



Understanding Smallholder Farmers' Marketing Choices

In most developing countries, smallholder farmers are the main actors in agriculture, though they tend to benefit little from their sales. With Purchase for Progress (P4P), the World Food Programme (WFP) seeks to provide these farmers with additional marketing options, in which they can capture larger margins by making collective sales to large-scale buyers like WFP.

Smallholder farmers tend to sell limited quantities of low quality crops directly from the farm gate, often to small-scale traders whose prices are low, partly due to transportation costs. Farmers in less remote locations may also sell their crops in small-scale local marketplaces. P4P has worked to expand smallholders' marketing options by providing them with an attractive alternative – selling collectively to large-scale buyers that are interested in bulked volumes of quality commodities, like WFP. To take advantage of this

marketing opportunity, and earn better prices, farmers generally work together through farmers' organizations, aggregating, cleaning and marketing their crops collectively to meet the buyers' quantity and quality requirements.

Individual farmers' marketing strategies

A study carried out under P4P, entitled Smallholder Farmers' Marketing Choices examines the complex ways in which individual members of such farmers' organizations develop their marketing strategies.

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Based on research carried out in Burkina Faso and Rwanda, the study identifies the factors that influence farmers' decisions on which marketing channel to use, and in particular, whether or not to market crops through their organization.

Although farmers hope to sell for the highest price possible, by the time the harvest arrives they often have an urgent need for cash to cover expenses such as school fees and loan repayment. Because smallholders tend to have few savings and limited access to credit and market price information, they may prefer buyers who can offer immediate cash upon delivery, such as traders buying at the farm gate. However, there are often more lucrative marketing options available for farmers capable of waiting a few weeks for their payment. Plus, smallholders are often located in rural locations with poor infrastructure, and they must factor in transportation costs. This generates additional challenges for remote farmers to market their crops beyond the farm gate.

Farmers' organization capacity

These limitations can pose a challenge for collective sales through farmers' organizations to reach formal markets. The process of aggregating crops and waiting for collection and payment tends to be a time-consuming process. Unless farmers' organizations have access to credit to offer members partial or full payment upon delivery, this can lead lower income and more remote farmers to be unable to participate in group sales. The services farmers' organizations are able to offer members – such as access to inputs and credit – also play a major role in encouraging smallholders' sales. In some cases, farmers were able to access credit or inputs through their farmers' organizations, on the condition that they repay them by participating in collective sales. Finally, price premiums offered for quality crops must be high enough to cover the costs of aggregation and value addition. While WFP pays premium price for products meeting the organization's strict quality standards, large private buyers often already own equipment to add value to crops

and are therefore unwilling to do so.

Transparency and trust

The level of transparency of farmers' organization leadership played a major role in farmers' decision whether or not to market through the organization. Without a sense of trust or loyalty, farmers were less likely to market their crops through the organization. For example, in Rwanda, one organization's lack of transparency led to defaults due to members' distrust. In contrast, in Burkina Faso, women members located near the headquarters of the *Union Provinciale des Professionnels Agricoles du Houet* (UPPA Houet) have embraced the production of quality crops and preferred marketing through the farmers' organization. This loyalty to the organization was likely thanks to the broader benefits earned through their participation in P4P.

Enhancing women's participation

In Burkina Faso, farmers' organizations enacted additional measures to address the substantial challenges women face, and encourage their participation in collective sales. The trust and loyalty generated amongst women in the UPPA Houet farmers' organization seemed to be in large part due to the presence of a female field monitor hired jointly by UPPA Houet, WFP and Oxfam. UPPA Houet also provided a cash advance for values of up to 300 kg, exclusively for women members. To increase women's ability to contribute to sales, *Union des Groupements pour la Commercialisations des Produits Agricoles* (UGCPA) waived the minimum transaction volume for women's cowpea sales through the organization.

Examining marketing strategies in Burkina Faso and Rwanda

In Burkina Faso, most farmers adopted a smart marketing strategy to maximize their profit whilst allowing them to meet their short-term needs. These farmers sold their crops in three separate transactions to different buyers at different times. First, a portion was sold immediately after harvest to traders at the farm gate to address urgent cash needs. The



Women producers in Burkina Faso clean cowpeas for sale.

bulk of production was then sold through the farmers' organization at a later date in order to earn larger margins and repay credit acquired through the organization. Finally, the portion of crops remaining were sold later in the season to finance inputs for the coming season.

In Rwanda, members of *Coopération des Agriculteurs des Céréales de Musaza* (COACMU) and COTEBARU – which are located more centrally and along paved roads – primarily marketed their crops through the organizations, while selling small quantities of food to traders to cover their immediate cash needs. Members of farmers' organizations in more remote locations generally marketed basic-grade commodities from their household plots directly to traders at the farm gate, while selling higher quality crops from communal plots through their farmers' organization. Overall, farmers' decisions were made primarily based upon the distance to the storage location and their ability to wait for payment.

Continued efforts to make organizations inclusive

To ensure that farmers' organizations are truly inclusive of all farmers – including those with less available cash and in more rural locations – additional efforts are needed to strengthen the organizations' capacity. Organizational

strengthening and increased access to credit are particularly critical. On the part of buyers, additional efforts are needed to reduce the amount of time from delivery to payment, reducing the pressure placed upon farmers and their organizations to ensure the availability of cash in this period.

Read the full report:
[Smallholder Farmers' Marketing Choices](#)



Zambia: United Nations Support helps Chimpili Cooperative to Thrive

In Zambia, the smallholder farmers of Chimpili Cooperative are benefiting from joint support from the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP). With comprehensive supply-side support, improved infrastructure and market access, cooperative members are now growing sustainable businesses.

The combined efforts of the three Rome-based agencies allow smallholder farmers to access comprehensive support that a single agency could not provide alone. Each agency brings its own expertise to the table, combining FAO's technical expertise in agriculture and natural resource management, IFAD's policy dialogue and strong linkages with the Government and WFP's logistics expertise and demand. Although the work of these agencies is complementary, differing business models, implementation areas and project cycles can sometimes make collaboration challenging.

In order to overcome these challenges in Zambia, a joint mapping exercise was carried out to identify the location, theme and time frame of each agency's activities in the country. This exercise helped identify overlaps and potential synergies. In Zambia, directors and programme staff from each agency meet on a quarterly basis to provide updates on their respective operations and discuss.

Agricultural skills, infrastructure and an assured market

Chimpili Cooperative joined WFP's Purchase for

Progress (P4P) project in 2012. The strong collaboration between the three Rome-based agencies means the farmers are increasingly able to access well-coordinated services along the entire value chain. On the supply side, FAO has identified the farmers as eligible participants for the Conservation Agriculture Scale-Up Programme (CASU), which teaches intercropping and diversification to strengthen agricultural skills and natural resource management. The farmers of Chimpili have an incentive to invest in these new techniques because they know they will be able to market their crops to WFP. The food supplied is used in the Home Grown School Feeding programme, supplying schoolchildren with meals based on locally-produced foods.

The rural cooperative now has an agribusiness centre which contains a warehouse, offices and a hammer mill. The agribusiness centre strengthens the cooperative's business opportunities by enabling them to aggregate greater quantities for sale while preserving crop quality and adding value to their crops. Despite these gains, the poor quality of the road leading to and from the village limited the farmers' ability to access larger-scale markets. In 2016 the road will be rehabilitated as part of IFAD's work to develop infrastructure in Zambia, unlocking the potential of smallholder farmers and enabling them to access diversified markets.

Mindset shift leads to seeing farming as a business

The intersection of these initiatives has generated sustainable change for the farmers of Chimpili. In 2012, the cooperative had 40 members and marketed US\$15,000 worth of crops to WFP. By 2015, membership had risen to

The Rome-based agencies

FAO, IFAD and WFP – known as the Rome-based agencies – share a common vision of promoting world food security by ending hunger and eliminating its root causes. In many countries, P4P provided a neat intersection for the mandates of the three agencies.

- **FAO** is the lead specialized agency of the United Nations in the international fight against hunger and malnutrition.
- **IFAD** is an international financial institution and a specialized United Nations agency dedicated to eradicating poverty and hunger in rural areas of developing countries where the majority of the world's poorest people live.
- **WFP** is the United Nations frontline agency mandated to combat global hunger, which afflicts about one out of every nine people on earth.



Harriet Chabala poses with the tricycle she acquired with a loan from Chimpili Cooperative.

300 farmers, with sales to WFP valued at US\$148,000. As the cooperative grew, members began more and more to see their work in agriculture as a business endeavour. Chimpili is now inviting seed companies to use the warehouse to market higher quality seed to the cooperatives' farmers.

"That's the wonderful thing about markets: once you've created an environment where money can be made, private sector players will come," says Frank Hofmann, Head of German Cooperation to Zambia, who provided funding for the Chimpili Agribusiness centre and other P4P activities in the country.

To ensure transparent leadership, Chimpili now has a Management Committee of 11 members, who are elected every three years. Newly elected member Felix Chanda says that since joining P4P, Chimpili's earnings from marketing crops have increased almost ten-fold. These gains can be seen clearly in the village: farmers have replaced grass roofing with metal sheeting, and today there are three cars and more than 10 motorbikes where previously there were none.

One farmer, Harriet Chabala, has increased her production of beans by 50 percent over the last two years. Based on her entrepreneurial skills and consistent supply to WFP for the last three marketing seasons, she received an equipment loan from the cooperative for a tricycle. The tricycle can navigate poor quality roads, enabling Harriet to provide transport services to move crops, inputs and people to and from towns and markets. She says, "I have agreed to

repay this loan in three years, but I plan to do it in one."

Challenges remain

To continue developing, Felix says Chimpili needs more public services, including better links to mobile phone networks and mobile money, electricity and irrigation technology.

Representatives from each of the Rome-based agencies are determined to increase the scope and impact of collaboration. Joint planning to improve coordination and increasingly harmonize each agency's approach can be more time consuming and complex than implementing programmes individually. However, once complementarities are found and strengthened they can catalyse even greater change.

According to Simon Cammelbeeck, WFP Country Director for Zambia: "Last-mile agricultural service delivery and input-output marketing in Zambia's remote rural areas is perhaps the biggest constraint to improving smallholders' income, food and nutrition security. Solutions to this challenge must begin with remote smallholder farmers themselves, and then must involve active intervention with stakeholders to ensure that facilities are well utilized and add value to agriculture value chains. The Rome-based agencies are well-placed to contribute to finding these solutions by leveraging their convening power, impartiality and technical expertise."



South Sudanese Farmers Progress Despite Conflict

Insecurity and lack of infrastructure due to ongoing conflict in South Sudan pose major challenges for the country's smallholder farmers.

Alongside the World Food Programme's emergency assistance to vulnerable populations, the Purchase for Progress initiative is supporting farmers to recover and grow their businesses and to stimulate agricultural markets.

Following many years of internal conflict, the [Republic of South Sudan](#) gained independence from the [Republic of the Sudan](#) in July 2011. Renewed conflict began in December 2013. As of July 2015, 4.6 million people, 40 percent of the population, were estimated to be facing the risk of acute hunger. The World Food Programme (WFP) provides lifesaving emergency food assistance for the most vulnerable populations, despite facing funding shortfalls and a great deal of logistical challenges.

Today, conflict continues to disrupt markets and forces people to flee their homes and farms. This leaves farmers in many parts of the country unable to tend to their crops. While farmers in more secure areas may continue producing, they are often unable to access markets, many of which have been closed due to the conflict.

Linking humanitarian assistance with sustainable development

Alongside emergency assistance, WFP works to build livelihoods. WFP's Purchase for Progress (P4P) initiative supports smallholder farmers and agricultural markets to continue functioning during the crisis. With the renewal of conflict in late 2013, P4P activities were put on hold. In April 2014, P4P recommenced implementation in relatively stable and accessible areas in Western, Central and Eastern Equatoria States.

Working with a wide variety of partners, P4P helps build smallholders' capacity and assists them to sell their surplus crops to WFP and other buyers. [Deutsche Gesellschaft für Internationale Zusammenarbeit \(GIZ\)](#) has provided seeds, agricultural production tools and extension services. P4P also established a partnership with the South Sudan National Bureau of Standards, a government authority mandated to oversee quality testing and administration. WFP supports the bureau to better facilitate in-country quality testing of crops.

Since operations resumed in 2014, smallholder farmers in South Sudan have marketed 376 mt of crops to WFP, despite challenges such as insecurity, lack of electricity and poor infrastructure, especially a lack of passable roads. WFP plans to purchase another 500 mt in the upcoming season. Food purchased from these

farmers is used for emergency operations in the country. However, the country's general instability makes long-term planning challenging.

"Before P4P, farmers had no connection to the market – we didn't have a store, there was no warehouse, people were just selling a few kilograms of maize – but now with P4P, there is a market, we can sell in bigger quantities and make money to send our kids to school", says James Apora Ola, President of Alaro Kodi farmers' organization in Palawar, Eastern Equatoria State.

Farmers in Palwar benefit from working together

The farmers of Alaro Kodi are benefitting from a new warehouse and road leading to their community, constructed under WFP's [feeder roads programme](#). They have also seen the benefits of working together.

"P4P has helped us understand the importance of working as a group. As a group we help one another. We work on each other's farms, cultivating, planting, weeding and harvesting, and we sell together," says Massimino Open, Treasurer of Alado Kori.

Members of Alaro Kodi sold 70 mt of maize in their first contract with WFP. Motivated by the success of the previous sale, they aim to market 170 mt of commodities to WFP this season.

Although purchases have been carried out successfully, long waits for payment have proved challenging for the farmers, who are accustomed to receiving cash upon delivery. To address this challenge, P4P is working with the Cooperative Bank of South Sudan and the [Food, Agribusiness and Rural Markets \(FARM\)](#) project to launch



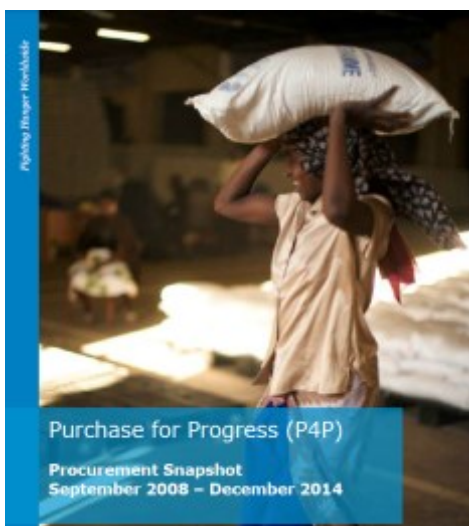
Lino Baboo - the chairman of Singby FO in Nzara County of Western Equatoria of South Sudan.

the *Crop Advance* credit scheme in Yambio. By increasing farmers' organizations' ability to access credit, this project will help them fund the aggregation process and wait for payment.

Slow but steady progress for Singby farmers' organization

In Nzara County, Western Equatoria, the smallholder farmers who make up Singby farmers' organization are also building their businesses. With profits from sales to WFP and other international organizations, the farmers were able to afford to undergo the labour-intensive process of clearing land overgrown by prolonged conflict, expanding their group farm from about 6 to 32 hectares (15 to 75 fedans).

Lino Baboo, chairman of Singby farmers' organization, is optimistic but pragmatic about the organization's future: "We will gradually increase our production and our sales. How can we run here? Road conditions are poor and it is difficult to access inputs. It is more realistic to have slower but steady progress."



P4P Procurement Snapshot

The 2008–2014 P4P Procurement Snapshot provides an overview of WFP procurement from smallholder farmers. In 2014, the first post-pilot year, WFP procured its highest quantity of crops yet from smallholder farmers, reaching 115,000 mt. This year also showed the lowest default rate, at below 5 percent.

Read the full report [here](#).

Afghanistan: Innovative Initiatives To Achieve Zero Hunger

As part of its efforts to achieve Zero Hunger in Afghanistan, the United Nations World Food Programme (WFP) has been working, since 2006, with smallholder farmers, traders, commercial millers and Afghan factories to stimulate local food production, connect farmers to markets, and promote the entire food value chain by raising awareness about locally produced nutritious foods. The food value chain development has the potential to create job opportunities and provide reliable income sources to vulnerable families across the country.

Stimulating local food production

Through its Purchase for Progress (P4P) programme, WFP supports smallholder farmers and farmer organisations by reconstructing irrigation systems, building storage facilities, delivering pre- and post-harvest training, providing agricultural equipment and buying farmers' surpluses of food. The main objective is to stimulate local agricultural production, which has been disrupted by years of armed conflict and political instability.

Developing soy bean as a second crop

In partnership with Nutrition and Education International (NEI), a Non-Governmental Organisation, WFP supports the production of soybean and market development for soy and soy-based products in an effort to improve nutrition and food security in Afghanistan. Produced as a second crop, soybean enables greater utilisation of land and machinery, lowering fixed costs and increasing production and profits. This project is funded by the Government of Korea.



Soya bean cultivation increases farmers' incomes

Haji Faqiri, 42, is a farmer in Urdo Bagh village, Herat province. He has been cultivating soybean since 2012. After two years of production and selling the surplus of his harvest, Faqiri managed to buy four cows. "Everyday I sell two litres of milk, and now I am preparing to buy new land to expand soybean cultivation next year," he said.

Supporting food fortification to address micronutrient deficiencies

WFP cooperates with 25 large-scale flour mills in Afghanistan for the production of fortified flour from wheat and soya grown by Afghan farmers. These mills are strategically located in five major cities, namely Herat, Jalalabad, Kabul, Kunduz and Mazar. In collaboration with the Ministry of Public Health, WFP provides every large roller mill with the equipment, training, and fortification

ingredients they need to produce fortified wheat flour.

WFP's flour fortification programme supports the government's National Nutrition Policy for the prevention of diseases and disorders caused by lack of vitamins and minerals, and targets the general population. Wheat flour, which is the staple food for the Afghan population, is fortified with three vitamins (A, B12 and folic acid) and two minerals (Iron and Zinc).

Offering market opportunities by linking farmers to millers

WFP works with both commercial and government-owned mills to grind wheat grain purchased from local farmers for its humanitarian programmes in Afghanistan. Through its local food purchase, WFP offers a market to farmers and industrial millers. Between 2010 and 2015, WFP distributed 18,000 metric tons of wheat flour milled and fortified by industrial millers in Afghanistan. Since July 2015, WFP has provided only locally fortified wheat flour (as the cereal component of its ration) under its food assistance programmes.

Linking millers to bread makers

The majority of wheat flour produced by commercial millers is purchased by bakers for the production of bread known locally as "naan". WFP encourages commercial bakers like this one in Kabul to use fortified wheat and soya flour to ensure production of nutritious bread for local consumption. Connecting bread makers to flour millers is essential to ensure sustainable market development for the locally produced wheat and soya flour.



Providing a lifeline to vulnerable families

Arif is one of the workers at a commercial bakery in Kabul. Like many people of his age, his earnings from this small business helps him to feed his family adequately. By supporting agricultural production and local food processing in Afghanistan, WFP contributes to create job opportunities for unemployed young Afghans.

High Energy Biscuits to combat malnutrition

In partnership with a local private company, WFP installed a mobile factory in Jalalabad for the production of fortified High Energy Biscuits (HEB) using locally produced wheat and soya flour. The mobile factory started production in March 2014. This programme contributes to stimulating local economies and increasing the availability of locally-produced fortified food on the local market.

Article written by Djaounsede Pardon Madjiangar, Communications Consultant, P4P Afghanistan

UPDATES AND NEWS



PAA Africa Scales up in Mozambique

From 9 to 13 November, PAA Africa held a workshop in Mozambique to foster knowledge sharing and discuss the way forward for the initiative. The workshop was attended by programme participants, FAO and WFP officers and civil society and Government representatives.

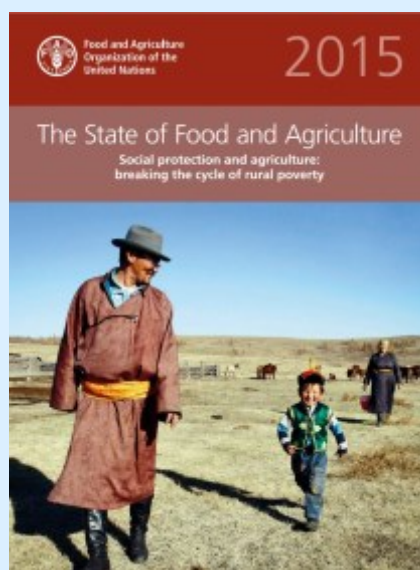
Read more [here](#)



Zero Food Loss for Zero Hunger

This WFP video shows the impact of post-harvest losses and showcases WFP efforts to prevent them at the household level. In Uganda, over 57,000 farmers were trained on harvest and post-harvest handling techniques as well as the use of storage equipment, which was provided to participants on a cost-sharing basis.

Watch the video [here](#)



State of Food and Agriculture 2015

This year's State of Food and Agriculture report produced by the Food and Agriculture Organization of the United Nations (FAO) focuses on breaking the cycle of rural poverty through social protection and agriculture. P4P is featured in the report, as an example of how working with producer organizations can provide a variety of social protection benefits to rural communities.

Read the report [here](#)

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