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Financial and budgetary matters

For information

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

Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)

The Executive Director is pleased to submit herewith the report of the Advisory Committee on Administrative and Budgetary Questions pertaining to WFP. The report covers the following agenda item:

- WFP strategic plan (2026–2029) (WFP/EB.2/2025/3-B/1)
- WFP corporate results framework (2026–2029) (WFP/EB.2/2025/3-C/1)
- WFP management plan (2026–2028) (WFP/EB.2/2025/5-A/1)
- Report of the External Auditor on findings from field audits (WFP/EB.2/2025/5-B/1)
- WFP management response to the recommendations in the report of the External Auditor on findings from field audits (WFP/EB.2/2025/5-B/1/Add.1)

COPY OF LETTER RECEIVED FROM THE UNITED NATIONS — NEW YORK

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Advisory Committee on
Administrative and Budgetary Questions

6 November 2025

Dear Ms McCain,

Please find attached a copy of the report of the Advisory Committee on your submission of the reports:

WFP Management Plan (2026–2028) (EB.2/2025/5-A/1); WFP Strategic Plan (2026-2029) (EB.2/2025/3-B/1); WFP Corporate Results Framework (2026- 2029) (EB.2/2025/3-C/1); Report of the External Auditor on findings from field audits (EB.2/2025/5-B/1) and WFP management response to the recommendations in report of the External Auditor on findings from field audits (EB.2/2025/5-B/1/Add.1)

I should be grateful if you could arrange for the Advisory Committee's report to be placed before the Executive Board at its forthcoming session, as a complete and separate document. I would appreciate it if a copy of the document could be provided to the Advisory Committee at the earliest possible opportunity.

Yours sincerely,

Juliana Ruas
Chairperson

Ms Cindy H. McCain
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I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered five reports of the World Food Programme (WFP) Secretariat, which are being submitted to the WFP Executive Board second regular session to take place in Rome, Italy, commencing on 17 November 2025. The WFP Management Plan (2026–2028) (EB.2/2025/5-A/1), WFP Strategic Plan (2026–2029) (EB.2/2025/3-B/1), and the WFP Corporate Results Framework (2026–2029) (EB.2/2025/3-C/1) are submitted to the Executive Board for approval; the Report of the External Auditor on findings from field audits (EB.2/2025/5-B/1) and the WFP management response to the recommendations in report of the External Auditor on findings from field audits ((EB.2/2025/5-B/1/Add.1) are submitted for consideration. During the Advisory Committee's consideration of the reports, the Committee met with representatives of the WFP Secretariat and External Auditor, who provided additional information and clarification, concluding with written responses dated 24 October 2025.

II. Documents submitted to the Executive Board for approval

WFP Management Plan (2026–2028)

2. The WFP Management Plan (EB.2/2025/5-A/1) presents a summary of WFP's planned programme of work for 2026–2028 and the budgetary support required to implement that programme in 2026. The report seeks the approval of the Executive Board to make changes to the Financial Regulations. The Management Plan seeks approval for the annual Programme Support and Administrative (PSA) budget, drawdowns from the PSA equalization account and unearmarked portion of the General Fund, setting the standard indirect support cost (ISC) rate, the Immediate Response Account resourcing target level, and for allocating funding to critical corporate initiatives. Furthermore, the Management Plan seeks the approval of the Executive Board for the proposed classification of vertical funds as non-traditional donors, and approval of the 2026 evaluation workplan.

Changes to the Financial Regulations

3. The Executive Board has been requested to approve the proposed amendments to the WFP Financial Regulations as set forth in the proposed text column of annex VII and with immediate effect. Annex VII of the report introduces several important changes to the Financial Regulations, most of which target budget definitions, approval processes, internal controls, and the treatment of appropriations. Some of the major changes proposed are as follows:
 - i) Definitions: Updated and consolidated budget-related terms ("Appropriation," "Appropriation line," "Management Plan," etc.) to improve clarity. Several definitions now more explicitly reference country portfolio budgets and the inclusion of new activities, enhancing alignment with current practice.
 - ii) WFP Budget Structure: The new language in regulations better reflects how country portfolio budgets are incorporated into the overall WFP Budget, making them central to annual financial planning.
 - iii) Management Plan Approval: The process distinguishes between approval of the general WFP Budget and individual country portfolio budgets.
 - iv) Adjustments and Transfers: New financial limits are set for budget adjustments:
 - a) The Executive Director may adjust the Programme Support and Administrative (PSA) budget up to 25% of increased indirect support cost income, or make reductions up to 10% for cost-saving, with anything beyond these requiring Board approval.

- b) Transfers between appropriation lines cannot exceed 5% per financial period unless further board limits are approved.
 - v) Appropriation Handling: Appropriation balances for PSA activities at period-end now revert to the PSA Equalization Account (previously the General Fund).
 - vi) Internal Controls: Payment definitions are clarified so that only unpaid services or goods are processed, barring exceptions for advance/progress payments in contracts
- 4. Upon enquiry, the Advisory Committee was informed that by codifying existing practices and consolidating guidance that was previously dispersed across multiple documents, including past Management Plans, these changes enhance clarity, coherence, and transparency in financial decision-making. According to WFP, while some of the revisions introduce greater flexibility, such as expanded authority for PSA adjustments and transfers across appropriation lines, they do so within a framework that preserves the Executive Board's strategic and budgetary oversight function. The additional flexibility of the Executive Director to adjust the PSA appropriation lines by up to 5 percent, does not allow for spending above the total approved PSA budget, is not sufficient to change the strategic direction of the budget, and supports the Executive Director's accountability for optimizing resources. The Committee was further informed that the changes to the Financial Regulations do not necessitate adjustment to WFP's financial procedures or delegations or authority. However, WFP will continue reviewing related instruments, such as the Financial Rules, which fall under the Executive Director's authority, to determine whether updates are needed following the approval of the revised regulations. In case any updates are made, the Executive Board, the ACABQ and the FAO Finance Committee will be duly informed in accordance with Financial Regulation 2.2.
- 5. The Advisory Committee was further informed that the proposed amendments contribute to the effort to implement recommendations from the External Auditor. As part of the discussions on the proposed changes, there were multiple discussions with various stakeholders including with the External Auditors who provided inputs to the narrative of section 5. However, the proposed changes to the regulations do not represent the entirety of WFP's response to the auditor's recommendations. Following the adoption of these changes, WFP will proceed to update the Financial Rules and take further action as needed to address the remaining recommendations. Once all relevant measures are in place, WFP will follow the established procedure to request closure of the external audit recommendations, supported by evidence of how they have been addressed, not limited to the changes of the Financial Regulations alone. Amendments to the Financial Regulations have been presented through various Executive Board documents for approval. In this instance, the proposed changes are closely linked to the Management Plan and its components. Given that the Management Plan is submitted for Board approval, management considers it the most appropriate and strategic vehicle for presenting these changes to the Executive Board, with a specific decision point on the proposed changes.
- 6. The Advisory Committee was also informed, upon enquiry, that the External Auditor is of the opinion that some of the proposed changes of the Financial Regulations extend beyond the scope of the External Auditor's 10 recommendations aiming at improving WFP's definition of budget to be approved by the Executive Board (see External Auditor's annual report 2024 for FY 2023). WFP should discuss them with the Executive Board separately. In accordance with the External Auditor's audit process, he will provide the next assessment of the implementation status of external audit recommendations - including the ten budget-related recommendations - as part of his 2025 audit report to be presented to the Executive Board at the annual session in June 2026. The External Auditor notes that several budget related External Audit recommendations remain unaddressed (see the annex of the External Auditor's annual report 2025 for FY 2024). In the External Auditor's view, the

recommendations call for a comprehensive review of WFP's budget process and its underlying framework. The External Auditor will continue his discussions with WFP in the coming months.

7. **The Advisory Committee notes that the proposed changes to the WFP Financial Regulations represent a substantial change to the normative framework of its financial management. The Committee is of the view that due consideration for such changes should be presented as a separate report for review by the Executive Board. The Committee further considers that such a report should include input from the External Auditor, along with a complete analysis of the implications of the changes. Therefore, the Committee recommends that the Executive Board defer approval of the changes to the Financial Regulations and instruct WFP administration to present such a report for its consideration.**

Operational requirements

8. The Executive Board is requested to approve the WFP budget of USD 13.0 billion, based on projected operational requirements in 2026. The operational requirements for 2026 are estimated at USD 13.0 billion to assist 110 million people (ibid., para 44). It is indicated that the Organization's planning for 2026 is against a backdrop of 319 million people facing acute food insecurity in the 67 countries where WFP has emergency operations in 2025. The report also indicates that a further 720 million people are estimated to be facing chronic hunger (EB.2/2025/5-A/1, para 2). Approximately 60 percent of the operational requirements outlined in the management plan for 2026 are planned for WFP's ten largest country operations (para 50). Regarding the reduction in the operational requirements from US\$19 billion in 2025 to US\$ 13 billion in 2026, the Committee was informed, upon enquiry, that the decrease is primarily due to a more disciplined application of the calibration guidelines. The guidelines require country offices to develop realistic budgets that consider funding forecasts, delivery capacity, and contextual constraints. This leads to a budget which is resource-informed and not only based on the assessed needs in a country. This drives the sizeable reduction in some of WFP's largest operations (e.g., Afghanistan -31%; Yemen -50%; and Syria -52%) even as needs remain severe. **The Advisory Committee notes the significant impact of the application of the calibration guidelines on the estimation of operational requirements. The Committee recalls it noted the refined planning approach and reiterates its view that more detailed information on the aspects of the calibration guidelines related to the budgetary methodology should be presented in the context of the next report (see also AC/2305, para. 16).**
9. The Advisory Committee requested and received table with trends in revenue and expenses from 2014 to 2025.

**Table 1: Trends in revenue, expenses and surplus/(deficit)
from 2014 to 2024 (rounded figures)**

Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD Q2 2025
Revenue*	5 450	4 765	5 909	6 431	7 368	8 272	8 904	9 602	14 418	9 124	10 373	3 370
Expenses	5 215	4 816	5 368	6 219	6 640	7 613	8 054	8 882	11 448	10 864	9 040	4 140
Surplus (Deficit)	236	(51)	541	212	729	658	850	720	2 970	(1 741)	1 333	(771)
Fund balances	3 591	3 492	3 955	4 054	4 898	5 438	6 431	8 081	10 753	9 256	10 503	9 707
Reserves	331	278	330	380	407	432	411	509	896	659	793	818
Net Assets	3 923	3 771	4 285	4 434	5 306	5 870	6 842	8 590	11 649	9 915	11 296	10 525

* WFP changed its contribution revenue recognition policy in 2016 and restated 2015 comparative period balances. The policy was again changed in 2022 restating 2021 balances

10. The report further indicates that at USD 7.7 billion, the provisional implementation plan for 2026 is approximately 59 percent of operational requirements and reflects a decrease of 20 percent compared with 2025 implementation plan (ibid., figure 3.1). The provisional implementation plan comprises the 2026 global contribution forecast of USD 6.4 billion, the use of net carry-over contribution balances of an estimated USD 1.1 billion, and projected revenue of USD 200 million from WFP's on-demand service provision (ibid., para 52).
11. According to the report, WFP is expecting to receive contributions in the amount of USD 6.4 billion in 2025, reflecting a 34.7 percent reduction from the 2024 confirmed contribution level of USD 9.8 billion. Reflecting the current outlook for the global economy, WFP expects their level of funding to remain at the USD 6.4 billion level annually for the next three years (ibid. para 8). Upon enquiry, the Advisory Committee was informed that as of 7 October 2025, WFP received confirmed contributions of USD 4.9 billion, which is 76 percent of the USD 6.4 billion forecast.
12. Upon enquiry, the Advisory Committee was informed that the rationale for proposing a 20% reduction in the 2026 provisional implementation plan, set at USD 7.7 billion, while operational requirements are lower by 32% at USD 13 billion, lies in the distinction between the two planning approaches. Operational requirements reflect assessed needs, and consider operational constraints and ambitious, but not unrealistic resourcing targets. In contrast, the provisional implementation plan is resource-based, meaning it is shaped by anticipated funding availability. **The Advisory Committee notes that the application of the calibration guidelines has rendered the operational requirements to be resource-informed and not based only on the assessed needs and, in that regard, trusts that further information on the different percentage reductions will be provided to the Executive Board at the time of consideration of the present report.**

13. The Advisory Committee was also informed that as reflected in Table 3.2, the distribution of the 2026 provisional implementation plan by focus area is expected to be similar to 2025 estimates, though with a slight reduction projected in crisis response from 75 to 74 percent of the total. Country offices are expected to face greater, and more immediate, shortfalls in their crisis activities, while resilience and root cause activities will have a longer time horizon to prepare and adjust for any necessary programming shifts according to the latest country resourcing outlook and operational context. **The Advisory Committee trusts that updated information regarding the contributions and the beneficiaries reached through WFP operations in 2026 will be provided to the Executive Board at the time of consideration of the present report.**

Fundraising

14. The report provides information on the growing diversification of the WFP funding base (ibid., paras 15 to 30) and strategies for improving funding flexibility and predictability (ibid., paras 31 to 37). Upon enquiry, the Advisory Committee was informed that WFP has significantly diversified its funding base. The Organization currently engages 113 public donors and a growing private sector network, including nearly 800,000 individual supporters, 105 corporations, 47 foundations, 12 philanthropic organizations, and 5 faith-based entities. For 2025, WFP expects to mobilize USD 300 million from the private sector, with individual giving projected to reach USD 138 million. Partnerships with IFIs and programme countries are expected to mobilize USD 950 million in 2025, with USD 516 million already secured. Overall, WFP's resource mobilization plan has expanded donor diversity, increased funding from non-traditional sources, and leveraged innovative financing, strengthening the Organization's ability to deliver both immediate humanitarian assistance and long-term resilience solutions.
15. **The Advisory Committee notes the reduced contribution forecast for 2026, as well as the revised income estimate of USD 6.4 billion for 2027 onwards. The Advisory Committee encourages WFP to continue efforts to recover and diversify its donor base. The Committee further encourages WFP to exchange information and experiences in that regard with other humanitarian actors.** The Committee discusses matters in relation to the individual fundraising critical corporate initiative in paras 50-53 below.

Programme support and business operations

16. The report provides an overview of the operations budget (ibid, paras: 86-90), components and funding sources (paras: 91-94), management priorities (paras: 95-99) and efficiencies (paras: 100-106). The report presents the 2026 programme support and business operations budget at the level of USD 719.0 million, which represents a decline of 16.1 per cent compared with 2025. (ibid, table 4.1). Upon request, the Advisory Committee was provided with the table below indicating the Programme Support and Business Operations budget for 2025 and 2026 Plan, and actual expenditures as of 30th June 2025.

Table 2

Table 4.1: WFP BUDGET, PROVISIONAL IMPLEMENTATION PLAN					
Year	WFP budget	Provisional implementation plan	Programme support and business operations, 2025 and 2026 (USD million)		
			PSA	CCIs	Trust funds, Special Accounts and Other Funding Sources
2026	13,043	7,700	380.0	38.8	300.2
2025	16,890	8,800	480.0	47.4	890.3
Actuals as of 30/06/2025		3,812	197.5	22.6	549.6

Internal reorganization, and milestones for 2026

17. It is indicated in the report that by 1 May 2025, WFP achieved several key organizational milestones aimed at improving accountability, streamlining leadership, and consolidating structures (ibid., paras 100-106):
 - A. Management accountability framework: A new framework established clear lines of command and clarified leadership roles. The Deputy Executive Director and Chief Operating Officer (DED & COO) now oversees all country directors, supported by regional and assistant executive directors. Regional directors focus on coordination, preparedness, partnerships, and representation, with smaller, specialized teams supporting them.
 - B. One global headquarters model: WFP merged its Rome headquarters and regional bureaux into a single global structure, creating unified functional teams under global leadership. Regional directors now report to the Deputy Executive Director's Office, and technical units from regional bureaux have been integrated into global teams providing consistent, location-independent support to country offices.
 - C. Regional structural realignment: Regional offices now act as geographic hubs hosting regional directors and functional teams. The Johannesburg office will close by the end of 2025, while the Nairobi office expands to cover East and Southern Africa.
18. The report further clarifies by 2026, the planned organizational changes will include:
 - Reduced footprint: Workforce reductions across most functions, especially in headquarters and regional offices.
 - Structural consolidation: Merging or eliminating units and divisions to streamline operations and cut duplication.
 - Shared resources: Pooling administrative and transactional support at division or department levels.
 - Outsourcing/outposting: Relocating certain operational tasks to service centres or regional hubs, and expanding outsourcing for services like IT and fleet management.

- Workforce model adjustments: Introducing flexible contracts and remote work options to lower costs.
 - Enhanced UN collaboration: Increasing joint services, shared infrastructure, and inter-agency agreements to boost efficiency and cost-sharing
19. **The Advisory Committee acknowledges WFP efforts to implement changes aimed at more efficient and effective use of resources. The Committee reiterates its earlier recommendation that information on the efficiency measures adopted by WFP, including the scope, and savings generated, as well as challenges and lessons learned, will be provided to the Executive Board during consideration of the present report and in future reports.(AC/2338, para 40) (see also paras 27 and 31 below on PSA and HR).**
20. On the implementation of the one global headquarters model, the Advisory Committee was informed, upon enquiry, that the regional offices are office locations and do not represent organizational structures/entities. Regional Directors' Offices, each headed by a Regional Director supported by two Senior Advisers and support staff, are located in regional offices. Also located in regional offices are technical teams that are part of global functional teams and report to Functional Directors. These functional positions are based in the regional office (duty station), are co-located with Regional Directors' Offices but are not part of the Regional Directors' office (organization structure). The Regional Director job profile was updated during 2025 to reflect new accountabilities defined in the management accountability framework and continues to be a D2 level role.
21. The Advisory Committee was further informed that the One HQ model continues to evolve with a clear focus on improving integration, mutual accountability, and oversight across all functions. The DED & COO office is establishing coordination mechanisms to ensure 'vertical' alignment of strategy with operations, and 'lateral' alignment across global functions to ensure coherent support to country offices. An interim version of a coordination protocol was completed in July and a final version will be issued in December 2025. These measures are designed to prevent siloed working and enhance collective decision-making. In parallel, work continues on the Management Oversight SOP, which will clarify the technical oversight and quality assurance role of Global HQ functions, and on the Accountability and Oversight Framework. Together, these initiatives will reinforce transparency, governance, and effective assurance across the organization.
22. The Advisory Committee was also informed by the External Auditor that the One Global Headquarters went live on 1 May 2025 with a transition period until 1 January 2026, which is still ongoing. The External Auditor conducted audit visits to two regional offices and three country offices in September 2025 and planned to continue its audit of the restructuring at Global Headquarters in Rome at the end of 2025 and at the beginning of 2026. So far, country offices' staff members reported that the restructuring had not yet affected their everyday work and that they had still reached out to their contacts in the regional office. Regional offices reported that they continued to support country office as before and that many processes and changes were not yet defined. The transition phase is still ongoing, and WFP has not yet defined the processes for oversight in detail. For example, WFP has not yet issued a new Accountability and Oversight Framework, addressing the restructuring. In the view of the External Auditor, joint oversight missions by different functions of regional bureaux represented an important pillar in the internal control system of WFP. The External Auditor considers it important that WFP continue these oversight missions and continue following up on the implementation of open oversight mission recommendations.

23. **The Advisory Committee reiterates its prior recommendation that detailed information and justification on the new proposed structures and accountability framework, the role of functional directors on ensuring oversight and monitoring of compliance of all country offices, and on frameworks to ensure an integrated oversight monitoring, will be provided to the Executive Board (see also AC/2338, para 34).**

Programme support and administrative budget

24. A programme support and administration (PSA) budget of USD 380 million, reflecting a decrease of USD 100 million or 20.8 per cent from 2025, is proposed for the approval of the Executive Board. The report indicates that the Executive Board is requested to appropriate the PSA budget as follows (ibid., paras 107-119, table 4.2):
- Strategic direction and management: USD 94.5 million (USD 15 million or 14% lower than 2025 budget level), this appropriation line represents 25% of the budget and emphasizes leadership across headquarters and field offices, supporting change management, humanitarian diplomacy, global coordination, and risk management;
 - Efficient, effective and evidence-based business services: USD 176.9 million (USD 62.3 million or 26% lower than 2025 budget level), this appropriation line represents 46% of the budget and is focused on enabling operational efficiency and supporting country offices through robust business and support systems;
 - Influential advocacy and communications for effective partnerships and resource mobilization: USD 71.3 million (USD 15.9 million or 18% lower than 2025 budget level), this appropriation line represents 19 % of the budget and strengthens WFP's visibility, partnerships, and funding base through advocacy, strategic communications, and global policy engagement;
 - Robust governance and independent oversight: USD 37.3 million (USD 6.8 million or 15% lower than 2025 budget level), this appropriation line represents 10 % of the budget, while reinforcing transparency and accountability, with the Inspector General and Evaluation Offices accounting for 84% of this line.
25. The budget will be financed through Indirect Support Cost (ISC) income, projected at USD 365 million for 2026, based on the current 6.5 percent ISC rate and a reduced 4 percent rate for specific exceptions. To fully cover the PSA budget, a USD 15 million drawdown from the PSA Equalization Account (PSAEA) will be used, representing less than 5 percent of the account's opening balance.
26. The report indicates that the reduction in PSA budget aligns with the Executive Director's goal to streamline and stabilize expenditures to match lower expected funding, while still supporting a USD 7.7 billion provisional implementation plan. The Advisory Committee was provided with an updated table (A.II.4), upon request with information on the PSA and Baseline budget by organizational level.

Table 3

TABLE A.II.4 PROGRAMME SUPPORT AND ADMINISTRATIVE BUDGET AND BASELINE BUDGET BY ORGANIZATIONAL LEVEL - DEPARTMENT AND DIVISION

Department	Country Offices, Regional Bureaux & HQ Division	PSA	Baseline
Country Offices		55.2	55.2
Headquarters		291.6	490.4
Executive Director and Chief of Staff	Chief Financial Officer	19.7	27.0
	Communications and Media	9.2	9.7
	Ethics Office	1.5	1.5
	Global Privacy Office	1.6	1.6
	Inspector General and Oversight Office	18.5	18.5
	Legal Office	6.2	6.3
	Office of Evaluation	12.7	13.9
	Office of the Executive Director	6.8	6.8
	Office of the Ombudsperson and Mediation Services	1.8	1.8
Executive Director and Chief of Staff Total		77.9	87.1
Deputy Executive Director & Chief Operating Officer (incl. Ros)	Regional Offices	13.7	13.9
	Deputy Executive Director and Chief Operating Officer Front Office	4.7	4.7
	Executive Board Secretariat	5.5	5.5
	Risk Management	5.4	5.7
Deputy Executive Director & Chief Operating Officer (incl. Ros) Total		29.3	29.7
Partnerships & Innovation	Innovation	1.4	1.4
	Partnerships and Innovation Front Office	1.6	1.6
	Private Partnerships	5.1	43.9
	Public Partnerships	18.4	26.6
	New York Global Office	2.9	2.9
	Washington Global Office	3.2	3.2
Partnerships & Innovation Total		32.6	79.5
Programme Operations	Strategic Coordination and Assistant Executive Director Office	5.9	9.5
	Programme	45.9	79.5
	Supply Chain & Delivery	24.5	56.3
Programme Operations Total		76.4	145.4
Workplace & Management	Workplace and Management Front Office	1.8	3.5
	Human Resources	22.9	24.4
	Management Services	18.3	31.6
	Security	8.1	8.9
	Technology	20.6	73.4
	Wellness	3.8	6.8
Workplace & Management Total		75.5	148.7
Central Appropriations		33.1	33.1
Total		380.0	578.7

27. **The Advisory Committee notes that, compared to 2025, the Management Plan for 2026 estimates operational requirements with a 32 per cent reduction; an implementation plan with a 20 per cent reduction; a programme support and business operations budget that reflects a reduction of 16.1 per cent and a programme support and administration budget with a reduction of 20.8 per cent. The Committee trusts that more information on the variance reductions between programme support and business operations budget and the programme support and administration budget will be provided in future reports.**

PSA budget by object of expenditure and level of staffing

28. The report indicates that fixed-term staff costs remain the largest share of the PSA staffing budget, covering international professionals, country directors, and locally recruited staff. Budget calculations use 2024 cost data adjusted for inflation, exchange rate changes, and updated entitlements, resulting in a USD 12.6 million increase over 2025 rates. The largest 2026 budget reduction is in the “other employees” category (consultants and temporary staff), reflecting a planned cut in short-term positions to align staffing with recurring activities. Non-employee costs are projected to decline by 21 percent, mainly in areas like travel,

training, and IT equipment, as part of organization-wide cost containment and spending prioritization. To stay within the USD 380 million PSA budget, total PSA-funded FTE positions will drop by 626 compared with the 2025 level. The share of fixed-term contracts will remain at 81 percent, maintaining alignment between stable funding for core activities and long-term staffing needs. This steady proportion highlights WFP's focus on institutional continuity and operational resilience. Retaining some short-term contracts remains strategically necessary to ensure flexibility and access to specialized expertise as workload levels fluctuate. (ibid., paras 145-149 and tables 4.4 and on page 46). Upon request, the Advisory Committee was provided with the table below, indicating the WFP staff headcount by grade level in the last 4 years

Table 4

WFP Employees

Data as at 31 Dec 2020-2024 and as at 30 Sep 2025

Please note the content of this report is confidential. Please do not share with anyone without the written consent of HRMOI

Staff category includes long and short term

Affiliates includes Csts, SCs, SSAs

African Risk Capacity staff are excluded, as only administered by WFP

Staff on Leave without pay or on Loan or Secondment to another UN agency are excluded.

WFP Employees , by type and Grades	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	30/09/2025
Grand Total	20072	21189	23187	23955	22438	20721
Staff	8371	9954	11968	12812	12322	12067
USG	1	1	1	1	1	1
ASG	5	5	3	3	4	4
D-2	52	54	53	55	57	50
D-1	124	122	124	133	127	134
P-5	329	359	390	405	405	361
P-4	540	723	786	877	880	871
P-3	806	767	853	989	972	943
P-2	196	172	224	283	263	221
P-1	11	6	10	20	14	10
NO-D	10	13	17	15	15	14
NO-C	148	169	184	199	194	195
NO-B	602	658	726	837	861	864
NO-A	676	768	908	1022	1096	1152
G-7	260	313	330	341	319	297
G-6	1365	1605	1912	2090	2087	2089
G-5	1211	1539	1882	1970	1887	1901
G-4	799	1007	1331	1282	1166	1097
G-3	372	466	549	571	472	458
G-2	837	1116	1514	1558	1391	1312
G-1	27	91	171	161	111	93
Affiliates	11412	10790	10641	10736	9759	8376
Other ST (Int, Vol, FWH)	289	445	578	407	357	278

29. Upon enquiry, the Advisory Committee was informed that the Staffing Framework, which established WFP's current contract modalities and parameters, was issued in September 2021 and is in a transition period until the end of 2026. WFP is currently reviewing the Staffing Framework, including the various contract modalities, to ensure that it is fit-for-purpose and continues to meet WFP's changing needs. The review is expected to be completed in 2026. Regarding working arrangements (remote vs in-person), in June of this year the Leadership Team agreed to extend the current hybrid working arrangements through 31 December 2025 in locations where the model has been adopted. All employees in hybrid work locations are expected to be physically present in the workplace at least three days per week. Earlier this year, WFP set out with a working target of reducing about 6,000 positions. Since then, with actuals and planning, WFP is at approximately 5,100. This includes around 1,200 who already left between April and August through natural attrition. It also includes 550 colleagues who have accepted a separation package as part of an agreed separation exercise, 700 short-term and affiliate employees from a reduction exercise, 35 people reaching mandatory retirement, 140 through projected natural attrition, and a projected further reduction of 2,500 positions in country offices.
30. On the consideration of relocations as cost-efficient measures, the Advisory Committee was informed, upon enquiry, that as part of the organizational restructuring, functions have reviewed their global team structures and considered the optimal location to provide support to operations balanced by cost. Some positions will be relocated as a result of this review. In particular, the Management Services Division will move some Global Headquarters (GHQ) consolidated activities outside of Rome, including the relocation of the GHQ Travel Hub to Nairobi in 2026. In general, the relocation of positions is not significant, and is driven more by operational need than by cost. As WFP considers further centralization of services, the location of these services may lead to more position relocations.
31. The Advisory Committee trusts that updated information on the review of the Staffing Framework, including the various contract modalities, as well as on possible relocations will be provided to the Executive Board at the time of consideration of the present report and in the next budget submission.

Indirect support cost rate

32. The report indicates that the Executive Board is requested to approve a standard indirect support cost recovery rate at 6.5 percent for 2026 for all contributions except for such contributions received pursuant to General Rule XIII.4 (e), for which an indirect support cost recovery rate of 4 percent shall apply. According to the management plan, the indirect support cost (ISC) rate is calculated to ensure that the cost of the activities defined in the PSA budget can be fully funded from projected contribution revenue. Assuming a global contribution forecast of USD 6.4 billion for 2026 and an ISC standard rate of 6.5 percent, with exceptions of 4 percent for specific cases as approved by the Board, the ISC income in 2026 will be USD 365 million. The report further clarifies that while USD 365 million in ISC income is less than the proposed PSA budget, an increase in the ISC rate is not necessary as the ISC income earned in previous years and accumulated in the programme support and administrative equalization account, plus the projected new ISC income, are sufficient to cover the projected indirect support costs. The calculated ISC rate is 6.35 percent based on the lower funding forecast and lower indirect expenditures (*ibid.*, para 150 to 153, and table 4.5). The Advisory Committee was also informed by WFP management that with the establishment of the global team structure, the funding model for global headquarters costs may be reviewed. WFP secretariat anticipates discussions with the Executive Board in 2026 as this topic evolves.

33. Upon enquiry, the Advisory Committee was informed that while restructuring and efficiency measures are underway, their impact on overall indirect expenditures is still evolving, and not yet at a level that would warrant a reduction in the ISC rate. According to WFP management, a lower rate at this stage would risk destabilizing the equalization account and compromising the ability to support indirect functions that underpin program delivery. Over the years WFP has been strategically utilizing excess balances in the PSAEA to fund critical corporate initiatives, which are also a form of indirect support, and to fund the immediate response account.
34. **The Advisory Committee notes that projected ISC income is lower than the proposed PSA budget for 2026 and also notes the important investments made by WFP in recent years through its baseline budget, including the CCIs. The Committee considers that routine analysis of ISC methodology using longer-term historical data on actual income and expenditure could enhance its precision, including an assessment of how investments done through baseline budget, in particular CCIs, should also inform methodology on the calculation of ISC. The Committee continues to be of the view that the ISC methodology should be kept under review and relevant information provided to the Executive Board.**

Reserves and fund balances

35. The report indicates that the programme support and administrative equalization account (PSAEA) and the unearmarked portion of the General Fund are projected to have balances of USD 321.2 million and USD 325.4 million, respectively, on 1 January 2026. These projected beginning-of-year balances are above the respective PSAEA target ceiling and the prudent balance of the unearmarked portion of the General Fund. Upon request, the Advisory Committee was provided with the below two tables indicating the balance and movements of the PSAEA account over time. The Executive Board is requested to approve the use of PSAEA to fund shortfall in ISC income of USD 15 million, and allocate USD 78 million to fund two new critical corporate initiatives and reinforce WFP's duty of care to its employees (*ibid.*, paras 154-156, table 4.6) and allocate USD 92 million of the unearmarked portion of the General Fund to the following:
- a) replenish the Immediate Response Account by the amount of USD 25 million to improve the availability of funds for allocations from that account
 - b) replenish the Country Office Safety Net by the amount of USD 25 million to continue to support country offices facing acute financial distress and to expand the scope of the safety net to address unforeseen and urgent costs, such as staff relocation and evacuation, arising from rapidly changing security conditions or incidents, while ensuring that available directed and multilateral contributions remain focused on supporting WFP beneficiaries
 - c) replenish the Emerging Donor Matching Fund by the amount of USD 22 million for the purposes described in section IV.3 of the management plan for 2026–2028; and
 - d) invest the amount of USD 20 million in the individual fundraising model; (*ibid.*, paras 170-172 and table 4.8).

Table 5: PSAEA movements from 2012 to 2025

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Opening balance	114.4	102.8	121.3	189.8	138.3	212.5	256.8	247.1	249.5	231.6	364.0	634.6	401.5	457.1
Open PSA Purchase Orders														(22.8)
Change in accounting policy					(14.8)					37.4				
Approved EB allocations	(21.6)	(20.0)	(9.2)	(37.2)	(20.0)	(13.5)	(65.6)	(77.3)	(47.7)	(32.2)	(101.8)	(200.5)	(63.5)	(3.9)
Transfer to IRA				(50.0)		(15.0)	(44.0)		(52.5)					
Repayments of unspent balance for EB allocations	3.5	1.9	1.7	2.3	0.2	0.4	0.6	0.1		0.2		0.9		
Surplus/ (deficit) of ISC revenue from PSA expense	6.5	36.6	76.0	33.4	108.8	72.5	99.3	79.6	82.3	127.0	372.4	(33.5)	119.1	(109.2)
Closing balance	102.8	121.3	189.8	138.3	212.5	256.8	247.1	249.5	231.6	364.0	634.6	401.5	457.1	321.2

Table 6: Level of PSAEA balance vis-à-vis the target level of 5 months of PSA expenditure from 2012 to 2024.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Closing balance	103	121	190	138	212	257	247	250	232	364	635	402	457
Target Level (5 months)	104	104	117	117	121	140	140	161	177	185	207	240	220

36. The Executive Board is also requested to take note of the repurposing of up to USD \$97.5 million of the Employee Benefit Fund surplus to support workforce management costs, including separation payments and salaries of unassigned staff (ibid. paras 195-197). Upon enquiry, the Advisory Committee was informed that as of 30 June 2025, the Employee Benefit Fund held total assets of USD 1,438.0 million against long term employee liabilities of USD 1,025.8 million, yielding a surplus of USD 412.2 million. This reflects a coverage ratio of 140%, driven by a strong investment performance and continued funding of service costs. WFP now proposes to repurpose USD 97.5 million of this surplus to cover workforce management costs related to downsizing, including separation payments, salaries of unassigned staff in 2026 and administrative costs. According to WFP management, out of the total USD 97.5 million allocated, USD 3.5 million is earmarked for HR and Legal administration expenses associated with the downsizing process, USD 60 million to fund unassigned staff and USD 32 million on separation payments. **The Advisory Committee notes that USD 60 million are projected to be expensed to fund unassigned staff and reiterates its recent observation on the recommendation of the External Auditor regarding the number of unassigned staff in WFP and trusts that updated information on the mitigation measures will be provided to the Executive Board (AC/2338, para 17).**

37. Upon enquiry, the Advisory Committee was informed the proposed use of the PSAEA is to fund the PSA deficit and to fund other activities that are indirect in nature, e.g. critical corporate initiatives and activities in support of the wellness policy. The unearmarked portion of the General Fund is not funded by Indirect Support Cost (ISC) income, but rather by investment income, primarily interest earned on WFP's cash balances and foreign exchange gains from treasury operations. Three of the four proposed uses of the unearmarked portion of the General Fund will support direct programmatic delivery. For example, the Immediate Response Account, Country Office Safety Net and the Emerging Donor Matching Fund all flow into Country Strategic Plans (CSPs) to cover direct costs. This ensures that indirect resources are not used to fund direct programmatic delivery costs, thus maintaining a clear and transparent separation between indirect and direct cost categories. The fourth use is specifically linked to the generation of private sector funding raising, with proposed investment of USD \$20 million in the individual fundraising model.
38. The Committee was further informed that regarding the Employee Benefit Fund, it was built through charges to the Standard Position Cost, which is applied to all funding sources—direct and indirect. At the start of each budget cycle, WFP calculates standard staff cost rates for each grade level based on the previous year's actual costs, adjusted for inflation, exchange rate fluctuations, and other anticipated changes. The standard position cost variance observed over the past decade has been attributed primarily to overestimating of inflation and under-estimating exchange rate impacts. Specifically, the inflation projections used to calculate standard rates did not fully materialize—either in increases in the salary scales, the post-adjustments, or entitlements—or were partially mitigated by a stronger US dollar. The separation costs covered by the repurposing of the Employee Benefit Fund excess will be used for international professional and global headquarter general service staff. As the downsizing, and therefore separations, is needed for both operational (direct) and program support and administrative activities (indirect), the integrity of the direct/indirect cost delineation is preserved. **The Advisory Committee trusts that WFP will make efforts to ensure and monitor its actions so that there is no cross-subsidizing of indirect activities from direct programme resources.**

Replenishment of the wellness special account

39. The report indicates that WFP management is requesting the Executive Board to approve the replenishment of the Wellness fund in the amount of USD 8 million from the PSAEA account. The transfer will implement WFP's 2025–2030 wellness strategy, emphasizing staff wellbeing as vital to operational resilience. The wellness special account, created in 2015, has received USD 40 million to date, with USD 37 million already directed to field projects and the remaining balance expected to be used by late 2025.. The new funding will expand access to health and mental health services, strengthen team and leadership capacity for a healthy workplace culture, and enhance working and living environments through safety, inclusion, and infrastructure initiatives. (ibid., paras 157-158).

Critical Corporate Initiatives

40. The Executive Board is requested to approve the transfer of USD 70 million from the PSAEA account in support of two new critical corporate initiatives (CCI). The corresponding amounts for approval are: i) WFP Digital Business Transformation (2025-2028) (USD 60.0 million): This is a new CCI aimed at transforming WFP's digital ecosystem to better support its mission; ii) Global Shared Services Strategy (2026-2028) (USD 10 million): This is a new CCI with goal to develop a corporate shared services strategy;. (ibid, paras 159-169, Annex III- Concept Notes). For on-going CCIs, Annex III, Table A.III.1(a) presents the unaudited cumulative expenditures since their inception up to 30 June 2025. The table also includes projected expenditures for the second half of 2025, as well as for 2026 and beyond. Upon request, the

Advisory Committee was provided with the tables below that indicate the CCI budget since 2021 and CCI expenditures as at 21 October 2025.

Table 7: CCI budget overview for CCIs approved between 2021 – 2026

Critical Corporate Initiative	Total approved budget	CCI budget overview (for CCIs approved between 2021-2026), USD million									
		Expenditures: 2021-2025					Budget: 2026 and beyond				
		2021	2022	2023	2024	2025*	2026	2027-2028	Total 2026 and beyond	Less: previously approved and carry over from 2025	Requested new funding
Private sector strategy	39.2	22.1	17.1								
Termination indemnity fund	10.0	0.1	0.9	0.2	1.5	7.3					
Investing in WFP People	79.3		20.2	28.0	20.4	10.7					
Strategic Plan and CRF Implementation	29.0		1.6	10.6	14.3	2.5					
COSMOS	6.2			2.0	2.5	1.7					
UNSDG Efficiency Roadmap	13.4			5.6	5.2	2.6					
Corporate Process Optimization	21.0				10.9	10.1					
Fit-for-Future in a Changed Funding Landscape	7.9				6.1	1.8					
Monitoring, IDM and Traceability	26.7				12.2	13.5	1.0	-	1.0	1.0	-
IPSAS implementation	5.1					2.0	3.1	-	3.1	3.1	-
Duty of care and inclusion	5.1					2.3	2.8	-	2.8	2.8	-
Digital integration and modernization	11.0					7.4	3.6	-	3.6	3.6	-
Positioning WFP to unlock diverse funding	5.1					1.7	2.3	1.1	3.4	3.4	-
Implementation of global shared services strategy	10.0						3.3	6.7	10.0	-	10.0
WFP digital business transformation plan	80.0						22.8	57.2	80.0	-	80.0
TOTAL	349.0	22.2	39.8	46.4	73.1	63.6	38.9	65.0	103.9	13.9	90.0

* Projected expenditures for 2025

Table 8: CCI expenditure report by cost item (as at 21st of October 2025)

CCI expenditure report by Cost Item as at 21st of Oct'2025*													
CCI name	Approved budget	Timeframe**	Staff Cost	Consultancy	Travel	Training, meetings and workshops	Rent, Utilities and Supplies	Communications and IT Services and Equipment	Services from and contributions to other UN entities	Commercial Consultancy Services	Other	Grand Total***	
Private Sector Strategy	39.2	2021-2022	-	-	-	-	3.9	4.4	-	7.1	23.9	39.2	
Termination Indemnity Fund	10.0	2021-2025	3.8	-	-	-	0.0	0.0	-	-	0.9	4.8	
Investing in WFP People	79.3	2022-2025	32.2	15.9	7.3	5.5	3.4	1.4	0.3	8.9	1.8	76.6	
SP CRF Implementation	29.0	2022-2025	4.3	7.9	1.6	0.4	0.0	6.3	0.1	7.3	0.8	28.7	
COSMOS	6.2	2023-2025	2.6	2.0	0.2	0.0	0.0	0.1	0.0	0.2	0.3	5.4	
UNSDG Efficiency Roadmap	13.4	2023-2025	2.4	3.6	0.9	0.1	0.0	1.1	0.2	1.7	3.0	13.0	
Corporate process optimization	21.0	2024-2025	2.8	2.7	0.3	0.1	0.4	2.6	0.1	11.5	0.5	20.9	
Fit for future in a changed funding landscape	7.9	2024-2025	3.4	2.0	0.3	0.0	0.2	0.7	0.0	0.6	0.5	7.7	
Monitoring, Identity Management and Traceability	26.7	2024-2026	5.3	5.6	0.8	0.1	0.0	2.9	0.0	6.0	0.9	21.7	
IPSAS implementation	5.1	2025-2026	0.8	0.4	-	-	-	0.1	-	0.3	-	1.5	
Duty of care and inclusion	5.1	2025-2026	0.6	0.3	0.0	0.1	0.1	0.5	-	0.1	0.4	2.1	
Digital integration and modernization	11.0	2025-2026	0.1	0.6	0.0	-	-	3.1	-	1.2	0.9	6.0	
Positioning WFP to unlock diverse funding	5.1	2025-2027	0.6	0.3	0.1	0.0	0.0	0.0	0.1	0.0	0.0	1.3	
Grand Total	259.0		59.0	41.3	11.5	6.3	8.1	23.2	0.8	44.8	33.9	228.8	
*Includes open commitments for 2025													
** Timeframe considers subsequent approved extensions													
*** Total expenditures are different from the first table, as 2025 expenditures and commitments here are as of 21.10.2025, while figures in the first table consider 2025 total projected expenditures													

41. Upon enquiry, the Advisory Committee was informed that in anticipation of the UN80, initiative and to ensure WFP is ready to offer and receive services or merge service provision with other UN agencies, WFP is shaping its processes and costing principles to a shared service model. The UN System Mobility is a major result of the CCI on UNSDG Efficiency Gains funding. The WFP passenger transportation service of the UN System Booking Hub is now a leading UNSDG-prioritized Global Shared Service, established in 2019 for WFP and today serving 20 UN entities, across 115 countries, and having managed 2 million passenger requests in 2025. It generated over USD 8 million in savings in 2024 alone, with the potential to grow to USD 10 million in 2026, through process automation. In 2025, increased

ridesharing and carpooling were rolled out, allowing 53 countries to join forces with more than 300 UN entities. CCI funding also supported the expansion of carpooling to armored vehicles thus addressing a compelling need of entities to leverage existing expensive armoured vehicles already part of fleets of large entities.

42. The Committee was further informed that the CCI for Global Shared Services was designed for internal WFP shared services that could be centralized and standardized to deliver more cost effective administrative services within WFP. During the development of this CCI, the UN80 reform began to take shape and the drive for UN common services accelerated. In light of this, the activities within the CCI may shift over the three-year period, depending upon the trajectory of common services. The CCI focuses therefore on WFP internal shared services recognizing that foundational work is needed to align our internal processes and procedures in anticipation of the UN 80. The funds will address critical internal processes, such as re-engineering, digitalization of manual activities, and system simplification and integration needed to enhance WFP's efficiency and productivity, ensuring it is better placed to not only offer but also receive enabling common services.
43. Upon enquiry, the Advisory Committee was informed that in response to the Secretary-General's call for "an irreversible switch to Shared Services", WFP already has in place various workstreams to move its organizational processes towards a global shared services paradigm. The current CCI, Implementation of Global Shared Services (GSS) Strategy, is addressing three prioritized GSS workstream to further advance WFP GSS strategy: 1) Global Travel Arrangement, 2) Payroll, 3) Centralized IT Service Desk. Throughout 2026, foundational work will include mapping current processes, defining the new operating models, drafting policy and procedure updates, and engaging stakeholders through working groups and pilots, ahead of the initiative rollout and measurable returns in 2027 and beyond. Depending on the outcome of the business case for each prioritized process, WFP may leverage existing centralized service locations. A location and transition plan will be prepared, together with a business case detailing staffing needs, technology and other infrastructure investments as well as a cost recovery and service delivery model. The staffing levels and location of service teams may be revised in line with operational needs as the processes are tried and tested.
44. **The Advisory Committee reiterates its past observation that updated performance information on the CCIs should be provided to the Executive Board at the time of consideration of the present report (AC/2234, para 32). The Committee notes the indication that, where WFP becomes a service provider for UN common services, these will be accounted for through special accounts or service provision activities within country strategic plans (see para 60 below). The Committee underscores the importance of enhanced transparency on cost-recovery income and expenses and trusts that additional information in that regard will be provided in future reports.**

Replenishment of the Immediate Response Account (IRA)

45. The report indicates that WFP management is requesting the Executive Board to approve the replenishment of the Immediate Response Account in the amount of USD 25 million from the unearmarked portion of the General Fund. The transfer will improve the availability of funds in the first quarter of 2026 while WFP continues to engage with donors to replenish the IRA (ibid., paras 173-175).

Country office safety net

46. The Executive Board is requested to approve an allocation of USD 25 million from the unearmarked portion of the General Fund to support country offices facing acute financial distress and to expand the scope of the safety net to address unforeseen and urgent costs, such as staff relocation and evacuation, arising from rapidly changing security conditions or incidents. The Executive Board had allocated USD 85 million from the unearmarked portion of the General Fund for 2024–2026 to create a “country office safety net” to help offices adjust to reduced funding while maintaining programme quality, assurance standards, and readiness to respond to crises. An additional USD 40 million was approved in 2025 to sustain support during downsizing. By July 2025, USD 69.8 million had been allocated for these purposes, also covering unplanned costs from security incidents. WFP proposes expanding the safety net’s scope to include unforeseen costs and the annual replenishment of the contingency evaluation fund. With contributions projected to stabilize at USD 6.4 billion annually but country-level funding fluctuating, the safety net remains a fall-back option for offices in acute financial distress (*ibid.*, paras 176– 180). Upon request, the Advisory Committee was provided with the table below indicating the utilization and balances of the funds of the Country Office Safety Net initiative as of 16 September 2025:

Table 9

CO Safety Net	Expenditures		Total	%
	2024	2025		
Assurance plan support	28.2	2.4	30.6	43%
Work force realignment (<i>incl indemnities</i>)	14.9	3.8	18.7	26%
Fixed costs	13.4	3.5	16.9	24%
Other	3.8	0.9	4.8	7%
Total	60.3	10.6	70.9	
EB approved	85	40	125	
Balance	24.7	29.4	54.1	

47. Upon enquiry, the Advisory Committee was informed that out of the total USD 125 million (USD 85million + USD 40million) approved by the Executive Board, USD 70.9 million has been allocated across 40 Country Offices. Of this amount:
- 43% (USD 30.6 million) supported reassurance action plans, including initiatives in identity management, targeting, and data quality.
 - 26% (USD 18.7 million) was directed toward organizational realignments, primarily covering staffing reduction costs.
 - 24% (USD 16.9 million) covered bridging costs for cooperating partners and sustained fixed operational expenses such as rent and utilities.
 - 7% (USD 4.8 million) supported other measures to maintain office operations.
48. The remaining USD 54.1 million is expected to be utilized by early 2026, primarily to cover staff indemnities as Country Offices continue the right-sizing efforts, and support Country Offices in addressing structural cost deficits.. Upon request, the Advisory Committee was provided with the tables below indicating the expenditures related to separation and related actions.

Table 10

The table below shows 2024 actual expenditures incurred for Separation costs, including special measures and approved agreed separation payments

		USD Millions	Funding source
Special Measure	CO Staff (Local Staff)	14.5	Accrual, CCI, CO Safety Net, CSPs
	Global HQ (Local Staff)	0.5	Accrual
	Total	15	
Agreed Separation	CO (Local Staff)	3.5	Accrual, CCI, CO Safety Net, CSPs
	Global HQ (IP and Local) and CO (IP Staff)	7.1	Accrual, UGF
	Total	10.6	
2024 Total		25.6	

The table below shows 2025 actual expenditures incurred for special measures as of 21 October 2025 and planned agreed separation payments

		USD Millions	Funding source
Special Measure	CO Staff (Local Staff)	5.2	Accrual, CCI, CO Safety Net, CSPs
	Global HQ (Local Staff)	0.1	Accrual
	Total	5.3	
Agreed Separation	CO (Local Staff)	15.5	UGF/PSAEA, CCI
	Global HQ (IP and Local) and CO (IP Staff)	20.4	UGF/PSAEA
	Total	35.9	
2025 Total		41.2	

Replenishment of the Emerging Donor Matching Fund

49. The report indicates that WFP management is requesting the Executive Board to approve the replenishment of the Emerging Donor Matching Fund (EDMF) in the amount of USD 22 million from the unearmarked portion of the General Fund. The EDMF, established in 2003 to help national governments meet their commitments to the WFP, began with USD 47.5 million which was depleted by 2016. It was replenished with USD 30 million in both 2018 and 2022, with annual allocations capped at USD 10 million and USD 1.5 million per country. The balance at the end of 2025 is expected to be USD 8 million for 2026 allocations. Since inception, EDMF has provided enabling resources for contributions that might not otherwise have been available, supporting technical assistance, crisis response plans, and multi-year cooperation agreements. Between 2019 and 2021, USD 18.4 million in allocations mobilized USD 29.5 million in bilateral contributions (1.6:1 return), while from 2022 onwards USD 31 million mobilized USD 56 million (~2:1 return). WFP projects a 3:1 return by 2026–2028 with plans to expand fund use to more programme country engagements. WFP proposes broadening eligibility criteria so EDMF can match contributions from selected vertical funds, which are aimed at underserved regions but often do not meet the full cost recovery requirements of WFP. If approved, this could unlock up to USD 170 million in new financing over three years, enhancing large-scale operations in fragile, food-insecure settings (ibid., paras 181-186).

Individual Fundraising model

50. It is indicated in the report that WFP management is requesting the Executive Board to allocate USD 20 million in the individual fundraising model from the unearmarked portion of the General Fund (ibid., paras 187-189). Annex IV of the report further outlines WFP's strategic investment plan to enhance individual fundraising from 2025 to 2030, seeking USD 20 million for 2026 as part of a total USD 100 million multi-year investment. This investment is aimed at diversifying WFP's donor base and increasing flexible funding, which is crucial amid rising humanitarian needs and declining government funding. In 2025, fundraising efforts were on track to achieve USD 138 million, with high returns from regular givers who provide sustained income. The strategy includes expanding digital and offline channels, enhancing partnerships, and scaling up engagement with philanthropists.
51. Upon enquiry, the Advisory Committee was informed that WFP's individual fundraising model comprises various funding sources throughout the year. Under this model, WFP is permitted to retain up to 29% of contributions for reinvestment in further fundraising initiatives. These investments were funded through:
 - Critical Corporate Initiative (CCI): USD 52M (2020-2022)
 - Capital Budgeting Facility (CBF) : USD 29M (approved in 2020)
 - General Fund: USD 20M approved for 2024 and 2025, with 99% utilized in Q3 2025
 - Retained Income (generated through the retained income of up to 29%) that is a key lever of the investment model.
52. According to WFP management, from January to September 2025 USD 33.6 million had been expended. The majority of this has gone towards strategic engagement activities, with a smaller portion supporting operational maintenance. The Individual Fundraising team is on track to generate over USD 138 million by the end of 2025. With continued investment, projections indicate cumulative income could reach USD 1.3 billion by 2030, with a total Return On Investment of 4:1. Some of the highlights from the programme are as follows:
 - Income of over USD 600 million from 2020 - 2025
 - Historical return on ad spend (ROAS) has shown a minimum return of around 3:1 over a three-year period.
 - Q2 2025 ROAS was 2.7:1, with some campaigns exceeding expectations.
 - Regular givers recruited in 2021-2022 have shown an average lifetime value of USD 423, compared to USD 100 for single-gift donors.
53. The Advisory Committee was informed by WFP management that the assumptions underpinning the return on investment have been benchmarked against advertising industry standards. The projections are supported by robust KPIs, including donor acquisition and retention metrics, cost-income ratios, and projected sustainable income. The performance of the individual fundraising programme is benchmarked against industry standards, drawing on data from the International Fundraising Leadership (IFL) Forum. This includes comparative performance across 18 peer organizations such as UNICEF and UNHCR, and highlights WFP's strong growth trajectory despite being a late entrant. **The Advisory Committee notes the information provided on this initiative. The Committee also notes that different sources of funding have been used over time to finance investments in private sector fundraising. The Committee encourages WFP to provide detailed business case information on a regular basis to the Executive Board, including on clear performance indicators, expenditure information and rate of return of such investments.**

Classification of vertical funds

54. The report indicates that WFP management is requesting the Executive Board to approve the classification of the vertical funds identified in paragraphs 28 through 30 of section II of the Management Plan for 2026–2028 as non-traditional donors for the purposes of application of WFP General Rule XIII.4 (c). (ibid., para 29). As outlined in annex IX of the report, the classification proposal from WFP management aims to improve WFP's access to vertical funds—specialized climate finance mechanisms like the Adaptation Fund and Green Climate Fund—particularly for fragile and conflict-affected settings. The proposal focuses on overcoming internal challenges, mainly WFP's full cost recovery model, which currently limits the organization's ability to receive these funds. The proposed classification of vertical funds as non-traditional donors under General Rule XIII.4(c), would allow for full operational and support costs to be covered by other donors or the WFP Fund. Upon enquiry the Advisory Committee was informed that the classification of vertical funds as non-traditional donors does not affect the indirect support cost treatment of other UN-managed funds. Twinning under this approach will be limited to the vertical funds defined in the Management Plan. **The Advisory Committee notes the efforts by WFP to improve its access to vertical funds. The Committee trusts that in a scenario of reduced resources across the systems, the important role vertical funds can play as non-traditional, flexible source of income. The Committee further trusts that the UN system organizations will share best practices and coordinate on cost-recovery approaches to optimize the use of vertical funds.**

Immediate Response Account resourcing target

55. The report indicates that WFP management is requesting approval from the Executive Board to maintain the Immediate Response Account (IRA) resourcing target level at USD 400 million for 2026, in line with the 2025 level (ibid., paras 38-41). Under Financial Regulation 4.3, the Executive Board establishes an IRA target level for a financial period. The IRA is WFP's reserve for the immediate allocation of flexible, replenishable, revolving multilateral funding. The report clarifies that the annual IRA target does not represent a commitment from Member States but serves as a signal for resource mobilization. The target level should be maintained by direct contributions from donors and, when possible, the repayment of advances made to eligible operations or activities.

Evaluation function workplan and priorities for 2026–2028

56. The Executive Board is requested to approve the evaluation function workplan and priorities for 2026–2028. Annex VIII of the report outlines the consolidation of WFP's evaluation function to enhance efficiency and better support evidence-based decision-making at country offices. The workplan focuses on delivering independent, credible, and useful evaluations across strategic, policy, and emergency response areas while prioritizing relevant evaluations such as country strategic plans. The workplan also details budgeting and staffing reductions aligned with broader organizational changes and funding constraints, emphasizing sustaining evaluation quality and coverage despite resource cuts. Upon enquiry, the Advisory Committee was informed that WFP programmes are subject to periodic independent evaluations. This includes Country Strategic Plan (CSP) centralized evaluations which, among other criteria, look at the effectiveness and sustainability of WFP activities. Country offices also commission and manage decentralized evaluations focusing on specific activities or themes. **The Advisory Committee emphasizes the vital role of the evaluation function in promoting organization wide learning and trusts that updated information on the impact of the new workplan will be provided in future reports.**

WFP Strategic Plan (2026-2029)

57. The report (EB.2/2025/3-B/1) submitted to the Executive Board for approval, outlines WFP's response to the radical challenges facing the organization and the humanitarian community, setting out how it will increase its focus and integration in this new global landscape. The document indicates that WFP reaffirms its commitment to ending global hunger by prioritizing the needs of affected people and focusing resources where it can have the most impact. The Plan defines three key strategic outcomes: effective emergency preparedness and response, reduced needs and enhanced resilience to shocks, and enabled government and partner programmes.
58. Upon enquiry, the Advisory Committee was informed that WFP's Strategic Plan (2026-2029) reflects a deliberate re-calibration of work, in line with the imperative to pursue impact at scale in a context where needs increasingly outpace available resources. The plan prioritizes focus and quality over breadth and quantity, leveraging WFP's comparative advantages to deliver more targeted and effective outcomes. Structurally, the plan includes three strategic outcomes, compared to five in the current strategic plan (2022-2025), signaling a more streamlined and integrated approach.
 - a) Strategic Outcome 1 maintains WFP's priority as delivering principled, rapid, and scalable emergency response to acute food insecurity and preventing famines. It places renewed emphasis on humanitarian diplomacy, preparedness, and anticipatory action, while explicitly highlighting WFP's strengths in supply chain, data analytics, and bridging emergency response with systems strengthening.
 - b) Strategic Outcome 2 introduces a significant pivot. This outcome focuses on reducing and averting humanitarian needs. It prioritizes geographic areas with protracted or recurrent crises and promotes the layering, sequencing and integration of relief activities with self-reliance and resilience-building programmes and partnerships, recognizing the unsustainability of recurring emergency assistance.
 - c) Strategic Outcome 3 is dedicated to WFP's support to governments and partners, particularly in strengthening national safety nets, enabling school meals, and delivering efficient mandated and on-demand services
59. The Committee was also informed that the strategic plan introduces clear areas of de-emphasis, in line with WFP's comparative advantage. These include livestock, food production inputs, energy, engineering, digital education, and software development for governments. Additionally, WFP will transition away from small-scale projects, reaffirming its commitment to scalable impact.
60. The Advisory Committee was further informed that WFP's future strategic plan is closely aligned with the principles of ongoing system-wide initiatives and reforms that pursue simplification, coherence, and system-wide efficiency. The final version will reflect the latest input from the Secretary General's Shifting Paradigms report, which called for an "irreversible shift towards global shared services", noting WFP's active contribution as a UN80 task force member and a key contributor to the new humanitarian compact. In particular, WFP has been engaged as co-lead in the plans to "make supply chains work as one" and to "scale up common services", leveraging its expertise to deliver costed services in collaboration with other capable agencies. Where WFP becomes a service provider for UN common services, these will be accounted for through special accounts or service provision activities within country strategic plans as is the case with our current delivery of common shared services such as the UN Humanitarian Response Depot and UN Humanitarian Air Services. WFP is co-leading the HLCM UN Services Hub S5 initiative, for the creation of a one-stop-shop for mature Global Shares Services to create awareness of available inter-agency services, provide information on the different deliveries including costs and Service Level

Agreements, and foster service adoption through the principle of mutual recognition. WFP is also co-leading the HLCM “Integrated Supply Chain” S2 initiative where agencies with proven strengths will deliver on behalf of the system, so they can extend their unique expertise system-wide, and other agencies can outsource where it makes sense, in areas such as procurement, freight, and in-country logistics.

61. **The Advisory Committee notes that the WFP Strategic Plans do not generally have direct financial implications, however the document will guide budget planning, formulation and implementation for WFP over a four-year period in respect of both operational requirements and the programme support and administrative budget. The Committee also notes the efforts of WFP to address the challenges facing the humanitarian sector and trusts that further information will be provided in future reports.**

WFP Corporate Results Framework (2026-2029)

62. The report (EB.2/2025/3-C/1) submitted to the Executive Board for approval, outlines what WFP aims to achieve (its programme outcomes, outputs, activities and cross-cutting priorities) and how these results will be achieved through strategic plan “enablers”, management results and associated outputs. The Corporate Results Framework (CRF) is the WFP’s key tool for tracking and reporting progress toward its strategic goals, covering both programmatic results and management performance. The 2026–2029 CRF is closely aligned with WFP’s Strategic Plan and the broader humanitarian reset, emphasizing high-quality, simplified, and results-based management in response to previous evaluations. It builds on three Strategic Outcomes and introduces a clearer structure that separates global monitoring indicators from country-level programme management indicators. Global indicators provide evidence for WFP’s achievements, enable data aggregation, guide strategic decisions, and support consistent Annual Performance Reports for stakeholders. Country indicators help teams design, manage, and adapt programmes, enhance accountability to affected populations, and maintain continuity with previous frameworks for trend analysis. The CRF also incorporates impact indicators harmonized with other UN agencies, aligning with the quadrennial comprehensive policy review’s focus on results.

III. Documents submitted to the Executive Board for consideration

Report of the External Auditor on findings from field audits

63. The report (EB.2/2025/5-B/1) submitted to the Executive Board for consideration, indicates that in 2024 and January 2025, the External Auditor conducted seven audit visits to six country offices and one regional bureau and issued 105 new recommendations. The recommendations mainly concerned the areas of cooperating partner management, finance and management (ibid., figure 3.2) . Upon enquiry the Advisory Committee was informed by the External Auditor that country offices and regional offices have implemented 78.7 percent of recommendations resulting from audit visits as per the Summary Field Report 2024. The External Auditor holds that this is a good implementation rate. The recurrence of similar audit findings across country offices over successive years indicates that WFP does not use the External Auditor’s recommendations to identify cross-cutting issues and to investigate whether other country offices might show similar weaknesses that need to be resolved. If the External Auditor finds the same issue in several country offices over successive years, the External Auditor considers it a systemic issue. The External Auditor is of the opinion that tighter oversight and training by Headquarters is needed for better compliance of country offices with corporate rules and regulations.

64. Lastly, the Advisory Committee was informed upon enquiry, that the External Auditor is of the opinion that there are various reasons why country offices do not adhere to corporate guidance. It might be lack of training, lack of understanding, the substantial amount of corporate guidance documents, inconsistencies across documents or country offices might have established their own processes before corporate guidance was issued and have not changed the processes due to practical reasons or because they think that their way works better. Guidance is developed by Headquarters. The External Auditor therefore holds that more support is needed from Headquarters to ensure that country offices are aware of new and updated guidance. At the same time, Headquarters should take feedback from country offices into account to improve their guidance. Oversight by management at country office level but also at Headquarters level is needed to ensure compliance and identify problems, inefficiencies and gaps in corporate guidance.
65. **The Advisory Committee notes with appreciation the work of the External Auditor in highlighting the issues faced by WFP field operations. The Committee reiterates its view that field-oriented organizations such as WFP should ensure that front-line staff receive the highest level of support and are held accountable within their delegation of authority framework. The Committee trusts that the Executive Director will ensure the timely implementation of the recommendations of the External Auditor. The Committee reaffirms that the findings presented annually by the External Auditor in its audit reports constitute an essential pillar of the WFP's oversight framework, and represent a valuable tool to improve the management, efficiency and effectiveness of the Organisation. The Committee is of the view that the endorsement of audit recommendations by the Executive Board would provide firm guidance to WFP in that regard (AC/2338, para. 9).**

WFP management response to the recommendations in report of the External Auditor on findings from field audits

66. The report (EB.2/2025/5-B/1/Add.1) submitted to the Executive Board for consideration, describes WFP management's response to the findings of the External Auditor in their field visit. Upon enquiry, the Advisory Committee was informed by WFP management that the External Auditor did not indicate any irregularities or evidence of malpractice in their report. While some of the issues identified are similar to those noted in previous audits covering a different set of country offices and regional offices, this reflects patterns of recurring challenges rather than organization-wide irregularities. The introduction of the Global Assurance Framework has been an important step in enhancing oversight and consistency across six main assurance areas. However, there was a transitional period between the initial design of the framework and assurance standards – at the outset of the assurance project – and the subsequent issuance of detailed operational guidance by the relevant functions. Some of the audit findings reflect this timing gap, as they relate to activities undertaken before the guidance and standards were fully rolled out. With most of the detailed guidance now issued and operationalized, WFP expects future audits to show improvements in compliance and a reduction in recurrent findings. **The Advisory Committee trusts that efforts to address the External Auditor recommendations will be provided in future reports.**