

Strengthening Productive Social Protection Systems

Purchase for Progress

Supporting Smallholder Farmers Access to Markets in Latin America and the Caribbean



**World Food
Programme**



On this page: aggregation and drying centre of the organisation Hombres Nuevos (New Men), El Paraiso, Honduras.

Front page: a group of women of the ACOPASAN Cooperative (El Salvador) sorting beans for packaging and sale in the local market.

Content

Preface.....	4
“Purchase for Progress”: Smallholder farmers improve their market access skills.....	5
Smallholder farmers organisations’ links with markets.....	7
Market insertion modalities.....	9
Value chains supported by the programme.....	11
Strategic Partners.....	12
P4P’s gender strategy in the region.....	13
P4P and innovation.....	14
“Cultivating social inclusion roots”: P4P Regional Workshop.....	15
Looking to the Future.....	16



Board of Directors of the Union of Organisations of Yoro Limitada UNİYOL at their aggregation centre in Yoro, Honduras

Preface

As set down in Strategic Objective No.2 of the 2030 Agenda for Sustainable Development, the inclusion of smallholder farmers in markets constitutes one of the pillars in achieving Zero Hunger.

In that regard, we have gained several years of experience in the United Nations' World Food Programme, using our purchasing power to include smallholder farmers in food markets in Latin America in the Caribbean by strengthening community organisations, providing technical assistance, generating know-how in post-harvest activities and promoting business rounds and marketing channels.

We have attained major achievements in this process since 2009, particularly in countries where we started the Purchase for Progress Programme/P4P in 2009. For example, smallholder farmers associations in Honduras and Nicaragua play an essential role in providing food for national school meals programmes. In El Salvador, Guatemala, Honduras and Nicaragua, we have contributed to the inclusion of women, not only in staple grains value chains but also in promoting leadership in decision making.

In short, through P4P and in conjunction with several national and international partners, we support farmer associations to link with other markets and strive to have governments promote policies and strategies that link them with social protection programmes in each country.

Over 8 years of learning have led us to greatly improve our understanding of the processes that strengthen skills and strategies fostering the development of local food markets.

This document seeks to systematise some of the experiences intended to strengthen smallholder farmers and local food markets as a social protection and food security strategy. It is one of the challenges that we have set for ourselves at WFP so as to achieve Zero Hunger in the region.



Miguel Barreto

WFP Regional Director for Latin America and the Caribbean





"Purchase for Progress": Smallholder Farmers Improve their Market Access Skills

What is Purchase for Progress?

Purchase for Progress (P4P) is a WFP initiative that makes use of its role as a major buyer of food to support the development of local food markets and promote smallholder farmers.

A pilot stage that lasted 5 years was started in 2008. Its outcome changed the lives and incomes of many smallholder farmers positively in 20 countries, 4 of them in Central America: El Salvador, Guatemala, Honduras and Nicaragua. Following termination of this pilot stage, WFP has continued its efforts to link smallholder farmers with markets, extending its actions to five other countries in the region: Bolivia, Colombia, Cuba, Ecuador and Haiti.

Why does WFP buy from smallholder farmers?

With P4P, WFP tried to find a balance between the procurement of nutritious food



in a timely and profitable manner and its programme objective of promoting the development of food markets in countries and the food security of beneficiaries. P4P was designed and launched with the aim of taking advantage of this potential.

To meet WFP's demands for staple food products such as grains and vegetables, P4P facilitates the link between smallholder farmers and an ample range of partners with

a technical experience during each stage of the value chain. This collaboration provides smallholder farmers with abilities and know-how for improving their production and the incentive of a reliable market where they can sell their surpluses.

What are WFP's Objectives?

- To identify and share WFP's best practices with the key players of the value chains so as to increase the profitable share of smallholder farmers in staple food markets;
- To increase smallholder farmers' skills for growing their income derived from agricultural markets;
- To identify and apply best practices in order to increase purchases of low-income farmers' production, with a particular focus on smallholder farmers;
- To transform WFP's food purchase model such that staple food production is supported sustainably, addressing the root causes of hunger.

What is the focus of P4P's work?

P4P's work focus is based on three components:

1. Sustained demand for quality food from WFP and other markets;
2. Strengthening of smallholder farmers' skills through their organisations;
3. Support, coordination and articulation of smallholder farmers' organisations with partners that provide key services to value chains.



Map 1: Support Programmes for Smallholder Farmers in Latin America and the Caribbean

WFP Strategic Plan.

Saving lives, changing lives and feeding dreams.

In November 2016, the World Food Programme's Executive Board approved a new Strategic Plan (2017-2021) in line with the Sustainable Development Goals (SDGs) of the 2030 Agenda, which includes guidelines on how to support countries to achieve these goals.

WFP's Strategic Plan prioritizes SDG 2: "To end hunger, achieve food security and nutrition, and promote sustainable agriculture"; and SDG 17: "To strengthening the means of implementation and the global partnership for sustainable development".

WFP develops programmes to help smallholder farmers to connect with markets in 9 of the 11 countries in the region where it has a presence. The intervention modality in each of those countries is adjusted to local needs and policies. Therefore, a variety of approaches and strategies have been used to take advantage of opportunities and to respond to the challenges of each country that is working to strengthen associative sales through smallholder farmers organisations.

Linking smallholder farmers organisations with markets

¿What are the activities being developed to strengthen the link between smallholder farmers with markets?

Technical assistance for smallholder farmer organizations, through strategic partners (see page 12), facilitated by WFP, technical assistance is offered throughout the value chain (from production to marketing). WFP contributes with its experience in strengthening negotiation skills and logistics know-how.

Technical Assistance for national or local governments in procurement mechanisms and processes friendly to smallholder farmers.

The strengthening of skills process is monitored by WFP, in order to draw lessons learned and to improve processes.

What are the modalities of insertion into markets?

The four modalities of insertion of de farmers organizations in markets promoted by P4P are: (1) participation in WFP procurement mechanisms, (ii) insertion into institutional markets, (iii) purchases by beneficiaries, and (iv) WFP facilitates access to the private sector markets. In Table 1, we can see how

each country explores different links. For example, in Colombia WFP is attempting to explore the four modalities, while in Cuba the market is the government social protection programmes .



Farmers Organizations (FOs)

They are at the core of P4P activities and training and strengthening efforts are intended to make them players with management and negotiation skills in quality demanding markets.

Initially, focus in each country centred on grassroots FOs and their members and not on FOs considered to be second level or umbrella organizations with regional coverage.

FOs with more skills have benefited more from the last part of the value chain, which encompasses processing and marketing, including access to credit. Hence, with P4P the stronger FOs that progressed in their associative capacity found the need to create second level associations to respond to market demand, through regional agro-business centres offering more services.

- **Collective aggregation** so as to be able to count with larger volumes and an economies of scale for commercialization and access to new markets.
- **Monitoring quantity and quality** so as to improve the return for partners and quality guarantees for clients.
- **More crop transformation and value added** with sorting, drying, storage and packaging.
- **Market diversification** with new products (such as green vegetables, eggs or dairy products) or with the same products with more value added , such as selected beans in one and a half pound packages.

Table 1. Kind of support for small holder farmers and market insertion modalities 2009-2017

Countries	Technical assistance for farmers organisations	Technical assistance for national and local government	P4P market insertion modalities			
			WFP purchases	Institutional purchases	Beneficiaries' purchases (schools, homes) Vouchers	Private sector purchases facilitated by WFP
Bolivia	Local government	WFP				
Colombia	WFP with partners	WFP				
Cuba	WFP with partners	WFP				
Ecuador	National and local governments	WFP				
El Salvador	WFP with partners	WFP				
Guatemala	WFP with partners	WFP				
Haiti	WFP with NGO	WFP				
Honduras	Local government	WFP				
Nicaragua	WFP with partners	WFP				





Market Insertion Modalities

WFP Purchases

Between 2009 and 2016, **WFP purchased 84,688 metrical tonnes of products, mainly maize and beans**, paying FOs approximately **US\$ 45 million**. For this, WFP implemented **innovative purchase processes**.

P4P used WFP's purchase platform as a learning opportunity for FOs. In certain cases, **soft tenders** were applied. This is an innovative bidding modality where FO's participated among themselves and there were no penalties in the event of default. Thus, FOs learned to attend tender processes and the stronger ones were gradually able to participate in tenders together with other providers.

Social protection programmes centred on the provision of food have become an institutional market with a great potential for family farming production. Through P4P, WFP links smallholder farmers in the region with these social protection systems, as for example, school meals programmes.

However, these institutional markets pose challenges for smallholder farmers, mainly with regard to their capacity to supply sufficient amounts with the required food quality, as well as administrative, organisational and financial challenges, in successfully bidding at public tenders. Moreover, national or sub-national states are finding the need to adapt their regulations in order to facilitate participation by smallholder farmers in these processes.

Examples of farmers organisations selling to school meals programmes are numerous in the region, as is the case of **El Salvador, Haiti, Honduras and Nicaragua**.

of several barriers that limited the participation of smallholder farmers in markets by transferring know-how to them.

In the process of negotiating with WFP, farmers organisations gained experience and confidence to participate in markets that demand quality and that are more lucrative.



WFP has contributed to the dismantling

Table 2. WFP's purchases from P4P smallholder farmers organisations (September 2008-December 2016)

Country	Amounts contracted in MT	Total paid (US\$)
Colombia	246	697,000
El Salvador	6,651	3,001,745
Guatemala	30,901	10,850,006
Haiti	4,065	1,330,000
Honduras	37,472	26,452,240
Nicaragua	5,286	3,909,618
REGIONAL	84,688	45,043,609

Source: WFP

Links with institutional markets

The participation of smallholder farmers in **institutional food markets** derives from recent innovative food and nutritional security strategies fostered in the region seeking to upgrade and articulate programmes, policies and public resources in order to confront food insecurity and malnutrition. The Ministries of Education, Social Development and even Health Ministries look to national family farming for fresh food that is diversified and culturally accepted by their populations' diets. In turn, the Ministries of Agriculture have found an opportunity to facilitate market access for this sector and the strengthening of local and regional economies.

The State is a purchaser of food, hence There are synergies between the State's demands and the offer from smallholder farmers. This synergy has allowed them to meet two challenges: to improve the quality of food and, second, to create social mobility processes for many rural families.

To ensure the sustainability of actions strengthen FOs, WFP's country offices in the region identified purchase and structured market models that could be adopted by national governments. Thus, WFP provides technical support for creating market links between public institutions and farmers organisations.

In turn, the different governments are making use of WFP's experience in making local purchases from smallholder farmers. In **Colombia**, among the objectives of the support for smallholder farmers project is that of offering technical support to government institutions for them to increase local purchases of food from family farming associations, strengthening their skills for accessing markets, and to contribute to designing and implementing the transfer to

government institutions of innovative models that can be replicated in the current purchasing models.

Purchases by beneficiaries

Both in **Colombia** and in **Ecuador**, farmers FOs are linked with other WFP programmes, particularly in regions where there are programmes implementing cash distribution to vulnerable groups. In both countries, support has been given to the creation of farmers' markets where the organisations take their products to a community centre and the beneficiaries can exchange vouchers for food.

In **Haiti**, the school meals programme supported by WFP transfers resources to an NGO that is the institution that makes purchases from FOs and supervises contract compliance.

Purchases by the private sector

Once the FOs had an increased sale capacity, WFP teams sought to link them with the private sector, such as agro-industries, wholesalers and retailers. In **El Salvador**, FOs have business agreements with a supermarket chain. In **Honduras**, FOs market a good part of their maize and beans to large marketers. It is estimated that the invoicing of sales to the private sector duplicates the value of purchases by WFP.





Value chains supported by the programmes

During the pilot phase, P4P supported the maize and bean value chains, centring all technical assistance in the farming, post-harvest and marketing on these produces, achieving a quality and amounts that meet the demands of national markets.

This support was translated into assistance, training and co-investments (part is assumed by the FOs) in farming infrastructure and equipment. Co-investments during the pilot phase totalled some US\$ 9.2 million and began with a business plan made and approved by each FO in each country that also included strengthening needs and objectives and sales destinations.

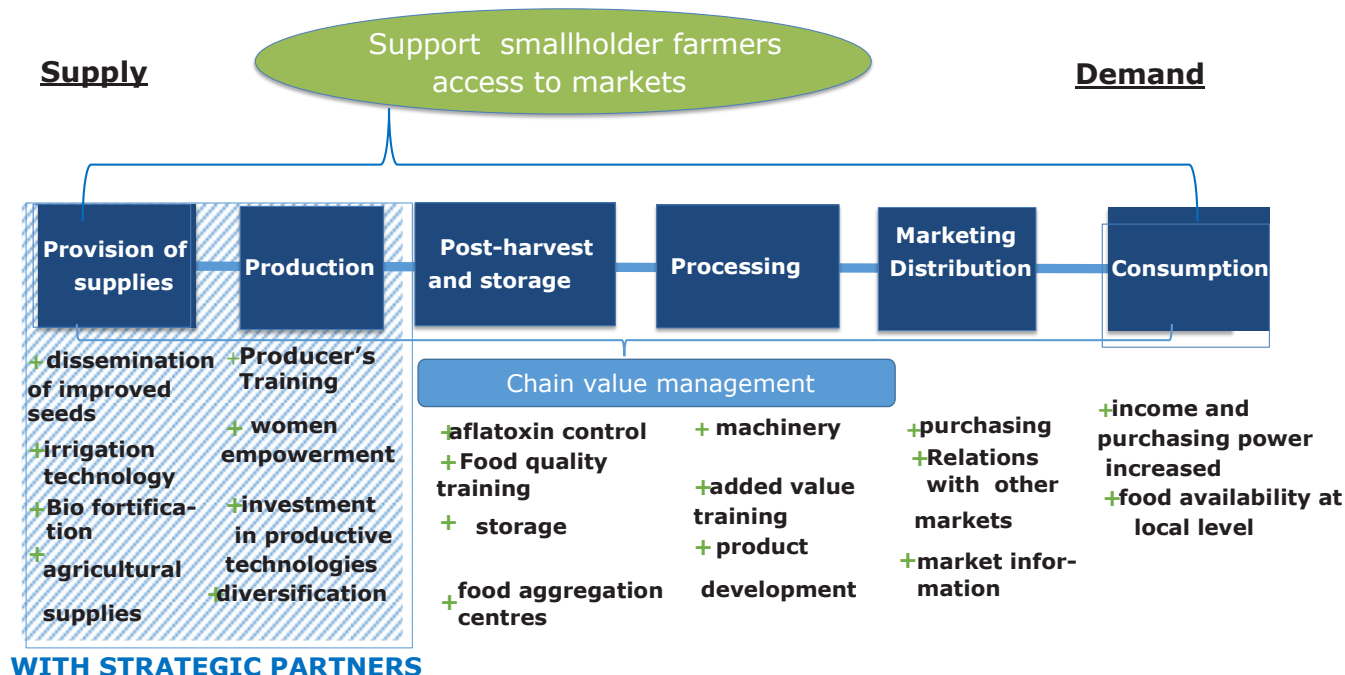
The main outcome was the increase of the productivity both of maize and of beans, the reduction of post-harvest losses, access by FOs to financial products and the expansion of sales volumes and market diversification.

In the new interventions, support is contin-

ued for all of the value chain, favouring the link with local food programmes, which is why stress has been placed on green vegetables and other traditional food products, such as quinoa in Colombia, with the exception of Cuba, where only the bean value chain is supported.

In Honduras, through a decentralisation process of the National School Meals Programme, WFP supports the link between FOs and local governments that carry out the procurement of food, in this case, besides maize and beans, of eggs, green vegetables, milk and fish.

The new value chains pose a challenge for WFP, which has traditionally purchased and distributed grains and legumes. To face this challenge, assistance is given to technical partners in the territories, such as municipal governments, government technical assistance services, NGOs and other UN agencies such as FAO.





Strategic partners

Successful implementation of programmes with WFP smallholder farmers has relied on close collaboration and coordination with a broad network of strategic partners who have shared both technical knowledge and resources throughout the value chains. In all the participating countries, the main partners have been governments and government institutions at both national and local levels.

The main partners in the region have been:

Governments have played a key role both in strategic leadership in P4P coordinating committees, in facilitating productive technical assistance, in introducing regulations that support the incorporation of smallholder farmers into institutional procurement, and in overall coordination of value chains at both national and local levels.

United Nations agencies, particularly FAO, IFAD and UN Women. WFP and FAO have cooperated in the implementation of market access programmes in countries such as Honduras, Colombia, Cuba, Guatemala, among others. UN Women co-executes a gender programme together with WFP in Guatemala and has provided technical assistance and implementation support in several countries in the region. IFAD supports

In August 2011, UN Women and WFP signed a Memorandum of Understanding to promote the active participation of women in value chains. The actions of this collaboration contribute to the economic strengthening and leadership of women who are partners of smallholder farmers organizations participating in P4P.

business plans for FOs in El Salvador and Guatemala.

In turn, **regional organizations** such as the Inter-American Institute for Agricultural Cooperation (IICA) have contributed technical with its expertise in, among other issues, the design of agro-business centres in Honduras and in the purchase of specialized equipment in Nicaragua.

International and local NGOs provide training and technical support, contributing to the strengthening of farmers organisations.

Universities and research centers, both national and international, provide support both in training technicians and in carrying out specific studies, such as CIAT, IFPRI and initiatives such as Harvest Plus.

The **private sector**, both as buyers of food and as suppliers of inputs and financial and technical services.

South-South Cooperation

Several Latin American governments have provided support for smallholder farmers programmes of other countries in the region.

As a donor and by providing technical assistance, Brazil supports smallholder farmers of Cuba, Colombia and Haiti.

Chile supports smallholder farmers in Guatemala and Honduras to develop bio-fortified bean seeds.

In Latin America and the Caribbean, WFP has registered over 200 partnerships with strategic partners such as governments, NGOs, regional UN organisations

P4P gender strategy in the region

WFP's gender policy reaffirms its explicit commitment to creating an enabling environment for the promotion of gender equality and the empowerment of women in order to address food and nutrition problems in a sustainable manner.

WFP has developed a strategy for promoting women's equal access to its programmes. The approach has four objectives:

1. Increase the understanding of the importance of gender relations based on equality, both within households and in FOs. This objective addresses one of the major structural problems identified in the countries where P4P works: the widespread acceptance of the unequal position of women both within their community and within their households. This acceptance "naturalises" the reduced participation of women and seriously hinders WFP's efforts for their inclusion.

2. Increase and create opportunities for women to participate in groups and in decision making. Women's groups, both of farmers and of merchants, facilitate economies of scale and can contribute to improving participation with regard to male farmers and merchants.

3. Facilitate and increase rural women capacity for accessing, controlling and managing agricultural resources and services. This objective addresses one of the biggest obstacles to women's empowerment: very limited access to women's ownership and control over resources, which is in most cases an exclusive prerogative of men.

4. Diversify women's opportunities in income-generating agricultural activities as a strategy to increase their resilience in face of climate changes and agricultural commodity price fluctuations.

In the different countries in the region, smallholder farmers support projects are developing gender awareness and training activities, promoting technologies that address women's time constraints, functional literacy programmes, gender training for agricultural extension agents and their partners, credit access programmes and the promotion of women's right to make decisions about their revenues, savings and assets.



In the region, women participation in FOs is approximately 30%, with Ecuador being the highest (74%), followed by Guatemala (45%).

P4P and innovation

Implementation of P4P and smallholder farmers programmes imply a high degree of programmatic flexibility and innovation. In the region, innovation go hand in hand with the implementation of field strategies, analysis methodologies and institutional strengthening.

Field strategies to improve the quality and safety of food purchased by WFP include the Blue Box (Guatemala) and the implementation of grain traceability (Honduras). Regarding methodologies, several countries developed tools for the assessment, monitoring and evaluation of FOs.

On the other hand, the WFP team in El Salvador developed, together with the government, a National Skills Index that allows institutions to carry out a self-evaluation process on issues related to support the linking of smallholder farmers with markets. The modernisation of the **Agricultural Development Training Centre** (CEDA, its Spanish initials) in Honduras allowed the revitalization of agricultural research and extension.

Traceability

WFP in Honduras developed, together with IICA, an information system to monitor the movements of maize and beans purchased by WFP from FOs throughout the various stages of the production chain in order to guarantee quality and origin and to improve transparency. This process has been accompanied by the development of the skills of FOs' and WFP's staffs, adjusting the system to ensure optimal implementation. Traceability has

allowed improvement in the management and control of product quality and improved availability of reliable information. WFP and private buyers are now guaranteed the origin of each bag purchased through a traceability mechanism.

FOs Evaluation tools

During the pilot phase, P4P teams in the 4 Central American countries developed FOs evaluation tools. The objective of the tools is to contribute to the understanding of FOs' skills and to facilitate decision making to support FOs throughout the project cycle (assessment, targeting, technical assistance, M & E and learning).

CEDA Modernization



The modernization of CEDA strengthened the Honduran government's capacity to carry out its strategic training plan for food production and family agriculture.

Blue Box

P4P Guatemala worked with the WFP Food Quality and Security Unit to develop a field test kit called the Blue Box designed to examine the quality of maize grain and detect pest problems at an early stage, thereby reducing rejects.

It contains a grain sorting and sampling equipment, a moisture meter, an aflatoxin test kit and other supplies to allow on-site screening of food quality parameters and sorting at any stage of the value chain.

The **Blue Box** has been used effectively by farmers organisations and WFP's procurement units. Since 2011, 26 WFP Offices worldwide, 14 of which are P4P pilot countries, have incorporated the Blue Box into their programming.





“Cultivating grains for social inclusion”: P4P Regional Workshop

P4P’s regional workshop was held in the city of San Salvador, El Salvador in July 2016 and its **general objective** was to contribute to the construction of a regional vision of support for smallholder farmers in Latin America and the Caribbean as a part of a broader perspective of social protection.

The regional workshop was attended by P4P focal points all LAC countries where WFP has a presence as well as by representatives of the Regional Office, of the P4P Unit and of the Nutrition Unit at WFP headquarters, including the P4P Global Coordinator.

The three days of workshop included field visits to 2 smallholder farmers associations supported by WFP and discussion sessions on experiences relating to the support of smallholder farmers in Latin America and the Caribbean, including national, regional and global perspectives. The tools used for the assessment and monitoring of FO organizations were also presented, and the inclusion of smallholder farmers in public policies and access to alternative financial systems.

Conclusions, challenges and priorities

The strategic importance of a **stronger link** of smallholder farmers with **national social protection safety-nets** both at global and regional levels.

Encourage the search for new markets through local, national and regional purchasing policies, fostering institutional markets, expanding the **search for market niches**.

The informality of food markets limits FOs’ growth potential. The formalisation of these markets should be encouraged, fostering the application of quality and safety standards, as well as the formalisation of business relations through contracts.

The strengthening of the skills of

smallholder farmers and of their organizations remains a major challenge. At the same time, technical and strategic learning should be systematised and its dissemination and the exchange of experiences promoted.

Promote a more robust approach to adaptation to **climate changes and community resilience**.

Other cross-cutting issues such as **youth inclusion and inter-generational relay**, the influence of internal and external migration, among others, represent a major challenge within P4P programmes, which requires further study for the production of specific approaches.



Woman bending maize stalks for prior drying before harvesting, in Honduras

In compliance with 2030 Agenda, WFP is developing an Integrated Route Map to align with the national plans to meet Sustainable Development Goals 2 of Zero Hunger and 17 of generating alliances to achieve the objectives. Within this context, Country Offices in the region are carrying out their Country Strategic Plans, incorporating smallholder farmers as a central part of their interventions.

The main lines of action include:

Links with markets: Continue to increase market opportunities for smallholder farmers, explore new trade links, and promote value chains that provide greater business opportunities to smallholder farmers.

Institutional purchases: together with countries in the region, promote the growing inclusion of smallholder farmers in state procurement platforms, particularly in social protection programmes at the local level.

Nutrition-sensitive agriculture: together with development partners in each country, promoting increasingly nutritious production by smallholder farmers. This can be achieved by adding nutritional value to traditional foods such as maize and beans through bio-fortification, or by promoting crop diversification to increase the supply of fresh foods that contribute to a diversified and culturally accepted diet.

Improve the link of smallholder producers with other development players; seeking to strengthen the partnerships of smallholder farmers organisations with local and national technical assistance institutions in order to enhance the productivity, quality and safety of food production, improving income and market access for family farming.

Financial inclusion, promoting access to financial products such as loans for working capital and marketing and crop insurance, for sustainable access of small farmers to markets. P4P continues to work in different countries together with strategic partners to promote financial inclusion instruments.

Transformative gender approach; promoting gender equality and women's empowerment, by raising awareness of the benefits of gender equality, providing equipment for using less manpower and time, and training women to participate actively in transforming value chains.

Links of market access programmes with markets and integration of approaches with programmes to strengthen community resilience and adaptation to climate changes.

Smallholder Access to market support in Latin America and the Caribbean

Main achievements 2008-2016

- Support for 293 farmers organisations and 52,000 smallholder farmers in 9 countries.
- PMA has purchased 84,000 metric tones of food from small farmers, for which it paid \$ 45 million. Sales of smallholder farmers organisations to the private sector are twice as high.
- WFP has mobilized USD 47 million from bilateral and multilateral cooperation and from the private sector to support small producers with technical assistance and capacity building activities.
- The implementation of the gender equity strategy has increased the active participation of women in smallholder farmers associations, up to 50 percent in several FOs, and has also increased women's participation in the Boards of Directors.



wfp.org/es

PROGRAMA MUNDIAL DE ALIMENTACIÓN

MAIZ
ARROZ
TRIGO

<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>



Credits

Cover: PMA/Ana Touza; Page 1 y 2 PMA Nicaragua; Page 3 y 4: PMA/Cuba, Page.. 5, PMA/Colombia, Page 7, PMA/ El Salvador, Page 9; PMA/Haití y PMA/RBP Ana Touza; Page. 11: PMA/Honduras; Page 12: PMA/RBP Ana Touza, Page 13: PMA/Nicaragua; Page 14: PMA/ Honduras/Juan Montes Page y PMA/Guatemala, Page15: PMA/Guatemala, PMA/Nicaragua; Page 17: PMA/El Salvador; Page 18: PMA;/Honduras y Back Cover, PMA/Guatemala.



For more information you can contact:

Ana Touza ana.touza@wfp.org
Regional Advisor for Smallholder Access to Markets
World Food Programme
Regional Bureau for Latin America and the Caribbean
Tel: (507) 317 3900
wfp.info@wfp.org