



World Food  
Programme

SAVING  
LIVES  
CHANGING  
LIVES



# Resource Management Seminar

15 May 2018

World Food Programme Executive Board

# AGENDA

## Part 1: Key accountability/reporting documents

- 2017 Financial Statements including Overview of Statement on Internal Control
- 2017 Annual Performance Report
- Strengthening the Corporate Results Framework (CRF)

## Part 2: Other Resources and Budgetary Matters

- WFP's Advance Financing Tools
- Utilization of PSAEA reserves

## Part 3: Update on the Oversight Framework

## Part 4: UN Reform

Business Innovations Strategic Results Group

## Key EB dates



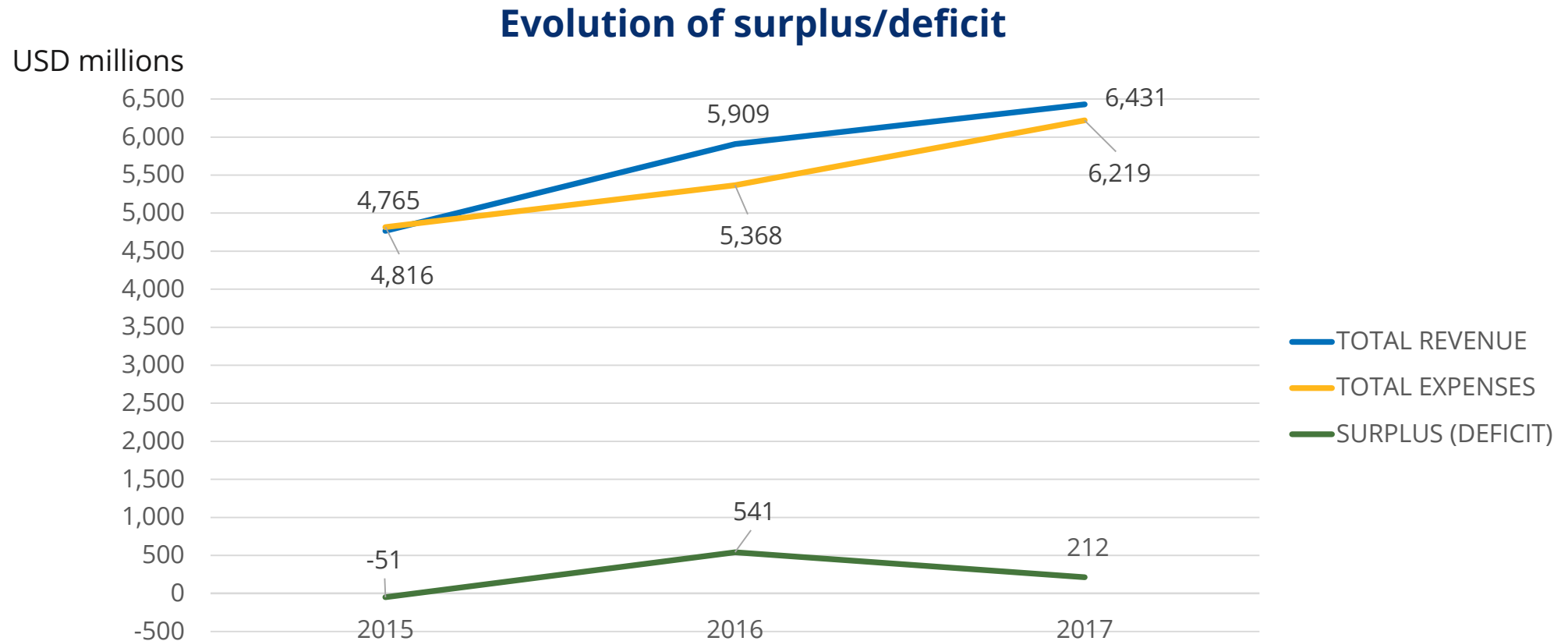
# Key accountability/ reporting documents

2017 Financial Statements  
including Overview of Statement on Internal Control



# Highlights of 2017 Financial Statements (1 of 4)

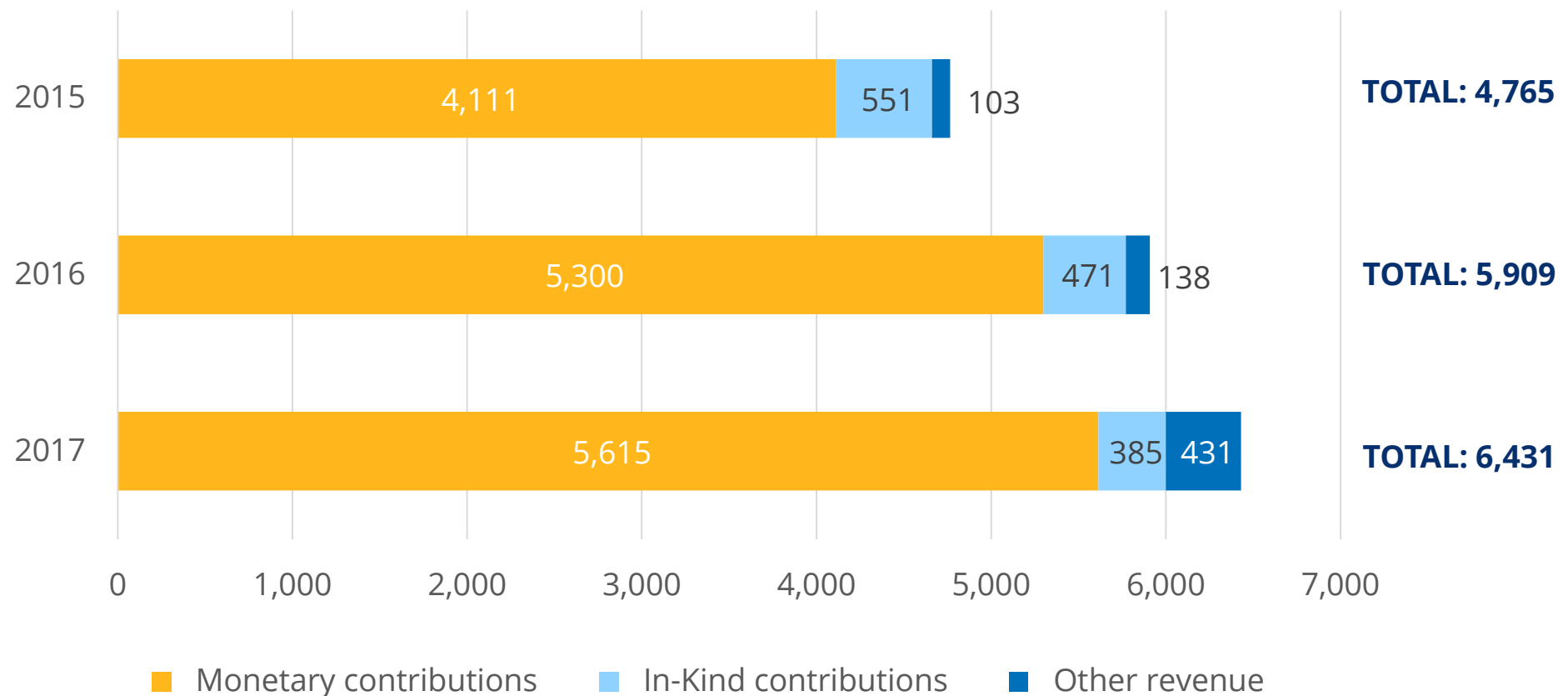
Increase in total revenue (USD 522 million) matched by increase in operational spending (USD 851 million) resulting in a reduced surplus (USD 212 million)



# Highlights of 2017 Financial Statements (2 of 4)

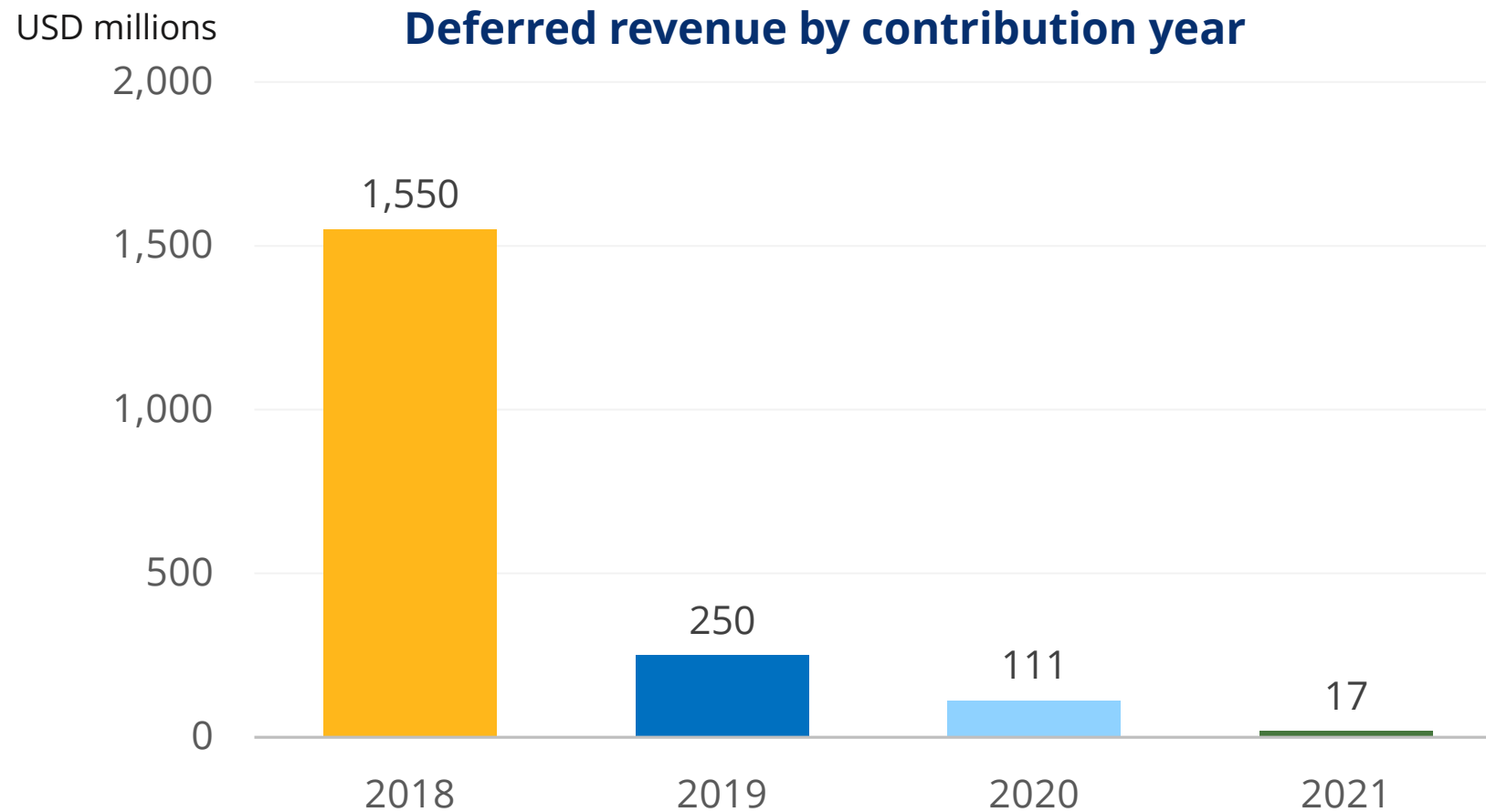
Monetary contributions revenue is growing and is at a record high in 2017

## Evolution and composition of revenue (in USD millions)



# Highlights of 2017 Financial Statements (3 of 4)

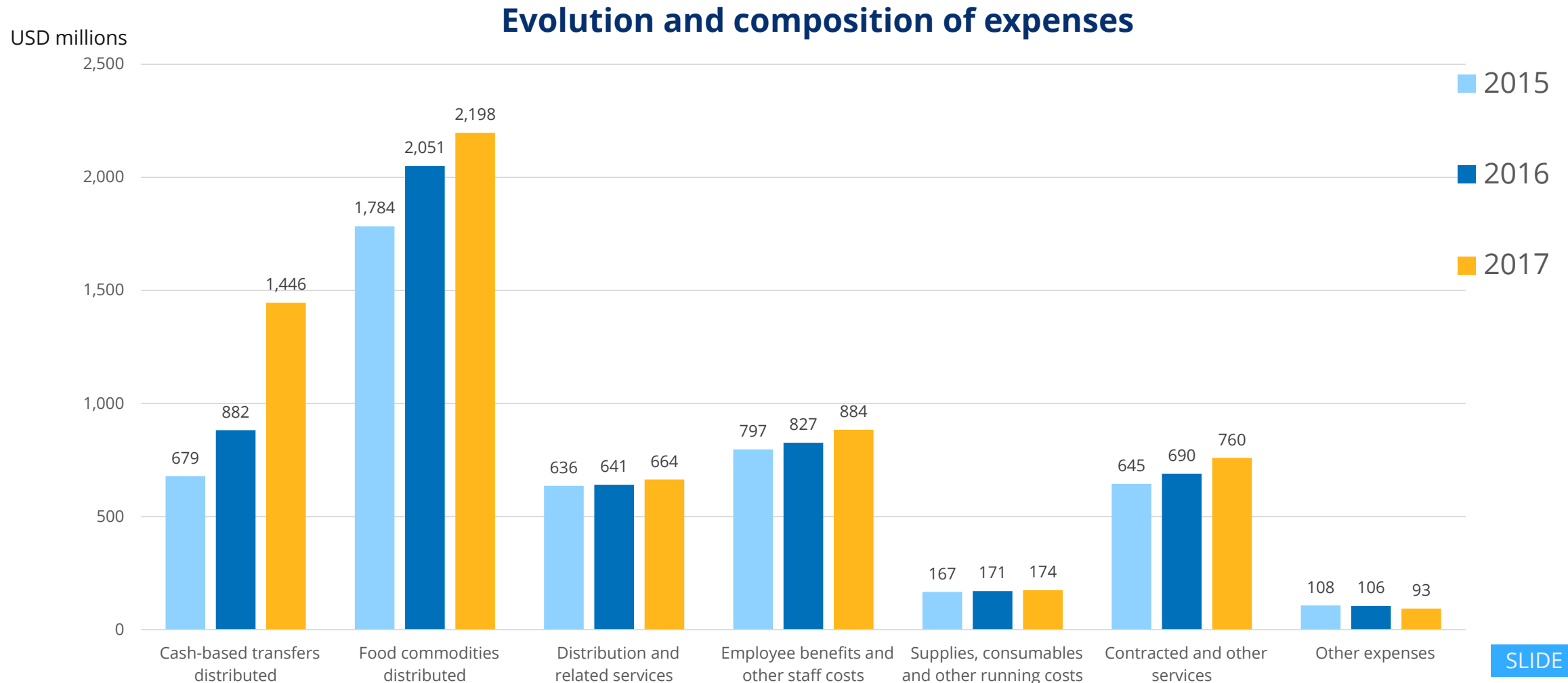
Deferred revenue totalling USD 1.9 billion, of which USD 1.55 billion stipulated for 2018 use



Deferred revenue in 2017 has nearly doubled compared to 2016  
(increased by USD 942 million or 96%)

# Highlights of 2017 Financial Statements (4 of 4)

Cash-based transfers are growing faster than other cost categories and are expected to continue to grow in 2018



# Statement I, II and V

## Statement II – Financial Performance

- Total **revenue of USD 6,430.9 million** increased by USD 522 million (9%):  
The increase is mainly due to an increase in monetary contributions revenue (USD 314.4 million), and in currency exchange gains (USD 262.3 million).
- Total **expenses of USD 6,219.2 million** increased by USD 851.7 million (16%) mainly due to increase in cash-based transfers (CBT) distributed expense.
- The **CBT costs reached USD 1,446.1 million** (including USD 77.4 million of commodity voucher transfers). The increase in **CBT costs** of USD 563.8 million (64%) was noted in all operations, but in particular in Syria and Syrian refugees' emergency and Somalia crisis, which together represent 77% of the total increase.
- 61% of the **food commodities distributed** in tonnage and 57% in value (out of total USD 2,197.5 million) **are attributable to WFP's large-scale operations** in Syria and Syrian refugees' emergency, Yemen, Ethiopia, South Sudan, Malawi, Nigeria and Uganda.



# Statement I, II and V

## Statement I – Financial Position

- **Total assets of USD 7,979.5 million** increased by USD 1,357.5 million (20%).  
The increase is primarily stemming from **increase in cash and cash equivalents** by USD 491.4 million (63%), and in current contribution receivables by USD 766.9 million (28%).
- **Food inventories** moderately increased (10%) as a result of increase in mt held, from 1.0m mt in 2016 to 1.1 million mt in 2017.  
The value of food inventories was USD 689.6m, USD 62.8m higher than at the end of 2016.
- **Deferred revenue** reflects contribution revenue stipulated for future years and in 2017 it increased by USD 942.0 million (96%) from USD 986.2 million at the end of 2016 to USD 1,928.2 million at the end of 2017.  
Of total deferred revenue, USD 1,550.0 million is stipulated for use in 2018 and USD 378.2 million is stipulated for use from 2019 and beyond.
- **Net assets** (WFP Fund Balances and Reserves) totalled USD 4,433.9 million.  
Out of total net assets, USD 3,692.8 million relate to programme projects and CSPs, representing approximately five months of operational activity (same as in 2016).

# Statement I, II and V

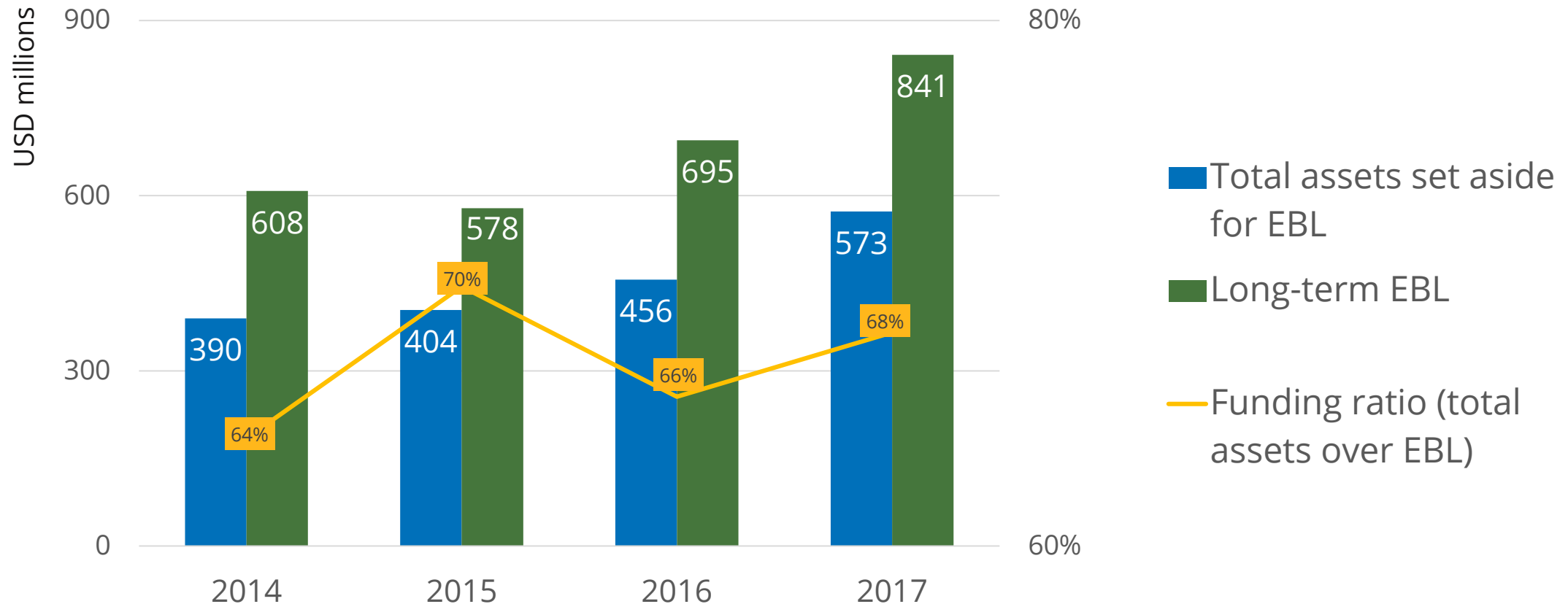
## Statement I – Financial Position (cont'd)

- The increase in total **employee benefits liabilities** of USD 175.5 million (25%) is mostly result of changes in actuarial assumptions, in particular, lower discount rate applied in valuation, new UNJSPF mortality rates and appreciation of EUR against USD.
- Assets set aside in the form of **cash and long-term investments** (bonds and equities) for the funding of employee benefits liabilities totalled USD 573.1 million in 2017, an increase of USD 116.7 million (25%) from USD 456.4 million in 2016.

# Employee benefit liabilities (EBL) funding

Assets set aside for EBL represents a **68% funding level** of the long-term liabilities.

This is an increase from the 66% funding level in 2016 and is primarily due to an increase in return on assets, partially offset by the growth in the liabilities.



# Statement V - Comparison of Budget and Actual Amounts

1

**Final budget (USD 9.8 billion) is higher than original by over USD 1 billion**

- Primarily due to increases related to Nigeria and Somalia emergencies
- Other increases were related to Uganda refugee response, and emergencies in South Sudan, Yemen, Bangladesh and DRC

2

**Actuals higher than prioritized plan due to higher than expected contribution revenue**

3

**Utilization rate of 59% of the final budget remains at the same level as in 2016**

4

**Largest CBT operations:**  
Syrian refugees' emergency

**Largest food operations:**  
Yemen and Syria

	Budget Amount		Actual on Comparable basis	Difference: Final budget and actual	Prioritized Plan	utilisation rate final budget %
	Original Budget	Final Budget				
<b>PROJECT COSTS</b>						
Food and related DOC	4,665.3	5,279.8	2,880.1	2,399.7	2,806.0	55
Cash-based transfers and related DOC	2,243.9	2,304.8	1,473.8	831.0	1,269.0	64
Capacity augmentation	479.1	485.7	310.8	174.9	339.0	64
Direct support costs	1,029.6	916.3	601.3	315.0	619.0	66
<b>Subtotal direct project costs</b>	<b>8,417.9</b>	<b>8,986.6</b>	<b>5,266.0</b>	<b>3,720.6</b>	<b>5,033.0</b>	<b>59</b>
<b>CSP pilots costs</b>	-	<b>453.8</b>	<b>154.1</b>	<b>299.7</b>	-	<b>34</b>
Regular PSA	335.4	335.4	334.1	1.3	335.4	100
Critical corporate initiatives	13.5	23.4	15.7	7.7	13.5	67
<b>Subtotal indirect costs</b>	<b>348.9</b>	<b>358.8</b>	<b>349.8</b>	<b>9.0</b>	<b>348.9</b>	<b>97</b>
<b>TOTAL</b>	<b>8,766.8</b>	<b>9,799.2</b>	<b>5,769.9</b>	<b>4,029.3</b>	<b>5,381.9</b>	<b>59</b>

# Review of IPSAS Accounting Policies

## IPSAS Changes

Effective Date	Changes	Impact on WFP
1 Jan 2017	<ul style="list-style-type: none"> <li>Accounting of <b>interest in other entities/joint arrangements</b></li> </ul>	<ul style="list-style-type: none"> <li>Additional disclosure (note 12) on material joint arrangements</li> </ul>
1 Jan 2018 (early adopted)	<ul style="list-style-type: none"> <li>Deferral of the recognition of certain <b>actuarial gains and losses</b> arising from defined <b>benefit plans</b> (the “corridor approach”) no longer allowed</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in net assets as at 31 December 2016 (comparative period) of USD 42.5 million</li> </ul>

# Overview of Statement on Internal Control (1 of 2)

## 2017 is seventh year for which a Statement on Internal Control (SIC) is being produced

- Two new questions on security were added to the 2017 Assurance Statement. Other questions were updated
- Global best practice to assure stakeholders and demonstrate accountability
- SIC, signed by Executive Director, published with Annual Financial Statements

## Completed Assurance Statements on internal control for each Office/Division form the basis of ED Statement

- Directors of WFP offices and HQ divisions submitted to RDs and DED/AEDs
- RDs and DED/AEDs cleared submissions by Directors reporting to them
- Evidence from other sources; e.g. oversight findings, corporate risk register, and Audit Committee

# Overview of Statement on Internal Control (2 of 2)

**100% of Directors, managing 135 WFP HQ and field offices, submitted an Assurance Statement and Letter of Representation**

**Statement of internal controls highlights significant risks:**

- Four areas previously reported need further improvement (improving operational monitoring and review systems, the impact of an unusually high number of L-3 and L-2 emergencies, enterprise risk management and oversight, talent management and workforce planning)
- Two new internal control weaknesses arose during 2017 (beneficiary management, cybersecurity)



# Key accountability/reporting documents

2017 Annual Performance Report





# APR 2017: first year of the current Strategic Plan

**2017 is first year of implementing IRM  
and a transitioning to a new way of working**

## 2017 APR aggregates

### DATA FROM:

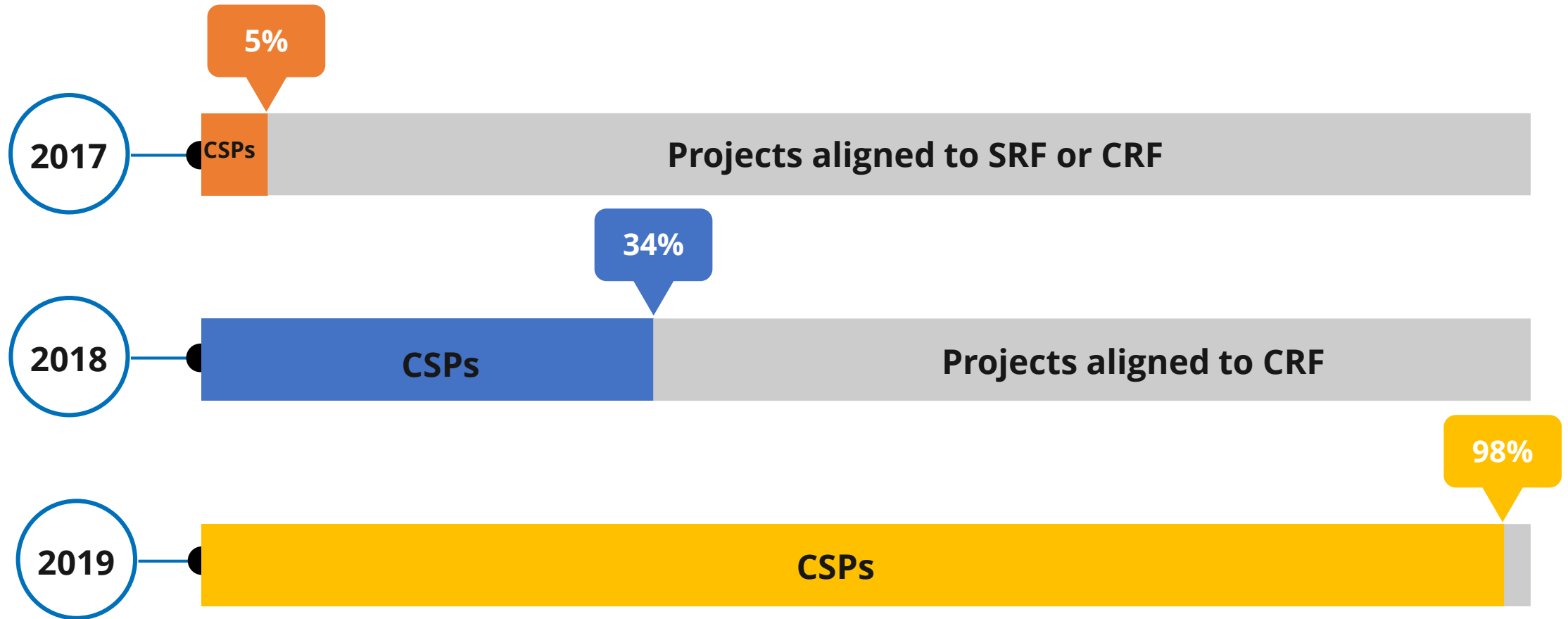
- 12 countries implementing CSPs
- 22 projects aligned with CRF
- 159 projects aligned with SRF

### CORPORATE LEVEL PERFORMANCE

#### AS CAPTURED BY:

- Two different results frameworks:  
SRF and CRF
- Two distinct financial frameworks

# Transitioning between Corporate Financial and Results Frameworks



# Transitioning Challenges



**2017 REPORTING**  
not yet able to demonstrate the full benefits of IRM, due to small number of CSPs and limited implementation during reporting year



**CHALLENGES IN DATA**  
aggregation across:

- CSP reporting
- CRF-aligned project reporting
- SRF-aligned project reporting



**GAPS IN INDICATORS & METHODOLOGIES**  
hinder WFP's ability to demonstrate results in some areas of programme and management performance

# 2017 APR Report Structure

## 1 Introduction

Global context  
WFP objectives and strategies

## 2 Resources and Prioritization *NEW*

Total resource requirements and funding gap *NEW*  
Consequences of funding gap *NEW*

## 3 WFP's Response in 2017 *UPDATED*

## 4 Programme Performance

Programme results against SDGs 2 and 17 *NEW*  
Cross-cutting commitments *UPDATED*

## 5 Management Performance

Management results by Management Plan pillar *UPDATED*

## 6 Lessons and Going Forward *UPDATED*



# Highlights: 2017 was a record year



**Emergencies: 8 L3s and 7 L2s active in 2017**



**Beneficiaries: 91.4 million**



**CBTs: USD 1.4 billion**



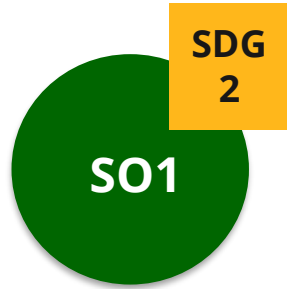
**Needs: USD 9.8 billion**



**Contribution Revenue: USD 6.0 billion**

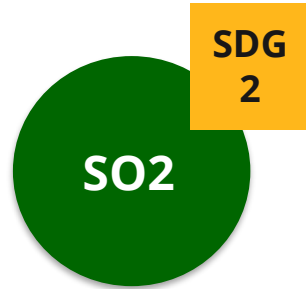


# Highlights of Programme Performance



**End hunger by protecting access to food**

**Over 63 million crisis-affected people assisted**



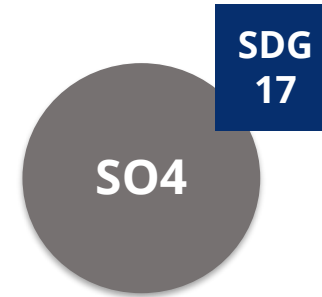
**Improve nutrition**

**Some 16.3 million beneficiaries reached**



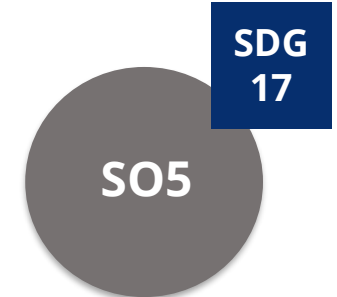
**Achieve food security**

**Over 57,000 farmers assisted via R4 Rural Resilience**



**Support SDG implementation**

**Increase in demand for WFP's technical and policy advice**



**Partner for SDG results**

**512 NGOs, United Nations organizations, government agencies and others supported by the Logistics Cluster**

**UNHAS used by 750 organizations and 327 934 passengers**

# Highlights of Management Performance

% of achievement of outcome indicators



**Country Offices:** progress made on 74% of outcome indicators and 59% of indicators fully met its target

% of achievement of management indicators



**Country Offices:** 72% achievement on average

% of sudden-onset emergencies timely responded



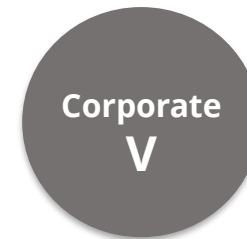
**Corporate:** all emergencies responded to in a timely manner in 2017

% of QCPR indicators for which WFP reports achieved



**Corporate:** 80% compliance with 2017-2020 QCPR indicators

RBA indicator



**Corporate:** indicator under development with FAO and IFAD

% of ERM system in place



**Corporate:** 90% of 2017 milestones met

# Key accountability/reporting documents

Strengthening the Corporate Results Framework (CRF)





# Strengthening the Corporate Results Framework (CRF)

- **Reflects Strategic Plan 2017-2021**
- **Approved by EB in November 2016, in effect from January 2017**

<b>Strengths</b>	<b>Weaknesses</b>
<b>Operationalizes Strategic Plan</b> <b>Provides hierarchy of results</b> <b>Result indicators owned by technical units</b>	<b>Measurements for less traditional areas (capacity strengthening, partnerships, supply chain)</b>  <b>Insufficient integration of management performance measures</b>

# Strengthening the Corporate Results Framework (CRF)

## The revision focuses on:

- 1 Improving and refining existing indicators and methodologies**  
In particular, further work needed on capacity strengthening indicator, affecting 5 SRs
- 2 Introducing SDG-derived indicators (for SDGs 2, 17 and others)**  
to show WFP contributions to national SDG targets
- 3 Updating management performance measurement under single results framework**  
(set performance measurement standards in Management Plan)

Acknowledge need to have *dynamic* indicators to adapt to changes resulting from UN reform and IRM learning

# Other Resources and Budgetary Matters

WFP's Advance Financing Tools



# WFP's Advance Financing Tools

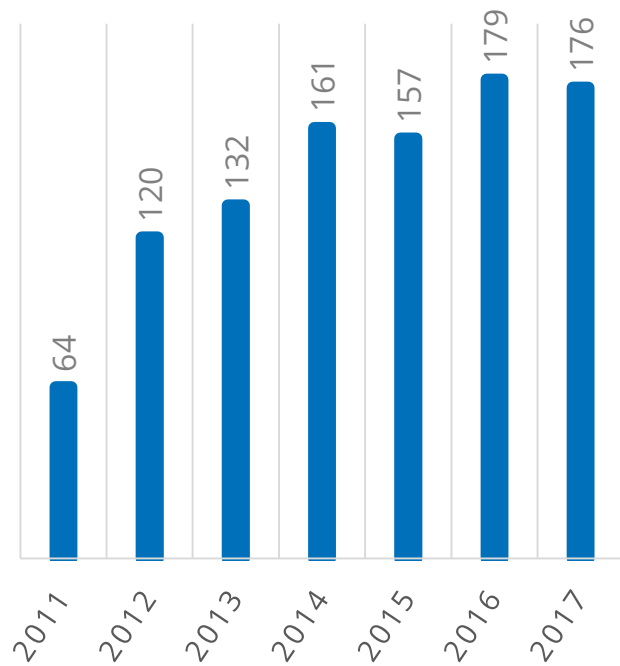


- 1 Advance financing for release of funds to projects**  
A facility that provides internal project lending and Macro-Advance Financing, and the Immediate Response Account based on qualification criteria
- 2 Advance financing for food purchase prior to requests from projects**  
The Global Commodity Management Facility (GCMF) allows WFP to make food purchases in advance of requests from projects
- 3 Advance financing for corporate services**  
The Capital Budgeting Facility allows WFP to make investments in the efficiency and quality of corporate services when they need larger upfront investments

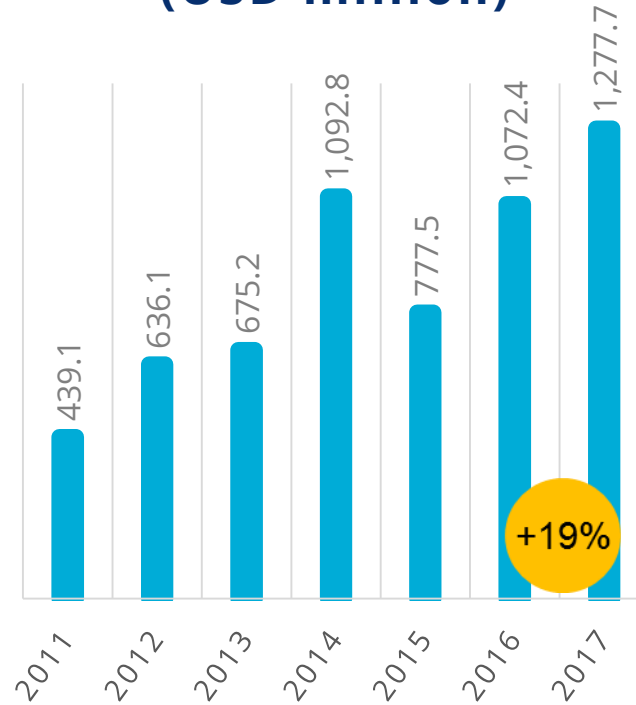
# Internal Project Lending (IPL)

WFP's IPL capacity proved useful in 2017 to minimizing gaps due to pipeline breaks and financial transfers

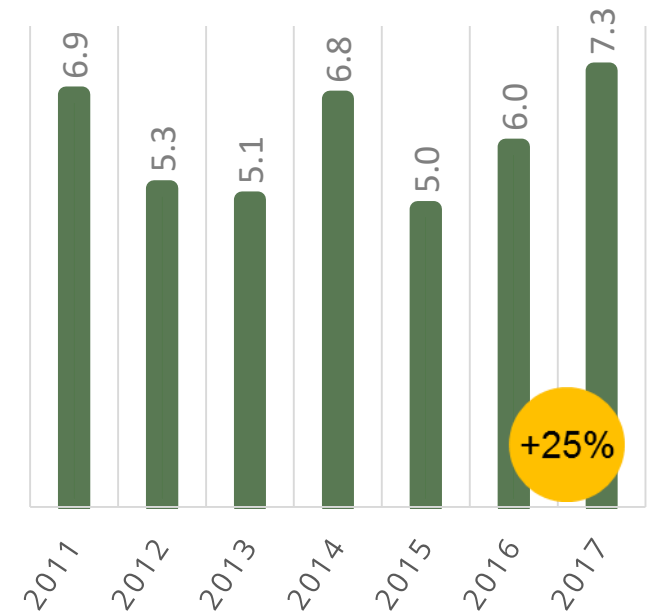
## Number of Loans



## Amount Advanced (USD million)



## Average Loan Amount (USD million)



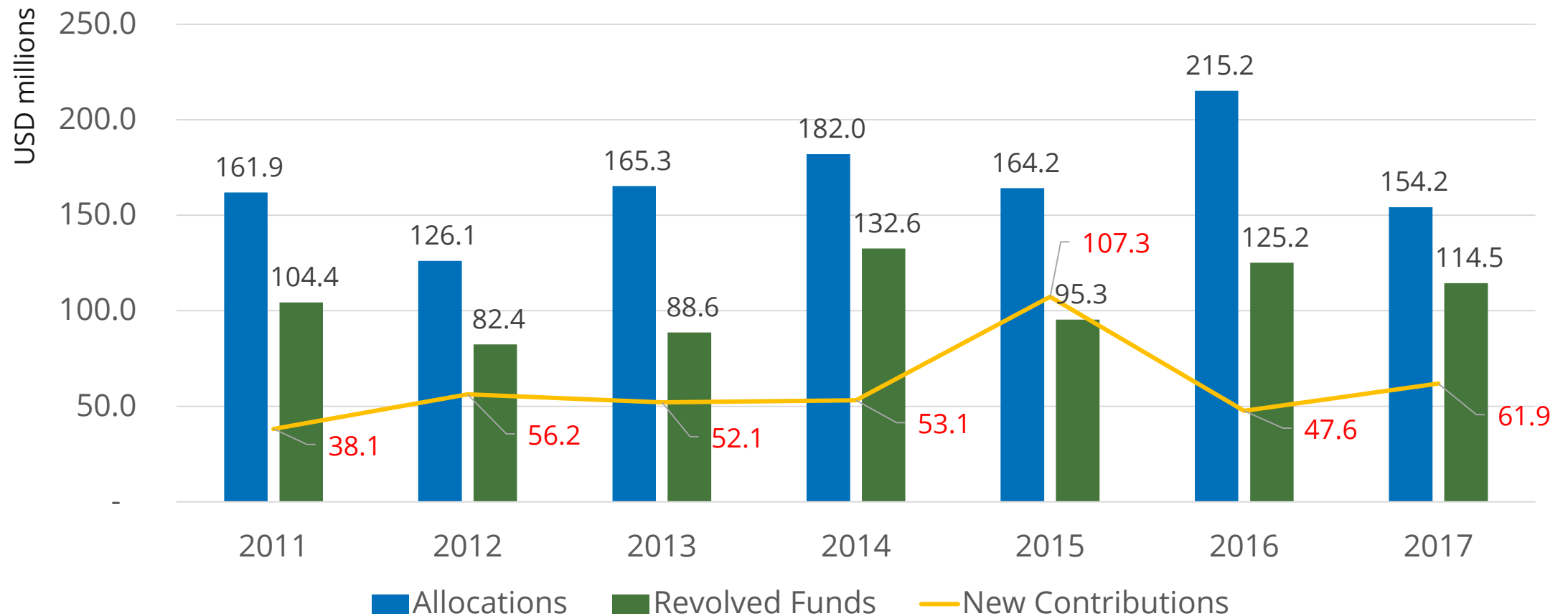
# Macro advance financing (MAF) in 2017



Overview 2017					
Country	Project	PLAN		MAF	
		needs-based	resource-based	advanced	repaid as at 31.12.2017
		<i>USD million</i>			
Mali	PRRO 200719	99	54.2	9.4	9.4
Ethiopia	PRRO 200700	131	100.5	18.7	14.0*
Kenya	PRRO 200737	88.4	58.4	7.9	7.9
<b>TOTAL</b>				<b>36.0</b>	

\*Balance of USD 4.7 million repaid in Q1 2018

# Immediate Response Account (IRA) remains a lifeline for operations



# IRA Allocations at global level

L3 IRA allocations	Amount USD
Myanmar/Bangladesh	13,422,725
Kasai	35,013,364
Yemen	2,304,370
<b>Total</b>	<b>50,740,459</b>

L2 IRA allocations	Amount USD
Central African Republic	1,401,869
Libya	828,800
Horn of Africa	41,586,880
<b>Total:</b>	<b>43,817,549</b>



# Global Commodity Management Facility (GCMF) 2017 Key figures

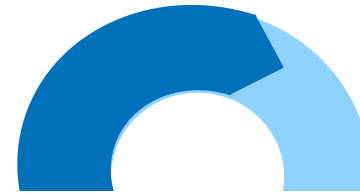


**1.7 million mt**  
food to 44 countries

Average lead-time for purchases

**41 DAYS**

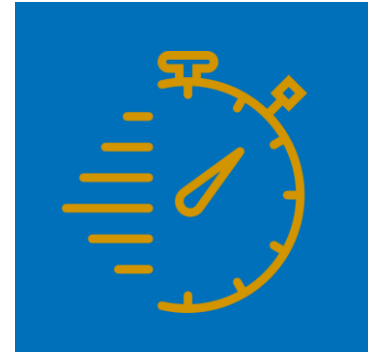
delivering 79 days earlier  
than under the conventional  
procurement process



**60%** of all cash-funded  
purchases

Average monthly stock

**532,000 mt**



**SAVING DAYS  
TO SAVE LIVES**

# Expansion of GCMF ceiling

## Secretariat requests increase in GCMF ceiling from USD 350 million to USD 500 million



**SAVING DAYS  
TO SAVE LIVES**

- Current GCMF ceiling of **USD 350 million** set in 2013
- GCMF purchases have increased from 850,000 mt in 2013 to 1.7 million mt in 2017
- USD 1.1 billion will be required to ensure 12-month supply of food towards the various planning zones maintaining the reduced lead-time
- **USD 460 million** are needed to ensure steady supply of food with associated reduced lead-times, considering the average 2.5 capital rotations per year and assuming no peak period for prepositioning
- USD 40 million required as unassigned, for allocation to any supply line as necessary in unfolding emergencies

# Key 2017 figures: Corporate Services



## Corporate Services

- Facility has upper limit of **USD 82 million**
- Global Vehicle Leasing Programme: Credit line of **USD 15 million**
- Capital Budgeting Facility: LESS balance USD 8.8 million
- Fee-for-Service: **6 advances totaling USD 4.4 million**

# Other Resources and Budgetary Matters

Utilization of PSAEA reserves

2

# Proposed utilization of PSA Equalization Account (1 of 3)

Projected closing balance presents opportunity for further strategic investment

PSA Equalization Account	in USD millions
Closing balance as at 31.12.2017 (Financial Statements)	256.8
<i>Management Plan (2018-2020) approved</i>	
Transfer to IRA reserve	(9.0)
Transfer to Staff Wellness Special Account	(8.0)
Critical Corporate Initiatives allocations	(35.6)
<b>Updates</b>	
Updated ISC income forecast for 2018	391.0
2018 PSA budget	(335.4)
<b>Projected closing balance at 31.12.2018</b>	<b>259.8</b>

Closing balance:  
**USD 120 million**  
above agreed  
target level of  
5 months PSA spend

# Proposed utilization of PSA Equalization Account (2 of 3)

## A. Immediate Response Account: USD 35 million

Transfer of USD 35 million to increase the capacity to allocate IRA funds to programmes

## B. Emerging Donor Matching Fund: USD 30 million

EDMF, established in 2003, serves as a funding source for the operational and support costs associated with commodity contributions from eligible emerging donors who cannot provide the funds to cover such costs

### **Eligible emerging donors currently include:**

- Governments of developing countries
- Countries with economies in transition
- Other non-traditional donors as determined by the Board



# Proposed utilization of PSA Equalization Account (3 of 3)

## B. Emerging Donor Matching Fund: USD 30 million (cont'd)

### General rules

Current rules allow the twinning of **in-kind** contributions from **eligible emerging donors**.

- A proposal will be presented to the Board in November 2018 to extend the rule to include **cash contributions** from such donors
- There may also be a review of the **twinning donor definition**.  
Any proposed expansion of eligibility would also require Board approval

The proposed investment of USD 30 million would facilitate increased contributions by national governments to the achievement of the SDGs, particularly SDG 2

# Update on the Oversight Framework

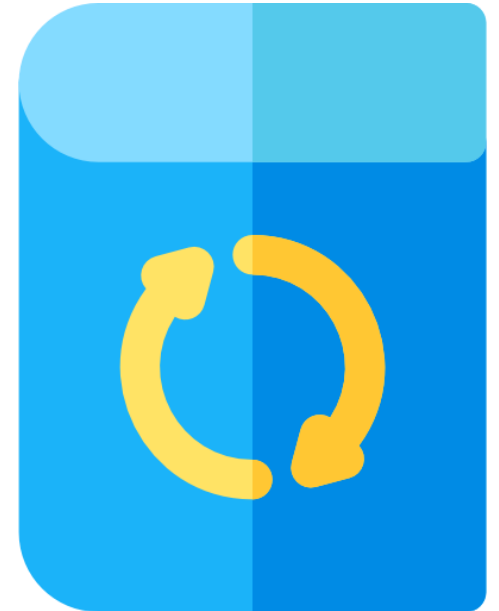




# Oversight Framework Update

*In response to the Informal Consultation in April 2018, the Framework has been updated to:*

- Provide examples of positive coordination and interaction across the three lines of defense
- Highlight senior management and Audit Committee roles in 'bringing it all together' – analysing feedback from across the three lines of defense
- Note that the OIG Charter will be presented to the Executive Board for approval at EB.2/2018



# UN Reform

## Business Innovations Strategic Results Group



# UN Reform: Business operations reform expected outputs



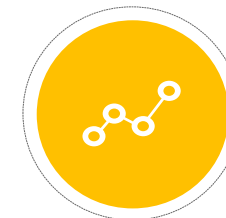
## Common back office for all UNCTs

Devise a strategy for establishing common back offices for all UN Country Teams by 2022



## Common Premises

Aim for 50% common premises by 2021 – against 16% at present



## Mutual Recognition

All entities to operate according to the principle of mutual recognition

# Key Executive Board Dates



15 May	<ul style="list-style-type: none"> <li>Briefing on the Management Plan (2019-2021)</li> <li>Resource Management Seminar on EB.A/2018 items</li> </ul>
<b>18-22 June</b>	<b>Annual Session of the Executive Board</b>
26 June	<ul style="list-style-type: none"> <li>1st IC on the Management Plan (2019-2021)</li> <li>Briefing on the Wellness Strategy</li> </ul>
24 July	1 <sup>st</sup> IC on Enterprise Risk Management Policy
25 July	<ul style="list-style-type: none"> <li>IC on the update of IRM</li> <li>3<sup>rd</sup> Quarterly Briefing on Oversight</li> </ul>
06 September	<ul style="list-style-type: none"> <li>IC on the update of IRM</li> <li>2<sup>nd</sup> IC on the Management Plan (2019-2021)</li> </ul>
07 September	<ul style="list-style-type: none"> <li>2<sup>nd</sup> IC on Enterprise Risk Management Policy</li> <li>IC on the Revised Corporate Results Framework (2017-2021)</li> </ul>
21 September	Induction Session for New EB Members and Observers
09 October	4 <sup>th</sup> Quarterly Briefing on Oversight
<b>26-30 November</b>	<b>Second Regular Session of the Executive Board</b>

**Annual Session (18-22 June)**

- Annual Performance Report (APR) for 2017
- Audited Annual Accounts, 2017
- Report on the Utilization of WFP’s Advance Financing Mechanisms
- Update to Oversight Framework
- Utilization of PSAEA reserves

**Second Regular Session (26-30 November)**

- WFP Management Plan (2019-2021)
- Revised Corporate Results Framework (CRF)
- Enterprise Risk Management Policy and Risk Appetite Statement



**THANK YOU**