

АДМІНІСТРАТИВНЕ ПРАВО І ПРОЦЕС; ФІНАНСОВЕ ПРАВО; ІНФОРМАЦІЙНЕ ПРАВО

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THE FOOD AND AGRICULTURE ORGANIZATION (FAO) AND ITS FINANCIAL OVERSIGHT FUNCTIONS IN UKRAINE

Introduction. The crisis posed by guaranteeing food security is now considered one of the most challenging for international relations and global development policies. The Russian full-scale invasion of Ukraine, along with destruction of agricultural infrastructure, large scale internals' migration and disruption of supply channels, have greatly undermined the food system resilience of the country. Stabilization of agricultural output and averting of humanitarian disaster under these circumstances has made international financial and technical aid critical.

With regard to this, one of the most relevant international actors is the Food and Agriculture Organization of the United Nations (FAO), who not only provide humanitarian food aid, agricultural rehabilitation support, but also emergency funds for important financial control tasks such as supervising the aid spent by the donors, auditing agricultural projects, and facilitating the provision of aid and its subsequent accounting.

Investigations through agencies like FAO, OCHA, and UNDP have recently analyzed the role of international aid in Ukraine's agriculture during the wartime period. However, there has been a predominant emphasis on operational results or humanitarian outcomes, which overlooks the analysis of FAO's control system in regard to finances and its efficiency in real emergency situations. Additionally, the literature on post-conflict settings is deficient in regards to the particular problems of funds' misallocation, logistical corruption, and other inefficiencies.

This study aims to evaluate the expense oversight by FAO in Ukraine during the years 2023–2025, emphasizing the methods of management employed concerning the international food aid and agricultural rehabilitation projects. The goals consist of: (1) determine important

aspects of FAO financial control, (2) document case study evidences of fund control in Ukraine, and (3) evaluate Ukraine's and the international community's financial governance aid relations in the agriculture assistance domain.

Literature Review. In the context of international aid involving food security and rehabilitation of agriculture, financial accountability has become a contested issue in recent academic and institutional research. Almost all investigations highlight the involvement of the Food and Agriculture Organization (FAO) in humanitarian aid and sustainable development. However, the known studies of control within the organization regarding its expenditures and funding, particularly in post-conflict zones like Ukraine, are rather limited.

The FAO has repeatedly stated that the organization uses the principles of transparency, accountability, and result-based management within its operations [1, p. 5]. As part of project cycle within the organization, there is financial control done through internal auditing, external evaluations, and other donor staff visits. Such strict control is, however, undermined by a range of local factors such as poor political governance and absence of effective logistical solutions [6, p. 7].

The United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) recently raised concern regarding the complexity of aid flows to Ukraine, citing a need for better coordination and mechanisms for tracking funding allocation and distribution. Simultaneously, the UNDP's Post-War Recovery Report analyzes the need for real-time monitoring of funds and advocates for the use of information technology and inter-institutional sharing to prevent the misuse of humanitarian aid.

World financial institutions, such as the European Commission and the World Bank,

have also contributed to the funding of Ukraine's agricultural industry. Their systems of financial control are usually based upon conditional cash transfers, performance-based aid, and external auditing. However, there are issues with adapting UN and FAO agencies to the available literature.

The need for financial governance during conflicts is supported by academic research. As several OECD publications have pointed out, standard audit methods in fragile countries do not work, and there is a need for additional participatory supervision, stakeholder involvement, and even the use of mobile payments and blockchain technologies [7, p. 12]. In addition, International Transparency noted the repetitive patterns of corruption during humanitarian operations, especially claiming agricultural buys as one of the processes most prone to corruption due to lack of digital anti-transparency mechanisms [8, p. 6].

There seems to be no literature considering the institutional gaps that are in the scholarly discussion of the FAO's financial control functions within the context of Ukraine. Most of the research available focuses on FAO's so-called "technical" interventions or humanitarian logistic activities instead of viewing the organization as a financial manager. In this paper, I address this issue by analyzing the aftermath of the FAO's performance in the context of the Ukrainian challenges to the war and assessing the FAO's financial surveillance activity as their operational reality.

Presentation of the Main Material. The United Nations' Food and Agriculture Organization (FAO) in Ukraine undertakes an important task of monitoring the inflow and outflow of international funds earmarked for promotion of food security and recovery of agriculture in the country. Because of the European Commission's, USAID, and World Bank's funding, a complex post-conflict scenario calls for stringent financial control and effective monitoring of expenditures.

Among FAO's core functions is the supervision of global food assistance programs, especially those funded by multiple partners. Their aim is to provide humanitarian food aid and rehabilitation of the food production infrastructure in Ukraine to help the country sustain supports to its agriculture. From the FAO report, monitoring also means accounting for the expenditure of grant funds, the so-called verification of order, and checking the implementation of projects to their objectives, and goals as stated in the documents [1, p. 8].

An example of this is the Emergency Food Assistance Program in Ukraine financed with

USD 500 million from the European Commission, USAID, and UN humanitarian aid instruments which is to be implemented within 2023-2025. The program promoted agricultural recovery and food assistance to the targeted beneficiaries. As stated in the Ukraine Humanitarian Needs and Response Plan 2025, 90% of budget expenditures were for agricultural grants, while the rest 10% had to be refunded because of lack of efficient transportation logistics [2, p. 14].

Aside from the emergency actions, FAO undertakes auditing of agricultural recovery projects, both at the level of government and NGO-sponsored rehabilitation of farms, equipment procurement, and creation of climate adaptation facilities. An important oversight function involves the administration of international granting programs amounting to USD 1.2 billion aimed at subsidizing and investing into Ukrainian farmers. These expenditures are audited financially by the system of reporting, field check-ups, and remote tracking [1, p. 11].

It illustrates how much attention and resources the FAO allocates to different areas of financial supervision:

- Monitoring Emergency Food Aid – 25%
- Auditing Agricultural Grants – 30%
- Supervising the Supply Chain – 20%
- Implementing Digital Tracking – 15%
- Communicating with Stakeholders – 10%

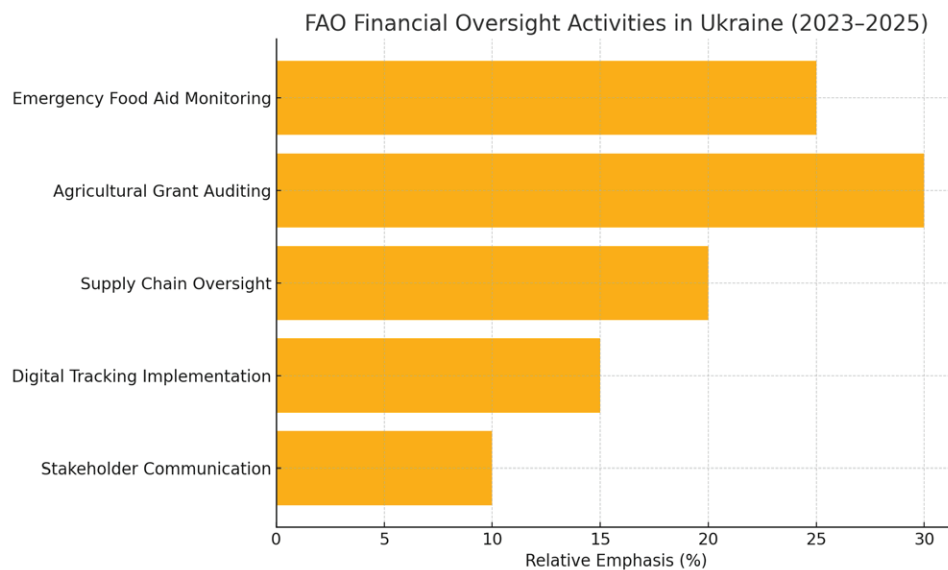
The FAO monitors the effectiveness of agro financing also for projects such as greenhouse agriculture, irrigation systems, and sustainable agriculture. These activities are evaluated not just for their fiscal accountability, but for their ecological effects and sustainability as well. Among the most prominent risks is corruption in the supply chain, very often linked to the procurement of agricultural inputs. The Ukraine Post-War Recovery Report emphasizes the necessity of implementing digital, cashless aid as a means of ensuring that assistance is both qualitatively monitored and audited [3, p. 22].

Nonetheless, there are some significant issues regarding FAO financial supervision:

1. The extremely inefficient allocation of resources in wartime budgets that needs flexible audit procedures.

2. Grants: Agricultural supply chain corruption in procurement processes requires real-time web-based contracting and tracking to combat corruption.

3. Lack of communication with the local stakeholders leads to slow verification of aid distribution and the release of funds [3, p. 19].



Pic. 1. Diagram narrating "Financial Dependencies Oversight for FAO in Ukraine (2023–2025)"

These issues point out the necessity of deepening the interface between financial control instruments and digital governance systems for better utilization of international assistance in the recovery of agriculture in Ukraine.

Conclusions and Prospects for Further Research in This Area. The financial control functions of the Food and Agriculture Organization (FAO) are strategically relevant concerning Ukraine's wartime and post-war reconstruction effort. FAO, as revealed through case studies and audit information, has put in place systems to monitor the international funding directed towards food security and the getting back of agricultural services. This involves monitoring comprehensive emergency food aid programs, supervising purchases, and reviewing grant and subsidy expenditures by Ukrainian farmers.

Still, even with all the grinding progress FAO seems to have accomplished, systemic problems still exist, especially those concerning

accountability and management of active conflict, corruption risks in agricultural supply chains, and collaboration with local actors. These challenges highlight the necessity for more proactive and agile technological approaches, including, but not limited to, digital finance tracking tools, cashless payment systems, and real-time monitoring audit systems.

Artificial intelligence and blockchain technologies for humanitarian finance oversight need to be studied, especially in the context of complex emergencies. In addition, study of Ukraine in relation with other post-conflict or fragile states may be useful in understanding how international financial organizations can better operate in conflict situations.

Enhancing the financial management of foreign assistance in Ukraine not only builds trust within institutions, but also supports the country's food system resilience in the long-run, which is necessary for sustainable development and recovery.

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Ivanova R.Yu. THE FOOD AND AGRICULTURE ORGANIZATION (FAO) AND ITS FINANCIAL OVERSIGHT FUNCTIONS IN UKRAINE

The war of aggression waged on Ukraine has profoundly aggravated the issues of food security and agricultural production, acting as a threat to national, regional, and international food sustainability. Within such environment, an international actor like FAO becomes vital. Apart from its responsibility to deal with hunger and foster sustainable agricultural practices, there is an equally important role of ensuring the integrity, transparency, accountability, and governance of the aid provided, especially in conflict and post-conflict countries.

The article analyzes the financial control activities of FAO in Ukraine, closely looking at the 2023-2025 timeframe when humanitarian and agronomic aid flows significantly increased; the study looks at the FAO attempts to supervise international donations, conduct audits of agricultural rehabilitation projects, and deal with governance issues related to aid management. Special attention is given to an organization's attempts to account for the spending by key international donors such as the European Commission, USAID, and the World Bank, which have been earmarked for food aid, infrastructure construction, purchase of agricultural machines, and encouragement of environmentally friendly agriculture.

A primary case study is FAO's Emergency Food Assistance Program in Ukraine that had a food assistance budget of \$500 million. The audit results indicate that 90 percent of the funds were used for agricultural grants, while only ten percent of the funds were utilizable because of logistical issues. This illustrates the existing financial control systems in high risk environments: their advantages and disadvantages. Furthermore, the article assesses the way FAO oversees a separate allocation of one billion two hundred million US dollars funds granted to Ukrainian farmers which aim at making them self-sustainable in food production.

The research mentions three main problems that FAO faces in Ukraine: (1) Increased chance of funds being misused during wartime, (2) Corruption threats in agricultural supply chains, and (3) Poor cooperation with local authorities and other relevant parties. Because of these issues, the organization has sought more sophisticated forms of financial governance, including digital monitoring systems, mechanisms for cashless distribution of aid, and technologies for real-time auditing.

The results highlight the humanitarian role of FAO but also their responsibility as a protector of the finances spent in the name of international aid. The purpose of this research is to extend the literature on the phenomenon of financial control in crisis situations and make suggestions toward better practices of funding transparency and efficacy concerning international food aid programs. The reasoning extends to other cases of conflict or fragility beyond Ukraine where the management of agricultural aid is a prerequisite during post-conflict stabilization and recovery.

To summarize, the article expresses concern regarding the lack of and insufficient use of innovative technologies such as artificial intelligence and blockchain in FAO's financial supervision functions, which impacts aid delivery. It stresses better collaboration among the FAO, national agencies, NGOs, and other UN bodies to utilize their funds effectively. Further studies should focus on the multilateral aid control models in post-conflict countries for the purpose of developing policies and coordinating donor support.

Key words: FAO, Ukraine, finance law, humanitarian aid, agricultural recovery, international organizations, wartime economy, donor accountability, transparency, emergency assistance, post-conflict reconstruction, international financial institutions.

Іванова Р.Ю. ПРОДОВОЛЬЧА ТА СІЛЬСЬКОГОСПОДАРСЬКА ОРГАНІЗАЦІЯ (ФАО) ТА ЇЇ ФУНКЦІЇ ФІНАНСОВОГО НАГЛЯДУ В УКРАЇНІ

Розв'язана проти України загарбницька війна глибоко загострила питання продовольчої безпеки та сільськогосподарського виробництва, створивши загрозу національній, регіональній та міжнародній продовольчій стабільності. У такому середовищі такий міжнародний актор, як ФАО, стає життєво важливим. Окрім відповідальності за боротьбу з голодом і сприяння стійкій сільськогосподарській практиці, існує не менш важлива роль забезпечення цілісності, прозорості, підзвітності та управління наданою допомогою, особливо в конфліктних і постконфліктних країнах.

У статті аналізується діяльність ФАО з фінансового контролю в Україні з огляду на період 2023-2025 рр., коли значно зросли потоки гуманітарної та агрономічної допомоги; дослідження розглядає спроби ФАО контролювати міжнародні пожертвування, проводити аудит проектів реабілітації сільського господарства та вирішувати питання управління, пов'язані з управлінням допомогою. Особлива увага приділяється спробам організації врахувати витрати ключових міжнародних донорів, таких як Європейська комісія, USAID та Світовий банк, які були виділені на продовольчу допомогу, будівництво інфраструктури, придбання сільськогосподарської техніки та заохочення екологічно чистого сільського господарства.

Основним прикладом є Програма екстреної продовольчої допомоги ФАО в Україні, бюджет якої становив 500 мільйонів доларів США. Результати аудиту свідчать, що 90 відсотків коштів було використано на аграрні

гранти, тоді як лише 10 відсотків коштів були використані через матеріально-технічні проблеми. Це ілюструє існуючі системи фінансового контролю в умовах високого ризику: їх переваги та недоліки. Крім того, у статті оцінюється спосіб, яким ФАО контролює окремий розподіл коштів у розмірі одного мільярда двохсот мільйонів доларів США, наданих українським фермерам, які мають на меті зробити їх самодостатніми у виробництві продуктів харчування.

У дослідженні зазначено три основні проблеми, з якими стикається ФАО в Україні: (1) Збільшення ймовірності нецільового використання коштів під час війни, (2) Загрози корупції в ланцюгах постачання сільськогосподарської продукції та (3) Погана співпраця з місцевою владою та іншими відповідними сторонами. Через ці проблеми організація шукала більш складні форми фінансового управління, включаючи системи цифрового моніторингу, механізми безготівкового розподілу допомоги та технології аудиту в реальному часі.

Результати підкреслюють гуманітарну роль ФАО, а також її відповідальність як захисника фінансів, витрачених на міжнародну допомогу. Мета цього дослідження полягає в тому, щоб розширити літературу про феномен фінансового контролю в кризових ситуаціях і внести пропозиції щодо кращої практики прозорості та ефективності фінансування програм міжнародної продовольчої допомоги. Аргументація поширюється на інші випадки конфлікту чи нестабільності за межами України, де управління сільськогосподарською допомогою є необхідною умовою під час постконфліктної стабілізації та відновлення.

Підводячи підсумок, у статті висловлюється занепокоєння щодо відсутності та недостатнього використання інноваційних технологій, таких як штучний інтелект і блокчейн, у функціях фінансового нагляду ФАО, що впливає на надання допомоги. Він наголошує на кращій співпраці між ФАО, національними агентствами, неурядовими організаціями та іншими органами ООН для ефективного використання їхніх коштів. Подальші дослідження мають бути зосереджені на моделях контролю багатосторонньої допомоги в постконфліктних країнах з метою розробки політики та координації підтримки донорів.

Ключові слова: ФАО, Україна, фінансове право, гуманітарна допомога, відновлення сільського господарства, міжнародні організації, економіка воєнного часу, підзвітність донорів, прозорість, екстрена допомога, постконфліктна реконструкція, міжнародні фінансові інституції.