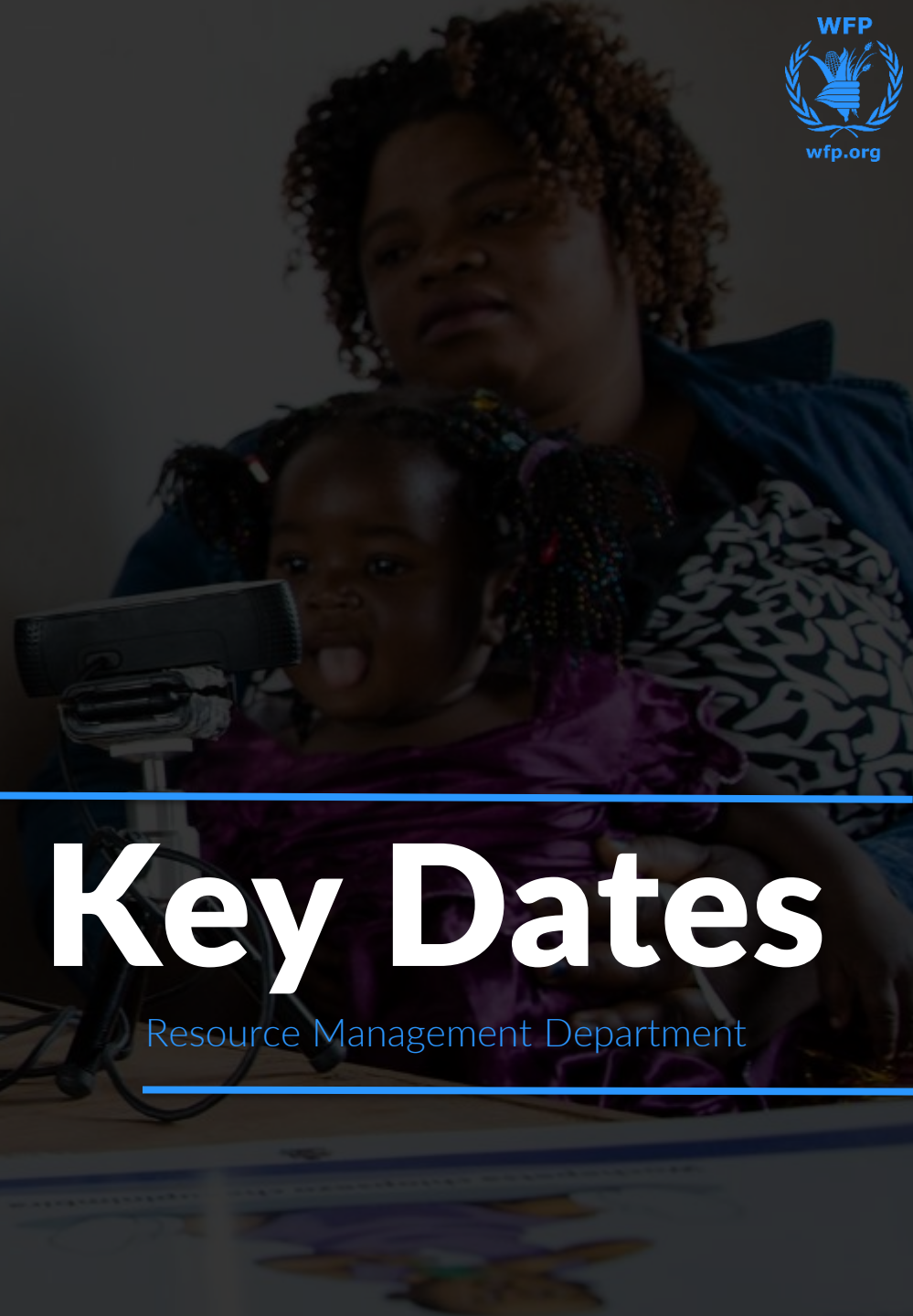
Management Plan (2017-2019): *“The Secretariat anticipates putting forward a proposal...to implement the various components of the Integrated Road Map (IRM) and other non-recurring investments”.*

The Addendum to the Management Plan **identifies four critical corporate initiatives** to be considered for funding allocations:

- ✓ **Implementation of the Integrated Road Map**
- ✓ **Cost excellence initiatives**
- ✓ **Evaluation**
- ✓ **Preparedness**

These proposed CCIs are **consistent with WFP's commitment to “living within our means”**

**The document outlining the Secretariat's proposals will be available shortly, in advance of the IRM Informal Consultation on January 30th**



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# Key Dates

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# Key RM Dates and Documents for 2017 (tentative)

## Key RM dates:

17 January	Resource Management Seminar
27 January	Advisory Committee on Administrative and Budgetary Questions (ACABQ) session
7-8 February	FAO Finance Committee meeting on WFP matters
<b>20-24 February</b>	<b>First Regular Session of the Executive Board</b>
20 April	Briefing on the Management Plan (2018-2020)
<i>TBA May</i>	Advisory Committee on Administrative and Budgetary Questions (ACABQ) session
17 May	Informal Consultation on Resource Management Items for EB.A/2017
29-31 May	FAO Finance Committee meeting on WFP matters
<b>12-16 June</b>	<b>Annual Session of the Executive Board</b>
17 July	First Informal Consultation on the Management Plan (2018-2020)
4 September	Second Informal Consultation on the Management Plan (2018-2020)
<i>TBA October</i>	ACABQ session
2-3 November	FAO Finance Committee meeting on WFP matters
<b>13-17 November</b>	<b>WFP Second Regular Session of the Executive Board</b>

## Key RM documents:

### First Regular Session (20-24 February)

Addendum to the WFP Management Plan (2017-2019) – Use of the PSA Equalization Account

Report by the Joint Inspection Unit Relevant to the Work of WFP

### Annual Session (12-16 June)

Annual Performance Report

Audited Annual Accounts, 2016

WFP Security Report

Report on the Utilization of WFP's Advance Financing Mechanisms

Report on the Utilization of Contributions and Waivers of Costs

### Second Regular Session (13-17 November)

WFP Management Plan



Resource Management Department

# THANK YOU

