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**Executive Board  
Second Regular Session**

**Rome, 14–17 November 2011**

## **EVALUATION REPORTS**

**Agenda item 6**

*For consideration*

# **E**

Distribution: GENERAL

**WFP/EB.2/2011/6-A/Add.1**

25 October 2011

ORIGINAL: ENGLISH

## **MANAGEMENT RESPONSE TO THE RECOMMENDATIONS OF THE SUMMARY REPORT OF THE STRATEGIC MID-TERM EVALUATION OF WFP'S AGRICULTURE AND MARKET SUPPORT IN UGANDA**

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## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for consideration**

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal points indicated below, preferably well in advance of the Board's meeting.

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## BACKGROUND

1. The Secretariat appreciates the evaluation recommendations and the fact that they highlight the importance of learning through the agriculture and market support (AMS) activity of the Uganda country programme, which is implemented under a joint-action agreement with the Government. This evaluation contributes to the mid-term evaluation of Purchase for Progress (P4P), which supports Strategic Objective 5 - Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase - of the WFP Strategic Plan (2008–2013).
2. The Secretariat reaffirms its commitment to enhancing market development under P4P as recommended and to developing smallholder farmers' ability to sell food to WFP and other buyers.
3. It is expected that the lessons of the five-year P4P pilot in 21 countries will help governments, WFP and stakeholders to build on the most effective modalities enabling smallholder farmers to meet public-sector and private-sector demand for staple foods beyond the WFP market.
4. The Secretariat's responses to the recommendations are presented in the attached matrix.

## MANAGEMENT RESPONSE TO THE RECOMMENDATIONS OF THE STRATEGIC MID-TERM EVALUATION OF WFP'S AGRICULTURE AND MARKET SUPPORT IN UGANDA

Recommendations	Action by	Management response and action taken	Implementation deadline
<p><b>Recommendation 1: Invest further in the Warehouse Receipt System (WRS), as a market development strategy.</b> WFP has been a great supporter of the Uganda WRS's first steps, but the system needs to operate with much larger volumes before it can take off. The Agriculture and Market Support (project) (AMS) could make a significant contribution to the grain marketing system in Uganda by progressively and predictably adopting the WRS as a mainstream local procurement system.</p> <p>➤ The priority should be to move progressively from almost complete reliance on conventional tendering to a more balanced share of local procurement going to the WRS/commodity exchange combination, to provide the incentive for existing suppliers to make the switch and invest in the necessary equipment and procedures. As each modality has different costs and benefits, a detailed cost-benefit analysis should be conducted of each.</p> <p>➤ There should be clear agreement with the Government, the Uganda Commodity Exchange (UCE) members and other stakeholders about the strategy for developing the WRS/commodity exchange combination and about the structure, governance and autonomy of UCE.</p>	Country office	<p>Agreed.</p> <p>WFP will increase the proportion of food purchased through the WRS from September 2011, and will support the Uganda Commodity Exchange (UCE) in managing WRS. WFP will work with technical partners and donors such as the United States Agency for International Development (USAID), the Agri-Business Initiative Trust (aBi) and the Government.</p> <p>Nine market collection points will be established under the private-sector initiatives; average storage capacity will be 2,000 mt. The facilities will be equipped with cleaning and drying equipment.</p>	<p>March 2012</p> <p>December 2012</p>
	Country office	<p>Agreed.</p> <p>WFP acknowledges the recommendation to adopt the WRS/commodity exchange combination. As competitive procurement is scaled up through WRS, the country office will purchase from farmers or traders who are unable to access the system.</p> <p>The country office will carry out cost-benefit analyses of procurement modalities, infrastructure development and capacity development (see management response for recommendation 3) from the last quarter of 2011 to the first quarter of 2012.</p> <p>The aim is to double the proportion purchased through WRS/commodity exchange to motivate traders to license their warehouses as private WRS facilities.</p>	<p>July 2012</p> <p>March 2012</p> <p>July 2012</p>
	Country office	<p>Agreed.</p> <p>WFP is consulting the Ministry of Agriculture, UCE and donors such as USAID.</p> <p>The P4P technical working group and UCE will establish actions to be presented to the Donor Working Group on Agriculture and the Ministry of Agriculture leading to a framework for the WRS/UCE combination.</p>	<p>December 2011</p> <p>March 2012</p>



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<p>➤ The country office should consider progressively divesting itself of its warehousing operations in favour of UCE-licensed warehouse operators, with a view to building a cadre of competent national operators that can service both public- and private-sector clients. WFP should monitor the governance of licensed warehouses and should immediately stop purchasing from operators that do not comply with governance rules. If WFP decides to move out of the in-house storage of food, the transition should be handled carefully to avoid destabilizing existing commercial warehouse operations.</p>	Country office	<p>Partially agreed.</p> <p>WFP recognizes the importance of common delivery points for storing food bought from farmers and large traders. The WRS, which is new and has limited storage capacity, must function until the proposal can be considered. WFP will gradually revise its approach to warehousing.</p> <p>The country office will continue to support the expansion of WRS by developing large and satellite storage facilities, roads and access to market information, and will increase its purchases.</p> <p>Frequent technical meetings are held in collaboration with UCE, the Ministry of Agriculture and donors. Feasibility assessments of WRS will inform future actions.</p>	<p>Ongoing</p> <p>December 2012</p> <p>December 2012</p>
<p><b>Recommendation 2: Communicate better about challenges and shortcomings in order to manage expectations.</b> AMS has created high expectations regarding AMS that are becoming difficult to meet; the expectations should be lowered.</p> <p>➤ Make sure that all partners, including the Government, understand that AMS is a pilot initiative, especially regarding its non-procurement elements, which are new territory for WFP and many of its cooperating partners.</p> <p>➤ Make sure that targets are realistic, particularly those in the partnership agreement with the Government.</p>	Country office	<p>Agreed.</p> <p>WFP will continue to share information about challenges and shortcomings and to clarify P4P objectives for farmers and stakeholders through trader/buyer and farmer/buyer conferences, radio messages, newsletters, monthly meetings with partners and project review meetings.</p>	Ongoing
	Country office	<p>Agreed.</p> <p>WFP will ensure consistency in communications with the Government, partners, donors and stakeholders about the aims and status of AMS.</p>	Ongoing
	Country office	<p>Agreed.</p> <p>WFP is reviewing its AMS targets and will make the logframe more coherent.</p> <p>Realistic targets will be discussed with the P4P Technical Working Group and the Ministry of Agriculture. The agreement with the Government will be amended if necessary.</p>	<p>December 2011</p> <p>July 2012</p>



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<p>➤ Take action to reduce farmer organization (FO) expectations of WFP as a buyer. Smallholder aggregation should be promoted as a valuable activity in its own right; less priority should be attached to registering FOs as potential suppliers to WFP. Farmers should see WFP as one of several customers, and one with demanding procedures and requirements that may not suit them. Registration should mainly be limited to FOs with a track record of aggregation and that are prepared for the challenges of working with WFP.</p>	Country office	<p>Agreed.</p> <p>The country office will promote smallholder aggregation and improve farmers' understanding of WFP as a potential rather than sole buyer of their produce. A capacity development package and market information for farmers will inform decision-making as to what, where and to whom to sell. WFP staff and partners will advise on prices to maximize farmers' benefits.</p> <p>Information on issues such as vendor registration, procurement procedures and quality standards will be shared through radio messages, a sensitization campaign, farmer days and focus groups. Common messages promoting P4P will be jointly developed with partners and stakeholders.</p> <p>Farmers' organizations will continue to receive advice on improving procurement times. A strategy will be developed to enhance timeliness and efficiency.</p>	<p>December 2011</p> <p>July 2012</p>
<p><b>Recommendation 3: Learn from phase 1 of infrastructure development and FO capacity development.</b> In 2012, a year after all the infrastructure in phase 1 has been completed, AMS should run a cost-benefit analysis of infrastructure and capacity development exercises. This should compare AMS with alternative programmes pursuing similar objectives.</p>	Country office	<p>Agreed.</p> <p>Cost-benefit analyses of infrastructure and capacity development will be carried out by the country office from the last quarter of 2011 to the first quarter of 2012.</p> <p>WFP will continue to support training and capacity development in the utilization and management of assets such as roads, machinery and collection points where farmers can dry and clean their produce.</p>	<p>March 2012</p> <p>July 2012</p>
<p><b>Recommendation 4: Adapt the monitoring and evaluation (M&amp;E) system to make it more reactive and to help the monitoring of outcomes.</b> Develop a comprehensive and coherent AMS logframe to manage and monitor AMS until the end of the programme, including a detailed analysis of assumptions and risks to farmers, traders and WFP.</p>	Country office	<p>Agreed.</p> <p>WFP will make the AMS logframe more coherent and will improve the analysis of assumptions and risks.</p>	December 2011



## MANAGEMENT RESPONSE TO THE RECOMMENDATIONS OF THE STRATEGIC MID-TERM EVALUATION OF WFP'S AGRICULTURE AND MARKET SUPPORT IN UGANDA

<p>➤ Start logging data on purchases and attempted purchases, with a view to more accurately identifying problems in the procurement system, and to allow robust calculation of the full costs of P4P purchases. Information should be collected on the whole process, from the beginning of negotiations to final payment. The country office should also institute a system of annual reporting on the cost of procuring through each of the P4P modalities, and on projections of the new modalities' impacts on costs in subsequent years.</p>	Country office	<p>Agreed.</p> <p>The list of farmer vendors will be updated to enable the tracking of responses to tenders and trends in meeting delivery terms or defaults.</p> <p>A strategy will be developed for cost analysis of the procurement procedures to inform decisions as to the modalities for transactions after the pilot phase.</p>	<p>December 2011</p> <p>December 2012</p>
<p>➤ It is urgent to define a list of proxy indicators for measuring outcome achievements, and regularly to collect and analyse these. The outcome monitoring system should include qualitative interviews with farmers, evaluating their perceptions of the benefits they could get from AMS.</p>	Country office	<p>Agreed.</p> <p>The in-country monitoring and evaluation team is reviewing data handling with a view to improving definitions in proxy indicators for outcome measurements. WFP's expertise in warehousing, storage and quality control has contributed to performance measurement for AMS/P4P activities. Investments will be made in 2011 and 2012 to capture qualitative data through interviews with farmers and to document lessons in various ways.</p>	July 2012
<p><b>Recommendation 5: Continue efforts to reinforce AMS technical capacity in key areas</b> Management should continue to bring specialist expertise into the AMS team. Capacity development of FOs and to develop market institutions should be prioritized. AMS should seek to enhance and formalize partnerships with technical partners, preferably those with experience in programme implementation.</p>	Country office	<p>Agreed.</p> <p>The recruitment of two experts in post-harvest handling and management has enhanced work on agriculture and marketing. Staff capacity in developing market processes such as procurement, analysis and organizational development and management will be acquired through training. Scholarships for short courses in market analysis will be explored.</p> <p>The country office will enhance partnerships with agri-businesses and organizations such as USAID/Livelihoods and Enterprises for Agricultural Development and the aBi Trust.</p>	<p>Implemented</p> <p>July 2012</p> <p>December 2012</p>

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## ACRONYMS USED IN THE DOCUMENT

aBi	Agri-Business Initiative Trust
AMS	Agriculture and Market Support (project)
FO	farmer organization
P4P	Purchase for Progress
UCE	Uganda Commodity Exchange
USAID	United States Agency for International Development
WRS	Warehouse Receipt System