



World Food Programme  
Programme Alimentaire Mondial  
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برنامج الأغذية العالمي

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For information

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## 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 items:

- WFP strategic plan (2022–2026) (WFP/EB.2/2021/4-A/1)
- WFP management plan (2022–2024) (WFP/EB.2/2021/5-A/1)
- Appointment of the WFP External Auditor for the term 1 July 2022–30 June 2028 (WFP/EB.2/2021/5-B/1)
- Workplan of the External Auditor (WFP/EB.2/2021/5-C/1)
- Revised WFP Financial Rules (WFP/EB.2/2021/5-D/1)

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Advisory Committee on  
Administrative and Budgetary Questions

9 November 2021

Dear Mr Beasley,

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

Mr David Beasley  
Executive Director  
World Food Programme  
Via Cesare Giulio Viola, 68-70  
00148 Rome, Italy

## I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered a total of 5 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, commencing on 15 November 2021. Three of the documents are submitted to the Executive Board for approval, namely the WFP Strategic Plan (2022–2026) (EB.2/2021/4-A), the WFP Management Plan (2022–2024) (EB.2/2021/5-A/1) and the Appointment of the WFP External Auditor for the term from 1 July 2022 to 30 June 2028 (EB.2/2021/5-B/1), and the Work plan of the External Auditor (EB.2/2021/5-C/1) and the Revised financial rules (EB.2/2021/5-D/1) for information. During the Advisory Committee's consideration of the reports, the WFP Secretariat provided additional information and clarification, concluding with written responses received on 25 October 2021.

## II. WFP Management Plan (2022–2024)

### Operational requirements

2. The Management Plan presents WFP's planned programme of work and the proposed resource allocations from the programme support and administrative (PSA) budget required to support its operations. Paragraphs 66 to 137 of the report provide an overview of the operational requirements for 2022 and an analysis of those requirements, including total operational requirements expressed by WFP's regional bureau and by strategic objective and result as well as in terms of the response to COVID and the main cross-cutting thematic areas. Based on the dramatic growth in worldwide hunger and malnutrition described in section I, operational requirements for 2022, an estimate of aggregated needs as expressed in country strategic plans approved by the Board, are estimated at USD 13.9 billion. (EB.2/2021/5-A/1, para. 66).
3. The report indicates an increased level of estimated operational requirements of USD 13,937 million for 2022, an increase of USD 1,593 million or 13 per cent from 2021. In 2021, given increased demand for WFP food assistance, WFP estimates that USD 14.3 billion is required to tackle food insecurity. The projected contribution revenue of the organization in 2021 and 2022 is USD 8.6 billion and 8.4 billion respectively. The provisional implementation plan is net of estimated carry-over contribution balances of USD 100 million, with the carry-over representing the difference between available resources and expenditures in previous financial periods. The level of funding of USD 8.4 billion in 2020 and resulting in a forecasted funding gap of USD 5,537 million or 39.7 per cent in 2022 (ibid, Executive Summary, para. 29 and 122).
4. It is estimated that WFP will reach 124.1 million people through 85 operations, representing a 23 per cent increase from the previous management plan that reached 100.8 million beneficiaries in 2021 (ibid, Executive Summary, para 66 and Table III.2). Upon enquiry, the Advisory Committee was provided with the following information on needs and projected funding. **The Advisory Committee notes the increase in needs, projected funding levels and funding gap over time and trusts that additional information will be provided in the next WFP Management Plan.**

<b>Item</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
MP needs (including ISC)	7 967	8 581	9 007	9 011	9 796	10 566	12 344	13 937
MP funding forecast	4 400	4 900	5 200	5 700	6 800	7 450	7 400	8 400
Funding gap	3 567	3 681	3 807	3 311	2 996	3 116	4 944	5 537

### **Fundraising**

5. The report provides information on the diversification of the WFP funding base (ibid, paras 33 to 51), pursuing innovative financing solutions and seeking greater impact from funding (ibid, paras 52 to 57) and strategies for improving funding flexibility and predictability (ibid, paras 58 to 65). As regards the contributions of the top donors, the Committee was informed that the top 4 donors in 2020 accounted for 70 per cent of all contributions while the top 10 accounted for 89 per cent; in 2021 the top 4 donors are forecasted to account for 63 per cent of all contributions and the top 10 will account for 92 per cent (see also EB.2/2021/5-A/1, Figure II.1).
6. Upon enquiry, the Advisory Committee was provided with additional information regarding partnerships with the World Bank and International Monetary Fund and was informed that WFP may be called upon to support Government programs depending on the context, priorities and gaps to implementation. The Committee was informed that WFP has identified specific areas where it holds a comparative advantage for providing support to national governments in achieving their objectives, in the areas of (i) Rural transformation, (ii) Sustainable infrastructure, and (iii) Human capital development. To date, the most significant area where WFP has signed agreements with national governments to implement IFI-sourced resources is for Human Capital Development, especially in the area of cash-based social safety nets. To contribute to broader multilateral response, WFP will seek to implement its responses in synergy with governments and other partners, including through the promotion of complementary innovative financing and funding modalities.
7. As regards debt swaps that aim to reduce external debt and support developing countries to repurpose freed-up resources towards national development priorities, the Committee was informed that WFP's Debt Swap Initiative is a financial tool that generates a win-win-win scenario for the debtor, creditor and the programmes implemented by WFP. The debt swap allows for the cancellation of external sovereign debt by a creditor in exchange for the debtor country committing to allocate domestic resources towards mutually agreed development programmes and projects. **Noting that WFP has been involved in debt swaps in six countries since 2009 for a value of USD 87.8 million, the Advisory Committee looks forward to an increase in WFP's Debt Swap Initiative and trusts that further information will be provided on this initiative in the next WFP Management Plan.**
8. As regards the ShareTheMeal programme, the Committee was informed that a digital donation platform that democratizes fundraising, with the aim of ending world hunger, allows individual donors and businesses to feed people in need with just a tap on their smartphone. Users can donate to campaigns focused on emergencies on a single and recurring basis, to causes or to personal challenges. The Committee was informed that corporate programs and funds are allocated based on the donor campaign selection, impact data from the field is surfaced to the user and ShareTheMeal reaches users through its global partnerships across various industries, incl. food delivery networks, ride hailing apps and banks. Since its launch in 2015, the app has been downloaded over 5 million times, allowing over 110 million meals to be shared. The Committee was informed that for all funds raised, including those from individuals, WFP will always follow the donor intent when it comes to

allocating funds and that the supporter can choose the most flexible allocation against “greatest needs” or direct the funds to a specific activity. The Committee was informed that on average in 2020, 35 per cent of funds raised from the ShareTheMeal programme were fully flexible/multilateral.

9. The report indicates that although WFP received a 14 per cent increase in flexible funding in 2020 compared with 2019, flexible funding accounted for only 5.7 per cent of total 2020 contribution revenues, a similar level to that of previous years (EB.2/2021/5-A/1, para. 58, figure II.2). Upon enquiry, the Committee was informed that WFP is a voluntary funded organization, relying primarily on government and public sector contributions to meet its Programme of Work. WFP’s largest five country operations account for a majority of total funding needs so earmarked funding to this and other operations is essential. The Committee was informed that flexible funding is one of its core modalities, enhancing WFP’s work and response capacity, and WFP could benefit from additional flexible funding. Earmarked funds constrain WFP’s agility and flexibility to some extent for timely responses, especially in emergency settings.
10. The Committee was also informed that the aggregation of restrictive donor funding in multi-donor projects increases the complexity of programming and may result in uneven and unsustainable coverage of needs and interruption of and delays in programme activities. The Committee was informed that the aggregation of tightly earmarked funding in multi-donor projects leads to increased transactional costs and impacts operational agility. The Committee was also provided with information regarding WFP’s strategy in advocating with government donors to reduce earmarking (see also EB.2/2021/5-A/1, para. 60).
11. **Although the Advisory Committee notes the 14 per cent increase in flexible funding in 2020 compared with 2019, it notes that flexible funding accounted for only 5.7 per cent of total 2020 contribution revenues which is approximately the same as in previous years. The Committee therefore trusts that the WFP will continue to make every effort to engage in more flexible funding mobilization, including through fundraising and the ShareTheMeal programme, to further increase the percentage of unearmarked contributions and to report thereon in the next WFP Management Plan.**

#### ***Food and cash-based transfers***

12. WFP’s projected crisis response requirements amount to USD 10,770 million in 2022 and will account for the largest share of requirements, at 77 per cent of the total, while resilience building will account for 19 per cent and root causes 4 per cent, in the amounts of USD 2,614 million and USD 553 million respectively. The report indicates that these figures reflect growing humanitarian needs globally and WFP’s overarching priority of saving lives in emergencies (ibid, para 79, Table III.1).
13. The report also indicates that the global WFP provisional implementation plan for 2022 is estimated to be USD 8,500 million and aims to assist 115 million beneficiaries. This level constitutes 61 per cent of the USD 13,927 million of operational requirements in 2022 and would provide assistance to 93 per cent of the 124 million originally targeted beneficiaries. To allow WFP to serve the greatest possible number of targeted beneficiaries, most beneficiaries would receive smaller rations or receive them for less time than originally planned (ibid, para. 121, Table III.9). As regards WFP’s projected crisis response requirements under the provisional implementation plan, USD 6,899 million in 2022 and will account for the largest share of requirements, at 81 per cent of the total, while resilience building will account for 15 per cent and root causes 4 per cent, in the amounts of USD 1,295 million and USD 306 million respectively (ibid, Table III.11).

14. The report further indicates that of the USD 8,500 million in total transfers for operational requirements under the provisional implementation plan, in-kind food transfers account for 55 per cent of the projected WFP assistance in 2021 while cash-based transfers (CBTs) are expected to account for 31 per cent of total assistance. The full breakdown of the transfer costs is provided in table III.13 of the report (ibid, Executive Summary). The report underlines that the projected increase in the operational requirements translates into increases of 11 per cent in food transfers and 9 per cent in cash-based transfers (CBTs), which together account for the majority of total food assistance transfer modalities. While smaller in terms of dollar value, the increases of 106 per cent in service delivery and 25 per cent in capacity strengthening reflect the growing demand for WFP's service provision activities and the move towards capacity strengthening for governments and communities. The 2022 targets provided in the management plan are provisional, as the new strategic plan and corporate results framework (CRF) may include revised indicators and targets (ibid, Executive Summary).
15. The report indicates that the main component of the daily cost per beneficiary is the cost of the transfer itself, which in 2022 is expected to constitute an average of 84 per cent of the total cost, the implementation cost and other operating costs. As a result, the ration size and type of commodities used in food transfers and the transfer value of CBTs are the main factors driving the daily cost per beneficiary (ibid, para. 112). Upon enquiry, the Committee was informed that as regards the higher daily average cost per beneficiary for CBTs (USD 0.46) as compared to food (USD 0.34), the daily average cost per beneficiary is calculated by dividing WFP's funding requirements by the number of planned daily transfers (daily food rations or cash-based entitlements) and it includes the following cost categories: Transfer Value, Transfer Cost, Implementation Cost, Direct Support Cost, Indirect Support Cost. The transfer share is the sum of Transfer Value and Transfer Cost and represents 84 per cent of the daily cost per beneficiary for both food and cash-based transfers, making it the largest, or most important, cost driver of the overall cost per beneficiary. The Committee was informed that the remaining three cost drivers (Implementation Cost, Direct Support Cost, and Indirect Support Cost) together represent 16 per cent of the daily cost per beneficiary. CBTs have a higher daily cost per beneficiary than food transfers because the average value of this transfer share is higher in CBTs (USD 0.39) than food-based transfers (USD 0.28). The Committee was also informed that WFP would seek to set a transfer value that enables programmes objectives to be met and beneficiaries to meet their needs in the local market, within what funding allows and aligned with other actors as appropriate (see also EB.2/2021/5-A/1, para. 113).
16. In particular, as regards the daily cost per beneficiary which constitutes an average of 84 per cent of the total cost, the Committee was informed that as the largest cost driver of the overall cost per beneficiary for both food and cash based transfers (CBTs), the transfer share is the cost of the transfer and the cost of putting the transfer into the hands of the beneficiary, such as the cost of food, warehousing and transporting to the distribution point. In the case of CBT, it is the value of the cash transferred plus the cost of the delivering the cash to a distribution point or crediting the value to a beneficiaries' cash card or account. The Committee was also provided with information regarding the cash versus food transfer values from 2016 to 2020 and CBTs distributed by recipient country in the table below, as well as information regarding efforts to strengthen data privacy and protection for beneficiaries receiving cash-based assistance through a management assurance framework, and WFP partnerships, oversight and capacity strengthening programmes (EB.2/2021/5-A/1, para.s 76, 97, 99-101; see also paragraphs 52 to 53 and 56 to 57 below in the context of the strategic plan).

<b>TABLE 2: CASH VERSUS FOOD TRANSFER VALUES, 2016 to 2020 (USD million) AND CBTS DISTRIBUTED BY RECIPIENT COUNTRY CASH VS. FOOD TRANSFER VALUES, 2016-2020 (USD million)</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Cash-based transfers distributed	882.3	1 446.1	1 760.5	2 134.0	2 123.7
Food commodities distributed	2 051.1	2 197.5	2 132.6	2 346.0	2 410.1
<b>CBTs distributed by recipient country</b>					
<b>Recipient Country</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Lebanon	215.9	244.9	276.5	284.7	280.7
Yemen	28.9	63.6	90.9	265.3	251.9
Jordan	145.5	148.6	161.3	171.0	166.0
Turkey	55.4	340.8	463.3	487.3	136.3
Bangladesh	9.9	9.1	33.6	61.3	109.2
Somalia	25.9	134.8	116.1	117.9	97.6
Sudan	36.1	23.6	27.0	47.9	74.5
Nigeria	4.7	37.2	47.5	52.8	70.2
Colombia	4.4	5.9	20.0	42.8	65.9
South Sudan	13.5	28.8	25.1	49.8	56.8
Mali	6.9	14.7	35.2	31.1	54.8
Kenya	23.1	37.3	33.8	30.2	49.8
Uganda	5.9	14.6	23.9	36.1	49.3
Egypt	18.9	20.9	23.3	27.6	47.4
Iraq	53.8	56.5	56.5	33.9	45.6
Democratic Republic of Congo	16.4	18.7	46.4	53.8	43.8
Palestinian Territories	17.6	22.6	26.7	30.3	42.6
Syria	3.0	4.9	10.6	23.6	31.6
Zimbabwe	17.7	11.8	12.2	38.2	25.5
Malawi	11.8	23.7	18.8	28.1	23.6
Others	166.8	183.3	211.7	220.4	400.5
<b>Total</b>	<b>882.3</b>	<b>1 446.1</b>	<b>1 760.5</b>	<b>2 134.0</b>	<b>2 123.7</b>

### **Impact of the COVID-19 pandemic**

17. The report indicates that by the end of 2021 WFP's socioeconomic response and recovery programme framework for the COVID-19 crisis will be fully incorporated into CSPs. Designed to complement WFP's emergency response planning, the framework has helped to catalyse and coordinate the organization's long-term COVID-19 programming, resourcing and partnership efforts aimed at helping countries to build back better (ibid, para.69). Upon enquiry, the Committee was informed that The Committee was provided with information regarding: the unprecedented needs brought on by Covid-19, conflict and climate change;

the fact that the Covid-19 pandemic reinforced the importance of WFP remaining nimble and agile in its fundraising approach, with a readiness to respond to new opportunities such as the COVID-19 Multi-Partner Trust Fund, whilst also recognizing the challenges faced by some donors in providing their assistance, and, that economic shocks such as the COVID-19 pandemic and the resulting loss of USD 3.7 trillion in household income can lead to changes in a country's food demand and that countries whose economies have been hardest hit by the COVID-19 pandemic are more likely to see a reduction in demand than others.

### **Programme support and administration**

18. The report indicates that the programme support and administrative (PSA) budget provides programme and administrative support to WFP's activities. For 2022, a PSA budget of USD 496.1 million is proposed, a level that is less than the projected indirect support cost income for 2022. This increase of 12 per cent compared with the PSA budget of USD 443.5 million in 2021 takes into consideration the realignment of the programme support and business operations funding arising from the BUSBE, the increasing complexity of WFP's work and its continued programmatic commitment. The report indicates that the proposed 12 per cent increase in PSA is lower than the increase in operational requirements (of 13 per cent) and increase in contribution income (of 13.5 per cent) compared with the management plan 2021–2023. Table V.2 provides details on the proposed 2022 PSA budget by department compared with the 2021 PSA budget (EB.2/2021/5-A/1, Executive Summary).
19. The report indicates that the increase in the PSA budget will support corporate priority areas such as establishing new business continuity management, beneficiary data management and data protection functions; strengthening oversight and evaluation activities, employee security and supply chain capacity; fulfilling WFP's commitments to gender, disability inclusion and environmental and social sustainability; enhancing resources in enterprise risk management, performance management and management services activities; mainstreaming the strategic partnerships function, and implementing the WFP people policy. Table A.I.1 of the report indicates a growth from 2021 to 2022 of the PSA budget under staff costs from USD 246.1 million to USD 297.7 million; and under non-staff costs from USD 197.3 million to USD 198.5, comprising USD 91.9 million of non-staff human resources and USD 106.6 of other non-staff costs.
20. Upon enquiry, the Committee was provided with information regarding Table A.II.5 of the report, as indicated in the table below, and the proposed increase under seven budget lines, namely: 1. Consultancy (from USD 30,926 thousand to USD 55,802 thousand); 2. Training (from USD 4,828 thousand to USD 6,264 thousand); 3. Communications, IT services and equipment (from USD 9,368 thousand to USD 13,839 thousand); 4. Other (from USD 13,820 thousand to USD 34,150 thousand); 5. Services from other UN entities (from USD 883 thousand to USD 1,342 thousand); 6. Contribution to UN bodies (from USD 6,946 to USD 11,967); and, 7. Legal services (from USD 484 thousand to USD 888 thousand). The Committee was informed that a discrepancy was found for the seven objects of expenditure which had previously excluded country offices, and that although the total was not affected, the amended figures have been reflected in the Management Plan document as follows: 1. Consultancy (from USD 32,618 thousand to USD 55,883 thousand); 2. Training (from USD 5,896 thousand to USD 6,264 thousand); 3. Communications, IT services and equipment (from USD 11,144 thousand to USD 14,236 thousand); 4. Other (from USD 67,336 thousand to USD 44,763 thousand); 5. Services from other UN entities (from USD 1,364 thousand to USD 1,342 thousand); 6. Contribution to UN bodies (from USD 7,329 to USD 11,967); and 7. Legal services (from USD 484 thousand to USD 888 thousand). **The Advisory Committee notes a number of discrepancies across the budget lines including duty travel, consultants and legal services, and that although it was provided with the amended information regarding the seven categories, it had also**



**requested a justification of the proposed increases and that amendments to the seven categories which were subsequently made to the online Management Plan document.**

**Table 3: 2020 and 2021 PSA expenditure and 2022 PSA budget**

Department/Division	Consultancy	Duty Travel	Training	Communications & IT services and equipment	Other	Services from other UN Agencies	Contributions to UN Bodies	Legal Services
<b>GRAND TOTALS</b>								
2020 PSA Expenditure	33 337	5 178	2 729	20 640	63 842	2 755	6 762	231
2021 Expenditure (9 mo)	33 400	5 170	1 207	5 450	50 197	2 050	6 089	275
2022 PSA Budget	55 883	12 042	6 264	14 236	44 763	1 342	11 967	888

21. As regards the status of expenditures in 2020 and 2021, the Committee was informed that when comparing the 2022 budget to 2020 and 2021 actuals, it is important to bear in mind the change in funding sources in 2022 as well as the COVID-19 conditions impacting ways of working in 2020 and 2021. Moreover, budget allotments provided at the beginning of the year are based on total non-staff costs and not segregated by objects of expenditures which give units the responsibility of spending to meet their non-staff cost requirements. **The Advisory Committee is of the view that these responses do not fully explain why, as seen from Table 3, the proposed 2022 PSA Budget is much higher than actual expenditures under many budget lines, including Consultants, Duty Travel, Training and Legal services. The Advisory Committee is of the view that the analysis of WFP’s budget reports would benefit from a more transparent presentation of information and their justification of proposed resources against a comparison with actual expenditures, by programmes and object of expenditure, and recommends that such information should be included in future budget reports.**

**Corporate services**

22. As regards corporate services, the report indicates the proposed increase in the ceiling of the Capital budgeting facility to USD 82 million as well as assumptions with respect to the applications for common UN premises in 2022 and new ways of working. The report also indicates the increase of the ceiling for corporate services from USD 82 million to USD 147 million. The Committee was informed that the requested increase in the ceiling has the aim of keeping pace with the projected 102 per cent growth in implementation plans between 2014, when the financing facility was initially approved with a ceiling of USD 70 million, and 2022. An increase is proposed to respond to the demand for investments in the field that strengthen WFP’s duty of care towards its employees and the environment, create administrative and operational efficiencies and lead to a more appropriate resource allocation. Upgrades to country office facilities and an investment in a human capital management system from 2021 will benefit from long-term loans from the Capital Budgeting Facility, while the fee-for-service facility will be expanded to provide short-term advances for procurement, shipping, and beneficiary management costs to be repaid from the budgets of Country Strategic Plans. The mechanism serves as an internal tool for flexibly managing operations and does not require contributions from donors (ibid, para. 310, and page 78).

23. In terms of the implementation of the Indirect Support Cost (ISC) rate of 6.5 per cent and the reduced ISC rate of 4 per cent, the Committee was informed that in compliance with the Full Cost Recovery mechanism, each contribution received by WFP is charged with an indirect support cost (ISC) rate. In 2017, WFP started reviewing its policies for full cost recovery and ISC rates. In 2018 on implementation of the Integrated Road Map (IRM), it was recommended to: (a) Apply a reduced ISC rate for host governments' contributions to their own programmes, with a proposed rate to be presented in the management plan; and, (b) Apply a reduced ISC rate for contributions made by governments of developing countries or countries with economies in transition, with a proposed rate to be presented in the management plan. Both recommendations resulted to an adjustment to the WFP's General Rule XIII.4 (e) which now stipulates that "the Board shall set the indirect support cost rate applicable to contributions from governments of developing countries and countries with economies in transition, as determined by the Board". The Committee was informed that the WFP Secretariat has proposed maintaining the same ISC rates since the 2019 Management Plan which were approved by the Executive Board (see also *ibid*, paragraph 293).
24. Upon enquiry, the Committee was provided with additional information regarding Table V.3 Central Appropriations for Statutory Requirements and Other Centrally Managed Costs and the increase from USD 1.7 million to USD 2.1 million in Pillar B under Insurance and legal fees and the WFP UNDSS cost share (USD 13 million), as well as the decrease from USD 3.2 million to USD 2.6 million in Pillar D under Resident coordinator system cost-sharing and assessment centre. **The Advisory Committee is of the view that detailed information regarding changes to budget proposals should be included in future budget reports (see also para 21 above).**

### **Staffing matters**

#### ***Standard position costs***

25. The report indicates that WFP uses standard position costs to budget and account for international professional staff and general service staff in headquarters, with the standard position costs for 2022 based on the actual costs in 2020, adjusted for inflation, and actuarial estimates of after-service costs. A comparison between the total costs for staff in the 2022 PSA budget based on 2021 standard position costs and the same total costs based on the 2022 standard position costs shows an increase of USD 1.1 million spread throughout the departmental budgets (EB.2/2021/5-A/1, paras 212–214). Paragraphs 316 of the report also indicates that the staff security emergency special account covers the costs related to security compliance and oversight, risk management support, and security analysis and field operations engagement. These activities support country offices in complying with minimum operating security standards and the costs cover staff, training, travel and tools. The projected expenditure for 2022 is USD 5 million, which is recovered from a charge included in standard position costs. Upon enquiry, the Committee was provided with the elements that are factored into standard positions costs, WFP's share of the UNDSS 2022 costs, including in the context of the staff security emergency special account and the financial implications of the shift from in the WFP people policy (*ibid*, see also paras. 279 and 281, page 73).

#### ***Post count***

26. The report provides the PSA budget by organisational level (post count) in Table V.4 and indicates that in previous years, the post count included only those staff members with contracts of one year or more. Under the budgeting methodology introduced by the BUSBE, all employees are considered in the post count for 2022. The definition of a post is based on the full-time equivalent value of one staff member working for a full year; thus two consultants who are budgeted to work for six months each are together considered to constitute one full-time equivalent and are counted as one post (EB.2/2021/5-A/1, para 275).

27. Upon enquiry, the Committee was informed that the post count increase is due to the additional categories of short-term professional, consultant, short-term general service and temporary assistance which account for 951 positions, or 85 per cent of the increase and that were not captured in previous budget exercises and not reported in previous management plans. Furthermore, due to the change in funding sources brought about by BUSBE, most of these positions were funded outside of the PSA in 2021. The remaining increase in positions can be partially attributed to the overall increase in activities reflecting continual growth in WFP's operational activity and mandated services, the increasing complexity of WFP's work and the greater breadth and depth of its partnerships in response to the rise in global hunger, and the organization's continued commitment to implementing high-quality, innovative programmes and being accountable to the Board and the people it serves.
28. As regards Table V.5 regarding the PSA budget by organizational level and object of expenditure, the Committee was informed that the non-staff HR costs categories include the salaries and benefits of consultant, short-term general service, and temporary assistance which were formerly shown in 2021 as one total under non-staff costs. In 2022, given the implementation of the BUSBE, these costs are shown separately under non-staff HR to better align with the additional employee categories in the position count. The remaining "other costs" of USD 106.6 million, as shown in Table A.II.5 of Annex II, include overtime, duty travel, training, rental, utilities, cleaning and maintenance, office supplies and expenditures, communications and IT services and equipment, insurance, vehicle leasing and running costs, hospitality, other, services from other UN agencies, contributions to UN bodies, and legal services. The Committee comments further on BUSBE in paras 34 to 39 below.

### **Staff categories**

29. The Committee was provided with updated information regarding the baseline positions by funding source in the table below and informed that in contrast to previous management plans, which presented the PSA budget alone, the 2022 management plan introduces the "baseline budget", which encompasses all essential indirect costs to headquarters and regional bureaux regardless of funding source. The Committee was also informed that although a historical/comparative analysis of the baseline budget is not possible as this information was not previously gathered, a breakdown of 2022 baseline positions by funding source is available in the table below (see also *ibid*, TABLE IV.5, page 52). The Committee was also provided with information regarding position totals by funding source (table 5 below).

**Table 4: 2022 Baseline positions by funding source**

<b>2022 BASELINE POSITIONS BY FUNDING SOURCE</b>					
<b>Employee Category</b>	<b>PSA Budget</b>	<b>PSAEA</b>	<b>Existing Trust Funds and Special Accounts</b>	<b>New Trust Funds and Special Accounts</b>	<b>Total 2022</b>
Professional and higher	1 122	51	71	25	1 269
Professional and higher (short-term)	109	6	27	9	152
General service	447	5	41	4	497
General service (short-term)*	33		7		40
Consultants	691	30	198	51	971
Local staff	651	48	83		782
Temporary assistance	118	10	36	2	166
<b>Grand Total</b>	<b>3 171</b>	<b>151</b>	<b>463</b>	<b>91</b>	<b>3 877</b>

**Table 5: Position totals by funding source**

<b>POSITION TOTALS BY FUNDING SOURCE (YEAR-TO-YEAR COMPARISON)</b>					
	<b>PSA Budget</b>	<b>PSAEA</b>	<b>Special Accounts</b>	<b>Trust Funds</b>	<b>Total</b>
2018	2 092	210	292	544	<b>3 138</b>
2019	2 314	179	365	470	<b>3 328</b>
2020	2 526	155	477	582	<b>3 740</b>
2021 (September)	2 730	111	640	643	<b>4 124</b>

30. As regards the number of staff funded by PSA in the country offices, the Committee was informed that the decreases in the post count at the country office level is due to the redefinition and reduction of PSA funding for country offices following the BUSBE review, whereby application of the baseline definition excludes costs that can be directly traced to a Country Strategic Plan. The Committee was also informed that the reduction reflects a change in what is funded by the PSA, not necessarily a reduction in the planned number of positions in the country offices, and was provided with the information below indicating the number of staff funded by PSA in the country offices and proposed in 2022.

**Table 6: Total positions, 2019–2022**

<b>Year</b>	<b>Professional and higher</b>	<b>Consultants</b>	<b>National</b>	<b>Total positions</b>
2019	105		345	<b>450</b>
2020	77		345	<b>422</b>
2021	77		345	<b>422</b>
2022	81	1	175	<b>257</b>

31. **The Advisory Committee notes the post count increase due to the additional categories of short-term professional, consultant, short-term general service and temporary assistance and the decreases in the post count at the country office level due to the redefinition and reduction of programme support and administrative (PSA) funding for country offices following the BUSBE review. Nevertheless, the Committee notes the need for stability of contracts for staff and encourages such stability, particularly in country offices (see also para. 39 below).**

***Gender and geographical representation***

32. Paragraphs 288 to 290 of the report set out the WFP strategy as regards gender representation. Upon enquiry, the Committee was informed that in 2017, women represented 34 per cent of the global workforce and that, as of 30 September 2021, the percentage of women representation has increased to 41 per cent. Within the national employees category, when gender targets were set in March 2018, women represented 31.4 per cent of the National Employees' workforce. That number has increased to 38.4 per cent at the end of September 2021. The Committee was informed that the goal is to reach 40 per cent women representation in National Employees' Categories by end of 2021. The Committee was informed that women currently represent 46 per cent in the international professional category, an increase from 42 per cent in 2017 and that by the end of 2021

WFP is on track to achieve gender parity , considered to be between 47 per cent and 53 per cent. Furthermore, among International Professional Staff, 45 per cent (women and men) are from developing countries.

33. The Committee was also provided with information regarding the efforts by WFP to increase representation and additional information indicating that of the 1,829 international professional staff, 1004 staff are from developed countries and 825 from developing countries (as at 30 September 2021). Furthermore, of the 190 D1 and above staff, 125 staff are from developed countries and 65 from developing countries. **The Advisory Committee welcomes the overall progress regarding gender representation to date and notes the need for further efforts to improve geographical representation. The Committee trusts that updated information on gender and geographical representation will be reflected in the next WFP Management Plan.**

#### ***Bottom Up Strategic Budgeting Exercise***

34. The report indicates that in 2020–2021, WFP implemented a bottom up strategic budgeting exercise (BUSBE) to determine the baseline budget for essential activities required to support WFP's programme of work, and to identify the most appropriate funding sources for meeting these requirements. Section IV of the management plan (2022–2024) presents the results of this new approach and the proposed resource allocation from the programme support and administrative (PSA) budget required to support WFP's operations at the 2022 projected funding level of USD 8.4 billion. It also sets out proposals for funding from the PSA equalization account (PSAEA), budget allocation, objectives and workstreams (ibid, Executive Summary, paras 139–141).
35. The report indicates that headquarters accounts for 68 per cent (USD 394.2 million) of the recurring baseline budget and 88 per cent of the one-time baseline budget and central appropriations 5 per cent (USD 28.7 million) of the recurring baseline budget. Regional bureaux account for 20 per cent (USD 114.8 million) of the recurring baseline budget and 12 per cent (USD 8.0 million) of the one-time baseline budget. Country offices account for 7 per cent (USD 43.0 million) of the recurring baseline budget. The report also indicates that the country office baseline budget of USD 43 million has been designed to support core functions that are not directly attributable to operations, including staff and basic office running costs. The budget also includes a contingency fund of USD 1.5 million to be allocated in the event unexpected in-country indirect costs cannot be funded from other sources. The baseline costs for country offices are deemed to be necessary for in-country presence in that they are aimed at ensuring sufficient strategic, representative, advocacy and partnership capacity (ibid, paras. 167 and 170).
36. Table A.II.5 of the report indicates a reduction in the PSA budget for country offices from USD103.4 million in 2021 to USD 43 million in 2022. The Committee notes that this reduction in level is due to the redefinition and reduction of programme support and administrative (PSA) funding for country offices following the BUSBE review (see also paras 29 to 31 above). Upon enquiry, the Committee was provided with information regarding baseline costs and data for the last 3 years indicating that the USD 43 million PSA (equivalent to recurring baseline costs) in section IV of the Management Plan consist of the following 2022 PSA costs: staff costs (USD 26,454,000), local staff costs (USD 5,297,000), consultancy (USD 81,000), communications & IT services and equipment (USD 522,000) and other costs (USD 10,613,000) (ibid, paragraph 170; Annex II: Table A.II.5.). The Committee was also provided with information regarding the role of the governing body in terms of baseline activities, whereby the Executive Director launched the Bottom-up Strategic Budgeting Exercise (BUSBE) in 2020 to determine the most appropriate programme support and business operations requirements of the organization to implement its global programme of work.

37. The Committee was also informed that the “baseline” budget concept was introduced to identify the baseline activities, irrespective of their funding sources, that contribute to the efficient and effective delivery of the business operations. The programme support and administrative (PSA) budget, approved annually by the Executive Board, is a subset of the baseline budget and is funded from the indirect support costs (ISC) recovered from contributions in accordance with the full cost recovery policy. The Committee was also provided with details regarding the recurring and one-time expenditure among Country Offices, Regional Bureaux and Headquarters to which Table IV.4 of the report refers.
38. The report indicates that in the new baseline budget, the PSA funding source is complemented by trust funds and special accounts that strengthen WFP’s organizational capacity, effectiveness and ability to work in specific thematic areas (ibid, Executive summary). As regards funding sources, the Committee was informed that existing trust funds and special accounts are funded by directed donor contributions and management cost recovery fees charged to external users of WFP’s services. The Committee was provided with information indicating that WFP has a total of 8 Special Accounts and 24 trust funds for a total of USD 95.4 million, that trust funds and special accounts are primarily being setup for specific thematic areas and have been identified as being suitable for funding by directed donor contributions. The Committee notes from the information provided that ten new trust funds and special accounts will be mobilized in 2022 with a baseline of USD 16.2 million, and that the balances brought forward as at 1 January 2022 is in the amount of USD 79.0 million for trust funds and USD 208.0 million for special accounts (ibid, para. 191; Annex V: tables A.V.4 and A.V.5).
39. **The Advisory Committee notes the redefinition and reduction of programme support and administrative (PSA) funding for country offices following the BUSBE review and the proposals for funding the baseline budget from the programme support and administrative equalization account (PSAEA), directed contributions to trust funds and special accounts, and management cost recovery fees. The Committee recommends that WFP conduct an assessment of the implementation of the BUSBE in terms of its impact on the baseline budget and on the mandate and operations of the country offices and that the results will be provided in the in the context of the next WFP budget report.**

#### ***Common services and cost sharing arrangements***

40. The report indicates that WFP provides services to the humanitarian community in line with its mandate, policies, activities and comparative advantages. Service provision activities can be divided into mandated common services (services administered by WFP, such as United Nations Humanitarian Air Service (UNHAS) and the WFP-led logistics and emergency telecommunications clusters) and on-demand services (services provided by WFP at the request of external parties in exchange for payment). The report provides examples of services managed at the global level and accounted for through special accounts (ibid, para.136). The report indicates that USD 597 million, representing 7 per cent of the provisional implementation plan, will be allocated to common services and platforms in 2022 (ibid, table III.12).
41. Upon enquiry, the Committee was provided with information regarding the United Nations Booking Hub, a global service center for the wider humanitarian community, providing digitalized booking and back-office services for accommodation, ground and air transportation, clinics, and counsellor services. In the last 3 years, the WFP-powered global shared service center for inter-agency collaboration has been steadily growing to be now operative in 1,181 UN field service points of 102 Countries from 12 UN Agencies expecting to serve 550,000 clients in 2021. The Committee was informed that the Hub currently offers 3,910 UN vehicles, over 285 UNHAS flights, 270 United Nations guesthouses, 110 UNDDS

listed hotels, 70 United Nations Clinics and 35 United Nations Counsellors in addition to the more than 1,500 COVID support flights in 2020 where nearly 30,000 passengers accessed emergency flights. The Committee was also informed that in 2020, USD 1.3 million in cost savings was achieved and overall estimated 132 FTE time savings for global UN operations in the Hub; also CO<sub>2</sub> emission savings of 88MT through ridesharing equivalent to the carbon sequestered in one year by 107 acres of US Forests. For the future, the Hub will expand partnerships at the global, OMT and local level to increase the number of UN service providers offering services.

42. As regards the Common Premises, the Committee was informed that over the last three years, WFP actively supported the implementation of common premises at different levels and with different initiatives. Due to proactive field responses through the WFP corporate facilities management platform, ARCHIBUS, the engagement with DCO and in coordination with the TTCP+FS, WFP is close to the Secretary-General's goal of achieving 50 per cent common premises by the end of 2021. As of September 2021, 47.6 per cent (210 out of 441) WFP field offices implemented Common Premises and that for the future, WFP will continue its engagement with its field offices, providing technical support and advice on facilities and real estate management, including Common Premises. In parallel, WFP will continue its awareness campaign to field offices to record and maintain WFP's portfolio records in ARCHIBUS, as a key element for WFP to populate the DCO database. The Committee was informed that the facilities team is currently piloting a module on the Humanitarian Booking Hub specifically dedicated to office space. The aim is to advertise WFP's availability of vacant office space within our premises to other UN entities with the goal of enhancing and facilitating co-location opportunities, especially in those locations where WFP is the only operating agency.
43. In terms of the Common premises Business Operation Strategy (BOS), the Committee was informed that in 2020, WFP's potential BOS cost benefit is estimated to be USD1.7 million and that the 5 years overall cost benefit is estimated to be USD 5.2 million, although subject to change with the number of Country Offices developing and implementing BOS. In terms of the Common Light Vehicle Fleet Services, the Committee was informed that the objective of the United Nations Global Fleet Solutions (GFS) project is to set up and implement light vehicle leasing solutions to other UN agencies. The WFP Portal will be used by UN GFS as the client interface with a target launch of the first lease is December 2021. **The Advisory Committee welcomes the common services initiatives to date and encourages further progress regarding inter-agency collaboration. The Committee trusts that updated information will be provided in future WFP reports, including information on the efficiency gains achieved.**

### **Corporate initiatives**

44. The use of the programme support and administrative equalization account for critical corporate initiatives is indicated in paragraphs 327 to 362 of the report with WFP proposing the utilization of the USD 42.4 million from the PSAEA to support two key initiatives: the adoption of a new critical corporate initiative (CCI) "investing in WFP people"; and the third and final tranche of the CCI private sector strategy, in accordance with the multi-year plan endorsed by the Board in 2019 (ibid, Executive Summary). The report indicates that the projected PSAEA balance is USD 229.4 million at 31 December 2022, equivalent to 5.6 months of PSA expenditure, thus providing an additional resources beyond the target level of five months should the projected revenue forecasts in 2021 or 2022 not materialize (ibid, para 326, Table VII.2).
45. The report indicates that the new strategic plan for 2022–2026 will identify people as a key WFP enabler of the achievement of the organization's mission and that WFP is committed to delivering excellence in people management to continue to save and change the lives of

food-insecure people. The WFP People Policy provides a vision of WFP's future workforce and a framework for the achievement of four related work priorities: "nimble and flexible"; "performing and improving"; "diverse and inclusive"; and "caring and supportive" (ibid, para. 339). The Committee was provided with information regarding the Human Resources and Wellness Division under the Workplace Culture Department created in 2020 as part of the last restructuring of WFP headquarters. The Committee was informed that the Department leads efforts to address all issues related to people management and employee wellbeing, and to strengthen WFP as an improved, inclusive and respectful workplace. The new People and Culture Coordination Unit will be responsible for ensuring a successful implementation of the WFP People Policy, approved by the WFP Executive Board in June 2021, through coordination, communication and engagement with stakeholders on the implementation of several multi-disciplinary initiatives linked to the People Policy; for example, the HR Strategy, Wellness Strategy and Diversity and Inclusion Framework. People management is carried out with HR regional and local teams (ibid, para. 342, page 89).

46. The Committee was also provided with information regarding deliverable 1, the proactive management of structures and positions, and was informed that to apply the processes and frameworks developed by the Human Resources Division, other divisions, regional bureaux, and country offices will require strengthened capacity to implement new processes and to optimize their workforces. Activities include: (a) increased provision of guidance on people management to regional and country office managers and implementation of the priorities, elements, and complementary commitments of the WFP people policy, staffing framework and related initiatives; (b) accelerated review of organizational structures, positions, and contract modalities against identified requirements; and (c) enhanced regional emergency response and support for country office readiness efforts. **The Advisory Committee notes the proposed establishment of the People and Culture Coordination Unit within the Human Resources and Wellness Division and the Workplace Culture Department created in 2020 and as part of the last restructuring. The Committee trusts that additional information will be provided in forthcoming reports on the workplace culture initiatives, including any efficiency gains.**

#### **Other matters**

##### ***Technology Bank for the Least Developed Countries***

47. The Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020, adopted in 2011 at the Fourth United Nations Conference on the Least Developed Countries, called for the establishment of a technology bank dedicated to the least developed countries (LDCs). On 23 December 2016, the General Assembly adopted Resolution 71/251, on the establishment of the Technology Bank for the Least Developed Countries (TBLDC). The Technology Bank advances the efforts of the least developed countries to enhance their science, technology and innovation capabilities and to integrate those capabilities into their sustainable development process and towards the structural transformation of their economies, also as regards Sustainable Development Goal 17. **The Advisory Committee recommends that WFP collaborate and coordinate with the Technology Bank in capacity building and knowledge sharing with LDCs, and provide an update in the next budget report.**



### ***Recommendations of the Advisory Committee on Administrative and Budgetary Questions***

48. The Advisory Committee recalls that the recommendation made in its report dated 13 November 2020 regarding the inclusion of information on the implementation of the recommendations of the Committee and the action taken. **The Advisory Committee reiterates its view that feedback regarding the implementation of the recommendations of the Advisory Committee should be regularly provided in the context of WFP reports.**

### ***Partnership with the United Nations Relief and Works Agency for Palestine Refugees in the Near East***

49. The Advisory Committee is of the view that there is a need for WFP to strengthen and expand its partnership with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The Committee considers that such a partnership should entail direct support, including access to WFP services and/or technical support, as a means of strengthening the impact of UNRWA's existing operations, improving the quality of services delivered to Palestine refugees and reducing the financial burden on UNRWA. **The Advisory Committee looks forward to an update thereon in future WFP reports.**

### **III. WFP Strategic Plan (2022–2026)**

50. The report indicates that WFP's strategic plan (2022–2026) is informed by the organization's ability to make a difference in the fight against hunger and points to areas where additional efforts are needed. The report projects around 660 million people may still face chronic hunger in 2030 and that country level efforts will be directed at the rising number of food-insecure people and managing the key drivers of hunger (EB.2/2021/4-A, paras 2 and 6). The report indicates that WFP is fully committed to the 2030 Agenda for Sustainable Development, specifically goals 22 and 17 where: (i) the world has eradicated food insecurity and malnutrition (SDG 2 – zero hunger); and (ii) national and global actors have achieved the SDGs (SDG 17 – partnerships for the goals) (EB.2/2021/4-A, paras. 28 to 34).
51. The Sustainable Development goals are linked to the five strategic outcomes for WFP as detailed in paragraphs 50 to 87 of the report. The report also indicates the seven principles that will guide WFP's work as: People-centred, Humanitarian-principled, Country-owned, Context-specific, Programme-integrated, Risk-informed and Evidence-driven (ibid, paras. 39 to 46) and the six enablers that will increase WFP's ability to achieve results in the eradication of food insecurity and malnutrition, including partnerships, workforce, funding and innovation (ibid, paras. 104 – 141). Recommendations and lessons learned are based on the mid-term review of the strategic plan for 2017–2021, the Multilateral Organisation Performance Assessment Network assessment covering 2017–2018, and external reviews and independent evaluations, WFP will leverage this knowledge to improve planning and programming and as a foundation for learning and accountability (EB.2/2021/4-A, Executive Summary).
52. Upon enquiry, the Committee was informed that WFP spent USD 7.4 billion in 2020 as direct expenditure, out of which USD 2.6 billion was channelled through NGOs as implementing partners and that in terms of its budget, 35 per cent of WFP's work is done through NGOs. The Committee was also provided with information regarding the three levels of oversight that WFP has of its partners to ensure respect for humanitarian principles and accountability at the Headquarters (HQs), Regional Bureau (RB) and Country Offices (COs).

53. As regards integrating Protection from Sexual Exploitation and Abuse (PSEA) measures into WFP's operations and programming, the Committee was informed that this take place be means of leveraging technology to enhance a victim-centered approach through safe reporting, access to assistance services, and improved information analysis to facilitate evidence-based prevention and mitigation of SEA. Furthermore, WFP ensures that PSEA is part of WFP's standard procedures, guidance and corporate controls across different divisions. For example, WFP is screening candidates through the "Clear Check" database. WFP's RBs and COs have dedicated PSEA focal points to strengthen the links between PSEA and the practical work of protection, accountability to affected populations and gender in the field. Finally, WFP has integrated PSEA sessions into the Safe and Secure Approaches in Field Environments (SSAFE) Training Course, which is a requirement for all staff deploying to emergency contexts.
54. With regards to development work and country-wide development outcomes, the Committee was informed that WFP's Country Strategic Plans (CSPs) constitute interlinked humanitarian-development assistance frameworks, for which all development objectives are derived from the new United Nations Sustainable Development Cooperation Frameworks (UNSDCFs). The Committee was informed that WFP is therefore ensuring that CSPs are aligned with UNSDCFs in content as well as implementation cycles to support development system's analysis, planning and implementation coherence, while informing Common Country Analysis with SDG 2-related and cross-cutting analysis. Furthermore, under a repositioning development system, WFP is contributing to using more holistic and people-centered Joint Work Plans as well as streamlined processes for Joint Programmes to support UNSDCF effectiveness, and at the regional level in close coordination with the Development Coordination Office, WFP is strengthening its engagement in the new interagency/development system regional architecture to support UN Country Teams (see also EB.2/2021/4-A, para 24).
55. In terms of visibility on the allocation to and use of transfers by beneficiaries, upon enquiry the Committee was informed that in countries where significant deviations between official and parallel foreign exchange rates exist, WFP engages proactively with financial service providers and national regulatory authorities to negotiate preferential terms as close to parallel rates as possible, maximizing value on donor funds whilst ensuring regulatory compliance. The Committee was also informed that while WFP's success in negotiating preferential rates has been mixed, such rates have successfully been established and are currently used in several countries, including Ethiopia, Lebanon, Myanmar, South Sudan, Syria and Yemen. Furthermore, preferential rate negotiations are just one of WFP's strategies to manage exchange rate risk and maximize value for money and that WFP reduces its exposure to the risk of fluctuations in exchange rates by minimizing non-USD cash balances.
56. The Committee was informed that currency considerations can further inform programme design as depending on context and risks, it may be preferable to limit the need for local currency by importing commodities, goods and services and disburse in USD. The Committee was informed that additional risk mitigation measures may include split of receipts in multiple tranches to facilitate absorption by WFP operations and onward sales by WFP of local currency to UN and NGO partners with approval from the host government where required (see also EB.2/2021/4-A, Box 10, p.31).
57. In terms of procurement activity, the Committee was provided with information regarding procurement guidelines on food suitability and distribution and WFP food suppliers from 2015 to mid-October 2021. The Committee was informed that over the period 2015–2020, WFP contracted an average 654 suppliers per year for a steadily increasing procurement value from USD 1.1 billion in 2015 to USD 1.7 billion in 2020. The Committee was informed that suppliers based in developing countries are generally contracted by WFP for relatively smaller purchases; for this reason, if the food procurement value is broken down by origin

country classification, the share related to suppliers from developed countries increased significantly to 30 per cent of the total. Nevertheless, of the number of food suppliers contracted by WFP, the Committee notes that an average 93 per cent of WFP's suppliers are based in developing countries (see also EB.2/2021/4-A, para 76 and 100). As regards increasing national capacity and community development, the Committee was informed of WFP's Three-Pronged Approach (3PA) to strengthen the design, planning and implementation of programmes in resilience building, safety nets, disaster-risk reduction, and preparedness as well as the work of the organization with small holder farmers (see also EB.2/2021/4-A, Outcome 3, paragraph 7).

58. As regards WFP solar energy programmes, the Advisory Committee was informed that WFP is using technologies that leverage solar energy as a source of renewable energy and electricity across Africa and that WFP is applying solar energy for cooking and cooling purposes, including in schools. Examples include use of solar energy for solar water pumps in Chad, Egypt and Senegal, for solar-electrical cookers and solar dryers in Malawi and Burundi and for solar-pumped boreholes in the Niger and Zimbabwe. The Committee was informed that among efficient cooking solutions, modern ones, based on non-biomass fuels (e.g., liquefied petroleum gas stoves, ethanol stoves and electric pressure cookers) greatly reduce global emissions, while eliminating health risks and the need to cut trees, and that while WFP is committed to climate neutrality, other humanitarian and development actors, including the private sector, have a greater role to play in advancing sustainable solar energy ecosystems (see also EB.2/2021/4-A, Box 1, page 9).
59. **The Advisory Committee notes the work being done in the country level contexts, including the degree of oversight of implementing partners, country related development activities, visibility in the allocation to and use of transfers by beneficiaries and programmes enabling solar energy. The Committee looks forward to updates on these matters, particularly with regards to food procurement activity and the greater use of local suppliers in the procurement and distribution of food by WFP.**

#### **IV. Appointment of the WFP External Auditor for the term from 1 July 2022 to 30 June 2028**

60. The report indicates that at its 2020 second regular session, the Board approved the process for the selection and appointment of the WFP External Auditor for the term 1 July 2022–30 June 2028. The report provides information on the tender process, technical and financial evaluations, the presentations, final rating and recommendation by the evaluation panel that the Board appoint the Bundesrechnungshof of Germany as the WFP External Auditor for a total annual remuneration of USD 398,492, inclusive of fees and all other costs and expenses, to be paid in quarterly instalments (EB.2/2021/5-B/1).
61. Upon enquiry, the Committee was informed that the selection process is based on Financial Regulation 14.2 whereby "The External Auditor shall be appointed through a competitive selection process for a non-renewable six-year term. Another appointment may be possible after a break of at least one term" and the External Auditor is not prohibited from serving at other funds, programmes and agencies at the end of the term. The Committee was informed on the selection process, composition of the Evaluation Panel and the evaluation criteria whereby the technical and financial score weighting, as per the Board-approved process, was 80 per cent for the technical evaluation and 20 per cent for the financial evaluation.
62. The Committee was also informed that WFP received both technical and financial proposals from Canada, Germany, India, Philippines, Russian Federation, and Sweden through the competitive selection process and that countries previously performing External Auditor functions for WFP include: France for 2 four-year terms from 1994 to 2002; United Kingdom for 2 four-year terms from 2002 to 2010; India for 1 six-year term from 2010 to 2016; and

France for 1 six-year term from 2016–2022. The Committee was further informed that the Evaluation Panel considered that the Bundesrechnungshof, the German Supreme Audit Institution, was the strongest candidate from a technical standpoint and best value for money from a financial standpoint. Other bids ranged from USD 399,690 to USD 810,983.

- 63. The Advisory Committee is of the view that a greater number of applicants as well as greater diversification in the pool of applicants is necessary to ensure a thoroughly competitive process. As such, the Committee recommends that the Executive Board request the Executive Director to take the necessary measures to increase the pool of applicants for future competitive selection processes by means of a process of greater geographical diversification.**

## **V. Documents submitted to the Executive Board for information**

### **Revised financial rules (EB.2/2021/5-D/1)**

64. The report indicates that amendments to the Financial Rules are with effect from 01 September 2021 in order to: reflect changes to WFP processes brought about by the Integrated Road Map (IRM) implementation, including amendments to the General Rules and Financial Regulations; to further strengthen financial governance; to consolidate and expand the Financial Rules on waivers to cover all types of procurements; and to incorporate previous amendments made to Financial Rule 112.23 (Rule 112.35 under the revised Financial Rules) that were introduced under Executive Director's Circular OED2014/019 dated 2 December 2014 (EB.2/2021/5-D/1, Executive Summary).
65. Upon enquiry, the Advisory Committee was informed that in line with the provisions of WFP's Financial Regulation 2.2, the Executive Director shall establish Financial Rules, consistent with the WFP General Regulations and WFP Financial Regulations, to ensure effective financial administration and the exercise of economy, and that the Executive Director shall circulate the Financial Rules for information to the WFP Executive Board, the ACABQ and the Finance Committee of the Food and Agriculture Organization. The Committee was also provided with information in a format that allowed comparison of the previous Financial Rules that were in effect from May 2013 to the current Financial Rules that came into effect in September 2021. **The Advisory Committee trusts that such a comparison will be provided in future reports to the Board.**

### **Work plan of the External Auditor**

66. Document EB.2/2021/5-C/1, submitted to the World Food Programme (WFP) Executive Board for information, is the External Auditor's annual workplan of audit activities between 1 July 2021 and 30 June 2022.