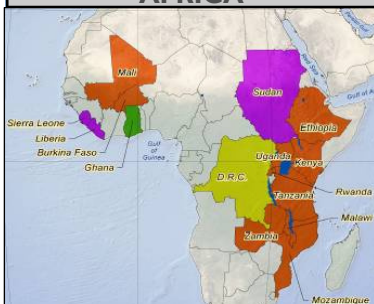


P4P Pilot Countries

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

- WFP's Regional Director for Latin American and Caribbean, Pedro Medrano, participated in a seminar held in the Brazilian capital on 16th November about **Public Food Purchases from Family Agriculture**. Medrano was one of the speakers at the closing panel dedicated to International Perspectives for Food Purchases from Family Agriculture and he highlighted lessons to date emerging from P4P. The other panellists were the Brazilian Minister for Agricultural Development, Guilherme Cassel and FAO's Regional Director, José Graziano da Silva. The event was part of the XIV Specialized Meeting on Family Agriculture in MERCOSUL. P4P was highlighted by Milton Rondó, the Brazilian Minister in charge of coordinating international action against Hunger, as a key initiative and an example of how international assistance whenever possible should be based on a similar approach.
- This issue focuses on providing answers to frequently asked questions, and in particular those raised at the P4P Informal Briefing to Executive Board members in September and at the P4P session during the Annual NGO Consultation in November. Frequent concerns expressed centre around the sustainability of P4P related to its cost efficiency for WFP. As one EB member said: "though P4P is now an experiment, WFP needs to be strict on the evaluation, particularly on the dollar value of P4P, and the possible negative effects on the ultimate WFP beneficiaries". It was recommended that when talking about P4P beneficiaries, WFP should refer not only to P4P participating farmers, but also to the ultimate WFP beneficiaries (food recipients).

PROGRESS TO DATE

- **Implementation underway in 20 of 21 countries;** P4P in Laos will begin in early 2011 depending on funding.
- **Food safety and quality management** are emphasized to ensure that the crops procured from smallholders meet WFP quality standards.
- **Over 50,000 farmers, warehouse operators and small & medium traders have** received training from WFP and partners in improved agricultural production, post-harvest handling, quality assurance, group marketing, agricultural finance and contracting with WFP.
- More than **125,000 metric tons of food** valued at over **USD 40 million** has been contracted, either directly from farmers' organizations and small and medium traders, or through innovative marketing platforms such as Commodity Exchanges and Warehouse Receipt Systems.

CHALLENGES

- **Price discovery** for quality staple crops remains challenging, with unrealistic price expectations from some producers.
- **Credit** at affordable interest rates for smallholder farmers is limited, constraining farmers' access to inputs such as high-quality seeds or fertilizers, as well as their capacity to aggregate and market their produce.
- In some areas, a **limited presence of supply side partners at field level** restrains the potential of enhancing smallholder productivity.

FREQUENTLY ASKED QUESTIONS & ANSWERS

1. How is P4P integrated into or aligned with National Programmes ?

P4P country approaches are designed to align with local and national development priorities, not only to maximise the effectiveness and efficiency of the P4P activities but also to ensure local ownership and long-term sustainability. In many of the pilot countries, the P4P strategies are also embedded within the United Nations Development Assistance Framework, and involve active collaboration with FAO and IFAD to address specific challenges and gaps, post harvest handling and credit.

2. What targeting criteria are used to select Farmers' Organisations (FOs) and local beneficiaries of P4P ?

P4P is targeting, principally through the farmers' organizations, smallholder/low-income farmers who have an opportunity or potential for higher yields and receive strong supply side support. FOs in P4P countries present a wide variety of different characteristics such as their history, activities, capacities and levels of maturity. Three broad categories have been established a) FOs in the nascent stage or at low maturity level b) medium maturity level and c) high maturity level.

Going from less mature organizations to more sophisticated ones, each category requires different activities to enable capacity development under a progression strategy. These activities involve different types and levels of training in different sectors (agricultural production, organizational strengthening, quality enhancement, post-harvest management, market mind-set and skills, gender equality), different types and levels of investments (agricultural inputs and tools, warehousing, quality processing equipments) and different types and levels of extra costs to WFP (bagging and marking, quality assurance, superintendence, transport). With concrete investment and inputs through partners, P4P will help semi-subsistence farmers to increase their output and enable them to gain access to stronger markets for their surplus production through their organizations.

3. How is collaboration between the Rome Based Agencies (RBAs) progressing ? [see pages 4 & 5]

3.1 How might IFAD support P4P to overcome credit constraints ?

IFAD has a comparative advantage over finance and the lessons learned from IFAD-supported projects can be immensely useful in the implementation of P4P. IFAD is exploring how to provide technical support on agricultural finance for P4P farmers and create avenues to refinance institutions through its rural finance programmes. P4P is by itself a risk reduction mechanism for financial institutions, because of the WFP guaranteed market: having WFP's guaranteed market cannot eliminate all risks banks face when lending to smallholder farmers' organisations (such as production and weather related risks), but can reduce the "market risk". Collaboration with IFAD is sometimes challenging due to: a) different geographical areas; and b) different programming cycles.

3.2 How is FAO technical assistance to P4P funded ?

In a variety of ways including:

- parallel funding to WFP and FAO, as in the case of Belgian funding to both FAO and WFP in DRC;
- joint funding, such as under the European Union Food Facility (EUFF) in Guatemala;
- Joint Programming, such as in Mozambique under the One UN Programme;
- WFP sub-contracting FAO services, such as in the case of Farmers' Field School in Uganda;
- FAO's assessed contributions through FAO core funding.

4. How are P4P countries addressing gender concerns ?

Different approaches are being tried out depending on the country but generally, WFP is working with partners active in the advancement of women in many P4P pilot countries such as Mozambique (with UNIFEM), Rwanda (with Women for Women) or targeting women's self-help groups, as in Kenya. Across the board, commitments have been made by pilot countries to focus on gender equity, in particular through training. Gender assessments have informed P4P design in some countries such as Rwanda and Guatemala. Gender action plans have been developed in Burkina Faso and Guatemala and gender audits are being planned in 2011 in selected countries.

To deepen the learning, WFP has issued a 2nd Occasional Paper outlining *Practical Actions to Enhance the Participation of Women in the Purchase for Progress Pilot Programme*. The document can be found at: <http://www.wfp.org/content/p4p-occasional-paper-ii-practical-actions-enhance-participation-women-p4p-pilot-programme>

The Institute of Development Studies will help P4P address gender

In 2011, WFP and the **Institute for Development Studies (IDS)** have agreed to work through ALINe – an Agriculture Learning and Impacts Network on the refinement of the P4P gender strategy that sets the limits of expectation as to what P4P can reasonably achieve for and with female producers. IDS will provide WFP with recommendations on concrete actions that might be implemented and potential partners at country-level to maximise the potential implementation of a Global Gender Strategy which is adaptive to local and cultural differences in different regions.

FREQUENTLY ASKED QUESTIONS & ANSWERS

5. Should WFP pay smallholder farmers' organisations market price or a price premium ?

WFP has a long-standing policy of purchasing food assistance commodities at competitive prices using import parity (defined as the price of importing the same commodity from regional or international markets) as the key benchmark. An overriding consideration is whether a local/regional purchase will be more cost effective than an international purchase in cash terms, taking into account all associated costs such as transport. Paying small-holder farmers' organisations above the most recent lowest cost to WFP for food purchases is not desirable for a number of reasons:

- This might weaken the competitiveness and sustainability of the new suppliers by fostering dependence on an artificial market that is not dependable.
- It could contribute to food inflation at local/regional market levels, negatively impacting other poor households.
- Where WFP pays more than necessary to purchase food, it can afford less food, meaning fewer beneficiaries are reached, or the same number of beneficiaries get smaller or fewer rations.

Requests to waive the principle of "lowest cost to WFP" will be considered only where such requests are supported by objective analysis of the immediate costs and longer-term benefits to WFP and beneficiaries.

6. How is P4P linking to Social Safety nets, for example, Home Grown School Feeding ?

WFP uses the food that it buys from smallholders in WFP assistance programmes: school meals, refugee/IDP rations, drought and flood assistance, food-for-work projects, and social safety-net protection programmes. The food purchases are funded through contributions to ongoing WFP programmes in each part of the country or through government funding for the school feeding and nutrition programmes which is common in Central America. The P4P Coordination Unit and the School Feeding Unit are working together to incorporate linkages to home grown school feeding in Ghana and in other pilot countries.

7. At what point will WFP scale up the number of P4P pilot countries, the tonnage purchased under P4P and diversify the local products procured under P4P ?

P4P is a pilot programme and hence the number of countries for now is limited to 21. The extent to which country offices increase the percentage of pro-smallholder purchases will depend on implementation lessons to date, capacities of FOs, supply-side partnerships and availability of timely funding for the food purchase. The Mid Term Evaluation that will be conducted in the first half of 2011 will seek to inform the implementation of later stages of the project; contribute to the development of normative work; and support decision-making on a possible mainstreaming and scaling-up of the project. Diversification of the food basket of P4P pilot countries can be explored, especially when more appropriate and/or nutritious foods can be sourced locally but practicalities relating to cost, food safety and quality, shelf-life and packaging will determine whether such diversification is realistic or not.

WFP's Office of Evaluation will manage a Mid Term Evaluation of P4P in 2011.

- The evaluation will aim to assess what has been achieved by the P4P project thus far in terms of overall performance and effectiveness (accountability) and to determine the reasons for the observed performance and results and draw lessons to start identifying best practices (learning).
- The **Overseas Development Institute (ODI)** has been selected to conduct the evaluation.
- The inception phase will begin in January 2011. From March to April 2011, six case studies will be conducted to look at a cross-section of country-level project examples to draw lessons from country experience: **El Salvador, Guatemala, Kenya, Liberia, Mali and Zambia**
- The WFP **Uganda Agriculture and Market Support (AMS)** project will be evaluated simultaneously. Uganda P4P-related findings are expected to feed into the global P4P MTE. The Uganda evaluation will inform the approach for the field work in the other six countries.
- The summary evaluation report will be presented to the WFP Executive Board in November 2011. The report will be publicly available on the WFP website.
- The TOR can be found on the following public webpage: <http://www.wfp.org/content/mid-term-evaluation-wfp-2008-2013-%E2%80%9Cpurchase-progress%E2%80%9D-pilot-project-terms-reference>

8. What is the P4P exit strategy? How is WFP considering issues of sustainability and scalability of P4P ?

P4P is not sustainable or scalable per se, because it is based on WFP's limited demand base and it is a learning project aimed at identifying by 2013 a) what procurement modalities/platforms best support capacity building and create an enabling environment for procurement from smallholders and b) what is the best way for WFP to balance the risks and costs associated with pro-smallholder procurement in order to optimise and transform its local procurement practices.

- Sustainability will be reached when the capacity of smallholder farmers and FOs to profitably and competitively engage in the markets beyond WFP is developed;
- Sustainability of P4P approaches will be achieved if farmers are able to provide the required quantity and quality to any buyer (Government or private sector) in a timely fashion and at competitive prices;
- Sustainability can only be achieved if Governments adopt the best practice P4P procurement approaches for their own Government based programs (like HGSF or other national safety nets programmes).

THE PERSPECTIVES OF THREE KEY PARTNERS

To complement the perspectives of Honourable James Logan, Deputy Minister of Agriculture and Juana de los Angeles Cabrera, member of the AGRISAL smallholder farmers' association in El Salvador, spotlighted in the P4P September Update (Issue 24), this month we take excerpts of the interventions made on 21 September at the Executive Board by Anne Mbaabu, Director, Market Access, **Alliance for a Green Revolution in Africa**; Jennifer Nyberg, P4P focal point in **FAO** Rome and Francesco Rispoli, **IFAD** Rome Technical Adviser.

1. Anne Mbaabu, Alliance for the Green Revolution in Africa (AGRA)

"AGRA has an MOU with IFAD, WFP and FAO and as such we try to see where we can bring synergies in the field so that we do not duplicate each others' efforts.

Our goal is to catalyze a uniquely African green revolution working with the smallholder farmers who constitute the backbone of farming in Africa, most of these are women.

P4P works in 15 countries in Africa, and AGRA shares 12 of these, offering a very good base for working together in all these countries except in DRC, Sierra Leone and Sudan, countries which AGRA will soon be engaging in hopefully in the near future. AGRA works along the value chain starting from seeds, soil fertility, market access and policy and partnerships to achieve strategic goals.

Within AGRA, the market access programme works with the smallholder farmers to increase their incomes by promoting efficient, well functioning markets and creating marketing linkages for four million smallholder farmers in the next five years. We all know that when large increases in agricultural productivity occur without corresponding market access improvements, the outcome is dangerous for smallholder farmers because localized gluts drag down farm gate prices, farmers abandon new technologies and low productivity will occur in the next season driving up food prices. This is where P4P offers the market access programme a valuable platform to link smallholder farmers to structured demand.

When talking to P4P, the issues they bring up are issues on quality, quantity and delivery conformance. This is where we all, not only AGRA and P4P but also all other partners can come to the fore and help smallholder farmers achieve these standards. Training and capacity building of farmers' organizations and farmers' groups is a requirement for them to be able to access structured demand.

The value added from P4P is creating this ready platform. They are the ones with the demand; they create an enabling environment for smallholder farmers to be able to organize themselves and to reduce the number of middlemen between them and the market, thereby increasing margins and reducing dependence on people who are earning very little value in the value chain. Our collaboration is also appearing in M&E, monitoring and evaluation, more information sharing and experiences and potentially data sharing.

On our way forward, we see our partnership with P4P being one that will sustain smallholder farmers, help them not only to supply P4P but other major buyers/processors and create an exit strategy that can be carried on even after the P4P project is over and thereby help the farmers improve their incomes and their livelihoods".

2. Jennifer Nyberg, Senior Programme Officer, Division of Emergency Operations and Rehabilitation, FAO

"FAO certainly understands the P4P vision and has taken an active role in many of the P4P countries. We are supporting P4P to help WFP leverage its purchasing power in new ways. We understand developing agricultural markets certainly and how P4P is an enormous opportunity to support smallholder engagement and create market outlets.

As you know all of this is very closely aligned with FAO's key areas of technical expertise and all of us have the same aim in time to ultimately boost food security over the long term. The sustainability question is a very significant one for P4P.

Since the launch of P4P, FAO has focused on supporting it in the field through a variety of different types of units. We have been focused on enhanced cooperation and collaboration and particularly in areas where there is need for specialized technical expertise such as intensifying and improving agricultural output, rural institutions and agro-business development, post-harvest handling and storage loss, food safety quality and handling as well as establishing farmer field schools, providing legislative support, technical assistance in terms of what kind of legislative framework you need to have in place, say to develop a cooperative, also certainly capacity development.



THE PERSPECTIVES OF THREE KEY PARTNERS (cont'd)

A few examples of good collaboration in the field include:

- developing quality standards for rice and now quality standards for pigeon peas and pulses and providing post-harvest commercialization expert advice to Sierra Leone
- supporting production of rice, agricultural engineering and start up of rice mills in Liberia
- helping increase maize production in DRC, in fact the output this past season vastly surpassed that expected
- FAO is also with WFP going to establish farmer field schools in Uganda to support P4P procurement aims
- providing conservation agriculture expertise to look at production in Ethiopia and
- working to also boost output through the EU food facility and P4P in Guatemala, Nicaragua and Honduras.

Some examples of headquarters-based support include playing a role in guiding and supporting the needs for technical expertise, especially on food safety and handling. In fact FAO played a significant role in contributing to the WFP policy document on this theme and has continued to play a role. In fact, our food safety experts at headquarters have called the work in support of P4P between FAO and WFP a real win-win for both organizations. This work has also formed the basis for joint fundraising to focus in mycotoxin control in East Africa, that is just one example.

There is a need for deepening the partnership between FAO and WFP and a continued need for joint advocacy and joint fundraising and a deeper look at possibilities of joint programming. FAO is ready to continue supporting P4P and all partners to help make the vision of P4P achieve sustainable impact”.

3. Mr Francesco Rispoli, Technical Advisor on Rural Finance, IFAD

“Helping farmers increase agricultural production and get better access to markets are priorities of many IFAD-supported projects. Using WFP’s food demand platform to enhance smallholder farmers’ production is an important and innovative approach. The fact that WFP has opened a potentially significant and relatively stable demand for their production strikes IFAD as an extraordinary opportunity as well as a natural collaboration with another Rome-based agency.



Better access to markets, however, does not automatically translate into higher level of production, improved managerial skills or better access to services. To make sure that smallholder farmers meet WFP’s needs in terms of both volume and quality, it is critical to intervene along the value chain. The development of and access to markets requires a complex set of conditions involving not only farm production technology and transport infrastructure but also the coordination of many different activities and services including rural financing to supply grading, processing and retailing. Because of the uncertainties of agricultural production, the private sector is often overlooked and unwilling to invest in the goods and services needed to link rural producers to urban markets.

In places where practical business is more developed, the smallholder often faces unfavourable prices due to a lack of bargaining power, high transaction costs and difficulties in meeting quality standards. Despite increased recognition of these challenges by many developing actors including IFAD, the practical difficulties of overcoming the obstacles to market access remain considerable. Therefore P4P is timely. It can play an important role.

While WFP brings significant buying power and expertise in logistics to the table, other partners like FAO, AGRA and IFAD have expertise in support of agricultural production and marketing. The involvement of other players including the private sector is also key to the sustainability of the P4P programme. Ultimately farmers’ organizations must be strengthened in a way that allows them to engage profitably in markets beyond WFP.

IFAD is currently partnering WFP with P4P in several countries. In Mozambique, for example, IFAD is cooperating in the framework of the One UN to facilitate smallholder access to financial services through a guarantee mechanism. In Rwanda, IFAD is providing agronomic support to some cooperatives involved in P4P. In El Salvador we have heard that also IFAD is providing some technical support in business development and investment in storage infrastructure for two farmers’ organizations and the PREMODER programme. Negotiations between IFAD and WFP are ongoing in other countries including Burkina Faso, Zambia and Ethiopia.

The five-year life span of P4P may not allow us to achieve all the desired results but could be instrumental in building a platform for joint cooperation between the three Rome-based agencies of the United Nations”.

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Further information about P4P

Quick reference fact sheets on each P4P pilot country can be found at:

<http://www.wfp.org/content/p4p-country-fact-sheets>

Country programme profiles with more details about the entry point and context are at:

<http://www.wfp.org/content/p4p-country-programme-profiles>

For information relating to **food safety & quality standards** and standard operating procedures, visit <http://foodquality.wfp.org>

Updated **Monitoring and Evaluation documents** can be found at:

<http://www.wfp.org/content/p4p-monitoring-and-evaluation>. They are organized in the following way:

- **Design documents:** Design Considerations; Logframe; Indicator Reference
- **Data collection instruments:** Farmer Livelihood Baseline; Farmer Livelihood Follow-up; FO Baseline; FO Follow-up; Trader Baseline and Follow-up
- **Guidance manuals:** Baseline Sampling Strategy; Data Collection Manual; Enumerator Training Manual; M&E Manual for monitoring and impact assessment of P4P between years 2 and 5.

To learn about status of P4P implementation – progress and challenges - on a monthly basis, download the **newsletter** from the website, or write to wfp.p4p@wfp.org to request addition to the mailing list.