



Food Procurement Annual Report 2014



World Food Programme



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Totals reported in this document are rounded and so may not add up exactly.

Foreword

On an annual basis WFP's team of Procurement Officers source food, goods and services across international, regional and local markets to meet the needs of WFP's operations and beneficiaries. In 2014, WFP purchased 2.2 million metric tons (mt) of food worth \$1.2 billion and \$575 million of goods and services to assist beneficiaries across 75 countries.

The Global Procurement Business Plan (2014 – 2017) has four objectives: (i) achieve reliability and cost efficiency, (ii) reduce procurement process time, (iii) scale-up purchases from smallholder farmers, and (iv) ensure all food is safe and of the right quality. Against the backdrop of an unprecedented five high level corporate emergencies – Syria, Central African Republic, Iraq, South Sudan and the Ebola Virus Disease, the team achieved substantial progress against these four objectives.

During the year, the team recorded \$38 million in cost savings for its food procurement. Savings were primarily achieved against three approaches: i) increased seasonal purchases to maximize local buying in post-harvest periods; ii) optimize buying in international markets with the use of market intelligence tools; and iii) innovative contract types and price mechanisms. The next focus will be on savings for goods and services procurement through a category approach.

The purchasing environment within WFP is complex with over 12,000 active suppliers and over 30,000 purchase orders issued a year across both food and

goods and services procurement. To bring greater efficiency to the procurement process, we are working to further decentralize the procurement process and place decision making closer to our areas of operations.

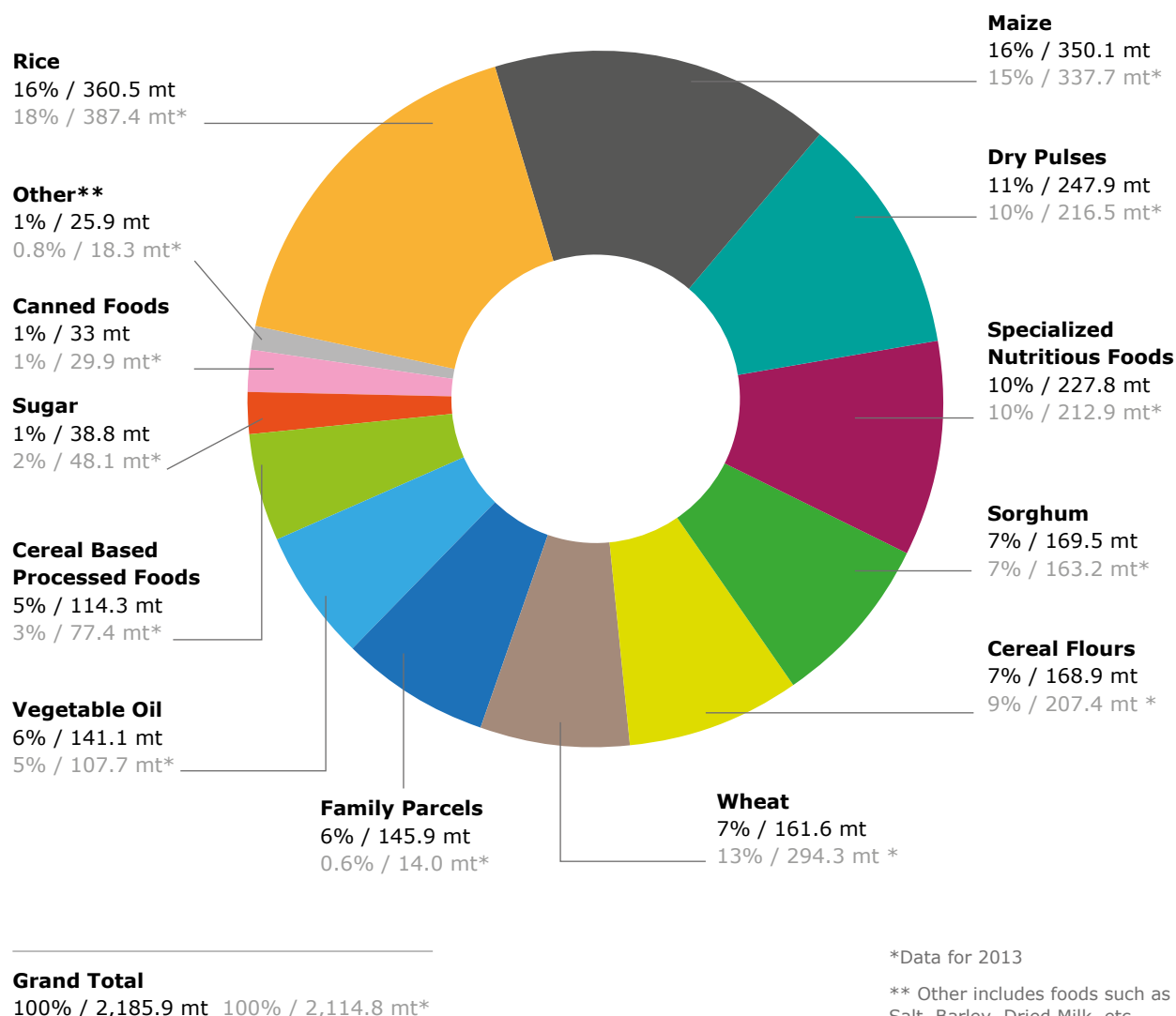
WFP's corporate goal is to scale up purchases directly from smallholder farmers to 10% of its annual demand while also linking smallholder farmers to private sector and government markets. WFP's demand will serve as a catalyst to leverage the scale and sustainability of the commercial sector as well as to facilitate smallholder access to key parts of the value chain – inputs, storage, insurance and finance.

With an increasingly complex food basket that includes larger quantities of processed and specialized nutritious foods quality and safety are paramount. In 2014, WFP's network of Food Technologists monitored over 125 food specifications, conducted over 60 supplier audits, and responded to over 100 food incidents. A larger food quality and safety strategy is under development with industry experts to ensure that WFP's food supply chain remains safe from farm to beneficiary.

While Procurement implements an ambitious business plan to address new challenges, the principles of public procurement – transparency, fairness, and competition, continue to guide WFP's purchasing decisions. Our goal will always remain to achieve efficiencies and to ensure the timely sourcing of food, goods and services to meet the needs of the beneficiaries we serve.

What did we Purchase?

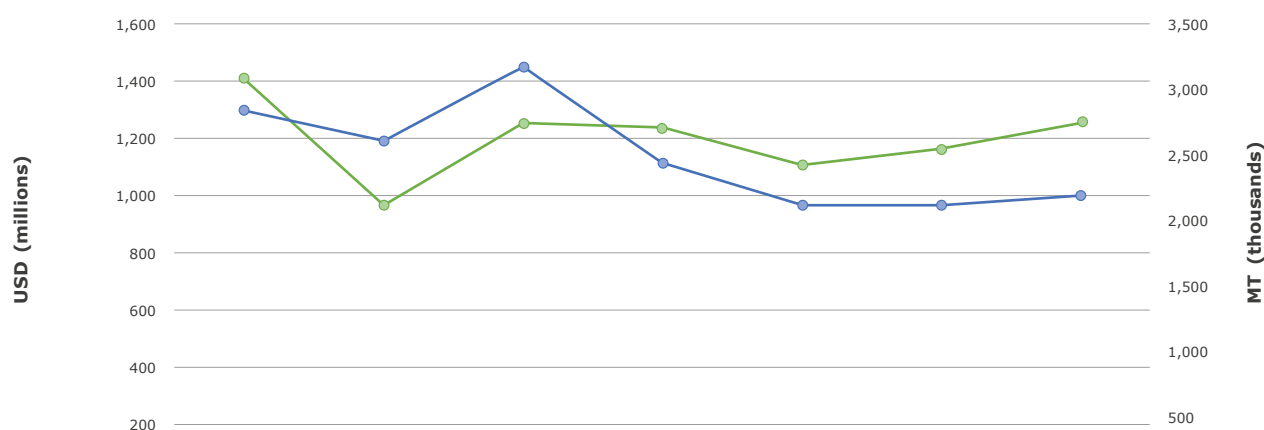
Percentage of total quantity 2,185.9 mt (in '000)



In 2014, WFP purchased over 50 different food commodities from 93 countries for delivery to 75 recipient countries to meet the needs of 80 million beneficiaries. While the food basket expands to include an increasing variety of new commodities, bulk commodities continue to dominate purchases. Cereals – rice, maize and wheat – constituted 45 percent of all quantities purchased in 2014. Dry pulses also remain a key staple in the food basket, and approximately 20 different types are sourced on an annual basis.

In 2014, WFP's operations across the Middle East prompted a large shift in WFP's food basket. Family food parcels are a key tool for WFP's response in Iraq and Syria. There are two types of parcels that WFP purchases and distributes to beneficiaries: family food parcels and immediate response rations. Family food parcels mainly consist of dry staple foods to serve a family of five for 30 days. Immediate response rations are for people on the move and consist of ready-to-eat foods that will serve a family of five for three days. In 2013, family food parcels accounted for less than 1 percent of WFP's food basket compared to 7 percent in 2014.

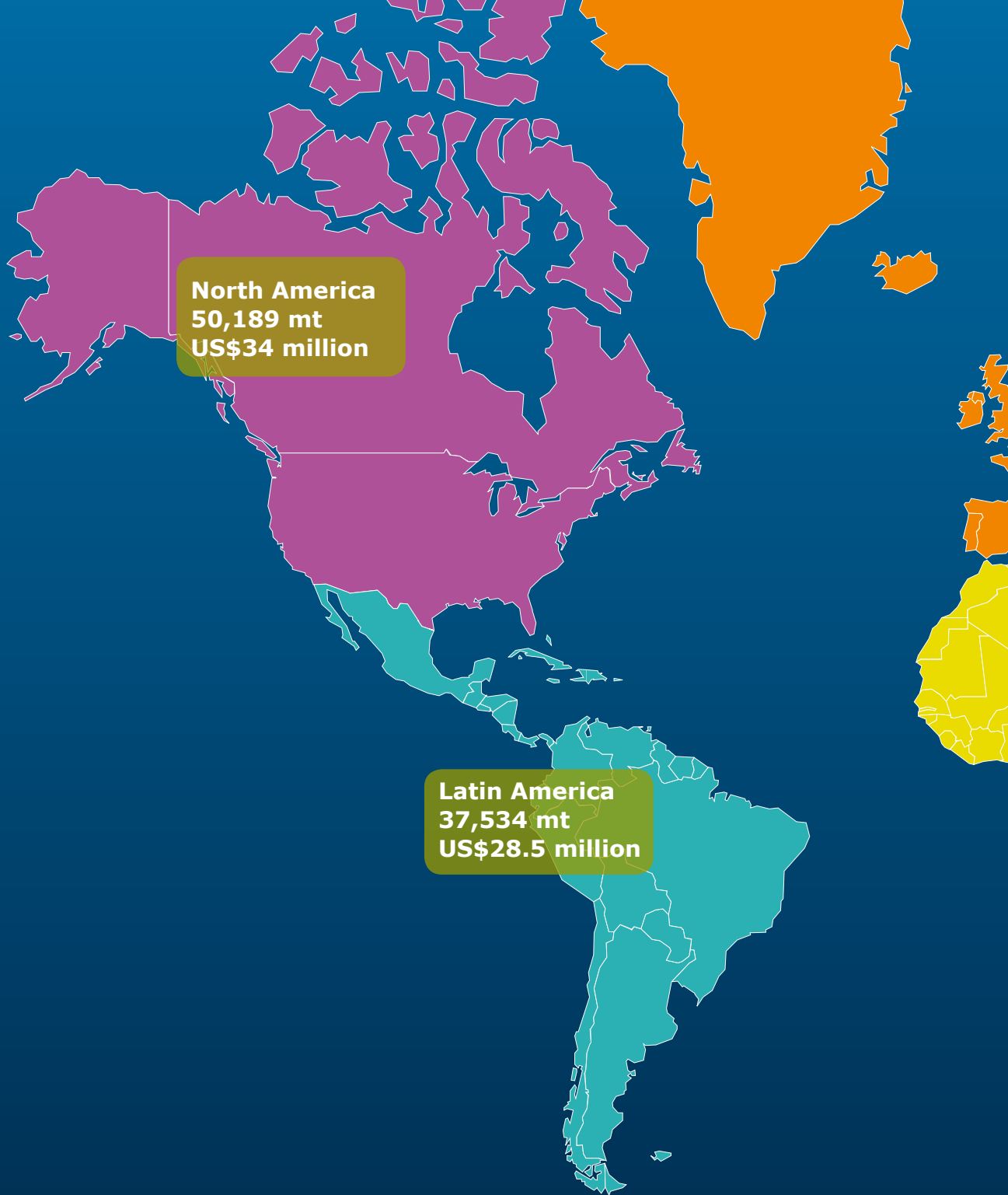
Food Procurement Historical Trends



	2008	2009	2010	2011	2012	2013	2014
— VALUE USD	1,407,899,530	965,193,333	1,250,049,747	1,232,031,777	1,103,418,998	1,160,832,444	1,251,847,889
— QUANTITY MTN	2,824,667	2,605,412	3,166,320	2,435,202	2,106,285	2,114,959	2,185,904

Processed foods and specialized nutritious foods represent 30 percent of WFP’s food purchases. These products create a more complex supply chain for the organization than traditional bulk commodities, and therefore, a robust food quality and safety mechanism is essential. WFP’s team of Food Technologists helps to ensure the food distributed to beneficiaries is safe and of the right quality. In 2014, WFP purchased over 228,000 metric tons of specialized nutritious foods for the prevention and treatment of malnutrition.

The key driver behind Procurement’s food purchasing decisions is timely delivery of the right quality food to WFP’s beneficiaries for the best value, with a preference to purchase within developing countries when possible. Local purchases allow WFP to use its demand to support markets and reduce the lead time required between purchase and distribution. Procurement sources 50 percent of its food needs within the countries and regions in which it operates.



Where did we Purchase in 2014?

Food

93 Countries: 75 Developing / 18 Developed

DAC: Development Assistance Committee

LDC: Least Developed Countries

LIC: Other Low-Income Countries (per capita GNI < \$1,045 in 2013)

LMIC: Lower Middle-Income Countries (per capita GNI \$1,046 - 4,125 in 2013)

UMIC: Upper Middle-Income Countries (per capita GNI \$4,126 - 12,745 in 2013)



Origin of Food as per DAC Category

By each category

DAC Category	Quantity mt	% mt	Value (US\$ thousand)	% US\$
LDC	615,878	28.17%	252,944,757	20.21%
LIC	44,990	2.06%	18,699,322	1.49%
LMIC	538,800	24.65%	305,253,644	24.38%
UMIC	560,909	25.66%	367,655,298	29.37%
Sub Total	1,760,575	80.54%	944,563,021	75.45%
Developed	425,329	19.46%	307,284,868	24.55%
TOTAL	2,185,904	100%	1,251,847,889	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	20,188	8,100	France	35,752	61,600
Algeria	11,243	3,224	Gambia	399	280
Argentina	946	823	Germany	8,142	3,797
Australia	28,886	10,611	Ghana	5,402	2,074
Bangladesh	10,852	6,520	Greece	946	364
Belgium	62,724	45,377	Guatemala	8,202	4,382
Benin	135	127	Guinea	891	560
Bolivia	2,447	3,499	Guinea-Bissau	110	71
Brazil	2,774	1,588	Haiti	246	235
Bulgaria	17	348	Honduras	14,562	11,543
Burkina Faso	9,769	4,299	Hungary	30,195	7,201
Burundi	4,190	2,238	India	239,056	116,609
Cambodia	3,720	1,390	Indonesia	83,362	73,562
Cameroon	3,977	2,738	Iran	2,412	1,452
Canada	46,385	29,146	Iraq	17,290	20,347
Chad	1,200	704	Italy	79,365	59,664
China	3,099	2,860	Japan	3,768	11,125
Colombia	2,471	2,357	Jordan	18,891	16,286
Dem,Rep,Congo	8,151	4,817	Kazakhstan	4,644	1,684
Denmark	1	48	Kenya	44,763	18,629
Ecuador	220	208	Laos	625	389
Egypt	13,245	10,347	Latvia	65	35
El Salvador	722	356	Lebanon	15,922	14,206
Ethiopia	131,392	48,853	Liberia	159	111



WFP/Simon Costa

Country	Quantity mt	Value (US\$ thousand)
Madagascar	3,720	1,600
Malawi	41,630	17,828
Malaysia	4,151	3,885
Mali	25,754	13,584
Mexico	2,246	1,091
Mozambique	7,560	3,515
Myanmar	58,560	23,850
Namibia	586	46
Nepal	1,641	1,275
Netherlands	12,445	7,909
New Zealand	325	917
Nicaragua	1,724	1,903
Niger	24,913	12,204
Pakistan	56,456	29,981
Paraguay	60	45
Philippines	1,224	745
Russian Federation	103,782	57,622
Rwanda	16,712	7,323
São Tomé & Príncipe	18	8
Saudi Arabia	1,683	1,193
Senegal	9,458	3,883
Sierra Leone	2,710	1,578
Somalia	200	110

Country	Quantity mt	Value (US\$ thousand)
South Africa	62,565	28,055
South Sudan	3,762	3,242
Sri Lanka	1,134	523
State of Palestine	18,887	17,042
Sudan	43,270	16,762
Syria	5,413	2,181
Tajikistan	125	17
Tanzania	71,733	23,613
Thailand	43,231	22,475
Timor Leste	200	267
Tunisia	175	196
Turkey	367,131	246,336
Uganda	49,921	20,649
Ukraine	78,850	26,039
United Arab Emirates	7,044	5,455
Uruguay	912	544
USA	3,805	4,871
Uzbekistan	200	256
Viet Nam	3,877	1,461
Yemen	19,298	8,185
Zambia	42,989	15,308
Zimbabwe	102	53
Grand Total	2,185,904	1,251,848

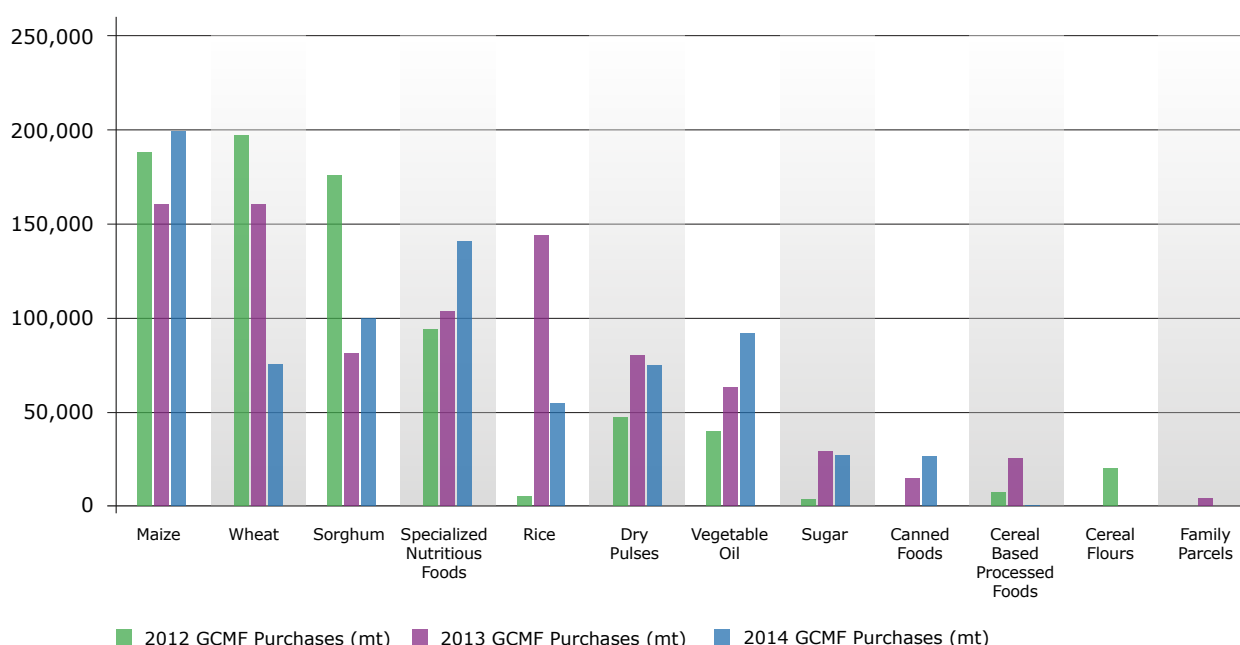
The Global Commodity Management Facility

Formerly known as the Forward Purchase Facility, the Global Commodity Management Facility (GCMF), allows WFP to better plan purchasing for when the time is right in the markets; for operations, the Facility can significantly shorten the delivery time. The mechanism continues to be a key response tool for WFP, especially for operations in Africa –

85 percent of purchases through the Facility were for West, Eastern, and Southern Africa. In 2014, the Facility and Purchase for Progress (P4P) worked together to procure directly from smallholder farmers in Ethiopia.

In 2014, WFP purchased 817,401 metric tons through the Facility.

GCMF Purchases (2012 - 2014)



Commodity	2012	2013	2014
Maize	189,603	161,592	201,491
Wheat	199,000	161,916	126,225
Sorghum	177,314	82,000	97,967
Specialized Nutritious Foods	94,950	104,273	112,196
Rice	5,125	145,129	72,723
Dry Pulses	47,614	80,840	68,709
Vegetable Oil	40,131	63,791	81,382
Sugar	3,414	29,056	30,001
Canned Foods	n/a	14,836	26,202
Cereal Based Processed Foods	7,467	25,492	505
Cereal Flours	20,020	n/a	n/a
Family Parcels	n/a	4,058	n/a
Grand Total (mt)	784,637	872,984	817,401

Food Procurement and Responding to Emergencies

During 2014, WFP responded to five high-level emergencies – Central African Republic, South Sudan, Syria, Iraq, and Ebola Virus Disease in West Africa. Of total food purchases in 2014, almost 40 percent was for WFP’s emergency response in these countries. Each emergency requires a unique procurement approach in order for WFP to effectively respond.

Following the declaration of a humanitarian emergency due to Ebola Virus Disease in Sierra Leone, Liberia and Guinea, the needs in those countries rose substantially. Between September and December 2014, WFP purchased 75,000 metric tons of food for beneficiaries as part of the supported health response – representing a threefold increase from pre-emergency declaration assistance. The organization also purchased from smallholder farmers impacted by market instability in the region during this time.

In Syria, Procurement needs to quickly respond to rapidly changing food requirements, which reflect access limitations and beneficiary movements. The use of Food Supply Agreements are an integral part of Procurement’s response in Syria and provide WFP with the opportunity to access rolling stocks strategically held by suppliers at an agreed-upon price and that can be quickly replenished when required. Syria is WFP’s biggest operation and over 20 percent of the food purchased in 2014 was destined for Syria.

The on-going conflict across South Sudan presents numerous challenges for the organization due to infrastructure and access constraints. WFP’s East Africa Global Commodity Management Facility has two strategic corridors that serve South Sudan – Djibouti and Mombasa. In conjunction with the Facility, WFP purchased 85,000 metric tons of food for beneficiaries across the country.



WFP/Alessandro Pavone/Iraq

Story from the Field

The escalating crisis in Iraq over the summer of 2014 presented Procurement with a new set of challenges. In August, beneficiaries began their evacuation from Mount Sinjar and the organization needed to meet the immediate needs of people displaced and on the move. Within 24 hours, Procurement had sourced 5,000 parcels that consisted of nine different commodities for family food parcels and immediate response rations. Pre-packaged parcels gave the organization the flexibility to shift delivery to beneficiaries depending on movements.

Over a three-month period, WFP purchased a total of 1.2 million parcels - equivalent to just over 162 million daily rations. The parcels needed to meet nutritional needs, be easily transportable and cost effective.

