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# COUNCIL

## Hundred and Sixty-third Session

Rome, 2-6 December 2019

## Report of the 176<sup>th</sup> Session of the Finance Committee (20-22 May 2019)

### Executive Summary

At its 176<sup>th</sup> Session, the Committee considered a number of financial, budgetary and oversight matters relating to the World Food Programme (WFP), prior to their consideration by the Annual Session of the WFP Executive Board in June 2019.

### Suggested action by Council

The Council is invited to note the views and recommendations of the Finance Committee in respect of matters considered by the Annual Session of the WFP Executive Board in June 2019.

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## Introduction

1. The Committee submitted to the Council the following report of its Hundred and Seventy-sixth Session.

2. In addition to the Chairperson, Mr Lupiño Lazaro Jr. (Philippines), the following representatives of Members were present:

- Mr Carlos Alberto Amaral (Angola)
- Ms Kristina Gill (Australia)
- Mr Manash Mitra (Bangladesh)
- Mr Rodrigo Estrela de Carvalho (Brazil)
- Mr Li He (China)
- Mr Haitham Abdelhady Elsayed Elshahat (Egypt)
- Mr Mateo Nsogo Nguere Micue (Equatorial Guinea)
- Mr Ramón Lohmar (Germany)
- Mr Benito Santiago Jiménez Sauma (Mexico)
- Mr Anton Minaev (Russian Federation)
- Mr Sid Ahmed M. Alamain Hamid Alamain (Sudan)
- Ms Elizabeth Petrovski (United States of America)

3. The Chairperson informed the Committee that:

- Ms Maria Esperança Pires Dos Santos (Angola) had been designated to replace Mr Carlos Alberto Amaral for part of this session;
- Ms Kristina Gill (Australia) had been designated to replace Ms Cathrine Stephenson as the representative of Australia for this session;
- Mr Rodrigo Estrela de Carvalho (Brazil) had been designated to replace Mr Antonio Otávio Sá Ricarte as the representative of Brazil for this session;
- Mr Li He (China) had been designated to replace Mr Ni Hongxing as the representative of China for this session;
- Mr Ramón Lohmar (Germany) had been designated to replace Mr Heiner Thofern as the representative of Germany for this session;
- Mr Anton Minaev (Russian Federation) had been designated to replace Mr Vladimir V. Kuznetsov as the representative of the Russian Federation for this session;
- Mr Ali Osman Ali Elsiddig (Sudan) had been designated to replace Mr Sid Ahmed M. Alamain Hamid Alamain for part of this session; and
- Ms Elizabeth Petrovski (United States of America) had been designated to replace Mr Thomas Duffy as the representative of the United States of America for this session.

4. A summary of the qualifications of the substitute representatives can be downloaded from the Governing and Statutory Body Web site at: <http://www.fao.org/unfao/govbodies/gsbhome/finance-committee/substitute-representatives/en/>

5. In addition, silent observers from the following Members attended the 176<sup>th</sup> Session of the Committee:

- Belgium
- Cuba
- Dominican Republic
- Kuwait
- United Kingdom

## World Food Programme Matters

### Update on the WFP Management Plan (2019-2021)

6. The Committee considered the *Update on the WFP Management Plan (2019-2021)* which outlined the Executive Director's proposals for a new headquarters organizational structure.
7. The Committee welcomed the Executive Director's decision to submit the document for the Board's approval and expressed appreciation to WFP's management for following the required procedures for presenting changes to the Management Plan to the governing and advisory bodies.
8. The Committee was briefed on the changes in the document compared to the version presented at the previous session of the Finance Committee on 6 February 2019. This comprised changes to reflect the views expressed by the Committee at its previous session, divisional title changes and a few refinements to the text and table allocations.
9. The Committee noted that documents highlighting the changes could be made available upon request - both the changes between the version reviewed by the Finance Committee in February and the revised version, as well as the changes between the original approved Management Plan (2019-2021) and the revised version.
10. The Committee was informed that the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had discussed the document on 2 April 2019 and that their report had been posted on the Executive Board website in advance of the 2019 annual session. The Committee noted the conclusion contained in the ACABQ report that it had no objections to the *Update of the WFP Management Plan (2019-2021)*.
11. The Committee sought clarification on the role of two D2 positions in the Washington office. It was assured that the two D2s had distinct responsibilities to strengthen WFP's strategic presence and partnership with the United States: the Senior Director would focus on high-level advocacy and strategic liaison with Government entities; the Director of the Washington Office focused on partnership management and operational matters.
12. The Committee acknowledged the rationale for the changes to the current operations services department, including splitting the divisions focusing on implementation assistance to ensure the efficient and effective delivery of services from programme & policy development to sharpen WFP's focus on strategy, programme and policy development across humanitarian and development work.
13. The Committee noted the multiple roles of the Chief of Staff within the new organization structure, which included responsibility for the Office of the Executive Director, leadership in digital transformation, and a coordination function for the regional bureaux. Management emphasized that the Executive Director was committed to devoting more time to oversee the work and performance of the regional directors. Management also recalled that the Operations Management Support Division, reporting to the Chief of Staff, would be responsible for the regular contacts with field operations and for ensuring multi-functional and joined-up responses from headquarters, and noted the synergies between this function and the overall organizational coordination function normally associated with a Chief of Staff. Management acknowledged the importance of WFP's leadership in digital transformation, which had benefitted from a USD 20 million critical corporate initiative for 2019-20, and underlined its commitment to providing focused attention to this area of work.
14. In response to a query on the relationship with local private sector entities, international financial institutions and south-south and triangular cooperation, the Committee was informed that these important partnership opportunities fell under the responsibility of the Partnerships Department. Among the international financial institutions, priority was currently being given to strengthening the partnerships with the World Bank and regional development banks.

15. The Committee was informed that, subject to approval, the organization changes would be implemented immediately after the annual session of the Executive Board. The exception to this was the Senior Director D2 in the Washington office which took effect earlier in 2019, on a temporary basis under the authority of the Executive Director, given the criticality of this function to sustain and grow the resource mobilization with WFP's largest donor.

16. The Committee was assured that there was no net impact on the Programme Support and Administrative (PSA) budget for 2019 or the breakdown by appropriation line, arising from the headquarters restructuring proposal. It was also assured that management would monitor the impact of changes and keep the membership informed, and would be mindful of making any further adjustments, refinements and adaptations to the structure where necessary.

17. **The Committee:**

- a) **recalled the Committee's discussion of the *Update on the WFP Management Plan (2019-2021)* at its 174<sup>th</sup> Session in February 2019;**
- b) **appreciated document WFP/EB.A/2019/6-B/1 that had been updated to reflect observations of the Finance Committee at its 174<sup>th</sup> Session as well as some divisional title changes, text description refinements and table allocations;**
- c) **further noted that the ACABQ had provided no objection to this update subject to its observations and recommendations; and**
- d) **recommended that the WFP Executive Board approve the *Update on the WFP Management Plan (2019-2021)* at its Annual Session in June 2019.**

**Audited annual accounts, 2018**

18. The Committee discussed WFP's *Audited Annual Accounts 2018*, supported by a briefing from the WFP Secretariat and the External Auditor.

19. The Committee was informed of the main reasons for the 2018 surplus of USD 729 million in Financial Statement II, compared with a surplus of USD 212 million in 2017. This surplus arose from an increase in contribution revenue (USD 7.2 billion against USD 6.0 billion in 2017) which, in accordance with International Public Sector Accounting Standards (IPSAS), was recognized when confirmed in writing by donors and where the contribution was not stipulated for a future financial reporting year, and the increase in total expenses (USD 6.6 billion against USD 6.2 billion in 2017) which were recognized when goods and services were delivered.

20. The Committee was informed of the main movements in Statement I: the increase in short-term investments by USD 463 million; the increase in inventories by USD 149 million; the decrease in contribution receivables by USD 380 million; the decrease in deferred revenue by USD 649 million, and the decrease in employee benefit liabilities by USD 100 million. The Committee was informed that overall budgetary utilization in 2018 was 68 percent of the final needs-based budget in Financial Statement V.

21. The Committee was informed that in 2018 the Secretariat continued the practice of including a Statement on Internal Control, signed by the Executive Director, to provide assurance on the effectiveness of internal control in WFP. The Committee was informed that a 100 percent submission rate of Assurance Statements by all directors had been achieved. In addition, it was informed that the Statement on Internal Control included one new internal control weaknesses on non-governmental organizations (NGO) management, and one area previously reported on enterprise risk management and management oversight was closed.

22. The Committee requested clarification on several technical aspects of the 2018 Annual Accounts:

### ***Statement II (Statement of Financial Performance)***

23. The Committee noted the increase in the surplus and inquired on the main drivers for it. It was informed that the surplus was explained by the inherent time-lag between revenue and expenses recognition and by contextual challenges faced in 2018 by two major Level 3 (L3) operations in Yemen and Syria and Syrian Regional Refugee Response. The Committee was also informed that nearly 95 percent of all contributions were earmarked and not available for transfer between operations.

### ***Statement I (Statement of Financial Position)***

24. The Committee noted the positive short-term investment developments and increase in net-assets. The Committee was informed that the net assets of USD 5.3 billion represented some six months of operational requirements and supported WFP's going-concern basis.

### ***Statement V (Statement of Comparison of Budget and Actual Amounts)***

25. The Committee noted that transfer costs to beneficiaries as opposed to implementation costs were not visible in the budgetary analysis. The Committee was informed that separation of transfer and implementation costs was one of the recommendations from the External Auditor's report on country portfolio budgets and would be addressed and presented in the WFP Management Plan.

26. The Committee noted and requested clarification on the reasons for the substantial budgeted amounts under projects (USD 3.2 billion of the final budget). The Committee was informed that some major operations (Somalia, Yemen, Ethiopia) were still under project structures at 2018 year-end, and few other operations had project closure activities during 2018.

### ***Statement on Internal Control***

27. The Committee welcomed WFP's commitment to addressing risk and internal control issues and requested clarification on prolonged delays in implementing audit recommendations on NGO management. On areas carried forward from 2017 the Committee was informed of the status of the WFP's corporate digital beneficiary and transfer management platform (SCOPE) rollout; progress towards addressing cybersecurity issues; the implementation status of WFP's monitoring strategy; and the culture of accountability. The Committee received information on the NGO partner portal; development of comprehensive NGO guidance, and performance of due diligence reviews of two NGOs. The Committee was provided an update on the SCOPE rollout with 55% of cash-based transfers (CBT) beneficiaries now covered, and that WFP was aiming to achieve 85% of CBTs in value in SCOPE as per the External Audit Recommendations in 2017 and 2018; as well as an overview of progress towards addressing cybersecurity issues. On programme monitoring, the Committee was informed that management was looking at ways to ensure WFP's monitoring investment could be tracked across WFP's programmes. The Committee was further informed that while the culture of control in emergencies had presented some challenges, accountability and internal controls were reinforced, including through the presence of Risk and Compliance Advisors in protracted emergencies and through short-term staff deployments in the early phases of emergencies such as in Mozambique, but additional work was needed to be done to strengthen controls.

### **External Audit Recommendations**

28. The Committee noted that the Secretariat had accepted the 2018 audit recommendations in the areas of cash-based transfers, IT application controls, financial reporting, and employee benefits and encouraged the Secretariat to implement these recommendations on a timely basis.

29. **The Committee:**

- a) **examined WFP's 2018 Audited Financial Statements together with the Audit Opinion and the Report by the External Auditor;**

- b) **commended the External Auditor for the quality of the Audit Report on the Financial Statements and encouraged the Secretariat to address the recommendations contained therein, in particular on cash-based transfers (CBT);**
- c) **noted and appreciated the Statement on Internal Control (SIC) which provided assurance on the effectiveness of internal control in WFP;**
- d) **encouraged WFP in its efforts to address risk and internal control issues identified in the SIC, including on the management of NGOs and beneficiaries; and**
- e) **recommended that the Executive Board approves the 2018 Annual Financial Statements of WFP, together with the Report of the External Auditor.**

### **Annual report of the Audit Committee**

30. The Audit Committee Chairperson presented the *Annual Report of the Audit Committee*, covering the period from 1 April 2018 to 31 March 2019, during which the Audit Committee had met three times. Topics discussed with WFP Management, the Inspector General and the External Auditor covered the full scope of Audit Committee responsibilities set out in its terms of reference. The Chairperson reported one change in the composition of the Committee in March 2019 when Mr Robert Samels (Canada) replaced Mr Pedro Guazo (Mexico) who had resigned in September 2018.

31. The Committee considered the highlights of the report presented by the Audit Committee Chairperson including enterprise risk management; internal control processes; the Executive Director's statement on internal control; the performance of the Office of the Inspector General; the outcome of the oversight reports on the financial statements; the implementation of the values and ethics programme including the anti-fraud and anti-corruption (AFAC) and harassment, sexual harassment, abuse of power and discrimination (HSHAPD) policies. The Audit Committee Chairperson commented that positive developments had been introduced since the issuance of the 1 March 2018 policy on HSHAPD to emphasize the importance that WFP places on this matter. However, cultural change was required within the organization to create a more conducive environment to report issues.

32. Following requests from the members, the Audit Committee Chairperson stated that regarding conflicting views with the External Auditor on the status of internal controls, the Audit Committee was satisfied with the overall assurance of internal controls on the basis of having reviewed the work of risk management, the Office of the Inspector General and the External Auditor. The Audit Committee Chairperson emphasized that there were a number of areas where internal controls could be improved and support the recommendations of the Inspector General and the External Auditor, but in overall terms supported the statement of internal control made by the Executive Director.

33. The Committee was informed that a systemic automation of internal reporting was expected to further improve control processes along with a quality review of evidence supporting self-certification. WFP Management committed to strong action against underreporting of fraud and was discussing specific risk management metrics and thresholds for action as well as skill requirements to meet humanitarian commitments resulting from lack of funding, human capacity, information technology or access. While coordination with other agencies happened already within specialized areas and country offices, WFP Management was also closely engaged to mitigate potential risks resulting from the United Nations reform.

#### **34. The Committee:**

- a) **considered the *Annual Report of the Audit Committee* for the period 1 April 2018 - 31 March 2019;**
- b) **acknowledged the important role of the Audit Committee and encouraged the Audit Committee in its ongoing work;**
- c) **welcomed the report, which included positive conclusions on the enterprise risk management and internal control processes, implementation of the Integrated Road Map and the operation of the Office of the Inspector General;**

- d) **appreciated the guidance provided by the Audit Committee in the areas under its mandate and encouraged management to address the recommendations on the areas of risk including causes of less efficient controls highlighted in the report; and**
- e) **approved the submission of the report to the Executive Board at its June 2019 Annual Session for its consideration.**

### **Annual report of the Inspector General and Note by the Executive Director**

35. The Committee welcomed the *Annual Report of the Inspector General* and the *Note by the Executive Director on the Annual Report of the Inspector General*.

36. The Committee thanked the Office of the Inspector General (OIG) for its report and welcomed the favourable opinion issued by the OIG and the detailed responses in the note by the Executive Director on the areas highlighted in the report. The Committee enquired whether the increase in OIG's budget was sufficient and on steps taken by management to implement agreed actions as delays in the mitigation of risk were problematic. The Committee was informed on the lengthy steps to finalize and issue guidance and the need to be more thoughtful in setting implementation dates. Management also noted that the increase in OIG resources (51% increase in PSA budget between 2017 and 2019) provided opportunities to address weaknesses through oversight findings, but also strained management's capacity to address recommendations in a timely fashion.

37. The Committee was informed that OIG was reviewing its resource requirements to address the increase in complaints, as well as taking steps to ensure the investigative process remained timely, including through a strengthened intake process and prioritization in line with amended policies and requirements relevant to HSHAP. The Committee received confirmation that the number of reports completed should increase in 2019 with the additional resources received.

38. The Director of Internal Audit elaborated on the risk related to cooperating partners and the work done from the audit of the management of NGOs in 2016 to the advisory work in 2018 which provided insights for a risk-informed discussion and decision from management. An audit was planned in 2020 to complete the cycle with reassessment of the management of cooperating partners' risks.

39. Management confirmed its alignment with the internal audit conclusions that the second line needs to mature further to provide assurance on controls effectiveness, which the Inspector General could then confirm through OIG's independent review. The Committee was further informed that the new R2 risk and recommendation tracking tool would be an important part of more fully embedding risk management processes and guidance. In the meantime, risk identification and escalation were in part provided by OIG for management to mitigate through implementing agreed actions.

40. **The Committee:**

- a) **considered the *Annual Report of the Inspector General* together with the *Note by the Executive Director on the Annual Report*;**
- b) **noted the assurance opinion issued by the Inspector General that the oversight work performed did not disclose any significant weaknesses in the internal control, governance and risk management processes in place across WFP that would seriously compromise the achievement of WFP's strategic and operational objectives;**
- c) **encouraged the Secretariat to address the areas of governance, risk management and control practices identified in the report that required improvement;**
- d) **noted the challenges faced by the Office of the Inspector General as a result of the increased investigative workload; and**
- e) **advised the WFP Executive Board to take note of the *Annual Report of the Inspector General* and to encourage management to take advantage of the opportunities for further improvement in various areas highlighted in the report.**



### **Report of the External Auditor on country portfolio budgets and WFP management response**

41. The Committee discussed the *Report of the External Auditor on country portfolio budgets* following a briefing by the External Auditor and WFP management.
42. The Committee noted the report's conclusions that country portfolio budgets contributed to improving WFP's accountability and enhanced the coherence of its action within the United Nations system.
43. The Committee was informed that WFP management agreed with all recommendations and welcomed the conclusions that country portfolio budgets represented an improvement in transparency and accountability and the new cost categories provided a better understanding of WFP's expenditures.
44. The Committee was informed that WFP would engage with Member States on the appropriate balance of information required for strategic governance as well as detailed information which could be accessed through other platforms, including the country strategic plan (CSP) data portal or WFP website. The Committee welcomed further discussion on this subject to help facilitate strategic governance and funding decisions as well as inform budget trends.
45. In relation to the availability and timeliness of implementation plans, the Committee was assured that WFP management recognized its importance within the context of the Management Plan as well as individual Country Operations Management Plans.
46. The Committee also received assurances that multi-country strategic plans remained distinct from regional responses which consisted of elements of individually-approved CSPs.
47. The External Auditor informed the Committee of WFP's ability to report annually on overall support rates, consolidated support and implementation rates as well as the overall accompanying rates.
48. **The Committee:**
- a) **reviewed the *Report of the External Auditor on country portfolio budgets and the management response to the recommendations*;**
  - b) **welcomed the External Auditor's findings and noted that all recommendations had been accepted by the management; and**
  - c) **encouraged WFP Management to implement the recommendations in line with the timeframes and categories presented in the document.**

### **Report of the External Auditor on fraud prevention, detection and response and WFP management response**

49. The Committee discussed the *Report of the External Auditor on fraud prevention, detection and response* which concluded that WFP's anti-fraud policy was in line with those of other organizations and international standards, and included recommendations related to opportunities for further improvement. The Committee noted management's appreciation for the constructive work of the External Auditor and confirmation that actions were progressing to address the recommendations as it implemented the Anti-Fraud and Anti-Corruption Strategy and Action Plan, 2018-2020.
50. The Committee requested and received clarifications on a variety of issues, including on the concept of zero tolerance, additional due diligence for strategic suppliers, compliance with the annual conflict of interest disclosure programme, and quality assurance of risk registers. The Committee was informed that zero tolerance could act in some cases as a disincentive to the reporting of fraud. The Committee was also informed of the Executive Management Group's support for efforts to ensure compliance with the annual disclosure programme and the Ethics Office's consideration that the

programme could be effectively and efficiently administered within WFP, though dedicated resources would be required. The Committee noted that beneficiary complaints and feedback mechanisms were implemented in 86 percent of countries as of 2018.

51. The Committee highlighted concerns on the underreporting of fraud and corruption and was informed that underreporting was a challenging issue with the External Auditor identifying a number of reasons for underreporting in the audit report. The Committee noted that management's approach to addressing underreporting relied on strengthening the second line of defense, strengthening accountability culture, tools for reporting, and reliance on various information sources such as beneficiary complaints and feedback mechanisms and reports from partners and suppliers. The Committee received clarification that fraud amounts presented in the *Annual Report of the Inspector General* were low but reflected the amounts substantiated through an investigation.

52. **The Committee:**

- a) **reviewed the *Report of the External Auditor on fraud prevention, detection and response* and the management response to the recommendations;**
- b) **encouraged management in its efforts to ensure full implementation of the agreed recommendations, addressing the reasons for the under-reporting of fraud, and strengthening its actions in prevention, detection and response to enable WFP to combat fraud and corruption even more effectively; and**
- c) **advised the WFP Executive Board to take note of the *Report of the External Auditor on fraud prevention, detection and response*.**

#### **Report on the implementation of the External Auditor recommendations**

53. The Committee discussed the *Report on the Implementation of the External Auditor Recommendations* following a briefing by the Secretariat that highlighted the recommendations implemented and outstanding. Of the 56 recommendations outstanding at the last reporting rate, 29 were closed during the current reporting cycle.

54. The Committee received clarifications on a) the accountabilities of country and regional directors for their performance during emergency operations; b) food-related losses; c) Country Office Tool for Managing Effectively (COMET) data integrity; and d) human resource matters, namely competitive recruitment of consultants, partial performance-based pay, and Performance and Competency Enhancement (PACE) reviews.

55. **The Committee:**

- a) **considered the *Report on the Implementation of the External Auditor Recommendations*;**
- b) **noted the implementation rate of outstanding recommendations of the External Auditor and noted the new recommendations made by the External Auditor in the reports issued in 2018;**
- c) **encouraged the Secretariat to expedite the implementation of the outstanding recommendations within the timeline indicated in the report; and**
- d) **recommended that the Executive Board take note of the *Report on the Implementation of the External Auditor Recommendations*.**

#### **Report on the utilization of WFP's advance financing mechanisms (1 January - 31 December 2018)**

56. The Committee reviewed the *Report on the utilization of WFP's advance financing mechanisms (1 January – 31 December 2018)*.

57. The Committee noted that the two main factors driving the request to expand the Global Commodity Management Facility (GCMF) ceiling for emergency response were: an 18% increase in

the use of the GCMF since the previous year; and the aim to take a prudent approach as a contingency in case of multiple humanitarian crises.

58. In response to questions regarding the risks of expanding the GCMF ceiling, the Committee was assured that Management didn't perceive any significant additional risk: the safety net of USD 6 million had not been used and was not anticipated to be increased, while the self-insurance scheme covered commodity losses. By contrast, the potential benefits of having an enhanced authority to preposition food in response to a sudden onset emergency or simultaneous emergencies, were significant.

59. The Committee noted that although further requests for increases in the ceiling were not foreseen, they could not be ruled out.

60. The Committee noted Management's concerns about the low volume of contributions to the Immediate Response Account in recent years (excluding transfers from the Programme Support and Administrative Equalization Account (PSAEA)) and enquired about what could be done to maintain the Immediate Response Account at a healthy level.

61. The Committee was informed that the Immediate Response Account was effectively a thematic fund for life-saving activities, with the added advantage of its revolving nature. Yet, contributions had remained flat at around USD 47 to 57 million per annum (less than 1 percent of contributions) despite the Executive Board target of USD 200 million and the incentive of a 0 percent Indirect Support Cost (ISC) rate on contributions directed to the fund.

62. In response to questions regarding the two Macro Advances with outstanding balances in Ethiopia and South Sudan, the Committee was assured that there were no specific concerns with these two advances.

63. The Committee also enquired about the overall experiences of Macro Advance Financing (MAF) in 2018 and was informed that it had been very effective in isolated areas and that WFP would continue to explore further opportunities to apply it more broadly including ways to overcome external and internal barriers.

64. **The Committee:**

- a) **advised the Executive Board, in accordance with Article XIV of the General Regulations of WFP, to take note of the *Report on the utilization of WFP's advance financing mechanisms during the period 1 January– 31 December 2018*; and**
- b) **recommended that the draft decision to increase the ceiling of the Global Commodity Management Facility (GCMF) to USD 560 million be approved by the Executive Board.**

## **Other Matters**

### **Working Methods of the Finance Committee**

65. The Committee emphasized the importance of receiving documents in all official languages and within the established time limits in order for the Committee to have sufficient time to review the documentation prior to the sessions. Noting the logistical difficulties of finalising and translating documents in a timely fashion for Board Sessions held in early June, the WFP Secretariat would explore with the FAO Governing Body Secretariat the possibility of holding the Annual Session of the WFP Executive Board at a later date.

### **Date and Place of the Hundred and Seventy-seventh Session**

66. The Committee was informed that the 177<sup>th</sup> Session was scheduled to be held in Rome from 30 to 31 October 2019.

### **Documents for information**

- Report of the Executive Director on contributions in the form of commodities or services and on reductions or waivers of Costs (General Rule XIII.4 (h)) in 2018