



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

Executive Board

Second regular session

Rome, 14–17 November 2022

Distribution: General

Agenda item 5

Date: 3 November 2022

WFP/EB.2/2022/5-(A,B,C)/3

Original: English

Resource, 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 (2023–2025) (WFP/EB.2/2022/5-A/1)
- Update on the Changing Lives Transformation Fund (WFP/EB.2/2022/5-B/1)
- Workplan of the External Auditor (WFP/EB.2/2022/5-C/1)



联合国
粮食及
农业组织

Food and Agriculture
Organization of the
United Nations

Organisation des Nations
Unies pour l'alimentation
et l'agriculture

Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الغذية والزراعة
للأمم المتحدة

COUNCIL

Hundred and Seventy-first Session

Rome, 5-9 December 2022

Report of the 193rd Session of the Finance Committee (Rome, 27-28 October 2022)

Executive summary

At its 193rd Session, the Committee considered the *WFP management plan (2023-2025)* and the *Update on the Changing Lives Transformation Fund*, prior to their consideration by the Second Regular Session of the WFP Executive Board in November 2022.

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 2022.

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

David McSherry
Secretary, Finance Committee
Tel: +39 06570 53719
Email: DavidWilliam.McSherry@fao.org

Introduction

1. The Committee submitted to the Council the following report of its Hundred and Ninety-third Session.
2. In addition to the Chairperson, Ms Imelda Smolčić Nijers (Uruguay), the following representatives of Members were present:
 - Ms Tracy Reid (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)
 - Mr Tomás Duncan Jurado (Panama)
 - Mr Vladimir V. Kuznetsov (Russian Federation)
 - Mr Mohammed Ahmed M. Alghamdi (Saudi Arabia)
 - Mr Petter Nilsson (Sweden)
 - Ms Ratchanok Sangpenchan (Thailand)
 - Ms Elizabeth Petrovski (United States of America)
3. The Chairperson informed the Committee that:
 - Ms Tracy Reid (Australia) had been designated to replace Ms Lynda Hayden as the representative of Australia for this session;
 - Ms Kristina Gill (Australia) had been designated to replace Ms Tracy Reid as the representative of Australia for part of 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;
 - Mr Petter Nilsson (Sweden) had been designated to replace Ms Pernilla Ivarsson as the representative of Sweden for this session;
 - Ms Ratchanok Sangpenchan (Thailand) had been designated to replace Mr Thanawat Tiensin as the representative of Thailand for the remainder of its term of office;
 - Mr Rodney Hunter (United States of America) had been designated to replace Ms Jennifer Harhigh as the representative of the United States of America for the remainder of its term of office;
 - Ms Elizabeth Petrovski (United States of America) had been designated to replace Mr Rodney Hunter 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 193rd Session of the Finance Committee was convened in a hybrid setting with some representatives of Members participating in person at FAO headquarters and others participating 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 the rules that may be incompatible with the hybrid session.

6. In addition, silent observers from the following Member Nations attended the 193rd Session of the Committee:

- Algeria
- Belgium
- Burkina Faso
- Cabo Verde
- Chad
- Congo
- Djibouti
- Dominican Republic
- Finland
- France
- Germany
- Haiti
- Kuwait
- Lesotho
- Libya
- Morocco
- Spain

World Food Programme Matters

WFP management plan (2023-2025)

7. The Committee considered the *WFP management plan (2023-2025)*, and while commending the quality of the document recommended that the document be simplified with some areas consolidated.
8. The Committee noted the projected operational requirements for 2023 of USD 19.7 billion and the provisional implementation plan of USD 12 billion to align WFP's activities with the anticipated funding. It was informed that the 2022 contribution income, which was estimated at USD 11 billion in the management plan, would be exceeded and further strengthen the balance of the programme support and administrative equalization account (PSAEA).
9. The Committee expressed concern with the growing funding gap between operational requirements and expected contributions, exacerbated by the current global economic situation with rising fuel and food prices and high inflation.
10. The Committee welcomed the presentation of the Programme Support and Business Operations budget linked to the bottom-up strategic budgeting exercise (BUSBE) methodology and looked forward to its continued implementation with periodic progress updates in the future.
11. The Committee was also provided clarifications on the relationship between the Programme Support and Business Operations budget and the programme support and administrative (PSA) budget and their respective funding sources.
12. The Committee inquired whether the charts as presented in the Programme Support and Business Operations section would be reported in WFP's Annual Performance Report or other documents and received clarification that there would be closer alignment between the management plan and the Annual Performance Report going forward.
13. The Committee requested that, in future, additional PSA funding released under the Executive Director's authority be reported to the Board. The Committee was informed about timing challenges of the budget allocation with the planning cycle, and agreed that information on additional allocations be provided in the future during informal consultations on the management plan and in the management plan document. For 2022, additional allocations would be covered in the Financial Statements or Annual Performance Report (APR) presented at the Annual Session of the Board of the following year.

14. The Committee appreciated the presentation of the Corporate Priority setting and looked forward to further improvements in the priority setting process. In addition to Management's strategic priorities and significant risk and control issues facing WFP, strengthened performance feedback loops should also be the basis for budgetary allocations.
15. The Committee supported WFP's investment in workforce planning and noted the 2023 target of the number of functions and country offices with a workforce plan at 54 percent by the end of 2023. The Committee inquired when the Organization would have the workforce plan active across the whole Organization and Management committed to provide this information to the Committee.
16. The Committee noted the growth in cash programming and requested an update on country offices following, and being assessed against, the Cash Assurance Framework (CAF). The Committee was informed that use of the CAF was expanding rapidly and the CAF would be reflected in the update of the Cash-based Transfer Policy which would be presented to the Executive Board in 2023.
17. The Committee welcomed the proposed changes of short-term posts with long-term contracts and received clarifications that most of the conversions were funded within the PSA budget based on the standard position costs.
18. The Committee supported efforts to report efficiencies at WFP and interagency levels and was reminded that the largest efficiency gains in WFP derived from outside the PSA budget, within country operations. Furthermore, it requested more information on the potential efficiency savings from the proposed critical corporate initiatives (CCIs), in particular the Country office support model optimization and simplification (COSMOS) CCI. It was informed that efficiency gains targets could be considered in future management plans for PSA or CCI initiatives where the achievement of efficiency savings was an objective, with reporting to follow in the APR.
19. The Committee was informed that improvements to the second line of defense were foreseen in the COSMOS CCI, an initiative that will pilot different models of organizational structure aimed at improving support to country offices and reducing overlaps and clarifying accountability.
20. The Committee welcomed the implementation of lifesaving activities utilizing local and regional markets and was informed about WFP's efforts to leverage the humanitarian-development nexus approach through local and regional food and fortified food procurement, and fortified blended foods and food commodity substitution in the context of the global food crisis.
21. The Committee supported changing the methodology for setting the ceilings of the Global Commodity Management Facility (GCMF) and internal project lending (IPL), from a fixed United States dollar amount to a level of up to 10 percent of the prevailing global contribution forecast for each facility at any given time, with the ceiling of the IPL not to exceed the operational reserve ratio of 10:1, and was assured that the WFP's management of the dynamic ceilings against the contribution forecast would be reported annually.
22. The Committee noted the decline in beneficiaries foreseen for the Latin America and the Caribbean Region in 2023 and requested Management to monitor closely this situation.
23. **The Committee:**
 - a) **recommended that the draft decision as presented in the WFP management plan (2023-2025) be approved by the Executive Board.**

Update on the Changing Lives Transformation Fund

24. The Committee reviewed the *Update on the Changing Lives Transformation Fund* (CLTF) and acknowledged that Management had addressed the specific requests for more details raised at the previous Annual Session of the Executive Board.
25. The Committee noted that the CLTF was set up in response to findings from an evaluation on WFP's funding and welcomed that all activities funded under the CLTF were part of the Executive Board approved country strategic plans (CSPs).
26. The Committee emphasized that WFP's ability to generate evidence to demonstrate the impact of its work on resilience building and in addressing root causes of hunger was critical to the success of the CLTF. In highlighting the importance of evidence for WFP's Changing Lives work, the Committee appreciated that details of the performance framework were currently being developed and would be shared with the Board.
27. The Committee reiterated the importance of ensuring that WFP continued to dedicate adequate resources and efforts to its emergency response activities and welcomed Management's assurance that the CLTF would not impact WFP's emergency response activities.
28. The Committee took note of the suggested three thematic areas of the CLTF and requested WFP to refine them further to ensure activities under the CLTF were linked with existing relevant activities in the CSPs. Furthermore, the Committee recognized the importance of country selection to ensure catalytic impact, and expected WFP to select countries taking into account needs across the Humanitarian-Development nexus. The Committee supported the strong emphasis on partnerships as a critical success factor in WFP's planned CLTF work, requesting WFP to ensure early buy-in and commitment of partners when considering allocations under the CLTF.
29. The Committee was informed of Management's intention to examine the future possibility of receiving direct contributions to the CLTF. The Committee enquired about the possible implications on governance and was informed that this would be considered in the future.
30. **The Committee:**
 - a) **welcomed the further information provided on the Changing Lives Transformation Fund; and**
 - b) **recommended that the Executive Board take note of the update on the Changing Lives Transformation Fund.**

Other Matters

Date and Place of the Hundred and Ninety-fourth Session

31. The Committee was informed that the next session was scheduled to be held in Rome from 7 to 11 November 2022. The arrangements for the session would be established in accordance with the evolving COVID-19 restrictions.