

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

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



REPORT

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Abbreviations

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| ACTESA | Alliance for Commodity Trade in Eastern and Southern Africa |
| AERC | African Economic Research Consortium |
| ATA | Agricultural Transformation Agency |
| BMGF | Bill & Melinda Gates Foundation |
| CEX | Commodity Exchanges |
| CO | Country Office |
| COMESA | Common Market for Eastern and Southern Africa |
| CRS | Catholic Relief Services |
| DAKMAH | Data Analysis and Knowledge Management Hub |
| DCA | Dan Church Aid |
| DCA | Development Credit Authority |
| DRC | Democratic Republic of Congo |
| EC | European Commission |
| FAO | Food and Agriculture Organization |
| FSPs | Financial Service Providers |
| FOs | Farmer Organizations |
| IDS | Institute for Development Studies |
| IFAD | International Fund for Agricultural Development |
| IFC | International Finance Corporation |
| IFDC | International Center for Soil Fertility & Agricultural Development |
| IPP | Import Parity Price |
| HGBF | Howard G. Buffett Foundation |
| HGSF | Home-Grown School Feeding |
| HQ | Head Quarters |
| KIT | Royal Tropical Institute (<i>Koninklijk Instituut voor de Tropen</i>) |
| MDG | Millennium Development Goal |
| MT | Metric tons |
| MTE | Mid-Term Evaluation |
| NGO | Non-governmental Organization |
| NRI | Natural Resources Institute |
| ODI | Overseas Development Institute |
| P4P | Purchase for Progress |
| PCD | Partnership for Child Development |
| PDR | (Lao) People's Democratic Republic |
| Q&Q | Quality & Quantity Survey |
| RUDI | Rural Urban Development Initiative |
| SNV | Netherlands Development Organisation |
| SSIDO | Southern Sudan Integrated Development Organisation |
| TRP | Technical Review Panel |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| USAID | United States Agency International Development |
| WFP | World Food Programme |
| WRS | Warehouse Receipt System |
| WVI | World Vision International |

Executive Summary

WFP staff and 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 learnt during P4P implementation in 2011. Two days were dedicated to discussions with all stakeholders (29th-30th November) and two days with World Food Programme (WFP) staff only (28th November and 1st December).

Presentations were made describing the P4P approaches being tested, notable areas of progress and key questions arising to date; thereafter, a variety of panel sessions gave voice to farmer representatives, local NGOs involved in capacity building and a sample of stakeholders partnering in P4P at the local, regional and global level and government counterparts. A “world café” allowed for smaller group work and participants to share experiences across P4P countries on opportunities, challenges and expectations related to linking smallholders to financial service providers and public procurement and engaging 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 with the Institute for Development Studies (IDS); and d) the “writeshop” 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’ Organizations (FOs) that have contracted with WFP under P4P in six countries.

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 received training from WFP and partners in improved agricultural production, post-harvest handling, quality assurance, group marketing, agricultural finance and contracting with WFP as of September 2011. 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 tonnes (mt) of commodities have been contracted by WFP in 20 pilot countries as of end of September 2012, to supply WFP’s regular operations (including school-feeding, nutritional and refugee programmes). These purchases were made either directly from FOs, small/medium traders and processors or through structured trading platforms such as Commodity Exchanges and Warehouse Receipt Systems (WRS). Out of this total, over 117,700mt or 61 per cent

have so far been delivered to WFP (and hence paid for); 16 per cent or 29,565mt are pending delivery and 23 per cent or 44,280mt has been confirmed defaulted. The need to analyse in depth the various reasons for defaults was highlighted. For example, in cases where WFP is strategically the buyer of “last resort”, a default is not necessarily a negative outcome; 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 FOs for their quality produce and make WFP a less attractive market 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 this trend.

Discussions at the Annual Review focused on selected 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. A key output of the P4P pilot is the identification of lessons and best practices in pro-smallholder market development. During a participatory session on identifying priority learning themes, the top three themes identified to guide P4P implementation and the 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 were confirmed as integral parts 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 farmers gain access to finance. Recommendations for follow up included the need for WFP to issue more forward delivery 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 based on their role in agriculture in order to better relate to their circumstances. For example, the strategy distinguishes between i) women producers/marketers of crops or food products currently being procured through P4P ii) women unpaid family workers iii) women producers/petty traders of crops or food products not currently procured through P4P and iv) women casual agricultural labourers. Field partners with expertise in gender 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 annual household income by at least \$50 dollars of which 50 per cent are expected 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 targets 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 remain 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.

Summary of Recommendations

Procurement

- To continue to diversify commodities bought (beyond maize)
- To consider use of more forward delivery contracts
- To encourage the use of warehouse receipts
- To introduce innovative mechanisms to assist with fast payment as this is a crucial factor in getting buy-in and developing trust from farmers and FOs.

Partnerships

- To expand work with partners, especially the Rome-based agencies (FAO and IFAD) and regional bodies, to support institutional strengthening and systems building
- To analyse the successes and failures of different partnership arrangements to date and undertake a diagnostic of who needs to be involved in the exit strategy.

Learning and Sharing

- To undertake further research 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.
- Related to linkages with financial service providers:
 - to undertake country level diagnostic studies to identify which financial product to apply, which partner to work with and which delivery model to use.
 - to undertake a product mapping exercise in selected countries
- To reflect on and accelerate the integration of P4P with public (government) procurement.
- To undertake further research on adequate agricultural insurance for smallholders and how to link P4P more closely to nutrition interventions.
- Related to engagement with the private sector, to:
 - Continue to work on reducing production costs
 - Package, catalogue and share FO success stories so private sector can gain trust
 - Assist FOs to ideally better integrate into the warehouse receipt, commodity exchanges systems
 - Continue building human capital.

Additional commitments made by WFP for action during 2012 included:

- WFP will analyse in depth the various factors contributing to contract defaults .
- WFP Procurement Division will consider business cases put forward by WFP country offices where paying a premium to farmers' organisations for a limited time can be fully justified.
- WFP will issue updated consolidated procurement guidance for P4P countries.

- WFP will identify and build partnerships with relevant national government institutions, UN Women as well as with international and local NGOs to identify and incorporate appropriate gender main-streaming activities within each P4P pilot country.

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

Seventy-three partners and eighty-one WFP staff¹ gathered at the headquarters of the International Fund for Agricultural Development (IFAD) in Rome, Italy for the global Purchase for Progress (P4P) Annual Review to collectively review progress, discuss key lessons arising from the implementation P4P in 2011 and identify priorities for the coming year. This third Annual Review coincided with the mid-point of the P4P pilot and was officially opened by Ann Tutwiler, FAO Deputy Director-General for Knowledge, Kevin Cleaver, IFAD Associate Vice-President, Programmes, and Ramiro Lopes da Silva, WFP Deputy Executive Director, Operations.

The Annual Review meeting took place over four days. Two days were dedicated to discussions with all stakeholders (29th-30th November) and two days with just WFP staff (28th November and 1st December). Discussions over the course of the four days referenced findings from several key learning reports and events² 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 "writeshop" 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

1 A wide representation of stakeholders 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. 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).

2 The full reports can be downloaded from <http://www.wfp.org/purchase-progress/blog/taking-stock-wfp-and-stakeholders-review-p4p-mid-point>

“progression” and capacity development of a selection of Farmers’ Organizations (FOs) that have contracted with WFP under P4P in six countries.

Key documents made available to the participants during the meeting included:

- A matrix summarising and comparing the recommendations and outcomes of the three major learning events of 2011. The matrix also incorporated WFP’s management response to the evaluation findings.
- Full copies of the MTE and TRP reports.
- Write shop Case Studies from Burkina Faso, El Salvador, Kenya, Mali, Nicaragua and Tanzania as well as a global synthesis of the writeshop findings emerging from the six countries – *“Experiences of P4P Capacity Building Efforts and Procurement from Farmer Organisations”*.
- P4P Global Gender Strategy
- Excerpts from the ‘P4P Primer’ which is a seminal document that explains the history and context of the P4P programme as well as the activities and underlying principles that inform the P4P programme rationale.



Summary of approaches being tested and emerging models

The rationale behind P4P is to leverage WFP's procurement footprint 'to do' and 'to learn' about the potential for using structured demand to stimulate pro-smallholder agricultural and market development, with the ultimate goal of improving the livelihoods of smallholders. The target is that by 2013 at least 500,000 low-income smallholders will produce food surpluses for sale at a fair price to improve their incomes.

The development hypothesis underlying the P4P approach can be summarised as below:

Increased Productivity + Capacity for Aggregation + Market Development + Enabling Environment = Increased income.³

This hypothesis is being tested during the five years of the P4P pilot (September 2008-December 2013), using four implementation approaches (most countries have a combination of approaches). The main characteristics of each approach are summarised in Table 1:

Table 1 Summary of approaches

| Approach | Characteristics/examples of the approach |
|--|--|
| Approach #1: Farmers' organisations and capacity building partnerships | <ul style="list-style-type: none"> • WFP buys from farmers' organisations (FOs) of varying capacities • Procurement modality and quantity selected to match FO capacity • FOs expected to progress towards competitive tendering and wider market engagement over time • FOs receive support on production and marketing • Investments in storage and warehousing equipment |
| Approach #2: Support to emerging structured trading systems | <ul style="list-style-type: none"> • WFP supports establishing warehouse receipts systems (WRS) in two ways: <ul style="list-style-type: none"> • direct support for establishing WRS • purchasing through WRS • Purchasing through cereal fairs or commodity exchanges to create a "pull-in/follow-in effect" • Working with FOs to build capacities for structured trade |
| Approach #3: Small and medium traders | <ul style="list-style-type: none"> • The objective being to build competition in the market and provide alternative markets for farmers' surpluses • Purchasing from emerging traders/ agro-dealers through modified tendering • Training traders and agro-dealers on WFP procurement and contract requirements • Investing in marketing equipment – stitching machines, weighing scales |
| Approach #4: Developing local food processing capacity | <ul style="list-style-type: none"> • Connecting farmers' organisations to established food processors • Developing local processing capacity – biscuits, supplementary feeding products |

³ More on P4P's development hypothesis can be found in the P4P Primer, available at: <http://www.wfp.org/content/p4p-primer>

Achievements to date

Combining capacity building with procurement by WFP is innovative and a unique feature of P4P in the sense that most organizations working with smallholders focus only on one or the other (usually supply-side capacity building). This combination gives farmers an incentive to increase production, improve quality, aggregate and market as a group, and negotiate for good prices.

Global P4P objectives:

1. Build capacity of smallholder farmers to access markets
2. Increase sales by smallholder farmers to WFP and other buyers
3. Transform WFP purchase model
4. Identify and share best practices

Among P4P's achievements as of end September 2011 are:

- 1050 farmer organizations (FOs) representing 1.1 million farmers are participating in P4P.
- P4P training (conducted by WFP and a huge range of partners) has reached 116,000 individuals. Monitoring visits have reported that post-harvest losses have been reduced both at the household and FO level as a result of the training and WFP's requirement for commodities reaching a certain quality standard.
- WFP has signed contracts for the delivery of over 191,000 metric tons (mt) of commodities, with approximately 60% of these contracts successfully delivered as of end September 2011. These commodities have supplied WFP's regular operations (including school-feeding, nutritional and refugee programmes) and purchases were made either directly from FOs, small/medium traders and processors or through innovative platforms like Commodity Exchanges (CEX) and WRS.
- While maize and maize-meal make up 77 per cent of P4P purchases, there is increasing diversification of commodities (pulses, sorghum, millet, rice and blended food) as compared to previous years. WFP was encouraged to maintain this trend towards increased diversity of procured commodities.

WFP is a public institution and has specific procurement rules and regulations; transparency and cost-effectiveness are key guiding principles. Over the past two and a half years, new ways of purchasing have been piloted such as forward delivery contracts, buying directly from a commodity exchange or a warehouse receipt system, or reducing contract sizes to match the capacity of FOs. WFP has been able to buy from FOs without compromising on quality and the actual price paid by WFP for the produce is cost effective. Financial service providers are beginning to offer credit to FOs and farmers, and FOs themselves have also engaged in the design of their own innovative mechanisms (such as revolving funds) to pre-finance purchase of commodities from their members. A global gender strategy has been developed.

WFP is identifying lessons emerging from P4P through country level case studies, the MTE and TRP reports, P4P Annual Reviews, and sharing these through monthly newsletters, the P4P website and various stakeholder forums. Analysis of baseline information and follow up surveys (household, FO, trader) will become available during 2012 through the data analysis and knowledge management hub (DAKMAH), based in Nairobi, which is the result of a partnership with the African Economic Research Consortium (AERC), a consortium of 40 African universities.

Challenges

Although the achievements to date are significant and contribute to the global P4P objectives, a number of recurrent challenges exist:

1. Appropriateness of targets;
2. Factors influencing high default rates;
3. The use of the import parity price principle as the stop/go indicator for local versus international procurement.

Appropriateness of targets

The MTE and TRP both recommended less emphasis on targets and more emphasis on learning. A number of P4P Country Offices (COs) also advocated for a review of the global P4P targets as defined by WFP and donors at the outset of the initiative. These COs argued that they were either not appropriate to their context, that the context had changed, or that the targets were standardised and inappropriate to apply across countries in the first place.

However, the P4P Steering Committee and the P4P coordination unit maintain the perspective that:

- The essence of the P4P pilot is to test the limits of what is achievable. Keeping ambitious targets creates the tension and learning that derives from striving for the targets.
- Given the learning focus of the pilot, it is essential not only to understand why targets are unobtainable, but also to challenge oneself to identify what modifications are needed in implementation to actually achieve the set targets. The intention of P4P is to find those approaches/models that can be brought to scale and hence the focus on numbers and understanding what it takes to reach the numbers.

The Bill and Melinda Gates Foundation have since the MTE agreed to extend the definition of beneficiaries from beyond only those farmers selling to WFP, to include all farmers realising increased income because of their participation in P4P.

The conclusion was that global targets will not be renegotiated.

Reasons influencing defaults

As of end September 2011, out of the total of 191,000mt, over 117,700mt or 61 per cent were delivered to WFP (and hence paid for); 16 per cent (29,565mt) were pending delivery and 23 per

cent (44,280mt) were considered defaults. Due to these relatively high levels of contract default, all participants agreed that this was an area to be monitored and further analysed.

A number of reasons for high levels of defaults were discussed. In some cases, while WFP pays the prevailing market price, WFP rules and regulations as a public procurer constrain the speed with which FOs can be paid as compared to the middlemen and traders who offer cash at the farm-gate. In another case, DRC specifically, WFP is strategically the buyer of “last resort” and 120 locally based small traders have been organised as a platform that procures surplus production from 359 participating farmers’ groups. Other contributing factors that have constrained P4P purchases are price volatility, government intervention in markets (especially in Eastern and Southern Africa), and rising fuel and food prices.

Is a default a measure of success or failure?

Is looking at default levels a good measure of success or failure? Default levels can be misleading as a sign of negative performance. For example, default may be simply caused by an overestimation of a FO’s ability to increase supply from contract to contract, at a time when both the FO and country office are still learning what is possible. It might be more appropriate to look at whether an FO has increased its capacity to supply from contract to contract.

Country offices cited the difficulties and delays they face in paying FOs. In some cases, it has taken upwards of 30 days for farmers to receive payments. It was acknowledged that delays do not only occur on the WFP side but also on the FO side, particularly when there is not a lot of prior experience of group marketing. Delays in aggregation on the side of the FOs contribute to the lengthy period in between the signing of the contract and delivery and payment as WFP cannot initiate payment until the quality of the commodities has been verified and WFP has taken ownership.

The discussion on defaults reflected the tension between the expectation from the farmers and their leaders for WFP to act like a trader but at the same time, the need for WFP, as a public procurer, to have robust checks and balances in place to mitigate risks, which prevent it from paying cash on delivery.

There was consensus during the Annual Review that there is urgency to learn about different ways in which farmers and FOs can receive payment more quickly. Partial advance payments are one option (which some countries such as Malawi, Rwanda and Tanzania have already employed), as well as advance payments to FOs (tested by Kenya, Liberia and Rwanda COs), and increased use of mobile technology to transfer funds from FOs to their members. WFP will continue to explore how far it can still streamline its processes so that FOs and their members have a shorter waiting period (e.g. small purchases and quick turnaround for farmers).

Using import parity price as the stop/go indicator for contracting

In regular WFP procurement, any price offered by a vendor is compared against the cost of procuring the commodity internationally or regionally, including transport to the distribution point. In some cases, prices offered by FOs may exceed regional and international Import Parity Price

(IPP).⁴ It is WFP policy to procure at the lowest price possible; the IPP index guides WFP procurement and WFP follows strict procurement principles, regardless of whether the commodities are being procured through P4P modalities or through regular procurement.⁵

There was much discussion around the pros and cons of paying a price higher than can be achieved through importation and/or how that premium might be determined.

Arguments in favour of paying a premium consider the fact that the local price quoted does not account for a commodity that is cleaned and graded to national and/or international standards. It was also put forward that the international prices against which local market prices are being compared may be a misleading indicator. For example, e.g. rice produced in Liberia or Sierra Leone should not be compared to imported Asian rice, but there is an argument that it could be compared specifically to regional rice prices for African varieties. Likewise when comparing the price of maize and beans produced in LAC to US imports, COs recommended that WFP should act consistently with other local market actors; governments and other actors are paying farmers the local market prices.

There are also strong arguments against paying higher prices, a main one being that this would result in less food for beneficiaries. Moreover, paying higher prices cannot continue indefinitely. As a way forward, WFP said it could consider paying premium prices if a solid business case was presented justifying that within a clear time frame, FOs will become more competitive given supply side interventions on yield improvement; there will be reduced post-harvest losses and reduced transaction costs from group selling; experience is gained and capacity is built; and the procurement leads to impacts on livelihoods. WFP's procurement division agreed that it would consider business cases put forward by WFP country offices where paying a premium can be justified, and act appropriately to approve purchases.

⁴ The Import Parity Price (IPP) is a pricing index that guides WFP procurement. Where local market prices are above the IPP, procurement usually does not take place unless a country office makes a special request by making a case for why this procurement is necessary.

⁵ The rules for procurement in P4P continue to be largely defined by the procurement rules used in WFP's standard (non-P4P) procurement. The MTE, TRP and KIT writeshops all raised this issue

A suggestion was put forward by a participant to include the price of carbon in the IPP price, which would have the effect of adjusting the IPP price upwards (and arguably making it a more accurate price by including the externality of greenhouse gas emissions). This would in turn make the local market price more attractive relative to the higher IPP price.

WFP Business Process Review

In response to recommendations from the 2010 Annual Review and in particular a request to look at ways of speeding up payments to FOs, WFP conducted a “Business Process Review” in 2011. Its aim was to look at the business process from Import parity form submission through to payment: to identify the pain points, understand the root causes and identify potential solutions.

Key insights that emerged included:

- Good planning is critical (procurement plan, register vendors, contracts for Quality & Quantity survey, transport, fumigation and bags)
- Largest part of the “delay” is often bulking/aggregation at the FO level
- Long elapsed times often due to multiple iterations as a result of pricing issues or insufficient training
- Need for a simple end-to-end guideline that describes how to perform the process
- Difficult to speed up some steps (e.g. contract award, fumigation, inspection, collection of delivery documents)
- Greater use could be made of advance payments

A number of changes were proposed to improve the system:

- Single guideline covering standard and P4P-specific steps, replacing the procurement-related guidance notes
 - Simpler template for P4P food procurement plan
 - Simpler template for consolidated waiver of competition
- Advance payments
 - Allow 30% at Country Director discretion where risks are minimal (up to 150 mt)
 - Allow up to 80% on collection by completing a simple form
- Forward contracts
 - Purchase Request/Purchase Order based on highest expected price and allow quantity increases
 - Fixed guaranteed price and pricing formula based on market prices
 - Forward contract is an option rather than an obligation for the seller

In 2012, WFP will issue updated consolidated procurement guidance for P4P countries. This guidance will continue to be reviewed in light of country office and headquarters experiences and will be updated as and when deemed necessary.

Partnerships

“P4P is a partnership programme” was a common refrain throughout the Annual Review Meeting. Throughout the sessions, the dependence of WFP on a wide range of partners, from governments to research institutions, to implementing partners on the ground and private partnerships, was highlighted. WFP was encouraged to deepen its engagement with all partners, including the Rome-based agencies FAO and IFAD as well as with regional bodies, governments and the private sector.

Partnerships with government

In all the pilot countries, WFP has closely aligned the P4P programme with national development strategies, and the programme generally ties in with the country’s goals and vision for its agricultural sector. Many governments are engaged and have assumed ownership of the P4P programme at national, regional and local levels. Strong partnerships with governments were acknowledged as being vital to sustain gains made through P4P.

Policy engagement was repeatedly cited as critical. This could include engaging government on issues of quality standards, import/export bans and how public sector procurement could apply the P4P purchasing model and contribute to smallholder development. It also could support partnerships with other partners.

It was concluded that at some levels P4P has not yet engaged sufficiently in a policy dialogue with governments.

There was consensus on the need to learn more on how governments perceive the P4P pilot and how they can be more actively involved in the pilot. It was discussed how working with IFAD and FAO can help develop relations with various government counterparts and make policy dialogue possible. It was widely believed that strengthening the relationships with Ministries of Agriculture is important to support P4P in order to move forward.

A clear recommendation coming from governments was for all international agencies to work together, share information, and be clear on their exit strategy.

Critical role of Government:

- **Mali:** based on the progress of P4P, the Government decided to subsidize by 50% the inputs for millet and sorghum. Given the government’s policy of National School Feeding, Mali plans to purchase part of their needs from smallholders and from P4P FOs.
- **Rwanda:** After a year of P4P implementation, Government took action to “own” the approach. In December 2010, Ministry of Agriculture and Animal Resources (MINAGRI) issued a directive that all public procurement should buy at least 40% of their needs from smallholder cooperative unions. A Government-led capacity building effort has a large focus on reducing high post-harvest losses.
- **Honduras:** highlighted the success of introducing experimental plots for farmers to test new inputs, seeds etc. and coordination with all partners. DICTA, which is the Agricultural Science and Technology Directorate within the Ministry of Agriculture, has 10 technicians dedicated to P4P implementation. *“Alone we go nowhere.”*
- **Malawi:** promoting legumes production for soil fertility; encouraging smallholders to commercialise while using good water and land management techniques; linking P4P with Millennium Villages Project.
- **South Sudan:** the Minister of Agriculture and Forestry welcomed P4P during the Annual Review as a way to move away from relief towards farmer livelihood development. *“All international agencies need to work together, share information, and be clear on exit strategy”.*

Rome-based Agency Collaboration

During the official opening of the Annual Review, the need and desire was expressed for deeper cooperation among the Rome-based agencies (RBAs), FAO, IFAD and WFP in the implementation of P4P. FAO and IFAD have specific mandates around agriculture and market development while WFP brings in the procurement aspect. FAO and IFAD confirmed a desire for deeper cooperation from their side for the benefits of joint action.

FAO perspective

FAO understands and supports the P4P vision and supports P4P in the countries. FAO expressed a need for deeper partnership and joint fundraising.

There are challenges, namely the entry points for cooperation, strategic collaboration in procuring from smallholders, and greater attention to learning from the P4P model so that it can inform policy.

IFAD perspective

The role of smallholder farmers is at the heart of IFAD concerns and so P4P is certainly of interest. P4P has opened a large and relatively stable demand for smallholder products and this is where IFAD sees a natural point of collaboration. P4P is contributing to the development of markets by bringing WFP purchasing power and expertise, which can be supported by IFAD.

During discussions on country experiences with cooperation with the Rome-based agencies, a number of key issues were raised (notably there are different experiences in different countries). Collaboration with IFAD is generally challenging as IFAD works through governments, with the governments being owner of the projects. For FAO, the challenge is mainly the level of delegated authority of COs and the availability of technical capacity at the field level.

The different experiences show that collaboration was especially successful in countries where agencies:

- have staff presence/capacity with authority to make decisions
- operate in the same communities, work with the same crops and with the same FOs
- participate actively in P4P or related meetings and are in continuous dialogue
- actively engage, preferably jointly, with the Ministries of Agriculture
- complement each other in activities, and acknowledge their specific mandates

At the global level, while acknowledging the many opportunities that remain to be explored among the RBAs, there have been successful experiences with collaboration (for example, engagement of FAO and IFAD on the TRP or the P4P Access to Finance working group). On this level there is an increasing dialogue between partners and a growing understanding of each-others roles, capacities and shared approach towards development.

Range of Partnership modalities

The wide range of stakeholders that WFP needs to interface with, have relationships and develop partnership arrangements with was a recurring theme during the Review. Emphasis was put on developing ‘quality partnerships’, the need for 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. The challenge is how P4P can be complementary to other programmes, projects and businesses. This is linked to understanding and acceptance of the different mandates, interests and capacities of the different partners, and the importance of sharing information.

Several different partners spoke on partnership modalities. Some clear messages were that:

- In the longer term, private investments are particularly important (e.g. Danish Church Aid, a partner in the Democratic Republic of the Congo).
- The importance of pairing demand side *and* supply side interventions (e.g. Ethiopian Government’s Agricultural Transformation Agency (ATA)).
- WFP needs to share P4P information (e.g. Catholic Relief Services (CRS) proposed the use of common dataset platforms).
- Use economic incentives for farmers (e.g. the experience of NEI in Afghanistan).

Self-Sustainable Soy Industry Development in Afghanistan

This joint partnership between the Ministry of Agriculture, Irrigation and Livestock (MAIL), Nutrition & Education International (NEI) and P4P Afghanistan has 4 objectives:

1. To develop self-sustainable soy industry in 20 provinces through WFP-NEI-MAIL collaboration
2. To reduce chronic malnutrition
3. To improve food security
4. To locally source raw material (soy flour) for the WFP-Government of Afghanistan school feeding programme (biscuits)

Main NEI activities that took place were:

- Soybean production training;
- Agricultural input supply;
- Technical assistance to farmers;
- Soy farmers’ association formation; and
- Post harvest equipment support.

Aligning Investments and Partnering

There is a general desire from onlookers of the P4P programme to understand better what types of partnerships are working well, what needs improvement and what “models” or good practice exist for collaboration. WFP recognised the need to continue to pay attention to the following areas:

Contextualization of partnerships

While COs undertook stakeholder analyses during the assessment and design phase, it was stressed that continued diligence in diagnosing which partners have the needed capacities to support P4P objectives was essential. Partnerships don’t always have to be formally structured, and COs were congratulated for having taken advantage of partnership opportunities as they had arisen.

Who is driving the partnership and where is it heading to?

In analysing partnerships, WFP needs to take care - who is driving the partnership and how it aligns with overall P4P objectives. There is a need to be clear about expectations. It is important that COs have assessed the constraints experienced so far and factor the relevant partnerships into their strategies going forward e.g. how far has P4P contributed to stimulating a productivity response? What partners and tools are needed to deepen the impact in this regard?

Better alignment

Country offices were advised to focus their energies on where WFP has the skills and comparative advantage and rely much more on partners to fill technical gaps. At country level, most countries have established P4P Steering Committees or similar coordination mechanisms, bringing together the government and the main agricultural development partners, including donors, NGOs, and in some cases, the private sector. These coordination fora discuss policy and implementation issues and provide guidance on strategic direction of the programme.

Alignment at the regional level was also highlighted. As an example, engaging with the Common Market for Eastern and Southern Africa (COMESA) could assist with the promotion of harmonization of quality standards and customs procedures across the regions.

Capacity building

Capacity building is a key feature of P4P. It refers both to the capacity building of FOs by partners, as well as to the capacity building of partners through engaging with P4P. The Annual Review meeting provided ample room to hear directly from farmers, partners and facilitators about their experiences with capacity building.

Farmers' Voices: The Effects of Combining Capacity Building with WFP Procurement

The comments and discussion with leaders of FOs from El Salvador, Guatemala and Kenya were structured around five themes:

1. Incentives

Farmers were presented as 'business-men', having a lot to gain from working together and involving women and the youth in their business and organization. The question posed to the FOs was how they managed to involve farmers in their organizations, especially female farmers, and convinced them to start working together with P4P.

Generally engagement with WFP opened a window of opportunities, for example through capacity building but also through helping FOs to link up with other organisations (e.g. governments and partners such as FAO). The FOs shared with members the possible opportunities of working with P4P, and did so with success.

In Guatemala, the FO representative said that the participation of women in their FO was triggered by P4P. *"P4P asked us to invite women members."* What helped was the involvement of two successful female farmers who became role models for others.

2. Changes

"Through collaboration with P4P there have been major, tangible changes, such as higher yields, prices, savings that have brought improvements in our lives" (El Salvador).

There was consensus that P4P is bringing tangible benefits to smallholders, and that as a result FOs have become interested in expanding their business. For example, previously many farmers in El Salvador had only access to informal markets which resulted in relatively low prices being paid to them. The change since P4P is that farmers now have better access to market information and are supported in building new market relations. By informing farmers on the opportunities and helping them to build their capacity to take up these opportunities, the FO is not only able to do business with WFP but also to negotiate with other buyers and sell to them at favourable prices. The FO leader emphasised that through their collaboration with P4P, many improvements in the life of their families have been made.

In Kenya, a FO leader spoke of how the introduction of forward delivery contracts had enabled them to plan better and to receive a fair market price at the time of pickup. The leader also emphasised the importance of the training and equipment, which helped them to gain the trust from Equity Bank, giving them access to finance.

There is also evidence that as a result of the benefits farmers feel more encouraged and get more seriously engaged. They have experienced that through P4P farmers were able to get inputs on credit, and to increase their yields and savings. As a result farmers' behaviour changed a great deal.

3. Challenges

Involvement with P4P initially was perceived as a challenge by most FOs. But it has become part of their daily lives, and FOs and their members value the relations with P4P and opportunities that result from the partnership. It is believed that commitment from FO leaders and members is key to make it a success.

But there are still a number of challenges, for example group marketing, selling to other buyers, dealing with high default rates, planning of training and integrating gender.

Group marketing remains a challenge, particularly for relatively new FOs given difficulties in aggregating sufficient volumes. All the FOs from different countries expressed their interest in selling also to other buyers. For FOs that have already obtained experience with collective marketing, like Kenya, other markets such as breweries or millers come to the FO to buy from them. In the case of Guatemala, reaching out to other markets beyond WFP is the ambition, but not yet a reality.

Another challenge is the high default rates. The presentations of the FO leaders showed different country experiences, and different reasons for defaults. In the case of Guatemala, a natural disaster constrained the FO from participation in a tendering process: *"we were hit by a hurricane and the quality of seeds was low. As a result we could not take part in the tendering process"*. In El Salvador the main problem was short deadlines for the delivery of dried maize. Kenya stressed that, at the moment of pick-up, WFP price (agreed at contract signing) is usually lower than the market rate, and thus farmers are inclined to side sell to capture the better price. From the perception of the FO in Kenya, a problem with WFP is that dealing with them involves a lot of paperwork: *"it takes a lot of time!"*

Another (minor) challenge was the planning of training. In El Salvador it turned out that there were different trainings prepared in a short period, which prevented the farmers from working in the field. Fortunately the consultants were flexible, so in the end there was no conflict with other tasks.

The limited participation of female farmers in FOs, whether as members or as contributors to the WFP contracts, was also mentioned as a challenge.

4. Gender - the participation of female farmers in FOs

“Today we have four women that take up leadership roles. We found that women are successful and try to involve them in decision-making processes” (Guatemala). According to the FO leader from Guatemala, the enhanced participation of women was triggered by P4P. The FO currently has 40% female membership. The main reason to support women to become a member was that they recognize the scale and success of women. This led the FO to restructure the organisation, and involve women in decision-making bodies (e.g. the FO Board). *“We try to design and manage projects that allow us to benefit from women and young people and make sure their needs are met.”*

According to the FO leader from Kenya, the FO now puts a lot of emphasis on involving women in their FO and leadership positions: *“we are especially encouraging single mothers/widows to join our group.”* Currently 4 of the 9 members of the management committee are women, and the treasurer of the FO store is a woman. But besides the progress made there is still need for more gender sensitization.

5. Opportunities

In discussing opportunities, FOs expressed an interest in adding value through investments in post-harvest practices, processing and packaging. For example, the success of P4P for the FO in Kenya has given rise to a new vision: *“In the future we hope to become involved in milling and drying to make a greater profit”*. During the season the losses are generally high. *“If we have a dryer we can harvest our maize before the rainy season starts, and then we can have beans”*.

Also in the case of El Salvador, the FO expressed their interest to invest in machinery, mentioning a dryer, a cleaner for maize (to deal with the moisture problem) and a packaging machine. *“We might need a centre where we dry, harvest and store; we need this capacity to store, clean, prepare.”*

In the case of Guatemala, the certification of seeds should improve yields. The FO emphasised the importance to increase the margins for farmers, for example by providing good services to farmers at low costs.

Drivers of Change: Perceptions of Farmers Organizations about working with WFP

- WFP offers a formal market
- Provides capacity building (including information, training and equipment)
- Opens up relationships (banks, NGOs, etc.)
- Demands certain quality specifications
- WFP is recognised as a United Nations body with governance structures

Hearing from the Partners: Building capacity for market access

Two capacity builders and one facilitator shared their experiences in building capacity of P4P participant FOs for market access: the Southern Sudan Integrated Development Organisation (SSIDO, South Sudan), the Rural Urban Development Initiative (RUDI, Tanzania) and the Royal Tropical Institute (KIT, Amsterdam), using the Writeshop approach.

SSIDO is an example of a newly established NGO, which benefited from its relation with WFP. It managed to reach out to 600 farmers in less than 4 months, and assist them with post-harvest handling and the introduction of simple technologies (e.g. mobile sieves and maize shellers, improved cribs) to solve practical problems. The main challenge as SSIDO sees it is delays in payment by WFP, which gives farmers a reason to side-sell.

RUDI is a Tanzanian organization which was established in 2007 and has as its main goal to turn FOs into business entities and link them to markets. RUDI, thanks to direct funding from the Alliance for a Green Revolution in Africa (AGRA), under a tri-partite agreement with WFP, is involved in training farmers to supply high quality produce to sell to WFP but also to other markets. RUDI highlights collective marketing: *“If farmers are not organised into groups they can never progress. Without farmer associations farmers have no access to WFP”*. But collective marketing is difficult in Tanzania where the history with cooperatives has resulted in little trust in the creation of organizations for marketing purposes. That is why RUDI is trying to build trust and change farmers’ attitude. RUDI observes a number of challenges working with FOs in collaboration with P4P:

- Increasing farmers’ knowledge and control of quality produce
- Reducing post-harvest losses
- Dealing with high costs of transport (from farm to warehouse)
- Changing the mentality of farmers and the way they do business
- Dealing with delays in payment
- Increasing female participation

The Royal Tropical Institute (KIT) has been involved with P4P as knowledge partner and conducted a writeshop process that took place at national, regional and global levels. The documents produced during the writeshop process gave a voice to all stakeholder groups, including farmers, farmer organizations, partners, WFP country offices and headquarters, and also engaged government and other chain actors such as traders and financial institutes.

During the national level discussions, a number of ‘capacities’ on which P4P focuses were identified:

| | |
|--------------------|---|
| Quality | Farmers can provide safe food at standards WFP and other market actors expect |
| Production | Farmers can minimise post-harvest food losses and increase production in order to market without compromising his/her own food security |
| Aggregation | Farmers are able to collectively bulk sufficient quantities of staple commodities |

| | |
|-------------------------------|--|
| | to benefit from economies of scale, and reduce their transaction costs |
| Negotiation | Farmers learn how to understand and negotiate with market actors |
| Building relationships | Farmers' organisations have the capacity to govern themselves and are accountable to their members. They are able to build and maintain mutually beneficiary relationships with other chain actors |
| Capital and assets | Farmers and their organisations have the financial and physical assets to operate effectively as a business, including access to credit |
| Expanding business | Farmers are able to strategically plan their production to achieve the best return |

Findings from this process can be found in <http://www.wfp.org/content/p4p-country-papers>.

Key Themes: Opportunities, Challenges and Expectations

Discussions at the Annual Review meeting 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. The three themes highlighted were: linkage with financial service providers (FSP), the role of the government in public procurement and the need to link more with the private sector.

Linkage with financial service providers

Through discussions with FSPs 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. There is a growing number of financial institutions that focus on farmers and rural SMEs, and finance models for smallholders are being explored.

Opportunities

Various opportunities were identified:

Building FO track record: Banks and farmers have difficulty engaging with each other because farmers groups typically have no track record in finance, banks have trouble assessing risk in agriculture, and banks like to know who they are working with. This often means FOs face high interest rates, which typically run at 15-30%. In general, it is thought that more can be done to catalogue the success of FOs so that the private sector is more comfortable working with the FO. Partly it is a matter of getting to know FOs better and the way they operate. A contract between a FO and WFP definitely can help to raise the confidence of financial institutes in dealing with farmers and their organizations.

Forward delivery contracting: The use of forward delivery contracting was seen as a way to support FOs in accessing finance. For example when forward delivery contracts were introduced in Burkina Faso, a Tripartite Agreement was signed between the Federation des Professionnels Agricoles du Burkina (FEPAB) representing producer organizations, Federations des Caisses populaires du Burkina (FCPB) as the financing institution providing credit to FEPAB who had signed forward contracts with WFP, and WFP as purchaser. This allowed lower interest loans with the contract as collateral against which the banks advanced up to 70% of the contract value. WFP had no obligations in this relationship other than to pay (the supplier) for the commodity. Forward delivery contracts are also used in Mali, but there is no triangle relationship. The only relationship that WFP has with the financier is to confirm the contract.

Although some (financial partners) believe that forward delivery contracts provide an opportunity to provide funding with less exposure, not all partners are convinced. There are still many banks that will not accept a forward delivery contract as a soft guarantee if an FO has little prior experience of fulfilling a contract. It was also argued that when farmers do not really understand the principles of a contract, giving credit on the basis of a forward

delivery contract is for banks not really useful. It was also argued that forward delivery contracts can take a long time to negotiate and require financial training.

Warehousing and Warehouse Receipt System: The Warehouse Receipt System (WRS) was mentioned as an opportunity being tried in some countries (e.g. Tanzania, Uganda) through which smallholder farmers can deposit their commodities in a certified warehouse in return for a receipt that can be exchanged for cash at a local financial institution. The benefits of aggregation and reliable storage as a method of guaranteeing high quality and voluminous produce have been recognised across the sector. But the WRS requires a lot of capacity to set up and a functional legislative framework; moreover, interest rates for warehouse receipts can be extremely high (for example 30% in Tanzania). In Uganda, the access to service facilities is a challenge and many farmers do not have access to electronic WRS. The International Finance Cooperation (IFC) is supporting financing against warehouse receipts in several countries and providing grants if banks improve businesses.

The conclusion was that the introduction of WRS should go hand-in-hand with capacity building for all stakeholders with a clear understanding on how this system can be managed. WRS can be an opportunity for financing but it requires a serious time investment of WFP and partners, infrastructure and a financial framework in place.

Revolving Fund: A representative from El Salvador spoke regarding how their FO can now access credit for the bulk purchase of inputs and also to make up front payments for purchase of staples from members at only 4% interest through a revolving fund, plus low cost government credit scheme. In El Salvador, the revolving fund started with a government policy of accessible credit. WFP support and accounting tools allowed this to grow. Initially up to \$30,000 was contributed which covered production costs. This was extended to \$50,000 to also include marketing and sales costs, solving the problem of not having enough credit to be able to sell. The scheme started before the P4P pilot, but before WFP involvement was in a state of latency. WFP provided accounting systems, linked FOs to the banks and also provided a revolving fund of \$10,000 for inputs. The track record of having paid this back helped to build trust. With this model, FO's are able to build up a credit history which makes them more attractive to creditors. FO's are realising a high recovery rate from their own funds advanced to members for input loans, between 68 and 95 percent.

Value chain finance: Value chain finance refers to financial services that are based on cooperation along the value chain. Strategic partnerships in the value chain can mitigate risks for financial institutions to start investing in rural business. Through the P4P platform, WFP has the possibility to bring the linkages between FOs and financial institutions together, making financial flows more stable, secure and inclusive.

Challenges

Linking FOs to financial service providers is challenging, not only for smallholder farmers to access financial services but also for financial providers to service smallholder farmers' organisations. Challenges for smallholders include: lack of financial literacy; unaffordable interest rates; ability to manage credit; unwillingness to sell at contract price when the price hikes prior to delivery and either an inability to deliver the volume which was contracted or over optimistic contract quantities. Additionally, there can be a high contract default rate, and the potential hazard for farmers to sink into debt. For financial service providers, challenges may include limited commodity finance knowledge; lack of a proper risk assessment tool and risk management systems; and unsupportive government policies. It was clearly recognized that the market must act for itself, supported by government policy and that WFP's main role is as a buyer. WFP's can act as a convener and support the identification of entry points for credit along the value chain.

Recommendations for action and areas for further research

Three clear recommendations for action were identified:

- 1. Expand the issuance of Forward Delivery Contracts.** Forward delivery contracts are a tool which can enable banks to extend credit to farmers. Further roll-out is recommended.
- 2. Encourage the usage of WRS.** Warehouse receipts are commercial instruments which banks can easily use as collateral. Local banks are encouraged to introduce WRS financing.
- 3. Partnership.** Build further partnership with relevant organizations and maximize development impact (e.g. joint projects, task forces, round tables, knowledge sharing, etc.)

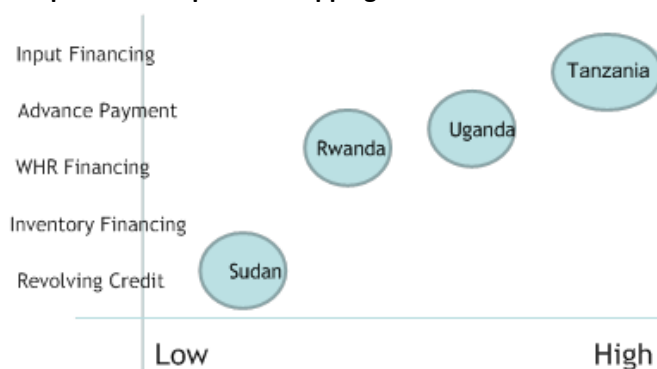
Different financial products:

- Forward Delivery Contract
- Guarantee Fund (First Loss vs Pari Passu 50:50)
- Performance Based Grant
- Warehouse Receipt Systems (WRS)
- Crop Insurance
- Indemnity Fund
- Microfinance approach
- Merchandise Loan
- Community Loan
- Trader Mini Procurement

Two areas for further research on linkages with financial service providers were identified:

1. Country level diagnostic studies to identify which product to apply, which partner to work with and which delivery model to use.
2. Product mapping: Depending on the country's market environment, it is critical to offer a right financial instrument for farmers. A mapping exercise would be beneficial as per below.

Map 1: an example of a mapping exercise



Linking smallholders to public procurement

Opportunities

Governments can be large buyers of food. For example they may procure for school feeding programmes (e.g. Home-Grown School Feeding (HGSF), the army, prisons, hospitals, national reserves, food-based safety-net programmes (e.g. Brazil Zero Hunger programmes), government managed export etc. Additional opportunities include:

- Procurement incentives to encourage farmers to produce or use improved seeds (e.g. Sierra Leone); procurement of (drought-tolerant) seeds for distribution elsewhere in the country (e.g. Kenya)
- Procurement as a vehicle to encourage production and public consumption of more nutritious options (when combined with appropriate nutrition messages)
- Humanitarian Food Reserves (e.g. as recommended by the G20 and being implemented by ECOWAS with WFP support)
- Procurement that ensures market access and fair prices to smallholders (e.g. Tanzania's Cereal and Mixed Crop Board)
- Food for Work safety net programmes
- Conditional food transfer programmes

A distinction can be made between two main types of public procurement

1. Purchases linked to government needs which can be structured to benefit smallholders.
2. Government purchases which are less about a specific need but necessary to trigger specific benefits (e.g., smallholder access, poverty reduction for rural poor) or social change (adoption of new seeds, improving citizens' diets, education).

Challenges

Public procurement usually uses a tender process, so the WFP experience with soft tendering is relevant in this regard. However, challenges are foreseen with public procurement, in particular government red tape and political will, government capacity (e.g. to manage the procurement process and/or to provide the capacity building needed for smallholder farmers and other supply chain players), pricing, bureaucratic processes, lack of storage and processing facilities. Some other foreseen challenges are:

- **High quality standards.** In some cases governments may require higher quality standards than WFP (e.g. Burkina Faso), so this would require additional capacity from FOs and farmers. For example, grain may need to be pre-packaged for health checks.

- **Delays in payments.** Payments from public procurement tend to be even slower than WFP payments. This will be an issue because farmers and FOs perceive that WFP payments are already slow and contribute to defaults.

It is still an open question as to whether, or how, governments will carry forward the P4P model. There are some encouraging signs of engagement already, although this varies from country to country in terms of the depth and nature of the engagement. For example, in Mali, the government is interested in procuring from smallholders (e.g. through school feeding programmes), in subsidizing their inputs, and providing training. In Rwanda, with its high population density, the government is focused on raising the level of output on same amount of land. The Rwanda government has expanded the P4P concept country-wide with the support of WFP and mandated that 40% of all public food procurement should be through “Common P4P” supported Cooperative Unions. Another example is Malawi, where legumes are being promoted to increase soil fertility and smallholders are being encouraged to commercialise while using good water and land management practices. The Minister of Agriculture and Forestry from South Sudan, the world’s newest country, stressed the need to move beyond relief aid and towards farmer livelihood development.

Recommendations for action and areas for further research

The below issues were recommended for consideration by partners working with governments on public procurement programmes, such as:

- Keeping transparency and equity goals at the core of any public procurement programme;
- A “huge investment” is needed in storage and other infrastructure to properly handle commodities both pre- and post-production;
- Payment practices must be improved to ensure timely and safe payments;
- An enabling environment is needed that allows for graduation from dependence on WFP/governments to success in the commercial sector.

The discussion on public procurement identified clearly that farmers need markets to increase production. Relevant questions are:

- Can governments’ need for food be structured to help drive production increases?
- Can smallholders have access to the government market/can the playing field be leveled?
- Is this affirmative action?

Engagement with the private sector

Opportunities

As in previous years, the need to define and delineate the different type of private sector actors that can play a role in support of P4P objectives was a recurrent theme. WFP was encouraged to facilitate collective negotiation of FOs with inputs suppliers, with transporters and financial institutions; to help build the social capital of FOs and facilitate information sharing; promote FOs to the private sector and gain private sector trust.

Challenges

The challenges to connect FOs with formal financial institutions and systems are numerous and are similar to those discussed above under the section on linkages with financial service providers. Essentially, FOs are generally not yet bankable, keep poor records and lack knowledge about opportunities.

Recommendation for action and further research

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. It was also recommended to undertake further research on adequate agricultural insurance for smallholders and how to link P4P more closely to nutrition interventions.

The four key recommendations for action were:

1. Continue to work on reducing production costs
2. Package and catalogue FOs success stories so private sector can gain trust
3. FOs should ideally better integrate into the warehouse receipt, commodity exchanges system
4. Continue building human capital- capacity building and improved access to information

It was recommended that WFP should be able to define (after the 5 year pilot) where the commercial sector and public sector might best support smallholder farmers. WFP can provide needed advocacy with donors, governments, and stakeholders.

Implications of new Gender Strategy

The new P4P Global Gender Strategy, developed with the assistance of the Agricultural Impacts and Learning Network (ALINE) based at the Institute for Development Studies (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 distinguish between different types of women involved in agriculture in order to better relate to their circumstances.

The strategy outlines a clear gender mission for P4P and establishes four groups of women who might be engaged through P4P. These are:

- i) women producers/marketers of crops/food products currently being procured through P4P
- ii) unpaid female family workers
- iii) women producers/petty traders of crops/food products not currently procured through P4P
- iv) women casual agricultural labourers.

P4P'S Gender Mission:

To increase women smallholder farmers, (unpaid) family workers and/ or wage labourers' well-being, through promoting and facilitating opportunities for their access to agricultural markets, in an economically and socially sustainable way.

Guatemala and Ethiopia country offices were both visited by IDS/ALINE and shared their experiences of addressing gender issues and empowering women through P4P. The suggestion was made to start with 'community conversations' to prime attitudes towards women's participation. There are a number of common gender challenges. Typically, women's work isn't recognised as work unless they are paid. Women need to control their own production and profits. At trainings, women often bring their children with them, so this needs to be taken into account. It has been seen that it is beneficial for women to work on the demonstration plots, not just men. This is because women want to see the result of women's work. If only men work these plots women often don't feel so invited and don't benefit. One suggestion is to establish a revolving fund for women to invest in income generating activities.

The importance of addressing the economic empowerment of women involved in agriculture was reiterated by both WFP and partners throughout the meeting.

In 2012, WFP will identify and build partnerships with relevant national government institutions, UN Women as well as with international and local NGOs to identify and incorporate appropriate gender main-streaming activities within each P4P pilot country.



Advocacy and Learning Themes for 2012-2013

The MTE, the TRP and the KIT writeshops have all helped to bring out different voices of stakeholders, and have presented important findings and recommendations that should help guide the remainder of the P4P pilot.

Significant challenges lie ahead: how can lessons from P4P best be captured so that the government, private sector and others can apply this learning. The country context needs to be kept in mind, as each country faces both common and unique issues. The gender lens needs to be kept open, but this should not mean overburdening women. And to what extent can WFP transform its procurement model to benefit smallholders?

There were a number of themes/topics arising from a session where the learning agenda was prioritized by all participants (full overview is given in Annex 3). The topics are summarized below.

Table 2. Themes/topics arising from the prioritisation of learning agenda session

| Themes/topics |
|--|
| 1. Access to finance |
| 2. Role of government and partnerships |
| 3. Policy Advocacy: create enabling environment for P4P related activities |
| 4. Private sector linkages with smallholders and P4P |
| 5. Fostering partnerships, and strengthening these relations |
| 6. Progression strategy for farmers' organisations |
| 7. Gender |

Vision 2013

There was strong 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. The basic formula of P4P (procurement coupled with capacity-building) is showing to be a powerful combination that results in improved production and quality, linkages with markets and livelihood change. The matching between the two strategies can however be more robust; for example, through using forward delivery contracting as the first stage in the procurement progression strategy. It can be a challenge to implement P4P approaches in agricultural settings which have high prices, high price volatility which in some cases leads government to intervene in the market or in a post-conflict setting.

There is much to be optimistic about looking ahead to the final years of the P4P pilot, as successes are already emerging. Leveraging the WFP procurement footprint enables P4P and other stakeholders to learn how to promote smallholder agricultural and market development. There is an absolute need for strong and complementary partnerships in P4P, and this requires staff with excellent skills and resources.

Potential focus areas ahead are the use of structured pro-smallholder public demand, post-conflict contexts, gender, and the promotion of food safety and quality standards (appreciation of quality by markets). It was also recommended that policy engagement should increase, and that introducing innovative mechanisms to assist with fast payment are a crucial factor in getting buy-in and developing trust from farmers and FOs.

Continuous learning and sharing

A critical outcome of P4P is learning: to identify models that governments (or others) may adopt and take to scale. WFP reaffirmed its commitment to be open to learn about and share not only its successes, but failures as well. But it was also emphasized that for FOs and farmers, P4P is not a learning exercise, as it affects their livelihoods.

During the Annual Review there was consensus on the importance to balance the learning with the doing. Balancing the learning with the doing can be difficult, but the need for learning is widely shared. Learning from doing is important, otherwise WFP and partners may repeat the same actions and activities without improvement or identifying good practice (or 'best practice' in context specific cases). Learning can be time consuming and expensive, but it should be seen as an investment that can save time and money down the road.

Further, learning needs can be different for different partners and within different countries (e.g. for fragile states). Case-studies were mentioned as being particularly good for enabling beneficiaries' voices to be heard, and are relatively low cost. For the remaining period of the P4P pilot, it was suggested that learning themes should be more focused around clear research questions rather than generalized research covering multiple themes. Options that were suggested included: knowledge management within P4P (national, regional, global); continuing to work with knowledge partners

(e.g. IDS on gender, AERC on quantitative analysis, KIT on writeshops); smaller/shorter/cheaper knowledge loops (for example within country offices, among peers); more simple, cheaper knowledge products that are practical and 'to the point' like (qualitative) case-studies on specific topics; stimulate bottom-up, participatory learning processes to bring out the voices of those in the field; and establish a more user-friendly platform for exchange and discussion (perhaps digital).

Way forward and exit strategy

The P4P pilot period concludes at the end of 2013, with a final evaluation to be conducted in 2014, but it was clearly stated by the P4P Coordinator that all activities would not come to an abrupt halt. What is coming to the end is the pilot, not the whole approach. Therefore WFP and partners need to think about what would be a reasonable second phase in countries showing promise and success and the extent to which WFP should remain a key partner. There is a sense that WFP needs to reflect on and accelerate the integration of P4P with public (government) procurement and to intensify efforts to link FOs with the private sector.

Learning from both failures and successes in specific contexts will remain crucial in the two years ahead, and WFP acknowledges the importance of remaining open and transparent in sharing lessons learnt.

ANNEX 1

Agenda

Goal of the P4P Third Global Annual Review: take stock of the P4P initiative at mid-point in the pilot, consolidate key learning areas and identify a road map for remaining two years.

Main themes and focus of the different sessions: build on several key learning pillars, reports and events in 2011 including:

- a) the **Mid-Term Evaluation**, conducted by the Overseas Development Institute (ODI) ;
- b) the **Technical Review Panel** (TRP) ;
- c) the new **gender strategy**, developed by the Institute for Development Studies (IDS) ;
- d) the “**writeshop**” 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 that have contracted with WFP under P4P in six countries ; and
- e) key **challenges** as reported by the different pilot countries.

The **Annual Review provides a forum** for sharing experience and identifying common lessons to date in the implementation of P4P across all pilot countries – both successes as well as what has not worked as well as anticipated. WFP has consulted with stakeholders at the national level through lessons learned workshops in many countries in the lead up to the Global Annual Review; in others, these consultations will take place following the Review.

Timeframe and Participants: Two days of the Annual Review are for WFP staff only (28th November and the 1st December) and two days are with a range of stakeholders – sponsored guests from the pilot countries (for example representatives from Farmers’ Organisations, government counterparts and entities providing technical expertise), as well as regional and global partners (including development partners, NGOs, UN agencies, private sector). The objective of the full four days is to review progress and identify key/common lessons during P4P implementation to date.

ROADMAP FOR THE GLOBAL ANNUAL REVIEW

Day One (WFP only)

- Progress report since last year
- Detailed overview of key themes that have emerged from different learning assessment tools (MTE, TRP, writeshop, The Hub) and peer discussion
- Programmatic and operational issues: peer discussion and report back.

Day Two (WFP and Partners)

- Summary of approaches and emerging models under P4P

- What the farmers, capacity builders and KIT say about the dual P4P strategy: capacity building linked to WFP contracts.
- Summary overview of key themes that have emerged from different learning assessment tools (MTE, TRP, writeshop, The Hub)
- Three key themes: Opportunities, Challenges and Expectations
 - Experience working with Financial Service Providers
 - Linking smallholders to public procurement
 - Engagement with the private sector

Day Three (WFP and Partners)

- Report back (from prior day) and peer discussion
- Implications of New Gender Strategy
- Government perspective
- Range of partnerships and partnership modalities
- Identification of Learning Themes for 2012

Day Four (WFP only)

- Value of collecting and sharing knowledge
- Mechanisms for collecting and sharing knowledge
- Issues for the attention of senior management – the P4P Steering Committee
- Consolidation of priorities going forward

The expected output of the Review is:

- Peer Review of progress among WFP staff
- Feedback from stakeholders
- Validation of key learning areas
- Recommendations for Way Forward in 2012-2013

| Monday, 28 November: WFP Staff only | | | |
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| Time | Topics | On the Panel | Focus of Session |
| Session 1: Bringing together the different learning threads | | | |
| 8:30-8:40 | Agenda review/Housekeeping | Steven Were Omamo, Facilitator | |
| 8:40-8:45 | Opening Remarks | Ramiro Lopes da Silva, Deputy Executive Director/P4P Steering Committee Chairman | <ul style="list-style-type: none"> P4P as seen by top management |
| 8:45-9:05 | Reflection: Three years on | Ken Davies, P4P Coordinator | <ul style="list-style-type: none"> Progress since Annual Review 2010/Maputo |
| 9:05-9:30 | Converging voices: Overview of key themes emerging from 2011 learning points: How are the threads coming together? | Clare Mbizule, Senior Programme Advisor, P4P Coordination Unit | <p>A summary matrix with the main themes from the different learning tools will be used as a background document.</p> <ul style="list-style-type: none"> Mid-Term-Evaluation (MTE) Recommendations Technical Review Panel (TRP) advice Writeshop process outcomes |
| 9:30 – 11:00 | <p>Are we on the same page?</p> <p>Making meaning of the findings and & turning lessons into action</p> <p><i>Moderated by Steven Were Omamo, Director, Addis Ababa Liaison Office</i></p> | <p>Panel</p> <p>Veronique Sainte-Luce, P4P Country Coordinator, Burkina Faso</p> <p>Martin Kabaluapa, P4P Country Coordinator, Kenya</p> <p>Eri Kudo, Country Director, Laos</p> | <p>CO perspectives on the MTE, TRP advice, writeshop process and other learning events</p> <ul style="list-style-type: none"> What implications do the findings/recommendations from the MTE, TRP (and where relevant writeshops) have for you? Have the learning outcomes stimulated any change in direction/plans for WFP and/or partners involved in P4P? |

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| | | Plenary dialogue | <ul style="list-style-type: none"> What clarification do you need on MTE recommendations or TRP suggestions to help you move forward with implementing P4P in your CO? |
| 11:00-11.30 | <i>Coffee/Tea Break</i> | | |
| 11:30-13:00 | Are we on the same page? continued | <p>Panel</p> <p>Laura Melo, Regional Programme Advisor, P4P, Latin America and Caribbean</p> <p>Finbarr Curran, Director Procurement</p> | <p>Regional Bureau/Headquarters perspective</p> <ul style="list-style-type: none"> What implications do you see arising from the MTE, TRP advice, writeshops, PROCMARK training and/or other significant learning events? |
| 13:00-14:00 | <i>Lunch Break</i> | | |
| Session 2: Sharing across the countries: implications of WFP policies, programmes, procedures, systems and partnerships on implementation | | | |
| 14:00-15.30 | <p>Three self-selecting Working Groups</p> <p>Business Process Review Connecting the Dots: (aligning internal programmes, systems, divisions) Realities of Aligning Investments and Partnering</p> | <p>Resource staff will be attached to each group to provide some introductory remarks</p> <p>One Rapporteur will selected to represent each group</p> | <p>Task: Specify:</p> <ol style="list-style-type: none"> 1) what has improved and why 2) what has not improved, and why 3) which 3 main recommendations do you have looking forward. |
| 15:30-16:00 | <i>Coffee/Tea Break</i> | | |
| 16:00:-17:30 | | Report back in plenary | |
| 17:30 | Wrap up for the day | Facilitator | |

| Tuesday 29 November: All Participants Attend | | | |
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| Time | Topics | Lead/Presenter | Focus of Session |
| Session 3: Sharing Key Lessons with Partners | | | |
| 8:00-9:00 | Registration at IFAD | | |
| 9:00-9:30 | Official Opening | -Ann Tutwiler, Deputy Director-General for Knowledge, FAO -Kevin Cleaver, Associate Vice-President, Programmes, IFAD -Ramiro Lopes da Silva, Deputy Executive Director, Operations, WFP | |
| 9:30-9:40 | Roadmap for 29-30 November | Ken Davies, P4P Coordinator | Objectives for the two days Context and expected outputs |
| 9:40-10:00 | Summary of “approaches” being tested and emerging models | Mary-Ellen McGroarty Senior Programme Advisor, P4P Coordination Unit | <ul style="list-style-type: none"> • Overview of 4 main approaches • Key lessons/dilemmas • Promising models |
| 10:00-11:15 | Farmers’ Voices: Effects of Capacity Building coupled with WFP contracts <i>Moderated by William Sparks, VP</i> | Panel discussion followed by Q&A -Nestor Cazun, President, Cooperative San Marcos Las Pozas, El Salvador -Raul Contreras, President and Legal Representative, Agricultural Producers | <ul style="list-style-type: none"> • What is the incentive to work as part of the P4P programme • What changes have you seen? • What have been the challenges to date? • What steps have you taken to involve women in the management and sharing of benefits from the P4P activities? |

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| | <i>Programme Services, ACDI-VOCA</i> | Association of Laguna de El Hoyo – APALH, Guatemala -Isaac KipKosgei Too, Chairman, Schemers Community Based Farmer Organization in Eldoret, Kenya | <ul style="list-style-type: none"> • What are the opportunities going forward? |
| 11:15-11:45 | <i>Coffee/Tea Break</i> | | |
| 11:45-12:45 | <p>Hearing from the Facilitators: Building capacity for market access</p> <p><i>Moderated by Sue Lautze, Senior Programme Officer, Emergency Operations Service (TCEO), FAO</i></p> | <p>Panel discussion followed by Q&A</p> <p>-John Mojule, Director, South Sudan Integrated Development Organisation, South Sudan</p> <p>-Abel Lyimo, Chief Executive Officer, Rural and Urban Development Initiatives (RUDI), Tanzania</p> <p>-Roger Bymolt, Advisor, Royal Tropical Institute (KIT)</p> | <ul style="list-style-type: none"> • What key ingredients of capacity building and technical assistance need to be factored in as one enters a relationship with WFP? • Presentation of conclusions from KIT's work with 6 country case studies |
| 12.45 – 13:00 | Introduction to WorldCafe | Sarah Longford, Senior Programme Advisor, P4P Coordination Unit | <ul style="list-style-type: none"> • Instructions for the WorldCafe are in the folders |
| 13:00–14:00 | <i>Lunch Break</i> | | |
| Session 4: Worldcafe: 3 Key Recurring Thematic Areas: Opportunities, Challenges and Expectations | | | |
| 14:00 -17:50 (including coffee break) | <p>Worldcafe</p> <p>1. Linkage with Financial Service Providers</p> | All participants attend each thematic working group in rotation, and build on key | WFP and partner resource people will be |

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| | 2. Linking Smallholders to public procurement 3. Engagement with the private sector | issues identified in group discussions. | assigned to each group No reconvening in plenary |
| 18:00 | Cocktail at IFAD | | |

| Wednesday 30 November: All Participants Attend | | | |
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| Time | Topics | Lead / Presenter | Focus of Session |
| Session 5: Dialogue on Key Learning and Partner Perspectives | | | |
| 9:00-10:00 | Summary of key points/recommendations from previous day's working groups | Rapporteurs from three themes Discussion in plenary | <ul style="list-style-type: none"> • Presentation |
| 10:00- 11:15 | Implications of new Gender Strategy <i>Moderated by Maxwell Sibhensana, Program Development Advisor, World Vision International</i> | Panel discussion -Clare Mbizule, Senior Programme Advisor, P4P Coordination Unit -Enrico Pausilli, P4P Country Coordinator, Ethiopia -Sheryl Schneider, P4P Country Coordinator, Guatemala | <ul style="list-style-type: none"> • Highlights from new strategy • Options for Moving Ahead • Partnership opportunities |
| 11:15-11:45 | <i>Coffee/Tea Break</i> | | |
| 11:45-13:15 | <i>Role of Government Moving</i> | <u>Round One</u> | Each panellist addresses one question followed |

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| | <p>Forward</p> <p><i>Moderated by Valerie Guarnieri, Director, Programme Division, WFP</i></p> | <p>- Makiyou Coulibaly, National Rural Development Coordinator, Ministry of Agriculture, Mali</p> <p>- Francois Nsengiyumva, Chairman, Post-Harvest and Storage Taskforce, Ministry of Agriculture, Rwanda</p> <p>- Francisco Valenzuela, National Director (DICTA, Ministry of Agriculture and Livestock, Honduras)</p> <p><u>Round two</u></p> <p>- Erica Maganga, Principal Secretary of the Ministry of Agriculture, Irrigation and Water, Malawi</p> <p>- H.E. Betty Achan Ogwaro, Minister of Agriculture and Forestry, South Sudan</p> <p>- Chungu Mwila, Acting CEO, ACTESA-COMESA</p> | <p>by discussion</p> <ol style="list-style-type: none"> 1. How does P4P fit into your National Strategy (Mali) 2. To what extent has P4P acted as a catalyst for policy discussion or action within Government? (Rwanda) 3. How do you coordinate the different partners/investments within your government? (Honduras) 4. How might Government floor prices impact on a programme such as P4P (Malawi) 5. What does your Government expect from P4P and how does it fit with other development priorities? (S. Sudan) 6. What trade policies within the region need to be changed or be applied to support the different investments in agriculture within your region? (Inter-governmental perspective) |
| 13:15-14:15 | Lunch Break | | |
| 14:15 15.45 | <p>Partnership modalities:</p> <p><i>Moderated by Edward Heinemann, Team leader, Rural Poverty Report, Strategy and Knowledge</i></p> | <p>Panel followed by discussion in plenary</p> <p>- Steven Kwon, President, Nutrition and Education International, Afghanistan</p> <p>- Joseph Lubarika Wakulola, Programme Officer, Dan Church Aid, Democratic</p> | <p>Reflection of the different types of relationships and arrangements in place that are critical to P4P</p> |

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| | <i>Management Office, IFAD</i> | Republic of Congo - Khalid Bomba, CEO, Agriculture and Transformation Agency, Ethiopia -Shaun Ferris, Senior Technical Advisor, Agriculture and Environment, Catholic Relief Services | |
| 15:45- 16:15 | <i>Coffee Break</i> | | |
| 16:15-17:00 | Prioritising Learning Themes for 2012-2013 | Participatory Exercise | <ul style="list-style-type: none"> • Key research questions for 2012 (case studies, writeshops, research work) |
| 17:00-17:15 | Key Take Aways | Ken Davies, P4P Coordinator | |
| 17:15- 17:30 | Closing Remarks | Manuel Aranda da Silva, Director of the Policy, Planning and Strategy Division | |

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| Thursday, December 1: WFP Staff only | | | |
| Session 6; Taking Stock and Way Forward in 2012 | | | |
| 8:30-9:30am | Taking Stock: Temperature Check | Countries to raise issues that can be factored into agenda for day | Ensuring that agenda adapted to addressing Parking Lot issues from days 1-3 and return to points not covered on day 1 |
| 9:30-11:00 | The Importance of Learning | Anna Lavin, KIT followed by Alessia De Caterina, P4P Coordination Unit, will give some food for thought before a plenary | <ul style="list-style-type: none"> • What do we mean when we talk about learning • Learning for what • How the learning tools fits together |

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| | <i>Moderated by Lynn Brown, Chief Economist, Policy, Strategy and Planning Division</i> | discussion | <ul style="list-style-type: none"> Options for capturing and applying lessons |
| 11:00-11:30 | <i>Coffee/tea Break</i> | | |
| 11:30-13:00 | <p>Looking at Some of the Results and Changes</p> <p><i>Moderated by Steven Were Omamo, Director, Addis Ababa Liaison Office</i></p> | <p>Each panelist will address one question</p> <p>-Billy Mwiinga, P4P Country Coordinator, Mozambique</p> <p>-Ana Touza, P4P Country Coordinator, Honduras</p> <p>-Hassan Abdelrazig, P4P Country Coordinator, Ghana</p> | <ol style="list-style-type: none"> Who are we reaching and how are we counting beneficiaries for example FO records, surveys (Mozambique) Examples of learning from case studies (Honduras) Maximising the Hub (Ghana) |
| 13:00: – 14:00 | <i>Lunch Break</i> | | |
| 14:00-15:15 | <p>P4P Steering Committee</p> <p><i>Moderated by Ramiro Lopes Da Silva, Chair of the P4P Steering Committee</i></p> | <p>-Valerie Guarnieri, Director, Programme Division</p> <p>-Finbarr Curran, Director, Procurement Division</p> <p>-Steven Were Omamo, Director, Addis Ababa Liaison Office</p> <p>-Robert Van Der Zee, Chief, Treasury & Financial Risk Management (on behalf of</p> | <ul style="list-style-type: none"> Issues requiring attention and guidance senior management |

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| | | <p>Pedro Guazo)</p> <p>-Domenico Scalpelli, Deputy Director, Government Relations (on behalf of Terri Toyota)</p> <p>-Ken Davies, P4P Coordinator</p> | |
| 15:15–15.45 | <i>Coffee Break</i> | | |
| 15:45-17:15 | <p>Vision 2013 and The Roadmap</p> <p><i>Moderated by Steven Were Omamo, Director, Addis Ababa Liaison Office</i></p> | <p>Introductory remarks by Jorge Fanlo, Senior Programme Advisor, P4P Coordination Unit followed by a plenary discussion</p> | <ul style="list-style-type: none"> • Conceptual framework • Re-visiting key outputs expected by end 2013 • What we have so far? What we need to focus on? • How we get there? |
| 17:30 | Closing Remarks | <p>Manuel Aranda da Silva, Director of the Policy, Planning and Strategy Division</p> | |

ANNEX 2

List of participants

| | Country | Name | Title | Organization |
|------------------|--------------|---------------------------------|--------------------------------------|--------------|
| INTERNALS | | | | |
| 1 | Facilitation | Steven Were Omamo | Director, Addis Ababa Liaison Office | WFP |
| 2 | Afghanistan | Henri Chouvel | P4P Country Coordinator | WFP |
| 3 | | Jamshid Zewari | National Programme Officer | WFP |
| 4 | Burkina Faso | Veronique Sainte-Luce | P4P Country Coordinator | WFP |
| 5 | | Angelline Rudakubana | Country Director | WFP |
| 6 | D R Congo | Francis Bere | P4P Country Coordinator | WFP |
| 7 | | Kojo Anyanful | Deputy Country Director | WFP |
| 8 | El Salvador | Hebert Lopez | P4P Country Coordinator | WFP |
| 9 | | Dorte Ellehammer | Country Director | WFP |
| 10 | Ethiopia | Enrico Pausilli | P4P Country Coordinator | WFP |
| 11 | | Abdou Dieng | Country Director | WFP |
| 12 | Ghana | Hassan Abdelrazig | P4P Country Coordinator | WFP |
| 13 | Guatemala | Sheryl Schneider | P4P Country Coordinator | WFP |
| 14 | Honduras | Ana Laura Touza | P4P Country Coordinator | WFP |
| 15 | | Nacer Benalleg | Deputy Country Director | WFP |
| 16 | Kenya | Martin Kabaluapa | P4P Country Coordinator | WFP |
| 17 | | Pippa Bradford | Deputy Country Director | WFP |
| 18 | Laos | Sengpaseuth (Seuth) Simmanivong | National P4P Officer | WFP |
| 19 | | Eri Kudo | Country Director | WFP |
| 20 | Liberia | James Legg | P4P Country Coordinator | WFP |
| 21 | | Getachew Diriba | Country Director | WFP |
| 22 | Malawi | Baton Osmani | Deputy Country Director | WFP |
| 23 | Mali | Isabelle Mballa | P4P Country Coordinator | WFP |
| 24 | Mozambique | Billy Mwiinga | P4P Country Coordinator | WFP |
| 25 | Nicaragua | Francisco Alvarado | P4P Country Coordinator | WFP |
| 26 | | Helmut Rauch | Country Director Nicaragua | WFP |
| 27 | Rwanda | Emmanuela Mashayo | P4P Country Coordinator | WFP |
| 28 | | Jan Delbaere | Deputy Country Director | WFP |
| 29 | Sierra Leone | Miyuki Yamashita | P4P Country Coordinator | WFP |
| 30 | | William Hart | Country Director | WFP |
| 31 | South Sudan | Marc Sauveur | P4P Country Coordinator | WFP |
| 32 | | Chris Nikoi | Country Director | WFP |
| 33 | Uganda | Vincent Kiwanuka | Programme Officer, P4P | WFP |
| 34 | | Sory Ouane | Country Director | WFP |
| 35 | Tanzania | Dominique Leclercq | P4P Country Coordinator | WFP |
| 36 | | Sarah Gordon-Gibson | Deputy Country Director | WFP |
| 37 | Zambia | Evans Mwendwe | Market Analyst | WFP |

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| 38 | Regional Bureau, Southern Africa | Mustapha Darboe | Regional Director | WFP |
| 39 | | Simon Denhere | Regional Procurement Officer | WFP |
| 40 | Regional Bureau, East & Central Africa | Stanlake Samkange | Regional Director | WFP |
| 41 | Regional Bureau, West Africa | Boubacar Ndaw | Regional Programme Officer, P4P | WFP |
| 42 | Regional Bureau, Latin America & Caribbean | Laura Melo | Regional Programme Advisor, P4P | WFP |
| 43 | WFP Brazil | Daniel Balaban | Director, Center of Excellence Against Hunger | WFP |
| 44 | Kenya | Jeff Marzilli | Snr. Programme Advisor, Markets & P4P Liaison, Procurement Division | WFP |
| 45 | Headquarters Attendees | Ramiro Lopes da Silva | Deputy Executive Director, Operations Department | WFP |
| 46 | | Manuel Aranda da Silva | Director, Policy Strategy and Planning Division | WFP |
| 47 | | Chris Moore | Deputy Director, Policy Planning & Strategy Division | WFP |
| 48 | | Lynn Brown | Chief Economist, Policy Strategy and Planning Division | WFP |
| 49 | | Ugo Gentilini | Policy Officer, Policy Planning & Strategy Division | WFP |
| 50 | | Marc Regnault de la Mothe | Policy Officer, School Feeding Unit | WFP |
| 51 | | Niels Balzar | Policy Officer, Disaster Risk Reduction | WFP |
| 52 | | Finbarr Curran | Director, Procurement Division | WFP |
| 53 | | Joop Menkveld | Chief, Food Procurement | WFP |
| 54 | | Jack Keulemans | Head, Field Food Procurement Support Unit | WFP |
| 55 | | Brigitte Labbe | Procurement Officer | WFP |
| 56 | | Laila Ahadi | Procurement Officer | WFP |
| 57 | | Bertrand Salvignol | Head, Food Safety & Quality Assurance Unit | WFP |
| 59 | | Isatou Jallow | Chief, Gender Unit | WFP |
| 60 | | Kenn Crossley | Chief, Business Development Finance Service, Office of Hunger Solutions | WFP |
| 61 | | Valerie Guarnieri | Director, Programme Division | WFP |

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| 62 | | Tobias Flaemig | Programme Officer/Market Analyst for Cash for Change | WFP |
| 63 | | Joyce Luma | Chief, Food Security Analysis | WFP |
| 64 | | Joan Fleuren | Chief, Handover and Partnerships Branch | WFP |
| 65 | | Nicole Jacquet | Programme Advisor, Handover & Partnerships Branch | WFP |
| 66 | | Sandra Westlake | Donor & Private Sector Relations Officer | WFP |
| 67 | | Gawaher Atif | Sr. Donors Relations Officer, Govt. Donor Relations Division | WFP |
| 68 | | Maria Sfarra | Donor Relations Officer, Govt. Donor Relations | WFP |
| 69 | | Robert Van der Zee | Chief, Office of Treasury & Financial Risk Management | WFP |
| 70 | | David Wakiaga | Logistics Officer | WFP |
| 71 | | Ariona Aubrey | Legal Officer | WFP |
| 72 | Coordination Unit | Ken Davies | P4P Coordinator | WFP |
| 73 | | Clare Mbizule | Snr. Programme Advisor | WFP |
| 74 | | Mary Ellen McGroarty | Snr. Programme Advisor | WFP |
| 75 | | Jorge Fanlo | Snr. Programme Advisor | WFP |
| 76 | | Sarah Longford | Snr. Programme Advisor | WFP |
| 77 | | Alessia DeCaterina | Monitoring & Evaluation Officer | WFP |
| 78 | | Bhai Thapa | Finance Officer | WFP |
| 79 | | Tobias Bauer | Communications Officer | WFP |
| 80 | | Gary Brannan | Business Process Expert | WFP |
| 81 | WFP / ACTESA (COMESA) | Simon Dradri | Senior Policy Advisor, WFP Secondee to ACTESA (COMESA) | WFP / ACTESA (COMESA) |
| EXTERNALS - Country Level Invited Partners | | | | |
| 82 | Afghanistan | Steven Kwon | President | Nutrition and Education International (NEI) |
| 83 | Burkina Faso | Jeanne Zongo | Permanent Secretary to WFP | Ministry of Agriculture |
| 84 | D R Congo | Joseph Lubarika Wakulola | Programme Officer | Dan Church Aid (DCA) |
| 85 | El Salvador | Leslie Quiñonez | Secretary Vice-President | Technical Secretariat of the Presidency |
| 86 | | Nestor Cazun | President | San Marcos Las Pozas Cooperative |
| 87 | Ethiopia | Khalid Bomba | Chief Executive Officer | Agriculture Transformation Agency (ATA) |
| 88 | Ghana | Catharine Phiri | Project Director North Ghana | ACDI VOCA |

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| 89 | Guatemala | Raul Contreras | President and Legal Representative | Agricultural Producers Association of Laguna del Hoyo (APALH) |
| 90 | Honduras | Francisco Jeovany Pérez Valenzuela | National Director | DICTA, Secretariat of Agriculture and Livestock, Ministry of Agriculture |
| 91 | Kenya | Monica Mueni | Senior Assistant Director, Agriculture Development Centre | Ministry of Agriculture & Forestry |
| 92 | | Isaac KipKosgei Too | Chairman | Schemers Community Based Farmer Organization, Eldoret |
| 93 | Laos | Somvang Phathavong | Deputy Director | Clean Agriculture Development Centre, Ministry of Agriculture & Forestry |
| 94 | Liberia | Tarnue D. Koiwou | Food Security & Nutrition Program Officer | Ministry of Agriculture |
| 95 | Mali | Daniel Kelema | National Director of Agriculture | Ministry of Agriculture |
| 96 | | Mohamed Makiyou Coulibaly | National Rural Development Coordinator | Ministry of Agriculture |
| 98 | Malawi | Erica Maganga | Principal Secretary | Ministry of Agriculture, Irrigation and Water Development |
| 99 | Mozambique | Jose Joachim Meque | Director General | Strategic Reserve Agency, Ministry of Industry and Commerce (MIC) |
| 100 | | Gabriel Muianga | National Director | Ministry of Industry and Commerce of Mozambique (MIC) |
| 101 | Nicaragua | Junior Escobar Fonseca | Permanent Representation to FAO, IFAD and WFP | Nicaragua Delegate |
| 102 | Rwanda | Francois Nsengiyumva | Chairman, Post Harvest and Storage Taskforce | Ministry of Agriculture |
| 103 | South Sudan | HE Minister Betty Acan Ogwaro | Minister of Agriculture and Forestry | Ministry of Agriculture & Forestry |
| 104 | | John Mojule | Director | South Sudan Integrated Development Organisation |
| 105 | Tanzania | Abel Lyimo | Chief Executive Officer | Rural Urban Development Initiatives (RUDI) |

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| 106 | Uganda | Alex Lwakuba | Assistant Commissioner, Crop Protection | Ministry of Agriculture Animal Industry and Fisheries |
| 107 | Zambia | Brian Tembo | Chief Executive | Zambia Agricultural and Marketing Commodity Exchange (ZAMACE) |
| EXTERNALS - Global Stakeholders | | | | |
| 108 | Global Stakeholders | William Sparks | Vice President, Program Services | ACDI VOCA |
| 109 | | Innocent Matshe | Director of Training | African Economic Research Consortium (AERC) |
| 110 | | William Lyarkuwa | Executive Director | African Economic Research Consortium (AERC) |
| 111 | | Damien Fontaine | Food Security Focal Point, Policy Support Service | Belgian Development Cooperation (DGD) |
| 112 | | Arlene Mitchell | Deputy Director, Agricultural Development Program | Bill and Melinda Gates Foundation |
| 113 | | Alesha Black | Program Officer | Bill and Melinda Gates Foundation |
| 114 | | Claudia Vasques | Alternate Permanent Representative | Brazil Delegate |
| 115 | | Daw E Mohamed | Senior Advisor – Emergency Food Security | CARE |
| 116 | | Shaun Ferris | Senior Technical Advisor - Agriculture and Environment | Catholic Relief Services |
| 117 | | Adair Heuchan | Deputy Permanent Representative of Canada to FAO, IFAD & WFP | Canada Delegate |
| 118 | | Brad Paterson | Intern, Permanent Mission of Canada | Canada Delegate |
| 119 | | Chungu Mwila | Acting CEO, ACTESA, part of COMESA | COMESA / ACTESA |
| 120 | | Ben Hubbard | Director of the Development Credit Authority at USAID | Development Credit Authority (DCA) |
| 121 | | Musa Salah | Agriculture & Energy Officer | ECOBANK |
| 122 | | George Macharia Irungu | Head of Agriculture lending | Equity Bank |
| 123 | | Lourdes Magnana de Larriva | Advisor, European Union | European Union Delegate |
| 124 | | Ann Tutwiler | Deputy Director-General for Knowledge | FAO |
| 125 | | Sue Lautze | Senior Programme Officer, Emergency Operations Service | FAO |
| 126 | | Shukri Ahmed | Agricultural Economist (P4P Technical Review Panel Member) | FAO |

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| 127 | | Calvin Miller | Senior Officer, Agribusiness & Finance Group (AGS) | FAO |
| 128 | | Elisabeth Connes-Roux | Deputy Permanent Representative | France Delegate |
| 129 | | Birgit Poniatowski | Manager, Partnerships | GAIN – Global Alliance for Improved Nutrition |
| 130 | | Anne Kelly | P4P Focal Point | Howard G. Buffett Foundation |
| 131 | | Kevin Cleaver | Associate Vice President | IFAD |
| 132 | | Francesco Rispoli | Rural Financing Technical Advisor | IFAD |
| 133 | | Mohamed Beavogui | Head, Partnership & Resource Mobilization & Snr. Advisor to the President | IFAD |
| 134 | | Edward Heinemann | Team Leader, Rural Poverty Report, Strategy and Knowledge Mgmt. Office | IFAD |
| 135 | | Steven Schonberger | Regional Economist, West & Central Africa Division | IFAD |
| 137 | | Makiko Toyoda | Global Warehouse Receipts Funding Programme | International Finance Corporation |
| 138 | | Bruce Smith | Coordinator, CATALIST project | International Center for Soil Fertility & Agricultural Dev (IFDC) |
| 139 | | Edward Baars | Regional Agribusiness Coordinator for 2SCALE project | International Center for Soil Fertility & Agricultural Dev (IFDC) |
| 140 | | Martin Gallagher | Hunger Unit, Thematic Sectors and Special Programmes | Irish Aid, Department of Foreign Affairs |
| 141 | | Caleb Varner | Government Business Development Manger, John Deere Financial—sub-Saharan Africa | John Deere |
| 142 | | Roseline Remans | Associate Research Scientist, The Earth Institute at Columbia University | Millennium Villages Project (MVP) |
| 143 | | Rick Hodges | Reader in Postharvest Entomology | Natural Resources Institute (NRI) |
| 144 | | Eliana Vera | Senior Advisor, SNV USA | SNV (Netherlands Development Organisation) |
| 145 | | Tito Arunga | Country Coordinator, SNV Kenya | SNV (Netherlands Development Organisation) |
| 146 | | Luca Chinotti | GROW Campaign Policy Advisor in Rome | OXFAM |

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| 147 | | Aulo Gelli | Snr Research Manager | Partnership for Child Development, Imperial College |
| 148 | | Bjorn Ljungqvist | REACH Coordinator | REACH |
| 149 | | Anna Laven | Advisor, KIT Development Policy & Practice, Sustainable Economic Development | Royal Tropical Institute (KIT) |
| 150 | | Roger Bymolt | Advisor, KIT Development Policy & Practice, Sustainable Economic Development | Royal Tropical Institute (KIT) |
| 151 | | Franklin Moore | Senior Development Counsellor | US Permanent Mission, Rome |
| 152 | | Lena Heron | Senior Rural Development Advisor | USAID, Bureau for Food Security |
| 153 | | Giuseppe Fantozzi | Senior Operations Officer | World Bank, Rome |
| 154 | | Maxwell Sibhensana | Vice President, Food Security and Livelihoods | World Vision International (WVI) |

ANNEX 3

Themes/Topics arising from the prioritisation of learning agenda session

ACCESS TO FINANCE:

- What are the *different financial products* that are needed on a country basis? What are the major “bottle-necks”/constraints to the P4P producers accessing those products? Or availability of those products? e.g. Crop Insurance, Inventory credit, Trade/Marketing Finance, Savings.
- *Farmers Mapping Study* - a mapping exercise to find out what kind of finance the WFP P4P’s vendors are currently receiving; If nothing available, find out what kind of financial needs they have.
- Research practical solution/s to increase access to finance for small-holders and FOs.
- Agricultural Value Chain Financing: Discover the value chain for maize and beans in each region and then identify options and most effective points for introducing types of credit.
- Linking Smallholder Farmers to credit/financial service providers:
 - Introducing forward contracts;
 - Analysis of National Lending Schemes (lending rates, requirements & financial institutions).
- What is the role of the WFP P4P programme in pursuing the identified solution/s? And other partners, Government and non-Government?
- Farmer Organization financing: Strategies of opportunities focusing on female producers

GOVERNMENT ROLE:

- Articulation of government programmes and the relation with P4P: Government and WFP agree with exit strategy
- Mainstreaming of the Programme after the pilot period:
 - Public procurement;
 - Adjusting procurement procedures to the conditions/needs of smallholders;
 - Increased purchases of commodities produced by women.
- Government P4P Partnerships: Identification of appropriate policy interventions on the growth of the private sector grain trade.
- Liaise with Government to develop national ownership: Ensure government buy-in and gradual take-over of P4P to guarantee sustainability.
- Create structured demand targeting small holder farmers for developing grain reserve (South Sudan specific).

POLICY ADVOCACY:

- To carry out an analysis of P4P successes and failures vis-à-vis policy (and practices) environment, that is, what is the right policy environment that will allow a successful implementation of P4P.
- How can WFP collaborate with representatives of donor governments in the field to help partner countries set up an enabling environment for P4P-related activities?

PRIVATE SECTOR:

- Linking small farmers to private sector and reserve strategy.
- Private sector participation in the market: Enhancing the role of private sectors in agro-marketing through e.g. robust WRS supported by financial sector and credit scheme such as IFC initiative.
- *Information Sharing*: It would be highly valuable to the private sector and farmer organizations to publish the lists of farmer organizations they have catalogued. It could list:
 - name, location, membership size;
 - Commodities produced and volumes if known;
 - Contract with WFP? How many?
 - Performance (defaults);
 - Training received.
- Develop food production activities that uses the local raw material and has the beneficiaries at first thought
- Hold brainstorming session as to how to best initialise HQ private sector team.

PARTNERSHIPS:

- Foster partnerships:
 - Develop engagement with high quality partners
 - Fostering partnerships among different actors to promote small scale agriculture with special focus on women. E.g. Implementing P4P in partnership with other players/actors.
- Build strong, efficient partnerships:
 - Identify areas of expertise (marketing, finance, commodity management)
 - Plan (work plan)
 - Implement (P4P initiative) activities
- Common data systems plus partnership learning alliances to help with analysis and interpretation

PROGRESSION STRATEGY FOR FOs:

- Smallholder access to agricultural mechanization: Analysis of how mechanization is cost effective/efficient vs. Small holder labour intensive;
- Market Hunting: Identification and skills transmission to FOs on how to find and access broader markets beyond P4P;

- Farmer Organization transaction cost: Which trading partners give the lowest transaction costs?

GENDER:

- More sensitization for women to enhance their participation in the process:
 - Increase their incomes;
 - Access to credit.
- Increase Gender component: Work with farmers/women (both) that gender disparities are acquired and need to be reversed by steady work in this aspect.

OTHER:

- Access to market (Government, private sector)
- What is the exit strategy for P4P? What will happen post pilot phase?
- Market information
- National policy on price fixing and cereal trade
- Improve value chain analysis in support of P4P decision-making
- Development procurement

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