

Food Procurement Annual Report 2013



World Food Programme



WFP Procurement

WFP's general policy is to purchase from pre-qualified suppliers through a competitive bidding process. Competitive bidding guarantees that the best possible prices are obtained and that the purchase is carried out in a transparent manner. This process entails an analysis of the cost of the commodity as well as the costs of transport and handling up to the delivery point.

Before issuing a tender, careful consideration is given to the location of the most advantageous

place to buy, relative to the area of need. Factors such as the acceptability of the commodity on offer to the tastes of the receiving beneficiaries and the delivery time to destination play an important part in this evaluation.

Donor or recipient countries' conditions and restrictions on origin, destination, quality, packing and marking often limit the flexibility of the purchase and impact on this procurement planning.

Total Purchases in 2013

2.1 million mt

US\$1.16 billion

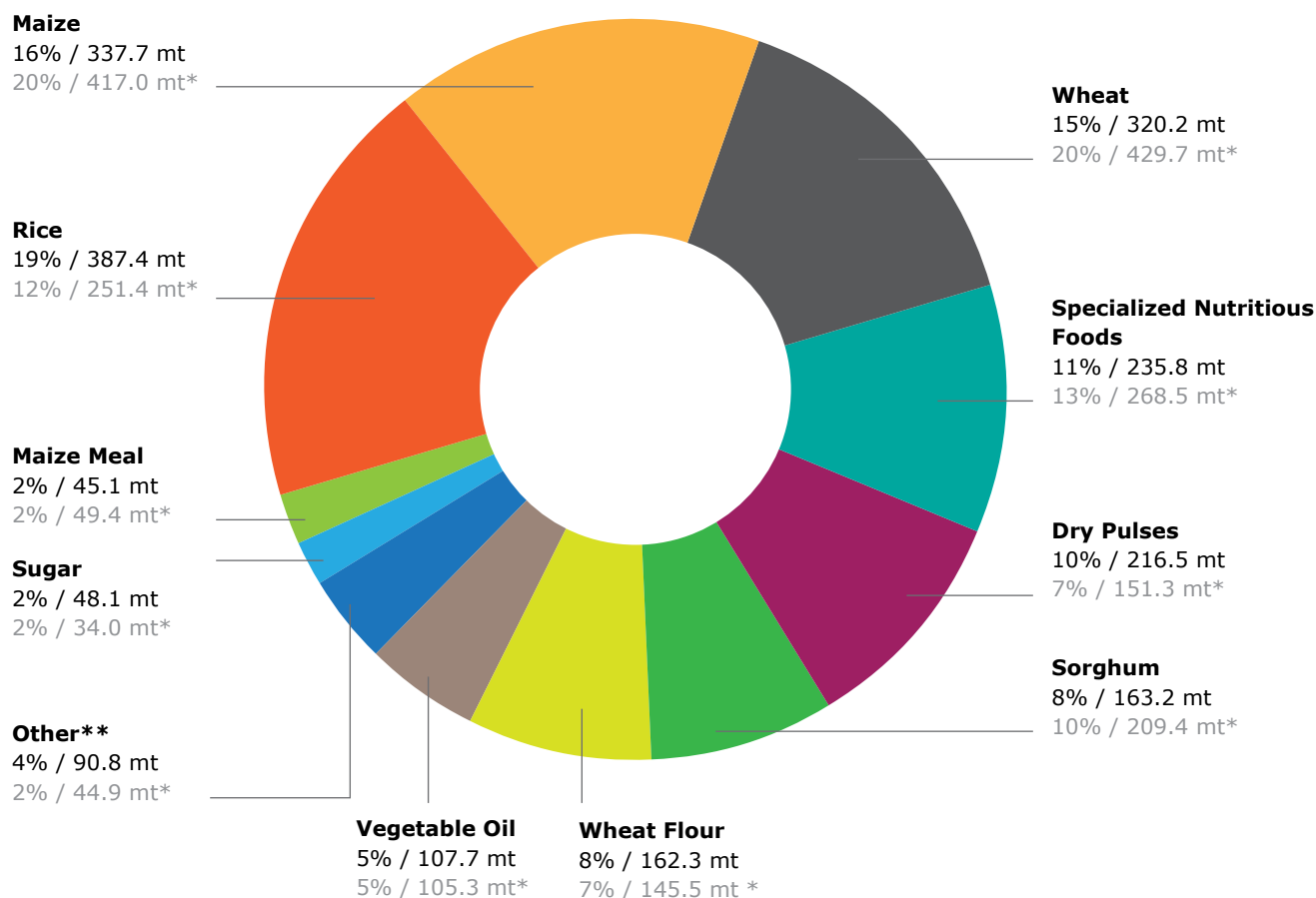


Barges being loaded with rice in Viet Nam for WFP operations in the Philippines

All images courtesy of Ben Line Agencies Viet Nam

What did we Purchase?

Percentage of total quantity 2,114.8 mt (in '000)



Grand Total
100% / 2,114.8 mt 100% / 2,106.3 mt*

*Data for 2012

**Other includes foods such as canned pulses, pasta, bread, etc.

In 2013, WFP procured 2.1 million metric tons (mt) of food valued at US\$1.16 billion in 91 countries, of which 50 percent was purchased for and in the regions of operations. The top five countries of origin in terms of quantity were India, Turkey, Ethiopia, Pakistan and South Africa.

India origin commodities were particularly competitive throughout 2013, specifically rice, wheat, sorghum and sugar. Sixteen percent of the total volume of commodities purchased were of Indian origin, representing 11 percent of the total expenditure. Turkey, with its close proximity

to Syria and competitive pricing continued as an important source for a range of commodities including wheat flour, lentils, pasta and bulgur wheat; commodities of Turkish origin account for 11 percent of the 2013 food procurement expenditure. Purchases in Ethiopia and Pakistan accounted for 10 percent of the total value in 2013, reflecting the large operational requirements in these countries.

In 2013, WFP purchased 1.4 million mt of cereals. The mix of and volume of cereals reflected the operational context. Rice purchases increased by

Types of...

Rice

- Broken rice
- Parboiled rice
- Fortified rice
- Raw rice

Maize

- White maize
- Yellow maize

Wheat

- Soft wheat
- Bulgur wheat
- Hard wheat

Specialized Nutritious Foods

- Super Cereal
- Super Cereal Plus
- High Energy Biscuits
- Ready to Use Supplementary Foods (RUSF)

Dry Pulses

- Yellow split peas
- Whole red lentils
- Red beans
- White beans

Vegetable Oil

- Palmolein oil
- Sunflower oil
- Soya bean oil

approximately 130,000 mt (54 percent), due to two large emergencies in 2013 – Syria and the Philippines.

The other two main staple cereals in WFP's food basket are maize and wheat. WFP procured a total of 337,000 mt of maize, the majority of which continued to be bought in Africa for operations in Africa. WFP purchased 320,000 mt of wheat and bulgur wheat mainly for operations in the Middle East and Asia.

WFP also promotes the use of specialized nutritious foods to prevent and treat malnutrition, particularly among children. These foods include products for pregnant women, nursing mothers, children under the age of five and people suffering from HIV/AIDS or tuberculosis. In 2013, WFP purchased 235,000 mt of specialized nutritious foods. Sourcing is mainly concentrated in Europe, accounting for 42 percent of the volume purchased. Production capacity for high quality nutritious foods is gradually being built up in developing countries.

¹ Classification based on 2011 – 2013 DAC list



Where did we Purchase in 2013?

91 Countries:
72 Developing / 19 Developed

DAC: Development Assistance Committee

LDC: Least Developed Countries

LIC: Other Low-Income Countries (per capita GNI < \$1,005 in 2010)

LMIC: Lower Middle-Income Countries (per capita GNI \$1,006 - 3,975 in 2010)

UMIC: Upper Middle-Income Countries (per capita GNI \$3,976 - 12,275 in 2010)



DAC Category	Quantity mt	% mt	Value (US\$ thousand)	% US\$
LDC	704,864	34%	315,890	27%
LIC	30,518	1%	12,123	1%
LMIC	698,404	33%	348,487	30%
UMIC	383,198	18%	241,900	21%
Sub total	1,816,984	86%	918,399	79%
Developed	297,855	14%	242,370	21%
TOTAL	2,114,839	100%	1,160,769	100%

Food Origin

50% Purchased for/in the regions of operation
(in quantity terms)

Country	Quantity mt	Value (US\$ thousand)	Country	Quantity mt	Value (US\$ thousand)
Afghanistan	8,000	3,095	El Salvador	1,197	717
Algeria	13,479	4,463	Estonia	180	313
Argentina	6,767	5,060	Ethiopia	154,431	67,175
Australia	12,518	5,620	France	18,671	44,459
Bangladesh	12,174	8,037	Germany	15,133	8,112
Belgium	36,930	33,480	Ghana	5,451	2,001
Benin	7,919	3,310	Greece	35	802
Bhutan	28	32	Guatemala	3,947	2,344
Bolivia	1,249	1,237	Haiti	2,621	3,416
Brazil	10,753	5,515	Honduras	16,001	10,565
Burkina Faso	14,001	7,352	Hungary	1,008	1,607
Burundi	1,206	534	India	339,364	127,678
Cambodia	3,794	1,557	Indonesia	59,860	55,897
Cameroon	1,618	716	Iran	2,846	996
Canada	37,009	22,427	Ireland	64	322
Central Afr. Rep.	200	132	Italy	42,378	29,454
Chad	1,347	632	Japan	938	2,237
China	416	427	Jordan	14,102	13,615
Colombia	3,133	2,551	Kazakhstan	128	65
Côte d'Ivoire	1,078	1,917	Kenya	27,368	10,990
Cuba	534	588	Laos	1,457	1,021
Dem.Rep.Congo	5,965	3,573	Lebanon	16,575	18,838
Ecuador	640	507	Liberia	887	411
Egypt	67,123	47,217	Madagascar	3,732	1,740



Country	Quantity mt	Value (US\$ thousand)
Malawi	56,616	27,293
Malaysia	5,740	5,532
Mali	35,146	18,380
Mexico	103	164
Morocco	53	86
Mozambique	9,722	4,526
Myanmar	53,652	25,561
Namibia	440	32
Nepal	2,258	1,058
Netherlands	8,690	4,681
Nicaragua	2,857	1,756
Niger	16,395	10,171
Oman	811	924
Pakistan	102,733	47,776
Paraguay	650	456
Philippines	3,535	2,239
Russian Federation	74,519	54,529
Rwanda	16,767	8,431
Saudi Arabia	2,155	1,604
Senegal	10,640	6,104
Sierra Leone	638	424
South Africa	96,651	45,686

Country	Quantity mt	Value (US\$ thousand)
South Sudan	610	273
Spain	505	436
Sri Lanka	3,661	1,517
State of Palestine	15,874	10,012
Sudan	87,588	30,298
Syria	8,683	7,500
Tajikistan	145	21
Tanzania	51,286	21,203
Thailand	31,398	11,823
Togo	4,838	2,212
Turkey	179,492	126,039
Uganda	22,601	11,078
Ukraine	8,362	4,702
United Arab Emirates	14,295	12,604
United Kingdom	1,144	668
USA	30,874	18,090
Uzbekistan	200	197
Viet Nam	54,907	21,956
Yemen	40,707	19,749
Zambia	77,639	27,113
Zimbabwe	3,005	1,112
Grand Total	2,114,839	1,160,769

* Country income classification based on 2011-2013 DAC list

Food Origin

Top 15 countries ranked by value

(in US\$)

Country	Value (US\$ thousand)	%*	Country	Value (US\$ thousand)	%*
India	127,678	11	France	44,459	4
Turkey	126,039	11	Belgium	33,480	3
Ethiopia	67,175	6	Sudan	30,298	3
Indonesia	55,897	5	Italy	29,454	3
Russian Federation	54,529	5	Malawi	27,293	2
Pakistan	47,776	4	Zambia	27,113	2
Egypt	47,217	4	Myanmar	25,561	2
South Africa	45,686	4	Grand Total	789,655	69

* Represents percentage of total purchases

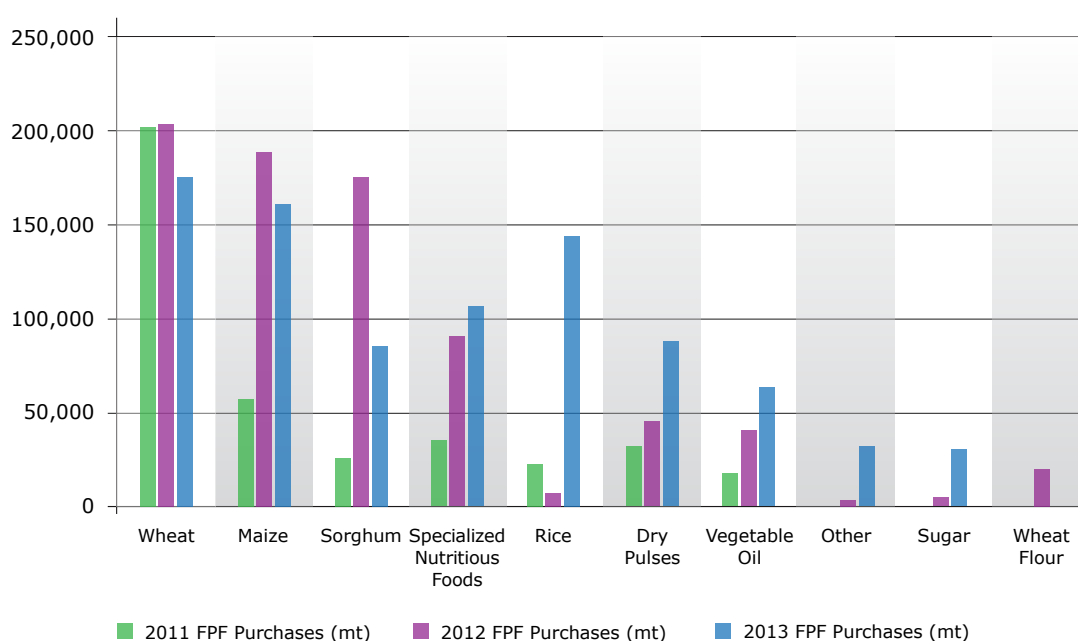


Forward Purchase Facility (FPF)

Purchasing food through the Forward Purchase Facility (FPF), ahead of requests from each specific project, can significantly shorten the delivery time. In 2013 purchases through the facility increased significantly, reaching 872,984 mt, and have doubled since it was put in place in 2011. Greater use of the facility has reduced the time required for

food to reach the people WFP assists. In response to Typhoon Haiyan in the Philippines, WFP was able to airlift High Energy Biscuits and Ready to Use Supplementary Foods within a matter of days from FPF stocks at United Nations Humanitarian Response Depot (UNHRD) warehouses in Dubai and Brindisi.

FPF Purchases (2011 - 2013)



Commodity	2011	2012	2013
Wheat	201,122	204,236	175,020
Maize	58,500	189,603	161,592
Sorghum	30,127	177,314	82,000
Specialized Nutritious Foods	30,494	94,950	104,604
Rice	23,000	5,125	145,129
Dry Pulses	34,405	47,614	80,840
Vegetable Oil	13,842	40,131	63,791
Other		2,231	30,952
Sugar		3,414	29,056
Wheat Flour		20,020	
Grand Total (mt)	391,489	784,637	872,984

Local Purchase and P4P



Sourcing from more than 90 countries – when conditions are equal, WFP gives preference to purchasing from developing countries, in particular where WFP has programs. WFP purchases and distributes over 50% of its food within the countries and regions where it operates. This deep knowledge of local markets provided the opportunity for WFP and partners to implement the Purchase for Progress Pilot (P4P) over the past five years (2008-2013).

The P4P Pilot and its innovative approaches to buying from smallholder farmers is one way in which WFP addresses food insecurity and hunger. Since the start of the pilot, WFP has contracted approximately 400,000 mt of food through smallholder-friendly modalities in 20 countries and has linked these farmers to markets beyond

WFP, to sell an additional 200,000 mt to other buyers. WFP's procurement from smallholders translates into US \$106 million more directly into the pockets of smallholder farmers.

In 2013, WFP contracted around 110,000 MT from P4P-supported farmers. Purchasing from smallholders helps local economies, supports families and can also help reduce transit times when reaching the people we assist. WFP's Procurement Principles of acceptable, timely and cost efficient sourcing apply also to purchases from smallholder farmers. With the lessons provided from P4P, WFP Procurement is seeking to increase its purchases from smallholder farmers and to increasingly link these smallholder farmers to governmental and commercial markets.



WFP/Rein Skullerud/Jordan

Story from the Field

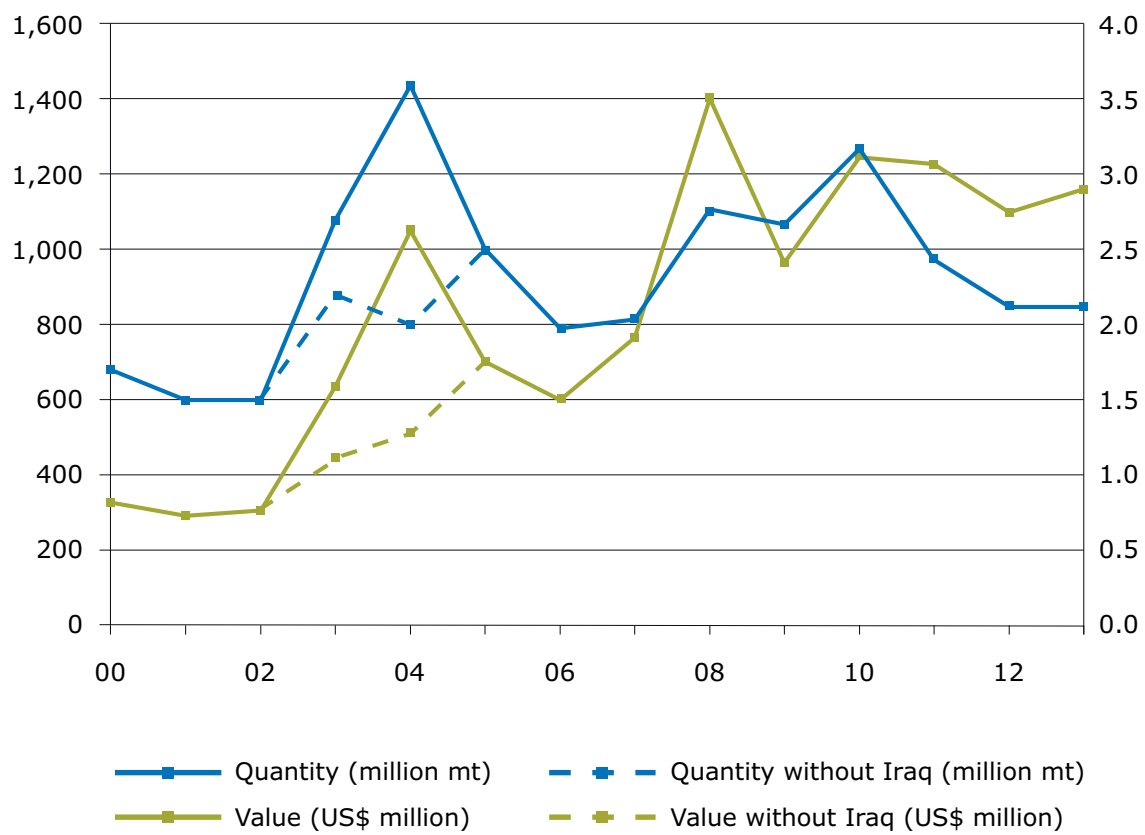
WFP distributes approximately 500,000 loaves of bread to Syrian Refugees in Zaatari camp daily, which is 1 million freshly baked loaves every two days, baked and delivered by WFP contracted suppliers in Amman.

Stacked up, the bread would be three times higher than the world's tallest building, the Burj Khalifa in Dubai.

Fluctuations in refugee numbers require contracts to be constantly adjusted or increased to secure the appropriate production capacity at competitive prices. The quality and timeliness of the bread are critical; bread is an important mainstay in the diet for the beneficiaries, and getting the bread right contributes to camp security.

Food Procurement Trends

US\$ million



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

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



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