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

Executive Board
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Financial and budgetary matters
For information

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

Report of the FAO Finance Committee

The Executive Director is pleased to submit herewith the report of the FAO Finance Committee pertaining to WFP. The report covers the following agenda items:

- WFP management plan (2027–2029) (WFP/EB.2/2026/5-A/1)
- Proposal to expand twinning eligibility (WFP/EB.2/2026/5-B/1)
- Report of the External Auditor on findings from field audits (WFP/EB.2/2026/5-C/1)
- WFP management response to the recommendations in the report of the External Auditor on findings from field audits (WFP/EB.2/2026/5-C/1/Add.1)

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COUNCIL

Hundred and Eighty-second Session

Rome, 30 November-4 December 2026

Report of the 209th Session of the Finance Committee (Rome, 3-4 November 2026)

Executive summary

At its 209th Session, the Committee considered the World Food Programme (WFP) management plan (2027-2029), a proposal to expand twinning eligibility and the Report of the External Auditor on findings from field audits and WFP Management response, prior to their consideration by the second regular session of the WFP Executive Board in November 2026.

Suggested action by the Council

The Council is invited to note the views and recommendations of the Finance Committee in respect of matters considered by the second regular session of the WFP Executive Board in November 2026.

Queries on the substantive content of this document may be addressed to:

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Introduction

1. The Committee submitted to the Council the following report of its Two Hundred and Ninth Session.

2. In addition to the Chairperson, Mr Jujjavarapu Balaji (India), the following representatives of Members were present:

   - Ms Sophie Wilkinson (Australia)
   - Mr ZHANG Lubiao (China)
   - Mr Bienvenu Ntsouanva (Congo)
   - Ms Ada Francisca Hernández Rivera (Dominican Republic)
   - Mr Tanguy Stehelin (France)
   - Mr Naieff Al-Dousari (Kuwait)
   - Mr Lebeko Victor Sello (Lesotho)
   - Mr José Francisco Anza Solís (Mexico)
   - Ms Chiara Segrado (United Kingdom of Great Britain and Northern Ireland)
   - Ms Elizabeth Petrovski and Mr Doug Hoelscher (United States of America)

3. The Chairperson informed the Committee that:

   - Mr Keiran Andrusko (Australia) had been designated to replace Ms Emma Hatcher as the representative of Australia for the remainder of the term of office; Ms Sophie Wilkinson (Australia) had been designated to replace Mr Keiran Andrusko as the representative of Australia for this session;
   - Mr YANG Jianhong (China) had been designated to replace Mr ZHANG Lubiao as the representative of China for part of this session;
   - Mr Tanguy Stehelin (France) had been designated to replace Mr Michel Lévêque as the representative of France for the remainder of the term of office;
   - Mr José Francisco Anza Solís (Mexico) had been designated to replace Mr José Luis Delgado Crespo as the representative of Mexico for this session;
   - Ms Chiara Segrado (United Kingdom of Great Britain and Northern Ireland) had been designated to replace Mr Christopher Mace as the representative of the United Kingdom of Great Britain and Northern Ireland for this session; and
   - Ms Elizabeth Petrovski and Mr Doug Hoelscher (United States of America) had been designated to replace Mr Scott Turner as the representatives 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 website at https://www.fao.org/governing-bodies/council-committees/finance-committee/en.

5. In addition, silent observers from the following Members attended the 209th Session of the Committee:

- Cabo Verde
- Canada
- European Union
- Greece
- Haiti
- Israel
- Italy
- Malta
- Norway
- Russian Federation
- Saudi Arabia
- Slovakia
- Slovenia
- Sudan
- Thailand
- Zimbabwe

Election of the Vice-Chairperson

6. Mr Tanguy Stehelin (France) was unanimously elected Vice-Chairperson until the end of the Committee's present term of office.

World Food Programme Matters

WFP management plan (2027-2029)

7. The Committee reviewed and welcomed the *WFP management plan (2027-2029)* and thanked the World Food Programme (WFP) for the presentation as well as the continued engagement with Governing Bodies.

8. The Committee welcomed WFP's effort to keep the proposed programme support and administrative (PSA) budget in line with the projected indirect support cost (ISC) income and underlined the importance of ensuring adequate resources for oversight capabilities including for the Office of the Inspector General. The Committee also urged WFP to ensure that the organization retained staff with expert functions, in particular risk management, audit and investigations.

9. The Committee inquired about efficiencies achieved through organizational reforms and how these fit into the proposed PSA budget. The Committee was informed that efficiencies derived from reorganization were mostly through cost-avoidance measures by reducing duplication, such as between regional bureaux and headquarters functions. The Committee recommended that WFP report specific efficiency gains in USD value from the current year in the PSA budget presentation for the subsequent year.

10. The Committee requested that the budget lines that cover the implementation costs estimated at USD 560 million be elaborated in the future.

11. The Committee noted that the operational requirements were projected at USD 12.2 billion for assisting 91 million beneficiaries while the provisional implementation plan was projected at USD 7.6 billion for assisting 80 million beneficiaries. The Committee sought clarifications about the difference in the beneficiary reach and about the cost per beneficiary estimated for both operational requirements and the provisional implementation plan. The Committee was informed that the gap between operational requirements and available funding necessitated continued prioritization, requiring WFP to make difficult choices to ensure that limited resources were directed to those with the greatest needs, while carefully balancing beneficiary coverage, transfer values and the duration of assistance.

12. The Committee welcomed WFP's focus on crisis response activities while also underscoring the importance of its continued work on root causes and resilience activities. Moreover, the Committee welcomed WFP's projected proportional increase in cash-based transfer (CBT) activities.

13. The Committee underscored the importance of South-South and triangular cooperation (SSTC) and noted the potential to further strengthen WFP's engagement in this area. Recognizing that SSTC was included in the *WFP strategic plan 2026-2029*, the Committee requested WFP to incorporate elements of SSTC in the management plan 2027-2029 as appropriate and invited WFP to enhance engagements and reporting in this area.

14. The Committee requested clarification on how the implementation of country strategic plans (CSPs) was budgeted. The Committee was informed that the costs of implementing CSPs are included in the direct operational/support costs as outlined in section III, and was not part of the PSA budget which covered indirect support costs.

15. The Committee inquired about efficiencies and returns on investments on critical corporate initiatives (CCIs). The Committee was informed that expected returns varied by initiative and could include new funding streams, measurable efficiency gains, enhanced cost recovery, reduced transaction costs and strengthened organizational effectiveness. The Committee was also made aware that each CCI included specific key performance indicators (KPIs) as part of annex III. The Committee recommended that WFP present more substantive reporting on CCIs and CCI outcomes in the annual performance report.

16. The Committee commended WFP on its leadership on the UN80 reform, including on integrated supply chains, and urged WFP to work closely with other UN agencies to present a holistic picture of budgetary needs for UN80 reforms including WFP's requirements.

17. The Committee inquired about duty of care and looked forward to receiving future updates on a more sustainable funding strategy for duty of care.

18. The Committee underscored the importance of cross-cutting priorities and was informed that the new corporate results framework for 2026-2029 included seven cross-cutting priorities which represented core dimensions of programme quality and would be used to monitor and report on the annual performance report.

19. The Committee recognized the importance of predictable and adequate resources for the effective functioning of the Committee on World Food Security (CFS) and urged WFP to protect its committed financial contributions to the CFS, noting that funding cuts could disproportionately affect the work of the CFS.

20. **With the observations and recommendations above, the Committee recommended that the WFP Executive Board approve the draft decision as outlined in the document *WFP management plan (2027-2029)*.**

Proposal to expand twinning eligibility

21. The Committee reviewed WFP's *Proposal to expand twinning eligibility*.

22. The Committee noted that the proposal was presented in the context of persistently high humanitarian needs and operational requirements, alongside a decline in confirmed contributions. The Committee recognized the importance of diversifying WFP's donor base while safeguarding the integrity of WFP's financial model and the principle of full cost recovery.

23. The Committee was informed that although twinning represented on average USD 45 million in annual contributions, it had demonstrated catalytic value and supported the transition of some programme countries from recipients of assistance towards independent donors who achieve full cost recovery with their contributions. The Committee noted the example of

Pakistan, which had initially contributed through twinning to WFP's programme and subsequently moved towards contributions covering the full associated costs, to become WFP's third largest donor in 2026 (ranking as at the time of preparation of the document).

24. The Committee welcomed the proposed limited expansion of twinning eligibility to upper-middle-income countries (UMICs). It was informed that WFP had encountered situations in which such countries were willing to provide strategically valuable commodities, services or cash but were unable to cover all associated costs within the same contribution. Under the existing eligibility framework, WFP had not been able to accept some of these offers, even where another donor was prepared to provide the required associated costs as twinning funds.

25. The Committee highlighted the importance of twinning in supporting mobilization of contributions in the context of South-South and triangular cooperation frameworks.

26. The Committee encouraged WFP to strategically engage with eligible twinning donors, with the goal of increased resources resulting from this change in eligibility.

27. The Committee was informed that the proposal would maintain the existing eligibility arrangements for least-developed, low-income and lower-middle-income countries, as well as private sector and vertical funds, while extending eligibility to upper-middle-income countries. The Committee supported the proposed technical adjustment to replace the Organisation for Economic Co-operation and Development's Development Assistance Committee classification with the World Bank income classification for determining eligibility, given it was more frequently updated.

28. The Committee noted that upper-middle-income-country donors would not have access to WFP's emerging donor matching fund and would also not have access to monetization as a means of covering associated costs. Those newly eligible donors would also be responsible for identifying their own twinning partners, although WFP could provide advice and facilitate coordination.

29. The Committee was further informed that, for newly eligible donors, WFP would conduct a modality-consistency check for proposed contributions to confirm alignment with the modality already planned under the relevant country strategic plan activity. This safeguard was intended to ensure that twinning supported approved programme design rather than donor-driven changes in programming modalities and to mitigate potential risks, including local market disruption associated with in-kind food contributions. The Committee highlighted the importance of eligible donor countries to not use their public stockholding commodities for non-domestic contributions due to impacts on global food security.

30. The Committee discussed the necessity for setting financial caps and parameters in the proposal for the newly eligible donors, in particular given the lower volume of twinning arrangements in recent years. The Committee was informed that the application of financial caps resulted from Executive Board consultations as a means to provide an additional safeguard to maintain the exceptional and catalytic nature of twinning, as well as to further minimize potential shifts in modality due to twinning. Twinning contributions from UMICs would be subject to an overall annual cap equivalent to 10 percent of WFP's annual global contributions forecast, with an individual UMIC donor limited to 10 percent of that overall cap. To illustrate, based on WFP's 2026 global contributions forecast of USD 6.4 billion, these limits would correspond to USD 640 million overall and USD 64 million for an individual donor.

31. The Committee highlighted the importance of Executive Board oversight and in that context welcomed the proposed enhanced annual reporting to the Executive Board. The Committee was informed that the expanded annual reporting would include a breakdown by eligibility and donor group; information on the utilization of the UMIC financial caps; and more

detailed information on contribution modalities, including commodity type and quantities for in-kind food contributions. Reporting would also provide visibility on donors providing associated costs and include qualitative information on successful twinning arrangements and opportunities that WFP was unable to accept. The Committee welcomed WFP's commitment to increase transparency, enabling the Board to monitor the use of twinning including the application of the agreed parameters and safeguards.

32. The Committee welcomed the proposed review arrangements, noting that the parameters would be monitored through annual reporting and that a strategic review of twinning would be undertaken over three years by the end of the current strategic plan. Should there be sufficient evidence and data available prior to the end of these three years, the Committee encouraged WFP to initiate the review of the twinning mechanism sooner with particular attention to further expanding twinning and increasing incentives for flexible and/or cash contributions.

33. The Committee requested additional information on the potential financial implications of the proposed expansion and potential implications on WFP's ISC planning. The Committee was informed that the increase in twinning volume would likely take place over several years and it would be unlikely to have a significant impact on the current proposed management plan (2027-2029).

34. **With the observations and recommendations above, the Committee recommended that the WFP Executive Board approve the draft decision as outlined in the document *Proposal to expand twinning eligibility*.**

Report of the External Auditor on findings from field audits and WFP management response

35. The Committee reviewed the *Report of the External Auditor on findings from field audits* and the WFP Management response.

36. The Committee was informed that:

a) 109 out of 132 recommendations outstanding from previous audits of the former regional bureaux and country offices were assessed by the External Auditor as implemented, with an 83 percent implementation rate, while 12 remained under implementation and 11 were closed as overtaken by events. The Committee appreciated the progress made.

b) There were 57 new recommendations to country offices, mainly in the audit areas concerning management, cooperating partner management, finance and administration, and cash-based transfers.

c) Following WFP's transition to a two-layer structure, findings and recommendations concerning regional offices would be addressed through the report on the audited annual accounts.

37. The Committee received clarifications on specific questions, including on timelines and significant concerns expressed by Members, and on actions being taken by WFP Management to address the audit findings, including:

a) Addressing recurring weaknesses, including cooperating partner management, and strengthening oversight and monitoring. The Committee was informed that, following improvements in corporate policies and guidance, its focus was increasingly on consistent and better execution at country-office level. Global functions were responsible for developing corporate solutions within their areas of expertise, supporting implementation, and incorporating lessons from oversight findings into guidance, training and management oversight missions. The Risk Management

Division informed the Committee that it focused on global functions to ensure they prioritized countries and activities that required attention. Country directors and global functions had access to an online dashboard providing full visibility on outstanding oversight recommendations and implementation responsibilities, supporting risk-based prioritization of outstanding oversight actions. Where resource constraints prevented timely corrective action, country offices were expected to reflect the associated risks in their risk registers and escalate matters requiring corporate attention.

b) Supporting sustainable corrective action. The Committee was informed that WFP Management was prioritizing digital and systemic solutions, including digital warehouse and inventory controls, strengthened cooperating partner controls, financial service provider oversight and standardized human resources processes. CCIs had supported the rollout of assurance improvements, although further implementation and sustainability depended in part on available capacity and resources.

c) Disseminating lessons across country offices. The Committee was informed that audit findings had been disseminated through global functions' established support mechanisms, corporate assurance sessions and oversight activities. The Committee was further informed that WFP Management would identify additional measures to strengthen country directors' awareness of recurring issues.

d) Implementing the staffing framework and Workday. The Committee was informed that the transition period for the staffing framework had been extended until the end of 2027 and that a revised framework was expected to be introduced by the end of 2026 following consultations. The Committee was further informed that Workday was available in all country offices, although the use of its full functionalities remained uneven. These gaps were expected to be addressed through ongoing system integrations, some of which would continue into 2027. The External Auditor reminded the Committee that Workday represented a substantial investment on top of WFP's existing HR system.

e) Accelerating implementation of overdue oversight recommendations. The Committee was informed of an initiative covering outstanding recommendations from external audit, internal audit, evaluation and the Joint Inspection Unit. The initiative provided targeted support to priority offices to accelerate implementation of overdue actions and would focus on ensuring that corrective measures were substantive, sustainable and addressed the underlying issues, rather than on closure alone.

38. The Committee noted the update provided on the Global Assurance Project.

39. The Committee also sought further information on the highest institutional risks arising from the findings; measures concerning government cooperating partners; the number of cash-based operations relying on outdated financial service provider assessments and timelines for updating them; and whether weaknesses in accrual accounting indicated a broader systemic issue. The External Auditor emphasized compliance with existing requirements and the need for smarter oversight, not more, and cited its follow-up visit to Ethiopia as evidence that substantial improvements in country-office controls were possible.

40. **With the observations and recommendations above, the Committee recommended that the WFP Executive Board approve the draft decision as outlined in the *Report of the External Auditor on findings from field audits* and urged WFP Management to implement the outstanding audit recommendations in a timely manner.**

Other Matters

Working methods of the Finance Committee

41. The Committee expressed appreciation for the verbal update provided by WFP Management on actions taken in response to guidance provided by the Finance Committee and requested that this update be presented as a separate agenda item with a document at its future sessions covering WFP matters.

Date and place of the Two Hundred and Tenth Session

42. The Committee was informed that the next session was scheduled to be held in Rome from 9 to 13 November 2026.