

ANNEX IV

Trust funds and special accounts

Overview

1. This annex outlines the 2023 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.
3. Trust funds are accounts for holding 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. Special accounts are used for special contributions or monies earmarked for specific activities, the unspent balance of which in a given 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. Trust funds and special accounts that contribute to the achievement of Sustainable Development Goal (SDG) 17 are described in section III of this document.

Trust funds and special accounts

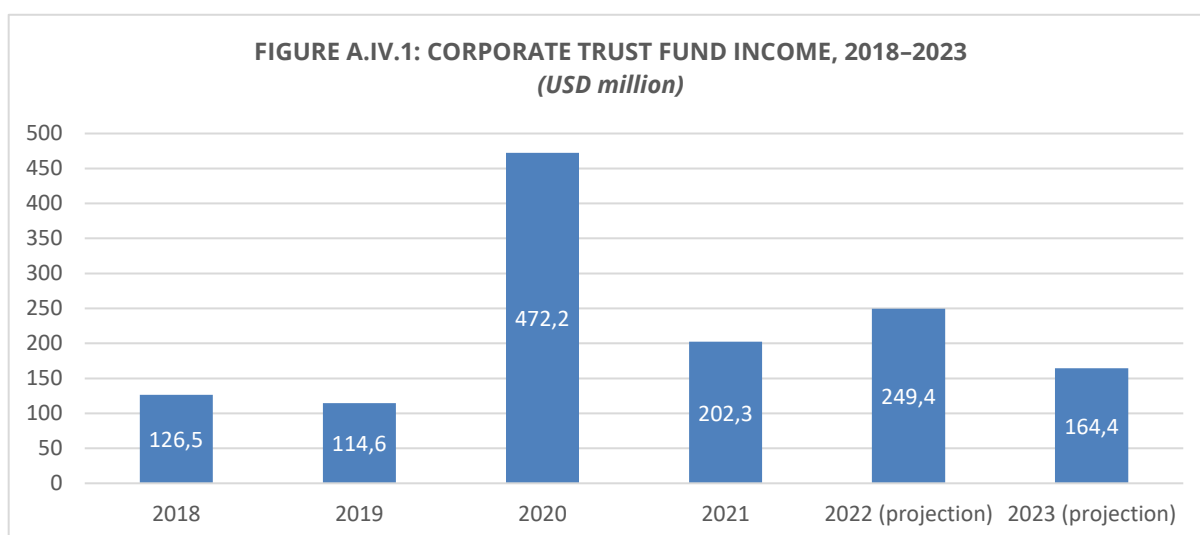
5. Table A.IV.1 summarizes the balances and the projected movements of funds held in trust funds and special accounts for 2023.

TABLE A.IV.1: PROJECTED MOVEMENTS OF FUNDS IN TRUST FUNDS AND SPECIAL ACCOUNTS – 2023 (USD million)		
	Trust funds	Special accounts
Balance brought forward at 1 January 2023	95.7	308.7
Income	164.4	377.5
Expenditure	238.3	436.3
<i>Baseline</i>	24.1	75.6
<i>Other services</i>	45.7	6.9
<i>Direct</i>	0.0	127.0
<i>Operational</i>	168.5	226.8
Balance carried forward at 31 December 2023	21.8	249.9

6. The combined 2023 baseline expenditure for special accounts and trust funds, i.e., the cost of managing and administering the accounts and funds, amount to USD 99.7 million, or 15 percent of total expenditure.
7. Activities in the "other services" category shown in the table complement baseline activities; they include surge or scale-up activities, activities that bridge resource shortfalls and initiatives that are timebound or new. They are incidental, supplementary or discretionary activities that relate to the maintenance of operations and the achievement of priorities but

do not directly support WFP operations. Examples include research and development of tools and insurance products, business improvements and change management, business services and designing and delivering innovation and accelerator programmes for WFP. The 2023 planned expenditure for this category is USD 52.6 million, or 8 percent of the total.

8. Activities classified as “direct” can be traced directly to specific country operations or other activities. Planned direct expenditures in 2023 amount to USD 127.0 million, or 19 percent of the total expenditure. Expenditures and cost recovery from such activities are managed through special accounts. Most of the cost recovery comes from country strategic plan (CSP) budgets because the cost drivers, such as the number of staff required or the tonnage of commodities purchased for an activity, are concentrated in country operations.
9. Operational expenditure includes costs that are directly attributable to goods and services provided to external customers and allocations to country operations. Examples include the cost of goods sold to customers of the United Nations Humanitarian Response Depot and allocations to CSPs from thematic trust funds and special accounts such as the Green Climate Fund, the South–South and triangular cooperation in food security trust fund, the Emerging Donor Matching Fund and the Changing Lives Transformation Fund. The 2023 projected operational expenditure is USD 395.3 million, or 58 percent of the total.
10. As illustrated in figure A.IV.1, trust fund income has fluctuated significantly over the past five years. The high income of 2020 is mainly attributable to the creation of a USD 282 million trust fund for the coronavirus disease 2019 (COVID-19) pandemic response, as well as sizable contributions for climate change and disaster risk reduction, food security and government capacity strengthening.
11. The projected income of USD 46.4 million in the management plan for 2022–2024 was based on preliminary estimates and the limited visibility of the actual trust fund income in 2022. For this management plan, the projection has been revised and based on WFP’s global contribution forecast as of August 2022. The updated projected trust fund income for 2022 is USD 249.4 million.
12. The trust funds that are projected to account for the largest portion of the total 2022 income are the *Strengthening food systems with the Mastercard Foundation* trust fund, which promotes increased value chain employment opportunities for young people (USD 130 million); the *Logistics and capacity strengthening support to Africa in delivering COVID-19 vaccines across Africa* trust fund (USD 30 million); and the *Hunger-related climate change* trust fund, which enables WFP to provide internal and external technical support for work to achieve the objectives outlined in the WFP climate change policy (USD 18 million).
13. In 2023, projected trust fund income amounts to USD 164.4 million, which is a decrease of 34 percent from the updated 2022 income forecast. This fall in projected income is mainly due to lower projected income for the *Strengthening food systems with the Mastercard Foundation* trust fund, for which estimated income is USD 130 million in 2022 and USD 33 million in 2023.



14. Table A.IV.2 shows the 2023 projected expenditures for trust funds. The thematic area of climate change and disaster risk reduction accounts for 39 percent of total 2023 projected expenditure. Under this thematic area, the most notable trust funds, along with their respective increases in projected expenditures compared with the 2022 management plan, are:
- the Green Climate Fund, which provides periodic allocations to country offices (increase of USD 13 million);
 - Climate risk financing, which is used to establish large-scale insurance-based safety nets for vulnerable people in countries that are part of the African Risk Capacity risk pool (increase of USD 25 million); and
 - the *Hunger-related climate change* trust fund (increase of USD 14 million).
15. Projected trust fund expenditures in the supply chain thematic area in 2023 account for 17 percent of the total. The largest of these is from the *Support to African Centres for Disease Control to deliver vaccines* trust fund (USD 35 million), which was established in late 2021 to leverage WFP's supply chain capacity to support the handling of health commodities. In 2023, USD 28.1 million is planned to be allocated to country offices from this trust fund.
16. Under a second trust fund approved in November 2021 – *Strengthening food systems with the Mastercard Foundation*, USD 32.9 million is planned to be allocated to country offices in 2023.

TABLE A.IV.2: TRUST FUND PROJECTED EXPENDITURE IN 2023, BY THEMATIC AREA	
Thematic area	Total (USD million)
Climate change and disaster risk reduction	94.0
Green Climate Fund	46.1
Climate risk financing	25.7
Hunger-related climate change	14.8
Others	7.4
Supply chain	40.1
Support to African Centres for Disease Control to deliver vaccines	34.9
Others	5.2
Partnerships	36.1
Strengthening food systems with the Mastercard Foundation	34.2
Others	1.9
Government capacity strengthening	24.2
African Risk Capacity	17.9
Others	6.3
Nutrition	11.9
UNAIDS HIV/AIDS	3.5
Micronutrient initiative (nutrition capacity strengthening plan)	3.0
Others	5.4
Food security	7.9
South–South and triangular cooperation in food security	2.3
Analysis of food security	1.8
Others	3.8
WFP capacity development	7.0
School feeding	6.8
Innovation accelerator	4.7
Purchase for Progress	1.2
Other*	4.4
Total	238.3

* Other thematic areas include cash-based transfers, advocacy, gender equality, emergency preparedness and response, information technology and risk management

2023 special account projected expenditures

17. Table A.IV.3 shows the 2023 projected expenditures for special accounts and categorizes the provision of services into three streams:
- *Business services*, accounting for USD 232.1 million or 53 percent of the total expenditure, relate to services that would otherwise be sourced externally at greater cost or are mandated services that cannot be viably sourced externally. These services are provided for internal purposes and to partners, with costs recovered on the basis of usage. In this category, the special accounts with the highest projected movement of funds are the United Nations Humanitarian Response Depot account, the logistics services – humanitarian account, the aviation account and the self-insurance scheme.
 - *Corporate financing*, accounting for USD 140.7 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 them, including through fee-for-service activities and repayment schedules that ensure full cost recovery. The most notable special accounts in this category are for information technology (IT per capita), global vehicle leasing and the individual giving investment strategy.
 - *Other*, accounting for projected 2023 expenditures of USD 63.5 million, or 15 percent of the total expenditure, includes special accounts that do not fall into the two previously mentioned categories; these include the Changing Lives Transformation Fund, the WFP Innovation Fund, which provides early-stage and scale-up funding for innovations for achieving zero hunger, and the Emerging Donor Matching Fund.

TABLE A.IV.3: SPECIAL ACCOUNTS PROJECTED EXPENDITURE FOR 2023, BY CATEGORY	
Category	Total (USD million)
Special accounts for business services	232.1
United Nations Humanitarian Response Depot	61.3
Logistics services – humanitarian	40.4
Aviation	30.4
Self-insurance scheme	30.0
Information technology	15.4
Fast information technology and telecommunications emergency support team	11.7
Global logistics cluster	8.3
Food safety and quality	6.5
Field security	6.2
Others*	21.9
Special accounts for corporate financing	140.7
IT per capita	36.7
Global vehicle leasing	32.3
Individual giving investment strategy	31.5
Health insurance	15.3
Field premises improvements facility	9.6
Beneficiary identity management	7.4
Others**	7.9

TABLE A.IV.3: SPECIAL ACCOUNTS PROJECTED EXPENDITURE FOR 2023, BY CATEGORY	
Category	Total (USD million)
Other	63.5
Changing Lives Transformation Fund	25.0
WFP Innovation Fund	20.3
Emerging Donor Matching fund	10.0
Others***	8.2
Total	436.3

* Notable special accounts in the "Other" business services category are the cash and voucher service platform, the Logistics Execution Support System, the global surge capacity in emergencies account, the Global Commodity Management Facility and the wellness programme.

** Notable special accounts in the "Other" corporate financing category are human capital management implementation in WFP and self-insurance light vehicles.

*** Notable special accounts in the "Other" other category are field emergency support office and change management execution.