



25 June 2020

Management comments to the Internal Audit Report on WFP Operations in Myanmar (AR/20/11)

WFP Management appreciates the findings and observations made by the Office of the Inspector General (OIG) in its audit report on WFP operations in Myanmar (AR/20/11), covering the period from 1 January to 31 December 2019.

In the third year of its five-year Country Strategic Plan (CSP) 2018-2022, WFP stands at the forefront of combating food insecurity and malnutrition among the most vulnerable populations in Myanmar. Despite the complex operational environment and increasing needs, WFP maintains its strong emergency response capacity. In 2019, WFP demonstrated a strong performance in its programmatic interventions, reaching 905,000 people, including 305,700 beneficiaries, who received cash-based transfers (CBT) through eight activities, contributing to three Strategic Outcomes.

Myanmar presents a challenging and dynamic operating context, where ongoing socio-economic and political challenges, including conflict, displacement (over 1 million people displaced since 2011), widespread poverty and food insecurity and high rates of malnutrition, tuberculosis and HIV, hinder development efforts. An estimated 24.8 percent of its 54 million population live near or below the poverty line. Many struggle with inadequate physical, social and economic access to adequate safe and nutritious food, which is particularly affecting women, girls, persons with disabilities and minorities.

WFP's largest operation is in the Rakhine State, where tens of thousands of Rohingya remain in internally displaced in camps, or in camp-like settings and continue to experience severe restrictions on their movement and limited access to livelihoods, health care and other basic social services, since the outbreak of inter-communal violence in 2012. WFP also provides relief and nutrition assistance in Kachin and Shan states, where an estimated 107,400 people are displaced due to a conflict since 2011.

During the audited period WFP, in close collaboration with partners, has undertaken major investments to enhance its ability to deliver assistance in an agile manner, ensuring that the most appropriate response is provided in accordance with the local context. In central Rakhine, WFP has shifted many IDP communities from food plus cash to full cash in areas where markets are functioning. IDPs in Kachin and Shan states continue to receive assistance in the form of cash.

During 2019, the WFP school feeding programme accelerated its transition from the provision of high-energy biscuits (HEB) to cooked meals, with 171 schools shifting through a collaborative approach between township level education offices and school



committees, including parents and members of the local community. In addition, the country office (CO) continued to provide technical support to establish the framework for a national school feeding programme, thus facilitating a gradual transition to a sustainable government-owned model.

WFP Management acknowledges the overall audit conclusion of “*partially satisfactory/major improvement needed*” and agrees with the eight observations contained in the audit report, five of which are considered as high priority and three as medium priority. WFP Management fully endorses the corresponding agreed actions and has already initiated their implementation, with completion expected within the agreed timelines.

With reference to high priority issues, Management notes the following (presented as per the numbering of observations in the audit report):

Observation 1 : Organizational structure and governance:

The Myanmar CO will work with the Regional Bureau and Headquarters to examine functional units where staffing capacities are not be aligned with operational needs and take appropriate corrective action. The CO will also coordinate with the Regional Bureau on a targeted intervention to strengthen and update its knowledge on the use of updated corporate guidance and templates, especially in the areas of cash-based transfers and monitoring. In addition, taking advantage of the new Performance and Capability Enhancement (PACE) system, the CO will ensure that all staff complete mandatory trainings for their respective functional levels/positions, in addition to more advanced training.

Observation 2 : Risk management activities:

Within the agreed timelines, the CO will ensure that all new corporate assessments pertaining to Cash Based Transfer (CBT) interventions are upgraded using the latest formats and that regular reviews are undertaken of MIFAs in order to allow for an expansion of the pool of potential service providers. In addition, the CO has already started working on the composition of a compliance task force, comprising all heads of units and chaired by the Deputy Country Director, which will be responsible for following up on all outstanding audit and compliance mission issues. The task force will meet on a quarterly basis and advise the country director on a regular basis on progress achieved.

Observation 4 : Targeting and beneficiary identification processes:

Following government approval in 2019, the CO has worked closely with UNHCR and other relevant actors in Rakhine State to address potential exclusion errors in the



delivery of food assistance to IDPs. This work continues in 2020, and it is anticipated that this will result in additional beneficiaries being added to WFP's caseload. The CO is also upgrading its capacity to effectively implement SCOPE through the addition of two new dedicated staff, with funding support provided by the Regional Bureau. The broader adoption of SCOPE in WFP Myanmar operations (as permitted by the national and local authorities) will bring with it stronger protocols for beneficiary identification, including the capture of ID card information where available.

Observation 5 : Monitoring activities:

The CO has prioritized the hiring of a new P-3 Research, Assessment and Monitoring (RAM) Officer to lead the function and address gaps identified by the audit report. The Officer will prioritize the standardization of evidence gathering across the operation to ensure consistency in monitoring plans and coverage, utilization of relevant corporate tools, the collection and provision of data by field offices to the CO, and systematic follow-up on issues raised through monitoring activities.

Observation 7 : Cash transfers:

The CO has carried out an initial review of its Standard Operating Procedures (SOPs) on mobile-based transfers, in particular to ensure the necessary segregation of duties, while also reviewing SCOPE profiles to provide further reassurances that cash transfers are underpinned by a system that is fit for purpose. Operational Guidelines to accompany the national guidelines for the School Meal Programme, which clarify roles and responsibilities in cash transfers to schools, are also under development. The CO will also discontinue the use of vendor accounts in order to channel cash transfers to school meal committees, with payments being made directly to township education authorities. This was initially planned for the start of the school year but has now been delayed to August 2020 due to the ongoing COVID-19 crisis.

WFP Management appreciates the constructive and useful engagement of the Office of Inspector General and notes that the implementation of the agreed actions will further strengthen WFP's internal control, governance and risk management processes, with a view to ensuring an efficient and effective utilization of resources and maximum impact for the people it serves.