

Purchase for Progress (P4P) Third Annual Review, 28th November to 1st December 2011

Taking stock: WFP and stakeholders review P4P implementation at mid-point

Seventy-nine WFP staff and seventy partners gathered at the headquarters of the International Fund for Agricultural Development (IFAD) in Rome, Italy for the third global Purchase for Progress (P4P) Annual Review to collectively review progress and discuss key lessons during P4P implementation in 2011. Two days were dedicated to discussions with all stakeholders (29th-30th November) and two days with internal World Food Programme (WFP) colleagues (28th November and 1st December).

The Annual Review was officially opened by Ann Tutwiler, Deputy Director-General for Knowledge, Food and Agriculture Organization (FAO), Kevin Cleaver, Associate Vice-President, Programmes, IFAD and Ramiro Lopes da Silva, Deputy Executive Director, Operations, WFP. Following a [summary of the P4P approaches being tested](#), notable areas of progress and key questions arising to date, a variety of panel sessions gave voice to farmer representatives, local NGOs involved in capacity building, a sample of stakeholders partnering in P4P at the local, regional and global level and government counterparts. A “Worldcafe” allowed smaller group work and participants to share experiences across P4P countries on opportunities, challenges and expectations related to linkage with financial service providers, linking smallholders to public procurement and engagement with the private sector.

The main themes and focus of the different sessions during the course of the four days built on the findings from several key learning reports and events in 2011 including: a) the [Mid-Term Evaluation](#) (MTE) conducted by the Overseas Development Institute (ODI); b) the recommendations from P4P’s external [Technical Review Panel](#) (TRP); c) the new [gender strategy](#), developed by the Institute for Development Studies (IDS); and d) the [“write-shop”](#) process, conducted with the support of the Royal Tropical Institute of the Netherlands (KIT), which explored the critical factors that have enabled or limited the “progression” and capacity development of a selection of Farmers’ Organisations (FOs) that have contracted with WFP under P4P in six countries.

PROGRESS TO DATE

Since the launch of the pilot initiative in September 2008, an enormous array of supply-side actors and others active along the value chain are working hand in hand with WFP and smallholder farmers to support P4P at various levels in close coordination with respective government ministries. P4P is therefore not to be seen as a WFP programme, but as a public private partnership programme.

Over 116,000 farmers, warehouse operators and small and medium traders have now received training from WFP and partners in improved agricultural production, post-harvest handling, quality assurance, group marketing, agricultural finance and contracting with WFP. In some cases, WFP has provided equipment (such as moisture meters, sieves, weighing scales and tarpaulins), warehousing and onsite technical assistance. The coupling of capacity building activities with WFP’s purchasing contracts was noted during the Review to be a key ingredient in giving farmers an incentive to improve quality, aggregate and negotiate for a better price, and a unique feature of P4P. WFP’s demand is leveraging partners’ capacity building efforts.

Over 191,000 metric tons (mt) of commodities have been contracted by WFP in 20 pilot countries to supply WFP’s regular operations (including school-feeding, nutritional and refugee programmes). These purchases were made either directly from farmers’ organisations, small/medium traders and processors or through innovative platforms like Commodity Exchanges and Warehouse Receipt Systems. Out of this total, over 117,700mt or 61 per cent have so far been delivered to WFP (and hence paid for); 29,565mt or 16 per cent are pending delivery and 44,280mt or 23 per cent has been confirmed defaulted. The need to analyse in depth the various reasons for defaults was highlighted as a default is

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not necessarily a negative outcome. In some cases, WFP is strategically the buyer of “last resort”; in other situations, while WFP pays the prevailing market price, the Programme’s rules and regulations as a public procurer limit the speed with which it can pay farmers’ organisations for their quality produce as compared to the middlemen and traders who offer cash in hand at farm-gate for produce at a lower quality. Other contributing factors that have limited the success and scale of P4P purchases are price volatility, government intervention on markets especially in Eastern and Southern Africa, and rising fuel and food prices.

While maize and maize meal make up 77 per cent of P4P purchases, it was noted that there is increasing diversification of commodities (pulses, sorghum, millet, rice and blended food) as compared to previous years and WFP was encouraged to continue to look for opportunities to diversify.

PRIORITY THEMES

Discussions at the Annual Review focused on key areas that need to be addressed in the remaining two years of the pilot to ensure sustainability of FO market access and of emerging marketing platforms beyond WFP’s involvement. During a participatory session on identifying priority learning themes, the top three themes identified to guide the P4P research agenda in 2012-2013 were:

1. **An enabling environment:** how to engage Governments and influence policy decisions (for example on quality standards, import/export bans) and how public sector procurement could reinforce the P4P concept where applicable was confirmed as an integral part of the P4P toolkit. WFP was encouraged to work with partners, especially the Rome-based agencies FAO and IFAD and regional bodies, to support institutional strengthening and systems building and to promote the various government programmes and mechanisms that could be put in place in the different contexts to support the development of policies conducive for smallholder participation in the market.
2. **Access to finance:** Through discussions with financial service providers across the pilot countries and partners working in the sector, a picture is emerging of the opportunities, challenges and lessons to date in assisting smallholder access to finance. Recommendations for follow up included the need for WFP to issue more forward contracts, encourage the use of warehouse receipts and build more partnerships. It was clearly recognised that the market must act for itself, supported by Government policy and that WFP’s main role is as a buyer, WFP’s role in the value chain is as a convener and while WFP can identify value chain entry points for credit, it was clarified that it is not WFP’s role to arrange to fill them.
3. **Engagement with the private sector:** As in previous years, the need to define and delineate the different levels of private sector that can play a role in support of P4P objectives emerged. WFP was encouraged to facilitate collective negotiation of FOs with inputs suppliers and with transporters; to help build the social capital of FOs and facilitate information sharing; promote FOs to the private sector and gain private sector trust. More research is needed on the extent of the potential markets for quality beyond WFP and how to link P4P FOs to other buyers to ensure sustainability during the second half of the pilot initiative.

Cross-cutting themes for more attention by WFP in 2012 were:

Partnerships: While recognition was given to the broad range of partners currently involved in P4P – whether through formal or informal arrangements: there was a call for deepened engagement with the Rome-based agencies (FAO and IFAD); a focus on quality partnerships;

an analysis of the successes and failures of different partnership arrangements to date and a diagnostic of who needs to be involved in the exit strategy, and how this might be developed.

Gender and more sensitivity to the role of women: The new P4P Gender Strategy, developed with the help of IDS, gives concrete options on how to benefit women through P4P, given their limited role in grain marketing and the fact that it is necessary to categorise women in order to better relate to their circumstances. For example, the strategy distinguishes between i) women producers/marketers of crops/food products currently being procured through P4P ii) women unpaid family workers iii) women producers/petty traders of crops/food products not currently procured through P4P and iv) women casual agricultural labourers. Field partners will be required to help implement this new approach.

Balancing the learning with the doing: While P4P's global targets (500,000 smallholders to increase their income by an annual average of \$50 dollars and 50 per cent of these smallholders to be women) were noted as ambitious, it was recognised that the targets exist to guide implementation and learning during the pilot phase. They are not an end in themselves. Being able to learn why these may or may not be achievable is most important. A critical outcome of P4P is learning: to identify models that Governments (or others) may adopt and take to scale. WFP acknowledged that it needs to be more open to learn not only from successes, but from failures – and understand why something may not work out as planned.

There was overwhelming consensus that P4P is continuing to act as a catalyst and a platform to bring together partners whose goal it is to fight hunger and address the needs of smallholder farmers around the table.

WFP participants included Regional Directors, the Addis Ababa Liaison Office, Country Directors or Deputy Country Directors, P4P Country Coordinators, regional bureau and headquarters colleagues (representing Procurement, Legal, Programme, Finance, Logistics, Policy and Hunger Solutions units and divisions, and the P4P Coordination Unit). A wide representation of stakeholders also attended for two out of the four days including *government counterparts* from Burkina Faso, El Salvador, Ethiopia, Kenya, Honduras, Lao PDR, Liberia, Malawi, Mali, Mozambique, Rwanda, South Sudan, and Uganda; *farmer representatives* from El Salvador, Guatemala and Kenya; *private sector representatives*; *UN agencies*: FAO, IFAD, IFC, World Bank; *NGOs*: ACDI-VOCA, CARE, CRS, DCA, IFDC, MDG Centre, NEI, Oxfam, PCD, RUDI, SNV, SSIDO, WVI; *Financial institutions*: Ecobank, Equity Bank Kenya; *representatives from academia* (AERC, KIT, NRI), *Foundation and development partners*, including Belgium, BMGF, Brazil, Canada, EC, France, HGBF, Irish Aid, USAID; and other key partners including COMESA's ACTESA.