Expanding twinning eligibility

27th July 2026

Background: Full Cost Recovery and Twinning

How WFP funds its budget

Voluntarily funded

100% voluntarily funded with no assessed budget.

Sources of revenue

- Contributions (>90% of WFP's revenue)
- Service provision
- Investment income & Foreign exchange gains

Full Cost Recovery (FCR)

WFP Operates under a Full Cost Recovery model. This means that **each donor must cover all associated operational, direct, and indirect support costs of its contribution(s)*.**

This applies to contributions from both the public and private sectors and is applicable to in-kind and cash contributions.

WFP's General Regulation Article XIII governs contributions to WFP and Full Cost Recovery aspects around it **– to ensure that resources are mobilized** and **used in accordance with WFP's objectives.**

General Rule XIII.4 and its sub-points set the practical procedures and 'how to' implement FCR including criteria (as defined by the Executive Board)

**Limited exceptions, approved by the Board.*

General Rule XIII.4 | Identifies WFP cost categories for FCR and its exceptions/exemptions

Type of costs covered in 'Full Cost Recovery'

XIII.4.a)	Identifies **cost categories for FCR** on contributions
XIII.4.b)	FCR **Exemptions**
XIII.4.c)	FCR **alternative means for achieving FCR** (i.e., "twinning," monetization, and/or resort to the 'WFP Fund')
XIII.4.d)	Exceptional **reduction or waiver** of **DSC and/or ISC**
XIII.4.e)	**Non-standard ISC** rates
XIII.4.f)	**Reporting to the EB** on the utilization of the above.

Provision which enables 'twinning'

General Rule XIII.4.a: Identifies WFP cost categories for FCR

Cost Structure

Transfer	Transfer Value	*The value of the assistance transferred directly to beneficiaries (whether in-kind food or cash)*	***'Transfer Value'***
	Transfer Cost	*Costs incurred to deliver the assistance to beneficiaries, (e.g. transportation, bank transfer fees)*	***'Associated Costs'***
Implementation Cost		*Activity-specific operational expenses (e.g. field office staff, monitoring/oversight)*	
Direct Support Costs (DSC)		*Country-level overhead supporting multiple activities (e.g. office rent, management salaries)*	
Indirect Support Costs (ISC)		*Corporate overhead recovered via a percentage on contributions (e.g. global governance, HQ services)*	

General Rule XIII.4.a): Identifies WFP cost categories for FCR

Example | Full Cost Recovery Breakdown of a USD 5 million Contribution for Food Modality

Cost Structure		Example	
Transfer	Transfer Value	**USD 3.78 million**	Estimated value of 5,975 MT of mixed commodities
	Transfer Cost	**USD 434,000**	Estimated Costs on a per ton basis (USD72.63/MT)
Implementation Cost		**USD 162,000**	Calculated as 3.8% of Transfer
Direct Support Costs (DSC)		**USD 319,000**	Calculated as 7.3% of Transfer & Implementation
Indirect Support Costs (ISC)		**USD 305,000**	Calculated as 6.5% of Direct Costs
Total		**USD 5,000,000**	Total contribution of USD 5 million

General Rule XIII.4.c

(c) **Governments of developing countries, countries with economies in transition, and other non-traditional donors as determined by the Board**, may make contributions that do not achieve full cost recovery, provided that:

(i) the full operational and support costs are covered through contributions by another donor or donors, through the monetization of part of the contribution and/or through resort to the WFP Fund;

(ii) such contributions are in the interests of the Programme and do not result in any disproportionate administrative or reporting burden to the Programme; and

(iii) the Executive Director considers that accepting the contribution is in the interests of the beneficiaries of the Programme.

General Rule XIII.4.c):

- For eligible donors, enables WFP to receive contributions where donor does not provide FCR, but
- the contribution still achieves FCR by other means such as by using "*twinning*," monetization*,
- and/or resort to General Fund to cover the gap of the insufficient associated costs provided.

** WFP has not monetized in-kind contributions since the late 1990's*

Twinning| What is twinning and what are its benefits

Contribution A
Transfer: cash, IK- commodity or services

+

Contribution B
Cash for associated costs (implementation, support costs etc.)

→ **FULL COST RECOVERY**

Evolution of Twinning

- 2004: formalized twinning for Emerging Donors
- 2018: Cash eligibility
- 2022: Private Sector
- 2025: Vertical Funds

Benefits of Twinning

1. Providing new partnership opportunities & broadening WFP’s donor base
2. Increase availability of resources to WFP Operations (cash or IK)
3. Leveraging contributions from host governments

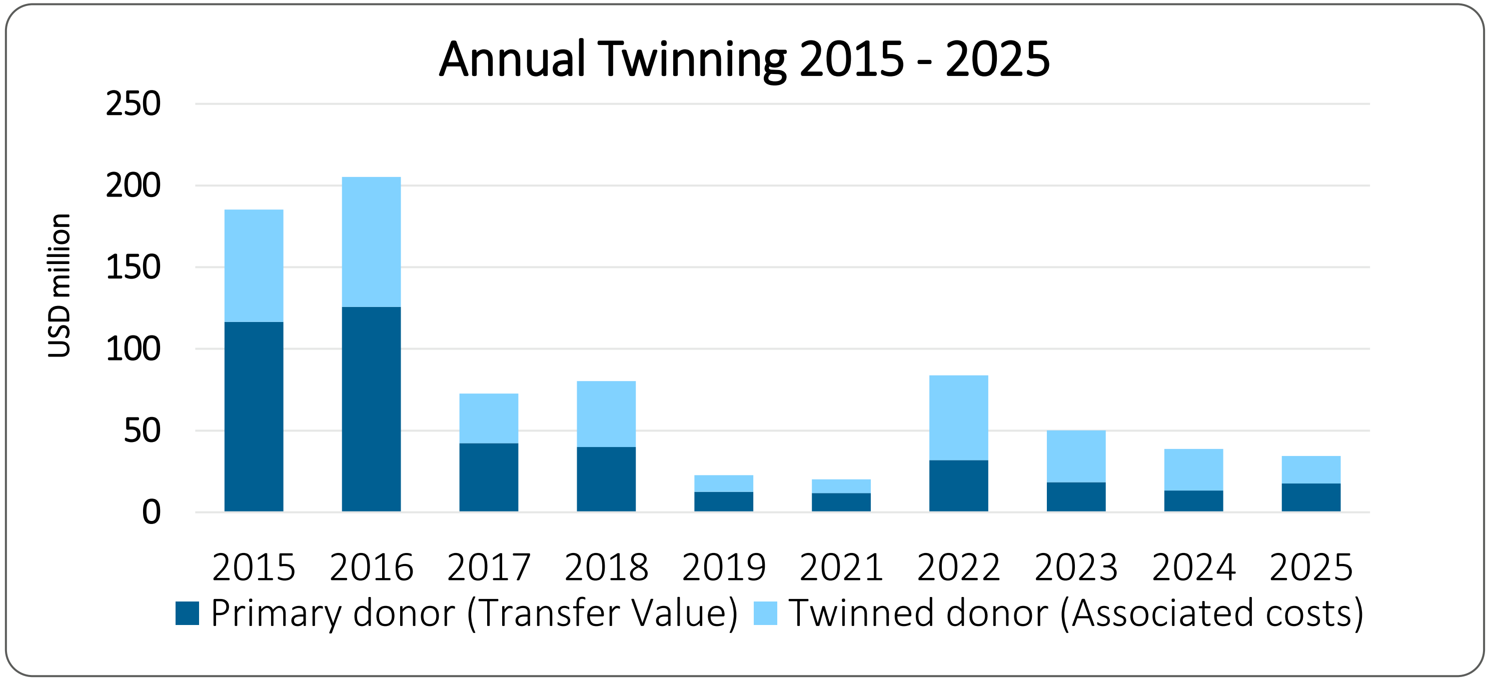
Example | Twinning Arrangement

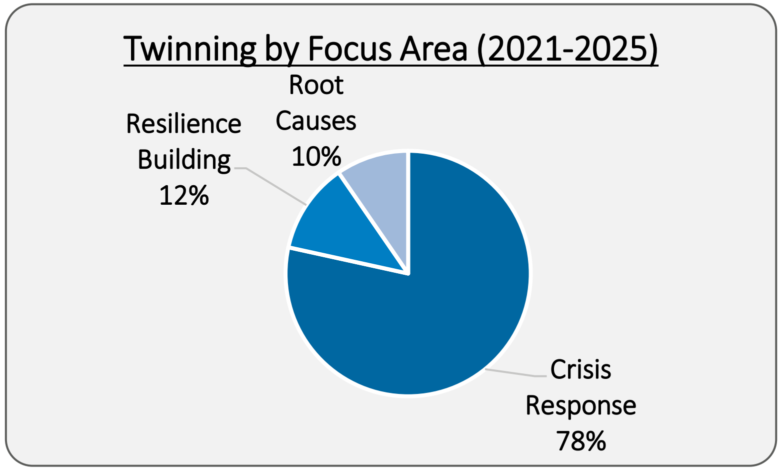
Cost Structure	Donor A ('Primary' Donor) (USD)	Donor B (Associated Costs Donor) (USD)		
Transfer	3,780,000		*In-Kind Commodity*	***Transfer Value***
		434,000	*Transfer Cost Cash (USD 72.63/MT)*	***Associated Costs***
Implementation Cost		162,000	Cash (3.8% of Transfer)	
Direct Support Costs (DSC)		319,000	Cash (7.3% of Transfer + Implementation)	
Indirect Support Costs (ISC)		305,000	Cash (6.5% of all Direct Costs)	
Total Costs	3,780,000	1,220,000	In-kind + Cash	

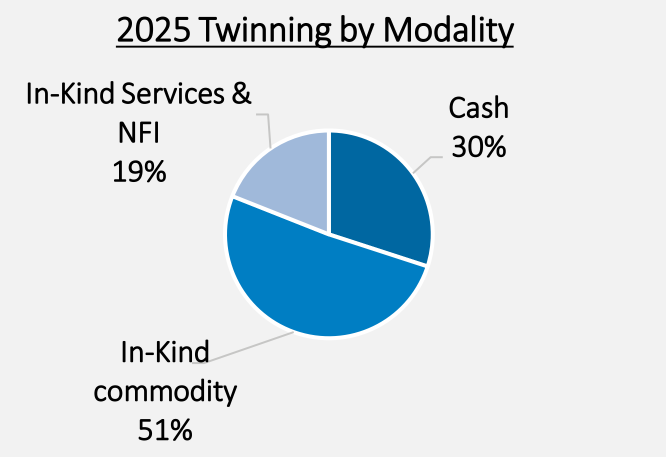
Direct Costs: Transfer, Implementation Cost, Direct Support Costs (DSC)

Combined, the two contributions total USD 5 million and fully provide for all associated costs required

Use of twinning in recent years







Overview of Twinning over the last 5 years (2021-2025)

- **17** twinning **arrangements per year**
- **Averaging USD 45million** per year (USD 2.6million per twinning arrangement)
- **11 Government primary** ('transfer') **donors** per year
- **1.6x multiply effect** for every $ of associated costs **$1.6*** of additional contribution was generated

*excluding Ukraine

Current twinning eligibility

missing opportunities due to eligibility limitations

Which types of contributions are eligible for twinning

Government donors	Other 'non-traditional' donors as determined by the Board to include:	
'Developing **countries' and 'countries with economies in transition'** are defined with reference to the countries classified as **"least-developed", "low-income" and "lower-middle income"** countries by the Development Assistance Committee of the Organisation for Economic Co-operation and Development **(OECD).**	**private sector donors** – i.e. private sector funds can be received without FCR as long as FCR is achieved through contributions from other donors (without accessing the WFP Fund or monetization). Private sector donors include individuals, foundations, and business/corporations.	**vertical funds** (e.g. the Global Environment Facility and the Green Climate Fund) may be received without full cost recovery, provided that FCR is achieved through contributions from other donors and/or the WFP Fund.

Proposal

Proposal to expanding twinning eligibility

Proposal:
Expand twinning eligibility **to 'any donors'** on '**exceptional basis**' under the Executive Director's approval authority, **with parameters ('criteria')** approved by the Executive Board for newly eligible donors.

Existing Eligible Donors

- **'Developing countries' and 'countries with economies in transition'** ("least-developed", "low-income" and "lower-middle income")
- **Private Sector**
- **Vertical Funds**

Maintain status-quo with a technical adjustment*

Newly Eligible Donors

- **'Any donors'**
- Would cover all donors currently not yet eligible

Introduce guardrails criteria on the use of twinning including caps

** The EB has previously approved that 'developing countries' and 'countries with economies in transition' are to be identified as OECD-defined 'low income' or 'lower-middle' income countries. Maintaining that definition, we would propose to utilize the World Bank as well as OECD as the source (as World Bank updates annually, and OECD only every three years).*

Proposal to expanding twinning eligibility

Proposal requires EB approval of an **amendment to General Rule XIII.4.C**

Proposed Language for updates to the General Rule XIII.4.(c) ***(new text in bold italic)***:

Current Gen Rule XIII.4(c) - current text	Potential revised Gen Rule XIII.4(c) - proposed text
Governments of developing countries, countries with economies in transition, and other non-traditional donors as determined by the Board, may make contributions that do not achieve full cost recovery, provided that……:	Governments of developing countries, countries with economies in transition, and other non-traditional donors as determined by the Board, ***and in exceptional situations as determined by the Executive Director under criteria to be established by the Board, any other donor*** may make contributions that do not achieve full cost recovery, provided that……..

Key areas to support twinning proposal

1) ***Guardrails*** for newly eligible donors

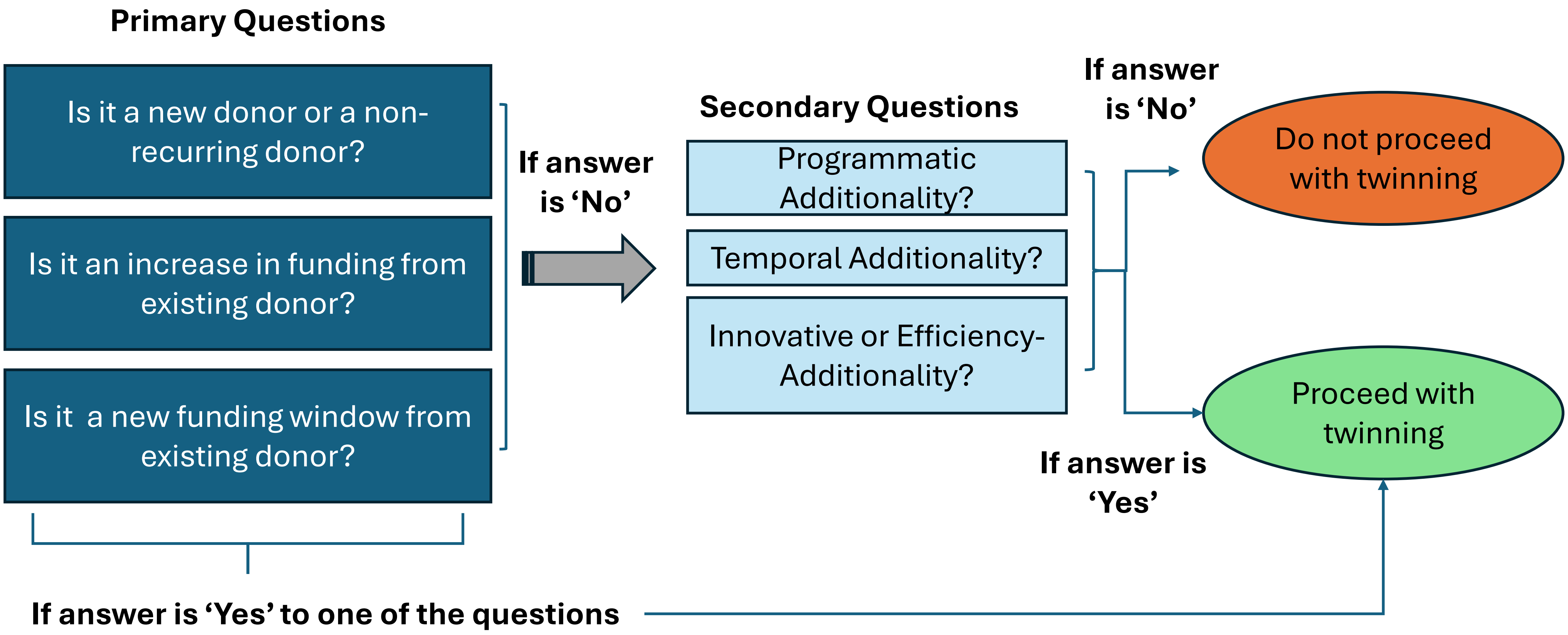
- Criteria 1: Additionality
- Criteria 2: Maximum Cap
- Criteria 3: Modality of Choice
- Criteria 4: No access to WFP Funds
- Criteria 5: Identifying twinning partner

2) Enhancement of Twinning **Reporting to Executive Board**

- Expand existing EB reporting to improve oversight on the use of twinning
- Provide additional information twinning arrangements modality and associated costs donors
- Provide more visibility of twinning arrangements, success stories and missed opportunities

Guardrails | Criteria 1: Additionality

Additionality: **ensuring that new twinning opportunities provide additionality, i.e. they result in net additional resources and not a re-allocation of existing resources**



Guardrails | Criteria 2: Maximum Cap

Proposing a maximum cap of 10% of Annual Global Forecast, as well as a cap per donor

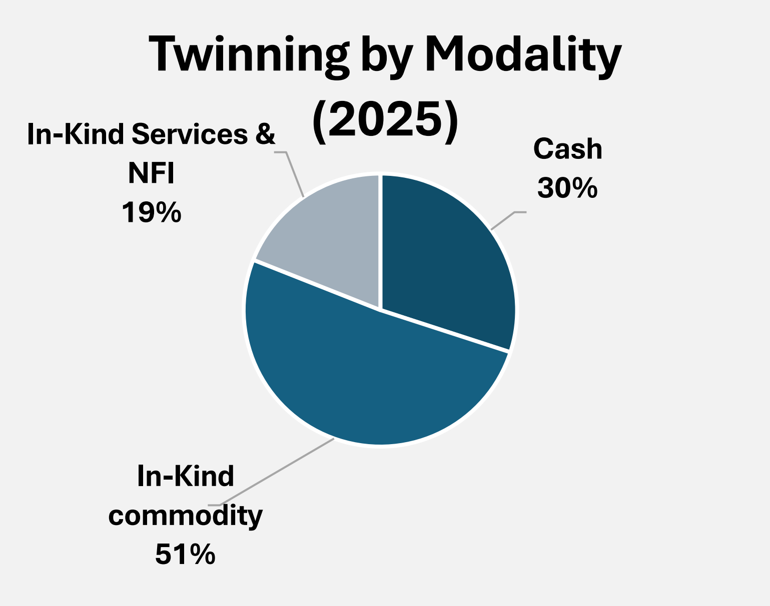
- **For the expanded eligible donors, proposing to cap the <u>overall twinning amount</u> at 10% of the annual global forecast:**
  - ✓ If applied to 2026, this would represent a cap of USD 640 million (10% of USD 6.4 billion global forecast). This would enable an approximate tripling of the maximum twinning value received in last ten years (USD 205 million in 2016)
- **For the expanded eligible donors, proposing to limit the <u>individual donor twinning amount</u> to 20% of overall cap**
  - ✓ If applied to 2026, this would represent an individual donor cap of USD 128 million (20% of the above-mentioned USD 640 million). This would ensure the opportunity for multiple donors to pursue twinning in a given year.
- **No cap introduced for previously eligible donors.**

Guardrails | Criteria 3: Modality

Ensuring Modality of Choice for Beneficiaries by validating alignment of the Twinning Contribution with the existing modality(ies) planned in the relevant CSP/activity

Proposal:

- **Consistency check** against the activity/modality in the CSP and Implementation Plan to ensure alignment of the proposed twinning contribution.
    - *For example: if a CSP activity has been defined in as cash only, then in-kind twinning would not be accepted for that activity.*
- **Enhanced modality reporting:** enhanced reporting and transparency to the Executive Board on the use of twinning by modality



Guardrails | Criteria 4 and 5

Criteria 4: No access to WFP Fund (e.g. EDMF etc)

- Newly eligible donors (Upper/High Income countries, IFIS etc) will not have access to WFP Funds

Criteria 5: Identifying own twinning partners

- Newly eligible donors will need to identify their own twinning partners; WFP may advise but will not be responsible for identifying ‘associated costs’ donors.

Expand Reporting to Executive Board

Enhance existing EB reporting to provide additional oversight and transparency on newly eligible twinning arrangements

Reporting Proposal:

- ✓ Provide breakdown of twinning arrangements by eligibility and type of donor
- ✓ Provide modality provided under twinning contribution
- ✓ Provide additional visibility to donors that provide associated costs
- ✓ Provide enhanced narrative including success stories & declined opportunities (included in post-factum reporting)

Click here for the 2025 report:
Report of the Executive Director on contributions, reductions and waivers of costs under General Rule XIII.4 (f)

Q&A