

Management Comments to the Internal Audit of WFP Operations in Ethiopia (AR/25/12)

WFP Management appreciates and welcomes the observations made by the Office of the Inspector General in its internal audit report on WFP operations in Ethiopia (AR/25/12), covering the period from 1 January to 31 December 2024. WFP Management acknowledges the overall conclusion of “some improvement needed” and has been proactive in starting to take action to address all observations made in the report.

Despite impressive annual economic growth and development progress, Ethiopia continues to be constrained by global and regional crises, internal conflict, economic and climate shocks, and rising poverty. These challenges are compounded by structural issues that dampen the impact of economic growth, reduce the potential for transformative change, and exacerbate food insecurity. As such, there is a continuing need for humanitarian and development assistance. WFP has a needs-based target to assist almost 7 million people in 2025, across a range of activities including in-kind and cash distributions, school-feeding, nutrition and resilience projects, encompassing both food-insecure Ethiopians and refugees.

WFP operations in Ethiopia continue under a challenging environment increasingly marked by funding challenges and security and access constraints, complicating response efforts. In recognition of the funding environment, WFP commenced a significant organizational realignment exercise in late-2024. At the issuance of the internal audit report, the exercise is almost complete, and has resulted in the reduction of the workforce by more than one third and the closure of four field offices. WFP Management would like to highlight that the country office has been especially attentive to duty of care and the wellness of staff during these changes.

WFP Management welcomes the Office of the Inspector General's recognition of its positive practices and initiatives. These notably include the successful implementation of augmented assurance measures as part of the Ethiopia Assurance Project, following allegations of widespread food diversion in 2023. These measures included: a shift from paper-based and manual processes to digital ones; the introduction of vulnerability-based targeting, biometric verifications and unique identifiers; greatly strengthened commodity management practices; a shift towards partnering primarily with local and international NGOs as cooperating partners for the implementation of activities; and greatly improved data availability at a granular level. As a result of these measures, WFP Ethiopia has significantly enhanced its ability to identify and verify who is being served at a household level, understand the basis for assistance, and track what assistance is provided on a near real time basis. These improvements contribute to greater efficiency and strengthened accountability across the entire chain; from registration to distribution to reporting.

WFP Management takes note of the Office of the Inspector General's recommendations, comprising four high-priority observation (three directed to WFP Ethiopia, and one directed at a corporate level), and six medium-priority observations. Actions have already commenced to address all recommendations, and in some cases are already complete; WFP Management is committed to addressing all actions within agreed timelines.

With specific reference to the four high-priority observations:

- WFP management agrees with the need to define and differentiate between food aid diversion and beneficiary resale (Observation 1), and updated corporate guidance in this area will be issued by early 2026.
- Observation 3 identifies the need for continued, documented advocacy toward strengthening the food needs analytical framework in Ethiopia. WFP Management, in conjunction with the Ethiopia Humanitarian Country Team and other key stakeholders, will build on ongoing efforts to advance this objective, with the aim of making sufficient progress to close the recommendation by the third quarter of 2026.
- Management of cooperating partners and strengthening of associated systems is an area of key focus for WFP Ethiopia, noting that a transition to working with cooperating partners in relief and refugee operations occurred relatively recently as part of the Ethiopia Assurance Project; as such WFP Management concurs with the recommendations contained in Observation 5, and will implement actions in these areas by the third quarter of 2026.
- The need for strengthening of systems relating to budgeting and monitoring of food transfer costs is well-recognized within WFP Ethiopia (Observation 7); actions have already been started to address the issues identified by the audit and will be completed at latest by the end of 2026.

WFP Management would like to thank the Office of the Inspector General for their constructive collaboration, engagement and efforts to ensure the audit observations and agreed actions are aligned with Ethiopia's operating context. WFP Management views the audit observations and agreed-upon actions as valuable for further enhancing processes, governance, risk management, and internal controls for WFP's operations in Ethiopia.