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منظمة
الغذية والزراعة
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FINANCE COMMITTEE

Hundred and Eighty-sixth Session

7–9 June 2021

**Report on the utilization of WFP's advance financing mechanisms
(1 January–31 December 2020)**

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NF594/e

EXECUTIVE SUMMARY

- WFP is funded entirely by voluntary contributions, which are used to provide timely assistance to people in need. The timing of funding is critical in allowing WFP to provide assistance as rapidly as possible to vulnerable people, many of whom are women and children. Sometimes, however, contributions for specific activities are not yet confirmed by donors when the assistance is required by the people in need. In such cases, WFP's advance financing mechanisms enable country offices to act immediately by receiving corporate funding that is subject to repayment when the contributions are received.
- The report describes the use of WFP's advance financing mechanisms in 2020, comprising the release of funds to programmes through internal project lending (including macro advance financing), allocations from WFP's Immediate Response Account, advance financing for corporate services, and procurement of food prior to requests from country offices through the Global Commodity Management Facility (GCMF).
- The report also presents a request for an increase in the GCMF ceiling, to be approved by the Board.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is requested to review the "Report on the utilization of WFP's advance financing mechanisms (1 January–31 December 2020)" and to endorse it for approval by the Executive Board.

Draft Advice

- **In accordance with Article XIV of the General Regulations of WFP, the FAO Finance Committee advises the WFP Executive Board to approve the draft decision as outlined in the document "Report on the utilization of WFP's advance financing mechanisms (1 January–31 December 2020)".**



World Food Programme
Programme Alimentaire Mondial
Programa Mundial de Alimentos
برنامج الأغذية العالمي

Executive Board
Annual session
Rome, 21–25 June 2021

Distribution: General

Agenda item 6

Date: 10 May 2021

WFP/EB.A/2021/6-B/1

Original: English

Resource, financial and budgetary matters

For consideration

Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

Report on the utilization of WFP's advance financing mechanisms (1 January–31 December 2020)

Draft decision*

The Board takes note of the report on the utilization of WFP's advance financing mechanisms for the period 1 January–31 December 2020 (WFP/EB.A/2021/6-B/1) and approves an increase in the ceiling of the Global Commodity Management Facility from USD 560 million to USD 660 million.

Introduction

1. WFP is funded entirely by voluntary contributions, which are used to provide timely assistance to people in need. The timing of funding is critical in allowing WFP to provide assistance as rapidly as possible to vulnerable people, many of whom are women and children. Sometimes, however, contributions for specific activities are not yet confirmed by donors when the assistance is required by the people in need. In such cases, WFP's advance financing mechanisms enable country offices to act immediately by receiving corporate funding that is subject to repayment when the contributions are received.
2. This report describes the use of WFP's advance financing mechanisms in 2020, comprising the release of funds to programmes through internal project lending (including macro advance financing), allocations from WFP's Immediate Response Account, advance financing for corporate services, and procurement of food prior to requests from country offices through the Global Commodity Management Facility (GCMF).

* 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.

Focal points:

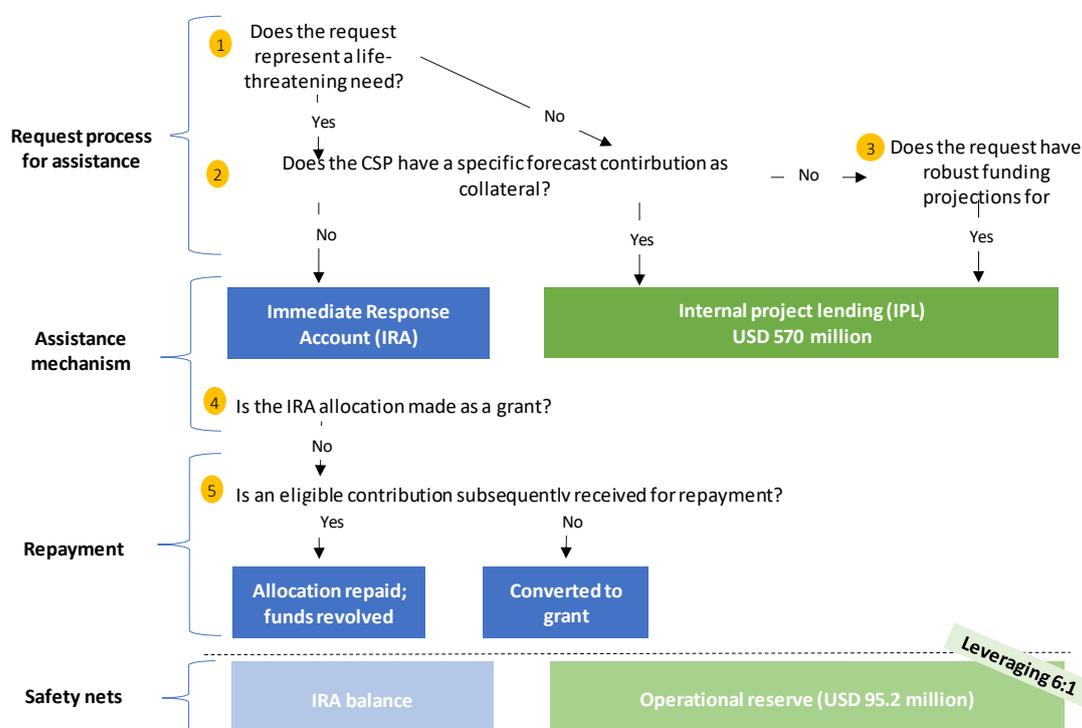
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Advance financing for the release of funds to programmes

3. Throughout 2020, WFP continued to use three mechanisms to provide programmes with advance financing or spending authority:
 - i) *Internal project lending (IPL)*:¹ This mechanism provides spending authority for a programme before a contribution to that programme has been confirmed, with the contribution forecast serving as collateral for the advance. The ceiling for this facility is USD 570 million, and the safety net in case of default on a contribution acting as collateral is the mechanism's operational reserve of USD 95.2 million, leveraged at a ratio of 6:1.
 - ii) *Macro advance financing (MAF)*: Piloted in 2016, this mechanism is a subset of IPL and is managed within the IPL ceiling of USD 570 million. In MAF, spending authority is provided based on robust overall funding projections rather than a specific forecast contribution serving as collateral.
 - iii) *The Immediate Response Account (IRA)*: The IRA enables WFP to provide immediate assistance in life-threatening situations in the absence of forecast contributions. As established by the Executive Board, this financial reserve has a target level of USD 200 million² in each financial period. Funds are drawn directly from the IRA reserve, which can change through donor contributions to the reserve or through repayment of the IRA allocations made to programmes (when a contribution permitting repayment is confirmed for the receiving programme).
4. Figure 1 illustrates the process used for deciding whether to deploy IPL or the IRA.

Figure 1: Decision making process for deploying internal project lending or the Immediate Response Account



¹ Internal project lending is the sole component of WFP's Working Capital Financing Facility.

² WFP/EB.2/2014/5-A/1, paragraphs 9–11.

Use of internal project lending in 2020

5. IPL is used to provide advance financing for a programme when contributions are forecast and there are no constraints on their use as collateral for an advance. This form of advance financing has been in place since 2004; table 1 shows the number and value of advances made since then. In 2020, the total value advanced was USD 1.436 billion (see annex I) – an 11 percent decrease from 2019. IPL advances were made for 57 country strategic plans (CSPs), providing country offices with access to funds an average of 54 days before contributions were confirmed.

TABLE 1: INTERNAL PROJECT LENDING, 2004-2020			
Year	Number of advances	Amount advanced (USD million)	Average advance amount (USD million)
2004	5	27.1	5.4
2005	10	154.5	15.5
2006	4	36.8	9.2
2007	21	157.3	7.5
2008	58	324.6	5.6
2009	35	227.1	6.5
2010	62	427.3	6.9
2011	64	439.1	6.9
2012	120	636.1	5.3
2013	132	675.2	5.1
2014	161	1 092.8	6.8
2015	157	777.5	5.0
2016	179	1 072.4	6.0
2017	176	1 277.7	7.3
2018	148	1 248.5	8.4
2019	268	1 616.4	6.0
2020	347	1 436.4	5.0
Total	1 947	11 626.8	6.0

6. The largest advances in 2020 were made to WFP's operations in the Syrian Arab Republic (USD 188.4 million), Ethiopia (USD 139.2million), South Sudan (USD 132.8 million), Lebanon (USD 79.4 million) and the global emergency response to the COVID-19 pandemic (USD 75.3 million). These five top operations alone received 50 advances and accounted for 43.7 percent of the total value of the IPL advances made during 2020.

Syrian Arab Republic

While large areas of the Syrian territory have returned to government control, improvements in the food security situation continue to be restricted by persistent civil insecurity and displacement in the northwest and northeast of the country; the aftermath of the crisis in south, central and western areas; high food prices; currency depreciation; unilateral coercive measures; and agriculture-related shocks. The lives and well-being of millions of women, men and children of all ages continue to be severely affected, with second or third displacements driven by the latest clashes in north-western areas of the country.

The interim country strategic plan provides life-saving food assistance for the most vulnerable people. WFP seeks to gradually transition into livelihood-focused activities for men and women and will continue to implement complementary education and nutrition activities.

IPL was crucial in meeting significant humanitarian needs in the Syrian Arab Republic, providing eight advances (averaging USD 24 million each, with the largest allocation being USD 84 million) between March and November 2020. These allowed WFP to provide timely assistance for beneficiaries and to reduce pipeline breaks. Of the total USD 188.4 million, USD 132 million was repaid using collateral from a contribution from Germany. This allowed the country office in the Syrian Arab Republic to initiate the process of delivering assistance an average of 41 days before contributions were confirmed.

Ethiopia

The revised United Nations Humanitarian and Disaster Resilience Plan for Ethiopia projects that 1.9 million women and children will require treatment for moderate acute malnutrition. Ethiopia has always maintained open borders for people fleeing conflict in the region, and the country hosts approximately 905,000 refugees originating from Eritrea, Kenya, Somalia, South Sudan and the Sudan and residing primarily in 26 camps throughout Ethiopia. WFP provides monthly food and cash-based assistance for approximately 700,000 refugees who have no access to land and productive jobs.

Throughout 2020, the Ethiopia CSP received 15 IPL advances averaging USD 9.9 million each (with the largest allocation being USD 29.7 million) and totalling USD 139.2 million. (USD 133.7 million was advanced using contributions from the United States of America as collateral.) The advances were used to meet the needs of vulnerable, food-insecure people affected by drought, flood or conflict-induced displacement and requiring unconditional cash-based and in-kind food assistance in order to meet their basic food needs, including persons with disabilities and other particularly vulnerable people who need equitable access to assistance. The allocations allowed the Ethiopia country office to initiate the process of delivering assistance to beneficiaries an average of 20 days before contributions were confirmed.

COVID-19 global response

WFP's COVID-19 corporate trust fund was created with the objective of establishing eight dedicated international and regional staging areas where the humanitarian community can receive and temporarily store critical health and relief items before air or sea transport to final destinations; providing air services with five dedicated passenger aircraft for the rapid and safe deployment of humanitarian personnel; and supporting the health and welfare of all humanitarian personnel with dedicated, specialized aircraft for medical evacuation on standby in seven strategic global locations.

IPL was of critical importance to the prompt mobilization of these resources in response to the global pandemic by providing USD 75.3 million between April and May 2020 against direct contributions from Canada, Denmark, Germany, Norway and the United Kingdom as collateral. The use of IPL for the COVID-19 global response allowed operations to start nine days before the first confirmation of a contribution.

Use of macro advance financing in 2020

7. MAF is a subset of IPL, with the amount of advance financing based on a forecast of total funding rather than a specific contribution. The forecast is, in turn, based on a detailed assessment of the likely funding intentions of donors and a review of recent resourcing trends for the requesting country offices. The objective of MAF is to increase the predictability of resources, thereby facilitating more efficient and effective delivery of assistance. Of the USD 570 million available for IPL, the maximum that can be utilized for MAF each year is USD 200 million.³
8. Table 2 shows the country offices benefiting from MAF advances in 2020 and the status of these advances as of April 2021, with 96 percent of the MAF advances already repaid.

TABLE 2: NEEDS-BASED AND IMPLEMENTATION PLAN vs. MAF, 2020 (USD million)				
Recipient	Needs-based plan	Implementation plan	MAF released	MAF repaid
Somalia	689.96	473.55	58.7	58.7
Yemen	2 527.24	1 504.79	25.0	25.0
South Sudan	931.25	695.95	15.0	15.0
Zimbabwe	299.31	217.50	8.0	3.9
Total			106.7	102.6

9. Somalia is prone to persistent periods of conflict, political instability and environmental and economic shocks with sudden or slow onset, resulting in hunger and malnutrition countrywide. MAF funds met immediate hunger and nutrition needs pending the United States' pre-award letter of USD 75 million.
10. MAF allocations to Somalia and Yemen saved lives and made a significant difference in meeting the immediate hunger and nutrition needs of beneficiaries. With the benefits of MAF now widely recognized, efforts are being made to reduce the earmarking of contributions, which are sometimes received for specific activities, making it difficult for country offices to repay advances allocated to other activities. MAF allocations accounted for less than 10 percent of overall IPL allocations during 2020 because of challenges arising from the conditions attached to contributions, which sometimes make a contribution ineligible for repayment of an MAF allocation and therefore limit operations' access to this advance financing mechanism.
11. To foster operational flexibility and related efficiency gains, WFP is engaging with donors to identify solutions that would maximize the flexibility of funding – such as the possibility of using forecast contributions as collateral for advance financing – while adhering to donors' administrative and legal constraints. Discussions will continue throughout 2021 with a view to identifying additional ways of increasing the flexibility of contributions.

³ WFP/EB.2/2015/5-C/1.

Use of the Immediate Response Account in 2020

12. The IRA was established in December 1991 to cover immediate pipeline breaks in the delivery of life-saving assistance. An IRA allocation requires no specific forecast contribution as collateral and is repaid through confirmed eligible contributions to the recipient operation. If a country office is unable to repay an IRA allocation that has already been spent (because no contribution eligible for use as repayment has been received), the allocation may be converted into a grant, subject to agreement from the Strategic Resource Allocation Committee.
13. The IRA received USD 102.2 million in income during 2020 (see annex II). Total funds revolved during the year amounted to USD 82.5 million, as shown in table 3.

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
New contributions	38.1	56.2	52.1	53.1	107.3	47.6	61.9	96.7	45.7	102.2
Directed contributions	38.1	56.2	52.1	53.1	50.2	33.9	33.2	29.6	22.6	24.7
Multilateral contributions	-	-	-	-	-	13.7	13.7	23.1	23.1	25.0
Programme support and administrative equalization account	-	-	-	-	50.0	-	15.0	44.0	-	52.5
Other	-	-	-	-	7.1	-	-	-	-	-
Allocations	161.9	126.1	165.3	182	164.2	215.2	154.2	144.2	161.0	188.6
Revolved funds	104.4	82.4	88.6	132.6	95.3	125.2	114.5	68.3	150.0	82.5

14. IRA allocations in 2020 totalled USD 188.6 million (see annex III) across 49 CSPs. Under authorities delegated to country directors, regional directors and the Director of Emergencies, USD 33.5 million was allocated to supporting immediate response activities, such as the responses to the 2020 hurricane season in the coastal countries of the Caribbean Community and the unprecedented floods in Burkina Faso. In addition, USD 4.5 million was allocated to emergency preparedness activities, enhancing WFP's capacity to respond to unfolding humanitarian crises, especially in Southern Africa and the Caribbean.
15. In 2020, the largest IRA allocations went to CSPs in Yemen (USD 32 million), Mozambique (USD 14 million), Lebanon (USD 13.5 million) and Burkina Faso (USD 12.6 million). Other large allocations were made to CSPs in Madagascar (USD 11 million), South Sudan (USD 10 million), Zimbabwe (USD 10 million) and the State of Palestine (USD 9.6 million).

Yemen

Yemen's unprecedented crisis is fuelled by structural vulnerabilities, conflict, economic challenges, access restrictions and outbreaks of disease. Despite extensive humanitarian support, food security continues to deteriorate. According to the findings of an Integrated Food Security Phase Classification (IPC) exercise, 20.1 million people would be food-insecure if they were not receiving humanitarian food assistance, with 9.6 million people classified as being in IPC phase 4 (emergency) and 238,000 in IPC phase 5 (catastrophe).

The Yemen CSP experienced a reduction in donor commitments over the first half of 2020, which persisted at the Yemen pledging conference in June 2020, where limited pledges were received. Owing to this funding situation, WFP was forced to reduce food assistance from April 2020 until the end of the year.

By allowing the continuation of a reduced level of assistance in the north and full assistance in areas held by the internationally recognized Government of Yemen, IRA allocations helped to avert anticipated pipeline breaks for nutrition interventions and to purchase in-country stock through the GCMF to fill gaps in general food distributions in August and September 2020. IRA allocations to Yemen totalled USD 32 million in 2020 and the combined benefits of advance financing and the GCMF enabled the Yemen country office to acquire food 12 days after receiving the funds.

Mozambique

Significant socioeconomic challenges and an increase in the number and intensity of attacks by non-state armed groups have steadily worsened the humanitarian situation in the Cabo Delgado Province. As a result, more than 310,000 people have been displaced, many of whom are seeking shelter in neighbouring Nampula and Niassa provinces.

In response to the deterioration of food security in Mozambique, WFP scaled up its operations in the country to reach internally displaced persons in Nampula and support the National Institute for Disaster Management by extending its humanitarian assistance for internally displaced persons in Niassa. Despite significant operational challenges, WFP plans to reach all the 310,000 people who are in need.

An advance of USD 14 million from the IRA allowed WFP to procure mixed commodities for life-saving food assistance for internally displaced persons.

16. At the end of 2020, the IRA balance was USD 75.46 million, compared with USD 81.5 million at the end of 2019. Outstanding allocations not yet repaid totalled USD 229.75 million, while USD 4.5 million was converted to grants.

Advance financing for corporate services

17. The Capital Budgeting Facility provides upfront financing for capital projects that can demonstrate quantifiable economic benefits and efficiency gains. In 2020, USD 27 million was allocated through the facility, for example the following allocations were made: USD 4.1 million for the private partnerships and fundraising individual giving special account, USD 5 million for biometric registration and activities related to WFP's digital beneficiary information and transfer management platform (SCOPE) in South Sudan (as part of the USD 14.2 million approved project), and USD 5 million for the Global Fleet Unit for enhancing the truck fleet in Ethiopia.
18. The loan for private partnerships and fundraising will be repaid from retained income in the individual giving special account over five years from 2026 to 2030; repayment of the loan for biometric registration and SCOPE-related activities in South Sudan is expected by the end of 2021; and the loan for the Global Fleet Unit will be repaid by 2024.

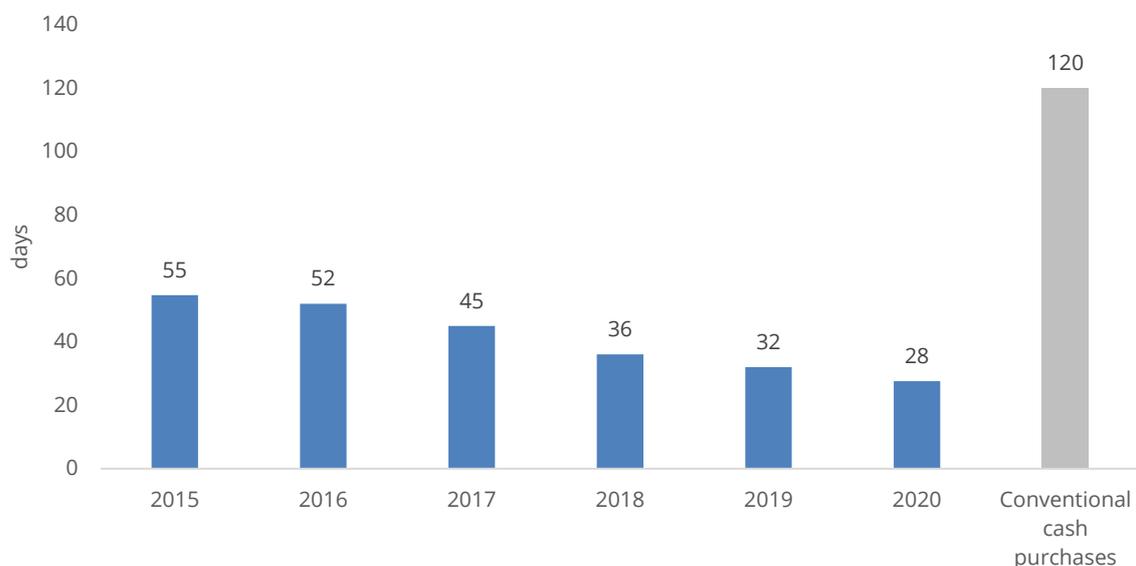
Advance financing for food purchase prior to requests for projects

19. The GCMF is a strategic financing mechanism through which WFP purchases food commodities in advance of the confirmation of 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 when possible.
20. In operating the GCMF, WFP maintains food inventories for supply lines in East, West and Southern Africa and the Middle East, plus a global inventory of nutritious food serving all WFP country offices. These inventories are replenished using corporate funding on the basis of aggregated demand, projected resources and shortfalls for countries with common logistics corridors. Through the GCMF, food is released for specific operations upon receipt of confirmed contributions, advances from IPL or MAF and allocations from the IRA.
21. The GCMF is administered through a special account. Since the inception of the facility in 2008, the approved ceiling has been increased from USD 60 million to USD 560 million in response to growing demand from WFP country offices for the ability to deliver food to beneficiaries with reduced lead times.

Highlights of the Global Commodity Management Facility in 2020

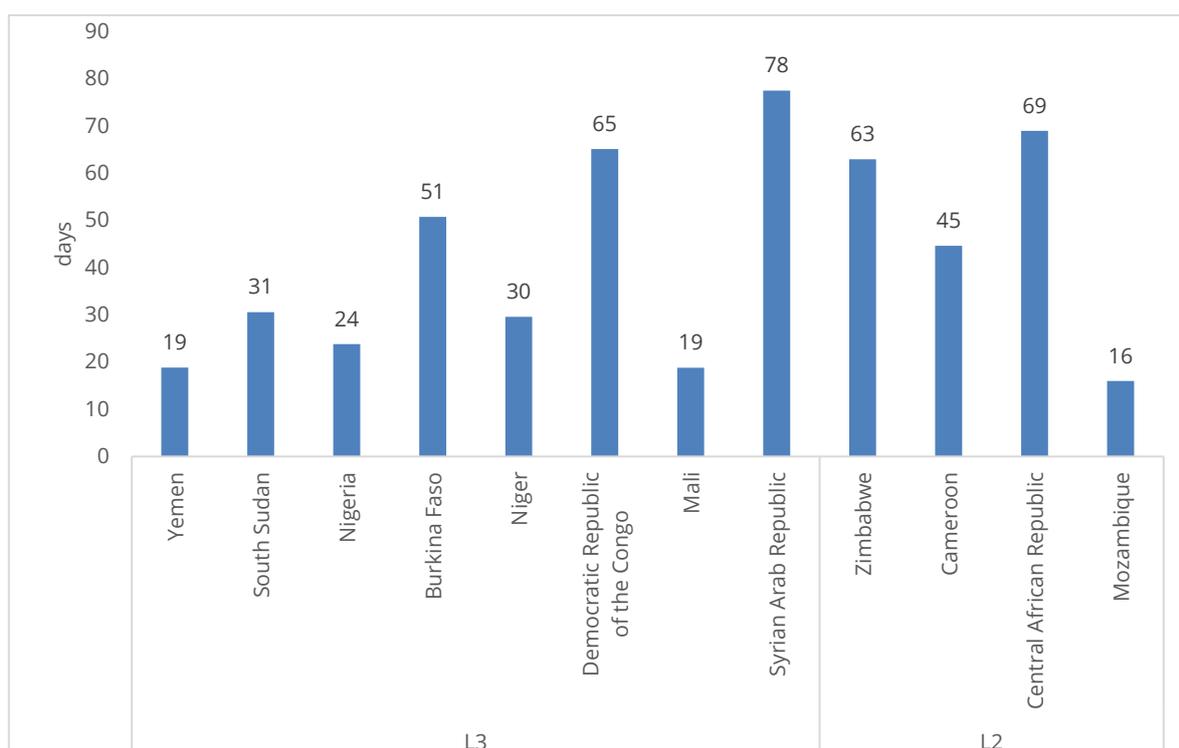
22. During 2020, the GCMF continued to play an essential role in enabling WFP to reach beneficiaries more effectively and efficiently by providing a steady supply of food with shorter lead times and greater value for money. This was especially relevant given the uncertainty arising from the COVID-19 global pandemic.
23. In 2020, 1.8 million mt of food (with a total value of USD 827 million, see annex IV) was delivered to 49 countries through the GCMF; this represents 41 percent of the total volume of food handled by WFP in the year.
24. Country offices purchasing food from the GCMF for CSP activities received their food in an average of 28 days, representing a 77 percent reduction from the average 120 days needed for the conventional procurement process. Thanks to the consolidated business process and increased cross-functional collaboration, the average lead time for food deliveries via the GCMF has fallen over recent years, as shown in figure 2.

Figure 2: Global Commodity Management Facility average lead times, 2015–2020



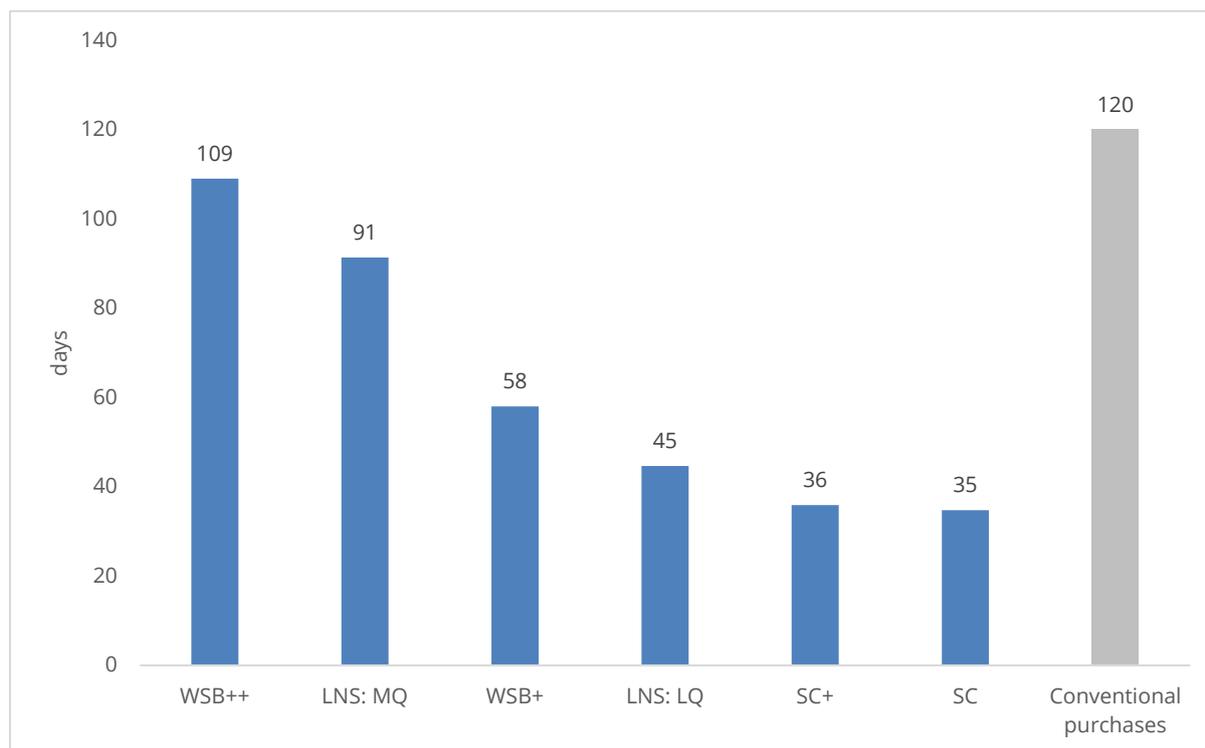
25. In 2020, WFP responded to an unprecedented number of concurrent emergencies, including the global pandemic, in which the reduced lead times enabled by the GCMF were particularly valuable. A total of 900,000 mt of food was delivered to countries facing Level 3 and Level 2 emergencies in an average of about one month; seven of the eight countries affected by Level 3 emergencies regularly sourced their food from the GCMF, and ad-hoc support was provided to the Syrian Arab Republic, which is not normally served by the facility. Figure 3 shows that remarkable results were achieved in Mali, the Niger and Yemen thanks to robust planning and cross-functional coordination, while the annual pre-positioning exercise in South Sudan enabled a 74 percent reduction in lead times and considerable savings on overall supply chain costs.

Figure 3: Global Commodity Management Facility average lead times in emergencies, 2020



26. In response to the COVID-19 pandemic and its uncertain implications for WFP's supply chain, the GCMF significantly increased the quantity of corporate stocks pre-positioned in strategic locations to mitigate the risk of border closures and other supply chain disruptions. By August 2020, corporate stocks were at their highest level since the inception of the facility – 935,300 mt (worth USD 437 million in food value) – enough to cover six months of shortfall in the countries for which purchases from the GCMF were planned. This enabled quick delivery of food to beneficiaries as soon as the country offices received funds.
27. The GCMF plays a particularly valuable role in the delivery of specialized nutritious foods. Every day gained in reducing the lead time when providing nutritious food is important because the products address the immediate needs of beneficiaries. A share of the USD 560 million GCMF ceiling is allocated to maintaining a global inventory of nutritious food, which ensures that all WFP country offices (including those currently not served directly by the facility) can benefit from reduced lead times. In 2020, the GCMF provided 84 percent of the total volume of specialized nutritious foods procured by country offices with cash contributions. Forty-three country offices purchased specialized nutritious foods from GCMF stocks, receiving their food after an average of 46 days (figure 4 shows the breakdown by commodity); this represents a 62 percent reduction compared with the conventional procurement process.

Figure 4: Global Commodity Management Facility average lead times for specialized nutritious foods, 2020



LNS: LQ: lipid-based nutrient supplements (large quantity)

LNS: MQ: lipid-based nutrient supplements (medium quantity)

SC: Super Cereal

SC+: Super Cereal Plus

WSB++: wheat-soya blend plus plus

28. The GCMF is providing increasing support for local and regional procurement: in 2020, 957,000 mt of food (worth USD 436.5 million) was sourced from local and regional markets, representing 47 percent of the total value of GCMF food purchases in the year (see annex IV). In tonnage terms, the main countries of origin for cereals and pulses were South Africa, the Sudan and Turkey, while the volume of mixed and blended food sourced from local and regional markets increased significantly compared with 2019, reaching 36 percent of total GCMF purchases. The GCMF plays a key role in facilitating increased procurement of specialized nutritious foods from local markets in Africa (Burkina Faso, Ethiopia, Ghana, Kenya, Madagascar, Malawi, the Niger, Rwanda, South Africa, the Sudan and Zambia); this has allowed a significant expansion of the limited number of sources of this type of food, and proximity to destination countries further reduced lead times.
29. Part of the food sourced locally and regionally was purchased from smallholder farmers. Within the overall USD 560 million GCMF ceiling, USD 20 million is allocated to procurement from smallholders, contributing to the achievement of the target of sourcing 10 percent of WFP's cash-funded requirements from such farmers.
30. In addition to reducing lead times for the distribution of commodities for WFP operations, the GCMF also procured food (totalling 366,000 mt) for service provision activities in the Sudan, which served to secure vital wheat imports into the country, thereby maintaining a steady bread supply for local people, and in Ethiopia, supporting the Government in procuring and delivering food to communities in need.

Request for an increase in the Global Commodity Management Facility ceiling

31. In June 2019 the Board approved an increase in the ceiling of the GCMF from USD 500 million to USD 560 million to ensure that WFP had sufficient funding to expand its food assistance should new humanitarian crises occur.
32. The operational environment changed significantly in 2020: the COVID-19 global pandemic affected operations all over the world, triggering volatile supply chain conditions. In addition, the unprecedented level of concurrent Level 3 emergencies, volatile markets, a shift to local and regional purchases and the growing use of food to support service provision⁴ all contributed to increased pressure on the GCMF and sparked a need for the use of the emergency funds in early 2021.
33. In WFP's increasingly complex operational environment, the GCMF is critical to the organization's responses to unfolding emergencies. The facility depends on means for rapidly expanding its supply lines where and when necessary. For example, to mitigate the risks of volatile supply chains during the global pandemic (such as those arising from border closures and the variability of suppliers' capacity, logistics capacity and availability), the GCMF increased the corporate stock level. In 2020 the average inventory was 776,000 mt (worth USD 380.6 million), which was 10 percent more than in 2019, when the average inventory was 703,000 mt (worth USD 322 million). This ensured stable supply lines of food for beneficiaries, at reduced lead times.
34. In East Africa growing demand for GCMF stocks is projected owing to the Tigray emergency and the increased use of food to support service provision. In West Africa a shift from international to local and regional procurement has lengthened lead times, requiring the GCMF to maintain increased stocks in order to reduce lead times for food deliveries to country offices. The need to increase the GCMF supply line for Southern Africa is driven by the single harvest season and implementation of the regional bureau's anticipatory purchasing strategy, which aims to ensure that food is purchased at the right time. The GCMF supply line for the Middle East serves food requirements for the unprecedented crisis in Yemen, while the GCMF's global inventory of specialized nutritious foods and high-energy biscuits serves country offices worldwide and increases WFP's capacity to satisfy overall demand for these specialized commodities. In 2020, the facility expanded its outreach through implementation of a long-term global strategy and accounted for 57 percent of all food purchased by WFP with cash contributions, compared with 49 percent in 2019. There is also growing demand for the GCMF support in Asia owing to the ongoing emergency in Myanmar and Bangladesh and the socioeconomic impact of COVID-19. There are plans to activate the GCMF's Asia supply line to facilitate the stable supply of food for beneficiaries at reduced lead times.
35. In order to establish a reserve for responding to unfolding emergencies, the Secretariat proposes to the Board that the GCMF ceiling be increased by USD 100 million to USD 660 million, of which:
 - USD 540 million (for food and associated costs) would be used to ensure a steady supply of food at reduced lead times for zones that are to be served by the GCMF and to preserve the principle of the GCMF as a revolving fund – the current allocation is USD 506 million;

⁴ As part of its contribution to the attainment of Sustainable Development Goal 17, in close consultation and collaboration with relevant stakeholders and in response to a request from a national government and partners, WFP may provide services that make use of its strengths and capacity. It is estimated that 1.9 million mt of food will be requested for WFP service provision activities in 2021.

- USD 20 million (food and associated costs) would be used to support smallholder farmers procurement activities through a dedicated budget line in the GCMF special account, which would simplify the tracking process and allow the commitment of funds for longer periods without affecting lead time gains – the current allocation is USD 20 million; and
- USD 100 million (food and associated costs) would be unassigned and allocated to any supply line where it was needed to respond to unfolding emergencies – the current allocation is USD 34 million.

Risk management

36. In a 2014 paper on the restructuring of its Working Capital Financing Facility,⁵ WFP recognized that only a small percentage of food stocks purchased through the GCMF were lost as a result of operational risks and that no GCMF food losses had resulted from forecast demand being higher than actual funding received for operations. The paper also described WFP's use of self-insurance to cover food losses resulting from damaged goods, loss and theft up to the point of entry into a country. WFP's self-insurance scheme has since been expanded to cover most in-country losses.
37. In 2020 losses of GCMF-purchased food totalled USD 0.52 million out of USD 936 million of corporate GCMF purchases overall (both values include the costs of food and transport to destination countries). This figure represents less than 0.1 percent of the total value of the food purchased through the facility. It is notable that all losses were recovered through the self-insurance scheme.
38. The current operational reserve for the GCMF is USD 6 million; this amount is considered sufficient as a safety net for an enlarged USD 660 million GCMF.

⁵ "Financial Framework Review: Restructuring of the Working Capital Financing Facility" (WFP/EB.A/2014/6-D/1).

ANNEX I

2020 internal project lending advances

Country	Activity category	Collateral donor	2020 IPL advances (USD million)
Afghanistan	Unconditional resource transfers to support access to food	Germany	0.9
		United Kingdom of Great Britain and Northern Ireland	14.7
		United States of America	24.9
	Asset creation and livelihood support activities	United States	2.3
	Malnutrition prevention activities	United States	3.8
	Service provision and platform activities	Germany	0.5
Algeria	Unconditional resource transfers to support access to food	European Commission	4.4
Armenia	Unconditional resource transfers to support access to food	European Commission	1.1
Burkina Faso	Unconditional resource transfers to support access to food	Canada	1.7
		Germany	3.8
		United Kingdom	1.2
		United States	7.2
	School meal activities	Germany	1.3
	Nutrition treatment activities	Germany	1.8
	Asset creation and livelihood support activities	Germany	5.9
Burundi	Emergency preparedness activities	Germany	0.2
	Unconditional resource transfers to support access to food	Germany	1.7
		United States	0.5
	Unconditional resource transfers to support access to food	United States	1.3
	School meal activities	Burundi	1.8
Cameroon	Unconditional resource transfers to support access to food	Canada	0.5
		European Commission	2.6
		Germany	3.2
Central African Republic	Unconditional resource transfers to support access to food	Australia	0.2
		Germany	1.9
		United Kingdom	0.3

Country	Activity category	Collateral donor	2020 IPL advances (USD million)
		United States	2.5
	Institutional capacity strengthening activities	Germany	0.1
	School meal activities	Germany	1.5
	Asset creation and livelihood support activities	Germany	1.7
	Service provision and platforms activities	Germany	0.1
	Institutional capacity strengthening activities	Germany	0.2
Chad	Unconditional resource transfers to support access to food	Chad	15.9
		Germany	1.0
		Japan	2.4
		United Kingdom	1.4
		United States	6.5
	School meal activities	Germany	1.6
	Unconditional resource transfers to support access to food	European Commission	5.9
		Japan	0.9
		United States	4.7
	Malnutrition prevention activities	Germany	1.6
	Climate adaptation and risk management activities	Germany	4.8
	Institutional capacity strengthening activities	Japan	0.1
Colombia	Unconditional resource transfers to support access to food	Germany	2.4
		United States	14.8
Congo (the)	Unconditional resource transfers to support access to food	Australia	0.5
		United States	2.3
Cuba	Unconditional resource transfers to support access to food	Germany	0.1
Democratic Republic of the Congo	Unconditional resource transfers to support access to food	Germany	8.4
		United States	10.0
	Malnutrition prevention activities	United States	1.4
Djibouti	Unconditional resource transfers to support access to food	United States	0.6
	Institutional capacity strengthening activities	Germany	0.1

Country	Activity category	Collateral donor	2020 IPL advances (USD million)
Ecuador	Unconditional resource transfers to support access to food	European Commission	0.8
		Germany	3.2
		United States	13.6
Egypt	Unconditional resource transfers to support access to food	Germany	4.6
		United States	11.0
	Unconditional resource transfers to support access to food	Belgium	1.0
		United Kingdom	0.8
El Salvador	Unconditional resource transfers to support access to food	Germany	1.0
		United States	1.4
Eswatini	Unconditional resource transfers to support access to food	Germany	1.0
		Japan	1.3
	School meal activities	Germany	0.1
Ethiopia	Nutrition treatment activities	United States	27.8
	Unconditional resource transfers to support access to food	United States	39.9
	Unconditional resource transfers to support access to food	United States	24.2
	Institutional capacity strengthening activities	United States	2.4
	Nutrition treatment activities	Belgium	0.4
		United Kingdom	0.6
		United States	4.9
	Unconditional resource transfers to support access to food	Canada	1.9
		Germany	0.5
		United States	13.3
	Unconditional resource transfers to support access to food	Germany	2.1
		United States	21.2
Gambia (the)	Smallholder agricultural market support activities	Germany	0.2
Ghana	Institutional capacity strengthening activities	Germany	0.5
Guatemala	Malnutrition prevention activities	Germany	0.2
	Smallholder agricultural market support activities	Germany	0.1
	Institutional capacity strengthening activities	Germany	0.2

Country	Activity category	Collateral donor	2020 IPL advances (USD million)
Guinea	School meal activities	Japan	0.3
	Unconditional resource transfers to support access to food	European Commission	4.5
	Malnutrition prevention activities	Germany	0.4
		Japan	0.3
	Smallholder agricultural market support activities	Germany	0.4
Guinea-Bissau	School meal activities	Germany	0.2
	Malnutrition prevention activities	Germany	0.2
Honduras	Unconditional resource transfers to support access to food	Germany	1.8
Iran (Islamic Republic of)	Unconditional resource transfers to support access to food	Germany	0.5
		Japan	3.9
Iraq	Asset creation and livelihood support activities	Germany	10.9
Jordan	Unconditional resource transfers to support access to food	Germany	48.0
		United States	15.0
	Institutional capacity strengthening activities	Germany	0.9
	Asset creation and livelihood support activities	Germany	1.2
Kenya	Unconditional resource transfers to support access to food	European Commission	4.8
		Germany	1.1
		United States	18.3
		United Nations	2.4
	Unconditional resource transfers to support access to food	United States	5.8
	Smallholder agricultural market support activities	United Nations	0.8
Lebanon	Unconditional resource transfers to support access to food	Germany	27.9
		United Kingdom	16.4
		United States	19.3
	Asset creation and livelihood support activities	Germany	7.6
	Individual capacity strengthening activities	Germany	5.8
	Unconditional resource transfers to support access to food	Germany	2.4
Lesotho	Unconditional resource transfers to support access to food	European Commission	1.0

Country	Activity category	Collateral donor	2020 IPL advances (USD million)
Liberia	Unconditional resource transfers to support access to food	Liberia	20.6
	Institutional capacity strengthening activities	Germany	0.1
Libya	Unconditional resource transfers to support access to food	Japan	0.5
	Service provision and platforms activities	European Commission	0.5
Madagascar	Unconditional resource transfers to support access to food	Germany	0.9
	School meal activities	Germany	1.0
	School meal activities	European Commission	6.1
	Asset creation and livelihood support activities	Germany	3.8
		Ireland	2.9
		United States	1.1
	Institutional capacity strengthening activities	United States	0.3
Mali	Nutrition treatment activities	Germany	0.1
	Unconditional resource transfers to support access to food	Australia	0.9
		Germany	1.0
		Mali	9.0
	School meal activities	Germany	0.6
	Unconditional resource transfers to support access to food	Germany	7.0
	Malnutrition prevention activities	Germany	2.3
	Asset creation and livelihood support activities	Germany	5.3
	Institutional capacity strengthening activities	Germany	0.4
Mauritania	Unconditional resource transfers to support access to food	Canada	0.5
		Germany	0.8
		United States	1.0
	School meal activities	Germany	1.3
	Unconditional resource transfers to support access to food	Germany	7.4
	Nutrition treatment activities	Germany	0.7
	Asset creation and livelihood support activities	Germany	2.2
Mozambique	Unconditional resource transfers to support access to food	Canada	1.6
		Germany	1.2

Country	Activity category	Collateral donor	2020 IPL advances (USD million)
		United States	10.3
		United Nations	1.2
	Service provision and platforms activities	United Nations	0.6
Myanmar	Unconditional resource transfers to support access to food	Germany	1.0
		United States	13.8
	Nutrition treatment activities	United States	0.5
Nepal	Unconditional resource transfers to support access to food	United Kingdom	1.2
	Climate adaptation and risk management activities	United Kingdom	0.9
Nicaragua	School meal activities	Germany	1.5
		Luxembourg	0.9
		Russian Federation	0.9
	Unconditional resource transfers to support access to food	Germany	1.0
	Unconditional resource transfers to support access to food	Australia	0.9
		European Commission	1.9
		Germany	4.0
	School meal activities	Germany	4.7
	Nutrition treatment activities	European Commission	5.4
		Germany	4.7
	Asset creation and livelihood support activities	Germany	25.9
	Institutional capacity strengthening activities	Germany	4.0
Nigeria	Unconditional resource transfers to support access to food	Germany	3.2
		United States	30.5
	Asset creation and livelihood support activities	Canada	1.4
		Germany	4.5
	Service provision and platform activities	Canada	0.3
		European Commission	1.0
	Service provision and platform activities	Canada	0.3
		European Commission	0.2
	Service provision and platform activities	Canada	0.6
		European Commission	0.6

Country	Activity category	Collateral donor	2020 IPL advances (USD million)		
Pakistan	Unconditional resource transfers to support access to food	Australia	0.9		
		United Nations	1.4		
Rwanda	Unconditional resource transfers to support access to food	United States	3.2		
		Republic of Korea	1.0		
Somalia	Unconditional resource transfers to support access to food	European Commission	3.9		
		Germany	10.0		
		United States	22.8		
		Asset creation and livelihood support activities	United States	2.8	
	Nutrition treatment activities	Germany	2.9		
		United States	3.1		
		Service provision and platform activities	Germany	1.5	
		South Sudan	Unconditional resource transfers to support access to food	European Commission	3.3
Germany	2.6				
United States	60.4				
United Nations	9.4				
	Unconditional resource transfers to support access to food	Germany	0.8		
		United States	22.3		
		Nutrition treatment activities	United States	24.4	
		United Nations	4.7		
	Asset creation and livelihood support activities	Germany	4.2		
		Service provision and platform activities	Germany	0.8	
		State of Palestine	Unconditional resource transfers to support access to food	Germany	4.2
				Russian Federation	1.4
		United Kingdom	1.8		
Sudan (the)	Unconditional resource transfers to support access to food	European Commission	5.4		
		Germany	1.5		
		United States	16.2		
		Malnutrition prevention activities	Germany	3.9	
	School meal activities	Germany	2.5		
	Institutional capacity strengthening activities	Germany	1.6		

Country	Activity category	Collateral donor	2020 IPL advances (USD million)
Syrian Arab Republic	School meal activities	Germany	8.4
	Unconditional resource transfers to support access to food	Germany	117.3
		United States	56.3
	Asset creation and livelihood support activities	Germany	0.5
	Malnutrition prevention activities	Germany	5.7
	Nutrition treatment activities	Germany	0.2
Tajikistan	School meal activities	Russian Federation	1.4
		United States	14.6
	Smallholder agricultural market support activities	Germany	0.9
	Smallholder agricultural market support activities	Germany	0.2
Turkey	Service provision and platform activities	United States	3.8
Uganda	Unconditional resource transfers to support access to food	Belgium	0.8
		United Kingdom	15.5
		United States	42.8
	School meal activities	Germany	0.4
	Nutrition treatment activities	Australia	0.7
		Sweden	0.3
	Service provision and platform activities	United States	0.7
United Republic of Tanzania	Unconditional resource transfers to support access to food	Germany	1.1
COVID-19 global response special account		Canada	8.2
		Denmark	10.3
		Germany	36.7
		Norway	3.5
		United Kingdom	16.6
		United Kingdom	10.5
		Finland	2.7
Yemen	Unconditional resource transfers to support access to food	Saudi Arabia	23.9
		United Kingdom	16.0
	Asset creation and livelihood support activities	Germany	6.8
	Nutrition treatment activities	Saudi Arabia	4.2

Country	Activity category	Collateral donor	2020 IPL advances (USD million)
Zambia	Unconditional resource transfers to support access to food	Germany	1.5
Zimbabwe	Unconditional resource transfers to support access to food	Canada	1.1
		Germany	2.4
		United Kingdom	3.2
		United States	8.7
		United Nations	5.6
	Malnutrition prevention activities	Germany	0.6
	Smallholder agricultural market support activities	Germany	2.4
Total			1 436.5

ANNEX II**2020 contributions to replenish the Immediate Response Account**

Donor	Contribution amount (USD)
Directed contributions to the Immediate Response Account reserve	24 668 408
Switzerland	10 176 851
Belgium	8 813 161
Germany	4 606 482
Luxembourg	545 852
Foreign exchange gains	327 880
Liechtenstein	104 484
Australia	93 698
Multilateral contributions to the Immediate Response Account reserve	24 989 671
Norway	10 000 000
United States of America	9 389 671
Denmark	5 600 000
Programme support and administrative equalization account	52 500 000
Total	102 158 079

ANNEX III**2020 Immediate Response Account allocation**

Recipient	Activity category	2020 Immediate Response Account allocation (USD million)
Immediate Response Account (IRA)		150.65
Burkina Faso	Unconditional resource transfers to support access to food	10.90
Central African Republic	Unconditional resource transfers to support access to food	8.64
Congo (the)	Unconditional resource transfers to support access to food	1.13
Cuba	Unconditional resource transfers to support access to food	0.72
Egypt	Unconditional resource transfers to support access to food	3.09
El Salvador	Unconditional resource transfers to support access to food	2.82
Ethiopia	Nutrition treatment activities	3.93
	Unconditional resource transfers to support access to food	0.95
	Unconditional resource transfers to support access to food	0.47
Global Surge SA	Global Surge Capacity	10.00
Iraq	Unconditional resource transfers to support access to food	3.29
Kenya	Unconditional resource transfers to support access to food	2.35
Lao People's Democratic Republic	Asset creation and livelihood support activities	0.74
Lebanon	Unconditional resource transfers to support access to food	12.47
Madagascar	Unconditional resource transfers to support access to food	10.00
Mozambique	Unconditional resource transfers to support access to food	14.08
Pakistan	Unconditional resource transfers to support access to food	3.40
South Sudan	Unconditional resource transfers to support access to food	10.00

Recipient	Activity category	2020 Immediate Response Account allocation (USD million)
State of Palestine	Unconditional resource transfers to support access to food	9.67
Yemen	Unconditional resource transfers to support access to food	32.00
Zimbabwe	Unconditional resource transfers to support access to food	10.00
Immediate response request (IR-R)		33.35
Armenia	Unconditional resource transfers to support access to food	1.39
	Service provision and platforms activities	0.02
Burkina Faso	Unconditional resource transfers to support access to food	1.41
Caribbean Community	Unconditional resource transfers to support access to food	2.08
Congo (the)	Unconditional resource transfers to support access to food	1.41
Côte d'Ivoire	Unconditional resource transfers to support access to food	1.83
Djibouti	Institutional capacity strengthening activities	0.94
	Unconditional resource transfers to support access to food	0.00
Ecuador	Unconditional resource transfers to support access to food	0.94
Ghana	Unconditional resource transfers to support access to food	1.41
Guatemala	Unconditional resource transfers to support access to food	1.41
Honduras	Unconditional resource transfers to support access to food	1.41
Iran (Islamic Republic of)	Unconditional resource transfers to support access to food	0.19
Jordan	Unconditional resource transfers to support access to food	1.41
Kyrgyzstan	Asset creation and livelihood support activities	1.41
Lebanon	Unconditional resource transfers to support access to food	0.93
Liberia	Unconditional resource transfers to support access to food	0.50
Madagascar	Unconditional resource transfers to support access to food	0.94
Mali	Unconditional resource transfers to support access to food	1.41

Recipient	Activity category	2020 Immediate Response Account allocation (USD million)
Mauritania	Unconditional resource transfers to support access to food	1.26
	Service provision and platforms activities	0.15
Nepal	Unconditional resource transfers to support access to food	0.20
	Malnutrition prevention activities	0.00
	Analysis, assessment and monitoring activities	0.10
	Emergency preparedness activities	0.35
Nicaragua	Unconditional resource transfers to support access to food	1.41
Niger (the)	Unconditional resource transfers to support access to food	1.41
Pakistan	Unconditional resource transfers to support access to food	0.41
Peru	Unconditional resource transfers to support access to food	1.41
Philippines	Unconditional resource transfers to support access to food	0.47
Senegal	Unconditional resource transfers to support access to food	0.94
Sierra Leone	Unconditional resource transfers to support access to food	0.00
	Unconditional resource transfers to support access to food	1.41
Regional Limited Emergency Operation for Southern Caucasus	Unconditional resource transfers to support access to food	1.42
Togo	Unconditional resource transfers to support access to food	1.41
Emergency preparedness (IR-PREP)		4.56
Armenia	Institutional capacity strengthening activities	0.27
Burkina Faso	Unconditional resource transfers to support access to food	0.28
Burundi	Emergency preparedness activities	0.30
	Unconditional resource transfers to support access to food	0.00
Caribbean Community	Service provision and platforms activities	0.34
Congo (the)	Unconditional resource transfers to support access to food	0.22
Cuba	Unconditional resource transfers to support access to food	0.27
Djibouti	Service provision and platforms activities	0.28

Recipient	Activity category	2020 Immediate Response Account allocation (USD million)
Dominican Republic	Institutional capacity strengthening activities	0.28
Ghana	Unconditional resource transfers to support access to food	0.28
Honduras	Service provision and platforms activities	0.50
Regional Bureau for Latin America and the Caribbean	Emergency preparedness activities	0.11
Liberia	Unconditional resource transfers to support access to food	0.28
Madagascar	Unconditional resource transfers to support access to food	0.14
Regional Bureau for the Middle East and Northern Africa	Asset creation and livelihood support activities	0.05
Myanmar	Institutional capacity strengthening activities	0.13
Regional Bureau for Southern Africa	Emergency preparedness activities	0.58
Tunisia	Institutional capacity strengthening activities	0.19
Regional Bureau for West Africa	Emergency preparedness activities	0.05
Total		188.56

ANNEX IV

2020 GCMF purchases and lead-time gain

Recipient country office	2020 GCMF purchases (<i>USD million, food value only</i>)			2020 lead-time gain (%)
	Local/regional	International	Total	
Afghanistan		1.3	1.3	4
Algeria		0.0	0.0	100
Angola	0.1	0.6	0.7	96
Bangladesh		1.7	1.7	10
Benin		3.0	3.0	52
Burkina Faso	15.1	13.2	28.4	56
Burundi	4.0	1.9	6.0	92
Cameroon	1.4	8.6	10.0	63
Central African Republic	1.5	6.6	8.1	43
Chad	5.6	11.9	17.5	65
Congo (the)	0.3	1.4	1.8	46
Democratic Republic of the Congo	17.9	3.4	21.3	42
Côte d'Ivoire	0.0	0.2	0.2	74
Djibouti	0.3	0.5	0.7	92
Dominican Republic	0.0	0.1	0.1	7
Eswatini	0.2	0.4	0.6	56
Ethiopia	46.1	86.7	132.8	88
Gambia (the)		0.1	0.1	100
Guatemala		2.1	2.1	10
Guinea	0.1	0.8	0.8	83
Guinea-Bissau		0.2	0.2	54
Honduras		0.3	0.3	46
Kenya	11.6	3.0	14.5	54
Lebanon	3.3		3.3	92
Lesotho		0.6	0.6	58
Liberia		2.1	2.1	87
Madagascar	1.3	7.2	8.4	60
Malawi	3.5		3.5	44
Mali	2.2	2.5	4.7	84
Mauritania	0.3	3.1	3.4	87
Mozambique	12.1	0.0	12.1	86
Myanmar		0.3	0.3	-
Namibia	0.3	0.7	1.0	73

Recipient country office	2020 GCMF purchases (<i>USD million, food value only</i>)			2020 lead-time gain (%)
	Local/regional	International	Total	
Nicaragua	0.2	0.1	0.3	63
Niger (the)	13.8	12.5	26.3	75
Nigeria	33.9	4.1	38.0	80
Rwanda	1.4	0.6	1.9	82
Senegal	0.1	0.4	0.5	92
Sierra Leone	0.1	2.2	2.3	88
Somalia	18.0	15.2	33.2	57
South Sudan	69.5	23.8	93.3	74
Sudan (the)	17.4	65.4	82.9	85
Syrian Arab Republic		6.4	6.4	35
Togo	0.0	0.1	0.1	100
Uganda	27.1	5.6	32.6	76
United Republic of Tanzania	12.0	2.6	14.6	80
Yemen	92.2	61.4	153.5	84
Zambia	0.3	0.0	0.3	57
Zimbabwe	23.3	25.5	48.8	46
Total	436.5	390.5	827.0	77

Acronyms

CSP	country strategic plan
GCMF	Global Commodity Management Facility
IPL	internal project lending
IRA	Immediate Response Account
MAF	macro advance financing