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## **Report on the utilization of WFP's strategic financing mechanisms (1 January–31 December 2023)**

### **Draft decision\***

The Board takes note of the report on the utilization of WFP's strategic financing mechanisms for the period 1 January–31 December 2023 (WFP/EB.A/2024/6-F/1).

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\* This is a draft decision. For the final decision adopted by the Board, please refer to the decisions and recommendations document issued at the end of the session.

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## Introduction

1. WFP is funded entirely by voluntary contributions, which are used to deliver life-saving and life-changing assistance to vulnerable people around the world. The timing of funding for food procurement is a critical factor influencing WFP's capacity to respond rapidly to humanitarian needs. WFP's strategic financing mechanisms enable country offices to act immediately by providing corporate funding that can be used to begin food procurement, deploy staff, initiate cash-based transfers and register targeted beneficiaries, as well as for other activities. Such funding is "revolved", meaning that it is repaid from donor contributions that are received subsequent to the expenditure.
2. This report describes WFP's use of its strategic financing mechanisms in 2023. This includes advance financing for programmes provided through internal project lending (IPL) and the Immediate Response Account (IRA); corporate services financing that enables WFP to provide services economically and efficiently through three mechanisms; and the anticipatory procurement of food through the Global Commodity Management Facility (GCMF).

### I. Advance financing: internal project lending and the Immediate Response Account

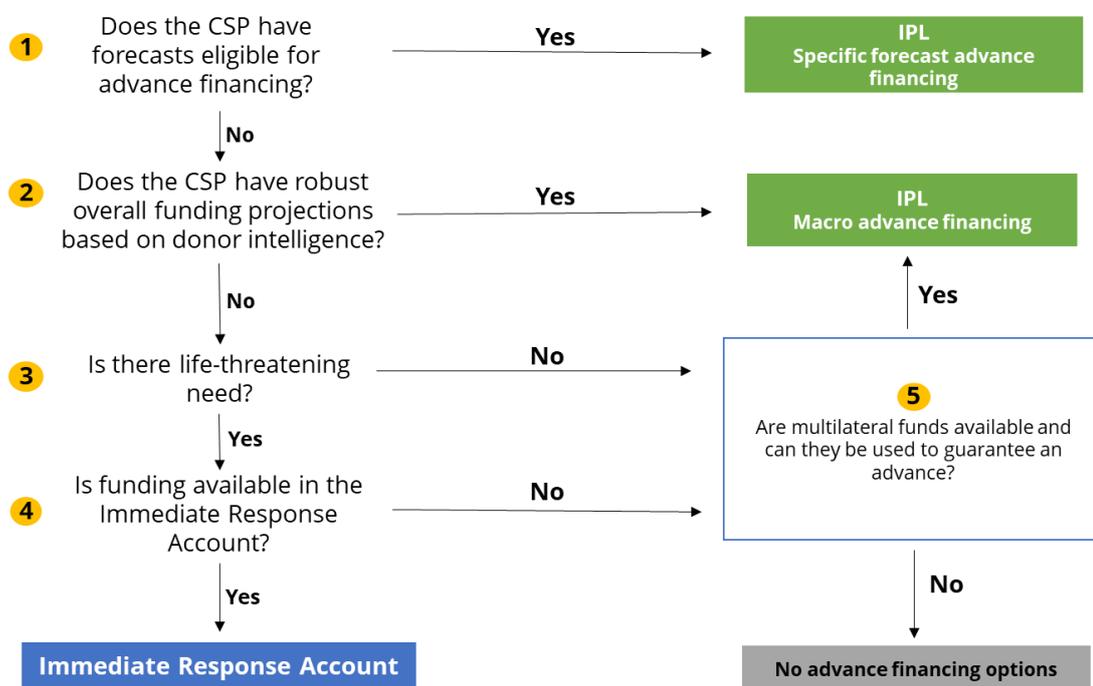
3. Throughout 2023 WFP used two mechanisms to provide programmes with advance spending authority:
  - *Internal project lending:* IPL is revolving advance financing that enables country offices to incur financial commitments and make expenditures before contributions for country strategic plan (CSP) activities are confirmed. It helps WFP to take anticipatory action and address operational shortfalls in a timely way. IPL can be provided based on a specific forecast contribution, referred to as "specific forecast advance financing," or total projected funding for a country operation, known as "macro advance financing" (MAF). Both specific forecast advance financing and MAF are managed within an IPL ceiling.<sup>1</sup>
  - *Immediate Response Account:* The IRA enables WFP to provide immediate assistance through the allocation of funds in the IRA reserve for critical life-saving activities in the absence of forecast contributions. The IRA reserve is replenished through directed donor contributions to the reserve and through repayments or transfers from other reserves or other internal accounts.

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<sup>1</sup> "Decisions and recommendations of the 2022 second regular session of the Executive Board" (WFP/EB.2/2022/11), page 6, decision 2022/EB.2/5, paragraph xiv.

4. Figure 1 illustrates the process followed when deciding whether to use IPL or the IRA.

**Figure 1: Decision-making process for using internal project lending or the Immediate Response Account**



### Use of internal project lending in 2023

5. IPL provides advance financing for activities under a CSP when the period for which forecast contributions can be used matches financing needs and all other donor conditions are met. In 2004, when this form of advance financing was introduced, USD 27.1 million was advanced to country offices. By 2013 the annual amount advanced had grown to USD 675.2 million, and strong demand for advance financing called for the review and restructuring of WFP's Working Capital Financing Facility in 2014. Table 1 shows the value of advances made since the restructuring of the facility.
6. In 2023, the total value advanced to country offices reached USD 1.2 billion, of which USD 963.9 million was advanced through specific forecast advance financing (see annex I) and USD 208.4 million through MAF. There was a 54 percent reduction in IPL compared to 2022. This decline can be attributed to a decrease in the overall contributions received: in 2023, WFP received USD 8.3 billion in contributions, a notable decrease from the USD 14.1 billion received in 2022.

<b>TABLE 1: INTERNAL PROJECT LENDING (2014–2023) (USD million)</b>			
<b>Year</b>	<b>Specific forecast advance financing</b>	<b>MAF</b>	<b>Total IPL amount advanced</b>
2014	1 092.8	-	1 092.8
2015	777.5	-	777.5
2016	1 072.4	100.7	1 173.1
2017	1 277.7	36.0	1 313.7
2018	1 248.5	98.7	1 347.2
2019	1 616.4	197.7	1 814.1
2020	1 436.4	106.7	1 543.1
2021	1 996.2	190.6	2 186.8
2022	2 380.5	193.4	2 573.9
2023	963.9	208.4	1 172.3
<b>Total</b>	<b>13 862.3</b>	<b>1 132.2</b>	<b>14 994.5</b>

7. In 2023, advances were provided for 53 CSPs and operations, giving country offices access to funds an average of 81 days before contributions for those activities were confirmed and allowing them to provide timely assistance to beneficiaries.
8. By the end of 2022, USD 75.6 million – or 3 percent of the USD 2.6 billion advances made through IPL – remained outstanding. This outstanding amount was fully repaid in 2023. At the end of 2023 the total outstanding amount was USD 73 million, or 6 percent of the total advance of USD 1.2 billion. This outstanding amount includes USD 58.2 million outstanding in MAF (see table 2). It is important to highlight that the advances that were not repaid by the end of 2023 were primarily allocated during the last quarter of the year and are expected to be repaid in 2024.
9. In 2023 the most substantial advances provided were for seven operations, which accounted for 64 percent of the total IPL advances for the year, and were used to address pipeline shortfalls, among other things. For instance, the Afghanistan country office received USD 125 million to address a food security crisis following a takeover by a de facto government. The State of Palestine country office received USD 124 million to combat extremely high levels of acute hunger due to conflict in the Gaza Strip. The Yemen country office received USD 106 million to manage a financial crisis caused by conflict, economic collapse, high food prices and exchange rate fluctuations.
10. IPL was also provided throughout the year to address severe food insecurity resulting from five consecutive seasons of poor rainfall in Somalia (USD 101 million); to address economic instability in the Syrian Arab Republic (USD 99 million) resulting from the Ukraine war, natural hazards and ongoing conflict; to provide food assistance in conflict-ridden Ukraine (USD 94 million); and to respond to a significant increase in food and fuel prices, economic decline and the need for pre-positioning before heavy rainfall in South Sudan (USD 49 million).
11. MAF advances are provided based on an overall funding forecast that takes into account the likely funding intentions of donors and a review of recent resourcing trends of the requesting country offices. Of the total IPL ceiling, the maximum that can be utilized for MAF is USD 270 million.

12. The benefits of MAF are widely recognized, and flexible contributions enable the repayment of MAF advances, allowing WFP to give spending authority to country offices based on overall funding projections. This is another reason why WFP continues to advocate flexible contributions and minimal earmarking of funding.
13. In 2023 six country offices received MAF totalling USD 208.4 million. As of 31 December, all that financing had been repaid except for amounts received by the country offices for the Niger, the State of Palestine and South Sudan, as shown in table 2. The State of Palestine country office, which received USD 60 million in December 2023, had an outstanding amount of USD 57 million by year's end. Similarly, the Niger country office received USD 0.5 million in December, with repayment completed in the first quarter of 2024. The South Sudan country office received USD 46.5 million in February and had an outstanding balance of USD 0.6 million by the end of the year. The country offices for the Niger and South Sudan fully repaid their advances during the first quarter of 2024.

<b>TABLE 2: 2023 MACRO ADVANCE FINANCING OVERVIEW (USD million)</b>		
<b>Recipient country office</b>	<b>Total MAF advances</b>	<b>MAF outstanding (31 December 2023)</b>
Afghanistan	25.1	0.0
Mozambique	20.0	0.0
Niger	0.5	0.5
State of Palestine	60.0	57.1
South Sudan	46.5	0.6
Yemen	56.3	0.0
<b>Total</b>	<b>208.4</b>	<b>58.2</b>

### **Afghanistan**

*Afghanistan is grappling with a severe food security crisis, with 20 million Afghans – nearly half of the population – experiencing crisis or emergency levels of food insecurity (Integrated Food Security Phase Classification (IPC) phase 3 or higher). Among them, 6 million individuals are facing emergency levels of food insecurity (IPC phase 4). The primary cause of this food security crisis is the economic collapse that followed a takeover by a de facto government in August 2021, marked by high unemployment rates, cash shortages, escalating inflation and soaring food prices. This dire situation was exacerbated by three earthquakes of 6.3 magnitude and several powerful aftershocks that hit the province of Herat in western Afghanistan over a span of nine days in October 2023. Amid this turmoil, WFP was able to assist 18.6 million beneficiaries in 2023.*

*The Afghanistan country office received 15 IPL advances totalling USD 125 million, of which USD 25 million was MAF. These advances were primarily used to deliver food and nutrition assistance – a portion of which was procured from the GCMF – and cash-based transfers to meet the urgent basic food needs of vulnerable and food-insecure individuals. IPL was also utilized to offer livelihood support through food assistance for training activities.*

*These IPL allocations, which have been fully repaid, enabled the Afghanistan country office to initiate assistance on average 48 days before receiving confirmation of contributions to fund that assistance.*

**State of Palestine**

*The ongoing conflict in Gaza, where over 2 million Palestinians reside, has sparked a widespread humanitarian crisis and the displacement of up to 85 percent of the population. Prior to the conflict, food insecurity was already a reality for nearly a third of the population of the State of Palestine – 1.5 million individuals, most of whom were living in Gaza. As the conflict continues, the humanitarian conditions in Gaza are worsening, and the severe lack of essential resources such as fuel, water, electricity, food and medical supplies is driving people towards disaster. WFP has been able to provide aid to over 740,000 individuals in Gaza.*

*To respond promptly and mitigate the devastating food security situation, the State of Palestine country office received 17 IPL advances totalling USD 124 million, including USD 60 million in MAF. These advances were utilized to deliver life-saving food assistance (ready-to-eat rations) and cash-based transfers to meet the basic food requirements of vulnerable and food-insecure individuals. IPL was also employed to activate services like the logistics cluster, enabling a more efficient response to the rapidly deteriorating situation in Gaza. These advances allowed the State of Palestine country office to commence assistance to beneficiaries approximately one month prior to the confirmation of the related contributions.*

**Yemen**

*Yemen remains embroiled in one of the world's deepest humanitarian crises. Protracted conflict and the destruction of infrastructure and basic public services, coupled with economic collapse and pre-existing structural issues such as widespread poverty, have exposed large segments of the Yemeni population to unprecedented levels of food insecurity, malnutrition and disease. In 2023 WFP assisted 13.2 million people with food assistance across all 22 governorates of Yemen.*

*The country office received 18 IPL advances amounting to USD 106 million, of which USD 56 million was MAF. These advances ensured uninterrupted life-saving food assistance and specialized nutritious foods (a portion of which was procured from GCMF stocks), cash-based transfers and United Nations Humanitarian Air Service (UNHAS) services required to support livelihoods and food systems.*

*The advances, which were fully repaid, allowed the Yemen country office to initiate assistance to beneficiaries an average of 100 days before the related contributions were confirmed.*

**Internal project lending ceiling, operational reserve and risk management**

14. In 2022 the Executive Board approved a dynamic approach to the IPL ceiling,<sup>2</sup> setting it at 10 percent of the prevailing global contribution forecast at any given time, with the stipulation that the ceiling should not exceed the operational reserve ratio of 10:1. During that same year the Board approved an increase in the operational reserve from USD 95.2 million to USD 130 million, which allowed for an IPL ceiling of USD 1.3 billion.
15. The IPL ceiling underwent two adjustments in 2023. In January 2023 the ceiling was set at USD 1.1 billion, based on a global contribution forecast of USD 11 billion. Following a reduction in the global forecast to USD 10 billion in June 2023, the ceiling was decreased to USD 1 billion.
16. Since they were introduced in 2004, WFP's risk mitigation measures have been effective in minimizing the need to write off losses caused by a failure to repay advances. The operational reserve, available if forecast contributions do not materialize, has been used only twice since its establishment, in 2005 and 2011, at a total cost of USD 8.1 million.<sup>3</sup> Since 2011 there have been no losses.
17. WFP takes a systematic approach to managing IPL that includes a robust forecasting process and a strong funding outlook analysis, which are regularly captured in WFP's Salesforce

<sup>2</sup> "Decisions and recommendations of the 2022 second regular session of the Executive Board" (WFP/EB.2/2022/11), page 6, decision 2022/EB.2/5, paragraph xiv.

<sup>3</sup> The unrecovered advances included one for USD 5.9 million for a protracted relief and recovery operation in the Democratic Republic of the Congo in 2005 and one for USD 2.2 million for UNHAS in 2011.

platform. WFP also engages in continuous dialogue with donor governments with the aim of increasing the predictability and flexibility of grant validity periods so that pledged contributions can reliably be used for the repayment of advances.

18. It should be noted that while the global contribution forecast was USD 10 billion in 2023 and the IPL ceiling was USD 1 billion, and while no specific measures to delay or reject advance requests were implemented, outstanding advances to be repaid never exceeded USD 468 million at any point in the year. This demonstrates that IPL utilization has remained within the approved ceiling and is linked to the global contribution forecast and the availability of projected contributions.

### **Use of the Immediate Response Account in 2023**

19. The IRA is WFP's reserve for the immediate allocation of flexible and revolving multilateral funding, used as a last resort to address critical life-saving activities. The IRA can be replenished by donor contributions designated specifically for that purpose, by other discretionary and fully flexible donor contributions and, subject to Board approval, by transfers from other reserves. Funds provided through the IRA are "revolving", meaning that IRA advances for an operation may subsequently be reimbursed with donor contributions received for that operation. The contributions that are used for revolving funds are reported under the operation to which they were directed, adhering to donor terms and conditions.
20. An IRA advance requires no specific forecast contribution to serve as collateral. It can be repaid, or "revolved", with any confirmed contributions unless donor conditions prevent this. When a CSP comes to an end, any IRA advances that have not been repaid can be converted into grants.
21. In January 2023 the initial outstanding IRA amount was USD 473 million. In connection with the closure of CSPs, 40 percent of that amount, USD 190.4 million, was converted into grants. This includes amounts for the country offices in Yemen (USD 89.6 million), Nigeria (USD 21.6 million) and South Sudan (USD 19.2 million).
22. The IRA opening available balance in 2023 was USD 160 million. Throughout the year the IRA received USD 394.9 million in revenue, consisting of USD 107.5 million in directed contributions, USD 131.6 million in revolved funds, USD 5.8 million in interest and miscellaneous revenue and a transfer from the programme support and administrative equalization account (PSAEA) approved by the Board in the record amount of USD 150 million. This is shown in table 3.

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Directed IRA contributions</b>	<b>53.1</b>	<b>50.2</b>	<b>33.9</b>	<b>33.2</b>	<b>29.6</b>	<b>22.6</b>	<b>24.7</b>	<b>64</b>	<b>101.1</b>	<b>107.5</b>
<b>Revolved funds</b>	<b>132.6</b>	<b>95.3</b>	<b>125.2</b>	<b>114.5</b>	<b>68.3</b>	<b>150</b>	<b>82.5</b>	<b>70.4</b>	<b>220.4</b>	<b>131.6</b>
<b>Other revenue</b>	<b>-</b>	<b>57.1</b>	<b>13.7</b>	<b>28.7</b>	<b>67.1</b>	<b>23.1</b>	<b>77.5</b>	<b>53.8</b>	<b>180</b>	<b>155.8</b>
<i>Multilateral contributions</i>	-	-	13.7	13.7	23.1	23.1	25	30.6	50	-
<i>PSAEA/unearmarked General Fund</i>	-	50	-	15	44	-	52.5	-	130*	150
<i>Surplus from the self-insurance special account</i>	-	-	-	-	-	-	-	20.0	-	-
<i>Others**</i>	-	7.1	-	-	-	-	-	3.2	-	5.8
<b>Total revenue</b>	<b>185.7</b>	<b>202.6</b>	<b>172.8</b>	<b>176.4</b>	<b>165</b>	<b>195.7</b>	<b>184.7</b>	<b>188.2</b>	<b>501.5</b>	<b>394.9</b>
<b>Allocations</b>	<b>182</b>	<b>164.2</b>	<b>215.2</b>	<b>154.2</b>	<b>144.2</b>	<b>161</b>	<b>188.5</b>	<b>220</b>	<b>385</b>	<b>433.5</b>

\* In 2022 the Board approved the transfer of USD 100 million unearmarked from the General Fund and USD 30 million from the PSAEA to the IRA.

\*\* Others: Fund balances and/or foreign exchange fluctuations from contributions to CSPs and/or other recipient WFP activities; interest accrued on donor funds administered by WFP through trust funds for bilateral contribution. Others as identified and approved with the relevant donors, management authorities and/or the Executive Board.

23. A total of USD 433.5 million in IRA advances was provided for activities under 31 CSPs (see annex III), enabling WFP and its partners to respond quickly to emergencies and to strengthen readiness and capacity to undertake immediate life-saving activities.
24. Seventy-two percent of total IRA advances were allocated to five country offices. The State of Palestine office received USD 122 million to address acute hunger resulting from the conflict in the Gaza Strip; USD 72 million was allocated for rapid emergency response to earthquakes in Türkiye (USD 47 million) and the Syrian Arab Republic (USD 25 million); the Democratic Republic of the Congo office received USD 67 million to respond to large-scale internal displacement due to conflict; and the Sudan office received USD 28 million for food assistance to people affected by armed conflict.
25. In addition, a total of USD 2 million in IRA advances was provided to enhance WFP's emergency preparedness activities in Afghanistan, Benin, Côte d'Ivoire, Ghana, Mauritania, Togo and Uganda.
26. In the context of an overall decrease in contributions to WFP while country office requirements were increasing, IRA allocations in 2023 increased by 12 percent compared to 2022 and directed contributions to the IRA increased by 7 percent. The IRA remains a critical life-saving tool that should be sustained through directed and flexible contributions.

### **Democratic Republic of the Congo**

*The Democratic Republic of the Congo, a country that has seen decades of conflict, is mired in one of the most complex and protracted crises in the world. Armed attacks against civilians have intensified and clashes between non-state armed groups and the army have resumed in the provinces of North Kivu, South Kivu and Ituri. The humanitarian situation has created high levels of food insecurity and shortages of basic goods and services, pushing 6.7 million people into acute food insecurity, including 1.5 million into IPC phase 4.*

*Given the scale and urgency of needs and the growing gap between those in need and those being reached with food assistance, as well as the complexity of the operating environment, WFP activated a six-month corporate scale-up on 1 June 2023, and a life-saving allocation of USD 67 million was released from the IRA to allow the country office to provide immediate cash-based transfers and food for 2.5 million people.*

### **Türkiye**

*On 6 February 2023 Türkiye and the Syrian Arab Republic were struck by one of the most powerful earthquakes ever to hit the region, with a magnitude of 7.8 on the Richter scale.*

*In response WFP approved an immediate scale-up revision that authorized the release of USD 47 million from the IRA to provide emergency food assistance – hot meals and emergency ready-to-eat rations – for 590,000 people and other services required for the humanitarian response.*

### **The Sudan**

*An armed conflict between rival factions in the Sudan began on 15 April 2023. Since then, over 5 million people have fled to Chad, Ethiopia and South Sudan. The fighting has created a humanitarian emergency inside the Sudan and in the wider region, both of which were struggling with mass displacement, economic turmoil and climate shocks even before this latest crisis erupted. The number of people internally displaced has nearly doubled since the start of the conflict, pushing millions into hunger.*

*WFP activated a corporate scale-up emergency response from May to November 2023 to respond to the rapidly deteriorating humanitarian situation in the Sudan. A total USD 28 million was allocated from the IRA to provide critical food assistance to affected people and to provide critical common services for humanitarian partners including the emergency telecommunications cluster, the logistics cluster and UNHAS.*

## **II. Global Commodity Management Facility**

27. The GCMF is a strategic financing mechanism through which WFP purchases food in anticipation of country office operational needs and confirmed contributions, with the objective of reducing lead times for food deliveries (especially in emergencies), purchasing food when market conditions are most favourable, enabling economies of scale and facilitating local and regional procurement.
28. Through GCMF operations, WFP maintains food inventories for supply lines in Eastern, Western and Southern Africa, the Middle East and Asia plus a global inventory of nutritious food available for all WFP country offices. These inventories are replenished using corporate funding based on aggregated demand and the projected resources for countries with common logistics corridors. Food purchased through the GCMF is released for specific operations when they have funding available from confirmed contributions or advance financing.

### **Highlights of Global Commodity Management Facility operations in 2023**

29. The GCMF played a vital role in facilitating WFP's efficient delivery of assistance to beneficiaries by ensuring a consistent food supply with shortened lead times. This proved essential amid the escalating global food crisis marked by a rapid decline in food and nutrition security caused by conflict, climate shocks and widespread strife in the Middle East, Ukraine and other regions around the world.

30. The GCMF made it possible to deliver 1.44 million mt of food to 50 countries at an estimated cost of USD 1.16 billion<sup>4</sup> with shorter lead times than would have been possible through conventional procurement. A total of 71 million beneficiaries, representing 70.5 percent of beneficiaries receiving food transfers, received at least one GCMF commodity in their food basket.
31. Country offices purchased 57 percent of their food through the GCMF in 2023, responding to new and ongoing emergencies such as conflict in the Sudan and Afghanistan. This proportion, however, was less than the 65 percent purchased through the GCMF in 2022, owing to the increased purchase of ready-to-eat commodities that are not part of the GCMF regular food basket, which were procured for the response to the conflict in Gaza. Country offices using the GCMF received the food that they purchased in an average of 37 days, or three months faster than conventional procurement, which takes an average of 120 days.
32. To build community resilience the GCMF fosters local purchases and supports the creation of income-generating opportunities. When the GCMF was launched in 2011, most food purchased through the facility was from international markets. Since then, the share of local and regional purchases has steadily grown. In 2023, 37 percent of country office food purchases through the GCMF were sourced from local and regional markets (a 3 percentage point increase compared to 2022), reaching 537,000 mt valued at USD 396.8 million.
33. In support of local and regional food systems, in 2023 the GCMF procured 55,000 mt of food from smallholder farmers, valued at USD 32.7 million; this represented 4 percent of GCMF food replenishment in 2023 (1.4 million mt).
34. WFP utilizes a wide range of specialized nutritious foods<sup>5</sup> to improve the nutritional intake of the people it assists around the world. The GCMF plays a particularly valuable role in the delivery of these foods. Reducing the lead times for specialized nutritious foods is critical to addressing the acute needs of WFP's most vulnerable beneficiaries, and specialized nutritious foods are key to WFP's nutrition programmes. A significant share of the GCMF ceiling is therefore allocated to maintaining a continuous global supply of specialized nutritious foods.
35. Country offices purchased 166,000 mt of specialized nutritious foods from the GCMF in 2023, at a cost of USD 309 million. This represents 12 percent by volume and 30 percent by value of all food purchased from the GCMF by country offices in 2023.

### **Global Commodity Management Facility ceiling and operational reserve**

36. Country office purchases from the GCMF in 2023 decreased by 49 percent from 2022 and accounted for 13.7 percent of the funded programme of work (table 4).

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<sup>4</sup> This includes food and associated costs such as warehousing and transport.

<sup>5</sup> For more information, see [Specialized nutritious food](#).

<b>TABLE 4: FUNDED PROGRAMME OF WORK VERSUS GLOBAL COMMODITY MANAGEMENT FACILITY METRICS</b>					
<b>Year</b>	<b>Funded programme of work* (USD million)</b>	<b>GCMF ceiling (USD million)</b>	<b>GCMF ceiling as % of programme of work</b>	<b>Country office purchases from GCMF (USD million)</b>	<b>GCMF sales as % of programme of work</b>
2016	5 900	350	5.9	636.6	10.8
2017	6 100	350	5.7	861.0	14.1
2018	7 300	500	6.8	917.2	12.6
2019	8 100	560	6.9	932.2	11.5
2020	8 400	560	6.7	942.8	11.2
2021	9 600	660	6.9	1 532.0	16.0
2022	14 100	950	6.7	2 286.2	16.2
2023	8 300	1 000	12.0	1 164.6	14.0

\* Source for 2016–2022: actual contribution revenue.

37. As part of its risk mitigation measures, WFP uses a systematic cross-functional approach to ensure the continuity of supply of GCMF food. This includes robust demand planning and forecasting.
38. In response to the decline in WFP's funding, the GCMF progressively reduced its replenishment in 2023 by 48 percent compared to 2022, aligning global stocks with diminished demand and thereby mitigating the risk of losses due to expiring inventory. In addition WFP has emphasized principles aimed at optimizing the operation of the GCMF; these include the "first-expired, first-out" principle guiding corporate stock management to mitigate food expiration risks; and maintaining GCMF as the primary procurement source for country offices. This is crucial for ensuring timely access to commodities and the strategic placement of WFP's corporate inventory in GCMF hubs to serve multiple operations, increasing agility and reducing lead times. This proactive approach is of particular importance for specialized nutritious foods, which have a limited shelf life. Timely cash contributions are essential to WFP's nutrition programmes and ensure the timely distribution of food, thereby reducing the risk of exceeding expiry dates and potential distribution delays.
39. In 2023 the GCMF experienced incidents related to quality, packaging and expiration. The losses amounted to USD 3.5 million and were fully recovered through WFP's self-insurance coverage. This figure represents less than 0.35 percent of the total value of the food purchased through the facility (USD 1 billion) during the year. In addition to WFP's self-insurance, its existing operational reserve of USD 6 million, set in 2014, serves as a safety net for the GCMF.

### III. Corporate services financing

40. WFP provides advance financing through three corporate services mechanisms: the Capital Budgeting Facility, fee-for-service activities and the Fleet Centre. These mechanisms are internal tools that do not require contributions from donors. With the Board's approval, the overall ceiling for corporate services increased to USD 200 million in 2023.<sup>6</sup> The portion of the overall corporate services financing ceiling allocated to each mechanism is based on projected demand; if the projections change, the allocation among the mechanisms may be adjusted within the overall ceiling.
41. Advances released from corporate services require repayment in full in accordance with the terms of an agreed repayment plan, or earlier if feasible. In cases where repayment is not made in accordance with the agreed plan, the relevant country office or requesting office must submit a request for an extension, accompanied by an explanation of the progress of the funded activity and the reasons for the delay in repayment. As a mitigation measure the requesting unit will analyse and identify other available resources that can be used to ensure full repayment.
42. In 2023, as shown in table 5, USD 34.7 million was advanced for the projects described in the following paragraphs and USD 17.5 million was repaid; the balance of outstanding advances on 31 December 2023 was USD 90.7 million.

Facility	Ceiling	Outstanding (1 January 2023)	Repayment	Advances provided	Outstanding (31 December 2023)	Availability (31 December 2023)
Capital Budgeting Facility	125.0	47.5	2.4	21.2	66.3	58.7
Fee-for-service	47.0	1.6	8.5	7.3	0.4	46.6
Fleet Centre	28.0	24.4	6.6	6.2	24.0	4.0
<b>Total</b>	<b>200.0</b>	<b>73.5</b>	<b>17.5</b>	<b>34.7</b>	<b>90.7*</b>	<b>109.3</b>

\* Of the total USD 90.7 million outstanding, USD 36.3 million is scheduled to be repaid in 2024, broken down as follows: Capital Budgeting Facility: USD 25.2 million; fee-for-service: USD 0.4 million; and Fleet Centre: USD 10.7 million.

43. The Capital Budgeting Facility provides upfront financing for capital projects that can demonstrate quantifiable economic benefits and efficiency gains. In 2023, a total of USD 21.2 million was advanced for the rehabilitation of supply routes in South Sudan; a human capital management platform; cash-based transfer data assurance services; and the renovation of WFP premises in Somalia.
44. Repayments to the Capital Budgeting Facility in 2023 totalling USD 2.4 million were made by the Cash-based Transfers Division for activities related to cash-based transfer data assurance services and by the country offices of the Philippines, Somalia and Zimbabwe for the renovation and rehabilitation of their premises. The repayment of USD 3.5 million used for the rehabilitation of supply routes in South Sudan was postponed to the second quarter of 2024 due to procurement delays caused by heavy rains and flooding in the region.

<sup>6</sup> "Decisions and recommendations of the 2022 second regular session of the Executive Board" (WFP/EB.2/2022/11), page 6, decision 2022/EB.2/5, paragraph xii.

45. The outstanding balance of advances at 31 December 2023 was USD 66.3 million, of which USD 25.2 million is scheduled to be repaid in 2024 and the balance by 2030.

<b>Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>Total</b>
Philippines (fit out project)	0.1	0.1	0.1					0.4
Zimbabwe (sub-offices renovation)	0.3	0.3	0.3					1.0
Somalia (sub-offices renovation)	0.7							0.7
Cash-based transfer data assurance	0.5	1.4						1.9
Mali (construction of new office)	0.8	0.9	0.9	0.2				2.8
Sudan (new logistics hubs)	1.0	1.0	1.0					3.1
Uganda (new common premises)	0.7	0.7	0.7	0.7	0.7	0.7	0.3	4.3
Chad (sub-offices renovation)	0.6	0.6	1.2	1.2	1.2	1.2		5.9
Human resources management (human capital management platform)	11.8							11.8
South Sudan (rehabilitation of supply routes)	8.7	7.0						15.7
Private sector partnership and fundraising strategy			6.3	6.3	6.1			18.7
<b>Total</b>	<b>25.2</b>	<b>12.0</b>	<b>10.5</b>	<b>8.3</b>	<b>8.0</b>	<b>1.8</b>	<b>0.3</b>	<b>66.3</b>

46. The fee-for-service financing facility provides advances to cover the costs of internal services provided centrally; advances are repaid throughout the year from fees collected for services rendered. In 2023, USD 7.3 million of fee-for-service financing was advanced for cash-based transfer identity management services. A total of USD 8.5 million was received in repayment of advances released.
47. In 2023 and prior years, advances were provided to fund activities related to cash-based transfer identity management and global asset services.<sup>7</sup> The outstanding balance of fee-for-service advances on 31 December 2023 was USD 0.4 million, which related to the sale and disposal of WFP assets through public auctions. This balance is expected to be fully repaid by the second quarter of 2024 in accordance with the approved repayment plan.
48. The Fleet Centre financing facility provides advances for the global vehicle leasing programme to cover the capital and operational costs of fleet services, the special account for vehicle insurance and the global truck fleet. These costs are recovered through vehicle leasing fees charged to country offices and other users of the services provided. This financing mechanism enables WFP to optimize centralized procurement through the bulk purchase of vehicles; meanwhile, a transparent leasing service mechanism and five-year light vehicle and eight-year armoured vehicle life cycles enable WFP offices to plan their funding effectively.

<sup>7</sup> The global asset service project provides service for the sale and disposal of WFP assets by public auction.

49. In 2023 a total of USD 6.2 million was advanced from the Fleet Centre financing facility to support the United Nations Fleet initiative and the augmentation of the truck fleet in the Sudan. Repayments totalling USD 6.6 million were received from the Afghanistan, Ethiopia and Sudan country offices against advances provided for the augmentation of their truck fleets. On 31 December 2023 the outstanding amount stood at USD 24 million, with the repayment of USD 10.7 million scheduled for 2024 and the balance for 2029.

<b>TABLE 7: FLEET CENTRE FINANCING FACILITY: OUTSTANDING AND REPAYMENT PLAN AS OF 31 DECEMBER 2023 (USD million)</b>							
<b>Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Total</b>
Afghanistan (truck fleet)	0.9						<b>0.9</b>
Sudan (truck fleet)	0.9	0.6					<b>1.5</b>
United Nations fleet	1.0	0.7	0.7	0.7	0.3	1.2	<b>4.4</b>
Ethiopia (truck fleet)	4.6	2.5					<b>7.1</b>
Global vehicle leasing programme (light vehicle)	3.3	3.3	3.3				<b>10.0</b>
<b>Total</b>	<b>10.7</b>	<b>7.1</b>	<b>4.0</b>	<b>0.7</b>	<b>0.3</b>	<b>1.2</b>	<b>24.0</b>

**ANNEX I****2023 internal project lending: specific forecast advance financing***Excluding macro advance financing*

<b>Country office</b>	<b>Activity category</b>	<b>Collateral donor</b>	<b>Total advanced amount (USD million)</b>
Afghanistan	Unconditional resource transfer	European Commission	9.8
		Finland	1.9
		Germany	35.9
		Sweden	4.0
		Switzerland	1.3
		Collateral cancelled	19.2
Afghanistan	Unconditional resource transfer	World Bank	2.2
	Malnutrition prevention programme	Germany	14.4
		Switzerland	0.8
	Asset creation and livelihood support activities	Germany	10.5
Bangladesh	Unconditional resource transfer	European Commission	4.0
		Germany	7.3
		Norway	1.0
		Sweden	1.6
		United Kingdom of Great Britain and Northern Ireland	2.6
Pakistan	Asset creation and livelihood support activities	European Commission	4.0
	Unconditional resource transfer	Germany	1.7
	Malnutrition prevention programme	United Nations Central Emergency Response Fund	1.8
Myanmar	Unconditional resource transfer	Germany	3.3
		Norway	1.7
Philippines	Unconditional resource transfer	United Nations Central Emergency Response Fund	3.8
Syrian Arab Republic	Unconditional resource transfer	Austria	1.4
		Denmark	12.7
		Germany	67.3
		United States of America	17.4

<b>Country office</b>	<b>Activity category</b>	<b>Collateral donor</b>	<b>Total advanced amount (USD million)</b>
Ukraine	Unconditional resource transfer	Germany	61.1
		United Kingdom of Great Britain and Northern Ireland	0.6
	Social protection support	Germany	32.4
State of Palestine	Unconditional resource transfer	Canada	3.1
		Gaza/West Bank	1.9
		Germany	36.7
		Norway	0.6
		Sweden	6.1
		United States of America	9.1
	United Nations Central Emergency Response Fund	3.7	
	Livelihood support	Germany	2.3
	Social protection support	Germany	0.4
Lebanon	Unconditional resource transfer	Austria	1.1
		Germany	25.8
		United Kingdom of Great Britain and Northern Ireland	1.3
		United States of America	17.4
		European Commission	9.4
Yemen	Nutrition treatment programme	Austria	1.5
		Germany	1.2
	Unconditional resource transfer	Denmark	10.0
		Germany	11.9
		Norway	3.8
	Malnutrition prevention programme	Germany	4.5
Germany		12.8	
Asset creation and livelihood support activities	Germany	3.9	
Jordan	Unconditional resource transfer	Austria	0.4
		Germany	27.8
		United States of America	12.1
	School meal activities	Germany	4.5
Türkiye	Unconditional resource transfer	Germany	19.1
		Norway	1.3

<b>Country office</b>	<b>Activity category</b>	<b>Collateral donor</b>	<b>Total advanced amount (USD million)</b>
Iraq	Unconditional resource transfer	United Kingdom of Great Britain and Northern Ireland	0.9
	Asset creation and livelihood support activities	Germany	8.6
	Institutional capacity strengthening activities	Iraq	0.5
Republic of Moldova	Unconditional resource transfer	Germany	9.8
Algeria	School meal activities	Germany	0.4
	Unconditional resource transfer	European Commission	4.8
		Germany	1.1
Nutrition treatment programme	Switzerland	0.3	
Egypt	Unconditional resource transfer	Germany	0.5
		Austria	0.4
		Germany	3.2
		United States of America	1.7
Libya	Unconditional resource transfer	Germany	0.9
		United Kingdom of Great Britain and Northern Ireland	0.5
		United states of America	1.4
Iran	Unconditional resource transfer	Collateral cancelled	0.2
		Australia	0.5
		Germany	1.5
	School meal activities	Germany	0.4
Niger	Unconditional resource transfer	Germany	0.8
	School meal activities	Germany	5.2
	Nutrition treatment programme	Germany	5.5
	Asset creation and livelihood support activities	Germany	17.8
	Institutional capacity strengthening activities	Germany	0.6
	Service provision and platforms activities	Germany	2.2
United Kingdom of Great Britain and Northern Ireland		0.2	

<b>Country office</b>	<b>Activity category</b>	<b>Collateral donor</b>	<b>Total advanced amount (USD million)</b>
Chad	Unconditional resource transfer	Germany	1.3
		Sweden	0.8
		United Kingdom of Great Britain and Northern Ireland	2.2
		United States of America	9.3
	School meal activities	Germany	2.3
		Other United Nations funds, programmes and entities (excluding United Nations Central Emergency Response)	0.8
Malnutrition prevention programme	Germany	2.3	
Climate adaptation and risk management	Germany	6.9	
Service provision and platforms activities	Germany	0.4	
Nigeria	Unconditional resource transfer	European Commission	5.2
		Germany	4.7
United States of America		8.2	
Livelihood support	Germany	4.5	
Mali	Nutrition treatment programme	Germany	0.8
	Unconditional resource transfer	Germany	6.1
	School meal activities	Germany	0.9
	Malnutrition prevention programme	Germany	5.5
	Asset creation and livelihood support activities	Germany	2.5
	Institutional capacity strengthening activities	Germany	0.5
Burkina Faso	School meal activities	Germany	1.2
	Nutrition treatment programme	Germany	1.2
	Asset creation and livelihood support activities	Germany	3.7
	Service provision and platforms activities	Germany	3.9

<b>Country office</b>	<b>Activity category</b>	<b>Collateral donor</b>	<b>Total advanced amount (USD million)</b>
Mauritania	Unconditional resource transfer	Germany	1.5
		United Kingdom of Great Britain and Northern Ireland	0.9
	School meal activities	Germany	1.3
	Nutrition treatment programme	Germany	0.4
	Asset creation and livelihood support activities	Germany	2.8
Service provision and platforms activities	European Commission	0.4	
	Germany	0.7	
Cameroon	Individual capacity strengthening activities	Germany	0.05
	Unconditional resource transfer	Denmark	1.2
		Germany	3.2
	Service provision and platforms activities	European Commission	0.3
Germany		0.3	
Sweden	0.2		
Central African Republic	Nutrition treatment programme	Germany	1.7
	Malnutrition prevention programme	Germany	0.7
	School meal activities	Germany	0.4
	Asset creation and livelihood support activities	Germany	0.4
	Social protection support	Germany	0.2
Côte d'Ivoire	Regional Centre of Excellence Against Hunger	Côte d'Ivoire	1.3
Cabo Verde	School meal activities	Economic Community of West African States	0.5
Senegal	School meal activities	Luxembourg	0.4
Mozambique	Unconditional resource transfer	Germany	0.8
	Asset creation and livelihood support activities	Germany	2.1
	School meal activities	Germany	2.1
	Service provision and platforms activities	European Commission	1.8
Germany		2.4	
Malawi	Unconditional resource transfer	Germany	1.2
	School meal activities	European Commission	3.6
	Asset creation and livelihood support activities	Germany	4.4

<b>Country office</b>	<b>Activity category</b>	<b>Collateral donor</b>	<b>Total advanced amount (USD million)</b>
Madagascar	Unconditional resource transfer	European Commission	2.4
		Germany	0.6
United Kingdom of Great Britain and Northern Ireland		0.9	
	Service provision and platforms activities	European Commission	0.7
Democratic Republic of the Congo	Unconditional resource transfer	Germany	2.6
		United Kingdom of Great Britain and Northern Ireland	1.7
United Republic of Tanzania	Unconditional resource transfer	European Commission	1.4
		Germany	1.7
		United States of America	0.1
Congo	Unconditional resource transfer	Germany	1.5
Zimbabwe	Unconditional resource transfer	Germany	1.0
Angola	Asset creation and livelihood support activities	United Kingdom of Great Britain and Northern Ireland	0.2
	Unconditional resource transfer	United Kingdom of Great Britain and Northern Ireland	0.8
Eswatini	Unconditional resource transfer	European Commission	0.8
Somalia	Unconditional resource transfer	European Commission	8.6
		United States of America	92.0
	Service provision and platforms activities	European Commission	0.7
Sudan	Unconditional resource transfer	European Commission	16.5
		Germany	12.5
		Norway	2.4
		United Kingdom of Great Britain and Northern Ireland	0.9
	Service provision and platforms activities	European Commission	2.8
		Norway	1.2
Uganda	Unconditional resource transfer	Austria	1.8
		European Commission	4.2
		Germany	11.2
		United Kingdom of Great Britain and Northern Ireland	5.9
		United States of America	2.8
	Nutrition treatment programme	Austria	1.0

<b>Country office</b>	<b>Activity category</b>	<b>Collateral donor</b>	<b>Total advanced amount (USD million)</b>
Ethiopia	Nutrition treatment programme	Germany	1.6
	Unconditional resource transfer	European Commission	3.6
		Germany	5.9
		United Kingdom of Great Britain and Northern Ireland	0.6
Kenya	Climate adaptation and risk management	Germany	6.3
	Social protection sector support	Germany	1.1
Burundi	Unconditional resource transfer	Germany	2.8
	School meal activities	Burundi	3.4
	Institutional capacity strengthening activities	European Commission	0.5
Rwanda	Unconditional resource transfer	Austria	1.8
		Germany	2.9
South Sudan	Unconditional resource transfer	Sweden	2.0
Djibouti	Institutional capacity strengthening activities	Germany	0.5
Haiti	Unconditional resource transfer	European Commission	4.0
		Germany	1.4
	Service provision and platforms activities	Germany	1.1
Venezuela (Bolivarian Republic of)	School meal activities	Germany	0.9
Colombia	Unconditional resource transfer	Germany	0.7
El Salvador	Unconditional resource transfer	Germany	0.4
Honduras	Unconditional resource transfer	Germany	0.4
Guatemala	Unconditional resource transfer	Germany	0.4
<b>Total</b>			<b>963.9</b>

**ANNEX II****2023 contributions to replenish the Immediate Response Account**

<b>Donor</b>	<b>Contribution amount (USD million)</b>
<b>Directed contribution to the IRA reserve</b>	<b>107.5</b>
Germany	32.4
United States of America	15.1
Norway	13.4
Private sector	9.6
France	8.6
Switzerland	7.7
Austria	6.4
Belgium	5.4
Qatar	5.0
Canada	2.2
Luxembourg	1.3
Liechtenstein	0.2
China	0.2
<b>Other revenue</b>	<b>155.8</b>
PSAEA	150.0
Others*	5.8
<b>Revolved funds</b>	<b>131.6</b>
<b>Total revenue</b>	<b>394.9</b>

\* Others: Fund balances and/or foreign exchange fluctuations from contributions to the CSPs, and/or other recipient WFP activities; interest accrued on donor funds administered by WFP through trust funds for bilateral contribution. Others as identified and approved with the appropriate donors, management authorities, and/or Executive Board.

**ANNEX III****2023 Immediate Response Account allocation**

<b>Country</b>	<b>Activity category</b>	<b>Total advanced amount (USD million)</b>
Afghanistan	Unconditional resource transfers to support access to food	14.4
Armenia	Unconditional resource transfers to support access to food	0.9
Bangladesh	Unconditional resource transfers to support access to food	6.7
Benin	Unconditional resource transfers to support access to food	0.7
Bolivia (Plurinational State of)	Unconditional resource transfers to support access to food	0.4
Burkina Faso	Unconditional resource transfers to support access to food	14.8
Chad	Unconditional resource transfers to support access to food	22.5
Colombia	Unconditional resource transfers to support access to food	1.7
Côte d'Ivoire	Unconditional resource transfers to support access to food	1.0
Democratic Republic of the Congo	Nutrition treatment activities	2.8
	Unconditional resource transfers to support access to food	64.0
Egypt	Unconditional resource transfers to support access to food	2.4
Ghana	Unconditional resource transfers to support access to food	0.8
Haiti	Unconditional resource transfers to support access to food	2.0
Libya	Unconditional resource transfers to support access to food	1.9
Madagascar	Unconditional resource transfers to support access to food	2.4
Malawi	Unconditional resource transfers to support access to food	4.0
	Service provision and platforms activities	1.2
Mauritania	Unconditional resource transfers to support access to food	0.5
Mozambique	Unconditional resource transfers to support access to food	10.0
	Service provision and platforms activities	0.3
	Service provision and platforms activities	0.3
Myanmar	Unconditional resource transfers to support access to food	15.9
Niger	Unconditional resource transfers to support access to food	7.3
Nigeria	Unconditional resource transfers to support access to food	16.3
Peru	Unconditional resource transfers to support access to food	0.9
Rwanda	Unconditional resource transfers to support access to food	2.3
Somalia	Unconditional resource transfers to support access to food	9.5
State of Palestine	Unconditional resource transfers to support access to food	122.0
	Logistics cluster	0.5

<b>Country</b>	<b>Activity category</b>	<b>Total advanced amount (USD million)</b>
Sudan	Malnutrition prevention activities	8.2
	Unconditional resource transfers to support access to food	11.6
	Service provision and platforms activities	2.9
	Service provision and platforms activities	5.6
Syrian Arab Republic	Unconditional resource transfers to support access to food	22.7
	Malnutrition prevention activities	0.5
	Service provision and platforms activities	2.2
Togo	Unconditional resource transfers to support access to food	1.4
Türkiye	Unconditional resource transfers to support access to food	46.4
	On-demand services	0.6
Uganda	Unconditional resource transfers to support access to food	0.5
Zambia	Unconditional resource transfers to support access to food	0.8
<b>Total</b>		<b>433.5</b>

**ANNEX IV****2023 country office purchases from GCMF and lead-time gain**

Recipient country office	2023 GCMF purchases (USD million, food value only)			Lead time gain (%)
	International	Local/regional	Total	
Afghanistan	115.6	76.3	<b>191.9</b>	73
Angola	0.5	0.4	<b>0.9</b>	26
Bangladesh	2.8	0.3	<b>3.1</b>	66
Benin	7.1	0	<b>7.1</b>	86
Burkina Faso	8.4	21.8	<b>30.2</b>	67
Burundi	3.5	2.9	<b>6.4</b>	61
Cameroon	6	0.6	<b>6.6</b>	46
Central African Republic	4.1	0	<b>4.1</b>	57
Chad	23.2	21.4	<b>44.6</b>	68
Congo	2.5	0	<b>2.5</b>	8
Democratic Republic of the Congo	25.5	7.6	<b>33.1</b>	73
Djibouti	3.4	0	<b>3.4</b>	43
Eswatini	0.2	0	<b>0.2</b>	28
Ethiopia	41.8	17.4	<b>59.1</b>	49
Gambia	0.5	0	<b>0.6</b>	59
Guatemala	7.8	0	<b>7.8</b>	90
Guinea	1.8	0	<b>1.8</b>	83
Kenya	20.3	29.8	<b>50.1</b>	51
Lesotho	0.3	0	<b>0.3</b>	79
Madagascar	17.3	5.2	<b>22.5</b>	71
Malawi	0.5	1.8	<b>2.3</b>	63
Mali	3.2	1.3	<b>4.5</b>	83
Mauritania	1.6	0.4	<b>2</b>	81
Mozambique	16	3.6	<b>19.6</b>	62
Myanmar	3.7	2.5	<b>6.2</b>	78
Niger	12.2	19.8	<b>32</b>	93
Nigeria	8.1	60.7	<b>68.7</b>	57
Rwanda	0.3	1.8	<b>2.1</b>	81
Senegal	0.5	0	<b>0.5</b>	65
Sierra Leone	2.1	0	<b>2.1</b>	74
Somalia	18.8	2.8	<b>21.6</b>	57

Recipient country office	2023 GCMF purchases (USD million, food value only)			Lead time gain (%)
	International	Local/regional	Total	
South Sudan	25.7	32.5	<b>58.2</b>	77
Sudan	35.5	16.5	<b>52</b>	92
Syrian Arab Republic	82.1	29.9	<b>112</b>	63
Uganda	0.4	24.7	<b>25.1</b>	60
United Republic of Tanzania	2.6	0.6	<b>3.2</b>	55
Yemen	119.2	0	<b>119.2</b>	N/A
Zimbabwe	0.5	0.7	<b>1.1</b>	91

## Acronyms

CSP	country strategic plan
GCMF	Global Commodity Management Facility
IPC	Integrated Food Security Phase Classification
IPL	internal project lending
IRA	Immediate Response Account
MAF	macro advance financing
PSAEA	programme support and administrative equalization account
UNHAS	United Nations Humanitarian Air Service