Proposed classification of private sector donors as non-traditional donors under General Rule XIII.4 (c)
Understanding the challenge

**What is the challenge?**
- Increasingly common practice among the private sector to engage two associated yet separate legal entities to provide contributions and meet Full-Cost Recovery (FCR).
- WFP is currently not fully equipped to respond to these evolving business dynamics and accept contributions in an effective and timely way.

**Why is it a challenge?**
- Private sector donors have not, up till now, been classified as a donor category within WFP General Rule XIII.4(c).
- UN perceived by prospects as difficult to work with, due to long/cumbersome processes to identify and accept contributions from private sector.

**Example**
- Entity A wants to partner with WFP and provide a contribution to support WFP's operations.
- Entity B offers the funds to cover associated costs of the partnership with Entity A to make sure WFP meets full-cost recovery requirements.

Under current WFP regulations, this arrangement, which would consist of two separate contributions that together achieve full cost recovery, would be considered twinning. It is therefore not permissible for private sector donors, as they are not currently classified as non-traditional donors.
The proposed solution

What is the proposed solution?

- Private sector donors classified as non-traditional donors
- Enables eligibility of private sector donors for twinning to achieve full-cost recovery

No recourse to WFP Fund nor monetization

- Twinning through recourse to the WFP Fund or monetization NOT ALLOWED
- Funds from a public or private entity with an explicit grant to support initial contribution

This approach directly contributes towards expanding WFP’s resource base, without relying on already-contributed multilateral funds.
The rationale for this proposal

Impact of private sector donors being classified as non-traditional

- Ensuring a **successful implementation of PSPF Strategy** and its **ambitious 2025 objectives**, including the commitments around impact and income partnerships;

- Meeting the **ever-evolving ways of working of the business sector** and reducing the perception that United Nations agencies are difficult to work with and do not understand the business;

- Enabling WFP to **engage in public-private partnerships**;

- Supporting **WFP's evolving needs in emergency contexts**;

- Nurturing **long-term, sustainable relationships with the private sector**; i.e. not creating cumbersome processes that could potentially damage relationships with partners or prospects.