

*Report on the Utilization of WFP's Advance Financing Mechanisms  
(1 January – 31 December 2016)*

**Executive Board  
Annual Session  
12-15 June 2017**



**World Food Programme**

# 1. Utilisation of WFP's advance financing tools

The report covers the use of advance financing serving three distinct purposes:



## 01 Advance financing for release of funds to projects

Provides advance funding or spending authority for projects through three mechanisms:

- Internal Project Lending (IPL)
- Macro-advance financing
- Immediate Response Account (IRA)



## 02 Advance financing for food purchase prior to requests from projects

Maintenance of food stocks in pre-determined geographic zones to reduce delivery lead times:

- Use of the Global Commodity Management Facility (GCMF)



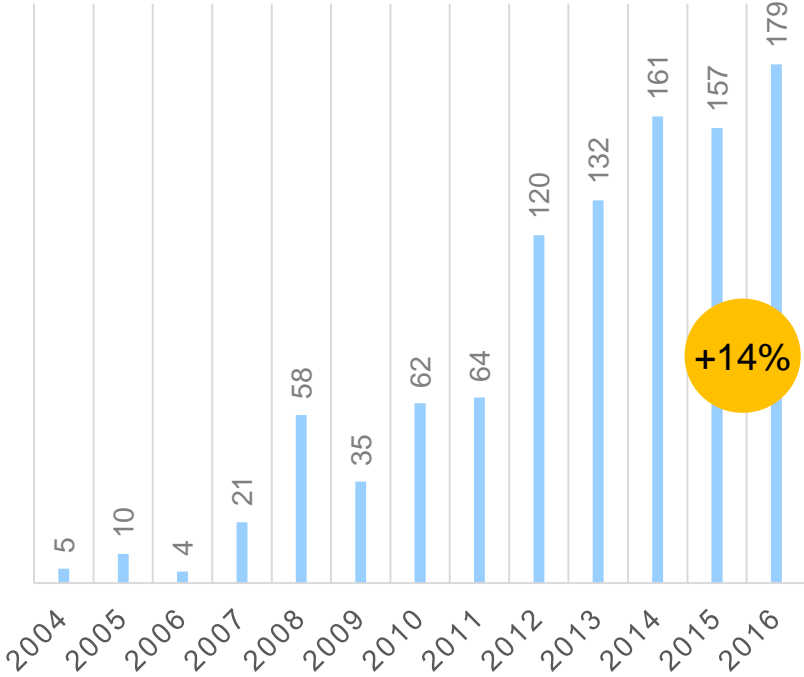
## 03 Advance financing for Corporate Services

Enables WFP to implement corporate initiatives of larger scale that improves efficiencies and realizes cost savings.

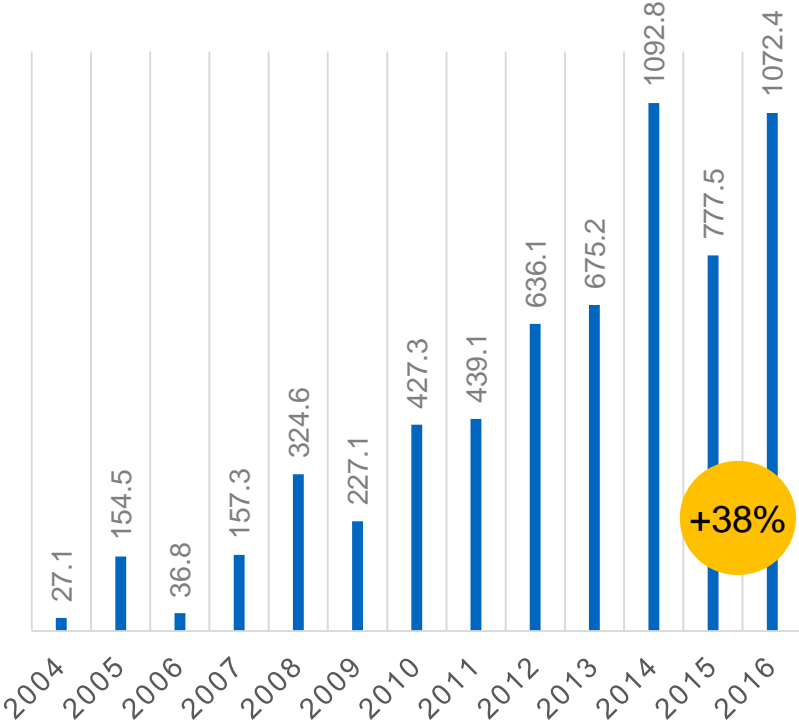
- Global Vehicle Leasing Programme (GVLP)
- Capital Budgeting Facility (CBF)
- Fee-for-Service

# Internal Project Lending (IPL) trends

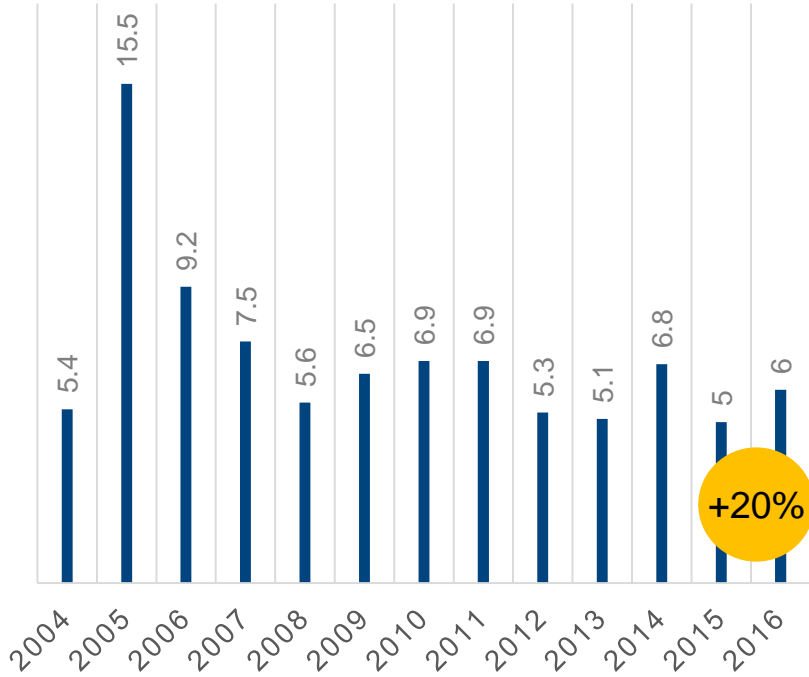
## NUMBER OF LOANS



## AMOUNT ADVANCED



## AVG. LOAN AMOUNT



**WFP’s internal project lending capacity proved useful in 2016 to minimizing gaps due to pipeline breaks and financial transfers**

# Key 2016 figures for Internal Project Lending (IPL)

Advances:

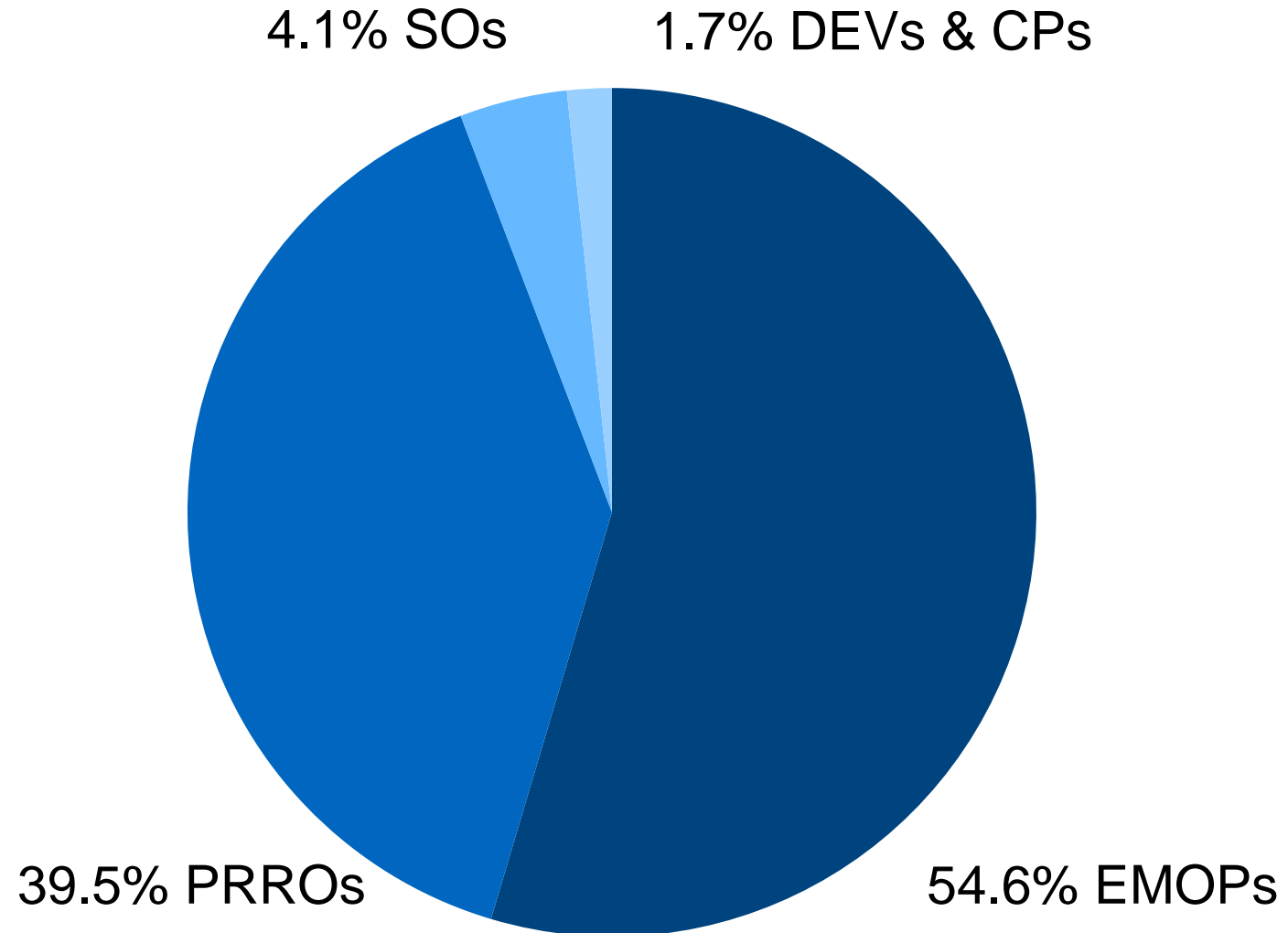
179

Total usage:

1,072 M

Benefitted operations:

68



# Key IRA figures for 2016



New donor contributions:

**47 M**



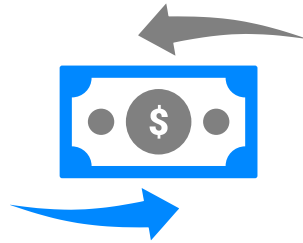
end of year balance:

**13.8 M**



Allocations:

**215 M**



Revolved:

**125 M**



Grants:

**45 M**



# Macro Advance Financing (MAF)

- Macro Advance Financing (MAF) is a form of Internal Project Lending (IPL)
  - ✓ MAF advances **are not directly linked to specific contribution** forecasts as collateral
  - ✓ MAF advances rely on level of contribution forecasts based on past trends and likely funding intentions of donors
- Macro-Advance Financing (MAF) ran as a pilot project in 2016 where **5 countries and 7 projects** received USD 100 million in MAF

Resource-based plans and MAF; 2016 advances				
Country	Project	2016 resource-based plan (\$m)	MAF released (\$m)	MAF advance repaid (\$m)
Ethiopia	PRRO 200700	97	42.1	42.1
Kenya	PRRO 200737	89	11.5	11.5
Kenya	PRRO 200736	65	8.3	8.3
Kenya	Country programme 200680	27	9.5	8.5
Mali	PRRO 200719	73	15	15
Nicaragua	Country programme 200434	7.5	1.3	0.9
Sudan	PRRO 200808	270	13	13
<b>TOTAL</b>			<b>100.7</b>	<b>99.3</b>

**Over 99% of MAF advances repaid as of April 2017**

# Costs and benefits of the MAF

Less pipeline breaks  
and ration cuts



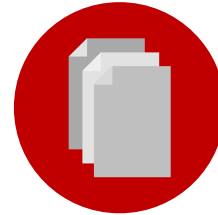
MAF can be interpreted as  
'already funded'

Reduced commodity prices  
if locally procured in season



Less suitable for development  
programming

Better planning, and the ability to  
avoid refinancing programmes



More complex tracking, matching of  
funds and reporting

# Key 2016 figures from Global Commodity Management Facility



**1.4m**

Tons of food to 42 country offices

**52%**

Of all cash-funded purchases

**46 days**

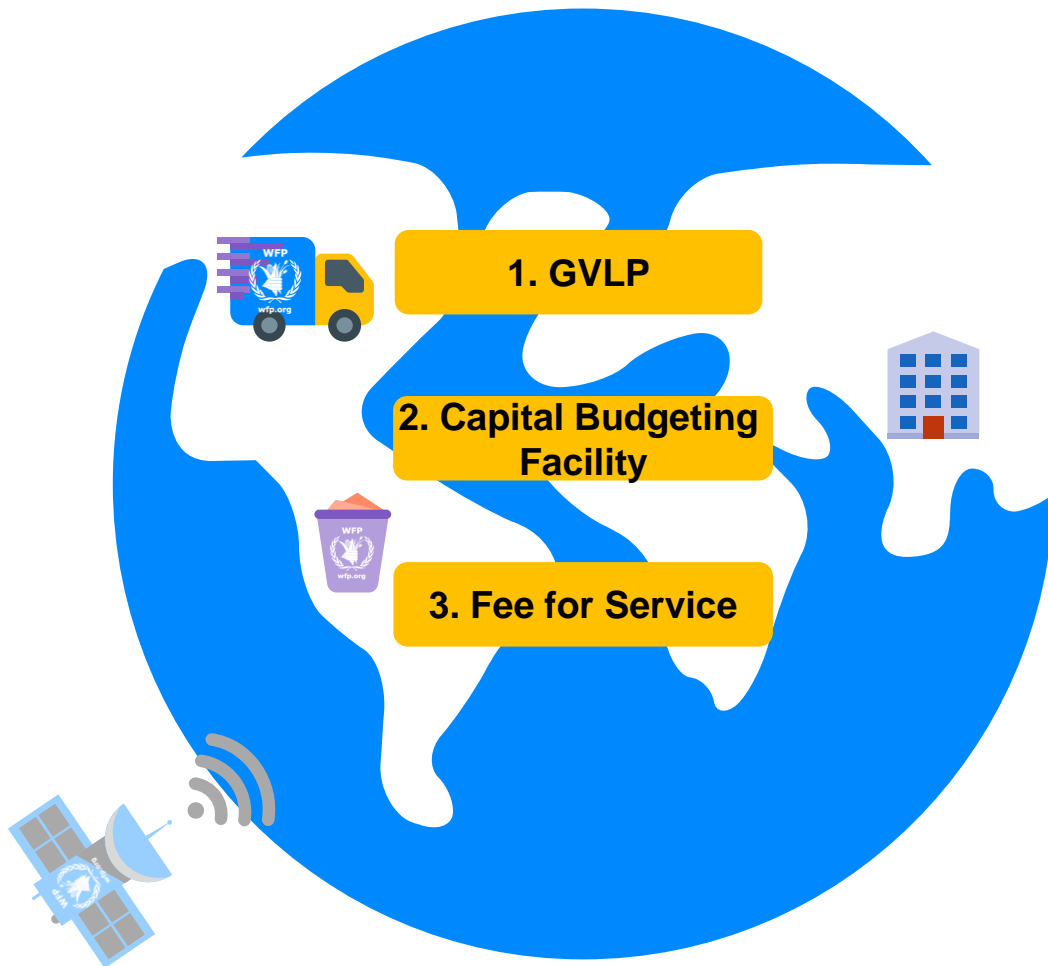
Average lead-time for purchases

**400,000 mt**

Average monthly stock during 2016



# Key 2016 figures for Corporate Services



## 82 M

Is the upper limit for Corporate Services

## 15 M

Credit-line for Global Vehicle Leasing Programme (GVLP)

## 47 M

For Capital Budgeting Facility used for LESS and improvements in the field

## 18 advances

Totaling USD 34.9 million for fee-for-service activities on wellness, security, telecommunications and evaluations

**Thank you!**