

17 January 2024

**Management Comments to the Internal Audit Report of WFP Operations in Madagascar
(AR/23/21)**

WFP Management welcomes the observations and recommendations made by the Office of the Inspector General in its internal audit report on WFP operations in Madagascar (AR/23/21), covering the period from 1 January to 31 December 2022 and some operational aspects in 2023. WFP Management appreciates the focus on five key areas of the end-to-end country office delivery process relating to beneficiary management, cash-based transfers, supply chain, monitoring, and finance.

During the audit period, Madagascar suffered the compounding effects of a catastrophic drought in the south, several cyclones, and the long-term effects of the COVID-19 pandemic that caused the deepest economic recession in Africa. Poverty levels remained high at 76.5 percent and the country continued to rank among the lowest on the Human Development Index. Severe pre-existing socio-economic conditions were further exacerbated by repeated climate shocks within the same year including Cyclones Batsirai and Emnati, along with several tropical storms that caused significant damage to lives, livelihoods, and critical infrastructure, leading to population displacements and increased humanitarian needs.

Despite significant operational challenges posed by the concurrent crises, including supply chain disruptions, access constraints, poor road networks, and limited transportation infrastructure and connectivity, WFP provided much needed life-saving food assistance to 2.8 million people to mitigate hunger and malnutrition. Joint efforts with the Government and humanitarian partners averted Integrated Food Security Phase Classification (IPC) phase 5 conditions and prevented a further increase in emergency levels of acute food insecurity. WFP's proactive donor engagement and management of the United Nations Humanitarian Air Service (UNHAS) enabled access and delivery of critical humanitarian supplies to vulnerable populations in remote and difficult areas.

In addition to responding to multiple emergencies in areas affected by climate shocks, WFP simultaneously scaled up its recovery and resilience programmes. During this period, the nutrition programme was expanded, the school feeding programme reached 280,000 pupils in 990 public schools with nutritious meals, a shock-responsive social protection approach was activated with the government, and climate adaptation initiatives were promoted in the agricultural sector. Furthermore, WFP launched an innovative triple-nexus project to boost economic growth and transform rural communities by bridging energy, water, and food security gaps. The Rapid Rural Transformation Initiative now serves as a reference model currently replicated across the region. These achievements were made possible thanks to donor confidence and contributions that quadrupled from 2020 to 2022. Strategic partnerships were expanded and reinforced, positioning WFP as a key partner of the government.



WFP Management acknowledges the audit's overall conclusion of **"ineffective/unsatisfactory"** and agrees with the seven high-priority and three medium-priority observations contained in the audit report. WFP Management endorses the corresponding agreed actions and has initiated their implementation, with completion expected within the agreed timelines. The observations and corresponding agreed actions are well-aligned with existing management priorities and ongoing initiatives, specifically in view of the upcoming second-generation country strategic plan (CSP), spanning from 2024 to 2028.

WFP Management recognizes the existence of some workplace culture issues, which are being addressed with a sense of urgency. Implementation of recommendations has been ongoing in phases and is now at an advanced stage. This includes staff welfare initiatives, relocation to a modern office to foster a high-performing and cohesive team, as well as improvements in the working environment. Efforts were also made to promote a work culture that aligns with the strategic programme shifts from a primary focus on emergency response to increasing resilience and innovative programming. Human resources have been increased to align with operational and technical requirements, as well as to enable segregation of duties, in line with corporate standards and an organizational alignment exercise that took place in 2022. This exercise aimed at regularizing positions encumbered by personnel on short-term contracts as well as upgrading national positions to secure WFP competencies and continuity of service. This process is continuing, and new fixed-term positions were added to align with the new CSP expected to start in March 2024. WFP Management notes that the country office is working with the Regional Bureau for Southern Africa to enhance risk management practices, promote a fraud and risk culture, and prioritize mandatory assessments to inform risk-mitigation actions.

WFP Management confirms that the country office has developed and begun implementation of a Reassurance Plan that aims to strengthen internal controls and improve management of partnerships with cooperating partners. Gaps identified in beneficiary targeting and identity management monitoring are being addressed through digitization, implementation of newly issued standard operating procedures, and use of third-party monitoring mechanisms. Corporate standards for cooperating partner selection and management, including calls for proposals and due diligence reviews, are being integrated following the establishment of a dedicated team to manage partnerships with non-governmental organizations (NGOs) and government institutions. Logistics cargo allocation plans and oversight measures are being addressed and will be completed by the first quarter of 2024. Work will continue to establish a new banking relationship, which will enable electronic payments and ease the delays associated with the manual payment process. In addition, invoice processing has been decentralised in some areas and staff capacity augmented to expedite payments. WFP Management will make full use of existing tools for monitoring invoice processing delays.

WFP Management is grateful for the audit conducted by the Office of the Inspector General. Implementation of the agreed actions will serve as a crucial instrument to improve operational effectiveness and efficiency, as well as to further strengthen the governance, risk management and



internal control processes of WFP's operations in Madagascar. The progress made since the field audit is a testament to the value of the internal audit exercise and WFP Management's commitment to continuously enhance assurance.