



Briefing on the Management Plan

MP 2027-2029

6 May 2026

PART 1

MP purpose, key concepts and financial framework



Management Plan purpose

Management Plan is a **comprehensive, annual plan of work**. It is one of our key financial planning documents that presents:

- **1. External/internal context** – outline of the global food security, economic, and political situation / internal context of the organization
- **2. Funding context** - forecasts of the resources available to meet needs
- **3. Programmatic context** - projected operational needs and implementation plan (prioritized plan of work)

4. Programme Support and Business Operations and proposes:

- Programme Support and Administrative (PSA) budget
- Indirect Support Cost (ISC) rate
- Use of reserves (PSAEA and GF)
- IRA resourcing target

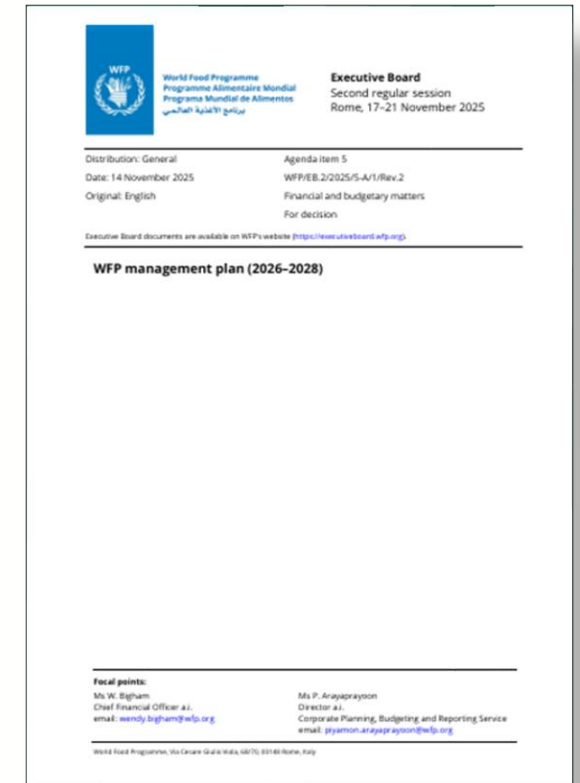
- and presents **Trust Funds and Special Accounts** (for visibility purposes)




For context



For EB approval




WFP's programme of work is determined by anticipated needs and funding forecasts

 **Country Portfolio Needs**

- Anticipated calibrated **operational needs** based on assessments at country level
- Included and approved in CSPs



 **Implementation Plan**

- **Prioritized** operational needs
- Based on projected contributions



The PSA budget is geared to support the implementation plan

WFP's Financial Framework

How WFP funds its budget



Voluntarily funded

- 100% voluntarily funded with no core budget.



Full Cost Recovery

- Operates under a Full Cost Recovery model. This means that each contribution* must cover all associated operational, direct, and indirect support costs.
- This applies to contributions from both the public and private sectors and is applicable to in-kind and cash contributions.

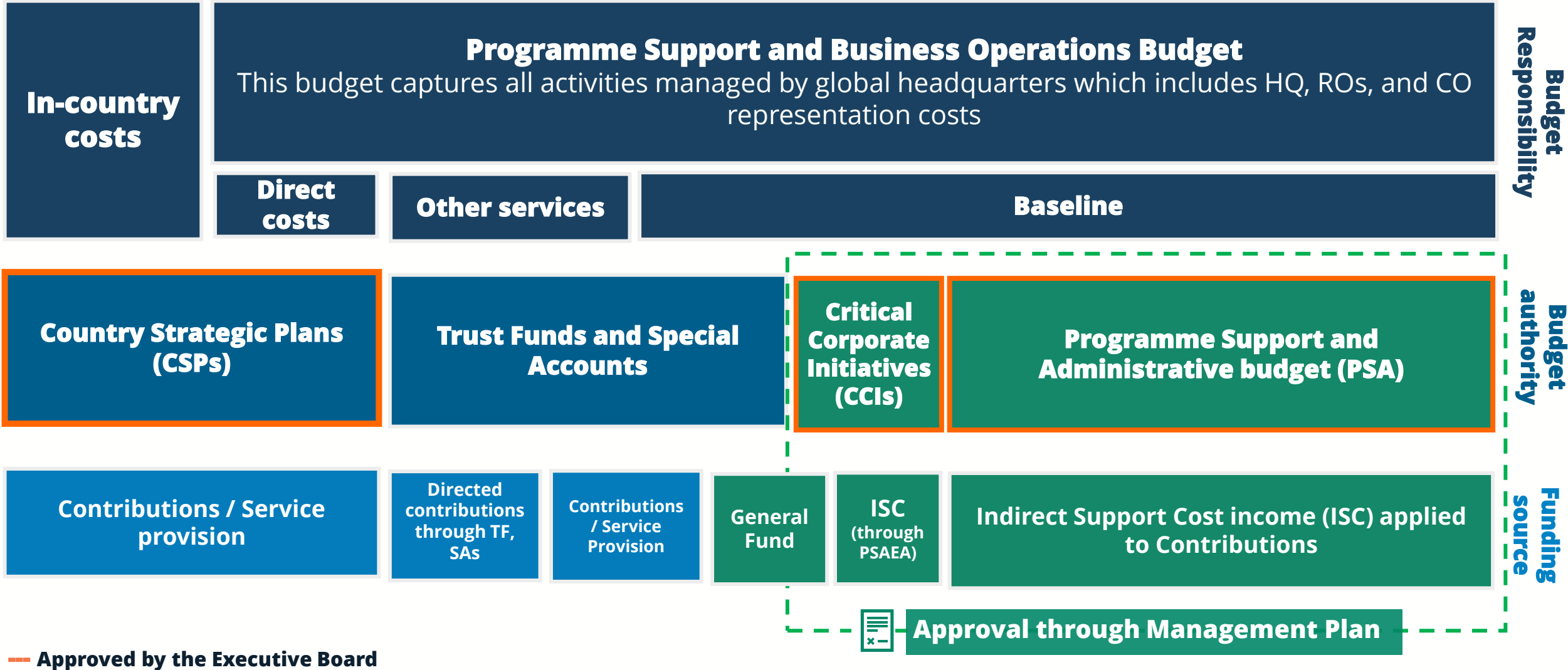


Sources of revenue

- Contributions
- Investment income
- Service provision
- Foreign exchange gains

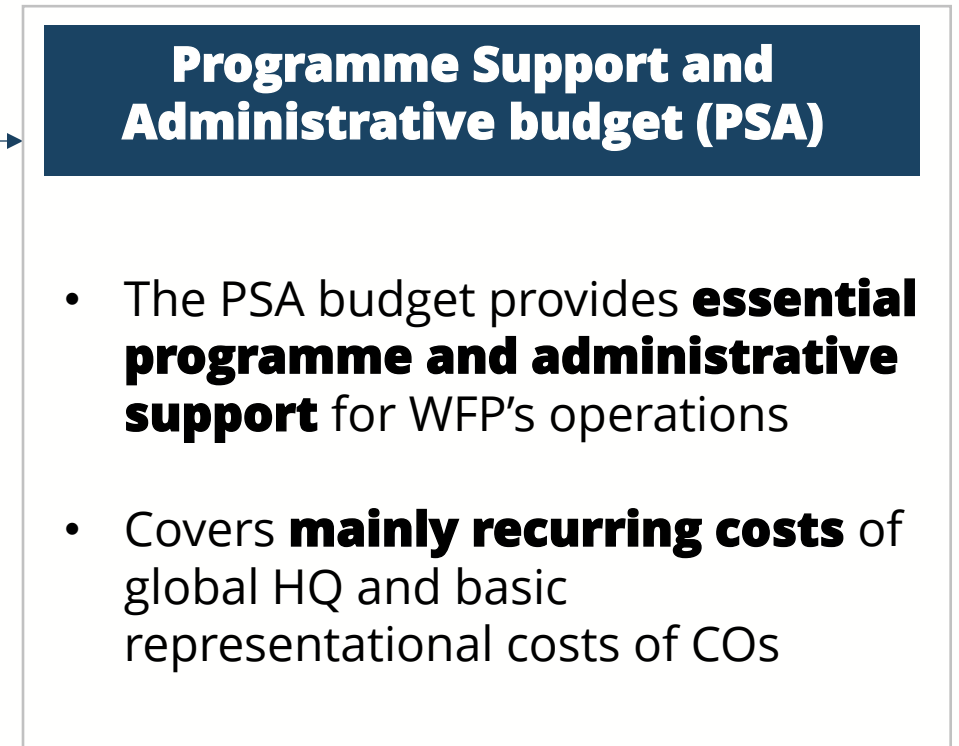
**Limited exceptions, approved by the Board.*

Comprehensive budget framework*



*Size of the boxes does not reflect the size of the budget. More than 90% of the budget is implemented through CSPs

Programme Support and Administrative budget (PSA)





Difference between
ISC income and PSA
goes to



PSA Equalization
Account (PSAEA)



PSA Equalization Account (PSAEA)

- PSAEA serves as a **reserve** in case of decrease in ISC revenue
- **Target levels** noted by the EB in 2015 (5-month PSA target level, 2-month spending floor)
- The Board **approves** its use for:
 - Strengthening WFP's reserves, e.g. IRA, Critical corporate initiatives (CCIs), Thematic support funds



Unearmarked portion of the General Fund

- Main source of income is **investment income** on cash balances and **foreign exchange income**
- Has been used to fund **strategic investments** that strengthen WFP's capacities, resourcing, and financing mechanisms. (E.g, WINGS, IRA, funding for EDMF and CLTF, private sector strategy and CCIs).

PART 2

MP 2027-2029 planning process



World Food Programme

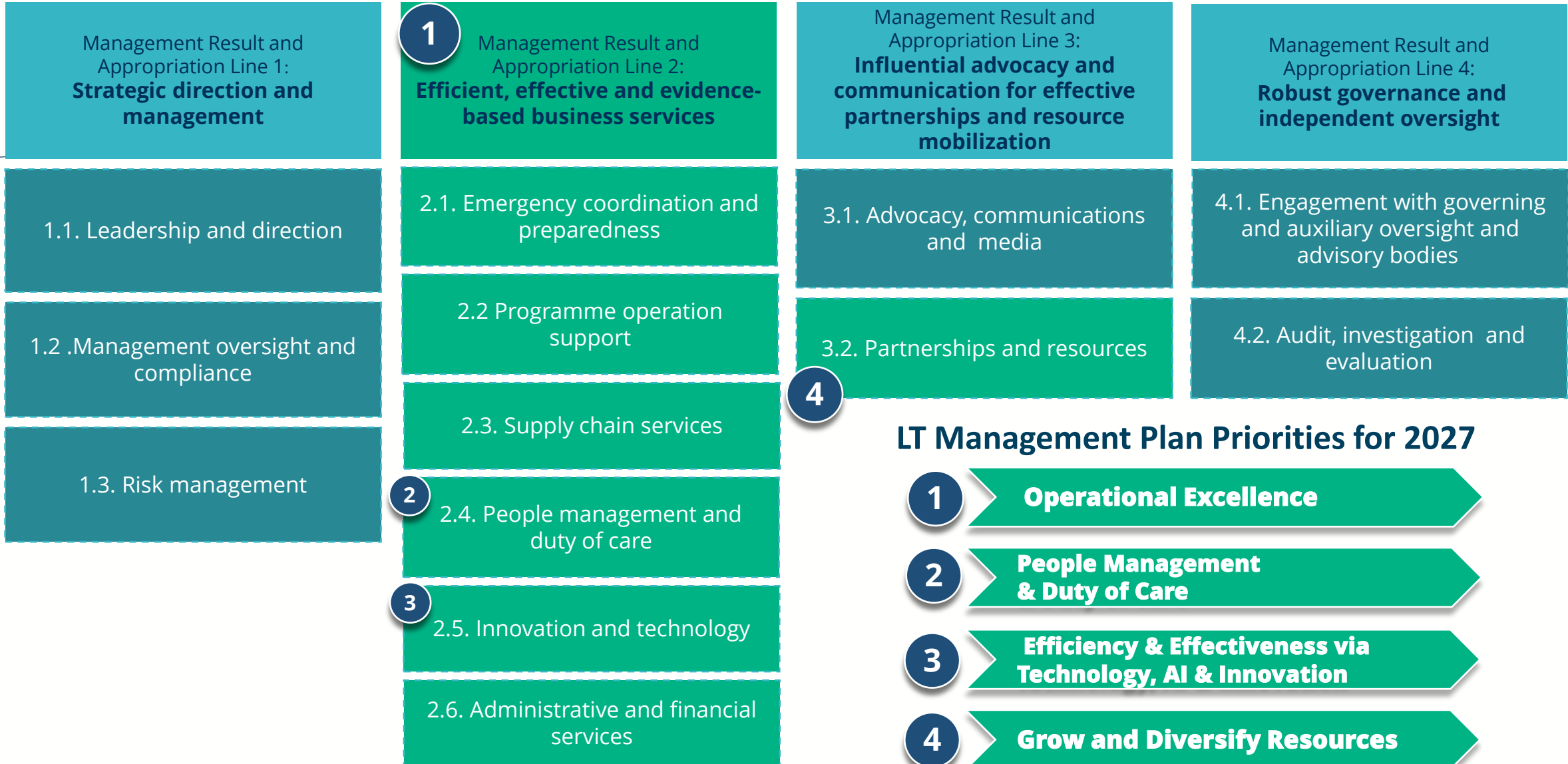
Leadership Team priorities guiding the budget process for 2027

- 1 Operational Excellence**
Prioritize impactful, high-quality programming, and an agile, efficient supply chain, and direct support to beneficiaries and country offices.
- 2 People Management & Duty of Care**
Safe humanitarian access: prioritize staff safety and duty of care.
Strategic workforce alignment: aligning workforce to current and future operational needs.
- 3 Efficiency & Effectiveness via Technology, AI & Innovation**
Accelerating digital modernization and the use of AI to improve programme quality, efficiency, and cost-effectiveness of enabling services.
- 4 Grow & Diversify Resources**
Strengthening and broadening WFP's funding base by protecting key donors, expanding flexible and multi-year resources, and leveraging innovative financing to sustain frontline operations.

Integrated Management Results and Resources Framework - CRF 2026-29

Programme Support and Business Operations Budget (PSBO)

MR Outputs



LT Management Plan Priorities for 2027

- 1** Operational Excellence
- 2** People Management & Duty of Care
- 3** Efficiency & Effectiveness via Technology, AI & Innovation
- 4** Grow and Diversify Resources

Budget principles for 2027

❖ Fiscal discipline

- ✓ Budget anchored in realistic income
- ✓ Use of reserves for strategic investments
- ✓ Align recurrent costs to sustainable funding

❖ Operational priorities

- ✓ Protect frontline delivery and statutory obligations first
- ✓ Apply targeted, evidence-based budget scrutiny

❖ Strategic governance

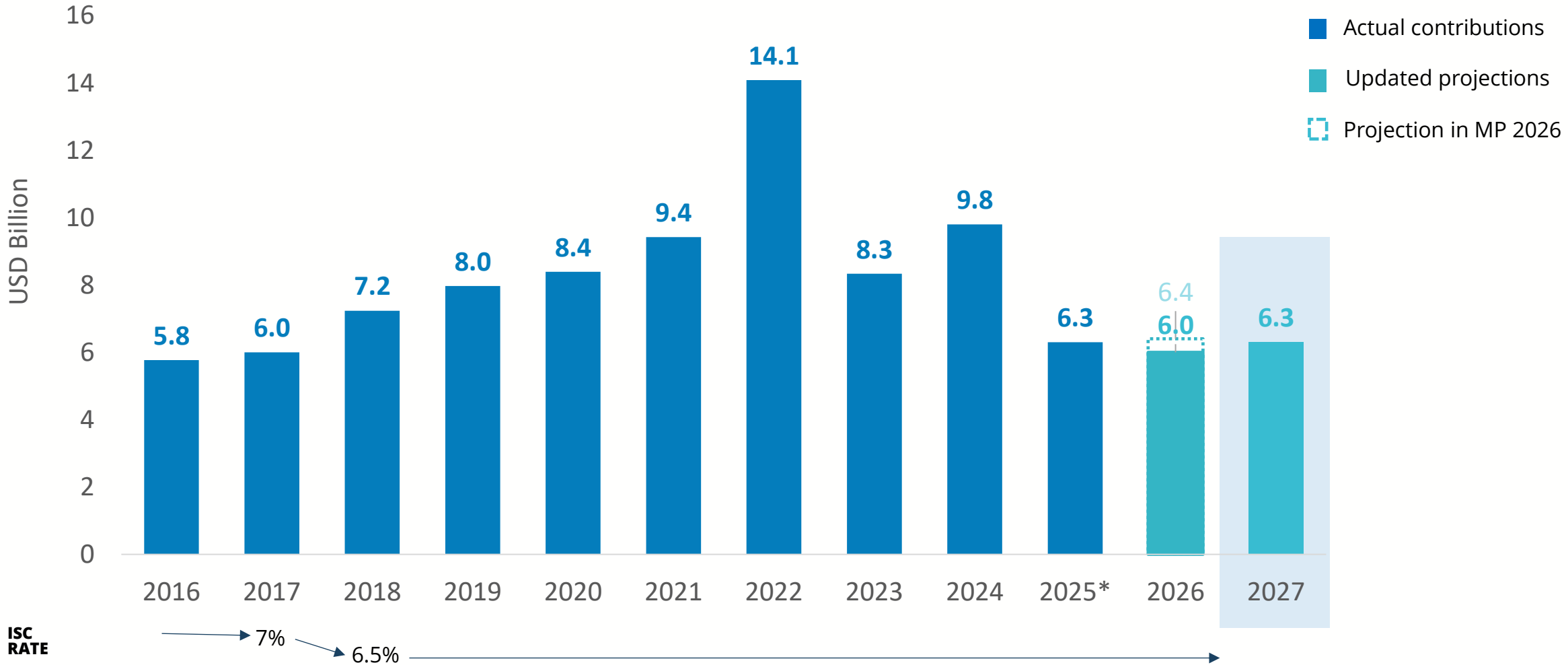
- ✓ Keep HQ growth subordinate to field delivery
- ✓ Enforce accountability for trade-offs and resource choices

PSA planning assumptions for 2027



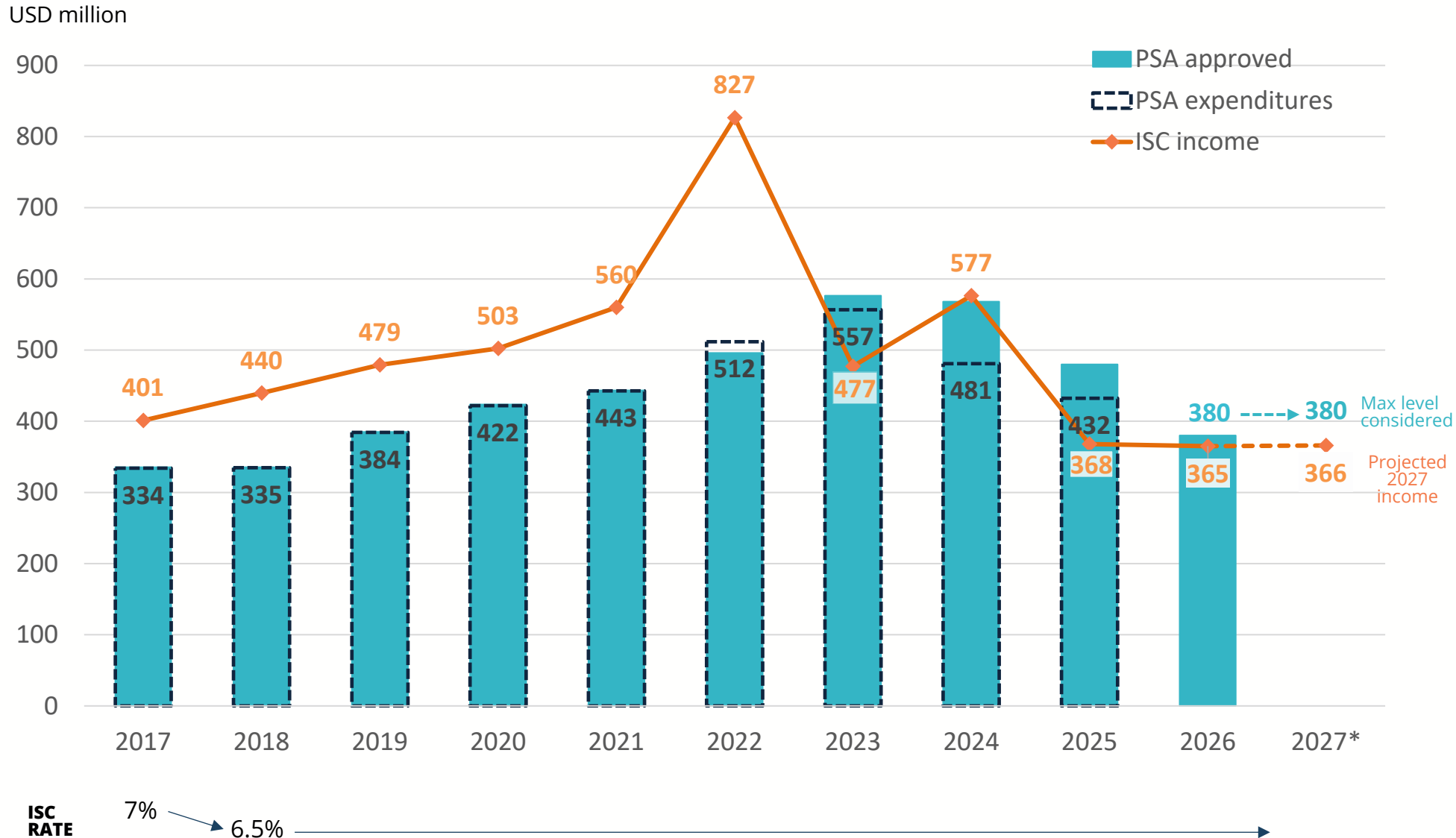
- **USD 6.3 billion** Global Forecast
- **ISC income** forecasted at **USD 366 million**, based on a **standard ISC rate of 6.5 percent**, with exceptions for lower rates as per previous EB decisions
- Proposed 2027 PSA budget will continue WFP's effort to **live within our means**
- In 2027, **global inflation** projected at **3.5%**

Contributions projected at USD 6.3B for 2027



* 2025 revenue before accounting treatment.

PSA and ISC historic trend

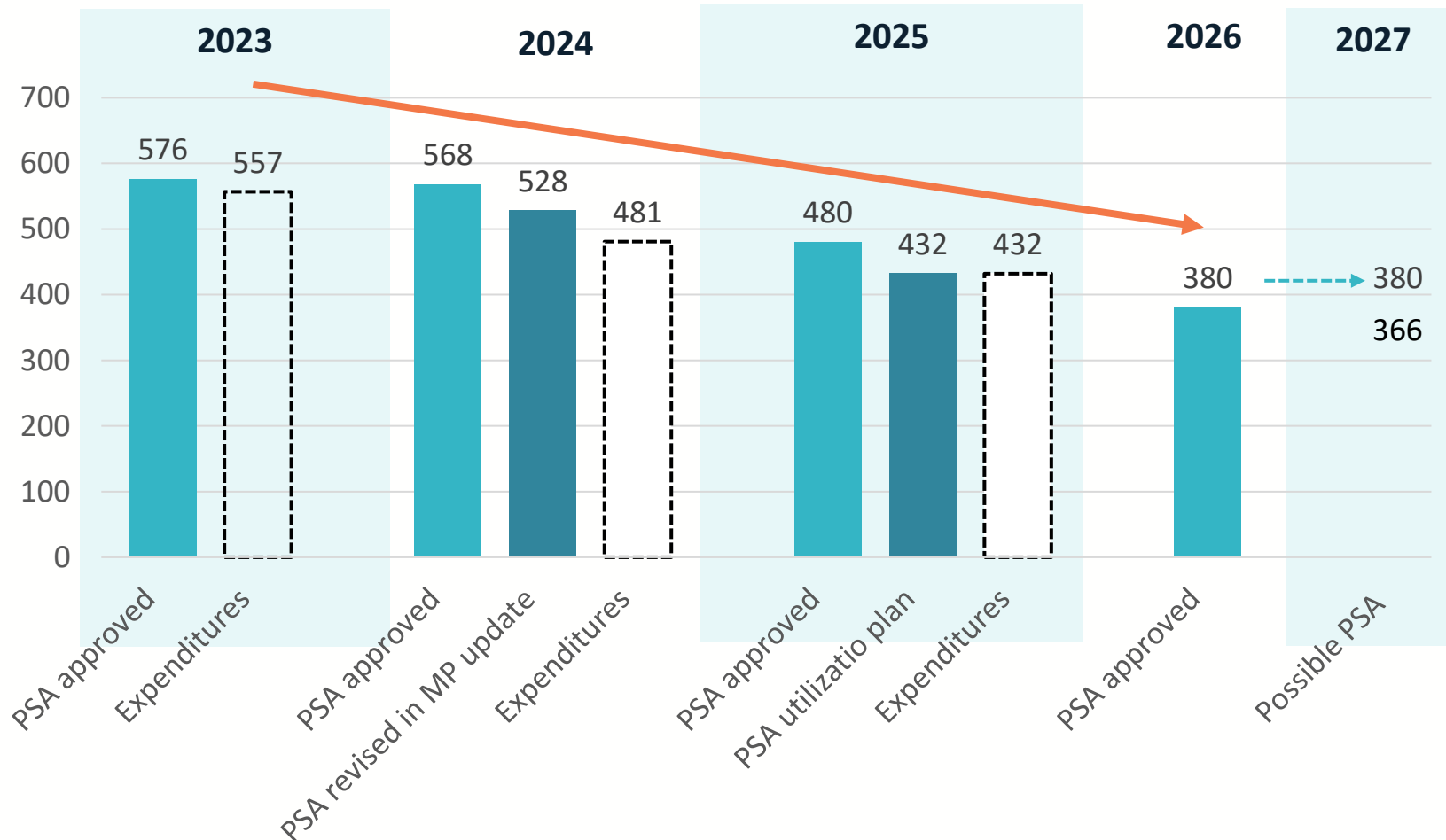


- With contributions decreasing, WFP has gradually reduced PSA over the past few years and implemented various efficiency measures.
- WFP continues to prioritize maintaining a financially sustainable PSA level.
- Possible scenario to keep PSA stable at the 2026 level, accounting for inflation.

PSA and ISC – recent years in detail

- PSA approved
- PSA revised/utilization plan
- Expenditures

USD million



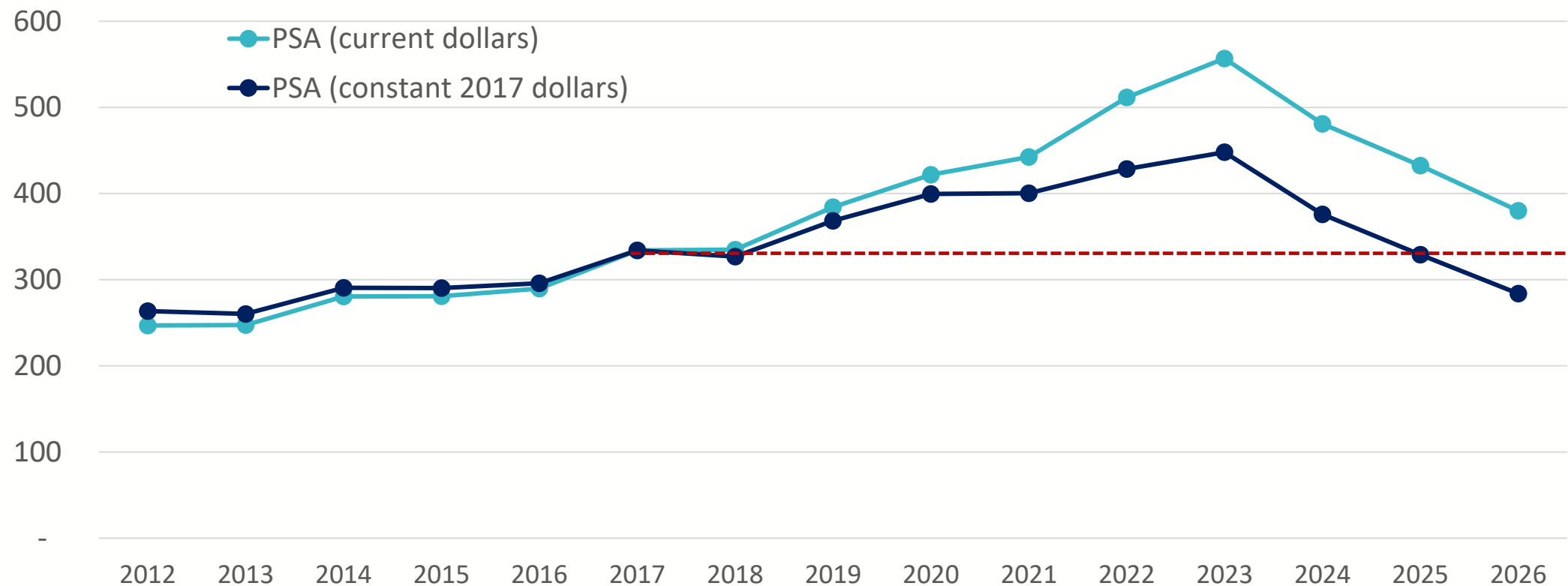
- ✓ Looking at the past 4 years in detail, internal prudent measures have resulted in actual PSA expenditures lower than approved PSA
- ✓ Margin for additional reduction is limited as PSA includes fixed costs
- ✓ PSA allocation for 2027 will ensure each function is appropriately sized
- ✓ Not all divisions will be reduced the same

Pressures on PSA and ISC income

- **ISC-funded corporate functions are largely fixed costs** (governance, oversight, policy, compliance, assurance, HQ enabling services) and do not scale down proportionally with lower operational volumes.
- **Operating complexity has increased** due to more diverse funding instruments, stronger donor/partner assurance demands, and expanded compliance requirements.
- **Indirect workload and costs have grown** without a corresponding increase in cost recovery capacity under the current ISC rate.
- **Inflation has eroded ISC purchasing power** while expenditures reflect current cost levels, ISC income remains tied to contribution volumes via a fixed percentage.
- **ISC level no longer aligned with contribution level** – ISC rate reduction from 7% to 6.5% happened when contributions were at 7.2B. Currently our contribution levels are considerably below that level
- **Resulting structural gap** Even with strong resource mobilization, ISC income no longer fully covers the real cost of maintaining essential corporate support functions.

PSA adjusted for inflation

- ✓ Once adjusted for inflation, PSA levels in 2026 are below what they were in 2017 (when WFP had a similar contribution level to our current outlook)



Response to pressures:

- **Mitigations strategies** – WFP has managed pressures through a combination of:
 - Efficiency measures
 - Targeted reductions
 - Reprioritization of activities, and
 - Selective use of the PSA Equalization Account.
- **Additional mitigation strategies** that WFP will look into over the next months/year:
 - Funding model review
 - Cost-recovery mechanisms
 - ISC rate

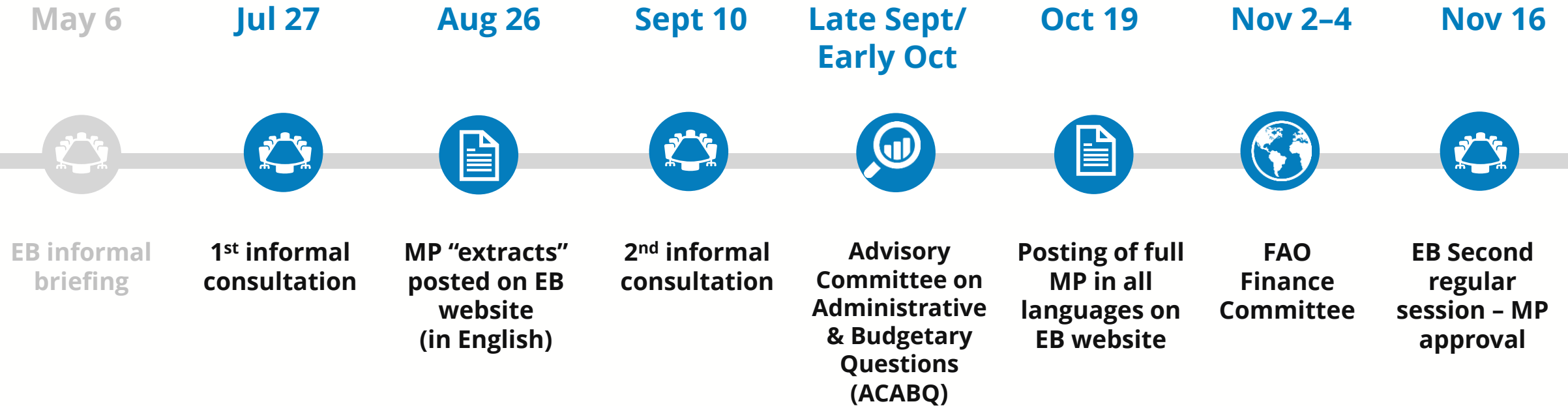
Status of Reserves



	PSAEA	UGF
Estimated opening balance 1 Jan 2027	259	407
PSAEA Target / UGF prudent balance	158	150

Reserves remain above targets but there might be additional costs to be covered either in 2026 or 2027 yet to be determined.

Next key dates for the Management Plan process



A photograph showing a woman and three children sitting on the ground, eating together. The woman on the left is wearing a blue patterned top and a purple skirt. The child in the center is wearing a white t-shirt and a yellow skirt, and is smiling broadly while eating. The child on the right is wearing a blue t-shirt and is also smiling. The child on the far right is wearing a yellow t-shirt. They are in a rural setting with a thatched roof in the background.

Q&A
Thank you