



P4P Purchase for Progress **Reflections on the pilot**

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Foreword

For the World Food Programme (WFP), Purchase for Progress (P4P) is a major innovation in food assistance. The five-year P4P pilot embodied an exciting period of learning for WFP in a number of critical operational areas that exposed the organization to a variety of new interventions, instruments, institutional platforms and partnerships. P4P also presented WFP with an opportunity to develop and advance ways in which WFP's programme design and food procurement can better support marginalised groups.

Representing a first effort to frame and articulate the extraordinary body of learning, this report offers an evidence-based but highly personal perspective on an initiative that engaged large segments of a large organization over a protracted period of time. We at WFP have endeavoured to stay true to the facts, aiming to interpret them in ways that illustrate what they meant to WFP during the pilot and what they are coming to mean to us in retrospect.

We are confident that this report presents a unique view of P4P and the various aspects of a remarkable initiative in a way that is useful and accessible.

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Chair, P4P Steering Committee

Acknowledgements

This document owes its existence to the collective efforts of several people and organizations. Most important is the Headquarters P4P Coordination Unit that, as always, worked as a unified team. P4P country teams led by Country Coordinators provided critical information and advice throughout.

The document draws almost entirely from the set of high-quality documents and datasets developed under P4P's Global Learning Agenda (GLA). The contributions of the United Nations Food and Agriculture Organization's (FAO) Investment Center, Management Services International, Michigan State University, New Growth International, and Oxu Solutions are gratefully acknowledged. WFP's strategic partnership with the African Economic Research Consortium yielded learnings and relationships that proved critical to the effort.

WFP benefited from the generous input of P4P's Technical Review Panel – a group of world-class experts in various aspects of smallholder engagement in food staple markets. Our thanks go out to them for their individual and collective technical guidance and support during the pilot.

P4P's donors provided extraordinary support for the pilot. They include the Bill and Melinda Gates Foundation, the Howard G. Buffett Foundation, the governments of Belgium, Brazil, Canada, France, Ireland, Saudi Arabia, and the United States. Also contributing generously were the European Union, the European Economic Commission, the Friends of WFP in Italy, the UPS Foundation, and Zynga Ltd. The Bill and Melinda Gates Foundation and the United States Agency for International Development were especially supportive of P4P's learning agenda.

Special thanks go to P4P's Steering Committee for its guidance and oversight, and to the Stakeholder Group for its strong engagement and coordination support throughout the pilot.

Finally, the work would not have been possible without the continued support and engagement of WFP's Executive Director, Ertharin Cousin. We express our heartfelt thanks to her.

Ken Davies

P4P Director and Global Coordinator

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Executive summary

This report considers the Purchase for Progress (P4P) initiative from the unique vantage point of the principal implementing agency, the United Nations World Food Programme (WFP). Launched in September 2008 as a five-year pilot ending in 2013, P4P sought to explore programming and procurement modalities with the greatest potential to stimulate agricultural and market development in ways that maximized benefits to smallholder farmers (SHFs).

The basic challenge facing WFP under P4P was to shape and manage a process that involved creating extra demand for staple food crops produced by SHFs, reaching an appropriate level of supply adapted to that demand, and ensuring that benefits accrued to SHFs. WFP succeeded in procuring over 366,000 metric tons (mt) of food over the five-year pilot, putting more than US\$ 148 million more directly into the hands of SHFs (US\$ 30 million/year on average). Further, farmer organizations (FOs) not previously selling collectively sold another US\$ 60 million worth of quality food to buyers beyond WFP. Almost all P4P contracts were below import parity prices, therefore respecting WFP's principle of "cost-efficient procurement" and realizing cost savings relative to importation. Compared to import parity, total savings over the course of the five years exceeded US\$ 40 million.

These outcomes hinged on several important investments. Internal to WFP, new technical and organizational skills and capabilities would be required. Outside the organization, novel partnerships and platforms would be needed, along with a range of new products and services. In many important ways, therefore, WFP and its partners ventured into virgin territory under P4P. A core principal guiding the thoughts of the original designers was that the pilot's "failures" would yield learnings and lessons at least as important as its "successes." The charge to WFP was to think outside the box, innovate, and evolve, knowing that not everything attempted would work. This report provides a comprehensive view of key aspects of that experimentation and learning process, detailing the extraordinarily wide array of opportunities generated by the P4P approach, along with the correspondingly deep set of challenges addressed.

The P4P approach

With P4P, WFP sought to strike a balance between, on one hand, its procurement objective of timely, cost-efficient and appropriate food and, on the other, its programmatic objective of promoting developing country food markets and the food security of food aid recipient countries. The potential returns to finding the right balance had long been viewed to be large. P4P was designed and launched with the aim of seizing that potential.

The P4P approach rests on three components: (1) consistent demand for quality; (2) targeted capacity strengthening of SHFs, typically through FOs; and (3) coordination and linkage support for providers of key supply chain services. Under the pilot, these three components were backed by a comprehensive monitoring and learning framework. The components of the P4P model signal the three key actors: WFP, FOs, and value chain service providers, including modern commodity aggregation platforms such as warehouse receipt systems (WRS) and commodity exchanges.

Procurement and aggregation modalities

Through P4P, WFP tested different ways of procuring staple foods (primarily cereals and pulses) from SHFs, aiming to identify models that could sustainably promote smallholder agricultural development and access to public and private sector markets. WFP's procurement from SHFs and small/medium traders (the demand pillar) was intended to provide the inducement and motivation for action around the P4P development hypothesis. WFP designed the new P4P procurement modalities specifically to deal with the difficulties that smallholder farmers face in selling to WFP. The P4P procurement modalities fell into four general categories: (1) pro-smallholder competitive tendering; (2) direct contracting; (3) forward contracting; and (4) processing options. P4P tested not only different contract types but also different mechanisms for aggregation. In addition to FOs, P4P also worked with small and medium scale traders and structured trading platforms such as warehouse receipt systems and commodity exchanges, along with linking SHFs to processors. WFP itself also bought processed food such as high-energy biscuits (HEBs) and fortified flour from processors using raw materials sourced from P4P-supported FOs.

Geographic Coverage

The P4P pilot covered 20 countries in Africa, Asia and Latin America. In Africa, pilot countries were selected from four regions: Ethiopia, Kenya, Rwanda, South Sudan, the United Republic of Tanzania and Uganda from Eastern Africa; the Democratic Republic of the Congo in Central Africa; Malawi, Mozambique and Zambia in Southern Africa; and Burkina Faso, Ghana, Liberia, Mali, and Sierra Leone in Western Africa. Afghanistan was the only pilot country in Asia. And in Latin America, P4P covered El Salvador, Guatemala, Honduras, and Nicaragua.

Organization and Governance

Reporting to the Director of the Policy, Programme and Innovation Division within the Operations Services Department, the P4P Global Coordinator managed a Rome-based Coordination Unit staffed by senior technical and administrative officers, each of whom provided support to country-office led implementation, and had responsibilities for linking with relevant divisions and units of WFP Headquarters (HQ), such as procurement, programming, logistics, finance, and communications. A Steering Committee of senior WFP staff provided strategic oversight and guidance. An internal Stakeholder Group enhanced information sharing and consensus on technical and operational issues. The country-level management structure comprised Country Coordinators supported by small teams of procurement officers, Monitoring and Evaluation (M&E) specialists, and between two and eight national staff performing a range of tasks as dictated by the P4P implementation plan. WFP established a Technical Review Panel (TRP) that met annually to provide WFP with guidance and advice on a range of implementation and M&E issues.

Independent evaluation

A comprehensive independent evaluation of the pilot was completed in November 2014, seeking to ascertain the extent to which best practices were identified and shared, and the extent to which these practices led to increased income and sustained market engagement for farmers.

The evaluation also considered the extent to which WFP's purchasing approach was transformed to support sustainable small scale procurement. And finally, the evaluation assessed how the pilot initiative's multi-level organizational framework and the systems put in place to support the implementation contributed to the results achieved, intended and unintended (WFP, 2014).

The evaluation was rigorous and comprehensive, yielding results that will be important to both WFP and the wider external network of stakeholders with direct and indirect interest in SHF engagement in staple food markets.

But even the most rigorous evaluation would be unable to uncover the depth and range of experiences and learnings that have accrued to WFP in its dual role under P4P: first, as key facilitator and coordinator of P4P programming interventions; second, as a major buyer of quality food. This document is best viewed as representing a first attempt by WFP to consolidate and synthesize material developed under the Global Learning Agenda (GLA) – the platform put in place to frame and capture learnings under the P4P pilot.

Learning themes

This document looks across the body of qualitative and quantitative information generated under the GLA, seeking to offer a view of the P4P pilot that is evidence-based and deliberately structured around a set of seven cross-cutting thematic areas within which WFP considers most of its learning under P4P took place. The seven thematic areas are as follows: (1) transformative partnerships; (2) government engagement; (3) gender equity; (4) smallholder farmer engagement in formal markets; (5) impacts; (6) implementation challenges; and (7) research and development (R&D) agenda.

Transformative partnerships

Key learnings: P4P facilitated powerful and novel partnerships in staple food supply chains. Through these partnerships, P4P provided the impetus for public, private and civil society actors to leverage their investments to better respond to the needs and potential of smallholder farmers.

The partnership imperative in the P4P approach is obvious. No single organization could have implemented the pilot in one country, let alone 20. WFP's demand for food and organizational capacity to procure food efficiently were only two pieces of a wide range of interventions required to connect SHFs to quality markets. The pilot was therefore designed with a focus on partnerships at all levels, seeking to leverage the diverse strengths and specializations of organizations already working in the field. Active engagement with those organizations was necessary to provide the appropriate institutional and technical support to SHFs, FOs, small and medium traders, processors and others who participated in the pilot.

Four types of partnerships were especially transformative. These were: (1) government-facilitated partnerships; (2) partnerships to facilitate new private investment; (3) partnerships with other United Nations agencies; and (4) partnerships to address P4P's analytical challenges.

These partnerships were not without challenges and setbacks. In any given country, the array of partners that could potentially be brought on board was immense. Selecting the right partners, negotiating formal and informal terms of partnerships, coordinating activities, and monitoring progress toward targets – all required major investments by P4P country teams. P4P Country Coordinators devoted significant shares of their time to partnership development and management. Setbacks were not uncommon.

Government engagement

Key learnings: P4P presented governments with a new and different approach to supporting SHFs and thereby promoting inclusive growth. P4P showed that linking smallholder farmers to formal markets is a viable investment in countries that have enabling environments.

From the outset, P4P was motivated and presented as an initiative that would provide lessons in design and implementation of programmes for SHF market engagement that governments and their partners might take on and scale up. The vision was of a “second wave” of P4P-inspired government-led programmes applying approaches and methods tested under the pilot.

P4P implementation plans were therefore developed to align with governments’ national agricultural development policies and food and nutrition security strategies. Government support to P4P included a wide range of activities, from participation in (and often chairing) P4P coordination mechanisms, to development of SHF-friendly policies, to direct support to FOs through extension services and the provision of technical equipment. A number of governments developed institutionalized programmes and initiatives motivated by (or built around) P4P, with WFP providing technical support for design and implementation.

P4P has transformed WFP’s relationship with governments. Whereas at one time WFP’s presence in a country was viewed as a signal of policy and institutional failure, with P4P pilots aligned with national policies and strategies, WFP is viewed as enhancing scope for action in the short term and strategic options over the longer term. Especially powerful and clearly appreciated by governments are new openings for high-potential commercially-oriented micro-level interventions in food sectors. However, the P4P model is not immune to food politics, nor to the immobilizing effects of implementation gaps in public sectors.

Gender equity

Key Learnings: P4P empowered smallholder farmers financially and socially. As a result of focusing particularly on women farmers, P4P increased gender equity by helping women gain greater control over their lives and enhanced voice at community and household level.

Both in design and implementation, P4P prioritized gender equity, seeking to use its interventions to empower women farmers. P4P tested the most effective ways of using institutional procurement as an economic empowerment tool for women. The approach included a menu of activities that could be adapted to the cultural and social context of each pilot country while addressing the key challenges relevant to market engagement. Clearly

recognized was the power of social and cultural pressure to constrain opportunities and gains for women. P4P worked within these constraints, challenging them as necessary and possible from a culturally sensitive and respectful perspective

The deliberate and ambitious gender-related performance targets integrated into P4P had profound effects on design and implementation of given P4P interventions. From the beginning, P4P was a gender-conscious project, with an ambitious goal to have 50 percent women participants. While the broader dynamics affecting the pilot impinged on its performance against this and other gender targets, quantitative and qualitative evidence suggests that the investment was strategically potent and operationally meaningful. Over the five-year pilot, P4P shifted from gender-conscious to gender-transformative, focusing on specific interventions which not only encouraged the participation of women farmers, but directly addressed the root causes of inequality that limit their potential.

Smallholders gaining a foothold in formal markets

Key learnings: P4P showed that when smallholder farmers see the benefits of engaging with formal markets and are provided with appropriate support, they will seize market opportunities and respond swiftly to quality demands. However, deeply rooted factors driving low quality, defaults and non-compliance persist.

The raison d'être of the P4P model is enhanced SHF engagement in formal food markets with the ultimate aim of increasing their shares of value generated in those markets. Rewarding SHF engagement in markets is a non-trivial challenge. Such engagement must be both deep and productive. It must be deep in that it should entail exchange with an ever-increasing range and number of actors, both nearby and removed. It must be productive in that it should generate a net economic surplus when the value of items sold is weighed against that of products and services bought.

Implicit in the P4P approach and explicit in the investments pursued within the pilot is the view that the combination of: (1) lack of effective and appropriate on-farm storage capacity; (2) poor access to appropriate post-harvest management (PHM) technologies and practices; (3) the need for cash at harvest-time; and (4) restricted access to credit obliges SHFs to sell large shares of small surpluses immediately after harvest when prices are low, rather than defer sales for more lucrative markets that may not pay immediately. There is evidence that as a result of significant investments in the capacities of FOs and member SHFs to bridge these gaps, key elements of P4P's hypothesized quality-driven dynamic did indeed unfold in several countries. Crucially, the hypothesized financial deepening and inclusion played out in many contexts.

Diverse impacts

Key learnings: P4P generated a wide range of anticipated and unanticipated impacts at the FO level and for participating SHFs. The most robust anticipated impacts were at FO level, where P4P interventions were most direct. Impacts at the SHF level were more mixed, with transmission of FO-level impacts to the HH level constrained by several structural/systemic barriers.

It was incumbent on WFP to undertake a rigorous assessment of the extent to which channelling a portion of WFP's local and regional procurement to a point in the supply chain that was closer to SHFs (usually FOs) would actually provide the market necessary to catalyse development partners' efforts to build SHFs' and FOs' organizational and marketing capacities. Stringent methodological and data requirements for such an analysis required a focus on a small set of countries, with El Salvador, Ethiopia, Ghana and the United Republic of Tanzania being selected.

The results indicate that where its interventions were most directly felt – at the FO level – P4P generated strong positive impacts. The transmission of these impacts to the household level was constrained by a range of structural factors prevalent in SHF areas. Indeed, the hypothesized dynamic in the impact assessment framework envisions a multi-year process of SHF market engagement. The quantified impacts bear out this hypothesis, albeit disappointingly. Significant first-stage impacts were observed and key capacities developed. But five years may have been too short a time frame to see more than these first-stage outcomes. However, five years was long enough to generate the wide and deep set of catalytic pro-SHF changes in food value chains in several contexts.

Complex implementation challenges

Key learnings: The P4P approach is complex, contextual, time-consuming, and operationally challenging. Careful up-front planning and patient but opportunistic execution are critical, along with careful risk management, and rigorous but pragmatic monitoring and evaluation of progress and impacts.

Conceptually, P4P seeks to maximize benefits (income) accruing to SHFs from increased food demand through market development, innovative local procurement and supply support mechanisms. *Operationally*, P4P entails a process with three main elements: (1) creating new demand for food produced by SHFs; (2) mobilizing complementary supply-side interventions; and (3) aligning demand shifts with supply adaptations. This set of operational tasks frames the implementation agenda under P4P. That agenda has external and internal components, each with a number of sub-components.

External challenges cut across the value chain, with investments required to fill technical, financial, management, and policy gaps. Internal challenges centre on capacities and policies needed to deliver on P4P's potential as a programming intervention with a procurement component, and on design and implementation of a practical M&E system.

Implementation experience under the pilot confirms that needs analyses are critical, both internally and externally. To the extent possible, design should be evidence-based and hypothesis driven. Monitoring and review systems should be deep and wide-ranging but also aligned with existing organizational capacities. Cost-effectiveness and replicability of results are valuable principles, albeit not easily applied in real-world situations. But the P4P pilot also demonstrates the value and returns to practical and pragmatic approaches.

R&D agenda

Key learnings: The P4P pilot generated evidence-based lessons on how to connect SHFs to markets, but further analysis and research is needed to deepen understanding of the many strategic, conceptual, and operational issues that remain unresolved.

The P4P pilot confirmed that markets and value chains serving SHFs are fraught with difficulties. Private operators – most notably SHFs themselves – lack fundamental capacities key to pro-SHF market development. Communication and transportation facilities are poor. Given markets are highly segmented, with access restricted, sometimes to particular groups of people. Financial bargaining power brought to the exchange relationship between seller and buyer is often highly unequal. Capital and infrastructural constraints are immense. Transaction costs are very high, especially in SHF-dominated regions. Non-competitive elements are myriad and entrenched. Finally, the size and distribution of market-based economic gains are contested and subject to strong political influence. These difficulties raised significant challenges for P4P. Some were successfully addressed, others constrained impact and effectiveness. However, several issues fundamental to achieving full clarity on the validity and efficacy of the P4P model remain inadequately understood. They will require focused and sustained attention going forward.

Conclusions

P4P was launched to give SHFs a better chance of coping with new drivers of change and vulnerability while seizing opportunities expressed through the staple food value chains within which they spend their lives, and to which they devote the bulk of their land, labour, and other treasures. P4P's objectives thrust WFP outward in new ways while forcing it into penetrating reexaminations of several internal structures and processes. The pilot encountered major difficulties in several areas, some of which remain unresolved. But many achievements were also registered, both externally and internally. From the independent evaluation, and from WFP's own experience under P4P, several lessons emerged with relevance for future P4P-style investments by WFP and others.

P4P's vision was of a world in which high-impact best practices, first, in pro-smallholder local food procurement, and, second, in pro-smallholder agricultural market development, would be mainstreamed in WFP's policies and programmes practices, and, more importantly, communicated to national governments and other actors in agricultural sectors. The P4P pilot was viewed as the first step in a multi-stage process. In future stages, the promising innovations in procurement and market development identified during the pilot would be disseminated and publicized for wider-scale implementation by other actors seeking to promote smallholder agricultural development through markets. Training and advocacy and outreach activities implemented under the pilot would provide the basis for such scaling-up, with a view to setting the stage for policy and institutional reform toward pro-smallholder agricultural market development in Africa and elsewhere on the globe. The P4P pilot is over, but for WFP, Purchase for Progress has only just begun.

1. Introduction

This document considers the Purchase for Progress (P4P) initiative from the unique vantage point of the principal implementing agency, the United Nations World Food Programme (WFP). Launched in September 2008 as a five-year pilot ending in 2013, P4P sought to explore programming and procurement modalities with the greatest potential to stimulate agricultural and market development in ways that maximized benefits to smallholder farmers (SHFs).

Specifically, the P4P pilot had four objectives:

1. To identify and share best practices for WFP, non-governmental organizations (NGOs), governments and agricultural market stakeholders to increase profitable engagement by SHFs in staple food markets;
2. To increase SHFs' capacities to raise their incomes from agricultural markets;
3. To identify and implement best practices for increasing sales to WFP by low income farmers, with a particular focus on SHFs; and
4. To transform WFP's food purchase model in ways that support sustainable staple food production and address root causes of hunger.

The basic challenge facing WFP under P4P thus was to shape and manage a process that involved creating extra demand for staple food crops produced by SHFs, reaching an appropriate level of supply adapted to that demand, and ensuring that benefits accrued to SHFs. Internal to WFP, new technical and organizational skills and capabilities would be required. Outside the organization, novel partnerships and platforms would be needed, along with a range of new products and services. This document provides a comprehensive view of key components of that process, detailing the wide array of opportunities generated by the P4P approach, along with the correspondingly deep set of challenges addressed.

Background

The P4P pilot was launched just as the world was struggling to fathom and come fully to grips with a new type of food and nutrition insecurity linked to a potent confluence of factors: high food prices, high energy prices, economic stagnation in industrialized countries leading to plunging remittances by migrants to needy relatives in home countries, and sharpened civil strife in chronic hotspots. P4P's focus on staples, SHFs, and markets could not have been timelier.

The value of such an emphasis had been signalled the year before by the International Food Policy Research Institute (IFPRI), in a seminal work on drivers of agricultural growth in Africa (Diao et al., 2007). According to IFPRI, increasing production of staple foods offered a promising avenue for agricultural growth, given that Africa's own demand was already large (US\$ 18 billion/year for Eastern Africa and US\$ 12 billion/year for Southern Africa) and that the supply of many staple commodities was not sufficient to meet the current demand. Moreover, total demand for food in Africa was projected to increase significantly. Analysis indicated that if accompanied by agricultural productivity growth, sharp reductions in marketing costs through investments in marketing infrastructure (for example, roads and bridges, ports, storage

facilities, electricity) and development of market institutions could raise per capita GDP growth by approximately 2 percent per year. Combined with productivity growth in non-agricultural sectors, productivity growth in staples value chains could raise per capita annual agricultural real income growth by 3.0–4.4 percent. Increased substitution of domestic agricultural products for imported commodities would therefore be worthwhile and efficient. These facts and dynamics supported creation of an initiative with P4P’s objectives.

2008 also brought forth the World Development Report on Agriculture and Development, which made a strong and compelling case for a renewed focus on agricultural development as an investment in sustainable and equitable growth (World Bank, 2008). A few years before this, the Bill and Melinda Gates Foundation (BMGF) and Rockefeller Foundation had joined forces to create the Alliance for a Green Revolution in Africa (AGRA), aiming to catalyse a uniquely African Green Revolution characterized by rapid and sustained growth in productivity and incomes for SHFs, with an emphasis on market-driven investments. Again, the time was ripe for an initiative with the focus and ambition of P4P.

Since then, the challenge of connecting SHFs to markets has emerged as a growth industry in agricultural development analysis, policy, and practice (AU, 2013; IFC, 2014; Ferris et al., 2014; Wiggins and Keats, 2013). It is now one of the most pressing issues facing agricultural development policy makers and practitioners in countries and regions where SHFs dominate agricultural value chains and rural landscapes. Progress in this critical area will drive returns to, and success of, major SHF-oriented policies, strategies, and investments such as: national agricultural investments plans inspired by the African Union’s Comprehensive African Agricultural Development Programme (CAADP); the recent Malabo Declaration by African Heads of State on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods; AGRA; the G8 New Alliance for Agriculture and Food and Nutrition Security; and the World Economic Forum’s Grow Africa initiative. P4P speaks directly to the needs and aspirations of these and other such efforts.

Origins and rationale

The idea for P4P itself grew out of a more modest one, namely Home Grown School Feeding (HGSF). Beginning in 2007, with support from the Bill and Melinda Gates Foundation (BMGF), WFP was exploring the scope for more systematically building on the impacts of its highly successful global School Feeding programme to capture the several development gains that experience suggested were close at hand in several contexts. In mid-2007, new leadership within WFP presented a bold view of WFP’s contribution to the microeconomics of agricultural development, seeking to more deliberately and ambitiously exploit procurement-based opportunities long recognized within the organization but only partially seized. Following high-level discussions with BMGF leadership, a relatively modest investment in HGSF (framed as “options to increase procurement for small local producers without broadening food assistance programmes”) was transformed into what would eventually become the larger and much more bold P4P (framed as “leveraging food assistance programmes in support of African small farmers with innovations in procurement and market development”). WFP received support from the Howard G. Buffett Foundation (HGBF) for four countries in Central America and three post-conflict countries. Support from Canada and Belgium drew in three additional countries,

and that from the United States allowed for expanded food purchases, innovations toward gender equity, and close monitoring of market impacts.

Three outcomes were common to the visions of both HGSP and P4P: (1) to develop, test and document demand-side and market creation mechanisms that maximize benefits for small local farmers; (2) to establish the rationale for demand-side mechanisms to leverage current supply-side efforts (e.g. through substantial increase in food volume bought from small local producers and through their increased income); and (3) to work with partners to develop national level strategies for reaching the full potential of demand-side tools and market creation mechanisms. Both HGSP and P4P entailed focusing on creating and extending demand side and market creation mechanisms to benefit small farmers, and on strengthening the link between demand and supply. And, wrongly, it would eventually transpire, both ideas envisioned that supply-side interventions (e.g. agricultural productivity enhancements) were so much the norm in development that they would be covered by other efforts at little incremental cost.

These common visions of success and underlying assumptions of HGSP and P4P grew out of WFP's long and deep presence in food markets across the globe as a (sometimes "the") major buyer of staple food in formal quality-oriented markets, particularly following a strategic decision to more deliberately purchase food in local and regional markets. Starting in 2004 with the policy on "Food Procurement in Developing Countries" (WFP, 2004), and continuing in the 2008-2011 and the 2014-2017 Strategic Plans (WFP, 2008 and WFP, 2013a), WFP made explicit its intention to strengthen and exploit linkages between its procurement practices and increasing access to markets for smallholder farmers, and to mainstream learnings and best practices within the organization.

WFP has developed a new Procurement Strategy with an explicitly pro-SHF component, the Patient Procurement Platform (referred to simply as "the Platform"), that aims to triple WFP's purchases of smallholder farmer-sourced grain with conditionalities, seeking to help smallholders enter the trade pyramid at higher levels (WFP, 2013b). The platform will aggregate purchasing agreements for longer periods (hence "patient") to leverage loans and inputs, extension, and crop insurance through an appropriate aggregation mechanism.

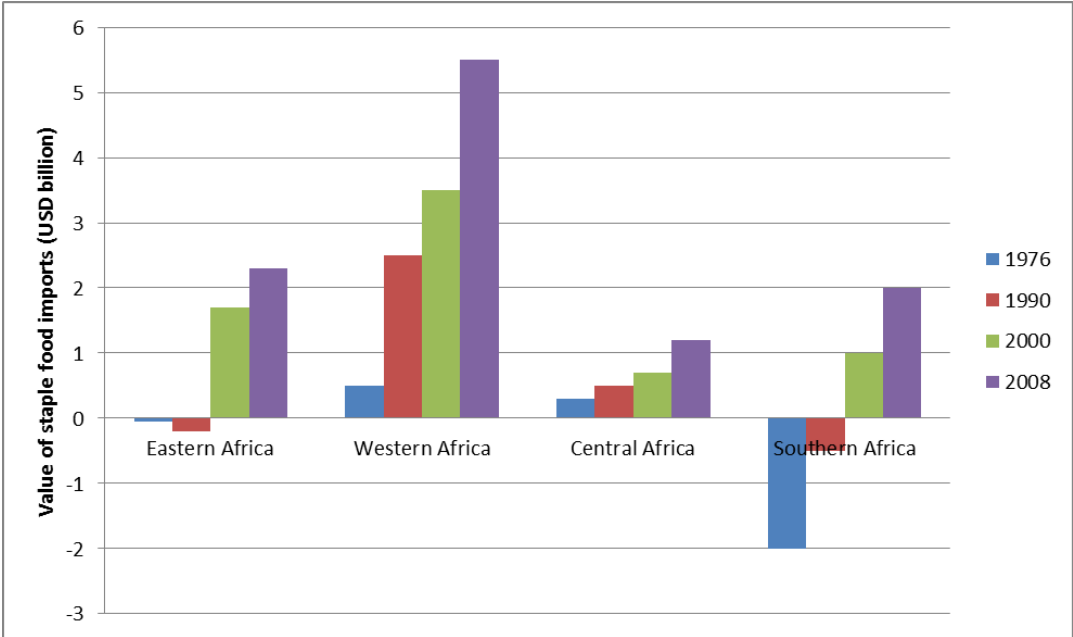
Viewed together, these dynamics and commitments reveal an organization with a deep and growing commitment to deploying a central dimension of its core business in the service of marginalized groups worldwide. The P4P pilot represents the most direct and ambitious manifestation of that commitment to date.

The P4P approach

With P4P, WFP sought to strike a balance between, on one hand, its procurement objective of timely, cost-efficient and appropriate food and, on the other, its programmatic objective of promoting developing country food markets and the food security of food assistance recipient countries. The potential returns of finding the right balance had long been viewed to be large. P4P was designed and launched with the aim of seizing that potential.

In 2010, WFP’s Executive Director noted that, “There are three things that WFP brings that no one else can bring: a guaranteed market; WFP’s quality requirements on which we do not compromise; and WFP’s coordination role. Through our local procurement, we catalyse other partners’ efforts and investments.” The demand for quality is core to the P4P model, and its central distinguishing feature. This focus is supported by recent developments in global food markets, and especially in the segment serving Africa. The World Bank (2012) reports that cereal imports into Africa stood at US\$ 15.2 billion in 2008, 95 percent of which originated outside Africa. By definition, this US\$ 14.4 billion worth of cereal imports was for high quality products. Clearly, a market for high quality food staples in Africa already exists, is large, and is growing rapidly. Figure 1.1 confirms this trend for all regions of the continent.

Figure 1.1: Staple food imports into Africa (US\$ billion) – 1976-2008



Source: World Bank (2012)
 Note: Negative values indicate net exports.

Analysis by IFPRI (Diao et al. (2007) and Omamo et al. (2007)) points to several structural factors driving Africa’s burgeoning food demand. These factors—which include rapid urbanization, broadening income growth, changing patterns of consumption toward processed foods and livestock products—are deeply rooted and unlikely to be reversed in the foreseeable future. At present, this demand is being met significantly by surpluses produced by farmers in other parts of the world. WFP’s experience suggests that this need not be the case. African farmers and traders can supply high-quality food in large volumes, and on time. Between 2008 and 2012, WFP purchased over four million metric tons (mt) of high quality food in Africa, valued at US\$ 1.58 billion (WFP, 2011 and 2013).

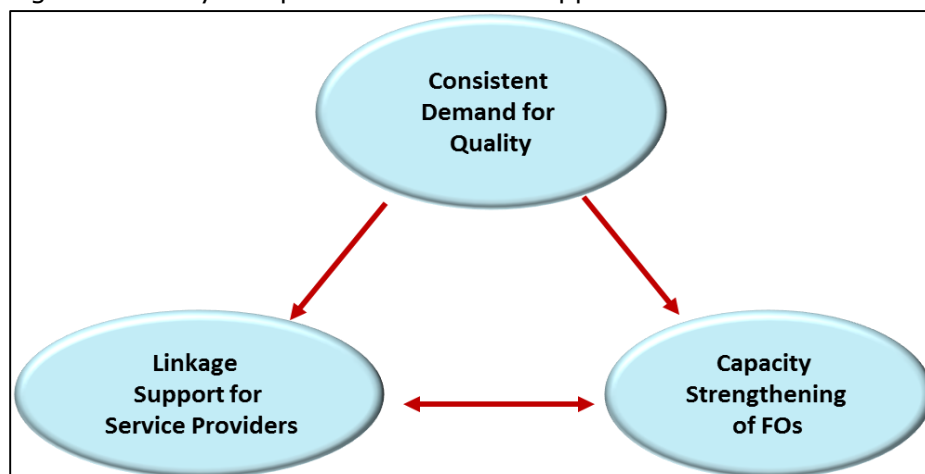
There is strong reason to conclude that a high-potential development strategy for most African countries would be to seek to replace imports with supplies from within Africa (including those from SHFs) as the primary sources to meet Africa’s rapidly expanding demand for quality foods.

Indeed, import substitution is an important plank of several agricultural development strategies on the continent (e.g., Nigeria FMARD, 2012). But sustainable import substitution implies domestic production of sufficient quantities of import quality food. Challenges in meeting volume requirements and quality standards are significant (Olagungu, 2014). P4P addressed these challenges directly.

The P4P approach rests on three components (Figure 1.2):

1. Consistent demand for quality;
2. Targeted capacity strengthening of SHFs, typically through farmer organizations (FOs); and
3. Coordination and linkage support for providers of key supply chain services.

Figure 1.2: Key components of the P4P approach



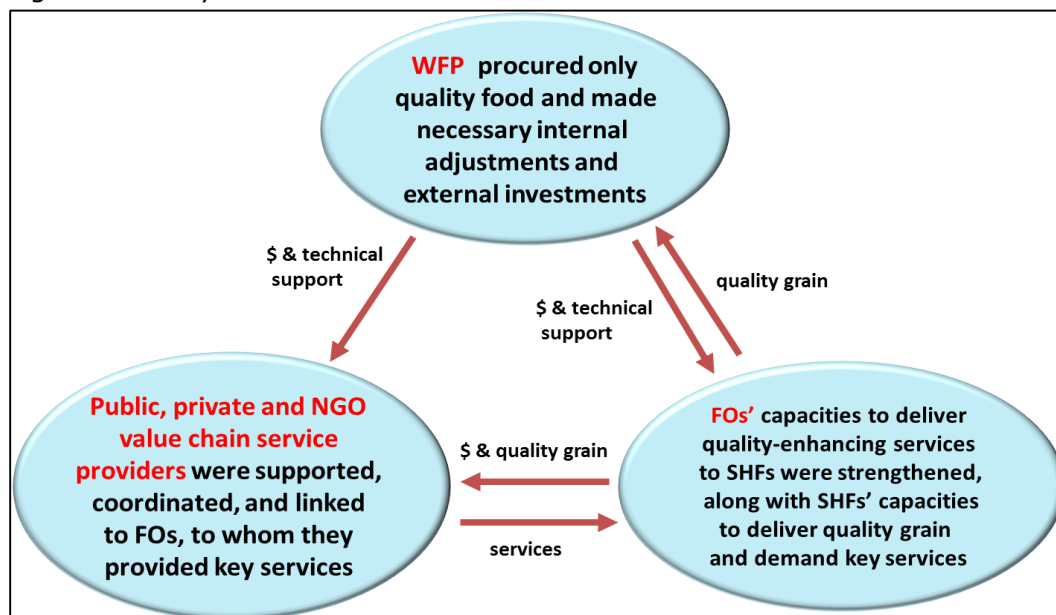
Demand for quality. As noted earlier, P4P’s unique contributions are threefold: an assured market; WFP’s strict quality requirements; and WFP’s coordination role. The demand for quality is the source of P4P’s “market stimulus” potential. Without this, none of the other dynamics under P4P emerge, either within WFP or externally.

Capacity strengthening of SHFs through FOs. Recognizing the inherent gaps in SHF capacity to deliver quality food, the P4P model seeks to strengthen the capacity of SHFs to engage in markets. Because of their proximity to SHFs, their congruence with the collective imperatives at work in most SHF communities, and their value as channels for collective action necessary in markets, FOs are the primary platform through which this capacity is developed. FOs themselves are also targeted for capacity strengthening since they often lack technical and organizational attributes and capabilities required to function efficiently and deliver services to members.

Coordination and linkage support. SHFs producing high quality food face new opportunities and requirements that entail access to new goods and services provided by other value chain actors. The third component of the P4P model thus is linkage support for these service providers, aiming to better connect them to SHFs and FOs, and to new opportunities for themselves.

The three components of the P4P model signal the three key actors: WFP, FOs, and value chain service providers, including modern commodity aggregation platforms such as warehouse receipt systems (WRS) and commodity exchanges (Figure 1.3).

Figure 1.3: Key actors' roles and returns under P4P



Effective buyer behaviour. The model requires that a buyer like WFP not only express a demand for quality food, but also provide technical and organizational support to FOs and key supply chain actors. A key activity involves improving incentives for the supply chains to deliver services to FOs and SHFs. By aligning internal operational procedures with these external investments, the buyer secures required volumes of quality food.

Strengthened FOs. Newly capacitated FOs that have benefitted from the technical and organizational support from the buyer provide key marketing services to farmers, resulting in expanded SHF capacities to deliver quality grain and demand key services.

Linked service providers. Other supply chain service providers (e.g., agrodealers, processors, financial institutions, NGOs) receive coordination and linkage support from the buyer, resulting in improved incentives and enhanced scope for delivery of goods and services to SHFs, who, in turn, register new and expanded demand for these goods and services.

Procurement and aggregation modalities

Through P4P, WFP tested different ways of procuring staple foods from SHFs, aiming to identify models that could sustainably promote smallholder agricultural development and access to public and private sector markets. WFP's procurement from SHFs and small/medium traders (the demand pillar) was intended to provide the inducement and motivation for action around the P4P development hypothesis. WFP designed the new P4P procurement modalities

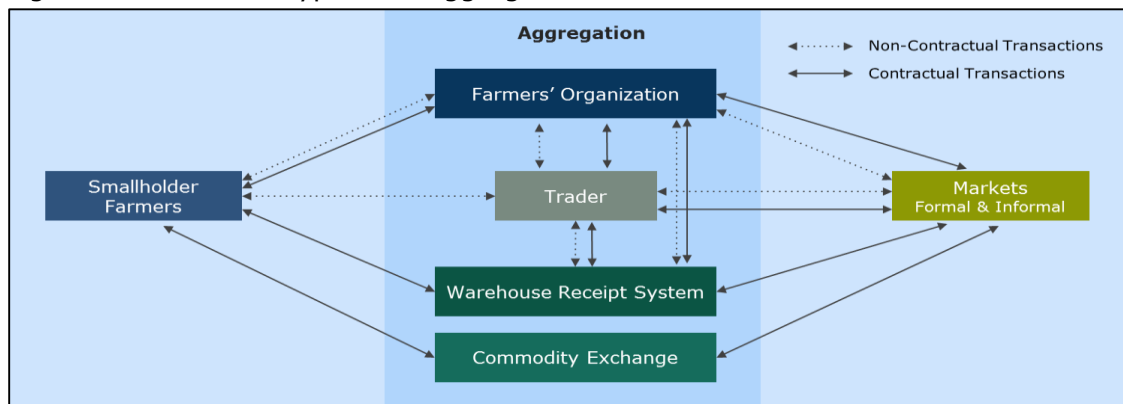
specifically to deal with the difficulties that smallholder farmers face in selling to WFP. The P4P procurement modalities fell into four general categories:

1. *Pro-smallholder competitive tendering* - Making greater use of competitive tendering practices that are better suited to the needs of FOs and small/medium traders. This entailed reducing tender sizes, waiving bag marking and performance bond requirements and purchasing ex-warehouse. It also included competitive purchases made through a commodity exchange, often using a coordinated warehouse receipt system;
2. *Direct contracting* - Purchasing directly from organizations that represented smallholder farmers (FOs, NGOs). This also included using direct contracting to buy through a warehouse receipt system that encouraged smallholder participation;
3. *Forward contracting* - Executing forward contracts with farmers' organizations to reduce farmers' risk and allow farmers greater planning certainty. The modality allowed for the use of contracts that specified a minimum price that WFP would pay upon future delivery or, with the collaboration of a financial partner, mechanisms that allowed FOs to use forward contracts with WFP as collateral to access credit; and
4. *Processing options* - This included working with the private sector and other stakeholders to encourage the establishment of local food processing units and, where possible, linking these entities to smallholder suppliers as a source of raw materials.

Employing these modalities entailed catalysing the capacity-building activities of partners, providing smallholder farmers with an incentive to invest in productivity, guiding the learning process, encouraging policy dialogue, and influencing the activities of other agricultural market development stakeholders. Each P4P pilot country conducted a thorough process of assessment that identified, among other things, the procurement modalities that best suited their contexts, partnership and capacity-building opportunities, the capacity levels of potential suppliers and key partners, marketing environments, and the needs of P4P participants. In general, the choice of modalities reflected the specific constraints that the selected participants face in producing, marketing and selling to WFP and other formal sector buyers.

P4P tested not only different contract types but also different mechanisms for aggregation (Figure 1.4). In addition to the FOs mentioned above, P4P also worked with small and medium scale traders and structured trading platforms such as warehouse receipt systems and commodity exchanges, along with linking SHFs to processors. WFP itself also bought processed food such as high-energy biscuits (HEBs) and fortified flour from processors using raw materials sourced from P4P-supported FOs.

Figure 1.4: Contract types and aggregation mechanisms under P4P



Geographic coverage and key outcomes

The P4P pilot covered 20 countries in Africa, Asia and Latin America (Figure 1.5). In Africa, pilot countries were selected from four regions: Ethiopia, Kenya, Rwanda, South Sudan, the United Republic of Tanzania and Uganda from Eastern Africa; the Democratic Republic of the Congo in Central Africa; Malawi, Mozambique and Zambia in Southern Africa; and Burkina Faso, Ghana, Liberia, Mali, and Sierra Leone in Western Africa. Afghanistan was the only pilot country in Asia. And in Latin America, P4P covered El Salvador, Guatemala, Honduras, and Nicaragua.

The wide range of agro climatic, socioeconomic, institutional, and political contexts across the 20 pilot countries raised myriad conceptual and operational challenges and opportunities for WFP and its many partners under P4P in the search for high-potential interventions. Those challenges and opportunities are set out in the chapters that follow, along with details about outcomes and achievements across the pilot. Table 1.1 provides a snap-shot view of key features and outcomes of the pilot. Details about these and other features and outcomes of the pilot are to be found in subsequent chapters.

Figure 1.5: P4P pilot countries

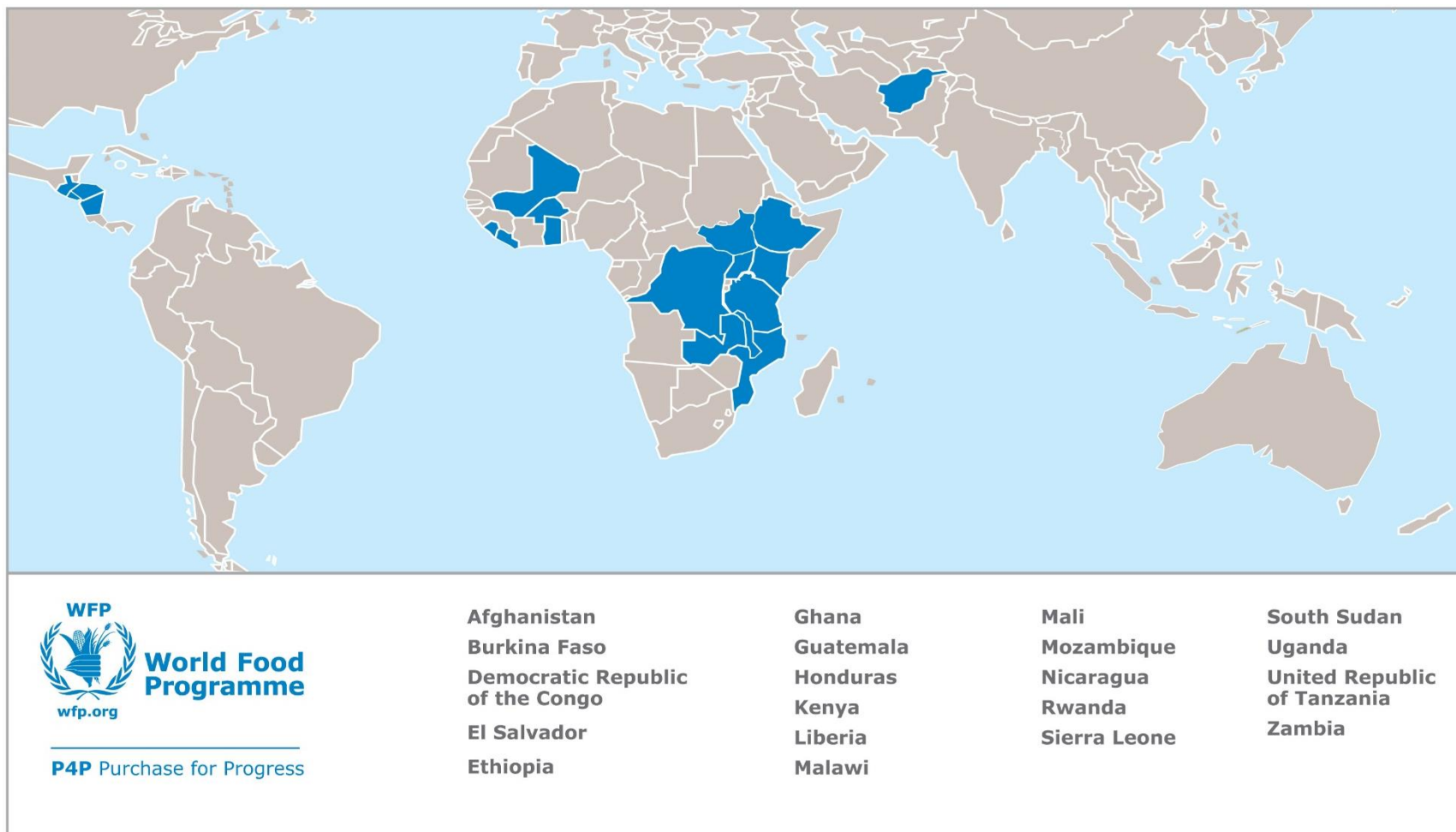


Table 1.1: The P4P pilot at a glance

Pilot feature	Outcome
Volume and value of food contracted	450,102 mt valued at US\$ 177 million
Volume and value of food delivered on completed contracts	366,658 mt valued at US\$ 148 million
P4P purchases as a share of total local and regional purchases	14 percent
Country with highest volume of food delivered	Ethiopia – 97,844 mt valued at US\$ 31 million
Country with lowest volume of food delivered	the Democratic Republic of the Congo – 510 mt valued at US\$ 176,000 (Note: WFP was buyer of last resort) ¹
Distribution of food purchases across procurement modalities	Competitive Tenders = 46%; Direct Purchases from FOs = 28%; Forward Direct Contracts = 19%; Processing = 7%
Distribution of food purchases across sources	Farmer Organizations = 58%; Commodity Exchanges/Warehouse Receipt Systems = 26%; National Grain Reserves = 8%; Traders = 4%; Processors = 3%; NGOs = 0.2%
Distribution of food purchases across commodities	Maize = 76%; Pulses = 12%; Other cereals = 7%; Processed = 7%; Rice = 4%
FO sales to markets beyond WFP	At least US\$ 60 million
Volume and value of food affected by contract defaults	83,559 mt valued at US\$ 29 million, representing 19 percent of closed contracts
Farmers trained	800,000 in total, 80 percent of which in Africa; 200,000 women
Farmers trained in gender awareness	54,000 men and women
Women as a share of P4P-supported farmers	23% (47% if Ethiopia is excluded)
Women in leadership positions in P4P-supported FOs	36%
Income earned by women	US\$ 241 per woman, US\$ 48 annually (Note: As reported by FOs, not as a measured “impact”)
Number of partnerships formed	500 (114 with governments, 89 with local NGOs, 130 with international NGOs, 50 with United Nations agencies, 27 with the private sector)
Number of full-time WFP staff employed	194 in 2013, 14 at HQ, the rest in the field
WFP Divisions directly involved	Procurement, Finance, Policy and Programme, Logistics, Evaluation, Communications
Donor funds raised and spent	By December 2013, US\$ 166 million raised, US\$ 110 million spent across 20 countries

¹ In this post-conflict setting, WFP facilitated the conditions for traders to re-emerge in the intervention areas and ceded procurement to them. WFP served as a buyer of last resort to guarantee that SHFs’ produce would have a market.

Organization and governance

One of WFP's central assets under P4P was the range and capillarity of presence, which were crucial to ensuring effective implementation of the pilot. P4P's procurement and market development activities required integration and coordination of several business areas across WFP. These areas included food procurement, logistics, food assistance programming and programme support, policy formulation, communications, market analysis, reporting, and finance. The management and governance structure put in place to ensure this integration is shown in Figure 1.6.

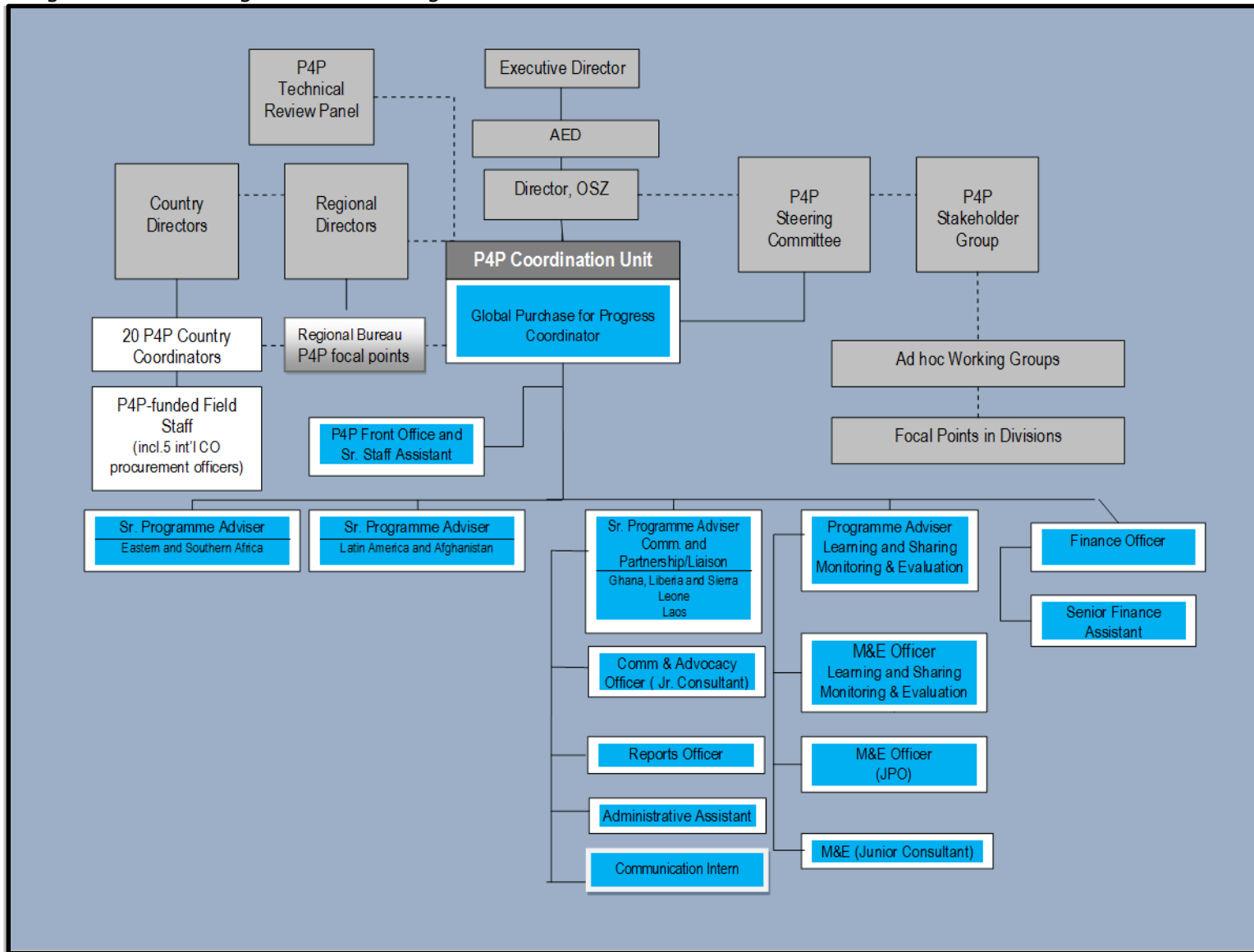
Reporting to the Director of the Policy, Programme and Innovation Division within the Operations Services Department, the P4P Global Coordinator managed a Rome-based Coordination Unit staffed by senior technical and administrative officers, each of whom had responsibilities for linking with relevant divisions and units of WFP Headquarters (HQ), such as procurement, programming, logistics, finance, and communications.

A Steering Committee chaired by the Assistant Executive Director for Operations Services provided strategic oversight and guidance. An internal Stakeholder Group comprising focal points from key divisions and units linked to, or supporting the P4P pilot enhanced information sharing and consensus on technical and operational issues.

The pilot's country-level management structure comprised Country Coordinators supported by small teams of procurement officers, M&E specialists, and between two and eight national staff performing a range of tasks as dictated by the P4P implementation plan. By design, P4P country teams were embedded within Country Office management and reporting structures, with P4P Country Coordinators reporting to Country or Deputy Country Directors who were accountable for all P4P activities. P4P teams were encouraged to work closely with relevant Country Office teams, aiming to ensure that P4P activities and deliverables were fully captured in workplans of relevant staff.

WFP established a Technical Review Panel (TRP) for the pilot. An independent, unremunerated group of experts, the TRP met annually to discuss the progress of P4P implementation and offer WFP their guidance and advice on a range of implementation and monitoring and evaluation (M&E) issues presented to them for input. TRP members were also consulted on an ad hoc basis as needs arose. TRP members were drawn from the African Union Commission, Catholic Relief Services, the Food and Agriculture Organization of the United Nations (FAO), IFPRI, the Inter-American Institute for Cooperation on Agriculture (IICA), Intermon-Oxfam (Spain), the International Fund for Agriculture Development (IFAD), Michigan State University and the World Bank. Sasakawa Africa Association, the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), and the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) were also TRP members for brief periods.

Figure 1.6: P4Ps organizational and governance structure



Key: AED = Assistant Executive Director, Operations Services; OSZ = Policy, Programme and Innovation Division

Independent evaluation

A comprehensive independent evaluation of the pilot was completed in November 2014, seeking to ascertain the extent to which best practices were identified and shared, and the extent to which these practices led to increased farmers income and sustained market engagement. The evaluation also considered the extent to which WFP's purchasing approach was transformed to support sustainable small scale procurement. Finally, the evaluation assessed how the pilot initiative's multi-level organizational framework and the systems put in place to support the implementation contributed to the results achieved, intended and unintended (WFP, 2014).

The evaluation team rightly noted that, as a pilot, the P4P initiative differed from WFP's normal programme activities in that it had the space, time, and resources to experiment, particularly in terms of working with, and building the capacity of, FOs and trying different procurement modalities.

The evaluation was rigorous and comprehensive, yielding results that will be important to both WFP and the wider external network of stakeholders with direct and indirect interest in SHF engagement in staple food markets. As would be expected, the findings were mixed.

On the positive side, among other things, the evaluation found that: P4P was strongly aligned with the objectives and policies of national governments and partners, and also with WFP's mandate, Strategic Plan, and related policies; oversight and management were effective and compliant with allocation of roles and responsibilities; support and guidance to Country Offices was effective; appropriate learning processes were followed, and lesson learning and sharing informed P4P practice; capacity was built for participating FOs; the process of working through partners was effective in important respects; a high level of milestones were achieved; and gender issues were increasingly well addressed during implementation, with evidence of increased confidence and participation of women resulting from concerted effort by the P4P pilot to target gender impacts.

On the less than positive side, the evaluation team concluded that: P4P's objectives were undermined by an insufficiently explicit theory of change, rapid scale up, and lack of systematic identification and testing of key assumptions; some key design assumptions did not hold, with variation across countries; FO capacity was significantly underestimated, along with time required to strengthen such capacity; FO capacity gaps endured, limiting the effectiveness of WFP's adjustments to its procurement policies and practices; the formal M&E system only partially informed management decisions; a systematic mechanism for identifying best practices in management was not developed; risk management was not carried out in a systematic way as a management best practice.

But even the most rigorous evaluation would be unable to uncover the depth and range of experiences and learnings that have accrued to WFP in its dual role under P4P: first, as key facilitator and coordinator of P4P programming interventions; second, as a major buyer of quality food. The need to pull together these experiences and learnings could not be greater. This document seeks to fill that need. It is best viewed as representing a first attempt by WFP to

consolidate and synthesize material developed under the Global Learning Agenda (GLA) – the platform put in place to frame and capture learnings under the P4P pilot.

Learning Themes

Based on a comprehensive consultation process with key stakeholders, the GLA was organized around 17 thematic areas: (1) opportunities for facilitating smallholder farmers' access to finance; (2) empowering rural women through pro-smallholder procurement and market development activities; (3) costs and benefits associated with pro-smallholder procurement and WFP processes; (4) doing pro-smallholder procurement and market development activities in post-conflict countries; (5) assessing feasibility of pro-smallholder procurement and market development activities in WFP programmes; (6) WFP staffing profiles for effective pro-smallholder procurement and market development activities; (7) budgeting for pro-smallholder procurement and market development activities and trust fund management in WFP; (8) FO selection and progression; (9) tailoring procurement to support capacity building for aggregation and collective marketing; (10) supply side role in promoting agricultural productivity; (11) approaches to strengthening marketing infrastructure and equipment; (12) facilitating smallholder farmers' access to markets beyond WFP; (13) promoting structured trading platforms; (14) risks associated with pro-smallholder procurement and how to mitigate them; (15) the role of pro-smallholder procurement and market development activities in promoting food safety and quality; (16) WFP policy on Local and Regional Food Procurement; and (17) the role of WFP in policy and advocacy around public procurement for smallholders.

The resulting body of information produced by the 20 pilot countries and the HQ Coordination Unit currently numbers over 3,000 documents and datasets developed over the five-year pilot. WFP is synthesizing knowledge around a selection of topics drawn for the GLA to be made publicly available through WFP's website and a web portal to be hosted by the African Economic Research Consortium (AERC). Datasets used in four formal impact assessments (see Chapter 6 of this document) will also be made publicly available during 2015.

This document looks across that body of qualitative and quantitative information, seeking to offer a view of the P4P pilot that is evidence-based and deliberately structured around a small set of themes within which WFP considers most of its learning under P4P took place. The themes cut across the 17 GLA learning areas, albeit stressing some areas more than others due to differences in the range and intensity of learning across the areas. Table 1.2 sets out the seven themes, along with brief encapsulations of the key learnings under each theme.

Table 1.2: Themes and key learnings under P4P

Themes	Key Learnings
Transformative partnerships	P4P facilitated powerful and novel partnerships in staple food supply chains. Through these partnerships, P4P provided the impetus for public, private and civil society actors to leverage their investments to better respond to the needs and potential of smallholder farmers.
Government engagement	P4P presented governments with a new and different approach to supporting SHFs and thereby promoting inclusive growth. P4P showed that linking smallholder farmers to formal markets is a viable investment in countries that have enabling environments.
Gender equity	P4P empowered smallholder farmers financially and socially. As a result of focusing particularly on women farmers, P4P increased gender equity by helping women gain greater control over their lives and enhanced voice at community and household level.
SHF engagement in formal markets	P4P showed that when smallholder farmers see the benefits of engaging with formal markets and are provided with appropriate support, they will seize market opportunities and respond swiftly to quality demands. However, deeply rooted factors driving low quality, defaults and non-compliance persist.
Impacts	P4P generated a wide range of anticipated and unanticipated impacts at the FO level and for participating SHFs. The most robust anticipated impacts were at FO level, where P4P interventions were most direct. Impacts at the SHF level were more mixed, with transmission of FO-level impacts to the HH level constrained by several structural/systemic barriers.
Implementation challenges	The P4P approach is complex, contextual, time-consuming, and operationally challenging. Up-front planning and patient but opportunistic execution are critical, along with careful risk management, and rigorous but pragmatic monitoring and evaluation of progress and impacts.
Research and development (R&D) agenda	The P4P pilot generated evidence-based lessons on how to connect SHFs to markets, but further analysis and research is needed to deepen understanding of the many strategic, conceptual and operational issues that remain unresolved.

Source: P4P Coordination Unit

Some of the learning themes emerge from core elements of P4P’s development hypothesis (theory of change) and the P4P experience itself. Falling into this category are the themes covering partnerships, women’s empowerment, and SHF engagement in formal markets.

A second set of learning themes springs from the reality of P4P implementation – a reality to which WFP can speak with unique authority and depth. In this set are the themes on government engagement and implementation challenges.

A third category of themes is explicitly forward-looking, speaking to WFP’s stated ambition to carry forward its strong commitment to pro-SHF staple food market development. In this

category reside the themes on the pilot's impacts and the emergent research and development (R&D) agenda.

The themes are not exclusive of other learnings under P4P. Other organizations involved in the initiative might identify different sets. But from WFP's standpoint, this set of seven represents the most comprehensive learning to date.

The next seven chapters develop the themes, first, by framing them within the context of relevant aspects of the P4P approach, and, second, by drawing on quantitative and qualitative evidence generated under the GLA. The concluding chapter views the pilot within the context of important trends and debates in the literature and proposes some cross-cutting messages, insights, and lessons emerging from the themes and learnings. The chapters are inter-related but can also be read as stand-alone contributions on the specific topics they address. Linkages across chapters are identified and exploited as appropriate.

The independent evaluation confirmed a central tension facing WFP across the life of the pilot, namely that between implementing P4P for impact versus implementing it to learn. While only a pilot, P4P was a big investment built on a big idea. However, it was still small in the larger scheme of things. In no single country could one say that P4P had the potential to impact a national level indicator. Yet, the expectation of impact at that level was palpable. The evaluation identified this expectation as a source of unmet potential to seize learning opportunities, but also as a basis for buy-in and engagement by a wide range of investors and partners. WFP struggled to balance the idea that P4P was a learning pilot, on one hand, and pressures to show real-world impact of an investment that was viewed as large by most standards in the field, on the other. A core principle guiding the thoughts of the original designers was that P4P's "failures" would be the most fruitful sources of lessons. For instance, what should not be tried again? Which gaps were not worth trying to fill? These kinds of results were viewed as being at least as important as were those that identified significant farmer-level livelihood improvements. It was critical that WFP find the right balance and communicate very clearly on this issue. Together, the seven chapters strive to meet that challenge.

The independent evaluation also rightly noted that at its core, P4P is a capacity development approach. P4P thus offers strong clues about investments with the highest potential to provide consistent results for SHFs in staples markets. In the chapters that follow, these clues will be seen to emerge at three levels: (1) priorities for policy reform and institutional innovation; (2) organizational capabilities required in public, private, and NGO sectors; (3) and individual skills and perspectives required of key actors, again across public, private, and NGO sectors.

2. Transformative partnerships

Key learnings: P4P facilitated powerful and novel partnerships in staple food supply chains. Through these partnerships, P4P provided the impetus for public, private and civil society actors to leverage their investments to better respond to the needs and potential of smallholder farmers.

The partnership imperative in the P4P approach is obvious. No single organization could have implemented the pilot in one country, let alone 20. WFP's demand for food and organizational capacity to procure food efficiently were only two pieces of a wide range of interventions required to connect SHFs to quality markets. The pilot was therefore designed with a focus on partnerships at all levels, seeking to leverage the diverse strengths and specializations of organizations already working in the field. Active engagement with those organizations was necessary to provide the appropriate institutional and technical support to SHFs, FOs, small and medium traders, processors, and others who participated in the pilot.

The P4P partnership agenda and strategy

The transformative power of the P4P approach lies in the opportunities it opens up for previously disconnected actors in food value chains to align incentives, leading to pooled investments and leveraged impacts. Those opportunities spring from the demand-side stimulus to P4P partnerships. Given that impetus, at issue in P4P's partnership agenda are: (1) how SHFs can identify and develop new market outlets; (2) how SHFs can improve the quality and increase the value of the goods they seek to produce and trade; and (3) how SHFs can finance market development, quality improvement, and value enhancement.

Supply-side partnerships are required to help SHFs generate marketable surpluses by ensuring availability of inputs, improving farming technology and techniques, reducing post-harvest losses, and improving on-farm storage. Demand-side (marketing) partners are needed to support post-farm aggregation and quality control, access to credit and financial services, access to market information, improved contracting and negotiation skills, and strengthening of organizational management.

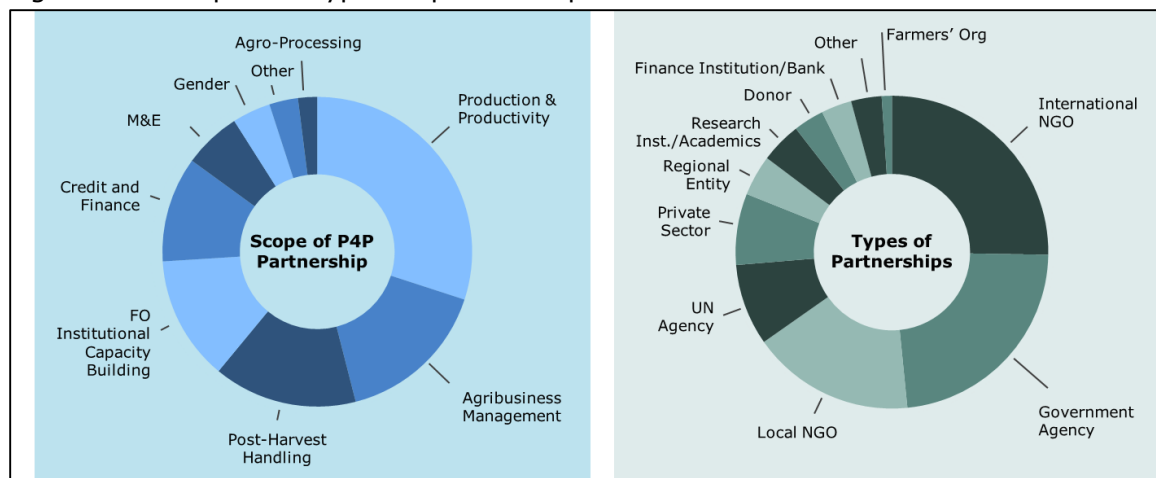
The P4P Coordination Unit and country teams thus sought out partners with skills, capacities, and experience in these areas. External interest in entering into such partnerships with WFP was immediate and sustained, covering a wide range of anticipated needs, but also opening up new opportunities in key areas, especially with respect to WFP's relationships with the private sector and with other United Nations agencies.

Range and depth of P4P partnerships

Over the P4P pilot period, WFP entered into over 500 partnerships, 286 of which were formalized through agreements. Beyond government ministries and agencies, P4P's partners included international and local NGOs, umbrella FOs, United Nations agencies, input suppliers,

output aggregators, processors, financial service providers, research institutions, bilateral development partners, and regional entities (Figure 2.1).

Figure 2.1: Scope and types of partnerships under P4P



Source: P4P Coordination Unit

Initially, the majority of partnerships focused on supporting production and productivity or post-harvest handling, followed by FO institutional capacity building and agribusiness management. These topics were also the focus of most training sessions delivered by partners and WFP. The later years of the pilot saw an increase in the number of partners providing support with credit and financial literacy, addressing a major barrier to increased sales to WFP and the market in general. There was also an increase in partnerships beyond these areas, with WFP and some partners providing support to emerging infrastructure needs, including warehouse construction and road rehabilitation.

Over the course of the pilot, a total of 114 partnerships were entered into with government agencies across the 20 countries. Some of these partnerships are being institutionalized as P4P-type programmes further integrated into national agricultural development strategies and food reserve systems (further details are provided below and in the next chapter).

130 partnerships were developed with international NGOs. These partners provided a variety of support for improved food production, post-harvest handling and marketing support, and organizational management. P4P deepened WFP's engagement with agriculturally-engaged NGOs, developing partnerships on a strategic as well as technical level and combining WFP's work with partners' projects and expertise, rather than relating primarily as WFP project implementers. Partnerships with NGOs were particularly successful if partners' and P4P's objectives complemented each other and both parties were able to contribute their own technical and financial resources.

P4P engaged in a total of 89 partnerships with indigenous NGOs, which supported P4P-targeted FOs with capacity building in production, post-harvest handling, commercialization, organizational strengthening and sensitization of men and women farmers. Local NGOs also complemented the P4P approach with critical non-technical local expertise.

A total of 50 partnerships were crafted with various United Nations Agencies across 19 countries. In most of these countries, both FAO and IFAD were members of P4P Steering Committees or similar coordination mechanisms. FAO provided technical support to FOs working with P4P while IFAD focused on access to credit and linkages of P4P with on-going IFAD-funded government programmes. Both agencies explored synergies between P4P and their country-level support to governments.

The private sector played a key role in agricultural input provision, food processing, technical support, market information support and capacity development for P4P-supported FOs, with a reported total of 27 partnerships over five years. Partnerships covered agricultural input provision (mainly in Central America), processing (Afghanistan, Central America, and several African pilot countries), and building capacity through business skills development, quality assurance, and market information systems.

Transformative partnerships: Four examples

Any attempt to itemize all the transformative features and outcomes of P4P's several partnerships would be not only futile, but also of limited value in a synthesis document of this type. P4P's Consolidated Partnerships Report provides as comprehensive a treatment of the portfolio as could be expected (WFP, 2014). Here, brief illustrations are provided of the transformative power of certain kinds of partnerships developed under P4P. The four examples are: (1) government-facilitated partnerships; (2) partnerships to facilitate new private investment; (3) partnerships with other United Nations agencies; and (4) partnerships to address P4P's analytical challenges.

Government-facilitated partnerships

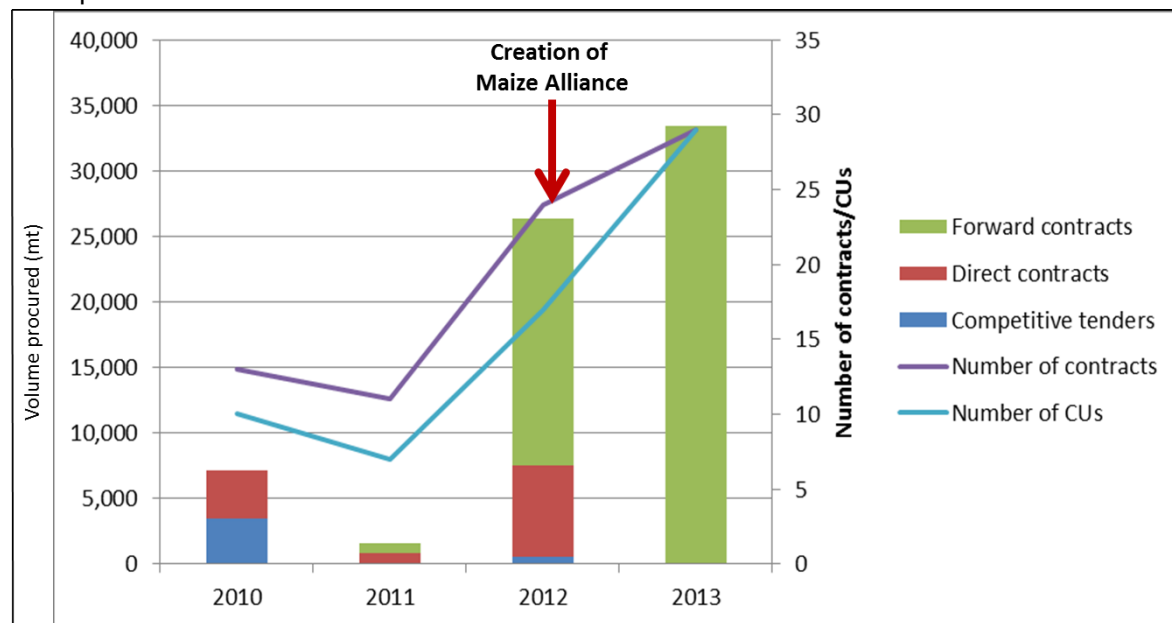
The next chapter details the nature of government engagement in P4P. Within these efforts, several novel and innovative government-facilitated partnerships were launched across P4P. The best example of a transformative one comes from Ethiopia where, led and facilitated by the Government's Agricultural Transformation Agency (ATA), a consortium of partners known as the Maize Alliance committed in 2012 to scale-up a programme of support to SHFs to drive agricultural marketing in Ethiopia.

Impetus for creation of the Alliance came from the Government's recognition of the potential of P4P as a tool to support implementation of key elements of its Growth and Transformation Agenda (GTP) which set ambitious growth targets for the country, prioritized agricultural diversification and commercialization, and singled out FOs and cooperatives as key actors requiring support.

The Alliance, which consists of ATA, WFP, the Federal Cooperative Agency, USAID, Sasakawa Africa Association, TechnoServe, the Regional Cooperative Promotion Agencies of Amhara and Oromia, and the Bureau of Marketing and Cooperatives of the Southern Nations, Nationalities, and Peoples' Region (SNNPR), supports farmers' cooperative unions (CUs) by providing a secure commercial market along with access to finance, post-harvest handling, and efficient aggregation and commercialization services. Under the Alliance, capacity-building support and financing are provided to 29 CUs, to support annual sales by CUs of at least 30,000 mt of quality maize to WFP (with a value of approximately US\$ 12 million), leading to increased income and economic security for the primary cooperatives (PCs) and SHFs that make up CUs' memberships. Further, within the context of the Maize Alliance, WFP, ATA, and the Commercial Bank of Ethiopia (CBE) signed a Tripartite Agreement to support the provision of output financing through loans for the participating CUs at a lower interest rate using WFP contracts as collateral.

The Alliance aligns programmes of various actors, avoids duplication, maximizes use of resources, and strengthens synergies. Interventions that would otherwise have been implemented in isolation now have natural cause for joint engagement, resulting in more powerful results. This broad-based and coherent support to CUs and their member PCs and SHFs has allowed the Ethiopia P4P programme to surge forward strongly since 2012, registering the highest volume and value of purchases across the pilot (Figure 2.2).

Figure 2.2: Trends in the level and composition of P4P food procurement in Ethiopia 2010-2013



Source: Impact evaluation of Ethiopia P4P programme

The true nature of the transformation is captured in the dramatic shift in the distribution of food purchases across procurement modalities. Direct purchases from FOs and competitive tendering disappeared completely from the portfolio, being replaced by the more sophisticated forward delivery contract (FDC) – a modality that opens scope for borrowing from commercial lenders, which has also surged.

Facilitation of new private investment

At bottom, the challenge of “connecting smallholder farmers to markets” entails drawing private investment into the value chains that serve smallholders. Across the pilot – including in post-conflict contexts – P4P provided a platform for partnerships that facilitated such investment. New private investment occurred across the value chain in several countries. In Uganda, private firms leased over 30,000 mt of warehouse capacity constructed under P4P, valued at US\$ 3.2 million, along with several sets of large industrial size cleaning and drying equipment with a value per set of US\$ 280,000. In Afghanistan, private millers invested in new capacity to produce fortified wheat flour. In Rwanda, a private foundation provided US\$ 88,000 to support financial management training for FOs to support borrowing from a private bank. In Zambia, a private firm partnered with WFP to provide farmers with a package of tractors, rippers, and trailers on a loan basis at an attractive interest rate, with WFP providing a revolving fund which was administered by the firm.

P4P-facilitated partnerships made a transformative difference in the cross-cutting area of credit and financial services. From the outset, it was clear that poor access to credit and financial services placed significant limits on the ability of most P4P-supported SHFs and FOs to produce or market effectively. A major area of leveraged impact through partnerships thus lay in P4P’s efforts to expand such access.²

WFP and partners successfully expanded affordable financing to FOs and SHFs from banks and other financial service providers. P4P-supported FOs were able to facilitate access to credit for their members, and to acquire key capital assets for storage and processing equipment. Microfinance institutions, banks, input suppliers, WFP, and other partners collaborated to make new financial services available and affordable in remote areas. Solutions included using food-supply contracts and warehouse receipts as collateral for loans, and training FOs in financial management and literacy. By December 2013, P4P had nine on-going partnerships with financial institutions in seven countries. Over the five years, P4P engaged in 19 such partnerships with far-reaching results.

For example, in Burkina Faso, a dialogue was launched with the micro-finance institution *Fédération des Caisses Populaires du Burkina* (FCPB) that showed the greatest interest in the P4P programme and had the largest coverage of rural Burkina Faso. The negotiated agreement was beneficial to all parties: FOs enjoyed better access to credit at lower rates, FPCB benefitted

² Especially critical in the P4P context is access to post-harvest credit, otherwise SHFs are forced to make “distress” low-price sales at harvest-time. See Chapters 5 and 8 below for further analysis of this issue.

from engaging with FOs that were being covered against the risk of non-repayment and had a proven market, and WFP saw a considerable reduction in default rates. A year later, this agreement with FCPB was extended to all P4P-supported FOs.

In Guatemala, following limited success in securing credit for SHFs and FOs from microfinance organizations, the P4P team engaged local banks, and savings and loan cooperatives to provide credit facilities to members of P4P-supported FOs at affordable rates, with few or no collateral requirements (co-signing by other FO members was sufficient).

In Sierra Leone, the Union Trust Bank made a post-harvest credit package available to P4P-supported farmers using P4P contracts as collateral.

In Mali, WFP FDCs allowed participating FOs to access credit at favourable interest rates with financial institutions. WFP would confirm the validity of the contracts that specified agreed FDC floor prices, on the basis of which loans would be granted to the FOs. WFP would ensure that all payments were made through the banking institution registered in WFP's accounting system through a third party payment mechanism. Other partners were also active in facilitating FO access to credit. For example, Integrated Initiatives for Economic Growth in Mali (IICEM), a United States Agency for International Development (USAID)-funded project, linked FOs to traders and financial institutions by offering collateral to the banks.

During the first two years of P4P in Kenya, P4P staff made field visits with officers from banks such as Equity Bank to inform FOs of credit products available on the market. Partners also involved Equity Bank when providing training to farmers. Since then, Equity Bank made millions of shillings worth of loans available to FOs under this scheme, allowing FO members to purchase farm inputs and expand output and sales. Further, many FOs have managed their relationship with banks without intervention from WFP, but with support from partners like the Cereal Growers Association (CGA), the Academic Model Providing Access to Healthcare (AMPATH) and the Ministry of Agriculture, Livestock and Fisheries.

In 2011, the AGRA and P4P introduced a principle that was slowly adopted by a majority of P4P partners. Cost-sharing arrangements were encouraged rather than free provision of infrastructure or equipment. Specifically, when pieces of equipment (i.e., sewing equipment, cleaning machines, or motorcycles) were provided, the P4P team requested a contribution of 20-25 percent of the total amount invested from the FOs. The shares of these FOs were not used to refund WFP's accounts, but to feed the FOs' bank accounts as savings. This arrangement worked as a way to encourage FOs to constitute their own savings and capital to gain more credibility with financial institutions.

In Ethiopia, under the Maize Alliance described earlier in this chapter, the Commercial Bank of Ethiopia endorsed WFP Ethiopia's FDCs as loan qualifying criteria, enabling the CUs to access credit – where before this had not been the case. Once CUs are able to pay these loans and meet their obligations to WFP, they are expected to develop in confidence and become trustworthy in

the eyes of other financial institutions. As a result of this access, CUs found themselves in a position to compete on the open market.

Partnerships with other United Nations agencies

P4P has provided WFP with a new platform for practical and high-impact partnership with the two other Rome-based agencies (RBAs), as well as other United Nations agencies. Initially, differences in mandates, project cycles, and investment geographies limited collaboration. But as understanding grew of the potential of P4P interventions as platforms for targeted yet comprehensive partnerships, joint efforts expanded and intensified.

Over the course of the pilot, FAO provided supply-side and technical assistance in production in 15 countries, making it the most central P4P partner within the United Nations system. FAO supported enhanced agricultural production and productivity (including the provision of improved seeds and tools), agribusiness management and institutional capacity building for FOs (including through Farmer Field Schools in Uganda or the value-chain programme in Honduras). FAO also provided technical assistance in developing FO infrastructure, such as storage facilities in El Salvador and Malawi, as well as food processing equipment in Liberia. In many countries, WFP worked closely with FAO on price monitoring and crop forecasts. In the Democratic Republic of the Congo, P4P was implemented in full partnership with FAO, with joint Belgian funding to the two organizations. FAO was represented on the TRP, providing valuable advice throughout the pilot and promoting information exchange between FAO and WFP.

IFAD was also strongly represented on the TRP. IFAD-funded projects assisted P4P implementation with technical support on production and enhanced access to credit in El Salvador and Mozambique. In El Salvador, the Central Rural Development and Modernization Project for the Central and Paracentral Regions (PRODEMOR) – an IFAD-funded project implemented by the Ministry of Agriculture – partnered with P4P. Technical and financial efforts were coordinated for the implementation of a business initiative in basic grain production and commercialization, which benefited P4P-supported FOs. In Mozambique, IFAD supported a financial intermediation institution, *Gabinete de Apoio e Consultoria a Pequenas Indústrias* (GAPI), to provide credit to P4P-supported FOs. With technical support from FAO and IFAD, WFP established a P4P Access to Finance Working Group that made critical recommendations for expanding access to credit under the pilot.

Partnerships with other United Nations agencies were also significant. In Malawi, the United Nations Development Programme (UNDP) provided capacity building support for the warehouse receipt system, as well as new technologies, sustainable agriculture, and farming as a business through the Millennium Villages Project. In Honduras, P4P collaborated with the IFAD-UNDP Project to Increase Competitiveness of the Rural Economy of the Yoro area (PROMECON), which trained smallholders in production of bean seed. UNOPS has provided support on rehabilitation of 192km of rural farm to market roads in the Democratic Republic of

the Congo. A partnership with International Labour Organization (ILO) on assisting FOs in their marketing activities is under negotiation in the United Republic of Tanzania.

UN Women worked with P4P to promote gender equality and the active participation of women in the agricultural production chain, as well as to enhance women's ability to take on leadership roles in FOs. Leveraging that partnership, and using the P4P initiative as a natural entry point, a five-year joint programme, Accelerating Progress towards the Economic Empowerment of Rural Women (RWEE), was developed in seven countries (Ethiopia, Guatemala, Kyrgyzstan, Liberia, Nepal, Niger and Rwanda), with UN Women, FAO, IFAD and WFP as partners. RWEE aims to improve rural women's food and nutrition security, increase their incomes, enhance their decision-making power and encourage policy environments conducive to their economic empowerment. To reach these objectives, the project leverages each United Nations agency's comparative advantages and institutional strengths to generate more sustainable and wide-scale improvements in women's livelihoods and lives. P4P, representing WFP, took the lead on RWEE in Rwanda and Guatemala.

Partnerships to address P4P's analytical challenges

From the start of the P4P pilot, WFP was conscious of the need to ensure the sustainable institutionalization of the learning that would arise under the initiative. WFP management resolved to support the establishment of an indigenous voice in Africa that would provide technical M&E support during implementation of P4P and remain as a sustainable local knowledge repository, ensuring that the identified lessons and best practices emerging from the pilot would remain accessible to interested stakeholders across the globe. WFP approached the African Economic Research Consortium (AERC) to partner in this effort.

AERC is a public not-for-profit organization that builds local capacity for conducting independent, rigorous inquiry into problems pertinent to the management of economies in sub-Saharan Africa. AERC represents a unique value proposition for African leaders seeking to chart stable and resilient growth paths for their countries in a complex and volatile world: sustained access to cutting-edge knowledge for effective economic management. That value proposition springs from a pan-African network of 1,000-plus researchers, practitioners, and policy makers collaborating to: (1) identify evidence-based policy solutions to fundamental problems of structure and performance in African economies; (2) communicate high-potential solutions for implementation; and (3) ensure long-run availability of high-quality home-grown analytical talent through targeted training and institutional strengthening.

The three-year partnership agreed in 2011 has been remarkably fruitful for both organizations. For WFP, AERC's wide network of economists from Africa and outside the region opens scope to systematically generate a diversified pipeline of high-quality peer group-evaluated knowledge products from the pilot in the future. AERC's potential for leveraging these attributes to help WFP become a leading voice on how demand-side SHF market engagement can contribute to agricultural and broader economic development in Africa is significant.

For AERC, the partnership has occasioned important strategic movement. In its most recent strategic plan (2015-2020), AERC committed to creating a dedicated research group on agriculture. This move was in no small part inspired by the first-hand exposure of AERC to P4P and the growing emphasis of the governments of developing nations on the need to harness the potential of smallholder agriculture to spur inclusive growth.

AERC regularly organizes high-level policy dialogues with African policy makers. The most important of these is the annual Senior Policy Seminar (SPS), which provides an opportunity for policy makers and researchers to engage in uninterrupted deliberations on a set of important issues considered significant to policy making on the African continent. Meetings are regularly attended by Central Bank Governors, ministers of finance, trade, agriculture, and others, and also by members of international bodies such as the World Bank and IFPRI. In 2015, AERC will partner with WFP in organizing the seventeenth SPS under the theme “Agriculture in Africa’s Transformation: The Role of Smallholder Farmers.” The 2015 SPS will be used to share the lessons emerging from the P4P pilot initiative with relevant policy makers in the continent and is a deliberate effort on the part of AERC to elevate the debate on the importance of smallholder agriculture as a catalyst for inclusive growth.

AERC and WFP expect to explore other advocacy opportunities throughout the course of 2015 and 2016, including submission of articles to leading journals by interested AERC network researchers as more of the P4P research outputs are peer reviewed and made public.

WFP also developed partnerships with technical agencies to support analysis-heavy aspects of P4P implementation. For example, in Central America, the partnership with IICA was especially important, with IICA investing alongside P4P initiatives to strengthen the organization capacities, organizational processes, and market engagement capacities of P4P-supported FOs. In Honduras, P4P partnered with Zamorano University, which trains technical staff of farmer field schools.

Challenges

These partnerships were not without challenges and setbacks. In any given country, the array of partners that could potentially be brought on board was immense. Selecting the right partners, negotiating formal and informal terms of partnerships, coordinating activities, and monitoring progress toward targets – all required major investments by P4P country teams. P4P Country Coordinators devoted significant shares of their time to partnership development and management. Setbacks were not uncommon.

Of all potential partnerships explored by P4P, dialogue was suspended on 13 percent, representing 77 potential partnerships. The majority of these suspended partnerships did not continue beyond the negotiation phase. Some partnerships were discontinued during the implementation phase of the project. Reasons for ending partnerships were wide-ranging including: partners that did not fit the P4P model – e.g., where partners indicated difficulty in being a supply-side partner (Afghanistan, Mali, Sierra Leone, Zambia); security concerns

(Afghanistan); partner restructuring (the Democratic Republic of the Congo, Guatemala, Zambia); lack of direction in partner activities (Kenya); insufficient return on investment due to poor outcomes/deliverables (South Sudan); misaligned geographic focus (Malawi, Zambia); lack of communication from the partner and poor partner performance (Malawi, Sierra Leone); partnership not beneficial to targeted FOs (Mozambique); limited financial resources or unrealistic funding expectations (Rwanda, South Sudan); and failure of partners to mobilize farmers (South Sudan).

Conclusions

Effective partnerships deliver several benefits. They capitalize on the individual strengths of each participating organization. They provide contacts and links to local communities and stakeholders who may be critical to success. They distribute and share responsibility for development and execution of particular programmes or services. They limit participating organizations' liabilities to the scope of project involved. They provide reduced-cost opportunities and expertise for each participating organization. Many of the partnerships developed under P4P delivered such benefits with regularity. As a result, P4P came to be owned by a wide range of stakeholders, not just by WFP.

Transformative partnerships go further. They alter the landscape within which partners are operating, thereby enhancing partners' respective value propositions. New products and services emerge. Organizational architectures of value chains are altered. New political allegiances are developed. The examples detailed above illustrate how P4P catalysed and facilitated the emergence of a significant number of such transformative partnerships.

However, the pilot reveals that such partnerships are costly, both in terms of actual investments in human and financial resources required for success, and also in terms of foregone opportunities where partnerships fail to generate anticipated results. P4P registered its share of those as well.

3. Government engagement

Key learnings: P4P presented governments with a new and different approach to supporting SHFs and thereby promoting inclusive growth. P4P showed that linking smallholder farmers to formal markets is a viable investment in countries that have enabling environments.

To be successful, the P4P approach must entail policy and institutional frameworks that favour and promote SHF-oriented market-led agricultural development. One criterion for selection of the first set of pilot countries was therefore that their governments should have developed such frameworks, or be signalling strong intent to do so. Upon commencement of the pilot, it soon became clear that policy and institutional lacunae were deep in most countries. But also very clear was the fact that P4P resonated strongly with most agricultural development strategies. Without exception, governments in pilot countries embraced the P4P concept.

Governments in the P4P model

From the outset, P4P was motivated and presented not as a WFP-centred initiative but as one that would provide lessons in design and implementation of programmes for SHF market engagement that governments and their partners might take on and scale up. The vision was of a “second wave” of P4P-inspired government-led programmes applying approaches and methods tested under the pilot.

P4P implementation plans were therefore developed to align with governments’ national agricultural development policies and food and nutrition security strategies. Government ministries and agencies were key partners throughout the pilot. Over the course of the pilot, there were a total of 114 partnerships with government agencies across the 20 countries. Some of these were institutionalized as government-implemented P4P-type programmes that were further integrated into national rural development strategies and food reserve systems.

Government support to P4P included a wide range of activities, from participation in (and often chairing) P4P coordination mechanisms, to development of SHF- friendly policies, to direct support to FOs through extension services and the provision of technical equipment. Ministries of agriculture were key in coordinating P4P activities with other national stakeholders, particularly with government entities charged with providing technical support through extension and enhancing access to agricultural inputs. Depending on the country context, other ministries such as ministries of education, gender, trade and commerce, cooperatives, social services and finance were also involved.

The degree to which P4P would come to be viewed by governments as offering clues and answers in their constant search for options for practical public action in agrifood systems was gratifying. A number of governments developed institutionalized programmes and initiatives motivated by (or built around) P4P, with WFP providing technical support for design and implementation. Five of the best examples are provided below.

Supporting market-based pillars of Ethiopia's Growth and Transformation Plan

In the previous chapter, Ethiopia's Maize Alliance was presented as a potent illustration of the breadth and depth of transformative partnerships developed around P4P. The Alliance is also an excellent example of the power and returns to strong government engagement and ownership of the P4P concept. P4P meshes neatly with Ethiopia's GTP, which sets ambitious growth targets for the country, prioritizes agricultural diversification and commercialization, and singles out FOs and cooperatives as key actors requiring support. Through the Maize Alliance, P4P is also at the centre of efforts to deploy innovative market-based instruments to tackle hunger at its roots.

Integrating and scaling P4P in Rwanda's agricultural development agenda

The first effort to institutionalize the P4P approach within government policies and institutions was Rwanda's Common P4P initiative (CP4P). By fortunate coincidence, P4P in Rwanda was launched alongside a number of major national initiatives: the Crop Intensification Programme (CIP), the Rwanda Cooperative Agency (RCA), the Post-Harvest Task Force (PHTF), and the National Post-Harvest Staple Crop Strategy (NPHSC). Key strategic aims included increasing production, land consolidation, reducing post-harvest losses and strengthening smallholder cooperatives. These initiatives were followed by the government's announcement in the same year to proactively target agricultural cooperatives in the procurement of up to 40 percent of the public sector's staple grain requirements, with an initial focus on the National Strategic Reserve (NSR) – a decision that was stimulated in part by the P4P pilot.

In contrast to the situation in most other P4P pilot countries, P4P-Rwanda was able to immediately capitalize on the bumper crops which resulted from the success of the Crop Intensification Programme. This allowed the P4P team to concentrate on other important challenges such as smallholder collective bargaining power, storage, and marketing. In turn, the PHTF has been able to build on the good practice approaches and technical assistance programme provided to FOs by P4P. Agro-dealer networks and large trading companies in the country were leveraged to distribute fertilizer, credit, and training, and also to coordinate the collection of maize around the country for supply to the NSR.

To consolidate progress and learning under these initiatives, the Government looked to the experiences and approach of P4P, seeing this as an already tested strategy that came complete with a set of tools and an embedded capacity building programme for procuring directly from smallholder-based organizations. Within this context, a Memorandum of Understanding (MoU) was signed between the Ministry of Agriculture and Animal Resources (MINAGRI) and WFP in July 2011 to collaborate in developing CP4P. In line with the P4P approach, core to the Government of Rwanda's adaptation of P4P was the objective to leverage the institutional purchasing power of a large and reputable buyer as an incentive for stimulating production and for bringing smallholder collective capacity to a standard where they can interact professionally with other large buyers. Between 2010 and 2014, the National Strategic Grain Reserve bought

over 50,000 mt of grain (valued at approximately US\$ 19.4 million) from 14,195 SHFs in 500 FOs.

The institutionalization and sustainability of the P4P approach through CP4P builds on existing methods, tools and lessons and is reinforced by coordination mechanisms across ministries, in particular MINAGRI and the ministries of commerce and education, as well as the Rwanda Cooperative Agency and ongoing agricultural support schemes such as the CIP and PHTF.

Several lessons have emerged from Rwanda regarding the requirements for strong government ownership of the institutionalization and up-scaling of P4P. Emerging evidence suggests that, as is true for WFP under P4P, government agencies are encountering many challenges linked to the significant testing, monitoring, technical support, procurement, transport, and multi-sectorial coordination burdens associated with rolling out CP4P (Kelly and Mbizule, 2013). The initiative will need ongoing technical and funding support to help it reach its goals of embedding the approach across public institutions charged with procuring food staples. While some institutional and policy changes will be required as CP4P grows, through the CIP, PHTF and RCA, core institutional support, services and strategies are already in place for the initiative to move forward. To strengthen these efforts, WFP placed a Market Access Support Advisor in MINAGRI.

In a related Government-facilitated initiative, WFP-Rwanda is employing P4P principles in a partnership with the Clinton Health Access Initiative (CHAI) to support the production of high quality, affordable special nutritious product – Super Cereal Plus (SC+) – for use in the country and elsewhere in the region. Acting as a catalytic off-taker until private sector demand kicks in at scale, WFP will procure 25,000 mt/year of SC+ for five years.

Mainstreaming P4P in Burkina Faso

Burkina Faso's P4P mainstreaming initiative had a similar motivation to that of Rwanda but with important differences. The initial entry point of P4P with the government was the *Secrétariat Permanent à l'Assistance du PAM* (SP-PAM), the food aid section of the Ministry of Agriculture, which has been the traditional focal point for all WFP activities. Over the course of the pilot, linkages with the department in charge of rural development, *Direction Générale pour la Promotion de l'Economie Rurale* (DGPER) and the *Projet d'Amélioration de la Productivité Agricole et de la Sécurité Alimentaire* (PAPSA) grew in importance. This opened scope for a deeper and more sustained engagement built on P4P's broader contribution to Burkina Faso's food and agricultural development objectives. Those opportunities were systematically seized.

In 2012, as news about Rwanda's CP4P began to spread across the P4P network, P4P-Burkina Faso facilitated a learning visit to Rwanda for 15 senior government officials and representatives of the P4P team, partners and FOs. The aim was to build understanding about how the Government of Rwanda had integrated the P4P concept into its own institutional food purchases. A few months later, the Prime Minister of Burkina Faso also travelled to Rwanda on a similar learning visit. Upon his return, the Prime Minister instructed the Ministry of

Agriculture and Food Security (MASA) to draft a document on lessons learnt from Rwanda's experience implementing P4P. MASA established a committee of experts on issues relevant to Burkina Faso's agri-food value chains, including input supply, production, credit, and processing. The committee also included key members of Parliament, aiming to raise their awareness about the role of legislation in improving smallholder farming and to alleviate poverty.

Through the work of the committee, P4P principles have been integrated into MASA's newly developed WRS, which aims to facilitate storage of commodities and increase access to credit and marketing options for smallholder farmers. *La Societe Nationale de Gestion du Stock de Sécurité Alimentaire* (SONAGESS), the national food reserve agency, has committed to procuring 30 percent of its total purchases from smallholder FOs. The Government has also set a goal of 50 percent sourcing from SHFs of all food destined for a 17 billion FCFA (US\$ 32 million) school feeding programme. Further, the Government plans to transform SONAGESS into a centre for all government purchases of food commodities—not just a reserve—adding additional importance to its commitment to smallholder farmers. These developments – all of which spring directly from the Government's leadership in carrying forward the P4P model in Burkina Faso – bode well for Burkina Faso's SHFs.

Supporting FOs through public procurement in the United Republic of Tanzania

In the United Republic of Tanzania, food purchases from 28 Savings and Credit Cooperative Organizations (SACCOs) were core to the P4P implementation strategy. Meanwhile, and also core to the implementation strategy, WFP's Country Office in the United Republic of Tanzania was pursuing a strategic partnership with the Government's National Food Reserve Agency (NFRA) with two aims: (1) to jointly develop and institutionalize a framework for NFRA sales to WFP to meet regional demands for food; and (2) to encourage NFRA to target a share of its own purchases toward the country's SHFs. Success on the first objective opened scope for progress on the second.

Between July 2011 and March 2012, WFP-Tanzania worked with WFP's Regional Bureau to facilitate purchase of over 81,200 mt of maize from NFRA for use in WFP's food assistance programmes in the Democratic Republic of the Congo, Kenya, Somalia, and South Sudan. The success of this effort led to development of a major new MoU between WFP and the NFRA. The MoU confirmed a procurement-based relationship between NFRA, WFP-Tanzania, and WFP-Regional, along with the principle of preferential NFRA purchases from FOs.

Recognizing that full operationalization of the MoU required stable demand for food from WFP, WFP-Tanzania and NFRA developed the rationale and mechanism for an advanced financing facility from WFP HQ that would facilitate purchases from NFRA of food sourced from (and traceable to) FOs. For its part, confident of an external outlet for surpluses, NFRA successfully negotiated a 33 billion shilling (US\$ 19.5 million) allocation from the Ministry of Agriculture and Food Security for grain procurement.

WFP's experiences under P4P provided critical lessons to NFRA as it rolled out its pro-FO effort. For instance, P4P staff accompanied NFRA zonal managers to sensitize FOs and SHFs on the NFRA market and show that WFP and NFRA were working in partnership. Several contracts were signed thereafter. Between July and September 2013, 17 P4P-supported FOs from eight regions signed procurement contracts with NFRA. The contracted amounts totalled 3,560 mt, with a market value of US\$ 1.4 million. By November 2014, the P4P team had facilitated the NFRA's direct contracting of 25,770 mt of grain (valued at approximately US\$ 10 million) from 116 farmer groups with the help of 3 development organizations, including the National Network of Farmer Groups in Tanzania (MVIWATA), TechnoServe, and the Tanzania Staples Value Chain project (NAFAKA), all of which are supported by USAID's Feed-the-Future initiative.

Three factors drove this outcome: (1) the emphasis on SHF inclusion in the 2012 MoU between the NFRA and WFP, which allowed both partners to strengthen and accelerate their mutual partnership in support of SHF procurement; (2) the Government of the United Republic of Tanzania's allocation of US\$ 19.5 million to NFRA to finance food purchases, allowing for timely and transparent payments to FOs for deliveries; and (3) NFRA's strategic focus on FOs. All of these factors rested on the strong engagement by the Government in the P4P pilot, with strong leadership from NFRA management driven by confidence in WFP as a buyer, and the P4P model as a channel to support FOs and SHFs.

It is worth noting that in Zambia where it is believed that the government loses at least 30 percent of reserve stocks due to poor storage and stock management practices, WFP is working with Natural Resources Institute (NRI) to support the Food Reserve Agency to manage and track maize stocks under a pilot project carried out in one district in the Eastern province.

Leveraging and expanding P4P's learnings and methods in Guatemala

In Guatemala, the *Triángulo de la Dignidad* (Triangle of Dignity) initiative of the Ministry of Agriculture, Livestock and Food provides technical assistance to 67,500 smallholder through the reactivation of agricultural extension services, access to credit, and links with potential buyers, all directed to FO members. The initiative includes loans for production inputs, technical assistance and support in commercialization. NGOs are also included, focused principally on the production side. The private sector (seed companies and agrochemical distributors) have been using demonstration fields to promote good agriculture practices and use of their products and, at the present moment, some companies are supporting WFP and its partners in the training experiences. FAO and IICA have provided valuable services for technical assistance and training in the field, as well as systematization of the process.

Building on learnings under *Triángulo de la Dignidad*, and seeking to further institutionalize the P4P approach in government structures, the Ministry of Agriculture, Livestock and Food (MAGA) has also approached WFP with a request for capacity building and technical assistance based on the P4P model, with the long term goal of integrating the P4P approach into national policy and best practice. WFP has committed to continue supporting MAGA in the

strengthening of the government food assistance programmes. Through lessons learned and enhanced knowledge under P4P, WFP will continue to provide technical assistance to MAGA, aiming to strengthen the *Programa de Asistencia Alimentaria* (Food Assistance Programme) and *Programa de Alimentos por Acciones* (Food for Actions Programme) of MAGA through training of their rural extension workers at the field level and support in procurement process of maize and beans. This will contribute to creating an environment in which small-scale farmers can improve their food security and increase their profits from the food supply chain through an improved quality and quantity of production of maize and beans, and greater participation in the marketing of these local staple foods to the government.

Through a trust fund, WFP will support about 5,000 SHFs who produce maize and beans. Following the P4P model, these farmers will be connected to markets, including the food assistance and food for assets programmes implemented by MAGA. In the process, the approach of purchasing from small-scale farmers will be gradually integrated into national policy.

Challenges

Even in countries where P4P was embraced by governments, key enabling conditions were sometimes lacking, with potential negative impacts. The most critical dimensions of an enabling environment for P4P are linked to: the level and quality of agricultural infrastructure development (e.g., roads and irrigation); public investments in key public goods (e.g., research and extension in particular); and policies and regulations conducive to SHF-friendly agricultural investment (e.g., land tenure and contract enforcement). Specific challenges encountered in pilot countries included the following:

1. Public extension services were poorly-funded and had limited reach into SHF areas;
2. Storage infrastructure was not available in sufficient quantity or quality;
3. Transport infrastructure was inadequate;
4. Well-functioning market information systems were not in place;
5. Government policies to ensure affordability of improved inputs to SHFs were poorly implemented;
6. In some countries, governments intervened in food markets in ways that undermined P4P investments; and
7. Grades and standards for food crop marketing were poorly enforced.

The most important gaps related to the poor state and functioning of public extension services in SHF areas (with the relative exceptions of Ethiopia and Rwanda in Africa and Guatemala in Central America). There were also critical gaps linked to the lack of storage and transport infrastructure, poorly functioning market information systems, and poorly implemented policies for ensuring affordability of improve inputs.

Across the pilot, several steps were taken to try to mitigate the effects of these gaps. For example, in Kenya, WFP provided technical and financial support to FOs to construct storage facilities and acquire skills in post-harvest management. In Uganda, WFP constructed warehouses and community stores. In Liberia where transport infrastructure is poor and thus

private transporters are limited and costly, WFP provided transportation services to FOs with its own trucks. In Ethiopia, WFP and partners supported FOs with temporary and long term storage facilities, and also negotiated with transport companies to collect P4P food from FOs' warehouses as quickly as possible. In Guatemala and other countries, WFP was instrumental in the reactivation and renewal of the market information system. In Burkina Faso and Uganda, a post-harvest loss reduction project was launched aiming to reach 16,000 farmers in targeted areas and provide them with subsidized locally-produced farm-level storage equipment. P4P is also working with Uganda's Ministry of Agriculture, Animal Industries and Fisheries to develop the warehouse receipts management system. In Mali, WFP undertook advocacy toward government to integrate crops purchased under P4P (sorghum, millet, cowpeas) into its input subsidization programme, along with sensitization of local Ministry of Agriculture representatives to prioritize P4P participating FOs in access to subsidized fertilizers. But these efforts bore mixed results. Major gaps persisted.

In some countries, key policy decisions had direct negative impacts on P4P programmes. For example, in Zambia, key actions undermined P4P efforts; in Uganda, lack of enforcement of regional quality standards militated against success. These two cases are further elaborated below.

Public procurement and pricing policy in Zambia

With its relatively well-developed commercial farming sector alongside a depressed SHF sector, Zambia offered a unique context for P4P – one where modern marketing institutions downstream could potentially be used to catalyse and sustain commercial orientation, productivity growth, and income expansion by SHFs upstream.

P4P Zambia was designed in an extremely positive climate. Key economic indicators – the copper price in particular – were strong. At the same time, agricultural production was showing a consistent and positive pattern, yields were stabilizing and there was a big push by government for diversification into other crops. Zambia became self-sufficient in wheat and there was an expansion in the demand for soya beans.

The government had also removed all export and import bans except in 2008 when concerns about a potential shortfall in the national food requirements prompted a temporary ban. The private sector in the country was responding positively to these overtures. There was optimism that the Agricultural Marketing Bill that was being reviewed at the time would address other impediments such as government's very visible hand in the marketing of maize.

Zambia's P4P programme was established with the expectation that local and regional food requirements would eventually be exclusively channelled through the Zambia Agricultural Commodity Exchange (ZAMACE) that was slowly developing. District-level certified warehouses were being established and were expected to be fed by small and medium traders and the community aggregation centres that WFP, ZAMACE and other stakeholders were promoting in targeted districts.

Working with a coalition of partners, the initial P4P strategy in Zambia focused on strengthening ZAMACE. It also sought to increase the capacities of smallholder farmers to trade across the exchange, and thereby increase their access to commercial markets. The major expected outcomes to be expected were: (1) a flourishing commodity exchange, which engaged all markets players; and (2) P4P-participating smallholder farmers selling surpluses on the exchange through a network of certified district warehouses.

The approach comprised four components:

1. Catalysing the growth of ZAMACE by channelling all WFP purchases across the exchange;
2. Working with an alliance of partners to build the production and marketing capacities of smallholder farmers and put in place the infrastructure for these smallholder farmers to directly access the commercial market via the ZAMACE platform through a series of certified warehouses established at district level;
3. Supporting local production of blended foods; and
4. Policy and advocacy.

However, the positive situation that prevailed when P4P was launched in Zambia changed rapidly in a negative direction. Until 2008, the Government's Food Reserve Agency (FRA) was buying about 40 percent of the national maize production yearly and private sector procured the rest. Although there were concerns with the official floor price – which technically applied to FRA, but in theory set the benchmark for all buyers in the market – government procurement was still relatively restrained and did not cover the whole country. In 2008, the government announced the floor price of maize at ZMK 45,000 (US\$ 13) per 50kg bag and set its procurement share of 30 percent of the maize marketable surplus. Later in the year, the government revised the maize price to ZMK 55,000 (US\$ 16) per 50kg bag.

In 2009, the government, through FRA, established a floor price of ZMK 65,000 (US\$ 19) per 50kg bag which was above import parity price at different locations. This price was maintained in the 2010, 2011, and 2012 marketing seasons. From 2010 to 2012, the government also increased its procurement share and bought all the maize farmers were able to supply. In the 2010/2011 agricultural season, the private sector was unable to match the FRA price and government bought over 80 percent of the smallholder maize sales. As a result of these prices, and increase in FRA procurement, the private sector market share fell drastically from about 15 percent in 2010 to almost zero in the 2011 marketing season. The government intervention in the maize market had undermined the confidence of the private sector operators and investors.

The government's buying activity negatively impacted ZAMACE operations. Even the few FOs that had transported their maize to the P4P-supported district certified warehouses in the 2010/2011 agricultural season in anticipation of a sale across the exchange withdrew their stocks from the warehouses and sold to FRA. In addition to the above, one partner, AFGRI Corporation, though a member of ZAMACE, was offering farmer's two options; either sell to it directly for an immediate cash payment, or store in certified warehouses and sell later for a

higher price. Predictably, farmer's opted to sell for immediate cash versus gamble on an uncertain price outcome from a sale through ZAMACE.

Undermined by the lack of maize, the district warehouses and trades across ZAMACE struggled to take off. Given FRA's heavy involvement in the market no farmers were willing to sell through ZAMACE in 2011.

In 2011, ZAMACE suspended operations to facilitate a restructuring exercise and await formal appointment as Zambia's Warehouse Licensing Agency. As a consequence, WFP amended the P4P country strategy and started buying directly from smallholder farmers at both community aggregation points and district aggregation points. The unique exchange-driven P4P model in Zambia had aborted.

ZAMACE is poised to resume operations by early 2015 following the recent signing of a statutory instrument by the Minister of Agriculture that formally recognizes ZAMACE as Zambia's Warehouse Licensing Agency and simultaneously creates the necessary policy framework for warehouse receipts to be treated as legally binding documents, allowing financial bodies to accept receipts as collateral for credit advances to farmers and traders.

Food quality grades and standards in Uganda

Between 2002 and 2007, WFP purchased over 900,000 mt of food commodities in Uganda, including 210,000 mt valued at US\$ 54.7 million in 2007 alone, making it the largest purchaser of high-quality grain in the country. Therefore, even before the launch of the P4P project in Uganda, WFP was already making significant gains in stimulating the development of the country's staple food markets. These trends were expected to continue, especially with Uganda's strengthening position as a net exporter of maize and pulses in the region.

By integrating its purchasing power with the technical contributions of other partners to connect small-scale/low-income farmers to markets, P4P Uganda envisioned that within five years (or five complete agricultural cycles), participating low-income farmers would realize higher annual income through an increased capability to connect to and benefit from markets as a direct result of participation in P4P.

P4P Uganda directly subsidized the expansion of a network of rural private sector warehouses to provide cleaning, drying, grading and storage services to smallholder farmer and small/medium traders. The intention was that these facilities would provide a key link to the WRS, connecting depositors directly to national, regional, and international markets. The assumption in 2009, based on WFP's large-scale historical procurement in Uganda, was that WFP would be the major buyer of commodities deposited in Uganda Commodity Exchange (UCE)-licensed warehouses.

By mid-2011, WFP had registered over 130 Farmer Groups with varying membership-size and had undertaken major P4P capital investments.

The countries of the East African Community (EAC) are moving towards the establishment of a common market with the potential of over 130 million consumers. Most significantly, projections indicate a doubling of food demand in the EAC within the next 15 years (COMPETE, 2010). Formal trade in food commodities in the EAC region is increasingly regulated by the East African Grain Council (EAGC) standards, which are applied to varying degrees (due to differences in interpretation and grading methods) by the member states. WFP, with its partners, played a significant role in developing these standards. In support of the harmonization process, and to underpin its ambitious strategy of supporting the Ugandan maize market, WFP in Uganda initially committed itself to buy maize as per Grade I of the East African Standard specifications for maize and beans.

But P4P Uganda faced several challenges in obtaining quality grain either from FOs or the WRS. Rarely were contracts performed within the specified contract period. In addition, traders were extremely challenged by WFP's insistence on EAGC grades. There were many contract cancellations with traders for whom the low-quality market was a reliable outlet. In particular, farmers were able to sell low-quality grain to traders serving the Kenya and South Sudan markets. This reduced incentives to improve quality and undermined many efforts from the industry, including P4P, to improve the quality of Ugandan maize.

With informal trade accounting for anywhere up to 800,000 mt of approximately 1.5 million mt of marketable surpluses, selling to these markets was a rational decision for farmers requiring immediate cash to meet immediate needs. Increasing numbers of SHFs are aggregating and bulking at P4P-supported satellite collection points, and some traders have invested in cleaning and drying equipment outside Kampala. However, the fact remains that without quality-differentiated pricing for maize, the same farmers and traders have little incentive to commit to producing EAGC standard grain.

WFP's investments in smallholder farmers and small and medium-scale traders have brought them some returns in the short-term. But the full impact of WFP's investment will be potentially much higher once Uganda's grain trade is more thoroughly regulated or structured. The Government supports the liberalized market of maize and has thus far done very little to regulate the sector. While this openness promotes entry and competition in grain trade, it also translates into gaps in enforcement of the EAGC standards at the national level. Still missing, therefore, are several critical components of a favourable environment for quality-oriented trade, namely application of transparent standards, regulation of cross-border trade, quality-differentiated pricing, and promotion of structured trading platforms, testing of financial and credit models that work for smallholder farmers and standardization and extension of market information systems.

Conclusions

Much is known about the macroeconomic requirements of sustainable growth. It is now well-understood that countries must pursue prudent monetary, fiscal and exchange rate policy regimes aimed at providing stable environments for long-term investment and growth. That consensus partly explains the swift and robust economic recovery in Africa following the 2008 financial and economic crisis, albeit dampened in 2011 by the political turmoil in North Africa.

But consensus on prerequisites and priorities for macro action is not replicated at the micro-level. This is especially true and acute in Africa, and particularly so for agriculture, which continues to dominate most economies. Beyond general platitudes about creating enabling environments and strengthening capacities of key actors, deep questions persist about the appropriate nature and extent of practical action to enhance the performance of existing and emerging national, regional and continental value chains in strong and resilient agrifood industries that will propel sustained and broad-based growth. Most needed are practical options to draw millions of SHFs into mainstream development dynamics. This chapter demonstrates that governments view P4P as one such option that is congruent with their strategies, and they are investing their own resources accordingly.

As noted in the final evaluation of the P4P pilot, P4P has transformed WFP's relationship with governments. Whereas at one time WFP's presence in a country was viewed as a signal of policy and institutional failure, with P4P pilots aligned with national policies and strategies, WFP is viewed as enhancing scope for action in the short term and strategic options over the longer term. Especially powerful and clearly appreciated by governments are new openings for high-potential commercially-oriented micro-level interventions in staple food sectors. However, the P4P model is not immune to food politics, nor to the immobilizing effects of implementation gaps in public sectors.

4. Gender equity

Key learnings: P4P empowered smallholder farmers financially and socially. As a result of focusing particularly on women farmers, P4P increased gender equity by helping women gain greater control over their lives and enhanced voice at community and household level.

Gender equity implies that all development policies and interventions need to be scrutinized for their impact on gender relations. Both in design and implementation, P4P therefore prioritized gender equity, seeking to use P4P interventions to empower women farmers. Specifically, given the gender gap in agricultural development and the clear, evidence-based “business case” for reducing that gap, women SHFs’ engagement in P4P was reflected in several ways: (1) sales volumes by women SHFs to WFP and other formal markets; (2) women’s participation and leadership in FOs; and (3) women’s influence over decisions at the household and FO level related to agricultural production, marketing, and profits from sales.

P4P tested the most effective ways of using institutional procurement as an economic empowerment tool for women. The approach included a menu of activities that could be adapted to the cultural and social context of each pilot country while addressing the key challenges relevant to market engagement. Clearly recognized was the power of social and cultural pressure to constrain opportunities and gains for women. P4P worked within these constraints, challenging them as necessary and possible from a culturally sensitive and respectful perspective. This chapter describes these efforts and the main results they produced for women.

Gender strategy

Through its Enhanced Commitments to Women (ECW) strategy and corporate Gender Policy, WFP has long been viewed as an innovator in the area of women’s engagement in field-based initiatives in food and agriculture. The gender-related performance targets built into P4P pushed WFP into new terrain for which it developed a tailored P4P Gender Strategy backed by clear operational guidelines.

The strategy aimed to achieve the holistic empowerment of women and, as such, emphasized activities with the strong potential to create opportunities or conditions that facilitate women’s agency and promote enabling opportunity structures to contribute to their empowerment. The key leverage points identified for promoting economic empowerment of women through P4P were:

1. Women’s social empowerment through the promotion of:
 - Gender awareness training;
 - Institutional mechanisms that foster women’s active group participation;
 - Labour and time-saving technologies that address women’s time constraints; and
 - Functional literacy training for women smallholder farmers.

2. Women's capacity and skill empowerment through promotion of access to:
 - Agriculture extension workers;
 - Agricultural and market information; and
 - Business and financial literacy training.
3. Women's economic empowerment through the promotion of:
 - Access to credit;
 - The rights of women to retain decision-making control over their income, savings and assets; and
 - Access to markets.

Focus on empowerment

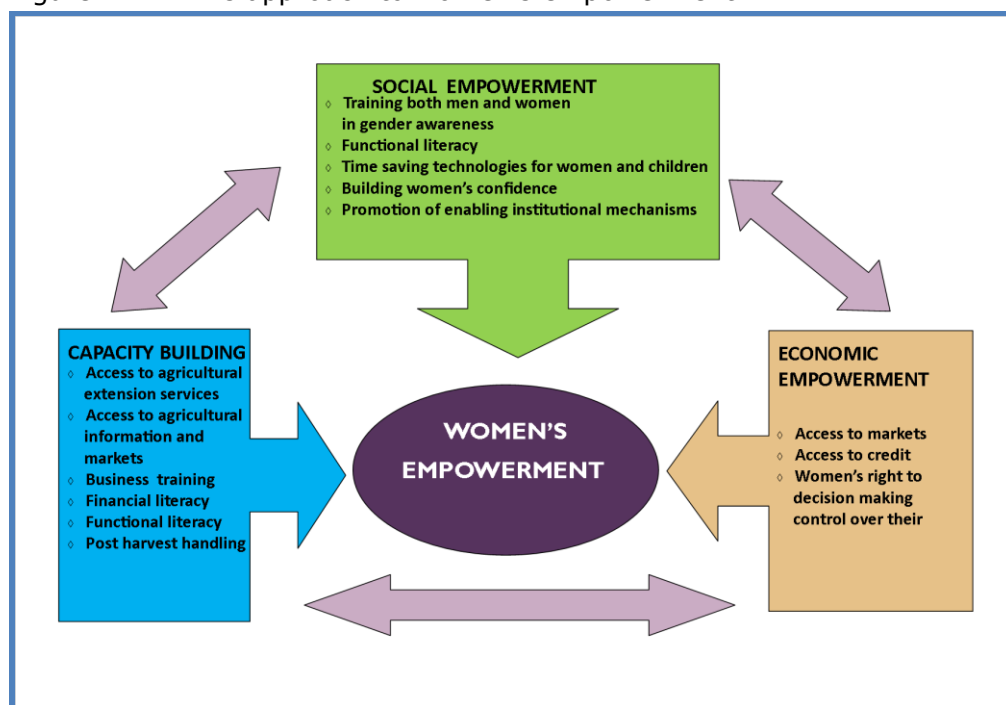
Recognizing that an imbalance in the control of power is the root cause of gender inequality, and that power is multi-locational and exists in multiple domains, P4P deliberately chose to focus activities at the micro (household) and the meso (community) level, including FOs, with the expectation that actions at these lower levels would potentially have a positive impact at the macro (policy and institutional) level in the long run. Further, based on a taxonomy of power that recognizes that empowerment can be viewed as a process in which people gain power over (resisting manipulation), power to (creating new possibilities), power with (acting in a group) and power from within (enhancing self-respect and self-acceptance), the activities undertaken in support of gender mainstreaming in P4P fit into three inter-related domains of empowerment: Social, Economic, and Empowerment through Capacity Building (Figure 4.1).

From P4P Annual Progress Reports come details on how this framework was translated into country-specific gender strategies and action plans, including gendered value chain analysis. Further, the P4P Coordination Unit developed an Assessment Matrix for Gender Value Chain Analysis, a Rural Women's Economic Empowerment Programme launched with UN Women, FAO and IFAD, and two Occasional Papers on women's engagement in P4P were published and circulated to P4P pilot countries. Funds were secured from USAID to procure labour- and time-saving technologies for women in Ethiopia, Kenya, Malawi, Mali, Mozambique, the United Republic of Tanzania, Uganda, and Zambia.

WFP came to understand that numerical participation of women is not, alone, a sufficient criterion for engendering or measuring their empowerment. Key cross-cutting risk factors faced by women include land ownership and control, gendered perception of crop production, limited staff capacity, and low female membership in FOs. There is a need to go beyond mere participation and focus on women's actual engagement in P4P. Countries adopted different approaches to gender integration, with differences arising from inadequate understanding and/or incorrect identification of the key gender issues of relevance to P4P, limited technical skills in gender mainstreaming of both WFP and partner staff involved in the implementation of P4P, difficulties in finding qualified partners with experience in gender to lead on the

mainstreaming effort, and the extent of interest and/or personal commitment of the country implementing team to advancing the gender objectives of P4P.

Figure 4.1: P4P's approach to women's empowerment



Source: P4P Coordination Unit

Assessment tools and guidance materials

Gender assessments were completed and gender strategies and action plans developed, with the support of UN Women in Ghana and Mozambique. Across P4P, 16 pilot countries carried out at least one formal gender assessment; 14 pilot countries developed gender strategies and/or action plans, building on the P4P Global Gender Strategy. The P4P coordination unit developed a set of tools outlining P4P-focused gender assessment protocols including:

- Steps to follow to develop a country P4P gender strategy;
- Guiding interview questions for a gender assessment;
- An assessment matrix to guide the analysis and ensure its connection and resulting action plan with the P4P gender strategy;
- A household negotiation tool for training household members on approaches to household harmony through inclusive management of household assets;
- A template to guide the development of gender action plans and associated monitoring activities based on the analysis, facilitated by the matrix described above.

The P4P approach to sensitization went beyond theoretical mantras, by defining and situating gender equality as an economic issue. It stressed – to both men and women – the gains to be realized by embracing gender equality within the household or community versus the economic

losses brought about by gender inequality. This was informed by focusing on the understanding of gender equality as “negotiated relationships within the household” and sought to embed a shared vision of family welfare within FOs and households. Reports from pilot countries indicate that amongst P4P participants, men are increasingly viewing the economic empowerment of their wives as a contribution to family welfare rather than as a threat to their masculinity.

In this vein, emphasis was made on a household negotiation approach that consisted of the inclusive management of both household resources and budget in the belief that this represented the route to harmony and a broadened opportunity structure for women. P4P tested a household negotiation tool developed internally for this purpose. P4P strongly advocated this move in order to avoid alienation by men and customary leaders, who tend to be the most influential members of their communities.

Comprehensive training agenda

Training carried out during the initiative consciously promoted the equitable participation of women. Training topics included: production and productivity, post-harvest handling and quality standards and agribusiness management. Other important themes incorporated into training sessions included how to access credit and lessons in financial literacy. Some trainees (among whom were women) were also trained to train their peers.

Gender training modules were specially designed and delivered to women and men SHFs, agricultural extension agents, WFP staff and partners and FO leaders. The gender awareness training and capacity building sessions offered an appropriate space to demonstrate the economic advantages of fully including women in agricultural value chains and providing them with productive resources, including land. More importantly, through the various training opportunities, women had gained an awareness of the limitations posed by their illiteracy. To address this challenge, many FOs in pilot countries such as Guatemala, Liberia, Mali, Burkina Faso and the Democratic Republic of the Congo moved to provide functional literacy training to their members. In Burkina Faso, women from P4P-affiliated groups benefited from agricultural extension services thanks to the support of partners such as the International Fertilizer Development Center (IFDC) and the Lutheran World Relief. Some women in P4P-supported FOs began to use insurance services for farm production in a scheme developed in partnership with Oxfam and PlaNet Finance.

Targeted support for market engagement

Adopting a women-friendly procurement approach, P4P encouraged FOs to give priority to the purchase of women’s contributions to contracts commissioned by WFP. Progressively, WFP increased the procurement of crops that are traditionally farmed and controlled by women, including pulses.

Being aware of the time-shortages rural women face due to intensive labour demands, P4P offered women opportunities to reduce their labour burden and free up some of their time to

allow for greater engagement in economically profitable tasks as well as in FO meetings, training events and their normal family duties.

Rural women in developing countries divide their time between domestic, farming and non-farm activities. The proportion of time allocated to each of these broad categories varies between and within regions, as well as between women in different types of households. In total, however, these women work for approximately 16 hours a day. This is more than the number of hours worked by men and a greater proportion of women's total work hours are spent on unpaid activities. Not only are the hours long, but the work itself is hard and in the absence of support to reduce their labour burden and ease time constraints, women's ability to participate in FOs and occupy leadership positions will continue to be severely limited.

Funds were secured from USAID to procure labour and time-saving technologies for women. Eight pilot countries (Ethiopia, Kenya, Malawi, Mali, Mozambique, Uganda, Zambia and the United Republic of Tanzania,) benefited from sub-grants of between US\$ 92,000 and US\$ 131,000 for the purchase of the various types of equipment. Items ranging from simple manual tools to more sophisticated mechanical devices, were purchased for women's use. These included manual and motorized maize-shellers, tractors, rippers, milling machines and equipment to facilitate quality enhancement such as tarpaulins, rice parboiling equipment and bag stitching machines. Additionally, cows and plough carts were provided to women to relieve them from the usual neglect of their plots until the end of the planting season.

These technologies were provided on a partial or full cost recovery basis, and were carefully selected to fit a specific stage of the agricultural value chain from production to post-harvest and processing and to be the most relevant to the local context, as well as to women's needs. Some simple tools were targeted to individual households, while the more sophisticated technology was for use/ collective management by the FOs or by entrepreneurs running businesses providing services to members of the community at large. FOs were encouraged to think creatively about how to guarantee maintenance of equipment over the long term using the contributions from cost-sharing. Whenever and wherever possible, women were encouraged to use the technology to generate income for its maintenance.

Addressing structural impediments

Country Offices identified several structural factors impeding women's engagement in P4P. These included inadequate access to productive assets, barriers to women's decision-making influence in FOs, lack of control of assets, personal insecurity within households, and misaligned FO priorities. Country Offices took several steps to address these problems.

For example, in Mali, WFP targeted advocacy efforts toward community leaders to promote women's access to land. Further, to reduce women's daily burdens, P4P provided agricultural equipment to boost production and time saving equipment. WFP also implemented a range of activities aimed at integration of women only FOs, training in leadership, sensitization and advocacy for greater integration of women in decision making bodies for mixed FOs.

In Mozambique, WFP undertook gender sensitization training for both women and men, including extension services and local government officers.

In Guatemala, WFP promoted incorporation of women in all functional spaces in FOs and facilitates the creation of organization spaces which favour the recognition of women’s work and the importance of their participation. Organizational strengthening training was given early in the project. A special effort was given later to women members through the introduction of gender commissions.

In Ethiopia, WFP facilitated community conversations with all targeted women, their husbands and influential people in communities (e.g., religious leaders) to share ideas and commit themselves to help each other at household level.

Results

Given these investments, overall, progress on P4P’s gender-based performance targets was strong but undeniably mixed (Table 4.1).

Table 4.1: Measures of women’s empowerment under P4P

Women’s Empowerment Measure	Outcome
Participation	<ul style="list-style-type: none"> Women’s participation tripled from 100,000 in 2008 to 300,000 in 2013
Support	<ul style="list-style-type: none"> 23 percent of the P4P-supported farmers are women (47 percent if Ethiopia excluded)
FO membership	<ul style="list-style-type: none"> 2009 = 19 percent; 2013 = 23 percent (47 percent if Ethiopia excluded)
FO Leadership	<ul style="list-style-type: none"> 2009 = 44 percent; 2013 = 36 percent 36 percent of participating women in leadership positions
Income gains	<ul style="list-style-type: none"> On average, US\$ 241 income gain per woman over the pilot, US\$ 48 annually (men’s increases larger by US\$ 20)
Payments	<ul style="list-style-type: none"> Women have received 26 percent of overall payment - US\$ 38.5m out of US\$ 148m
Increases in access to training	<ul style="list-style-type: none"> 200,000 women have been trained Over 42,000 received training on gender awareness

Source: P4P Coordination Unit

Conclusions

It is well-documented that for reasons linked to ideology, beliefs, and norms, women face systematic unfavourable treatment on the basis of their gender, denying them rights, opportunities or resources. Women’s differential access to power and control of resources is central to this discrimination in all institutional spheres, i.e. the household, community, market, and state. Within the household, women and girls can face discrimination in the sharing out of

household resources including food, sometimes leading to higher malnutrition and mortality indicators for women. Women's lack of representation and voice in decision-making bodies in the community and the state perpetuates discrimination, in terms of access to public services and market-based opportunities. Also well-documented is that women and men have different needs, preferences, and interests, and that equality of outcomes may necessitate different treatment of men and women.

That necessity lay behind the deliberate and ambitious gender-related performance targets integrated into P4P, with profound effects on design and implementation of given P4P interventions. From the beginning, P4P was a gender-conscious project, with an ambitious goal to have 50 percent women participants. While the broader dynamics affecting the pilot impinged on its performance against this and other gender targets, quantitative and qualitative evidence suggests that the investment was strategically potent and operationally meaningful. Over the five-year pilot, P4P shifted from gender-conscious to gender-transformative, focusing on specific interventions which not only encouraged the participation of women farmers, but directly addressed the root causes of inequality that limit their potential.

5. Smallholders gaining a foothold in formal markets

Key learnings: P4P showed that when smallholder farmers see the benefits of engaging with formal markets and are provided with appropriate support, they will seize market opportunities and respond swiftly to quality demands. However, deeply rooted factors driving low quality, defaults and non-compliance persist.

The *raison d'être* of the P4P model is enhanced SHF engagement in formal food markets with the ultimate aim of increasing their shares of value generated in those markets. Increasingly, the language around public action in agriculture is similarly motivated, especially in Africa (AU, 2013). Most recently-developed agricultural development strategies thus envision market-driven processes of growth fuelled by self-sustaining technological advances, often emphasizing market engagement of the millions of SHFs who dominate rural landscapes in many countries (AGRA, 2013; AU, 2014; Nigeria FMARD, 2012; World Bank BBA, 2014)

SHFs and markets

Indeed, the welfare of the typical SHF is more dependent on market engagement than is that of larger land-holders and wealthier rural dwellers (Fafchamps, 1992). But rewarding SHF engagement in markets is a non-trivial challenge. Such engagement must be both deep and productive. It must be deep in that it should entail exchange with an ever increasing range and number of actors, both nearby and removed. It must be productive in that it should generate a net economic surplus when the value of items sold is weighed against that of products and services bought.

The literature is replete with analyses showing that policy environments combined with structural conditions prevalent in value chains for staple foods generate economically rational behaviour by SHFs that militates against deep and productive market engagement. These value chains are characterized by large numbers of spatially dispersed smallholders lacking on-farm storage capacity, trading in small quantities, spatially thin input markets, bulky and relatively low value products, and high risks. This leads to significant market coordination failures that the private sector has little incentive to fix through contract farming or other interlinked contract arrangements. To intensify production, farmers need access to a package of purchased inputs (improved seeds, fertilizer, labour), extension, fixed and working capital, and market outlets. If one element of the set is missing, then investments in all the others will be lost or significantly reduced. Similarly, potential service suppliers face uncertain demand for their services unless farmers are assured of access to other complementary services. In well-developed value chains, the “invisible hand” of the market serves to coordinate all these services, or large agribusiness players step in and integrate the value chain. But in poorly developed value chains for food staples, neither of these options may happen, and private investors will not invest significant capital in developing agricultural service businesses. Markets can then become trapped in low-output equilibria (Hazell, 2012).

P4P and quality-driven SHF market engagement

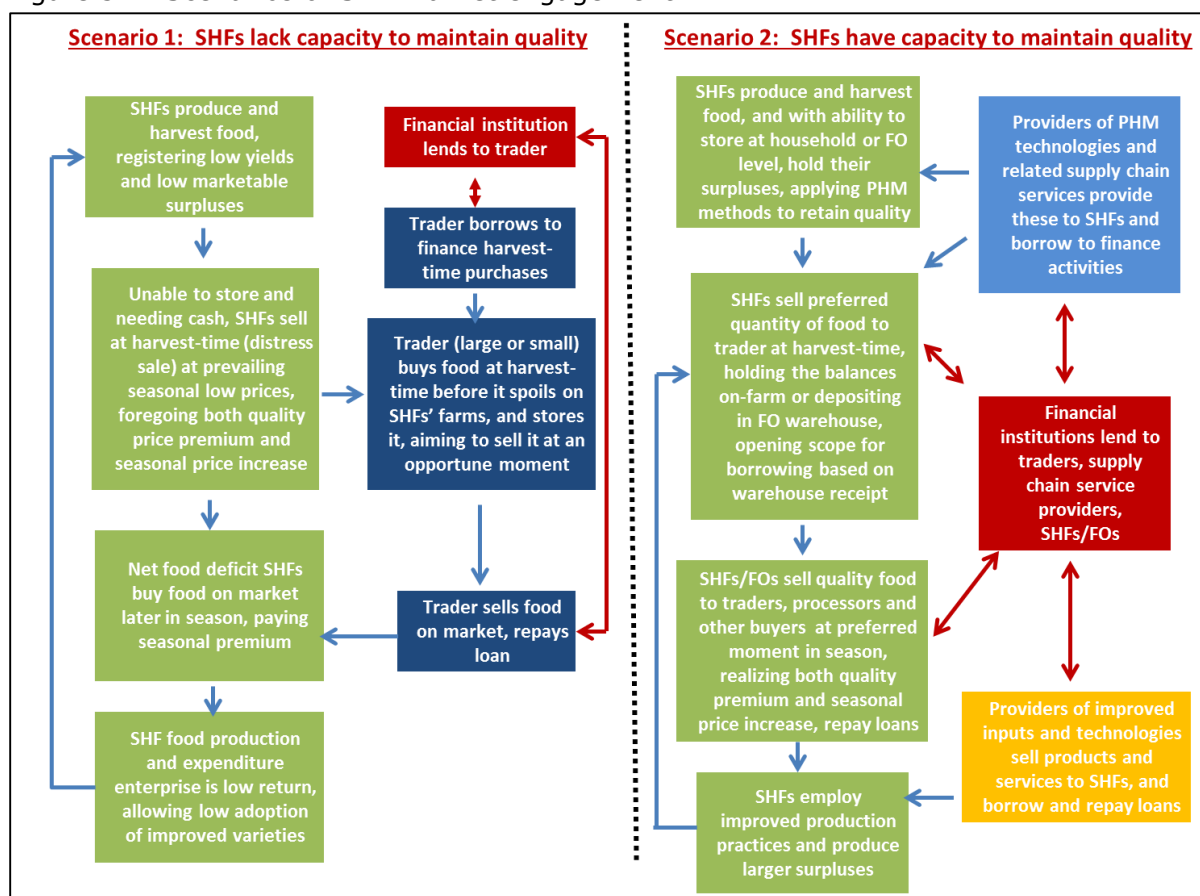
The P4P approach represents an attempt to help SHFs escape these low-output market equilibria. Implicit in the approach and explicit in the investments pursued within the pilot is the view that the combination of: (1) lack of effective and appropriate on-farm storage capacity; (2) poor access to appropriate post-harvest management (PHM) technologies and practices; (3) the need for cash at harvest-time; and (4) restricted access to credit obliges SHFs to sell large shares of small surpluses immediately after harvest when prices are low, rather than defer sales for more lucrative markets that may not pay immediately (Figure 5.1, left panel).

Aware of these constraints facing farmers, traders complete the bulk of their purchasing at harvest-time, raising major financial bottlenecks for themselves. To the extent that traders can borrow, they do so. But they routinely leave large volumes of food unpurchased, condemned to rapid deterioration on-farm (AGRA, 2008; Barrett, 2009; Bongor et al., 2002).

The typical SHF is a net food purchaser and must enter the market as a buyer when her own supplies of deteriorating quality food are exhausted, and when prices have risen. Traders meet this demand, along with that of other buyers (e.g., processors), repaying their loans based on the proceeds. Traders of different sizes thus dominate the local markets that serve SHFs, thereby capturing the principal gains, which centre on the seasonal price rise.

P4P seeks to enhance SHFs' access to storage capacity and PHM technologies because such SHFs are better able to hold their surpluses and maintain the quality of these volumes (Figure 5.1, right panel). Harvest-time sales may occur, but additional options are available. Food can confidently be held on-farm without risk of major spoilage, or it can be stored with grain of similar quality in collective facilities, possibly in exchange for warehouse receipts that open scope for borrowing to meet pressing cash needs. Late season sale of quality food at higher prices to traders, processors, and other buyers is possible, yielding cash to repay loans and finance the next season's production activities. A key recognition is the expanded range and depth of the SHF's reach into the market in this scenario. She is able to capture shares of both quality and seasonal price premia. Also expanded is the array of actors with incentives and opportunities to engage with her. Especially critical is the role played by financial institutions whose products and services lubricate and sustain the nascent system, drawing in new actors.

Figure 5.1: Scenarios of SHF market engagement



Source: P4P Coordination Unit

WFP’s long experience as a buyer of food in different contexts confirms that the capacity to maintain food quality (and meet high quality standards) is a necessary condition for capturing the full set of returns to market engagement. Any food whose quality cannot be sustained is a liability. By implication, food for which quality can be maintained becomes an asset.

That experience also confirms that several factors combine to render the supply of quality food challenging, including: (1) damaging traditional harvesting methods; (2) traditional on-farm storage methods; (3) difficult and costly transportation; (4) inadequate on-farm handling equipment; (5) poor and limited collective storage capacity; (6) inadequate market facilities; and (7) sharp household-level liquidity constraints, especially at harvest-time.

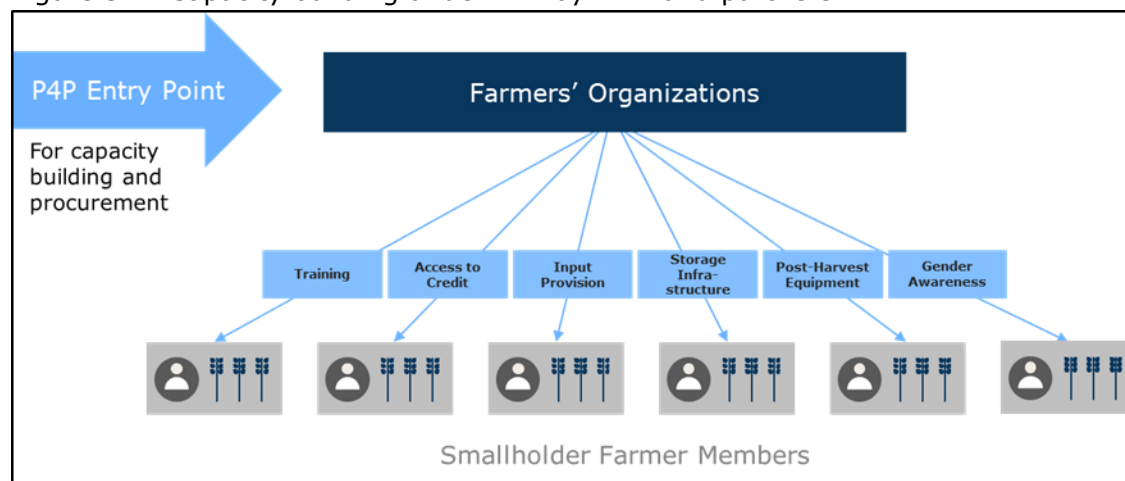
During the launch of the pilot in the final quarter of 2008, defaults on contracts were recorded at 59 percent. Reasons for defaults by FOs included: (1) poor structure and governance; (2) side-

selling by members due to more attractive prices from other buyers;³ (3) low capacity to aggregate produce in time; and (4) low output and marketed volumes due to poor weather.

Targeted capacity building

To address this complex set of problems, significant capacity development activities were undertaken by P4P teams in each of the 20 pilot countries, targeting SHFs, FOS, and the many value chain actors that serve them – extension officers, traders, warehouse operators, and WFP and partner staff. Capacity development covered a range of topics: record-keeping, financial management, group management, post-harvest handling, crop financing, price discovery, business planning, and production practices (Figure 5.2).

Figure 5.2: Capacity building under P4P by WFP and partners



Source: P4P Coordination Unit

Table 5.1 shows the portfolio of capacity development investments launched in just one pilot country, Zambia. The depth and range of the effort to address gaps in both “soft” and “hard” skills and capacities is extraordinary. But even a cursory examination of documentation developed by each of the 20 participating WFP Country Offices reveals that the span of Zambia’s capacity development investments was the rule, not the exception.

With the aim of increasing the commercial value of production, P4P focused on improving the quality of commodities traded by SHFs in several countries. This required extensive training in post-harvest handling, storage techniques and processing. This capacity building focus enabled these farmers to meet both the quantity and quality standards of WFP as an assured buyer, but also paved the way to other potential markets in need of quality inputs. Exchange visits were facilitated between FOs to share best practices.

³ It is worth noting that there is a positive signal embedded in side-selling, namely that farmers likely are registering higher incomes from the higher prices and more favourable terms received from alternative buyers. But side-selling erodes buyer confidence and undermines longer-term market engagement. This affirms the need for “patient” purchasers who (like WFP under P4P) are willing to persist with SHFs through their learning curves as they better understand the broader implications of the need for reliable behaviour in markets, as exemplified by honouring of contracts.

Table 5.1: Examples of capacities built through P4P-facilitated partnerships in Zambia

“Soft” capacities boosted FO and farmer capacity to engage more confidently and robustly in formal markets and on the commodity exchange
<ul style="list-style-type: none"> • Conservation farming training provided by the Conservation Farming Unit of the Ministry of Agriculture and Livestock (MAL). • Sensitization on ZAMACE and training on how to access it, delivered by ZAMACE and MAL, FRONTIER and Southern Province Cooperative Marketing Union (SPCMU). • Quality standards and Quality and Quantity assurance training provided by ZAMACE and WFP • Market information access training provided by ZAMACE. • M&E: Commodity exchange mechanisms and Record keeping ZAMACE, MAL, WFP. • Commodity Financing (Warehouse Receipts) was available in selected districts through <i>Centro Laici Italiani per le Missioni</i> (CeLIM, an Italian NGO). • Post-harvest handling, storage management, organic agriculture and legumes production training of trainers (ToT) provided by Kasisi Agricultural Training Centre. • Post-harvest handling and storage management, and aggregation process training by ZAMACE, FRONTIER, SPCMU, MAL and Adventist Development and Relief Agency (ADRA). • Organic agriculture and soy beans/ cow peas production by ADRA and Heifer International. • Training of trainers on gender concepts analysis, gender issues in agriculture, gender mainstreaming in agriculture, and application of gender mainstreaming skills by Jimat Development Consultants. • Gender mainstreaming, awareness on gender equality programming among cooperatives, development of gender strategies for cooperatives by Kawambwa District Farmers Association (KDFA) and the Young Women’s Christian Association (YWCA).
“Hard” capacities boosted FO and farmers access to the physical assets necessary to operate effectively as a business
<ul style="list-style-type: none"> • Mechanized Service Provision - WFP and Dunavant Ltd. created a revolving fund to loan funds to promising farmers to buy tractors, rippers, trailers and shellers. In turn, these farmers provided services to smallholders for a small fee. • ZAMACE (with P4P funding), procured warehouse equipment such as weighing scales, sieves, moisture meters, maize shellers, and price display boards, which were provided to participating FOs. • FO access to community sheds supported by the Department of Cooperatives of Malawi. • Commodity financing in selected districts by CeLIM. • FOs participating in direct sales to WFP provided with cleaning and weighing equipment by P4P. • Female farmers have been provided with heifers and ripper as labour-saving equipment that will allow them not only to cultivate timely their fields, increase the hectares cultivated but also to provide tillage services to other smallholder farmers at a fee. • A seeds revolving fund has been established with initial P4P funds in the Eastern Province to facilitate access to certified seeds by smallholder farmers participating in the Increasing Market Access, Post-Harvest and Storage project (IMAPS). • Under IMAPS, an agribusiness centre has been established with processing and storage facilities built.

Source: WFP-Zambia (2014)

During capacity building activities, particular attention was paid to guarantee the participation of women. In Mali, in addition to formal training, FOs and members were trained in using notebooks to record transactions, as well as the quantity stored for household consumption. These notebooks were referenced during successive surveys by enumerators who cross-checked information provided by FOs or members. During the process of collecting information, farmers were also learning from the notebooks and were able to compare results in terms of household food security, quantity sold, and income earned per season.

In Mozambique, the P4P programme faced a serious problem of aflatoxin contamination of food supplied to WFP by SHFs, resulting in high rates of rejection. Testing required shipment of samples to South Africa. This took a long time, resulting in delays in contract fulfilment, often only to have the delivery rejected. To address this problem, the P4P team partnered with the Cooperative League of the USA (CLUSA) to facilitate the outfitting and training of technicians at Lurio University in Nampula, aiming to offer key food quality control services locally, including aflatoxin testing. The initiative attracted further support from USAID and Denmark's development cooperation, Danida. WFP provided University laboratory staff with training in: food testing techniques aligned with regional and international food quality standards, procurement of required food testing equipment and protocols, and consulting services to coordinate training and other project activities. USAID supported the construction of laboratory infrastructure (i.e., a new building meeting recommended specifications). DANIDA provided a small fund for equipment within a broader fund to enhance institutional capacity for training of senior technicians in nutrition. Prior to this partnership, the only other lab in Mozambique offering aflatoxin testing was the government lab in Maputo, which was not functional for a while due to equipment problems.

There is evidence that as a result of these investments in the capacities of FOs and member SHFs, key elements of the dynamic described in Scenario 2 in Figure 5.1 above did indeed play out under P4P in several pilot countries.

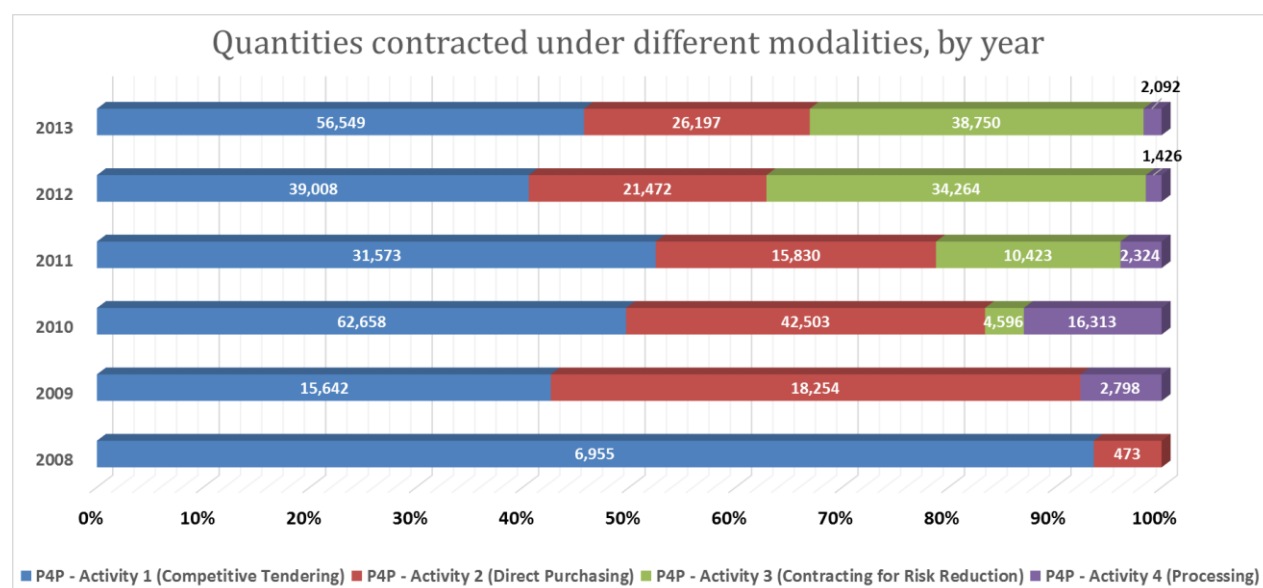
Increased contracting capacity

By the end of 2013, defaults on P4P contracts amounted to 19 percent of all completed contracts, down from 59 percent in 2008.⁴ Trends in the composition of modalities over the pilot period further illustrate the transformative effects of the capacity building investments. The volume of food delivered under P4P pro-SHF modalities more than quadrupled between 2009 and 2013, from 30,100 mt to more than 112,600 mt. The share of direct purchasing contracts jumped at first as FOs gained confidence and were able to complete contracts. But as the pilot progressed, direct purchases declined as a share, being replaced by other contracting modalities that required greater sophistication from FOs and SHFs. By the end of 2013, the volume of food contracted through these other modalities was more than five times that under direct purchasing (Figure 5.3).

⁴ Note, however, that the contracted volume in 2008 was very low.

A telling indicator of the impact of capacity development efforts under P4P is the extent to which P4P-supported FOs were able to sell food to buyers beyond WFP. Across the pilot, commodities sold to markets beyond WFP that was documented by FOs totalled at least 156,000 mt, at a value exceeding US\$ 60 million.⁵ Figure 5.4 shows the case for the United Republic of Tanzania, where FO sales to the National Food Reserve Agency (NFRA) and other large buyers increased significantly after 2012, following a decision by the NFRA to prioritize purchases from FOs (further details about this initiative were provided in Chapter 3 on “Government Engagement”).

Figure 5.3: Quantities of food contracted under different modalities under P4P



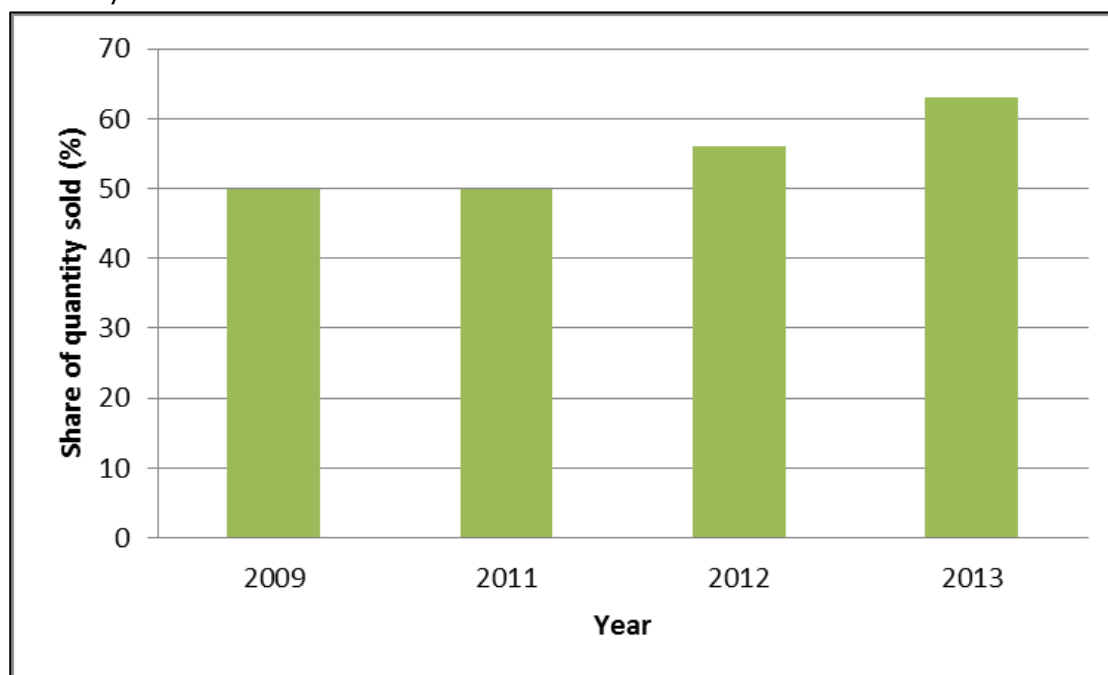
Source: P4P Final Consolidated Procurement Report, 2008-2013

Increased capacity to access credit and financial services

Crucially, the financial deepening and inclusion hypothesized in Scenario 2 of Figure 5.1 above played out in several contexts. FOs with P4P contracts were perceived by financial institutions as being less risky than were FOs without contracts. WFP contracts were used to negotiate loans and at more attractive interest rates. Specialized financial products (i.e., other than credit) developed for P4P-supported FOs by banks and other financial institutions expanded scope for honouring contracts due to reduction in delays. Non-financial services in the form of technical assistance for financial literacy, book-keeping, and managerial procedures enhanced access to finance for FOs. Microfinance institutions, banks, input suppliers, WFP and other partners collaborated to make financial services available and affordable in remote areas. The solutions included using food-supply contracts and warehouse receipts as collateral for loans and training FOs in financial management and literacy.

⁵ Anecdotal evidence suggests a much higher volume of undocumented sales beyond WFP.

Figure 5.4: Shares of sales by P4P-supported FOs in the United Republic of Tanzania to non-WFP buyers – 2009-2013



Source: P4P Impact Assessment Report for the United Republic of Tanzania

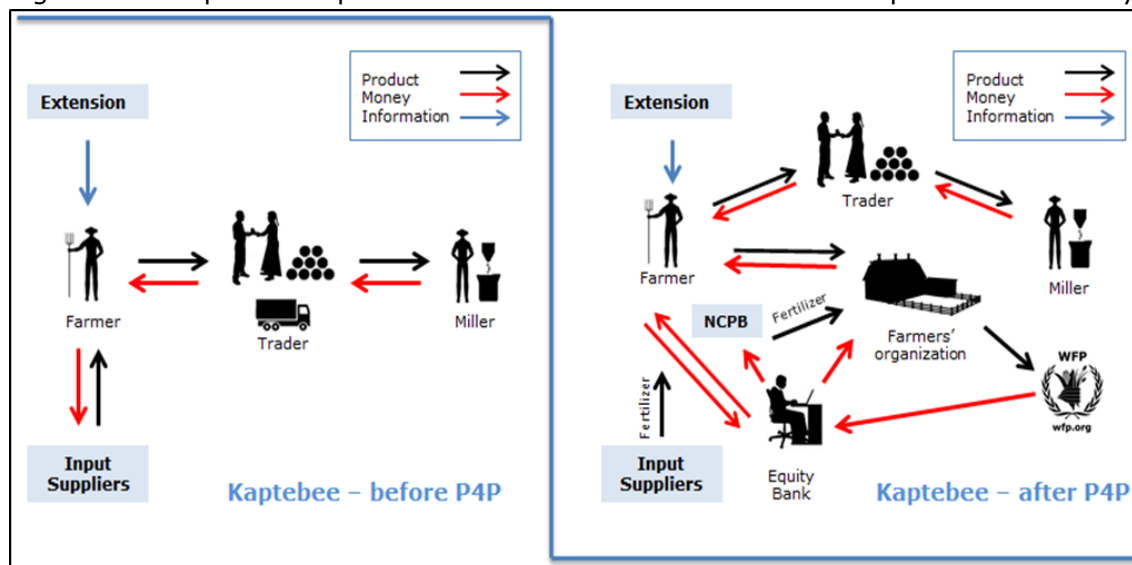
For example, in the United Republic of Tanzania, the Cooperative Rural Development Bank (CRDB) and National Microfinance Bank (NMB) facilitated credit access for P4P-supported FOs. As noted earlier, in Sierra Leone, Union Trust Bank developed a post-harvest credit package for P4P-supported FOs using WFP contracts as collateral.

In Kenya, where in-kind agricultural input loans financed through a loan agreement with financial institutions are made from agro-dealers' seed and fertilizer stocks, two P4P-supported FOs in Kenya, Schemers and Kaptebee, consistently borrowed and reimbursed progressively larger loans from 2010 to 2012 (Figure 5.5). Both FOs have maintained an excellent repayment track record and built confidence with the financial institutions, using WFP contracts as collateral. FOs and traders participating in the programme used WFP contracts to negotiate bank loans for farm inputs or grain aggregation for commercialization. Farmers expanded the cultivated acreages and increased their yields. In most of the cases borrowers repaid the loans successfully, and few cases of negative cash flows were noted (P4P Kenya, 2013).

In Ethiopia, with technical support from the Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (ACDI/VOCA), CBE, WFP, and P4P-supported CUs signed an agreement allowing the CUs to obtain loans to purchase and aggregate maize directly from farmers. Completing the arrangement, WFP signed FDCs with 16 CUs for 28,000 mt for the 2012/2013 marketing season; and with 29 CUs for 37,000 mt for the 2013/2014 season. 52,000 mt were successfully delivered.

In three of the pilot's four Central American countries (El Salvador, Honduras and Nicaragua), revolving funds were established, by providing FOs with agricultural input packages (seeds, herbicides and/or pesticides). This mechanism allowed FOs to establish a revolving fund by requiring members to repay the organization the cost of these inputs at harvest. In addition to allowing FOs to buy agricultural input packages in bulk, these funds enabled FOs to build a credit history which makes them more attractive and reliable borrowers for financial institutions.

Figure 5.5: Impact of expanded access to finance under P4P – Kaptebee FO in Kenya



Source: P4P Coordination Unit

Returns to quality management and maintenance

Evidence of significant farm-level returns to investments in quality enhancement also emerged. In Uganda and Burkina Faso, WFP undertook a farmer participatory trial of improved post-harvest management methods at farm-level involving 400 SHFs who received capacity development support and were then equipped with new handling and storage technology (locally produced metal and plastic silos or imported hermetic bags) to assist with the upcoming harvest, with follow-up training on farms, field support for crop preparation and positioning of equipment, and close monitoring of the trial outcomes during the three months following harvest. On all participating farms, without exception, the new technology enabled farmers to retain over 98 percent of their harvest, regardless of the crop and regardless of the duration of storage. A SHF harvesting maize in Uganda in December 2013, would normally attempt to sell the majority of his crop within a few weeks of harvest to minimize the expected losses. This farmer selling maize in the early weeks of January 2014 would have received somewhere in the range of UGX 480 (US\$ 0.17) and UGX 520 (US\$ 0.19) per kg. By utilizing the new storage technology and taking his crop to market three months later (April 2014) he received

somewhere in the range of UGX 760 (US\$ 0.27) and UGX 820 (US\$ 0.30). This represents a potential 64 percent gain in household income.

Quality premia exist but are relatively small in size if viewed in themselves, averaging slightly under 8 percent in several P4P countries (WFP, 2014a). The core impact of producing high-quality grain is in the opening provided into a higher-volume market. While quality premia remain small in this market, sales are more stable and relationships between sellers and buyers are stronger. This allows access to finance and investment in post-harvest management technology (storage, cleaning, drying, etc.), further sustaining quality gains and enhancing access to the high-volume market (WFP-Ethiopia, 2013).

In the United Republic of Tanzania, participating in P4P significantly affected the marketing behaviour of SHFs who were members of P4P-supported Savings and Credit Cooperative Organizations (SACCOs). Members of P4P-supported SACCOs were significantly more likely than members of non-P4P SACCOs to begin selling maize through the SACCO. Prior to P4P, a majority of households reported selling at least part of their surplus maize at least four weeks after harvest. Between 2009 and 2013, the percentage fell for both P4P and non-P4P households. However, it fell by significantly more among P4P than non-P4P households. Most importantly, P4P households obtained higher average prices for their maize than did non-P4P households. Starting from a point of receiving statistically equivalent prices in 2009, by 2013, P4P households reported receiving an average of 8 percent more (US\$ 15/mt) for maize than non-P4P households. Further, households selling through the SACCO received an average of 24 percent more (US\$ 60/mt) than those who sold elsewhere (WFP, 2014b).

Conclusions

Traders and aggregators in food markets have long understood that every value chain requires a catalyst. P4P sets a high qualification standard for market engagement by SHFs. This high standard – derived from WFP’s global and national food quality norms – establishes a participation threshold that effectively serves as a catalyst for sustainable engagement by SHFs in commercial value chains. The tradeoff is that weak SHFs and FOs may not make the leap. But those that do find a range of supportive services awaiting them – services that affirm the leap and promote ever more sophisticated behaviour in formal markets.

6. Diverse impacts

Key learnings: P4P generated a wide range of anticipated and unanticipated impacts at the FO level and for participating SHFs. The most robust anticipated impacts were at FO level, where P4P interventions were most direct. Impacts at the SHF level were more mixed, with transmission of FO-level impacts to the HH level constrained by several structural/systemic barriers.

The overarching rationale for P4P was the hypothesis that channelling a portion of WFP’s local and regional procurement to a point in the supply chain that was closer to SHFs (usually FOs) would provide the market necessary to catalyse other development partners’ efforts to build SHFs’ and FOs’ organizational and marketing capacities. FOs more capable of identifying markets, adding value, and reliably meeting market demands would improve households’ marketing opportunities and outcomes. Improved access to markets for households would increase returns to agriculture, provide an incentive for investing in production, and ultimately, lead to improvements in household welfare.

It was incumbent on WFP to undertake a thorough assessment of the extent to which this dynamic would hold in actuality. Specifically, rigorous assessments were undertaken of P4P’s “impacts” in the strictest sense of the word – i.e., the changes that could be attributed to particular P4P interventions, including both the intended ones and the unintended ones. This required an approach that carefully tracked and measured impacts for SHFs and FOs participating in P4P and also for “control” groups of statistically similar SHFs and FOs that in principle could have but did not participate in P4P. Stringent methodological and data requirements for such an analysis required a focus on a small set of countries where data quality largely held for five years with both treatment and control groups. El Salvador, Ethiopia, Ghana and the United Republic of Tanzania were ultimately selected. The methodology and results are summarized below.

It is important to note, however, that P4P was much more than these narrowly-defined “impacts.” Other chapters in this volume signal the range and depth of change catalysed and precipitated by P4P in several contexts. The quantitative impact assessment results should therefore be interpreted as just one part of the broader P4P “impact story,” albeit a critically important part.

Impact assessment framework

P4P is a complex capacity building model set within a market development framework. Each of the 20 P4P pilot countries developed its own context-specific strategy for engaging with smallholder farmers, taking into account the local environment, opportunities, and constraints. WFP's primary entry point in most countries was FOs. Building the capacities of smallholder FOs to be active market participants was at the centre of all the strategies. WFP bought directly from FOs in all of the pilot countries. When the opportunities existed, some countries integrated structured market platforms (commodity exchanges and warehouse receipt systems), small and medium traders, and food processors into the basic FO-centric model.

The impact assessment framework was built on a tailored results framework that was itself based on a development progression that begins with building the capacities of FOs to aggregate commodities, add value (e.g., achieve WFP quality standards), and identify and sustainably access markets. To gain these capacities, FOs would support and engage their members, provide them with technical and financial services to support production and marketing, build trust and ownership, and promote a business-oriented approach to farming. The progress individual countries made along this progression would depend on baseline capacities of FOs and smallholder farmers, the capacity building approach, and characteristics of the enabling environment (e.g., partner support and policy).

Figures 6.1 and 6.2 illustrate the results framework for FOs and households, respectively. The vertical dimension of the figures illustrates the hypothesized progression of FO and household results. The second column of each figure (and the second column of both the marketing and production components of Figure 6.2) lists the primary indicators at each level of result. **For FOs**, improved organizational capacity supports enhanced marketing capacity which ultimately leads to sustainable market access. **For households**, changing marketing behaviour produces favourable market outcomes that provide the incentive to change production behaviour, which increases production and, coupled with improved market access, improves the welfare of the household. On the horizontal dimension, moving right to left, the “facilitators” acknowledge some of the fundamental conditions necessary to support achievement of the results.

Household marketing and production results are not necessarily independent. For example, the development hypothesis posits that higher prices associated with selling through the FO (a household marketing outcome) will provide an incentive to invest in productivity-enhancing technologies and practices (a behavioural change in the production column). The interdependence of results therefore works horizontally and vertically in the household figure.

Results often depend on “facilitators,” some of which fall within the remit of development partners or governments. The P4P model establishes a coherent framework within which to organize, integrate, and sequence these various facilitating factors. Many FO results appear as facilitators in the household results framework. This implies that household results depend, in many cases, on FO results. The FO and household frameworks are therefore interdependent and household results may lag behind FO results. It is also possible that FO results may lag behind

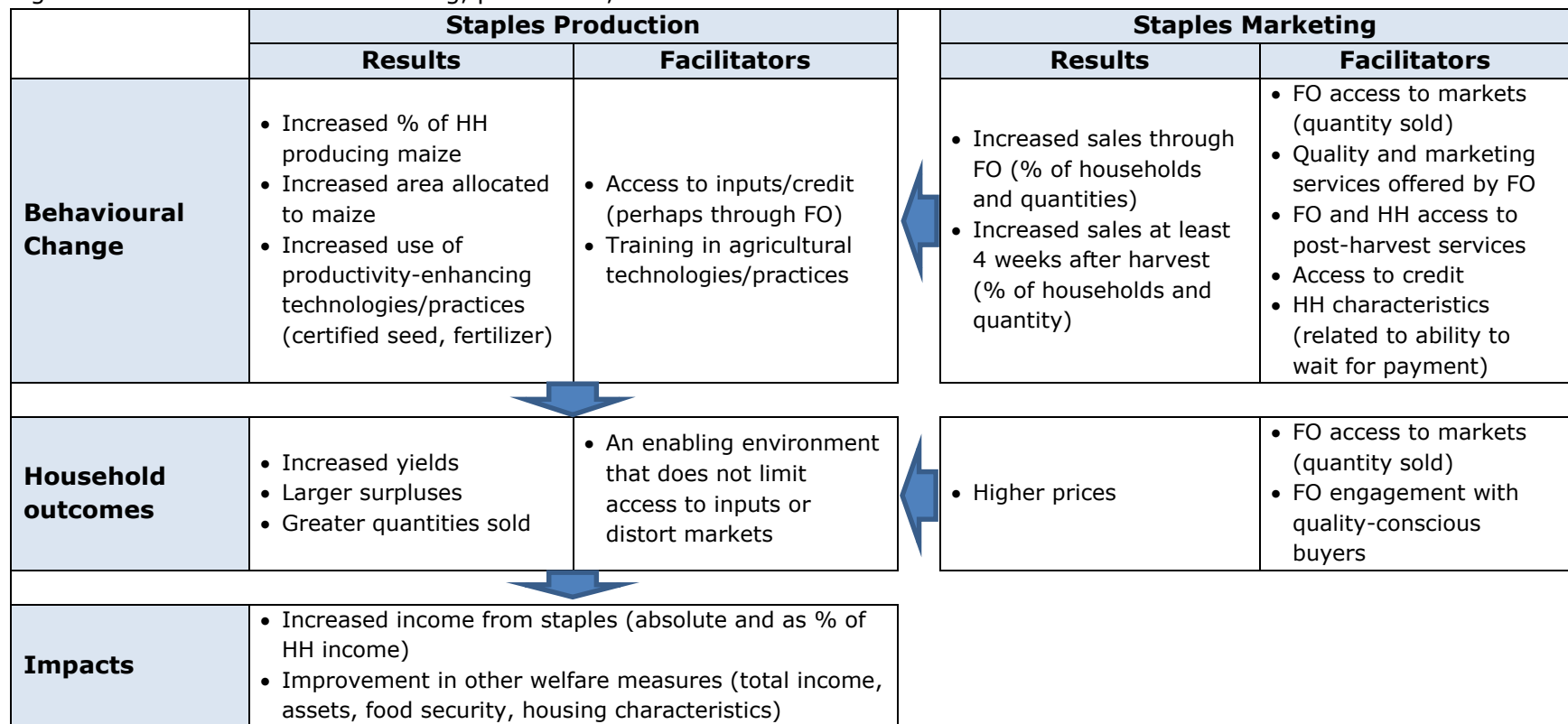
household results. For example, an FO may find it difficult to aggregate large quantities before achieving a level of trust with its members that will encourage them to sell through the FO.

A full articulation of this framework (describing its components, illustrating the interdependencies between anticipated results, and detailing the results of quantitative analysis) is provided in papers based on the three impact assessments of P4P in Ethiopia, El Salvador and the United Republic of Tanzania (WFP, 2014g; WFP, 2014h; WFP 2014i). Here, the main conclusions of those studies are provided, organized around the four basic elements of FO capacity, household marketing, household production, and household welfare. Results for Ghana are not yet available. The ensuing analysis therefore considers only Ethiopia, El Salvador and the United Republic of Tanzania.

Figure 6.1: P4P FO capacity results framework

	Staples Marketing	
	Results	Facilitators
Organizational capacity	<ul style="list-style-type: none"> • Acquiring a business orientation • Planning for production and marketing • Increased services/training offered to members 	<ul style="list-style-type: none"> • Access to post-harvest facilities and equipment • WFP procurement (catalyst) • Supply-side support (capacity building, infrastructure)
Marketing capacity outcomes	<ul style="list-style-type: none"> • Increased quantities aggregated and sold • Increased range of markets (including quality-conscious buyers) • Able to facilitate financing for members • Obtaining higher prices 	<ul style="list-style-type: none"> • Consistent and sizeable WFP procurement • Trust of membership, transparency • Improved access to credit • FO engagement with quality-conscious buyers
Impacts	<ul style="list-style-type: none"> • Sustainable access to value-added staples markets (increasing trajectory of quantities sold, especially to formal buyers; declining dependence on WFP market, established relationship with financial institutions, access to permanent storage facilities of at least 500 mt capacity) 	

Figure 6.2: P4P household marketing, production, and welfare results framework



Focus countries: Ethiopia, El Salvador and the United Republic of Tanzania

Ethiopia elected to buy primarily from CUs, second tier FOs with PCs as members, with some CUs covering up to 30,000 SHFs. WFP and its partners directed all of the P4P-facilitated support to the CUs. Even though partners were assisting the PCs, WFP did not direct capacity building activities at the PC or household level. The results framework thus includes an additional layer to capture the indirect capacity building of PCs that are members of P4P-supported CUs. Results at the PC level may be very different than at the CU level because the WFP stimulus is diluted (i.e., spread out in an unpredictable way among all the PCs that are members of a CU) and not linked to direct capacity building support from WFP and its partners. Ethiopia's CUs and PCs were relatively high capacity organizations. Fifty-four percent of P4P CUs and 50 percent of non-P4P CUs reported having sold maize in the two years prior to P4P. Similarly, 62 percent and 75 percent of P4P and non-P4P PCs, respectively, reported previous experience selling maize. P4P-supported CUs reported selling an average of 1,261 mt of maize in 2009, the baseline year for P4P and P4P-supported PCs reported selling an average of 187 mt. Sixty-nine percent of P4P CUs and 90 percent of P4P PCs reported having access to storage suitable for maintaining quality for the long-term.

P4P in El Salvador entailed investments in and around 13 specific FOs across four geographic regions of the country. Over the course of the pilot WFP purchased directly at least once from 10 of the 13 FOs that participated in P4P. It purchased in more than one year from 3 of the 10 FOs (30 percent). Contract sizes ranged from 4.65 to 497 mt with an overall average of 120 mt (valued at US\$ 46,600). The quantity contracted per FO (considering multiple contracts in a year) ranged from 97 to 1,941 mt with an overall average of 576 mt (US\$ 227,000). These results suggest a reasonably large but inconsistent procurement stimulus. The P4P programme in El Salvador directly invested in improving storage facilities for some FOs. Therefore, in El Salvador, increased storage capacity was part of the P4P treatment and not an outcome of the treatment. El Salvador's Country Implementation Plan identified limited and inappropriate use of inputs as a key factor constraining smallholder productivity, limited access to credit as the primary barrier to accessing inputs, and ineffective extension services as a cause of inappropriate input use. To address these constraints, El Salvador's P4P programme worked with its partners to develop crop- and region-specific input packages (seed, fertilizer, pesticides, and technical assistance), improve the capacity of the extension services to train farmers in the appropriate use of the packages, and facilitate access to credit to finance purchase of the packages.

In the United Republic of Tanzania, SACCOs were selected as the entry points for P4P interventions. While not ideal because they focus on savings and credit, and are legally prohibited from aggregating or marketing agricultural commodities, they were the only viable organizations WFP found that were supporting smallholder farmers in the United Republic of Tanzania. In spite of the legal difficulties, WFP targeted SACCOs while simultaneously supporting capacity building of parallel marketing organizations (e.g., Agricultural Marketing Cooperative Societies (AMCOS), networks, associations) to manage aggregation, warehouse management, and marketing on behalf of the SACCOs. Consequently, WFP began in the United Republic of Tanzania working with FOs that had limited to no marketing experience or capacity. In fact, none of the 25 P4P and 25 non-P4P SACCOs surveyed reported any experience selling

maize in the two years prior to the 2009 baseline. At the production level, the United Republic of Tanzania initially implemented P4P in eight regions proximate to WFP operations and the surveyed SACCOs are all in these regions. Only two are in the major maize production areas (Manyara and Kigoma) while the remaining six are often in deficit. Therefore, production capacity was also lower than the national average for many P4P households. Furthermore, the primary regions in which P4P operated suffered from drought in 2009 which depressed production in 2009 relative to other years. Distances, poor transportation infrastructure, and poorly integrated markets also hamper the flow of food from surplus to deficit areas and the distribution of agricultural inputs.

Methodology

The impact assessment methodology was based on a quasi-experimental design that compared outcomes for two groups of FOs and households; one group that participated in P4P and one group that did not. The comparison groups were selected to be as similar to the P4P groups as was possible, in terms of FO capacity indicators and factors that could affect marketing and agricultural production. Survey data collected from these two groups at various points in time track changes in anticipated outcomes during the implementation of P4P. In the comparison group design, the outcomes for the non-P4P group represent the counterfactual – i.e., outcomes for the P4P groups had they not participated in P4P. Many factors other than P4P may affect outcomes of the two groups over time. The more similar the two groups, the less potential exists for other factors to differentially influence outcomes.

Unfortunately, El Salvador suffered a very large rate of attrition in the household data between the 2009 baseline and the first follow-up survey in 2011. Of the 349 P4P households surveyed in the baseline, only 112 were surveyed again during the first follow-up survey. The corresponding numbers for non-P4P households were 308 and 126. This amounted to attritions rates of 69 percent and 59 percent, respectively. El Salvador surveyed additional households during the first follow-up to replace the missing baseline households. But given demonstrable differences between the household panel, the group of households dropped from the surveys, and the replacement households, it would not be possible to defend impact estimates based on treating the data as repeated cross sections. The consequence of the high attrition rates is a very small panel.

Results

Table 6.1 below summarizes the key findings for all three countries. In all three countries, outcomes at the FO-level were strongly positive. FOs registered significant increases in key organizational capacities and associated services provided to members including: value addition, quality-enhancement, production training, planning for production and marketing. Consequently, marketing capacity outcomes were also positive – e.g., increased availability of storage infrastructure and equipment, greater volumes of grain sold through FOs, increased sales to buyers beyond WFP, and greater provision of post-harvest financing to members.

Smallholder farmers in El Salvador were found to be demonstrably more productive and better off than their counterparts in Ethiopia and the United Republic of Tanzania. The average baseline maize yields of 2.23 mt/ha were 19 percent higher than the 1.88 mt/ha in Ethiopia and

106 percent higher than the average of 1.08 mt/ha in the United Republic of Tanzania. El Salvador’s average household asset score of 12.45 eclipsed Ethiopia’s (7.22) and the United Republic of Tanzania’s (9.00). This relatively high capacity seems to have positioned El Salvador’s P4P-supported households to take advantage of the support provided by WFP and its partners to improve their agricultural productivity, market access, and overall welfare. Consequently, El Salvador’s P4P-supported households appear to have moved significantly further along the expected progression of impacts than did households in Ethiopia and the United Republic of Tanzania.

Table 6.1: Summary of P4P impacts in El Salvador, Ethiopia and the United Republic of Tanzania

	Tanzania	Ethiopia	El Salvador
Farmers’ Org. Level			
Organizational Capacity	↑	↑	↑
Provision of Services	↑	↑	↑
Marketing Services	↑	↑	↑
Household Level			
Yields	—	↑	↑
Quantity Produced	—	—	↑
Quantity Sold	—	—	↑

Source: P4P Coordination Unit

On the production side, El Salvador’s P4P-supported farmers seem to have been more successful than those in Ethiopia and the United Republic of Tanzania in translating first-tier impacts (e.g., increased use of productivity-enhancing practices and technologies, allocating more land to maize production) to second-tier impacts (e.g., higher yields and production). Increases in maize production in El Salvador reflects the higher yields achieved by farmers due to significant increases in the use of certified maize seed and the overall productivity-enhancing technical package and training provided through P4P. The revolving credit scheme established by WFP and WFP’s procurement may also have been instrumental in facilitating access to the technical packages, gaining the knowledge necessary to use them appropriately, and providing the incentive to make a financial investment in maize production. In both Ethiopia and the United Republic of Tanzania, households participating in P4P-supported FOs registered statistically significant increases in production and income. But non-P4P household registered similar gains, meaning that the impacts could not be attributed solely to P4P.

In all three countries, in spite of relatively low-capacity FOs, farmers seemed to be increasing their engagement with FOs as marketing organizations with a greater percentage of farmers choosing to sell through the FO and selling a larger share of their maize surpluses through the FO channel. But only in El Salvador did households with higher productivity and increased

access to quality-conscious markets appear to have registered the third-tier impacts of improvements in household welfare. But even this was not directly attributable to P4P. However, even though household income and livestock asset value increased for P4P households relative to non-P4P households, the change was not large enough to statistically attribute to participating in P4P.

Conclusions

Where its interventions were most directly felt – at the FO level – P4P generates strong positive impacts. The transmission of these impacts to the household level was constrained by a range of structural factors prevalent in SHF areas. Indeed, the hypothesized dynamic in the impact assessment framework envisions a multi-year process of SHF market engagement. The quantified impacts bear out this hypothesis, albeit disappointingly. Significant first-stage impacts were observed and key capacities developed. But five years may have been too short a time frame to expect to see more than these first-stage outcomes. However, as amply illustrated in other chapters, five years was long enough to generate the wide and deep set of catalytic pro-SHF changes in food value chains in multiple contexts.

7. Complex implementation challenges

Key learnings: The P4P approach is complex, contextual, time-consuming, and operationally challenging. Up-front planning and patient but opportunistic execution are critical, along with careful risk management, and rigorous but pragmatic monitoring and evaluation of progress and impacts.

Previous chapters signal that the P4P pilot throws up some potent “how” and “how-not” answers to common problems of pro-SHF agricultural market development – answers that accrued to WFP in its dual role as key facilitator and coordinator of P4P programming interventions, on one hand, and principal food buyer under P4P, on the other. This chapter further explores these answers.

Implementation issues and concepts

The standard research project on agricultural market development yields recommendations and conclusions such as the following: fully implement market liberalization; provide input credit to farmers; develop a legislative infrastructure; promote smallholder production of export crops; invest in market development; provide safety nets to support vulnerable groups; and maintain credible and sustainable macroeconomic policies (Kherallah et al., 2000).

In short, the typical research conclusion relates to “what” needs to happen. Seldom addressed in such recommendations is how to proceed. Arguably, that is the most pressing issue in agricultural market development – i.e., how the “what” can be made to happen. That is a problem of implementation.

The growing literature on “implementation science” reveals that effective implementation is part science and part art (GII, 2014). The science relates to translating hypothesized relationships into actions that generate anticipated quantitative and qualitative outcomes for target populations. Success factors include: the depth and coverage of needs analyses; the quality of evidence used in design; the depth and range of monitoring and review systems; replicability of results; and cost-effectiveness.

These values and principles guide a range of recent contributions to the literature on design and implementation of market-based agricultural development initiatives (IFC, 2014; Ferris et al, 2014; UNIDO, 2011). Yet still lacking is detail on how precisely to proceed – i.e., which set of operational factors need to be taken into account, when, and why?

The art of effective implementation is linked to project governance, aiming to uncover “what’s really going on” behind the numbers reported by project managers by recognizing and accounting for mediating factors. That entails an understanding of front-line drivers and inhibitors of success, many of which are context-specific and ephemeral but with long-lasting effects. The organizational architecture is critical, requiring alignment across decision rights, reward structures, and evaluation systems.

This chapter addresses elements of both the science and art of implementing the P4P model as revealed by WFP’s experiences during the five-year P4P pilot. Leveraging lessons from that experience, WFP is developing a comprehensive operational guidance document that provides normative standards and recommendations for WFP staff in programme, monitoring, logistics, procurement, finances and vulnerability analysis and mapping units to enhance their capacities to plan and implement local food market based interventions for small-scale local suppliers (WFP, 2014). Based on that same experience, this chapter details the multi-faceted implementation challenges that faced WFP Country Offices as they sought to implement P4P interventions in different contexts, and the actions taken to address the challenges. As noted in the Introduction, one expectation of P4P’s designers was that the pilot’s “failures” would yield important lessons and insights. This chapter attempts to seize that potential.

P4P’s implementation challenges

Conceptually, P4P seeks to maximize benefits (income) accruing to SHFs from increased food demand through market development, innovative local procurement and supply support mechanisms. *Operationally*, P4P entails a process with three main elements: (1) creating new demand for food produced by SHFs; (2) mobilizing complementary supply-side interventions; and (3) linking expanded demand to supply response. This set of operational tasks frames the implementation agenda under P4P. That agenda has external and internal components, each with a number of sub-components (Table 7.1).

Table 7.1: Implementation challenges under P4P

Component	Implementation Challenge
External	1. Spurring production and productivity growth – identifying and mobilizing service providers able to operate at scale
	2. Bridging skill and capability gaps in storage and aggregation for SHFs and FOs
	3. Ensuring appropriate buyer behaviour to achieve required quality and volume
	4. Expanding access to affordable credit and financial services
	5. Enhancing management capacity of FOs
	6. Promoting an enabling environment
Internal	1. Staffing capacity, both required skill sets and appropriate placement of staff
	2. Policy development and implementation, especially with respect to procurement
	3. Context-specific programming, aiming for pragmatic flexibility
	4. Monitoring and evaluation, balancing rigor and practicality

Source: P4P Coordination Unit

External challenges cut across the value chain, with investments required to fill technical, financial, management, and policy gaps.

Internal challenges centre on capacities and policies needed to deliver on P4P potential as a programming intervention with a procurement component. These challenges also involve

critical choices and trade-offs between rigor and practicality as the enormous M&E burden raised by the P4P approach is addressed.

Addressing external challenges across value chains

Production and productivity

A key pillar of the P4P model is enhancing SHF access to and use of improved inputs, technologies, and practices. One assumption at the core of P4P proved to be very wrong, with major implications for risks facing participating SHFs. That assumption was that because most agricultural development projects focused on improving farm productivity, there would be a large number of supply-side actors with whom WFP could partner under P4P. Reality differed significantly. Save for two cases in Africa (Ethiopia and Rwanda) and most of the Central American countries, public extension systems functioned poorly. Even the largest NGOs operated in only a small number of areas, covering small numbers of farmers. As a result, within months of launching P4P, it became very clear that WFP would be forced to do more than anticipated to bridge glaring gaps. Backed by the Steering Committee, the P4P Coordination Unit sent strong signals to Country Offices that additional efforts in this direction were in order.

The most important challenges encountered were the following:

1. Inclement weather (droughts, floods, storms) undermined SHFs' investments in improved inputs, technologies, and practices;
2. Improved inputs, technologies, and practices were too costly for SHFs to adopt;
3. SHFs had poor adequate access to improved inputs, technologies, and practices;
4. Providers of improved inputs, technologies, and practices to SHFs under P4P had limited capacity themselves;
5. SHFs who adopted improved inputs, technologies, and practices under P4P were unable to sustain these practices without the support of P4P's supply-side partners; and
6. SHFs did not adopt improved inputs, technologies, and practices at levels sufficient to result in significant productivity gains and marketable surpluses.

Country Offices undertook an extraordinarily wide range of actions to overcome these challenges. In Nicaragua, WFP established Revolving Funds to ensure that SHFs had access to key inputs. In Zambia, WFP facilitated provision (on loan) of mechanized production facilities/systems (tractor and animal draft power) to SHFs improve productivity and production. Similarly, in Sierra Leone, WFP established linkages with supply-side partners and other institutions for farm machinery and equipment, including linking farmers to providers of repair services and spare parts. For example, in Kenya, farmers were encouraged to grow crops suited to a range of agro-ecological conditions and to use rainfall forecasts for planning. In Ethiopia, WFP worked with the Government and partners such as Sasakawa and FAO to expand access to key inputs and services. And across the board, major efforts were designed and implemented to train and sensitize SHFs and FOs in improved production practices.

Storage and aggregation by SHFs and FOs

The P4P model posits that post-production (on-farm and off-farm) storage and aggregation are first-order determinants of opportunity (and risk) in food value chains. Across the pilot, Country Offices encountered major difficulties in this area:

1. Providers of improved technologies and practices for on-farm and off-farm storage did not exist in sufficient number;
2. Storage technologies suited to the needs and capacities of SHFs targeted by P4P were not readily available;
3. Aggregation points were often located at great distances from SHFs' farms;
4. Available improved storage technologies were too costly for SHFs to adopt and utilize; and
5. Due to historical mistrust of FOs, SHFs were not always willing to collectively aggregate their production.

Country Offices undertook a range of actions to overcome these challenges. For example, in Guatemala, P4P embarked on an ambitious training process for organizational strengthening of FOs, so that roles and responsibilities were clearly defined, including transparency. This improved the trust within the organizations. In Malawi, WFP supported introduction of a WRS in collaboration with the Agricultural Commodity Exchange for Africa (ACE), including co-funding of warehouse construction in selected districts and training on storage management and PHL reduction. In Uganda, collection points were constructed close to SHF production areas. In Rwanda, WFP and partners trained SHFs in post-harvest-handling and storage to reduce post-harvest losses using minimal equipment. They also provided support in warehouse construction, quality management tools and materials, and linked SHFs to financial institutions, assisting them to access credit to buy these items on their own. In Burkina Faso and Uganda, WFP undertook a participatory trial of improved post-harvest management methods involving 400 SHFs who received capacity development support and were then equipped with new on-farm handling and storage technology to assist with the upcoming harvest, with follow-up training on farms, field support for crop preparation and positioning of equipment, and close monitoring of the trial outcomes during the three months following harvest. On all participating farms, without exception, the new technology enabled farmers to retain over 98 percent of their harvest, regardless of the crop and regardless of the duration of storage. This trial – which was based on successful rollout of these technologies in Latin America – has been extended to over 16,000 SHFs in 2014.

Buyer behaviour to achieve required quality and volume

WFP's behaviour as the primary buyer under P4P was driven by its aim to provide a consistent source of predictable demand, and also to the policies and procedures it applies to procurement. Experience under the pilot reveals major difficulties faced by WFP in both of these areas, but also unveil significant steps taken by Country Offices to address the challenges. The most important challenges were:

1. In a number of countries, WFP's relief-driven demand for food was unstable and unpredictable from year to year;
2. Many FOs defaulted on WFP contracts initially;
3. Side-selling by FO members was a common source of defaults;
4. Many SHFs and FOs were initially unable to fulfil WFP contract terms;
5. WFP procurement practices were not sufficiently SHF-friendly;
6. WFP/P4P procurements from SHF sources did not always meet targets;
7. SHF-sourced volumes did not always meet WFP quality standards;
8. Beyond WFP, other buyers willing to pay for high-quality food did not always emerge; and
9. WFP's contracting process was too complex for many SHFs and FOs;

Country Offices undertook a range of actions to overcome these challenges. For example, in El Salvador, P4P implemented a strategy to link the FOs to formal agro industrial markets. In Guatemala, WFP and partners, such as MAGA, held dialogues and training events for SHFs on WFP's requirements on the contracts, including a formal process including contracts to ensure mutual commitments. In Mozambique, WFP supported continuous training for FOs in quality management, contracting, and negotiation techniques. In Kenya, a decision was made to procure only during times when factors contributing to defaults would be low – e.g., procuring only during the main marketing season. In South Sudan, proper assessment was undertaken prior to contracting, smaller contracts were issued, and capacity building of FOs in WFP procurement process and quality requirements was undertaken. In the United Republic of Tanzania, FDCs were introduced to assure farmers that they would receive the prevailing market price, and provide them with less challenging delivery dates.

At the corporate level, WFP partnered with Natural Resources Institute (NRI) to develop a comprehensive Post-Harvest Handling and Storage Training Manual that brings together global best practice training methods in one document. WFP also significantly expanded use of FDCs (tripled in 2012 alone) and doubled the size of a special fund (the Forward Purchase Facility) that allows it to provide commodities in anticipation of requirements and at the most advantageous times. A new Procurement Strategy was developed featuring a component focusing on options for enhancing purchases from SHFs while adhering to corporate objectives of value, timeliness, and safety.

These efforts bore fruit. The Consolidated P4P Procurement Reports indicate that procurement modalities were fourfold. By the end of 2013, 46 percent of P4P purchases had been contracted through competitive processes, 28 percent through direct contracts, 19 percent through FDCs, and 7 percent as processed commodities. Defaults amounted to 19 percent of all completed contracts, totalling 83,559 mt of food values at approximately US\$ 29 million. Reasons for defaults related to supplier's capacity accounted for the highest share of defaults at 64 percent,

reasons related to local environment for 17 percent, reasons related to quality for 15 percent, and reasons related to WFP's procurement/logistics process for 4 percent. Side-selling by suppliers (SHFs and FOs) during aggregation accounted for 29 percent of default tonnage. Defaults related to quality fell considerably over the course of the pilot – 24 percent of total defaults in 2010, 5 percent in 2012, and 6 percent in 2013. Strategies pursued to minimize defaults included increased use of FDCs, institutional capacity development of FOs, smaller and more frequent purchases, 50 percent bulking requirements prior to signing contracts, concentrated buying at harvest time, development of a P4P revolving Advance Financing Facility, and extensions on delivery periods.

With regard to pricing and market dynamics, almost all P4P contracts were below import parity prices, therefore respecting WFP's principle of "cost-efficient procurement" and realizing cost savings relative to importation. Compared to import parity, total savings over the course of the 5 years exceeded US\$ 40 million. A study of United States Department of Agriculture (USDA)-funded food purchases under P4P found that: in Mali there were no significant price distortions occurring due to P4P purchases; in Malawi, WFP purchases did not unduly disrupt markets or prices during procurement periods; and in the United Republic of Tanzania, purchases from FOs did not appear to have exerted upward pressure on wholesale maize prices. P4P purchases in these countries were associated with increased SHF and FO capacity for aggregation, increased access to credit, increased sales volumes, and increased awareness of returns to quality (USDA, 2012). Similar findings were reported by Michigan State University's study of the impacts of WFP local and regional food procurement on markets, households, and food value chains carried out under P4P in 2012 (Tschirley et al., 2013).

Expanding access to affordable credit and financial services

As noted in Chapters 2 and 5, P4P country strategies and implementation plans were forced to confront deeply-rooted constraints on SHF access to affordable credit and financial services. Across the pilot, providers of SHF-friendly financial products and services were generally not available in sufficient quantity. On the demand-side of the equation, SHFs targeted under P4P were usually too poor and resource-constrained to demand the financial services and products required to acquire and employ improved inputs, technologies and practices. However, WFP found that financial service providers were willing to enter into partnerships to develop products suited to SHFs targeted under P4P, in many instances committing considerable capacity to design and implement programmes targeting SHFs.

One set of investments addressed financial literacy and credit worthiness. For instance, in El Salvador, P4P partners worked to strengthen FO capacity to access financial services. In Rwanda, WFP and partners provided FOs with training on institutional strengthening and financial literacy in order to enhance access to credit and linked them to banks through financial fairs and direct negotiation. In South Sudan, the P4P team worked to sensitize FOs on how to build own capital.

Another category of investments sought to link SHFs and FOs with financial institutions. In South Sudan, investments to sensitize FOs on capital formation were combined with efforts to enhance willingness and capacity of financial institutions to work with FOs as potential clients.

Similarly, in Burkina Faso and Mozambique, WFP worked to build confidence between financial institutions and FOs while also reinforcing FOs' capacities in agribusiness. In Zambia, SHFs were linked to credit schemes under the national farmers' union.

A third set of investments sought out new mechanisms and instruments suited to the needs of SHFs and FOs. In Guatemala, local banks and savings and loan cooperatives were convinced to provide FO members with credit opportunities at reasonable interest rates and with little or no requirements for collateral. In Malawi, SHFs were able to get loans from financial providers after depositing commodities in a warehouse receipt system. In Uganda and Mali, WFP supported local self-help initiatives to mobilize funds and lend out to members such as Village Savings and Loan Associations.

Enhancing management capacity of FOs

Benefits from FOs accrue from success in operating more efficiently than other market actors, helping members avoid the effects of unequal market power, increasing members' shares of final prices, helping members attenuate pervasive risk, and, in some cases, being able to operate in underserved segments of critical markets. To generate such benefits FOs must develop basic organizational, financial, and operational capacities. Organizational requirements are linked to sustaining membership and thereby generating, exploiting and sustaining economies of size and scale (and possibly also scope). Financial needs centre on selecting appropriate equity and fee structures, along with suitable patronage rights. Operational imperatives relate to price and output policies that optimize both collective and individual performance.

These capacities were often conspicuously lacking in P4P-supported FOs. As a rule, FO leaders and officers had insufficient formal management experience and limited contracting experience. In a number of instances, FO leaders and officers were dishonest and corrupt. Within FOs, SHFs often had unequal access to FO-offered services with the result that FO sales were dominated by high-capacity members.

An enormous effort was made to address these challenges. Specific investments are too numerous to itemize in full, but the following examples signal the range and diversity of investments in different contexts.

In El Salvador, P4P implemented internal controls, external audit, and accountability events, along with training in agribusiness management for FO board members. In Guatemala, organizational strengthening training was given early in the project, with P4P field staff regularly supporting FOs to hold assemblies to discuss the organizational issues. Special attention was given to women members through the introduction of gender commissions. In Kenya, WFP encouraged and trained FOs to keep records in a transparent manner. Members were encouraged to keep leaders accountable through review of the regular records kept by the management and to participate in decision making processes. In South Sudan, the P4P team organized training and sensitization on governance and transparency, encouraging oversight by the partners, including the government department in charge of cooperatives, to ensure transparency within FOs. In Zambia, P4P partners collaborated in leadership and management

training for FOs, aiming to promote good governance and democratic practices, including regular leadership turnover and adherence to the rule of law that penalizes misconduct.

Promoting an enabling environment

The existence of an enabling environment for P4P was recognized up-front as critical to success. As P4P unfolded, it became increasingly clear that the policy and regulatory environment raised several challenges itself, and, further, could multiply or dampen a range of problems inherent to food value chains. The following challenges were prevalent across the initiative:

1. Public extension services functioned poorly, especially in SHF areas;
2. Storage infrastructure was not available in sufficient quantity or quality;
3. Transport infrastructure was inadequate;
4. Well-functioning market information systems were not in place; and
5. Policies to ensure affordability of improved inputs to SHFs were poorly implemented.

Several steps were taken to address these gaps. For example, in Kenya and Zambia, P4P provided financial support to the government and other parties to provide key extension services to FOs in P4P areas. In Uganda, WFP constructed warehouses and community stores to promote aggregation and quality control for participating FOs and SHFs. In Liberia and Sierra Leone, WFP provided transportation services to FOs with its own trucks. In Ethiopia, WFP and partners supported FOs with temporary and long term storage facilities, and also negotiated with transport companies to pick up P4P food from FOs' warehouses as quickly as possible. In Guatemala, WFP was instrumental in reactivation and renewal of the market information system. In Burkina Faso, P4P also worked with the Ministry of Agriculture to scale up a warehouse receipt management system. In Mali, WFP undertook advocacy toward government to integrate crops purchased by WFP under P4P (cowpeas, sorghum and millet) in its fertilizers subsidization programme, along with sensitization of local Ministry of Agriculture representatives to prioritize P4P participating FOs in access to subsidized fertilizers.

Overcoming internal challenges in procurement, programming and analysis

Staffing capacity

Key issues linked to staffing capacity related to whether WFP would have the requisite technical capacities to implement P4P in different contexts, and whether P4P's substantial technical and outreach requirements would over-stretch WFP's scarce analytical and partner engagement resources.

Initially, the specific skill sets and capabilities required in P4P Country Coordinators were not clearly understood and articulated. For example, initially there was an expectation that Country Coordinators would have agricultural backgrounds, whereas it was found that while this was a plus, the most important skills were good management and coordination/communication capacities. In some cases, there was too much emphasis on "field-level skills" rather than strategic skills. The result was a very diverse set of P4P Country Coordinators with a similarly diverse set of skills. The overall staffing plan for P4P at the country-level foresaw the need for only P4P Country Coordinators and procurement officers (and this only in five pilot countries) plus a small complement of nationally-recruited staff. The importance of dedicated M&E officers was not fully anticipated.

Given WFP's highly decentralized structure, Country Office management teams operated with considerable independence and thus could skew implementation in ways not particularly helpful to the principles P4P was trying to test. In some countries, staff hired with P4P funds were spread very thinly across many responsibilities. P4P Country Coordinators were often co-opted into additional roles including sometimes overseeing vulnerability and assessment units and M&E and procurement teams, in addition to other ad hoc tasks.

The oversight capacity of the P4P Coordination Unit was severely stretched. Similar pressures were felt at the country level. As engagement with governments intensified and partnerships multiplied, the coordination function itself proved to be challenging. P4P Country Coordinators found themselves with little time to spend in the field monitoring the progress of investments. Smaller Country Offices struggled to handle P4P activities whereas larger ones could call on additional support from sub-office staff and assistants in logistics, finance, procurement, and M&E units to help implement P4P programmes.

WFP responded to these challenges by developing core terms of reference for all formal P4P positions and adjusting them on a case-by-case basis as needs arose. AERC was engaged to help Country Offices with quantitative data collection. M&E capacities were emphasized in key recruitments by COs. The HQ Coordination Unit was strengthened and tasked with providing technical guidance to Country Offices and ensuring that innovative solutions being tried in one context were transferred to other Country Offices through regular regional meetings, newsletters, or by connecting Country Coordinators with one another.

Procurement policy development and implementation

Pressures for internal policy adjustment centred on WFP's procurement processes, arising from several risks linked to P4P, including that: (1) WFP's insistence on commercial principles and high-quality grain would skew implementation priorities away from P4P's learning and

development objectives; (2) WFP's long-standing commercial principles would be undermined or flouted by P4P's focus on marginalized groups; (3) the realities of WFP's corporate emergency response agenda would overwhelm P4P; (4) P4P would remain a stand-alone project with limited buy-in and integration with other WFP programmes; (5) WFP would fail to invest in building human and institutional capacities needed to sustain P4P-related activities and learnings into the future; and (6) new capacities generated under P4P would not be mainstreamed in a structured way.

As country-level P4P strategies and implementation plans were developed, it did indeed come to be that WFP's natural focus on marginalized groups led to inclusion of some very low capacity FOs from whom it was almost impossible to undertake procurement applying WFP's commercial principles.

Country Offices were strongly encouraged to integrate P4P units and P4P activities into regular Country Office operations. But actual levels of integration of P4P within the rest of the Country Office units depended very much on the Country Office leadership. Most countries set up internal coordination mechanisms and regular internal meetings. But in a number of countries the P4P Unit became isolated, with P4P Country Coordinators complaining of a lack of collaboration and support from other units (i.e., procurement, pipeline, programme, finance).

In some cases, P4P's needs were regularly undermined by other Country Office priorities. Procurement teams were not always ready to take chances on promising but low-capacity FOs. Payments by finance units were on occasion delayed. Engagement by programme units was uneven, even where closely related food assistance programmes were operating in the same geographic areas as P4P.

WFP responded by revising ineffective P4P strategies, with the weakest FOs either dropped or regrouped into umbrella organizations. Where feasible, cost-sharing principles were adopted for providing FOs with key equipment and infrastructure, with the CU developing guidance in this area. Major adjustments and innovations were introduced in WFP's procurement policies and procedures including: increased use of FDCs, allowances for smaller and more frequent purchases, 50 percent bulking requirements prior to signing contracts, concentrated buying at harvest time, development of a P4P revolving Advance Financing Facility, and extensions on delivery periods. A "market progression framework" was also developed as a potential tool to help Country Offices establish a clear understanding of what they were able to do and how to achieve this using WFP's procurement and partner's capacity building inputs (Oxu Solutions, 2013).

Context-specific programming

In designing and implementing P4P interventions in different contexts, WFP faced several critical questions. Would P4P as originally envisioned prove overly simplistic? Would the speed of design and implementation of P4P undermine or limit the scope for building required partnerships and coalitions, and for developing the conceptual depth and analytical rigor required to shape and influence global opinion about demand-side investments to stimulate smallholder agriculture? Would the real costs of implementing P4P at the Country Office level

be significantly higher than budgeted? Would the insecurity and governance gaps present (almost by definition) in many of the areas and countries where WFP operates overwhelm P4P projects? Would WFP Country Offices' lack of experience with P4P-related activities lead to errors in recruitment? Would WFP Country Offices' lack of experience with P4P-related activities lead to delays in startup or poor implementation?

As WFP strove to meet donor deliverables and expectations and respond to growing demands for P4P interventions by national governments, without a prior model for “good implementation,” managing expectations became a preoccupation of the HQ Coordination Unit. There was a rush to design and start implementing P4P, even before the conceptual theory of change had been clearly articulated and a proper logframe and M&E system were in place. This led to Country Offices' having to quickly select FOs to participate in the programme, even before appropriate selection criteria were designed. They also sometimes rushed to select FOs and then tried to look for partners (instead of the other way around).

It was not clear if Country Offices correctly anticipated the costs related to engaging with FOs, especially those linked to clarifying WFP processes and aligning expectations on contracting. Further, costs in terms of defaults and delays in procurement were probably not adequately anticipated. At the corporate level, the speed of launch and rollout resulted in limited dialogue with the other RBAs and other partners, resulting in a lack of understanding of what P4P was about. This initially led to tensions that may have reduced opportunities for early engagement.

WFP responded to these challenges by developing the P4P Primer and sharing it widely, helping to align expectations and build consensus around key strategic and operational issues. Based on the Primer, the P4P development hypothesis was clarified. A framework was developed for assessing the capacity of FOs, drawing implications and recommendations for programming interventions. Beginning in 2010, Country Offices re-examined their country profiles, aiming to clarify their intervention logic and goals and adjust their implementation plans accordingly, taking into account the capacities of targeted FOs. A comprehensive partnership strategy was developed and rolled out. Based on the partnership strategy, P4P built up a broad base of support including governments. Every effort was made to ensure that the initiative was broadly owned by a wide range of stakeholders, with a special emphasis on linkages with the RBAs.

Monitoring and evaluation

The design of the P4P pilot collapsed two contrasting pathways to impact, with major implications for the M&E system. On one hand, the pilot sought to build on smallholder agricultural development results that had been shown to spring from a known set of interventions by WFP and its partners. This implied relatively straightforward performance measurement, based on a pre-determined set of quantitative indicators of food procurement and agricultural performance. On the other hand, the project also sought to identify qualitative “best practices” and “key learnings” based on activities that represented clear innovations for WFP, and featured significant additions to standard practice that were often based on new partnership arrangements. The M&E system therefore had to account for how far or to what degree expected outcomes had been achieved, as well as how well the pilot functioned in achieving those

outcomes, and the degree to which unintended outcomes (positive or negative) arose and were addressed during implementation.

Deep questions confronted WFP as it sought to meet these challenges. How many countries and contexts would allow for in-depth tackling of the pilot's fundamental questions? Would Country Offices be able to implement the chosen M&E framework? Would their scope for identifying and utilizing learnings be affected by the speed of design and implementation of P4P?

Early on, it became very clear that the size of the pilot raised major hurdles to provision of sufficient oversight of M&E activities. Key donors and others with interest in P4P showed great interest in evidence beyond anecdotes, suggesting the value of designing a relatively heavy M&E framework that tracked a wide range of indicators, and featured full-fledged impact assessments. Most Country Offices did not have the required capacities to implement a complex M&E framework. The assumption was that Country Offices would hire the requested services to implement key components of framework, particularly the large scale surveys. Despite the fact that funding was made available to Country Offices for this, some Country Offices found it challenging to adjust to the mindset of recognizing the importance of this aspect of P4P. Unless the Country Office leadership was passionate about the learning being undertaken through P4P, M&E would not be prioritized. Further, WFP staff tend to be doers and are not always adept at documenting their work. This operational mindset made it more difficult to focus on learning and sharing objectives. Moreover, P4P was fast moving with many moving parts, raising further challenges for meaningful reflection on programme evolution.

The pressure to meet procurement targets meant Country Offices felt obliged to expand P4P to more FOs, with a focus on “doing.” Many gave little time and priority to learning and documentation, which at first was not perceived as important. Efforts were made to out-source key M&E tasks, but it proved very difficult to find partners with the capacity and skill to support the broad M&E agenda, especially those with interest in longer-term follow-up of results.

The Mid-Term Evaluation (MTE) stressed the high potential cost of this situation. Based in part on MTE recommendations, WFP gave more emphasis to the learning and sharing objective of P4P, with the highest levels of management within WFP sending strong signals that M&E was non-negotiable. A formal GLA was developed and Country Offices were sensitized on its importance. The number of planned full impact assessments was limited to four, making the process more manageable. AERC was brought in as a strategic and operational partner to support data collection and analysis. With support from the HQ Coordination Unit, more countries lacking the required internal capacity successfully outsourced M&E tasks.

WFP initially attempted to manage the M&E function internally. Experience suggests that it may have been better to outsource from the outset. When established, links to AERC and other external technical expertise yielded significant benefits.

Key lessons

WFP is still digesting both the details of this implementation experience and the larger picture that is emerging. At this stage, a number of “dos” and “don’ts” can be suggested for agencies seeking to lead P4P-type interventions (Table 7.2). The “dos” relate to things that WFP could have done better; the “don’ts” relate to things that WFP should have avoided. These insights are largely congruent with key findings in the independent evaluation, but with the added advantage of experience.

Table 7.2: Dos and don’ts for lead agencies in P4P initiatives

Critical Dos	Crucial Don’ts
Develop a clear theory of change and design interventions accordingly, retaining scope for adjustment; communicate it clearly and often	Under-estimate the importance of the supply-side; it remains the core bottleneck in SHF systems
Invest early in an internal technical and organizational capacity assessment and invest to fill core gaps	Over-estimate the capacity of private sector actors and partners
Develop a comprehensive partnership strategy tailored to country contexts and SHF and FO capacities, aiming to supplement and complement assessed internal capacities	Over-estimate the capacity of FOs, or treat all FOs as being of equal capacity
Reach out early and often to the private sector, especially banks and other financial service providers	Under-estimate the analytical challenges raised by the P4P model
Articulate a policy and institutional reform agenda and undertake focused advocacy, ideally in partnership with key strategic and operation partners	Over-complicate the M&E framework

Source: P4P Coordination Unit

Conclusions

The P4P experience affirms key conclusions in the “implementation science” literature. Needs analyses are critical, both internally and externally. To the extent possible, design should be evidence-based and hypothesis driven. Monitoring and review systems should be deep and wide-ranging but also aligned with existing organizational capacities. Cost-effectiveness and replicability of results are valuable principles, albeit not easily applied in real-world situations.

The P4P pilot also demonstrates the value and returns to practical and pragmatic approaches. P4P went from zero to launch in less than 12 months. It continued at that fast pace throughout the pilot phase, building up an extraordinary partnership base in the process. Had WFP allowed itself to be drawn into the kind of multi-year consultation, negotiation, and design process typically associated with large investments, P4P might still be merely an idea. WFP’s innate pragmatism and speed of thought and action in food markets gave meaning and traction to others’ investments. The tradeoff was the need to address and overcome the effects of several unanticipated challenges.

Cutting across WFP’s responses to P4P’s myriad internal and external challenges was a strong corporate commitment to the P4P approach, a deep understanding of the demand-side of food value chains and food systems in general, and a firm belief that the many unanticipated

implementation problems could indeed be overcome. The technical, organizational, and political capabilities needed to lead the design and implementation of P4P-type interventions emerged as significant. The P4P approach entails up-front investment in critical internal capacities, along with partnership and stakeholder engagement strategies that fill key external gaps and enhance both innovation and control.

8. Research and development (R&D) agenda

Key learnings: The P4P pilot generated evidence-based lessons on how to connect SHFs to markets, but further analysis and research is needed to deepen understanding of the many strategic, conceptual and operational issues that remain unresolved.

The 2010 Mid-Term Evaluation of P4P noted that the initiative was uniquely positioned at the interface of debates on: (1) SHF development – how to encourage a Green Revolution (in Africa); (2) market development – how to encourage sustainable linkages between SHFs and viable agricultural markets; and (3) developmental supply chains – how organizations can enhance the impacts of their supply chains. This rendered quantitative and qualitative outcomes of the P4P pilot highly relevant in several spheres.

Under globalization and market liberalization, sustainable agricultural development must be market driven. But this can only succeed if agricultural value chains actually work and grow, and if large numbers of smallholders can successfully link to these value chains. There is plenty of evidence to show that the private sector can be very effective in driving high value chains in Africa, especially those supplying urban markets and for export. There is less evidence to show that the private sector can successfully drive value chains for staple foods in their present relatively undeveloped state in Africa (Hazell, 2012).

Unresolved issues

The P4P pilot confirmed that markets and value chains serving SHFs are indeed fraught with difficulties. Private operators – most notably SHFs themselves – lack fundamental capacities key to pro-SHF market development. Communication and transportation facilities are poor. Given markets are highly segmented, with access restricted, sometimes to particular groups of people. Financial bargaining power brought to the exchange relationship between seller and buyer is often highly unequal. Capital and infrastructural constraints are immense. Transaction costs are very high, especially in SHF-dominated regions. Non-competitive elements are myriad and entrenched. And the size and distribution of market-based economic gains are contested and subject to strong political influence. As detailed elsewhere in this document, these difficulties raised significant challenges for P4P. Some were successfully addressed, others constrained impact and effectiveness.

Several issues fundamental to achieving full clarity on the validity and efficacy of the P4P model remain inadequately understood. They will require focused and sustained attention going forward. These include:

1. The so-called “meta” and “killer” assumptions identified in the mid-term evaluation (MTE);
2. The impact of predictable, large-scale (structured) demand on SHF behaviour;
3. The required duration of investment to achieve comprehensive impact at the SHF-level under the P4P model;
4. The value for money of the P4P model;
5. FOs as appropriate channels to support SHF market engagement;
6. Options for filling supply-side gaps; and

7. The relevance of the P4P approach to “inclusive growth” objectives and strategies.

“Meta” and “killer” assumptions

The MTE identified four so-called “meta-level” assumptions central to the logic of P4P, arguing that they were not explicitly identified during the global design phase and thus could potentially undermine the validity of the P4P model itself. Framed as questions the assumptions read as follows:

1. Can women be empowered through participation in farmers’ organizations?
2. Does food staple production have the potential to help smallholder farmers increase incomes and contributing to poverty alleviation?
3. Are staples markets inaccessible, inefficient and exploitative of smallholders and, as a result, do they disempower smallholders?
4. Is collective action through farmer organizations an effective way to address market failures in input and output markets?

The MTE also identified four similarly unspecified “killer” assumptions that if not valid could impair the ability of the project to deliver desired changes. Again, framed as questions the assumptions read as follows

1. Is local procurement an effective method for accomplishing development objectives without undue risk to WFP’s and other stakeholders’ core objective?
2. Is the P4P model successful at building sustainable access to markets for smallholder/low income farmers at prices that reflect the cost of production?
3. Do smallholder farmers participating in P4P increase their production of staple commodities and choose to sell more of their surplus through FOs?
4. Do markets exist for higher quality commodities?

In 2013, WFP commissioned a study to assess the extent to which meta and killer assumptions held (MSI, 2014). The results of that study were closely examined and updated by the independent evaluation team, leading to the summary in Table 8.1. It is evident that many of the original questions are yet to be fully answered, suggesting high returns to focused examination.

Table 8.1: Summary of findings of study of validity of meta and killer assumptions

Category	Assumption	Finding
Meta Assumptions	Women can be empowered through participation in FOs	Valid
	Grain production has the potential to help smallholder farmers increase incomes, and to contribute to poverty alleviation	Valid in empirical modelling. Because of extreme economic linkages, staple-led growth is the most efficient path toward poverty alleviation. Not validated by emergent P4P data. In the two countries for which data were available, P4P SHFs did not outpace non-P4P SHFs in economic growth.
	Markets are inaccessible, inefficient and exploitive for smallholders and, as a result, do not empower smallholders at their full potential	Partially valid. Prior to P4P, formal markets were inaccessible to SHFs. Some evidence emerged of markets being inefficient. Evidence of exploitation was not readily available.
	Collective action through FOs is an effective way of addressing market failures	Mostly valid. Ample empirical evidence exists of collective action through FOs correcting for market imperfections. The WFP data show that P4P increased access for SHFs but not necessarily efficiently.
Killer Assumptions	Local procurement is an effective method for accomplishing development objectives without undue risk to the core objectives of WFP and other stakeholders	Partially valid. WFP's core objectives were not risked, but key development objectives at the SHF level were not apparent
	P4P is successful in building sustainable access to markets for smallholder/low-income farmers at prices that reflect the cost of production	Partially valid. P4P built sustainable market access for SHFs. Cost of production data were not readily available for analysis.
	Smallholder farmers have increased their production of staple foods and are choosing to sell more of their surplus through FOs	Mostly valid. P4P did not propel SHFs into production, sales, or sales through FOs. However, for those SHFs option into these activities, P4P had the effect of increasing average production, sales volume, and portions marketed through FOs
	Markets for high-quality commodities exist	Valid

Source: Independent evaluation report based on MSI (2014).

Structured demand and SHF behaviour

Structured demand refers to large-scale, relatively predictable demand for agricultural products from governments, non-governmental organizations, local and regional enterprise, and in some cases importers from other nations with new or growing food needs (Coles, 2013). Sources of

structured demand include national food reserves, schools, hospitals, the military, planned aggregate demand (such as that in the Gulf states) and food aid programmes.

The concept of structured demand in food staples markets is usefully framed within the context of large-scale public procurement. Public procurement is a standard tool for market development in areas deemed to be in the social interest. In the EU, such procurement accounts for 16 percent of GDP. The economic rationale for public procurement is three-fold:

1. It can stimulate innovation by creating a demand for innovative products or services;
2. It can help innovative firms bridge the pre-commercialization gap for their innovative products and services by awarding contracts for pre-commercial innovations (i.e. first sales of technology);
3. It can help firms achieve the critical mass needed to bring prices down and be competitive, and contribute to making access to private third-party funding easier.

A strong and stable demand through government procurement can create demand long before a commercial market is established. This has several advantages:

- By acting as the first buyer or lead customer, a contracting authority can boost a particular, new market;
- The public benefits directly by being offered new and innovative public services that are provided in a more cost-efficient and effective manner; and
- Pre-commercial procurement by the public sector can lead to scientific and technological breakthroughs in areas such as health and well-being, food security, sustainable agriculture or clean and efficient energy.

Applying these arguments for development of staple food value chains in which SHFs are primary suppliers suggests the following rationale for structured demand: It can drive systemic changes needed to provide sustainable market access for SHFs, with potential positive impacts on all four dimensions of food security – availability, access, utilization, and resilience. Structured demand may impact these elements directly for its recipients, or indirectly through procurement practices and producer income effects (Coles, 2013).

Unfortunately, the P4P experience speaks only indirectly to the structured demand hypothesis. In Zambia, where scope for testing the structured demand hypothesis was greatest, policy instability undermined the viability of the core intervention platform, ZAMACE. In Ethiopia, under the Maize Alliance, the hypothesis would appear to be taking hold, with P4P households capturing important gains. But the deliberately wide reach of that platform is such that non-P4P households are also registering important gains.

Nevertheless, the P4P experience suggests the following success factors for structured demand initiatives:

- Government leadership and facilitation capacity;
- Policy stability; and
- Private sector incentives to invest across the value chain, but especially in provision of supply-side goods and services.

Research to examine the implied hypotheses would be rewarding.

Duration of investment

The Market Access Progression Framework developed under P4P argues that while the ultimate goal of the P4P programme is to improve outcomes for SHFs, it often takes more time than a pilot period of five years to achieve significant, sustainable gains, especially for SHFs who are not direct participants in P4P activities (Oxu Solutions, 2013). While there may be near-term gains in SHF outcomes by participating SHFs, the logic of the programme is that by leveraging institutional buyer demand to make agricultural staple markets more accessible to SHFs, over the medium and long-term there will be “spill over” and “multiplier” impacts yielding changes in local markets and SHF outcomes on a broader scale. Achievement of longer-term, sustainable increases in SHF incomes – both for SHFs that participate directly in P4P activities and those that do not – will depend on the ability of SHFs to access and participate consistently in the WFP market as well as other formal market systems beyond WFP. In this way, SHF-friendly market system development is a necessary condition for long-term, sustainable increases in SHF market participation and ultimately improved incomes. In its absence, SHFs lack the incentives for investments needed to enhance their market participation. The impact assessment results reported earlier seem to bear out this viewpoint and implied hypotheses. Focused research to probe the above proposed timeline to impact would be valuable.

Value for money

Preliminary analysis by WFP suggests that based on consistent demand for quality food, targeted capacity strengthening of FOs and their SHF members, and coordination and linkage support for providers of supply chain services, a realistic business case may exist for the P4P approach to SHF market engagement (WFP, 2015). WFP’s dual role under P4P as key facilitator and coordinator of P4P programming interventions, on one hand, and principal food buyer, on the other, allows for development of two cases: (1) a “micro” *programming-oriented* case; and (2) a “macro” *procurement-oriented* case. By definition, the two business cases are aspirational, seeking to build understanding of the potential of the P4P model under reasonable assumptions regarding performance and context.

The “*micro*” business case examines the potential of the P4P model at the SHF-level. Under alternative assumptions about programming and operational costs, estimated net present values of income streams from P4P-generated marketed surpluses suggest a break-even cost of US\$ 64/SHF/year. The independent evaluation team estimated an average cost of US\$ 6/SHF/year in the low-income countries included in the pilot – i.e., a cost level well below break-even. The comparable estimates for middle-income and post-conflict countries included in the pilot were well above break-even – i.e., US\$ 159/SHF/year and US\$ 250/SHF/year, respectively. These results should not be taken to suggest that the P4P pilot was financially viable in low-income countries, or that the converse held in middle-income and post-conflict countries. That would require data on economic benefits generated by all of these interventions. But such data are not available. It is therefore possible to conclude only that P4P interventions that generated higher returns than the costs estimated for these pilot countries would represent financially viable investments. But as rightly pointed out in the independent evaluation, there is no way to judge if

any of the P4P programmes generated such benefits. However, the independent evaluation team's cost estimates do suggest that the P4P model would be financially viable over costs that ranged well above those registered in many pilot countries.

The rationale for developing a “*macro*” business case for the P4P model is strong. Reliable data indicate that even in Africa where the dominant perspective is of a continent awash in low quality food traded informally, a formal market for high quality food staples exists, is large, and is growing rapidly. This opens scope to examine the aggregate potential of P4P's uncompromising focus on high quality food. Analysis suggests that the annual gross value of unfulfilled markets for quality food in nine P4P countries for which data are available is estimated at US\$ 413 million, with an annual net value of US\$ 228 million. At US\$ 150 million/year, the ambition of WFP's purchases in the emergent Patient Procurement Platform would appear to be realistic.

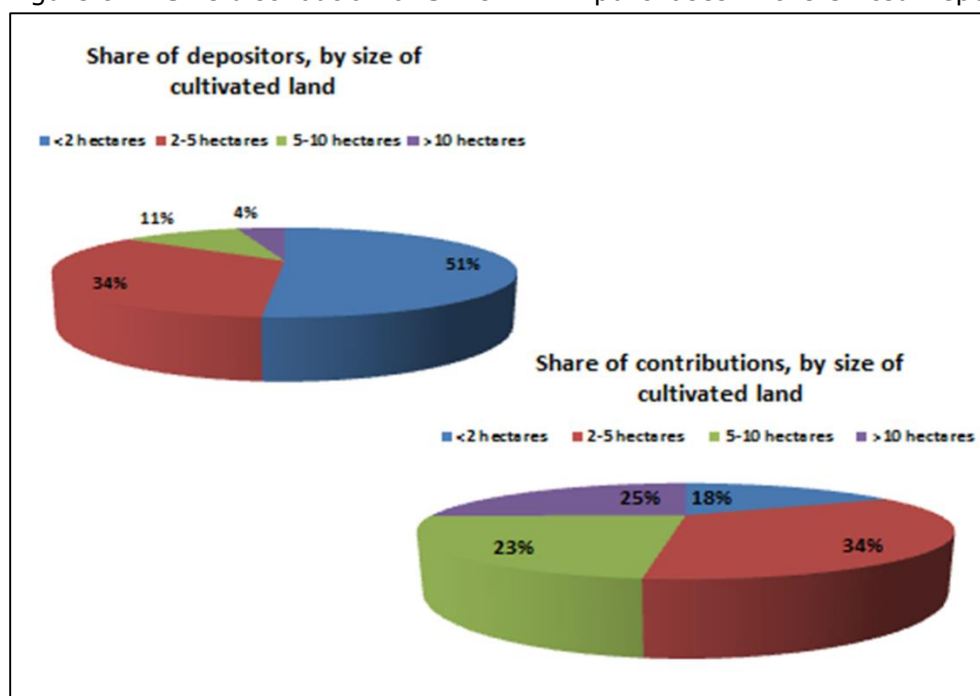
The preliminary analysis thus points to reasonable value for money for the P4P approach by most objective standards. At issue – and in urgent need of focused research – are (1) factors that influence the demand for quality; (2) how to build and sustain capacity to supply quality; and (3) how to finance both demand and supply of quality. P4P has shed some light on these questions but much remains to be understood. The impact assessment results summarized in an earlier chapter were highly informative. But for a range of practical reasons, they did not yield the expected clarity. Further focused impact assessments would be valuable. The 2009-2011 partnership between WFP and IFPRI to quantify a range of impacts under WFP's then novel cash and voucher interventions might serve as a useful model for such work (Hoddinott et al., 2012).

FO-based SHF market engagement

As noted in other chapters, under the P4P pilot, food was most commonly purchased through FOs. This choice was based on the overall objective to deliver outcomes for SHFs, alongside practical realities of dispersed SHFs producing small quantities of food that required aggregation. FOs were also the channels through which a range of capacity building services were delivered to SHFs.

But most SHFs are not members of FOs (AGRA, 2010). In some P4P countries (e.g., the United Republic of Tanzania), while the bulk of depositors in P4P-supported FOs were SHFs cultivating land areas of 2 ha or less, their share of total FO volumes was small (Figure 8.1). In others (e.g., Rwanda and Burkina Faso), the proportion of SHFs with small land areas contributing to sales was higher. In general, high-capacity FOs tended to be those with lower proportions of SHFs with 2 ha or less, and vice versa.

Figure 8.1: Size distribution of SHFs in P4P purchases in the United Republic of Tanzania



Source: Records of P4P-supported FOs in the United Republic of Tanzania

Yet the arguments for an FO-centred approach are compelling. Among others, they include FOs' capacities to: effectively engage in collective contracting and brokering; access and disseminate market information; access and link members with financial services; negotiate and manage win-win partnerships with other operators along agricultural commodity value chains; articulate a shared vision of a common and attractive future; and build networks for cooperating on common objectives and challenges. But if most SHFs are not members of FOs, and if better off members derive more services from FOs than do poorer one, would other options to support SHF market engagement be better?

A capacity assessment and classification scheme for FOs was developed under the P4P pilot. At issue, therefore is the comparative efficacy of different categories of FOs as channels for delivery of market engagement services to SHFs, including the rate and level of transmission (translation) of collective impacts to household-level outcomes. Gender differentiation of such impacts is a critical empirical issue.

The nature of viable alternatives to using FOs as links to SHFs is unclear. Possibilities might include private entrepreneurs providing key market engagement services directly to SHFs as a fee, or large off-takers using local agents to provide complementary productivity-enhancing services to SHFs as they purchase SHFs' produce. Out-grower schemes are another option.

Whatever the proposed alternative to the FO-based approach, it is important that it meet the test of operational feasibility. And where operationally feasible alternatives to FOs were identified, still at issue would be whether they would yield real net gains if employed—i.e., as opposed to hypothetical net gains that compared actual structures and organizations with

hypothetical ones. Clearly, large disparities between actual and hypothetical gains signal opportunities. But preoccupation with hypotheticals comes at the cost of operational irrelevance. Real costs must be assessed in relation to real choices. Such precautions seem reasonable, transparent, and beyond dispute. They suggest a complex but rewarding research agenda.

Filling supply-side gaps

As noted elsewhere in this document, the original P4P concept wrongly assumed that because most agricultural development projects focused on improving farm productivity, there would be a large number of supply-side actors with whom WFP could partner under P4P in each selected pilot country.

As noted earlier, reality differed significantly from this depiction. Save for one case in Africa (Ethiopia) and most of the LAC countries, public extension systems functioned poorly. The pilot thus confirms that there is no escaping a focus on extension systems. As Ferris et al. (2014) suggest, the core question is: What type of investment in extension systems will provide consistent results in upgrading the production and market performance of SHFs?

Recent research on agricultural development in Africa confirms two persistent facts. First, technologies suited to the wide range of biophysical and socioeconomic conditions extant in eastern Africa are not being developed quickly enough. Second, even where suitable technologies are available, they are often not widely available to farmers, leading to low rates of adoption and utilization. A range of weaknesses and deficiencies in agricultural extension systems are evident (e.g., Jones et al., 2002; Omamo, 2003; Purcell and Anderson, 1997; Ramirez and Quarry, 2004).

These weaknesses and deficiencies are eliciting policy responses. Reform of agricultural extension is underway across the continent. Consider eastern Africa. In Uganda, there is complete restructuring and radical redesign of the public extension system, with contracting at the district level the core concept in the design of the National Agricultural Advisory Service (NAADS) (MAAIF, 2000). In Kenya, the process has been more evolutionary, building on a period of significant experimentation in a pilot mode of various extension-type programmes, a large part of which has occurred outside the virtually moribund but reforming public extension system (Gautam, 2000; KARI, 2005). Developments in the United Republic of Tanzania's extension system lie somewhere in between those in Uganda and Kenya. Responsibility for providing extension services has been decentralized to the districts through its transfer to the Ministry of Local Government, but there is no national planning and financial structure—such as the Ugandan NAADS—to guide implementation (GOT, 2005). Ethiopia's system is based on a decentralized approach envisioning a high level of institutionalized farmer involvement in technology development and diffusion via Farmer Training Centres.

Four organizational models appear to be underpinning the ongoing experimentation with alternative agricultural extension approaches in Africa. The *first* is a campaign approach built around a particular problem, usually an epidemic. This approach was applied to combat African cassava mosaic virus and banana bacterial wilt (Thresh et al., 1994).

The *second* model comprises consortia or institutional platform approaches. This approach is increasingly being promoted within integrated agricultural research-for-development (IAR4D) approaches, and brings together different institutions with capacities in, for example, technology transfer, marketing, and credit (COSOFAP, 2006).

The *third* model involves competitive grants for identifying and facilitating innovative ways of enhancing technology transfer, adoption and improved productivity. These initiatives typically aim to: promote dissemination of innovative, proven technologies; facilitate development of innovative partnerships between different stakeholders in technology transfer; identify and promote innovative dissemination methods; and document and disseminate best technologies and dissemination practices (MAAIF, 2000; MATF, 2006).

The *fourth* approach involves extending (scaling up and out) a platform technology organized around a central component of a farming system but to which new components may be added or others substituted as such factors as agroecology, farming systems, and market conditions vary (ICIPE, 2005; WAC, 2006).

The demand-driven, multi-partner, whole value chain approach piloted under P4P can be considered a *fifth* model that draws in elements of each of the above: adding consistent and effective procurement of quality food by buyers to technical support for farmer organizations serving SHFs and FOs, and deep facilitation and coordination of supply chain actors to provide FOs and member SHFs with critical goods and services. The “micro” business case developed in the previous chapter illustrates the “commercial leverage effect” of the P4P model. The size and durability of this leverage effect warrants focused research. If the effect is consistently sizable, predictable, and replicable, the P4P model could open up new and inherently sustainable financing options for scalable extension systems.

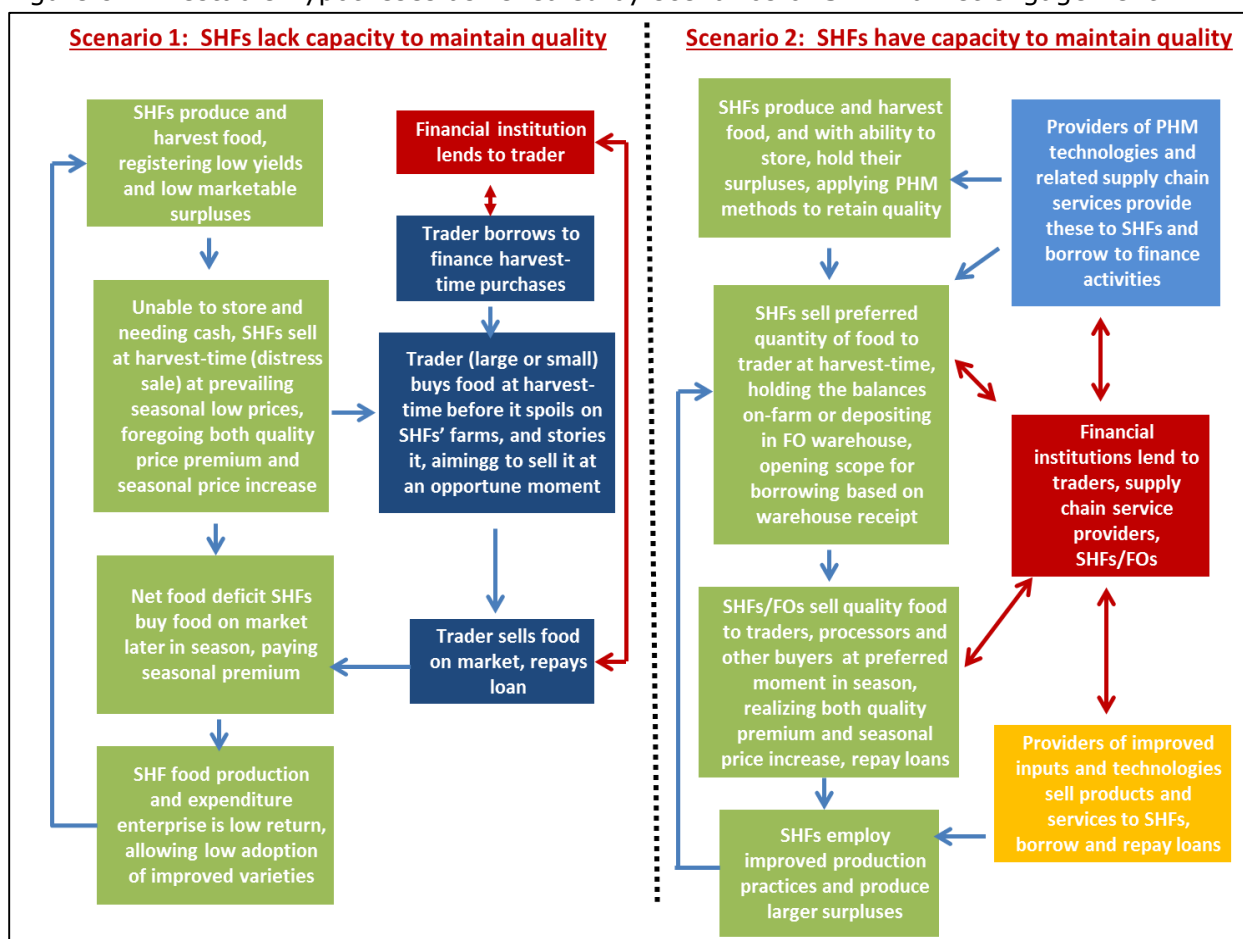
P4P and the “inclusive growth” agenda

Drawing marginalized groups into mainstream development processes is an increasingly pressing policy challenge (OECD, 2014). Employment prospects, job quality, health outcomes, education, and opportunities to build wealth over time matter for people’s well-being and are heavily determined by their socio-economic status. Those who are shut out of opportunity often live shorter lives and find it difficult to break away from a vicious confluence of poor educational opportunities, low skills and limited employment prospects. They also are far more likely to be exposed to environmental hazards and violence, both of which can impair brain functioning in powerful, long-lasting ways, making it harder to succeed. The result is an uneven economic patchwork, where regions within countries and neighbourhoods within cities prosper while others fall farther behind. Moreover, there is growing evidence that inequality is harmful to everyone in society and that greater social and economic inclusion is strongly associated with longer and stronger periods of sustained economic growth. Urgently needed are win-win policies and programmes that can deliver stronger growth and greater inclusiveness (OECD, 2014). This imperative is especially the case in Africa, where gains under burgeoning growth are unequally distributed.

Figure 8.2 was introduced as Figure 5.1 in Chapter 5 on “SHFs gaining a foothold in food markets” and is reproduced here as an aid to highlighting research hypotheses. It suggests some channels through which the P4P model for SHF market engagement promotes inclusive growth: (1) financial expansion and inclusion; (2) input market deepening; and (3) output market deepening. The potentially testable hypotheses are clearly captured by the arrows.

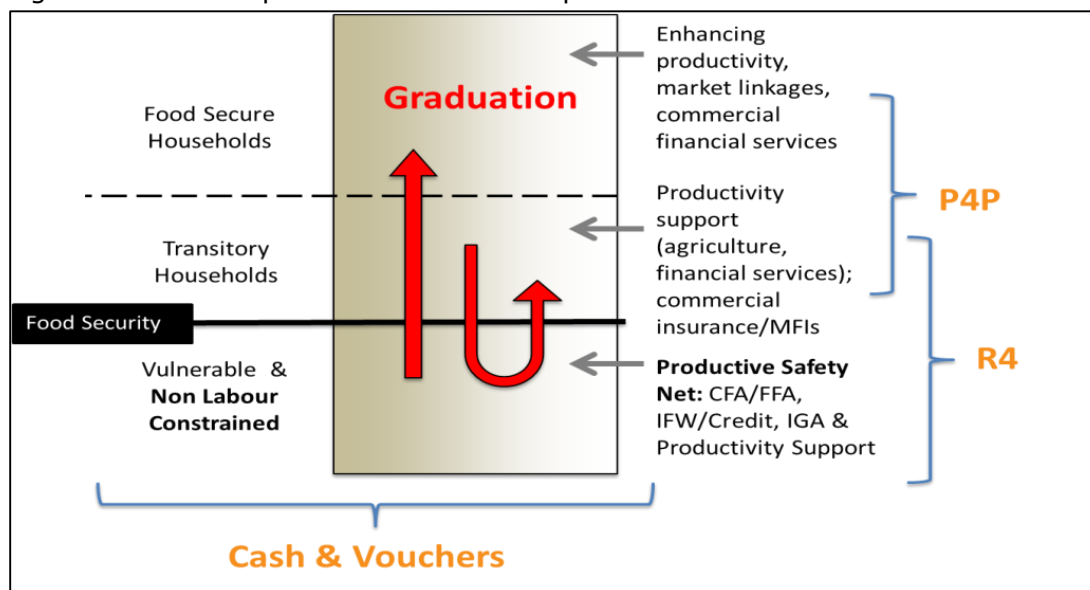
It is helpful to view P4P alongside other measures used to address the needs of marginalized groups in food systems. Especially prominent are safety nets for the hungry poor typically featuring direct interventions to improve nutrition in crisis and post-crisis contexts. When appropriately designed, safety nets are argued to be key complements to growth strategies in contexts with large populations of vulnerable people. They can facilitate access to investments and supply-side interventions, enhance resilience, promote equitable distributions of economic and social benefits from growth, and draw vulnerable areas and groups into mainstream growth processes (Gentilini and Omamo, 2011). Effective safety nets can be productive investments in growth. But the confluence of conditions that must obtain for such outcomes is challenging and rare.

Figure 8.2: Testable hypotheses as revealed by scenarios of SHF market engagement



The independent evaluation recommended that P4P not be implemented in contexts such as those in Liberia, Sierra Leone, and Afghanistan. But when viewed alongside transfer-based options, the P4P model may offer a more sustainable alternative, both in its own right and as part of WFP’s food assistance portfolio (Figure 8.3). In addition to P4P, that portfolio includes cash and vouchers and the so-called “R4” initiative that aims to build the resilience of food-insecure smallholders through integrated risk management through risk reduction, risk transfer, prudent risk-taking, and increased risk reserves. Again, the potentially testable hypotheses are captured by the arrows.

Figure 8.3: P4P as part of WFP’s broader portfolio to address needs of vulnerable SHFs



Source: Choularton (2014)

Note: CFA = cash for assets; FFA = food for assets; IFW = insurance for work; IGA = income generating activities.

Conclusions

P4P has enhanced WFP’s profile as an evidence-based organization making positive contributions to basic development challenges. There is an urgent need for WFP to set out a practical but cutting-edge research agenda on demand-driven pro-SHF market development, build partnerships with leading academic institutions and think tanks, and pioneer innovative approaches in conducting and communicating research and knowledge around the world.

Like many pilots, the P4P pilot shed light on several issues but raised questions that it could not answer. Given the conceptual challenges and operational ambition of the pilot, the set of unanswered questions is especially large and deep. Further development and refining of the P4P model will require focused R&D efforts to frame and test the kinds of hypotheses set out above – each of which has major implications for design and implementation.

WFP has shown itself to be a reliable partner in R&D-based partnerships. Future P4P-inspired programming and procurement efforts open up new opportunities for such partnerships. WFP’s

ability to engage with and benefit from such partnerships would be greatly enhanced by an investment in its in-house R&D capacity, backed by a comprehensive knowledge management system. The United Nations Children's Fund's (UNICEF) Office of Research offers a useful model of cutting edge analysis of pressing development problems (UNICEF, 2014). WFP's P4P-motivated R&D agenda and niche would be somewhat different, however, springing more directly from operational imperatives, and thus uniquely suited to contributing practical but evidence-based solutions to problems of design and implementation of high-impact initiatives. Strengthened partnerships with the other two RBAs would be critical.

10. Conclusions

Globalization, democratization, market liberalization, privatization, urbanization, population growth, HIV/AIDS, climate change, and the changing pace and proprietary nature of technological advance are inducing deep structural disruptions and realignments across the globe. In many cases, previously effective systems of political, social, economic, and environmental resilience are being eroded, along with the efficacy and relevance of established policies, institutions, and livelihood strategies. The frequency and severity of conflicts, natural disasters, pandemics, and economic shocks appear to be increasing.

P4P was launched to give SHFs a better chance of coping with these drivers of change and vulnerability while seizing opportunities expressed through the staple food value chains within which they spend their lives, and to which they devote the bulk of their land, labour, and other treasures. Several conclusions emerge.

First, P4P was ahead of the curve, and it drew others along with it. The range and depth of partnerships developed under the pilot, and the strong and sustained engagement by national governments confirm that the P4P model is a powerful institutional innovation that not only fits very well with dominant macro strategies for agricultural development across the globe, but also provides strong signals regarding the nature and extent of the kinds of micro-level policy and regulatory reforms required to help SHFs engage productively with markets.

Second, P4P is an investment, not a handout. In most implementation contexts there were huge gaps in human, physical, organizational, and financial capacity in commercial staple food supply chains serving SHFs. The private sector was keen to seize the opportunity (imperative) of purchasing more from SHFs but lacked platforms for engaging with SHFs. P4P provided a context within which to develop partnerships that generated the required platforms, with strong support from governments. WFP's behaviour as a buyer was critical, especially with respect to demand for quality and investments to ensure it. Incentives and capacities for SHFs to supply quality were poor. Such incentives and capacities needed to be cultivated. Similarly, incentives for providers of key supply chain services to serve SHFs were also poor and needed to be supported and coordinated. When service providers responded and reached out to SHFs and FOs, the latter responded, and new dynamics set in. These dynamics will continue into the future, along with benefits from the investment of time and donor resources.

Third, WFP's core value proposition under P4P springs from its long experience and expertise in food procurement, on one hand, and in food security programming for marginalized groups, on the other. It is reasonable to conclude that any organization seeking to facilitate and coordinate P4P-style initiatives should have at least the first capacity, and probably also the second. But P4P's objectives thrust WFP outward in new ways while forcing it into penetrating re-examinations of several internal structures and processes. The challenges have been set out in detail above (Chapter 7 in particular). Many achievements were also registered, both externally and internally.

Externally, P4P's most telling achievements included:

- Strong engagement with governments;
- Successful mobilization of supply-side and value chain actors;
- Development of multi-stakeholder partnerships at multiple levels leading to greatly expanded scope for engagement with stakeholders, old and new;
- Insistence on and enforcement of corporate food quality standards including with SHFs;
- Raising awareness about food quality and safety issues (especially aflatoxin), and promoting and supporting innovations to improve practice;
- Mobilization of value-chain financiers leading to new sources of credit and finance for SHFs and FOs;
- Successful connection of FOs to alternative markets for quality food beyond WFP;
- Enhancing gender equity;
- Openness and transparency about what was or was not working well under the initiative; and
- Articulation of a new narrative about food assistance as an investment in development.

Internally, P4P's most important achievements included:

- Expanding the vision of WFP's potential impact in agrifood value chains, especially in SHF-dominated agrifood value chains;
- Deepening understanding of how to use local and regional food purchases (LRP) as a force for agricultural development and broader economic transformation. The Patient Procurement Platform is the principal illustration of that deepened appreciation of the potential of LRP as a development instrument;
- Adjusting procurement rules and regulations so that they better match the capacities of SHFs and FOs;
- Greatly expanded scope for strategic and operational partnerships;
- Deepened understanding of risks facing WFP in agrifood markets, along with risk-mitigating actions/investments; and
- Insights into skill sets required to effectively engage in agrifood value chains.

Fourth, the P4P approach is complex. And, overall, the P4P pilot was a difficult undertaking. But not uniformly so; in some cases not at all. P4P is a compelling idea around which it is possible to gather powerful forces. Securing government buy-in and support and drawing in relevant partners proved to be much less difficult under P4P than expected. The P4P approach is market-oriented. The pilot involved significant action in markets. At the outset, fears of market distortions and price spikes were real. But the distortions and spikes did not materialize, rendering the fears much less warranted than anticipated. At WFP, the P4P approach leverages WFP's food assistance pipeline. Fears of pipeline breaks were voiced up-front. Such breaks were avoided with much less strain than expected.

But, fifth, greater difficulty than expected was encountered in several areas. These included:

- Finding competent supply-side partners able to operate at scale in several geographies;
- Designing and implementing a practical M&E system;

- Accessing external technical assistance to establish lessons learning and best practice review systems ;
- Finding ways to align activities with the other RBAs, given different business models, intervention areas, and project timelines (but this improved significantly as the pilot evolved);
- Changing procurement policies and procedures;
- Implementing new SHF-friendly procurement policies and procedures;
- Aligning fund availability with marketing seasons and resources available to buy food locally;
- Obtaining reliable data for pricing;
- Clearly specifying all partners' roles and ensuring availability of funding; and
- Catalysing finance for FOs and agribusinesses within given P4P pilots.

Finally, from the independent evaluation, and from WFP's own experience under P4P, several lessons emerged with relevance for future P4P-style investments by WFP and others. Investors in the P4P model should:

- Take the time to plan well, but start quickly and move forward aggressively. Theory is never sufficient as a guide to action; relevant evidence emerges largely from experience. While acknowledging the valid points raised in the independent evaluation about design flaws, the broader P4P experience would suggest that it is better to have started too soon and have had to adjust than to have planned too much and missed ephemeral strategic and operational openings;
- Take the time to understand the diversity of SHFs, focus in particular on differences across SHFs (and the FOs in which they are members) in key capacities relevant to market engagement, and design interventions that reflect those differences;
- Develop partnership strategies tailored to the needs of given P4P execution plans, recognizing that, beyond the principle that partnerships should be innovation-based, solution-driven, and feature well-aligned interventions, there is no single model partnership platform;
- Build specific partnerships that address three critical gaps facing SHFs and FOs in food markets: (1) financing gaps – i.e., credit and financial services; (2) technical gaps linked to both production and post-harvest handling; and (3) management and organizational gaps related to collective action in food markets;
- Pick a small set of performance measures, develop full organizational buy-in to them, and monitor them religiously. On the **production-side**, the pilot suggests the following set: SHF crop yields and outputs; SHF use of improved inputs; SHF access to credit and financial services. With regard to **SHF marketing**, the following are suggested: SHF sales through targeted channels (e.g., FOs, traders, exchanges, etc.); levels and rates of defaults by contract type. For **procuring agencies**, key are: volumes and values procured through targeted channels; SHF shares of these volumes and values; channel-specific costs of contracting and procurement; gender-disaggregated changes in SHF incomes; gender-disaggregated changes in SHF assets.
- Understand that the P4P approach is a programming intervention with a procurement component, not a procurement intervention with a programming component. As planned in

WFP's own nascent Patient Procurement Platform, the latter type of intervention is valid and potentially powerful. But to the extent that such efforts are to benefit SHFs, investments in their programming dimensions must be very deliberate and sustained, as they were in the P4P pilot;

- Recognize that P4P's unanticipated impacts can be significant, both the negative ones and the positive ones. WFP's experience under the pilot is of a positive net balance across such impacts. That experience also points to the importance of keeping resources in reserve to seize the positives and overcome the negatives;
- Be ready to adjust – sometimes radically – when reality renders design assumptions or operational plans invalid;
- Be aware of the needs of the private sector, recognizing that, while they add resources, coherence, and innovation to programmes, they, too, need help to build skills, make linkages, and sustain investment levels; and
- Take the time to build an understanding of policy regimes and institutional arrangements affecting incentives and outcomes in targeted agrifood value chains and design advocacy strategies accordingly.

In closing, it is useful to reflect on key aspects of the vision of success of P4P as set out in the original proposal to BMGF in 2008. P4P's vision was of a world in which high-impact best practices, first, in pro-smallholder local food procurement, and, second, in pro-smallholder agricultural market development, would be mainstreamed in WFP's policies and programmes practices, and, more importantly, communicated to national governments and other actors in agricultural sectors. The P4P pilot was viewed as the first step in a multi-stage process. In future stages, the promising innovations in procurement and market development identified during the pilot would be disseminated and publicized for wider-scale implementation by other actors seeking to promote smallholder agricultural development through markets. Training and advocacy and outreach activities implemented under the pilot would provide the basis for such scaling-up, with a view to setting the stage for policy and institutional reform toward pro-smallholder agricultural market development in Africa and elsewhere on the globe. The P4P pilot is over, but for WFP, Purchase for Progress has only just begun.

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Abbreviations and Acronyms

ACDI/VOCA	Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance
ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa (COMESA)
AERC	African Economic Research Consortium
AGRA	Alliance for a Green Revolution in Africa
ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
AMPATH	Academic Model Providing Access to Healthcare
ATA	Agricultural Transformation Agency (Ethiopia)
BMGF	Bill and Melinda Gates Foundation
CAADP	Comprehensive African Agricultural Development
CBE	Commercial Bank of Ethiopia
CGA	Cereal Growers Association of Kenya
CHAI	Clinton Health Access Initiative
CIP	Crop Intensification Programme (Rwanda)
CLUSA	Cooperative League of the USA
COMESA	Common Market for Eastern and Southern Africa
CP4P	Common P4P (Rwanda)
CU	cooperative union
CRDB	Cooperative Rural Development Bank (Tanzania)
DGPER	<i>Direction Générale pour la Promotion de l'Economie Rurale</i> (Burkina Faso)
EAC	East African Community
EAGC	East African Grains Council
ECW	WFP Enhanced Commitment to Women
FAO	United Nations Food and Agriculture Organization
FCPB	<i>Fédération des Caisses Populaires du Burkina</i> (Burkina Faso)
FDC	forward delivery contract
FO	Farmer Organization
FRA	Food Reserve Agency (Zambia)
GAPI	<i>Gabinete de Apoio e Consultoria a Pequenas Indústrias</i>
GLA	Global Learning Agenda
GTP	Growth and Transformation Plan (Ethiopia)
HEB	high-energy biscuits
HGBF	Howard G. Buffett Foundation
HGSF	Home-Grown School Feeding
HH	household
HQ	headquarters
IFAD	International Fund for Agricultural Development
IFDC	International Fertilizer Development Centre
IFPRI	International Food Policy Research Institute
IICA	Inter-America Institute for Cooperation on Agriculture
IICEM	Integrated Initiatives for Economic Growth in Mali
ILO	International Labour Organization

M&E	monitoring and evaluation
MAGA	Ministry of Agriculture, Livestock and Food (Guatemala)
MAL	Ministry of Agriculture and Livestock (Zambia)
MASA	Ministry of Agriculture and Food Security (Burkina Faso)
MINAGRI	Ministry of Agriculture and Animal Resources (Rwanda)
MoU	memorandum of understanding
MVIWATA	National Network of Farmer Groups in Tanzania
NAADS	Uganda National Agricultural Advisory Service
NAFAKA	Tanzania Staples Value Chain project
NFRA	Tanzania National Food Reserve Agency
NGO	Non-Governmental Organization
NMB	National Microfinance Bank (United Republic of Tanzania)
NPHSC	National Post-Harvest Staple Crop Strategy (Rwanda)
NRI	Natural Resources Institute
NSR	National Strategic Reserve (Rwanda)
P4P	Purchase for Progress
PAPSA	<i>Projet d'Amélioration de la Productivité Agricole et de la Sécurité Alimentaire</i> (Burkina Faso)
PC	Producer Cooperative of Primary Cooperative
PHM	post-harvest management
PHTF	Post-Harvest Task Force (Rwanda)
PRODEMOR	Central Rural Development and Modernization Project for the Central and Paracentral Regions (El Salvador)
PROMECON	Project to Increase Competitiveness of the Rural Economy of the Yoro Area (Honduras)
R&D	research and development
RCA	Rwanda Cooperative Agency
RWEE	Accelerating Progress towards the Economic Empowerment of Rural Women
SACCO	Savings and Credit Cooperative Organization
SHF	Smallholder Farmer
SONAGESS	<i>La Societe Nationale de Gestion du Stock de Sécurité Alimentaire</i> (Burkina Faso)
SP-PAM	<i>Secrétariat Permanent à l'Assistance du PAM</i> (Burkina Faso)
SPS	Senior Policy Seminar (AERC)
TRP	Technical Review Panel
UCE	Uganda Commodity Exchange
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Programme
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WFP	United Nations World Food Programme
WINGS	WFP's Information Network and Global System
WRS	Warehouse Receipt System
YWCA	Young Women's Christian Association
ZAMACE	Agricultural Commodity Exchange (Zambia)

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