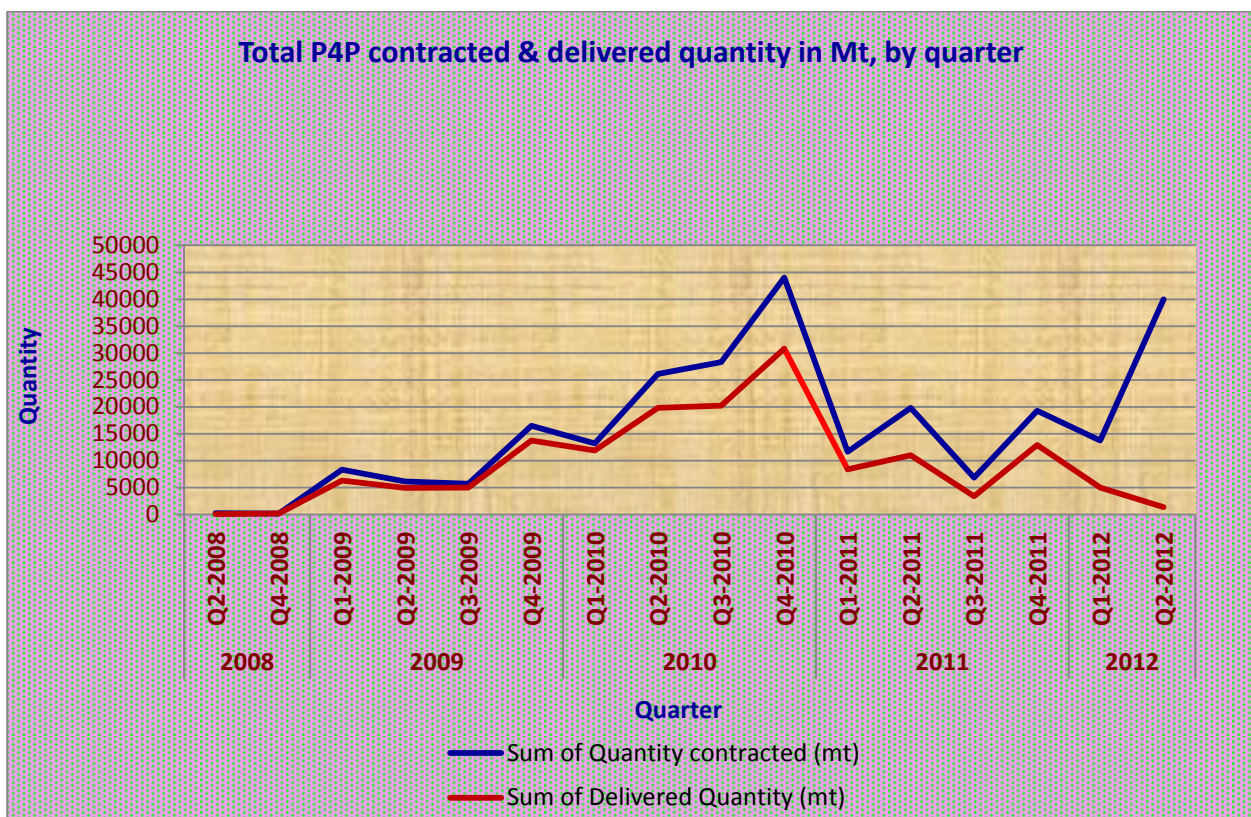


SUMMARY P4P PROCUREMENT REPORT: SEPT 2008 – June 2012
- Updated August 2012 -

HIGHLIGHTS – GLOBAL OVERVIEW

Since the launch of the P4P pilot in September 2008, through 30 June 2012, **260,177 metric tons (mt)** of commodities have been contracted from farmers’ organizations (FOs), small and medium-scale traders, food processors, Commodity Exchanges and Warehouse Receipt Systems (WRS) in 20 P4P pilot countries. Of this, over **159,429mt (61%)** has been **delivered** to WFP (and hence paid for – around **US\$62 million** more directly in the pockets of smallholder farmers and small and medium traders). At the time of this analysis, **48,509mt (19%)** were still to be delivered, while **52,239mt** were confirmed **defaulted**. Defaults amount to 20% of total quantity contracted to date.



The highlight of the 2nd quarter 2012 was WFP Ethiopia signing forward delivery contracts (FDCs) with 16 Cooperative Unions (CUs) for the supply of 28,200mt of maize. To ensure successful implementation of the FDCs, Ethiopia country office signed an Memorandum of Understanding (MoU) with supply-side partners and one of the strategies followed was the recruitment of a business advisor for each union through the partners. The contracts are to be fulfilled by early 2013. These contracts are the largest in volume ever signed through P4P, constituting over 10% of the total amount contracted throughout the pilot.

Purchases under P4P increased significantly between 2009 and 2010, as more countries began implementation, and also due to the relatively good harvests in most of the P4P countries in 2010. In 2009, 14 pilot countries contracted almost 37,000mt (and delivered 30,000mt or 81%), while in 2010, 20 pilot countries contracted 111,641mt (and delivered 82,567mt or 73%). In 2011 there was a significant drop in P4P purchases in almost all countries, overall only 58,000 mt were contracted and 34,500mt delivered. In the first half of 2012 P4P purchases in 20 pilot countries are rising significantly, amounting to 53,670mt (with 8,500mt delivered and further deliveries on-going). The **share of P4P purchases** as a percentage of total local purchases by WFP in the pilot countries increased from 9% in 2009 to 13% in 2010, down to 9% in 2011 and now stands at 17%.

Commodities (2nd Quarter 2012)	Quantity contracted (mt)
Beans	1,189
Sorghum	727
Blended Foods (CSB)	50
Maize	38,010
Total	39,977
Activities (2nd Quarter 2012)	Quantity contracted (mt)
P4P - Activity 1 (Competitive Tendering)	3,485
P4P - Activity 2 (Direct Purchasing)	7,692
P4P - Activity 3 (Contracting for Risk Reduction; Forward Delivery Contracts)	28,800
P4P - Activity 4 (Processing)	0
Total	39,977

Introduction

This report aims to provide a snapshot analysis of P4P-specific data extracted from WFP's Procurement Database (covering the period Sept. 2008 - June 2012), complemented by a global procurement analysis (P4P versus non-P4P) from WINGS2 database, covering 1st January 2010 up to 30st June 2012.

Of the 21 P4P pilot Countries,¹ **20** have now purchased under P4P pro-smallholder modalities. The detailed procurement data includes information on contracted amounts, on quantities actually delivered and defaulted by country, by P4P procurement modality, by vendor typology and by commodity.

The report contains the following information:

- I. GLOBAL PROCUREMENT ANALYSIS [pages 3-6]**
 1. P4P purchases as a percentage of total purchases in P4P countries (P4P/non-P4P) [2010, 2011, and 2012 - WINGS]
 2. Total P4P contracted & delivered amounts by origin & destination countries (Sept 2008 - Jun 2012)
 3. P4P contracted and delivered amounts (Sept 2008 – Jun 2012) by year, quarter and metric tons

¹ Laos has not yet submitted Quarterly reports as P4P has not yet started in Laos. Laos conducted a P4P assessment in early 2010 with funding from Luxembourg, but is still seeking for funds for P4P implementation. The Country Implementation Plan has been approved.

II. ANALYSIS OF P4P CONTRACTS BREAKDOWN [pages 7-14]

Cumulative P4P contacts (Sept 2008 – 30 June 2012)

1. by P4P activity or procurement modality
2. by vendor typology
3. by commodity

III. ANALYSIS OF DEFAULT & DELIVERY DELAYS [pages 15-23]

Default and Deliveries delays (Sept 2008 – 30 June 2012)

1. default by country
2. default by P4P activity or procurement modality
3. default by vendor typology
4. delivery delays in P4P countries
5. Frequency of defaults

IV. ANALYSIS OF COSTS WITH RESPECT TO IMPORT PARITY PRICE [pages 24-25]

I. GLOBAL PROCUREMENT ANALYSIS

1. P4P purchases as a percentage of total purchases in P4P countries - 2010, 2011 & 2012 [WINGS2 data]

P4P Countries	2010				2011				1 st & 2 nd quarter 2012			
	Regular Local Purchase	P4P Purchases	In-country Total Purchases	% P4P	Regular Local Purchases	P4P Purchases	In-country Total Purchases	% P4P	Regular Local Purchase	P4P Purchases	In-country Total Purchases	% P4P
AFGHANISTAN	13,220	4,385	17,605	25%	22,251	1,184	23,435	5%	434	50	484	10%
BURKINA FASO	18,307	2,682	20,989	13%	6,697	57	6,755	1%	3,086	210	3,296	6%
DRC	14,872	5	14,877	0%	4,923	55	4,978	1%	6,914	0	6,914	0%
EL SALVADOR	4,855	2,454	7,310	34%	3,204	643	3,847	17%	1,132	1,214	2,346	52%
ETHIOPIA	234,252	16,074	250,326	6%	82,773	2,520	85,293	3%	32,982	35,870	68,852	52%
GHANA	11,225	1,024	12,249	8%	6,710	-	6,710	0%	5,331	1,162	6,493	18%
GUATEMALA	10,036	5,676	15,712	36%	8,073	2,001	10,073	20%	2,926	1,285	4,210	31%
HONDURAS	14,281	4,663	18,943	25%	22,285	7,518	29,803	25%	7,739	1,655	9,394	18%
KENYA	57,578	4,215	61,794	7%	52,974	3,592	56,566	6%	15,002	901	15,903	6%
LIBERIA	-	584	584	100%	-	150	150	100%	2,545	668	3,213	21%
MALAWI	28,894	11,635	40,530	29%	90,208	12,522	102,731	12%	8,869	0	8,869	0%
MALI	10,845	4,911	15,756	31%	14,002	4,804	18,805	26%	8,144	1,767	9,911	18%
MOZAMBIQUE	17,915	2,247	20,162	11%	28,944	2,492	31,436	8%	1,513	3,034	4,547	67%
NICARAGUA	3,636	1,629	5,265	31%	2,007	93	2,100	4%	1,725	426	2,151	20%
RWANDA	6,956	2,940	9,896	30%	6,076	3,026	9,102	33%	8,495	1,085	9,580	11%
SIERRA LEONE	100	207	307	67%	65	148	213	69%	0	398	398	100%
SOUTH SUDAN		58	58	100%		509	509	100%	0	525	525	100%
TANZANIA	29,804	3,616	33,420	11%	60,560	4,300	64,860	7%	89,104	1,719	90,823	2%
UGANDA	113,483	3,224	116,706	3%	38,283	1,772	40,055	4%	7,265	1,702	8,968	19%
ZAMBIA	4,686	17,095	21,781	78%	30,718	745	31,464	2%	58,784	0	58,784	0%
Grand Total	594,946	89,323	684,269	13%	480,753	48,132	528,885	9%	261,988	53,670	315,658	17%

Note: source is WINGS2 for 2010, 2011 & 2012; data for P4P in 2009 are not complete in WINGS 2, as the P4P flag was only introduced in late 2009. It must also be noted that there are minor changes on the statistics of the 2009, 2010 and 2011 data since defaults have now been excluded from the WINGS database.

The initial target of the P4P pilot programme was to purchase at least 10% of total food procurement in each pilot country through P4P modalities in the first year of implementation. This percentage was expected to increase gradually as targeted farmers' organizations (FOs) and small and medium-scale traders build their capacities to respond to the WFP market (and other quality buyers) with adequate quantity & quality.

- While **the increase from 2009 to 2010** was largely due to the increased number of P4P pilot countries starting implementation, especially "large" countries such as Ethiopia which started implementation only in 2010, the initiation of P4P purchase through the Malawi Agriculture Commodity Exchange (ACE), and to a generally "good" harvest year, the **significant drop in P4P purchases in 2011** was mainly due to:
 - The **drought in the Horn of Africa**, which triggered scarcities of cereals in the region amid price volatility, making local purchases difficult (and not recommended so as not to drive up local prices where supplies were scarce), and triggering defaults on existing contracts as individual farmers decided to sell individually at higher prices instead of selling through their organizations. Contracted amounts dropped from 19,374mt in Ethiopia and almost 13,000mt in Kenya in 2010, to just 4,000mt and 5,879mt respectively in 2011. And on smaller quantities contracted, an important share was defaulted due to price volatility.
 - **Government intervention on grain markets**, particularly the massive purchases from the Zambian Food Reserve Agency (FRA) at above market prices prior to the 2011 elections. This literally halted P4P purchases in Zambia in 2011 (Zambia had contracted and delivered 11,651mt of commodities in 2010, mainly through the Commodity Exchange, but managed to contract only 745mt in 2011), since FRA was holding all stocks, thereby limiting trade through the Commodity Exchange.
- **In 2012, P4P is seeing an increase in purchases**, having already contracted more in the first two quarters than throughout the entire year of 2011. The increase in contracted quantity is mainly due to the forward delivery contracts signed by the Ethiopia Country Office and nine other P4P countries signing contracts over 1000mt. Especially Mozambique with over 3000mt and Uganda, Tanzania and Mali with over 1,700mt each are making large strides in smallholder procurement this year. The Central American countries have signed multiple contracts, with over 4,500mt being procured from smallholder farmers so far in 2012.

2. Total P4P contracted and delivered amounts by origin and destination countries (Sept 2008 - June 2012)

Origin Country	Destination Country	Sum of Quantity contracted (mt)	Sum of Delivered Quantity (mt)
Afghanistan	Afghanistan	5,619	5,617
Burkina Faso	Burkina Faso	4,332	3,682
DRC	DRC	227	60
El Salvador	El Salvador	4,301	4,300
Ethiopia	Ethiopia	59,284	19,013
Ghana	Ghana	2,186	2,186
Guatemala	Guatemala	17,648	10,713
Honduras	Honduras	19,875	16,328
Kenya	Kenya	20,951	8,576
Liberia	Liberia	1,725	649
Malawi	Malawi	20,002	17,247
	Mozambique	3,775	3,759
	Zambia	379	354
Mali	Cote d'Ivoire	2,168	2,168
	Mali	9,808	7,845
	Niger	1,000	1,000
Mozambique	Mozambique	16,363	8,150
Nicaragua	Nicaragua	2,743	2,165
Rwanda	Rwanda	7,625	3,142
Sierra Leone	Sierra Leone	1,649	734
South Sudan	South Sudan	1,999	367
Tanzania	Tanzania	16,107	7,206
Uganda	Uganda	17,663	11,446

Zambia	DRC	6,579	6,579
	Zambia	14,760	14,735
	Zimbabwe	1,411	1,411
Grand Total		260,177	159,430

Commodities purchased through P4P modalities are mostly used for WFP operations within the same country, such as school feeding, food-for-work, nutrition programmes or refugee rations. In some cases, commodities purchased through P4P modalities have been exported for WFP operations in neighbouring countries. This is the case of purchases through the Zambia and Malawi Commodity Exchanges, which have been increasingly being used for regional purchases, and of purchases from a high capacity farmers' federation in Mali (Faso Jigi), which was been contracted for the Niger emergency in 2010 and for the Cote d'Ivoire emergency in 2011.

TRENDS IN CONTRACTED & DELIVERED AMOUNTS, 2008-2012 [Procurement Tracking System]

3. P4P contracted and delivered quantities (Sept 2008 – Jun 2012) by year, metric tons

Countries	Sept. 2008 - Dec 2011		2012		Grand Total of Quantity contracted (mt)	Grand Total of Delivered Quantity (mt)
	Total Quantity contracted (mt)	Total Delivered Quantity (mt)	Total Quantity contracted (mt)	Total Delivered Quantity (mt)		
Afghanistan	5,569	4,970	50	0	5,618	4,970
Burkina Faso	4,288	3,472	210	210	4,331	3,681
DRC	227	60			227	60
El Salvador	3,087	3,086	1,214	1,214	4,300	4,300
Ethiopia	23,414	17,833	35,870	620	59,284	18,453
Ghana	1,024	1,024	1,162	0	2,186	1,024
Guatemala	16,363	9,480	1,284	1,088	17,648	10,568
Honduras	18,220	13,533	1,165	1,389	19,874	14,923
Kenya	20,050	8,067	901	508	20,951	8,576
Liberia	1,057	649	668	0	1,725	649
Malawi	24,156	21,359			24,156	21,359
Mali	11,161	10,338	1,767	675	12,976	11,013
Mozambique	13,328	7,588	3,034	200	16,362	7,787
Nicaragua	2,317	1,972	425	192	2,742	2,164
Rwanda	6,540	3,142	1,085	0	7,625	3,142
Sierra Leone	1,201	506	448	228	1,648	733
South Sudan	1,474	367	525	0	1,998	367
Tanzania	14,388	7,206	1,719	0	16,106	7,205
Uganda	15,960	11,355	1,702	90	17,662	11,445
Zambia	22,750	22,725			22,750	22,725
Total	206,575	148,734	53,720	6,415	260,177	159,429

Source: data extracted from the Procurement Tracking System Database on 01st august 2012 and cleared by ODPF

NOTE: 2 main sources of discrepancies between WINGS and Food Procurement Tracking System:

- i. **The dates linked to a particular contract are not the same:** in WINGS the date is the Purchase Order (PO) creation date (and this may happen several days after receiving authorization from HQ to proceed with local purchase), while in the Procurement Tracking System, the date is the "Approval date" (i.e. when the Country Office (CO) gets authorization to proceed with the local purchase), and more precisely, the date in which the CO ticks the "approved" box in the system (this may happen a few days

after receiving authorization; whether it happens before or after the creation of the PO in WINGS depends on how thorough is the CO in updating the Procurement Tracking System). While this divergence on dates should not affect the cumulated amounts over a long period of time, it does affect purchases towards the end of the year.

- ii. WINGS shows the **outstanding contracts** at the time the data are extracted, while the Procurement Tracking System shows the **first contracted amount**, even if the quantity has since then been revised downwards. Therefore, if a contract with a vendor X has been reduced from 100 to 80 because the vendor is unable to provide the full amount, only 80 will appear as the final outstanding contract with the vendor in WINGS, whereas the Procurement tracking system will show the initial contracted amount of 100, and will show 20mt as default. The WINGS database “loses” the information on defaults, while the Procurement tracking systems shows the original contract, and tracks the actual deliveries and defaults.

Since the launch of the P4P pilot initiative in September 2008 through 30 June 2012, **260,177 mt** of commodities have been contracted. Maize, beans, sorghum, maize meal, rice, wheat and CSB are the top seven commodities purchased that constitute 99% of the total purchase from FOs, small and medium-scale traders, food manufacturers, Commodity Exchanges and WRS in the 20 P4P pilot countries. There are also smaller amounts of high energy biscuits, high energy supplements, cassava flour and vegetable oil that have been **contracted** under P4P.

Out of **260,177mt contracted**, as of 30 June 2012, **159,429mt have been delivered** to WFP.

Commodities	Total Quantity contracted (mt)	Cumulative %
Maize	193,144.30	74.24%
Beans	21,637.72	8.32%
Maize meal	12,811.45	4.92%
Rice	9,173.60	3.53%
Sorghum	8,691.20	3.34%
Millet	4,879.70	1.88%
Wheat	4,701.50	1.81%
Corn-Soya Blend (CSB)	3,121.80	1.20%
High Energy Biscuits	1,575	0.35%
Milk-UHT	351	0.25%
Cassava Flour	50	0.13%
Vegetable Oil	40	0.02%
Total	260,177	100.0%

II. ANALYSIS OF P4P CONTRACT BREAKDOWN

Note: The tables below report the contracted amount, not the actual delivered amount from P4P vendors: contracts are usually signed a couple of months prior to the expected delivery to allow vendors to bulk and grade the commodities according to WFP standards. The commodities are purchased by WFP (and paid for) only when WFP uplifts the commodities, after the clearance from the independent superintendent company charged with certifying the quality of the commodity, and all documents are received by WFP to process payment.

1. Cumulative P4P Contracts by P4P activity (Sept 2008 – 30 June 2012)

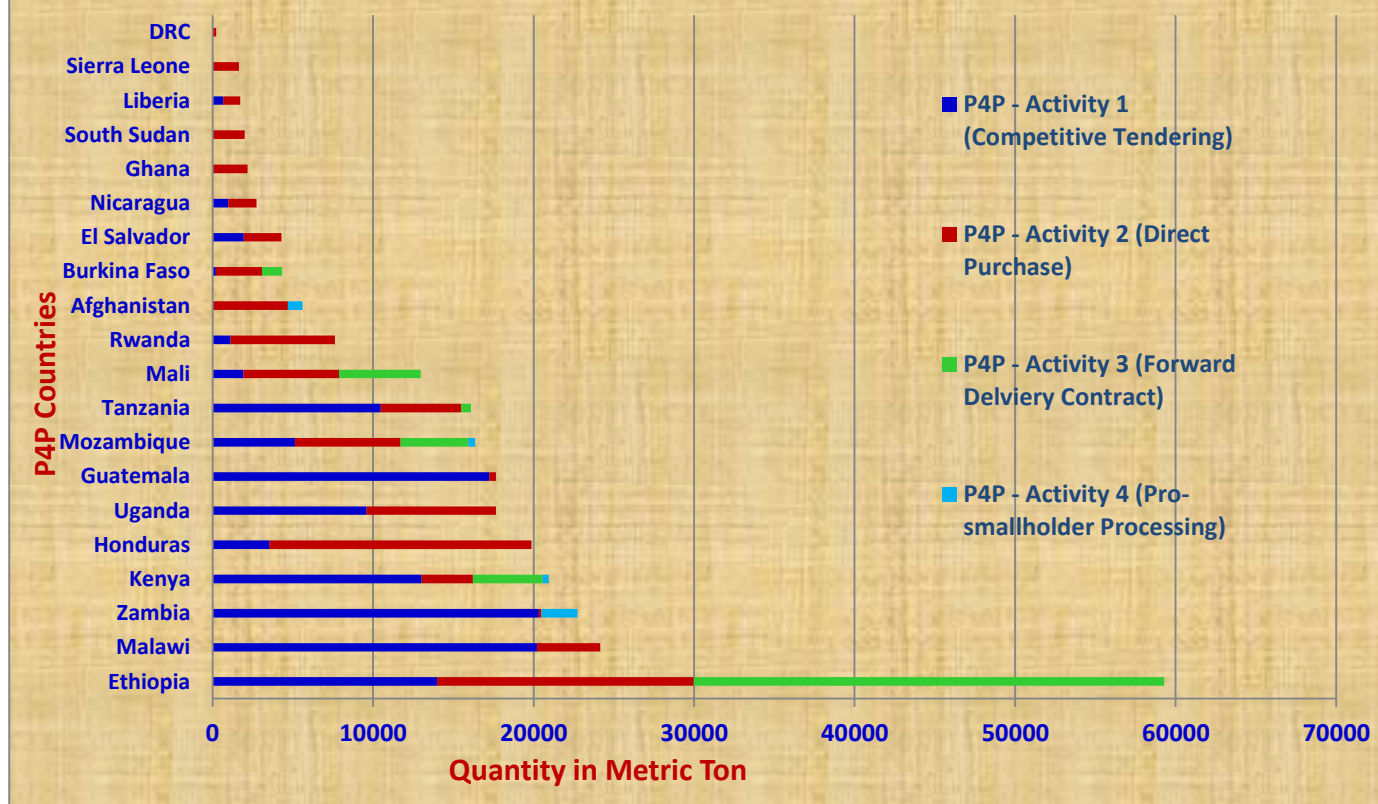
Region	Origin Country	P4P - Activity 1 (Competition)	P4P - Activity 2 (Direct Contract)	P4P - Activity 3 (Forward Delivery Contract)	P4P - Activity 4 (Processing Option)	Grand Total	% by Countries
Asia	Afghanistan		4,702		917	5,619	2.2%
Asia Total			4,702		917	5,619	2.2%
Central America	El Salvador	1,951	2,350			4,301	1.7%
	Guatemala	17,230	418			17,648	6.8%
	Honduras	3,565	16,310			19,875	7.6%
	Nicaragua	986	1,756			2,743	1.1%
Central America Total		23,732	20,834			44,566	17.1%
East & Southern Africa	DRC		227			,227	0.1%
	Ethiopia	13,994	15,990	29,300		59,284	22.8%
	Kenya	13,029	3,194	4,335	393	20,951	8.1%
	Malawi	20,201	3,954			24,156	9.3%
	Mozambique	5,130	6,591	4,230	412	16,363	6.3%
	Rwanda	1,131	6,494			7,625	2.9%
	South Sudan		1,999			1,999	0.8%
	Tanzania	10,487	5,019	600		16,107	6.2%
	Uganda	9,594	8,069			17,663	6.8%
Zambia	20,319	166		2,265	22,750	8.7%	
East & Southern Africa Total		93,885	51,704	38,465	3,070	187,125	71.9%
West Africa	Burkina Faso	210	2,865	1,256		4,332	1.7%
	Ghana		2,186			2,186	0.8%
	Liberia	668	1,057			1,725	0.7%
	Mali	1,923	5,961	5,092		12,976	5.0%
	Sierra Leone		1,649			1,649	0.6%
West Africa Total		2,801	13,718	6,348		22,868	8.8%
Grand Total		120,419	90,958	44,813	3,987	260,177	100.0%
% by activity		46.28%	34.96%	17.22%	1.53%	100%	

Source: data extracted from the Procurement Tracking System Database on 01st Aug 2012 and cleared by ODPF

Breakdown by region and country

- 72% was contracted in Eastern and Southern Africa, followed by the Central America region (17%), West Africa (9%) and Asia (2%).
- In **Central America, Honduras** has substantially increased tonnages purchased in the course of 2012 (most of it for the National School Feeding Programme), and ranks first in the region with 19,875mt contracted (7.6% of all P4P contracts), followed by **Guatemala** with 17,648mt or 6.8% of total contracts. **El Salvador** and **Nicaragua** each account for 1.7% and 1.1% of the total P4P contracts respectively.
- In **Eastern and Southern Africa, Ethiopia, Malawi, and Zambia** are the top three countries in terms of tonnages contracted, followed by **Kenya and Uganda**.
 - **Ethiopia** comes first with 59,284mt (22.8% of the total contracts);
 - **Malawi** comes second with 24,156mt (of which 20,153mt or 83% through the Agricultural Commodity Exchange for Africa), (9.3% of total P4P contracts);
 - **Zambia** comes third (22,750mt or 8.7% of total contracts). Zambia ranked first in terms of tonnages in 2009 and 2010 (due to substantial purchases through the Commodity Exchange), but Zambia has been surpassed by **Ethiopia** and **Malawi** since 2011 as Zambia reduced purchases substantially due to the Food Reserve Agency (FRA) intervention in the maize market.
 - **Kenya** comes fourth (20,951mt or 8.1% of total contracts), although 56% has been defaulted.
 - **Uganda** comes fifth in the region, with 17,663mt that constitutes 6.8% of total contracts. As in the case of Zambia, P4P purchases in **Uganda** have been significantly decreasing since 2009. In terms of contracted quantity, **Zambia** and **Uganda** were first and second in 2009 and 2010 respectively.
- In **West Africa, Mali** continues to be the first country in terms of tonnages contracted (and delivered), with 12,976mt contracted that accounts for 5.0% of the total, followed by **Burkina Faso** (4,332mt or 1.7% of total P4P contracts). The other countries in West Africa have purchased very small amounts. **Ghana** is the only country to have a 100% delivery rate at 2,186mt contracted and fully delivered. Having only one purchasing season in the year and the challenging post-conflict environment in **Liberia** and **Sierra Leone** have greatly constrained local purchase activities.

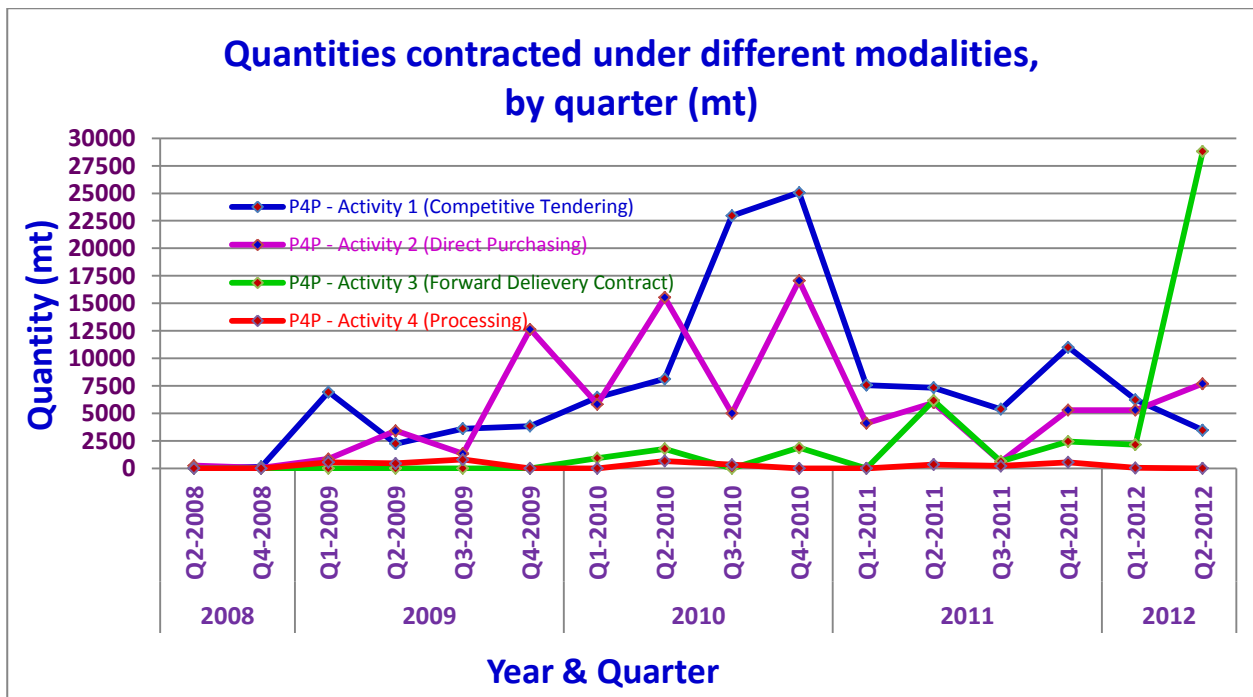
Contracted quantities (metric tons) by purchase modality & by country Sept. 2008 - Jun. 2012



Breakdown by P4P activity

- Of total quantity, 46.28% (120,419mt) was contracted through **competitive processes** (mainly “pro-smallholder competition”). Most countries have, to a different extent, used the soft tendering modality, although five countries (Afghanistan, DRC, Ghana, S. Sudan and Sierra Leone) have not used this modality.
- 34.96% (90,958mt) was contracted through **direct contracts**, mainly from FOs, but in some instances from Agents/agro-dealers (Kenya, Mozambique and Sierra Leone) and NGOs (DRC, Zambia). All 20 P4P countries engaged in contracting have (to various extents) employed the direct contracting modality, mostly with farmer organisations.
- The use of **forward delivery contracts** has risen to 17.22% (44,813mt) in the 2nd quarter 2012 due to the modality being implemented on a growing scale in Ethiopia. Burkina Faso, Kenya, Mali and Mozambique had previously also used this modality, yet to a smaller scale (15,935mt in total).
- 1.53% (3,987mt) were purchases of **processed foods** (supporting pro-smallholder processing options) including high energy supplements (Zambia), high energy biscuits (Afghanistan), maize meal and corn soya blend in Kenya, Mozambique and Zambia².

² When the purchase of processed commodities occur through Commodity Exchanges (rather than directly through manufacturers/processors), the purchase is classified as “P4P/Activity 1- Competitive processes” and hence does not appear in this classification. Maize Meal purchased through ZAMACE in Zambia and ACE in Malawi, appears under “activity 1” rather than under “activity 4”.



At the beginning of P4P (early 2009), pilot countries used pro-smallholder competitive modalities (soft tendering) rather than the other modalities, which were “new” in the WFP business process, and guidance had not yet been issued (particularly for forward delivery contracts- activity 3). Through the “writeshop” process, it became apparent that WFP offices were more comfortable with the more familiar and less time consuming competitive processes as opposed to the “new” procurement modalities.

This was quickly over-taken by the direct contracting modality in the second half of 2009 and first half of 2010, as more countries started implementation and started purchasing from low capacity FOs, for which the competitive modalities were not deemed appropriate.

The use of competitive modalities (soft tenders) has increased over time (particularly during 2010), which is consistent with the expectation that P4P vendors should “transition” to competitive modalities as they build their capacities to respond to the WFP market. Nevertheless, this increase in weight of “competitive modalities” is more a reflection of an increase in purchases through Commodity Exchanges in Zambia, and more recently in Malawi (which are competitive by definition), rather than a reflection of an increase in capacities of most of the P4P FOs. The increase in competitive tendering didn’t affect the use of direct contracts which remained stable throughout.

In 2011, there was an increase in the use of forward delivery contracting (contracting for risk reduction), as more countries experimented with this new modality. In 2012 Ethiopia has now scaled up its use of the forward delivery contract modality, contracting over 28,000mt in the 2nd Quarter 2012 from 16 cooperative unions in close collaboration with the government.

2. Total P4P contracts by Vendor typology (Sept 2008 – 30th June 2012)

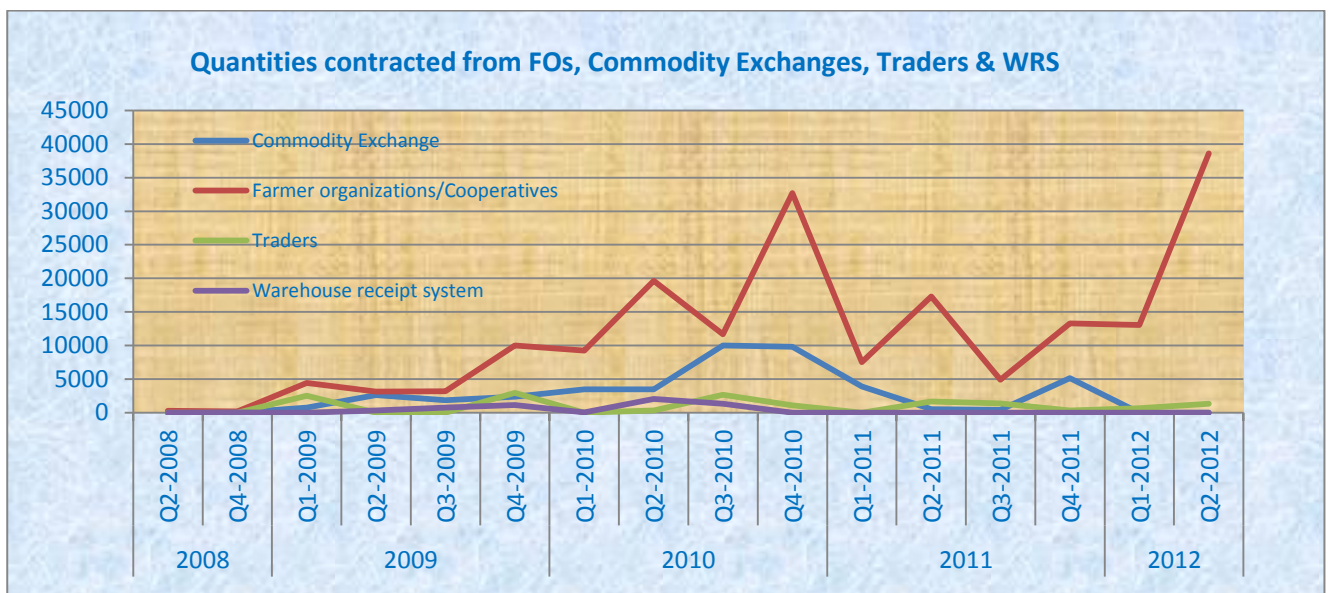
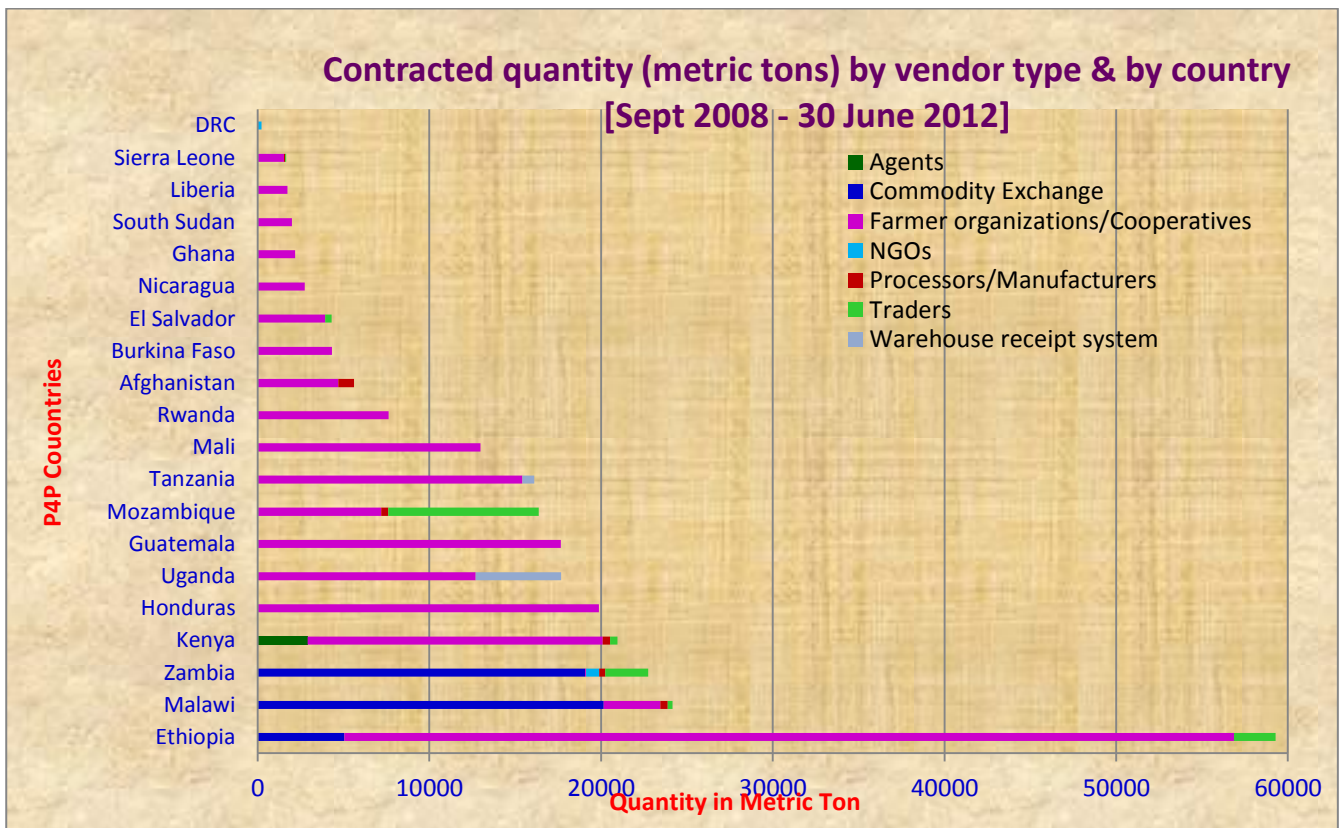
Origin Countries	Origin Country	Commodity Exchange	Farmer organizations/ Cooperatives	NGOs	Traders / Agents	Warehouse receipt system	Processors/ Manufacturers	Grand Total
Asia	Afghanistan		4,701				917	5,619
Asia Total			4,702				917	5,619
Central America	El Salvador		3,937		363			4,301
	Guatemala		17,648					17,648
	Honduras		19,874					19,875
	Nicaragua		2,742					2,743
Central America Total			44203		363			44,566
East & Southern Africa	DRC			227				227
	Ethiopia	5,051	51,813		2,420			59,284
	Kenya		17,191		3,327		433	20,951
	Malawi	20,153	3,307		276		419	24,156
	Mozambique		7,197		8,754		412	16,363
	Rwanda		7,625					7,625
	South Sudan		1,999					1,999
	Tanzania		15,420			687		16,107
	Uganda		12,699			4,963		17,663
Zambia	19,062	66	758	2,513		351	22,750	
East & Southern Africa Total		44,266	117,318	985	17,290	5,650	1,615	187,125
West Africa	Burkina Faso		4,331					4,332
	Ghana		2,186					2,186
	Liberia		1,725					1,725
	Mali		12,976					12,976
	Sierra Leone		1,528		45		75	1,649
West Africa Total			22,748		45		75	22,868
Grand Total		44,266	188,971	985	17,698	5650	2,607	260,177
% by activity		17%	73%	1%	6%	2%	1%	100%

Source: data extracted from the Procurement Tracking System Database on 1st August 2012 and cleared by ODPF

Breakdown by vendor type or procurement platform

- 72.63% (188,971mt) was contracted with **Farmers' Organizations** (FOs), whether through tendering, direct or forward delivery contracts, across all pilot countries. For some countries (Guatemala, Honduras, Nicaragua, Burkina Faso, Ghana, Liberia and Rwanda), FOs are the only entry point, while it is the main entry point for many countries.
- 17% (44,266mt) was contracted through **Commodity Exchanges** in Ethiopia (5,051mt), Malawi (20,153mt) and Zambia (19,062mt). Purchases through the Ethiopia and Zambia Commodity Exchanges ceased in 2011 (due to the drought in the Horn of Africa and massive purchases from the National Food Reserve Agency at above market price in the case of Zambia, which crowded out all private traders), while they have increased through the Malawi Commodity Exchange.
- 6.8% (17,698mt) was contracted through **small & medium traders and agents** such as agro-dealers, mainly in Mozambique (8,754mt), Kenya (3,327mt), Zambia (2,513mt), and Ethiopia (2,420mt). Small-scale Traders represent a key entry point in the P4P country strategies in these four countries.
- 2.17% (5,650mt) was contracted through different forms of **warehouse receipt systems (WRS)** in Uganda (4,963mt) and Tanzania (687mt). Malawi and Zambia are also working towards establishing warehouse receipt systems. Ethiopia has already established a WRS which is operated by the Ethiopian Commodity Exchange (ECX) but P4P targeted groups have not yet started using it.

- 0.4% has been procured through **NGOs** (DRC & Zambia) and 1% directly from **processors** (purchase of high energy biscuits in Afghanistan, CSB in Kenya, Malawi & Mozambique, and cassava flour in Sierra Leone).



As shown on the chart, farmers' organizations, commodity exchanges, small & medium scale traders, and warehouse receipt systems are the four top suppliers of commodities (contracted quantity) under P4P that constitute 72%, 17%, 6% and 2% respectively.

3. Cumulative P4P contracts by commodity (Sept 2008 - 30th June 2012)

Countries	Maize	Rice	Pulses	Other Cereals (sorghum, millet, wheat)	Processed Food ³ (flours, UHT-milk, veg. oil)	Blended Foods ⁴ (CSB, HEB, HES)	Grand Total
Afghanistan				4,702		917	5,619
Burkina Faso	1,341		535	2,456			4,332
DRC	227						227
El Salvador	4,227		74				4,301
Ethiopia	56,943		2341				59,284
Ghana	2,186						2,186
Guatemala	17,078		570				17,648
Honduras	14,582		5,293				19,875
Kenya	15,046	40	1,527	3,945		393	20,951
Liberia		1,725					1,725
Malawi	15,383		2,708		3,823	2,242	24,156
Mali		5,905	184	6,887			12,976
Mozambique	12,173		3,778			412	16,363
Nicaragua	2,723	20					2,743
Rwanda	5,989		1,636				7,625
Sierra Leone		1,484			90	75	1,649
South Sudan	1,716			283			1,999
Tanzania	14,104		2,003				16,107
Uganda	16,977		686				17,663
Zambia	12,450		303		9,339	658	22,750
Grand Total	193,144	9,174	21,638	18,272	13,252	4,697	260,177
% by commodity	74%	4%	8%	7%	5%	2%	100%

Source: data extracted from the Procurement Tracking System Database on 01st august 2012 and cleared by ODPF

Breakdown by commodity

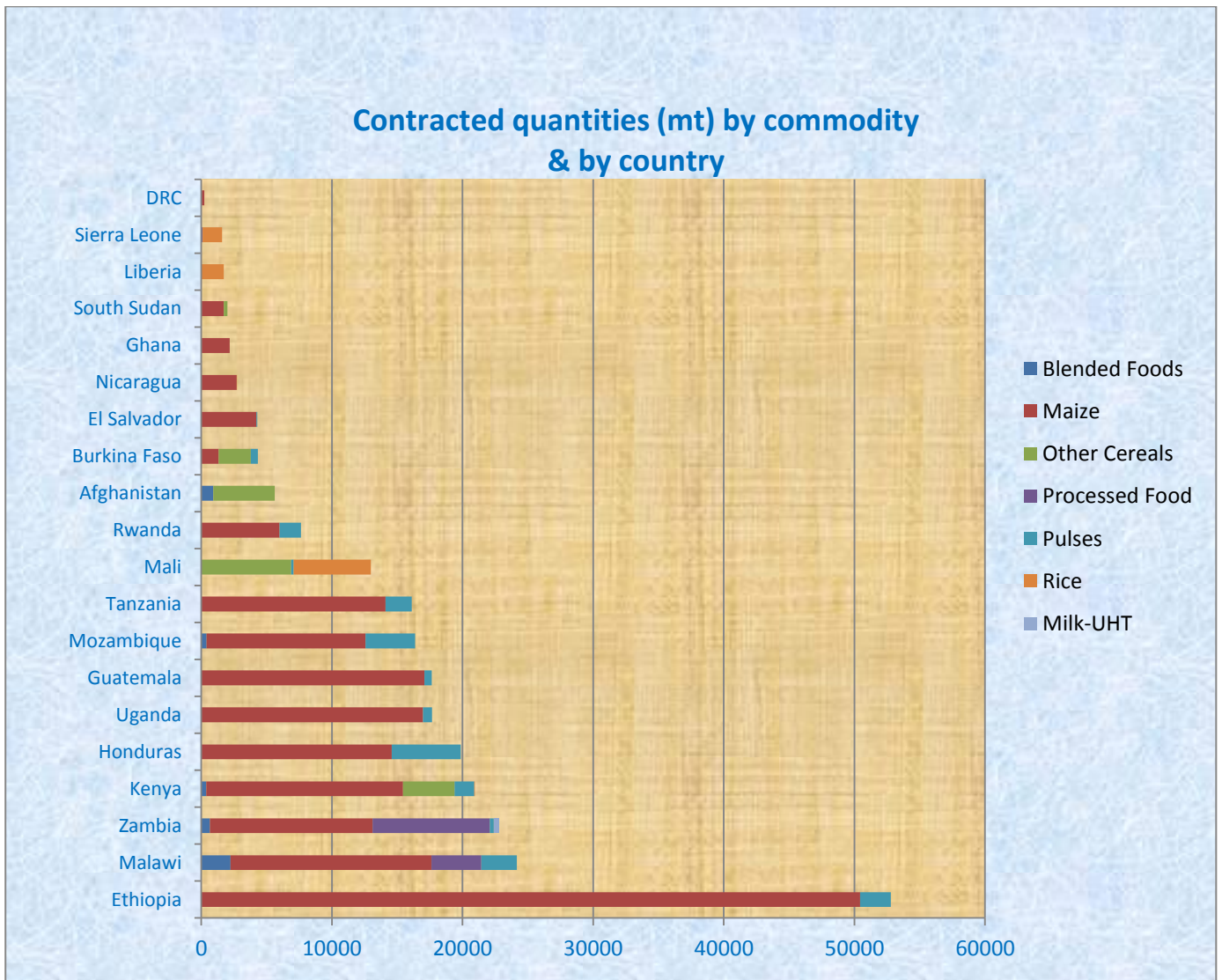
- The commodities purchased under P4P have been diversifying since the start of P4P, although maize remains the primary commodity purchased. In 2009, fortified blended commodities represented less than 700mt; fortified commodities now represent more than 4,500mt (or 2% of total purchases) which indicates that the capacities of FOs have been increasing. Small amounts of new commodities were purchased in 2011 which include cassava flour and vegetable oil in Sierra Leone, and UHT milk in Zambia.
- **Maize grain** accounts for 74% of all P4P contracts (193,144mt), and if we include **Maize Meal** (12,811mt), maize accounts for 79% of all P4P contracts. Maize grain has been purchased in most countries, except Afghanistan, Liberia, Mali, and Sierra Leone.
- **Pulses** (beans, red beans, white beans, peas, cowpeas) account for 8% of total P4P contracts

³ UHT - Ultra High Temperature Milk, Veg. Oil – Vegetable Oil, flours – maize meal and cassava flour

⁴ CSB – Corn Soya Blend, HEB – High Energy Biscuits, and HES – High Energy Supplements

(21,638mt). Most of the pulses are procured in Eastern and Southern Africa, while purchases of pulses have been constrained by high prices (above Import Parity) in the Central American region, and availability in the Eastern & Southern African countries (in 2011 they bought only 68% of what they bought in 2010).

- Afghanistan purchases **wheat**, while **sorghum & millet** are purchased mainly in Burkina Faso, Kenya, Mali and South Sudan.
- **Fortified commodities and blended foods** including Corn Soya Blend (CSB), High energy Supplements (HESs) and High Energy Biscuits (HEBs) together represent 2% of total P4P contracts as of 30st June 2012 (4,697mt), and were procured in Afghanistan, Kenya, Malawi, Mozambique and Zambia. **CSB+** was procured in Sierra Leone.

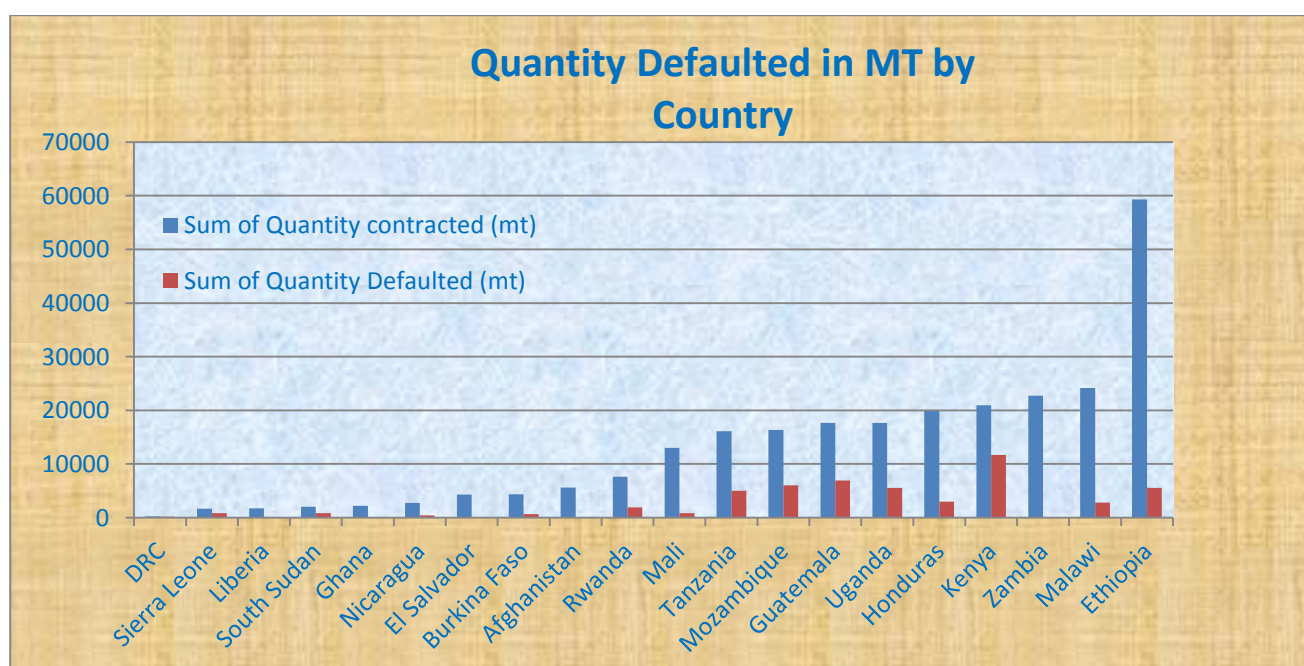


III. ANALYSIS OF DEFAULTS

Note: the defaults analysis is performed only on contracts already finalized (i.e, without pending deliveries)

1. Deliveries and defaults by country (delivery completed), (Sept 2008 – 30 June 2012)

Countries	Sum of Quantity contracted (mt)	Sum of Quantity Defaulted (mt)	% Confirmed Defaulted
Afghanistan	5,619	1	0%
Burkina Faso	4,332	650	15%
DRC	227	167	74%
El Salvador	4,301	1	0%
Ethiopia	59,284	5,570	9%
Ghana	2,186	0	0%
Guatemala	17,648	6,920	39%
Honduras	19,875	2,958	15%
Kenya	20,951	11,693	56%
Liberia ⁵	1,725	65	4%
Malawi	24,156	2,797	12%
Mali	12,976	804	6%
Mozambique	16,363	6,051	37%
Nicaragua	2,743	412	15%
Rwanda	7,625	1,925	25%
Sierra Leone	1,649	840	51%
South Sudan	1,999	845	42%
Tanzania	16,107	4,981	31%
Uganda	17,663	5,535	31%
Zambia	22,750	25	0%
Grand Total	260,177	52,239	20%



⁵ The data for Liberia is under revision and the default rate may be significantly higher

2. Deliveries and defaults by P4P activity (delivery completed), (Sept 2008 – 30 June 2012)

Activities	Sum of Quantity	Sum of Delivered Quantity	Sum of Balance to be delivered	Sum of Quantity Defaulted	% Confirmed Defaulted
P4P - Activity 1 (Competitive Tendering)	120,419	84,502	5,952	30,681	25%
P4P - Activity 2 (Direct Purchasing)	90,958	60,364	11,898	18,696	21%
P4P - Activity 3 (Forward Delivery Contracts)	44,813	10,578	30,660	2,860	6%
P4P - Activity 4 (Processing)	3,987	3,986	0	1	0%
Grand Total	260,177	159,430	48,509	52,239	20%

3. Deliveries and defaults by vendor typology (delivery completed), (Sept 2008 – 30 June 2012)

Nature of Business	Sum of Quantity	Sum of Delivered Quantity	Sum of Quantity Defaulted	% Confirmed Defaulted
Agents	2,907	915	1,992	69%
Commodity Exchange	44,266	43,261	1,003	2%
Farmer organizations/Cooperatives	188,971	97,659	43,191	23%
NGOs	985	818	167	17%
Processors/Manufacturers	2,607	2,556	1	0%
Traders	14,791	10,184	4,269	29%
Warehouse receipt system	5,650	4,036	1,614	29%
Grand Total	260,177	159,430	52,239	20%

Source: data extracted from the Procurement Tracking System Database on 01st August 2012 and cleared by ODPF

- Of the 260,177mt of food contracted since September 2008, **159,430mt** (61%) was delivered, **52,239mt (20%)** was **confirmed defaulted**, and the remaining **48,509mt** (19%) is still to be delivered.
- In absolute terms, **Kenya, Guatemala, Uganda, Mozambique, Ethiopia, and Tanzania** have had the highest volumes defaulted over 11,500mt, 6,900mt, 6,000mt, 5,500mt and 4,900mt respectively. These are all countries where WFP is traditionally a large buyer, and where overall local procurement tonnages (both P4P & non-P4P) are high.
- In relative terms, if one considers the percentage of default as compared to the total quantity contracted, DRC, Kenya, Sierra Leone, South Sudan, Guatemala and Mozambique are the first six countries with 74%, 56%, 51%, 42%, 39% and 37% of default respectively.
 - **Kenya, Mozambique, Uganda and Guatemala** have high default rates in both absolute and relative terms: they contract a lot and have consistently defaulted a lot throughout the 3 years of P4P implementation.
 - **South Sudan and Sierra Leone** have high default rates in relative terms; they have managed to contract very little due to challenging post-conflict environment, but the little they contracted was affected by significant defaults.
 - In **DRC**, the very high defaults reflect the fact that FOs under the P4P plan to sell to small traders organized through P4P rather than to WFP, which is a positive outcome in itself given the particular P4P goal in DRC (re-establishing trader networks and linking P4P FOs to traders, while WFP acts as buyer of last resort – only buying if there are surpluses unsold after the trading season).

4. Delivery delays in P4P countries

There have been substantial delays encountered when considering the planned and actual delivery dates especially by medium and small capacity farmers' organizations owing to reasons such as: lack of experience to execute WFP contracts, recurrent appearance of live insects, lack of experience on re-bagging activity, shortage of storage space, high moisture content, etc.

Row Labels	Average of Delivery Days	Average of days delayed	% of contract completed on time	Number of contracts*
Afghanistan	116	87	0%	9
Burkina Faso	20	-4	64%	34
Congo, D.R.	44	-9	90%	10
El Salvador	40	30	14%	35
Ethiopia	88	48	16%	77
Ghana	39	8	75%	16
Guatemala	41	22	31%	77
Honduras	55	34	10%	72
Kenya	105	70	18%	115
Liberia	346	137	25%	8
Malawi	46	30	17%	24
Mali	46	3	61%	90
Mozambique	110	62	6%	47
Nicaragua	23	19	0%	1
Rwanda	113	67	31%	19
Sierra Leone	51	20	22%	55
South Sudan	65	8	0%	3
Tanzania	92	26	0%	10
Uganda	71	27	0%	8
Zambia	66	30	0%	15
Grand Total	71	34	24%	725

Source: data extracted from the Procurement Tracking System Database on 01st August 2012 and cleared by ODPF. *Data not available for all contracts. Data collection is on-going.

The average time frame for deliveries ranges from nine days prior to deadline (**DRC**) up to a maximum of 346 days (**Liberia** – decided to keep the contract open for the next harvesting season instead of declaring default). In general, P4P contracts have an average delay of 34 days worldwide. Country Offices, in collaboration with partners, have been exerting utmost effort to address this issue.

5. Frequency of default reasons.

In previous sections defaults have been explained by country, by commodity, by vendor typology, and P4P activities. This section explains the reasons of defaults since the start of P4P. P4P Coordination Unit in collaboration with the WFP procurement unit has developed a comprehensive reporting system that enables tracking of all procurement related data from the Food Procurement Tracking System (FPTS). Accordingly, defaults have been classified into high level reasons and specific reasons, and each high level reason has specific reasons related to it. The table below gives details for reasons of default since the beginning of P4P in 2008.

High Level Reason	Specific Reason	Total (mt)	%age
Related to Local Environment	Climatic Conditions	3,463	
	Non-availability of the required quantity	451	
	Poor Infrastructures	1,592	
	Social and Political disturbances	69	
	Volatility of Market Prices	4,662	
	OTHER	17	
	Total _ Related to Local Environment		10,253
Related to Supplier's Capacity	Difficulty in organizing transport by the supplier	14	
	Miscalculation of the Marketing Costs	800	
	No aggregation	3,809	
	No/Late/insufficient Access to Credit	5,178	
	Poor/insufficient storage	1,000	
	Processing Losses	523	
	Side selling by the supplier during aggregation	18,385	
	Partner not providing expected technical support to the supplier	9	
	OTHER	384	
Total _ Related to Supplier's Capacity		30,101	57.6
Related to the Quality	Broken/Damaged Grains	2,557	
	High Moisture	149	
	High Rate of Aflatoxin	1,921	
	Infestation/Impurities	6,070	
	OTHER	112	
Total _ Related to the Quality		10,809	20.7
Related to WFP's Procurement/Logistics Process	Delay in Arranging Transport by WFP	55	
	Delay in Supplying Bags	693	
	Late Contract Signature	275	
	Unavailability of Funds to cover price increases in Forward Delivery Contracts	52	
Total _ Related to WFP's Procurement/Logistics Process		1,075	2.1
Grand Total		52,239	100.0

Source: data extracted from the Procurement Tracking System Database for data till 30th June 2012 and cleared by ODPF; default reasons standardized manually. ** Reasons which are not standard and don't happen regularly.

Taking into consideration the high level reasons only, defaults related to supplier's capacity accounts for the highest share of 57.6%, followed by reasons related to quality 20.7%, related to local environment 19.6% and related to WFP's procurement/ logistics 2.1%.

The analysis supports the recognised need for a continued focus on institutional capacity development of the target groups to enable them execute WFP contracts successfully. So far P4P in collaboration with supply-side partners has been focusing on post-harvest handling, especially on enabling target groups to maintain WFP's quality standards. In the reporting quarter, WFP Ethiopia's recent signing of forward delivery contracts with 16 Cooperative Unions (CUs) includes an agreement with the supply-side partners to recruit a **Business Advisor** for each union.

Defaults related to quality account for 20.7% (10,800mt) as compared to the 22% (10,000mt) in the 4th quarter 2011 report. This marginal decrease is an indication that P4P and its partners' interventions towards quality improvement is showing signs of success.

Defaults related to local environment that are beyond the scope of target groups as well as WFP, account for 19.6%. It must be noted that the drought in the Horn of Africa in 2011 greatly reduced available surpluses in Kenya and Ethiopia. Kenya, Guatemala, Uganda, Mozambique, Ethiopia, and Tanzania have had the highest volumes of default, and these are all countries where WFP traditionally buys significant tonnages.

Ranking the specific default reasons in terms of overall tonnage defaulted:

Specific Reason	Total (mt)	%age Share
Side selling by the supplier during aggregation	18,385	35.2
Infestation/Impurities	6,070	11.6
No/Late/insufficient Access to Credit (affecting production and/or aggregation)	5,178	9.9
Volatility of Market Prices (food, fuel..)	4,662	8.9
No aggregation (lack of trust in the group, shortage of capital, farmers' high expectation, etc.)	3,809	7.3
Climatic Conditions	3,463	6.6
Broken/Damaged Grains	2,557	4.9
High Rate of Aflatoxin	1,921	3.7
Poor Infrastructures (related to transportation of food, excluding storage infrastructure)	1,592	3.0
Poor/insufficient storage	1,000	1.9
Miscalculation of the Marketing Costs	800	1.5
Delay in Supplying Bags	693	1.3
Processing Losses	523	1.0
OTHER	513	1.0
Non-availability of the required quantity	451	0.9
Late Contract Signature	275	0.5
High Moisture	149	0.3
Social and Political disturbances	69	0.1
Delay in Arranging Transport by WFP	55	0.1
Unavailability of Funds to cover price increases in Forward Delivery Contracts	52	0.1
Difficulty in organizing transport by the supplier	14	0.0
Partner not providing expected technical support to the supplier	9	0.0
Grand Total	52,239	100.0

- **Side selling by the supplier during aggregation:** Side selling by the supplier during aggregation represents 35.2% of total defaults (18,385mt). While P4P recognises that side selling has the potential to put more money in the pockets of the target groups, P4P aims to discourage such practices, especially once aggregation is complete. Further capacity building training on the importance of contract adherence can be helpful, as strengthened business ethics are important to ensure continuous competitive engagement of target groups in the broader market (outside WFP). The main reasons for side selling were significant price increments occurred between contract signatures to delivery time.
- **Quality** related reasons i.e., infestation/impurities represents 11.6% (6,070mt), Broken/Damaged Grains accounts 4.9% (2,557mt), and high rate of aflatoxin represents 3.7% (1,921mt). Aflatoxin is a serious challenge in Guatemala, Kenya and Uganda.

- **Aggregation/bulking:** target groups' capacity to aggregate the required quantity can be affected by a variety of factors: Lack of access to credit accounts for 9.9% of total defaults (5,718mt), Further institutional capacity shortcomings of farmer organisations such as "lack of trust in the group", shortage of capital, farmers high price expectation, etc. cumulatively account for 7.3% of total defaults (3,809mt). External factors, often not within the control of the supplier, can also affect aggregation, such as market price volatility (8.9%/4,662mt) and climatic conditions (6.6%/3,463mt).
- **Poor Infrastructures including storage:** accounts for almost 5% (2,592mt)

Ranking the main default reasons in terms of frequency of citation:

Specific Reason	Frequency of citation
Side selling by the supplier during aggregation	151
Processing Losses	61
No aggregation (lack of trust in the group, shortage of capital, farmers' high expectation, etc.)	41
Volatility of Market Prices (food, fuel..)	40
No/Late/insufficient Access to Credit (affecting production and/or aggregation)	36
Infestation/Impurities	35
Broken/Damaged Grains	24
Poor Infrastructures (related to transportation of food, excluding storage infrastructure)	22
Climatic Conditions	22
OTHER	13
Non-availability of the required quantity	13
High Rate of Aflatoxin	7
Late Contract Signature	5
High Moisture	4
Miscalculation of the Marketing Costs	4
Delay in Supplying Bags	4
Difficulty in organizing transport by the supplier	3
Delay in Arranging Transport by WFP	2
Partner not providing expected technical support to the supplier	1
Unavailability of Funds to cover price increases in Forward Delivery Contracts	1
Social and Political disturbances	1
Poor/insufficient storage	1
Grand Total	491

- **The most frequently cited reason for defaults throughout is "side selling":** This has been cited 151 times and represents the main cause of more than 18,000mt of all defaults, followed by "**processing loss**", which is cited 61 times. Processing losses are the result of cleaning foreign matter and DSW (damage, shrivelled and weevil) kernels. Farmers can be made further aware that processing losses commonly occur during aggregation and allowances for such losses could be incorporated into their initial plans.
- **Reasons cited in relation to capacity of aggregation:** both volatility of market prices and no aggregation due to lack of trust in the group, shortage of capital, farmers' high expectations, etc. (cited 40 & 41 times respectively), and defaults related to access to credit (cited 36 times).
- **Reasons cited in relation to quality:** infestation/impurities (cited 35 times) and broken/damaged grains (cited 24 times). Introduction of modern yet sometimes inefficient technology (e.g. locally made threshing machines) contribute significantly to the high percentage of DSW and country offices are working closely with partners towards reducing this figure.

- **Reason cited in relation to the local environment:** climatic conditions and poor infrastructure (cited 22 times each) are causes of default over which both the supplier and WFP don't have control.
- **Reason cited in relation to WFP activities:** delays in contract signature and supplying marked bags have been cited 5 and 4 times respectively.

Defaults in relation to commodity type and countries:

Commodity	Total (mt)	%age
Maize	43,188	82.7
Sorghum	3,259	6.2
Peas	3,162	6.1
Beans	1,722	3.3
Rice	904	1.7
Corn Soya Blend (CSB)	2	0.0
High Energy Biscuits (HEB)	1	0.0
Grand Total	52,239	100.0

Origin Country	Number of Defaults	%age
Kenya	81	19.4
Guatemala	70	16.8
Sierra Leone	43	10.3
Mozambique	35	8.4
Malawi	34	8.2
Tanzania	29	7.0
Mali	28	6.7
Uganda	18	4.3
Ethiopia	16	3.8
Honduras	12	2.9
Burkina Faso	10	2.4
Rwanda	9	2.2
South Sudan	8	1.9
Nicaragua	8	1.9
DRC	7	1.7
El Salvador	5	1.2
Afghanistan	2	0.5
Zambia	1	0.2
Liberia	1	0.2
Grand Total	417	100.0

Note: number of default (417) lowers compared to the previous detailed default as reasons were aggregated per contract

Maize is the main commodity that contributes over 82% of the total default since it is the major commodity procured under P4P, accounting for over 74.2% of total procurement since the start of P4P. Kenya, Guatemala, Sierra Leone, Mozambique and Malawi are the first five countries who have contributed 19.4%, 16.8%, 10.3%, 8.4% and 8.2% default respectively.

Some strategies being followed to minimize defaults include:

- Due to market price volatility, a number of P4P countries are experimenting with **forward delivery contracts**. This procurement modality is expected to nurture confidence in FOs, reduce the amount and/or levels of defaults while providing leverage to the FO for access to credit and serve as a stimulus for growth in production.
- **Institutional capacity development** of smallholder farmers' groups is one of the areas where P4P and its partners can continue to focus on. For instance, farmer groups should be made aware of the importance contract adherence has for building long-lasting business relationships.
- **Smaller and more frequent purchases**: many pilot countries have reduced the size of the contracts (as little as 25mt in Sierra Leone) after the lessons learned from their first purchasing season. The philosophy is "**buying what you see**" (i.e, already bulked commodity).
- **A requirement that 50% of commodities need to be already bulked prior to signing contract** (Burkina Faso, Kenya and Ethiopia) in an effort to reduce bulking time and hence reduce likelihood of defaults due to price fluctuation during the contract lifetime.
- **Concentrating purchases at the beginning of the harvest season**, in order to reach the smallholder farmers who need to sell and minimize "elite capture". Further advantages are that the commodity is readily available and prices are low. The practical difficulty in applying this strategy includes:
 - The commodity is likely to be wet (and therefore not meet WFP standards);
 - Creating marketing opportunity at the time of harvest may force farmers to sell when prices are low.
 - Is against our strategy of buying smaller quantities frequently.
 - The possibility of buying "at the right" time depends on the availability of flexible, un-earmarked cash donations. A **P4P Advance Financing Facility** was introduced in 2011 to provide country offices the possibility of borrowing funds even with only "low probability" forecasted contributions or no collateral. Only one country has used this facility to date (Nicaragua).

Why aggregation from FOs takes so long and implications for the risk of defaults

In most cases, **bulking occurs after the contract is signed** as P4P FOs, who in many cases have little or no experience in collective marketing prior to P4P and little or no working capital to purchase commodities from their members, need to have the contract signed in order to "convince" members to bring their commodities to the Cooperative. This results in **long aggregation periods** following contract signature, further delaying the already lengthy WFP procurement process, resulting in higher risk of defaults as the likelihood of price fluctuation increases as the overall procurement process takes longer.

Many countries like Burkina Faso, Kenya, Ethiopia and others tried to **find a balance** between the often contrasting development and procurement objectives of P4P: while recognizing that most P4P FOs targeted are indeed of low capacity and therefore are not able to aggregate independently of the WFP contract, they started imposing at least some requirements to help reduce aggregation periods and contain risk of defaults, for example that FOs need to have already aggregated at least 50% of the contracted amount before signing a contract with them.

Under P4P, **extensions on the delivery periods** may be granted in an effort to build the capacities of those vendors who are less familiar with formal contracting procedures. However, by extending the overall procurement process, the risk of defaults, especially with regard to direct contracts, due to price fluctuation during the contract lifetime may increase in two ways:

1. By increasing the contract timeframe, there is a higher chance that commodities already bulked might deteriorate in the stores; commodities held at farmsteads have also a higher chance of infestation if the bulking process is delayed.

2. By increasing the contract timeframe, prices are more likely to fluctuate, with farmers retrieving their commodities from FO warehouses and selling to traders having immediate cash in their hands, if prices have increased with respect to the negotiated price at contract signature

IV. ANALYSIS OF LOCAL PURCHASE COSTS WITH RESPECT TO IMPORT PARITY

6. Costs with respect to Import Parity, by country & commodity [Sept 2008 – 30 June 2012]

Countries	Commodity	Quantity Contracted	Total Value of contract International Price (USD)	Total Value of contract Local Price (USD)	Savings on total quantity contracted (USD)
Afghanistan	Wheat	4,702	2,010,900	1,880,417	130,483
	H.E. Biscuits	917	1,379,761	1,335,435	- 197,201
Burkina Faso	Maize	1,341	691,692	477,703	165,065
	Sorghum	2,456	1,206,836	779,625	427,211
	Pulses	535	415,299	241,304	135,760
Congo, D.R.	Maize	227	107,635	41,836	65,799
El Salvador	Maize	4,227	2,019,053	1,798,424	187,377
	Pulses	74	76,329	109,155	- 32,826
Ethiopia	Maize	56,943	27,455,123	17,194,889	10,883,105
	Pulses	2,341	2,234,391	1,245,210	989,181
Ghana	Maize	2,186	429,056	1,013,613	116,129
Guatemala	Maize	17,078	9,533,824	7,544,470	1,812,956
	Pulses	570	597,588	613,841	- 27,797
Honduras	Maize	14,582	7,409,485	5,780,229	1,629,256
	Pulses	5,293	6,555,169	7,413,765	- 898,127
Kenya	Maize	15,046	6,853,378	3,661,907	3,125,764
	Rice	40	19,605	34,270	- 14,665
	Sorghum	3,945	1,779,959	978,205	789,428
	CSB	393	211,198	259,313	- 48,115
	Pulses	1,527	1,605,771	820,661	782,499
Liberia	Rice	1,725	1,280,138	943,390	336,748
Malawi	Maize	15,260	5,902,488	3,707,430	2,726,709
	Maize Meal	3,823	2,024,498	1,302,230	722,268
	CSB	2,242	1,283,389	1,133,939	500,021
	Pulses	2,708	1,414,202	1,375,344	391,032
Mali	Rice	5,905	3,839,658	3,747,101	92,557
	Sorghum	6,827	3,204,101	2,447,978	756,122
	Pulses	184	169,680	124,144	16,416
Mozambique	Maize	12,053	5,354,916	3,541,849	1,813,066
	CSB	412	263,501	206,660	56,841
	Pulses	3,778	2,393,732	1,808,759	584,973
Nicaragua	Maize	2,723	1,180,813	1,050,667	102,067
	Rice	20	14,680	17,420	- 2,740

Rwanda	Maize	5,989	3,207,937	1,673,637	1,455,550
	Pulses	1,636	1,678,023	823,454	651,260
Sierra Leone	Rice	1,484	876,021	877,538	- 1,517
	CSB	75	63,225	72,000	- 8,775
	Vegetable Oil	40	61,200	58,000	3,200
	Cassava Flour	50	3,455	19,949	5,841
South Sudan	Maize	1,416	841,738	538,096	292,792
	Sorghum	283	219,165	124,500	76,665
Tanzania	Maize	14,104	5,611,754	4,166,105	1,642,897
	Pulses	2,003	1,495,214	1,377,985	138,681
Uganda	Maize	16,977	9,065,853	5,315,170	3,750,683
	Pulses	686	727,450	384,315	343,135
Zambia	Maize	12,450	4,904,964	3,538,787	1,366,176
	Maize Meal	8,988	4,653,002	2,383,985	2,269,017
	Milk-UHT	351	655,668	491,400	164,268
	H.E. Supplement	658	400,646	315,060	85,586
	Pulses	303	273,056	219,890	53,166
Grand Total		260,177	135,656,219	97,011,052	40,405,988

Source: data extracted from the Alternative International Purchase Report on 1st August 2012 and cleared by ODPF. The figures from this database tool are lower as reconciliation with the Food Procurement Tracking System is on-going.

The total value of food commodities contracted through P4P procurement modalities in 20 countries from September 2008 up to 30th June 2012 is US\$ 97 million. Of this, as of 30th June 2012, **159,429mt (60%)** were delivered, corresponding to an estimated **US\$ 62 million paid by WFP** to P4P vendors. In sum, US\$ 62 million have been put more directly in the pockets of smallholder farmers and small and medium traders as a result of P4P purchases.

Overall, by procuring locally through P4P modalities, and in comparison with the price value of importing the same commodities, WFP has realized savings of approximately **US\$ 40 million** (savings with respect to import parity price, considering the total quantity contracted)⁶.

Generally, almost all P4P contracts have been below import parity (i.e, local prices are below the import parity price), therefore respecting WFP's principle of "cost efficient procurement", and realizing cost savings with respect to importation, with a few exceptions:

- **Beans in Central America**, usually purchased above IPP. This is especially the case in **Honduras**, where WFP has purchased (with funds from the Government of Honduras) 4,000mt of beans above IPP, paying **US\$ 1,3 million of Government of Honduras funds in excess** of what it would have cost importing the beans. This is being allowed in Honduras because the Government has explicitly asked WFP to procure the beans locally for its National School Feeding Programme, regardless of the price, using government funds.
- Small quantities of **rice and CSB** were procured in Kenya at above IPP at the very beginning of P4P (in 2009), but not since then. Also, a one off purchase of 20mt of rice in Nicaragua was procured at above IPP.
- **CSB and rice** in Sierra Leone were purchased at above IPP in 2011, as well as small quantities of sorghum in South Sudan. Purchases in these post-conflict countries have sometimes been at above calculated IPP, but have represented very small quantities.

⁶ It should be noted though that these savings refer to savings realized by the mere fact of procuring locally instead of importing the same commodity. Savings to WFP are even larger if compared to all local food procurement (both P4P and regular local procurement from large scale traders).