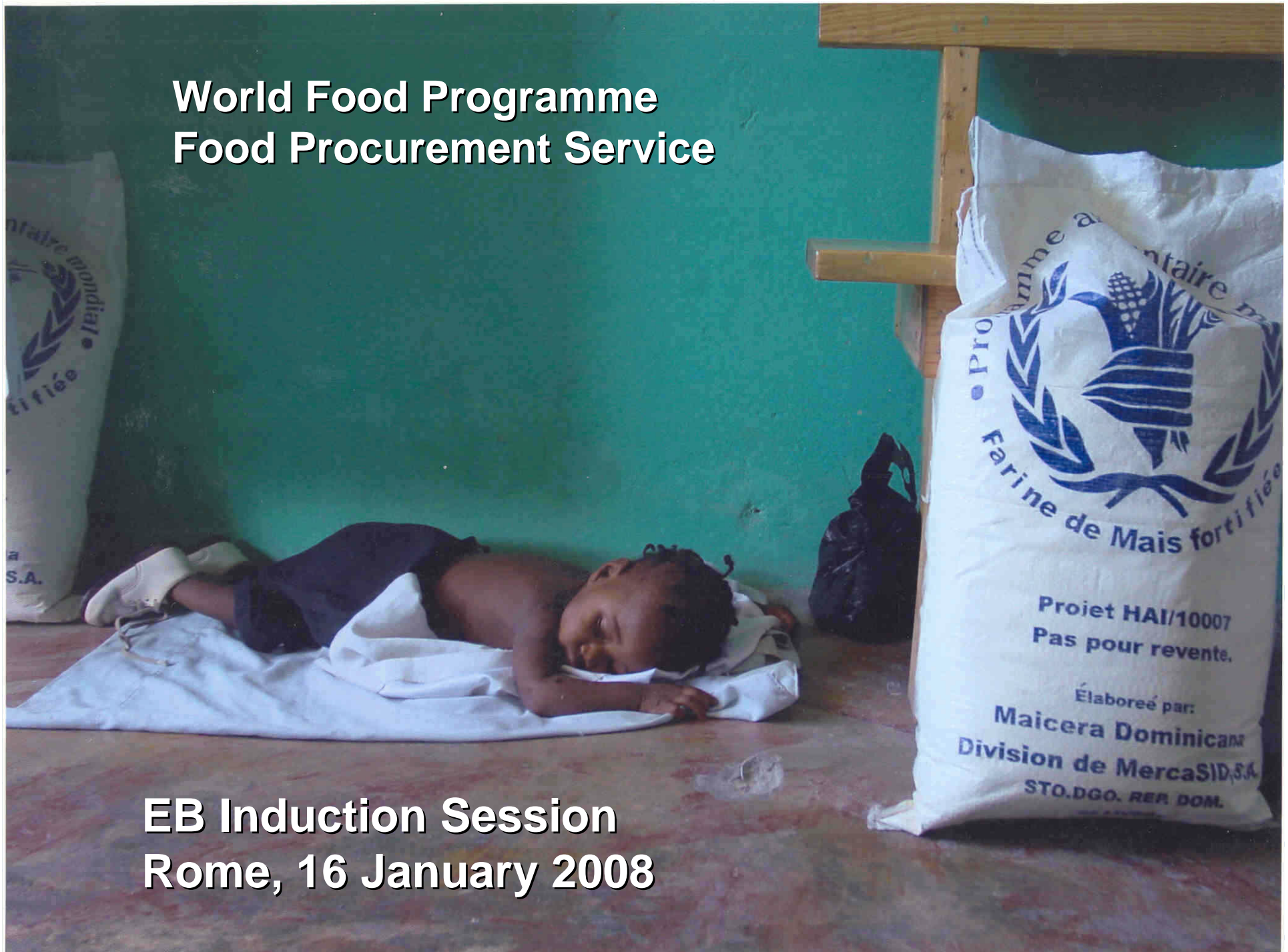


**World Food Programme
Food Procurement Service**



**EB Induction Session
Rome, 16 January 2008**

Food Procurement

- Mission statement:
“ to provide acceptable food to beneficiaries in a timely and cost efficient manner”.
- In addition the Financial Rules state:
“ to the extent possible to procure from the developing countries.....”

KEY FIGURES

2007



Food Procurement Trends

2007



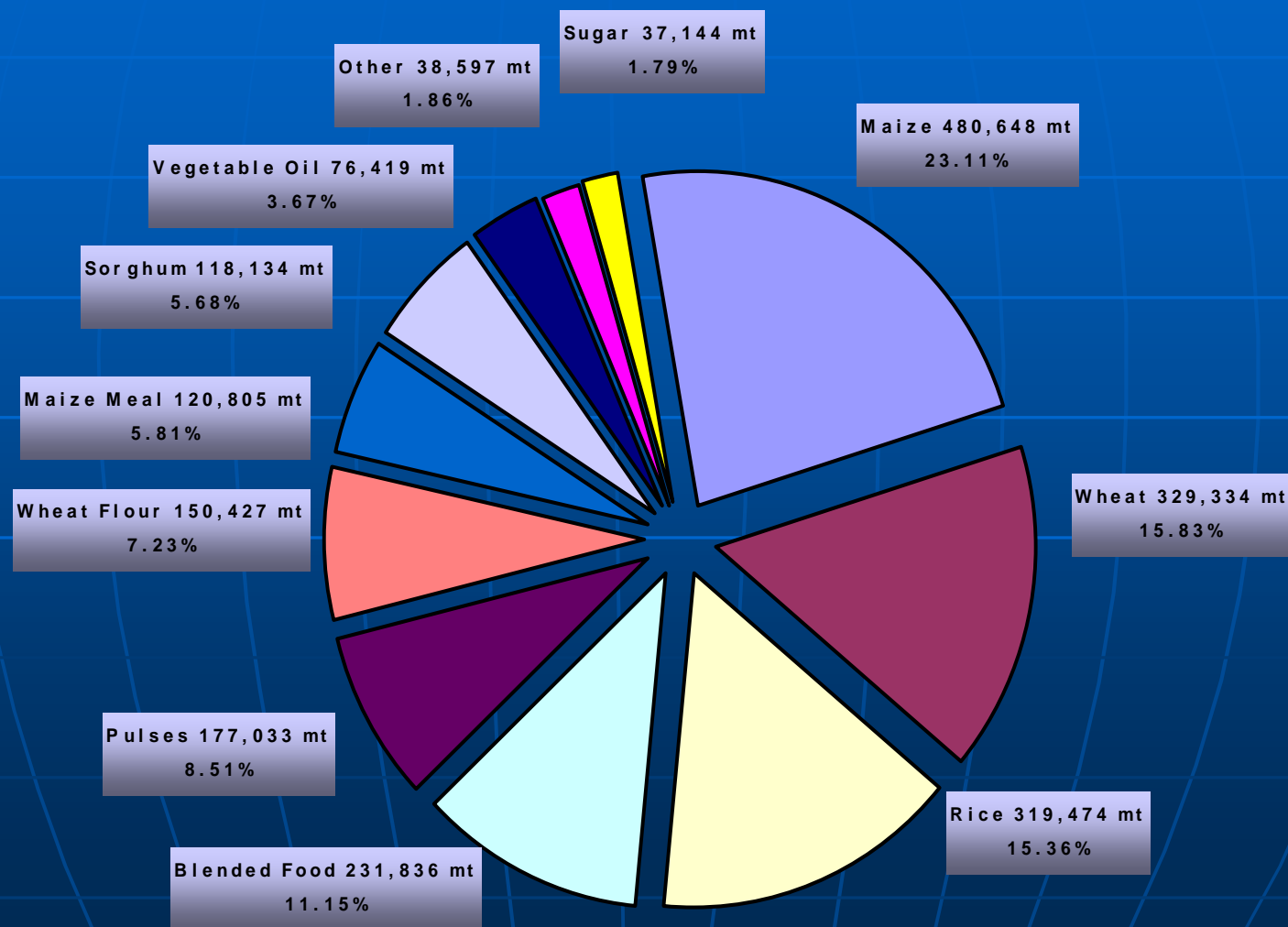
2003 includes 518,000 mt worth US\$ 182 million for Iraq

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

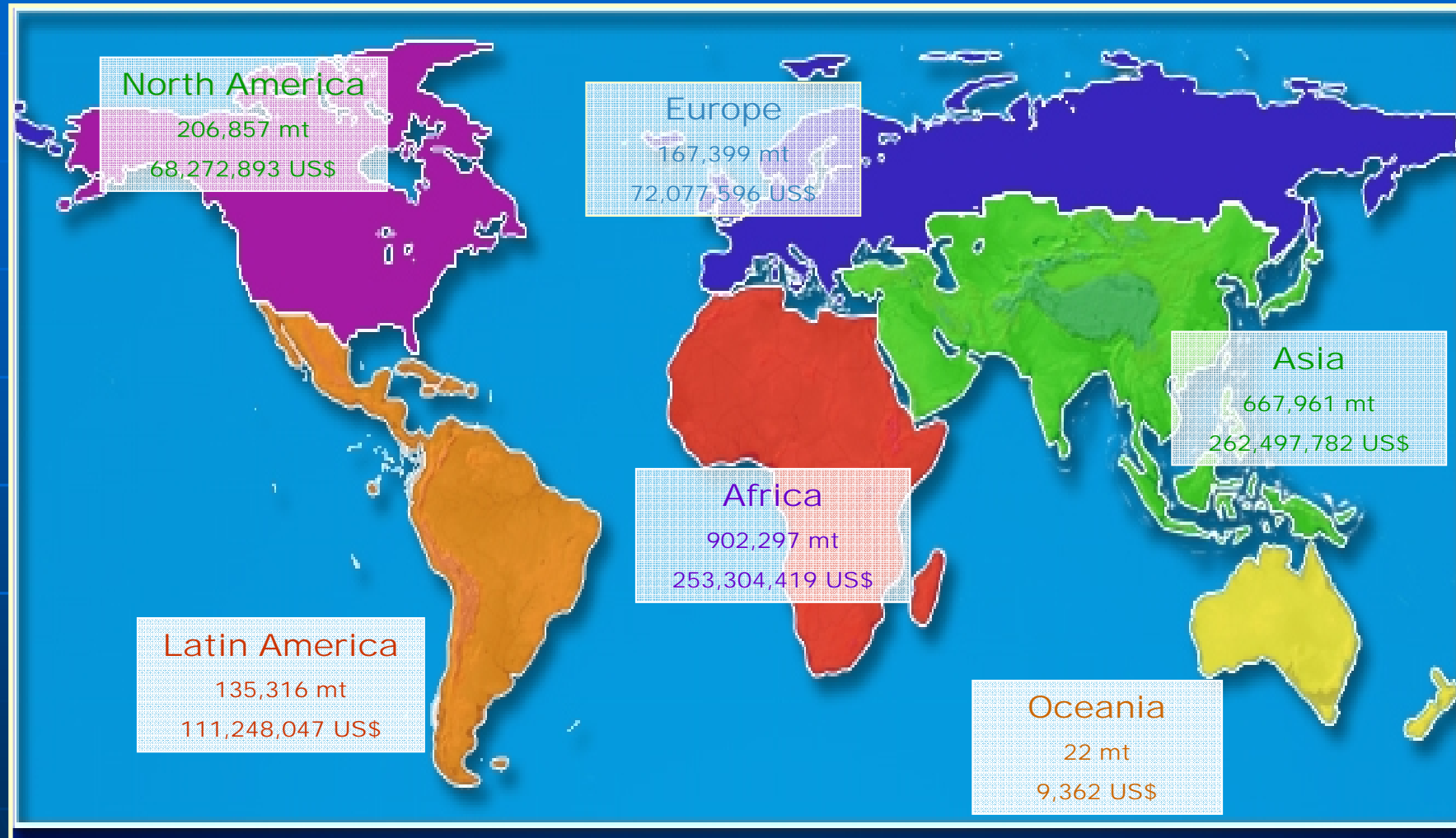
2007

What did we purchase?

% of Total Quantity (2,079,852 mt)



Where did we purchase in 2007?



82 Countries: 69 Developing 13 Developed

WFP Food Purchases

Origin of Goods as per DAC Category

2007

By each category

DAC Category	Quantity mt	% mt	Value US\$	% US\$
LDC	781,690	37.58%	216,225,946	28.18%
LIC	370,238	17.80%	106,051,172	13.82%
LMIC	315,224	15.16%	197,950,789	25.79%
UMIC	185,130	8.90%	92,164,185	12.01%
Developed	427,570	20.56%	155,018,008	20.20%
TOTAL	2,079,852	100.00%	767,410,099	100.00%

By grouped categories

DAC Category	Quantity mt	% mt	Value US\$	% US\$
LDC/LIC	1,151,928	55.39%	322,277,117	42.00%
LMIC/UMIC	500,354	24.06%	290,114,974	37.80%
SUB TOTAL	1,652,282	79.44%	612,392,091	79.80%
Developed	427,570	20.56%	155,018,008	20.20%
TOTAL	2,079,852	100.00%	767,410,099	100.00%

LDC: Least Developed Countries
 LIC: Other Low-Income Countries (per capita GNI < \$825 in 2004)
 LMIC: Lower Middle-income Countries (per capita GNI \$826 - 3,255 in 2004)
 UMIC: Upper Middle-Income Countries (per capita GNI \$3,256 - 10,065 in 2004)

WFP FOOD PROCUREMENT: WORLD VIEW 2006



CLICK ON A CONTINENT FOR ADDITIONAL INFORMATION:

TOTAL PURCHASES ➡ US\$ 601 MILLION ➡ 2 MILLION MT



DISTRIBUTION OF PURCHASES BY VALUE AND COUNTRY INCOME LEVEL (OECD CLASSIFICATION)



42% LOW INCOME COUNTRIES



35% MIDDLE INCOME COUNTRIES



23% DEVELOPED COUNTRIES



NO PURCHASES

Food Origin TOP 15 Countries (in value terms US\$)

Country	Value US\$	Percent
Canada	63,234,550	8.24
Uganda	54,769,771	7.14
Ecuador	51,137,045	6.66
Turkey	44,515,965	5.80
Pakistan	36,399,122	4.74
Russian Fed.	31,329,134	4.08
Indonesia	29,452,050	3.84
India	28,188,917	3.67
Sudan	24,771,678	3.23
Kenya	24,404,307	3.18
Zambia	21,412,392	2.79
Malawi	20,619,635	2.69
Malaysia	19,636,104	2.56
China	18,358,233	2.39
Ethiopia	18,288,516	2.38
TOTAL	486,517,418	63.40



2007 Purchases in Africa

ORIGIN CTRY.	Quantity mt	Value US\$
Uganda	210,223	54,769,771
Sudan	93,935	24,771,678
Kenya	82,013	24,404,307
Zambia	95,282	21,412,392
Malawi	90,549	20,619,635
Ethiopia	53,412	18,288,516
South Africa	49,007	17,360,057
Mozambique	44,636	12,381,038
Tanzania	51,248	11,976,839
Cameroon	25,287	8,713,942
Burkina Faso	15,963	5,271,430
Namibia	11,235	4,632,205
Egypt	12,825	4,615,553
Ghana	9,315	3,901,499
Lesotho	10,428	3,659,195

ORIGIN CTRY.	Quantity mt	Value US\$
Algeria	7,631	3,140,568
Rwanda	9,109	3,040,810
Dem.Rep.Congo	5,651	2,641,971
Mali	8,223	2,519,569
Zimbabwe	5,497	2,147,077
Benin	5,907	1,476,436
Togo	2,165	829,741
Senegal	1,751	248,787
Côte d'Ivoire	151	165,382
Niger	602	162,584
Burundi	75	86,250
Somalia	120	56,700
Gambia	60	10,488
Grand Total	902,297	253,304,419

Different procurement categories

- Local/Regional Purchases
(through WFP Country Offices, in countries where beneficiaries are located)
- International Purchases
(through WFP HQ Rome, Italy)

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.

Purchase for Progress Objectives

- Increase smallholder capacities to profitably engage in agricultural markets.
- Identify and implement best practices for increasing smallholder sales to WFP.
- Share best practices for increasing profitable smallholder farmer engagement in markets.
- Increase smallholder sales to WFP and thereby increase their incomes.

Procurement and Market Support Modalities Tailored to Optimize the Development Impact of WFP's Food Procurement on Small Scale Farmers

- Purchase directly from small scale farmer associations;
- Support to warehouse receipt systems;
- Support to nascent commodity exchanges;
- Dissemination of market information (prices and availability) in remote areas;
- Establishment of rural depots as purchasing bases.

Primary Risk

- Un-sustainability and artificial nature of WFP business as a market (sporadic funding, largely responding to emergencies).



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