

Update on the implementation of the local and regional food procurement policy

Purpose

1. This document provides an update on the progress and achievements to date of the implementation of the local and regional food procurement (LRFP) policy since the last update in December 2021. It also gives an overview of the way forward and an investment forecast for the policy mainstreaming for the next two years, subject to resource availability.
2. The LRFP flowchart, with its eight building blocks (annex attached), remains the guiding framework for policy implementation. In the past two years, great progress has been made in developing, testing, and mainstreaming key elements of the building blocks. Investing in and continuing to build some of the required tools and staff capacity is still necessary to ensure the successful mainstreaming of the policy.
3. To address these gaps, WFP will continue to build, test, and adapt systems and tools, as well as review capacity requirements, leveraging the lessons learned from the implementation in the past two years and building on solid evidence for more efficient and effective local and regional food procurement operations throughout WFP.
4. An overview of the investments associated with the various outputs and activities required to scale up and mainstream the policy are listed in the table at the end of this document.
5. This forecast will be reviewed and adjusted during the preparation of the management plan every year.

Implementing the LRFP policy in a “poly-crisis” world

6. The LRFP policy, approved in 2019 by the Executive Board, is a milestone for WFP. The policy recognizes that WFP’s demand for food and food system services can be a direct and indirect driving force towards achieving zero hunger, contributing to inclusive agricultural growth and sustainable social and economic transformation.¹
7. WFP scaled up local and regional food procurement to USD 1.6 billion in 2022, up from USD 787 million in 2020, with 51 percent of global WFP tonnage sourced locally and regionally and a 103 percent increase in value injected into local economies during this period. Deliberate efforts are made to better connect this to improving smallholder farmers (SHF) livelihoods and during the period, traced pro-SHF purchases increased from a value of USD 42.2 million in 2020 to 71.4 million in 2022, representing a rise of 68 percent of value transferred to SHFs and seven percent from the total volume of local/regional purchases.
8. The policy framework is implemented in 11 selected countries² in three regions (RBJ, RBN, RBP) where WFP, since 2020, has tested and developed innovative programmatic and procurement approaches and solutions to support the policy implementation and inform the scale-up and mainstreaming into WFP’s operations. In addition, tools and systems developed within the policy framework have been applied in other regions (RBD, RBC, RBB) beyond the core LRFP policy countries.

¹“Local and regional food procurement policy” (WFP/EB.2/2019/4-C).

² LRFP policy countries: Ethiopia, the Sudan, Uganda (RBN); Guatemala, El Salvador, Nicaragua, Honduras (RBP); Mozambique, Zambia, United Republic of Tanzania, Zimbabwe (RBJ)

9. Since the LRFP policy approval, the world has changed dramatically. COVID-19, the Global Food Crisis and the combination of more recurrent and frequent climate and economic shocks generate a cluster of multiple crises with no end. This determines a continued and staggering rise in global food insecurity and malnutrition, deepening poverty and inequity, reduced stability and peace, and threatens to reverse major development gains.
10. COVID-19 and the long-lasting impact of the restrictions and economic downturn have posed significant challenges to the implementation of the policy, from operational to financial, resulting in slowing down the planned activities in the countries.
11. At the same time, the Global Food Crisis with high food and fertilizer prices demands rethinking production, distribution, and consumption models. This provided an opportunity as countries and the international community were looking for solutions to mitigate the consequences of the food crisis to achieve greater and long-term impact generating systemic changes to transform food systems.
12. In this context, WFP, leveraging and integrating components (e.g., new contracts, value chain analysis, etc.) of the LRFP policy into the Global Response,³ has increased local and regional procurement as a tool to support and protect food systems, their actors and the people who live in them. By injecting resources into local economies, supporting smallholders and value chain actors, and developing more sustainable food procurement pathways through local sourcing and diversification of commodities, including substituting imports, WFP contributed to supporting food systems and strengthening their resilience in the LRFP policy regions and beyond, as described in subsequent sections of this document.
13. The LRFP policy can contribute to WFP maintaining the efficiency of its operations and can offer solutions to reduce the costs of its humanitarian interventions while at the same time supporting local food systems. For example, shortening supply chains during a time of crisis and identifying and implementing solutions, including localization and substitutions, to achieve greater and longer-term impact by bolstering local economies, reducing import dependencies, and increasing the value of transfers to SHFs. The inclusion of elements of the LRFP policy into the Global Response has shown the relevance of this work in the framework of a crisis, allowing WFP to link the response to recovery and longer-term solutions and connecting to the saving and changing lives agenda.

Key achievements to date

Corporate and mainstreamed

Inclusion of the LRFP policy into WFP's Global Crisis Response

14. In June 2022, WFP launched a corporate response to the Global Food Crisis to rapidly respond to the increased humanitarian needs and enable the enhanced coordination and exceptional measures required. Pillar III of the Global Response focused on implementing interventions to support the functioning of food systems during the crisis, focusing on local procurement, substitutions, and value chain development. In East Africa, where large food procurement is needed for humanitarian operations, WFP identified particular opportunities for increasing local and regional procurement and diversifying sourcing and commodities to identify sustainable pathways to reduce import dependency in the long term. This contributed to mitigating the impact of the crises on WFP's operations while supporting local food systems and promoting value chain development. Also, in emergency operations such as Ukraine, WFP has continued to assist the most directly war-affected

³ Regular reporting and updates on the activities under the Pillar III – Food Systems- of the Global Response were included in the Global Operational Response Plan (GORP) – [Global Food Crisis](#).

vulnerable people, while in tandem working with local vendors and farmers, utilizing tools and mechanisms developed within the LRFP policy implementation, to support local procurement and farmers and contributing to protect food systems functioning during the war. In the Latin America and the Caribbean (LAC) region, opportunities have been explored to use the LRFP policy tools (e.g., new contracts) to support the government's efforts to mitigate the impact of the crisis by linking the policy to service provisions, for example, in Guatemala, where WFP is buying for the National Grain Reserve. Additional details, including work being conducted in different regions and LRFP policy countries, are included later in the document under the section Regional Focus.

Value chain analysis (developed and scaled up)

15. After developing and piloting the interim methodology for value chain analysis (VCA) in the Sudan in 2021, a full-fledged methodology was launched, which includes the core economic module (focusing on price transmission analysis) and complementary modules (governance, post-harvest loss (PHL), logistics and finance). Several VCAs have been conducted for selected crops in the countries where the policy is implemented, and investments have been made to build WFP's capacity in this area, with additional staff (VC experts) and training conducted. The VCA work started with the LRFP policy but is now an integral part of WFP analysis in many countries beyond the core LRFP policy countries.⁴ At present, the VCA is used to inform the design of activities and programmes to address bottlenecks in specific value chains and to identify partners (United Nations, private sector, research centres) to establish fruitful and effective collaboration. Furthermore, the VC analysis is used to design procurement strategies (price transmission analysis) and select the relevant contracting modalities for each context and ensure the right timing of sourcing operations. WFP is leveraging its global collaboration, and Memorandum of Understanding (MoU), with CGIAR in this area of work supporting value chain analysis, jointly performed with the International Center for Tropical Agriculture (CIAT) in some LAC countries. Moreover, additional avenues and opportunities for collaborations with other CGIAR entities will be explored in the next phase of the implementation and mainstreaming to support value chain development work.

Normative, guidance and capacity building

16. To ensure effective implementation and the scale-up of the policy framework into WFP's operations and systems, WFP is working on reviewing, adjusting, and improving some of the existing internal processes (e.g., business process model, procurement) and developing new ones. Detailed technical and normative guidance to support the implementation in the field has been developed for each building block of the LRFP policy, and consolidated in an LRFP [Collection page](#), such as on how to use the new contracts (e.g., mandate and conditional), develop a theory of change for the LRFP policy, traceability and demand and supply analysis, among others.⁵
17. A new risk register has furthermore been developed and rolled out globally for the purpose of the LRFP policy implementation, and which identifies categories of risks⁶ related to local, regional and pro-SHF sourcing, and giving country offices access to a user-friendly tool able to produce heatmaps with easily identifiable mitigation measures.

⁴ LRFP policy: 6 country offices/11 VCAs in the Sudan, Uganda, Guatemala, Nicaragua, Honduras, El Salvador. Non-LRFP policy (Mastercard Foundation (MCF) partnership): 7 country offices/20 VCAs in Nigeria, Senegal, Ghana, Uganda, Kenya, United Republic of Tanzania, Mozambique, Liberia.

⁵ Translations of all guidance notes into French and Spanish are forthcoming in the second quarter of 2023.

⁶ Categories include strategic, operational, financial, reputational risks, amongst others, and disaggregated on risk types collected through corporate risk guidance and from LRFP policy countries and other regions.

18. Considerable efforts were also made to enhance staff capacities with more than 1,500 staff trained over one year through webinars tailored around each of the eight building blocks of the LRFP policy, as well as significant direct support and guidance provided by headquarters and regional bureau technical focal points to country office staff through bilateral engagement, meetings, workshops, etc. Additionally, investments were made to enhance regional bureau and headquarters as well as country office capacity to support the work on the policy with dedicated staff across different divisions, including programmes, procurement and supply chain.^{7,8}

Programmatic integration (CSP and programme design)

19. The nature of the work of the LRFP policy requires and speaks for integration among different programmatic areas of work and between the programme and supply chain fields, including beyond procurement (e.g., supply chain capacity, retailers etc.). At the country level, activities that support the implementation, such as those to enhance the capacities of smallholder farmers, to develop value chains under the smallholder agriculture market support (SAMS) or supply capacity strengthening interventions, are connected or layered and sequenced with various other programmatic activities such as resilience building, home-grown school feeding and based on the different desired outcomes including, in some cases, from the design of the country strategic plans (CSPs). This aligns with the ultimate objectives of mainstreaming the policy or selected elements into WFP's operations and programmes, including beyond initial LRFP policy countries.
20. In this vein, the flexibility of purchasing up to 20 percent above import parity price (IPP),⁹ as approved in the policy, to achieve longer-term development goals, has been utilized in various contexts and included as part of country office sourcing plans and applied in their procurement decision making processes. Specific guidance has been issued and training provided to ensure regional bureau and country office staff are conversant with the entire business process related to entering into purchases estimated at above import parity - from CSPs through to review and approval of programmatic justifications for each purchase request. Recent review of the implementation process has nevertheless shown that there is a need for additional capacity building in this area, as well as a mechanism and/or automation of tracking of purchases above IPP.

Implementation of the LRFP policy with a regional focus

Regional Bureau Johannesburg (RBJ)

21. WFP sourcing strategy and supplier development – In the RBJ region, the focus has been on piloting forward contract modalities linked to the Global Commodity Management Facility (GCMF) and aligning to seasonal calendars, ensuring timely purchases post-harvest to directly benefit SHFs and optimizing market price advantages. Pro-SHF purchases linked to GCMF procurement have been prioritized as a programmatic anticipatory action response to encourage investments in production, based on supporting demand planning for smallholder farmers. This has been particularly relevant following the economic shocks seen

⁷ Programme: LRFP policy focal points in headquarters (3) and regional bureaux (3), VC experts in headquarters (2) and regional bureaux (3); procurement: LRFP policy focal points in headquarters (3) and outposted in regional bureaux (1)/ country offices (2); supply chain: VC experts in headquarters Strategic Engagement Branch (SCOE) (2) and Retail and Markets Unit (SCOLR) (2).

⁸ Fourteen experts (including individual consultants, consultancy firms, universities, research centres) hired for 11 months or less to conduct VCAs within the frameworks of the: LRFP policy (6), MCF (7) and home-grown school feeding programme (HGSFP) (1)

⁹ WFP furthermore approves purchases above import parity, under other specific circumstances, including donor conditions, recipient country restrictions, emergency or pipeline requirements, etc.

during COVID-19 and the advent of the Ukraine crisis. In Mozambique, United Republic of Tanzania and Zambia, during 2022, 43 pro-SHF indirect contracts were concluded for a total tonnage of 10,450 mt and 9 direct contracts amounting to 5,600 mt.

22. The regional bureau is furthermore prioritizing onboarding additional local suppliers in the region to bridge the gap between the demand and supply of specialized nutritious foods (SNFs) and reduce regional import requirements.
23. In Mozambique, local pro-SHF maize procurement is planned for processing to include maize meal in the basket and thus replacing imported rice. The *United Republic of Tanzania* country office has managed to significantly scale up its value of pro-SHF purchases from six percent in 2020 to 34 percent in 2022, and interest shown from public buyers with the opportunity for technical support to be provided to the National Food Reserve Agency (NFRA) on pro-SHF sourcing operations. Also, in *Zambia*, synergies are being created with the Food Reserve Agency (FRA) and currently, work is being done to align commercial and legal terms before the buying season.
24. The capacity for conducting value chain studies has been enhanced in the region with 26 staff, between supply chain and programme divisions, trained through an ILO-certified course across 13 country offices, and to be scaled up further, depending on funding availability. In addition, a value chain expert has been recruited in the regional bureau to support and coordinate the work on VCA/value chain development (VCD) in the region.
25. Furthermore, an indigenous crops repository has been developed and linked to the diversification of food baskets and value chain development opportunities and which also forms part of WFP recommendations to the Southern African Development Community (SADC). The repository has created a guide to nutritious climate-resilient indigenous crops which have opportunity for import substitution for both WFP and governments. The next steps are to engage this within value chain development through HGSF and SAMS areas as well as opportunities for increased LRFP.
26. Monitoring & evaluation – Initial results from Mozambique,¹⁰ in utilizing forward contracting linked to GCMF, show that participating smallholder farmers have seen increases in the extension of land usage, agricultural yields, food reserved for household consumption, and access to saving services. The improved outcomes are driven by using mandate contracts, which compared to direct contracting or regular spot contracts, provide for more immediate payments from buyers and more sustainable market connections outside of WFP.
27. Mainstream systems and tools – The regional bureau has engaged in an LRFP policy integration strategy which focuses on cross-functional technical working groups for the implementation under food systems (supply chain, programme, food safety and quality (FSQ), CBTs) and with combined work plans and goals as well as joint missions and proposal development.¹¹ This has been prioritized to ensure and scale up the implementation and mainstreaming of systems and tools in the regional setting and across LRFP policy countries.

¹⁰ WFP Mozambique country office conducted two reviews (baseline and endline), and after analysing data developed related reports. The endline outcome survey highlights the findings.

¹¹ Two joint missions completed in 2022 as well as two additional missions planned around implementation of the LRFP policy in the Democratic Republic of the Congo (DRC) and the coordination of the market systems analysis (MSA) and VCA methodology for the development of sesame value chains in Malawi.

Regional Bureau Nairobi (RBN)

28. WFP demand and sourcing strategy – RBN is a high-volume sourcing area with three countries, Ethiopia, the Sudan and Uganda, each providing significant WFP demand and impact on local and regional economies. The innovative conditional contracts implemented under the framework of the policy have been extensively tested and have yielded encouraging responses from local private-sector traders and provided tangible pro-SHF results.
29. In *the Sudan*, based on a comprehensive analysis of the sorghum value chain, long-term sourcing plans with integrated programmatic objectives and procurement interventions have been implemented. This has provided valuable learning and generated expertise to position WFP as the primary technical partner for the Sudan government, both in a project funded by the African Development Bank (AfDB) to develop sorghum value chains and in leveraging WFP's expertise on food systems for the Sudan Resilient Safety Nets Project (SRSNP). Due to the outbreak of the recent conflict, this work is currently on hold as WFP's emergency response for the Sudan is developed. Nonetheless when local food procurement becomes possible again the principles and objectives of LRFP policy will be incorporated and reinstated wherever feasible.
30. In 2022, the *Uganda* country office completed a VCA that focused on price transmission – to discover prices received by farmers and other actors in selected value chains – and implemented 22 conditional contracts. Through this process, traders were sensitized to the policy's objectives, which created foundations for transitioning to longer-term agreements with more visibility and predictability for value chain actors. Uganda has been the main implementation ground for the traceability mechanism developed under the LRFP policy framework and initiated as an interim, low-cost solution to traceability needs, whilst efforts are continuing to develop a more comprehensive integrated corporate solution.
31. In *Ethiopia*, the focus is on leveraging the widespread and well-organized network of cooperative unions (CUs) and infrastructure to reach higher production levels for locally grown commodities and thus reducing import dependencies. This includes connecting farmers and their organizations (CUs) with food processors and aggregators to supply raw materials and training them on post-harvest loss and commodity and contract management. Furthermore, the country office is leveraging its expertise in LRFP policy and food systems implementation to provide technical assistance and build on its strong collaboration with government, supporting the country's sustainable food system transformation agenda.
32. WFP demand/supply planning and risk analysis – Both Ethiopia and the Sudan have used long-term demand forecasting (up to 18–24 months) to inform procurement plans coordinating forward purchasing through GCMF and creating enhanced visibility for value chain actors. Uganda will do the same this year. The transition period has been used to gradually increase the time horizon to scale to a minimum of three years or more of demand forecasting. The country offices have utilized the LRFP policy template format to provide cohesive plans integrating programmatic and supply chain objectives, including identifying relevant contextual risks and market conditions.
33. Commodity substitution – Following the outbreak of the Global Food Crisis, RBN and the LRFP countries have made noteworthy gains in substitution efforts. Commodities previously imported to the region were, since July 2022, substituted with locally available alternatives to the value of approximately USD 50 million, which included 34,000 mt maize/sorghum, 5,000 mt beans and 13,500 mt of vegetable oil. This has led to a reduction in import dependency and supported local economies, strengthening local food systems, mitigating supply costs, and shortening supply chains.

34. Evidence generation – WFP is partnering with the International Food Policy Research Institute (IFPRI) to conduct a research study to understand the impact of conditional contracting modalities on the livelihoods of smallholder farmers and other value chain actors in Uganda.

Regional Bureau Panama (RBP)

35. WFP demand and sourcing strategy – In 2022, 95 percent of total food procured for RBP country offices was sourced in the Latin America and the Caribbean Region under the “LAC feeds LAC” initiative, representing a 46 percent increase compared to the previous year. Six percent (4,705 mt) of total purchases in the region were registered as pro-smallholder sourcing representing an increase of 70 percent compared to 2017. Furthermore, in response to the Global Food Crisis, RBP initiated the substitution of previously imported vegetable oil and pulses with local and regional options. Concretely, sunflower oil previously imported from Turkey was substituted with available options from Mexico and Honduras and black beans were substituted with whole green peas which are more widely available in the regional market.
36. Expanding pro-SHF procurement beyond WFP's purchases – LAC region has a significant agricultural sector, being a major player in the global market for some export crops. However, the region has a large deficit in fertilizers and the traditional food basket is dependent on imported food items. As a result, regional food systems are vulnerable to international shocks and stressors and food security is compromised due to high food prices and lack of economic access for the most vulnerable populations.
37. On the other hand, the region has a promising context with high production capacity and opportunities to work with institutional buyers, private sector actors, and practitioners for the development of more inclusive and equitable value chains. WFP works with national governments and regional organizations to strengthen capacity, design and implement policies and regulations to create the right enabling environment and investments to scale up local food procurement footprints and pro-smallholder initiatives.
38. In LAC, implementation models are being developed and tested to leverage the policy and its potential beyond WFP's own purchases. It also serves as a reference to explore opportunities of programming synergies and complementarities. It ensures alignment between procurement and programmes while fostering integration of SHF's livelihoods and food systems based on evidence generation.
39. In *Honduras*, WFP is working to connect smallholder farmers (SHF) organizations to public procurement and the private sector. The country office implemented, for the first time in LAC, conditional clauses for indirect purchases that promote SHFs' products. Besides, WFP connects them to supermarkets using cash-based transfers (CBTs) as a leverage point to promote fresh and nutritious products.
40. In *Guatemala*, the Government established a strategic grain reserve (SGR) with WFP's support, and a main premise of the upcoming SGR is for SHFs to supply a minimum percentage (to be decided with the ministry) of the total demand for maize and beans.
41. In *El Salvador*, the focus is on strengthening subregional food systems and reinforcing public procurement. WFP is currently supporting the Ministry of Education in the purchase of maize and sorghum for the elaboration of an energetic beverage based on local production and distributed in primary schools.

42. In *Nicaragua*, the policy will build on the vast experience with direct procurement from cooperatives to strengthen the connection with private sector buyers for enhanced long-term sustainability. WFP is acting as a facilitator promoting the connection between supported smallholder farmers, SHF organizations and the private sector. Large supermarket chains that used to import food from overseas are now able to source high-quality products in Nicaragua to fulfil regional demand for black beans in Costa Rica and Guatemala.
43. Value chain analysis and development – Eight value chain assessments have been conducted across the countries in the Central America region in collaboration with the International Center for Tropical Agriculture (CIAT) and local research centres. These studies have focused the analysis on commodities such as maize, black beans, sorghum and vegetables that contribute to more balanced and sustainable diets, safeguarding at the same time local food culture. The studies are widely shared with value chain actors in the public and private sectors to inform interventions and decisions. Internally to WFP, it guides the selection of partners such as the public sector (the *Ministerio de Agricultura, Ganadería y Alimentación* (MAGA) in Guatemala, the *Instituto Hondureño de Mercadeo Agrícola* (IHMA) in Honduras, the *Ministerio de Educación, Ciencia y Tecnología* (MINEDUCYT) in El Salvador) or the private sector (national and international supermarkets in Nicaragua and Honduras). Besides, the results of the studies have guided the setting of procurement targets and, the choice of contract modalities. In El Salvador, Nicaragua and Honduras new SHFs have been registering as WFP vendors in order to use direct contracts for maize and black beans. In the four Central American countries, conditional pro-SHF clauses have been integrated for indirect purchases. Finally, value chain assessments have also oriented the prioritization of programmatic interventions linking food procurement with SAMS and school meals programmes to address value chain inefficiencies and weaknesses.
44. Mainstream systems and tools – RBP will prioritize the consolidation of the implementation models and mainstreaming of systems and tools in the LRFP countries, including necessary adjustments to utilize them in different contexts and countries. This includes developing and deploying the monitoring and evaluation (M&E) framework and evidence generation, further disseminating indirect contract modalities, and implementing the digital traceability system as well as the newly developed LRFP policy risk register tool.

Next steps and investment areas

45. This section provides an overview of the next steps for the way forward, outlining areas of investments in which resources are needed.
46. In the past two years, despite the challenges posed by the global context, WFP has achieved great results in implementing the LRFP policy. The work done has shown the relevance of the LRFP framework, including in the context of responding to a global crisis – both in the countries initially selected for the LRFP policy implementation, but also beyond to other countries interested in applying the framework and being part of the mainstreaming efforts.
47. Recognizing this and the momentum gained by local procurement as a key tool to promote and achieve development goals and to contribute to more resilient food systems, WFP is working on expanding and strengthening its efforts, based on different contexts, to better use and connect the LRFP work to market development objectives. This entails working on and strengthening connections with the local private sector (retailers, wholesalers, transporters), including supporting them in improving the quality and type of the services (seeds, post-harvest management) they provide to various actors along the food value chains as well as promoting environmental and social considerations.

48. Additionally, WFP will continue exploring how the LRFP, and its elements, can be better used in the framework of WFP's cash-based transfer interventions to strengthen the capacities of the actors along the food value chains, connect them to local procurement, reduce post-harvest losses among other activities to develop more efficient and stronger local markets. Similarly, a number of principles and elements guiding the policy, for example, value chain analysis and assistance to SHF and PHL are extremely relevant to support and inform WFP and partners programmes in highly food-insecure, vulnerable and shock-prone settings – particularly those undergoing integrated resilience programmes in view of restoring or rebuilding more resilient local food systems.
49. The next steps will be informed by the lessons, including challenges, gathered in the past two years. A stocktaking exercise is ongoing to review and recalibrate some of the implementation elements and tools of the building blocks as well as to gather evidence to ensure a successful scale-up. This includes exploring potential partnerships with the private sector to support further development of some of the required tools. Additionally, as part of this process, a cross-functional working group has been established to review the methodology and the implementation of value chain analysis. This will allow WFP to streamline and mainstream the value chain analysis methodology and process to achieve greater efficiency and impact.
50. While the work in the field continues and fine-tuning of the required systems and tools takes place, considerable investments are still required to support the LRFP work, including maintaining and expanding existing capacities and successfully scaling the policy's various components into WFP's operations and corporate systems.

Systems and tools development

51. The operationalization of the policy at scale will require upfront investments to support existing and past efforts to finalize some of the tools and systems and recalibrate others as needed. This includes expanding and operationalizing M&E systems that have been developed and tested; developing further, building on the lessons gathered from RBN and RBJ, on how WFP performs and uses the demand and supply analysis, including leveraging demand forecasts, long-term agreements and GCMF; and exploring the opportunities to partner with the private sector to develop traceability systems.
52. Along these lines, WFP will want to test the adoption of sustainability standards and certification applicable to vendors and other relevant actors, to define practices or performances, that would be assessed and measured in order to learn from results and improve WFP systems and its impact on farmers. Through the prospect of utilizing criteria and standards, akin to those in cocoa or coffee value chains (e.g., Fairtrade/Flocert, ISO 26000, Rainforest Alliance/UTZ, SA 8000), not only would this create an auditable traceability mechanism for the part of the supply chain extending from traders to SHFs (and for which WFP is currently relying on an interim internal manual system), but equally importantly, through these schemes, provide opportunity for WFP to address issues of fair price transmission and sustainable production in value chains of commodities purchased from SHFs.

Value chain analysis

53. This area has grown significantly in the past two years. Several value chain analyses have been conducted, and investments have been made to build WFP's capacity in this area with additional staff and training conducted. Value chain analysis is instrumental in identifying actions and partners to address bottlenecks to enhance efficiency along the food value

chains. It is widely recognized as a key tool to support broader and sustainable value chain development efforts.

54. Resources are needed to maintain and expand these investments in the regional bureaux and headquarters to coordinate the work around value chains and provide technical assistance to country offices. This catalytic investment will allow WFP to review and improve the current methodology, continue and expand the technical assistance to the field as well as mainstream the value chain analysis into WFP's work, including beyond the commodities purchased in the framework of the LRFP.

Capacity strengthening and technical assistance

55. The LRFP work is growing beyond the initial countries and regions identified for the transition phase. Investments are required to maintain the current capacity and expand it to support growing needs and the scale-up of the LRFP. Considerable efforts have been made to build staff capacity using existing resources, develop new tools and guidance, and provide training for each policy-building block. Upfront investments are therefore required to support and scale-up capacity development efforts, training and surge in the field.

Evidence generation

56. WFP has started working on building solid evidence of the impact of WFP's procurement and of the programmatic work implemented in the framework of the LRFP to support smallholder farmers and relevant value chain actors. Additional resources are required to continue developing the systems and the capacity to gather and build stronger evidence of the impact of the activities connected to the LRFP implementation. This may include the use of innovative technologies as well as establishing partnerships with research centres and private actors to generate stronger evidence.

Partnerships, advocacy and knowledge management

57. Building partnerships with the private sector, at local and global levels, research centres, the Rome-based agencies (RBAs) and relevant United Nations agencies, non-governmental organizations and partners will allow WFP to leverage the LRFP to its full potential, scale it up and magnify the impact of its efforts. In the next two years, WFP will continue strengthening and developing partnerships to unleash the power of the LRFP, identify adequate technology to support the various LRFP tools and systems (e.g., traceability) and use the local and regional procurement as a catalyst to develop more resilient food value chains. This includes also working with governments in the LRFP countries and beyond them to strengthen collaboration, connecting institutional demand to SHFs, and going beyond WFP's procurement.
58. To support the work of the LRFP, mobilizing resources and communicating better, WFP has initiated the production of a series of advocacy products, such as factsheets, communication pieces, and videos to share the achievements of the past years internally and externally, including best practices and case and country studies. These efforts will allow WFP to share the work of the LRFP widely with interested country offices, promoting the concepts and the tools and advocating for the mainstreaming of the LRFP in WFP's operations and programmes. WFP will use this to advocate governments to link their institutional demand to smallholders and use local procurement as a force to drive development goals. Additionally, this material will support WFP's resource mobilization efforts.

INVESTMENT FORECAST 2024–2025

Investment Areas	Headquarters/regional bureaux	Total (USD) (2 years)
1. Systems, tools, and processes	Headquarters	500 000
	Regional bureaux	500 000
2. Value chain analysis and development	Headquarters	600 000
	Regional bureaux	800 000
3. Capacity strengthening and technical assistance	Headquarters	2 000 000
	Regional bureaux	4 000 000
4. Evidence generation	Headquarters	200 000
	Regional bureaux	300 000
5. Partnerships, advocacy and knowledge management	Headquarters	200 000
	Regional bureaux	400 000
Total		9 500 000

ANNEX

