HIGHLIGHTS OF THE MONTH

- WFP procured **77,000** metric tons (mt) of food using P4P modalities by end June 2010 [page 3].
- In **DRC**, where the theme of P4P is procurement as a market development tool, WFP is working with the provincial government, FAO, Danish Church Aid and 17 local NGOs in Katanga province to rebuild the link between farmers and traders [pages 5-6].
- A focus group discussion conducted by a Government Agency in **El Salvador** sheds light on what motivates women and men in joining farmers’ organization (FO) [page 2].
- **Malawi Agricultural Commodity Exchange** (ACE) technical and legal advisor Kristian Muller shares his thoughts on the ACE experience to date, and on WFP’s role in supporting this nascent marketing platform [page 4].

CENTRAL AMERICA P4P NEWS

**GUATEMALA**
- From April to June, WFP Guatemala procured over 3,400mt of maize and 20mt of beans from P4P FOs. Such purchases contributed to the WFP emergency food distributions in areas hit by the recent volcano eruption and floods: “I never thought my harvest of 985 pounds of beans produced in the P4P project would serve to cover our own emergencies”, said Andres Ortiz, Vice President of the Asociacion de Desarrollo Integral La Gomera in Champerico, Teltalhuleo, a P4P targeted FO.
- Credit for commercialization and marketing remain the main stumbling block for P4P in Guatemala: FOs need short term credit to be able to pay at least partially their members while waiting for the WFP payment, which can only occur once the Superintendent report is received. WFP is making efforts to speed up its payment procedures.

**NICARAGUA**
- **Credit**: a partnership with Root Capital, a non-profit social investment fund that is pioneering finances for grassroots businesses in developing countries, is under discussion to extend commercialization credit to P4P FOs signing forward contracts with WFP. The loans would be repaid directly by WFP to the bank (and not by the FO taking the loan) upon delivery of the commodity, through a Third Party Payment mechanism. This is intended to give banks further reassurance that the loan will be repaid (subject to full delivery of the commodity to WFP standards). Four pre-selected P4P FOs are in the process of filling loan applications.
- **Linking agricultural input suppliers to P4P FOs**: WFP Nicaragua organized a meeting between the 8 P4P targeted FOs and 6 input suppliers in May, to facilitate group purchase of large volumes of agricultural inputs at preferential prices. Input suppliers subsequently provided training in the use of the inputs through demonstration plots. As a result, farmers were able to obtain better prices for agricultural inputs and reduce their production costs.

**EL SALVADOR**
- A similar exercise is taking place in El Salvador, where P4P FOs formed a “Purchasing Committee” to negotiate jointly with input providers the bulk purchase of agricultural inputs for the 2010/11 maize planting season.
EL SALVADOR cont…

What motivates young women and men to join a farmers’ organization, become leaders and learn?

Six women and four men members of the P4P supported FO “El Garuco” participated in a focus group discussion in June in the City Hall of Atiquizaya, in the western region of El Salvador, to explore what motivated the participation of women and men in organizations, to become leaders, and to explore how women and men learn. This focus group was of special interest, because they were younger (30 years average) than the average farmer (55 years).

• Men were motivated by tangible immediate benefits, like access to credit and better selling prices for their grain, while women felt that participation in an organization was a right in itself they could enjoy.

• Women liked participating because they could show that they were capable of doing what men do, and they could improve their homes and get better incomes. Another strong motivation was to learn new things and develop their leadership. The main drawback for women to participate was their lack of time.

• Unlike other organizations with older men, El Garuco male members thought that women had an important role to play in the business of selling grain. Since women’s time is less flexible, they saw them participating in more routine type of activities, such as administration. They felt that since they are more discerning and less influenced by peer pressure, women are more suitable than men to work in areas where strong control is required, like the selection of grain that the organization purchases. Finally, women were considered more responsible, because, for example, “when women are given credit”, the men said, “they pay faithfully!”

The Gender Unit of CENTA, the government extension services agency, is conducting gender assessments of each P4P FO. The results will inform the Boards of Directors of each FO, and will be incorporated in improvement plans for each FO in strengthening gender equity.

HONDURAS

“I Want to Continue Farming!”

Despite many obstacles, Gladys Montoya, a 35-year-old single mother, has undertaken the “great challenge,” of becoming a farmer. “I am dedicated to growing maize. I have nearly two acres of land and with what I produce, I am able to support my son and my elderly parents,” says Gladys.

Until recently, only men in Gladys’ community of Santa Maria farmed, but now Gladys is one of the 80 female small-scale farmers in the Eastern region of the country benefiting from the World Food Programme’s P4P Project.

Gladys is a member of the Regional Association of the Eastern Agricultural Services (ARSAGRO), which consists of 1,100 farmers participating in the P4P project. “The harvest has improved with the agricultural supplies received through P4P. After the training, my production was better, the sales were better, and they paid us a better price in the market,” she says. Gladys now produces 35 sacks of maize (two hundred pounds per sack), nearly double her harvest of 20 sacks before P4P. “With this support from P4P, I want to continue farming!”

P4P helps farmers access mechanized land preparation in Zambia

“I will now be able to till my land in time, plant early and get a good harvest. I did not know I would one day own a tractor!” said Taviness Munyutwa, a smallholder farmer of Shabasonje village in Mumbwa district, some 100 kilometres from Zambia’s capital, Lusaka.

On 27 April 2010 Taviness, a widow and a mother of four, became a proud owner of a tractor and ripper through a loan facilitated by P4P working in partnership with Dunavant Zambia Ltd, a leading cotton ginning company and USAID-PROFIT project.

The project will expand smallholder farmers’ access to tillage service through the establishment of a revolving fund and the creation of tillage service business in rural areas. Mechanized early land preparation is a key to ensure the timely planting of crops including maize, which is a critical factor in determining productivity.

Taviness has been farming for many years. She relied on family members using hoes to till her land. This has been very difficult especially as the exercise is very labour intensive. Her story as well as her neighbours’ story will now change. For every tractor, at least 60 smallholder households will gain access to tillage service annually and 300 hectare should be serviced. By the end of the project in 2013, 3,780 smallholder households should have access to tillage service or 18,900 hectare should have been prepared by rippers.

Taviness on her tractor with Pablo Recalde, WFP Zambia Country Director and H.E Bradford Machila, Minister of Fisheries
WFP procured 77,000mt of food using P4P modalities from September 2008 to end June 2010.

**Breakdown by region and country**

- Sixty nine percent was contracted in East & Southern Africa, followed by the Central America region (19%) and West Africa (12%).
- Zambia ranks first, with 19% (14,425mt) contracted, (11,154mt through the Commodity Exchange); followed by Uganda (10,976mt), Ethiopia (9,579mt), Guatemala (6,242mt) and Mozambique (5,551mt).
- Rwanda and Sudan began P4P purchases only in 2010. Ethiopia, Malawi and Sierra Leone began between December 2009 and January 2010, while Mozambique, Nicaragua, Uganda and Zambia started P4P purchases at the end of 2008. All others started procuring between the first and the third quarter of 2009.

**Breakdown by vendor type or procurement platform**

- Sixty percent (46,231mt) was contracted through **Farmers’ Organizations** across all pilot countries expect Zambia (either directly, through “soft tenders” or through forward contracts in Mali).
- Nineteen percent (14,519mt) was contracted through **Commodity Exchanges** in Malawi (3,365mt) and Zambia (11,154mt). Over 1,000mt of maize were recently contracted through the Ethiopian Commodity Exchange in early July.
- Eight percent (6,028mt) was contracted through **small/medium traders** in Ethiopia, Mali, Mozambique and Zambia.
- Six percent (4,310mt) was contracted through different forms of **warehouse receipts systems** in Uganda and Tanzania. Other countries such as Malawi and Zambia are also establishing warehouse receipt systems linked to Commodity Exchanges.
- Five percent (4,000mt) were direct purchases from the Government Reserves in Ethiopia.
- Nearly one percent was procured directly through **agents** (such as agro-dealers in Kenya), **NGOs** (in Zambia) and **processors/manufacturers** in Kenya and Mozambique.

**Breakdown by P4P activity**

- Fifty two percent (40,319mt) was procured through **direct contracts**, mainly from FOs.
- Forty one percent (31,428mt) was procured through **competitive processes**, including **pro-smallholder tenders** (El Salvador, Ethiopia, Kenya, Guatemala, Mali, Nicaragua, Uganda and Zambia), and through the **Commodity Exchanges** (Malawi and Zambia).
- Four percent (2,713mt) were **forward contracts** in Mali.
- Three percent (2,482mt) were purchases of **processed foods** such as maize meal and CSB in Kenya, Mozambique and Zambia.
Kristian Muller shares his thoughts on how the Agricultural Commodity Exchange in Malawi works

“The Agricultural Commodity Exchange (ACE) is one of several agricultural commodity exchanges in Eastern Southern Africa trying to establish how the theory, on which they are founded and motivated by, can be implemented and sustained. ACE is there to add value for the small farmer, but this has proven to be very hard to achieve.

ACE was established in 2005 and started operating an online trading platform in October 2006. The initial focus was sensitizing large traders in the region to buy commodities from Malawi through ACE. The sentiment was to generate a demand on ACE that small farmers and farmer associations in Malawi could supply.

At first it was a relative success. ACE generated a number of contracts, mostly small quantities, serviced by small farming groups. However, problems soon arose, as farmers started to default on the contracts; either because a vendor had offered them more, or because they never had the correct quantities.

In 2008 ACE was forced to change strategy. Instead of creating a demand from the region, ACE focused on training of NGOs, extension workers and farming associations. But ACE soon experienced other hurdles. The capacity building and trainings resulted in well organized farmer associations aggregating and bulking their commodities, for offer on ACE. A few contracts were generated, but more often ACE couldn’t find a market for the associations, leading to frustration and disbelief in the whole concept amongst the farmers. ACE needed to lift the market out of its present void by simultaneously creating an initial demand to stimulate the farmer associations, and introducing warehouse receipts securing performance.

ACE approached WFP to create the initial demand that would enable the farmer associations to actually experience the benefits. WFP started procuring through ACE in February 2010. This created a significant pull in the market and interest in ACE operations. It also produced reliable market information for the commodities in question. More importantly, the WFP involvement was a catalyst to the generation of contracts between commercial operators who haven’t previously utilized ACE.

WFP procured 3,487mt of white maize, cow peas, peas and CSB plus through the ACE from February to end June 2010. In the same period ACE also facilitated trade of another 3,250mt of commodities worth USD 968,452, meaning WFP is currently responsible for little over half of the turnover. This ratio is expected to fall as the market is sensitized and farmer organizations are better capable to participate in the formal marketplace.

All pre-harvest contracts were nevertheless awarded to medium and large traders, as it was the larger traders who still had commodities to sell in the deficit areas where WFP needed them most. Subsequently, a lot of effort was spent sensitizing farmer associations, so they would be ready and able to participate after the harvest. ACE invited a few selected associations to the first post-harvest trading session, and it was with great joy that the associations were able to compete with commercial companies on level playing fields.

During the trading session, the Chairman of one of the associations was told to watch carefully, as one of the large traders obviously was competing on the price. The Chairman responded calmly that there was nothing to worry about. With a smile he said “we are supplying them so we will win this contract”. The first contract awarded after harvest was 50mt to this association. This proves that the system can successfully link small farmers directly to formal markets.

There are still huge challenges lurking in the shadow of this successful achievement:

- The risk of performance default is still there;
- The training and capacity building needs of the farmers’ associations is still enormous;
- The government stipulated floor price is not having the desired effect on the market, nor does it benefit the farmers. On the contrary the floor price is driving the market away from transparency, and killing export opportunities. ACE is confident that these new trade structures will remove the very reasons for the Government to intervene.

For the concept to succeed, and for structured trade to expand outside the supporting hand of WFP, these challenges must be counteracted. Many donor projects and NGO activities do seem to start focusing on these areas that induce great synergies with ACE; warehouse receipts will soon be implemented; and bulking centers will be created throughout the country.

ACE and partners still have a lot to prove, but it seems the sentiment in the market, both commercial and at association level is moving in the right direction. **WFP was the spark – we all need to be the fuel!**

*Kristian Muller is the technical and legal advisor at ACE.*
P4P PARTNERSHIPS & CAPACITY BUILDING UPDATE

Burkina Faso

- AGRa will support the P4P supported “Federation of Producers of Burkina Faso”, FEPAB by: a) cost-sharing some basic equipment (mobile warehouses, scales, generators, sewing machines…) and b) assisting with FO capacity building on financial management and agricultural pre-financing.

- A US$ 40,000 grant from the German Quality Improvement Grant to WFP will support the National Market Information System (MIS), hosted by the National Food Security Stock Agency (SONAGESS). WFP set up an automated data entry system to reduce the time lag between data collection and dissemination. In addition to hosting the national MIS, SONAGESS is also the most important institutional buyer in Burkina Faso, and is currently undertaking efforts to source part of its stocks from FOs. In January 2010, SONAGESS had procured 10 mt of beans and maize from LAAFI, a P4P supported women’s association in the village of Tenkodogo, South-Eastern province of Boulgou.

Liberia

- SOCODEVI, an international NGO and the Cooperative Development Agency (CDA) trained 102 farmers (42% women) on group dynamics, cooperative organization and functioning, and leadership skills in June. Another 30 cooperative leaders (including 15 women) were trained on entrepreneurial skills. In addition to training, SOCODEVI and CDA provided business/ accounting tools such as receipt books, ledgers and waybills to P4P Cooperatives, and assisted them to review their situation in accordance with the Liberia Draft Cooperative Act of 2009.

- FAO, in collaboration with the Ministry of Agriculture, provided training on power tiller operation and maintenance to 40 farmers selected from Cooperatives participating in the P4P pilot programme.

Sudan

- P4P/Sudan partnered with BRAC (a Bangladeshi INGO) in a joint community based development program, to increase the productivity of 800 selected smallholders (mainly displaced persons and/or women) in Western (Yambio) and Central Equatoria (Yei) states.

- From April to June, these 800 farmers were trained by BRAC on maize and sorghum pre-cultivation and post-harvest handling techniques. After being provided with seeds, tools, organic fertilizers and technical guidance, these farmers will get a market outlet through P4P. WFP is planning to start grain purchases towards the end of August (first harvest in the Greenbelt), and is now receiving final offers (quantity and quality) from the 7 P4P targeted FOs. Empty bags will be pre-positioned in Western Equatoria by end July.

Zambia

- WFP Zambia signed a contract to purchase 500 mt of High Energy Supplements (HEPS) from Community Markets for Conservation (COMACO), a small-processor which buys raw commodities from smallholder farmers. COMACO also operates 3 of the 10 warehouses that will be certified through Zambian Commodity Exchange (ZAMACE) in 10 districts (of 200 mt each). P4P directly facilitated the process for application for ZAMACE certification for the 3 COMACO operated warehouses.

DRC - FAO and WFP assist 4,000 smallholder farmers in production and trading of maize

Thanks to Belgian support directed to both FAO and WFP, implementation of P4P is moving ahead in Kabalo territory (Katanga Province). After years of conflict, agriculture in Kabalo is reduced to subsistence farming, with almost non-existent transport infrastructure and largely informal and non-integrated markets. Aiming to rebuild the link between small-scale farmers and traders, P4P in DRC will be acting as “buyer of last resort”.

- FAO is providing improved seeds and other agricultural inputs, is organizing the 4,000 targeted farmers into 172 groups, and is providing capacity building in production techniques, post-harvest handling and FO management;

- WFP is leading on building storage capacity, easing transportation, attracting traders from big cities, and being the “buyer of last resort” for maize surpluses remaining unsold at the end of the buying season.

To date, 172 community granaries have been built at each of the 172 FOs supported by P4P. WFP has erected 6 temporary storage facilities (milkhalls), out of 8 planned, currently managed by local NGOs, and is signing agreements with these NGOs for the management of the milkhalls.

WFP is also supporting, through the Danish Church Aid (DCA), the commercialization component, by providing FOs and small-scale traders associations with trainings on quality control, commercialization and marketing. DCA is building a micro-credit fund to develop the capital of these traders.

While the maize harvest ended in early May in Kabalo territory, (approximately 3,000 mt of maize produced, of which 1,500 to 1,800 mt are expected to be traded), WFP is expected to buy “only” limited quantities of maize at the end of the buying season in August, in order to give a chance to FOs to sell their produce to commercial traders.

Resource mobilization update- France supports P4P in DRC and South Sudan

- France confirmed a US$ 700,000 (approximately 580,000 euros) contribution to WFP Sudan for the purchase of 600 mt of grain using P4P modalities in West and Central Equatoria, South Sudan, and to support agricultural production at community level through BRAC. This is the second contribution to P4P in South Sudan after its initial contribution of 800,000 euros in 2009.

- France also confirmed a 600,000 euros pledge in support of WFP’s DRC P4P programme in Equateur province, to support access to markets of 2,000 smallholder farmers in Bolomba, Basankusu, Lingende and Bikoro sectors.
KEY P4P CONTACTS IN ROME

P4P COORDINATION UNIT
- Ken Davies, P4P Coordinator: Ken.Davies@wfp.org
- Sarah Longford, Snr Programme Adviser, Partnerships: Sarah.Longford@wfp.org
- Mary-Ellen McGroarty, Snr Programme Adviser for Ethiopia, Kenya, Laos, Malawi, Mozambique, Rwanda, Tanzania, Uganda & Zambia: Mary-Ellen.McGroarty@wfp.org
- Jorge Fanlo, Snr Programme Adviser for Afghanistan, Burkina Faso, DRC, Ghana, Liberia, Mali, Sierra Leone, Sudan: Jorge.Fanlo@wfp.org
- Laura Melo, Snr Programme Adviser for El Salvador, Guatemala, Honduras and Nicaragua: Laura.Melo@wfp.org
- Clare Mbizule, Snr Programme Adviser, M&E: Clare.Mbizule@wfp.org
- Elaine Reinke, M&E Officer: Elaine.Reinke@wfp.org
- Alessia De Caterina, Reports Officer: Alessia.DeCaterina@wfp.org
- Helen Kamau-Waweru, Finance Officer: Helen.Kamau-Waweru@wfp.org
- Amanda Crossland, Snr Staff Assistant to P4P Coordinator: Amanda.Crossland@wfp.org
- Kathryn Bell, Admin Assistant: Kathryn.Bell@wfp.org
- Alessia Rossi, Staff Assistant: Alessia.Rossi@wfp.org

PROCUREMENT DIVISION
- Bertrand Salvignol: Food Technologist: Bertrand.Salvignol@wfp.org
- Jeffrey Marzilli: P4P liaison: Jeffrey.Marzilli@wfp.org

P4P Country Coordinators/Focal Points

**Asia**
- Afghanistan: Mr. Stephane Meaux <Stephane.Meaux@wfp.org>
- Laos: Ms. Karin Manente <Karin.Manente@wfp.org>

**Eastern, Southern & Central Africa**
- Democratic Republic of Congo: Ms. Melanie Jacq <melanie.jacq@wfp.org>
- Ethiopia: Mr. Enrico Pausilli <Enrico.Pausilli@wfp.org>
- Kenya: Mr. Martin Kabaluapa <Martin.Kabaluapa@wfp.org>
- Malawi: Mr. Tobias Flaemig <Tobias.Flaemig@wfp.org>
- Mozambique: Mr. Billy Mwiinga <Billy.Mwiinga@wfp.org>
- Rwanda: Ms. Emmanuela Mashayo <Emmanuela.Mashayo@wfp.org>
- Sudan: Mr. Marc Sauveur <Marc.Sauveur@wfp.org>
- Tanzania: Mr. Dominique Leclercq <Dominique.Leclercq@wfp.org>
- Uganda: Mr. Elvis Odeke <Elvis.Odeke@wfp.org>
- Zambia: Mr. Felix Edwards <Felix.Edwards@wfp.org>

**West Africa**
- Burkina Faso: Ms. Veronique Sainte-Luce <Veronique.Sainte-Luce@wfp.org>
- Ghana: Ismail Omer <Ismail.Omer@wfp.org>
- Liberia: Mr. Lansana Wonneh <Lansana.Wonneh@wfp.org>
- Mali: Romain Bouveau <Romain.Bouveau@wfp.org>
- Sierra Leone: Ms. Miyuki Yamashita <Miyuki.Yamashita@wfp.org>

**Latin American & Caribbean**
- El Salvador: Mr. Hebert Lopez <Hebert.Lopez@wfp.org>
- Guatemala: Ms. Sheryl Schneider <Sheryl.Schneider@wfp.org>
- Honduras: Mr. Jaime Guerrero <Jaime.Guerrero@wfp.org>
- Nicaragua: Mr. Francisco Alvarado <Francisco.Alvarado@wfp.org>

DRC P4P COUNTRY COORDINATOR PROFILE

Prior to joining WFP as the DRC P4P Country Coordinator in February 2010, Melanie worked for different private sector organizations, such as the Boston Consulting Group, as well as for non-profit associations. “DRC’s fertile land is full of opportunities, but high transportation costs decrease competitiveness of local crops compared to imports. Beyond supply-side partners like FAO, lots of actors have to be involved, including national authorities, railways operators, and private investors in milling capacities”.

The P4P project, jointly implemented with FAO in Katanga province, combines support to production and commercialization, with railway, river and rural roads infrastructure rehabilitation. WFP will act as “buyer of last resort”, procuring remaining surpluses at the end of the agricultural season.

“P4P in DRC is particularly challenging as it has to address the whole value chain, from organizing farmers into farmers’ organizations, to working on quality upgrade, improving storage and transport conditions, empowering small-scale traders by organizing them in associations, re-building connections between these actors. It’s a long term process, which has to be integrated in a post-conflict environment where short term is the predominant thinking. Implementing P4P is like being in front of a white page”.

CALENDAR

- **2-4 August**: International Food Aid & Development Conference (IFADC), Kansas City, Missouri [http://www.apfo.usda.gov/FSAv/webapp/area=home&subject=coop&topic=pair-fa].
- **25 August**: Workshop in Bonn on Africa Postharvest Losses Information Systems (http://www.phlosses.net), or APHLS.
- **13-17 September**: Basic Price Analysis training organised by WFP’s Food Security Analysis service, Bangkok.
- **21 September**: Informal Briefing to WFP’s Executive Board on P4P, WFP, Rome, Italy.
- **24 September**: AGRA/BMGF M&E get together in Cape Town.