



GOAL

P4P in Laos intends to raise the incomes of smallholder farmers to enhance their nutritional status and combat stunting. P4P activities will expand on a model already tested by the Netherlands Development Organization SNV, working with rice millers and smallholders in irrigated areas. P4P will bring this model to rain-fed areas, including a focus on nutrition which translates into processing and rice fortification. In northern Laos, options around soya and peanuts for oil processing will be explored, but a feasibility study will be required to inform program design.

PROJECT OVERVIEW

WFP has well-established experience with local procurement in Laos. The amount of food commodities purchased locally has increased from 71 mt in 2004 to 14,520 mt in 2009. An assessment on the potential for P4P activities in the country suggests that there is a capacity for WFP to purchase 13,155 tons of commodities (rice: 12,600 tons, peanuts: 555 tons) over five years benefiting more than 41,400 smallholders.

Different procurement models have been recommended: in the case of rice it is possible to utilise modified tendering and contracting procedures; for vegetable oil, the approach considered is based on contract farming of oilseeds (soybean, peanut, sunflower) as a cash crop and the subsequent extraction of vegetable oil for sale to WFP through forward contracts. As part of the planning for the initiative, WFP will conduct a feasibility assessment on the establishment of a vegetable oil processing prior to implementation.

The Government of Luxembourg funded the country assessment and preparation of an implementation plan is underway. However the technical and administrative costs for P4P implementation remain unfunded. All food purchases will be financed by donations to WFP's regular operations.

BACKGROUND

With a population of approximately 5.8 million, Laos is heavily dependent on smallholder agriculture. The country is demonstrating impressive economic growth and poverty reduction gains. This economic performance is not matched by improvements in the nutritional status, with the ratio of malnourished children almost unchanged over the past decade.



QUICK FACTS

No. of farmers

41,400 (over 5 years)

Planned food purchases

Initial estimation: 12,600 metric tons of rice, 555 metric tons of peanuts (over 5 years)

Main commodities

Rice and vegetable oil

Main WFP activities

- Direct contracting
- Forward contracting
- Pro-smallholder competitive tendering
- Feasibility study on vegetable oil processing plant
- Capacity building