Purchase for Progress (P4P)

Connecting Farmers to Markets
Where did we purchase in 2009?

Europe
809,280 mt
221,460,293 US$

Asia
1,079,465 mt
438,258,374 US$

North America
62,942 mt
28,464,506 US$

Latin America
62,717 mt
47,869,489 US$

Africa
590,222 mt
228,444,879 US$

Oceania
786 mt
695,792 US$

92 Countries: 75 Developing 17 Developed
Objectives

• Identify and share best practices for WFP, Governments, NGOs, and agriculture markets stakeholders to increase profitable engagement in markets

• Improve capacities in order to raise income from agriculture markets

• Increase farmers’ sales to WFP

• Transform WFP food purchase programmes

P4P focuses on smallholder and low-income farmers
Three Fundamental Components
Connecting Smallholder Farmers to Markets through Market and Agricultural Development

- Providing technical expertise in agriculture & market development
- Building capacity
- Empowering Women

Innovative Procurement Modalities
- Pro-smallholder competitive tendering
- Direct contracting
- Forward contracting

Partnerships
- Providing technical expertise in agriculture & market development
- Building capacity
- Empowering Women

Learning and Sharing
- Monitoring & Evaluation
- Lessons Learned/Best Practices
- Informing policy

WFP Local Procurement – the Foundation of P4P
Principles of acceptable, timely and cost efficient food procurement remain the same for P4P purchases

Best practices will be mainstreamed into WFP local procurement procedures by the end of the pilot
Procurement Modalities

Competitive Processes

“soft” tendering
Warehouse Receipts Systems, Commodity exchanges

Direct Contracting

Forward Contracting
Targeted P4P Market Entry Points

Consumers

Retailers

Large-scale Food Processors/Large-scale Millers/Large-scale Wholesalers

Blended Food or Small-scale Processors

Farmer Organizations
- Third Tier
- Second Tier
- First Tier

*Levels and characteristics of FOs are different in each P4P country

Agricultural. inputs & services

Commodity Exchange

Small-scale Traders (Collectors)

Medium-scale Traders

Warehouse Receipts System

WFP Point of Entry RP/LP

WFP P4P Point of Entry

Smallholder Farmers
Strategic Partnerships

**CREDIT**
Governments, IFAD, IFC, Banks and Microfinance Institutions

**PRODUCTION INPUTS**
Governments, NGOs, FAO, AGRA, Bilateral Partners and Private Sector

**QUALITY**
Governments, FAO, NGOs, Research Institutions and Private Sector

**POLICY & ADVOCACY**
Governments, Regional Economic Communities, NGOs, Media, Universities and Private Sector

**MARKET ACCESS**
Governments, FAO, IFAD, AGRA, Regional Economic Communities, Research Institutions, Universities and Private Sector

**CAPACITY DEVELOPMENT**
(Skills, Market Analysis, Post-harvest Handling, etc.)
Governments, IFAD, AGRA, FAO, Regional Economic Communities, NGOs and Universities, Private Sector

**INFRASTRUCTURE**
Governments, AU, IFAD, World Bank and Bilateral Programmes, Private Sector
M&E Objectives

• Support learning
  – Collect quantitative and qualitative data
  – Develop procedures to facilitate reporting, sharing, and validation of data, analyses, and lessons

• Impact assessment
• Facilitate cost benefit analysis
• Performance monitoring
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<th>Target group for data collection</th>
<th>M &amp; E objectives</th>
<th>Key indicators</th>
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| Farmer organizations            | Learn whether farmer organizations have increased capacity to aggregate and sell their smallholder members’ commodities | • Organizational & marketing capacity  
                                  |                                                                                 | • Services provided to members  
                                  |                                                                                 | • Storage capacity  
                                  |                                                                                 | • Sales, contract performance  
                                  |                                                                                 | • Market access, number/diversity of buyers  
                                  |                                                                                 | • Ability to aggregate, size of sales  
                                  |                                                                                 | • Marketing margins |
| Smallholder farmers             | Learn whether smallholder farmers are increasing production, have better market access, and have improved incomes and livelihoods | • Marketable surpluses produced/sold  
                                  |                                                                                 | • Household income  
                                  |                                                                                 | • Food security  
                                  |                                                                                 | • Assets  
                                  |                                                                                 | • Net buyer/seller status  
                                  |                                                                                 | • Demographic data |
Sampling Strategy

P4P farmer organizations and smallholder farmers
- Baseline
- Annual monitoring
- Mid term evaluation
- End of term evaluation

Compare for Impact assessment
Similar in terms of ag practices, market access, location, etc. at start

Non-P4P farmer organizations and smallholder farmers
- Baseline
- Mid term evaluation
- End of term evaluation
Smallholder productivity increased + Profitable access to markets increased \( f(\text{organization, markets, enabling environment}) \) = Sustainable and profitable smallholder engagement in markets
MAIN ACHIEVEMENTS

Food Purchases – 50,500 metric tons (mt) of food contracted in 17 countries

Farmers Involved
• 100 farmers’ organizations sold food directly to WFP
• 600 farmers’ organizations identified /targeted by P4P with a total membership of 760,000 farmers
• 25,000 farmers/small & medium traders/warehouse operators received training from WFP and partners

Partnerships
• Approximately 50 different supply-side partners
• 685 WFP and partner staff members trained

Learning and Sharing
• A comprehensive M & E system is currently being rolled out
• Technical Review Panel established and held its 1st meeting
P4P lessons and challenges

- Capacity of farmers’ organizations
- Quality of products
- Access to credit for farmers’ organizations
- Price setting and market knowledge
- Defaulting
- Regular supply
- Sustainability
**HGSF**
Public structured demand

- Policy
- Legal procedures
- School Feeding needs

**Smallholder farmers**

Access to markets
Impact in livelihoods

**WFP demand**

Mandate
Procurement rules and procedures
Needs in country (SF)

**Smallholder farmers**

Access to markets
Impact on livelihoods

**PROCUREMENT**

**LRP/P4P PROCUREMENT**

**LEARNING & SHARING**
Purchase for Progress

"Now that I have a secure buyer, I will grow a lot more beans," says one farmer who is benefiting from WFP's innovative Purchase for Progress initiative.