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Agenda item 5

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RESPONSE OF THE SECRETARIAT TO THE REPORT BY THE EXTERNAL AUDITOR ON MANAGING FOR RESULTS: A SECOND REVIEW OF PROGRESS IN IMPLEMENTING RESULTS-BASED MANAGEMENT

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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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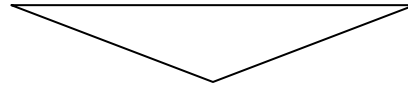
Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

* Finance and Legal Division

** Office of the Executive Director



DRAFT DECISION*



The Board takes note of the audit recommendations made by the External Auditor in his report (WFP/EB.2/2008/5-B/1) and of the responses made by the Secretariat as set out in the document “Response of the Secretariat to the Report by the External Auditor on Managing for Results: a Second Review of Progress in Implementing Results-Based Management” (WFP/EB.2/2008/5-B/1/Add.1), and encourages the Secretariat to implement the audit recommendations without delay.

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations (document WFP/EB.2/2008/15) issued at the end of the session.



OVERALL RESULTS OF THE AUDIT

1. The Secretariat notes the External Auditor's positive observation that WFP's results-based management (RBM) system, which has been in place for five years, has consistently met standards of good practice and that WFP has benefited from the improvements it has brought.
2. The Secretariat welcomes the observations and recommendations of the External Auditor, because they will reinforce ongoing governance and administrative reforms.
3. The Secretariat will continue to increase capacity to meet the growing demand to embed RBM practice in all aspects of WFP activities and will provide support to meet priority requirements.
4. The Secretariat's responses and action points to address the External Auditor's recommendations are discussed in this report.

SETTING OBJECTIVES, OUTCOMES, OUTPUTS AND INDICATORS

Issue 1

5. The External Auditor noted that although WFP's Strategic Objectives set out valuable goals, they are not specific enough to be measurable and hence cannot be used to determine whether strategic and project-level targets have been achieved.

⇒ *Recommendation 1*

6. 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 WFP would be able to measure its performance.

⇒ *Secretariat's response*

7. The Secretariat believes that the Strategic Objectives approved by the Board provide adequate guidance for the development of objectives, outcomes and outputs at other levels. The Secretariat agrees with the recommendation and has introduced a subsidiary level of measurable objectives to measure WFP's performance. The *Strategic Results Framework (2008–2011)* reflects these changes.

⇒ *Proposed implementation timeframe*

8. The changes will be implemented immediately.

Issue 2

9. The External Auditor noted that WFP staff find it difficult to appreciate how their accomplishments contribute to achieving the Strategic Objectives because WFP's Management Objectives are at the same hierarchical level. Staff achievements could instead be measured in terms of Management Objectives that are associated with particular Strategic Objectives; personal work plans could be developed on this basis.



⇒ *Recommendation 2*

10. 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.

⇒ *Secretariat's response*

11. In view of the complexity of linking Management Objectives to particular Strategic Objectives, the Secretariat intends to redefine the current Management Objectives to align them with the results measurement system being developed for the *Strategic Results Framework (2008–2011)* mentioned above.

⇒ *Proposed implementation timeframe*

12. Implementation will be immediate.

Issue 3

13. The External Auditor acknowledged the usefulness of the *Indicator Compendium* in developing performance measurement in WFP, but characterized the document as a work-in-progress with many indicators in pilot form and insufficient indicators to measure performance against some outputs and outcomes.

⇒ *Recommendation 3*

14. When it finalizes the new Strategic Plan (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.

⇒ *Secretariat's response*

15. The Secretariat believes that there is significant value in updating the *Indicator Compendium* and that parts of it could be expanded to enable full measurement and demonstration of WFP's performance against objectives. The Secretariat will update the current *Indicator Compendium* following approval of the *Strategic Results Framework (2008–2011)*.

⇒ *Proposed implementation timeframe*

16. Implementation is planned for March 2009.

MEASURING AND REPORTING PERFORMANCE AGAINST OBJECTIVES, OUTCOMES AND OUTPUTS

Issue 4

17. The External Auditor found that project documents did not give targets for outputs and outcomes to be achieved, except for beneficiary numbers and food distribution. A lack of clean outcome and output targets hampers project approval decisions and the monitoring of project performance.



⇒ *Recommendation 4*

18. 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 report (SPR) for each project.

⇒ *Secretariat's response*

19. The Secretariat agrees with the recommendation and is committed to developing project documents that include details of outputs, outcomes and targets to facilitate the measurement and reporting of results in SPRs. Country offices are required to map outcome and output measurement frameworks in project documents. The country strategy document (CSD) concept, which is being developed, will be results-based; a guidance note is being prepared for the purpose and an RBM assessment checklist will also be developed to assist in project design and monitoring.

⇒ *Proposed implementation timeframe*

20. The *RBM Assessment Checklist* will be ready in January 2009; the *Guidance Note on the Results-Oriented Country Strategy Document* will be ready in the second quarter of 2009.

Issue 5

21. The External Auditor recognized the improvements in reporting output results, but highlighted inadequacies in project outcome monitoring and reporting; and the lack of a standardized performance information system as the main cause of discrepancies in performance information reported in SPRs and the Annual Performance Report (APR).

⇒ *Recommendation 5*

22. The Secretariat has made improvements to the performance monitoring of projects since the introduction of SPRs but it may wish to consider taking further steps to improve the monitoring of outcomes.

⇒ *Secretariat's response*

23. The Secretariat recognizes the need to improve project performance monitoring and outcome measurement. Ongoing work to refine the monitoring and evaluation (M&E) toolkits includes provision for results measurement. Harmonization of assessment and vulnerability-analysis tools will continue with a view to improving outcome measurement and reporting in SPRs. The Secretariat is collaborating with United Nations agencies and partners to develop methods for collecting outcome data and documenting progress on the outcomes of multi-agency interventions. Performance reviews by senior management supplemented by self-evaluations and evaluations by independent third parties will improve the outcome-measurement system.
24. The Secretariat is committed to ensuring that: i) the format of project outcome reviews and reporting is revised; ii) capacity-building for outcome measurement, monitoring and reporting is undertaken; and iii) guidance notes on outcome measurement, monitoring and reporting are developed and issued.

⇒ *Proposed implementation timeframe*

25. The revised project outcome review and reporting format is envisaged for the first quarter of 2009. Capacity-building will continue through 2009. Guidance notes on outcome measurement, monitoring and reporting will be issued in the second quarter of 2009.

Issue 6

26. The External Auditor noted that the current evaluation policy may not be feasible in practice. The policy requires evaluation of all projects lasting longer than 12 months, either during implementation or at completion, but fewer than 50 percent of such projects are actually evaluated.

⇒ *Recommendation 6*

27. 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 are 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.

⇒ *Secretariat's response*

28. The Secretariat agrees that a realistic evaluation policy is vital for the success of RBM, and steps have been taken to enhance the current policy. The revised draft evaluation policy proposes that 30 operations should be evaluated each year, 10 by the Office of Evaluation (OEDE) and 20 on a decentralized basis. The lessons learned will be presented in an annual report (see Recommendation 10) and will supplement good practice identified through monitoring (see Recommendation 7).

⇒ *Proposed implementation timeframe*

29. See implementation plans under Recommendations 7 and 10.

Issue 7

30. The External Auditor noted that divisions, regional bureaux and country offices prepare work plans that align their objectives with WFP's Strategic Objectives, but that lack of a common performance management information system hampers decision-making at all levels.

⇒ *Recommendation 7*

31. 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.

⇒ *Secretariat's response*

32. The Secretariat believes that it is important to enhance performance monitoring, and has recently done so through the Common Monitoring and Evaluation Approach (CMEA). The RBM Coordination Unit and the Programme Design and Support Division have been



sharing good performance measurement and monitoring practices across WFP through workshops and guidance and learning materials published in *WFPGo*. The Secretariat will introduce tools that reflect good practice to ensure timely and harmonized performance monitoring and communication of results information throughout WFP. These measures will continue as part of capacity-building to enhance RBM in the Secretariat.

33. The Secretariat will implement a performance management information system and will adopt revised RBM learning tools.

⇒ *Proposed implementation timeframe*

34. The revised RBM learning tools are expected in the second quarter of 2009. The performance management information system will be implemented in December 2009.

Issue 8

35. The External Auditor observed that completion rates of the Performance and Competency Enhancement Programme (PACE) are low because of the complex nature of PACE forms, difficulty in accessing them and lack of incentives and systematic PACE review procedures to complete PACE assessments to a high standard.

⇒ *Recommendation 8*

36. 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.

⇒ *Secretariat's response*

37. The Secretariat considers the completion of PACE by all staff and managers to be an important accountability requirement that is vital to the success of an RBM system. The Secretariat is exploring technology to simplify and improve access to the PACE system: the details will be set out in the forthcoming strategy paper on human resources to be presented at the Board's 2008 Second Regular Session. Refined PACE tools and procedures will be introduced to improve the monitoring of staff performance and provide feedback.
38. As part of the United Nations Common System, WFP will continue to follow the collective agreement on introducing performance-related pay: when that happens, PACE will continue to be the basis for measuring performance. But serious challenges remain in terms of compliance, and the Human Resources Division (OMH) is looking into ways of addressing them.

⇒ *Proposed implementation timeframe*

39. These enhancements will be introduced in 2009.



Issue 9

40. The External Auditor noted that PACE completion rates are low because there is no systematic review of PACE assessments to ensure that they are completed to a high standard

⇒ *Recommendation 9*

41. 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.

⇒ *Secretariat's response*

42. The Secretariat recognizes that good quality PACE assessments can support workforce development and retention. PACE assessments will from now be reviewed biennially rather than annually because of funding and resource constraints.

⇒ *Proposed implementation timeframe*

43. These changes will be implemented immediately.

Issue 10

44. The External Auditor noted the lack of a robust system to capture and share information on corporate and project performance, which limits learning among staff and managers and across projects and management jurisdictions.

⇒ *Recommendation 10*

45. 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 Reports: an Evaluation" and the APR.

⇒ *Secretariat's Response*

46. The Secretariat agrees with the first part of this recommendation and will improve the collection and dissemination of lessons learned from the monitoring and evaluation of project performance. An exchange of information on monitoring practices occurs through the *PassIt-On* tools and annual reporting workshops, which develop staff awareness of such practices.

47. The Secretariat will continue to prepare the two performance reports separately because they serve different purposes: the SPR evaluation reports project-level results to donors and the public; the APR conveys corporate results to the Board and the global audience. The Secretariat does not prepare evaluation reports for SPRs, but an internal document is prepared to share with managers lessons learned during the preparation of SPRs.

⇒ *Proposed implementation timeframe*

48. These improvements will be implemented with immediate effect.



Issue 11

49. The External Auditor noted a perception among staff that senior management commitment to RBM has waned since it was mainstreamed in 2006.

⇒ *Recommendation 11*

50. Senior management of the Secretariat may wish to take further steps to demonstrate to staff their continued commitment to RBM, for example by:

- rewarding achievement of results;
- updating the RBM 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.

⇒ *Secretariat's response*

51. The Secretariat agrees that continued commitment by senior management to RBM is central to the success of WFP's governance framework. RBM has been mainstreamed, and an RBM Coordination Unit has been created in the Office of the Executive Director that will: i) be the focal point for RBM in WFP; ii) guide RBM staff; iii) build the capacity of staff, government counterparts and partners; iv) update RBM policies, guidelines, documents and tools for performance planning; v) review performance and provide feedback for internal and external users to enhance transparency, understanding and adoption; and vi) provide guidance on RBM objectives, responsibilities, authorities and operational procedures as necessary to advance RBM practice. The unit will continue to provide technical support and backstopping to increase the capacity of RBM task managers and focal points in regional bureaux, country offices and Headquarters.

52. The Secretariat will: i) issue an Executive Director's circular; ii) reconstitute the RBM task managers and focal points network; iii) update the *RBM Orientation Guide*; and iv) update the work planning and performance review guidelines and tools.

53. The Secretariat cannot implement pay for performance in the current United Nations Common System, but it will continue to recognize and reward achievement of results through the Annual Merit and Efficiency Award for staff, teams and offices.

⇒ *Proposed implementation timeframe*

54. The proposed implementation timeframe is:

- December 2008: issue of the Executive Director's circular on RBM and reconstitution of the RBM task managers and focal points network
- First quarter of 2009: update of the RBM Orientation Guide
- Last quarter of 2009: issue of updated work planning and performance review guidelines and tools.



ACRONYMS USED IN THE DOCUMENT

APR	Annual Performance Report
CMEA	Common Monitoring and Evaluation Approach
CSD	country strategy document
M&E	monitoring and evaluation
OEDE	Office of Evaluation
OMH	Human Resources Division
PACE	Performance and Competency Enhancement Programme
RBM	results-based management
SPR	standard project report