



**World Food
Programme**

Food Procurement Service

EB Induction Session
3 December 2009
Rome



Food Procurement

- **Mission statement:**

“ to provide acceptable food to the beneficiaries in a timely and cost-efficient manner”.

- In addition the Financial Rules state:

“ to the extent possible to procure from the developing countries.....”



2008

Total Food Purchases

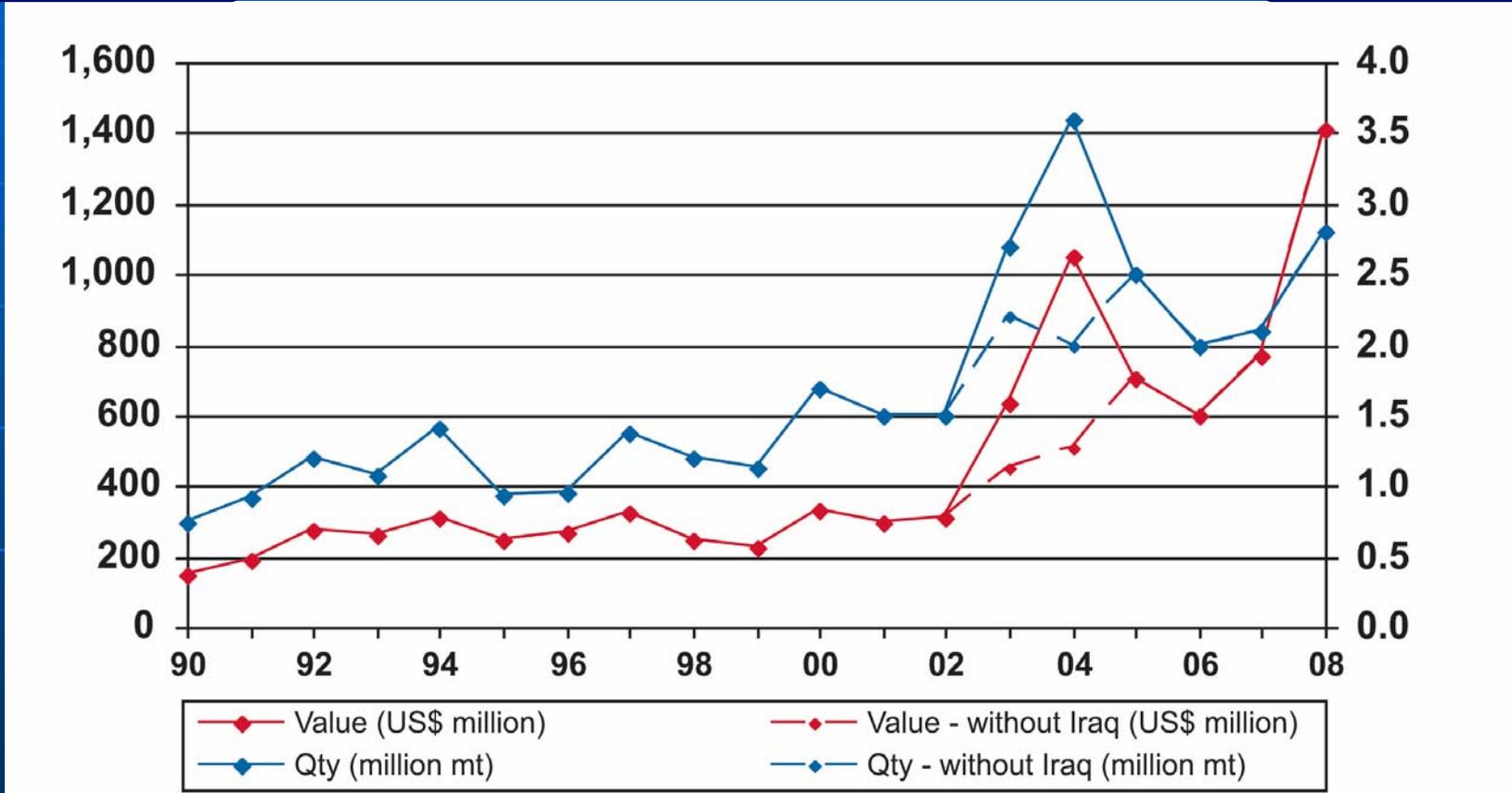
US\$ 1,407,899,530

2,824,667 mt

Food Procurement Trends

US\$ million

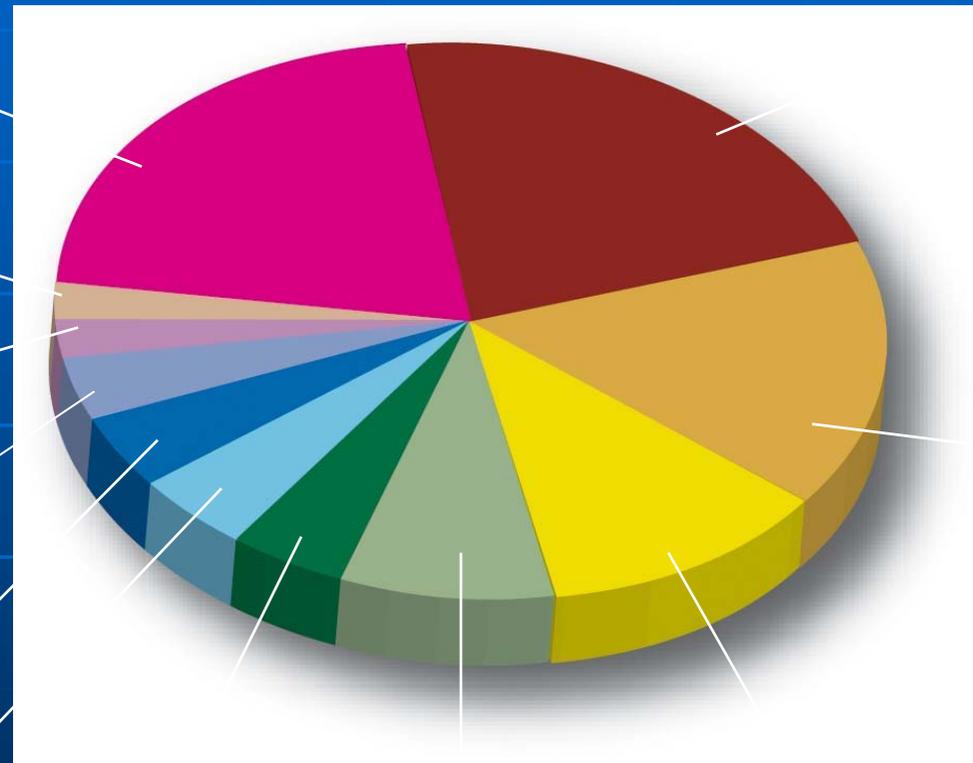
million mt



2003 includes 518,000 mt worth US\$ 182 million for Iraq
2004 includes 1,562,000 mt worth US\$ 540 million for Iraq

WHAT DID WE PURCHASE?

% of Total Quantity (2,824,667 mt)



Wheat 22%
611,553 mt

Sugar 2%
58,273 mt

Other 2%
61,012 mt

Vegetable Oil 4%
108,121 mt

Maize Meal 4%
114,445 mt

Sorghum 4%
123,191 mt

Wheat Flour 4%
125,246 mt

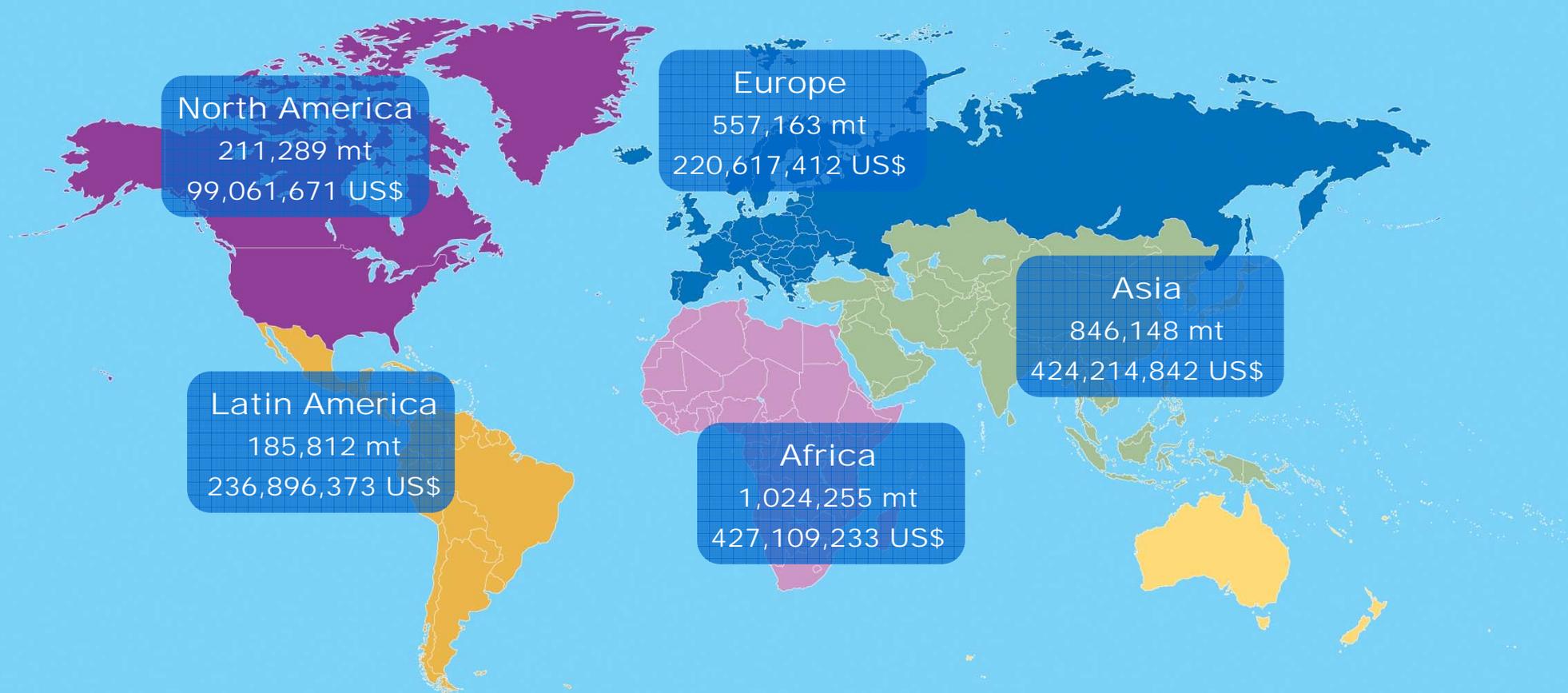
Pulses 8%
236,009 mt

Blended Food 12%
332,580 mt

Maize 22%
610,976 mt

Rice 16%
443,262 mt

Where did we purchase in 2008?



85 Countries: 73 Developing 12 Developed
78% Developing 22% Developed

WFP Food Purchases Origin of Goods as per DAC Category

By each category

DAC Category	Quantity mt	% mt	Value US\$	% US\$
LDC	582,782	20.63%	274,621,400	19.51%
LIC	141,417	5.01%	69,220,139	4.92%
LMIC	727,174	25.74%	447,692,494	31.80%
UMIC	681,981	24.14%	301,407,644	21.41%
Developed	691,312	24.47%	314,957,853	22.37%
TOTAL	2,824,667	100.00%	1,407,899,530	100.00%

By grouped categories

DAC Category	Quantity mt	% mt	Value US\$	% US\$
LDC/LIC	724,199	25.64%	343,841,539	24.42%
LMIC/UMIC	1,409,156	49.89%	749,100,138	53.21%
SUBTOTAL	2,133,355	75.53%	1,092,941,677	77.63%
Developed	691,312	24.47%	314,957,853	22.37%
TOTAL	2,824,667	100.00%	1,407,899,530	100.00%

LDC: Least Developed Countries
LIC: Other Low-Income Countries (per capita GNI < \$935 in 2007)

LMIC: Lower Middle-Income Countries (per capita GNI \$936 - 3,705 in 2007)
UMIC: Upper Middle-Income Countries (per capita GNI \$3,706 - 11,455 in 2007)

Food Origin

Top 15 countries (in value terms US\$)

Country	Value US\$	%
South Africa	163,713,077	11.63
Ecuador	99,906,505	7.10
India	98,239,852	6.98
Canada	89,206,576	6.34
Peru	62,784,127	4.46
Turkey	54,454,094	3.87
Uganda	53,006,581	3.77
Malaysia	44,677,455	3.17
Belgium	44,216,050	3.14
Sudan	42,723,736	3.04
France	41,779,924	2.97
Indonesia	36,830,918	2.62
Italy	35,178,765	2.50
Bulgaria	32,948,053	2.34
Ethiopia	30,212,540	2.15



Different procurement categories

- Local/Regional Purchases

(through WFP Country/Regional Offices, in countries/regions where the beneficiaries are located)

- International Purchases

(through WFP Headquarters on international markets)

Overriding considerations Local/Regional Procurement

- More cost effective than importing;
- More timely;
- More appropriate and adapted to the tastes of WFP's beneficiaries.

Conditions affecting procurement

- Donor country conditions/restrictions
(origin/ destination/quality /packing /marking etc.)
- Recipient country requirements
(product/origin/packing/import regulations)
- Impact on local market/economy
(harvest/lean period/surplus)

How does WFP buy ?

- **Competitive Bidding** (general policy)
- **Waiver of Competition (direct contracting)**
(less than 3 suppliers/ urgency/recent contract / from state enterprise etc.)

from

- Pre-qualified suppliers

Basic Country Data Which Informs

Our Local Procurement Includes:

- Main food crops and food-producing areas, including usual overall levels of production, and areas of regular food deficit;
- Main agricultural seasons by crop and area, including indications on the optimal periods for purchasing food in local markets;
- Historical production and consumption patterns;
- Nature of food markets, including relative size, location and importance;
- Exports and imports of food commodities, and major barriers to the free flow of food;
- Inter-regional trading and transport networks, and Profile of traders.

Toolbox for Purchases from Smaller Suppliers

- Purchase from as near as possible to project sites without overstressing already highly food insecure areas;
- Run tenders on smaller quantities so better tapered to their capacities;
- Allow extended delivery period (slower pace);
- Waive performance bonds;
- Purchase on FCA (ex-warehouse) terms versus DDU (delivered) terms;
- Buy in local currency;
- Waive bag markings.

HOW DOES WFP FOOD PROCUREMENT STRENGTHEN MARKETS?

- Provides a market outlet in many low-income developing countries, boosting local economies.
- Encourages competition in countries where there is often a limited supplier base.
- Promotes local processing of foods.
- Assists countries to improve quality standards.

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