

Beyond the Numbers

Finance and Treasury Division





Introduction

From the Directors

Over the years, and with a record number of L3 emergencies in 2016, the Finance function stepped up its involvement in field operations.

The partnership between HQ Finance staff and Regional Bureaux on missions to support the implementation of programmes resulted in significant successes, including in some of our most complex operations. Any success would, however, not have been possible without the outstanding work of our Country Office Finance staff; their increased involvement in advising other functions and Country Office management in Cash-Based Transfer decisions saw the organization implement successful Cash-Based Transfer operations and has moved us closer to achieving a world without hunger.

As the function continues in its key advisory role, it is becoming more evident across our diverse range of functions that Finance remains a key partner in the organization.

This pamphlet serves to highlight some examples of how Finance has stepped up, and stepped out of its traditional role and is a key player in our pursuit of operational excellence.



*Nicholas Nelson,
RMF Director*



*Robert Van der Zee,
RMF Deputy Director
& Treasurer*



World Food Programme

wfp.org

Finance in numbers 2016



WFP's Total Cash Investment Resources



Effective Resource Management

Central Treasury cash outflows totaled **USD 4.6 billion** in 2016.

FX savings on **FX transactions** performed on behalf of COs at HQ increased from **USD 0.5M** in 2010 to **USD 9.5M** in 2016 with a total volume of nearly **USD 600M**.

Finance generates substantial value through a competitive bidding process.

Finance Training Initiatives



1,782
cross-functional staff trained

Corporate Payroll Employees

\$416M

in salaries, allowances & entitlements



\$660M

in employee benefit liabilities



Donor Reports



1098

prepared for 2015

Vendor Records



42,000
managed

7,100
created

Champion the Change

The Integrated Road Map



The Integrated Road Map (IRM) aligns with the 2030 Agenda by focusing on ending hunger and building revitalized partnerships to achieve the Sustainable Development Goals.

On the front lines of our mission to restructure WFP's new strategic direction are Finance colleagues worldwide. The function is playing a central advisory role by providing key input on the new Country Strategy Plans and Country Portfolio Budget. However, it is the interdisciplinary approach that the IRM is bringing to WFP's operations that will truly eliminate silos and allow us to streamline our cross-functional efforts, so that we can more effectively and efficiently **deliver as one**.



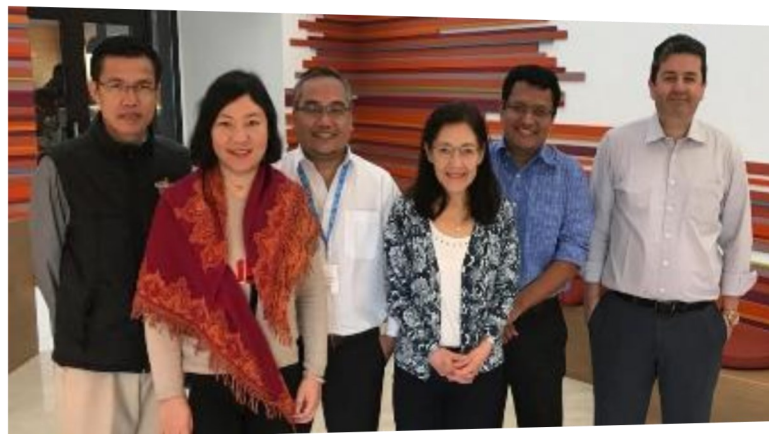
Gearing up, to go forward

In 2016, colleagues from HQ, Regional Bureaux and Country Offices worked to prepare their teams for the changes to come with the IRM. Regions who have Country Offices scheduled for go-live in early 2017 had a lot to offer future countries and here are some highlights they shared:

Regional Bureau Dakar

Dakar Regional Director, Abdou Dieng, told us: **"WFP Regional Bureau Dakar is taking Finance's work today most seriously because of the implementation of the IRM. Finance has always been important. But today it is even more important within the context of the IRM that we are all embarking on."**

Mary-Ellen McGroarty, Country Director, Chad, told us: **"Our Finance Officers and the Finance function play a critical role in our efforts to achieve WFP's strategic objectives; their role and function directly impacts on the people we serve. As WFP continues to innovate around cash and we move forward on the roll-out of the IRM, the knowledge, expertise and role of the Finance Officer is crucial. The Finance Officer is my strategic advisor, risk manager and proactive member of the Country Office leadership team."**



Wave 1a Country Office Finance Officers at HQ.

From Left to Right: Phasouk Phommavong (Lao PDR), Shiyin Jin (China), Iketut Sumantra (Indonesia), Lilian Velasquez (Ecuador), Nelson Munoz (El Salvador), Andres Apraez (Colombia). **Not pictured:** Caroline Mhike (Zimbabwe), Arifa Azizkeya (Bangladesh).

Regional Bureau Bangkok

Sara Adam, Regional Finance Advisor, RBB told us: **"Having 3 Country Offices in the Wave 1a Pilot IRM rollout proved to be both challenging and rewarding. More than that, it truly positioned us, as a region, to play an integral role in the IRM rollout & development process. The work coming from our first live Country Offices was remarkable and I look forward to watching RBB champion the change in 2017 and beyond."**

Regional Bureau Panama

Nelson Muñoz, Finance Officer in El Salvador, tells us: **"This is by far the greatest change I've been a part of; it means great things for the Finance function."**

Looking forward, preparation is key. The close of 2016 left colleagues from a variety of functions and regions sharing the similar sentiment: as the IRM rollout continues to progress and push forward across all of WFP's operations, **the key to success is cross-functional collaboration and clear communication.**

Regional Bureau Johannesburg

"We were engaged from inception and our Country Offices were ready and excited about the enhancements the IRM would bring to our operations." Muhammad Tariq, Regional Finance Officer, RBJ.

"We are incredibly pleased with how Finance colleagues are responding and adapting to the new structure. We look forward to seeing them continue to deliver and utilize their financial expertise to ensure resources are managed in the most efficient and effective way."

Robert van der Zee, Treasurer & Deputy Director, RMF.

Finance in Emergencies

Enabling, Collaborating & Responding



Finance enables the organization to operate in challenging financial circumstances and deliver assistance to the people we serve. Setting up bank accounts in countries we had never operated in, negotiating service fees for cash transfers, ensuring processes and separation of duties were followed and paying providers operating in countries with sanctions, are a few of the ways Finance contributes to the unprecedented number of ongoing emergencies.



2016 Emergencies: Highlights

Syria Five Years On: Finding New Ways to Continually Improve Processes

As a part of the global rollout of the Invoice Tracking System, Syria Finance staff organized rollout activities in 2016 for the country that has been operating as a level 3 emergency for 5 consecutive years. This system fully replaces the current Payment Request Form and was a first step to improving local processes that will eventually render Syria a paperless invoice processing environment.

The introduction of the application in Syria has enabled the office to process invoices about 40% faster than before, showing efficiency gains that allow for faster and more efficient invoice tracking.

Turkey's Refugee Crisis & WFP's Response

WFP's assistance to Syrian refugees in Turkey experienced a dramatic change in 2016 with the introduction of the Emergency Social Safety Net (ESSN) as one of the largest multi-purpose, cash-based humanitarian projects in the world. WFP played a major role in ensuring the success of the project by providing assistance throughout the implementation.

Colleagues at the Country Office, Regional Bureau and HQ worked together to ensure nearly one million beneficiaries received cash assistance using the Turkish Red Crescent's

card platform called KizilayKart.

WFP's financial analysis and knowledge of financial markets in Turkey supported efforts in contracting providers, defining provider reports, advising on level of controls, and proposing process improvements that resulted in a more efficient and transparent assistance to beneficiaries.

Finance colleagues supported the more technical side of the banking work by deciding the card type (debit card with chip), advising on possible restrictions and controls that could be imposed on card usage and planning cash flow to minimize the foreign exchange risks. They also determined reporting requirements for financial service providers; although receiving reports from providers is not new, having the financial provider reconcile and monitor under WFP's supervision was an innovative aspect of the multi-purpose cash project. Their in-depth analysis on banking legislation and regulatory authority structures in Turkey allowed the project to inform others on the level of controls imposed on financial institutions.

Overall, collaboration between functions allowed for a timely transfer of assistance to those in need and an overall more innovative and efficient programme model.

Ecuador, Opening Doors

"The affected population received a monthly food voucher (WFP) 'Bono de Alimentación' of USD 100 for three months to buy food, because those people lost their homes and their things of a lifetime...Thank you very much for this important help." Rafael Correa, former President of Ecuador.

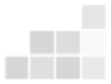
WFP's earthquake response in Ecuador in April marked the first time in Latin America that WFP responded to an emergency through the existing government social safety net fund.

From the beginning, Finance was a critical team member that helped to mobilize the response, providing analysis of the financial situation to ensuring availability of cash to purchase supplies and budget updates for managerial decision making.

After the initial in-kind food distributions, Finance again provided analysis and input in deciding to move to cash-based transfers using the existing government safety nets. Much of the preparatory work was done as a part of the standard macro/micro financial assessment and it allowed for quick response once the earthquake occurred.

Taking Finance Forward

A Well-Trained Workforce to Support Management Worldwide



At a time when WFP's business is evolving to new heights, Finance staff has stepped out of its traditional roles and adapted to new and challenging areas, providing greater assurance and accountability, all while ensuring sound resource and financial management for WFP.

As the environment changes, so does the role of Finance. The global Finance function has placed considerable importance on building the necessary skills to adapt to the ever-changing humanitarian environment.

A Closer Look at 2016 Finance Training Initiatives:

A total of **45** Finance staff were deployed in 2016, **19** of which were deployed to emergency operations. The remaining deployments served to augment short term capacity gaps in the Country Office or Headquarters.



Finance Taking the Lead in Cross Functional Capacity Building

Regional Finance teams continue to streamline efforts and enhance cross-country collaboration and communications.

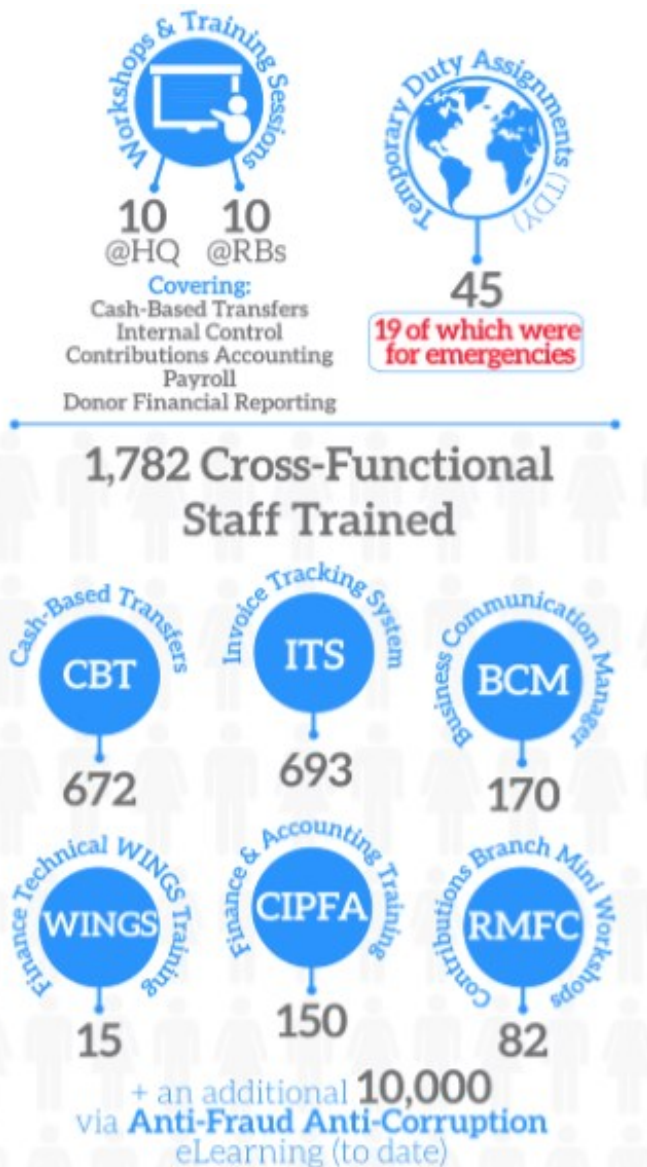
In addition to trainings highlighted in the infographic, the concept of knowledge sharing through cross-functional workshops and temporary deployments (TDY) play a major role in capacity development efforts.

Here is what some of those 'TDYers' had to say about their experience:

Rosemary Max, Finance Officer, Tanzania was enthusiastic about her first TDY to HQ: **"This TDY experience, my first deployment to HQ, has been a boost to my career development. I have already used and shared the knowledge gained with my colleagues back at my Country Office. Opportunities like these serve to enhance the impact Finance colleagues have on the bigger WFP picture and better enable us to understand the critical role we play."**

For Mohamedmah Camara, Finance and Administration Assistant from the Guinea Country Office, it was his first time being deployed to an emergency operation. He told us:

"My first TDY experience allowed me to utilize my expertise outside of my region; it was truly priceless. I was able to learn more about the Haiti operation in the emergency context and better understand how things got done in RBP. Playing a role in the Hurricane Matthew emergency response enabled me to share my knowledge with other functions and enhanced the way we collaborated cross-functionally, allowing us to better contribute to the goal of Zero Hunger."



Cash-Based Transfers

Advising, Assuring & Delivering



In 2016, CBT interventions spanned across 60 countries through 95 programmes, transferring more than \$880 million to 14.9 million people in need, highlighting a 49% increase in people reached than that in 2015. 27 percent of this this assistance was cash and 73 percent was vouchers.

These numbers are high and they will only continue to increase as the confidence and preference for CBT as an assistance response mechanism rises.



CBT Business Process Support & Oversight

Finance plays an integral role in both generating a proactive culture of compliance with the CBT business process model and providing Country Offices with Financial Service Provider contractual support as part of the CBT Business Process.

Joint Oversight Missions include CBT Finance experts from HQ and Regional Bureau and Country Office focal points through providing technical assistance and sharing CBT procedural guidance and knowledge. The missions prove a great amount of value to WFP's CBT operations, while also ensuring adherence to the corporate rules and procedures.

To further ensure that CBT operations are running with minimum risk and operating with maximum impact, Finance has increased its oversight on the CBT FSP contract negotiation process. Finance works closely with the legal department to review and provide recommendations on financial risk mitigating requirements.

Programme's Perspective

"At the country level, to optimize the cash transfer delivery and suit beneficiary requirements, it is a win-win only if programme and Finance speak the same language and ensure the empowerment of those we serve.

Thanks to the investment made over the recent years, the selection of FSPs not only has to comply with WFP's financial rules and regulations, but even more with beneficiaries' satisfaction as customers from FSPs contracted. The right and privacy of "consumers", the access and the capability of relying on new Financial Service thanks to WFP assistance in many regions, is really a key joint task pursued by Programme and Finance." *Tahir Nour, Market Access Programme, Chief.*

The CBT Special Service Account



The CBT Special Account is a WFP managed account that enables other organizations to benefit from WFP's CBT platform. Essentially, it simplifies the way the humanitarian community delivers and the way the people we serve receive life saving assistance.

As of 2016 the CBT Special Account transferred USD 111.22 million of its 15 Partner User's cash to bring life-saving assistance to 425,000 people.

By enabling other organizations to use WFP's CBT platform on a full cost recovery basis (by applying a 1% fee), the CBT Special Account promotes the integration of humanitarian and development assistance in places where the same people/families are targeted by multiple agencies.

WFP acts as the administrator of the Multipurpose Card, managing the relationship with the financial service provider and acting as the focal point for arranging the benefits distribution and reporting.

"The CBT Special Account enabled the Jordan Country Office to better coordinate our work with local partners in effectively supporting the same beneficiaries. Moreover, the account allowed us to provide more coherent assistance, fulfilling the diverse needs of the vulnerable populations we work with. I encourage colleagues to utilize the available eLearning course to explore how it may help operations become more systematic and impactful." Mageed Yahia, Country Director, Jordan.

Strengthening Internal Control and Oversight



The Enterprise Risk Management division was established in September 2017 and brings into a single management structure the risk management function of the Performance Management and Monitoring Division and the internal control and management-side oversight analysis, follow-up and reporting functions of the Finance and Treasury Division. Here is a look at some of the work accomplished in 2016 in Finance before the new division was created.



Internal Control

The system of internal control is designed to reduce and manage (rather than eliminate) the risk of failure to achieve WFP's aims and objectives. It can provide reasonable but not absolute assurance that WFP's objectives will be achieved. It is based on a continuous process designed to identify the principal risks to the achievement of objectives, to evaluate the nature and extent of those risks and to manage them effectively, efficiently and economically.

The Internal Control Effectiveness (ICE) unit within Finance brought together Internal Control, Management Focal Point for Oversight, and Second Line Activities related to Financial Reporting along with various ad hoc activities under one umbrella, has enabled a comprehensive approach to internal control and oversight.

In 2015, WFP revised its internal control framework to reflect guidance issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. The Executive Director issued a circular on the internal control framework, which is available in four languages. The revised framework is supported by guidance and tools to help managers assess the effectiveness of internal control in their offices.



WFP enhanced its focus on countering fraud and corruption. WFP introduced a mandatory online training course for all employees on prevention of fraud, corruption, sexual exploitation and abuse which aims to increase awareness of the risks of fraud and corruption and develop skills for understanding, detecting, preventing and reporting such practices. As of 31 December 2016, 64% of WFP's 15,625 employees had completed this mandatory training.

WFP Financial Statement Summary

WFP's financial and budget position highlights the increased levels of both revenue and expenses (budget and actual) reflecting the increasing demand for WFP services to meet the critical needs of beneficiaries. In fact, 2016 has been a record breaking year with an all-time high in confirmed contributions of \$5.9 billion in 2016. In addition, donors have confirmed contributions slated for future years of USD 986 million; this revenue is classified as deferred revenue on the Statement of Financial Position.

Country Director's Perspective

"The World Food Programme sets the highest standards for itself in the way we safeguard and utilize the funds entrusted to us by our donors, both public and private, as we strive to achieve Zero Hunger. We are morally obligated to do our utmost with these limited resources to maximize the benefits for those we serve. Good governance, strong internal controls and the highest ethical standards in every WFP office globally are paramount to ensure this happens. The Finance Officer has a most critical role to play in this regard, as both gatekeeper of the funds and champion of robust internal control processes and procedures. During my many years' experience at WFP, I never cease to be impressed by the tireless work WFP's Finance Officers do to ensure our risks are minimized and that our financial systems are as strong as possible."
John Aylieff, Former WFP Country Director, Ethiopia.

Operational Excellence



Continual Improvement of Processes that Lead to Effective Controls

Processes that deliver value

Finance is committed to improving the way WFP delivers value to customers—both external and internal. Transforming business through continually innovating financial processes and procedures is a key contribution to achieving operational excellence in the organization, and ultimately supports in delivering value to the most important customer—the people we serve.

Here is a look at some of the latest change initiatives Finance continues to deliver across the organization to realize benefits in the areas of oversight and internal controls, risk management and transparency.

WFP recognized as a Leader

WFP was awarded the International Treasury Management Award in 2016 for the optimization of treasury processes and infrastructure as a result of the BCM project.



Innovating Payments and Disbursements

In recent years, the capacity of country Finance teams has been stretched by steady double digit annual growth in payables and payments and by changing business contexts such as the introduction of Cash-Based Transfers.

To reduce the transactional and administrative burden, improve the ability to respond to business changes and to enforce quality in the service, Finance is conducting a multi-year change programme. The objective of this programme is to leverage technology opportunities such as Invoice Tracking System and Bank Communication Manager and complement them with business transformation changes aimed at maximizing the potential offered by these new solutions to achieve Finance Operational Excellence.

Bank Communication Manager (BCM)

Bank Communication Manager is a module in WFP's Enterprise Risk Management system, Information Network and Global System also referred to as WINGS. BCM allows for the integration of external banking systems for straight-through processing of payments and bank uploads via SWIFT.

Benefits of this service include reducing losses

through fraud or negligence, improving internal controls and reducing transactional costs. BCM has helped to reduce the fragmentation of cash management and WFP's ability to manage counterparty risk more effectively.

Invoice Tracking System

Invoice Tracking System is a corporate online application integrated into WINGS and used to track invoices, check payment status and standardize the invoice approval and payment process in WFP.

Benefits of the tool include eliminating invoice hard copies, minimizing errors and data-loss, improving responsiveness to vendors and internal customers, guaranteeing a separation of duties and audit trail for internal controls.

Coupled with revised Standard Operating Procedures, the system enables field offices to achieve higher levels of productivity, allowing for a greater focus on the business critical initiatives, to improve the level of service, to implement innovation more effectively, to deliver services more efficiently and ultimately to reduce the risk of errors and fraud.

A Paperless Disclosure Process

WFP is obligated to disclose certain related parties' relationships and transactions for accountability and transparency purposes under the International Public Sector Accounting Standards adopted in 2008. Key senior management including the Executive Director, Deputy Executive Director, Assistant Executive Directors, Regional Directors and Divisional Directors in HQ (and their close family members) are required to disclose information.

The annual exercise of collecting signatures from around 50 management personnel is now paperless making the process faster, secure, confidential and provides an online audit trail.



Donor Assurance

Finance, the IRM & Donor Reporting



Finance and Donor Relations

Finance plays a major role in securing donor funding for the organization. It is the work of our Finance colleagues jointly in the field, RB and HQ that ensure the contributions are properly spent so that we are able to report to WFP's donors periodically as required. These reports enable us to secure the resources we need to deliver on our strategic organizational objectives of feeding the hungry poor and will propel us forward in our goal to reach Zero Hunger by 2030.



Finance is playing an important role in the preparation of the implementation of the IRM. One of Finance's key roles stems from the significant impact the IRM will have on donor financial reporting, which in turn influences donor's perceptions of WFP's effectiveness in achieving its objectives.

In particular, Finance contributes to:

- Determining the revised frameworks and support system for attribution and reporting of expenditures;
- Updating of relevant guidance materials and sensitization of global WFP community on impacts of the IRM;

- Designing the structure of donor financial reports in collaboration with the Partnership Division.

Standard Project Report Under the IRM

One of the significant opportunities provided by the IRM has been to allow WFP to redesign its donor financial reports to more closely align them with donor requirements and thereby enhance donor relations.

In the Strategic Plan for 2017-2021, the "project based" approach was replaced by a "country based" approach on achieving the SDG 2 and SDG 17. As a result, the Standard Project Report name will be changed to the Strategic Country Report (SCR) and the structure redesigned significantly.

The new financial SCR will be divided into six main sections: the first four reports will be part of the standard reporting package, while the last two will be provided for internal use.



Government Partnership's Perspective

"It has become increasingly clear in a climate of declining or pressured aid budgets, donors will only fund WFP if they have absolute confidence in our systems of financial management and accountability. The work that finance has been doing over the past couple years to strengthen our systems of financial management and the accuracy and transparency of all of our financial transactions, is an unsung aspect of the work of the organization. The strength of our financial management is a crucial aspect of our ability to serve those who depend on our assistance." *Chris Kaye, Director, Government Partnerships Division*

The Finance and Treasury Division ensures sound financial management to enable WFP to reach the goal of *Zero Hunger*.

Finance and Treasury Services

Accounting

Donor Contributions, Income and Expenditure | Annual Financial Statements | Forensic Accounting

Advisory

Cash-Based Transfer Global Support and External Services | Corporate Financial Guidance and Procedures | Integrated Road Map Migration | Micro and Macro Assessments | Technical Guidance on Corporate Projects

Cash and Liquidity Management

Bank Account Infrastructure and Signatory Record Management | Cash Replenishments for Field Operations | Foreign Currency Exchange | In-house and External Investment Portfolio Management | Payment Limit Management

Compliance and Risk Management

Compliance with Financial Processes Global
Cash-Based Transfer Risk Management Review
Sanctions Monitoring | Payroll Dashboard |
Second Line Financial Oversight

Financial Reporting and Analysis

Donor Contributions | Standard Project Reports | Annual Country Reports | Donor Balance Reporting to Management | UN Joint Inspection Unit Reporting | Counter Party Risk Management | Annual UN Joint Staff Pension Fund Management | Medical Premium Declaration | Financial Disclosure Management

Payments and Disbursements

Cash Payments and Petty Cash | Corporate Payroll | Employee Entitlement Contributions to Pension and Medical | Financial Dashboard | Global Vendor and Customer Records Management | Payment Monitoring and Investigation | Payments of Behalf of Country Offices | Vendor and Employee Payments

Supplementary Services

Annual Statement of Earnings for US Employees



**World Food
Programme**