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Mundial  
de Alimentos

**Executive Board  
Annual Session**

**Rome, 8–12 June 2009**

# 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

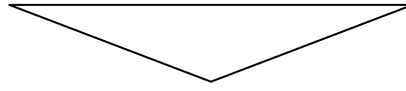
Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

\* Logistics Division

\*\* Food Procurement Branch



## DRAFT DECISION\*



The Board takes note of “Update on WFP Food Procurement” (WFP/EB.A/2009/13-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 issued at the end of the session.



## FACTS AND FIGURES

1. In 2008, WFP procured 2.8 million mt of food valued at US\$1.4 billion in 85 countries, of which 73 countries were developing countries.
2. Of this, 78 percent, valued at US\$1.1 billion, was purchased in developing countries; 22 percent, valued at US\$315 million, was purchased in developed countries.
3. Five percent was bought with contributions restricted to purchase in a donor country; 17 percent was procured in developed countries as the best option.
4. Purchases of blended foods and biscuits in developing countries increased from 20,000 mt in 2000 to 220,000 mt in 2008, which was over two thirds of all those procured worldwide by WFP.

**TABLE 1: WFP FOOD PURCHASES IN 2008, BY DEVELOPMENT ASSISTANCE COMMITTEE (DAC) CATEGORY**

DAC Category	Quantity (mt)	Quantity (%)	Value (US\$)	Value (%)
Least developed countries (LDC)	582 782	20.63	274 621 400	19.51
Low-income countries (LIC) <sup>1</sup>	141 417	5.01	69 220 139	4.92
Lower-middle income countries (LMIC) <sup>2</sup>	727 174	25.74	447 692 494	31.80
Upper-middle income countries (UMIC) <sup>3</sup>	681 981	24.14	301 407 644	21.41
Developed countries	691 312	24.47	314 957 853	22.37
<b>TOTAL</b>	<b>2 824 667</b>	<b>100.00</b>	<b>1 407 899 530</b>	<b>100.00</b>
<b>Categories grouped</b>				
LDC/LIC	724 199	25.64	343 841 539	24.42
LMIC/UMIC	1 409 156	49.89	749 100 138	53.21
<b>Subtotal</b>	<b>2 133 355</b>	<b>75.53</b>	<b>1 092 941 677</b>	<b>77.63</b>
Developed countries	691 312	24.47	314 957 853	22.37
<b>TOTAL</b>	<b>2 824 667</b>	<b>100.00</b>	<b>1 407 899 530</b>	<b>100.00</b>

<sup>1</sup> Low-income countries: per capita gross national income (GNI) < US\$935 in 2007

<sup>2</sup> Lower-middle income countries: per capita GNI US\$936–US\$3,705 in 2007

<sup>3</sup> Upper-middle income countries: per capita GNI US\$3,706–US\$11,455 in 2007

## FOOD PROCUREMENT TRENDS

5. For the fourth year in a row, WFP purchased the most food in Africa (1,024,255 mt valued at US\$427 million), followed by Asia (846,148 mt valued at US\$424 million).
6. The Republic of South Africa was the country where WFP made the most food purchases: 473,000 mt valued at US\$164 million. Table 2 lists the top 20 countries in which WFP procured food in 2008.



<b>TABLE 2: TOP 20 DEVELOPING COUNTRIES IN WHICH WFP PROCURED FOOD IN 2008</b>			
<b>Country</b>	<b>Value (US\$)</b>	<b>Country</b>	<b>Value (US\$)</b>
1. South Africa	163 713 077	11. Ukraine	30 195 516
2. Ecuador	99 906 505	12. Kenya	29 595 282
3. India	98 239 852	13. Myanmar	21 951 936
4. Peru	62 784 127	14. Kazakhstan	21 644 962
5. Turkey	54 454 094	15. Bangladesh	17 506 856
6. Uganda	53 006 581	16. China	17 340 730
7. Malaysia	44 677 455	17. Malawi	15 334 167
8. Sudan	42 723 736	18. Honduras	14 220 837
9. Indonesia	36 830 918	19. Mozambique	14 149 827
10. Ethiopia	30 212 540	20. Viet Nam	14 063 865
<b>Grand total – US\$882 552 862</b>			

## THE MARKET ENVIRONMENT

7. 2008 was yet another challenging year, with continued volatility of prices, the imposition of extensive export control measures and high levels of food insecurity in many of the countries where WFP traditionally buys its food. Although the end of the year saw a decline in the prices of cereals, pulses and cooking oil on the international market, this downward trend did not rapidly translate into lower prices in most developing country markets. The cost of food remained high throughout most of the year and in an array of markets where WFP buys locally and regionally, with the total value of purchases in 2008 almost doubling as compared with 2007, while the amount procured increased by a third, reflecting an increased number of beneficiaries.

## STATUS OF PROCUREMENT CAPACITY

8. At the end of 2008, WFP had 35 international professional food procurement officer posts (11 in Headquarters and 24 in the field); 3 junior professional procurement officer posts funded by Belgium, Norway and Denmark; and 12 national food procurement officer posts. Of the professional officer posts, 15 were financed from the Programme Support and Administrative (PSA) budget and 10 from funding provided in support of Purchase for Progress (P4P); the remaining 10 international officer posts and the 12 national officer posts were financed from the direct support costs (DSC) of the operations in the countries where the staff were assigned.
9. Food procurement is also carried out by procurement focal points, who often perform other functions as well. The number of international professional food procurement posts almost doubled between 2007 and 2008, partly because of an increase in the PSA budget but also because funding through the P4P has allowed a significant reinforcement of the team. 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 international and national food procurement officer positions in the field.

International officers				National officers
Regional Bureau	Grade	Country Office	Grade	Country Office
OMB	P4	Afghanistan	P4	Bangladesh
OMB	P3	Cameroon	P3	Burkina Faso
OMD	P4	Democratic Republic of the Congo	P3	Cambodia
OMJ	P4	Ethiopia	P3	Cameroon
OMJ	P3	Kenya	P3	Ecuador
OMP	P3	Liberia*	P2	Ghana
OMS	P4	Malawi*	P3	India
OMS	P3	Mali*	P2	Indonesia
		Mozambique*	P3	Kenya
		Pakistan	P4	Pakistan
		Peru	P3	Sudan
		Sierra Leone*	P2	United Republic of Tanzania
		Somalia	P2	
		Uganda	P4	
		Uganda	P3	
		Zambia*	P4	
<b>Subtotal = 8</b>		<b>Subtotal = 16</b>		
<b>Total international officers = 24</b>				<b>Total national officers = 12</b>

\* Funded by P4P

OMB: Regional Bureau Bangkok (Asia)

OMD: Regional Bureau Dakar (West Africa)

OMJ: Regional Bureau Johannesburg (Southern, Eastern and Central America)

OMP: Regional Bureau Panama City (Latin America and the Caribbean)

OMS: Regional Bureau Sudan

## HIGHLIGHTS OF FOOD PROCUREMENT

### Purchase for Progress

10. In line with WFP's efforts to use its purchasing power to more effectively contribute to food security, pilot activities have been launched in 21 countries to further explore programming and procurement modalities that will reduce the risks low-income farmers face. The P4P effort is now well underway. Assessment missions have been completed in 18 of the P4P countries and implementation plans designed.



## Quality Assurance Initiatives

11. In a continuing effort to better ensure the quality of the food WFP procures the following activities are underway:
  - Three food technologists have been added to the Food Procurement Branch and the nutrition office of the Programme Design Service in Headquarters. This team is actively working to improve food fortification and processing, optimize production, enhancing quality and loss control and diversify the food basket. Frequent quality control visits are being made to producers throughout the world that supply to WFP.
  - Technical exchanges and partnerships have been forged with two private companies that specialize in food preservation and fortification.
  - Although the development of locally produced blended foods and biscuits has occurred over many years, the WFP demand for these commodities has increased tremendously. Therefore, WFP is scaling up the provision of technical support to those countries where local production has lagged behind demand and is actively seeking new suppliers.

## 2008 Food Procurement Map

12. The 2008 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 compact disc and an interactive version is available at [www.wfp.org](http://www.wfp.org).

## Procurement on Behalf of Governments

13. WFP is assisting the governments of a number of countries, including Egypt, Ethiopia 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. In Ecuador, for example, where this form of assistance has been provided since 2000, over 65,000 mt of food with a value of US\$102 million was purchased in 2008; the food was handled and distributed through 19 warehouses and 18,000 delivery points countrywide. Since 2007 WFP has assisted the Government of Peru to purchase 48,000 mt of food at a value of almost US\$83 million for a number of government programmes. In Ethiopia in 2008 WFP advised the Government on the regional purchase of 80,000 mt of grain for its Productive Safety Net Programme; another 150,000 mt of grain is expected to be procured and transported on behalf of the Government in 2009.



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## ACRONYMS USED IN THE DOCUMENT

DAC	Development Assistance Committee
DSC	direct support costs
GNI	gross national income
LDC	least developed country
LIC	low-income country
LMIC	lower-middle income country
P4P	Purchase for Progress
PSA	Programme Support and Administrative
UMIC	upper-middle income countries