

ANNEX IV

Trust funds and special accounts

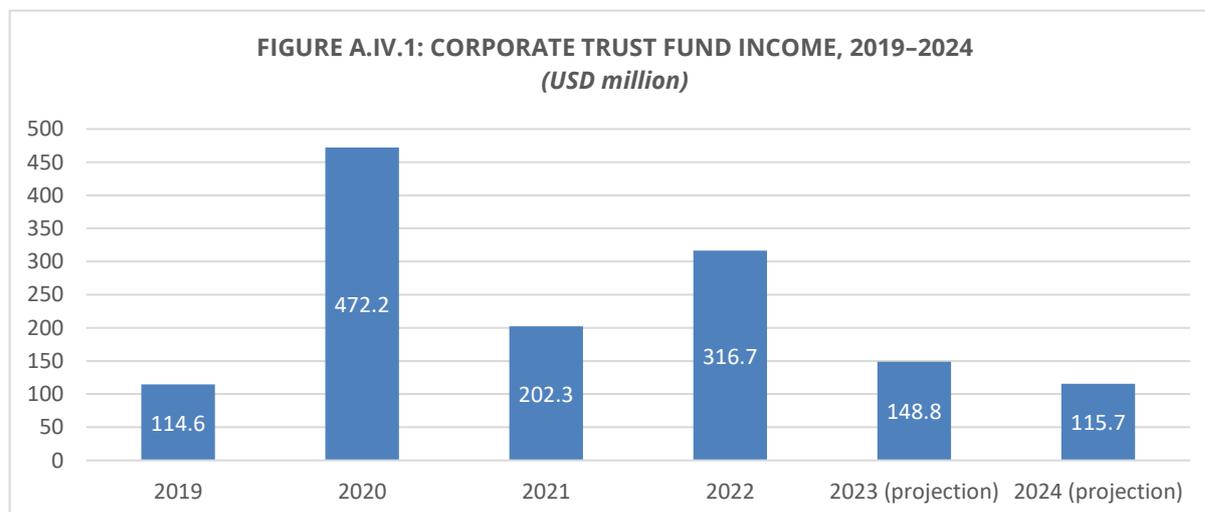
Overview

1. This annex outlines the 2024 planning forecast for trust funds and special accounts and provides details on the most notable funds and accounts.
2. All trust funds and special accounts are consistent with WFP's policies, aims and activities and are established by the Executive Director under Financial Regulation 5.1. The accounts hold contributions whose purpose and scope have been agreed upon with the donors, along with procedures for reporting on their use, in written trust fund agreements.
3. Special accounts are used for special contributions or monies earmarked for specific activities, the unspent balance of which in each financial period may be brought forward to the following financial period. Special accounts are used for the financial management of services provided by WFP to its own offices and units and to other United Nations entities and other members of the humanitarian community.
4. Table A.IV.1 summarizes the balances and the projected movements of funds held in trust funds and special accounts in 2024. It also includes USD 17.2 million of "other funding sources" for baseline activities in order to reconcile the total baseline budget shown in table A.IV.1 with the figure shown in table 4.1 in section IV of the management plan. The "other funding sources" comprise the General Fund and in-kind contributions earmarked for specific corporate purposes, such as the rent-free use of WFP's headquarters premises.

TABLE A.IV.1: PROJECTED MOVEMENTS OF FUNDS IN TRUST FUNDS, SPECIAL ACCOUNTS AND OTHER FUNDING SOURCES, 2024 (USD million)			
	Trust funds	Special accounts and other funding sources	Total trust fund special accounts and other funding sources
Balance brought forward at 1 January 2024	221.9	288.0	509.8
Income	115.7	351.6	467.3
Expenditure	253.5	435.8	689.3
Baseline	47.1	98.4	145.6
Other services	26.5	13.2	39.7
Direct	0.0	131.9	131.9
Operational	179.9	192.2	372.1
Balance carried forward at 31 December 2024	84.6	203.8	288.4

5. For 2024, the combined baseline expenditure for special accounts, trust funds and other funding sources – the expenditure on essential activities that contribute to the efficient and effective delivery of WFP's annual implementation plan and the fulfilment of WFP's institutional obligation – amounts to USD 145.6 million, or 21 percent of the total baseline expenditure. The 2024 budget is 20 percent more than the budget for 2023; the largest specific increase is for a trust fund managed by the Emergency Operations Division that focuses on strengthening WFP's response capacity through improved preparedness.
6. Activities in the "other services" category are incidental, supplementary or discretionary activities that complement baseline activities or provide administrative and management services to non-WFP entities. The 2024 planned expenditure for this category is USD 39.7 million, or 6 percent of the total expenditure.
7. Activities classified as "direct" are those that are planned and managed by headquarters but that can be traced to country operations. Most of the costs for direct activities are recovered from country strategic plan (CSP) budgets because the cost drivers, such as the number of staff members required or the tonnage of commodities purchased, are concentrated in country operations. Planned expenditure on direct activities in 2024 amounts to USD 131.9 million, or 19 percent of the total expenditure. This represents a somewhat stable budget, with cost recovery from CSPs increasing by only 4 percent compared with 2023.
8. Operational expenditures include costs that are directly attributable to the goods and services provided to external customers, and allocations to country operations, such as the allocations to CSPs from thematic trust funds and special accounts. The 2024 projected operational expenditure is USD 372.1 million, or 54 percent of the total expenditure.

Trust funds: projected income and expenditures in 2024



9. As illustrated in figure A.IV.1, trust fund income has fluctuated significantly over the past five years. The original projection for 2023 has been revised downwards to USD 148.8 million based on WFP's global contribution forecast.
10. For 2024, projected trust fund income amounts to USD 115.7 million, representing a decrease of 22 percent from the updated 2023 income forecast. The decrease is due mainly to the lower projected income for the hunger-related climate change trust fund, estimated at USD 15.3 million in 2024 compared with USD 38.1 million in 2023, and the R4 Rural Resilience Initiative trust fund, with forecasted income of USD 3.6 million compared with USD 34 million in 2023.

11. Table A.IV.2 shows the projected expenditure for trust funds in 2024, totalling USD 253.5 million. The largest share of the 2024 trust fund budget is in the operational category, which accounts for 71 percent of the total. The trust funds with the highest projected expenditures on operational costs in 2024 are those in the climate change and disaster risk reduction and the partnership thematic areas.
12. The thematic area of climate change and disaster risk reduction accounts for 47 percent of the total projected expenditure in 2024. The following are the most notable trust funds in this thematic area and their respective increases in projected expenditures compared with the 2023 management plan:
 - The hunger-related climate change trust fund, which supports WFP's capacity development initiatives and innovative approaches for addressing the impact of climate change on hunger, has planned expenditures of USD 37.8 million in 2024 (an increase of USD 23 million compared with 2023), of which USD 35.8 million is allocated to country offices.
 - Climate risk financing, which is used to establish large-scale insurance-based safety nets for vulnerable people in countries that are members of the African Risk Capacity risk pool, has planned expenditures of USD 29.1 million in 2024 (an increase of USD 3.4 million compared with 2023), with an increased allocation to country offices accounting for USD 28.3 million of that total.
 - The R4 Rural Resilience Initiative trust fund, which helps to address the effects of climate variability on the most vulnerable and food-insecure communities, has planned expenditures of USD 26.2 million in 2024 (an increase of USD 21.3 million compared with 2023), with an increased allocation to country offices accounting for USD 25.3 million.
13. Projected trust fund expenditures in the partnership thematic area account for 15 percent of the total expenditure in 2024. The largest share of expenditures for this thematic area is accounted for by the USD 32.3 million allocated to the strengthening food systems trust fund, which is operated with the Mastercard Foundation and was established in late 2021 with the aim of strengthening food systems and promoting increased employment opportunities for young people in value chains. In 2024, the planned allocation to country offices from this trust fund is USD 30.8 million.
14. The African Risk Capacity initiative is the largest trust fund with activities categorized as "other services" and has projected expenditures of USD 11.1 million in 2024, accounting for 42 percent of the total expenditure in the "other services" category. African Risk Capacity is a pan-African risk- pool designed to help Member States of the African Union to improve their capacity to plan and prepare for, and respond to, extreme weather events and natural disasters such as drought, floods and cyclones.

TABLE A.IV.2: TRUST FUND PROJECTED EXPENDITURES BY THEMATIC AREA, 2024 (USD million)				
Thematic area	Baseline	Other services	Operational	Total
Climate change and disaster risk reduction	3.8	0.0	116.5	120.3
Hunger-related climate change	2.1	0.0	35.8	37.8
Climate risk financing	0.9	0.0	28.3	29.1
Green Climate Fund	0.0	0.0	26.6	26.6
R4 Rural Resilience Initiative	0.9	0.0	25.3	26.2
Climate resilience in Asia and the Pacific	0.0	0.0	0.6	0.6
Partnerships	3.8	0.0	33.4	37.2
Strengthening food systems (with MasterCard Foundation)	1.5	0.0	30.8	32.3
Others	2.3	0.0	2.6	4.9
Supply chain	4.0	4.0	8.3	16.3
Logistics and capacity strengthening support for African centres for disease control and prevention in delivering vaccines	0.0	2.6	7.8	10.4
Others	4.0	1.3	0.5	5.9
Nutrition	2.9	3.1	9.3	15.3
Micronutrient initiative	1.6	2.2	0.9	4.7
Food and nutrition crisis response (with the Bill and Melinda Gates Foundation)	0.0	0.1	3.2	3.3
Others	1.3	0.8	5.2	7.3
Government capacity strengthening	2.2	11.6	0.3	14.1
African Risk Capacity		11.1		11.1
Others	2.2	0.5	0.3	3.0
Emergency preparedness and response	11.2	0.2	0.0	11.4
WFP capacity development	6.0	2.0	1.2	9.3
Food security	4.7	2.1	1.3	8.1
School feeding	5.1	2.1	0.1	7.2
Smallholder farmers support	0.0	0.0	5.6	5.6
Innovation Accelerator	0.0	0.7	3.9	4.6
Other thematic areas*	3.4	0.9	0.0	4.2
Total	47.1	26.5	179.9	253.5

* Other thematic areas include cash-based transfers, gender, risk management, and Purchase for Progress, and procurement of non-food items in Dubai.

Special accounts: projected expenditures in 2024

15. Table A.IV.3 shows the 2024 projected expenditures for special accounts, which total USD 418.6 million; operational activities account for the largest share, at 46 percent of the total. In the table, the categories of trust fund for the provision of services are divided into three “streams”: business services, corporate financing and other.
16. Business services, accounting for USD 243.5 million or 58 percent of the total expenditure, relate to services provided internally by WFP that would otherwise be sourced externally at greater cost, or mandated services that cannot be viably sourced externally. These services are provided for internal purposes and to partners, with costs recovered from their users.
17. Corporate financing, accounting for USD 135.6 million or 32 percent of the total expenditure, consists of special accounts that benefit from corporate service financing, with costs recovered from the WFP units that use these services, including through fee-for-service activities and repayment schedules that ensure full-cost recovery.
18. As a complement to the fees charged for vehicles leased through WFP’s Global Vehicle Leasing Programme and included in the direct activities budget shown in the fourth column of table A.IV.3, WFP will introduce a new decarbonization fund. The fund is derived from the following sources: the existing carbon tax on vehicles leased by WFP offices from the fleet centre; a new carbon tax on the use of commercial airlines for official travel arranged by WFP; future carbon taxes on other fossil fuel consumption by WFP; and contributions from external donors and partners willing to support the decarbonization of WFP. The new initiative will help WFP to meet its decarbonization targets by funding projects in regional bureaux and country offices that increase energy efficiency and reduce the use of fossil fuels. The funds of USD 1.5 million that are expected to be raised in 2024 will be managed through WFP’s energy efficiency programme.
19. Two new special accounts were established in 2023 in the “business services” category: the special account for the on-demand service provision of fertilizers, and the United Nations Fleet special account, which was established as a joint operation for the provision of a fleet of effective, safe, efficient and environmentally sustainable light vehicles and related services to the United Nations system, with significant and sustainable cost savings and projected expenditure of USD 8.6 million in 2024.
20. The “other” special accounts category has projected 2024 expenditures of USD 39.5 million, or 9 percent of the total expenditure, and includes the changing lives transformation fund, aimed at catalysing funding for the changing lives agenda, and the emerging donor matching fund, which provides funds aimed at encouraging contributions from host governments by covering associated costs. Both of these special accounts provide allocations directly to CSPs.

TABLE A.IV.3: SPECIAL ACCOUNTS PROJECTED EXPENDITURE, BY CATEGORY, 2024 (USD million)					
Category	Baseline	Other services	Direct	Operational	Total
Special accounts for business services	47.8	13.2	67.4	115.1	243.5
Logistics services – humanitarian	3.1	5.1	8.4	22.9	39.6
Aviation	5.9	0.0	11.9	15.8	33.6
WFP Innovation Fund	5.5	7.1	0.0	16.5	29.1
Self-insurance of commodities and vehicles	0.0	0.0	4.1	18.6	22.7
Information technology	16.9	0.0	0.0	0.0	16.9
On-demand service provision of fertilizers	0.0	1.0	0.0	14.5	15.5
United Nations Humanitarian Response Depot*	11.3	0.0	1.1	0.0	12.4
Fast information technology and telecommunications emergency support team	0.0	0.0	10.6	0.0	10.6
United Nations Fleet	0.0	0.0	0.0	8.6	8.6
Global Commodity Management Facility (GCMF)*	0.0	0.0	6.2	0.0	6.2
Global logistic cluster	4.5	0.0	1.2	0.0	5.7
Others**	0.6	0.0	23.9	18.3	42.7
Special accounts for corporate financing	32.0	0.0	62.7	41.0	135.6
IT per capita	0.0	0.0	37.7	0.0	37.7
Individual giving investment strategy	30.9	0.0	0.0	0.0	30.9
Global vehicle leasing	0.0	0.0	3.5	24.0	27.5
Field premises improvements and recovery services	0.1	0.0	3.8	14.7	18.6
Others***	1.0	0.0	17.6	2.3	20.9
Other	1.4	0.0	1.9	36.2	39.5
Changing lives transformation fund	0.1	0.0	0.0	25.0	25.1
Emerging Donor Matching Fund	0.0	0.0	0.0	10.0	10.0
Others****	1.3	0.0	1.9	1.2	4.4
Total	81.2	13.2	131.9	192.2	418.6

* The value of goods and services provided to external parties or CSPs is not included in operational expenditures.

** Notable special accounts in the “Other” business services category are those for accelerating gender mainstreaming in WFP, advocacy, the cost recovery mechanism for specialized donor financial reporting, the cash and voucher service platform, change management execution, food safety and quality, the provision of health insurance coverage to the global WFP employee, the logistics execution support system, nutrition, and the wellness programme.

*** Notable special accounts in the “Other” corporate financing category are those for identity management, field security, human capital management implementation in WFP, and global surge capacity in emergency.

**** Notable special accounts in the “Other” other category are those for administration of the junior professional officer programme, field emergency support office.