

Summary of proposed changes to Financial Regulations

The table below summarizes the proposed changes to the Financial Regulations presented in Section V of the [Management Plan 2026-2028](#). It also expands [Annex VII](#) by adding a new column that captures the rationale provided in Section V to facilitate review. In addition, the proposed changes have been grouped into three categories to improve the clarity of the presentation. The wording of the proposed amendments and their corresponding rationale remain exactly as presented in the Management Plan 2026-2028. The only elements not previously included in the Management Plan are the renumbering of current Financial Regulations 10.7-10.9 to 10.8-10.10, to allow for the inclusion of a new Financial Regulation 10.7.

Three categories:

- 1. Changes as the first step to address audit recommendations¹**
 - Definition WFP budget and Fin Reg 9.5: approval of WFP budget
 - Linked to recommendation 46 (annual WFP budget)
 - Fin. Reg. 9.8: ED's authority to change the PSA
 - Linked to recommendations 45 and 52 (revisions of the MP and review recurrent decisions to add to Fin Regs)
 - Addition of definition for PSA Equalization Account (PSAEA), new Fin Reg 10.7 on PSAEA.
 - Linked to recommendations 49 and 52 (CCI definition and criteria for funding and recurrent decisions to add to Fin Regs).
- 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; and
 - Fin. Reg. 12.1: internal controls/advance payments.
 - Definition of PSA budget
- 3. Changes for consistency**
 - Definitions of: Appropriation, appropriation line, Management Plan;
 - Fin. Reg 9.1, 9.2, 9.3 and 9.9: linked to the MP process.
 - Renumbering of Fin. Reg. 10.7-10.9

¹ See box 1 at the end of this document

Current text	Proposed text	Changes/ Rationale for changes
1. Changes as the first step to address audit recommendations		
<p>WFP Budget shall mean the annual budget component of the Management Plan approved each year by the Board, indicating estimated resources and expenditures for programmes and activities, and shall include a Programme Support and Administrative budget.</p>	<p>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.</p>	<p>The definition has been updated to improve clarity, align the definition of WFP's budget with best practices, and ensure that the definition reflects WFP's operational reality.</p> <p>See paragraphs 201-208 of MP 2026-2028</p>
<p>Financial Regulation 9.5: The Board shall consider the proposed Management Plan, and the related reports of the ACABQ and the Finance Committee, and shall approve the Management Plan, including the WFP Budget, prior to the beginning of the financial period covered by the WFP Budget.</p>	<p>Financial Regulation 9.5: 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.</p>	<p>Changes to codify the practice that has been in place for more than 20 years, whereby individual decisions within the Management Plan have been approved, rather than the Management Plan itself. Also align with General Regulation XIV.6, which requires ED to submit a "WFP budget".</p> <p>Preemptively address potential conflict between the approval of WFP budget and the budgets of country programmes (CSPs, etc.), which are individually approved pursuant to General Regulation VI.2(c) and the Appendix to the General Rules.</p> <p>See paragraphs 212-217 of MP 2026-2028</p>
<p>Financial Regulation 9.8: The Executive Director may propose a revision in the Management Plan, including a supplementary budget, for the financial period in a form and manner consistent with the Management Plan.</p>	<p>Financial Regulation 9.8: The Executive Director may adjust the approved Programme Support and Administrative budget by:</p> <p>(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</p>	<p>Codify in the Financial Regulations specific decision included each year in the Management Plan.</p> <p>The 25% share of ISC income is similar to the 2% rate on total income that has been used for the past 10 years. The proposed change makes the provision maintain its applicability in the long run, even with potential adjustments in the ISC rate.</p> <p>See paragraphs 226-229 of MP 2026-2028</p>

Current text	Proposed text	Changes/ Rationale for changes
	<p>(b) reducing expenditure by an amount not exceeding 10 percent of the approved Programme Support and Administrative budget, through cost-saving measures.</p> <p>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.</p>	
	<p>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.</p>	<p>New definition introduced in relation to Fin. Reg. 10.7, set forth below, to improve governance, clarity and comprehensive nature of Financial Regulations.</p> <p>Although newly defined, this is a reaffirmation of the long-standing interpretation of the PSAEA including as presented in previous Management Plans for approvals.</p> <p>See paragraphs 230-233 of MP 2026-2028</p>
	<p>Financial Regulation 10.7:</p> <p>The Executive Director may draw from or credit the PSA Equalization Account to address any shortfall or surplus arising from:</p> <ul style="list-style-type: none"> (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. 	<p>Codify the current practice in the financial regulations for clarity and comprehensiveness and avoid repetitive decisions in the Management Plan each year.</p> <p>See paragraphs 230-232 and 234 of MP 2026-2028</p>

Current text	Proposed text	Changes/ Rationale for changes
	<p>All other uses of the PSA Equalization Account shall require approval by the Executive Board.</p>	
2. Changes needed to strengthen governance and align with operational reality		
<p>Financial Regulation 9.4: The proposed Management Plan will include:</p> <ul style="list-style-type: none"> (a) planned outcomes and indicators of achievement; (b) comparative tables setting out the proposals for the following financial period, the approved WFP Budget for the current financial period and the approved WFP Budget for the current financial period as modified in the light of actual receipts and expenditures; and (c) such statistical data, information, explanatory statements and staffing tables including those with regard to the second and third years of the Management Plan period, as may be requested by the Board or considered appropriate by the Executive Director. 	<p>Financial Regulation 9.4: The Management Plan will include:</p> <ul style="list-style-type: none"> (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. <p>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.</p>	<p>Changes introduced to improve coherence and reduce ambiguity. Items b and c simplified while keeping the main elements at the center of the regulation.</p> <p>See paragraphs 209-211 of MP 2026-2028</p>
<p>Financial Regulation 9.6: The Board's approval of the Management Plan, including the Budget, shall constitute:</p> <ul style="list-style-type: none"> (a) acceptance of the WFP programme of work for the following financial period and an authorization to the Executive Director to proceed with the implementation of the programme of work; and 	<p>Financial Regulation 9.6: 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.</p>	<p>Place emphasis on the approval of the PSA appropriations and their purpose, avoiding overlap with other regulations with govern the programmatic side (8.1).</p> <p>See paragraphs 218-220 of MP 2026-2028</p>

Current text	Proposed text	Changes/ Rationale for changes
<p>(b) an authorization to the Executive Director to allocate funds, issue allotments, incur obligations and make payments for the purposes for which the appropriation was approved, up to the amount so approved.</p>		
<p>Financial Regulation 9.7: The Executive Director may make transfers within each of the main appropriation lines of the approved Programme Support and Administrative budget. The Executive Director may also make transfers between appropriation lines up to limits the Board may specifically set.</p>	<p>Financial Regulation 9.7: 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.</p>	<p>Set specific limits for the ED's authority to make transfers between appropriation lines (such authority was already included in the original regulation but without defined thresholds).</p> <p>Such limits are established to improve optimization of PSA resources and avoid repetitive and lengthy decisions within the Management Plan each year, while remaining sufficiently modest so as not to alter the direction originally approved by the Executive Board.</p> <p>See paragraphs 221-225 of MP 2026-2028.</p>
<p>Financial Regulation 12.1: 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, <i>inter alia</i>, ensure:</p> <ul style="list-style-type: none"> (a) that all payments are made on the basis of supporting vouchers or other documents which ensure that the services or goods have been received and that payments have not previously been made; (b) the regularity of the receipt, custody and disposal of all resources of WFP; 	<p>Financial Regulation 12.1: 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, <i>inter alia</i>, ensure:</p> <ul style="list-style-type: none"> (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 	<p>Changes made to subsection (a) to codify the existing practice of making advance or progress payments when required by normal commercial practices, and to align with FAO's regulations, which also provide for such payments when necessary. (Note that this regulation is not related to budgetary governance.)</p> <p>See paragraph 235 of MP 2026-2028</p>

Current text	Proposed text	Changes/ Rationale for changes
<p>(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.</p>	<p>normal commercial practice and the interests of WFP;</p> <p>(b) the regularity of the receipt, custody and disposal of all resources of WFP; and</p> <p>(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.</p>	
<p>Programme support and administrative budget shall mean the portion of the WFP Budget that pertains to providing indirect support to WFP's activities.</p>	<p>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.</p>	<p>The definition has been reworded to improve clarity and understanding of what is set aside (approved by the Board) to cover indirect costs</p>
<p>3. Changes for consistency</p>		
<p>Appropriation shall mean the amount approved by the Board for specified purposes in the Programme Support and Administrative budget for a financial period, against which obligations up to the amount approved may be incurred for those purposes.</p>	<p>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.</p>	<p>The text "or for other activities for a specified period" has been added to enable the distinction of appropriated and unappropriated elements in Statement V, and to ensure alignment between how elements are approved in the MP and how they are presented in Statement V (for example, through the inclusion of CCIs as an appropriated element).</p>
<p>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.</p>	<p>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.</p>	<p>Capitalization of "Programme Support and Administrative" budget, for consistency purposes.</p>

Current text	Proposed text	Changes/ Rationale for changes
<p>Management Plan shall mean the three-year comprehensive plan of work approved each year on a rolling basis by the Board, inclusive of planned outcomes and indicators of achievement, together with the annual WFP Budget.</p>	<p>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.</p>	<p>The change from “approved” to “submitted” codifies the long-standing practice (more than 20 years) of approving only individual decisions within the Management Plan, not approving the Management Plan itself.</p> <p>For consistency with changes to Fin Reg 9.5</p>
<p>Financial Regulation 9.1: The Executive Director shall propose 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.</p>	<p>Financial Regulation 9.1: 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.</p>	<p>Changes to ensure consistency throughout regulations.</p> <p>Change from “propose” to “prepare” to align with long standing practice of submitting the document with specific decisions for Board approval, rather than proposing the entire Management Plan for approval.</p>
<p>Financial Regulation 9.2: The Executive Director shall submit the proposed 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 proposed Management Plan shall be circulated to members of the Board not later than 30 days before the session.</p>	<p>Financial Regulation 9.2: 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.</p>	<p>Removing the word ‘proposed’ to ensure consistency throughout the revised financial regulations in order to align with long standing practice of submitting the document with specific decisions for Board approval, rather than proposing the entire Management Plan for approval.</p>
<p>Financial Regulation 9.3: The proposed Management Plan shall include the estimated resources and expenditures for each programme category and shall show proposed appropriations for programme support and administrative services in such separate main appropriation lines as may be decided by the Board.</p>	<p>Financial Regulation 9.3: 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.</p>	<p>Removing the word ‘proposed’ to ensure consistency throughout the revised financial regulations in order to align with long standing practice of submitting the document with specific decisions for Board approval, rather than proposing the entire Management Plan for approval.</p> <p>“Services” has been replaced with “activities” as it was deemed to be more appropriate term for the particular Financial Regulation. The use of ‘Services’ could create ambiguity, as it may be construed to refer to service provision as defined under Fin. Regs. 1.1 and 4.8. The proposed amendment would enhance clarity and eliminate potential confusion.</p>

Current text	Proposed text	Changes/ Rationale for changes
<p>Financial Regulation 9.9:</p> <p>Appropriations for Programme Support and Administrative services shall remain available for twelve 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 twelve-month period, the remaining balance of any appropriation shall revert to the General Fund. Any unliquidated obligations shall at that time be cancelled or, where the obligations remain a valid charge, transferred to an obligation against current appropriations.</p>	<p>Financial Regulation 9.9:</p> <p>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.</p>	<p>Align the Financial Regulation referencing the definition of PSA equalization account, maintaining the segregation of indirect support cost income and expenses (PSA) from other operational and miscellaneous revenue and expenses.</p>
<p>Renumbering of current Financial Regulation 10.7 as 10.8</p>		
<p>Renumbering of current Financial Regulation 10.8 as 10.9</p>		
<p>Renumbering of current Financial Regulation 10.9 as 10.10</p>		<p>Renumbering due to inclusion of new Financial Regulation 10.7, all subsequent regulations in that section are moved one number.</p>

Summary of relevant audit recommendations

The external audit of the 2023 financial statements² recommended that WFP review and update its General Rules and Financial Regulations with the aim of ensuring that budget-related definitions and decisions are accurately reflected, and to consolidate elements currently spread across several documents, including past management plans. Box 7.1 below summarizes the relevant recommendations related to the updating of the Financial Regulations, which were considered by WFP while proposing changes to the Financial Regulations.

Box 1: Relevant audit recommendations

Paragraph 80/ Recommendation 52: The External Auditor recommends that WFP *review budget-related definitions and decisions* at a level below the General Rules and Financial Regulations in order to assess the need to transform these into General Rules or Financial Regulations and make a corresponding proposal to the Executive Board.

Paragraph 49/ Recommendation 46: The External Auditor recommends that WFP, in line with Financial Regulation 9.4, provide the Executive Board with one document that compares the proposed budget with the current *approved* budget and the modified current budget and allows for the *approval of the annual WFP budget*, for example, in an annex to the management plan that contains the country strategic plans of all country offices in the approval periods.

Paragraph 35/ Recommendation 45: The External Auditor recommends that WFP propose to the Executive Board the *criteria for the management plan revisions* required in case of variances in the funding projections, in order to enable an amendment of the General Rules or Financial Regulations.

Paragraph 69/ Recommendation 49: The External Auditor recommends that WFP propose to the Executive Board definitions of, and criteria for when and under which *conditions funding can be set aside for critical corporate initiatives*. The proposal should enable the Executive Board to execute its governance role and consider an amendment of the General Rules or Financial Regulations.

² “Audited annual accounts, 2023” (WFP/EB.A/2024/6-A/1).