



20 February 2020

Management comments to the Internal Audit Report of WFP's Delivery through Non – Governmental Organisations and Cash Based Transfers in Iraq (AR/20/04).

Management Comments

WFP Management appreciates the observations made by the Office of the Inspector General (OIG) in its audit report of WFP's Delivery through Non–Governmental Organisations and Cash Based Transfers in Iraq covering the period from 1 January 2018 to 30 September 2019.

Iraq is classified as an upper middle-income country, ranking 120th of 189 countries on the Human Development Index and 168th of 180 countries on the Corruption Perceptions Index in 2018. The country's economic situation is gradually improving following the territorial defeat of the Islamic State of Iraq and Levant (ISIL) and the resumption of oil exports. But new challenges are emerging with political instability linked to extensive country-wide protests over corruption and lack of employment opportunities. Food insecurity has persisted particularly among internally displaced persons (IDPs), returnees and rural people in the south of the country. The challenges of rebuilding infrastructure, ensuring the provision by government actors of basic services, promoting social cohesion, demobilizing militias, creating jobs and progressing towards a wider sense of a more equitable society while maintaining security have impeded the country's efforts to make progress towards the Sustainable Development Goals, including Goal 2 on zero hunger.

WFP launched its emergency operation in Iraq in 2014. In November 2017, this was reclassified from a Level 3 to a Level 2 emergency. During the audit period WFP provided monthly food assistance to over 596,000 internally displaced persons and about 60,000 Syrian refugees in camps. In January 2018, a Transitional Interim Country Strategic Plan (T-ICSP) was launched for 2018-2019 and the 2020–2024 Country Strategic Plan (CSP) was approved at the WFP Executive Board session in November 2019. The CSP shifts WFP's role from a direct implementer to an enabler of national programmes, relying predominantly on cash-based transfer delivery.

WFP Management welcomes the acknowledgement of the audit team that the country office is leading efforts to target assistance to the most vulnerable and that external stakeholders recognize and appreciate WFP's consistent support to a large number of IDPs, as well as the proof of concept approach in the provision of technical assistance to the national Public Distribution System, a critical national social safety net. The decentralization of SCOPE operations to distribute roles and responsibilities between the country office and sub-offices has been recognised as a good practice that has strengthened accountability for programme delivery, especially at the sub-office level. Additionally, the audit team have acknowledged that the country office has provided key support to the inter-agency call centre through provision of the Sugar case-management software.



WFP Management acknowledges the overall conclusion of “*partially satisfactory/some improvement needed*”, with one observation identified as “high priority” and five “medium priority” observations. The implementation of the agreed actions is already underway in collaboration with the Regional Bureau and relevant HQ divisions and is expected to be completed by the agreed timelines.

A priority will be given to address the high-risk observation on cash based transfer governance and intervention set-up. Management is committed to: 1) reviewing and validating the country office CBT strategy and the design of its intervention set-up in support of 2020–2024 CSP delivery; this will be based on the results of a cross-functional mission from relevant HQ units and RBC to address all gaps in assessments and due diligences checks; and 2) Updating the Cash Working Group TOR and composition of the membership team to ensure its strengthened advisory role in supporting key managerial decisions. Furthermore, WFP Management will ensure that relevant clarification and guidance is provided on: (a) applicability of person-to-person transactions to different types of beneficiary accounts, along with data privacy requirements in specific country contexts; and (b) the use of NGOs in lieu of formally regulated Financial Service Providers by specifying minimum requirements, risks and mitigation measures.

WFP Management wishes to thank OIG for the productive engagement, effective service, and valuable observations provided, which will help WFP further enhance its operations and continue to make a difference in the lives of those most in need.