World Food Programme
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Programa Mundial de Alimentos
برنامج الأغذية العالمي

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Financial and budgetary matters
For decision

Executive Board documents are available on WFP's website (https://executiveboard.wfp.org).

Update to the WFP management plan (2025–2027)

Draft decision*

Having considered the update to the WFP management plan (2025–2027) (WFP/EB.A/2025/6-B/1/Rev.1), the Board:

a) takes note of the decreased contribution forecast for 2025 from USD 8 billion reported in the WFP management plan for 2025–2027 (WFP/EB.2/2024/5-A/1/Rev.1) to USD 6.4 billion, and recalls paragraph v) of the Board's decision 2024/EB.2/2 approving the use of the programme support and administrative equalization account to fund any shortfall between indirect support cost revenue from contributions and the 2025 programme support and administrative appropriation;

b) takes note of the projected operational requirements of USD 19.1 billion as of 9 April 2025, and of the updated provisional implementation plan of USD 9.6 billion;

c) takes note of cost-saving measures that the Executive Director has applied with the intention to reduce the programme support and administrative appropriation of USD 480 million for 2025 by up to 10 percent, in accordance with paragraph iv) of the Board's decision 2024/EB.2/2, in light of the decreased contribution forecast, as well as additional cost-saving measures that the Executive Director is applying to align 2026 expenditures with the projected funding, and requests that the Executive Director keep the Board regularly updated;

* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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d) approves the allocation of the unearmarked portion of the General Fund for a total amount of USD 150 million, as follows:

   i. up to USD 40 million for the country office safety net to support country offices as they transition to reduced resourcing levels; requesting WFP to update the Board and to report on the utilization of these funds;

   ii. up to USD 40 million for costs associated with the management and stabilization of the workforce to align it with reduced funding; requesting WFP to update the Board and to report on the utilization of these funds;

   iii. USD 70 million for a one-time capital injection for the self-insurance scheme to cover war-related losses; and

e) takes note of the progress of WFP's internal reorganization.

KEY FIGURES COMPARED TO ORIGINAL MANAGEMENT PLAN 2025–2027

2025 CONTRIBUTION FORECAST

ORIGINAL CONTRIBUTION FORECAST

USD 8B

UPDATED CONTRIBUTION FORECAST

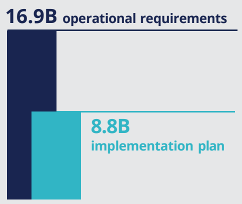
USD 6.4B ∨ 20%

KEY TAKEAWAYS

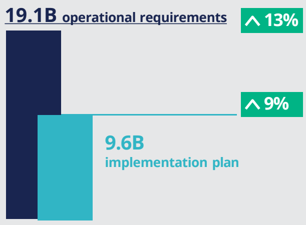
- Updated contribution forecast levels reflect the current **funding trend** across the global development and humanitarian sector. Decline is due to constrained **fiscal space, policy shifts**, and **economic uncertainty** in programme and broader donor countries.

OPERATIONAL REQUIREMENTS VS IMPLEMENTATION PLAN

ORIGINAL FIGURES (USD)



UPDATED FIGURES (USD)



KEY TAKEAWAYS

- The higher operational requirements are primarily due to the **escalating conflicts** in the State of Palestine and Sudan.
- **Crisis response** focus area accounts for 75 percent of the projected implementation plan.
- The updated provisional implementation plan reflects a **higher level of carry-over fund balances** tempered by the lower contribution forecast.

PROGRAMME SUPPORT AND ADMINISTRATIVE (PSA) BUDGET

ORIGINAL PSA BUDGET

USD 480M

Approved in anticipation of contributions at **USD 8 billion.**

UPDATED PSA UTILIZATION PLAN

USD 432M ∨ 10%

In response to the revised contribution forecast, the Executive Director approved cost containment measures to bring **PSA expenditure down by 10 percent**, as authorized by the delegation of authority granted in the 2025 management plan.

KEY TAKEAWAYS

- PSA calibrated to the **lower level** of projected indirect support cost (ISC) income.
- **Cost containment measures** implemented across the organization.
- Specific cost containment measures were announced for: **recruitment, travel, workshops** and **events, training, facility renovations** and **expansions**, and procurement of other **non-mission critical goods and services.**

PROPOSED USE OF THE UNEARMARKED GENERAL FUND

COUNTRY OFFICE SAFETY NET

USD 40 M

- WFP proposes allocating USD 40 million from the unearmarked General Fund to the **country office safety net** to support country offices' transition towards reduced resourcing levels, including costs of country office workforce alignment.

WORKFORCE MANAGEMENT COSTS

USD 40M

- WFP proposes allocating USD 40 million from the unearmarked General Fund to **manage global headquarters costs** related to aligning and stabilizing the workforce given reduced funding.

INSURANCE CAPTIVE REPLENISHMENT

USD 70M

- WFP proposes allocating USD 70 million from the unearmarked General Fund to **replenish the Captive to cover war-related commodity losses** ensuring its solvency and its ability to support WFP's critical operations in volatile environments.

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April 2025

Introduction

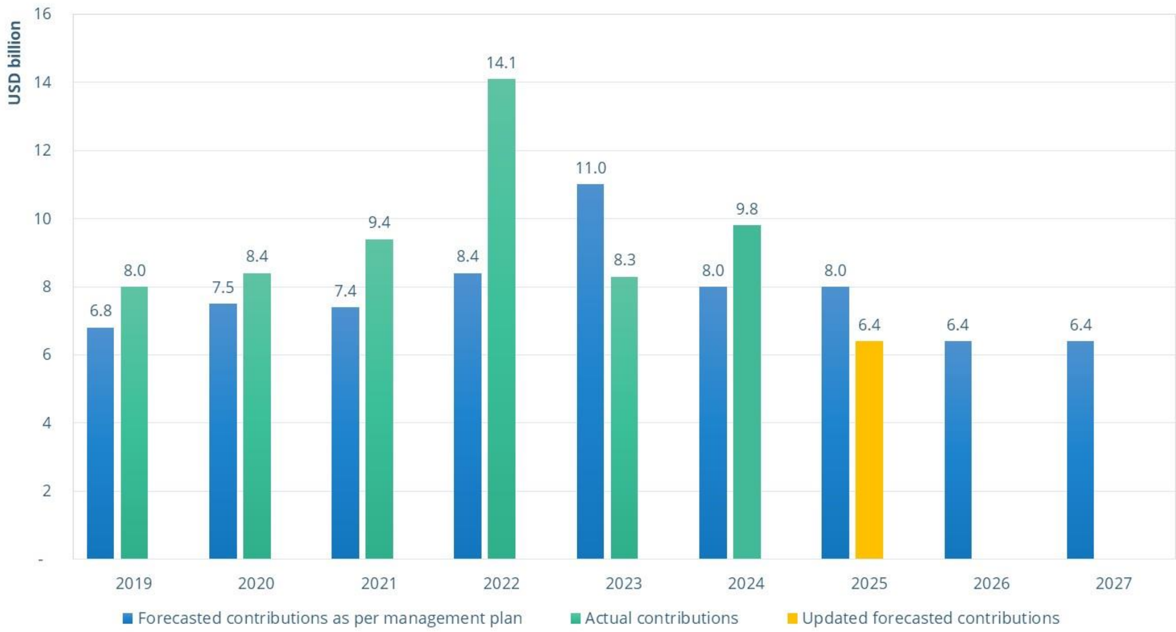
1. At its 2024 second regular session, the Executive Board approved the WFP management plan (2025–2027). This document is the first update to that plan. It provides an update on the contribution forecast, the operational requirements and the implementation plan for 2025. It also presents the progress made in WFP's ongoing reorganization exercise, and measures for containing costs in the programme support and administrative (PSA) budget in light of lower contributions. The document proposes that the unearmarked portion of the General Fund be used to continue the safety net for country offices, cover costs associated with workforce management and replenish the Captive insurance fund.

1. Funding context and resourcing assumptions

2. WFP's revised global forecast for 2025 now stands at USD 6.4 billion – USD 1.6 billion, or 20 percent, lower than the USD 8 billion projected in the management plan for 2025–2027. This decrease mirrors the declining funding trend throughout the development and humanitarian sector globally, and reductions in official development assistance, particularly from member states of the Organisation for Economic Co-operation and Development, due to constrained fiscal space, policy changes and continued economic uncertainty in programme and donor countries more broadly.

3. In response to growing levels of acute hunger, and to maintain trust and credibility, WFP is increasing and strengthening its advocacy with partners through the consistent, timely and regular sharing and dissemination of information on needs – including through the annual *Global Outlook* report – and on risks and risk mitigation measures.

Figure 1: Global forecast versus actual and forecasted contributions, 2019–2025*



* Figures for the years 2025 onwards are forecasts only.

4. In response to the evolving funding landscape, WFP is implementing a comprehensive resourcing approach aimed at protecting, expanding and diversifying its funding base.

5. Traditional donors remain a priority, with WFP working to safeguard and deepen relationships with such donors and to increase the support it receives from those that are increasing their official development assistance budgets. WFP remains committed to pursuing new funding opportunities and is consolidating efforts to do so into a comprehensive resource mobilization strategy, reinforcing its long-term vision for sustainable funding and growth.

6. The resource mobilization strategy prioritizes donor diversification, greater engagement with programme countries, complementary partnerships with international financial institutions, and expanded fundraising from the private sector – especially through individual giving and digital channels – which is now among WFP's top five sources of donor funding.

7. WFP is scaling up efforts to obtain access to multilateral and vertical funds, expand partnerships beyond their traditional role as sources of humanitarian finance, and position its technical expertise in relation to emerging funding mechanisms. Engagement with international financial institutions, including regional development banks and the World Bank, is also growing, unlocking new opportunities through blended finance and co-financing.

8. WFP is a leader in innovation, which will remain a mainstay of its partnerships – public and private – based on the ecosystem established and experience gained in the past ten years, including through the Innovation Accelerator and regional innovation hubs. By scaling up cutting-edge technologies and innovative financing solutions, WFP is enhancing both humanitarian and development outcomes.

9. WFP will continue to advocate for increased, predictable and flexible humanitarian financing, while contributing to efforts led by the Inter-Agency Standing Committee aimed at ensuring that assistance reaches the most vulnerable people, and reinforcing collaboration with key operational partners.

10. Through strategic and innovative partnerships, expanded financing mechanisms and an integrated approach to addressing humanitarian and development needs, WFP is focused on maintaining life-saving operations while strengthening the resilience and long-term food security of the world's most vulnerable people.

2. Programmatic context: operational requirements and implementation plan

11. Humanitarian crises are unfolding amid growing instability, escalating conflict, weather-related shocks and economic downturns, leaving millions more people in need of assistance. At the same time, WFP and its partners are grappling with severe funding shortfalls, forcing them to make difficult decisions. Given the resourcing outlook, WFP must work with partners to redefine humanitarian and development approaches while proactively engaging with donors, other United Nations entities and other humanitarian partners to advocate the preservation of critical assistance.

12. Against this backdrop, WFP has updated its 2025 projected operational requirements and provisional implementation plan based on recently released guidance on strengthening WFP's approach to the design of country strategic plans and the development of budgets.

2.1 Updated projected operational requirements[1] and provisional implementation plan

TABLE 2.1: OPERATIONAL REQUIREMENTS AND IMPLEMENTATION PLAN, TOTAL AMOUNTS, 2025 *(USD million)*		
	Management plan, 2025–2027	**Update to the management plan, 2025–2027**
Projected/approved operational requirements	16 890	19 145
Provisional/updated implementation plan	8 800	9 632

13. As of 9 April 2025, approved operational requirements were USD 19.1 billion, an increase of USD 2.2 billion compared with the USD 16.9 billion estimated in the management plan for 2025–2027. The increase was due primarily to escalating conflict in the State of Palestine and the Sudan, which increased the budget requirements for WFP's responses.

14. While guidance on the design of realistic, high-quality programmes continues to be rolled out to country offices, the projected operational requirements are expected to decrease as budgets are brought into closer alignment with WFP's capacity, capabilities and available resources.

15. The management plan for 2025–2027 anticipated a provisional implementation plan of USD 8.8 billion to support 98 million people. The provisional implementation plan was based on a global contribution forecast of USD 8 billion plus the net use of carry-over balances and revenue from service provision. Following the plan's approval in November 2024, country offices prepared their annual implementation plans for the year, which totalled USD 11.4 billion. The increase was largely driven by a higher-than-expected carry-over fund balance, resulting from increased contributions received in the second half of 2024, which allows for a greater use of carry-over balances in 2025.

16. Subsequent to country offices' preparing their annual implementation plans, the global contribution forecast declined by 20 percent, to USD 6.4 billion. As a result, all country offices are currently reviewing their 2025 implementation plans; 70 percent of country offices have confirmed that their implementation plans will be adjusted downwards, representing an overall reduction of USD 1.8 billion. When the higher level of carry-over fund balances and the lower contribution forecast are taken into consideration, the updated implementation plan stands at USD 9.6 billion to assist 98 million people.[2] The following paragraphs and tables are based on this updated implementation plan.

17. WFP's ten largest operations account for 57 percent, or USD 5.5 billion, of the updated implementation plan of USD 9.6 billion. The spread of conflict – particularly in the Middle East and East Africa – along with weather-related and economic stressors, are the drivers of most of WFP's operational response.

[1] Operational requirements for approved country strategic plans of 9 April 2025.

[2] WFP plans to reach approximately the same number of people as outlined in the management plan for 2025–2027, but with greater levels of assistance per person.

TABLE 2.2: UPDATED OPERATIONAL REQUIREMENTS AND IMPLEMENTATION PLAN, LARGEST OPERATIONS, 2025 *(USD million)*		
	Update to the management plan, 2025–2027	
	Operational requirements	**Updated implementation plan**
State of Palestine	1 546	777
Sudan	1 542	763
South Sudan	898	676
Afghanistan	1 420	674
Yemen	1 592	480
Democratic Republic of the Congo	1 059	460
Lebanon	887	458
Ethiopia	712	409
Ukraine	767	395
Somalia	821	380
Ten largest operations*	**11 244**	**5 471**
All others	**7 901**	**4 161**
Total	**19 145**	**9 632**

* According to the updated implementation plan.

2.2 Analysis of the updated implementation plan

TABLE 2.3: IMPLEMENTATION PLAN, BY FOCUS AREA, 2025				
Focus area	**Management plan, 2025–2027 provisional implementation plan**		**Update to the management plan, 2025–2027 updated implementation plan**	
	(USD million)	***(%)***	***(USD million)***	***(%)***
Crisis response	6 760	77	7 254	75
Resilience building	1 742	20	1 938	20
Root causes	298	3	440	5
Total	**8 800**	**100**	**9 632**	**100**

18. In table 2.3, the analysis of the 2025 updated implementation plan shows a slight decrease in the share of the plan allocated to the crisis response focus area. Owing to the drop in funding projections, country offices have had to scale down some of their crisis response activities, while many activities focused on resilience and the root causes of food insecurity have marginally increased owing to the longer-term nature of those activities and the related funding commitments.

TABLE 2.4: IMPLEMENTATION PLAN, BY TRANSFER MODALITY, 2025				
Transfer and associated costs	**Management plan, 2025–2027 provisional implementation plan**		**Update to the management plan, 2025–2027 updated implementation plan**	
	(USD million)	***(%)***	***(USD million)***	***(%)***
Food	3 750	52	3 623	47
Cash-based transfers (CBTs) and commodity vouchers	2 331	33	2 768	36
Capacity strengthening	496	7	719	*10*
Service delivery	586	8	561	*7*
Total transfer costs	**7 163**	**100**	**7 672**	**100**
Implementation costs	658		801	
Direct support costs (DSC)	460		582	
Total direct costs	**8 281**		**9 055**	
Indirect support costs (ISC)*	519		577	
Total	**8 800**		**9 632**	

* ISC are included in the table to illustrate the total cost of the implementation plan in line with the full cost recovery principle.

19. As shown in table 2.4, food and CBTs and commodity vouchers continue to be the main transfer modalities in the updated implementation plan. Food is projected to account for 47 percent of total transfer costs, down from 52 percent in the provisional plan. CBTs and commodity vouchers have increased their share by 3 percentage points, to 36 percent, with several of WFP’s largest operations, such as those in Lebanon, the State of Palestine, the Sudan and the Syrian Arab Republic, reflecting increases in CBTs as a proportion of transfer costs while security risks and access challenges for in-kind food distributions persist during a period of increased conflict. The share of capacity strengthening activities has risen by 3 percentage points to 10 percent, as country offices’ commitments to host governments are maintained, despite an overall reduction in operational activities.

20. Compared to the overall increase of 9 percent, the updated implementation plan reflects notable increases in implementation costs, rising by 22 percent to USD 801 million, and DSC, rising by 26 percent to USD 582 million. These increases follow the trends in 2024 actual expenditures, in which implementation costs grew to USD 707 million and DSC reached USD 519 million, largely owing to operations in large, conflict-affected areas. Given that both cost categories include substantial shares of fixed and semi-fixed costs, they are less responsive to changing forecasts compared with transfer costs, and adjusting them takes time. Additionally, despite declining resources, these costs are critical to maintaining programme quality and enabling country offices to meet key assurance and accountability standards.

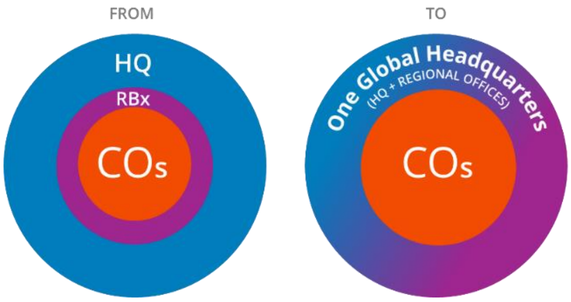
3. Programme support and business operations

3.1 One integrated "global headquarters"

21. In August 2023, the Executive Director launched an internal review of WFP's organizational structure in three phases. The first two phases have been completed. They focused on WFP's headquarters and led to the cutting of one department and the related Assistant Executive Director position, and a reduction in the number of divisions headed by directors, from 31 to 23.

22. Phase 3 of the review will be implemented in 2025 and has the objective of empowering country offices and supporting them from a single global headquarters. WFP is adapting its regional bureaux to serve as an extension of its global headquarters team in Rome, and shifting from three levels of management to two – with one global headquarters supporting country offices, as illustrated in figure 2.

Figure 2: The one global headquarters model



Abbreviations: Cos = country offices; HQ = headquarters; RBx = regional bureaux.

23. The changes will be implemented through five interrelated workstreams:

a) *Clarifying and strengthening the accountabilities* of key leaders in a management accountability framework.

b) *Strengthening strategic coordination:* Strategic and cross-functional coordination mechanisms will provide a structured approach that ensures alignment and collaboration within global headquarters and between global headquarters and country offices.

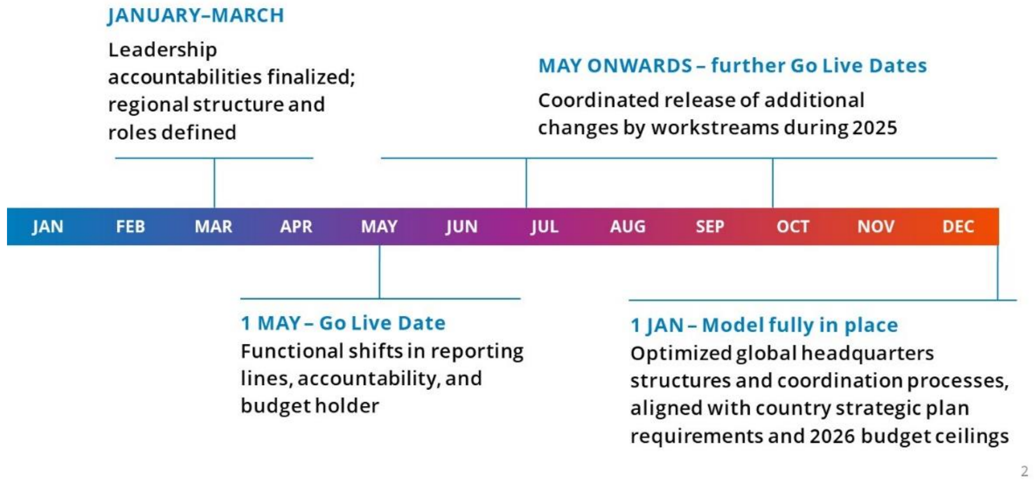
c) *Enhancing emergency governance, protocols, management and coordination* to provide more agile and responsive leadership in emergencies.

d) *Consolidating functions into global teams* responsible for ensuring that country offices receive the support that they need, when they need it.

e) *Ensuring that the funding model for global headquarters* aligns resource allocations with the global functional teams needed to support country offices and their implementation of country strategic plans, and that the model is efficient, transparent and sustainable.

24. The first workstream, on clarifying and strengthening management accountabilities, was completed during the first quarter of 2025 and forms the cornerstone for the implementation of the other workstreams. The implementation timeline is outlined in figure 3.

Figure 3: Implementation timeline for the one global headquarters model, 2025



25. The management accountability framework was endorsed in March 2025, and the new leadership accountabilities will come into effect on 1 May 2025, together with the integration of regional bureaux and headquarters into one global headquarters, and the necessary internal restructuring in line with the management accountability framework.

26. The adoption of the new structure in May 2025 will result in a shift of accountabilities and positions from regional bureaux to the departments of global headquarters. Due to the timing of the restructuring, and the technical complexity of moving budgets from the regional bureaux to the function level, in 2025 the budgets and budget utilization of regional bureaux will continue to be reported against each bureau.

27. With the 2026 budget planning process already under way, functional leads are responsible for preparing the budgets for their consolidated functions from 1 January 2026 onwards. The budget presented in the WFP management plan for 2026–2028 will be fully aligned with the functional consolidation resulting from the organizational restructuring exercise.

3.2 Containment of programme support and administrative costs

28. The approved 2025 PSA budget of USD 480 million was based on a projected contribution forecast of USD 8 billion. The approval included a delegation of authority to the Executive Director for reducing the PSA budget by up to 10 percent in response to a decrease in the funding forecast. Given the revised contribution forecast of USD 6.4 billion, and WFP’s commitment to cost effectiveness, in February 2025 the Executive Director approved cost containment efforts to bring PSA expenditure down by 10 percent. Specific cost containment measures were announced for recruitment, travel, workshops and events, training, facility renovation and expansion, and the procurement of other non-mission-critical goods and services.

29. Reductions in budget allotments have been made throughout global headquarters, affecting all divisions, regional bureaux and global offices. To minimize the impact on frontline operations, reductions in the PSA funding for country offices have been limited to the unallotted portion of the budget. Some budget lines, including those for fixed costs such as facility running costs and payments for United Nations jointly funded activities as part of central appropriations, were exempt from the reductions.

30. A review of the annual funding requirements for after-service entitlements determined that the 133 percent funding ratio as of 31 December 2024 was sufficiently high to allow for a reduction in the funding rate in 2025. Additionally, the approved salary increase for

Rome-based general service staff announced in late 2024 was lower than projected. These two factors led to a downward revision of the standard position cost rates that are used for all international professional staff and general service staff at headquarters, and the accrual for after-service benefits applied to all local staff.

31. Table 3.1 reflects the approved PSA budget and utilization plan by organizational level and department, taking into consideration the reductions in employee costs and the cost containment efforts.

TABLE 3.1: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL AND DEPARTMENT *(USD million)*

Departments	**2025 original budget**	**2025 utilization plan**	**% change**
Country offices	**60.3**	**53.5**	**11**
Regional bureaux	**95.2**	**86.6**	**9**
Headquarters	**287.4**	**256.3**	**11**
Offices of the Executive Director and Chief of Staff	86.0	76.8	11
Deputy Executive Director and Chief Operating Officer	20.1	18.2	9
Partnerships and Innovation Department	40.6	36.3	11
Programme Operations Department	63.8	57.1	10
Workplace and Management Department	77.0	67.9	12
Central appropriations	**37.0**	**35.6**	**4**
Total	**480.0**	**432.0**	**10**

32. In addition to the factors mentioned in paragraph 28, the savings explained in paragraph 30 vary by employee category, hence the impact is uneven across WFP, with the organizational entities showing the largest budget reductions benefiting the most from the reduced staff cost rates over the course of the year.

33. At the end of the first quarter, with 25 percent of the year having passed, actual PSA expenditures were 20 percent of the original approved PSA budget and 22 percent of the PSA utilization plan; compared to the number of full-time equivalents originally planned, there were 47 fewer fixed-term positions filled, but 38 more short-term employees. Lower levels of expenditure are seen across all organizational units and most cost categories, with the largest reductions in expenditures seen in staff costs, other employee costs, travel and information technology equipment. While not all expenditures are incurred evenly over the year, the level of spending in the first quarter indicates that cost containment measures are taking effect.

3.3 Status of the programme support and administrative equalization account

34. The PSA equalization account (PSAEA) records the differences between WFP's ISC revenue and the PSA expenses for the financial period. The balance serves as a safety net for underwriting the risk of a shortfall in the ISC income needed for PSA expenditure. Since the preparation of the management plan for 2025–2027, the 2024 financial period has closed and the contribution landscape has changed. Actual contributions in 2024 were USD 1.8 billion higher than projected, and PSA expenditures were lower than the approved PSA budget. As a result, the updated budgetary balance of the PSAEA at 1 January 2025 is

USD 187 million higher than projected. Meanwhile, the contribution forecast for 2025 has been lowered to USD 6.4 billion, reducing the projected ISC income by USD 92 million. Assuming that the approved PSA budget is spent in full as originally approved, the projected PSAEA budgetary balance at 31 December 2025 would be USD 321 million. The ending balance could be higher, if the cost containment measures are realized and WFP achieves the 2025 utilization plan of USD 432 million.

TABLE 3.2: PROJECTION OF THE PROGRAMME SUPPORT AND ADMINISTRATIVE EQUALIZATION ACCOUNT *(USD million)*

	Forecast in the management plan, 2025–2027	**Updated forecast**
PSAEA budgetary balance at 1 January 2025*	**289.1**	**430.4**
ISC projected revenue income	463.0	370.8
Approved PSA budget	(480.0)	(480.0)
Projected PSAEA budgetary balance at 31 December 2025	**272.1**	**321.2**
PSAEA target (equivalent to 5 months of 2025 PSA expenditures)	200.0	200.0
PSAEA floor (equivalent to 2 months of 2025 PSA expenditures)	80.0	80.0

* The PSAEA balance at 1 January 2025 was USD 430.4 million on a budgetary basis. It reflects the PSAEA closing balance reported in the 2024 financial statements, of USD 457.1 million at 31 December 2024, minus USD 22.8 million in open purchase orders from the 2024 PSA budget carried into 2025, and minus the 2025 share of critical corporate initiatives approved under the management plan for 2024–2026, of USD 3.9 million.

35. The use of the PSAEA to cover a shortfall between ISC income and PSA expenditure was approved in the management plan for 2025–2027. Due to the volatility of the contribution forecast and the timeframe needed to reduce fixed costs, WFP is not including any new proposals for the use of this account in 2025.

4. Proposed uses of the unearmarked portion of the General Fund

4.1 Status of the unearmarked portion of the General Fund

36. The main source of income for the unearmarked portion of WFP's General Fund is investment income derived from cash balances and foreign exchange income on treasury transactions, which are credited to the General Fund as miscellaneous income in accordance with financial regulation 11.3. Over the years, WFP has used the General Fund for strategic investments aimed at strengthening WFP's capacities, resourcing and financing mechanisms. Examples of Board-approved allocations in the past include the enhancement of the WFP Information Network and Global System, funding of the Immediate Response Account, the replenishment of the Emerging Donor Matching Fund, the establishment of the Changing Lives Transformation Fund, and – more recently – funding for implementing the individual fundraising model.

37. At 31 December 2024, the closing balance of the unearmarked portion of the General Fund stood at USD 480.8 million. Despite a decrease in projected earnings, which take into consideration lower levels of investments and lower interest rates, the balance is projected to remain healthy. Therefore, management proposes to make strategic allocations from the General Fund as follows:

- USD 40 million for the replenishment of the country office safety net;
- USD 40 million for costs associated with global headquarters workforce management; and
- USD 70 million for a one-time capital injection for the operational risk self-insurance "Captive".

38. As shown in table 4.1, with updated earnings projections and the proposed new allocations, the balance in the unearmarked portion of the General Fund would be USD 297 million at 31 December 2025, which is nearly twice as high as the prudent balance of USD 150 million.

TABLE 4.1: PROJECTED BALANCE OF THE UNEARMARKED PORTION OF THE GENERAL FUND (*USD million*)

	Original management plan, 2025	Updated management plan, 2025
Balance at 1 January 2025	**414.0**	**480.8**
Projected 2025 earnings	155.0	121.1
Previously approved 2025 uses*	154.8	154.8
Proposed new uses		**150.0**
Country office safety net		*40.0*
Workforce management		*40.0*
Operational risk insurance replenishment		*70.0*
Projected balance at 31 December 2025	**414.2**	**297.1**
Prudent balance	150.0	150.0

* Replenishment of the Immediate Response Account – USD 75 million; critical corporate initiatives – USD 30.4 million; individual fundraising model – USD 20 million; workforce management – USD 20 million; health insurance fund – USD 7 million; and treasury management – USD 2.4 million.

4.2 Country office safety net

39. In the management plan for 2024–2026, the Board approved an allocation of USD 85 million from the unearmarked portion of the General Fund to serve as a safety net for country offices adapting to reduced resourcing levels. Of this total, USD 60.3 million was allocated in 2024, and USD 2.4 million in early 2025, leaving a current balance of USD 22.3 million. Approximately half of the allocations made so far supported reassurance action plans, including in the areas of identity management, targeting and data quality; one fourth covered bridging costs for cooperating partners; and the remainder covered the cost of staffing alignment and fixed operational costs such as rent.

40. Subsequent to the approval of the management plan for 2025–2027, WFP's global contribution forecast has decreased by 20 percent. This will have direct impacts on most country offices and will result in downsizing operations and reductions in the local workforces. To maintain a similar level of support for country offices as they adapt to the reduced resourcing level, WFP proposes to allocate USD 40 million from the unearmarked portion of the General Fund to replenishing the country office safety net.

41. As in 2024, allocations to country offices will be based on prioritization criteria detailed in the management plan for 2024–2026. Under the criteria, priority will be given to country office activities that uphold assistance standards, follow assurance norms and target beneficiaries effectively amid resource constraints. Priority will also be given to supporting local workforce restructuring exercises, implementing cost-saving measures and covering fixed costs during downsizing or funding gaps.

42. The funds will be channelled through country strategic plans but will not be used for direct food or cash transfers, or for programme activities such as capacity strengthening or service delivery. All allocations will require approval from the Executive Director, using established budget governance structures as appropriate.

4.3 Workforce management

43. In the context of reduced funding for WFP, and recognizing the need to ensure appropriate capability and continued capacity for critical operations, WFP has extended and expanded various initiatives aimed at aligning and stabilizing the workforce given the reduced funding levels. These efforts will affect employees on all contract types and at all levels of the organization. Actions for reducing employee costs include, but are not limited to, cancelling new recruitments, abolishing positions and redeploying unassigned employees, delaying position upgrades, and terminating contracts. Throughout the process, employees and managers are being supported through targeted communications, an employee support programme and other resources.

44. Measures being taken in 2025 are necessary to achieve a10 percent PSA cost savings in 2025 and to start 2026 with a workforce commensurate with projected funding of USD 6.4 billion. Throughout 2025, WFP will continue to assess the implications of the evolving funding situation and monitor the measures being taken to inform modifications or additional measures that may be required to stabilize the workforce.

45. In February 2025, WFP extended the recruitment pause that was initiated in October 2023 for global headquarters and has been expanded to cover all operations worldwide. Any exceptions are strictly limited to mission-critical activities and corporate emergencies. The extended and expanded pause will give WFP additional time to make informed staffing decisions in line with the changing funding landscape. It will remain in place until further notice.

46. In providing additional time to make informed staffing decisions and assess staffing structures, the transition period for implementing the WFP staffing framework has been extended by one year until the end of 2026. The staffing framework, launched in 2021, was created to ensure that contract modalities better align with the type and duration of the role performed, particularly where short-term contracts have been used for long-term needs. The decision to extend the transition period has been made in recognition of the current global context, where the organization is not in a position to enter into long-term staff obligations.

47. In 2024, WFP developed and issued an ad-hoc framework providing concrete guidance related to the abolition of positions at global headquarters and approved special measures for national employees in the field whose contracts have been affected by staffing reductions. Based on the additional alignment requirements anticipated, and applying lessons learned in 2024, the ad-hoc framework and the special measures have been updated and extended until the end of 2025.

48. When rotational international professional employees have not been assigned to a position, they are retained on the payroll for up to 12 months while they apply for a position through the reassignment process. This ensures that WFP retains a skilled and experienced workforce and has the internal capacity to meet emergency surge requirements. Concrete efforts are made to deploy unassigned employees globally on temporary assignments in order to leverage their capability and capacity for priority activities.

49. During 2025, WFP will be offering ad-hoc agreed separations, with broader eligibility criteria than historically offered to allow a wider range of staff to apply. In addition, there will be a gradual increase in the non-renewal of short-term contracts in order to transition to 2026. These two measures are specifically aimed at reducing the size of the professional employee workforce before potentially resorting to other measures.

50. There are several funding sources for covering the cost of aligning the workforce to WFP's future funding outlook. In the case of local staff in country offices, the costs are covered by accruals, the Termination Indemnity Fund critical corporate initiative, country strategic plans and the country office safety net. For all international professional staff worldwide and local staff in global headquarters, the costs are covered by an allowance built into the standard position costs and USD 20 million allocated from the unearmarked portion of the General Fund as approved in the management plan for 2025–2027. The USD 20 million request was based on the aim of aligning the international professional staff worldwide and local staff in global headquarters with a stable funding level of USD 8 billion, with the cost being used to fund a combination of a higher-than-normal number of unassigned international professional staff and termination payments.

51. Given the downturn in the funding projection and the expectation that funding will stabilize at USD 6.4 billion over the next several years, the number of employees in all cost categories will have to be reduced and the number of unassigned international professional staff will exceed initial projections. The sum of USD 40 million is proposed to fund the costs associated with reducing the global headquarters workforce, including costs of administering staff reductions. That sum could fund approximately 400 unassigned staff for six months, the termination payments of approximately 325 staff or a combination of the two for a lower number of staff. The increased amount may not be fully utilized in 2025 and would be available to cover similar costs in 2026 allowing for a managed workforce restructuring exercise.

4.4 Captive insurance replenishment

52. WFP manages its cargo insurance through a self-insurance retention scheme, known as "the Captive". The Captive functions as an insurance company, collecting premiums, paying claims, arranging reinsurance, and pursuing recoveries from liable third parties. Its financial activities are managed through a dedicated special account, in which premium income, recoveries, expenses, assets, liabilities and investment earnings are recorded.

53. In 2017, the Captive's coverage was expanded so that commodities are insured from when WFP takes delivery until they are handed over to governments or partners or distributed to beneficiaries. Coverage was also broadened to include losses that are typically not insured by commercial insurers, such as those associated with war on land.[3] These changes significantly increased the Captive's risk portfolio. In spite of this, the Captive has consistently provided flexible coverage at low premiums and ensured prompt[4] claim settlements, minimizing operational disruption. When the Captive has accumulated funds beyond what the Secretariat deems necessary for its operation, the surplus funds are transferred to WFP for other uses, subject to the Board's approval. The last such transfer, amounting to USD 20 million, occurred in 2021, with the funds going to the Immediate Response Account.[5]

54. Although the Captive reinsures its risks externally, certain risks, such as those associated with conflict on land, are fully retained because they are typically not covered by standard commercial insurance.[6] In June 2023, the Secretariat informed the Board of a potential replenishment needed to cover anticipated war-related losses in the Sudan.[7] Ultimately, those losses came to USD 37 million for that year, and the Captive was able to meet its 2023 obligations owing to being adequately capitalized, so no replenishment was deemed necessary.

55. The Captive now faces a significant decline in the adequacy of its capital. Its solvency – the ability to meet long-term obligations and absorb unforeseen losses – has been eroded by unprecedented war-related losses due to geopolitical events in the past two years, along with a decline in premium income, which is attributed to the Secretariat's funding challenges and expected to lead to lower levels of operational activity. Other operational factors, such as commodity rejections by some authorities, security-related access limits, and delayed implementation in a number of operations, have also contributed to the increased losses (figure 4).

[3] "WFP Management Plan (2018–2020)" (WFP/EB.2/2017/5-A/1Rev.1).

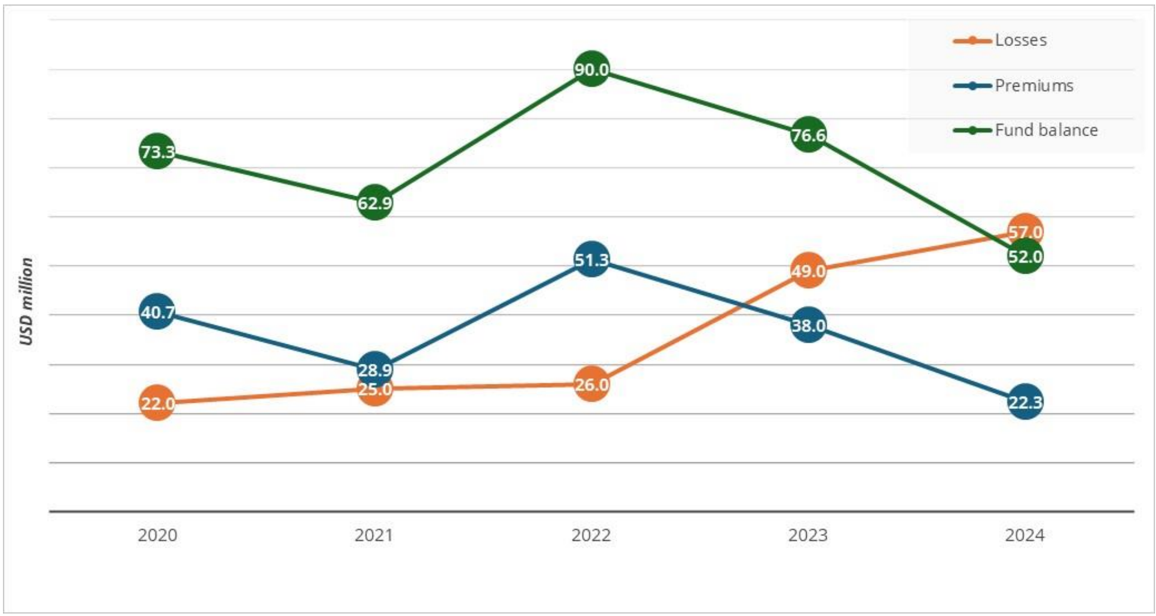
[4] Claims for query-free losses are settled on a quarterly basis.

[5] "Decisions and recommendations of the 2021 annual session of the Executive Board" (WFP/EB.A/2021/13), "Utilization of the self-insurance special account surplus".

[6] The Secretariat is exploring other options for coverage.

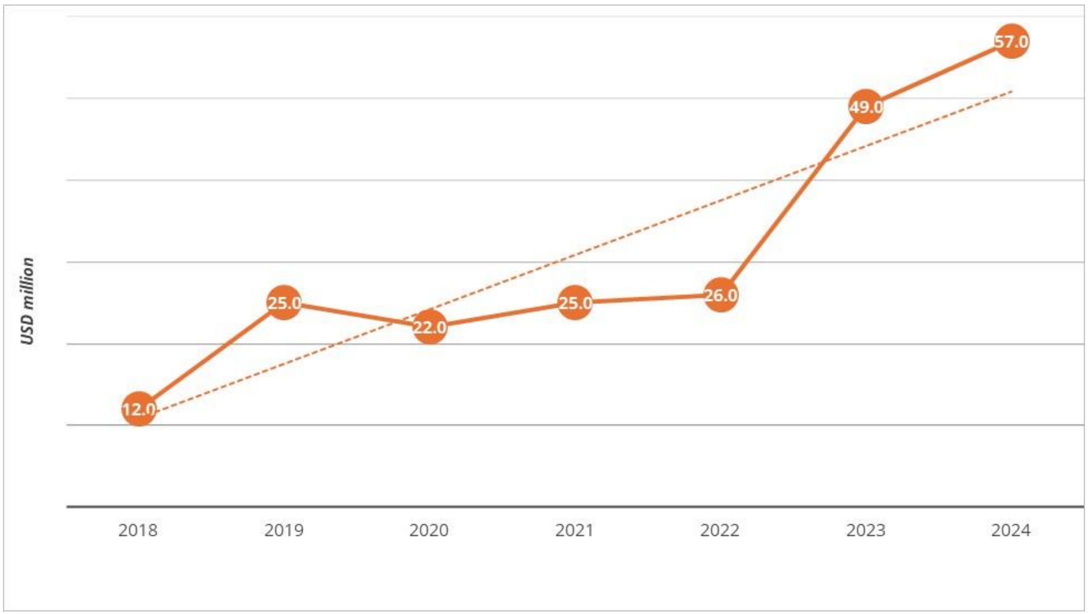
[7] "Utilization of the Programme Support and Administrative Equalization Account reserve" (WFP/EB.A/2023/6-J/1).

Figure 4: Captive self-insurance scheme: losses, premiums and fund balances, 2020–2024



56. From 2018 to 2022, average annual losses were about USD 20 million (figure 5). In 2023, global losses rose to USD 49 million, owing primarily to conflict-related losses in the Sudan. In 2024, losses increased further to reach about USD 57 million, driven by conflict events in the Gaza Strip, Myanmar, the Sudan and the Syrian Arab Republic. In just the first two months of 2025, more than USD 20 million in commodities was lost in conflict zones, notably the Democratic Republic of the Congo and the Gaza Strip.

Figure 5: Historical losses, 2018–2024 *(USD million)*



57. While the Captive has liability limits in place that cap the maximum amounts it can pay for specific categories of loss,[8] it strives to settle all legitimate claims if funding allows. Any losses not reimbursed by insurance must be written off in accordance with WFP's financial rules guidelines. In such cases, country offices are not able to fully implement their programmes and will suffer a shortfall equivalent to the loss, which is absorbed by country programmes. The mechanism for capping specific loss categories is considered a last resort, as the unpredictability of losses among countries and at different points in the year complicates equitable claims settlement.

58. To ensure the long-term financial health and sustainability of the Captive, the Secretariat is exploring additional measures for protecting its solvency. This has become increasingly important owing to the volatility and unpredictability of losses, the potential strain from high-value claims, and the current limitations on premium inflows, especially as shipment volumes decline. To mitigate these risks, the Secretariat is assessing options such as securing alternative reinsurance arrangements to protect against losses in areas with major exposure to risk, and reviewing the adequacy of the premium rates charged to WFP in order to ensure that they are aligned with the actual risks being underwritten.

59. The increased frequency and severity of conflict-related losses reflect the deteriorating global geopolitical landscape, with all indications that the trend will continue. In response to this and other risks, the Secretariat has conducted an overall solvency assessment to determine the Captive's short-term, mid-term and long-term funding needs. The assessment is integral to the Captive's business strategy and planning process, and is conducted regularly or whenever a major loss event occurs. It considers the historical exposure and specific risk profiles over a future time horizon.

60. Following the incident in the Sudan in 2023, the Secretariat revised its risk assessment and overall solvency needs, estimating that the Captive would require USD 72 million as its minimum capital. Since then, with conflict-induced loss incidents becoming more frequent, and projections of at least two such incidents per year, the Secretariat has updated its regular overall solvency assessment – which has been reviewed and validated by external actuaries – and estimates that the Captive will require USD 118 million in 2025, USD 137 million in 2027, and USD 139 million in 2029 to meet its obligations.

61. To ensure the Captive's continued solvency and its ability to support WFP's critical operations in volatile environments, the Secretariat proposes a one-time capital injection of USD 70 million from the unearmarked portion of the General Fund. This replenishment relates to existing Captive risks and not to the additional risks approved by the Board in 2024.[9]

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[8] The Captive's limits are currently capped at:

a) USD 25 million in any one occurrence and in the annual aggregate in respect of loss damage caused by strikes, riots and civil commotion, and war on land risks;

b) USD 20 million for any single occurrence, and for the annual aggregate in respect of loss or damage caused by insufficient or unsuitable packing or preparation, the inherent vice or nature of the subject-matter insured, and product defects of whatever nature; and

c) USD 4 million for any single occurrence, and for the annual aggregate in respect of loss or damage caused by delay or prolonged storage resulting in expired commodities.

[9] "Decisions and recommendations of the 2024 second regular session of the Executive Board" (WFP/EB.2/2024/12).

Acronyms

CBT	cash-based transfer
DSC	direct support costs
ISC	indirect support costs
PSA	programme support and administrative (budget)
PSAEA	PSA equalization account