

ANNEX IV

Investing in individual fundraising

Background – why invest in individual fundraising now?

1. Acute hunger is at record levels in today's post-pandemic world, but humanitarian funding has returned to pre-pandemic levels. Worldwide, the gulf between humanitarian needs and the funding available for responding to them has grown to record levels. The challenging funding landscape that affects the entire humanitarian sector in 2024 has forced WFP – and many other humanitarian actors – to scale back assistance and refocus their efforts on addressing the most severe needs while seeking new sources of funding. Funds from individuals are a proven source of diversified funding for WFP. To harness the potential of individual fundraising, an investment of USD 20 million is sought for 2025 as the first tranche of a multi-year investment of USD 100 million for the period from 2025 to 2030.
2. The generosity of individual donors has proved to be a critical source of funding for humanitarian actors.¹ In 2023 the total size of the global individual fundraising market stood at USD 12.4 billion.² WFP's private sector partnerships and fundraising strategy for 2020–2025³ aims to unlock the transformative potential of diversified sources of funding from the individuals and the private sector. Since 2020, WFP has invested in building a unique model for raising funds directly from the public, using mainly digital channels. This solid baseline now has the potential to raise an additional USD 1.3 billion between 2025 and 2030.
3. Investment in individual fundraising is a key strategic shift for WFP, enabling the organization to significantly diversify its donor base and increase the proportion of flexible funding it receives. At least 30 percent of contributions from individuals *are fully flexible*, which is a significantly higher percentage than that of contributions from WFP's traditional donors.⁴ The investment will also accelerate the production of dynamic content from WFP field operations, helping to drive financial returns.

Private sector partnerships and fundraising strategy – performance

4. Since the launch of WFP's private sector partnerships and fundraising strategy in 2020, the organization has significantly expanded its engagement with private sector entities. WFP has demonstrated its capacity to secure substantial, diverse and flexible funding from private sources, while effectively leveraging partners' contributions to advance its mission of achieving zero hunger.⁵
5. Between 2020 and 2023, WFP secured nearly USD 1.5 billion in private sector contributions, including approximately USD 400 million from corporations, USD 720 million from foundations, charities and faith-based organizations, and USD 350 million from individual donors. While 2021 and 2022 saw unusually high contribution levels, the baseline for private

¹ In 2023, the United Nations Children's Fund raised USD 2.5 billion from individuals, and the Office of the United Nations High Commissioner for Refugees USD 734 million.

² International Fundraising Leadership Forum (IFL Forum), 2024 analysis.

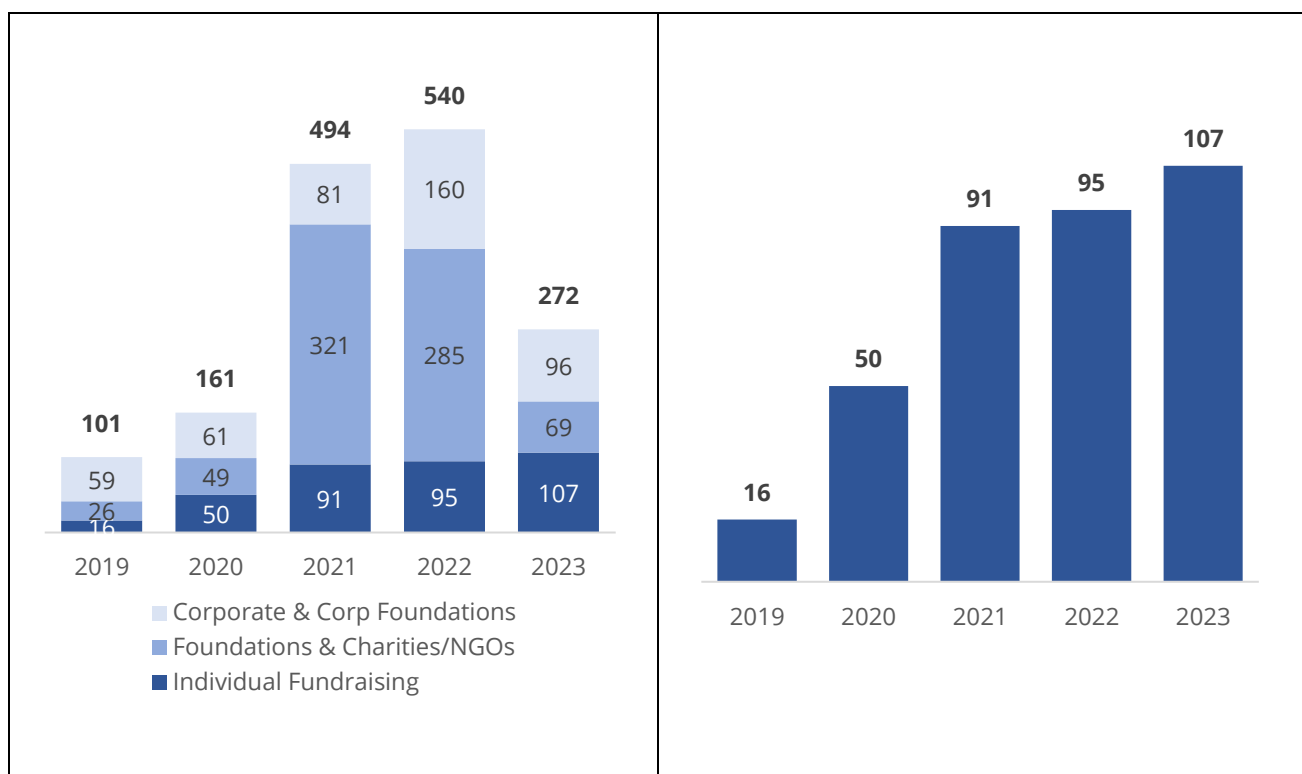
³ "Private-sector partnerships and fundraising strategy (2020–2025): Cooperation with the private sector, foundations and individuals for the achievement of zero hunger" (WFP/EB.2/2019/4-A/Rev.1).

⁴ WFP. 2023. *Annual Report on Impact of Flexible Resources: Flexible Funding 2022*.

⁵ WFP. 2024. *Mid-term Evaluation of WFP's Private Sector Partnerships and Fundraising Strategy 2020–2025*.

sector funding has nearly tripled, from USD 101 million in 2019 to USD 270 million in 2023. Looking ahead, private sector funding is projected to generate USD 350 million in 2024, bringing the cumulative total of private sector contributions to more than USD 1.8 billion by the end of the year. As shown in figure A.IV.1, individual fundraising has continued to see an upwards trajectory since the inception of the strategy in 2019.

Figure A.IV.1: Private sector and individual fundraising income, 2019–2023 (USD million)



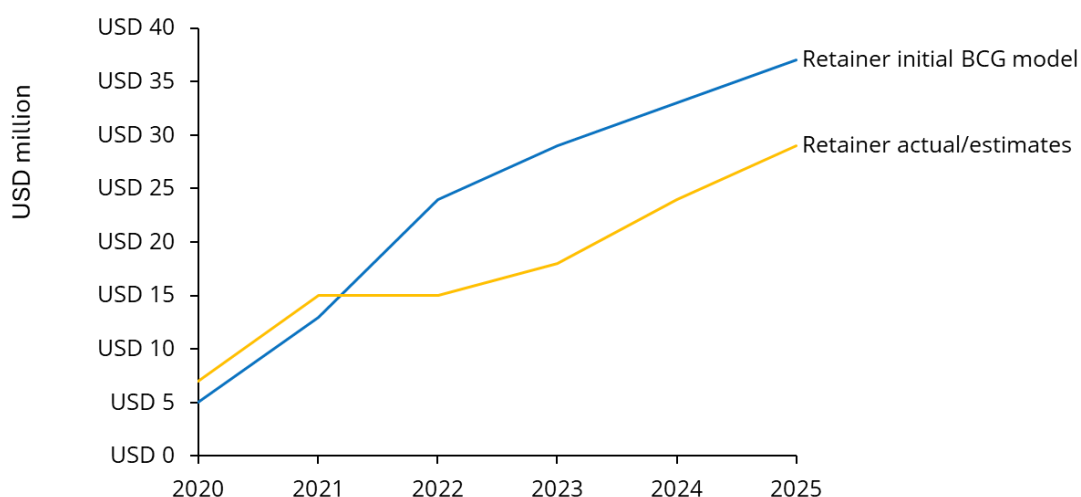
Achievements under the current strategy

6. By the end of 2023, WFP's individual fundraising programme had achieved an impressive 95 percent of its total contribution target, having raised USD 343 million of the initial USD 360 million goal since 2020. During the same period, USD 110 million of the contributions received were fully flexible, achieving 90 percent of the target. This early success demonstrates the programme's strong impact.
7. Contributions from individuals exceeded the targets in 2020 and 2021. However, they declined to 85 percent of the target in 2022 and to 80 percent in 2023, with a slightly more challenging outlook projected for 2024 and 2025. Despite these fluctuations, the programme's overall performance remains a significant success, with at least USD 564 million, or 80 percent of the initial USD 684 million target, expected to be raised by the end of 2025.

Contributions from individuals	2020–2025 target	2020–2023 target	2020–2023 actuals	2020–2023 % of target
Total	684	360	343	95
Fully flexible	230	121	110	90

8. The main challenge has been the difficult fundraising environment that all humanitarian and development organizations have faced over the past five years. While donations have spiked during emergencies, regular giving has struggled owing to the pandemic and supporters' hesitancy in making financial commitments. Despite this, WFP has built a solid base of regular donors.
9. In 2022, WFP saw a drop in regular giving and a decline in long-term supporters, partly due to the use of less effective algorithm-based targeting methods following system changes. Combined with the global cost of living crisis, inflation and international crises, fewer individuals committed to making regular donations. This shortfall in recurring income hindered the individual fundraising programme and limited reinvestment efforts, lowering the income retained (see figure A.IV.2) and reducing the funding available for the programme's activities, particularly following the conclusion of the critical corporate initiative in 2022. Without additional investment, WFP's supporter base may shrink in 2025, risking a decline in the impact of the individual fundraising programme's previous achievements.

Figure A.IV.2: Actual and estimated retained income versus the individual fundraising model, 2024–2025



	2020	2021	2022	2023	2024	2025
Retainer initial BCG model	USD 5	USD 13	USD 24	USD 29	USD 33	USD 37
Retainer actual/estimates	USD 7	USD 15	USD 15	USD 18	USD 24	USD 29

Source: WFP. 2024. *Mid-term Evaluation of WFP's Private Sector Partnerships and Fundraising Strategy 2020–2025*.

Why should WFP invest now?

10. WFP's individual fundraising programme is approaching a critical juncture. In the absence of new investment, growth will plateau, and the programme will generate an estimated USD 714 million between 2025 and 2030. However, with the global market for individual fundraising currently expanding,⁶ an investment of USD 100 million between 2025 and 2030, starting with USD 20 million in 2025, could generate an additional USD 602 million, bringing the total cumulative income from individual fundraising to USD 1.3 billion in the period from 2025 to 2030. The additional income could have a particularly strong impact in smaller country operations, given its high degree of flexibility.
11. Investing in the individual fundraising programme will sustain the programme's momentum and expand WFP's supporter base by bridging the gap in additional funding. It will also enhance future returns and reinvestment capabilities, as a portion of the funds raised will be reinvested in acquiring new donors, thereby creating a continuous cycle of growth.
12. The initial investment timeframe of 2020–2025 is relatively short compared with the continuing, long-term investments made by peer organizations such as the United Nations Children's Fund and the Office of the United Nations High Commissioner for Refugees. These organizations benefit from extended timeframes, enabling them to invest in long-term acquisition channels such as television and face-to-face fundraising, which typically yield returns over a prolonged period and require longer periods to break even. In contrast, WFP's shorter-term strategy, combined with a lower initial investment, has necessitated a focus on achieving quicker, short-term outcomes to meet immediate targets.
13. Finally, WFP's recent mid-term evaluation of the private sector partnerships and fundraising strategy confirmed that "WFP established an innovative individual fundraising programme that demonstrated sector leading growth in percentage terms and potential for financial self-sufficiency and sustainability. Continued success and further growth in private sector revenue generation require long-term organizational commitment and investment."⁷

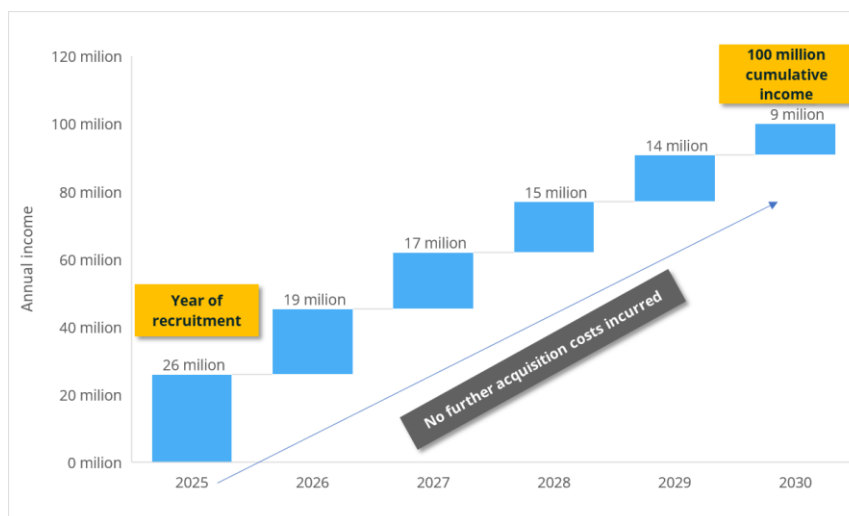
How sustainable is the investment?

14. The growth of the individual fundraising programme will be sustained by the existing retention mechanism, which reinvests a portion of the funds raised from individuals into future fundraising activities:
 - WFP reinvests up to 29 percent of each donation from an individual in future marketing and operational costs. The increased income from individual fundraising is therefore expected to increase the funds available for reinvestment from USD 103 million in 2025 to USD 217 million in 2030.
 - Through this reinvestment mechanism, the programme benefits from a multiplier effect, with each donation that supports WFP's operations also partly financing the recruitment of an additional individual supporter.
 - There is no intention to alter the percentage reinvested.

⁶ Geneva Graduate Institute. 2021. *Paying for Multilateralism: Taking Stock on the Financing of International Organisations in Geneva, 2000–2020*.

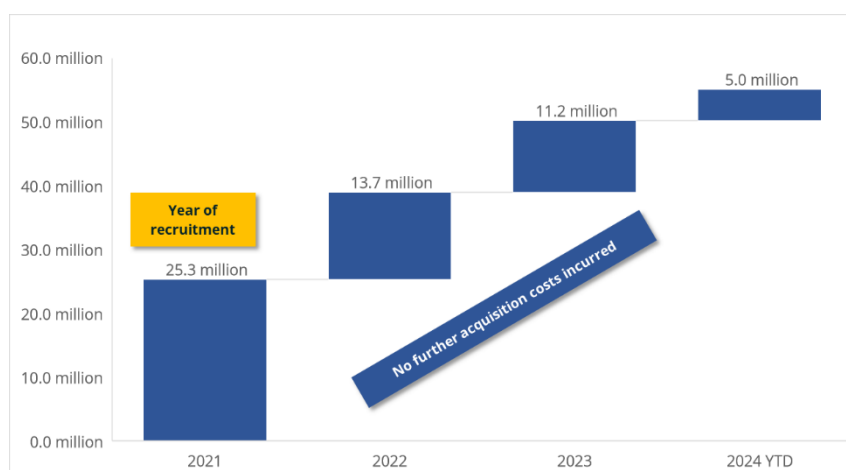
⁷ WFP. 2024. *Mid-term Evaluation of WFP's Private Sector Partnerships and Fundraising Strategy 2020–2025*.

Figure A.IV.3: Estimate of lifetime value of supporters recruited through the USD 20 million investment in 2025 (USD)



15. Once recruited, a supporter's "lifetime value", the total amount that an individual contributes while supporting WFP, grows significantly over several years, with acquisition costs incurred only in the first year.
16. For example, the supporters recruited under the investment made in 2025 could generate a consolidated amount of up to USD 100 million by 2030 by donating money over several years.

Figure A.IV.4: Actual year to date value of supporters recruited through the investment in 2021 through June 2024 (USD)



17. This trend in increasing value from each supporter is reflected in historical data, demonstrating that the value of an investment extends well beyond the year in which the investment was made. For instance, supporters recruited through an investment of USD 16 million made in 2021 have donated more than USD 55 million to date, demonstrating that WFP's supporters continue to contribute over many years.

Budget

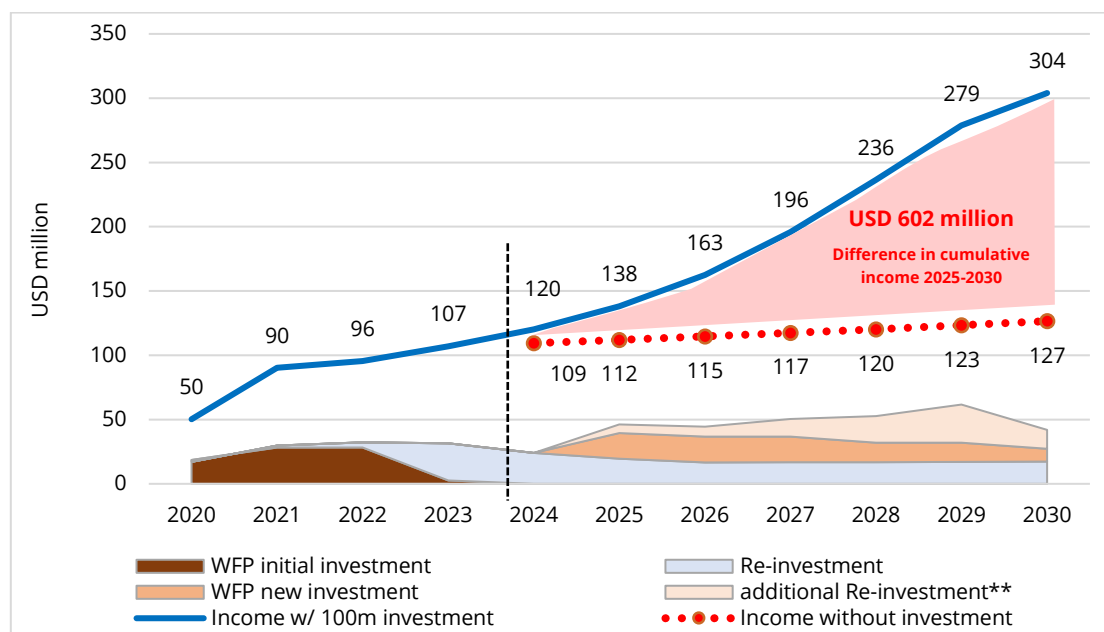
18. Most of the investment requested will be allocated to strengthening the proven global digital model through investments in commercial advertising, with a focus on major advertising campaigns during key giving seasons, such as Christmas and Ramadan.
19. The remainder of the investment will be invested in four growth areas: markets and channels, products and technology, innovation, and partnerships. WFP's current fundraising approach is fully digital, allowing the organization to focus on maximizing returns and giving it the ability to increase or decrease the investment levels in different markets at the click of a mouse. Growth is expected to be generated from established markets and new recruitment channels such as television. Existing markets include friends' associations in Japan and the United States of America, and supporters in Australia, Canada, Europe and the Republic of Korea; emerging fundraising markets, such as those in China, India and the Middle East, will be tested through existing approaches adapted to meet local needs; and a final tier of markets are those with strong future potential, such as Brazil and Indonesia, where prosperity is growing but the barriers to entry are high or the potential unproven.
20. The investment will strengthen the diversification of WFP's funding streams, generate flexible and long-term income and may unlock additional innovative funding streams.

TABLE A.IV.2: BUDGET OVERVIEW, 2025–2030 (USD million)						
	2025	2026	2027	2028	2029	2030
Total investment	20	20	20	15	15	10
Operating budget (including staff costs)	2	2	2	2	2	1
Revenue-generating budget (non-staff costs)	18	18	18	13	13	9
Operating budget: Costs associated with personnel, technology, WFP's relationship with supporters, donor retention, specialist agencies and other administrative expenses.						
Revenue-generating budget: Expenditures for media and advertising placements, including digital advertising, and associated costs such as for experts in strategic media placement, and partner agencies.						

Return on investment

21. Without the additional investment, the individual fundraising model is projected to generate USD 714 million between 2025 and 2030. Of this amount, over the same period, USD 103 million would be reinvested, USD 44 million would be allocated to indirect support costs, and USD 568 million would be directed towards WFP's programmes; at least 30 percent of contributions coming from individuals are fully flexible.
22. In contrast, with an investment of USD 100 million over the same period, beginning with USD 20 million in 2025, and based on the results of the previous phase of the individual fundraising programme, an additional USD 602 million would be generated, bringing the total income to USD 1.316 billion. Of that total, USD 217 million would be reinvested, USD 80 million would be allocated to indirect support costs, and USD 1.018 billion would be directed to WFP's programmes. With the USD 100 million investment in individual fundraising, the income stream for WFP is expected to stabilize at approximately USD 300 million per year.

**Figure A.IV.5: Individual fundraising programme:
projected impacts of increased investment versus status quo, 2020–2030**



How to measure success?

23. WFP's key performance indicators (KPIs) for the individual fundraising programme focus on the total funds raised each year. These metrics are critical for assessing the effectiveness of WFP's fundraising efforts and the expansion of its supporter base. The requested investment of USD 20 million in 2025, as the initial instalment in a multi-year investment, is projected to generate total income of USD 138 million in the first year. This will be followed by annual revenues of USD 163 million in 2026, USD 196 million in 2027, USD 236 million in 2028, USD 279 million in 2029 and USD 304 million in 2030. Overall, the annual investments are expected to yield more than USD 1 billion during the period from 2026 to 2030. The strategic investment will also help WFP to build a stronger supporter base, establishing a solid and sustainable income stream for future years:

- KPI I: Fundraising income – USD 138 million in 2025.
- KPI II: Percentage fully flexible funding – at least 30 percent.

TABLE A.IV.3: INDIVIDUAL FUNDRAISING PROGRAMME, KEY PERFORMANCE INDICATOR TARGETS, 2025–2030						
KPI	2025	2026	2027	2028	2029	2030
Income from individual fundraising (USD million)	138	163	196	236	279	304
% of fully flexible funding	30	30	30	30	30	30