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**Strengthening Smallholder Resilience to Shocks from the  
Demand-Side: Emerging Evidence from the Purchase for  
Progress Pilot**

By

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The views expressed are those of the author and do not necessarily reflect  
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# Purchase for Progress



«Strengthening Smallholder Resilience to Shocks from the Demand-Side: Emerging Evidence from the Purchase for Progress Pilot»

# Purchase for Progress (P4P) uses WFP's purchase power to connect farmers with markets

## Goals of P4P initiative

*“using WFP’s purchasing power to offer smallholder farmers opportunities to access agricultural markets, to become competitive players in those markets and thus to improve their lives”. Food purchased is utilized in WFP’s food assistance programmes*

**20 countries selected for pilot phase**  
(2008-2013) – but staggered start



**Africa:** Burkina Faso, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Liberia, Malawi, Mali, Mozambique, Rwanda, Sierra Leone, South Sudan, Tanzania, Uganda, Zambia

**Asia:** Afghanistan and Laos

**Latin America:** El Salvador, Guatemala, Honduras, Nicaragua

**P4P commodities:** linked to WFP food basket. mainly maize (70%), pulses (12%), rest is sorghum, millet, rice, CSB...

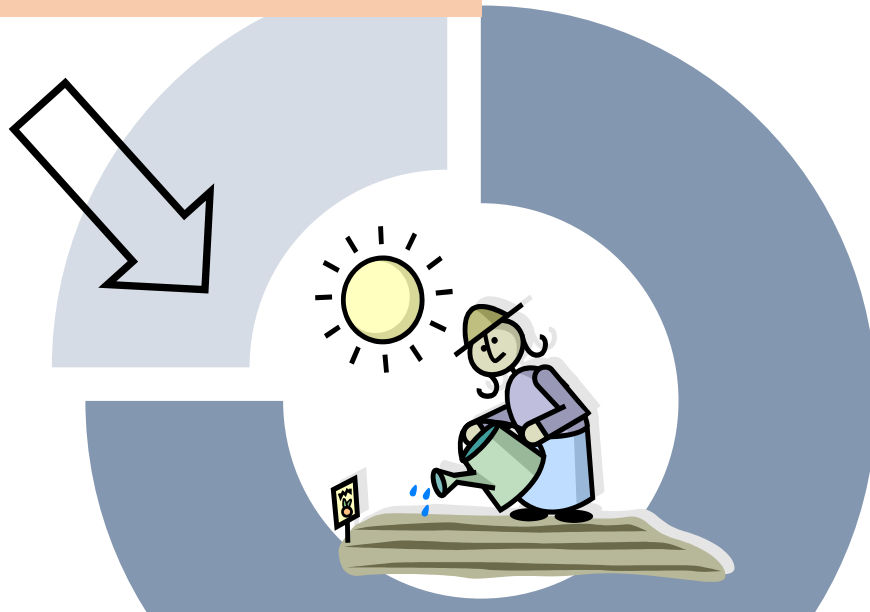
**Purchasing from:** Farmers’ Organizations, small & medium traders, structured trading systems (WRS, CEX)

**Procurement modalities:** soft/adjusted tenders, direct contracting, forward contracting (as opposed to regular tenders)

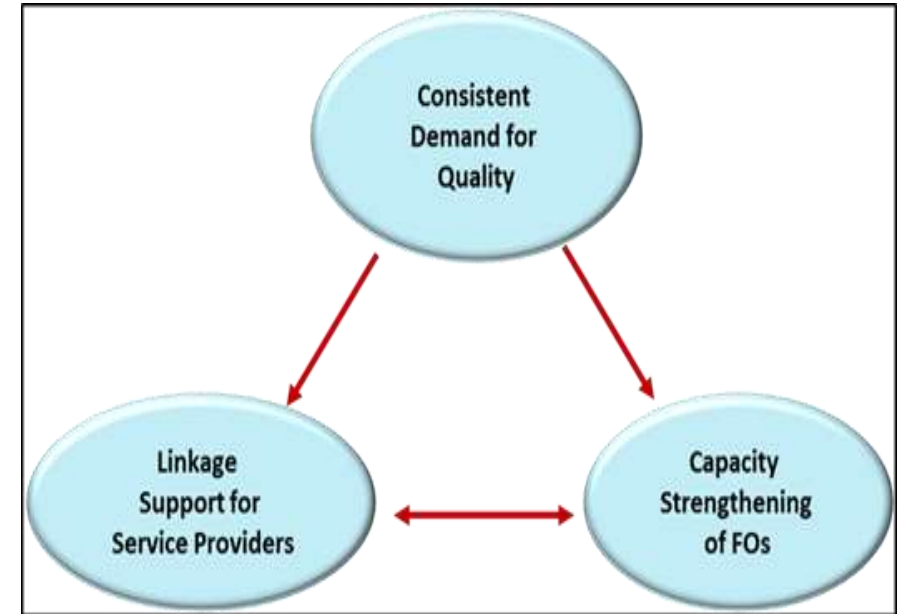


# P4P = Procurement (WFP) + Capacity Building (Partners)

**WFP procurement** – WFP brings the market



Govt, NGOs, UN agencies and private sector already supporting the smallholder sector (farmers & FOs) – **capacity building & technical assistance**



# Challenges faced by smallholder farmers

- Smallholder farmer's investment decisions are predicated on the perceived market opportunities for their produce, among other factors.
- Critical challenges
  - Reliance on rain-fed agriculture – vulnerable to weather shocks (delay in rain, floods, droughts)
  - Limited access to agricultural inputs (affordability, distance, knowledge, quality of inputs)
  - Highly variable production cycles (weather related and low use of ag inputs, reaction to low and unpredictable prices for staple crops)
  - Limited access to formal/high value markets (quantity and quality limitations)

# Purchase for Progress in Ghana

- Ashanti and Northern regions from late 2010
- Twenty-six Farmers' Organizations (FOs) randomly selected from among 54 eligible FOs trained by the Millennium Development Agency
- Average FO size = 30 members
- Total number of members registered with P4P FOs = 778 (47% women)

# Purchase for Progress in Ghana

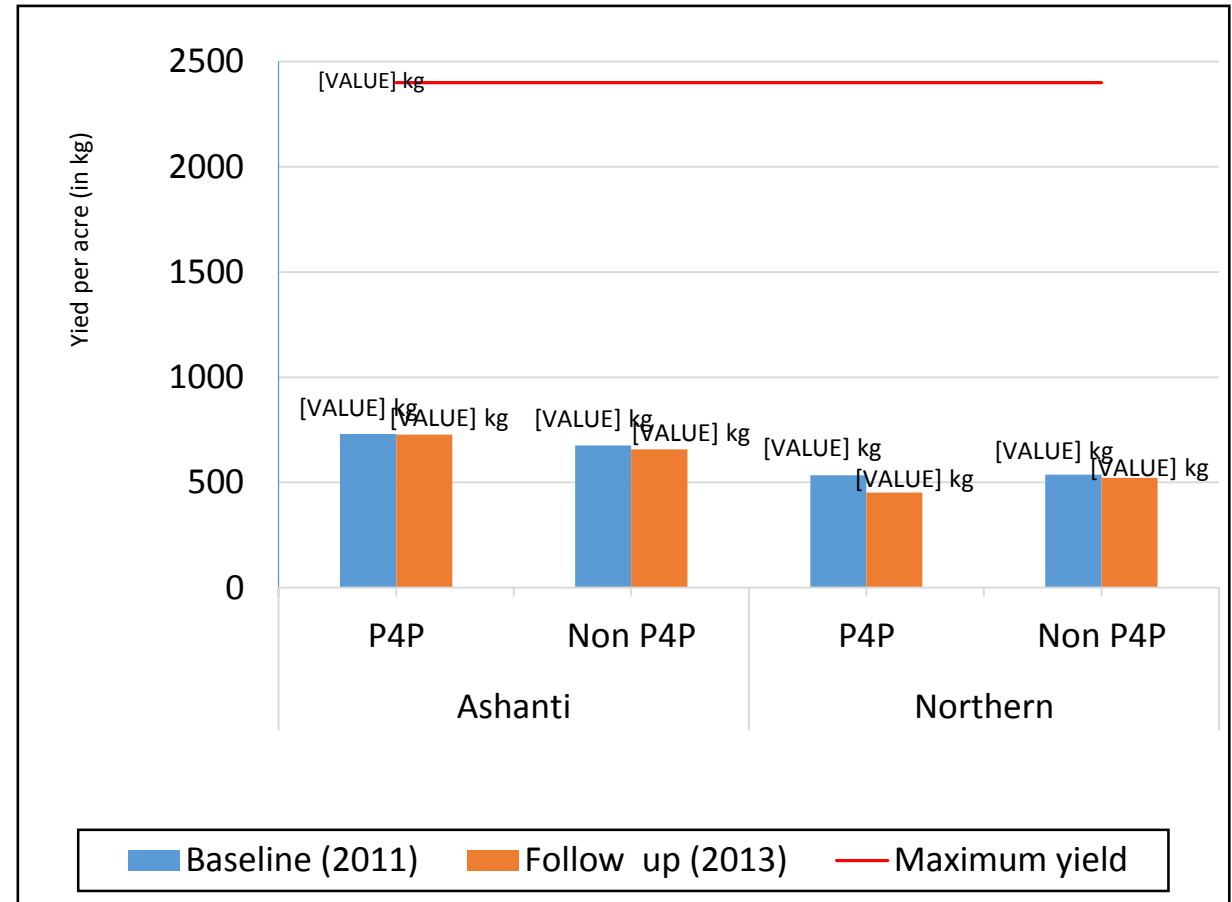
- Total contracted and delivered under P4P: 3,762mt (valued at 1,7 million USD)
- Procurement to date:
  - Commodity procured = maize
  - No procurement in Northern region (prices not competitive)
  - Total of 37 contracts with FOs in Ashanti

YEAR Contract signed	P4P Activities	Quantity contracted (MT)	Value Of Contract (USD)
2010	P4P - Activity 2 (Direct Purchasing)	1,024	363,520
2012	P4P - Activity 2 (Direct Purchasing)	1,162	650,093
2013	P4P - Activity 2 (Direct Purchasing)	727	306,265
	P4P - Activity 1 (Competitive Tendering)	849	333,903
<b>Grand Total</b>		<b>3,762</b>	<b>1,653,781</b>



# Purchase for Progress in Ghana - Findings (1)

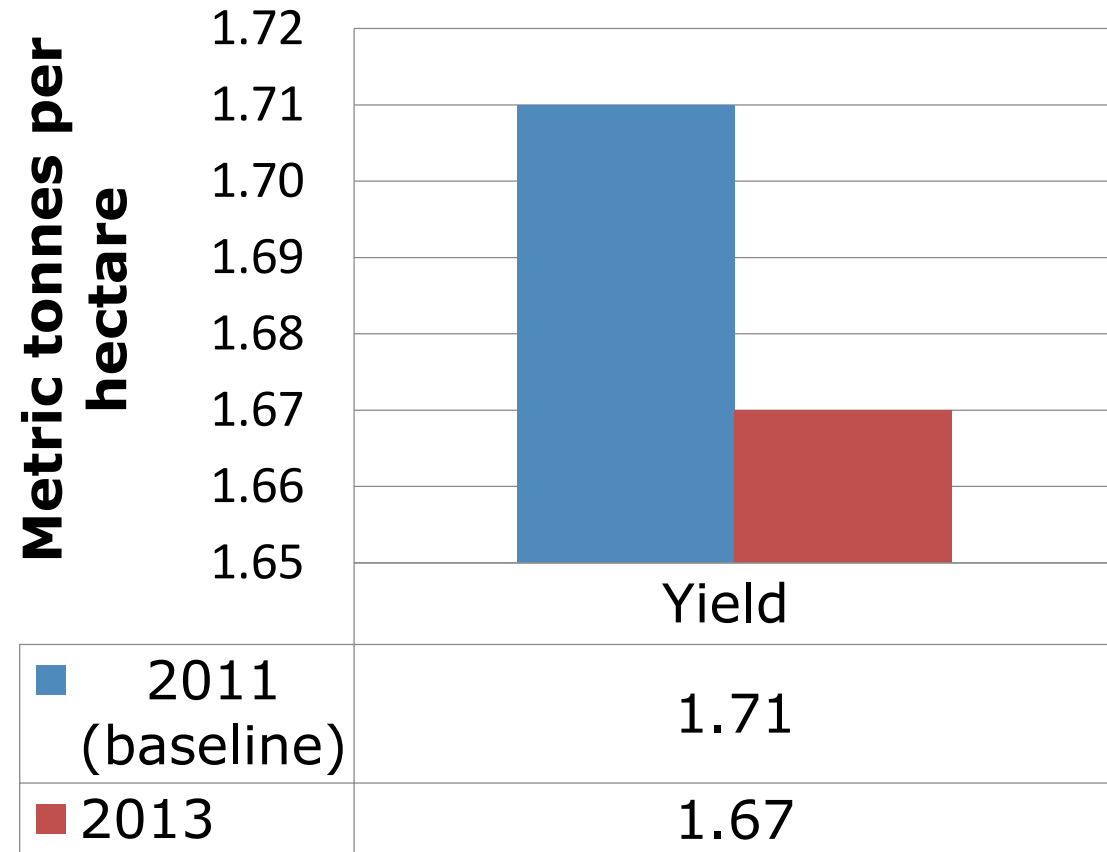
- Average farm sizes:
  - ✓ Ashanti 3.5 acres
  - ✓ Northern 2.9 acres
- Yields are not optimum in either group
- Low use of improved seed and fertilizer generally among sampled farmers





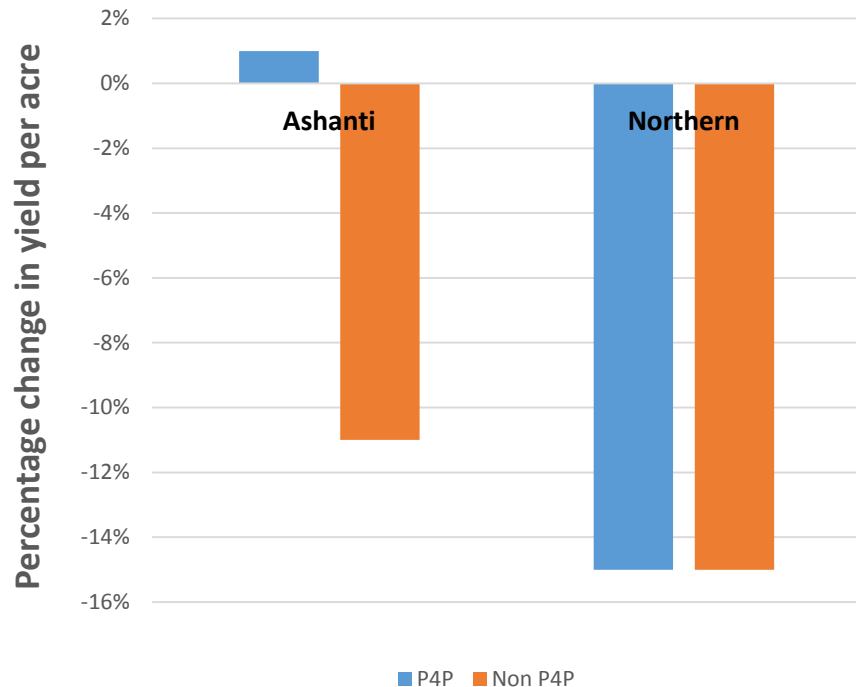
# Yields between 2011 and 2013

There was a decline in the yields overall between 2011 and 2013.

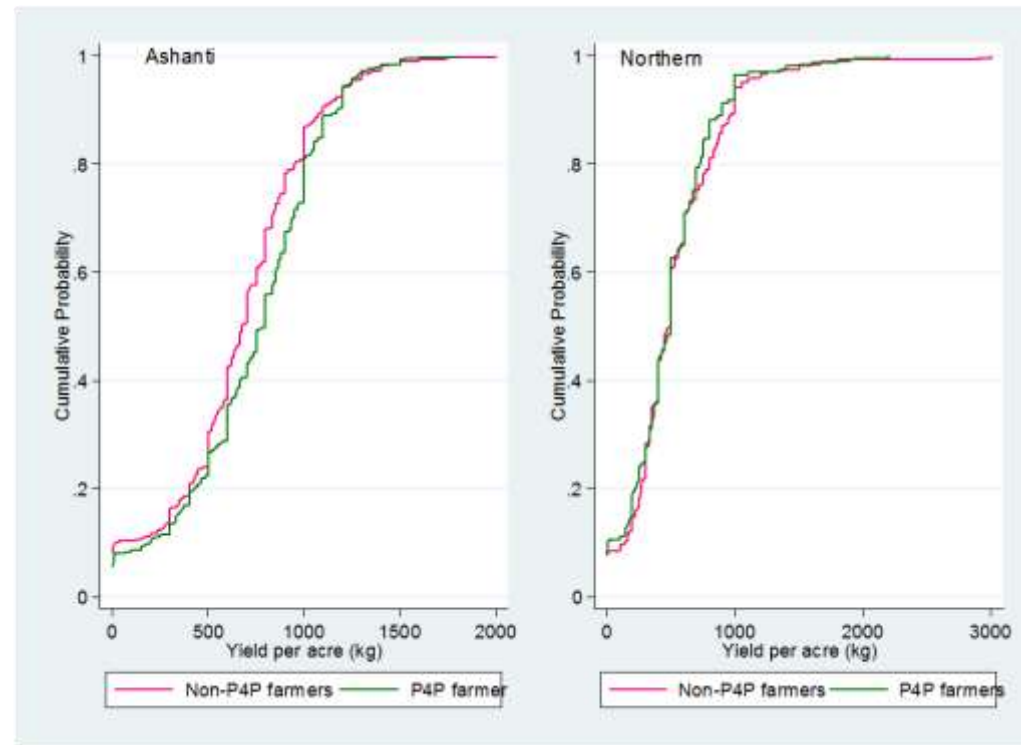


# Purchase for Progress in Ghana - Findings (2)

Yield Difference (2013-2011) using OLS.



Yield Volatility (proxied by Yield variance).



# Purchase for Progress in El Salvador

- 20 FOs from 7 districts (departamentos): *Sonsonate, Santa Ana, Ahauchapan, San Vicente, Usulután, Morazan, and La Unión.*
  - 13 FOs selected during the first phase (2009 – 2010)
  - 7 additional FOs joined in the second Phase (2010 – 2013)
- Average FO size = 452 members
- Total number of members registered with P4P FOs = 9,046 (35% women)

# Purchase for Progress in El Salvador

Total contracted and delivered under P4P: 5,758 MT (valued at 2.7 million USD)

Procurement to date

- Commodities purchased:

- maize (95%)
- beans (5%)

- Total of 48 contracts with 10 FOs

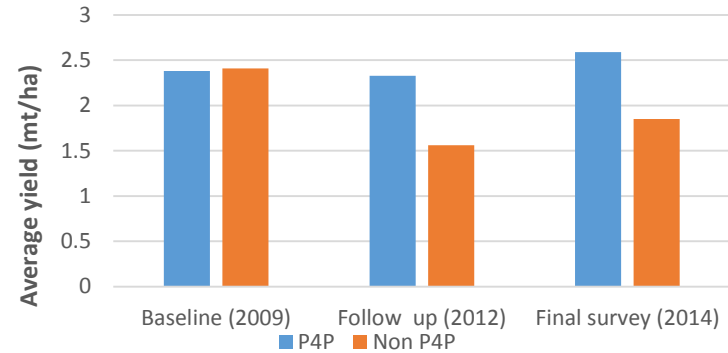
Year Contract Signed	P4P - Activity 1 (Competitive Tendering)	P4P - Activity 2 (Direct Purchasing)	Value of Contracts (USD)
2009		5,55	203,512
2010	660	1,794	962,048
2011	77		91,978
2012	1,818		1,084,968
2013	8,53		358,060
<b>Totals</b>	<b>3,409</b>	<b>2,349</b>	<b>2,700,567</b>
	<b>5,758 MT</b>		



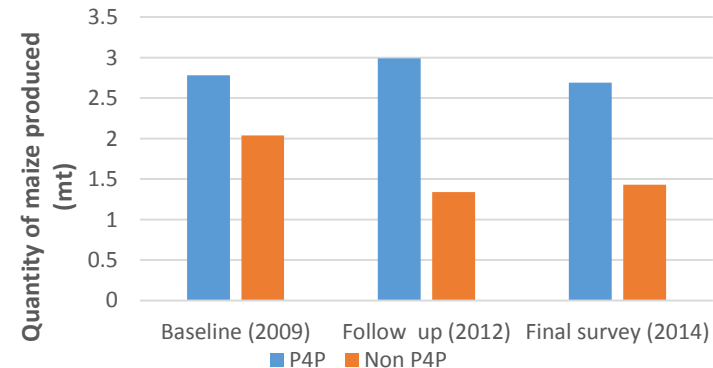
# Purchase for Progress in El Salvador – findings

Participating in P4P appears to have:

- Improved P4P households' access to and use of subsidized inputs relative to non-P4P households;
- Increased the percentage of households using certified maize seed by 18 percentage points relative to what would have occurred had P4P households not participated in P4P\*\*\*;
- Prevented a decline of 0.87 mt/ha in average maize yields ,\*\*\* and
- Prevented drop of 1.08 mt in the average quantity of maize produced.\*\*\*



\* significant at  $p < 0.10$   
\*\* significant at  $p < 0.05$   
\*\*\* significant at  $p < 0.01$



# Conclusions

- P4P is a market driven effort building broad based capacity and helps position SHFs to deal with a range of shocks
- Early evidence showing that P4P is making a difference
  - In Ghana see that the spread in yield has minimised...farmers participating in P4P have a more constant amount of yield per year.
  - Similarly in El Salvador, see that P4P farmers suffered much lower decline in yields and amount harvested
- Is market access making the difference?

# Implications

- Market outlets are critical to induce productivity growth (or prevent productivity declines)
- To benefit from market engagement, quality is key. Major investments to ensure quality are required
- Other farmer capacities that require strengthening include access to credit, conservation farming, post-harvest handling.
- Other value chain actors (including the private sector) also need support to build skills, make linkages, and sustain investment levels