

# Private Sector Partnerships and Fundraising Strategy 2020–2025

## Innovation Working Session

11 July 2019

*The purpose of this brief is to raise key questions for discussion during the Innovation Working Session. For example, what should WFP prioritize when it comes to innovative approaches to engaging with the private sector? Which of the four areas outlined below have particular potential over the period of the Strategy? Member States are also encouraged to bring other Innovation-related questions to the session.*

**Innovative finance:** WFP has been researching innovative finance, focusing on impact investment instruments such as social impact bonds and disaster insurance. Exploring potential RBA collaboration, interviews have been conducted with IFAD's Agribusiness Capital Fund (ABC Fund) which made it clear that the creation of an impact fund requires a large amount of capital and sustained organizational leadership. A collective understanding of innovative financing mechanisms, staff capacity to track and pursue opportunities from the field-level, and clear prioritization are therefore preconditions for success.

WFP's further exploration of innovative financing will be driven by the needs and problems to be solved as articulated by technical units, in close collaboration with the Finance Department (RM). RM is currently developing and testing an updated concept for a new financing structure to establish a fund. While there is internal support in principle for this direction, a comprehensive review regarding suitable programmes, governance frameworks, nature of financial flows and alignment with WFP's mandate is necessary. RM is seeking additional resources for the required analysis, cross-departmental work and advisory support to explore further.

**Islamic social finance:** Islamic social finance (encompassing various forms – Zakat, Sadaqat, Zakat Al-Fitr, Waqf and Sukuk) has been partly explored by WFP offices in recent years, as it is often associated with a potential multi-billion dollar funding pool. From 2013 to 2017, Islamic social finance in support of international humanitarian assistance ranged from USD 900 million to more than USD 2 billion.

The journeys of sister United Nations agencies and other international organizations with Islamic social finance show that significant resources and time must be invested to identify, design, implement and market the mechanisms that would be most suitable to WFP's context and needs. Additional capacities are required to support WFP's outreach and fundraising efforts, notably before and during Ramadan campaigns, and equip WFP country offices with adequate and compelling engagement tools. WFP is exploring other related options and will seek advice and input from key Member States. Specifically tied to national contexts, Islamic social finance should be approached as a PG priority, being at the crossroads between innovative finance, public-private partnerships and individual giving and requiring endorsement from political and religious authorities.



**Public-private partnerships:** PPPs represent an emerging theme within WFP’s partnership approach, in recognition of the catalytic role that public funding can play in attracting private sector resources. WFP interprets PPPs as a collaboration between public and private sector entities which can combine resources, responsibility and risk in order to develop solutions to achieve food security, sustainable food systems and contribute towards Agenda 2030.

Three potential modalities for WFP’s engagement in PPPs have been identified: “direct participant”: co-creating PPPs with public and private actors; “end-user”: WFP as a user of services/products created by PPPs; and “facilitator”: using WFP’s convening power to foster PPPs amongst national governments and other key stakeholders to deliver upon SDG 2 and 17. While PPPs have the potential to create transformative solutions, they also come with high complexity and transaction costs. WFP will assess opportunities by adopting a needs-based and cost-benefit approach, prioritizing those with the potential to deliver cost-efficient solutions which strengthen capacities and mobilize the additional resources needed to achieve SDGs 2 and 17.

**Shared value:** Shared value is an emerging area of interest for corporations, many of whom see this new way of partnering between the business and non-profit sectors as mutually beneficial. Through a shared value partnership, businesses gain economic benefit while simultaneously generating social benefits through the development of new products, services or ways of doing business. Research on the cost of achieving the SDGs have shown that there is a USD 12 trillion opportunity for businesses across four major industry systems, one of which is food and agriculture.

The greatest opportunities for WFP to engage with shared value are at country office level, through multi-sectoral partnerships involving a range of local actors, including the private sector, in response to specific beneficiary-focused needs as identified in the CSPs.

United Nations rules and regulations make it challenging for organizations like WFP to engage in shared value partnerships in the textbook sense of the phrase: partnering directly in a one-on-one relationship with a business, creating commercial gain for the corporate partner. A further exploration of the challenges and opportunities will be undertaken, led by PG and in close collaboration with relevant technical units across the organization. To explore WFP’s potential role in the shared value space while still operating within these guidelines, WFP could act as the convenor and provider of technical expertise, creating the space for local actors to be involved directly in implementation.

