

Private Sector Partnerships and Fundraising Strategy 2020–2025

Income Working Session

11 July 2019

The purpose of this brief is to raise key questions for discussion during the Income Working Session. Member States are encouraged to bring other income-related questions to the session.

WFP plans to significantly increase funding from the private sector – primarily through individuals – to enable WFP to save more lives and change more lives. Individual giving is a large and growing source of funds that are often given flexibly and can be used for WFP’s greatest needs, such as underfunded development programmes in smaller country operations. The strategy forecasts private sector income will increase from USD 87 million in 2018 to USD 260 million in 2025.

Building on the success of ShareTheMeal, WFP will focus on engaging individuals through digital platforms to offer a sustainable, flexible and efficient means to reach supporters in many different countries without establishing physical fundraising teams in multiple locations. The global digital approach will be augmented by targeted offline fundraising activity where testing proves successful.

Phase 1 investment: The tables below show the first tranche of investment covering the period 2020/21. A Critical Corporate Initiative (CCI) is required to kick start the growth in fundraising activity. It is proposed as USD 35.3 million allocated over two years as shown below. Further investment will only be requested if agreed upon key performance indicators (KPIs) are achieved during 2020 and the first half of 2021. These KPIs are highlighted on page 2.

| USD million | 2020 | 2021 | Total |
|--|-------------|-------------|--------------|
| <i>Critical Corporate Initiative (CCI)/other investment source</i> | 13.1 | 22.2 | 35.3 |
| <i>Other costs</i> | 6.1 | 11.5 | 17.6 |
| Total expense | 19.2 | 33.7 | 52.9 |
| Total income | 40.2 | 73.0 | 113.2 |

Please note: that the total income includes income from Friends organizations and organic digital income. Other costs include a loan from the Capital Budgeting Facility, retained income from donations and ongoing Programme Support and Administrative (PSA) budget for individual giving posts/activity in the Private Sector Partnerships (PGP) Division.

The table below shows the income generated by the CCI investments only in 2020 and 2021.

| USD million | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|--|------|------|------|------|------|------|--------------|
| Income generated by CCI in 2020 = 13.1 million | 16.5 | 15.2 | 11.5 | 8.9 | 6.9 | 5.4 | 64.5 |
| Income generated by CCI in 2021 = 22.2 million | | 28.0 | 25.8 | 19.5 | 15.1 | 11.8 | 100.1 |



Key assumptions for growing individual giving: The income growth model is based on drivers which include: cost to attract a new donor to WFP; how much each donor gives a year; and how long they give for. These assumptions have been established based on: i) current WFP results, ii) specific investment data from United Nations agencies and iii) expertise and lessons learned from other international fundraising organizations. The model was developed with technical support from the Boston Consulting Group (BCG).

As an example, digital paid advertising is the largest channel of investment and the global sector standard key assumptions are:

| | One-off donor | Monthly/regular donor |
|--|----------------------|------------------------------|
| Cost per new supporter – the investment needed to reach a new potential supporter and motivate him/her to donate to WFP. | USD 30 | USD 90 |
| Average donation – the average given by each supporter in a year. | USD 50 | USD 210 (17.50 a month) |
| First year supporter retention – the percentage of supporters who continue giving past the first year of their support of WFP. | 25 percent | 80 percent |

To what extent are these example assumptions clear and what other details underpinning the income and expenditure forecasts should be shared to increase confidence in the investment model?

Key performance indicators: The first investment will be closely monitored during 2020 and the first half of 2021. This will include quarterly reviews with subsequent adjustments to maximize the performance of activity. Further investment will only be approved based on achieving 80 percent or more of KPIs which include:

- 2020 paid acquisition income target = USD 16.5 million
- Average first 12 months ROAS (return on advertising spend) = 1.7:1
- Digital paid first 12 months ROAS (return on advertising spend) = 2:1
- Key assumptions for cost per supporter/average gift/first year retention as above

What additional measurement and monitoring of investment performance would the Executive Board want to see before a second tranche of investment is approved?

