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Programme Alimentaire Mondial
Programa Mundial de Alimentos
برنامج الأغذية العالمي

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

WFP management plan (2026–2028)

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Web annexes:

Draft decision*

Having considered WFP's management plan for 2026–2028 (WFP/EB.2/2025/5-A/1), the Board:

i) *approves* the proposed amendments to the WFP Financial Regulations as set forth in the proposed text column of annex VII and decides that such amendments shall come into effect immediately;

ii) *approves* the WFP Budget of USD 13.0 billion, based on projected operational requirements in 2026;

iii) *notes* that the proposed 2026 programme support and administrative budget assumes a funding level of USD 6.4 billion in 2026 (the "global contribution forecast") and a provisional implementation plan of USD 7.7 billion for 2026, as outlined in section III of the management plan for 2026–2028;

iv) *approves* a 2026 programme support and administrative budget of USD 380 million, to be appropriated as follows:

Strategic direction and management	USD 92.8 million
Efficient, effective and evidence-based business services	USD 178.8 million
Influential advocacy and communications for effective partnerships and resource mobilization	USD 71.1 million
Robust governance and independent oversight	USD 37.3 million
Total	**USD 380.0 million**

v) *approves* a standard indirect support cost recovery rate at 6.5 percent for 2026 for all contributions except for such contributions received pursuant to General Rule XIII.4 (e), for which an indirect support cost recovery rate of 4 percent shall apply;

vi) *approves* the use of the programme support and administrative equalization account for a total amount of USD 78 million, specifically to:

a) *appropriate* USD 70 million for two new critical corporate initiatives, namely the WFP Digital Business Transformation Plan (2025–2028) for USD 60 million and the implementation of the Global Shared Services Strategy (2026–2028) for USD 10 million; and

b) *replenish* the Wellness fund with USD 8 million;

vii) *approves* the use of the unearmarked portion of the General Fund for a total amount of USD 92 million, specifically to:

a) *replenish* the Immediate Response Account by the amount of USD 25 million to improve the availability of funds for allocations from that account;

b) *replenish* the Country Office Safety Net by the amount of USD 25 million to continue to support country offices facing acute financial distress and to expand the scope of the safety net to address unforeseen and urgent costs, such as staff relocation and evacuation, arising from rapidly changing security conditions or incidents, while ensuring that available directed and multilateral contributions remain focused on supporting WFP beneficiaries;

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

c) *replenish* the Emerging Donor Matching Fund by the amount of USD 22 million for the purposes described in section IV.3 of the management plan for 2026–2028; and

d) *invest* the amount of USD 20 million in the individual fundraising model;

viii) *takes note* of the repurposing of up to USD 97.5 million of the Employee Benefit Fund surplus to support workforce management costs, including separation payments and salaries for unassigned staff;

ix) *approves* the classification of the vertical funds identified in paragraphs 28 through 30 of section II of the management plan for 2026–2028 as non-traditional donors for the purposes of application of WFP General Rule XIII.4 (c);

x) *approves* the resourcing target level of USD 400 million for the Immediate Response Account in 2026, in line with the 2025 level; and

xi) *approves* the evaluation function workplan and priorities for 2026–2028 as presented in annex VIII.

Management plan for 2026–2028

AT A GLANCE

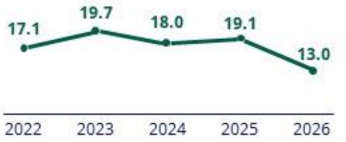
CONTEXT

WFP budget

USD 13 billion

110 million Targeted beneficiaries

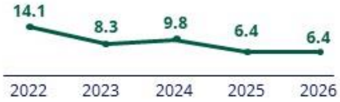
The WFP budget reflects the needs expressed in the country strategic plans. The declining budget relates to stronger prioritization and foreseen operational and resource constraints



Contribution forecast

USD 6.4 billion

- WFP is actively implementing innovative strategies to diversify funding, including the classification of vertical funds as non traditional donors
- IRA resourcing target level USD 400 million



Provisional implementation plan

USD 7.7 billion

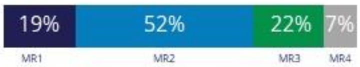
94 million beneficiaries

The provisional implementation plan is aligned to projected resources from contributions, carry-over balances and other revenue

PROGRAMME SUPPORT AND BUSINESS OPERATIONS

Baseline budget by management results (MRs)

USD 579 million



- Strategic direction and management
- Efficient, effective and evidence-based business services
- Influential advocacy and communications for effective resource mobilization
- Robust governance and independent oversight

PSA budget and indirect support costs

Proposed PSA budget **USD 380 million**

- 21% lower than 2025 approved PSA
- To support the implementation of USD 7.7 billion

- ISC standard rate **6.5%** with exceptions of **4%** as previously approved by the Board

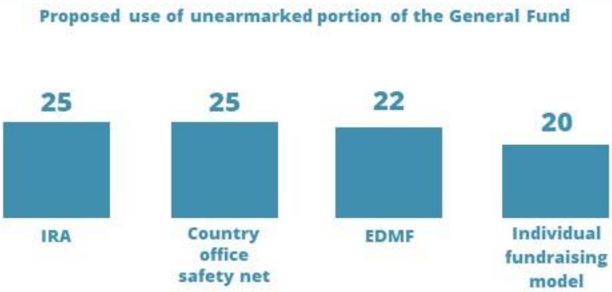
Proposed changes to Financial Regulations

- Consolidate budgetary policy
- Reduce ambiguity and resolve inconsistencies by harmonizing conflicting financial regulations
- Strengthen budgetary governance
- Enhance WFP's agility in responding to change

Proposed use of PSA equalization account and unearmarked portion of the General Fund

figures in USD million

Two new CCIs	Shortfall PSA income	Wellness
Implementation of global shared services strategy (USD 10 million) WFP digital business transformation plan (USD 60 million)	To cover the shortfall between ISC income expected at USD 365 million (based on USD 6.4 billion contribution revenue) and PSA at USD 380 million	For services that are essential to the well-being of WFP employees



IRA	Country office safety net	EDMF	Individual fundraising model
To enable WFP to respond to emergencies in a timely manner	To support country offices in adapting to reduced funding levels	To further enhance resource mobilization with emerging donors particularly national governments	To continue diversifying WFP's income streams by expanding into new markets and new channels

Workforce management - No allocation required

Repurposing USD 97.5 million previously allocated to the Employee Benefits Fund (140% current funding ratio) to cover downsizing costs and ensure that WFP's workforce remains aligned with both the operational implementation plan and the level of contributions.

Executive summary

Introduction

As WFP sets forth a new strategic plan, the world is navigating a period of great uncertainty. Global food insecurity is critically high, driven by a combination of intensifying conflicts, extreme weather and persistent economic challenges. Meanwhile, the operating environment for humanitarians is increasingly complex, and deep funding cuts are straining the entire sector.

In 2025, 319 million people across 67 countries are acutely food-insecure. Chronic hunger affects up to 720 million people globally, and projections indicate that by 2030, the number of undernourished people will reach 512 million, with more than half of those affected living in Africa. Despite some progress, child malnutrition rates remain severe, with 23.2 percent of children under 5 stunted and 6.6 percent wasted; only modest improvement is expected by 2030.

In 2026, WFP will focus on saving lives in emergencies while adapting to lower funding levels by delivering more targeted, high-quality assistance. WFP will also invest in scalable, sustainable solutions to hunger that build resilience and strengthen national systems, particularly in protracted crises. Integrated programming will link emergency and resilience efforts, with a shift toward nationally led implementation where appropriate.

Supporting this strategic focus, the management plan for 2026–2028 emphasizes operational agility, efficient resource use and stronger support from global headquarters to country offices.

Amid the challenging global context, WFP will reinforce assurance measures and streamline support through its restructured headquarters to ensure coherent and responsive field operations.

Complementing the new strategic plan, this management plan for 2026–2028 constitutes WFP's annual plan of work. At the same time, WFP is actively contributing to the ongoing UN80 reform initiative and has come together with other United Nations humanitarian agencies through a new humanitarian compact designed to make humanitarian action more coherent, predictable and impactful. WFP will continue to contribute to discussions and shape the outcomes of reform efforts, standing ready to proactively adapt to change and meet the challenges of the future.

Funding context

WFP expects that its annual contributions will stabilize at USD 6.4 billion for the period 2026–2028. Against a backdrop of high needs, a challenging humanitarian environment and reduced levels of funding, WFP will intensify its engagement and advocacy with existing partners to secure ongoing support, while vigorously pursuing innovative and efficient strategies to diversify and expand its funding base. The organization will strengthen engagement with emerging economic actors and the private sector. At the same time, it will continue to seek contributions from programme countries through international financial institutions and domestic channels. Additional priorities include expanding access to United Nations pooled funds, increasing thematic and multi-year funding, and exploring innovative financing solutions. Among the measures envisaged to expand its resource base, WFP is proposing to classify selected vertical funds as non-traditional donors under General Rule XIII.4 (c), thereby mobilizing key resources from these funds.

Programmatic context

WFP's projected operational requirements for 2026 are estimated at USD 13 billion to assist 110 million people. Consistent with the challenging operating environment, these requirements are nonetheless lower than those of 2025, reflecting WFP's revised country-level planning approach which focuses on what assistance can realistically be delivered, based on country needs, and takes into account WFP's operational capacity and expected resources, all in close collaboration with governments and partners.

The global provisional implementation plan of USD 7.7 billion for 2026 is based on the 2026 global contribution forecast of USD 6.4 billion, the estimated use of net carryover contribution balances of USD 1.1 billion, and projected revenue of USD 200 million from service provision. The implementation plan figure represents 59 percent of operational requirements and would enable WFP to assist 94 million beneficiaries.

Saving lives will remain WFP’s top priority. The crisis response focus area will account for the largest share of the provisional implementation plan in 2026 (74 percent, compared with 75 percent in 2025). Although recurring and protracted crises have significantly worsened food insecurity in several regions, the slight percentage decrease compared to last year reflects a more direct impact of funding constraints on emergency activities while non-emergency activities often benefit from multi-year funding agreements. Resilience building activities, representing 22 percent of WFP’s 2026 implementation plan, will concentrate on enhancing communities’ capacity to absorb shocks and recover from crises, thus contributing to reducing long-term humanitarian needs. Efforts to address the root causes of hunger will account for 4 percent of the provisional implementation plan.

As in previous years, food and cash-based transfers will continue to be the main transfer modalities, with food accounting for 47 percent of total transfer costs in the 2026 provisional implementation plan, and cash-based transfers, 36 percent.

Programme support and business operations

The proposed WFP budget of USD 13.0 billion for 2026 reflects the full operational and support costs of country strategic plans. Within this budget, baseline activities, which are the largest component of activities managed by global headquarters and include indirect recurring activities and one-time investments, are projected at USD 579 million, a 17 percent reduction compared with 2025.

This management plan presents the baseline budget in a single “resources-to-results" model that merges the budget and results frameworks. This new approach aligns funding with management outcomes, includes outputs and key performance indicators for each result, integrates strategic enablers and their key performance indicators, and ultimately improves WFP's resource allocation decisions. Accounting for 52 percent of the baseline budget, management result 2, “efficient, effective and evidence-based business services”, ensures that WFP has the operational capabilities, systems and infrastructure needed to deliver assistance efficiently, with accountability and at scale.

Programme support and administrative budget

The 2026 programme support and administrative budget is the largest component of the baseline budget, covering activities that indirectly support WFP operations. Management proposes a programme support and administrative budget of USD 380.0 million for 2026, representing a 21 percent reduction compared with the budget approved in 2025. This level is calculated to support an implementation plan of USD 7.7 billion, while ensuring robust oversight and governance of the organization.

Since 2023, in response to lower funding forecasts, WFP has been taking steps to reduce the programme support and administrative budget. The reductions reflect the Executive Director’s intention to streamline the organization and bring cost efficiencies through structural reorganization, capitalizing on investments in new technologies and processes, and cost containment efforts. The 2026 budget fully incorporates the new two-layer structure, integrating headquarters, regional offices and global offices into one global headquarters.

The funding for the programme support and administrative budget is derived from amounts recovered from contributions in order to cover indirect support costs. The indirect support cost rate is approved by the Executive Board each year. The Secretariat proposes that the rate be maintained at 6.5 percent, with a lower rate of 4 percent to be applied under conditions previously approved by the Board. Based on a global contribution forecast of USD 6.4 billion for 2026 and a standard rate of 6.5 percent, the projected indirect support cost income is USD 365 million.

Proposed uses of the programme support and administrative equalization account and the unearmarked portion of the General Fund

The programme support and administrative equalization account and the unearmarked portion of the General Fund are projected to have balances above their respective targets. The equalization account will be used to cover the USD 15 million shortfall between the programme support and administrative budget and indirect support cost income. In addition, USD 78 million from the equalization account and USD 92 million from the unearmarked portion of the General Fund are proposed for allocation to strategic investments.

Proposed uses of the equalization account include USD 8 million for the replenishment of the Wellness Fund to support the implementation of the wellness strategy. This encompasses essential services that are directly related to the wellbeing of employees and provided in line with WFP's strong commitment to duty of care, such as medical clinics in country offices, counselling and psychosocial support.

Management also proposes to invest USD 70 million from the equalization account in two new corporate initiatives aligned with organizational priorities and designed to generate sustained gains in efficiency and effectiveness upon their completion.

1. The *WFP digital business transformation plan* is a three-year initiative designed to modernize WFP's technology systems, addressing fragmentation, manual processes and underinvestment compared with WFP's peer organizations, as well as reducing the widespread use of "shadow" information technology. The initiative contributes to a broader five-year plan for scalable, interoperable platforms and is expected to be complemented with directed contributions, particularly in-kind expertise and services.
2. The *global shared services strategy* responds to the need for a coherent and sustainable approach to shared services. The strategy, with a proposed investment of USD 10 million, aims to move from fragmented, localized services to a globally integrated model, improving efficiency, automation and cost-effectiveness.

In addition to the two new corporate initiatives, five corporate initiatives will continue in 2026, with budgets covered by previously approved allocations.

Proposed uses of the unearmarked portion of the General Fund total USD 92 million. Management proposes to allocate USD 25 million to the Immediate Response Account to enable WFP to respond to emergencies swiftly while awaiting donor contributions in support of operations. Management also recommends that the Immediate Response Account resourcing target of USD 400 million be maintained for 2026.

An allocation of USD 25 million from the unearmarked portion of the General Fund is proposed for the Country Office Safety Net. This aims to ensure funding continuity for country offices in 2026 while they downsize their offices in response to funding constraints, allowing multilateral and directed contributions to remain focused on WFP's beneficiaries. The Country Office Safety Net would also be used to cover unforeseen and exigent costs such as employee relocation and evacuation resulting from rapidly changing security situations or incidents (when funding within the country portfolio budgets is insufficient), and for the annual replenishment of the contingency evaluation fund.

A replenishment of USD 22 million is proposed for the Emerging Donor Matching Fund to sustain the fund through to December 2028. This replenishment will enable continued support for evolving government partnerships and allow for structural enhancements to the fund's scale and scope, such as the potential use of the fund to match contributions from selected vertical funds that do not meet full cost recovery requirements. This utilization is subject to the Board's approval of the classification of vertical funds as non-traditional donors, in accordance with the application of WFP General Rule XIII.4 (c).

Management also proposes to allocate USD 20 million from the unearmarked portion of the General Fund to invest in the individual fundraising model, with the aim of further diversifying income streams and generating future income from individual donors.

In the current funding environment, WFP will continue downsizing its workforce to align with reduced contributions and operational levels, while maintaining appropriate capabilities and continued capacity for critical operations in country offices and for business services and oversight at global headquarters. While the cost for downsizing the local country office workforce is covered through country portfolio budgets and accrued allowances, the cost of reducing the international professional workforce and general service staff in global headquarters requires other funding sources. In 2026, WFP will repurpose up to USD 97.5 million from the Employee Benefits Fund, which has a 140 percent funding ratio as of 30 June 2025, to cover administration of the downsizing, separation payments, and entitlements to international professional staff and general service staff in global headquarters while they await reassignment.

Proposed changes to the Financial Regulations

WFP is proposing revisions to budget management policies and definitions within its Financial Regulations. The changes aim to streamline budgetary policy, reduce the volume and complexity of draft decisions, eliminate ambiguity in regulations, and improve WFP's responsiveness to change, while maintaining the Board's strategic and budgetary oversight. These changes also aim to respond to External Auditor recommendations related to budgetary policy.

The proposed changes include an updated definition of the WFP budget (Financial Regulation 1.1) and an update of elements included in the management plan (Financial Regulation 9.4). They clarify the role of the Board in approving the WFP budget, in line with General Regulation XIV.6 rather than the entire management plan (Financial Regulation 9.5), and they simplify and add specificity on appropriations (Financial Regulation 9.6). The changes also introduce a 5 percent flexibility for the Executive Director to transfer funds between appropriation lines (Financial Regulation 9.7) and set limits on the adjustments the Executive Director can make to the approved programme support and administrative budget during the year (Financial Regulation 9.8). Finally, they include a definition of the programme support and administrative equalization account in Financial Regulation 1.1 and introduce a new regulation on its use (Financial Regulation 10.7).

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 aims to position WFP to anticipate, adapt and respond to the challenges of a complex and volatile environment marked by alarmingly high needs and deep funding cuts. It 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.

2. WFP's planning for 2026 is against a backdrop of 319 million people facing acute food insecurity in the 67 countries where WFP has emergency operations in 2025.[1] Catastrophic food insecurity has become more widespread, increasing more than tenfold in less than a decade.[2] One in every 12 people in the world – up to 720 million people in total – face chronic hunger.[3] The number of refugees and internally displaced people continues to rise, standing at 123.2 million people by mid-2024.[4]

3. In 2026, WFP's highest priority will remain saving lives in emergencies. In response to reductions in funding, WFP will sharpen its focus to reach 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 scale up quickly when shocks occur and reduce its operational footprint when the situation allows. This will be enabled by investments in tools, data and evidence that enhance WFP's ability to identify the people in greatest need of assistance, and by supporting country operations in planning and implementing impactful programmes tailored to the available resources and capacity.

4. To help contain and reduce soaring levels of humanitarian need, WFP will support people and nations caught in recurring and protracted crises in progressing towards self-reliance, building their resilience in the face of recurring shocks and strengthening national systems. WFP will invest in integrated solutions at scale to achieve maximum impact and will ensure a more focused approach through which it will aim to reduce dependence on humanitarian assistance and do what it is best placed to do, while supporting partners in engaging in context-specific, multi-sectoral approaches, including by providing aviation, supply chain and other mandated and on-demand services. 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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[1] WFP. 2025. *WFP 2025 Global Outlook – Mid-year update*.

[2] Food Security Information Network (FSIN) and Global Network Against Food Crises (GNAFC). 2025. *Global Report on Food Crises 2025*.

[3] 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*.

[4] FSIN and GNAFC. 2025. *Global Report on Food Crises 2025*.

5. In 2026, WFP will face another year of highly challenging operating conditions that risk hindering or preventing it from reaching people in need. In this environment, WFP will fully implement the global assurance framework to ensure that assistance reaches the intended recipients, building on the strengthened assurance measures established through the global assurance project in 2024–2025. This includes strengthened targeting, identity management, commodity tracking, cooperating partner management and monitoring mechanisms, along with clear escalation and risk management approaches, with full transparency internally and with key stakeholders.

6. WFP’s restructured global headquarters will emphasize provision of improved core technical and backstopping support for country operations. Within the “one global headquarters” model, integrated teams of Rome-based and regional office employees from the same functional or technical area will work closer together, ensuring that there is no duplication of effort and enabling more coherent support for field operations. Country offices will in turn be able to use simpler, faster and streamlined systems to call for support or guidance from global headquarters.

7. WFP is actively engaging in ongoing discussions as part of the UN80 reform initiative and the Humanitarian Reset on the future of humanitarian action. These conversations are part of broader efforts to reimagine how the United Nations can respond more effectively to global challenges and deliver greater collective impact with scarce resources. WFP will continue to contribute to the discussions and shape outcomes, including by spearheading proposals with partners on an integrated supply chain offer and for common administrative services.

Section II: Funding context and resourcing assumptions

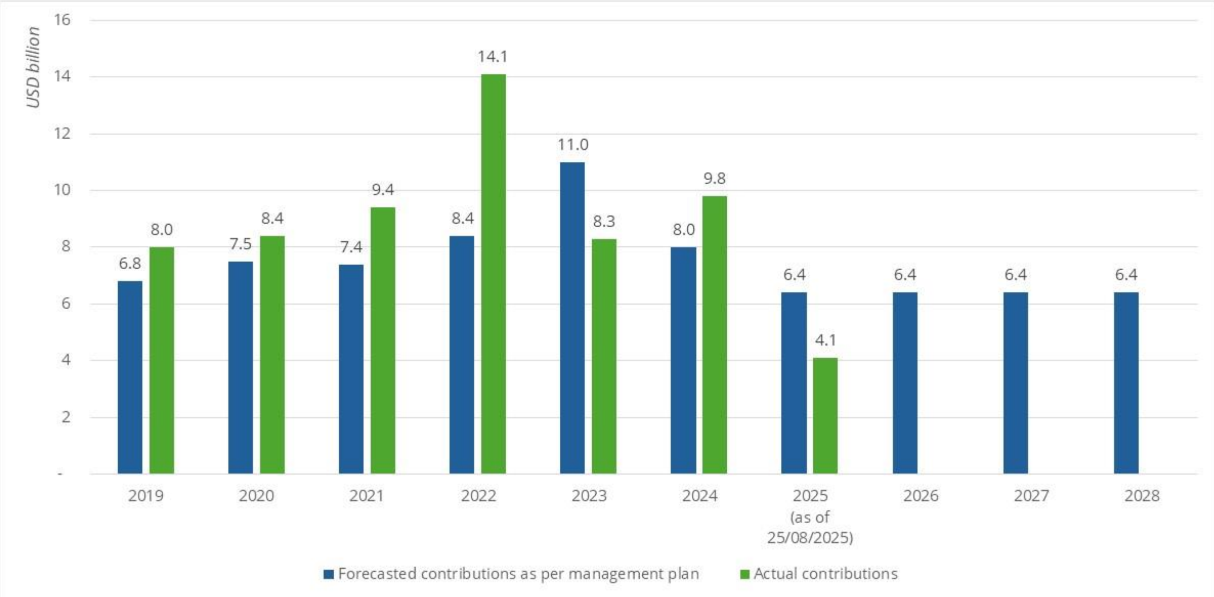
2.1 Overview

8. 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 relationship of WFP's partners, whose continued support is a cornerstone of the organization's ability to deliver impact at scale.

9. 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, private sector entities and individual donors.

10. 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)



11. 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.

12. 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 in line with their strategic priorities. WFP is actively showcasing progress in innovation, efficiencies, partnerships and operational adaptability as ways of meeting growing needs.

2.2 Protecting, growing and diversifying partnerships

Strategic political engagement and advocacy

13. 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.

14. 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 in the fight against 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

15. 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 international financial institutions. 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

16. 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 – safety nets, anticipatory action and community resilience are particularly important in mitigating the worst effects of hunger and malnutrition.

Thematic and strategic funding

17. 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 safety nets. 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 support to governments in achieving food and nutrition security.

United Nations partnerships and pooled financing

18. 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.

19. 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 supply chain in order to help deliver system-wide results in line with United Nations reform initiatives.

20. 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

21. 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.

22. Country offices will align their efforts with national budgets and development strategies and will leverage tools such as the Emerging Donor Matching Fund (EDMF) and South–South cooperation – facilitated by WFP's centres of excellence – to catalyse country-led hunger solutions.

Private sector partners and individual giving

23. 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.

24. 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.

25. 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

26. 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.

27. Innovation at WFP spans products, processes, technology – including artificial intelligence 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

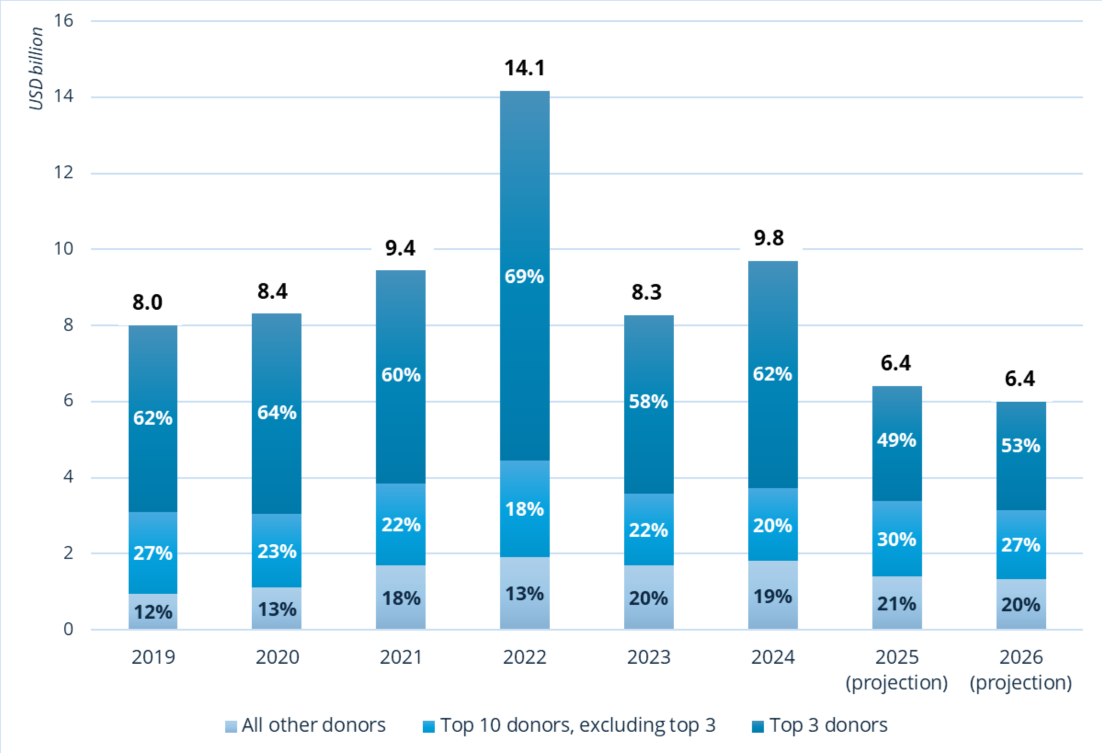
28. Vertical funds[5] play a critical role in supporting early warning, the implementation of anticipatory actions, and the scale-up of disaster preparedness and response, particularly in fragile and conflict-affected countries. These settings face the greatest exposure to weather-related shocks but 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 often cannot accommodate the approach used by the vertical funds.

29. 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, monetization or allocations from the WFP Fund, including the EDMF. 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 create more opportunities to leverage twinning arrangements and increasing contributions by expanding the criteria for twinning.

30. 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 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.

[5] 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.

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

31. 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 longer-term 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.

32. In 2026, WFP aims to mobilize more than 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 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.

33. 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.

34. 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.

35. 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.

36. The growing unpredictability of directed contributions has also been constraining WFP's ability to fully leverage its corporate strategic financing mechanisms, namely internal project lending (IPL) and the Global Commodity Management Facility (GCMF), which are designed to support the implementation of CSPs in a more effective and efficient manner. As of July 2025, only 26 percent of cash contributions qualified for IPL, down from the three-year average of 57 percent. Consequently, IPL utilization fell to just 11 percent of its ceiling. GCMF operations have also been limited. The GCMF replenishment has been approached conservatively, with financial risk mitigation measures reducing available food stocks to 21 percent of its ceiling, as of July 2025. While WFP will continue to optimize the use of these mechanisms by carefully balancing them with financial risk mitigation strategies, improved funding predictability and flexibility remain essential to fully utilizing these mechanisms, which contribute to more timely and efficient programme implementation.

37. 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)

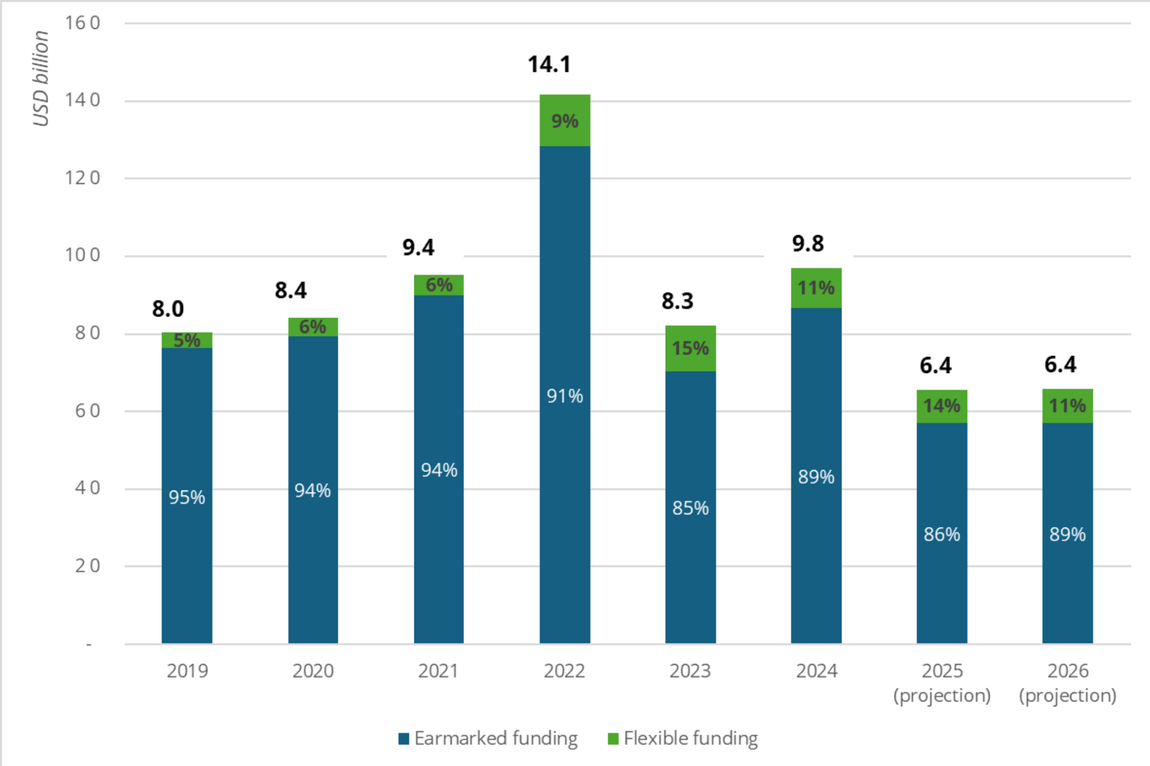
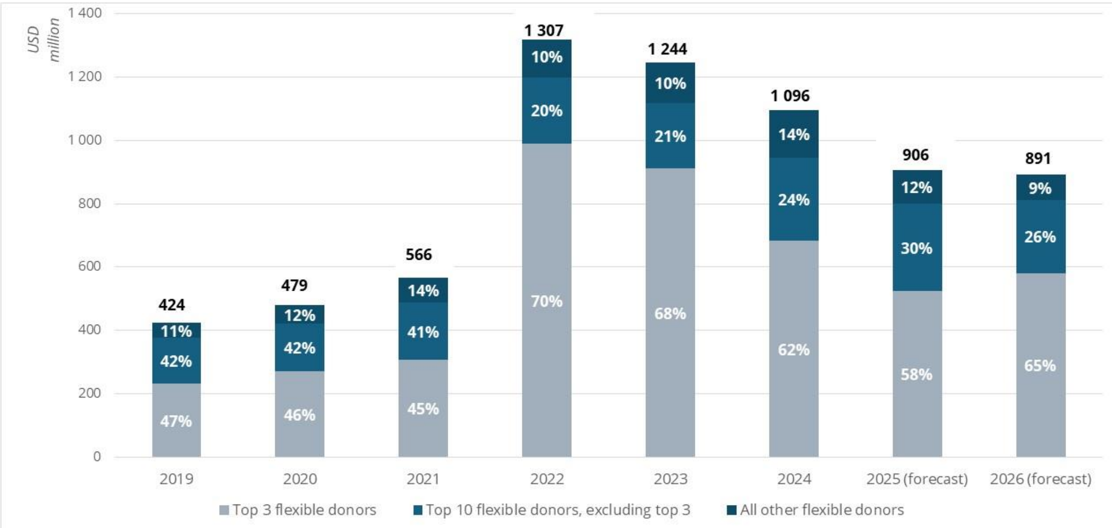


Figure 2.3.2: Flexible and earmarked funding by donors contributing flexible funding, 2019–2026 (confirmed and projected)



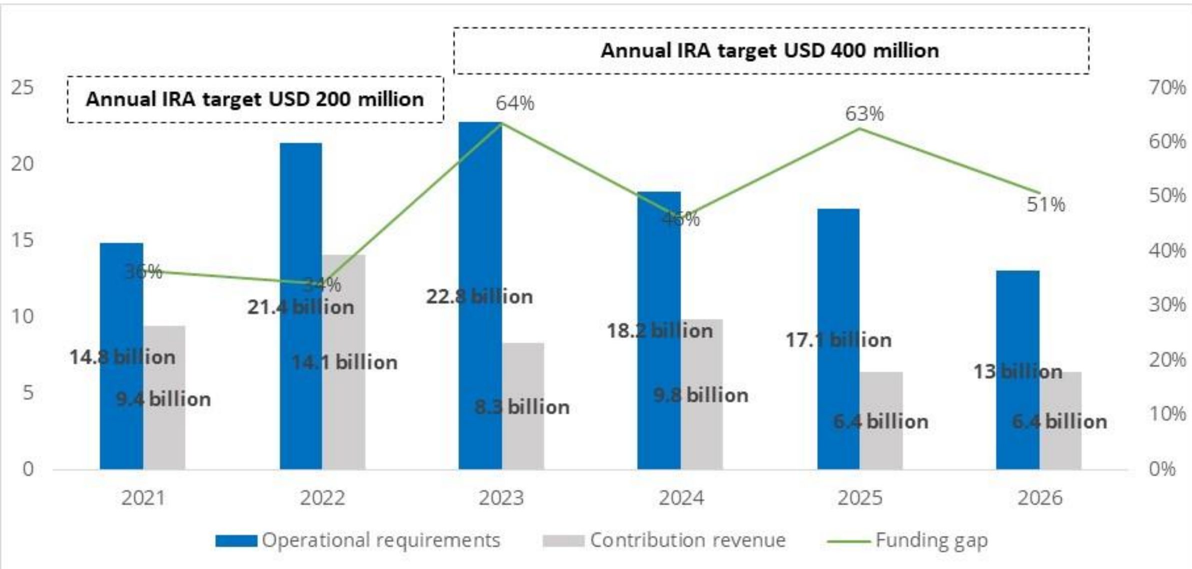
2.4 Immediate Response Account resourcing target

38. 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.

39. 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. The IRA is expected to remain a vital mechanism in supporting emergency responses.

40. Following a review of emergency preparedness activities in anticipation of growing humanitarian needs, in June 2025 the Board was presented with a proposal to increase the use of the IRA for emergency preparedness activities for which no viable alternative funding is available. The Board approved that request, increasing the ceiling from USD 6 million to USD 10 million, effective from 2025, which serves as a ringfence for annual allocation limits to the emergency preparedness activities. Allocations remain subject to the availability of funds in the IRA, which will continue to prioritize life-saving activities over emergency preparedness activities.

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.

41. 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

42. 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.

43. In implementing the management plan for 2025–2027, WFP has made significant progress in rolling out calibration guidelines to support the design of programmes that are more closely aligned with its capacity, ability and resources. This approach was first initiated in 2023 in response to Board feedback on the need for WFP to present more realistic requests to donors and to enhance confidence in its planning and delivery. In November 2024, the calibration guidelines were introduced and are currently being implemented by country offices.[6] As part of the approach, projected operational requirements for 2026 have been notably reduced.

44. In this difficult operational and financial environment, WFP forecasts that its operational requirements[7] 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.

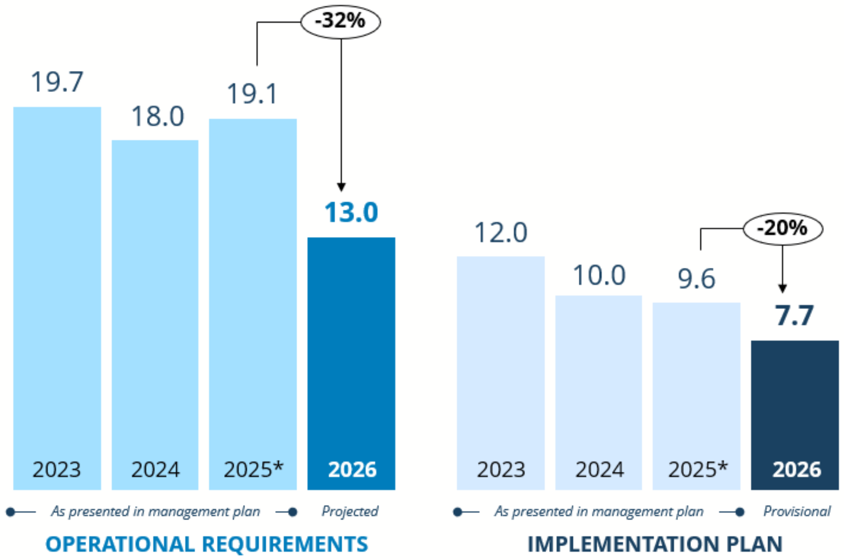
45. WFP's provisional implementation plan reflects the prioritization of its operational requirements, taking into account the expected levels of available resources, and focusing on supporting the people facing the most severe food insecurity and on interventions that reduce humanitarian needs. The provisional implementation plan is estimated at USD 7.7 billion to assist 94 million beneficiaries worldwide.

46. 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 submitted for approval 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 until the transition to the next phase in WFP's strategic planning.

[6] See box 3.1 in WFP management plan (2025–2027) for additional background on the calibration guidelines.

[7] 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)*



* Reflects approved values as presented in the Update to the management plan (2025-2027).

2026 operational requirements

47. 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.

48. 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.

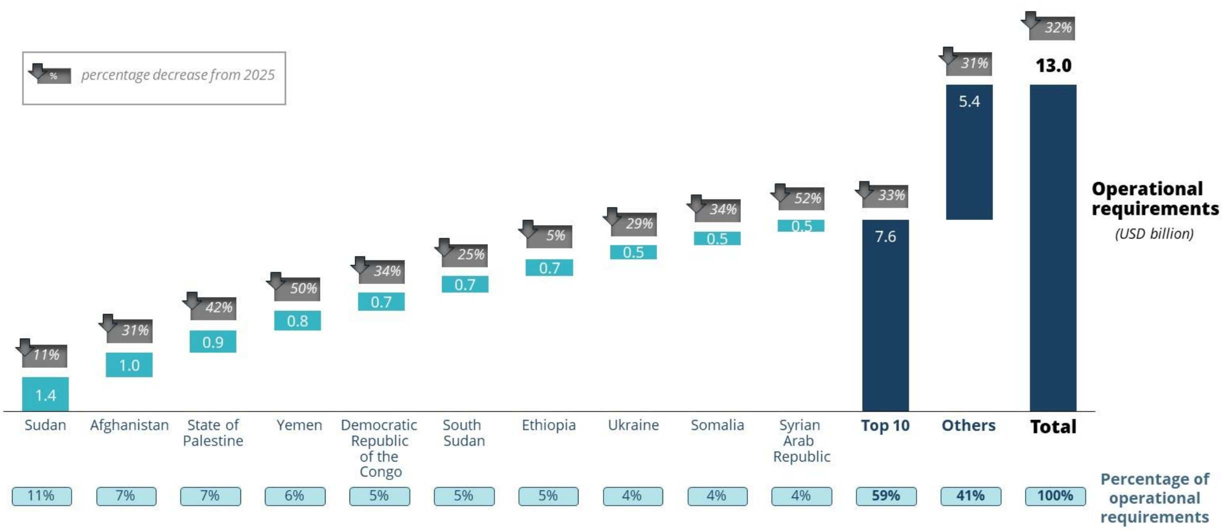
49. The reductions in these regions are driven mainly by planned changes to operations in the Democratic Republic of the Congo, Lebanon, the State of Palestine, the Syrian Arab Republic and Yemen. Detailed operational requirements for each country office are provided in annex VI.

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
Total	**19 145**	**100**	**13 043**	**100**

* As reported in the Update to the management plan (2025–2027).

50. 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

51. 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.

52. 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[8] of an estimated USD 1.1 billion, and projected revenue of USD 200 million from WFP's on-demand service provision.[9]

53. 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

54. 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

55. 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.

56. 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 safety nets. WFP's school meal programme remains the largest safety net in the country.

57. 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 food insecurity and malnutrition, 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.

[8] The expected increase or decrease in WFP's fund balance from the end of 2025 to the end of 2026.

[9] 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
Total	**13 043**	**100**	**7 700**	**100**

Analysis by strategic outcome

58. WFP's aims of ending hunger, achieving food security, improving nutrition and strengthening resilience to shocks 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.

59. Strategic outcomes 4 and 5, under which WFP leverages its expertise to provide support to governments and humanitarian and development actors, account for 10 percent of the 2026 provisional implementation plan.

60. 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
Total	**13 043**	**100**	**7 700**	**100**

Corporate output indicators for the strategic plan for 2026–2029

The corporate output 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 output indicators to measure progress in implementing the new strategic plan.

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

61. 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	**Operational requirements**		**Provisional implementation plan**	
	2026	**% of total transfer costs**	**2026**	**% of total transfer costs**
	(USD million)	***(%)***	***(USD million)***	***(%)***
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
Total transfer costs	**10 735**	**100**	**6 179**	**100**
Implementation costs	905		611	
Total direct operational costs	**11 640**		**6 790**	
Direct support costs	620		452	
Total direct costs	**12 261**		**7 242**	
Indirect support costs	782		458	
Total	**13 043**		**7 700**	

Transfer costs

Food transfers

62. 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[10] 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.[11] 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.

63. 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.

64. 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 GCMF – 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

65. 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.

66. CBTs continue to be a core component of WFP's operations and are included in 92 percent of the CSPs planned in 2026. 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 digitalize food delivery, improve efficiency and strengthen transparency.

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[10] FAO. FAO Food Price Index (July 2025).

[11] WFP. 2025. *Prices & Currencies. Monthly Update – 2025 July*.

67. CBTs and commodity vouchers represent 40 percent of 2026 operational requirements compared with the slightly lower proportion of 36 percent in the provisional implementation plan. The operational environment influences modality selection; in particular, in large crisis response operations, conditions may restrict CBT implementation. By contrast, in Jordan more than 90 percent of WFP's planned assistance is delivered through CBTs because the country has strong local markets, dependable financial systems and digital infrastructure that supports secure and efficient delivery. The average daily transfer value received by beneficiaries is estimated to be USD 0.42 in 2026,[12] consistent with the level in 2025.

68. 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

69. 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.

70. 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

71. 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.

72. In 2026, WFP's on-demand services account 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.

73. Due to ongoing funding constraints and a shift towards greater operational efficiency throughout the humanitarian sector, other organizations' efforts to streamline their costs may lead to a growing demand for WFP's expertise.

[12] The transfer value excludes the transfer costs and associated costs required to deliver assistance. See annex VI.2 for more details.

Implementation costs

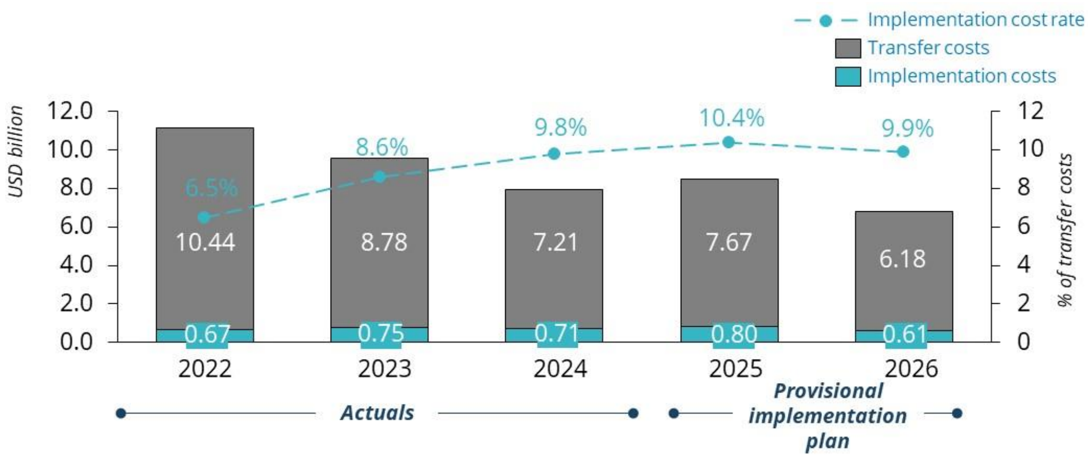
74. Implementation costs are the costs directly attributable to supporting the implementation of programmatic activities. Such expenditures account for the majority of costs incurred by field and area offices and include for the costs of the staff managing or directly involved in the implementation of 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.

75. 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.

76. 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



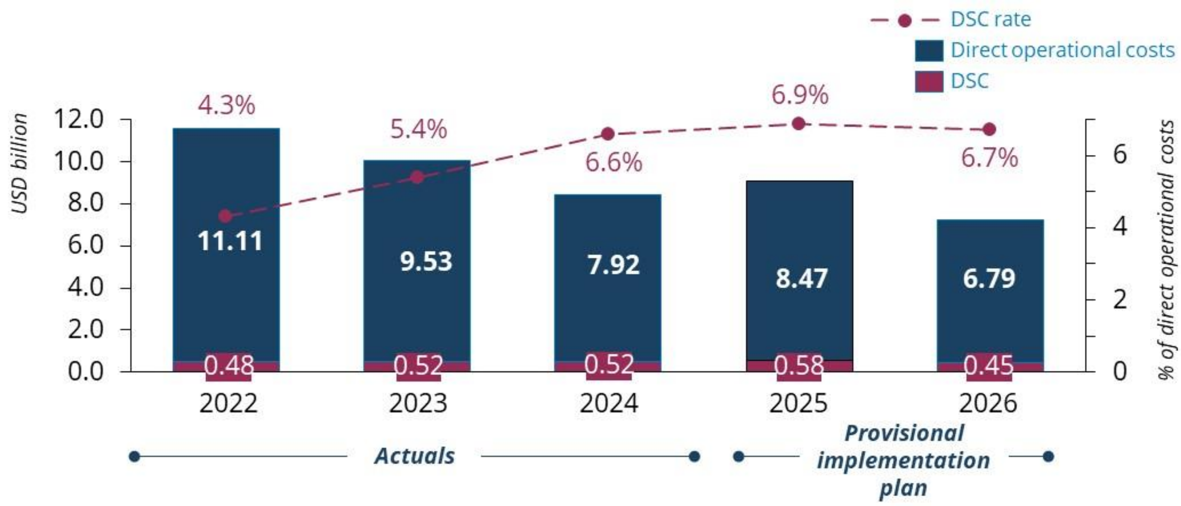
Direct support costs

77. 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.

78. 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.

79. 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: Direct support costs as a percentage of direct operational costs, 2022–2026*



* Excluding direct and indirect support costs

Indirect support costs

80. 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[13]

81. 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 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.

82. 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 requirements. Table 3.5 shows that the average annual costs per beneficiary[14] in 2026 are estimated at USD 89 under the operational requirements and USD 62 under the provisional implementation plan – 30 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.

83. 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.

TABLE 3.5: ANNUAL COST PER BENEFICIARY IN THE OPERATIONAL REQUIREMENTS AND PROVISIONAL IMPLEMENTATION PLAN, 2026

Indicator	Operational requirements	Provisional implementation plan
USD value*	13.0 billion	7.7 billion
Projected beneficiaries	110 million	94 million
Annual cost per beneficiary	USD 89	USD 62

* 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.

84. 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.

[13] 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.

[14] 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.

3.4 Cross-cutting priorities

85. WFP will strengthen the mainstreaming of its policy framework and cross-cutting priorities, as approved in the strategic plan,[15] across all country operations, in order to enhance the quality and impact of its programmes and accountability for their implementation. These will be supported by specialist teams in global headquarters who will provide physical and remote support to country offices at all stages of the project cycle, via partnerships, and through periodic evaluations and oversight mechanisms. By placing the needs of affected people, particularly those most vulnerable, at the centre of this approach, WFP aims to improve the outcomes for beneficiaries, effectively integrating policies and cross-cutting priorities into the design, delivery and monitoring of programmes and reporting on performance.

[15] The third draft of WFP's strategic plan for 2026–2029 lists six cross-cutting priorities: 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; promoting localization and assurance.

Section IV: Programme support and business operations

4.1 Overview

86. 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.

87. 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 16 percent compared with 2025.

88. 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.

89. Taking into consideration the balances in reserves and the unearmarked portion of the General Fund and PSA equalization account, 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.

90. 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

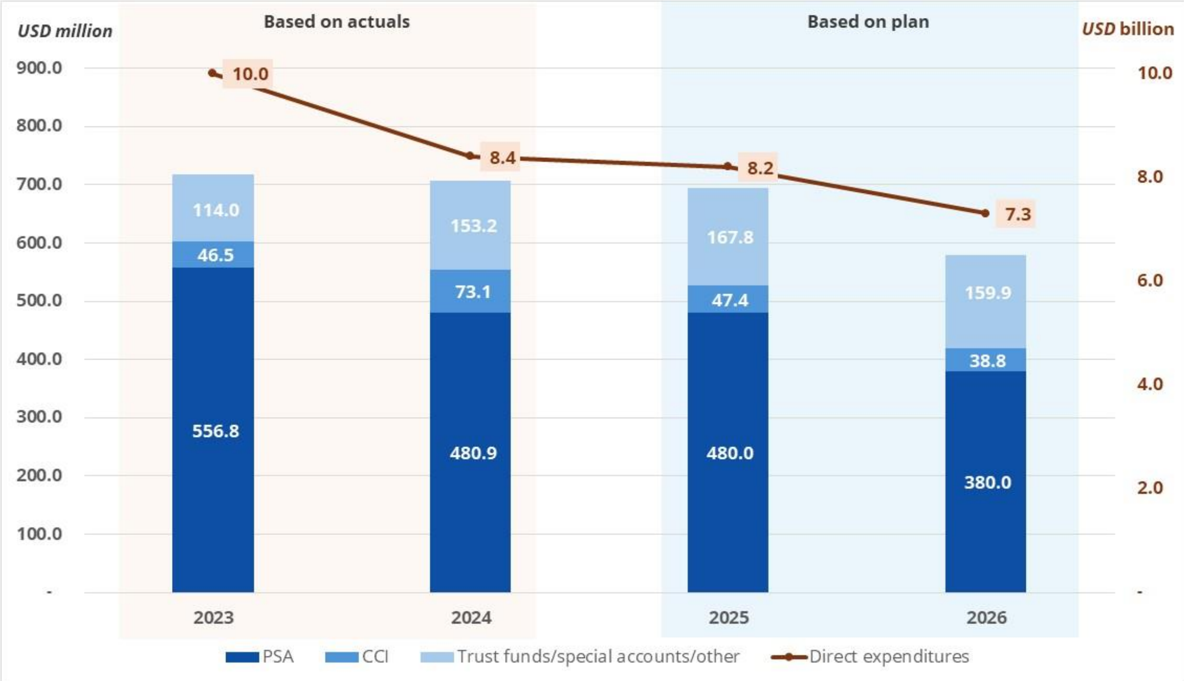
Year	WFP budget	Provisional implementation plan	Programme support and business operations, 2025 and 2026 *(USD million)*					
			Baseline				Direct	Other services
			PSA	CCIs	Trust funds, special accounts and other funding sources	Total		
2026	13 043	7 700	380.0	38.8	159.9	578.7	100.5	39.8
2025*	16 890	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

91. 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



92. 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, 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.

93. 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.

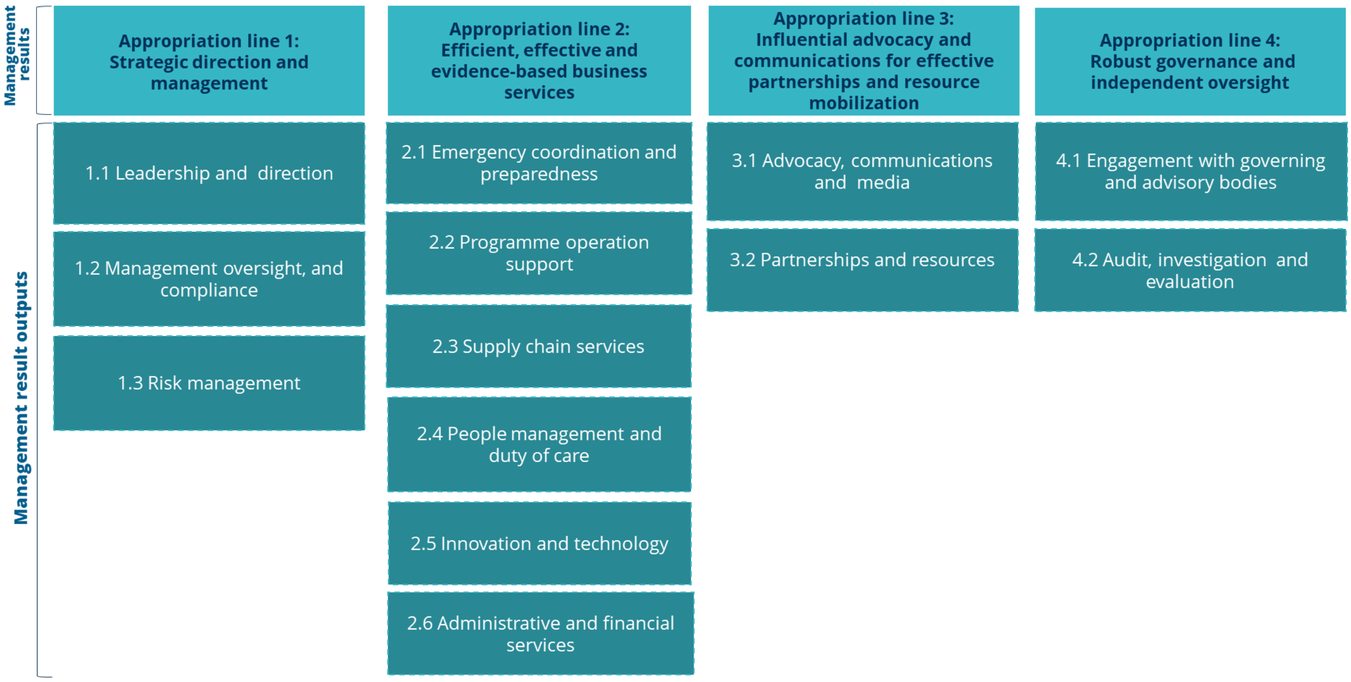
94. In 2026, 38 percent of the baseline-funded employees will be located in regional offices, service hubs and country offices. The prioritization of staff capacity in areas close to operations is a core principle of WFP's support strategy. The consolidation of functions within global teams, and the 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

95. 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 and management results line of sight



96. 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.

97. 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 activities that are essential 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.

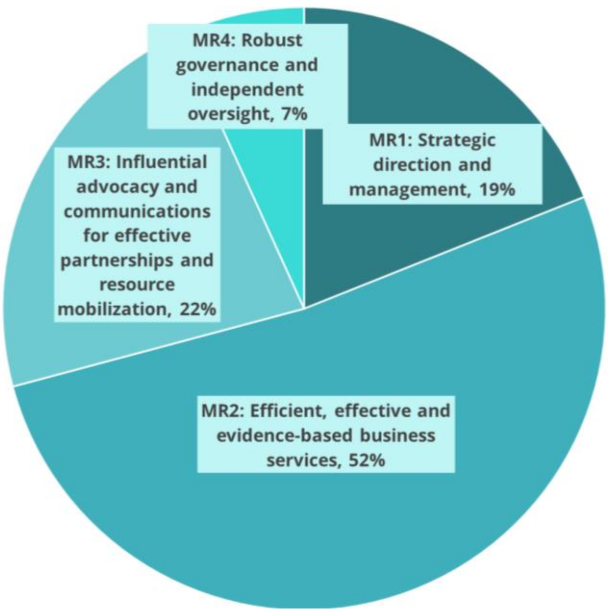
c) Streamline the management structures and processes at global headquarters.

d) Prioritize capacity in the geographic areas closest to WFP's operations.

e) Diversify and grow the resourcing base.

98. 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.

Figure 4.3: Baseline budget by management result



99. 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 partnerships and resource 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.

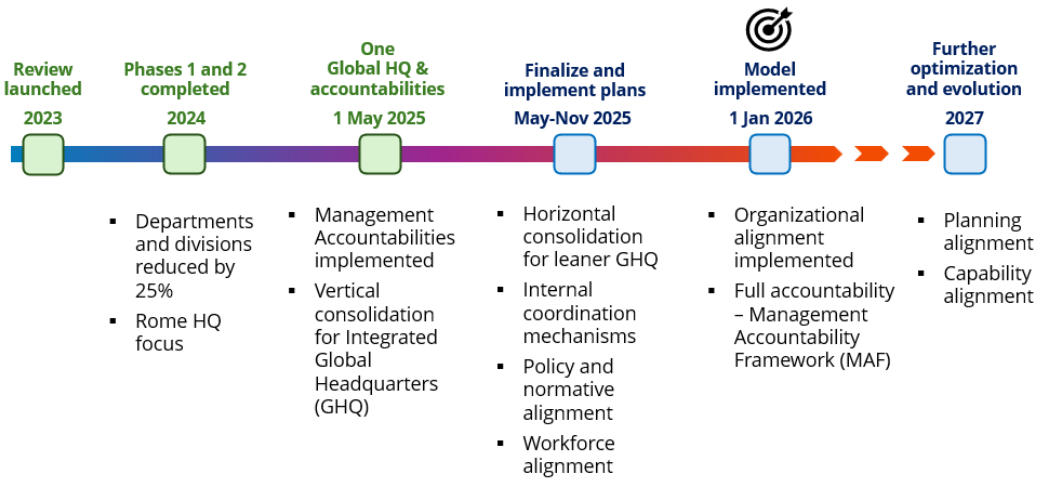
Update on the internal reorganization, and milestones for 2026

100. 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 aims to shift WFP from fragmentation to integration, from layers to agility, and from legacy structures to a future-fit organization.

101. 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.

102. 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 May 2025, the "one global headquarters" model was implemented to eliminate duplication and bureaucracy, and boost collaboration, efficiency and accountability, with the remaining optimization changes set for completion by 1 January 2026.

Figure 4.4: Organizational alignment, summary timeline



103. 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.

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. The regional office in Nairobi will expand its coverage to support countries in East and Southern Africa, ensuring continuity and enhanced coordination across the region. .

104. 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.

105. 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.

106. Organizational alignment 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.

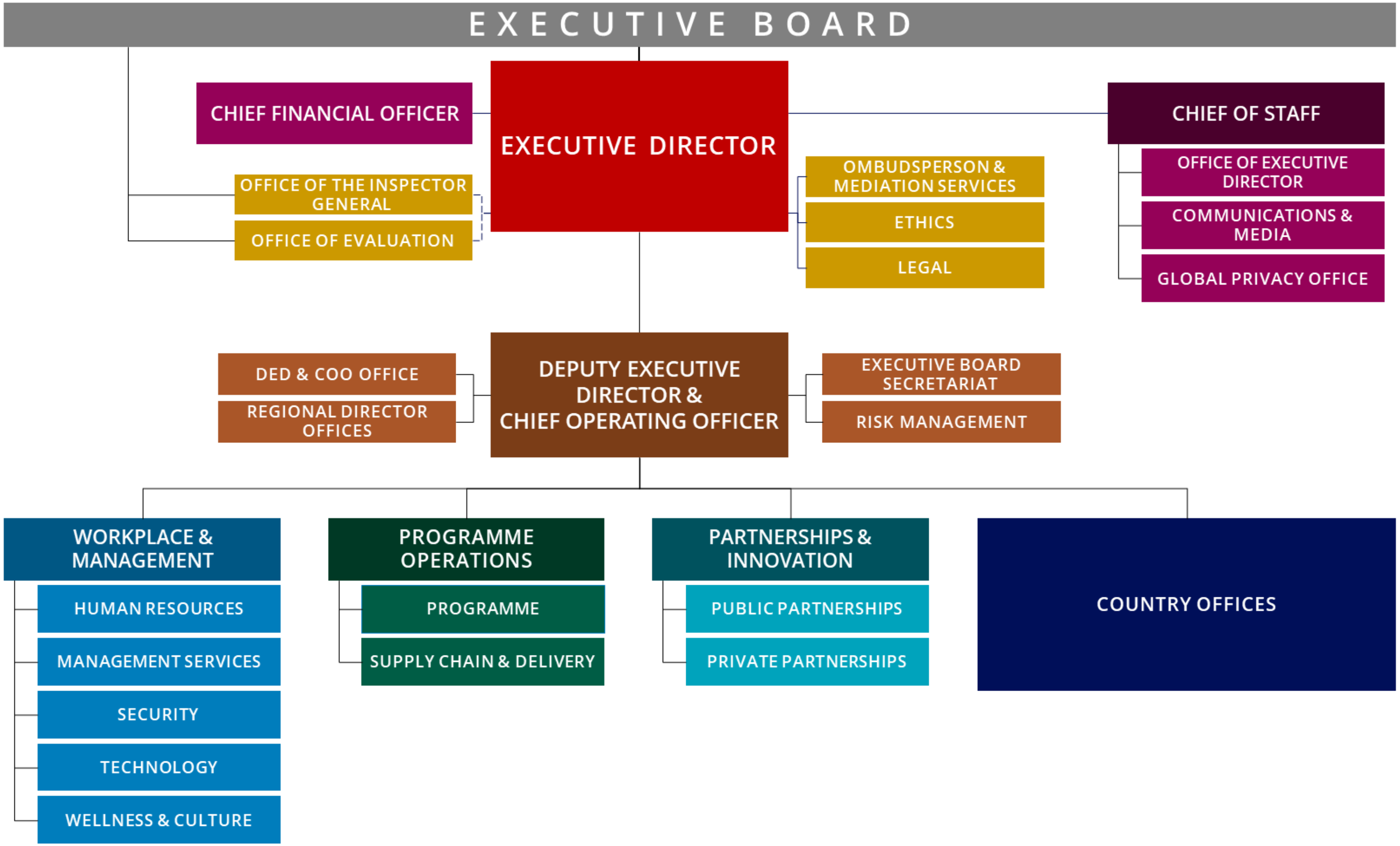
c) *Shared or pooled resources:* Administrative support is being pooled at the division and department levels. Opportunities for additional shared or pooled services for the provision of transaction-heavy support are being explored.

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.

WFP 2026 ORGANIZATIONAL STRUCTURE



4.2 Programme support and administrative budget

107. 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.

108. 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.

109. 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

110. The PSA budget has been progressively reduced in line with the decrease in operational activity (see figure 4.1 on page 33). 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.

111. 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.

112. 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.

113. 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 27 percent over the same period.

114. Further reorganization and deduplication at the global headquarters level may offer opportunities for cost savings. As consolidation progresses and WFP's engagement in the UN80 reform initiative evolves, the focus for 2026 will be on designing new models and preparing for transition. While the full implications are yet to be determined, they are anticipated to be manageable within the PSA budget of USD 380 million and extra-budgetary funding

Programme support and administrative budget by appropriation line

TABLE 4.2: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY APPROPRIATION LINE, 2025 AND 2026				
PSA appropriation line			**Change**	
	2026 *(USD million)*	**2025* *(USD million)***	***(USD million)***	***(%)***
1. Strategic direction and management	94.5	109.5	(15.0)	(14)
2. Efficient, effective and evidence-based business services	176.9	239.2	(62.3)	(26)
3. Influential advocacy and communications for effective partnerships and resource mobilization	71.3	87.2	(15.9)	(18)
4. Robust governance and independent oversight	37.3	44.1	(6.8)	(15)
Total	**380.0**	**480.0**	**(100.0)**	**(21)**

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

115. With 46 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.

116. Appropriation line 1, "strategic direction and management", represents 25 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.

117. Appropriation line 3, "influential advocacy and communications for effective partnerships and 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.

118. Appropriation line 4, "robust governance and independent oversight", is allocated 10 percent of the PSA budget. This supports WFP's commitment to transparency, accountability, 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.

119. Overall, the PSA budget for 2026 emphasizes 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	29.3	8	20.1	4
Programme Operations	76.4	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
Total	**380.0**	**100**	**480.0**	**100**

120. 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

121. 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 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.

122. 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 5.1 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

123. 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.

124. 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.

125. 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

126. 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.

127. 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 directors' 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. Responsibility for providing support to country offices in Southern Africa has been transferred to global functional teams. Countries in Eastern and Southern Africa are now part of the portfolio of the office of the regional director for ESARO. The budget for regional directors' offices represents 47 percent of the PSA budget allocation for DED/COO and 4 percent of the total PSA budget.

128. 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

129. 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. This includes leveraging WFP's comparative advantage in emergency response and related coordination, as well as supply chains and food security analysis to target and reach the most vulnerable people and communities. Efforts will focus on reducing humanitarian needs 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.

130. 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.

131. 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.

132. 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.

133. Quality assurance for programme budget management, programmes and CSPs will be consolidated and centralized to improve coordination and integration.

134. 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

135. 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.

136. 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.

137. 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.

138. 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

139. 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, effective and evidence-based 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.

140. 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 global 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.

141. 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

142. 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).

143. At USD 16.9 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 Safety and Security, resulting in a projected USD 4.2 million decrease in WFP's share in 2026.

144. The largest planned increase in central appropriations is the additional USD 1.5 million needed for corporate insurance and legal fees. 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

TABLE 4.4: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY OBJECT OF EXPENDITURE, 2025 AND 2026

Cost category			**Change**	
	2026 ***(USD million)***	**2025** ***(USD million)***	***(USD million)***	**(%)**
Employees*	269.9	334.4	(64.5)	(19)
Other employees**	28.0	41.5	(13.5)	(32)
Non-employee costs	82.1	104.1	(22.0)	(21)
Total	**380.0**	**480.0**	**(100.0)**	**(21)**

* Employee costs include the cost of international professional staff, International short-term professional staff, general service staff based in Rome and in global offices, and local staff based in regional offices and country offices.

** Other employees include consultants and temporary assistance.

145. Fixed-term staff costs remain the largest component of the PSA staffing budget. This category includes international professional staff in global headquarters, the country directors, general service staff based in Rome and global offices, and locally recruited staff in regional and country offices.

146. 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.

147. 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.

148. 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 b	Global headquarters	Total	Country offices	Global headquarters	Total
Fixed-term	**226**	**1 492**	**1 718**	**263**	**1 946**	**2 209**
International professional	75	807	**882**	86	1 033	**1 119**
Headquarters and global offices general service staff	-	359	**359**	-	424	**424**
National	151	326	**477**	177	488	**665**
Short-term	**50**	**347**	**397**	**-**	**532**	**532**
Professional and higher (short-term)	-	14	**14**	-	26	**26**
Consultants	-	243	**243**	-	405	**405**
Temporary assistance	50	90	**140**	-	102	**102**
Total	**276**	**1 839**	**2 115**	**263**	**2 478**	**2 741**

149. To remain within the PSA budget of USD 380 million, the total number of PSA-funded full-time equivalent (FTE) positions is projected to decrease by 626 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

150. 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.

151. The standard ISC rate for 2026 has been calculated as shown in table 4.5 using the methodology established in 2006[16] with no adjustment shown for the PSAEA target level, which is projected to be above the target ceiling.

[16] WFP. 2006. Review of Indirect Support Costs Rate (WFP/EB.A/2006/6-C/1).

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
Derived ISC rate for 2026	**6.35**

152. 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.

153. 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

154. The PSAEA and the unearmarked portion of the General Fund are projected to have balances of USD 321.2 million and USD 325.4 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

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

* 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.

155. 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, 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.

156. 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

157. 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.

158. 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

159. 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.

160. Seven CCIs are planned for 2026 – five continuing from 2025 and two new ones – as shown in table 4.7. 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. The 2026 budget of the two new CCIs is USD 26.1 million.

161. A brief description of the new CCIs is provided below, with the full concept notes available 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.

TABLE 4.7: CRITICAL CORPORATE INITIATIVE BUDGET OVERVIEW (*USD million*)			
CCI name	**Duration**	**Total budget**	**2026 budget**
Ongoing CCIs continuing in 2026			
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
Subtotal		**53.0**	**12.7**
New CCIs			
WFP digital business transformation plan	2026–2028	80.0*	22.8
Implementation of global shared services strategy	2026–2028	10.0	3.3
Subtotal		**90.0**	**26.1**
Total		**143.0**	**38.8**

* Includes USD 20 million of funding expected from partners' contributions and the Capital Budgeting Facility.

➢ *WFP digital business transformation plan CCI*

162. 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[17] 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.

163. 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.

164. 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 artificial intelligence tools;
- ➢ data-driven governance and integrated decision-making throughout global headquarters and field operations;

[17] WFP. WFP Information & Technology Strategy 2023–2026.

- improved alignment of IT investments with strategic priorities and cost-efficiency goals;
- a drastic reduction in shadow IT; and
- the alignment of IT capabilities with both strategic and field-level needs.

165. 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*

166. In its 2024 annual report, the Independent Oversight 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.

167. 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.

168. 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.

169. 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

170. 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.

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

* 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 – as in the original management plan for 2025–2027 and the update to that plan – the projected opening balance at 1 January 2026 stands at USD 325.4 million.

171. 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.

172. 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.

Immediate Response Account – USD 25 million

173. 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.

TABLE 4.9: IMMEDIATE RESPONSE ACCOUNT MOVEMENTS, 2016-–30 JUNE 2025 *(USD million)*						
Year	**Annual average for 2016–2020**	**2021**	**2022**	**2023**	**2024**	**Up to 30 June 2025**
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
Multilateral contributions	*19.7*	*30.6*	*50.0*	-	-	-
Unearmarked General Fund	*3.0*	-	*100.0*	-	*50.0*	*75.0*
PSAEA	*19.3*	-	*30.0*	*150.0*	-	-
*Other**	-	*23.2*	-	*5.8*	*4.2*	*3.5*
Total revenue	**178.9**	**188.2**	**501.5**	**394.9**	**275.0**	**145.2**
Allocations to two CSPs	**172.6**	**220.0**	**385.2**	**433.5**	**196.1**	**89.7**

* 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.

174. 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.

175. 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

176. 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.

177. 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. 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.

178. 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).

179. 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.

180. 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

181. Established in 2003, the EDMF was set up as a corporate funding facility to assist eligible national governments in covering the costs associated with their contributions to WFP.

182. 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.

183. 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.

184. Between 2019 and 2021, EDMF allocations totalling USD 18.4 million mobilized USD 29.5 million in bilateral contributions from partner governments, a return of 1.6 times the initial investment. These early allocations laid the foundation for deeper government engagement and helped refine the fund's strategic direction. From 2022 to date, EDMF allocations of approximately USD 31 million have mobilized USD 56 million in government contributions, yielding a nearly 2:1 return on investment. Looking ahead, WFP anticipates that the EDMF's return on investment will increase to at least 3:1 during the period 2026–2028, in line with plans to expand the scope of the fund to support a broader range of programme country engagements.

185. 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[18] 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 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.

186. 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

187. 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.

188. 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.

189. 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. More details can be found in annex IV.

Workforce management – no allocation required

190. 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 international workforce, while WFP continued to grow, downsizing in

[18] 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.

one country office has historically been absorbed by upsizing in other country offices or by filling vacancies at global headquarters.

191. The 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.

192. 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 international staff at a manageable threshold.

Managing the international and global headquarters workforce

193. 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.[19] 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.

194. 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 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.

195. 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.

[19] WFP. 2025. Update to the WFP management plan (2025–2027), section 4.3.

196. WFP will use a portion of this overfunding for workforce management costs related to downsizing, including separation payments, salaries of unassigned staff in 2026 and administrative costs. This use of funds will be limited to USD 97.5 million.

197. 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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Section V: Changes to the Financial Regulations

5.1. Background and objectives

198. 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 primary 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.

199. 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.[20]

5.2 Proposed changes to the Financial Regulations

200. 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

201. 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.

202. 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.

203. 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 for programmes 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.

204. WFP considered the findings of the Joint Inspection Unit's (JIU's) review of budgeting practices in United Nations organizations.[21] 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

[20] See annex VII.

[21] United Nations. 2024. Budgeting in organizations of the United Nations System, JIU/REP/2024/3.

objectives to be achieved and translate them into the resources required for implementation.

205. The JIU also noted that United Nations entities adopt various budgeting models, including resource-based approaches, as at the United Nations Development Programme, 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.

206. 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.

207. 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 the related operational and support costs, and shall include the Programme Support and Administrative budget.

208. 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

209. 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.

210. 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.

211. 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

212. 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.

213. 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.

214. 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.

215. 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 WFP Budget prior to the beginning of the financial period covered by the 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, without further action by the Board, to incorporate future approvals and revisions of country portfolio budgets.

216. 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.

217. 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.

Financial Regulation 9.6: Implications of approving appropriations

218. 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.

219. 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.

220. 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

221. 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.

222. 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.

223. 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.

224. 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 approved by the Board, or such other limit the Board may specifically set.

225. 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%
Total	**325.00**		**0.00**	**325.00**	**0%**

Financial Regulation 9.8: Revised programme support and administrative budget

226. 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.

227. 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.

228. 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.

229. 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

230. 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,[22] 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.

231. 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).

232. 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

233. 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

234. The proposed regulation is as follows:

The Executive Director may draw from or credit the 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.

[22] "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

235. 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, and 9.9. To clarify WFP's existing practice of making advance or progress payments when required by normal commercial practices, and to mirror the Food and Agriculture Organization of the United Nations' financial regulations – which also provide for such payments when necessary – it is proposed to amend Financial Regulation 12.1(a) to explicitly permit advance or progress payments, where appropriate.. These changes can be seen in annex VII.

236. 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 and the Finance Committee of the Food and Agriculture Organization of the United Nations (the Finance Committee).