

# Report on the Utilisation of WFP's Advance Financing Mechanisms (1 January – 31 December 2014)

*Annual Session of the Executive Board*

25-28 May 2015



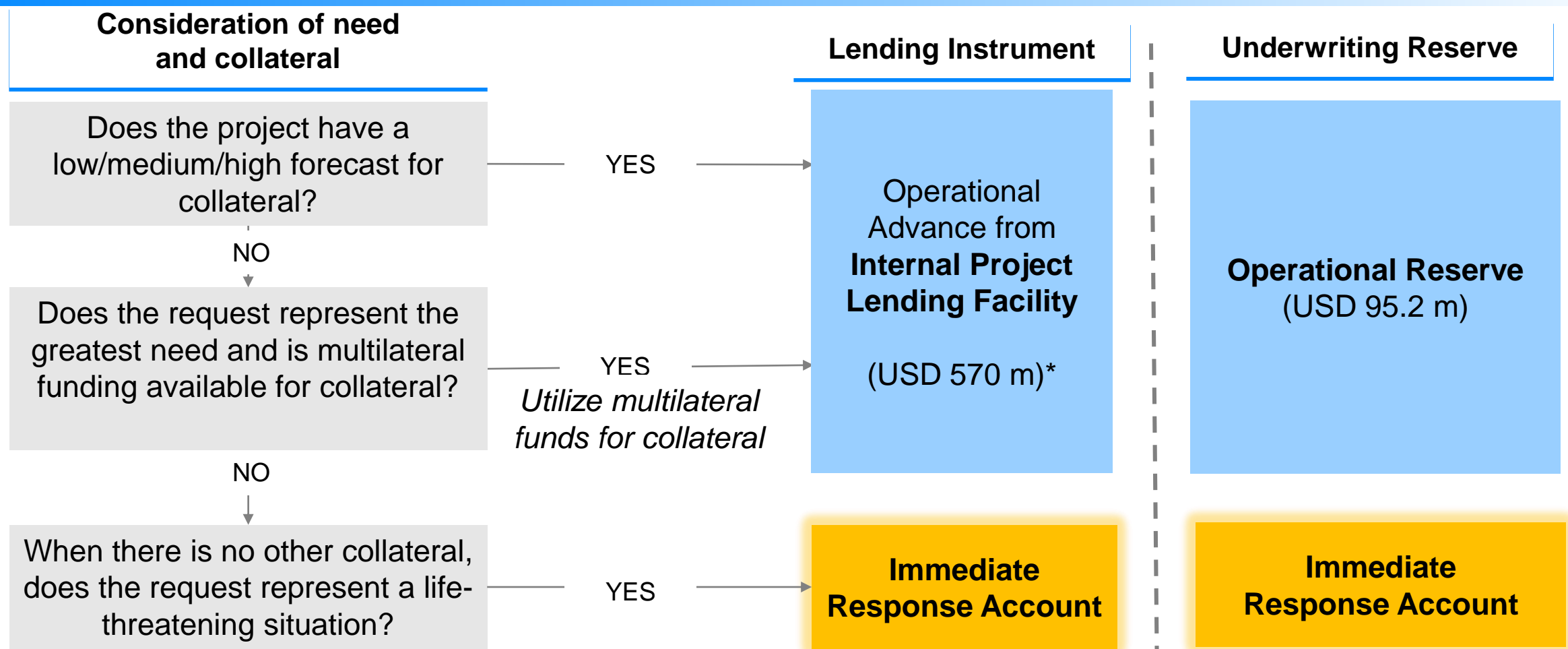
**World Food Programme**

# Annual report informs the Board on how and where advance financing tools are utilized

## Recall changes to WFP's financial tools approved by the Board in 2013 and 2014:

- 1) Separation of the Global Commodity Management Facility (GCMF) and corporate services from the WCFF;
- 2) Increase in the GCMF to USD 350 million;
- 3) Increase in the internal project lending (IPL) ceiling from USD 207 million to USD 570 million;
- 4) A USD 70 million ceiling for corporate services advances, including the establishment of the Capital Budgeting Facility (CBF)

# 1.2 WFP operations turn to the IRA as a 'last resort' for life threatening situations



**IRA serves as a 'last resort' when Country Offices are faced with a life threatening situation and cannot secure other collateral or contributions.**

# All elements of the IRA will remain the same

Sole rapid-response account in WFP

Used for life threatening situations when there is no other collateral

If no repayment is possible, the loan is converted into a grant

*Majority* of IRA assistance continues to be in the form of revolved funds (i.e. loans)

ISC charged at 0% to contributions directed to the IRA

Account is 'rolling', meaning no 'closing' yearly date

# What will be different about the IRA?

**Improved risk management leading to greater usage of IRA**

**Repayment risk assessed upfront**

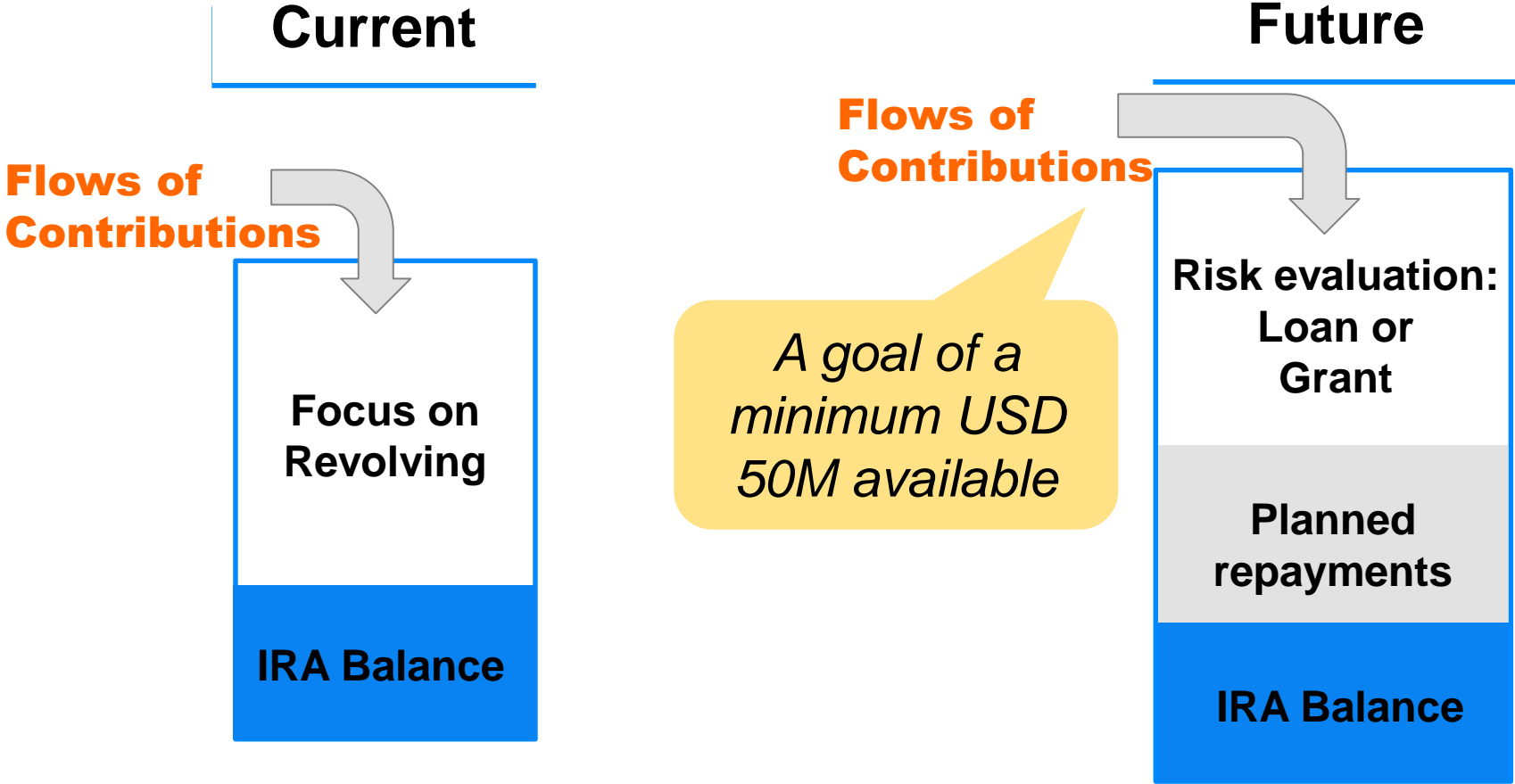
**Provisional & tentative repayment timeline for IRA loans, with possibility to apply for replacement loan, or grant**

***Increased* use of IRA as upfront grant mechanism (i.e. no repayment expected in some cases, e.g. IR-EMOPs)**

**IRA balance maximized through predictable repayment dates, and greater flow of replenishments**

**Grant mechanism suspended if available balance drops below USD 50M**

# What will we do with the USD 50 million transfer from the PSAEA?



Increasing contributions through donor recognition, greater visibility and improved management

# Key 2014 figures from IPL, IRA, GCMF and Corporate Services

IPL	IRA	GCMF	Corporate Services
<ul style="list-style-type: none"><li>• 161 advances</li><li>• Total of USD 1,092.8 million</li><li>• 58 operations</li><li>• 73.5% EMOPs</li><li>• 17.5% PRROs</li><li>• 2.4% DEVs &amp; CPs</li><li>• 6.6% SOs</li></ul>	<ul style="list-style-type: none"><li>• USD 53.1 million in new contributions</li><li>• Total of USD 182 million allocated</li><li>• 62% EMOPs</li><li>• 32% PRROs</li><li>• 6% SOs</li><li>• 2014 year end balance: USD 17.8 million</li><li>• Loans of USD 30.5 million converted to grants</li></ul>	<ul style="list-style-type: none"><li>• Purchased 726,000 mt</li><li>• Food value of USD 390 million</li><li>• 40 country offices purchased 814,000 mt</li><li>• Average lead-time of 27 days saved USD 38 million on food purchases</li></ul>	<ul style="list-style-type: none"><li>• Capital Budgeting Facility: Advances approved for LESS and field-based capital schemes</li><li>• Global Vehicle Leasing Programme: Credit line of USD 22 million</li><li>• Fee-for-Services: 15 advances totaling USD 33.9 million</li></ul>

# Report on the Utilization of WFP's Advance Financing Mechanisms (1 January – 31 December 2014): Draft Decision

*The Board takes note of “Report on the Utilization of WFP’s  
Advance Financing Mechanisms (1 January – 31 December 2014)”  
(WFP/EB.A2015/6-J/1)*



**Thank you!**