RESOURCE, FINANCIAL AND BUDGETARY MATTERS

Agenda item 5

For consideration

MANAGING FOR RESULTS: A SECOND REVIEW OF PROGRESS IN IMPLEMENTING RESULTS-BASED MANAGEMENT

Report by the External Auditor

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NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for consideration.

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 points indicated below, preferably well in advance of the Board's meeting.

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Report by the External Auditor

World Food Programme – Managing for results: A second review of progress in implementing results-based management

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EXECUTIVE SUMMARY

This report is the second element in a two stage independent review of the World Food Programme's progress in implementing results-based management. Our initial report in March 2006 considered the framework established by the Secretariat to monitor and report results. This second report examines progress in mainstreaming results-based management and how well it is being implemented across the organisation.

What is involved

1. The World Food Programme (WFP) aims to use its resources to meet the United Nations Millennium Development Goals through food-assisted interventions targeting poor and hungry people. To do this, WFP developed a strategic plan in which it set out five strategic objectives, and seven management objectives that will help it deliver against its goals. WFP aims to use results-based management to help achieve these objectives.

2. Results-based management (RBM) is about effective performance measurement:

    ▪   The ability to measure progress towards quantifiable, time-related objectives.

    ▪   Accountability for the deployment of clearly-delineated inputs (resources) and outputs (activities and deliverables).

    ▪   A focus on the achievement of pre-identified outcomes rather than on merely spending budget or carrying out activities.

3. RBM supports improved decision making by management and, ultimately (through effective reporting mechanisms) by governing bodies. An effective RBM system therefore provides the information necessary to allow management to make decisions about redirecting resources and priorities so that the specified objectives of the Executive Board can be achieved.

Why it is important

4. The justification of projects and the prioritisation of activities for funding purposes is made easier using a results-based approach. The evaluation of progress, achievement and value for money – and the operational and financial decision-making which is intended to support this - is facilitated by systems and assessments which focus on outcomes rather than merely on the delivery of outputs, activities or expenditure.

5. Results-based management has been acknowledged as an important component of good governance and accountability; and was so identified by the report in 2006 of the Steering Committee on the Comprehensive Review of Governance and Oversight within the United Nations and its Funds, Programmes and Specialized Agencies, which recommended the comprehensive implementation of results-based management in the UN system.

6. In 2006 we reported on the framework established by the Secretariat to monitor and report results. We found that it provided a sound basis for the ongoing development of RBM; and we made seven recommendations for management to strengthen the RBM framework by:

   ▪ Incorporating joint outcomes with implementing partners into the RBM framework where possible;

   ▪ Seeking systematic feedback from recipient and donor countries;

   ▪ Developing the reporting of expenditure against objectives;

   ▪ Better incorporating results based management into WINGS and COMPAS;

   ▪ Relating results achieved to planned timescales;

   ▪ Focusing the work of the Internal Evaluation Committee on the development and importance of results based management; and

   ▪ Supporting performance indicators with cost effective data systems.

7. The Secretariat agreed with these recommendations and has responded through a mixture of existing initiatives and steps taken specifically to address the recommendations. For this second review, we looked to assess how the RBM arrangements are working in practice.

How it is being taken forward

8. Effective results-based management requires that each programmatic activity contributes to the achievement of the strategic objectives. To help it to achieve this, WFP has prepared a document called the Indicator Compendium. The Compendium sets out the outputs and outcomes that WFP needs to deliver in order to achieve its strategic objectives, and the indicators it will use to measure its performance against the outputs and outcomes. The Compendium also describes the expected results that WFP intends to achieve to help it deliver against its management objectives; and the indicators that it will use to measure its achievement of the expected results. Additionally WFP requires each division, regional bureau and country office to complete a work plan, setting out the area's activities and projects and how they will help to deliver the strategic and management objectives.

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│  Inputs  │ ═══▷ │ Outputs  │ ═══▷ │ Outcomes │ ═══▷ │ Strategic│
│          │      │          │      │          │      │objectives│
└──────────┘      └──────────┘      └──────────┘      └──────────┘

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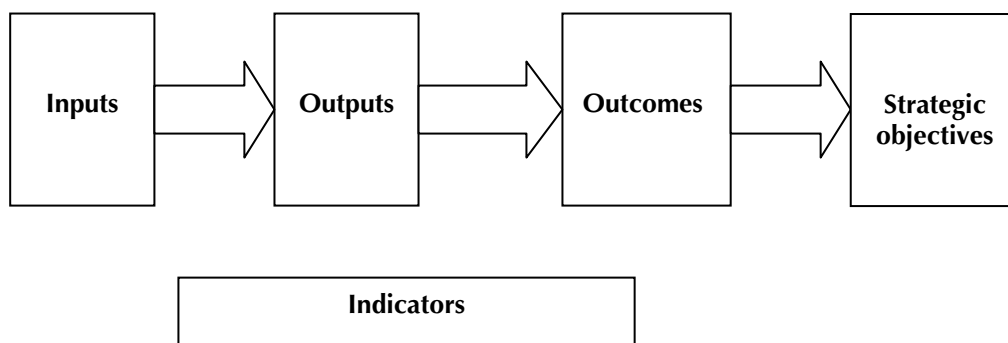
9. The Secretariat is currently going through a process of "mainstreaming" to take results-based management - previously seen as a separate initiative - and fully embed it across all aspects of the Programme. Mainstreaming RBM will allow WFP to demonstrate how all its activities feed into the delivery of the strategic objectives; and improve its management of performance, to deliver the required results from these activities. We therefore examined the extent to which results-based management is being used fully and effectively across the organisation.

Findings

10. We found that the strategic objectives represented valuable goals but that their aspirational nature meant that WFP was unable to measure its performance against them. WFP has designed useful management objectives that sit outside the strategic objectives framework of input, output and outcome: this could be confusing for staff. We found that the Indicator Compendium (which sets out the outputs, outcomes, expected results and indicators) represented a robust starting point for setting and monitoring objectives. It is now, however, due for review. This review could usefully clarify the status of the pilot indicators and provide a full set of indicators, such that achievement of all the indicators would ensure delivery against the relevant outputs, outcomes and strategic objectives.

11. Performance of projects is monitored through project documents and annual Standard Project Reports. Project documents are produced prior to approval of the project; and include, in most cases, a logical framework setting out the outputs, outcomes and indicators that will be used to measure project achievements. Standard Project Reports are produced annually for each project and they report on the progress of projects against performance indicators.

12. The Standard Project Reports have standardised the data collected and collated by Headquarters. As a result the data that are collected are more comparable between projects and the indicators used to measure performance more closely reflect those in the Indicator Compendium. A Standard Project Report evaluation and an Annual Performance Report are produced each year based on the data collected in the Standard Project Reports. The 2006 Annual Performance Report highlighted continuing difficulties in collecting, aggregating and analysing project data.

13. WFP introduced an evaluation policy in 2003, which has been in the process of being updated. This stated that all projects lasting over 12 months should be subject to an evaluation during or after their lifetime. This has proved to be unfeasible in practice and less than half of the projects we reviewed that lasted over 12 months had been evaluated. The evaluations that had been conducted recognised the value of the projects but found that there were still difficulties in monitoring the performance of projects, particularly in the measurement of outcomes.

14. Achievement of WFP's objectives is dependent on each division, regional bureau and country office setting, and meeting, suitable objectives in their workplans. It also requires staff to set, and meet, personal objectives that are linked both to their area's workplans and to WFP's strategic objectives. The new Performance and Competency Enhancement (PACE) system should help staff to set suitable objectives. It should also assist managers in assessing the extent to which staff meet those objectives. Take up of PACE has, however, been poor due mainly to initial technical difficulties, for example forms

being only accessible through the Lotus Notes application which is not available to all staff; a long and complicated template; and a lack of staff incentives to complete PACE assessments (for example, pay is not related to performance).

15. Learning from the results of WFP's performance applies mainly at a country and regional level, through the Standard Project Reports and evaluations of some projects. Local results are aggregated in the annual *Standard Project Report: An evaluation* and in Annual Performance Reports, but there is no systematic procedure for learning across different projects, countries and regions. Objectives, outcomes, outputs and indicators are not regularly or routinely revisited in the light of actual performance.

16. WFP is building on the robust foundations, which we reported on in 2006, by incorporating the RBM division into other WFP functions ("mainstreaming" RBM). We found that the senior management team could take further steps to preserve the expertise built up in the RBM division, and to communicate to staff its ongoing commitment to RBM.

Conclusions

17. WFP has made good progress in implementing RBM and the Secretariat has taken the next step in starting to mainstream results-based management. We believe that this is a crucial stage in the development of RBM. There is a risk that staff may misunderstand the changes as a reduction in the commitment by senior management to RBM, rather than being the next step in its implementation. WFP needs to maintain momentum with the implementation of RBM if it is to become an integrated part of the Programme's management processes, and therefore a useful and effective component of improved governance and accountability. In commenting on our findings and recommendations, the Secretariat informed us of the proposed establishment of a D-1 post in the Office of the Executive Director to take the dedicated role of focal point for RBM in WFP and provide direction to the RBM staff.

18. **In the light of our findings, we recommend that:**

- **Recommendation 1**: As the Secretariat and Executive Board revise or adapt the Strategic Plan, they could consider revisiting the strategic objectives to clarify their role as overarching aspirations; and consider introducing a level of objectives, underpinning the current strategic objectives, against which it would be able to measure its performance.

- **Recommendation 2**: The Executive Board and Secretariat could consider devising management objectives that feed into specific strategic objectives, for example by incorporating them into the new level of objectives described in Recommendation 1.

- **Recommendation 3**: When it finalises the new strategic plan for 2008-2011, the Secretariat could consider using the opportunity to update the Indicator Compendium by, for example, revising the indicators so that they clearly focus on fully measuring WFP's performance against its objectives.

- **Recommendation 4**: The Secretariat could consider further developing the project documents so that they include details of what outputs and outcomes the project will deliver; how these will be measured (i.e. the indicators); and annual targets for delivery that can be monitored in the Standard Project Reports for each project.

- **Recommendation 5**: The Secretariat has made improvements to the performance monitoring of projects since the introduction of Standard Project Reports but it may wish to consider taking further steps to improve the monitoring of outcomes.

- **Recommendation 6**: In developing a new evaluation policy, the Secretariat may consider the number of evaluations that can feasibly be carried out and undertake to conduct only as many as is achievable. The new policy could, ideally, provide for an even spread of evaluations to allow the widest possible scope for learning across projects and between countries and regions.

- **Recommendation 7**: The Secretariat may find it useful to identify all good practice in monitoring performance across WFP and share it with other divisions, country offices and regional bureaux, rather than expecting and resourcing each work area to devise its own methods of performance management.

- **Recommendation 8**: The Secretariat could take steps to make it easier for staff to engage with the PACE system and encourage the completion of PACE meetings and assessments to a high quality by:
    o   simplifying the PACE system and documentation;
    o   making PACE equally accessible to all staff;
    o   introducing performance related pay based on the results of the PACE assessment; and
    o   including the completion of staff PACE assessments, to a high standard, as a personal objective for each manager, so that they are assessed against their delivery of this objective.

- **Recommendation 9**: The Secretariat might consider conducting a review of a random sample of PACE assessments each year and use the results to provide guidance to managers on how to improve the quality of assessments where necessary.

- **Recommendation 10**: The Secretariat may wish to implement a systematic process to allow lessons learned from its monitoring of results and evaluation of projects to be shared between divisions, projects, countries and regions. The Secretariat could also consider whether it needs both of the annual reports that summarise the data from the SPRs: the Standard Project Report: An evaluation; and the Annual Performance Report.

- **Recommendation 11**: Senior management of the Secretariat may wish to take further steps to clearly demonstrate to staff their continued commitment to results-based management, for example by:
    o   rewarding achievement of results;

    o   updating the results-based management documents; and

    o   continuing to make use of the expertise built up in the RBM division by setting up a formal network of RBM experts across WFP.

19. **The Secretariat has provided us with a positive response to these audit recommendations which the Executive Board will wish to note and explore further. The Secretariat's comments on each of our recommendations are set out at Annex 1. The Secretariat's response serves to accept and agree the audit recommendations and makes a number of commitments to specific action. To ensure the success of the RBM initiative, and the improved oversight of Programme deliveries by the Executive Board that RBM offers, it will be important that these developments are brought through with specific proposals and timelines against which implementation can be monitored.**

20. **The Executive Board therefore may wish to see these commitments expressed as specific actions with associated timescales linked to the benefits that are expected to flow from their implementation; and to confirm what arrangements will apply for reporting back to the Board by the Secretariat. The Executive Board may also wish to take a view on whether there are particular areas for action on which it will place particular emphasis. In this regard, we believe that audit recommendations 1 to 4 and 11 are particularly important if WFP's RBM processes are to realise the benefits intended from improved performance measurement.**

SCOPE OF THE REVIEW

21. This review is a follow up to our previous report presented to the Executive Board in June 2006 (WFP/EB.2006/A/6-D/1), which commented on the framework of arrangements for RBM. This second review has examined the extent to which results-based management is being used fully and effectively across the World Food Programme. We have addressed this question by considering:

   - Whether the World Food Programme has strategic objectives that are the culmination of layers of objectives, outcomes and outputs, linking to the level of individual responsibilities and specific resources (noting that the approach taken by the Secretariat is that Strategic Objectives, now approved by the Executive Board, are the overarching guidance for the development of lower-level objectives, outcomes and outputs);

   - Whether achievement against all the indicators would lead to achievement of the Programme's strategic objectives;

   - Whether WFP measures and analyses achievement of the indicators at each level;

   - Whether WFP reports on delivery against indicators at each level;

   - What impact the mainstreaming of the results-based management team will have on the full implementation of results-based management;

   - Whether workplans are fully used across the organisation;

   - What the WFP is doing to respond to points raised by internal and external reports on the implementation of results-based management;

   - What further steps WFP is taking to fully embed results-based management.

22. We conducted our review through:

   - A review of project documents, Standard Project Reports and evaluations (where available) for 28 projects, representing over half of all projects completed in 2006. We obtained a list of the 55 projects which had their final Standard Project Report in 2006. We selected the projects to review by ordering the list by project number and selecting alternate projects;

   - The examination of documentation produced to support the implementation of results-based management and performance monitoring, including staff guidance, strategic and management plans, the Indicator Compendium and a number of reports examining the progress made in implementing results-based management;

   - Interviews with staff at Headquarters involved in approving, monitoring and evaluating projects, implementing results-based management and monitoring the PACE system of staff performance appraisals; and

   - Interviews with staff at a sample of country offices.

23. We have ordered the results of our review chronologically, setting out:

- **The history of results-based management in WFP**, identifying the steps taken by the Programme to implement RBM and the reports that have been conducted to monitor progress;

- **The setting of objectives, outcomes, outputs and indicators**, exploring how these have been set and how they could be improved;

- **The measurement and reporting of performance against objectives, outcomes and outputs**, examining the extent to which WFP monitors and reports on the achievement of these separate elements;

- **The lessons learnt** from the results, setting out the extent to which WFP acts to improve its performance and revise the objectives, outcomes, outputs and indicators in light of actual performance; and

- **The next steps**, identifying the actions that the Programme is taking to continue to roll out results-based management and fully embed it across the organisation.

HISTORY OF RESULTS-BASED MANAGEMENT IN WFP

24. The World Food Programme first committed itself to implementing results-based management in 1997, with the aim of having a system in place by 2004. It has taken a number of steps towards achieving this aim in the ten years since first making the commitment to RBM.

25. In 2006, we reported on the arrangements for monitoring and reporting results, and concluded that the framework for implementation provided a sound basis for the ongoing development of results-based management at WFP. We also found that there remained scope for improvement: in confirming the extent to which the framework meets the needs of stakeholders; in providing greater balance between effectiveness and efficiency measures; and in improving the collection of reliable data to assess performance.

26. To allow it to implement results-based management, WFP produced a number of corporate documents to formalise and disseminate its strategic and management objectives; to set out how it intends to deliver against those objectives; and to assess its performance against objectives:

- **The Strategic Plan:** Strategic Plans set out the strategic direction of WFP for a four year period and are updated every two years. They have been in place since the first Strategic Plan was approved in October 2003, for the period 2004-2007. The current Strategic Plan covers the four year period from 2006 to 2009 and was approved in June 2005. A first draft Strategic Plan for 2008-2011 was submitted to the Executive Board in February 2008. The 2006-2009 plan

included WFP's strategic objectives; the Programme's management objectives; how the strategic objectives contribute to the Millennium Development Goals; the actions WFP will take to meet both the strategic and management objectives; the strengths, opportunities and threats that might affect WFP's ability to deliver on its strategy; and a risk analysis setting out the risks to the Programme achieving its strategy and the actions taken to mitigate those risks.

- **The Management Plan:**   Management plans are prepared for each biennium and describe how WFP intends to use funds to meet the Millennium Development Goals within the context of its strategy, mandate, missions and operations. The Management Plan 2006-2007 set out the expected budget for 2006-2007 and how this would be apportioned between operations; by region and project type; and between support functions. Management priorities are also identified under the strategic objectives, to show how the priorities relate to these objectives. The management objectives are restated along with the key outputs required to deliver each objective and the WFP divisions primarily responsible for delivering the required outputs.

- **The Annual Performance Report:**   Annual performance reports were produced for 2005 and 2006, monitoring WFP's performance against its objectives as set out in the strategic plan. Standardised Project Reports, for each project underway during the year, are used to assess the performance of projects across the Programme and form the primary data source for the annual performance reports.

- **The Indicator Compendium:**   The Indicator Compendium was approved in December 2005 for the 2006-2007 biennium. It sets out the strategic objectives; identifies the outputs and outcomes required to meet them; and formalises the indicators that WFP expects to use to measure whether the outputs and outcomes have been achieved. It also sets out the management objectives; identifies the expected results required to meet them; and identifies the indicators that should be used to measure whether the expected results have been achieved.

27. A number of reports have been produced to examine the implementation of results-based management in addition to our own earlier review. These include the *Annual Performance Reports* (described above); an Internal Audit report reviewing the 2005 Annual Performance Report, which was in draft at the time of our audit review at the end of 2007; *An Independent Assessment of RBM at WFP* from November 2004; *Implementation of results-based management in the United Nations Organizations* by the Joint Inspection Unit from 2004; and *Implementation of RBM in WFP - A Self Assessment* dated 2007.

SETTING OBJECTIVES, OUTCOMES, OUTPUTS AND INDICATORS

28. The World Food Programme identified and defined its strategic objectives in its 2006-09 strategic plan. The strategic objectives were developed from strategic priorities set out in earlier strategic plans. They contribute to the United Nations' Millennium Development Goals and represent the overall direction and goals of WFP, by defining the key areas where WFP aspires to help individuals through nutritional support. The strategic objectives are:

   • Strategic Objective 1: Save lives in crisis situations;

   • Strategic Objective 2: Protect livelihoods in crisis situations and enhance resilience to shocks;

   • Strategic Objective 3: Support the improved nutrition and health status of children, mothers and other vulnerable people;

   • Strategic Objective 4: Support access to education and reduce gender disparity in access to education and skills training; and

   • Strategic Objective 5: Strengthen the capacities of countries and regions to establish and manage food assistance and hunger-reduction programmes.

29. Within the good practice methodology of results-based management, there is a commonly used set of criteria to which objectives should ideally comply. These criteria are usually abbreviated to the acronym SMART, to indicate that the criteria need to be:

   • Specific – they should set a specific goal;

   • Measurable – it should be possible to measure the extent to which they have been met;

   • Achievable – it should be possible for the organisation to meet them;

   • Realistic or Relevant – they should be relevant to the organisation and realistic within the resource constraints; and

   • Time bound – they should specify when the aim will be achieved.

30. The aspirational nature of WFP's strategic objectives, however, makes it very difficult to measure performance against them and WFP would not be able to ascertain whether it had achieved these objectives. **Figure 1** illustrates the issues arising when WFP's Strategic Objectives are assessed against the SMART criteria.

Figure 1: Assessment of the extent to which WFP's Strategic Objectives can be assessed using the SMART criteria

Strategic Objective (SO)	Specific	Measurable	Achievable	Relevant*	Time bound
SO 1: Save lives in crisis situations	It is difficult to specify the extent to which WFP can save lives in the range of crisis situations that it deals with	It is not possible to ascertain the number or proportion of lives that are saved as a result of WFP interventions	WFP is able to save some lives in crisis situations	Saving lives through food assisted interventions is at the core of what WFP does	It is not possible for an objective to be time bound where it is not specific or measurable
SO 2: Protect livelihoods in crisis situations and enhance resilience to shocks.	It would be possible to specify this objective for individual projects but the requirements will vary between projects	It is difficult to measure the achievement of this objective and to identify WFP's contribution	WFP is able to protect some livelihoods and enhance resilience through food aid	Food assisted interventions can help to protect livelihoods and enhance resilience	It is not possible for an objective to be time bound where it is not specific or measurable
SO 3: Support the improved nutrition and health status of children, mothers and other vulnerable people.	It would be possible to specify this objective for individual projects but the requirements for the support will vary between projects	Although it might be possible in some situations to measure improvements in nutrition and health status, it would be difficult to ascertain the extent of WFP's contribution	It is possible to support improved nutrition and health status through food aid	Food assisted interventions can support improved nutrition and health status.	It is not possible for an objective to be time bound where it is not specific or measurable
SO 4: Support access to education and reduce gender disparity in access to education and skills training.	The specific requirements will vary between projects and countries	Whilst it is possible to measure the actual numbers and proportion of children accessing education, it is not possible to ascertain changes due solely to WFP's intervention.	It is possible to support access to education and reduce gender disparity through food aid	Food assisted interventions can be used to improve access to education.	It is not possible for an objective to be time bound where it is not specific or measurable
SO 5: Strengthen the capacities of countries and regions to establish and manage food assistance and hunger-reduction programmes.	The specific requirements will vary between countries and regions	It is difficult to measure this objective, in particular the changes due solely to WFP's intervention	WFP could achieve this objective through sharing its skills	Achievement of this objective would reduce the need for WFP food assisted interventions	It is not possible for an objective to be time bound where it is not specific or measurable

[We have used the relevant rather than the realistic criteria because the objectives need to be quantified to ascertain whether WFP has the resources to achieve them, and hence whether they are realistic.]*

31. None of the strategic objectives are specific, in that they cannot set out exactly what WFP aims to achieve across all projects. It is not possible to quantify the objectives because the actual requirements of each project will vary depending on the individual situation. The environments and situations in which WFP carries out much of its operational work makes measurement very difficult. Factors outside WFP's control might impact heavily on the achievement of, in particular, the first two strategic objectives. As a result it would be very difficult for WFP to measure whether it has successfully met its Strategic Objectives.

> *Recommendation 1:   As the Secretariat and Executive Board revise or adapt the Strategic Plan, they could consider revisiting the strategic objectives to clarify their role as overarching aspirations; and consider introducing a level of objectives, below the current strategic objectives, against which it would be able to measure its performance.*

32. WFP's Strategic Plan describes the Programme's strategy as a food assistance agency using a nuanced and robust set of tools to achieve the overarching goal of reducing dependency and supporting governmental and global efforts to ensure long-term solutions to the hunger challenge. A core aspect of the strategy is to distribute food, and the strategic objectives accordingly reflect this programme focus. However, this creates difficulties in defining how the work of staff in support functions is linked to this strategy. To overcome this issue, WFP devised management objectives (with expected results and indicators) which, if met, will aid WFP in achieving all its strategic objectives. These can be assessed in their own right to some degree but they do not, however, map directly to individual strategic objectives.

33. For example, the management objectives to build strong partnerships to end hunger (Management Objective 1) or for excellence in implementing efficient and effective programmes (Management Objective 3) cannot be directly related in any meaningful way to the strategic objectives set out at Figure 1 above.

34. As a result, management objectives sit alongside the strategic objectives at the top level, rather than meshing with the strategic objectives. This could make it more difficult for teams and staff, contributing to management objectives, to fully appreciate how their work helps WFP to meet its strategic objectives, or to set their area workplans and personal objectives accordingly.

> *Recommendation 2:   The Executive Board and Secretariat could consider devising management objectives that feed into specific strategic objectives, for example by incorporating them into the new level of objectives described in Recommendation 1.*

35. The National Audit Office has produced guidance on examining outputs and outcomes (*What are Taxpayers Getting for their money? A value for money guide to examining outputs and outcomes 1999*). This guidance contains the following definitions for inputs, outputs and outcomes:

Inputs are the raw materials, money, people, capital investment, information and knowledge that contribute to the production of outputs.

Outputs are goods and services produced or work completed.

Outcomes are not what the programme itself did, but the consequences of what the programme did. They are the longer-term impacts of a programme on society.

36. For the WFP, therefore, inputs will include staff resources and donated or purchased food. Outputs include the distribution of food, for example "Timely provision of food in sufficient quantity for targeted beneficiaries in conflict- and disaster- affected areas". Outcomes include the impact of distributing food to the beneficiaries, for example "Reduced and/or stabilized acute malnutrition in an identified population in conflict- and disaster- affected areas".

37. The Indicator Compendium was published in December 2005 for the 2006-2007 biennium. This details the outcomes and outputs that the Secretariat considers are required to meet each strategic objective, and the indicators with which it expects to measure the success or failure of each output and outcome. The Indicator Compendium also sets out expected results and indicators for each management objective and describes the methods by which all the indicators could be measured.

38. We found that the Indicator Compendium for 2006-2007 provided a valuable source of information for WFP staff planning and running projects. It was still, however, a work in progress, with many indicators in a pilot form and insufficient indicators to measure performance against some outcomes:

   - One of the strategic objectives (Strategic Objective 5) had only one outcome and this had no related indicators. As a result there were no recommended methods for measuring achievement of outcomes against this objective.

   - Similarly one of the two outcomes for Strategic Objective 2 (Outcome 2.2) did not have any indicators.

   - There were 19 indicators identified to measure performance leading to achievement of outcomes, of which eight (42 per cent) were being piloted at the time of audit.

39. Ideally - and for the outputs, outcomes and indicators to be most effective - achievement of an outcome would be ensured by the achievement of all the outputs related to it; and achievement of an objective would be ensured by achievement against all the outcomes feeding into it. Similarly, measurement of all the indicators related to an individual output and outcome would, ideally, allow WFP to ascertain the extent to which that output or outcome had been achieved.

40. The indicators are relatively generalised and relate to standardised reporting procedures and as a result many of the indicators are used for more than one output or outcome: for example, half of the indicators suggested for measuring outputs are also suggested for the measurement of other outputs or outcomes. **Figure 2** shows an example of a standard indicator, looking at participation in an activity, that is used as a measurement for two outputs and an outcome. The indicator is most relevant to output 4.1 which refers to increasing access to education, for which participation would be a useful measure.

Figure 2: Example of an indicator that is used for a range of outcomes and outputs

Indicator: Actual participants in each activity as a percentage of planned participants, by project category, sex.

Outcome 2.1: Timely provision of food in sufficient quantity for targeted beneficiaries in crisis and transition situations or vulnerable to shocks.

Output 3.1: Timely provision of nutritious food in sufficient quantity for targeted young children, mothers and other targeted beneficiaries vulnerable to nutrition and health risks.

Output 4.1: Timely provision of food in sufficient quantity for targeted children, adolescent girls and adults to improve access to education in schools and non-formal education centres.

41. The indicators all measure aspects of the work that go into achieving the relevant output or outcome; they do not, however, measure all the factors required to achieve each output or outcome. As a result, achievement against all the indicators listed for a particular output or outcome in the Indicator Compendium would not necessarily ensure achievement of the associated outcome or output. Examples of additional factors required to meet outcomes and outputs that would not be measured by the associated indicators are shown in **Figure 3**.

Figure 3: Areas of the strategic objectives, outcomes and outputs that are not measured by the indicators

Objective, outcome or output	Relevant Indicator	Remaining gaps in the measurement of the outcome or output
Output 1.1: Timely provision of food in sufficient quantity for targeted beneficiaries in conflict- and disaster-affected areas	**Indicator 1.1.1**: Actual beneficiaries receiving WFP food assistance through each activity as a percentage of planned beneficiaries, by project category, age group, sex. **Indicator 1.1.2**: Actual metric tonnes of food distributed through each activity as a percentage of planned distributions, by project category, commodity. **Indicator 1.1.3**: Percentage of general food distributions occurring more than seven days later than the planned date of distribution (pilot indicator).	The percentage of food distributions occurring more than seven days later than planned may not sufficiently measure the timeliness of distributions in crisis situations, particularly if a delay of seven days increased mortality or if the planned date was not sufficiently timely.
Output 2.1: Timely provision of food in sufficient quantity for targeted beneficiaries in crisis and transition situations or vulnerable to shocks	**Indicator 2.1.1**: Actual beneficiaries receiving WFP food assistance through each activity as a percentage of planned beneficiaries, by project category, age group, sex. **Indicator 2.1.2**: Actual metric tonne of food distributed through each activity as a percentage of planned distributions, by project category, commodity. **Indicator 2.1.3**: Actual participants in each activity as a percentage of planned participants, by project category, sex	The indicators concentrate on beneficiary and participant numbers and the quantity of food distributed, but make no reference to the timeliness of deliveries.
Strategic Objective 2: Protect livelihoods in crisis situations and enhance resilience to shocks		This objective covers food for work and food for training activities; however there are no outputs or outcomes related to the quality of training or assets resulting from food for work; and therefore there are no indicators to measure the actual results of the activities other than the number of participants and the quantity of food distributed.

> *Recommendation 3: When it finalises the new strategic plan for 2008-2011, the Secretariat could consider using the opportunity to update the Indicator Compendium by, for example, revising the indicators so that they clearly focus on fully measuring WFP's performance against its objectives.*

MEASURING AND REPORTING PERFORMANCE AGAINST OBJECTIVES, OUTCOMES AND OUTPUTS

Project approval

42. As part of the programme planning process, Country Offices submit project documents, through Regional Bureaux, to a Programme Quality Group at Headquarters, to request approval for each project. For most projects, the project documents are required to include logical frameworks which set out what strategic objective(s) the project will mainly contribute to meeting; what outcomes and outputs the project is expected to deliver; and how performance will be measured.

43. We reviewed project documents for 28 of the 55 projects completed in 2006. 82 per cent of project documents (for 23 projects) stated that they would measure outputs using indicators listed in the Indicator Compendium. In most cases, the indicators identified were beneficiary and participant numbers broken down by category; and food distribution broken down by food type.

44. Project documents for eight projects, just 29 per cent of those reviewed, said that outcomes would be measured using indicators from the Indicator Compendium. None of the project documents gave targets for the achievement of outputs and outcomes, except for beneficiary and participant numbers and for the distribution of food. Project documents are a valuable tool for making informed decisions when approving projects, but clearer outcome and output targets and measurement methods would provide better information for making approval decisions and help WFP to monitor the performance of projects.

> *Recommendation 4: The Secretariat could consider further developing the project documents so that they include details of what outputs and outcomes the project will deliver; how these will be measured (i.e. the indicators); and annual targets for delivery that can be monitored in the Standard Project Reports for each project.*

Ongoing performance monitoring

45. For each year that a project is running, WFP produce a Standard Project Report (SPR) setting out what the project has achieved up to that point. Fifty five projects were completed in 2006 and received a final SPR. We reviewed all the SPRs produced for 28 of these projects. Our review showed that over the life of the project, and as the SPRs were developed, performance was increasingly measured using indicators from the Indicator Compendium, for both outputs and outcomes; and, as a result, the information collected has become increasing standardised. This is a positive aspect and allows for easier collation of results at Headquarters, and would allow comparison of the performance of different

projects. Performance measurement in the SPRs continues, however, to rely very heavily on beneficiary numbers and distribution of food.

46. The SPRs for all the projects reviewed included some measurement of outputs using indicators listed in the Indicator Compendium. Measurement of performance against outcomes, however, was more limited:

   • The SPRs for six projects, over a fifth of those reviewed, did not include any measurement of outcomes using indicators listed in the Indicator Compendium; and

   • There was very limited measurement of outcomes using indicators listed in the Indicator Compendium for nine of the remaining 22 projects.

47. The difficulties with measuring outcomes identified in our review of project SPRs corresponds with the findings of various reports already issued on results-based management:

   • The Annual Performance Report for 2006, which is itself based on the SPRs, states that most indicators are tested and incorporated into project logical frameworks, but some outcome indicators require refinement or further testing;

   • Internal Audit conducted a review of the 2005 Annual Performance Report which was in draft at the time of our fieldwork but we understand it will find that several outcomes were not measured; and

   • In 2006 WFP reviewed its implementation of RBM (*Implementation of RBM in WFP: A Self Assessment 2007*) and reported that, despite work to refine indicators and develop measuring tools, there have not been measurable improvements in project monitoring and outcome reporting since 2004.

Recommendation 5:   The Secretariat has made improvements to the performance monitoring of projects since the introduction of Standard Project Reports but it may wish to consider taking further steps to improve the monitoring of outcomes.

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48. The Annual Performance Report is now based on the data provided in the SPRs. This has not always been the case and has led to discrepancies between data provided in SPRs and that reported in the Annual Performance Report. We expect the Internal Audit Report on the 2005 Annual Performance Report to find that the data in the report did not always agree to Standard Project Report (SPR) data. The 2006 Annual Performance Report identified continuing gaps in the collection, aggregation and analysis of project performance data. Aggregation and analysis of standardised data is made more difficult as there is no standard monitoring and evaluation mechanism and work to develop one has been halted while the WINGS II upgraded software system is developed.

49. Our interviews with staff at Headquarters indicate that there is a high level of support for results-based management at project, country office and regional bureau level. This was borne out, to some extent, by our fieldwork at country offices and regional bureaux. The Kenya Country Office, for example, has introduced a comprehensive monthly report including results against targets for a range of indicators, trend data and explanations for unusual variances.

Project evaluations

50. Project evaluations provide a valuable additional check on the performance of projects and in October 2003 the Executive Board approved an evaluation policy for WFP. The policy stated that every operation lasting longer than 12 months should have an evaluation at least once either during or after its lifetime. This level of evaluations has proved to be unrealistic in practice and, of the projects we reviewed, fewer than half of those lasting over a year had been evaluated.

51. Evaluations are carried out by independent consultants and managed by the evaluations division at Headquarters, the regional bureaux or country offices. Self-evaluations are also conducted by country offices in collaboration with the relevant governments, implementing partners and, where feasible, beneficiary representatives. Results from evaluations are mainly reported back to the relevant country offices and regional bureaux

52. Until recently the evaluation division prepared biennial evaluation plans which set out which projects would be evaluated over the biennium; whether the evaluation would be conducted by independent consultants or whether they would be self assessments; and at what level (Headquarters, regional bureaux or country office) the evaluations would be managed. The biennial evaluation plan was provided to the Board as an annex to the Management Plan. In practice these plans were modified during the biennia with no further approval by the Board and they are, therefore, no longer approved by the Board in this manner.

53. The evaluation policy is currently being updated and is scheduled to be presented to the Board in October 2008. The evaluation division has developed draft quality standards for managing the independent consultants who conduct evaluations, which it is now using for all new evaluations. The evaluation system is seen as running in parallel to results-based management rather than being an integral part of it, and this may be partly due to the low proportion of projects that are evaluated.

54. As part of our review of 28 of the 55 projects completed in 2006, we established whether an evaluation had been conducted and the type of evaluation and we reviewed the evaluation reports. Twenty of the 28 projects lasted over a year and therefore should, according to the Evaluation Policy, have been evaluated. We found, however, that only nine (45 per cent of the 20 projects lasting over a year) had been evaluated. One of the eight projects that had lasted for less than a year had also been evaluated. **Figure 4** shows an analysis of evaluations for the projects reviewed by length of project and evaluation type.

Figure 4: Length of project and evaluation type for 28 projects completed in 2006

Project	Project type	Length of project	Evaluation type
Projects lasting over 12 months			
5837.0 Improvement of the Nutritional Status of the Most Vulnerable Communities	Development	Over 5 years	Self-evaluation
10019.0 Country Programme - Uganda (1999-2005)	Development	Over 5 years	None
10055.0 Country Programme - China (2001 - 2005)	Development	4-5 years	Headquarters managed
10062.1 Food Aid for Relief and Recovery in the Great Lakes Region	PRRO*	3-4 years	Regional bureau managed
10121.0 Targeted Food Assistance for Relief and Recovery of Refugees Displaced People and Vulnerable Groups in Uganda	PRRO*	2-3 years	Headquarters managed
10233.0 Food Assistance to Re-establish Livelihoods and Household Food Security in Afghanistan	PRRO*	2-3 years	Headquarters managed
Other projects: 6274.0, 10053.0, 10071.1 and 10170.0	PRRO* & Development	2-3 years	None
10048.1 Food Assistance to Population Affected by War and Drought	Emergency Operation	1-2 years	Headquarters managed
10165.1 Assistance to Vulnerable Groups in the Construction of Community Assets in Albania	PRRO*	1-2 years	Self-evaluation
10270.0 Community-Based Primary School Feeding Project	Development	1-2 years	Country Office managed
10339.1 Food Assistance to Population Affected by War in Greater Darfur, West Sudan	Emergency Operation	1-2 years	Headquarters managed
Other projects: 10030.3, 10141.2, 10244.1, 10327.0, 10338.0 and 10400.0	Emergency & Special Operations	1-2 years	None
Projects lasting under 12 months			
10408.0 Establishment of a UN Joint Logistics Centre including an Air Coordination Center providing Logistics & Movement Coordination and Augmentation to Humanitarian Agencies working in the Indian Ocean Tsunami	Special Operation	Under twelve months	Headquarters managed
Other projects: 10190.2, 10393.0, 10471.0, 10473.0, 10485.0, 10491.0 and 10507.0	Emergency Operations	Under twelve months	None

* Protracted Relief and Recovery Operation

55. Our review of the evaluation reports showed that the projects had provided a much needed service to people in need. Most evaluations did not specifically cover the measurement of outputs and outcomes due to limited time and resources. They did, however, report more generally on the monitoring regime of each project. **Figure 5** relates some specific concerns over monitoring arrangements included in the evaluation reports reviewed.

Figure 5: Specific comments from evaluation reports concerning the monitoring of projects

"The monitoring system developed is more of a database activity rather than a dynamic tool that offers managers valuable and timely information on the program."   "WFP monitoring that is carried out concentrates mostly on food flows and less on the impact of food." *Full Report of the Evaluation of Sudan EMOP 10339* (**Headquarters-managed evaluation**)

"The output reporting has been simplified in order to compile various projects into one single matrix of activities as required by the SPR format. Figures have been aggregated and detailed implementation related information lost." "The monitoring system was not designed to reflect results at outcome level." *Evaluation of WFP's Assistance to China (1979-2005)* (**Headquarters-managed evaluation**)

"A monitoring system is in place, but it is weak on formats, thus the information becomes sporadic, and it lacks a control mechanism for follow-up." "M&E (monitoring and evaluation) skills are generally weak at all levels, especially on outcome monitoring." "As measuring outcome data on a systematic basis is a relatively new requirement in WFP, a lot of effort needs to be put into developing staff's thinking about results at outcome level." *Full Report of the Evaluation of Afghanistan PRRO 10233* (**Headquarters-managed evaluation**)

> *Recommendation 6: In developing a new evaluation policy, the Secretariat may consider the number of evaluations that can feasibly be carried out and undertake to conduct only as many as is achievable. The new policy could, ideally, provide for an even spread of evaluations to allow the widest possible scope for learning across projects and between countries and regions.*

Workplans and staff performance

56. Each division, regional bureau and country office is required to have a workplan to map the objectives of their work to WFP's strategic objectives. In 2006, 99 per cent had workplans and around 80 per cent completed mid-term and year-end reviews. We found examples of good practice in reporting performance by area, including:

   - Monthly assessments of performance against the workplan by the Administration Division using monthly SHAPE (Share Performance) assessments; and

   - A traffic light system of monthly reporting being developed by the finance division to assess performance against key indicators and targets. This would enable managers to see at a glance where targets have been met (green), are not being met (red), or may slip (yellow).

Recommendation 7:   The Secretariat may find it useful to identify all good practice in monitoring performance across WFP and share it with other divisions, country offices and regional bureaux rather than expecting and resourcing each work area to devise its own methods of performance management.

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57. Fully implemented results-based management requires that all staff have clear objectives that feed into the achievement of their areas' workplans and ultimately the strategic objectives. Their performance needs to be managed in terms of their results to help them to achieve their objectives. In 2004, WFP introduced a new staff Performance and Competency Enhancement system, PACE. This allows all staff members to align their personal objectives with their work area's workplan and WFP's strategic objectives, and monitor their performance against these objectives.

58. While PACE should provide the basis of a robust staff performance regime, it has not been implemented particularly successfully; only 64 per cent of staff completed PACE assessments in 2006. The documentation required for PACE was long and unwieldy and based on the Lotus Notes application, which is not available in its full form to all staff; these technical issues did not help to engage staff in the process from the outset. There is little incentive for staff to complete PACE assessments or for managers to conduct PACE meetings and complete the documentation to a high standard:

   - WFP does not have performance related pay. Pay increases are based on time in post rather than performance and are only withheld in very rare occasions when performance is unsatisfactory;

   - Managers' assessments of the performance of staff working for them have no impact on the assessment of their own performance; and

- There is no systematic review of PACE assessments to ensure that they are completed to a high standard.

Recommendation 8:   The Secretariat could take steps to make it easier for staff to engage with the PACE system and encourage the completion of PACE meetings and assessments to a high quality by:

    a) *Simplifying the PACE system and documentation;*

    b) *Making PACE equally accessible to all staff;*

    c) *Introducing performance related pay based on the results of the PACE assessment; and*

    d) *Including the completion of staff PACE assessments, to a high standard, as a personal objective for each manager so that they are assessed against their delivery of this objective.*

Recommendation 9:   The Secretariat might consider conducting a review of a random sample of PACE assessments each year and use the results to provide guidance to managers on how to improve the quality of assessments where necessary.

LEARNING FROM RESULTS

59. A good results-based management system not only requires that performance is monitored against required results but also that the organisation learns from the results of its monitoring. This should include changing its ways of working to help it to deliver against required results and revisiting targets if they are not producing the required results. At WFP, learning from the results of projects is mainly at a regional and country level.

60. The data collected in the standard project reports (SPRs) for each project are used locally to inform the process of planning future projects and preparing project documents. The results of the SPRs are aggregated and combined in the annual *Standard Project Report: An evaluation* and are also used to inform the *Annual Performance Report*, but there is no systematic central approach to disseminating and learning from the results of individual projects across the whole Programme.

61. There is a robust procedure for disseminating the results of Headquarters-managed evaluations at Country Office level. At the end of each Headquarters-managed evaluation, the evaluation team hold a debriefing meeting at the country office with the Country Director, and often other key stakeholders. Evaluation reports are circulated to Headquarters and the country office, presented to the Executive Board and placed on WFP's electronic network. Country offices are responsible for disseminating the reports to governments and local non-governmental organisations.

62. The evaluation team is organised by region and the officer responsible for each region has the chance to comment on project documents for new projects in their area, further re-enforcing the local nature of learning from evaluations. The results of all the evaluations conducted each year are aggregated into an *Annual Evaluation Report* but there is no systematic central approach to learning from the results of individual evaluations.

Recommendation 10:   The Secretariat may wish to implement a systematic process to allow lessons learned from its monitoring of results and evaluation of projects to be shared between divisions, projects, countries and regions. The Secretariat could also consider whether it needs both of the annual reports that summarise the data from the SPRs: the **Standard Project Report: An evaluation** *and the* **Annual Performance Report.**

NEXT STEPS

63. To help implement results-based management, WFP initially set up an RBM division to put in place much of the required framework, provide training and provide a central resource for staff. This preliminary work, which was reviewed in our previous report, provided a solid foundation for the full implementation of RBM. The Secretariat has now decided that it is time for results-based management to become an integrated part of the fabric of working life at WFP rather than a separate initiative: a process known as mainstreaming. This mainstreaming process involves the merging of resources and staff responsible for implementing results-based management into other functions. It has also coincided with the departure from Headquarters of two Directors previously responsible for results-based management, one returning to operations and the other retiring.

64. There appears to be some confusion within WFP over the mainstreaming process. Our interviews with staff at Headquarters gave us to understand that there is a widespread belief that the mainstreaming process is actually an indication of a move away from results-based management. Our understanding is that the merging of staff and budgets into other divisions has created a perception of a lack of senior management commitment to results-based management. This is contrary to the senior management view that mainstreaming represents a new phase in the implementation of RBM where it becomes part of the everyday work of WFP rather than an add-on.

65. The ideal future state of results-based management is for staff, teams, divisions, country offices and regional bureaux to always consider their work, targets and performance in terms of results. Our audit findings indicate to us that a culture change is still required within WFP before this can be achieved. Senior management believe that the changes to the organisational structure in January 2008 signify an increasing commitment to measurement and monitoring, but this may need to be better communicated to staff.

> *Recommendation 11:   Senior management of the Secretariat may wish to take further steps to clearly demonstrate to staff their continued commitment to results-based management, for example by:*
> - ➤ *rewarding achievement of results;*
> - ➤ *updating the results-based management documents; and*
> - ➤ *continuing to make use of the expertise built up in the RBM division by setting up a formal network of RBM experts across WFP.*

66. There are a number of initiatives underway that should help WFP manage for results. The new strategic plan, which is due to be approved during 2008, and the subsequent revision of the Indicator Compendium will provide an opportunity to improve the objectives, outcomes, outputs and indicators towards which WFP is working. The upgraded software system, WINGS II, should provide tools to

improve the standard monitoring of projects. There is a risk, however, that while these initiatives remain in progress staff will defer making other improvements.

CONCLUSIONS

67. Our initial assessment of the framework for implementation of results-based management found that the Secretariat had put in place a sound basis for the ongoing development of results-based management.

68. In this, our second, assessment we support the steps that the Secretariat has taken to roll RBM out across WFP but conclude that the Secretariat needs to continue to build on that initial foundation if it is, ultimately, to see RBM fully embedded throughout the organisation. At this time, when the Secretariat is striving to mainstream results-based management, it is important that it maintains the momentum built up in the earlier phases of implementation. To do this it needs to clearly demonstrate the full commitment of senior management to RBM, in order to allay any fears that mainstreaming represents a reduced commitment to the concept, and retain the skills built up by RBM specialists after they move into other functions.

69. Results-based management is improving accountability in the field for WFP with greater standardisation of reporting leading to more comparable results between projects, but work is still required to improve the measurement of outputs and, particularly, outcomes; and to provide management with the timely information it needs to achieve progress towards WFP's objectives. This presents a risk to the successful achievement of the implementation of RBM as part of the organisation's routine management processes, and to RBM becoming an effective element in the Programme's governance and accountability framework.

70. There is particular scope for improvement through:

- Updated objectives, outcomes, outputs and indicators;

- Improved measurement of outputs and outcomes;

- Reinforcement by senior management of its commitment to results-based management to help instil the required culture change; and

- Increased incentives for staff to complete PACE assessments to a high standard.

SECRETARIAT COMMENTS ON THE EXTERNAL AUDIT RECOMMENDATIONS

Recommendation 1: As the Secretariat and Executive Board revise or adapt the Strategic Plan, they could consider revisiting the strategic objectives to clarify their role as overarching aspirations; and consider introducing a level of objectives, below the current strategic objectives, against which it would be able to measure its performance.

We agree with the recommendation to clarify the role of strategic objectives. We are introducing measurable next level objectives to measure our performance. We are also currently developing a 2008-2011 Strategic Results Framework with a view to prepare it for consideration at the October 2008 Executive Board and will engage with the WFP membership in a consultation process in its preparation.

Recommendation 2: The Executive Board and Secretariat could consider devising management objectives that feed into specific strategic objectives, for example by incorporating them into the new level of objectives described in Recommendation 1.

Taking cognizance of the complexity and challenges of linking management objectives to specific strategic objectives, the Secretariat intends to review the current management objectives with the view to redefining them, to align them with results measurement architecture which is being developed. The results measurement architecture will be reflected in the 2008-2011 Strategic Results Framework mentioned above.

Recommendation 3: When it finalises the new strategic plan for 2008-2011, the Secretariat could consider using the opportunity to update the Indicator Compendium by, for example, revising the indicators so that they clearly focus on fully measuring WFP's performance against its objectives.

We believe there is significant value in having the Indicator Compendium updated and that expansion of certain aspects would be beneficial to fully measuring and demonstrating our performance against objectives. To that end, we are committed to reviewing and updating the current Indicator Compendium following the revision of the Biennium Management Plan 2008-2009.

Recommendation 4: The Secretariat could consider further developing the project documents so that they include details of what outputs and outcomes the project will deliver; how these will be measured (i.e. the indicators); and annual targets for delivery that can be monitored in the Standard Project Reports for each project.

We agree with the recommendation and are committed to developing projects documents that include details of project outputs and outcomes, to facilitate measuring and reporting project results in the standard project reports. Indeed, all country offices to include results (outcomes and outputs)

and measurement framework in project documents. The Country Strategy Document (CSD) is now being developed conceptually and will be supported by a results based approach.

Recommendation 5: The Secretariat has made improvements to the performance monitoring of projects since the introduction of Standard Project Reports but it may wish to consider taking further steps to improve the monitoring of outcomes.

We note the weaknesses in the current regime for the monitoring of project performance and recognize the need to further improve project performance monitoring and outcome measurement. Ongoing work to refine the M&E Tools kits makes provisions for results measurement, harmonize assessment and vulnerability analysis tools to improve outcome measurement and reporting in the Standard Project Reports will continue. In addition, we are collaborating with other UN agencies and partners to develop strategies to build capacity and methods to collect relevant outcome data, review and document progress on outcomes that are collectively achieved as a result of multi-agency interventions. Ongoing performance reviews are currently done by senior management and supplemented by self-evaluations, as well as evaluations conducted by independent third parties.

Recommendation 6:   In developing a new evaluation policy, the Secretariat may consider the number of evaluations that can feasibly be carried out and undertake to conduct only as many as is achievable. The new policy could, ideally, provide for an even spread of evaluations to allow the widest possible scope for learning across projects and between countries and regions.

We understand that implementing a realistic evaluation policy and plans is vital to the success of the results based management implementation. Steps have already been taken to revise and enhance the evaluation policy. The revised draft evaluation policy proposes that 30 operations evaluations per year should be conducted, 10 of which will be carried out centrally by OEDE and 20 are decentralized. The synthesis of evaluation lessons will feed into sharing good practice to foster learning. The latter will be presented in the form of an annual report (see recommendation 10) and supplement good practice identified through monitoring (see recommendation 7).

Recommendation 7: The Secretariat may find it useful to identify all good practice in monitoring performance across WFP and share it with other divisions, country offices and regional bureaux rather than expecting and resourcing each work area to devise its own methods of performance management.

We believe that an enhanced performance monitoring function is important and have recently taken a number of measures to reinforce this through Common Monitoring and Evaluation Approach (CMEA). The RBM Coordination Unit and Project Design and Support Division have been sharing good practices in performance measurements and monitoring with divisions, country offices and regional bureaux through workshops, guidance and learning materials put on the RBM and M&E Websites on WFPgo. These measures will continue as part of the ongoing technical support provided to build capacity to enhance RBM practice.

Recommendation 8: The Secretariat could take steps to make it easier for staff to engage with the PACE system and encourage the completion of PACE meetings and assessments to a high quality by: a) Simplifying the PACE system and documentation; b) Making PACE equally accessible to all staff; c) Introducing performance related pay based on the results of the PACE assessment; and d) Including the completion of staff PACE assessments, to a high standard, as a personal objective for each manager so that they are assessed against their delivery of this objective.

We consider the completion of PACE by all staff and managers as an important accountability requirement vital to the success of a results-based management framework. Steps have been taken to enhance the quality of PACE management, reviews and discussions, to improve access and simplify the PACE system. As a result of these efforts, WFP staff are able to access PACE while staff who are managed under the UNDP rules and regulations continue to use the UNDP appraisal formats. However, there remain serious challenges with compliance and our Human Resources Division is looking at how to address them.

As a part of the UN Common System, WFP has to follow the collective agreement among the UN System agencies on introducing performance related pay; if and when that happens, PACE will continue to be the basis for measuring performance.

Recommendation 9: The Secretariat might consider conducting a review of a random sample of PACE assessments each year and use the results to provide guidance to managers on how to improve the quality of assessments where necessary.

We recognize that effective and quality PACE assessments can support workforce development and retention. A review of PACE assessments will now be done biennially rather than yearly as part of future Human Resources Strategy due to funding and resources constraints.

Recommendation 10: The Secretariat may wish to implement a systematic process to allow lessons learned from its monitoring of results and evaluation of projects to be shared between divisions, projects, countries and regions. The Secretariat could also consider whether it needs both of the annual reports that summarize the data from the SPRs: the **Standard Project Report: An Evaluation** *and the* **Annual Performance Report.**

We agree with the first part of this recommendation, and will be taking steps to improve the collection and dissemination of knowledge and lessons learned from project performance monitoring and evaluations. An exchange of information on monitoring practices occurs within the context of the Pass-It-On tools and through annual reporting workshops which incorporate knowledge of other projects' practices and developing staff awareness of those practices.

We will continue to prepare the two performance reports - the Standard Project Report (SPR) and the Annual Performance Report (APR) - separately as they serve different and distinct purposes. The SPR reports project level results to donors and the general public, the APR focuses on reporting WFP's corporate results to the Executive Board and the global audience, we do not prepare evaluation reports for SPRs, but an internal document is prepared to help managers reflect on lessons learned during the SPR preparation.

Recommendation 11: Senior management of the Secretariat may wish to take further steps to clearly demonstrate to staff their continued commitment to results-based management, for example by: rewarding achievement of results; updating the results-based management documents; and continuing to make use of the expertise built up in the RBM division by setting up a formal network of RBM experts across WFP.

We agree with this recommendation that continued commitment by senior management to results-based management is important and central to the success of the WFP's governance framework. While RBM has been mainstreamed throughout the organization, an RBM Coordination Unit has been retained within the Office of the Executive Director. An appropriate level of resources for the

Unit has been included in the 2008-2009 Biennium Management Plan. The Unit is responsible to build capacity of staff, government counterparts and partners; update existing RBM policies, develop guidelines, documents and tools for performance planning, performance review, provide performance feedback to internal and external users to enhance transparency, understanding and adoption; and provide guidance about WFP objectives and results, responsibilities, authorities and operational procedures required to advance RBM practice.

Although we cannot presently implement pay for performance within the current UN Common System, we will continue to recognize and reward achievement of results through the Annual Merit and Efficiency Award for staff, teams and offices.

ACRONYMS USED IN THE DOCUMENT

APR	Annual Performance Report
CMEA	Common monitoring and evaluation approach
COMPAS	Commodity Movement Processing and Analysis System
CSD	Country Strategy Document
EMOP	emergency operation
M&E	monitoring and evaluation
NAO	National Audit Office (United Kingdom)
PACE	Performance and Competency Enhancement
PRRO	protracted relief and recovery operation
RBM	results-based management
SHAPE	Share Performance
SMART	Specific, Measurable, Attainable, Relevant and Time-Bound
SPR	Standard Project Report
UN	United Nations
UNDP	United Nations Development Programme
WINGS	WFP Information Network and Global System