



**World Food  
Programme**

# Food Procurement Service

EB Induction Session  
6 April 2009  
Rome



# Food Procurement

- **Mission statement:**

“ to provide acceptable food to the beneficiaries in a timely and cost-efficient manner”.

- In addition the Financial Rules state:

“ to the extent possible to procure from the developing countries.....”



**2008**

**Total Food Purchases**

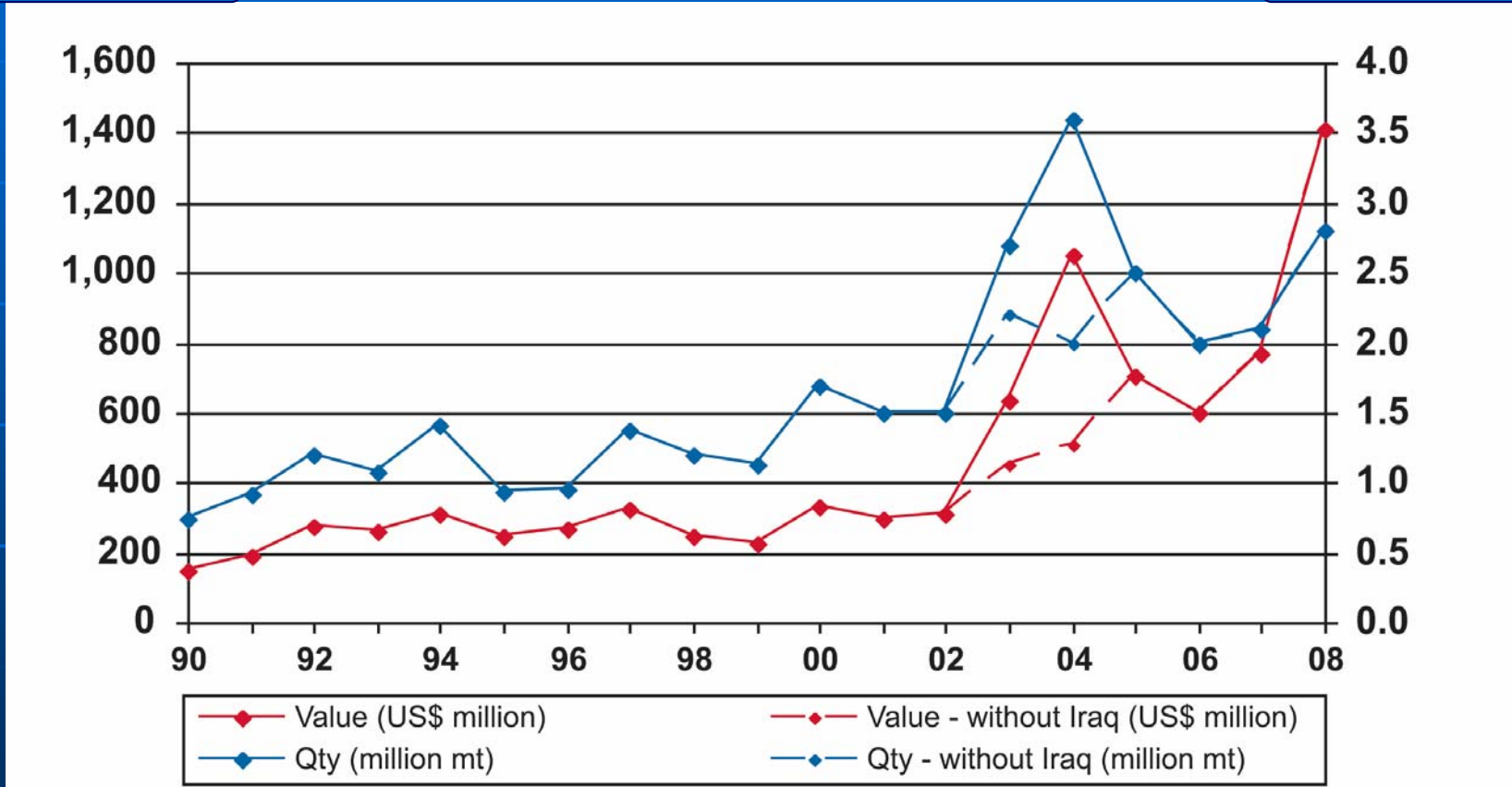
**US\$ 1,407,899,530**

**2,824,667 mt**

# Food Procurement Trends

US\$ million

million mt

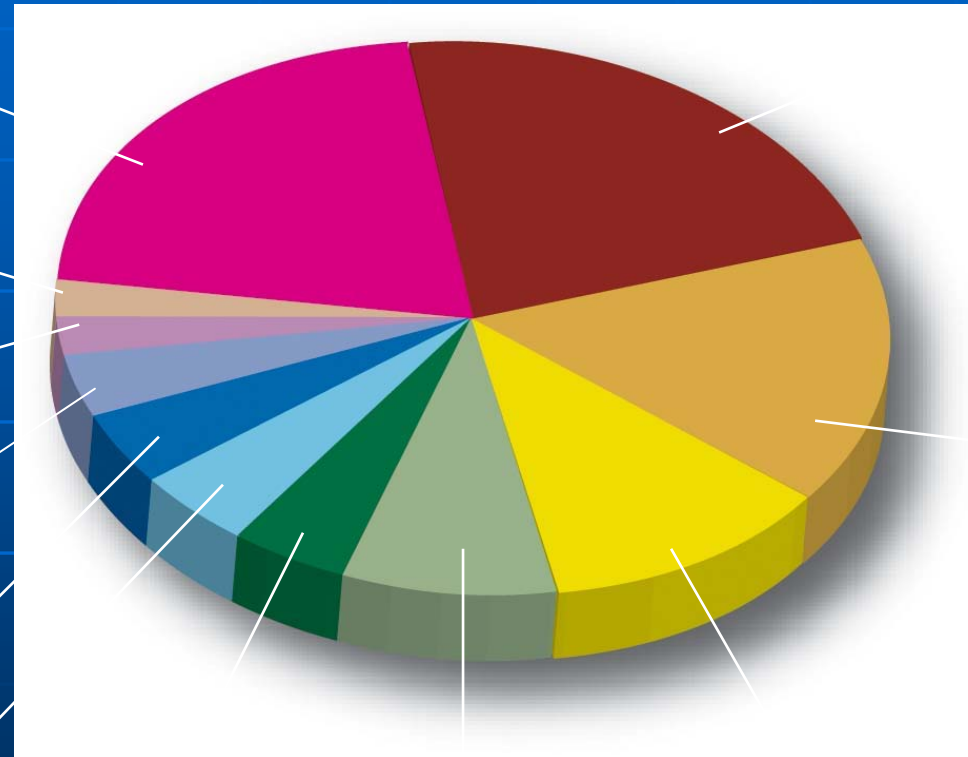


**2003 includes 518,000 mt worth US\$ 182 million for Iraq**  
**2004 includes 1,562,000 mt worth US\$ 540 million for Iraq**



# WHAT DID WE PURCHASE?

% of Total Quantity (2,824,667 mt)



Wheat 22%  
611,553 mt

Sugar 2%  
58,273 mt

Other 2%  
61,012 mt

Vegetable Oil 4%  
108,121 mt

Maize Meal 4%  
114,445 mt

Sorghum 4%  
123,191 mt

Wheat Flour 4%  
125,246 mt

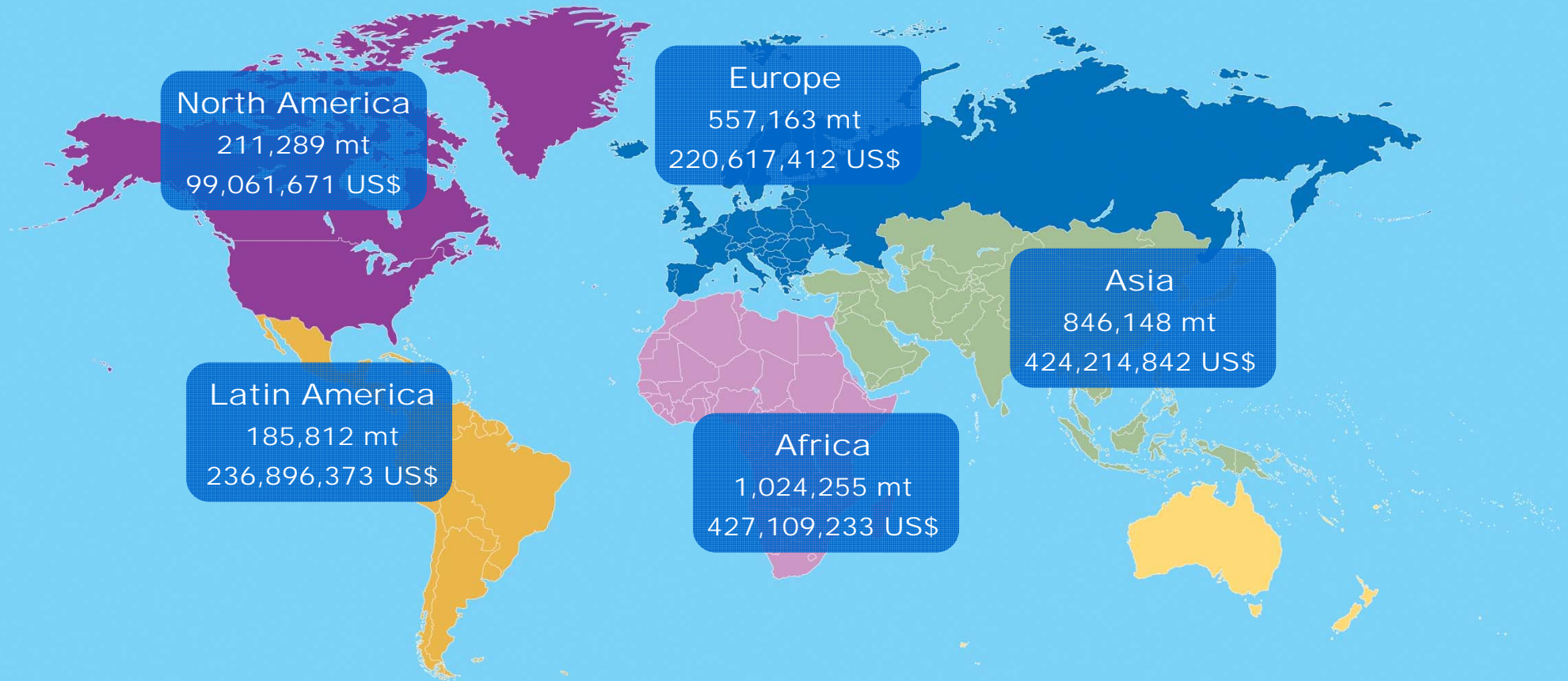
Pulses 8%  
236,009 mt

Blended Food 12%  
332,580 mt

Maize 22%  
610,976 mt

Rice 16%  
443,262 mt

# Where did we purchase in 2008?



**85 Countries: 73 Developing 12 Developed**  
**78% Developing 22% Developed**

# WFP Food Purchases Origin of Goods as per DAC Category

## By each category

DAC Category	Quantity mt	% mt	Value US\$	% US\$
LDC	582,782	20.63%	274,621,400	19.51%
LIC	141,417	5.01%	69,220,139	4.92%
LMIC	727,174	25.74%	447,692,494	31.80%
UMIC	681,981	24.14%	301,407,644	21.41%
Developed	691,312	24.47%	314,957,853	22.37%
<b>TOTAL</b>	<b>2,824,667</b>	<b>100.00%</b>	<b>1,407,899,530</b>	<b>100.00%</b>

## By grouped categories

DAC Category	Quantity mt	% mt	Value US\$	% US\$
LDC/LIC	724,199	25.64%	343,841,539	24.42%
LMIC/UMIC	1,409,156	49.89%	749,100,138	53.21%
<b>SUBTOTAL</b>	<b>2,133,355</b>	<b>75.53%</b>	<b>1,092,941,677</b>	<b>77.63%</b>
Developed	691,312	24.47%	314,957,853	22.37%
<b>TOTAL</b>	<b>2,824,667</b>	<b>100.00%</b>	<b>1,407,899,530</b>	<b>100.00%</b>

LDC: Least Developed Countries  
LIC: Other Low-Income Countries (per capita GNI < \$935 in 2007)

LMIC: Lower Middle-Income Countries (per capita GNI \$936 - 3,705 in 2007)  
UMIC: Upper Middle-Income Countries (per capita GNI \$3,706 - 11,455 in 2007)

## Food Origin

Top 15 countries (in value terms US\$)

Country	Value US\$	%
South Africa	163,713,077	11.63
Ecuador	99,906,505	7.10
India	98,239,852	6.98
Canada	89,206,576	6.34
Peru	62,784,127	4.46
Turkey	54,454,094	3.87
Uganda	53,006,581	3.77
Malaysia	44,677,455	3.17
Belgium	44,216,050	3.14
Sudan	42,723,736	3.04
France	41,779,924	2.97
Indonesia	36,830,918	2.62
Italy	35,178,765	2.50
Bulgaria	32,948,053	2.34
Ethiopia	30,212,540	2.15





# Different procurement categories

- Local/Regional Purchases

(through WFP Country/Regional Offices, in countries/regions where the beneficiaries are located)

- International Purchases

(through WFP Headquarters on international markets)

# 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)



# 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 overstretching 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.

# 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



# PURCHASE FOR PROGRESS (P4P)

**WFP AIMS, IN PARTNERSHIP WITH SUPPLY-SIDE ACTORS, TO ASSIST FARMERS TO BETTER CONNECT WITH MARKETS**

**WFP'S PURCHASING POWER WILL BE LEVERAGED TO:**

- Create an incentive for farmers to develop their crop management skills so they can produce quality foods.
- Create a market for the surplus crops of smallholder and low-income farmers.
- Test new market mechanisms such as the warehouse receipt system and nascent commodity exchanges.



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