



World Food
Programme

SAVING
LIVES
CHANGING
LIVES

Resource Management Seminar

24 May 2019

World Food Programme Executive Board

AGENDA

Part 1: Key accountability/reporting documents

- Update to the Management Plan (2019-2021)
- 2018 Financial Statements
including Overview of Statement on Internal Control

Part 2: Other Resources and Budgetary Matters

- WFP's Advance Financing Tools

Part 3: Other matters already covered in previous informal consultations

- Update on the implementation of the 2018 Enterprise Risk Management Policy and Update on WFP's Anti-Fraud and Anti-Corruption Action Plan (2018–2020)
- Revised Corporate Results Framework: Part II

Part 4: Annual Performance Report for 2018

Key EB dates



Key accountability/ reporting documents

Update to the Management Plan (2019-2021)



Recap since the last FAO Finance Committee discussion

- *Update on the WFP Management Plan (2019-2021)* originally prepared for EB.1/2019 (25-27 February 2019)
- **6 February 2019**: original version of the document submitted to, and discussed at, the **174th Session of the FAO Finance Committee**
- **20 February 2019**: document withdrawn following discussions between WFP management and the Executive Board Bureau
- **20 March 2019**: **revised version published taking into account FAO Finance Committee reflections**, some divisional title changes and text description refinements and table allocations
- **2 April 2019**: revised (20 March) version presented to the ACABQ*
- **20 May 2019**: revised (20 March) version **resubmitted to the 176th Session of the FAO Finance Committee**

Main changes between original update and 20 March update

Partnerships Department, Washington office

- Instead of a P4 position being replaced by a D2, a P3 position is being replaced by a D2
- This has the following impacts when compared to the original version of the document discussed at the 174th FAO Finance Committee in February
 - **P3 and P4 staff numbers:** -1 P3 and +1 P4 with no net change in numbers
[Annex II Table A.II.2 pages 32, 37, 38, 40]
 - **Staff and non-staff costs:** adjustments to be split between staff and non-staff costs to reflect the above, with no net impact on total costs
[Annex II: Table IV.9 page 17, Table IV.13 page 19, Table A.I.1 page 20, Table A.I.3 pages 21, 23, Table A.II.1 pages 26, 29, 30, Table A.II.3 pages 42, 47, 49, 50]

Main changes between original update and 20 March update

Significant additions and changes to the text

- “Emergency Preparedness and Support Response” division retitled to “Emergencies” division¹
- Sentence added to Annex I, paragraph 5: “The Deputy Executive Director also leads all work related to United Nations reform”
- Paragraph 26 added to explain rationale for a Senior Director and front office for the Supply Chain and Emergencies divisions
- Paragraph 28 rewritten and strengthened to give greater emphasis to strategic partnerships and leadership within the Emergencies division
- Government partnerships offices: Beijing listed in place of Madrid
[Annex II: Table A.II.1 page 29, Table A.II.2 page 37, Table A.II.3 page 48]

1. Introduction and overview paragraph 8d; Annex I: paragraph 5, Organization Chart on page 8; Annex II Table A.I.3 page 22, Table A.II.1 page 28, Table A.II.2 page 35, Table A.II.3 page 45

ACABQ recommendations

Technical comments

- Considered that the original document should have highlighted changes to the approved Management Plan in track mode and trusts that such information will be provided in any future submissions of this nature
- Stressed that proposed post upgrades of more than one level should take place by means of abolishing lower level posts and establishing the new posts with the required justification on their own merits

Conclusion: Subject to its observations and recommendation above, the Advisory Committee has no objections to the update of the WFP Management Plan (2019-2021)

176th FAO Finance Committee recommendations

- Recalled the Committee's discussion of the Update on the WFP Management Plan (2019-2021) at its 174th Session in February 2019
- Appreciated document WFP/EB.A/2019/6-B/1 that had been updated to reflect observations of the Finance Committee at its 174th Session as well as some divisional title changes, text description refinements and table allocations
- Further noted that the ACABQ had provided no objection to this update subject to its observations and recommendations

Conclusion: Recommended that the WFP Executive Board approve the Update on the WFP Management Plan (2019-2021) at its Annual Session in June 2019

Key accountability/ reporting documents

2018 Financial Statements
including Overview of Statement on Internal Control



Audited annual accounts, 2018

WFP/EB.A/2019/6-A/1 - For approval

Section I

- Executive Director's Statement
- Statement on Internal Control
- Statements I, II, III, IV and V
- Notes to the Financial Statements

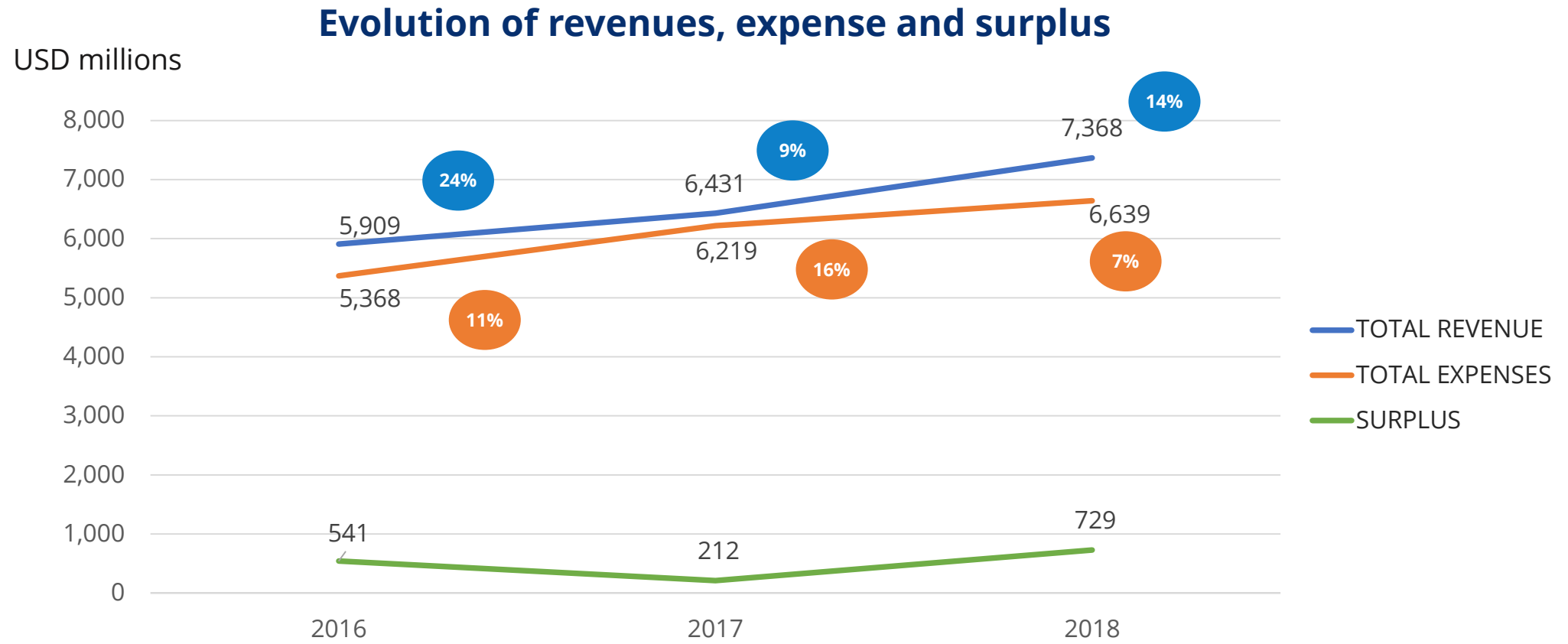
Section II

- Audit Opinion
- Report of the External Auditor



Statement of Financial Performance (Statement II)

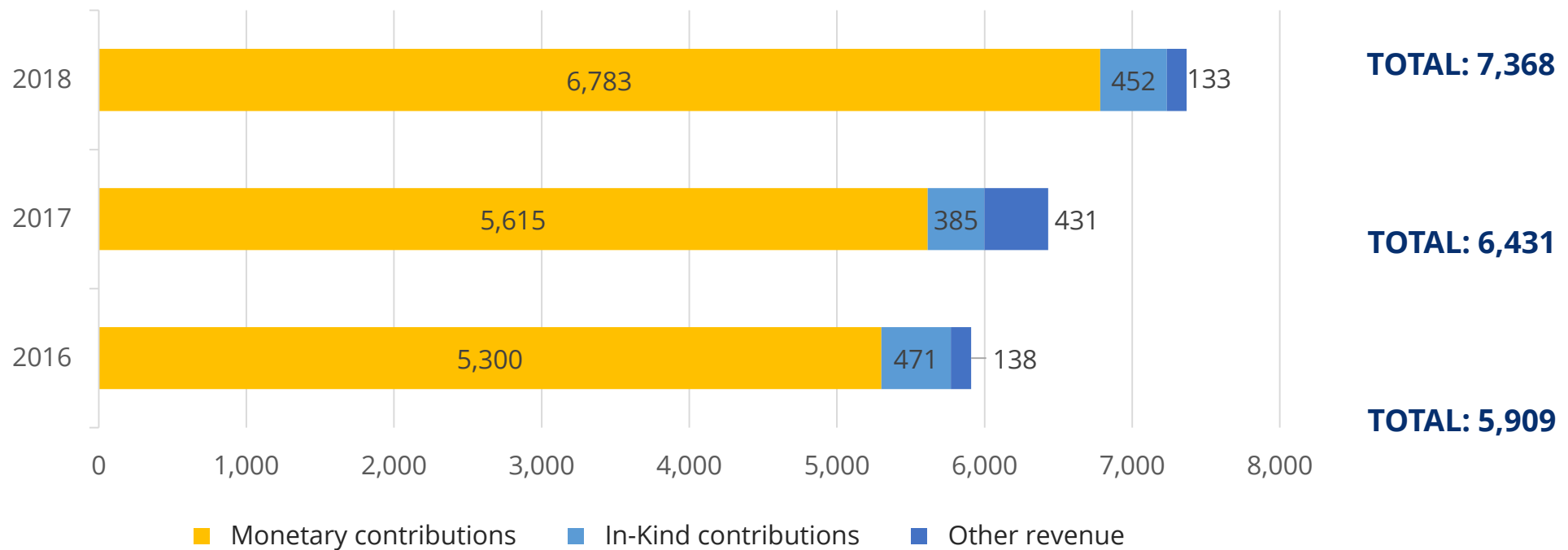
In 2018, growth in revenue exceeded increase in operational spending, resulting in an increased surplus of USD 729 million



Revenue

2018 is another record year with total revenue recognized of USD 7.4 billion, of which USD 7.2 billion or 98% from donor contributions (an increase of USD 1.2 billion or 20% compared to 2017)

Evolution and composition of revenue (in USD millions)

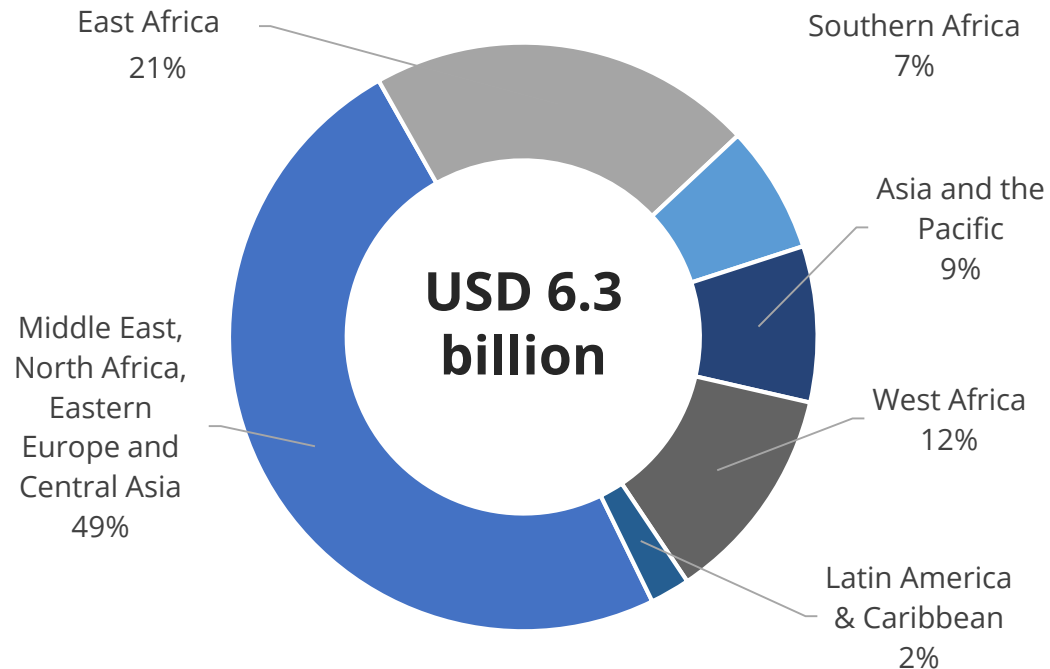


Contribution revenue

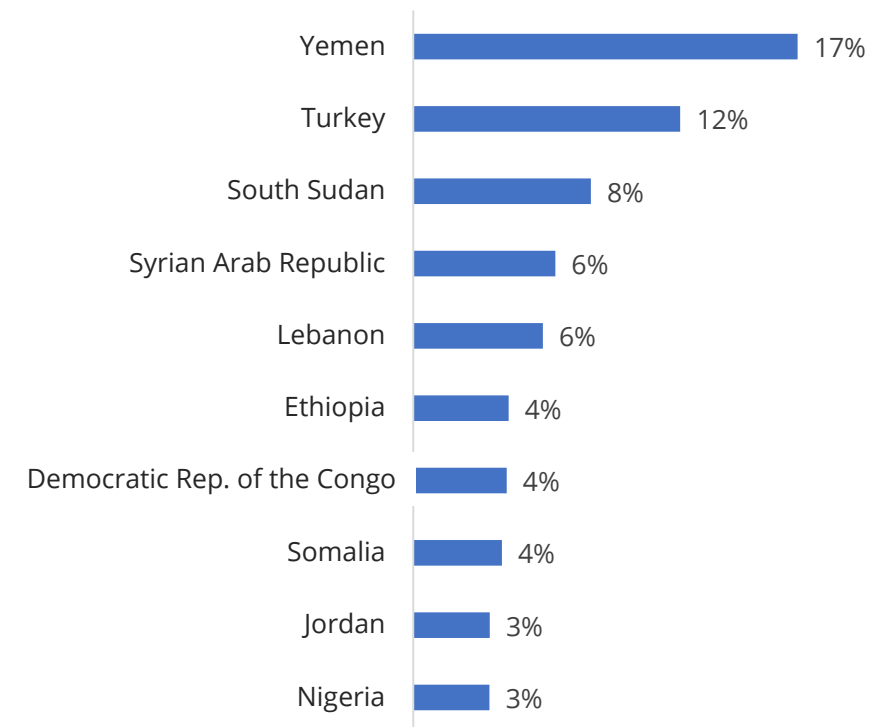
87% of contribution revenue of USD7.2 billion are for programme category funds and directed to major emergencies and other large operations.

The remaining balance of contribution revenue is for General Fund, Bilateral and Trust fund operations.

**Contribution revenue distribution
by Regional Bureau
(in percentages)**



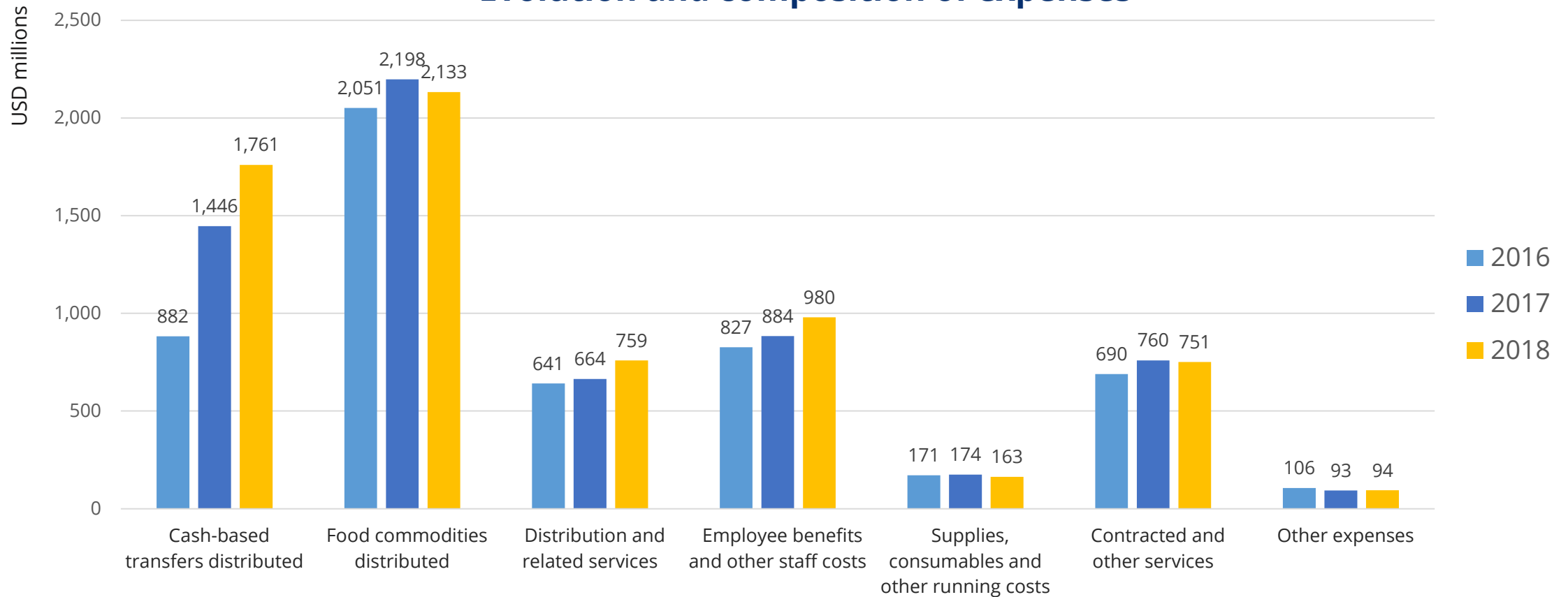
**Top 10 Countries by Revenue
Distribution**



Expenses

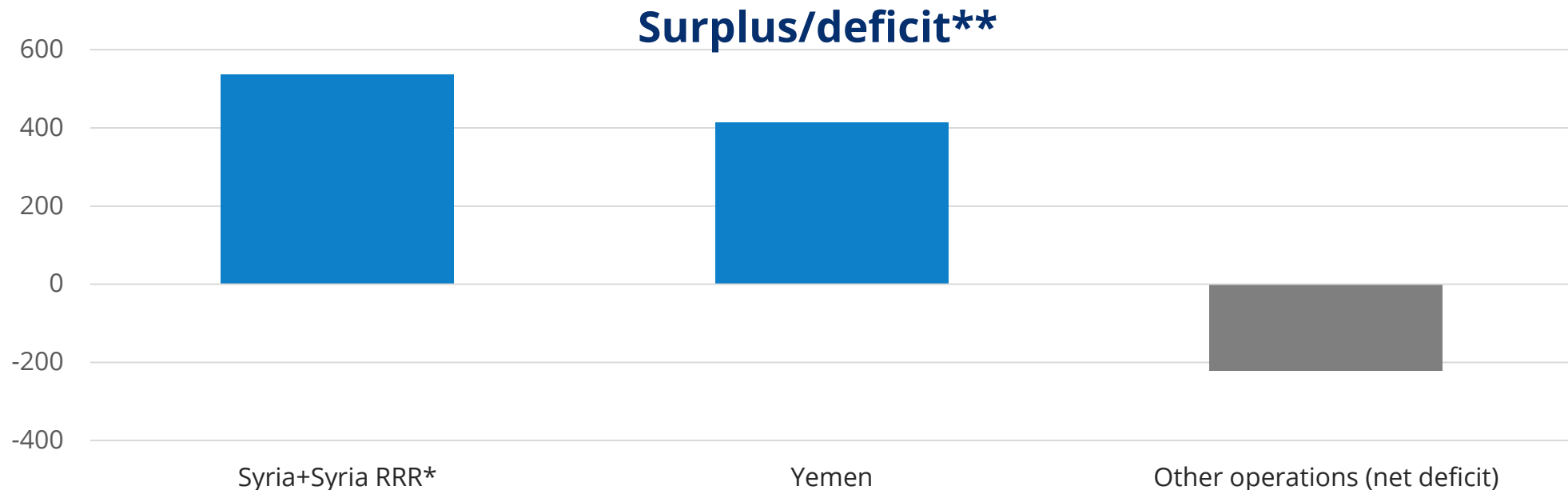
Cash-based transfers continued growing faster than other cost categories in 2018, an increase of USD 314.4 million (or 22%)

Evolution and composition of expenses



Surplus/deficit

The 2018 surplus is comprised of surpluses in some operations and deficits in other operations. Most of surplus in 2018 is attributed to the L3 operations in Syria and Syrian Regional Refugee Response and Yemen, as these operations received the highest funding support in 2018, but faced contextual challenges to spending at the same time

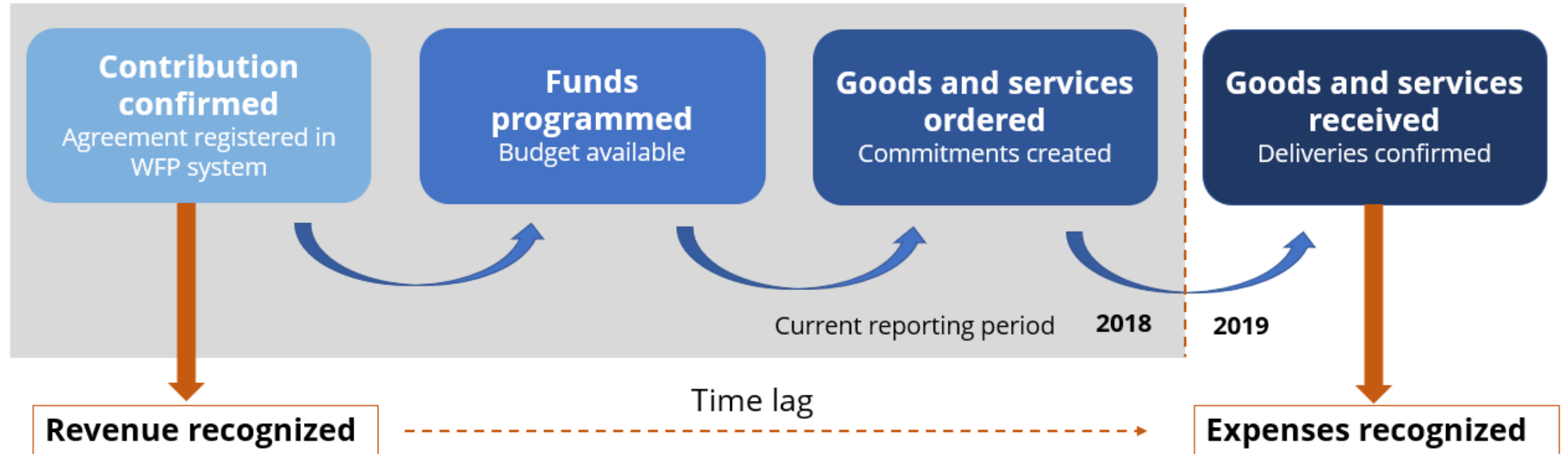


*Includes Syria, Turkey, Lebanon and Jordan

**Net surplus/deficit presented at the level of WFP's offices

Revenue and expense recognition

There is inherent time lag between revenue and expense recognition



As revenues grow, the time lag between revenue and expense recognition contributes to surplus in single reporting period

Statement of Financial Position (Statement I)

- **Net assets** (WFP Fund Balances and Reserves) totalled USD 5,305.7 million representing approximately six months of operational activity.
- **Food inventories** increased by 22% as a result of increase in MT held, from 1.1 million MT in 2017 to 1.6 million MT in 2018. The value of food inventories was USD 842 million, USD 152 million higher than at the end of 2017. Nearly 60% of inventories held were in six locations: Yemen, Syria, Ethiopia, South Sudan, Sudan and DRC.
- **Deferred revenue** decreased by USD 649 million (34%) from USD 1,928.2 million at the end of 2017 to USD 1,279.2 million at the end of 2018. Of total deferred revenue, USD 783.4 million is stipulated for use in 2019.
- The decrease in total **employee benefits liabilities** of USD 99.9 million (11%) is mostly result of changes in actuarial assumptions, in particular, higher discount rate as well as update of assumptions based on recent experience studies.
- Assets set aside in the form of **cash and long-term investments** (bonds and equities) for the funding of the long-term employee benefits liabilities totalled USD 586.4 million, an increase of USD 13.3 million (2%) from USD 573.1 million in 2017. This represents **80% funding level** (2017: 68%).

Statement V - Comparison of Budget and Actual Amounts

1
Final budget (USD 10 billion) is higher than original by USD 1.2 billion

- Primarily due to increases related to Bangladesh, DRC and Yemen emergencies
- Other increases were related to Syrian Regional response, Ethiopia and Somalia.

2

Actuals higher than implementation plan due to higher than expected contribution revenue

	Budget Amount			Difference: Final budget and actual	Implementation Plan	utilisation rate final budget %
	Original Budget	Final Budget	Actual on Comparable basis			
Project costs						
Food and related DOC	-	1,971.7	1,460.6	511.1	-	74%
Cash-based transfers and related DOC	-	713.8	359.4	354.4	-	50%
Capacity augmentation	-	201.9	166.0	35.9	-	82%
Direct support costs	-	318.2	327.5	-9.3	-	103%
Subtotal direct project costs	-	3,205.6	2,313.5	892.1	-	72%
CSP costs						
SR 1. Everyone has access to food	5,549.0	4,248.6	2,866.4	1,382.2	3,390.6	67%
SR 2. No one suffers from malnutrition	807.4	535.3	225.3	310.0	510.2	42%
SR 3. to SR 7.	583.3	446.0	204.0	242.0	364.1	46%
SR 8. Strengthening global partnership	940.2	930.9	669.4	261.5	834.7	72%
Direct support costs	580.8	258.7	145.1	113.6	419.4	56%
Subtotal CSP costs	8,460.7	6,419.5	4,110.2	2,309.3	5,519.0	64%
Regular PSA & CCI	371.0	378.4	370.9	7.5	371.0	98%
TOTAL	8,831.7	10,003.5	6,794.6	3,208.9	5,890.0	68%

3

Utilization rate of the final budget is 68% compared to 59% in 2017

4

Largest CBT operations:
 Syrian refugees' emergency

Largest food operations:
 Yemen, Syria, Ethiopia and South Sudan

Overview of Statement on Internal Control

SIC signed by Executive Director and published with Annual Financial Statements

100% of Directors, managing 137 WFP HQ and field offices, submitted an Assurance Statement and Letter of Representation

Statement of internal control highlights significant risks and internal control matters:

- One new internal control weakness arose during 2018 (non-governmental organization management)
- Five areas previously reported need further improvement (beneficiary management; IT governance, controls and cybersecurity; scale-up of support to cope with emergency portfolio; operational monitoring and review system; and talent management and workforce planning)
- One area previously reported has been closed (enterprise risk management and management oversight)

Other Resources and Budgetary Matters

WFP's Advance Financing Tools

Report on the utilization of WFP's advance financing mechanisms during the period 1 January–31 December 2018



WFP's Advance Financing Tools

**1**

Advance financing for release of funds to projects

Internal Project Lending (IPL) and Macro-Advance Financing (MAF), providing advances against forecasted contributions or overall income; Immediate Response Account (IRA), providing advances with no collateral for life-saving assistance

2

Advance financing for food purchase prior to requests from projects

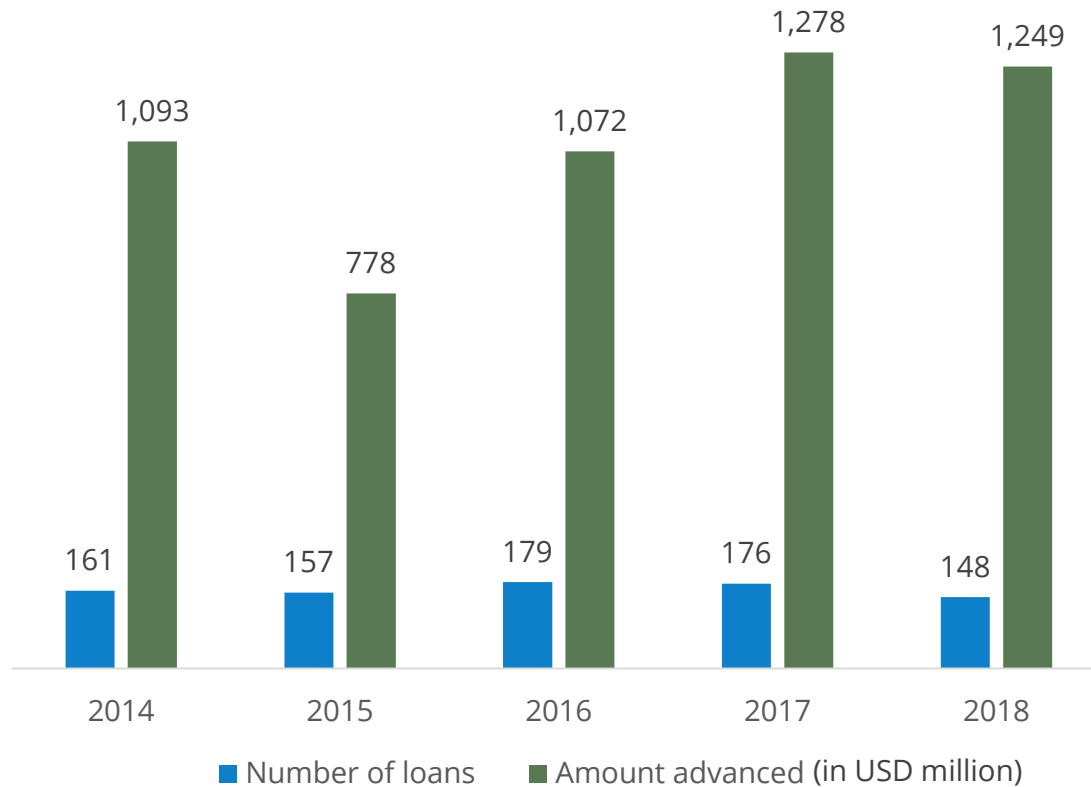
Global Commodity Management Facility (GCMF), purchasing food in advance of requests from projects to reduce delivery lead-time

3

Advance financing for corporate services

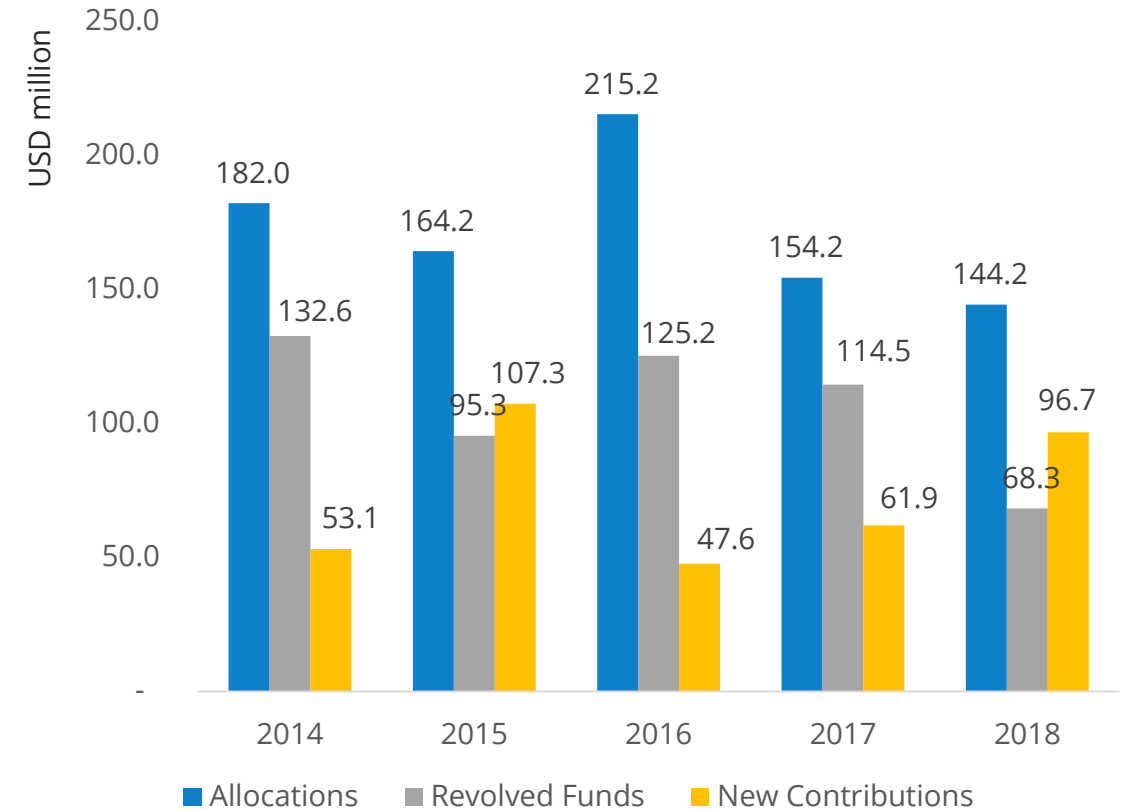
Capital Budgeting Facility, allowing WFP to make investments in the efficiency and quality of corporate services, upon need for larger upfront investments

Internal Project Lending (IPL)



WFP's IPL capacity proved useful in 2018 to minimize gaps due to pipeline breaks and financial transfers

Immediate Response Account (IRA)



Immediate Response Account (IRA) remains a lifeline for operations

2018 Key Figures

Global Commodity Management Facility (GCMF)

- **2.0 million mt of food** delivered to an estimated **33 million beneficiaries** in 47 countries
- **58% of all cash-funded purchases**
- **34 days average lead-time** (86 days faster than the “conventional” process)
- Average monthly inventory during 2018: **710,000 mt** at various stages of the supply chain

Corporate Services

- Upper limit of **USD 82 million**
- Global Vehicle Leasing Programme credit line: **USD 15 million**
- Capital Budgeting Facility: 1 advance of **USD 3.5 million** to LESS (total advanced since 2013 to USD 40.8 million), **completely repaid**
- Fee-for-Service: **1 advance totaling USD 3.0 million**

Expansion of GCMF ceiling for emergency response

Secretariat requests an increase of the GCMF ceiling for emergency response from USD 40 million to USD 100 million (increasing overall GCMF ceiling to USD 560 million)

Current GCMF ceiling of **USD 500 million** approved in June 2018

- USD 460 million allocated to active supply lines
- USD 40 million set aside for responding to unfolding emergencies

Should a new emergency unfold, WFP would need to draw on the USD 40 million emergency response envelope

Analysis indicate that USD 40 million **may not be sufficient** to fulfil requirements for additional humanitarian crises

An **increase of USD 60 million** is requested in the GCMF envelope **for emergency response**, i.e.: from USD 40 million to USD 100 million, increasing the **overall GCMF ceiling to USD 560 million**

Other matters already covered in previous informal consultations

Update on the implementation of the 2018 Enterprise Risk Management Policy and Update on WFP's Anti-Fraud and Anti-Corruption Action Plan (2018–2020)



Update on the policy implementation

Enterprise Risk Management (ERM)



Risk Assessment

Improving quality and consistency, strengthening the linkage with planning and decision-making



Risk Reporting

Defining risk appetite internally with appropriate metrics for countries, regions and functions

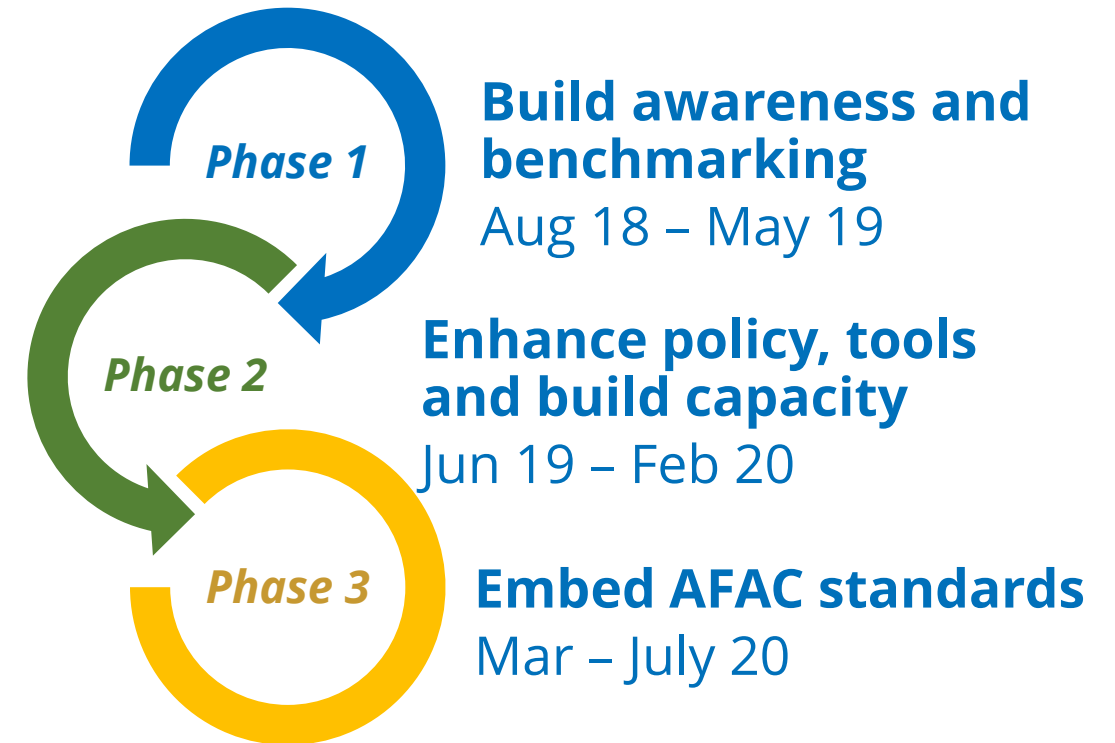


Embedding

Better visibility and use of risk information – Risk System – and building risk management capability in the field

Anti-Fraud and Anti-Corruption (AFAC)

Strategy and Action Plan 2018-2020



Other matters already covered in previous informal consultations

Revised Corporate Results Framework (CRF): Part II



Revised CRF – programme indicators

Outputs indicators split in two categories



Transfer modalities

- Capacity Strengthening
- Cash-based transfers
- In-kind food
- Service provision



Beneficiaries

- School feeding interventions
- Nutrition-specific interventions
- Food for Assets programmes
- Overall beneficiary figure

**Represent where WFP resources are direct
and speak to the breadth of WFP's work**

Targets based on historical data trends and needs-based planning figures

Revised CRF – management indicators

Represent WFP's performance in terms of how programme results are achieved



Category I

Reflect WFP's corporate performance, and measure management performance that contributes to implementation of the Strategic Plan

- Overall achievement of Country Strategic Plans
- Overall achievement of management standard
- Effective and efficient emergency response



Category II

More short-term and review progress against corporate priorities set by WFP's leadership, multilateral arrangements and externally governed commitments

- % of employees completing sexual harassment and abuse of power and prevention of sexual exploitation and abuse mandatory trainings
- % of country offices with functioning complaint and feedback mechanisms
- % of WFP cash beneficiaries supported digitally

PROGRAMME INDICATORS

TARGETS FOR TRANSFER MODALITIES

Indicators	2021 target
Total quantity of food provided (mt) to targeted beneficiaries	5.8 million
Total USD value of food provided to targeted beneficiaries	2.92 billion
Quantity of fortified food provided (mt)	406k
Quantity of specialized nutritious food provided	824k
Total amount of value transferred (USD) through CBT and commodity vouchers to targeted beneficiaries	4.2 billion
Unrestricted cash	2.6 billion
Vouchers	1.3 billion
Commodity vouchers	337 million
Total USD value of capacity strengthening transfers	464 million
Percentage of UNHAS passengers served against requested	95 percent

TARGETS FOR BENEFICIARIES

Indicators	2021 target
Total number of beneficiaries targeted through WFP food and CBTs	83 million
Number of schoolchildren targeted through school feeding interventions	17.9 million
Number of persons targeted through nutrition-specific interventions	24.6 million
Number of persons targeted through FFA	12.5 million

MANAGEMENT INDICATORS

TARGETS FOR CATEGORY I INDICATORS

Key Performance Indicator	2021 target
KPI 1 – Overall achievement of CSP implementation	90% of COs
+ Four component indicators	Target for each of the indicators
KPI 2 – Effective and efficient emergency preparedness and response	5 out of 5 standards achieved
+ Five component indicators	Target for each of the indicators
KPI 3 – Overall achievement of management standards	90% of COs
+ Fifteen component indicators	Target for each of the indicators

TARGETS FOR SELECTED CATEGORY II INDICATORS

Key Performance Indicator	2021 target
Percentage of employees completing Sexual Harassment and Abuse of Power and Prevention of Sexual Exploitation and Abuse mandatory trainings	100%
Percentage of country offices that have a PSEA focal point	100%
Percentage of substantiated reported cases on SEA and SH for investigations have been completed, are on-going or are to be started	100%
Percentage of disciplinary measures (separation or other) taken during the year on completed investigations for SEA and SH	100%
Percentage of country offices with functioning complaint and feedback mechanisms	95%
Percentage of WFP cash beneficiaries supported digitally	80%

Annual Performance Report for 2018



Structure of the report

Global context in which WFP operates



INTRODUCTION

FINANCIAL RESOURCES AND PRIORITIZATION



Overall financial performance and funding gaps

Overview of WFP's response and coverage



PROGRAMME PERFORMANCE

MANAGEMENT PERFORMANCE



WFP results based on KPIs and management results pillars

2018 evaluations and focus on digital transformation

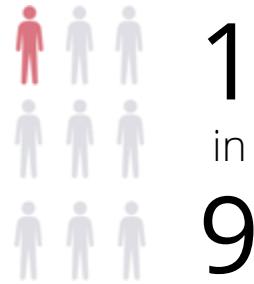


LESSONS LEARNED

Global context



821 M
people in
the world

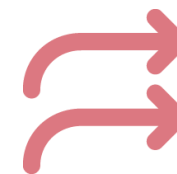
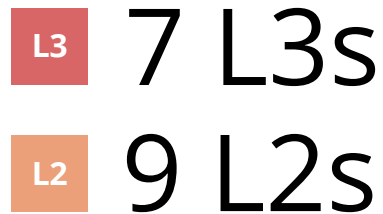


are undernourished

COMPARED TO: **815 M** PEOPLE IN 2017



conflict
climate change
emergencies manifested in



required a corporate or
regional emergency
response

COMPARED TO: **8 L3** AND **7 L2** EMERGENCIES IN 2017

Overview of financial situation

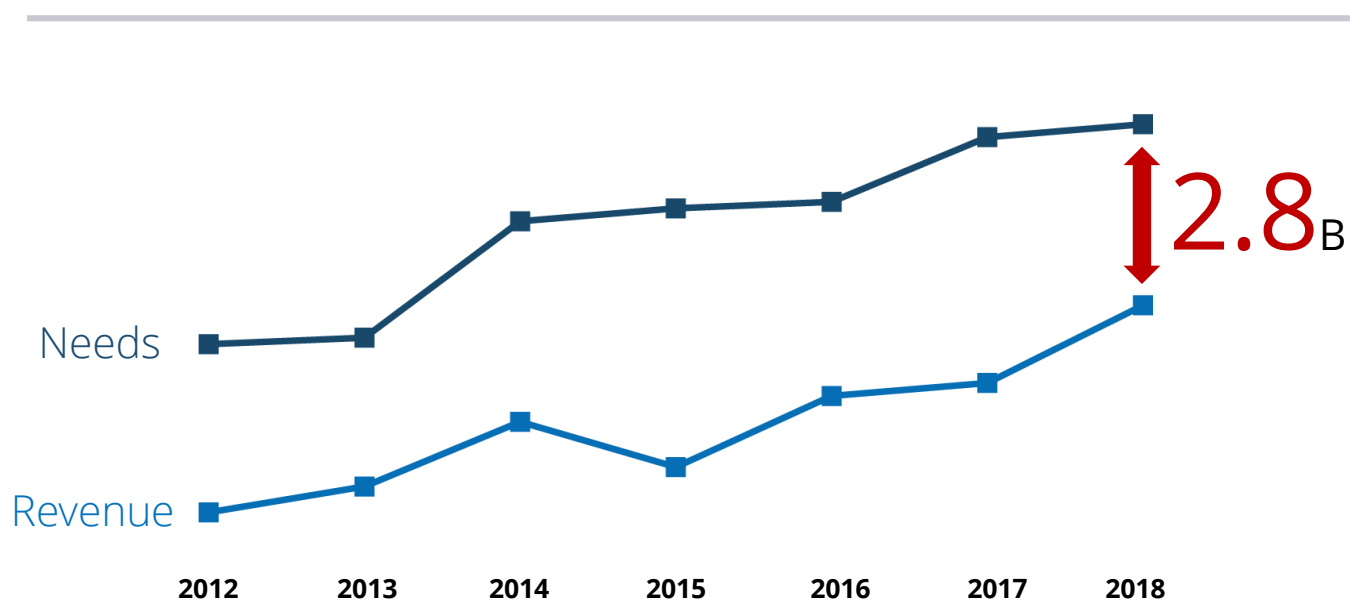


TOTAL NEEDS

USD **10** billion

CONTRIBUTION REVENUE

USD **7.2** billion



- Record level contributions of USD 7.2 billion compared to USD 6 billion in 2017.
- Funding gap stood at USD 2.8 billion which represents a significant improvement from the USD 3.8 billion gap in 2017.
- The top 10 donors accounted for almost 85% of the contribution revenue.

Key figures breakdown



people assisted

86.7M (2018)

91.4M (2017)

84M (2016)

among these

63% residents

17% refugees

15% internally displaced persons

5% returnees



Implementation plan within management plan

69M (2018)

69M (2017)

64M (2016)

Primary Focus:

CHILDREN

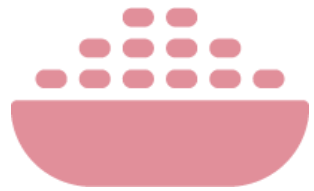
32% girls

30% boys



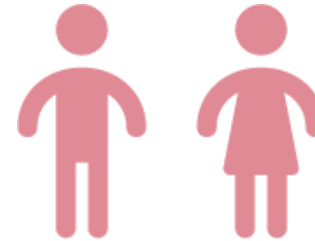
- ✓ People assisted from 2017 to 2018 decreased
- ✓ Food transfers remained the same; CBT increased

Key programme areas in numbers



16.4M (2018)

schoolchildren provided with meals compared to 18.3M in 2017



3.2M

beneficiaries in L2 and L3 emergencies reached through school feeding programmes



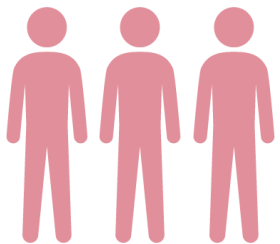
15.8M (2018)

beneficiaries reached with nutrition-specific interventions compared to 16.3M in 2017



4.2M

people reached through nutrition messaging and counselling compared to 4M in 2017



10M (2018)

people across 55 countries benefitted from WFP FFA programmes compared to 9.9M in 2017



531

asset locations analyzed by the Asset Monitoring System

Progress against Strategic Objectives

SDG 2



SO 1: End hunger by protecting access to food

- ✓ 3 million metric tons of food and USD 1.2 billion in CBT distributed in 2018.



SO 2: Improve nutrition

- ✓ Performance of MAM programmes demonstrated good progress



SO 3: Achieve food security

- ✓ 80% of countries with the indicator “percentage of targeted smallholder farmers reporting increased production of nutritious crops” met their annual targets

SDG 17



SO 4: Support SDG implementation

- ✓ 94% of CSPs approved in 2018 include South-South and triangular cooperation as a means for strengthening host government capacities



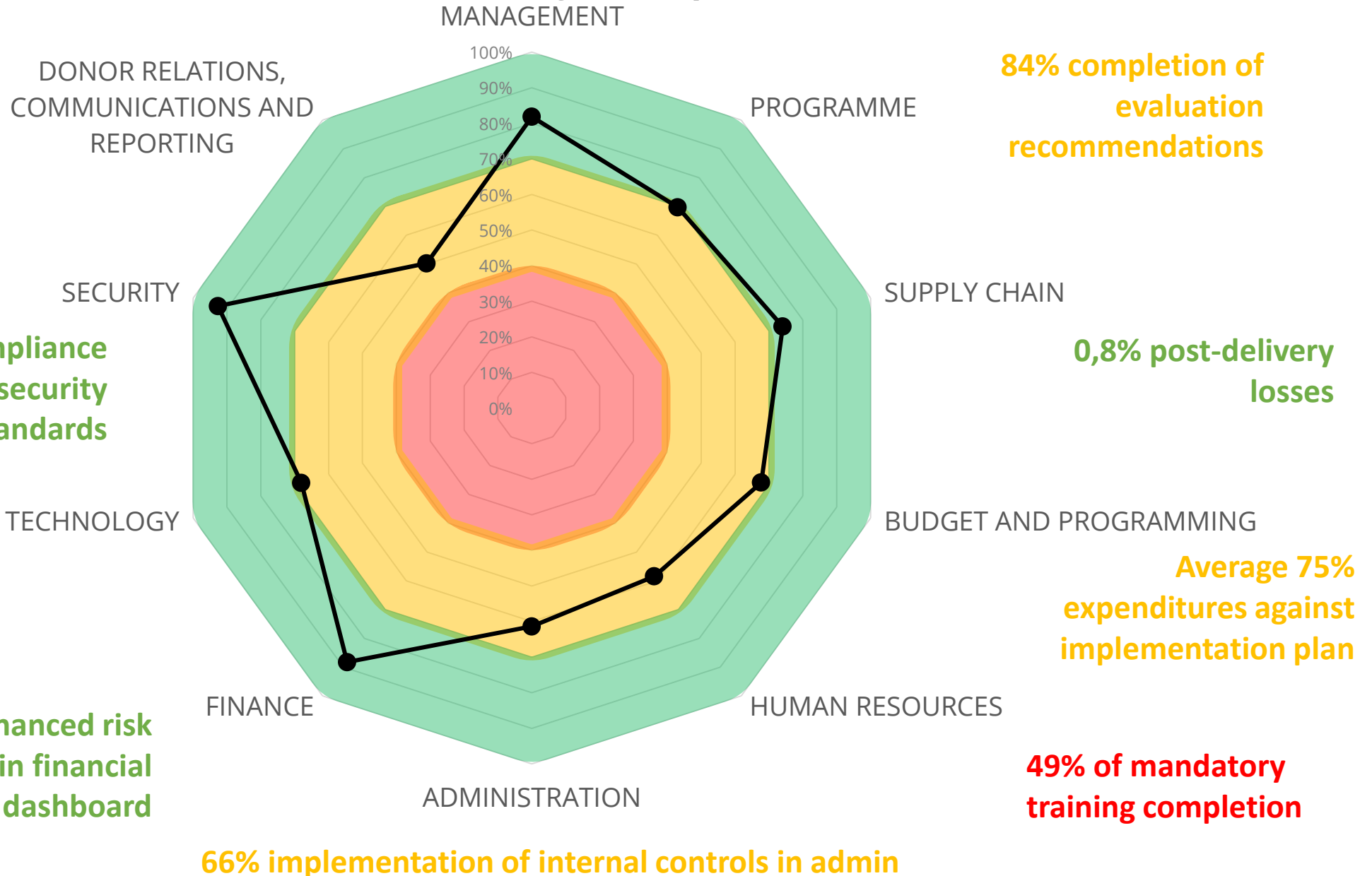
SO 5: Partner for SDG results

- ✓ WFP-led Logistics Cluster supported 606 organizations, of which 78% were NGOs
- ✓ UNHRD sent emergency relief items and equipment worth USD 58 million to 93 countries for 35 partner organizations.

KPI 3 – overall achievement of management performance standards

Mid to high performance - space for improvement

Functional areas affected by IRM



Statement on internal control 2018

WFP operated satisfactory systems of internal control

Six significant risk and control issues

- NGO management
- Beneficiary management
- Information technology governance and controls and cybersecurity
- Scale-up of support to cope with the emergency portfolio
- Improving operational monitoring and review systems
- Talent management and workforce planning

Building on evaluation findings



**STRATEGIC EVALUATIONS ON THE
CSP PILOTS**



**THE EVALUATION OF THE CORPORATE
EMERGENCY RESPONSE**



IRM LESSONS LEARNED

Going forward



Digital transformation



Workforce planning



**Innovation and critical corporate
initiatives**

Key Executive Board Dates



23 May • Briefing on the Management Plan (2020-2022)

24 May • Resource Management Seminar on EB.A/2019 items, to include informal consultation on the 2018 Annual Performance Report

10-14 June Annual Session of the Executive Board

16 July • 1st IC on the Management Plan (2020-2022)

05 September • 2nd IC on the Management Plan (2020-2022)

25 September • WFP Induction Session for new Members and Observers

18-22 November Second Regular Session of the Executive Board

Annual Session (10-14 June)

- Annual Performance Report (APR) for 2018
- Audited Annual Accounts, 2018
- Report on the Utilization of WFP's Advance Financing Mechanisms
- Revised Corporate Results Framework (CRF) – Part II
- Update on the implementation of the oversight framework and of the ERM policy

Second Regular Session (18-22 November)

- WFP Management Plan (2020-2022)



THANK YOU

