

Purchase for Progress - P4P

El Salvador



P4P in El Salvador

P4P in El Salvador focuses on capacity development and strengthening farmers' organizations (FOs). Due to reduced food assistance requirements, WFP does not constitute a significant market for P4P-supported organizations. Therefore, P4P focuses on strengthening relationships with private sector buyers, including agroindustry and retail markets, and carries out negotiation rounds to teach FOs how to meet buyers' requirements and to negotiate input purchases. FOs have also strengthened relationships with both private sector input suppliers and financial institutions. The Government's new "Plan de Agricultura Familiar" (PAF), the Family Agriculture Plan, which is inspired by the P4P concept, also presents market opportunities for P4P-supported FOs.

Background

In El Salvador, poverty levels are highest in rural areas (49 percent). There are almost 400,000 smallholder farmers in the country and only 3 percent are considered large commercial farmers. Most smallholders face difficulties in accessing markets and negotiating fair prices. Staple grains, particularly maize and beans, account for 75 percent of the basic food basket.

Learning and sharing

P4P has emphasized an honest and transparent examination of what works and does not. After 5 years of testing various approaches on the ground, the pilot is currently being evaluated. Key lessons are being compiled and will be shared widely.

Achievements

- **Sustainability:** The P4P initiative has established connections between FOs and the private sector, agroindustry and El Salvador's national commodity exchange "Bolsa de Productos y Servicios" (BOLPROS). Additionally, three P4P-supported clusters have been created to facilitate sales to the agroindustry, allowing them to sell greater volumes of grain. Brands and logotypes have also been created to respond to the retail market's demand for beans. The government has created a new family agriculture plan and WFP has committed to continue providing farmers with further market opportunities.
- **Inputs:** FOs have been linked to agricultural input providers. In some cases, FOs were able to reduce the cost of inputs by 20 percent due to negotiation of higher volumes.
- **Access to credit:** P4P-supported FOs obtained credit from formal financial institutions in part thanks to their experience managing revolving funds. With the support of P4P and the Ministry of Agriculture's rural development unit, FOs have accessed more than US\$ 750,000, which allowed them to buy agricultural inputs and pay for marketing. WFP contracts, as well as forward purchase contracts with the private sector, have also improved farmers' access to finance. Financial institutions such as CACTIUSA have approved credit for the commercialization phase.
- **Crop monitoring system:** Over 200 farmers and technicians have been trained to gather and feed raw data into a Crop Monitoring System. The initiative was implemented in partnership with the Ministry of Agriculture and will feed into Famine Early Warning Systems Network (FEWSNET) information system.
- **Farm gate price monitoring system:** El Salvador is the first country to pilot [a new price monitoring system](#) to obtain a better understanding of the marketing options available to smallholders and help them make better informed marketing decisions.

QUICK FACTS

Project start date:
January 2009

Number of farmers' organizations (FOs): 20

Number of members:
8,588 (34% women)

Sales to WFP:
US\$ 2,700,285 (5,758 mt)

Sales to other markets:
An estimated US\$ 2,750,853 (5,866 mt)

Main commodities:
Maize and beans

Main P4P activities

- Institutional strengthening
- Connecting to private markets
- Development of price and crop monitoring systems
- Pro-smallholders competitive procurement practices

Funding

P4P El Salvador is financially supported by the Howard G. Buffett Foundation. All food purchases are financed by donations to WFP's regular operations.

Figures as of March 2014



World Food Programme

For more information
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Leonidas Ramirez, a 31 year-old farmer, joined P4P in 2011 together with other 48 farmers from the ADESCO-AGRISAL farmers' organization in San Lorenzo, Ahuachapán Department. After 5 years as treasurer of the FO, Leonidas is now President of Progranos Cluster which recently initiated a legal process to create its own brand and patent.

"Thanks to P4P, AGRISAL, the FO I belong to, has been able to access to a US\$ 30,000 loan from ProCredit Bank for agricultural inputs and marketing. The most interesting thing we learned is to produce high quality grain, we need to use our new negotiation skills and sell surplus in markets".

KEY PARTNERS

- El Salvador Chamber of Commerce (CCIE)
- Food and Agriculture Organization (FAO)
- International Fund for Agricultural Development (IFAD) through PREMODER, PRODEMOR Central and PRODEMORO
- Instituto Salvadoreño de Fomento Cooperativo (INSAFOCOOP)
- Intellectual Property Unit from the National Registration Centre (CNR)
- Ministry of Agriculture and Livestock (MAG)
- The National Committee for Micro and Small Enterprises (CONAMYPE)
- University of El Salvador

- **Dealing with crisis situations:** P4P has facilitated support to smallholders in crisis, and has promoted efficient institutional cooperation for emergency response. WFP worked with FAO and the National Centre for Agricultural and Forestry Technology (CENTA) to pilot maize crop recovery interventions during the Tropical Depression 12E in October 2011. Some 1,000 P4P-supported smallholders benefited from this pilot project. Approximately 450 mt of maize were saved, with some farmers able to recover up to 50 percent of their harvest.

Challenges

- **Community welfare:** P4P El Salvador has faced challenges facilitating the transformation of agricultural income generation into local farmers' community welfare and economic growth.
- **Nutrition:** The programme has also faced difficulties promoting the consumption of nutritious foods.
- **Collective sales:** While much progress has been made, not all P4P-supported farmers commercialize their surplus or sell through FOs. Further efforts are needed to ensure that all farmers are able to market their surplus grains through their organizations so they can access better prices and foster economic growth and food security.
- **Government ownership:** Although the government has increased support to smallholders through the family agriculture plan, many challenges must be overcome to increase national purchases from smallholder farmers.

Partnerships

In El Salvador, P4P partners with a wide range of stakeholders. These include governmental technical institutions, such as CENTA, particularly the Post-Harvest and Gender Units; private sector actors, such as national agricultural suppliers (El Surco); state banks, such as the Banco de Fomento Agropecuario (BFA); as well as FAO and IFAD. These partnerships have supported farmers to overcome the most significant bottlenecks that prevented them from commercializing basic grains through the formal markets at a competitive price.



Read more about

[WFP in El Salvador](#)

[Smallholder farmers to report prices from smartphones](#)

[Smallholder farmers ready to sell beans to supermarkets](#)

[P4P in Central America \(video\)](#)

WFP ACTIVITIES IN EL SALVADOR

In El Salvador, WFP's strategy contributes to the Millennium Development Goals and El Salvador's National Development Plan, supporting the government to ensure the food and nutritional security of the population. This strategy gives priority to vulnerable people through food and nutrition-based interventions, strengthening risk mitigation and emergency responses and strengthening smallholder agriculture and associated market development. P4P contributes to this third objective, and is currently being integrated with other programmes and activities. In order to assist the Salvadoreans affected by the severe outbreak of coffee rust in the region, WFP is designing an innovative cash and voucher programme which will link the beneficiaries to staple grains produced by P4P-supported smallholders. Additionally, future projects currently being developed include a Climate Change and Sustainable Agriculture project to enhance the food security and nutrition of small agricultural producers in El Salvador's dry corridor, and a National Food Reserve to ensure food insecure families against food price increases.