

2 March 2022

Management Comments to the Internal Audit of WFP Operations in Mozambique (AR/22/02)

WFP Management welcomes the observations made by the Office of the Inspector General in its internal audit report (AR/22/02) on WFP operations in Mozambique, covering the period from 1 January to 31 December 2020. WFP Management appreciates the focus on beneficiary management, cash-based transfers (CBT), supply chain, monitoring, finance, and human resources management. WFP Management also values the emphasis placed on WFP's programme implementation under Strategic Outcomes 2 and 3 of the Country Strategic Plan (CSP), representing 80 percent of the CSP expenditure in 2020.

The year 2020 was considered a year of recovery following the deadliest and strongest tropical cyclone to ever hit Africa on record causing catastrophic damage and a humanitarian crisis in Mozambique. However, the year turned out to be very different in part due to the economic fallout and loss of livelihoods as a result of stringent emergency measures implemented by the Government of Mozambique to stem the COVID-19 outbreak. Drought and dry spells in the southern region also affected the country significantly. The attacks and violence that shook the country to its core happened in Cabo Delgado province in the north, with a rapidly intensifying conflict that displaced 565,000 people. Consequently, the Level-2 Emergency was extended in September 2020.

Despite the challenges highlighted above, WFP continued to provide life-saving interventions to vulnerable populations affected by extreme weather conditions and conflict, as well as delivering capacity strengthening support to the Government of Mozambique in several important areas. WFP's areas of support in Mozambique included capacity strengthening and direct implementation. For instance, in 2020 for the first time, WFP and the National Secretariat for Food Security and Nutrition (SETSAN) conducted an Emergency Needs Assessment in conflict-affected districts of Cabo Delgado province, improving urgent humanitarian assistance targeting on the ground. Furthermore, WFP expanded the reach of its integrated climate risk management portfolio, more than doubling the caseload to reach 75,000 beneficiaries, including work on institutional and community resilience building, while piloting new and innovative approaches, such as Forecast-based Financing and Weather Index Micro-Insurance, among others. In terms of direct implementation, WFP effectively responded to the humanitarian crisis in Cabo Delgado province, providing immediate food assistance to 510,000 people. WFP also continued to provide food assistance to 1.2 million people across high-risk areas affected by the impact of drought and dry spells during the lean season. In response to the nationwide school closures due to COVID-19, WFP rapidly shifted its school meals programme from on-site to take-home rations.

WFP Management takes note of the overall conclusion of **“partially satisfactory/major improvement needed”** and agrees with the report's four high- and six medium-priority observations. The implementation of the four high-priority agreed actions is in progress and covers beneficiary management, supply chain, procurement and human resources. WFP Management is committed to meeting the agreed deadlines for implementing all the agreed actions. However, WFP is facing challenges in meeting the timeframe for agreed



actions 1, 2 and 3. For observations 1 and 2 regarding targeting and prioritization of affected populations and beneficiary data collection and management, respectively, data collection in Cabo Delgado is taking longer than expected due to security issues. Observation 3 on accountability to affected populations, which the country office is implementing with the Government of Mozambique, is also taking longer than originally anticipated.

The country office will work with the Regional Bureau for Southern Africa and WFP headquarters to ensure compliance with corporate guidelines and the development of additional standards where gaps exist.

WFP Management further appreciates the guidance provided in the medium-priority observations and agreed actions. Targeting and prioritization of affected populations are being addressed in collaboration with government counterparts. Further actions include the finalization of the cash-based transfer strategy, reinforcement of the cash-based transfer distribution plans, reconciliations and the elaboration of relevant standard operating procedures (SOPs). As part of the development of the second-generation CSP, new monitoring plans will be developed including calibration of periodicity and frequency of on-site monitoring activities, follow-up and tracking of implementation of complaints and feedback mechanisms as well as inclusion of the Protection units in the Cooperating Partners' performance evaluation process. Logistics Service market assessments will be conducted to reassess the decision to maintain or change tariff transport contract modalities. The country office will continue to follow up on recovering value-added taxes and long outstanding vendor advances and determine the appropriate accounting treatment of these balances in line with International Public Sector Accounting Standards.

WFP Management appreciates the thorough analysis undertaken by the Office of the Inspector General, including the travel to Mozambique under challenging COVID-19 circumstances. The advice and guidance provided by the audit observations, and the implementation of agreed actions will strengthen the governance, risk management and internal control mechanisms of WFP's operations in Mozambique.