Utilization of the Programme Support and Administrative Equalization Account reserve

2020 Annual Session of the Executive Board
29 June 2020
Programme Support and Administrative Equalization Account

The PSAEA records the difference between WFP’s ISC revenues and PSA expenses for the financial period.

The PSAEA can be used:

a) To cover any difference between ISC income and approved PSA expenditures;
b) As a reserve to underwrite risk of decreases in ISC income or underfunding of the PSA budget;
c) For CCIs or thematic support funds; and
d) For strengthening WFP’s reserves.

Any use of the balance in the PSAEA requires the approval of the Executive Board.

So far, WFP enabled a healthy utilization of this reserve.
The Immediate Response Account

The IRA is an advance financing mechanism that enables WFP to provide immediate assistance in life-threatening situations in the absence of forecasted contributions.

USD 161 million allocated under the IRA to 67 crisis response activities in 2019.

Largest allocations made to:
- Mozambique (USD 40.5 million)
- Yemen (USD 25.4 million)
- South Sudan (USD 20.0 million)
- Zimbabwe (USD 14.5 million)
Increase in IRA requests in 2020

IRA allocations increased significantly in 2020, due to worsened situations in ongoing emergencies and the COVID-19 outbreak, reaching an average of USD 20 million per month.

A further increase in requests is foreseen, due to the impact of the COVID-19 outbreak on WFP operations.

The level of donor contributions directed to the IRA remains very low compared with the increasing demand for allocations.

While WFP continues to seek additional donor contributions to the IRA, its timely replenishment from WFP’s reserves will help address concurrent requests for funding needed for life-saving activities.
Transfer of USD 30 M from PSAEA to IRA

It is proposed to transfer USD 30 million from the PSAEA to the IRA, to allow covering IRA requests for quarter 3 and quarter 4 of 2020.

Such allocation falls within one of the purposes foreseen for the PSAEA (strengthening WFP’s reserves).

The allocation would also contribute to meeting the annual IRA target level of USD 200 million.
PSAEA projections for 2020

Account balance on 31 December 2019

2020 ISC projected revenue

2020 approved PSA budget

Ongoing CCIs (year 2), approved in Nov-18

2020 CCIs

2020 transfer to the IRA

2020 transfer to the Wellness fund

2020 additional transfer to the IRA

Projected closing balance at 31 December 2020

Based on 2020 contributions income of USD 7.7 billion

461.0

-423.6

-30.6

-39.7

-22.5

-8.0

-30.0

156.1

Equivalent to ~4.5 months of PSA expenditures

If this request is approved, the forecasted PSAEA closing balance for 2020 would total **USD 156.1 million**, equivalent to around **4.5 months** of PSA expenditures.