

Purchase for Progress - P4P

Overview



P4P QUICK FACTS

Pilot Period: December 2008—December 2013

P4P Pilot Countries:

Afghanistan, Burkina Faso, Democratic Republic of Congo, El Salvador, Ethiopia, Ghana, Guatemala, Honduras, Kenya, Liberia, Malawi, Mali, Mozambique, Nicaragua, Rwanda, Sierra Leone, South Sudan, Tanzania, Uganda, Zambia

Sales to WFP: US\$ 177 million contracted (450,000 mt)

Budget: US\$ 164 million (costs for food purchases not included)

Key donors: Bill & Melinda Gates Foundation, Howard G. Buffett Foundation, European Union, Governments of Belgium, Brazil, Canada, France, Ireland, Luxembourg, South Korea, United States of America and the Kingdom of Saudi Arabia.

Purchase for Progress (P4P)

As the world's largest humanitarian agency, World Food Programme (WFP) is a major buyer of staple food. In 2013, WFP bought nearly 80 % of its food in developing countries. This equals more than US\$ 1 billion worth of food every year.

Purchase for Progress (P4P) is a pilot initiative that has successfully enabled WFP to try out new ways of leveraging its procurement footprint to promote agricultural and market development. Over the past 5 years, the pilot has experimented with smallholder-friendly procurement models targeting smallholder farmers in Latin America, Africa and Asia.

The rationale behind P4P is to link WFP's demand for staple food commodities, such as cereals, pulses and blended foods, with the technical expertise of a wide range of partners. This collaboration provides smallholders with the skills and knowledge to improve their agricultural production, and an incentive to do so, as they have an assured market in which to sell their surplus crops.

By boosting smallholders' agricultural production and increasing their access to markets, P4P is contributing to poverty reduction and is addressing the root causes of hunger.

Moving forward

Though the five-year P4P pilot treatment period concluded in December 2013, efforts to support smallholders will continue as WFP mainstreams key innovations and best practices. In the 2014-2017 Strategic Plan, WFP has committed to further increasing the amount of food it buys from smallholder farmers, and working with Governments and other buyers to support these farmers to access sustainable markets beyond WFP.

Partnerships

One of P4P's most significant achievements has been bringing together the efforts of more than 500 partners to support smallholder farmers. These include host and donor governments, NGOs, UN agencies, academic institutions, research bodies and private sector partners. Partners assist farmers, their organizations and small and medium traders to produce larger quantities of high quality food and to successfully market their crops through training sessions, facilitating their access to agricultural inputs (such as high yielding seeds and fertilizers) and access to equipment. The P4P pilot has further strengthened WFP's partnerships with UN Food and Agriculture Organization (FAO) and International Fund for Agricultural Development (IFAD), both key strategic partners of the P4P initiative.

Learning and Sharing

P4P has emphasized an honest and transparent examination of what works and what does not. After 5 years of testing various approaches on the ground, P4P has gathered significant knowledge and research. Key lessons from the 20 P4P pilot countries are currently being compiled, and is being accompanied by an independent evaluation conducted throughout 2014. The lessons learned will be made available to the public and shared with national governments as well as other public and private-sector actors.



World Food Programme

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WFP PROCUREMENT

Smallholder-friendly approaches tested by P4P:

- Buying directly from **farmers' organizations** through direct and forward contracts or modified, smallholder-friendly tenders.
- Supporting emerging **structured trading systems** such as warehouse receipt systems and commodity exchanges.
- Buying from **small and medium traders**, agro-dealers or NGOs who work with smallholder farmers.
- Developing **local food processing capacities** that source the staple commodities required as raw materials from smallholder farmers.

Achievements

During the pilot period P4P has transformed the lives of hundreds of thousands of farmers, especially women, by supporting them to grow more, sell more and earn more, becoming more competitive players in their local markets. Some of P4P's key achievements include:

- **Procurement:** Over **450,000 metric tons of food** valued at more than **US\$ 177 million** has been contracted, either directly from farmers' organizations and small and medium traders, or through innovative marketing platforms such as Commodity Exchanges and Warehouse Receipt Systems.
- **Capacity development:** Nearly **800,000*** farmers, agricultural technicians, warehouse operators and small and medium traders have **received training** from WFP and partners in improved agricultural production, post-harvest handling, quality assurance, group marketing, agricultural finance and contracting with WFP.
- **Gender:** More than 200,000 women have received training in improved production, post-harvest handling and other key agribusiness skills. Thanks to a variety of training, women's leadership skills and confidence have increased, which has led to women gradually voicing their concerns and expectations in the public sphere.
- **Access to credit:** Smallholder farmers have increased their access to credit as P4P has facilitated links between farmers' organizations and financial service provider. This has allowed smallholders to purchase inputs, such as high quality seeds or fertilizers, when they are needed most, and to aggregate and market their produce when profits are highest.
- **Sustainability:** Smallholders have sold over 200,000 mt of commodities to markets beyond WFP at a value of at least US\$ 50 million. Through close collaboration with national governments and links with the private sector farmers have accessed sustainable markets including government-run school feeding programmes, national food reserves, hospitals and prisons.

Challenges

Though significant progress has been made, smallholder farmers in developing countries continue facing many challenges. These include:

- **Access to credit:** Though P4P has made much progress in linking smallholders to finance, the limited opportunities to access credit at affordable interest rates still poses major challenges.
- **Infrastructure:** Poor road networks and inadequate access to warehouse and storage facilities limits the smallholder ability to aggregate and sell their crops.
- **Gender:** Ensuring that women not only participate in P4P, but also benefit economically continues to present challenges. This is especially true when women are not the head of households.
- **Government policy:** Export bans and other unfavourable national legislations continue to limit smallholders' possibilities to access markets.
- **Quality:** It is a challenge for P4P to provide an incentive for smallholders to invest in quality improvement of their crops, especially in countries lacking national quality standards.

** This figure indicates the number of training sessions attended, rather than unique individuals trained, and does not include individuals who received 'trickle down' training from participants in the Training of Trainers programme, which was common in countries such as Ethiopia.*