

Connecting Smallholder Farmers to Markets

WFP support for agricultural
market development

Fighting Hunger Worldwide



World Food Programme

September 2015



Connecting Smallholder Farmers to Markets

The face of rural poverty

Although smallholder farmers produce most of the developing world's food, they also make up the majority of people living in poverty. Smallholder farmers are key to addressing many of today's social, economic and environmental challenges. However, they need help to overcome the substantial barriers that prevent them from profiting fully from their work.

Many smallholders lack the equipment and knowledge they need to produce large quantities of quality crops, and lose a large proportion of their harvest to rot and mould due to lack of storage facilities. With limited market information and transportation infrastructure, farmers generally sell to traders for low prices directly from their farms, leaving them with little income to last until the next harvest.

What does WFP do?

For decades, smallholder farmers found it difficult to compete in formal markets, despite extensive development efforts to increase agricultural production and improve crop quality. Without the assurance that their efforts would pay off, farmers remained unwilling to take risks in increasing their production.

WFP is the largest humanitarian agency addressing hunger; it is also a major buyer of staple crops, spending more than US\$1 billion each year on the open market. WFP works with vulnerable food-insecure communities to build a world with zero hunger, and has buying power that uniquely positions WFP's catalytic ability to boost local economies. And that is exactly what we are working to achieve.

In 2008, the Purchase for Progress (P4P) pilot was launched to help WFP explore ways of using its food purchases to develop staple crop markets and spur improvements in smallholder agriculture. Currently, WFP acquires most of the food it buys from developing countries but through brokers and large farm aggregators. Over the next three years, we will increase the amount of our purchases directly from small family farmers to no less than 10% annually. Creating reliable accessible market opportunities for smallholders will inject much needed income into some of the poorest food-insecure rural communities.

During the P4P pilot, WFP put US\$148 million more directly into the pockets of smallholder farmers, by purchasing 367,000 mt of food from smallholder farmers' organizations, as well as through small and medium-sized traders and innovative marketing

platforms. The pilot transformed the lives and livelihoods of smallholder farmers in 20 different countries. Today, efforts to connect smallholder farmers to markets are becoming part of WFP's regular business.

Forming partnerships for capacity development

Purchasing food from smallholder farmers would not be possible without the technical expertise, field presence and resources of WFP's partners, which support farmers and their organizations in improving agricultural productivity and engaging in markets. Together with the Rome-based agencies, WFP has facilitated over

500 partnerships with public, private, academic and civil society groups and organizations. This collaboration has provided a platform for partners to leverage their investments and support smallholder farmers more effectively.

Working with private sector actors

During the P4P pilot, smallholders supported by WFP sold over US\$60 million of food to other public and private sector buyers, including agri-businesses, millers and supermarkets, as well as government-run school feeding programmes and national food reserves. In collaboration with private sector groups, including financial institutions and input suppliers, WFP has increased farmers' access to credit for the purchase of seeds and fertilizers and to support collective group sales to formal markets.

Building on lessons learned from the P4P pilot and to help farmers access markets beyond the organization needs, WFP has developed the Patient Procurement Platform that brings together a consortium of public and private sector partners—financial institutions, agricultural business partners and other large commodity buyers—who know that food security around the world is fundamental to their success. Together, this consortium will start unlocking opportunities in developing countries and giving millions of family farmers access to reliable markets for the very first time.

Strengthening government ownership

WFP supports governments interested in utilizing their institutional purchasing power to support smallholder farmers, and encouraging policies that support favourable trade regulations, food quality control standards and adequate infrastructure. To date, several countries have adopted pro-smallholder procurement policies, learning from WFP's efforts under P4P.

Supporting women farmers

Although women play a crucial role in agriculture, particularly food production, their labour is often

invisible, unpaid and undervalued. Because of the many challenges they face, improving the livelihoods of women farmers is a vital part of developing rural economies. Specific efforts are undertaken to promote gender equality and the economic empowerment of women farmers. These efforts include supporting women to access agricultural inputs, increasing procurement of crops farmed and controlled by women, and providing gender sensitization to both men and women to raise awareness about the positive economic impacts of women's full participation in agriculture.

Linking local agriculture to school meals

Home Grown School Feeding (HGSF) is a growing market for smallholder farmers. By linking local agricultural production to school meals, HGSF capitalizes on the benefits of School Feeding programmes and multiplies advantages for rural communities, developing community capacity and helping WFP transfer programmes to government ownership.



In five pilot countries, the Purchase from Africans for Africa (PAA) initiative is being implemented by the Food and Agriculture Organization (FAO), WFP, and the governments of Brazil and the UK. PAA Africa builds upon Brazilian learning on institutional food procurement to provide students with fresh, locally-sourced school meals.

Building resilience to climate change

The R4 Rural Resilience Initiative, jointly implemented with Oxfam America, enables vulnerable smallholder farmers and their families to increase their food and income security in the face of increasing climate risks.

Through R4, smallholders access risk management tools such as weather-index micro-insurance, improved natural resource management, savings and credit. These strategies protect farmers' food security in case of climate hazards, and promote investment in seeds, fertilizers and technology to increase their agricultural productivity.

Promoting nutrition-sensitive agriculture

With the majority of rural poor engaged in agriculture, farming has a recognized role to play in preventing malnutrition, as a provider of food, livelihoods and income. However, increasing farmers' incomes and agricultural production isn't enough – farmers and their families must have access to nutritious foods that meet their needs, as well as the knowledge to make informed choices about diverse diets and other nutrition-enhancing behaviours. This can be done by encouraging the production of nutritious crops, linking farmers' produce with millers and processors, and using capacity development efforts as a platform for nutrition education and awareness-raising.

Strengthening household and community assets

Through asset creation programmes, WFP provides vulnerable communities with food or cash while they build or rebuild household and community assets. This could include constructing a road connecting to markets, creating a water conservation system, rehabilitating land, training farmers to improve their food production, or building community and market infrastructure. These efforts all strengthen the livelihoods of smallholder farming families and communities.

Improving post-harvest handling

Together with its efforts to increase agricultural or crop productivity among smallholder farmers, WFP strongly promotes a closer focus on reducing food losses. Reducing post-harvest losses could increase the amount of food available worldwide without requiring additional resources or placing additional burdens on the environment. Not only do better post-harvest handling practices and storage technologies allow farmers to retain more of their harvest, they also allow them to store their crops for longer periods, benefiting from sales for higher prices at a later time.

