



Food and Agriculture
Organization of the
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Office of the
Inspector General

Audit of Procurement and Input Distribution in the FAO Ukraine Emergency Operations



AUD0524

25 June 2024

This document is comprised exclusively of the executive summary of the audit report.

Permanent Representatives accredited to FAO and institutional resource partners of FAO may be granted access to the full report upon written request to the Inspector General, in accordance with paragraphs 59-61 of the [Charter of the Office of the Inspector General](#).

EXECUTIVE SUMMARY

WHAT WAS AUDITED?

The Office of the Inspector General (OIG) conducted a remote audit of procurement and input distribution in the Ukraine Emergency Operations in accordance with its risk-based audit plan for the 2022–2023 biennium. The objective of the audit was to assess and provide reasonable assurance on whether procurement and input distribution in the Ukraine Emergency Operations were meeting the intended goals. The audit covered the period between March 2022 and September 2023.

WHY IT MATTERS?

Since the outbreak of the war, FAO has supported farmers and households in Ukraine through the corporate scale-up activation. In April 2022, a Rapid Response Plan was designed to meet critical, time-sensitive agricultural deadlines and harvests; address market functionality; and access vulnerable populations. By September 2023, FAO's response in Ukraine had reached circa USD 58.1 million. The inputs procured and distributed across the country varied from seeds and animal feed to machinery for temporary storage of cereals and oil seed grain.

WHAT WERE THE KEY OBSERVATIONS?

The speed of the response at the start of the Ukraine Emergency Operations was commendable: by April 2022 the first emergency livelihood assistance had already been distributed to project beneficiaries. Delivery has continued without major interruptions since then, despite the extremely challenging context and the difficult security situation. In 2023, FAO reported having assisted 157 870 households and 7 936 small and medium-sized farmers through the Ukraine Emergency Operations.

FAO's initial emergency response was delivered with limited capacity on the ground, as the FAO Project Office in Ukraine (FAOUA) was not a fully-fledged Country Office and FAO did not have an FAO Representative in-country or a host country agreement. This had repercussions for overall delivery and the efficiency of the response. Since April 2022, in parallel to managing a complex operation, FAOUA has transformed from a small presence into a large operating unit, with the support of a small outposted team from the Regional Office for Europe and the Office of Emergencies and Resilience. Subsequently, the procurement actions for the Ukraine emergency response have been conducted mostly remotely by procurement teams from the Regional Office in Europe and the Procurement Services Unit at headquarters.

The audit identified some control gaps in the design and implementation of the operations which negatively impacted the effectiveness of operations and increased the risk of aid diversion. This happened partly due to the necessity to deliver on time in a very disrupted context, limited possibility of deploying staff on the ground, limited energy supply and internet connection, restriction of movement, and the dispersion of the entire locally recruited personnel due to the war.

Some of the control gaps identified include:

- Late deployment of a dedicated International Procurement Officer in situ hindered FAOUA's capacity to operationalize the Rapid Response Plans for 2022 and 2023. As a result, no procurement plan or equivalent instruments were developed until 2024.
- The definition of requirements was slow, or the solicitation method was not conducive to emergency needs, which increased procurement timelines.
- In some cases, the restricted use of Best and Final Offers hindered achieving best value for money.
- In some cases, the lack of reconciliation between the inputs procured and finally distributed to project beneficiaries led to missed opportunities to take timely action on discrepancies.

To address the issues identified in the audit and to enhance the efficiency and effectiveness of procurement and input distribution in the Ukraine Emergency Operations, FAOUA, the Office of Emergencies and Resilience, and the Procurement Services Unit at headquarters have committed to implement the following series of improvements:

- Develop a procurement plan.
- Perform a thorough market survey for each procurement action to select the most efficient solicitation method.
- Develop appropriate and timely technical specifications of procurement requests and improve the quality and accuracy of the technical evaluations, including Best and Final Offer processes.
- Ensure that high-value and sensitive procurement awards are duly reviewed by the relevant committees.
- Establish a process of reconciliation and review of the inputs distributed to project beneficiaries.
- Implement an effective system of beneficiary registration and identification to reduce the risk of aid diversion and fraud.
- Enhance logistical capabilities and establish standard operating procedures for distributing inputs to project beneficiaries.

CONCLUSION

Identified weaknesses in the existing structures, policies and procedures negatively impact the effective mitigation of key risks. The audit identified eight risks, of which five were rated as high and three as moderate. If not addressed, they will hinder the achievement of some important governance, risk management or internal control objectives.

FAO management has developed a suitable action plan to address the risks identified, and OIG will follow up on its timely implementation.

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Inspector General
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