

## P4P – FACT SHEET

### WHAT IS PURCHASE FOR PROGRESS (P4P)

Purchase for Progress is a five year pilot programme using WFP's purchasing power to support agricultural and market development while helping smallholder farmers to benefit from those markets. It entails testing a range of procurement and programme approaches to support farmers to produce and sell their staple commodities and, as a result, raise their incomes.

The initiative relies on a wide range of partners – governments, international organizations and private sector, etc – that provide technical expertise, training, facilitate access to farming inputs and credit or promote processing opportunities. By raising smallholder incomes, P4P makes WFP's local procurement an effective tool to address global hunger.

### WHAT'S OUR VISION OF SUCCESS?

Our vision is that by 2015, agricultural markets will have developed in such a way that many more low-income or small-holder farmers, the majority of whom are women – will produce food surpluses, sell them at a fair price and increase their incomes.

### GLOBAL FIGURES

- Countries: Pilot projects in 21 countries  
Africa – Burkina Faso, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Liberia, Malawi, Mali, Mozambique, Rwanda, Sierra Leone, Sudan, Tanzania, Uganda, Zambia,  
Asia – Afghanistan, Laos  
Latin America – El Salvador, Guatemala, Honduras, Nicaragua
- Beneficiaries: 500,000 farmers
- Duration: September 2008 to September 2013
- Total grant funding awarded: US\$83 million
- Key donors – Bill & Melinda Gates Foundation, Howard G Buffett Foundation, Government of Belgium

### NEW WAYS TO BUY FOOD

WFP is adjusting the way it purchases food commodities to help smallholder farmers market their produce:

- Competitive processes – Suppliers compete to sell WFP a commodity but under conditions favourable to farmers' organizations and small/medium traders:
  - 'Soft tenders' – tenders with less stringent conditions to facilitate bids by smallholders or small/medium traders – e.g. bag markings and/or performance bond not required, delivery point closer to supplier, etc
  - Cereal fairs – gathering of producers and traders to market their commodities. WFP is able to select the seller based on quality, price of commodities offered and profile of the supplier
  - Warehouse receipts systems – smallholder farmers deposit their commodities in a certified warehouse in return for a receipt that can be exchanged for cash at a local financial institution. The commodities need to meet certain standards of quality and grade. The value of the receipt is equivalent to 60-70% of the market value. The difference is paid once the commodity is sold.
  - Commodity exchanges – these are trading platforms where sellers (represented by their brokers) register what they have to sell and describe the location and quality of the commodity; WFP puts bids against the offer.
- Direct contracting – at the time of harvest WFP negotiates directly with farmers' organizations a contract to buy a commodity. A competitive tender requesting bids by three suppliers is not required.
- Forward contracting - WFP makes an agreement with a supplier to deliver a specified quantity of a commodity at some time in the future for a specified price or in accordance with a specified pricing formula.

## ONE YEAR OF P4P – FACT SHEET

### FARMERS INVOLVED

- 30 farmers' organizations with 42,000 members sold food commodities directly to WFP
- 5,400 farmers – 3,900 men, 1,500 women – trained in skills such as basic management, farming techniques, quality control & post harvest handling have been trained

### FOOD PURCHASES

- 55,000 MT of food to be purchased by December 2009 either directly from farmers' organizations or through other marketing platforms such as commodity exchanges, warehouse receipts systems
- Commodities purchased include maize, sorghum, rice, beans and corn-soya blend.

### PARTNERSHIPS

- WFP is working with over 40 different partners to implement the initiative at field level including governments, UN agencies, international organizations, international and national NGOs and the private sector
- WFP is in negotiation with another 20 potential partners for country-level implementation
- 300 WFP & Partners staff members trained in new procedures and processes for P4P implementation

### NEW WAYS TO BUY FOOD

- 'Soft tender' in five countries (Guatemala, Mali, Nicaragua, Tanzania, Uganda)
- Warehouse receipts system in two countries (Tanzania & Uganda)
- Commodity exchange in one country (Zambia)
- Direct contracts in ten countries (Burkina Faso, El Salvador, Guatemala, Kenya, Liberia, Mozambique, Tanzania, Uganda, Zambia)
- Develop/support processing opportunities in three countries (Guatemala, Kenya, Zambia)

### RESOURCES

- US\$ 83 million for technical capacity to implement P4P in 18 countries over a period of 5 years (2009-2014); implementation in another three countries is not funded yet
- Food purchases to be funded separately through regular food procurement for programmes.