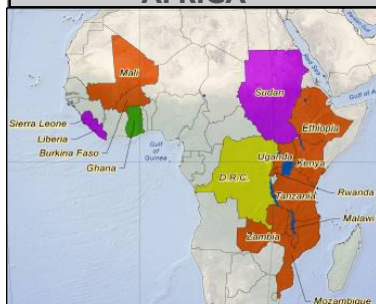


P4P Pilot Countries

AFRICA



CENTRAL AMERICA



ASIA



IMPLEMENTATION STATUS 21 P4P Pilots:

- **11 Approved Country Implementation Plans (CIPs):** El Salvador, Honduras, Guatemala, Nicaragua, Burkina Faso, Liberia, Mali, Malawi, Mozambique, Tanzania & Uganda.
- **6 CIPs under approval:** Afghanistan, Ethiopia, Kenya, Sierra Leone, Sudan & Zambia.
- **2 CIPs under development:** DRC, Rwanda.
- **P4P Assessments:** 20 Assessments completed; Ghana pending.
- **Unfunded:** Laos

HIGHLIGHTS OF THE MONTH

- The **P4P Technical Review Panel** met for the first time in Rome on 20-21 October to discuss emerging implementation issues and offer independent recommendations on the way forward [more on page 2].
- Canada announced a C\$ 30 million dollars contribution to sponsor P4P in **Afghanistan** and **Ghana** for five years, including significant infrastructure for processing of fortified biscuits and blended food in Afghanistan. **Laos** remains unfunded [more on page 4].
- Launch of P4P in **DRC** on 13 October. P4P in DRC is a joint FAO/WFP programme which integrates support to production and commercialization with railway, river and rural roads infrastructure rehabilitation [more on page 3].
- A variety of **trainings for farmers' organizations** (FOs) conducted by both WFP and Partners during the last quarter in Burkina Faso, El Salvador, Guatemala, Honduras, Liberia, Mali, Mozambique, Nicaragua and Uganda. Topics have included storage and quality assurance, how to do business with WFP, Warehouse Receipt Systems, work plan preparation and business planning, financial records keeping, credit management and agricultural insurance.
- **Laos** completed its Assessment in October 17th [more on page 3].

M&E baselines data collection:

- completed in Burkina Faso, El Salvador, Mali, Malawi, Tanzania and Zambia;
- on-going in Liberia;
- planned for Nov/Dec in DRC, Guatemala, Mozambique, Nicaragua, Rwanda & Uganda
- planned for 2010 in Ethiopia, Kenya and Sierra Leone.

UPDATE FROM CENTRAL AMERICAN P4P COUNTRIES

Guatemala:

978mt of maize was purchased from five FOs through adjusted competitive tendering processes. Trainings conducted by WFP personnel and partners on P4P procurement procedures and on quality assurance—which included on-site quality tests for aflatoxin, moisture, kernel size and quality—contributed to the successful delivery.

Emphasis on quality control and on-site tests was well received by smallholders and potential buyers, as they enabled sales to be targeted to different markets depending on the test results, thus avoiding having to pay for transport if the grain risked being rejected.

Childcare facilities encourages female participation in trainings in Guatemala

Childcare was provided in one of the centres where Trainings on FO Organizational Strengthening was conducted last quarter by a local NGO. In that centre, attendance by women reached 60% while the average female participation in other centres was below 40%.

El Salvador:

- **Inputs Revolving Funds** were established by the 13 P4P targeted FOs (thanks to Howard G. Buffett Foundation funds channelled through WFP) to provide members with agricultural inputs on credit to be repaid in grain at harvest time. The proceeds from selling this grain will become working capital for the FOs. Credit committees established (one for each FO) and trained on credit management.

- The capacity building of 10 FOs in business management is being negotiated with the El Salvador **Chamber of Commerce** (CCIES) under the "Supplier Development Programme" funded by UNDP. WFP and CCIES will co-finance these trainings.

P4P Technical Review Panel meets for the first time in Rome, on 20-21 October

Access to financial services and the relevance of supporting the organizational structure and governance of FOs – these are some of the critical issues identified by a group of eleven experts brought together by WFP for a two-day gathering to discuss the P4P initiative. These experts, including academics, development practitioners, market specialists and private sector actors, constitute the Technical Review Panel (ten permanent members plus observers) established to provide high level independent advice to WFP on P4P.

“It was a unique opportunity for us to learn, make adjustments and ensure that the pilot project reaches its goals,” said Ken Davies, WFP’s Purchase for Progress Coordinator. “It was a privilege to discuss with some of the acknowledged experts in the many areas this project touches upon– agricultural economics, markets, organizational and institutional strengthening, monitoring and evaluation.”



TRP members at work.. From left: Jamie Anderson, IFAD; Maximo Torero, IFPRI; Marta Valdes, Intermon-Oxfam; Lydia Kimenye, Association for Strengthening Agricultural Research.

“Building stronger markets is the lifeline out of poverty for many poor farmers in developing countries. By purchasing hundreds of millions of dollars of food every year in these countries, WFP has already made a major contribution to improving this lifeline. P4P aims to build on this success by shortening the marketing chain, giving these farmers more direct access to this market, and further raising their incomes. It is exciting to be involved in this effort to help WFP learn how to use its enormous buying power to assist some of the world’s most needy people”.

David Tschirley, Professor, Michigan State University.

“P4P has great benefits for the private sector. For us traders the most important is to find volumes and quality standards. So this project is taking WFP’s work beyond the needs of the agency. Supporting smallholder farmers to increase grain production, reduce post-harvest losses and improve quality addresses the needs of the market. By helping strengthen FOs WFP is also creating the opportunity for us traders to buy directly from these organizations”. **Chris Kaijuka, grain trader in Uganda.**

“This project can give bankers the assurances they need to make financial services available to smallholder farmers. Bankers are interested in working with the farmers, but it is a high risk population. P4P can create the conditions that help bankers feel more confident about working with smallholder farmers”. **Aleksandr-Alain Kalanda, Opportunity Bank Malawi.**

Special attention was paid to price discovery for forward contracting. With these contracts, WFP commits to procure a certain amount of commodities at planting time.

The challenge is to define a pricing mechanism to ensure a fair price without distorting or disrupting markets.

Risk mitigation mechanisms to prevent contract defaults and ensure that quality standards are met, as well as ways to ensure that female farmers benefit from the project, were some of the other implementation challenges discussed.

Workshop on “Improving the Functioning of Commodity Markets in Eastern & Southern Africa through Market-Based Interventions”, Lusaka, 30th Sept-2 Oct 2009

The workshop, co-hosted by the East African Grain Council and UNCTAD and facilitated by COMESA with funding from USAID, brought together traders and representatives from Commodity Exchanges (CEX) and Warehouse Receipt Systems (WRS) across eastern and southern Africa. While it was recognized that CEX and WRS for basic grains are still in their infancy in the region, WFP/P4P’s role in supporting these marketing platforms in Ethiopia, Kenya, Tanzania, Uganda and Zambia was acknowledged.

- In **Uganda**, a recent contract for 3,000mt of maize grain with three certified warehouses resulted in an overwhelming response from FOs, particularly in eastern Uganda, who transported their grains to the three warehouses for cleaning, drying, grading and storage, in view of the assured market. WFP in Uganda is rehabilitating warehouses to become certified warehouses under the WRS system.
- In **Zambia**, since the end of 2008, WFP purchased almost 7,000mt of cereals through the Zambian CEX.
- In **Tanzania**, 135mt of pulses were contracted through WRS to date.

WFP Regional Director for West Africa meets AGRA

WFP Regional Director for West Africa Thomas Yanga met with AGRA’s Market Access Program, the Strategy, Monitoring & Evaluation Unit and the Africa’s Seeds System in Nairobi on Friday 16 October.

Points discussed included WFP’s field support to AGRA’s monitoring teams during their forthcoming baselines exercise in the 13 AGRA priority countries, including sharing of baseline data among the two organizations.

It was also agreed that the Market Access Unit would set up a short-term consultancy fund (US\$1-2 million) which would be accessed by partners for short-term interventions and support (e.g training) to small farmers groups engaged in P4P activities with WFP.

P4P DRC LAUNCH

Representatives of the Government of DRC, Belgium, FAO and WFP launched the P4P pilot programme on 13 October in Kabalo, Tanganyika district, Katanga Province, DRC.

This joint P4P pilot project will develop food markets by increasing the surpluses and market sales of approximately 4,000 smallholder farmers in Kabalo, Katanga Province, producing mainly maize and beans. The joint programme will benefit from a Belgian donation of 2.1 million euros (600,000 euros to FAO, 1.5 million euros through WFP).

- **FAO** will focus on the supply side - increasing production through improved varieties and provision of other agricultural inputs; supporting the organization of smallholders in producers' organizations; improving drying of produce and conducting pre-harvest trainings. FAO will also map producers' organizations and the main production sites through this project.

- **WFP** will focus on augmentation of transportation systems, training on storage and food handling and purchases of surplus production. WFP will also support – through an NGO - the commercialization/marketing side, by providing trainings to targeted FOs in commercialization and marketing of produce.

The P4P project in DRC combines support to production and commercialization, with railway, river and rural roads infrastructure rehabilitation. WFP will assist the Government to establish a community transport system using the national railway: trucks will be transformed and put on rail to circulate between Kabalo, Nyunzu, Kongolo and Kalemie to improve access to markets. Small railway stations will be established along those lines to help smallholders bring their produce to the collection points in Kabalo. Small fluvial stations will also be established along the Congo River around Kabalo, through which boats will be able to collect the surpluses to bring to the collection points.



P4P launch ceremony, Kinshasa, 13 Oct 2009

SELECTION OF FARMER ORGANIZATIONS

- **Malawi:** 12 FOs were selected in collaboration with partners using a set of agreed upon criteria such as land size holdings, proportion of female membership (minimum 30%, preference given to FOs with 50% female membership), district of operation, type of commodity, support by supply side partners. Partnerships arrangements are under discussion with a number of supply-side partners assisting the 12 selected FOs: Catholic Development Commission in Malawi, Concern Universal, Millennium Villages Project, World Vision. Discussions are also on-going with Opportunity Bank of Malawi regarding credit provision.
- **Rwanda:** the P4P Steering Committee in Kigali (co-chaired by the Ministry of Agriculture and WFP and composed of key stakeholders including ADRA, Banque Populaire du Rwanda, FAO, IFAD, IFDC, JICA, Rwanda Flora, USAID, and Women for Women) agreed on the selection criteria:
 1. Registration with the Government for at least one year;
 2. Good governance, including a clear organizational structure, regular meetings and a good records keeping;
 3. Having a bank account operational for at least one year;
 4. Sufficient production capacity, land size and number of members;
 5. A minimum of 30% women members and 30% of women in leadership positions. However, Cooperatives with less than 30% women leaders who can show a clear strategy on how the target of 30% women leaders will be reached can be considered.
- **Sierra Leone:** the P4P Programme Advisory Group in Freetown (ActionAid, CARE, Catholic Relief Services, Concern Worldwide, FAO, German Technical Cooperation, IFAD, Ministry of Agriculture, Forestry and Food Security, the National Federation of Farmers of Sierra Leone and World Vision International) identified 10 FOs as "try groups" for sales of rice during the forthcoming buying season (Dec-March). Each of the 10 FOs (supported by ActionAid, Concern, CRS, the National Farmers' Cooperative Union and World Vision International) are developing their post-harvest activity plans, based on which WFP will sign MOUs with the respective supply-side partners.

LAOS ASSESSMENT



The P4P Assessment mission for the Lao PDR, funded by the Government of Luxembourg, ended on 17 October.

After analysing the local market and the expected WFP demand for commodities over the next five years, the Mission concluded that both glutinous rice and soya oil are commodities for which P4P procurement modalities can be successfully applied.

- Proposed procurement modalities for glutinous rice are modified tendering and contracting procedures,
- The establishment of a soybean oil processing plant in partnership with a private sector partner linked to contract soybean farming is proposed for soya oil. The commercial viability of the latter needs to be assessed through full financial and market analysis prior to formulation of the Country Implementation Plan.

MEET THE P4P COORDINATORS

Enrico Pausilli, Ethiopia



Enrico joined WFP in 1995. His experience within WFP ranges from Programming and Finance to private sector fund-raising. He participated in many corporate emergencies (Kosovo, Angola, Afghanistan, Iraq, the

Tsunami), before joining the Ethiopia office, and most recently was the head of Bor sub-office in South-Sudan.

"There's so much unexploited agricultural potential in countries like Ethiopia, so I feel that WFP has a moral obligation to use its presence, operational experience and ability to act as a catalyst and give an opportunity to those who work hard to feed us all but are often the least rewarded".

The main challenge Enrico foresees for the implementation of P4P in Ethiopia is getting the right quality food from farmers' organizations, and ensuring that WFP is coordinating with the many UN, NGO, Private and Government actors on the ground.

Another challenge is the current drought situation, which makes local purchases more difficult for WFP at the moment.

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RESOURCING UPDATE

Priority funding requirements for P4P pilot countries continue to be timely and flexible cash contributions that will enable local and regional procurement of food for WFP's regular programme of work.

- **Technical and support costs:** **Canada** announced a contribution of C\$ 30 million to sponsor P4P in **Afghanistan** and **Ghana** over the period of 5 years. The contribution is part of CIDA's new Food Security Strategy, announced by Canadian Minister of International Cooperation Ms. Beverley J. Oda on 16th October at Winnipeg, Manitoba. [<http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-1016105724-KJX>].
- **Support for Food Purchases:** The United States Department for Agriculture (**USDA**) and WFP signed a grant agreement for \$4.7 million to provide funding for food purchases through P4P modalities in **Malawi**, **Mali** and **Tanzania**. This grant is part of a pilot fund to undertake innovative local purchases and will be evaluated by USDA, who in turn, will report to Congress. The evaluation of these pilots will influence Congress's future allocation of funds for local purchases. **France** also confirmed a **800,000 Euro** contribution for **Sudan** for its Emergency Programme (EMOP 107600), to be used for P4P activities.

CALENDAR

November 5-6: East African Grain Council 3rd African Grain Trade Summit, Movenpick Hotel Dar es Salaam, Tanzania.

November 15-17: World Food Summit, FAO, Rome.

November 19: Cornell MPA Program (CIPA) Colloquium Series.

December 8-10: P4P Annual Review with key stakeholders, Rome, Italy.

Topics of upcoming P4P Updates

- **November:** capacity-building
- **December:** emerging lessons

The credit issue has been postponed to 2010

Field perspectives on P4P implementation and future issue ideas are always welcome. Please email your suggestions to <wfp.p4p@wfp.org>.