

Report on the utilization of WFP's advance financing mechanisms during the period 1 January–31 December 2019

2020 Annual Session of the Executive Board
30 June 2020

WFP's Advance Financing Tools

**1**

Advance financing for release of funds to projects

Internal Project Lending (IPL) and Macro-Advance Financing (MAF), providing advances against forecasted contributions or overall income; Immediate Response Account (IRA), providing advances with no collateral for life-saving assistance

2

Advance financing for food purchase prior to requests from specific countries

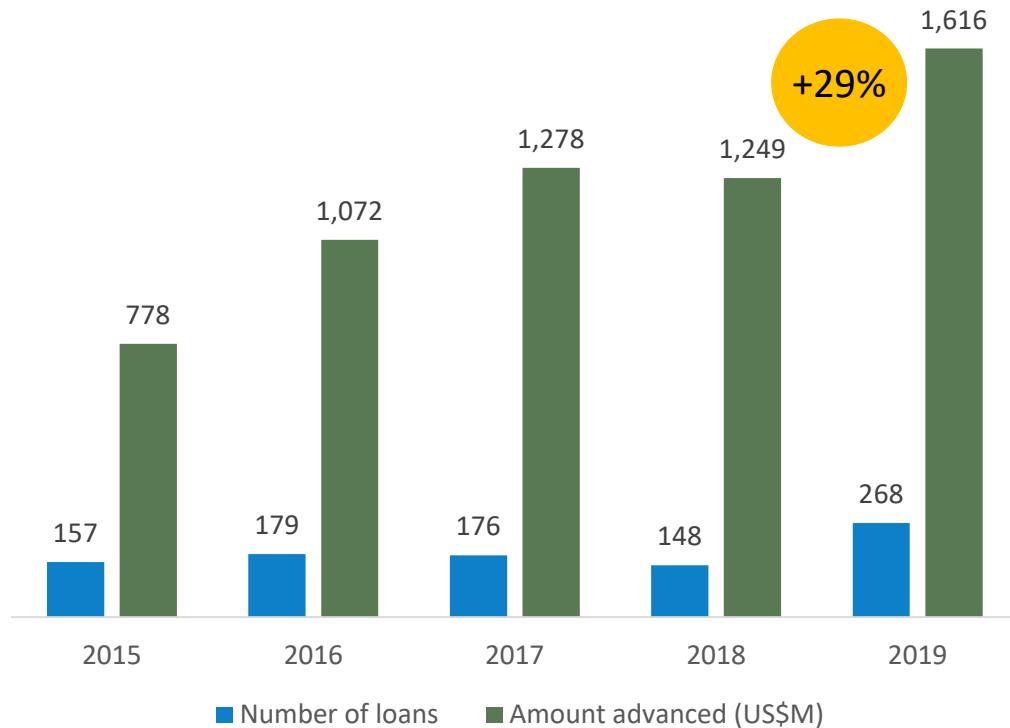
Global Commodity Management Facility (GCMF), purchasing food in advance of requests from country offices to reduce delivery lead-time

3

Advance financing for corporate services

Capital Budgeting Facility, allowing WFP to make investments in the efficiency and quality of corporate services, where there is a need for larger upfront investments

Internal Project Lending (IPL)



Used to provide advance spending authority against forecast contributions where no constraints on the use of the grants as collateral

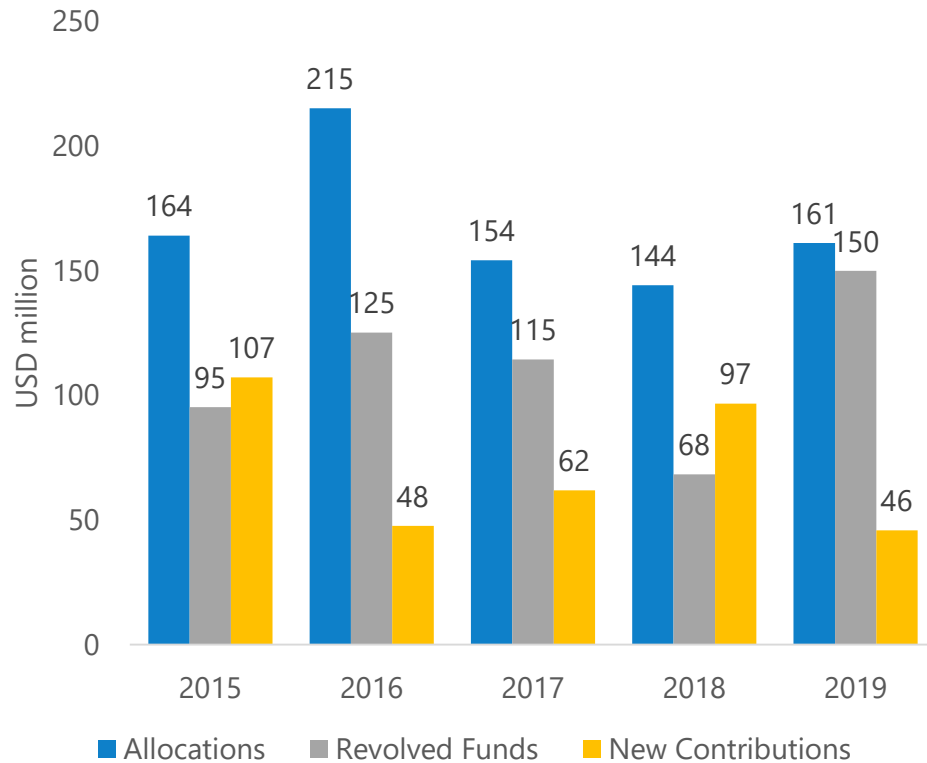
- IPL advances were made to **50 CSPs** in 2019
- **Increase of 29%** compared to 2018 as a result of increased cross-functional collaboration and donor engagement, leading to an increased number of contributions made available for advances
- IPL advances allowed country offices to access funds **on average 46 days** before the actual contribution confirmation date

Macro Advance Financing (MAF)

Recipient Country	2019 needs-based plan (USDM)	2019 implementation plan (USDM)	MAF allocated in 2019 (USDM)	MAF repaid (USDM)
South Sudan	895.5	787.5	188.1	188.1
Yemen	2,157.1	1,985.2	8.6	8.6
Tajikistan	17.2	12.7	1.0	-
TOTAL	3,069.8	2,785.4	197.7	196.7

The MAF in South Sudan (coupled with GCMF) enabled the **annual prepositioning exercise**, with tens of millions USD saved in air transport cost; **increased flexibility** of contributions would allow wider use of MAF

Immediate Response Account (IRA)



Used to cover immediate pipeline breaks for life-saving food assistance

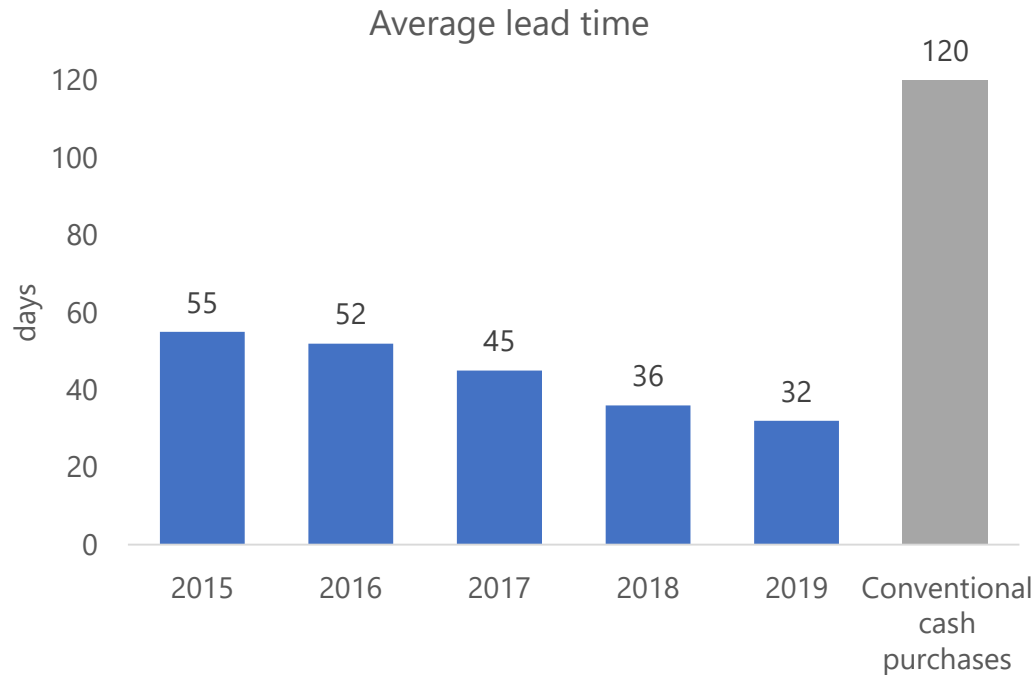
IRA allocations made during 2019 totalled **USD 161 million** and were utilized for **67 crisis response activities**

The largest IRA allocations were made to

- Mozambique (USD 40.5 million)
- Yemen (USD 25.4 million)
- South Sudan (USD 20.0 million)
- Zimbabwe (USD 14.5 million).

Other large allocations were made to Burkina Faso (USD 11.4 million), Myanmar (USD 7.0 million), the Central African Republic (USD 6.1 million) and DR Congo (USD 5.0 million)

Global Commodity Management Facility (GCMF)



WFP purchases food commodities in advance of contribution confirmation to reduce food delivery lead time (especially in emergencies)

1.9 million mt of food delivered to 45 countries (1.1 million mt to L3 or L2)

Around **40% of the total volume** of food handled by WFP

32 days average lead-time (73 percent reduction vs “conventional” process)

Other benefits include

- cost savings due to economies of scale and procurement at the right time
- support to regional and local procurement
- faster delivery of specialized nutritious food

Advance Financing for Corporate Services

The Capital Budgeting Facility (CBF) provides **upfront financing to capital projects** that can demonstrate quantifiable economic and efficiency benefits

- In 2019, one advance of **USD 2.0 million** was made from the CBF to the Libya ICSP, to enable opening a **UN hub in Benghazi**, in line with the Security Council briefings and request to the Special Representative of the Secretary-General
- The hub is providing **support and common services to humanitarian partners** inside Libya on a cost recovery basis
- The loan has been **repaid** through the terms and procedures agreed with participating UN agencies

Global Vehicle Leasing Programme credit line: **USD 15 million**