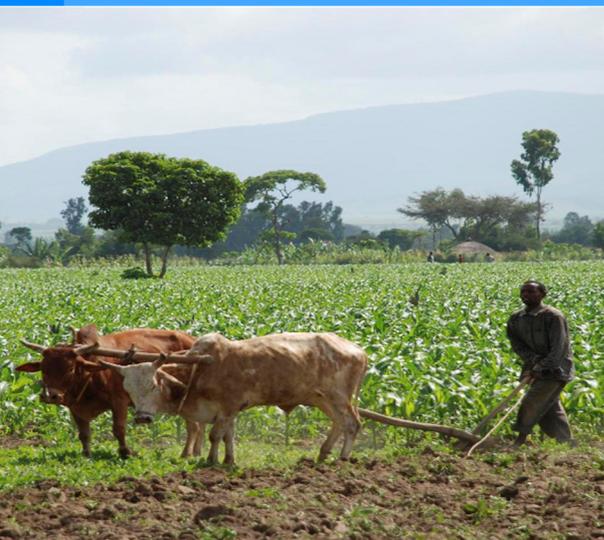


# Purchase for Progress - P4P

## Ethiopia



### P4P in Ethiopia

In Ethiopia P4P supports more smallholder farmers than in any other pilot country. These farmers are primarily organized in Cooperative Unions (CUs). The initiative combines WFP's purchasing power with partners' technical contributions to strengthen the management and marketing capacities of CUs, and to provide them with market opportunities as an incentive to increase production. In 2010, WFP bought 16,074 mt food mainly maize produced by smallholder farmers in Ethiopia. While WFP bought 19,000 mt of maize in 2013, WFP nearly doubled purchases from Ethiopian farmers by purchasing 33,000 mt of maize during the 2014 season. In 2015, WFP managed to buy 30,000 mt of maize from smallholder farmers with zero default. A key to the success deliveries has been the use of forward delivery contracts (FDCs), enabled by a successful collaboration between donors, banks, CUs, NGOs and the government. P4P also played a key role in the formation of Maize Alliance which pilots and expands integrated support to maize farmers in Ethiopia. Under the alliance, WFP is planning to purchase 40,000 mt of maize from P4P supported 32 CUs in 2016.

### QUICK FACTS

**Project start date:**  
January 2010

**Number of farmers' organizations (FOs):** 36

**Number of members:**  
1,180,087 (13% women)

**Sales to WFP (2010 -2015):**  
US\$ 35,838,001 (118,168 mt)

**Sales to other markets:**  
**An estimated US\$ 32,254,275**  
(55,118 mt)

**Main commodities:**  
Maize and haricot beans

#### Main P4P activities

- Pro-smallholder competitive practices (CUs and small scale traders)
- Direct contracting
- Forward delivery contracts
- Capacity building
- Promoting women's participation

#### Funding

P4P Ethiopia is financially supported by the Bill and Melinda Gates Foundation. Ministry for Economic Cooperation and Development of Germany also supports the project in capacity building of FOs. All food purchases are financed by donations to WFP's regular operations. UK-DFID is the main sponsor of P4P's food purchases in Ethiopia.

### Background

Ethiopia is Africa's second most populous country and is home to more than 80 million people. The agricultural sector employs 80 percent of the labour force, and 87 percent of farming households cultivate less than 2 hectares. Limited access to improved seeds, fertilizer and credit, as well as dependence on rain-fed agriculture and high post harvest loss all contribute to low agricultural productivity. Limited access to markets and high transaction cost often drive farmers to sell at the farm gate for lower prices, and provide little incentive for investment.

### Achievements

- **Capacity development:** P4P and partners have trained some 287,333 farmers and field technicians in topics including post harvest handling, quality control and managing agri-business.
- **Resilience:** P4P has been exploring resilience tools such as weather risk insurance to protect P4P-supported CUs from the impact of crop loss.
- **Quality control:** CUs and small-scale traders have been provided with quality control equipment, including shellers, cleaners, moisture meters, fumigation sheets, stitching machines and digital weighting scales.
- **Infrastructure:** P4P and partners have donated temporary warehouses to 23 CUs. In addition, WFP provided prefabricated warehouses with 2,000 mt capacity to five CUs and seven CUs will be supported by ACIDI/VOCA to construct a warehouse on a cost-share basis.
- **Procurement:** In Ethiopia, P4P supported smallholder farmers have supplied more food to WFP than in any other pilot country.
- **Access to credit:** The federal Agricultural Transformation Agency (ATA), and WFP facilitated CUs' access to credit through the governments commercial bank of Ethiopia (CBE) and other private banks. The loans are granted using WFP contract as collateral.
- **Government ownership:** A strong drive from the government, under the ATA, to support smallholder farmers and increase crop productivity has been crucial to P4P's success in Ethiopia.



World Food Programme

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“A small-holder farmer participating in P4P, Southern Ethiopia.

David Tibo, a smallholder farmer near Awassa, in southern Ethiopia, sold 4.5 metric tons of maize through his CU to WFP. He said that his life had changed since taking part in the first P4P training at the end of 2009 as he learned about crop quality and diversification as well as market linkages.

“Now I receive a fair price and I am able to make some profit. The profit not only allowed me to buy an ox but it gave me hope that I won't return to poverty if I continue to produce more.”

## KEY PARTNERS

- Agricultural Transformation Agency
- Commercial Bank of Ethiopia
- Abay Bank
- Federal Cooperative Agency
- Ministry of Agriculture
- ACIDI/VOCA
- Sasakawa Africa association
- Techno serve
- Food and Agriculture Organization of the United Nations
- UK-DFID
- USAID

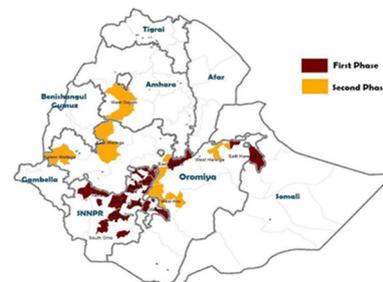
- **School feeding:** P4P supported CUs have supplied food to WFP's school feeding programme in Ethiopia. The link has been strengthened by the Purchase from Africans for Africa (PAA) initiative, which is funded by the Government of Brazil and implemented in partnership with FAO. P4P has provided technical assistance to the regional government (SNNPR and Oromia), enabling them to handle food procurement for the home grown school feeding programme.
- **Gender:** The idea of increasing women's participation, benefit and enhancing their leadership /management capacity is exerted by organizing women in both Rural Saving and Credit (RUSACCO) and Primary Cooperatives (PC). So far, eight saving and credit groups have been organized with a total of 1051 members and they are delivering food to P4P through their CUs (three of the eight are women only PCs). WFP supports women groups through income generating activities and working beyond figures including facilitating community conversions to identify and discuss cultural taboos and barriers that hinders women's participation. 9 CUs and 27 PCs are now started to adapted the best practices from those pilot CUs /PCs.

## Challenges

- **Access to credit:** Through many CUs have been successfully linked to financial institutions, many still lack adequate credit to purchase and collect food from farmers in a timely manner. Due to delayed loan disbursement, CUs are often unable to enter the market at the most appropriate time. This leads to many smallholder farmers selling their crops at the farm gate for lower prices to get cash for their immediate needs.
- **Gender:** Limited funding to support gender activities and scaling up capacity building programmes .
- **Private sector involvement:** IP4P is exploring ways to overcome difficulties linking smallholders to sustainable markets.

## Partnerships

There is strong government engagement with P4P through the ATA, which coordinates the implementation of P4P among various stakeholders to secure markets to CUs. ACIDI/VOCA has contributed extensively with capacity development. Additionally, ATA and WFP work jointly with a consortium of partners known as the Maize Alliance which comprises the Federal Cooperative Agency, USAID AGP-made, Sasakawa Global 2000, Technoserve and the Regional



## WFP ACTIVITIES IN Ethiopia

There are three components to WFP Ethiopia's Protracted Relief and Recovery Operation (PRRO): relief, productive safety net programme and targeted supplementary food programme. The PRRO aims to reduce individuals' vulnerability to acute food insecurity and to support their capacities to manage risk, thereby enabling food insecure individual to invest in more resilient livelihoods. Thousands of targeted refugees are also assisted each year. The country programme comprising of three major components: natural resource management, food for education and HIV/AIDS. The commodities purchased by WFP from P4P-supported CUs support the relief assistance programme. P4P-targeted CUs are also participating in WFP's cash and vouchers initiative.