

# Second Purchase for Progress Annual Review

Maputo, 29 November- 2 December 2010



Josette Sheeran, WFP Executive Director, Maputo, 2010

*“There are three things that WFP brings that no one else can bring: a guaranteed market; WFP’s quality requirements on which we do not compromise; and WFP’s coordination role. Through our local procurement, we catalyse other partners’ efforts and investments”.*

## REPORT

June 2011



**P4P** Purchase for Progress

## **Table of Contents**

### **Executive Summary**

### **Background on Annual Review Process**

### **Lessons emerging**

### **Four Themes Highlighted during Annual Review 2010**

- Capacity development: targeting and progression strategies
- Food safety and quality
- Financing solutions for staple crops and
- Accessing markets beyond WFP

### **Summary of external perspectives on lessons and way forward**

- Farmers
- Government
- Donors

### **Summary of WFP perspective on lessons and way forward**

- Programming: How P4P is fitting into country strategies
- Procurement
- Logistics
- Finance
- Legal issues
- Gender
- Monitoring and Evaluation/Knowledge Management

### **Key agreed recommendations and priorities for 2011**

## Executive Summary

Seventy World Food Programme staff and seventy partners gathered in Maputo, Mozambique for the second global Purchase for Progress (P4P) Annual Review 29<sup>th</sup> November to 2<sup>nd</sup> December 2010 to collectively review progress and discuss key lessons during P4P implementation in 2010. The Executive Director of WFP and the Minister of Commerce and Trade, Government of Mozambique officially opened the meeting on the 30<sup>th</sup> November 2010.

In the two years of implementation since the launch of the pilot initiative in September 2008, over 50,000 farmers, warehouse operators and small and medium traders received training from WFP and partners in improved agricultural production, post-harvest handling, group marketing, agricultural finance and contracting. An enormous array of supply-side actors is now working hand in hand with WFP and farmers to support P4P at the field level. As a result, over 125,000 metric tons (mt) of commodities have been contracted by WFP in 20 P4P countries to supply WFP's regular operations.

Strong support was expressed for the direction WFP has taken in promoting local purchase, in aligning the programme to national Government development plans, in creating concrete opportunities for women farmers to access economic benefits and in experimenting with new ways of doing business. There was overwhelming consensus that P4P is already acting as a catalyst and a platform to bring partners whose goal it is to fight hunger and address the needs of smallholder farmers around the table. As one donor said, "P4P is a magnet to bring other investments and partners together".

Significant progress was noted as compared to one year ago. In particular, despite continuing challenges, there were testimonials that smallholder farmers are responding well to the requirement to meet quality standards and that capacity building efforts and investments in storage and warehousing are already showing signs of a reduction in postharvest losses and an increase in sales, not just to WFP but to other buyers. Some farmer representatives also reported that their negotiating power had increased and that they were more aware of the options available when it came to financial services.

A highlight of the review was the "marketplace" where participants broke into groups to have more in depth discussions about the experiences, challenges and opportunities relating to four recurrent themes a) capacity development: targeting and progression strategies b) food safety and quality c) financing solutions for staple crops and d) accessing markets beyond WFP.

Panel discussions with farmer representatives, government officials and donors brought out the high expectations and varying perspectives of some of the key partners. Calls for scaling up activities were heard from participants, but only after due reflection and learning of what works and what does not work. The importance of structuring and sharing the learning with all stakeholders was underlined throughout the week.

Organisational change and internal WFP policy and procedural issues were discussed. Commitments were made by senior managers to review the WFP internal business model to ensure that the right tools to purchase from farmers groups are in place and that the timeframe from procurement to payment is shortened. Having timely access to advance financing to enable signature of forward contracts was also highlighted as critical. A decision to pilot advance payment to selected farmers' organisations that meet certain criteria was also made during the week.

## Background on Annual Review Process

The goal of the Second P4P Annual Review was to review progress and validate key lessons emerging from P4P implementation in 2010, by:

- Providing a forum to share experiences to date across 20 pilot countries currently implementing P4P;
- Identifying best practices regarding what worked and what has not worked as well, and identify key priorities for 2011.

P4P pilot countries prepared for the global annual review by holding country-level lessons learned workshops with their partners and submitting reports identifying lessons. These were subsequently consolidated by the P4P Coordination Unit in Rome into key recurrent themes (across all the pilots as well as within country groupings), which then provided the basis for the structure of the meeting and validation process. Click here to see the agenda:

<http://documents.wfp.org/stellent/groups/public/documents/reports/wfp252037.pdf>

Plenary discussions were complemented by panel discussions with key WFP senior management staff, representatives of Governments, farmers' representatives and donors, who each offered their perspectives. Working groups sought to distil and validate regional as well as thematic lessons.

WFP staff included P4P Country Directors, P4P Country Coordinators, regional bureau and headquarters colleagues (representing procurement, legal, programme, finance, logistics, policy divisions and the P4P Coordination Unit).

A wide representation of stakeholders also attended two out of the four days: government counterparts from El Salvador, Guatemala, Southern Sudan, Tanzania and Zambia; farmer representatives from Liberia, Mozambique, Sierra Leone; private sector representatives from Kenya, Ghana and Malawi; UN agencies including FAO, IFAD, IFC, UNCDF, and UN Women; local and international NGOs including Afrique Verte, CARE, CRS, IFDC, MDG Centre, PCD, Save the Children, World Vision International; Financial institutions including Equity Bank Kenya, Federations des Caisses Populaires du Burkina, Opportunity Bank Malawi and Standard Bank; as well as representatives from academia, the donor community and other key regional partners including ACTESA and AGRA.<sup>1</sup> Click here to see list of participants:

<http://documents.wfp.org/stellent/groups/public/documents/reports/wfp252038.pdf>

### Main developments since 2009 Annual Review

- Food safety and quality has been a key driver: many FOs managed to improve quality of their produce;
- New supply side partners have been identified, links to the Alliance for the Green Revolution in Africa (AGRA) have expanded and WFP has seconded a staff member to the Alliance for Commodity and Trade in Eastern and Southern Africa (ACTESA) to expand regional linkages.
- The link to Comprehensive Africa Agriculture Development Programme (CAADP) has been strengthened in a number of countries;
- Some Governments have already started to base their smallholder programmes on the P4P model (El Salvador, Rwanda and Uganda)
- In consideration of WFP's lack of capacity to collect/analyse the M&E data, WFP is contracting African Economic Research Consortium (AERC) to create a data analysis hub
- WFP has sought the assistance of the Institute for Development Studies (IDS) to develop an overall P4P Gender Strategy

<sup>1</sup> Representatives from the Governments of Afghanistan, Honduras and Nicaragua, as well as an Ethiopian Cooperative union accepted the invitation to participate but encountered visa problems and were unable to arrive in time.

- Overseas Development Institute (ODI) has been identified to conduct the P4P mid-year evaluation in 2011

## Lessons emerging

During October-November 2010, most P4P pilot countries held country-level lessons learned workshops with their partners to take stock of implementation. The reports emerging from these workshops were reviewed by the P4P Coordination Unit in Rome and consolidated into a background document highlighting recurrent themes for further discussion during the Annual Review.

Distinct learning themes emerged within country groups (for example the countries emerging from conflict) or regions as highlighted in the table below, but lessons that cut across P4P approaches in the 20 countries where P4P has started emerged relating to targeting/capacity building, gender and pricing.

Central America <i>El Salvador, Guatemala, Honduras, Nicaragua</i>	Countries emerging from conflict <i>Afghanistan, DRC, South Sudan</i>	Eastern & Southern Africa <i>Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia]</i>	West Africa <i>Burkina, Ghana, Liberia, Mali, Sierra Leone</i>
<b>DISTINCT THEMES</b>			
<p><b>Revolving Funds</b> established with P4P funds and managed by FOs for the bulk purchase of inputs seem to be a viable model to address cash constraints of FOs if the following conditions exist:</p> <ul style="list-style-type: none"> <li>-availability of a guaranteed market (WFP)</li> <li>-good weather conditions or weather insurance</li> <li>-a minimum capacity level of FOs to manage the fund</li> <li>-dual emphasis on capacity building on financial literacy.</li> </ul> <p>The benefits identified include: strengthened organizational structure (creation of credit committees); improved accounting and financial management through the trainings received; bulk purchases of inputs achieving better prices; and increased credit worthiness vis-a-vis formal banks as a result. The risks include weather risks and risks of default and potentially overwhelming the FO if it has insufficient capacity.</p>	<p><b>Implementation context</b> is generally characterized by: lack of competitiveness and high cost of food procurement due to high transaction costs which translate into local prices above import parity; post-war market economy; absence of banking sector; security concerns limiting transactions and focus of partners and governments' interventions on reconstruction and stabilization.</p> <p>Despite this challenging environment, there seems to be a <b>role for WFP and partners to revitalize markets where the private sector has no incentive to engage</b>. For example, in DRC, farmers produced significant surpluses, which traders were able to buy thanks to micro-credit offered by the NGO Danish Church Aid. New markets are developing next to collection points established by WFP and FAO, and a cash transfer company is considering opening a branch in Kabalo territory</p>	<p><b>WFP's role in catalysing structured trading systems:</b> by channelling local food purchases through nascent commodity exchanges and warehouse receipt systems (like in Ethiopia, Malawi, Tanzania, Uganda and Zambia), WFP catalyses and enhances partners' and governments' investments in these structured trading systems. Nevertheless, government interventions in staple food markets limit the effectiveness of such systems.</p>	<p><b>Market Information Systems:</b> where a reliable national market information system exists (Burkina Faso and Mali), WFP should use that system, otherwise WFP can collect and analyse market data jointly with partners and government, but should avoid "mixing systems". In the latter case, it is worth using P4P funds to support partnership preferably with Government for market data collection.</p>

<b>CROSS-CUTTING THEMES</b>			
<p><b>Capacity building strategies</b> that are effective must:</p> <ul style="list-style-type: none"> <li>-include WFP and partners' staff in the trainings</li> <li>-be comprehensive along the value chain</li> <li>-be delivered with enough time to avoid "trainee fatigue" and ensure proper learning and absorption</li> <li>-use specific mechanism at community level such as agricultural promoters to ensure trainings reach the base</li> <li>-be delivered in the relevant local language</li> </ul>		<p><b>Capacity building:</b> WFP procurement gives focus to the training and provides incentives to farmers to be trained and to improve quality. To be more effective though, the training could be accompanied with the provision of equipment and rural infrastructure (such as storage) on the basis of a revolving fund or matching grant.</p>	<p><b>Targeting:</b> existing minimum targeting criteria remain valid for new FOs, while existing FO performance should be considered for re-targeting in subsequent years.</p>
	<p>Given the above, <b>WFP cost efficiency principle may not apply in the short term.</b> Countries falling under this category have been encouraged to build a business case, to be presented to the P4P Steering Committee at Headquarters, outlining a 3-5 year strategy to build the capacity of P4P FOs to become competitive, and outlining how relevant investments (including paying above Import Parity) could support this process in collaboration with supply side interventions by partners.</p>	<p><b>Pricing &amp; WFP cost efficiency principle:</b> it is possible to adhere to WFP's principle of cost efficiency and minimum cost to WFP, and to adhere to the Import Parity Price principle, but timeliness and quality of produce should be factored in.</p> <p><b>Publishing WFP indicative transport rates and tender prices</b> nationally and regionally could help the price discovery in the region.</p>	<p><b>Pricing &amp; WFP cost efficiency principle:</b> it is possible to adhere to WFP's principle of cost efficiency and minimum cost to WFP, and to adhere to the Import Parity Price principle, except for rice for which a special business case should be built and presented to the P4P Steering Committee.</p>
<p><b>Gender</b>—any gender empowerment strategy must include building self-esteem, literacy and numeracy skills.</p>			<p><b>Gender:</b> paying women for services in post-harvest handling activities such as cleaning, shelling (Burkina Faso, Liberia, Mali) is proving to be a good way to empower women, as well as targeting women only groups and women's crops such as pulses. Initial evidence emerging from case studies suggest that women who have been involved in P4P and have sold to WFP have seen their status improve in their community.</p>

## **Four Themes Highlighted during AR10**

A “marketplace” was organised, where participants broke into groups to have more in depth discussions about the experiences, challenges and opportunities relating to four recurrent themes a) capacity development: targeting and progression strategies b) food safety and quality c) financing solutions for staple crops and d) accessing markets beyond WFP. Summary highlights from these groups as presented back to plenary can be found in PowerPoint format at <http://documents.wfp.org/stellent/groups/public/documents/communications/wfp229350.pdf>

### **Capacity development: targeting and progression strategies**

Participants pointed to rich experience in handling different aspects of capacity development under the P4P programme. Findings from the group work can be summarised as follows:

#### **Targeting, procurement modalities and progression**

- Generally the selection criteria used to date has been working well, but there is need for latitude in adapting the criteria to country contexts. Though targeting criteria and thresholds are country-specific, the minimum common set of targeting criteria used for FOs to date includes the FO having: a) legal status; b) surpluses (or potential to produce surpluses) and c) supply-side support.
- Procurement modalities should be better tailored to the level of capacity of the FO. Clear indicators such as “the capacity to participate in WFP tenders” and/or “an increase in sales to buyers other than WFP” should be monitored to identify when and how to graduate FOs out of P4P direct support. The introduction of gradual penalties and progressively reducing contractual preferential treatment should be part of the progression strategy.

#### **Capacity development and progression**

- P4P should play a catalyst/coordinating role for capacity development and rely on partners to address specific gaps along the value chain.
- COs have attempted to categorise the capacity of the FOs as either low, medium or high. Generalized blanket training is not efficient: trainings should be better targeted to the initial level of capacity of the FO.
- The capacity development strategy should also target traders and government officials, not only farmers.
- The private sector could be further used to support the professionalization of FOs.
- A three to five year timeframe may be sufficient to build the capacity of medium and high capacity FOs, but is not sufficient to build the market readiness of lower capacity FOs. The latter though could be targeted under P4P’s capacity building programme, though not under P4P’s procurement.

#### **Delivery of trainings:**

- Each country office has developed/adapted own training materials and schedules. Sometimes within a country, different partners also conducting different training on the same topics. There is need to standardise training materials both within the country and in the end globally. Specific country modifications of the standardised material could then be done to suit each context



- ToTs at Cooperative Union level do not always guarantee the trickle down to the base; agricultural promoters in Guatemala, Farmers’ Field School modalities or similar models can help ensure the trickle down.
- Timeframe allocated by donors for the delivery of the training is often too ambitious and leads to “trainee fatigue”.

### Food safety and quality and potential to link smallholders to local food processing

The participants focused on three key topics: quality standards and food safety, approaches to value addition and food processing possibilities. There was consensus that:

- The **capacity to meet WFP’s food quality standards** depends on the initial capacity of the FOs, and the availability of storage, cleaning and drying equipment. Higher capacity FOs are able to meet WFP quality specifications more quickly. Nevertheless, as two years of P4P implementation have shown in a number of countries (Ethiopia, Guatemala, Mozambique, Rwanda and others), even lower capacity FOs are able and willing to meet WFP quality standards with proper training and equipment, and if they have a guaranteed market for quality. In Rwanda for example, commodities had to be rejected several times before Cooperatives met the specifications, but this was a learning process for farmers. Smallholder farmers are responding to WFP’s demand for quality, understand quality requirements and understand that quality equals money.
- The **Blue Box** (pioneered in Guatemala and now being rolled out by WFP in Eastern and Southern Africa as part of a capacity building package on food quality and safety) is useful both as a practical field quality testing tool, as well as a teaching tool. The Blue Box equipment comes with visuals and a training package for its users, thus enabling farmers to engage and learn about quality. It contributes to demystify WFP quality standards and build farmers’ confidence on the quality of their produce, thus giving them more negotiating power with traders. It also contributes to managing farmers’ expectations and gives them the choice to sell to other less stringent buyers if their quality is not up to standards. In Guatemala, it has been noticed that the exposure to the Blue Box as well as other complementary training in quality standards has enabled farmers to decide themselves whether or not their produce would meet the required standards. This avoided unnecessary effort and costs to take their grain which would then be rejected.
- Where **processors** (millers, processing factories) **exist**, it is relatively easy to link smallholder farmers to processors once the quality is right: in Guatemala and Rwanda, processors are already buying raw materials from FOs. Where **processors do not exist**, the question of whether WFP should support the establishment of a new processing factory is a matter of cost efficiency and existence of exit strategy (i.e. is there a competent actor able to manage the factory after WFP support ends?). A thorough feasibility study is required. In general, there was consensus that the relatively small scale of P4P (and even WFP) demand in a given country doesn’t make processing factories cost efficient unless there are other sources of sustainable demand (or unless there is regional demand).

#### Emerging good practice:

**Blue Box:** good for building the capacities of farmers around quality, for reducing the likelihood of rejection when the commodity is sent to Superintendent for final quality check; for building farmers’ confidence and negotiating power with traders.

**Small-scale mechanization and low cost processing equipment** (such as locally developed cleaning and sorting machine, developed by P4P in El Salvador or shellers in Zambia) can: a) improve quality of maize; b) reduce time (and labour costs) for cleaning; c) free up women’s time for other activities d) increase income.



- It was generally agreed that the introduction of **small-scale mechanisation and low cost processing equipment** (shellers, rice milling plants) holds promise, but should be guided by private sector business models, where farmers make profit from the use of the equipment, and are willing to pay for the service, or at least are provided under a cost-sharing scheme.
- More advocacy is needed at the **policy level for the standardization (and enforcement) of food quality standards**. Despite regional integration in the Eastern and Southern Africa region and the existence of regional quality standards, each country still has different national quality standards; or, doesn't really enforce quality standards. This hampers regional trade and reduces the possibility of markets beyond WFP (regional markets).
- **Aflatoxin** is a serious but often unrecognized problem: WFP is often the only buyer testing for aflatoxin and farmers in many countries are not aware of the problem. Country-level laboratory capacity is low. Though P4P has contributed to bring the aflatoxin issue to the fore, responsibility for finding solutions lies outside the domain of WFP.

### Financing solutions for staple crops

The working group sessions highlighted areas where WFP is trying to facilitate access to finance for farmers: Forward contracts, the Third Party Payment (TPP) mechanism and revolving funds. Throughout the discussions, participants warned that WFP should not be seen as pressuring farmers into a credit relationship. Rather, WFP should focus on accelerating its procurement and payment processes, allow access to advance financing for forward contracts to increase cash flow of FOs, and rely on the expertise of financial partners to facilitate FO access to credit.

#### Forward contracts and TPP:

- WFP **forward contracts** seem to be having a positive effect on facilitating FO access to credit in Burkina Faso and Mali, two countries where the modality has been tested. In Burkina Faso, a tripartite agreement had been signed with farmers group and cooperative lender (FCPB), so that WFP forward contract was used as collateral. The forward contract was structured around a minimum price, with maximum price based on the average price of previous 3 years. The loan was structured so that drawdown would be in tranches, to avoid over-commitment by farmers groups. No third party payment mechanism was used: WFP would pay the vendor as normal, into a bank account held at FCPB.

#### Revolving funds:

- Revolving funds established with P4P funds and managed by the FOs for bulk purchases of inputs (Central America), or for the purchase of tractors and shellers to give to individual farmers (Zambia) are proving a viable option alongside more formal financial services, especially for lower capacity FOs with limited access to external financing, but should be accompanied by financial literacy training.
- In Zambia the WFP pilot to revolve tractors and shellers had a reported repayment rate of 100%; throughout Latin America experiences were 68% (Nicaragua) 80% (El Salvador) and 100% (Honduras). Although the intricacies of the various models were not examined in great detail, in general terms, revolving funds were seen as a viable option for smallholder farmers who were perhaps not yet willing or able to handle loans and other more "formal" financial services (such as aggregation credit or credit for production inputs).

#### Other issues:

- Standard Bank advised that strengthening the capacity of farmers group was very important so that they could service loans and understand financial services provided by the banking

sector. How to “derisk” agriculture was a priority for Standard Bank. Banks would tend to appoint a “collateral manager” to avoid the risk of side selling and control the quality of commodity being produced. (The bank would own the commodity until the loan was repaid.) Other risk mitigation was the stipulation that lenders take out weather index insurance and general insurance to protect crops.

- First loss guarantees were not an incentive in all cases, as before calling in the guarantee, often the bank would have to exhaust all legal remedies against the borrower – this is often time consuming so in reality does not much affect the decision to lend. Three components were important in the “triangular financing” model: an offtake contract, commodity with defined

#### Emerging good practice:

Participants suggested that based on experience to date, WFP should:

- ✓ Facilitate the link between FOs and lenders by informing groups and lenders about the P4P demand platform, but let lenders and farmers build their own credit relationship;
- ✓ Sign off-take agreements with vendors to be used as collateral, but ensure a partner is providing technical assistance to strengthen the capacity of FOs in financial matters;
- ✓ Using Third Party Payment (TPP) mechanism whenever requested, or, in the absence of TPP, paying vendor through a bank account kept at the lending bank to provide additional assurance to the lending bank without adding liability or complexity for WFP.

price, technical assistance (to strengthen capacity of farmers groups in financial matters). WFP was advised to work with partners to understand the sector better and consider options such as revolving funds as well as more formal commercial solutions (aggregation credit and input credit, bridging finance for fast access to cash on delivery).

- WFP was warned of the possible moral hazard of encouraging smallholder farmers into debt. WFP must be careful not to do this, nor be perceived to be doing this.
- Equity Bank was positive regarding the potential of P4P to improve farmer groups’ access to credit. A key issue was increasing the ability of farmers to operate bank accounts and improve their financial literacy in order to move from subsistence to commercial farming.

### Accessing markets beyond WFP

Whilst many challenges were highlighted by different participants (financing/credit constraints, inadequate market information), experiences to date suggest that there is a market for quality beyond WFP. P4P FOs in some countries are already linking to local processors (Guatemala, Mozambique, Rwanda) and several P4P targeted FOs who received training and sold to WFP also have managed to sell to alternative buyers. All agreed that building FO aggregation capacity is as important as building capacity on quality control to enhance FOs access to markets beyond WFP.

Overall, there was consensus on the opportunities that each country should explore:

- **Linking farmer groups to the private sector** (agro-processors, millers, Corn-Soya Bland producers, supermarkets, agro-dealers) is possible once higher quality is achieved.
- **Government programmes** such as National School Feeding Programmes (Ghana, Kenya, Mali, Malawi, Central America pilots), Strategic Food Reserves (Ethiopia, Mali, Tanzania, Rwanda) and other institutional feeding programmes (prisons) constitute already a quality market in Central America, and may constitute a possible quality market in Africa.
- **Regional trade integration** in some cases may provide access to alternative markets beyond WFP. Policy harmonization, particularly on quality standards and removal of trade barriers and Government interventions are nevertheless required.
- **Diversification of products** may also provide additional options to farmers.
- **Supporting value addition by farmers** (such as simple processing) increases farmers’ access to alternative markets beyond WFP.

- **Commodity Exchanges and Warehouse Receipt Systems** constitute by themselves markets beyond WFP and therefore should be supported where available.
- **Trade fairs to increase farmer access to markets should be further explored.**

## Summary of external perspectives on lessons and way forward

On the third day of the Annual Review, farmer representatives shared their experiences of working with WFP as a buyer; government representatives shared their perspectives on the P4P programmes and how P4P was integrated in their respective Country Strategies; and donors shared their perspectives on how P4P integrated with other agricultural development investments and strategies. Other partners (NGOs and private sector) also voiced how they fit into the programme and gave advice.

### Farmers' perspectives

Farmer representatives from three different type of FO put forward their experience working with P4P in different contexts: Annie Kruah, Chairlady of the Kamplay Rural Women Association in Liberia, Magdaline Musa, Chairlady of the Kona-Kpindubu Finance and Agricultural Limited in Sierra Leone and Moises Raposo, manager of the IKURU Farmers' Cooperative (a third tier – umbrella for 2,200 FOs) in northern Mozambique.

All three speakers highlighted similar challenges engaging with P4P but soon pointed to how these challenges were being overcome. P4P has:

- Introduced concept of group selling
- Provided training on quality control and how to do business with WFP.
- Changed the perception of WFP from aid agency to a business partner.
- Improved our record keeping.
- In some cases, linked FOs to credit institutions
- Enabled women to gain more respect in the community.

Specific requests for consideration by WFP from the farmers were:

- Is there the possibility to have advance payment for contracts?
- Can you help us access transporters?
- Can you help with storage facilities



### Farmers' perspectives

*“As women we suffered a lot during the war. When we got back to agriculture, there were no markets, and traders were offering us very low prices. P4P trained us in quality; FAO provided us with a rice milling machine; UNDP gave us a warehouse and a dryer. WFP paid us good money for our rice. It was the first time we received that amount of cash in our hands! Now men respect us in our community because we bring money home!” [Annie Kruah, Chairlady of the Kamplay Rural Women Association, Liberia].*

*“We managed to do bulk sales for the first time; we were organized in groups and received training to meet WFP quality standards, and were introduced to formal contracts. It changed our perception of WFP from a humanitarian agency to a business partner! At first it was challenging to meet the quality and quantity requirements of 50 metric tons (mt) for our group, this is why the next contract quantity was reduced to 25mt” [Magdaline Musa, Chairlady of the Kona-Kpindubu Finance and Agricultural Limited, Sierra Leone]*

*“WFP/P4P represented for us an alternative buyer. Before, we did not commercialize maize and beans. With P4P, it was the first time we sold maize and beans in the formal market. The main lessons we learned from our interaction with WFP are: that achieving WFP quality standards is not easy, but possible; we are now aware about aflatoxin and test our grain thanks to a new lab in Nampula province; and we learned how to negotiate prices based on our production costs. Before, prices were fixed by the traders. Now we sit and consider our production costs and negotiate with the traders” [Moises Raposo, manager of the IKURU Farmers Cooperative, Mozambique]*

## Governments' perspective

Government representatives from Guatemala, Southern Sudan and Tanzania presented different aspects of their government's agricultural or food security policies and explained how P4P fits.

HE Anne Itto, Minister of Agriculture and Forestry for South Sudan spoke of her countries priorities: first to increase agricultural production, second to increase infrastructure, and third to reduce risk and vulnerability of southern Sudanese farmers. The government has set clear three year targets that the country will produce 3 million mt, raise productivity to 1mt and increase farm size from 0.1 to around 3-5 ha per household. P4P is an opportunity to "fit into" an ongoing government programme to address food security and economic issues and address marketing issues and to be complementary to other donor programmes.

HE Alfredo Orellana, Vice Minister of Agriculture, Guatemala spoke of the structural changes in his Ministry of Agriculture which have led to a programme of support to farmers groups to improve their production and yields. Once again, P4P was seen to fit into this programme, and offer opportunities to link with other safety net programme. Currently, P4P FOs in Guatemala have the possibility to sell to two processing companies: Vitacereal and INCAP Harina.

John Mngodo, Director of Food Security Department, Ministry of Agriculture, Tanzania explained the governmental structure: agricultural issues are managed by five different ministries. The mission of the Ministry of Agriculture, Food and Cooperatives (MAFC) is to deliver agricultural and cooperative services; to build the cooperative and agricultural capacity of Local Government Authorities; and to interface the government sector and public sector with regards to agricultural development. MAFC coordinates the agriculture sector development programme which is governed by several committees, one of which is responsible for policy formulation. The policy forum comprises government officials, private sector and development partners, including WFP. The emphasis on quality in P4P could influence the discussions ongoing around food standard policies.

### Government

*"In South Sudan prices are three times higher than in neighbouring countries because of lack of basic transport and storage infrastructure and high labour costs. The question is: should the WFP decision of where to buy be based solely on prices? We should consider the price in relation to its country context. We see P4P as an opportunity to contribute to the development of agriculture as the engine of growth. The Government is committed to establish strategic food reserves in identified surplus zones. Can WFP/P4P work with us to have storage systems in place?" [HE Anne Itto, Minister of Agriculture and Forestry, South Sudan].*

*"The Government of Guatemala is supporting organized farmers to improve their production and yields, and P4P fits into this strategy. The link to our safety nets programmes could be further explored: for example, currently the Government has a programme called "Bolsa Solidaria", which gives vulnerable households a basic food basket of grain, sugar and oil, and grains are locally purchased" [HE Alfredo Orellana, Vice Minister of Agriculture, Guatemala].*

*"Standards are key, but they are usually available for cash crops, not for staples. Our farmers can compete for the WFP market. We can benefit from setting standards for our staples crops" [John Mngodo, Director of Food Security Department, Ministry of Agriculture, Tanzania].*

## Donors' perspective

Three significant donors to P4P, the Bill and Melinda Gates Foundation (BMGF), the Howard G. Buffett Foundation and the European Union then addressed the theme of how P4P fits with strategies of governments and foundations and has synergies with other programmes and partners. The overwhelming conclusion was that P4P was a worthwhile investment but the learning is essential before replicating or expanding benefits. The repeated advice was to focus on the exit strategies in each country.

### Donors

*"In HGBF, we don't fund projects unless they have two things: a clear market based exit strategy, and a generation of lessons which inform policy. P4P has both. I spent 10 years in Africa doing agricultural projects, and I realized that the best exit strategy is to put the farmer directly into the market, to make him market ready. P4P is a unique opportunity... you can take small farmers, pull them out of poverty and walk away, and they are part of the economy"* **[Howard Buffett, President of the Howard G. Buffett Foundation.** Check also Howard Buffett's interview on <http://www.wfp.org/purchase-progress/blog/changing-way-it-does-business-wfp-takes-stock-partners-after-two-years-p4p>]

*"BMGF saw WFP as the largest staples food buyer in Africa. This evolved into a theory of change called "structured demand", which provides a large, predictable market that can drive systemic change. WFP's market is one such market and can potentially reach millions. As such, P4P has been a magnet for bringing together other investments we are making such as our investments in AGRA to support the strengthening of FOs, our investments in research in staple crops, our investments in post-harvest handling. We think P4P provides an opportunity to link more to the private sector, and can help make the link between nutrition and agriculture, given that WFP has strict nutrition and quality standards. There have been a lot of calls to scale up P4P in the P4P countries, and to extend the model to other countries. There is a risk though, because P4P is a pilot and we still need to learn what works and what costs it entails. We still don't have a cost-benefit analysis, and the additional logistic costs to WFP have not yet been quantified"* **[Arlene Mitchell, Interim Deputy Director of Market Access, Bill and Melinda Gates Foundation].**

A representative from the EU Delegation in Maputo gave the policy background behind EU investments: the EC Food Security Policy which recognizes that the Millennium Development Goals can only be met through nationally-owned strategies; and the Rural Development Policy which is centred in rural economic growth. He pointed to the challenges of coordinating a lot of partners, warning that WFP should not overstep its mandate or role, and not try to do everything along the value chain, but rather work with the right partners. For example, it is not WFP's role to promote crop diversification.



## Summary of WFP perspective on lessons, issues still pending and agreed way forward for 2011

### How P4P is fitting into country strategies: Experience to date

Five Country Directors (from Guatemala, Kenya, Mali, Uganda and Zambia) shared their perspectives on the importance of linking P4P to the development of WFP's country strategies and country programmes.

#### Commonalities across the countries were:

- ✓ The introduction of P4P has changed the image of WFP at the field level and provided a platform to “connect the dots” between different programmes (whether they be government, NGO or WFP assistance programmes).
- ✓ P4P funds have enabled WFP to bring in new staff with new capacities and allowed WFP to engage with new partners.
- ✓ There are high expectations within WFP, and from farmers, donors and governments, about the services being provided through P4P.
- ✓ Quality issues are coming to the fore and the requirement to meet WFP standards is acting as a “driver”.
- ✓ P4P has provided an opportunity to reinforce gender strategies.
- ✓ P4P has given WFP a place at the table among agriculture and market development players and an opportunity to influence policy formulation within governments.
- ✓ Internal challenges to implement P4P have largely centred around procurement, logistics and finance procedures though in some cases there has been success in reducing the period between contract delivery and payment.

#### Key Lessons Identified

- ✓ WFP can play an important role in helping farmers' organisation with bulking and improving food quality. Farmers have demonstrated willingness to improve quality when they are assured of a market.
- ✓ Strong supply-side partnership, such as with FAO in Guatemala, Mozambique and Uganda, is a key component of the programme.
- ✓ WFP's demand base (current food basket in place) is central to enabling WFP to play a role in connecting the dots between government plans, market and agricultural development players and private sector investments.

#### Key Questions still to consider

- ✓ A longer term challenge as WFP moves increasingly towards cash support is how to allocate funds to ensure beneficiaries can benefit when a decision has been made to incorporate P4P. Are the cash/voucher programmes pulling against P4P?
- ✓ Is there a conflict between buying from those in high potential areas and providing to the typical WFP beneficiary (subsistence farmers) in food deficit areas? Can a balance be found between buying from areas where smallholders have the potential to produce more and trying to help subsistence farmers? One suggestion is to encourage FOs to include subsistence farmer so they can benefit from access to technical packages and from training.
- ✓ Many challenges have been outlined. Does WFP need to solve them all for success? Are there risks in managing these challenges?
- ✓ Do goals set in the P4P programmes go beyond five years?
- ✓ What is the way forward/advice for non-pilot countries wishing to start “P4P like” activities?
- ✓ Implications of diversifying the food basket?

## Country Examples

- In **Guatemala**, WFP first started working with smallholder farmers supplying maize to produce locally a fortified blended food called VitaCereal. This coincided with the start of P4P which then was incorporated into a 5 year country programme<sup>2</sup>. Multiple funding channels (initial funds through HGBF, then a two year EUFF grant to both FAO and WFP and 5 year funding from Canada) have been critical to starting and expanding the programme. The P4P programme aligns with the Government's vision; as the government lacks the capacity to implement, technical assistance to the Government and to the farmers is a major thrust of the programme, undertaken directly by WFP but also through FAO and IICA and NGOs. P4P has changed WFP's image with beneficiaries and partners as they now see food aid as being "home grown". P4P has also provided another medium through which to address gender issues. For example, the country office has arranged for child care services so women can have time to participate in marketing activities and FO training etc.

Implementation has required WFP to look more closely at the blended food market in the country as well as the Central American market as a whole. A major bottleneck has been FO access to credit. The P4P programme has made efforts to address this but as many farmers don't have land title and many credit institutions find finance to smallholder farmers too risky, the challenge is still very large.

The use of the "Blue Box" as a quality control tool has been shown to work well in years when crops don't have major problems but not in a year like 2010 characterised by floods and high humidity. In 2010, WFP has sometimes rejected the commodities even after an initial control (using the Blue Box) and thus put at risk some of the trust that had been built up between FOs and WFP. There is a risk of creating too many expectations especially when FO crop does not meet WFP standards.

- Set in a context of limited agricultural output, population pressure and only exceptional phases with surpluses, originally, P4P **Kenya** focused on drought tolerant crops in marginal agricultural areas with an emphasis on improving food security or combating food insecurity – the thrust of WFP interventions. The aim was to promote irrigated crops to reduce dependence on rain fed crops and looked at handover strategies for sustainability, linking to water harvesting activities and income generating activities. However, BMGF asked for the focus of P4P to be reprioritised based on AGRA's investments in high potential agricultural areas in the central highlands where most staple foods for Kenya are grown.

The country office overcame the challenge then faced by realigning relationships with the government and partners, and expanded WFP's footprint into areas where WFP had previously never worked: the high potential areas where WFP had intervened only after post-election violence. The new strategy is to progress FOs so that they have new opportunities to sell to a larger market. Currently, the few traders working in the new target areas tend to be monopolistic, but the aim is to move to multiple buyers and a more competitive marketplace. WFP has started contributing to policy debates; for example, the Government has now engaged in addressing the regulatory framework for the National Cereals and Produce Board (NCBP) as a result of WFP pressure.

**Indirect influence on policy:** Most FOs don't have ID cards and thus cannot open bank accounts. WFP is now working with Ministry of Immigration to expedite ID cards for P4P FOs.

---

<sup>2</sup> Country Programme Guatemala 200031 (2010–2014)



- P4P fits within the Government of **Mali**'s commitment to boost the rural development sector as stated in the LOA (Loi d'Orientation Agricole) and as outlined in the PNIP-SA (Programme National d'Investissement prioritaire du Secteur Agricole) and is aligned to the CAADP/NEPAD agenda. The Government is planning to invest over 21 billion FCFA in 2011 to support small scale farmers with fertilizers and seeds (millet, sorghum, rice, niébe, maize etc). The aim of the commercialisation plan is to meet internal consumption requirements, create a surplus for the Grain Reserve and sell to neighbouring markets in Burkina Faso, Ivory Coast, Mauritania and Niger. The country office is working closely with cooperating partners, exploring how AGRA and other programmes can link to P4P FOs and discussing with the World Bank how FOs can request funds to build warehouses and repair farm to market roads.

In terms of look at the market opportunities beyond WFP, P4P is looking at how FOs can supply the grain reserve, cereal banks established by the government in all municipalities, millers and the broader regional market. The Government, through the Ministry of Education, has also started putting in place the policy framework to implement a Home-Grown School-Feeding programme, in partnership with CRS, PCD and the World Bank.

A word of warning was given about the 5 year project timeframe being insufficient to meet objectives. Faso Jigi, a farmers' organisation which is now able to win WFP normal tenders, had 15 years of financial and technical support from Canada (Union des Producteurs Agricoles du Québec) before it reached "maturity".

- In **Uganda**, P4P has been set within a broader context which started with the development of a country strategy which had three key thematic areas: emergency humanitarian action, food and nutrition security and agricultural and market support (AMS). P4P is a subset of the AMS component in the country programme. A key step in translating this priority into action was to negotiate a joint action agreement with the Government which was framed by 4 pillars to:
  - Increase local purchases –to US\$ 100 million per year
  - Focus on activities that directly support smallholder farmers
  - Focus on nutrition and value added investment – i.e. increasing milling, fortification and processing capacity
  - Invest in agricultural market infrastructure – warehouses, processing equipment for smallholder farmers, feeder roads and collection points

The Government wants to reduce the nearly 400,000 tons post-harvest losses as well as boost production and sees the opportunity in working with WFP to address these issues. WFP Uganda's greatest challenges have been internal to WFP especially procurement related.

- With WFP leveraging its global purchasing capacity, the Ministry of Finance in **Zambia** recognised how much WFP has been investing in the country through local food purchases.

*"P4P will generate evidence and results that will lead to an understanding of what approaches can be sustained and brought to scale. The core objective is to identify innovations to connect smallholder farmers to markets. That is WFP's contribution and P4P is the platform for these experiments. By identifying those best practices that influence programme design and policy and national programmes of government, questions of scale and sustainability can be addressed."*

Ramiro Lopes Da Silva, Deputy Executive Director, External Relations, WFP and Chair, P4P Steering Committee

The country office has thus shifted from a focus on a PRRO to the development of a country programme which has three thematic areas: early childhood, education and promoting smallholder production, developing the Commodity Exchange and network of certified warehouses. This strategy has opened doors across the donor community and the Government has requested WFP to input on CAADP pillar 2 and 3 which translated into 6<sup>th</sup> national development plan.

WFP's move to increased use of vouchers does create challenges for P4P and the question is whether WFP now needs to change the food basket. School feeding is buying maize and putting on the voucher transport and milling and linking it to the certified warehousing system. There are opportunities to maintain regional purchases through the Commodity Exchange.

## Procurement

Following a reflection on the recurrent issues facing both the country offices and the procurement division two years into the pilot, participants agreed that WFP procurement needs to be: faster in process; better informed; and better trained (procurement staff, P4P staff). This requires timeliness (in working with others), streamlining business practices across functions and accessing more funding (for example the Working Capital Facility for forward contracts). The challenges of applying the cost-efficiency principle to P4P procurement were discussed in detail but the principle was yet again reaffirmed<sup>3</sup>.

*“Don't let the emotional side take over and make us forget the importance of sustainability... we should not obfuscate or obscure the truth: P4P is not about racking up numbers and ticking off boxes to look good, it's about learning and understanding what works, without forgetting cost- efficiency and sustainability”*

Finbarr Curran, WFP Director of Procurement

WFP's procurement under P4P has:

- Brought strong donor, partner and host government support
- Brought a deeper understanding of local markets and prices
- Developed and tested new procurement modalities such as buying through Commodity Exchanges or forward contracting. Uganda is experimenting “counter offers”.
- Widened the WFP's supplier base. While it is more expensive to buy small quantities from 200 suppliers than one big contract from 1- 2 large traders, if WFP increases the supplier base, there is more competition among sellers and this is good in itself.

### Focus for 2011

- *Establish a Procurement Working Group – composed of headquarters and country offices, to discuss emerging issues and find solutions in a coordinated (not ad hoc) way*
- *Create an inter-divisional working group (Procurement, P4P Coordination Unit, Logistics and Finance) to undertake a business process review*
- *Evolve practices and processes with P4P using lessons learned. Review procurement policies and procedures so that we improve the way we procure from a range of suppliers.*
- *Broker additional partnerships to assist along the value chain – from aggregation to credit.*
- *Explore delegation of authority to Country Director*
- *Explore how surpluses produced under P4P can be utilized in another country*

<sup>3</sup> In November 2010, WFP Procurement Division circulated a memorandum re-affirming the importance of cost-efficient procurement under P4P

## Logistics

The Chief of Logistics Service shared the main results of an internal Logistics Survey to capture the experiences of logistics colleagues in P4P design and implementation. The survey showed that:

- Logistics officers have not always been fully involved in the process of the design of the P4P implementation plan and sometimes are only “called to pick up and transport food somewhere”.
- There has sometimes been a lack of internal coordination between the Logistics, Programme, Finance and Procurement units within a country office and a lack of understanding of where the P4P process is different from regular WFP activity.
- Pick-ups in remote areas have sometimes only been for small quantities (less than one full truck load) which are very expensive.
- FOs have poor/inadequate storage facilities and poor commodity management capacity.
- Superintendents often pick up a sub-standard quality commodity, which then needs to be re-bagged, re-fumigated etc...
- It is not always clear who is responsible for which type of quality, and at what level of the supply chain. Roles and responsibilities along the whole quality continuum, from harvest to pick-up need to be mapped and clarified.

### Emerging good practice:

**Internal Coordination:** Involve Logistics Officers from the beginning and in all steps of the design: in several COs, there are monthly P4P coordination meetings involving Logistics, Finance, Procurement, Programme Units and these allow for joint planning and troubleshooting.

### Focus for 2011

- *Optimise how WFP Logistics collects from FOs to pick up close to use points.*
- *Work with other technical units; shorten time from contract to payment.*
- *Review to what extent WFP should assist with storage facilities at different levels*
- *Explore if and where WFP can invest in transportation assets and give ownership to groups on a cost recovery basis*
- *Understand cost implications of implementing P4P.*

## Finance

Three key issues have emerged from field experience relating to the finance function: fast track payments, advance payments and how WFP can facilitate access to finance/credit. While the WFP Treasurer agreed that it was necessary to streamline internal business processes, he stressed that finance comes in at the end of the chain (payment stage), and one can only redesign processes with acceptable risk trade-offs. He pointed to the potential for countries to ask for advance financing (to sign contracts in a timely manner) through the Working Capital Facility.

### Focus for 2011

- *There are examples of **fast-track payment** (i.e. Kenya CO) and more countries should prioritise and experiment with making payments a priority.*
- ***Advance Payment:** WFP can advance payment, but usually for reliable vendors (usually transporters) where there is not a high performance risk. We need to know the performance risks with P4P (i.e. if a FO were to default). Donors would have to agree with this additional risk.*

*Commitments were made by senior managers to review the WFP business model to ensure that the right tools to purchase from farmers groups are in place and that the timeframe from procurement to payment is shortened. Having timely access to advance financing to enable signature of forward contracts was also highlighted as critical.*

- **Facilitating Access to Finance/Credit:** by continuing to pilot forward contracts and the Third Party Payment mechanism. WFP need to think about a designated resource dedicated to finance/credit issues and we may need to bring external expertise to WFP to look into these possibilities.

## Legal Issues

Given increased exposure to all types of risk (to WFP, smallholders, the market), the Legal Office highlighted its role to protect WFP (and beneficiaries) from risks and advised the following:

- **P4P Partnerships:** it is not necessary to formalize every partnership with a legally binding agreement, but it is advisable to define roles and responsibilities. It is compulsory to sign an agreement when there is a transfer of funds. At the beginning of the pilot, P4P Coordination Unit, Legal, Budget and NGO Unit designed a standard template for P4P partnership agreements. This template remains valid following a review by Legal of 29 P4P partnership agreements signed in 2010 to see whether it needed modifications.
- **Procurement and Logistics:** There is a risk of being too soft: WFP does not have arbitration and penalties in most FO procurement contracts and there is a risk of default in “friendly” contracts with FOs. WFP needs to build the capacity of the FOs to understand formal contracts and contract obligations (delivery terms, etc...).
- **Access to credit:** The Third Party Payments (TPP) and forward contracts can be a catalyst to access credit. WFP should not sign agreements with Banks. WFP is not a rural finance expert and needs to use IFAD and other supply side partners as a resource.

## Gender

Throughout many of the sessions, discussions centred on the challenges and opportunities of empowering female smallholder farmers and identifying activities to ensure economically meaningful participation of female smallholder farmers in agricultural markets. Key challenges noted were:

- A social structure that prescribes limits on assets that women can own and the role that they can play in social and public life with the result that in many cases, a woman’s right to make independent decisions with respect to their welfare and economic situation is not recognised;
- Limited information on potential partners implementing programmes addressing women empowerment issues in the P4P target areas.

### Emerging good practice

Changing the situation of women requires:

- ✓ Building their confidence in themselves and their abilities through literacy training and skills enhancement
- ✓ Putting marketing opportunities and money directly into their hands through opportunities to market their (or other’s) produce gives them bargaining power and enhances their status in their homes and within their communities
- ✓ The above must be accompanied by practical measures to address specific constraints facing women in terms of gender awareness training, promoting access to credit, agricultural and market information, inputs and extension support and labour saving technologies
- ✓ Gender awareness training needs to be segmented for different audiences that take into account the age, sex, religious and cultural orientation of the targeted groups

Specific steps taken by WFP/P4P to ensure a holistic approach to the empowerment of female smallholder farmers have included:

- Targets set for inclusion of women in FOs and in leadership of FOs;
- Prioritising purchases from women members of FOs;
- Identification of partner activities to complement the above two activities.

### *Focus in 2011*

*WFP will collaborate with ALINE, a network of professionals working on gender issues. Its main goal is to ensure monitoring and evaluation of gender programs and activities. P4P and Gender Unit developed a Gender Occasional Paper, which identified 8 main activities of relevance for P4P. ALINE will visit selected countries to see if/how these 8 dimensions are being implemented in the field and subsequently will develop a specific gender strategy for P4P.*

## **Monitoring and Evaluation/Knowledge Management**

The purpose of a panel session on M&E was to review experiences in data collection and analysis, and how it is informing the P4P programme. El Salvador, Kenya, Mali and Malawi shared their experience with implementing the M&E system:

- **El Salvador:** shared their experience working with the University of El Salvador, which provided 12 students to support all the M&E activities (baselines, case studies).
- In **Kenya**, a key constraint for M&E was the absence of FO records, and low literacy/numeracy level of farmers. The Country Coordinator proposed monitoring a reduced number of farmers on a more frequent basis to follow up on changes they are undergoing.
- On average in **Mali** and **Kenya**, less than 10% of the members contribute to WFP stocks and to WFP contracts. Membership is not equivalent to members contributing to a stock and in Mali, only 30% of members contributing to WFP stocks were women. But when you look at the quantities, it is less than 7% of the total contract which was contributed by women.
- In **Malawi**, challenges related to control groups, the panel approach to impact assessment, record keeping, inflated FO membership and price monitoring.
- In **Mali**, contradictory information is provided by farmers and often is the contrary of what the FO leadership reports.

### **Focus for 2011**

- *Mid-term P4P evaluation*
- *Setting up Data Analysis Hub in partnership with AERC to provide data analysis support, reporting, and pull lessons together in a coherent way.*
- *Focus on documenting the learning – regional writeshops*
- *Conduct M&E trainings (funds permitting)*



## Recommendations and priority for 2011

The five main areas agreed for more attention by WFP in 2011 were:

- *Engaging more with the private sector*: how can WFP's local procurement more effectively foster (and benefit from) the development of more productive relationships between smallholder organisations and small, medium and large traders;
- *Monitoring indicators to track the development and progress of a FO towards access to agricultural markets other than WFP*, and their ability to become competitive players in the market place;
- *Extending the capacity development efforts* to encompass all stakeholders, including traders and government institutions;
- Clarifying the modalities through which P4P or similar institutional procurement might stimulate the increased provision of private financial services to smallholder, staple commodity suppliers, and enable advance payments to FOs.
- Exploring support for the *development of improved market information systems* through mobile phone systems/information technology particularly for women.



Specific recommendations for WFP and Stakeholders for 2011 resulting from Group Work are as follows:

Recommendation	Responsibility
<p><b>POLICY/ADVOCACY</b></p> <p>1. Advocate that regional bodies such as ACTESA look at trade rules to <b>promote liberalization of trade at regional level.</b></p>	<p>OMJ, CDs, P4P Country Coordinators and P4P Coordination Unit</p>
<p><b>PARTNERSHIP AND CAPACITY DEVELOPMENT</b></p> <p>2. <b>FAO and WFP at CO level</b> – need to improve coordination and co-participation in country projects especially through government. Will improve sustainability</p> <p>3. <b>Engage private sector more</b> – they should be part of capacity building of FOs and partners to link to the private sector particularly banks and buyers. Critical for sustainability so start now. Need to do a lot of capacity building within the banks themselves (through IFAD, IFC etc)</p> <p>4. Partnerships to include private sector and traders. P4P should not spread itself too thin. Look at our partners comparative advantage</p> <p>5. <b>Capacity building</b> (for farmers, traders): capacity building should consider the target level for ToT and where possible, promote standardization of training manuals looking at the different players along value chain</p> <p>6. To ensure sustainability of P4P: strengthen involvement of Govts, Research institutions and FO. Within capacity building, look at small scale farmers, traders, partners and gender issues. ToT, <b>harmonise training manuals</b> to standardise within the region and look at the players in the value chain so all talking the same language.</p>	<p>P4P Country Coordinators and P4P Coordination Unit</p> <p>P4P Country Coordinators and P4P Coordination Unit</p> <p>WFP and Supply side Partners</p> <p>WFP and Supply side Partners</p>
<p><b>FINANCING SOLUTIONS</b></p> <p>7. Define more explicitly what we mean by access to finance / credit. Break it down into specifics and come up with strategies for each one.</p> <p>8. To encourage adapted financial products: build capacity of financial institutions to design adapted financial products for FOs. This may require building the financial/credit expertise in WFP HQ</p>	<p>P4P Coordination Unit</p> <p>IFAD – P4P Credit Working Group</p>
<p><b>PROGRAMME</b></p> <p>9. <b>Explore linkages with safety nets programmes beyond WFP</b>, and start documenting and learning lessons from these programmes</p> <p>10. Explore possibilities of <b>more diversified food basket</b></p> <p>11. Strengthen and share WFP’s <b>gender strategy</b> with other players and review outcomes</p> <p>12. Explore the <b>scaling up of P4P activities</b> and what it would entail, particularly in terms of cost efficiency trade offs</p> <p>13. Promote <b>small scale mechanisation</b>, targeting women</p>	<p>P4P Country Coordinators and P4P Coordination Unit</p> <p>Programme</p> <p>P4P Country Coordinators and P4P Coordination Unit</p> <p>P4P Coordination Unit</p> <p>P4P Country Coordinators and P4P Coordination Unit</p>



<p><b>LEARNING AND SHARING</b></p> <p>14. Annual meeting thematic groups should be covered in much greater detail and depth and more focused to include participation by experts and partners with background papers shared in advance. This will provide a better understanding and analysis of the problems at hand. Otherwise analysis is superficial.</p> <p>15. Strengthen process of lessons learned – i.e. writeshops</p>	<p>P4P Coordination Unit</p> <p>P4P Coordination Unit</p>
<p><b>WFP INTERNAL PROCEDURES</b></p> <p>16. Shorten procurement, logistics and payment process. <b>Review internal business process and streamline procedures.</b></p> <p>17. Explore possibilities of <b>decentralizing the procurement function</b>, but only under certain conditions and limited to P4P purchases...</p> <p>18. In short term: recommend <b>advance payment</b> to the FOs, while FOs build their capacity to access credit</p>	<p>P4P Coordination Unit, Procurement, Logistics, Finance and Programme Procurement</p> <p>Finance, Procurement</p>
<p><b>LOGISTICS</b></p> <p>19. Farmers are not able to bring their produce to the markets not because of lack of produce, but for lack of transportation facilities: so: recommendation from farmers is that WFP and or partners provide such services on payback basis for rural transportation</p> <p>20. Explore a <b>structured system for storage/warehousing</b> and public private partnerships</p>	<p>Logistics/ P4P stakeholders</p>
<p><b>MARKET INFORMATION</b></p> <p>21. An improved market system for information sharing using technology and partnerships</p>	<p>WFP and Partners</p>
<p><b>FUNDING/ADVANCE FINANCING</b></p> <p>22. Strengthen WFP demand platform through predictable cash donations for food purchases, and with advance financing facilities</p> <p>23. If aim is to diversify the WFP supply chain, more funds need to be committed to strengthen WFP's procurement functions and capacities</p>	<p>Donors</p>

All Photo credits: WFP/Tobias Bauer;