



World Food Programme

SAVING
LIVES
CHANGING
LIVES

REGIONAL BUREAU FOR **EASTERN AFRICA**

Procurement

2021 Regional Achievements & Outlook

MAY 2022

Regional Overview

The WFP is operating in over 80 countries, reaching over 100 million food insecure people. In line with the Sustainable Development Goals (SDGs), and Agenda 2030, WFP works on eradicating hunger (SDG2), while contributing to all other objectives through forming and encouraging global partnerships (SDG17).

As per the available IPC analysis, about 33 million people are food insecure in the region. Among the ten countries that RBN supports, **Ethiopia** has the largest number of food insecure people, followed by **Sudan and South Sudan** respectively. South Sudan has the most severe food security situation while the Tigray region in Ethiopia continues to be an area of concern for the RBN region as the humanitarian situation escalates as a result of the conflict.

Regional Achievements

Cost-effective and efficient Procurement

Goods and Services

Non-Food items in a variety of different categories were purchased in the RBN region for about **USD 236 million** in 2021 accounting for a 52 percent increase from the previous year. More than 50 percent of the purchases are from local and regional vendors injecting millions in revenue in the countries that WFP procures from.

Food Procurement

In line with WFP's Zero Hunger initiative, RBN endeavours to purchase its food requirement as close as possible to its beneficiaries through LRP to the extent that the market allows; ensuring not to distort local markets through paying above market price. Buying food at the right time, right place and at the lowest possible cost is a right step towards achieving its fight against hunger. Not only does LRP support agriculture development in the region, but it also enables WFP to avail commodities much faster to the operations, owing to shorter lead times, and at a lower cost

In 2021, RBN purchased 445,115 MT for a value of about USD 206 Million of various commodities providing food assistance to more than 20 million people across Eastern Africa. This was an increase of 22 percent from the previous year with 55 percent of the total purchases accounting for LRPs.

Buying at the right time, right place and at the lowest possible cost ensures that WFP maximizes every dollar received which is in the best interest of the people we serve, the organization and our donors.

Enabling of WFP Programmatic Objectives

One of the objectives under WFP's global procurement strategy and vision is to purchase at least 10 percent of the commodities from smallholder farmers and connect smallholder farmers to commercial supply lines. Through the implementation of the Local and Regional Food Procurement Policy and improved traceability along the supply chain, **18 percent of the food purchased in RBN in 2021 has been certified as Pro-SHF**. Not only is WFP pursuing household-level results but also system-level results. With increased traceability, WFP is working towards economic gains where the Small Holder Farmers' livelihoods will be improved while also increasing the efficiency and effectiveness of the value chain with broader development objectives being nutrition sensitive and inclusive value chains. Traditionally, intermediaries and middlemen have benefited greatly at the expense of SHFs. With increased traceability, WFP aims at ensuring fair prices are paid for the commodities purchased from SHFs.

Over the years, to address the nutrition needs in the region, WFP's food basket is now more diverse and includes a larger proportion of processed foods, which are more prone to risks than grains. In 2021, **a sustainable sourcing strategy for Specialised Nutritious Foods (SNF) was developed**. With increased call for LRP, WFP is supporting local manufacturers building capacity for local production. This shift will be encouraging knowledge sharing amongst local companies and WFP spurring growth in the countries where WFP is operating.

Challenges and Lessons Learned

Reliance on a few key manufacturers within the region for SNFs coupled with tied contributions.

This leads to increased vulnerability of supply, increased risk of supply disruption and greater dependency between WFP and the suppliers.

Lesson Learned: the need for expansion of supplier base for food commodities especially the SNFs. RBN undertook an Expression of Interest in Q4 of 2020 which saw 9 potential suppliers for Supercereal (SC) and SC+ identified. While getting them onboard and operational is a long-term plan, progress has been achieved with 1 of the vendors located in Ethiopia certified to begin the production of SC.

While WFP endeavours to purchase locally and regionally to the extent the market allows, flexible funding enables WFP to widen its sourcing options which is crucial to WFP meeting its objectives in ending world hunger.

Delays in contract delivery and implementation

Due to COVID-19 disruptions, Q1 and Q2 of 2021 saw a lot of delays on key commodities such as SC because of raw material shortages. Delays were also experienced in the importation of the fortificants and raw materials. Longer lead times were experienced in the procurement of ICT equipment as a result of global shortages occasioned by increased demand and manufacturing parts shortages. COVID-19 also brought about habit changes (working from home) which further exuberated the ongoing crisis.

Lesson Learned: WFP recognised the need for growing local markets to ensure that key elements required in the production of key commodities can be sourced locally.

2022 Outlook

Food Procurement

Consecutive poor rainfall experienced in Q4 of 2021 saw lower production forecast and the snowball effect may be a tighter food balance sheet for Eastern Africa and potentially higher food prices. The outlook for the first half of 2022 point to a below average rainfall season posing a risk to the crops.

Over 20 million people in the Horn of Africa including Kenya face crisis or worse outcomes as a result of conflict and drought. Extremely high food, fuel and water prices are significantly affecting household purchasing power, further contributing to the occurrence of the crisis. While recent conflict and drought are major factors, macroeconomic challenges, eroded international budgetary support, and rising global food prices, the household food access challenges will persist across Eastern Africa throughout 2022.

While RBN supports LRP, it endeavours to avoid stretching the local markets, through large volume purchases where availability is limited, with a view to minimize adverse impact on local consumers, through inflation of food prices. For that reason, international sources are also considered.

WFP, through service provision, purchased wheat on behalf of the Government of Ethiopia and Sudan. In 2021, about 680,000 MT and 112,000 MT were purchased for Ethiopia and Sudan respectively. In the last five years, WFP has mainly purchased wheat in the black sea region concentrating majorly on exports from Russia, Ukraine, Bulgaria and Romania.

Global crude oil and fertilizer prices, freight costs, as well as Government interventions, will continue to define the price trend in 2022.

Goods and Services Procurement

Over the last 2 years, there has been a global chip shortage. Production of ICT equipment has been impacted due to multiple component shortages, global silica shortages used in the production of chips and LCD panels along with drought in the countries where the chips are manufactured, as water is a critical resource in the chip manufacturing process. This has affected stocks in the distribution channel and product lead times are greater than normal as the market continually adapts and changes. This has further been exacerbated by the COVID -19 Pandemic – increased demand driven by changing habits is further pushing the crisis further with increased pricing observed. The crisis is set to continue through 2022.

2022 Priorities

In 2022, RBN aims to continue sourcing as much as possible from local and regional sources including smallholder farmers. RBN will closely monitor the local and regional markets and consider international sourcing options where unfavourable local conditions persist.

Buying the right food at the right place at the right time is WFP's first crucial step in WFP's fight against hunger. To ensure effectiveness of procurement, WFP will continue to align funding with procurement opportunities, to ensure a knock-on effect to on-time deliveries. WFP will also expand the supplier roster ensuring healthy competition, value for money and best interest of WFP.

To further secure the availability of quality food, achieve on-time deliveries and reduce costs, WFP will seek to digitalise and simplify procedures including streamlining of CBT business process and transactions.



Food Safety & Quality

COVID-19 travel restrictions and the conflict in Tigray region led to the increase in food demand and supply chain challenges. In turn, this demanded improved Food Safety and Quality intervention in ensuring food distributed met the highest safety and quality standards. In 2021, the RBN Food Safety & Quality team (FSQ) focused on provision of technical support to COs, oversight, local supplier development, compliance testing for products (upstream and downstream) internal and external capacity building/strengthening and knowledge management.

Quality Assurance Systems

Food incident remains a challenge in the supply chain owing to the switch to more Specialised Nutritious Foods that are of higher risk and requiring special handling coupled with more local sourcing from less developed quality assurance systems. This has prompted FSQ team to focus more on upstream quality assurance, in ensuring quality at source through supplier development. This has to be complemented by the establishment of a robust quality assurance system and suitable infrastructure within WFP supply chain to ensure food safety and quality is preserved to the last mile.

To ensure that a robust quality assurance system is established within the organization, comprehensive FSQ guidelines were established, improving existing protocols, manuals and guidelines in transport and logistics, integrating FSQ in programmes such as CBT, nutrition, school feeding etc. Other than providing guidance on FSQ integration, the guidelines will be utilised as the criteria for FSQ oversight and support to COs

For establishing robust Quality Assurance Systems as well as clarifying the role of FSQ, in 2021, FSQ high-level committee was formed at HQ for providing corporate guidance on FSQ policies, the FSQ risk appetite statement was also endorsed by the ED. Delegation of authority was also streamlined and positioning of FSQ in CBT. FSQ team developed supplier audit tools and procedures as well as reviewing COs risk registers to ensure FSQ is incorporated in risk planning, and COs are more accountable for FSQ matters.

Capacity Strengthening

Robust capacity strengthening activities were carried out to ensure that food safety and quality operations are well implemented in the region. At the regional level, this includes holding a Webinar on Management of the Supply Chain of Specialized Nutritious Foods, training of food technologists to support suppliers, holding a regional lessons learned meeting with RBN CO Food Incident Management Committee representatives to support the improvement of the corporate protocol. RBN also supported the COs through providing FSQ technical support (drafting guidelines, conducting assessments, reviewing strategies, etc.).



Country Office Highlights

EXCEPTIONAL CLEARANCE

1 fortified maize meal supplier in Rwanda granted exceptional clearance through Dir. Sc after failing the assessment

SUPPLIER AUDITS

14 suppliers audited
2 new suppliers added to the roster and **8 suppliers retained**

EXCEPTIONAL RELEASES

3 commodities (salt, csb++, maize meal) granted exceptional releases

QUALITY ASSURANCE

Quality assurance pilot planning phase with aif-**Rwanda** (sc+ supplier)

COMPLIANCE TESTING

32 samples were tested for compliance with focus on downstream-29 and upstream (3) deviations investigated for continual improvement- all cos

FOOD INSPECTION

444,292 MT of food procured and inspected in the region

Regional food inspection review

SUPPORT MISSIONS

14 small-scale millers assessed in Burundi for support

Somaliland mission
TDYer in **South Sudan**

FOSTER

FOSTER rolled out in RBN with over **50 FSQ and Procurement staff** trained on the new platform.

IPA-11 potential SC+ Suppliers evaluated

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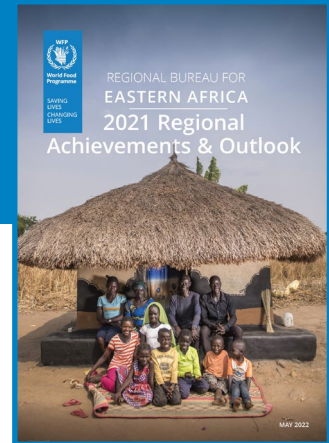
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