Informal Consultation with Executive Board

23 July 2019
Justification for the Policy

• Request from the Executive Board Membership (June 2018).

• An opportunity to develop linkages/synergy between programmatic objectives and local food procurement.

• Global commitment to SDG 2.

• Strengthen the contribution of WFP’s procurement on local economies and towards sustainable food systems.
Procurement Figures for 2018

Food Procurement (million mt)

- Locally grown commodities (agricultural products), 1.2
- Locally imported (processed commodities), 0.6
- Non-local procurement, 1.8

Total food procurement 3.6 million mt

Sourced in countries with WFP operations
1.8 million mt

Sourced in countries without WFP operations
1.8 million mt
Flowchart – Typical Value Chain for Local Procurement

- Farmers in other countries
- Importer
- Farmers in-country
- Smallholder farmers
- Local buyer
- Farmer organization (grassroots/community)
- Traders
- Traders
- Farmer organization
- Final Buyer

World Food Programme
### Towards a Value Proposition

**Procurement / management objective**

- **Functional and cost-efficient supply of food**

**Development / Programme level objectives**

- **Injecting cash into local economies**
- **Strengthening value chain actors/market functioning**
- **Increasing smallholder income and resilient livelihoods**
- **Contributing to resilient, sustainable and nutrition-sensitive food systems**

<table>
<thead>
<tr>
<th>Procurement objective</th>
<th>Development objective</th>
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<td>Local procurement in <strong>efficient value chains</strong></td>
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<tr>
<td>Local procurement in <strong>inefficient value chains</strong> – with complementary measures to ensure pro-smallholder outcomes</td>
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**Cross-cutting: gender and environmental considerations**
Lessons Learned

• Building on WFP’s learning with local procurement and P4P.

• Highlights from Uganda mission.

• Drawing from an emerging global consensus around the food systems approach, leveraging WFP’s operations/capacities.

• The need for assessing the most effective contracting approach for smallholder farmers.

• Investments required: a robust traceability system and tailored M&E system.
Principles

• Saving lives – Changing lives, dual mandate
• Leverage procurement to support pro-SHF outcomes
• Decision parameters beyond Import Parity to accommodate development objectives
• Sustainability
• Fair trade
• Do no harm
• Innovation
• Context
• Partnerships
Partnerships

• Leverage ongoing activities carried out by the Rome-based agencies for knowledge sharing and the identification of smallholder farmers etc.

• Collaborate with host-governments to leverage institutional procurement and support enabling environments.

• Work with the private sector to strengthen the local players along the value chain, from cooperatives to aggregators and laboratories.

• Coordinate with NGOs on knowledge exchange, advocacy and identifying local partners.

• Knowledge-sharing with academia and research institutions (CGIAR).
Policy Implementation

• Development of new tools:
  • Value chain analysis;
  • Traceability;
  • M&E systems.

• Workforce review:
  • Develop staff and partners capacity;
  • Grow in-house expertise.

• Risk analysis:
  • Market fluctuation (e.g. inflation and seasonality);
  • Food safety and quality.
Points for Discussion

- Building consensus about value proposition and guiding principles.
- Opportunities to enhance both direct and indirect procurement from smallholder farmers.
- Import parity considerations.
- Strengthening private sector linkages.