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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, ODT*: Mr R. Lopez da Silva tel.: 066513-2404

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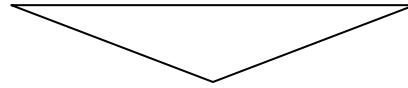
Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

* Transport and Procurement Division

** Food Procurement Service



DRAFT DECISION*



The Board takes note of “Update on WFP Food Procurement” (WFP/EB.A/2007/12-D).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document (document WFP/EB.A/2007/15) issued at the end of the session.



FACTS AND FIGURES

1. In 2006, WFP procured 2 million mt of food, value US\$601 million, in 84 countries, of which 70 were developing countries.
2. Of this, 77 percent valued at US\$460 million was purchased in developing countries; 23 percent, value US\$141 million, was purchased in developed countries.
3. Of the food procured, 9 percent was bought with contributions restricted to purchase in the donor country; only 14 percent was procured in developing countries as the best option.
4. Purchases of blended foods in developing countries increased as follows: 2000 - 20,000 mt; 2004 - 60,000 mt; 2005 - 115,000 mt; and 2006 - 162,000 mt, 70 percent of the blended foods procured.

DAC category	mt	%	Value US\$	% US\$
LDC*	618 313	30.68	161 655 333	26.90
LIC**	394 543	19.58	89 465 832	14.89
LMIC***	245 800	12.20	117 874 012	19.61
UMIC****	293 206	14.55	91 272 729	15.19
Developed	463 526	23.00	140 697 196	23.41
Total	2 015 388	100.00	600 965 102	100.00
DAC category groups				
LDC/LIC	1 012 856	50.26	251 121 164	41.79
LMIC/UMIC	539 006	26.74	209 146 741	34.80
Sub-total	1 551 862	77.00	460 267 906	76.59
Developed	463 526	23.00	140 697 196	23.41
Total	2 015 388	100.00	600 965 102	100.00

* Least developed country

** Other low-income countries (per capita gross national income (GNI) < US\$825 in 2004)

*** Lower middle-income countries (per capita GNI US\$826–US\$3 255 in 2004)

**** Upper middle-income countries (per capita GNI US\$3 255–US\$10 065 in 2004)

FOOD PROCUREMENT TRENDS

5. In 2006 as in 2005, WFP made the most food purchases in Africa, followed by Asia.
6. For the last six years, the Republic of South Africa has been the country where WFP has purchased the most, but it fell to fifth place in the top 15 countries where WFP sourced food in 2006 as a result of reduced planting by commercial farmers in response to low prices in the preceding two planting seasons.
7. In 2006, Uganda was the country where WFP procured the most; Ethiopia was second: US\$41 million worth of food was purchased in Uganda, 7 percent of the total procured; US\$37 million worth was procured in Ethiopia, 6 percent of the total.



8. The percentage of food procured with contributions restricted to purchase in the donor country declined from 14 percent in 2005 to 9 percent in 2006 because Canada and Denmark in particular lifted the restriction on a higher percentage of their contributions.
9. The proportion of food procured in developing countries rose from 74 percent in 2005 to 77 percent in 2006; the proportion purchased in least developed and low-income countries rose from 36 percent in 2005 to 50 percent in 2006. The factors affecting this include the kinds of food required and availability relative to the location of operations. Much of the funding that was no longer restricted to purchase in the donor country was spent on procurement in least developed and low-income countries.
10. Overall, the US dollar price per metric ton of food increased by 6 percent from 2005 to 2006. Greater price increases are already apparent in 2007, primarily as a result of further weakening of the US dollar and increased global demand for biofuels.

STATUS OF PROCUREMENT CAPACITY

11. As of May 2006, WFP had 24 international professional officer food procurement posts, 10 in Headquarters and 14 in the field, 1 junior professional officer (JPO) procurement post and 7 national food procurement officer posts. Of the professional officer posts, 16 are financed from the Programme Support and Administration (PSA) budget; the remaining 8 and the 7 national officer posts are financed from direct support costs (DSC) of operations in the countries where they are assigned.
12. Food procurement is also carried out by procurement focal points, who often have other functions as well. The number of international professional food procurement posts in the field remained the same in 2006 as in 2005, but one JPO post funded by Belgium and three national procurement officer posts were added. Posts financed through DSC are still at the discretion of country or regional directors. Table 2 shows the current professional and national officer food procurement officer positions in the field.

TABLE 2. FOOD PROCUREMENT POSTS IN THE FIELD				
International officers				National officers
Regional bureau	Grade	Country office	Grade	Country office
ODC Ankara	P4	DR Congo	P3	Bangladesh
ODB Bangkok	P4	Ethiopia	P3	Colombia
ODJ Johannesburg	P4	Indonesia	P3	Ecuador
ODJ Johannesburg	P3	Kenya	P3	India
ODS Khartoum	P4	Uganda	P3	Pakistan
ODS Khartoum	P2			Sudan
ODD Ouagadougou	P3			Tanzania
ODP Panama City	P3			
ODK Uganda	P4			



HIGHLIGHTS

Swedish Trust Fund

13. With financing from the Swedish Trust Fund, a stand-alone database has been developed to facilitate retrieval and analysis of food procurement data with a view to improving WFP's measurement of the cost-efficiency of procurement and improving vendor management. The database may be used in the field and at Headquarters.

Belgian and Swedish Support for Technical Meeting on Food Procurement

14. A four-day technical meeting on food procurement at the end of May 2007, supported by Belgium and Sweden, brought together procurement officers from the field and Headquarters to discuss procedures and policies; representatives of donor and recipient countries, non-governmental organizations (NGOs) and the private sector, joined the meeting for one day devoted to best practices in local and regional food procurement.

Belgian Support to Local Food Procurement Study in the Democratic Republic of Congo

15. Belgian funding enhanced local procurement in DRC: a study in three provinces of the potential for procuring food and diversifying the supplier base found that food procurement could be expanded, but that improved procurement planning and better coordination with partners were needed, in conjunction with potential suppliers.

Expansion of Processed Food Fortification and Blended Food Production

16. A study of the feasibility of fortifying wheat flour in the Russian Federation and maize meal in Cameroon and the Central African Republic (CAR) resulted in fortification equipment being installed in Cameroon and CAR and the start of procurement from local producers. Equipment for producing blended foods has been installed in Cuba and Guatemala.

Quality Assurance Initiatives

17. A letter of understanding has been signed between WFP and Kemin Industries, an international provider of nutritional ingredients for food manufacturers. A joint study is assessing ways of prolonging the shelf life of blended foods and biscuits that WFP procures. Monitoring of the production facilities has been improved to ensure that Good Manufacturing Practices (GMP) are applied and the Hazard Analysis of Critical Control Points (HACCP) standards are adhered to.

Food Procurement Capacity Assessments

18. A more systematic mapping of food procurement opportunities has been initiated to enhance WFP's knowledge of local markets, expand its supplier base and improve emergency-response capacity. Assessments have been carried out in countries in Latin America and Africa and in Kazakhstan.



2006 Food Procurement Map

19. The *Food Procurement Map* has been released showing where food was purchased and where it was sent; it is colour-coded according to national income categories defined by DAC. This year the map is available in a CD version and an interactive version that may be found on WFP's website: www.wfp.org