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برنامج الأغذية العالمي

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Financial and budgetary matters
For information

Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)

The Executive Director is pleased to submit herewith the report of the Advisory Committee on Administrative and Budgetary Questions pertaining to WFP. The report covers the following agenda item:

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

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Advisory Committee on
Administrative and Budgetary Questions

11 June 2025

Dear Ms McCain,

Please find attached a copy of the report of the Advisory Committee on your submission of the reports in the attached annex.

I should be grateful if you could arrange for the Advisory Committee's report to be placed before the Executive Board at its forthcoming session, as a complete and separate document. I would appreciate it if a copy of the document could be provided to the Advisory Committee at the earliest possible opportunity.

Yours sincerely,

Juliana Ruas
Chairperson

Ms Cindy H. McCain
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I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered a total of nine reports of the World Food Programme (WFP) Secretariat, which are being submitted to the WFP Executive Board annual session, to take place in Rome, Italy, from 23-27 June 2025. Three of the documents are submitted to the Executive Board for approval, namely the Audited annual accounts for 2024, Update to the WFP Management Plan and the Report on the utilization of WFP's strategic financing mechanisms. Four additional reports are submitted for consideration and two for information (see annex for a full list of reports). During its consideration of the reports, the Advisory Committee met with representatives of the WFP Secretariat and the External Auditor, who provided additional information and clarification, concluding with written responses received on 21 May 2025.

II. Documents submitted to the Executive Board for Approval

A. Audited Annual Accounts, 2024

2. The report on the audited annual accounts for 2024 contains: (a) the opinion of the External Auditor on the financial statements and the long-form report of the External Auditor in section I; and (b) the Executive Director's statement, statement on internal control, financial statements I-V and notes to the financial statements in section II.

3. The External Auditor has issued an unqualified audit opinion on WFP's Financial Statements for the financial period ended 31 December 2024. The Advisory Committee notes that the External Auditor has issued several recommendations, structured around the following areas: finance, human resources management, cooperating partners management, global assurance project, cash-based transfers, and information technology. **The Advisory Committee commends the External Auditor for the quality of its report. The Committee trusts that the External Auditor's recommendations will be implemented in full and in a timely fashion.**

Financial performance and financial position

4. In 2024 total contribution revenue amounted to $10,373 million, an increase of $1,249 million, or 13.7 percent, from the level of $9,124 million in 2023. Expenses amounted to $9,040 million, a decrease of $1,824 million, or 16.8 percent, from $10,864 million in 2023. The surplus of revenue over expenses was $1,333 million in 2024, compared to a deficit of $1,741 million in 2023. The Advisory Committee, upon enquiry was provided with the following table showing trends in total revenues, expenses and surplus (deficit); fund balances, reserves and net assets for the period 2014-2024.

Table 1: Trends in revenue, expenses and surplus /(deficit) from 2014 to 2024 (rounded figures)

Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue*	5 450	4 765	5 909	6 431	7 368	8 272	8 904	9 602	14 418	9 124	10 373
Expenses	5 215	4 816	5 368	6 219	6 640	7 613	8 054	8 882	11 448	10 864	9 040
Surplus (Deficit)	**236**	**(51)**	**541**	**212**	**729**	**658**	**850**	**720**	**2 970**	**(1 741)**	**1 333**
Fund balances	3 591	3 492	3 955	4 054	4 898	5 438	6 431	8 081	10 753	9 256	10 503
Reserves	331	278	330	380	407	432	411	509	896	659	793
Net Assets	**3 923**	**3 771**	**4 285**	**4 434**	**5 306**	**5 870**	**6 842**	**8 590**	**11 649**	**9 915**	**11 296**

* WFP changed its contribution revenue recognition policy in 2016 and restated 2015 comparative period balances. The policy was again changed in 2022 restating 2021 balances

5. The report indicates that the overall financial indicators improved or remained at a comparable high level. The reasons for improved indicators were mainly due to the decreased current payables and accruals compared with increased short-term investments. The External Auditor's analysis of the key financial ratios demonstrates that WFP met all its liabilities (para 43).

Other Matters

Open audit recommendations

6. The audit report, in paras 10 - 34, highlights the issue of the significant number of open audit recommendations from the external auditor, the Office of the Inspector General and from oversight missions by the regional bureaux. The External Auditor assessed that WFP had not yet implemented 69 percent of recommendations (65 out of 94 recommendations) compared to 52 percent in the previous year. 10 of the still not implemented recommendations (1 "not implemented", 9 "under implementation") stem from the year 2022. While some recommendations are complex and require time, the External Auditor holds that three years should be sufficient to implement them (para. 10-25 of the 2024 audit report). Upon enquiry, the Advisory Committee was informed that WFP management recognizes the External Auditor's concern regarding the reported slow implementation rate, and highlights that an additional 63% of recommendations are already in progress of implementation. WFP acknowledges the 49 new external audit recommendations from this year's audit cycle and remains committed to their implementation. In the view of WFP management, the External Auditor does not currently apply a risk-based prioritization of its recommendation, expecting full closure of all of them. As a result, WFP's Leadership Team reviewed the status of audit recommendation implementation and approved a set of strengthened measures to accelerate progress:

- Executive Accountability: Each recommendation is now assigned to an executive sponsor at the departmental or divisional level, who is directly accountable for its implementation.
- Enhanced Monitoring: Quarterly monitoring and reporting of implementation status have been reinstated under the leadership of the Chief of Staff's Office

- Risk-Based Prioritization: Comprehensive risk-based prioritization of External Auditor recommendations is underway, focusing on those with the highest impact on the financial statements and the most significant residual risks.

7. The Advisory Committee was further informed by the Administration that during the transition phase of organizational restructuring, there may be temporary disruptions or shifts in responsibility that could affect the implementation timeline of some recommendations. WFP will ensure that accountability for open recommendations is clearly reassigned where needed, and that implementation actions are updated to reflect the new organizational structure. The Committee was also informed by the External Auditor that they are not convinced that the newly structured oversight (no oversight role of regional offices anymore, functional leads are responsible) is helpful. Rather, the External Auditor sees the risk of ineffective reporting lines and of working in silos. The External Auditor holds that clearly defined responsibilities are the first step to ensure the implementation of recommendations (see also para. 34 below).

8. Upon enquiry, the Advisory Committee was informed by the External Auditor that in contrast to the current practice of the General Assembly, the Executive Board does not endorse the External Auditor's recommendations and requests the head of the organization to implement them in a timely manner. In the view of the External Auditor, it would only be consistent that the Executive Board endorses the recommendations and requests the Executive Director to implement them in a timely manner. Without this formal endorsement and request there might be the risk that WFP only implements selected recommendations or decides to not implement a recommendation even when WFP has agreed on it earlier as shown in the report (paras. 14-17 of the audit report).

9. **The Advisory Committee underscores the importance of timely implementation of recommendations of the External Auditor. The Committee affirms that the findings presented annually by the External Auditor in its audit reports constitute an essential pillar of the WFP's oversight framework, and represent a valuable tool to improve the management, efficiency and effectiveness of the Organisation. The Committee is of the view that the endorsement of audit recommendations by the Executive Board would provide firm guidance to WFP in that regard.** The Committee further discuss the issue of the backlog of internal audit cases and open recommendations in para 61 below.

Finance

10. The audit report, in paras 44-174, highlights a number of findings and recommendations related to the financial statements and related matters. As with previous reports, the External Auditor's highlighted multiple areas of the financial statement that would merit presentation of additional information with a view 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.

11. On the issue of disclosure of staff costs, 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. (para. 53). Upon enquiry, the Advisory Committee was informed that WFP's ERP general ledger supports the breakdown of staff costs by benefits and entitlements, and by staff categories—except for locally recruited staff in HQ (Italy) and certain Global Offices, whose costs are aggregated with international professional staff. Disclosure levels will be guided by IPSAS 1, balancing transparency and materiality while avoiding immaterial detail. WFP confirmed that it will comply with the EA recommendation to disclose the main components of staff costs, starting with 2025 financial statements.

12. **The Advisory Committee stresses the importance of full disclosure and analysis of staff costs and staff cost variations. The Committee recalls General Assembly resolution 76/240 on the United Nations common system, requested the Secretary-General to provide, on an annual basis, comprehensive data on system-wide compensation costs for all staff categories, including all compensation package components, and the challenges currently faced in fulfilling this recommendation due to the lack of comparable disaggregated information amongst system-wide entities (see also ACABQ report A/79/607). The Committee considers that the enhanced information requested from WFP would be an important contribution to this effort.**

13. In relation to the issue of WFP Management's decision to provide non-contractual termination indemnities to staff, the External Auditor notes that such benefits are not stipulated under FAO Staff Regulations and Rules and further recalls the recommendations from the ACABQ in 2007, advising the Executive Board on the system-wide implications of such practices. Upon enquiry, the Advisory Committee was informed by WFP management that in the financial year 2024, WFP made ex-gratia payments for a total of USD 9.6 million of which USD 9.2 million pertained to the special measures to cover end of services with WFP of affiliate personnel (Service Contracts and Special Service Agreements) in the country offices and regional bureaux, affected by the restructuring and staffing reductions as a result of it. While WFP considers that reverting to an ex-gratia basis to cover terminations of affiliate personnel was necessary to avoid inequities and exercise WFP's duty of care, they agree that in future the termination payments would be best not made as an ex-gratia. Through the FAO Staff Regulations, the Executive Director of WFP has the authority to establish the terms and conditions of employment of affiliate personnel. Under this authority, WFP is currently reviewing the separation entitlements in WFP's HR policies across different contractual modalities (including the affiliate personnel) and will, to the extent possible, embed the termination related measures in the WFP's HR Manual from 2026. Institutionalizing payments under the HR normative framework would remove the need for analogous payments to be approved on an ex-gratia basis in future. The Advisory Committee was further informed by the External Auditor that WFP must establish special rules in agreement with the Secretary-General and the FAO Director-General for staff-related measures which are not part of the FAO Staff Regulations and Rules. WFP may not decide to establish such measures simply by a decision (and on ex-gratia basis) or as part of its WFP Human Resources Manual. **The Advisory Committee reiterates its earlier recommendation that the decision to provide non-contractual termination indemnities to staff as ex-gratia payment by WFP might raise significant system-wide implications, in particular considering the efficiency initiatives that are currently underway across the UN system as a result of the challenging financial situation faced by the humanitarian system at large. The Advisory Committee underscores the importance of strict compliance with existing regulatory framework and trusts that any required changes to conditions of employment of affiliated personnel be presented to the Executive Board.**

Human resources management

14. The audit report, in paras 175-226, indicates a variety of challenges faced by WFP in its management of human resources. The issues identified by the External Auditor included avoidable costs incurred due to human resources decisions, salary payments to unassigned staff, payments related to unused annual leave as well as erroneous danger pay. The External Auditor made eight recommendations of which WFP management concurred with six of them.

15. Upon enquiry the Advisory Committee was informed that WFP management disagreed with two recommendations which were concerned with establishing the mechanisms for staff members to take their annual leave which would reduce the costs of unused annual leave paid out upon separations, and to ensure that Country Directors (CD) and Deputy Country Directors (DCD) complete their assignment cycle. According to WFP, with regards to the annual leave, the accumulation of annual leave during the period of analysis was driven by COVID-19 lockdown. As a matter of fair treatment owing to the difficulties in taking leave/travel during that time, WFP had temporarily allowed an exceptional yearly carry-forward of annual leave balances to permit staff to consume their leave over an extended period of time. In case of CD/DCD assignment cycle, while WFP agreed with the principle that CDs/DCDs should complete their assignments cycles, all cases identified by the External Auditor had their own exceptional justifications that cannot be extrapolated. The Advisory Committee was further informed by the External Auditor that, on annual leave, the Auditor analyzed data recorded in WINGS and they were surprised that the telecommuting days correlated negatively with the annual leave days (figure 4.8 of the 2024 audit report), and, in that context, WFP should review and check the low annual leave taken by staff who mainly telecommute. In the area of danger pay, the External Auditor found inaccurate data and even duplicate payments. The External Auditor holds that due to manual and late recording of attendance - including the certification – there could be opportunities for misrepresenting days. (paras. 100-110 of the 2024 audit report). **The Advisory Committee concurs with the External Auditor on the importance of WFP reviewing and checking the correlation between low annual leave utilization and telecommuting.**

16. On the issue of unassigned staff, the Advisory Committee was provided with the table below from WFP management that listed 45 positions in receipt of full salary but were not assigned to any work in the Organization.

Grade	Total Unassigned Staff on SLWFP by personal grade	Unassigned Staff on TDY	Unassigned Staff not on TDY	Unassigned Staff within first 6 months of starting SLWFP	Unassigned Staff beyond 6 months of starting SLWFP
D-2	1	1	0	0	1
D-1	5	2	3	2	3
P-5	8	4	4	2	6
P-4	18	10	8	8	10
P-3	11	3	8	4	7
P-2	2	0	2	0	2
Grand Total	45	20	25	16	29

17. **The Advisory Committee notes with concern the number of unassigned staff in WFP, including at Director level. The Committee emphasizes the importance of timely implementation of recommendations of the External Auditor on analyzing how to enhance the reassignment process and to task unassigned staff members with temporary duty assignments, especially in a period of financial constraints and reductions in WFP's workforce. The Committee trusts that information on measures to be undertaken in that regard will be provided to the Executive Board during consideration of the present report.**

Cooperating partner management

18. The audit report, in paras 227-272, highlighted a number of issues related to the management of cooperating partners including collaboration with governments, selection and rostering, as well as oversight and risk management of partners. The External Auditor made six important recommendations which were all agreed upon by WFP management. Upon enquiry the Advisory Committee was informed that WFP selects its NGO partners through a transparent and impartial process applying the humanitarian principle of neutrality, free from political or external influence. A fundamental due diligence requirement is that all NGOs partnering with WFP must be legally registered as a non-governmental, non-profit, and non-political organization in the country where operations are to be conducted. The Committee was further informed by the External Auditor that high-risk country offices identified the lack of independence as a risk. WFP management recently launched guidance on "Operational Independence" (April 2025), which introduces the humanitarian principle of operational independence and announces that further deliverables are being developed, such as templates and tools to support country offices in identifying and mitigating context-specific challenges to their operational independence and field evidence on WFP's relations with host governments. The External Auditor is of the opinion that the guidance merely serves as an introduction into the topic and that further guiding documents will be needed to properly assist country offices. **The Advisory Committee trusts that updated information on efforts to implement the recommendations of the External Auditor to improve cooperating partner management will be provided in future reports.**

Global assurance project

19. The audit report, in paras 273-314, addresses the roll out of the Global Assurance Project and provides six important recommendations on the Global Assurance Project, which were all agreed to by WFP management. Upon enquiry the Advisory Committee was informed by WFP management that the Global Assurance Project was launched to support the implementation of WFP's Reassurance Action Plan through a comprehensive, organization-wide approach. The objective was to ensure that assistance reaches those in need safely, in full and without interference, by strengthening key areas such as monitoring, identity management, cooperating partners and supply chain operations. The reported cost of USD 127 million, as noted by the External Auditor, relates to expenditures incurred by 30 high-risk country offices. These costs do not include headquarters expenditures. Each country office developed a costed Augmented Assurance Plan tailored to its specific operational risks and needs. A significant portion of the costs-41 percent were reported as one-time investments, such as systems digitization and infrastructure upgrades. The remaining 59 percent were recurring costs, with an average recurring expenditure equivalent to 1.2 percent of each country office's operational cost. Moving forward WFP is conducting a comprehensive lesson learned exercise to identify risk-informed, cost-effective solutions that achieve the intended outcomes while ensuring efficient use of resources. The Advisory Committee was also informed, upon enquiry by the External Auditor who found some issues which might affect the effectiveness and efficiency negatively:

- WFP developed guidance and standards late, e.g. the benchmarks and criteria for standardization and monitoring.
- Country offices had to finance the augmented assurance measures mainly through their country portfolio budgets.
- WFP did not track expenditures.
- The project did not fully address long-known control issues and open external and internal audit recommendations, e.g. in the area of governmental partners

20. The External Auditor holds that WFP could have addressed long-known risks and control issues through effective oversight. Identifying and addressing non-compliance of Country Offices should not depend on projects but should be addressed by permanent oversight. **The Advisory Committee notes the significant level of resources expensed on the project, both from the critical corporate initiative and from country offices' operational costs. While acknowledging that enhanced project assurance and oversight was a required effort by WFP, the Committee is of the view that major project investments need to be carefully planned with development of clear benchmarks, in particular at times of reduced resources dedicated to programme activities. In that regard, the Committee concurs with the External Auditor recommendations for the project to enhance the development and tracking of benchmarks, as well as to identify and promote cost-efficient best practices and trusts that detailed information in that regard will be provided in the next report.**

B. Update to the WFP Management Plan

21. The update to the WFP management plan for 2025–2027 (EB.A/2025/6-B/1) presents an update on the contribution forecast, the operational requirements and the implementation plan for 2025. It also presents the cost-saving measures applied by the Executive Director to reduce the programme support and administrative (PSA) budget up to 10 percent.

22. The report indicates that the revised contributions forecast is now $6.4 billion from the earlier forecast of $8 billion, reflecting a reduction of 20 percent. WFP remains committed to pursuing new funding opportunities and is consolidating efforts to do so into a comprehensive resource mobilization strategy, reinforcing its long-term vision for sustainable funding and growth. (paras 2-10)

23. The update to the management plan for 2025–2027 anticipates operational requirements of USD 19.1 billion for assisting 98 million people worldwide. The projected operational requirements for 2025 have been adjusted upwards, from USD 16.9 billion to assist 98 million people in need. The increase was due primarily to escalating conflict in the State of Palestine and the Sudan, which increased the budget requirements for WFP's responses. The report further indicates that WFP plans to reach approximately the same number of people as outlined in the management plan for 2025–2027, but with greater levels of assistance per person. With the reduction of the contribution forecast, the updated provisional implementation plan is USD 9.6 billion compared to the previous level of USD 8.8 billion, due to higher-than-expected carry-over fund balance, resulting from increased contributions received in the second half of 2024. (paras 13-20) **The Advisory Committee notes that despite the reduced contribution forecast for 2025, now at $6.4 billion compared to the earlier forecast of $8 billion, the updated provisional implementation plan is USD 9.6 billion compared to the previous level of USD 8.8 billion, due to higher-than-expected carry-over fund balance. The Committee encourages WFP to redouble efforts aimed at recovering and diversifying its donor base.**

24. Upon enquiry, the Advisory Committee was informed that WFP is actively working to close the funding gap between its operational requirements and projected voluntary contributions through a combination of diversified financing approaches, strategic partnerships, and strengthened alignment between funding forecasts and calibrated Country Strategic Plans. Key efforts include enhanced collaboration with International Financial Institutions (IFIs) and the continued scale-up of private sector and individual fundraising initiatives to broaden the donor base and increase flexible funding. These approaches will be prioritized and scaled globally through WFP's forthcoming Resource Mobilization Strategy. WFP expects to mobilize approximately USD 700 million in 2025 from International Financial Institutions (IFIs) through a combination of contributions and service provision to governments. This reflects a partnership-driven fundraising model that leverages IFI financing to support national

priorities such as social protection, food security, and climate resilience. WFP is increasingly regarded as a trusted implementation partner for both governments and IFIs, helping to broaden its resource base beyond traditional donors. In 2025, WFP invested over USD 20 million to scale up its Individual Fundraising (IF) programme. The IF model has contributed to diversifying WFP's donor base and increasing the availability of flexible funding, with at least 30 percent of individual contributions being fully flexible. The Regular Giving programme saw significant growth, with over 20,000 new supporters acquired in 2025 and digital campaigns surpassing expectations. WFP has expanded its market presence in more than 16 countries and 7 language markets and identified 33 organizations in 9 countries to help build global fundraising capacity. Private sector partnerships are also progressing, with joint fundraising efforts, pro bono support, and high-visibility collaborations contributing to closing the funding gap and expanding WFP's impact. **The Advisory Committee trusts that information on contributions received from private sector and individual donations, as well as partnerships with IFIs will continue to be provided in future management plans.**

Planning and budgetary management

25. Upon enquiry, the Advisory Committee was informed that in the face of protracted crises and tightening resources, WFP is re-evaluating its strategic priorities to focus on the most urgent humanitarian needs and ensure that available resources deliver the greatest possible impact. WFP is currently developing a new Strategic Plan for 2026-2029 which takes into account the context of high needs, and more limited resource availability. WFP has rolled out Minimum Monitoring Requirements (MMRs) that provide guidance on ensuring a minimum standard of reporting for all WFP country offices, even during resource constraints.

26. The Advisory Committee was further informed that WFP Country Offices continue to plan and prioritize using the Implementation Plan framework. This framework allows WFP to prioritize based on operational constraints while adjusting to the forecasted level of resources. Due to the uncertain funding environment, a scenario planning exercise with key corporate functions was concluded in March 2025. The exercise developed three funding scenarios and analyzed financial and operational impact of each scenario to identify the main areas of attention. All WFP directors reached a common understanding on these main areas and four workstreams have been activated to take immediate action.

    a. Downsizing of large country operations

    b. Review of continued viability of small country offices

    c. Management of headcount implications

    d. Management of corporate budget implications

27. On the previous changes in budgetary process and methodology, the Advisory Committee was informed, upon enquiry, that the implementation of the Integrated Road Map (IRM) was the largest transformation for WFP in the last 20 years, which consisted of four components - the Strategic Plan (2017–2021), the Policy on Country Strategic Plans (CSPs), the Financial Framework Review (FFR) and the Corporate Results Framework (CRF). In was indicated that, under the FFR, the country portfolio budget was introduced, consolidating all CSPs resources into a single structure, transparently linking strategy, planning, budgeting and implementing the resources to demonstrate the results achieved. It also introduced the new four high-level cost categories, changing the costing structure, and simplified the application of full-cost recovery. The new cost categories included: 1) transfer costs, which correspond to the monetary value of the item, cash or service provided, as well as the related delivery costs; 2) implementation costs, which correspond to expenditures that are directly linked to specific activities within the programme, other than transfer costs; 3)direct support costs (DSC), which correspond to country-level expenditures that are directly linked to the execution of

the programme as a whole but cannot be attributed to a specific activity within it" and 4) indirect support costs (ISC), which are costs that cannot be directly linked to the execution of the programme. Further, in 2021 WFP embarked on a Bottom-up Strategic Budget Exercise (BUSBE) which focused on the budgeting principles and approach of WFP's management costs, i.e., non-programmatic costs. This exercise re-affirmed the distinction between direct program costs, which are budgeted under the Country Strategic Plans, and indirect costs. While there was some reclassification of costs between direct and indirect, changes were relatively minor.

28. The Advisory Committee was further informed that going forward, WFP will be further refining its approach to the CSPs planning, with an aim to establish more realistic plans aligned better to foreseen funding availability. In November 2024, WFP introduced a streamlined approach to CSPs to improve the efficiency, effectiveness, and flexibility of its planning processes. The CSPs' budgetary calibration approach will follow a four-step methodology, involving setting budget thresholds based on the type of planned activities (crisis, resilience and root cause activities), limiting possible deviations subject to strong justifications and strategic reviews, supported by higher quality resourcing plans, grounded in historical trends, available donor intelligence, including analysis of earmarking, funding duration and cost recovery. (crisis, resilience and root cause activities), limiting possible deviations subject to strong justifications and strategic reviews, supported by higher quality resourcing plans, grounded in historical trends, available donor intelligence, including analysis of earmarking, funding duration and cost recovery.

29. **The Advisory Committee notes WFP will be further refining its approach to the CSPs planning, with an aim to establish more realistic plans aligned better to foreseen funding availability. The Committee also notes the use of scenario planning by WFP to address the ongoing uncertain funding environment. The Committee emphasizes the importance of well-defined and transparent planning and budget methodologies, in particular in a scenario of financial constraints and structural changes. In its previous report (AC/2297), the Committee underscored the importance of the Executive Board being able to have full visibility over the entirety of the resource allocations and their performance notwithstanding the differences in planning cycle timelines. The Committee also recalls its recommendation (AC/2270) for an assessment of the implementation of the BUSBE methodology, including as it pertains to the appropriateness of the new methodology in relation to support to country offices, as well as to the introduced new cost classifications. The Committee further recalls the External Auditor recommendation on the definition of clear criteria demarcating Critical Corporate Initiatives from other types of investments (see WFP/EB.A/2024/6-A/1, para 69). The Committee urges WFP to implement the above recommendations and to ensure clear and detailed information is provided to the Executive Board on new planning and budgetary processes and policies, as well as on lessons learned from recent reforms.**

Organizational structure and the management accountability framework

30. The report indicates that in August 2023, the Executive Director launched an internal review of WFP's organizational structure, in three phases. The first two phases have been completed, and the third phase of the review will be implemented in 2025, with the objective of empowering country offices and supporting them from a single global headquarters. The management accountability framework was endorsed in March 2025, and the new leadership accountabilities will come into effect on 1 May 2025. This will result in a shift of accountabilities and positions from regional bureaux to the departments of global headquarters. Due to the timing of the restructuring, and the technical complexity of moving budgets from the regional bureaux to the function level, in 2025 the budgets and budget utilization of regional bureaux will continue to be reported against each bureau. The budget

presented in the WFP management plan for 2026–2028 will be fully aligned with the functional consolidation resulting from the organizational restructuring exercise (paras 21-27).

31. Upon enquiry, the Advisory Committee was informed that from an accountability perspective, the WFP Management Accountability Framework, approved by the Executive Director and issued in March 2025, provides a clear chain of command, leadership accountability, role definitions and support systems, all designed to strengthen operational excellence. With the shift in responsibilities, the Deputy Executive Director and Chief Operating Officer will now oversee all Country Directors, with the support of Regional Directors. To facilitate this, a three-party agreement, known as the Compact, will be introduced. This agreement will define the collaboration and performance management framework, ensuring a balance between operational support and strategic guidance. With the shift of technical and operational support to Functional Directors, Regional Directors will also take on a role focused on regional coordination, preparedness, partnership and representation, with a smaller and dedicated team in support.

32. The Advisory Committee was further informed that the launch of One Global HQ on 1 May 2025 was focused on revising and clarifying accountabilities within Global Headquarters, and thus did not impact country offices. The overall direction of the changes is to move delegations of authority that were previously with corporate response directors to country directors, so this will strengthen the operational independence and authority of country offices. The Regional Director and Regional Office concept strengthens WFP’s decentralized model by balancing global oversight with regional expertise, with Regional Directors amplifying the needs of country offices to Global Headquarters and providing strategic leadership, while Regional Offices acting as operational hubs to ensure responsive, effective, and context-specific support

33. According to WFP, as of 1 May, an interim delegation of authority structure is in place while WFP conducts a review and mapping of the existing delegations of authority that need to be addressed including for the revised accountabilities of regional directors which should be transferred to Global Functional Directors. For country directors, no changes have been made to their delegations. All related policies, e.g., the 2022 Evaluation Policy and the 2018 Enterprise Risk Management Policy currently under a corporate evaluation, will be adjusted once the Executive Board approves these updates at the respective Board sessions in June and November. Meanwhile, all related circulars, directives and decision memos will be adjusted by December 2025 to align to the two-tier model. The results of the implementation of the "new structure" will be assessed and analysed through a results framework and processes to monitor the results.

34. **The Advisory Committee notes the concern from the External Auditor on the proposed changes in the oversight roles of regional bureaux (see para. 7 above). The Committee considers that a strong culture of accountability and oversight is a central pillar of an effective and efficient Organization and is of the view that the Executive Board should consider and approve the accountability framework of WFP. The Committee recalls in its previous report (AC/2297), it had underscored the importance of transparent and coherent delegation of authority framework with clearly outlined roles and areas of responsibility especially in the context of funding volatility and organizational restructuring initiatives currently underway. The Committee trusts that detailed information and justification on the new proposed structures and accountability framework, including on the expected changes in regional bureaux, the role of functional directors on ensuring oversight and monitoring of compliance of all country offices, and on frameworks to ensure an integrated oversight monitoring, will be provided to the Executive Board during the consideration of the present report.**

Programme support and business operations and programme support and administrative budget.

35. Upon enquiry, the Advisory Committee received an updated table on the comprehensive budget of WFP.

TABLE 4.1: COMPREHENSIVE BUDGET *(USD million)*									
Programme support and business operations								**Programme operations**	**Total**
	Baseline				**Other services**	**Direct activities**	**Total**	**CSP***	
	PSA	**CCIs**	**TF, SA and other**	**Total**					
2025 Original	480.0	47.4	167.8	**695.2**	27.3	134.6	**857.1**	8 146.4	**9 003.5**
2025 Update	432.0	47.4	156.9	**636.3**	27.0	134.6	**797.9**	8 920.4	**9 718.3**
Change	**(48.0)**	**0.0**	**(10.9)**	**(58.9)**	**(0.3)**	**0.0**	**(59.2)**	**774.0**	**714.8**
% change	**(10%)**	**0%**	**(6%)**	**(8%)**	**(1%)**	**0%**	**(7%)**	**10%**	**8%**

36. **The Advisory Committee notes the updated comprehensive budget provides for a higher investment in CSPs. While noting the challenging financial situation, the Committee urges WFP to ensure that every effort is made to mitigate the effects on the country operations. The Committee trusts that updated information on the impact of reduced contributions at individual country offices, as well as additional resources mobilised or reprioritised from headquarters, programme support and administration, and other financing facilities, to support country offices, be provided to the Executive Board in future reports.**

37. On the impact of budget reduction on the CCIs, the Advisory Committee was informed, upon enquiry, that the scope and deliverables of ongoing Critical Corporate Initiatives (CCIs) remain aligned with the commitments approved by the Executive Board. In light of the revised contribution forecast, CCI activities are being managed with a heightened focus on efficiency, prioritization, and resource discipline. This includes minimizing non-essential expenditures to ensure that implementation remains on track while aligning with WFP's broader efforts to reduce costs and preserve core operational capacities.

38. With regards to the programme support and administrative budget, the report indicates that in response to the revised contribution forecast of USD 6.4 billion and in alignment with WFP's commitment to cost effectiveness, the Executive Director approved in February 2025 a set of cost containment measures aimed at reducing expenditures at all levels within the organization. To minimize the impact on frontline operations, reductions in the PSA funding for country offices have been limited to the unallotted portion of the budget. A review of the annual funding requirements for after-service entitlements determined that the 133 percent funding ratio as of 31 December 2024 was sufficiently high to allow for a reduction in the funding rate in 2025 (paras 28-33) (see para. 41 below).

TABLE 3.1: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL AND DEPARTMENT *(USD million)*

Departments	2025 original budget	2025 utilization plan	% change
Country offices	**60.3**	**53.5**	**11**
Regional bureaux	**95.2**	**86.6**	**9**
Headquarters	**287.4**	**256.3**	**11**
Offices of the Executive Director and Chief of Staff	86.0	76.8	11
Deputy Executive Director and Chief Operating Officer	20.1	18.2	9
Partnerships and Innovation Department	40.6	36.3	11
Programme Operations Department	63.8	57.1	10
Workplace and Management Department	77.0	67.9	12
Central appropriations	**37.0**	**35.6**	**4**
Total	**480.0**	**432.0**	**10**

39. Upon enquiry the Advisory Committee was informed when comparing overall actual expenditures for Q1 2025 with the same period in 2024, WFP observed an overall decrease in non-staff costs, both in absolute terms and as a proportion of total spending. Notably, spending on supplies, consumables, and other running costs declined by 24%, while consultancy services saw a 9% reduction. The Committee was provided with further details on the specific cost containment measures, listed below:

A. Recruitment

- The ongoing recruitment pause, in effect for Global Headquarters including regional bureaus since October 2023, will be extended to all operations worldwide.

B. International Duty Travel

- Travel shall be limited to essential travel only, with an emphasis on advanced planning.

C. Workshops, Events, and Trainings

- Workshops, events, and training shall primarily be conducted virtually. All international gatherings such as workshops and trainings shall be suspended.

D. Facility Renovations and Expansions

- Any renovations or expansions must be carefully assessed in alignment with the Duty of Care Framework.

E. Procurement:

- Procurement of non-essential, non-food items shall be suspended

40. **The Advisory Committee trusts that updated and comprehensive information on the efficiency measures adopted by WFP, including the scope, and savings generated, as well as challenges and lessons learned, will be provided to the Executive Board during consideration of the present report and in future reports.**

41. Upon enquiry, the Advisory Committee was informed that WFP funds its long-term employee benefits (ASHI included) by charging relevant funds and projects for the total annual service cost via standard position cost rates (international professional and HQ general service staff) and via payroll accrual (national staff categories) and then set aside charged amounts to corporate bonds and equities designated by WFP for this specific purpose. From 2011 and till 31 December 2023, in addition to the total annual service cost, an incremental annual funding of USD 7.5 million was set aside to achieve fully funded status. Starting from 2024, the USD 7.5 million incremental funding charge was discontinued since fully funded status has been achieved. Since the funding ratio has improved further in 2024 to 133%, WFP decided to charge and set aside only 50% of the annual service cost starting from 2025, which is estimated to yield approximately USD 35 million of budgetary savings across all funding sources. The decision has been supported by the ad-hoc actuarial analysis that confirmed no negative impact is expected on the fully funded status of the long-term liabilities over projected 10-year horizon. **The Advisory Committee notes the changes in funding employee's long-term liabilities and corresponding impact on standard position cost rates. While acknowledging the approach of reviewing the rates in light of the current funded status of those liabilities, the Committee is of the view that a clear methodology should be established for determination of ASHI liabilities funding and its impact on the cost position standard rates to avoid ad-hoc decisions and ensure transparency in cost assumptions. The Committee trusts that updated information on the actual impact on the standard rate and on the amount of savings estimated in PSA and other expenditures will be provided to the Executive Board during consideration of the present report.** The Committee further discusses the issue of additional disclosures on staffing costs in the financial statements in para 12 above in reference to the report of the audited annual accounts.

Unearmarked portion of the General Fund

42. The report indicates that due to the volatility of the contribution forecast and the timeframe needed to reduce fixed costs, WFP is not including any new proposals for the use of the PSA equalization account (PSAEA) account in 2025. Over the years, WFP has used the General Fund for strategic investments aimed at strengthening WFP's capacities, resourcing and financing mechanisms. At 31 December 2024, the closing balance of the unearmarked portion of the General Fund stood at USD 480.8 million. The Executive Board is requested to approve the allocation of the unearmarked portion of the General Fund for a total amount of USD 150 million, as follows:

i) USD 40 million for the country office safety net;

ii) USD 40 million for costs associated with global headquarters workforce management;

iii) USD 70 million for a one-time capital injection for the operational risk self-insurance "Captive"; (paras 34-38)

43. The Advisory Committee recalls it was provided (AC/2297) with a table on the previous proposed uses of the unearmarked portion of the General Fund from 2012 to 2024. The Committee notes that, from 2012 to 2021, the proposed investments were at a maximum level of $10.9 million in 2012. The Committee also notes that during the period from 2022 to 2024, the proposed use of the unearmarked portion of the General Fund amounted to $187.4 million for 2022, $34.8 million for 2023 and $102.8 million for 2024. The Committee further notes that while the investments in 2022 and 2024 were mostly related to operational needs, such as investment on the IRA, or on trust funds, and on the IPL operational reserve, the proposal for 2024 were mostly related to corporate costs, as is the case for the proposed amounts for 2025. **The Advisory Committee recalls its recommendation to the Executive Board to consider giving guidance and establishing adequate allocation procedures and criteria on the proposed use of the unearmarked portion of the**

General Fund, when deviating from past practices (AC/2297). The Committee considers that, in view of the challenging financial times and the impact on the support provided by country offices to populations in need, priority should be given to allocations in support of operational requirements and that the funding of corporate costs from such reserves should be accompanied by detailed justification.

Country office safety net

44. Upon enquiry, the Advisory Committee was informed that of the USD 85 million approved by the Executive Board in November 2023, a total of USD 62.7 million has been disbursed to date to 38 prioritized Country Offices. Allocations were directed to Country Offices facing the most acute funding challenges and operational risks and mainly covered the following cost types:

- <u>Reassurance Action Plans</u> – USD 28.2 million: This supported critical programmatic functions to maintain minimum assurance standards, including identity management (IDM), targeting improvements and investments in data quality initiatives.
- <u>Bridging Costs for Cooperating Partners</u> – USD 13.4 million: These funds covered essential interim support of cooperating partners' fixed costs allowing country offices do the necessary revisions of existing agreements to align with reduced funding and reductions in assistance.
- <u>Organizational Realignment and Fixed Costs</u> – USD 21.1 million: The Country Office safety net funding supported staffing realignments, reductions, and transitional costs to ensure minimal disruption to staff and key operations during restructuring, program phasedowns, or consolidations undertaken as part of strategic cost containment

45. In 2025, the breakdown is expected to be approximately two thirds allocated to termination indemnities and the remaining for other costs as described in the document. **The Advisory Committee notes that the funds approved as country office safety net are being employed predominantly to cover termination costs, and also to cover administrative and management related support costs. The Committee is of the view that the termination cost for staff in country offices should be financed from the direct costs associated with each Country Strategic Plan and trusts that adequate reserves are maintained in that regard. While acknowledging that transitional costs might not be fully covered, the Committee trusts that more clarification on funding of termination costs in country offices, including such expenses in relation to cost classification of direct support costs, will be provided to the Executive Board. The Committee also trusts that comprehensive and detailed account of expenses of the country office safety net will be provided in future reports.**

Human resources management

46. Upon enquiry, the Advisory Committee was informed that in 2026, with projected contributions of USD 6.4 billion in both 2025 and 2026, the operating level will be approximately 28% below the 2024 level. With a current workforce of approximately 22,000, a 28% reduction would be 6,160 people; this is an extrapolation, and actual numbers will depend upon the mix (location, grade and contract type) and how much savings will be derived from non-staff costs. The Committee was provided with the table below that outlines 2025 Planned and actual FTEs for the Programme Support and Business Operation funding sources along with as 2025 actual FTEs funded by Country Strategic Plans.

Actual FTEs figures are as of 31st March 2025

Description	FTEs								
	Fixed-term				Short-term				
	International professional (IPs)	GS HQ	National	Total fixed term	Short term professional (STPs)	Consultant	Temporary Assistance	Total short temr	Grand total
2025 Programme support and business operations (Plan)	1 489	556	895	**2 940**	56	1 243	270	1 569	**4 509**
2025 Programme support and business operations (actuals)	1 383	512	709	**2 604**	61	1 232	486	1 779	**4 382**
2025 Country Strategic Plans (CSPs) actuals	1 117	1	8 326	**9 444**	16	962	6 822	4 800	**17 244**

47. The Advisory Committee was further informed that a multi-layered and targeted approach is being implemented to manage the workforce reductions. The approach includes several measures such as agreed separations and short-term contract reductions, as well as ongoing post abolitions and the natural attrition of employees. An agreed separations exercise was launched worldwide to all international professional, general service and national professional staff members who hold a fixed-term, indefinite or continuing appointment and have at least 5 years of completed consecutive service as a WFP staff member. Offers of agreed separation, however, will only be extended if in the best interests of the good administration of WFP, guided by operational and human resources priorities. Consistent with adhering to the order of retention and scalability, a focused short-term contract reduction exercise is taking place. This is in global headquarters (headquarters, global offices and regional offices) where the number of short-term contracts is being closely reviewed and reduced. Post abolitions are continuing in global headquarters consistent with the ad-hoc framework which was extended until the end of 2026. Country offices are conducting organizational alignment exercises, ensuring that they operate within available resources at the CSP level and potentially resulting in workforce reductions.

48. The **Advisory Committee notes the small percentage reduction between planned and actual FTEs in programme support and business operations for 2025 is 2.8%, while the total expected workforce reduction is indicated to be of 28%. The Committee had expressed the view that further clarity is needed on how the programme support and business operations budget in general, and the baseline and PSA budgets, more specifically, are expected to reflect scalability in line with the contributions forecast (AC/2270). The Advisory Committee also considered that the bottom-up workforce planning at the division and office level should be complemented and guided by the longer-term strategic planning at the level of the headquarters with a view to develop scalable workforce solutions in order to increase operational flexibility and minimize administrative overheads (see also para. 52 below). The Committee recalls its earlier recommendation ((AC/2305)) for an assessment of the distribution of support resources across different levels (HQ vs regional bureau vs country offices) and trusts that updated information thereon will be included in the next WFP report.**

49. The table below shows 2024 actual expenditures incurred for special measures and agreed separations.

	USD Millions
Short-term special measures	4.0
Local General Staff (GS) and National Officers	10.1
Agreed separations International Professional and HQ GS	6.6
Total	**20.7**

50. In 2025, for local positions, the cost for early termination indemnities of national staff in country offices will be funded by the following funding sources:

- Termination Indemnity Fund Critical Corporate Initiative (CCIs) – current availability USD 7.5 million
- Accrual for termination indemnities – current availability USD15.1 million
- Country Strategic Plan – up to available budget and supplemented by the Country Office safety net up to USD 40 million where CSP funding is insufficient
- For Global HQ, USD 10 million provision has been built within the 2025 standard position costs to fund termination indemnities and USD 20 million was approved from the unearmarked General Fund in November 2024. In addition, based on the size of the anticipated early terminations and position abolishment, WFP is proposing to allocate from the unearmarked general fund an additional USD 40 million for these costs.

51. Upon enquiry, the Advisory Committee was informed that WFP plans to address the risks associated with a potential increase in the number of unassigned staff through various means. Agreed separation packages are being offered with more flexible parameters and conditions in order to include a larger group of potential candidates and to incentive them. Temporary duty assignments are being actively sought for those who are currently unassigned while additional reassignment exercises are being planned to help place staff on a rolling basis as the organization's requirements evolve. For those who are reaching the maximum period of being unassigned and on special leave with pay, steps for separation are underway. WFP budgets its international professional staff and Rome-based general service staff using standard staff costs. The standard staff cost builds in an allowance for approximately 30 unassigned staff per month (based on historical averages). The expected number of unassigned staff in 2025 will be significantly higher, thus the allowance within the standard staff cost is insufficient. As the process for re-assigning staff and separating staff takes time, the USD 40 million allocation from the unearmarked General Fund will be used to fund a higher number of unassigned staff than normal until they are either assigned to a funded position or separated from the organization; the USD 40 million will also be used to fund the cost of separation payments, as well as the cost of administering the separations. The Advisory Committee was further informed that the establishment of the Staffing Framework in 2021 was, in part, to help ensure that the most appropriate contracts are applied, avoiding the excessive use of short-term contracts for long-term requirements. However, recognizing the difficulties at this time in converting repeated short-term roles to long-term ones, WFP decided to extend the transition period of the Staffing Framework by a year until the end of 2026.

52. **The Advisory Committee notes the extension of the transition period of the Staffing Framework and is of the view that the recalibration of WFP's workforce should be done with due regard to the principles of strategic workforce planning and in alignment with the financial situation and long-term needs of the Organisation. The Committee firmly believes that all human resources efforts should maintain the operational and field-based focus of WFP, while ensuring an adequate staff grading structure, so that its lower levels are not disproportionately impacted. The Committee encourages WFP to ensure that all steps are taken to minimize the legal, financial and reputational risks inherent in downsizing situations, while adhering to all relevant policies, rules and regulations.** The Committee further discusses the issue of unassigned staff in para 17 above in reference to the report of the audited annual accounts.

53. Upon enquiry on the composition of staff, the Advisory Committee was provided with information indicating that women are 47%, and nationals from developing countries correspond to 50.7% of the workforce. The Committee was also informed that the yearly WFP Management Plan provides information on positions for Programme Support and Business Operations (Table A.II.1 in WFP management plan (2025–2027) - Annex II). WFP also presents a detailed yearly report on International Professional staff at the annual session of its Executive Board (Statistical report on international professional staff and higher categories at 31 December 2023). With regards to specific requests for data from Member States and governing bodies, it was indicated to the Committee that WFP needs to ensure that the data provided is effectively anonymized and this would normally be aggregated data. The Committee notes that, in the context of the United Nations Secretariat, the name, nationality, grade level and entity of staff were available in the workforce portal in accordance with General Assembly resolution 47/226. Further, the UN High-Level Committee on Management (HLCM) in October 2018, adopted the Personal Data Protection and Privacy Principles providing a foundational framework for how UN system organizations handle personal data. **The Advisory Committee recalls its earlier request that comprehensive information on gender and geographic diversity of the staffing, with disaggregated information at all levels, should be provided in future reports. The Committee trusts that WFP will seek to ensure equitable gender and geographical representation of Member States among its staff and further underscores the importance of disaggregate and transparent data on the workforce.**

Captive insurance replenishment

54. Upon enquiry, the Advisory Committee was informed that the requested one-time capital injection of USD 70 million is intended to address the Captive's current solvency challenges which stem from recent, unprecedented conflict-related significant losses due to conflict. This replenishment does not concern the additional risks approved by the Board in 2024. Those risks will be adequately covered through separate premium structure that would allow for sufficient solvency margins and capital accumulation. While this injection is a critical immediate step towards stabilizing the Captive, it is not designed to fully cover the projected annual minimum capital requirements for 2027 (USD 137 million) and 2029 (USD 139 million). To meet these future requirements and further protect Captive's solvency, the Secretariat recognizes that additional measures will be necessary. **The Advisory Committee notes the solvency challenges and the upcoming financing requirements for 2027 and 2029. Taking into consideration the volatile financing situation, the Committee recommends that the Executive Board request WFP to conduct an independent analysis of the future financial viability of the self-insurance model.**

UN80 initiative on efficiencies

55. Upon enquiry the Advisory Committee was informed that WFP is engaging actively in the ongoing discussions and reform processes, including with the IASC, the UN@80, HLCM, BIG (Business Innovation Group) as well as through the Grand Bargain and Humanitarian Reset. In addition, through the CEB/ HLCM workstreams, WFP is leading on additional workstreams, including the S5 Initiative on UN Global Fleet and Management Services, as well as contributing to the discussion on technology efficiencies. According to WFP, the supply chain and logistic activities – through which some 70 percent of humanitarian funding is spent - can expect to generate the largest efficiencies. A common UN supply chain system – implemented by key operational agencies such as WFP, UNICEF and DOS – could create a global supply chain superpower, serving the interests of people in need all over the world. It would supercharge the UN's approach to delivery, while supporting existing agency mandates. The impact gains and cost efficiencies that this proposal promises could be very significant.

56. The Advisory Committee was further informed that by the end of 2025, WFP will reduce its regional offices from 6 to 5. At the same time, the organization is undertaking a detailed analysis of Director-level (D2/D1) positions and requirements across the globe with a view to aligning the numbers and levels with the new operating reality and reduced funding levels that are expected going forward. Furthermore, for international professional staff, Rome is considered a cost-effective location and so far, there is no large-scale plan to relocate to lower cost duty stations. As part of corporate efficiency, a WFP Global Shared Services strategy is being developed. Working closely with functional directors, several opportunities for consolidation have been identified and recommendations and funding approaches are being developed. **The Advisory Committee notes the cooperation between WFP and the UN system and looks forward to updated information on collaboration efforts and related efficiencies in future reports. The Committee underscores the importance of enhanced transparency on cost-recovery income and expenses and trusts that additional information in that regard will be provided in future reports.**

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

57. The report describes WFP's use of its strategic financing facilities in 2023. This includes advance financing for programmes provided through internal project lending (IPL) and the Immediate Response Account (IRA); the anticipatory procurement of food through the Global Commodity Management Facility (GCMF); and corporate services financing. The report also indicates that the Executive Board is requested to approve delegating the authority for approving the ceiling of the Immediate Response Account for Preparedness facility from the Executive Board to the WFP Executive Director. According to the report, the proposed delegation will streamline decision-making and enhance responsiveness. The Executive Board will still retain overall oversight of strategic financing mechanisms and risk management. **The Advisory Committee trusts that updated information on changes to the ceiling, balances and actual usage of the IRA financing facility will be provided to the Executive Board on a regular basis.**

Global commodity management facility (GCMF)

58. Upon enquiry, the Advisory Committee was informed to limit the risk of additional food losses in the future, WFP is considering additional operational measures to support proactive risk management, reduce financial exposure and prevent further losses through the Global commodity management facility (GCMF). These measures include:

   a. Reinforcing staffing structures

   b. Enhanced warehouse management

   c. Improved transport planning

   d. Corridor reinforcement: securing alternative routes, and enhancing coordination with local authorities

   e. Closer coordination with Country Offices

   f. Stronger supplier and partner engagement

   g. Digital tracking & forecasting

59. The Committee was further informed that following the organizational restructuring in 2024, the authority over GCMF management was split as follows: (i) the Programme & Operations Department, and specifically the Supply Chain & Delivery Division, in charge of sales & operations planning and the execution of the GCMF supply chain; and (ii) the Chief Financial Officer Division in charge of financial risk mitigation and oversight. **The Advisory Committee trusts that additional information related to GCMF loss mitigation will be provided to the Board at the time of its consideration of the current report. The Committee reiterates its previous recommendation that WFP continue to use GCMF to increase local and regional market purchases and purchases from smallholder farmers.**

III. Documents submitted to the Executive Board for consideration

60. As indicated in the annex to the present report, four reports are presented for consideration by and two for information of the Executive Board. The Committee addresses specific reports and selected matters of the reports in the paragraphs below:

Annual report of the Inspector General

61. The report describes the risk-based oversight work performed and reported in 2024 by the Inspector General and Oversight Office (OIGI). This includes information on the budget of the OIG which has increased by USD 0.4 million, from USD 19.5 million in 2023 to USD 19.9 million in 2024, with an actual budget implementation rate of 95.7 percent in 2024 compared with 90.3 percent in the previous period. The report indicates that there were 2,833 cases in 2024, a 20 percent increase from 2023. The number of open agreed actions at the end of the year 2024 increased to 388 or 22 percent from the previous year, including 118 actions which were overdue. According to the report, the increase in open and overdue actions reflects a surge in audit and investigation outputs impacted by resource constraints in implementing recommendations, as well as operational pressures. This only underscores the critical need for timely follow-up and management accountability to prevent systemic risks from escalating. The yearly caseload has grown significantly over the years from 368 complaints in 2018 compared to 1,799 in 2024 (+389 percent), while the number of dedicated professional and investigative support staff increased by 194 percent (16 to 47 posts) over the same period. **The Advisory Committee shares its concern with the increased backlog of investigations and the number of overdue actions by WFP. The Committee trusts that updates on the efforts of OIGI to address the backlog in the**

number of allegations will be provided in the next report. The Committee further discuss the issue of the backlog of audit open recommendations in para 9 above.

Prevention of sexual exploitation and abuse (PSEA)

62. Upon enquiry, the Advisory Committee was informed that WFP is implementing recommendations from the strategic evaluation of WFP's work on PSEA with nearly 60 percent of actions closed as of May 2025. In response to one pending recommendation, WFP is currently in the zero draft stage of developing a Corporate Protection from Sexual Exploitation, Abuse and Sexual Harassment (PSEAH) Strategy (2026-2029), which will provide the overall framework to further this work within the context of the new WFP Strategic Plan (2026-2029) which is also in the zero-draft stage with the WFP Executive Board. WFP has taken several sector-wide initiatives including, among others, developing a PSEA multilingual, multimedia awareness package tailored to beneficiary communities; establishing a Global PSEA Advisory Group to amplify local voices, including those of SEA victims/survivors, and strengthening assistance through localization of PSEA efforts; strengthening common approaches among United Nations agencies to build PSEA capacities of partners; and mainstreaming PSEA into cluster work. WFP has been playing an active role at the interagency level as a member of the Implementing Partner Portal Working Group introducing more than 2,000 UN employees, including over 300 UN PSEA network members in high-risk locations, to the United Nations Implementing Partner Protocol, training them on the United Nations Implementing Partner PSEA Capacity Assessment tool, and guiding them in developing PSEA capacity strengthening plans in various country offices globally. **The Advisory Committee trusts that that WFP will pursue further efforts to prevent sexual exploitation, abuse and sexual harassment, and that information thereon will be provided in future reports.**

ANNEX I

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