Strategy for partnership and engagement with non-governmental entities (2020–2025)

Cooperation with the business sector, foundations and individuals to achieve zero hunger

ANNEXES

Informal consultation

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World Food Programme
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ANNEX I

Strategy for partnership and engagement: investment requirements

1. This annex provides additional information on WFP's plans for investment to support business sector and foundation partnerships and fundraising activities and the growth of individual giving income. The case for this investment is part of the proposed strategy for partnership and engagement with non-governmental entities 2020–2025, which will be submitted to the Executive Board in November 2019.

1. Summary of costs related to the partnership and engagement strategy

2. The incremental investments required to launch the partnership and engagement strategy in 2020 with regard to the business sector, foundations and individuals will total USD 18.1 million, which includes the amount required to provide, overarching global services and country office support. By 2025 this incremental amount will grow to USD 30.4 million. In any given year, approximately 80 percent of the costs will go towards non-staff investments needed to execute the strategy to increase donations from individuals, i.e. costs associated with attracting new donors and retaining and increasing the amount given by existing donors. These investments will include paid marketing and fundraising activities, such as advertisements on platforms like Google and Facebook. The data underpinning these cost assumptions are informed by WFP's actual results and have been validated by comparing them to data from other United Nations and other organizations, as well as input based on extensive experience in international non-governmental fundraising with organizations including Save the Children International and Oxfam.

Figure 1: Summary of costs related to the strategy for partnership and engagement

Summary of all costs

		2019	2020	2021	2022	2023	2024	2025
Gross *(existing + new costs)*	Total (USD m)	8.2	24.5	37.8	43.8	50.7	43.0	37.0
	Staffing costs	7.1	9.1	10.3	10.8	11.6	12.1	12.6
	Non-staff costs	1.1	15.4	27.5	33.0	39.1	30.9	24.4
Existing costs	Total (USD m)	8.2	6.3	6.4	6.4	6.5	6.6	6.6
	Staffing costs	7.1	6.0	6.1	6.1	6.2	6.2	6.3
	Non-staff costs	1.1	0.3	0.3	0.3	0.3	0.3	0.3
New costs	Total (USD m)	-	18.1	31.4	37.4	44.2	36.4	30.4
	Staffing costs	-	3.0	4.3	4.7	5.4	5.9	6.3
	Non-staff costs	-	15.1	27.2	32.7	38.8	30.5	24.1

Note: 2019 transition plan costs not shown; staffing costs include Posts and Consultants

Figure 2: Strategy for partnership and engagement: cost breakdown

Detailed cost breakdown

		2019	2020	2021	2022	2023	2024	2025
Grand total staff + non-staff (USD m)		**8.2**	**24.5**	**37.8**	**43.8**	**50.7**	**43.0**	**37.0**
Staffing costs	**Total existing + incrm. staff costs**	**7.1**	**9.1**	**10.3**	**10.8**	**11.6**	**12.1**	**12.6**
	• Individual giving	2.8	3.7	4.6	4.7	5.0	5.2	5.5
	• Business sector	3.3	3.9	4.1	4.4	4.8	5.1	5.3
	• Foundations	0.2	0.3	0.3	0.3	0.3	0.3	0.3
	• Global services & country office support	0.8	1.3	1.4	1.5	1.5	1.5	1.5
Non-staff costs	**Individual giving**	**1.1**	**15.4**	**27.5**	**33.0**	**39.1**	**30.9**	**24.4**
All existing staff + non-staff (USD m)		**8.2**	**6.3**	**6.4**	**6.4**	**6.5**	**6.6**	**6.6**
Staffing costs	**Total existing staff costs**	**7.1**	**6.0**	**6.1**	**6.1**	**6.2**	**6.2**	**6.3**
	• Individual giving	2.8	1.7	1.7	1.7	1.8	1.8	1.8
	• Business sector	3.3	3.4	3.4	3.4	3.5	3.5	3.5
	• Foundations	0.2	0.2	0.2	0.2	0.2	0.2	0.2
	• Global services & country office support	0.8	0.8	0.8	0.8	0.8	0.8	0.8
All other costs	**Individual giving**	**1.1**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**
All new staff + non-staff (USD m)		**-**	**18.1**	**31.4**	**37.4**	**44.2**	**36.4**	**30.4**
Staffing costs	**Total incr. staff costs**	-	**3.0**	**4.3**	**4.7**	**5.4**	**5.9**	**6.3**
	• Individual giving	-	2.0	2.9	3.0	3.2	3.4	3.8
	• Business sector	-	0.5	0.7	0.9	1.4	1.6	1.7
	• Foundations	-	0.1	0.1	0.1	0.1	0.1	0.1
	• Global services & country office support	-	0.5	0.6	0.7	0.7	0.7	0.7
All other costs	**Individual giving**	-	**15.1**	**27.2**	**32.7**	**38.8**	**30.5**	**24.1**

Note: 2019 transition plan costs not shown; staffing costs include Posts and Consultants

2. **Investment in the business sector, foundations and global services and country office support**

3. The strategy for partnership and engagement is designed to deliver bold but achievable growth in business sector partnerships. Through pillar 1, Impact, it aims to achieve a significant increase in country office engagement aimed at meeting country strategic plan (CSP) needs and achieving efficiencies and cost savings of at least USD 60 million and a 25 percent increase in global, large-scale technical partnership activity over the strategy period. In addition to the individual giving targets set out in pillar 2, Income, the strategy also targets a doubling of cash-only business sector donations to USD 50 million per year and seeks to increase revenue from private foundations to USD 25 million per year by 2025. Execution of this strategy will require a gradual increase in capacity and upgrade of skills and capabilities from 2020 to 2025. In 2020, incremental expenditure of USD 1.1 million will be needed for the activities aimed at the business sector and foundations and for global services and country office support to ensure that key capabilities for implementing the strategy are in place.

4. Additional resources will be needed as strategy goals are met over the six-year period. By 2025, an incremental USD 2.6 million in additional annual costs will be incurred relative to 2019 for activities aimed at the business sector and foundations and for global services and country office support.

Figure 3: Incremental costs for business sector and foundation-related activities, global services and country office support

Summary of incremental costs across business sector, foundations and global services & country office support

Costs (USD m)	2019	2020	2021	2022	2023	2024	By 2025
Business sector total	3.3	3.9	4.1	4.4	4.8	5.1	5.3
Incremental vs. 2019		0.5	0.7	0.9	1.4	1.6	**1.7**
Foundations total	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Incremental vs. 2019		0.1	0.1	0.1	0.1	0.1	**0.1**
Global services & country office support total	0.8	1.3	1.4	1.5	1.5	1.5	1.5
Incremental vs. 2019		0.5	0.6	0.7	0.7	0.7	**0.7**
Grand Total	4.3	5.4	5.8	6.1	6.6	6.9	7.1
Incremental vs. 2019		1.1	1.4	1.8	2.2	2.4	**2.6**

Note: 2019 is existing budget; figures have been rounded to nearest 0.1

5. The focus of investments in 2020 will be to ensure that the teams working on the business sector, foundations and global services and country office support are sufficiently skilled to execute a more focused and specialized approach. This will include installing new posts in regional bureaux that do not currently have dedicated resources for engaging with non-governmental entities, securing the right leadership to establish the global services and country office support team and upgrading existing posts to encompass specialized capabilities. In aggregate, the Private Partnerships and Fundraising Division (PPF) team investments in 2020 will include two new regular staff posts and eight additional consultants. From there, team growth will be gradual and commensurate with what is required to meet strategy thresholds, as detailed below:

   - Technical partnerships team: one new PPF post and one new consultant will be recruited for every three new technical partnerships
   - Business sector fundraising: each fundraising manager will be responsible for managing a minimum of USD 5 million in annual business sector donations and each new business generator should raise a minimum of USD 2 million in new business. Additional capacity will be considered for each role once these targets are exceeded
   - Foundations: the current post will be augmented by two supporting consultants to work on doubling foundation funds by 2025

Figure 4: Project resourcing plan: business sector and foundations teams, global services and country office support

Projected resourcing plan across business sector, foundations and global services & country office support

			2019	2020	2021	2022	2023	2024	2025	Δ 2019
Business sector	Global	# Posts	11	10	11	11	13	14	14	+3
		# Consultants	9	12	12	13	14	14	15	+6
	RBs	# Posts	3	5	5	6	6	6	6	+3
		# Consultants	2	2	2	2	2	2	2	--
Founda-tions		# Posts	1	1	1	1	1	1	1	--
		# Consultants	0	2	2	2	2	2	2	+2
Global services & country support		# Posts	3	4	5	5	5	5	5	+2
		# Consultants	4	7	7	8	8	8	8	+4
Total		# Posts	18	20	22	23	25	26	26	+8
		# Consultants	15	23	23	25	26	26	27	+12

ANNEX II

Individual giving: detailed information on planned growth

1. This annex provides additional information on the individual giving investment model and the assumptions underpinning it, in order to ensure full transparency and confidence in the planned growth of individual giving. The areas covered in this annex are as follows:

   1) Market analysis of the size and performance of individual giving;

   2) Investment model for growing income from individuals; and

   3) Sources of funds for investment in growing income from individuals.

2. Individual giving is the largest source of donations among non-governmental entities in the global fundraising market, and it continues to grow. Increasing its income from individuals will allow WFP to help many more people around the world. WFP's unique assets – its mission and proven ability to save and change lives; its ShareTheMeal mobile fundraising application; and its global footprint – can be leveraged to attract new individual givers and build a unique user experience. The goal is to create a model that becomes self-financing within five years and delivers a significant level of flexible income to WFP.

3. The proposed new approach to individual fundraising is composed of three elements:

   - **Digital-led strategy** – WFP can gain the best returns by using high-performing digital channels and sophisticated digital marketing tools to target its campaigns. Building on recent successes such as ShareTheMeal, WFP can leverage its unique role and in-country presence to provide a best-in-class donor experience with high quality and dynamic content.

   - **Global approach** – A multi-country digital approach allows for easy shifting of investment, implementation of best practices and programme optimization across markets and channels. WFP will need to manage tax advantages where possible and respect relevant national legal frameworks.

   - **Rapid iteration** – The global digital approach will allow WFP to engage with supporters in an agile way, with rapid testing, learning and optimization of activities. A test and learn approach will facilitate quick iteration cycles; the continuous improvement of content, targeting approaches, platforms and tools; and the ability to quickly scale up what is working to optimize the overall programme.

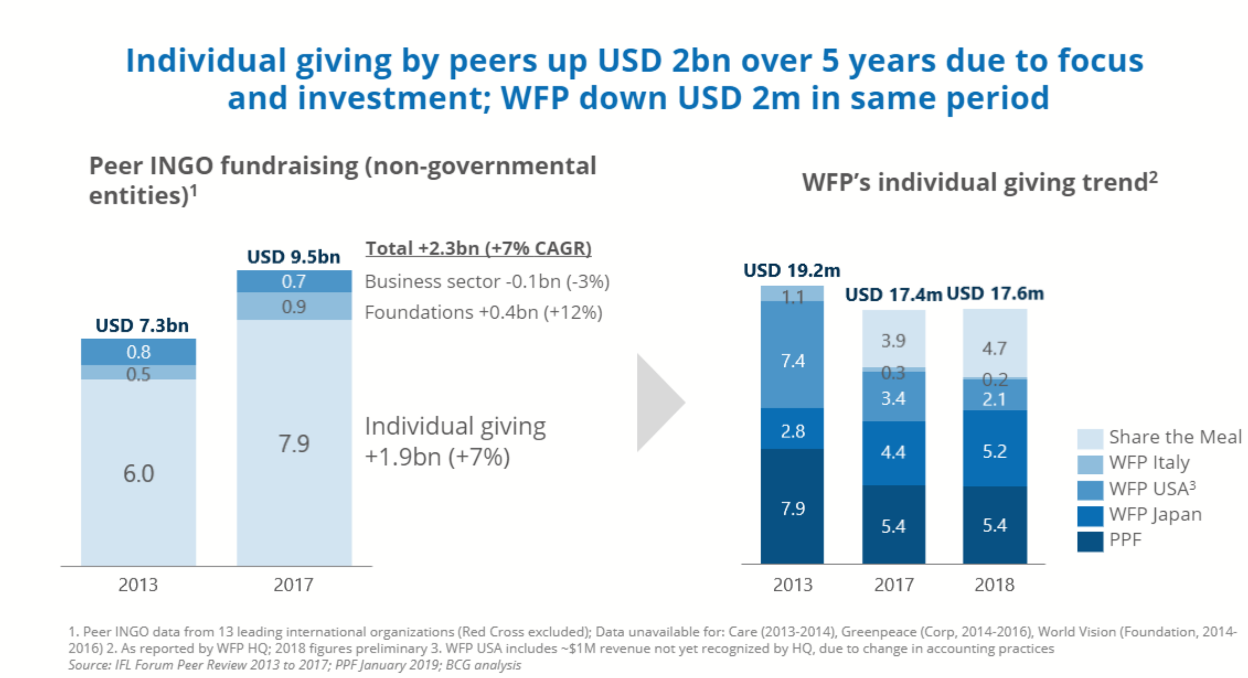
4. While WFP is investing in growing its income from individuals around the world, it is also focused on building its brand strength. These areas are mutually supportive, as a strong brand will support fundraising activities and effective fundraising campaigns will help to build brand awareness and familiarity. PPF and the Communications, Advocacy and Marketing Division (CAM) are working together closely to develop joint activities and plans and to define clear roles and responsibilities in areas such as digital engagement, content creation and community management (see annex III).

1. Market analysis of the size and performance of individual giving

5. There is a concern that increasing WFP's fundraising from individuals might reduce income for other United Nations agencies and non-governmental partners. This is based on a belief that the overall individual giving market is limited. However, analysis conducted by a number of peer organizations with large individual fundraising operations shows that the market is both large and growing significantly – increasing the opportunities for all organizations (see figure 1). These data come from the International Fundraising Leadership Forum

(IFL Forum), a voluntary group of the 15 largest global fundraising organizations whose work focuses on international development and humanitarian assistance and who raise funds from non-governmental entities. This study showed that between 2013 and 2017, individual giving to these organizations grew by nearly USD 2 billion, a 30 percent increase. This contrasts with WFP's falling income performance over the same period – although notably its income from ShareTheMeal increased.

Figure 1: Trends in individual giving, WFP and peer organizations



6. In 2017, the humanitarian and development organizations with annual incomes of over USD 250 million in the IFL Forum study[1] generated an estimated USD 12.3 billion in income from non-governmental entities.[2] Even if WFP raised USD 260 million in 2025, this would be only 2.1 percent of the total currently raised by these organizations. If the income for these organizations were to grow in line with the trends of the past 5–10 years, their total income from non-governmental entities would exceed USD 20 billion by 2025, making WFP's income approximately 1.2 percent of the collective total. This calculation excludes national organizations that focus on humanitarian relief and international development, which if included would further reduce WFP's expected market share. For all organizations participating in the IFL Forum, donations from individuals make up 83 percent of non-governmental income, with 8 percent from business sector partners and 9 percent from foundations.

[1] The United Nations Children's Fund (UNICEF), the United Nations High Commissioner for Refugees (UNHCR), Oxfam, Médecins Sans Frontières (MSF), the Red Cross, World Vision, SOS Children's Villages and Save the Children.

[2] International Fundraising Leadership (IFL) Forum. 2018. Presentation on peer review key findings delivered at the International Fundraising Conference (IFC) on 18 October 2018.

1.1 The drivers of growth in individual giving

7. Around the world individual giving makes up the bulk of non-governmental income for non-profit organizations, which have experienced long-term, consistent growth. The reason for the growth varies across countries, and trends respond to many factors, from a country's economic growth to emergencies that capture global attention. Overall, donations to both domestic and international causes have grown significantly in recent years. This is likely to continue due to three key factors:

   1) The average value of donations is growing in mature fundraising markets;

   2) The number of donors is growing in non-mature fundraising markets; and

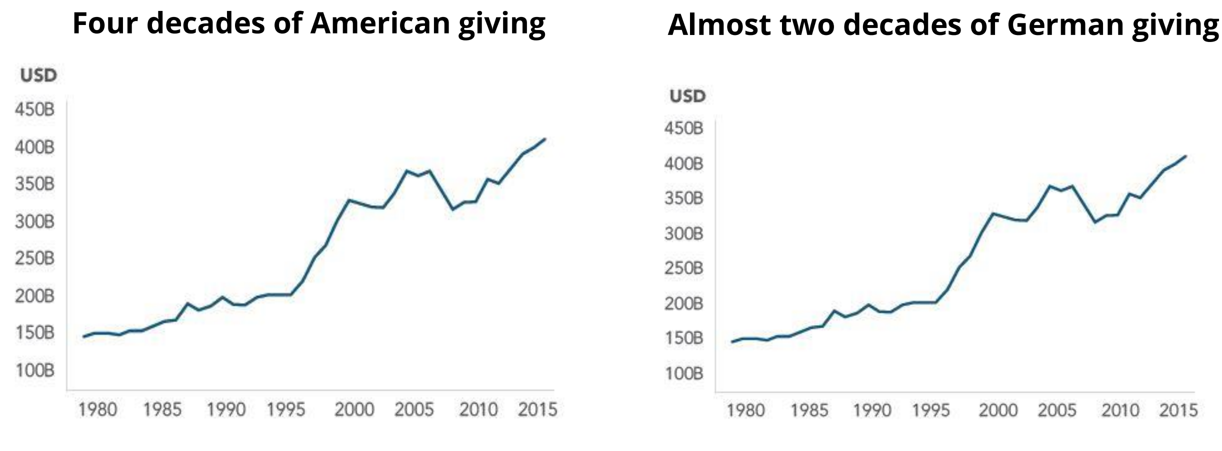
   3) People in the growing global middle class are becoming "givers".

In mature fundraising markets, the proportion of people who donate remains relatively consistent at about two-thirds of the population, but total fundraising income continues to climb as individual donors become more generous. Figure 2 shows long-term data on giving in the United States of America and Germany. The data show levels of giving for all sectors but it should be noted that these are the two largest markets in the world in terms of individual donations to international causes.

In recent years the United States has seen inflation-adjusted annual growth in individual fundraising of 3 percent, while the percentage of people who donate has remained relatively steady at around 61 percent. On average, donors in the United States give to over four organizations.

Likewise, Germany has experienced steady growth in the value of private donations since 2000, while the total percentage of people donating has remained consistent at about 55 percent. In mature markets such as these, fundraising growth largely tracks the stock markets and GDP growth.

Figure 2: Growth in the annual value of American and German individual giving



8. In other affluent markets with less established traditions of non-governmental fundraising, growth is coming more from an expansion of the donor base than the amount of the average per-donor gift. Engagement in these markets is driving behavioural shifts that are leading more people to become donors to various causes over time. The countries that have seen this trend over the past decade include France, Spain and Italy.

9. A report from the European Fundraising Association reveals that the majority of European countries saw an increase in voluntary donations between 2012 and 2017, noting that "increasing use of social media, technological developments, growing national economies and innovation are all cited as positive influencing factors for fundraising, together with growing professionalism."[3]

10. Finally, global growth in individual giving is also being driven by the rapid expansion of the global middle class, which is expected to grow from 3.6 billion people in 2018 to 5.3 billion in 2030.[4] The number of individuals joining the donor pools of their countries has increased dramatically in recent years as they gain disposable income. A recent report forecasts that the rising global middle class has the potential to generate USD 319 billion in additional funds for non-profit organizations each year.[5]

1.2 Comparative performance of fundraising from non-governmental entities for other United Nations agencies

11. This section presents a comparative analysis of the forecast performance of the WFP investment plan and the performance of the two United Nations agencies with the most developed non-governmental fundraising operations – the United Nations Children's Fund (UNICEF) and the Office of the United Nations High Commissioner for Refugees (UNHCR). The analysis demonstrates that WFP's proposed digital-led strategy with limited investment in national fundraising teams is an efficient approach that offers higher returns on each USD 1 invested in fundraising activities than the approaches used by UNICEF and UNHCR.

12. Tables 1 and 2 compare UNHCR and UNICEF in terms of income, expenditure and annual rate of return between 2015 and 2017, drawing on published information and showing an average annual return on investment, i.e., the number of dollars earned for each dollar invested, ranging from 2.95 to 3.47. The forecast average annual return for WFP's individual giving programme over the strategy period is 3.42 for every USD 1 invested.

UNHCR comparative financing

13. The UNHCR *Global Report 2017*[6] states that "just over 1.92 million individuals donated to UNHCR [in 2017]. Such broad-based support from individuals and companies is an encouraging example of the "whole-of-society" approach that UNHCR advocates…." The report also notes that income from non-governmental entities constitutes UNHCR's largest single source of unrestricted funding.

[3] European Fundraising Association. 2017. *Fundraising in Europe*. https://efa-net.eu/resources.

[4] Growth estimates from the World Bank and World Data Lab, 2018.

[5] Charities Aid Foundation. 2017. *Laying the groundwork for growing giving.* https://www.cafonline.org/docs/default-source/about-us-policy-and-campaigns/laying-the-groundwork-for-growing-giving.pdf. Projections by the Brookings Institution show that up to 2.4 billion people could enter the middle classes globally by 2030 and that their spending could almost double from USD 34 trillion to USD 64 trillion over this period. The report notes that "[i]f this new aspirant middle class were to dedicate just 0.5 percent of their spending – about the same as people in the Republic of Korea and just over a third of what people in the USA give on average – to charitable causes it would generate an astonishing USD 319 billion a year in funds."

[6] United Nations High Commissioner for Refugees (UNHCR). 2018. *Global Report 2017*. https://www.unhcr.org/uk/the-global-report.html.

TABLE 1: UNHCR FINANCING IN 2017			
	2015	**2016**	**2017**
Gross income	USD 284m	USD 352m	USD 400m
Expenditure	USD 96m	USD 112m	USD 127m
Net income	USD 188m	USD 240m	USD 273m
Annual return on investment	2.95	3.14	3.15

Source: UNHCR. Private sector fundraising and partnerships (EC/69/SC/CRP.22) (paper prepared for the 73rd meeting of the Standing Committee of the Executive Committee of the High Commissioner's Programme).

UNICEF comparative financing

14. The gross income reported in UNICEF's *Private Fundraising and Partnerships 2017 Annual Report*[7] is calculated based on net income figures and an average retention rate of 75 percent for UNICEF national committees. For the purposes of the comparison reported here, an estimate of funds retained by the national committees has been added to the expenditure reported by UNICEF.

15. Between 2015 and 2017 the UNICEF global investment fund grew from USD 58 million to USD 70 million. The fund is largely used to finance fundraising activities rather than staffing.

16. UNICEF's top 20 non-governmental resource partners (18 national committees and 2 fundraising operations in country offices) contributed 47 percent of its unrestricted income in 2017.

TABLE 2: UNICEF FINANCING IN 2017			
	2015	**2016**	**2017**
Gross income	USD 1.7bn	USD 1.8bn	USD 1.9bn
Expenditure Figures include: • National committee cost estimates • Country office costs • Headquarters division • Investment funds	USD 490m	USD 560m	USD 590m
Net income	USD 1.2bn	1.2bn	USD 1.3bn
Annual return on investment	3.47	3.21	3.22

Sources: UNICEF Private Fundraising and Partnerships: 2017 workplan and proposed budget;[8] and UNICEF P*rivate Fundraising and Partnerships 2017 Annual Report*[9]

[7] United Nations Children's Fund (UNICEF). 2018. *Private Fundraising and Partnerships 2017 Annual Report.* https://www.unicef.org/about/annualreport/files/PFP_2017_AR.pdf.

[8] United Nations Children's Fund (UNICEF). 2017. Private Fundraising and Partnerships: 2017 workplan and proposed budget (E/ICEF/2017/AB/L.1). https://www.unicef.org/about/execboard/files/2017-ABL1-Workplan_and_budget-12Dec2016-FINAL-Advance.pdf.

[9] United Nations Children's Fund (UNICEF). 2018. *Private Fundraising and Partnerships 2017 Annual Report.* https://www.unicef.org/about/annualreport/files/PFP_2017_AR.pdf.

2. Investment model for growing income from individuals

17. The investment model for increasing income from individual giving was developed jointly by PPF and ShareTheMeal teams, with technical support from the Boston Consulting Group. The model is based on a number of assumptions, including the cost of attracting a new supporter to WFP, how much each supporter gives a year and how long they give for (this is covered in greater detail below). These assumptions are based on the following:

    1) **Current WFP results**: WFP's initial digital advertising testing is delivering results that exceed peer organization benchmarks, with sample sizes growing as WFP invests more in testing (over USD 1 million of investment over the last 18 months);

    2) **Investment data from United Nations agencies**: Benchmarks from UNICEF and UNHCR for a number of key markets and fundraising channels (e.g. paid digital advertising); and

    3) **Expertise and lessons learned from other international fundraising organizations:** 2018 global benchmarks from an international NGO peer (based on a dataset of 2.5 million supporters, which is a very robust sample size) and employment of Think Consulting, a well-respected NGO management consultancy firm, to secure anonymized averages from peers in prioritized markets.

18. Table 3 presents an example of the standard key assumptions used by the global fundraising sector for digital media, which is the largest channel of investment.

TABLE 3: STANDARD KEY ASSUMPTIONS FOR DIGITAL MEDIA

	One-off donor	Monthly/regular donor
Cost per new supporter – The investment needed to reach a new potential supporter and motivate him or her to donate to WFP	USD 30	USD 90
Average donation – The average amount 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%	80%

2.1 Individual giving investment model assumptions

19. The model rests on the assumptions explained in the following paragraphs. There are three key considerations, which vary by channel and together define the performance of any fundraising activity:

    - How much does it cost to attract a new donor?
    - How much does a donor give each year? This is linked closely to whether the new donor makes a single gift ("one-off" donation) or automated, regular donations (usually monthly).
    - How many years do donors give?

How much does it cost to attract a new donor to WFP?

20. To increase the level of income it receives from individuals, WFP needs more donors. New donors can be attracted through a range of channels, but in almost all cases WFP will need to invest in paid marketing and fundraising activities (i.e. advertising) to attract the number of new donors required. WFP intends to focus on digital advertising to attract new supporters. This could consist of an advertisement on a platform such as Google or Facebook or a display advertisement on a specified website that asks for donations directly. It may also include an activity that seeks to trigger an initial interaction with WFP, such as an advertisement that offers information or invites the target audience to sign up to an email newsletter or download ShareTheMeal. These prospective supporters can then be provided with further information either directly or through further digital advertising aimed at converting them into donors.

21. This type of activity simultaneously contributes to building the brand of WFP and familiarity with the cause of zero hunger and the work of the organization.

22. WFP is currently testing a broad range of activities to assess the most effective way to recruit new donors; this work will continue throughout the period of the strategy. The cost of fundraising activity to attract a new supporter is called the "acquisition cost". This varies by channel and different mode of giving, i.e., a single gift or a regular, automated gift (usually monthly).

How much do one-off and regular donors give each year?

23. The amount each donor gives is the next critical consideration in assessing the value of fundraising activities. For one-off donors, it is assumed that they make one donation in a year.

24. WFP's proposed investment model assumes that all new one-off donors will be attracted through digital channels. This reflects the fact that other channels such as direct response TV advertising and face-to-face fundraising are designed to generate regular donors but not one-off donors. The model forecasts that one-off donors will give a donation of USD 50 in their first year of giving; this amount is their annual value to WFP. The model assumes, however, that a number of one-off donors will make one or more additional gifts; this is described under the assumptions regarding the number of years for which each donor will give, as set out below. In the case of regular donors, their average gift is calculated as an average monthly donation. The model assumes that those reached by digital fundraising will give a monthly average of USD 17.50, generating an annual value to WFP of USD 210. This is significantly higher than one-off donors, who are assumed to give USD 50 per year.

25. The higher average annual donation of regular donors means that they are critical to the success of the individual giving model. Looking again at the humanitarian and development organizations in the IFL Forum study, 66 percent of their individual income comes from regular donors.[10]

For how many years do one-off and regular donors give?

26. Assuming that WFP attracts more donors and that they give predictable amounts each year, the next key issue is to determine how long they will keep giving, or their "retention level". The model factors in the difference between year 1 retention and retention in subsequent years in order to reflect changing donor behaviour over those time periods.

[10] International Fundraising Leadership (IFL) Forum. Presentation on peer review key findings delivered at the International Fundraising Conference (IFC) on 18 October 2018. Data for the Red Cross are not available.

27. For example, the model assumes that if WFP attracts 100 new one-off donors via digital advertising in year 1, only 25 of them will give a second gift in year 2. However, it also assumes that 15 of these 25 people will give again in year 3 and that 9 of the 15 will give again in year 4. In contrast, for regular donors who donate through an automated payment mechanism such as direct debit or credit card, it is assumed that 80 percent will continue to donate by the end of that year 1 and that for each subsequent year 80 percent of the previous year's donors will be retained. This translates into 80 regular donors in year 2, 64 in year 3, 51 in year 4 and so on.

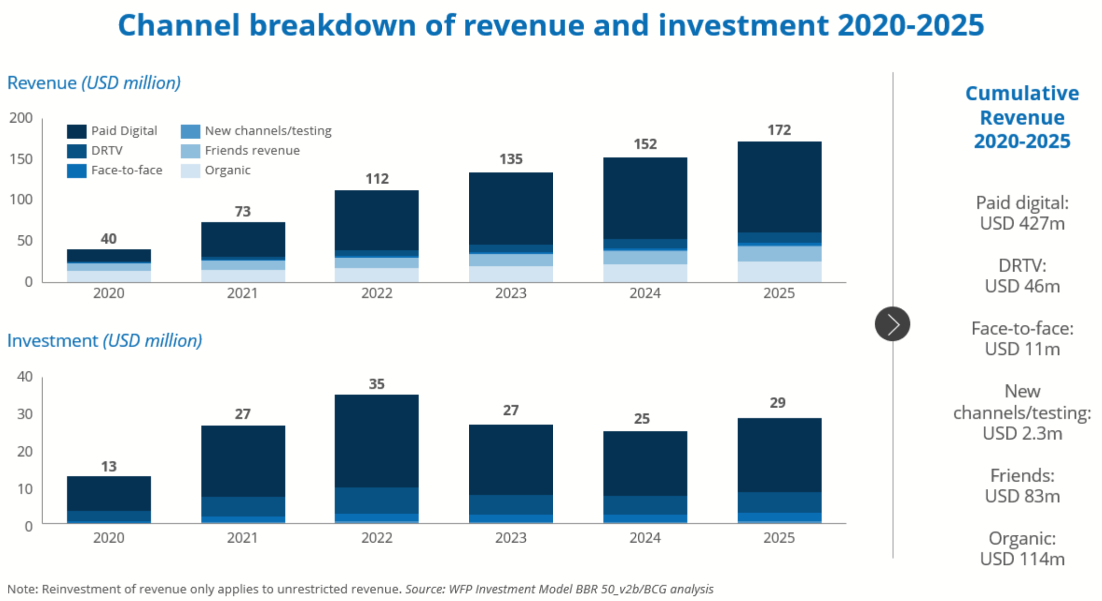
28. As gifts are spread out across the course of any given year, a discount must be applied to allow for the fact that donors do not all start giving in January and that sometimes regular donors miss scheduled payments. The model therefore assumes that each new regular donor only gives 60 percent of his or her expected annual contribution in the first year and 90 percent for each subsequent year to allow for occasional missed payments.

2.2 Forecast revenue and investment for 2020–2025 by channel

29. The analysis provided in this section examines long-term measures based on a detailed investment model with assumptions regarding cost, donation levels and donor behaviour informed by best current knowledge. These assumptions are likely to change over the period of the strategy. The overarching objective is to increase income from individual supporters from USD 18 million in 2018 to USD 170 million in 2025.

30. Figure 3 shows the forecast revenue by individual giving channel for 2020–2025, along with the required investment by channel. Paid digital activities (e.g. digital advertising) account for 70–75 percent of the investment and have the highest rate of return (starting at 75 percent of investment in 2020 and decreasing by 1 percent a year as other channels are developed). This channel therefore makes up the bulk of the forecast revenue. The revenue forecast includes growth in "organic" income, i.e. income from supporters who make donations (via ShareTheMeal or wfp.org) that are not directly attributable to paid marketing activity. Organic income is forecast to increase by 10–15 percent per year. In addition, income from Friends organizations is forecast to grow thanks to increased technical support from WFP's individual giving team. Please note that the revenue and investment charts below have different vertical scales.

Figure 3: Breakdown of revenue and investment by channel, 2020–2025



Detailed expenditures in years 1 and 2

31. Table 4 gives a breakdown of expenditure in the critical first two years of the strategy, showing the balance of spending on variable costs (e.g. media investment) and fixed costs (e.g. staffing).

TABLE 4: BREAKDOWN OF EXPENDITURE FOR YEARS 1 AND 2					
Item	**Description**	**Fiscal year 2020 USD investment**	**% of total spend**	**Fiscal year 2021 USD investment**	**% of total spend**
Media investment	- Range of media to attract new supporters or help keep existing supporters - Over 90% of this media investment will go towards recruiting new supporters, primarily through online media such as Facebook and Google digital platforms. There will also be smaller investments in acquiring supporters through TV and face-to-face contact - A small percentage each year will go towards media activities to retain supporters (mainly through email, post and telephone)	13.1m	*68*	26.7m	*79*
Technology investment	- To optimize the media investment, WFP will need to upgrade supporting technology (such as the supporter database, online donation pages and online payment solutions) every year	105k	*0.5*	110k	*0.5*
Staffing	- This budget covers current personnel as well as the additional expertise and staff (primarily consultants) needed to deliver on the investment model - Part of this investment will also be used to contract external agencies to provide outsourced solutions for customer care for supporters, creative development of some assets and in-depth results analysis - Between 5 and 7 additional roles will be required in supporting teams in CAM, legal and procurement	4.1m	*21*	5m	*15*
Sharethe Meal	- Includes existing fixed costs for 22 consultants, office rental and associated office costs	1.9m	*10*	1.9m	*6*
Total		**19.2m**		**33.7m**	

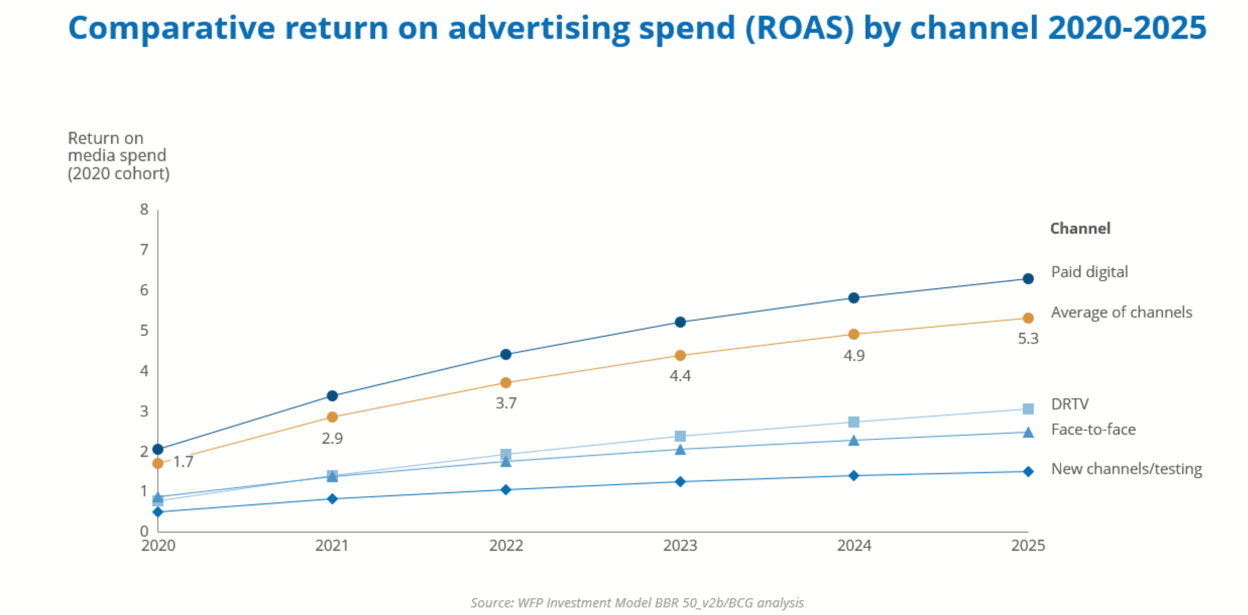
32. Table 5 details the media investment, including the expected number of new supporters recruited by investment type and the return on investment for the initial 2020 investment by the end of the strategy period.

TABLE 5: BREAKDOWN OF MEDIA INVESTMENT					
Media	**Fiscal year 2020 USD investment**	**Fiscal year 2020 number of new supporters**	**Fiscal year 2021 USD investment**	**Fiscal year 2021 number of new supporters**	**Projected 5-year return on fiscal year 2020 investment**
Digital media (such as advertisements on Facebook and Google)	9.6m	213k (53k new regular givers and 160k one-off cash givers)	19.4m	422k (106k new regular givers and 317k one-off cash givers)	6.55:1
Direct response television advertisements (DRTV – TV ads that explicitly ask someone to donate to WFP)	2.7m	14k (all regular givers)	5.4m	27k (all regular givers)	3.55:1
Face-to-face contact	530k	2k (all regular givers)	1.3m	5.7k (all regular givers)	1.92:1
Testing	266k	1k (all regular givers	540k	2.3k (all regular givers)	1.5:1

Comparative return on advertising spending by channel for 2020–2025

33. Figure 4 shows the forecast cumulative return on advertising spending for each channel between 2020 and 2025. This shows that every USD 1 spent in 2020 is, on average for all paid activities, forecast to generate USD 5.40 by 2025. The plan is to invest in a range of channels, with 70–75 percent of investment going to paid digital activity. This portfolio approach enables risks to be managed more effectively and activities to be scaled up. Non-digital channels are typically very reliable for acquiring regular donors, who themselves have higher long-term supporter value. The data in figure 4 reflect the costs of media and other channels (e.g. creative development). It should be noted that fixed costs, i.e. staffing and technology, are not allocated across channels.

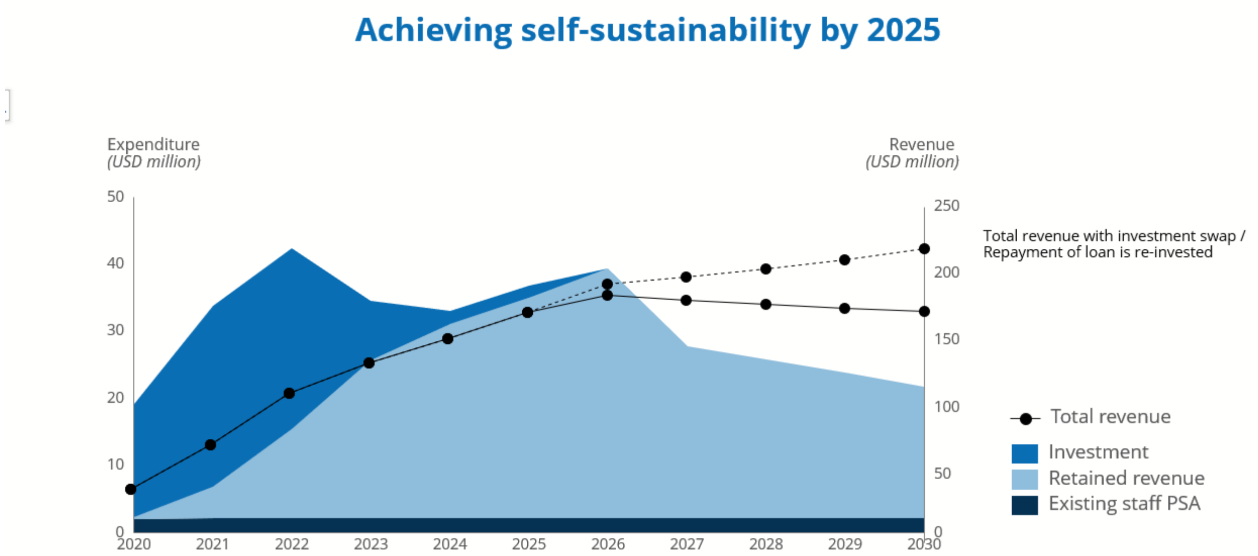
Figure 4: Return on advertising spending by channel, 2020–2025



Achieving self-sustainability by 2025

34. Figure 5 shows the initial investment (dark blue area) over the period 2020–2024. In parallel with this start-up investment, a retention mechanism is put in place so that approximately 29 percent of donations will be retained (see annex III) for investment in the subsequent year (light blue). As income grows, the amount available from the retention of funds increases; by 2025, this "retained income" is sufficient to cover ongoing costs and the investment required to sustain modest continued growth in income (approximately 4 percent per year for paid activities). Lastly, there is ongoing funding from the programme support and administrative (PSA) budget (black area), which is roughly constant. This is the amount currently allocated to individual giving in the PSA budget for PPF.

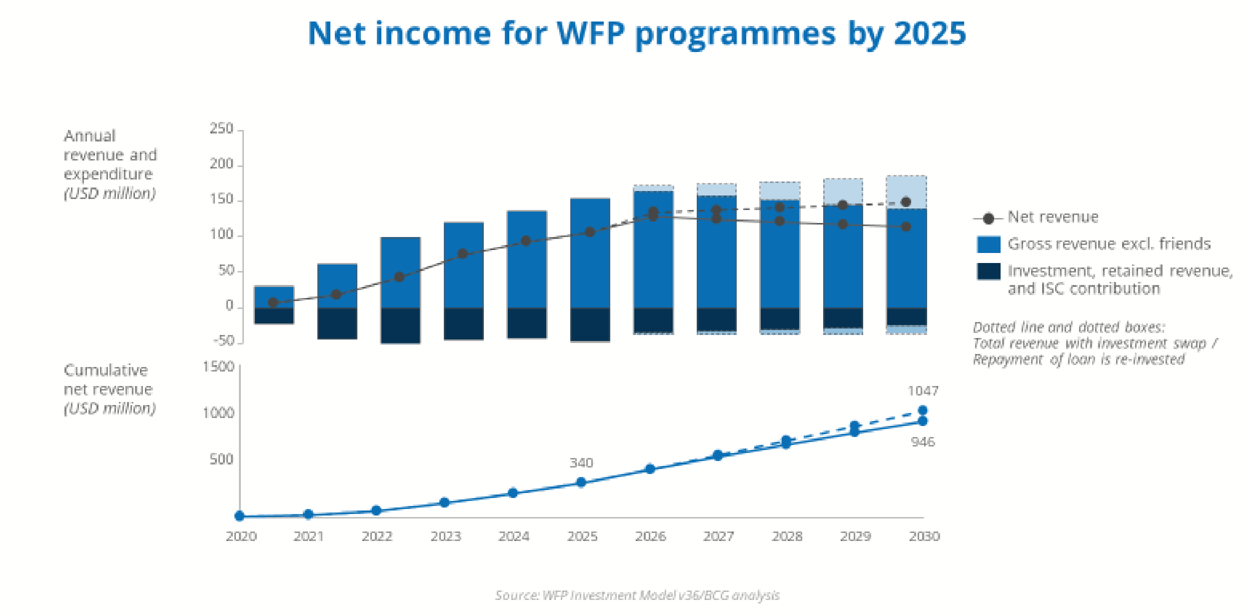
Figure 5: Path towards achieving self-sustainability by 2025



Net income for WFP by 2025

35. Figure 6 shows projected income from the two tranches of investment between 2020 and 2024. The net revenue in the figure includes the income directly attributed to paid activities and the organic income, which is expected to grow as an indirect result of the investment. It does not include any income from Friends organizations. Net revenue also excludes indirect support costs and retained income that is reinvested in fundraising activities. The cumulative net revenue figure shows that by 2025 WFP will have generated USD 365 million of net revenue. This is a net return on investment over the period of the strategy of 3.6:1, and over the long term the investment will generate nearly USD 1.1 billion in net income for programmes.

Figure 6: Net income for WFP programmes by 2025



36. Finally, table 6 shows the targets that will be achieved by the end of the strategy period assuming that the strategy is successful.

TABLE 6: HIGH-LEVEL TARGETS OF THE PARTNERSHIPS AND ENGAGEMENT STRATEGY 2020–2025	
Gross cumulative return on investment by 2025 (i.e. income from investment + all organic investment + retained income + ongoing staffing)	3.1
Investment cumulative return on investment by 2025 (i.e. income from investment + incremental organic investment + ongoing staffing)	4.8
Cumulative gross income by 2025	USD 683.9m
Cumulative net income for WFP programmes by 2025	USD 340.5m
Cumulative net unrestricted income for WFP programmes by 2025	USD 230.2m
Cumulative indirect support costs by 2025	USD 43.1m

3. Sources of funding for the investment in growing income from individual giving

37. The following four sources of funds are proposed for the investment in the growth in individual giving:

- A CCI-type investment to provide initial start-up funds for fundraising: USD 52.3 million;
- A loan from the Capital Budgeting Facility, which will be repaid from retained income between 2026 and 2030: USD 31.4 million;
- Retained income from donations generated by the investment in paid fundraising activities: USD 103.8 million; and
- The PPF share of the PSA budget that is currently allocated to individual giving: USD 12.4 million.

38. This investment is forecast to generate a cumulative revenue of USD 683.9 million during the strategy period and significant future income from supporters recruited between 2020 and 2025.

39. Since the draft strategy was presented at an informal consultation with Member States in April 2019, the retained income assumptions have changed. This reduces the total investment requirement from USD 100 million to USD 83.7 million, of which USD 31.4 million will be funded through an internal loan. Therefore, start-up capital has been reduced to just over USD 52 million.

40. Revenue generated from individual giving fundraising activities, as with all revenue from non-governmental entities, is assumed to be subject to indirect support costs. These are levied on all income at a rate of 6.5 percent.

Critical corporate initiative

41. It is proposed that a CCI-type investment to fund the initial phase, during which individual giving fundraising activities will be scaled up. In keeping with CCI restrictions, funding from this source could only be used for non-recurring costs such as the one-time purchase of digital media advertising and one-off technical expenditure such as on technological improvements.

42. The CCI would need to be approved as part of the management plan for 2020–2021. It is proposed that the CCI funding be disbursed in two tranches. The first tranche of USD 35 million would cover activities in 2020 and 2021. Following a detailed review of results during this early period, and if agreed-upon key performance indicators (KPIs) were achieved at 80 percent or more, the second tranche of USD 17.3 million would be released for activities in 2022 and 2023.

43. Table 7 shows the KPI targets that would need to be achieved for the second tranche of start-up investment to be released.

TABLE 7: KPIS RELATED TO THE RELEASE OF THE SECOND TRANCHE OF THE CCI INVESTMENT	
Indicator	**Target (at least 80% to activate 2nd tranche)**
2020 paid acquisition income target	USD 16.5m
Average year 1 return on advertising spending	1.7:1
Year 1 return on advertising spending for paid digital advertising	2:1
First-year retention (one-off/regular donors)	Digital: 25% / 80% DRTV: -- / 92%
Gift amount (one-off/regular donors per month)	Digital: USD 50 / USD 17.50 DRTV: -- / USD 12.00
Acquisition cost (one-off/regular donors)	Digital: USD 30 / USD 90 DRTV: -- / USD 193

Loan from the Capital Budgeting Facility

44. Given that several areas of the individual giving growth activity cannot be funded by a CCI investment (i.e. recurring costs such as staff costs) and in the early years of the strategy retained funds will be limited, a loan is requested to enable WFP to cover these costs. This is particularly relevant for the ongoing costs associated with ShareTheMeal, which has been entirely funded by extrabudgetary (non-PSA) resources to date. Bringing ShareTheMeal into the overall funding model for WFP's growth in individual giving will enable a cohesive and coherent approach to engaging with all potential WFP supporters.

45. As with the CCI investment, it is proposed that the loan be broken into two parts. The first part, USD 9 million, would cover costs in 2020 and 2021, including USD 3.8 million for ShareTheMeal costs. The second part, up to USD 22.2 million, would be needed from the start of 2022. The need for and size of this loan would be reviewed in 2021 based on the level of retained income, as described above. The loan would be repaid over five years, from 2026to 2030, with annual repayments of USD 6.2 million funded from retained income.

46. The loan repayments will slow income growth between 2026–2030 because a proportion of the retained income will be used to repay the loan and cannot be used for further investment. From 2031, however, there would be significant growth as all retained income is directed to investment.

Retained income

47. Retaining a proportion of donations for reinvestment in fundraising activities is an established principle followed by NGOs around the world and by WFP's sister United Nations agencies that have well-established non-governmental entity fundraising operations. It is proposed that as part of funding the growth in individual giving, a proportion of each donation is retained to cover future fundraising costs.

48. In many countries self-regulatory bodies define acceptable levels of fundraising expenditure as a proportion of total income. In the United States there are several such bodies, including Guide Star, Charity Navigator and the Better Business Bureau Wise Giving Alliance (WGA). Charity Navigator and WGA both recommend that a minimum of 65 percent of donations received go to programme activity. In Europe, similar self-regulatory organizations set benchmarks, and some issue seals of approval to NGOs for meeting criteria, which often include a maximum proportion of donations reinvested in fundraising. On average these

schemes require organizations to limit their fundraising and overhead expenditures to 25-30 percent of total income.

49. There is limited research on how much donors think should be spent by non-profit organizations on fundraising activities. British research has found that the public believes that 57 percent of donations should go to programme activities and 27 percent should be spent on fundraising and administration costs.[11] In the United States, one study reported that the public thought that up to 23 percent of donations could be spent on overhead costs; although people interviewed believed the actual figure was over 36 percent.[12]

50. While activities aimed at retaining donors are an established practice, individual supporters who give to WFP have a reasonable expectation that most of their donation will go to support programmes and help feed hungry people. It is therefore proposed that a limit on the level of retention spending be set so that WFP fundraising is seen to be ethical and transparent.

51. The investment model covers the period 2020–2030. Over this period total income from individuals (excluding Friends organizations) is estimated at over USD 1.36 billion. It is proposed that WFP retain no more than 20 percent of this total amount to reinvest in individual giving fundraising activities and no more than 29 percent in any one year. This limit will ensure that WFP is operating in line with the expectations of potential supporters who want their donations to be used to fund WFP's programmatic activities.

52. Over the period 2020–2025, up to 29 percent of all income generated from donations made in response to paid marketing will be retained annually for reinvestment in future fundraising activities. From 2026, this limit will be reduced to 19 percent.

53. Importantly, the model assumes that retained income for reinvestment only comes from income generated from paid fundraising activities, as these can be planned, controlled and forecast. None of the retained income in the model is assumed to come from any organic revenue (e.g. voluntary donations via ShareTheMeal or WFP.org that are not driven by paid marketing) that WFP might receive during this period.

54. While organic revenue is expected to grow as paid activity increases, it is less predictable than income generated through paid fundraising activities. To mitigate risk and as part of a cautious approach in the investment plan, no retained funds from organic income have been assumed in the investment forecasts. In practice, organic revenue will be treated in the same way as income generated by paid activity and as a result higher levels of retained income may be generated. This could reduce the need for funding from other sources such as the loan, but this will not be known until the investments have begun.

PSA budget

55. The PSA component of the investment is not described in detail in this document as it is a continuation of an existing budget and will be included in future management plans, including the management plan for 2020–2021. It is also the smallest of the four funding sources, and it is not expected to increase beyond adjustments for inflation.

[11] nfpSynergy. 2017. "Who cares about admin? Ten nuggets on how the public thinks their ideal charity should spend its money." https://nfpsynergy.net/blog/ideal-charity-spending-blog.

[12] Grey Matter Research & Consulting. 2012. "Americans' Perceptions on the Financial Efficiency of Non-profit Organizations." https://www.greymatterresearch.com/index_files/Nonprofit_Overhead.htm.

4. Learning from UNHCR's fundraising progress

56. At its seventy-third meeting, the UNHCR Standing Committee considered a report on the growth of UNHCR's income from non-governmental entities – particularly from individual giving – since 2006, when the agency began a programme of sustained investment in private sector fundraising and partnerships. The report, available online,[13] identifies seven factors that can explain UNHCR's success in this area:

1) a focus on ambitious long-term income targets;
2) a substantial and growing investment fund, accompanied by strong systems, oversight and performance monitoring mechanisms;
3) a clear investment strategy focusing on countries expected to deliver maximum, long-term net income;
4) resources that can be allocated and re-allocated across the organization's fundraising network throughout the year, based on performance and new opportunities to ensure flexibility and agility;
5) a culture of innovation, creativity and sharing of best practices across the network;
6) recruitment of external fundraising experts from NGOs; and
7) the empowering of colleagues working in operations to develop context-specific strategies with the provision of resources, guidance and support from the Private Sector Partnerships Service at UNHCR headquarters.

57. Consideration of all of these factors has informed the development of WFP's plans for income growth, especially from individual giving. Strong collaboration between United Nations agencies in the area of diversifying income streams and increasing income from non-governmental entities demonstrates the collective commitment to meeting the 2030 Agenda.

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[13] UNHCR. 2018. "Private sector fundraising and partnerships" (EC/69/SC/CRP.22). https://www.unhcr.org/excom/excomrep/5ba354764/private-sector-fundraising-ec69sccrp22.html.

ANNEX III

Brand awareness and the strategy for partnership and engagement

1. Telling WFP's story and conveying the importance and urgency of achieving zero hunger is critical to WFP's core work. CAM works at the global, regional and country levels, supporting WFP's activities with governments, political stakeholders, thought-leaders, media, the business sector and the general public. As previously noted, WFP will achieve greater success in partnerships and fundraising if it is well-known, perceived favourably and trusted by current and potential donors. These include government partners, businesses, foundations and individuals.

2. With the adoption of the strategy for partnership and engagement with non-governmental entities (2020–2025), there is a need for enhanced efforts to build WFP's reputation with individuals and the business sector. There is also an anticipated benefit for government donors, whose taxpayers will more fully understand the impact of their support for WFP if WFP's brand is more widely recognized. Starting with the issue of hunger, the branding strategy will communicate the actions that WFP is taking with partners to achieve zero hunger. Providing donor visibility will remain a cornerstone of WFP's communication efforts.

3. CAM's portfolio encompasses traditional, digital and social media (including wfp.org, all long-form narrative and WFP's more than 100 global, regional and language social media channels), multimedia (TV, photographs and publications), content gathering and creation, internal communications and staff empowerment, external exhibitions and events, donor visibility and – as was in the spotlight in the past year – reputational risk management (including for business sector partnerships).

4. In 2018, with an initial investment case and the anticipation of a new partnership and engagement strategy with a stronger focus on individuals, WFP established the Brand-Building and Public Engagement Unit with the goal of testing and producing data that could be used to establish KPIs for WFP's brand, evaluate strategies for improving brand reputation and trust (including integrated marketing campaigns and goodwill ambassadors) and create plans for scaling up successful pilot projects. To this end, the unit benchmarked WFP's investment, strategies and structure against those of UNHCR, UNICEF and the World Bank and commissioned the first extensive brand market research study for WFP in over a decade, carried out in 11 key donor markets selected[1] by the PPF and ShareTheMeal teams.

5. A strong brand amplifies the efforts of a strategic fundraising programme, optimizing return on investment. The key measurement is brand familiarity – rather than brand awareness – which conveys how well WFP has established its unique brand identity in the minds of prospective donors. WFP will aim to increase its brand familiarity by an average 12 percent in five markets by 2025, with specific audience segments targeted in each market. This goal is based on the gap between WFP's brand familiarity and that of UNHCR, which is used in this strategy as a point of comparison regarding individual fundraising. It should be noted that the rate of increase in brand familiarity will depend on a number of variables, including most importantly the level of funding devoted to it. It should also be noted that the rate of increase can be expected to be lower in the early pilot phases of the strategy, when audience targeting and segmentation is likely to shift.

[1] Australia, Canada, France, Germany, Italy, Japan, the Netherlands, the Republic of Korea, United Arab Emirates, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

6. With the initial investment case from 2018, CAM tested the potential impact of leveraging partnerships to strengthen WFP's brand, with excellent results. In addition, CAM brought together a group of high-level marketing professionals from the business sector to form the WFP Global Impact Council. The council has already begun supporting WFP's marketing, branding and fundraising efforts with expertise, strategic development and network outreach. Several of the members have also contributed significant resources that are helping WFP to develop and establish its humanitarian and development narrative, with an emphasis on the innovation and technology used in WFP's work.

7. For example, through a Global Impact Council member representing SAWA, the global association for cinema advertising, WFP received USD 25 million in advertising space in 34 countries around the world for the launch of the "Feed Our Future" cinema campaign. Nielsen research recorded a 40 percent increase in awareness of WFP among cinema-goers in North America, and WFP saw a 38 percent increase in ShareTheMeal downloads in just one week of the campaign. The partnership has been renewed for an additional two years, so there is an opportunity to make it work even harder to improve WFP's brand familiarity.

8. Through the Global Impact Council, WFP piloted an integrated partnership with Facebook around the "Feed Our Future" cinema campaign. During the first three days of the campaign, this partnership led to a 25 percent engagement rate with content on our platforms (192 times higher than the non-profit average rate). In support of "Feed Our Future," Facebook also provided WFP with significant advertising credits that have enabled the testing and optimization of fundraising for WFP on the Facebook platform and have informed the analysis presented in this strategy document.

Differentiating WFP's brand and building support for the hunger narrative

9. WFP has a reputation as an organization that works on the frontlines and that can be trusted to deliver in some of the most difficult and hard-to-reach locations in the world. CAM aims to firmly cement public awareness of WFP's core mandate and its reputation as the world's largest humanitarian organization, saving lives in emergencies and building a better future for people driven into hunger by conflict and the impact of climate change.

10. In 2017, CAM conducted an exercise during WFP's general management meeting to determine how WFP sees itself as a brand. The results were clear: WFP is a "hero" (one who takes action and delivers results) and a "carer" (one who genuinely cares for and has compassion for others).

11. As previously mentioned, in 2018 WFP conducted a research study of 11 donor markets. Among other findings, the study identified a set of key brand attributes that differentiate WFP from other United Nations agencies and are seen as donation drivers in WFP's key donor markets. CAM will take a hard look at these qualities ("successful", "powerful", "brave", "expert", "caring", "efficient" and "proactive") and at WFP's internal narratives and use them as a starting point for building familiarity and for adapting its communications to its audience in key donor markets.

12. As verified by WFP's brand research, it is important for WFP to be seen as a successful organization in order to gain public trust and create an optimal environment for fundraising. If hunger is not seen as solvable, it can become an impediment to individuals engaging with WFP. WFP's brand-building communications will therefore emphasize its success in combatting hunger and malnutrition and staving off famine, its life-saving responses to emergencies and its affirmation that it is possible to end world hunger. The heroic efforts of WFP staff and the resilience and perseverance of those WFP serves can also be harnessed to work toward this objective. This alignment with important brand attributes and donation

drivers will eventually build trust in the WFP brand and strengthen fundraising narratives that present an urgent need to trigger donations.

13. In order to emphasize the urgency of combatting world hunger, WFP's communications will consistently present the idea of food as an enabler of the other SDGs and ultimately WFP's contribution to shared prosperity. As WFP amplifies its communications and marketing efforts, grows its audience and builds its brand, this consistent theme of providing food will help WFP to own the "hunger space."

Achieving growth in brand familiarity

14. WFP's integrated marketing strategy must look closely at the individual's journey across various types of media, ensuring that appropriate calls to action are included in order to continue to move the individual further towards a long-term relationship with WFP. This truly integrated approach will require alignment of KPIs and incentives across the fundraising, marketing and digital teams, as well as oversight from senior leadership. A common objective will be established for all departments that develop outward-facing communications on shared platforms.

15. While building the WFP brand and amplifying communications, advocacy and marketing efforts, all teams must remain vigilant in the protection and management of WFP's reputation. To this end, the Global Media Team in CAM is establishing a dedicated function to manage the planned increase in business sector partnerships and individual fundraising communication activities.

16. CAM is already carefully crafting content with a distinct and unified look, feel and tone of voice across WFP's public platforms, strengthening the brand and building familiarity with WFP's work and the people it serves. In a world where an enormous volume of information is shared every moment, it is important that WFP stand out from other agencies while remaining true to its core values and identity. CAM carefully considers this in everything it does in order to strategically position WFP in a crowded field. The strategy will provide the opportunity to focus a part of CAM's resources on targeting certain groups in the general public and to see the full impact of WFP's marketing to individuals.

17. Penetrating large audiences with limited resources will require the amplification of WFP's efforts through partnerships. WFP will employ three different types of partnership to achieve its brand goals: 1) media and public relations partnerships with media owners and outlets who can contribute paid or earned media to WFP's efforts; 2) business sector partnerships, amplifying the WFP brand through affiliation; 3) influencer partnerships (goodwill ambassadors) that allow WFP to use influencer voices to gain access to new communications channels, helping WFP to reach audiences where they are rather than spending resources to bring them to WFP-owned platforms.

18. Different types of media lend themselves to building awareness or familiarity and lend themselves to certain types of actions. It is important to distinguish between paid, shared, earned and owned media. For example, earned media (public relations, recommendations by trusted sources) is rated by professionals as the most effective media for building a brand and generating leads[2] and thus will be a focus of CAM efforts.

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[2] Outsell. 2016. *The Earned Media Opportunity.* https://www.cision.com/content/dam/cision/Resources/white-papers/CIS17044_OutSellPDF_001_03.pdf. The report includes a survey of 1,501 marketers in 2016.

Conclusion

19. CAM unites the many voices of WFP under one brand story by understanding the needs of WFP and of the multiple audiences (donor and host governments, media, business sector stakeholders, internal stakeholders and individuals), channelling them through a series of key brand characteristics and narratives and establishing a distinct look and feel for WFP-owned platforms and content. Among other things, sound brand development serves as a way of mitigating and managing reputational risk for WFP. All of these efforts serve the organization's goals of distinguishing WFP and its work in the hearts and minds of audiences and ensuring that the voices of the people WFP serves are heard.

20. In the light of this new strategy, the interdependent, cyclical relationship between branding and partnerships and fundraising supports an increased focus on and resources for strengthening the WFP brand. To accomplish the planned significant increase in brand familiarity in such a relatively short period of time, all of WFP's communications activities must work harder towards supporting WFP's goals. That means:

- Aligning every single public communication with brand attributes, key narratives and the brand story;
- Targeting key audience segments with an integrated marketing and disaggregated digital platform strategy that builds the WFP brand;
- Utilizing testing and data insights to stay agile and optimizing efforts before they are rolled out and continuously during execution; and
- Carefully mitigating and monitoring risk to WFP's reputation.

21. To ensure the mutually beneficial efforts of fundraising and brand-building described above, CAM and PPF will work together on these and other activities over the proposed strategy period, building and utilizing WFP's brand to help create the best possible conditions for fundraising from non-governmental entities.

ANNEX IV

Due diligence process overview

Background

1. Adhering to general principles established in United Nations system business sector cooperation guidelines, WFP's current due diligence process was formally established by the WFP Private Sector Partnerships and Fundraising Strategy (2013–2017).[1] Responsibility for the due diligence process was transferred from PPF to the Legal Office to eliminate a potential conflict of interest in the approval of funding opportunities.

2. Partnerships with non-governmental entities are reviewed in line with 'FP's private donor framework[2] and United Nations guidelines on cooperation with the business sector.[3] Due diligence reports may be requested by PPF as well as other WFP offices. The reports are prepared by the Legal Office. The Private Donors and Partnerships Committee has the delegated authority to approve the acceptance of a donation from, or entry into a partnership with, a non-governmental entity that has been the subject of a due diligence review.

The role of the committee

3. The committee is responsible for overseeing the WFP due diligence process, including through:

   - considering the results of due diligence reviews conducted by the Legal Office and deciding whether proposed contributions may be accepted or partnerships initiated;
   - Providing guidance to PPF on the implementation of the committee's decisions, for example by approving engagement with a non-governmental entity subject to certain conditions;
   - Providing guidance to the Legal Office on the conduct of due diligence reviews and advising other WFP offices on the application of due diligence requirements; and
   - Considering and advising on other matters relating to contributions or partnerships with or contributions from non-governmental entities, for example potential conflicts of interest.

4. The committee acts by consensus among its voting members, referring any matter on which consensus fails to the Executive Director. Committee members and others who participate in committee meetings are provided with meeting documents in advance, allowing time for the review of proposed opportunities and other matters.

[1] https://docs.wfp.org/api/documents/WFP-0000024954/download

[2] This framework includes Executive Director's Circular 2013/025, "Guidelines for Private-Sector Partnerships," the "WFP Code of Conduct" and guidance set out in two Executive Board documents, "New Partnerships to Meet Rising Needs – Expanding the WFP Donor Base" (WFP/EB.3/2004/4-C) and "WFP's Private–Sector Partnership and Fundraising Strategy" (WFP/EB.1/2008/5-B/1).

[3] United Nations. 2015. *Guidelines on a principle-based approach to the Cooperation between the United Nations and the business sector*. https://business.un.org/en/documents/5292.

Composition of the committee

5. The members of the committee are as follows:

   - Deputy Executive Director and Chief Operating Officer (Chair);
   - Assistant Executive Director, Operations Services;
   - Assistant Executive Director, Resource Management and Chief Financial Officer;
   - Chief of Staff and Director, Office of the Executive Director; and
   - Assistant Executive Director, Partnerships and Governance (non-voting member)
   - Director, PPF (non-voting member)
   - Director, CAM (non-voting member)

Due diligence applicability criteria

6. As of 2019, WFP carries out due diligence screenings for prospective donors and partners who intend to contribute over USD 50,000 or to use the WFP name and emblem. WFP proposes to increase the due diligence financial threshold to USD 100,000 to enable a more streamlined process for launching country-office-led opportunities, in line with the focus of this strategy and United Nation development system reform. This would change the financial contribution threshold only – partnerships involving the use of WFP's name and emblem would continue to require due diligence screening.

7. In addition to increasing the financial threshold, starting in 2020 WFP will develop new ways of working that will ensure the due diligence process remains robust and will enable regional bureaux and country offices to develop partnerships more quickly and effectively. This approach will be in line with the recommendations of the strategic partnerships results group of the United Nations Sustainable Development Group, under which a private sector task team led by UNICEF and the United Nations Office for Partnerships has been working on due diligence harmonization.

8. WFP's due diligence screening requirement applies to new and ongoing partners alike, including in cases of significant new contractual commitments with ongoing partners. Unless specified otherwise, approved due diligence screenings are valid for three years. Due diligence is also undertaken for WFP goodwill ambassadors, champions, advocates and other celebrity partners, in accordance with United Nations guidelines.

9. WFP may accept contributions in an expedited manner if the donations are for an official L2 or L3 emergency operation, or a major emergency as designated by the Assistant Executive Director, Partnerships and Advocacy, that requires especially rapid fundraising.[1] In such a case, the Director of PPF may request that the Assistant Executive Director, Partnerships and Advocacy, authorize the acceptance of cash contributions from non-governmental entities above USD 50,000. Acceptance is conditional upon a prospective donor providing written representations and warranties in a legally binding agreement of its compliance with WFP criteria and retroactive completion of the due diligence process.

[1] WFP Decision Memorandum 4398, 14 January 2016.

Due diligence process

10. All account managers are responsible for requesting due diligence reports, when needed, as their conversations with potential partners or celebrities progress to potential engagement.

11. Once a due diligence review is requested, the Legal Office prepares a report and assigns a level of risk to the relevant entity or individual.

12. Depending on the risk level, the due diligence report is then submitted for review and approval by the Private Donors and Partnerships Committee in accordance with the WFP private donor framework. PPF serves as the secretariat for the Private Donors and Partnerships Committee and determines which due diligence reports are submitted for consideration.

Summary of WFP due diligence criteria

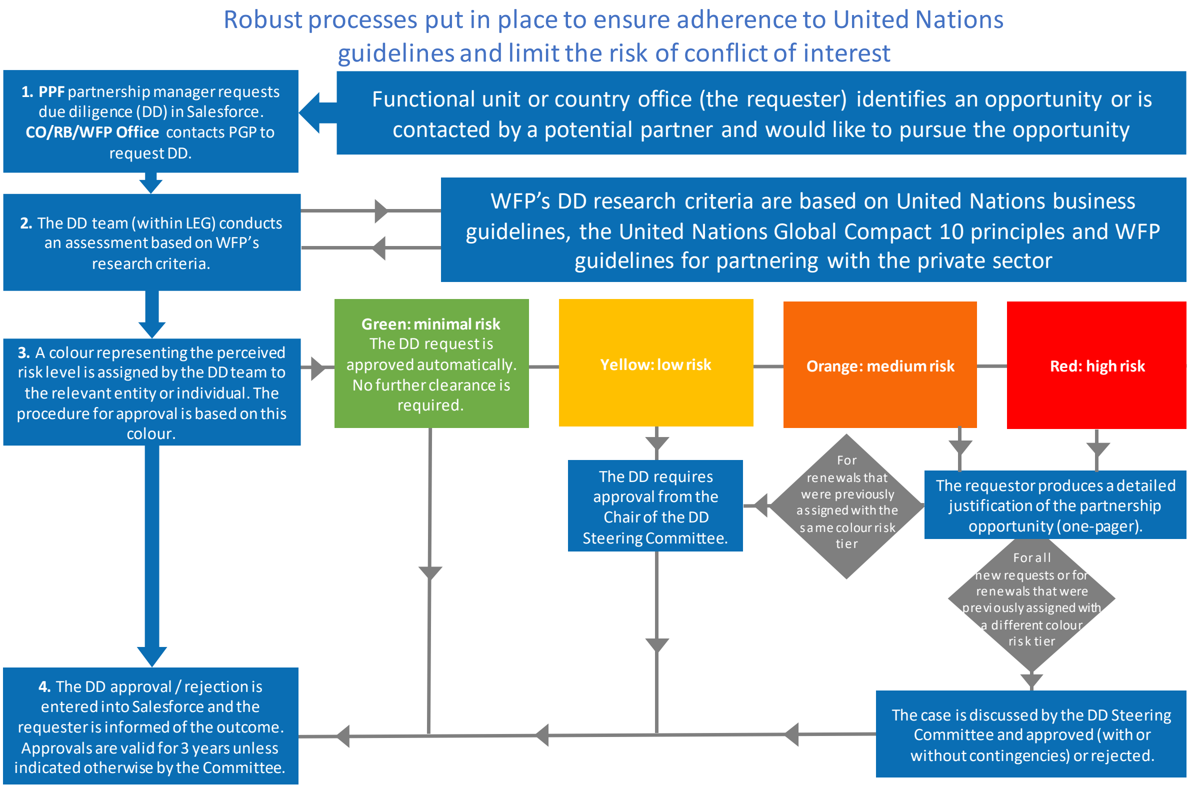
13. WFP's due diligence criteria are consistent with United Nations guidelines, particularly those regarding a principle-based approach to cooperation between the United Nations and the business sector. As a member of the United Nations system, WFP takes a partnership approach that is reflective of the broader ecosystem of international organizations and bodies concerned with food security, including but not limited to the work of the 2018 United Nations Sustainable Development Group partnership results group and the Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems and Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security.

14. In conducting due diligence reviews, WFP gives due consideration to a potential or existing partner's status regarding the following:

    - commitment to internationally recognized principles concerning human rights, labour, the environment and anti-corruption as reflected in the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights;
    - complicity in human rights abuses; the use of forced, compulsory or child labour; involvement in the sale or manufacture of anti-personnel landmines or cluster bombs or other practices that do not meet relevant obligations or responsibilities established by the United Nations; and
    - engagement in any activities that are inconsistent with sanctions established by the United Nations Security Council or other similar measures.

In keeping with WFP's mandate, any entity active in the food and beverage industry with a risk profile higher than minimal is also subject to an elevated level of scrutiny.

Figure 1: Overview of the WFP due diligence process (including approval bodies)



Acronyms and abbreviations

CAM	Communications, Advocacy and Marketing Division
PPF	Private Partnerships and Fundraising Division
PSA	programme support and administrative (budget)
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund