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For information

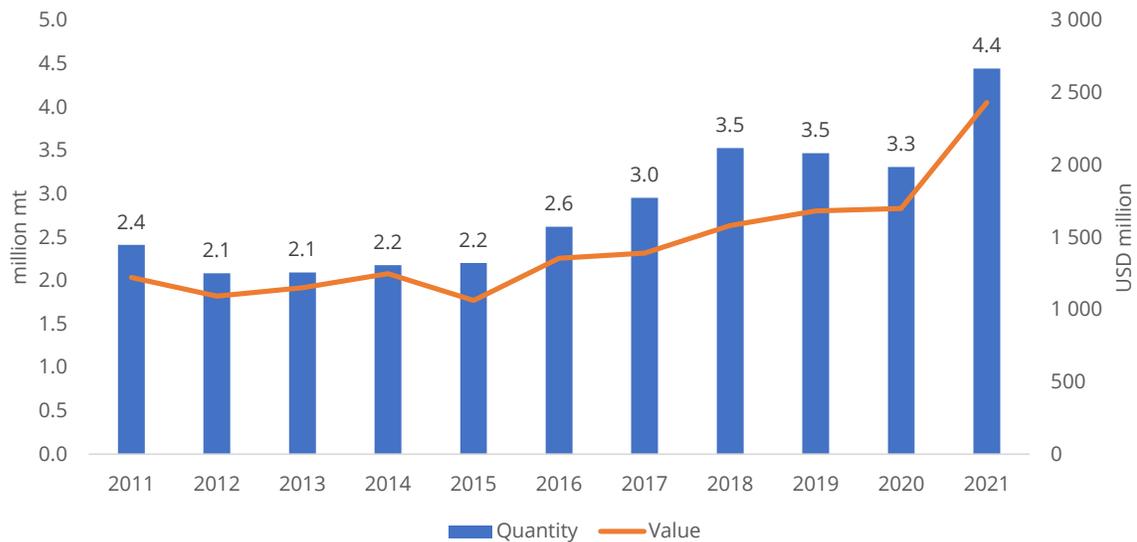
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Update on food procurement

WFP food procurement in 2021

1. In 2021, WFP purchased **4.4 million mt of food**, valued at USD 2.4 billion. This was the highest volume and value of food procured in over 10 years, 34 percent higher in volume than in 2020 and 84 percent higher than in 2011.

Figure 1
WFP food procurement, 2011-2021



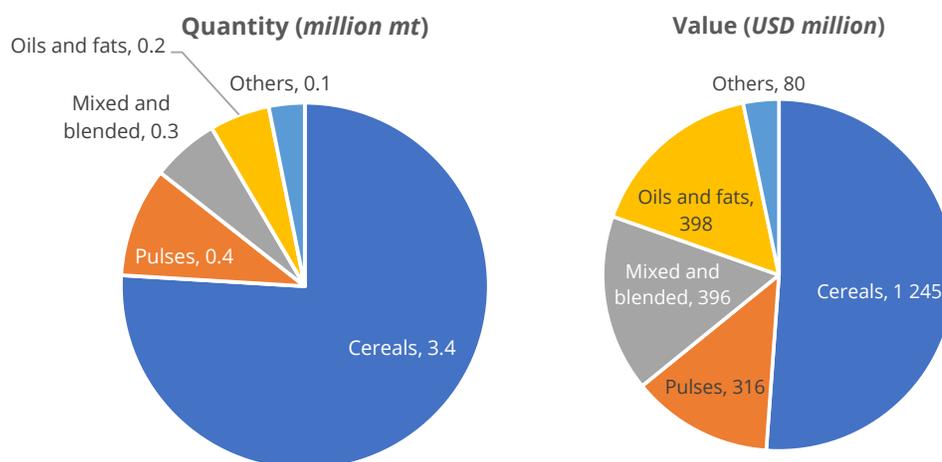
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2. The substantial growth in procurement from 2019/2020 can be attributed in part to an **increase in “service provision” procurement, i.e., food procured by WFP for local governments**, and in procurement for the emergency response in Afghanistan.

Figure 2: Food procured in 2021 by category



3. Cereals¹ represented **nearly 75 percent** of the quantity of food procured in 2021. As for pulses, which represent 9 percent of the quantity of food procured by WFP, beans and split peas are distributed everywhere WFP operates, while peas are consumed primarily in Africa and chickpeas, lentils and split lentils are procured mainly for consumption in the Middle East.
4. **Oils and fats** accounted for 16 percent of the cost of all procured food slightly less than in previous years. **Mixed and blended foods** (lipid-based nutrient supplements and fortified blended food) also accounted for 16 percent.

Main countries of origin

5. The 4.4 million mt of food procured in 2021 came from **97 countries**; 56 percent of the total (by cost) came from low and lower-middle-income countries.

TABLE 1: WFP FOOD PROCUREMENT BY DEVELOPMENT ASSISTANCE COMMITTEE CATEGORY				
Development Assistance Committee category	Quantity		Value	
	mt	%	USD million	%
Least developed	1 087 000	24.6	531	21.9
Low income	5 000	0.1	2	0.1
Lower-middle income	1 681 000	37.4	850	34.8
Upper-middle income	861 000	19.5	572	23.5
Developed	815 000	18.4	480	19.7
Total	4 449 000	100.0	2 435	100.0

¹ Predominantly wheat, maize, wheat flour, sorghum and rice.

6. In 2021, **ten countries** provided 56 percent (by cost) of the total food procured. A wide range of commodities were sourced from **Turkey**, including wheat flour, vegetable oil, bulgur wheat, pulses and rations (ready-to-eat meals and family food baskets), primarily for distribution in the Middle East. **Ukraine** mainly supplied WFP with wheat (largely for service provision activities) and split peas. Large amounts of wheat were sourced from **Romania** and the **Russian Federation**, with the latter also providing wheat flour, vegetable oil and pulses.
7. In the second half of the year, large quantities of cereals and pulses were procured from **Pakistan** and **Kazakhstan** to support emergency operations in Afghanistan; Pakistan also provided specialized nutritious food and vegetable oil. Cereals, pulses and vegetable oil were sourced from **Nigeria** to support operations in that country, while the **Sudan** was the main source of sorghum for countries in East Africa.
8. Despite an increase in the local procurement of specialized nutritious food, **Belgium** remains the main country of origin for fortified blended food and **France** supplies most lipid-based nutrient supplements.

Origin country	Quantity		Value	
	mt	%	USD million	%
Top 10	2 705 000	60.8	1 373.0	56.4
Turkey	502 000	11.3	333.4	13.7
Ukraine	880 000	19.8	260.1	10.7
Russian Federation	246 000	5.5	117.6	4.8
Pakistan	147 000	3.3	114.5	4.7
Nigeria	128 000	2.9	111.2	4.6
Belgium	96 000	2.1	100.3	4.1
Kazakhstan	185 000	4.2	97.7	4.0
France	32 000	0.7	82.1	3.4
Romania	272 000	6.1	79.2	3.3
Sudan (the)	217 000	4.9	77.0	3.2
Others	1 744 000	39.2	1 061.7	43.6
Total	4 449 000	100.0	2 434.8	100.0

Support for procurement in countries where WFP operates

9. Approximately 60 percent of the volume of food procured in 2021 was sourced from **countries with ongoing WFP operations**; this stimulated developing economies at a time when the coronavirus disease 2019 (COVID-19) pandemic was having a major impact on domestic income across the world.

10. Procurement is primarily undertaken in **countries with reported surplus stocks** to minimize the risk of causing deficits and inflating market prices. In 2021, **cereals and pulses** were purchased from various regions based on demand and market availability; **vegetable oil** was mainly sourced from Turkey (for consumption in the Middle East and Southern Africa) and the Far East (mostly for consumption in Africa).

Implementation of the local and regional food procurement policy

11. The WFP **local and regional food procurement policy** (LRFPP), approved by the Executive Board in November 2019, was designed to boost local and regional purchases including from smallholder farmers (SHFs) while taking into consideration the cost-efficiency principle that drives WFP food procurement.
12. The implementation of the LRFPP has been divided into **two phases**:
 - i) The **transition phase** (2020–2022), during which WFP has been developing and testing the systems and tools needed to operationalize the LRFPP.
 - ii) The **mainstream and sustain phase** (2023–2027), when these systems and models will be mainstreamed into WFP business processes while procurement capacity, efficiency and sustainability are maintained.
13. In 2021, the Food Procurement Unit and the Food Systems and Smallholder Support Unit worked together to implement the LRFPP, with the following **key achievements**:
 - Creation of the **implementation framework** and identification of **key areas for investment** (tools, systems and processes).
 - Launch of a **steering committee** co-chaired by the directors of the Programme – Humanitarian and Development Division and the Supply Chain Operations Division to oversee implementation and provide guidance and support to field units.
 - **Operationalization of the first phase** in 11 countries in Latin America and the Caribbean, Southern Africa and Eastern Africa.
 - **Development of workplans and budgets** for the activities planned for 2021/2022 by WFP headquarters and the regional bureaux.
14. While the Programme – Humanitarian and Development Division conducted several value chain analyses and tested traceability options, the Supply Chain Operations Division (in particular the Food Procurement Unit) focused on the following:
 - Development of a **risk methodology and compendium of risks** to be shared with pilot countries for finalization in 2022. This will help to identify risks and opportunities and inform mitigation strategies for the implementation of the LRFPP.
 - Commencement of a **full traceability project** aimed at tracing food procured from SHFs “from farm to fork”.

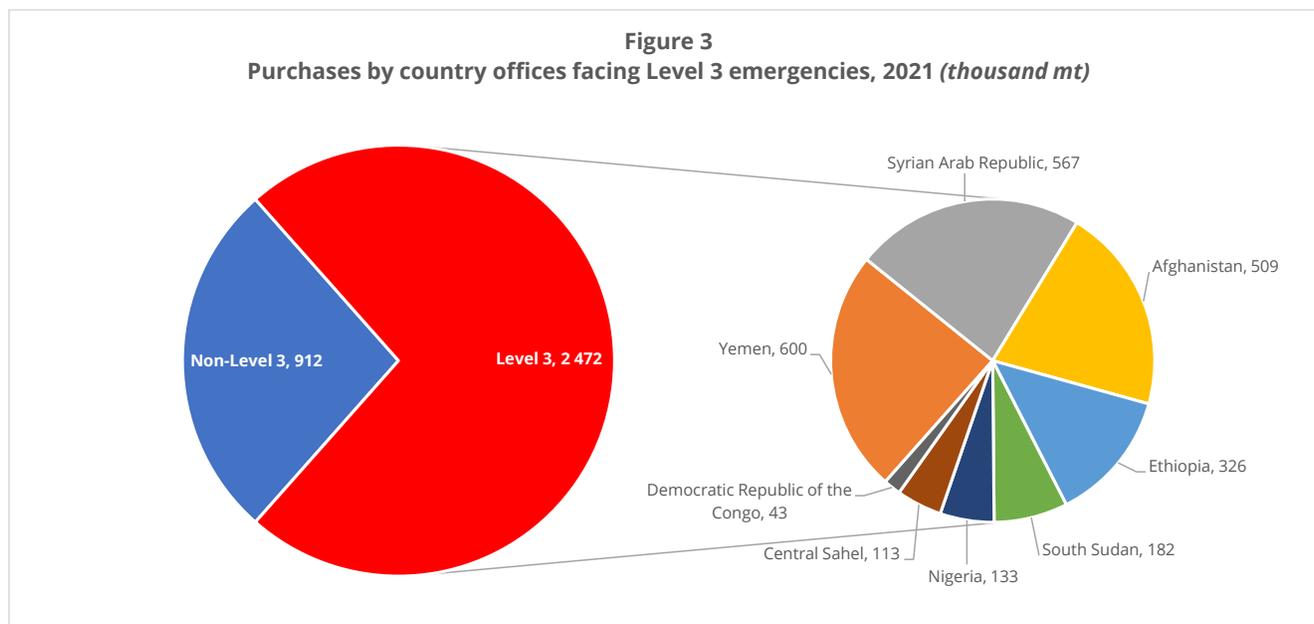
- Further development of **normative guidance and direct/indirect contract modalities**. WFP purchases from a wide range of vendors, from large international companies to SHFs; in between there are traders, who often source their supplies from local farmers and farmer associations. The indirect contract modality has a conditionality clause stipulating that at least 10 percent of the food supplied to WFP is to be sourced from SHFs. Using indirect procurement contracts enables WFP to buy more from SHFs while continuing to buy on a large scale and with traders' assurance of high-quality food. In 2021, the Food Procurement Unit also held **sensitization sessions** with suppliers of cereals and beans in Ethiopia, the Sudan, the United Republic of Tanzania and Uganda, explaining the conditionality clauses that will be included in all contracts and the need to provide supporting evidence for traceability. The Uganda country office plans to increase the 10 percent in the conditionality clause to 20 percent in 2022.
- A **supply and demand analysis** for pro-SHF procurement was conducted for Eastern Africa and identified ways to increase the share of food procured through smallholders under indirect contract modalities; these measures could double the volume sourced from SHFs in the region.
- The Food Procurement Unit also rolled out a pilot **training scheme** for its staff that it hopes to provide globally, which includes webinars on the LRFPP as well as technical training sessions on WFP platforms and how to use the pro-SHF modalities.

Scaling up procurement from SHFs

15. With the implementation of the LRFPP, WFP aims to **increase significantly the share of pro-SHF procurement**, reaching 10 percent by 2027.
16. In 2021, **117,000 mt of food** (valued at USD 52 million) was purchased from SHFs; this accounts for 2.7 percent of the total procured by WFP. Pro-SHF purchases were made in 27 countries, with the **Sudan** accounting for the highest share by value (41 percent) and tonnage (33 percent).
17. While efforts are made to scale up SHF purchases through various direct and indirect contract modalities, this type of procurement requires timely resource mobilization that allows WFP to purchase food at the right time and reduce delivery lead times. WFP's **Global Commodity Management Facility** (GCMF) is an advance financing mechanism that provides timely access to resources for SHF procurement, among other things. Of the 117,000 mt of food purchased from SHFs in 2021, almost **92,000 mt** (valued at USD 34.5 million) was procured through the GCMF.

Enabling responses to unfolding emergencies

18. In 2021, **2.5 million mt** of food (valued at USD 1.5 billion) was purchased for country offices facing Level 3 emergencies;² this represents **73 percent** of the food purchased for WFP operations.³ The largest amounts were purchased for operations in Yemen, the Syrian Arab Republic, Afghanistan and Ethiopia, which cumulatively account for 81 percent of the total for Level 3 emergency operations.



19. Significant investments have been made in **expanding WFP's supplier base** globally and enabling faster procurement when rapid-onset emergencies increase demand. The Food Procurement Unit at headquarters registered over 25 new suppliers from various regions in 2021, in particular Asia (to help meet rising demand linked to the Afghanistan emergency). International suppliers have been engaged through food supply agreements and other types of contract to ensure full flexibility and allow cargo to be diverted from its originally contracted destinations when necessary.
20. The Food Procurement Unit is continually developing **global sourcing strategies and operational intervention plans** for addressing the increase in requirements for emergency response operations, with staff participating in emergency preparedness activities and advising governments on related measures. When emergencies arise food procurement staff are regularly deployed to support local and international procurement efforts, often within 24 hours.

² The L1-L3 emergency classification model was superseded on 1 February 2022 with the adoption of WFP's [revised emergency activation protocol](#).

³ Figures reflect all country office purchases from GCMF inventories plus "conventional" procurement; they exclude service provision procurement and replenishments of GCMF inventories. Food PO report ZSCR035. (Not available online.)

Supply chain efficiencies generated through the GCMF

21. Ten years after the GCMF was piloted, procurement through the facility reached an all-time record in 2021, with **2.5 million mt** (valued at USD 1.3 billion) purchased by 49 country offices with an average lead time of 32 days (73 percent faster than the average lead time for direct purchase from suppliers).
22. The GCMF also enables long-term agreements with suppliers thanks to the visibility of aggregated demand. It allows WFP to take advantage of good harvests and market conditions and facilitates strategic purchasing. Through timely purchases and economies of scale, the Food Procurement Unit saved **USD 53 million** for country offices in 2021.⁴

Enabling government-run food assistance programmes through service provision activities

23. In line with the Sustainable Development Goals (SDGs), especially SDG 17: Partnerships for the goals, and the WFP strategic plan, the Food Procurement Unit **supports local and national food system actors** in addressing the root causes of hunger.
24. One way of achieving this objective is through **food procurement service provision**, under which WFP puts its supply chain expertise at the disposal of government-run food assistance programmes. In 2021, WFP procured more than **900,000 mt** (valued at USD 247 million) of food on behalf of governments, a record volume and 44 percent more than in 2020.
25. The largest service provision agreements were implemented in **Ethiopia** (790,000 mt) and **the Sudan** (80,000 mt), through which WFP-purchased wheat from Ukraine, Romania and the Russian Federation replenished national strategic reserves and covered a portion of reported grain deficits. In **Guatemala**, 18,000 mt of mixed commodities were sourced domestically in record time to support government-run feeding programmes.
26. These countries were supported in the **preparation of agreements, budget plans and delivery schedules** (based on favourable market conditions) and the review of operational and financial risks, in close collaboration with internal and external stakeholders.
27. In 2022 WFP will **continue to support** the governments of Ethiopia, Guatemala and the Sudan through this service and possibly expand it to other countries.

Ensuring sustainability

Reducing the carbon footprint

28. WFP is working with internal and external stakeholders to refine and scale an **environmental footprint calculation tool** for measuring CO₂ emissions and other environmental and social impacts from its procurement-related activities.

⁴ *Efficiency at WFP 2021 (draft report, publication pending).*

Promoting sustainable packaging

29. The bulk of WFP packaging, especially for major food commodities such as cereals, pulses and sugar, consists of woven polypropylene bags. In order to reduce plastic waste from the use of these bags, WFP is working on a two-year project in coordination with the International Committee of the Red Cross and the Office of the United Nations High Commissioner for Refugees to **design, field test and roll out alternative packaging materials**.
30. Along with other organizations, WFP is also taking part in a **joint initiative on sustainable packaging management** led by the United States Agency for International Development with the objective of reducing environmental risks while delivering life-saving assistance. The aim is to improve and standardize global procurement specifications by providing suppliers and humanitarian procurement staff with guidance and tools and to encourage the integration of sustainability criteria into tendering processes.

Sustainable palm oil

31. In 2021, products certified by the Roundtable on Sustainable Palm Oil (RSPO) accounted for **99 percent of WFP's palm oil purchases**. This is a significant increase from the 12 percent recorded in 2020, a figure largely due to restricted offering of such products by WFP's main suppliers and the impacts of the COVID-19 pandemic. Around 59 percent of all RSPO-certified products purchased was fully sustainable (segregated) palm oil; the remainder was "mass balance" product.⁵

An increasingly decentralized approach to procurement

32. WFP procurement activities are **largely decentralized**, based on a network of procurement units located at headquarters, the six regional bureaux and 62 country offices. Senior procurement staff are posted to the field wherever large quantities of food are purchased. In 2021, thanks to support from WFP senior management, headquarters and country office procurement units were able to enhance staff capacity in key field procurement offices.
33. In principle, the **international procurement** of most food is administered at headquarters, although a **share of it has been decentralized**, positioning it closer to the main markets and areas where commodities are grown.

Purchasing office	Quantity		Value	
	Mt	%	USD million	%
Headquarters	2 547 000	57	1 311	54
Regional bureaux	518 000	12	311	13
Country offices	1 384 000	31	813	33
Total	4 449 000	100	2 435	100

⁵ "Mass balance" refers to the mixing of sustainable palm oil from certified sources with ordinary palm oil throughout the supply chain.

34. In 2021, the Food Procurement Unit at **headquarters** procured more than 2.5 million mt (valued at USD 1.3 billion), accounting for 57 percent of the global tonnage and 54 percent of the total value procured.
35. The **Regional Bureau for Asia and the Pacific** was the second largest purchasing office (handling 6 percent of the total tonnage and 4 percent of total value procured); overall purchases by regional bureaux accounted for 12 percent of the total volume and 13 percent of the total value.
36. The percentage of purchases made by **country offices** fell slightly from 33 percent by volume in 2020 to 31 percent in 2021, primarily because of the increase in procurement of wheat flour and wheat on the international market. However, in absolute terms the volume purchased by country offices rose by over 280,000 mt; this was mainly due to purchases made in the Sudan and Afghanistan largely for emergency response operations, as well as procurement in Egypt and Nigeria.
37. Looking ahead, WFP intends to pursue an **increasingly localized approach** to food procurement, delegating responsibility to its country offices. To that end, significant investment has been made in building field capacity with the recruitment of more procurement officers to support the implementation of the LRFPP.

Oversight

38. In 2021, the Food Procurement Unit continued to provide **oversight and guidance** to field staff, particularly in relation to procurement undertaken through remote work, remote compliance missions and high-level support for field operations. Online training materials were developed and shared via the WFP WeLearn platform to enhance the knowledge and skills of procurement staff.
39. WFP has continued to improve its supply chain **import parity system** to meet the increasing need for better assessment of sourcing options.

Way forward

40. At the time of writing, an estimated **276 million people** are acutely food insecure or at high risk of food insecurity across 81 countries where WFP operates, a staggering increase of 84 percent from early 2020. Of this number, **44 million** face emergency levels of acute food insecurity or worse, including **more than half a million people** facing famine or famine-like conditions.⁶ United Nations entities and partner organizations aim to assist 183 million people in 63 countries in 2022. Inevitably, funding requirements grow as the number of people in need increases: WFP plans to target 137 million people in 2022, which would require an estimated USD 18.9 billion.
41. Due to global price rises and the recent conflict in Ukraine, the **cost of basic commodities** is increasing, especially for wheat and sunflower oil (of which Ukraine is a major producer). Ukraine is also a major supplier of fertilizer to Africa; a lack of fertilizer could lead to food shortages and further price increases, with a significant impact on WFP operations.

⁶ WFP. 2022. *WFP Global Operational Response Plan 2022 – Update #4*.

42. To mitigate the impact of higher food prices WFP is **adjusting its sourcing strategies**, identifying **new markets** and **investigating potential commodity substitutions** in line with beneficiary preferences.
43. In early 2022, the Supply Chain Operations Division released its **strategic road map** for 2022–2025. Based on WFP's strategic plan, the road map sets out priority areas for the next four years, anchored in three main pillars: sustaining leadership in emergencies and protracted crises (addressing SDG 2); strengthening national systems; and providing enhanced services and delivery solutions (addressing SDG 17).
44. Derived from the road map, the interim **global procurement strategy** for 2021–2022 has been adopted. The strategy aims to introduce, apply and expand tactical approaches and innovative tools for the efficient and cost-effective sourcing of food, goods and services for WFP operations and to support transformative food systems. It is based on three pillars:
 - i) **Service:** provide sourcing expertise (food, goods and services) for WFP operations.
 - ii) **Enable:** expand sustainable procurement practices to achieve programme objectives and national food security priorities in the countries where WFP operates.
 - iii) **Partner:** form strategic relations with other United Nations entities, non-governmental organizations, the private sector and beyond to achieve the SDGs.
45. In 2022, the Food Procurement Unit will continue to work on **operationalizing the strategy** by expanding its work on the LRFPP. For example, in 2022 WFP will seek to link producers of processed food with suppliers of raw materials that source from SHFs. The unit will also continue its work on sustainability initiatives and building partnerships.

ANNEX

Additional information on commodities procured

Category	Commodities
Cereals	Barley, bread, buckwheat, bulgur wheat, maize, maize meal, oats, pasta, rice, sorghum/millet, wheat, wheat flour
Pulses and vegetables	Beans, canned pulses, canned vegetables, chickpeas, lentils, peas, split lentils, split peas
Mixed and blended	Biscuits, date bars, high-energy biscuits, lipid-based nutrient supplements, fortified blended food
Oils and fats	Olive oil, vegetable oil
Others	Canned chicken, canned fish, dried fruits, fresh tubers, halawa, iodized salt, micronutrient powder, micronutrient tablets, plain dried skimmed milk, pre-packed food rations, processed tomato, sugar, tea, UHT milk, yeast

Cereals

1. In 2021, WFP purchased **3.4 million mt** of cereals (valued at USD 1.25 billion), representing 76 percent of the total volume of food purchased.

Wheat

2. In 2021, WFP purchased almost **1.4 million mt** of wheat (30 percent of its global food purchases), valued at USD 388 million. A significant share of this was sourced on behalf of the governments of Ethiopia and the Sudan.

Maize

3. Maize purchases dropped to **109,000 mt** in 2021 from the 423,000 mt recorded in 2020. WFP mainly purchases white maize, which represents only 5 percent of global maize production. More than 90 percent of the global output of white maize is produced in developing countries, where prices are only partly influenced by global maize markets.
4. WFP therefore purchases white maize **predominantly in the countries where it operates** (and when local markets allow). When harvests are poor and production falls, it becomes critical to source additional quantities from other countries; in such cases, procurement of white maize is complemented by purchases from more stable markets (e.g., South Africa in 2021).

Wheat flour

5. Wheat flour purchases reached a record volume of **800,000 mt** in 2021 (a 110 percent increase compared to 2020). This was the result of scaled-up interventions in Yemen, Afghanistan and the Syrian Arab Republic (through cross-border operations).
 - After the **scale-up of operations in Afghanistan** during the third quarter of 2021, wheat flour was initially procured from Turkey and the Russian Federation through the timely launch of food supply agreements. In addition, thanks to regional market assessments and a simplified vendor management process, WFP managed to diversify its sourcing of wheat flour by adding ten suppliers from Kazakhstan.

- **Syrian cross-border requirements** for wheat flour were fulfilled through ongoing food supply agreements, while Yemen requirements were covered through spot tenders due to specific commodity requirements, high volumes of in-kind wheat supplies and volatile funding for the operation.

Sorghum

6. In 2021 WFP purchased more than **500,000 mt** of sorghum; main countries of origin were the Sudan (210,000 mt, for distribution in the Eastern Africa region) and Nigeria (95,000 mt, to support the country operation). In the same year, WFP expanded its sources by purchasing 57,000 mt from Australia at very competitive prices, even after factoring the cost of ocean transport.
7. In addition, WFP expanded its use of **containerized bulk cargo shipments**, successfully piloted in 2020. Such a cargo of sorghum was received for the first time in Mombasa, Kenya, in 2021, and resulted in savings of over USD 100,000 in local shunting and general cargo handling costs.

Rice

8. In 2021 the amount of rice procured increased to **503,000 mt** from the 340,000 mt recorded in 2020. International procurement of rice was challenged by delays in the execution of contracts, mainly caused by an Asia-wide lack of shipping containers and delays in loading charter vessels. Consequently, the shipping lead time increased to as much as one and a half months, bringing the overall lead time to four and a half months.
9. WFP also **piloted international procurement of fortified rice** for Madagascar; further work needs to be done by the Nutrition Division and the Food Safety and Quality Unit to ascertain adherence to WFP standards and to reach the supplier's minimum purchase quantity.

Pulses

10. In 2021 WFP purchased **430,000 mt** of pulses valued at USD 316 million. Split peas, chickpeas and beans were the main pulses procured, followed by lentils, peas and other commodities. Beans are normally procured in the countries where WFP operates; yellow split peas are sourced internationally, usually at lower prices, because there are only a few varieties of them, they are consumed worldwide and they can be substituted for other pulses when the latter are unavailable or too expensive.

Specialized nutritious foods

11. The overall quantity of specialized nutritious foods (SNF) procured in 2021 **decreased by 5 percent** compared to 2020, mainly due to a reduction in the local procurement of Super Cereal for Malawi and Guatemala. International procurement of Super Cereal grew due to increased demand in Yemen and the new emergency in Afghanistan. The quantity of lipid-based nutrient supplements purchased internationally went up by 28 percent due to the high demand in Yemen. Volatile markets for the raw materials used to make SNF saw prices rise in 2021, with the biggest increase in wheat-based Super Cereal (average increase of 21 percent).
12. **Local and regional procurement** increased thanks to higher purchases of Super Cereal Plus in Rwanda. In 2021, one additional supplier for Super Cereal was registered in Ethiopia and the production capacity for the existing supplier in Rwanda was enhanced; meanwhile a new supplier in Ghana executed its first contract for Super Cereal.

13. The total available global production capacity of SNF remains insufficient to meet global demand. This has prompted a **two-tiered strategy** of addressing immediate supply needs while developing a healthy and sustainable supply base. Several activities were carried out at headquarters and the field (in close collaboration between the Procurement Division, the Supply Chain Planning Service, the GCMF, the Food Safety and Quality Unit and the Nutrition Division) to address immediate needs and ensure that pipelines were not affected by the shortage of Super Cereal. These activities included:
 - optimization of usage of current capacity through **proactive planning** and prioritization;
 - **consolidation of SNF procurement under the GCMF** to facilitate coordination and prioritization of supply;
 - **commodity substitution** (where feasible);
 - close collaboration with new suppliers of SNF to **increase their production capacity**, enabling SNF to be sourced closer to beneficiaries and (wherever possible) using locally available raw materials; and
 - close collaboration with the United Nations Industrial Development Organization to **identify and support new suppliers** through capacity building, technical support and increased quality inspections.
14. To develop a healthy and sustainable supply base centred on local production, the Food Procurement Unit is helping regional bureaux and country offices to map required capacity and identify new suppliers. Discussions with **potential new suppliers** are under way to help them to secure investments through long-term commitments; WFP is also exploring opportunities to collaborate with other United Nations entities and international financial institutions to support new producers. Promoting raw material sourcing from SHFs is an important element of this strategy.

Vegetable oil and sugar

15. In 2021, WFP sourced **236,000 mt** of vegetable oil, mostly sunflower oil and RSPO-certified palm oil.
16. Faced with a tight supply and volatile markets, particularly for vegetable oil, WFP sourced most of these products in **spot markets**, thus reducing the use of long-term food supply agreements. This strategy proved beneficial by increasing competition.

Acronyms

COVID-19	coronavirus disease 2019
GCMF	Global Commodity Management Facility
LRFPF	local and regional food procurement policy
RSPO	Roundtable on Sustainable Palm Oil
SDG	Sustainable Development Goal
SHF	smallholder farmer
SNF	specialized nutritious foods