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Resource, financial and budgetary matters

For information

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

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## **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 item:

- Utilization of the Programme Support and Administrative Equalization Account reserve (WFP/EB.1/2022/5-A/1)



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ال粮农组织  
 للأغذية والزراعة  
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# COUNCIL

## Hundred and Sixty-ninth Session

**13-17 June 2022**

### **Report of the 190th Session of the Finance Committee (18 February 2022)**

#### **Executive Summary**

At its 190th Session, the Committee reviewed the document *Utilization of the Programme Support and Administrative Equalization Account reserve* prior to its consideration by the WFP Executive Board.

#### **Suggested action by the Council**

The Council is invited to note the views and recommendations of the Finance Committee in respect of the document Utilization of the Programme Support and Administrative Equalization Account reserve prior to its consideration by the WFP Executive Board.

*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 Hundred and Ninetieth Session.
2. In addition to the Chairperson, Ms Imelda Smolčić Nijers (Uruguay), the following representatives of Members were present:
  - Ms Kristina Gill (Australia)
  - Mr Mina Rizk (Egypt)
  - Mr Kaba Urgessa Dinssa (Ethiopia)
  - Mr Kuraya Yoshihiro (Japan)
  - Mr Miguel Jorge García Winder (Mexico)
  - Mr Farid Moustapha M. Sanda (Niger)
  - Ms Bettina Carbone (Panama)
  - Mr Vladimir V. Kuznetsov (Russian Federation)
  - Mr Mohammed Ahmed M. Alghamdi (Saudi Arabia)
  - Mr Petter Nilsson (Sweden)
  - Ms Supajit Sriariyawat (Thailand)
  - Ms Elizabeth Petrovski (United States of America)
3. The Chairperson informed the Committee that:
  - Ms Kristina Gill (Australia) had been designated to replace Ms Lynda Hayden as the representative of Australia for this session;
  - Mr Farid Moustapha M. Sanda (Niger) had been designated to replace Ms Tahirou Rahila Rabiou as the representative of Niger for this session;
  - Ms Bettina Carbone (Panama) had been designated to replace Mr Tomás Alberto Duncan Jurado as the representative of Panama for this session;
  - Mr Petter Nilsson (Sweden) had been designated to replace Ms Pernilla Ivarsson as the representative of Sweden for this session;
  - Ms Supajit Sriariyawat (Thailand) had been designated to replace Mr Thanawat Tiensin as the representative of Thailand for this session;
  - Ms Elizabeth Petrovski (United States of America) had been designated to replace Ms Jennifer Harhigh as the representative of the United States of America for this session.
4. A summary of the qualifications of the substitute representatives can be downloaded from the Governing and Statutory Body Web site at: <http://www.fao.org/unfao/govbodies/gsbhome/finance-committee/substitute-representatives/en/>
5. The 190th Session of the Finance Committee was convened virtually on an exceptional basis due to the COVID-19 pandemic. The Finance Committee confirmed, pursuant to Rule VII of the rules of procedure of the Finance Committee, that it agreed to suspend Rule II(4) of the rules of procedure of the Committee which requires that sessions shall be held at the seat of the Organization.

6. In addition, silent observers from the following Member Nations attended the 190th Session of the Committee:

- Belgium
- Brazil
- Cabo Verde
- Colombia
- Democratic Republic of the Congo
- Dominican Republic
- Germany
- Italy
- Kuwait
- Lesotho
- Malaysia
- Morocco
- Philippines
- Romania
- Senegal
- Spain
- Syria
- Uzbekistan

## **World Food Programme Matters**

### **Utilization of the Programme Support and Administrative Equalization Account reserve**

7. The Committee reviewed the document *Utilization of the Programme Support and Administrative Equalization Account reserve*, noting that it had agreed to consider this document by correspondence.
8. The Committee recalled that the Programme Support and Administrative Equalization Account (PSAEA) recorded the difference between WFP's indirect support cost income and programme support and administrative expenses for the financial period and may be used for strengthening WFP's reserves, with any use of the balance in the PSAEA requiring the approval of the Executive Board.
9. The Committee further recalled that the Immediate Response Account (IRA) was an advance financing mechanism that enabled WFP to provide immediate assistance in life-threatening situations in the absence of forecasted contributions.
10. The Committee noted that despite higher levels of donor contributions directed to the IRA in 2021 compared with 2020, the IRA had started 2022 at a critically low balance of USD 43.7 million as a result of unprecedented hunger and emergencies of increasing frequency and magnitude in 2021, with record demand for IRA allocations foreseen to continue throughout 2022.
11. The Committee noted that it was therefore proposed to transfer USD 30 million from the PSAEA to the IRA to mitigate the risk of WFP not being able to accommodate concurrent requests for IRA funds at a time when WFP faced record demands for critical food assistance.
12. The Committee considered the clarifications and additional financial information provided by WFP Management on PSAEA and IRA balances before and after the proposed transfer, forecasted donor contributions to the IRA for 2022, and on the allocation of IRA funds to Country Strategic Plans during 2021. The Committee recommended that this information be included in future Executive Board documents requesting allocations from the PSAEA to the IRA.

13. **The Committee:**

- a) **recommended that the Executive Board approve the proposed allocation from the Programme Support and Administrative Equalization Account of USD 30.0 million to the Immediate Response Account;**
- b) **encouraged efforts to engage with donors for more flexible funding and directed contributions to the IRA; and**
- c) **noted that the Committee would review the annual *Report on the Utilization of WFP's advance financing mechanisms*, including a further update on the IRA, prior to its presentation to the Annual Session of the Executive Board in June 2022.**

### **Other Matters**

#### **Date and Place of the Hundred and Ninety-first Session**

14. The Committee was informed that the next session was scheduled to be held from 16 to 20 May 2022. The arrangements for the session would be established in accordance with the evolving COVID-19 restrictions.