PURCHASE FOR PROGRESS

OCTOBER UPDATE

ISSUE 25 OCTOBER 2010

P4P Pilot Countries

AFRICA

CENTRAL AMERICA



ASIA



IMPLEMENTATION STATUS 21 P4P Pilots:

- 18 Approved Country Implementation Plans (CIP): Afghanistan, El Salvador, Ethiopia, Honduras, Guatemala, Kenya, Nicaragua, Burkina Faso, Liberia, Mali, Malawi, Mozambique, Rwanda, Sierra Leone, Sudan, Tanzania, Uganda and Zambia.
- DRC and Ghana: CIPs under approval.
- Laos: development of CIP underway.
- P4P Assessments: all 21 Assessments finalized.



HIGHLIGHTS OF THE MONTH

- Twenty out of the 21 P4P pilot countries have initiated purchases through smallholder friendly P4P modalities. First P4P purchases in DRC (172 metric tons of maize from farmer's organisations in Katanga province) and in Ghana (1,000mt maize) occurred in October. Laos - the 21st country - is still developing its plan and requires funding for implementation.
- President Paul Kagame of Rwanda visits WFP Rome and addresses Executive Board members and WFP staff (page 1-2).
- In targeted zones of Tanzania, improvements in quality of produce have been noted following joint AGRA-WFP review of a comprehensive training course for SACCO members in leadership and good governance, basic business management skills, postharvest handling, warehouse management, warehouse receipt system and doing business with WFP (page 3).
- In preparation for the Annual Review, numerous country-level "lessons learned" workshops have taken place or are planned for November. (See emerging lessons from Sierra Leone, page 4).

Rwandan President Paul Kagame hails P4P

Addressing WFP's membership and senior staff during his visit to Rome for World Food Day, the President of Rwanda, HE Paul Kagame, highlighted the initiation of P4P in his country: "The Purchase for Progress programme has several advantages and benefits. It not only brings incomes to farmers, it also encourages private sector participation and builds the farmers' capacities to be better market players," Kagame said.

In Rwanda, the primary goal of P4P is to support the efforts of the Government to boost agricultural production and to improve the income of smallholder farmers by developing the market. Partners including the International Fertilizer Development Center (IFDC) provide training on production and marketing, while WFP's demand for food commodities provides an initial market for smallholders' produce.



President of Rwanda Paul Kagame and WFP Executive Director Josette Sheeran address WFP's membership

President Kagame added that

the initiative "has the potential to be extended to other crops besides maize, for example wheat, rice and beans, that may be of interest to WFP as well. We would like to work with you in other areas to help farmers reduce post-harvest losses and improve their access to storage systems."

Agriculture in Rwanda is dominated by small-scale, subsistence-oriented farmers. Due to small farm sizes and limited access to improved practices, overall productivity is low; there is significant potential for enhanced productivity that the Government is keen to pursue. Limited access to improved storage and poor knowledge of storage practices to reduce post-harvest losses are among the main constraints to enhancing smallholder productivity (continued on page 2)

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Rwanda continued

Further to discussions between the WFP Executive Director and the President of Rwanda, the forthcoming WFP country programme for Rwanda presently under development will include the installation of post-harvest handling infrastructure, community warehouses and warehouse receipt systems (WRS), as well as processing options for smallholders and food

fortification facilities. P4P implementation in Rwanda supports the Compact of the Comprehensive Africa Agricultural Development Programme (CAADP), the Agricultural Sector Investment Plan and the country's national nutrition policy. All of these activities will support smallholder farmers to better access markets for their produce while reducing post-harvest losses.

Following completion of a "Training the Trainers" storage and warehouse management course for P4P targeted cooperatives, the Ministry of Agriculture and Animal Resources (MINAGRI) has requested WFP to extend the training to additional farmers' cooperatives. The training targeted farmers from 30 MINAGRI-selected and supported cooperatives and took place in the districts of Huye, Ngoma, Rubavu and Kigali in August and September. WFP and MINAGRI co-funded the training, with MINAGRI covering 45% and WFP 55% of the costs.



Rwandan farmers preparing for the sale of their crops.

Based on recent experience in working with cooperatives and lessons

from the first P4P purchases and defaults in Rwanda, WFP will now proceed with plans to roll out comprehensive training on "farming as a business" to include also modules on leadership training and business management. For this training, materials originally developed by ACDI/VOCA and USAID's Post Harvest Handling and Storage project (PHHS) will be adapted.

P4P is also expanding geographically to the Southern province. Initially, all P4P-participating cooperatives were concentrated in Eastern province. One of the new P4P targeted cooperatives, Cooperative Twubake Ubumwe (COTU), is in Ruhango district, Southern province. COTU cultivates maize, beans and rice, on seasonal rotation, on 250 hectares of marshland which had been reclaimed for agricultural production through a WFP food for work programme in 1996/97. The cooperative appears to be well-organized and owns and operates a number of milling machines.

Shellers enable female farmers in Zambia to reduce workload

In Zambia, maize shelling traditionally relies on the manual labour of women and children. Often, these children do not attend school during the shelling season as they are expected to work. The manual method of placing maize cobs on homemade slats and beating them with wooden sticks is not only tedious and physically demanding, but also has a low productivity rate of 10-25kg per hour. During this time, the children either miss school, or are too exhausted from the laborious work to study and concentrate.

A revolving fund has been established for the procurement of 38 shelling machines which have been distributed in 10 districts. These machines are provided to individual farmers or local farmer co-operatives on a loan basis, which they are to repay over two years by charging other farmers a small usage fee for the machine - US\$0.20 per 50 kg bag. The shellers can shell Imt (1,000 kgs) of maize per hour.

Traditional method for shelling maize and new sheller in use.

Mavis Bukoole, a smallholder farmer in Central Province

and mother of four is one of the farmers who has benefitted from the revolving fund. Apart from the significant amount of time the sheller saves, using the machine also cuts out the need to pay approximately USD\$100 for additional workers to assist threshing the maize. In addition to saving time and costs, the shellers improve the quality of the crops.

With the free time that Mrs. Bukoole now has, she grows vegetables and sells them locally, which provides an extra income source for her family. She is also refurbishing her home and thatching her roof. Neighbouring farmers also use the machine, and pay Mrs. Bukoole approximately USD\$0.20 per 50kg. This money will be used to repay the US\$ 1,000 loan for the machine.

After having the sheller for a week, Mrs. Bukoole had not only shelled her 150 bags of maize, but had offered the service to seven nearby smallholder farmers for a total of 245 bags of shelled maize.

A video on the shellers in Zambia can be found under:

http://www.wfp.org/videos/helping-maize-farmers-get-ahead-zambia

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TANZANIA

Update on the joint WFP, RUDI, AGRA Training for SACCOs

The first phase of the WFP/AGRA/RUDI training project (fully funded by AGRA) has been delivered to selected farmers in 29 Savings and Credit Cooperative Societies (SACCOs) presently participating in the P4P pilot. The project is supported by

the Government that seconded two staff members to Rural Urban Development Initiatives (RUDI) for the trainings, officially launched in April 2010. The second phase of the training, launched in August 2010, will conclude in December. The training will build farmers' capacity in leadership and good governance, entrepreneurship and basic business management skills, post harvest management, warehouse management, warehouse receipt systems and "doing business with WFP".

In addition to the training package, WFP has provided specific trainings on WFP financial and procurement procedures, usually linked with the start of WFP's procurement campaign. The last was conducted in August for 15 representatives from SACCOS/farmers' organizations who received a request for offers for the purchase of 3,050 mt of maize. Out of these, five farmers' groups/ SACCOS (Kibaigwa, Muhangu, Jipemoyo,

Khadija Salimu and the importance of weighing

Sixty-five years old Khadija Salimu shared her experience selling her maize to WFP with the delegation from WFP/AGRA/RUDI. She brought 20 bags of maize to the warehouse. Typically, maize sold in the local markets is paid by the bag, which is not weighed. Middlemen usually pay for a 100 kg bag, while the actual weight can be higher. Khadija was surprised when her bags were weighed to find that they ranged from 110kg to 120kg per bag. As she was paid by the kilo, she received more money than expected. She admired the arrangements and practices of selling commodities by measuring weight. She said she will never again sell her maize without measuring and she will sensitize others to adopt this practice.

She further said that she had made a good profit with this arrangement and will be able to pay back the loan from the SACCOS. For the next season, she is looking forward to use part of the profit obtained to purchase inputs without recurring to a loan first - a good development according to her.

groups/ SACCOS (Kibaigwa, Muhangu, Jipemoyo, Sanya Juu, Gallapo) presented competitive offers, in line with the market conditions, showing that they had learned and benefited from the one day training on WFP financial and procurement procedures. Finally, four contracts were awarded, with delivery expected before the end of the year.

Warehouse rehabilitation and meeting quality standards

AGRA and WFP staff visited the farmers' organizations Mkombozi Soko kuu, Kwamtoro, Muhangu and Didihama in Tanzania during October to assess implementation on the ground and reported that efforts to involve the communities during the warehouse rehabilitation process have been notably successful. The warehouses were rehabilitated collectively, with the

M&E and market analysis

Research for Poverty Alleviation (REPOA) has been engaged to conduct an impact evaluation of the local procurement with USDA funds. The impact evaluation will focus on how P4P may impact on local producers and consumers. The evaluation will look into how local purchases may affect prices on the markets close to where P4P is buying.

P4P has been collecting prices biweekly at primary market level since May 2010. Prices collected by the MITM (Ministry of Industry, Trade and Marketing) will also be considered for further data analysis and comparison.

community leading the process, while the District Council and WFP provided technical support. All the warehouses visited were found operational and the warehouse equipment donated by WFP (weighing scales, generators, stitching machine, fumigation sheets, etc.) were in use. Farmers have received training on how to meet quality requirements, how to establish prices that are both competitive and profitable, and on group marketing.

When farmers bring their maize to a warehouse, it is thoroughly inspected for quality. The inspection includes checking for foreign matter, live weevils, moisture content and other quality parameters. If the maize does not meet WFP quality standards, the farmer is advised on how to improve quality. The farmers can then sieve and sort their maize in a special area, or further dry it if the maize presents moisture content problems. Once the maize is accepted, it is weighed and the farmer receives a receipt from the warehouse indicating the name and quantity of the maize stored. With this, the farmer can then access a loan from a local bank.

Using WFP's contracts to secure credit

For those farmers groups/SACCOs which were awarded contracts with WFP (Mrijo, Soko Kuu, Kwa Mtoro, Didihama, KPDL, Nkwerwa Talanta, Kibaigwa, Muhangu, Gallapo, Sanya Juu), direct negotiations have taken place between various financial institutions including Cooperative Rural Development Bank (CRDB), National Microfinance Bank (NMB), Stanbic, Tanzania Investments Bank, Small Entrepreneurs Loan Facility Project (SELF) and representatives of the farmers groups/SACCOs. Negotiations with commercial banks for the provision of loans to SACCOs that sign contracts with WFP have proven to be difficult, in spite of having a "secure" market with WFP. The loans are intended to provide SACCOs with the required cash flow to cover the period between delivery by the farmer and payment by WFP. Decisions from the banks on whether or not to approve loans to SACCOs will be studied by the bank on a case by case (contract by contract) basis.

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Sierra Leone: 2009 Farmers' Organizations share lessons with new FOs

For the 2010 P4P local purchase season, 13 farmers organizations (FOs) were shortlisted to participate: 5 from 2009 "try groups" who are now listed as suppliers and 8 new FOs, labelled as "2010 try groups". The criteria used for the exclusion of five 2009 try groups included:

- Contract default rates: each 2009 group had been contracted for 50mt of rice to be delivered in two batches; FOs with a 100% default rate were dropped.
- Supply-side partner capacity: some FOs alleged a lack of timely support from their partners; the latter mentioned unavailability of funds and of technical expertise as reasons for the lack of support to FOs. Those FOs without effective supply-side support were subsequently taken off the target list.

Based on the lessons learned in 2009, all 13 FOs and their supply side partners attended a "How to do Business with WFP" workshop in September 2010, to learn about WFP procurement procedures, and to jointly identify capacity gaps to meet WFP requirements. This was a different approach to that used in 2009, when the supply-side partners (Smallholders Commercialization Programme (SCP) implemented by FAO; Promoting Agriculture, Governance and Environment (PAGE) implemented by ACDI/VOCA & World Vision; Concern Worldwide; GTZ; and CARE) had received training from WFP and had passed on the information to FOs they support.

Following some misunderstandings about WFP's procurement procedures, especially around the pricing mechanism which led to unrealistic expectations on the part of the FOs, in 2010 the strategy is for WFP to directly train both FOs and partners together.

Bringing the partners, farmers and WFP together provided an excellent opportunity to explain WFP procurement procedures, establish an open and transparent business relationship, share ideas and concerns, identify capacity gaps to meet WFP requirements, strategize activities for commodity aggregation and processing; and jointly plan activities to meet WFP requirements.



Female farmers' organization Koinadugu Women's Vegetable Farmers' Cooperative after successful sale of 25mt of rice for WFP school meals programme in March - WFP's first purchase ever of rice in Sierra Leone.

WFP Procurement staff took the workshop participants step-by-step through the WFP procurement process. One encouraging result was that suppliers willingly shared their experiences from last year and responded to some of the questions raised by the new FOs.

Enabling women to sell to WFP

With WFP specifications for local pulses established in cooperation with the Government, WFP in Sierra Leone (as in Burkina Faso, Liberia and Mali) will include pulses in the P4P procurement plan from the last quarter of 2010 onwards. This should increase the involvement and benefit to women in selling to WFP.

P4P Baseline and Case Study missions indicate that income from the sale of pulses is managed by women, whereas income from the sales of rice is managed by men.

PAGE staff conducted a session on production cost monitoring. In Sierra Leone, most smallholder farmers and FOs do not keep written records of production costs, thus impeding their ability to negotiate price. The workshop participants were shown how to tabulate farm expenditures and calculate a break-even price per 50kg bag of milled rice.

WFP staff explained record keeping with a focus on membership lists and sales records. Some important indicators were discussed for improved information management, which will also facilitate P4P monitoring and evaluation.

It was recommended that a workshop on WFP procurement procedures be held at the beginning of every new planting season to enable FOs to plan for WFP local purchase.

2010 Country level Annual Review workshops

- Completed: Burkina Faso, DRC, Ethiopia, Guatemala, Kenya, Malawi, Mali, Nicaragua, Sierra Leone, Uganda.
- Upcoming: Liberia, Mozambique, Rwanda.

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Nicaragua: From FFW participant to P4P farmer

Natalia Castro is a staple grain farmer living in the community of San Bartolo in the municipality of Quilali. She is the founder of the Rural Women Cooperative which is part of the Union of Cattlemen and Farmers of Quilalí (UGAQ). For some years, her family has participated in WFP's food-for-work (FFW) programme which helped them improve their small plots through soil conservation.

At that time, Natalia cultivated I ha with a small loan of US\$25 and produced 1.3mt (1,300 kgs) of maize. She was then able to repay the loan and provide for her family. Over time, she improved her plot and accessed more planting areas, giving her the opportunity to graduate from FFW.



Traditional maize handling in Nicaragua.

Currently, Natalia receives support through her organization.

She has accessed a loan of US\$713 through which she purchased seeds and fertilizers and planted 4.5ha of maize in the first season. In addition, she planted 2ha of maize and 2ha of beans for the second season.

With P4P support, Natalia increased her yields to 4mt per hectare. Before P4P, she stored her commodities in rustic granaries. This year she is using metal silos, helping her to reduce post harvest losses and have surplus for sale. Natalia's performance was awarded with a technological input package sponsored by P4P for her excellent maize planting.

P4P COUNTRY FLASHES

- Samples of fortified flour, biscuits and oil from Afghanistan have been sent to Pakistan for micronutrient analysis. P4P is currently supporting the Ministry of Public Health (MoPH) laboratory with training and equipment so that the analysis of fortified commodities can be done in country in the future.
- A partnership agreement was signed in Burkina Faso between WFP, the farmers' association FEPAB (Federation des Professionels Agricoles du Burkina) and FCPB (Federation des Caisses Populaires du Burkina), the main financing institution providing credit to FEPAB producer unions and various FOs in Burkina Faso. FCPB will offer loans up to 70% of WFP's direct and forward contracts value, with a special annual interest-rate of 9.75 % . WFP will share information (such as planned direct and forward contracts to be signed) with FCPB and transfer payments directly into the FEPAB's bank account at FCPB, thereby facilitating a direct repayment of the loan.
- 172 farmers' organisations created with support of FAO in DRC last year have contracted with WFP to deliver 1mt of maize each. While traders are anticipated to procure the bulk of the crop, WFP acts as "buyer of last resort" in DRC, purchasing surpluses that remain unsold at the end of the commercialization period. The maize is being collected in seven temporary storage facilities managed by local NGOs. Belgium jointly funds FAO and WFP in DRC.
- In Ghana, two contracts of 500mt of maize each have been awarded to farmers' organizations . Both FOs are supported by the Millennium Development Authority (MiDA). A joint meeting was held between WFP and the Ministry of Local Government and Rural Development to discuss possible P4P purchases for the Government's Home-Grown School Feeding Programme (HGSFP) through Government contracted caterers. It was agreed that this pilot purchase will be undertaken through direct negotiations with FOs in areas where WFP is supporting the HGSFP.

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Ghana P4P Country Coordinator Profile

With almost 20 years of WFP experience, Hassan Abdelrazig Ahmed, a Sudanese national, has worked as a programme officer in operations in Somalia, Tanzania, Myanmar, Afghanistan and Uganda. In July 2010, Hassan joined WFP's office in Accra as P4P Country Coordinator.

"I am very much satisfied with my new assignment for P4P, after working as an emergency officer for much of the past 18 years. P4P is a real change for me as it is for the whole organization - in the past WFP was often working in emergencies as a food aid agency, now, with P4P, it is becoming a food assistance agency."

P4P is similarly an important programme component in Ghana, as the country seeks to become self-reliant in food production. P4P will serve as a catalyst on its journey from dependency to independence. "The Country Implementation Plan (CIP) is not finalized yet, but we are already working on the main obstacles restraining smallholder productivity such as their inability to meet quality standards or the lack of microfinance institutions in rural areas."



New Ghana P4P Country Coordinator Hassan Abdelrazig Ahmed

NOVEMBER CALENDAR

- 11 October 20 November: Mary-Ellen McGroarty on mission to Tanzania, Ethiopia, Kenya, Uganda and Rwanda to follow up on implementation and participate in country level annual reviews and lessons learned workshops.
- 2-3 November: P4P Coordinator meets with member states and Swiss Development Cooperation in Geneva.
- 8-12 November: WFP Executive Board meeting, Rome, Italy.
- 9-11 November: P4P Coordinator participates in Alliance for Commodity Trade in Eastern and Southern Africa (COMESA/ACTESA) fourth Stakeholders meeting in Entebbe, Uganda [www.actesacomesa.org].
- 12-13 November: Technical Centre for Agricultural and Rural Cooperation ACP-EU (CTA) and Eastern African Farmers Federation (EAFF) Regional Briefing Linking small-farmers to local and regional markets in staple foods Entebbe, Uganda.
- 29 November 2 December: 2nd P4P Annual Review Meeting, Maputo, Mozambique.