RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 6

*For information**

E

STATUS REPORT 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).

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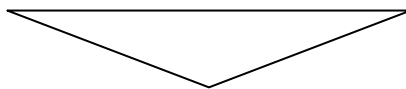
DRAFT DECISION[*]

The Board takes note of "Status Report on the WINGS II Project" (WFP/EB.A/2007/6-J/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 (document WFP/EB.A/2007/15) issued at the end of the session.

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WINGS II OBJECTIVES

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

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

➢ redesign WFP's business processes to permit (a) the use of the industry-standard 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).

SCOPE OF WINGS II

2.   The work of WINGS II has been divided among eight process teams:

i)   Manage Strategy

➢ This team's chief outputs will be (i) a logic model to structure all performance planning, monitoring and reporting, and (ii) a methodology for allocating resources to results (the Cost Allocation Model).

ii)   Mobilize Resources

➢ The chief outputs of this team will be (i) the replacement of the present system for managing donations (the Resource Mobilization System [RMS]) with the SAP Grants Management module, which will be fully integrated with the rest of WFP's enterprise system; (ii) the introduction of a customer-relationship management system, principally for the improved management of relations with private donors.

iii)   Manage Projects

➢ The chief outputs of this team will be (i) the full implementation of the New Business Model, in particular the Advance Financing Mechanism, by which projects are funded in expectation of forecast donor contributions; (ii) the improved use of monitoring and evaluation data in project management; (iii) an improved food-pipeline management system.

iv)   Manage Supply Chain

➢ The chief outputs of this team will be (i) the full integration of the supply chain system, from planning to final distribution; (ii) the introduction of e-tendering, for improved vendor management and bid processing; (iii) a new commodity-tracking system, fully compliant with IPSAS and wholly integrated with the other information systems; (iv) an integrated system for managing the planned network of Humanitarian Response Depots.

v) **Manage Accounting to Financial Reporting**

> The chief outputs of this team will be (i) a new enterprise structure for WFP's accounting, in which country offices and regional bureaux will be distinct business areas with responsibility for their own assets and liabilities; (ii) the introduction of IPSAS.

vi) **Plan Organizational Budget and Costs**

> The chief outputs of this team will be (i) the introduction of "responsibility centres" for the management of budgetary information; (ii) the ability of business units to plan, spend and monitor budgets more precisely and accurately.

vii) **Corporate Services**

> The chief outputs of this team will be (i) the introduction of a global travel system, including a self-service travel-booking tool; (ii) the production of systems and processes for the management of corporate assets, in line with IPSAS requirements.

viii) **Manage Human Resources (HR)**

> The chief outputs of this team will be (i) the replacement of the present, heavily customized HR payroll system with a new version of the "UN Layer" (PY-NPO) version of SAP; (ii) the introduction of WFP's national staff into the corporate records; (iii) the introduction of a qualification catalogue, which will lay the foundation for a future Human Capital management facility.

CURRENT STATUS OF WINGS II

3.   The project completed its analysis phase in October 2006. This defined, at a high level, WFP's proposed new business processes. The changes proposed for each business area were reviewed by field participants and approved by business process owners.

4.   The project is now concluding its design phase. The chief products of this phase will be:

> a detailed design of the new business processes, showing how each area of WFP will operate after WINGS II is introduced;

> blueprints and functional specifications for the new information systems, specifying what data will migrate to WINGS II from the old systems;

> the business information needed to redefine roles and responsibilities within the organization and to develop user training for the new systems and processes.

5.   When the design phase began in October 2006, it was anticipated that this phase of the project would be completed by mid-March 2007. However, certain areas of the new design have proven particularly challenging – notably the incorporation of IPSAS into WFP's financial model and the New Business Model. Given the importance of this work, the design phase has been extended by several weeks to enable its completion.

6.   Towards the completion of the design phase, WFP will carry out internal and external surveys to assess its own preparedness to implement the many changes proposed by WINGS II. The internal survey will consist of an "organizational readiness" workshop, involving WINGS II steering committee members and other senior WFP managers. The external survey will be an independent implementation review to be carried out by a distinguished information technology specialist. In line with the External Auditor's recommendations, this review will focus on the challenges and risks that will need to be addressed to ensure the project's success. On the strength of both surveys, a definitive timetable will be drawn up for introducing the WINGS II changes.

7.   On completion of the design phase, process owners will be asked formally to approve the changes proposed for their respective business areas. WINGS II will then begin its realization phase, in which the new information systems will be configured and built. (In March 2007 WFP issued a request for proposals for suppliers to carry out this work. The evaluation and selection process should be completed by mid-June 2007, after which the realization phase will begin.)

8.   The new systems and processes will be introduced as a series of releases. According to the current timetable, Release 1 is scheduled for April 2008. This will be a "big bang", in which the most important features of the present information systems must be turned off and their replacements turned on in all WFP's offices simultaneously (piecemeal replacement is technically impossible). This will be followed some months later by Release 1b, so called because it will not be a distinct second release so much as a completion of Release 1. Unlike the "big bang", this will take place more gradually, as a managed roll-out throughout WFP's offices.

9.   The WINGS II team will supervise the early stages of Release 1b, then gradually transfer responsibility for its latter stages to WFP's regular business units. Once the handover is complete, the WINGS II project will be wound up. WFP's business units will be wholly responsible for the next set of changes – Release 2 – scheduled for 2009.

BUDGET STATUS AT JUNE 2007

10.   As explained in the information note submitted to the Board in November 2006 (WFP/EB.2/2006/5-F/1), the original budget of WINGS II was US$39 million. The project received an initial allocation of US$15 million from the 2006-2007 Capital Asset Fund (CAF) budget. Since that allocation, the scope of WINGS II has increased considerably, owing to WFP's decision to become IPSAS compliant. The overall cost of the project is now estimated at US$49 million, leaving a shortfall of US$34 million.

11.   The project has sought direct donor contributions to make up the shortfall. So far this approach has met with no success. At the Board's 2007 First Regular Session, the Board approved a US$10 million advance from the General Fund against future donor contributions, to ensure that the project's work could continue unimpeded. However, this advance will not cover the substantial contractual commitments the project must soon undertake in its realization phase.

12.   Accordingly, and on the advice of several donors, WFP is requesting that at its June 2007 session the Executive Board approve (a) the conversion of January's US$10 million advance into a grant from the WFP General Fund, and (b) a further grant of US$24 million from the General Fund. Added to the initial $15 million already allocated to WINGS II, this will bring the total funding for the project to the required US$49 million.