



Chief Financial Officer Division (CFO)



Informal Consultation on amendments to the Financial Regulations

20 January 2026

Objectives of the proposed Amendments

- ✓ **Consolidate budgetary policy for greater comprehensiveness**
- ✓ **Reduce the number of Management Plan decisions**
- ✓ **Resolve potential conflicting regulations**
- ✓ **Address external auditors' recommendations**

GENERAL REGULATIONS

GENERAL RULES

FINANCIAL REGULATIONS

RULES OF PROCEDURE
OF THE EXECUTIVE BOARD



Process followed

- Conducted **comprehensive review** of budget-related Financial Regulations
 - Identified missing elements to be incorporated
 - Assessed elements to address the EA recommendations
 - Reviewed elements beyond the EA recommendations that were not clear or fit for purpose
 - Reviewed elements that needed to better reflect our operational nature
- Review of practices across other agencies including **JIU review** of Budgeting in UN organizations
- Various **internal consultations** across WFP (implications with programme, budgeting, finance)
- Informal discussions with some **EB members** (Dec 2024, Jan, Apr, May, Jul 2025); engagement with the full EB through the MP process (May, Jul, Sep and Nov); engagement with **External Auditors** throughout 2025
- **FAO Finance Committee (Oct)** – reviewed, inquired and recommended to approve
- **ACABQ (Nov)** – reviewed and recommended to defer approval after further discussions with the EB
- **IOAC and External Auditors (Dec)** – further meetings with IOAC and EA

Proposed amendments to the Financial Regulations

1. Changes that specifically address audit recommendations



- **Definition WFP budget**
- **Fin Reg 9.5** - approval of WFP budget
- **Fin 9.8** - ED's authority to change the PSA
- Definition for **PSAEA**, new **Fin Reg. 10.7 PSAEA**

2. Changes needed to strengthen governance and align with operational reality



- **Fin Reg 9.4:** Elements of the MP
- **Fin Reg 9.6:** Implications of approving appropriations
- **Fin Reg 9.7** - Transfers across appropriations without any net increase
- **Fin Reg 12.1** Internal controls/advance payments

3. Changes for consistency

- **Definitions:** Appropriation, appropriation line, Management Plan, PSA budget;
- Fin Regulations related to the MP: 9.1, 9.2, 9.3, 9.9;
- Renumbering of Fin Regs 10.7-10.9 as 10.8-10.10 due to new reg. 10.7 on PSAEA.

1. Changes that specifically address audit recommendations

➤ Definition of “WFP budget”

- **Proposed wording**

WFP Budget shall mean the sum of the annual portions of each country portfolio budget approved, and/or expected to be submitted for approval, for the financial period, including the related operational and support costs, and shall include the Programme Support and Administrative budget.

- **Rationale for change:**

- Improve clarity and specificity (previous definition ambiguous in various elements),
- Align with best practices (considering JIU reports, and IPSAS)
- Consistent with our annual funding requirements to deliver on the CSPs.

- **Implication:**

- WFP budget approved in the Management Plan will appear as original budget in Statement V (for example, USD 13.0 B per the latest MP 2026-2028); the final budget in Statement V will be the sum of the CSPs approved as of 31 December.

- **Example:**

STATEMENT V - For 2026
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS¹

Note 6	Budget amount		Actual on comparable basis ⁴	Difference: final budget and actual	Implementation plan ⁵
	Original budget ²	Final budget ³			
Total		13.0 B			

➤ Fin Reg 9.5 - approval of WFP budget:

- **Proposed wording**

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

Approval of the WFP Budget does not constitute approval of individual programmes or their related country portfolio budgets, which shall be submitted separately for approval and revision pursuant to General Regulation VI.2(c) and the Appendix to the General Rules. The WFP Budget shall be deemed, without further action by the Board, to incorporate future approvals and revisions of country portfolio budgets.

- **Rationale for change:**

- Codify 20-year practice of approving specific decisions in the Management Plan, but not the Plan itself
- Align with General Regulation XIV.6, which requires ED to submit a “WFP budget”
- Preemptively avoid conflict with regulations on CSP approvals
- Reflect evolving nature of the WFP budget throughout the year, in line with changes in the CSP budgets

- **Implication:** No change to the practice in place since the Management Plan's inception (2004)

➤ Fin 9.8 – Establish the limit on the prevailing ED's authority to change the PSA (1/2)

- **Proposed wording**

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

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

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

- **Rationale for change:**

- Codify the long-standing MP decision point defining the criteria for changes to the PSA
- Ensure the regulation is sustainable even if there are changes to the ISC rate
- The proposed 25% of ISC income is similar the 2% rate on total income

➤ Fin 9.8 – Establish the limit on the prevailing ED's authority to change the PSA (2/2)

- Example:

(Millions)	Contribution Forecast	Revised Contribution Forecast	Change in Contribution Forecast	% of change in Contributions	Max. possible increase in PSA
Contributions	6,400	7,400	1,000	2%	20

Current scenario

ISC rate	ISC Income Forecast	Revised ISC Income Forecast	Change in ISC Income Forecast	% of change in ISC income	Max. possible increase in PSA
6.5%	391	452	61	25%	15
10%	582	673	91	25%	23
4%	246	285	38	25%	10
8.5%	501	580	78	25%	20

Proposed scenario

➤ Definition of PSAEA and new Fin. Reg 10.7 on PSAEA

- **Proposed wording – Definition PSAEA**

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

- **Proposed wording – Fin. Reg. 10.7**

The Executive Director may draw from or credit the PSA Equalization Account to address any shortfall or surplus arising from:

- (a) indirect support cost income that is lower or higher than is required in order to meet programme support and administrative expenditures; and
- (b) variances in actual position costs relative to the corresponding amounts used to calculate the Programme Support and Administrative budget.

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

- **Rationale for inclusion:**

- Ensure completeness and clarity by clearly defining the PSAEA and codifying its use within WFP's financial framework.
- Formalize existing practices, codify approaches already applied, improving transparency and consistency.
- Streamline presentation of the Management Plan (as a decision point is usually included in each MP).

- **Key consideration:**

- The new definition and financial regulation clarify and formalize the PSAEA's existing purpose

2. Amendments to strengthen governance and align with operational reality

➤ Fin Reg 9.4 - Elements of the MP:

- **Proposed wording**

The Management Plan will include:

(a) planned outcomes and indicators of achievement; and

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

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

- **Rationale for change:**

- Changes to improve coherence and simplify for clarity while keeping the main elements of the regulation.
- The wording referring to comparative budget tables in item (b) will be simplified. Given that the definition of the management plan already refers to its three-year planning period, the references to the second and third years will be removed.

➤ Fin Reg 9.6 - Implications of approving appropriations:

- **Proposed wording**

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

- **Rationale for change:**

- Changes to place emphasis on PSA appropriations and their purpose
- Avoid overlap with other regulations that deal with programmatic framework.

➤ Fin Reg 9.7 – Transfers across appropriations:

- **Proposed wording**

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

- **Rationale for change:**

- Set specific limits for transfers across appropriations (ED's authority previously included in the regulation but without a specific limit)
- Improve optimization of PSA resources given dynamic nature of WFP, particularly in the 2nd part of the year

- **Example:**

Appropriation Line	Approved Appr. Line	5% (max change)	Example Change	Modified Appr. Line	Actual % change
A	95.00	+/- 4.75	- 4.00	91.00	-4.21%
B	180.00	+/- 9.00	7.00	187.00	3.89%
C	70.00	+/- 3.50	- 3.00	67.00	-4.29%
D	35.00	+/- 1.75	0.00	35.00	0.00%
Total	380.00		Changes in each line cannot exceed 5% of that line	380.00	

➤ Fin Reg 12.1 - Internal controls/advance payments

- **Proposed wording**

The Executive Director shall establish internal controls, including internal audit and investigation, to ensure the effective and efficient use of the resources of WFP and the safeguarding of its assets. Such internal controls shall take into account the best prevailing practices of governmental and commercial management and shall, *inter alia*, ensure:

- (a) that all payments are made on the basis of supporting vouchers or other documents that show that the services or goods have been received and have not previously been paid for, except where advance or progress payments are specifically provided for in the contract, as may be required by normal commercial practice and the interests of WFP;
- (b) the regularity of the receipt, custody and disposal of all resources of WFP; and
- (c) the conformity of expenditures and obligations with the appropriations, allotments or other authorizations approved, as the case may be, by the Board, or by the Executive Director

- **Rationale for change**

- Codify existing practice of advance payments when required by standard commercial practices;
- Align with FAO regulations

3. Amendments for consistency

➤ Definitions:

Proposed wordings:

Appropriation shall mean the amount approved by the Board for specified purposes in the Programme Support and Administrative budget, or for other activities for a specified period, against which obligations up to the amount approved may be incurred for those purposes.

Rationale: For “other activities for a specified period” added to enable clearer presentation of appropriations in Financial Statements

Appropriation line shall mean the largest subdivision of the Programme Support and Administrative budget within which the Executive Director is authorized to make transfers without prior approval of the Board.

Rationale: Capitalization for consistency

Management Plan shall mean the three-year comprehensive plan of work submitted to the Board each year on a rolling basis, inclusive of planned outcomes and indicators of achievement, and together with the annual WFP Budget.

Rationale: Ensure consistency with long-standing practice of approving specific decision points

Programme Support and Administrative budget shall mean the portion of the WFP Budget appropriated by the Board to provide indirect support to WFP's activities.

Rationale: Improve clarity of what is set aside to cover indirect costs.

➤ Fin Reg 9.1:

Proposed wording: The Executive Director shall prepare a Management Plan, including a WFP Budget for the subsequent financial period, and submit it to the ACABQ and the Finance Committee in accordance with the General Regulations of WFP.

Rationale: Replace “propose” to “prepare” to align with long standing practice of submitting the document with specific decisions for Board approval

➤ Fin Reg 9.2:

Proposed wording: The Executive Director shall submit the Management Plan, as well as the reports thereon of the ACABQ and Finance Committee, to the Board at its last regular session of each calendar year. The Management Plan shall be circulated to members of the Board not later than 30 days before the session.

Rationale: Remove ‘proposed’ to ensure consistency throughout regulations

➤ Fin Reg 9.3:

Proposed wording: The Management Plan shall include the estimated resources and expenditures for each programme category and shall show proposed appropriations for programme support and administrative activities in such separate main appropriation lines as may be decided by the Board.

Rationale: Remove ‘proposed’ (as in 9.1) and update “services” with “activities” for clearer and more appropriate terminology

➤ Fin Reg 9.9:

Proposed wording: Appropriations for Programme Support and Administrative activities shall remain available for 12 months following the end of the financial period to which they relate, to the extent they are required to discharge any outstanding legal obligations. At the end of that 12-month period, the remaining balance of any such appropriation shall revert to the PSA Equalization Account. Any unliquidated obligations shall at that time be cancelled or, where the obligations remain a valid charge, transferred to an obligation against current appropriations.

Rationale: Align the Financial Regulation referencing the definition of PSA equalization account, maintaining the segregation of ISC income and expenses (PSA) from other operational and miscellaneous revenue and expenses

➤ Fin Reg 10.7- 10.9:

Rationale: Renumbering to 10.8-10.10 to allow inclusion of new Fin. Reg. 10.7 on PSAEA



Q&A THANK YOU



World Food Programme