



World Food Programme
Programme Alimentaire Mondial
Programa Mundial de Alimentos
برنامج الأغذية العالمي

Executive Board
Second regular session
Rome, 18–21 November 2024

Distribution: General

Agenda item 5

Date: 7 November 2024

WFP/EB.2/2024/5-A/1/Rev.1

Original: English

Resource, financial and budgetary matters

For approval

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

WFP management plan (2025–2027)

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Table of Contents

Draft decision	3
Executive summary	6
Section I: Introduction	10
Section II: Funding context and resourcing assumptions	16
Section III: Programmatic context	24
Section IV: Programme support and business operations	36
Section V: Insurance schemes	60

Web annexes:

Annex I – WFP organigram, baseline budget, management results, key performance indicators and cross-cutting priorities	
Annex II – PSA budget tables	
Annex III – Critical corporate initiatives – concept notes	
Annex IV – Investing in individual fundraising	
Annex V – Trust funds and special accounts	
Annex VI – High-level targets, costs per beneficiary and supplementary details of operational requirements and the provisional implementation plan	
Annex VII – Evaluation function workplan 2025–2027	
Annex VIII – Terminology and acronyms	

Draft decision*

Having considered WFP's management plan for 2025–2027 (WFP/EB.2/2024/5-A/1/Rev.1), the Board:

- i) *notes* that the 2025 programme support and administrative appropriation assumes a funding level of USD 8 billion in 2025 (the “global contribution forecast”);
- ii) *takes note* of the projected operational requirements of USD 16.9 billion for 2025 and the provisional implementation plan of USD 8.8 billion for 2025, as outlined in section III of the management plan for 2025–2027;
- iii) *approves* a 2025 programme support and administrative appropriation of USD 480 million (the “appropriation”), to be allocated as follows:

strategy and direction	USD 109.5 million
services to operations	USD 239.2 million
governance, independent oversight and fundraising	USD 131.3 million
Total	USD 480.0 million
- iv) *authorizes* the Executive Director to increase the appropriation in the case of an increase in the global contribution forecast of at least USD 300 million, at a rate not to exceed 2 percent of the anticipated increase in that forecast, and in all other cases urges and authorizes the Executive Director to reduce the appropriation by up to 10 percent by implementing cost-saving measures, as feasible;
- v) *approves* the use of the programme support and administrative equalization account to fund any shortfall between indirect support cost revenue from contributions and the appropriation, as may be reduced pursuant to paragraph iv) above;
- vi) *approves* a standard indirect support cost recovery rate of 6.5 percent for 2025 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;
- vii) *approves*:
 - a) WFP's plan to self-insure all health insurance schemes as of 1 January 2026; and
 - b) WFP's plan to expand the scope of the operational self-insurance fund (the “captive”) to include financial risks, property risks, and emerging and hard-to-insure risks that are difficult to insure under commercial insurance coverage;
- viii) *approves* the use of the unearmarked portion of the General Fund for a total amount of USD 152.4 million, specifically to:
 - a) *replenish* the Immediate Response Account by the amount of USD 75 million to improve the availability of funds for allocations from that account;
 - b) *fund* critical corporate initiatives by the amount of USD 30.4 million from the unearmarked portion of the General Fund, as follows:
 - i. USD 3.0 million for the second year of the critical corporate initiative on “*Monitoring, identity management and traceability*”, which seeks to strengthen monitoring and improve beneficiary identity management by implementing

* 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.

- digital commodity tracking and minimum assurance standards for in-kind food operations, and remote output and outcome monitoring activities;
- ii. USD 5.1 million for a new two-year critical corporate initiative on "*International Public Sector Accounting Standards implementation*", which supports the adoption of new accounting standards by ensuring that corporate accounting policies and models are revised, new operational procedures are applied, information systems can support the accounting and reporting requirements; and staff have the necessary skills and knowledge;
 - iii. USD 5.1 million for a new three-year critical corporate initiative on "*Positioning WFP to unlock diverse funding*", aimed at diversifying funding while protecting and expanding WFP's current partnerships and its reputation as a partner of choice, and enabling country offices to expand funding by increasing their capacity to identify and pursue new and different partnerships;
 - iv. USD 5.1 million for a new two-year critical corporate initiative on "*Duty of care and inclusion*", which aims to align WFP's commitment to duty of care with its "stay and deliver" approach, ensuring that the organization remains agile and effective in high-risk environments while upholding standards for well-being, workplace inclusion, and safety and security;
 - v. USD 11.0 million for a new two-year critical corporate initiative on "*Digital integration and modernization*" aimed at modernizing and integrating WFP's information technology and digital infrastructure to enhance operational efficiency and align the technology infrastructure – including for enterprise resource planning, data systems, payroll systems and artificial intelligence – with WFP's strategic goals; and
 - vi. USD 1.1 million for the last year of the critical corporate initiative on the "*United Nations Sustainable Development Group efficiency road map*", which covers activities aimed at ensuring that WFP has the capacity to prepare for, participate in, deliver and lead United Nations development system reform efforts, and developing a model for the delivery and financing of shared services;
- c) *allocate* the amount of USD 20 million to fund exceptional costs related to the management of the planned reductions in the workforce to align it with operational needs and strategic workforce planning;
 - d) *invest* the amount of USD 20 million in the individual fundraising model, on the understanding that the Board will receive additional background information on the model and its performance before any further investment is put forward for approval in the next management plan; and
 - e) *allocate* the amount of USD 7 million to the new health self-insurance fund for expanding the health self-insurance scheme.
- ix) *approves* the resourcing target level of USD 400 million for the Immediate Response Account in 2025, in line with the 2024 level; and
 - x) *approves* the evaluation function workplan and priorities for 2025–2027 as presented in annex VII.



Management plan for 2025-2027

AT A GLANCE

Context

Funding trends	Programmatic figures	Distribution of provisional implementation plan														
<p>Funding trends</p> <p>Figures in USD billion</p> <table border="1" style="margin-top: 10px;"> <caption>Contribution Revenue (USD billion)</caption> <tr><th>Year</th><th>Revenue</th></tr> <tr><td>2020</td><td>8.4</td></tr> <tr><td>2021</td><td>9.4</td></tr> <tr><td>2022</td><td>14.1</td></tr> <tr><td>2023</td><td>8.3</td></tr> <tr><td>2024*</td><td>8.9</td></tr> <tr><td>2025*</td><td>8.0</td></tr> </table> <p>■ Contribution revenue *Projections</p> <p>✓ Contribution revenue is expected to stabilize at USD 8.0 billion.</p>	Year	Revenue	2020	8.4	2021	9.4	2022	14.1	2023	8.3	2024*	8.9	2025*	8.0	<p>Programmatic figures</p> <p>Operational requirements</p> <p>▼ 6% → ▼ 12%</p> <p>USD 16.9 billion → 123 million targeted beneficiaries</p> <hr/> <p>Provisional implementation plan</p> <p>USD 8.8 billion → 98 million</p> <p>52% of operational requirements → planned beneficiaries 80% of operational requirements</p> <p>✓ The Provisional implementation plan of USD 8.8 billion is 52 percent of operational requirements, reflecting the expected prioritization all country offices will be forced to undertake in a period of reduced funding. The provisional implementation plan consists of forecasted contributions and other revenue.</p>	<p>Distribution of provisional implementation plan</p> <p>By focus area</p> <ul style="list-style-type: none"> Crisis response: 77% Resilience building: 20% Root causes: 3% <p>By transfer modality</p> <ul style="list-style-type: none"> In-kind food distribution: 52% cash-based transfers and commodity vouchers: 33% Service delivery: 7% Capacity strengthening: 8%
Year	Revenue															
2020	8.4															
2021	9.4															
2022	14.1															
2023	8.3															
2024*	8.9															
2025*	8.0															
<p>Baseline and PSA budget</p> <p>Baseline budget</p> <p>▼ 5%</p> <p>USD 695 million</p> <p>PSA budget</p> <p>▼ 9% from 2024 approved PSA</p> <p>▼ 1% from 2024 PSA utilization plan</p> <p>USD 480 million</p> <p>✓ The proposed budget will support operations in complex settings while WFP calibrates its operations and plans to a lower level of funding in line with its contribution revenue.</p>	<p>Budget priorities</p> <ol style="list-style-type: none"> Maintaining WFP's strength in emergency response while placing sharper programmatic focus on resilience and climate adaptation. Ensuring duty of care to WFP employees, including excellence in people management and a respectful and inclusive workplace. Diversifying and expanding WFP's resource base, including through partnerships with the private sector, multilateral organizations and host and donor governments, and innovative funding mechanisms. Realizing the benefits of reform initiatives to achieve efficiency and effectiveness gains and directing more resources to the frontline. 	<p>Indirect support costs</p> <p>ISC standard rate 6.5%</p> <p>with exceptions of 4%</p> <p>as previously approved by the board</p> <p>Projected ISC income</p> <p>USD 463 M</p> <p>based on contribution forecast of USD 8.0 billion</p>														
<p>Proposed use of the PSA equalization account and the General Fund</p> <p>Figures in USD million</p> <table border="1" style="margin-top: 10px;"> <caption>Proposed Use of Funds (USD million)</caption> <tr><th>Category</th><th>Amount</th></tr> <tr><td>Shortfall - ISC income below PSA</td><td>17</td></tr> <tr><td>CCIS</td><td>30</td></tr> <tr><td>IRA</td><td>75</td></tr> <tr><td>Staff obligations insurance fund (amount under review)</td><td>20</td></tr> <tr><td>Health fundraising model</td><td>7</td></tr> <tr><td>Individual fundraising model</td><td>20</td></tr> </table> <p>Proposed use of PSA equalization account: 17</p> <p>Proposed use of unearmarked portion of the General Fund: 75</p> <p>✓ Use of PSA equalization account is limited to filling the shortfall in ISC income to ensure financial sustainability. All other allocations to be made from the unearmarked portion of the General Fund.</p>	Category	Amount	Shortfall - ISC income below PSA	17	CCIS	30	IRA	75	Staff obligations insurance fund (amount under review)	20	Health fundraising model	7	Individual fundraising model	20	<p>Critical Corporate Initiatives</p> <p>New funding USD 30.4 million</p> <ul style="list-style-type: none"> Accountability and compliance: USD 8.1 million People: USD 5.1 million Innovation and efficiency: USD 1.1 million Partnerships and fundraising: USD 5.1 million Digital technology: USD 11 million <p>✓ WFP has a total of nine Critical Corporate Initiatives ongoing, four of which are new and five are continuing from 2024. The circles represent the main thematic areas to which the initiatives contribute.</p>	<p>Immediate Response Account (IRA)</p> <p>IRA transfer</p> <p>USD 75 million proposed from unearmarked portion of the General Fund</p> <p>Resourcing target</p> <p>USD 400 M to be kept at the same level as in 2024</p> <p>✓ The growing funding gap and the increased advances made to country offices in recent years increase the demands on the IRA.</p>
Category	Amount															
Shortfall - ISC income below PSA	17															
CCIS	30															
IRA	75															
Staff obligations insurance fund (amount under review)	20															
Health fundraising model	7															
Individual fundraising model	20															
<p>Expansion of self-insurance schemes</p> <ol style="list-style-type: none"> Operational self-insurance Health self-insurance <p>✓ USD 7 million to serve as capital for expanding the health insurance scheme.</p>	<p>Staff obligations</p> <p>USD 20 million to be allocated from the unearmarked portion of the General Fund to fund</p> <p>cost associated with managing the workforce so that it is in line with operational needs and resources.</p> <p>✓ Building on a strategic workforce planning, staffing will be aligned to resource availability, taking into account the need to ensure continued capacity and support for critical operations.</p>	<p>Individual fundraising model</p> <p>USD 20 million to be invested from the unearmarked portion of the General Fund to accelerate Individual Fundraising</p> <p>aiming to:</p> <ul style="list-style-type: none"> diversify WFP's income streams increase the proportion of unearmarked funding drive future income and ensure growth and sustainability. 														

Corporate Budget

▼ X% Percentage decrease from the Update to the WFP management plan (2024-2026)

Executive summary

Introduction

The world continues to grapple with alarmingly high levels of food insecurity driven by conflicts, climate crises and economic shocks and exacerbated by critical shortfalls in humanitarian funding. In 2023, 757 million people around the world were chronically food-insecure, while in 2024, an estimated 309 million people are acutely food-insecure in 71 countries where WFP operates and where data are available. In addition, significant numbers of children under 5 are still affected by stunting and wasting. Despite some improvements, the overall pace of progress remains insufficient to achieve the 2030 global targets.

The economic outlook remains challenging, with global growth projected to slow to 3.2 percent in 2024 and 2025. Economic shocks are a primary driver of food crises for one in four acutely food-insecure people. Debt servicing pressures are increasing, particularly for low-income countries, while international food prices are expected to decline slightly but remain above levels recorded before the coronavirus disease 2019 (COVID-19) pandemic. Poverty rates in low-income countries and countries affected by conflict and violence remain higher than pre-pandemic levels.

The WFP management plan for 2025–2027 outlines a strategic approach to navigating the increasingly challenging global environment. To ensure agility in our response to both immediate humanitarian needs and long-term resilience goals, we must anticipate a deterioration of the operational environment, requiring enhanced security measures and strategic planning to mitigate potential threats. Implementing the management plan for 2025–2027 will require an agile and skilled workforce able to adapt its capabilities and competencies to the evolving humanitarian and development environment. WFP will manage its workforce in a way that meets corporate needs and optimizes the impact of its assistance on vulnerable communities. A primary focus on organizational culture and organizational change – together with country offices empowered with the right skills and knowledge – will ensure high standards of delivery.

With humanitarian needs set to continue to outpace available funding, WFP will step up its efforts to narrow this gap, including by protecting, growing and diversifying its resource base; reducing needs in partnership with others; and working more efficiently and effectively to maximize the resources available for its frontline operations. Progress is being made. For example, strengthened engagement with programme countries has resulted in further diversification of resources, alongside WFP's increased efforts with the private sector. At the same time, WFP has revised its planning approach, equipping country offices with a framework that leads to credible and prioritized humanitarian plans that take into account the ability of others to respond.

Funding context

Following the exceptionally high level of contributions received in 2022, funding has declined and is expected to stabilize at pre-pandemic levels. WFP expects to receive USD 8.9 billion in 2024 and USD 8.0 billion in 2025. Against a backdrop of high needs, a challenging humanitarian environment and lower levels of funding than received during the COVID-19 pandemic, WFP will strengthen partnerships to deliver greater impact and will use a three-pronged approach to protect, diversify and grow its resource base. This work will include enhanced engagement and communication with stakeholders, demonstrating WFP's high standards of assurance; increased effort and outreach to private sector donors and supporters; continued exploration and use of innovative financing solutions and thematic funding mechanisms; and partnerships fostered with programme countries.

Programmatic context

WFP's projected operational requirements for 2025 are estimated at USD 16.9 billion to assist 123 million people. The requirements reflect the global humanitarian needs stemming from alarming levels of hunger and malnutrition, actions to be taken by other actors and WFP's capacity to respond.

The global provisional implementation plan of USD 8.8 billion for 2025 is based on the 2025 global contribution forecast of USD 8.0 billion, the estimated use of net carry-over contribution balances of USD 500 million, and the projected revenue of USD 300 million from service provision. The implementation plan figure represents 52 percent of operational requirements and would enable WFP to assist 98 million beneficiaries, or 80 percent of the beneficiaries originally targeted.

WFP will continue to prioritize saving lives in emergencies. The crisis response focus area will continue to account for the largest share of the provisional implementation plan in 2025 (77 percent) and will include efforts to focus operations on areas of greatest need and potential impact; streamline country strategic planning; and enhance field support and assurance measures to ensure that assistance reaches the most vulnerable populations swiftly and effectively. Resilience building, accounting for 20 percent of WFP's portfolio, will concentrate on areas where WFP brings comparative strengths in partnership with others. Finally, efforts to address the root causes of hunger, including relatively small WFP investments that deliver large returns by helping national programmes and systems serve food-insecure people more effectively, will account for 3 percent of the provisional implementation plan.

As in previous years, food and cash-based transfers continue to be the main transfer modalities, with food accounting for 52 percent of the total transfer costs in the 2025 provisional implementation plan, and cash-based transfers, 33 percent. The share of total transfer costs associated with WFP's capacity strengthening activities for individuals, communities and governments has increased slightly to 7 percent, with the costs for service delivery activities remaining at a similar level in 2025.

Programme support and business operations

The programme support and business operations budget has been set at USD 857.1 million, which includes USD 695.2 million for baseline activities – 5 percent less than the baseline budget for the 2024 programme support and administrative (PSA) utilization plan. The baseline activities and proposed budget allocations have been guided by four corporate management priorities aligned with the Executive Director's vision: maintaining WFP's strength in emergency response while sharpening the programmatic focus on resilience and climate adaptation; ensuring its duty of care to its employees, which relates to excellence in people management and a respectful and inclusive workplace in line with WFP's values; diversifying and expanding WFP's resource base, including through partnerships with the private sector, multilateral organizations and host and donor governments, and the use of innovative funding mechanisms; and realizing the benefits of reform initiatives that deliver efficiency and effectiveness gains and allow more resources to be directed to the frontline.

Programme support and administrative budget

The 2025 PSA budget is the source of 76 percent of the baseline budget, covering activities that indirectly support WFP's operations. Management proposes a PSA budget of USD 480.0 million for 2025, representing a 1 percent decrease from the PSA utilization plan budget of USD 483 million in 2024 and a 15 percent decrease from the original PSA budget for 2024.

In line with corporate management priorities, guiding principles and planning assumptions, the proposed PSA budget reflects the Executive Director's expectation that the budget be streamlined, stabilized and calibrated in line with the lower level of funding. Consistent with the emphasis on allocating resources to the frontline, the PSA budget for country offices is at the same level as in

2024, ensuring that country offices can maintain their basic structures and comply with minimum normative standards, while regional bureaux and headquarters departments have absorbed budget reductions.

The 2025 PSA budget is proposed for approval along three appropriation lines: strategy and direction, accounting for 23 percent of the budget; services to operations, with 50 percent; and governance, independent oversight and fundraising, with 27 percent. There is a 9 percent increase in the strategy and direction appropriation line, while the budgets for the services to operations and the governance, independent oversight and fundraising appropriation lines are marginally lower. Despite the slight decrease in the latter, the budget for governance and the independent oversight offices has been preserved in 2025.

The funding for the PSA budget is derived from amounts that are recovered from contributions 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.

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

The PSA equalization account and the unearmarked portion of the General Fund are projected to have balances above their respective targets. With the contribution forecast at USD 8 billion for 2025, indirect support cost income is projected to be USD 17 million less than the proposed PSA budget. The use of the PSA equalization account will be limited to covering the difference between indirect support cost income and the PSA budget. Management proposes to use part of the unearmarked portion of the General Fund for strategic disbursements of USD 152.4 million, which is slightly less than the interest income projected to be credited to the unearmarked portion of the General Fund during 2025.

Management proposes to invest USD 30.4 million from the unearmarked portion of the General Fund in critical corporate initiatives (CCIs) that are aligned with corporate priorities and designed to lead to sustained gains in efficiency or effectiveness following their completion. The proposed allocation will fund the CCIs throughout their duration, not just in 2025, thereby providing reliable multi-year funding to ensure their completion.

Nine CCIs are planned in 2025 – five continuing from 2024 and four new ones. The CCIs are grouped into five thematic areas. The first area covers *Accountability and Compliance* initiatives through which the organization will continue strengthening monitoring, identity management and assurance, and adopt new accounting standards. Initiatives in the second area, on *Partnerships and Fundraising*, aim to diversify funding including by helping country offices to pursue new partnerships and by strengthening business processes for partnerships. Initiatives in the third area, on *People*, will continue the alignment of WFP's commitment to duty of care with its "stay and deliver" approach and will support excellence in people management. In the *Digital Technology* area, initiatives seek to modernize and integrate WFP's information technology and digital infrastructure including enterprise resource planning systems and payroll systems, improving enterprise and data architecture and integrating artificial intelligence. Finally, initiatives in the *Innovation and Efficiency* area aim to improve the efficiency and effectiveness of business processes by integrating, automating and streamlining enabling processes while also supporting the development of a model for delivering and financing shared services.

Management proposes to allocate USD 75 million from the UGF to replenish the Immediate Response Account and recommends that the Immediate Response Account resourcing target of USD 400 million be maintained in 2025 to meet the likely increased demand.

An allocation of USD 20 million from the unearmarked portion of the General Fund is proposed for funding exceptional costs related to the alignment of the fixed-term international professional staff workforce with the budgetary implications of reduced funding forecasts.

Management also proposes to allocate USD 20 million from the unearmarked portion of the General Fund for investing in the individual fundraising model, which aims to diversify income streams and generate future income from individual donors. Such funding will amplify the growth of individual fundraising, which provides a higher proportion of flexible funding than the traditional donor base.

Insurance schemes

Expansion of operational risk self-insurance coverage

The operational self-insurance scheme, also known as the “captive”, directly supports WFP’s programmatic goals. Self-insurance has many benefits compared with the purchase of traditional commercial insurance. It provides timely and agile coverage for WFP’s unique risks where commercial insurance markets are often limited and not cost-effective. WFP seeks to enhance the coverage of its captive, which has been primarily used for insuring cargo risks, in order to respond effectively to its current and emerging risk profile by including certain risks that are not currently covered or are only partially covered by the captive. These include risks related to cash-based transfers, other financial risks, property risks and emerging and hard-to-insure risks that are critical in WFP’s operations. The proposed enhancements are in line with the strategic objectives of the captive, which are to manage the retention of risks, maintain adequate solvency and capital requirements, support WFP’s values and comply with the corporate governance framework. WFP will continuously evaluate the costs and benefits of any expansion of the risks covered by the captive so as to maintain an optimal balance between risk retention through the captive and risk transfer to external insurers.

Expansion of employee health self-insurance

WFP employees are covered under one of four health insurance plans. Currently only one of the four schemes is self-insured. Self-insuring is a cost-effective alternative to purchasing traditional commercial insurance and is common in the realm of health insurance. In 2023 the Joint Inspection Unit reviewed health insurance schemes across the United Nations system and observed that self-insured schemes are usually less expensive and more efficient than profit-orientated commercially insured schemes. WFP is one of two large United Nations organizations whose health insurance schemes are not self-insured despite having the necessary critical mass for risk-pooling. As the current commercial insurance contract expires in December 2025, WFP intends to adopt a self-insurance model for all four health schemes starting in January 2026. WFP will make a one-time allocation of USD 7 million from the unearmarked portion of the General Fund to serve as capital for the health self-insurance fund.

Section I: Introduction

1.1 Organizational context

1. The WFP strategic plan for 2022–2025 frames the context for this management plan, which covers the period from 2025 to 2027. The strategic plan states that WFP's highest priority is saving lives in emergencies, and is focused on strengthening WFP's efficiency and effectiveness so that urgent food and nutrition needs can be met with optimal speed and using optimal assistance modalities, skills, partnerships and people. It also affirms the importance of WFP's "partnered-up" programmes that contribute to better outcomes, improve livelihoods and resilience and strengthen national emergency preparedness and response, social protection and food systems.
2. However, as was acknowledged in the management plan for 2024–2026, WFP is operating in an environment that has continued to evolve significantly since the strategic plan was drafted – and not only owing to the war in Ukraine and the after-effects of the COVID-19 pandemic. In 2023 and the first half of 2024, the gap between global levels of humanitarian need and the funds available to address them has widened further. Since 2020, the level of humanitarian need has more than doubled,¹ while humanitarian funding first increased to record levels but then contracted back to 2020 levels.² Over the period of this management plan, WFP will respond to the gap by taking a more systematic approach to the efficient and targeted use of its resources, including through enhanced methods of prioritizing assistance and streamlining country strategic planning so as to address needs in the areas where the organization can have the greatest impact.
3. WFP will ensure corporate support for country operations that prioritize their resources for high-quality programmes targeting the people who are assessed to be most vulnerable. At the planning stage, this will mean better aligning budgets, strategies and programme portfolios with the available capacities and funding. It will involve strengthening field support for country offices in generating evidence and analysis, and helping them to reframe their strategies in line with an evolving operational environment reflected in streamlined and strengthened country strategic plans (CSPs) and implementation plans. At the operational stage, WFP will enhance its capacity to prioritize assistance by expanding the use of evidence-based targeting to select the most vulnerable people for assistance. This will involve steps that include creating and maintaining capacity that can be deployed to support country offices' efforts to enhance their targeting practices; mainstreaming and strengthening vulnerability-based targeting systems throughout emergency responses; and strengthening the links among functional areas, including identity management, community feedback mechanisms (CFMs) and monitoring. This systematic approach at both the planning and the operational stages ensures that country operations can maintain high-quality, consistent programmes and will reduce the need to implement disruptive cuts in ration sizes or beneficiary numbers at short notice.
4. The best way to respond to the scale of demand for humanitarian assistance is to reduce, as well as to meet, humanitarian needs. However, WFP's programming that focuses on reducing humanitarian needs under the "changing lives" agenda, including activities focused on resilience building and addressing the root causes of hunger, can lack the resources and capacity for delivering on WFP's mandate. To demonstrate that it has a bigger role to play in reducing needs, WFP will generate more evidence of the sustainable, scalable impact it can

¹ The estimation of 309 million acutely food-insecure people globally reported in the June [2024 global operational response plan](#) represents an increase of 160 million people compared with pre-pandemic levels.

² WFP received USD 8.42 billion in funding in 2020, USD 14.17 billion in 2022 and USD 8.45 billion in 2023; as of 15 July 2024, it is projected to receive USD 8.90 billion in annual funding in 2024.

achieve through easily replicated long-term programmes. This will require the careful selection of programmes for implementation: WFP will redouble its efforts to focus work on the areas where it can have the greatest impact through high-quality delivery, aided by a stronger emphasis on using programme integration and partnerships to multiply the impact of its own work. As much as possible, WFP will base its response plans on its areas of comparative advantage and the expertise of its partners, aligning its plans with existing national or local strategies.

5. In 2025, WFP will continue to face a complex and deteriorating operating environment. Conflict, mass displacement, constrained humanitarian space – including a disregard for multilateral actors – and extreme weather events are complicating WFP’s access to the people who need help. In some cases, interference in and diversion of humanitarian programmes risk holding back or undermining WFP’s operations and increasing costs. To address this challenge, WFP will build on the progress made in 2024 by continuing to mainstream assurance measures throughout its operations, requiring greater investment and efforts at the country level to strengthen targeting, identity management, monitoring, commodity tracking, partner oversight and risk management. This work is guided by an Executive Director’s circular that codifies the assurance standards that every WFP operation must meet. A group of 31 country offices that have been designated as “high-risk” in terms of assurance must meet those standards or implement alternative controls by the end of 2024, with all country offices required to comply by the end of 2025. WFP will continue to invest in building capabilities to meet the standards, developing better guidance and offering country offices more tools.
6. WFP will invest further in fostering innovation throughout the organization, scaling up programmatic innovations that show high potential to generate efficiency savings and increase the impact of programmes. Pilots and initiatives to be scaled up, including those incubated at WFP’s Innovation Accelerator in Munich, Germany, will be selected through a more rigorous process based on both their readiness and their relevance to WFP’s mandate. WFP will also leverage opportunities to roll out the digital transformation of its systems, such as beneficiary lists and commodity tracking, so as to further embed their efficiency and interoperability.
7. A restructuring process undertaken in 2024 has ensured that WFP is a more efficient, strategic and focused organization. WFP’s new headquarters structure is bringing a sharper focus to corporate efforts to maximize efficiency and effectiveness and target scarce resources to the frontline, where they will deliver the greatest impact for the people in greatest need. The same approach will be taken in the next phase of the restructuring, with a regional reconfiguration currently ongoing.
8. Work will begin on the development of the strategic plan for 2026–2030 in September 2024, and will continue throughout 2025. The drafting process will rely on extensive internal consultations across WFP, including with Executive Board members. External consultations will include close engagement with partner non-governmental organizations, the private sector, international financial institutions (IFIs), the United Nations system, the people whom WFP assists and the communities in which they live.

1.2 Global context

Food security situation

9. The world continues to grapple with food insecurity at highly concerning levels, driven by conflicts, the climate crisis and economic shocks, and exacerbated by critical shortfalls in humanitarian funding.

10. Up to 757 million people around the world were ranked as chronically food insecure in 2023. Levels of hunger were on the rise in Africa, where one in five people are chronically hungry, but have remained relatively stable in Asia and have decreased in the Latin America and the Caribbean region. While Africa is the region with the highest prevalence of chronic hunger, Asia is home to more than half of all the chronically hungry people in the world. With projections indicating that 582 million people will still be chronically undernourished in 2030, the world is far off-track to achieving zero hunger by the end of the decade.³
11. Despite some progress towards the goal of ending all forms of malnutrition, more countries are off-track than on-track for most of the 2030 global nutrition targets. With 148 million children under the age of 5 being stunted in 2022 – the latest year for which data are available – the current trend indicates that 19.5 percent of children will be stunted in 2030, well above the global target of 13.5 percent. Wasting affected 45 million children under the age of 5 in 2022, with projections pointing to prevalence of over 6 percent in 2030, more than double the global target.⁴
12. In 2024, an estimated 309 million people are acutely food insecure in the 71 countries where WFP has an operational presence and where data are available. While slightly lower than in 2023, levels of global food insecurity remain well above pre-pandemic levels, with an increase of 160 million people compared with early 2020. An estimated 45.5 million people are at “emergency” or worse levels of acute food insecurity and in need of immediate emergency assistance to save their lives and livelihoods.⁵
13. Between June and October 2024, acute food insecurity is likely to deteriorate in 18 “hunger hotspots”. The five hotspots of highest concern are Haiti, Mali, the State of Palestine, South Sudan and the Sudan.⁶

Economic outlook

14. While the drivers of food crises are typically interlinked and mutually reinforcing, economic shocks are the primary driver for one in four acutely food-insecure people.⁷ Global economic growth remains steady but slow, with forecasted rates of 3.2 percent for 2024 and 3.3 percent for 2025, matching the pace set in 2023.⁸ The projected global growth rate for five years from now is the lowest it has been in decades. The main reasons for this include the lasting impacts of the COVID-19 pandemic and the war in Ukraine, weak productivity growth and increasing geoeconomic fragmentation, compounded by high debt costs and low fiscal stimulation.⁹
15. Pressures related to debt servicing present a growing challenge, putting investments in people and sustainable growth at risk. The annual debt repayments of low-income countries are increasing rapidly and will reach more than USD 60 billion in 2024 and 2025, which is

³ Food and Agriculture Organization of the United Nations (FAO), International Fund for Agricultural Development (IFAD), United Nations Children’s Fund (UNICEF), WFP and World Health Organization (WHO). 2024. *The State of Food Security and Nutrition in the World 2024. Financing to end hunger, food insecurity and malnutrition in all its forms.*

⁴ *Ibid.*

⁵ WFP. 2024. *WFP Global Operational Response Plan 2024 – Update #11.* Emergency-level data based on an internal update from September 2024.

⁶ FAO and WFP. 2024. *Hunger Hotspots. FAO-WFP early warnings on acute food insecurity: June to October 2024 outlook.*

⁷ Food Security Information Network (FSIN) and Global Network Against Food Crises. 2024. *Global Report on Food Crises 2024.*

⁸ International Monetary Fund (IMF). 2024. *World Economic Outlook Update, July 2024.*

⁹ IMF. 2024. *World Economic Outlook – Steady but Slow: Resilience amid Divergence.*

three times the average for 2010–2020.¹⁰ Fifty-four percent of low-income countries and 16 percent of emerging markets are already in debt distress or at high risk thereof.¹¹

16. Amid increased supplies and weakening El Niño conditions, international food commodity prices are projected to decline by 6 percent in 2024 and 4 percent in 2025, although they will remain well above pre-pandemic levels. Risks to prices are primarily on the upside, with potential regional escalation of the war in Gaza affecting energy supplies.¹² Headline inflation is expected to decline globally. In low-income developing countries, it is projected to drop to a still-high 12 percent in 2025, down from 18 percent in 2023.¹³
17. Poverty rates are on a declining trajectory globally and hovering around pre-pandemic levels. However, low-income countries and those affected by fragility, conflict and violence have poverty rates that are higher than in 2019 and even saw a moderate increase in poverty between 2022 and 2023.¹⁴

Conflict and insecurity

18. Almost half of the world's acutely food-insecure people live in countries where conflict or insecurity is the primary driver of hunger.¹⁵ In 16 of the 18 hunger hotspots where parts of the population are likely to experience a significant worsening of already high levels of acute food insecurity in 2024, organized violence and armed conflict are among the main factors driving the deterioration.¹⁶
19. Conflict affects food security in multiple ways: it affects livelihoods, damages or destroys food systems, displaces people and reduces humanitarian access to the people and communities in need. Conflict leaves countries more vulnerable in socio-economic terms, with less capacity to cope with subsequent shocks, including natural hazards.¹⁷
20. Globally, armed violence continues to be on the rise. In 2023, there was a 12 percent increase in conflict compared with 2022 and a 40 percent increase compared with 2020.¹⁸ The total number of internally displaced persons, mainly owing to conflict, has grown by more than 50 percent over the past five years.¹⁹

Climate crisis

21. Weather extremes are the principal driver of hunger for one in four acutely food-insecure people. As El Niño – the dominant driver of weather events since mid-2023 – weakens, forecasts indicate that La Niña is likely to develop from September to November and persist through the northern hemisphere winter of 2024–2025.
22. In Southern Africa, El Niño sparked a drought that resulted in national emergencies in multiple countries, contributing to a regional food security crisis that is expected to peak from November 2024 to March 2025. Conversely, La Niña may bring beneficial rainfall and promising harvests by mid-2025. In the Horn of Africa, El Niño caused heavy rainfall, widespread flooding and the displacement of people. During the 2024 rainy season, the

¹⁰ IMF. 2024. [How to Ease Rising External Debt-Service Pressures in Low-Income Countries](#).

¹¹ IMF. 2024. [World Economic Outlook – Steady but Slow: Resilience amid Divergence](#).

¹² World Bank. 2024. [Commodity Markets Outlook, April 2024](#).

¹³ IMF. 2024. [World Economic Outlook – Steady but Slow: Resilience amid Divergence](#).

¹⁴ World Bank. 2024. [March 2024 global poverty update from the World Bank: first estimates of global poverty until 2022 from survey data](#); World Bank. 2023. [Poverty is back to pre-COVID levels globally, but not for low-income countries](#).

¹⁵ FSIN and Global Network Against Food Crises. 2024. [Global Report on Food Crises 2024](#).

¹⁶ FAO and WFP. 2024. [Hunger Hotspots. FAO-WFP early warnings on acute food insecurity: June to October 2024 outlook](#).

¹⁷ Inter-Agency Standing Committee (IASC) and European Commission. 2024. [INFORM Report 2024: 10 years of INFORM](#).

¹⁸ Armed Conflict Location and Event Data [ACLED Conflict Index](#). (accessed 12 June 2024)

¹⁹ Internal Displacement Monitoring Centre (IDMC). 2024. [Global Report on Internal Displacement 2024](#).

Sahel region and the Sudan have experienced exceptional flooding, affecting millions of people. Extensive floods have also had impacts in several Asian countries, including Bangladesh, Myanmar and Pakistan. Should La Niña occur, the Horn of Africa could experience dry conditions over the next two growing seasons. Central America's Dry Corridor experienced El Niño-induced droughts in 2023, with insufficient rainfall affecting the beginning of the current season. La Niña might bring the necessary rains later in the year but could also heighten risks during the 2024 Caribbean hurricane season.

Displacement

23. Displaced people are among the most vulnerable to acute food insecurity and highly dependent on humanitarian food assistance.²⁰ For 12 years, the number of displaced people has increased every year. The number of forcibly displaced by conflict and violence reached 117 million at the end of 2023 and, as forced displacement continued to increase in the first months of 2024, is likely to have exceeded 120 million by the end of April 2024.²¹
24. A large share of displaced people remain within their own countries. At the end of 2023, a record number of 76 million people were internally displaced globally, 68 million of them by conflict and violence. The number of displacements – including multiple and temporary movements – due to disasters reached 26 million in 2023, the third highest figure of the last decade.²²

International humanitarian assistance

25. Despite a rise in requirements for humanitarian inter-agency plans, from USD 52 billion in 2022 to USD 56 billion in 2023, funding fell from USD 30 billion to USD 24 billion, leading to a drop in the coverage of financial requirements from 59 percent to 43 percent – the first time in the history of inter-agency coordinated appeals that coverage did not reach 50 percent. Despite the drop, however, the amount of funding received by the end of 2023 was still 22 percent higher than in 2021. Total reported humanitarian funding as of mid-2024 is 24 percent lower than at the same time last year.²³
26. Official development assistance (ODA) – government aid that promotes and specifically targets the economic development and welfare of developing countries – from member countries of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) has been resilient in responding to consecutive crises, growing by 1.8 percent in 2023 to a new high of USD 224 billion. Ukraine received USD 41 billion in ODA, the largest amount in history allocated to a single country in a single year. Aid for least-developed countries and sub-Saharan Africa rebounded in 2023, after a decline in 2022.²⁴ The share of development finance with gender equality and women's empowerment as policy objectives declined for the first time in a decade.²⁵

²⁰ FSIN and Global Network Against Food Crises. 2024. [Global Report on Food Crises 2024](#).

²¹ Office of the United Nations High Commissioner for Refugees (UNHCR). 2024. [Global Trends. Forced Displacement in 2023](#).

²² IDMC. 2024. [Global Report on Internal Displacement 2024](#).

²³ United Nations Office for the Coordination of Humanitarian Affairs (OCHA). 2024. [Global Humanitarian Overview 2024 Mid-year update](#).

²⁴ OECD. 2024. [ODA Levels in 2023 – preliminary data. Detailed summary note](#); OECD. 2024. [ODA in 2023 \(charts\)](#).

²⁵ OECD. [Development finance for gender equality and women's empowerment](#) [accessed 12 June 2024]; OECD. 2024. [ODA for gender equality 2011–2022](#). Based on averages for 2021–2022.

27. Funding is increasingly directed towards the key drivers of hunger. Climate finance is on an upwards trajectory as bilateral ODA for addressing climate change has increased both in volume and as a share of total ODA.²⁶ The World Bank Group's climate finance increased by 22 percent in the 2023 fiscal year, reaching 41 percent of the group's total financing.²⁷ Nevertheless, investments in nature-based solutions will have to triple by 2030 to meet climate, biodiversity and restoration targets.²⁸ Increasing funding is available for countries characterized by fragile and conflict-affected situations. World Bank financing for these countries has grown by an average annual rate of 27 percent over the last five years, compared with 4 percent for countries not affected by conflict or fragility.²⁹

²⁶ OECD. 2024. *Official development assistance for climate in 2022: A snapshot*; OECD. 2024. *DAC members' bilateral ODA for climate change adaptation and/or mitigation over the years*. Based on data up to 2022.

²⁷ World Bank. 2023. *Climate Finance Update*.

²⁸ United Nations Environment Programme (UNEP). 2023. *State of Finance for Nature: The Big Nature Turnaround – Repurposing \$7 trillion to combat nature loss*.

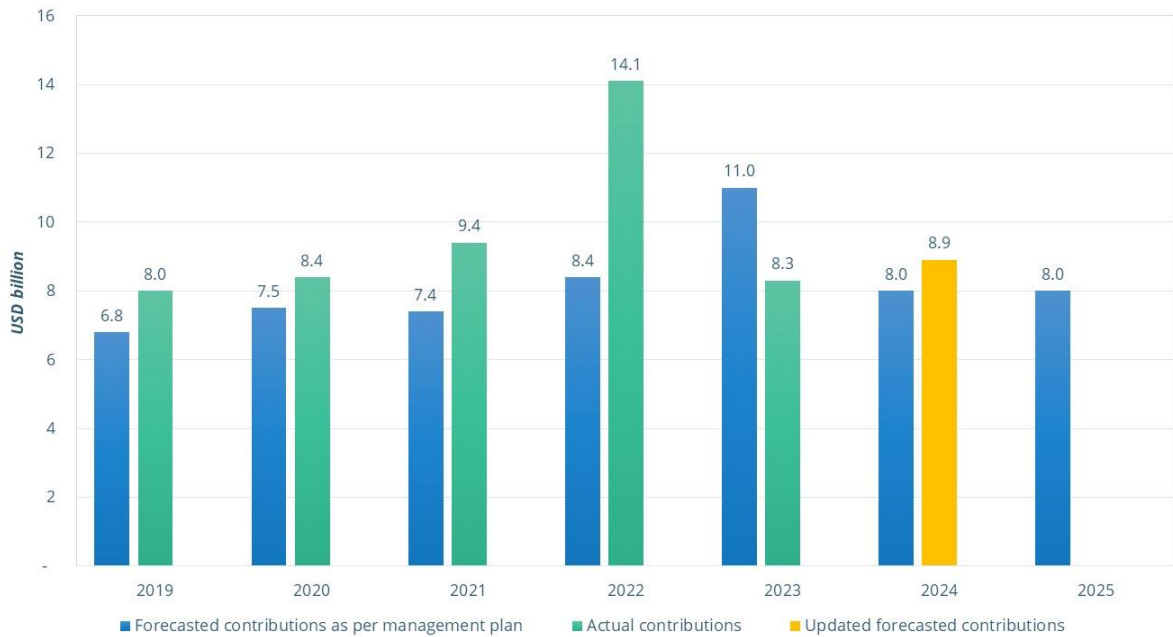
²⁹ World Bank. 2024. *Pursuing Development Goals amid Fragility, Conflict, and Violence*.

Section II: Funding context and resourcing assumptions

2.1 Overview

28. WFP has maintained robust partnerships with its donors over the years, fostering a spirit of collaboration and engagement that has contributed significantly to its growth and capacity to respond to hunger. Over the past decade, WFP's continuous efforts and strong alliances have resulted in a notable increase in funding. In 2015, WFP secured USD 5 billion from donors, growing to an average of USD 8 billion per year up to 2023, underscoring the critical role of WFP's strengthened partnerships with donors in increasing its ability to deliver on its mission of combating hunger.
29. In 2022, WFP experienced a significant increase in donor support, exceeding average levels in response to the impact of the COVID-19 pandemic on global food security. This resulted in WFP securing USD 14.1 billion in funding, an exceptional figure that marked 2022 as an outlier year in the organization's financial history. By 2023, WFP saw its resource levels return to those observed before the pandemic, with the organization securing USD 8.3 billion against approved needs of USD 22.8 billion, leading to its largest ever funding shortfall of 64 percent.
30. In the update to the management plan (2024–2026) approved by the Board at its 2024 annual session, funding for 2024 was projected at USD 8 billion. However, by late June 2024, new information had led to an updated forecast, with WFP expecting to secure USD 8.9 billion in confirmed contributions by the end of the year. The new forecast represents 49 percent of the projected operational requirements of USD 18.2 billion for 2024.
31. WFP has implemented measures to enhance the accuracy of its forecasting process and will continue to communicate openly with its partners. As part of these efforts, WFP has created the Partnerships Coordination Service, reporting directly to the Assistant Executive Director of Partnerships and Innovation, to specifically support and strengthen its forecasting capabilities. Looking ahead, funding is projected to remain at pre-COVID-19 levels for the next three years, with a conservative forecast of USD 8 billion per year from 2025 to 2027.
32. In this financial environment, WFP remains committed to protecting, growing and diversifying its funding base, including by developing new sources of resources including from the private sector, innovative financing mechanisms and climate finance. With the increasing gap between unprecedented levels of need and the resources available to address them, WFP must remain ever-more agile, innovative and efficient. In line with commitments made under the Grand Bargain and the Funding Compact, flexible and predictable multi-year funding will help WFP to do so.
33. The challenging funding environment, which affects the entire humanitarian sector, has compelled WFP – and many other organizations – to prioritize the most critical needs as it works to fulfil its mandate. Against this backdrop, WFP will redouble its efforts to establish strong partnerships by demonstrating value for money, directing its resources to where they will have the greatest impact and meeting the highest standards of assurance.
34. At the same time, it is important to recognize that the operational settings in which WFP works are becoming increasingly complex. This often results in longer implementation periods and higher costs for reaching people in need, and it requires WFP to enhance its engagement with partners in order to ensure complementarity, maximize efficiency and effectiveness through innovation, and mitigate risks.

Figure 2.1: Evolution of donor contributions to WFP, 2019–2025 (confirmed and projected)*



* Forecasted contributions for 2024 are from the [Update to the WFP management plan \(2024–2026\)](#).

Figure 2.2: Donors to WFP by value of contribution and percentage of total contributions, 2019–2025 (confirmed and projected)



2.2 Protecting, growing and diversifying the funding base

35. WFP will continue to invest in partnerships through a three-pronged strategy designed to protect, grow and diversify its resource base.

Strategic engagement

36. At a time when the partnerships function is more critical than ever, WFP recognizes that it requires a more integrated approach to its engagement, fundraising, advocacy and positioning with partners, based on continued transparent two-way dialogue and mutual

trust and aimed at jointly defining priorities and identifying strategic opportunities to better meet needs.

37. To boost WFP's humanitarian diplomacy efforts, executive managers will use their attendance at key international events to establish strategic alliances, accelerate partnership building and attract support for WFP's efforts to achieve its objectives and reach zero hunger.
38. Broadening the range of partnerships, including by building thematic partnerships and focusing on strategic partners while also further nurturing and expanding existing partnerships will enable WFP to diversify its engagement to build shared strategic, geographic and thematic objectives. By tailoring its interventions and services to governments, organizations and communities, WFP has the opportunity to leverage a wide range of contributions from partners.
39. As a voluntarily funded organization, WFP values its longstanding relationships with all of its government donors. The organization relies significantly on a small group of partners, with approximately 80 percent of its funding coming from ten donors. While it will remain essential for WFP to continue nurturing those relationships and to have regular communications at the capital, regional and country levels, it will also be important to grow and diversify its funding base so as to be able to respond effectively in today's challenging humanitarian environment.

United Nations partnerships and pooled funds

40. The United Nations Central Emergency Response Fund (CERF) represents a lifeline for the most vulnerable people, enabling WFP to act swiftly during emergencies. The fund also facilitates early and anticipatory actions that help people before a crisis reaches its peak. This proactive approach reduces the projected humanitarian impact of a crisis, ensuring a faster, more dignified and more cost-effective response.
41. Other United Nations pooled funds play a strategic role in improving the coordination of aid, risk management and the diversification of funding for the United Nations system. Pooled funds provide an important strategic pathway for WFP in its engagement with the wider United Nations system in achieving national and global priorities.
42. Overall, for 2025, WFP expects a similar level of funding as in previous years from both the CERF (USD 166 million in 2023) and other pooled funds (USD 186 million in 2023). WFP will enhance its collaboration with United Nations resident coordinators and humanitarian coordinators on prioritizing the most vulnerable people. It will also contribute to strengthening the visibility of United Nations contributions to humanitarian response, while demonstrating the impact of those contributions.
43. At the corporate level, through regular engagement, WFP works closely with the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) to advocate support for vulnerable people and communities around the world. WFP also supports OCHA's advocacy efforts at pledging events and through annual reports. At the inter-agency level, WFP maintains close relationships with other United Nations entities on joint advocacy for priority operations and related resource mobilization efforts.

Programme country partnerships

44. WFP's partnerships with programme countries have expanded significantly over recent years and are aimed at helping countries to achieve their national priorities, in line with WFP's strategic plan. Direct support for WFP from programme countries continues to increase through financial and in-kind contributions and the sharing of capacity, knowledge and technical skills through South-South and triangular cooperation arrangements. In response to its evolving partnerships with programme countries, WFP has established the Multilateral and Programme Country Partnerships Division.

45. *Domestic financial resources:* WFP puts national ownership and the mobilization and effective use of domestic resources at the centre of its efforts to achieve the Sustainable Development Goals (SDGs). Domestic funding for WFP initiatives, including all the resources provided by national governments, such as funds from international financial institutions, is forecasted to reach USD 900 million in 2025. In promoting the national financing of programmes related to SDG 2, WFP will continue to leverage initiatives such as the Emerging Donor Matching Fund and the Changing Lives Transformation Fund, which provide incentives for low-income and lower-middle-income countries to contribute domestic resources to WFP CSPs.
46. *International financial institutions:* WFP will continue to strengthen its collaboration with IFIs, contributing to the priorities of national governments, in line with the WFP strategic plan. Financing from programme countries can originate from IFI “envelopes” or domestic financial resources. To sustain the expansion of government-funded support, WFP will continue to invest in providing analysis and technical support that enable country offices to better leverage national funding. Within the USD 900 million domestic financing envelope, WFP has forecast that USD 750 million of IFI-sourced financing will be identified in 2025, consistent with trends in recent years.
47. *Resources from the Global South:* Leveraging the unique contributions of the Global South, WFP will continue to facilitate South–South and triangular cooperation for the exchange of knowledge, experiences and skills among developing countries in support of progress towards the achievement of zero hunger.

Private sector

48. The proportion of donations from private donors almost tripled between 2019 and 2023, individual donations increased more than sevenfold and, with appropriate investment, this growth trajectory is expected to persist. As of mid-2024, income from the private sector – corporations, foundations, philanthropists and individuals – is projected to reach USD 350 million in 2024. Of that total, more than USD 120 million is expected to be generated by the individual fundraising programme, which comprises the headquarters-based individual giving team, the ShareTheMeal platform and WFP friends’ organizations, predominantly those based in the United States of America and Japan.
49. Individual fundraising is the largest private sector source of flexible funding, with an estimated 30 to 35 percent of all individual contributions being flexible. The share of donations reinvested in individual fundraising operations, set out in the private sector partnerships and fundraising strategy and approved by the Board at its 2019 second regular session, will remain at 29 percent in 2025, with the majority of the reinvested funds being used to pay for the highly targeted digital advertising that drives individual contributions, repay the capital budget financing advance and cover operational costs. The investments also aim to expand the current digital fundraising model, achieving depth in key markets, offering the option of Zakat giving and providing new experiences through the mobile application so as to promote increased engagement.
50. WFP foresees that partnerships with foundations, and philanthropic contributions will continue to grow. A considerable proportion of income is expected to come from engagement with foundations, despite the market volatility in this sector. Building on its multifaceted involvement in the private sector, and with the aim of tapping into new markets and funding streams, WFP will develop new fundraising approaches that range from individual donations to contributions from foundations and that include options for Islamic philanthropy.

Innovative finance

51. WFP will explore innovative funding sources by leading donor engagement at the capital level while providing direct support to regional bureaux and country offices for the design of investment cases for innovative funding and the development of evidence-driven proposals for attracting additional multi-year contributions.
52. In line with its new innovative finance strategy, WFP will further advance its innovative finance objectives, employing mechanisms such as debt swaps, capital market solutions, blended finance and climate risk finance, and aiming to mobilize an additional USD 100 million in 2025.
53. In 2025, the focus of the innovative finance strategy will be on climate risk financing for smallholder farmers, presenting financing options for partners, refining business models and providing capacity building for regional bureaux and country offices. The structure and design of innovative finance initiatives, including debt swaps, crypto-currency contributions and blended financing, will be guided by WFP's Legal Office. Anticipating increased engagement in innovative financing in 2025, WFP aims to attract funding through non-traditional channels, including from the existing donor base.

Thematic partnerships

54. Through strengthened relationships, interactions in the field and tailored dialogue, WFP will emphasize its comparative advantages in the areas of climate action, resilience building, the strengthening of social protection systems and nutrition. By leveraging corporate investment plans and scaling up relevant programmatic activities, WFP will continue to strengthen collaborative efforts throughout headquarters, regional bureaux and country offices for effective fundraising at the country level. WFP will actively explore new modalities for thematic partnerships through innovative financing tools.
55. Anticipatory action will also remain a key focus for WFP, particularly through the use of forecast-based financing. This approach reduces humanitarian costs by facilitating proactive measures before extreme weather events occur. Through its CSPs, WFP will continue to support governments in strengthening national early warning systems and helping communities to anticipate, prepare for and recover from climate shocks. This will be achieved by securing reliable and prearranged funding to implement anticipatory action projects, and by advocating increased funding for climate adaptation.

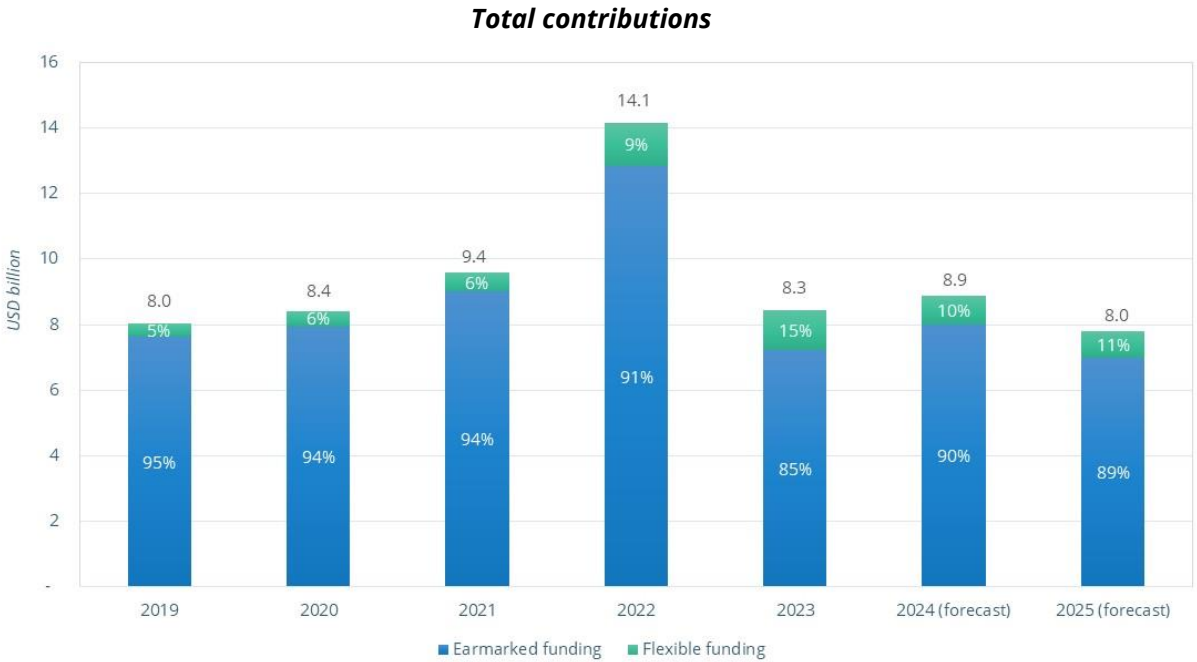
2.3 Funding flexibility and predictability

56. WFP is striving to protect, grow and diversify its funding sources, enhance transparency and strengthen accountability while adhering to stricter contractual requirements. By securing flexible and predictable multi-year funding, WFP can better plan and maintain operational continuity, remain agile in dynamic situations and establish more stable partnerships.
57. Flexible funding³⁰ includes unearmarked and "softly earmarked" contributions and allows WFP to determine where and how it uses the money it receives, giving it flexibility to respond quickly to emergencies and to fund responses to neglected crises around the world. Flexible funding saves lives and alleviates suffering in the most vulnerable population groups.

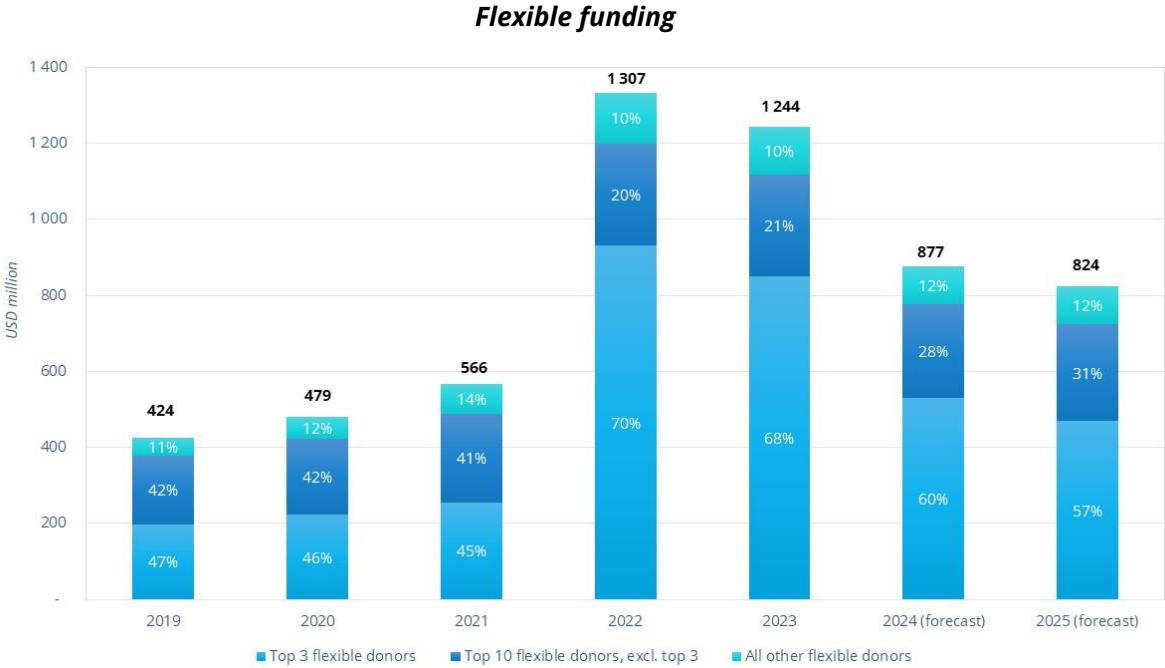
³⁰ The term "flexible funding" includes unearmarked multilateral contributions, contributions to life-saving activities made through the IRA, and softly earmarked contributions directed to the regional and thematic levels.

- 58. In 2023, the total amount of flexible funding decreased, but as a proportion of overall contributions, flexible funding increased from 9 percent in 2022 to 14 percent in 2023. In 2024, flexible funding is projected at USD 877 million, of which USD 419 million is in fully unearmarked funds, USD 71 million in direct contributions to the Immediate Response Account (IRA), and USD 387 million in softly earmarked contributions. Similar trends are expected in 2025.
- 59. Multi-year³¹ funding allows WFP to build more successful, multi-sectoral and integrated partnerships that result in better outcomes for the people it serves. In 2023, 11 percent of WFP’s total revenue was in multi-year funding.
- 60. Achieving the goals of the Grand Bargain and the Funding Compact requires flexible and multi-year funding. To build support for flexible funding mechanisms, WFP will continue to articulate the benefits of high-quality funding and will advocate more flexible, multi-year funding at high-level events, on global platforms and during engagements with donors and policymakers.
- 61. In recognition of the generosity of donors who provide high-quality funding, WFP will acknowledge them in publications, social media and websites. It will also share evidence-based, human-interest stories about the impact of donors’ contributions, which will enhance donors’ visibility and ability to garner public support.

Figure 2.3: Flexible and earmarked funding by percentage of total contributions, 2019–2025 (confirmed and projected)

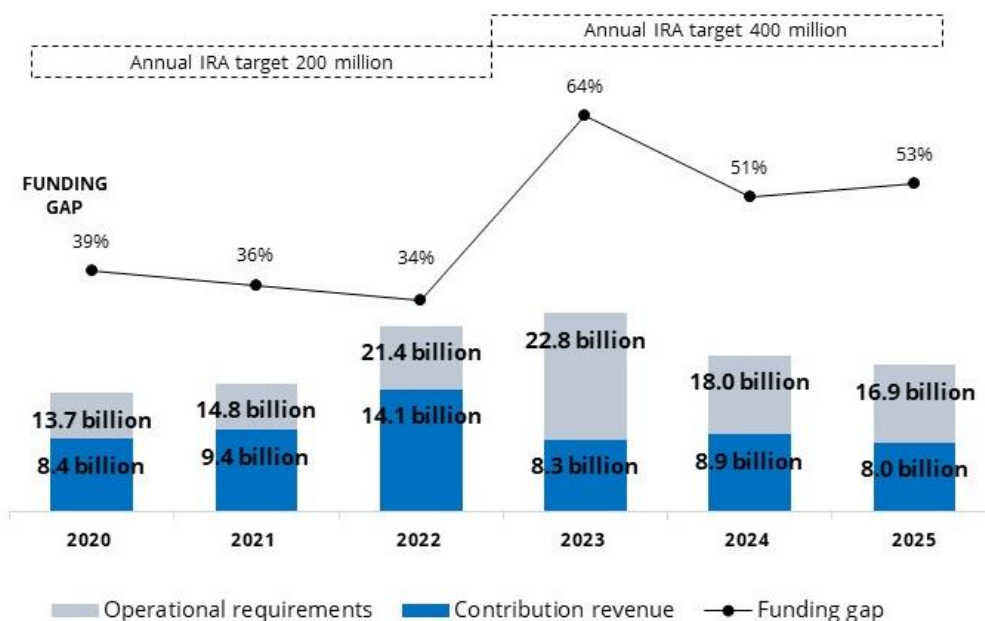


³¹ WFP’s definition of “multi-year funding” refers to donors’ commitments to providing sustainable and predictable funding for longer than 12 months, with an agreed yearly schedule for the disbursement and use of the funds.



2.4 Immediate Response Account resourcing target

- 62. The IRA is WFP’s reserve for the immediate allocation of flexible, replenishable, revolving multilateral funding. It is used as a last resort to enable WFP to react promptly to emergencies and to strengthen its readiness and capacity to undertake immediate life-saving activities. It provides advances to country offices, allowing them to start food procurement, deploy staff, initiate cash-based transfers (CBTs), register targeted beneficiaries and carry out other essential activities.
- 63. The IRA is an advance that can be repaid, or “revolved”, with any confirmed contributions as long as the conditions attached to the contributions allow that. Contributions that are used for this purpose are reported under the operations to which they were directed. Any IRA advance that has not been repaid can be converted into grants when the CSP comes to an end. The IRA is not a substitute for contributions from the CERF or for other directed contributions to WFP.
- 64. WFP operational requirements rose from USD 13.7 billion in 2020 to USD 21.4 billion in 2022, prompting the Board to approve the doubling of the IRA fundraising target to USD 400 million in 2022. The funding gap between operational requirements and global forecasted contributions increased from 39 percent in 2020 to 64 percent in 2023 and is projected to remain above 50 percent in 2024 and 2025 (see figure 2.4). This trend underscores the critical need for sustainable donor replenishment of the IRA to meet the increasing demand.

Figure 2.4: Operational requirements and forecasted contributions, 2020–2025 (USD)

Note: Figures for 2024 and 2025 are projections based on the global forecast as of June 2024.

65. The limited availability of IRA funds is a constraint to the advances provided to country offices. The growing funding gap and the increased advances made to country offices in recent years demonstrate the rising demand on the IRA. In 2023, two years after the resourcing target was raised to USD 400 million, allocations from the IRA reached USD 433.5 million, a 130 percent increase over 2020 when the resourcing target was only USD 200 million.
66. In 2023, 72 percent of the total IRA advances were provided to five country offices: USD 122 million to the State of Palestine to address hunger related to the Gaza conflict, USD 72 million for earthquake responses in Türkiye (USD 47 million) and the Syrian Arab Republic (USD 25 million), USD 67 million to the Democratic Republic of the Congo for responding to internal displacement, and USD 28 million to the Sudan for food assistance amid armed conflict. As communities worldwide continue to face conflict, climate shocks and economic challenges, IRA advances will likely continue to be critical in supporting operations.
67. 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 by 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. Should the IRA balance fall below the minimum threshold of USD 85 million, which is the average cost of three months of requirements for 2 million people, WFP will make a specific appeal to donors.
68. With the ongoing high demand for WFP to take anticipatory action for life-saving activities, WFP seeks the Board's approval for maintaining the IRA resourcing target level at USD 400 million for 2025.

Section III: Programmatic context

3.1. Operational requirements and provisional implementation plan for 2025

Overview

69. The world continues to face the largest global food and nutrition crisis in recent history, driven by conflicts and insecurity, the climate crisis and economic shocks. The challenge is compounded by critical shortfalls in humanitarian funding. Against this backdrop, WFP projects its operational requirements for 2025 at USD 16.9 billion³² to assist 123 million people through 86 operations in more than 120 countries and territories.
70. Recognizing that resources for 2025 will fall short of those needs, WFP has developed a provisional implementation plan at the global level, which reflects the organization's projections of how resources that it expects to receive during the year will be utilized. WFP's provisional implementation plan of USD 8.8 billion for 2025 will support 98 million beneficiaries worldwide.

2025 operational requirements

71. Operational requirements for 2025 are developed for each country operation based on the needs covered by the CSPs approved by the Executive Board,³³ along with the projected changes arising from other budget documents under preparation or future revision. WFP aggregates requirements for country operations at the regional and global levels when presenting total projected operational requirements.
72. For 2025, the distribution of operational requirements across WFP's six regional bureaux closely mirrors that of 2024, as shown in table 3.1. The reduction of USD 1.1 billion in operational requirements compared with 2024 can be attributed primarily to three countries – the Syrian Arab Republic, Lebanon and Ukraine – all located in the Middle East, Northern Africa and Eastern Europe region. Despite this reduction, that region still accounts for nearly one third of the requirements for 2025, with USD 4.9 billion of the total USD 16.9 billion. For detailed information on the operational requirements of WFP's country offices, see annex VI.

³² As of June 2024, based on estimated requirements collected from country offices.

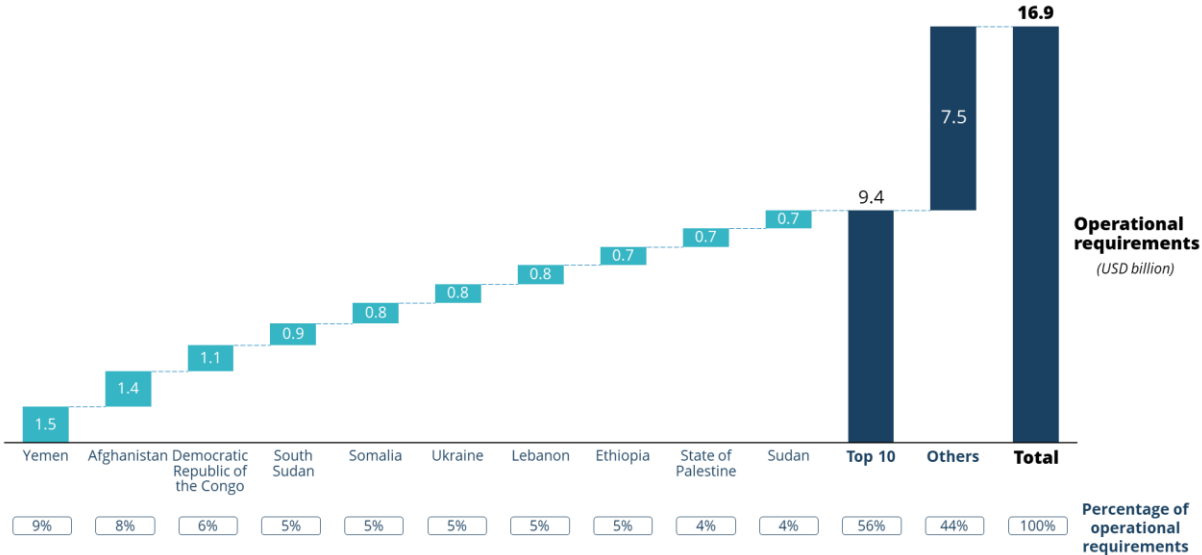
³³ As referenced in [WFP's General Rules and Regulations](#), its programme of work reflects the CSP budgets approved by the Board, including approved budget revisions. Unlike operational requirements, the programme of work does not take into account new CSP budgets under preparation, or budget revisions not yet formally approved. See annex VI for a detailed breakdown of WFP's 2025 programme of work by country office, as of August 2024.

TABLE 3.1: OPERATIONAL REQUIREMENTS BY REGION, 2024 AND 2025				
Regional bureau	2024 operational requirements*		2025 operational requirements	
	(USD million)	(%)	(USD million)	(%)
Asia and the Pacific	2 605	14	2 457	15
Middle East, Northern Africa and Eastern Europe	5 683	32	4 914	29
Western Africa	2 784	15	2 743	16
Southern Africa	1 896	11	1 821	11
Eastern Africa	3 907	22	3 883	23
Latin America and the Caribbean	1 111	6	1 072	6
Total	17 986	100	16 890	100

* As reported in [Update to the management plan \(2024–2026\)](#).

73. Consistent with 2024, approximately 80 percent of the operational requirements outlined in the management plan for 2025–2027 are concentrated in 20 country operations. The ten largest operations account for 56 percent (USD 9.4 billion) of the total requirements (figure 3.1). Yemen, Afghanistan and the Democratic Republic of the Congo are WFP’s three largest operations, each with requirements exceeding USD 1 billion in 2025. For comparison, the requirements for WFP’s entire Regional Bureau for Latin America and the Caribbean are USD 1.1 billion.

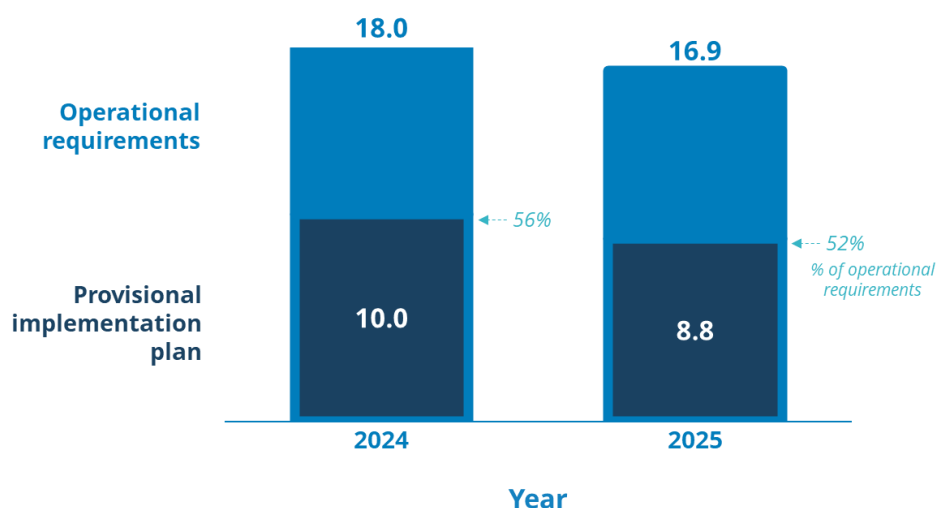
Figure 3.1: 2025 operational requirements, top ten country operations



2025 provisional implementation plan

74. 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. The estimated total value comprises the 2025 global contribution forecast of USD 8 billion, the use of net carry-over contribution balances³⁴ of an estimated USD 500 million and the projected revenue of USD 300 million from on-demand service provision.³⁵
75. The provisional implementation plan is based on projected operational requirements, projected funding availability and historical comparisons of planned and actual expenditures for WFP operations. It is prepared prior to country offices' submission of the figures for their individual implementation plans,³⁶ and it therefore provides a best estimate of WFP's 2025 annual plan of work.
76. At USD 8.8 billion, the provisional implementation plan for 2025 is approximately 52 percent of operational requirements (figure 3.2) and reflects a decrease of 12 percent compared with 2024.

Figure 3.2: Operational requirements and provisional implementation plan, 2024–2025 (USD billion)



3.2. WFP's planning approach

77. In response to growing challenges in securing resources for its operations, in October 2023 WFP instructed its largest country operations to revise their budgetary plans for 2024. The revisions involved applying updated data on evolving needs and reassessing the capacity, ability and resources of WFP and its partners to deliver high-quality programmes in light of the operational and financial constraints. The prioritized plans remain ambitious but are more realistic in relation to the current operating and funding environment.
78. While the recalibration of WFP's top operations was conducted on an ad-hoc basis for 2024, robust guidelines were developed for revising WFP's planning approach and ensuring consistency across the organization (box 3.1).

³⁴ The expected increase or decrease in WFP's fund balance from the end of 2024 to the end of 2025.

³⁵ WFP's provision to third parties of services that are consistent with its purposes, policies and activities in exchange for payment.

³⁶ Country offices will prepare initial implementation plan figures for 2025 at the end of 2024, when they are better positioned to project their plans of work for the coming year.

Box 3.1: WFP's revised planning approach

Driven by record levels of global hunger, WFP's requirements have been rising while contributions decline. As a result, WFP's funding gap has significantly widened in recent years. Internally, this often leads to unrealistic budget planning and planning scenarios that are unlikely to materialize in an increasingly complex operational environment. Externally, resource partners are increasingly asking WFP and the broader humanitarian system to ensure that humanitarian appeals and plans are evidence-based, credible, people-centred and prioritized to benefit the people and communities most in need.

In response, WFP has put in place a revised approach to formulating its budgetary and programmatic plans at the country level. Country offices are being equipped with a systematic framework that facilitates consistency across the organization while also being responsive to country-specific circumstances and that will guide the calibration of CSPs and related country portfolio budgets, helping country offices to put forward realistic budgets and plan operations that are more closely aligned with their capacities and resources for delivering high-quality programmes.

This approach to country-level budgetary planning focuses on the assistance that country offices anticipate being able to deliver, considering country needs, the collective response, WFP's capacity and ability in the country – i.e., its operational potential – and the resources that country offices can reasonably expect to receive. The new approach will involve increasing coordination with governments and other stakeholders in order to avoid overlaps and increase synergies, and improving the analysis of contextual challenges and gaps, operational constraints, WFP's comparative advantage and donor funding trends and forecasts.

The guidelines for this approach were communicated to country offices in the third quarter of 2024. Country offices developing new CSPs – including those presenting CSPs at the Board's second regular session in November 2025 – will adopt the revised planning approach, while other country offices with significant, unjustified deviations from the principles outlined in the calibration guidelines will be requested to adjust their plans through a budget revision.

3.3. Insights into operational requirements and the provisional implementation plan

79. WFP reviews and prepares its budget from several perspectives, including by focus area, strategic outcome and cost category. This section provides insights into each perspective while contextualizing the resulting impacts on operations.

Analysis by focus area

80. Crisis response continues to be WFP's primary focus area, accounting for three fourths of the total operational requirements. Furthermore, WFP is expected to prioritize crisis response activities when faced with limited resources. Such prioritization is reflected in table 3.2 which shows crisis response as a share of the provisional implementation plan increasing to 77 percent and resilience building reducing to 20 percent. A similar proportion, of 78 percent, for crisis response activities is expected in 2024.
81. Resilience work is planned and carried out in nearly all of WFP's country operations. More than half of the provisional implementation plan for the Regional Bureau for Latin America and the Caribbean is dedicated to resilience-building efforts. More broadly, WFP's resilience work is performed at scale in conflict-affected areas, such as in Ukraine, South Sudan and Afghanistan, and in regions battling the effects of severe climate, such as in the Sahel. As the outlook for both of these operational environments remains challenging, WFP's provisional implementation plan for resilience-building activities, at USD 1.7 billion, reflects a strong commitment to supporting communities in preparing for, withstanding and recovering from shocks and stresses.

82. WFP continues to implement root cause activities in many operations in order to address the underlying factors contributing to food insecurity and poverty. Forty-five country offices are planning to implement root cause activities in their programmes, with total operational requirements of USD 552 million. The country offices in Pakistan and Honduras report the highest needs, of USD 118 million and USD 79 million respectively, to provide technical assistance to provincial governments and to deliver nutritious school meals for girls and boys.

Focus area	Operational requirements		Provisional implementation plan	
	2025	Proportion of total 2025 operational requirements	2025	Proportion of total 2025 provisional implementation plan
	(USD million)	(%)	(USD million)	(%)
Crisis response	12 599	75	6 760	77
Resilience building	3 739	22	1 742	20
Root causes	552	3	298	3
Total	16 890	100	8 800	100

Analysis by Sustainable Development Goal and strategic outcome

83. WFP's strategic plan for 2022–2025 is built on five strategic outcomes aligned with SDG 2 (zero hunger) and SDG 17 (partnerships for the goals). Current trends³⁷ indicate that progress towards more than 50 percent of the SDG targets of the 2030 Agenda for Sustainable Development is not on track, including progress towards key targets related to poverty, hunger and climate. Addressing the shortfall will ultimately require renewed thinking, and perhaps prioritization, in pursuit of specific goals.
84. To promote progress under its strategic plan, WFP developed a series of corporate high-level targets in the [corporate results framework \(CRF\) for 2022–2025](#). These targets define WFP's level of ambition under the five strategic outcomes, with each outcome having between three and five high-level indicator targets. In the medium term, WFP will continue to face funding constraints, high prices and challenges for operational access, affecting its ability to meet some of its 2024 and 2025 targets. The high-level targets for 2025, and the outlook for WFP's achievement of those targets, are detailed in annex VI.
85. As reflected in table 3.3, the majority of operational requirements (67 percent) and the provisional implementation plan (69 percent) is allocated to meeting urgent food and nutrition needs under strategic outcome 1. In 2023, the first year in which WFP reported against its current CRF, 70 percent of operational expenditures were related to this outcome, and a similar proportion (68 percent) is planned in 2024.

³⁷ United Nations. 2023. *The Sustainable Development Goals Report 2023: Special edition – Towards a Rescue Plan for People and Planet*.

TABLE 3.3: OPERATIONAL REQUIREMENTS AND PROVISIONAL IMPLEMENTATION PLAN BY SUSTAINABLE DEVELOPMENT GOAL AND STRATEGIC OUTCOME, 2025					
SDG	Strategic outcome	Operational requirements		Provisional implementation plan	
		<i>(USD million)</i>	<i>(%)</i>	<i>(USD million)</i>	<i>(%)</i>
2	1. People are better able to meet their urgent food and nutrition needs	11 354	67	6 109	69
	2. People have better nutrition, health and education outcomes	2 373	14	1 082	12
	3. People have improved and sustainable livelihoods	1 484	9	660	8
17	4. National programmes and systems are strengthened	507	3	288	3
	5. Humanitarian and development actors are more efficient and effective	1 172	7	661	8
Total		16 890	100	8 800	100

Analysis by transfer modality and cost category

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

TABLE 3.4: REQUIREMENTS BY TRANSFER MODALITY, 2025					
Cost category	Transfer and associated costs	Operational requirements		Provisional implementation plan	
		2025	% of total transfer costs	2025	% of total transfer costs
		<i>(USD million)</i>	<i>(%)</i>	<i>(USD million)</i>	<i>(%)</i>
Transfers	Food	6 503	47	3 750	52
	CBTs and commodity vouchers	5 546	39	2 331	33
	<i>Cash</i>	<i>3 708</i>	<i>26</i>	<i>1 521</i>	<i>21</i>
	<i>Value vouchers</i>	<i>1 550</i>	<i>11</i>	<i>664</i>	<i>10</i>
	<i>Commodity vouchers</i>	<i>288</i>	<i>2</i>	<i>146</i>	<i>2</i>
	Capacity strengthening	1 008	7	496	7
	Service delivery	1 050	7	586	8
Total transfer costs		14 107	100	7 163	100
IMP	Implementation costs	1 115		658	
Total direct operational costs		15 222		7 821	

Cost category	Transfer and associated costs	Operational requirements		Provisional implementation plan	
		2025	% of total transfer costs	2025	% of total transfer costs
		<i>(USD million)</i>	<i>(%)</i>	<i>(USD million)</i>	<i>(%)</i>
DSC	Direct support costs	671		460	
Total direct costs		15 893		8 281	
ISC	Indirect support costs	997		519	
Total		16 890		8 800	

Transfer costs

Food transfers

87. In 2025, in-kind food assistance will remain the primary transfer method, accounting for more than half of the total transfer costs of the provisional implementation plan, in line with the figures for 2024. Local and regional markets are expected to account for nearly 50 percent of the total tonnage sourced, in both tonnage and value terms. Cereals and pulses are the commodities for which the highest share of local and regional procurement are planned, together with pre-packed food rations, mostly for the Middle East, Northern Africa and Eastern Europe region.
88. WFP will continue its efforts in the track and trace project. Current tracking processes are being assessed to identify opportunities for greater efficiencies and advanced solutions that ensure better visibility, accuracy and efficiency along the supply chain. The project will cover all movements – transport, storage and distribution – of in-kind food commodities, vouchers and non-food items, from procurement to distribution, in line with a robust identity management system. Expanding on its robust cash assurance framework, WFP will implement end-to-end verification practices for in-kind food transfers that are similar to those already in place for CBTs by using existing digital technologies for CBT operations to further digitize in-kind food delivery, leading to improved efficiency and enhancing transparency.
89. Recognizing that the transformation of its procurement practices is a strategic imperative, WFP is implementing initiatives aimed at enhancing efficiency, effectiveness and sustainability in its delivery of food assistance. Efforts include the digitization of manual steps in the procurement process, as described in the corporate process optimization CCI. While WFP anticipates potential increases in commodity prices in 2025, it expects that the transformed procurement process, with its focus on operational efficiency, market insights and risk management, will mitigate such impacts, leading to more cost-effective procurement. In addition, WFP is working towards environmental sustainability by developing strategies that reduce the carbon footprint of its supply chains and promoting green technologies and efficiency practices.

Cash-based transfers

90. WFP actively promotes the use of CBTs, especially unrestricted cash transfers, whenever possible, offering people flexible ways of meeting their food, nutrition and other essential needs with cash or value vouchers. This empowers people with greater choice and flexibility in addressing their specific needs. CBTs continue to be a core component of WFP's operations. The 2025 provisional implementation plan reflects this commitment, with CBTs and commodity vouchers representing 33 percent of total transfer costs – a slightly lower proportion compared with 39 percent in the 2025 operational requirements owing to the operational environment, funding availability, beneficiary needs and market access.
91. The cash policy approved by the Board at its 2023 annual session empowers WFP to maximize the impact of its CBT modality, particularly by directing transfers to women as a way of achieving improved outcomes for households. This policy reaffirms WFP's commitment to using the most effective modality for each setting, ensuring that people meet their food, nutrition and other essential needs. WFP is streamlining the processes for engaging financial service providers, offering better options for receiving assistance and promoting digital financial inclusion.

Commodity vouchers

92. WFP uses commodity vouchers where they are the most effective transfer modality, such as in unstable environments or hard-to-reach areas, during emergencies when needs are urgent and swift delivery is essential, or when collaboration with market operators represents the best option for assisting beneficiaries. For 2025, the operational requirements for commodity vouchers are USD 288 million, accounting for 2 percent of total transfers. The use of commodity vouchers has decreased by approximately 17 percent compared with 2024, mainly owing to decreased requirements in Afghanistan and Iraq.

Capacity strengthening

93. Capacity strengthening transfers include initiatives such as information dissemination, communication and education under various thematic or sectoral interventions aimed at addressing skill gaps at the household, community or institutional level. These transfers may also involve providing beneficiaries with tools and equipment, technical supervision and engineering support for constructing livelihood infrastructure as part of asset creation and livelihood activities.
94. In recent years, capacity strengthening has consistently increased as a share of total WFP transfers, reaching USD 496 million, or 7 percent of total transfers in the provisional implementation plan.

Service delivery

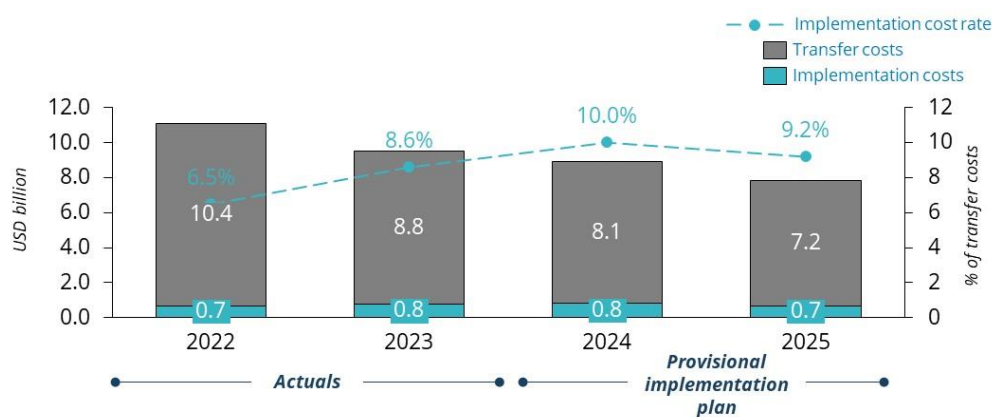
95. WFP will continue to support the reform and cohesion of the United Nations development system by providing mandated services, such as those of the United Nations Humanitarian Air Service (UNHAS), the United Nations Humanitarian Response Depot and the logistics and emergency telecommunications clusters, and on-demand services, such as those for the procurement and transport of food and fuel.
96. In 2025, *on-demand services* are projected to account for the largest share of service delivery activities, amounting to 47 percent (USD 274 million) of the provisional implementation plan for service delivery. This reflects the anticipated demand for WFP's expertise. The provision of food and CBT services is expected to continue its upwards trend, driven by government requests. Conversely, a decrease is anticipated in the procurement and transportation of fertilizer.

97. The WFP-managed UNHAS is the most utilized *mandated service* that WFP provides to humanitarian and development partners, accounting for 44 percent (USD 257 million) of the total provisional implementation plan for service delivery. The logistics and emergency telecommunications clusters combined account for 9 percent (USD 55 million). Such services will be maintained in 2025 while WFP focuses on improving their quality and ensuring that the needs of its partners continue to be met with high rates of satisfaction.

Implementation costs

98. Implementation costs cover the costs of activities conducted in field offices, including sub-offices and area offices, staffing, security, information technology, monitoring, assessments, evaluations and other operational aspects that can be attributed to the individual strategic outcomes under each CSP. Figure 3.3 shows the historical trend in implementation costs and the rates at which those costs were calculated³⁸ as a percentage of total transfer costs, since 2022. Overall, the implementation cost rate has remained stable, with slight increases in 2023 and 2024 due to WFP's investments in reassurance action plans. In 2025, implementation costs are expected to decrease following lower projected transfers, but USD 658 million will be allocated to ensuring adequate levels of assessment and monitoring activities in accordance with the reassurance plans.

Figure 3.3: Implementation costs as a percentage of transfer costs, 2022–2025



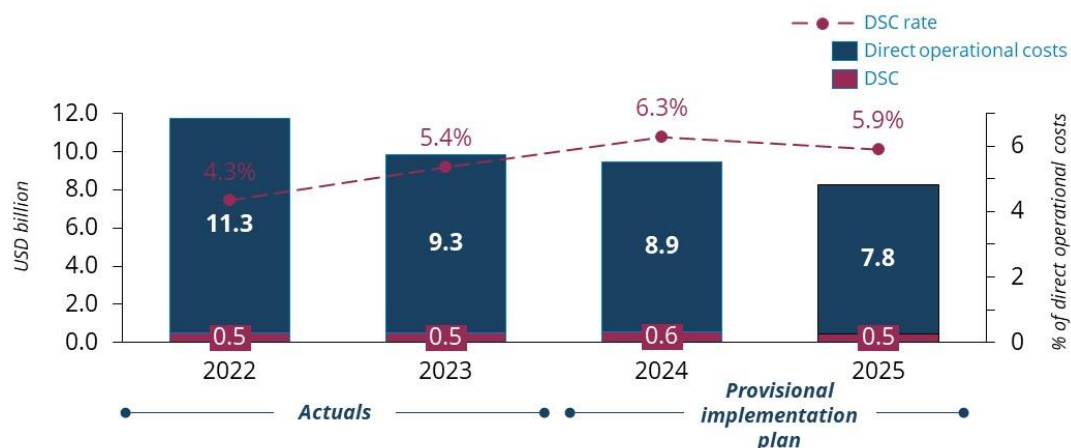
Direct support costs

99. Direct support costs (DSC) are managed at the country level and directly support multiple activities related to the transfer of assistance and the implementation of programmes.

100. While the total value of DSC has hovered around USD 500 million over the last several years (figure 3.4), the estimated DSC of USD 558 million for 2024 reflects WFP's prioritization of its reassurance plans amid lower levels of expected resources. The planned decrease in DSC in 2025 can partly be attributed to WFP's cost-cutting measures in country operations.

101. The DSC rate is calculated for each CSP as a percentage of direct operational costs, which include transfer and implementation costs, and is driven by the size of the operation, the modalities used, the operational setting and the local economic environment. The DSC rate ranges widely among countries, from as low as 1 percent in those with large operations to a high of more than 30 percent for very small operations.

³⁸ For each CSP activity a specific rate is applied for calculating implementation costs. The rates in figure 3.3 are calculated at the global level and are not specific to any single CSP activity.

Figure 3.4: Direct support costs as a percentage of direct operational costs,* 2022–2025

* Excluding direct and indirect support costs.

Indirect support costs

102. Total operational requirements include indirect support costs (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 in detail the proposed ISC budget and rate and the projected ISC income.

3.4. Cost per beneficiary

103. WFP plans its operational requirements to maximize the intensity of the assistance³⁹ provided to beneficiaries. However, owing to the funding gap, WFP must prioritize the number of beneficiaries it assists, the duration of its provision of assistance and/or the size and nutritional adequacy of the assistance provided. In 2025, operational requirements would provide assistance for approximately 123 million beneficiaries while the provisional implementation plan aims to assist 98 million – 20 percent fewer. Table 3.5 shows that the average annual cost per beneficiary⁴⁰ in 2025 is estimated at USD 104 for operational requirements and USD 67 for the provisional implementation plan – a 35 percent reduction. Such a decrease will translate into less assistance for a lower projected number of beneficiaries.

³⁹ 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.

⁴⁰ 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.

104. 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 service provided and the related cost of providing the transfer to beneficiaries. In 2025, the transfer cost is expected to account for 84 percent of total operational requirements and 81 percent of the total provisional implementation plan.

TABLE 3.5: OPERATIONAL REQUIREMENTS AND PROVISIONAL IMPLEMENTATION PLAN ANNUAL COST PER BENEFICIARY, 2025		
Indicator	Operational requirements	Provisional implementation plan
USD value*	16.9 billion	8.8 billion
Projected beneficiaries	123.4 million	98 million
Annual cost per beneficiary	USD 104	USD 67

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

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

3.5. Cross-cutting priorities



106. *Gender equality and women's empowerment* are a necessary condition for ending hunger, saving lives and ensuring food security and nutrition for all. In 2025, WFP will focus on promoting approaches to the integration of gender equality into all areas of its work. The gender equality accountability for results tool, which measures performance on cross-cutting issues, will be rolled out to country offices developing new CSPs. The tool will be a core component of the new third-generation CSP package, supporting country offices in designing programmes that contribute to gender equality, ensuring the allocation of adequate resources to those programmes and monitoring how investments achieve gender results over the course of CSP implementation. WFP will also advance its gender-transformative approaches by working with communities and partners to shift the social norms that perpetuate inequalities. For example, through behaviour change communication activities in the nutrition sector, WFP can support communities in understanding who eats least, who eats last and who eats the least nutritious foods and why.

107. In addition, data collection and analysis will be further strengthened, institutionalizing the new gender indicators in the CRF and expanding methods and approaches, including qualitative methodologies, for improving WFP's ability to understand and address the complex linkages between food insecurity and gender inequality. WFP will continue to roll out the gender equality certification programme to additional country offices. The programme supports country offices in taking an action-oriented approach to the attainment of core gender equality benchmarks, thereby strengthening the processes and capacity to advance gender mainstreaming. Finally, tailored tools and guidance on gender-based violence will be rolled out throughout the organization, with specific training provided as required. At the same time, WFP will move forward with concrete actions in response to the recommendations from the evaluation on protection from sexual

exploitation and abuse with a view to optimizing and systematizing prevention and response activities throughout the organization.

108. *Protection and accountability to affected people.* WFP is committed to improving its efforts related to the protection of and accountability to affected people through the ongoing alignment of protection risk analysis with conflict analysis, and of conflict-sensitive risk assessment with gender analysis. The continued roll-out of the integrated cross-cutting context analysis and risk assessment tool will be the primary driver of this alignment. Effective application of the tool will contribute to safer, more effective and inclusive programmes by ensuring that WFP's response provides a protective environment for individuals and groups in the affected communities it serves, while concurrently addressing their individual risks and requirements. WFP will continue to roll out the community engagement for accountability to affected people strategy, building on existing country action plans and implementing the necessary actions to ensure the high-quality engagement of a diverse range of voices in influencing and enhancing programming and decision-making.
109. *Environmental sustainability.* In an environment of contracting budgets, WFP is challenged in sustaining the strong technical support infrastructure it needs to implement its environmental and social sustainability framework and continue appraising environmental and social risks throughout its country operations and programmes. Subject to the availability of funding in 2025, WFP will continue to support its country offices and partners in assessing and mitigating the potential negative impacts of country programmes on the natural environment and advancing environmental sustainability throughout its operations, in line with the commitments made in its environmental policy and strategic plan.
110. Relevant activities funded under the management plan for 2025–2027 will emphasize the continuous and balanced strengthening of technical advisory capacities for environmental and social safeguards in WFP programme regions; the training of regional and country office staff on environmental risk assessments; and the targeted appraisal of environmental and social risks in potentially high-risk operations. Recommendations from the evaluation of WFP's environmental policy will be reviewed and a management response will be implemented. A system for tracking environmental sustainability will be implemented and connected to the review and improvement of WFP's CRF.
111. *Nutrition integration.* In 2025, the Nutrition and Food Quality Service will reinforce its strategic support for country offices and regional bureaux so as to optimize the impact of WFP programmes on diets and malnutrition, in line with the new nutrition strategy. Particular emphasis will be placed on enhancing WFP's reach among the population groups at greatest risk of malnutrition, including pregnant and breastfeeding women and girls, children under 5 and people living with HIV, thereby optimizing the nutritional impacts of the WFP portfolio. This will include enabling successful delivery on the joint transition plan on acute malnutrition formulated by the Bureau for Humanitarian Assistance of the United States Agency for International Development, WFP and UNICEF, a joint Rome-based agency approach to improving local food solutions, and support for efforts to enhance the nutritional adequacy of WFP's assistance through the establishment of a new high-level task force. WFP will also prioritize the implementation of its new strategy on HIV, optimizing the contribution it makes through its engagement in social protection and emergency response. This holistic approach will equip country offices and regional bureaux with the necessary tools and expertise to implement effective programming, ultimately improving the nutrition, diets, health and resilience of the populations WFP serves.

Section IV: Programme support and business operations

4.1 Overview

112. WFP's programme support and business operations encompass activities managed by headquarters divisions, regional bureaux and country offices that support the organization's provisional implementation plan, which is budgeted for and funded through CSPs. The programme support and business operations also support extra-budgetary activities such as the provision of the United Nations common services that WFP is mandated to provide. Reflecting an overall decline in resources, and consequently a decline in the level of operational activity, the budget for programme support and business operations in 2025 declines by 4 percent compared with 2024.
113. The largest component of programme support and business operations is the PSA budget, which covers WFP's most essential activities for supporting operations and meeting its governance obligations and fiduciary responsibilities. The proposed PSA budget of USD 480 million for 2025 will support operations in complex settings while WFP continues the transition to a more stable and sustainable budget.
114. In mid-2023, with signs of lower than anticipated contributions, WFP started to take steps to reduce expenditures against an approved PSA budget of USD 576.3 million. Acknowledging that the contribution forecast for 2024 as presented in the management plan for 2024–2026 was unlikely to be reached, the organization took further action to reduce 2024 PSA expenditures. In mid-2024, the Executive Board approved a revised PSA budget of USD 528 million and urged WFP to implement further cost savings of up to USD 40 million, in line with the PSA utilization plan of USD 483 million. At USD 483 million, the 2024 PSA utilization plan represents a reduction of 14.6 percent from the level in 2023.

TABLE 4.1: COMPREHENSIVE BUDGET (USD million)

Programme support and business operations								Programme operations	Total
	Baseline				Other services	Direct activities	Total	CSP**	
	PSA	CCIs	TF, SA and other	Total					
2025	480.0	47.4	167.8	695.2	27.3	134.6	857.1	8 146.4	9 003.5
2024*	482.6	104.5	142.5	729.6	34.2	131.8	895.6	9 314.3	10 209.9
Change	(2.6)	(57.1)	25.3	(34.4)	(6.9)	2.8	(38.5)	(1 167.9)	(1 206.4)
% change	(1)	(55)	18	(5)	(20)	2	(4)	(13)	(12)

* 2024 PSA is based on the PSA utilization plan presented in the [Update to the WFP management plan \(2024–2026\)](#). Trust funds and special accounts have also been updated (see annex V).

** The CSP budget is based on the provisional implementation plan excluding direct activities and ISC.

Abbreviations: CCIs = critical corporate initiatives; TF = trust funds; SA = special accounts.

115. Activities included in the programme support and business operations budget are classified as baseline activities, other services or direct activities.

116. “Baseline activities” are critical for the efficient and effective execution of WFP’s annual implementation plan and for meeting institutional obligations. These activities encompass the daily recurring operations essential for keeping WFP’s functions running smoothly, one-time investments to address systemic corporate risks and improve efficiencies through new technologies, processes and approaches, and externally funded complementary activities. The 5 percent decrease in the 2025 baseline budget is due mainly to the substantial reduction in one-time investments funded by CCIs.
117. The “other services” category includes incidental, supplementary or discretionary activities that complement baseline activities or provide administrative and management services to non-WFP entities. The largest activity in this category is for WFP’s administration of the African Risk Capacity.
118. “Direct activities” are those that are planned and managed by headquarters but that can be directly linked to operational or other support activities through a cost driver such as number of employees or commodity tonnage. Examples of direct activities include the provision of information technology (IT) infrastructure, the sourcing of food and the management of beneficiary data services.

4.2 Baseline budget

Baseline components and funding sources

119. The baseline budget comprises three components, each with an appropriate funding source:
- *The PSA budget, funded from ISC income:* The PSA budget mainly covers the recurring costs of global headquarters and the basic costs of country offices. Section 4.3 provides a comprehensive overview of the 2025 PSA budget proposal.
 - *CCIs, funded from reserves such as the PSA equalization account (PSAEA) or other internal funds such as the unearmarked portion of the General Fund:* CCIs focus on organizational change or transformative initiatives, are aligned with the priorities set by the leadership group and are one-off efforts (see annex III).
 - *Trust funds and special accounts, funded from contributions and cost recovery:* Trust funds fall outside WFP’s regular operational programmes but are in line with the organization’s policies, aims and activities. Special accounts are established to manage special contributions, business services and support activities on a non-profit basis. The “other funding sources” category included in the “trust funds, special accounts and other” category in table 4.1 encompasses the General Fund and in-kind contributions earmarked for specific corporate purposes, such as the in-kind contribution of the rent-free use of WFP’s headquarters premises. Detailed analysis of trust funds and special accounts is presented in annex V.

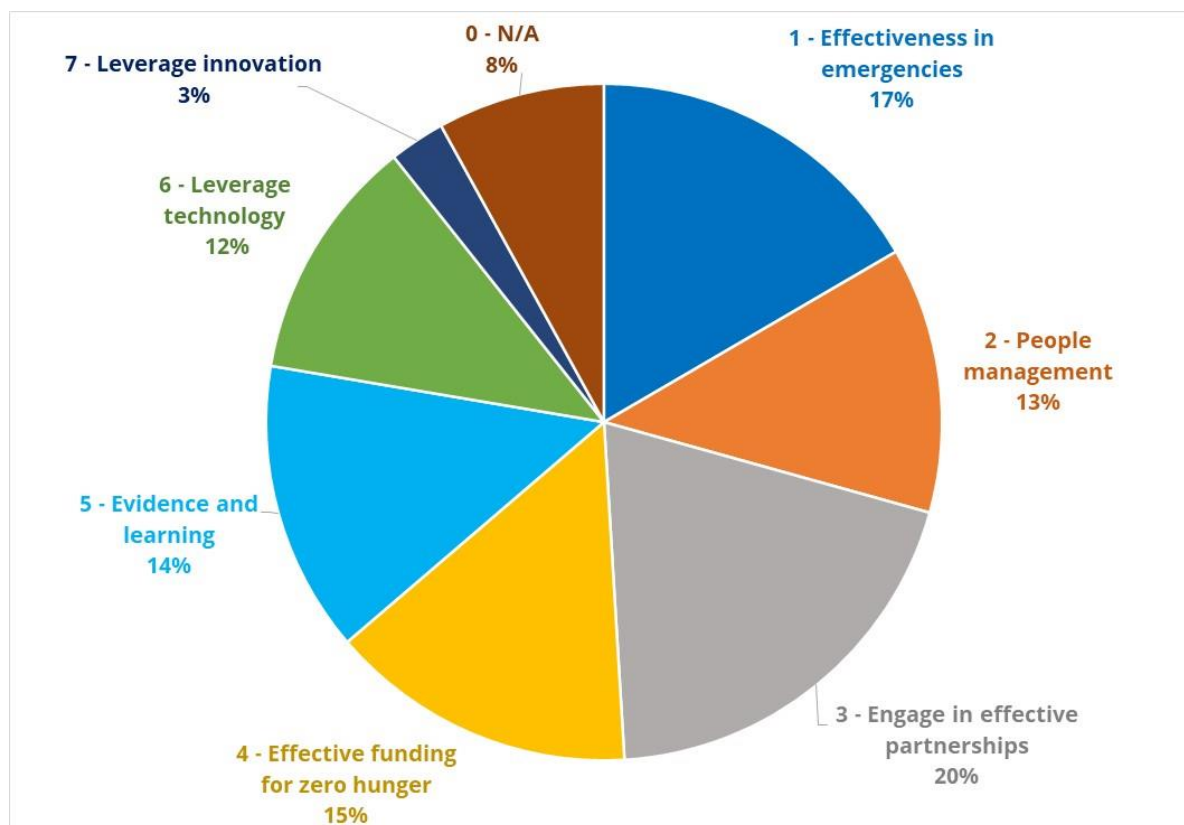
Corporate management priorities

120. WFP’s budget planning is guided by the strategic plan for 2022–2025. The 2025 baseline budget is informed and shaped by the corporate priorities defined by the Executive Director and the leadership group and builds on the Executive Director’s strategic vision, and actions taken in 2023 and 2024 towards that vision. There are four priorities for 2025:
- *Maintaining WFP’s strength in emergency response while placing sharper programmatic focus on resilience and climate adaptation:* WFP’s expertise and capacity in logistics and emergency food assistance must be maintained in order to meet the unprecedented level of global needs. At the same time, WFP will focus on refining its programmatic offer, ensuring adequate implementation capacity, defining and advocating comparative value propositions and maintaining financing mechanisms that encourage funding diversification aligned with the core programmatic portfolio.

- *Duty of care, which relates to excellence in people management and a respectful and inclusive workplace:* This requires WFP to maintain its “stay and deliver” approach, ensuring that it remains agile and effective in high-risk environments while upholding safety and security standards and fostering an agile and effective workforce. WFP defines its commitment to duty of care as a non-waivable obligation to mitigate risks that may harm its employees and their families.
- *Diversifying and growing WFP’s resource base, including through partnerships with the private sector, multilateral organizations and host and donor governments, and innovative funding mechanisms:* WFP will increase its engagement with partners, not only as a potential source of funding but also as a valuable source of knowledge and expertise. Access to thematic funding lines, such as those for addressing climate, gender and migration matters, are expected to remain an important entry point for the diversification of WFP’s regular funding streams.
- *Realizing the benefits of reform initiatives to achieve efficiency and effectiveness gains and direct more resources to the frontline:* Accountability to its stakeholders will remain central to WFP. A strong emphasis on accountability should be achieved through the new organizational structure, which eliminates duplications, aligns responsibilities and accountabilities, emphasizes cross-functional opportunities and ensures checks and balances. WFP will continue to foster a culture of creative innovation, leveraging the power of science and data and the adoption of new technologies that modernize processes, enable humanitarian operations, and provide assurance to the organization’s donors and accountability to the people it serves.

Management results

121. The baseline activities and budget allocations are categorized according to WFP’s seven corporate management results, which are set out in the corporate results framework for 2022–2025. The management results are used for results-based budgeting and facilitate alignment between the management plan and the annual performance report.

Figure 4.1: Baseline budget by management result

122. Consistent with past years under the strategic plan for 2022–2025, the largest share of the baseline budget is allocated to management result 3, “Engage in effective partnerships”, driven in large part by representation and partnership activities carried out at the country office level. This is followed by management result 1, “Effectiveness in emergencies”, which remains prominent in the baseline budget owing to the large volume of programme operations in crisis response. A description and elaboration of each management result and its related key performance indicators can be found in annex I of this document.

Efficiencies in the baseline budget

123. WFP promotes efficiency through internal and inter-agency initiatives. The projected efficiencies in 2025 will encompass ongoing and new initiatives in the areas of emergency preparedness, finance, supply chain, technology and digitization, partnerships, innovation and human resources. The organizational review, initiated in 2023, identified key strategies for streamlining activities, strengthening collaboration and realigning headquarters structures with strategic priorities, ensuring a focused and effective response to rising humanitarian needs despite declining funding. Following the 2024 restructuring in headquarters, 2025 will see the implementation of decisions from the review of regional bureau structures. As well as the imperative to reduce indirect costs, the organizational changes are expected to result in more cost-effective processes and activities carried out in headquarters and the regional bureaux. Highlights of the initiatives that will generate efficiency gains include the following:

- The global payments solution consolidates WFP’s accounts payable function in a single location, alleviating the workload of country offices in carrying out routine tasks. This global service, established in 2023, will continue to be expanded to cover more regional bureaux and country offices in 2025, with full coverage planned by the end of 2026.

- The global commodity management facility enables WFP to reduce delivery times, expedite emergency response, optimize costs and support the local and regional procurement of commodities, including from smallholder farmers. Through rigorous management of operations and risks and by adapting to changes in commodity markets, supply chain corridors and programme needs since its inception in 2008, the global commodity management facility will continue to generate significant efficiencies in the form of cost avoidance related to the procurement of food and its delivery to strategic locations.
 - The human capital management platform, which aims to digitize human resources processes, will bring substantial time savings, achieving streamlined and efficient processes for the documentation of WFP's global workforce.
 - Completion of the "smart sourcing" project will achieve the goal of minimizing manual tasks by automating workflows, and provide visibility to real-time data by optimizing end-to-end procurement processes. This will result in reduced procurement lead times, improved accuracy and compliance with policies, better management of risks related to suppliers, and cost savings for WFP.
 - In 2023 and 2024, WFP prioritized the digitization of key workflows and solutions along the planning, budgeting and reporting chain, in headquarters and country offices. These digital improvements are expected to yield significant efficiency gains through time savings on transactional processing and cumbersome analysis, and improved data traceability along the resources-to-results chain, fostering informed decision-making overall.
124. WFP has a comparative advantage in the area of innovation through its award-winning Innovation Accelerator, which is combined with the Innovation Division in the Partnerships and Innovation Department to create a global innovation function focused on identifying, supporting and scaling high-impact innovations that combat hunger and contribute to the other SDGs. The function fosters collaboration on innovation and change among WFP offices, including through innovation hubs, and promotes frontier innovations such as artificial intelligence (AI) and innovative finance efforts. It also supports senior executives in WFP and other United Nations entities in planning for the future and transforming strategy into action.

4.3 Programme support and administrative budget

125. At USD 480 million, the proposed PSA budget for 2025 reflects the Executive Director's expectations for the streamlining, stabilization and calibration of the PSA budget in line with the lower level of funding, while maintaining a high level of oversight and supporting an implementation plan of USD 8.8 billion.
126. Funding for the PSA budget is derived from the application of an ISC rate to contributions to WFP, with the ISC rate approved annually by the Board. Management proposes maintaining the current rate of 6.5 percent in 2025, with specific exceptions allowing a reduced 4 percent rate under conditions previously approved by the Board.
127. Based on these proposed rates, the projected ISC income is USD 463 million. The use of the PSAEA is proposed to cover the difference between the ISC income and the PSA budget in 2025.

Executive Director's authority to implement changes to PSA budget

128. To provide agility to adjust indirect support when operational levels increase or decrease while encouraging fiscal prudence, previous management plans have included a decision authorizing the Executive Director to implement changes to the PSA budget within certain

parameters. In light of the projected ISC deficit in 2025 and reflecting on the actions taken in 2024 to adjust to the updated funding forecast, the proposed decision has been amended as compared to previous years.

129. In the case of an increase in the contribution forecast of at least USD 300 million, the proposed decision would authorize the Executive Director to increase the PSA budget at a rate not to exceed 2 percent of the anticipated increase in the contribution forecast. The ISC generated on the first USD 300 million of contributions above the current funding forecast of USD 8 billion would cover the anticipated shortfall between the ISC income and the PSA budget of USD 17 million. The clause would ensure that an increase in the PSA budget happens only after the shortfall has been covered.
130. The second element of the decision would enable the Executive Director to reduce the PSA budget by up to 10 percent to implement cost-saving measures, as feasible. This element gives leeway to pursue cost savings to minimize the projected shortfall between ISC income and PSA expenditure or to respond to a reduction in the contribution income. The aim is to allow measures that demonstrate prudent fiscal management.

Programme support and administrative budget calibration from 2023

131. Prior to the COVID-19 pandemic, contributions to WFP and the level of WFP's operations were showing a steady upwards trend. This growth accelerated during the pandemic, reaching a peak in contributions and operational level in 2022. In mid-2023, with signs of a decline in contributions, WFP began recalibrating its PSA budget towards a lower income and operational level. PSA allotments were reduced, reallocations were made in favour of activities that were more closely linked to supporting countries, and a pause in staff recruitment was instituted. These measures resulted in actual PSA utilization of USD 557 million in 2023, which supported operational costs of USD 9.8 billion.
132. The 2024 PSA budget was initially approved at USD 568 million but was subsequently revised downwards to USD 528 million. In proposing this revised PSA, WFP developed an ambitious PSA utilization plan of USD 483 million. Management anticipates that actual 2024 expenditures will be between the approved PSA budget of USD 528 million and the PSA utilization plan of USD 483 million.
133. The proposed PSA budget of USD 480 million for 2025 reflects the continued downwards calibration of PSA funding and the challenges of reducing costs during a period of price inflation, with long lead times to meet contractual obligations and high expectations regarding oversight, duty of care and governance standards.
134. Any PSA expenditure above the ISC income in 2025 will be absorbed into the PSAEA, which maintains a healthy balance as detailed later in this section. The planned deficit for 2025 will allow WFP to shift to a lower PSA level while remaining within its risk appetite.
135. Activities in the PSA budget have been prioritized to cover the most essential costs and to leverage past investments for efficiency gains. With the objective of generating cost savings, efforts in the latter half of 2024 and throughout 2025 will continue to focus on innovative processes such as digitization, the identification of synergies, and the streamlining of processes and consolidation of activities among services. Cost efficiencies may also be realized from the ongoing review of the structure and accountabilities of regional bureaux.
136. With the income forecast stabilizing at USD 8 billion, the PSA budget will need to be reduced further in 2026 to match the level of projected ISC income. While not an exhaustive list, actions with the potential to result in future PSA savings include eliminating the duplications of effort between headquarters and regional bureaux, eliminating the investigations backlog, adjusting oversight activities to a lower level of operations, completing the roll-out

of the human capital management system, managing organizational change and reform, and adjusting processes and support to a lower volume of activity.

137. In addition, a sustainable funding model for global services, such as the global payments solution, needs to be identified. These services are often funded from PSA, but cost savings are realized through lower costs for CSPs. A funding model that can easily capture and recognize global cost savings can create incentives for the further development and expansion of global services.

Programme support and administrative budget by appropriation line and pillar

138. Table 4.2 provides an overview of the proposed PSA budget by appropriation line and pillar. The Board is requested to approve the PSA budget at the appropriation line level.

	2025 PSA budget (USD million)	2024 utilization plan (USD million)	Value difference (USD million)	% change
Strategy and direction	109.5	100.6	8.9	9
A - Strategy and direction	109.5	100.6	8.9	9
Services to operations	239.2	246.3	(7.1)	(3)
B - Business services	166.7	163.3	3.4	2
C - Policy, guidance and quality assurance	72.5	83.0	(10.5)	(13)
Governance and independent oversight and fundraising	131.3	135.8	(4.4)	(3)
D - Advocacy, partnerships, fundraising and United Nations coordination	87.2	92.3	(5.1)	(6)
E - Governance and independent oversight	44.1	43.4	0.7	2
Total	480.0	482.6	(2.6)	(1)

139. Half of the 2025 PSA budget is attributed to the services appropriation line, denoting a prominent component in the PSA budget for country offices, regional bureaux and headquarters divisions for enabling delivery on WFP's mandate. Strategy and direction accounts for 23 percent of the 2025 PSA budget, reflecting strategic positioning and leadership efforts as the organizational changes stabilize and WFP closes its activities under the current strategic plan and develops the next strategic plan. Governance and independent oversight and fundraising account for 27 percent of the PSA budget.
140. In addition to more efforts put towards strategic decision making, the increase in the strategy and direction pillar is due to the adoption of a more efficient support strategy, including innovative solutions such as the Global Payments Solution. The 13 percent decrease in the policy guidance and quality assurance component of the services to operations appropriation line reflects efficiencies gained from the 2024 organizational realignment and more streamlined field support, while ensuring a high level of quality assurance. The 6 percent reduction in advocacy, partnerships, fundraising and United Nations coordination is primarily due to the refocusing of efforts in some regional bureaux as they shift from regional resource mobilization strategies to broader regional strategies, a reduction in secondments as WFP seeks to reduce the budget and the transfer of grant management activities to the business services pillar. The restructuring of headquarters provided an

opportunity for divisions to reformulate their activities and reflect on the nature of those activities and their place in the PSA “line of sight” (see annex II), which led to other less significant changes within the pillars.

Programme support and administrative budget by department

141. Table 4.3 shows the proposed 2025 PSA budget of USD 480.0 million by organizational unit, compared with the 2024 PSA utilization plan.⁴¹

142. The 2025 PSA budget fully embraces the headquarters reorganization that came into effect on 15 February 2024. In 2024, departments and divisions are reshaping their teams and activities to adopt the new organizational structure and adjust to a reduction in the PSA budget.

TABLE 4.3: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY DEPARTMENT				
Department	2025 PSA budget (USD million)	2024 utilization plan (USD million)	Value difference (USD million)	% change
Country offices	60.3	60.2	0.1	0
Regional bureaux	95.2	97.8	(2.6)	(3)
Executive Director and Chief of Staff	86.0	82.4	3.6	4
Deputy Executive Director and Chief Operating Officer	20.1	17.9	2.2	12
Partnerships and Innovation	40.6	41.4	(0.8)	(2)
Programme Operations	63.8	71.3	(7.5)	(11)
Workplace and Management	77.0	75.9	1.1	1
Central appropriations	37.0	35.7	1.3	4
Total	480.0	482.6	(2.6)	(1)

Country offices

143. The PSA budget for country offices covers costs that are not directly attributable to operations and that therefore do not vary when the size of operations in the country changes. Given the fixed nature of these costs, the country office PSA has been maintained at the same level as in 2024. The budget includes USD 47.6 million for core functions, covering the costs of the country director, a national staff assistant, a driver and basic office running costs; USD 10 million for costs related to the management of risks, particularly to cover any weaknesses in country offices that could undermine compliance with accountability and assurance standards and policy implementation; and a USD 2.7 million contingency fund for allocation to countries throughout the year, as needed to cover unforeseen increases in the support costs incurred at the local level.

⁴¹ The 2024 PSA utilization plan by organizational unit was derived from a mapping of the utilization plan at the division and activity levels developed before the headquarters restructuring decisions were announced and came into effect. As some divisions were split among more than one department, the comparisons at the departmental level will reflect some minor inconsistencies between 2024 and 2025.

Regional bureaux

144. The 2025 PSA budget for regional bureaux represents a 3 percent reduction compared with the 2024 utilization plan; this follows a 15 percent reduction in 2024. In comparison, headquarters departmental budgets have decreased by 1 percent for 2025 and 19 percent for 2024. The larger decrease for regional bureaux in the 2025 budget indicates a slower pace in the downwards calibration of PSA in 2024 than occurred in headquarters departments. Reductions in the regional bureau budgets generally affect all functions, with the largest reductions occurring in programme support owing to this being by far the largest functional area in the regional bureaux, both before and after the budget reductions.
145. The regional bureau budgets are based on the current accountabilities and responsibilities of regional bureaux. As the regional bureau organizational review is currently under way, decisions that may change the bureaux's roles and responsibilities have yet to be made, therefore any consequent structural changes are not reflected in the regional bureau budget.

Headquarters

146. Owing to the significant PSA reductions of 19 percent in 2024, the 2025 PSA budget for headquarters departments has only a modest reduction of 1 percent, allowing a gradual downwards calibration of support activities while oversight and governance activities are maintained, and covering essential infrastructure and administration costs.

Executive Director and Chief of Staff department

147. The departmental budget for the Office of the Executive Director and the Office of the Chief of Staff covers the activities of those offices, the independent offices, the Legal Office, the Chief Financial Officer Division, the Global Privacy Office and the Communication and Media Office.
148. The budget is particularly attentive in providing adequate funding for the independent offices. Compared with both the original 2024 PSA budget and the 2024 utilization plan there has been no decrease in the budgets of the Office of the Inspector General (Inspections and Investigations, and Internal Audit), the Office of the Ombudsman and Mediation Services and the Ethics Office. As outlined in the detailed workplan in annex VII, the budget for the Office of Evaluation will allow the full implementation of the centralized evaluation work plan.
149. The overall increase in the Executive Director and Chief of Staff departmental budget is driven by an allocation to the Chief Financial Officer Division for the scale-up of the global payments solution. During its design and start-up phase, this initiative was funded in part from a CCI. The scale-up will bring organization-wide savings, primarily through reduced costs for payment processing in country offices.
150. Leveraging CCI investments, the Executive Director and Chief of Staff department will benefit from digital solutions that enhance performance management and resources-to-results processes and tools in the Chief Financial Officer Division, and the use of strategic technology, such as AI in the Office of the Inspector General, will strengthen the effectiveness and efficiency of assurance work in the department.

Deputy Executive Director and Chief Operating Officer department

151. The Deputy Executive Director and Chief Operating Officer oversees three assistant executive directors, who serve as the heads of departments; the incumbent also oversees the regional bureaux, the Risk Management Division, the Executive Board Secretariat and the Office of the Deputy Executive Director and Chief Operating Officer, which is responsible for emergency coordination, humanitarian diplomacy and strategic analysis. This department will remain committed to the organization's transformational change by

promoting enhanced coordination and closer collaboration among departments and divisions.

152. With 2024 being a year of transition for the new organizational structure, the department's 2024 budget did not cover all functions for the full 12 months. During 2025, coordination functions will be brought to an executive level, which will require an increased PSA budget for linking various functions and teams and ensuring coordination across the organization for more streamlined emergency responses within WFP, including through the coordination of surge capacity, and improved collaboration among United Nations entities. The PSA budget increase for the department is also driven by the work related to the strategic analysis and humanitarian diplomacy function, whose work includes providing global analysis support for operations and leading WFP's engagement in humanitarian diplomacy by exerting influence on internal and external stakeholders on issues that have an impact on the organization.

Partnerships and Innovation Department

153. The 2025 PSA budget for the Partnerships and Innovation Department is fully aligned with the Executive Director's priorities of raising additional resources, expanding the funding base and scaling up partnerships, including with the private sector. The departmental PSA budget reflects a conservative planning approach with the minimum funding needed for protecting WFP's contribution revenues by maintaining the organization's resource mobilization function and consolidating engagement and relationships with donors and resource partners.
154. Strategic cross-departmental workstreams are expected to support organizational adaptation processes in line with the corporate reorganization initiatives implemented towards the end of 2024. This will enhance contribution management from proposal to contribution agreement to grant, and improve compliance with contribution agreements.
155. In 2025, the focus will be on driving functional efficiency and effectiveness gains by enabling country offices and regional bureaux to lead resource mobilization efforts and identify new partnerships and resourcing opportunities, particularly in the areas of innovative and climate financing.
156. The prioritization of innovation and partnerships is essential for the achievement of WFP's objectives and in sustaining the confidence and collaboration of the organization's valued partners, leading to increased trust and financial support. While the PSA budget for the Innovation Division is small, it is combined with complementary funding for the Innovation Accelerator to support the global innovation function focused on identifying, supporting and scaling up high-impact innovations that combat hunger and contribute to other SDGs for partners.

Programme Operations Department

157. The Programme Operations Department leads the way in corporate initiatives for implementing the strategic plan for 2022–2025, ensuring the quality of WFP's programmatic offer in various settings and enabling efficient supply chain management and delivery. These efforts encompass the establishment of the policies, strategies, partnerships, tools and capacities that WFP needs to fulfil its mandate of saving lives and changing lives by delivering assistance directly where it is needed and facilitating national zero hunger solutions.
158. The department's PSA budget for 2025 shows an 11 percent reduction compared with the 2024 utilization plan and builds on the results of the 2024 organizational restructuring, which integrated several formerly distinct functions and services to enhance coordination, reduce duplication, maximize efficiencies and streamline field support. The Analysis, Planning and Performance Division now encompasses food security and nutrition analysis, research and

knowledge management, programme monitoring and reporting and programme budget management. This integration, which will be consolidated and stabilized in 2025, ensures that WFP's operations consistently build on and generate evidence throughout the programme cycle, maximizing effectiveness, efficiency and transparency. Thematic areas such as climate and resilience, and school meal programmes and social protection have been consolidated in the Programme Policy and Guidance Division to reduce overlaps and foster programmatic integration. Bringing together all the functions essential for ensuring top-quality supply chain and delivery, most of the former Cash-Based Transfers Division and the Non-Governmental Organization Partnerships Unit have merged with the Supply Chain and Delivery Division.

159. Ongoing investments under the CCIs for implementation of the strategic plan and the corporate results framework, monitoring, identity management and traceability, and corporate process optimization, support the Programme Operations Department's efforts to increase efficiency by fostering the automation of key processes, strengthening standard procedures and simplifying guidance for country offices. As the innovative and impactful activities of the Programme Operations Department generate external interest, and as that department is the largest provider of mandated and on-demand services, it is also the department with the highest level of extra-budgetary funding to complement core activities.

Workplace and Management Department

160. The Workplace and Management Department upholds WFP's values and brings together divisions, enabling the delivery of people-focused services and consolidating the functions designed to support, protect and empower WFP's employees. The department oversees the Human Resources Division, the Management Services Division, the Security Division, the Technology Division and the Wellness Service.
161. Given the essential services and infrastructure covered by this department, the ability to reduce costs is constrained, and the Technology Division is bearing the brunt of the reductions in the departmental PSA budget. With a new information and technology strategy in place the Technology Division is undergoing its own reorganization and will benefit from complementary funding from a CCI and extra-budgetary resources during this transformation.
162. During 2025 the Workplace and Management Department will guide change management throughout the organization, driving efficiencies, maintaining a focus on accountability and promoting transparency. The department will also treat opportunities for service improvements and digital transformation as critical in enhancing service quality and delivery and generating efficiencies for the function and the organization. The implementation of the human capital management platform, Workday, is expected to bring significant efficiency gains by reducing processing times in people management by 40 percent and enabling the collection of better workforce data to inform effective decision-making regarding people management.
163. In late 2024, a new annex providing office space for 350 workstations will be opened in the Rome headquarters complex. The annex, which has been under refurbishment for several years, will allow the closure of office space leased in the vicinity but outside the complex. With the main building and the new annex, 1,700 workstations will be available to accommodate employees working in Rome.

Central appropriations

164. 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. The proposed central appropriation budget for 2025 is 4 percent more than the 2024 utilization plan.

165. The largest increase in central appropriations is for WFP's share of the budget for jointly financed activities – the United Nations Department of Safety and Security (UNDSS), the International Civil Service Commission, the Joint Inspection Unit and the Chief Executives Board. The increases in WFP's budget are due to increases in the budgets for jointly financed activities and to WFP's increasing proportion of the total costs due to its higher expenditures and numbers of staff relative to the totals for the other United Nations entities. The largest of the increases, USD 1 million for UNDSS, is attributed to the increasing complexity, number and severity of crises to which the United Nations is responding.
166. Annex II provides a comprehensive list of the central appropriations for 2025 compared with the 2024 utilization plan.

Programme support and administrative budget by object of expenditure

TABLE 4.4: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY OBJECT OF EXPENDITURE				
	2025 PSA budget (USD million)	2024 utilization plan (USD million)	Value difference (USD million)	% change
Staff	330.1	326.0	4.1	1
Other employees	45.7	51.3	(5.6)	(11)
Non-employees costs	104.2	105.3	(1.1)	(1)
Total	480.0	482.6	(2.6)	(1)

167. As shown in table 4.4, there is a slight increase in the 2025 budget for staff, which is offset by reductions in other employee and non-employee costs. Staff costs represent the cost of fixed-term international and national professional officers and general service staff. While the number of fixed-term, full-time equivalent (FTE) staff posts decreases by 2 percent, higher standard costs for international staff and increases in the salary scales for staff outside headquarters are driving the increase in staff costs.
168. The "other employees" category includes international short-term professional staff, consultants and temporary assistance. This is the category that offers the most flexibility in allowing reductions in costs within a short timeframe because the contracts in this category are less than one year.
169. Reductions in non-employee costs are seen in all departments and regional bureaux, but the decreases are offset by increases in central appropriations. Training, communications and IT costs will see the largest decreases, while the costs of office facilities and United Nations services have the largest increases.

TABLE 4.5: PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET BY ORGANIZATIONAL LEVEL (number of posts)										
Post category	2025 PSA budget					2024 utilization plan				
	COs	RBx	HQ	CA	Total	COs	RBx	HQ	CA	Total
Fixed-term	263	550	1 382	14	2 209	264	584	1 383	15	2 246
Short-term		114	418		532		129	493		622
Total	263	664	1 800	14	2 741	264	713	1 876	15	2 868

Abbreviations: CA = central appropriations; CO = country office; HQ = headquarters; RB = regional bureau.

170. Compared with the 2024 PSA utilization plan, the proposed PSA budget for 2025 has 127 fewer full-time equivalent posts, with the reduction in short-term posts being greater than that in fixed-term posts. The lower reduction in fixed-term posts reflects the fact that the PSA budget is the primary source of funding for core, recurring activities performed by fixed-term staff and demonstrates WFP's commitment to honouring its obligations to its long-term staff members.

Standard position cost rates

171. WFP uses standard position costs to budget and account for international professional staff and general service staff at headquarters. The rates are recalculated annually to reflect the actual costs of employing staff at each grade and location, including entitlements, benefits, allowances, cost recovery for staff security and wellness, and anticipated exchange rates for euro-based expenditures.
172. The standard position costs for 2025 are based on the actual costs in 2023, adjusted for inflation and actuarial estimates of after-service costs. Owing to the voluntary separation package offered in 2024, the accrual for staff termination benefits will be nearly depleted by the end of 2024, thus the accrual for staff termination benefits within the standard costs is higher than in previous years. In addition, with funding reductions affecting both headquarters and country operations, WFP anticipates longer periods of time between staff assignments and more staff members waiting for new assignments; consequently, the estimation of costs for staff between assignments is higher than in 2024.
173. For euro-denominated expenditures at headquarters and global offices, WFP makes a forward purchase of the required euro amounts to ensure certainty regarding the US dollar value. The hedging contracts for 2025 have been finalized and are having a positive impact on the standard position costs for positions based in the eurozone.
174. The staff costs in the 2025 PSA budget are USD 10.2 million higher than they would have been if the standard position costs had not increased in 2025.
175. At the end of each year, a standard cost variance – the difference between the actual costs and the costs charged to budgets using the standard position cost rates – is apportioned between the PSAEA for positions funded by the PSA and the unearmarked portion of the General Fund for all other positions⁴². Owing in large part to the failure of salary scales in the eurozone to keep pace with inflation and to discount rates having a favourable impact on estimates for after-service benefits, the variance charged to the PSAEA has been positive over the past few years, while inflation, exchange rate fluctuations and the higher number of staff in high-cost operations have resulted in negative variances posted to the General Fund.

⁴² "Update on the WFP Management Plan (2006–2007)" (WFP/EB.1/2007/6-A/1).

4.4 Indirect support cost rate

176. 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.
177. The derived standard ISC rate for 2025 has been calculated as shown in table 4.6 using the methodology established in 2006⁴³ with no adjustment shown for the PSAEA target level, which is projected to be above the target ceiling.

2023 baseline	6.15
Decrease for lower indirect expenditures (from 2023 to 2025)	(0.95)
Increase for lower funding forecast (from 2023 to 2025)	1.13
Derived ISC rate for 2025	6.33

178. Assuming a global contribution forecast of USD 8 billion for 2025 and an ISC standard rate of 6.5 percent, with exceptions of 4 percent for specific cases as approved by the Board, the ISC income in 2025 will be USD 463 million. This calculation assumes that the full rate will apply to 87 percent of contributions, the reduced rate to 12 percent and a full waiver of ISC to 1 percent of contributions.
179. Although USD 463 million in ISC income is lower than the proposed PSA budget, the projected balance in the PSAEA does not warrant an increase in the rate, as demonstrated by the 6.33 percent derived rate.

4.5 Reserves and fund balances

Overview

180. This section provides an overview of the PSAEA and the unearmarked portion of the General Fund. Subject to approval by the Board, the PSAEA and the unearmarked portion of the General Fund are potential funding sources for the programme support and business operations budget and, in the case of the unearmarked portion of the General Fund, may also fund operational costs.
181. The PSAEA and the unearmarked portion of the General Fund are projected to have balances of USD 289.1 million and USD 414 million, respectively, on 1 January 2025. These projected beginning-of-year balances are above the respective PSAEA target ceiling and the prudent balance of the unearmarked portion of the General Fund. With the projected healthy opening balance and the expectation that interest income will be credited to the unearmarked portion of the General Fund during 2025, management proposes to use part of the unearmarked portion of the General Fund for strategic investments in corporate initiatives and to replenish the IRA, while the balance in the PSAEA would be used only for PSA-related expenditures.

⁴³ "Review of Indirect Support Costs Rate" (WFP/EB.A/2006/6-C/1).

Programme support and administrative equalization account

TABLE 4.7: PROJECTION OF THE PROGRAMME SUPPORT AND ADMINISTRATIVE EQUALIZATION ACCOUNT (USD million)	
PSAEA projected budgetary balance at 1 January 2025	289.1
ISC projected revenue (based on global contribution forecast income of USD 8.0 billion)	463.0
Proposed PSA budget	(480.0)
Proposed PSAEA drawdown for ISC shortfall	17.0
PSAEA projected budgetary balance at 31 December 2025	272.1
PSAEA target (equivalent to 5 months of 2025 PSA expenditures)	200.0
PSAEA floor (equivalent to 2 months of 2025 PSA expenditures)	80.0

182. Established in 2002, the PSAEA reflects the difference between WFP's ISC revenue and the PSA expenses for the financial period. The balance acts as a safety net for underwriting the risk of a shortfall in the ISC income needed to cover PSA expenditure. The PSAEA may also be used to fund CCIs, replenish reserves and fund initiatives in thematic areas.
183. At the beginning of 2024, the PSAEA budgetary balance, which is calculated by deducting budgetary commitments from the financial balance, was USD 375 million. Taking into consideration the movements in 2024 – projected ISC income on contribution revenue of USD 8.9 billion,⁴⁴ approved PSA funding of USD 528 million and approved PSAEA drawdowns – the projected budgetary balance of the PSAEA at 31 December 2024 is USD 289.1 million.
184. Following a review of the optimal PSAEA balance,⁴⁵ a target balance of five months of PSA expenditure and a “floor” of two months of PSA expenditure were adopted. The PSAEA is complemented by operational fund balances, which together ensure the continuity of operations and indirect support from one fiscal year to the next. While the review did not conclude that the number of months of expenditure held in the PSAEA and the operational fund balances should be equal, there should be a reasonable relationship between the two fund balances.
185. Excluding any exceptional uses, the projected balance of the PSAEA at the end of 2025 is USD 272.1 million, as shown in table 4.7 which is higher than the five-month target ceiling. Because of the possibility that operational fund balances will exceed five months of operational activity, and following a prudent approach to the management of reserves, the proposed use of the PSAEA in 2025 is limited to covering the ISC shortfall of USD 17 million.

Use of the unearmarked portion of the General Fund

186. 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 on treasury transactions which are credited to the General Fund in accordance with Financial Regulation 11.3.

⁴⁴ As of June 2024.

⁴⁵ “Update on the Financial Framework Review” (WFP/EB.2/2015/5-C/1).

TABLE 4.8: PROJECTION OF THE UNEARMARKED PORTION OF THE GENERAL FUND (USD million)		
Projected balance at 1 January 2025		414.0
Projected earnings		155.0
<i>Previously approved – Treasury management</i>	(2.4)	
Proposed uses	(152.4)	
- <i>Immediate Response Account replenishment</i>	(75.0)	
- <i>Staff obligations</i>	(20.0)	
- <i>Health self-insurance fund</i>	(7.0)	
- <i>Individual fundraising model</i>	(20.0)	
- <i>Critical corporate initiatives</i>	(30.4)	
Projected balance at 31 December 2025		414.2
Prudent balance		150.0

187. As approved in the management plan for 2022–2024, the annual allocation of USD 2.35 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.
188. In light of the healthy projected balance, management proposes to allocate USD 152.4 million of the unearmarked portion of the General Fund. This amount will be used prudently and strategically for investments in WFP's future, to strengthen WFP's reserves and to meet contractual obligations to employees as WFP calibrates its budget downwards.

Immediate Response Account

189. An allocation of USD 75 million is proposed to replenish the IRA. The IRA is indispensable to WFP's ability to continue to save lives; ensuring the account's sustainability is therefore critical. A yearly resourcing target for the IRA has been established and is met mainly by voluntary contributions from donors and by the repayment of IRA advances from contributions to CSPs. To that end, WFP continues to advocate donor 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 by the delegated authorities or 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.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	July 2024
Directed IRA contributions	50.2	33.9	33.2	29.6	22.6	24.7	64.0	101.1	107.5	30.8
Revolved funds	95.3	125.2	114.5	68.3	150.0	82.5	70.4	220.4	131.6	49.3
WFP funds	57.1	13.7	28.7	67.1	23.1	77.5	53.8	180.0	155.8	52.2
<i>Multilateral contributions</i>	-	13.7	13.7	23.1	23.1	25.0	30.6	50.0		
<i>PSAEA and unearmarked portion of the General Fund</i>	50.0	-	15.0	44.0	-	52.5	-	130.0	150.0	50.0
<i>Other*</i>	7.1	-	-	-	-		23.2		5.8	2.2
Total revenue	202.6	172.8	176.4	165.0	195.7	184.7	188.2	501.5	394.9	132.3
Allocations	164.2	215.2	154.2	144.2	161.0	188.5	220.0	385.2	433.5	90.8

* 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 surplus from the self-insurance special account in 2021.

190. Humanitarian needs arising from the global food and nutrition crisis have surged dramatically. The drivers of the crisis are multifaceted, ranging from conflict, climate change and natural disasters, to economic and financial instability. These factors have been exacerbated by declining contributions, affecting the replenishment and revolvment of the IRA, which has resulted in the decreasing availability of IRA funds. Owing to this constrained availability, requests for IRA advances have been prioritized and complemented by advances from other advance financing mechanisms, such as internal project lending, with the IRA being used as a last resort. However, owing to the ongoing escalation of the emergencies in the Sudan and the Middle East region, the demand on the IRA is expected to remain high.
191. As part of the management plan for 2024–2026, the Board approved the transfer of USD 50 million to the IRA; this timely injection at the beginning of 2024 was instrumental in enabling WFP to respond rapidly to the conflicts in Yemen, Chad and the Sudan. In 2025, management proposes to transfer USD 75 million from the unearmarked portion of the General Fund to the IRA. This proposed transfer will improve the availability of funds in the first quarter of 2025 while WFP continues to engage with donors on replenishing the IRA.

Staff obligations

192. An allocation of USD 20 million from the unearmarked portion of the General Fund is proposed to fund additional exceptional costs related to *management of the reductions of international professional and headquarters general service staff*.
193. The calibration of WFP's budget to lower funding levels is affecting employees under all contract types and at all levels of the organization. When the calibration began in 2024, WFP managed the related downsizing by instituting a pause in recruitment at global headquarters, offering an agreed separation package to staff with fixed-term contracts, providing special measures for national employees in the field whose contracts had been affected, and managing positions through the abolishment of positions and the reassignment of staff members. Staff members who are not reassigned to a new position are categorized as being of "unassigned status". The reduction of 431 fixed-term positions in the 2024 PSA utilization plan was met largely through the cancellation of vacant positions or

the use of alternative funding sources. These actions were guided by the alignment of staffing plans with resource availability, while taking into account the need to ensure continued capacity and support for critical operations.

194. The cost of reducing the workforce in 2024 has been and continues to be met through a variety of funding sources. For local staff in country operations, the costs of further reductions are expected to be met largely from CSP budgets, accruals, the termination indemnity fund CCI and the country office safety net. For local staff in the regional bureaux and global offices, the costs of reductions will be met from accruals. For international staff, regardless of their location, and general service staff in headquarters and global offices, the costs of further reductions can be met partly from accruals and standard position costs (see paragraph 172), but the potential costs are likely to exceed the availability of accruals and the level that can reasonably be absorbed by standard position costs.
195. When all funding sources are considered, the planned net reduction in fixed-term staff for activities managed by global headquarters is only 62 FTEs in 2025. However, this net figure understates the absolute number and variety of job profiles concerned and the grades of the positions affected. When analysed by division and grade, the gross reduction in FTE positions jumps to 205. Other uncertainties related to the number of staff affected include the contraction or expansion of country operations, the restructuring decisions arising from the review of headquarters and regional bureaux, and the additional cost savings needed to achieve a PSA budget that is equal to ISC income in 2026.
196. The actual cost of the reductions will be determined by the number of staff affected and the actions taken. In planning for an exceptional case in which on average throughout the year 155 international professional staff are unassigned, the estimated costs of retaining those staff members for 12 months exceeds the estimate used in the standard position costs. The option of retaining staff on the payroll while they are unassigned ensures that there is a skilled and experienced workforce ready for future deployment. However, measures for adapting the workforce to the future funding landscape that result in reductions in the number of staff will also be considered. These actions would reduce the duration and therefore the cost of retaining unassigned staff, but would entail one-time payments for staff terminations.

Health self-insurance fund

197. An allocation of USD 7 million is proposed for the *health self-insurance fund* to provide a one-time allocation from the unearmarked portion of the General Fund for the expansion of WFP's health self-insurance. Self-insurance is a cost-effective alternative to the purchase of traditional commercial insurance. In a 2023 review of health insurance schemes in the United Nations system,⁴⁶ the Joint Inspection Unit observed that self-insured schemes are usually cheaper and more efficient than profit-oriented commercially insured schemes. Further information related to self-insurance can be found in section 5.2.

Individual fundraising model

198. An allocation of USD 20 million is proposed for the *individual fundraising model* in 2025. The funding will primarily be allocated towards advertising and content development from WFP's country operations for use globally, with a portion dedicated to supporting the technologies needed to extend the global fundraising infrastructure.

⁴⁶ Joint Inspection Unit. 2023. [Review of the quality, effectiveness, efficiency and sustainability of health insurance schemes in the United Nations system organizations](#) (JIU/REP/2023/9).

199. Investment in fundraising from individuals constitutes a key strategic imperative for WFP's efforts to significantly diversify its donor base and increase its level of flexible funding. The income from WFP's unique individual fundraising model, driven mainly by digital platforms, has grown sevenfold, from USD 16 million in 2019 to USD 107 million in 2023. By the end of 2024, individual giving will have generated more than USD 460 million in cumulative income, from a CCI investment of USD 52 million and a loan of USD 24 million⁴⁷, demonstrating success at scale in the initial phase.
200. Moving to a more ambitious phase, fundraising from individuals has the potential to raise USD 1.3 billion for WFP in the next six years. This will become a key source of funding for the organization. Given that about 30 percent of individual donations are flexible, this stream could generate USD 400 million in flexible funds over the period from 2025 to 2030.
201. A total investment of USD 100 million over six years will be required to reach this potential level of funding. The USD 20 million requested in 2025 as the first tranche of this multi-year investment will generate a total income of USD 138 million in the first year, with more than USD 1 billion being generated in the years 2026–2030 with continued investments. This investment will build a stronger supporter base leading to a solid and sustainable income stream for future years.

Critical corporate initiatives

202. An allocation of USD 30.4 million is proposed to fund CCIs. CCIs are fully aligned with WFP's corporate priorities and are designed to lead to sustained gains in efficiency or effectiveness following their completion. The development of CCI proposals involves collaboration among headquarters, regional bureaux and country offices to ensure that the planned results meet the needs of WFP's field operations.
203. Nine CCIs are planned in 2025 – five continuing from 2024 and four new ones. Management proposes to allocate USD 30.4 million compared with USD 88.4 million in 2024. This will fund the CCIs throughout their duration, and not just in 2025, thereby providing reliable multi-year funding to ensure their completion. The total budget for these CCIs, consisting of the new funding requested and previously approved funds, is USD 57.8 million for the period 2025–2027, of which USD 47.4 million is for use in 2025.
204. When assessing the CCI proposals, WFP considered the attributes described in the corporate management priorities and grouped the CCIs into five thematic areas: accountability and compliance, partnerships and fundraising, people, digital technology, and innovation and efficiency. Table 4.10 shows the multi-year budget and net funding request of USD 30.4 million, 13 percent of which is expected to support the final year of implementation of two ongoing CCIs, while the remaining 87 percent will be used to implement four new, multi-year CCIs. The remaining three ongoing CCIs – Fit for Future in a changed funding landscape, Investing in WFP people, and Corporate process optimization – will be implemented using the funding approved previously.
205. Each CCI is briefly described in the following paragraphs. More details on their deliverables, activities, proposed budgets, implementation plans and key performance indicators are presented in annex III. WFP's annual performance report for 2023 includes the achievements and budget utilization of the CCIs active in 2023.

⁴⁷ Currently a loan of USD 19 million has been drawn down and spent. A total loan of USD 24 million is estimated for the year in 2024.

Thematic area/CCI name	Duration	Funding		
		New request	Previously approved	Total budget
Accountability and compliance		8.1	23.7	31.8
Monitoring, identity management and traceability	2024–2025	3.0	23.7	26.7
IPSAS implementation	2025–2026	5.1	-	5.1
Partnerships and fundraising		5.1	7.9	13.0
Fit for Future in a changed funding landscape	2024–2025	-	7.9	7.9
Positioning WFP to unlock diverse funding	2025–2027	5.1	-	5.1
People		5.1	79.3	84.4
Investing in WFP people	2022–2025	-	79.3	79.3
Duty of care and inclusion	2025–2026	5.1	-	5.1
Digital technology		11.0	-	11.0
Digital integration and modernization	2025–2026	11.0	-	11.0
Innovation and efficiency		1.1	33.3	34.4
Corporate process optimization	2024–2025	-	21.0	21.0
UNSDG efficiency road map	2023–2025	1.1	12.3	13.4
Total		30.4	144.3	174.6

Abbreviations: IPSAS = International Public Sector Accounting Standards; UNSDG = United Nations Sustainable Development Group.

Monitoring, identity management and traceability – year two of two

206. The management plan for 2024–2026 approved USD 23.7 million for the two-year CCI on monitoring, identity management and traceability. The aim of this CCI is to comprehensively address recurrent issues raised in oversight reports and ensure WFP’s ability to deliver uninterrupted assistance to people in need, transparently, accountably, effectively, efficiently and in all humanitarian environments.
207. In 2025, a budget of USD 10.4 million is planned, of which USD 7.4 million has already been approved. Regional bureaux play a key role in directly supporting the roll-out of the global assurance framework at the country office level but face reductions in the PSA budget. An increase in the funding of the CCI by USD 3.0 million will therefore ensure that regional bureaux have the capacity to support the roll-out.
208. In 2025, the CCI will focus on scaling up remote process and outcome monitoring; continuing the roll-out of standards and systems for community feedback; continuing the roll-out of identity management standards, digitization and global reconciliation for in-kind food assistance; investing in scanning technology; and designing a “track and trace” system.
209. Through this CCI, broad integration and collaboration are fostered among functions and with regional bureaux and country offices, developing a “whole-of-organization” understanding of assurance and thereby supporting country offices in ensuring that the right people receive the assistance they need, safely, in full and without interference.

International Public Sector Accounting Standards implementation – year one of two

210. WFP has been preparing its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) since 2008. In the past two years, the IPSAS board has developed and published six new standards that WFP needs to implement when they come into effect in 2025 and 2026. IPSAS 43 on leases and 47 on revenue are expected to have particularly significant impacts on WFP's financial statements. The implementation of these standards will require cross-functional engagement to ensure that accounting policies and models are revised, staff are capacitated to apply new operational procedures, and information systems can support accounting and reporting requirements.
211. In 2025, the focus will be on IPSAS 43 (leases). After identifying the leases that fall within the scope of the standard, a new set of data will need to be collected from agreements. Systems for collecting such data will be evaluated and selected and system changes will be implemented to comply with standard requirements. Accounting policies will be updated and issued. Training on related policies and operations will be delivered to relevant functions globally. All internal manuals, procedures and guidance will be updated to reflect the changes required for IPSAS compliance. Accounting entries for the restatement of opening balances, transactions in the current period and 2025 closing balances will be developed and processed.
212. During the second year of this initiative, all donor agreements, service provision contracts and cooperating partner agreements will be reviewed to identify the criteria for measurement and the recognition of revenues and expenses in WFP's agreements under the new IPSAS 47 and 48. Agreements will be classified to inform their subsequent accounting treatment.

Fit for Future in a changed funding landscape – year two of two

213. Through this CCI, WFP aims to strengthen its collaboration with partners to ensure complementarity and maximize efficiency. By adopting new ways of working, the CCI seeks to optimize the business processes for partnerships and innovation with streamlined tools for the end-to-end management of partners and contributions, and to develop staff capacity and capabilities, including in the area of innovative finance.
214. In 2024, the digitization and harmonization of partner management focused primarily on reviewing the system landscape for partnerships and innovation, examining the connections between and within systems and identifying critical gaps in and opportunities for automation, while ensuring that systems are better harmonized and efficiently streamlined. This followed an extensive consultative process with country offices, regional bureaux and global headquarters. A new tool is being designed and will be rolled out in 2025, accompanied with relevant training.
215. In 2025, capitalizing on achievements in 2024, the CCI will continue to prioritize the piloting and documentation of innovative financing projects along with related training programmes and materials. Comprehensive partner and contribution management tools will also be launched. Activities in 2025 will be funded from the previously approved allocation.

Positioning WFP to unlock diverse funding – year one of three

216. Recognizing the risk of its dependence on a small number of resource partners and mainly traditional fundraising models, WFP aims to diversify its funding while protecting and growing its current partnerships and reputation as a partner of choice. The initiative will allow WFP to approach resource mobilization in new and innovative ways while recognizing the importance of strategic and targeted communications in underpinning this process. Efforts will focus on enabling country offices to diversify their funding by providing direct support for the planning of partnership requirements, identifying new and different

partnerships, designing solutions and options that address the corporate barriers to country offices' work with diverse partners, providing training and guidance on engagement in the partnerships required, and publishing results from WFP's work in partnerships in order to strengthen the organization's brand and reputation.

217. Communication experts will support outreach to new partners through the development of strong evidence-based publications relevant and useful to their target audiences. Support for the management of reputational risk will underpin this work by carrying out due diligence exercises on new partners and influencers. As a result of this strong cross-departmental collaboration, country offices will form and build sustainable relationships with diverse partners, decreasing WFP's reliance on the top traditional donors.

Investing in WFP people – year four of four (extended by one year)

218. Since 2022, WFP has allocated a total of USD 79.3 million to the Investing in WFP people CCI to support an ambitious change management process. An estimated USD 8.8 million of that total will be carried forward into 2025 to fund a one-year no-cost extension for the completion of activities that have been delayed or have slightly shifted in focus in line with the ongoing global organizational change and budget adjustments. During this extension year, the focus will be on regionally led efforts to support excellence in people management by strengthening WFP's organizational capacity to establish, operationalize and absorb corporate and cross-functional activities that achieve the outcomes expected from each deliverable.
219. The five CCI deliverables and approved activities are all anchored on WFP's people policy which represents the organization's vision for its future workforce as one of diverse, committed, skilled and high-performing teams selected on merit and operating in a healthy and inclusive work environment, in line with WFP's values.

Duty of care and inclusion – year one of two

220. This initiative aims to align WFP's commitment to duty of care with its "stay and deliver" approach, ensuring that the organization remains agile and effective in high-risk environments while upholding standards for staff well-being, workplace inclusion and safety and security.
221. The investment enhances the management of fiduciary risk by focusing on WFP's employees and strengthening accountabilities within a new framework. By investing in occupational health, safety and security, WFP aims to create a safer and more productive work environment, which drives the achievement of the organization's mission. This approach is designed to minimize work-related injuries and illness, mitigate their severity and impact, and foster an agile, flexible and active workforce.
222. The CCI aims to examine all the aspects related to the duty of care of employees with a view to mitigating the risks that may harm employees by creating an agile, secure and healthy working environment. Through infrastructure and facilities management, the objective is to provide the right tools and skills to minimize work-related injuries and illness and mitigate their impact. The initiative will also strengthen field security functions through digitization and innovation by creating a digital framework that integrates all security compliance processes, developing an organizational intelligence-based approach for security risk management, and consolidating the security knowledge hub into a unique entry point providing digital access to all relevant information on security and the processes linked to it.
223. WFP will review and revise the human resources manual with a view to integrating the duty of care concept into its human resources policies and manuals, incorporating diversity, equity and inclusion considerations. The CCI will also focus on enhancing access to health services via a corporate well-being platform, facilitating the development and adoption of

inclusive technology, and ensuring that IT solutions are aligned with the United Nations Disability Inclusion Strategy.

224. The proposed CCI funding totals USD 5.1 million for 2025 and 2026.

Digital integration and modernization – year one of two

225. The main objective of this CCI is to modernize and integrate WFP's IT and digital infrastructure so as to enhance its operational efficiency and align it with strategic goals. The CCI encompasses a range of IT and digital components, including enterprise resource planning, data systems, payroll systems and AI. The most significant component of the CCI is upgrading the enterprise resource planning system, which is crucial in preventing the current platform from reaching its end of life in 2027. WFP will also design a roadmap for payroll processing, which is currently carried out through three different systems.

226. Following the finalization of WFP's AI strategy, the development and roll-out of a modern data platform will start, incorporating essential AI capabilities. This includes work with country offices on co-designing and delivering AI use cases for critical WFP initiatives, focusing on the scaling and transformation of operations. The initiative also aims to enhance the data and AI competencies of WFP staff and partners in line with WFP's data literacy and competency framework.

Corporate process optimization – year two of two

227. This initiative aims to improve the efficiency and effectiveness of business processes through the integration, automation and streamlining of enabling processes that leverage global efficiencies. The CCI will also strengthen controls and reduce risks through the increased standardization, automation and integration of corporate processes.

228. Work towards the leading deliverable of the CCI – the optimization of end-to-end procurement – will continue in 2025, focusing on the completion of the “smart sourcing” project to achieve the goal of minimizing manual tasks by automating workflows, and providing visibility to real-time data by optimizing end-to-end procurement processes. Despite increases in the value, volume and complexity of WFP's procurement function, there has been little investment in digital capabilities for the function. Owing to the manual nature of the operations, this has resulted in increased transactional workloads, process inefficiencies, lack of transparency, and inadequate monitoring of transactions. The new procurement solution will be responsive to current needs and scalable for the future.

229. The CCI budget in 2025 will be fully met from funding previously approved.

United Nations Sustainable Development Group efficiency road map – year three of three

230. The United Nations Business Innovations Group is continuing its efforts to deliver on the overarching efficiency targets established by the Secretary-General in 2017 and is committed to achieving the annual savings of USD 310 million called for through various inter-agency, agency and bilateral initiatives.

231. Approval is sought for the extension of this CCI by one year, with additional funding of USD 1.1 million to enable management to support the Secretary-General's reform initiatives. The proposed investment will ensure that WFP has the capacity to prepare for and respond to inter-agency reform efforts – leading where appropriate – and develop its position and potential contributions within the reform.
232. In 2025, the CCI will focus on the finalization of two existing deliverables, with interventions that include the adoption of common premises, the expansion of, and reporting on, the business operations strategy, participation in the establishment of common back offices and further expansion of WFP global shared services. WFP will deliver further efficiency gains in 2025 and beyond by providing and scaling up carpooling and ridesharing services through United Nations mobility.
233. A new deliverable – a model for the delivery of shared services – will be added in 2025 to consolidate, systematize and streamline processes across operations through internal service delivery. The CCI will provide the resources to develop a model for delivering and financing shared services.

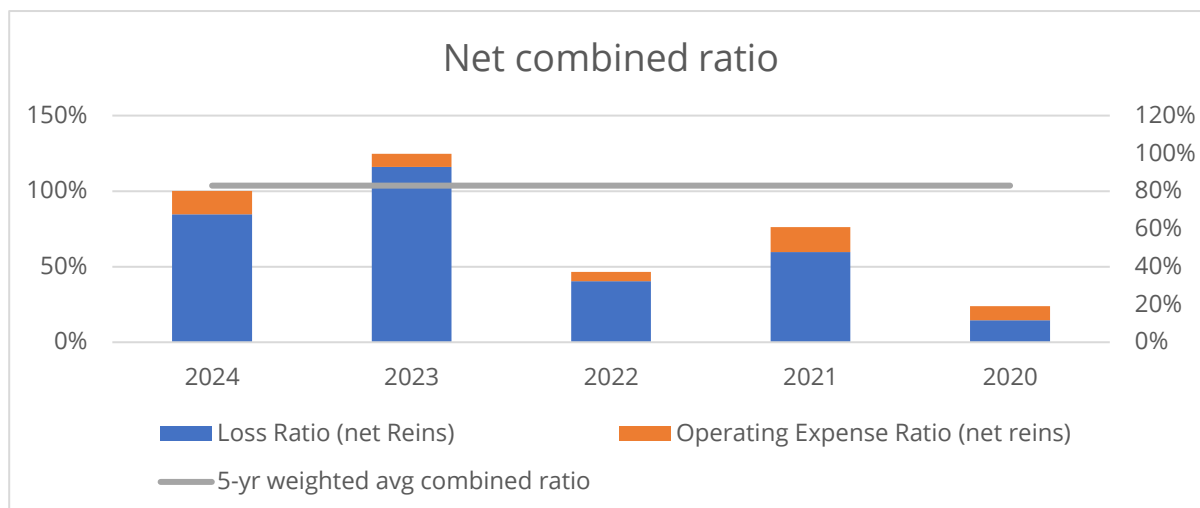
Section V – Insurance schemes

5.1. Expansion of operational risk self-insurance coverage

234. In 1993, the Committee on Food Aid Policies and Programmes, the predecessor to the Executive Board, approved the implementation of a self-insurance arrangement for WFP's international cargo to address the challenges of obtaining appropriate insurance coverage in the open market. WFP was mandated to establish and operate a self-insurance arrangement applying commercial insurance principles as if it were an external insurer. This scheme is commonly known as "captive insurance", a form of self-insurance whereby the insurer – the captive – is owned wholly by the insured. The captive charges WFP's activities a premium, compensates the organization for losses, seeks to recover losses from liable third parties, and reinsures catastrophic and other categories of loss in the commercial insurance market where possible.
235. The captive is anchored by a cargo and stock throughput insurance policy. Under this policy, the Secretariat retains losses of up to USD 750,000 per consignment. Losses above that amount are reinsured externally. In addition, the Secretariat maintains several other insurance policies to mitigate operational risks. These include a commercial crime policy, a malicious acts insurance policy, a public product and pollution liability policy, a personal accident insurance policy, aviation insurance, and major incident response insurance.
236. Since its inception, the captive has continued to serve WFP well. It pays claims promptly, allowing the Secretariat to replace stock and minimize disruption to operations. In 2023, the captive paid USD 59 million to the Secretariat for losses incurred, including USD 37 million related to food and truck losses in the Sudan. In 2024, the captive has paid USD 17 million to the Secretariat and will shortly be paying an additional USD 48 million for claims processed in the third quarter of the year. Over the past five years, the captive has paid the Secretariat USD 140 million for incurred losses, a significant amount that underscores the importance of the captive's role in managing risks and ensuring the continuity of WFP's operations. During the same period, the captive has consistently maintained an average combined ratio⁴⁸ of 83 percent, indicating a sound financial status, and has released back to the Secretariat USD 20 million in funds deemed to be in excess of the amount required to keep the captive adequately capitalized. The Secretariat used this USD 20 million to replenish the Immediate Response Account.

⁴⁸ The *combined ratio* measures the total amount of claims paid and expenses incurred as a percentage of the premium, representing the sum of the loss ratio and the expense ratio and providing a holistic view of insurance performance.

The *loss ratio* measures the total amount of claims paid (and related expenses) as a percentage of the premium; and the *expense ratio* measures the total amount of underwriting and administrative expenses incurred as a percentage of the premium.



Capital adequacy assessment

237. Similar to a commercial insurance company, the captive conducts a solvency assessment to determine the capital needed to meet its business obligations. The captive has the required internal expertise and resources to carry out this assessment, and it also leverages the external expertise of its panel of insurance brokers, which include WTW, Marsh, AON and Howden, to review and validate the assessment and other performance indicators.
238. Based on its most recent solvency assessment, the captive requires USD 72 million in the short term to maintain capital adequacy. This estimated capitalization level is 13 percent higher than the current capitalization limit of USD 62 million. Currently, the captive has a fund balance of USD 76 million, but this amount will be substantially reduced when the outstanding claims are paid at the end of the third quarter of 2024. The increase in the capitalization level is due primarily to a surge in war and other geopolitical events, such as the Sudan conflict; a rise in losses due to production deficiencies, particularly of supplied in-kind commodities for which recovery from the supplier is not possible; and restrictive reinsurance terms leading to more losses being absorbed by the captive.
239. In 2023, the Secretariat informed the Board⁴⁹ about the potential need for additional funds to address the catastrophic losses expected from the Sudan conflict. However, the Secretariat's confidence in its robust risk management strategies has led it to conclude that no extra funding is necessary. Instead, the Secretariat is committed to enhancing loss prevention, transferring risk to third parties, and expanding coverage under its aggregate reinsurance arrangement to ensure sufficient funding.
240. In 2017, the Board approved two adjustments to the scheme⁵⁰ in response to changes in WFP's operational landscape. First, coverage under the scheme was extended up to the point when WFP hands over goods to beneficiaries, cooperating partners or governments. Second, losses not typically covered by commercial insurance were included in the Captive's coverage. With these changes, the self-insurance scheme has continued to serve WFP well by minimizing interruptions to activities through prompt settlement of claims,⁵¹ providing

⁴⁹ WFP. 2023. [Utilization of the Programme Support and Administrative Equalization Account reserve](#) (WFP/EB.A/2023/6-J/1).

⁵⁰ WFP. 2017. [WFP Management Plan \(2018–2020\)](#) (WFP/EB.2/2017/5-A/1/Rev.1).

⁵¹ Commercial insurance claims can sometimes take years to settle, with very large claims often being resolved through litigation.

cost savings through broad and flexible coverage and enhancing loss prevention and overall risk management in WFP.

241. In 2022, the Secretariat updated its insurance strategy⁵² to align it with WFP's operational environment. The strategy aims to protect WFP's employees and resources against risks inherent to its operational environment, directly support the achievement of programmatic goals, and achieve better use of available resources through loss prevention and other strategies. The Captive is at the core of the strategy, allowing the Secretariat to maintain an optimal balance between risk retention (risks the Secretariat keeps internally) and risk transfer (risks shared with commercial insurers).
242. The Secretariat seeks to enhance the Captive's coverage to effectively respond to the current and emerging risk profile. The Secretariat intends to formally include certain risks that currently are not covered or are only partially covered by the captive. These include CBT risks, other financial risks, property risks, and emerging and hard-to-insure risks.
243. *Financial risks.* From 2017 to 2023, WFP's operational expenditures grew from USD 5.9 billion to USD 10.0 billion, and although the forecasts for 2024 and 2025 are trending downwards, the rise in needs and the response from the donor community do not indicate a return to 2017 levels. Similarly, WFP's assistance provision through CBTs continues to grow, with CBTs currently constituting 36 percent of all WFP assistance. In 2023, WFP distributed USD 2.9 billion in CBTs to 57.4 million people in 76 countries. In addition, the increased financial outlay from WFP's operational expenditure and the increasing use of the CBT modality to deliver assistance have significantly increased financial risks to WFP.
244. Although WFP's financial risks are covered by a commercial insurance policy,⁵³ the policy has a large deductible. Losses that do not exceed the applicable deductible are currently retained in the balance sheet, from where they are eventually written off. The Secretariat predicts that insurers will increase the deductible and coverage restrictions in line with market practice and conditions and partly as WFP's underwriting data improve.⁵⁴ Individual losses will likely remain below the deductible, but their cumulative amounts can be large, making such losses ideal for coverage by the Captive. In its most recent actuarial assessment of financial risks, the Secretariat projects a possible annual loss of between USD 1.83 million and USD 33.3 million, of which a possible loss of between USD 1.3 million and 28.30 million is projected to be retained by WFP based on the current deductible limits for commercial crime policies. If these losses are uninsured they would have to be written off by WFP.
245. *Property losses.* WFP's property portfolio has increased substantially over the years, reaching an estimated value of USD 776 million in 2023. Except for vehicles, WFP's use of property insurance has largely been fragmented, with individual country offices deciding whether to insure their property. The cost benefits of consolidating all property insurance under one global policy are substantial. Given the challenging environment in which many WFP properties are located, commercial insurers are likely to restrict the terms of coverage, such as by imposing large deductibles and/or excluding certain territories. The partial retention of risk by the Captive will provide the Secretariat with flexibility and leverage in negotiations with commercial insurers, reduce the total cost of risk to WFP and ensure that any risks excluded from commercial insurance coverage are adequately covered.

⁵² Deputy Executive Director's directive (DED2022/004) [WFP Insurance Strategy](#).

⁵³ Comprehensive commercial crime insurance.

⁵⁴ Commercial insurance deductible levels for organizations with a similar financial outlay as WFP are typically in the range of USD 500,000 to USD 1 million.

246. *Emerging and hard-to-insure risks.* WFP's volatile operating environments may lead commercial insurers to exclude or offer higher premiums for risks that are customarily covered. For example, coverage for aviation insurance in the Sudan was excluded at the onset of the crisis in April 2023, malicious acts insurance coverage in Ukraine was excluded at the onset of the conflict in 2022 and was later provided at high cost, and war risk coverage for cargo and vessels involved in the Black Sea grain initiative was extremely difficult and expensive to obtain.
247. Even when emerging and hard-to-insure risks can be covered commercially, the insurance placement process is often time-consuming and may not enable WFP to respond promptly to emergencies. Including coverage of emerging and hard-to-insure risks in the Captive will strengthen the Secretariat's ability to respond swiftly to emerging challenges and protect WFP's people and assets.
248. The proposed enhancements remain in line with the Captive's strategic objectives of managing the retention of risks, maintaining adequate solvency and capital requirements, supporting WFP's values and complying with the corporate governance framework. The Secretariat will continuously evaluate the costs and benefits of any expansion activities so as to maintain an optimal balance between risk retention through the Captive and through external insurance. Where external insurance is available and cost-effective, risks will be insured externally. For risks retained in the Captive, the Secretariat will use several tools to ensure that losses do not overrun the established capital adequacy. The measures for maintaining a robust capital base will include:
- the strategic use of aggregate reinsurance covering multiple lines of business in order to cap retained losses and transfer the more volatile risks to external reinsurers;
 - careful selection of the risks to be retained within the Captive – all the risks proposed for addition to the Captive are “short-tail” risks, i.e., risks where the time between the occurrence of a loss event and the final claim settlement is relatively short, allowing for a more accurate financial projection;
 - regular stress-testing through actuarial modelling of the impact of large loss events on the Captive's financial health;
 - the use of excess capital over and above internal capitalization targets to smooth the effects of outlier loss events; and
 - continued high levels of loss prevention through work with relevant operational teams on initiatives for minimising losses with negative impacts on the Captive.
249. Expanding the coverage of the Captive to include the risks outlined above has many benefits for the Secretariat. These include providing the flexibility to respond promptly in sudden-onset emergencies; the ability to tailor insurance coverage for hard-to-insure or emerging risks; the ability to smooth the effects of hard insurance markets, when prices rise and coverage terms are restricted; the immediate settlement of losses, allowing programmatic activities to continue with minimum interruptions; and support for loss control and the overall development of risk management in WFP. The Secretariat is often called on to respond to emergencies in volatile situations, often at short notice. The safety and security of staff and resources are always a top priority during emergency response. To ensure safety and security, the Secretariat has implemented a robust security risk assessment and management system that is consistent with United Nations guidelines and that allows for the safe deployment of staff and resources. The insurance arrangement also enables the Secretariat to effectively respond to any residual risks.

5.2. Expansion of health self-insurance

250. WFP's corporate risk register recognizes the organization's fiduciary duty of care towards employees and its commitment to supporting employees' health and safety in order to mitigate the financial, reputational and business continuity risks arising from the likelihood of health-related incidents, prolonged absenteeism and low employee engagement. One of the instruments enabling WFP to enhance the physical and psychosocial well-being of its workforce is the provision of comprehensive health insurance coverage. Active and retired employees and their eligible family members receive health protection through one of four medical insurance schemes, each providing defined benefits to specific employee categories.
251. Currently, three medical insurance schemes⁵⁵ (accounting for approximately 85 percent of all corporate health insurance costs) are contracted to commercial insurance underwriters, while the fourth scheme⁵⁶ (accounting for approximately 15 percent of costs) is self-insured. Building on the successful experience of managing operational risks through a self-insured captive scheme and conforming to the consolidated model followed by all United Nations organizations of comparable size,⁵⁷ WFP intends to adopt a self-insurance framework in its mitigation of employee health risks as a means to achieve greater efficiencies and long-term savings.
252. Although commercial schemes provide short-term financial predictability by limiting WFP's exposure to the stipulated premiums throughout the duration of the contract, they entail higher costs stemming from the incorporation of the commercial underwriter's profit margin and risk retention fee into the premiums (currently increasing premiums by 4.6 percent, or USD 2.1 million in 2023). The financial predictability does not extend to the longer term because premium rates must be renegotiated at each contract renewal, and they tend to increase steadily in accordance with trends in medical cost inflation. To remain in business, commercial insurers must avoid prolonged losses in the long run by ensuring that premiums consistently exceed costs. This sustainability can only be achieved if the premiums charged by commercial insurers are commensurate to the actual cost of the medical expenses incurred: hence, in the long run, commercial premiums will never be cheaper than self-insurance.

⁵⁵ BMIP/MMBP (Basic Medical Insurance Plan/Major Medical Benefits Plan), applicable to General Service staff members in headquarters or in WFP global offices, international professional staff members worldwide holding a fixed-term, continuing or indefinite appointment, and national professional officers in WFP global office; MICS (Medical Insurance Coverage Scheme), applicable to national professional officers and general service staff members in regional bureaux and country offices; and MCS/MCNS (Medical Coverage for Supernumeraries/Non-staff), applicable to short-term staff, consultants, interns and WFP volunteers wherever they are located, and special service agreement subscribers in headquarters.

⁵⁶ MIDD (Medical Death and Disability Plan), applicable to service contract holders and special service agreement subscribers in regional bureaux and country offices.

⁵⁷ The Joint Inspection Unit's report on the "[Review of the quality, effectiveness, efficiency and sustainability of health insurance schemes in the United Nations system organizations](#)" (JIU/REP/2023/9) observes that "*Half of the health insurance schemes within the United Nations are self-insured or captive schemes, in which the organizations underwrite all the risks related to health-care costs, which is usually cheaper and more efficient. In addition, self-insured schemes are not profit-oriented plans and, therefore, they do not have to provide financial returns for the performance of the insurance activity, which externally administered schemes would need to do.*" (par. 33). It also reports that "*Self-insured plans are generally larger than outsourced ones. The self-insured schemes tend to be larger in size; 11 of the 13 such schemes have over 10,000 plan members each, and 9 have over 25,000, which is mostly because of the need to have sufficient critical mass both to adequately manage risks*" (par. 35) and that "*Commercially insured plans tend to be smaller in size. With the exception of the WFP Medical Insurance Coverage Scheme, with over 40,000 members, and the FAO Basic Medical Insurance Plan, with almost 16,000 users, the fully commercially insured schemes (...) tend to be smaller in size, with an average of 6,353 members.*" (par. 37).

253. At the aggregate level, medical expenses for large populations tend to follow a relatively stable and predictable trend. Because of the low degree of risk volatility, insurers can project future medical costs with a reasonable degree of accuracy, and can set premium rates that minimize the likelihood of loss and maximize the likelihood of profit. Over the long run, engaging a commercial insurer to underwrite health schemes arguably brings no meaningful advantages to WFP.⁵⁸
254. Under a self-insurance arrangement, WFP retains the financial risk of paying the medical expenses incurred by participants in the arrangement without engaging any external underwriter. By removing the commercial contractor's profit margin and underwriting restrictions such as exclusions for specific risks, self-insured schemes provide greater flexibility in setting costs and benefits, leading to efficiencies and savings over time.
255. The current commercial insurance contract will expire in December 2025. Given the high global inflation in medical costs observed in recent years,⁵⁹ it is projected that a renewal of the three commercially insured schemes into 2026 will entail an unavoidable premium increase of no less than 35 percent, from the current USD 60 million per year to a projected USD 82 million per year (USD 79 million to cover costs plus USD 3 million as the insurer's profit margin). The foreseen increase is also related to the high volume of claims paid across the range of WFP's medical insurance plans, particularly the medical scheme applicable to WFP's short-term employees.
256. Rather than renewing a commercial insurance arrangement, beginning in 2026 WFP will adopt a self-insurance approach for all four health benefit schemes. The administration of benefits and claim reimbursements will continue to be outsourced to an externally contracted third-party administrator (TPA) with expertise in providing services such as claims processing, worldwide direct billing arrangements and cost containment solutions.
257. The health self-insurance scheme will be funded from a dedicated special account, the "health self-insurance fund", which will collect monthly premiums and simultaneously replenish the TPA's working capital. As cashflows are likely to fluctuate in the short term, the health self-insurance fund will include a margin sufficient to provide for any occasional shortfalls occurring between monthly premium income and monthly expenses. Such a margin should be equivalent to at least one full month's worth of claims, estimated at USD 7 million.⁶⁰
258. To guarantee the TPA's access to sufficient liquidity to cover all claims as they arise, WFP will set up a working capital fund to be used by the TPA to pay all the benefits claimed by participants. The Secretariat anticipates the working capital's liquidity requirements to be equivalent to three months' worth of claims, thus requiring a one-time advance of USD 23 million to the TPA.

⁵⁸ In 2020, 2021 and 2022 WFP paid higher premiums to the contracted commercial insurer than the insurer ended up paying in medical expenses. While the books for 2023 and 2024 are not yet closed, medical expenses incurred in both years are projected not to exceed the total premiums paid. Therefore, over the last five years, WFP gained no meaningful benefit from being commercially insured.

⁵⁹ Willis Towers Watson. 2023. [2024 Global Medical Trends Survey](#).

⁶⁰ Willis Towers Watson has calculated that claims will range between USD 78 and 84 million for 2026, with USD 78 million representing the statistically most probable amount and USD 84 million the least probable and most catastrophic scenario, which has an estimated probability of 1-in-200-years, or 0.5 percent of the projected scenarios.

259. Insurance premiums will continue to be paid in part by the employer and in part by the employees, in accordance with relevant regulations and United Nations-wide practices. Premiums will not include a commercial insurer's profit margin and will therefore result in more affordable and competitive rates. The health insurance board⁶¹ will ensure regular monitoring of the financial performance and solvency of the health self-insurance schemes, adjudicate the need to adjust premiums in accordance with cost trends, and formulate recommendations on matters associated with efficiency, cost-effectiveness and the long-term sustainability of the schemes.
260. Compared with the two-year renewal of the commercially insured contract at a projected total premium cost of USD 82 million per year, a self-insurance approach is projected to generate savings of up to USD 3 million per year in 95 percent of projected scenarios.
261. By paying the true cost of healthcare incurred by the workforce, WFP will minimize cash outflows and be better positioned to respond to emerging healthcare needs with greater agility and efficiency. Any unspent resources will be reinvested in preventive health programmes, wellness initiatives and expanded coverage, or used to defray projected premium increases. This approach will help reduce the severity of health-related incidents and decrease the likelihood of high-cost medical claims over time.
262. In line with the above, and conforming to the best practice observed in the Joint Inspection Unit's report on health insurance schemes ([JIU/REP/2023/9](#)), WFP proposes to adopt a self-insurance arrangement for all medical schemes starting in January 2026. In line with the above, a one-time allocation of USD 7 million from the unearmarked portion of the General Fund is proposed – to be made before the end of 2025 – as capital for the health self-insurance fund.

⁶¹ See Appendix 18 of the [Executive Director's Circular OED2024/007](#) for the latest composition of the HIB.