



Remarks by Mr. Ramiro Lopes da Silva,
Deputy Executive Director
World Food Programme

ECOSOC Operational Activities Segment
“Dialogue with Executive Heads of UN Funds and Programmes”
12 July 2010

**“Efficiency, Modern Business Practices, and
Management for MDG Results”**

We all hope to get more for our money.

Member States have entrusted the United Nations system operational agencies, funds and programs with a central role in supporting national governments in the achievement of the Millennium Development Goals.

It is our responsibility, in turn, to maximize the resources we have to ensure that every dollar, euro, yen, pound, krone, rial, dinar, ruble and others are used for win-win sustainable solutions in our development work.

In the current climate of financial constraints and growing needs, it is even more critical that the UN system strives to focus our efforts on achieving the MDGs and assisting the world's most vulnerable people as efficiently and effectively as possible.

It is critical that we embrace and embed in our organizations the very best and most modern business practices. We must be more efficient, transparent and accountable and support governments in their efforts to reach concrete MDG results. Better management practices have the potential to both improve the impact of our individual organizations, as well as reduce transaction costs and improve efficiency in our joint work.

I would like to take a few minutes now to outline a few examples of how the UN system is making important progress in this regard as well as a number of challenges that remain for us to overcome.

Let me start at the global level. It may seem innocuous, but I believe that one of the most fundamental changes we are making in the UN system right now involves the implementation of the **International Public Sector Accounting Standards (IPSAS)**. All agencies are committed to meeting IPSAS standards by 2014, and most will get there before the end of 2012.

WFP was the first agency to adopt the new standards in 2008, and the difference for us has been significant. IPSAS provides us with a much better picture of our financial performance and in particular the impact of food inventory levels. By using common standards, there is greater transparency in our books and a greater ability to compare among UN agencies as well as with other public sector entities. We expect to use this vital information to improve our management systems and monitor our efficiency.

Like other agencies, WFP is also working on a range of measures to strengthen our **control and accountability systems**. Most agencies already have in place solid accountability frameworks, but across the system organizations are working hard also to ensure that their management controls, including performance management and risk management systems, are best in class.

I want to stress here that internal control is not just about ensuring accurate financial statements or compliance with our regulations and directives. It is also about ensuring that we achieve our strategic objectives and do so in a cost-effective manner.

In WFP's case, as part of our effort to strengthen controls, we have put in place improved **performance management** frameworks in place for both strategic results (i.e. programme outcomes) as well as management results. Both are in their early stages, but they have significant potential to improve effectiveness in our programmes and achieve greater efficiency in our management systems by providing regular and better quality information to senior managers and our Executive Board. We often say in WFP that 'what gets noticed, gets addressed'.

WFP is also working to implement an enterprise-wide **risk management framework** to ensure that we are escalating risks to the right level for decision. Information on risks is absolutely crucial to strengthen our control systems and help formulate appropriate policies. For WFP, the large portfolio of operations in high-risk, complex environments will always result in a residual risk gap, even after the appropriate approaches and controls have been put in place. The determination to remain engaged in these

operations must be the shared responsibility of management, the respective national government, the Executive Board and donors.

Turning now to the country level, several measures have been implemented to deliver better results and coordination in support of nationally-led development programmes. These measures are most advanced in the 'Delivering as One' pilot countries and several others which have voluntarily adopted this approach.

The implementation of common **information technology platforms** holds much potential for improving our work at the country level. WFP is working with others within the UN system to put in place reliable and high speed networks that will enhance information sharing between UN agencies and other development stakeholders at the country level, at the same time as reducing costs for IT procurement and support. This work is most advanced in Mozambique and Tanzania, where common IT network and data center infrastructure and services have been implemented and are showing early successes.

A number of the 'Delivering as One' pilot countries have also made progress in harmonizing and simplifying business practices in **procurement**. In her recent speech at the High Level Tripartite Conference on 'Delivering as One' in Hanoi, Helen Clark cited that in Mozambique it has been estimated that by introducing harmonized procurement procedures and long-term agreements, it will reduce the costs of procurement per purchase by up to 89 percent, going from the current average of 687 USD to about 102 USD per purchase.

For the Rome-based agencies, joint efforts on procurement have also significantly expanded over the past two years. For example, the three agencies developed a joint procurement platform for 2009-2010 for procuring common headquarters goods and services, resulting in a significant decrease in transaction costs.

Sometimes even small changes to business practices can have significant impacts. This is the case with regard to the **Harmonized Approach to Cash Transfer**, an improved approach to transferring cash from UN agencies to government and non-government Implementing Partners, approved by the General Assembly in 2008. HACT reduces transaction costs and lessens the burden of national partners while focusing on improving national capacities in aid management, a major step forward in implementing the Rome Declaration on Harmonization and Paris Declaration on Aid Effectiveness.

120 countries are now introducing or fully implementing the HACT. While it is mandatory for UNDG Excom agencies, a growing number of UN organizations and specialized agencies have started to adopt HACT in the 'Delivering as One' pilot countries, including UNESCO, UNOPS, FAO, UNIDO and HABITAT).

We are fortunate to have several strong coordinating bodies to help promote these kinds of approaches among the UN system. The High Level Committee on Management, currently chaired by Josette Sheeran, has been focusing on identifying and pursuing opportunities for improving coherence in key business practices, including human resources, safety and security of staff, financial and budgetary systems, procurement and others.

The HLCM has launched a series of **joint projects** with the intention of improving efficiencies across the UN system. These include projects focused on issues such as identifying and flagging suspect vendors for procurement services across the system; examining the feasibility of implementing common treasury services, and; creating a system-wide financial statistics database.

The UNDG, chaired by Helen Clark, is of course another important forum for these actions that focuses on the country level coordination. A joint UNDG-HLCM high-level mission addressing country-level bottlenecks in business practices was undertaken in March and April 2010, led by Mari Simonen of UNFPA and Jan Beagle of UNAIDS. The mission sought to identify critical areas where further efforts in improvement and harmonization of business practices are essential to ensure the operational effectiveness of the UN system on the ground.

I want to end with a few thoughts on challenges facing the UN system that need to be addressed in order to reach the next level of efficiency and effectiveness in achieving the MDGs.

First, although I have mentioned already the importance of strong performance management and outcomes measurement, I believe that by focusing these efforts on individual agencies, we risk losing the broader picture of the impact of the UN system on achieving the MDGs. We will need to work harder to find ways of measuring the overall contribution and performance of the UN system in achieving the MDGs. This, in turn, should be instructive in improving our programming. It should be noted that the diverse reporting burden imposed on us by donors, and Executive Boards (in

addition to the needs of national governments in programme countries), does not facilitate this task.

Second, there are major pieces of work still outstanding that need to be addressed quickly. One that comes to mind is the fact that UN agencies are still employing quite different approaches to national staff and locally-recruited personnel who form the backbone of our programmes at the country level. As agencies draw closer together, it is extremely important to harmonize these approaches to avoid demotivation of staff and to ensure that our systems are as simple, focused and efficient as possible. The good news is that there is a joint project going on within the HLCM on this precise issue, but we will need to ensure that this work continues to advance.

Finally, in some cases, making the shift to better business practices may take some up-front investment on the part of agencies to put necessary systems in place that will pay off in the coming years. In these instances, it is incumbent upon agencies to make and present a strong business case. However, this also requires receptiveness on the part of member states and governing bodies to consider these investments.

In a world where far too many things come between peoples of different nations, we remain united in our desire to build a more hopeful future. The Millennium Development Goals bring the nations of the world together for what I believe is the most ambitious and most important endeavour the world is undertaking today. By implementing cutting edge business practices to increase our efficiency, the UN system's impact on supporting member states to achieve the MDGs can be significantly enhanced.

Thank you for your attention.