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INFORMATION NOTES

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STATUS REPORT ON THE FINANCIAL MANAGEMENT IMPROVEMENT PROGRAMME (FMIP)

FMIP OBJECTIVES

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

SCOPE OF THE FMIP PLAN

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

3.   The plan was structured as follows:

➢   short/medium-term developments such as a series of low-cost, tactical information and operational support systems and applications, to provide immediate improvements until a new corporate system could be introduced; and

➢   long-term developments to redesign key business processes and implement a fully integrated strategic information system to meet the majority of donor and corporate information needs.

THE CORPORATE INFORMATION SYSTEM

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

5.   The long-term objective was tackled by dividing the systems into two broad categories:

➢   **business systems**, covering resource mobilization and programming, project planning and management and logistics; and

➢   **support systems**, including financial management, human resources/payroll, travel and procurement.

6.   In September 1998, WFP selected Systems Applications Products (SAP) as the closest fit to its needs, and contracted IBM to implement SAP enterprise software for the Programme's requirements.

7.   In February 2001, WFP went "live" with its new corporate information system—with the exception of the HR/Payroll and Travel components—in Rome, Cairo and Managua. In June 2001, the system was named WINGS, or the WFP Information Network and Global System.

8.   As indicated in an Information Note (WFP/EB.1/2001/INF/13) submitted to the Executive Board, it had become apparent during the last quarter of 2000 that the

HR/Payroll components of the system would be delayed because of their complexity. Rather than hold up the whole system, it was decided to put HR/Payroll on a separate timetable and place a temporary solution in SAP for travel, which depends on HR functionality. Thus, most modules of WINGS were successfully launched in February 2001 and the payroll-critical components were likewise successfully implemented in January 2002, starting with the payroll.

STATUS OF THE HR/PAYROLL SYSTEM

9.   The implementation of WFP's HR and Payroll system can be considered a success at two levels: it represented the first instance of the Programme running its own payroll, and it was the first time an Enterprise Resource Planning (ERP) solution, integrating all business and support activities, had been implemented by a United Nations organization. The strategy adopted to achieve this was as follows:

 ➢   **Primary phase.** This covered all functions necessary to pay international staff, who have the most complex emoluments, and staff in Headquarters. This was completed in time for the January 2002 payroll.

 ➢   **Completion phase.** This will complete the remaining functions such as those needed to deal with local staff salaries in currencies other than United States dollars and Euros, simulation of salary details for staff who are being hired or re-assigned, and additional integrated reporting facilities. This phase will be completed during the third quarter of 2002.

10.   The integration of payroll and related HR functions into the WFP corporate information system provides an effective tool to plan, control and monitor staff costs and levels. This provides for better human resource management for projects and administrative units and potentially increases the value-added of these resources.

ROLL-OUT OF WINGS TO COUNTRY OFFICES

11.   To date, February 2002, WINGS has become fully operational in Rome, the regional offices of Bangkok, Cairo, Dakar, Kampala, Managua and Yaoundé, and an additional 12 country offices. Some 700 staff members have been trained in its use. Core country office staff are trained in classroom sessions and by expert teams sent to each country office to provide on-site support during the critical first weeks. This process has required a longer training period and additional costs.

BUDGET STATUS AS AT FEBRUARY 2001

12.   As mentioned in the previous Information Note, the extended time frames and added complexity have had an effect on the programme budget.

13. As noted in the WFP Biennial Budget for the period 2002–2003 (WFP/EB.3/2001/5-C/1) submitted to the Board last October, the FMIP Special Account had risen from an original amount of US$37 million to US$40 million. By the end of 2001, this had been increased to US$43.4 million to provide funding of US$2.6 million for the completion phase of the HR/Payroll system, and US$800,000 for the Treasury system, which had not been part of the original FMIP plan. The increased funding came from PSA savings from the 2000–2001 PSA budget.

14. These additional costs have been kept to a minimum through negotiations with the implementing partner to identify the most cost-effective way of completing the corporate information system in accordance with the FMIP plan.

15. Notwithstanding the additional costs, we believe the implementation of WINGS has achieved a level of success for a cost that compares favourably with that in other United Nations system organizations and the private sector.