Sustainable Local Procurement & Production | Asia Context

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17 Nov 2022 | Brussel Expo
Aim of Procurement function

- achieve value for money
- maximize our social impact,
- improve the well-being and working conditions of the supplier
- inclusive and diverse supplier evaluation process
- strengthen supplier capacity and localization
- minimize the negative environmental impact
- maximum use of local and natural resources

The focus on Community-Level Categories

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Agriculture & livestock
Catering Service

Source: WVI Impact report 2020
Let me give some figure | Spend on community-level categories

5.3% | 5.1%
Of total spend globally

9.2 Million | 8.8 Million

$1.72 Billion

Country wise spend analysis of community level categories (FY 19)

料理服務

<table>
<thead>
<tr>
<th>Category</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture Supplies and Livestock</td>
<td>5.3%</td>
</tr>
<tr>
<td>Catering Services</td>
<td>5.1%</td>
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Of total spend globally 10-30% both Country level

% Spend = \[ \frac{\text{Spend in the respective category}}{\text{Reported Spend}} \]
What & how do we procure?

Procurement Budget
- Global: 60-65%
- National
- Provincial
- Village
- Community

Do we have a policy for localization & sustainability?

Non-Procurement Budget
- 35-40%

Decentralized sourcing approach

Markets
- Global & Regional Suppliers
- Manufacturing
- Wholesaler
- Trader
- Retailer
- Farmers, youth clubs, cooperatives
- User groups, Schools, Retail/tea shops

Suppliers

Challenges
- How do we minimize global sourcing?
- Low bargaining power because of demand is scattered among 30 Partners?
- How to empower local suppliers to do business?

Possible Solutions
- HP Vs other
- Toyota Vs Scorpio
- Consortium Procurement
- Consolidate Procurement Plan
- Inclusive Procurement Approach

Sustainable Local Procurement & Productions - Focusing Asia
The process we follow – Inclusive Procurement

1. Develop Procurement guidelines and processes with partners (Nepal & Bangladesh)
2. Simplify the bidding process & documents
3. Profiling categories and develop a sourcing plan
4. Pre-qualified suppliers & develop an inclusive supplier roster
5. Vendor Orientation
6. Conducted inclusive sourcing event (competitive & fair price)
7. Include government officials as subject matter experts wherever necessary
8. Established contracts with local suppliers
9. Simplify the payment process
What we learnt...

- Procurement team is not enough to do this alone (Cross-Functional Team).
- Partners’ capacity and willingness to change are critical success factors.
- Communicate, communicate, coordinate and collaborate all the time
- Consolidating demand is challenging but it’s key to give confidence to local supplier
- Government’s support to farmers, SMEs and cooperatives are vital.
- Supply chain/procurement should be a strategic partner in the organization.
- Sustainable procurement is not just about being green.
- Cash Transfer Programming is a good source of injecting cash and supporting the local economy.
- Proactive engagement with donors and compliance is important.
- Being creative can solve the complexity (flexibility in policy is key)
Thank you 😊

Q &A