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REPORT OF THE EXTERNAL AUDITOR ON THE STRATEGIC PLANNING AND REPORTING AT A WFP COUNTRY OFFICE — UGANDA

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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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National Audit Office

The National Audit Office (NAO), headed by the Comptroller and Auditor General of the United Kingdom, provides an external audit service to the World Food Programme (WFP).

The External Auditor has been appointed by the Executive Board in accordance with the Financial Regulations. In addition to certifying the accounts of the WFP under Article XIV of the Financial Regulations, he has authority under the mandate, to report to the Executive Board on the efficiency of the financial procedures, the accounting system, the internal financial controls and the general administration and management of WFP.

The aim of the NAO's audit is to provide independent assurance to the Executive Board; to add value to the WFP's financial management and governance; and to support the objectives of the Programme.

This report identifies management issues arising from our audit visit to the Country Office in Uganda.

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External Audit Report to Management World Food Programme

Strategic Planning and Reporting at a WFP Country Office - Uganda November 2009

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Strategic planning and reporting at a WFP Country Office - Uganda November 2009

Summary and key findings

1. In 2008 the World Food Programme (WFP) undertook operations in 78 countries: 3.9 million metric tonnes of food was distributed to over 100 million beneficiaries at a cost of US\$3.7 billion¹. With such a complex and challenging mandate WFP's operations need to target priorities agreed by donors, which are articulated in country programmes. This enables Member States to identify a link between resources, outputs and the agreed strategic objectives of the Programme.
2. To achieve its mandate to reduce and alleviate hunger the WFP must effectively plan its interventions, based on accurate assessments of food need and demand, and match these needs within the resources available to meet the strategic objectives. To be successful effective planning mechanisms are needed, which integrate with plans of governments and other agencies and provide confidence in identifying and demonstrating success to donors and Member States.
3. Building on our previous reporting, which has largely focused on financial management, the purpose of this report is to consider how a field operation has articulated and designed its plans to meet strategic objectives; how its plans have facilitated the targeting of vulnerable groups; and how it has measured performance. After considering all offices with expenditure over US\$100 million, and after discussion with WFP staff, we selected the Country Office in Uganda. The Uganda Country Office was the first to prepare a Strategy, and at the time of our review a Strategy had also been completed by Sudan and 13 others were being progressed. WFP expect each country to develop a Country Strategy over a three to four year period.
4. Our review identified that the Uganda strategy followed a logical framework, engaging stakeholders to produce a coherent plan to

¹ WFP Annual Performance Report 2008: WFP/EB.A/2009/4

address systemic issues in consort with the government and international aid agencies in Uganda. This close collaboration has reduced the risk of duplication with other bodies, consistent with the UN policy of delivering as one. Although there is some overlap in the existing processes for documenting country activities with the Country Programme documents, the Country Strategy provides opportunity for linking project activity to corporate objectives. In Uganda three clear priorities were identified which have been aligned with the WFP's strategic objectives. Given the benefits arising from the country strategies, WFP should consider accelerating the programme for delivery of the remaining strategies. However, there is scope for some improvement to the existing model; by allocating project expenditure to the priority areas and strategic objectives to better identify the cost of delivery and to facilitate results based management. There is also scope for the Executive Board to consider whether it would be content to see Country Strategies rather than Country Programmes, in order to reduce duplication.

5. In respect of targeting food aid to the most vulnerable people, we found that food security, health and nutrition assessments had been completed and used to inform food allocations. These processes were appropriate and the results of assessments were widely shared with government and donors. This information and the discussions with stakeholders were fed into the design of projects and incorporated within the strategy. The Uganda country team were alert to risk, and effective in managing risks such as funding shortfall. However, risk management was largely responsive, given the absence of systematic and embedded risk management processes. The Country Strategy should provide a means to document key operational risks which could impact on the delivery of the strategic objectives, and provide details of the proposed mitigation strategies. This will provide confidence to Member States and donors and facilitate improved monitoring of risks by HQ.
6. Finally, our review identified that appropriate operational performance data was being collected at a project level to report achievements, underpinned by the clarity of targets and priorities articulated in the Country Strategy. However we identified a need for improvement in validation processes. In addition we identified issues

around the definitions used for the reporting of beneficiaries, some of whom may be in receipt of more than one service. Given the importance of performance measurement, greater attention needs to be given to a central verification process to provide assurance over reported data, and focus needs to be given to the definition of beneficiaries.

Introduction

7. The World Food Programme has a challenging mandate to alleviate food poverty across the world, with limited resources to meet increasing demands and expectations across its operations. In order to address this, WFP's Executive Board agreed the Strategic Plan 2008-13, which articulated the objectives and priorities for the organisation to ensure the best use of resources made available by donors. This provides focus, and helps the Executive Board identify the extent to which the organisation is providing the most effective use of resources against their agreed priorities. WFP operations need to be geared toward the delivery of these strategic objectives, within the parameters of the conditions set by donors.

Background and Scope

8. Previous reports by the External Auditor have largely focused on the systems used by the WFP to manage the programme. Although we have reported to management on field operations as part of our visit programme, this has been to support our audit opinion. We have not previously reported to the Executive Board on the processes employed by field offices to plan their operations. As a result of the development of the WFP Corporate Plan with the strategic shift to food assistance, and the implementation of a policy of preparing country strategic plans, we considered it an appropriate time to look at ways in which field operations align their country programmes to meet and report against strategic objectives. Our aim is to inform the Executive Board about this process and to highlight the ways in which this is achieved and to identify good practice and areas for improvement. It is not within the scope of this report to cover the effectiveness of the programmes themselves.

9. In order to achieve this aim we sought to identify a country operation which has addressed the issue of strategic alignment. In selecting the country we recognised that the size and complexity of operations differ significantly, reflecting factors such as need and operational circumstances. At the time of our review, country strategies had been undertaken by Uganda and Sudan, and a further 13 were in progress.

Exhibit 1: Country Strategy roll-out to countries with direct expenditure in excess of US\$100 million in 2008

| Country | WFP Direct Expenses 2008 US\$ million | Planned Date for Preparation of Country Strategy |
|-------------|--|--|
| Sudan | 836 | 2009 |
| Ethiopia | 287 | 2010 |
| Afghanistan | 205 | No date set |
| Kenya | 182 | No date set |
| Somalia | 178 | No date set |
| Zimbabwe | 166 | 2010 |
| Uganda | 117 | 2009 |
| DR Congo | 101 | No date set |

Source: External Audit Analysis of Annual Performance Report, and Country Strategy roll-out programme

10. Following analysis, we discussed our shortlist of possible countries for our audit with WFP's Chief Operating Officer and selected Uganda for review. Operations in Uganda cost over US\$117 million in 2008 reaching some 2.4 million beneficiaries. The WFP Uganda country team were the first to develop a Country Strategy linked to the WFP Strategic Plan. This strategy was then used to inform and develop the Country Programme for Uganda, which was subsequently approved by Member States. This provided us with the opportunity to consider the impact of this new approach.
11. Our work in Uganda followed a methodology which included interviews with senior staff in HQ, the Deputy Director of the Regional Bureau based in Uganda, staff in the Uganda country office in Kampala and sub-offices in Gulu and Kotido, together with visits

to a sample of projects run from these sub-offices. We also held interviews with key donors for the Uganda programme. The Annex provides an analysis of this methodology. Our reporting has focussed on how:

- The Country Strategy reflected the priorities set in the WFP Strategic Plan;
 - Food aid is targeted to the most vulnerable people; and
 - Performance is assessed.
12. In our work we were assisted by operations staff in HQ and the WFP Uganda country team. We are grateful for the significant assistance provided during the review, and for their constructive comments.

Reflecting strategic objectives in a Country Strategy

Developing the Country Strategy

13. The WFP Corporate Plan 2008-2013 approved by the Executive Board² introduced a shift from a focus on food aid to food assistance in order to provide longer-term solutions to the hunger challenge. In parallel, the WFP Executive Director approved a policy³ of developing country strategies to more clearly articulate how Country Office priorities tie in with corporate objectives and meet local needs. The strategies are intended to more closely align projects with the work of other UN and aid agencies, in particular to link to the United Nations Development Assistance Framework (UNDAF). This framework reflects the national government's poverty reduction strategy, and the work of other UN Agencies and partners in country. In this way the Country Strategy offers the potential to provide a clear link between the objectives set in the Corporate Plan, local country priorities and individual projects. WFP expect each country to develop a country strategy over a three to four year period, linked to the revision of the country UNDAF.
14. The WFP programme for Uganda is of a significant size (some US\$117 million in 2008) and covers a range of interventions including humanitarian aid and development projects. The Uganda Country office responded to the Executive Director's initiative and commissioned the first country strategy. This process was linked to the revision of the country's UNDAF. The key steps adopted by Uganda in developing the strategy process are summarised in Exhibit 2.

² WFP/EB.A/2008/5-A/Rev.1 – June 2008

³ <http://one.wfp.org/eb/docs/2009/wfp/194066-1.pdf>

Exhibit 2: Key Steps in the Development of the WFP Uganda Country Strategy

1. *Preparation phase*: analysis of lessons learnt from past interventions, review of ongoing activities and options for the strategic direction.
 2. *Consultation phase* including input from:
 - Government of Uganda to ensure alignment with national priorities;
 - UN partners to ensure consistency with the UN Development Assistance Framework;
 - WFP staff to promote ownership and understanding;
 - WFP Regional Bureau and HQ to ensure consistency with regional issues and the corporate strategy;
 - Donors;
 - Other non-governmental organisations operating in Uganda to ensure planned activities would not result in duplication;
- Finalisation phase*: approval by WFP Uganda senior management and the Strategic Review Committee in HQ.

Source: WFP, Uganda

15. In developing the strategy, the country office undertook consultations with key stakeholders to ensure consistency with the development plans of the Government of Uganda, the UNDAF⁴ and the views of local non-governmental organisations and beneficiaries. This integration of planning with other stakeholders was to maximise the efficiency of inputs from other bodies and to help address systemic issues within Uganda. We saw evidence from our review that the Country Strategy integrated with the overall UNDAF plan for Uganda, and that there had been detailed consultation on the strategy, particularly with other UN Agencies operating in country, such as the Food and Agriculture Organization, and the

⁴ www.undp.or.ug/download.php?f=UNDAF%202006-11%20Uganda.pdf

United Nation Children's Fund. This improved process has reduced the risk of overlap and duplication, consistent with the UN policy of delivering as one.

16. The Strategy covers the period 2009 to 2014 and identifies three operational priorities within Uganda, see Exhibit 3. The first priority area is addressed through a separate emergency operation and a separate protracted relief and recovery operation as well as a substantial realignment of the PRRO, approved by the Executive Board in April 2009. The Country Strategy focuses mainly on the second and third of these priority areas of food and nutrition security, and agriculture and market support. Following completion of the strategy, WFP Uganda reviewed and revised their project portfolio to obtain alignment with the identified programme priorities. These strategic priorities have subsequently been reflected in the Uganda Country Programme.

Exhibit 3: The priorities of the Uganda Country Strategy

| |
|--|
| <i>WFP UGANDA PRIORITY ONE: EMERGENCY HUMANITARIAN ACTION</i> |
| <i>Target One by 2014: There are no deaths from acute hunger, and the productive assets of the most food and nutrition insecure households are protected against droughts, floods and other shocks (WFP Strategic Objective 1)</i> |
| <i>WFP UGANDA PRIORITY TWO: FOOD AND NUTRITION SECURITY</i> |
| <i>Target Two by 2014: Most post-conflict recovering communities have become net food producers, and chronic child hunger has been cut by one fifth (WFP Strategic Objectives 2, 3 and 4)</i> |
| <i>WFP UGANDA PRIORITY THREE: AGRICULTURE AND MARKET SUPPORT</i> |
| <i>Target Three by 2014: Farmers and traders are in a position to sell to WFP more than US\$100 million annually in locally produced food commodities (WFP Strategic Objective 5)</i> |

Source: Uganda Country Strategy

17. The Country Strategy embraces all operations in country within a structured framework. While the Country Strategy was referred to in the 2009 Annual Performance Review⁵, and has been subject to informal Board briefings, the Country Strategy has not been formally considered by the Executive Board. From our review we identified that the Uganda Office currently prepares two other project documents in addition to the Country Strategy, an emergency operation and a protracted relief and recovery operation to meet the first priority area; and a Country Programme to address the second and third priority areas – last revised and considered by the Executive Board in November 2009⁶. There is some inefficiency and overlap in these documents, and there is scope for the Executive Board to consider whether the Country Strategy alone would be sufficient to meet its information needs.
18. In preparing a clear strategy it is important to fully understand the costs of achieving the identified objectives and priorities, this provides a means to quantify the resources needed and ultimately to measure the final costs of delivery. Although individual projects within the Uganda programme were costed, the strategy does not identify the cost of delivering strategic objectives, as some projects supported the delivery of more than one strategic objective. There is currently no central mechanism to facilitate attribution of costs, which makes it difficult for WFP to assess the costs of achieving overall strategic objectives. In our previous report on the IPSAS Dividend we have considered the arrangement for matching costs to approved objectives, and in earlier reports identified the importance of results based management, which links costs to specific outcomes. We recognise that processes for matching costs to objectives should not be over-complex, support the business and not inhibit flexibility in the delivery of projects. The development of country strategies could offer the impetus to develop results based management at a local level, as the strategy currently lacks information to link the use of resources to specific deliverables. This links to points raised in other external audit reports.

⁵ APR para 260

⁶ WFP/EB.2/2009/8

19. The Strategic Resource Allocation Committee is an administrative committee established in 2009 whose initial focus has primarily been the allocation at a country level from the multilateral aid budget which totals some \$250 – 300 million a year. The Committee comprises the Deputy Executive Directors and senior staff. The Committee uses its resources amongst other objectives to focus on priority projects, assist projects experiencing a shortfall in funding, and those which have made calls on central contingency funds; where immediate funding needs arise; and to address known donor preferences. Requests for assistance to the Committee have exceeded the resources available. A key focus for the Committee is the need to identify where the resources it allocates can be applied to the most cost-effective interventions. A focused country strategy can help to provide this information, as it more clearly identifies priorities and provides a more effective mechanism for the Committee to determine the allocation of scarce resource.

Designing projects

20. Unlike many other international bodies within the UN system, WFP's operations are solely supported by voluntary donations. Project design has to take account of specific donor conditions, or stipulations which may include: specification of the project to be funded; specific procurement requirements; or the timing of resource utilisation. Donors may also express preferences for the use of funding, such as targeting emergency operations. Donor stipulations are recorded by WFP in WINGS II which provides a focus for review and for monitoring compliance. Although stipulations might reduce the flexibility of WFP Uganda, it was clear from discussions with WFP staff and donors that this had not caused any significant operational problems.
21. The consultations undertaken by WFP as part of developing the Country Strategy helped the Uganda Office identify donor priorities and build consensus in the design of projects. As a result of the development of the strategy we identified that project objectives had remained the same, but that the methods of implementation or the inputs required had taken account of donor preferences. For example, where a donor preferred to provide in-kind commodities rather than monetary contributions.

22. As part of project design and planning, WFP Uganda has regard to the sustainability of projects, namely whether they can be handed over to the government or other suitable delivery partners; whether they can be closed without undue impact; or extended into a new project. From our reviews we confirmed that issues of sustainability had been identified in project designs and accommodated within the strategy.
23. As WFP projects are funded by donors on a voluntary basis, we asked a group of key donors in Uganda (Japan, USA and UK) for any comments they had on the planning process and project identification. Donors were positive regarding the development of the Country Strategy and Country Programme. They told us that WFP had proved flexible in accommodating their preferences, for example in accepting contributions in the form of food commodities rather than monetary contributions. For the future, donors recognised that WFP's shift in Uganda from food aid to agriculture and market support would entail a change in the way in which they funded WFP's operations.
24. Our examination confirmed that stipulations are well documented in funding agreements, and from our testing we were satisfied that WFP has controls in place to monitor compliance with these. The donors we spoke to were satisfied that stipulations relating to Uganda were being met with and they did not envisage imposing additional stipulations in the strategic shift from food aid to food assistance. Donors told us that they would welcome more information to demonstrate how their funds have been utilised in respect of non-food interventions, recognising that funding to WFP has traditionally focused only on food aid. As WFP develops new ways of addressing hunger such as food assistance, it will need to ensure that it is able to identify the costs and measure of success in relation to planned interventions. In the view of donors WFP needs to ensure that it has access to potentially different funding streams as a result of the change in focus.
25. It emerged from our discussions with staff in Uganda that the WFP's central budgeting and funding structures were not well geared to the development of more innovative food assistance projects. This is

because the budget for running the country office has traditionally been calculated based on the quantity of food distributed. As the Uganda office explored the use of new forms of non-food interventions, such as food vouchers, it became clear that there was no established mechanism for budgetary provision to fund the overhead costs of such projects. Current overhead funding allocations are based on the metric tonnage of food distributed. As such this could reduce the funding available to country offices which identify non-food interventions as the most appropriate way to meet objectives. We understand the current methodology is being examined as part of HQ's financial framework review, but a consistent and appropriate mechanism is needed to ensure that projects of a non-food nature are adequately resourced.

26. Following the completion of the Country Strategy, the Uganda team and HQ staff undertook a lessons learned exercise, which identified benefits including:

- Increased coherence and consistency between WFP's various projects in Uganda;
- Greater alignment to both the corporate strategic plan and the policies and strategies of the Government of Uganda;
- Better integration with UNDAF - UN and other agencies operating in the country;
- Clearer understanding by government, partners and WFP staff regarding where WFP Uganda is heading, why they are heading there, and what they are trying to achieve; and
- Redefining the scope of some projects to ensure a focus on the corporate strategic objectives.

27. The lessons learned from the experience in Uganda and elsewhere have been utilised in developing a guidance note for countries preparing a strategy. Our field visits, discussions and reviews of documentation are consistent with these findings. In our view, the process of establishing the Uganda Country Strategy represents a clear improvement in operational planning and can be linked more

clearly to WFP's Corporate Strategy and objectives, as summarised in Exhibit 4.

Exhibit 4: WFP Uganda: Linking the WFP Strategic Plan to the Identification of Projects and Activities

| | |
|-----------------------|---|
| 1. WFP Strategic Plan | <i>Objective:</i> To save lives in emergencies and reduce acute malnutrition caused by shocks to below emergency levels |
| 2. Country strategy | <p><i>WFP Uganda Priority 1:</i> Emergency Humanitarian Action - targeting people who cannot meet their basic food and nutrition needs.</p> <p><i>Target 1 by 2014:</i> There are no deaths from acute hunger and the productive assets of the most food and nutrition insecure households are protected against shocks</p> |
| 3. Project Documents | <p><i>EMOP:</i> To save lives in Karamoja until 2009 harvest.</p> <p><i>PRRO:</i> To support refugees and extremely vulnerable individuals who are internally displaced.</p> <p><i>Country Programme:</i> Supporting Government-Led Initiatives to Address Hunger in Uganda.</p> |

Source: Analysis by External Auditor

28. The development of country strategies requires significant amounts of staff time, particularly that of senior managers. HQ has provided up to US\$25,000 towards the costs of preparation but there is significant additional staff input, which has not been fully quantified. It is important for the WFP to assess the impact of the success of country strategies. One indicator is the impact a strategy has on the willingness of donors to fund proposed projects. The evidence from Uganda is that before the strategy, the Country Office was able to fund some 45 percent of its planned activities. Following the refocusing of projects in line with priority areas, WFP management anticipate that, in due course, commitments by donors would cover the whole of the proposed programme, even though that programme is more extensive than previously announced.
29. A top-down planning approach provides a clearer focus for donors to understand how their donations will support the strategic aims of

the organisation and it enhances accountability for the use of resources. It also provides an opportunity to more clearly demonstrate coherence in project design. However, country strategies would be further enhanced by the inclusion of costing information, to enable a focus on the cost of each priority area and corporate objective. Given the benefits, consideration should be given to a more timely roll-out of the preparation of country strategies to enable a clear fit between WFP's strategic objectives and the delivery of its programmes at operational level.

How the Country Strategy facilitates the targeting of food aid to the most vulnerable

Obtaining and using a needs assessment

30. The priorities of WFP Uganda are focused on the need to address chronic hunger. The design of the Country Strategy must therefore establish the scale and extent of hunger, in order to plan suitable strategies to address the problem. WFP Uganda has obtained evidence on vulnerable households from food security analyses and health and nutritional assessments, which have been used to develop the programme of work. A comprehensive review is undertaken every three to five years and assists in classifying population groups by nutritional status in order to target aid. The Comprehensive Food Security and Vulnerability Analysis⁷ (CFSVA) was conducted in November 2008, and sought to identify a number of key facts, namely:

- The number of people who are food insecure or vulnerable;
- Who is effected by food insecurity or vulnerability;
- The location of the food insecure or vulnerable;
- The underlying causes and threats to food security and nutrition; and
- The implications for food security interventions.

⁷ <http://www.wfp.org/content/uganda-comprehensive-food-security-and-vulnerability-analysis>

31. The information collected was shared with the government and donor community to provide an opportunity for comment and engagement on the methodology and findings, and provide the basis for informed discussion of the design of projects. The data provided WFP Uganda with the baseline information to enable it to monitor and assess the achievement of objectives over time.
32. In addition to the analysis of the CFSVA, WFP sponsor smaller biannual nutritional and health assessments and ad hoc reviews to supplement the evidence base on vulnerable groups. These help to monitor trends in malnutrition and can strengthen the evidence base for ongoing interventions. As an example, a special report in April 2009⁸ on the district of Kotido identified a high rate of global acute malnutrition; the country office was able to respond by increasing food distribution to this area.
33. Having identified need, WFP staff worked with the government and donors to design projects and to fund operational requirements. Our review confirmed that performance data on existing and previous projects was being used to inform and influence the design of new projects. The needs data was loaded into PRoMIS (a bespoke project management information system developed by the Southern Africa Regional Bureau), to enable the reporting of actual performance against the forecast needs of the project. The PRoMIS system operated in parallel with the WFP corporate system, which is now being progressively replaced by the project management module of WINGS II.

Management of risk within the Country Strategy

34. An effective plan to ensure that vulnerable people will receive food aid should encompass an element of risk management. Although individual project risks are documented within the framework of individual projects in accordance with the project approval process, we were not able to identify documented evidence to suggest that there had been a regular, formal or systematic evaluation of risk. While risks had been considered in the development of the strategy, there was scope for improvement in the disclosure of these risks and

⁸ *Nutrition and health assessment: Kotido, World Food Programme, (April 2009)*

to evidence ongoing monitoring. WFP Uganda has prepared a risk register at country level covering four risks: timely delivery of food; safety and security; the accuracy of beneficiary listings; and the operation of the computer system. The development of a strategy allows overall operational risks to be set in the context of the wider strategic objectives of WFP. This enhances the transparency of operational risks, and increases donor confidence in how such risks might be managed.

35. Risk registers should include an assessment of the likelihood and impact of operational risks; and a record of actions taken to reduce/mitigate these risks. For example, for a period of time funding of the Uganda programme was uncertain, and we noted that project plans did not fully assess this risk and the mitigation strategies. The assessment of these risks could have been built into the planning process and disclosed in the strategy.
36. At the project level, through their ongoing involvement in operational activities, staff are alert to risks that restrict project activities and adjust their approach accordingly. We saw evidence of this where WFP Uganda sent a mission team to Karamoja in November 2008 to identify and document short, medium and long term actions to mitigate risks, including security and safety risk, relevant to the distribution programme.
37. However, there is still an absence of systematic and fully embedded risk management process, and this has been commented on by previous external audit reports. Processes need to be established centrally to encourage a consistent approach to risk management and identification at all levels. This development will assist in embedding general principles of risk management which can be cascaded to operational activities. Poor risk management can threaten the capacity of the organisation to meet strategic objectives, and undermine the delivery of country programmes. The key risks and mitigation strategies should feature in the Country Strategy. WFP have recognised this issue and have established a central Performance and Accountability Management Division with responsibility for improving in 2010 the organisation-wide risk

assessment and risk management processes in line with best practice.

Measuring performance in Uganda operations

38. Measurement of performance enables the Country Office, and WFP more generally to assess the effectiveness of the delivery of targets quantified within the approved Country Strategy, and to measure the extent to which objectives have been met. Performance data also provides evidence for policy making and provides information on the effectiveness of methods of delivery which can inform future project design.
39. The main measure of performance is the beneficiary, defined as a targeted person who is provided with WFP food under at least one WFP intervention at any time during the reporting period. The number of projected beneficiaries arising from emergency humanitarian actions is 1.9 million, from projects aimed at food and nutrition security 361,000⁹, with a further 211,000 projected as arising from activities for agriculture and market support.
40. Project monitoring and progress reports are prepared on a monthly basis and reported to the Country Director. Data on the number of beneficiaries and outcomes form part of the annual project-based reports to donors, and may be amalgamated with performance data from other countries as part of the reporting in the Annual Performance Review. In addition, work may be undertaken by the central WFP Oversight Services Division and the Evaluation Unit to review performance. The framework of reporting reflects the information needs of the Executive Board, line managers and donors. In providing the required performance data at project and country level, WFP Uganda draws upon the information held in the PRoMIS system. This simplifies the response to most data requests, and ensures consistency between the various returns. It is good practice to periodically consider the nature and frequency of reporting and there is scope to encourage some donors to consider streamlining reporting processes. Some donors required significantly more in their progress reports which adds extra reporting burdens on the

⁹ WFP/EB.2/2009/8 – November 2009

project teams. An outline of the reporting framework is shown at Exhibit 5.

Exhibit 5: Project Reporting Arrangements

| Document | Frequency | Typical Contents |
|-------------------------------------|--------------------|--|
| Situation Reports | Weekly and Monthly | quantitative data on beneficiaries and tonnage; key issues; and requests for support |
| Executive Brief | Monthly | quantitative data on beneficiaries and tonnage; resources; key operational issues; and recent developments |
| Key operational statistics | Monthly | funding needs and shortfalls; beneficiary numbers; and local purchase and expenditure figures |
| Regional Bureau | Monthly | quantitative data on beneficiaries and tonnage |
| Standard Project Reports for Donors | Annual | financial and operational information on project performance |
| WFP Annual Performance Report | Annual | quantitative data on beneficiaries and tonnage; food distributed by programme category, Country and Strategic Objectives; and financial analysis |
| Oversight Services Division | Ad hoc | assessment of financial and operational controls |
| Evaluation unit | Ad hoc | data regarding project performance. |

Source: WFP Uganda

41. Our enquiries at WFP HQ revealed that the data necessary to support these returns is often collected, collated and interpreted manually, as and when required. The development of the project management module in WINGS II will provide the opportunity for a single point of information in line with WFP's 'one version of the truth' project. This will facilitate more consistent and cost effective reporting of relevant performance data. However, as we have noted, WFP finds it difficult to allocate the costs incurred on projects between priorities and corporate objectives, because of their overlapping nature. This mitigates against a full understanding of the cost of the delivery of specific priorities.

Accuracy of reported data

42. A number of mechanisms are used by WFP to ensure that reported figures on beneficiaries and other achievements are accurate. These include verification at the point of distribution (a WFP operational requirement), monitoring of complaints if rations are not received, and review by experienced project teams and donors.

43. In our view the types of data on operational performance collected by the WFP are reasonable, however our review revealed some weaknesses in the accuracy of that data. We found there was no process to retain evidence that data is verified for accuracy or subject to data quality procedures. From our own examination of data held within the Country Office we identified various inconsistencies, as documented in Exhibit 6. These findings corroborate WFP's OSDA who reported in December 2008¹⁰ on weaknesses in the accuracy of data entry and validation; they also highlighted incidences of food distributions taking place without oversight from WFP staff. Although we recognise the complexity of obtaining data in a challenging environment, if WFP is to obtain accurate information on which to assess its performance, improvement needs to be made to the data verification process.

Exhibit 6: Examples of inconsistencies in reported project data

- School feeding programme in Kotido: we could not be provided with any evidence to support the number of take-home rations provided to girls who achieved attendance of over 80% during the term
- Maternal and Child Health (MCHN) project in Kotido: there was an unreconciled difference in the number of beneficiaries reported by the health centre and the number reported to have collected food rations:

| | | Health Centre Report | Food Stock Report | Difference |
|--------|------------------|----------------------|-------------------|------------|
| July | Girls | 422 | 462 | 40 |
| | Boys | 327 | 377 | 50 |
| August | Pregnant women | 77 | 62 | -15 |
| | Post natal women | 201 | 233 | 32 |

Source: NAO Fieldwork: Kotido, Uganda: October 2009

¹⁰ OSDA: Functional Audit of WFP Operations in Uganda (AR/08/21, December 2008)

44. We were informed that monitoring of project implementation is determined by the level of resourcing. In both the Gulu and Kotido sub-offices we visited, food monitors told us they did not have the capacity to carry out the recommended monitoring of their implementing partners and therefore lacked the ability to gain full assurance on project outputs. For example: WFP monitoring guidance states that all general food distributions must be observed by a WFP staff member. However, this requirement is difficult to achieve given 117 distributions are undertaken per month and one staff member is responsible for monitoring general food distributions in the Gulu office. Our discussions with senior staff in Uganda demonstrated that this issue is understood and action is being taken to introduce improvements into the system.
45. Our analysis of the process of performance reporting also identified issues around the definition criteria of a beneficiary which focuses on food aid rather than wider food assistance interventions. The current definition used in Uganda effectively assesses the number of food interventions, rather than the number of individuals aided by the programme. A single individual could receive food aid under several different types of intervention and be counted as a beneficiary on each occasion. Our visits to project sites highlighted two areas with the potential for double counting:
- Districts with multiple interventions, such as Gulu, where a school child can receive rations at both school and as part of general distributions; and
 - Beneficiaries who access services on multiple occasions may be double counted depending on whether the definition of beneficiary is interpreted as the number of times a project service is delivered or limited to the number of people who access the service.
46. We would encourage WFP to review the definitions used in its reporting of beneficiaries to address measurement problems associated with developments in food assistance; and where there may be duplication as a result of one or more interventions. This would provide a consistent and agreed measure with Member States. Within this context the WFP should also articulate a standard set of

data verification procedures which Country Offices should follow to ensure consistency and to provide additional confidence in reported data.

We recommend that the WFP should:

-establish an appropriate measure of output for non-food aid, and to move away from the use of Metric Food Tonnes as the basis for the allocation of project overhead funding where appropriate;

-bring forward the timetable for implementation of country strategies for high priority large sending countries and give consideration as to whether the Executive Board's focus should be on the country strategy rather than country programmes to reduce duplication;

-include improved costing information, to enable a better understanding of the costs attributable to the achievement of strategic objectives to enable a measure of cost-effectiveness. Such attribution of costs would have a wider application as identified in our IPSAS Dividend Report in moving WFP towards the achievement of results based management and to facilitate the work of the Strategic Resources Allocation Committee;

-develop central systematic risk analysis processes, so that country strategies contain key operational risks which might impact upon the achievement of objectives, and articulate the planned mitigation strategies. Furthermore, the process should be used to ensure that local risks are understood centrally;

- *consider refining the definition of a beneficiary to avoid the potential for double counting and to ensure that it takes account of the benefits arising from the provision of non-food aid projects, such as farming and market support; and*

- *establish cost-effective, consistent and reliable methodologies for measuring and validating the number of individuals assisted by projects.*

ANNEX: METHODOLOGY

This Annex summarises key aspects of the methodology adopted by the External Auditor in this review.

| Method | Purpose |
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| Semi-structured interviews with WFP Headquarters staff | <p>To establish the division of responsibility and interaction between Headquarters and Country Office and determine the overall level of oversight and accountability Headquarters has over the operations in Uganda.</p> <p>Meetings were conducted with the Deputy Executive Director / Chief Operations Director, and staff from the following departments:</p> <ul style="list-style-type: none"> ▪ Internal Audit ▪ Food Security Analysis ▪ Programming Service ▪ Operational Reporting and Analysis Branch ▪ Programme Design Service ▪ Operational Liaison Office ▪ Donor Relations ▪ Office of Evaluation ▪ Performance and Accountability Management |
| Semi-structured interview with the Deputy Director of the Regional Bureau | To ascertain the Regional Bureau's role in the setting of objectives, project design and performance assessment. |

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| <p>Semi-structured interviews with WFP Uganda staff in Kampala</p> | <p>To gain information on the two key audit questions: Is food aid targeted to the most vulnerable people; and is WFP able to accurately assess its performance. Interviews were conducted with the Country Director, Deputy Director and staff from the following teams:</p> <ul style="list-style-type: none"> ▪ Monitoring and Evaluation ▪ Evaluation ▪ Programme ▪ Donor Relations ▪ Finance ▪ Vulnerability Analysis and Mapping |
| <p>Semi-structured interviews with WFP Donors</p> | <p>We visited representatives from USAID, DFID, and the Government of Japan to ascertain the level of oversight they have over WFP activities and any role they played in the setting of country objectives and operational portfolio</p> |
| <p>Field visits to Uganda sub-offices and intervention sites</p> | <p>We visited WFP sub offices in Gulu and Kotido to gain an understanding of how field staff monitor operational activities and to determine how the assurance they provide has been obtained. During these visits, we observed the monitoring of four WFP interventions. The following projects were selected by the sub-office to represent the variety of current projects:</p> <ul style="list-style-type: none"> ▪ General Food Distribution at Gulu Hill IDP Camp ▪ Therapeutic Feeding at St Mary's Hospital, Gulu ▪ Maternal and Child Health and Nutrition at KDDS Clinic, Kotido ▪ Food for Education at Mary Mother of God Mission School, Kotido |

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| File review of WFP documents held at WFP headquarters, country office and sub offices | We reviewed documentation to triangulate our findings from qualitative data sources and to gain evidence on the reporting line of project guidance from Headquarters to project interventions and project data reporting from interventions upwards to Headquarters |
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