

Doing Business with the United Nations World Food Programme

International Food, Goods and Services
Procurement



World Food Programme

Introduction

This document currently serves as a reference for potential suppliers to be included in the United Nations (UN) World Food Programme (WFP), Rome Headquarters (HQ) vendor data base for international procurement. It provides an overview of the screening process used to pre-qualify suppliers. Companies doing business with WFP are required to accept and comply with the UN Supplier Code of Conduct¹, drafted in line with the values recognised by the United Nations (UN) Charter: *respect for fundamental human rights, social justice and human dignity, and respect for the equal rights of men and women*. The Code of Conduct informs vendors of the; *Labour, Human Rights, Environment and Ethical Conduct* principles to which they are expected to adhere.

Founded in 1963 WFP is the largest humanitarian agency fighting hunger worldwide. WFP assists approximately 80 million people in 75 countries annually.

The Strategic Plan for 2014-2017 provides the framework for WFP's operations and its role in achieving a world with zero hunger. The plan lays out four objectives:

- 1. Save lives and protect livelihoods in emergencies.**
- 2. Support food security and nutrition and (re)build livelihoods in fragile settings and following emergencies.**
- 3. Reduce risk and enable people, communities and countries to meet their own food and nutrition needs.**
- 4. Reduce undernutrition and break the intergenerational cycle of hunger.**

WFP Procurement

WFP's procurement policy is designed to support its operational objectives irrespective of transfer modality (in kind food, cash, vouchers) through purchases of commodities, goods and services on a competitive basis. Purchases occur across local, regional and international markets, in addition, WFP's financial rules state: 'To the extent possible to procure from the developing countries'. WFP's primary objective 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.

To meet its mandate, WFP procures food, goods and services and also arranges the transport of these (from point of sale to final point of distribution). As well, WFP works closely with governments, non-governmental organization (NGOs) and other UN agencies.

¹ <https://www.un.org/Depts/ptd/about-us/un-supplier-code-conduct>

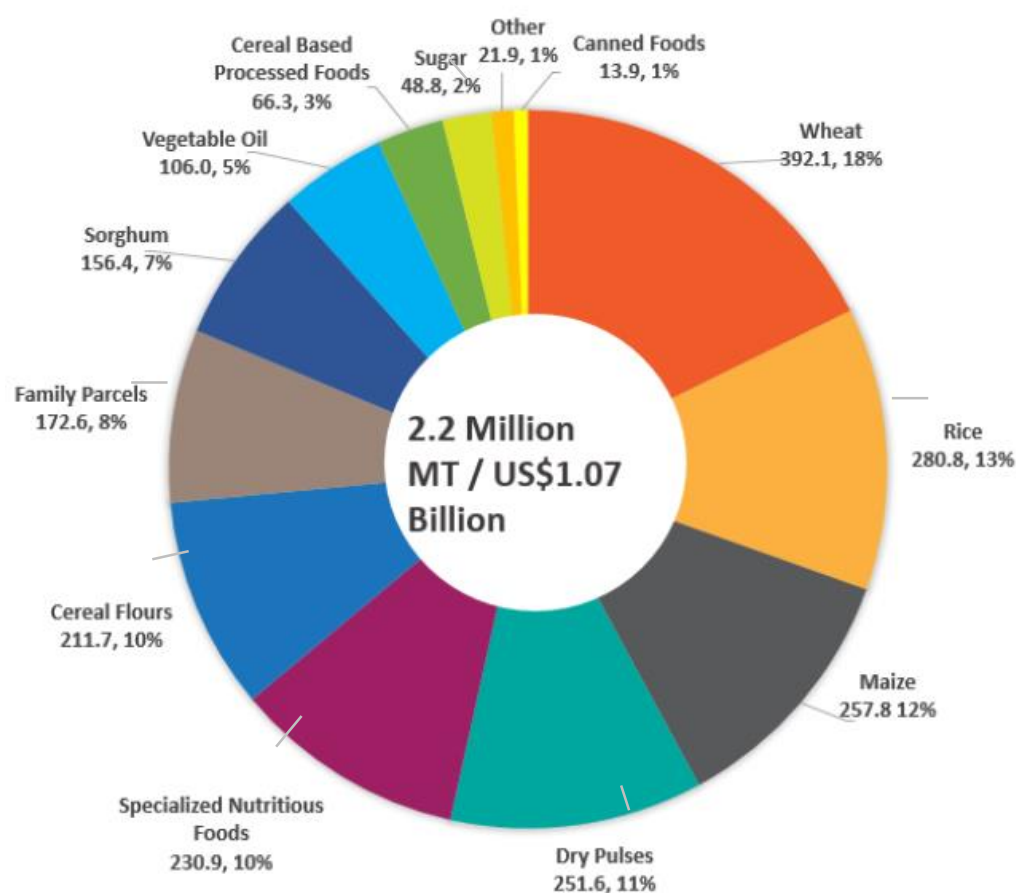
At HQ, food procurement activities are undertaken by the Food Procurement branch, and goods and services are overseen by the Goods and Services Procurement branch. WFP's Logistics branch is responsible for contracting land, sea and air transport services.

If you wish to participate in local WFP Country Office or Regional Bureau food-procurement tenders, **please contact our country offices and regional bureaux directly** (contact details are found on the website: **www.wfp.org**).

Food Procurement

The below chart represents the different commodities purchased by WFP in 2015. In total this quantity equals 2.2 million metric tons (mt) / US\$1.07 billion.

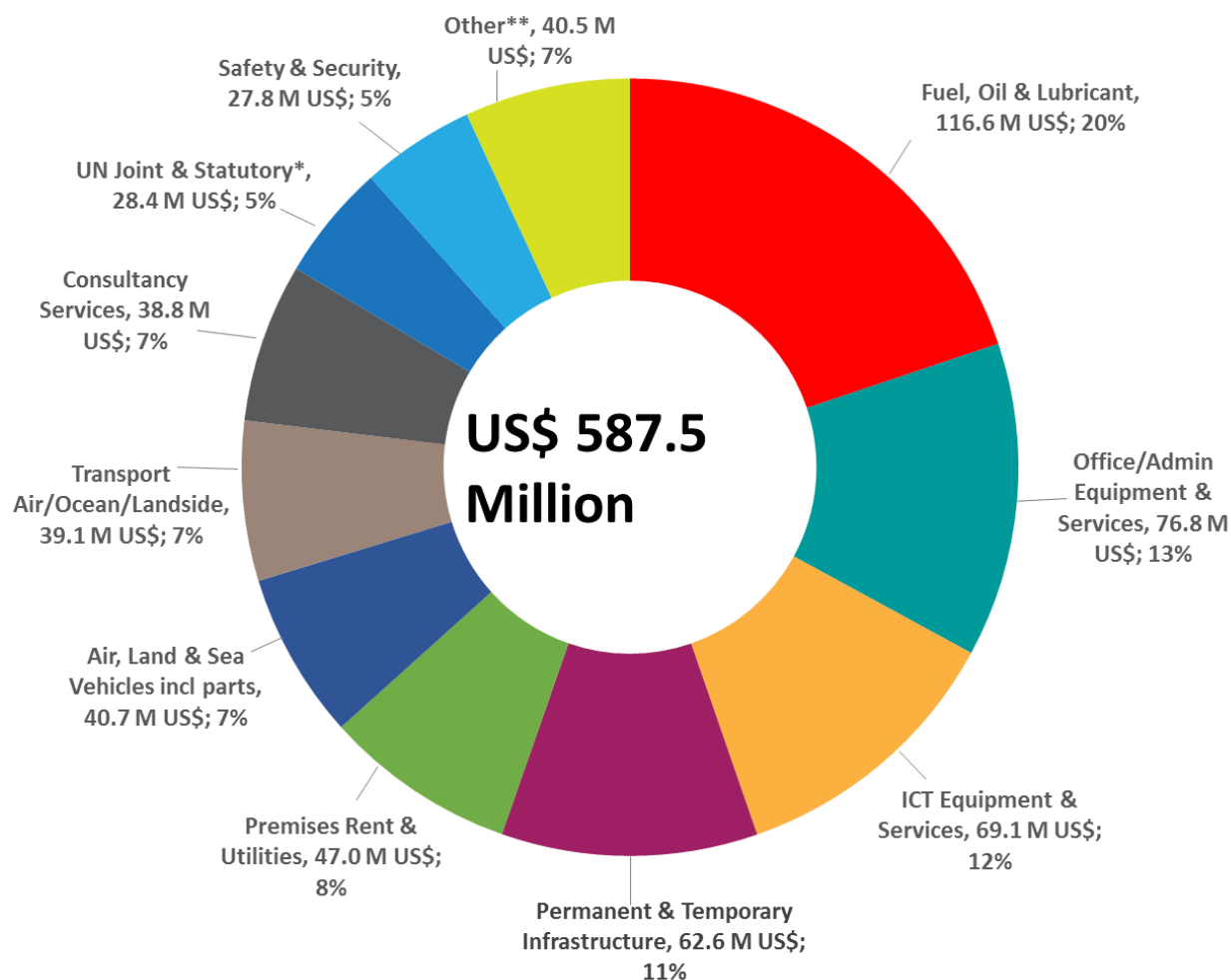
The figures shown below are expressed in thousands of mt.



**Other includes foods such as Salt, Barley, Dried Milk, etc.

Goods and Services Procurement

The below chart represents the different Goods and Services procured by WFP in 2015. The total being US\$587.5 million.



**UN Joint and Statutory relates to payments made internally between UN Agencies, Funds and Programmes (AFP)

**Other includes categories such as handling & storage, inspection, insurance, medical/health eq., etc.

Procurement Guide for Vendors

How to apply for the WFP HQ Supplier Roster

Owing to the complex nature of WFP’s supply chain and difficult remote working environments, the organization depends on reliable and reputable suppliers. Registration with WFP is therefore mandatory to become a WFP vendor – WFP will only purchases from pre-qualified suppliers. All prospective vendors must submit their registration request through the United Nations Global Marketplace “UNGM” portal (www.ungm.org) and specify that the application is to be for the WFP vendor roster.

Only fully completed registration forms with a “Submitted” status will be reviewed.

Should a problem arise when registering with UNGM, please send an e-mail to our e-mail address: NewSuppliers@wfp.org.

For food vendors only, a specific paper assessment form must also be completed. This is sent at present via email from the above address following interest from prospective suppliers.

If you have specific technical questions regarding **food procurement**, please contact: food.procurement@wfp.org

If you have specific technical questions regarding **goods and services procurement**, please contact: goods-services.procurement@wfp.org

Vendor applications are then reviewed by WFP. Suppliers will be contacted on the final outcome of their registration request.

Criteria for Vendor Registration and Qualification

Applications are reviewed on the basis of the following criteria:

- The commodity, good or service is relevant to WFP's operational needs.
- Vendor holds legal qualification to enter into a contract with the United Nations.
- Food commodities: cereals, pulses, edible oil and/or processed commodities (such as wheat flour, blended foods and high energy biscuits) must be part of the company's core business.
- Goods and services offered are of interest to WFP projects and programmes and/or the company holds the necessary professional and technical competence to perform the required service.
- Goods and services: ability to provide installation, training and after-sales services and/or maintenance in countries where the products will be used.
- Goods and services: readiness to dispatch company staff to project sites.
- Ability to provide technical manuals, instruction booklets and spare parts lists in the required language(s).
- Proven financial standing to honor a contract.
- Proven ability to perform.
- Minimum of three years' experience as an established business.
- WFP's general terms and conditions, including its payment terms are accepted by Vendor (see next section).

- ❑ Provision of at least three trade references
- ❑ UNGM registration completed in full and WFP paper assessment questions are answered (questionnaire will be sent for food items only).

Tendering

E-tendering

WFP uses electronic tendering through the “In-Tend” web-platform. Suppliers wishing to participate in WFP tenders are required to register on the In-Tend system after the application to become a supplier has been approved.

Registration does not imply that an invitation will be extended to every tender issued by WFP

However, it does signify that a company has entered into WFP’s database of potential suppliers for a specified commodity, good or service and will receive the relevant tender invitations based on WFP’s requirements.

Registration status is not indefinite

WFP reserves the right to deactivate a vendor in its database in the event of poor performance, non-response to tenders or consecutive non-competitive offers.

WFP reserves the right to post details of tender awards on the corporate website including details of the supplier's name and the contract value. <https://www.wfp.org/procurement/food-tender-awards>.

In accordance with UN Resolution 1267², all existing and potential WFP suppliers are reviewed against a regularly updated list of individuals, groups, undertakings and other entities associated with terrorism and will be excluded accordingly.

Request for Quotation, Invitation to Bid Request for Proposal

Through In-Tend, WFP invites suppliers to compete for contracts using three different modules.

- Request for Quotation (RFQ) (food procurement)
- Request for Proposal (RFP) (goods and services)
- Invitation to Bid (ITB) (goods and services)

Request for Quotation (RFQ): A competitive bidding process issued from WFP Headquarters and/or Regional Bureaux/Country Offices. The RFQ is

² Consolidated UN Security Council Sanctions List: <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>

sent to WFP short-listed bidders. Adherence to the tender terms and conditions is crucial for successful bidding.

Request for Proposal (RFP): A competitive mode of solicitation to source goods and/or services. Includes clear evaluation criteria on the technical offers, enabling WFP to achieve the “best value for money”. The supplier must prepare a technical proposal followed separately by a financial offer.

Invitation to Bid (ITB): A formal solicitation commonly used for the competitive purchase of goods or services giving clear, precise technical specifications.

Food Supply Agreements (FSAs)

WFP has now implemented FSAs in order to reduce lead time and purchasing costs. These agreements allow WFP to capture opportunities in commodity markets. FSAs are to adhere to WFP’s procurement principles of fair competition, segregation of duties, transparency, ethics and accountability.

The four FSA modules WFP follows:

1. **Non-committal:** Tender requests have fixed prices over a specific period of time with no commitment from WFP to buy a specified quantity, but WFP will do its best to honor the contract and buy the entire tonnage.
2. **Minimum off-take plus non-committal:** Tender requests have fixed prices over a specific period of time and for a maximum quantity. WFP commits to procure a minimum off-take. The balance remains as a no cost option for WFP to call off against the agreement, but efforts will be done to procure the entire tonnage.
3. **Minimum rolling stock with washout clause:** Tender requests have fixed prices, maximum tonnage and/or time period, minimum stock ready for WFP to uplift and the cost per mt as washout if WFP does not uplift quantities requested as minimum rolling stock.
4. **Forward delivery contracts:** Tender requests have a fixed quantity required for the future by setting the base price and additional costs (i.e. margin, loading, bags, bagging) at the time the contract is signed.

Long Term Agreements (LTAs) (Goods and Services)

As part of WFP’s strategy to rationalize the procurement of frequently purchased goods and services, a variety of LTAs are used. This enables lead time to be considerably reduced and fosters strategic supply chain alliances. The agreements can be established at WFP HQ or in the

Country Offices. Current LTAs include telecommunications equipment, fuel, stationary and a number of services required at WFP HQ.

Main characteristics of the LTAs:

- **Agreements guarantee neither minimum nor maximum "call offs"** throughout the tenure of the agreement and contractually bind the supplier to ex-stock deliveries of certain agreed quantities. Tender documents provide indicative historical information on prior purchases. In some cases in order to reduce stock levels, and therefore the overhead cost of operating emergency stockpiles, LTAs include provisions for suppliers to keep a buffer stock.
- **Agreements are non-exclusive.** WFP reserves the right to award multiple awards for the same goods/services.
- In view of the trend towards contracting major products and services under LTAs, it is important for potential suppliers to express an early and active interest in participating in the tendering process. In coming years, LTAs will assume an increasingly important role in WFP's international procurement.

Timing and Incoterms

- **Food Procurement:** Timing is essential in WFP contracts. Suppliers are expected to adhere strictly to delivery times stipulated in the contract. Any breach of this vital condition entitles WFP to repudiate a contract. WFP uses 2010 INCOTERMS. Typically, WFP asks for FOB (free on board), CFR (cost and freight), DAP (delivered at place), or FCA (free carrier) terms.
- **Goods and Services:** Purchases are typically made on a DAP (delivered at place) basis but this does not exclude considering other terms. International purchases, either shipped to, or made by, Country Offices, can use CIF (cost insurance and freight), CIP (carriage and insurance paid to), FOB (free on board) terms if agreed upon between the supplier and the WFP office managing the procurement process.

Payment Terms

WFP does not accept requests for letters of credit, advance payment or third party payments.

Generally, WFP's terms of payment are:

Food Procurement:

- Cash against documents: electronic transfer of funds against shipping documents. Payment to be made within four working days of receipt of complete set of documents.

Goods and Services:

- Payment against a goods receipt note within 30 days at destination. WFP may consider shorter periods against early payment discounts.

Packaging

Food Commodities: WFP buys cereals in bulk (including empty/printed bags), breakbulk or containerized. The type of packaging depends largely on the commodity type. Processed commodities are packed in standard size bags and tins. The required bag markings are specified in every tender document, and it is expected that the supplier is able to adhere to the specific bag markings (often multiple colors, logos and text) required by WFP. Quality specifications: <http://foodqualityandsafety.wfp.org/specifications>

Goods: It is essential that goods are packed with sturdy materials as consignments are frequently transported to remote locations. Suppliers need to take particular note that although the goods leaving their premises may initially be shipped by air/sea in containers, the final transport leg may involve considerably less secure means.

In addition to this, packaging must be designed to protect goods from extreme temperatures and humidity. Suppliers are encouraged to make recommendations regarding improved packaging specifications.

Inspection of Food Commodities and Goods

WFP appoints an independent third party inspection company to verify that consignments conform to contractual terms.

The inspection takes place at the point established by the INCOTERMS set in the contractual agreement. However, WFP reserves the right of inspecting the consignment at any moment.

Warranties

Food Items: All commodity purchases will be inspected in terms of quality and quantity and WFP reserves the right to reject commodities if the quality analysis indicates in conformity against the required technical specifications outlined in the contract.

Goods and Services: For the purchase of new items, WFP requires suppliers to provide a written guarantee that all items furnished under a purchase order are new and unused. A seller must further guarantee in writing that all items conform fully to all requirements of an order and that approved samples, if any, are fit for the purpose intended and free from defects in material, workmanship and/or design.

Delivery and Shipping

Suppliers are expected to strictly adhere to the delivery terms stipulated in the contract. Any breach of this entitles WFP to repudiate the contract and reserves the right to deduct liquidated damages from a supplier's invoice for late delivery or short-shipment. The Liquidated Damages clause is stipulated in the Tender Invitation and again in the final contract.

When cost and freight (CFR) terms are used, suppliers are requested to provide timely and full shipping details to consignees. WFP informs the supplier of the shipments arranged by the WFP freight forwarder. It is then the responsibility of the supplier to cooperate and coordinate delivery with the forwarder in accordance with the contract terms.

Tax Exemption

WFP is exempt from taxes and custom duties. However, in rare cases, recipient governments may levy taxes and customs duties. In such cases, WFP expects the supplier to contact WFP immediately to determine a mutually acceptable solution.

July 2016

KEY:

