

## WFP management plan (2026–2028)

### Second informal consultation

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## Section I: Introduction

1. This management plan is grounded in and guided by WFP's strategic plan for 2026–2029, which is being presented to the Executive Board for approval at the same session as the management plan. The strategic plan for 2026–2029 outlines WFP's ambition in terms of three focused, prioritized and integrated strategic outcomes: effective emergency preparedness and response; reduced needs and enhanced resilience to withstand shocks; and enabled government and partner programmes. The strategy pursues efficiency and impact by emphasizing the quality over the quantity of assistance, consolidating resilience programming to reduce dependency on recurring support, and leveraging partnerships. It also highlights WFP's commitment to localization, in placing local and national actors at the centre of its work, and to assurance, in upholding the highest standards of transparency and accountability.

### 1.1 Global context

2. Levels of global food insecurity remain alarmingly high amid a “polycrisis” marked by escalating conflicts, increasingly frequent and intense extreme weather events, and persistent economic challenges. Deep funding cuts have plunged the humanitarian sector into crisis as the landscape of international assistance changes.

#### **Food security and nutrition situation**

3. In 2025, 319 million people face acute food insecurity in the 67 countries where WFP has emergency operations and data are available.<sup>1</sup> Catastrophic food insecurity has become more widespread, affecting nearly 2 million people in 2024 after increasing more than tenfold in less than a decade.<sup>2</sup>
4. One in every 12 people in the world – up to 720 million people in total – face chronic hunger. Projections indicate that 512 million people will still be undernourished by 2030, 60 percent of them in Africa. Despite some progress, worldwide, 23.2 percent of children under 5 are stunted and 6.6 percent are wasted. At current rates, projections for 2030 show that half of the countries with data for assessing progress will achieve the 2030 targets for child wasting.<sup>3</sup>

#### **Key drivers of food insecurity and malnutrition**

5. Half of the world's acutely food-insecure people live in countries where conflict and insecurity are the primary drivers of hunger.<sup>4</sup> Armed violence is expected to remain a key driver of food insecurity, with state-based armed conflict identified among the three most severe global risks for 2026–2027.<sup>5</sup> Insecurity and shifting frontlines of conflict are expected to continue to challenge humanitarian access, limiting the delivery of vital food aid to the people in need.
6. Weather extremes are the primary driver of acute hunger for one in three acutely hungry people.<sup>6</sup> Global temperatures are estimated to be 1.4 degrees Celsius above preindustrial levels and are on an upward trajectory, driving up the frequency and severity of weather

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<sup>1</sup> WFP. 2025. *WFP 2025 Global Outlook – Mid-year update*.

<sup>2</sup> Food Security Information Network (FSIN) and Global Network Against Food Crises (GNAFC). 2025. *Global Report on Food Crises 2025*.

<sup>3</sup> Food and Agriculture Organization of the United Nations, International Fund for Agricultural Development, United Nations Children's Fund, WFP and World Health Organization. 2025. *The State of Food Security and Nutrition in the World 2025 – Addressing high food price inflation for food security and nutrition*.

<sup>4</sup> FSIN and GNAFC. 2025. *Global Report on Food Crises 2025*.

<sup>5</sup> World Economic Forum. 2025. *The Global Risks Report 2025*.

<sup>6</sup> FSIN and GNAFC. 2025. *Global Report on Food Crises 2025*.

extremes and intensifying rainfall variability.<sup>7</sup> Extreme weather events were also identified in the three most severe global risks for 2026–2027.<sup>8</sup> Persistent drought in the Middle East, North Africa and parts of South Asia is increasing water scarcity.

7. For one in five of the people facing acute hunger, economic shocks are the primary cause of food insecurity.<sup>9</sup> Economies are under significant strain. Global economic growth remains weak, projected at 3 percent for 2026, below the 2000–2019 average of 3.7 percent per year. Elevated uncertainty with regard to national policies is expected to continue weighing on the outlook.<sup>10</sup> Sustained increases in food prices threaten access to food in many countries.<sup>11</sup> Elevated debt and high debt servicing costs constrain investments in the foundations of future growth.<sup>12</sup>
8. The number of refugees, internally displaced people and other people forced to flee because of conflict and violence has increased every year for more than a decade, reaching 123.2 million people by mid-2024.<sup>13</sup> With 45.8 million people forced to move, disaster-related displacement in 2024 was nearly double the annual average of the past decade, with storms and floods triggering 97 percent of this total.<sup>14</sup> Forcibly displaced people, often with limited rights and access to jobs, land and basic services, are among the most vulnerable to acute food insecurity.
9. Socioeconomic disparities are growing, leaving the people already left behind even further back. Poverty rates in many of the world's poorest countries still exceed pre-pandemic levels, despite a global recovery – one-third of low-income countries are projected to have lower per capita incomes in 2026 than in 2019.<sup>15</sup> Extreme poverty is increasingly concentrated in sub-Saharan Africa and in fragile and conflict-affected settings.<sup>16</sup> At the same time, the gaps in human development among countries are widening.<sup>17</sup>

### **International assistance**

10. As governments focus on domestic and geostrategic priorities, international aid fell by 9 percent in 2024 after five consecutive years of growth. Simulations from the Organisation for Economic Co-operation and Development suggest an additional drop of between 9 and 17 percent in 2025. The outlook for 2026 and beyond is uncertain. Estimates suggest that official development assistance in 2027 could fall back to 2020 levels.<sup>18</sup>

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<sup>7</sup> European Centre for Medium-Range Weather Forecasts. [Copernicus Climate Change Service \(C3S\) global temperature trend monitor](#) (accessed 10 July 2025).

<sup>8</sup> World Economic Forum. 2025. [The Global Risks Report 2025](#).

<sup>9</sup> FSIN and GNAFC. 2025. [Global Report on Food Crises 2025](#).

<sup>10</sup> International Monetary Fund (IMF). 2025. [World Economic Outlook: A Critical Juncture amid Policy Shifts](#); Economic Policy Uncertainty. [Economic Policy Uncertainty Index](#) (accessed 5 June 2025).

<sup>11</sup> WFP DataViz. [Economic Explorer: Combined Food Inflation and WFP Food Basket](#) (accessed 5 June 2025).

<sup>12</sup> IMF. 2025. [World Economic Outlook: A Critical Juncture amid Policy Shifts](#); Gill, I. 2025. [The Looming Global Debt Disaster](#). Project Syndicate.

<sup>13</sup> Office of the United Nations High Commissioner for Refugees. 2025. [Global Trends: Forced Displacement in 2024](#).

<sup>14</sup> Internal Displacement Monitoring Centre. 2025. [Global Report on Internal Displacement 2025](#).

<sup>15</sup> World Bank. 2024. [Poverty, Prosperity, and Planet Report 2024: Pathways Out of the Polycrisis](#).

<sup>16</sup> *Ibid.*

<sup>17</sup> United Nations Development Programme. 2024. [Human Development Report 2023/2024. Breaking the gridlock: Reimagining cooperation in a polarized world](#).

<sup>18</sup> Organisation for Economic Co-operation and Development. 2025. [Cuts in official development assistance: OECD projections for 2025 and the near term](#).

11. Humanitarian assistance for food sectors contracted by 30 percent in 2023, followed by a slight decrease in 2024. On current projections, it could fall by 45 percent in 2025.<sup>19</sup> Humanitarian aid has increasingly shifted towards the provision of support during protracted crises, which rose from 29 percent of the funding for interagency appeals in 2014 to account for 91 percent in 2024.<sup>20</sup>
12. At the United Nations Climate Change Conference in 2024, countries agreed to triple climate finance for developing nations to reach USD 300 billion a year by 2035, and to work together to scale up public and private financing to USD 1.3 trillion per year by 2035.<sup>21</sup>

## 1.2 Organizational context

13. In 2026, WFP's highest priority will remain saving lives in emergencies. In response to reductions in funding, WFP will sharpen its focus on delivering better support with less funding by reaching fewer people with higher-quality and more tailored assistance. This will involve further strengthening WFP's approach to delivering food and nutrition assistance to the right people, at the right time and in the right way, ensuring the efficient and effective use of resources. Even greater emphasis will be placed on operational agility to ensure that WFP is ready to anticipate, and adapt and respond to, changes in its operating environments by scaling up quickly when shocks occur and reducing its operational footprint when the situation allows. This will be enabled by sustained investments in tools, data and evidence that enhance WFP's ability to identify the people in greatest need of assistance, and by using corporate resources to support country operations in planning and implementing impactful, agile and prioritized programmes tailored to the available resources and capacity, including by ensuring that country offices have dedicated, proactive support from global headquarters for consultation on, and the design and drafting of, focused, high-quality country strategic plans (CSPs) and implementation plans. To avoid duplication and maximize the collective impact of the work of partners and other actors, WFP will align its programmes more closely with its own capacity and strengths, and incorporate and enable the work, capacity and plans of partners.
14. To contain and reduce soaring levels of humanitarian need, WFP will support people and nations caught in recurring and protracted crises in becoming self-reliant, building their resilience and strengthening national systems. WFP will invest in sustainable solutions at scale to achieve maximum impact and will ensure a more focused approach through which it will do what it is best placed to do, while supporting partners in engaging in context-specific, multi-sectoral approaches. WFP will also ensure more integrated approaches in its programming at scale, especially between its emergency and resilience interventions, so as to deliver cohesive programming that strengthens self-reliance and builds the capacity of host governments. WFP will de-prioritize projects that do not match its organizational comparative advantages. Where appropriate, it will shift from the direct implementation of activities by handing them over to national and local actors for implementation through nationally or locally owned systems, thereby creating sustainable solutions.

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<sup>19</sup> FSIN and GNAFC. 2025. [Global Report on Food Crises 2025](#).

<sup>20</sup> Development Initiatives. 2024. [Falling short? Humanitarian funding and reform](#).

<sup>21</sup> United Nations Climate Change. 2024. [COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting Lives and Livelihoods](#).

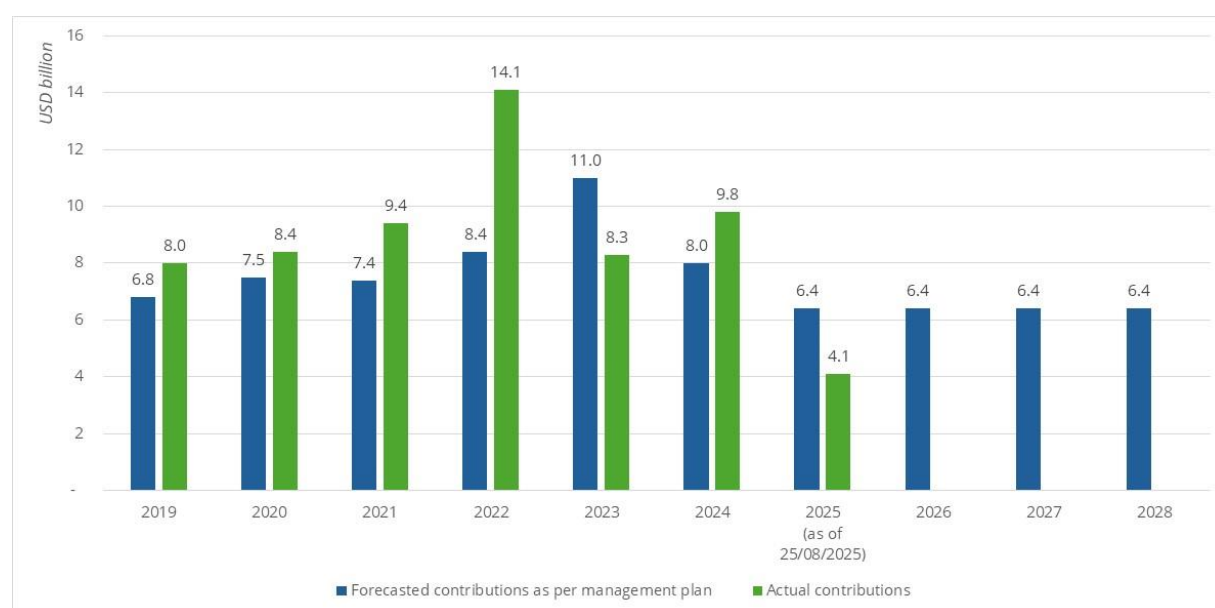
15. In 2026, WFP will face another year of highly challenging operating conditions. Intensifying conflict, constraints on humanitarian space and extreme weather events will continue to exacerbate humanitarian challenges and risk hindering or preventing WFP from reaching people in need. In this environment, WFP's efforts to ensure that all of its assistance reaches the intended recipients will include mainstreaming the strengthened assurance measures established through the global assurance project in 2024–2025 into its regular operations, including the global assurance framework, operational enhancements in key focus areas and country-specific augmented assurance plans.
16. WFP's restructured global headquarters will emphasize improving support for the field through an integrated support model based on the provision of core technical and backstopping support. Within the "one global headquarters" model, integrated teams of Rome-based and regional office employees working in a single functional or technical area will work closer together, ensuring that there is no duplication of effort and enabling more coherent support for country offices and field operations, which will in turn be able to use simpler, faster and streamlined systems to call for support or guidance from global headquarters.

## Section II – Funding context and resourcing assumptions

### 2.1 Overview

17. As WFP navigates a changing funding landscape, it maintains a global forecast of USD 6.4 billion per year through 2028. This projection reflects the trust and strong partnership of WFP's partners, whose continued support is a cornerstone of the organization's ability to deliver impact at scale.
18. In 2026 and beyond, WFP will continue to build on the progress and achievements made in 2025. As of 25 August 2025, WFP had received contributions from 94 sources, including governments, multilateral organizations, international financial institutions (IFIs), private sector entities and individual donors.
19. This broad and sustained donor engagement underscores the vital importance of continued partnership and trust from WFP's partners. However, in light of global funding trends indicating slower economic growth leading to an overall reduction in official development assistance and humanitarian funding, WFP recognizes the need to adapt. The organization will intensify its engagement and advocacy efforts with existing partners with a view to securing ongoing support, while actively pursuing innovative and efficient strategies for diversifying its funding base and ensuring the long-term sustainability of its interventions.

**Figure 2.1: Evolution of donor contributions to WFP, 2019–2028 (confirmed and projected)**



20. In a dynamic and evolving global environment, WFP is actively implementing a forward-looking resource mobilization strategy in which partnerships are viewed as a critical source of global influence and resources, and innovation is viewed as a driver of efficiency. The timing and contents of the strategy are fully aligned with those of the strategic plan for 2026–2029.
21. Building on the progress made in the past two years, WFP remains committed to protecting, diversifying and growing its funding base. While longstanding efforts to strengthen collaboration with traditional partners while exploring innovative financing models continue, WFP is now taking concrete steps to operationalize those strategies more effectively. A stronger emphasis is being placed on investing in support for country offices in identifying and seizing emerging funding opportunities, enabling the offices to expand their partner base and align with strategic priorities. WFP is actively showcasing progress in

innovation, efficiencies, partnerships and operational adaptability as ways of meeting growing needs in more sustainable and resilient ways.

## **2.2 Protecting, growing and diversifying partnerships**

### ***Strategic political engagement and advocacy***

22. In 2026, WFP will continue to deepen its strategic engagement at the national, regional and global levels, fostering collaboration with governments, parliaments and regional bodies to elevate food security and nutrition as political commitments in development and national frameworks, given their direct impact on peace and stability.
23. By enhancing its role as a strategic multilateral partner, WFP will help to shape policy, unlock new revenue channels and drive innovations that establish a supportive ecosystem for sustainable solutions to hunger. High-level representation on platforms such as the Group of Seven and the Group of Twenty will be instrumental in amplifying the visibility of WFP's work and securing political commitment.

### ***Diversification of funding sources***

24. The strengthening of WFP's financial resilience requires a deliberate and sustained effort to broaden the organization's donor base. Diversification is not only a strategic imperative but also a practical response to the evolving dynamics in global funding. Over the past four years, WFP has made progress in this area, with increased contributions from programme countries helping to expand and stabilize its funding base. Looking ahead to 2026, WFP will intensify its efforts to engage emerging economies and the private sector, while continuing to grow programme countries' contributions, whether mobilized domestically or through IFIs. Additional focus areas include scaling up access to United Nations pooled funds, expanding thematic and multi-year funding, and leveraging innovative financing mechanisms. Further details on each of these funding categories are outlined below.

### ***Innovative financing***

25. WFP will continue to pursue innovative financing mechanisms, including debt swap arrangements, Islamic social finance and public-private partnerships, to enhance its agility, efficiency and impact. It will also expand its diversification agenda and develop co-investment and blended finance models in accordance with government priorities – social protection, anticipatory action and community resilience are particularly important in mitigating the worst effects of hunger and malnutrition.

### ***Thematic and strategic funding***

26. A key area of strategic growth is thematic funding, in which WFP continues to strengthen its value proposition in programme areas such as school meals, nutrition and social protection. These initiatives are closely aligned with national development plans and deliver measurable, long-term impact. To unlock new and diversified funding streams in these priority areas, WFP is investing in evidence-based proposals, advancing innovative financing mechanisms, and deepening its strategic partnerships. This thematic focus is a key component of WFP's broader funding diversification strategy, which also prioritizes access to multi-year, long-term funding streams that complement existing humanitarian resources. Such funding is essential to WFP's efforts in disaster risk preparedness and response, the building of resilient livelihoods and food systems, and the provision of support to governments in achieving sustainable food and nutrition security.

### ***United Nations partnerships and pooled financing***

27. WFP will strengthen its engagement in United Nations pooled funding mechanisms – including the Central Emergency Response Fund, the Peacebuilding Fund, the Sustainable Development Goal Fund, multi-partner trust funds and country-based pooled funds – to support nationally led, integrated responses. Through these platforms, WFP contributes to collective outcomes, advances the localization of its action and reinforces its role as a trusted and results-driven partner within the United Nations. Increased engagement with multi-partner trust funds will also support WFP’s broader strategy for diversifying funding streams.
28. WFP will continue to engage in United Nations joint programmes so as to deliver integrated programming in line with national priorities and in close collaboration with government partners. In all United Nations funding streams, WFP will amplify its technical leadership in food systems, logistics and resilience in order to help deliver system-wide results in line with United Nations reform initiatives.
29. Throughout the 2026 funding cycle, WFP aims to mobilize approximately USD 200 million through United Nations funding mechanisms to support integrated, locally driven programming in fragile and conflict-affected settings.

### ***Mobilizing resources from domestic sources and international financial institutions***

30. From 2026 to 2028, WFP aims to mobilize more than USD 1 billion each year from domestic public financing, IFI contributions and its service provision operations.
31. Country offices will align their efforts with national budgets and development strategies and will leverage tools such as the Emerging Donor Matching Fund and South–South cooperation – facilitated by WFP’s centres of excellence – to catalyse country-led, sustainable hunger solutions.

### ***Private sector partners and individual giving***

32. WFP’s engagement with the private sector is one of its most dynamic areas of growth. Private contributions have seen a notable increase, driven by enhanced support from corporations and foundations alongside a growing base of individual donors. These private sector partners are not only contributing larger volumes of funding, but also offering predictability and flexibility through multi-year agreements, enabling WFP to plan and scale its operations more effectively. Support from private sector partners often comes with opportunities for strategic alignment, innovation partnerships, technical expertise and co-investment that amplify WFP’s impact beyond the impact of the financial contributions alone. This momentum underpins WFP’s private sector revenue forecast of USD 280 million in 2026 – a projected 200 percent increase compared with 2020. The scale and reliability of engagement with corporations and foundations are critical to sustaining this growth trajectory and ensuring that WFP can respond with agility to evolving global needs.
33. Building on the foundational investments made in 2020–2022, in 2024 WFP launched a five-year investment plan aimed at further increasing contributions from individual giving. The second tranche of this plan is proposed as part of this management plan, with a USD 20 million allocation projected to drive a 20 percent increase in contributions from individual donors in 2026. With continued investment, which started with the first USD 20 million tranche in 2025, total income from individuals could reach USD 1.3 billion over the investment period until 2030. WFP will further deepen its engagement with global philanthropists and “high-net-worth” individuals, building long-term partnerships in line with its mission.



34. WFP remains confident in its strategic direction. Owing to the global environment and increased competition, the broader funding environment has become more challenging. In addition to financial contributions, private sector partners continue to provide critical expertise that drives forward innovation and in-kind support that ranges from technology solutions to supply chain capabilities, which strengthen WFP's operations and impact. The revenue outlook for 2026 remains strong, with continued momentum and significant potential for future growth.

### *Innovation*

35. WFP has developed and adopted innovations that enable it to be more efficient and effective, to partner in new ways, and to raise funds from traditional and new donors, contributing to the diversification of its funding base. The use of innovation is central to WFP's work on its mission to end hunger and to the UN 2.0 and UN80 reform initiatives. WFP's new innovation strategy focuses on the localization of operations, empowers country offices as engines of innovation and prioritizes impact at scale.
36. Innovation at WFP spans products, processes, technology – including artificial intelligence (AI) and automation – innovative finance and partnerships, enabled by the ten years of experience with WFP's global Innovation Accelerator and network of innovation hubs.

### *Vertical funds*

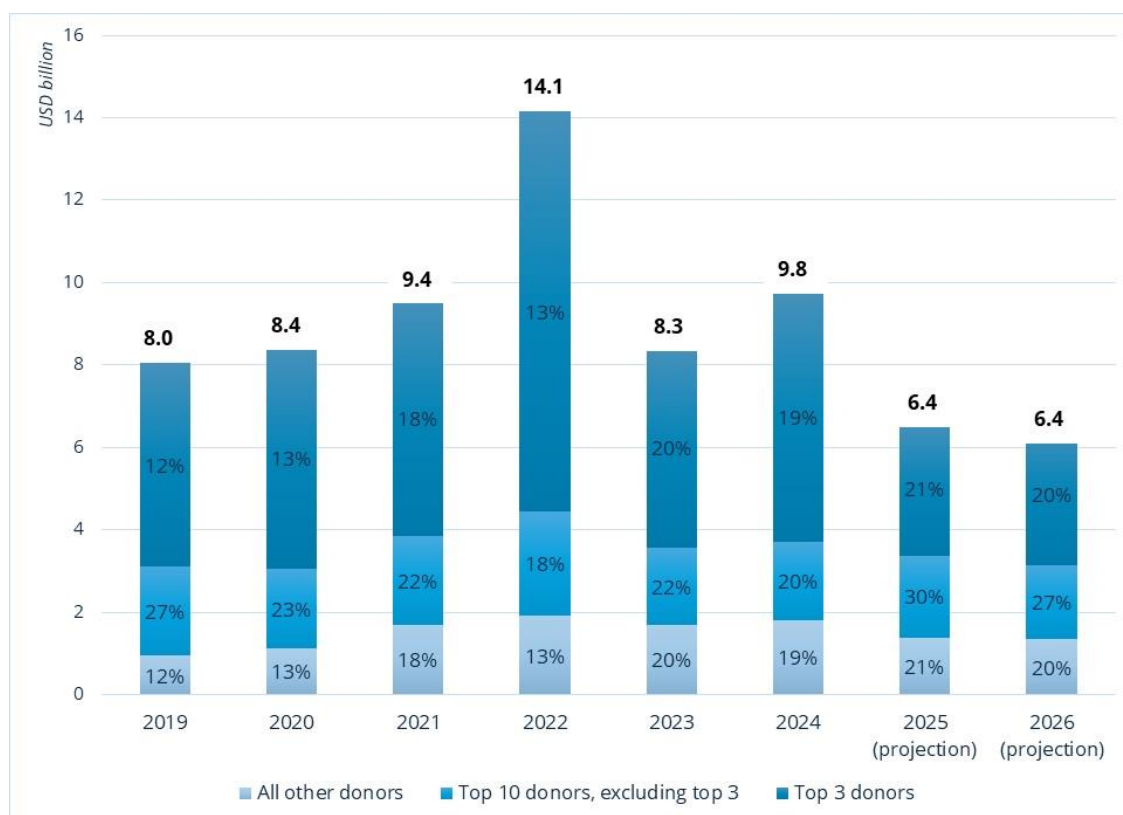
37. Vertical funds<sup>22</sup> play a critical role in supporting early warning, the implementation of anticipatory actions, and the scale-up of disaster preparedness and response, particularly in fragile and conflict-affected countries. These settings face the greatest exposure to weather-related shocks but often have the least access to financial and technical resources. WFP faces internal challenges that limit its ability to mobilize and channel resources from vertical funds, which are essential for safeguarding lives and livelihoods. The main challenge relates to WFP's requirement for full cost recovery, because the organization's financial framework is not fully compatible with the approach used by the vertical funds.
38. Classifying vertical funds as non-traditional donors under General Rule XIII.4(c) would allow WFP to use the approved flexibility in applying the full cost recovery principle. Under this classification, contributions from vertical funds that do not fully cover operational and support costs could be supplemented by funds from other donors or allocations from the WFP Fund, including the Emerging Donor Matching Fund. This approach would ensure that critical programmes and initiatives are not constrained by structural incompatibilities between WFP's cost recovery model and the funding mechanisms of vertical funds. The approach would also allow WFP to continue to adhere to full cost recovery principles while creating more opportunities to leverage twinning arrangements and increasing contributions by expanding the criteria for twinning.
39. This measure builds on the approach taken for private sector donors in 2022 and would enable WFP to expand its resource base with additional resources from vertical funds. With greater access to these dedicated financing streams, WFP could strengthen its partnerships with governments and communities, scale up interventions in vulnerable regions, and support integrated, evidence-based projects that enhance resilience and reduce humanitarian needs. Ultimately, this adjustment would optimize WFP's capacity to mobilize financing from vertical funds where it is most needed, ensuring that financial support

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<sup>22</sup> For the purposes of this proposal, "vertical funds" are funds that are designated as part of the financial mechanism of the United Nations Framework Convention on Climate Change: the Global Environment Facility, the Green Climate Fund, the Special Climate Change Fund, the Least Developed Countries Fund, the Adaptation Fund, and the Fund for Responding to Loss and Damage.

reaches the frontlines of its operations in a timely and effective manner. More details on WFP's improved access to resources from vertical funds can be found in annex IX.

**Figure 2.2: Donors to WFP by value of contributions and percentage of total contributions, 2019–2026 (confirmed and projected)**



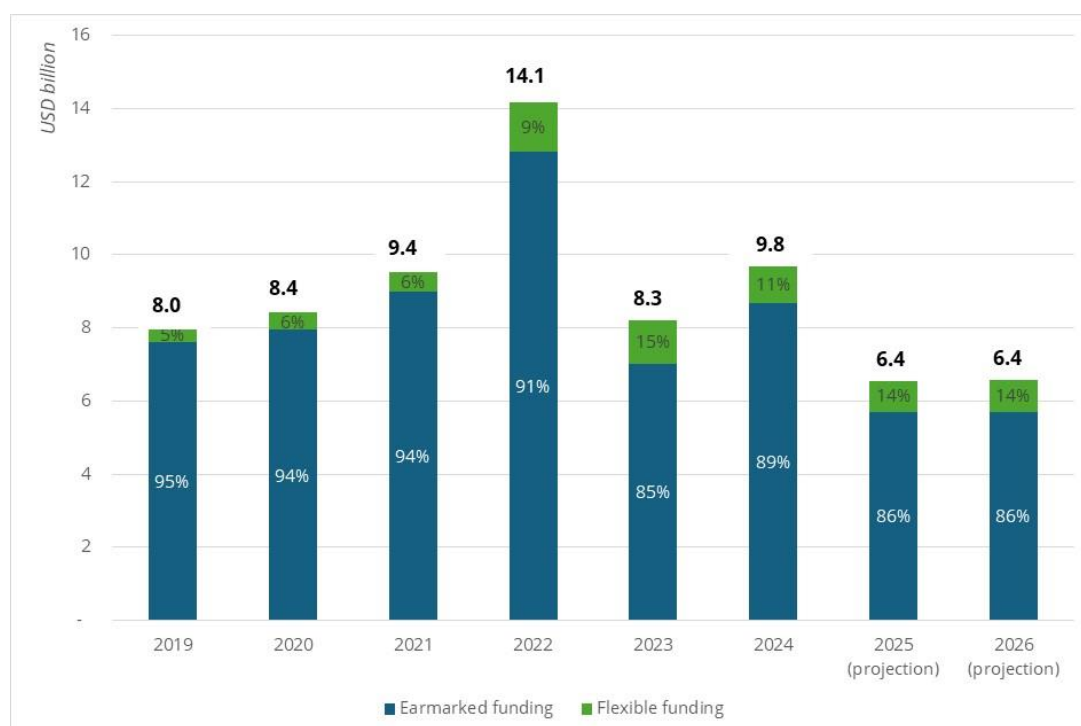
## 2.3 Funding flexibility and predictability

40. Flexible funding is far more than a financial tool, it is one of the most powerful enablers of WFP's ability to respond to crises swiftly, strategically and with impact. Flexible contributions totalling USD 1.1 billion in 2024 enabled WFP to respond rapidly to emergencies in settings such as the Gaza Strip, the Sudan and Bangladesh, while also supporting long-term interventions, from school meal and nutrition programmes to resilience and smallholder farming initiatives. Flexible funding made it possible to cut food delivery lead times by 60 percent, reach millions of people with anticipatory action, and pioneer innovations that delivered measurable savings and improved operational efficiency. Forecasted flexible contributions in 2025 are USD 900 million which, although lower than in 2024 in absolute terms, represents an increase as a proportion of total contributions, rising from 11 to 14 percent.
41. In 2026, WFP aims to mobilize 11 percent of its total contributions as flexible funding. This target is consistent with the five-year average and reflects the confidence expressed by donors in the strategic value of flexibility, while also acknowledging the current constraints in the global funding landscape. Its achievement is in line with WFP's commitment to precision and transparency, its commitment to using every contribution with purpose, precision and transparency, and the composition of its flexible funding partnerships, which emphasizes growth in contributions from emerging economies, private sector entities and traditional partners.
42. Flexible funding is a valuable instrument in saving lives, reducing costs and delivering results where needs are greatest. Looking ahead, it will be critical to continue promoting multilateral contributions and the Immediate Response Account (IRA) as enablers of global

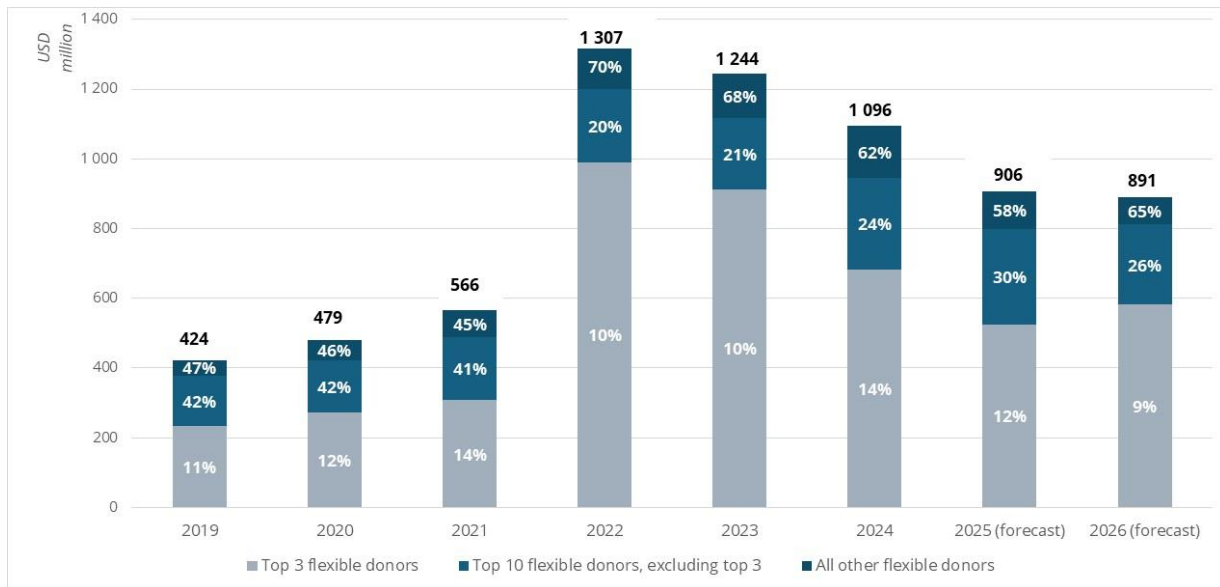
impact in all crises. A priority will be to develop new and more frequent messaging that balances the need for partners' recognition of this enabling role, with the need for partners to demonstrate the value of flexible funding to domestic constituencies. Further promotion of softly earmarked flexible funding modalities, such as regional, thematic and time-bound contributions, will remain an important transitional funding path as partners shift to fully flexible contributions. WFP will continue to promote flexible and high-quality funding in global financing reform initiatives such as the Grand Bargain and the United Nations Funding Compact.

43. WFP will continue to advocate reduced earmarking and contributions earmarked for higher levels of the CSP results chain, such as the country or strategic outcome level. At the same time, WFP is committed to demonstrating maximum value from its use of all contributions, whether flexible or earmarked, and to strengthening transparency and reporting on the use and impact of flexible resources at the global and country levels.
44. Predictable, multi-year funding gives WFP a stronger "first layer" of resources. In 2024, WFP secured USD 1.2 billion in multi-year contributions from 32 partners, representing 13 percent of total income and almost 9 percent more than in 2023. This flexibility allows country offices to plan ahead, procure food in advance, enter into long-term contracts with partners, and work more strategically with governments. These gains, however, are still outweighed by the continued unpredictability of directed contributions. Earmarked and strictly earmarked contributions accounted for 78 percent of all income in 2024 and were confirmed on an ad hoc, unpredictable basis throughout the year, leading to repeated budget reallocations, pipeline breaks and increased delivery costs. Until a greater proportion of contributions are provided on a multi-year, unearmarked or softly earmarked basis, WFP's ability to initiate rapid responses, sustain underfunded operations and take forward-looking action will remain constrained. WFP will continue to take action aimed at securing stronger commitments to predictable, multi-year and timely funding, which enhances operational flexibility, reduces costs and maximizes the impact achieved from each contribution.

**Figure 2.3.1: Flexible and earmarked funding by percentage of total contributions, 2019–2026 (confirmed and projected)**



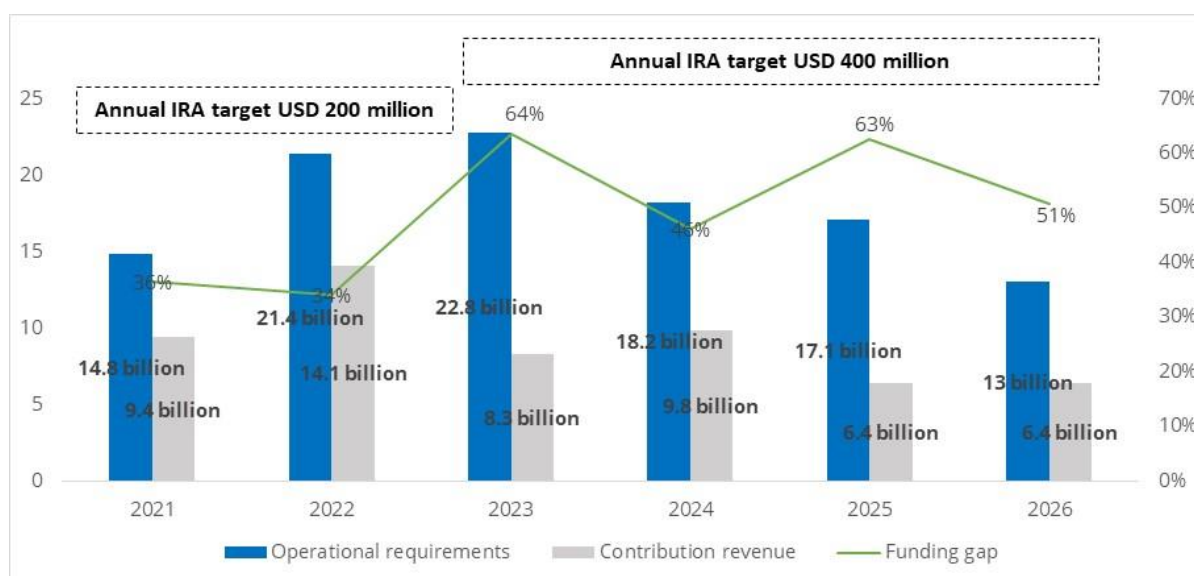
**Figure 2.3.2: Flexible and earmarked funding by donors contributing flexible funding, 2019–2026 (confirmed and projected)**



## 2.4 Immediate Response Account resourcing target

45. The IRA is an emergency funding mechanism that enables WFP to rapidly start emergency operations when a disaster strikes, and provides “last-resort” funding for life-saving activities when donor contributions are not readily available. The mechanism can be repaid or “revolved” using confirmed contributions when they are made available. Such contributions are recorded under the respective operations for which they were intended. If an IRA advance remains unpaid by the end of the CSP period, it can be converted into a grant. However, the IRA is not a substitute for contributions from the Central Emergency Response Fund or other earmarked funding for WFP.
46. In 2022, the Board approved the doubling of the IRA fundraising target for 2023 to USD 400 million in order to address the increasing funding gap between operational requirements and global forecasted contributions. While the funding gap decreased to 46 percent in 2024 – having increased to 64 percent in 2023 – it is projected to remain above 50 percent in both 2025 and 2026 (see figure 2.4 below). The increased IRA fundraising target has enabled WFP to respond more decisively to growing needs on the ground. As of June 2025, WFP had provided USD 198 million from IRA funds to support operations in 16 countries, with 87 percent of that total directed to five country operations: South Sudan received USD 68 million, the State of Palestine USD 40 million, Afghanistan 30 million and the Sudan USD 16.3 million to address conflict-related food insecurity; and Myanmar received USD 18.8 million for earthquake response. As communities worldwide continue to face conflict, climate shocks and economic challenges, the IRA is expected to remain a vital mechanism in supporting emergency responses.

**Figure 2.4: Operational requirements and forecasted contributions, 2021–2026 (USD)**



*Note:* Figures for 2025 and 2026 are projections based on the global forecast as of July 2025.

47. Under Financial Regulation 4.3, the Board establishes an IRA target level for a financial period. The annual IRA target does not represent a commitment from Member States but serves as a signal for resource mobilization. The target level should be maintained by direct contributions from donors and, when possible, the repayment of advances made to eligible operations or activities. With the ongoing high demand for WFP to take anticipatory action for life-saving activities, the Secretariat is seeking the Board's approval for maintaining the IRA resourcing target level at USD 400 million for 2026.

## Section III: Programmatic context

### 3.1. Operational requirements and provisional implementation plan for 2026

#### Overview

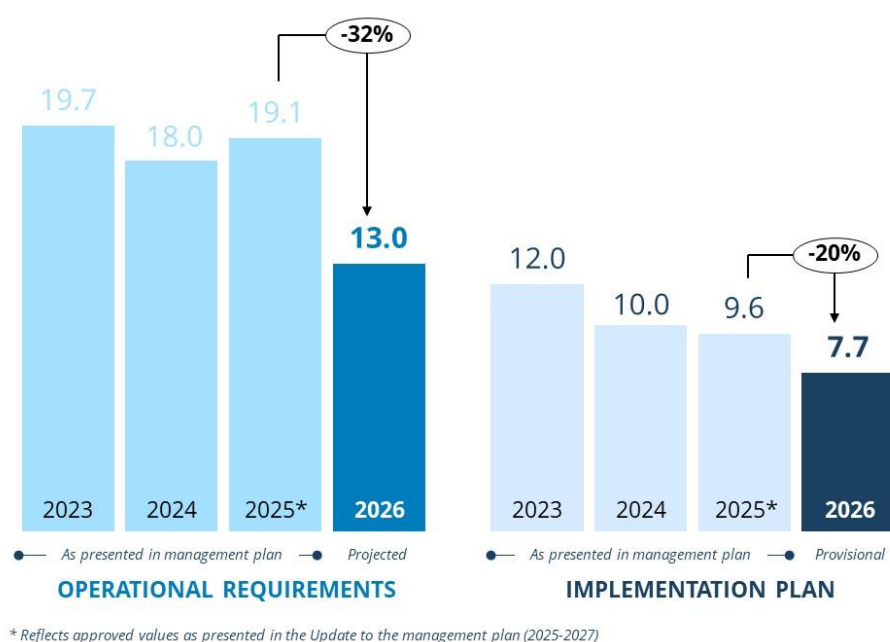
48. Humanitarian crises continue to escalate against a backdrop of severe funding shortfalls and broadening gaps between funding and requirements. In 2026, a constrained resource outlook of USD 6.4 billion will require WFP to make difficult decisions regarding *who* receives assistance, *what* type of assistance is provided and *where* life-saving interventions are most urgently needed. In addition, protracted and intensifying conflicts are creating increasingly complex security and access challenges, further constraining WFP's ability to reach the most vulnerable people and communities.
49. In implementing the management plan for 2025–2027,<sup>23</sup> WFP has made significant progress in rolling out new “calibration guidelines” to support the design of programmes that are more closely aligned with its capacity, ability and resources. This approach enables WFP to make more realistic requests of donors and to enhance confidence in its planning and delivery. As part of the approach, projected operational requirements for 2026 have been notably reduced.
50. In this difficult operational and financial environment, WFP forecasts that its operational requirements<sup>24</sup> in 2026 will decline by 32 percent – to USD 13.0 billion – compared with 2025 projections (figure 3.1). If fully funded, these forecasted resources would enable WFP to provide food, nutrition and cash-based assistance to approximately 110 million people, while also supporting capacity strengthening and the delivery of critical enabling services through 85 country operations.
51. WFP's provisional implementation plan reflects the prioritization of its operational requirements, taking into account the expected levels of available resources, and focusing on supporting the people facing the most severe food insecurity and on interventions that promote long-term resilience to shocks. The provisional implementation plan is estimated at USD 7.7 billion to assist 94 million beneficiaries worldwide.
52. This section provides an in-depth analysis of WFP's 2026 planning figures, including a breakdown of the three dimensions of intensity of assistance: cost per beneficiary, duration of assistance and adequacy of assistance. While the strategic plan for 2026–2029 will be considered and approved at the second regular session of the Executive Board in 2025, this analysis is grounded on the current corporate results framework and strategic outcomes of the strategic plan for 2022–2025, ensuring continuity while enabling the transition to the next phase in WFP's strategic planning.

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<sup>23</sup> See box 3.1 in [WFP management plan \(2025–2027\)](#) for additional background on the calibration guidelines.

<sup>24</sup> Projected operational requirements, also referred to as the WFP budget, are based on projections provided by country offices. For more information on the definition and composition of the WFP budget, see section V.

**Figure 3.1: Operational requirements and implementation plan, 2023–2026 (USD billion)**



### 2026 operational requirements

53. Projected operational requirements represent the estimated funding needed to implement all of WFP's planned operations. They include transfer costs, implementation costs, direct support costs (DSC) and indirect support costs (ISC), and are based on approved and projected programme budgets. Estimates are informed by country offices' strategic plans and funding environments, and by the calibration guidelines.
54. Compared with 2025, there is a projected decrease of USD 6.1 billion in total requirements for 2026. The distribution of operational requirements across WFP's five regions for 2026 is presented in table 3.1. Operational requirements in the Middle East, Northern Africa and Eastern Europe region decrease by USD 2.7 billion to USD 3.6 billion. The Eastern and Southern Africa region also shows a significant reduction – from USD 6.5 billion in 2025 to USD 5.1 billion in 2026 – despite the increase in its relative share of total operational requirements.
55. The reductions in these regions are driven mainly by planned changes to operations in the Democratic Republic of the Congo, Lebanon, the State of Palestine, the Syrian Arab Republic and Yemen. Detailed operational requirements for each country office are provided in annex VI.

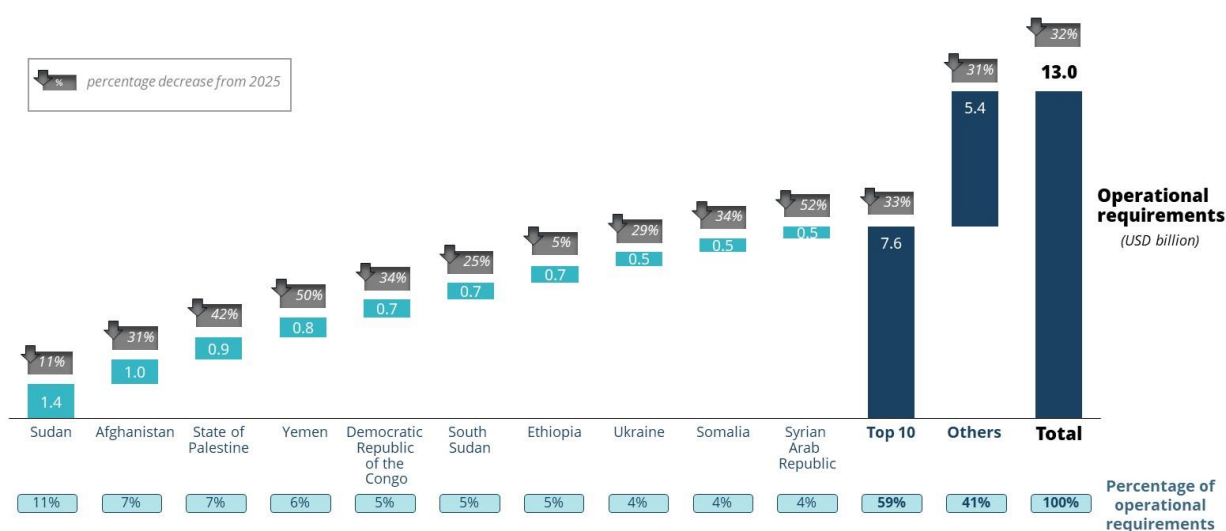


TABLE 3.1: OPERATIONAL REQUIREMENTS BY REGION, 2025 AND 2026				
Regional office	2025 operational requirements*		2026 operational requirements	
	(USD million)	(%)	(USD million)	(%)
Eastern and Southern Africa	6 499	34	5 084	39
Middle East, Northern Africa and Eastern Europe	6 321	33	3 605	28
Asia and the Pacific	2 466	13	1 796	14
Western and Central Africa	2 812	15	1 750	13
Latin America and the Caribbean	1 048	5	808	6
<b>Total</b>	<b>19 145</b>	<b>100</b>	<b>13 043</b>	<b>100</b>

\* As reported in the [Update to the management plan \(2025–2027\)](#).

56. Nearly 60 percent of WFP's 2026 operational requirements – or USD 7.6 billion – are planned for WFP's ten largest country operations (see figure 3.2). Among these, operations in Afghanistan, the State of Palestine and the Sudan stand out, and together account for 25 percent of total requirements. Although operational requirements for these countries have been reduced compared with 2025, this does not indicate an improvement in food security conditions. Rather, it reflects the increasingly constrained funding environment and operational challenges which limit WFP's ability to respond to the full scale of humanitarian needs. Country offices, such as those in the Syrian Arab Republic and Yemen, reflect this paradox; their operational requirements have dropped by 50 percent in Yemen and 52 percent in the Syrian Arab Republic, compared with 2025, while the already severe food insecurity in the region has worsened because of escalating conflict, compounded by soaring inflation and high food prices.

**Figure 3.2: Operational requirements, top ten country operations, 2026**



### 2026 provisional implementation plan

57. The provisional implementation plan for all WFP operations outlines how WFP plans to use its limited resources to assist the beneficiaries who are in greatest need while taking into account operational challenges.



58. The provisional implementation plan of an estimated USD 7.7 billion comprises the 2026 global contribution forecast of USD 6.4 billion, the use of net carry-over contribution balances<sup>25</sup> of an estimated USD 1.1 billion, and projected revenue of USD 200 million from WFP's on-demand service provision.<sup>26</sup>
59. In December 2025, country offices will prepare individual annual implementation plans for 2026, based on the most recent resourcing forecasts and operational context in order to generate more informed plans for the country level.

### 3.2. Insights into operational requirements and the provisional implementation plan

60. This section presents operational requirements and the provisional implementation plan broken down by the focus areas, strategic outcomes and cost categories in WFP's corporate results framework for 2022–2025.

#### *Analysis by focus area*

61. Crisis response remains the cornerstone of WFP's operations, comprising approximately three-quarters (74 percent) of both total operational requirements and the provisional implementation plan for 2026. Compared with the proportion presented in the 2025 update to the management plan, where crisis response accounted for 75 percent of both, the slight reduction estimated for 2026 can be attributed to funding cuts having a more direct impact on WFP's emergency activities, as non-emergency activities often benefit from multi-year funding agreements. This is despite the fact that recurring and protracted crises have significantly intensified food insecurity in several regions, and particularly in Haiti, Mali, South Sudan, the State of Palestine and the Sudan. These settings are marked by increasing displacement of people and growing humanitarian needs. In response, WFP continues to collaborate closely with governments and partners to strengthen humanitarian access and deliver life-saving support to the most vulnerable people.
62. Through its resilience programming, WFP is committed to reducing long-term humanitarian needs by enhancing communities' capacity to absorb shocks and recover from crises. Nearly all country operations in 2026 include elements of resilience-building, accounting for 22 percent of the total operational requirements and implementation plan. For example, in the Latin America and Caribbean region, WFP will scale up its resilience-focused programmes while continuing to deliver on its emergency response. In Haiti, emergency food assistance will be complemented by school meals and livelihoods support aimed at strengthening food systems and social protection. WFP's school meal programme remains the largest safety net in the country.
63. WFP's commitment to addressing the underlying causes of food insecurity and poverty is reflected in its root cause programming. In 2026, 39 country offices are expected to implement interventions targeting chronic malnutrition and economic, climate-related and social challenges, with total operational requirements estimated at USD 518 million. The corresponding provisional implementation plan totals USD 323 million, representing 4 percent of the total implementation plan. Pakistan and the Sudan are expected to implement the largest share of these activities, together accounting for nearly one-third of the total allocation. In Pakistan, through the stunting prevention programme to address malnutrition, WFP supports the distribution of nutrient supplements. The Pakistan country office also works on social and behaviour change and capacity strengthening, including the community-based management of acute malnutrition and food fortification in multisectoral settings.

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<sup>25</sup> The expected increase or decrease in WFP's fund balance from the end of 2025 to the end of 2026.

<sup>26</sup> WFP's provision to third parties of services that are consistent with its purposes, policies and activities in exchange for payment.

TABLE 3.2: REQUIREMENTS AND PROVISIONAL IMPLEMENTATION PLAN BY FOCUS AREA, 2026				
Focus area	Operational requirements		Provisional implementation plan	
	2026	Proportion of total 2026 operational requirements	2026	Proportion of total 2026 provisional implementation plan
	(USD million)	(%)	(USD million)	(%)
Crisis response	9 592	74	5 677	74
Resilience building	2 933	22	1 700	22
Root causes	518	4	323	4
<b>Total</b>	<b>13 043</b>	<b>100</b>	<b>7 700</b>	<b>100</b>

### Analysis by strategic outcome

64. WFP's strategic plan is anchored on ending hunger, achieving food security, improving nutrition and strengthening resilience to shocks. Those aims are reflected in WFP's prioritization of activities under strategic outcomes 1, 2 and 3, which together account for 90 percent of the 2026 provisional implementation plan.
65. Strategic outcomes 4 and 5 account for 10 percent of the 2026 provisional implementation plan, with WFP leveraging its expertise in providing support to governments and humanitarian and development actors.
66. The majority of operational requirements (69 percent) and the provisional implementation plan (68 percent) is allocated to meeting urgent food and nutrition needs under strategic outcome 1. This is most often achieved through WFP's provision of unconditional resource transfers to combat the most severe food insecurity. Two-thirds of such assistance is planned in operations in the Eastern and Southern Africa and the Middle East, Northern Africa and Eastern Europe regions.

TABLE 3.3: OPERATIONAL REQUIREMENTS AND PROVISIONAL IMPLEMENTATION PLAN BY STRATEGIC OUTCOME, 2026				
Strategic outcome	Operational requirements		Provisional implementation plan	
	(USD million)	(%)	(USD million)	(%)
1. People are better able to meet their urgent food and nutrition needs	9 045	69	5 234	68
2. People have better nutrition, health and education outcomes	1 687	13	974	13
3. People have improved and sustainable livelihoods	1 201	9	688	9
4. National programmes and systems are strengthened	397	3	248	3
5. Humanitarian and development actors are more efficient and effective	713	6	556	7
<b>Total</b>	<b>13 043</b>	<b>100</b>	<b>7 700</b>	<b>100</b>

### Corporate programme indicators for the strategic plan for 2026–2029

The corporate programme indicators are intended to provide evidence of the main achievements attributable to WFP's programmes. Similar to the high-level targets included in the corporate results framework for 2022–2025, WFP will rely on the corporate programme indicators to measure progress in implementing the new strategic plan.

As in previous strategic plan cycles, target values will also be established at the output level and for cross-cutting priorities. The targets will allow for reliable and consistent reporting in the annual performance report and will facilitate the provision of accountability to WFP's Board, donors and other key stakeholders.

The strategic plan and corporate results framework for 2026–2029 will be presented to the Board for approval in November 2025.

### Analysis by cost category and transfer modality

67. Table 3.4 shows WFP's four transfer modalities and the associated costs of each.

TABLE 3.4: REQUIREMENTS BY TRANSFER MODALITY, 2026					
Cost category	Transfer and associated costs	Operational requirements		Provisional implementation plan	
		2026	% of total transfer costs	2026	% of total transfer costs
		(USD million)	(%)	(USD million)	(%)
Transfers (transfer value and transfer costs)	Food	4 931	46	2 889	47
	Cash-based transfers and commodity vouchers	4 271	40	2 237	36
	Capacity strengthening	911	8	572	9
	Service delivery	622	6	480	8
<b>Total transfer costs</b>		<b>10 735</b>	<b>100</b>	<b>6 179</b>	<b>100</b>
Implementation costs		905		611	
<b>Total direct operational costs</b>		<b>11 640</b>		<b>6 790</b>	
Direct support costs		620		452	
<b>Total direct costs</b>		<b>12 261</b>		<b>7 242</b>	
Indirect support costs		782		458	
<b>Total</b>		<b>13 043</b>		<b>7 700</b>	

### Transfer costs

#### Food transfers

68. In 2026, in-kind food assistance will continue to be the primary transfer modality, accounting for 46 percent of projected operational requirements and 47 percent of the provisional implementation plan. The costs of in-kind food assistance include the value of the food

received by the beneficiary along with the transfer costs, such as the costs of transport, storage and supply chain management. A general increase in food prices observed in 2025<sup>27</sup> may continue in 2026 and adversely affect WFP's cost per metric ton. Although international prices for cereals and sugar have declined compared with 2024, these reductions are offset by higher prices for meat and vegetable oils. As of mid-2025, 18 countries where WFP has operations have experienced food inflation of at least 15 percent year-on-year, with inflation in South Sudan, the State of Palestine, the Sudan and Zimbabwe exceeding 100 percent.<sup>28</sup> Local and regional markets are expected to supply 40 percent of the total tonnage, with cereals and pulses making up nearly 80 percent of the total planned procurement under the projected operational requirements.

69. WFP will continue to implement its track and trace project to improve the visibility, accuracy and efficiency of supply chains throughout all movements of food, vouchers and non-food items – from procurement to distribution – with support from a robust identity management system. Building on existing digital technologies for managing and monitoring cash-based transfers (CBTs), WFP will further digitize its in-kind food delivery through end-to-end verification, while also rolling out a stock management solution for cooperating partners and a warehouse traceability tool in 2026.
70. In addition, WFP will continue to invest in the planning and optimization of supply chains through its advanced digital tools such as SCOUT, PRISMA, Route The Meal and Optimus, which in 2024 together delivered USD 3.2 million in savings, a 37 percent reduction in off-season purchases in Western Africa, lower carbon dioxide emissions, and more than 10,000 working hours saved through automation. SCOUT, which generates optimized global and regional supply chain plans that guide purchasing and pre-positioning decisions for the corporate inventory – the Global Commodity Management Facility – is projected to yield approximately USD 20 million in annual savings following full-scale implementation by mid-to late 2027. These estimates are based on gains achieved during the 2024 pilot project and are closely tied to the scale of WFP's in-kind food operations.

#### *Cash-based transfers and commodity vouchers*

71. CBTs offer people flexible ways to meet their food, nutrition and other essential needs through cash or value vouchers. The cash policy, approved by the Board in 2023, empowers WFP to maximize the impact of CBTs, especially by channelling transfers to women and to people's own accounts.
72. WFP is streamlining its engagement with financial service providers, improving delivery options, and expanding digital financial inclusion. It is now also expanding its robust cash assurance framework to cover in-kind transfers by leveraging CBT technologies in order to digitize food delivery, improve efficiency and strengthen transparency.
73. Operational requirements for 2026 indicate that CBT and commodity vouchers represent 40 percent of total transfer costs. The average daily transfer value received by beneficiaries is expected to decrease slightly, from USD 0.43 in 2025 to USD 0.42 in 2026.<sup>29</sup> The provisional implementation plan reflects a slightly lower proportion – 36 percent – of 2026 transfer costs for CBT and commodity vouchers. The choice of CBT as a modality depends on several factors, including the operational environment. For example, in Jordan more than 90 percent of WFP's planned assistance is delivered through cash and value vouchers because the country has strong local markets, dependable financial systems and digital infrastructure that supports secure and efficient delivery.

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<sup>27</sup> FAO. [FAO Food Price Index](#) (July 2025).

<sup>28</sup> WFP. 2025. [Prices & Currencies. Monthly Update – 2025 July](#).

<sup>29</sup> The transfer value excludes the transfer and associated costs required to deliver assistance. See annex VI.2 for more details.

74. WFP continues to use commodity vouchers where they are the most effective transfer modality, such as in Venezuela (Bolivarian Republic of) and the Republic of Moldova, where market constraints, inflation-related risks and limited financial infrastructure make vouchers a more reliable and controlled means of ensuring beneficiaries' access to essential goods. Accounting for 3 percent of total transfers in 2026, the operational requirements for commodity vouchers have increased by 23 percent compared with 2025, owing to the introduction and expansion of commodity vouchers in the Sudan emergency and other operations.

### *Capacity strengthening*

75. Capacity strengthening transfers involve a broad range of activities aimed at building skills and knowledge in households, communities and institutions. These efforts typically include information sharing, awareness raising, training and education initiatives delivered through sector-specific or cross-cutting interventions. They may also entail the provision of essential tools and equipment, technical oversight and engineering support, particularly in asset-creation and livelihood-enhancement initiatives.
76. Capacity strengthening has become an increasingly prominent element of WFP's operational response, accounting for USD 572 million, or 9 percent of total transfers in the 2026 provisional implementation plan.

### *Service delivery*

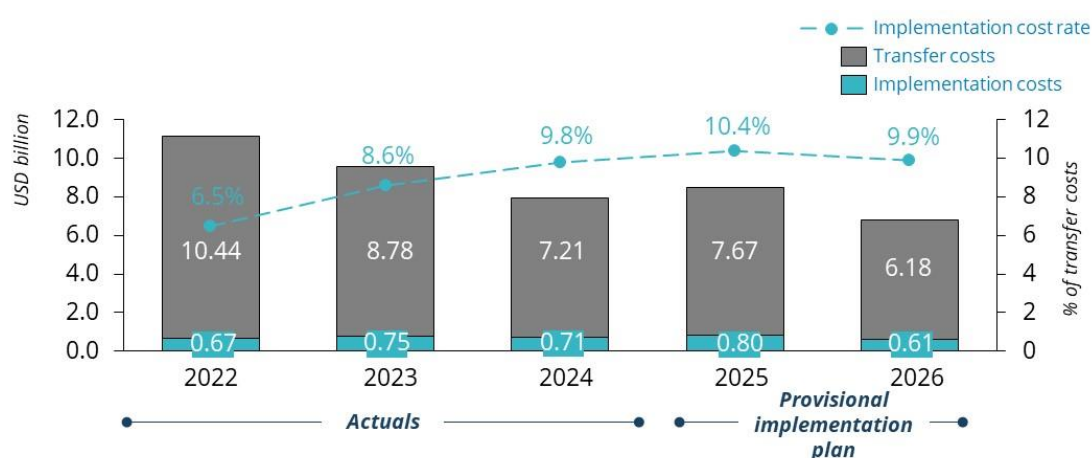
77. WFP's mandated services offer critical operational support that enables the humanitarian system to function effectively, particularly during emergencies. WFP leads in the provision of key services that include the United Nations Humanitarian Air Service, the global logistics cluster and the emergency telecommunications cluster, which together ensure coordinated transport, logistics and communication services for humanitarian actors. In the provisional implementation plan, mandated services account for 64 percent of the service delivery modality, with the United Nations Humanitarian Air Service alone accounting for 51 percent. WFP has been managing the United Nations Humanitarian Air Service for more than 20 years, supporting transport to and from more than 400 remote and hard-to-reach destinations around the world, including in Burkina Faso, Haiti, Madagascar and the Sudan.
78. In 2026, WFP's on-demand services will account for a large share of its service delivery operations, accounting for 36 percent of the provisional implementation plan for the service delivery modality. The delivery of services related to food procurement and the use of CBTs is expected to continue its upward trend, driven by government requests.
79. Due to ongoing funding constraints and a shift towards operational efficiency throughout the humanitarian sector, other organizations' efforts to streamline their costs may lead to a growing demand for WFP's expertise.

### *Implementation costs*

80. Implementation costs are the costs directly attributable to supporting the implementation of programmatic activities. Such expenditures account for the majority of costs incurred by field and area offices and include for the costs of the staff managing or directly involved in the implementation of an activity. These costs may be incurred directly by WFP, or indirectly through cooperating partners. Common categories of implementation costs include those related to:
- non-food inputs and assets essential for activity implementation;
  - activity-specific assessments;
  - the management and conducting of decentralized evaluations of a specific activity;

- routine or ad-hoc monitoring and review exercises that track progress and report on activity performance; and
  - targeting, registration and maintenance systems, and feedback mechanisms for identity management databases, including WFP's digital beneficiary information and transfer management platform, SCOPE.
81. WFP is committed to supporting the activity-level implementation of CSPs, including through robust assessment, targeting and monitoring exercises, as outlined in the global assurance plan. Country offices have collectively budgeted USD 209 million for assessment, targeting and monitoring in the 2025 implementation plan, representing 2.2 percent of the total. WFP will continue to safeguard such activities, strengthen regional oversight and support country offices through training and outreach aimed at improving understanding of the budgeting process for assessment, targeting and monitoring, with a focus on enhancing compliance with minimum monitoring requirements.
82. The historical trend in implementation costs and their calculation as a percentage of total transfer costs since 2022 is shown in figure 3.3. In 2026, implementation costs are expected to decline to USD 611 million in the provisional implementation plan, in line with lower projected transfer levels. The reduction can be attributed to some of WFP's largest operations and result from the scaling down of certain activities in Yemen and Afghanistan, the reduction of assistance in the most critical districts in Mozambique, and constraints to the implementation of operations overall in Kenya. Should the resource outlook continue to deteriorate, country offices will risk not being able to fund critical activities and ensure high-quality programming.

**Figure 3.3: Implementation costs as a percentage of transfer costs, 2022–2026**



### Direct support costs

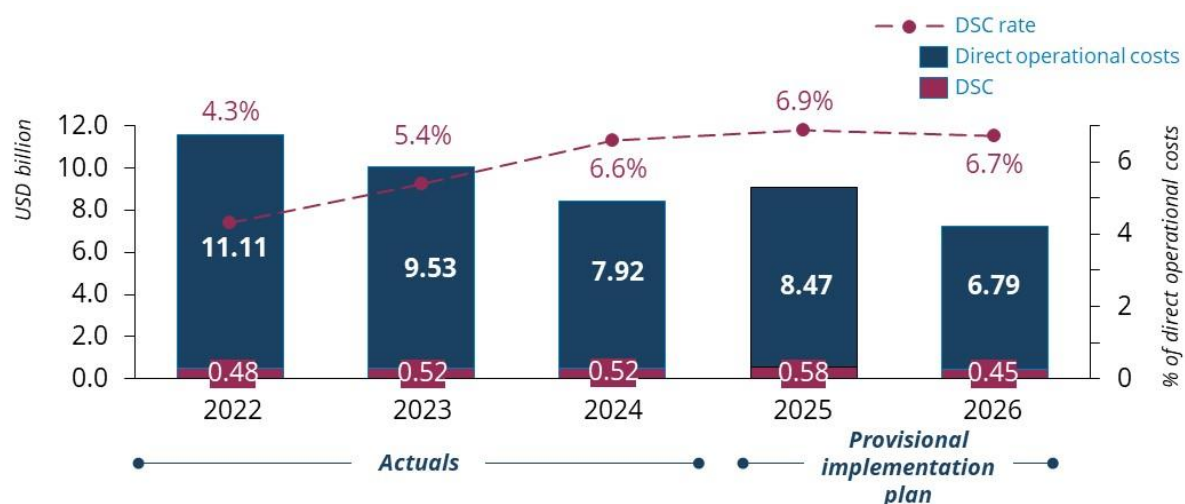
83. DSC account for the in-country costs that are managed at the country level and support multiple activities related to the transfer of assistance and the implementation of programmes. These costs are relevant to WFP's presence in a country but are also influenced by the scale of activities in the country. Examples include, but are not limited to, the costs of country office management, including deputy country director and head of unit positions; the administration of human resources, finance, procurement and communications at the country office; rent; assessments and evaluations not directly linked to a specific activity; and security.
84. As outlined in the provisional implementation plan, DSC are projected to decrease by 22 percent, from USD 582 million in 2025 to USD 452 million in 2026. This reduction is driven by the overall reduction in resources and reflects the continuation and intensification of



cost-saving measures initiated by country offices in 2025, with most adjustments expected to be made in 2026. It also reflects the diligence of country offices in allocating resources more effectively, directing efforts and expenditures towards the core activities that deliver the greatest impact for beneficiaries.

85. Driven by a constrained funding environment, many country offices are undertaking a strategic restructuring of their support functions. This includes the closure or consolidation of certain offices, staff reductions and the streamlining of operations. Further measures for achieving cuts in fixed and running costs include energy efficiency measures and infrastructure optimization.

**Figure 3.4: DSC as a percentage of direct operational costs, 2022–2026\***



\* Excluding direct and indirect support costs

### Indirect support costs

86. Total operational requirements include ISC calculated using the standard ISC rate of 6.5 percent applied to all CSP budgets apart from those for on-demand service provision. Section IV of this document describes the ISC rate.

### 3.3. Intensity of assistance<sup>30</sup>

87. WFP plans its operational requirements so as to provide the most appropriate assistance possible to the people it serves. However, owing to a growing funding gap, WFP must reduce the number of beneficiaries it assists, the duration of its provision of assistance, and/or the size and nutritional adequacy of the transfers it distributes. These decisions are primarily programmatic and operational in nature, but they have an effect on the cost per beneficiary of the assistance provided.
88. In 2026, planned operational requirements would allow WFP to provide assistance for approximately 110 million beneficiaries. The estimated cost per beneficiary used in the provisional implementation plan represents an implementation scenario that includes assumptions on the prioritization decisions that country offices will make regarding the numbers of beneficiaries reached, the duration of the assistance and the transfer size that enable them to optimize their use of resources. Under this scenario, WFP will be able to assist an estimated 94 million beneficiaries – 15 percent fewer than under the operational

<sup>30</sup> The intensity of assistance reflects the duration of the assistance provided to a single beneficiary and the value of the daily assistance, in grams, kilocalories or amount of money, provided to the number of beneficiaries reached.

requirements. Table 3.5 shows that the average annual costs per beneficiary<sup>31</sup> in 2026 are estimated at USD 89 under the operational requirements and USD 63 under the provisional implementation plan – 29 percent lower than under the operational requirements owing to the reduced funding outlook. Such a decrease in the annual cost per beneficiary corresponds to smaller daily transfers for a shorter period for the reduced number of beneficiaries reached.

89. The main component of the annual cost per beneficiary is the transfer cost, comprising the sum of the monetary value of the food items, cash or services provided and the related cost of providing the transfer to beneficiaries. In 2026, the transfer cost is expected to account for 82 percent of total operational requirements and 80 percent of the total provisional implementation plan.

<b>TABLE 3.5: ANNUAL COST PER BENEFICIARY IN THE OPERATIONAL REQUIREMENTS AND PROVISIONAL IMPLEMENTATION PLAN, 2026</b>		
<b>Indicator</b>	<b>Operational requirements</b>	<b>Provisional implementation plan</b>
USD value*	13.0 billion	7.7 billion
Projected beneficiaries	110 million	94 million
Annual cost per beneficiary	USD 89	USD 63

\* The total operational requirements and the provisional implementation plan shown here include capacity strengthening and service delivery activities, which do not always result in direct transfers to tier 1 beneficiaries.

90. More information on the cost per beneficiary, including the daily cost per beneficiary and the average duration of assistance, can be found in annex VI.

### 3.4. Cross-cutting priorities

91. WFP is strengthening the mainstreaming of cross-cutting priorities to enhance the quality and impact of its programmes and accountability for their implementation. By placing affected people, particularly the most vulnerable, at the centre of this approach, WFP aims to improve the outcomes for beneficiaries by integrating the priorities into the design, delivery and monitoring of programmes and reporting on performance.
92. WFP will deepen *nutrition integration* throughout its operations. Country offices will receive support for meeting the standards for nutrition-sensitive programming, and tools such as the corporate alert system and HungerMapLive will incorporate nutrition analytics. Nutrition will be embedded in humanitarian guidance and social protection strategies, facilitating the pursuit of nutritional adequacy and affordable healthy diets.
93. WFP will place strong emphasis on *empowering women and girls and advancing equality*. In line with the localization policy, WFP will prioritize partnerships with women-led and women's rights organizations, promoting financial inclusion and equal access to resources and decision-making roles and addressing the root causes of inequality. The framework on accountability for results will support the tracking and costing of gender-related commitments.
94. *WFP will maintain the centrality of protection in all its operations*. Guided by the strategic plan and the protection and accountability policy, WFP will work to deliver, and ensure accountability for, safe and inclusive programmes through stronger engagement with local

<sup>31</sup> In addition to the transfer value and the transfer cost, the total cost per beneficiary includes all the costs associated with implementation and direct and indirect support.



protection actors, the provision of technical support and risk management, and inter-agency collaboration, while mitigating the risks posed by funding and staffing constraints.

95. To promote *environmental sustainability*, WFP will strengthen its ability to implement the environmental and social sustainability framework, support country offices in managing environmental risks, and revise its environmental policy and governance systems. This will include improving monitoring, securing sustainable funding and tailoring approaches to emergency response.

#### **Cross-cutting priorities in the strategic plan for 2026–2029**

Following the approval of the strategic plan for 2026–2029, country offices will begin to integrate the updated cross-cutting priorities into their CSPs. Under the new plan, WFP will expand its cross-cutting priorities from four to six, as outlined in the following:

- enabling nutrition and healthy diets;
- empowering women and girls and advancing equality;
- ensuring protection and accountability to affected people;
- integrating environmental sustainability;
- embedding humanitarian principles and conflict sensitivity (new), and;
- promoting localization and assurance (new).

The two new priorities underscore WFP's commitment to co-developing programmes and activities with the communities it serves, while enhancing the effectiveness of, and accountability for, its assistance. In particular, the embedding of humanitarian principles and conflict sensitivity reflects WFP's recognition of the increasingly complex operational environments in which it works, and the need to ensure that assistance is delivered in a principled, context-sensitive and conflict-aware manner.

## Section IV: Programme support and business operations

### 4.1 Overview

96. The proposed WFP budget for 2026 is USD 13.0 billion, representing the full operational and support costs of the projected annual budgets of the country strategic plans.
97. Within the WFP budget are activities managed by global headquarters that directly and indirectly support WFP's operations and representational activities in country offices. In addition, some activities managed at global headquarters are in support of extra-budgetary activities funded from trust funds and special accounts. These activities are referred to as "programme support and business operations" and their costs are projected to decline by 14 percent compared with 2025.
98. The largest component of programme support and business operations is the programme support and administrative (PSA) budget, which covers WFP's most essential indirect activities for supporting operations and meeting its governance obligations and fiduciary responsibilities. In light of the provisional implementation plan of USD 7.7 billion in 2026, the proposed PSA budget is USD 380 million, representing a 21 percent reduction compared with the approved PSA budget for 2025.
99. Taking into consideration the balances in reserves and the unearmarked portion of the General Fund, WFP is proposing strategic allocations of USD 170 million. These allocations are aligned with the organization's prioritization of country operations, duty of care to its employees, diversification of funding sources, and efficient business operations.
100. Programme support and business operations are organized into three categories: baseline activities, direct activities, and other services. Baseline activities are critical for the efficient and effective execution of WFP's annual implementation plan and for meeting institutional obligations; they include daily recurring activities and one-time investments. Direct activities can be directly linked to operations or other activities through cost drivers such as the number of employees or the tonnage of commodities. The budget for baseline activities and direct activities is closely correlated with the projected level of operational implementation. Other services include the hosting of administrative and management services for non-WFP entities, such as the African Risk Capacity and the new School Meals Impact Accelerator of the School Meals Coalition.

**TABLE 4.1: WFP BUDGET, PROVISIONAL IMPLEMENTATION PLAN AND PROGRAMME SUPPORT AND BUSINESS OPERATIONS, 2025 AND 2026 (USD million)**

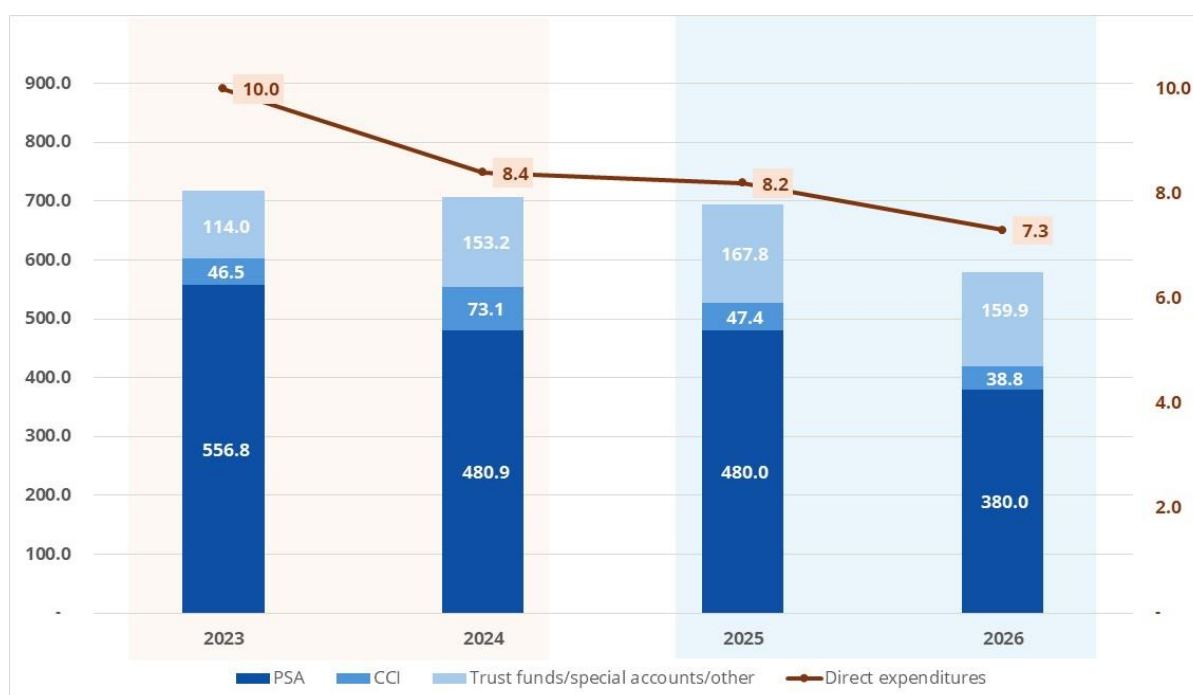
Year	WFP budget	Provisional implementation plan	Baseline				Direct	Other services
			PSA	CCIs	Trust funds, special accounts and other funding sources	Total		
2026	13 043	7 700	380.0	38.8	159.9	578.7	114.5	39.8
2025*	16 890	8 800	480.0	47.4	167.8	695.2	134.6	27.3

\* As approved in the management plan for 2025–2027.

### Baseline budget and staff reductions

101. WFP has planned for a significant reduction in its baseline budget, calibrated to an overall decline in resources and a consequent decline in the level of operational activity.

**Figure 4.1: Direct expenditures (USD billion) and baseline budget (USD million), 2023–2026**



102. The baseline budget has been steadily decreasing since 2023, driven by the decrease in PSA funding, which makes up the largest share of the baseline budget. The drop of USD 100 million in PSA from 2025 to 2026 illustrates WFP’s structural reorganization and continued emphasis on cost containment. Planned expenditures on critical corporate initiatives (CCIs) will decrease by USD 8.6 million, with fewer CCIs and a focus on investments that will lead to future cost savings. Trust funds, special accounts and other funding sources show a relatively modest decline of USD 7.8 million, or 5 percent, with donors’ interest in climate action and resilience programmes partially offsetting the decreases in special accounts caused by anticipated reductions in the service volumes and activities that WFP provides to its own offices and to other United Nations entities.
103. The reduction in the baseline budget between 2025 and 2026 is accompanied by an 18 percent reduction in the number of employees funded by the budget. The PSA budget is the largest funding source within the baseline budget and supports primarily core, recurring activities. The proportion of fixed-term positions funded by the PSA budget will therefore remain relatively stable, reflecting the long-term nature of that work. In addition to the PSA-funded positions, the baseline budget also includes positions funded from trust funds, special accounts and CCIs. These funding sources typically support activities that are project-based or temporary in nature and that therefore tend to rely more heavily on short-term contracts. In 2026, the number of fixed-term positions funded from trust funds, special accounts and CCIs is expected to decline more substantially than the number of short-term positions, which will remain relatively stable. This reflects the need for flexible staffing to match the duration and scope of externally funded initiatives.
104. In 2026, 37 percent of the baseline-funded employees will be located in regional offices, service hubs and country offices. The prioritization of staff capacity in areas close to operations is a core principle of WFP’s staffing strategy. The consolidation of functions within global teams, and the planned increase in the proportions of fixed-term roles at global headquarters will ensure business continuity in supporting WFP’s mission and reflects a strategic balance between the need for proximity to operations and the need for normative guidance and efficient global services.

## Management results and budget principles

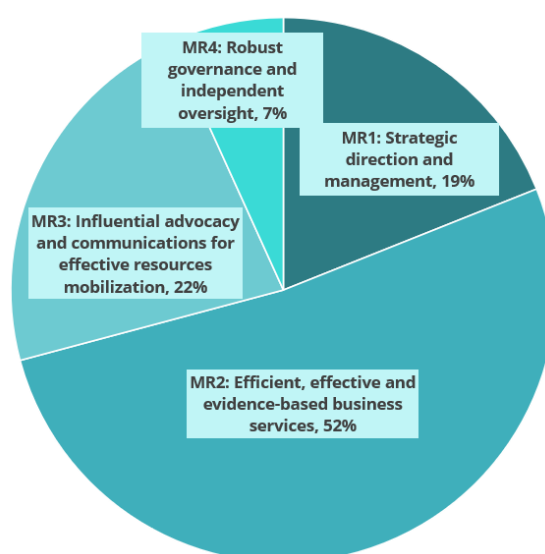
105. The draft strategic plan for 2026–2029 has informed the development of the management plan for 2026–2028, particularly in relation to its baseline activities. In updating the corporate results framework to complement the new strategic plan, WFP has taken the opportunity to improve its results-based management of baseline activities by consolidating the budgetary and results frameworks into a single framework that adopts a “resources-to-results” approach. The new framework aligns appropriation lines with management results; includes outputs with key performance indicators (KPIs) for each management result; and incorporates the strategic plan enablers and their KPIs (see annex I).

**Figure 4.2: Strategic plan enablers and management results line of sight**



106. WFP’s management results define the strategic direction, operational support, partnerships and oversight functions required to enable the successful achievement of WFP’s strategic outcomes. These results are primarily the responsibility of global headquarters and are grounded on the principle that strong management performance underpins effective programme performance at the country, regional and global levels.

**Figure 4.3: Baseline budget by management result**



107. The distribution of the baseline budget across the management results (figure 4.3) reflects the level of effort and the budgetary allocations needed to achieve the targets of each result:

- WFP's highest priority and largest budget area is management result 2, "efficient, effective and evidence-based business services", which ensures that WFP has the operational capabilities, systems and infrastructure needed to deliver assistance efficiently, with accountability, and at scale. It accounts for 52 percent of the total baseline budget, and encompasses emergency coordination, which enables WFP to lead crisis responses through global clusters and rapid-response tools; and supply chain services, which support the timely, cost-effective movement of goods, and coordinated humanitarian logistics.
- Accounting for 22 percent of the baseline budget, management result 3, "influential advocacy and communications for effective resources mobilization", positions WFP as a trusted global voice on hunger and food security issues, and strengthens the organization's ability to secure the partnerships and resources it requires to deliver on its mandate.
- Nineteen percent of the baseline budget is allocated to management result 1, "strategic direction and management", which ensures that WFP operates as a strategically guided, well-managed and accountable organization, capable of delivering on its humanitarian mission through principled and results-based action.
- Management result 4, "robust governance and independent oversight", safeguards the integrity, transparency and accountability of WFP's operations through robust governance and independent oversight, and accounts for 7 percent of the baseline budget.

108. Responding to the constrained resourcing environment, WFP's leadership team set out the following principles that shape the recurring costs and one-time investments in the 2026 baseline budget:

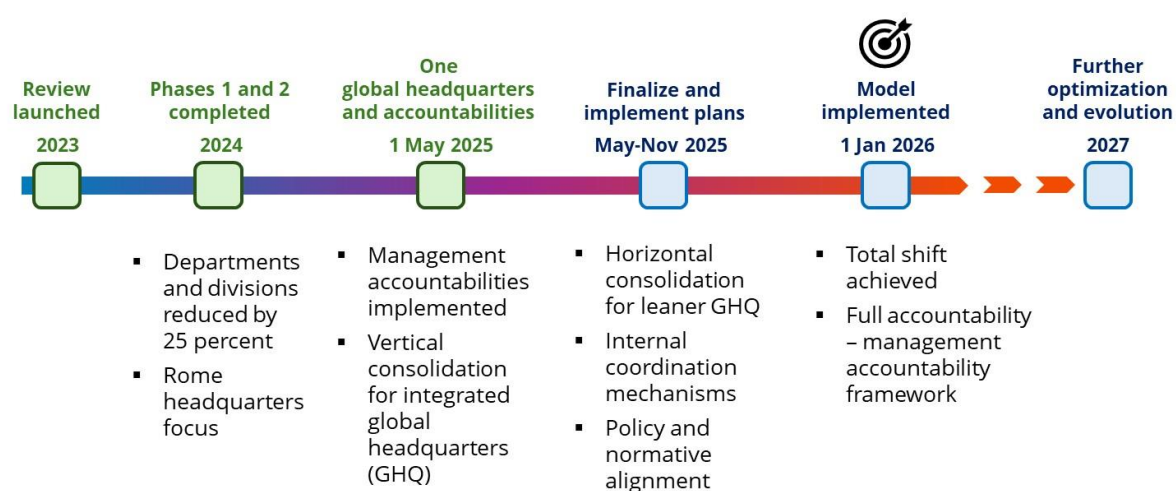
- a) Maintain essential activities for meeting governance obligations and supporting operations, while ensuring that the level of effort is adjusted to the level of operational activity and the size of the organization.
- b) Capitalize on efficiency-enhancing and cost-reduction measures to contain indirect costs, and prioritize resources for frontline operations.

- c) Streamline the management structures and processes at global headquarters.
  - d) Prioritize capacity in the geographic areas closest to WFP's operations.
  - e) Diversify and grow the resourcing base.
109. Planning for 2026 was marked by the launch of a top-down planning and bottom-up budgeting process. Departments planned their organizational results, activities and KPIs within the framework of the management results and were guided by the budget principles. Divisions then planned their organizational results, activities and KPIs linked to these departmental results. This was followed by the budgeting process, which started at the division level, accumulated at the department level, and finished with the management results. Through this process, activity-level budgets are linked to management results in the organizational hierarchy, thus improving the transparency of budgeting and providing accountability for results at the department level.

#### **Update on the internal reorganization, and milestones for 2026**

110. Recognizing the need for a more agile and integrated organization, in August 2023, the Executive Director launched an internal review of WFP's organizational structure. The review explored how WFP should evolve in order to more effectively address the challenges facing operations and adapt to the new reality of rising humanitarian needs. The goal was to strengthen collaboration throughout the organization, streamline activities, and ensure a focus on operations and employees in the field. The reorganization aimed to realign WFP's headquarters structures with the Executive Director's strategic priorities of strengthening the duty of care to WFP's people, promoting innovation and digitization, achieving high-impact engagement with the private sector, and enhancing support for country offices.
111. A few months later, as the funding landscape showed signs of significant declines, WFP implemented a pause on employee recruitment as its first effort to contain costs.
112. In 2023 and 2024, the organizational review focused on headquarters in Rome, resulting in a new organizational structure and a 25 percent reduction in the number of departments and divisions. In 2025, the "one global headquarters" model was implemented to eliminate duplication and bureaucracy, and boost collaboration, efficiency and accountability, with the remaining changes set for completion by 1 January 2026.

**Figure 4.4: Organizational alignment, summary timeline**



113. By 1 May 2025, the following milestones had been met:
- A. *Implementation of the management accountability framework:* This framework provides a clear chain of command, leadership accountability, role definitions, and support systems. Among the shifts in responsibilities:
    - the Deputy Executive Director and Chief Operating Officer now oversees all country directors, with the support of regional directors and assistant executive directors; and
    - the role of regional directors is focused on coordination at the regional level, preparedness, partnership and representation, and is supported by smaller, dedicated teams in regional offices.
  - B. *Transition to the one global headquarters model:* WFP has shifted to a two-layer corporate structure by merging headquarters in Rome and the regional bureaux into a unified global headquarters. As part of this shift, regional directors have been incorporated into the Office of the Deputy Executive Director and are supported by smaller teams in accordance with their refined accountabilities. Technical teams previously based in regional bureaux have been merged with their headquarters counterparts to form global functional teams, operating under the unified leadership of functional directors. These teams provide comprehensive, location-independent support to country offices, ensuring timely and consistent assistance.
  - C. *Regional structural realignment:* Regional offices now serve as geographic hubs, hosting the offices of regional directors and outposted functional teams. The regional office in Johannesburg will be gradually phased out by the end of 2025, and merged with the regional office in Nairobi to support the country offices in the Eastern and Southern Africa region.
114. The main focus of the work since 1 May has been on formulating consolidation and restructuring plans aimed at reaching the goal of a more focused and leaner global headquarters that is centred on country offices' needs and meets budget and staffing targets. The timeline for the development of these plans is aligned with the management plan milestones for 2026 so as to ensure coherence and enable implementation from 1 January 2026.
115. To reach the goal of a leaner global headquarters focused on addressing country offices' needs by 2026, other important changes will be completed during the second half of 2025, including the establishment of strategic and cross-functional coordination structures, the updating of emergency management protocols, along with policy and normative documents and processes, to reflect the new model.
116. Changes expected to be introduced in 2026 through the implementation of the plans include the following:
- a) *A reduced footprint:* Significant reductions in the workforce are being made in almost all functions and offices, focusing on headquarters in Rome and regional offices.
  - b) *Structural consolidation:* Units, divisions and services are being merged or eliminated to streamline support and reduce duplication and leadership layers.
  - c) *Shared or pooled resources:* Administrative support is being pooled at the division and department levels. Opportunities for additional shared or pooled services for the provision of transaction-heavy support are being explored.
  - d) *Outsourcing and outposting:* Some operational tasks are being relocated to global service centres or regional hubs; selective outsourcing is expanding, particularly for fleet, facilities and IT services.



- e) *Workforce model adjustments*: Changes to contract types and working arrangements are being made; for example, flexible contracts and the leveraging of remote working models are being explored with a view to reducing costs.
- f) *Enhanced collaboration with other United Nations entities*: Collaboration with partners in the United Nations system is being strengthened through the use of joint services, shared infrastructure and inter-agency agreements aimed at driving efficiency and cost-sharing.

## 4.2 Programme support and administrative budget

- 117. At USD 380 million, the proposed PSA budget for 2026 is USD 100 million lower than the level set out for 2025 in the management plan for 2025–2027. This budget reflects the Executive Director's intention of continuing to streamline, stabilize and calibrate PSA expenditures in line with lower anticipated funding, while ensuring robust oversight of, and support for, the provisional implementation plan of USD 7.7 billion.
- 118. The PSA budget is funded through the application of the ISC rate to contributions received by WFP, with the rate approved annually by the Board. For 2026, management proposes maintaining the current ISC rate of 6.5 percent, with specific exceptions allowing a reduced 4 percent rate under conditions previously endorsed by the Board. Based on these rates, projected ISC income for 2026 is estimated at USD 365 million.
- 119. A drawdown of USD 15 million from the PSA equalization account (PSAEA) will be required to fully fund the proposed PSA budget of USD 380 million, which exceeds the break-even point of USD 365 million. This drawdown, the value of which is less than 5 percent of the PSAEA opening balance for 2026, leverages the healthy balance of the account and is consistent with the net use of fund balances to support operations beyond the level of the contribution forecast. The additional funding is essential for maintaining adequate capacity in critical areas such as governance and independent oversight, duty of care, advocacy, and cybersecurity.

### PSA budget calibration

- 120. The PSA budget has been progressively reduced in line with the decrease in operational activity (see figure 4.1 on page 27). The reduction has been managed carefully to ensure continued support for operations, to deliver on governance and oversight responsibilities, and to work within WFP's risk appetite.
- 121. In 2025, the original PSA budget was set at 480 million, assuming a USD 8 billion global funding forecast and a provisional implementation plan of USD 8.8 billion. Given the declining funding levels, cost-saving measures were implemented to reduce the original 2025 PSA budget by 10 percent, to a utilization plan level of USD 432 million.
- 122. When the 2026 budget planning process began, the aim was for a break-even PSA budget of USD 365 million. To reach that level, initial ceilings for divisional and departmental budgets incorporated targeted savings related to the consolidation of global functional teams and other cost containment efforts. Budget reductions were expected throughout the organization, with no divisions being exempt. However, the divisions responsible for global functional teams bore the largest percentage reductions.
- 123. Taking into consideration the level of the provisional implementation plan, an estimated global inflation rate of 3 percent, the weakening of the US dollar, and the increase in demand for oversight, governance, duty of care and cybersecurity, the proposed PSA budget for 2026 is USD 380 million. This represents a 32 percent decrease since 2023, while operational expenditures will have decreased by 28 percent over the same period.



124. There may be scope for further reorganization and deduplication at the global headquarters level, resulting in cost savings; conversely, funding gaps may be identified as global headquarters is consolidated and WFP's engagement in the UN80 reform initiative unfolds. These eventualities will be monitored closely and are expected to be manageable within the PSA budget of USD 380 million.

*Programme support and administrative budget by appropriation line*

<b>TABLE 4.2: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY APPROPRIATION LINE, 2025 AND 2026</b>				
<b>PSA appropriation line</b>			<b>Change</b>	
	<b>2026 (USD million)</b>	<b>2025* (USD million)</b>	<b>(USD million)</b>	<b>(%)</b>
1. Strategic direction and management	92.8	109.5	(16.7)	(15)
2. Efficient, effective and evidence-based business services	178.8	239.2	(60.3)	(25)
3. Influential advocacy and communications for effective resource mobilization	71.1	87.2	(16.1)	(19)
4. Robust governance and independent oversight	37.3	44.1	(6.8)	(15)
<b>Total</b>	<b>380.0</b>	<b>480.0</b>	<b>(100.0)</b>	<b>(21)</b>

\* Figures for 2025 by appropriation line have been adjusted to reflect the change from three to four appropriation lines.

125. With the 47 percent of the PSA budget in appropriation line 2, "efficient, effective and evidence-based business services", WFP is enabling operational efficiency and the strategic delivery of its operations. This underscores the centrality of robust support systems for country offices.
126. Appropriation line 1, "strategic direction and management", represents 24 percent of the PSA budget, underscoring WFP's continued emphasis on strategic leadership in both global headquarters and country offices. This allocation supports the implementation of change management initiatives, the leveraging of humanitarian diplomacy to secure humanitarian access, the coordination of programmatic and policy activities at the global level, and the provision of management oversight and effective risk management.
127. Appropriation line 3, "influential advocacy and communications for effective resource mobilization", with 19 percent of the PSA budget, reflects the importance of partnerships and sufficient and diversified funding, and the positioning of efforts at global headquarters and in country offices. This allocation supports key functions such as advocacy, strategic communications and partnership development. The allocation enables WFP to strengthen its visibility, contribute to global policy dialogues, and cultivate partnerships that are essential for advancing its mission and securing sustainable resources.
128. Appropriation line 4, "governance and independent oversight", is allocated 10 percent of the PSA budget, ensuring the continuing commitment to accountability, audit and oversight mechanisms. This supports WFP's commitment to transparency and good governance, with the budgets of the Office of the Inspector General (OIG) and the Office of Evaluation (OEV) constituting 84 percent of the total appropriation.
129. Overall, the PSA budget for 2026 reflects a focus on emphasizing operational efficiency and strategic leadership, while preserving essential functions in advocacy and oversight.

### Programme support and administrative budget by organizational unit

TABLE 4.3: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL UNIT, 2025 AND 2026				
Department	2026		2025	
	(USD million)	(% of total)	(USD million)	(% of total)
Country offices	55.2	14	60.3	13
Regional bureaux	0.0	0	95.2	20
Executive Director and Chief of Staff	77.9	20	86.0	18
Deputy Executive Director and Chief Operating Officer	30.7	8	20.1	4
Programme Operations	75.0	20	63.8	13
Partnerships and Innovation	32.6	9	40.6	8
Workplace and Management	75.5	20	77.0	16
Central appropriations	33.1	9	37.0	8
<b>Total</b>	<b>380.0</b>	<b>100</b>	<b>480.0</b>	<b>100</b>

130. The new two-layer structure, integrating headquarters and regional offices into a unified global headquarters, is fully reflected in the 2026 PSA budget. Staff located in regional offices but working in the global functional teams are planned for in the department of their global functional team. For example, programme and supply chain officers located in Nairobi are planned for in the Programme Operations Department in 2026. As a result, the budgets of global headquarters departments have increased proportionally compared with 2025, while the budgets of the regional offices have decreased and been fully absorbed into the budget of the Deputy Executive Director and Chief Operating Officer Department.

Department	Functional teams consolidated from regional bureaux
Executive Director and Chief of Staff	Finance, communications, evaluation
Deputy Executive Director and Chief Operating Officer	Risk management and compliance
Programme Operations	Programme, vulnerability analysis and mapping, supply chain, budget and programming
Partnerships and Innovation	Partnerships
Workplace and Management	Human resources, administration, IT, wellness

### Country offices

131. The PSA budget for country offices covers costs that are not directly attributable to operations, and therefore do not vary when the size of operations in the country changes. The budget covers the costs of employing the country director, a nationally recruited assistant and a driver, plus basic office running costs. It also includes an allocation for addressing non-operational risks in country offices, for example, by providing augmented capacity to close audit recommendations. PSA funding for country offices is split fairly

equally between work on strategic direction and work on advocacy and partnership, reflecting the key responsibilities of country directors beyond their operational leadership.

132. The PSA budget for country offices has been reduced by USD 5.1 million compared with the 2025 budget, reflecting the expected reduction in country office presence. Noting that the average budget per country office in 2025 was USD 700,000, the USD 5 million in savings can be achieved by closing country operations, or in various other ways, such as by making a country director responsible for more than one country office; merging WFP's work in more than one country into a multi-country operation; or having a host government cover a larger share of the basic costs of a country office. Strategic discussions with national authorities will take place in the second half of 2025, with the implementation of sustainable operating models starting in 2026.

#### *Executive Director and Chief of Staff Department*

133. The Executive Director and Chief of Staff Department combines the Office of the Executive Director, the Office of the Chief of Staff and all divisions, services and offices reporting directly to the Executive Director and Chief of Staff. The department reaffirms its strategic roles in advancing WFP's mission by focusing on governance, leadership support, and organizational coherence. It is adapting to the new reality with agility and purpose, preserving core mandates, reinforcing accountability, and enabling leadership in a resource-constrained environment. Transactional services are being relocated, more training will be offered online, and digital tools will be expanded to maintain the department's high-quality support.
134. In the face of budget constraints, the department safeguards core functions such as ethics, legal integrity, and financial control, ensuring continuity in risk management and compliance. Its focus on strengthening financial governance through real-time reporting, proactive forecasting, and workflow automation leads to enhanced transparency and resource stewardship.
135. Budget reductions imposed on OIG and OEV have been carefully considered to balance WFP's commitment to maintaining the integrity of its independent oversight functions with the prioritization of country office support and constrained resources. With no impact from the consolidation of global functional teams, OIG's budget has declined by 13 percent. The Office of Inspections and Investigations, in particular, has remained stable as it continues to manage a high caseload, requiring a stable workforce to ensure timely and effective investigations. The budget reduction in OEV includes targeted savings from the consolidation of evaluation staff posted to regional offices as well as general cost containment measures. OEV's budget is aligned with OEV's workplan, detailed in annex VIII.

#### *Deputy Executive Director and Chief Operating Officer Department*

136. In 2026, the Deputy Executive Director and Chief Operating Officer Department (DED/COO) will focus on strengthening WFP's global positioning, enabling informed strategic decision-making, and fostering a two-way flow of information throughout the organization. Priorities will include reinforcing and clarifying accountabilities, promoting shared ownership of risks with country offices, and ensuring tight cross-departmental and cross-functional coordination to support effective implementation at the country level, particularly in an increasingly complex environment.
137. The department continues to advance WFP's structural shift towards the empowerment of country offices through the rollout of the management accountability framework, and the integration of regional and headquarters functions into one global headquarters. Regional directors and their offices, now formally part of global headquarters, play a central role in crisis coordination, regional engagement, and the contextualization of global strategies. All regional offices have been restructured to focus on prioritized, context-specific

responsibilities and to strengthen cross-functional coordination. Following a comprehensive review, the number of regional offices has been reduced from six to five, with the closure of the Johannesburg office and its consolidation with the Nairobi-based regional office for Eastern and Southern Africa. The budget for regional offices, representing 3 percent of the PSA budget allocation for DED/COO, supports this integrated approach.

138. WFP is consolidating the responsibilities of the Director of Emergency and related emergency coordination capabilities in the Programme Operations Department. DED/COO will seek to streamline global risk assurance, noting the potential implications for the corresponding corporate governance, compliance, and management of the Board's expectations. DED/COO will also significantly reduce its role in the CSP cycle and processes, while continuing to provide strategic guidance.

#### *Programme Operations Department*

139. The priorities of the Programme Operations Department for 2026 are in line with the draft strategic plan for 2026–2029 and its emphasis on delivering high-quality, field-focused support aimed at meeting urgent needs, leveraging WFP's comparative advantage in emergency response, supply chains and food security analysis to target and reach the most vulnerable people and communities; reducing humanitarian needs, including by building the resilience of communities in protracted and recurring crisis settings; enabling governments to better address food insecurity and malnutrition; and providing common services for partners, thereby generating system-wide efficiencies and effectiveness. The department will also prioritize people-centred approaches, cross-cutting priorities, and sustainable, locally led solutions to ensure impactful programming within a more resource-constrained, partnership-driven model.
140. Learning from the first year of implementing the 2024 headquarters restructuring initiative, consolidating the global functional teams, and adapting to lower funding, the department is undergoing a restructuring exercise through which it is streamlining functions and decentralizing support with a view to improving efficiency, responsiveness, integration and oversight, while also reducing director-level positions to cut costs.
141. The Supply Chain and Delivery Division will adopt a more streamlined responsive structure that simplifies processes for country offices. The logistics cluster and on-demand services will merge into a logistics service, reducing duplication, while the division reduces its engagement in health-focused projects.
142. The Programme Policy and Guidance Division will provide strategic and normative programme support from Rome, while programme service hubs will offer essential support to country offices close to where it is needed. The shift of the food security and nutrition analysis and the programme monitoring and reporting services into the division will strengthen technical support throughout the programme cycle, while retaining sufficient differentiation from other programme functions. The division will leverage extra-budgetary support to subsidize the emergency and resilience services, which are central to WFP's work, and promote the success of the strategic plan for 2026–2029.
143. Quality assurance for programme budget management, programmes and CSPs will be consolidated and centralized to improve coordination and integration.
144. These changes reflect a shift in how the Programme Operations Department operates, prioritizing essential services, leveraging efficiencies, and aligning with WFP's broader strategic direction so as to "do better with less".

#### *Partnerships and Innovation Department*

145. The Partnerships and Innovation Department (PI) will continue to play a pivotal role in advancing WFP's strategic plan by strengthening innovative partnerships and mobilizing

resources to support the mission of ending hunger and food insecurity. PI's top priorities include protecting relationships with current resource partners, increasing flexible funding, and expanding WFP's partnership base through new and innovative initiatives. The department will also focus on diversifying support by leveraging opportunities for multi-stakeholder engagement, and deepening engagement with donors, ensuring that WFP remains well positioned to respond to global needs.

146. In 2025, PI undertook a structural review, and in 2026 it will be merging teams, streamlining reporting lines and consolidating common services. These measures are expected to improve efficiency, reduce duplication and fragmentation, advance strategic partnerships, and mobilize resources more effectively.
147. The department will prioritize critical functions, redistribute responsibilities across divisions, and leverage digital tools for smarter workflows. Ensuring that PSA funds are reserved for the most essential activities, PI is maximizing the use of non-PSA resources. The strategic use of CCIs, trust funds and special accounts will support innovation, fundraising from individual donors, and strategic partnerships through WFP's centres of excellence.
148. The PSA budget for 2026 reflects a leaner, more agile PI that is strategically focused, fiscally disciplined, and committed to enabling WFP's mission through more effective partnerships and sustainable resourcing. In 2026 the department will consolidate its three divisions into two, and make substantial reductions in the numbers of D1-, D2- and P5-level employees.

#### *Workplace Management Department*

149. The Executive Director's priorities – empowering country directors, establishing a unified global headquarters, and reinforcing accountability – have shaped the Workplace and Management Department's (WM's) direction for 2026. These priorities are supported by the department's three strategic anchors: duty of care, enabling organizational efficiency, and change management. More than 90 percent of the PSA budget for WM is allocated to management result 2, "efficient and effective business services". This reflects the department's role in enabling core business functions. PSA resources support the achievement of key results through, for example, the strengthening of data management, including in relation to governance, security and accessibility, in order to enable evidence-based decision-making; and by leading global efforts in effective people management, including workforce planning and staff well-being.
150. The department has implemented a series of structural and operational adjustments to optimize resource use. Organizational restructuring has focused on protecting frontline capacity while streamlining headquarters functions. A rebalancing of contract modalities, reductions in senior and short-term roles, and a shift towards nationally recruited personnel have contributed to a more agile and cost-effective workforce model. In addition, the department will leverage new and existing strategic investments in the areas of digital transformation and shared services.
151. WM's approach in 2026 reflects a disciplined and strategic response to financial constraints. It prioritizes the preservation of essential enabling services and systems that underpin WFP's delivery on its mission, while maintaining organizational resilience, inclusivity and operational integrity.

#### *Central appropriations*

152. Central appropriations fund the costs of meeting statutory requirements, particularly WFP's funding commitments to the United Nations jointly financed activities, and other centrally managed activities (see annex II).

153. At USD 19.8 million, United Nations jointly financed activities account for the largest share of WFP's central appropriations. Because of the declining funding environment throughout the United Nations system, WFP has been steadfast in using its position as a member of the United Nations Finance and Budget Network to call for a reduction in the budgets of these activities. The most significant reduction came from the United Nations Department of Security Services, resulting in a projected USD 4.2 million decrease in WFP's share in 2026.
154. The largest planned increase in central appropriations is the additional USD 1.5 million needed for corporate insurance. As WFP works in increasingly volatile regions, its exposure to risks and the cost of insuring against those risks have grown because Insurers are factoring the increased political instability into their premium calculations.

#### *PSA budget by object of expenditure*

<b>TABLE 4.4: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY OBJECT OF EXPENDITURE, 2025 AND 2026</b>				
<b>Cost category</b>			<b>Change</b>	
	<b>2026 (USD million)</b>	<b>2025 (USD million)</b>	<b>(USD million)</b>	<b>(%)</b>
Staff*	267.3	330.1	(62.8)	(19)
Other employees**	30.9	45.7	(14.8)	(32)
Non-employee costs	81.8	104.2	(22.4)	(21)
<b>Total</b>	<b>380.0</b>	<b>480.0</b>	<b>(100.0)</b>	<b>(21)</b>

\* Staff costs include the cost of international professional staff and general service staff based in Rome and in global offices, and local staff based in regional bureaux and country offices.

\*\* Other employees include International short-term professional staff, consultants and temporary assistance.

155. Fixed-term staff costs remain the largest component of the PSA staffing budget. This category includes international professional staff in headquarters, the country directors, general service staff based in Rome and global offices, and locally recruited staff in regional and country offices.
156. The decrease reflects a reduction in the number of positions, in line with the overall budget contraction, but also higher costs per employee. The 2026 standard position costs used for budgeting international professional staff and general service staff based in Rome and most global offices are derived from actual 2024 figures, adjusted for inflation and the impact of a weaker USD exchange rate, and taking into account changes to entitlements and allowances. The adjustment to standard staff costs has resulted in a USD 12.6 million increase in the 2026 PSA budget compared with the cost based on the revised standardized cost rates for 2025.
157. The most significant reduction in the 2026 PSA budget is seen in the "other employees" category, which includes consultants and other temporary employees. This decrease is due to the planned reduction in the number of employees in short-term categories. The plan to reduce short-term positions is influenced by fixed-term staff contractual obligations and the "hierarchy of retention", and it leads to a better alignment of fixed-term contract categories with the recurring activities funded by PSA.
158. Non-employee costs are projected to decrease by 21 percent with the reduction being most evident in cost categories affected by the staff downsizing, such as travel, training and IT equipment. These cuts are being implemented in all departments and regional offices as part of broader efforts to contain costs and prioritize essential operational spending.



### PSA budget for staffing

Contract type	2026			2025		
	Country offices	Global headquarters	Total	Country offices	Global headquarters	Total
<b>Fixed-term</b>	<b>226</b>	<b>1 494</b>	<b>1 720</b>	<b>263</b>	<b>1 946</b>	<b>2 209</b>
International professional	75	806	<b>881</b>	86	1 033	<b>1 119</b>
Headquarters and global offices general service staff	-	359	<b>359</b>	-	424	<b>424</b>
Local	151	329	<b>480</b>	177	488	<b>665</b>
<b>Short-term</b>	<b>50</b>	<b>353</b>	<b>403</b>	<b>-</b>	<b>532</b>	<b>532</b>
Professional and higher (short-term)	-	15	<b>15</b>	-	26	<b>26</b>
Consultants	-	248	<b>248</b>	-	405	<b>405</b>
Temporary assistance	50	90	<b>140</b>	-	102	<b>102</b>
<b>Total</b>	<b>276</b>	<b>1 847</b>	<b>2 123</b>	<b>263</b>	<b>2 478</b>	<b>2 741</b>

159. To ensure that WFP remains within the PSA budget of USD 380 million, the total number of PSA-funded FTE positions is projected to decrease by 618 compared with the original PSA budget for 2025. The proportion of employees on fixed-term contracts is expected to remain stable at 81 percent, reflecting a deliberate alignment between the PSA budget, which funds core, recurring support activities, and the staffing framework, which prioritizes long-term contracts for roles of a continuing nature. Despite the overall reduction in FTEs, the consistent share of fixed-term positions underscores WFP's commitment to maintaining institutional continuity and operational resilience. Maintaining a portion of the workforce on short-term contracts is also strategically important as it allows for easier contraction and expansion of the workforce as the volume of work changes throughout the year, and is an important source of expertise to complement the capacity of the fixed-term workforce.

### Indirect support cost rate

160. WFP's ISC rate is calculated to ensure that the costs of the activities defined in the PSA budget can be fully funded from projected contribution revenue. At the same time, the rate established should not generate excess income that could otherwise be used for direct programme implementation.

161. The standard ISC rate for 2026 has been calculated as shown in table 4.5 using the methodology established in 2006<sup>32</sup> with no adjustment shown for the PSAEA target level, which is projected to be above the target ceiling.

TABLE 4.5: CALCULATION OF THE INDIRECT SUPPORT COST RATE (%)	
2024 baseline	6.41
Decrease for lower indirect expenditures (from 2024 to 2026)	(1.52)
Increase for lower funding forecast (from 2024 to 2026)	1.45
<b>Derived ISC rate for 2026</b>	<b>6.35</b>

<sup>32</sup> WFP. 2006. [Review of Indirect Support Costs Rate \(WFP/EB.A/2006/6-C/1\)](#).

162. Assuming a global contribution forecast of USD 6.4 billion for 2026 and an ISC standard rate of 6.5 percent, with exceptions of 4 percent for specific cases as approved by the Board, ISC income in 2026 will be USD 365 million. This calculation assumes that the full rate will apply to 91 percent of contributions, the reduced rate to 8 percent, and a full waiver of ISC to 1 percent.
163. Although USD 365 million in ISC income is less than the proposed PSA budget, an increase in the ISC rate is not necessary as the ISC income earned in previous years and accumulated in the PSAEA, plus the projected new ISC income, are sufficient to cover the projected indirect support costs.

### 4.3 Reserves and fund balances

#### Overview

164. The PSAEA and the unearmarked portion of the General Fund are projected to have balances of USD 321.2<sup>33</sup> million and USD 313.5 million, respectively, on 1 January 2026. These projected beginning-of-year balances are above the PSAEA target ceiling and the prudent balance of the unearmarked portion of the General Fund. With these healthy projected opening balances, management proposes to use these funding sources for strategic investments that will lead to future cost savings, have a direct impact on country operations, reinforce WFP's duty of care to its employees, and diversify and increase funding.

#### Programme support and administrative equalization account (PSAEA)

<b>TABLE 4.6: PROJECTION OF THE PROGRAMME SUPPORT AND ADMINISTRATIVE EQUALIZATION ACCOUNT (USD million)</b>	
<b>PSAEA projected budgetary balance at 1 January 2026*</b>	<b>321.2</b>
ISC projected revenue (based on global contribution forecast income of USD 6.4 billion)	365.0
Proposed PSA budget	(380.0)
<b>Proposed uses</b>	<b>(78.0)</b>
- <i>Wellness Fund</i>	(8.0)
- <i>Critical corporate initiatives**</i>	(70.0)
<b>PSAEA projected budgetary balance at 31 December 2026</b>	<b>228.2</b>
PSAEA target (equivalent to 5 months of 2026 PSA expenditures)	<b>158.3</b>
PSAEA floor (equivalent to 2 months of 2026 PSA expenditures)	<b>63.3</b>

\* The PSAEA projected balance of USD 321.2 million on 1 January 2026 is calculated on a budgetary basis. It reflects the PSAEA closing balance of USD 457.1 million, as reported in the 2024 financial statements, less budgetary commitments of USD 22.8 million, plus projected ISC income in 2025 of USD 370.8 million, minus the 2025 share of CCIs approved under the management plan for 2024–2026, of USD 3.9 million, and less the approved 2025 PSA budget of USD 480 million.

\*\* This does not include the USD 20 million of funding for the WFP digital business transformation plan CCI that will be funded from partners' contributions and the Capital Budgeting Facility

165. In view of the healthy projected balance, in addition to covering the USD 15 million shortfall in ISC income, management proposes allocating USD 78 million from the PSAEA as follows: an investment of USD 70 million in two new CCIs – USD 60 million for the WFP digital



business transformation plan for 2025–2028,<sup>34</sup> and USD 10 million for the implementation of the global shared services strategy for 2026–2028; and a replenishment of USD 8 million for the Wellness Fund.

166. After the proposed uses are considered, the projected balance of the PSAEA at the end of 2026 will be USD 228.2 million, as shown in table 4.6; this is higher than the five-month target ceiling of USD 158.3 million.

#### *Wellness special account – USD 8 million*

167. Recognizing the critical importance of staff wellbeing as a foundation for operational resilience, WFP proposes to make a USD 8 million allocation to support the implementation of the wellness strategy for 2025–2030 in 2026. Established by the Board in 2015, the wellness special account has served as a key mechanism for investing in wellness initiatives across WFP duty stations. Since its inception, it has received a total of USD 40 million, of which USD 37 million has been allocated to field-level projects, with the remaining balance expected to be allocated in the second half of 2025. The fund plays a catalytic role in ensuring the continuity, scale and timely delivery of wellness services, particularly in high-risk and resource-constrained settings.
168. Since its last replenishment in 2022, the fund has supported the delivery of essential services, including the establishment of health clinics, the deployment of psychosocial support personnel, and improvements to staff accommodation and safety infrastructure. The proposed funding will sustain and scale up these results, focusing on three strategic priorities of expanding access to integrated health and mental support services; strengthening support for teams and management to foster a healthy workplace culture; and improving working and living conditions through occupational safety assessments, disability inclusion measures, and co-investment in field infrastructure. These investments are aligned with the deliverables of the wellness strategy and will support the mainstreaming of staff well-being considerations into the planning process of CSPs.

#### *Critical corporate initiatives*

169. CCIs are designed to have a long-term impact and will generate future cost efficiencies throughout WFP. The development of CCI proposals involves collaboration among headquarters, regional and country offices aimed at ensuring that the planned results meet the needs of WFP's field operations.
170. Seven CCIs are planned for 2026 – five continuing from 2025 and two new ones – as shown in table x. The budgets of the continuing CCIs will be funded from allocations previously approved. Management proposes to allocate USD 70 million to fund the new CCIs for their duration, thereby providing reliable multi-year funding to ensure their completion.<sup>35</sup> The 2026 budget of the two new CCIs is USD 26.1 million.
171. A brief description of the new CCIs is provided below, with the full concept notes provided in annex III. Details on the current financial status, results achieved to date and plans for 2026 of the continuing CCIs can also be found in annex III.

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<sup>34</sup> This does not include the USD 20 million of funding for the WFP digital business transformation plan CCI that will be funded from partners' contributions and the Capital Budgeting Facility.

<sup>35</sup> In addition to the requested allocation, USD 20 million of funding for the WFP digital business transformation plan CCI is expected to be funded from partners' contributions and the Capital Budgeting Facility.

TABLE 4.7: CRITICAL CORPORATE INITIATIVE BUDGET OVERVIEW (USD million)			
CCI name	Duration	Total budget	2026 budget
<b>Ongoing CCIs continuing in 2026</b>			
Digital integration and modernization	2025–2026	11.0	3.6
Duty of care and inclusion	2025–2026	5.1	2.8
IPSAS implementation	2025–2026	5.1	3.0
Monitoring, identity management and traceability	2024–2026	26.7	1.0
Positioning WFP to unlock diverse funding	2025–2027	5.1	2.3
<b>Subtotal</b>		<b>53.0</b>	<b>12.7</b>
<b>New CCIs</b>			
WFP digital business transformation plan	2026–2028	80.0	22.8
Implementation of global shared services strategy	2026–2028	10.0	3.3
<b>Subtotal</b>		<b>90.0</b>	<b>26.1</b>
<b>Total</b>		<b>143.0</b>	<b>38.8</b>

➤ *WFP digital business transformation plan CCI*

172. The WFP digital business transformation plan is a multi-year initiative aimed at transforming WFP's digital ecosystem to better support its mission of achieving zero hunger. Developed in consultation with country offices, regional offices and headquarters divisions, it adopts a “whole-of-WFP” approach to technology that is in line with WFP's information and technology strategy for 2023–2026<sup>36</sup> approved by the Executive Director. The initiatives prioritized for investment address four systemic challenges: fragmented and duplicated IT systems; reliance on manual processes; underinvestment in technology compared with peer organizations; and the widespread use of shadow IT, with USD 210 million being spent on shadow IT over the past three years. The plan enables WFP to prioritize IT investments and direct funding towards the initiatives that deliver the greatest impact.
173. This three-year CCI is part of a broader investment of USD 193 million in a five-year IT investment masterplan that proposes a shift from reliance on localized, tactical investments in IT to globally scalable, interoperable platforms designed to meet both strategic and operational needs. In addition to an allocation from the unearmarked General Fund, WFP is seeking funding from partners, and a loan from WFP's Capital Budgeting Facility to be repaid through cost savings.
174. Key organizational change objectives include:
- the digitization of WFP's entire value chain;
  - the organization-wide standardization of IT platforms to replace duplicative systems;
  - greater use of process automation and AI tools;
  - data-driven governance and integrated decision-making throughout global headquarters and field operations;
  - improved alignment of IT investments with strategic priorities and cost-efficiency goals;

<sup>36</sup> WFP. [WFP Information & Technology Strategy 2023–2026](#).

- a drastic reduction in shadow IT; and
  - the alignment of IT capabilities with both strategic and field-level needs.
175. By addressing these foundational issues, the initiative will modernize WFP's operations and ensure that technology empowers WFP's work in the field. Ultimately, it will enable a future-ready WFP that is more agile, cost-efficient and digitally empowered to serve the people most in need. Among the expected results of the plan are solutions for identity management, real-time data analytics, supply chain traceability, and collaboration with partners.
- *Implementation of global shared services strategy CCI*
176. In its 2024 annual report, the Independent Oversight and Advisory Committee (IOAC) recommended that WFP develop a corporate shared services strategy to address the absence of a coherent approach and sustainable funding model. While acknowledging progress through initiatives such as the global payments solution, the IOAC emphasized the need for a unified strategy to optimize service delivery, reduce costs, and improve organizational efficiency.
177. In response, WFP developed a global shared services strategy to guide the transition from fragmented, localized services to a globally integrated model. A study undertaken for WFP by an international consulting firm identified more than 40 service lines with potential for being offered as global shared services, with eight core processes employing a total of 1,500 employees being prioritized. Building on experience with the global payments centre and other global shared services provided by WFP, the overall aim of the current shared service initiative is to centralize service delivery, improve automation and controls, and generate efficiencies throughout the organization. The initiative builds on the 2024–2025 organizational realignment, draws on lessons from peer organizations, and prioritizes cost-effectiveness and a gradual transition.
178. The proposed initiatives, which include three business processes, are described below. However, these plans may change over time, in part because of the UN80 reform initiative, which may see WFP avail itself of service providers from elsewhere in the United Nations system; nevertheless, this too will require WFP to achieve the right level of standardization in order to facilitate its use of United Nations shared services.
- *Global travel arrangements*: a redesigned, centralized travel service model that addresses inconsistencies in costs, quality and compliance. Key outcomes include improved compliance, user experience and cost-effectiveness through integrated platforms and vendor consolidation.
  - *Centralized IT service desk*: a modernized, organization-wide IT support model that standardizes processes, improves resolution rates, and ensures consistent service levels among regions.
  - *One payroll*: a unified payroll centre that integrates three existing systems to eliminate inefficiencies, reduce risks related to compliance, and streamline operations. The initiative aims to simplify data flows, harmonize reporting, and generate significant cost savings, including the potential elimination of annual external service charges.
179. By addressing structural inefficiencies and aligning service delivery with strategic priorities, the global shared services strategy will enhance operational agility, improve service quality, and unlock long-term cost savings, positioning WFP to better support its global mission.

### Use of the unearmarked portion of the General Fund

180. The main source of income for the unearmarked portion of the General Fund is investment income from WFP's cash balances, and foreign exchange income from treasury transactions which are credited to the General Fund in accordance with Financial Regulation 11.3.

<b>TABLE 4.8: PROJECTION OF THE UNEARMARKED PORTION OF THE GENERAL FUND (USD million)</b>		
<b>Projected balance at 1 January 2026*</b>		<b>325.4</b>
Projected earnings		120.0
<i>Previously approved – treasury management</i>	<i>(2.4)</i>	
<b>Proposed uses</b>	<b>(92.0)</b>	
- <i>Immediate Response Account replenishment</i>	<i>(25.0)</i>	
- <i>Country office safety net</i>	<i>(25.0)</i>	
- <i>Emerging Donor Matching Fund replenishment</i>	<i>(22.0)</i>	
- <i>Individual fundraising</i>	<i>(20.0)</i>	
<b>Projected balance at 31 December 2026</b>		<b>351.0</b>
Prudent balance		<b>150.0</b>

\* The opening balance of USD 489.4 million in the unearmarked portion of the General Fund on 1 January 2025 – as reported in the 2024 financial statements – has been adjusted by USD 8.6 million to cover the 2025 portion of the corporate process optimization CCI, resulting in a budgetary opening balance of USD 480.8 million. After factoring in projected 2025 earnings of USD 149.4 million, previously approved uses of USD 154.8 million, and new uses of USD 150.0 million approved at the Board's 2025 annual session – as in the original management plan for 2025–2027 and the update to that plan – the opening balance at 1 January 2026 stands at USD 325.4 million.

181. As approved in the management plan for 2022–2024, the annual allocation of USD 2.4 million for treasury management will be maintained. This allocation will ensure optimal management of WFP's financial resources and enhance the monitoring of financial risks.
182. In light of the healthy projected balance, management proposes to allocate USD 92 million from the unearmarked portion of the General Fund. This amount will be used prudently and strategically for investments in WFP's future, to strengthen WFP's reserves, and to fund staff obligations related to the workforce reductions.

### Immediate Response Account – USD 25 million

183. The IRA is an emergency funding mechanism that enables WFP to launch emergency operations when a disaster strikes, or provides “last-resort” funding for life-saving activities when donor contributions are not readily available. A yearly resourcing target for the IRA is met mainly by voluntary contributions from donors and by the repayment of past IRA advances from contributions to CSPs. While WFP continues to advocate with donors for contributions to the IRA, the target may also be met by allocations of multilateral contributions and transfers from WFP's reserves and fund balances, as approved through delegated authority or by the Board. The movements in the account, including approved transfers to the IRA from the PSAEA and the unearmarked portion of the General Fund, are shown in table 4.9.

<b>TABLE 4.9: IMMEDIATE RESPONSE ACCOUNT MOVEMENTS, 2016–31 JULY 2025 (USD million)</b>						
<b>Year</b>	<b>Annual average for 2016–2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Up to 30 June 2025</b>
Directed IRA contributions	28.8	64.0	101.1	107.5	74.2	26.3
Revolved funds	108.1	70.4	220.4	131.6	146.6	40.4
WFP funds	42.0	53.8	180.0	155.8	54.2	78.5
<i>Multilateral contributions</i>	<i>19.7</i>	<i>30.6</i>	<i>50.0</i>	-	-	-
<i>Unearmarked General Fund</i>	<i>3.0</i>	-	<i>100.0</i>	-	<i>50.0</i>	<i>75.0</i>
<i>PSAEA</i>	<i>19.3</i>	-	<i>30.0</i>	<i>150.0</i>	-	-
<i>Other*</i>	-	<i>23.2</i>	-	<i>5.8</i>	<i>4.2</i>	<i>3.5</i>
<b>Total revenue</b>	<b>178.9</b>	<b>188.2</b>	<b>501.5</b>	<b>394.9</b>	<b>275.0</b>	<b>145.2</b>
<b>Allocations</b>	<b>172.6</b>	<b>220.0</b>	<b>385.2</b>	<b>433.5</b>	<b>196.1</b>	<b>89.7</b>

\* Other = fund balances and foreign exchange fluctuations from contributions to the CSPs and other recipient WFP activities; interest accrued on donor funds administered by WFP through trust funds for bilateral contributions; other funds identified with and approved by the appropriate donors, management authorities and/or the Board; and, in 2021, surplus from the self-insurance special account.

184. Based on the past 12 months of approved IRA advances, the projected year-end balance for 2025 is estimated at USD 172 million. To ensure reliable funding for responding to unfolding emergencies, WFP maintains a minimum balance of USD 85 million, reflecting the average cost of three months of requirements for 2 million people. Owing to the ongoing escalation in emergencies, the demand on the IRA is expected to remain high.
185. A USD 25 million allocation from the unearmarked portion of the General Fund to the IRA will help ensure a sufficient opening balance for 2026. This will enable WFP to respond to emergencies in a timely manner while awaiting donor contributions to support operations.

#### *Country office safety net – USD 25 million*

186. 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, or “soft landing”, for country offices adapting to reduced resourcing levels. The safety net was designed to help country offices maintain high-quality programming, meet assurance standards, and effectively target beneficiaries, while preserving their capacity to respond to acute crises. Guided by prioritization criteria focused on programme quality, assurance, and operational continuity, the funds are channelled through CSPs and are not used for direct food or cash-based transfers or for programme activities such as capacity strengthening or service delivery.
187. An additional USD 40 million allocation from the General Fund to maintain support for country offices undergoing operational downsizing was approved in the update to the management plan for 2025–2027 at the annual session of the Board in June 2025.
188. As of July 2025, USD 69.8 million had been allocated to country offices to bridge costs for cooperating partners, perform retargeting exercises and related communications, strengthen community feedback mechanisms, fund cost-saving investments, and cover expenses linked to the reduction in WFP’s footprint, such as warehouse and office closures

and termination indemnities. The funds have also been used to cover fixed costs, particularly in volatile settings where WFP's agility to scale up must be preserved.

189. Unplanned, exigent costs, which include employee relocation and evacuation, are often triggered by rapidly changing security situations or security incidents. When these costs arise at the country office level and CSP resources are insufficient, the country office safety net is a valued alternative to an allocation from multilateral contributions. Multilateral contributions are also currently used to replenish the contingency evaluation fund (see annex VIII).
190. In an effort to preserve fully flexible multilateral resources for transfers to beneficiaries, and to improve transparency over the use of the unearmarked portion of the General Fund, WFP proposes to expand the scope of the country office safety net to cover unforeseen and exigent costs and to use the safety net for the annual replenishment of the contingency evaluation fund.
191. While contributions to WFP are expected to stabilize at USD 6.4 billion per year, some country offices will experience funding reductions while others will have funding increases. These fluctuations are inherent in WFP's work. Country directors have the responsibility and the tools at their disposal to manage these fluctuations. Nonetheless, the country office safety net should be maintained as a fall-back option to support country offices facing acute financial distress. For continuity of funding in 2026, WFP proposes a USD 25 million replenishment of the safety net from the unearmarked portion of the General Fund.

#### *Expansion and replenishment of the Emerging Donor Matching Fund – USD 22 million*

192. The Emerging Donor Matching Fund (EDMF) was established as a corporate funding facility to assist eligible national governments in covering the costs associated with their contributions to WFP.
193. Established in 2003, the initial USD 47.5 million in funding for the EDMF was depleted by 2016, and the fund was replenished in 2018 and 2022 with USD 30 million in each of those years; annual allocations from the fund are not to exceed USD 10 million in total and USD 1.5 million per recipient country. When all allocations and interest accruals are taken into account, the EDMF balance at the end of 2025 is expected to be USD 8 million, available for allocation in 2026.
194. To date, the EDMF has increased the volume of resources available to support WFP's operations by providing enabling resources for contributions that would otherwise not have been available. The EDMF continues to fulfil its intended purposes by facilitating technical assistance arrangements and multi-year engagement with national governments, South-South and triangular cooperation agreements, and the implementation of rapid national crisis response plans.
195. To further enhance the leverage ratio and improve country offices' access to new sources of appropriate financing, WFP proposes to expand the eligibility criteria for partners seeking support from the EDMF such that the fund can be used to match contributions from selected vertical funds<sup>37</sup> that do not meet full cost recovery requirements, subject to the Board's approval of the classification of vertical funds as non-traditional donors in relation to the application of WFP General Rule XIII.4(c). One of the main purposes of the vertical funds is to increase financial flows to underserved regions, and WFP is viewed as a key implementing partner in achieving the funds' objectives, but contributions from them often fall short of WFP's requirements for full cost recovery owing to their incompatible financial models. The

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<sup>37</sup> Vertical funds are the funds designated as part of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC): the Global Environment Facility, the Green Climate Fund, the Special Climate Change Fund, the Least Developed Countries Fund, the Adaptation Fund, and the Fund for Responding to Loss and Damage.



expansion of the criteria for EDMF support could unlock up to USD 170 million in additional financing over the next three years, significantly strengthening WFP's capacity to mobilize new resources for large-scale projects in fragile and food-insecure settings, and enhancing the sustainability and reach of country-level operations.

196. The Secretariat proposes a replenishment of USD 22 million for the continuing functioning of the EDMF until December 2028. This would allow WFP to use the fund in a sustained and effective manner, including for the advancement of priorities in line with the evolving nature of its partnerships with national governments, and to implement structural changes to the scale and scope of the fund as required.

#### *Individual fundraising (second tranche) – USD 20 million*

197. In 2026, WFP proposes to allocate USD 20 million to the expansion of its individual fundraising model, as the second tranche of a USD 100 million investment from the unearmarked portion of the General Fund. This strategic investment has the aim of diversifying WFP's income streams sustainably by expanding and regularizing its engagement with individual donors in new countries and language markets, tapping into a comparatively less volatile donor base worldwide.
198. With the 2025 investment of USD 20 million, WFP has started to implement a strategy for building a regular donor base of supporters who will provide WFP with reliable income year after year. The expansion into new markets and through new channels will secure more than 82,000 regular givers in 2025, setting the foundations of a large supporter base that delivers flexible and sustainable income. WFP is on track to reach the target of USD 138 million in contributions from individual supporters set forth in the 2025 investment proposal.
199. By increasing the share of individual givers to make regular contributions, and fostering long-term donor relationships, the initiative will enhance financial sustainability and predictability for WFP, while also increasing the proportion of unearmarked funding available to the organization. The expected cumulative income from this effort is projected to exceed USD 1.3 billion by 2030.

#### *Workforce management – no allocation required*

200. Inherent to WFP's operating model is the scaling up and down of activities as crises arise and subside, and funding fluctuates. To manage these cycles, country offices regularly conduct staffing reviews and resize their workforces. The downsizing of the local workforce has been managed primarily through the non-renewal of short-term contracts and, occasionally, the separation of staff on fixed-term contracts, with the costs being borne by the country portfolio budgets, supplemented by the country office safety net, and through a termination indemnity CCI. For the mobile, international workforce, while WFP continued to grow, downsizing in one country office has historically been absorbed by upsizing in other country offices or by filling vacancies at global headquarters.
201. The mobile, international and global headquarters workforce must be maintained at a level that ensures appropriate capabilities and continued capacity for critical operations in country offices and for business services and oversight at global headquarters. As a consequence, the management of this workforce is aligned with the overall level of WFP's operational implementation plan, which lags behind any change in the contribution level.
202. Looking ahead, WFP aims to reduce its entire workforce to approximately 16,000 people, aligning its headcount with a contribution forecast of USD 6.4 billion. By comparison, at the start of 2025, WFP had a workforce of just above 22,000 people, including interns and volunteers. To calibrate the workforce gradually while ensuring the WFP has the right workforce for the future, the downsizing plan under development is based on three pillars: ensuring that the right talent and expertise is in place for the future through succession



planning exercises; making clear WFP investment in core capabilities by prioritizing partnerships, digitalization, and emergency preparedness; and keeping the right balance between the forecasted budget and hiring activities by maintaining the number of mobile staff at a manageable threshold.

#### *Managing the international and global headquarters workforce*

203. In October 2023, when the funding outlook began to show signs of an overall decline that was not limited to a few country operations, WFP implemented a pause on recruitment as a proactive measure for limiting the growth in its international and global headquarters workforce. This was followed by additional measures in 2024 and 2025 aimed at aligning the workforce with the available funding.<sup>38</sup> The most recent measure has been a reduction in the period for which international professional staff can remain unassigned, from 12 to 6 months. In 2024 the cost of downsizing – through the first round of agreed separations – was funded from a budgetary accrual that had grown over time. In 2025, with more significant reductions in positions, USD 60 million was approved to fund the managed downsizing of the international professional and general service workforce at global headquarters. These resources are being used to fund a second round of agreed separations, unassigned staff costs, and administration of the process.
204. As the operational implementation plan continues gradually to decrease throughout 2026 – albeit while continuing to be USD 1 billion higher than the forecasted contribution income – the mobile, international and global headquarters workforce will also decline. The costs of a gradual downsizing, which ensures that WFP meets its contractual obligations to its staff and that it preserves the expertise provided by employees on affiliate contracts, are substantial. Rather than requesting new allocations from the unearmarked portion of the General Fund, WFP will fund these costs by repurposing a portion of the overfunding in the employee benefits fund.
205. From 2011 to 2024, through its standard staff costs, WFP exceptionally contributed USD 7.5 million per year, or USD 97.5 million in total, to the employee benefits fund to ensure that it could meet its long-term obligations regarding staff entitlements. Strong returns on investments, combined with the continued funding of annual service costs, have now resulted in assets significantly in excess of these liabilities as determined by the actuarial valuations. As of 30 June 2025, the employee benefits fund is funded at 140 percent, with excess assets of USD 359.5 million above actuarial liabilities.
206. WFP will use a portion of this overfunding to cover separation payments and the salaries of unassigned staff in 2026. This use of funds will be limited to USD 97.5 million.
207. While these costs differ from post-employment benefits, they affect the same staff population and fall within WFP's obligations. Applying up to USD 97.5 million of the excess therefore provides a prudent and appropriate means of covering downsizing costs, while maintaining the long-term security of post-employment benefits. When fully implemented, this measure would reduce the funding ratio of the fund from 140 percent to 129 percent, leaving an excess of USD 262 million. To ensure continued financial oversight, the Secretariat will launch a study of asset and liability management in 2026, based on data as of 31 December 2025, and will continue to report the findings from this study to the Board.

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<sup>38</sup> WFP. 2025. [Update to the WFP management plan \(2025–2027\)](#), section 4.3.

## Section V: Changes to the Financial Regulations

### 5.1 Background and objectives

208. From 2018 to 2020, WFP's General Rules and Financial Regulations, particularly in respect to full cost recovery policies and related terminology and the delegations of authority to approve CSPs and country portfolio budgets, were amended as part of the Integrated Road Map framework. Recognizing the need for improvements to the broader budgetary governance framework, WFP is proposing several revisions to the Financial Regulations with the aim of ensuring that budget-related definitions and decisions are accurately reflected, and to consolidate elements currently spread across several documents, including past management plans.
209. The proposed revisions will consolidate budgetary policy, reduce the length and number of draft decisions presented to the Board, reduce ambiguity, resolve inconsistencies among regulations, and enhance WFP's agility in responding to change, while ensuring that the Board retains its strategic and budgetary oversight role. The revisions also aim to address some of the External Auditor's recommendations related to budgetary policy.<sup>39</sup>

### 5.2 Proposed changes to the Financial Regulations

210. The rationale and proposed changes are included in the following paragraphs while a side-by-side comparison between the current text and the proposed revised text is included in annex VII.

#### Financial Regulation 1.1: Definition of WFP budget

211. The WFP budget is currently defined as follows:

*WFP Budget shall mean the annual budget component of the Management Plan approved each year by the Board, indicating estimated resources and expenditures for programmes and activities, and shall include a Programme Support and Administrative budget.*

212. The current definition lacks clarity in several respects. It is ambiguous regarding whether the estimated resources and expenditures, and the PSA budget are components of the WFP budget or of the broader management plan. It also lacks clarity as to whether the Board is to grant approval of the management plan or the WFP budget. In addition, the definition does not reflect the dynamic nature of WFP's operational and funding environment.
213. In developing a revised definition, WFP aimed to ensure that the WFP budget:
- reflects the full cost of delivering on approved CSPs, including both direct and indirect costs;
  - reflects the total resourcing requirements throughout the year, thereby enhancing transparency and coherence in resource mobilization; and
  - allows for budget adjustments over the course of the year in response to evolving operational contexts and funding levels.
214. WFP considered the findings of the Joint Inspection Unit's (JIU's) review of budgeting practices in United Nations organizations.<sup>40</sup> The JIU emphasized that the principal function of a budget is to provide Member States and governing bodies with a financial plan for implementing a programme of work over a defined period. A programme budget should focus on the objectives to be achieved and translate them into the resources required for implementation.

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<sup>39</sup> See annex VII.

<sup>40</sup> United Nations. 2024. Budgeting in organizations of the United Nations System, [JIU/REP/2024/3](#).

215. The JIU also noted that United Nations entities adopt various budgeting models, including resource-based approaches, as at the United Nations Development Programme (UNDP), the United Nations Population Fund and the United Nations Children's Fund; needs-based approaches, as at the Office of the United Nations High Commissioner for Refugees; and hybrid models, as at the United Nations Entity for Gender Equality and the Empowerment of Women, and WFP, where the model includes operational requirements and the provisional implementation plan.
216. WFP also considered the International Public Sector Accounting Standards (IPSAS), specifically IPSAS 24, on the presentation of budget information in financial statements. IPSAS 24 defines annual budget as an approved budget for one year, while IPSAS also states that the financial statements should include a comparison among the original and final budgets, and the actual amounts on a comparable basis.
217. To address the issues identified, align the definition of WFP's budget with best practices, and ensure that the definition is consistent with WFP's operational reality, the following revised definition is proposed:
- WFP Budget shall mean the sum of the annual portions of each country portfolio budget approved, and/or expected to be submitted for approval, for the financial period, including their operational and support costs, and shall be inclusive of the Programme Support and Administrative budget.*
218. Under this revised definition, the WFP budget would reflect the full cost of operational requirements, including both direct and indirect costs. For example, under the new definition, the WFP budget for 2026 would amount to USD 13.0 billion, which will be reflected in statement V of the financial statements as the original budget, in line with IPSAS 24. Meanwhile, the WFP budget would be dynamic, allowing for updates throughout the year in response to changing operational needs, as reflected in the approval of individual new and revised country portfolio budgets. The final WFP budget will comprise the sum of the annual portions of individually approved country portfolio budgets as of the last day of the fiscal year.

#### **Financial Regulation 9.4: Elements included in the management plan**

219. The current regulation reads:
- The proposed Management Plan will include: (a) planned outcomes and indicators of achievement; (b) comparative tables setting out the proposals for the following financial period, the approved WFP Budget for the current financial period and the approved WFP Budget for the current financial period as modified in the light of actual receipts and expenditures; and (c) such statistical data, information, explanatory statements and staffing tables including those with regard to the second and third years of the Management Plan period, as may be requested by the Board or considered appropriate by the Executive Director.*
220. The proposed revisions to Financial Regulation 9.4 aim to improve coherence and reduce ambiguity. The comparative budget tables referenced in item (b) above will be simplified. Given that the definition of the management plan already refers to its three-year planning period, the references to the second and third years in item (c) above will be removed, while additional information will continue to be included as requested by the Board or at the discretion of the Executive Director.

221. The proposed text would read as follows:

*The Management Plan will include:*

*(a) planned outcomes and indicators of achievement; and*

*(b) comparative tables setting out the approved WFP Budget for the current financial period and the proposal for the following financial period.*

*The Executive Director shall also provide, for the Board's information, such indicative statistical data, information, explanatory statements and staffing tables with regard to the Management Plan period as may be requested by the Board or considered appropriate by the Executive Director.*

#### **Financial Regulation 9.5: The Board's consideration and approval of the management plan and the WFP budget**

222. The current regulation reads:

*The Board shall consider the proposed Management Plan, and the related reports of the ACABQ and the Finance Committee, and shall approve the Management Plan, including the WFP Budget, prior to the beginning of the financial period covered by the WFP Budget.*

223. Amendments to Financial Regulation 9.5 seek to clarify the role of the Board in approving the WFP budget rather than the entire management plan. This shift is in accordance with General Regulation XIV.6, which requires the Executive Director to submit a "WFP budget" to the Board for approval, and responds to the External Auditor's recommendations on formalizing the approval of an overall WFP budget.

224. Changes to this regulation also seek to pre-emptively address the potential contradiction between the approval of a WFP budget (General Regulation XIV.6) and the approval of individual CSPs and their country portfolio budgets, which are regulated under General Regulation VI.2(c). The changes also clarify the evolving nature of the WFP budget throughout the year, in line with changes in the CSP budgets.

225. The proposed text would read as follows:

*The Board shall consider the Management Plan, and the related reports of the ACABQ and the Finance Committee, and shall approve the annual WFP Budget prior to the beginning of the financial period covered by the annual WFP Budget. Approval of the WFP Budget does not constitute approval of individual programmes or their related country portfolio budgets, which shall be submitted separately for approval and revision pursuant to General Regulation VI.2(c) and the Appendix to the General Rules. The WFP Budget shall be deemed to incorporate future approvals and revisions of country portfolio budgets without further action by the Board.*

226. As an example of the modified regulation, in November 2025, the WFP budget for 2026 is approved at USD 13.0 billion, which includes the country portfolio budget of country Alpha for USD 1.0 billion. During 2026, an emergency escalates, and the Board approves a revised country portfolio budget for country Alpha at USD 2.5 billion. Assuming no other changes or new individual country portfolio budget approvals, the WFP budget will be USD 14.5 billion. The updated WFP budget will not be subject to approval by the Board, as the underlying changes have been individually approved by the Board in line with General Regulation VI.2(c). In financial statement V, the original budget will be reflected as USD 13.0 billion and the final budget will be USD 14.5 billion.

227. Notwithstanding the approval of the WFP budget, appropriations for the PSA budget and any other appropriations would continue to be specifically approved by the Board on an annual basis.

## Financial Regulation 9.6: Implications of approving appropriations

228. The current regulation reads:

*The Board's approval of the Management Plan, including the Budget, shall constitute: (a) acceptance of the WFP programme of work for the following financial period and an authorization to the Executive Director to proceed with the implementation of the programme of work; and (b) an authorization to the Executive Director to allocate funds, issue allotments, incur obligations and make payments for the purposes for which the appropriation was approved, up to the amount so approved.*

229. To align with the revised Regulation 9.5, which specifies that the WFP budget, rather than the entire management plan, is the component subject to approval by the Board, the proposed amendment to Financial Regulation 9.6 places emphasis on the approval of specific appropriations. In addition, it is proposed that item (a), which refers to programmatic elements, be deleted in order to avoid overlap with Financial Regulation 8.1, which governs CSPs and the programmatic framework. These revisions ensure that Financial Regulation 9.6 is focused exclusively on the appropriations presented through the management plan.

230. The proposed text would read as follows:

*The Board's approval of the Programme Support and Administrative budget and other appropriations shall constitute an authorization to the Executive Director to allocate funds, issue allotments, incur obligations and make payments for the purposes for which the Programme Support and Administrative budget and other appropriations were approved, up to the amount so approved.*

## Financial Regulation 9.7: Transfers within PSA appropriation lines

231. The current regulation reads:

*The Executive Director may make transfers within each of the main appropriation lines of the approved Programme Support and Administrative budget. The Executive Director may also make transfers between appropriation lines up to limits the Board may specifically set.*

232. The amendment to Regulation 9.7 introduces a 5 percent threshold of flexibility for transfers into and out of each PSA appropriation line. This amendment formalizes the limits referenced in the regulation.

233. The change enhances WFP's ability to respond to evolving operational and administrative needs within a defined and limited range. It allows for the savings in one appropriation line to be used to address essential and prioritized expenditures in another, thereby supporting more effective, accurate and timely budget implementation. Such flexibility is particularly important for responding to the adjustments that may arise in the latter part of a year, when the windows for requesting changes through any potential update to the management plan for that year, which is finalized by April, or to the management plan for the following year, which is finalized by September, have closed.

234. The proposed text would read as follows:

*The Executive Director may make transfers within each of the main appropriation lines of the approved Programme Support and Administrative budget. The Executive Director may also make transfers between appropriation lines, provided that the net amount transferred into and out of an appropriation line in a financial period does not exceed 5 percent of that appropriation line as approved by the Board, or such other limit the Board may specifically set.*

235. An example of the application of the proposed transfer flexibility is presented in table 5.1. In this example, there are four appropriation lines, each with a maximum allowable transfer threshold of 5 percent, which must be respected independently of changes in the other

lines. If a 5 percent increase is desired in appropriation line B, transfers from the other appropriation lines could be made, but not in excess of 5 percent of each of those other appropriation lines.

TABLE 5.1: EXAMPLE WITH THE PROPOSED CHANGES IN THE LANGUAGE					
Appropriation line	Approved appropriation line	5% (maximum change)	Change	Modified appropriation line	Actual % change
A	100.00	+/- 5.00	(5.00)	95.00	-5%
B	150.00	+/- 7.50	7.50	157.50	5%
C	50.00	+/- 2.50	(2.50)	47.50	-5%
D	25.00	+/- 1.25	0.00	25.00	0%
<b>Total</b>	<b>325.00</b>		<b>0.00</b>	<b>325.00</b>	<b>0%</b>

### Financial Regulation 9.8: Revised programme support and administrative budget

236. The current regulation reads:

*The Executive Director may propose a revision in the Management Plan, including a supplementary budget, for the financial period in a form and manner consistent with the Management Plan.*

237. Updates to this regulation aim to focus the regulation on revisions to the PSA appropriations, as opposed to revisions to the management plan. To avoid ambiguity, the revised regulation clarifies that supplementary budgets relate specifically to the PSA budget.

238. Currently, every management plan includes specific decisions through which the Board authorizes the Executive Director to increase or decrease the PSA budget within specific limits. The proposed changes would formalize this authority within the Financial Regulations. As a result, it would no longer be necessary to include these specific decisions in each management plan, except where the proposed increase or decrease exceeds the limit stated in the revised regulation.

239. The proposed text would read as follows:

*The Executive Director may adjust the approved Programme Support and Administrative budget by:*

- (a) increasing it by an amount not exceeding 25 percent of the indirect support cost portion of an increase in WFP's forecasted contribution income for the financial period, less the amount of any approved Programme Support and Administrative budget funding shortfall for that period; or*
- (b) reducing expenditure by an amount not exceeding 10 percent of the approved Programme Support and Administrative budget, through cost-saving measures.*

*All changes exceeding those limits shall require the Executive Director to submit a proposed supplementary budget for the Board's approval and an updated Management Plan for the Board's consideration. The Board shall be informed of all adjustments approved by the Executive Director.*



## PSA equalization account

240. In line with efforts to improve the clarity and governance of WFP's financial framework, the Secretariat is proposing the inclusion of a new definition and a new Financial Regulation concerning the PSAEA. Although the PSAEA has been in use since 2002,<sup>41</sup> its function and permitted uses are not currently defined in the Financial Regulations. These proposals seek to formalize existing practices, enhance transparency, and streamline the presentation of the management plan.
241. The PSAEA plays a key role in managing the financial stability of WFP's PSA budget. It is used primarily to manage the timing differences between the receipt of income from ISC and the incurrence of PSA expenditures. The account also absorbs variances in standard staff costs – the differences between estimated and actual employment costs – for PSA-funded positions (box 5.1).
242. In 2015, the Board endorsed a target balance and a minimum floor for the PSAEA. The target balance was set at a level equivalent to five months of PSA expenditures, while the floor was set at two months. These parameters help to maintain an adequate buffer for ensuring the sustainability of PSA-funded activities in the event of shortfalls in ISC income, or unexpected cost fluctuations. A balance that exceeds the target level can be proposed for specific purposes such as the strengthening of reserves, work in a specific thematic area, or the funding of strategic investments, including critical corporate initiatives, subject to Board approval.

### Financial Regulation 1.1: Definition of the PSA equalization account

243. The definition proposed is as follows:

*Programme Support and Administrative Equalization Account (PSA Equalization Account) shall mean a reserve account established to record the difference between the income generated from indirect support costs and the expenditures related to programme support and administrative activities.*

### New Financial Regulation 10.7: Use of the PSAEA

244. The proposed regulation is as follows:

*The Executive Director may draw from or credit the Programme Support and Administrative Equalization Account (PSA Equalization Account) to address any shortfall or surplus arising from:*

*(a) indirect support cost income that is lower or higher than is required in order to meet programme support and administrative expenditures; and*

*(b) variances in actual position costs relative to the corresponding amounts used to calculate the Programme Support and Administrative budget.*

*All other uses of the PSA Equalization Account shall require approval by the Executive Board.*

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<sup>41</sup> "Final report on the analysis of the indirect support cost (ISC) rate"(WFP/EB.3/2002/5-C/1).



### **Box 5.1. Standard staff cost variance**

At the beginning of each budget cycle, WFP calculates standard staff cost rates for each grade level for the coming year. The calculation is based on the actual costs incurred in the previous year, and is adjusted for inflation, exchange rate variations and other anticipated changes. The rates include base salary; post adjustment; pension and insurance contributions; entitlements such as annual leave and unassigned periods; post-employment benefits; allowances such as hardship, mobility and danger pay, and education and reassignment grants; and security and wellness costs.

Throughout the year, these standardized rates are applied to charge staff costs to various funding sources. This approach provides consistency and predictability in budget execution. During financial closure at the end of the financial year, the difference between the actual costs incurred and the standard costs charged is calculated. Differences between the standard and actual costs arise for a variety of reasons, including variations in entitlements; steps within grades; exchange rate fluctuations; the number of reassignments; and the number of unassigned employees, along with the length of time for which they remain unassigned.

These differences, referred to as “standard staff cost variances”, are a regular feature of WFP’s budgeting model and reflect the gap between estimated and realized employment costs throughout the organization. Over the past ten years, WFP has recorded an average positive staff cost variance of approximately 3 percent of total staff costs. These surpluses have been credited to the PSAEA for positions funded by the PSA budget, and to the unearmarked portion of the General Fund for all other positions.

### **Other changes to the Financial Regulations and Financial Rules**

245. For consistency with the above changes, WFP is also proposing small updates to definitions of Appropriation, Appropriation line, Management Plan, and Programme Support and Administrative budget, and to Financial Regulations 9.1, 9.2, 9.3, 9.9 and 12.1. These can be seen in annex VII.
246. In line with the provisions of Financial Regulation 2.2, the Executive Director shall establish Financial Rules, consistent with the WFP General Regulations and WFP Financial Regulations, that ensure effective financial administration and the exercise of economy. Following the approval of the above updates to the Financial Regulations, the Executive Director will be revising the Financial Rules. The Executive Director shall circulate the Financial Rules for information to the Board, the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Finance Committee of the Food and Agriculture Organization of the United Nations (the Finance Committee).

## Critical corporate initiatives – concept notes

1. Since 2015, WFP has used CCI to strengthen its programming and its operational and administrative capacity to fulfil its mission and deliver value for money. CCIs are one-off in nature and are not covered by regular programme support and administrative funding; should not be related to a single project; require predictable multi-year funding; are unlikely to generate sufficient directed contributions from donors; and focus on organizational change. The PSA equalization account and the unearmarked portion of the General Fund are the main funding sources for CCIs.
2. Seven CCIs are planned for 2026. Their expected results, activities, implementation plans, budgets and KPIs are detailed in this annex. Two CCIs are new and require funding, while five ongoing CCIs will use funds approved in previous management plans.

TABLE A.III.1: CRITICAL CORPORATE INITIATIVES BUDGET OVERVIEW ( <i>USD million</i> )						
CCI title	Duration	Projected expenditures				
		Up to 30 June 2025*	July–December 2025	2026	2027 and beyond	Total budget
<i>New CCIs</i>						
Implementation of global shared services strategy	2026–2028	-	-	3.31	6.69	10.00
WFP digital business transformation plan**	2026–2028	-	-	22.80	57.20	80.00
<i>Subtotal</i>		-	-	<b>26.11</b>	<b>63.89</b>	<b>90.00</b>
<i>Ongoing CCIs (no additional funding)***</i>						
Monitoring, identity management and traceability	2024–2026	20.50	5.20	1.05	-	26.75
Digital integration and modernization	2025–2026	5.85	1.59	3.58	-	11.02
Duty of care and inclusion	2025–2026	1.44	0.93	2.78	-	5.15
IPSAS implementation	2025–2026	1.29	0.82	3.07	-	5.18
Positioning WFP to unlock diverse funding	2025–2027	0.80	0.96	2.28	1.10	5.14
<i>Subtotal</i>		<b>29.88</b>	<b>9.50</b>	<b>12.76</b>	<b>1.10</b>	<b>53.24</b>
<b>Total</b>		<b>29.88</b>	<b>9.50</b>	<b>38.87</b>	<b>64.99</b>	<b>143.24</b>

\* Unaudited cumulative expenditures since the start of each CCI, including open commitments.

\*\* Only USD 60 million of funding is requested from the PSA Equalization Account. The total budget of USD 80 million includes USD 20 million from partners' contributions and the Capital Budgeting Facility, as outlined in the section of this annex on the WFP digital business transformation plan and reflected in table A.III.1.

\*\*\* The slight increase in the overall budget of ongoing CCIs reflects the revision of standard position cost rates in 2026.

## Implementation of global shared services strategy

Summary			
Lead department/ division	Workplace and Management Department	Budget for Board approval	<b>USD 10.00 million</b>
Participating divisions in 2026	Chief Financial Officer Division, Human Resources, Management Services, Technology	CCI lifespan	<b>Multi-year:</b> 2026: USD 3.31 million 2027: USD 3.90 million 2028: USD 2.79 million
Link to management results	MR2: Efficient, effective and evidence-based business services (100%)		

### Overview

3. In response to rapidly evolving global conditions marked by increasing humanitarian needs and diminishing financial resources, the United Nations system is undertaking a series of ambitious reform initiatives aimed at enhancing operational efficiency and coherence. These efforts encompass broad structural changes throughout the United Nations system and include a renewed focus on the delivery of system-wide efficiency measures. In this context, shared services have emerged as a cornerstone of reform, offering a pathway to the streamlining of support functions and the optimization of resource allocation.
4. Drawing on its experience in implementing digitally enabled shared services, WFP is well positioned to advance this agenda. Building on recommendations from its Independent Oversight and Advisory Committee, WFP is now pursuing a more strategic approach to the provision of shared services, in accordance with its corporate priority of maximizing efficiency and directing resources to field operations. This approach seeks to reduce the transactional burden on country offices, foster internal collaboration and modernize support functions through improved data management, digitization and accountability.
5. The development of a global shared services strategy represents a pivotal step in WFP's efforts to strengthen the backbone of its operations. By offering standardized, scalable and transparently costed enabling services, particularly in emergency settings, WFP aims to enhance control mechanisms, ensure business continuity and empower field offices to focus on their core mission. The strategy is designed to be agile and comprehensive, supporting WFP's ability to deliver food assistance and emergency response with greater speed and precision.
6. A comprehensive study conducted by an international consulting firm identified more than 40 service lines with the potential for centralized service provision, among which eight core processes, collectively employing approximately 1,500 employees, have been prioritized for initial implementation. These processes will serve as the foundation for a phased rollout of global shared services. The initiative builds on WFP's organizational realignment and lessons learned from peer agencies, emphasizing a gradual transition, cost-effectiveness, and improved automation and controls. The initiative also anticipates alignment with broader United Nations reforms, which may involve the leveraging of system-wide service providers, contingent on achieving the necessary standardization.
7. To operationalize this vision, WFP is seeking funding for identifying additional processes for centralization and piloting implementation over the next three years. Initial focus areas include travel, payroll and information technology (IT) support services. These processes have been selected based on their potential to deliver measurable efficiency gains, reduce complexity and improve service quality.

8. The proposed redesign of WFP's travel service aims to consolidate vendor management and establish a centralized support model that improves compliance with standards and cost-effectiveness. The payroll initiative seeks to unify fragmented systems in a single service centre, reducing duplication of effort and enhancing efficiency. Meanwhile, the centralized IT service desk will standardize support other processes and improve service delivery in all regions.

### **Efficiency gains and return on investment**

9. As part of WFP's broader strategic commitment to modernizing support functions and enhancing operational efficiency, initial efforts have commenced on several high-impact processes identified for centralization and transformation.
10. Work has started on some priority processes for centralizing travel arrangements, enhancing travel-related contracting and payment processes, and offering worldwide services to all WFP travellers through one of the deliverables of the corporate process optimization CCI approved for 2024-2025. Annual cost savings from centralized travel arrangement are projected to exceed USD 0.6 million, alongside anticipated service improvements that will reduce the stress of dealing with unexpected interruptions to travel, increase automation and strengthen vendor management.
11. A centralized IT service desk is being designed, building on WFP's experience with previous global service models in order to streamline organization-wide IT support. By improving "first-call resolution" rates, minimizing the need for human intervention at a second or third level of the resolution process, introducing a comprehensive service catalogue and automating high-volume, repetitive requests, the initiative is expected to generate annual savings of approximately USD 0.55 million. These gains will be complemented by additional benefits, including enhanced service consistency, faster resolution times, improved performance analytics and a reduced operational burden on country offices, thereby freeing resources to focus on frontline delivery of assistance.
12. Payroll optimization is being planned with the aim of consolidating and centralizing WFP's three existing payroll systems. While certain prerequisites must be addressed to ensure the viability of the proposed options, the initiative draws on lessons from WFP's experience with the global payments centre. Projected annual savings are expected to exceed USD 1.5 million, in addition to qualitative benefits such as shorter processing times, strengthened internal controls, improved reporting and analytics, and enhanced service delivery for WFP personnel.

### **Management and implementation approach**

13. Implementation of the initiative will follow a phased approach, aligning processes of varying maturity with the global shared services strategy. The primary objective is to deliver measurable efficiency gains, improve service quality and reduce the transactional burden on country offices, enabling a sharper focus on WFP's core mission. All change management efforts will be supported by assistance for the transition to shared services tailored to local conditions and by meaningful stakeholder engagement.
14. Deliverable 1 will focus on defining the scope of the service, selecting hub locations and engaging stakeholders, building on foundational work already undertaken. Under deliverable 2, WFP will launch pilot hubs; deploy enabling systems, including automation and AI; expand and refine the model, based on feedback; monitor performance indicators; and track cost savings to ensure sustainability.
15. For travel services, the initiative will pilot a centralized model for coordinating travel arrangements and managing vendors, supported by a digital platform and a global operating framework. The payroll initiative will establish a unified support centre to improve efficiency, consistency and compliance with all relevant rules and regulations. The IT service

desk will introduce a scalable, satellite-based model, standardize support processes and integrate performance management tools so as to enhance responsiveness and reduce interruptions in IT systems.

16. Throughout 2026, foundational activities for the delivery of shared services will include process mapping, the design of the operating model, policy updates and stakeholder engagement through working groups and pilots. A robust change management strategy, supported by performance metrics and cost recovery mechanisms, will guide adoption, set the stage for full rollout and ensure a tangible impact from 2027 and beyond.

## Deliverables

TABLE A.III.2: BUDGET BY DELIVERABLE, 2026–2028 (USD million)				
Deliverable	2026	2027	2028	Total
<b>Deliverable 1:</b> Define the new service delivery model for the processes identified	3.16	1.89	1.20	<b>6.25</b>
<b>Deliverable 2:</b> Implementation of WFP shared services, including the related change management	0.15	2.01	1.59	<b>3.75</b>
<b>Total</b>	<b>3.31</b>	<b>3.90</b>	<b>2.79</b>	<b>10.00</b>

### *Deliverable 1: Define the new service delivery model for the processes identified*

17. This deliverable has the aim of establishing a standardized service delivery model for each of the three prioritized global shared service lines – travel arrangements, payroll and IT support – in full accordance with the overarching global shared services strategy and broader United Nations shared service frameworks. It will begin with a comprehensive mapping and assessment of existing service delivery processes, policies and tools, followed by the design of new operating models that reflect the strategic objectives of global shared services. During the discovery and implementation phase, additional processes may be assessed for centralization and pilot projects developed, based on the assessed maturity of the process. The processes selected for pilot testing may include global asset disposal, mobility and fleet optimization, global facilities, finance transactions, and contract issuance and management for procurement. To ensure accountability and sustainability, governance and funding arrangements for each service will be designed and formally approved. A structured pilot-testing and implementation plan will also be developed, including risk assessments and mitigation strategies. Delivery models will be compatible with the proposed United Nations services hub, a digital “one-stop shop” for providing access to shared enabling services throughout the United Nations system.

### *Deliverable 2: Implementation of WFP shared services, including the related change management*

18. The objective of this deliverable is to design a unified, scalable front-end solution for ensuring access to WFP’s global shared services and alignment with United Nations system-wide frameworks. The initiative will define and adopt standardized processes, service-level indicators and operating procedures for the three prioritized service lines. Supporting tools will be streamlined and automated to facilitate implementation, while experience with existing centralization efforts and shared service centres will inform the selection of locations and planning of the transition to shared services. A structured change management process will guide WFP’s adoption of the solution and ensure continuity throughout the transformation.

## Key performance indicators

TABLE A.III.3: KEY PERFORMANCE INDICATORS BY DELIVERABLE				
Key performance indicator	Baseline	2026 target	2027 target	2028 target
<b>Deliverable 1: Define the new service delivery model for the processes identified</b>				
Percentage of processes mapped and analysed	0	100%	N/A	N/A
Percentage of policies and procedures reviewed and aligned with proposed model	0	100%	100%	100%
Completion and approval of implementation roadmaps for each workstream	0	100%	N/A	N/A
<b>Deliverable 2: Implementation of WFP shared services, including the related change management</b>				
User satisfaction score from pilot offices	0	N/A	80%	80%
Percentage of change management activities completed – communications, training, adoption	0	N/A	80%	100%
KPI dashboard established and operationalized	0	N/A	100%	100%

## WFP digital business transformation plan

Summary			
Lead department/division	Technology Division	Budget for Board approval	USD 60.00 million
Participating divisions in 2026	Analysis, Planning and Performance, Chief Financial Officer, Management Services, Partnerships Coordination Services, Programme Policy and Guidance, Security, Supply Chain and Delivery	CCI lifespan	Multi-year: 2026: USD 22.80 million 2027: USD 22.08 million 2028: USD 15.12 million
Link to management results	MR2: Efficient, effective and evidence-based business services (100%)		

## Overview

- WFP's information and technology strategy for 2023–2026<sup>1</sup> sets a bold vision for accelerating the organization's shift to becoming a digitally enabled, data-driven organization and advancing its mission of achieving zero hunger. WFP has made significant progress in this transformation, but to fully realize the benefits and meet growing operational demands,

<sup>1</sup> WFP. 2023. *WFP Information & Technology Strategy 2023–2026*.

WFP will have to overcome structural barriers and deliver integrated, fit-for-purpose solutions that support faster, more effective humanitarian response.

20. Complementing the IT strategy is a five-year digital business transformation plan costed at USD 193 million. Developed in consultation with country and regional offices and headquarters divisions, the plan reflects a “whole-of-WFP” approach to technology aimed at maximizing organizational impact. The initiatives prioritized for investment respond to four systemic challenges: fragmented and duplicated IT systems; reliance on manual processes; underinvestment in technology compared with peer organizations; and widespread use of shadow IT. The five-year investment plan proposes a shift from localized, tactical IT spending to the use of globally scalable, interoperable platforms.
21. This CCI prioritizes the first three years of implementation of the five-year plan. Supporting strategic and frontline operational needs, the initiative includes solutions for identity management, real-time data analytics, end-to-end monitoring, supply chain traceability and collaboration with partners.
22. Key organizational change objectives include:
  - the digitization of WFP’s entire value chain;
  - the organization-wide standardization of IT platforms to replace duplicated local systems;
  - process automation and the adoption of AI tools;
  - data-driven governance and integrated decision-making across headquarters and field operations;
  - improved alignment of IT investments with strategic priorities and cost-efficiency goals;
  - drastic reductions in shadow IT; and
  - the alignment of IT capabilities with strategic and field-level needs.
23. Compared with international benchmarks, WFP continues to spend significantly less on IT than comparable organizations. The business transformation plan enables WFP to prioritize its IT investments and direct funding to the initiatives that deliver the best possible outcomes. By addressing these foundational issues, the plan will modernize WFP’s operations and ensure that technology facilitates operations in the field, enabling a future-ready WFP that is more agile, cost-efficient and digitally empowered to serve the frontline.
24. Proposed funding for the three-year plan is from a variety of sources: USD 60 million from the PSA equalization account; USD 10 million from partners; and a loan from the Capital Budgeting Facility to be repaid through future cost savings. The initiative also builds on and incorporates the IT component of existing investments<sup>2</sup> valued at USD 10 million.

### Efficiency gains and return on investment

25. The five-year digital business transformation plan aims to unlock up to USD 259 million in efficiencies over five years by replacing fragmented systems and manual processes with integrated digital platforms. Using funding from this CCI for the first three years of its implementation, the initiative will focus on high-impact digital solutions selected for their ability to deliver measurable efficiencies and operational transformation within the timeframe of the CCI.

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<sup>2</sup> These include the following CCIs, approved in previous management plans: corporate process optimization (2024–2025); digital integration and modernization (2025–2026); monitoring, identity management and traceability (2024–2026); and United Nations Sustainable Development Group efficiency gains (2023–2025).



26. Efficiencies are expected to begin to materialize from 2027, generating cost savings for all funding sources by replacing fragmented systems and manual processes with integrated, scalable digital solutions. The main areas where efficiencies are expected, subject to further validation through detailed business cases, include the following:
- *Identity management* – up to USD 2.6 million in annual cost savings in CSP and corporate budgets through the implementation of a unified identity management platform. These efficiencies will be driven by reduced administrative overheads, improved accuracy and more timely delivery of assistance. By consolidating fragmented systems, enhancing fraud prevention through biometric deduplication and leveraging blockchain technology for transparency, the platform will strengthen operational effectiveness and targeting throughout WFP's operations worldwide.
  - *Interoperability, end-to-end planning, monitoring and analytics* – up to USD 16.5 million a year in efficiency gains through the digitization and integration of monitoring, budgeting and planning tools. By replacing manual processes with automated workflows, the initiative will reduce duplication, accelerate reporting, improve the tracking of compliance with standards, and enable real-time decision-making for headquarters and field operations. Enhanced interoperability will support advanced analytics and AI-driven solutions, further optimizing operations and reducing the costs for all funding sources, including CSP and PSA funds.
  - *Supply chain and delivery* – annual efficiencies of USD 17–23 million through the supply chain track and trace initiative. By automating data flows and introducing scanning technology for procurement, logistics and food safety processes and cooperating partner management, the initiative eliminates the need for manual reconciliation in all country offices and in approximately 400 warehouses, saving an estimated 400,000 hours in staff time each year and improving data accuracy and decision-making. Enhanced inventory controls and real-time tracking are expected to reduce food losses by 30–50 percent, generating additional savings of USD 9–15 million per year, while strengthening assurance to donors, partners and the people WFP serves.
  - *Global services and enabling functions* – up to USD 27 million in annual savings from reduced reliance on fragmented, unofficial tools – shadow IT – improved compliance with corporate standards, audit readiness and the streamlining of users' experience throughout the organization.

### Management and implementation approach

27. WFP is implementing a structured three-year phased approach to implementation, with central coordination from a dedicated team in the Technology Division. The team ensures consistency among programmes, with strategic oversight and funding decisions managed by the Technology Investment Committee, which reports to the Digital Business and Technology Committee. Implementation is informed by baseline assessments and interdependency analyses, with work in year one focused on strengthening foundational capabilities and achieving early successes, and work in years two and three accelerating delivery along coordinated, parallel workstreams.
28. The delivery model is adaptive and centred on the field, blending internal and external expertise to ensure technical strength and institutional continuity. Regional and country offices are actively engaged through consultations, pilot testing and feedback loops that ensure the user-centred design of systems. Governance combines oversight at each phase of implementation with agile execution, supported by a programme management office that ensures integration and coherence. Change management and capacity strengthening activities are embedded throughout, with progress tracked in a unified performance

management system and reported on regularly to the Technology Investment Committee and the Digital Business and Technology Committee.

## Deliverables

TABLE A.III.4: BUDGET BY DELIVERABLE, INCLUDING EXISTING AND OTHER FUNDING SOURCES, 2026–2028 (USD million)					
Deliverable	New funding				Existing funding
	2026	2027	2028	Total	
Deliverable 1: Identity management	2.00	2.57	3.70	8.27	0.73
Deliverable 2: Interoperability, end-to-end monitoring and analytics	4.88	5.37	4.51	14.76	-
Deliverable 3: Supply chain and delivery	10.31	7.42	3.13	20.86	-
Deliverable 4: Humanitarian ecosystem enablement	1.43	2.06	0.32	3.81	-
Deliverable 5: Global services and enabling functions	4.18	4.66	3.46	12.30	9.24
<b>Total funding from PSA equalization account</b>	<b>22.81</b>	<b>22.08</b>	<b>15.12</b>	<b>60.00</b>	
<b>Other new funding sources</b>					
Partner contributions				10.03	-
Capital budgeting facility				10.00	-
<b>Total</b>				<b>80.03</b>	<b>9.97</b>

### Deliverable 1: Identity management

29. WFP will deliver a unified identity management platform to serve as the digital backbone for beneficiary operations. The platform will feature a secure registry that assigns a unique identifier to each of WFP's millions of beneficiaries, integrating data from existing systems and specialized databases. It will include a sophisticated biometric-based deduplication process that flags duplicate registrations and a blockchain-based verification layer to enhance transparency. Automated reconciliation with financial service providers will be used for cash-based and in-kind assistance, while the related business processes and documentation will ensure compliance with corporate standards. Future integration with WFP's end-to-end monitoring platform (deliverable 2) will enable the real-time tracking of beneficiary data and the delivery of assistance in all programmes.

### Deliverable 2: Interoperability, end-to-end planning, monitoring and analytics

30. WFP will enhance its end-to-end processes for monitoring, planning, budgeting, programming and resource management through the implementation of integrated digital tools. These tools will support internal coordination and external collaboration, including with community feedback mechanisms, and will align global and local indicators with the corporate results framework. The initiative will build on successful case management and standardized survey practices to enable standardized programme tracking, automated workflows for operational planning and fund management, and the creation of dashboards that consolidate real-time data related to logistics, food distribution, assessments and market monitoring. It will also introduce centralized geographic tracking to improve the

visibility of WFP's activities, assets and personnel in all locations, and facilitate the scale-up of WFP's global assurance project by extending proven digital monitoring tools across the organization.

### ***Deliverable 3: Supply chain and delivery***

31. WFP is advancing its supply chain operations through a digital tracking initiative that provides end-to-end visibility on commodities and non-food items from their origin to their delivery to the recipient. By automating data flows, introducing scanning-based workflows and linking distribution records to beneficiary identities, the initiative will improve transparency, reduce manual effort and support faster, evidence-based decision-making. It will also strengthen the coordination of, and reporting and accountability to, partners and stakeholders.
32. Complementary planning tools will enhance inventory optimization, financial tracking and the evaluation of suppliers, while reducing data redundancies and improving warehouse and convoy management. These systems will provide a unified view of supply chain operations, enabling more informed decision-making in relation to procurement, logistics and distribution.
33. The deliverable extends the global assurance project's successful approaches to commodity tracking and identity management in WFP operations and represents the mainstreaming phase of the project. The digital solutions that demonstrated success in 30 high-risk operations will be extended to all operations and activities, with a focus on risk-informed, cost-effective approaches and the further digitization and integration of WFP's systems.

### ***Deliverable 4: Humanitarian ecosystem enablement***

34. Under this deliverable, WFP will deploy a cloud-based portal to streamline collaboration with partners, integrating currently fragmented systems and enabling the automated approval and real-time tracking of joint projects. Enhanced tools will support early warning and disaster planning processes by combining hazard data with socioeconomic indicators. WFP will also pilot test the use of open-source solutions that promote shared standards for cash-based transfers, strengthen interoperability with governments' systems and expand advisory services for digital transformation. Additional digital tools will support school meal operations and optimize social protection programmes through advanced analytics.

### ***Deliverable 5: Global services and enabling functions***

35. This deliverable is focused on modernizing WFP's core administrative and support systems, including those used for finance, human resources, asset management, travel arrangements and cybersecurity. WFP will implement a redesigned asset management system that improves users' experience, ensures full traceability and auditability throughout the asset lifecycle, and is integrated with core corporate systems. A unified travel management solution<sup>3</sup> will streamline booking, accommodation and transport services.

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<sup>3</sup> The ongoing corporate process optimization CCI and the newly proposed global shared services strategy CCI each include components of the global travel solution. Together with the digital business transformation plan they form strategically aligned elements of WFP's broader modernization agenda as follows:

- *The corporate process optimization CCI* is focused on improving employees' travel experience and administrative efficiency by aligning travel policies with market trends, integrating existing systems and leveraging digital tools to simplify and streamline processes.
- *The global shared services strategy implementation CCI* builds the structural and financial foundation for global travel services by piloting a centralized service model, consolidating vendor management and developing a scalable, sustainable operating and funding framework.
- *The WFP digital business transformation plan CCI* complements the other two CCIs by delivering a unified booking platform that integrates the booking of flights, accommodation and transportation, enabling consistent, user-friendly access to travel services in all locations.

Enhancements to talent management will support more agile workforce planning, faster reassignment of employees and emergency deployments. A new expenditure certification process will introduce advanced features such as the management of multiple sources of funding for a single expenditure, the certification of specific parts or categories of expenditure and improved document filtering. Financial compliance will be reinforced through the integration of financial and facility management systems, aligning lease accounting with international standards.

36. Financial and invoice-related processes will be consolidated into a harmonized service management environment, improving efficiency throughout the finance function. Investments in foundational technology will be used to establish AI and data capabilities that support predictive analytics for crisis response and food security. A strengthened identity and access management framework will enhance system security through improved user and permission controls, managing who has access to the system and the actions that they are allowed to perform. Cybersecurity will be bolstered with advanced threat detection and enhanced incident response and governance. The modernization of security services will include real-time monitoring of compliance with requirements, personnel tracking and AI-driven threat analysis, supported by innovative digital oversight tools.<sup>4</sup>
37. One of the projects under this deliverable is on the duty of care and involves the modernization of security practices in order to strengthen security services for WFP's employees by implementing the ServiceNow platform and enhancing existing tools. It focuses on improving personnel safety, compliance monitoring and threat analysis.

### Key performance indicators

TABLE A.III.5: KEY PERFORMANCE INDICATORS BY DELIVERABLE				
Key performance indicator	Baseline	2026 target	2027 target	2028 target
<b>Deliverable 1: Identity management</b>				
Percentage of the country offices where WFP carries out registration exercises that have digital and secure registration for beneficiaries	55% (44 country offices)	70%	85%	100%
Percentage of country offices to have adopted the enterprise deduplication platform in accordance with guidance on the use of biometrics in WFP's operations	5%	65%	100%	100%

<sup>4</sup> The ongoing digital transformation and modernization CCI aims to modernize and integrate WFP's IT and digital infrastructure so as to improve operational efficiency and align with strategic goals. Key efforts include upgrading enterprise resource planning systems, consolidating the payroll, enhancing data architecture and integrating AI into systems throughout WFP. This deliverable of the digital business transformation plan complements such efforts by strengthening cybersecurity.

TABLE A.III.5: KEY PERFORMANCE INDICATORS BY DELIVERABLE				
Key performance indicator	Baseline	2026 target	2027 target	2028 target
<b>Deliverable 2: Interoperability, end-to-end monitoring and analytics</b>				
<i>End-to-end monitoring:</i> Percentage of country offices using standardized indicators from the corporate results framework and related monitoring systems that are aligned with the new corporate results framework	N/A	50%	100%	100%
Number of country offices using the corporate issue escalation and case management system	10	30	50	60
<i>Global analytics platform:</i> Percentage of operational systems and dashboards with near-real-time data integration	TBD	10%	50%	80%
Percentage of geographic data systems harmonized and integrated with core platforms	N/A	Data standardization, taxonomy alignment and frameworks established	40%	80%
<b>Deliverable 3: Supply chain and delivery</b>				
<i>End-to-end track and trace:</i> Percentage reduction of manual upstream data flow	N/A	100%	100%	100%
Annual cost savings from integrated supply chain planning and optimization	N/A	≥ USD 5 million	≥ USD 15 million	≥ USD 27.5 million
<b>Deliverable 4: Humanitarian ecosystem enablement</b>				
<i>Digital empowerment of governments and partners:</i> Percentage of government programmes digitally enabled as part of the humanitarian ecosystem enablement	25 programmes	+15%	+30%	+45%
<i>Partner enablement portal:</i> Percentage of partners' projects tracked through the partner enablement portal	N/A	60%	75%	90%

TABLE A.III.5: KEY PERFORMANCE INDICATORS BY DELIVERABLE				
Key performance indicator	Baseline	2026 target	2027 target	2028 target
<b>Deliverable 5: Global service and enabling functions</b>				
<i>Global services:</i> Number of redundant applications decommissioned	0	2	4	8
Cybersecurity risk reduction index <sup>5</sup>	Very high	High	High/Moderate	Moderate
Percentage of security personnel adopting digital solutions in the security modernization plan	TBD	≥ 85%	≥ 90%	≥ 95%

## Monitoring, identity management and traceability

Summary			
<b>Lead department/division</b>	Programme Operations Department	<b>Funding for Board approval</b>	No new funding is required
<b>Participating division in 2026</b>	Analysis, Planning and Performance Division	<b>CCI lifespan</b>	2024–2026
<b>Link to management results</b>	MR2: Efficient, effective and evidence-based business services (100%)		

## Overview and progress to date

38. This CCI supports WFP's ability to deliver safe and uninterrupted food assistance and provide accountability for doing so by strengthening key systems and processes for end-to-end visibility and assurance over operations and delivery of assistance. It focuses on three main areas: monitoring and community feedback mechanisms (CFMs); digitization and assurance through identity management; and scanning technology for supply chains and the early development of a track-and-trace system. The initiative promotes collaboration among departments and organizational levels of WFP on building a unified assurance framework.
39. As of 30 June 2025, WFP has successfully introduced the standardized remote programme monitoring system in 15 high-risk country offices, reaching the 2025 target. Country offices in all WFP regions received technical support in designing surveys and preparing for data collection, enumerator training, systems integration, and improved near-real-time analytics and visualizations to enhance monitoring exercises. All participating offices are either actively collecting or preparing to collect data using harmonized survey modules and data pipelines.
40. WFP has achieved 80 percent compliance with the assurance benchmarks for CFMs in high-risk operations, up from 52 percent in late 2024. Additional guidance and tools for CFMs were developed – most notably, guidance on the handling of environment-related feedback, feedback from children and allegations of misconduct. Extensive technical support for the strengthening of CFMs was provided to 15 high-risk country offices.

<sup>5</sup> Calculated by multiplying the impact and likelihood of the risk, using a scale ranging from 0 (low) to 25 (very high).

41. Digital transformation is advancing along all of WFP's supply chain, focusing on improving traceability, the visibility of WFP's inventory and operational efficiency. Key initiatives are being scaled up globally in order to reduce manual processes, enhance data integration, and support more agile and transparent logistics operations. In parallel, assurance efforts are being mainstreamed in all regions, ensuring strong compliance with standards in high-risk settings and providing capacity-strengthening support in other, lower-risk ones. Digital tools, oversight missions and regional strategies are helping to embed accountability and strengthen monitoring in all operational areas.
42. However, despite the significant progress made, there have been delays in the implementation of an integrated issue "escalation" and case management system through which issues are "escalated" to be addressed at the appropriate level of management. While originally planned for completion in 2025, a no-cost extension of the CCI into 2026 will enable the smooth adoption of tools throughout WFP's operations. Specifically, in 2026, the CCI will enter its final implementation phase, focusing on:
  - expanding standardized monitoring tools, the coverage of remote programme monitoring and support for high-risk country offices; and
  - strengthening digital integration for informed, risk-aware decision-making, including the rollout of the integrated issue escalation and case management system for CFMs and process monitoring.
43. As of 30 June 2025, 77 percent of the CCI's total budget for 2024–2025 had been utilized.

### Efficiency gains and return on investment

44. Efficiencies have been achieved in several country offices through the phased rollout of standardized digital tools for remote programme monitoring and issue "escalation". For example, savings of an estimated USD 3 million were realized through the decommissioning of local systems in six country offices, with further reductions in the costs of headquarters' support and field-level data processing. Additional savings stem from reduced travel, streamlined data analysis and improved compliance with monitoring standards, contributing to cost avoidance in CSP budgets and for corporate funding sources.

### Deliverables in 2026

TABLE A.III.6: BUDGET BY DELIVERABLE, 2026 (USD million)	
Deliverables*	2026 total
1. Standardized remote process and outcome monitoring with a supporting technical solution	0.77
3. Minimum assurance standards for in-kind food operations with CFMs	0.28
<b>Total</b>	<b>1.05</b>

\* Deliverable 2 was completed in 2024 and deliverables 4, 5 and 6 are expected to be completed in 2025.

### Deliverable 1: Standardized remote process and outcome monitoring with supporting technical solution

45. Building on previous CCI investments, WFP will consolidate and standardize the ways in which it monitors programme outcomes and processes throughout its operations, in line with the Executive Director's circular on minimum monitoring requirements.<sup>6</sup> The focus will be on embedding a unified digital ecosystem that supports the flow of real-time data,

<sup>6</sup> Executive Director's circular OED2024/006, *Minimum monitoring requirements (MMRs) and community feedback mechanism (CFM) standards in WFP country offices*.



reduces fragmentation and enhances organization-wide accountability. Specifically, WFP will:

- streamline the use of standardized remote programme monitoring tools in all of its country offices, covering process and outcome monitoring and ensuring consistent data collection and comparability across different settings;
- finalize the integration of standard data pipelines, leveraging information management solutions – such as Survey Designer for standardized surveys, Mobile Operational Data Acquisition, and DataBridges for centralized databases – including automated data cleaning, validation and near-real-time analytics through Tableau dashboards; and
- provide tailored technical assistance to country offices for the implementation of monitoring in the field, data quality assurance, and the adoption of digital tools.

46. These efforts will streamline face-to-face and remote programme monitoring in WFP's broader digital ecosystem and support the organization's transition to cost-efficient, evidence-based and risk-aware decision-making.

### ***Deliverable 3: Minimum assurance standards for in-kind food operations with community feedback mechanisms***

47. In 2026, WFP will complete the remaining CCI deliverables on strengthening CFMs in accordance with assurance standards. Specifically, WFP will:

- provide on-demand technical assistance to support country offices in meeting assurance standards for CFMs, focusing on achieving 85 percent compliance with the global assurance project's benchmarks for CFMs in high-risk operations and laying the groundwork for rolling out the standards in medium- and low-risk settings;
- expand and update the CFM toolkit and operational guidance to reflect demand from the field, support the implementation of the integrated approach to managing and responding to feedback and address emerging technical needs; and
- finalize the rollout of the integrated issue escalation and case management system to the remaining high-risk country offices, following an expedited collaborative approach that enables the joint intake, escalation and analysis of issues arising from both community feedback and process monitoring and embedding assurance standards while allowing for context-specific flexibility.

### ***Key performance indicators***

TABLE A.III.7: KEY PERFORMANCE INDICATORS BY DELIVERABLE		
Key performance indicator	Baseline*	2026 target
<b>Deliverable 1: Remote process and outcome monitoring with a supporting technical solution</b>		
Number of high-risk operations with remote process and outcome monitoring	7	15
<b>Deliverable 3: Minimum assurance standards for in-kind food operations with community feedback mechanisms</b>		
Percentage of high-risk operations that have implemented the global assurance project benchmarks	77%	85%
WFP CFM assurance standards are launched and comprehensive guidance is available for establishing and maintaining those standards	In progress	Completed

\* The baseline reflects the status at the end of 2024.

## Digital integration and modernization

Summary			
Lead department/ division	Technology Division	Funding for Board approval	No new funding is required
Participating division in 2026	Chief Financial Officer Division	CCI lifespan	2025–2026
Link to management results	MR2: Efficient, effective and evidence-based business services (100%)		

### Overview and progress to date

48. The main objective of this CCI is to modernize and integrate WFP's IT and digital infrastructure so as to enhance its operational efficiency and align it with WFP's strategic goals. This comprehensive effort focuses on upgrading enterprise resource planning systems, consolidating payroll systems, advancing the data architecture and integrating AI into systems and processes.
49. As of mid-2025, the upgrade of enterprise systems has entered its implementation phase, with the definition of a future digital landscape that supports a more scalable, secure and integrated environment for enterprise resource planning. This transformation is intended to mitigate operational risks, ensure the continuity of critical functions and align technology with evolving organizational needs. In parallel, the development of the target data architecture is progressing, with early "use cases" informing the design of scalable solutions that support secure and responsible data processing in accordance with organizational standards.
50. Progress is also being made in the streamlining of core administrative processes. The initiative on unifying payroll systems has moved beyond the exploratory phase and is now preparing for a comprehensive feasibility assessment to inform the future design and implementation of unified systems. In the area of AI, a portfolio of initiatives has been prioritized and approved for implementation. These initiatives are being integrated into the broader delivery framework, with a focus on reusability, efficiency and alignment with strategic objectives. Planning activities are under way to ensure structured execution, including the definition of timelines, deliverables and resource requirements.

### Efficiency gains and return on investment

51. Efficiency gains are expected to be realized globally throughout WFP through strategic investments in upgrades of enterprise resource planning systems and processes, data architecture, payroll systems and AI. The planned upgrade of enterprise resource planning will help to avoid increased maintenance costs and unlock new functionalities, with projected annual savings of approximately USD 0.5 million. Data architecture planning in 2025 will establish a foundation for future efficiencies by aligning IT systems with business needs and reducing the risk of redundant IT development. The one payroll road map, currently in the feasibility assessment phase, is expected to identify opportunities for automation, system consolidation and optimized staffing, with efficiencies expected to materialize from 2027 throughout global headquarters and country offices.
52. AI initiatives are projected to deliver strong returns on investment for operations and programme delivery. Examples of these initiatives include damage assessment, crop yield prediction, market analysis and anomaly detection. AI-driven tools are expected to reduce analysis time by up to 50 percent, prevent fraud-related losses from exceeding USD 0.5 million per year, and improve data quality and decision-making. The piloting of an enterprise solution for beneficiary deduplication in countries that include Chad, the Democratic Republic of the Congo, Mali and the Sudan indicates potential savings ranging

from USD 0.1 million to USD 1 million per country office, depending on the caseload and duplication rates. These efficiencies will contribute to cost avoidance in CSP budgets and corporate funding sources, including in per capita PSA and IT costs, with implementation gains expected to begin in 2026 and increase in 2027.

## Deliverables in 2026

TABLE A.III.8: BUDGET BY DELIVERABLE, 2026 (USD million)	
Deliverable	2026
1. Enterprise resource planning upgrade	2.08
2. Data architecture	0.15
3. One payroll road map	0.65
4. Artificial intelligence	0.70
<b>Total</b>	<b>3.58</b>

### Deliverable 1: Enterprise resource planning upgrade

53. Deliverable 1 is focused on completion of the upgrade of the corporate enterprise resource planning system, encompassing the implementation of a new financial database, improved integration with reporting platforms, and the deployment of advanced technologies such as AI, analytics and mobile applications. The upgrade is designed to enhance financial management, streamline operations, and strengthen data protection and regulatory compliance, ensuring that the system remains secure, scalable and efficient through 2040.

### Deliverable 2: Data architecture

54. Under this deliverable, WFP will establish a cohesive and future-ready digital architecture that enables scalable, secure and interoperable enterprise solutions aligned with its strategic direction. The deliverable includes the development of a blueprint that connects business processes, data systems and technologies to actionable road maps, supporting the effective implementation of organizational priorities. It also introduces governance frameworks for data and AI that promote responsible data management and improve data quality throughout WFP.

### Deliverable 3: One payroll road map

55. This deliverable sets WFP's direction for transforming payroll processes throughout the organization. Following the completion of the initial assessment and a feasibility study to inform future design options, envisaged for the end of 2025, the initiative will shift into implementation planning in 2026. This phase will include the development of a comprehensive road map, the identification of resource and staffing requirements, engagement with external expertise and coordination with WFP's corporate digital transformation agenda. The objective is to ensure that the modernization of payroll processes is integrated into the wider organizational change process, enabling improved service delivery and operational coherence.

### Deliverable 4: Artificial intelligence

56. This deliverable articulates WFP's vision and road map for harnessing AI to augment employees' capabilities, drive innovation and enhance operational efficiency through the implementation of its global AI strategy. By integrating AI into country office operations, WFP aims to enable localized and context-specific applications that improve risk management, responsiveness to crises and overall operational effectiveness. In May 2025, the Data

Management Committee approved seven use cases for implementation, with rollout continuing throughout 2026.

### Key performance indicators

TABLE A.III.9: KEY PERFORMANCE INDICATORS BY DELIVERABLE		
Key performance indicators*	Baseline	2026 target
<b>Deliverable 1: Enterprise resource planning upgrade</b>		
User adoption rate within six months of implementation	N/A	100%
Reduction of average processing time for critical business processes	N/A	>20%
Average user satisfaction rating in the first year of implementation	N/A	4.5 (out of 5)
<b>Deliverable 2: Data architecture</b>		
Number of approved business solutions created by non-IT staff using simplified programming tools that comply with the standards for enterprise architecture**	N/A	7
<b>Deliverable 3: One payroll road map</b>		
Finalization of the road map for the payroll integration plan	N/A	100%
<b>Deliverable 4: Artificial intelligence</b>		
Percentage of AI use case pilots scaled up into global solutions	N/A	100%

\* Baseline KPIs are not available as the upgrade will replace the current platform with a new one.

\*\* This metric tracks the number of approved business solutions created by non-IT staff in challenging working environments using programming tools that require little or no traditional coding knowledge and compliant with the standards for enterprise architecture.

### Duty of care and inclusion

Summary			
Lead department/ division	Workplace and Management Department	Funding for Board approval	No new funding is required
Participating divisions in 2026	Human Resources Division, Management Services Division, Security Division, Technology Division, Workplace and Management Front Office, Wellness and Culture Division	CCI lifespan	2025–2026
Link to management results	MR1: Effective strategy, direction and management (58%) MR2: Efficient, effective and evidence-based business services (42%)		

### Overview and progress to date

57. This CCI aims to reaffirm and sharpen the organization's commitment to duty of care, a non-waivable obligation on the part of WFP to mitigate or otherwise address the foreseeable risks that may harm or injure its employees and their eligible family members. This effort will strengthen WFP's operational and administrative capacity and is in line with WFP's "stay and deliver" approach, which ensures that the organization remains agile and effective in high-risk environments while upholding standards for well-being, inclusion, safety and security in the workplace.
58. As of mid-2025, WFP has made tangible progress in strengthening internal systems and institutional capabilities for supporting accountability to, and the inclusion and well-being of, its employees. The organization finalized its target IT architecture and deployed AI-enabled tools to enhance compliance with security standards and knowledge

management, resulting in 88 percent of country offices meeting the standards of the security accountability framework and use of the knowledge hub surpassing expectations. Occupational safety and health efforts were expanded, based on risk assessments in numerous duty stations, and the launch of mandatory training, which reached more than 11,000 employees. A digital monitoring tool was also initiated to improve oversight of guesthouse facilities, contributing to safer and more consistent conditions in the field.

59. Progress continued in advancing inclusive and responsive workforce systems. Compensation mechanisms for service-related incidents were reviewed, and integration with digital platforms for case management progressed, despite some delays. Digital inclusion was promoted through accessibility audits and targeted outreach aimed at ensuring that field teams are equipped with inclusive tools. The well-being platform was successfully redesigned to improve performance and users' experience, with sustainable hosting arrangements secured to ensure the continuity of services that support employees' resilience and organizational effectiveness.

## Deliverables in 2026

TABLE A.III.10: BUDGET BY DELIVERABLE, 2026 (USD million)	
Deliverable	2026
1. Effective occupational safety, health and security management	2.05
2. Inclusion and respect for dignity	0.73
<b>Total</b>	<b>2.78</b>

### Deliverable 1: Effective occupational safety, health and security management

60. In 2026, work under this deliverable will introduce digitized security functions – including personnel monitoring, compliance management and data-driven risk analysis – throughout WFP operations. A virtual support service will be launched to assist country office leadership in meeting security standards, along with targeted capacity strengthening in risk management for cooperating partners. Occupational health and safety procedures will be implemented and internal control tools will be deployed to monitor duty of care indicators. Human resource policies will be reviewed to embed duty of care principles and a revised compensation framework for service-related incidents will be developed. Preventive health care strategies, expanded access to travel clinics and enhanced psychological support, particularly for national staff, will be rolled out, complemented by ergonomic training and family support services.

### Deliverable 2: Inclusion and respect for dignity

61. In 2026, work under this deliverable will support the continued rollout of targeted training and awareness-raising initiatives, the expansion of digital accessibility features in corporate systems, and the strengthening of tools for measuring and reporting on inclusion. Country offices will be supported in launching locally driven inclusion initiatives, while tailored interventions that promote dignity and mutual respect will be implemented under the Respect+ initiative. The principles of inclusion will be embedded in technology and policy frameworks, and recommendations from internal oversight exercises aimed at reinforcing a respectful and inclusive workplace culture will be implemented.

## Key performance indicators

TABLE A.III.11: KEY PERFORMANCE INDICATORS BY DELIVERABLE		
Key performance indicators	Baseline*	2026 target
<b>Deliverable 1: Effective occupational safety, health and security management</b>		
Number of occupational health and safety risk assessments conducted in field locations (Management Services Division)	-	15
Monitoring of personnel: Number of days to prepare and complete a headcount exercise (Security Division)	14	1
Management of compliance: Percentage of country offices fully compliant with KPI and framework of accountability compliance tool processes (Security Division)	20%	90%
Analysis of capabilities: Automatization of recurrent reporting (Security Division)	0	8
Knowledge management: Average annual number of times each Security Division user accesses the knowledge hub (Security Division)	0	12
Average number of days to complete requests for compensation plan benefits and requests for reasonable accommodation (Human Resources Division)	5 <sup>7</sup>	15
Number of days to complete requests for United Nations Joint Staff Pension Fund benefits (Human Resources Division)	15 <sup>8</sup>	30
Number of ergonomic training events delivered to handlers and drivers	0	20
Number of travel clinic consultations globally	300	350
<b>Deliverable 2: Inclusion and respect for dignity</b>		
Diversity, equity and inclusion strategy: Completion, approval and implementation of the WFP inclusion strategy (Workplace and Management Front Office)	0	1
Self-identification: Percentage of employees who self-identify in diversity categories, with data monitored and reported quarterly (Workplace and Management Front Office)	60%	25% increase
Number of workplace culture initiatives supported through training, facilitation and coordination (Workplace and Management Front Office)	0	50

\* Baseline figures correspond to those of 2024.

<sup>7</sup> The target value is higher than the baseline because 2024 was an exceptional year marked by frequent urgent events related to workforce adjustments driven by organizational changes and budget reductions. While these efforts will continue into 2026, the target set for 2026 is considered more realistic and sustainable.

<sup>8</sup> Please refer to the previous footnote.

## IPSAS implementation

Summary			
Lead department/ division	Chief Financial Officer Division	Funding for Board approval	No new funding is required
Participating divisions in 2026	Legal Office, Management Services Division, Partnerships Coordination Services, Supply Chain and Delivery Division, Technology Division	CCI lifespan	2025–2026
Link to management results	MR1: Effective strategy, direction and management (76%) MR2: Efficient, effective and evidence-based business services (24%)		

### Overview and progress to date

62. This initiative supports WFP's compliance with IPSAS, ensuring continued financial transparency and audit integrity. Six new standards are scheduled for mandatory adoption in 2025 and 2026: IPSAS 43 on leases; IPSAS 44 on non-current assets held for sale and discontinued operations; IPSAS 45 on property, plant and equipment; IPSAS 46 on measurement; IPSAS 47 on revenue; and IPSAS 48 on transfer expenses. The CCI enables full implementation of IPSAS 43–46 in WFP's 2025 financial statements and IPSAS 47–48 in 2026, mitigating the risk of receiving a qualified audit opinion and the associated reputational and financial implications. The scope of the initiative includes policy revision, system adaptation and operational alignment throughout global headquarters and country offices.
63. In 2025, WFP has made substantial progress towards implementation of the new standards. Key activities included the development of lease accounting policies, system enhancements to support IPSAS 43, and the establishment of master data and ledger structures for leased assets. Work also advanced on IPSAS 45 and 46, while initial preparations began for IPSAS 47 and 48. Country offices have been actively engaged and all WFP entities are expected to comply with the new standards by the end of each respective year. The initiative continues to strengthen WFP's financial governance and accountability, ensuring alignment with international public sector reporting requirements and readiness for future audit cycles.
64. In 2026, the CCI will focus on two key priorities: supporting post-implementation activities for IPSAS 43–46, effective from 1 January 2025; and implementing IPSAS 47 on revenue and IPSAS 48 on transfer expenses, effective from 1 January 2026. These new standards are expected to have significant impacts on WFP's core operations, particularly in the areas of contribution accounting and transfer expense recognition. Implementation will follow a four-phase approach: policy finalization, system and process design, development and change management, and corporate-wide launch with post-implementation support.

### Deliverables in 2026

TABLE A.III.12: BUDGET BY DELIVERABLE 2026 (USD million)	
Deliverables	2026
1. Review and implement fully IPSAS 43–46 in the 2025 audited financial statements	0.47
2. Review and implement fully IPSAS 47–48 in the 2026 audited financial statements	2.60
<b>Total</b>	<b>3.07</b>



### ***Deliverable 1: Review and implement fully IPSAS 43–46 in the 2025 audited financial statements***

65. The objective of this deliverable is to ensure that WFP is ready for full compliance with IPSAS 43–46 by the end of 2025. For IPSAS 43, WFP completed a comprehensive review of lease-related agreements, established data collection processes, and initiated updates of systems and procedures. Technical guidance and training were delivered to support consistent implementation of the standard throughout headquarters and field offices. Accounting treatments are being finalized for restatement and reporting on 2025.
66. For IPSAS 44–46, impact assessments were concluded. IPSAS 44 was found to have limited applicability to WFP. For IPSAS 45 and 46, foundational work was completed to support future disclosures and measurement requirements. Key outcomes have been shared with the External Auditor, and all offices are expected to align with the new standards by the end of the year. While the deliverable is expected to be near completion by the end of 2025, minor post-implementation adjustments are anticipated in 2026 and will be covered by the remaining portion of the 2025 budget for the CCI.

### ***Deliverable 2: Review and implement fully IPSAS 47–48 in the 2026 audited financial statements***

67. The objective of this deliverable is to prepare for the 2026 implementation of IPSAS 47 and 48. As a starting point, agreements with key donors, service providers and cooperating partners will be reviewed to assess how the core criteria of IPSAS 47 should be reflected in WFP's arrangements. Agreements will be classified in ways that will inform future accounting treatment. Significant changes to revenue recognition policies are expected, requiring system adjustments to capture the necessary data.
68. For IPSAS 48, the main impact is anticipated on the recognition of food distribution expenses, which will shift to the point of delivery to beneficiaries. Work on complying with this requirement has already started, in coordination with related initiatives. Steps will be taken to ensure access to signed agreements, and the updating of policy guidance to support compliance will be started.

### ***Key performance indicators***

TABLE A.III.13: KEY PERFORMANCE INDICATORS BY DELIVERABLE		
Key performance indicator	Baseline	2026 target
<b>Deliverable 1: Review and implement fully IPSAS 43–46 in the 2025 audited financial statements</b>		
Number of new IPSAS reviewed and adopted*	4	N/A*
<b>Deliverable 2: Review and implement fully IPSAS 47–48 in the 2026 audited financial statements</b>		
Number of new IPSAS reviewed and adopted	N/A	2

\* Only post-implementation adjustments will be made as the KPI was fully achieved in 2025.

## Positioning WFP to unlock diverse funding

Summary			
<b>Lead department/ division</b>	Partnerships Coordination Services	<b>Funding for Board approval</b>	No new funding is required
<b>Participating divisions in 2026</b>	Communications and Media Office, Global Partner Countries Division, Chief Financial Officer Division	<b>CCI lifespan</b>	2025–2027 <sup>9</sup>
<b>Link to management results</b>	MR2: Efficient, effective and evidence-based business services (9%) MR3: Leverage advocacy and communications for effective funding and partnerships (91%)		

### Overview and progress to date

69. This initiative addresses WFP's continued reliance on a limited number of donors and traditional funding models by enabling country offices to diversify their resource bases and obtain access to thematic funding. It strengthens field-level capacity to identify and pursue new and innovative partnerships, including through tailored support for drafting resourcing plans and value propositions, and engaging in modalities such as debt swaps. Strategic communications and donor engagement at the country and regional levels will reinforce WFP's positioning in key thematic areas. By providing corporate guidance and expanded donor mapping, the initiative facilitates multisectoral resource mobilization and supports the development of sustainable, risk-informed partnerships aligned with national priorities and WFP's strategic objectives.
70. As of mid-2025, teams from headquarters have supported country offices in the development of proposals and concept notes covering bilateral funding opportunities. More than 55 employees in the field were trained in funding diversification through a tailored course co-designed with the United Nations System Staff College. WFP finalized its corporate guidance on obtaining access to climate finance, setting a unified approach for engaging more than 30 donors and funding institutions. The investment pipeline was expanded to more than 60 country offices, identifying that USD 1.5 billion of funding is needed for anticipatory action and work on resilience and adaptation. Structured engagement with emerging climate finance mechanisms enabled pilot country offices to position themselves for access to thematic funding for fragile and climate-vulnerable settings.
71. A comprehensive needs assessment was conducted to inform the design of tailored communication plans that support country offices' outreach to existing and potential partners. Based on these plans, targeted messages and communication products were developed, notably for country offices in the Latin America and the Caribbean and the Eastern and Southern Africa regions. Engagement with influencers was also initiated in three regions with the aim of spotlighting WFP's impact in selected countries and in identified potential donor markets.

### Efficiency gains and return on investment

72. The CCI is expected to deliver a strong return on investment through targeted, time-bound support for the development of funding proposals. So far, such support has contributed to the preparation of proposals for a total of USD 220 million in funding, with approximately USD 140 million expected to materialize by early 2027. Many of the proposals target

<sup>9</sup> The proposed duration of the CCI is three years, as many of the partnerships it aims to secure will require extensive periods for the development of proposals. This relatively long timeframe will enable WFP to convene, develop and structure new multisectoral partnerships, resulting in greater programme impact.

emerging and complex funding streams, including climate and innovative finance, which are subject to lengthy approval processes and uncertain timelines. While this limits the ability to make precise forecasts, the added value of the CCI is evident, as the preparation and submission of the proposals would not have been possible without dedicated staff support.

73. To ensure a transformative approach, the CCI is strengthening employees' capacity in country offices by training teams to develop high-quality proposals that meet partners' requirements, and to leverage AI tools for greater efficiency. The CCI is also focused on establishing long-term relationships with donors by promoting strategic engagement and positioning WFP as a credible partner in innovative finance and climate action. Standardized templates and structured guidance are helping to institutionalize best practices, enabling country offices to align more effectively with donors' expectations and to expand the range of funding opportunities available to them. By embedding these approaches in existing systems, the CCI is expected to reduce long-term reliance on ad hoc support and to lower the overall transaction costs of fundraising, contributing to sustained efficiency gains throughout CSP budgets and corporate funding sources.

### Deliverables in 2026

TABLE A.III.14: BUDGET BY DELIVERABLE, 2026–2027 (USD million)			
Deliverable	2026	2027	Total
1. Identify, engage and obtain funding from new or diverse partners	1.58	0.50	<b>2.08</b>
2. Position WFP as the partner of choice for diverse funding opportunities through multilayered communication activities and support for colleagues in country operations	0.50	0.50	<b>1.00</b>
3. Enable country offices to pursue new multisectoral resource mobilization partnerships	0.20	0.10	<b>0.30</b>
<b>Total</b>	<b>2.28</b>	<b>1.10</b>	<b>3.38</b>

### *Deliverable 1: Identify, engage and obtain funding from new or diverse partners*

74. Building on the progress made in 2025 with the submission of concept notes for targeted bilateral funding opportunities and informed by feedback from the donors concerned, full proposals are expected to be submitted in 2026. Efforts will also focus on operationalizing the guidance on access to climate finance through targeted training, practical tools and enhanced partner mapping aimed at strengthening country offices' capacity. Support will include joint programme design with national governments and the development of high-quality proposals aligned with key funding opportunities. Country offices will be prioritized based on the evolving funding landscape, with tailored support for engagement with partners and the development of proposals. Training will be scaled up across WFP and any corporate or policy barriers to the diversification of partnerships will be reviewed and addressed.

### *Deliverable 2: Position WFP as the partner of choice for diverse funding opportunities through multilayered communication activities and support for colleagues in country operations*

75. Looking ahead to 2026, support from the headquarters team will continue with the development of thematically relevant content and storytelling capacity in all regions, expanded engagement with influencers, and strengthened efforts to engage with media and increase WFP's visibility in order to reinforce the organization's position, while taking into account any reputational risks.

### **Deliverable 3: Enable country offices to pursue new multisectoral resource mobilization partnerships**

76. Deliverable 3 has the aim of enabling country offices to pursue new multisectoral partnerships through the expansion of the existing mapping of donors and partners to include information and metrics for the mapping of partners in multisectoral resource mobilization for integration into existing WFP systems. In 2026, WFP will deepen its support for country offices in structuring and securing innovative finance solutions that unlock new funding sources aligned with national priorities and WFP's strategic objectives. The focus will shift to the practical deployment of these tools at the country level, with expanded technical assistance, partner mapping and "matchmaking" that facilitate the design and negotiation of context-specific financing solutions. Advisory support will cover mechanisms such as outcome-based financing and guarantees, while internal systems for tracking and learning from transactions will be strengthened. The initiative will prioritize the provision of capacity strengthening and hands-on support, with at least three debt swap opportunities expected to be realized and partnerships with philanthropic and public actors leveraged to co-create high-impact financing structures for areas such as school meal, nutrition and climate resilience initiatives.

### **Key performance indicators**

TABLE A.III.15: KEY PERFORMANCE INDICATORS BY DELIVERABLE			
Key performance indicators	Baseline	2026 target	2027 target
<b>Deliverable 1: Identify, engage and obtain funding from new or diverse partners</b>			
Percentage increase of country offices that approached new partners or planned for new partnership types	0%*	50%	75%
Percentage increase of country offices that diversified funding sources	0%**	20%	30%
<b>Deliverable 2: Position WFP as the partner of choice for diverse funding opportunities through multilayered communication activities and support for colleagues in country operations</b>			
Number of communication initiatives undertaken by country offices to enable positioning for diversified funding	10	15	20
<b>Deliverable 3: Enable country offices to pursue new multisectoral resource mobilization partnerships</b>			
Number of country offices supported in the design or implementation of innovative finance transactions (e.g., debt swaps, blended finance, thematic bonds)	5	20 (cumulative)	35 (cumulative)
Number of country office employees trained or directly supported on innovative finance tools and approaches (e.g., debt swaps, blended finance, thematic bonds)	10	65 (cumulative)	100 (cumulative)

\* This KPI tracks the number of country offices that have created at least two opportunities, each worth USD 0.5 million or more, with new donors. In 2024, 40 country offices met this criterion, establishing the baseline for the KPI for tracking progress in subsequent years.

\*\* This KPI tracks the number of country offices that have received funds from new donors that amount to 10 percent or more of their total contributions for the period. In 2024, 31 country offices met this criterion, establishing the baseline for the KPI for tracking progress in subsequent years.

## Investing in individual fundraising

### Background – why invest in individual fundraising?

1. In 2025, humanitarian needs continue to rise while government funding declines. This widening gap has forced WFP and other humanitarian organizations to scale back the assistance they provide and focus on responding to the most urgent crises. In this context, support from the private sector, particularly from individuals, has become increasingly important. Individual contributions provide vital, flexible funding that enables WFP to respond where needs are greatest and to maintain critical operations in a challenging funding environment. To continue harnessing the potential of individual fundraising, an investment of USD 20 million is sought for 2026 as the second tranche of a multi-year investment of USD 100 million for the period from 2025 to 2030.
2. Investment in individual fundraising is a key strategic shift for WFP, enabling the organization to diversify its donor base and increase the proportion of flexible funding it receives. Up to 30 percent of contributions from individuals *are fully flexible*, which is a higher percentage than that of contributions from WFP's traditional donors.<sup>1</sup> The investment will also support the accelerated production of dynamic information material from WFP field operations, helping to provide more engaging narratives for engaging potential donors. Individual fundraising offers a relatively stable and predictable revenue stream, particularly through regular giving, which is less vulnerable to political shifts or budgetary constraints than institutional funding. With a scalable, “digital-first” infrastructure and access to a largely untapped global market, individual giving provides high flexibility and strong growth potential, enabling WFP to respond more effectively to emerging needs.
3. Funding from individuals and private sector entities around the world represents a growing portion of the overall funding raised by organizations in the humanitarian and development sector. For WFP and its peers,<sup>2</sup> individuals contributed a total of USD 11.5 billion in 2024, or 60 percent of all their income from the private sector. Despite record growth, however, individual fundraising at WFP accounts for just 1.3 percent of the overall individual giving market, implying that there is significant potential for further growth.
4. Since 2020, WFP has invested in building a unique model for raising funds directly from the public, using mainly digital channels. This model has the potential to mobilize up to USD 1.3 billion between 2025 and 2030, provided that additional investment is secured.
5. With the first investment of USD 20 million for 2025, WFP is increasing its efforts to expand the regular donor base of supporters who will provide WFP with reliable income year after year. The expansion into new markets and new channels – through television advertising, the piloting of face-to-face fundraising in five markets and telemarketing – is setting the foundation for a large supporter base delivering flexible sustainable income. As part of this strategy, WFP has secured free advertising space from major advertisement platforms, significantly amplifying its outreach efforts at no additional cost. WFP is on track to reach the USD 138 million target set out in the 2025 investment proposal.
6. The second investment of USD 20 million will be used mainly to increase WFP's presence on digital and established offline channels – leading social media channels, television

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<sup>1</sup> WFP. 2025. *Flexible Funding 2024: Annual Report on Impact of Flexible Resources*.

<sup>2</sup> Data from the International Fundraising Leadership Forum, a group of 18 international organizations in the humanitarian and development sectors.

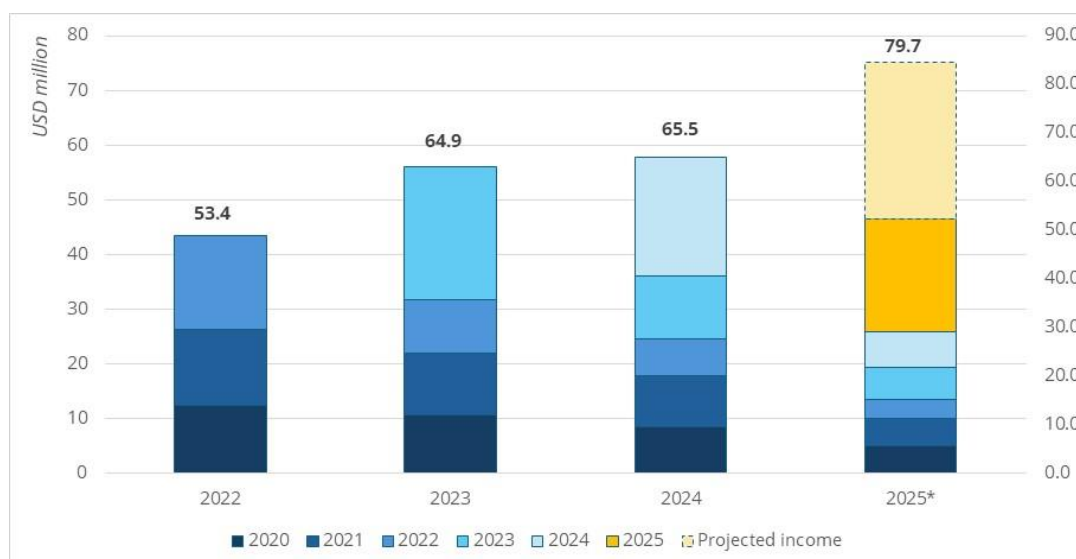
advertising and face-to-face fundraising in the markets with the highest returns, and telemarketing – while expanding into new markets, and optimizing the mobile application for, and experience of, web-based supporters. The investment will also enable WFP to increase its partnerships with national associations, work to secure stronger roles in large markets and further scale up its engagement with philanthropists.

7. In the first half of 2025, the consulting firm Bain & Company carried out a pro-bono review of the existing fundraising strategy. The review indicated that Bain's income projections were in line with WFP's ambition of reaching a cumulative income of USD 1.3 billion through individual giving by 2030. The expansion in 2025 demonstrated that there is still significant untapped potential from increased placement on digital channels.

### Income projection and performance

8. WFP's performance in individual fundraising in 2025 demonstrates robust growth and considerable room for further development. By the end of July 2025, individual fundraising efforts had yielded USD 69 million in revenue, putting WFP on a strong trajectory towards the 2025 target of USD 138 million.
9. After recruitment, a supporter's "lifetime value" – the cumulative contribution made during the supporter's period of engagement with WFP – increases every year of their engagement. Acquisition costs are incurred in only the initial year, resulting in higher overall returns compared with single donations. On average, in three years, a regular giver generates USD 421, more than four times the USD 100 generated by a one-time giver. The cumulative lifetime value of recurring supporters continues to rise, as shown in figure A.IV.1. The figure shows how the cohorts of supporters from 2020 to 2025 continue to donate for years after their initial engagement. Data include only WFP's income, but a similar pattern is observed for WFP friends' organizations. Data for 2025 include projected income from donations made until the end of the year.

**Figure A.IV.1: WFP's income from individual fundraising, excluding friends' organizations, by recruitment cohort, 2022–2025 (USD million)**



\* Data for 2025 are incomplete.

### WFP's approach to creating a successful and sustainable programme

10. The growth of the individual fundraising programme will be sustained by a reinvestment approach, whereby a portion of the funds raised from individuals is reinvested into future fundraising activities.

11. WFP allocates between 5 and 29 percent of each individual donation to future marketing and operational expenses. Given the increased revenue from individual fundraising, the funds available for reinvestment each year are expected to rise between 2025 and 2030, from USD 103 million in the absence of additional investment to USD 217 million with the expected additional investment. This creates a multiplier effect as each contribution not only supports immediate operations but also facilitates the acquisition of new supporters.

## Budget

12. Most of the USD 20 million investment requested will be allocated to strengthening the proven global digital model through the placement of advertisements in key countries and seven language markets, with a focus on recruiting regular supporters. A minor portion of the investment will be used to optimize the use of the tools and technology needed to fundraise and to expand partnerships.
13. By the end of July 2025, 97 percent of the USD 20 million allocated for 2025 had been utilized. In total, including the reinvestment funds, the programme had spent USD 23 million by July 2025. Between 2020 and 2024, the programme invested a total of USD 122 million and generated an income of USD 463 million for WFP, representing a substantial return on investment.

TABLE A.IV.1: BUDGET OVERVIEW, 2025–2030 (USD million)						
	2025	2026	2027	2028	2029	2030
Investment from the unearmarked portion of the General Fund	20	20	20	15	15	10
Reinvestment (retained income)	22	26	31	38	47	52
<b>Total funding available</b>	<b>43*</b>	<b>46</b>	<b>51</b>	<b>53</b>	<b>62</b>	<b>62</b>
Markets and channels, including media, budget	32	35	39	41	49	49
Technology budget	2	2	2	2	2	2
Operational budget	9	9	10	10	11	11
<b>Total budget</b>	<b>43</b>	<b>46</b>	<b>51</b>	<b>53</b>	<b>62</b>	<b>62</b>
<p>Markets and channels budget: covers mainly media costs – advertising through social media, television advertising, face-to-face channels and the agency costs for placing advertisements in certain media outlets.</p> <p>Technology budget: covers the technology behind the mobile application and web-based donation platforms.</p> <p>Operational budget: covers mainly staff and staff-related cost that contribute towards the acquisition and retention of donors.</p> <p>* Includes savings from previous years.</p> <p>Investments from the unearmarked portion of the General Fund for 2027–2030 are indicative and subject to performance and funding availability.</p>						

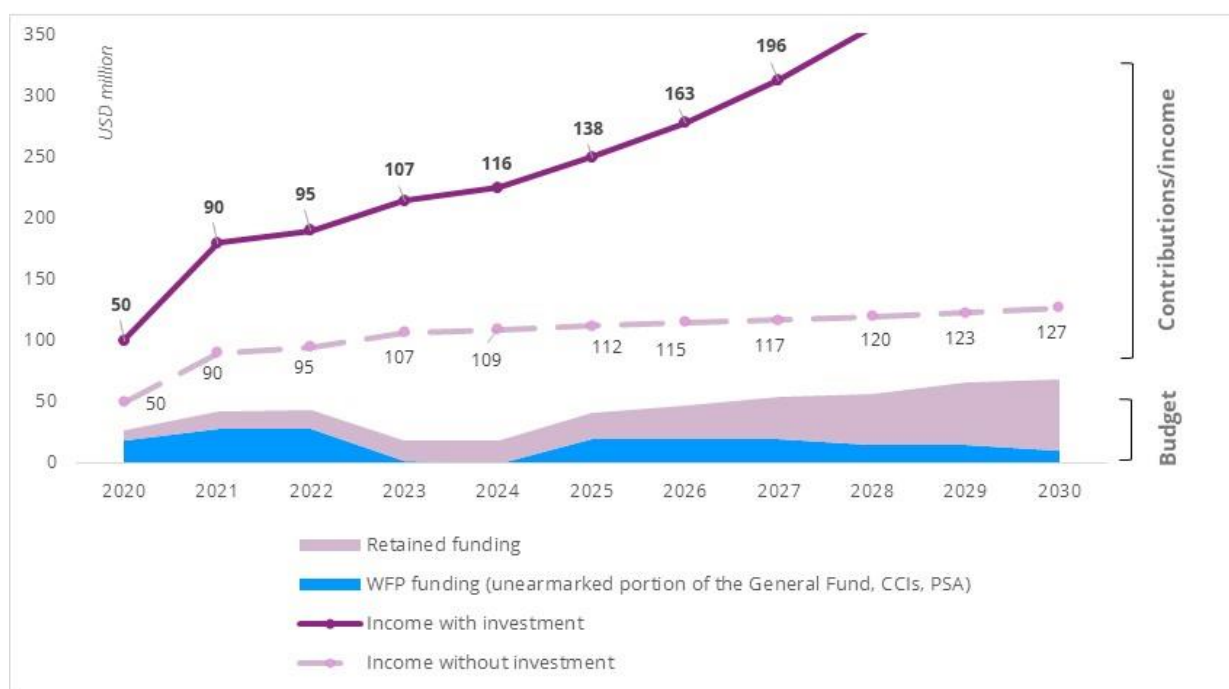
## Return on investment

14. In 2024, individual fundraising generated USD 116 million with USD 21 million being spent for the fundraising programme, including media investments, infrastructure and payroll costs.
15. In the absence of further investment, the individual fundraising model would be expected to yield a total of USD 714 million from 2025 to 2030. During this period, USD 103 million would have been allocated for reinvestment into the fundraising programme.
16. With an investment of USD 100 million over the same period, of which USD 20 million was disbursed in 2025 and USD 20 million is requested for 2026, and based on the results of the



previous phase of the individual fundraising programme and the first half year of the 2025 investment, an additional USD 602 million would be generated, bringing the total income to USD 1.3 billion. With the USD 100 million investment in individual fundraising, the income stream for WFP is expected to stabilize at approximately USD 300 million per year.

**Figure A.IV.2: Individual fundraising programme:  
projected impacts of increased investment versus no investment, 2020–2030**



## How to measure success?

17. WFP's KPIs for the individual fundraising programme focus on the total funds raised each year. These metrics are critical for assessing the effectiveness of WFP's fundraising efforts and the expansion of its supporter base. The investment of USD 20 million, along with reinvestment amounts, is projected to result in a total income of USD 163 million in 2026 with increases as shown in figure A.IV.2.
  - As of 31 July 2025, WFP had been able to secure more than 64,000 regular givers out of the target of 82,000 in 2025, strengthening the foundation for sustained flexible income. The long-term objective is to increase the share of income received from regular donors from 37 percent in 2025, to more than 50 percent in 2028 and beyond.
  - KPI I: Fundraising income – USD 163 million in 2026.
  - KPI II: Percentage received as fully flexible funding – 30 percent.

TABLE A.IV.2: INDIVIDUAL FUNDRAISING PROGRAMME, KEY PERFORMANCE INDICATOR TARGETS, 2025–2030						
KPI	2025	2026	2027	2028	2029	2030
Income from individual fundraising (USD million)	138	163	196	236	279	304
% of fully flexible funding	30	30	30	30	30	30

## Summary of proposed changes to Financial Regulations

Current text	Proposed text
<b>Financial Regulation 1.1: Definitions</b>	
<b>Appropriation</b> shall mean the amount approved by the Board for specified purposes in the Programme Support and Administrative budget for a financial period, against which obligations up to the amount approved may be incurred for those purposes.	<b>Appropriation</b> shall mean the amount approved by the Board for specified purposes in the Programme Support and Administrative budget, or for other activities for a specified period, against which obligations up to the amount approved may be incurred for those purposes.
<b>Appropriation line</b> shall mean the largest subdivision of the programme support and administrative budget within which the Executive Director is authorized to make transfers without prior approval of the Board.	<b>Appropriation line</b> shall mean the largest subdivision of the Programme Support and Administrative budget within which the Executive Director is authorized to make transfers without prior approval of the Board.
<b>Management Plan</b> shall mean the three-year comprehensive plan of work approved each year on a rolling basis by the Board, inclusive of planned outcomes and indicators of achievement, together with the annual WFP Budget.	<b>Management Plan</b> shall mean the three-year comprehensive plan of work submitted to the Board each year on a rolling basis, inclusive of planned outcomes and indicators of achievement, and together with the annual WFP budget.
<b>Programme support and administrative budget</b> shall mean the portion of the WFP Budget that pertains to providing indirect support to WFP's activities.	<b>Programme support and administrative budget</b> shall mean the portion of the WFP Budget appropriated by the Board to provide indirect support to WFP's activities.
	<b>Programme Support and Administrative Equalization Account (PSA Equalization Account)</b> shall mean a reserve account established to record the difference between the income generated from indirect support costs and the expenditures related to programme support and administrative activities.
<b>WFP Budget</b> shall mean the annual budget component of the Management Plan approved each year by the Board, indicating estimated resources and expenditures for programmes and activities, and shall include a Programme Support and Administrative budget.	<b>WFP Budget</b> shall mean the sum of the annual portions of each country portfolio budget approved, and/or expected to be submitted for approval, for the financial period, including the related operational and support costs, and shall be inclusive of the Programme Support and Administrative budget.
<b>Financial Regulation 9.1:</b> The Executive Director shall propose a Management Plan, including a WFP budget for the subsequent financial period, and submit it to the ACABQ and the Finance Committee in accordance with the General Regulations of WFP.	<b>Financial Regulation 9.1:</b> The Executive Director shall prepare a Management Plan, including a WFP budget for the subsequent financial period, and submit it to the ACABQ and the Finance Committee in accordance with the General Regulations of WFP.

Current text	Proposed text
<b>Financial Regulation 1.1: Definitions</b>	
<b>Financial Regulation 9.2:</b> The Executive Director shall submit the proposed Management Plan, as well as the reports thereon of the ACABQ and Finance Committee, to the Board at its last regular session of each calendar year. The proposed Management Plan shall be circulated to members of the Board not later than 30 days before the session.	<b>Financial Regulation 9.2:</b> The Executive Director shall submit the Management Plan, as well as the reports thereon of the ACABQ and Finance Committee, to the Board at its last regular session of each calendar year. The Management Plan shall be circulated to members of the Board not later than 30 days before the session.
<b>Financial Regulation 9.3:</b> The proposed Management Plan shall include the estimated resources and expenditures for each programme category and shall show proposed appropriations for programme support and administrative services in such separate main appropriation lines as may be decided by the Board.	<b>Financial Regulation 9.3:</b> The Management Plan shall include the estimated resources and expenditures for each programme category and shall show proposed appropriations for programme support and administrative activities in such separate main appropriation lines as may be decided by the Board.
<b>Financial Regulation 9.4:</b> The proposed Management Plan will include: <ul style="list-style-type: none"> <li>(a) planned outcomes and indicators of achievement;</li> <li>(b) comparative tables setting out the proposals for the following financial period, the approved WFP Budget for the current financial period and the approved WFP Budget for the current financial period as modified in the light of actual receipts and expenditures; and</li> <li>(c) such statistical data, information, explanatory statements and staffing tables including those with regard to the second and third years of the Management Plan period, as may be requested by the Board or considered appropriate by the Executive Director.</li> </ul>	<b>Financial Regulation 9.4:</b> The Management Plan will include: <ul style="list-style-type: none"> <li>(a) planned outcomes and indicators of achievement; and</li> <li>(b) comparative tables setting out the approved WFP Budget for the current financial period and the proposal for the following financial period.</li> </ul> <p>The Executive Director shall also provide, for the Board's information, such indicative statistical data, information, explanatory statements and staffing tables with regard to the Management Plan period as may be requested by the Board or considered appropriate by the Executive Director.</p>
<b>Financial Regulation 9.5:</b> The Board shall consider the proposed Management Plan, and the related reports of the ACABQ and the Finance Committee, and shall approve the Management Plan, including the WFP Budget, prior to the beginning of the financial period covered by the WFP Budget.	<b>Financial Regulation 9.5:</b> The Board shall consider the Management Plan, and the related reports of the ACABQ and the Finance Committee, and shall approve the annual WFP Budget prior to the beginning of the financial period covered by the annual WFP Budget. Approval of the WFP Budget does not constitute approval of individual programmes or their related country portfolio budgets, which shall be submitted separately for approval and revision pursuant to General Regulation VI.2(c) and the Appendix to the General Rules. The WFP Budget shall be deemed to incorporate future approvals and revisions of country portfolio budgets without further action by the Board.

Current text	Proposed text
Financial Regulation 1.1: Definitions	
<p><b>Financial Regulation 9.6:</b> The Board's approval of the Management Plan, including the Budget, shall constitute:</p> <ul style="list-style-type: none"> <li>(a) acceptance of the WFP programme of work for the following financial period and an authorization to the Executive Director to proceed with the implementation of the programme of work; and</li> <li>(b) an authorization to the Executive Director to allocate funds, issue allotments, incur obligations and make payments for the purposes for which the appropriation was approved, up to the amount so approved.</li> </ul>	<p><b>Financial Regulation 9.6:</b> The Board's approval of the Programme Support and Administrative budget and other appropriations shall constitute an authorization to the Executive Director to allocate funds, issue allotments, incur obligations and make payments for the purposes for which the Programme Support and Administrative budget and other appropriations were approved, up to the amount so approved.</p>
<p><b>Financial Regulation 9.7:</b> The Executive Director may make transfers within each of the main appropriation lines of the approved Programme Support and Administrative budget. The Executive Director may also make transfers between appropriation lines up to limits the Board may specifically set.</p>	<p><b>Financial Regulation 9.7:</b> The Executive Director may make transfers within each of the main appropriation lines of the approved Programme Support and Administrative budget. The Executive Director may also make transfers between appropriation lines, provided that the net amount transferred into and out of an appropriation line in a financial period does not exceed 5 percent of that appropriation line as approved by the Board, or such other limit the Board may specifically set.</p>
<p><b>Financial Regulation 9.8:</b> The Executive Director may propose a revision in the Management Plan, including a supplementary budget, for the financial period in a form and manner consistent with the Management Plan.</p>	<p><b>Financial Regulation 9.8:</b> The Executive Director may adjust the approved Programme Support and Administrative budget by:</p> <ul style="list-style-type: none"> <li>(a) increasing it by an amount not exceeding 25 percent of the indirect support cost portion of an increase in WFP's forecasted contribution income for the financial period, less the amount of any approved Programme Support and Administrative budget funding shortfall for that period; or</li> <li>(b) reducing expenditure by an amount not exceeding 10 percent of the approved Programme Support and Administrative budget, through cost-saving measures.</li> </ul> <p>All changes exceeding those limits shall require the Executive Director to submit a proposed supplementary budget for the Board's approval and an updated Management Plan for the Board's consideration. The Board shall be informed of all adjustments approved by the Executive Director.</p>

Current text	Proposed text
Financial Regulation 1.1: Definitions	
<p><b>Financial Regulation 9.9:</b> Appropriations for Programme Support and Administrative services shall remain available for twelve months following the end of the financial period to which they relate, to the extent they are required to discharge any outstanding legal obligations. At the end of that twelve-month period, the remaining balance of any appropriation shall revert to the General Fund. Any unliquidated obligations shall at that time be cancelled or, where the obligations remain a valid charge, transferred to an obligation against current appropriations.</p>	<p><b>Financial Regulation 9.9:</b> Appropriations for Programme Support and Administrative activities shall remain available for 12 months following the end of the financial period to which they relate, to the extent they are required to discharge any outstanding legal obligations. At the end of that 12-month period, the remaining balance of any such appropriation shall revert to the PSA equalization account. Any unliquidated obligations shall at that time be cancelled or, where the obligations remain a valid charge, transferred to an obligation against current appropriations.</p>
	<p><b>Financial Regulation 10.7:</b></p> <p>The Executive Director may draw from or credit the Programme Support and Administrative Equalization Account (PSA Equalization Account) to address any shortfall or surplus arising from:</p> <ul style="list-style-type: none"> <li>(a) indirect support cost income that is lower or higher than is required in order to meet programme support and administrative expenditures; and</li> <li>(b) variances in actual position costs relative to the corresponding amounts used to calculate the Programme Support and Administrative budget.</li> </ul> <p>All other uses of the PSA Equalization Account shall require approval by the Executive Board.</p>
<p><b>Financial Regulation 12.1:</b> The Executive Director shall establish internal controls, including internal audit and investigation, to ensure the effective and efficient use of the resources of WFP and the safeguarding of its assets. Such internal controls shall take into account the best prevailing practices of governmental and commercial management and shall, <i>inter alia</i>, ensure:</p> <ul style="list-style-type: none"> <li>(a) that all payments are made on the basis of supporting vouchers or other documents which ensure that the services or goods have been received and that payments have not previously been made;</li> <li>(b) the regularity of the receipt, custody and disposal of all resources of WFP;</li> <li>(c) the conformity of expenditures and obligations with the appropriations, allotments or other authorizations approved, as the case may be, by the Board, or by the Executive Director.</li> </ul>	<p><b>Financial Regulation 12.1:</b> The Executive Director shall establish internal controls, including internal audit and investigation, to ensure the effective and efficient use of the resources of WFP and the safeguarding of its assets. Such internal controls shall take into account the best prevailing practices of governmental and commercial management and shall, <i>inter alia</i>, ensure:</p> <ul style="list-style-type: none"> <li>(a) that all payments are made on the basis of supporting vouchers or other documents that show that the services or goods have been received and have not previously been paid for, except where advance or progress payments are specifically provided for in the contract, as may be required by normal commercial practice and the interests of WFP;</li> <li>(b) the regularity of the receipt, custody and disposal of all resources of WFP; and</li> <li>(c) the conformity of expenditures and obligations with the appropriations, allotments or other authorizations approved, as the case may be, by the Board, or by the Executive Director.</li> </ul>

## Summary of relevant audit recommendations

The external audit of the 2023 financial statements<sup>1</sup> recommended that WFP review and update its General Rules and Financial Regulations with the aim of ensuring that budget-related definitions and decisions are accurately reflected, and to consolidate elements currently spread across several documents, including past management plans. Box 7.1 below summarizes the relevant recommendations related to the updating of the Financial Regulations, which were considered by WFP while proposing changes to the Financial Regulations.

### Box 7.1: Relevant audit recommendations

- *Paragraph 80:* The External Auditor recommends that WFP review *budget-related definitions and decisions* at a level below the General Rules and Financial Regulations in order to assess the need to transform these into General Rules or Financial Regulations and make a corresponding proposal to the Executive Board.
- *Paragraph 49:* The External Auditor recommends that WFP, in line with Financial Regulation 9.4, provide the Executive Board with one document that compares the proposed budget with the current *approved* budget and the modified current budget and allows for the *approval of the annual WFP budget*, for example, in an annex to the management plan that contains the country strategic plans of all country offices in the approval periods.
- *Paragraph 35:* The External Auditor recommends that WFP propose to the Executive Board the *criteria for the management plan revisions* required in case of variances in the funding projections, in order to enable an amendment of the General Rules or Financial Regulations.
- *Paragraph 69:* The External Auditor recommends that WFP propose to the Executive Board definitions of, and criteria for when and under which *conditions funding can be set aside for critical corporate initiatives*. The proposal should enable the Executive Board to execute its governance role and consider an amendment of the General Rules or Financial Regulations.

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<sup>1</sup> “Audited annual accounts, 2023” (WFP/EB.A/2024/6-A/1).

## A proposal for improving WFP's ability to obtain access to resources from vertical funds

This annex presents a proposal from WFP management aimed at improving WFP's ability to obtain access to vertical funds, in particular for action in fragile and conflict-affected settings. The proposed way forward involves classifying vertical funds as non-traditional donors under General Rule XIII.4 (c), such that the full operational and support costs of their use may be covered through contributions by another donor and/or by resorting to the WFP Fund.

### Introduction

1. Extreme weather events such as floods, droughts and heatwaves drove 96 million people in the most fragile and conflict-affected settings to emergency levels of hunger in 2024 alone,<sup>1</sup> with significant impacts in Southern Africa, South Asia and the Horn of Africa. Among the 20 countries most vulnerable to the effects of extreme weather, 13 are fragile and affected by conflict, and nine of those 13 are also food-insecure.<sup>2</sup> Unfortunately, the communities most affected are also the ones least equipped with the financial resources and technical capacity to cope with more frequent and intense weather events and to safeguard their lives and livelihoods.
2. Tackling the effects of severe weather events in settings of high humanitarian needs is essential to saving lives. For more than a decade, WFP has been mobilizing resources from major vertical funds to enable governments and communities to contribute to and make use of early warning systems, implement anticipatory actions and scale up disaster preparedness and response. As an accredited entity of two vertical funds established under the United Nations Framework Convention on Climate Change (UNFCCC) – the Adaptation Fund (AF) and the Green Climate Fund (GCF) – WFP has successfully implemented projects designed to strengthen people's resilience and adaptive capacity in some of the world's most vulnerable regions. To date, WFP has helped 30 governments to mobilize USD 270 million in multilateral climate finance.
3. Despite facing the greatest disaster risks, many of the world's most fragile regions receive few or no financial means to manage such shocks. Vertical funds are committed to increasing the financial flows to these unserved regions,<sup>3</sup> and WFP is viewed as a key partner in achieving that goal, not least because of the organization's presence and expertise in those settings. Being able to access these funds effectively is also a key component of WFP's plan for diversifying funding to mobilize resources for critical life-saving actions. In light of the new financial reality, and taking into consideration its comparative advantages, WFP is striving to enhance its capacity to obtain access to vertical funds for countries where there are fragile and conflict-affected settings. However, as discussed with the Board, including at its second regular session in 2024, WFP faces internal challenges that limit its ability to mobilize and channel these dedicated resources effectively and at scale. The main challenge

<sup>1</sup> FSIN and GNAFC. 2025. *Global Report on Food Crises 2025*.

<sup>2</sup> IMF. 2023. *Climate Challenges in Fragile and Conflict-Affected States* in *Staff Climate Notes*, vol. 2023: issue 001.

<sup>3</sup> As outlined in its "50 by 30" vision, the GCF aims to manage a total of USD 50 billion in investments by 2030, and commits to enhancing support for climate-vulnerable communities globally.



relates to WFP's requirement for full cost recovery, because the organization's financial framework is not fully compatible with the approach used by the vertical funds.

4. To improve WFP's access to resources from vertical funds, management proposes to classify as non-traditional donors under General Rule XIII.4 (c) the following vertical funds, which are designated as part of the Financial Mechanism of UNFCCC: the Global Environment Facility, the GCF, the Special Climate Change Fund, the Least Developed Countries Fund, the AF and the Fund for Responding to Loss and Damage.

## The importance of vertical funds for accelerating climate action

5. As underlined in WFP's climate change policy update of 2024,<sup>4</sup> the rapidly changing nature of weather events multiplies the threats faced by food-insecure people and communities. The increased frequency and intensity of disasters continue to stretch the humanitarian system, which is already struggling to keep pace with current needs. Extreme weather events affect three times as many people in fragile settings than in more stable environments, but those fragile communities receive only a fraction of the resources that they require to address the devastating impacts of such events.<sup>5</sup>
6. Vertical funds, such as the GCF and the AF, provide much-needed resources that empower governments to manage growing risks and take effective action. They serve as an entry point for increasing national capacities to respond to a wide range of interrelated shocks, financing integrated projects that reduce humanitarian needs by strengthening the resilience of vulnerable communities, and providing critical investment used by governments to implement sustainable, long-term solutions to mitigate the risks from weather-related events. By designing and implementing strategic projects, WFP supports governments in enhancing natural, physical, financial, human and social capital so that vulnerable communities are better equipped to manage shocks and protect their assets and are less dependent on humanitarian food assistance.

## WFP's comparative advantage

7. *WFP's commitment to accelerating access to critical and dedicated resources at the national and local levels is embedded in outcome 2 of its climate change policy*, which underscores the organization's pledge to increase the ability of governments to mobilize financing for strategic projects that strengthen food and nutrition security, particularly in areas prone to shocks and stressors. This work includes improving governments' access to vertical funds and multilateral finance, and reducing disaster-related risks in government-led investments supported by international financial institutions.
8. *WFP has a track record of mobilizing climate finance, especially in fragile and conflict-affected settings*. For more than a decade, WFP has mobilized resources from various sources, both bilateral and multilateral, and has significant potential to increase its ability to facilitate access to resources for countries seeking to manage weather-related shocks and strengthen their resilience. Between 2018 and 2023, WFP was the leading United Nations entity in terms of channelling climate-related financing from bilateral and multilateral sources, mobilizing USD 2.27 billion in 68 settings identified as facing high or extreme fragility.<sup>6</sup> With its extensive reach and technical expertise, WFP delivers evidence-based, high-impact solutions in a wide range of settings, from anticipatory action designed to prevent food crises, to disaster risk financing – including insurance – that protects vulnerable farmers and

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<sup>4</sup> "Climate change policy update" (WFP/EB.2/2024/4-C).

<sup>5</sup> ODI Global. 2024. [Climate change, conflict and fragility: a recipe for disasters](#).

<sup>6</sup> Organisation for Economic Co-operation and Development. Climate-related development finance datasets, available at [Development finance for climate and environment](#) (last updated in July 2025).

households, nature-based solutions that restore degraded land and ecosystems, and shock-responsive social protection systems that take disaster-related risks into account.

9. *WFP is already implementing an “investment pipeline” for fragile and conflict-affected settings, focusing on strengthening countries’ adaptive capacities and resilience.* Building on its pledge under the United Arab Emirates Climate, Relief, Recovery and Peace Declaration,<sup>7</sup> WFP established this pipeline as its primary vehicle for scaling up financial, technical and partnership-based support for the most food-insecure people in fragile and conflict-affected situations.
10. *WFP is a partner of choice for ensuring the effective mobilization and application of finance from vertical funds.* The organization partners with other United Nations entities and with government and private entities on dedicated finance initiatives. For example, WFP is implementing the inclusive insurance component of a GCF-funded programme led by the International Fund for Agricultural Development (IFAD) in seven Sahelian countries; it supports the UNDP with insurance, early warning and climate services in GCF-funded projects in Cambodia, Chad, Zambia and Zimbabwe; and it contributes to a GCF-funded anticipatory action project led by a public-private partnership in the Philippines.
11. *WFP’s deep understanding of the risks faced by vulnerable people in challenging settings further strengthens its capacity to partner with governments in obtaining access to and effectively deploying targeted resources.* The next five years will present fresh opportunities for WFP to scale up its support as new funding mechanisms become fully operational. To harness these opportunities, WFP needs to optimize its internal processes so that it can mobilize this vital funding, ensuring that financial support reaches and directly benefits food-insecure communities affected by disasters.

## Issues that prevent WFP from obtaining access to vertical funds

12. WFP faces specific challenges that hamper its ability to leverage AF and GCF contributions and limit the size of contributions that it can mobilize from the two funds. The main challenge relates to WFP’s full cost recovery model.
13. *WFP has an established system for recovering the full costs of the contributions it receives; however, the vertical funds use a different cost recovery model, and the two approaches are incompatible.*
14. *WFP’s approach to ensuring full cost recovery:* In accordance with Article XIII.2 of the General Regulations,<sup>8</sup> WFP operates under a principle of full cost recovery, which requires each donor to provide cash contributions sufficient to cover the full operational and support costs associated with the use of its contributions. Pursuant to General Rule XIII.4, these costs are categorized and calculated as follows:
  - i. transfer and implementation costs, which shall be calculated based on estimated cost;
  - ii. DSC, which shall be calculated based on country- or countries-specific percentages of the transfer and implementation costs; and
  - iii. ISC, which shall be calculated based on percentages – determined by the Board – of transfer and implementation costs and direct support costs.

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<sup>7</sup> United Nations. 2023. “COP28 Declaration on Climate, Relief, Recovery and Peace”.

<sup>8</sup> WFP. 2022. *General Regulations, General Rules, Financial Regulations and Rules of Procedure of the Executive Board*.

15. The current ISC rate is 6.5 percent, while DSC rates vary by country, ranging from as low as 1 percent in countries with large operations to a high of more than 30 percent for very small operations.<sup>9</sup>
16. *The AF and GCF approach:* With each project grant, the AF and the GCF provide an “accredited entity fee” to cover project oversight, reporting and evaluation.<sup>10</sup> The fee is intended to provide sufficient resources to cover the full support costs associated with each contribution; however, because of WFP’s organizational and cost structure and its governance and oversight requirements, the fee usually falls short of covering support costs in full.
17. As shown in figure A.IX.1, the accredited entity fee ranges from 5 to 8.5 percent of the value of each project grant, depending on the size of the grant. In the majority of cases, WFP uses the fee to cover its ISC, which drastically reduces – or fully absorbs – the amount available to country offices and global headquarters for ensuring project oversight in accordance with contractual requirements.

**Figure A.IX.1: Accredited entity fees and their use at WFP**



Abbreviation: AE = accredited entity.

## Unlocking solutions for mobilizing resources from vertical funds

18. An analysis of the approach followed by other United Nations entities showed that the Food and Agriculture Organization of the United Nations, IFAD and UNDP have all introduced exceptions to their respective regulations for vertical funds. Recognizing that vertical funds have their own specific policies on fees, other United Nations entities treat these funds differently, using measures such as decreasing their standard cost recovery rates and/or earmarking the fees for the various functions supporting project implementation at the country, regional and headquarters levels. However, these options are not available to WFP within its current normative framework, which leaves the organization unable to leverage the full potential of vertical funds.

<sup>9</sup> “WFP management plan (2024–2026)” (WFP/EB.2/2023/5-A/1), paragraph 101.

<sup>10</sup> Each accredited entity fee covers one project and includes supervision missions, technical backstopping, oversight of procurement, financial management and funds disbursement, annual financial and narrative reporting, a mid-term review and a final evaluation.

19. If WFP were to embark on a review of its financial framework and full cost recovery principle, the solutions used by other United Nations entities to facilitate access to vertical funds could be considered. In the meantime, the following set of measures is being proposed for the Board's approval as a short-term solution that can be readily implemented within WFP's current normative framework.

#### **The classification of vertical funds as non-traditional donors under General Rule XIII.4 (c)**

20. Article XIII.2 of the WFP General Regulations establishes the principle of full cost recovery and states:

"[e]xcept as otherwise provided in such general rules in respect of developing countries, countries with economies in transition and other non-traditional donors, or in respect of other exceptional situations, each donor shall provide cash contributions sufficient to cover the full operational and support costs of its contributions".

21. Further to this General Regulation, General Rule XIII.4 sets forth certain exceptions to the full cost recovery principle. General Rule XIII.4(c) reads as follows:

"Governments of developing countries, countries with economies in transition, and other non-traditional donors as determined by the Board, may make contributions that do not achieve full cost recovery, provided that:

- i) the full operational and support costs are covered through contributions by another donor or donors, through the monetization of part of the contribution and/or through resort to the WFP Fund
- ii) such contributions are in the interests of the Programme and do not result in any disproportionate administrative or reporting burden to the Programme; and
- iii) the Executive Director considers that accepting the contribution is in the interests of the beneficiaries of the Programme."

22. The criteria for determining donor eligibility under General Rule XIII.4(c) were established by the Board through its endorsement of the 2004 policy set out in the document "New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base";<sup>11</sup> this decision was reaffirmed by the Board in 2018.<sup>12</sup> In 2022, the Board decided to classify private sector donors as "non-traditional donors" for the purposes of the application of General Rule XIII.4(c), except that no resort to the WFP Fund nor to monetization should be made, thereby ensuring that the principle of full cost recovery is ultimately still achieved by all private sector contributions.<sup>13</sup> Vertical funds are not currently eligible under General Rule XIII.4(c).

23. To allow for vertical fund contributions to be received pursuant to General Rule XIII.4(c) and avail of the exceptions thereunder, it is proposed to classify vertical funds as non-traditional donors.

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<sup>11</sup> "New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base" (WFP/EB.3/2004/4-C).

<sup>12</sup> "Update on the Integrated Road Map" (WFP/EB.2/2018/5-A/1).

<sup>13</sup> Executive Board decision 2022/EB.A/12.

## Conclusion

24. Amid the current highly fluid geopolitical landscape and donors' changing priorities, WFP's internal systems are further limiting its ability to mobilize crucial resources, particularly from vertical funds. To ensure that the organization can mobilize climate financing to support the efforts of governments and communities to address weather-related shocks and risks to food security, especially in the most fragile regions, it is recommended that vertical funds be classified as non-traditional donors for the purposes of General Rule XIII.4(c).

## Acronyms

ACABQ	United Nations Advisory Committee on Administrative and Budgetary Questions
AF	Adaptation Fund
AI	artificial intelligence
CBT	cash-based transfer
CCI	critical corporate initiative
CFM	community feedback mechanism
CSP	country strategic plan
DED/COO	Deputy Executive Director and Chief Operating Officer Department
DSC	direct support costs
EDMF	Emerging Donor Matching Fund
GCF	Green Climate Fund
IFAD	International Fund for Agricultural Development
IFI	international financial institution
IOAC	Independent Oversight and Advisory Committee
IPSAS	International Public Sector Accounting Standards
IRA	Immediate Response Account
ISC	indirect support costs
IT	information technology
JIU	Joint Inspection Unit
KPI	key performance indicator
OEV	Office of Evaluation
OIG	Office of the Inspector General
PI	Partnerships and Innovation Department
PSA	programme support and administrative (budget)
PSAEA	PSA equalization account
UNFCCC	United Nations Framework Convention on Climate Change
WM	Workplace and Management Department