

# Evaluation Brief



## WFP's Private-Sector Partnership and Fundraising Strategy

### Context

The 1999 United Nations Global Compact provides the overall framework for United Nations cooperation with the business community. While recognizing the importance of private-sector partners in the pursuit of United Nations goals, United Nations organizations remain primarily accountable to Member States.

United Nations general principles<sup>1</sup> for working in partnership with the business community include:

- *Advance United Nations goals*
- *Shared values and principles*
- *Clear delineation of responsibilities and roles*
- *Maintain integrity and independence*
- *No unfair advantage*
- *Transparency*

In 2010, Organisation for Economic Co-operation and Development (OECD) countries provided US\$128 billion of official government development assistance and US\$31 billion from private voluntary agencies, for developing countries.<sup>2</sup> The United States accounted for three-quarters of private voluntary grants.

### WFP Strategy Context

The 2008 private-sector partnership and fundraising strategy addresses fundraising and technical partnership with private-sector companies and foundations, and fundraising from the general public, individuals of high net worth and NGOs. It establishes a firewall between procurement and private fundraising and partnering. The strategy aims to:

1. Retain existing WFP Global Humanitarian Partners and recruit new partners for each of WFP's major business areas;
2. Retain existing WFP corporate supporters and attract new ones;
3. Extend WFP's outreach to foundations;
4. Cultivate high-net worth individuals; and
5. Enhance outreach to smaller individual donors through the web.

The strategy has a specific goal of raising US\$270 million a year from private contributions by 2017; of this US\$70 million would be in kind and US\$200

million cash. At least 25 per cent – US\$50 million – of the cash raised would be fully flexible for allotment to programmes at WFP's discretion. The strategy requires WFP to adopt a self-financing approach, using a management fee charged to private-sector contributions to finance private- resource mobilization and the development of partnerships. It also provides a loan from the General Fund for start-up activities.

### Objectives and Scope of the Evaluation

Following a recommendation of the Joint Inspection Unit, WFP's Executive Board requested that the strategy be evaluated. The evaluation was conducted from February to June 2012 by an independent evaluation team. Serving both accountability and learning purposes, the evaluation assessed:

- the quality and results of the strategy,
- how results were achieved, and
- how WFP's private sector partnership and fundraising approach could be improved.

### Key Findings and Conclusions

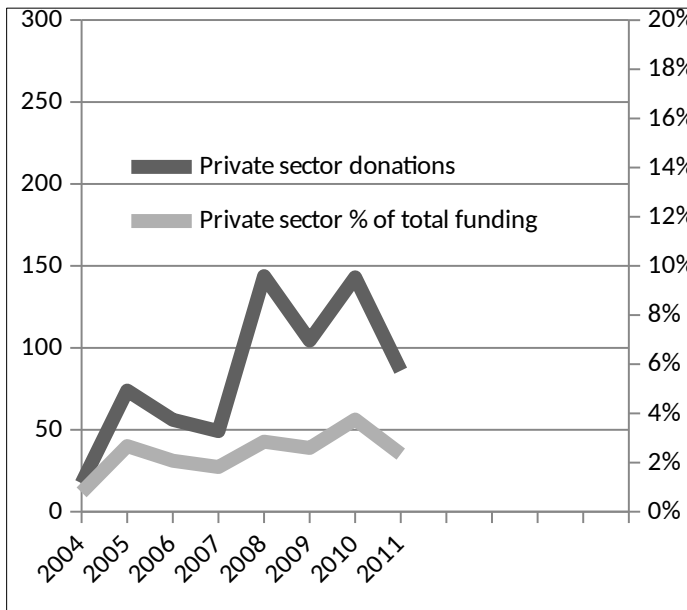
#### Findings

Annual targets for overall resources and cash resources have been exceeded. Management fees and operating costs of the Private Partnerships Branch have been kept within expected levels, but the costs to other WFP units that contribute to raising private-sector funding and managing private-sector relationships have not been tracked. Most of the loan from the General Fund for initial investment costs in the CPP has been drawn down, and is being further drawn down in 2012.

The trend in WFP private contributions is shown below.

<sup>1</sup> Secretary-General of the United Nations. 2009. Guidelines on Cooperation between the United Nations and the Business Sector. 20 November. New York.

<sup>2</sup> OECD web tables available at: <http://www.oecd.org/dac/aidstatistics/>



UNHCR, UNICEF, major humanitarian NGOs and the United Nations Global Compact all showed increases in contributions from private sources from 2009 to 2011; they also all spent proportionately more on private-resource mobilization.

Recent trends in private-sector giving vary by source. In the United States, corporate giving to all philanthropic causes declined by 15% between 2009 and 2011, as a result of the financial crisis, while grants from foundations recovered their previous level, with an overall increase of 9.5% between 2009 and 2011.<sup>3</sup> Individual giving also increased.

### Results of private sector funding in WFP

Many positive examples of private-sector contributions were identified and – significantly – no negative impacts or outcomes. In 2009–2011 approximately 35% of private resources were applied to development, as compared to less than 10% of WFP overall funding.

Although most private funding goes to major emergencies, private funding for emergencies is not normally significant in comparison with total emergency funding.

In emergencies, the private sector has given high levels of support to general and targeted food assistance, logistics, and information and communication technology (ICT). Support to nutrition activities has also been high, particularly for mother-and-child health and nutrition (MCHN) and school feeding. The P4P programme, which aims to build national capacity by stimulating local production through procurement from farmers, is funded primarily by Bill & Melinda Gates Foundation and the Buffet Foundation. Policy and programme advice and advocacy have also received significant support from private sources. The Boston Consulting Group (BCG) has provided important management consultancy

<sup>3</sup> Foundationcenter.org. 2012. *Foundation Growth and Giving Estimates*. Committee Encouraging Corporate Philanthropy.

services to WFP, and several companies have contributed to WFP’s advocacy efforts. Some of the most significant results in nutrition and emergency response have been realized through longer-term partnerships that draw on the strengths of companies sharing common objectives with WFP,

### Quality of the strategy

The **strategy document** should better:

- distinguish the difference between partnership and fundraising
- clarify the objectives, scope and limits of corporate partnerships

The **management fee** that WFP charges on its private-sector resources to finance its private-sector activities had not been applied consistently and caused confusion both among partners and inside WFP.

More **resources and guidance** need to be provided to assist country offices, regional bureaux and different technical units to develop partnerships and raise funding.

### Implementation Arrangements

Private fundraising and partnership was not sufficiently integrated across WFP.

Corporate partnerships:

- require resources for their development and maintenance
- can generate significant in-kind contributions
- do not always generate significant cash

Limitations on resources from approved sources limited fundraising activities and the results achieved:

- Only 15% of WFP’s private resources were raised from individuals (all comparators emphasize fundraising from the general public for fully flexible repeat giving)
- Fundraising costs were on average 6% of the amount raised rather than the allowable 25%.
- The management fee was not applied consistently or up to the allowable level of 13%
- The available loan had not been fully drawn down

There is a **conflict of interest in WFP’s due diligence process**, but there are also opportunities for application of due diligence which is both more rigorous and more flexible.

## Conclusions and Recommendations

### Overall Assessment

Good progress was being made, but full achievement of all the 2017 targets set by the strategy would require steady and continuous increases in the amounts of overall private resources and multilateral cash raised.

### Recommendations

The evaluation made six recommendations: develop distinct strategies for partnership and fundraising; pursue greater balance among different types of

private sources; implement an integrated planning process for private-sector partnerships and fundraising; integrate private-resource mobilization into WFP’s overall budget rather than funding it primarily from the management fee; change the reporting lines of the Private Partnerships Branch; and revise WFP’s due diligence process.



**Full and summary reports of the evaluation and the Management Response are available at [www.wfp.org/evaluation](http://www.wfp.org/evaluation)**

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