

July 2025

Management Comments to the Internal Audit of WFP Operations in the Philippines (AR/25/05)

WFP Management welcomes the observations made by the Office of the Inspector General (OIG) in its internal audit report of WFP operations in the Philippines (AR/25/05), covering the period from 1 January to 31 December 2024. WFP Management appreciates the audit's focus on risk management and management oversight, programme design and implementation, assessment and beneficiary targeting, identity management, monitoring activities, community feedback mechanisms, and procurement. It also included tailored reviews of finance and accounting, cooperating partner management and cash-based transfers.

The Philippines is a lower-middle-income archipelago country with a population of approximately 116 million people. Despite strong domestic economic growth and progress toward upper-middle income status, the country remains highly vulnerable to natural disasters and climate change impacts. The Philippines was ranked first in disaster-prone countries in the 2023 World Risk Index for the third consecutive year. This exposure to natural hazards and climate change has led to loss of livelihoods, hampered access to basic social services, and increased food insecurity and malnutrition.

WFP Management is pleased that the audit report recognizes the country office's critical role in supporting the Government of the Philippines in achieving food and nutrition security, aligning with national and regional development priorities. The audit acknowledges the country office's consistent coordination with the regional office and headquarters on legal, contractual, and compliance matters to reinforce governance structures, as well as its efforts to enhance staff well-being. Government and donor counterparts interviewed during the audit indicated the country office's collaborative and effective partnership, reliability, technical expertise, and leadership in capacity-strengthening and emergency preparedness.

WFP Management acknowledges the audit's overall conclusion of "some improvement needed" and agrees with the two high- and four medium-priority observations contained in the report. WFP Management fully endorses the corresponding agreed actions and has initiated implementation, with completion expected according to the timelines specified in the report.

Regarding the high-priority observations, WFP Management recognizes the need for improvements in private sector partnership due diligence processes and procurement planning and coordination. For private sector partnerships, the Partnerships and Innovation Department will streamline processes by finalizing and implementing the new due diligence procedure and establishing a unified agreement tracking system. WFP Management welcomes the recognition that timely due diligence processes are essential to secure nontraditional partnership opportunities to diversify WFP's funding base. For procurement planning, the country office will formalize needs assessments involving all relevant units, enforce minimum bidding



timelines, expand the vendor pool, limit the use of operational advances, and assign a lead focal point for micro purchase orders to streamline workflows and enforce delegation thresholds.

The country office is also taking action to address the medium-priority observations related to risk management, programme design and implementation, beneficiary information management and cash-based transfers, and monitoring and community feedback mechanisms. These improvements include establishing a risk management committee, conducting a baseline study to evaluate the impact of cooperative engagement, implementing phased transition strategies for food for asset activities, conducting regular assessments of data management and privacy-related risks, and exploring the use of SugarCRM for monitoring issues and community feedback.

WFP Management will undertake regular reviews of outstanding agreed actions and provide updates through WFP's corporate tracking tool. The Regional Office for Asia and the Pacific will provide guidance and technical support to the country office, as required.

WFP Management appreciates the constructive engagement of the Office of the Inspector General. The audit's recommendations will serve as a valuable guide for enhancing the effectiveness of WFP's operations in the Philippines and ensuring continued accountability to its donors and beneficiaries. WFP Management is confident that the actions being implemented will further strengthen WFP's capacity to meet its objectives in the Philippines and implement its work under the country strategic plan for the period 2024–2028.