



Food and Agriculture Organization  
of the United Nations

# Institutional Food Procurement Programmes

## Key aspects for programming and policy design

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[www.fao.org](http://www.fao.org)



# Justification for the study

- Institutional procurement programmes (IPP) got a lot of attention from governments, donors and technical agencies as:
  - an important policy instrument to support small farmers and their integration into formal markets
  - a driver of development and transformation of local food systems
- But very little analysis and how to do are available
- Brazil was the first country to implement (2003) and then WFP with P4P in 2010
- PAA Africa: Joint initiative of FAO, WFP, Brazil and DFDI



# Objectives of the study

- Present some findings and policy recommendations on the constraints and good practices required for the successful implementation of IPP as a driver of local food system development
- Contribute to policy dialogue on the development of local food procurement programmes



# Methodology

- Purchase from Africans for Africa programme (PAA Africa)
- FAO-P4P scoping missions:
  - Rwanda, Kenya, Tanzania, Ethiopia, Ghana, El Salvador, Guatemala - (Oct 2012-Feb 2013)
- Case study for Brazil based on existing literature

<http://www.fao.org/ag/ags/ivc/institutional-procurement/en/>

<http://paa-africa.org/>



# Topics covered by the study

Demand side

Policy,  
Institutional  
and Legal  
Frameworks



Monitoring  
and  
Evaluation

Supply  
side



# Some key points for the development of an efficient IPP

## **1. Policy, Institutions and Legal frameworks**

- ✓ Fostering inter-Ministerial collaboration
- ✓ Aligning Policy, legislation and institutional processes
- ✓ Customizing decentralized food procurement systems
- ✓ Aligning legislation: Public Procurement legislation and regulation of farmer's organizations

## **1. Demand side**

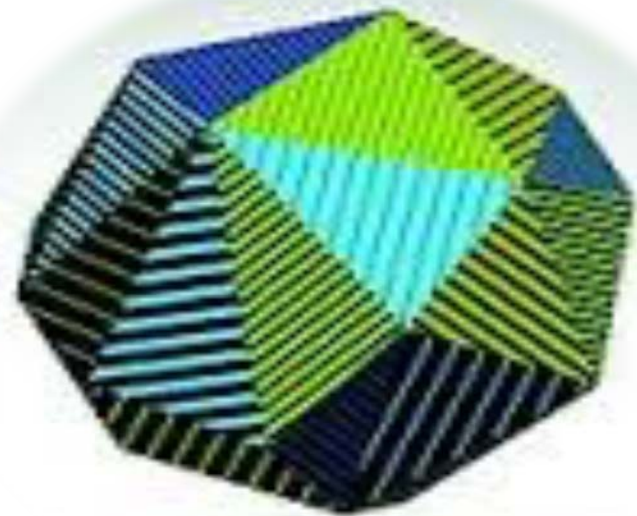
- ✓ Developing procurement mechanisms that respond to smallholders' capacity

## **2. Monitoring and Evaluation**



# Policy framework: fostering inter-ministerial collaboration

- IPPs are complex programmes
- Require a collaborative and multisectorial/inter-ministerial coordination approach
- Require clear institutional roles and good capacity to coordinate





# Example of Mozambique

## **PAA Africa Multi-sectorial group**

- **FAO and WFP**
- **5 Ministries**
- **Civil Society Organization**
- **Local communities**
- **Central and Provincial level**

## **• PRONAE Multi-sectorial Group**

- **11 Ministries + government partners**
- **Central, Provincial and District level**

- **Coordinating actions among multiple agencies and institutions in different sectors is not an easy task**
- **It can require many adaptations and institutional changes for effective implementation**





# Aligning policy, legislation and institutional processes



- Political will and policy reform are key...
- But not enough, if the institution and legal frameworks are left unchanged
- Policy, institutions and legislations need to be reformed to lay out the foundation for sustainable IPPs



# Aligning legislation

Legal framework plays a fundamental role both for the creation and effectiveness of IPPs

- Adaptation/development of different legislations
  - Regulation of public procurement
  - Food safety legislations and quality standards
  - Legal structure and regulation of farmer organizations
- With 2 considerations
  - taking into consideration the capacities and characteristic of smallholder supply but
  - still maintaining the core principles that protect the interests of the institutional buyer



# Developing procurement mechanisms that respond to smallholders' capacity

- Adaptation of the buyer's procurement instruments
  - Contractual modalities
  - Shortening payment times
  - Provision of customized logistical and transport systems
  - Customizing administrative procedures
  - Provision of services for quality control



# Example of World Food Programme

Parameter	Regular local/regional Procurement	WFP procurement through P4P
Quantities	Preference for relatively large quantities	Will consider much smaller quantities to accommodate suppliers' capacity
Performance bond	5-10 %	None
Bagging	Bagged in 50 kg bags and marked with WFP logo	Flexible to accommodate capacity of supplier (WFP may subsidize marked bags and/or waive marking)
Delivery terms	Delivery duty unpaid (DDU) to specified WFP warehouse on specified date	Flexible (WFP may collect the commodity, modify delivery to the nearest warehouse, allow extended delivery times etc.)
Payment	30- 60 days	≤ 14 days



# Measuring impact and monitoring IPPs

- Measuring impact and monitoring IPP is key to:
  - Support IPP efficiency and effectiveness
  - Promote social accountability
- Nevertheless... still a challenge
- Comprehensive impact evaluation of IPP (considering impacts on transformation and formalization of food systems, rural development, food security and poverty reduction) have not been properly addressed at global level yet



# To conclude

- Institutional food procurement programmes have a great potential to create, stimulate and support transformative development of food supply systems
- Brazil, P4P and PAA-Africa confirm that potential
- However... development and implementation of IPP is not a simple or straightforward task
- The study provides some findings and policy recommendations on the constraints and good practices required for the successful implementation of IPP as a driver of local food system development
- Still, further tailored research for guiding policy formulation and scaling-up, as well as to guide policy makers through the operational options and related challenges and opportunities of IPPs is needed



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# Thank you!

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