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**Executive Board  
Second Regular Session**

**Rome, 12–14 November 2012**

## **EVALUATION REPORTS**

**Agenda item 6**

*For consideration*



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## **SUMMARY EVALUATION REPORT OF WFP'S PRIVATE- SECTOR PARTNERSHIP AND FUNDRAISING STRATEGY**

This document is printed in a limited number of copies. Executive Board documents are available on WFP's Website (<http://executiveboard.wfp.org>).

## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for consideration**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

Director, OE\*: Ms H. Wedgwood tel.: 066513-2030

Senior Evaluation Officer, OE: Ms J. Watts tel.: 066513-2319

Should you have any questions regarding availability of documentation for the Executive Board, please contact Ms I. Carpitella, Senior Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Office of Evaluation

## EXECUTIVE SUMMARY

This evaluation assessed the quality and results of the WFP private-sector partnership and fundraising strategy, how results were achieved, and how WFP's approach could be improved. It was conducted by an independent evaluation team from February to June 2012.

The objectives of the strategy were to expand private-sector partnership and fundraising and establish a self-financing model. It established quantitative and qualitative targets for achievement by 2017. Following a recommendation of the Joint Inspection Unit, the Board requested that the strategy be evaluated.

*Quality of the strategy.* The evaluation found that the strategy did not sufficiently distinguish the difference between partnership and fundraising, and did not adequately clarify the objectives, scope and limits of corporate partnerships. The management fee that WFP charges on its private-sector resources to finance its private-sector activities had not been applied consistently and caused confusion both among partners and inside WFP. Partnership development and fundraising is done by several WFP units, including country offices, regional bureaux and different technical units in addition to the Private Partnerships Branch. Motivation to raise funds and enter into partnerships was high, but more resources and guidance need to be provided.

*Results of the strategy.* In 2011, US\$120 million in private-sector resources was raised, of which US\$77 million was in cash; both of these figures exceeded annual targets. In-kind contributions were significant and close to the target. In 2011, 20 percent of cash resources from the private sector were multilateral and fully flexible, against the 2017 target of 25 percent. The evaluation found many positive contributions to WFP's objectives, especially from long-term partnerships with corporations. The private sector had particular comparative advantages in specialist areas of technical expertise and provision of technology, in such areas as nutrition. Corporations were also sometimes found to have facilities and access on the ground that WFP did not have, including in sudden-onset emergencies.

*Implementation arrangements.* Private fundraising and partnership was not sufficiently integrated across WFP, and inadequate attention was given to building understanding and providing support across WFP.

Corporate partnerships require resources for their development and maintenance, and although they can generate significant in-kind contributions, they do not always generate significant cash. From 2009 to 2011, only 15 percent of WFP's private resources were raised from individuals. All comparable organizations interviewed emphasize fundraising from the general public for fully flexible repeat giving.

Fundraising costs were significantly lower than permitted by the strategy, at 6 percent of the amount raised rather than 25 percent. WFP had not applied the management fee consistently or up to the allowable level of 13 percent, and the available loan had not been fully drawn down. These limitations affected the amount of resources available for financing fundraising activities and constrained the achievement of potential results.

There is a conflict of interest in WFP's due diligence process, but there are also opportunities for application of due diligence which is both more rigorous and more flexible.

*Conclusions and recommendations.* Good progress was being made, but full achievement of all the targets set by the strategy would require steady and continuous increases in the amounts of overall private resources and multilateral cash raised.

Six recommendations were made: develop distinct strategies for partnership and fundraising; pursue greater balance among different types of private sources; implement an integrated planning process for private-sector partnerships and fundraising; integrate private-resource mobilization into WFP's overall budget rather than funding it primarily from the management fee; change the reporting lines of the Private Partnerships Branch; and revise WFP's due diligence process.

## DRAFT DECISION\*

The Board takes note of "Summary Evaluation Report — WFP's Private-Sector Partnership and Fundraising Strategy" (WFP/EB.2/2012/6-A) and the management response in WFP/EB.2/2012/6-A/Add.1 and encourages further action on the recommendations, taking into account considerations raised by the Board during its discussion.

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\* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

## INTRODUCTION

### Evaluation Features

1. This evaluation of WFP's 2008 private-sector partnership and fundraising strategy was carried out between February and June 2012 by an independent team of specialists in evaluation, private-sector fundraising and partnership, logistics and nutrition. It analysed the strategy's quality and results and how these were achieved, along with how WFP's approach to private-sector fundraising and partnership could be improved in the future.<sup>1</sup>
2. The evaluation used a range of methods, including interviews, questionnaires, data analysis and document<sup>2</sup> and literature reviews. Visits were made to five country offices – Egypt, Ethiopia, Indonesia, Kenya and Nicaragua – and telephone interviews were conducted with five more – Bangladesh, Haiti, India, Senegal and the Sudan. Interviews were also conducted with WFP staff at Headquarters, regional bureaux,<sup>3</sup> liaison offices<sup>4</sup> and the Private Partnerships Branch (CPP).<sup>5</sup> Comparable humanitarian organizations include the United Nations Children's Fund (UNICEF), the Office of the United Nations High Commissioner for Refugees (UNHCR) and six large non-governmental organizations (NGOs).<sup>6</sup> Interviews were also conducted with the United Nations Global Compact, the United Nations Development Programme, the Friends of WFP in Italy, Japan and the United States, members of WFP's Board and representatives of 17 multinational corporations and foundations. Questionnaires were completed by WFP staff in senior and managerial positions, by communications and private-sector partnership staff and by all categories of WFP private partners. Overall, 222 people were interviewed and 110 responded to questionnaires.
3. The evaluation employed a consultative process. An internal reference group provided inputs at key stages. The debriefing process included a workshop for WFP technical staff, two presentations, and a discussion of draft recommendations with WFP's Executive Management Group. As part of the quality control process, the draft inception and evaluation reports were reviewed by an expert panel. The final evaluation report took into account feedback from these processes.

### Context

4. The 1999 United Nations Global Compact provides the overall framework for United Nations cooperation with the business community. While recognizing the importance of private-sector partners in the pursuit of United Nations goals, United Nations organizations remain primarily accountable to Member States.

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<sup>1</sup> The full report of the evaluation is available on WFP's website: [www.wfp.org/about/evaluation](http://www.wfp.org/about/evaluation)

<sup>2</sup> Including WFP evaluation reports: the 2012 global logistics cluster evaluation (draft); the 2011 Haiti country portfolio evaluation; the 2011 Kenya country portfolio evaluation; the 2011 strategic mid-term evaluation of WFP's agriculture and market support in Uganda; and the 2011 strategic mid-term evaluation of the Purchase for Progress (P4P) Initiative.

<sup>3</sup> Bangkok, Cairo, Johannesburg, Nairobi and Panama City.

<sup>4</sup> In New York, Tokyo, and Washington, DC.

<sup>5</sup> Based in Bangkok, Jakarta, Rome, London, New York, Tokyo and Washington, DC.

<sup>6</sup> Catholic Relief Services, the International Federation of Red Cross and Red Crescent Societies, *Médecins sans frontières* (Doctors Without Borders), Oxfam International, Save the Children and World Vision.

United Nations general principles<sup>7</sup> for working in partnership with the business community include:

- *Advance United Nations goals.* The objective needs to be articulated clearly and must advance United Nations goals as laid out in the United Nations Charter.
  - *Shared values and principles.* The United Nations is interested in working with Business Sector entities that share its values, including internationally recognized principles concerning human rights, labour, the environment and anti-corruption.
  - *Clear delineation of responsibilities and roles.* When a partnership arrangement with the business sector will have financial implications for the United Nations it should be implemented only pursuant to a formal written agreement [...] delineating the respective responsibilities and roles of each party, [...] with defined timelines and measurable outputs.
  - *Maintain integrity and independence.* Arrangements should not diminish the United Nations' integrity, independence and impartiality.
  - *No unfair advantage.* Cooperation should not provide exclusivity in its collaboration or imply endorsement or preference of a particular business sector entity or its products or services.
  - *Transparency.* Cooperation with the Business Sector must be transparent. Information on the nature and scope of major cooperative arrangements should be available [...] to the public at large.
5. In 2010, Organisation for Economic Co-operation and Development (OECD) countries provided US\$128 billion of official government development assistance and US\$31 billion from private voluntary agencies, for developing countries.<sup>8</sup> The United States accounted for three-quarters of private voluntary grants. The composition of overall giving in the United States for 2010 provides an indication of the relative importance of different sources of resources: the general public, individuals and charitable bequests from individuals accounted for 81 percent of the total; private foundations for 14 percent; and corporations and corporate foundations for 5 percent.<sup>9</sup>
6. Companies are held accountable for demonstrating attention to social and environmental responsibility in both OECD and G77 countries, but are increasingly seeking synergy between their social responsibility and business objectives. Technological advances and the use of social media are transforming fundraising modalities for reaching individual givers, but direct mail and personal contact remain the most important means of reaching the general public.

## WFP Strategic Direction and Operations

7. The 2008 private-sector partnership and fundraising strategy addresses fundraising and technical partnership with private-sector companies and foundations, and fundraising from the general public, individuals of high net worth and NGOs. It establishes a firewall between procurement and private fundraising and partnering.

<sup>7</sup> Secretary-General of the United Nations. 2009. Guidelines on Cooperation between the United Nations and the Business Sector. 20 November. New York.

<sup>8</sup> OECD web tables available at: <http://www.oecd.org/dac/aidstatistics/internationaldevelopmentstatisticsidsonlinedatabasesonaidandotherresourceflows.htm>

<sup>9</sup> For details and sources see Context and Annex 3 tables in the main evaluation report.

8. The strategy aims to:
- i) retain existing WFP Global Humanitarian Partners and recruit new partners for each of WFP's major business areas;
  - ii) retain existing WFP corporate supporters and attract new ones;
  - iii) extend WFP's outreach to foundations;
  - iv) cultivate high-net worth individuals; and
  - v) enhance outreach to smaller individual donors through the web.
9. Private sector partnerships are expected to contribute to decreasing WFP response times, improving operational efficiency, and strengthening capacity and skills. Tapping into a company's employee and consumer base is expected to increase WFP's visibility.
10. The strategy has a specific goal of raising US\$270 million a year from private contributions by 2017; of this US\$70 million would be in kind and US\$200 million cash. At least 25 percent – US\$50 million – of the cash raised would be fully flexible for allotment to programmes as decided by WFP. The strategy requires WFP to adopt a self-financing approach, using a management fee charged to private-sector contributions to finance private-resource mobilization and the development of partnerships.<sup>10</sup> It also provides a loan from the General Fund for start-up activities.

## FINDINGS

11. *Strategy results and implementation.* Table 1 shows progress towards meeting the 2017 targets. Annual targets for overall resources and cash resources have been exceeded. Management fees and CPP operating costs have been kept within expected levels, but the costs to other WFP units that contribute to raising private-sector funding and managing private-sector relationships have not been tracked. Most of the US\$9 million loan from the General Fund for initial investment costs in the CPP has been drawn down, and is being further drawn down in 2012.

TABLE 1: PROGRESS AGAINST STRATEGY TARGETS*	
Strategy target	Progress to date
<b>Overall resources raised:</b> US\$270 million per year in cash and kind from private sources by 2017; 10% of total WFP contributions at 2007 levels	Total cash and in-kind resources were US\$150 million in 2009, and US\$120 million in 2011. Annual targets have been exceeded each year.
<b>Cash resources raised:</b> US\$200 million per year by 2017	Cash donated was US\$93 million in 2009 and US\$77 million in 2011, exceeding annual targets for those years.
<b>In-kind resources raised:</b> US\$70 million per year by 2017; 26% of the total	Annual in-kind resources averaged US\$62 million in 2009–2011, including US\$17 million of programme gifts in kind (PGIK) – food and non-food items, such as equipment – and an estimated US\$45 million of extraordinary gifts in kind (EGIK).
<b>Multilateral funding raised:</b> Of the US\$200 million per year donated in cash by 2017, at least US\$50 million (25%) to be multilateral and fully flexible	20% of private funding was multilateral in 2011.***

<sup>10</sup> In addition to the management fee, indirect support costs (ISC) are charged at the normal rate on private resources.

<b>TABLE 1: PROGRESS AGAINST STRATEGY TARGETS*</b>	
<b>Strategy target</b>	<b>Progress to date</b>
<b>Diversity of funding sources:</b> 50–60% of cash donations raised from corporations and 40–50% from individuals and foundations	Private donations were 43% from corporations, 13% from foundations, 15% from individuals and 29% from NGOs in 2009–2011.
<b>Cost of fundraising:</b> no more than 25% of the funds raised	CPP costs averaged 6% of the funds raised in 2009–2011, not including costs incurred by other units.
<b>Management fees:</b> average of 13% plus normal ISC charge of 7%	Management fee averaged 3.6% in 2009–2011, rising from 2.3% in 2009 to 4.4% in 2011. Normal ISC was charged at 7%.
<b>Global Humanitarian Partners:</b> recruit 15 Global Humanitarian Partners for multi-year, multidimensional relationships including a substantial cash donation	Target for corporate and foundation partners with widespread reach exceeded, but most partners are not cooperating primarily on humanitarian assistance. A minority of the partnerships are multidimensional or include a substantial cash donation that is not fully earmarked.
<b>Loan draw-down and repayment:</b> loan advance of up to US\$9 million from the General Fund, with possible increases to 2012 to a total of US\$19 million; repayment to commence with interest in 2013, with total repaid over five years	US\$7.44 million drawn down by the end of 2011; further draw-down anticipated in 2012.

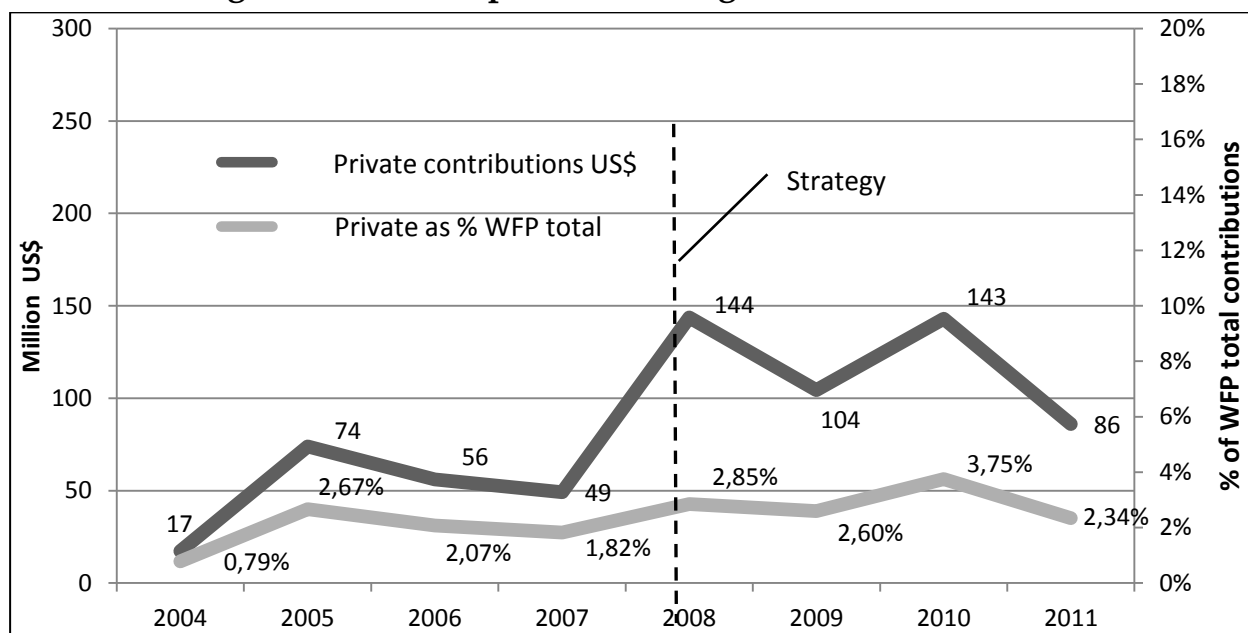
\* Time series figures derived from WFP Annual Performance Reports; proportions of EGIK and PGIK from 2009–2011 data in the CPP database. Gifts in kind may be PGIK, such as commodities valued at market rates, or EGIK, which are services that are not normally procured by WFP, such as advertising time and human resources and services. There are no comprehensive figures for EGIK; the donor is asked to determine the value of the service, but many do not do so. PGIK are included in the published data.

\*\* Data include estimated total EGIK of US\$45 million per year.

\*\*\* Available to WFP for relatively flexible programming (“Annual Performance Report for 2011” (WFP/EB.A/2012/4\*), Annex VIII.).

12. Figure 1 shows trends for total private resources and private resources as percentages of WFP total contributions from 2004 to 2011. Private-sector sources contributed approximately 2.6 percent of WFP total resources in 2009 and 2.3 percent in 2011.
13. 2008 was an exceptional year for both private funding and overall contributions to WFP from all sources. WFP total contributions reached their maximum to date, partly as a result of special contributions for the food and fuel price crises. Private contributions also peaked in 2008, almost trebling from the 2007 level. The peak in private-sector resources in 2008 was due to a contribution of US\$70 million from the Bill & Melinda Gates Foundation (BMGF) for expenditure over five years on the Purchase for Progress (P4P) programme. If this US\$70 million were redistributed over the five years of planned expenditure, private-resource levels would rise until 2010 and then decline in 2011.



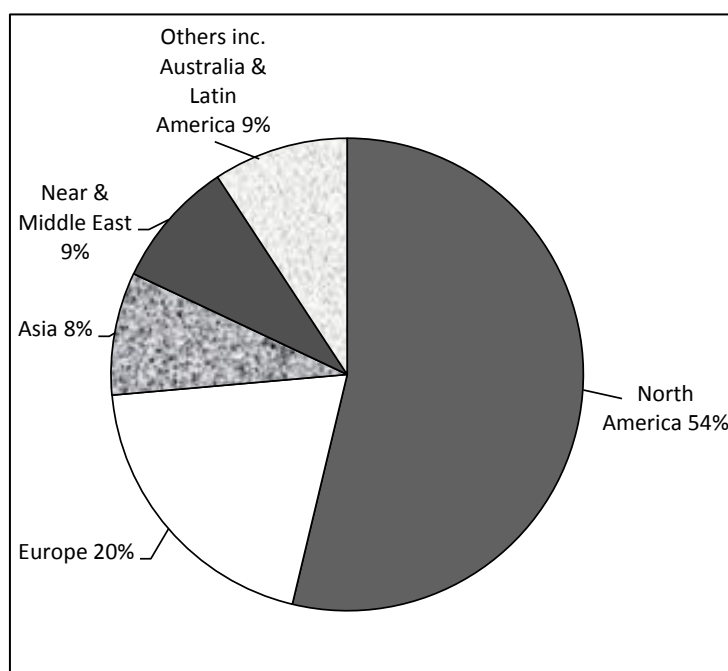
**Figure 1: Trend in private funding to WFP, 2004–2011**

Source: WFP Annual Performance Reports, which do not include EGIK.

14. The overall trend does not compare positively with that of other organizations. UNHCR, UNICEF, major humanitarian NGOs and the United Nations Global Compact all showed increases in contributions from private sources from 2009 to 2011; they also all spent proportionately more on private-resource mobilization. Recent trends in private-sector giving vary by source. In the United States, corporate giving to all philanthropic causes declined by 15 percent between 2009 and 2011, as a result of the financial crisis, while grants from foundations recovered their previous level, with an overall increase of 9.5 percent between 2009 and 2011.<sup>11</sup> Individual giving also increased in the United States.
15. As shown in Figure 2, most private resources to WFP came from North America, with 54 percent, followed by Europe, with 20 percent; as shown in Figure 3, 94 percent came from high-income countries, with G77 countries accounting for 6 percent; and, as shown in Figure 4, most of WFP's private-sector resources came from corporations.

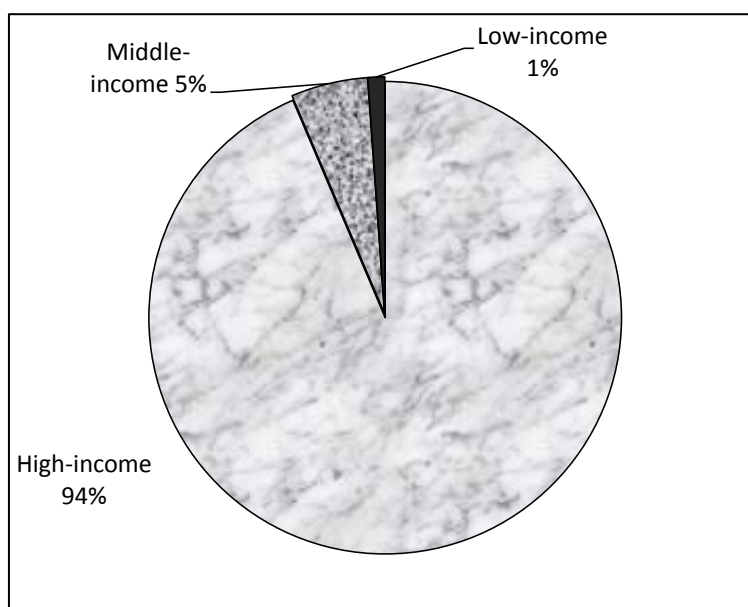
<sup>11</sup> Foundationcenter.org. 2012. *Foundation Growth and Giving Estimates*. Committee Encouraging Corporate Philanthropy.

**Figure 2: Origins of private funds by region, 2009–2011**



Source: CPP database.

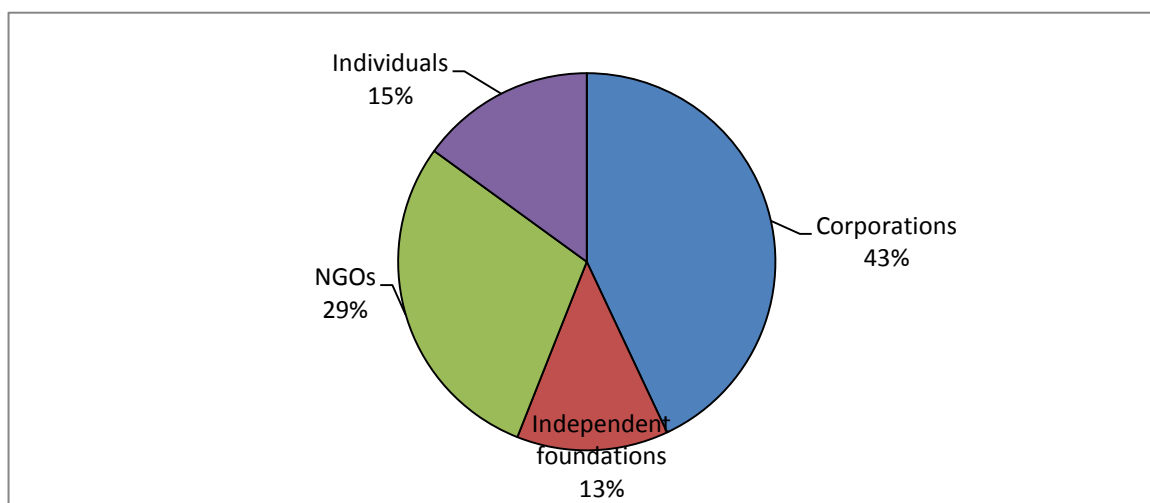
**Figure 3: Origins of private funds by income level of country, 2009–2011**



Source: CPP database.

Of the 94 percent of resources from high-income countries, 65 percent were from the United States, 11 percent from the Netherlands and 5 percent from Japan. Seventy percent of funds were contributed directly to WFP; the Friends of WFP-USA provided a channel for 22 percent.

**Figure 4: WFP's private resources by source, 2009–2011**



Source: CPP database.

16. Table 2 shows the WFP objectives to which private-sector support has made the most significant contributions. Quantitative analysis of private contributions by objective and qualitative analysis of the balance of technical inputs showed that the greatest efforts were related to WFP's Strategic Objectives 1, 4 and 5. In emergencies, the private sector has given high levels of support to general and targeted food assistance in emergencies, emergency logistics, and information and communication technology (ICT). Support to nutrition activities has also been high, particularly for mother-and-child health and nutrition (MCHN) and school feeding. The P4P programme, which aims to build national capacity by stimulating local production through procurement from farmers, is funded primarily by BMFG and the Buffet Foundation. Policy and programme advice and advocacy have also received significant support from private sources. The Boston Consulting Group (BCG) has provided important management consultancy services to WFP, and several companies have contributed to WFP's advocacy efforts.

<b>TABLE 2: MOST SIGNIFICANT PRIVATE-SECTOR SUPPORT TO WFP'S STRATEGIC OBJECTIVES</b>			
<b>WFP Strategic Objectives and sub-objectives</b>	<b>Level of support*</b>	<b>Important private contributors</b>	<b>Type of support given</b>
<b>1: Save lives and protect livelihoods in emergencies</b>			
General and targeted food assistance and emergency nutrition interventions	High	Individual contributions, NGO and corporate donations	For specific emergencies: <ul style="list-style-type: none"> <li>• Unearmarked cash</li> <li>• Some commodities</li> </ul>
Emergency logistics, special operations, and ICT capacity	High	Logistics emergency teams ** TNT, Vodafone, Caterpillar Inc.	Mobilization at onset of emergency for logistics assistance
United Nations cluster leadership for logistics and emergency ICT			Support for capacity development of WFP and other cluster members Some equipment
<b>2: Prevent acute hunger and invest in disaster preparedness and mitigation measures</b>			
Vulnerability analysis and mapping; early warning products and tools; disaster preparedness and mitigation	Low	BMGF and the Citi Foundation, The Rockefeller Foundation, Oxfam	Vulnerability mapping  Climate insurance pilot in Ethiopia
<b>3: Restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations</b>			
Food distribution programmes that facilitate re-establishment of food and nutrition security	Medium	See General and targeted food assistance and emergency nutrition interventions above	
<b>4: Reduce chronic hunger and undernutrition</b>			
MCHN programmes	High	DSM	Technical and cash assistance for development of nutrition solutions and policy
School feeding programmes	High	Yum! Brands, Unilever, TNT, LG Electronics, International Paper	Earmarked and non-earmarked programmes; cash, volunteers and some commodities
Addressing and mitigating HIV/AIDS, tuberculosis and other pandemics	Low/medium	TNT – North Star Alliance	Road-side clinics
<b>5: Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase</b>			
Local procurement	High	BMGF, the Howard G. Buffet Foundation	P4P
Policy and programme advice	High	Global Alliance for Improved Nutrition, BCG	Support for WFP to develop policy solutions
Advocacy	High	Japan Advertising Council, Yum! Brands, DSM, The FEED Foundation, Zynga	Awareness and fundraising among general public, including web games
<b>Assistance for developing WFP internal capacities</b>			
Management advice to WFP	High	BCG	Management consultancy
Assistance for private fundraising	High	Nissin Foods, Yum! Brands, The FEED Foundation, Dutch Postcode Lottery	Raise money for WFP by linking contributions to product sales

\* The support levels – high, medium or low – were assigned by the evaluation team, based on analysis of contributions 2009–2011 by purpose, and examination of the qualitative and quantitative patterns of major partnerships since 2004, including partnerships in kind.

\*\* TNT, UPS, Agility, A.P. Moller-Maersk.

17. Activities related to Strategic Objectives 2 and 3 received less support from the private sector. Typically, more than 60 percent of WFP's total resources are allocated to Strategic Objective 1, while Strategic Objective 5 receives 3 percent or less.<sup>12</sup> While there is an overlap of private and other resources in support of Strategic Objective 1, private resources have tended to complement coverage from other sources of the other Strategic Objectives, particularly Strategic Objectives 4 and 5.
18. In 2009–2011 approximately 35 percent of private resources were applied to development rather than emergency activities, compared with less than 10 percent of WFP funding overall. Although most private funding goes to major emergencies, private funding for emergencies is not normally significant in comparison with total emergency funding. The 2010 Haiti earthquake was an exception, with 17 percent coming from private sources, mostly in North America. Eighty-two percent of private funds were used to support programmes in low-income countries compared with 62 percent of total WFP funding.<sup>13</sup> Private funding has been particularly important in a few middle-income countries, where it has accounted for 20 percent or more of WFP expenditure.<sup>14</sup>
19. Many positive examples of private-sector contributions were identified and – significantly – no negative impacts or outcomes. Some reports of inefficiencies, or challenges in developing or managing private-sector relationships were found. Some of the most significant results in nutrition and emergency response have been realized through longer-term partnerships that draw on the strengths of companies sharing common objectives with WFP, rather than being simple donor relationships.
20. For example, WFP's partnership with TNT led to TNT's rapid deployment to the emergency response in Aceh, Indonesia following the 2004 tsunami, and was a catalyst for development of the Logistic Emergency Teams – consortia of several global logistics companies supporting the global logistics cluster. TNT's partnership with WFP has expanded from collaboration on logistics to include support to school feeding, the Walk the World advocacy campaign and other activities.

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## CONCLUSIONS AND RECOMMENDATIONS

### Quality of the Strategy

21. The strategy placed WFP's efforts within the overall United Nations framework and established targets and a modality for WFP's work in private-sector fundraising and partnership. However, WFP's Strategic Plan 2008–2013 did not address the efficiency, effectiveness or organization of WFP's overall resource mobilization. The strategy did not clearly link targets for private fundraising and partnership to WFP's Strategic Objectives, resulting in inadequate analysis of the comparative strengths of private partnerships in relation to WFP goals. This was only partially corrected by the 2010 Board policy document "Resourcing for a Changing Environment".<sup>15</sup> Areas to be strengthened include:
- i) defining partnerships and fundraising and clarifying the distinctions between them;

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<sup>12</sup> WFP Annual Performance Reports.

<sup>13</sup> WFP Annual Performance Reports and the WFP-CPP database.

<sup>14</sup> For example, in 2009–2011, in Bhutan, Cape Verde, Egypt, the Gambia, India, Indonesia and, the Islamic Republic of Iran. All of WFP's work to support Japan following the 2011 tsunami and nuclear emergencies was privately funded.

<sup>15</sup> WFP/EB.1/2010/5-B/Rev.1.

- ii) establishing clearer objectives and direction for corporate partnerships that are mutually beneficial to WFP and the companies involved;
  - iii) recognizing that WFP can play a role in mobilizing the private sector to contribute to achieving WFP's broader objectives in humanitarian assistance and development, in addition to providing direct support to WFP-specific activities;
  - iv) prioritizing areas for partnership based on partnerships' potential for addressing WFP's Strategic Objectives;
  - v) providing guidance and criteria for identifying the countries where WFP should focus its private-resource mobilization efforts, taking account of potentials as well as needs;
  - vi) enhancing guidance on modalities and potentials for partnership and fundraising with different categories of partners; and
  - vii) defining the scope and limits of partnership with private corporations in terms of WFP objectives and activities.
22. Private partnership and fundraising is a component of WFP's overall mobilization of resources, most of which come from governments. The private sector was found to have particular comparative advantages in specialist areas of technical expertise and provision of technology, for example for nutrition. Corporations were also sometimes found to have facilities and access on the ground that WFP did not have, including in sudden-onset emergencies. Foundations and NGOs also had strengths. The added value of private resources needs to be maximized by using them to further WFP objectives in ways that enhance effectiveness, rather than merely supplementing resources from government donors. There are strong inter-relationships between the public and private sectors, ranging from broad government interest in promoting corporate-sector development and private investment, to state-owned companies and public-private foundations. WFP now needs comprehensive resource mobilization and partnership strategies that focus on its corporate objectives, retaining flexibility while differentiating among the various sources of funding and partnership in both the private and public sectors.
23. WFP should take advantage of opportunities to cooperate with its United Nations and NGO counterparts for private-sector fundraising. UNICEF and UNHCR are already cooperating systematically with major NGOs in sharing information on private-resource mobilization, and some of the NGOs interviewed identified opportunities for cooperating with WFP on fundraising for specific projects. In the United Nations system, UNICEF and UNHCR are the natural partners for WFP; collaboration could be on a case-by-case basis, such as through joint efforts to gain tax relief status for donations to United Nations agencies.

**Recommendation 1: Strategy development**

- a) WFP should develop comprehensive and discrete strategies for resource mobilization and partnerships, including:
- i) *a comprehensive strategy for resource mobilization*, to identify the potentials and modalities for all sources of funds and in-kind contributions, including donor governments, national and local governments in programme countries, other official sources of funds – local governments in developed countries, small embassy grants, etc. – international intergovernmental funders, and all non-governmental sources, including the general public, private companies, NGOs and independent foundations; the strategy should also address WFP's role in inter-agency fund mobilization and coordination;
  - ii) *a comprehensive strategy for partnerships* designed to contribute to the achievement of WFP's objectives, in which partners engage in joint action with WFP to meet shared objectives, but may or may not contribute funds; in particular, the strategy should cover partnerships with local and international NGOs, private companies, independent foundations, and academic and research institutions; it should define the concepts, benefits and limits of partnership and recognize that WFP will need to devote resources to partnerships, to realize their full potential; and
  - iii) *sub-strategies* covering resource mobilization and partnership with all non-governmental sources, including private corporations, independent foundations and the general public.
- b) The strategy or strategies must identify how WFP's country offices, regional bureaux and Headquarters units can most effectively seek opportunities to mobilize resources and develop private and non-governmental partnerships within a coherent and coordinated overarching framework, and what support they will need for this, including practical guidance and training.

[Decision in principle by WFP management on recommendations 2, 3 and 4 should be taken and incorporated into the strategies suggested in Recommendation 1, because they relate to strategic direction.]

**Enhancing Results**

24. As shown in Table 3, some targets may not be fully met by 2017 because of the present approach to fundraising and partnership. Depending on the valuation of in-kind contributions, the total of US\$270 million per year could be attained by 2017, considering that the annual targets are being exceeded. However, the annual targets set in the strategy consistently increase by at least US\$20 million a year, while the funds actually raised have risen and fallen over the years, with large increases based on one-off contributions, major disasters or the launch of a major programme supported by private donations, such as P4P. Cash resources follow the same pattern, but the emphasis on fundraising from the corporate sector may limit the amount of cash received, as corporations do not always generate significant cash funding, but do generate significant in-kind resources. The proposed management fee has not been applied in full, which has reduced resource availability to CPP. The loan was only partially drawn down, but commencing repayment in 2013 – as originally envisaged – would negatively affect the operational resources available for private-resource mobilization.

**TABLE 3: POTENTIAL TO REACH TARGETS BY 2017**

Strategy target	Potential to reach 2017 target
Overall resources raised	Medium
Cash resources raised	Low/medium
In-kind resources raised	High
Multilateral resources raised	High in % terms/medium in US\$ terms
Diversity of funding sources	Medium
Cost of fundraising	High
Management fee	Low
Global Humanitarian Partnerships – multi-year, multidimensional	Medium
Loan repayment (loan draw-down was only 47% of proposed level)	Low (without compromising working capacity)

25. The many positive results of private partnership leave no doubt of the benefits of partnering with corporations and foundations, but opportunities have been lost in securing funding from other types of private sources and in further resource mobilization from independent foundations. WFP has an increasing and as yet unmet need for funding that is not tied to particular countries or programmes. The strategy has made no significant contribution to addressing this issue because the concentration on corporations and, to a lesser extent, foundations – which are seldom a source of unconditional flexible funding – has resulted in a relatively limited amount of untied funding being raised.
26. All comparable NGOs and United Nations agencies interviewed have emphasized fundraising from the general public for fully flexible repeat giving. In recent years, UNHCR has been particularly successful in mobilizing a continuous income stream from the general public, but this has required substantial initial investment.<sup>16</sup> WFP has pursued fundraising from the general public to only a very limited extent, through Friends of WFP-USA and online giving. The major humanitarian NGOs interviewed welcomed WFP's raising of funds from the general public, especially in North America and the United Kingdom, but this should be assessed on a case-by-case basis in other countries. If WFP places greater emphasis on fundraising from the general public, as recommended, it will need to balance its expectations with how much it is prepared to invest.
27. It is less difficult to raise funds for major emergencies than for development. Development funding is a particular priority for WFP, especially in non-emergency countries. Foundations are a potentially significant source of such funding.
28. Partnerships with corporations and some foundations can contribute to the achievement of WFP's objectives even when few or no resources flow from the partner directly through WFP. In all successful partnerships, both parties contribute and both parties benefit. The contributions and benefits may not be equal, but as long as the net gain exceeds the net cost to each partner, the partnership is justified. This principle has still to be mainstreamed in WFP. Companies are increasingly seeking complementarity between their corporate social responsibility objectives and their wider business objectives for building their markets;

<sup>16</sup> The UNHCR budget for fundraising, primarily from the general public, rose from US\$25 million in 2010 to US\$50 million in 2012.



WFP may justify partnerships in these cases, as long as the goals of the United Nations are advanced, with a net gain towards WFP objectives. WFP has not been consistent in its approach to the market development objectives of partner companies, and guidance for managing this issue is not clear. WFP should develop practical guidance on such issues as balancing its own and the company's objectives; the extent to which company involvement in such areas as WFP policy development is acceptable, especially when it coincides with the company's market interests and involves the use of company logos in WFP projects;<sup>17</sup> and ground rules for raising money for WFP linked to sales of a company's products.

29. If WFP is to expand and gain from inclusive partnerships with corporations, foundations and NGOs, it needs to facilitate their sense of partnership with WFP as a whole. Many United Nations organizations that give less priority to the private sector than WFP do have a formal mechanism, such as a joint committee or observer status on boards, for private-sector and NGO representatives.<sup>18</sup>

**Recommendation 2:** WFP has emphasized partnership with private-sector corporations. WFP should now pursue greater balance in its approach to different types of private-sector non-governmental and individual actors, including by:

- i) giving more emphasis to, and making the essential up-front investment for, repeat giving from the general public, to mobilize unrestricted contributions that WFP can allocate to countries and activities according to its approved programme of work, and contributions in response to WFP appeals for specific operations;
- ii) giving more attention to independent foundations to mobilize financing, particularly for piloting innovations; and
- iii) rebalancing the emphases on corporations and corporate foundations to maximize the benefits from partnerships that contribute directly to WFP's objectives, as distinct from fundraising.

In the spirit of partnership and dialogue, WFP should develop modalities through which corporations, foundations and NGOs can present their views on policies and implementation arrangements to WFP senior management and the Executive Board.

[Decision in principle on this recommendation will need to precede preparation of the strategies in Recommendation 1, but its implementation must await strategy approval. Some progress on strengthening online fund mobilization is possible immediately.]

## Implementation Issues

30. Effective engagement in private fundraising and partnership by WFP as a whole has not been a priority, and WFP does not have a clear framework of priorities or roles and responsibilities. An integrated planning process that takes account of both private and other untraditional resources should be developed. The planning of private resources separately from other smaller sources of funds such as embassies or local governments – large government donations are in a separate category – is inefficient and hinders the optimal use of potential resources. Another possibility is joint fundraising with partners such as NGOs. Planning for fundraising should facilitate action according to agreed strategic priorities by decentralized country offices, regional bureaux and Headquarters units, supported by training and guidance from the centre. An annual or biennial exercise could facilitate this, with guidance on potentials and overall organizational priorities from the centre and

<sup>17</sup> During its country visits, the evaluation team found that UNICEF could be more flexible than WFP.

<sup>18</sup> Including United Nations organizations such as the Food and Agriculture Organization of the United Nations, the International Labour Organization and the World Health Organization.

feedback on real opportunities, needs and ideas for partnership from countries and units; this exercise should be voluntary as not all countries or units will find it relevant. Given their important roles, the Friends of WFP should be included. WFP's publication and wide dissemination of evolving priorities for partnership could assist staff in developing partnerships and provide a basis for discussion with potential and existing partners.

**Recommendation 3:** WFP management should design and implement an integrated planning process for prioritizing areas for partnership development with, and fundraising from, private and non-governmental sources and other categories of small and medium partners and donors, such as local governments. Priorities should be made publicly available and used in seeking and developing partnerships and raising funds from the range of sources available.

[Management can design and move forward the process during 2012–2013 even before new strategies described in Recommendation 1 are finalized.]

### Budgeting for Private Partnership and Fund Mobilization

31. The management fee established by the strategy is widely misunderstood within and outside WFP. Partners were confused by the term “management fee” and by how the fee is applied together with the ISC charge. The management fee can lead to perverse incentives to seek funds for salaries and operations rather than pursuing less remunerative partnerships. It may also have contributed to WFP's underinvestment in private-sector fundraising and partnership. Comparable organizations were not found to use this practice; instead, they integrate funding for private-sector fundraising and partnership into their institutional budgeting processes, with decision-making based on work plans and budget proposals, as for all other activities.

**Recommendation 4:** WFP management should propose to the Board ways of integrating private-resource mobilization into WFP's overall budget, rather than continuing to fund it mostly from the separate management fee. These proposals should:

- a) establish the amounts to be allocated to different forms of fundraising and partnership development and management, in line with WFP's priorities;
- b) establish total overheads for private donors, with differentiated rates that reflect the costs of mobilizing resources from different categories of donor and project, applying transparent criteria; a potential approach would be to combine the management fee with ISC and apply a simple scale of overhead charges; and
- c) assign resources to different WFP units at Headquarters, regional bureaux and country and liaison offices, according to agreed responsibilities and work plans and ensuring that the budget includes the investment requirements for raising a continuing revenue stream for the future.

[Management will need to take a decision in principle on this recommendation before developing the strategies in Recommendation 1, and its implementation should await their approval.]

### Organizational Issues

32. Private-sector work is not fully integrated across WFP, and planning for private-resource mobilization is not adequately coordinated with planning for other sources of funding, notably in the Government Donor Relations Division. WFP is missing opportunities and experiencing inefficiencies through this lack of integration; for example, governments and staff of the Government Donor Relations Division can identify and facilitate the integration of private partnership, and there are many cases of close interaction between governments and private initiatives, such as in many Asian countries. Coordination with WFP's

communications staff is important for fundraising from the general public and cause-related marketing.

**Recommendation 5:** Reporting lines should be arranged so that CPP has the same direct line of reporting as the Government Donor Relations Division, while maintaining a strong link to the communications function. Responsibilities and functions related to developing and managing relationships with private-sector partners and donors should be defined clearly, and distributed appropriately among CPP and other units, including country offices, regional bureaux, liaison offices, and the Operations Department and Policy, Planning and Strategy Division in Headquarters.

[This recommendation does not require prior approval of the strategies and should be implemented along with other organizational changes underway in WFP.]

## Due Diligence

33. In deciding whether to work with a company, WFP applies guidance based on the United Nations Secretary-General's 2000 guidelines for cooperation with the business sector.<sup>19</sup> This guidance was revised in 2009,<sup>7</sup> and WFP needs to update its criteria in line with this revised guidance, its own revised strategy and its immediate priorities. At present, if a company is cleared following due diligence to work with WFP, the partnership can be engaged for WFP activities anywhere. Application of due diligence to specific projects would allow WFP to approve a relationship for one purpose, such as school feeding, but not another, such as policy development. WFP could then be more flexible in specific situations – such as when dealing with the extractive industries and with subsidiaries of conglomerates – but stricter overall in its application of due diligence criteria.

34. The director of CPP is currently responsible for final due diligence decisions. CPP is also responsible for developing partnerships and sometimes for managing them, when the management fee directly benefits the unit. This is a conflict of interest that puts WFP at risk of inadequately vetting decisions about which organizations with which to partner, and thus of entering into undesirable relationships. Placing due diligence responsibility in the unit responsible for private resource mobilization and partnership also limits the ownership of due diligence decisions by WFP as a whole, and so can lead to internal controversy. However, changes in responsibilities and procedures must not lead to major delays in due diligence decision-making, which would threaten potential relationships.

**Recommendation 6:** WFP's due diligence process should be revised, to address the following:

- a) WFP management should transfer the responsibility for final due diligence decisions from CPP to a committee supported by another unit that does not have lead responsibility for developing private-sector relationships and does not benefit directly from them.
- b) Criteria and processes should be revised to allow due diligence decisions to apply to individual projects, as distinct from granting general clearance to organizations.

[This recommendation does not require prior approval of the strategies in Recommendation 1 and should be implemented along with other organizational changes underway in WFP.]

<sup>19</sup> United Nations Secretary-General. 2000. Guidelines on Cooperation between the United Nations and the Business Community, 17 July 2000. New York.

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## ACRONYMS USED IN THE DOCUMENT

BCG	The Boston Consulting Group
BMGF	Bill & Melinda Gates Foundation
CPP	Private Partnerships Branch
EGIK	extraordinary gifts in kind
ICT	information and communication technology
ISC	indirect support costs
MCHN	mother-and-child health and nutrition
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
P4P	Purchase for Progress
PGIK	programme gifts in kind
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund