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: 5 May 2025	WFP/EB.A/2025/6-A/1*
Original: English	Financial and budgetary matters
** Reissued for technical reasons on 10 June 2025*	For decision

Audited annual accounts, 2024

The Secretariat is pleased to submit the audited 2024 financial statements together with the audit opinion and the report of the External Auditor. The financial statements have been prepared under International Public Sector Accounting Standards (IPSAS). The External Auditor has completed the audit in accordance with the International Standards of Auditing and has provided an unqualified audit opinion.

This document is submitted to the Board in accordance with general regulation XIV.6 (b) and financial regulations 13.1 and 14.8, which provide for the submission to the Board of the audited financial statements of WFP and an associated report of the External Auditor. The statements and the report are presented in one document.

This document includes a statement on internal control which provides specific assurance on the effectiveness of internal control in WFP.

Focal points

Mr. L. Hoffmann
Director of External Audit
email: lutz.hoffmann@wfp.org

Ms R. Schnell
Deputy Director of External Audit
email: runa.schnell@wfp.org

Ms J. Oeser
Lead Performance Audit
email: extauditor.joeser@wfp.org

Mr R. van der Zee
Chief Financial Officer
email: robert.vanderzee@wfp.org

Mr S. Dahan
Chief Risk Officer and Director
Risk Management Division
email: salvador.dahan@wfp.org

Ms M. Mananikova
Director, Financial Reporting Service
Chief Financial Officer Division
email: maryna.mananikova@wfp.org

Ms H. Spanos
Deputy Director
Risk Management Division
email: harriet.spanos@wfp.org

Draft decision*

The Board:

i) approves the 2024 annual financial statements of WFP, taking note of the report of the External Auditor, submitted to the Board pursuant to Article XIV.6 (b) of the General Regulations;

ii) notes the funding from the General Fund of USD 1,598,965 during 2024 for the ex-gratia payments and the write off of cash losses and receivables;

iii) notes losses of commodities and other losses during 2024 forming part of operating expenses for the same period.

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

Table of contents

Section I

Audit Opinion

I have audited the financial statements of the World Food Programme (WFP), which comprise the statement of financial position (statement I) as at 31 December 2024 and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flow (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WFP as at 31 December 2024 and its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

I conducted my audit in accordance with the International Standards on Auditing. My responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. I am independent of the World Food Programme, in accordance with the ethical requirements relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information other than the financial statements and the auditor’s report thereon

The Executive Director of the World Food Programme is responsible for the other information. The other information comprises the Executive Director’s statement for the year ended 31 December 2024 and the Executive Director’s statement of internal control, both contained in Section II below, but does not include the financial statements and my auditor’s report thereon.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work that I have performed, I conclude that there is a material misstatement in the other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Executive Director of the World Food Programme is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of the World Food Programme is responsible for assessing the Programme's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management intends either to liquidate the Programme or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Programme's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the International Standards on Auditing, I exercise professional judgment and maintain professional scepticism throughout the audit.

I also:

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the World Food Programme;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

(d) Draw conclusions concerning the appropriateness of management’s use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the World Food Programme to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the World Food Programme to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In my opinion, the transactions of WFP that have come to my notice or that I have tested as part of my audit have, in all significant respects, been in accordance with the General Regulations and General Rules and the Financial Regulations of WFP.

In accordance with Financial Regulation 14.8, I have also included information that I deem necessary with regard to the efficiency of financial procedures, the accounting system, the internal financial controls, and, in general, the administration and management of WFP in the long-form audit report on my audit of the World Food Programme.

(Signed) Kay Scheller
President of the German Supreme Audit Institution

15 April 2025

BUNDESRECHNUNGSHOF

EXTERNAL AUDIT OF THE WORLD FOOD PROGRAMME

AUDIT REPORT

FINANCIAL STATEMENTS OF THE WORLD FOOD PROGRAMME
FOR THE YEAR ENDED 31 DECEMBER 2024

Table of contents

0 Executive summary

0.1

The External Auditor has audited the financial statements and reviewed the operations of the World Food Programme (WFP) for the year ended 31 December 2024. In the External Auditor's opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WFP as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

0.2

WFP is a voluntarily funded organization and relies on the support of its donors. In 2024, while voluntary contributions increased by USD 1.5 billion (18 percent), to USD 9.8 billion, expenses for food commodities and cash-based transfers distributed decreased significantly for the second consecutive year. In 2023, the decrease amounted to 16 percent and 11 percent, respectively, and in 2024 to almost 30 percent in the two categories. At the same time employee benefit expenses increased.

0.3

The External Auditor noted that WFP did not implement 69 percent of external audit recommendations from previous years. For some recommendations, WFP postponed their implementation several times. WFP stated that it considered some of them as not yet due for implementation and that it lacked funding for implementing them.

Recommendations of the External Auditor can cause impact only when implemented in a timely manner. WFP leadership needs to make their implementation a priority to address weaknesses and ensure cost-efficiency.

Recommendations by the auditors of the Office of the Inspector General are a vital part of WFP's internal control system. The number of open internal audit recommendations increased by almost 150 percent from 2023 to 2025. As at April 2025, WFP reached a peak of 420 internal audit recommendations still not implemented.

Oversight missions by regional bureaux form part of WFP's internal control system. As at April 2025, country offices still needed to implement 2,083 recommendations from such oversight missions.

WFP's internal control system strongly benefits if WFP implements open recommendations. The high number of recommendations not yet implemented requires WFP leadership to prioritize their implementation.

0.4

Key findings

Finance

(a) Cooperating partner expenses represent a material portion of WFP's expenses. In the financial statements, WFP does not disclose detailed information and explanations that enable readers to assess and understand the activities carried out by partners. The current WFP accounting guidance does not provide a definition of "cooperating partners" and clear instructions on how to record corresponding expenses;

(b) The External Auditor requested from WFP a list of cooperating partner expenses including budget information and actual expenses, by partner and by partner agreement to gain audit assurance on partner expenses. According to WFP, WINGS could not provide such a list. Instead, WFP manually compiled data which did not reconcile with the expense accounts, did not give complete information of partner agreements and partner expenses, and did not contain all types of partners. There was no constant audit trail;

(c) In November 2021, WFP decided to implement Workday as the WFP comprehensive human resources system which integrates processes such as recruitment, performance evaluation, and recording of employee master data. WFP decided to exclude the integration of its payroll processes from the Workday project. The External Auditor found that WFP's payroll process was fragmented and spread over various information technology systems. Interfacing and monitoring these systems create risks. WFP should determine a cost-efficient and risk mitigating comprehensive payroll solution;

(d) WFP differentiates in its risk categorization framework 4 primary risk categories, 15 risk areas and 41 risk types. Among these, WFP provides for 2 financial risk areas and 2 financial risk types. Since 2018, WFP had not amended its policy and risk register template by including additional default financial risk areas and types although country offices reported on various financial risks through other monitoring exercises such as the Executive Director assurance exercise or the Global Assurance Project;

(e) WFP had to reduce its staff in country offices and regional bureaux. According to the FAO Staff Regulations and Rules and the WFP employment contracts with service contract and special service agreement holders, these employees were not fully eligible for termination indemnities. In 2024, the Executive Director approved ex-gratia payments in the amount of USD 9.2 million to compensate affected staff members and affiliates. Already in

2007, the ACABQ recommended to the Executive Board that WFP should discontinue termination payments not specifically provided for in the FAO Staff Regulations and Rules. The ACABQ considered that the WFP financial statements had inaccurately shown such payments as ex-gratia payments. The External Auditor agrees with the ACABQ that WFP should discontinue termination payments not specifically provided for in the FAO Staff Regulations on ex-gratia basis. The 2024 payments bear the risk that staff members and affiliates who have been laid off by WFP earlier might claim the payment for equal treatment;

Human resources management

(f) According to the WFP Human Resources Manual, international professional staff members have to rotate every two, three or four years, depending on the hardship classification of the duty station. If WFP does not identify a position to reassign the staff members and the previous position is no longer available, WFP places them on special leave with full pay for a maximum of twelve months. The External Auditor found that WFP paid USD 11.6 million to 144 staff members on special leave with full pay. Furthermore, the External Auditor noted that these staff members continued receiving hardship allowance, mobility incentive, post adjustment, and rental subsidy even when staying away from the duty station. As the FAO does not have a reassignment process, the FAO Staff Regulations and Rules do not contain specific stipulations for this process;

(g) Out of the 144 staff members on special leave with full pay, 23 (16 percent) were at director level. The External Auditor found several cases in which WFP did not even identify temporary duty assignments for them. In light of recruitment freezes and reductions in workforce, it is not comprehensible that WFP does not need the workforce for which it pays salary;

Cooperating partner management

(h) In 2022, the External Auditor recommended that WFP clarify its central governance arrangements for cooperating partnerships, and that WFP take into account governmental partners. Until April 2025, WFP had not established responsibilities and comprehensive templates for its collaboration with governmental partners. One of the triggers of the Global Assurance Project were weaknesses in the collaboration with governmental partners. WFP had not established central governance arrangements for cooperating partnerships since 2022;

(i) Since 2023, country offices have to use the United Nations Partner Portal for managing parts of the cooperating partner process. The External Auditor found that data recorded in the United Nations Partner Portal indicated that country offices did not comply with the normative framework and that the data might need further review. For example, in almost half of the cases, country offices selected a partner directly instead of using a competitive process;

Global Assurance Project

(j) In addition to the food diversions in Ethiopia, WFP wanted to address risks and control issues reported by country offices and oversight bodies with the Global Assurance Project. The External Auditor noted that country offices identified their own non-compliance with existing corporate policies as risks in their assurance action plans. Furthermore, the External Auditor noted that the Global Assurance Project had not addressed pending internal and external audit recommendations related to the Project's focus areas, e.g. cooperating partner management. The External Auditor holds that WFP could have avoided the Global Assurance Project through effective oversight. Identifying and addressing non-compliance should not depend on specific projects;

(k) WFP developed benchmarks for the Global Assurance Project focus areas and a benchmark tracker with additional criteria to check the implementation of the country office's assurance action plans. The External Auditor found that WFP had not clearly defined some of the criteria, and that the tracker did not fully reflect the global assurance standards. The External Auditor holds that WFP can only assess country offices' status objectively by applying clearly defined benchmarks and criteria;

(l) Country offices included a variety of digital solutions in their assurance action plans. In particular, country offices highlighted the need for integration of or interfaces between systems. Some digital solutions were country office specific. This indicates a need for fully digitized business processes. The External Auditor holds that country-specific applications should be kept to a minimum as they may come with risks and additional costs;

Cash-based transfers

(m) Post-distribution monitoring is a tool for country offices to measure their programmes and identify improvement opportunities for future programming. WFP uses indicators for post-distribution monitoring to review its programme results and includes them in the logical framework of the Country Strategic Plans. The External Auditor found that country offices not always followed-up on indicators or used indicators not relevant to their programmes; WFP had not provided any guidance on what country offices had to do when not meeting the set indicator values. Moreover, country offices reported on results of post-distribution monitoring in various ways as WFP had not provided corporate guidance on how to report on the results;

(n) The transfer value is the net monetary amount that WFP transfers to beneficiaries as cash or vouchers. WFP directed country offices to calculate the transfer value based on a gap analysis that relates to the minimum expenditure basket threshold or another similar threshold. The External Auditor reviewed 14 cases and found that 8 country offices did not provide sufficient documentation on whether they had followed the directive and how they had determined the transfer value;

Information technology

(o) On 1 July 2024, WFP rolled out Workday. WFP was still in the process of developing and releasing interfaces, in particular to WINGS. In February 2025, WFP stated that it currently used 40 out of the planned 74 interfaces (54.1 percent) in its IT systems. It used three additional interfaces partially. WFP further stated that, due to the pending interfaces, it had to update the data in WINGS and Workday manually.

Key recommendations

Finance

(a) ***formulate clear and mandatory accounting guidance for recording cooperating partner expenses by defining cooperating partners and detailing which expense account to use, and enhance the disclosure of cooperating partner expenses in the financial statements by providing more information on the activities carried out;***

(b) ***establish the option in WINGS to extract data for its cooperating partners separately for each partner, partner agreement, including budget and actual amounts. The data extract should facilitate improved reporting and disclosures in the financial statements, and the oversight over partner implementation rates;***

(c) ***perform a comprehensive cost-benefit-analysis on how to establish an information technology-based payroll process free of media breaks****;*

(d) ***review and amend its default financial risk areas and risk types in its risk register guidance and template using country offices' feedback available from their risk registers, the Executive Director's assurance exercise and the Global Assurance Project****;*

(e) ***stop paying termination indemnities which are not provided for in the FAO Staff Regulations and Rules on an ex-gratia basis****;*

Human resources management

(f) ***analyse how it can enhance the reassignment process and reduce the costs, also by reviewing how other United Nations agencies regulate the reassignment process;***

(g) ***task unassigned staff members especially at director level who are receiving full salary at least with temporary duty assignments for the benefit of WFP****;*

Cooperating partner management

(h) ***set up clear responsibilities at headquarters for the collaboration with government entities****;*

(i) ***use the United Nations Partner Portal for oversight by analysing the data on a regular basis to detect inconsistencies or non-compliance with the policy framework, and arrange for corrections and data cleansing****;*

Global Assurance Project

(j) ***ensure that country offices comply with the normative framework and implement recommendations through effective oversight, and enforce accountability;***

(k) ***each function at headquarters define key performance indicators and the way in which compliance by country offices is monitored and verified, taking into account the global assurance standards****;*

(l) ***build on the risks identified through the Global Assurance Project to review and define its business process requirements in order to achieve digital integration****;*

Cash-based transfers

(m) ***review and clarify its corporate rules with regard to mandatory monitoring indicators in Country Strategic Plan log frames to ensure that country offices report more consistently and only include indicators in their planning that are useful and realistic to monitor in the specific context;***

(n) ***enhance the documentation on the different steps towards the determination of the transfer value ensuring that relevant decisions are substantiated and reconcilable for external stakeholders****; and*

Information technology

(o) ***analyse if and how it can simplify the Workday interfaces in order to enhance operational efficiency while reducing costs, security risks, and long-term maintenance efforts****.*

1. Mandate, scope, and methodology

1. By its decision 2021/EB.2/4, on 16 November 2021 the Executive Board of WFP appointed the President of the Bundesrechnungshof of Germany as the WFP External Auditor to perform the audit of the accounts of WFP for a six-year term from 1 July 2022 to 30 June 2028 in accordance with WFP Financial Regulation 14.1.

2. The External Auditor's mandate is set out in Article XIV of the WFP Financial Regulations and their Annex. Pursuant to the Financial Regulations, the External Auditor expresses an opinion on the financial statements and may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of WFP.

3. This document provides the External Auditor's long-form report on the audit of the financial statements of WFP for the year ended 31 December 2024. The Executive Director submits the report of the External Auditor to the Executive Board together with the financial statements to enable the Executive Board to approve the financial statements. The audit was conducted in conformity with the WFP General Regulations and Rules, and Financial Regulations, and, where applicable, the Financial Regulations and Rules of the United Nations, the Food and Agriculture Organization (FAO) Staff Regulations, as well as the International Standards on Auditing.

4. The audit was conducted primarily to enable the External Auditor to form an opinion as to whether the financial statements fairly present the financial position of WFP as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with IPSAS. This included an assessment of whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenues and expenses had been properly classified and recorded in accordance with the General Regulations and Rules and Financial Regulations of WFP. The audit included a general review of financial systems and internal control and a test examination of the accounting records and external confirmation procedures from banks, donors and suppliers and other supporting evidence to the extent considered necessary to form an opinion on the financial statements.

5. The External Auditor conducted several audit visits to headquarters and to the following regional bureaux and country offices[1]: the Regional Bureau for Asia and the

[1] WFP issued an Executive Director's Circular (OED 2025/002) and renamed regional bureaux into regional offices, effective from 1 May 2025. As the External Auditor issued this audit report in April 2025, the report used the nomenclature which was applicable at the time of the audit.

Pacific, the country offices in Bangladesh (remote), Benin, Guatemala, Lesotho, Türkiye, and Uganda. The External Auditor conducted a remote and thematic audit of the Global Assurance Project in the Afghanistan Country Office.

6. The External Auditor issued management letters to the bureaux and offices audited. Where deemed necessary the External Auditor included audit findings of these management letters in this report.

7. During audit visits to headquarters, regional bureaux and country offices the External Auditor issues audit observation memorandums with facts and findings requesting the respective director to comment in writing. These audit observation memorandums together with the comments provided by WFP form the basis of the External Auditor's management letters to the Executive Director and reports for the Executive Board. The External Auditor shares draft management letters and draft reports with WFP requesting comments again to include them in the letters and reports.

8. The External Auditor coordinated with the Inspector General to avoid unnecessary duplication and gain an understanding of the internal audit function and of internal control of WFP.

9. The present report covers matters that, in the opinion of the External Auditor, should be brought to the attention of the Executive Board. The External Auditor communicated his observations and conclusions to the Executive Director and the WFP senior management, and their views are reflected in the report.

2. Open recommendations

2.1. External Audit recommendations

2.1.1 Implementation status overview

10. The External Auditor's findings result in recommendations on financial, performance and governance issues which are addressed to WFP management for implementation. The implementation status of the recommendations is brought herewith to the attention of the Executive Board.

11. Out of 94 open recommendations, the External Auditor has assessed that WFP has implemented 29 recommendations (31 percent), 58 are under implementation (62 percent) and WFP has not implemented[2] 7 (7 percent). In making this assessment, the External Auditor has considered information provided by WFP until 7 April 2025. Details of the status of implementation of the recommendations are shown in figure 2.1 and the Annex.

Figure 2.1

Status of implementation of previous recommendations

Audit report year*	Total	Fully implemented	Under implementation	Not implemented
2022	14	4	9	1
2023	29	11	18	0
2024	51	14	31	6
Total	**94**	**29**	**58**	**7**
Percentage	100	31	62	7

* Audit report year refers to the year of the annual session for which the External Auditor provided his report.

Figure: External Auditor, Source: External Auditor

[2] The External Auditor considers recommendation as not implemented when WFP has not made any progress in implementing the recommendation - irrespective of any WFP internal timelines.

12. In 2023, the External Auditor assessed 52 percent of the recommendations as open or under implementation. In 2024, this percentage increased to 69 percent. Out of the 58 recommendations that were under implementation, 9 (16 percent) related to the 2022 and 18 (31 percent) to the 2023 audit. In view of this trend, the External Auditor is concerned about the implementation efforts of WFP.

2.1.2 Postponed and delayed implementation

13. The External Auditor noted that WFP had delayed and postponed implementation due dates repeatedly over the past years.

2.1.2.1 WFP intends not to implement the recommendation despite prior agreement

14. For example, in his 2022 performance audit report on the management of cooperating partners, the External Auditor recommended that WFP establish a unit managing cooperating partners and adapt the guidance and agreement template to include cooperation with governmental partners.[3] The Executive Board took note of the report and encouraged further action on the External Auditor's recommendations in its 2022 annual session. In its management response to the recommendation, presented in the same session, WFP agreed with the recommendation and set 30 June 2023 as the target date for implementation.[4] In June 2023, WFP stated that it was "concluding discussions to integrate government cooperating partners management into a central governance structure and would develop guidelines for this purpose".[5] WFP moved the target date to September 2023. In the second half of 2023, WFP faced food diversions in Ethiopia where WFP cooperated with a governmental partner. In April 2024, WFP extended the implementation date of the recommendation to June 2024.

15. In March 2025, WFP stated that it had decided "not to centralize responsibilities into a singular unit at headquarters for all aspects of government partner engagement". WFP has not developed all templates for cooperation with governmental partners. The External Auditor assessed the recommendation as not implemented.

[3] WFP/EB.A/2022/6-H/1 - Report of the External Auditor on the management of cooperating partners.
[4] WFP/EB.A/2022/6-H/1/Add.1- WFP management response to the External Auditor's recommendation.
[5] WFP/EB.A/2023/6-H/1 – Audited annual accounts, 2023.

Figure 2.2

Implementation target dates frequently postponed

WFP postponed the target date for the implementation of the External Auditor's recommendation on setting up a unit responsible for managing the collaboration with governmental partners multiple times until finally deciding not to implement the recommendation.

Figure: External Auditor, Source: WFP data

16. The External Auditor considers the management of collaboration with governmental partners to be crucial for the activities of WFP. The food diversions and other irregularities which have led to the Global Assurance Project undermine this assessment. The External Auditor issued an additional recommendation in this year's audit report to stress the importance of a unit's responsibility for managing governmental partners and providing templates and guidance (ref. para. 227-240).

17. The External Auditor urges WFP to take action to implement the recommendations in the audit area of governmental partners and to issue sufficient templates to support country offices in their work.

2.1.2.2 Material value of food commodities still expensed instead of being capitalized

18. Another example of delayed implementation is a recommendation from the 2022 audit report. The External Auditor recommended that WFP change its accounting policy on the expense recognition of food commodities handed over to cooperating partners and record these commodities as inventories and expense them only when distributed to beneficiaries.[6] WFP agreed on the recommendation and assessed the recommendation as implemented although it had only started a pilot project of a new stock management tool in Jijiga, Ethiopia, in January 2025. WFP had not changed its accounting policy yet. WFP disclosed USD 103.3 million (93,988 metric tons) of food held

[6] WFP/EB.A/2023/6-A/1, Audited annual accounts, para. 64.

by cooperating partners which was yet to be distributed to beneficiaries in its 2024 financial statements (ref. 2024 Financial Statements, para. 224).

19. The External Auditor assessed the recommendation as under implementation. The External Auditor urges WFP to expedite the change in its accounting policy and to record and track inventories controlled by WFP until final distribution to beneficiaries.

2.1.2.3 Payroll process not integrated into Workday

20. In another recommendation, the External Auditor recommended in 2022 that WFP conduct a comprehensive cost-benefit analysis of the outsourcing of parts of the payroll process to an external service provider considering the risks involved and the benefits achieved.[7] WFP stated that it decided to incorporate the cost-benefit analysis into a more comprehensive initiative focused on digital integration and modernization. The External Auditor noted that WFP had not implemented the recommendation yet and considered the recommendation as under implementation. In the 2024 audit, the External Auditor found that WFP implemented Workday as its human resources management system and decided not to integrate the three payroll systems.

21. The External Auditor reminds WFP of the open recommendation and also asks for a comprehensive cost-benefit analysis on how to establish a payroll process which is based on information technology and free of media breaks (ref. para. 93-99).

2.1.2.4 Technology Division's authority still not strengthened

22. In the 2023 performance audit report on support services, the External Auditor recommended that WFP strengthen the authority of the Technology Division regarding the implementation of new IT solutions.[8] WFP stated that it was still in the process of finalizing an Executive Director's Circular. The External Auditor noted that WFP had not implemented the recommendation yet and considered the recommendation as under implementation. In the 2024 audit, the External Auditor found several weaknesses in the implementation of Workday. In particular, WFP had not taken the integrability of Workday into the existing IT landscape sufficiently into account.

23. The External Auditor holds that the process would have benefitted from a more cross-functional approach and therefore urges WFP to implement the recommendation (ref. para. 343-353).

[7] WFP/EB.A/2023/6-A/1, Audited annual accounts, para. 118.
[8] WFP/EB.A/2023/6-F/1, Report of the External Auditor on support services, para. 94.

2.1.2.5 *Seven recommendations without any progress*

24. In total, the External Auditor did not recognize any implementation progress for seven outstanding recommendations from its 2022 and 2023 reports and assessed them as not implemented - irrespective of WFP internal timelines (see annex). For example, WFP decided to put on hold the implementation of two recommendations related to delegation of authority. One recommendation requested WFP to consider a technical solution for delegating authorities, the other to establish monitoring and reporting processes.[9] WFP stated that due to a lack of funding it planned to address the recommendations in a phased manner as resources became available.

25. It is not up to WFP to decide which recommendations to implement, to partially implement, to delay implementation or to not implement at all. The External Auditor understands the operational and contextual challenges and that WFP needs more time to implement certain recommendations. The External Auditor holds that WFP should ensure consistency of its commitment to implement recommendations. However, making no implementation progress at all is not acceptable and undermines the authority of the WFP leadership and of the External Auditor who has been appointed by the Executive Board.

2.2. Internal Audit recommendations

26. An important part of the External Auditor's mandate is to review the internal control system of the auditee. WFP follows the Three Lines Model of the Institute of Internal Auditors.

WFP internal control system to be strengthened

27. The External Auditor noted that the number of open recommendations of internal audit increased tremendously in 2023: from 171 recommendations at the beginning of the year to 319 at the end of the year. This upward trend continued in 2024 and beyond. At the end of 2024, WFP still had to implement 388 open recommendations. At the beginning of April 2025, WFP reached a peak of 420 open recommendations. The increasing trend is shown in figure 2.3 below.

[9] WFP/EB.A/2024/6-A/1, Audited annual accounts, para. 257 and 284.

Figure 2.3

Increasing number of open internal audit recommendations

The number of open internal audit recommendations has increased by almost 150 percent since 2023.

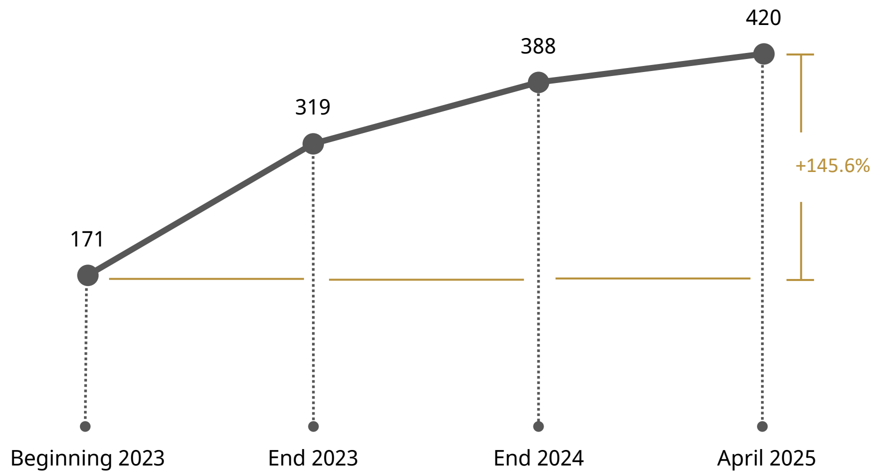


Figure: External Audit, Source: WFP data.

28. WFP acknowledged the substantial increase in the number of open recommendations in 2023 and 2024. WFP stated that this increase was linked to the high number of audit products issued in 2023, but particularly during 2024. WFP stated that due to the implementation of significant changes and operating in a constrained resource context, some recommendations might not have been immediately addressed. Furthermore, in many cases, it was not possible to implement the recommendations fast, as they might require system changes, or the context might change.

29. The External Auditor is more than concerned that WFP leadership does not appropriately prioritize the implementation of audit recommendations. Internal audit is an integral part of the internal control system. The high and increasing number of open internal audit recommendations is not acceptable, impacts the internal control system and requires immediate action of WFP leadership.

2.3. Regional bureaux recommendations

30. Regional bureaux play a vital role by exercising oversight over the country offices. They conduct oversight missions to country offices and issue recommendations which the country offices have to implement.

31. The External Auditor requested the implementation status of these recommendations. As WFP did not maintain these recommendations in a central repository, headquarters had to ask each of the regional bureaux for their tracking list. WFP stated that not all regional bureaux reported on low-risk recommendations. As of April 2025, the six regional bureaux reported 2,083 open recommendations, which are shown in figure 2.4 below.

Figure 2.4

2,083 open recommendations from six regional bureaux

The number of open recommendations from oversight missions varies from 125 to 938 per bureau.

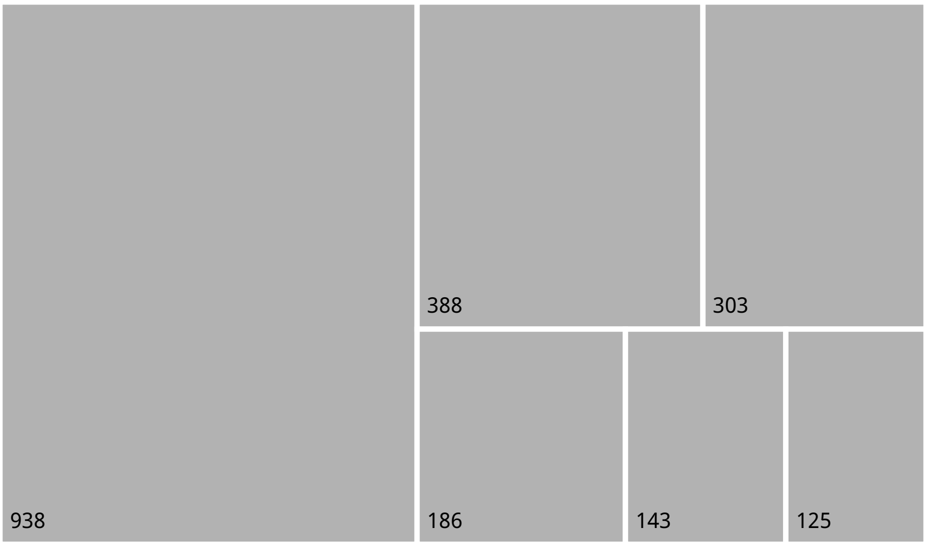


Figure: External Auditor; Source: WFP data

32. In the 2022 performance audit report on oversight by management[10], the External Auditor recommended that WFP introduce a mechanism to follow up on recommendations issued by the regional bureaux, in a specific software application. In March 2025, WFP stated that the implementation was still ongoing due to the launch of a new system. WFP extended the implementation date to July 2025.

33. The External Auditor urges WFP to implement open recommendations from oversight missions and to enhance their tracking as soon as possible. A reliable, consistent tracking of internal oversight recommendations is a precondition for coherent process improvements in an organization.

[10] WFP/EB.A/2022/6-I/1, Report of the External Auditor on oversight by management, para. 85.

34. WFP agreed and stated that the new system would enable a reliable and consistent tracking process.

3 Financial overview

35. For 2024, the WFP financial statements resulted in a surplus of USD 1.3 billion compared with a deficit of USD 1.7 billion in 2023. The variance of approximately USD 3.0 billion was attributable to increased contribution revenues while distribution expenses decreased significantly: Contribution revenues increased by USD 1.5 billion or 17.6 percent to USD 9.8 billion (2023: USD 8.3 billion). Food commodities and cash-based transfers distributed each decreased by approximately 27 percent and amounted to USD 2.4 billion (2023: USD 3.3 billion) and USD 2.2 billion (2023: USD 2.9 billion), respectively.

36. Three top donors account for 62.7 percent of the voluntary contributions (2023: 55.7 percent). One of these donors accounted for 45.3 percent of all contribution revenues (2023: 35.8 percent). Contribution revenues from this donor increased by USD 1.4 billion. Governments and intergovernmental organizations continued to be the major donors of WFP.

37. Expenses decreased by USD 1.8 billion (16.8 percent) to USD 9.0 billion. Main expense decreases pertained - for the second consecutive year - to food commodities distributed and cash-based transfers distributed. Food commodities distributed decreased by USD 0.9 billion (27.3 percent) in 2024 after a decrease of USD 0.6 billion in 2023. Cash-based transfers distributed decreased by USD 0.8 billion (26.6 percent) after a decrease of USD 0.4 billion in 2023. The cost of distribution and related services decreased by approximately 1 percent compared to 2023.

38. At the same time, staff costs increased by USD 0.1 billion (5.6 percent) after an increase of USD 0.2 billion in 2023. The trend of decreasing expenses and increasing staff costs is shown in figure 3.1 below.

Figure 3.1

Decrease of distribution and increase of staff expenses 2022-2024

While the value of distributed food commodities and cash-based transfers decreased in the past three years, staff costs increased.

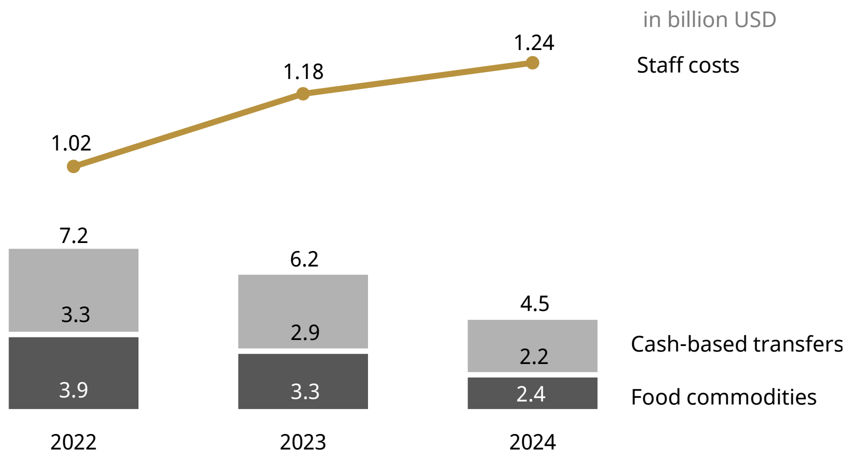


Figure: External Auditor, Source: WFP financial statements

39. Current assets increased by USD 1.4 billion (13.4 percent) and amounted to USD 11.7 billion. The main increases pertained to contributions receivable which increased by USD 1.0 billion to USD 5.2 billion in line with the increase in contribution revenue. Short-term investments increased by USD 0.5 billion to USD 2.2 billion. At the same time, inventories decreased by USD 0.2 billion to USD 1.0 billion.

40. Non-current assets increased by USD 0.2 billion from USD 1.6 billion to USD 1.8 billion. The increase was mainly attributable to a 11.3 percent increase in long-term investments. Long-term investments are held with the aim to cover long-term employee benefits, and their value primarily increased due to additions to invested assets and realized gains from equity investment funds.

41. Current liabilities slightly increased by USD 0.2 billion from USD 1.0 billion to USD 1.2 billion. This increase is mainly due to increased accounts payable and accruals in line with a slightly increased expenditure trend towards year-end. This trend is primarily attributable to corporate scale-ups in larger operations including Sudan, Palestine, Ethiopia and South Sudan.

42. Net assets comprised the accumulated surplus and reserves of USD 11.3 billion. The accumulated surplus increased by USD 1.4 billion which is comprised of the surplus of USD 1.3 billion and actuarial gains on employee benefit liabilities of USD 0.1 billion. Reserves increased by USD 0.1 billion due to an increase in the Programme Support and Administrative Equalization Account.

43. Overall, the key financial indicators remained at a comparable high level. Reasons for slightly weakened current, cash, and quick ratio were mainly the increased current payables and accruals, while short-term investments increased by a similar percentage. The External Auditor's analysis of the key financial ratios demonstrates that WFP met all its liabilities (see figure 3.2).

Figure 3.2

Ratio Analysis

Description of ratio	31 December 2024	31 December 2023	31 December 2022	31 December 2021 restated	31 December 2020
Current ratio [a] (current assets: current liabilities)	9.6	10.2	8.2	7.2	4.3
Total assets: total liabilities [b]	6.0	5.9	5.8	4.6	2.9
Cash ratio [c] (cash + current investments: current liabilities)	4.2	4.4	2.7	2.7	1.6
Quick ratio [d] (cash + current investments + short-term accounts receivable: current liabilities)	8.7	8.9	7.2	6.3	3.8

[a] A high ratio indicates an entity's ability to pay off its short-term liabilities.
[b] A high ratio is a good indicator of solvency.
[c] The cash ratio indicates an entity's liquidity. It serves to measure the amount of cash, cash equivalents and invested funds available in current assets to cover current liabilities.
[d] The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to convert into cash. A higher ratio means a more liquid current position.

Source: WFP financial statements.

4 Findings and recommendations

4.1 Finance

4.1.1 Informative value of the financial statements

44. IPSAS require information that are useful for decision-making, and to demonstrate the accountability of the entity for the resources entrusted to it. IPSAS encourage entities to present additional information in the financial statements to assist users in assessing the performance of the entity, and its stewardship of assets, as well as making and evaluating decisions about the allocation of resources.

45. In its 2022 audit, the External Auditor issued recommendations for changes in the notes' disclosures, which WFP did not implement. The External Auditor inter alia recommended additional breakdowns and information of line items such as staff cost[11], and cooperating partner expenses.

More transparent disclosure of staff cost required

46. WFP did not include a breakdown of the expense category staff cost in the notes' disclosures. The table in note 4.5 of the 2024 financial statements (page 51) provides the same figure as Statement II (statement of financial performance).

47. In 2024, the staff costs amounted to USD 1,244.2 million, compared with 1,178.4 million in 2023 (5.6 percent increase). Staff costs represented approximately 14 percent of the total WFP expenses in 2024 (11 percent in 2023). While staff costs increased by 6 percent, the total number of staff decreased by 4 percent from 12,812 in 2023 to 12,322 in 2024. Figure 4.1 below provides a comparison of staff cost expenses in 2023 and 2024.

[11] WFP/EB.A/2023/6-A/1, para. 30 et seq.

Figure 4.1

Increase of staff cost from 2023 to 2024

Even though the number of staff decreased from 2023 to 2024, staff cost increased.

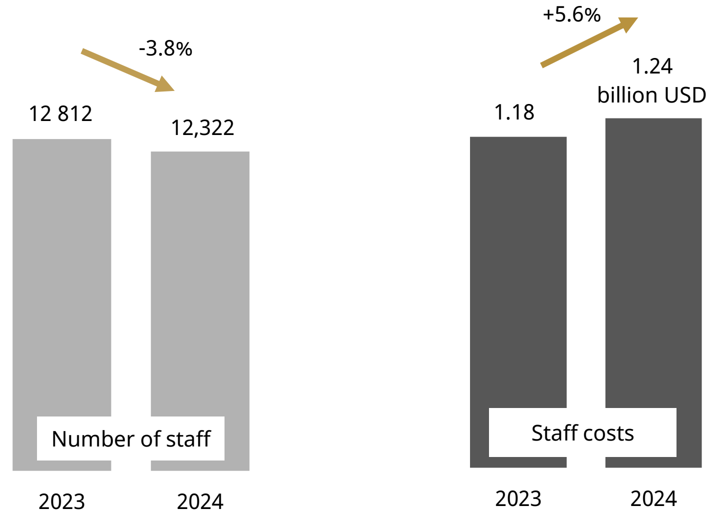


Figure: External Auditor, Source: WFP and WFP financial statements.

48. Figure 4.2 below provides an example of possible breakdown of the staff cost into international and national staff based on the External Auditors' analysis of the 2023 and 2024 WFP staff expense accounts. With a simplified approach for illustration purposes, the External Auditor summarized the 101 WFP salary expense accounts into common notes' disclosure categories to provide a proposal for potential future disclosures. The figure shows the variances in the main cost categories from 2023 to 2024 based on this simplified approach.

Figure 4.2

Main staff cost categories in 2024 compared with 2023

	2023	2024	increase/(decrease)	
	USD thousand	USD thousand	USD thousand	percent
International staff*	**615,739**	**657,157**	**41,418**	**6.7**
Salary	335,033	358,744	23,711	7.1
Pension	84,993	93,701	8,708	10.2

Post employment, after service health insurance and other long-term benefits	49,801	46,978	-2,823	-5.7
Staff allowances and entitlements	145,902	149,619	3,717	2.5
Termination	10	8,115	8,105	81,050.0
National staff	**389,721**	**435,812**	**46,091**	**11.8**
Salary	241,028	256,708	15,680	6.5
Pension/LT benefits	46,812	50,553	3,741	8.0
Post employment, after service health insurance and other long-term benefits	42,182	54,016	11,834	28.1
Staff allowances and entitlements	59,342	60,196	854	1.4
Termination	357	14,339	13,982	3,916.5
Travel and other costs	**172,910**	**151,218**	**-21,692**	**-12.5**
Total	**1,178,370**	**1,244,187**	**65,817**	**5.6**

* Including locally recruited general staff (GS) in Headquarters, Brindisi and other WFP offices in main capitals.

Figure: External Auditor, Source: WFP financial statements – simplified approach for illustration purposes.

49. Approximately 60 percent of the increases pertained to salaries and approximately 30 percent to termination payments to international and national staff. At the same time travel and other costs decreased significantly by approximately 30 percent.

50. The External Auditor asked WFP to explain the main drivers for the increase in salaries, while the overall number of staff decreased. WFP stated that this was not managed by WFP and that local salaries in the field were governed by the United Nations Secretariat and local salaries at headquarters and international professionals globally by the International Civil Service Commission (ICSC) which would apply the methodology approved by the General Assembly.

51. WFP stated that the exchange with the External Auditor was primarily in the context of termination related benefits and that there had been no specific request to WFP to explain variations in staff cost between 2023 and 2024 beyond the termination related benefits. The question of the External Auditor to WFP had been: “While the number of staff decreased, gross salary and local staff gross salary increased by 5 percent and 7 percent respectively. Please indicate the main drivers for the increase.”

52. The External Auditor holds that the information and response provided by WFP is insufficient. The External Auditor encourages WFP to provide the External Auditor with its plausibility review of staff cost variances as a standard and standing item during the audit procedures without further request by the External Auditor.

53. **The External Auditor recommends that WFP disclose the main components of staff cost and the main drivers of staff cost variances in the notes to the financial statements, and provide the External Auditor with its plausibility analysis of staff cost variances.**

54. WFP agreed with the recommendation.

Cooperating partner expenses not transparent

55. WFP contracts cooperating partners to distribute food and cash to beneficiaries. The financial statements' expense categories "commodities distributed" and "cash-based transfers distributed" provide the transfer value of the distributed food and cash. Cooperating partners charge costs to WFP for the transport, arrangement and other associated costs of food and cash-based transfer distributions. WFP records these costs under the expense categories "distribution and related services" and "contracted and other services".

(1) Commodities and cash distributed

56. In 2024, WFP distributed USD 2.3 billion of food commodities and USD 2.2 billion of cash compared with USD 3.2 billion and USD 2.7 billion, respectively, in 2023. WFP does not include the amount of commodities and cash distributed by partners in the financial statements or in the Executive Director's statement. Based on information the External Auditor requested from WFP, cooperating partners distributed 91 percent of the food commodities (USD 2.1 billion).

Figure 4.3

Cooperating partners distribute the majority of food commodities in 2024

Food commodities distributed by cooperating partners and direct distributions in 2024

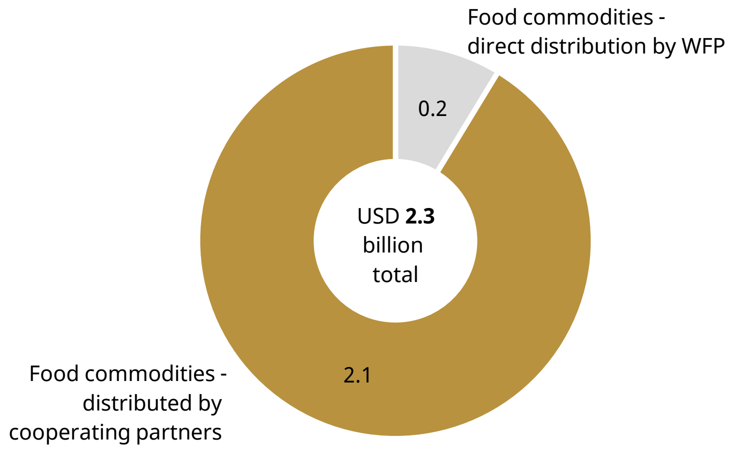


Figure: External Auditor, Source: WFP financial statements and General Ledger.

57. IPSAS encourage entities to present information in the financial statements to assist users in assessing the performance of the entity, and its stewardship of assets, as well as making and evaluating decisions about the allocation of resources. The United Nations policy framework for International Public Sector Accounting Standards further states that transactions with cooperating partners should be classified as such.

58. Distribution through cooperating partners is associated with higher risks and involves a different cost structure than direct distribution. For example, partner distribution involves additional overhead costs which need to be monitored. WFP has identified cooperation partner management as one of the focus areas of the Global Assurance Project with urgent need for improvements. WFP generally reimburses the cooperating partner for a part of the partner's fixed costs as well as paying the cooperating partner a management fee. Furthermore, WFP incurs costs for monitoring partner activities and other activities linked to maintaining the collaboration.

59. The External Auditor holds that WFP should disclose information on food commodities and cash-based transfers distributed by cooperating partners separately in the financial statements since they are crucial for WFP's delivery on its mandate. The current presentation of the financial statements does not indicate the important role that cooperating partners play, especially in the distribution of food commodities. Disclosing this information provides stakeholders with a clearer understanding of how resources are used in line with IPSAS requirements.

60. **The External Auditor recommends that WFP disclose information on food commodities and cash-based transfers distributed by cooperating partners in the notes to the financial statements.**

61. WFP agreed with the recommendation.

(2) Distribution and related services and contracted and other services

62. Based on the External Auditor's recommendation, WFP presented a separate line on cooperating partners' costs in two notes to the financial statements: Note 4.3 "Distribution and related services" and note 4.4 "Contracted and other services". Figure 4.4 shows that the partner expenses represented approximately 50 percent and almost 20 percent of the two expense categories, respectively.

Figure 4.4

Cooperating partner costs in 2023 and 2024

	2023		2024	
	USD million	percent	USD million	percent
Note 4.3: Distribution and related services	**1,155.8**		**1,138.5**	
of which cooperating partners' costs	560.2	48.5	541.3	47.5
Note 4.4: Contracted and other services	**1,364.0**		**1,260.2**	
of which cooperating partners' costs	240.1	17.6	200.3	15.9

Figure: External Auditor, Source: WFP financial statements.

63. WFP does not introduce or define the term "cooperating partners" in the notes to the financial statements or in the Financial Management Manual. WFP states in the notes that the partners' expenses include cost of moving commodities under agreements with cooperating partners (note 4.3), and costs "arising from agreements with cooperating partners" (note 4.4). WFP neither provides further details nor mentions that the cooperating partner costs under note 4.3 include, for example, capacity strengthening activities in an amount of approximately USD 92 million.

64. Cooperating partners' costs in notes 4.3 and 4.4 represent the sum of several expense accounts which WFP mapped to the two categories. The External Auditor found that due to recording expenses related to cooperating partners on other accounts, which were not mapped to these categories, cooperating partner expenses in notes 4.3 and 4.4 were understated by approximately USD 70 million. At the same time, WFP overstated other expense categories in the same amount.

65. Furthermore, the External Auditor's sample review showed that WFP had often not booked cooperating partner expenses to the expense category best suited to their nature. For example, WFP had booked expenses in the amount of USD 2.2 million under the "contracted and other services" category which would have better suited to the "distribution and related services" category. WFP sometimes classified governmental as non-governmental partner expenses and vice versa, and booked expenses on accounts not mapped to the category of cooperating partner expenses.

66. The External Auditor holds that a clear definition of the term “cooperating partner” is a precondition for accurate accounting and reporting. To enable accurate and meaningful reporting, the chart of accounts needs to be set-up in a manner that corresponds to the transactions and activities carried out.

67. The External Auditor’s findings underline the need for WFP to provide better accounting guidance for cooperating partner expenses. The financial statements should include more detailed information and explanations on the activities carried out by the partners. Partner expenses represent a material portion of the expenses, and it is important for the readers to understand the activities carried out by partners. This information enables readers to assess the performance of WFP, and the way in which WFP used its resources. WFP should explain in more detail what kind of activities are included in the expense categories.

68. **The External Auditor recommends that WFP formulate clear and mandatory accounting guidance for recording cooperating partner expenses by defining cooperating partners and detailing which expense account to use, and enhance the disclosure of cooperating partner expenses in the financial statements by providing more information on the activities carried out.**

69. WFP agreed with the recommendation.

Presentation of non-food items distributed to beneficiaries not transparent

70. Pursuant to the WFP Financial Management Manual, WFP expenses non-food item inventories that it uses for programme activities with the intention of distributing them to beneficiaries. WFP is of the view that this is due to the minor value of such items and the cost and benefit associated with valuing and tracking them.

71. WFP stated that it expensed non-food item inventories in amount of approximately USD 75 million in the expense category “supplies, consumables and other running costs” in 2024. This represented approximately 25 percent of the overall expense category in total amount of USD 303.4 million (note 4.6). WFP distributed these non-food items to beneficiaries as part of its programme activities. The items comprised, for example, seeds and fertilizers and WFP attributed them mainly to the country portfolio budget element of capacity strengthening. The External Auditor noted that the “supplies, consumables and other running costs” category increased by USD 15.6 million from 2023 to 2024 mainly due to increased expenses for non-food item inventories distributed to beneficiaries. WFP defined “supplies, consumables and other running costs” as cost of goods and services used for both direct project implementation and administration and support.

72. IPSAS and generally accepted accounting standards stipulate that the “supplies and consumables” category comprises items which are used for internal purposes of an entity, such as the supply of goods and services, if the items do not meet capitalization requirements.

73. The External Auditor holds that the non-food item inventories concerned do not meet the definition of items used for the supply of goods and services. Instead, the items are distributed to beneficiaries for programme activities and thus are more in the nature of inventories. They are meant for distribution and not for supporting WFP activities. The External Auditor holds that it is misleading to disclose expenses for these activities under “supplies and consumables” since these items do not meet the nature of supplies and consumables but are intended for distribution instead of self-usage.

74. In view of the increase in the “supplies and consumables” category and increased activities in the area of capacity strengthening, the External Auditor holds that WFP should review its accounting policy and establish a separate and more appropriate expense category to better reflect the nature of the expense. This would enable users of the financial statements to better understand the underlying transactions and to evaluate WFP’s performance in terms of costs, efficiency, and accomplishments.

75. **The External Auditor recommends that WFP review its accounting policy for non-food item inventories and ensure that items of material value which WFP distributes to beneficiaries under its programme activities are expensed in an appropriate expense category other than supplies and consumables.**

76. WFP agreed with the recommendation.

Contributions receivable - ageing presentation not based on due dates

77. Note 2.3 to the financial statements contains a table on the “ageing” of contributions receivable. The External Auditor noted that WFP presented the ageing based on the year in which WFP and the donor had signed the agreement and not based on the payment due date.

78. Common accounting principles define “ageing” of receivables and payables based on the due date of payments. For example, a contribution receivable with an ageing of more than 12 months means that the contribution is expected to be realized, i.e. paid, in more than 12 months. The distinction between “current” and “non-current” assets is also based on expected realization and payment due dates. Pursuant to IPSAS, entities are required to perform an impairment review of contributions receivable at each reporting period. The impairment review should consider recoverability for which due dates are relevant.

79. WFP informed the External Auditor that the current WINGS setup did not always provide the due dates of contributions receivable. WFP emphasized that payment due dates were not always a specific date, for instance in cases where payments depended on progress achievements.

80. The External Auditor holds that the WFP presentation of the ageing of contributions receivable in the financial statements based on signature dates does not provide the information IPSAS required. The External Auditor holds that an ageing based on payment due dates provides more meaningful information in the financial statements. Receivables which are overdue could indicate a risk of impairment. WFP should ensure that it has accurate payment due dates in WINGS. In case payments depend on progress achieved or donor reporting, WFP should reflect the planned payment due dates in WINGS.

81. **The External Auditor recommends that WFP provide payment due dates in WINGS and disclose the ageing of contributions receivable based on due dates instead of the contributions' year in the financial statements.**

82. WFP agreed with the recommendation, noting that a comprehensive review of payment dates availability in all donor agreements is required in the first place to determine if ageing of contribution receivables based on due dates is possible. WFP acknowledged with regret that no substantive discussion was afforded by the External Auditor to allow WFP to explain its decision to disclose contribution receivable by the contribution year. WFP hoped this discussion would be afforded by the External Auditor in the next audit cycle. WFP stated that the contribution year was currently the only unifier that allowed for consistent disclosures.

83. The External Auditor exchanged its view on the informative value of the ageing disclosure with WFP in writing. The External Auditor reflected WFP's view in this report. The External Auditor maintains his position that ageing based on payment due dates represents more meaningful information. It would show the amounts overdue and thus indicate the risk for an impairment.

4.1.2 Audit assurance on cooperating partner expenses

84. The External Auditor asked WFP for a list of all cooperating partner expenses including information on budgeted and actual expenses by partner agreement. The External Auditor asked that the list included all partner expenses, distributed food commodities, distributed cash and vouchers as well as the cooperating partner and cooperating partner agreement and that the list could be reconciled to the general

accounts. The External Auditor required this reconcilable and complete dataset to conduct the audit procedures and to gain audit assurance on partner expenses.

85. WFP was not able to extract the requested cooperating partner data and stated that such an extract was not available in WINGS, WFP's accounting system. WFP stated that WINGS did not include the following options:

- to enable a segregation of expenses incurred by cooperating partners or from direct distributions;
- to extract a report on all expenses related to one cooperating partner or one cooperating partner agreement;
- to identify cooperating partner expenses in expense accounts; and
- to provide an analysis of partners' budget in comparison to actual expenses.

86. WFP used different software solutions to record cooperating partner data: WFP recorded financial and physical (commodity) transactions of cooperating partners in WINGS. In addition, WFP uses the application COMET to track for example partner agreement durations, commodity locations and distributions. WFP stated that combined data could be accessed through dashboards, such as the partnership tracker.

87. WFP stated that with various intermediate steps and combining data from the different systems, the required data could be processed manually. WFP further stated that the partnership tracker dashboard could be used as a basis for cooperating partner data. The partnership tracker dashboard did not include all agreements with cooperating partners. It did not provide complete data on agreements with governmental partners, on cash-based transfers, and it did not include all non-governmental partner agreements.

88. For the audit purposes, WFP provided the External Auditor with separate files of commodities and cash distributed, and other cooperating partner expenses. The lists were based on purchase orders. In most of the cases, partner agreements consist of various purchase orders. The lists provided did not reconcile with expense accounts, partner agreements, and did not contain all types of partners. WFP composed the lists manually. The lists further did not allow for the identification of expenses belonging to the same partner agreement. The External Auditor was forced to draw its samples based on purchase orders and not on expenses on the agreement level.

89. Cooperating partner expenses are material. The External Auditor holds that it should be common practice to extract reports directly from the accounting system and not through dashboards. Dashboards do not enable a drill-down to data sources and booking entries. Therefore, they do not provide a sufficient audit trail. The External Auditor holds that dashboards are not suitable substitutes as WFP still needs to

combine different datasets and go through a variety of different intermediate steps manually. Manually aggregating data is time-consuming, error-prone and, most importantly, the underlying data is not reproducible and transparent to the External Auditor. This hinders the audit trail. Monitoring cooperating partner expenses is essential for evaluating partner performance, and cost controlling. Comparing budget versus actuals can facilitate spotting anomalies early on. The External Auditor therefore holds that WINGS, as WFP's software for financial accounting, should allow for extracting financial data related to cooperating partners based on unique identifiers and at the push of a button.

90. **The External Auditor recommends that WFP establish the option in WINGS to extract data for its cooperating partners separately for each partner, partner agreement, including budget and actual amounts. The data extract should facilitate improved reporting and disclosures in the financial statements, and the oversight over partner implementation rates.**

91. WFP agreed with the recommendation and stated that while the use of WINGS only may not be sufficient to report on all parameters required by the External Auditor, existing tools, such as the Partnership Tracker, could be assessed and potentially augmented further to combine all necessary cooperating partners data from WINGS and COMET to meet audit requirements.

92. The External Auditor holds that financial data on cooperating partner management should be available in WINGS. The External Auditor stresses the importance of original data and the necessity to reconcile data provided by WFP with its sources. This ensures audit trail accuracy.

4.1.3 Employee benefits

Lack of a holistic approach to payroll processes

93. Since 2004, WFP has outsourced the payroll process for National Professional Officers (NPO) and General Service (GS) staff to UNDP. As at 31 December 2024, UNDP processed the payroll for 8,930 staff members (40 percent of the WFP workforce). In its 2022 audit report, the External Auditor reminded WFP that the outsourcing of the payroll services entailed various risks and created additional workload and costs. The External Auditor recommended that WFP conduct a comprehensive cost-benefit analysis of the outsourcing of parts of the payroll process to an external service provider considering the risks involved and the benefits achieved.

94. In April 2025, WFP stated that it had incorporated the cost-benefit analysis into a more comprehensive Critical Corporate Initiative[12] focused on digital integration and modernization. WFP stated that the analysis would align with concurrent efforts to upgrade WFP's enterprise resource planning system.

95. In addition to staff members administered by UNDP, WFP administers the payroll process for its staff members either by the country offices through Pasport - another IT application outside of WINGS (33 percent of the workforce) - or by headquarters through WINGS (26 percent of the workforce).

96. In November 2021, WFP decided to implement Workday as the WFP comprehensive human resources system which integrates processes such as recruitment, performance evaluation, and recording of employee master data. The roll out started in July 2024. WFP decided to exclude the integration of its payroll processes from the Workday project. Consequently, WFP had to establish multiple interfaces between Workday and the payroll systems as, for example, the payroll relevant master data is now recorded in Workday. WFP stated that the implementation of some interfaces was delayed due to the complexities of both exporting the data from Workday and ingesting to WINGS, in addition to data inconsistencies.

97. The External Auditor holds that WFP's payroll process is fragmented, spread over various processes, systems, and actors. This creates risks. WFP should analyse the current set-up comprehensively in light of its decision to implement Workday and to upgrade the WFP enterprise resource planning system. WFP should analyse factors such as system interoperability, the complexity of WFP's entitlement system, the decision to perform financial reporting using WINGS, and potential necessary changes in the organizational set-up, and how the payroll is organized as a business process.

98. **The External Auditor recommends that WFP perform a comprehensive cost-benefit-analysis on how to establish an information technology-based payroll process free of media breaks.**

99. WFP agreed with the recommendation and stated that it would perform a comprehensive cost-benefit analysis on how to establish an information technology-based payroll process as part of a broader WFP digital integration and modernization effort. The analysis would align concurrent efforts to upgrade WFP's enterprise resource planning system.

[12] WFP/EB.A/2015/6-C/1, Progress on the financial framework review: The criteria for critical corporate initiative approval are that the initiative is one-off, not covered by the regular PSA budget, not related to a project, in need of predictable funding, unlikely to generate sufficient additional investment from donors and focused on organizational change. The "one payroll roadmap" critical corporate initiative is part of the Management Plan 2025-2027, which was approved by the Executive Board in November 2024 and has a lifespan until 2026.

Danger pay process still prone to error

100. Danger pay is an entitlement that aims to compensate for increased risks in certain duty stations. In 2024, 24 countries qualified for danger pay. WFP paid danger pay to its international and national staff members and affiliates for each day present in the eligible duty stations. In 2024, WFP expensed a total amount of USD 60.2 million of danger pay allowances compared with USD 58.7 million in 2023.

101. Since July 2024, WFP has shifted certain functionalities in the payroll process to Workday, including the recording and approval of attendances in duty stations and the calculation of the monthly danger pay. WFP had to establish multiple interfaces between Workday and the payroll systems. Previously, each country office conducted these steps on paper or digitally in WINGS. In the 2022 and 2023 audits, the External Auditor identified errors in danger pay calculations due to hardly traceable days of presence in the duty stations, incorrect calculations, and manual errors when entering data.

102. In 2024, the actual disbursement of danger pay for internationally recruited staff members was still not automated as part of the payroll process. Manual entries were still required for each staff member. In 2024, the External Auditor identified double payments to staff members. For example, an amount of USD 1,645 was paid twice for December 2023.

103. The External Auditor found that the monthly number of staff who received danger pay, and the total amounts varied significantly in 2024. For example, the amount disbursed to internationally recruited staff members increased by 60 percent between October and December. Figure 4.5 shows the monthly fluctuation of local staff danger pay expenses.

Figure 4.5

Monthly fluctuation of danger pay expenses to local staff

The amount of danger pay paid to local staff varied across months in 2024.

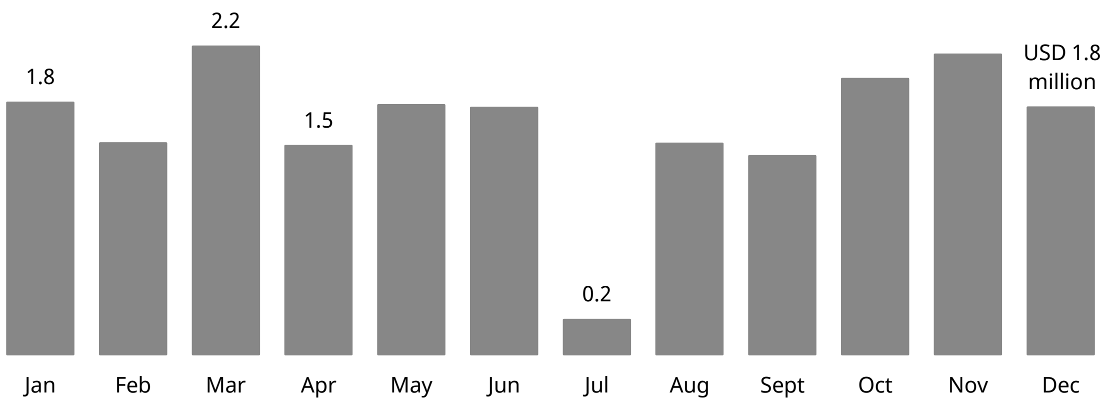


Figure: External Auditor, Source: monthly payroll data provided by WFP

104. The External Auditor also noted that staff members had received danger pay since July 2024 although attendances had not been approved in Workday and some had not even been recorded in Workday. WFP stated that the process could still be done offline. The External Auditor noted that the provided attendance sheets were partly incomplete and that some staff members received danger pay six months late due to late certification of the attendance sheets.

105. The External Auditor found that WFP recorded expenses unrelated to danger pay on that expense account. For example, reimbursements for language training and security services. WFP stated that the inaccurate postings occurred due to human error and were reclassified to the correct account.

106. The External Auditor holds that the variances in monthly danger pay disbursements are significant and indicate data inconsistencies. The development and use of several interfaces and the use of manual inputs at the same time causes a risk of omissions and duplications in view of the External Auditor. When Workday is not applied comprehensively, its benefits cannot be realized. WFP should review the process and consider regulations to streamline it, such as prohibiting offline danger pay tracking and calculation, and establishing deadlines.

107. WFP explained that the decrease in danger pay payments in July 2024 was due to a change in the payment methodology. Instead of paying the July danger pay days fully in the July payroll in advance (along with any retroactive adjustments for absences in

prior months), it was disbursed in the August 2024 payroll already including the needed adjustments. WFP did not comment on the fluctuations throughout the year.

108. The External Auditor holds that WFP's explanations are not convincing to provide the cause for the huge monthly variances in the number of staff receiving danger pay. In view of the delayed interfaces between Workday and payroll, and the fact that in some cases danger pay is still manually recorded, the External Auditor is concerned that, overall, individual payments might contain errors.

109. **The External Auditor recommends that WFP limit offline recording and calculation of danger pay and automate the disbursement of danger pay to staff members payrolled through WINGS**.

110. WFP agreed with the recommendation and stated that it would put in place measures to limit offline recording and would automate the disbursement of danger pay for staff payrolled through WINGS. The latter would need to follow the WINGS upgrade project implementation.

Transactions on staff members' vendor accounts expose WFP to risks

111. Each staff member is administered as a vendor in WINGS in addition to their employee record. WFP uses these staff vendor accounts for payments to staff members outside payroll, such as duty travel reimbursements, danger pay, and telephone charges.

112. The External Auditor noted that WFP used staff members' vendor accounts for distributing programme funds. For example, in one case WFP transmitted USD 356,175.91 to the staff member's private bank account for distribution to 20,729 beneficiaries through "cash in envelope" in the months of July and August 2024. WFP stated that it had not been possible in this case to make cash distributions to the internally displaced persons through the WFP banking system. WFP stated that the transaction had been in line with the Cash Based Transfers Accounting Guidance. The guidance stated that where WFP distributes cash directly to beneficiaries via a staff member, the staff member is given an operational advance subject to certain conditions.

113. Also, the External Auditor noted one private transaction of a car sale which WFP administered through the staff member's vendor account. The WFP Human Resources Manual established that staff members may request WFP to convert into a selected currency an amount of currency resulting from the sale of an automobile up to the equivalent of USD 8,000. In the case at hand, the staff member received an amount of USD 83,621 on the vendor account. WFP had not detected the exceedance of the threshold or documented specific justification for this case.

114. The various payments on the vendor accounts did not have an indicator similar to the wage type indicator in the payroll process, i.e. the factual background of the transaction was not visible from a specific type of transaction. Rather, manually inserted text provided information on the nature of the payment. The External Auditor noted that, often, the content of the screen field was inconclusive or empty. WFP stated that it used a special general ledger indicator for operational advances.

115. The External Auditor holds that there is no consistency in the use of vendor accounts. The technical set-up does not allow for an efficient analysis and oversight of payments processed through them. The External Auditor upholds that routing large financial amounts for implementing cash-based transfers through a staff member’s private bank account exposes WFP to significant risks. WFP did not provide any rationale why a corporate account could not be used instead. The External Auditor also holds that an efficient control should have flagged the exceedance of the private automobile car sale threshold.

116. **The External Auditor recommends that WFP limit the use of vendor accounts for manual payments to staff members and establish additional controls in such cases**.

117. WFP agreed with the recommendation and stated that the cases examined by the External Auditor were regulated by the relevant manuals. WFP further reiterated that it would ensure existing internal controls were adhered to as requested by manuals and guidance.

4.1.4 Inventories - food losses

118. According to the WFP Financial Management Manual, WFP recognizes food commodity losses as an expense and removes the items concerned from inventory in the financial period when the losses occur. WFP reports the losses under the expense category “commodities distributed” and separately in the financial statements’ note 9. In 2024, WFP reported food commodity losses of USD 62.8 million compared with USD 49.9 million in 2023 and USD 25.3 million in 2022. Figure 4.6 shows a comparison of the value of food commodities distributed and the amount of food losses incurred from 2022 to 2024.

Figure 4.6

Food commodities distributed and food commodity losses from 2022 to 2024

While the amount of food distribution decreased from 2022 to 2024, the amount of food losses increased.

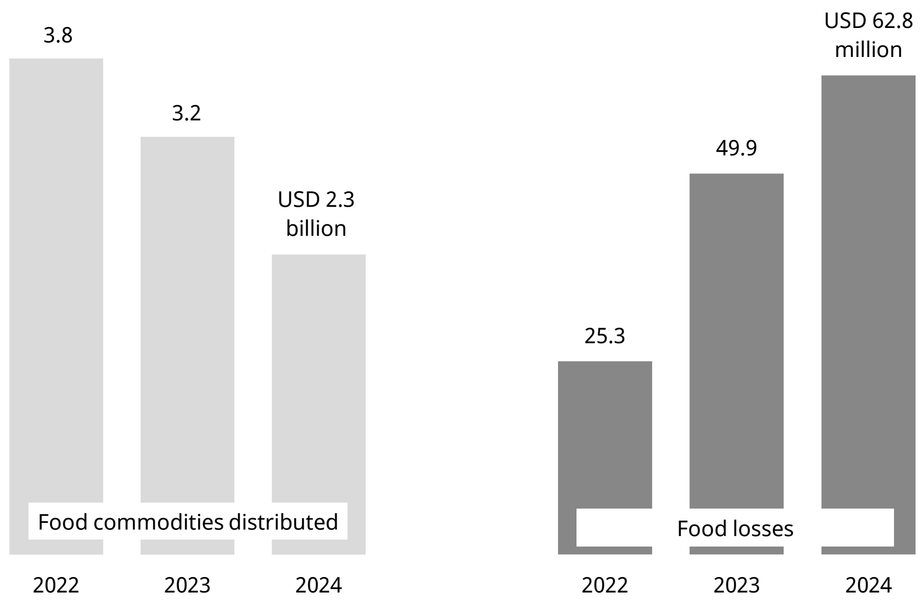


Figure: External Auditor, Source: WFP financial statements.

119. WFP provided a detailed report of food commodity losses from 2022 to 2024 which showed that most losses related to the loss type “unfit for human consumption” and the loss reasons “problem at supplier” and “overlong storage”. In 2024, food commodities in the amount of USD 19.6 million became unfit for human consumption due to problems faced by suppliers. This represented an increase of 600 percent compared with losses of USD 2.8 million in 2023. The losses concerned 12,510 metric tons in 2024 and 1,068 metric tons in 2023 (increase by more than 1,000 percent). Food losses due to overlong storage increased by 82 percent from USD 2.7 million to USD 4.9 million and by 2,899 metric tons to 5,293 metric tons from 2023 to 2024.

120. The External Auditor found that, in 2024, more than 50 percent of the “problem at supplier” losses occurred in two country offices. In the two country offices, one supplier each caused the losses. Upon beneficiary complaints, the two country offices conducted visual inspections and identified food commodities with burst sachets due to poor packaging material. Altogether, the country offices disposed of 9,189 metric tons due to “problem at supplier”. In both cases, the suppliers were responsible for the insufficient quality of the packaging.

121. The Global Commodity Management Facility (GCMF) operates as a pre-financing mechanism. One aspect of GCMF is to reduce the risk of food losses. GCMF centrally procures and prepositions food commodities in strategic locations to optimize the delivery lead-time of country offices. The External Auditor analysed the loss reason "overlong storage" and found that GCMF was the fifth largest contributor of such losses – 10,538 metric tons valued at USD 9.2 million from 2022 to 2024.

122. The External Auditor analysed one example of such losses: In 2024, GCMF procured food commodities upon request of one country office which planned a scale-up of its operations. When the scale-up did not materialize, GCMF sold parts of the commodities to other country offices. A quantity of 1,546 metric tons remained unsold. The initially requesting country office stored and managed these commodities on behalf of GCMF. When this country office later had a demand for the commodities after all, it could no longer purchase the remaining stock as local authorities required a distribution 3 months before the best before date. Finally, the country office disposed of the stock and recognized a loss of USD 1.5 million due to overlong storage.

123. WFP stated that food losses could be affected significantly by individual major incidents in the context of WFP operations. For example, due to lootings at the onset of a war, conflict or a civil riot. WFP stated that there was no certainty that food losses developed in linear correlation with food commodities handled.

124. GCMF aims to minimize the risk of food losses. Nevertheless, GCMF was responsible for significant amounts and values of food losses, in particular due to overlong storage. This contradicts the intention of the GCMF mechanism to operate as a risk minimizer through strategically procuring and prepositioning food commodities. The External Auditor's findings point at weaknesses in the GCMF processes or at least a lack of oversight.

125. If an entity distributes less food from one year to another, one expects a corresponding decrease in food losses. However, in case of WFP, losses increased while WFP distributed less food. The External Auditor holds that this contradictory trend indicates weaknesses in commodity management.

126. The External Auditor holds that the majority of losses were caused by internal factors that WFP can influence, such as negotiation with and management of suppliers. WFP should more closely collaborate with its suppliers and monitor best before dates to minimize losses caused by suppliers and overlong storage.

127. The External Auditor holds that the increasing quantity of metric tons of food commodities lost, in particular due to "problem at supplier" and "overlong storage", jeopardize WFP's programme implementation. Those commodities are not available for distribution and cannot be replaced easily. A negative impact on the reputation of the

United Nations as a whole and WFP in particular cannot be excluded and might also challenge fundraising.

128. **The External Auditor recommends that WFP intensify its oversight over food suppliers to ensure that food commodities delivered meet the requested quality standards, and particularly review the Global Commodity Management Facility processes to ensure utilization of the commodities in due time before best before dates are reached to avoid food losses.**

129. WFP agreed with the recommendation and stated that it improved the corporate inventory management processes.

4.1.5 Intangible assets

130. “Software as a service” agreements grant the user access to software for the duration of a contract in exchange for a subscription payment. The software typically operates on a cloud-based infrastructure and is not the user’s property. The subscription fees and implementing costs are generally considered an operating expense rather than a capital asset.

131. There are elements that typically occur in connection with setting up “software as a service” solutions and integrating it in the existing software landscape. These elements require accounting judgements. Certain circumstances and actions may lead to the need to recognize an intangible asset. IPSAS require capitalization of an intangible asset when such an asset is identifiable, when it is controlled by the entity, when the cost of the asset can be measured reliably, and when it is probable that future economic benefits will flow to the entity. The WFP accounting principles stipulate a capitalization threshold of USD 5,000 for acquired and USD 100,000 for internally developed software.

132. WFP implemented various “software as a service” projects in the past years. It did not address software as a service in its accounting policy and guidance on intangible assets. WFP’s human capital management system, Workday is a cloud-based “software as a service” solution. It went live in 2024. Between 2021 and 2024, WFP incurred one-off investment costs in the amount of USD 20.6 million, including USD 9.8 million of Workday configuration and expertise and USD 5.3 million for integration, data migration and information technology expertise. WFP did not capitalize any costs for the implementation of Workday.

133. The External Auditor holds that WFP has not sufficiently considered the complexities of the accounting treatment of “software as a service” in its accounting policy and guidance.

134. **The External Auditor recommends that WFP establish policy and guidance on the accounting treatment of "software as a service" and review costs related to Workday implementation for potential IPSAS capitalization requirements.**

135. WFP agreed with the recommendation.

4.1.6 Service provision

136. WFP provides on-demand services at the request of external parties. Pursuant to the Executive Director's Circular Service provision activities under the Country Strategic Plan Framework[13], on-demand service provision activities include, but are not limited to:

- supply chain services such as food procurement and non-food item service sourcing, goods and passenger transport, storage, supply chain network design and technical advice, etc.;
- cash transfer services;
- administrative, infrastructure and engineering services;
- information technology solutions;
- data and analytics services; and
- other on-demand services where WFP has a recognized expertise and provides the service by leveraging and complementing WFP in-house capacity.

137. The Executive Director determined (Financial Regulation 4.8) that WFP provides on-demand services on a full cost recovery basis only. WFP must receive payments in advance and can only provide services to the extent it has received payment.[14] Waivers of advance payments are possible. Adequate risk assessments and mitigation measures must support such waivers to avoid potential financial exposure.[15] The Executive Director has delegated the authority to approve such waivers to the Chief Financial Officer together with the Director Supply Chain Division.

138. In 2023, one country office informed GCMF that its host government had requested on-demand services to procure food. The food sachets should carry the government's marking instead of the WFP marking. WFP had not received a formal request from the government for the procurement. Also, the government did not provide an advance payment to WFP and the authorized WFP staff had not waived the advance payment. WFP awarded a supplier a contract to provide 5,000 metric tons of food commodities with a value of USD 6.7 million.

---

[13] OED2023/006.
[14] OED2023/006, para. 22.
[15] OED2023/006, para. 35.

139. Two months later and in absence of a government's formal request, WFP informed the supplier not to ship the commodities to the country but to store them in the supplier's warehouse. WFP decided to re-label the sachets with the WFP logo on the front for USD 867,181. After the re-labelling, WFP was not able to reallocate the balance of 1,875 metric tons with a value of USD 2.4 million to other country offices. Due to the January 2025 expiry date of the food commodities, WFP decided to dispose the remaining balance in a note for record dated 2 October 2024. However, WFP agreed to sell the remaining 1,875 metric tons for the amount of USD 403,130 to the supplier.

140. The pre-financing of on-demand service provisions without a waiver contradicts WFP's rules. WFP must receive payments in advance and only provide services to the extent it has received payment to mitigate the risk of additional costs and food losses. In the case mentioned above, the violation of this regulation resulted in additional costs and food losses.[16]

141. **The External Auditor recommends that WFP comply with its regulations not to pre-finance on-demand service provision of food procurement without waivers for advance payments supported by adequate risk assessments to avoid additional costs and food losses.**

142. WFP agreed with the recommendation and stated that it would ensure that WFP's advance payment requirements were performed as outlined in its procedures.

4.1.7 UN Fleet

143. Based on the Secretary-General of the United Nations vision from 2017 and proposals to facilitate a better response to the 2030 Agenda for Sustainable Development, WFP and the UN High Commissioner for Refugees (UNHCR) set up UN Fleet as a joint operation to provide services for leased vehicles to other UN organizations. UN Fleet went operational in September 2022. As of February 2025, UN Fleet had leased out more than 900 light vehicles to 13 client agencies. WFP and UNHCR did not participate in UN Fleet and maintained their own separate light vehicle leasing programmes.

144. In its 2023 audit report, the External Auditor recommended that WFP conduct a cost-benefit analysis of its share in the UN Fleet operation and develop a costed plan and time schedule for its own participation in the UN Fleet operation. WFP conducted the cost-benefit analysis and determined net financing requirements of USD 56 million until 2030. WFP postponed its own participation in UN Fleet to the third quarter of 2025.

[16] Beside the re-labelling in the amount of USD 867,181, WFP faced also costs for additional storage in the amount of USD 99,005.

145. According to the cost-benefit analysis, WFP expects UN Fleet to reach a break-even point in 2028. The funding requirements of UN Fleet and the break-even point are primarily based on the participation of UNHCR and WFP as the participants with the largest vehicle demand. The complete calculation and forecast depend on this participation.

146. The External Auditor holds that UN Fleet will only work efficiently and effectively, and WFP will only benefit from its financial engagement, if WFP joins UN Fleet as planned. WFP should therefore continue to pursue its participation without delay. Otherwise, WFP must adjust its cost-benefit analysis and reconsider its financial engagement.

147. **The External Auditor recommends that WFP pursue its participation in UN Fleet as intended or otherwise adjust its cost-benefit analysis and reconsider its financial engagement.**

148. WFP agreed with the recommendation. WFP stated that a well-developed project plan started in early 2024 and would be finalized to fully prepare processes and systems for WFP offices to start leasing from UN Fleet from the fourth quarter 2025. From the launch date onwards, WFP intended to lease all new lease vehicles from UN Fleet.

4.1.8 Financial risks in country offices’ risk registers

149. Pursuant to the WFP Risk Management Manual, regional bureaux, country offices and headquarters functions (WFP offices) are tasked to review key risks and document them in risk registers.[17] The 2018 Enterprise Risk Management Policy[18] provides the risk categorization framework of 4 primary risk categories, 15 risk areas and 41 risk types. WFP provides details of the framework and guidance on how to use it in the risk register template.[19]

150. The 4 WFP risk categories are: strategic, operational, fiduciary and financial. Strategic risks impact WFP’s ability to achieve strategic goals, objectives and plans; Operational risks relate to the implementation and execution of WFP’s activities; Fiduciary risks relate to WFP’s and its cooperating partners’ obligations; Financial risks impact WFP’s financial resources including efficient use of resources.

151. Figure 4.7 shows the number of risk areas and risk types in the four categories as defined by WFP.

---

[17] Risk Management Manual: Review risks on risk register.
[18] https://docs.wfp.org/api/documents/1d4d4576ad134706aaa5358c73f30218/download/
[19] Risk Register template | WFPgo.

Figure 4.7

Financial risks are underrepresented in risk areas and risk types

Only 2 out of 15 risk areas, 2 out of 41 risk types relate to financial risks.

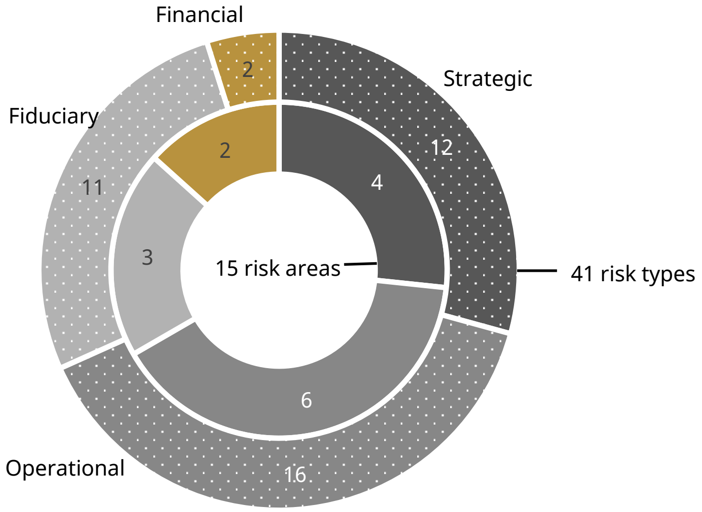


Figure: External Auditor, Source: 2018 Enterprise Risk Management policy.

152. The two financial risk areas are: Price volatility, and assets and investments. The two financial risk types in the risk area assets and investments are: Misutilization of assets and investment loss.[20]

153. In the risk register template, WFP outlines four examples of financial risk events: under-/over-utilization of financial assets; under-/over-utilization of non-financial assets; adverse price increases or exchange rate fluctuations; and financial loss. The event “financial loss” only refers to investment loss, which is not applicable to country offices, as investments are managed centrally at headquarters. WFP also provides several examples of risk causes and risk effects in the template.

154. During the audit visits to country offices, the External Auditor noted that country offices mentioned financial risks in their risk registers under the other risk categories “operational” and “fiduciary”, for example: Misappropriation of cash/non-cash assets, in-adequate capacity of partners, theft. Country offices also mentioned financial risks in the Executive Directors assurance exercise, for example weak capacity of partners, impacting timeliness and accuracy of their financial planning, budgeting, reporting, and fixed costs, delayed reporting and invoicing by cooperating partners which resulted in inaccuracy of financial reporting, or late recognition of expenses in the financial books.

[20] This risk applies to the corporate treasury investment portfolio only, i.e. not to country offices.

155. The External Auditor holds that financial risks are underrepresented in the current WFP risk register template. Out of 15 risk areas and 41 risk types, WFP provides for 2 default financial risk areas and 2 risk types. Even though country offices report on financial risks entailed to partners, commodity and cash-based distribution management, and the overall control environment WFP has not amended its Enterprise Risk Management Policy by including additional default financial risk areas and types in the risk register. Providing default financial risk areas and types in the risk register template can raise awareness among country offices to actively track and monitor such risks.

156. **The External Auditor recommends that WFP review and amend its default financial risk areas and risk types in its risk register guidance and template using country offices' feedback available from their risk registers, the Executive Director's assurance exercise and the Global Assurance Project.**

157. WFP agreed with the recommendation and stated that it would conduct a review of the risk catalogue, in consultation with the Chief Financial Officer, to determine additional financial risk areas, causes and effects to include based on the analysis of the 2025 operational risk registers, feedback from the 2024 Executive Director assurance exercise and the outcomes of the lessons learned exercise of the Global Assurance Project. This analysis would help support the 2026 risk register exercise and feed into the update to the 2018 Enterprise Risk Management Policy's Risk Categorization Matrix, which was currently under evaluation and scheduled for approval by the Executive Board at EB.2/2025. WFP stated that the existing risk taxonomy provided several options for CO risk assessors to evaluate financial management risks, both as independent risk events and as contributing factors within broader risk causes or effects, encouraging the development of specific mitigation actions.

158. The External Auditor acknowledged the WFP comment and underlines that financial risks are underrepresented and need additional attention as part of the Enterprise Risk Management Policy review particularly in a situation of funding constraints.

4.1.9 *Ex-gratia* payments

159. The WFP General Regulations stipulate that the Executive Director shall administer the staff of WFP in accordance with FAO Staff Regulations and Rules and such special rules as may be established by the Executive Director in agreement with the United Nations Secretary-General and the FAO Director-General.[21] In addition to

[21] WFP General Regulations, Article VII.6.

the FAO Staff Regulations and Rules, WFP uses the WFP Human Resources Manual to regulate staff-related issues.

160. The WFP Financial Regulations stipulate that *ex-gratia* payment shall mean a payment made when there is no legal liability, but the moral obligation is such as to make payment desirable.[22] Financial Regulation 12.3 further stipulates that the Executive Director may make such *ex-gratia* payments as the Executive Director deems necessary in the interest of WFP. The Executive Director shall report all such payments to the Executive Board with the financial statements.

161. According to note 9 of the Financial Statements, WFP made *ex-gratia* payments in a total amount of USD 9.6 million in the financial year 2024. The External Auditor analysed that out of this amount, USD 9.2 million were based on an Executive Director's decision memorandum for "special measures" to compensate national staff members and affiliates affected by staffing reductions in country offices and regional bureaux. WFP initiated the special measures in response to its funding crisis and the organizational restructuring. In the decision memorandum, WFP projected 2,162 recipients as the maximum amount of *ex-gratia* payments. In December 2024, the Executive Director extended the special measures to 2025 for 1,108 additional projected recipients and increased the total *ex-gratia* amount to USD 13.8 million.

162. According to the special measures, WFP paid end-of-service grants which the FAO Staff Regulations and Rules did not include to (i) staff members who had accepted the WFP offer to convert their service contract to fixed-term appointments (USD 6.1 million) as part of the 2021 conversion exercise, and (ii) service contract holders with 6 or more years of uninterrupted service as a fixed amount rather than a lower amount based on uncompleted service (USD 3.0 million).

163. WFP stated that the *ex-gratia* payments would be in the interest of WFP to mitigate reputational risks and to fulfil its duty-of-care principle for its employees. WFP stated that it was currently reviewing the separation entitlements as part of its human resources policies for the different employee categories and would, to the extent possible, embed the special measures in the WFP Human Resources Manual.

164. WFP confirmed that it had not brought to the attention of the Executive Board that it intended to pay the 2024 special measures on *ex-gratia* basis while the Executive Director highlighted the special measures in her opening remarks at the 2024 annual session.

165. The External Auditor analysed the 2023 audit reports of other United Nations organizations and noted that out of 23 organizations, 8 reported *ex-gratia* payments. The biggest payment in the amount of USD 12.7 million was made by UNRWA as a

[22] WFP Financial Regulation 1.1, Definitions.

compensation to staff in the Gaza strip. The other seven organizations and missions (UN, UNICEF, UNFPA, UNOPS, UN Women, UNHCR and UNPKO) reported *ex-gratia* payments in the total sum of USD 351,599, mostly to staff members affected by the earthquakes in Syria and Türkiye.

166. In 2007, the ACABQ recommended to the Executive Board that termination payments not specifically provided for in the FAO Staff Regulations and Rules be discontinued. The ACABQ stated that it was concerned that such payments were being inaccurately shown as *ex-gratia* payments under WFP Financial Regulation 12.3 when, in fact, they were not provided for in the FAO Staff Regulations and Rules. The ACABQ pointed out that such a practice had significant system-wide implications.

167. The External Auditor holds that the *ex-gratia* mechanism is not the appropriate tool for providing non-contractual termination indemnities to a projected number of staff and in the total amount of approximately USD 14 million. Staff members knew that they were not eligible for termination indemnities when they converted their employment contract with WFP. Paying them termination indemnities contradicting their contracts might result in a judicial precedent where staff members claim termination indemnities even when not included in their employment contracts. This could create a considerable financial risk for WFP.

168. The *ex-gratia* mechanism shall give the Executive Director the sole authority to approve exceptional payments in the interest of WFP out of a desirable moral obligation. This regulation aims at cases of stroke of fate, abnormal incidents, force majeure, etc. which legislators had not considered when providing the legal framework for the course of normal activities, transactions, businesses.

169. The External Auditor has observed *ex-gratia* payments in the United Nations mainly for fatal accidents, robberies or injuries to provide families of deceased staff members a decent support and to acknowledge the responsibility of the United Nations beyond the lives of their staff. WFP's 2024 *ex-gratia* payments account for 26 times the 2023 amount of *ex-gratia* payments of all other 22 United Nations entities and missions combined. [23]

170. The External Auditor agrees with the 2007 ACABQ statement that deliberate termination payments - for which there is no general foundation in the United Nations staffing principles - contradict the concept of *ex-gratia* payments. For staff-related measures, which are not part of the FAO Staff Regulations and Rules, WFP would need to establish special rules in agreement with the United Nations Secretary-General and the FAO Director-General. WFP may not decide to establish such a measure simply by a decision, policy or as part of its WFP Human Resources Manual.

[23] Computed based on 7 United Nations organizations which made ex-gratia payments in 2023, excluding UNWRA.

171. **The External Auditor recommends that WFP stop paying termination indemnities which are not provided for in the FAO Staff Regulations and Rules on an *ex-gratia* basis.**

172. **The External Auditor recommends that WFP stop using the *ex-gratia* mechanism for payments to a projected number of staff without a legal basis while it intends to establish a rule in line with the FAO Staff Regulations and Rules.**

173. WFP agreed with the recommendation to discontinue the implementation of special measures on an *ex-gratia* basis in the future. WFP stated that the Executive Director's approval of the special measures represented the required legal basis for the payment and that this approval had not been in contradiction to the FAO Staff Regulations and Rules. There had been no other way to avoid inequities of treatment between otherwise identically situated staff and affiliates, and under the circumstances at the time, management had considered such unequal treatment to be unacceptable and inconsistent with WFP's duty of care. WFP was planning on incorporating the special measures, i.e. separation entitlements, into WFP's Human Resources Manual for the different employee categories. This would make the payments part of WFP's normative framework, which would mean that analogous payments would in future not be *ex gratia*. WFP stated that such change was planned for 2026.

174. The External Auditor holds that special measures which are not provided for in the FAO Staff Regulations and Rules need to be established as a special rule with approval of the United Nations Secretary-General and the FAO Director-General.

4.2 Human resources management

4.2.1 Financial implications of human resources management

175. According to Article VII of the General Regulations, the Executive Director shall administer the staff in accordance with FAO Staff Regulations and Rules. The WFP Human Resources Manual is an internal document of the organization which must comply with the FAO Staff Regulations and Rules. The Executive Director may establish special rules in agreement with the Secretary-General and the FAO Director-General.

176. The External Auditor found several cases in which human resources decisions caused additional costs to WFP.

Examples of avoidable costs

177. According to the FAO Staff Regulations, personnel engaged for short-term services or consultants may be paid a termination indemnity if their letters of appointment include such a payment. Termination indemnity may not be paid to staff members whose contract expires. WFP, however, issued "special measures". In accordance with the "special measures", WFP paid end-of-service grants to affiliates although their letters of appointment did not include such a payment. In 2024, WFP recorded USD 9.2 million for paying this entitlement to affiliates. Furthermore, in accordance with the special measures, WFP paid termination indemnity to national staff members whose contract expired. For termination indemnity for fixed-term appointments, WFP recorded USD 14.4 million. WFP did not specify the amount related to the special measures.

178. According to the FAO Staff Rules, staff members may be suspended from duty "with or without pay". WFP, however, suspended staff members with pay as a general rule. Suspensions without pay were the exception. The External Auditor found that WFP continued to pay salary to four suspended staff members for a duration of 549 up to 1,280 days. The salary payments amounted to USD 1.7 million for these four staff members.

179. WFP hired a person to cover for a staff member on sick leave. The terms of employment included the general termination clause. WFP did not add a clause to terminate the appointment upon the return of the regular incumbent. After the regular incumbent had returned, WFP decided to grant special leave with full pay for the remaining five months of the appointment. This resulted in avoidable costs of at least USD 100,000.

180. WFP stated that the payments to national employees were necessary to mitigate substantial risks and to uphold WFP's ethical and moral responsibilities, fairness and equal treatment. WFP further stated that according to the jurisdiction of the ILO Administrative Tribunal even a serious nature of misconduct did not justify suspension without pay. WFP stated that it had regularly assessed the cases of the suspended staff members taking into account the presumption of innocence and found that the cases did not meet the exceptional circumstances required for suspension without pay.

181. The External Auditor considers it worrisome that WFP grants payments which do not comply with the FAO Staff Regulations and Rules. Furthermore, the External Auditor holds that special measures outside the regularity framework bear the risk of unequal treatment as employees who separated in the years before did not receive the payments. This poses a legal risk to WFP.

182. **The External Auditor recommends that WFP manage its human resources in line with the FAO Staff Regulations and Rules and take action to safeguard the financial interests of the organization.**

183. WFP agreed with the recommendation and its underlying principle. However, WFP stated that, in the case of the special measures, it had duly considered the FAO Staff Regulations and Rules, and exceptionally approved the time-bound measures in view of a duty of care to employees and within its delegated authority. For suspended staff, WFP continuously assessed the terms and length of that suspension, including whether with or without pay, on a case-by-case basis. It also considered the employee's right to a presumption of innocence, and the prejudice that would be caused by a suspension without pay. Notwithstanding these exceptional scenarios, WFP would take additional action to safeguard the financial interest of the organization in such contexts.

184. The External Auditor reiterates that WFP needs to establish special rules - in agreement with the Secretary-General and the FAO Director-General -for staff-related measures that exceed the FAO Staff Regulations and Rules.

Salary payments to unassigned staff

185. According to the WFP Human Resources Manual, international professional staff members have to rotate every two, three or four years, depending on the hardship classification of the duty station. If WFP does not identify a position to reassign the staff members and the previous position is no longer available, WFP places them on special leave with full pay. As the FAO does not have a reassignment process, the FAO Staff Regulations and Rules do not contain specific stipulations for this process.

186. Unassigned staff members shall continue to apply for suitable positions and undertake temporary duty assignments. If such assignments are not possible, they have no work-related duties. It is a personal decision to remain in the latest duty station or travel to another location, for which the staff member has to pay.

187. According to the WFP Human Resources Manual, WFP continues to pay salary to unassigned staff members for a maximum period of 12 months (special leave with full pay). The Manual further stipulates that salaries and emoluments continue to be based on the staff member's latest duty station for as long as they remain unassigned. This includes post adjustment, hardship allowance and mobility incentive. The Manual also stipulates that post adjustment, rental subsidy, mobility incentive and hardship allowance may be affected if the eligible staff member is away from the duty station for a period of three months or more. WFP implemented such a procedure for telecommuting staff.

188. The External Auditor found that, in the period between 1 January 2024 and 26 February 2025, WFP granted special leave with full pay to 144 staff members[24]. In total, WFP paid USD 11.6 million.

189. Furthermore, the External Auditor found that WFP had paid salary to multiple staff members for more than 12 months; for example, for 546, 599, and 460 days. The staff members also continued receiving hardship allowance, mobility incentive, post adjustment, and rental subsidy.

190. WFP stated that payments for more than 12 months were due to WFP missing the three months notification for terminating the appointment and waiting for the outcome of the mid-year reassignment exercise. WFP clarified that it had to continue to pay the salary to fixed-term staff members if their appointment had not yet expired. Furthermore, in the absence of an official change of duty station, staff was connected to the entitlements of their last duty station. WFP further stated that entitlements were not discretionary benefits subject to elimination by WFP but integral parts of the United Nations common system remuneration.

191. While the FAO Staff Regulations and Rules and the United Nations common system remuneration set out the conditions for staff employment and the termination of appointments, they do not regulate a reassignment process. WFP has established its own process in its Manual. The External Auditor holds that WFP at least has to discontinue salary payment after the maximum period of 12 months in line with the stipulations in its own Manual. Furthermore, WFP should only pay allowances which depend on the respective duty station, for example hardship allowance, when the staff member is in the duty station. The Manual specifically provides for changes in case a staff member has been absent from the duty station for more than three months.

192. **The External Auditor recommends that WFP comply with its WFP Human Resources Manual and do not pay special leave with full pay after the maximum period of 12 months to unassigned staff members.**

193. WFP agreed with the recommendation. WFP stated that it would work to achieve greater consistency in the timing of its notifications to staff members regarding their separation. Moreover, when there were individual circumstances requiring any extension of special leave with full pay, these would be duly documented.

[24] The External Auditor only reviewed cases in which WFP granted special leave with full pay for ten days and longer.

194. **The External Auditor recommends that WFP analyse how it can enhance the reassignment process and reduce the costs, also by reviewing how other United Nations agencies regulate the reassignment process.**

195. WFP agreed with the recommendation. WFP stated that it would assess how it could enhance its reassignment process to reduce costs, with due consideration to the various implications such as administration burden, fairness and cost impact as well as duty of care and practical consideration for staff members...

Paid out annual leave of USD 4 million per year

196. Staff members have 30 days of annual leave per year. A staff member is entitled and expected to take leave in the year in which it is earned (FAO Staff Rule 302.5.13). Staff members may carry forward 15 days of annual leave per year. Annual leave may be accumulated up to 60 days (FAO Staff Rule 302.5.14). If, upon separation, a staff member has an accrued annual leave credit, payment is made for each day not taken, up to a maximum of 60 working days.

197. WFP paid out annual leave of about USD 4 million per year (USD 4.2 million in 2021, USD 4.3 million in 2022, USD 3.7 million in 2023 and USD 4.0 million in 2024). The amount per staff member varied. For example, 42 staff members received a payout exceeding USD 30,000.00, up to a maximum amount of USD 52,481.00 in 2024. WFP stated that it could not confirm the amount of paid out annual leave.

198. The External Auditor found that as at 21 February 2025, a total of 2,237 staff members had a remaining annual leave balance of 59 or 60 days.

199. The External Auditor reviewed the days of telecommuting taken for the financial year 2024. The External Auditor found that the telecommuting days correlated negatively with the annual leave days.

Figure 4.8

Telecommuting and annual leave shows negative correlation

While staff members who do not telecommute take 16.58 days of annual leave on average, staff members who telecommute on more than 200 days take less than 5 days of annual leave on average.

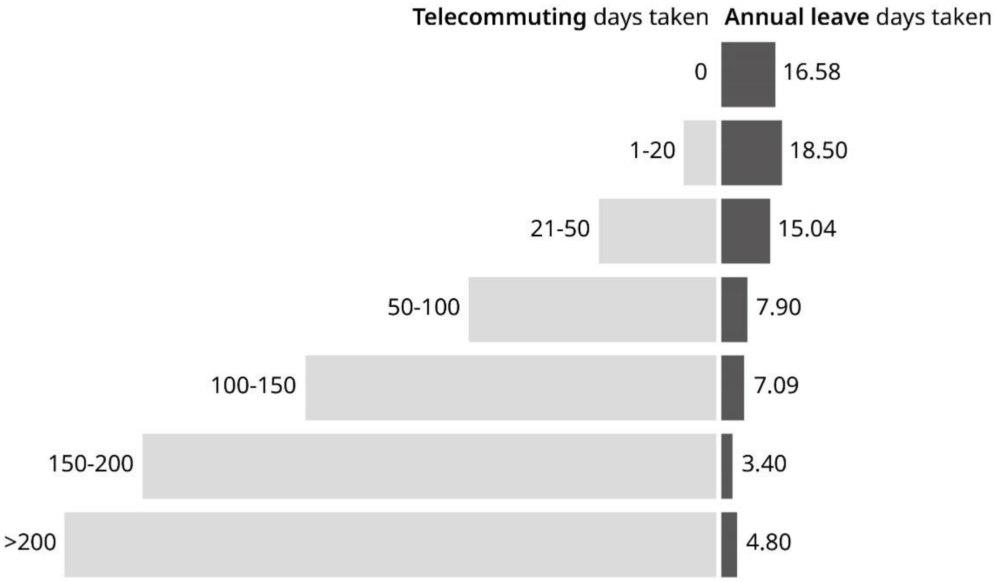


Figure: External Auditor, Source: WFP data.

200. WFP explained that during 2021, 2022 and 2023, Executive Management approved to exceptionally carry forward more than 60 days to the next leave year considering the difficulties staff experienced in taking leave during COVID-19.

201. The External Auditor considers the overall amount of accrued annual leave days to be a weakness. Furthermore, its negative correlation with telecommuting days is concerning. Annual leave gives staff members the necessary time off duty to recuperate, spend time with their families and restore the capacity for upcoming duties. By ensuring that staff members take their annual leave, WFP protects them and its workforce. In this sense, it is consequential that FAO Staff Rules expect that a staff member takes leave in the year she/he has earned it. In the External Auditor's point of view, it is WFP's duty of care to enable each staff member to take their annual leave in due time.

202. **The External Auditor recommends that WFP establish mechanisms that staff members take their annual leave in due time and reduce the costs of unused annual leave paid out.**

203. WFP disagreed with the recommendation. WFP stated that it fully supported promoting staff well-being through sufficient rest and considered to have mechanisms already in place to ensure the take-up of leave. It was in line with the FAO Staff Rules that staff members accrued up to 60 days of leave. Furthermore, WFP referred to the exceptional carry-forward provision for the COVID-19 period.

204. The External Auditor agrees that the FAO Staff Rules stipulate a maximum number of 60 days of accrued annual leave. The External Auditor considers that this should be the exception and WFP’s duty of care requires that staff members take their annual leave for recuperation. Therefore, the External Auditor is concerned about the large number of accrued leave days not taken and the regular yearly pay out of USD 4 million – even after the COVID-19 period. The External Auditor adheres to the recommendation.

4.2.2 Management of the workforce

Unassigned staff members at director level without tasks

205. The External Auditor found that 23 of the 144 staff members (16.0 percent) on special leave with full pay were at director level (D1 or D2). The External Auditor reviewed a sample and found that in three cases WFP paid unassigned staff members full salary for a year (or more) without assigning them any tasks. In one of these cases, WFP rehired the staff member after the separation as a consultant for three months with a total salary of USD 42,000, namely for the same unit in which the staff member had worked before. In one case, WFP sent the staff member on a temporary duty assignment for a duration of three months. In the remaining ten months, WFP did not request any service from the staff member.

206. WFP stated that it was able to rehire the person as a consultant because funds became available.

207. The External Auditor is concerned that WFP has not been able to reassign staff members at director level. Moreover, the External Auditor is concerned that WFP has not even been able to identify suitable temporary duty assignments. In light of decreased funding, recruitment freezes and reductions in workforce, the External Auditor does not understand that WFP does not need the workforce for which it pays salary. By not using the workforce, WFP is wasting funds.

208. **The External Auditor recommends that WFP task unassigned staff members especially at director level who are receiving full salary at least with temporary duty assignments for the benefit of WFP.**

209. WFP agreed with the recommendation. WFP stated that it acknowledged that, where feasible, since job requirements and skill profiles needed to match further efforts would be taken to task unassigned staff members with temporary assignments.

Country Directors' and Deputies' assignments too short

210. The External Auditor reviewed how long Country Directors and Deputy Country Directors remained in high-risk duty stations with an assignment cycle of 24 months. The External Auditor found that WFP did not complete the assignment cycle in several cases:

- in Chad, the Country Director stayed 18 months, then was transferred to another duty station;
- in Mali, the Country Director stayed 19 months, then was separated (mutual agreement);
- in Somalia, the Deputy Country Director stayed 18 months, then was sent on a temporary duty assignment and then reassigned to another duty station;
- in Sudan, the Country Director stayed 20 months; and
- in Yemen, WFP created a unique D2 Deputy Country Director position, the person stayed for 14 months, then WFP abolished the position.

211. The External Auditor holds that a reassignment cycle of two years is rather short for Country Directors and Deputy Country Directors. After deducting the time for familiarization, annual leave and rest and recuperation, in addition to the time for the handover, they only have limited time to understand and manage the country office. In particular, Country Directors need to see the results and face the consequences of their management in order to be accountable. In the cases described above, the Directors and Deputies have not even completed the two years at the duty station.

212. **The External Auditor recommends that WFP ensure that Country Directors and Deputy Country Directors complete their assignment cycle.**

213. WFP disagreed with the recommendation. While it agreed with the principle, it was of the opinion that it was already doing so. Each situation also depended on multiple factors such the security context, global operational needs and personal/duty of care considerations, and the Staffing Committee considered such factors when assessing reassignment options. WFP further stated that there would always be exceptional cases and those mentioned above were such cases. The Human Resources Manual outlined strict criteria for when staff members were eligible to participate in the reassignment exercises, helping to ensure full cycles were met.

214. As the Country Directors and Deputies mentioned above have not completed the cycle, the External Auditor adheres to the recommendation.

Framework for non-rotational positions to be reviewed

215. In 2024, WFP had 2,209 international staff positions of which 246 positions (11.1 percent) were non-rotational. The WFP Human Resources Manual defines three criteria for establishing non-rotational positions: (1) The position exists only in headquarters or in global offices; (2) the position requires expert technical knowledge, specialized qualifications, or unique professional skills; (3) skills and qualifications do not overlap with those of rotational positions. The Manual further states that non-rotational positions shall be reviewed on an annual basis.

216. The External Auditor reviewed the justifications WFP provided for five non-rotational positions. For an aviation officer, WFP argued, among others, that it was difficult to find highly specialized critical skillsets and that three positions remained vacant in the field. For a shipping officer, WFP informed that the pool of qualified candidates was “near depleted”. Furthermore, the External Auditor noted that WFP had established two of the positions more than ten years ago.

217. WFP stated that job titles (e.g. Aviation Officer) were general and the specific job requirements might vary. It assessed the positions mentioned above as meeting the requirements. WFP further stated that it had put the annual review exercise on hold in 2018. Since then, it had assessed positions on an ad-hoc basis.

218. The External Auditor holds that, while non-rotational positions provide continuity and stability in headquarters, the knowledge and expertise are not available in the field. Furthermore, the criteria for establishing non-rotational positions are quite general. Especially the second criterion can be applied to almost any position at headquarters. The External Auditor holds that the structure, size and priorities of WFP have changed in the last years. Thus, previous requirements for non-rotational positions may no longer be valid. Especially in cases where the pool of candidates is nearly depleted, WFP should reconsider its priorities.

219. **The External Auditor recommends that WFP analyse under which requirements a position may exceptionally be non-rotational, re-define the criteria for establishing non-rotational positions and resume a regular review of non-rotational positions.**

220. WFP agreed with the recommendation. WFP stated that it planned to review the non-rotational policy in 2025, including the requirements under which a position might be non-rotational, the criteria for establishing them and the review process.

Set-up of staffing coordinators to be reviewed

221. Staffing coordinators act as the functional lead in key human resources processes. They are staff members in a functional area (e.g. finance) and report to the division director responsible for this area. Their primary role is to

- lead the coordination of international professional staffing requirements;
- prepare recommendations for review by the Staffing Committees; and
- provide career guidance, support and advice to employees.

222. WFP defined thirteen functional areas[25], for instance “Programme & Policy, Research, Assessment and Monitoring, Nutrition, Budget & Programming, Supply Chain, Logistics, Procurement” or “Finance”. Eleven functional areas had part-time staffing coordinators and two full-time staffing coordinators. One functional area was managed by two staffing coordinators. This area covered 937 staff members. Each of the remaining functional areas was managed by one staffing coordinator who was responsible for 6 to 209 staff members. Out of the 14 staffing coordinators, 9 were D1/D2 staff.

223. WFP stated that the staffing coordinators were often supported by teams. It further stated that the Human Resources Division had a facilitative role to ensure policy and process compliance as a neutral point of contact for staff members.

224. The External Auditor notes that the number of staff members for whom staffing coordinators are responsible vary considerably. The External Auditor holds that the staffing coordinators’ workload needs to be manageable. Furthermore, the External Auditor notes that the functional area “Programme & Policy, Research, Assessment and Monitoring, Nutrition, Budget & Programming, Supply Chain, Logistics, Procurement” is rather broad and the functions are spread over different divisions. Furthermore, the External Auditor sees the risk that staffing coordinators as representatives of their functions may not always remain neutral. Providing career guidance, support, and advice to staff members and recommendations to Staffing Committees are typical tasks of the Human Resources Division.

225. **The External Auditor recommends that WFP review the functional areas and workload of staffing coordinators and the advantages and disadvantages of having functional staffing coordinators separate from the Human Resources Division.**

226. WFP agreed with the recommendation. WFP stated that it would review the staffing coordinator functional areas and the workloads, and determine a more suitable combination and capacity. It would also consider the current relationship of

[25] In addition, WFP defined the areas “legal”, “internal audit”, “internal inspections and investigations” which were not part of the reassignment process.

staffing coordinators vis-à-vis the Human Resources Division and how to enhance that relationship.

4.3 Cooperating partner management

4.3.1 Collaboration with governments

227. In 2022, the External Auditor published a report on the management of cooperating partners. The External Auditor recommended that WFP clarify its central governance arrangements for cooperating partnerships, and that WFP take into account governmental partners. WFP's Office of Internal Audit highlighted unclear responsibilities at headquarters with regard to collaborations with governmental entities, and the need for guidelines and templates in 2022.[26]

228. WFP increasingly collaborates with governmental entities. In some countries - such as Ethiopia - WFP can exclusively implement its programme via governmental partners. There are governments that take over programmes, such as Benin, and some regions, such as Asia and the Pacific, already see a shift from direct implementation to WFP enabling governments.

229. On request of the External Auditor, WFP could not provide an overview of ongoing agreements with governmental partners.

230. While WFP has a unit for non-governmental partners, working to enhance partner performance and accountability, no such unit exists for ensuring efficient cooperation between WFP and governmental partners. WFP confirmed that it decided against centralizing responsibilities for collaboration with governmental partners in one singular unit at headquarters. Instead, WFP stated that relevant divisions and services could be engaged as needed according to their respective areas of expertise.

231. In 2024, WFP published a guidance document addressing collaborations with governmental partners where WFP delivers assistance, either food or cash-based transfers, through government entities.[27] The guidance's scope excludes all other forms of collaboration with governmental entities such as technical assistance or service delivery. There is no overarching guidance on government partnerships similar to the one that exists for non-governmental organizations. WFP stated that several other guidance pieces also addressed engagements with governments.

[26] Office of Internal Audit Branch report "Consolidated Insights – Working with Host Governments 2019", March 2022.
[27] "Transferring Resources through Government Systems", 15 November 2024

232. The External Auditor found that WFP had not yet published an agreement template or a template for setting up the budget for food or cash delivery through governmental partners. WFP has no guidance or rules to define when and with which rates management fees should be added to contracts with governmental partners.

233. The External Auditor found in a sample analysis of agreements with governmental partners that current agreements were not standardized. The External Auditor also found that some agreements lacked clearly defined reporting requirements and that disbursement procedures varied widely, particularly regarding the circumstances of advance payments. Some budgets included a management fee to the governmental partner, ranging from one to seven percent. The sample even included one agreement that was missing a budget but more than USD 3.5 million had been paid to the governmental partner in 2024.

234. Throughout the audit, the External Auditor also experienced difficulties in obtaining responses to inquiries due to the lack of assigned responsibilities. Regional bureaux and country offices further told the External Auditor about the difficulties in overseeing governmental partners and the wish for clarification at headquarters level.

235. Working with governments comes with specific challenges and risks, including difficulties in overseeing governmental partners, as can be seen in Ethiopia. WFP launched the Global Assurance Project to address the diversions emanating out of Ethiopia in spring 2023 (ref. para. 273).

236. The External Auditor holds that WFP has not explored the collaboration with governments in a thorough and comprehensive manner. Such an exploration should go beyond governmental entities as partners for the delivery of food and cash assistance and include other forms of collaboration with governmental partners. Considering the reputational risks connected with the collaboration with governments and the likely increase and shift in the nature of such collaborations, WFP should examine the topic comprehensively and identify a suitable approach.

237. The External Auditor holds that setting up clear and explicit responsibilities would facilitate and foster establishing such an approach, including establishing new guidance documents, developing strategies, and consolidating knowledge and data management. For various years, the External Auditor has seen the risk that without clearly defined responsibilities, the collaboration with governmental partners will not be developed and advanced, even though collaborations with governments are likely to increase and gain importance in the future. Furthermore, regional bureaux and country offices require more support on this issue and a central responsibility would provide them with a clearly defined counterpart.

238. **The External Auditor recommends that WFP set up clear responsibilities at headquarters for the collaboration with government entities.**

239. **The External Auditor recommends that WFP amend its current guidance for the collaboration with government entities by including strategic, procedural and oversight guidance, risk assessment, reporting and monitoring requirements, budget and agreement templates, and management fees.**

240. WFP agreed with the recommendations. WFP stated that as part of the ongoing organizational alignment of global headquarters, a single line of accountability would be established for assurance and support for cooperating partner management – under the Delivery Assurance Service within Supply Chain and Delivery Division. The Programme Policy and Guidance Division provided the normative framework including the above-mentioned guidance on "Transferring Resources through Government Systems". In April 2025 it launched additional guidance on "Operational Independence". WFP stated that it planned to finalize the budget and legal agreement template for non-technical assistance based on the existing templates for technical assistance and would regularly update the guidance.

4.3.2 Selection of cooperating partners

241. The United Nations Partner Portal is an online platform launched by WFP, UNHCR and UNICEF in 2018. The portal digitizes some of the cooperating partnership management processes, in particular the vetting of potential partners and parts of the selection process. For the latter, the portal provides 13 selection criteria, for example "sector expertise and experience", "cost-effectiveness" and "other".

242. Since August 2023, WFP country offices have to use the portal for selecting cooperating partners.[28] Country offices shall publish a call for expression of interest with the selection criteria through the portal. This is done to enable potential partners to assess if they are best suited to implement the programme and prepare their proposals accordingly. Country offices shall use at least one of the selection criteria and describe the criteria as precisely as possible (operationalize them) in the portal.

243. The External Auditor found the following deficiencies during the field visits:

- Country offices did not operationalize the criteria.
- Country offices only used the selection criterion "other" under which they summarized, for example, the profile of the organization, institutional and administrative capacity and cross-cutting aspects.
- One country office used different criteria for evaluating the proposals than it had posted in the portal.

[28] WFP directive PD2023/001.

244. The External Auditor holds that selection criteria are fundamental to ensure a fair and transparent selection process. Country offices should clearly define these criteria for publishing the expression of interest and not alter them after they have received the proposals. The more the country offices operationalize the generic criteria, the more precise the selection process can be. The fact that country offices choose only the criterion "other" may indicate that the available criteria are not fit for purpose.

245. **The External Auditor recommends that WFP ensure that country offices operationalize selection criteria and adhere to the criteria when selecting cooperating partners.**

246. WFP agreed with the recommendation. WFP stated that it would clarify the use of the "other" selection criterion and stress adherence to the published criteria.

4.3.3 Establishment of rosters

247. During the field visits, the External Auditor found that country offices established rosters with potential partners for future projects. In general, they published a call for expression of interest through the United Nations Partner Portal. When they wanted to contract a partner, they either issued a request for proposal to rostered partners outside the United Nations Partner Portal or selected one partner directly.

248. The External Auditor found cases in which the country offices had not requested proposals from all rostered partners. Furthermore, country offices had neither documented the evaluation of the proposals for establishing the roster transparently nor the criteria for excluding a partner from the roster or the request for proposal.

249. In December 2024, country offices had published 16 calls for expression of interest in the United Nations Partner Portal with the aim of establishing a roster. Out of these calls, 13 had the status "closed/under review" (oldest from March 2022), two had the status "draft" (January 2021) and one had the status "finalized" (March 2024).

250. The External Auditor holds that the United Nations Partner Portal does not support the establishment of rosters. The calls for expression of interest for establishing rosters remain open in the portal, as country offices do not intend to select a partner. Furthermore, the portal does not allow country offices to post requests for proposal to rostered partners. The External Auditor holds that the United Nations Partner Portal can be considered a "roster" as partners have undergone a due diligence review. Therefore, the External Auditor does not see a need for additional rosters.

251. **The External Auditor recommends that WFP analyse the current procedures used by country offices to establish cooperating partner rosters, implement a**

clear process to ensure a standardized and transparent selection process and enhance its oversight.

252. WFP agreed with the recommendation.

4.3.4 Oversight

253. The External Auditor reviewed data in the United Nations Partner Portal and found several inconsistencies. Information recorded also indicated that country offices did not comply with the policy framework or the portal data may need further review:

- Over 2,500 partners were registered multiple times (at least 2 and a maximum of 6 times) in the same country.
- Country offices did not finalize calls for expression of interest although the timeline indicated that they no longer worked on the process.
- In almost half of the cases, country offices contracted a partner directly instead of using a competitive process.
- One country office selected one partner through a call for expression of interest but erroneously selected another partner in the United Nations Partner Portal.
- One country office discovered in 2023 that one partner had misappropriated funds by transferring money to fictitious households and that the partner invoiced activities which it had not carried out. The country office did not raise a risk-related flag in the portal to inform other country offices and other agencies.

254. WFP stated that ensuring clean data in the portal was a shared responsibility among all participating United Nations agencies. It further stated that the agencies planned to issue a guidance to ensure a consistent and harmonized approach to raising flags in 2025.

255. The United Nations Partner Portal is supposed to be an essential internal control tool for cooperating partner management. To achieve this objective, the portal must contain accurate data and country offices should use it in line with the policy framework. The External Auditor sees the risk that country offices and partners record more and more outdated, incorrect and no longer maintained data in the portal. While the partners themselves are responsible for registration, WFP must check - together with the other agencies - and regularly clean up the data. Furthermore, headquarters and/or regional bureaux should increase their oversight. The External Auditor holds that WFP can detect at least some inconsistencies or even inaccurate data by regularly reviewing the recorded data.

256. **The External Auditor recommends that WFP use the United Nations Partner Portal for oversight by analysing the data on a regular basis to detect**

inconsistencies or non-compliance with the policy framework, and arrange for corrections and data cleansing.

257. WFP agreed with the recommendation. WFP stated that it would, with other United Nations agencies and subject to funding, review the United Nations Partner Portal to address inconsistencies and support oversight.

4.3.5 Amendment and extension of field level agreements

258. Field level agreements are legal contracts between WFP represented by the respective country office and cooperating partners. The WFP Programme Guidance Manual - NGO Partnerships recommends that country offices sign field level agreements for longer periods, whenever possible, to ensure predictable partnerships and reduce paperwork burdens.[29]

259. According to the WFP Programme Guidance Manual -NGO Partnerships, extensions or amendments may be warranted when a complex project encounters unexpected developments. Any changes that require a budget adjustment will result in an amendment. Agreements which require significant changes to the original expectations of the cooperating partner, and roles and responsibilities, may require a new agreement. The country office’s Cooperating Partner Committee has to endorse all extensions and amendments, as it had for the original agreement, and the Country Director needs to sign the extensions/amendments.

260. The External Auditor found that the average duration of 1,700 field level agreements as at November 2024 was 11 months.

261. The External Auditor found the following weaknesses:

- One country office extended 10 field level agreements after one year for an additional year without involving its Cooperating Partner Committee.
- In its standard operating procedure, another country office stipulated that the Country Director may approve the extension of the existing agreements without launching a new call for expression of interest within the Country Strategic Plan timeline.
- One country office selected a partner directly. The field level agreement ran from June to December 2023. The country office and the partner extended the agreement several times until December 2024 and the total costs increased fourfold.

262. The External Auditor holds that the current average duration of 11 months is rather short. According to the WFP Programme Guidance Manual, country offices

[29] WFP Programme Guidance Manual - NGO Partnerships, chapter 3.3.

should sign field level agreements for longer periods. WFP, however, has not defined what a “longer period” is. Furthermore, WFP has not defined the circumstances under which country offices may amend or extend an agreement. The External Auditor holds that amendments and extensions may not change the core of the agreement, e.g. by increasing the agreement costs significantly. Major changes must trigger a new and competitive process.

263. **The External Auditor recommends that WFP clarify - in its policy - the conditions under which country offices may extend field level agreements, may amend field level agreements or have to issue a new call for expression of interest; these conditions should include a maximum allowable duration and a maximum budget increase.**

264. WFP agreed with the recommendation. WFP stated that it would update the Programme Guidance Manual to clarify when amendments, extensions or a new call for proposals is required.

4.3.6 Risk Management of cooperating partners

265. Pursuant to the WFP Programme Guidance Manual[30], the partner capacity assessment is an essential tool for analysing risks relating to cooperating partners. As part of the capacity assessment, WFP assesses organizational risks with the partners, such as their governance, structure, programme capacity and financial management.

266. The External Auditor found that country offices’ Cooperating Partner Committees discussed other risk factors than those laid out in the capacity assessment during the engagement process, for example financial risks for WFP, fraud risks related to the partner, or past partner performance. While country offices shared cross-cutting partner risks through their risk registers with the regional bureaux and the risk management division, they did not proactively share risks from individual partners with them.

267. WFP informed the External Auditor that it worked on establishing a cooperating partner assurance framework, which included risk categories, risk indicators, and tools to support risk identification, assessment, and mitigation measures at the country offices. The framework aimed to strengthen oversight and accountability by providing a standardized yet flexible approach to manage risks relating to cooperating partners across different operational contexts.

268. The External Auditor holds that the strong focus on organizational risks of the capacity assessment is too narrow. Risk identification and assessment of cooperating

[30] WFP Programme Guidance Manual, NGO Partnerships, Chapter 2.4.

partners needs to follow a holistic approach to provide a solid basis for risk-based management. The External Auditor welcomes WFP’s initiative for a cooperating partner assurance framework as an important milestone.

269. The External Auditor finds that better guidance and risk assessment tools can foster risk management of cooperating partners in country offices. In addition, the External Auditor holds that regional bureaux and headquarters need to know about the risks identified and assessed to ensure effective monitoring and oversight.

270. **The External Auditor recommends that WFP provide further guidance and tools for risk identification and assessment to country offices and develop a repository to collect, store and monitor risks related to cooperating partners.**

271. WFP agreed with the first part of the recommendation and stated that it would analyse the risk causes in the 2025 operational risk registers, events and effects that might impact the lower risk rating on cooperating partner related risks. WFP stated that the new cooperating partner Assurance Framework for non-governmental partners provided tools and standards for risk identification. WFP disagreed with the second part of the recommendation and stated that another centralized corporate repository was not necessary. WFP considered that these existing tools were sufficient to monitor cooperating partner related risks, including the corporate risk register dashboard which contained all risks identified by country offices since 2019.

272. The External Auditor adheres to the recommendation and holds that the dashboard does not provide specific cooperating partner related risks suitable for effective monitoring and oversight.

4.4 Global Assurance Project

4.4.1 Project overview

273. In March 2023, the Ethiopia Country Office and one donor found that WFP food was sold in local markets. Due to the food diversions and other irregularities, the donor stopped some of its funding. In April 2023, WFP launched the Ethiopian Assurance Project.

274. By the end of April 2023, the Leadership Group decided to also assess, review and tighten controls in other high-risk countries. WFP initiated the Global Assurance Project and defined targeting, monitoring, community feedback mechanisms, identity management, cooperating partner management and supply chain management as focus areas, and risk management and digital solutions as cross-functional areas. WFP

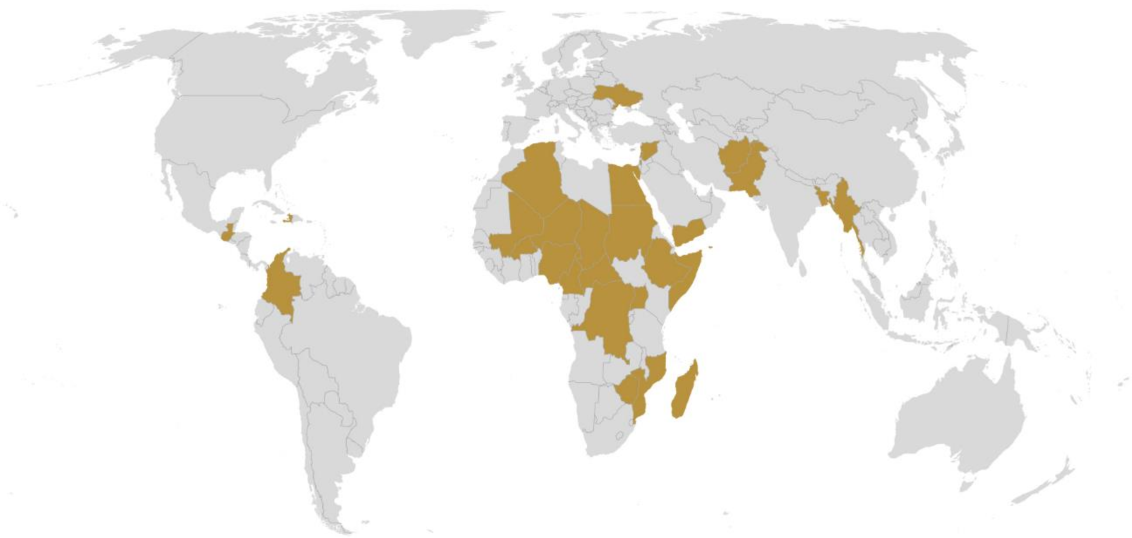
established a High-Level Task Force as a senior leadership forum, chaired by the Deputy Executive Director and Chief Operating Officer.

275. WFP reviewed its country offices for potential risks of food diversions. It identified 31 country offices and requested them to develop augmented assurance action plans and to implement them by the end of 2024. In November 2024, the High-Level Task Force de-prioritized the Libya operation due to the country office downsizing and a change in operational focus.

Figure 4.9

Global Assurance Project: 30 high-risk operations

Country offices which WFP assessed to have a potential risk for food diversions.



Annotation: Afghanistan, Algeria, Bangladesh, Burkina Faso, Cameroon, Central African Republic, Chad, Colombia, Democratic Republic of Congo, Egypt, Ethiopia, Guatemala, Haiti, Lebanon, Libya, Madagascar, Mali, Mozambique, Myanmar, Niger, Nigeria, Palestine, Pakistan, Somalia, South Sudan, Sudan, Syria, Uganda, Ukraine, Yemen, and Zimbabwe. In November 2024, WFP de-prioritized Libya operation due the country office downsizing and change in operational focus.

Figure: External Auditor, Source: WFP data.

276. In their assurance action plans, country offices identified assurance gaps and risks in the focus areas and cross-cutting areas and developed mitigation measures.

277. As one deliverable of the Global Assurance Project, the Executive Director issued the WFP Global Assurance Framework. It codified the already existing four global

assurance standards.[31] The framework also stipulates that the Assistant Executive Director for Programme Operations and functional directors are "accountable to establish a verifiable method to assess implementation of functional frameworks".

4.4.2 Effective oversight to address risks and control issues

278. In addition to the food diversions in Ethiopia, WFP wanted to address risks and control issues reported by country offices and oversight bodies. In the 2022 annual report, the Inspector General had highlighted beneficiary management, monitoring, supply chain management, and cooperating partner management as areas with recurring cross-cutting findings. For instance, the Inspector General recommended that WFP provide clear corporate risk-based guidance for governmental partners and ensure effective management oversight.[32] WFP was also aware of significant control issues in the areas of cooperating partner management, beneficiary management, and information technology solutions in 2022.[33]

279. As relevant corporate policies for the Global Assurance Project, the High-Level Task Force highlighted the Framework for Management Oversight at WFP" (March 2023), "Management of Targeting Processes by WFP Offices (December 2022) and the "Cash Assurance Directive" (March 2022). Furthermore, WFP issued the following policies: Global Assurance Framework[34], "minimum monitoring requirements and community feedback mechanism standards"[35] and "corporate approach to identity management".[36] Additionally, WFP issued a guidance paper on "Transferring WFP Resources through Government Systems".

280. The External Auditor noted that country offices identified their own non-compliance with existing corporate policies as risks in their augmented assurance plans. For example, country offices indicated that they launched calls for expression of interest to potential cooperating partners through emails instead of the United Nations Partner Portal or that they did not evaluate the partners' performance. The normative framework, however, requires the use of the United Nations Partner Portal and the evaluation of a partner's performance.

[31] - Standard 1: WFP consults with and listens to the people it assists and respects their privacy.
- Standard 2: WFP knows who is being assisted and, at the end of every cycle, who did and did not receive their assistance.
- Standard 3: WFP knows that its in-kind assistance is safe and where it is - from origin to distribution.
- Standard 4: WFP maintains operational independence.

[32] WFP/EB.A/2023/6-D/1, Annual report of the Inspector General, 2022.

[33] WFP/EB.A/2023/6-E/1 Management Review of significant risk and control issues, 2022.

[34] Executive Director Circular "WFP Global Assurance Framework" (OED2024/004), 24 June 2024.

[35] Executive Director Circular "Minimum monitoring requirements (MMRs) and community feedback mechanism (CFM) standards in WFP country offices" (OED2024/006), 19 July 2024.

[36] Executive Director Circular "Corporate approach to identity management of the people we assist including delegation of authority" (OED2024/013), 13 December 2024

281. Furthermore, the External Auditor noted a significant number of pending internal and external audit recommendations. In addition, country offices had not implemented recommendations issued by regional bureaux during oversight missions (ref. para. 10-34).

282. WFP could have avoided the Project through effective oversight. Furthermore, identifying and addressing non-compliance should not depend on specific projects. The External Auditor is concerned that WFP has not mitigated the risks even though it has been aware of them. In addition, WFP has not yet implemented the pending recommendations of oversight bodies and regional bureaux in the focus areas, although it has completed the Global Assurance Project.

283. **The External Auditor recommends that WFP ensure that country offices comply with the normative framework and implement recommendations through effective oversight, and enforce accountability.**

284. WFP agreed with the recommendation. WFP stated that it would ensure compliance with the normative framework through strengthened oversight and accountability, supported by a revised Management Accountability Framework.

4.4.3 Lack of independence

285. In Ethiopia, WFP identified the high level of dependence on the government as one major shortcoming. One of the global assurance standards demands that WFP maintains its operational independence.

286. The External Auditor reviewed the augmented assurance action plans of the 31 high-risk country offices and found that at least 22 identified a "lack of independence" as a risk, for instance:

- Burkina Faso: risk of partial or total loss of operational independence due to government involvement or control in targeting;
- Niger: risk of reduced access to sites due to restrictions imposed by the authorities;
- Egypt: reliance on the government's targeting methodology and beneficiary lists to deliver assistance, difficulties in accessing all data due to security constraints; and
- Lebanon: risk of the government using beneficiary data for purposes not aligned with WFP's humanitarian mandate, unclear delineation of responsibilities and accountability.

287. WFP stated that it was in the process of enhancing guidance in that area. It issued the guidance on "Transferring WFP Resources through Government Systems" in November 2024 and the guidance on "WFP's Commitment to operational independence" in April 2025.

288. The External Auditor has highlighted the lack of guidance and responsibility for the collaboration with governmental entities (ref. para. 227-240). WFP's independence is crucial for the overall goal to ensure that assistance reaches the right people safely, in full, and without interference. The triggering case from Ethiopia and the majority of high-risk countries indicate risks arising from the strong government influence. WFP should use these highlighted risks as a starting point to get a clear picture of the dependencies. WFP should assess the level of dependency and identify mitigation measures. If an acceptable risk level cannot be achieved, WFP should reconsider the operations.

289. **The External Auditor recommends that WFP analyse the dependencies on governmental entities which country offices identified in their assurance action plans to determine mitigation measures and acceptable risk levels.**

290. WFP agreed with the recommendation. WFP stated that it would assess identified dependencies on governmental entities and define mitigation measures, while mainstreaming best practices for operational independence.

4.4.4 Costs of the project

291. The high-risk country offices estimated the costs of the assurance actions in their plans. According to WFP, the estimated costs of the 30 Country Offices[37] amounted to USD 127 million. The Country Offices financed most of the costs through the country office portfolio budgets (implementation plans). Headquarters supported the offices with the following allocations:

- In 2023: USD 9.5 million of catalyst funds (programme support and administrative budget); and
- In 2024: USD 21.3 million of soft landing funds.[38] Additionally, USD 8.3 million of loans.

292. As one of the deliverables of the Global Assurance Project, WFP planned corporate assurance enhancements in the focus areas. For that purpose, it developed a costed workplan for 2024 with a budget of USD 58.8 million.[39] WFP later revised the budget to USD 52.3 million. Furthermore, WFP planned to allocate USD 3.0 million to regional bureaux to support the rollout of the Global Assurance Framework in 2025.[40]

[37] WFP de-prioritized the Libya Country Office.
[38] Grant for high-risk country offices with funding cuts or other unexpected circumstances.
[39] Funded through the programme support and administrative budget, critical corporate initiatives, special accounts and trust funds; Annex V of the 2024-2026 management plan (WFP/EB.2/2023/5-A/1).
[40] Management plan for 2025–2027 (WFP/EB.2/2024/5-A/1/Rev.1).

Figure 4.10

Majority of costs absorbed by country offices' budgets

The different cost components of the Global Assurance Project amounted to USD 182.3 million.

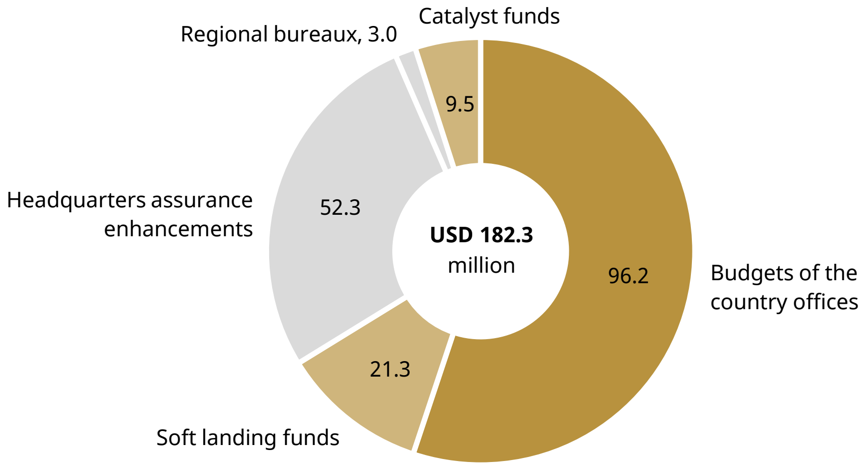


Figure: External Auditor, Source: WFP data.

293. The External Auditor noted that country offices reduced the costs of their plans after the High-Level Task Force had requested them to finance costs through their implementation plans. For example, one country office reduced the costs from USD 4.0 million to USD 2.1 million. Furthermore, the External Auditor compared the estimates in a sample of augmented assurance plans:

- for the installation of CCTV, one country office estimated costs of USD 1,300, while another estimated USD 175,000; a third country office had not included this action point or costs in its plan; and
- for the rollout of an awareness campaign on the community feedback mechanism, one country office budgeted one-time costs of USD 118,000, another country office estimated recurring costs of USD 16,000.

294. WFP stated that, from the early stages, country offices were requested to integrate assurance costs into their budgets and revise the budgets, if necessary. WFP further stated that it did not track the expenditures. The costs were embedded in the country offices' implementation plans and they were part of the regular review. As the project had ended, it would require a cumbersome process to manually extract expenditures for the project retroactively. WFP further stated that, under the project, it had introduced a system to track assessment, monitoring and evaluation expenditures. If WFP found this approach practicable and useful, it could be extended to other functions.

295. The External Auditor considers that the estimates in the assurance action plans are not plausible. Without reliable estimates and a tracking of the expenditures, WFP cannot quantify the total costs of the project. Moreover, WFP could have avoided the costs by exercising effective oversight and implementing oversight recommendations. WFP has forced the country offices to finance the Global Assurance Project through their implementation plans instead of using the programme support and administrative budget. The External Auditor sees the risk that country offices used their budgets to finance the project rather than to finance food and cash-based transfers for beneficiaries. The External Auditor takes note of the WFP statement that retroactive tracking would be cumbersome. WFP should review the newly implemented methodology for tracking assessment, monitoring and evaluation expenditures to decide whether it should be extended to other functions. At least for future project, WFP has to track and monitor the costs - only then can it evaluate whether a project is cost-efficient.

4.4.5 Monitoring

296. WFP developed benchmarks for the focus areas and a benchmark tracker with additional criteria to check the implementation of the country offices’ assurance action plans.

297. The External Auditor reviewed the benchmark tracker and noted the following weaknesses:

- some criteria concerned one-time actions, for example “country office has successfully rolled out the LESS Last Mile solution”, while other criteria measured the performance, for example “country office closes at least 95 percent of escalated medium-priority community feedback cases in 10 working days”;
- some criteria offered room for interpretation, for example “country office conducts regular risk informed spot checks”, “regular” is not defined; and
- the tracker did not fully reflect the global assurance standards, for example standard 4 (operational independence).

298. WFP stated that it was still clarifying how to verify that offices meet the functional benchmarks. For example, headquarters had developed a framework for the functional area “targeting”. WFP further stated that it would use the lessons learned to review the benchmarks and criteria.

299. The External Auditor appreciates that WFP has developed a benchmark tracker to monitor the progress of country offices. The External Auditor holds that the differences in quality and definition of the benchmarks and criteria constitute a weakness. Only with clearly defined benchmarks and criteria can WFP assess the status objectively.

300. **The External Auditor recommends that each function at headquarters define key performance indicators and the way in which compliance by country offices is monitored and verified, taking into account the global assurance standards**.

301. WFP agreed with the recommendation. WFP stated that it would define key performance indicators for each function and establish mechanisms to monitor and verify country office compliance in line with global assurance standards.

4.4.6 Digital solutions

302. The assurance action plans mentioned a variety of digital solutions. In particular, country offices highlighted the need for integrations or interfaces between systems, for example an integration between COMET and SCOPE or interfaces to additional systems such as “building blocks” or the UNHCR system for refugee data.

303. Headquarters noted that country offices sometimes used applications for purposes for which these applications were not intended. For instance, country offices used MODA, a data collection tool, as registration tool and faced challenges.

304. WFP stated that some of the digital solutions mentioned in the assurance action plans were country office specific. Regarding MODA, WFP issued an interim guidance which stated that country offices should not use MODA outside field surveys and assessments. Country offices, however, could request dispensations which might come with additional costs.

305. Through the Global Assurance Project, country offices have highlighted the lack of digital solutions or the lack of integration as one issue. This indicates that WFP has not fully digitized its business processes. Furthermore, the assurance action plans show a variety of digital solutions in use. Country-specific applications may come with risks and additional costs. The External Auditor is of the opinion that country offices should use standard corporate applications whenever possible. If a country office has additional requirements, headquarters should carefully assess the request. Customizing standard applications leads to additional costs.

306. **The External Auditor recommends that WFP build on the risks identified through the Global Assurance Project to review and define its business process requirements in order to achieve digital integration.**

307. WFP agreed with the recommendation. WFP stated that it would conduct an inter-divisional review of business process requirements, building on risks identified through the Global Assurance Project to enable digital integration and reduce reliance on one-off guidance and waivers.

4.4.7 Implementation and review of the project

308. The 31 high-risk country offices started to develop their augmented assurance plans in 2023. The External Auditor noted that WFP did not develop the benchmarks for the focus areas until the beginning of 2024. In February 2024, the High-Level Task Force asked the country offices to reformulate their plans and align them with the benchmarks. In July 2024, the High-Level Task Force shared the benchmark tracker with the regional bureaux.

309. In most areas, country offices developed mitigation measures individually. In the area of supply chain/commodity management, the High-Level Task Force asked them to carry out specific measures, for instance a third-party physical inventory check. As of March 2025, 27 country offices had carried out the checks which costed USD 0.6 million in total. In four cases only, the checks identified "notable discrepancies" in the amount of 2, 3.6, 6.7 and 17.8 percent. WFP decided not to request third-party inventory checks by all country offices.

310. At the beginning of 2025, WFP started with a lessons-learned exercise. Furthermore, the High-Level Task Force planned to phase out the project, hand it over to the Risk Management Division and evaluate the project in 2025-26. WFP aims to ensure that all country offices comply with the WFP Global Assurance Framework by the end of 2025.

311. The External Auditor notes that WFP has provided late instructions and late guidance throughout the project. As all country offices need to comply with the WFP Global Assurance Framework, WFP should provide clear guidance and instructions as early as possible. The External Auditor appreciates that WFP carries out a lessons-learned exercise. Besides reviewing the project management, WFP should identify which measures are (cost-)efficient and which are not.

312. **The External Auditor recommends that WFP review the Global Assurance Project to identify and promote (cost-)efficient best practices.**

313. **The External Auditor recommends that WFP determine a long-term approach to ensure that all relevant assurance gaps and risks are identified and mitigated by appropriate measures.**

314. WFP agreed with the recommendations. WFP stated that it would promote best practices, with remaining country offices conducting gaps analyses and action planning by 2025.

4.5 Cash-based transfers

4.5.1 Post-distribution monitoring

Standardized reporting on monitoring indicators required

315. WFP uses three types of monitoring: process monitoring, output monitoring, and outcome monitoring.[41] These can be carried out during a cash-based transfer distribution or after the distribution. Post-distribution monitoring is conducted at the household level.

316. Indicators are measurable values that determine how effectively an organization achieves its objectives. WFP uses indicators for post-distribution monitoring to review its programme results and includes them in the logical framework, or log frame. The log frame is a management tool that shall help country offices track programme results throughout the implementation phase of the country office strategic plan. WFP offers a set of corporate indicators for country offices. Some of them are mandatory, others are optional.

317. The External Auditor reviewed procedures and results of country offices' post-distribution monitoring for a sample of cash-based transfer activities. The External Auditor noted that country offices reported on results of post-distribution monitoring in various ways, from single PowerPoint presentations to extensive reports on the outcomes. Some country offices split reporting on the indicators between the post-distribution monitoring reports and the annual country report. WFP had not provided corporate guidance on how to report on the results of post-distribution monitoring.

318. The External Auditor noted the following for the sampled items: In one case, the country office included a cross-cutting indicator in the log frame but did not collect data nor followed up on this indicator. In another case, the country office included indicators in the log frame knowing that it could not conduct the related monitoring activities due to government restrictions. In a third case, the country office did not follow up on an indicator that showed that the country office had not achieved its target. The country office stated that the deviation from the indicator value was not material. WFP had not provided any guidance on what country offices had to do when not meeting the set indicator values.

319. In the view of the External Auditor, post-distribution monitoring is a very important tool for country offices to measure their programmes and identify improvement opportunities for future programming. Considering the costs and

[41] WFP Monitoring Handbook: [4. Types of monitoring](#).

resources involved, country offices need to ensure that they properly analyse the results, report them and use them for programmatic and process improvements. WFP’s corporate guidance should clearly indicate when and how country offices must follow up on indicators not achieved. More standardized reporting would enable headquarters to evaluate data from a global perspective and to identify bigger trends and developments. Country offices should focus on indicators that are relevant to their programmes.

320. **The External Auditor recommends that WFP review and clarify its corporate rules with regard to mandatory monitoring indicators in Country Strategic Plan log frames to ensure that country offices report more consistently and only include indicators in their planning that are useful and realistic to monitor in the specific context.**

321. WFP agreed with the recommendation. WFP stated that, in addition to chapter 3.5 of the Monitoring Handbook, it had recently updated and disseminated its guidance entitled “Programme Monitoring Standard Operating Procedures for Country Offices”. WFP stated that it was also reviewing the Corporate Results Framework and indicator compendium and would reflect updates in the corresponding technical guidance.

Integrated monitoring tools required

322. The WFP Monitoring Handbook provides templates for the planning of monitoring activities. In the “monitoring, review and evaluation plan”, country offices include their monitoring procedures to measure the indicators they have set up in the country office’s log frame. The plan includes templates for budgeting and time planning of monitoring activities.

323. The External Auditor noted that country offices used the templates of the “monitoring, review and evaluation plan”, but mostly not to the full extent. Out of 14 country offices, only 5 made use of the budget template. Out of these 5 country offices, 3 did not provide complete budget information. No country office used the time planning template. Furthermore, 6 country offices provided additional plans for the planning of the monitoring activities. In 3 cases, the different plans did not correspond to each other. The External Auditor also noted that country offices planned surveys and reviews where it remained unclear whether they related to post-distribution monitoring or to other types of monitoring, such as distribution monitoring.

324. The External Auditor holds that planning monitoring activities is important to assure that country offices can properly manage their monitoring activities. While WFP provides templates for planning and budgeting monitoring activities, country offices do not implement them consistently. The use of different plans complicates the overview of monitoring procedures. Furthermore, the monitoring, review and evaluation plan

would benefit from a clear indication whether a monitoring activity is carried out retrospectively or while the activity is ongoing.

325. **The External Auditor recommends that WFP review the monitoring handbook regarding the planning and assess whether the different monitoring plans can be integrated into one.**

326. WFP agreed with the recommendation. WFP recognized the need for integrated monitoring tools and has put forward a comprehensive Monitoring Planning System as part of the 2025 submission to the 5-year Information Technology investment plan.

4.5.2 Minimum expenditure basket, gap analysis and transfer value determination

327. The transfer value is the net monetary amount that WFP transfers to beneficiaries as cash or vouchers. WFP should calculate the transfer value based on a gap analysis that relates to the minimum expenditure basket threshold or another similar threshold.[42]

328. The External Auditor reviewed a sample of cash-based transfer activities in 14 country offices and noted that the documentation on how the country offices had determined the transfer value was not always available or understandable. While the External Auditor often found a lot of documentation on how the country offices had established the minimum expenditure basket, the External Auditor found less documentation on their gap analysis and the transfer value.

329. Out of the 14 cases, 8 country offices did not provide sufficient documentation on how they had determined the transfer value. The transfer value could either not be reconciled to the minimum expenditure basket or the gap analysis or the External Auditor found documentation on how the country offices had updated the transfer value but not on how they had determined it initially. In five of these cases, the country offices could not even explain why they had applied a certain transfer value. In four cases, the country offices had neither established the minimum expenditure basket nor had they conducted a gap analysis.

330. In the view of the External Auditor, the determination of the transfer value is the key element of WFP to best serve people and respond to their needs. That is why WFP needs to document any decision on the transfer value and the steps that lead to the transfer value in a way that is understandable and readily available at the country

[42] Guidance Note "Setting the transfer value for CBT operations", April 2022: https://docs.wfp.org/api/documents/WFP-0000117963/download/.

offices. WFP can then use the documentation to enhance existing and future programmes and to allow informed changes to the transfer value.

331. **The External Auditor recommends that WFP enhance the documentation on the different steps towards the determination of the transfer value ensuring that relevant decisions are substantiated and reconcilable for external stakeholders.**

332. WFP agreed with the recommendation and stated that it planned to address this issue with the further rollout of the CashBook, WFP's new cash manual. WFP indicated that the introduction of the CashBook would require cash-based transfer officers to upload transfer value related documentation to an application and a template was being finalized for standardizing the documentation.

333. The External Auditor noted that while WFP used many resources to establish the minimum expenditure basket and to analyse the needs gap for beneficiaries' households in need, WFP often established the transfer value simply based on available resources. WFP stated that the minimum expenditure basket was nonetheless very useful to better understand needs, costs and changes to the costs. It was also used for advocacy and sometimes based on donor requirements.

334. The External Auditor noted that WFP conducted a corporate initiative for market price monitoring. Country offices reported data on market prices. Headquarters provided data cleaning and data evaluation and made the data available to country offices. WFP aimed at using the database also for cost related analyses in different regions.

335. In the view of the External Auditor, WFP's initiative to collect and aggregate data from country offices is a good way to improve documentation. It might also help improve knowledge sharing and learning among country offices.

336. **The External Auditor recommends that WFP analyse if and how a central database on transfer values might help improve knowledge sharing on how to determine the transfer value among country offices.**

337. WFP agreed with the recommendation and stated that headquarters was planning to introduce an application allowing country offices to upload documentation also on transfer values. A template was being finalized for standardizing the documentation. WFP stated that this would be prioritized to address this recommendation.

4.5.3 Eligibility criteria of cash recipients

338. In a cash-based transfer sample, the External Auditor found that beneficiary payment lists included a high number of underage recipients as verified collectors.

They collected cash for themselves and their household. From a total of 38,300 verified collectors receiving cash for a total of 192,363 beneficiaries, 6,558 verified collectors receiving cash for a total of 42,352 beneficiaries were of the age of 17 or younger. Among those verified underage collectors, 299 receiving cash for a total of 1,384 beneficiaries were less than six years old.

339. The External Auditor informed the country office about this weakness and received differing information on the question at what age a beneficiary was eligible for receiving cash. WFP argued that it had good reasons to support underage collectors, such as the protection of elderly or pregnant beneficiaries. WFP also stated that underage collectors were usually accompanied by protection partners. The External Auditor found that this approach was in line with the suggested way forward as per WFP guidance note “Sending money to unaccompanied children and child heads of household”. The Country Office did not refer to any of the safeguards such as protection partners in its standard operating procedure on identity management or in its contract with the respective financial service provider.

340. The External Auditor holds that only under very strict exceptions underage beneficiaries should act as collectors of cash for the household because they are most vulnerable to exploitation and abuse. If underage beneficiaries need to be registered as heads of households, guidance must be followed very closely and rigidly. In order to do so, all country offices need to easily access the relevant corporate guidance and take it into account in their standard operating procedures.

341. **The External Auditor recommends that WFP refer to guidance notes for ageing eligibility of principal/household cash recipients in its cash-based transfer-related regulatory framework.**

342. WFP agreed with the recommendation. The guidance “Sending Money to Unaccompanied Children and Child Heads of Household”, would be referenced in the CashBook for easy access by country offices.

4.6 Information technology

4.6.1 Workday

343. On 1 July 2024, WFP rolled out Workday, its new software for human resources management. WFP is still in the process of developing and releasing interfaces, in particular to WINGS. WINGS is a tailored version of SAP for non-profit organizations (SAP NPO), WFP stated that it had spent approximately USD 20.6 million on the Workday project by the end of 2024.

Lack of focus on integrability during tender process

344. In January 2020, WFP launched a request for proposal for human resources management software. WFP planned to select a supplier for the implementation after the selection of the software. In the tender process, WFP did not request suppliers to provide implementation costs.

345. WFP defined business, functional and technical requirements. The External Auditor noted that the tender documents did not include a detailed description of the WFP IT architecture and the SAP NPO configuration.

346. According to the statement of work, the requirements were the minimum technical specifications that WFP intended to implement. The External Auditor found, however, that WFP posed most technical requirements only as questions without defining a minimum requirement.

347. WFP evaluated the technical proposals. WFP found that all suppliers met equally the technical expectations regarding connectors and interfaces. Among others, WFP assessed that Workday "exceeded expectations" in terms of usability and personalization level requirements. In total, WFP rated the proposal of Workday best. In June 2021, WFP signed a master subscription agreement with Workday. WFP planned to go live with Workday on 19 December 2022.

348. In July 2021, WFP concluded a professional service agreement with Workday for the implementation of Workday. WFP had not issued another tender but used an agreement of another agency. In July 2023, WFP concluded another professional service agreement with Workday.

349. In July 2022, WFP entered into a contract with a third-party company to support the integration between Workday and WINGS. WFP needed the integration for executing the payroll process, off-cycle payments, and travel activities on the SAP NPO system. In 2023, WFP switched to a long-term agreement with the supplier.

350. WFP stated that its focus of the original tender was on functionality with a subsequent view on integration. While it described the architecture in the tender, it did not include the full complexity of the SAP NPO. WFP did not ask for implementation costs as it did not necessarily want to be tied to the same provider for implementation services and Workday was not an SAP NPO expert.

351. The External Auditor notes that as WFP has selected a supplier for the provision for the software separate from the supplier for the implementation, it has not considered the implementation costs during the first tender. The first contract covers only a small portion of the overall costs. Furthermore, WFP has not sufficiently taken into consideration the integrability of the new system with the existing IT architecture. WFP has only included some technical requirements for that issue but none of them

were mandatory. Ultimately, WFP is struggling to implement the new system. The External Auditor considers it important that WFP take a holistic approach when it procures new IT systems.

352. **The External Auditor recommends that WFP ensure the integrability of new IT solutions by defining technical requirements as mandatory or assigning adequate weight to the criteria and that WFP consider the full costs in a tender process.**

353. WFP agreed with the recommendation. WFP stated that it would work on establishing mandatory technical requirements or requirements with adequate weights.

Difficulties in implementing Workday

354. On 13 May 2024, the Project Steering Committee reviewed the status of the Workday project. It found that the interfaces with the three payroll systems (ref. para. 93-99) were a core issue. The Project Steering Committee further noted a “lack of confidence in 35% of the transactional data flows” because SAP NPO and Workday were not compatible.

355. In May 2024, the Leadership Group endorsed the go-live of Workday on 1 July 2024.

356. Since December 2023, WFP requires an internal 'Authorization To Operate' for IT solutions prior to going live.[43] The Authorization to Operate is a formal approval confirming that the IT system or application meets the required security, compliance, and operational standards.

357. The External Auditor found that WFP did not obtain an internal Authorization To Operate before Workday went live. However, the WFP Architectural Board approved Workday in 2022. In June 2024, WFP engaged UNICC[44] to assess the IT security of Workday as part of an Authorization To Operate process. The UNICC final report dated 23 October 2024 identified 13 issues in 143 controls, for instance in the area of authorization, logging or network security. As of February 2025, WFP was still working on resolving the issues.

358. WFP stated that it only introduced the Authorization To Operate process by the end of 2023. Establishing and maturing the process took time. WFP clarified that it authorized Workday to go-live.

[43] WFP Information Memorandum “Authorization to Operate (ATO) for IT solutions” dated 11 October 2023.
[44] United Nations International Computing Centre.

359. The External Auditor asked WFP about the status of the interfaces. As of February 2025, WFP stated that it currently used 40 out of the planned 74 interfaces (54.1 percent) in its IT systems. It used three additional interfaces partially. WFP further stated that, due to the pending interfaces, it had to update the data in WINGS and Workday manually. Moreover, additional testing and monitoring was required. WFP estimated the costs of this effort at USD 50,000 per month.

360. WFP opted for a multi-application approach by implementing Workday in addition to the existing SAP NPO instead of choosing a unified solution. This has led to considerable challenges in interface management, demanding significant resources for development, testing, maintenance, and monitoring. This fragmented setup requires constant adjustments, regression testing, and troubleshooting, adding complexity and costs. Furthermore, the External Auditor holds that WFP could have avoided the risks identified by UNICC through a more thorough design and control of security-relevant system functions and settings before going live.

361. **The External Auditor recommends that WFP solve the security deficiencies identified in the Workday Authorization To Operate assessment in a timely manner.**

362. **The External Auditor recommends that WFP analyse if and how it can simplify the Workday interfaces in order to enhance operational efficiency while reducing costs, security risks, and long-term maintenance efforts.**

363. WFP agreed with the recommendations. WFP stated that it would work to resolve the remaining security deficiencies in the Authorization To Operate assessment as soon as feasible. Furthermore, it had already begun and would continue to analyse how it can simplify the Workday interfaces going forward.

4.6.2 Disaster recovery planning

364. An ICT disaster recovery plan defines recovery processes in case of IT system disruptions. For ICT disaster recovery planning, WFP did not issue any circulars/directives with mandatory requirements. In response to one of the External Auditor’s recommendations, WFP prepared two templates to support country offices that maintained complex locally managed IT systems: the solution/network disaster discovery plan template and the master disaster recovery plan template.[45]

[45] TEC Business Continuity and Disaster Recovery Templates | WFPgo

365. During the audit visits, the External Auditor found that country offices and regional bureaux followed different approaches regarding ICT disaster recovery planning:

- While some offices maintained a disaster recovery plan, others either operated without a formal plan or relied on emergency preparedness plans.
- Only some offices used or were aware of headquarters' templates, most of them used their own templates.
- Some plans did not consider all potential scenarios, for example cyberattacks.
- Some offices regularly tested their disaster recovery plan, while others had not performed comprehensive testing in recent years.

366. In most cases, the disaster recovery plans focused on the country office's/regional bureau's network. The country offices/regional bureaux often did not manage own applications but used corporate applications.

367. The External Auditor is concerned that WFP has no policy in place for ICT disaster recovery planning. The absence of clear requirements for disaster recovery planning has led to different approaches by country offices. As country offices and regional bureaux often use corporate applications/solutions, the amount of effort required should be in proportion to the benefits. While WFP states that country offices with "complex locally managed IT systems" need a plan, it has not defined this criterion.

368. **The External Auditor recommends that WFP clearly define the criteria under which country offices must develop and maintain an ICT disaster recovery plan.**

369. WFP agreed with the recommendation. WFP stated that offices only needed to develop a plan under specific criteria, such as complex locally managed IT systems, and it would clearly define those criteria in a Chief Information Officer Information Note.

4.6.3 Critical authorizations

370. An authorization enables the user to use certain functions in the SAP system. The "debugging with replace" authorization allows the user to change and/or delete entries. SAP recommends not using this authorization in a productive system. WFP uses WINGS, an SAP-based software solution.

371. In November 2024, the External Auditor found that 86 users had the "debugging with replace" authorization in the WINGS productive system. Out of the 86 users, 16 were external consultants.

372. WFP stated that it removed the accounts in the same month after the External Auditor communicated this finding.

373. The External Auditor holds that the “debugging with replace” authorization poses a significant security risk as it allows to bypass all access controls and even delete audit evidence. With such an authorization, users can alter WINGS data or delete data without full traceability.

374. **The External Auditor recommends that WFP generally not assign the “debugging with replace” authorization in WINGS, but only in exceptional cases under controlled conditions (four-eye principle, temporary access, documentation).**

375. WFP agreed with the recommendation. WFP stated that it would document the criteria and procedures for exceptional use of “debugging with replace” authorization.

4.6.4 Erroneous data transfer

376. Batch input is a data transfer technique from SAP that allows datasets to be transferred automatically into the system. SAP flags errors during the batch input data processing. The entity that uses SAP is required to check the errors and correct them, if necessary.

377. In November 2024, the External Auditor found 2,182 batch input folders in "error" status in WINGS. Out of these, 710 were older than 6 months. Among other areas, the following areas were affected:

- "Vendor Master Data"
- "Foreign Currency Valuation"
- "Update Account Statement/Check Deposit Transaction"

378. WFP stated that it did not always monitor the results of these batches.

379. The External Auditor holds that WFP should review and correct (if needed) faulty batch input folders on a more regular basis to ensure data integrity and completion of the data transfer. WFP should develop a guidance document to define responsibilities and to ensure that errors are corrected in the future.

380. **The External Auditor recommends that WFP define a procedure for batch input folders to ensure that they are reviewed on a regular basis and corrected, if needed**.

381. WFP agreed with the recommendation. WFP stated that it would issue a guidance document for the management of batch input folders, including best practices for performing a regular review and correction of batch input folders.

5 External Auditor’s review of disclosures by management

5.1 Losses, write-offs, and *ex-gratia* payments

382. Financial Regulation 12.4 stipulates that the Executive Director may, after full investigation, authorize the writing-off of losses of cash, commodities and other assets, provided that a statement of all amounts written off shall be submitted to the External Auditor with the financial statements. The Executive Director delegated the authority to approve the write-off of assets above USD 500,000 to the Director Management Service.

383. Note 9 of the financial statements included details of losses of cash, food commodities and other assets in a total amount of USD 67.7 million. The reported losses comprised food commodity losses of USD 62.8 million, contributions receivable losses of USD 1.3 million, losses of other assets and cash of USD 1.7 million, and losses of non-food items of USD 1.9 million. WFP also reported that it had made *ex-gratia* payments of USD 9.6 million, mainly pertaining to end-of-service grants.

384. In 2024, WFP recognized write-offs of property, plant and equipment in an amount of USD 6.4 million due to the looting of multiple office locations in a country as a result of an armed conflict. WFP did not disclose the write-off in note 9 of the financial statements.

385. WFP did not comply with Financial Regulation 12.4. The External Auditor holds that information on write-offs is crucial for the Executive Board to get an overview of such events and the stewardship of assets.

386. **The External Auditor recommends that WFP comply with the financial regulations and disclose write-offs of assets in note 9 of the financial statements**.

387. WFP agreed to include fixed asset write-offs in note 9 of the financial statements.

5.2 Cases of fraud and presumptive fraud

388. In accordance with the International Standards on Auditing (Standard 240), the External Auditor plans audits of the financial statements so that the External Auditor has a reasonable expectation of identifying material misstatements and irregularities (including those resulting from fraud). The External Auditor’s work, however, should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud remains with WFP management.

389. During the audit, the External Auditor made enquiries of management regarding their oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to the risk of fraud, including any specific risks identified by management or brought to its attention. The External Auditor also enquired as to whether management had knowledge of any actual, suspected or alleged fraud, including enquiries by Internal Audit.

390. During 2024, WFP reported 114 cases of fraud valued at USD 6.5 million (2023: 103 cases valued at USD 8.2 million). Out of this amount, USD 0.8 million (2023: USD 0.4 million) were recovered. In addition, WFP reported 229 cases of theft and embezzlement valued at USD 12.2 million (2023: 158 cases at USD 102.0 million). Out of this amount, USD 0.4 million (2023: USD 1.1 million) were recovered. WFP reported 27 cases of presumptive fraud valued at USD 3.6 million (2023: 45 cases at USD 4.6 million). Cases of presumptive fraud related to ongoing investigations where amounts could be reasonably estimated.

6 Acknowledgement

391. The External Auditor wishes to express appreciation for the cooperation and assistance extended to the staff by the Executive Director, the Deputy Executive Director and Chief Operating Officer, the Chief Financial Officer, and the Assistant Executive Directors and their staff.

Annex

Status of implementation of recommendations up to 31 December 2023

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
1	WFP/EB.A/2022/6-H/1 chap. III, para 22	Management of Cooperating Partners	The External Auditor recommends that the registration of cooperating partners by country offices be made more reliable by completing the clean-up of their identifiers by the end of 2022 and preparing a guide for country offices on how to record data.	Data clean up: To address inconsistent identifiers of WFP's non-governmental organizations and data fragmentation across corporate systems, work was done to integrate data across corporate systems (COMET and WINGS) which has resulted in version 1 and version 2 of the partnerships tracker. Key aspects of data quality and consistency are available for country offices within the partnerships tracker to use to remedy data recording within source systems and promote ongoing validation. Additionally, the annual vendor master data cleanup exercise from the Chief Financial Officer's office ensures country offices review vendor master files to remove duplicates, identify inactive vendors, including non-governmental organizations and confirm data points, such as primary contact information, banking details, or addresses.	WFP cleaned master data to avoid duplications in non-governmental partners. WFP further published guidance on when and how to create new partners in the software solutions. However, WFP did not provide information about master data quality and processes for governmental partners and United Nations Agencies. Thus, the recommendation remains as under implementation.		X		
2	WFP/EB.A/2022/6-H/1 chap. III, para 27	Management of Cooperating Partners	The External Auditor recommends that a database of cooperating	The Operational Partnerships Unit's digital team has added a Temporary Duty assignment role to focus on the global use	The External Auditor noted that the partnership tracker DOTS is a well-established database for non-		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			partners be created in order to facilitate their administration and reporting on their management.	of the partnership tracker DOTS to increase countries' adoption and track usage. This will also focus on validation of the current data and capture gaps in data quality which already have existing key performance indicators in the platform. The Temporary Duty assignment role will also perform overall validation of cooperating partner data needed for the 360° dashboard and propose an improvement plan for better data quality and assurance.	governmental partners. The tool does not include governmental partners and United Nations agencies. The External Auditor also noted that WFP's efforts to improve data quality already pay off but will be continued during the year. The recommendation is considered to be under implementation.				
3	WFP/EB.A/2022/6-H/1 chap. III, para 41	Management of Cooperating Partners	The External Auditor recommends that the WFP central governance arrangements for cooperating partnerships be clarified and unified by consolidating responsibilities in a single unit or division at headquarters and by adapting the Corporate Guidance on WFP Management of nongovernmental organization partnerships and the contractual agreement template to take into account government partners.	Operational guidance: Complete In November 2024, the guidance on "Transferring WFP Resources Through Government Systems" was finalized and circulated by the Assistant Executive Director Programme Operations to all WFP Country Directors, Deputies and Heads of Programme, Regional Directors and Deputies, Headquarters Directors, and the Leadership Team. (completed) Whilst rollout of training on the new guidance is planned for 2025, discussions are ongoing to finalize the legal template for government partners. A key delay in finalization of the template is due to agreement on the way forward for PSEA clauses for governments. This will be raised in the newly established PSEA Task Force, with aim to complete before the deadline committed to in the Office of Evaluation "Evaluation Synthesis of WFP's Cooperating Partners". Internal	WFP clarified that under the thematic restructured organigram, WFP will not consolidate responsibilities for partnerships with non-governmental and governmental partners in one unit or department. Instead, for governmental partners, relevant divisions and services within the Programme Operations Department were engaged as applicable according to their respective areas of expertise. The Operational Partnership Unit is solely responsible for non-governmental partners. WFP has decided against consolidating responsibilities for all cooperating partner in a single unit or division and has not even defined responsibilities for governmental partners. Therefore, the			X	

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				agreement is also required on the advance payment clause, and review of the 4 standard annexes. Following the organizational re-alignment in 2024, it was agreed not to consolidate responsibilities for governments as cooperating partners into one unit within the Programme Policy and Guidance Division. This is due to the cross-functional nature of Governments as cooperating partners. The Delivery Partnerships Unit under Supply Chain and Delivery Division will support with technical implementation, whilst guidance will be supported and rolled out by the Programme Policy and Guidance Division.	recommendation is not implemented.				
4	WFP/EB.A/2022/6-H/1 chap. III, para 52	Management of Cooperating Partners	The External Auditor recommends that a partner capacity strengthening strategy be proposed as of 2022.	The Operational Partnerships Unit has embarked on the formulation of the capacity strengthening strategy for local partners, beginning with extensive consultations with internal and external stakeholders. The drafting phase is set to commence soon. This exercise will contribute to and be aligned with the WFP Localization Policy (https://executiveboard.wfp.org/document_download/WFP-0000165625) which is currently being drafted by the Programme Policy and Guidance Division and expected to be finalized by June 2025.	The External Auditor took note that the Operational Partnership Unit has arranged meetings with stakeholders to collect information for drafting the capacity strengthening strategy. The recommendation is considered to be under implementation.		X		
5	WFP/EB.A/2022/6-H/1 chap. III, para 101	Management of Cooperating Partners	The External Auditor recommends that risk analyses be conducted systematically in the	The Supply Chain and Delivery Division is collaborating with the Risk Management Division to embed fraud and financial risk indicators in the capacity assessment of	The Capacity Assessment Tool is a strong tool for identifying and rating operational risks at cooperating partners. The		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			selection of cooperating partners and that the results be shared at the regional and central levels.	cooperating partner s. The Supply Chain and Delivery Division Operational Partnership Unit is in the process of digitalizing and centralizing an improved capacity assessment tool within Partner Connect, ensuring transparency and oversight.	Cooperating Partner Committee is responsible for partner selection and is presented with the capacity assessment before partner engagement. The External Auditor noted that the Cooperating Partner Committee further assesses other risks, e.g. fraud or financial risks on an ad-hoc-basis, not systematically. The country offices' archive results of any partner related risk assessment and share the results with the regional bureaux and headquarters upon request. The recommendation is considered to be under implementation.				
6	WFP/EB.A/2022/6-H/1 chap. III, para 114	Management of Cooperating Partners	The External Auditor recommends that provision be made for the review by the local cooperating partner committees of any difficulties encountered in monitoring distributions.	The review of the Cooperating Partner Committee's terms of reference as of November 2024 was completed. Corporate guidance and systems for process monitoring issue escalation are in place, codified by the Executive Director Circular on Minimum Monitoring Requirements - July 2024 (OED2024/006), and associated technical guidance. These include the systematic monitoring of cooperating partners at field level, analysis and regular management updates for visibility and management decision-making. The review of any difficulties in monitoring distributions are outside the scope of the Cooperating Partner Committee and are governed by the	The recommendation aimed at establishing better cooperating partner monitoring and possibilities to flag problems early. The External Auditor agreed with WFP that monitoring and distribution issues are best handled by monitoring and evaluations. WFP provided documentation that shows the engagement of monitoring and evaluations in that regard. The recommendation is considered to be implemented.	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				monitoring and evaluation processes and escalation mechanism.					
7	WFP/EB.A/2022/6-H/1 chap. III, para 122	Management of Cooperating Partners	The External Auditor recommends that an improvement plan be presented to the cooperating partner committees for any partner with weaknesses, before any renewal of an agreement.	The improvement plan is an outcome of the cooperating partners performance evaluation in cases where there is underperformance. The revised Cooperating Partner Committee's terms of reference includes the review of all performance evaluation reports and improvements plans.	WFP has included the requirement to present performance assessment reports for cooperating partners to the Cooperating Partners Committee before renewing or extending a field level agreement into the Cooperating Partner Committee's terms of reference. The recommendation is considered to be implemented.	X			
8	WFP/EB.A/2022/6-H/1 chap. III, para 138	Management of Cooperating Partners	The External Auditor recommends that quantitative data on partnerships with local non-governmental organizations be included in annual country reports.	The Annual Country Report guidance for Cooperating Partners Management was updated and a section on localization was included in 2024, stipulating that country offices should report quantitative data on local partnerships.	WFP now requires percentage and overall resources channeled through all partnerships to be included in the annual country report. The recommendation is considered to be implemented.	X			
9	WFP/EB.A/2022/6-I/1 chap. III, para 28	Oversight by Management	The External Auditor recommends that the concept of oversight as used at WFP be clarified and standardized.	WFP is in the process of updating the 2018 WFP Oversight Framework to reinforce its approach to holistic accountability through a stand-alone accountability and oversight framework considering results of various oversight reviews, including the Joint Inspection Unit accountability framework review, the governance review commissioned by the WFP Executive Board in 2023 and the 2022 External Auditor review on oversight by management. Through this exercise, WFP will clarify the	WFP is updating the 2018 WFP Oversight Framework. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				definition of oversight in relation to first-, second-, and third-line responsibilities in the holistic accountability and oversight framework.					
10	WFP/EB.A/2022/6-I/1 chap. III, para 35	Oversight by Management	The External Auditor recommends that the roles performed by the various oversight structures be clarified.	Following the conclusion of the second phase of organizational restructuring in February 2024, WFP issued an Executive Director's Circular outlining committees with Leadership Group participation (OED2024/007). This Circular split the Oversight and Policy Committee into two: Policy Committee and Risk Committee. The Policy Committee focuses on strategies and policies; the Risk Committee focuses on corporate risk management instruments, the implementation and lessons learned from oversight recommendations. New circulars underwent consultation and will be issued after clearance. Lastly, WFP issued a circular renaming the Leadership and Senior Management Groups as the Leadership Team and Senior Management Team with clarified roles.	WFP has reviewed the committees with Leadership Group participation, abolished committees, and issued new circulars. The recommendation is considered to be implemented.	X			
11	WFP/EB.A/2022/6-I/1 chap. III, para 48	Oversight by Management	The External Auditor recommends that the meaning of the term "monitoring" be clarified in order to better distinguish the responsibilities of the three lines of defense.	In line with management's update to the above recommendation (number 9), the Risk Management Division is updating the 2018 WFP Oversight Framework to clarify the use and understanding of the word "monitoring" from the perspective of the first and second lines.	WFP is updating the 2018 WFP Oversight Framework. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
12	WFP/EB.A/2022/6-I/1 chap. III, para 85	Oversight by Management	The External Auditor recommends the introduction in all country offices of a mechanism for following up recommendations made by the regional bureau, as is done for recommendations from internal and external audits, for example in the R2 risk and recommendation management tool.	The Risk Management Division gathered feedback and developed a standardized tracking template with key data elements to be used by regional bureaux for oversight recommendation monitoring. This standardized data will be populated and will be used for the uploading of the recommendations into the new R2 system.	WFP is in the process of rolling out a new R2 risk and recommendation management tool to monitor, among others, oversight recommendations. The recommendation remains under implementation.		X		
13	WFP/EB.A/2022/6-I/1 chap. III, para 103	Oversight by Management	The External Auditor recommends that automated risk reporting be strengthened through the use of data input forms that make it possible to transfer information to the R2 software and to track successive changes.	In September 2024, WFP decided not to renew its contract with MetricStream, the former vendor for the R2 risk and recommendation management tool, and to replace the underlying software with a more appropriate and flexible tool, Salesforce. The Risk Management Division is planning to deliver a fully functioning Risk Management module for corporate use in the second quarter of 2025.	WFP is in the process of rolling out a new R2 risk and recommendation management tool that it will use, among others, for the country offices' risk registers. The recommendation remains under implementation.		X		
14	WFP/EB.A/2022/6-A/1 sec. 1, chap. III, para 47	Audited Annual Accounts 2021	The External Auditor recommends to revise the directives, circulars and guidance documents on the management of funding agreements to ensure consistency and to include, as appropriate,	The Delegation of Authority Executive Director Circular was published, requiring that non-standard clauses in funding agreements be reviewed by the relevant substantive area. Decision paths and language consistency, as noted in the recommendation, have been addressed through updated internal guidance. Additionally, a tool to support the	WFP is in the process of procuring and configuring a new tool for contribution agreement management ("docusign") for contract lifecycle management. The new tool will include clear approval steps and processes (embedded decision tree). The		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			a decision tree that specifies the consultations and decisions at each stage, depending on the circumstances and types of contributions.	negotiation of agreement terms is currently under configuration to further enhance consistency and clarity in the management of funding agreements.	recommendation remains under implementation.				
15	WFP/EB.A/2023/6-G/1 chap. C, para 38	Fuel management	The External Auditor recommends that WFP review and update the supplier roster at least once per year.	The review of the aviation fuel vendors' roster was initiated in mid-2024. It included market research for new potential vendors and evaluation of performance of the contracted ones together with other observations and criteria. The existing vendor list and new potential vendors identified through market research were included. The next step will be through the digital SmartSourcing platform to finalize the vendors' review and inclusion into the final roster list as per the standard registration process established for goods and services suppliers, and the frequency will be based on the type of roster and upcoming sourcing events.	The review process is ongoing. The recommendation remains under implementation.		X		
16	WFP/EB.A/2023/6-G/1 chap. C, para 52	Fuel management	The External Auditor recommends that WFP monitor how country offices and regional bureaux manage fuel provision for vehicles; evaluate the reasons for the lack of long-term agreements; and	WFP completed a survey and analysed the reasons behind the limited number of long-term agreements for fuel procurement in country offices. An Information Memorandum was issued to all Management Services staff regarding updates to the Management Services Manual, emphasizing long-term agreements as the standard procurement method. In parallel, WFP monitored and	WFP provided survey results with a comprehensive analysis how country offices and regional bureaux manage fuel provision for vehicles. Furthermore, WFP updated its Manual to emphasize the importance of establishing long-term agreements as standard procurement modality for fuel purchases in WFP and developed a	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			support offices by sharing best practice.	supported fuel management in country offices through Fleet Optimization missions. To support field offices, WFP developed fuel management training materials as Module 2 under the Fleet Management programme. Additionally, Fuel Management guidelines were also developed in coordination with an outsourced fuel expert, which are currently under internal review.	fuel management guidance. The recommendation is considered to be implemented.				
17	WFP/EB.A/2023/6-G/1 chap. C, para 54	Fuel management	The External Auditor recommends that WFP reduce cash payments for vehicle fuel.	WFP completed the survey and analysed the reasons of the use of cash in country offices. WFP issued an Information Memorandum to all Management Services staff on the update of Section 7.7.10. Fuel Management, Chapter 7 of the Management Services Manual, to provide guidance on the exceptional use of cash for fuel purchases. WFP upgraded the Fleet Management system to capture fuel payment modalities, cash, fuel cards, fuel coupons and vouchers, enabling to monitor the cash usage per fuel transactions.	WFP has analysed the modalities of fuel payments. Through various optimizations, WFP has achieved a steady increase in fuel cards and vouchers. WFP stated that cash payments were still necessary, e.g. in emergency situations or in remote areas. WFP determined a low rate of cash payments (six to seven percent). The recommendation is considered to be implemented.	X			
18	WFP/EB.A/2023/6-G/1 chap. C, para 65	Fuel management	The External Auditor recommends that WFP explore further options on how to improve data quality in the Fleet Management System, e.g., by automated data transfers from the supplier’s database or	WFP explored further options on how to improve the data quality by integrating fuel supplier’s data into the Fleet Management System. The data integration module has been developed in the Fleet Management System and it is under testing.	WFP explored options and identified solutions to integrate at least the data of some suppliers. The recommendation is considered to be implemented.	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			by uploading data reports.						
19	WFP/EB.A/2023/6-G/1 chap. C, para 100	Fuel management	The External Auditor recommends that WFP capitalize fuel that is held on stock to improve oversight on fuel management.	WFP formed a cross-divisional working group to develop a fuel capitalization technical solution. Key technical components have been discussed and draft accounting procedures updated. The solution testing plan has been drafted and the master data setup request raised. WFP plans to test the solution in early 2025 and start with a pilot country office after solution testing.	WFP has developed an accounting solution to capitalize the fuel stock and plans the roll out after a successful pilot test. The recommendation is considered to be under implementation.		X		
20	WFP/EB.A/2023/6-G/1 chap. C, para 104	Fuel management	The External Auditor recommends that WFP establish a corporate guidance on the accounting processes of aviation, vehicle and facility fuel providing instructions on the consistent asset recognition and management of fuel.	WFP will issue corporate guidance on the operational and accounting procedures for consistent asset recognition, expensing and overall management of fuel.	WFP plans to issue a corporate guidance on the operational and accounting procedure. The recommendation is considered to be under implementation.		X		
21	WFP/EB.A/2023/6-G/1 chap. C, para 116	Fuel management	The External Auditor recommends that WFP record and regularly monitor the data on energy production of its solar power systems and analyse the reasons for low energy production.	During the last quarter of 2024, actions were undertaken towards improving network connections of energy meters installed in field locations to enable real time data transfer, validation and visualization. WFP developed guidance for field technicians to install and connect energy meters. Evaluation of both ARCHIBUS, the corporate software solution for facilities	WFP stated that it was evaluating the functionality, compatibility, simplicity, and cost of different solutions. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				management, and the Field Remote Infrastructure Monitoring tool is ongoing and management is awaiting revised pricing structures for both platforms. Once annual cost estimates are received for each option, business cases will be developed for management, and the most cost-effective technically compliant solution will be selected.					
22	WFP/EB.A/2023/6-F/1 chap. C, para 15	Support services	The External Auditor recommends that WFP define mandatory criteria for the registration of goods and services suppliers and consider differentiating between different levels of registration.	The development of the supplier relationship management module in the Smart Sourcing Platform, a procurement End2End digital solution, encompasses a fully digitalized onboarding process with segregation of duties and a more structured review and approval process for suppliers by category. It includes a more comprehensive process of qualification of food suppliers, and a simplified pre-qualification process for goods and services suppliers based on established minimum mandatory criteria, which are being reflected in the updated Procurement and Supplier Relationship Management Manuals. In December 2024, the SmartSourcing Platform was rolled out in 1st wave country offices alongside comprehensive training.	WFP plans to clarify the requirements in the Procurement Manual. The recommendation remains under implementation.		X		
23	WFP/EB.A/2023/6-F/1 chap. C, para 23	Support services	The External Auditor recommends that WFP define the minimum requirements that a supplier has to fulfil to be included in the	The development of the supplier relationship management module in the SmartSourcing Platform encompasses a fully digitalized onboarding process with segregation of duties and a more structured review and approval process	WFP plans to clarify the requirements in the Procurement Manual. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			supplier roster; and provide respective guidance to the offices outside headquarters.	for suppliers by category. It includes a more comprehensive process of qualification of food suppliers, and a simplified pre-qualification process for goods and services suppliers based on established minimum mandatory criteria, which are, being reflected in the updated Procurement and Supplier Relationship Management Manuals. In December 2024, WFP rolled out the SmartSourcing Platform in first wave country offices alongside comprehensive training.					
24	WFP/EB.A/2023/6-F/1 chap. C, para 37	Support services	The External Auditor recommends that WFP stipulate that, as a general rule, at least three quotations that meet WFP's requirements must be obtained; and define in which cases it is justified to request only one quotation before awarding an MPO.	WFP is in the process of updating the Goods and Services Procurement Manual to clarify conditions on minimum requirements for micro-purchase order (MPO) which will specifically address the issue of "whether 3 quotations should be requested or received for MPO". This will be implemented once the Manual is updated. The MPO process will change significantly as part of the rollout of the SmartSourcing system/platform roll-out, done in consultation with business units. Additionally, MPO Focal Points appointment Memo is being developed to clearly define MPO requirements and justification protocols, planned for completion in November 2024.	WFP plans to clarify the requirements in the Procurement Manual. The recommendation remains under implementation.		X		
25	WFP/EB.A/2023/6-F/1 chap. C, para 38	Support services	The External Auditor recommends that WFP strengthen its review and oversight regarding MPOs of headquarters'	As part of the procurement transformation project, WFP is updating the Procurement Manual to reflect process changes, align with WFP's normative framework, and best practices. The update will include	The External Auditor took note of the ongoing efforts. The External Auditor holds that WFP should also use analytics such as the DOTS dashboard for		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			divisions and offices outside headquarters to ensure compliance, to offer advice and to identify options for consolidated procurement.	oversight of MPOs issued by headquarters' divisions and other offices to ensure compliance, including analysis on long term agreement MPO categories. To date, WFP has implemented a DOTS dashboard for tracking MPOs and performs random compliance checks on MPO Assurance Statement which revealed areas for improvement. These findings have informed the development of targeted training materials and are directly contributing to the revision of the Manual, specifically concerning MPOs.	monitoring/oversight. The recommendation remains under implementation.				
26	WFP/EB.A/2023/6-F/1 chap. C, para 47	Support services	The External Auditor recommends that WFP consider to centralize the procurement functions at headquarters in one branch.	The reorganization of the Supply Chain and Delivery Division was undertaken within the context of the larger realignment exercise announced by the Executive Director in 2023. Defining the structures and composition of the departments was an iterative process with WFP leadership. For the Supply Chain and Delivery Division, the Assistant Executive Director, Programme Operations Department, led the realignment process with the directors of the respective divisions under her command. This resulted in a leaner structure, bringing all assistance modalities within the Supply Chain and Delivery Division, creating greater integration, coherence and accountability.	WFP reorganized the supply chain function. The recommendation is considered to be implemented.	X			
27	WFP/EB.A/2023/6-F/1	Support services	The External Auditor recommends that WFP establish a corporate	WFP issued corporate guidance, including a naming convention and file structure, in October 2024. Upon inputs from the	WFP has issued guidance on electronic record-keeping for personnel files. The	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
	chap. C, para 56		guidance or instruction on electronic record-keeping for personnel files, including a consistent e-file structure and a naming convention for documents.	External Auditor, WFP included additional details and re-issued the guidance in March 2025. The re-issued guidance was circulated directly to relevant headquarters’ Human Resources focal points, all regional Human Resources leads and Human Resources focal points in all WFP country offices. The guidance was also published directly within Workday.	recommendation is considered to be implemented.				
28	WFP/EB.A/2023/6-F/1 chap. C, para 68	Support services	The External Auditor recommends that WFP continue to regularize posts in line with staffing needs and the stipulations of the Staffing Framework.	WFP continues to regularize positions in line with staffing needs and requirements of WFP staffing framework, with transition period recently extended though an Executive Director Circular (OED2025/003) until the end of 2026. WFP is using a dashboard and other resources to regularly monitor and support implementation. As of the end of December 2024, WFP reduced the proportion of employees on short-term contracts to 44 percent, surpassing the 46 percent target for the end of 2025.	The process is still ongoing. The recommendation is considered to be under implementation.		X		
29	WFP/EB.A/2023/6-F/1 chap. C, para 83	Support services	The External Auditor recommends that WFP create a new guideline and a template for disaster recovery planning of the country offices and regional bureaux as soon as possible.	WFP’s Technology Division issued pre-filled templates of business continuity and disaster recovery plans to all country offices (April 2024). The communication was conveyed in an email from the Chief Information Officer to all IT officers and regional IT officers, underscoring the importance of maintaining clear procedures around business continuity and disaster recovery. The message highlighted the inherent connection between preparedness and business	WFP issued a new guidance and a template for the disaster recovery plan. The recommendation is considered to be implemented.	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				continuity, inviting the offices to leverage guidance for a holistic approach to this entire risk management area.					
30	WFP/EB.A/2023/6-F/1 chap. C, para 93	Support services	The External Auditor recommends that WFP review the current IT landscape to identify overlapping capabilities/solutions and to avoid duplications.	The application rationalization exercise defined the disposition of systems based on their business value and technical alignment, following the 4R model (Retain, Retool, Redesign, Retire). As a result, 410 business applications were identified as in scope. The rationalization exercise involved: •Eliminating duplicate and redundant solutions; •Filtering out non-production applications that were inactive or not yet deployed; •Applying assessment criteria to focus on applications critical to business operations; •Validating findings with key stakeholders to confirm the status and future disposition of each application. A yearly update will be provided to the External Auditor on business applications identified.	The process is still ongoing. The recommendation is considered to be under implementation.		X		
31	WFP/EB.A/2023/6-F/1 chap. C, para 94	Support services	The External Auditor recommends that WFP strengthen the authority of the Technology Division regarding the implementation of new IT solutions.	WFP prepared an Executive Director’s Circular reaffirming and clarifying Technology Division’s authorities over the full range of information and technology activities within and by WFP, based on international best practice frameworks. The Circular underwent consultations with Legal Office, Digital Business and Technology Committee and will be	The External Auditor noted that WFP is drafting an Executive Director Circular which will strengthen the authority of the Chief Information Officer. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				submitted to the Leadership Team for approval.					
32	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 38	Audited Annual Accounts 2022	The External Auditor recommends that WFP ensure a comprehensive data management of all contribution agreements including annexes and make them electronically available to all relevant staff.	WFP procured the tool as planned and is operationalizing it in 2025.	WFP is in the process of procuring a new tool for contribution agreement management ("docusign") for contract lifecycle management. The new tool will include clear approval steps and processes (embedded decision tree). The recommendation remains under implementation.		X		
33	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 43	Audited Annual Accounts 2022	The External Auditor recommends that WFP ensure a coherent and more standardized wording for future contribution agreement negotiations to facilitate the management of and accounting for contribution agreements.	WFP issued guidance on Management of Non-standard Clauses in Contribution Agreements, including the process for agreement review and clearance, to facilitate the management of and accounting for contribution agreements.	WFP has established new guidance for non-standard contribution agreements. The guidance includes concrete instructions how to proceed in red line cases etc. and addresses the recommendation.	X			
34	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 53	Audited Annual Accounts 2022	The External Auditor recommends that WFP consider the development of an identifier for contribution payments to automatically match incoming payments with open contributions receivable.	The ‘external reference’ field has been used as the agreement identifier when registering contributions. It is being enhanced as part of WFP’s "Harmonising Contribution and Donor Management” project. The process definition document on automation of the Treasury Clearing Account clearing was prepared, although the project has been on hold, pending funds availability.	WFP initiated as part of its "Harmonising Contribution and Donor Management” project the automated match of contribution payments to the open contribution receivables. The recommendation is considered to be under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
35	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 64	Audited Annual Accounts 2022	The External Auditor recommends that WFP change its accounting policy on the expense recognition of food commodities handed over to cooperating partners and record these commodities as inventories and expense them only when distributed to beneficiaries.	WFP will roll out its new stock management tool in conjunction with the issuance of a new accounting policy on the expense recognition of food commodities.	The External Auditor took note of the new cooperating partners' stock management tool, which was piloted in Ethiopia in January 2025 and the envisaged connectivity with SCOPE in-kind. However, the recommendation remains under implementation as long as the expense recognition of food commodities handed over to cooperating partners is not adjusted and a new accounting policy is issued.		X		
36	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 87	Audited Annual Accounts 2022	The External Auditor recommends that WFP enhance the disposal process of unused, broken, or outdated tangible assets and perform an analysis to identify the root cause for the high percentage of fully depreciated property, plant, and equipment.	To accelerate the disposal of WFP assets that are unserviceable or no longer needed by the Programme, Management Service Division needs additional disposal officers. The current limitations in WFP hiring processes have slowed down the increase of the required staff. In parallel, WFP will expand the use of the WFP Online Auction Tool and enhance its key features to increase the number of assets auctioned each year.	WFP enhanced the Asset Management Opportunities dashboard to generate reports identifying assets that are idle or obsolete, and prompting their timely disposal. Next, WFP developed the Property Survey Board Online tool. The tool aims to a faster, standardized, and more streamlined disposal process. However, the ratio of items in use to those active and not in use has not changed significantly due to a changed composition of the respective categories. For example, the number of broken items was more or less stable from September 2023 to March 2025. The External Auditor considers the recommendation as under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
37	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 94	Audited Annual Accounts 2022	The External Auditor recommends that WFP review the asset management processes and applications in use to simplify data input, reduce manual workload and enhance its asset management reports by adding the aging, residual useful life, accumulated and current depreciation and net book value as a standard functionality to support the monitoring and asset management processes.	The enhancement relating to the residual useful life of assets has now been completed and forms part of the dashboard. The current dashboard now shows information such as aging of assets, accumulated depreciation, asset residual value, and asset residual useful life.	The External Auditor noted that the Asset Management Dashboard offers the option to add information such as the ageing, depreciation, and residual value to the Global Equipment Management System report. The Global Equipment Management System report provides more information to better monitor and manage WFP assets. The recommendation is considered to be implemented.	X			
38	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 118	Audited Annual Accounts 2022	The External Auditor recommends that WFP conduct a comprehensive cost-benefit analysis of the outsourcing of parts of the payroll process to an external service provider considering the risks involved and the benefits achieved.	Following further internal assessment, WFP has incorporated the cost-benefit analysis exercise into a more comprehensive Critical Corporate Initiative focused on digital integration and modernization. The analysis will align concurrent efforts to upgrade WFP's enterprise resource planning system. The Critical Corporate Initiative is part of the Management Plan 2025-2027, which was approved by the Executive Board in November 2024.	WFP decided to scope out the payroll process when introducing Workday. Thus, throughout 2024, the locally recruited staff in the field continued being payrolled by United Nations Development Programme, subject to the criticized factors (costs, potential manual errors). In 2024, WFP decided to incorporate the cost-benefit analysis exercise into a more comprehensive Critical Corporate Initiative. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
39	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 134	Audited Annual Accounts 2022	The External Auditor recommends that WFP improve the danger pay process in terms of automatization, certification, calculation, and monitoring in the country offices to ensure that danger pay is calculated correctly and only paid for eligible days.	WFP has implemented the danger pay process in the Workday human capital management system. Employees are now prompted to insert their danger pay request on time each month in Workday, and it is calculated within the system. Workday also captures and shows attendances and approved absences to facilitate cross-checking against danger pay requests, prior to approval. It is supported by integrated and automated danger pay reports showing requests, approval statuses and established amounts payable for each employee. For WFP's national staff, attendances, absences and danger pay calculations are transmitted to their payroll service provider's system (UNDP's human capital management system) and payments are made accordingly. For the remaining employees, danger pay calculations are transmitted to the respective payroll system, i.e., Pasport for service contracts/special service agreements and SAP for all others, and the payment is made accordingly.	WFP implemented the recording and approval of danger pay days and the calculation of the monthly amount in Workday. Workday showed attendances and approved absences to facilitate cross-checking against danger pay requests, prior to approval. In 2024, the External Auditor found that danger pay had been disbursed although days had not been approved, irregular overall spending trends, and double payments due to ongoing manual entries for initiating the payout. The recommendation remains under implementation.		X		
40	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 136	Audited Annual Accounts 2022	The External Auditor recommends that WFP enhance documentation requirements and establish detective controls to review in predetermined intervals	WFP implemented new measures to enhance its documentation requirements and detective controls. It introduced a periodic random sample analysis exercise for key entitlements at pre-determined intervals to strengthen oversight and compliance and developed standard operating procedures. The exercise aligns	WFP introduced a periodic random sample analysis exercise for key entitlements at pre-determined intervals to strengthen oversight. WFP issued a respective standard operating procedure effective 20 September 2024. The	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			the correctness of entitlements disbursed.	with the existing annual verification. With the rollout of the new human capital management system, Workday, additional control mechanisms are embedded in key human resources processes. Workday supports document submission requirements by preventing further processing actions when mandatory documentation is missing. The system also offers greater visibility into the flow of actions and approvals for each process.	recommendation is considered to be implemented.				
41	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 151	Audited Annual Accounts 2022	The External Auditor recommends that WFP further roll out and enhance corporate standard technical solutions for cash-based transfer reconciliation at country office level.	As part of the Global Assurance Project, WFP developed a reconciliation service package to support country offices in strengthening their reconciliation processes. The service includes support to country offices on how to close reconciliation gaps as well as technical solutions to perform reconciliation processes in WFP's digital beneficiary information and transfer management platform (SCOPE), through the Data Assurance Team, or using the newly developed Data Assurance and Reconciliation Tool.	The External Auditor noted that WFP enhanced existing guidance and developed a tool for country offices to reconcile cash-based transfers. Country offices received trainings and webinars to learn how to use the tool. The recommendation is considered to be implemented.	X			
42	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 156	Audited Annual Accounts 2022	The External Auditor recommends that WFP strengthen the oversight activities related to cash-based transfer delivery processes to ensure coherent corporate transfer reconciliations.	Reconciliation, being one of the Identity Management benchmarks under the Global Assurance Project, is part of various monitoring exercises (for example, the Cash Assurance Monitoring Tool and the Annual Executive Director Assurance Exercise). It also forms part of the oversight performed by the regional offices to ensure compliance with	WFP introduced a cash assurance monitoring tool showing the status of compliance of country offices with cash assurance requirements including reconciliation. This can be used by regional bureaux to plan their oversight missions. Reconciliation of cash-based transfers is one of the items	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				assurance standards. WFP has developed a reconciliation service package to support country offices in strengthening their reconciliation processes, meeting assurance standards, and identifying gaps and areas for improvement.	covered by oversight missions over country offices. Regional bureaux also follow up on recommendations given during oversight missions. The recommendation is considered to be implemented.				
43	WFP/EB.A/2023/6-A/1 sec. 1, chap. C, para 195	Audited Annual Accounts 2022	The External Auditor recommends that WFP automate the process of internal transaction elimination to ensure the completeness of such eliminations, to reduce the risk of manual errors, and to make the process more time efficient.	The main prerequisites for an automated internal transaction elimination are in place. System controls disallow mixing internal and external transactions and a new Financial Statement version segregating internal/external accounts have been implemented. Travel module changes for segregation of internal/external transactions are under testing. A health insurance solution for journal vouchers split of internal/external is under development. The automation component is on hold, subject to funding; however, even without it, the new set of controls reduces the risk of misstatement to minimum, and, together with new Financial Statement versions reduces time required to perform quarterly elimination of internal transactions.	The External Auditor noted enhancements in the elimination process. However, the process is not yet automatized. The recommendation is considered to be under implementation.		X		
44	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 34	Audited Annual Accounts 2023	The External Auditor recommends that WFP improve the reliability of its funding forecast and set clear thresholds when ad hoc supplementary notifications to the	WFP acknowledges the recommendation and notes that it is not yet due for implementation. WFP has developed a new standard operating procedure to enhance the reliability of its funding forecasts, alongside a dedicated tool to support their preparation and approval. These measures aim to improve	WFP has established a standard operating procedure that describes the forecasting process in detail. WFP established additional approval requirements by the directors to enhance the reliability of the forecasts. Ad hoc or regular information to the			X	

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			Executive Board are required.	consistency and accuracy in forecasting processes.	Executive Board is not envisaged and considered in the process. Therefore, the recommendation is considered to be not implemented.				
45	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 35	Audited Annual Accounts 2023	The External Auditor recommends that WFP propose to the Executive Board criteria of required Management Plan revisions in case of variances in the funding projections to enable an amendment of the General Rules or Financial Regulations.	As part of the Management Plan 2025-2027, more detailed draft decisions were included for the Executive Director's authority to change the budget given specific changes in the contribution forecast (draft decisions iv and v). If a change in contribution level and change in Programme Support and Administrative budget falls within what is stipulated in the draft decisions, then a Management Plan revision would not be needed. Pending to confirm if specific changes to the rules and regulations are deemed necessary.	The External Auditor acknowledged the more detailed draft decisions for the Executive Director's authority to change the budget given specific changes in the contribution forecast. However, a consultation with the Executive Board is pending, on whether the General Rules or Financial Regulations would need to be amended. The recommendation remains under implementation.		X		
46	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 49	Audited Annual Accounts 2023	The External Auditor recommends that WFP in line with Financial Regulation 9.4 provide the Executive Board with one document that compares the proposed budget with the current approved budget and the modified current budget and allows for the approval of the annual WFP budget, for example in an annex to the Management Plan that contains the country strategic plans	WFP acknowledges the auditor's request for a procedural document outlining the key elements to be included in a Management Plan. WFP will begin working on drafting the document accordingly. At the same time, WFP will continue working to provide a link with Statement V of the Financial Statements.	The External Auditor appreciated the additional information in Annex VI of the Management Plan. WFP agreed to establish a procedural document to outline the requirements for Country Strategic Plan presentations in the Management Plan to establish this as a recurrent information and to provide a link between the approved budget and the Statement V in the financial statements. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			of all country offices in the approval periods.						
47	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 57	Audited Annual Accounts 2023	The External Auditor recommends that WFP rework the programme support and administrative equalization account related information in the Management Plan, provide to the Executive Board the latest available budgetary actuals, ensure that closing and opening balances are reconciled and provide explanations if assumptions change retrospectively.	WFP acknowledges the auditor’s request for a procedural document outlining the key elements to be included in a Management Plan. WFP will begin working on drafting the document accordingly. Upon discussion with Executive Board members, it was agreed that presenting the information in a table would be confusing and distracting from the new requests.	The External Auditor appreciated the additional information in the Management Plan. WFP agreed to establish a procedural document to outline the requirements for Program Support and Administrative Equalization Account presentations in the Management Plan to establish this as a recurrent information and to extent or replace the narrative information by a table. The recommendation remains under implementation.		X		
48	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 68	Audited Annual Accounts 2023	The External Auditor recommends that WFP improve the approval request of its critical corporate initiatives in the Management Plan, present the historical movement of the single initiatives, prior year carry-overs, and expenditures.	WFP acknowledges the auditor’s request for a procedural document outlining the key elements to be included in a Management Plan. WFP will begin working on drafting the document accordingly.	The External Auditor appreciated the additional information in the Management Plan. WFP agreed to establish a procedural document to outline the requirements for Critical Corporate Initiative presentations in the Management Plan to establish this as a recurrent information. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
49	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 69	Audited Annual Accounts 2023	The External Auditor recommends that WFP propose to the Executive Board definitions and criteria when and under which conditions funding can be set aside for critical corporate initiatives. The proposal should enable the Executive Board to execute its governance role and consider an amendment of the General Rules or Financial Regulations.	Internal work and discussion with Executive Board members on this topic are ongoing.	The External Auditor noted that the discussions with the Executive Board were ongoing to determine amendments to the Financial Rules and Regulations to include definitions and criteria for critical corporate initiative. The recommendation remains under implementation.		X		
50	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 73	Audited Annual Accounts 2023	The External Auditor recommends that WFP ensure well-coordinated and aligned roles and responsibilities of corporate and operational budget functions in the new organizational structure.	From a policy and governance perspective, the two functions are well-structured and aligned. Executive Director Circular OED2024/007 on Internal Committees clarified committee responsibilities and assigned the Corporate Planning, Budgeting and Reporting Service as the Secretariat for the Global Budget Committee, overseeing the corporate budget, and Programme Budget Management Service as the Secretariat for the Multilateral Budget Committee, managing the operational budget. The September 2024 letter from the Executive Director to the Chief Financial Officer affirmed his mandate as the sole custodian of WFP's key financial and budgetary information and confirmed his	The External Auditor took note of the Executive Director's Circular, which clarifies responsibilities for the corporate and the operational budget. Moreover, the letter of the Executive Director to the Chief Financial Officer clearly stipulates the organizational focal point and advisor role of the Chief Financial Officer on all matters that have material financial and economic implications for WFP and the responsibility for monitoring and mitigating financial risks across the organization. The recommendation is considered to be implemented.	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				role in designing and implementing approved budget governance frameworks.					
51	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 78	Audited Annual Accounts 2023	The External Auditor recommends that WFP update and consolidate its budget related manuals and guidance documents, establish review dates to ensure that the documents are kept up to date, and set up a systematic file keeping of the applicable budgetary framework at one place.	With an exceptionally heavy workload to administer the 2024 budget under the new organizational structure and coordinate and administer the programme support and administrative budget reductions and update to the WFP Management Plan (2024-2026) this work has been delayed.	The External Auditor noted that WFP has not made progress on the implementation of the recommendation so far. Therefore, the recommendation is considered to be not implemented.			X	
52	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 80	Audited Annual Accounts 2023	The External Auditor recommends that WFP review budget related definitions and decisions at a level below the General Rules and Financial Regulations for the need to transform these into General Rules or Financial Regulations and make a corresponding proposal to the Executive Board.	Internal work and discussion with Executive Board members on this topic are ongoing.	The External Auditor noted that the discussions with the Executive Board were ongoing to determine amendments to the Financial Rules and Regulations. The recommendation remains under implementation.		X		
53	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 87	Audited Annual Accounts 2023	The External Auditor recommends that WFP review and improve the content and format of its Annual Performance	For the Country Office Annual Performance Plan, organizational responsibilities have shifted as part of the organizational transformation. Subsequently, WFP has decided to	The External Auditor noted that the implementation of the recommendation has been delayed due to a shift in organizational responsibilities and that WFP			X	

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			Plan, particularly shorten the narratives in favour of tabular presentations of system integrated budget and financial data to better enable the performance measurement and management.	postpone a corporate revision of the Country Office Annual Performance Plan tool. This will allow WFP to learn from the headquarters'/regional bureaux' new tools that are being rolled out and adapt them to the Annual Performance Plan.	decided to postpone a corporate revision of the country offices' Annual Performance Plan tool. The recommendation is not implemented.				
54	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 96	Audited Annual Accounts 2023	The External Auditor recommends that WFP review its internal control related questionnaires for overlaps and potential consolidation, complement yes or no questions by objectively calculated key performance indicators and review the software tool in terms of user friendliness and cost-benefit of its functionalities.	WFP reviewed the Letter of Representation and Executive Director Assurance Exercise questionnaires for duplication and revised them and the related guidance accordingly. WFP also clarified the distinction between the two questionnaires in webinars and regional workshops. WFP has no plan to consolidate the two questionnaires. In September 2024, Salesforce was selected to replace the existing R2 risk and recommendation management platform. WFP plans to use Salesforce for the 2025 Letter of Representation and Executive Director Assurance Exercises commencing in Q4 2025. Linkages with corporate Key Performance Indicators platforms have been retained and will continue to be improved.	WFP decided to use a different software for its internal control related questionnaires in future. WFP plans to integrate improved key performance indicator in that software. The recommendation is considered to be under implementation.		X		
55	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 101	Audited Annual Accounts 2023	The External Auditor recommends that WFP strengthen the awareness of country offices on the importance of	In 2024, as part of its annual review, WFP revised the questionnaire for the Executive Director's Assurance Exercise, the corporate self-assessment on internal controls, completed by all offices. Updates addressed control failures from 2023 and	WFP raised the awareness of country offices on the importance of monitoring and reconciliation requirements in various areas and addressed additional questions in the self-assessment internal	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			monitoring and reconciliation for example in the areas of procurement, school-based transfers and cash-based transfers and their documentation, and request country offices to report on their monitoring and reconciliation activities in the self-assessment internal control questionnaires.	aligned with the WFP Global Assurance Framework (OED2024/004). Revisions to the 'Field Monitoring' and 'Delivery Assurance and Identity Management' sections introduced questions on monitoring and reconciliation, beneficiary list accuracy, household verification (annual), and reconciliation processes after each in-kind distribution/cash transfer cycle. They also cover quarterly monitoring data reconciliation, distribution site visits, and compliance with Minimum Monitoring Requirements (OED2024/006) coverage and frequency.	control questionnaires. The recommendation is considered to be implemented.				
56	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 107	Audited Annual Accounts 2023	The External Auditor recommends that WFP consider additional procedures to ensure compliance with its anti-fraud and anti-corruption policy particularly in view of sanctioned vendors and donor requirements.	WFP has begun a detailed review of the WFP sanction vetting procedures and the donor sanction vetting requirements. Once the review is complete, if required, WFP will design and implement additional procedures to mitigate the risk of engaging with sanctioned vendors.	The External Auditor noted that WFP started to review additional procedures to ensure compliance with its anti-fraud and anti-corruption policy particularly in view of sanctioned vendors and donor requirements. Further actions were not yet performed. The recommendation is considered to be under implementation.		X		
57	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 117	Audited Annual Accounts 2023	The External Auditor recommends that WFP conduct reviews of post factum cases at headquarters biannually based on a complete list of post factum cases, prepare the final global activities report	As part of the procurement transformation project, WFP has begun implementing an end-to-end automated procurement system ("the smart sourcing solution"). The system design includes a dedicated approval workflow for post-factum purchases which is being rolled out gradually from February to November 2025. This feature will facilitate both the	The External Auditor took note of WFP's initiative to implement an end-to-end process automated procurement system that aims to facilitate the identification of post-factum purchases and the analysis of such cases. While the roll-out is ongoing, the recommendation is		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			including analysis and comments, and submit the report to the Deputy Executive Director and Chief Financial Officer for their information and further action, should they deem necessary, on yearly basis.	identification, and a more comprehensive review and analysis of post-factum purchases for WFP offices that have already adopted the smart sourcing solution. In the meantime, only spot checks are possible.	considered to be under implementation.				
58	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 118	Audited Annual Accounts 2023	The External Auditor recommends that WFP reduce post factum cases in the categories poor planning and internal oversight and ensure that post factum cases are limited to exceptional cases.	As part of the procurement transformation project, WFP has begun implementing an end-to-end automated procurement system ("the smart sourcing solution"). The system design includes a dedicated approval workflow for post-factum purchases, which is being rolled out gradually from February to November 2025. This feature will facilitate the identification, and a more comprehensive review and analysis of post-factum purchases for WFP offices that have already adopted the smart sourcing solution.	The External Auditor noted WFP's initiative to automate the approval workflow for post-factum purchases. While the roll-out is ongoing, the recommendation is considered to be under implementation.		X		
59	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 123	Audited Annual Accounts 2023	The External Auditor recommends that WFP enhance its internal controls over ex gratia and write-off authorizations.	Internal controls over ex-gratia and write-off authorizations have improved. Reconciliations have been completed and the audit trail enhanced. For 2024, WFP maintained a tracking sheet of all payments posted and reviewed the related memos and reporting templates. These postings include special separation measures for national employees in regional and in country offices. Postings	WFP enhanced its documentation of ex gratia and write-off authorizations. WFP established a file that reconciles decision memoranda to the recorded amounts. The recommendation is considered to be implemented.	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				for the year ended 31 December 2024 have been shared with the external auditors.					
60	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 130	Audited Annual Accounts 2023	The External Auditor recommends that WFP improve compliance of country offices with existing guidance on grants management in terms of grant utilization within the terminal disbursement dates. WFP should, for example, request mandatory functional consultation of headquarters, and avail mandatory and additional trainings and capacity building measures to country offices.	In 2024, WFP organized two trainings on how to monitor grant validity and request extensions, to reinforce the existing corporate guidance.	The External Auditor took note that WFP conducted trainings and published guidance on how to improve grants management and regular consultations with headquarters. The recommendation is considered to be implemented.	X			
61	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 131	Audited Annual Accounts 2023	The External Auditor reiterates its recommendation that WFP ensure that corrections for donor reporting purposes are not recorded in subsequent financial years.	Further guidance on cross-year adjustments was provided through various corporate communications, including the updated United Nations Mapping Table and Year-End Actions; Guidance on United Nations Contributions; United Nations Quick Guide; and the 2024 Guides to the Accounts Closure Process and Preparation of the Interim and Year-End Financial Statements. The issue of cross-year adjustments was also a key message in several cross-functional webinars and one regional workshop.	In addition to the activities listed, WFP stated that it considered the recommendation as ongoing. The External Auditor took note of actions taken by WFP. However, several sensitization initiatives are ongoing. The recommendation is considered to be under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
62	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 138	Audited Annual Accounts 2023	The External Auditor recommends that WFP headquarters and regional bureaux strengthen their oversight role and request stack cards from country offices on spot check basis to review if they are accurate and up to date.	WFP updated the Logistics Manual to include strengthening of the oversight function and related guidelines.	The External Auditor takes note of the clarification in the Logistics Manual that includes stocks held in WFP managed warehouses and in third-party storage locations in the physical count exercise. The Logistics Manual stipulates the content of stock cards. The recommendation is considered to be implemented.	X			
63	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 140	Audited Annual Accounts 2023	The External Auditor recommends that WFP ensure that its staff physically inspect food commodities stored at third-party locations such as ports, processing facilities, or custom clearance areas, at least annually.	WFP relies on contractual agreements with third-party providers to maintain accountability for stock management at off-site locations. These agreements stipulate that third-party stock keepers must conduct regular inventory counts and report stock status back to WFP, allowing WFP to monitor stock levels and quality. These contractual arrangements are designed to enforce accountability, ensuring that third-party stockkeepers adhere to WFP’s storage, handling, and reporting standards, although WFP personnel may not have direct access to the physical commodities. Through this structured reporting mechanism, WFP mitigates risks associated with access restrictions and maintains oversight of food stocks throughout the supply chain until distribution.	The External Auditor noted the stipulation in the Logistics Manual that an inspection is required also for food held by third parties. In these cases, the third party is required to arrange the inspection with the presence of WFP staff. When WFP’s presence is not feasible due to inevitable reasons such as security issues and access constraints, the third party should conduct the inspection and provide a report to WFP. The External Auditor holds that the Manual addresses the recommendation and considers the recommendation to be implemented.	X			
64	WFP/EB.A/2024/6-A/1	Audited Annual Accounts 2023	The External Auditor recommends that WFP expedite and improve	WFP loss conditions and reasons vary, and depending on the nature of the loss, the timeliness of recognizing losses may	WFP introduced a tool in WINGS to capture food losses and write-off approvals in standardized and		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
	sec. 1, chap. C, para 147		the information collection of food commodity losses and ensure that the write-off decision of the Executive Director is available in-time of the preparation of the financial statements as required by Financial Regulation 12.4.	differ. Some losses require documentation and clearances from relevant functions; for instance, losses due to damage or quality issues often need thorough investigations. However, WFP has implemented procedures and processes to guide country offices in adhering to timely recognition of losses. The Supply Chain Division has a system in place within the LESS platform to recognize and certify losses. Once all documentation related to loss conditions is cleared, country offices certify losses promptly through the system, enabling the Insurance Unit to process payments efficiently.	timely manner. However, the External Auditor noted again delays in write-off decisions in course of this year's audit. The External Auditor will follow-up within the next audit cycle whether the introduced tool mitigate delays in write-off decisions. The recommendation remains under implementation.				
65	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 148	Audited Annual Accounts 2023	The External Auditor recommends that WFP headquarters in collaboration with the regional bureaux establish additional controls, such as spot checks, to cross-check inventory loss reports and inventory on hand records.	Numerous additional controls have been established across WFP's operations to enhance cross-checking of physical inventories. All commodity movements are recorded and validated daily. Monthly physical inventory counts continue with reconciliation against warehouse records and systems data. WFP routinely monitors compliance and maintains the integrity of systems data. Cross-checks are enhanced by periodic independent inventory counts, with any discrepancies analysed, documented and reviewed by Country Office management. Where inventory is stored at third-party or Cooperating Partner facilities, WFP mandates physical stock counts with WFP participation and, where this is impossible, verified stock	WFP headquarters launched additional guidance on the recognition of food losses. However, WFP has not provided any supporting documents to substantiate any additional inventory cross-check procedures. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				reports are mandatory and further verification measures are applied.					
66	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 153	Audited Annual Accounts 2023	The External Auditor recommends that WFP promote the use of the MIGO application to automate the process of equipment management to a greater extent.	The MIGO automation process is a critical control mechanism and its use as part of asset creation in the Global Equipment Management System was integrated into the annual Management Services Global Internal Controls Survey and the 'Asset Management' section of country office profiles. To promote its adoption, WFP held webinars in 2024 in multiple languages and conducted a survey to identify and address challenges. WFP reports quarterly on the use of MIGO to track progress. The use of MIGO has been improving, marking a positive development. Management will continue monitoring progress to ensure timely and accurate recording of WFP assets.	WFP promoted the use of the MIGO application in the Global Equipment Management System corporate-wide. The External Auditor noted that the use of this application has improved compared to prior years. The recommendation is considered to be implemented.	X			
67	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 159	Audited Annual Accounts 2023	The External Auditor reiterates the recommendation that WFP improve the accuracy and completeness of accrual submission forms, particularly, WFP should - as a best practice and standard year-end closure activity - request finance units to communicate open purchase orders to the spending units for	WFP will continue to stress in the year-end financial closure guidelines and related webinars the importance of submitting complete and accurate accrual statements and conducting thorough reviews of open purchase orders.	WFP performed additional activities to enhance the awareness of country offices to improve the accuracy and completeness of accrual submission forms. However, in the 2024 financial audit, the External Auditor still identified the need for additional accruals which resulted in an unadjusted error of USD 21.5 million compared with USD 30 million in 2023 (average of past 5 years) and USD 17.4 million in 2022. The External Auditor also noted shortcomings in the process		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			review if these need to be considered for accrual purposes at year-end.		of accrual reporting during the 2024 audit visits to country offices. The recommendation remains under implementation.				
68	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 168	Audited Annual Accounts 2023	The External Auditor recommends that WFP monitor deviations between UNORE and market rates (preventive control), disburse education grant only up to actual foreign currency expenses converted into United States dollars based on market rates and issue a respective binding regulation.	WFP has continued efforts to look into the rules governing education grant claim settlements, most recently from a legal perspective, with internal consultations ongoing. Relevant areas are conducting their assessments.	The External Auditor notes that WFP initiated internal consultation with relevant areas on internal rules governing education grant claim settlements. The consultations are ongoing. The recommendation remains under implementation.		X		
69	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 193	Audited Annual Accounts 2023	The External Auditor recommends that WFP review its current framework for cooperating partner monitoring in view of harmonized and mandatory risk-based standards considering applied methods in other United Nations entities, for example well received aspects of the HACT framework.	The Cooperating Partner Assurance Framework is in the finalization stage, including the minimum measures for performance monitoring, which is still under implementation.	WFP has provided a draft of the cooperating partner assurance framework. WFP did not provide documents that showed that it had considered Harmonized Approach to Cash Transfer framework aspects. The assurance framework has not yet been finalized and only considers non-governmental cooperating partners. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
70	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 194	Audited Annual Accounts 2023	The External Auditor recommends that WFP enhance and harmonize documentation of cooperating partner monitoring.	The Cooperating Partner Assurance Framework is in the finalization stage, with the integration of the last technical comments before senior leadership's clearance. The framework includes minimum measures for Cooperating Partners' performance monitoring. With the implementation of WFP's global assurance benchmarks on monitoring, WFP has standardized monitoring tools, which will be utilized to address partner performance issues throughout implementation. Additionally, the current corporate framework applies minimum mandatory internal control tools, such as the Partner Performance Evaluation.	The External Auditor noted that WFP plans to include monitoring and spot-check reports in Partner Connect which is still under development. The recommendation remains under implementation.		X		
71	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 201	Audited Annual Accounts 2023	The External Auditor recommends that headquarters monitor more closely whether country offices comply with the spot check requirements as per the corporate guidance and support country offices in improving their respective processes.	The Non-Governmental Organization Cooperating Partner Management Roadmap was designed, and guidance on risk-informed spot checks is currently under formulation. The possible establishment of a centralized spot check service will be discussed at a later stage in 2025.	WFP has provided a draft of a risk informed spot check guidance. The External Auditor's recommendation particularly addresses monitoring documentation at headquarters level. WFP informed the External Auditor that it plans to include monitoring and spot-check reports in Partner Connect. The recommendation remains under implementation.		X		
72	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 208	Audited Annual Accounts 2023	The External Auditor recommends that WFP update and consolidate its guidance on school-based programmes, ensuring that related	WFP is still on track, and the deadline remains unchanged. Guidance interlinkages and references have been reviewed and finalized. WFP is reviewing individual guidance chapters to be in line with the new School Meals policy, which	The External Auditor notes that WFP is in the process of updating the programme guidance on school feeding. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			guidance in various documents is cross-referenced and interlinked to facilitate the implementation of school-based programmes by country offices through all stages of a project cycle.	was approved in the 2024 November Executive Board.					
73	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 213	Audited Annual Accounts 2023	The External Auditor recommends that WFP improve the reconciliation and financial monitoring process of school-based transfers by promulgating mandatory minimum requirements and corporate templates to support the reconciliation process, the monitoring and the documentation, considering different implementation scenarios and operational models.	WFP is still on track, and the deadline remains the same. In 2025, WFP will roll out the current functionalities to select country offices and have consultations on whether these are sufficient for reconciliation of cash-based transfers. Further refinement of this functionality within School Connect is dependent on the mobilization of sufficient resources. Manual guidance will also be prepared on the reconciliation process.	The External Auditor notes that WFP is in the process of updating the programme guidance on school feeding and is testing school connect to facilitate transfer reconciliation. The recommendation remains under implementation.		X		
74	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 219	Audited Annual Accounts 2023	The External Auditor reiterates its recommendation that WFP revisit the definition of commodity vouchers, establish an appropriate	WFP established a Road Map for the Commodity Voucher redesign. A survey to document the different programmes where the commodity voucher modality is used, understand the processes, challenges, risks and opportunities was	The External Auditor notes that WFP is in the process of drafting a consolidated guidance on commodity vouchers. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			accounting category, and ensure the correct classification and notes disclosures of different types of commodity vouchers, for example school-based transfers.	completed. A cross-functional working group was established, and composition and terms of reference completed. A new definition for the commodity voucher was proposed, and high-level roles and responsibilities determined. Commodity voucher processes were established, focusing on higher risk areas such as Food Safety and Quality and standardizing commodity voucher contract templates for commercial and non-commercial transfer agents. Corporate guidelines, tools, templates and trainings were drafted and circulated for comment.					
75	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 220	Audited Annual Accounts 2023	The External Auditor recommends that WFP highlight the importance of segregation between transfer costs and transfer value in its updated consolidated guidance for school feeding.	WFP is still on track, and the deadline remains unchanged. WFP continues to develop and draft the corporate Commodity Voucher Guidance.	The External Auditor notes that WFP is in the process of drafting a consolidated guidance on commodity vouchers. The recommendation remains under implementation.		X		
76	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 230	Audited Annual Accounts 2023	The External Auditor recommends that WFP insist on and enforce the urgent finalization of the financial and legal framework of the joint operation UN Fleet and request financial information in time for inclusion in the financial statements.	UN Fleet’s financial information is duly consolidated in WFP’s 2024 Financial Statements.	WFP provided the External Auditor with the "United Nations fleet financial framework agreement". The agreement stipulates the financial framework for the joint operation. WFP also provided the accounting model, and the financial statements of UN Fleet. The recommendation is considered to be implemented.	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
77	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 237	Audited Annual Accounts 2023	The External Auditor recommends that WFP improve its UN Fleet related budget processes by providing the Executive Board with comprehensive and transparent budget plans and including updates of the cost structure of the operation.	The financial model to support the forecasting of UN Fleet's funding needs has been developed. The funding position of UN Fleet will be presented to the Board in the Report on the Utilization of WFP's Strategic Financing Mechanisms considering that the funding for UN Fleet was provided from the Corporate Services Facility within the ceiling established for the Fleet Center. The longer-term funding needs and related strategy will be presented to the Board in the WFP Management Plan (2026-2028).	The External Auditor noted that the Management Plan 2025 - 2027 does not provide information on the budget for the joint operation of UN Fleet. The recommendation remains under implementation.		X		
78	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 239	Audited Annual Accounts 2023	The External Auditor recommends that WFP conduct a cost-benefit analysis of its share in the UN Fleet operation.	A cost-benefit analysis by WFP of its share in UN Fleet concluded that it does not expose WFP to additional costs, since UN Fleet applies a full cost recovery principle and recovers costs from its clients through leasing fees and sales proceeds. While limited benefits to WFP are expected, some will be realized through further optimization of the vehicle supply chain and economies of scale. UN Fleet, as a joint operation, was established with the main objective of realizing benefits for United Nations system entities, rather than for WFP and UNHCR as joint operators of UN Fleet.	WFP provided a cost-benefit analysis according to which it expects to reach the break-even point in 2028. The recommendation is considered to be implemented.	X			
79	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 240	Audited Annual Accounts 2023	The External Auditor recommends that WFP develop a costed plan and time schedule for its own participation in the UN Fleet operation	The plan and schedule for WFP's participation in UN Fleet are in place and the necessary activities are either completed or on-track for the transition date set to Q4 2025. The leasing model used by WFP will not change. WFP will opt	WFP provided a plan on the planning and status of the transition to UN Fleet. The plan comprises actions to be taken with milestones and deadlines. WFP determined the future budget	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			under consideration of the ongoing Global Vehicle Leasing Programme and the different applied leasing models.	for the full capital lease service option, which is also offered to other UN Fleet clients.	through a comprehensive costing and budgeting plan. The recommendation is considered to be implemented.				
80	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 245	Audited Annual Accounts 2023	The External Auditor recommends that WFP continue to liaise with United Nations Sustainable Development Group Business Innovation Group to find a solution which allows WFP to use the information and communication technology services by common back offices to achieve effectiveness and efficiency gains as requested by the General Assembly.	WFP collaborated with other United Nations organizations and the United Nations Sustainable Development Group regarding information technology common back-office arrangements. UNHCR, IOM, UNICEF and WFP developed an interoperability model for use by co-located United Nations organizations to govern Information and Communications Technology Services, as well as a standardized costing model. This initiative consolidated administrative functions across entities, fostering synergies, cost-effectiveness, and improved service delivery. Elements included a service catalogue, cybersecurity measures, helpdesk, network access control measures, videoconferencing, regional and global data strategy framework and pricing model. The model enables organizations to opt into cost-effective services that align with their requirements.	WFP continued to collaborate with other United Nations entities to facilitate effective and efficient common back offices. The recommendation is considered to be implemented.	X			
81	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 252	Audited Annual Accounts 2023	The External Auditor recommends that WFP establish a one-stop shop for all delegation of authority documents and guidance,	Following organizational restructuring, the Executive Director (in OED 868 signed 27 February 2024), designated the Risk Management Division to act as a central repository of delegations of authority. In May 2024, the Risk Management Division	WFP has started to develop an overview. However, this process is ongoing. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			streamline the set-up of delegation of authority to the best possible extent, and align accountabilities with the set-up.	initiated a process, beginning with collecting current delegations of authority documents and tracking them in Excel, to be followed by a review encompassing sub-delegations processes. Given ongoing restructuring efforts being implemented from 1 May 2025, many delegations of authority are being revised; accordingly, the development of a circular to manage delegations of authority has been delayed. The Risk Management Division is exploring with the Technology Division technical requirements to develop a better digital tool to support sub-delegation processes.					
82	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 257	Audited Annual Accounts 2023	The External Auditor recommends that WFP consider a digital solution for sub-delegating authorities instead of issuing memoranda to ensure transparency and clarity, and delegate additional authorities only for a limited period of time.	WFP is exploring technical requirements with the Technology Division to develop a platform or digital tool to manage delegations of authority and related sub-delegation processes. As part of this effort, WFP is also exploring existing tools, such as the new Salesforce platform replacing MetricStream, as a potentially cost-effective solution. WFP stated that the initiative was on hold due to budget constraints.	WFP stated that it was not planning to implement the recommendation at the moment. The recommendation is considered to be not implemented.			X	
83	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 264	Audited Annual Accounts 2023	The External Auditor recommends that WFP base fees and entitlements on a proper legal basis approved at the right level.	In the Audited Annual Accounts 2023, WFP disagreed with this recommendation. However, WFP stated that it was willing to review and, if needed, more explicitly confirm the delegation of authority and level. WFP reviewed and, while already in place, reinforced the delegation of authority for establishing consultant	The External Auditor noted that WFP still uses manuals to define the rates for consultants and the monthly subsistence living sum. As the rates have notable financial impact, they should be regulated in policy documents and preferably be approved by the Executive			X	

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				remuneration brackets through a new Executive Director Decision Memorandum. The remuneration brackets are established in the Human Resources Manual, the instrument formally designated as WFP’s regulatory framework and policy on Human Resources-related matters. Regarding the monthly subsistence living sum, a previous Executive Director Decision Memo had already explicitly delegated authority which was appropriately sub-delegated.	Director. This is supported by OED 2015/011, which stipulates that Manuals are only a consolidation of existing policies, rules and procedures. The recommendation is considered to be not implemented.				
84	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 272	Audited Annual Accounts 2023	The External Auditor recommends that WFP develop a guidance for the delegation of financial authority dashboard, establish further automated controls to prevent incorrect and non-compliant entries and enhance its monitoring activities.	WFP issued updated Delegation of Financial Authority guidance to strengthen compliance and oversight processes. The necessary measures, including enhanced monitoring, strengthened controls, and updated guidance, have been implemented.	WFP issued a guidance and enhanced controls and monitoring requirements. The recommendation is considered to be implemented.	X			
85	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 278	Audited Annual Accounts 2023	The External Auditor recommends that WFP link the workflows for the delegation of financial authority and the respective WINGS roles and ensure that only staff members with the required authorities	WFP is exploring ways to streamline the activation of WINGS profiles related to the delegation of financial authorities as well as highlighting the delegation of financial authority dashboard as an oversight tool when granting WINGS profiles that include specific financial delegations, such as procurement authorities.	The External Auditor notes that the workflows are still not linked. WFP stated that it was reviewing a technical solution. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			are granted the WINGS roles.						
86	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 284	Audited Annual Accounts 2023	The External Auditor recommends that WFP establish monitoring and reporting processes and procedures with performance indicators for the exercise of delegated authority.	Subject to the establishment of the digital tool and given the ongoing organizational restructuring along with the related accountabilities changes for global headquarters, including changes to the regional bureaux structures, WFP requests more time to implement this recommendation.	The External Auditor takes note of the response. Since WFP has not started to implement the recommendation, the recommendation is considered to be not implemented.			X	
87	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 296	Audited Annual Accounts 2023	The External Auditor recommends that WFP analyse the reasons for the high number of reappointed consultants and use the results for its workforce planning.	While WFP began to conduct an analysis of the reasons for which consultants are reappointed, it was recognized that additional time is required given the current recruitment pause. At the same time, further inputs would be beneficial, and these inputs will come from upcoming submissions of the recently revised consultant request form which now better captures the justification for hiring a consultant. As a result, the timeline for implementation is revised.	Due to the recruitment pause, the External Auditor agrees that a comprehensive analysis should be done later in the year. The recommendation is considered to be under implementation.		X		
88	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 301	Audited Annual Accounts 2023	The External Auditor recommends that WFP reduce the engagement of United Nations pensioners as consultants and comply with the limits for such engagement.	WFP has reminded all office directors on the rules governing the engagement of United Nations pensioners and updated the consultant request form to include a similar reminder as well as require enhanced justifications for the engagement of United Nations pensioners. All Human Resources focal points globally have also been reminded. As agreed with the External Auditor in February 2025, while WFP has taken	The External Auditor noted that WFP reminded offices on the rules and issued the revised template only at the beginning of 2025. These measures need time to take full effect. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				actions in response to the recommendation, an analysis will be conducted at the end of 2025 to identify the change impact.					
89	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 307	Audited Annual Accounts 2023	The External Auditor recommends that WFP justify the decision to engage or reappoint a consultant by assessing the criteria stipulated in the WFP staffing framework and document the result.	WFP has revised its Human Resources forms – one for headquarters and global offices and one for the field offices – related to consultant appointment requests. In both documents, hiring managers are required to better justify and document their decision to engage a consultant and with respect to the requirements stipulated in WFP's Staffing Framework. At the same time, all Human Resources focal points globally have been asked to ensure the relevant section is duly completed as part of the request and approval process. The revised forms and reminders/instructions were communicated via email to all Human Resources focal points globally.	WFP improved the documentation to engage or reappoint a consultant. The recommendation is considered to be implemented.	X			
90	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 313	Audited Annual Accounts 2023	The External Auditor recommends that WFP formulate work goals, deliverables, and key performance indicators in a specific, measurable, achievable, relevant, and time-bound manner at the start of the contract, evaluate the performance without	From January 2025, all WFP supervisors will follow revised mandatory goals and key performance indicators, which are more specific and measurable. These include 100 percent completion of performance assessments and mandatory training for supervisors and their teams, with a focus on accountability for results and behaviors. The performance rating scale has also been updated to clearly reflect people management. Nearly 1,000 supervisors have joined support sessions, and over 1,600 staff attended global	WFP demonstrated that it increased the rate of determining the work goals at the beginning of the contracts in 2025. The recommendation is considered to be implemented.	X			

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
			exception, and document the results.	webinars clarifying performance responsibilities. Further sessions and guidance on SMART goals and key performance indicators will continue supporting supervisor development and strengthening performance management across the organization.					
91	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 321	Audited Annual Accounts 2023	The External Auditor recommends that WFP update the Executive Director’s circular (OED2020/015) for the waiver process to ensure that procurement staff members decide on the appropriate market approach; and include information about the waiver categories and the required documents either in the circular or the goods and services procurement manual.	The Procurement Manual update process is on course and scheduled for completion by 30 June 2025. A draft updated Executive Director Circular for the Supply Chain and Delivery Division has been prepared and circulated to services and units within the Supply Chain and Delivery Division for review. The updated Executive Director Circular will amend OED2020/015 to ensure alignment with the Procurement Manual.	WFP is updating the Manual and the Circular. The recommendation remains under implementation.		X		
92	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 327	Audited Annual Accounts 2023	The External Auditor recommends that WFP ensure that negotiations as part of a competitive procurement action take place before the award decision in accordance with the stipulation of the goods and services procurement manual.	The Procurement Manual update process is on course and scheduled for completion on 30 June 2025	WFP is updating the Manual. The recommendation remains under implementation.		X		

No	Report Reference	Report Name	Recommendation	Management Response	External Auditor's Assessment	Status after verification			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
93	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 333	Audited Annual Accounts 2023	The External Auditor recommends that WFP headquarters determine best practices of evaluation criteria for consultancy services and share them with country offices and regional bureaux.	The development of standard templates to support consultancy services category management is on course and scheduled for completion on 30 June 2025.	WFP is planning to include best practices in the Manual. The recommendation remains under implementation.		X		
94	WFP/EB.A/2024/6-A/1 sec. 1, chap. C, para 338	Audited Annual Accounts 2023	The External Auditor recommends that WFP review the use of information technology consultancy services in order to improve the processes and to avoid dependencies on contracted personnel and elaborate corrective measures.	The Technology Division is supporting the Supply Chain and Delivery Division in a review of controls and risks related to procurement processes by providing specific inputs on IT vendors and a list of controls will be finalized. The Technology Division started using secondary bidding regularly to make work opportunities visible to long term agreement vendors for a fair chance of bidding for the work. The focus on secondary bidding and moving away from vendor lock-in lies in refining the mechanisms to onboard new suppliers effectively and efficiently into the applications they will work on, whilst minimizing any impact on business continuity.	WFP is working on a new checklist to improve the controls. The recommendation remains under implementation.		X		
Total					94	29	58	7	0
Percentage					100	31	62	7	0

Section II

Executive Director’s statement

Introduction

1. In accordance with article XIV.6 (b) of the general regulations and financial regulation 13.1, I have the honour to submit for the approval of the Executive Board (the Board) the financial statements of the World Food Programme (WFP), prepared in accordance with IPSAS, for the year ended 31 December 2024. The External Auditor has given his opinion and report on the 2024 financial statements, both of which are also submitted to the Board as required by financial regulation 14.8 and the annex to the financial regulations.

Operational context

Operating environment

2. The World Food Programme was established in 1961 by the United Nations General Assembly and FAO Conference as the United Nations system's food aid organization. WFP is governed by a 36-member Executive Board which provides intergovernmental support, direction, and supervision of WFP’s activities. WFP provides assistance in 120 countries and territories. WFP, in 2024, had more than 22,000 employees worldwide of whom over 87 percent are based in the countries where the agency provides assistance.

3. WFP’s corporate strategy is mapped out in its strategic plan every four years. The strategic plan for 2022–2025 is grounded in global commitment to the 2030 Agenda for Sustainable Development. Specifically, the vision of the strategic plan is the eradication of food insecurity and malnutrition as committed to under Sustainable Development Goal (SDG) 2 on zero hunger and contributions to SDG 17 which commits the United Nations system to working together with national and global actors to achieve the SDGs.

4. The mid-term evaluation review of WFP’s strategic plan was conducted by the Office of Evaluation. The evidence and lessons drawn from the review will be considered in the design of the next strategic plan, which will be presented to the Executive Board for approval in November 2025.

5. WFP’s country strategic plans (CSPs) contextualize the implementation of the corporate strategy at the country level, while the corporate results framework provides the means for WFP to monitor and report performance towards corporate goals and contributes to programmatic improvements during the life span of the corporate strategic plan.

6. Responding to emergencies and saving lives and livelihoods – either through direct assistance, or by strengthening country capacities – remains at the heart of WFP’s operations, especially as humanitarian needs are increasingly complex and protracted. WFP also continues to support countries by building resilience for food security and nutrition and assisting individuals and communities globally to change their lives by improving agricultural techniques, strengthening local livelihoods, promoting adaptation to extreme weather risks and shocks, ensuring children have the nutrients they need and managing school feeding programmes that help girls and boys stay at school and build brighter more transformative futures for themselves.

7. Food insecurity remains at highly concerning levels, with 343 million of people estimated to be acutely food insecure across the 74 countries with WFP operational presence. The number of acutely food-insecure people is nearly 200 million above the pre-pandemic levels. Immediate life- and livelihood-saving assistance is required for 44.4 million people estimated to be in emergency or worse levels of acute food insecurity in 2024. Up to 1.9 million people are estimated to be on the brink of famine in 2024, primarily in recent and protracted conflicts in Gaza, Sudan, South Sudan, Haiti and Mali.

8. Economic factors and extreme weather conditions worsen food insecurity. Global public debt is at a record high, with half of the world's low-income countries either already in debt distress or at high risk. Food inflation remains high in many places, reducing purchasing power and access to food for millions of households. Extreme weather events continue to exacerbate hunger and food insecurity. The 2023-24 El Niño disrupted global weather patterns and agricultural production, causing a regional-scale drought in Southern Africa with estimated more than 30 million people in need of food assistance.

9. While the global conditions have exacerbated the needs, the availability of resources coupled together with increased challenges in humanitarian access to reach food-insecure communities, required WFP to adopt a prioritized needs-based approach when defining its operational requirements. As a result of this approach, the projected operational requirements for 2024 have been adjusted downwards from originally presented to the Executive Board USD 22.7 billion to the final USD 17.7 billion for better alignment of the requirements to the available resources. The contribution revenue in 2024 totalled USD 9.8 billion, an increase of 18 percent compared to 2023 contribution revenue. Notwithstanding the increase, the funding gap between available resources and operational needs remained considerable, forcing a scaling back of WFP's assistance and a refocusing on the most severe needs.

10. In partnership with national governments, United Nations agencies, and over 1,000 non-governmental organization (NGO) partners, WFP reached more than 124 million direct beneficiaries in 2024 and delivered USD 2.4 billion and USD 2.2 billion of food assistance and cash-based transfers, respectively. The emergency response remained a focus in 2024. In addition, WFP's malnutrition prevention and nutrition treatment activities, school meal activities, asset creation and livelihood support activities, and its role in providing common services, among others were significant.

Financial analysis

Summary

11. WFP's primary source of revenue is voluntary contributions from donors. Revenue is recognized when a contribution is confirmed in writing, is not subject to parliamentary appropriation or similar clauses that will occur in the future, and to the extent that WFP has discharged any present obligation in respect of that contribution. WFP's primary expenses are for food commodities and cash-based transfers distributed. Expenses are recognized when food commodities are delivered to cooperating partners or, in case of direct delivery, to beneficiaries, or when cash-based transfers are distributed to beneficiaries.

12. There is an inherent time lag between the recognition of revenue and the recognition of expenses. Expenses in any one year may be higher or lower than the revenue in that year, leading to a deficit or surplus in the reporting period, respectively, as WFP utilizes or replenishes its fund balances. When revenues increase, such as in 2024, WFP is expected to realize a surplus, and augment fund balances accumulated due to the excess of revenue over expenses in previous financial periods.

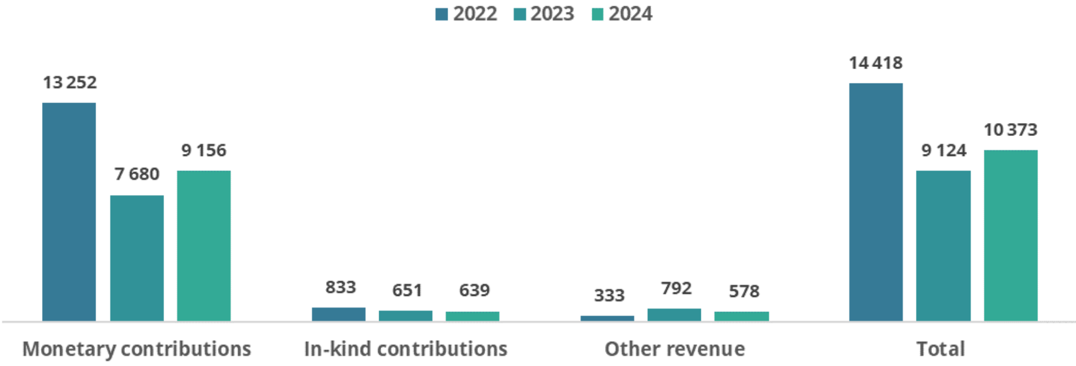
13. Based on the nature of WFP's operations, most of its assets are current assets expected to be utilized within 12 months after the reporting date. Current assets are expected to be significantly higher than current liabilities due to the time lag between revenue and expenses recognition as discussed above.

14. Total fund balances and reserves comprise fund balances accumulated due to excess of revenue over expenses (including gains and losses recognized directly in net assets) in prior financial periods, and reserves established by the Board for funding specific activities under specific circumstances.

Financial performance

Revenue

Figure 1. **Revenue**
(in USD million)

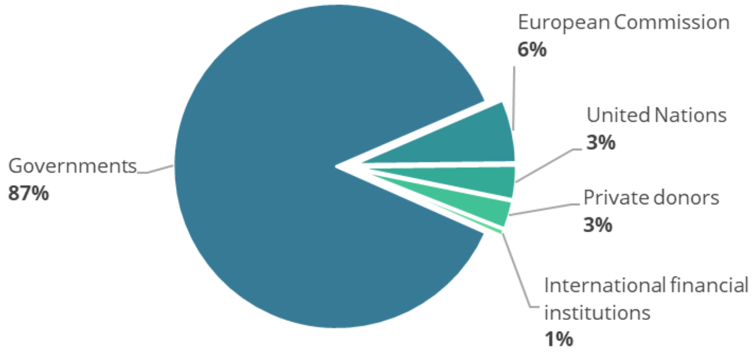


15. After a major revenue decline in 2023, in 2024, WFP saw a revenue increase of USD 1,249.4 million, or 14 percent from the revenue of USD 9,123.7 million recognized in 2023. Total revenue in 2024 was USD 10,373.1 million comprising USD 9,795.2 million of contribution revenue and USD 577.9 million of other revenue.

16. Contribution revenue increased by 18 percent from USD 8,331.7 million in 2023 and comprised USD 9,156.4 million of monetary contributions that increased by 19 percent and USD 638.8 million of in-kind contributions that decreased by 2 percent. Sixty-three percent of the contribution revenue has been recognized in the second half of 2024.

17. The increase in contribution revenue in 2024 was driven by an increase in contributions from several donors, with the largest increase of 48 percent attributable to the United States of America, whose contributions to WFP in 2024 represented a 45 percent share (2023: 36 percent share) in total contribution revenue. Other donors also increased their contributions in 2024, including the United Kingdom of Great Britain and Northern Ireland, the European Commission, Pakistan, the Republic of Korea and France. Contributions from private donors increased by 20 percent.

Figure 2. **Contributions revenue by donors**
(in percentages)



18. USD 8,303.2 million or 85 percent of 2024 contribution revenue of USD 9,795.2 million was for WFP's programme category funds, USD 171.8 million or 2 percent for trust funds and USD 1,320.2 million or 13 percent was initially recorded under the General Fund and Special Accounts segment. Multilateral contributions, amounting to USD 527.3 million in 2024, are initially recorded under the General Fund and Special Account segment and subsequently allocated to specific programmes.

19. Fifty-five percent of contribution revenue under the programme category funds was generated in the Regional Bureau for the Middle East, Northern Africa and Eastern Europe and in the Regional Bureau for Eastern Africa (28 percent and 27 percent respectively), due to the extensive needs of major operations in these two regions, in particular in the State of Palestine, Sudan, Yemen and South Sudan. Fourteen percent of contribution revenue was generated in the Regional Bureau for Asia and the Pacific, where six percent is attributable to contribution revenue for Afghanistan. The share of revenue generated in the Regional Bureau for Southern Africa decreased to ten percent due to decreased support for the emergency operations in the Democratic Republic of the Congo. Over sixty percent of the contribution revenue in the Regional Bureau for Latin America and the Caribbean was attributable to operations in Haiti, Colombia and Honduras.

20. The contribution revenue under the programme category funds was distributed across six regional bureaux and across top ten countries as follows.

Figure 3. **Contribution revenue distribution by regional bureau**
(in percentages)

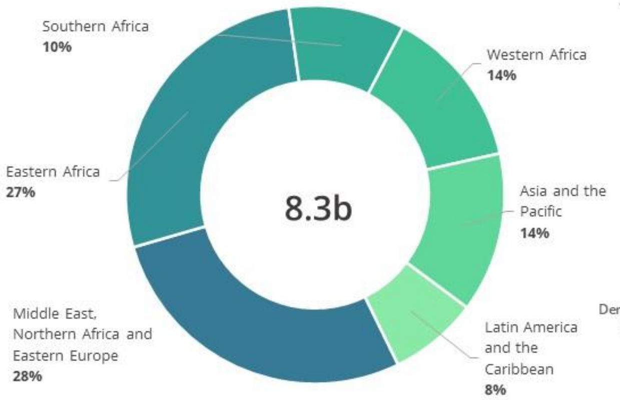
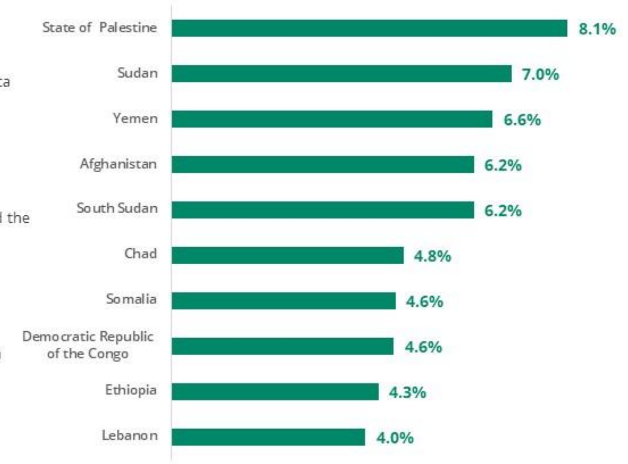


Figure 4. **Top 10 countries by revenue distribution**



21. Other revenue was USD 577.9 million in 2024, a decrease of USD 214.1 million or 27 percent compared to USD 792.0 million in 2023. The decrease is primarily due to currency exchange losses. Other revenue comprised:

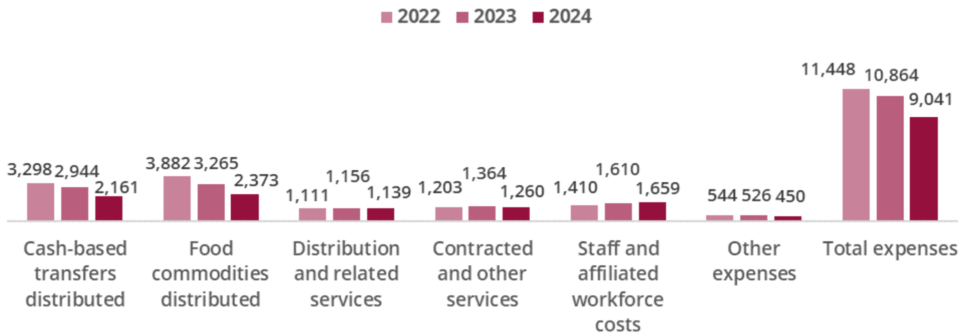
a) revenue generated from provision of goods and services and other miscellaneous revenue – USD 291.3 million, an increase of 5 percent, due to increase in service provision revenue as well as revenue from sale of assets;

b) currency exchange differences – USD (43.5) million loss (2023: 193.6 million gain), due to unrealized losses from the revaluation of cash and receivables held in foreign currencies (mostly on account of EUR devaluation); and

c) return on investments – USD 330.1million gain (2023: USD 321.9 million gain) due to higher interest income earned and realized gains on investments in open-ended equity investment funds.

Expenses

Figure 5. **Expenses**
(in USD million)



22. In 2024, WFP expenses were USD 9,040.5 million, a decrease of USD 1,823.9 million or 17 percent from USD 10,864.4 million in 2023.

23. The main expense lines “cash-based transfers” and “commodities distributed” relate to WFP’s main purpose and function to deliver food assistance. Other expense lines include costs related to this delivery, as well as costs of working with communities to improve nutrition and build resilience. Other expense lines also include costs of services WFP is mandated to provide to other United Nations organizations and the humanitarian community such as aviation and managing emergency supplies (United Nations Humanitarian Air Services and Humanitarian Response Depot) and costs of other services delivered on demand in the area of supply chain, cash transfers, information technology and administration for United Nations organizations, governments or NGOs.

24. Most of WFP’s food commodities distribution activities are conducted through cooperating partners. In 2024, WFP carried out food distribution in 69 countries, through 972 cooperating partners. Cash-based transfers are delivered through various delivery mechanisms engaging different transfer agents such as financial services providers, remittance companies, mobile money providers, retailers, government entities, NGOs or United Nations organizations and directly by WFP. In 2024, WFP carried out cash-based transfers in 75 countries partnering with 685 transfer agents.

25. Cash-based transfers distributed of USD 2,160.8 million (including USD 124.9 million of commodity voucher transfers), decreased by USD 782.9 million or 27 percent compared to USD 2,943.7 million (including USD 158.7 million of commodity voucher transfers) in 2023. This decrease was largely a result of decreases in distributions in Somalia (USD 262.5 million), Lebanon (USD 82.4 million), and Afghanistan (USD 57.9 million). Despite the overall decrease in cash-based transfers, four operations increased distribution by more than USD 10 million, while ten countries had a 59 percent share of total distribution.

26. Food commodities and non-food items distributed totalled USD 2,372.9 million, a decrease of 27 percent vs. the USD 3,264.5 million distributed in 2023. Food commodities distributed in 2024 were 2.6 million mt, a decrease of 1.2 million mt or 32 percent vs. 2023. Food commodities distributed had a corresponding value of USD 2,341.2 million in 2024, a 28 percent decrease compared to 2023. Sixty-four percent of the food commodities distributed in tonnage and 66 percent in value are attributable to WFP’s emergency and other large operations in Ethiopia, Afghanistan, the State of Palestine, Democratic Republic of the Congo, South Sudan, Ukraine, Yemen, Sudan, Chad, and Pakistan.

27. Distribution and related services costs decreased in 2024 by USD 17.3 million or 1 percent to USD 1,138.5 million from USD 1,155.8 million in 2023.

28. Staff and affiliated workforce costs increased by USD 48.6 million to USD 1,658.6 million in 2024, a 3 percent increase compared to 2023. The total number of staff and affiliated workforce at year end was 22,438, a 6 percent decrease compared to year end 2023. The number of staff decreased by 4 percent, while affiliated workforce decreased by 9 percent. The increase in cost was across all contract categories except consultants, with the largest relative increase seen in the cost of field staff. The increase in staff costs versus the headcount reduction is attributable to a decrease in short-term contracts and an increase in more appropriate contractual modalities in line with WFP’s 2021 staffing framework, as well as to the cost of terminations in 2024 (paid and accrued).

29. Contracted and other services costs decreased by USD 103.8 million or 8 percent mainly due to decreases in other cooperating partner expenses, costs of air operations and cost of commercial consultancy services.

30. The overhead category of USD 449.5 million decreased by USD 76.9 million or 15 percent compared to 2023, due to a reduction in the replacement cost value of food commodities, mainly because of a lower tonnage held at 31 December 2024. The overhead category is composed of:

    a) supplies, consumables and other running costs – USD 303.4 million;

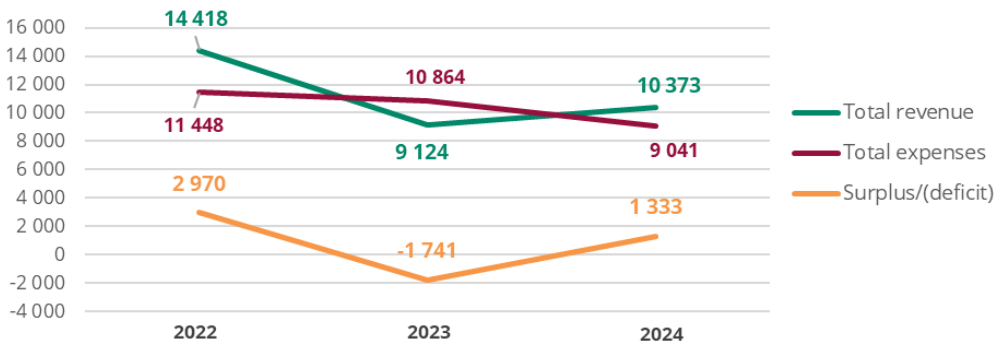
    b) depreciation and amortization costs – USD 69.1 million;

    c) finance costs – USD 15.4 million; and

    d) other expenses – USD 61.6 million.

Surplus

Figure 6. **Evolution of the surplus**
(in USD million)



31. In 2024, the surplus of revenue over expenses is USD 1,332.6 million compared to the deficit of USD 1,740.7 million in 2023. This surplus is due to a 14 percent increase in revenues in 2024, while expenses fell by 17 percent. The time lag between revenue and expense recognition remains the main factor for surpluses/deficits in a reporting period.

32. The surplus in the period comprised surpluses in most operations where revenue recognized is higher than expenses incurred during the same period. These surpluses are partially offset by the deficits realized in some operations.

33. In 2024, the highest surplus is realized in the following countries: the State of Palestine, Yemen, Sudan, Chad and Pakistan. These operations will continue to spend in future periods. The largest deficits in 2024 are realized in Ethiopia, Benin, Afghanistan and Ukraine.

Financial position

TABLE 1: SUMMARY OF FINANCIAL POSITION AT 31 DECEMBER 2024
(in USD million)

	2024	**2023**
Cash and short-term investments	5 098.5	4 492.9
Contributions receivable	5 434.8	4 345.2
Inventories	1 044.1	1 291.6
Other receivables	352.6	337.2
Long-term investments	1 316.8	1 182.7
Property, plant and equipment and intangible assets	296.5	277.9
Total assets	**13 543.3**	**11 927.5**
Deferred revenues	24.6	30.5
Employee benefits	1 028.9	1 015.6
Loan	38.5	44.0
Other liabilities	1 155.3	922.7
Total liabilities	**2 247.3**	**2 012.8**
Net assets	**11 296.0**	**9 914.7**
Fund balances	10 502.5	9 255.7
Reserves	793.5	659.0
Total fund balances and reserves	**11 296.0**	**9 914.7**

Total assets

34. Total assets increased in 2024 by USD 1,615.8 million or 14 percent, mainly due to an increase in cash, investments and contributions receivable, consistent with an increase in contribution revenue in 2024.

35. Total cash, cash equivalents, and short-term investments of USD 5,098.5 million increased in 2024 by USD 605.6 million or 13 percent from USD 4,492.9 million in 2023. The increase is generated by cash flows from operating activities. WFP's cash, cash equivalents and short-term investments included in the programme category funds segment of USD 3,375.5 million cover five months of operational activity (2023: three and a half months). Long-term investments increased by USD 134.1 million or 11 percent, primarily due to realized gains of equity investment funds, as well as due to additions to invested assets. These investments are held with an aim to cover long-term employee benefits.

36. Total contributions receivable of USD 5,434.8 million increased by USD 1,089.6 million or 25 percent from USD 4,345.2 million in 2023, in line with the increase in contribution revenue. The average collection period is seven months (six months in 2023).

37. Inventory comprises food commodity inventory of USD 1,012.0 million and non-food items inventory of USD 32.1 million. The main food commodities held by WFP are vegetable oil, lipid-based nutrient supplement, sorghum/millet, rice, wheat and wheat flour, split peas, corn soya blend rations and ready-to-use supplementary food comprising 85 percent of balance held in mt. The value of WFP's food commodity inventory at the end of 2024 decreased by USD 246.5 million or 20 percent from the 2023 value of USD 1 258.5 million,

while inventory held in mt decreased by 13 percent from the 2023 inventory (1.3 million mt in 2024 compared to 1.5 million mt in 2023). Sixty-two percent of inventories by quantity and 67 percent by value were held by nine operations: Yemen, Sudan, Ethiopia, the Democratic Republic of the Congo, Afghanistan, the State of Palestine, South Sudan, Chad and Somalia. Seventeen percent of food commodity inventory is held at strategic locations under the Global Commodity Management Facility. Using the historical average of commodities distributed, the 1.3 million mt of food commodities in inventory represents approximately five months of operational activity.

38. Other receivables totalled USD 352.6 million, an increase of 5 percent compared to 2023. The increase in the other receivables is mainly attributable to advances paid to cooperating partners and transporters under Sudan and South Sudan operations, and for food prepositioning under the Global Commodity Management Facility.

Total liabilities

39. Total liabilities increased by USD 234.5 million or 12 percent from USD 2,012.8 million in 2023 to USD 2,247.3 million in 2024.

40. Employee benefit liabilities increased by USD 13.3 million or 1 percent, reaching USD 1,028.9 million. This slight increase primarily reflects the present value of benefits accrued during the reporting period, partially offset by actuarial gains resulting from a favourable increase in discount rates in 2024.

41. Deferred revenue reflects contributions revenue stipulated for future years where WFP has a present obligation recognized as a liability. Deferred revenue in 2024 decreased by USD 5.9 million, or 19 percent, to USD 24.6 million.

42. Other liabilities increased by USD 232.6 million or 25 percent. Other liabilities primarily comprise accruals, vendor payables and liabilities for service provision. Payables and accruals increased mainly in selected corporate scale-ups and other large operations including Sudan, State of Palestine, Ethiopia and South Sudan. Liabilities for service provision result from activities in which WFP provides goods and services in exchange for payment. For these activities, payments are normally received in advance from requesting parties, predominantly governments and other United Nations system organizations, while revenue is recognized, and advance payment is released upon provision of service or delivery of goods.

Net assets

43. Net assets represent the difference between WFP's total assets and total liabilities. At 31 December 2024, WFP's net assets totalled USD 11,296.0 million, an increase of USD 1,381.3 million or 14 percent compared to 2023. Of these net assets (fund balances and reserves), USD 8,246.4 million relate to the programmes, representing approximately six months of operational activity (four months in 2023). Operational fund balances relate to donor support primarily directed to specific programmes in different stages of implementation, with expenses and related reduction in fund balance only recognized when food commodities are delivered, and cash-based transfers are distributed. The remaining balance of USD 2,256.1 million pertains to the General Fund, Trust Fund and Special Accounts while USD 793.5 million pertains to reserves.

44. At 31 December 2024, reserves balances increased by USD 134.5 million or 20 percent compared to the balances held at 31 December 2023. The increase was due to a USD 78.9 million increase in the Immediate Response Account (IRA) and USD 55.6 million increase in the Programme Support and Administrative Equalization Account (PSAEA).

Budgetary analysis

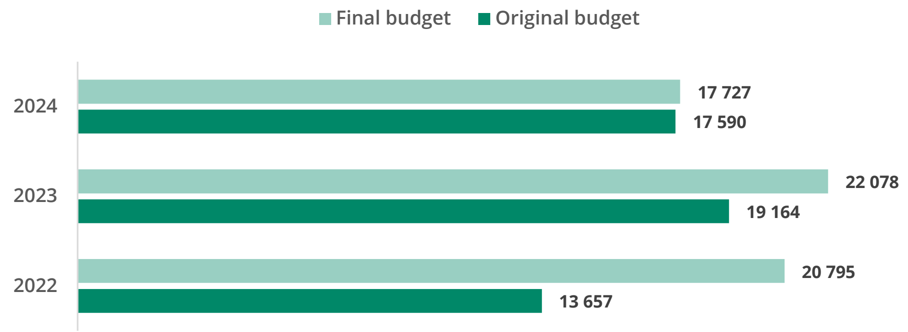
Budget preparation and approval

45. The strategic and programmatic context for budget preparation is set out in the WFP strategic plan (2022–2025)[46] and is embedded in planning processes that are designed to build on WFP's priority emergency assistance in ways that result in not only saving lives but also changing lives. WFP's country offices are operating based on a CSP framework composed of CSPs, interim CSPs (ICSPs) and limited emergency operations. CSPs include country portfolio budgets and serve as a vehicle for resource mobilization and fund management. They are aligned with the WFP strategic plan (2022–2025) and the corporate results framework (2022–2025).[47]

46. CSPs are approved by the Board and may be revised to respond to contextual and operational changes. Revisions funded entirely by the host country may be approved by the Executive Director. Further authorities are delegated from the Board to the Executive Director such as approval of limited emergency operations up to a USD 50 million limit, increase of CSPs or ICSPs not exceeding 15 percent of current overall budget and revisions related to service provision activities as further detailed in annex III of document WFP/EB.1/2020/4-A/1/Rev.2.

Basis of the budget

Figure 7. **Budget evolution**
(in USD million)



47. The original budget figures for the CSP and PSA budget disclosed in Financial Statement V – Statement of comparison of budget and actual amounts are derived from the WFP management plan (2024-2026) and from the Update to the WFP management plan (2024–2026). The CSP budgets are broadly needs-based and are updated throughout the year. Resources are made available for CSP costs when contributions are confirmed by donors for approved CSPs and through WFP's advance financing facilities. Budgetary authority to incur PSA costs is received through the approval of the management plan.

Overview of the budgetary requirements in 2024

48. The WFP management plan (2024–2026)[48], which was approved by the Board in November 2023, presented the 2024 programme of work amounting to USD 22,081.6 million as "original budget". The original budget was revised to USD 17,589.9 million (for CSPs

---

[46] "WFP strategic plan (2022–2025)" (WFP/EB.2/2021/4-A/1/Rev.2).

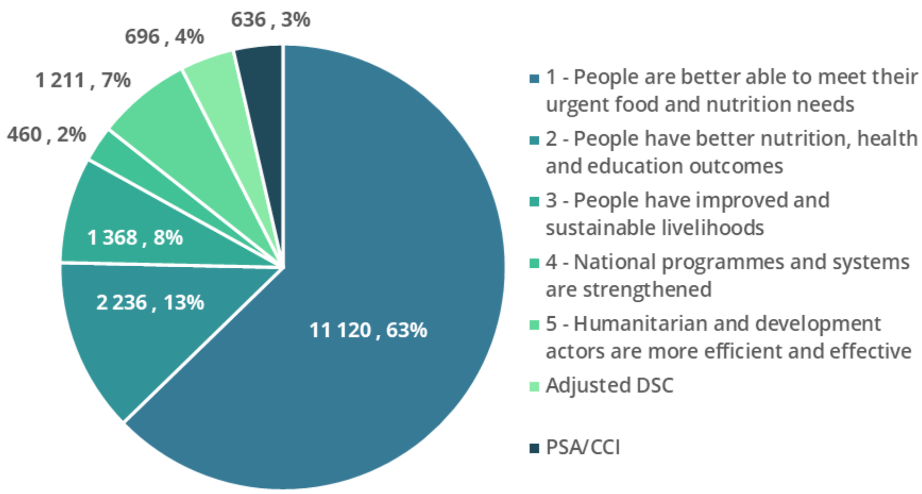
[47] "WFP corporate results framework (2022–2025)" (WFP/EB.1/2022/4-A/Rev.1).

[48] "WFP management plan (2024–2026)" (WFP/EB.2/2023/5-A/1).

component) through the Update to the WFP management plan (2024–2026)[49] in June 2024 to align better the projected operational requirements with the available resources. The revised original budget in 2024 decreased by 9 percent, impacting primarily several large operations such as Yemen, Lebanon and Afghanistan.

49. By the end of 2024, the programme of work was updated to include the unforeseen needs. The final 2024 budget was 1 percent higher at USD 17,726.5 million, an increase of USD 136.6 million. This is disclosed in Financial Statement V as “final budget”. Increased needs in the State of Palestine, Somalia, Malawi, South Sudan and Zambia were partially offset by reduced requirements in other operations.

Figure 8. **Final budget for period ended 31 December 2024**
(in USD million)



50. Countries affected by conflict required urgent and targeted unconditional food assistance and nutrition programmes, adapted to the magnitude of the conflict and to fluctuations in needs. From the programmatic perspective, WFP direct programmatic costs in support of SDG 2, strategic outcomes 1 (People are better able to meet their urgent food and nutrition needs), 2 (People have better nutrition, health and education outcomes) and 3 (People have improved and sustainable livelihoods) represented 83 percent or USD 14,723.7 million of the total final budget of USD 17,726.5 million (a 1 percent increase compared to the 2024 original budget).

51. Furthermore, 9 percent or USD 1,670.7 million of the total final budget was allocated in support of SDG 17, strategic outcomes 4 (National programmes and systems are strengthened) and 5 (Humanitarian and development actors are more efficient and effective), which includes increases in Lebanon, Malawi and Sudan.

[49] “Update to the WFP management plan (2024–2026)” (WFP/EB.A/2024/6-B/1/Rev.1).

52. In 2024, ten WFP operations accounted for 56 percent of the total CSP final budget.

Figure 9. **Final Budget by size - CSP**
(in percentages)

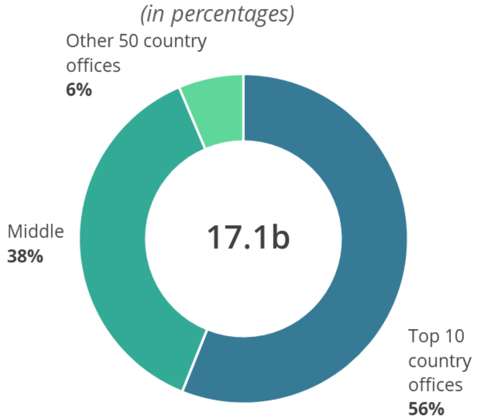
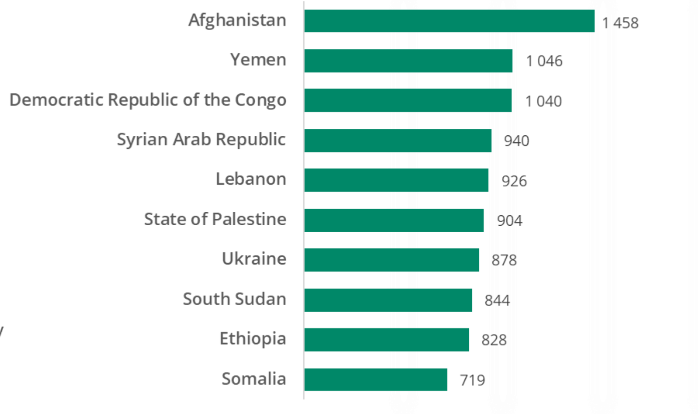


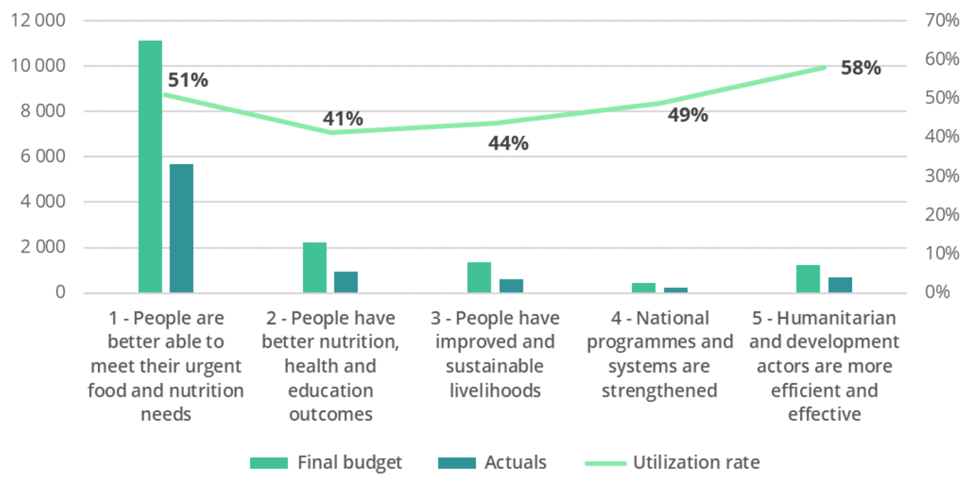
Figure 10. **Top 10 countries by Final Budget**
(in USD million)



6.1.1 Utilization of the budget

CSP final budget utilization

Figure 11. **Final Budget utilization by Strategic Outcomes**
(in USD million)



53. Resources are made available for CSPs when contributions are confirmed by donors for the approved CSP, or funds are provided through advance financing mechanisms. Therefore, budgetary utilization within the year is constrained by the amount, timing, and predictability of contributions, as well as the inherent operational constraints.

54. In 2024, the CSP final budget excluding indirect support costs (ISC) was USD 17,090.8 million (disclosed in Financial Statement V as "Subtotal CSP costs" under the final budget) and overall utilization of the CSP final budget was at 51 percent, reflected across the various strategic outcomes as outlined below:

a) Strategic outcome 1 (People are better able to meet their urgent food and nutrition needs) had a utilization rate of 51 percent. Nearly 98 percent of USD 5,674.8 million in actual costs under strategic outcome 1 relate to unconditional resource transfers, malnutrition prevention and nutrition treatment activities. The top three operations in terms of unconditional resource transfers were Sudan (USD 433.1 million), State of Palestine (USD 387.2 million) and Afghanistan (USD 342.9 million).

b) Strategic outcome 2 (People have better nutrition, health and education outcomes) had a utilization rate of 41 percent, resulting from resource and implementation constraints. School meals, malnutrition prevention and unconditional resource transfers represented 92 percent of total actual costs of USD 920.7 million under strategic outcome 2.

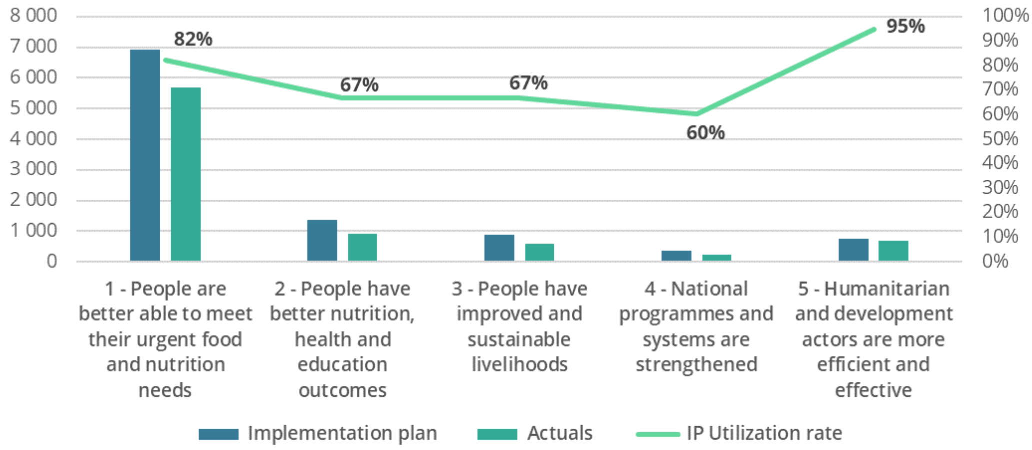
c) Strategic outcome 3 (People have improved and sustainable livelihoods) had an overall utilization rate of 44 percent. Asset creation, smallholder agricultural market support programmes and actions to protect against the climate shocks are the primary activity categories contributing to strategic outcome 3. WFP was most active in Ethiopia, Niger, Sudan and South Sudan.

d) Strategic outcome 4 (National programmes and systems are strengthened) had an overall utilization rate of 49 percent. Social protection and school-based programmes are the primary activity categories contributing to strategic outcome 4. WFP was most active in Ukraine, Mozambique and Cambodia.

e) Strategic outcome 5 (Humanitarian and development actors are more efficient and effective) had an overall utilization rate of 58 percent. UNHAS and on-demand services are the primary activity categories contributing to strategic outcome 5. WFP was most active in Lebanon, Sudan and South Sudan.

CSP implementation plan utilization

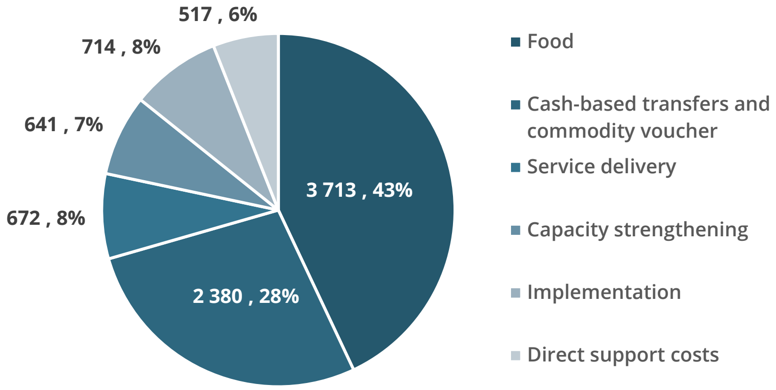
Figure 12. **Implementation plan utilization by strategic outcomes - CSP**
(in USD million)



55. The implementation plan presented in Statement V of USD 10,925.6 million represents the prioritized operational needs for approved CSPs, derived from the final budget, considering funding forecasts, available resources and operational challenges as at 31 December 2024. WFP achieved an overall utilization rate of 79 percent against the implementation plan. The implementation plans for the top ten countries comprised 55 percent of total implementation plan. The countries with the highest implementation plan and implementation rate below the average rate of implementation are Yemen, Afghanistan, the State of Palestine and Ethiopia.

CSP actual costs analysis by transfer modalities

Figure 13. **CSP Actual costs by high level cost category**
(in USD million)



56. The country portfolio budget structure includes four high-level cost categories: transfer costs; implementation costs; direct support costs (DSC); and ISC. The transfer costs correspond to the monetary value of the transferred food, cash-based transfers, capacity strengthening and service delivery, as well as the related delivery costs and accounted for 86 percent of total CSP operational and DSC in 2024.

57. Out of a total of USD 7,406.5 million in transfer costs, USD 3,713.0 million was for food transfers. South Sudan, the State of Palestine, Sudan, Afghanistan, Yemen, Ethiopia, Democratic Republic of the Congo, Chad, Ukraine and Burkina Faso were the countries with the highest food delivery, representing 67 percent of the total food transfer cost.

58. Cash-based transfers stood at USD 2,380.2 million in 2024. Lebanon, Somalia, Afghanistan, Ukraine, Bangladesh, Jordan, Democratic Republic of the Congo, Chad, Nigeria and South Sudan operations represent the largest share of cash-based transfers, with 58 percent of total cash-based transfer costs.

59. Capacity strengthening accounted for USD 641.3 million or 7 percent of total CSP costs, referring to the transfer of materials, equipment, knowledge and other resources to individual beneficiaries, communities, or other counterparties in support of WFP's strategic objectives. Service delivery transfer costs decreased to USD 672.0 million in 2024, with a reduced demand for the cash transfer services.

60. Implementation costs and DSC accounted for 8 percent and 6 percent, respectively, of the CSP actual costs.

Indirect costs

61. Budgetary authority to incur PSA expenditures is received through the approval of the management plan. The original PSA budget was USD 568.0 million. Considering the decreased contribution forecast, in the Update to the WFP management plan (2024–2026), the PSA budget was reduced to USD 528.0 million, and the Executive Director was urged to implement additional cost savings measures. Of the final approved PSA budget, USD 480.9 million or 91 percent was utilized, resulting in the PSA savings of USD 47.1 million. The PSA budget reduction demonstrates corporate efforts to calibrate expenditures to the level of resources and was achieved in tandem with the organizational realignment at headquarters that reduced the number of departments from four to three, and the number of divisions from 31 to 23. The final approved budget for the critical corporate initiatives of USD 107.7 million increased by 10 percent due to the budget carried over from the previous

years. Of the final approved critical corporate initative budget, USD 73.1 million or 68 percent was utilized in 2024.

Enhancing transparency and accountability

62. WFP prepares financial statements in accordance with IPSAS to ensure timely, relevant, and useful financial reporting, thereby improving transparency and accountability in the management of resources.

63. To ensure continued compliance with IPSAS, WFP assesses the impact and applies new IPSAS standards and changes accounting policies when changes in IPSAS require revisions. WFP continues to work closely with other United Nations system organizations, through the High-Level Committee on Management task force on IPSAS. This task force provides a platform for discussion of IPSAS issues, with a view to achieving consistency in the application of IPSAS developments and enhancing comparability of financial reporting.

64. The leadership team meets regularly to discuss strategic direction and the framework for decision making, including a review of selected IPSAS-based financial highlights, which cover key areas of WFP's financial performance and financial position.

65. WFP's enterprise risk management framework is designed to manage and communicate WFP's risk exposure and provide reasonable assurance regarding the achievement of WFP's objectives. The Risk Management Division prepares the annual statement on internal control on behalf of the Executive Director. The statement on internal control is prepared through the Executive Director's Assurance Exercise which is the annual process of evidence collection and triangulation to assess the main risk and control issues for management attention and it is further detailed in the management review of significant risk and control issues annual report.

66. In light of the diversions emanating out of Ethiopia in April 2023 and to address issues identified by WFP's oversight offices, the Executive Director launched a global assurance project in 2023, that aimed to establish "end-to-end" assurance and internal control measures across all high-risk operations. The assurance action plan included specific actions that WFP will undertake so that all high-risk operations meet the global standards and have the minimum assurance measures in place by the end of 2024, organized under five focus areas: monitoring and community feedback mechanisms, targeting, identity management, cooperating partner management, cash-based transfers and supply chain.

67. In 2024, the Deputy Executive Director and Chief Operating Officer oversaw and provided direction to the Risk Management Division, which serves as the steward for the internal control framework, monitoring its implementation through regular reporting on risk matters at senior governance and oversight committees including through dedicated country office operational updates and the annual assurance statements from global management. He also ensured that a clear action plan and escalation protocols existed for addressing major risks, incident reporting and internal control issues. In 2024, WFP's internal Oversight and Policy Committee was split into the WFP Policy Committee and the WFP Risk Committee. The latter serves as an advisory body, chaired by the Deputy Executive Director and Chief Operating Officer, on oversight recommendations, corporate risk management, supply chain management and food safety and quality assurance. In December 2024, the Risk Committee reviewed the Corporate Risk Register where senior management emphasized accountability on addressing and facilitating priority decision making around and implementing mitigation actions on eight corporate risks.[50]

[50] Funding gap; beneficiary protection; programme focus; operational partnerships; fraud and corruption; employee duty of care; digital transformation; and workforce alignment.

68. WFP maintains strong policies related to the public disclosure of the results of independent evaluations and audits. Summary evaluation and External Auditor reports, accompanied by management responses, dating back to 1999 are posted on the Executive Board's public website. In addition, annual updates to the Executive Board on reports of the Joint Inspection Unit of the United Nations relevant to the work of WFP and the Executive Board are also available on the Executive Board's public website dating back to 1999. Internal audit reports and accompanying management comments are posted on WFP's public website dating back to 2013 and in accordance with the Revised policy for the disclosure of oversight reports issued by the Office of the Inspector General (fourth iteration since 2010), which allows for Permanent Representations accredited to WFP to request various reports (e.g., investigations[51]) from the Inspector General and Oversight Office (OIG), with the OIG providing quarterly updates to the Executive Board since 2017.

69. In September 2022, the Office of the Chief of Staff reinstituted monthly tracking of outstanding internal audit actions, continuing high priority attention on and accountability for the timely implementation and closure of recommendations, a practice that began in July 2019.[52] In December 2024, The Risk Management Division linked its real-time independent and external oversight recommendation tracking dashboards to the restricted Executive Board website to provide the Membership with streamlined access to oversight data, facilitating informed decision-making and enhancing transparency.

70. To increase operational transparency, the CSP data portal provides budgetary, financial and performance information over the life spans of the CSPs or ICSPs, and to ensure that the Executive Board retains required visibility and oversight. At the request of the Executive Board as per the policy on country strategic plans[53], all CSPs include a dedicated risk management section.

71. WFP is a leading member of the International Aid Transparency Initiative (IATI), a voluntary multi-stakeholder initiative to increase transparency of development cooperation. In line with IATI transparency commitment, WFP openly publishes monthly in the IATI registry detailed information about WFP programmatic activities, including incoming funds, expenditures, and results (outputs). Since 2015, WFP has been at the top of the IATI summary statistics assessing all IATI publishers (currently more than 1,700) by scoring on three dimensions – timeliness, forward-looking and comprehensiveness. Since 2019, WFP reports to the United Nations System Chief Executives Board for Coordination in full compliance to UN Data Cube financial reporting standards. The UN Data Cube is a critical pillar of the Secretary-General's Data Strategy 2020 to increase transparency and promote a data-driven approach within the United Nations system.

Treasury risk management

72. WFP's activities expose it to a variety of financial risks including the effects of changes in debt and equity market prices, foreign currency exchange rates, interest rates, and defaults by debtors in meeting its obligations. WFP's financial risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance of WFP.

73. Financial risk management is carried out by a central treasury function using guidelines set out by the Executive Director who is advised by the WFP Financial Risk Management

[51] In addition, WFP established Framework for Vendor Sanctions that provides guidance on the processes for sanctions related to OIG-substantiated investigation cases of fraud, corruption or other proscribed prohibited practices by contracted vendors and non-governmental organizations.

[52] "Annual Report of the Inspector General" (WFP/EB.A/2020/6-D/1/Rev.1) paragraphs 39-40.

[53] "Policy on Country Strategic Plans" (WFP/EB.2/2016/4-C/1/Rev.1).

Committee (former Investment Committee). Policies cover foreign exchange, interest rate and credit risk, the use of derivative financial instruments, and investing of excess liquidity.

74. WFP investments delivered positive performance for the year as portfolios continued to benefit from high absolute interest rates available in capital markets, a benign growth environment and falling inflation expectations in developed economies. Both short- and long-term investment portfolios saw robust increases in values as global stock and bond markets experienced good support amongst global investors and maturing securities were reinvested at attractive yields throughout most of the year. Looking ahead to 2025, investment performance is expected to remain elevated, albeit at lower levels than in 2024, on the back of current and expected yields in the market.

75. WFP’s employee benefit liabilities were USD 1,028.9 million at 31 December 2024. WFP sets aside assets for the long-term employee benefit liabilities in the form of cash and long-term investments (bonds and equities). In addition, since 2011, an incremental annual funding of USD 7.5 million, approved by the Board in 2010, was included in the standard staff cost with an objective to achieve a fully funded status of the long-term employee benefit liabilities in 2025. Based on the outcomes of the WFP’s 2023 asset liability management study, which confirmed the financial viability and sustainability of assets set aside to cover the long-term employee benefit liabilities, this incremental funding was discontinued from 2024. As at 31 December 2024, the level of assets set aside (USD 1,297.7 million) for the funding of the long-term employee benefit liabilities (USD 976.2 million) represents a 133 percent funding level. This is an increase from the 123 percent funding level in 2023 as the rise in asset value growth outpaced the rise in liabilities.

76. WFP is committed to mitigating cash-related risks and increasing accountability to people, donors, and governments. WFP released a cash-based transfers assurance framework with the aim of putting together existing guidance and learning on the measures that country offices should have in place so that WFP can be reasonably confident that the right beneficiaries receive the right entitlements at the right time, and the risks of potential fraud, human error or other divergence of cash-based transfer benefits are mitigated to the extent possible while promoting beneficiary protection and effective programmes at the same time.

77. Controls are implemented across the full cash-based transfers programme cycle from beneficiaries targeting and registration, through verifications of beneficiaries registers and improved community feedback mechanisms, to due diligence assessments of financial services providers selected by WFP following the procurement rules, using the corporate templates for all contracts and agreements, established secure payment processes, segregation of duties, distribution reconciliations and finally, post-distribution monitoring and evaluation to ensure programmatic objectives are achieved as designed.

78. As part of the Global Assurance Project, WFP has further strengthened its reconciliation service to enhance reconciliation processes in country offices. This service provides guidance and support on closing reconciliation gaps and offers technical solutions for performing reconciliations using various systems, such as WFP's beneficiary information and transfer management platform (SCOPE), the Data Assurance Tool, and the recently launched Data Assurance and Reconciliation Tool Simplified, designed specifically for small offices with limited capacity. Reconciliation remains a key assurance tool, complementing other oversight and monitoring activities.

Sustainability

79. WFP’s financial statements are prepared on a going-concern basis.

80. In making this determination, I have considered: WFP's mandate as the leading humanitarian organization saving lives and changing lives, delivering food assistance in emergencies; the availability of existing and foreseeable resources, including any impact on the future funding of WFP's programmes arising from the US government's review of foreign assistance announced in January 2025 (as disclosed in Note 12 to the 2024 financial statements) and from other major donors; and WFP's liquidity and obligations position.

81. My statement on a going-concern is supported by:

   i) the projected operational requirements I put forward in the WFP management plan (2025–2027) of USD 16.9 billion for 2025, the provisional implementation plan of USD 8.8 billion, and the 2025 PSA appropriation of USD 480.0 million approved by the Executive Board during its 2024 second regular session;

   ii) the WFP strategic plan (2022–2025) approved by the Executive Board at its 2021 second regular session;

   iii) the total assets held at the end of 2024 of USD 13.5 billion, which are six times higher than the total liabilities, reaffirming WFP's ability to meet all outstanding obligations;

   iv) within the total assets held at the end of 2024, USD 5.1 billion pertains to cash and cash liquidity and short-term investments, reaffirming WFP's strong liquidity position to support operational spending in 2025;

   v) the fund balances of USD 10.5 billion at the end of 2024 that included a USD 1.3 billion surplus generated in 2024 due to the increased contribution revenue from donors in support of WFP's mandate, carried forward to 2025;

   vi) the 20 percent increase in WFP's level of reserves held at the end of 2024 of USD 793.5 million;

   vii) the total revenue received in 2024 of USD 10.4 billion; and the projected 2025 contribution level of USD 6.4 billion, as indicated in the most recent WFP global contribution forecast.

82. While I am confident that WFP has adequate resources to continue to operate in the short to medium term thanks to the support of donors, resource mobilization is the critical priority that WFP is addressing with its Board and donors.

83. The projected 2025 contribution level of USD 6.4 billion is a reduction of USD 3.4 billion compared to the actual contribution revenue of USD 9.8 billion in 2024. The reduction reflects shifting priorities among traditional WFP's donors (US and European donors, in particular) on the back of growing political and economic uncertainties.

84. The US review of foreign aid assistance, announced in January 2025, and the subsequent temporary pause on new funding obligations, constitute a significant event affecting the funding of various international programmes, including those supporting WFP. Given the uncertainties surrounding this decision, my leadership team and I have carefully assessed its implications on both outstanding obligations from the US to WFP's programmes and projected future funding levels. The impact on outstanding obligations is assessed as minimal, as the funding pause allows for legitimate spending on programmes up to the pause date of 24 January 2025. Additionally, emergency food assistance and life-saving humanitarian aid – core to WFP's mandate – are exempt from the pause.

85. Overall, the anticipated 35 percent reduction in total 2025 funding poses a significant challenge to WFP's operational capacity in addressing growing food insecurity among vulnerable populations. This situation necessitates strategic prioritization, further diversification of the donor base, and a strengthened commitment to operational efficiency.

WFP will present an Update to the WFP Management Plan (2025–2027) to the Executive Board session in June to ensure alignment with the reduced resource outlook.

Administrative matters

86. WFP's principal place of business as well as the names and addresses of its General Counsel, actuaries, principal bankers, and External Auditor are shown in the annex to this document.

Responsibility

87. As required under financial regulation 13.1, I am pleased to submit the following financial statements, which have been prepared under IPSAS. I certify that to the best of my knowledge and information, all transactions during the period have been properly entered in the accounting records and that these transactions together with the following financial statements and notes, details of which form part of this document, fairly present the financial position of WFP at 31 December 2024.

Statement I	Statement of Financial Position at 31 December 2024
Statement II	Statement of Financial Performance for the year ended 31 December 2024
Statement III	Statement of Changes in Net Assets for the year ended 31 December 2024
Statement IV	Statement of Cash Flow for the year ended 31 December 2024
Statement V	Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2024

Notes to the financial statements

Cindy H. McCain
Executive Director

Rome, 26 March 2025

Executive Director's statement on internal control

Scope and purpose of internal control

1. WFP's Executive Director is accountable to the Executive Board for the administration of WFP and for the implementation of WFP programmes, projects and other activities. Financial Regulation 12.1 requires the Executive Director to establish internal controls, including internal audit and investigation, to ensure the effective and efficient use of WFP's resources and the safeguarding of its assets.

2. WFP defines internal control as a process, effected by WFP's Executive Board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance[54]. The Statement on Internal Control provides assurance from the Executive Director on the effectiveness of WFP's system of internal control.

WFP's operating environment

3. The humanitarian imperative obliges WFP to respond when needed. This principle exposes WFP to operating environments and situations with a high level of inherent risk, including in terms of the security of its employees and beneficiaries, and, in some cases, the ability to maintain the highest standards of internal control.

Internal control and enterprise risk management frameworks

4. WFP's internal control framework is aligned with guidance issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In accordance with COSO, WFP's system on internal control includes five components: control environment; risk assessment; control activities; information and communication; and monitoring activities.

5. WFP's enterprise risk management framework is aligned with COSO guidance on enterprise risk management, which integrates risk, strategy and performance. WFP's 2018 enterprise risk management policy aims to establish a pragmatic, systematic and disciplined approach to identifying and managing risks throughout WFP that is clearly linked to the achievement of its strategic objectives.

6. WFP's oversight framework outlines the organization's vision for oversight and provides a snapshot of the evolving architecture and activities in place to operationalize the vision, which includes governance, Executive Board accountability and oversight frameworks, and associated reporting arrangements.

Review of the effectiveness of internal control

7. Managers within WFP who are responsible for implementing and overseeing internal controls in their areas of responsibility inform an annual review of the effectiveness of WFP's internal controls that considers: feedback from global management as part of the annual Executive Director's Assurance Exercise ("the Exercise"); the annual report of the Inspector General; and other evidence as available and appropriate.

[54] See annex II of "WFP oversight framework" (WFP/EB.A/2018/5-C).

Significant risk and internal control matters

8. Four issues from the 2023 Statement on Internal Control continue to achieve progress but were carried over for prioritization and further attention in 2024, and one issue has been reintroduced for management's attention, as follows.

9. **Talent management and workforce planning.** Country offices consistently ranked talent management and workforce planning as the top control challenge in 2024 as WFP faced restructuring efforts amid unprecedented funding constraints. Budget cuts remain a critical concern, particularly affecting contract stability and competitiveness. WFP continued to implement several measures to manage the workforce implications from the large-scale organizational restructuring including extending the 2023 hiring pause for global headquarters, agreed separation packages and numerous ad hoc reassignments for fixed-term staff, special measures for national employees in the field, and abolishment of positions. To provide clear guidance when managing affected employees, WFP issued the Ad-Hoc Framework on Staffing Implications of the Programme Support and Administrative rebudgeting and structuring realignment. Similar to previous years, funding challenges disrupted the continued implementation of the Staffing Framework[55] and the ability to attract and retain talent. According to Exercise respondents, employees were increasingly seeking opportunities elsewhere, citing non-competitive benefits and career stagnation, among others. To further integrate employee demands and ensure they have a voice in workforce decisions, WFP launched the Global Staff Union[56] after months of preparation. Despite these challenges, WFP has taken concrete steps to support career management, including expanding mentoring and coaching programmes and creating a self-navigable Career Resource Centre, which contains toolkits, templates and resources. Additionally, a series of 'Navigating Change' webinars was introduced along with an Employee Support Programme.

10. **Workplace culture and conduct.** In 2024, WFP continued its transformative journey while navigating funding constraints and operational restructuring, leading to increased uncertainty and workload pressures. The main goal of this organizational process is to ensure support for all WFP's employees, especially those in field operations, with increased efficiency and accountability. Exercise respondents raised concerns about communication gaps, leadership disconnect, and persistent issues such as perceived management bias, inaction and lack of accountability. WFP reaffirmed its commitment to fostering an inclusive and respectful working environment through initiatives such as the establishment of the Workplace and Management Department and the delivery of leadership programmes designed to strengthen leadership framework[57] behaviours. To further support well-being and mental health, a new Wellness Strategy (2025-2030) is under development, and in November 2024, WFP issued the much-anticipated Duty of Care Accountability and Governance Framework, which brings clarity to principles, priorities, governance and mutual accountabilities to create a safe, secure and healthy workplace. Additionally, WFP launched impactful initiatives including an inclusive leadership training programme for senior management. Finally, in support of WFP leadership's commitment to protection from sexual exploitation and abuse (PSEA), the 2024 Exercise included the mandatory completion of the

[55] In September 2021, WFP issued Executive Director's circular on WFP Staffing Framework (OED2021/017), which outlines employee categories and contract modalities and sets out principles and criteria for managers on the proper use of modalities according to staffing requirements to ensure WFP attracts and retains the best talent through competitive contracts and adequate employment conditions. The Staffing Framework transition period runs until December 2025.

[56] Launched in November 2024, the Global Staff Union represents general service staff, consultants, service contracts, national professionals, and international professionals, ensuring a unified voice and enhanced support and representation to all WFP employees.

[57] The WFP Leadership Framework Collection

Country Office PSEA Self-Assessment Checklist for close monitoring and assessing PSEA-related risk, leading to an 18 percent increase in full compliance to 86 percent from 68 percent in 2023. Strengthening accountability, reinforcing equal representation and fairness and improving communication and transparency will remain key priorities to ensure WFP's organizational effectiveness and resilience.

11. **Non-governmental organization (NGO) management.** Challenges related to NGO management have shown slight improvements in 2024: the issue moved from the fourth top control challenge ranked by Exercise respondents in 2023 to the sixth place in 2024, and the number of respondents describing it as "needing strengthening" decreased from 21 percent to 16 percent. The main risks continue to revolve around the low availability of capable NGO partners with the financial and reporting capacities and skills required to deliver WFP's objectives; challenges in the implementation of the localization agenda; and the lack of formal recognition, funding and staffing for NGO management as a specialized function in WFP. To address these challenges, WFP has developed an NGO Cooperating Partner Roadmap 2024-2026 which aims to build, develop, and advance sustainable, people-centered partnerships that enhance intervention effectiveness and adapt to local needs.

12. **Identity management (IDM) and information technology solutions.** Country office self-assessments on IDM in the Exercise have been steadily improving since 2019. Overall, 'strong' and 'adequate' self-assessments in 2024 increased by 7 percent compared to 2023, and by 10 percent compared to 2019. According to participants, challenges remain in the areas of in-kind assistance, systems gaps and interoperability. WFP has made strides to address these matters through the launch of a new Personal Data Protection and Privacy Framework in March 2024, a comprehensive approach to personal data processing consistent with WFP's mandate, United Nations organizations' privacy policies and relevant internationally recognized standards and best practices for privacy. Furthermore, the Programme Operations Department is developing an overarching IDM Normative Package, building on the Cash Assurance Framework, to guide assurance for in-kind modality. An Executive Director Circular was issued in December 2024, establishing the Corporate approach to identity management of the people we assist including delegation of authority.

13. **Monitoring.** The issue has re-emerged since 2022 as one of the top control challenges raised by Exercise participants and has therefore been once again escalated in this year's report for management's attention. The number of country offices describing their self-assessed maturity as 'needing strengthening' made a sharp increase from 10 percent in 2022 to 19 percent in 2023, before decreasing to 15 percent in 2024. Persistent issues related to limited monitoring capacity and clear roles and responsibilities at the country level; inadequate controls for targeting and prioritization; access to perform monitoring in hard-to-reach areas; and monitoring for "changing lives" activities. Minimum monitoring requirements were codified in an Executive Director's Circular OED2024/006 issued in July 2024 after the issuance of a technical note for field operations. WFP is also planning to develop a comprehensive monitoring planning system that would encompass a holistic end-to-end solution for planning and budgeting, bringing together monitoring plans, budgets and tracking of actual site visits.

14. **Emerging risk and control challenges.** Additionally, the Exercise raised the following top risk and control challenges affecting WFP's ability to achieve its objectives:

a) **Resource mobilization and donor relations** covering continued funding constraints; contribution earmarking and increasingly demanding and complex donor requirements; and donor demands that may impact neutrality and operational independence; and the critical need to diversify donor base and strengthen private sector engagement. Effectively managing partnership risks through due diligence, robust agreements and standardized frameworks remain essential to ensuring consistency and strengthening risk mitigation in alignment with organizational objectives.

b) **Supply chain and procurement** covering assurance of cash transfers; procurement challenges; commodity management; FSP management; last mile tracking; and food diversion risk. Procurement challenges are being addressed through the Smart Sourcing project, which is expected to result in reduced procurement lead times, improved compliance with policies and better management of supplier-related risks. On commodity tracking, WFP issued new guidelines on the Logistics Execution Support System (LESS) Last Mile solution, meant to further streamline the use of the application in recording real-time movement and improving accountability and accuracy of food delivery information while increasing efficiency.

c) **Programmatic partnerships and host government engagement** covering political impact or restrictions on programme implementation; government partner capacity and oversight; local political developments and partnership with the government; operational independence; and corporate tools and guidance for government partners. To support country offices in delivering WFP assistance – either through food or cash-based transfers - through host government entities, WFP issued a long-awaited guidance paper on Transferring WFP Resources through Government Systems in November 2024. WFP also issued a chapeau guidance on operational independence, "Corporate Guidance on WFP's Commitment to Operational Independence", in April 2025.

d) **Transformation and change**, covering change management; corporate roles and responsibilities; and the Global Assurance Project whose assurance requirements continue to increase and evolve, without adequate consideration for the efforts and resources needed to meet them. The lack of clear and frequent communication and guidance on corporate change management processes and the multiple stages of transition to the new structure created uncertainty and, anxiety among the workforce, highlighting the need for greater transparency and structured engagement.

Statement

15. All internal controls have inherent limitations – including the possibility of circumvention – and therefore WFP can provide only reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. Further, because of changing conditions, the effectiveness of internal controls may vary over time.

16. Based on the above, I consider, to the best of my knowledge and information, that WFP operated a satisfactory system of internal control for the year ended 31 December 2024 in line with the May 2013 COSO Internal Control – Integrated Framework.

17. WFP is committed to addressing the internal control and risk management issues identified above as part of the continuous improvement of its system of internal control.

Cindy McCain

Executive Director

Rome, 26 March 2025

WORLD FOOD PROGRAMME

STATEMENT I

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

(USD million)

	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents	2.1	2 849.4	2 735.0
Short-term investments	2.2	2 249.1	1 757.9
Contributions receivable	2.3	5 245.3	4 229.9
Inventories	2.4	1 044.1	1 291.6
Other receivables	2.5	352.6	337.2
		11 740.5	**10 351.6**
Non-current assets			
Contributions receivable	2.3	189.5	115.3
Long-term investments	2.6	1 316.8	1 182.7
Property, plant and equipment	2.7	270.6	257.4
Intangible assets	2.8	25.9	20.5
		1 802.8	**1 575.9**
Total assets	2.14	**13 543.3**	**11 927.5**
Liabilities			
Current liabilities			
Payables and accruals	2.9	1 148.3	904.9
Deferred revenue	2.10	13.9	22.5
Provisions	2.11	7.0	17.8
Employee benefits	2.12	52.7	65.7
Loan	2.13	5.6	5.6
		1 227.5	**1 016.5**
Non-current liabilities			
Deferred revenue	2.10	10.7	8.0
Employee benefits	2.12	976.2	949.9
Loan	2.13	32.9	38.4
		1 019.8	**996.3**
Total liabilities		**2 247.3**	**2 012.8**
Net assets		**11 296.0**	**9 914.7**
Fund balances and reserves			
Fund balances	2.15	10 502.5	9 255.7
Reserves	2.15	793.5	659.0
Total fund balances and reserves		**11 296.0**	**9 914.7**

The accompanying notes form an integral part of these financial statements.

Cindy McCain
Executive Director

Robert van der Zee
Chief Financial Officer
Rome, 26 March 2025

WORLD FOOD PROGRAMME

STATEMENT II

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2024

(USD million)

	Note	2024	2023
Revenue			
Monetary contributions	3.1	9 156.4	7 680.4
In-kind contributions	3.2	638.8	651.3
Currency exchange differences	3.3	(43.5)	193.6
Return on investments	3.4	330.1	321.9
Other revenue	3.5	291.3	276.5
Total revenue		**10 373.1**	**9 123.7**
Expenses			
Cash-based transfers distributed	4.1	2 160.8	2 943.7
Commodities distributed	4.2	2 372.9	3 264.5
Distribution and related services	4.3	1 138.5	1 155.8
Contracted and other services	4.4	1 260.2	1 364.0
Staff costs	4.5	1 244.2	1 178.4
Affiliated workforce costs	4.5	414.4	431.6
Supplies, consumables and other running costs	4.6	303.4	287.8
Finance costs	4.7	15.4	18.5
Depreciation and amortization	4.7	69.1	67.3
Other expenses	4.7	61.6	152.8
Total expenses		**9 040.5**	**10 864.4**
Surplus (deficit) for the year		**1 332.6**	**(1 740.7)**

The accompanying notes form an integral part of these financial statements.

WORLD FOOD PROGRAMME
STATEMENT III
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2024
(USD million)

	Note	Accumulated surplus/fund balances	Surplus (deficit)	Reserves	Total net assets
Total net assets at 31 December 2023		**10 996.4**	**(1 740.7)**	**659.0**	**9 914.7**
Allocation of the deficit for 2023		**(1 740.7)**	**1 740.7**	**-**	**-**
Movements in fund balances and reserves in 2024					
Transfer from/to reserves	2.15	(134.5)	-	134.5	-
Net unrealized losses on investments	2.6/2.15	(16.1)	-	-	**(16.1)**
Actuarial gains on employee benefit liabilities	2.12	64.8	-	-	**64.8**
Surplus for the year	7.2	-	1 332.6	-	**1 332.6**
Total movements during the year		**(85.8)**	**1 332.6**	**134.5**	**1 381.3**
Total net assets at 31 December 2024		**9 169.9**	**1 332.6**	**793.5**	**11 296.0**

	Note	Accumulated surplus/fund balances	Surplus (deficit)	Reserves	Total net assets
Total net assets at 31 December 2022		**7 783.2**	**2 970.0**	**895.8**	**11 649.0**
Allocation of the surplus for 2022		**2 970.0**	**(2 970.0)**	**-**	**-**
Adoption of IPSAS 41		**(1.3)**	**-**	**-**	**(1.3)**
Movements in fund balances and reserves in 2023					
Transfer from/to reserves	2.15	236.8	-	(236.8)	-
Net unrealized gains on investments	2.6/2.15	56.0	-	-	**56.0**
Actuarial losses on employee benefit liabilities	2.12	(48.3)	-	-	**(48.3)**
Deficit for the year		-	(1 740.7)	-	**(1 740.7)**
Total movements during the year		**244.5**	**(1 740.7)**	**(236.8)**	**(1 733.0)**
Total net assets at 31 December 2023		**10 996.4**	**(1 740.7)**	**659.0**	**9 914.7**

The accompanying notes form an integral part of these financial statements.

WORLD FOOD PROGRAMME

STATEMENT IV

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2024

(USD million)

	Note	2024	2023
Cash flows from operating activities:			
Surplus (deficit) for the year		1 332.6	(1 740.7)
Adjustments to reconcile surplus (deficit) to net cash flows from operating activities			
Depreciation and amortization	2.7/2.8	69.1	67.3
Unrealized (gain) on long-term investments	2.6	(11.0)	(137.6)
(Increase) in amortized value of long-term investments	2.2/2.6	(2.1)	(2.3)
(Decrease) in amortized value of long-term loan	2.13	(0.3)	(0.3)
Interest expense on long-term loan	2.13	1.3	1.4
Decrease in inventories	2.4	247.5	207.3
(Increase) decrease in contributions receivable	2.3	(1 089.6)	2 452.6
(Increase) decrease in other receivables	2.5	(12.0)	96.8
Property, plant and equipment (donated in-kind)	2.7	0.2	1.7
Increase (decrease) in payables and accruals	2.9	243.4	(488.6)
(Decrease) in deferred revenue	2.10	(5.9)	(25.7)
(Decrease) in provisions	2.11	(10.8)	(27.7)
Increase in employee benefits net of actuarial gain/loss on post-employment benefits	2.12	78.2	82.9
Net cash flows from operating activities		**840.6**	**487.1**
Cash flows from investing activities:			
(Increase) in short-term investments	2.2	(479.4)	(294.6)
(Increase) in accrued interest receivable	2.5	(3.4)	(14.5)
(Increase) in long-term investments	2.6	(149.7)	(37.8)
(Increase) in property, plant and equipment	2.7	(76.7)	(74.6)
(Increase) in intangible assets	2.8	(11.2)	(8.7)
Net cash flows from investing activities		**(720.4)**	**(430.2)**
Cash flows from financing activities:			
Interest paid on loan	2.13	(1.3)	(1.4)
Repayment of annual principal on loan	2.13	(5.3)	(5.3)
Net cash flows from financing activities		**(6.6)**	**(6.7)**
Net increase in cash and cash equivalents		**113.6**	**50.2**
Cash and cash equivalents at beginning of the year	2.1	**2 735.0**	**2 680.4**
Unrealized gains on cash equivalents in net assets/equity		**0.8**	**4.4**
Cash and cash equivalents at end of the year	2.1	**2 849.4**	**2 735.0**

The accompanying notes form an integral part of these financial statements.

WORLD FOOD PROGRAMME

STATEMENT V

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS[1]

FOR THE YEAR ENDED 31 DECEMBER 2024

(USD million)

	Note	Budget amount		Actual on	Difference: final	Implementation
	6	Original budget[2]	Final budget[3]	comparable basis[4]	budget and actual	plan[5]
CSP costs						
Strategic outcome 1 - People are better able to meet their urgent food and nutrition needs		11 114.0	11 119.9	5 674.8	5 445.1	6 910.5
Strategic outcome 2 - People have better nutrition, health and education outcomes		2 161.0	2 235.6	920.7	1 314.9	1 374.2
Strategic outcome 3 - People have improved and sustainable livelihoods		1 360.6	1 368.2	597.0	771.2	891.6
Strategic outcome 4 - National programmes and systems are strengthened		437.7	460.2	225.0	235.2	373.9
Strategic outcome 5 - Humanitarian and development actors are more efficient and effective		1 132.5	1 210.5	702.9	507.6	742.1
Direct support costs		718.2	696.4	517.0	179.4	633.3
Subtotal CSP costs		**16 924.0**	**17 090.8**	**8 637.4**	**8 453.4**	**10 925.6**
Regular PSA costs		568.0	528.0	480.9	47.1	528.0
Critical corporate initiatives		97.9	107.7	73.1	34.6	107.7
Subtotal indirect costs		**665.9**	**635.7**	**554.0**	**81.7**	**635.7**
Total		**17 589.9**	**17 726.5**	**9 191.4**	**8 535.1**	**11 561.3**

The accompanying notes form an integral part of these financial statements

[1] Prepared on a commitment basis. Commitments represent possible future liabilities based on a current contractual agreement and include outstanding purchase orders and contracts where goods and services have not yet been received.

[2] The original budget includes the operational requirements, PSA appropriation and allocation of critical corporate initiatives that are presented to the Executive Board in the WFP management plan prior to a start of each year and in the updates to management plan during the year, if such are issued.

[3] The final budget represents approved operational needs as of 31 December of the reporting year.

[4] Comparable basis means the actual amounts presented on the same accounting basis, same classification basis, for the same funds and the same period as the approved budget.

[5] The implementation plan represents the prioritized operational needs for approved CSPs, derived from the final budget, considering funding forecasts, available resources and operational challenges as of 31 December 2024.

Notes to the financial statements at 31 December 2024

Note 1: Accounting policies

Reporting entity

1. WFP was established in 1961 by the United Nations General Assembly and the Conference of the FAO as the United Nations system's food aid organization. The purposes of WFP are: a) to use food aid to support economic and social development; b) to meet refugee and other emergency and protracted relief food needs; and c) to promote world food security in accordance with the recommendations of the United Nations and FAO.

2. WFP is governed by a 36-member Executive Board that provides intergovernmental support, direction and supervision of WFP's activities. The organization is headed by an Executive Director, who is appointed jointly by the United Nations Secretary-General and the Director-General of FAO.

3. WFP has its headquarters in Rome, Italy. During 2024, WFP provided assistance in 120 countries and territories.

4. The financial statements comprise the operations of WFP. Jointly controlled entities are disclosed in note 11.

Basis of preparation

5. The financial statements of WFP have been prepared on the accrual basis of accounting in accordance with the IPSAS using the historic cost convention, modified by the inclusion of investments at fair value. Where an IPSAS does not address a particular issue, reference is made to the relevant pronouncement of other standard setting bodies, such as the International Accounting Standards Board.

6. The financial statements have been prepared on a going-concern basis. This assessment is based on approved budget, funding forecast, net assets available and the on-going relevance of WFP's mandate.

7. The cash flow statement (Statement IV) is prepared using the indirect method.

8. The functional and reporting currency of WFP is the United States dollar. Transactions in currencies other than the United States dollar are translated into United States dollars at the prevailing United Nations operational rates of exchange at the time of transaction. Assets and liabilities in currencies other than United States dollars are translated into United States dollars at the prevailing United Nations operational rates of exchange year-end closing rate. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Use of estimates and judgements

9. The preparation of the financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, and information available at the date of preparation of the financial statements, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and any future periods affected.

10. Significant estimates and assumptions that may result in material adjustments in future periods include actuarial measurement of employee benefits; impairment of assets; selection of useful lives and the depreciation/amortization method for property, plant and equipment/intangible assets; inventory replacement cost, provisions and contingent liabilities.

New and revised accounting standards not yet effective

11. WFP follows IPSAS Board new pronouncements, assesses their relevance and impact on WFP's accounting policies and procedures, and adopts new IPSAS standards based on their relevance, and in line with the standards effective implementation dates as prescribed by the IPSAS Board. The following new standards and exposure drafts are of relevance for WFP.

12. In January 2022, the IPSAS Board published IPSAS 43, *Leases* to replace IPSAS 13, *Leases*. Issuance of IPSAS 43 completes the Phase One of the IPSAS Board's Leases project, the main purpose of which is the alignment with the IFRS 16 *Leases*. The IPSAS 43 no longer requires classification of leases as either finance or operational leases, and it requires recognition of assets and liabilities related to rights and obligations created by all lease contracts. The effective date of IPSAS 43 is 1 January 2025. WFP will adopt the standard on its effective date.

13. In May 2022, the IPSAS Board published IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations.* The purpose of it is to provide the accounting for assets held for sale and the presentations and disclosure requirements of discontinued operations. The key principle of the standard with regard to a classification of assets as held for sale is that the carrying amount of the asset will be recovered through a sale rather than through continuing use. The effective date of IPSAS 44 is 1 January 2025. WFP will assess the relevance and impact of IPSAS 44 on its operations and adopt the standard on its effective date, if applicable.

14. In May 2023, the IPSAS Board issued IPSAS 45, *Property, Plant, and Equipment* to replace IPSAS 17, *Property, Plant, and Equipment,* and the new IPSAS 46, *Measurement*. IPSAS 45 introduces new guidance for heritage assets, infrastructure assets and measurement of property, plant, and equipment. IPSAS 46 provides new guidance addressing application of commonly used measurement bases in practice, provides general guidance on fair value and introduces current operational value, a public sector specific current value measurement basis, which is also made available for measurement of property, plant, and equipment under IPSAS 45. Both standards have effective date on 1 January 2025. WFP will assess the relevance and impact of IPSAS 45 and IPSAS 46 on its operations and adopt the standards on their respective effective date, if applicable.

15. Further in May 2023, the IPSAS Board issued IPSAS 47, *Revenue*, covering revenue with performance obligations and revenue without performance obligations, to replace IPSAS 9, *Revenue from exchange transactions* and IPSAS 23, *Revenue from non-exchange transactions (taxes and transfers),* and IPSAS 11, *Construction contracts*. It also issued IPSAS 48, *Transfer expenses*. The effective date of both standards is 1 January 2026. The standards are expected to affect WFP's core activities. The impact assessment by WFP is in progress.

Cash and cash equivalents

16. Cash and cash equivalents comprise cash on hand, cash at banks, money market and short-term deposits with maturity of three months or less, including those managed by investment managers.

17. Investment revenue is recognized as it accrues, taking into account the effective yield.

Financial instruments

18. Financial instruments are recognized when WFP becomes a party to the contractual provisions of the instrument until such time as the rights to receive cash flows from those assets have expired or have been transferred and WFP has transferred substantially all the risks and rewards of ownership.

19. Financial instruments are classified based on two criteria: i) WFP's management model for financial assets and ii) the contractual cash flow characteristics of the financial asset. Depending on the criteria, financial assets are subsequently measured at amortized cost, fair value through net assets/equity, or fair value through surplus or deficit.

20. Financial assets at amortized cost are initially measured at fair value plus any directly attributable transaction costs and subsequently at amortized cost reduced by any impairment losses. These comprise contributions receivable in cash, other receivables, cash at bank and the United States Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) held within the long-term investment portfolio. The management model is to hold these financial assets in order to collect contractual cash flows and their contractual terms give rise to solely payments of principal and interest (SPPI).

21. Financial assets at fair value through net assets/equity are initially measured at fair value plus any directly attributable transaction costs. They are subsequently carried at fair value, with value changes, other than foreign exchange gains and losses and impairment, recognized in the Statement of Changes in Net Assets. Gains and losses are reclassified from net assets to surplus or deficit when the assets are derecognized. These assets comprise cash equivalents (except money market funds), short-term investments representing liquidity portfolios and debt instruments (bonds) held as long-term investments and designated as employee benefit funds. The objective of the management model for these assets is achieved by both collecting contractual cash flows and selling and their contractual terms give rise to SPPI.

22. Financial assets at fair value through surplus or deficit are initially measured at fair value and any gains or losses arising from subsequent changes in the fair value are accounted for through surplus or deficit and included in the Statement of Financial Performance in the period in which they arise. These include money market funds, equity open-ended investment funds designated as employee benefit funds and derivative assets (forward contracts). The contractual terms of these assets do not give rise to SPPI.

23. While both debt instruments (bonds) and equity open-ended investment funds are designated as employee benefit funds and as such are part of the same management model, equity investment funds could not be classified as at fair value through net assets/equity as they do not meet SPPI test and such classification is not allowed.

24. All non-derivative financial liabilities are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

25. As required by IPSAS 41, WFP recognizes expected credit losses (ECLs) on financial assets measured at amortized cost and financial assets measured at fair value through net assets/equity. ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls i.e., the difference between the cash flows due to WFP in accordance with the agreement and the cash flows that WFP expects to receive. The model for recognizing ECL is a forward-looking model that requires recognizing ECLs from day one. WFP measures loss allowances on its financial assets, except contribution receivable and other receivables, at an amount equal to 12-month ECL or lifetime ECL if credit risk on that financial instrument has increased significantly since initial recognition. Twelve-month ECL is the portion of lifetime ECL that represents the ECL that result from

default events that are possible within the 12 months after the reporting date. Loss allowances for contributions receivable and other receivables are measured by WFP at an amount equal to lifetime ECLs, in accordance with the 'simplified approach' of IPSAS 41.

Inventories

26. The vast majority of WFP's inventory are food commodities held for distribution to beneficiaries. Inventories also include non-food items held at various storage facilities.

27. Food commodities and non-food items on hand at the end of the financial period are recorded as inventories and are valued at cost or current replacement cost, whichever is lower. The cost of food commodities includes purchase cost or fair value[1] if donated in-kind and all other costs incurred in bringing the food commodities into WFP's custody at their point of first entry into a recipient country. In addition, any significant costs of conversion such as milling, or bagging are included. The cost is determined on the weighted average basis.

28. Under the legal framework in which WFP operates, legal title of food commodities normally passes to the recipient country government at their point of first entry into a recipient country where they become distributable. Although legal title may have passed for those food commodities held in WFP warehouses in recipient countries, WFP records these commodities as inventories because WFP retains physical custody and control.

29. Cost of other inventories includes all costs of purchase and all other costs of bringing the items to strategic storage depots or delivery direct to a recipient country.

30. Where inventories or elements of their cost are acquired through a non-exchange transaction, their cost is measured at their fair value as at the date of acquisition.

31. Inventories are valued net of any impairments. An allowance for impairment is made for possible loss or damage to inventories under WFP's custody.

Contributions receivable

32. WFP recognizes a contribution receivable when, by the reporting date, it has entered into a binding arrangement in writing with a donor, the donor has obtained all the appropriation approvals that are required under its jurisdiction, the inflow of future economic benefits or service potential is probable, and WFP can reliably measure the funds to be transferred.

33. Contributions receivable are presented net of allowance for impairment and allowance for estimated reduction in contribution revenue. WFP discounts its contributions receivable pertaining to future years, using the prevailing market rates of interest for similar instruments with a similar credit rating (a discount rate that reflects the risk inherent in holding the asset).

34. In-kind contribution receivables of services that directly support approved operations and activities, which have budgetary impact, and can be reliably measured, are recognized when confirmed in writing by donors, and valued at fair value. These contributions include use of premises, utilities, transport, and personnel.

35. In-kind contribution receivables for donated property, plant and equipment and intangible assets are recognized as property, plant, and equipment or intangible assets and contribution revenue when confirmed in writing by donors and are valued at fair value.

[1] Indicators of the fair value for food commodities donated in-kind include world market prices, the Food Assistance Convention price and the donor's invoice price.

Property, plant and equipment

36. Property, plant and equipment are measured initially at cost. Subsequently, property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

37. Costs consist of asset purchase price and any other directly attributable costs of bringing the asset to working condition for its intended use. Borrowing costs, if any, are not capitalized. Donated property, plant and equipment are valued at fair value and recognized as property, plant and equipment and contribution revenue.

38. Individual items of property, plant and equipment are capitalized if their cost is greater or equal to the threshold limit set at USD 5,000. The threshold is reviewed periodically.

39. Leasehold improvements are recognized as assets, valued at cost and depreciated over the lesser of remaining useful life of the improvements or the lease term.

40. Depreciation is provided for property, plant and equipment over their estimated useful life using the straight-line method, except for land, which is not subject to depreciation. The estimated useful life for property, plant and equipment classes is as follows:

Class	**Estimated useful life *(years)***
Buildings	
Permanent	40
Temporary	5
Computer equipment	3
Other equipment	3
Office fixtures and fittings	5
Motor vehicles	
Light	5
Heavy and armoured	8
Workshop equipment	3

41. Impairment reviews are undertaken for all assets at least annually.

Intangible assets

42. Intangible assets are resources without physical substance controlled by WFP. They mainly consist of software acquired externally or internally developed and rights. Intangible assets are measured initially at cost. Subsequently, intangible assets are carried at historical cost less accumulated amortization and any impairment losses. Donated intangible assets are valued at fair value and recognized as intangible assets and contribution revenue.

43. Intangible assets are capitalized if their cost exceeds the threshold of USD 5,000 except internally generated software, where the threshold is USD 100,000. The capitalizable value of internally generated software excludes those costs related to research and maintenance costs. The development cost of cloud-based software as a service is expensed as incurred when the solutions implemented do not meet the criteria to be considered assets.

44. Amortization is provided over the estimated useful life using the straight-line method. The estimated useful life for intangible asset classes is as follows:

Class	Estimated useful life *(years)*
Internally generated software	6
Externally acquired software	3
Licences and rights, copyrights and other intangible assets	3

Employee benefits

45. WFP recognizes the following categories of employee benefits:

- short-term employee benefits;
- post-employment benefits;
- other long-term employee benefits; and
- termination benefits.

46. Short-term employee benefits are those that are due to be settled within 12 months after the end of the period in which an employee renders the related service. They consist of annual leave and education grants. Short-term employee benefit liabilities include incurred but not paid amounts related to all benefit plans. Except benefits incurred but not paid, which are measured by actuary, short-term employee benefits are measured by WFP at nominal value.

47. Post-employment benefits are those payable after completion of employment or separation from employment, excluding termination payments. They are defined benefit plans consisting of after-service medical plans (ASMPs), the separation payment scheme and the compensation plan reserve fund. Post-employment benefits are measured by professional actuaries on the basis of actuarial assumptions, using the projected unit credit method. The actuarial gains or losses on post-employment benefits are recognized in the Statement of Changes in Net Assets.

48. Other long-term employee benefits are those that do not fall due wholly within 12 months after the end of the period in which employees provide the related service. They consist of home leave travel and other separation-related benefits such as accrued leave, death grants, repatriation grants and repatriation travel and removal expenses. Except home leave travel, other long-term employee benefits are measured by professional actuaries on the basis of actuarial assumptions, using the projected unit credit method. The actuarial gains or losses on other long-term employee benefits are recognized in the Statement of Financial Performance.

49. Termination benefits are recognized as an expense only when WFP is demonstrably committed, without realistic possibility of withdrawal, to either terminating the employment of a staff member before the normal retirement date or to providing termination benefits as a result of an offer made to encourage voluntary redundancy and when WFP recognizes restructuring costs that involve the payment of termination benefits.

United Nations Joint Staff Pension Fund

50. WFP is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF or the Fund), which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified by Article 3 (b) of the regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries,

allowances and other conditions of service of the United Nations and the specialized agencies.

51. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. WFP and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify WFP's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence WFP has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, *Employee Benefits*. WFP's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

Provisions and contingent liabilities

52. Provisions are made for future liabilities and charges where WFP has a present legal or constructive obligation as a result of past events, and it is probable that WFP will be required to settle the obligation.

53. Other material commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of WFP.

Contingent assets

54. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within WFP's control. Contingent assets are disclosed when their occurrence is probable.

Contribution revenue

55. Revenue from contributions (monetary and in-kind) arises from a non-exchange transaction, whereby resources are received by WFP without directly giving approximately equal consideration in return to the donor. WFP recognizes contribution revenue once it has met the requirements for asset recognition and it has discharged any present obligation recognized as a liability in respect of that transferred asset. For contributions where WFP has a present obligation that meets the criteria of conditions in IPSAS 23 and recognition as a liability, WFP recognizes an asset (contribution receivable) and a liability (deferred revenue) once it has met the requirements for asset recognition. WFP reduces deferred revenue and recognizes revenue as it satisfies present obligation recognized as a liability. Where the agreements do not contain all encompassing refund obligations to fulfil a condition under its meaning in IPSAS 23, an asset (contribution receivable) and contribution revenue are recognized upon confirmation of agreement in writing for the total amount of the agreement, despite the donor agreement stipulating future implementation dates and contribution amounts. Where provision of funding in future years is subject to parliamentary appropriation or similar clauses, and such future year funding would not fulfil asset recognition criteria under IPSAS 23, WFP recognized neither an asset (contribution receivable), nor a liability (deferred revenue). It discloses a contingent asset in cases where the inflow is probable.

Other revenue

56. Other revenue is revenue from exchange transactions. An exchange transaction is one where WFP receives resources, assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Revenue from the provision of services is recognized in the financial period in which the service is rendered according to the estimated stage of completion of that service. Revenue from the transfer of goods is recognized when the risk and rewards of ownership of the goods are passed to the requesting party. When providing goods or cash transfer services, payment for the cost of the transfer service is recognized as other revenue, while the value of goods or cash transferred is recognized as a liability towards the requesting party until the liability is extinguished.

Food commodities and cash-based transfers distributed

57. Food commodities are expensed when distributed directly by WFP or once they are handed over to cooperating partners or service providers for distribution. Cost is determined on the weighted average basis.

58. Cash-based transfers are expensed when distributed directly by WFP or once distributed by the cooperating partners or service providers.

Fund accounting and segment reporting

59. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial statements are prepared on a fund accounting basis, showing at the end of the period the consolidated position of all WFP funds. Fund balances represent the accumulated residual of revenue and expenses.

60. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources. WFP classifies all projects, operations and fund activities into three segments: i) programme category funds; ii) General Fund and Special Accounts; and iii) trust funds. WFP reports on the transactions of each segment during the financial period, and the balances held at the end of the period.

61. The programme category funds segment is an accounting entity established by the Board for the purposes of accounting for contribution revenue and expenses for all programme categories established to carry out the purposes of WFP. Programme categories include CSPs, ICSPs, limited emergency operations and transitional ICSPs. CSPs are prepared following sustainable development analysis and include WFP's entire portfolio of humanitarian and development activities in a country.

62. The General Fund is the accounting entity established for recording, under separate accounts, ISC recoveries, miscellaneous income, operational reserve and contributions received that are not designated to a specific programme category, project or a bilateral project. Special Accounts are established by the Executive Director under financial regulation 5.1 for special contributions or monies earmarked for specific activities, the balances of which may be brought forward to the succeeding financial period.

63. Trust funds are also identifiable subdivisions of the WFP Fund. These are established by the Executive Director under financial regulation 5.1 to account for contributions, the purpose, scope and reporting procedures of which have been agreed upon with the donor under specific trust fund agreements.

64. Reserves are maintained within the General Fund for the purpose of operational support. An operational reserve is maintained within the General Fund as required under financial regulation 10.5 to ensure continuity of operations in the event of temporary shortfalls of resources. In addition to the operational reserve, other reserves have been established by the Board.

65. WFP may enter into third-party agreements (TPAs) to undertake activities which, while consistent with the objectives of WFP, are outside WFP's normal activities. TPAs are not reported as WFP revenue and expenses. At the year-end, the net balance owing to or from third parties is reported as a payable or receivable in the Statement of Financial Position under the General Fund. Service fees charged on TPAs are included within other revenue.

Budget comparison

66. WFP's budget is prepared on a commitment basis and the financial statements on an accrual basis. In the Statement of Financial Performance, expenses are classified on the basis of the nature of expenses, whereas in the Statement of Comparison of Budget and Actual Amounts, expenditures are classified by strategic outcomes into WFP cost categories. The strategic outcomes elaborated in WFP Strategic Plan (2022–2025) focus WFP's responses on what countries need. WFP's strategic results and outcomes are mapped to the SDG 2 and SDG 17 targets that are relevant to WFP's capacities and mandate, aligning WFP's support to national and global efforts on the SDGs.

67. Budget planning for CSPs follows the structure of the country portfolio budgets. The Board approves budgets for the direct costs of operations either directly or through its delegated authority. It also approves the annual management plan, including the appropriations for PSA costs, and critical corporate initiatives. Budgets may be subsequently amended by the Board or through the exercise of delegated authority.

68. Statement V: Comparison of Budget and Actual Amounts compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, note 6 provides reconciliation of the actual amounts presented in Statement V and the actual amounts presented in Statement IV: Cash Flow.

69. The original and final budget in Statement V represents WFP's operational requirements developed based on needs assessment. It includes the direct CSPs costs, approved regular PSA costs and critical corporate initiatives for the indirect cost portion. In addition, the implementation plan is presented. The implementation plan represents prioritized operational needs for approved CSPs, derived from the final budget, considering funding forecasts, available resources and operational challenges. Considering that WFP is a voluntarily funded organization and its operations and financial management therefore depend on the level of funding actually received.

Note 2.1: Cash and cash equivalents

	2024	2023
	USD million	
Cash and cash equivalents		
Bank and cash at headquarters	302.4	437.4
Bank and cash at regional bureaux and country offices	209.5	208.0
Money market and deposit accounts at headquarters	996.6	990.1
Cash and cash equivalents held by investment managers	1 340.9	1 099.5
Total cash and cash equivalents	**2 849.4**	**2 735.0**

70. Cash required for immediate disbursement is maintained in cash and bank accounts. Balances in the money market and deposit accounts are available at short notice.

Note 2.2: Short-term investments

	2024	2023
	USD million	
Short-term investments		
Short-term investments	2 242.8	1 751.5
Current portion of long-term investments (note 2.6)	6.3	6.4
Total short-term investments	**2 249.1**	**1 757.9**

71. Short-term investments are divided into two portfolio tranches with distinct investment horizons and specific investment guidelines and restrictions. The credit risk profile of short-term investments did not change significantly in 2024. Central banks continued to adopt restrictive monetary policies with the objective to tame inflation throughout the year.

72. Short-term investments were valued at USD 2,242.8 million at 31 December 2024 (USD 1,751.5 million at 31 December 2023). Of this amount, USD 972.2 million pertains to bonds issued or guaranteed by governments or government agencies (USD 715.1 million at 31December 2023); USD 749.5 million pertains to corporate bonds (USD 580.7 million at 31 December 2023) and USD 521.1 million pertains to asset-backed securities (USD 455.7 million at 31 December 2023). These investments are stated at fair value based on valuation provided by the independent custodian bank responsible for the administration and safekeeping of the securities.

73. In 2024, derivatives usage in short-term investments was limited to bond futures and derivatives exposure was considered immaterial. At 31 December 2024, no derivative financial instruments were held in the investment portfolio (no derivative financial instruments were held at 31 December 2023).

74. The movements in short-term investment accounts during the year are as follows:

	2023	Net additions/ (deductions)	Interest received/ amortized	Net realized gains	Net unrealized gains	2024
	USD million					
Short-term investments	1 751.5	385.8	89.5	10.6	5.4	2 242.8
Current portion of long-term investments	6.4	(0.5)	0.4	-	-	6.3
Total short-term investments	**1 757.9**	**385.3**	**89.9**	**10.6**	**5.4**	**2 249.1**

75. During 2024, total short-term investments increased by USD 491.2 million. This increase includes net unrealized gains of USD 5.4 million recognized in net assets/equity. Amortized interest on the current portion of the long-term investment of USD 0.4 million, is presented in the reconciliation of surplus/deficit to operating cash flows in the Statement of Cash Flow as part of the increase in amortized value of the long-term investment of USD 2.1 million. The remaining balance, net of reclassification from long-term to short-term of USD 6.0 million, amounting to USD 479.4 million is presented in the Statement of Cash Flow under investing activities.

Note 2.3: Contributions receivable

	2024	2023
	USD million	
Composition:		
Current	5 245.3	4 229.9
Non-current	189.5	115.3
Total net contributions receivable	**5 434.8**	**4 345.2**
Monetary contributions receivable	5 045.0	4 144.7
In-kind contributions receivable	464.5	277.5
Total contributions receivable before allowance and discounting	**5 509.5**	**4 422.2**
The effect of discounting	(33.7)	(20.9)
Allowance for reduction in contribution revenue	(33.4)	(49.8)
Allowance for impairment	(7.6)	(6.3)
Total net contributions receivable	**5 434.8**	**4 345.2**

76. Current contributions receivable are for confirmed contributions that are due within 12 months while non-current contributions receivable are those that are due after 12 months from 31 December 2024.

77. Contributions receivable relate to donor contributions for programme categories, trust funds or to the General Fund and Special Accounts. Donor contributions may include restrictions that require WFP to use the contribution for a specific objective, activity or country within a specified timeframe.

78. The following table illustrates the composition of contributions receivable by ageing. Contribution receivables by ageing are presented before allowances and before the effect of discounting.

	2024		2023	
	USD million	***%***	***USD million***	***%***
Ageing				
2024	4 410.9	80		
2023	801.0	14	3,121.9	71
2022	223.7	4	969.8	22
2021 and earlier	107.8	2	319.0	7
Subtotal	**5 543.4**	**100**	**4 410.7**	**100**
Revaluation adjustments (non-USD contributions receivable)	(33.9)		11.5	
Total contributions receivable before allowance and discounting	**5 509.5**		**4 422.2**	

79. Contributions receivable are discounted at a rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows, by using the published US risk-free rates for comparable periods plus a spread based on the rating of each donor. The original discount rate applied to each contribution agreement is maintained for the duration of that agreement. US risk free rates as at 31 December 2024 for 1 to 3 years are 4.16 percent, 4.25 percent, 4.27 percent, respectively. Contribution receivables as 31 December 2024 are discounted by USD 33.7 million. Interest revenue accretion in 2024 due to unwinding of discount on contribution receivables is USD 11.8 million and is included in the Statement of Financial Performance.

80. Contributions receivable are presented net of allowance for impairment and allowance for estimated reductions in contribution revenue.

81. Allowance for reductions in contribution revenue is an amount estimated for any reductions of contributions receivable and corresponding revenue when the funding is no longer needed by the programme or activity to which the contributions were related. The allowance is based on historical experience.

82. The change in the allowance for reductions in contribution revenue during 2024 is as follows:

	2023	Utilization	(Decrease)	2024
	USD million			
Total allowance for reduction in contribution revenue	**49.8**	**(9.5)**	**(6.9)**	**33.4**

83. During 2024, the reductions in contributions receivable amounted to USD 9.5 million. These reductions are recorded as a utilization of the allowance for reductions in contribution revenue and reported in the Statement of Financial Position. At 31 December 2024, the estimated final allowance required is USD 33.4 million. Accordingly, a decrease of USD 6.9 million was recorded as an adjustment to contribution revenue for the period and is reported in the Statement of Financial Performance.

84. The allowance for impairment is recorded based on a review of open contributions receivable to determine any line items that may not be collectible. Note that this allowance is for contributions receivable where expenses have already been incurred but donors are not expected to provide funding. In addition, WFP quantifies expected credit losses on contribution receivables with the loss rate approach as described in note 2.14.2. Actual write-offs require a transfer from the General Fund and approval by the Executive Director for amounts above USD 10,000.

85. The change in the allowance for impairment during 2024 is as follows:

	2023	Utilization	Increase	2024
	USD million			
Total allowance for impairment	**6.3**	**(1.3)**	**2.6**	**7.6**

86. During 2024, write-offs of USD 1.3 million were recorded as a utilization of the allowance for impairment and reported in the Statement of Financial Position. At 31 December 2024, the estimated final allowance for impairment required is USD 7.6 million. Accordingly, an increase of USD 2.6 million was recorded as an adjustment for the period and is reported in the Statement of Financial Performance.

Note 2.4: Inventories

87. The following tables show the movements of food and non-food items during the year. The first table shows the total value of inventories – food and non-food – as presented in the Statement of Financial Position. The second table shows a reconciliation of food inventories, which reflects the opening balance and additions during the year reduced by the value of food distributed and impairment allowance made during the year.

	2024	2023
	USD million	
Food on hand	838.0	1 225.5
Food in transit	259.3	170.4
Subtotal food	**1,097.3**	**1 395.9**
Less: impairment allowance	(8.7)	(9.3)
write-down to net realizable value	(76.6)	(128.1)
Total food	**1,012.0**	**1 258.5**
Non-food items	33.4	33.8
Less: impairment allowance	(1.3)	(0.7)
Total non-food items	**32.1**	**33.1**
Total inventories	**1,044.1**	**1 291.6**

Food reconciliation	2024	2023
	USD million	
Opening inventory	1 258.5	1 460.5
Add back: impairment allowance and write-down to net realizable value	137.4	73.8
Food purchased	1 328.7	2 244.2
In-kind commodities received	396.1	527.5
Transport and related costs	317.8	323.6
Total inventory available for distribution	**3 438.5**	**4 629.6**
Less: food distributed	(2 341.2)	(3 233.7)
Less: impairment allowance and write down to net realizable value	(85.3)	(137.4)
Total food	**1 012.0**	**1 258.5**

88. For 2024, food and non-food items distributed totalled USD 2,372.9 million (USD 3,264.5 million in 2023), as reported in the Statement of Financial Performance. Of this amount, USD 2,341.2 million relates to food commodities and USD 31.7 million relates to non-food items (USD 3,233.7 million and USD 30.8 million respectively in 2023).

89. For food, costs incurred up to the first point of entry in the recipient country are included in inventories. These costs include costs of procurement, ocean transport, port costs and, for food destined for landlocked countries, the overland transport cost across transit countries.

90. Food quantities, derived from WFP's food tracking systems, are validated by physical stock counts and valued on a moving average basis.

91. The table below shows food inventory composition by commodity type.

	2024		2023	
	Thousand mt	*USD million*	*Thousand mt*	*USD million*
Mixed and blended	119.2	252.8	228.7	469.1
Cereals	915.7	432.6	1 020.9	464.4
Oils and fats	85.7	144.7	82.0	144.1
Pulses and vegetables	137.7	116.7	177.4	131.2
Others	46.5	65.2	39.2	49.7
Total food	**1,304.8**	**1,012.0**	**1 548.2**	**1 258.5**

92. Inventories include non-food items held at WFP warehouses in Dubai and at various strategic storage depots managed by the United Nations Humanitarian Response Depot network.

93. Non-food items include fuel, isolation and treatment units, prefabricated warehouses, modular buildings, generators and spare parts.

94. Food commodity stocks at 31 December 2024 were 1.3 million mt, valued at USD 1,012.0 million (1.5 million mt, valued at USD 1,258.5 million at 31 December 2023).

95. The value of food commodities was written down by USD 76.6 million to their net realizable value (USD 128.1 million in 2023). The decrease in the replacement cost is primarily due to the reduction in major commodities held and the relatively stable prices trends on these commodities. In addition, an allowance for impairment was made for possible loss or damage to inventories under WFP's custody. The allowance is based on past experience and has been set at 0.79 percent of total food and 4.1 percent for non-food items (in 2023, the allowances for food and non-food items were 0.67 percent and 2.1 percent, respectively). As at 31 December 2024, the estimated final allowance for impairment required is USD 10.0 million and USD 1.9 million utilization is recorded. Accordingly, an increase in the allowance for impairment of USD 1.9 million is reported in the Statement of Financial Performance.

96. The change in the allowances for impairment during 2024 is as follows:

	2023	**Utilization**	**Increase/ (decrease)**	**2024**
		USD million		
Allowance for impairment – food	9.3	-	(0.6)	8.7
Allowance for impairment – non-food	0.7	(1.9)	2.5	1.3
Total allowance	**10.0**	**(1.9)**	**1.9**	**10.0**

Note 2.5: Other receivables

	2024	**2023**
	USD million	
Advances to vendors	105.1	59.3
Advances to staff	46.4	39.7
Advances for cash-based transfers	39.8	60.3
TPA receivables	27.1	12.1
Customer receivables	39.3	31.9
Value added tax receivables	89.9	73.1
Miscellaneous receivables	78.6	113.5
Total other receivables before allowance	**426.2**	**389.9**
Allowance for impairment	**(73.6)**	**(52.7)**
Total net other receivables	**352.6**	**337.2**

97. Advances to vendors are for payments in advance of goods and service delivery.

98. Advances to staff are cash advances for salaries, education grants, rentals, travel and other staff entitlements. These advances are non-interest bearing in accordance with staff rules and regulations.

99. Advances for cash-based transfers relate to amounts disbursed to cooperating partners and financial service providers to implement cash-based transfer programmes. The advances are used as per relevant agreements and reconciled against actual expenditures.

100. A TPA is a legally binding contract between WFP and another party in which WFP acts as an agent to provide goods or services at an agreed price. Transactions relating to TPA are reflected as receivables and payables in the Statement of Financial Position. TPA receivables and payables are offset against each other to reflect the net position with the third parties.

101. Customer receivables include amounts due from customers for goods and services provided by WFP.

102. Value-added tax (VAT) receivables are receivables from governments for input VAT included in the price of goods and services provided to WFP where outright tax exemptions have not been granted to WFP.

103. Miscellaneous receivables include accrued interest receivable, receivables from other United Nations organizations, governments and NGOs.

104. Other receivables are reviewed to determine whether any allowance for impairment is required. As at 31 December 2024, the estimated allowance required is USD 73.6 million, of which USD 69.6 million is for VAT and USD 4.0 million is for other receivables (USD 49.5 million for VAT receivable and USD 3.2 million for other receivables in 2023).

105. The change in the allowance for impairment during 2024 is as follows:

	2023	**Utilization**	**Increase/ (decrease)**	**Revaluation adjustment**	**2024**
	USD million				
Total allowance for impairment	**52.7**	**(0.4)**	**21.6**	**(0.3)**	**73.6**

106. The revaluation adjustment reflects the revaluation of the allowance denominated in non-USD currency.

107. The increase in the allowance for impairment of USD 21.6 million was recorded as an expense for the period and is reported in the Statement of Financial Performance.

Note 2.6: Long-term investments

	2024	**2023**
	USD million	
United States Treasury STRIPS	35.2	39.6
Current portion (note 2.2)	(6.3)	(6.4)
Long-term portion, United States Treasury STRIPS	**28.9**	**33.2**
Bonds	633.0	450.3
Equities	654.9	699.2
Total bonds and equities	**1 287.9**	**1 149.5**
Total long-term investments	**1 316.8**	**1 182.7**

108. Long-term investments consist of investments in STRIPS, bonds and equities.

109. The United States Treasury STRIPS were acquired in September 2001 and are held to maturity. The maturities of the securities are phased over 30 years to fund payment of interest and principal obligations on a long-term commodity loan from a donor government agency (note 2.13), denominated in the same currency as the STRIPS over the same period. The STRIPS bear no nominal interest and were purchased at a discount to their face value; the discount was directly related to prevailing interest rates at the time of purchase of 5.5 percent and to the maturities of the respective STRIPS. The current portion of the STRIPS is equal to the amount required to settle current obligations on the long-term loan.

110. Changes in market value of the investment in STRIPS are not recognized. At 31 December 2024, the market value of this investment was USD 36.3 million (USD 41.8 million at 31 December 2023).

111. The investments in bonds and equities have been designated as being held for funding of WFP's long-term employee benefits liabilities and are not expected to be used in support of WFP's current operations. Although these investments are designated for this purpose, and are not available for funding current operations, the investments are not subject to separate legal restrictions and do not qualify as "plan assets" as defined in IPSAS 39, Employee Benefits.

112. Investments in equities are made through two Environmental, Social and Corporate Governance funds, which track the composition and performance of the Morgan Stanley Capital International (MSCI) All Country World Index, a recognized index of stocks to all world markets. This investment structure provides exposure to global equities markets on a passive basis with risks and returns that mirror the MSCI All Country World Index.

113. The increase in the value of the long-term bond and equity investments of USD 138.4 million was led by the positive performance in the Global Equity portfolios, as global equity markets posting another year of double digit returns on the back of positive economic growth, renewed investor enthusiasm for technology companies, falling inflation and looser monetary policy in the advanced economies. The addition of USD 54.9 million is invested in line with WFP's asset allocation policy, revised in 2024 based on the outcomes of the asset liability management study performed in 2023, with the objective of achieving a target of 50 percent in global equities and 50 percent in global bonds for funds set aside to meet employee benefit liabilities. These investments are stated at fair value based on valuation provided by the independent custodian bank responsible for the administration and safekeeping of the securities.

114. The movement of long-term investment accounts during 2024 is as follows:

	2023	**Additions/ (deductions)**	**Interest received/ amortized**	**Net realized gains/ (losses)**	**Net unrealized gains/ (losses)**	**2024**
			USD million			
Bonds	**450.3**	210.9	20.0	(20.3)	(27.9)	**633.0**
Equity investment funds	**699.2**	(156.0)	-	95.1	16.6	**654.9**
Investment in STRIPS	**33.2**	(6.0)	1.7	-	-	**28.9**
Total long-term investment	**1 182.7**	**48.9**	**21.7**	**74.8**	**(11.3)**	**1 316.8**

115. During 2024, long-term investments increased by USD 134.1 million. Long-term bonds are classified at fair value through net assets/equity and equity investment funds and foreign exchange forwards (notional amount of USD 84.7 million) are classified at fair value through surplus or deficit. Accordingly, under IPSAS, out of net unrealized loss of USD 11.3 million, the net unrealized loss of USD 22.4 million related to financial assets at fair value through net assets/equity are transferred to net assets and presented in the Statement of Changes in Net Assets. The net unrealized gains of USD 2.4 million related to derivative financial instruments, the net unrealized gains of USD 16.6 million related to equity investment funds and the net unrealized loss of USD 7.9 million related to foreign exchange differences on long term investments are presented in the Statement of Financial Performance. The amortized interest on the investment in STRIPS of USD 1.7 million is presented in the reconciliation of surplus to operating cash flows in the Statement of Cash Flow as part of the increase in amortized value of the long-term investment of USD 2.1 million. The remaining balance, net of a reclassification from long-term to short-term of USD 6.0 million, amounting to USD 149.7 million is presented in the Statement of Cash Flow under investing activities.

Note 2.7: Property, plant and equipment

	Cost				Accumulated depreciation				Net carrying amount
	At 31 Dec 2023	Additions	Disposal/ transfers	At 31 Dec 2024	At 31 Dec 2023	Depreciation expense	Disposals / transfers	At 31 Dec 2024	At 31 Dec 2024
	USD million								
Buildings									
Permanent	67.9	0.8	1.3	70.0	(12.1)	(2.3)	0.7	(13.7)	56.3
Temporary	142.1	9.0	(11.6)	139.5	(114.5)	(10.9)	11.4	(114.0)	25.5
Computer equipment	20.8	2.5	(1.1)	22.2	(16.8)	(2.5)	1.1	(18.2)	4.0
Other equipment	81.1	7.4	(3.2)	85.3	(69.7)	(7.2)	3.1	(73.8)	11.5
Office fixtures and fittings	1.1	0.1	(0.1)	1.1	(0.6)	(0.1)	0.0	(0.7)	0.4
Motor vehicles									
Light	122.8	21.8	(15.3)	129.3	(78.7)	(17.5)	13.1	(83.1)	46.2
Heavy and armoured	173.0	16.7	0.8	190.5	(109.5)	(13.8)	1.2	(122.1)	68.4
Leasehold improvements	71.5	7.7	0.4	79.6	(42.9)	(10.1)	1.2	(51.8)	27.8
Fixed assets under construction	22.0	16.3	(7.7)	30.6	-	-	-	-	30.6
Total	**702.2**	**82.3**	**(36.5)**	**748.0**	**(444.8)**	**(64.4)**	**31.8**	**(477.4)**	**270.6**

	Cost				Accumulated depreciation				Net carrying amount
	At 31 Dec 2022	Additions	Disposals/ transfers	At 31 Dec 2023	At 31 Dec 2022	Depreciation expense	Disposals /transfers	At 31 Dec 2023	At 31 Dec 2023
	USD million								
Buildings									
Permanent	61.1	4.8	2.0	67.9	(10.5)	(2.1)	0.5	(12.1)	55.8
Temporary	139.4	11.7	(9.0)	142.1	(110.0)	(12.1)	7.6	(114.5)	27.6
Computer equipment	19.7	3.2	(2.1)	20.8	(16.7)	(2.2)	2.1	(16.8)	4.0
Other equipment	81.1	9.0	(9.0)	81.1	(70.7)	(7.7)	8.7	(69.7)	11.4
Office fixtures and fittings	0.9	0.2	(0.1)	1.0	(0.6)	(0.1)	0.1	(0.6)	0.4
Motor vehicles									
Light	124.3	16.9	(18.4)	122.8	(78.1)	(16.6)	16.0	(78.7)	44.1
Heavy and armoured	167.4	10.1	(4.5)	173.0	(101.6)	(13.5)	5.6	(109.5)	63.5
Leasehold improvements	61.7	12.0	(2.2)	71.5	(37.5)	(9.4)	4.0	(42.9)	28.6
Fixed assets under construction	18.3	14.1	(10.4)	22.0	-	-	-	-	22.0
Total	**673.9**	**82.0**	**(53.7)**	**702.2**	**(425.7)**	**(63.7)**	**44.6**	**(444.8)**	**257.4**

116. In 2024, major additions to property, plant and equipment were for motor vehicles, fixed assets under construction, and buildings. Net acquisitions (after disposals) for the period ended 31 December 2024 totalled USD 45.8 million (USD 28.3 million at 31 December 2023). Donated in-kind property, plant and equipment in 2024 totalled USD 0.2 million (USD 1.7 million at 31 December 2023). Net carrying amount of property, plant and equipment is reported in the Statement of Financial Position and the depreciation expense for the year of USD 64.4 million is reported in the Statement of Financial Performance (USD 63.7 million in 2023).

117. Other equipment includes office equipment, security and safety equipment, telecommunication equipment, workshop equipment, and solar power systems equipment.

118. Assets are reviewed annually to determine if their value is impaired. The review undertaken in 2024 did not result in any property, plant and equipment being impaired.

119. A physical count was partially or not performed in five countries where WFP operates, namely Haiti, Lebanon, Myanmar, State of Palestine and Sudan, due to security considerations and difficulties in accessing conflict-affected areas. The physical count exercise in these countries will be finalized once the security situation allows.

Note 2.8: Intangible assets

	Cost				Accumulated depreciation				Net carrying amount
	At 31 Dec 2023	Additions	Disposal/ transfers	At 31 Dec 2024	At 31 Dec 2023	Amortization expense	Disposal/ transfers	At 31 Dec 2024	At 31 Dec 2024
	USD million								
Internally generated software	82.5	9.4	1.9	93.8	(65.0)	(4.4)	-	(69.4)	24.4
Externally acquired software	3.5	0.0	-	3.5	(3.4)	(0.1)	-	(3.5)	(0.0)
Licences and rights	1.4	-	(0.0)	1.4	(1.0)	(0.2)	0.0	(1.2)	0.2
Intangible assets under construction	2.5	0.7	(1.9)	1.3	-	-	-	-	1.3
Total intangible assets	**89.9**	**10.1**	**(0.0)**	**100.0**	**(69.4)**	**(4.7)**	**0.0**	**(74.1)**	**25.9**

	Cost				Accumulated depreciation				Net carrying amount
	At 31 Dec 2022	Additions	Disposal/ transfers	At 31 Dec 2023	At 31 Dec 2022	Amortization expense	Disposal/ transfers	At 31 Dec 2023	At 31 Dec 2023
	USD million								
Internally generated software	74.2	7.3	1.0	82.5	(61.8)	(3.2)	-	(65.0)	17.5
Externally acquired software	3.3	0.2	-	3.5	(3.2)	(0.2)	-	(3.4)	0.1
Licences and rights	1.0	0.4	-	1.4	(0.8)	(0.2)	-	(1.0)	0.4
Intangible assets under construction	2.7	0.8	(1.0)	2.5	-	-	-	-	2.5
Total intangible assets	**81.2**	**8.7**	**-**	**89.9**	**(65.8)**	**(3.6)**	**-**	**(69.4)**	**20.5**

120. Net carrying amount of intangible assets is reported in the Statement of Financial Position while the amortization expense for the year of USD 4.7 million is reported in the Statement of Financial Performance.

Note 2.9: Payables and accruals

	2024	2023
	USD million	
Vendor payables	147.0	134.7
Donor payables	9.4	22.7
Liabilities for service provision	170.1	131.7
Staff payables	13.1	13.0
Miscellaneous payables	102.4	96.2
Subtotal payables	**442.0**	**398.3**
Accruals	706.3	506.6
Total payables and accruals	**1 148.3**	**904.9**

121. Vendor payables relate to amounts due for goods and services for which invoices have been received from suppliers.

122. Donor payables represent the balance of unspent contributions for closed activities, country portfolio budgets or grants pending refund or reprogramming.

123. Liabilities for service provision represent obligations that will be extinguished through provision of goods and services in future financial periods.

124. Staff payable relate to amounts due to staff members, and miscellaneous payables include mainly payables to United Nations organizations for services received.

125. Accruals are liabilities for goods and services received by or provided to WFP during the year for which invoices have not been received.

Note 2.10: Deferred revenue

	2024	2023
	USD million	
Composition		
Current	13.9	22.5
Non-current	10.7	8.0
Total deferred revenue	**24.6**	**30.5**

126. Deferred revenue represents contributions where revenue recognition has been deferred to future financial periods since the donor agreement stipulates conditions on transferred assets.

127. The current portion denotes revenue deferred for contributions related to the next 12 months. The non-current portion denotes revenue deferred for contributions related to the period beyond 12 months after the financial year-end.

128. In line with the accounting policy for contribution revenue described in note 1, deferred revenue is reduced, and contribution revenue is recognized in the Statement of Financial Performance as WFP satisfies a present obligation recognized as a liability.

129. The following table illustrates the composition of deferred revenue by contribution year, as stipulated by the donor:

	2024	2023
	USD million	
Contribution year		
2027 and after	0.9	
2026	9.8	3.6
2025	13.9	4.4
2024	-	22.5
Total deferred revenue	**24.6**	**30.5**

Note 2.11: Provisions

	2024	2023
	USD million	
Provision for refunds to donors	5.2	4.9
Other provision	1.8	12.9
Total provisions	**7.0**	**17.8**

130. The provision for refunds to donors estimates the level of refunds that are expected to be returned to donors for unspent cash contributions to the programme. The provision is based on historical experience.

131. The change in the provision for refunds to donors during 2024 is as follows:

	2023	Utilization	Increase	2024
	USD million			
Provision for refunds to donors	4.9	(10.1)	10.4	5.2

132. During 2024, refunds made to donors totalled USD 10.1 million. These refunds are recorded as a utilization of the provision for refunds to donors and reported in the Statement of Financial Position. At 31 December 2024, the estimated final provision required is USD 5.2 million. Accordingly, an increase of USD 10.4 million was recorded as an adjustment to monetary contribution revenue for the period and is reported in the Statement of Financial Performance.

133. The other provision is recognized for legal claims where it is probable that there will be an outflow of resources to settle the claims and the amounts can be reliably estimated.

134. The change in the provision for legal claims during 2024 is as follows:

	2023	Utilization	Increase	2024
		USD million		
Provision for legal claims	12.9	(12.1)	1.0	1.8

Note 2.12: Employee benefits

	2024			2023
	Actuarial valuation	WFP valuation	Total	
		USD million		
Current				
Short-term employee benefits	6.2	46.5	52.7	65.7
Non-current				
Post-employment benefits	875.6	1.4	877.0	853.1
Other long-term employee benefits	92.7	6.5	99.2	96.8
Total employee benefits liabilities	**974.5**	**54.4**	**1 028.9**	**1 015.6**

2.12.1 Short-term employee benefits

135. Short-term employee benefits consist of annual leave, education grants and incurred but not paid amounts relating to all benefit plans. The benefits amount incurred but not paid was estimated by professional actuaries and accrued as short-term employee benefit liabilities.

2.12.2 Post-employment benefits

136. Post-employment benefits are defined benefit plans consisting of ASMPs, the Separation Payment Scheme (SPS) and the Compensation Plan Reserve Fund.

137. Post-employee benefits are established for two groups of staff: a) staff members who are in the professional category and general service in headquarters; and b) WFP’s national professional officers and general service staff members in the country offices and regional bureaux. Both groups of staff are covered by the FAO staff rules and the United Nations staff rules.

138. The ASMPs allow eligible retirees and their eligible family members to participate in the Basic Medical Insurance Plan (BMIP) or the Medical Insurance Coverage Scheme (MICS) depending on which staff group they belong to. BMIP is provided to staff members in the professional category and the general service category in headquarters. MICS is provided to national professional officers and general service staff members in country offices and regional bureaux. ASMP defined benefit obligation represents the present value of the share of the organization’s medical insurance costs for retirees and active staff post-employment benefits accrued to-date.

139. The SPS is a plan to fund severance pay for WFP general service staff at the duty stations in Italy upon separation from service.

140. The Compensation Plan Reserve Fund is a plan that provides compensation to all staff members, employees and dependents in case of death, injury or illness attributable to the performance of official duties and, in certain circumstances, to supplement the disability and survivors' pensions paid by the Fund.

2.12.3 Other long-term employee benefits

141. Other long-term employee benefits consist of home leave travel and other separation-related benefits which comprise accrued leave, death grants, repatriation grants and repatriation travel and removal expenses and are payable when staff are no longer in service.

2.12.4 Funding of employee benefit liabilities

142. The employee benefit liabilities are funded through charges against relevant funds and projects and through the Board approved funding plan that included an incremental annual funding of USD 7.5 million in the standard staff cost over a 15-year period. In view of achieved fully funded status, the incremental annual funding discontinued from 2024.

2.12.5 Actuarial valuations of post-employment and other separation-related benefits

143. Employee benefit liabilities are measured by professional actuaries or calculated by WFP.

144. Liabilities arising from post-employment benefits (ASMPs, SPS and the Compensation Plan Reserve Fund) and other separation-related benefits are determined by professional actuaries on the basis of actuarial assumptions.

145. Post-employment benefits and other separation-related benefits liabilities which are calculated by actuaries totalled USD 968.3 million at 31 December 2024 (USD 944.4 million in 2023), of which USD 671.0 million pertains to staff members who are in the professional category and general service in headquarters (USD 657.4 million in 2023) and USD 297.3 million pertains to the benefits for national professional officers and general service staff members in country offices and regional bureaux (USD 287.0 million in 2023).

2.12.5.1 Actuarial assumptions and methods

146. Each year, WFP reviews and selects assumptions and methods that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for WFP's after-service benefit plans (post-employment benefits and other separation-related benefits). For the 2024 valuation, the assumptions and methods used are described in the following table which also indicates the assumptions and methods used for the 2023 valuation.

147. The assumptions and methods adopted for the 2024 actuarial valuation resulted in an increase in the post-employment and other separation-related benefits net liabilities in the total amount of USD 23.9 million (an increase of USD 135.4 million in 2023).

148. The principal actuarial assumptions are required to be disclosed in the financial statements in accordance with IPSAS 39. In addition, each actuarial assumption is required to be disclosed in absolute terms.

149. The following assumptions and methods have been used to determine the value of post-employment and other separation-related employee benefits liabilities for WFP at 31 December 2024.

Discount rate	Established based on yield curve approach, using yields on high-grade corporate bonds and the expected cash flows of each of the WFP's plans. Separate discount rates are used for each of the plans as follows: **International professional and headquarters general service:** BMIP – 5.05 percent; other separation-related benefits (OSRB) – 5.35 percent; SPS –

	3.30 percent and Staff Compensation Plan (SCP) – 5.70 percent; (BMIP – 4.55 percent; OSRB – 4.65 percent; SPS – 2.85 percent and SCP – 5.05 percent in 2023 valuation). **National professional officers and general service in country offices/regional bureaux:** MICS – 5.85 percent; OSRB – 5.55 percent; SCP – 5.85 percent (MICS – 5.25 percent; OSRB – 4.7 percent; SCP – 5.4 percent in 2023 valuation).
Medical cost increases (ASMP only)	BMIP – 8.27 percent for 2025, decreasing steadily to 3.82 percent for 2034 and beyond (7.9 percent for 2024, decreasing steadily to 3.8 percent for 2036 and beyond in 2023 valuation). MICS – 9.0 percent for 2025, decreasing steadily to 3.85 percent in 2032 and beyond (8.0 percent for 2024, decreasing steadily to 3.7 percent in 2031 and beyond in 2023 valuation).
Annual salary scale	In addition to merit increases, an increase of 3.1 percent is applied to reflect 2.6 percent inflation assumption and 0.5 percent productivity component.
Annual cost of living increases/ general inflation	Separate general inflation rates are used for each of the plans as follows: **International professional and headquarters general service**: BMIP – 2.4 percent; OSRB – 2.3 percent; SPS – 1.9 percent and SCP – 2.5 percent (BMIP – 2.3 percent; OSRB –2.1 percent; SPS – 2.1 percent and SCP – 2.2 percent in 2023 valuation). **National professional officers and general service in country offices/regional bureaux:** MICS – 2.5 percent; OSRB – 2.3 percent; SCP – 2.5 percent (MICS – 2.3 percent; OSRB – 2.1 percent; SCP – 2.3 percent in 2023 valuation).
Future exchange rates	United Nations operation rates of exchange at 31 December 2024.
Mortality rates	Mortality rates are developed by UNJSPF and remained the same as in 2023 valuation.
Disability rates	Disability rates are developed by UNJSPF and remained the same as in 2023 valuation.
Withdrawal rates	**International professional and headquarters general service**: Based on a study of WFP's withdrawal rates from 2021 to 2022 (the same in 2023 valuation). **National professional officers and general service in country offices/regional bureaux:** Based on a study of WFP's withdrawal rates from 2021 to 2022 (the same in 2023 valuation).
Retirement rates	**International professional and headquarters general service**: Based on a study of WFP's withdrawal rates from 2021 to 2022 (the same in 2023 valuation). **National professional officers and general service in country offices/regional bureaux:** Based on a study of WFP's withdrawal rates from 2021 to 2022 (the same in 2023 valuation).

Actuarial method	ASMPs, SPS and SCP: Projected unit credit with an attribution period from the entry on duty date to the date of full eligibility for benefits. Other separation-related payments schemes: For accrued leave, projected unit credit with an attribution period from the entry on duty date to separation. For repatriation travel and removal, projected unit credit with an attribution period from the entry on duty date to separation. For repatriation grant and death grant, projected unit credit with an attribution based on the actual benefit formula.

150. The following tables provide additional information and analysis in relation to employee benefits liabilities, as calculated by the actuaries.

2.12.5.2 Reconciliation of defined benefit obligation

	After-service medical plans	Other separation-related benefits	Separation payment scheme	Compensation Plan Reserve Fund	Total
	USD million				
Defined benefit obligation at 31 December 2023	**806.7**	**92.7**	**24.9**	**20.1**	**944.4**
Service cost for 2024	62.2	10.6	2.1	1.6	76.5
Interest cost for 2024	35.6	4.1	0.8	1.0	41.5
Actual gross benefit payments for 2024	(12.4)	(14.1)	(3.4)	(1.3)	(31.2)
Participant contributions	2.5	-	-	-	2.5
Plan amendment	-	3.9	-	-	3.9
Other actuarial (gains) losses	(63.6)	(4.5)	(2.0)	0.8	(69.3)
Defined benefit obligation at 31 December 2024	**831.0**	**92.7**	**22.4**	**22.2**	**968.3**

2.12.5.3 Annual expense for calendar year 2024

	After-service medical plans	Other separation-related benefits	Separation payments scheme	Compensation Plan Reserve Fund	Total
	USD million				
Service cost	62.2	10.6	2.1	1.6	76.5
Interest cost	35.6	4.1	0.8	1.0	41.5
Plan amendment	-	3.9	-	-	3.9
Actuarial (gain) loss	-	(4.5)	-	-	(4.5)
Subtotal expense	**97.8**	**14.1**	**2.9**	**2.6**	**117.4**

2.12.5.4 Reconciliation of present value of defined benefit obligation

	After-service medical plans	Other separation-related benefits	Separation payments scheme	Compensation Plan Reserve Fund	Total
	USD million				
Defined benefit obligation					
Inactive	520.0	92.7	22.4	8.5	643.6
Active	311.0	-	-	13.7	324.7
Total	**831.0**	**92.7**	**22.4**	**22.2**	**968.3**
(Gain)/loss on defined benefit obligation	(63.5)	(4.5)	(2.0)	0.8	(69.3)

2.12.6 Employee benefits liability – sensitivity analysis

151. The principal assumption in the valuation of all employee benefit plans is the discount rate. Sensitivity analysis for the discount rate for the employee benefits liabilities is presented in the following table.

	After-service medical plans	Other separation-related benefits	Separation payments scheme	Staff Compensation Plan	Total
Defined benefit obligation	***USD million***				
Current discount rate assumption minus 1%	1 031.6	94.6	24.2	25.2	1 175.6
Current discount rate assumption	831.0	92.7	22.4	22.2	968.3
Current discount rate assumption plus 1%	681.5	81.6	20.4	19.7	803.2

2.12.6.1 After-service medical plans – sensitivity analysis

152. Three of the principal assumptions in the valuation of the ASMPs are: i) the rate at which medical costs are expected to increase in the future; ii) the exchange rate between the United States dollar and the euro; and iii) the discount rate used to determine the present value of benefits that will be paid from the plan in the future.

153. Sensitivity analysis for the actuarial estimates for BMIP is presented in the following table.

		Long-term medical inflation per year		
Exchange rate	**Discount rate**	**2.82%**	**3.82%**	**4.82%**
		USD million		
0.942 USD per EUR	6.05%	364.1	437.4	533.0
1.042 USD per EUR	6.05%	376.7	452.7	551.5
1.142 USD per EUR	6.05%	389.4	467.9	570.1

Exchange rate	Discount rate	Long-term medical inflation per year 2.82%	3.82%	4.82%
		USD million		
0.942 USD per EUR	5.05%	436.6	533.0	660.4
1.042 USD per EUR	5.05%	451.8	551.5	683.4
1.142 USD per EUR	5.05%	467.0	570.0	706.4
0.942 USD per EUR	4.05%	532.9	661.8	835.2
1.042 USD per EUR	4.05%	551.5	684.8	864.3
1.142 USD per EUR	4.05%	570.0	707.8	893.3

154. Sensitivity analysis for the actuarial estimates for MICS is presented in the following table.

Discount rate	Long-term medical inflation per year 2.85%	3.85%	4.85%
	USD million		
6.85%	189.2	228.9	280.1
5.85%	228.1	279.5	346.8
4.85%	279.0	346.8	436.6

155. The results assume that claims costs and premium rates would increase by the same percentage as the medical inflation, but that all other assumptions would be unaffected.

2.12.7 Expected costs during 2025

156. The expected contribution of WFP in 2025 to the defined benefits plans is USD 28.7 million which is determined based on expected benefit payments for that year.

	After-service medical plans	Other separation-related benefits	Separation payments scheme	Staff Compensation Plan	Total
	USD million				
Expected organization contributions during 2025	12.0	14.1	1.5	1.1	28.7

2.12.8 United Nations Joint Staff Pension Fund

157. The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Fund's Consulting Actuary. The practice of the Pension Board has usually been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks.

This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

158. WFP's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9 percent of pensionable remuneration for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date. It has never been necessary to invoke Article 26, and no deficiency payments have ever been requested.

159. The latest actuarial valuation for the Fund was completed as at 31 December 2023, and a roll forward of the participation data as at 31 December 2023 to 31 December 2024 will be used by the Fund for the purpose of reporting an actuarial present value of accumulated plan benefits in its 2024 financial statements.

160. The actuarial valuation as at 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0 percent (117.0 percent in the 2021 valuation) when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0 percent (158.2 percent in the 2021 valuation) when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under Article 26.

161. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2023, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. At the time of this report, the General Assembly has not invoked the provision of Article 26.

162. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2021, 2022 and 2023) amounted to USD 9,499.41 million, of which 5 percent was contributed by the WFP.

163. During 2024, contributions paid to the Fund by WFP amounted to USD 218.0 million (2023: USD 200.2 million). Expected contributions due in 2025 are approximately USD 226.1 million.

164. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets that exceed the liabilities are included in the amount.

165. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund provides weekly information on its investments, and these can be viewed by visiting the Fund at www.unjspf.org.

2.12.9 Social security arrangements for employees under service contracts

166. WFP employees under service contracts are entitled to social security based on local conditions and norms. WFP, however, has not undertaken any global arrangement for social security under service contracts. Social security arrangements can either be obtained from the national security system, private local schemes or as cash compensation for own scheme. The provision of proper social security in line with local labour legislation and practice is a key requirement of the service contract. Service contract holders are not WFP staff members and are not covered by the FAO and United Nations Staff Rules and Regulations.

Note 2.13: Loan

	2024	**2023**
	USD million	
Current portion of loan	5.6	5.6
Non-current portion of loan	32.9	38.4
Total loan	**38.5**	**44.0**

167. In December 2000, an agreement was reached between a major donor and WFP regarding a scheme to facilitate the provision of food assistance to two country projects. Under the scheme, a USD 106.0 million long-term loan was obtained from a government agency of the donor country and used to purchase food commodities.

168. The loan is payable over 30 years and interest on the loan is at the rate of 2 percent per year for the first 10 years and 3 percent per year on the declining balance each year thereafter. The current portion of the long-term loan includes an annual principal of USD 5.3 million and an amortization cost of USD 0.3 million using the effective interest method. Investments in United States Treasury STRIPS (note 2.6) acquired in 2001 are held to collect contractual cash flows up to maturity in 2031 for the payment of interest and principal of the commodity loan.

169. The loan is carried at amortized cost using the effective interest rate of 2.44 percent. At 31 December 2024, the total amortized cost was USD 38.5 million (USD 44.0 million at 31 December 2023) with an amount due within one year of USD 5.6 million and a long-term portion of USD 32.9 million (USD 5.6 million and USD 38.4 million, respectively, in 2023).

170. Interest expense during 2024 totalled USD 1.0 million (USD 1.1 million at 31 December 2023) as reflected in the Statement of Financial Performance, of which USD 1.3 million represents the annual interest paid in May 2024 and USD (0.3) million represents the amortized cost resulting from the recognition of the long-term loan at its net present value.

171. In the Statement of Cash Flow, interest paid during the year in the amount of USD 1.3 million is presented under financing activities, while amortized interest of USD (0.3) million is presented under reconciliation to net cash flows from operating activities.

Note 2.14: Financial instruments

2.14.1 Nature of financial instruments

172. Details of the significant accounting policies and methods adopted, including the criteria for recognition and de-recognition, the basis of measurement and the basis on which gains and losses are recognized in respect of each class of financial asset and financial liability are set out in note 1.

173. The table below presents the financial assets of WFP as at 31 December 2024 under the IPSAS 41 measurement categories.

	2024	2023
	USD million	
Amortized cost	5 876.0	5 092.2
Fair value through surplus or deficit	1 264.3	1 384.8
Fair value through net assets/equities	4 601.2	3 605.8
Subtotal	**11 741.5**	**10 082.8**
Non-financial assets	1 801.8	1 844.6
Total	**13 543.3**	**11 927.4**

174. The following table presents the WFP assets that are measured at fair value at 31 December 2024 and 2023, respectively.

	2024				2023			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	USD million				*USD million*			
Financial assets at fair value through surplus or deficit	1 263.7	0.6	-	1 264.3	1 386.5	(1.7)	-	1 384.8
Financial assets at fair value through net assets/equity	238.2	4 358.4	4.6	4 601.2	242.1	3 363.0	0.7	3 605.8
Total	**1 501.9**	**4 359.0**	**4.6**	**5 865.5**	**1 628.6**	**3 361.3**	**0.7**	**4 990.6**

175. The different levels of fair value have been defined as follows: quoted prices (unadjusted) in active markets for identical assets (level 1); inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3).

176. Fair value levels largely depend on whether an active market exists for a security. Active markets provide direct data inputs and may, on average, provide better liquidity, lowering trading costs via tighter bid and ask prices. A different fair value level does not necessarily imply a different or higher level of risk for a security, all things being equal. The fair value hierarchy reflects the nature of the inputs used in determining fair values, but not the level

of risk inherent in a security as the probability of a partial or full default on cash flows from issuers or counterparts is independent from the fair value level category.

177. During 2024, there was no transfer between fair value levels for financial assets.

2.14.2 Credit risk

178. WFP investment guidelines are conservative in nature with the primary objective being capital preservation and liquidity. All financial instruments in investment portfolios are rated high quality as per international credit ratings. Investment managers are bound by WFP investment guidelines that require them to select highly liquid securities for the investment portfolios.

179. WFP's credit risk associated with investments is spread widely and WFP's risk management policies limit the amount of credit exposure to any one counterparty and include minimum credit quality guidelines.

180. Credit risk and liquidity risk associated with cash and cash equivalents are minimized by ensuring that these financial assets are placed in highly liquid and diversified money market funds and/or with major financial institutions that have been accorded strong investment grade ratings by a primary rating agency and/or with other creditworthy counterparties. WFP adopts diligent cash management practices in field offices, and more importantly, can leverage robust indirect default risk protection from host agreements and the privileges and immunities clauses in the event access to funds may become compromised for other regular commercial bank clients, which is backed by historical evidence of no material losses incurred.

181. As at 31 December 2024, debt instruments of US-based issuers account for 69 percent of short- and long-term debt instruments exposure. Within long-term debt instruments, US-based issuers account for 42 percent, Japan-based 12 percent, UK and Italy based 6 percent, respectively, Germany and France based 5 percent, respectively and other countries 24 percent. Within short-term investments, debt instruments of US-based issuers account for 73 percent, Canada based 7 percent, while the remainder is distributed among other countries. To avoid excessive concentration of risk, no more that 5 percent of the market value of a liquidity and EBF portfolio can be invested in obligations of any one issuer that is not a government or a governmental agency. WFP uses a global custodian bank which also provides risk analysis, performance measurement and compliance monitoring.

182. WFP measures IPSAS 41 expected credit losses of debt financial instruments at financial instrument level, applying the probability of default method as this is the leading practice. However, in considering reasonable and supportable forward-looking information that is available without undue cost or effort, as IPSAS 41 requires, WFP has considered macroeconomic information that collectively applies to the combination of country of issuance and type of financial instrument.

183. Based on the "low credit risk" simplification, all WFP's financial instruments in investment portfolios that are rated at investment grade are classified as "Stage 1" (no significant increase in credit risk since initial recognition) for the purpose of ECL, which means that the credit risk has not increased significantly since initial recognition. If an instrument downgrades to below investment grade at the reporting date, WFP determines whether the credit risk of financial instruments has increased significantly since initial recognition based on the change in rating compared to the rating at initial recognition of the instrument. Compared with 31 December 2023, there is no movement from Stage 1 to Stage 2 (significant credit risk occurred since initial recognition) or Stage 3 (credit-impaired). As at 31 December 2024, all financial instruments in investment portfolios are rated above investment grade.

184. On 31 December 2024, expected credit losses on short-term and long-term investments were USD 0.5 million (USD 0.4 million on 31 December 2023). The amount is low due to the high credit quality of the financial instruments in investment portfolios at or above investment grade. On 31 December 2024, exposure at default, i.e., credit exposure on debt financial instruments in investment portfolios (short- and long-term) and STRIPS was USD 3,026.0 million.

185. Contributions receivable comprise primarily amounts due from sovereign nations. There is a credit risk concentration where 65 percent is a receivable from the US government's agencies (2023: 55 percent). WFP assessed the impact of the US foreign assistance pause announced on 24 January 2025 and determined that it does not relate to the conditions existing as of 31 December 2024 and it does not impact adversely the expected credit losses on contributions receivable portfolio. Details of contributions receivable, including allowances for reductions in contribution revenue and impairment allowance are provided in note 2.3.

186. Impairment allowances for contributions receivable and other receivables are measured by WFP at an amount equal to lifetime expected credit losses, in accordance with the 'simplified approach' of IPSAS 41. For contributions receivable, WFP estimates impairment at the level of contribution agreement, based on specific knowledge of the arrangement and donor. In addition, ECL on contributions receivable are quantified with the loss rate approach. This approach is based on historical statistics for each of the top donors that make up approximately 90 percent of revenue, and collectively for private and other donors adjusted to consider the current condition and forward-looking information that is available without undue cost or effort, as IPSAS 41 requires. The latter reflects macroeconomic information that collectively applies to the donor country and the contribution agreement. The impairment allowance results from the individual assessment plus any excess that is determined based on the loss rate approach. WFP has complemented the current oversight and monitoring process of individual items of other receivables with an assessment of ECL collectively based on a loss rate approach.

187. Exposures to credit risk from contribution agreements usually arise should a donor not pay after WFP has already incurred the associated expenditures. As part of its risk management, WFP monitors and regularly reports to management actions taken to recover amounts due. WFP oversees other receivables on a case-by-case basis. It also monitors ageing on portfolio basis and has a structured write-off process in place.

188. There are currently no write-offs of financial instruments in investment portfolios, given the high quality of investments and the conservative investment policy. Write-off for contribution and other receivables is done when all efforts to recover the asset have been exhausted.

189. The following table reconciles, by class of financial instrument, the closing balance of the loss allowance.

	Long-term investments	Short-term investments	Cash equivalents	Total
	USD millions			
Loss allowance as at 31 December 2023	**0.1**	**0.1**	**0.2**	**0.4**
Changes due to:				
Financial assets derecognized during the period	-	(0.1)	(0.2)	(0.3)
New financial assets purchased	0.1	0.2	0.1	0.4
Loss allowance as at 31 December 2024	**0.2**	**0.2**	**0.1**	**0.5**

190. The following table shows the changes in gross carrying amounts of those investments that contributed to the above changes in the related loss allowance in the period:

	Long-term investments	Short-term investments	Cash equivalents	Total
	USD millions			
Gross carrying amount as at 31 December 2023	**400.7**	**580.7**	**572.6**	**1 554.0**
Changes due to:				
Financial assets derecognized during the period	(123.3)	(448.4)	(572.6)	(1 144.3)
New financial assets purchased	254.7	614.5	637.9	1 507.1
Difference in gross amounts that contributed to change in loss allowance	-	113.1		113.1
Gross carrying amount as at 31 December 2024	**532.1**	**859.9**	**637.9**	**2 029.9**

191. There are no financial assets for which credit risk has increased significantly since initial recognition and that are not credit impaired financial assets. Hence, the loss allowance is not measured at an amount equal to the lifetime expected credit losses for any asset. The analysis of debt financial instruments in the investment portfolios, excluding any cash equivalents, and STRIPS that can be directly allocated to a credit risk rating grade is the following.

	Long-term investments	Short-term investments	Total
Published 12-month probabilities of default	*USD millions*		
0.00 – 0.10	496.0	2 188.1	2 684.1
0.11 – 0.40	165.9	57.0	222.9
0.41 – 1.00	-	4.0	4.0
Total	**661.9**	**2 249.1**	**2 911.0**

2.14.3 Interest rate risk

192. WFP is exposed to interest rate risk through short-term investments and long-term bonds. At 31 December 2024, the effective interest rates of these two investment portfolios were 4.49 percent and 4.14 percent, respectively (5.17 percent and 3.98 percent, respectively, in 2023). A measurement of interest rate sensitivity indicates that the effective duration is 0.73 years for the short-term investments and 9.93 years for the long-term bonds (0.67 years and 10.11 years, respectively, in December 2023). Fixed income derivatives are used by external investment managers to manage interest rate risk under strict investment guidelines.

2.14.4 Foreign currency risk

193. At 31 December 2024, 87 percent of cash, cash equivalent and investments are denominated in the US dollar base currency and 13 percent are denominated in euros and other currencies (84 percent and 16 percent, respectively, as at 31 December 2023). Non-US dollar holdings have the primary objective of supporting operating activities. In addition, 76 percent of contributions receivable are denominated in the US dollar base

currency, 16 percent are denominated in euros, 3 percent in Pakistani Rupee and 5 percent in other currencies (75 percent in the US dollar base currency, 17 percent in euros, 4 percent in West African franc, and 4 percent in other currencies at 31 December 2023). Prevailing majority of cash, cash equivalent and investments are held in convertible currencies, except 0.7 percent of cash held in non-convertible currencies (0.3 percent as at 31 December 2023).

194. Foreign exchange forward contracts are used to hedge the euro versus US dollar exchange exposure on PSA staff costs incurred at headquarters in line with the hedging policy approved by the Board at its 2008 annual session. During the year ended 31 December 2024, 12 contracts were settled at a realized loss of USD 3.3 million (12 contracts were settled during the year ended 31 December 2023 at a realized gain of USD 4.1 million). In addition, a new hedging strategy was implemented for 2025, in which WFP entered into 12 foreign exchange forward contracts to purchase a total of EUR 87.0 million over 12 months at a fixed exchange rate. At 31 December 2024, the 12 contracts have a notional value of USD 94.8 million and an unrealized loss of USD 3.7 million using the forward rate at 31 December 2024. Both the realized gain and unrealized loss are included in currency exchange differences presented in the Statement of Financial Performance.

2.14.5 Market risk

195. WFP is subject to market risk in both the short-term and long-term investments. The market value of its fixed income, equity, financial derivatives and foreign exchange forwards may change on a daily basis. All the sensitivity analyses provided below have been prepared on the basis that all variables are held constant, other than that specifically mentioned.

196. Interest rate sensitivity – For short-term investments, if interest rates were to rise (fall) by 1 percent, the impact to the Statement of Changes in Net Assets is a USD 26.3 million unrealized loss (gain). For long-term bond portfolio, if interest rates were to rise (fall) by 1 percent, the impact to the Statement of Changes in Net Assets is a USD 63.5 million unrealized loss (gain).

197. Futures price sensitivity – For short-term investments, if futures prices were to rise (fall) by 1 percent, the impact to the Statement of Changes in Net Assets is a USD 0.0 million unrealized loss (gain). For long-term bond portfolio, if futures prices were to rise (fall) by 1 percent, the impact to the Statement of Changes in Net Assets is a USD 1.7 million unrealized gain (loss).

198. Equity price sensitivity – The equity investments track the MSCI All Country World Index, a recognized index of stocks of all world markets. If equity prices were to rise (fall) by 1 percent proportionally across the two Environmental, Social and Corporate Governance equity funds, the impact to the Statement of Financial Performance is a USD 6.5 million unrealized gain (loss).

199. Foreign exchange forwards sensitivity – For the remaining 12 PSA hedge forward contracts, if USD/EUR rate were to rise (fall) by 1 percent, the impact to the Statement of Financial Performance is a USD 0.9 million unrealized gain (loss), with all other variables held constant. For long-term investments, if foreign currency prices were to appreciate (depreciate) versus the USD by 1 percent across the forward currency positions currently held, the impact to the Statement of Financial Performance is a USD 0.8 million unrealized gain (loss).

Note 2.15: Fund balances and reserves

200. Fund balances represent the unexpended portion of contributions that are intended to be utilized in future operational requirements of the Programme. These are WFP's residual

interest in WFP's assets after deducting all its liabilities. The following table presents WFP's fund balances.

	2024				
	Programme category funds	Trust funds	General Fund and Special Accounts		Total
	(fund balance)	(fund balance)	(fund balance)	Reserves	
Opening balance at 1 January 2024	**7 100.4**	**500.4**	**1 654.9**	**659.0**	**9 914.7**
Surplus for the year	**451.9**	**75.1**	**805.6**		**1 332.6**
Movements in fund balances and reserves in 2024					
Advances to projects	195.2	0.9	-	(196.1)	**-**
Repayments by projects	(146.6)	-	-	146.6	**-**
Other transfer from/to reserves	-	-	(184.0)	184.0	**-**
Transfer between funds	645.5	(89.6)	(555.9)	-	**-**
Actuarial gains on employee benefit liabilities	-	-	64.8	-	**64.8**
Net unrealized losses on long-term investments	-	-	(16.1)	-	(16.1)
Total movements during the year	**694.1**	**(88.7)**	**(691.2)**	**134.5**	**48.7**
Closing balance at 31 December 2024	**8 246.4**	**486.8**	**1 769.3**	**793.5**	**11 296.0**

	2023				
	Programme category funds	Trust funds	General Fund and Special Accounts		Total
	(fund balance)	(fund balance)	(fund balance)	Reserves	
Opening balance at 1 January 2023	**8 965.6**	**464.5**	**1 323.1**	**895.8**	**11 649.0**
Surplus (deficit) for the year	**(2 641.4)**	**100.9**	**799.8**	**-**	**(1 740.7)**
Adoption of IPSAS 41	**(1.3)**	**-**	**-**	**-**	**(1.3)**
Movements in fund balances and reserves in 2023					
Advances to projects	433.5	-	-	(433.5)	**-**
Repayments by projects	(130.9)	-	(0.8)	131.7	**-**
Other transfer from/to reserves	-	-	(65.0)	65.0	**-**
Transfer between funds	474.9	(65.0)	(409.9)	-	**-**
Actuarial losses on employee benefit liabilities	-	-	(48.3)	-	**(48.3)**
Net unrealized gains on long-term investments	-	-	56.0	-	**56.0**
Total movements during the year	**777.5**	**(65.0)**	**(468.0)**	**(236.8)**	**7.7**
Closing balance at 31 December 2023	**7 100.4**	**500.4**	**1 654.9**	**659.0**	**9 914.7**

201. Advances from the IRA reserve to projects, repayments of such advances and other movements in the IRA reserve are explained in 2.15.3.

202. Other transfers from/to reserves include allocations approved by the Board, replenishments of reserves and surplus of ISC revenue over PSA expenses and are explained in 2.15.3 and 2.15.4.

203. There are cash contributions, which, at the time of confirmation, have not been designated to a specific programme category fund. These contributions are initially designated as multilateral and unallocated funds and are reported under the General Fund. They are allocated to specific programme categories through transfers between funds.

204. Reserves are established by the Board as facilities for funding and/or financing specific activities under specific circumstances. During 2024, WFP had four active reserves: i) operational reserve; ii) Global Commodity Management Facility reserve; iii) IRA; and iv) PSAEA. The following table presents WFP's reserves.

	2024				
	Operational reserve	**Global Commodity Management Facility**	**IRA**	**PSAEA**	**Total**
Note	**2.15.1**	**2.15.2**	**2.15.3**	**2.15.4**	
Opening balance at 1 January 2024	**130.0**	**6.0**	**121.5**	**401.5**	**659.0**
Advances to projects	-	-	(196.1)	-	**(196.1)**
Repayments by projects	-	-	146.6	-	**146.6**
Approved Board allocations	-	-	50.0	(63.5)	**(13.5)**
Repayment of unspent Board allocations	-	-	-	-	**-**
Replenishments	-	-	78.4	-	**78.4**
Surplus of ISC revenue over PSA expense	-	-	-	119.1	**119.1**
Total movements during the year	**-**	**-**	**78.9**	**55.6**	**134.5**
Closing balance at 31 December 2024	**130.0**	**6.0**	**200.4**	**457.1**	**793.5**

2.15.1 Operational reserve

205. Financial Regulation 10.5 calls for the maintenance of an operational reserve to ensure the continuity of operations in the event of a temporary shortfall of resources. In addition, the operational reserve is used to manage the risk associated with the Internal Project Lending Facility.

206. The balance of the operational reserve at 31 December 2024 is USD 130.0 million.

2.15.2 Global Commodity Management Facility reserve

207. The Global Commodity Management Facility reserve account was established in 2014 to provide for losses sustained by the Global Commodity Management Facility that fall outside insurance coverage (decision 2014/EB.A/8).

208. The balance of the Global Commodity Management Facility reserve at 31 December 2024 is USD 6.0 million.

2.15.3 Immediate Response Account

209. The IRA was established as a flexible resource facility to enable WFP to respond quickly to emergency needs for food and for non-food-related purchase and delivery costs.

210. In 2024, the IRA received USD 78.4 million in replenishments.

211. Advances made to projects totalled USD 196.1 million and repayments by projects amounted to USD 146.6 million.

212. In 2024, the IRA received USD 50.0 million in approved Board allocations transferred from the Unearmarked General Fund (decision WFP/EB.A/2024/6-B/1/Rev.1). The target IRA level in 2024 was USD 400.0 million as established by the Executive Board decision (WFP/EB.2/2023/5-A/1).

213. Outstanding advances to projects made by the IRA at 31 December 2024 totalled USD 552.0 million (USD 599.0 million in 2023).

2.15.4 Programme support and administrative budget equalization account

214. The PSAEA is a reserve set up to record the difference between ISC revenue and PSA expenses for the financial period.

215. The Executive Board initially approved USD 88.4 million to be allocated from the PSAEA for critical corporate initiatives (decision WFP/EB.2/2023/5-A/1). Following an update to the management plan (2024–2026), the Board approved the use of the unearmarked portion of the General Fund, instead of the PSAEA, as the funding source for USD 21.0 million of these initiatives (WFP/EB.A/2024/6-B/1/Rev.1), bringing the revised approved allocations from the PSAEA to USD 67.4 million. Of this amount, USD 63.5 million was allocated from the PSAEA in 2024, and USD 3.9 million will be allocated in 2025.

216. The surplus of ISC revenue over PSA expenses totalling USD 119.1 million was transferred to the PSAEA in 2024 (USD 33.5 million deficit in 2023).

217. The PSAEA balance at 31 December 2024 is USD 457.1 million.

Note 3: Revenue

		2024	2023
		USD million	
3.1	**Monetary contributions**		
	Contributions for direct costs	8,602.6	7 180.3
	ISC contributions	576.5	477.3
	Subtotal	**9 179.1**	**7 657.6**
	Add/(deduct):		
	Refunds, reprogrammes and other increases/(decreases) in contribution revenue	(22.7)	22.8
	Total monetary contributions	**9 156.4**	**7 680.4**
3.2	**In-kind contributions**		
	Commodities in-kind contributions	561.4	552.5
	Services and non-food items in-kind contributions	80.1	99.3
	Subtotal	**641.5**	**651.8**
	Deduct:		
	Decrease in contribution revenue	(2.7)	(0.5)
	Total in-kind contributions	**638.8**	**651.3**

		2024	2023
		USD million	
3.3	**Currency exchange differences**		
	Realized gains	18.4	115.0
	Unrealized gains/(losses)	(61.9)	78.6
	Total currency exchange differences	**(43.5)**	**193.6**
3.4	**Return on investments**		
	Net realized gains on investments	96.4	8.1
	Net unrealized gains on investments	11.0	137.5
	Interest earned	222.7	176.3
	Total return on investments	**330.1**	**321.9**
3.5	**Other revenue**		
	Revenue generated from provision of goods and services	260.6	243.0
	Miscellaneous revenue	30.7	33.5
	Total other revenue	**291.3**	**276.5**
	Total revenue	**10 373.1**	**9 123.7**

218. Contribution revenue is adjusted by changes in the levels of the allowance for reduction in contribution revenue (note 2.3), changes in the level of the provision for refunds to donors (note 2.11) and discounting of contribution receivables (note 2.3). The latter was presented as part of contributions for direct cost line in 2023 and reclassed as part of additions/(deductions) to monetary contributions line in the current disclosures. Actual refunds and reductions in contribution revenue are made against specific contributions.

219. In-kind contributions represent confirmed contributions of food commodities, services or non-food items during the year.

220. Included in contribution revenue and fund balances are amounts restricted by donors for use in future years as follows:

Restricted for use in	2025	2026	2027	2028	Total
Fund balances at 1 January 2024	68.5	45.3	3.4	0.6	**117.8**
Monetary and in-kind contributions in 2024	280.6	88.5	39.5	1.7	**410.3**
Fund balances at 31 December 2024	**349.1**	**133.8**	**42.9**	**2.3**	**528.1**

221. Revenue generated from the provision of goods and services included mainly air operations, logistics and supply chain services, revenue from fuel sales and other services.

Note 4: Expenses

Note 4.1: Cash-based transfers distributed

	2024	2023
	USD million	
Cash and voucher transfers	2 035.9	2 785.0
Commodity voucher transfers	124.9	158.7
Total cash-based transfers distributed	**2 160.8**	**2 943.7**

222. Cash-based transfers distributed represent assistance distributed in bank notes, electronic transfers, through debit cards or value vouchers. Commodity voucher transfers are also Included in cash-based transfers distributed.

Note 4.2: Commodities distributed

	2024	2023
	USD million	
Food commodities	2 341.2	3 233.7
Non-food items	31.7	30.8
Total commodities distributed	**2 372.9**	**3 264.5**

223. Food commodities distributed include cost of commodities as well as transport and related costs between the country in which WFP takes possession and the recipient country. Included in the cost of commodities distributed are pre- and post-delivery losses of USD 62.8 million (USD 49.9 million in 2023) (note 9).

224. Given WFP's accounting policy to expense when food is handed over to the cooperating partners, at 31 December 2024, USD 103.3 million (93,988 mt) of food held by cooperating partners was yet to be distributed to beneficiaries (USD 116.5 million (107,200 mt) at 31 December 2023).

225. Non-food commodities distributed represent costs of goods issued at various strategic storage depots managed by the United Nations Humanitarian Response Depot network, and costs of fuel released from stock under the fuel service provision that WFP carries out in Yemen.

Note 4.3: Distribution and related services

	2024	2023
	USD million	
Food handling and transport costs	514.1	491.6
Cooperating partners' costs	541.3	560.2
Cash transfer transaction charges	48.2	61.8
Other	34.9	42.2
Total distribution and related services	**1 138.5**	**1 155.8**

226. Distribution and related services represent the cost of moving commodities in-country up to and including the final distribution point. They include related distribution costs under agreements with cooperating partners, as well as transaction costs related to cash transfers to beneficiaries.

Note 4.4: Contracted and other services

	2024	2023
	USD million	
Contracted and other services		
Air operations	382.1	414.5
Cooperating partners' costs	200.3	240.1
Other programme-related expert services	201.7	219.5
Leases	120.8	114.5
Telecommunications/IT related services	49.8	55.6
Security and other services	75.3	62.4
Other contracted services	230.2	257.4
Total contracted and other services	**1 260.2**	**1 364.0**

227. Contracted and other services include costs of air operations, telecommunications, security, operating lease payments, costs arising from agreements with cooperating partners, professional and consultancy services related to programmatic activities, and other contracted services such as office maintenance costs, United Nations common services and contributions to United Nations bodies, and transportation and commodities handling contracted services.

Note 4.5: Staff and affiliated workforce costs

	2024	2023
	USD million	
Staff costs	1 244.2	1 178.4
Affiliated workforce costs	414.4	431.6

228. Staff costs represent WFP's international and national staff salaries, employment and post-employment related benefits and entitlements, , travel, training and staff workshops, and incentives. Affiliated workforce costs are those for consultants and service contract holders and include honoraria and salaries, travel, and other associated costs.

Note 4.6: Supplies, consumables and other running costs

	2024	2023
	USD million	
Telecommunications and IT	40.7	34.9
Equipment	160.1	152.2
Office supplies and consumables	58.7	50.9
Utilities	10.1	12.9
Vehicle maintenance and running costs	33.8	36.9
Total supplies, consumables and other running costs	**303.4**	**287.8**

229. Supplies, consumables and other running costs are cost of goods and services used for both direct project implementation and administration and support.

Note 4.7: Finance costs, depreciation, amortization and other expenses

	2024	2023
	USD million	
Finance costs	**15.4**	**18.5**
Depreciation and amortization		
Depreciation of property, plant and equipment	64.4	63.7
Amortization of intangible assets	4.7	3.6
Total depreciation and amortization	**69.1**	**67.3**
Other expenses		
Maintenance services	9.6	8.6
Insurance	21.2	25.1
Impairment and write-offs	15.2	16.4
Write-down of inventory to net realizable value	(51.5)	64.8
Other	67.1	37.9
Total other expenses	**61.6**	**152.8**

230. Finance costs include loan interest expense, bank charges and investment management and custodian fees.

231. Other expenses include maintenance expenses, insurance premiums, bank charges and investment fees, write-down of inventory to net realizable value, impairments and write-offs as well as expenses such as advocacy and training.

Note 5: Statement of Cash Flow

232. Cash flows from operating activities are not adjusted for donations of commodities-in-kind or services-in-kind as these donations have no impact on cash movements. Cash flows from investing activities are shown net of items where the turnover is rapid, the amounts are large, and the maturities are short.

Note 6: Statement of Comparison of Budget and Actual Amounts

233. WFP’s budget and financial statements are prepared using different bases. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance, whereas the Statement of Comparison of Budget and Actual Amounts is prepared on a commitment accounting basis.

234. As required under IPSAS 24, "Presentation of Budget Information in Financial Statements", the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

235. Budget amounts have been presented on a functional classification basis in accordance with the management plan (2024–2026), which presents a breakdown of the budget by year.

236. Statement V includes a column – implementation plan – which represents prioritized operational needs for approved CSPs, derived from the final budget, considering funding forecasts, available resources and operational challenges. Considering that WFP is a voluntarily funded organization and its operations and financial management therefore depend on the level of funding actually received

237. Explanations of material differences between the original budget and final budget, final budget and the actual amounts, and implementation plan and the actual amounts are presented under the budget analysis section of the Executive Director’s statement.

238. Basis differences occur when the approved budget is prepared on a basis other than the accounting basis. For WFP, the budget is prepared on the commitment basis and the financial statements are prepared on the accrual basis. Open commitments including open purchase orders and net cash flows from operating, investing and financing activities are presented as basis differences.

239. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for WFP for purposes of comparison of budget and actual amounts.

240. Entity differences occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. Under entity differences, trust funds form part of WFP activities and are reported in the financial statements but, as they are considered extra-budgetary resources, are excluded from the budget.

241. Presentation differences are due to differences in the format and classification schemes adopted for presentation of Statement of Cash Flow and Statement of Comparison of Budget and Actual Amounts. Revenue and non-fund relevant expenses that do not form part of the Statement of Comparison of Budget and Actual Amounts are reflected as presentation differences.

242. A reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Cash Flow (Statement IV) for the year ended 31 December 2024 is presented below.

	Operating	**Investing**	**Financing**	**Total**
	USD million			
Actual amount on comparable basis (Statement V)	**(9 191.4)**	**-**	**-**	**(9 191.4)**
Basis differences	(238.4)	(720.4)	(6.6)	**(965.4)**
Presentation differences	10 369.5	-	-	**10 369.5**
Entity differences	(99.1)	-	-	**(99.1)**
Actual amount in the Statement of Cash Flow (Statement IV)	**840.6**	**(720.4)**	**(6.6)**	**113.6**

Note 7: Segment reporting

Note 7.1: Statement of Financial Position by segment

	2024					2023
	Programme category funds	General Fund and Special Accounts	Trust funds	Inter-segment transactions	Total	
	USD million					
Assets						
Current assets						
Cash, cash equivalents and short-term investments	3 375.5	1 112.4	610.6	-	**5 098.5**	**4 492.9**
Contributions receivable	4 977.3	132.7	135.3	-	**5 245.3**	**4 229.9**
Inventories	878.7	165.1	0.3	-	**1 044.1**	**1 291.6**
Other receivables	321.5	1 318.7	2.5	(1 290.1)	**352.6**	**337.2**
	9 553.0	**2 728.9**	**748.7**	**(1 290.1)**	**11 740.5**	**10 351.6**
Non-current assets						
Contributions receivable	121.7	62.2	5.6	-	**189.5**	**115.3**
Long-term investments	-	1 316.8	-	-	**1 316.8**	**1 182.7**
Property, plant and equipment	169.4	99.4	1.8	-	**270.6**	**257.4**
Intangible assets	0.2	25.1	0.6	-	**25.9**	**20.5**
	291.3	**1 503.5**	**8.0**	**-**	**1 802.8**	**1 575.9**
Total assets	**9 844.3**	**4 232.4**	**756.7**	**(1 290.1)**	**13 543.3**	**11 927.5**
Liabilities						
Current liabilities						
Payables and accruals	1 579.8	590.0	268.6	(1 290.1)	**1 148.3**	**904.9**
Deferred revenue	3.5	10.4	-	-	**13.9**	**22.5**
Provisions	4.1	1.8	1.1	-	**7.0**	**17.8**
Employee benefits	-	52.7	-	-	**52.7**	**65.7**
Loan	-	5.6	-	-	**5.6**	**5.6**
	1 587.4	**660.5**	**269.7**	**(1 290.1)**	**1 227.5**	**1 016.5**
Non-current liabilities						
Deferred revenue	10.5	-	0.2	-	**10.7**	**8.0**
Employee benefits	-	976.2	-	-	**976.2**	**949.9**
Loan	-	32.9	-	-	**32.9**	**38.4**
	10.5	1 009.1	0.2	-	**1 019.8**	**996.3**
Total liabilities	**1 597.9**	**1 669.6**	**269.9**	**(1 290.1)**	**2 247.3**	**2 012.8**
Net assets	**8 246.4**	**2 562.8**	**486.8**	**0.0**	**11 296.0**	**9 914.7**
Fund balances and reserves						
Fund balances	8,246.4	1,769.3	486.8	-	10 502.5	**9 255.7**
Reserves	-	793.5	-	-	793.5	**659.0**
Total fund balances and reserves, 31 December 2024	**8 246.4**	**2 562.8**	**486.8**	**0.0**	**11 296.0**	**9 914.7**
Total fund balances and reserves, 31 December 2023	**7 100.4**	**2 313.9**	**500.4**	**-**	**9 914.7**	

Note 7.2: Statement of Financial Performance by segment

	2024					2023
	Programme category funds	General Fund and Special Accounts	Trust funds	Inter-segment transactions	Total	
	USD million					
Revenue						
Monetary contributions	7 719.0	1 266.7	170.7	-	**9 156.4**	**7 680.4**
In-kind contributions	584.2	53.5	1.1	-	**638.8**	**651.3**
Currency exchange differences	(36.5)	(6.5)	(0.5)	-	**(43.5)**	**193.6**
Return on investments	12.2	315.9	2.0	-	**330.1**	**321.9**
Other revenue	424.6	1 083.5	0.9	(1 217.7)	**291.3**	**276.5**
Total revenue	**8 703.5**	**2 713.1**	**174.2**	**(1 217.7)**	**10 373.1**	**9 123.7**
Expenses						
Cash-based transfers distributed	2 160.8	-	-	-	**2 160.8**	**2 943.7**
Commodities distributed	2 383.9	858.4	0.3	(869.7)	**2 372.9**	**3 264.5**
Distribution and related services	1 123.5	19.1	0.4	(4.5)	**1 138.5**	**1 155.8**
Contracted and other services	1 162.6	284.0	21.9	(208.3)	**1 260.2**	**1 364.0**
Staff costs	762.3	455.1	38.4	(11.6)	**1 244.2**	**1 178.4**
Affiliated workforce costs	276.0	121.7	26.1	(9.4)	**414.4**	**431.6**
Supplies, consumable and other running costs	249.6	67.0	1.9	(15.1)	**303.4**	**287.8**
Finance costs	10.9	4.5	-	-	**15.4**	**18.5**
Depreciation and Amortization	37.7	30.9	0.5	-	**69.1**	**67.3**
Other expenses	84.3	66.8	9.6	(99.1)	**61.6**	**152.8**
Total expenses	**8 251.6**	**1 907.5**	**99.1**	**(1 217.7)**	**9 040.5**	**10 864.4**
Surplus (deficit) for the year, 2024	**451.9**	**805.6**	**75.1**	**-**	**1 332.6**	**(1 740.7)**
Surplus (deficit) for the year, 2023	**(2 641.4)**	**799.8**	**100.9**	**-**	**(1 740.7)**	

243. Cash and cash equivalents and short-term investments are presented as separate line items on the face of the Statement of Financial Position and presented together under segment reporting. The table below reconciles the amounts reported in the Statement of Financial Position and segment reporting.

	2024	2023
	USD million	
Cash and cash equivalents	2 849.4	2 735.0
Short-term investments	2 249.1	1 757.9
Total cash and cash equivalents and short-term investments	**5 098.5**	**4 492.9**

244. Some internal activities lead to accounting transactions that created inter-segment revenue and expense balances in the financial statements. Inter-segment transactions are reflected in the tables above to accurately present these financial statements.

245. Fund balances under programme category funds and trust funds represent the unexpended portion of contributions that are intended to be utilized for future operational requirements of the Programme.

Note 8: Commitments and contingencies

Note 8.1: Commitments

8.1.1 Property leases

	2024	2023
	USD million	
Obligations for property leases:		
Within 1 year	74.9	71.2
Later than 1 year and not later than 5 years	96.7	103.5
Beyond 5 years	26.7	22.7
Total property leases obligations	**198.3**	**197.4**

246. At 31 December 2024, property lease obligations for the WFP headquarters building in Rome represent 12 percent of the total obligations within 1-year category and 20 percent under the later than 1 year and not later than 5 years category (11 percent and 21 percent, respectively, at 31 December 2023). The lease can be renewed at WFP's option. Costs incurred in leasing the headquarters building are reimbursed by the host government. The commitments are disclosed for all operating lease agreements. The agreements include cancellation clauses allowing WFP to terminate for any reason with 60 days' notice period.

8.1.2 Other commitments

247. At 31 December 2024, WFP had commitments for the acquisition of food commodities, transportation, services, non-food items, and capital commitments contracted but not delivered as follows:

	2024	2023
	USD million	
Food commodities	307.2	304.5
Transportation – Food commodities	156.8	79.4
Services	480.1	454.2
Non-food items	116.4	123.6
Capital commitments	27.6	18.5
Total open commitments	**1 088.1**	**980.2**

248. These commitments will be recognized as expenses in future financial periods and will be settled from the unexpended portion of contributions after receipt of the related goods or services.

Note 8.2: Contingent liabilities and contingent assets

Contingent assets – donor contributions

249. WFP signed contribution agreements valued at USD 137.6 million at the end of 2024 (2023: USD 347.7 million), which are expected to be confirmed by the donor at a future date as they are subject to parliamentary appropriation or final confirmation of budget availability.

Contingent assets – other

250. In 2005, two WFP employees in the WFP's Regional Bureau for Southern Africa committed fraud resulting in a loss of USD 6.0 million. A criminal trial began in 2008, and the South African authorities restrained the employees' known assets, reportedly valued at ZAR 40 million (approximately USD 2.1 million at 31 December 2024).

251. WFP also initiated arbitration against the two employees for recovery of the misappropriated funds, to establish WFP's claim against the restrained assets irrespective of the outcome of the criminal proceedings. In 2010, the arbitral tribunal issued a default award in favour of WFP on all claims, for approximately USD 5.5 million, plus interest and costs. Following the required waiver by the United Nations and FAO of WFP's immunity, WFP applied to the High Court of South Africa to make the arbitral award an order of court for the purpose of enforcement in South Africa, which was granted in October 2011 and is now final. In December 2012, the two employees were found guilty and subsequently sentenced to 25 years of imprisonment. In 2016, the defendants' convictions were finalized. One of the two subsequently employees died in prison.

252. Following significant efforts by WFP to urge advancement of the proceedings, an executor has been appointed for the deceased defendant's estate and the matter is scheduled for an appearance before the Specialized Commercial Crime Court in February 2025 to commence the process for confiscation and disposition of the defendants' frozen assets.

Note 9: Losses, *ex-gratia* payments and write-offs

253. WFP financial regulation 12.3 provides that "The Executive Director may make such *ex-gratia* payments as the Executive Director deems necessary in the interest of WFP. The Executive Director shall report all such payments to the Board with the financial statements". In addition, financial regulation 12.4 provides that "The Executive Director may, after full investigation, authorize the writing off of losses of cash, commodities and other assets, provided that a statement of all amounts written off shall be submitted to the External Auditor with the financial statements."

254. The following table details *ex-gratia* payments, contributions receivable write-offs and losses of food commodities and other assets.

	2024	**2023**
	USD million	
Ex-gratia payments	9.6	2.9
Contributions receivable write-offs	1.3	1.4
Food commodity losses	62.8	49.9
Non-food item losses	1.9	1.6
Other assets and cash losses	1.7	1.6
	mt	
Commodity losses (quantity)	57 440	67 605

255. *Ex-gratia* payments pertain to critical issues affecting WFP personnel where there is no WFP's legal obligation, but where the moral obligation is such as to make the payments desirable in the interest of the organization. In 2024, the Executive Director approved special separation measures for national employees affected by staffing reductions in country offices and regional bureaux. Such special measures included *ex-gratia* payments to affiliate employees for end of service with WFP, which are otherwise not granted to affiliate employees under the current WFP's human resources framework, but that were necessary to ensure duty of care by WFP towards its employees.

256. Contributions receivable write-offs relate to the write-off of receivables from donors. The other assets and cash losses are related mainly to cash-based transfer losses and write-offs of other receivables. During 2024, USD 0.5 million was recovered from the third parties related to cash-based transfers.

257. Food commodity losses include all losses that occur from the first receipt of the commodity in WFP's custody until distribution to the people we serve, either directly or through the cooperating partners. These losses are insured by the WFP cargo self-insurance scheme up to the point at which commodities are distributed or handed over to cooperating partners in case of distribution through cooperating partners. During 2024, USD 15.7 million was recovered from insurers and the third parties responsible for the food commodity losses (USD 31.0 million in 2023). The non-food item losses are related mainly to warehouse losses.

258. In 2024, fraud substantiated by the Office of Inspections and Investigations resulted in financial losses of USD 6.5 million of which USD 0.8 million was recovered (USD 8.2 million in 2023, USD 0.4 million was recovered). As at 31 December 2024, presumptive fraud related to ongoing investigations where amounts can be reasonably estimated, was valued at

USD 3.6 million involving fraudulent practices by partners, third parties and WFP personnel (USD 4.6 million in 2023). In addition, the Office of Inspections and Investigations reviewed and reported the cases of theft and embezzlement of USD 12.2 million of which USD 0.5 million was recovered (USD 102.0 million in 2023, including USD 96.5 million in Sudan country office, USD 1.1 million was recovered).The total number of fraud, presumptive fraud, theft, and embezzlement cases increased to 370 in 2024, up from 306 in 2023.

Note 10: Related party and other senior management disclosure

Note 10.1: Key management personnel

	Number of individuals	Number of positions	Compensation and post adjustment	Entitlements and benefits	Pension and health plans	Total remuneration	Outstanding advances against entitlements
	USD million						
Key management personnel, 2024	9	7	1.2	0.8	0.4	2.4	0.2
Key management personnel, 2023	10	7	1.3	0.7	0.4	2.4	0.1

259. Key management personnel are the Executive Director, Deputy Executive Director, Assistant Executive Directors, Chief of Staff and Chief Financial Officer as they have the authority and responsibility for planning, directing, and controlling the activities of WFP.

Note 10.2: Other senior management

	Number of individuals	Number of positions	Compensation and post adjustment	Entitlements and benefits	Pension and health plans	Total remuneration	Outstanding advances against entitlements
	USD million						
Other senior management, 2024	35	32	3.7	1.6	1.2	6.5	0.7
Other senior management, 2023	37	29	4.9	1.9	1.5	8.3	0.7

260. In addition to key management personnel whose remuneration, advances and loans are required to be disclosed under IPSAS 20, "Related Party Disclosures", similar disclosure is also made for other senior management of WFP for the sake of completeness and transparency. Other senior management include regional directors and headquarters divisional directors.

261. The tables above detail the number of positions and the number of staff who held these positions over the course of the year. The Executive Board consists of 36 Member States without personal appointment.

262. The aggregate remuneration paid to key management personnel and other senior management includes net salaries; post adjustment; entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs; post-employment benefits; other long-term employee benefits and employer pension and current health insurance contributions.

263. Key management personnel and other senior management qualify for post-employment benefits and other long-term employee benefits at the same level as other employees. The actuarial assumptions applied to measure such employee benefits are disclosed in note 2.12. Key management personnel and other senior management are ordinary members of the UNJSPF.

264. During 2024, compensation in the form of remuneration, entitlements and benefits provided to close members of the family of key management personnel and other senior management amounted to USD 0.1 million and USD 0.8 million respectively (USD 0.1 and USD 1.1 million, respectively, in 2023).

265. Advances are those made against entitlements in accordance with staff rules and regulations and are widely available to all WFP staff.

Note 11: Interest in other entities

International Computing Centre

266. The International Computing Centre (ICC) was established in January 1971 pursuant to Resolution 2741 (XXV) of the United Nations General Assembly. The ICC provides IT and communications services to partners and users in the United Nations system. As a partner bound by the mandate of the ICC, WFP would be proportionately responsible for any third-party claim or liability arising from or related to services of the ICC as specified in the ICC mandate. At 31 December 2024, there are no known claims that impact WFP. Ownership of assets is with ICC until dissolution. Upon dissolution, the division of all assets and liabilities among partner organizations shall be agreed by the management committee in accordance with a formula defined at that time.

African Risk Capacity

267. WFP and the African Risk Capacity (ARC) signed an administrative service agreement in June 2015 expiring on 31 August 2027. ARC is a specialized agency of the African Union that shares the goal of promoting food security with WFP.

268. While ARC is a separate legal entity, its financial and operating policies with reference to this agreement are subject to WFP rules. Funds received under this agreement are held under an ARC trust fund by WFP. WFP provides technical, administrative, personnel, and project management services to ARC. The Director-General of the ARC is employed by WFP and is accountable to both the WFP Executive Director and ARC. The agreement is considered a joint operation where, based on the terms of the agreement, the financial transactions of ARC are consolidated within WFP financial statements. As at 31 December 2024, the accumulated surplus held under an ARC trust fund totalled USD 26.9 million.

UN Fleet

269. In 2022, WFP and UNHCR signed a Memorandum of Understanding to establish a joint operation for the provision of fleet solutions including vehicle leasing, insurance services and other related services to the UN system. UN Fleet is jointly governed and funded by WFP

and UNHCR. UN Fleet commenced operations in 2023. UN Fleet is a joint operation where each party has rights to the assets and obligations for the liabilities of UN Fleet proportionate to their respective outstanding funding, or, if a party has no outstanding funding, equally, rather than to its net assets. WFP recognizes its share of assets, liabilities, revenues and expenses held or incurred jointly with UNHCR. In 2024, the WFP share of UN Fleet's total current assets of USD 3.6 million, non-current assets of USD 7.5 million and liabilities of USD 13.7 million was recorded in the Statement of Financial Position. USD 2.6 million of deficit from UN Fleet operations, representing WFP's share, was recorded in the Statement of Financial Performance.

Note 12: Events after reporting date

270. WFP's reporting date is 31 December 2024. On the date of certifying of these financial statements by the Executive Director, the US review of foreign assistance programmes resulting in pauses of foreign assistance funding, incurred between the balance sheet date and the date when the financial statements certification was assessed and disclosed in the Note 12.

271. In alignment with the US President's Executive Order on Reevaluating and Realigning United States Foreign Aid dated 20 January 2025, the Secretary of State issued an Executive Order on Review of Foreign Assistance Programme, dated 24 January 2025, pausing all new obligations of funding, pending the completion of the government-wide comprehensive review of all foreign assistance. The pause impacted funding of various international programmes, including those supporting WFP.

272. WFP assessed the impact of US temporary pause on the existing awards and determined that it does not relate to the conditions existing as of 31 December 2024. Therefore, no adjustments have been made to the financial statement for the year ended 31 December 2024.

273. As of reporting date, USD 3.6 billion of the US contribution receivables were recognized in the Statement I of Financial Position, representing 65 percent total gross contribution receivable disclosed in Note 2.3 to these financial statements. Out of the US contributions of USD 3.6 billion, USD 0.8 billion was collected since 31 December 2024. To mitigate immediate operational and financial risks, WFP paused all US awards impacted by the suspension, effective 24 January 2025. As of the date of authorization of these financial statements, the outstanding balances for such suspended awards are estimated not to exceed USD 84 million or approximately 1 percent of total gross outstanding receivables. The balances will be confirmed in 2025 once the final outcomes of the US review of suspended awards are formally communicated to WFP. Emergency food assistance and life-saving humanitarian assistance was exempted from the funding pause, ensuring WFP's continued ability to deliver critical humanitarian assistance.

274. WFP management continue to monitor closely the developments for any potential future financial and operational implications on its programmes and explore alternative funding sources to mitigate disruptions. At the date of authorization of these financial statements, the extent and implications of this pause on future funding remain uncertain. Notwithstanding, as of the date of the certification of these financial statements WFP confirmed contributions reached USD 1.6 billion from 51 funding sources of which USD 0.4 billion pertained to the US.

275. No other material events, favourable or unfavourable, except those disclosed in Note 12, have occurred that would have impacted the present financial statements.

ANNEX

	Name	Address
WFP	World Food Programme	Via Cesare Giulio Viola 68/70 Parco de' Medici 00148 Rome, Italy
General Counsel and Director, Legal Office	Bartolomeo Migone	Via Cesare Giulio Viola 68/70 Parco de' Medici 00148 Rome, Italy
Actuaries	Ernst & Young Advisory	Tour First, 1 place des Saisons 92037 Paris La Défense France
Principal Bankers	Citibank N.A.	Via Mercanti, 12 20121 Milan, Italy
	Standard Chartered Plc	1 Basinghall Avenue London, EC2V 5DD United Kingdom
External Auditor	President of the Federal Court of Auditors (Germany)	Adenauerallee 81 53113, Bonn Germany

Acronyms

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ARC	African Risk Capacity
ASMP	after-service medical plan
BMIP	Basic Medical Insurance Plan
COMET	country office tool for managing effectively
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSP	country strategic plan
DSC	direct support costs
ECL	expected credit loss
FAO	Food and Agriculture Organization of the United Nations
GCMF	Global Commodity Management Facility
IATI	International Aid Transparency Initiative
ICC	International Computing Centre
ICSP	Interim country strategic plan
IDM	identity management
IPSAS	International Public Sector Accounting Standards
IRA	Immediate Response Account
ISC	indirect support costs
LESS	Logistics Execution Support System
MICS	Medical Insurance Coverage Scheme
MPO	micro-purchase order
MSCI	Morgan Stanley Capital International
NGO	non-governmental organization
NPO	national professional officer
OIG	Inspector General and Oversight Office
OSRB	other separation-related benefits
PSA	Programme Support and Administrative (budget)
PSAEA	Programme Support and Administrative Equalization Account
PSEA	protection from sexual exploitation and abuse
SCOPE	WFP's beneficiary information and transfer management platform
SCP	Staff Compensation Plan
SDG	Sustainable Development Goal
SPPI	solely payments of principal and interest
SPS	Separation Payment Scheme

STRIPS	United States Treasury Separate Trading of Registered Interest and Principal of Securities
TPA	third-party agreement
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICC	United Nations International Computing Centre
UNICEF	United Nations Children's Fund
UNJSPF	United Nations Joint Staff Pension Fund
UNOPS	United Nations Office for Project Services
UNPKO	United Nations Peacekeeping Operations
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
VAT	value-added tax
WINGS	WFP Information Network and Global System