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Mundial  
de Alimentos

**Executive Board  
Annual Session**

**Rome, 9–12 June 2008**

## **ADMINISTRATIVE AND MANAGERIAL MATTERS**

**Agenda item 13**

*For information\**

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## **UPDATE ON WFP FOOD PROCUREMENT**



\* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

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## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for information.**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

Director, OML*:	Mr A. Daoudi	tel.: 066513-3289
Chief, OMLP**:	Ms N. Menage	tel.: 066513-3597

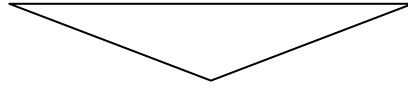
Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Logistics Division

\*\* Food Procurement Branch



## DRAFT DECISION\*



The board takes note of the “Update on WFP Food Procurement” (WFP/EB.A/2008/13-B)

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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 (WFP/EB.A/2008/16) issued at the end of the session.



## FACTS AND FIGURES

1. In 2007, WFP procured 2.1 million mt of food valued at US\$767 million in 82 countries, of which 69 were developing countries.
2. Of this, 80 percent, valued at US\$612 million, was purchased in developing countries; 20 percent, valued at US\$155 million, was purchased in developed countries.
3. Nine percent was bought with contributions restricted to purchase in the donor country; only 11 percent was procured in developing countries as the best option.
4. Purchases of blended foods in developing countries increased from 20,000 mt in 2000 to 178,500 mt in 2007, which is 77 percent of all blended foods procured.

DAC category	Quantity (mt)	% (mt)	Value (US\$)	% (US\$)
LDC <sup>1</sup>	781 690	37.58	216 225 946	28.18
LIC <sup>2</sup>	370 238	17.80	106 051 172	13.82
LMIC <sup>3</sup>	315 224	15.16	197 950 789	25.79
UMIC <sup>4</sup>	185 130	8.90	92 164 185	12.01
Developed	427 570	20.56	155 018 008	20.20
<b>Total</b>	<b>2 079 852</b>	<b>100.00</b>	<b>767 410 099</b>	<b>100.00</b>
<b>Grouped categories</b>				
LDC/LIC	1 151 928	55.39	322 277 117	42.00
LMIC/UMIC	500 354	24.06	290 114 974	37.80
Subtotal	1 652 282	79.44	612 392 091	79.80
Developed	427 570	20.56	155 018 008	20.20
<b>Total</b>	<b>2 079 852</b>	<b>100.00</b>	<b>767 410 099</b>	<b>100.00</b>

<sup>1</sup> Least-developed country

<sup>2</sup> Other low-income countries (per capita gross national income (GNI) <US\$825 in 2004)

<sup>3</sup> Lower-middle income countries (per capita GNI US\$826–3,255 in 2004)

<sup>4</sup> Upper-middle income countries (per capita GNI US\$3,256–10,065 in 2004)

## FOOD PROCUREMENT TRENDS

5. In 2007, for the third year in a row, WFP purchased the most food in Africa, followed by Asia.
6. The proportion of food procured in developing countries rose from 74 percent in 2005 to 77 percent in 2006 and to 80 percent in 2007; the proportion purchased in LDCs and LICs increased from 36 percent in 2005 to 50 percent in 2006 and to 56 percent in 2007.
7. In 2007 as in 2006, Uganda was the country in which WFP made the most food purchases: 210,000 mt valued at US\$55 million. Table 2 lists the top 20 countries in which WFP procured food in 2007.



**TABLE 2. TOP 20 DEVELOPING COUNTRIES IN WHICH WFP  
PROCURED FOOD IN 2007**

Country	Value (US\$)	Country	Value (US\$)
Uganda	54 769 771	Malaysia	19 636 104
Ecuador	51 137 045	China	18 358 233
Turkey	44 515 965	Ethiopia	18 288 516
Pakistan	36 399 122	South Africa	17 360 057
Indonesia	29 452 050	Peru	17 333 984
India	28 188 917	Mozambique	12 381 038
Sudan	24 771 678	United Republic of Tanzania	11 976 839
Kenya	24 404 307	Sri Lanka	10 768 159
Zambia	21 412 392	Nepal	9 874 550
Malawi	20 619 635	Honduras	9 491 199
<b>Grand total – US\$481 139 561</b>			

## THE IMPACT OF RISING FOOD COSTS

8. Procuring appropriate food in a cost-efficient and timely manner is becoming more and more of a challenge: food costs are rising while availability is decreasing, markets are very volatile and export controls have proliferated. WFP's ability to procure food in a range of markets, including locally and regionally, has to some extent cushioned it against global price increases. WFP paid on average less than prevailing global market prices, with commensurate savings on transport costs. However, as fewer and fewer markets are insulated from international price increases, this cushioning will inevitably become less effective.

## STATUS OF PROCUREMENT CAPACITY

9. At the end of 2007, WFP had 18 international professional food procurement officer posts, 7 in Headquarters and 11 in the field, 2 junior professional procurement officer posts funded by Belgium and Norway, and 8 national food procurement officer posts. Of the professional officer posts, 12 are financed from the Programme Support and Administrative (PSA) budget; the remaining 6 and the 8 national officer posts are financed from the direct support costs (DSC) of the operations in the countries where they are assigned.
10. Food procurement is also carried out by procurement focal points, who often have other functions as well. The number of international professional food procurement officer posts declined by 25 percent between 2006 and 2007 as a result of reductions in the PSA budget. This particularly affected officers in the regional bureaux and Headquarters. Posts financed through DSC are ultimately at the discretion of country directors, who take into consideration resource levels and competing staffing demands. Table 3 shows the current professional and national officer food procurement officer positions in the field.



<b>TABLE 3. FOOD PROCUREMENT POSTS IN THE FIELD: INTERNATIONAL AND NATIONAL OFFICERS, BY REGIONAL BUREAU/COUNTRY OFFICE</b>				
<b>International Officers</b>				<b>National Officers</b>
<b>Regional bureau</b>	<b>Grade</b>	<b>Country office</b>	<b>Grade</b>	<b>Country office</b>
OMJ (Johannesburg)	P4	Ethiopia	P3	Bangladesh
OMB (Bangkok)	P4	Indonesia	P3	Ecuador
OMJK (Kampala)	P4	Kenya	P3	India
OMS (Khartoum)	P4	Democratic Republic of the Congo	P3	Pakistan
OMD (Ouagadougou)	P3	Uganda	P3	South Africa
OMP (Panama City)	P3			Sudan
<i>Subtotal : 6</i>		<i>Subtotal : 5</i>		Ghana
				Kenya
<b>Total – 11</b>				<b>Total – 8</b>

## HIGHLIGHTS OF FOOD PROCUREMENT

### Purchase for Progress

11. In line with WFP's efforts to use its purchasing power to more effectively contribute to food security, pilot activities are being launched to further explore programming and procurement modalities. Food assistance programmes will be combined with innovations in local and regional procurement and marketing tools enhanced to promote agricultural development. The aim is to reduce the risks low-income farmers face and increase their incentives to invest in technologies and practices that improve production. This undertaking is known as "Purchase for Progress" or P4P.

### Belgian Support to the Strengthening of Small-Scale Farmers' Market Access and Participation in the Democratic Republic of the Congo

12. Funding has been provided by Belgium for a three-year programme to raise the incomes of small-scale farmers, enhance food security and contribute to poverty reduction by improving market access in selected areas. The programme will support strategies to reduce post-harvest losses and add value to agricultural commodities at the producer level through improved handling, packaging, storage and processing.



## Quality Assurance Initiatives

13. A review of WFP's food specifications was undertaken to ensure that current quality standards are in accordance with international norms:
- A study was made with WFP's nutrition experts and DSM, a micro-nutrient production company, to improve the micro-nutrient fortification of blended foods and develop an improved weaning food for children under 2.
  - WFP and Kemin Industries, an international company providing nutritional ingredients for food manufacturers, have completed an analysis of the shelf life of WFP blended foods and biscuits.
  - Agreements have been concluded with two independent superintendence companies to audit the processed food production facilities of companies selling to WFP, to ensure that Good Manufacturing Practices (GMP) are applied and Hazard Analysis of Critical Control Points (HACCP) standards are adhered to.

## Food Procurement Capacity Assessments

14. More systematic mapping of food procurement opportunities has been initiated in some African and Latin American countries to enhance WFP's knowledge of local markets, expand its supplier base and improve its emergency response capacity.

## Food Procurement Map, 2007

15. The 2007 Food Procurement Map has been released showing which commodities were purchased in which countries and for which destinations, along with related information. The map continues to be colour-coded according to the DAC national income categories. This year it was produced on CD and an interactive version is available at [www.wfp.org](http://www.wfp.org).

## Procurement on Behalf of Governments

16. WFP is assisting the governments of a number of countries, including India, Egypt and several in Latin America, to procure food for their own social welfare programmes. Funded by contributions from the governments, the mechanism is managed through trust funds.



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## ACRONYMS USED IN THE DOCUMENT

DAC	Development Assistance Committee
DRC	Democratic Republic of the Congo
DSC	direct support costs
GMP	Good Manufacturing Practices
GNI	gross national income
HACCP	Hazard Analysis of Critical Control Points
LDC	least-developed country
LIC	low-income countries
LMIC	lower-middle income countries
OMB	Regional Bureau Bangkok
OMD	Regional Bureau Dakar
OMJ	Regional Bureau Johannesburg
OMJK	Kampala Office of OMJ
OMP	Regional Bureau Panama City
OMS	Regional Bureau the Sudan
P4P	Purchase for Progress
PSA	Programme Support and Administrative
UMIC	upper-middle income countries