



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

Executive Board
Annual session
Rome, 23–26 June 2025

Distribution: General

Agenda item 6

Date: 13 June 2025

WFP/EB.A/2025/6-(A,B,C,D)/3

Original: English

WFP/EB.A/2025/7-(B,C,D,I)/3

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:

- Audited annual accounts, 2024 (WFP/EB.A/2025/6-A/1)
- Update to the WFP management plan (2025–2027) (WFP/EB.A/2025/6-B/1)
- Report on the utilization of WFP's strategic financing mechanisms (1 January–31 December 2024) (WFP/EB.A/2025/6-C/1)
- Report of the Executive Director on contributions, reductions and waivers of costs under General Rule XIII.4 (f) in 2024 (WFP/EB.A/2025/6-D/1)
- Annual report of the Independent Oversight Advisory Committee (WFP/EB.A/2025/7-B/1)
- Annual report of the Inspector General (WFP/EB.A/2025/7-C/1) and Note by the Executive Director (WFP/EB.A/2025/7-C/1/Add.1)
- Management review of significant risk and control issues, 2024 (WFP/EB.A/2025/7-D/1/Rev.2)
- Workplan of the External Auditor (WFP/EB.A/2025/7-I/1)



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COUNCIL

Hundred and Seventy-ninth Session

Rome, 1-5 December 2025

Report of the 204th Session of the Finance Committee (Rome, 9-11 June 2025)

Executive summary

At its 204th Session, the Committee considered a number of financial, budgetary and oversight matters relating to the World Food Programme (WFP), prior to their consideration by the annual session of the WFP Executive Board in June 2025.

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 annual session of the WFP Executive Board in June 2025.

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 fourth Session.
2. In addition to the Chairperson, Mr Mina Rizk (Egypt), the following representatives of Members were present:
 - Mr Siddhartha Chakrabarti (Australia)
 - Mr YANG Yang (China)
 - Mr Bienvenu Ntsouanva (Congo)
 - Ms Ada Hernández (Dominican Republic)
 - Mr Jujjavarapu Balaji (India)
 - Mr Sultan Alotaibi (Kuwait)
 - Mr José Luis Delgado Crespo (Mexico)
 - Mr Abdellah Larhmaid (Morocco)
 - Ms Fadia Aljamal (Oman)
 - Mr Petter Nilsson (Sweden)
 - Mr Christopher Mace (United Kingdom of Great Britain and Northern Ireland)
 - Ms Elizabeth Petrovski (United States of America)
3. The Chairperson informed the Committee that:
 - Mr Siddhartha Chakrabarti (Australia) had been designated to replace Ms Emma Hatcher as the representative of Australia for this session;
 - Mr YANG Yang (China) had been designated to replace Mr LI Bo as the representative of China for this session;
 - Ms Ada Hernández (Dominican Republic) had been designated to replace Ms Berioska Morrison González as the representative of the Dominican Republic for this session;
 - Mr José Luis Delgado Crespo (Mexico) had been designated to replace Mr Miguel Jorge García Winder as the representative of Mexico for this session;
 - Mr Petter Nilsson (Sweden) had been designated to replace Ms Pernilla Ivarsson as the representative of Sweden for this session; and
 - Ms Elizabeth Petrovski (United States of America) had been designated to replace Mr Rodney M. 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 website at <https://www.fao.org/governing-bodies/council-committees/finance-committee/en>.

5. In addition, silent observers from the following Member Nations attended the 204th Session of the Committee:

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|----------------|---------------|------------|
| • Algeria | • Italy | • Russian |
| • Bolivia | • Latvia | Federation |
| (Plurinational | • Lithuania | • Sudan |
| State of) | • Luxembourg | • Thailand |
| • Burkina Faso | • Philippines | • Uruguay |
| • Iceland | | |
| • Uzbekistan | | |

World Food Programme Matters

Audited annual accounts, 2024

6. The Committee reviewed the *Audited annual accounts, 2024* of the World Food Programme (WFP).
7. The Committee was informed that WFP's financial statements received an unmodified audit opinion by the External Auditor for the year 2024, no new International Public Sector Accounting Standards (IPSAS) were due for implementation in 2024, and WFP had not made any changes to its accounting policies.
8. WFP's revenue increased by 14 percent to USD 10.37 billion, while expenses decreased by 17 percent to USD 9.04 billion, resulting in a surplus of USD 1.33 billion. WFP's net assets at the end of 2024 stood at USD 11.3 billion, while operational needs stood at USD 17.7 billion. A disclosure on the Government of the United States of America's review of foreign assistance, and resulting pause on new funding obligations, which was a non-adjusting event after the reporting date, was included in Note 12 to the financial statements.
9. The Committee expressed appreciation to WFP for the clear presentation and report and welcomed the audited annual accounts and unmodified audit opinion. It noted the surplus of revenues over expenses despite the challenging funding environment, the decrease in distributed cash and commodities and the increase in staff costs despite the reduction in headcount.
10. The Committee expressed appreciation for the comprehensive and high-quality report of the External Auditor and noted the high number of outstanding recommendations, urging WFP to implement them in a timely manner. The Committee discussed recommendations related to cooperating partner management, the global assurance project and human resources management. The Committee expressed concern over the increase in staff costs, the high number of unassigned staff members and the growing number of outstanding oversight recommendations. The Committee requested more information from WFP Management on efforts made to close outstanding recommendations, consequences for late implementation of audit recommendations and prioritization of outstanding recommendations.
11. The Committee was informed that:
- a) 29 of the 94 external audit recommendations outstanding since the WFP Executive Board's annual session in June 2024 were closed, with a 31 percent implementation rate;

- b) 65 recommendations remained outstanding;
 - c) 49 new recommendations issued focused on budget and financial controls, human resources management, cooperating partner management, the Global Assurance Project, cash-based transfers, information technology and risk management.
12. The Committee requested and received clarifications on:
- a) Outstanding recommendations, several of which were not yet due, and two new external audit recommendations not agreed by WFP Management.
 - b) Most outstanding recommendations being delayed due to the complexity of the recommendations relating to system enhancements, updates to frameworks and issuance of circulars, directives and guidelines which require longer timeframes and cross-functional coordination while undergoing organizational restructuring and resource constraints. Similar reasons were also relevant to the delay in the implementation of internal audit recommendations highlighted in the External Auditor's report. Notwithstanding funding constraints, WFP maintained its commitment to expedite closure of external and internal oversight recommendations through (i) prioritization of those that have a critical impact on the financial statements, (ii) clean-up of outstanding management oversight recommendations issued during functional oversight missions and (iii) robust quarterly monitoring by the Office of the Chief of Staff on implementation of internal audit recommendations.
 - c) Addressing the management of cooperating partners, including non-governmental organizations (NGOs), by increasing oversight efforts, including through updated guidance, mandatory tools and use of more transparent selection mechanisms such as the UN Partner Portal. A new assurance framework for NGO partnerships was issued and efforts were underway to strengthen capacity and provide training on risk informed spot check monitoring.
 - d) Challenges related to unassigned staff and reassignment processes were being addressed through updated policies, including guidance, mechanisms to ensure that temporary duty assignment terms of reference matched the skill sets of staff at various levels, and time-bound tracking of cases.
 - e) A commitment to cease *ex gratia* payments in connection with termination indemnities and to ensure that special leave with full pay for unassigned staff does not exceed one year.
 - f) Higher food commodity losses being mainly due to looting in conflict areas and supplier issues, while losses due to supply chain and handling were minor. To reduce these risks, WFP was leveraging global positioning system tracking, developing real-time monitoring tools and working to preposition food more effectively.
13. With the observations and recommendations above, the Committee:
- a) **recommended that the WFP Executive Board take note of the report of the External Auditor and urge Management to implement the External Auditor's recommendations in a timely manner; and**
 - b) **recommended that the WFP Executive Board approve the 2024 annual financial statements of WFP.**

Update to the WFP management plan (2025-2027)

14. The Committee reviewed and welcomed the *Update to the WFP management plan (2025-2027)* and expressed appreciation for the presentation as well as the continued engagement that WFP Management had maintained with the WFP Executive Board.
15. The Committee acknowledged the difficult situation WFP was facing in terms of financing and the consequent adjustment made to the funding forecast, which was originally projected at USD 8 billion and revised to USD 6.4 billion.
16. The Committee sought clarifications on the increase in operational requirements from USD 16.8 billion to USD 19.1 billion and on the originally approved provisional implementation plan of USD 8.8 billion to support 98 million beneficiaries compared to an updated implementation plan of USD 9.6 billion to support the same number of beneficiaries. The Committee was provided reassurances on WFP's commitment, especially at country office level, to prioritize the most vulnerable and food-insecure while making difficult decisions between reaching more beneficiaries with less assistance or reaching less beneficiaries with more adequate assistance. The Committee was also informed about the joint efforts made by WFP with local communities, NGOs and other UN agencies to reach a higher number of beneficiaries despite the challenging funding landscape that was affecting the entire humanitarian sector.
17. The Committee recommended that WFP not lose sight of other crises around the globe, including those in Myanmar, the Caribbean region, the Africa region and other areas affected by climate disasters. The Committee also underlined the importance of not forgetting areas such as resilience and preparedness as they were important in reducing food security needs.
18. The Committee inquired about the allocations of USD 40 million for the country office safety net and USD 40 million for workforce management, in particular on the savings and efficiencies that downsizing would bring, and requested more continuous reporting on these allocations. The Committee was informed that not all of the savings would be realized in 2025 but rather that decisions and costs incurred in 2025 would help align the organization to where it needed to be for 2026. These allocations would be reported on in the Annual Performance Report with additional interim reporting in consultation with the WFP Executive Board.
19. The Committee inquired on how phase 3 of WFP's internal reorganization would increase efficiencies and deliver cost savings to the organization as well as assurance that the implementation of cross-cutting priorities was assured. The Committee was provided with an update on the reorganization, which aimed to create a more streamlined organization. The Committee was also informed that an assessment by an external party was planned and that the independent oversight bodies may also review the organizational realignment.
20. The Committee noted the importance of duty of care and inquired about WFP's strategies for maintaining it in the current environment, and sought assurance that the increased cost of providing duty of care was covered in the budget. The Committee was informed that WFP was implementing various efforts to ensure duty of care, such as providing information sessions, joining UN-wide initiatives, offering psychological support, ombudsman assistance and wellness initiatives, among others. The Committee also noted the importance of preserving diversity and geographical representation of staff as part of the downsizing exercise, while acknowledging the importance of WFP Management addressing this issue with dignity and compassion.

21. The Committee observed that staffing reductions appeared to be the focus of the budget reductions and inquired about the associated risks and the possibility of reducing other costs. The Committee was reminded that staff costs comprised the majority of the global headquarters budget and highlighted measures that had been put in place to reduce non-staff costs such as a pause on travel and in-presence workshops, among others.
22. **With the observations and recommendations above, the Committee recommended the WFP Executive Board to approve the draft decision as outlined in document *Update to the WFP management plan (2025-2027)*.**

Annual report of the Independent Oversight Advisory Committee

23. The Committee reviewed the *Annual report of the Independent Oversight Advisory Committee* for the period 1 April 2024 to 31 March 2025.
24. The Committee noted the good progress that the Independent Oversight Advisory Committee (IOAC) observed in key areas such as risk management, internal audit, investigations, the strengthening of accountability, evaluation and ethics. On the observations made by the IOAC on the reduction of the evaluation capacity and the delayed implementation of recommendations by WFP Management, the Committee noted that the IOAC indicated that the reduction in evaluation coverage for country strategic plans was partly due to resource constraints but that its effects could be mitigated through the use of decentralized evaluations and audit reports.
25. On matters related to shadow information technology and fragmentation of systems implemented within WFP, the Committee was informed that the IOAC commended the Technology Division management in developing a framework and guiding principles for the consolidation of platforms and applications across the organization. The IOAC confirmed that it would continue to monitor progress in that area. In the area of cooperating partners, the Committee noted the IOAC's recommendation that WFP consider making use of the United Nations' framework for the management and screening of cooperating partners.
26. The Committee agreed with the IOAC that the recommendations by the Office of the Inspector General that received the rating of "major improvement needed" should be given higher attention by Management and implemented swiftly. On the risks associated to the restructuring of WFP and the staff reductions, the Committee concurred with the IOAC that given the magnitude of the exercise being undertaken, the implementation should be staggered and include an adequate communication plan with the employees. The Committee noted that the IOAC already planned to monitor the organizational restructuring being made and its impact on the capacity of WFP, and would review these questions at its next meeting in July. The Committee also suggested to the IOAC that it include a review of the proposals to increase efficiencies and synergy among the three Rome-based agencies in its future programme of work.
27. The Committee acknowledged the important role of the IOAC and appreciated the guidance provided by the IOAC in the areas under its mandate. It also recommended that future annual reports of the IOAC include upfront a list of the key recommendations that WFP Management and the WFP Executive Board should particularly focus on.
28. **With the observations and recommendations above, the Committee recommended the WFP Executive Board to take note of the *Annual report of the Independent Oversight Advisory Committee*.**

Annual report of the Inspector General and Note by the Executive Director

29. The Committee reviewed the *Annual report of the Inspector General* and the *Note by the Executive Director on the annual report of the Inspector General*.
30. The Committee welcomed the report and expressed its appreciation for the oversight work conducted by the Office of the Inspector General (OIG) in 2024. The Committee also positively took note of the increase in OIG's output, both on internal audit and investigations.
31. The Committee noted with concern the recurrence of audit findings, which suggested that these may be systemic in nature. The Committee was informed that WFP Management was already taking steps to address some of these recurring issues, pointing to ongoing initiatives such as the Global Assurance Project. The Committee also expressed concerns about the number of outstanding and overdue agreed actions at year-end 2024. The Committee was further informed that WFP Management was working closely with responsible managers to address outstanding and overdue actions.
32. The Committee noted the continuous increase in complaints received by OIG, including breaches of the WFP anti-fraud and anti-corruption policy. The Committee suggested that a root cause analysis may yield insights into the increase.
33. The Committee noted the involvement of senior staff members in some cases investigated during the reporting period and inquired about actions taken by WFP to ensure their accountability. The Committee was informed by WFP Management that WFP continued to have a zero-tolerance approach to misconduct.
34. **With the observations and recommendations above, the Committee recommended the WFP Executive Board to take note of the *Annual report of the Inspector General* and urged WFP Management to address the governance, risk management and control issues highlighted therein.**

Management review of significant risk and control issues, 2024

35. The Committee reviewed the *Management review of significant risk and control issues, 2024*.
36. The Committee was informed that the Executive Director's Assurance Exercise resulted in constructive engagement from global managers, whose insights were triangulated with evidence from internal and external oversight findings to prepare the management review.
37. The Committee was informed that four key control areas from 2023 remained priorities that still required WFP Management's attention: talent management and workforce planning; workplace culture and conduct; non-governmental organization management; and identity management and information technology solutions. Additionally, one issue had been reintroduced for WFP Management's attention: monitoring, which first appeared as a significant risk in 2011 and was removed in 2020 due to progress achieved.
38. The Committee was provided with information on four emerging risk and control challenges: resource mobilization and donor relations; supply chain and delivery; programmatic partnerships and host government engagement; and a newly highlighted area, transformation and change. Material incidents in 13 countries were also highlighted and escalated to WFP Management's attention together with recommended practices to mitigate future risks and enhance controls in country offices.
39. The Committee welcomed the *Management review of significant risk and control issues, 2024* and expressed appreciation for the transparency it provided from Management's perspective and which reflected the maturity of WFP to address the challenges identified through the self-reflection exercise.

40. The Committee noted that the document complemented and aligned with findings from the independent oversight entities and reinforced the strong oversight and risk management practices required, recommending that the document in its next iteration inform Management's thinking on how to address related outstanding oversight recommendations.
41. The Committee requested and received clarifications on key administrative and operational matters, including:
 - a) The impact of restructuring, change management and funding constraints on WFP operations and workforce, emphasizing the importance of an informed, evidence-based approach to ongoing workforce reductions and organizational change, supported by a sustainable approach, analysis/scenario planning and effective internal communication to mitigate associated risks. Change management also received a prominent ranking in WFP's corporate risk register, which was being updated to reflect WFP's evolving situation with a focus on better supporting field operations.
 - b) The classification of resource mobilization as an emerging risk given that it was raised continuously in the past, and on efforts to address the continued decline in flexible funding with concerns expressed over measures taken beyond advocacy and the need to expand and diversify WFP's donor base to sustain planned activities.
42. **With the observations and recommendations above, the Committee recommended the WFP Executive Board to take note of the *Management review of significant risk and control issues, 2024*.**

Report on the utilization of WFP's strategic financing mechanisms (1 January–31 December 2024)

43. The Committee reviewed the *Report on the utilization of WFP's strategic financing mechanisms (1 January–31 December 2024)*.
44. The Committee supported WFP's use of strategic financing mechanisms as an important means to increase flexibility, efficiency and effectiveness of WFP's operations, and acknowledging that the effectiveness of the mechanisms increased when contributions had a greater level of flexibility and visibility, encouraged WFP to advocate to donors to provide more flexible funding.
45. The Committee was informed that, in line with a dynamic ceiling approach approved by WFP's Executive Board (i.e. a ceiling set at 10 percent of the global contribution forecast), the ceilings of internal project lending (IPL) and the Global Commodity Management Facility (GCMF) had been aligned with the new global contribution forecast for 2025 and revised from USD 890 million to USD 640 million.
46. The Committee received information that WFP had advanced 26 percent of its projected cash contributions for 2024 – equivalent to USD 1.9 billion out of a total of USD 7.2 billion – through IPL, which represented a 63 percent increase compared to 2023.
47. The Committee was furthermore informed that 54 percent of WFP's total food purchases were managed through the GCMF. In total, 1.17 million metric tons of food, valued at USD 930 million, were delivered to 50 countries through the GCMF.
48. Management clarified that delegating authority to the Executive Director to set the annual ceiling for emergency preparedness activities would enhance WFP's emergency response capacity by streamlining the approval process and aligning emergency preparedness investments with operational demands – enabling faster, more cost-effective actions that helped mitigate crises before they escalated. The Committee was further informed that the

use of the Immediate Response Account (IRA) resources for emergency preparedness activities would remain subject to the availability of IRA funds, and therefore the proposal would not result in financial risk, while annual reporting would facilitate oversight by the WFP Executive Board.

49. In response to questions raised, the Committee received clarifications that:
- a) Regarding outstanding IPL contributions for 2024, WFP country office operations had different funding and operating cycles, and in that context, specific countries' outstanding balances at financial year end could not be compared.
 - b) WFP proposed that the IRA for Preparedness activities ceiling be delegated to the Executive Director, or alternatively that the ceiling be raised to USD 10 million. The Committee was informed that a paper had been shared with WFP's Executive Board Bureau assessing options for approval with relative merits.
50. **With the observations and recommendations above, the Committee recommended the WFP Executive Board to take note of the report on the utilization of WFP's strategic financing mechanisms for the period 1 January–31 December 2024.**

Other Matters

Working Methods of the Finance Committee

51. The Committee noted the importance of continually reviewing its methods of work in order to achieve its statutory goals and objectives. In this regard, the Committee:
- a) **recalled its invitation to WFP Management to reflect upon previous guidance provided by the Finance Committee as a standing item in future Finance Committee meetings on WFP matters and looked forward to an update at future sessions;**
 - b) **recommended that the discussion on the report of the External Auditor at future sessions be considered section by section given the broad range of matters presented in the report; and**
 - c) **recommended that consideration of the report of the IOAC be scheduled after consideration of the other oversight reports.**

Date and Place of the Two hundred and fifth Session

52. The Committee was informed that the next session was scheduled to be held in Rome from 27 to 28 October 2025.