



World Food Programme  
Programme Alimentaire Mondial  
Programa Mundial de Alimentos  
برنامج الأغذية العالمي

**Executive Board**  
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For information

Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

## Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)

The Executive Director is pleased to submit herewith the report of the Advisory Committee on Administrative and Budgetary Questions pertaining to WFP. The report covers the following agenda item:

- Audited annual accounts, 2022 (WFP/EB.A/2023/6-A/1)
- Report on the utilization of WFP's strategic financing mechanisms (1 January–31 December 2022) (WFP/EB.A/2023/6-B/1)
- Annual report of the Independent Oversight Advisory Committee (WFP/EB.A/2023/6-C/1)
- Annual report of the Inspector General (WFP/EB.A/2023/6-D/1) and note by the Executive Director (WFP/EB.A/2023/6-D/1/Add.1)
- Management review of significant risk and control issues, 2022 (WFP/EB.A/2023/6-E/1)
- Report of the External Auditor on support services (WFP/EB.A/2023/6-F/1) and WFP management response to the External Auditor's recommendations (WFP/EB.A/2023/6-F/1/Add.1)
- Report of the External Auditor on fuel management (WFP/EB.A/2023/6-G/1) and WFP management response to the External Auditor's recommendations (WFP/EB.A/2023/6-G/1/Add.1)
- Report on the implementation of the External Auditor's recommendations (WFP/EB.A/2023/6-H/1)
- Report of the Executive Director on contributions, reductions and waivers of costs under General Rule XIII.4 (f) in 2022 (WFP/EB.A/2023/6-I/1)
- Utilization of the Programme Support and Administrative Equalization Account reserve (WFP/EB.A/2023/6-J/1)

## COPY OF LETTER RECEIVED FROM THE UNITED NATIONS — NEW YORK

Reference: AC/2249

Advisory Committee on  
Administrative and Budgetary Questions

6 June 2023

Dear Ms McCain,

Please find attached a copy of the report of the Advisory Committee on your submission of the reports in the attached annex.

I should be grateful if you could arrange for the Advisory Committee's report to be placed before the Executive Board at its forthcoming session, as a complete and separate document. I would appreciate it if a copy of the document could be provided to the Advisory Committee at the earliest possible opportunity.

Yours sincerely,

Abdallah Bachar Bong  
Chairman

Ms Cindy H. McCain  
Executive Director  
World Food Programme  
Via Cesare Giulio Viola, 68-70  
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## I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered a total of 13 reports of the World Food Programme (WFP) Secretariat, which are being submitted to the WFP Executive Board annual session, to take place in Rome, Italy, from 26-30 June 2023. Two of the documents are submitted to the Executive Board for approval, namely the Audited annual accounts for 2022 and the report on the Utilization of the Programme Support and Administrative and Equalization Account reserve. Ten additional reports are submitted for consideration and one for information (see annex for a full list of reports). During its consideration of the reports, the Advisory Committee met with representatives of the WFP Secretariat, who provided additional information and clarification, concluding with written responses received on 23 May 2023.

## II. Documents submitted to the Executive Board for Approval

### A. Audited Annual Accounts, 2022

2. The report on the audited annual accounts for 2022 contains: (a) the opinion of the External Auditor on the financial statements and the long-form report of the External Auditor in section I; and (b) the Executive Director's statement, statement on internal control, financial statements I-V and notes to the financial statements in section II.
3. The External Auditor has issued an unqualified audit opinion on WFP's Financial Statements for the financial period ended 31 December 2022. The Advisory Committee notes that the External Auditor has issued several recommendations, covering matters such as contributions receivables, inventories, property plan and equipment, staff costs and employee benefits and enhancements to accounting processes. **The Advisory Committee trusts that the External Auditor's recommendations will be implemented in full and in a timely fashion.**

### *Financial performance and financial position*

4. In 2022 total revenue amounted to \$14,418.0 million, an increase of \$4,816 million, or 49.5 percent, from \$9,602 million in 2021. Expenses amounted to \$11,448 million, an increase of \$2,566 million, or 28.9 percent, from \$8,882 million in 2021. The surplus of revenue over expenses was \$2,970 million in 2022, compared to a surplus of \$720 million in 2021. The Advisory Committee, upon enquiry was provided with the following table showing trends in revenues, expenses and surplus (deficit); fund balances, reserves and net assets for the period 2012-2022.

**Table 1: Trends in revenue, expenses and surplus/(deficit)  
from 2012 to 2022 (rounded figures)**

Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue*	4 211	4 536	5 450	4 765	5 909	6 431	7 368	8 272	8 904	9 602	14 418
Expenses	4 396	4 515	5 215	4 816	5 368	6 219	6 640	7 613	8 054	8 882	11 448
<b>Surplus (Deficit)</b>	<b>(184)</b>	<b>21</b>	<b>236</b>	<b>(51)</b>	<b>541</b>	<b>212</b>	<b>729</b>	<b>658</b>	<b>850</b>	<b>720</b>	<b>2 970</b>
Fund balances	3 351	3 400	3 591	3 492	3 997	4 054	4 898	5 438	6 431	8 081	10 753
Reserves	273	273	331	278	330	380	407	432	411	509	896
<b>Net Assets</b>	<b>3 624</b>	<b>3 673</b>	<b>3 923</b>	<b>3 771</b>	<b>4 327</b>	<b>4 434</b>	<b>5 306</b>	<b>5 870</b>	<b>6 842</b>	<b>8 590</b>	<b>11 649</b>

\* WFP changed its contribution revenue recognition policy in 2016 and restated 2015 comparative period balances. The policy was again changed in 2022, restating 2021 balances.

- Upon enquiry, the Advisory Committee was informed that the increase of 49.5 percent in revenue for 2022, is attributed to an increase of USD 3,549.9 million from the largest donor, the United States of America, whose contributions to WFP in 2022 represented 52 percent of the total contribution revenue. Eighty-seven percent of all grants confirmed in 2022 have duration beyond 2022 and will be spent in line with the level of earmarking in 2023 or in future years. 61 percent of surplus is attributed to five countries: Ethiopia, Ukraine, Somalia, South Sudan and Sudan, generated by high value contributions confirmed to these operations closely before year-end.
- The Advisory Committee was further informed that the revenue in 2023 is expected to be below 2022, as 2022 had an exceptional level of supplemental funding from the main donor. The forecast contribution revenue remains at USD 11 billion as stated in the Management plan 2023-2025, while expenses may exceed revenue, as WFP will utilize surplus carried forward from 2022.
- The Advisory Committee notes the healthy financial position of WFP and the noticeable increase in the surplus in 2022 in comparison to already considerable surplus amounts in previous years. (see also paragraphs 19 to 20 below)**

### **Other Matters**

#### *Financial Statement and Accounting Processes*

- According to the report, WFP amended its presentation of the statement of financial performance and of various notes disclosures in the financial statements. Main changes relate to the separate disclosure of affiliate workforce costs, and the separate disclosure of partners' costs for distribution of food and cash and for contracted and other services. The External Auditor also recommended additional changes to comply with IPSAS requirements and enhance the informative value of the financial statements which WFP were not yet implemented. The report indicates the External Auditor will follow up on the inclusion of such additional information, to further enhance the IPSAS compliance, and the meaningfulness and transparency of notes disclosures. (see paragraphs 29 - 33).
- On the auditor's recommendation about improving the presentation of Statement V of the Financial Statement, the Advisory Committee, upon enquiry, was informed that WFP intends to implement the recommendation by including an updated implementation plan in Statement V. According to WFP, the implementation plan is primarily a tool for Country office operational and financial planning and therefore, the additional burden on Country offices

- needs to be considered in making use of this tool for reporting purposes. **The Advisory Committee agrees with the External Auditor that the use of comparable information between final budget and final implementation is very important for transparency and accountability regarding the performance of WFP operations and trusts the recommendation will be implemented in a timely manner.**
10. The audit report, in paras 26 – 27, also indicates that WFP, in consultation with the External Auditors changed its accounting policy on revenue recognition in 2022. Due to the growing complexity of the revenue contribution processes, WFP distinguished between three different contribution agreement scenarios: (i) agreements without refund obligations, (ii) agreements with stipulations that impede the recognition of an assets, and (iii) agreements which contain conditions in the meaning of IPSAS 232 and where the present obligation has not yet been satisfied. According to the External Auditor, WFP applied its accounting policy change retrospectively and restated the 2021 comparative figures.
  11. With regards to the recognition of food commodities, the External Auditor recommended a change in the accounting policy on expense recognition of food commodities handed over to cooperating partners with a view to have them recorded as inventories while with implementing partners and as expenses only when distributed to beneficiaries. It was also recommended that WFP disclose in the notes to the financial statements the quantity and value of the major material groups of food commodities. (see paragraphs 64 and 73). The external auditors also made recommendations related to valuation exercises of inventories and accrual recognition of unrecorded liabilities at the year-end (see paragraphs 80 and 175.)
  12. Upon enquiry, the Committee was informed by the auditors that the identified changes in the financial statements have to be seen against WFP's significant increase of budget, revenues and expenses over the past decade. Systems, policies, processes and guidance have to grow and adapt in line with the growth of the organization. This requires time and resources while at the same time operational requirements prevail. Therefore, a certain backlog in the growth of systems and processes is not unusual for rapidly growing organizations.
  13. **The Advisory Committee notes the changes already introduced by WFP in the financial statement and the additional recommendations from the External Auditors aiming at enhancing the accuracy, meaningfulness and quality of information provided in the financial statements. While mindful of the challenges of implementing many new processes and policies, the Committee trusts that WFP will continue to dedicate efforts towards implementing the External Auditor's recommendations and on improving the information provided in the Financial Statements.**
  14. Also on a topic related to IPSAS interpretation and improvements on financial accounting, the External Auditor noted that one country office posted fuel expenses under the headquarters' business area in WINGS. The fuel costs were managed by headquarters through and Special Account for Logistics Services (SHLC) and were therefore charged to the headquarters' business area. Based on a default setting in WINGS, the headquarters' business area was always applied when a country office used the SLHC. As a result, WFP recorded fuel expenses of country offices under the headquarters' business area. From the External Auditors perspective, the business area is a crucial identifier for expenses and assets whereas a special account reflects budgetary and funding source information. The two areas of budget or funding and IPSAS financial expenses should be strictly separated, for example through using two separate ledgers – one for budget and one for IPSAS. WFP disagreed with the External Auditors recommendation that WFP ensure meaningfulness of business areas. The External Auditor holds that IPSAS expenses should be linked to the expense incurring unit irrespective of the funding source. **The Advisory Committee trusts that additional information on this recommendation will be provided to the Executive Board, including on how to ensure accurate recording of expenses incurred by WFP's**

**units. The Committee also trusts that WFP will provide comprehensive information on the use of business areas that have an impact on recording of expenses in a different unit than the one of the actual expense to the Executive Board and in the next report.**

*Operating Model*

15. In their report, the External Auditors presented important recommendations on areas that require increased standardization of processes and tools and enhanced oversight by headquarters. The report identifies challenges in the management of and accounting for contribution agreements of WFP and recommended a coherent and more standardized wording for future contribution agreement negotiations (see paragraphs 40 to 44). The auditors also identified problems in headquarters' control and clearance of locally negotiated contributions (see paragraphs 45 to 50). On the management of human resources entitlements, it was indicated that enhancement of internal control is advisable in cases of decentralized administration of staff entitlements and corresponding recommendations were made regarding danger payment (see paragraphs 134 and 136). With regards to cash-based transfers, important focus was placed by the auditors on improving the process of reconciliation of transfers and it was recommended that good practices be shared, as well as the enhancement of corporate standard technical solutions (see paragraphs 140 – 152). It was also recommended that WFP strengthen oversight activities related to CBTs (see also paragraph 31 to 32 below). In its report on the performance audit on support services, the External Auditor also raised attention to the need of further standardization and headquarters oversight on procurement issues and WFP indicated that a review of the current model is already taking place. (see paragraph 42 below)
16. Upon enquiry as to WFP's views on the fact that many recommendations asked for more standardized/centralized control on some areas of operations, WFP agreed that it is easier to ensure standardization, embed and apply internal controls, as well as exercise management oversight over certain "location independent" business processes. Centralization, however, also required some conditions to be in place, including the existence of appropriate corporate tools. It also requires consideration of certain trade-offs, such as deep local knowledge requirements, local language and context specificity. As the processes become more digitized there are more opportunities for centralization that can also be virtual and not necessarily linked to specific location. The Committee was also informed that in view of the auditors, WFP can accomplish targeted improvements by a review of its processes and tools. Particularly, the enterprise resource planning tools should be flexible and capable of adapting to the model of operation and oversight lines of defence as may be determined the most appropriate. The External Auditor plans further audit work on the broader topics of delegation of authority and organizational structures for the upcoming audit cycle. **Taking into consideration the significant growth in WFP's operations, as well as the opportunities that are presented by new technologies and tools, the Advisory Committee is of the view that a strategic assessment of the operational model, in particular of areas where increased standardization and/or enhanced centralized oversight would be beneficial, should be conducted by WFP and information in that regard provided to the Executive Board and in the next report on the management plan.**

*Property, Plant and Equipment*

17. The Advisory Committee, upon enquiry was informed that the External Auditor had identified a significant part of property, plant and equipment, in particular information technology equipment, which was not operative anymore. The report further indicates that WFP did not dispose outdated items and 51 percent of property, plant and equipment were fully depreciated. Upon enquiry, WFP informed it categorizes property, plant and equipment into asset classes that are depreciated over estimated useful lives. Individual items of property, plant and equipment are capitalized if their cost is greater or equal to the threshold limit set at USD 5,000. The estimated useful life for property, plant and equipment classes are listed below.

Class	Estimated useful life (years)
<b>Buildings</b>	
Permanent	40
Temporary	5
Computer equipment	3
Other equipment	3
Office fixtures and fittings	5
Motor vehicles	
- Light	5
- Heavy and armoured	8
Workshop equipment	3

18. Useful lives are periodically reviewed and most recently, the useful life of heavy and armored vehicles was extended from 5 to 8 years. According to IPSAS 17 - Property, plant and equipment definitions, the useful life is the period over which an asset is expected to be available for use by an entity. IPSAS 17 further in paragraph 73 states that useful life is defined in terms of the asset's expected utility to the entity which may be shorter than its economic life and that its estimation is a matter of judgment based on the experience of the entity with similar assets. WFP has set the useful lives for its asset classes accordingly. In practice, replacement of fully depreciated assets can be delayed due to funding constraints, while the disposal of such assets is subject to approval by the appropriate level of authority. Beside considering age of the assets, other factors such as their storage (stored in warehouse or not) and conditions (operational or not) are considered in the vintage analysis to determine whether they should be replaced or disposed of. **The Advisory Committee is of the view that effective life-cycle management of physical assets contributes to improving asset management and risk mitigation against fraud, theft, and environmental contamination. The Committee trusts that WFP will implement the recommendations of the External Auditor as expeditiously as possible and information, thereon will be provided in the next financial report of WFP.**

**B. Report on the utilization of Programme Support and Administrative Equalization Account reserve**

19. The report provides information on the Programme Support and Administrative Equalization Account (PSAEA) balance at the beginning of 2023, which is significantly higher than projected in the management plan (2023–2025). It further indicates that, taking into consideration the projected indirect support cost (ISC) revenue in 2023 and the approved programme support and administrative expense (PSA) budget, the balance of the PSA will be well above the target of five-months' PSA expenditure. Consequently, WFP proposes to

strengthen the Immediate Response Account with a transfer of USD 100 million from the PSAEA, as outlined in the table below.

<b>TABLE 1: PROJECTIONS OF THE PROGRAMME SUPPORT AND ADMINISTRATIVE EQUALIZATION ACCOUNT FOR 2023 (USD million)</b>	
<b>PSAEA balance at 1 January 2023*</b>	<b>461.3</b>
<b>2023 projected movements</b>	
ISC projected revenue (based on global contribution forecast income of USD 11.0 billion)	625.0
Approved PSA budget	(576.3)
Proposed transfer to Immediate Response Account	(100.0)
<b>Projected PSAEA balance at 31 December 2023</b>	<b>395.0</b>
PSAEA target (equivalent to five months of 2023 PSA expenditures)	240.1
PSAEA floor (equivalent to two months of 2023 PSA expenditures)	96.1

\* PSAEA beginning balance refers to the end balance as at 31 December 2022 on a budgetary basis less approved 2023 PSAEA drawdowns of USD 106.5 million (2022–2024 management plan).

20. In its report AC/2197, the Advisory Committee noted that the PSAEA closing balance has been consistently in excess of the five-month target level since 2013. For 2022, the closing balance of USD 461.3 million, which already took into consideration USD 106.5 million drawdowns, was again higher than the balance of the previous year (USD 326.6 million). The Committee also noted the significant surplus of indirect support cost (ISC) revenue from PSA expense, which continued for 2022. **The Advisory Committee reiterates that additional information regarding the balance and movements of the PSAEA, the status of indirect support cost revenue, as well as the minimum and maximum levels of PSAEA should be provided to the Executive Board during the consideration of the present report and in future reports. The Committee is also of the view that a better understanding of the trend of increases in PSAEA balance as well as on its different uses in the last years would facilitate decisions that the Board has to make on future proposed transfers from the PSAEA and trusts that additional information in that regard will be provided in the next report on PSAEA.**
21. In terms of the Immediate Response Account, the Committee was provided with the below table on trends over the past five years, including replenishments from the PSAEA:



YEAR	USD millions				
	2018	2019	2020	2021	2022
<b>Opening balance at 1 January</b>	<b>23.8</b>	<b>44.6</b>	<b>79.3</b>	<b>75.5</b>	<b>43.7</b>
Directed contributions*	29.6	22.6	24.7	64.0	101.1
Other Revenue ( <i>details in italics</i> )	67.1	23.1	77.5	53.8	180.0
- <i>Multilateral contributions</i>	<i>23.1</i>	<i>23.1</i>	<i>25.0</i>	<i>30.6</i>	<i>50.0</i>
- <i>Programme support and administrative equalization account (PSAEA)</i>	<i>44.0</i>	-	<i>52.5</i>	-	<i>30.0</i>
- <i>Other**</i>			-	<i>23.2</i>	<i>100.0</i>
Revolved funds	68.3	150.0	82.5	70.4	220.4
<b>Total revenue</b>	<b>165.0</b>	<b>195.7</b>	<b>184.7</b>	<b>188.2</b>	<b>501.5</b>
Allocations	144.2	161.0	188.5	220.0	385.2
<b>Closing balance at 31 December</b>	<b>44.6</b>	<b>79.3</b>	<b>75.5</b>	<b>43.7</b>	<b>160.0</b>

\*USD101.1 million Directed contribution in 2022 includes USD 3.1 million confirmed contributions from private donors in 2021 that were transferred to the IRA reserve in January 2022.

\*\*Unspent balances from contributions to the CSPs and other recipient WFP activities; interest accrued on donor funds administered by WFP through trust funds for bilateral contribution. Others as identified and approved with the appropriate donors, management authorities and Executive Board (i.e., in 2021 USD 20M was transferred from Self-insurance special account surplus, and in 2022 USD 100 was transferred from General Funds).

### **Situation in Sudan and Food Losses**

22. The report indicates that in the WFP management plan for 2021–2023, management informed the Board that the self-insurance scheme required capital of USD 47 million per year for 2020, 2021 and 2022 to meet its obligations. Under normal circumstances a similar amount would have been required for 2023, but given the extraordinary situation in the Sudan the account may need to be replenished from the PSAEA. Should that occur, it was indicated management would seek approval from the Executive Board. It also informs that the outbreak of violence in the Sudan has resulted in widespread looting of humanitarian stocks and facilities across the country. WFP food stocks valued at approximately USD 50 million are stored in various locations. While, at the time of reporting, the security situation did not allow for a full assessment of the status of food stocks, at least one location had been looted of 4,000 mt of food valued at USD 2 million. Any loss would need to be replenished through the self-insurance scheme to meet urgent humanitarian need. Transportation of humanitarian personnel by air was another area where self-insurance could be a requirement depending on the security conditions and commercial insurance available for air operations in Sudan.
23. The Advisory Committee, upon enquiry, was informed that aviation insurance coverage in Sudan is obtained from commercial insurance market. While part of it such as hull insurance can be self-insured, others such as liability (for injury or death to passengers) are best suited to commercial insurers. This is primarily because passenger liability can be complicated, may involve legal proceedings in various jurisdictions and can often take years to resolve. On food losses, the Committee was informed that WFP is facing security complications and limitations on access, which makes it impossible to provide a comprehensive evaluation of the damages incurred by the loss of assets in this constantly changing situation inside Sudan. The Advisory Committee was further informed that the average of the annual food losses is at a rate of 0.7 percent. The rate is calculated by comparing total pre- and post-delivery losses to the total metric ton of food handled between 2018 and 2021. The causes for food loss, and whether they occurred pre- or post-delivery to the operations, is case dependent. In 2022,

transport-related losses (pre-delivery) accounted for 61 percent of pre-delivery losses. In 2022, 90 percent of post-delivery losses were attributable to reconstitution, re-bagging or repacking, pilferage or theft, transport-related losses, loss during civil strife, and improper or overlong storage. Further details will be available in the 2022 Global Losses Report, to be published and shared with the Executive Board membership ahead of the June 2023 Annual Session. **The Advisory Committee trusts that updated information on the situation in Sudan, including on the self-insurance additional requirements, will be provided to the Executive Board. The Committee also trusts that information from any lessons learned on food losses from the situation in Sudan will be provided in next reports.**

### III. Documents submitted to the Executive Board for consideration

24. As indicated in the annex to the present report, 10 reports are presented for consideration by and one for information of the Executive Board. The Committee addresses specific reports and selected matters of the reports in the paragraphs below:

#### Utilization of WFP's financing mechanisms

25. The report describes WFP's use of its strategic financing facilities in 2022. This includes advance financing for programmes provided through internal project lending (IPL) and the Immediate Response Account (IRA); the anticipatory procurement of food through the Global Commodity Management Facility (GCMF); and corporate services financing. On the use of the internal project facility, the report provides brief historical information, starting in 2004, the year when this form of advance financing was introduced, and USD 27.1 million was advanced to country offices; to the total value advanced reached in 2022, with a new record of USD 2.574 billion, comprising USD 2.38 billion in specific forecast advance financing and USD 193.5 million in macro advance financing.

The report also recalls that as part of the management plan for 2023–2025, the Board at its 2022 second regular session approved management's request, setting the IPL ceiling at 10 percent of the prevailing global contribution forecast at any given time, with the additional proviso that it not exceed the operational reserve ratio of 10:1. In anticipation of higher IPL the Board also approved an increase in the operational reserve from USD 95.2 million to USD 130 million.

26. Upon enquiry, the Advisory Committee was informed that the outstanding advance amount of IPL against specific forecasts, on the 31st of December 2022, are due to contributions not yet confirmed and will be repaid as soon as the related donor contributions are confirmed. The only macro advance financing (MAF) outstanding as 31st of December 2022 (i.e. where a specific donor contribution has not been identified) is the advance to Sudan Country Office (CO). The country office received a MAF of USD 38.1 million in 2021 with a clear repayment plan by 2023. It not only made timely repayments of the outstanding MAF but also exceeded the agreed planned repayment. In 2022, the CO was able to repay USD 17.97 million, which is 33 percent more than initially planned, leaving a balance of USD 20.1 million at the end of 2022. At the end of 1st quarter of 2023, the CO repaid 85 percent of the total advanced amount leaving an outstanding amount to USD 5.57 million to be repaid by end of 2023. **The Advisory Committee trusts that updated information on outstanding amounts be provided to the Executive Board.**
27. On the Immediate Response Account and its allocation, it is indicated that in 2022 opening balance in was USD 43.7 million; throughout the year the IRA received USD 501.5 million in revenue, comprising USD 101.1 million from directed contributions, USD 220.4 million from revolved funds and USD 180.0 million from other WFP funds such as multilateral contributions and funds from the programme support and administrative equalization account (PSAEA). IRA allocations in 2022 totaled USD 385.0 million for activities under 36

country strategic plans. Upon enquiry, the Committee was provided with the following table on the IRA trends:

YEAR	USD millions				
	2018	2019	2020	2021	2022
<b>Opening balance at 1 January</b>	<b>23.8</b>	<b>44.6</b>	<b>79.3</b>	<b>75.5</b>	<b>43.7</b>
Directed contributions*	29.6	22.6	24.7	64.0	101.1
Other Revenue ( <i>details in italics</i> )	67.1	23.1	77.5	53.8	180.0
- <i>Multilateral contributions</i>	<i>23.1</i>	<i>23.1</i>	<i>25.0</i>	<i>30.6</i>	<i>50.0</i>
- <i>Programme support and administrative equalization account (PSAEA)</i>	<i>44.0</i>	-	<i>52.5</i>	-	<i>30.0</i>
- <i>Other**</i>			-	<i>23.2</i>	<i>100.0</i>
Revolved funds	68.3	150.0	82.5	70.4	220.4
<b>Total revenue</b>	<b>165.0</b>	<b>195.7</b>	<b>184.7</b>	<b>188.2</b>	<b>501.5</b>
Allocations	144.2	161.0	188.5	220.0	385.2
<b>Closing balance at 31 December</b>	<b>44.6</b>	<b>79.3</b>	<b>75.5</b>	<b>43.7</b>	<b>160.0</b>

\* USD101.1 million Directed contribution in 2022 includes USD 3.1 million confirmed contributions from private donors in 2021 that were transferred to the IRA reserve in January 2022.

\*\* Unspent balances from contributions to the CSPs and other recipient WFP activities; interest accrued on donor funds administered by WFP through trust funds for bilateral contribution. Others as identified and approved with the appropriate donors, management authorities and Executive Board (i.e., in 2021 USD 20M was transferred from Self-insurance special account surplus, and in 2022 USD 100 was transferred from General Funds).

28. Regarding the use of the Global Commodity Management Facility, a total of 71.7 million beneficiaries, representing 66.5 percent of beneficiaries receiving food transfers, benefited from at least one GCMF commodity in their food baskets. Of all country office food purchases in 2022, 65 percent by volume was purchased through the GCMF. Country offices were thus able to receive their food in an average of 34 days, 72 percent faster than the average 120 days for conventional procurement. To build community resilience, the GCMF fosters local purchases and supports the creation of income-generating opportunities. In 2022, 37 percent of country office food purchases through the GCMF were sourced from local and regional markets, reaching 1.1 million mt (valued at USD 722 million). In support of local food systems, in 2022 the GCMF procured 106,300 mt (with a food value of USD 55.8 million) from smallholder farmers; this represents a 13 percent increase in volume over 2021 and 82 percent of all WFP total purchases from smallholder farmers. **The Advisory Committee trusts that WFP continues to use GCMF to increase local and regional market purchases and purchases from smallholder farmers.**

29. The report also recalls that the Executive Board, in its decision 2022/EB.2/5, set a ceiling for the GCMF at 10 percent of the prevailing global contribution forecast. Table 5 in the report indicated that the USD amount in sales from GCMF has grown from USD 636.6 million in 2016 to USD 2 286.2 million in 2022, which represents 16 percent of programme of work in comparison to 10.8 percent in 2016. On corporate services financing, with the Board's approval of the management plan for 2023–2025, the overall ceiling for corporate services was increased from USD 147 million in 2022 to USD 200 million in 2023. In 2022, as shown in table 6 of the report, USD 50.6 million was allocated to the capital budgeting facility, the fee-for-service and fleet service facilities and USD 28.7 million was repaid; the balance of outstanding advances at 31 December 2022 was USD 73.5 million. The report indicates that all repayments required in 2022 were made. Upon enquiry, the Committee was provided with the following table on the use of corporate services financing:

YEAR	USD millions				
	2018	2019	2020	2021	2022
<b>Total Availability</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>	<b>82.0</b>	<b>147.0</b>
<b>Outstanding balance at 1 January</b>	<b>17.4</b>	<b>13.9</b>	<b>29.9</b>	<b>35.2</b>	<b>51.5</b>
Repayment	3.0	4.5	15.8	9.1	28.7
Allocations	6.5	20.6	21.1	25.4	50.6
<b>Outstanding balance at 31 December</b>	<b>13.9</b>	<b>29.9</b>	<b>35.2</b>	<b>51.5</b>	<b>73.5</b>
<b>Closing ending balance</b>	<b>68.1</b>	<b>52.1</b>	<b>46.8</b>	<b>30.5</b>	<b>73.5</b>

30. **The Advisory Committee notes the increase in the outstanding balance at year end of corporate services financing mechanisms and trusts WFP will provide update information thereon to the Executive Board at the time of consideration of the present report and in future reports.**

#### Cash Based Transfers (CBT)

31. In addition to the recommendation of the External Auditors (see paragraph 15 above), the OIG report indicated that while cash-based transfer processes are maturing, there are areas requiring attention. Available guidance and standard operating procedures should be updated to ensure that roles and responsibilities, risk management and control requirements are more formally defined. OIG also identified weaknesses in the reconciliation process, as this relied primarily on manual processes and spreadsheets, and on information that was not systematically triangulated. The cash assurance framework issued in late 2021 by the headquarters Cash-based Transfers Division to guide the implementation of cash-based transfers should contribute to addressing some of the noted gaps and will be reviewed in future audits. The IOAC welcomed the new CBT policy and noted that investment in infrastructure such as systems for beneficiary management and noted cash transfer management will be key to a successful implementation of the new policy. IOAC also encouraged management to facilitate knowledge sharing on CBT between country offices and review the results of the cash assurance monitoring exercise against internal audit findings on cash transfers.
32. The Advisory Committee, upon enquiry, was informed that the key controls expected for CBT interventions were tested consistently in the 2022 country office audits. Most country offices improved cash-based transfer processes and prioritized corporate systems and solutions to support their activities. The CBT Assurance Framework has been in place for 2022, and most countries started to report on its application. **The Advisory Committee stresses the importance of improving internal controls on cash-based transfers and trusts that WFP will make every effort to implement the audit recommendations as quickly as possible. The Advisory Committee also trusts that updated information in that regard will be provided in future reports.**

#### Human Resources Management

33. The Executive Director Statement on internal control maintain attention on talent management and workforce planning among the priority areas for further attention in 2023. The new Staffing Framework was introduced in September 2021 and outlines the employee categories and the type of contracts that can be used at WFP. Upon enquiry, the Advisory Committee was informed that the new Staffing Framework stipulates that short-term contracts cannot be used for the same position or function for more than four years, and that competitive recruitment processes must be used for all hiring, regardless of contract

type. Services/functions that are required for more than four years must be regularized by establishing fixed-term positions. The impact of the Staffing Framework so far has been to decrease the over-reliance on short-term contractual modalities, as intended: from a baseline of 61 percent short-term employees in the organization in 2021, WFP is now at 47.5 percent (based on data as of 31 March 2023). The corporate target is to reach a ratio of 46 percent short-term staff by the end of 2025, which marks the end of the transition period for the implementation. The External Auditor, on its report on support operations, made observations and recommendations on affiliate workforce, including challenges still encountered in some country offices with very high ratio of affiliate workforce (more than 80 percent), employment of affiliates for long period of time and other problems. It was recommended that WFP continue to regularize posts in line with stipulations of new Staffing Framework.

34. The Advisory Committee was further informed that WFP established a Workforce Planning and Strategy Branch in the Human Resources Division (HRM) to support functions and country offices to proactively plan for their medium- to long-term workforce needs. The Branch leads the WFP Global Strategic Workforce Plan (SWP) design and annual reviews, ensuring its results are considered in the exercises at both functional and country levels. Through Strategic Workforce Planning (SWP), WFP anticipates the evolution of the workforce in the next 5 years and proposes recommendations to match the supply and demand during that period. This may involve scaling up or down the workforce, reprofiling/upskilling, etc. At the country office level, SWP is normally followed by an organizational alignment exercise that translates the workforce implications of the CSP into the appropriate structures needed, advising on the number and type of positions required to be able to successfully implement the CSP's objectives. Such processes help country offices (COs) to scale up or down to adapt to operational needs, considering also the financial, legal and human resources implications of such changes.
35. On the issue of workforce planning, IOAC recognized that strategic workforce planning exercises have been well received by the offices and functions that have completed the process. However, the committee noted that the activities have been rolled out on a voluntary basis in a limited number of country offices and results from these exercises have not been looped back to the review of corporate-wide human resources policies and rules. It was further indicated that strategic workforce planning would significantly benefit from senior management oversight to determine whether the initiative is corporate-wide. It is also crucial that a skills gap analysis be conducted at the macro level to ensure effective planning of WFP human resources, especially in areas of expertise that are difficult to recruit. Upon enquiry, the Advisory Committee was provided with the tables below containing statistics on WFP workforce as of 31 March 2023.

National vs International		
Employee Group	Count	Percentage
International	5,996	25%
National	17,857	75%
<b>Grand Total</b>	<b>23,853</b>	<b>100.0%</b>

  

Nationality: Developing vs Developed	
Geographical Representation	Percentage
Developed	17%
Developing	83%
<b>Grand Total</b>	<b>100.0%</b>

  

Breakdown: Region by Reporting Line		
Region	Count	Percentage
HQ and WFP Offices	3,621	15%
Regional Bureau for Asia and the Pacific	3,258	14%
Regional Bureau for the Middle East, Northern Africa and Eastern Europe	3,067	13%
Regional Bureau for Western Africa	3,408	14%
Regional Bureau for Southern Africa	2,475	10%
Regional Bureau for Eastern Africa	6,210	26%
Regional Bureau for Latin America and the Caribbean	1,718	7%
Staff on Special Status	96	0.4%
<b>Grand Total</b>	<b>23,853</b>	<b>100.0%</b>

  

Breakdown by Grade/Level	
Personal Grade/Level	Count
USG/ASG	4
D-2	133
D-1	242
P-5	450
P-4/NOD/L11	1,090
P-3/NOC/L10	2,080
P-2/NOB/L9	2,465
P-1/NOA/L8	1,797
G6-G7/L6-L7	3,477
G4-G5/L4-L5	6,957
G1-G3/L1-L3	4,088
Ungraded	1,070
<b>Grand Total</b>	<b>23,853</b>

\*CSTs are mapped according to their Honoraria level

Breakdown by Gender		
Gender	Count	Percentage
Female	9 979	42%
Male	13 874	58%
<b>Grand Total</b>	<b>23 853</b>	<b>100%</b>

Gender	International	National	Long Term	Short Term
Female	30%	70%	45%	55%
Male	22%	78%	54%	46%
<b>Total</b>	<b>25%</b>	<b>75%</b>	<b>50%</b>	<b>50%</b>
<b>Grand Total</b>	<b>100%</b>		<b>100%</b>	

36. The Advisory Committee notes the efforts underway in WFP to improve the human resources management of the Organization and trusts that continued updates on the implementation of the human resource reforms and lessons learned will be provided in future reports. The Committee also emphasizes that comprehensive information on gender and geographic diversity of the staffing, with disaggregated information on gender and geographic representation at all levels, should be provided in future reports. The Committee trusts that WFP will seek to ensure equitable gender and geographical representation of Member States among its staff and provide an update in all future reports.

### Sexual Exploitation and Abuse. Other Misconduct, Discrimination and Fraud

37. On Protection from Sexual Abuse and Exploitation, the Advisory Committee, upon enquiry, was informed that in relation to WFP's cooperating partners, Protection from Sexual Exploitation and Abuse (PSEA) is mainstreamed across the partnership management mechanisms. This includes, amongst others; 1) due diligence check on partners' PSEA policy framework; 2) application of UN Implementing Partner Common PSEA Capacity Assessment tool; and 3) PSEA clause incorporated in the Field Level Agreement (FLA) stipulating partner's legal obligations. These measures are complemented by operational monitoring activities, community feedback mechanisms, and provision of relevant trainings. Furthermore, the UN Partner Portal (UNPP) accommodates harmonized core due diligence and PSEA capacity assessment of partners across UN agencies, thereby providing a basis for further cooperation on preventing SEA through joint capacity strengthening, especially targeting local NGOs. WFP further informed it has undertaken a range of initiatives to strengthen prevention of and response to allegations of SEA. This has included, among others, playing a lead role in the interagency roll-out of the abovementioned UN Implementing Partner Common PSEA Capacity Assessment tool. This is a harmonized screening tool for partners, developed by WFP, UNFPA, UNICEF and UNHCR in coordination with the Inter-Agency Standing Committee (IASC) and UN SEA Working Group members, and aims to strengthen accountability and capacity of cooperating partners, ensure partner organizations in the field have sufficient mechanisms in place to prevent and respond to SEA, and avoid multiplication of processes among agencies. WFP has been piloting the tool in selected country offices by providing training and capacity building sessions to both PSEA Focal Points and cooperating partner management staff leading the capacity assessment, as well as directly to cooperating partners.

**The Advisory Committee trusts that WFP will pursue further efforts to prevent sexual abuse and exploitation and that information thereon will be provided in future reports.**

38. The Advisory Committee, upon enquiry was informed that in 2022, 107 cases of non-sexual forms of abusive conduct (HAAD) were reported and 15 investigations of non-sexual forms of abusive conduct.

<b>Alleged offense</b>	<b>Number of new cases of HAAD reported in 2022</b>	<b>Number of investigations of HAAD concluded in 2022</b>
Harassment	58	8
Abuse of Authority	28	5
Discrimination	14	1
Assault	7	1
<b>Total</b>	<b>107</b>	<b>15</b>

39. The OIG Annual Reports 2018 - 2022 provide data on fraud cases for the last five years, presented in the below table. The report also states that the definition of what is reported under "fraud" evolved as the corresponding policy evolved (the last change was approved by the Board in June 2021).

	<b>Presumptive fraud</b>	<b>Losses from substantiated cases*</b>	<b>Recoveries of substantiated losses**</b>
2018	581 350	747 287	n.a.
2019	2 290 139	7 604 146	n.a.
2020	5 729 606	133 491	n.a.
2021 (figures rounded)	9 648 664	157 958	16 446
2022 (figures rounded)	9 767 250	1 681 809	575 772

\*From 2021 - Excludes financial losses related to other issues (e.g., thefts and looting) reported to OIGI per policy but which were not investigated.

These financial losses are reported to management as part of the financial statements preparation.

\*\* According to the information available to OIG at year-end of each year

40. In February 2022, WFP issued an Executive Director Circular titled Prevention and Response to Abusive Conduct (Harassment, Sexual Harassment, Abuse of Authority, and Discrimination), which spelled out the relevant definitions including the one covering discrimination as well as the roles of responsibilities of everyone in WFP regardless of level or contractual status. This Circular established a common framework ensuring that everyone has the same understanding. Efforts are being taken across the organization to limit discrimination including through more transparent processes such as those implemented for promotion. Moreover, the relatively new Diversity and Inclusion Unit, which is embedded within the Workplace Culture Department, has introduced training on Inclusive Leadership for all senior leaders (D2 and above as well as country directors); the training programme commenced in November 2022 and is a continuing priority.

### **Internal Justice**

41. In its report, the IOAC indicates it examined ongoing efforts to strengthen WFP's internal justice system, focusing on concerns such as the length of time taken to finalize disciplinary action following a substantiated report of misconduct; the potential impact of increased donor reporting on misconduct on staff willingness to come forward with concerns; and WFP's ability to identify repeated reports of abusive conduct when individuals moved between posts. Upon enquiry, the Advisory Committee was informed that WFP is focusing on reducing the timelines of the investigative and disciplinary processes to ensure that justice is not delayed. It is doing so by increasing resources to the relevant functions. In addition, WFP is conducting a lessons learned, 3 years after initial efficiencies were made to the system, to assess whether further gains can be made. WFP has reinforced the referral pathways between its investigation function and Human Resources as well as the ombuds to ensure that matters that may not warrant investigation are nonetheless addressed through interventions including mediation or performance management. These mechanisms often allow for more efficient and prompt resolution. Finally, WFP is reinforcing its victim centered approach by putting the victims at the center of its response with an increased focus on protective measures immediately after a report is received.

According to WFP, all allegations of misconduct or wrongdoing received by the Office of Inspections and Investigations (OIGI) in the Inspector General and Oversight Office (OIG) are subject to the intake process which starts first by a registration and a triage. Thereafter, all allegations received that are related to WFP are subject to assessment. Depending on the nature of the alleged misconduct or wrongdoing, the assessment process can be lengthy. Furthermore, OIGI triage and assessment processes have been impacted by the increased volume of allegations received (915 in 2022, an 18 percent increase compared to 2021) and additional resources to manage the caseload (cases carried over plus new cases, or over



1,700 cases in 2022) that were received during 2022. Accordingly, in 2022, the average period for conducting an assessment, including the triage process, was seven months, which was an improvement compared to the previous year. **The Advisory Committee trusts that updates on the efforts of OIGI to address the backlog in the number of allegations will be provided in next reports.**

### **Procurement Process**

42. The External Auditors conducted a performance audit on support services. The report indicates that, for this audit, support services include general services such as information and technology management and procurement; it also covers human resources management. The External Auditor identified many recommendations in the area of procurement related to issues such as vendor management, long-term contracts registration and use and micro-purchase orders guidance and oversight. It also recommended that WFP consider centralizing procurement functions at headquarters in one branch. Upon enquiry, the Advisory Committee was informed that WFP is in the process of implementing a new operating model for procurement, with the goal of sourcing from the global market all strategically important and high value products and services and coordinating sourcing actions for those suited for local markets. This reorganization of Procurement will allow WFP to leverage global volumes while being agile enough to adapt to local demands. **The Advisory Committee looks forward to the conclusion of the business process review in the procurement area and to information thereon being provided in the next report.**

### **Collaboration with UN System**

43. The Advisory Committee, upon enquiry, was informed that aviation fuel procurement in WFP is centralized at HQ level. The only other UN entity procuring aviation fuel is the UN Secretariat. While the operating modalities are often different, as WFP does not manage the infrastructure for storage and distribution of aviation fuel, WFP indicated there is a regular and active cooperation, either through piggy-backing or consolidation of volumes to be procured at relevant locations. In 2022, such cooperation included Afghanistan, Yemen, the Democratic Republic of Congo (DRC), the Central African Republic (CAR), Pakistan, Djibouti, Saudi Arabia, Jordan and Mali. In locations where UN Missions have turn-key and commercial contracts, WFP is able to piggyback on UN contracts. UN on the other hand piggyback on WFP LTAs for Afghanistan, Jordan, Djibouti and Saudi Arabia. WFP and UN Department of Operational Support (DOS) are currently drafting a model Service Level Agreement to deepen the relationship under the framework of "One UN." The collaboration with other UN entities is being undertaken and reported comprehensively under the UN Reform umbrella, with different streams such as "Business Operation Strategy", "Common Premises" and "Global Shared Services Centre". WFP's leadership in this agenda includes its work on the UN Booking Hub, and together with UNHCR, the progress on UN Fleet. **The Advisory Committee notes the cooperation between WFP and the UN system and looks forward to updated information on collaboration efforts and related efficiencies in future reports.**

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

44. **With respect to the Report on the implementation of the External Auditor recommendations, the Advisory Committee notes that there are number of outstanding recommendations of the External Auditor from previous sessions, and trusts that WFP will ensure their full implementation.**

### **Other matters**

45. The Advisory Committee was informed, upon enquiry that the reporting requirements of WFP to the ACABQ are governed under WFP's General Regulations and Rules, in particular those under General Rules XIV.4, XIV.6 and Financial Regulations VII.1, IX.1, X.5. The Committee was further informed on the follow up by WFP on past recommendations of the Committee and the response from WFP management (contained in Annex II). **The Advisory Committee trusts that similar information on the WFP's management response to recommendations from the Committee will be provided in future reporting cycles.**

**ANNEX I**

<b>TITLE</b>	<b>SYMBOL</b>
<b>Reports presented to the Advisory Committee for approval:</b>	
Audited annual accounts, 2022	WFP/EB.A/2023/6-A/1
Utilization of the Programme Support and Administrative Equalization Account reserve	WFP/EB.A/2023/6-J/1
<b>Reports presented to the Advisory Committee for consideration:</b>	
Report on the utilization of WFP's strategic financing mechanisms (1 January–31 December 2022)	WFP/EB.A/2023/6-B/1
Annual report of the Independent Oversight Advisory Committee	WFP/EB.A/2023/6-C/1
Annual report of the Inspector General	WFP/EB.A/2023/6-D/1
Note by the Executive Director on the annual report of the Inspector General	WFP/EB.A/2023/6-D/1/Add.1
Management review of significant risk and control issues, 2022	WFP/EB.A/2023/6-E/1
Report of the External Auditor on support services	WFP/EB.A/2023/6-F/1
WFP management response to the recommendations in the report of the External Auditor on the management of support services	WFP/EB.A/2023/6-F/1/Add.1
Report of the External Auditor on fuel management	WFP/EB.A/2023/6-G/1
WFP management response to the recommendations in the report of the External Auditor on fuel management	WFP/EB.A/2023/6-G/1/Add.1
Report on the implementation of the External Auditor recommendations	WFP/EB.A/2023/6-H/1
<b>Reports presented to the Advisory Committee for information:</b>	
Report of the Executive Director on contributions, reductions and waivers of costs under General Rule XIII.4 (f) in 2022	WFP/EB.A/2023/6-I/1

## ANNEX II

## 2022 ACABQ Recommendations and WFP Response

In 2022, WFP received three reports from the Committee: AC/2197, AC/2210 and AC/2234 which contained 29 recommendations in total. The response to 7 recommendations in AC/2210 on the update to the 2022 management plan was submitted on 27 September 2022, together with the 2023 management plan for the Committee's review. The response to 16 recommendations in AC/2234 on the management plan would be submitted in September 2023 together with the 2024 management plan for the Committee's review. The remaining 6 recommendations cover other annual and ad hoc documents and the response is found below.

February 2022 ACABQ Report <u>AC/2197</u>		WFP Response
<b>Utilization of the Programme Support and Administrative Equalization Account reserve</b>		
1	The Committee notes that the PSAEA closing balance has been consistently in excess of the 5 month target level since 2013 and that as of 31 December 2021, the preliminary and unaudited balance of PSAEA was USD 326.6 million, thereby reflecting a significantly higher balance in 2021 compared with the previous year. The Committee also notes the significant surplus of indirect support cost (ISC) revenue from PSA expense. <b>The Advisory Committee trusts that additional information regarding the balance of the PSAEA, the status of indirect support cost revenue, as well as the minimum and maximum levels of the PSAEA, will be provided to the Board at the time of its consideration of the current report and in future WFP reports. (para 7)</b>	Updated information is consistently provided in the annual Management Plan that WFP presents to the Board for approval. In the last Plan ( <a href="#">WFP management plan (2023-2025)</a> ), which the Committee reviewed, the information is available in Section IV: Programme Support and business operations
2	The Committee notes that the IRA target level for 2022 is USD 200 million while the IRA balance as of 7th February 2022 was USD 23.7 million and that new contributions and revolved funds have consistently been below the target level since 2016. <b>The Advisory Committee trusts that additional information on efforts to solicit new contributions to the IRA will be provided to the Board at the time of its consideration of the current report and in future WFP reports. (para 11)</b>	In Section V: Strategic financing facilities of the <a href="#">WFP management plan (2023-2025)</a> , WFP had a subsection on establishing a new IRA target level which would trigger more fundraising and donor engagement as well as a minimum threshold as signals for resource mobilization

June 2022 ACABQ Report <a href="#">AC/2210</a>		WFP Response
<b>Report on the utilization of WFP's advance financing mechanisms (1 January-31 December 2021)</b>		
1	<p>The Advisory Committee notes that the proposed ceilings for the advance financing mechanisms are calculated through the application of a percentage of the global contribution forecast (for the Global Commodity Management Facility) or a ratio to leverage its operational reserve (for the Internal Project Lending mechanism), but that approval of the revised amounts is still sought on an ad hoc basis. The Committee sees merit in further exploring an approach whereby the Executive Board would determine adequate ratios/percentages for the calculation of the levels of advance finance mechanisms in determining the ceiling for the Global Commodity Management Facility and the Internal Project Lending mechanism. <b>Therefore, the Committee recommends that the Executive Board consider requesting the Executive Director to conduct a further analysis and to report to the Board in the context of the next report.</b> (para 22)</p>	<p>In Section V: Strategic financing facilities of the <a href="#">WFP management plan (2023-2025)</a>, WFP sought and subsequently received Board approval for more dynamic ceilings for the Global Commodity Management Facility and Internal Project Lending .</p>
<b>Classification of private sector donors as non-traditional donors under General Rule XIII.4 (c)</b>		
1	<p>The Advisory Committee sees merit in the efforts to increase private sector donations but considers that, at this stage, further analysis and clarification is needed before proceeding with the classification of private sector donors as non-traditional donors for the purposes of application of General Rule XIII.4 (c), including on the possible implications of allowing twinning with other donations. If confirmed by the Executive Board that private sector should be exempted from the full cost recovery principle, the Committee is of the view that consideration should be given to adopting a specific classification, with a corresponding applicable regulatory framework, as a means of promoting pertinent treatment and transparency in the receipt of the private sector donations. Pending further review of the current proposal, the Committee recommends that the Board consider granting a temporary ad hoc authority for the Executive Director to allow twinning between private sector donations for a period no longer than two years. The Committee trusts that updated information thereon will be presented to the Board in future Updates on the WFP management plan. (para 26)</p>	<p>This recommendation was discussed with the Board at the Annual Session and WFP explained that its proposal was the simplest that worked within the existing rules and regulations without the need for waivers, additional rule changes or additional regulatory frameworks. Also, the draft decision was changed to <i>"the Board decides that private sector donors shall be classified as non-traditional donors for the purposes of application of WFP General Rule XIII.4(c), except that no resort to the WFP fund nor to monetization shall be made, thereby ensuring that the principle of full cost recovery is ultimately still achieved by all private sector contributions."</i></p>

June 2022 ACABQ Report <a href="#">AC/2210</a>		WFP Response
<b>Report of the Inspector General</b>		
1	<p>The Advisory Committee shares the concern with the increased backlog of investigations. However, it concurs with the Office of Inspector General that all investigations should continue to be overseen by OIGI. <b>The Committee trusts that updates on the efforts of OIGI to address the backlog in the number of allegations will be provided in the next reports. The Committee looks forward to an update thereon in the next report.</b> (para 51)</p>	<p>The caseload of OIGI continues to increase significantly, and OIGI addresses cases based on priority and severity, within the limits of its resources. In 2022, OIGI dealt with 1,786 cases (a 35% increase compared to 2021); despite a 18 percent increase in new cases received (915 cases), OIGI closed 699 cases after preliminary review (+105% compared to 2021) and 195 after full investigation (+74% compared to 2021), leaving the number of cases carried over to 2023 at 892 or 2 percent above the level of 2021.</p> <p>It should be noted that the caseload and progress thereon is closely monitored by the WFP Executive Board through the annual report, detailed quarterly activity reports which are presented to Member States at quarterly briefings reports. Besides the annual report, the caseload status and action thereon is presented to member states on a quarterly basis at dedicated briefings. Further the Independent Oversight Advisory Committee is also closely monitoring progress at each of its sessions (<i>four times a year</i>).</p>
<b>Staffing matters</b>		
1	<p>Regarding the Staffing Framework, it is indicated that a major element of was the short-term service contracts (SC) conversion exercise launched in June 2021 and completed as at 31 March 2022, which was a one-time exercise granting full-time contracts to 2,100 eligible long-term SC holders. Upon enquiry, the Advisory Committee was informed that the conversion exercise shifted WFP's short-term/long-term staff ratio from 60 per cent short-term staff in 2021 to 50 per cent as at 31 March 2022, with a corporate-wide key performance indicator of 46 per cent short-term staff envisaged for 2025. The Committee was also informed that the cost of the conversion exercise amounted to approximately \$30 million in 2021/2022 (a recurring annual cost). In addition, the main contribution of the BUSBE to this process (see paras. 44 - 46 above) is bringing visibility on all headquarters and regional bureau employees, and their contract types, during the annual budget process. <b>The Advisory Committee notes WFP's efforts to review the contractual status of eligible long-term service contract holders and looks forward to updates on short-term/ long-term staff ratios in future reports.</b> (para 54)</p>	<p>At the end of 2022, the ratio is 50 percent. This is reported in the 2022 annual performance report (APR) which provides a comprehensive record of WFP performance for the year and presented to the Board at the June annual session. Also, the new Corporate Results Framework lists the short-term contract ratio as a People Management KPI and would be reported in the APRs presented to the Board from 2024.</p>