

UPDATE ON FOOD PROCUREMENT

2021 annual session of the Executive Board
21-25 June 2021



Supply Chain Operations Division
SCO

Introduction

- Until the early 2010s, WFP's approach to procurement was **prominently reactive**
- Over the last 10 years, WFP started to take an **increasingly proactive** approach to procurement
- The function moved from **largely transactional** to becoming a **key enabler** of efficiency benefits for the organization

3.3 M mt Food procured

43% Purchased for L3 emergency responses

60% From countries with ongoing operations

USD 49 M Procured from smallholder farmers

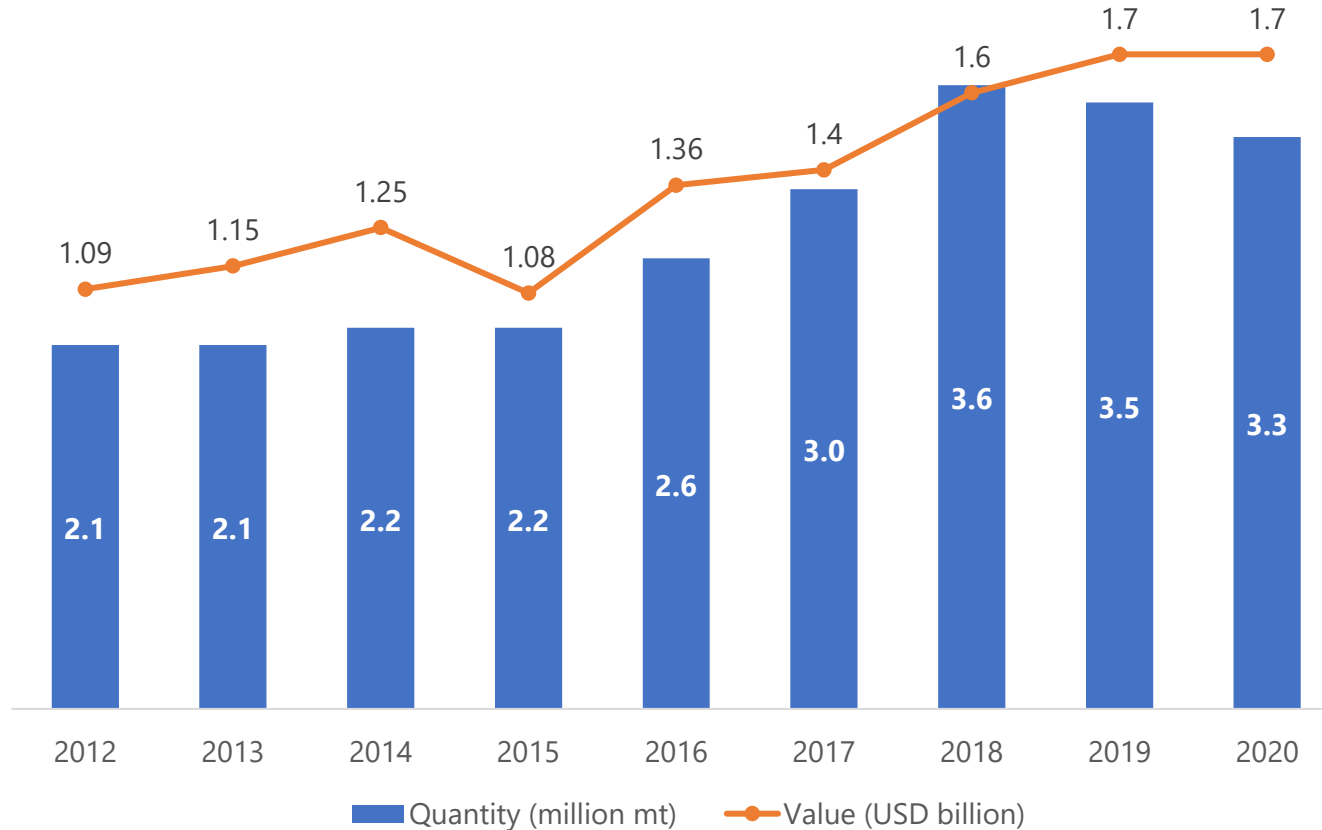
77% Reduction in lead-times

533k mt Sourced on behalf of national Governments

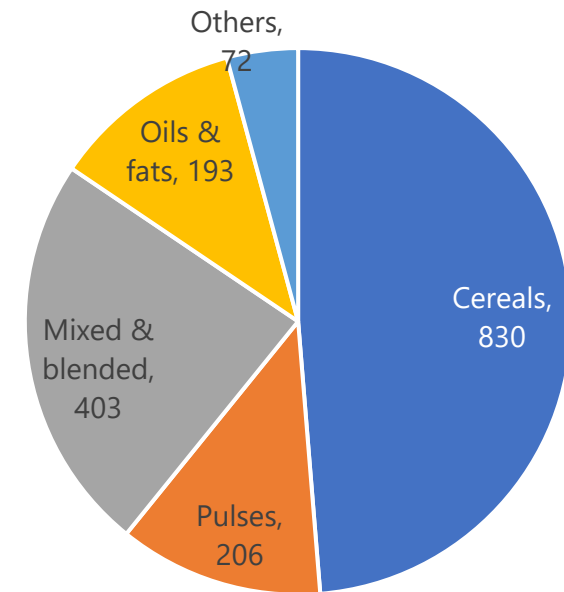


Overview on food procurement

Procurement figures, 2012–2020



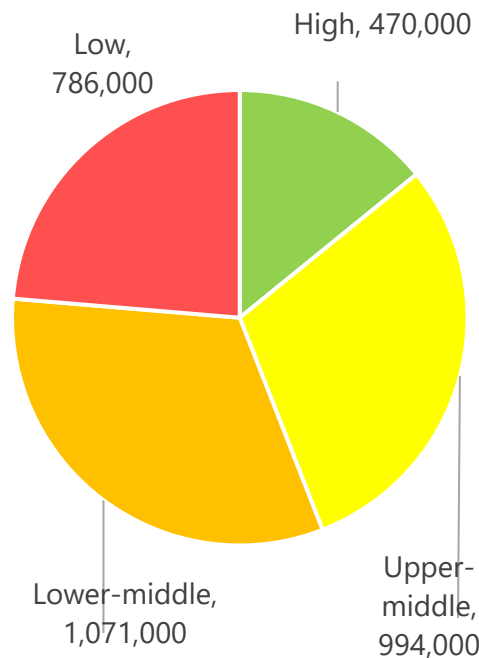
2020 procurement by category (USD million)



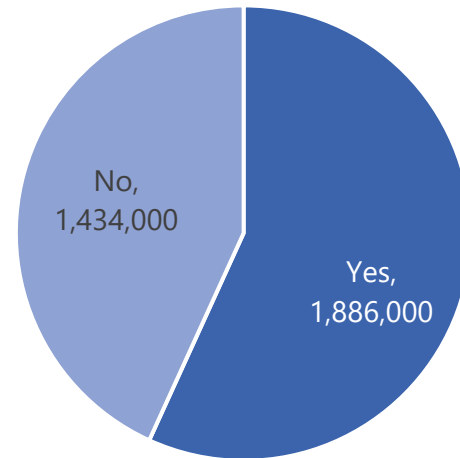
Despite a **minor decrease in tonnage procured**, the food value was **in line with 2019** due to increased requirements for specialized nutritious food

Main sourcing countries

2020 procurement by origin country income (mt)



2020 procurement: WFP presence in origin country (mt)



Origin Country	Quantity (mt)	Value (USD M)
Top 10	1,939,000	833
Ukraine	424,000	107
Turkey	336,000	165
Romania	185,000	44
Russia	181,000	67
Sudan	153,000	64
South Africa	127,000	63
Belgium	106,000	98
Tanzania	97,000	37
Uganda	95,000	32
Guatemala	89,000	82
Others	1,382,000	871
TOTAL	3,321,000	1,704



56 percent sourced from low and lower-middle income countries; around **60 percent** from countries with ongoing WFP operations; **four sub-Saharan countries** among top 10 sourcing origins

Implementation of the local & regional food procurement policy

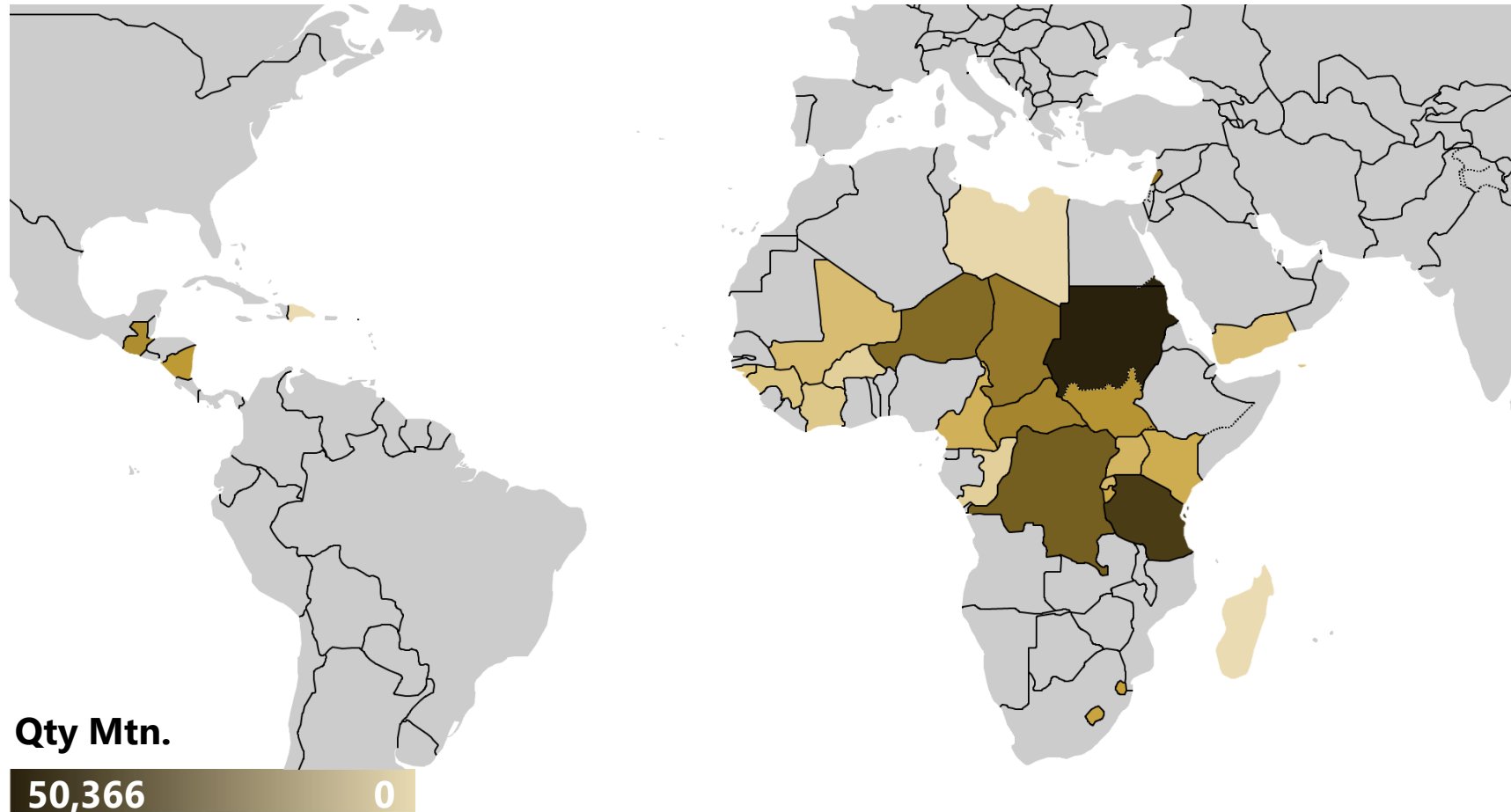
- Internal discussions and workshops carried to **define priority countries, implementation strategies and budgets**, aligned to local contexts
- **Crop calendars** for cereal and pulses in pilot countries developed
- **Pro-smallholder farmers procurement plan** for 2021 reviewed and approved for Kenya, Lesotho, Tanzania, Uganda, Zimbabwe and South Sudan
- **New contract modality training** conducted for country offices' staff and suppliers in Uganda
- **Information and guidance** provided to Kenya, Tanzania, Zimbabwe and Sudan

Countries selected for pilot implementation phase

RBD	Burkina Faso
RBJ	Mozambique, Tanzania, Zambia, Zimbabwe
RBN	Ethiopia, Kenya, Sudan, Uganda
RBP	El Salvador, Guatemala, Honduras, Nicaragua



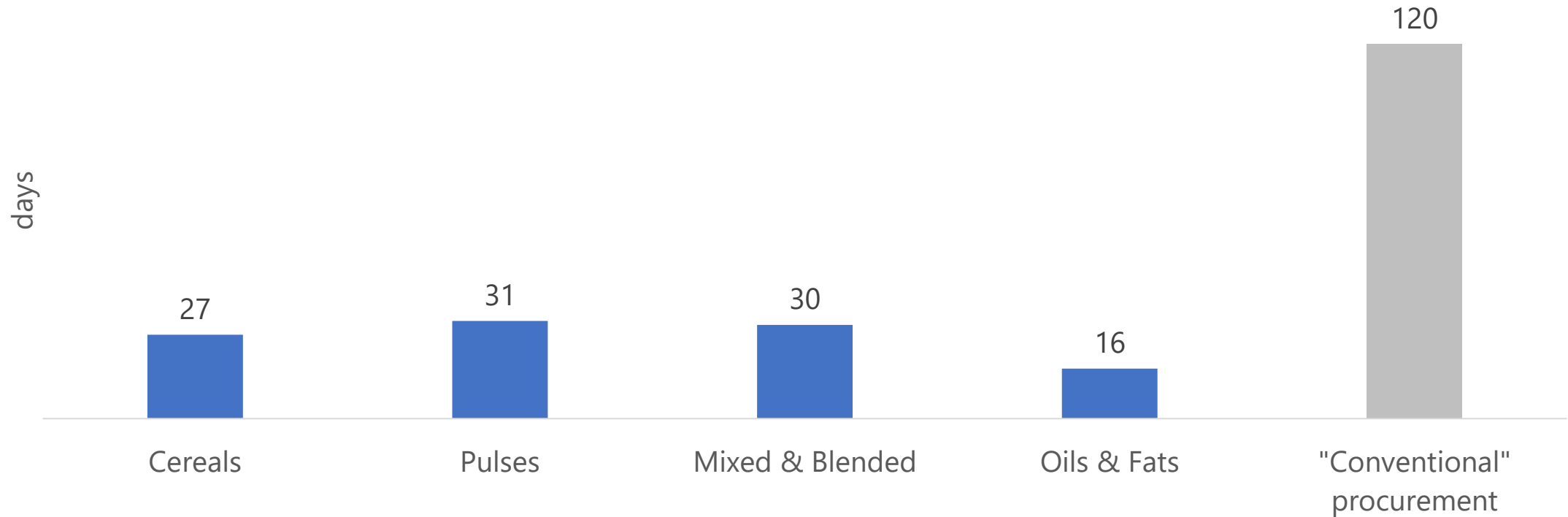
Procurement from smallholder farmers



Over USD 49 million procured from Smallholder Farmers in **27 countries** in 2020 (**three percent** of the total value of food procured); largest purchases took place in **Sudan**

Pursuing reduced delivery lead-times

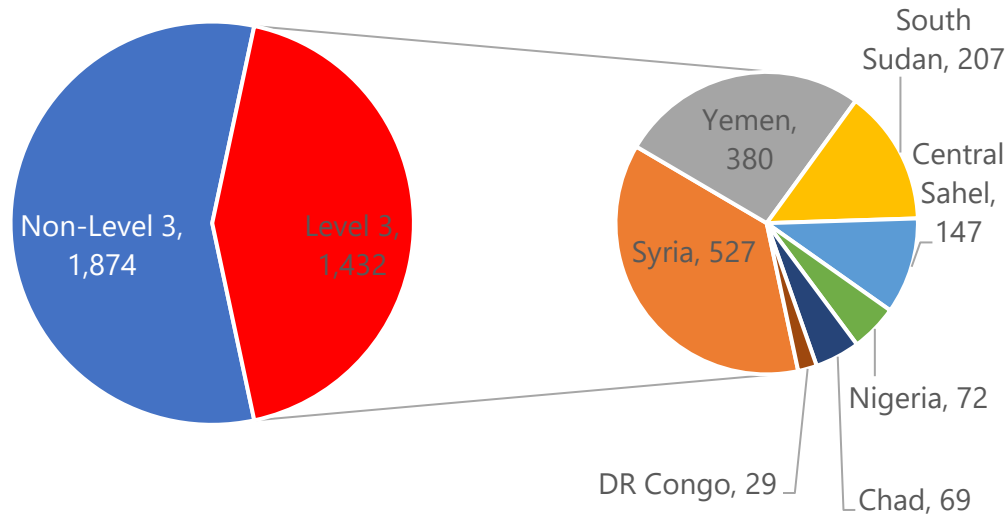
Global Commodity Management Facility
vs. "conventional" procurement lead-times, 2020



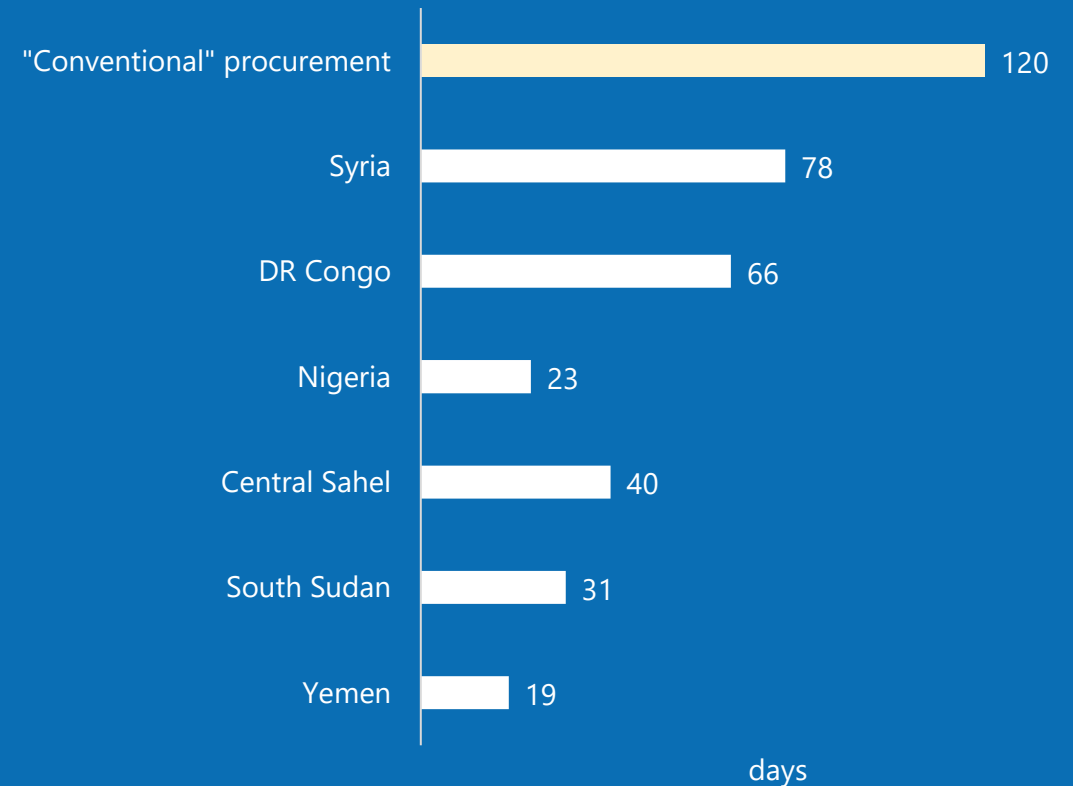
In 2020, **1.8 million mt** of food (USD 826 million) were delivered to WFP country offices through the Global Commodity Management Facility in an average of **28 days**, or **77 percent faster** than the 120 days needed under "conventional" procurement

Support to L3 emergency responses

Procurement for Level 3 emergencies, 2020
(thousand mt)



GCMF lead-times in Level 3 emergencies, 2020



43 percent of the total volume purchased by country offices was used for L3 emergency responses; significant **lead-time reductions** obtained in Yemen, Nigeria and South Sudan

Securing lower prices

Commodity Category	Commodity	Average price (USD/mt*)	
		GCMF	Market price (non-GCMF)
Cereals	Maize	324	305
	Maize meal	547	450
	Rice	481	544
	Sorghum/millet	355	355
	Wheat	276	270
	Wheat flour	366	352
Pulses	Beans	767	806
	Peas	635	641
	Split peas	438	486
Mixed & Blended	HEBs	1 577	1 562
	LNS (large quantity)	2 414	2 500
	LNS (medium quantity)	2 418	2 256
	Super Cereal (corn-based)	665	756
	Super Cereal Plus (corn-based)	1 088	1 497
	Super Cereal (wheat-based)	877	809
	Super Cereal Plus (wheat-based)	1 088	1 099
Oils & Fats	Vegetable oil	994	1 246



Country offices buying from the GCMF benefitted from **lower prices** for stocks procured before the COVID-19 outbreak

Service provision to Governments

- 2020 saw a **substantial scale-up** in service provision activities
- **533,000 mt** (value at around **USD 200 million**) sourced on behalf of national Governments, more than double the previous 2019 record
- Almost **70 percent** of this amount was sourced through the GCMF, enabling purchases at the right time and faster delivery
- Largest service provision agreements in **Sudan** and **Ethiopia**
- **Further scale-up** to one million mt envisaged for 2021



The way forward

- The COVID-19 pandemic showcased the **fragility of global food systems** and their **vulnerability to sudden shocks**
- Global spotlight on **transforming food systems**, to withstand disruptions and shocks on the short-term and enable economic development on the long-term
- From a procurement perspective, WFP aims to **support this transformation** by (inter-alia):
 - Pursuing an **increasingly localized** approach to procurement
 - Increased number of **procurement experts** in the field
 - Addressing outstanding **oversight recommendations**
 - Reduce the **environmental and social impacts** of its procurement



Q&As



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THANK YOU



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