

Strategic Evaluation

WFP 2008 – 2013 Purchase for Progress (P4P) Initiative: A Strategic Evaluation (mid-term)

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Report prepared by
Jonathan Mitchell and Henri Leturque, with inputs from seven country evaluation teams:

- El Salvador (Steve Wiggins, Ana Miriam Monterrosa and Samuel Isaac Zamora Tobar)
- Guatemala (Steve Wiggins, Luis Antonio Rodas Tobar and Ricardo Alberto Carballo Rojas)
- Kenya (Simon Levine, Judy Adoko and Jonathan Nzuma)
- Liberia (Jonathan Mitchell, Sam Gotomo and Sanusi Deen)
- Mali (Henri Leturque, Salif Diarra and Dicko Bassa Diane)
- Uganda (Jonathan Coulter, Henri Leturque, Rosemary Kaduru, and Maria Pardo)
- Zambia (Jonathan Coulter and Oliver Saasa)



World Food Programme

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Disclaimer

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Evaluation Management

Evaluation Manager:
Director, Office of Evaluation:

Claire Conan, Office of Evaluation
Caroline Heider, Office of Evaluation

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Executive Summary

Background

Evaluation features

1. WFP is the largest single procurer of food aid on a global scale with a significant and expanding procurement platform. In 2010, WFP spent US\$1.25 billion purchasing 3.2 million tonnes of food, a tenfold increase from the 1990s. While in the 1980s, WFP purchased less than 10% from outside donor countries, it has been successful at transforming the geography of its supply chain and in 2010 bought from 76 developing countries and spent 66% of its food budget in least developed, low income and lower middle income countries.
2. Over the last decade, WFP country offices have gone further and started exploring options to purchase from smaller traders and farmer groups in an attempt to further enhance their local socio-economic footprint. The 2006 pivotal policy paper on food procurement in developing countries enshrined the WFP procurement principle that “when conditions are equal, preference should be given to purchasing from developing countries” as it had the potential to generate positive developmental impacts. However, it cautioned against direct purchases from farmer groups and the potential perverse distributional consequences of buying locally at premium prices, which could result in a transfer of resources from food aid recipients to better-off surplus producing farmers.
3. WFP’s strategic plan 2008 – 2013 brought local purchase further in the core corporate strategy and strategic objective five aims to “strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase”. P4P is therefore both an attempt to maximize development impact from the agency’s procurement footprint and also a creative way of exploring how the future role of the WFP may evolve in the future.
4. The objectives of this evaluation were to assess the P4P achievements thus far (accountability) and the reasons thereof to draw lessons for identifying best practice (learning). The evaluation focused on assessing: i) the relevance of the initiative and the appropriateness of its design; ii) its performance and results including efficiency, effectiveness, and sustainability of the approach; and iii) the contributory and explanatory factors.
5. The Overseas Development Institute (ODI) was contracted to conduct the evaluation between January and August 2011. The team included in-house experts in rural development, food security, procurement, gender and evaluation. Local researchers with expertise in grain value-chains and qualitative research techniques were hired to augment the team in the countries visited.
6. The approach adopted included a rich blend of research methods ranging from desk reviews of documents and qualitative surveys, to more quantitative value chain analysis and livelihoods analysis of farmers. Information was sought from a broad range of WFP stakeholders (senior management and staff from P4P and other relevant business areas) and external stakeholders (including some P4P donors and representatives from Government, partner organisations, smallholder farmers and traders).

7. Field visits lasting between 10 to 17 days took place from March to May 2011 in seven countries: El Salvador, Guatemala, Kenya, Liberia, Mali, Uganda and Zambia, where P4P has been implemented for between 1½ to 2½ years. These countries were chosen by the Office of Evaluation (OE) based on transparent selection criteria and subsequently validated by the evaluation team. Country visits were concluded by debriefing workshops with i) WFP staff and ii) in-country stakeholders. A two-day general debriefing workshop was also held in WFP HQ in May, to present findings and discuss recommendations.
8. Quality assurance was ensured through peer review of all evaluation products by ODI's quality assurance panel headed by the Institute's Director of Research as well as by two reference groups set up by OE for this purpose; an internal one made of key WFP stakeholders and an external one made of carefully selected practitioners and academics with a cross-section of expertise and perspectives on the subject.

Context of WFP's Purchase for Progress Initiative

9. P4P is a five-year pilot initiative launched in September 2008, which seeks to use WFP's demand platform to leverage smallholder agricultural growth in some of the world's poorest countries through supply chain reforms. Its goal is to learn from innovative programme and food procurement activities that have the best potential to stimulate agricultural and market development in a way that maximises benefits to low-income smallholder farmers.
10. In terms of targets, P4P aims to purchase 500,000 tonnes of food over the five years and to allow an annual income gain of US\$50 for a total of 500,000 smallholders. Women should form 50% of the membership of assisted FOs.
11. The P4P objectives are to:
 - Identify and share best practices to increase profitable smallholders' engagement in markets.
 - Increase smallholders' capacities for agricultural production and market engagement to raise their income from agricultural markets.
 - Identify and implement best practices for increasing sales to WFP and others with a particular focus on smallholders.
 - Transform WFP food purchase programmes so that they better support sustainable small-scale production and address the root causes of hunger.
12. The P4P toolbox includes seven activities falling into three pillars. The procurement (recently renamed 'demand') pillar is made up of 1) competitive tendering; 2) direct purchases from smallholder groups; 3) forward contracting and; 4) food processing. The partnership and learning/sharing pillars include: 5) partnerships and training; 6) monitoring and evaluation; and 7) policy advice and advocacy. P4P is being piloted in 21 countries.

13. Nine donors – an interesting mix of private, bilateral and multilateral funding sources - have thus far contributed a total of US\$140 million to the P4P Trust Funds. Three of them contributed 87% of the total, namely the Bill and Melinda Gates Foundation (48%), Canada (21%) and the Howard G. Buffett Foundation (HGBF - 19%). These extra-budgetary contributions support technical assistance including capacity building, monitoring and evaluation (M&E) and grants for supply-side partnerships. More donors fund the actual P4P purchases through cash contributions, sometimes earmarked for P4P purchases, to the WFP operations for which the food is being purchased.

Table 1: Funding for P4P Trust Funds until December 2010 (US\$)

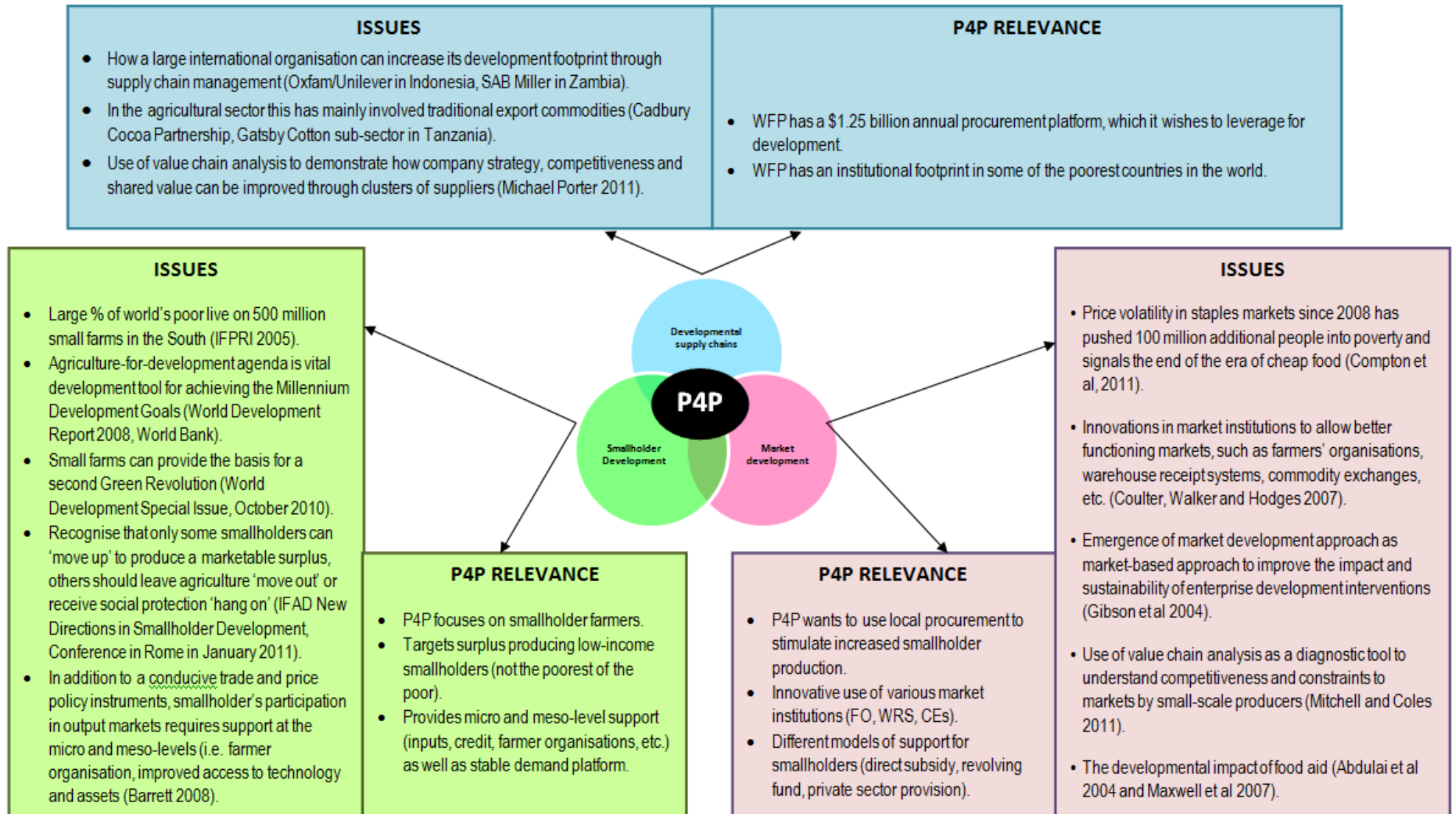
Donor	Confirmed pledges US\$	% Total pledges	Countries of operation
BMGF	67,054,580	48%	Ethiopia, Kenya, Rwanda, Tanzania, Uganda, Malawi, Mozambique, Zambia, Burkina Faso, Mali
Canada	29,330,740	21%	Afghanistan, Ghana
HGBF	26,689,020	19%	Sudan, El Salvador, Guatemala, Honduras, Nicaragua, Liberia, Sierra Leone
EC	9,729,120	7%	Guatemala, Honduras, Mozambique,
USAID	3,500,000	2%	Technical assistance funding relating to Ethiopia, Kenya, Ghana, Liberia, Malawi, Mali, Mozambique, Rwanda, Tanzania, Uganda and Zambia.
Belgium	1,971,050	1%	DRC
France	858,690	1%	Sudan
Ireland	753,012	1%	Liberia, Sierra Leone
Luxembourg	118,370	0%	Laos
Total	140,004,571	100%	

Relevance and Design

Relevance

14. P4P is highly relevant in terms of contemporary development debates. It is positioned at the interface of debates on smallholder development (focusing on how best to encourage a green revolution in Africa); market development (how to encourage sustainable linkages between smallholders and viable agricultural markets); and developmental supply chains (organisations seeking to enhance the impact of their supply chains). See figure 1. It is also well aligned to the government policies of the P4P countries.

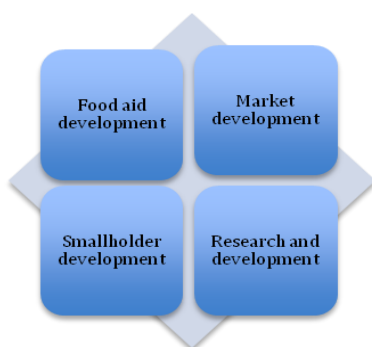
Figure 1: P4P at the intersection of key development debates



Appropriateness of the design

15. The global P4P design is the result of a fast-track process, which on the one hand led to a high-level of ownership by WFP and BMGF senior management and allowed swift implementation. Congruent with P4P's objectives, the design demonstrates a clear commitment to R&D (with some US\$ 5 million devoted to the M&E system) and to the importance of partnerships. These are a mechanism to convene the skills which WFP does not have internally but which are required to convert its demand platform in an impetus for smallholder development.

16. For the evaluation team, P4P combines four facets: food aid procurement; smallholder development; market development; and Research and Development (R&D). While this



perception of the initiative has been contested, with some stakeholders emphasizing certain facets over others, the evaluation team contends that P4P is multidimensional. Each facet is valid in its own right and that allowing this mix is strength of the intervention. Indeed, it permits different models to co-exist, which is conducive to comparative analysis. For example, without obviating the others facets, the Central America pilots emphasise increasing food

production and linking smallholders to corporate buyers while the Zambia pilot emphasises market development and food aid procurement.

17. On the other hand some weaknesses are apparent in the global design. With hindsight, the intervention logic embodied in the P4P log-frame could have been strengthened if more resources had been invested at design stage in a thorough problem analysis, notably on the current problems facing smallholders and particularly women in the value chain. Indeed, while P4P offers an intuitively excellent solution by bringing together sellers (smallholders looking for stable demand for staples) with a large and responsible buyer (WFP), viable market chains are not just comprised of producers and sources of final demand and the health of input markets, support institutions and intermediaries is critical.

18. The logframe is useful as it distills common elements across the 21 pilots funded from different sources but it is heavy (8 outcomes, 20 outcome indicators, 20 outputs and 36 output indicators) and its implicit results chain could be compromised by a number of assumptions, which have not been recognised (meta-assumptions) or tested (killer assumptions) as per project design "good practice". See table two. While the success of P4P is not contingent upon the validity of these assumptions in every case, there is a risk that P4P activities will significantly depart from the desired outcomes where these assumptions do not hold. This evaluation team took no position on the validity of the assumptions on which the logic of P4P is based. However, it is quite clear from WFPs' own analysis that these assumptions may not hold in specific contexts.

Table 2: Critical assumptions in the global project design

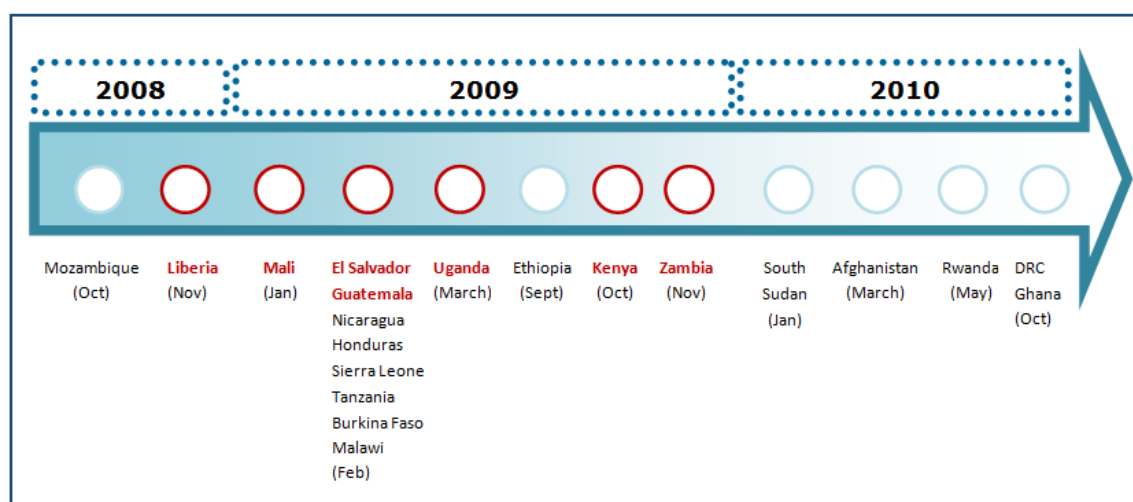
Killer assumptions (These were identified as risks in the global logframe but not as “killer assumptions”)	1. Local procurement is an effective method for accomplishing development objective without undue risk to WFP’s and other stakeholders’ core objective.
	2. P4P is successful at building sustainable access to markets for smallholder/low income farmers at prices that reflect the cost of production
	3. Smallholder farmers have increased their production of staple commodities and are choosing to sell more of their surplus through the farmer organisation.
	4. Markets exist for higher quality commodities.
Meta-assumptions (These were not identified as assumptions in the global logframe)	1. Women can be empowered through participation in farmers’ organizations.
	2. Grain production has the potential to help smallholder farmers increase incomes and contributing to poverty alleviation.
	3. Markets are inaccessible, inefficient and exploitative for smallholders and, as a result, do not empower smallholders at their full potential.
	4. Collective action through farmers’ organisations is an effective way to address market failures in input and output markets.

Note: Killer assumptions have this dramatic name in evaluations to underline the fact that, if the assumption does not hold, it is likely to seriously impair the ability of the project to deliver the desired change. This is why such assumptions should be investigated rigorously during the design stage.

19. Risks are insufficiently acknowledged in the logframe. Working with smallholders with few financial or other assets in an environment of rain-fed agriculture in water-stressed regions and sometimes fragile contexts, involves many risks such as harvest failures and price crashes. In addition the reliability of WFP as a partner on the demand side is challenged partly by the operational difficulties of purchasing grain in line with smallholders expectations, but also the strategic move of WFP away from the supply of food aid. These risks and an ensuing mitigation strategy should have been factored into the P4P design.
20. The P4P targets, which initially resulted from a negotiation between a justifiably cautious WFP and an ambitious donor (BMGF), are questionable on a number of grounds. The relevance of the income target (US\$50 annual income increase per household) as the nature of the indicator makes impact measurement and attribution difficult. Also, the extrapolation of this target beyond the BMGF-sponsored African countries to the pilots in Central America and Asia is dubious as the huge variations in national per capita income make for a very different impact of the US\$50 annual income gain. The target for smallholders number is also overly ambitious and somewhat arbitrary as it was derived from a series of calculations based on conjectures about volume of sales and farmers’ profitability. Finally, it is unclear whether the gender target relates to women’s participation in FOs as an end in itself, to their power to influence the organisations or to the benefits they would derive from selling their produce.

21. Evidence points to a more rigorous project design at country level with more careful analysis. An assessment was conducted in each of the pilot country and documented in a Country Assessment Report (CAR). The Central America CARs are noteworthy in their inclusion of problem analyses and objective trees. Also, the meta-assumptions were recognised in most CARs – an important advance on the global level – but their validity was not rigorously tested. When tested, the assumptions were found to hold in only half of the cases. The gender assumption was investigated most thoroughly and the assumption that grain production could help smallholders increase their incomes and contribute to poverty reduction was the weakest.
22. CARs provide the basis for the Country Implementation Plans (CIP), which go through a quality check from the P4P Coordination Unit and the WFP Programme Review Committee (PRC). Their subsequent approval by WFP’s Executive Director heralds the start of implementation. See figure two.

Figure 2: P4P implementation timetable



Note: The dates correspond to the signature of CIPs and countries in red are those visited during this evaluation.

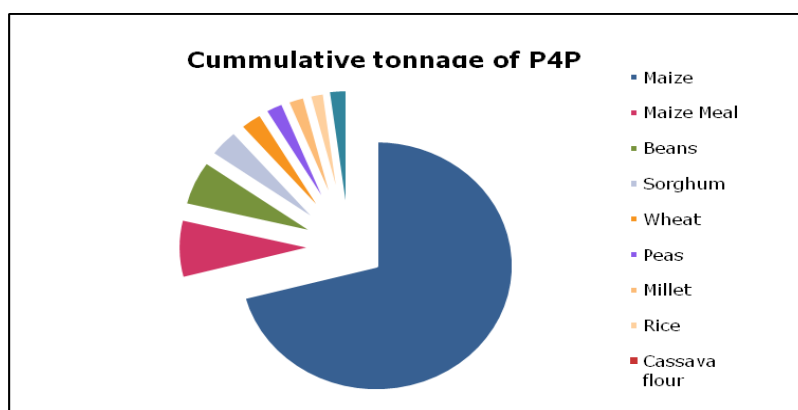
Performance and Results

Food aid procurement facet



23. P4P has been successful in contracting over 160,000 tonnes of food commodities (over 100,000 tonnes of which were delivered) from 20 countries by March 2011. Nearly 80% of the purchases are maize or maize meal and most of the remainder are different cereals. Pulses are the only major non-cereal crop. See figure three. While the rate of purchase is slightly below target, it is likely that the tonnage targets will be met as contracting has recently accelerated and since almost 10% of the local purchases in the pilots were P4P purchases in 2010.

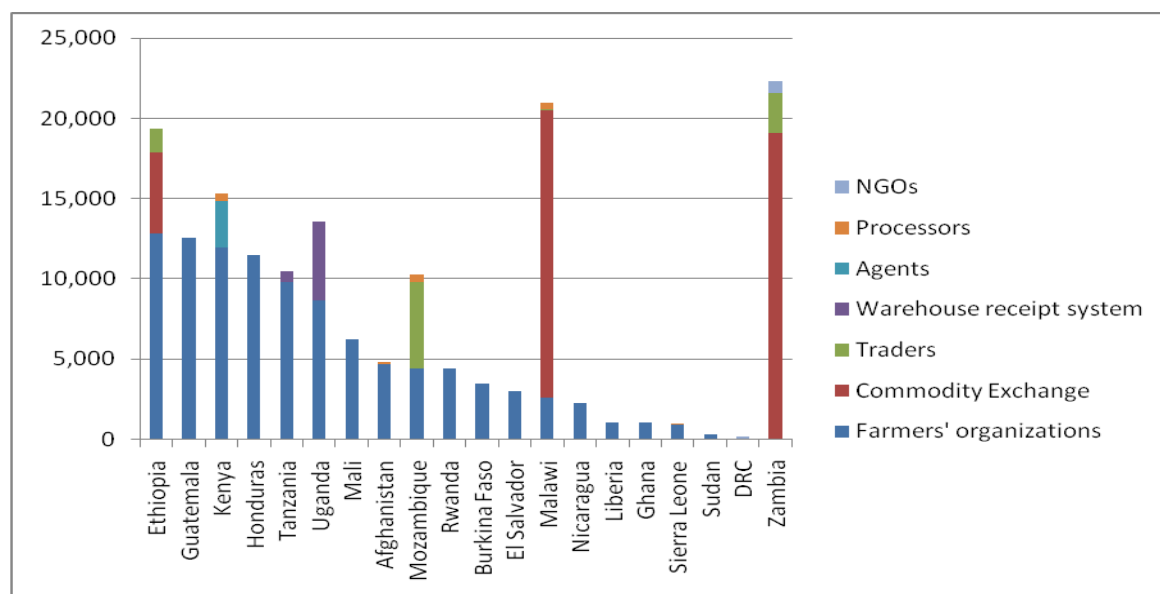
Figure 3: What P4P has purchased (Sept 2008 –March 2011)



Source: data extracted from the Procurement Database on 4 May 2011 and cleared by ODPF

24. Figure 4 shows the rich mix of different intermediaries through which WFP buys food. Nearly two-thirds of the food has been contracted from Farmers Organisations (FOs) whose capacities vary greatly. These purchases were made either through direct purchasing or, where FOs had sufficient capacity, through competitive tendering. Over one quarter of the commodities have been contracted through the new market institutions - the Commodity Exchanges (CE) in Zambia, Ethiopia and Malawi and the warehouse receipts system (WRS) in Uganda. The remainder of the tonnage was contracted through other intermediaries including traders, agents, processors and NGOs. Five countries account for 56% of the commodities contracted – Zambia, Malawi, Ethiopia, Kenya and Uganda (in descending order by tonnage) – indicating a close association between the scale of purchase and the modality used to buy food as well as the resources available for food purchase. See figure four.

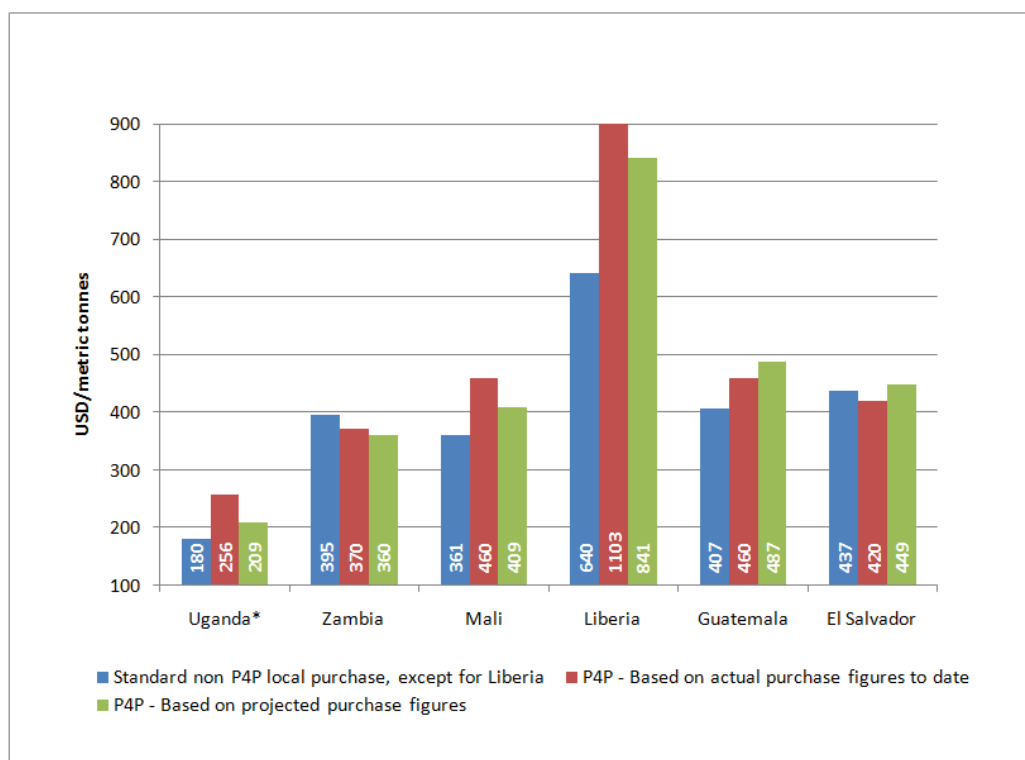
Figure 4: Cumulative P4P tonnage contracted by Vendor typology (Sept 2008–March 2011)



Source: data extracted from the Procurement Database on 4 May 2011 and cleared by ODPF

25. P4P adheres to the WFP procurement principle of cost-efficiency by ensuring that P4P purchases compare favourably to the cost of imported and local food. This is important and correct as paying inflated prices would mean less food for WFP’s food aid recipients, could put upwards pressure on food prices locally and would undermine the sustainability of the initiative.
26. Nonetheless, when looking beyond the mere cost of food to consider the full costs of the purchases, including management costs as well as amortised costs for supply side investments, P4P purchases were found to be generally less cost-efficient than non-P4P purchases. However, different cost profiles with different modalities and an intuitively plausible relationship between the extent of supply side support required and the full cost of grain purchased are emerging. For instance, P4P appears to be cost efficient in Zambia (where large volumes have been purchased through the CE without significant supply-side costs); slightly less cost-efficient than traditional local purchases in countries like Mali and Guatemala where grain is purchased through competitive tenders with FOs acting as emerging proto-traders; and more inefficient still where WFP supports FOs with infrastructure and other soft investments in challenging environments (e.g. post-conflict). See figure five, which is a crude and cautious attempt to compare costs because the evaluation team did not have access to the information required to make a more robust estimate.

Figure 5: Tentative full economic cost analysis for grain purchased by P4P and non-P4P

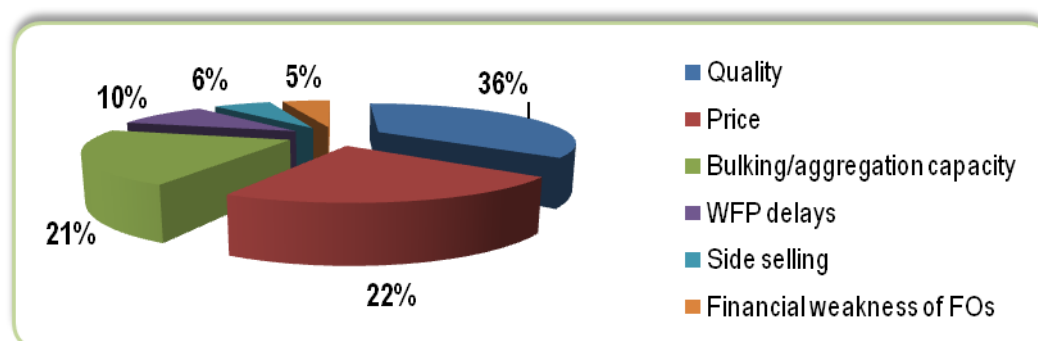


Source: Country Procurement Logs by April 2011, P4P expenditure report by April 2011.

Notes: Food prices are not calculated as average values, but refer to purchases for which comparisons were possible between Standard non-P4P and P4P (similar timing and similar destination for delivery). **Personnel:** 25% of P4P staff costs is related to buying food from smallholders, and the rest is assumed as one-off costs of running a pilot project and not included in above figures. **Supplies:** 10% of these costs are assumed to be directly proportional to purchases (bagging, transport for quality control...), and the rest is amortised over a 10 years period. **Costs for trainings, equipments** are amortised over a 10 years period. The economic life of **infrastructure** investments is assumed to be amortised over 20 years. **Consultancies and contracted services:** assumed as one-off costs and not accounted for in above figures. **Logistics.** Any extra logistic costs not covered by the P4P budget would have to be added on top of these figures (in Liberia, for instance, the non-P4P logistics costs are similar to the entire P4P budget).

27. Defaults have not significantly disrupted the pipeline to WFP’s food aid beneficiaries. The fact that over three-quarters of the food contracted from smallholders in some of the poorest countries has been delivered meeting time, price and quality specifications is an important achievement. However, the P4P default rate, 24% of the quantity of purchases delivered, is only tolerable because P4P is such a small share of WFPs local purchase total. The high default rate is mostly because P4P is policing the quality of P4P outputs responsibly but also because farmers sell to other buyers when the balance of risk and reward tips against supplying food to WFP. See figure six. The latter indicates that the meta-assumptions related to market benefits and collective action may not always hold. And specifically, WFP prices might not be attractive to farmers when considering the extra costs of dealing with WFP (protracted price negotiations, concerns with quality, late payments and payment through FOs) compared with traders (cash on uplift and limited quality concerns).

Figure 6: Main default reasons in terms of overall tonnage defaulted



Source: WFP (2011) consolidated P4P procurement report

28. Recent efforts to streamline business processes were noted, notably new procurement guidelines were issued and experiments to accelerate payments are being carried out (e.g. in Mali). Notwithstanding this, the WFP should develop a real understanding of the beneficiaries and of their requirements as the starting point for pro-smallholder reforms in WFP.
29. P4P was originally conceived focusing upon restructuring WFP’s own supply chain, to open it to more smallholder farmers. This approach inevitably increases the dependence of low-income farmers on the reliability of demand from WFP. Whilst the quantity of local food procured by WFP has been on an upward trajectory for the last two decades, this may not continue. It is possible that as WFP moves more towards cash-based hunger solutions, like vouchers, that the agency will buy less food. In this context, it is welcome that P4P is seeking – particularly clearly in Central America and Uganda – to strengthen the engagement between smallholders and commercial markets beyond its own procurement footprint. In this sense, P4P modalities are tools for engaging in building the capacities of farmer organizations.

Smallholder development facet



30. P4P has successfully engaged many thousand smallholder farmers. It is difficult to count beneficiaries defined as those smallholders successfully selling to WFP, and this data is essential to allow a cost-benefit analysis per farmer and modality. See box one. Counting becomes more arduous as intermediaries are placed between WFP and farmers as is the case when purchases take place through the new market institutions. These allow little traceability of suppliers and

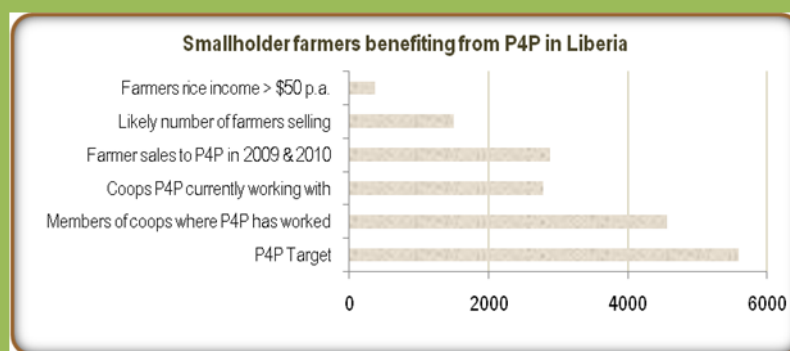
thus of the proportion of smallholders amongst these even if they are likely to engage larger numbers of farmers than Farmer Organisations.

Box 1: Measuring P4P farmer numbers in Liberia

The project target in Liberia is for P4P to benefit 5,600 smallholder farmers over two years (i.e. Nov 2008 to Nov 2010). The eight cooperatives with whom the project has engaged have some 4,600 members. However, the project is currently working with five farmers' organisations which have a membership of 2,789. As a result of the payment system (where individual farmers are paid rather than farmers organisations) we know the total number of farmers who have sold paddy rice to P4P at some point over the past two years is 2,878. Clearly most farmers have sold more than once to P4P since the start of the project (three crop cycles) and we estimate with P4P staff that 1,501 individual farmers have sold to P4P at some point.

Estimating the number of farmers who have sold enough paddy rice to achieve an increase in rice sales of \$50 a year (some eighteen 50kg bags of paddy – about 900 kg - at a P4P price premium of \$2.8 per bag) is challenging because we have not received information about the scale of farmer deliveries around the mean figure. But, given average paddy delivery figures of between around 325kg per farmer (across all coops and both years) – this suggests that only one-quarter of the total number of farmers selling to P4P (or 375 farmers), sell enough paddy to P4P to achieve the \$50 income target.

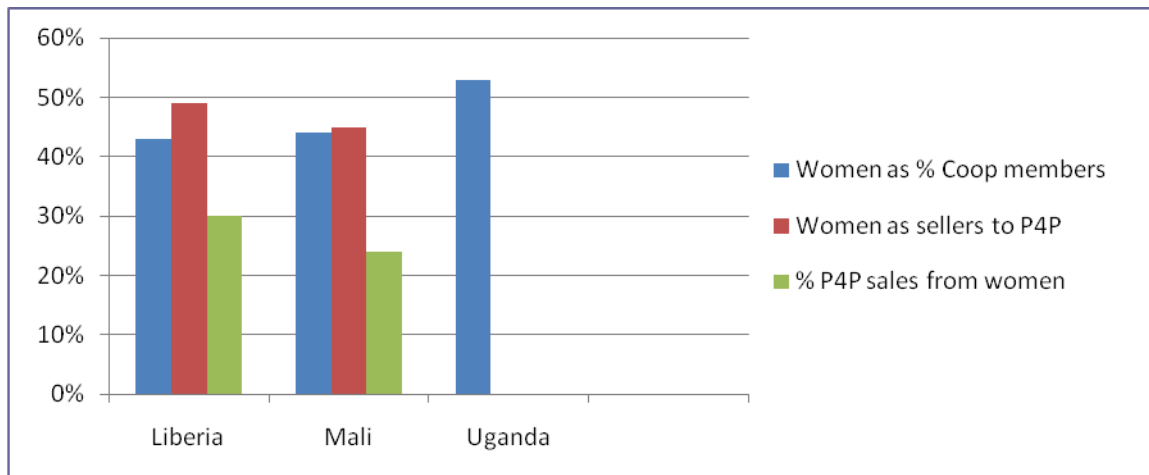
Note: This calculation is based on the assumption that \$50 figure is a gross (not a net) income target. It also assumes that P4P has not allowed farmers to grow more rice.



Source: P4P Liberia Procurement information

31. Women have sold grain - a notable achievement considering that the FOs are traditionally patriarchal and that P4P is purchasing mainly “male” crops – but the share of tonnage resulting in a woman receiving payment is significantly lower than their participation rates in FOs. See figure seven.

Figure 7: Different levels of participation by women in P4P



Sources: WFP country level procurement data. Information on number of women sellers or % sales from women is not available for Uganda.

32. Emerging evidence shows that the bulk of the P4P sales are captured by a small number of more productive smallholders. Congruent with the patterns observed in past green revolutions, those with assets as well as social and human capital seem to respond more quickly to a process of development and are more likely to move up in rural structures. For example, about half of the sales in Mali comes from the largest 10% of farmers (most of whom still fall below the poverty line). In Liberia, there appears to be a concentration of farmers with each successive crop cycle (i.e. fewer farmers delivering more rice). This trend may herald the very positive emergence of a class of entrepreneurial farmers in Africa in particular. By contrast, the poorest sellers to P4P may not be surplus producers. They sell a small amount after harvest because they need cash, however they need to purchase staples for three or more months per year raising questions as to whether P4P should seek to engage with them.
33. Demonstrating the effect of the project on smallholders is difficult because P4P does not collect information on farm-gate prices for local procurement or P4P purchases in all countries, which is essential to demonstrate impact. Preliminary evidence nonetheless suggests that the gross income gains that farmers are making from P4P in Africa is about half the 50US\$ target. See box 2. This is because the average farm sales are very low and the price premium, which is modest (less than 10% compared with regular market), is at times further eroded by the costs imposed on farmers by FOs value addition and WFP's payment terms (see paragraph 26).

Box 2: Estimated preliminary farmer net income effects from P4P

Mali	<p>A median WFP supplier of millet or sorghum in Mali supplies about 400 kg per household per year. The P4P premium over conventional markets range from 4–10 US cents per Kg depending upon the type of organisation which the farmer is located (i.e. small FO, Union of Faso Jigi). The most typical premium is about US\$44 per tonne. This implies, in the absence of any increase in output per farmer, that the farmer, who has a median output of 400 kg millet or sorghum and has additional input prices subsidised, will have a household gain of US\$18–22 per year. Only the largest 25% of WFP suppliers (with sales of about 900 kg millet or sorghum per year) would have any chance of realising the \$50 net income target.</p>
Kenya	<p>There is a potential premium of US\$20 per tonne from P4P (i.e. above regular market prices) which will be eroded somewhat by the costs carried by farmers for aggregation and improving the quality of their output. Our assessment is of a net income gain of US\$24 per household per year.</p>

Market development



34. P4P is located on the cusp of two different philosophies of poverty alleviation through market engagement: 1) direct provision of subsidized inputs, services and infrastructure to poor farmers and 2) working to support the development of sustainable markets change resulting in direct, indirect and dynamic impacts benefiting the poorest. The rationale for the latter approach is that, by building upon local dynamics and ownership, they will be much more likely to achieve sustainable improvements than temporary subsidies.
35. In some P4P pilot countries and specific contexts, particularly post-conflict contexts, there is heavy use of direct subsidies to support farmers with inputs, equipment and services. However, elsewhere in the pilot project there is evidence of the more difficult and slower, but ultimately more impactful and sustainable, approach of encouraging markets to develop by requiring farmers to pay for the goods and services they receive.

36. Through supply-side partnerships and capacity development efforts aiming at increasing productivity at farm level and enhancing capacity of FOs to act as a marketing channel for smallholders, P4P anticipates further benefits to farmers than those resulting from price premiums. Preliminary evidence in Kenya and Mali suggests some prospects of rising productivity, which in the latter case appears to be linked to enhanced access to credit and inputs resulting from forward contracts. Also, some commercial banks (through P4P and beyond the project) have started offering credit to farmers and FOs against the security of forward contracts or warehouse receipts, which could create an effective demand for agricultural inputs to which the market may respond. The P4P strategy of working with FOs through training and capacity building to help the weak ones “graduate” to the status of mature FOs that can participate in competitive tendering and become market actors is the key to sustainability. This is the ultimate test of whether P4P is building small farmers capacities to sell onto competitive markets. After two years, this strategy is generating some signs of success. In Mali, P4P successfully purchases food from farmer organizations on a competitive basis. Less dramatic examples of success in terms of the strengthening of farmer organizations are seen in terms of improved formal governance- which is unexpected as conventional wisdom suggests that FOs’ organisational change takes place over a much longer time period. Also, evidence suggests notable achievements in encouraging women’s participation in FOs with an average of 30% participation and over 50% in Burkina Faso, Kenya, Sierra Leone and Uganda. While women in El Salvador were grateful to P4P for helping them realise their potential within the FOs and raising their self-esteem, participation has not always resulted in women having a strategic voice in ‘their’ organisations.
37. Procurement through new market institutions makes it more difficult to identify and exclude farmers who are not from the target group and to directly control the price they receive. However, compared with direct engagement with FOs, these modalities appear less costly (see paragraph 25), more sustainable as they introduce resources and institutions which incentivise the existing local market actors and possibly bring benefits beyond the mainstream market, even if these may be less traceable, attributable and obvious. However, as the theoretical advantages of the new market institutions remain to be evidenced and since they require a conducive policy environment, which is not always present (as currently in Zambia, where government policy undermines the prospects of success) P4P does well to limit its experiment with market institutions to a small number of conducive countries during the pilot timeframe.
38. Keeping a plurality of modalities across countries should allow P4P by 2013 to evidence their respective effectiveness, impact and sustainability for smallholder support. This should help WFP determine what is its most appropriate entry point between the farm gate and market institutions in light of the existing trade-offs these imply between the attribution of impact on smallholders and the cost-effectiveness and sustainability. Also, as the additional costs of P4P consists of the costs of WFP running the initiative rather than by farmers getting higher prices at the farm gate, it will be key for WFP to determine which proportion of these additional costs are legitimate one-off investments benefiting FOs and which are the additional costs associated with WFP and partners engaging in the field.

Research and Development



39. The M&E framework is rightly centered around two overarching R&D questions to allow a comparison of P4P modalities, first between themselves; and second, against the counterfactual scenario of standard local procurement - against a number of coherent and specific criteria. However, the M&E system is neither adequately capturing the validity of assumptions or models nor models nor adequately capturing procurement data to ultimately assess project effectiveness. It is also heavy and too focused on quantitative surveys, which are slow to generate learning, is resource-intensive and has quality risks, as illustrated by the quality of a sample of the 18 baseline studies, which were assessed. The evaluation team supports the P4P Coordination Unit's view that the studies are inaccurate.
40. The recent contracting of the African Economic Research Council (AERC) as a "data hub" to control data quality, consolidate baselines and conduct analysis is an acknowledgement of these challenges and could possibly mitigate quality issues. In addition, the profile of qualitative research outputs is being raised: 1) Case studies are starting to be conducted as initially planned, which is positive even if these should link more directly to the research questions; and 2) write-shops - i.e. qualitative research focusing on one theme across a sample of countries - are being introduced.
41. As a result, learning has thus far been largely generated from local and global annual reviews or ad hoc learning forums with mostly governmental and operational partners. Learning and communication through the two main knowledge dissemination tools – the P4P website and monthly updates - has focused chiefly on project management. This is important to allow WFP to develop new approaches and mainstream these by the pilot's end and has already resulted in some positive changes to project focus and organisation's systems. However, raising its aspirations beyond project management learning towards generating and disseminating learning from deeper lessons, will determine the success of the R&D aspect of the initiative.

Explanatory Factors

42. Benign trends in the external environment, including high food prices, have benefited P4P as it is easier to link producers to a rising market than to a stagnant or declining one. Also, the emergence of innovative market institutions and of new ways to engage with smallholders (e.g. banks) have enhanced the diversity of partnership options. However, government actions have on occasion run against the P4P objectives. For instance, the large Government purchases of maize at inflated prices in Zambia makes it impossible for P4P to purchase from the supported smallholders and does not encourage smallholders to become competitive market players.

43. The emphasis on partnerships has been significant and a network of 250 partner organisations across twenty countries has been established. Some partners have delivered real added value to the initiative but the technical capacity of some has been inadequate. The ability of governments to offer practical support has been poor, and some market interventions have been unhelpful. Generally the relationship of P4P with existing commercial intermediaries is too limited for a market development initiative.
44. WFP staff is enthusiastic about P4P and the level of awareness and support for its aims is very high. P4P is positively challenging WFP staff to change their ways of doing business, notably in relation to procurement and finance. The initiative is also contributing to corporate discussions about adapting the WFP financial system for activities not directly linked to food aid.
45. The P4P Coordination Unit makes strenuous efforts to promote a culture of learning and most P4P partners hailed WFP's drive to innovate and willingness to learn. However, spreading a pilot project over 21 countries (i.e. 28% of WFP country offices) has meant that a disproportionate amount of energy is absorbed by keeping implementation going as opposed to learning from it. The balance between 'learning' and 'doing' would have been more conducive with fewer pilot countries.
46. P4P is visible and high profile. The support of senior management is important and welcome, but P4P's 'showcase' status impinges upon the ability of operational staff to openly discuss the negative as well as the positive learning from P4P and complicates external communications, where a balance still needs to be found between disseminating information, marketing the project and creating expectations.

Conclusion and Recommendations

Overall Assessment

47. The sheer scale and diversity of P4P activity since September 2008 has been impressive: implementation is underway in 20 countries; over 160,000 tonnes of food commodities have been contracted; some 250 partners are working with targeted FOs; and a very comprehensive monitoring and evaluation system is being rolled out and adapted.
48. There is clear evidence that P4P has supported the innovative evolution of long-term thinking in WFP about its role and its development impact. We see the longer-term implications of P4P for WFP as three-fold. One end of the spectrum of possibilities is to continue the current approach, where some 97% of local procurement in the South follows the mainstream approach – although hopefully with some monitoring of impact. The developmental focus will fall on the 3% of WFP local procurement which makes use of P4P or other 'pro-smallholder' approaches. The other end of the spectrum of possibilities would be for WFP to become fully engaged with the rural development agenda. Working with its' partners, WFP would provide a full range of services, from infrastructure provision to production support and marketing services. Between these two points are a multitude of options in which WFP takes the learning which P4P is generating about their supply chain impacts (both P4P and standard LRP) and brings incremental and tested pro-poor innovations to its core business.

49. The P4P global design has weaknesses, however, testing and reviewing the assumptions of the intervention logic and changing aspects of the design is necessary. An iterative action research approach to implementation is sensible and entirely within the P4P parameters.
50. Some of the 'old style' direct linkages with relatively weak FOs are likely to be less cost-efficient and have lower impact and sustainability than working with more market-based solutions. However, maintaining a diversity of modalities to generate learning, potentially of great value to many, is more important for P4P than achieving the largest direct socio-economic impact 'on the ground'. P4P also gives WFP a window of opportunity to contribute more effectively to contemporary development debates and to use its unique institutional location to advocate for more progressive food grain policies with national governments.
51. The market development and learning dimensions were given less focus thus far than the other facets of the initiative. The mid-term is a suitable moment to raise their profile.

Recommendations

52. Notwithstanding the mid-term nature of this evaluation, important lessons and risks have already emerged. We propose three sets of recommendations.

1. One for now: P4P must remain a pilot project until the end of year five

53. *Do not expand P4P:* Senior management should protect P4P from any increase in the number of pilot countries (including through P4P and AMS-like activities as a means of expanding P4P 'by the back door'); careful consideration should be given to whether new activities should be initiated which will require ongoing external support from WFP beyond September 2013.
54. *Test assumptions and adapt country design:* In some cases, this implies fairly straightforward literature review work or discussions within in-country partnerships, in others cases it may need some specific qualitative research work.
55. *Precautionary principle* (i.e. do no harm): P4P should carefully monitor the risks which beneficiaries are taking and propose mechanisms to mitigate them. Withholding a proportion of farmers crop payments (i.e. in the form of a fund held at FO level) to help support farmers when crops fail is an example of this.
56. *P4P should review projects targets* and renegotiate those which are unrealistic with the funders on a country-by-country basis.
57. *Communicate on successes and challenges:* P4P should continue to learn actively from implementation experience and transmit learning to external stakeholders. At the same time, top management at WFP should provide sufficient space to allow P4P to make mistakes and encourage the sharing of learning from these publicly.
58. *Carefully manage expectations:* do not signal to farmers that WFP is a generous buyer; make sure that project partners avoid this also. Openly communicate about risks, impact and sustainability.

2. A direction of travel: P4P should prioritise market development objectives. This is the key strategic recommendation as WFP should seek to promote effective market institutions and work with or through traders or structured FOs rather than try to compete with traders for the business of smallholders by improving its procurement and financial procedures.

59. *Do not engage in a context where potential market development benefits of P4P are unclear, and seriously consider withdrawal from contexts where such benefits are absent (particularly in contexts where government actions in the grain market are undermining the potential benefit of P4P).* We already know that damaging government policies can harm smallholder farmer livelihoods. Criteria to assess the opportunity to engage or to withdraw should be developed, and should include following analytical approaches and cover the issues below.
60. *Market system analysis:* a detailed market system analysis should be conducted to determine the bottlenecks and blockages, and assess whether WFP purchasing power could usefully contribute to unlocking them and how. Ideally these assessments should be taken before interventions are implemented, although in many cases with P4P analysis will need to take place on on-going interventions.
61. *Rethink the gender strategy:* P4P should reflect the extent to which gender is a strategic objective. If so, a review of the P4P design, probably implying a much greater focus on other crops and other nodes of the value chains in most contexts. The IDS gender study should help inform these strategic choices.
62. *Prioritise modalities that can be taken over by market intermediaries.* WFP should seek to work with the grain of current market intermediaries - and promote new market institutions in the few locations where these are appropriate – rather than trying to provide commercial services in-house. A market development project should not risk undermining the very market it should be supporting. A good strategy, and one in alignment with the current M&E framework, would be to help engage smallholders with the market.
 1. Farmer Organisations should be categorised and P4P should only work with FOs if they have a credible progression strategy and can realistically win competitive tenders by September 2013.
 2. Cost effectiveness: P4P costs and smallholder and market efficiency benefits should be analysed and compared with those of regular local procurement and other approaches for market development - as this is the counterfactual scenario for P4P.

3. One to facilitate the journey: P4P should adapt the M&E system to encourage R&D

63. *Skip the second round of household surveys* and give enough time to AERC to review and analyse the first round. The next and final round of household survey data should be collected in year four so there is enough time for data analysis and learning before the project ends. This will generate savings that could be used for the purposes below.
64. *Implement a practical system that will quickly collect and analyse proxy and process indicators* such as: farm gate prices, margins along the chain, payment delays and the level of farmers' satisfaction. Collect this information every year and allow comparison with regular LRP. Standardise the approach across countries and procurement modalities.

65. *Expand on the write-shops type of approach*: identify a list of 10 priority learning-themes through the 21 countries and run them as soon as possible. Once completed, organise a lessons-sharing conference followed up by action plan review.
66. *A full cost monitoring exercise* should be conducted, on an ongoing basis in all pilot countries, and disaggregated by commodity and procurement modality. This will require time-recording and cost allocating systems so non-P4P staff and other costs can be appropriately recognised and allocated accordingly.

1 – Introduction

1.1 Evaluation features

1. Purchase for Progress (P4P) is the umbrella name for a five-year project launched in September 2008 to pilot and learn from innovative programme and food procurement activities that have the best potential to stimulate agricultural and market development in a way that maximises benefits to low-income smallholder farmers. The project aims for an annual income gain of US\$50 for a total of 500,000 smallholder farmers. Women feature prominently in an attempt to redress gender inequalities affecting their roles as agricultural producers. This report is Mid-Term Evaluation (MTE) of this intervention.
2. The project seeks to use WFP's demand platform to leverage smallholder agricultural growth in some of the world's poorest countries through supply chain reforms. Implemented on a pilot basis from 2008 to 2013, the initiative seeks to learn from innovative programme and food procurement activities that have the best potential to stimulate agricultural and market development in a way that maximises benefits to low-income smallholder farmers.
3. The rationale for undertaking this MTE is based upon the pilot nature of the project, the need for accountability and learning, and a contractual obligation to the Bill and Melinda Gates Foundation (BMGF) – P4P's main donor. This evaluation assesses what has been achieved by the P4P project thus far in terms of overall performance and effectiveness (accountability) and the reasons for the observed performance and results to draw lessons for identifying best practice (learning). There is an important focus on the learning dimension.
4. Key evaluation questions set out in the Terms of Reference (see Annex 1) focus upon the:
 - **Relevance of the project and appropriateness of the design:** the extent to which the project goal is in line with the international development agenda and priorities of recipient countries; the appropriateness of the design process and assumptions;
 - **Quality of performance and extent of results:** which will focus upon the level of efficiency; the extent to which intended objectives are likely to be achieved; less tangible and unintended effects of the project; cost-effectiveness; harmony with WFP's main mission and the extent to which approaches being tested by P4P are likely to be sustainable; and
 - **Contributory and explanatory variables:** factors relating to WFP's organisational capacity to manage P4P and the external operating environment outside WFP.
5. During the inception period, these evaluation questions were scrutinised in detail and evolved into the long list of more specific questions in the evaluation matrix. These were agreed during the inception period. The scope of this Mid-Term Evaluation (MTE) is framed by the Terms of Reference, the evaluation matrix and the initiative itself. This covers the period from September 2008 until today and includes an assessment of: the activities implemented by the P4P units in the 20 pilot countries (and HQ) and their results; the P4P structure, systems, processes, normative guidance, funding, staffing and the corporate arrangements.

6. The main users of this evaluation will be the P4P Unit and pilot countries, WFP management and staff in other parts of the organisation, Executive Board, donors and P4P partners. To a lesser extent, practitioners from government and UN agencies, NGOs, commercial interests and academics involved in agricultural market support programmes are also expected to find value in the evaluation findings. This evaluation will inform the implementation of later stages of the project and the prioritization of improvements, contribute to the development of normative work and support decision-making on a possible mainstreaming and scaling-up of the project.
7. The team which undertook this evaluation was designed to balance several different prerogatives: the need to learn from local expertise, to make the best use of international experience across three different linguistic traditions, to ensure as consistent an approach as practicable across different countries and to have a manageable and pleasant process during the relatively narrow time frame for undertaking country visits. The core team comprised of the project leader, project advisor, four country evaluation managers and a gender and project support specialist. Seven of these eight core team members have worked at the Overseas Development Institute (ODI) and have worked with each other on many occasions (See Annex 3).
8. Country evaluation managers were matched to each of the seven countries on the basis of their linguistic ability, strength in areas of specific in-country interest and their availability. Country managers recruited local researchers on the basis of recommendations from local networks – all local researchers were subject to ex-ante approval from WFP. In all countries, except Zambia, two local researchers were appointed – generally one with knowledge of grain value chains and markets and the other with experience of qualitative social research techniques for interviewing farmer groups.
9. The approach adopted in this evaluation has made extensive use of a rich blend of research methods and sources of information to address the agreed evaluation questions. These range from qualitative surveys to elicit the attitudes of P4P stakeholders to more quantitative value chain analysis and livelihood analysis of farmers. Information was sought from a broad range of stakeholders within the P4P/AMS project (from senior management in WFP HQ, Rome, to smallholder farmers) as well as external stakeholders (from private foundations funding the project to commercial grain traders). It was agreed during the inception phase that primary data collected by the evaluation team would be indicative only. This is partly because sample sizes sufficient to get statistically significant findings are not possible during a short field visit. In addition, the project has only been operating for two agricultural cycles in most countries, which is a difficult context in which to make judgments about the sustainability of an intervention.
10. However, through the application of rigorous social research methods – such as the triangulation of findings, the use of control groups to help attribute the benefits of P4P and the random selection of beneficiary groups from the procurement log held by each Country Office (CO) – the evaluation team have undertaken this assessment using robust social research methods. In particular, the evaluation team has sought to complement necessarily preliminary primary data with more robust secondary data.

11. The evaluation started with an inception phase in January 2011 (see Annex 4). This included six members of the evaluation team spending about four days at WFP HQ in Rome. The output of this exercise was the Inception Report, which after extensive consultation, was finalised on 25 March 2011. During the inception period, the approach and methodology were defined and the evaluation questions evolved into the longer list of more specific questions agreed in the evaluation matrix. A close interaction between the evaluation team and the project stakeholders was maintained during this evaluation and is reflected in the volume and quality of comments on the first draft of the evaluation report.
12. The field mission phase took place from March–May 2011 and involved trips to seven countries: El Salvador, Guatemala, Kenya, Liberia, Mali, Uganda and Zambia, which had been selected by the Office of Evaluation based on transparent selection criteria. The evaluation team validated the choice of countries for field visits during the inception phase. The countries visited range from the early starters to more late comers to the P4P programme. On average the P4P countries had implemented the project for two years – or two agricultural cycles. Each of the country visits lasted 10–17 days and involved meetings with stakeholders from P4P, other parts of WFP, Government, partner organisations, smallholder farmers and traders (see Annex 5). At the end of each country visit, the preliminary findings from each visit were discussed with staff from WFP (in Rome and the Country Office) and other in-country stakeholders during two half-day workshops.
13. In addition to data collection from interviews with Rome-based staff and stakeholders in seven countries, the evaluation team also had access to very extensive secondary information and bilateral telephone interviews with donors and development organisations. The drop-box had, by the end of the evaluation, some 400 documents with relevance to some aspect of P4P.
14. To ensure consistency and internal quality assurance in approach between the different P4P countries visited, the following steps were taken:
 - All five country evaluation managers participated in the detailed inception briefing in Rome in January for, three or four days.
 - The detailed nature of the inception report submitted in February included detailed information about research questions, approaches and methods.
 - The ‘learning from Uganda’ internal workshop on 28 March in London was designed to extract and learn from the practical lessons from the pilot evaluation in Uganda, at which survey instruments and survey methods were agreed. All country evaluation members participated in this workshop.
 - Online participation of evaluation team members during the preliminary findings workshops for most of the seven countries (in addition to those actually undertaking the evaluation).
 - Internal Aide Memoires were shared between all evaluation managers and a two-day synthesis workshop, involving all evaluation managers and the project advisor, took place in London between 16 and 17 May 2011.

- The debriefing workshop in Rome between 26 and 27 May 2011 involved the whole core team – except the project advisor – for two full days of presentation of results and discussing findings with the P4P Unit, affected staff in other business units and from partner organisations (for 1.5 days of discussion), an open invitation to any WFP staff for a ‘brown-bag’ presentation over lunch and a presentation to the P4P steering committee.
 - An evaluation report drafting process, which was highly interactive between the report authors (who had participated in three of the country evaluations themselves) and the other country evaluation managers and other members of the core team.
15. Quality assurance has been provided by peer review of all outputs (inception report, debriefing presentations, internal aide memoires, evaluation report, etc.). The use of ‘best practice’ guidelines and detailed preparatory work during the inception and implementation phases was undertaken to guide and support the evaluation team.
 16. This report has been reviewed by the project advisor and has been submitted to ODI’s quality assurance panel for review which is lead by the Institutes’ Director of Research. This internal process was in addition to the rigorous assessment by the Office of Evaluation as well as members of the internal and external reference groups (see Annex 6 for membership and comments) during the process of finalisation of this report.

1.2 Context

17. The P4P pilot initiative is located at the intersection of three important contemporary development debates: smallholder development, market development and developmental supply chain management (as Figure 1 below illustrates).

Smallholder development

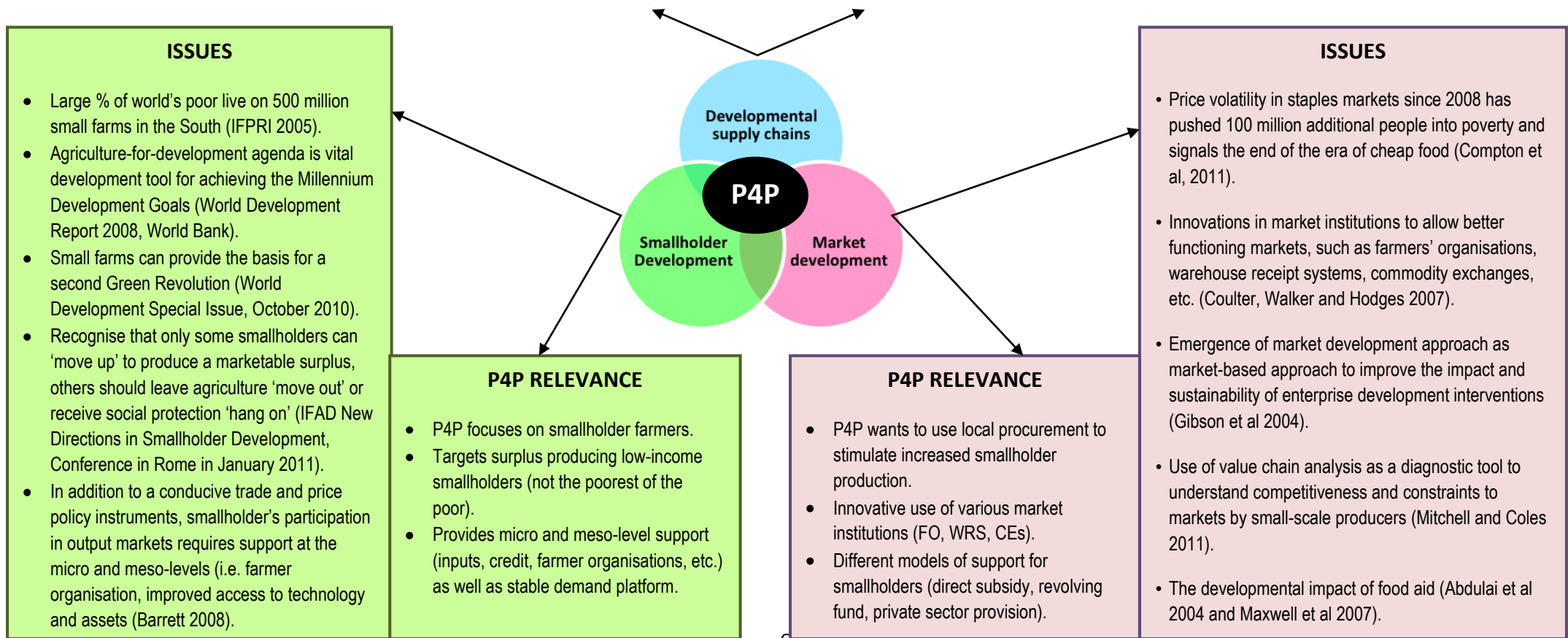
18. More than two-thirds of the developing world’s population occupy farms of less than two hectares. There are nearly 500 million small farms in the South and they include half of all undernourished people and the majority of those living in absolute poverty (IFPRI, 2005). There is considerable debate surrounding the role of smallholder agriculture in poverty reduction, with an increasing geographical emphasis on Africa (see World Development Special Issue on ‘The future of small farms’ Wiggins *et al* 2010). On one hand, agricultural growth and productivity improvements on small farms have been central to the reduction of rural poverty and hunger in the Asian Green Revolutions. However, international trade liberalisation and volatile world market prices for agricultural commodities, in addition to market restructuring (and the growing importance of supermarkets), HIV/AIDS, and increasing pressure on natural resources, have all challenged the viability of small farms (Hazell *et al.* 2010). The focus on low-income smallholder farmers with a focus on Africa locates the P4P initiative within this debate.
19. In particular, in today’s economic and policy environment, small-scale farmers face mounting difficulties in accessing input, output and financial markets. Overcoming barriers to entry requires not only the effective provision of public goods but also action to improve the functioning of markets and correcting their failures. This includes the need for institutional innovation and consideration of new facilitation roles – a key area of focus for P4P supply-side interventions. Constraints to active smallholder engagement in food grain markets, particularly for women farmers and traders, include a lack of liquidity and coordination problems with

public goods and services. It is now widely recognised that trade and price policy instruments, in isolation, do not create the desired supply response or rural welfare gains – a diversity of support programmes is often required. The real determinants of smallholder participation are to be found at the micro- and meso-levels. The degree of farmer organisation, reduction of costs of inter-market commerce (transaction costs), and improved access to technologies and productive assets are essential to enable effective smallholder participation in output markets (Barrett 2008). These are precisely the challenges which the P4P initiative is seeking to address.

20. There is strong evidence that most smallholders are net staple grain purchasers. Whilst almost all smallholders sell some output, the quantity is often far smaller than purchases at other times of the year. True self-sufficiency amongst smallholders (i.e. no sales and no purchases) is rare. Most smallholders are net purchasers of the food crops they produce, relying on proceeds from cash crops and off-farm employment to generate the income required to supplement crop production with market purchases. As a result, the welfare of many farmers will be damaged, not helped, by price increases in food grains (depending on the balance between food grains and other crops). The relevance of this to P4P is that in some countries WFP is a major source of national demand (in Uganda, for instance, WFP buys about one-quarter of all maize which is sold to the domestic market). WFP mitigates the potentially damaging impacts on food prices of buying large amounts of food by having strict rules to minimize the risk of food price inflation. The importance of this is demonstrated by the dramatic global price peak in the first half of 2008 (a result of a perfect storm of global supply and demand conditions) which is estimated to have resulted in an additional 100 million people falling into poverty.
21. There is an increasing realization that the smallholder sector is neither homogenous nor static. Assets and capabilities are not uniform and neither are the production capabilities or the appropriate policy measures. Dorward's work on the class structure of rural villages is instructive. Only the more affluent smallholders have the human and physical assets to adopt a 'moving up' strategy of participating in agricultural value chains and generating a sustainable livelihood from farming – as envisaged by P4P. Smallholders with insufficient physical assets to generate a reasonable livelihood, but with the capabilities of health and education, may enhance their livelihoods by 'moving out' of farming and participating in rural or urban labour markets. The poorest smallholders have insufficient assets to sustain even a subsistence livelihood but also lack other livelihood options. For this group the public policy options are bleak. 'Hanging on' involves social protection and investing in children to provide the next generation with the livelihood options that are not available to their parents. The constraints faced by women vary depending upon their assets and also their circumstances (female-headed households, women in a male-headed household or woman evicted from their land).

Figure 1: P4P at the intersection of key development debates

ISSUES	P4P RELEVANCE
<ul style="list-style-type: none"> • How a large international organisation can increase its development footprint through supply chain management (Oxfam/Unilever in Indonesia, SAB Miller in Zambia). • In the agricultural sector this has mainly involved traditional export commodities (Cadbury Cocoa Partnership, Gatsby Cotton sub-sector in Tanzania). • Use of value chain analysis to demonstrate how company strategy, competitiveness and shared value can be improved through clusters of suppliers (Michael Porter 2011). 	<ul style="list-style-type: none"> • WFP has a \$1.25 billion annual procurement platform, which it wishes to leverage for development. • WFP has an institutional footprint in some of the poorest countries in the world.

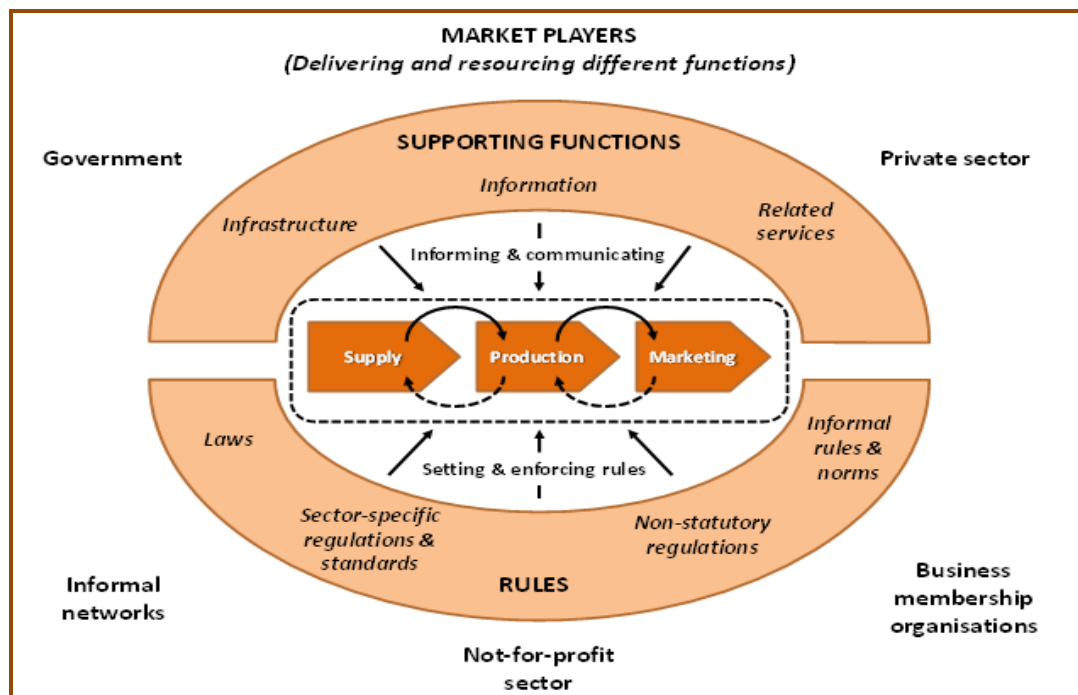


22. The consequences of these debates for the targeting of P4P were highlighted at the 'New directions for smallholder agriculture IFAD' conference in Rome in January 2011. There is an increasing recognition that agricultural development policy should focus on small farmers with potential, rather than subsistence smallholders. There is often a high degree of concentration of sales among a relatively small proportion of the producers who do sell their output. This debate has important relevance for debates about which farmers, within the very broad category of low-income smallholders, P4P should target. In addition, the emphasis for agriculturalists is changing from a welfare-orientated agenda to one focused on overcoming market failures to allow smallholders to connect effectively with the domestic markets. The direct, multiplier and spillover effects of dynamic agricultural development in the local economy on very low-income households (through the generation of agricultural labour, tightening labour markets, opportunities in the non-farm sector, etc.) is widely recognised.

Market development

23. In 2004, Gibson, Scott and Ferrand formalized the growing movement for application of market-based strategies to economic development, coining the term 'Making Markets Work for the Poor' (MMW4P, more latterly abbreviated to M4P). This approach summarized market development work into three phases – understanding markets, developing a vision of the future, and acting to build markets (based upon that vision). In addition, this framework explicitly locates the market in the context of the policy, institutional and support environment that enables or constrains its growth. This approach has been widely adopted throughout the international development sector.
24. The advantages of such a philosophy over more traditional 'bottom-up' agricultural development approaches include the shift of the producer from central focus to their placement into the context of a market supply system where the existence of mutual dependency and 'win-win' strategies with other market actors are central to economic viability and, therefore, sustainability. This approach has considerable relevance for P4P. The starting point for P4P is the wholesale market for grain – WFP's own demand platform.
25. In addition, P4P is located on the cusp of two rather different philosophies about how most effectively to reduce poverty through market engagement. Broadly speaking, there is an ongoing debate between those who believe that the poorest can only be assisted if they are targeted directly and those who argue that it is necessary to work with groups with higher capacity and the resulting benefits will assist the poorest households through direct, indirect and dynamic impacts. Some of the interventions in P4P pilot countries appear to interpret market development as a very direct relationship between the farmer beneficiaries and WFP (as the market). In this model, WFP could displace other market intermediaries (i.e. input providers, aggregators, traders, transporters and storage agents) if it bought grain direct from farmer organisations and provide all these intermediary functions 'in-house'. It is obviously difficult to attribute the absence of a service to the presence of a development intervention, and initiatives can be designed to stimulate – rather than suppress – local markets. In reality, WFP will often contract out specific functions to commercial service providers.

Figure 2: Conceptual framework for market and value chain development

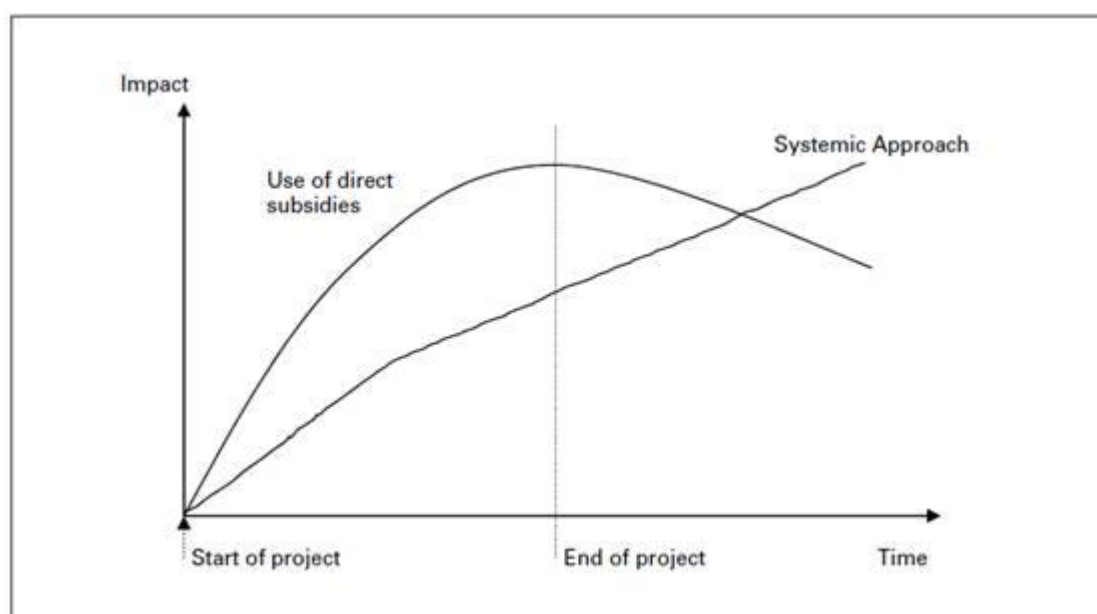


Source: Adapted from www.springfieldcentre.com

26. A more conventional value chain approach to market development would focus upon gaining an understanding of the market system as a whole to diagnose the cause of market failures and design solutions which stimulate, rather than replace, existing market mechanisms – in order to encourage systemic change. So, if farmers are failing to access seed and fertilizer inputs, a market development approach will support the development of commercial suppliers or credit to finance the purchase of inputs, rather than simply giving inputs to farmers (see, for instance, the market support to input suppliers in Kenya described in Wiggins 2010). In many cases, barriers to successful market engagement are not to be found within the marketing chain itself, but rather the enabling environment (the so-called ‘doughnut’ around the chain illustrated in Figure 2 above). For instance, the binding constraint on women farmers may be their lack of secure land rights or inability to access financial services – rather than anything that happens in the marketing chain itself. Even where there are bottlenecks in the chain, they are as likely to be in the supplier, intermediary, wholesale or retail nodes as they are in production.
27. Figure 3 illustrates the dilemma facing many development practitioners trying to implement pro-poor enterprise development projects. The incentive structure of development projects tends to encourage the use of direct subsidies. Beneficiaries generally like to be given free goods and services and this approach can demonstrate impact to impatient donors in the short-term (if the seeds and fertilizer which are given to farmers are used correctly, yields can improve within a year). The only problem with this approach is that, when the direct subsidies stop at the end of the project, so does the beneficial impact. Alternatively, it is more difficult and slower to understand why the market is not providing inputs to low-income farmers (which is how farmers access seeds and fertilizer outside donor-land) and how these bottlenecks can be addressed.

However, if successful, systemic market change has a sustainable and increasing impact as other copy the pilot market innovation.

Figure 3: Impact and sustainability and the systemic market approach



28. These institutional issues may be resolved at a range of levels in the value chain. At the upstream end (i.e. at or near the point of production) it is common to have some level of coordination through formal or informal collaborative trading in input, output and financial markets (the horizontal coordination which provides the rationale for farmer organisations). Other 'upgrading' requirements for vertical coordination between small-scale producers and formal-sector buyers are likely to include quality and productivity improvements (process and product upgrading) and the need to take on additional functions (functional upgrading), for example quality control and primary processing. Horizontal coordination is almost invariably a prerequisite for all other forms of upgrading, which almost inevitably require pooled resources and capacities (Mitchell and Coles 2011).
29. However, markets can be developed through institutional innovation at a level significantly downstream (i.e. closer to the market) than farmer organisations. One of the most innovative and well-studied procurement modalities is that of warehouse receipt systems (WRS), where warehouse operators issue documents as evidence that specified commodities of stated quantity and quality have been deposited at particular locations by named depositors. Functioning warehouse receipt systems can facilitate trade, enhance marketing efficiency in agricultural markets, ease access to rural finance, mitigate price risks, and enable cost effective management of public food reserves. However, benefits are limited by the lack of regulatory systems, *ad hoc* interventions by governments on food security grounds, legal limitations on the negotiability of receipts, lack of confidence among bankers, business opposition and lack of scale economies, which impede smallholder involvement. An analysis of the operation of the WRS in Uganda, and the responses of the WFP team to implementation challenges, is a prominent element of this evaluation.

30. More sophisticated warehouse operators need to guarantee contracts to mitigate against default or supply of sub-standard products by producers. WRS may be used in conjunction with commodity exchanges (CEs), an alternative to competitive tendering approaches for procurement of food aid. CEs can be highly transparent and low cost (although some examples barely break even and are subsidised by donors). They have the advantage of being open to small lot sizes and, as such, improving access to the market by smallholders. WRS ensure the availability and quality of produce while CEs provide a means of valuing the product and trading it competitively. However, examples of viable CEs are sparse in some parts of the world. Where warehouse receipt and commodity exchange systems are viable, they present institutions such as WFP and projects such as P4P with an alternative means to engage with the market, rather than creating an exclusive, parallel system (Coulter, Walker and Hodges 2007).
31. A key issue for P4P though, is that it is much harder to trace the attribution and additionality of these market interventions to identifiable smallholder groups. This creates very practical problems for the project staff where, for instance, donors refuse to acknowledge information on farmer numbers unless there is full traceability in the supply chain. Whilst the donors concern is appreciated (and should be addressed through monitoring the supply chains of new market institutions) these kind of restrictions risk undermine the incentives of P4P to explore the impact of the rich mix of modalities available. P4P staff have, so far, not let these targets dilute the ability of the project to address the key research question about the impacts of different modalities on cost effectiveness, market development and farmer welfare.

Developmental supply chains

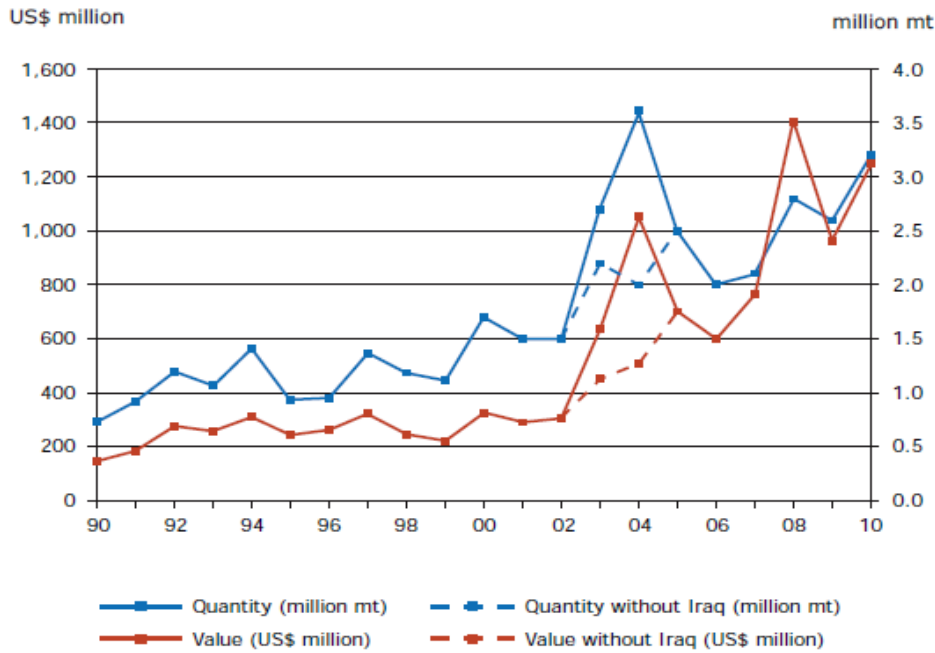
32. There is a clear trend for large organisations working in fragile economies to be concerned about the impact of their supply chains. The pioneering ‘economic footprint’ work by Unilever and Oxfam in Indonesia in 2003 illustrated the impact which one company can have. Unilever Indonesia employs 5,000 people and an additional 2,000 people are employed in factories solely making Unilever projects under contract. However, more than 300,000 people make their livelihoods within the company’s value chain – roughly half in the upstream supply chain and the remainder in distribution and retailing. An analysis of the value created showed that about two-thirds is distributed to participants other than Unilever Indonesia, such as the tax authority of government (26%), retailers (18%), suppliers (9%), distributors (6%), farmers (4%) and advertisers (3%).
33. This graphically illustrates the importance of looking along the entire value chain to assess economic impact of a lead buyer and, specifically, not focusing just upon the production node. It also clearly demonstrates that the share of the total value captured declines either end of the value chain – so that a lead firm is much better at transferring value to retailers, suppliers and distributions than to farmers (Clay, 2005).
34. Since this time there have been a plethora of supply chain initiatives – from other exercises with Unilever in South Africa (Kapstein, 2008) and Vietnam (CIET 2009); the extractive sector Anglo American (Anglo American 2010); the finance sector with Standard Chartered Bank in Indonesia (Kapstein and Kim, 2010) and tourism (ODI, 2011). Of particular relevance is the Oxfam review of SABMiller in Zambia and El Salvador and the Cadbury Schweppes initiative, the Cadbury Cocoa Partnership in Ghana.

35. What is clear from these case studies is that the core business activity of these large organisations has a much greater impact on low-income communities than Corporate Social Responsibility initiatives. SABMiller need cane sugar to produce drinks and the main motivation for Cadbury Schweppes was the commercial imperative – to secure a sustainable supply of cocoa – more significant than any altruistic driver. What is also clear from the literature is that attempts to develop vertical relationships between small-scale farmers and a lead buyer have tended to focus on relatively high value export-orientated commodities (e.g. coffee, cotton, cocoa, tea) much more than staple commodities (e.g. maize).
36. There are several different reasons for this. First, the most pressing motivation for a lead firm to contract smallholders is a concern with security of supply. This is clearly much stronger for a high value commodity like cocoa than for a low-value, ubiquitous staple crop. Second, side-selling by smallholders is a recurrent obstacle to vertical relationships (because the incentive for a lead firm to invest in producers is negated if farmers sell their output to another buyer). Therefore, successful vertical relationships tend to occur where smallholders cannot consume their output themselves and have a restricted number of buyers, conditions which are found in export commodity markets much more often than staples.

1.3. WFP's food procurement trends

37. WFP is the largest single procurer of food aid on a global scale – with a very significant and expanding food procurement platform. In 2010 WFP spent one and a quarter billion US dollars purchasing 3.2 million tonnes of food – about ten times the tonnage purchased in 1990. The intuitively appealing idea of developing country farmers benefiting from supplying food aid (as well as food aid beneficiaries from receiving it) is not new. Food procurement from developing countries was first promoted at the World Food Conference in 1974. However, in reality it took a long time to respond to this idea of developing country procurement of food. During the 1980s, WFP typically bought less than 10% of food aid from outside the donor countries, about half of which was sourced from developing countries. More recently, WFP has been demonstrably successful at transforming the geography of its supply chain. Contained within the procurement mission statement is the statement that 'when conditions are equal, preference will be given to purchasing from developing countries'. The shift to procurement from developing countries has demonstrated the impact of adopting this procurement policy, with 83% of the 3.2 million tonnes of food purchased in 2010 being sourced from developing countries.

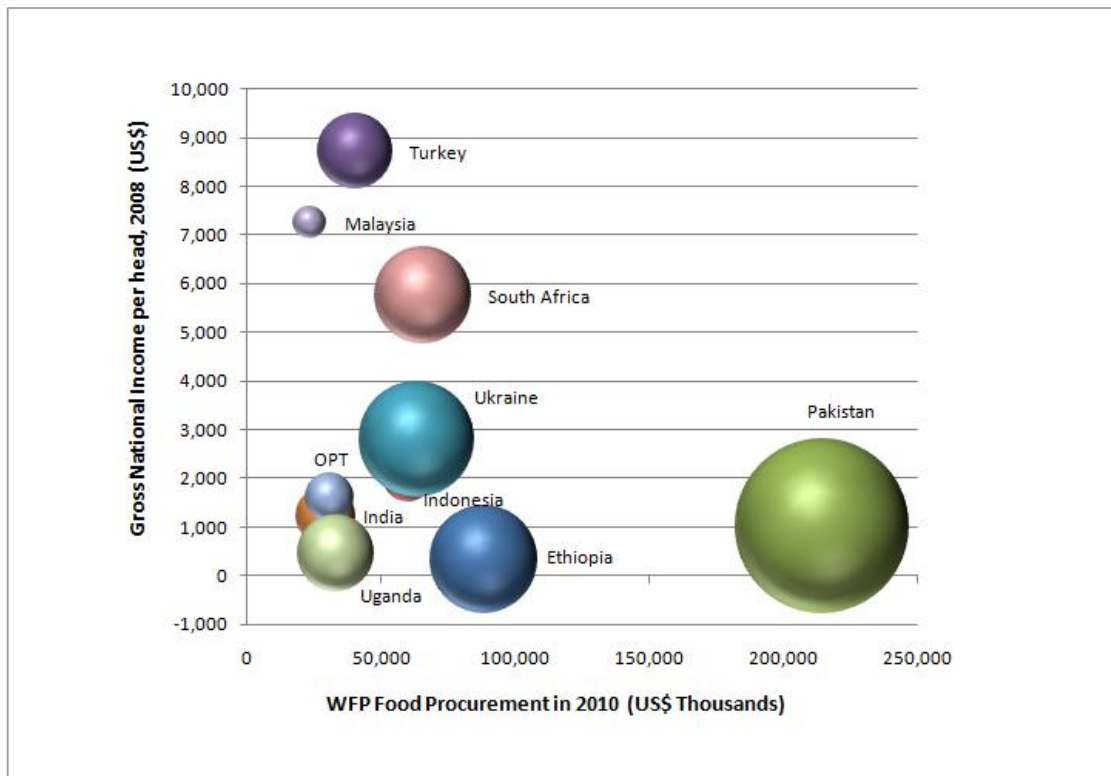
Figure 4: WFP's expanding procurement platform (from 1990 to 2010)



Source: WFP (2011) Annual report on food procurement 2010

38. Figure 4 explores the relationship between the amount of food the top 10 developing countries provide to WFP with their level of development. This illustrates the point that WFP has successfully reached down to some of the poorest countries in restructuring its supply chain. Amongst the top 10 developing suppliers are Least Developed Countries (i.e. Ethiopia, Uganda); low-income countries (i.e. Pakistan); and lower Middle Income Countries (i.e. India, Occupied Palestinian Territories, Indonesia, Ukraine) as well as upper Middle Income Countries (South Africa, Turkey, Malaysia). In 2010, WFP purchased food from 76 developing and 20 developed countries. Twenty-two per cent of the \$1.25 billion was spent in each of the following categories of developing country: Least Developed Countries, Low Income Countries, Lower Middle Income Countries and Developed countries. The residual 12% was spent in Upper Middle Income Countries. This suggests that, WFP local purchase in developing countries in 2010 accounted for about 2.7 million tonnes – of which only 3% (or 92,000 tonnes of food) was contracted through the P4P initiative. Better understanding the impacts on smallholders of the 97% of food purchased from developing countries outside P4P will take be the subject of a study by the Michigan State University. The findings of this study are important because standard local purchase by WFP represents the counterfactual scenario for P4P.

Figure 5: WFP procurement from 'Top 10' developing countries in 2010



Sources and notes: WFP (2011) Food Procurement Annual Report 2010 (for procurement data) and World Bank (2011) World Development Indicators (for national income data in all countries except Occupied Palestinian Territories (OPT) where data is from UNDATA 2008). Bubble size is proportional to tonnage procured in 2010.

39. Given this achievement in translating a procurement policy into transformed supply chain geography, it is unsurprising that WFP is interested in exploring whether it can also change the socio-economic footprint of its supply chain. Whilst P4P is a very new approach, it is an extension of an idea with a very long pedigree in WFP. WFP Uganda also started local procurement of food commodities twenty years ago to support food aid programmes in Burundi, Democratic Republic of the Congo (DRC), Rwanda, Tanzania and Uganda. WFP procured over 1.2 million tonnes of food in Uganda between 1994 and 2007. The Agriculture and Marketing Support component within Uganda's Country Programme was launched in 2002. The aim of the component was to enhance small-scale farmers' capacity to produce more and better quality food and for WFP to purchase 20 per cent of its total in-country procurement directly from farmer groups. To facilitate local purchase, innovative changes were made to WFP procurement and contractual arrangements and tender procedures.
40. The experience of these innovations, and others, provided the basis for the pivotal 'Food procurement in developing countries' policy issues paper of 2006. This paper recognised that WFP was increasingly purchasing food from developing countries and highlighted the potential for using local procurement to generate positive developmental impacts. This paper also drew heavily on empirical experience generated by the early innovations in six countries, including Uganda and Burkina Faso that piloted different forms of local procurement. The Board Paper was supportive of optimising the potential development impacts of local procurement, but was far-sighted about

a number of issues that are key challenges for P4P. Specifically, the unreliability of local purchase and the questioning of the appropriateness of making direct purchases from farmer groups and important issues raised in this evaluation. The potentially perverse distributional consequences of buying local food at premium prices (i.e. at 'fair' or above market prices), which could result in a transfer of resources from food aid recipients to better-off surplus producing farmers, was highlighted. This Board Paper moves effortlessly from empirical case studies to conceptual market development issues and practical value-for-money considerations within a remarkably developmental framework.

41. WFP's strategic plan 2008–2013 brought local purchase into the core business strategy of the Organisation. This plan delineates the historic shift from WFP as a food aid agency to a new role as a food assistance agency and highlights the need for a more nuanced and robust set of tools to respond to critical hunger needs. One of the five Strategic Objectives in the plan is to 'strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase'. This marked the point at which the country-level innovations of the 1990s and early 2000s and the efforts to learn from these experiences became a core feature of WFP corporate strategy. The launch of the P4P pilot project in September 2008 should be seen within this institutional context.
42. As a consequence of the above, the mid-term evaluation of P4P is more than an assessment of an isolated and externally funded 'project'. The subject of this evaluation is rather an idea which emerged in a small number of Country Offices two decades ago and has gathered momentum up to the point that today it is integral to the strategy of the WFP.

1.4 WFP's Purchase for Progress Initiative

43. As outlined in Section 1.3, the roots of the P4P approach can be traced back to innovative local procurement experiments in the early 1990s but the P4P pilot initiative started in 2008. **The P4P goal** is to facilitate increased agricultural production and sustained market engagement and thus increase incomes and livelihoods for participating low-income smallholder farmers, the majority of whom are women.
44. **The objectives** of the pilot (outlined in the log-frame in Annex 7) are summarised below:
 - To identify and share best practices for WFP, NGOs, governments and agricultural market stakeholders to increase profitable smallholder/ low-income farmers engagement in markets.
 - To increase smallholder/ low-income farmers' capacities for agricultural production and market engagement in order to raise their income from agricultural markets.
 - To identify and implement best practices for increasing sales to WFP and others with a particular focus on smallholder / low-income farmers.
 - To transform WFP food purchase programmes so that they better support sustainable small-scale production and address the root causes of hunger.
45. **The P4P beneficiaries** are low-income smallholder farmers and the project aims to achieve a level of direct procurement from smallholders that impacts 500,000 farmers overall and aims for an

annual farmer income gain of US\$50. Women feature prominently amongst these in an attempt to redress gender inequalities affecting women's roles as agricultural producers¹.

Activities

46. Seven activities divided into three pillars make up the P4P toolbox. The first four are core procurement activities, subject to the WFP procurement principles of cost-efficiency, timeliness and appropriateness. These activities making up the demand pillar include: 1) Enhancing and expanding pro-smallholder competitive tendering practices; 2) Purchasing directly from smallholder groups (associations or cooperatives); 3) Contracting for risk reduction in smallholder areas to create greater certainty for farmers in their planning decisions and; 4) Developing pro-smallholder processing options. The project aims for as high a level of procurement from smallholders in each country as is possible and envisions purchasing a total of 500,000 metric tonnes of food over the five years.
47. The latter three activities are crosscutting and supportive of core practices: 5) partnerships and training; 6) monitoring and evaluation; and 7) policy advice and advocacy. These activities make up the partnership and learning and sharing pillars.
48. It is clear to the evaluation team that P4P is multidimensional and combines several different facets. The four different facets of P4P explained in the Table below are not entirely discrete, as they are different lenses for viewing one single initiative. Each facet is, however, valid and the justification for each is highlighted below. It is precisely this mix of different facets of P4P which is the strength of the intervention. We believe that it is important to be as clear as possible about the different facets of P4P, not least because there may be tensions (and in some cases trade-offs) between the ability of the project to meet them. And we can only be clear about trade-offs if we are clear about the facets which may tend to pull the project in different directions (see discussion in Section 2).

¹The definition of low-income small-holder farmers varies according to the context/countries.

Table 1: Different facets of P4P

Facets of P4P	Justification and importance
Food aid procurement	<p>The central justification for WFP hosting the P4P project is the aim to link the WFP’s platform of substantial and stable demand for food staples to smallholder farmers (see rationale section of the BMGF proposal). This idea, which lies at the heart of P4P, is simple and robust: WFP will buy about one billion dollars worth of food each year irrespective of P4P. How can this food be procured in a way that benefits smallholder farmers (log-frame objectives 3 and 4), without compromising the primary purpose of the purchase (to buy cost-effective, timely and appropriate food aid)?</p> <p>Without the food aid procurement link, there is no logic for WFP to host P4P. In addition, objective 4 refers explicitly to the transformation of WFP food purchase programmes to make them more accessible to smallholders.</p>
Smallholder Development	<p>The BMGF vision of success for P4P is that low-income and smallholder farmers ‘will produce food surplus, sell them at a fair price and increase their incomes’. Key performance indicators for the project relate to 500,000 low-income smallholder farmer households raising their income by US\$50 per year. Log-frame objective 2 refers to raising farmer incomes. The P4P Overview states that the aim of P4P is to turn WFP’s local procurement into a vital tool towards long-term solutions to hunger and poverty.</p> <p>Without the explicit goal of poverty reduction amongst smallholder farmers, P4P could not be differentiated from the local procurement initiatives – in which WFP already spent US\$0.6 billion in 2010 in some of the poorest and most vulnerable economies in the South.</p>
Market development	<p>The BMGF vision of success for P4P is that, ‘agricultural markets will have developed in such a way that many more low-income or small-holder farmers (...) increase their incomes’. The ‘P4P Overview’ says P4P offers smallholders ‘opportunities to access agricultural markets and to become competitive players in the market place’ (log-frame objectives 1 and 2).</p> <p>Without the market development focus, P4P could become a short-term welfare project. The only way that P4P will have sustainable impact at scale is through making systemic change to the way grain markets operate.</p>
Research and development	<p>The need to identify, share and implement best practice is central to log-frame objectives 1 and 3. P4P is self-consciously seeking to make innovative use of WFP’s demand platform by piloting different procurement modalities in the supply chain and generating learning from these.</p> <p>Without the pilot project goal, P4P risks becoming a one-off development project and fails to capitalise on the learning potential given its location at the intersection of several contemporary development debates.</p>

Source: P4P logical framework, P4P overview, stakeholder interviews

Pilot countries

49. The P4P project is being piloted in 21 countries, or 28 per cent of the countries where WFP is present. While the first ten pilots – funded by the Bill and Melinda Gates Foundation (BMGF) – were selected based on: i) past history of significant local purchases; ii) priority country for the Alliance for a Green Revolution in Africa (AGRA) initiative; iii) government commitment to the activities; and iv) coverage of eastern, southern and western Africa; the selection criteria became more ad hoc as the interest from both WFP Country Offices (CO) and donors grew.

Funding

50. Nine donors have thus far contributed a total of US\$140 million to the project Trust Funds and three of them contributed 87% of the total, namely the BMGF (48%), Canada (21%) and the Howard G. Buffet Foundation (HGBF - 19%). There is an interesting mix of private, bilateral and multilateral funding sources. The funds are meant for technical assistance for the P4P units (HQ and CO level) including capacity building, monitoring and evaluation (M&E) and grants for supply-side partnerships. Contributions are extra-budgetary and managed through dedicated trust funds.

51. These funds do not cover the purchase of food, which is paid for by cash contributions – sometimes specifically earmarked for P4P purchases – to the regular WFP emergency, recovery or development operations implemented in the pilot countries. Additional funds are received from donors to complement P4P activities in specific countries. The significance of these funding streams which are not Trust Funds is illustrated by the Canadian project funds in Guatemala which amount to CAD\$7.5 million over five years.

Table 2: Funding for P4P to December 2010 (US\$)

Donor	Confirmed pledges US\$	% Total pledges	Countries of operation
BMGF	67,054,580	48%	Ethiopia, Kenya, Rwanda, Tanzania, Uganda, Malawi, Mozambique, Zambia, Burkina Faso, Mali
Canada	29,330 740	21%	Afghanistan, Ghana
HGBF	26,689,020	19%	Sudan, El Salvador, Guatemala, Honduras, Nicaragua, Liberia, Sierra Leone
EC	9,729,120	7%	Guatemala, Honduras, Mozambique,
USAID	3,500,000	2%	Technical assistance funding relating to Ethiopia, Kenya, Ghana, Liberia, Malawi, Mali, Mozambique, Rwanda, Tanzania, Uganda and Zambia.
Belgium	1,971,050	1%	DRC
France	858,690	1%	Sudan
Ireland	753,012	1%	Liberia, Sierra Leone
Luxembourg	118,370	0%	Laos
Total	140,004,571	100%	

Source: WFP (2011) P4P budget information.

Organisational framework

52. A coordination unit (the P4P unit) was created in December 2007 to design the overall strategy and approach, manage the trust funds, oversee the partnerships and spearhead advocacy, communication, policy and guidance development, monitoring and knowledge sharing as well as support country-level implementation. P4P units integrated within the WFP CO structure have been set up in the pilot countries to design, manage, implement, monitor and report on local-level projects.
53. To ensure the integration and coordination of the project with key WFP business areas, two inter-divisional committees were set up. The steering committee, at executive staff level, which acts in an advisory capacity on strategy, policy, operational and partnership issues; and a stakeholders group, at working level, which provides a forum for discussion on programme and implementation concerns. In addition, a Technical Review Panel (TRP) made up of practitioners and academics with a cross-section of expertise and perspectives on the subject was set up to provide peer feedback and support the P4P learning and sharing pillar.

2 – Evaluation Findings

2.1. Relevance of P4P and appropriateness of the design

2.1.1 Relevance

54. P4P exists at the **intersection of several important debates** in international development: smallholder development, market development and developmental supply chains (as outlined at length in ‘context’ in section 1.2). However, being relevant requires more than simply being positioned correctly, it also requires an active engagement with, and contribution to, these debates. From the international fora (such as international events around IFAD, CAADP, FAO, WB) to more nationally focused structures in the pilot countries (i.e. agriculture policy initiatives and donor structures), the enthusiasm with which WFP has entered this debate has been variable.

Alignment with stated government policy in P4P countries

55. Generally there is strong alignment between P4P in terms of stated, high-level, government policy in the pilot countries. Unsurprisingly most low-income, agriculturally-dependent countries have an official policy context which is supportive of agricultural and smallholder development and recognises the poverty-reducing effect of rural development. In practice, as discussed in more detail in section 2.3, government practice may depart from their own policy in ways that may bring them into conflict with the P4P initiative.

2.1.2. Appropriateness of the design

Project design at global level

56. The global project design emerged from an intense period of a few days in Seattle in 2007 during which senior management of the BMGF and WFP put together the P4P project framework. In some sense this fast-track process was positive and may account for the very high level of ownership of P4P amongst senior management in the WFP and the main donors. It also allowed a swift start-up phase, which has carried forward into rapid project implementation.
57. The beauty of P4P is the intuitive strength of its solution – to bring together sellers (smallholders looking for stable demand for staples) with a large and responsible buyer (WFP). Whilst powerful, the simplicity of this remedy is potentially dangerous, as viable market chains are not just comprised of producers and sources of final demand – the health of input markets, support institutions and intermediaries between producers and buyers are critical to the viability of the chain (see the discussion on developmental supply chains in section 1.2). As insufficient time was devoted to ‘ground truth’, the analytical basis of the project – notably on the current problems facing smallholders and others in the value chain and on a gendered market analysis – it makes the project vulnerable to the charge of being a solution in search of a problem. It would appear that the analysis phase received much less attention than the planning phase due to the urgent need to prepare a project document to mobilise funding for the initiative.
58. Women’s key livelihood activities may not involve grain cultivation or marketing and they may not have the same incentives as men for engaging in cereal markets. Constraints to women’s control of land, access to credit and ability to mobilise household and non-household labour may mean that they can obtain higher returns from other activities. Where they are engaged in cereal production, they may produce and market small quantities. The strict gender division of labour varies with different crops and an understanding of this would allow P4P to target crops where women’s participation is more likely to translate into women’s gain. In each of the pilot countries visited, ‘women’s crops’ were identified such as pulses, which are part of WFP’s food basket and where women generally control the marketing of the crop.
59. With the benefit of hindsight, a more conventional approach would have been to invest more resources into analysing the problem that P4P is seeking to address and defining the objectives, results chain and strategy to achieve this. Given the scale of existing WFP local procurement in most of the P4P pilot countries, it would not have been difficult to test the development efficacy of existing trader supply chains – before developing an alternative, P4P, modality. The imminent start of the study on impact of local procurement is to be welcomed.

Log-frame

60. The project design is inherently complex for an intervention in 21 countries with six major private, bilateral and multilateral donors. The existence of a global log-frame is useful because it distils the commonalities between the different interests of the major donors to P4P. However, it is very heavy – it sets **8 outcomes, 20 outcome indicators, 20 outputs and 36 output indicators**. However, the main concern is that the intervention logic it presents is not entirely clear.

Assumptions

61. The success of the P4P intervention depends on a number of assumptions. Some of these have been recognised at design stage. Four, however, stand out as so-called killer assumptions. If these assumptions are not true, the project will fail in its own terms and objectives will not be achieved (See Box 1). Our analysis in the performance section suggests that there are grounds for questioning all four of these assumptions. Project design ‘good practice’ requires that killer assumptions should be tested during the design phase. The alternative is to start project implementation in the knowledge that the project could be torpedoed with a known assumption.

Box 1: Killer assumptions in the global log-frame

	Assumptions
Outcome 1.1	Local procurement is an effective method for accomplishing development objective without undue risk to WFP’s and other stakeholders’ core objective.
Outcome 2.1	P4P is successful at building sustainable access to markets for smallholder/low income farmers at prices that reflect the cost of production
Outcome 2.2 & 2.3	Smallholder farmers have increased their production of staple commodities and are choosing to sell more of their surplus through the farmer organisation.
Output 2.3.2	Markets exist for higher quality commodities.

Source: BMGF proposal and P4P global log-frame.

62. This evaluation has also identified four meta-level assumptions which are central to the logic of the intervention that appear not to have been identified during the global design phase. Their absence from the global log-frame is an important weakness of the design because P4P will not fully achieve the outcomes specified if these assumptions do not hold. They are:

1. Women can be empowered through participation in farmers’ organizations.
2. Grain production has the potential to help smallholder farmers increase incomes and contributing to poverty alleviation.
3. Markets are inaccessible, inefficient and exploitative for smallholders and, as a result, do not empower smallholders at their full potential.
4. Collective action through farmers’ organisations is an effective way to address market failures in input and output markets.

63. For example, the current P4P design appears to assume that women's membership of FOs will benefit women (the first meta assumption above). However, increased female membership does not necessarily lead to increased benefits accruing to women members (or more widely to women farmers or female farm labourers). Women's membership does not necessarily result in increased involvement in decision-making and such involvement in decision-making is not necessarily progressive.
64. Evidence is presented in this evaluation, which provides some grounds for questioning all four of these assumptions. It is however, entirely possible that these meta-level assumptions are all true. In this case, the logic of P4P holds and this concern becomes a technical one (that important assumptions which should have been reflected in the log-frame, were not). If however, any of the assumptions do not hold then the logic of P4P fails. This is a practical issue because the consequence of incorrect assumptions is that even if project activities are all implemented successfully, they will not result in the anticipated outcomes.
65. A positive development during the evaluation process was the publication of a feature on 'P4P Programme principles and assumptions' in the May P4P Update (Issue 32) following the debriefing workshop held in late May 2011, which is a tangible example of the benefits derived from a participatory evaluation process. The update highlights the assumptions relating to the income effects of grain production and collective action (although not the gender and market efficiency assumption). Recognising the existence of these assumptions is a first step only. The key message is to check, through project monitoring, that they hold true because the full success of the project depends on this being so.

Risks

66. The global log-frame acknowledges few risks. P4P involves rain-fed agriculture by smallholder farmers with few financial or other assets in some of the poorest countries – a number of which are post-conflict. Failing to acknowledge the real and significant risks faced by smallholder farmers particularly with respect to climatic risks – and to propose a coherent mitigation strategy – is a significant weakness.

Targets

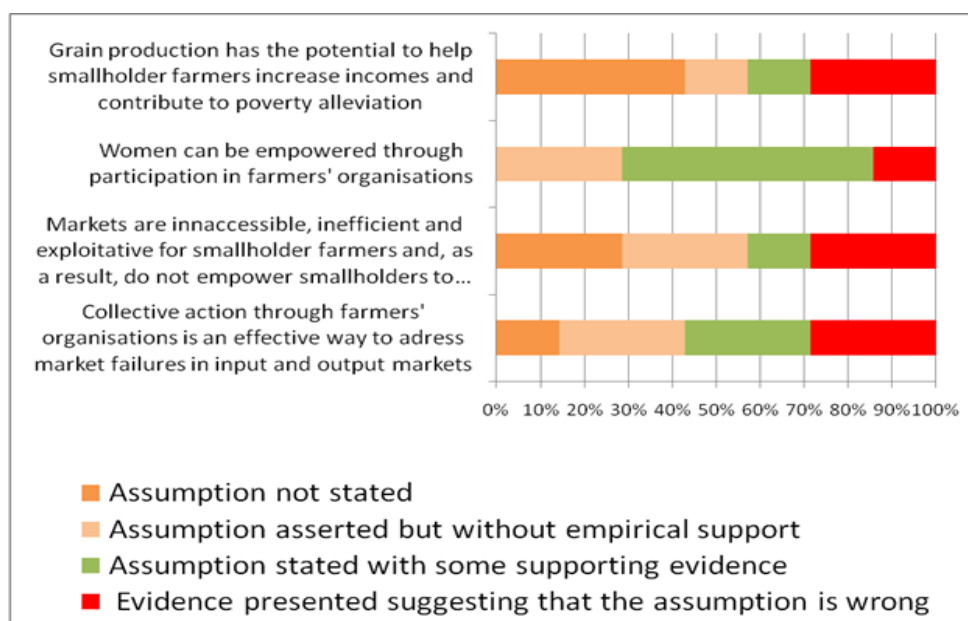
67. P4P has ambitious targets, which resulted from a negotiation between a justifiably cautious WFP and a donor with an appetite for stretch targets (BMGF). We believe that WFP was entirely justified to be reluctant to accept these targets on the grounds that they are hugely optimistic and also incoherent, so are unlikely to be achieved – even if P4P is 'successful'. They are:
 - reaching 500,000 smallholder farmers by the end of the five-year programme (the target was initially 350,000 for the 10 BMGF countries and subsequently increased to 500,000 for all P4P pilot countries);
 - raising their annual incomes by an average of US\$50 (although some countries, such as Lao, have chosen a higher target of US\$100 per beneficiary household per year);
 - purchase at least 10% of local food procurement in the pilot countries through P4P modalities; and

- a commitment that women will gain meaningful benefits as a result of participation in P4P.
68. The target for the number of smallholder farmers is ambitious and somewhat arbitrary.
- The target number of smallholders is generated by a series of calculations based upon layers of assumptions (the volume of P4P sales from smallholders at an aggregate and farm level and the profitability of P4P for farmers), which our country visits have suggested are very stretching.
 - Extrapolating targets, which were developed for the BMGF countries into very different contexts in Central America and Asia makes little sense. For instance, a US\$50 a farm increase in income in Mali has a very different impact than in El Salvador (with average national income per head figures of US\$150 and US\$3,460 per head, respectively).
69. The gender target needs to be clarified – is it about participation or tangible benefit? In terms of the former, the BMGF specifies that smallholder groups benefiting under the project should have at least 50% female membership. The P4P material goes further and indicates that women will be equitably represented in management positions and that female farmers benefit directly from cash payments for their produce. Concerns with these targets are conceptual and practical. Appearing on a list as a cooperative member is not the same thing as participation. Also, participation is not the same thing as power to influence the cooperative.

Project design at local level

70. Despite largely leapfrogging the analysis phase at global level, there is some evidence of more careful analysis at country level. An assessment was conducted in each of the pilot countries and is documented in a Country Assessment Report (CAR). Some CARs were sufficiently detailed and adequately staffed to generate a coherent analysis. Notable are the Central American CARs, which do include problem analyses and objective trees. However, the terms of reference of the CARs were rather narrow (i.e. select P4P activity areas for implementation at country level rather than, for instance, determine whether this is an appropriate country for P4P). There are also some examples where CAR missions were rather short in duration and lacking both in private sector development capacity in the assessment team and in terms of private sector consultees (see Annex 8).
71. The existence of the meta-assumptions was generally recognised in most CARs – an important advance on the global level design – but their validity is often either not tested or not tested properly. When tested, the meta-assumptions were found to be sound in only about half cases. This finding is important because, the logic of the P4P intervention is based upon the four meta-assumptions both being recognised and also being robust in reality.

Figure 6: Evidence of assessment of P4P underlying assumption in country assessments reports



72. It is recognised that the CARs provide the basis for the Country Implementation Plans (CIPs) together with inputs from the global matrix. The CIPs go through a quality check from the WFP Programme Review Committee (PRC) and the P4P Unit before being approved by the WFP Executive Director.
73. The **design of the M&E system** has been centralised in Rome to guarantee consistency across countries. The design process has been augmented with inputs from a sample of countries (Malawi, Uganda, Zambia, and Burkina-Faso) and also from the Technical Review Panel. The objective of the M&E system is to generate information to be able to measure implementation progress and achievements against the log-frame targets and also to collect information so that WFP will be able to answer two overarching R&D questions (see Table 3 below).

Table 3: Overarching P4P learning and evaluation matrix

Evaluation Questions	Assessment Criteria		
	A1	A2	A3
Q1 – Comparing various P4P procurement modalities	Group marketing capacity (4 indicators)	Production and productivity response (6 indicators)	Impact on smallholders livelihoods (7 indicators)
Q2 – Comparing standard LP with P4P	Timeliness, efficiency and safety of P4P versus LRP (3 indicators)	Compare P4P versus LP market development impact (3 indicators)	Compare P4P versus LRP impact on smallholder welfare and livelihoods (7 indicators)

Note: Q1- Comparing various P4P procurement modalities: What procurement modalities/platforms and practices best support capacity building (of both smallholder farmers and farmers' organizations) and create an enabling environment for sustainable and profitable smallholder engagement in staple food markets?

Q2- Comparing standard LRP with P4P: How can WFP optimize its local procurement to achieve the dual objectives of maximizing benefits to smallholder farmers while providing safe food in a timely and efficient manner?

74. Our assessment of the P4P M&E framework of research questions and criteria is broadly positive - assessment criteria are coherent and specific, and should help responding to some important questions if they can be informed. The first evaluation question requires a careful analysis of the different P4P procurement modalities. The second is important because it compared the impact on the market and smallholders of P4P compared with the much larger quantities of food procured by standard local purchase – which is the counterfactual scenario for P4P. However, the M&E system is complex and overly so in terms of the data collection and analysis tools rolled out in all 21 P4P pilot countries (see section 2.2.4.). However, two dimensions of the M&E and learning system design should be questioned:

- The M&E framework is not explicitly trying to assess the global and country P4P design and relevance. Comparing the performance of P4P with standard local purchase is helpful to assess the relevance of P4P, but this question could also be assessed more directly through studying more carefully the underlying assumptions in each implementation context. This even more important given that P4P is a pilot project and that the design process has been accelerated. There is space for some indicators that are based upon processes, critical assumptions and risks with the project – as these feature so prominently in the rationale for P4P. An additional concern with the indicators is with the practicality of collecting the information for all of them.
- Smallholder welfare assessment criteria (Q1-A3 and Q2-A3) are very demanding in terms of data. But also, change overtime will be very difficult to measure and attribute to P4P, especially for indicators that may significantly change over the same period for many other reasons (such as income, food consumption score, asset and livelihood indexes).

The pilot nature of the project

75. P4P has been designed as a pilot project in several important respects. First, the diversity of the pilot countries chosen does allow WFP to explore implementation in very different contexts. Second, the 'menu' of activities and modalities in each pilot country is broad and this has established a conducive environment for comparative analysis. The relative autonomy of country offices has supported this potential to experiment and learn at the local level. Third, dedicating significant resources to M&E (some US\$5 million) demonstrates a clear commitment to research and development.

76. Militating against P4P operating as a pilot project are several factors. First is the decision to 'pilot' P4P in 21 countries (i.e. almost 30% of WFPs total offices). This decision spreads management time over three continents and six major funders and requires a high level of energy simply to manage the initiative (as opposed to learning from it). The balance between 'learning' and 'doing' would have been more conducive with fewer pilot countries. Second, and a related point, WFP has chosen to implement P4P in some complex environments (i.e. post-conflict with no procurement footprint, where government action in the grain markets is not conducive, etc.).

Whilst diversity does allow scope for comparative research, introducing too many variables into the initiative can actually become an obstacle to learning (because comparative research requires commonalities as well as differences between different pilot countries). Third, the time pressure on developing the BMGF proposal and implementing a US\$140 million project in 60 months also constrains the space for reflective learning and experimentation. Finally, the organisational culture of WFP, somewhat bureaucratic but actually rather pragmatic and task-orientated. This is positive in terms of 'getting things done' but is not entirely conducive to an iterative process of action research. The P4P unit, quite rightly, makes strenuous efforts to promote this culture of learning (as evidenced, for instance, by guidance notes stressing the importance of disseminating information about challenges as well as successes) but these interventions are necessary precisely because what P4P is trying to establish is somewhat counter-cultural for the host organisation.

The partnership strategy

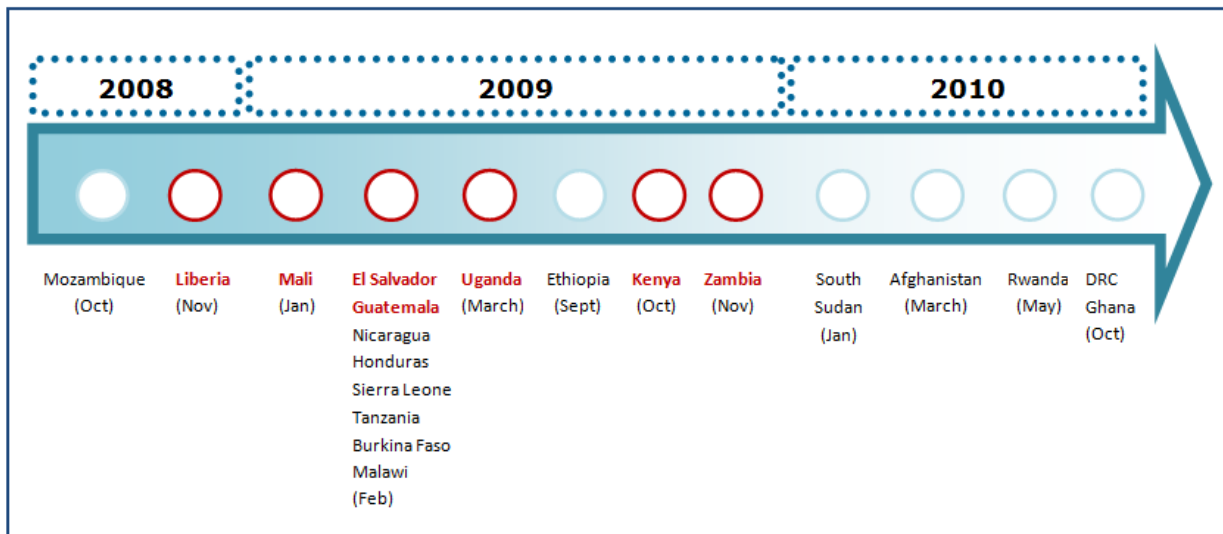
77. During the design process it was recognised that partnerships are at the heart of P4P and this is one of the three central planks of the initiative (the other two being learning and procurement). WFP brings its purchasing power to P4P, but the logic of the initiative is to convene the skills which WFP does not have internally, which are required to convert this demand platform into an impetus for smallholder development. This has also allowed P4P in some cases to partner with ongoing efforts.
78. Evidence at the country level suggests that, in some places, P4P is fostering simultaneous interventions at several levels: supply, credit, institutional capacity of farmers' organisations, policy environment, and to link farmers' groups with private or other public buyers. So the design of P4P certainly creates an environment where a rich diversity of partnerships can take place and these are proving to be a rich vein of learning. However, the less vibrant partnerships in other countries suggest that, whilst the design creates a conducive environment for partnerships, it did not – and probably could not – guarantee this outcome.

2.2. Performance and results

79. The sheer scale and diversity of activity from P4P in the 34 months since the project was launched in September 2008 has been impressive². Implementation is underway in 20 countries, each country having been subject to a Country Assessment Report and Country Implementation Plans. Implementation has yet to start in only one country, Laos.

² See WFP (2010) Purchase for Progress, our achievements

Figure 7: P4P implementation timetable



Note: countries in red are those visited during this evaluation

80. One of the notable achievements of the P4P is that contrasting models exist across the pilot countries, which give different emphasis to each of the P4P facets. In Central America, the emphasis on increasing food production and linking smallholders to corporate buyers does not eclipse the aim of supplying WFP’s food aid needs. Similarly, the emphasis on market development and food aid procurement through the commodity exchange in Zambia does not obviate the need to assess development impacts from the supply chain. So, the importance of recognising the different facets of P4P is important and the fact that different models have been rolled-out during the pilot is positive. To reinforce this point, we have organised the performance and results section around the four facets of P4P.

2.2.1. Food aid procurement

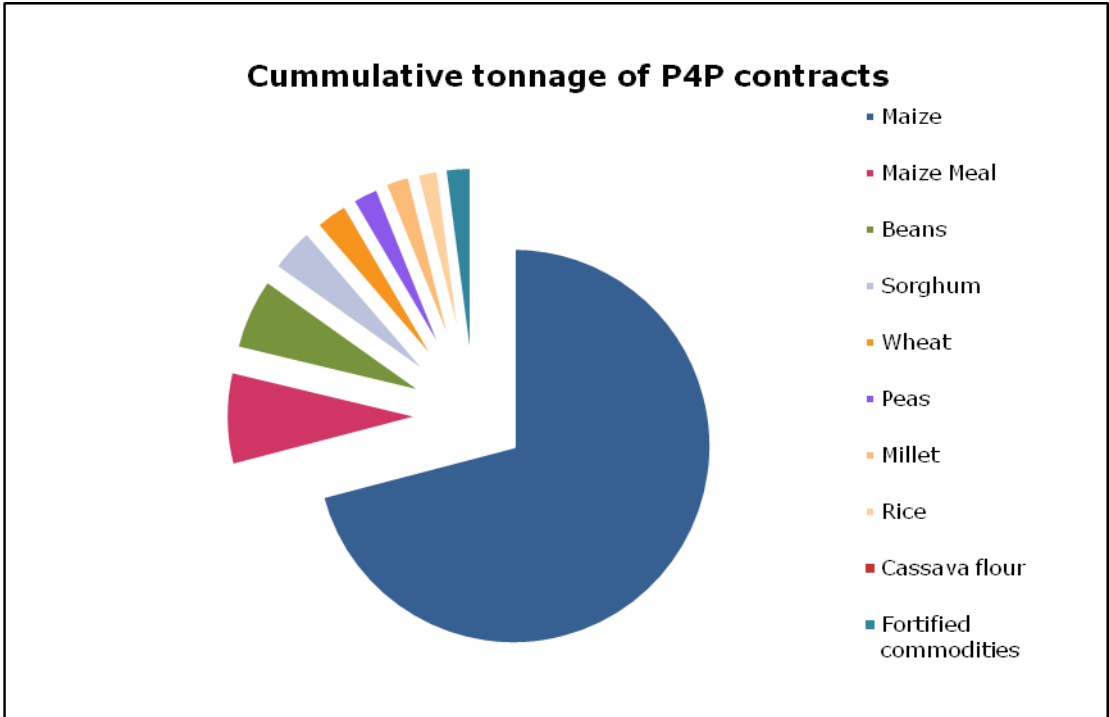


81. This section brings together all the different issues relating to P4P functioning as a food aid modality such as procurement volumes and the principles of cost-efficiency, timeliness, and reliability.

Tonnage purchased

- 82. By the end of March 2011, a total of 107,200 tonnes of P4P food had been delivered from farmers in some of the most vulnerable local economies in the world and a further 56,800 tonnes has been contracted. In some countries, P4P delivered little or no food last year (with totals for DRC, Sudan, Sierra Leone and Liberia being: 5 tonnes, 44 tonnes, 172 tonnes and 320 tonnes respectively). At the other end of the spectrum, there are five countries which account for 56% of the total P4P purchases contracted and each account for over 13,500 tonnes of P4P contracted – Zambia, Ethiopia, Malawi, Kenya and Uganda in descending order of scale of P4P purchases contracted since the start of the project.
- 83. Figure 7 below illustrates the dominance of cereals in the P4P commodity basket. 79% of purchases are maize or maize meal and most of the remainder are different cereals – sorghum, wheat, millet and rice. Pulses are the only significant non-cereal crop and P4P has contracted for purchase some 13,800 tonnes since the start of the project. Fortified commodities such as corn-soy blends (CSBs), and others comprise less than 1% of total P4P contracts to date.

Figure 8: What P4P has purchased (Sept 2008 –March 2011)



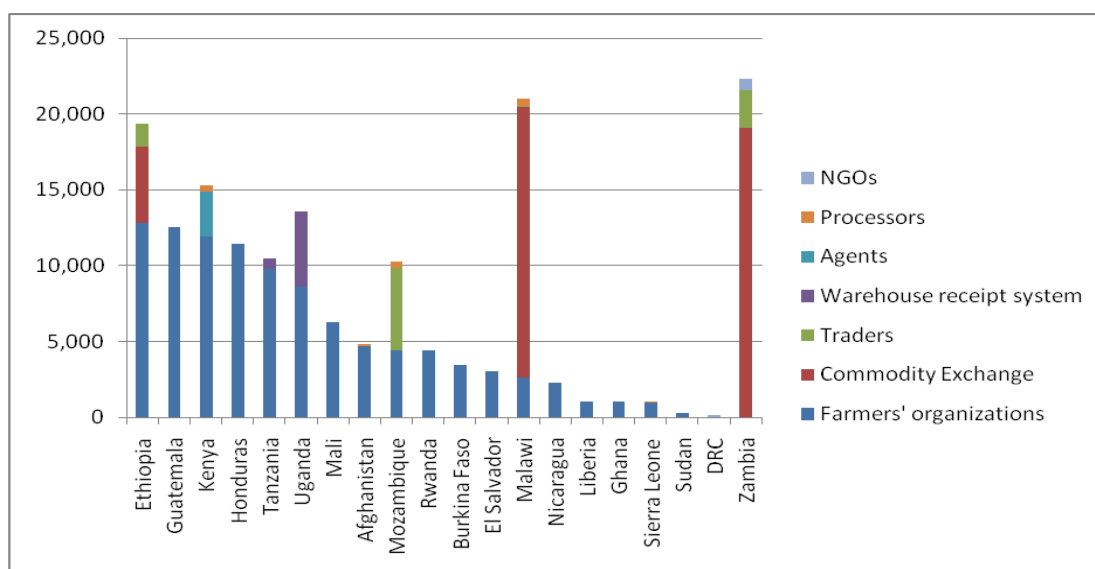
Source: data extracted from the Procurement Database on 4 May 2011 and cleared by ODPF

- 84. P4P food is purchased from different vendors using different modalities across the pilot countries. No food is bought directly from smallholder farmers – so the diversity is in the rich mix of intermediaries between smallholder farmers and WFP that are used by P4P. As illustrated in Figure 8 below, almost two-thirds (62%) of food contracted by P4P is from Farmers Organisations (FOs). This food is either bought through direct purchasing or, where FOs have sufficient capacity for tendering, through competitive tendering modalities. The country visits revealed striking

differences in the capacity of FOs – from those that were able to compete with local traders to others that were unable to provide any meaningful support to their membership.

85. Over one-quarter of the P4P tonnage contracted has been through new market institutions (primarily commodity exchanges in Zambia, Ethiopia and Malawi but also the warehouse receipts system in Uganda). These are all focused in East and southern Africa and there is a close association between the few countries which deliver the bulk of P4P tonnage and the pilot countries which are experimenting with these new competitive procurement modalities. Other than FOs and new market institutions, other intermediaries included traders, agents, processors and NGOs.

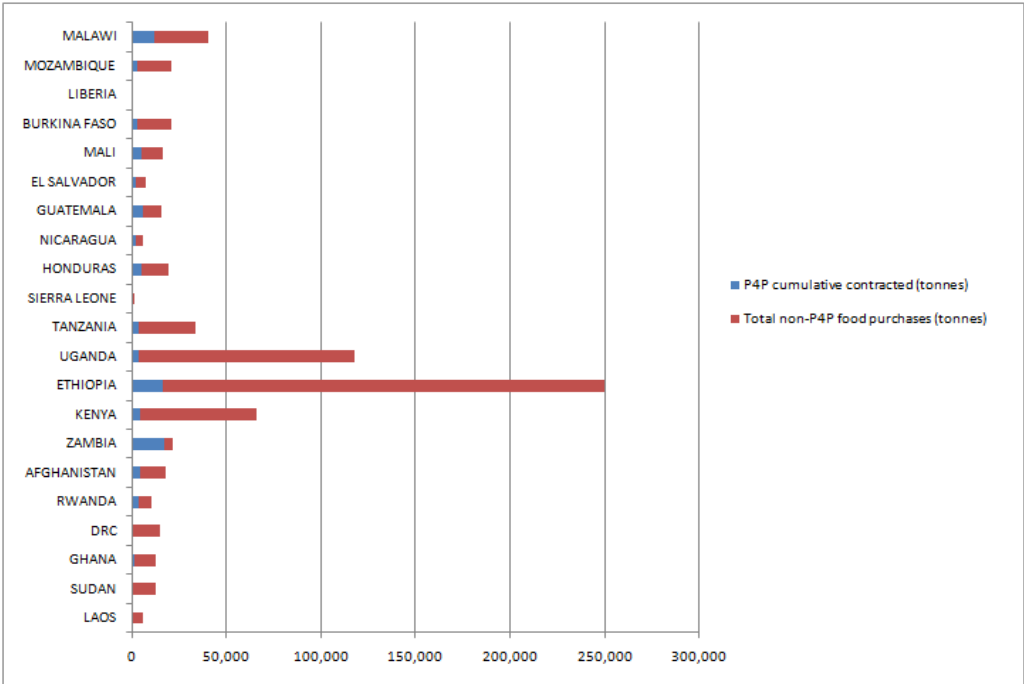
Figure 9: Cumulative P4P tonnage contracted by Vendor typology (Sept 2008–March 2011)



Source: data extracted from the Procurement Database on 4 May 2011 and cleared by ODPF

86. The tonnage procured through P4P modalities in the first year of implementation in 2009 was 9% of total food purchase in the pilot countries (marginally below the percentage target of 10% for the first year of the pilot project). In 2010, the tonnage contracted rose rapidly to 15% (or 111,000 tonnes) of total purchases across all pilot P4P countries. Even taking account of the fact that only 65% of the amount of food contracted from the start of the project to March 2011 was actually delivered – this still suggests that almost 10% of total supplies contracted in the pilot countries were delivered through P4P modalities. This suggests that actual performance is either at or very near the percentage tonnage target.

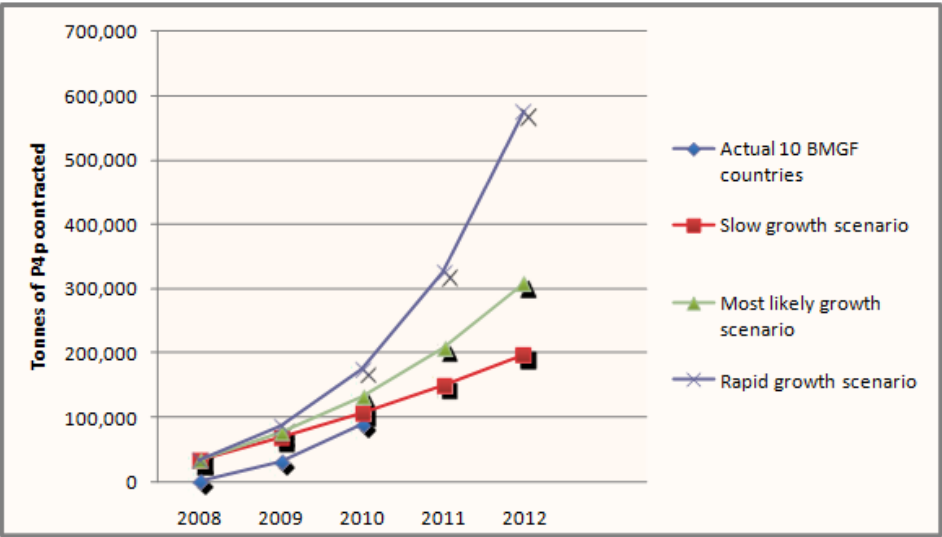
Figure 10: P4P purchases in 2010 as a proportion of total procurement (incl. int and local procurement) in P4P pilot countries



Source: data extracted from WINGSII 14 April 2011 by ODPF

87. The rate at which P4P is contracting absolute tonnage appears to somewhat below the ‘slow’ tonnage growth scenario in the BMGF proposal (and the rate of actual delivery even more so). This outcome can be attributed to a broad range of internal and external reasons (from the availability of un-earmarked funds for P4P food purchase to drought). Although these scenarios only relate to the 10 BMGF countries rather than all 20 P4P pilot countries, the ‘Gates countries’ still comprise about three-quarters of total food contracted by P4P in 2010. Our ‘best guess’ would be that, with the accelerating contracting of food under P4P, that the initiative is fairly likely to meet its tonnage target.

Figure 11: P4P tonnage contracted since 2008



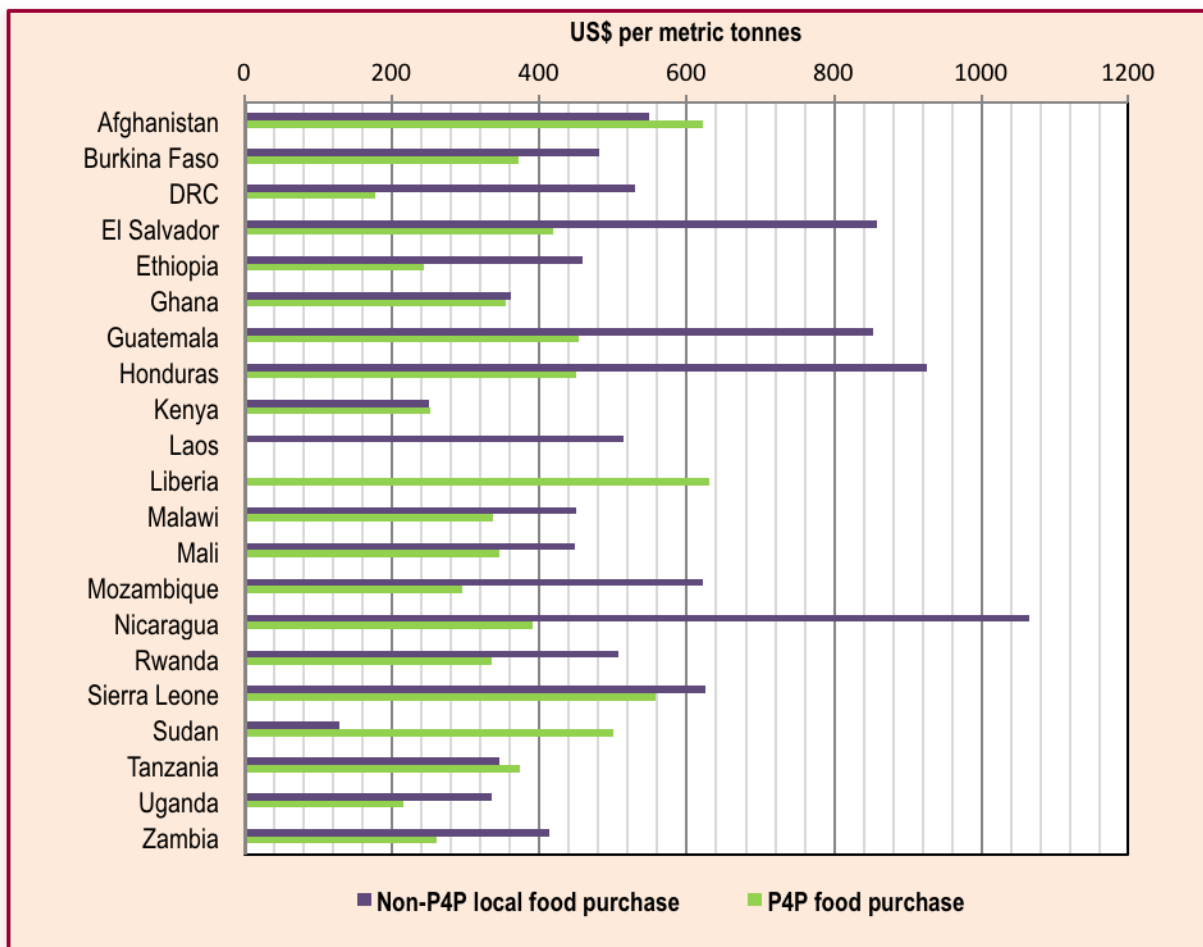
Source: Summary P4P Procurement Report Sept 2008 – 31st Dec 2010 (Jan 2011)

Cost efficiency

88. One of the non-negotiable principles of P4P is that all P4P purchases must comply with the WFP principle of cost efficiency³. This is important and correct from several different perspectives. Allowing a P4P 'premium' on prices would conflict with WFP's procurement mission of cost efficiency (based on the not unreasonable position that, if WFP inflates prices for P4P purchases, there will be less food available for the food insecure from the WFP food budget). In addition to this, there are compelling conceptual reasons for not offering inflated prices for the output of P4P smallholders. Paying inflated prices for P4P could put upward pressure on food prices locally (damaging the livelihoods of all net buyers of food) and would undermine the sustainability of the project (when P4P ends and farmers have to sell their output on mainstream markets).
89. The issue of cost efficiency is narrowly-defined by WFP as P4P costs being below Import Parity Prices (IPP, or the cost of importing the food from outside) and not above local market prices. A country office can only buy locally or regionally if prices are less than the cost of bringing in food from outside. Frequently, this price ceiling on what WFP can pay for P4P food (which is determined by overseas production costs and transportation costs as well as local production costs) is challenged by farmers who may not see this externally determined price ceiling as reflecting a 'fair' price in the domestic market. This is particularly the case in P4P countries located on the coast, where the costs of importing grain are low (and a low IPP means a low ceiling on the P4P 'fair' price). This contrasts with the situation with inland countries in regions with poor roads and problematic border crossings – where imported grain requires expensive ground haulage. In this latter case, P4P producers can benefit from the higher cost of importing grain with higher P4P prices.
90. P4P demonstrate their adherence to this principle of cost efficiency with a standard analysis in the consolidated P4P procurement report. This not only suggests that P4P purchases are highly competitive with non-P4P purchases from a food aid procurement perspective, but that P4P purchase prices are significantly lower. In the most recent report, it was calculated that purchasing the 104,645 tonnes of food contracted under P4P during 2010 would save WFP US\$169 per tonne – a saving of 33%.

³ May 2011 Issue 32 P4P Update

Figure 12: Official comparison of P4P and non-P4P procurement costs

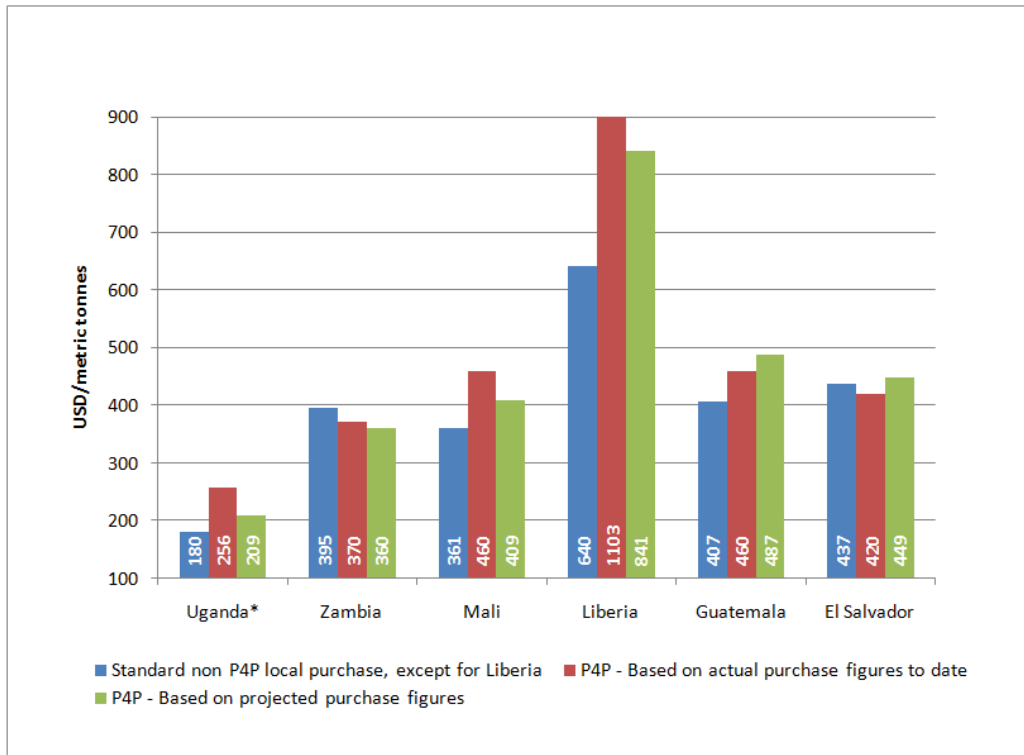


Source: Summary Procurement report, January 2010, update April 2011.

91. However, this analysis is misleading and obscures the important learning from P4P that, under some modalities, P4P is not cost-efficient. To demonstrate this, an analysis was undertaken for the seven countries visited by the evaluation team. This suggests that the:

- non-P4P prices are exaggeratedly high in Figure 11 above (because they include more expensive commodities);
- P4P costs in Figure 11 are artificially low (because they exclude logistics costs, procurement costs and supply-side investment); and
- The impression of P4P cost efficiency in Figure 11 is not robust.

Figure 13: Grain purchase cost comparison between P4P and non-P4P



Source: Country Procurement Logs by April 2011, P4P and AMS (Uganda) expenditure report by April 2011.

Notes: Food prices are not calculated as average values over the whole period, but only refer to purchases for which comparisons were possible between Standard non-P4P and P4P (similar timing and similar destination for delivery). Uganda, Kenya, Guatemala, El Salvador: maize. Mali: millet and sorghum. Non-P4P purchases - all DDU. Uganda, Mali - Mix of FCA and DDU for P4P purchases. Kenya - FCA. Guatemala and El Salvador - DDU. **Personnel:** After discussions with CO managers, it is assumed that 25% of P4P staff costs is related to buying food from smallholders, and the rest is assumed as one-off costs of running a pilot project and not included in above figures. **Supplies:** 10% of these costs are assumed to be directly proportional to purchases (bagging, transport for quality control...), and the rest is amortised over a 10 years period. **Costs for trainings, equipments** are amortised over a 10 years period. The economic life of **infrastructure** investments is assumed to be amortised over 20 years. **Consultancies and contracted services:** assumed as one off costs and not accounted for in above figures.

Important: Any extra logistic costs than may be covered by non P4P budget would have to be added on top of these figures (in Liberia, for instance, the non-P4P logistics costs are similar to the entire P4P budget). **For Uganda,** we assumed expenditure expenses not to exceed the current pace. However if infrastructure expenses were to follow the initial AMS strategic plans, and based on projected P4P purchased figures by 2014, infrastructure costs would add an extra 66\$ to each ton of maize. We have not accounted for all these costs, as AMS infrastructures would then clearly not only serve P4P purpose but hopefully a much wider market. **For Liberia,** P4P prices are compared with IPP prices (dark blue) because no rice has been purchased through regular LRP in the country so far.

92. This attempt to compare the full costs of P4P is crude because the evaluation team did not have access to the cost information required to make a more robust estimate. It does, however, show how full costs can be calculated by those who have the data. Even though we have been highly cautious in our assessment of the costs of P4P, this analysis shows that the full costs of P4P are generally very much higher than the costs of buying grain from commercial traders (27% in Mali, 42% in Uganda and 72% in Liberia) and marginally lower in El Salvador and Zambia. In this analysis, we have attempted to identify the on-going running costs of operating P4P (i.e. investment costs are spread over time periods of up to 20 years to estimate costs of maintaining the asset). It would be a very positive development if the P4P Coordination Unit undertook a review of this analysis, on the basis of full information about the financial and other costs of buying grain in different ways, to validate (or challenge) these findings.

93. The brown and green P4P costs are based on different timescales. The brown bar represents actual P4P costs and actual P4P procurement to date. The green bar suggests only slightly lower costs based upon budgeted costs and budgeted procurement volumes over the five-year project period. This suggests that, by the spreading out of non-variable costs over long time periods, the finding that P4P is generally higher cost than non-P4P reflects on-going cost drivers (rather than the fact that the project is only at mid-term). This finding raises several key challenges.
94. There are indications of very different cost profiles with different modalities of P4P. In short, there appears to be an intuitively plausible relationship between the extent of supply side support required by smallholders and the full cost of the grain purchased (so that progressively stronger farmers, requiring less support to get grain to WFP, produce more cost effective grain). For instance, P4P appears to be:
- cost efficient in Zambia (where large volumes of food are procured through the commodity exchange without P4P having to carry significant supply-side costs);
 - only slightly cost inefficient in countries like Mali and Guatemala where, although grain is procured from farmers organisations, much of this follows a competitive tendering process (in which case FOs are acting like an emerging proto-trader intermediaries in the value chain); and
 - more inefficient where WFP is having to engage and support farmers with infrastructure and other soft investments in particularly challenging (i.e. post-conflict) environments.

Reliability

95. Table 4 below summarizes findings of reliability of P4P as a food supply mechanism for P4P. Although only a partial picture of P4P is available, it is clear that P4P is less reliable than standard local purchase to date. This is not surprising given that P4P is quite deliberately targeting low-income smallholders in some of the poorest countries. In some senses, the fact that P4P suppliers have generally met the contract specifications, is a significant achievement.

Table 4: Reliability of food purchases

	Uganda	Kenya	Mali	Liberia	Guatemala	El Salvador
Standard LRP default rate (%)	-	2%	0%	-	1%	-
P4P default rate (%)	29%	13%	27%	26%	36%	0%
Season 1			34%		15%	
Season 2			14%		34%	
Season 3					48%	
Standard LRP delivery delay (#days)	-	20	-11	-	17	-
P4P delivery delay (#days)	-	30	24	273	7	39
Season 1		17	16			
Season 2		40	30			

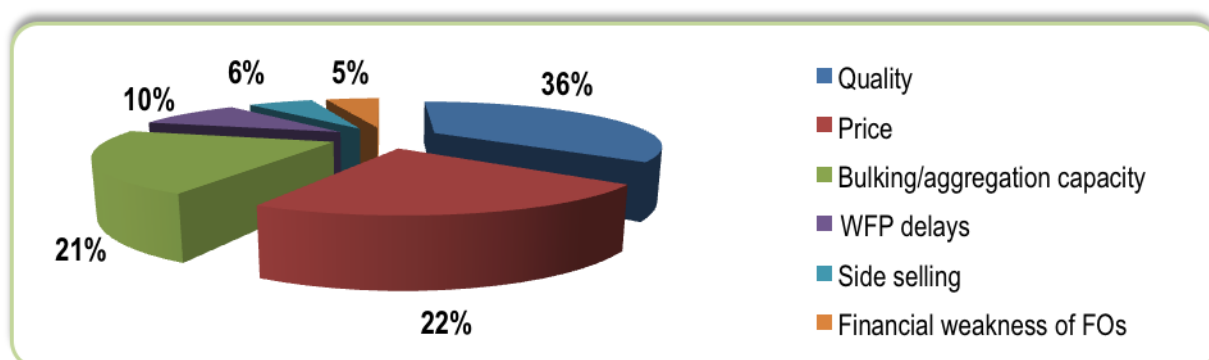
Source: WFP country procurement log data.

96. Delays are a particularly significant problem in Liberia, due mainly to the use of unrealistic delivery dates in contracts. More worrying, is the fact that P4P delays have increased over time in countries such as Mali and Kenya. In Mali, the main reason why deliveries have been delayed in Season 2 is that delivery dates for forward contracts have been set early in the season to respect commitments to the donor funding the food purchases (United States Department of Agriculture, USDA). The failure to meet delivery dates that were never realistic is a systemic issue for P4P. This behaviour allows donors to commit funds on their own timetables and also allows CO staff to increase their contracted tonnage figures for P4P – neither of which relate to a realistic assessment of when FOs can deliver grain.
97. Defaults are more problematic and costly than delays. The P4P procurement report records an overall figure of 14% defaults against the quantity contracted since the beginning of the project. This rises to a default rate of 24% for the quantity of P4P purchases delivered (which is the more reliable statistic because it is obviously not possible to default on an order which has been contracted but not delivered). Farmers often justify defaults by citing their perception of WFP's inefficiencies. Farmers in Uganda regard late payment as the principle problem of dealing with WFP and consider it as the primary cause of side selling and defaults.
98. The visited countries all suffer from a relatively high default rates except El Salvador and Zambia (data not shown). Defaults are high for maize and even higher for beans, exposed to critical post harvest issues. Under P4P WRS and traders have high default rates compared with more traditional P4P modalities. Why this should be the case when standard LRP default rates are very low (see Table 4 above) and a properly run WRS should eliminate defaults is not clear. There are few longitudinal observations of defaults available, but two contrasting trends can be observed: Mali where default rates significantly dropped from year 1 to year 2, and Guatemala where they progressively increased from season 1 to 3 (in part as a result of heavy rains during the recent harvest).
- In Mali, two factors explain this progress: FOs had a better understanding of the P4P process in the second year, and also, forward contracts were issued at planting time, allowing farmers to adjust their farming decision according to WFP market opportunities. However, Malian farmers complained about too early delivery dates for forward contracts – causing farmers either to be unable to bulk as much as originally planned or having to pay for higher transport costs.
 - In Guatemala, important recent defaults were related to the failure of output to meet quality standards. Local traders have also tried to out-compete WFP. A more competitive market is the desired effect and is good for farmers, but also raises the costs of P4P.
99. The P4P procurement report lists a number of critical factors that explain high defaults. These factors were largely corroborated by the MTE field visits. The two main factors are the quality of output and the price that WFP offers for food (which combines the 'price' and 'side-selling' factors in Figure 13 below). The remaining defaults are accounted for either by the weakness of the FO in bulking farmers' output or by WFP in collection delays. The diagnostic of the problem is good, but it is not clear how WFP has learnt from this diagnosis. Although it is realized that P4P is in a pilot phase, the significance of side selling strongly suggests that one of the main meta assumptions of P4P (namely, that smallholders do not have access to commercial grain markets on 'fair' terms) should be questioned. The number of defaults created by the inability of FOs to aggregate the

outputs of their members - a fairly basic function for a collective structure - should also question the application of unrealistic assumptions to the services which FOs can provide to their membership.

100. The indications from the analysis in section 2.2.2 are that the net income effect of P4P is rather muted at farmer level and is further undermined by the difficulties WFP has in being an accessible and attractive buyer to smallholders. This is why price, WFP delays and side selling are such a prominent cause of defaults from an initiative that is intended to benefit farmers. From a WFP perspective, important and significant incremental changes have been made to procurement policy and practice in order to make WFP more smallholder-friendly. From a smallholder farmer perspective, the starting point in any discussion about payment terms is naturally the terms offered by the commercial market (cash on uplift without convoluted debate about grain quality). Instead of this, farmers face protracted price negotiation, late payment, remote quality control and payment through farmers' groups which have yet to gain the trust of their members. These are the 'costs of doing business' with WFP through the P4P initiative.

Figure 14: Main default reasons in terms of overall tonnage defaulted



Source: WFP (2011) consolidated P4P procurement report

101. Evidence from the analysis of defaults indicates that P4P has not compromised the food safety of the users of food aid – as over one-third of all defaults are caused by a failure to meet quality goals.

Conclusion

102. In summary:

- The suitability of P4P as a food aid procurement modality varies in different pilot countries. In some, the full cost of P4P appears to be similar to alternative modalities and the rate of defaults is improving quite rapidly.
- However, in others a full costing of P4P indicates that it is more expensive than other sources of food and, therefore, less cost efficient. The data seems to suggest that P4P costs are particularly high where the initiative is working directly and intensively with relatively weak FOs.

- The rate of defaults is high, principally because WFP is policing the quality of P4P outputs responsibly, and also because farmers do not find the P4P prices particularly attractive. However, as P4P comprises a small share of total food procurement, there is no evidence that defaults have caused a breakdown in food supply to WFP's end beneficiaries.

2.2.2. Results on smallholder development



103. The findings in this section of the evaluation are necessarily more tentative than others. This is because the initiative is still in its infancy in terms of outcomes for farmers. In addition, there are some important gaps in the information which is available that would allow us to assess progress with smallholder development.

Farmer numbers

104. There are several different categories of beneficiary from the P4P project. Large numbers of smallholder farmers are members of FOs that P4P may support or enter supply contract – which may indirectly benefit the membership. More directly, large numbers of farmers will receive support (training, extension advice, access to inputs) as a result of the P4P initiative (whether the support is delivered by WFP or a partner organisation). However, the project documentation is commendably clear that P4P beneficiaries are defined by the number of farmers successfully selling food to P4P.

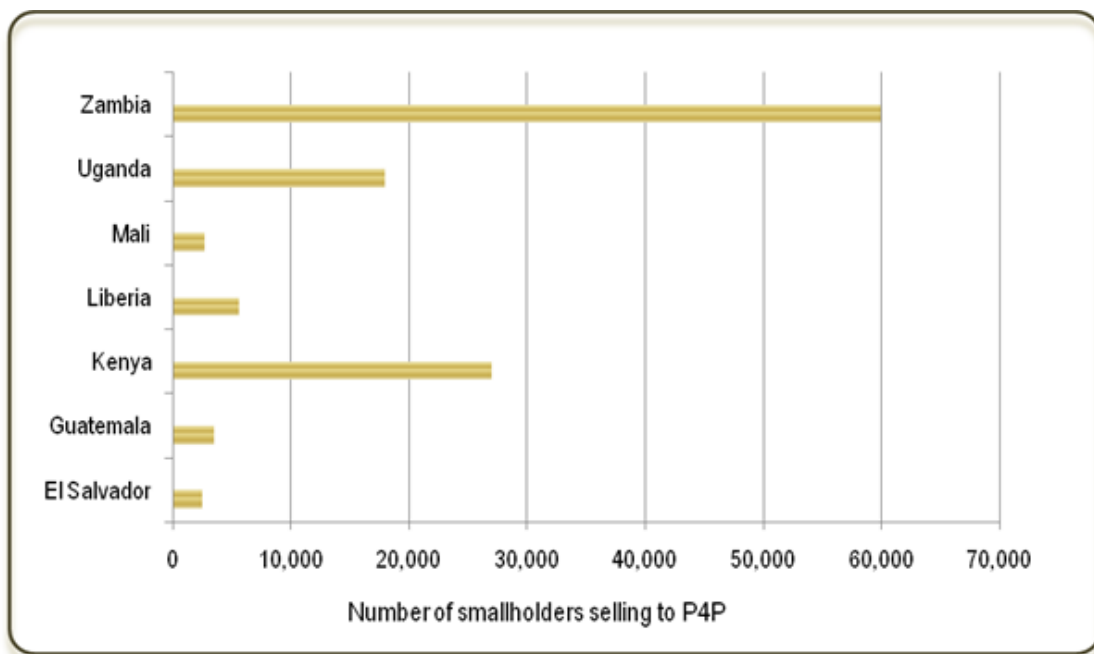
105. Notwithstanding the clear aggregate target and definition of beneficiaries, monitoring the performance of the P4P pilot countries against this definition is difficult. First, allocating shares of the 500,000 beneficiary farmer target to individual countries is challenging because the targets in project documentation have a range of different timescales. For example, the target number of beneficiaries in the seven P4P countries we visited relate to project periods of 1 year (El Salvador and Guatemala), 2 years (Liberia) and 5 years (the remaining countries). These project periods are determined by the funding cycles of donors. Second, the ability to clearly identify and count P4P beneficiary farmers reduces when intermediaries are placed between P4P and the farmers – but it is these intermediaries who allow P4P to reach out to a much broader range of farmers.

106. This is because the easiest P4P modality to identify and count project beneficiaries – a direct contract with a specific farmers' organisation – generally involves a large amount of support to a small number of farmers. In this case it is relatively easy to identify the number of smallholders selling to P4P, but the number is inevitably limited. At the other end of the spectrum, the ZAMACE commodity exchange in Zambia is a marketing outlet that is open to all and does not discriminate between suppliers by location, type or scale of production. As a consequence of this, countries which are using P4P to pilot new market institutions – such as commodity exchanges or warehouse receipt systems – are likely to engage with much larger numbers of farmers (and carry the higher target figures that could make the P4P targets achievable) but with limited traceability

in the supply chain constraining the ability to quantify this impact smallholder farmers. As the Zambia programme profile states 'targets are not realistic because the market-based approach does not target individual farmers'. Even for countries where there is a very direct linkage between the P4P programme and individual farmers, it is not always easy to identify robust smallholder farmer numbers as illustrated by the Liberia example.

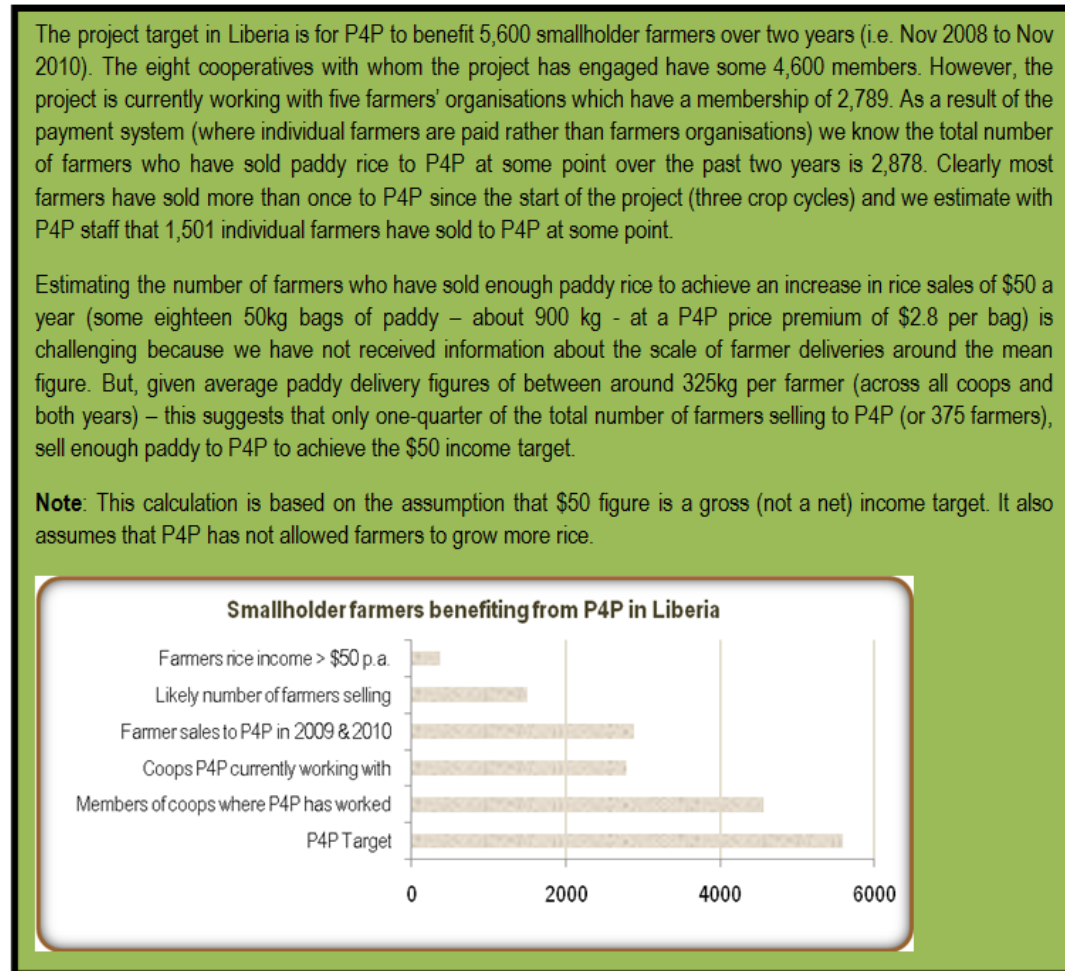
107. Data at this level of granularity is available in some P4P pilot countries and could be accessed relatively easily in most of the others (except countries using commodity exchanges or WRS where a survey would be needed to understand the supply chain). This data is really important because it allows the project to compare the costs and benefits per farmer using the different P4P modalities.

Figure 15: Allocation of target smallholder numbers in selected P4P countries



Source: WFP Country Implementation Plans.

Figure 16: Measuring P4P farmer numbers in Liberia



Source: P4P Liberia procurement information

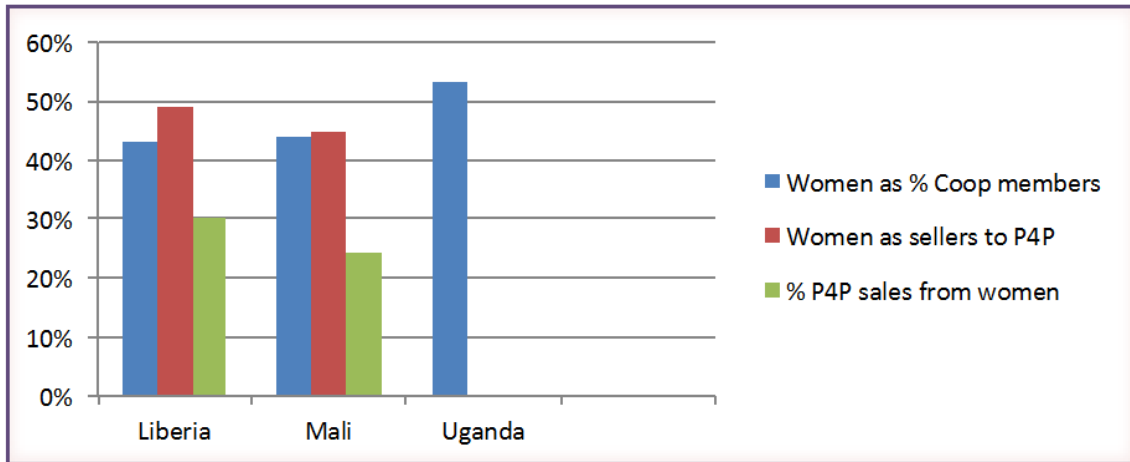
Farmer characteristics

108. The evidence suggests that P4P has been successful at encouraging women's participation on cooperatives and, beyond this, selling grain. P4P cite as an achievement the fact that an average of 30% female representation in farmers' organisations has been achieved, with over 50% in Burkina Faso, Kenya, Sierra Leone and Uganda. P4P has invested much effort in making FOs more accountable to their membership – so, at least implicitly, have recognised that membership is not synonymous with participation. However, this has not necessarily resulted in women having a strategic voice in the organisation. Many old-style FOs may have 'gamed' P4P – by including women in their management cadre without making significant changes to management authority – in order to facilitate access to financial support. Notwithstanding this, we did hear some positive feedback from field-level investigations. In El Salvador, for instance, women were grateful to P4P for helping them realize their potential within their organizations, and contributed to a raising of their self esteem.

109. The share of tonnage, which results in a woman receiving payment (which many would regard as the most important measure of gender equity), is significantly lower than the participation rates. On the basis of evidence from West Africa, this appears to reflect the fact that large numbers of women farmers are selling relatively small amounts of food to P4P. Given that P4P is working with

traditionally patriarchal farmer organisations to purchase mainly ‘male’ crops – these rates of women’s benefit are a notable achievement.

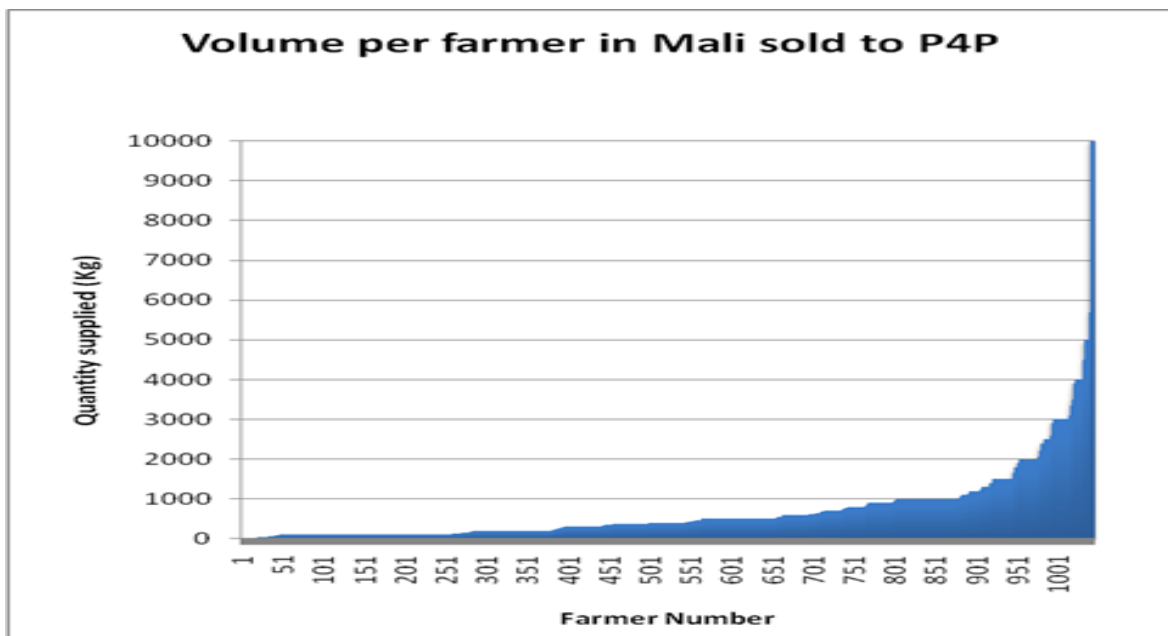
Figure 17: Different levels of participation by women in P4P



Sources: WFP country level procurement data. Information on number of women sellers or % sales from women is not available for Uganda.

110. There is some emerging evidence that the bulk of P4P sales are being captured by a small number of more productive farmers. For instance, evidence from Mali suggests that about half of the grain sold is sourced from about the largest 10% of farmers (see Figure 17 below). Referring back to the section on context, this trend is probably inevitable and may herald the very positive emergence of a capitalist smallholding class in African agriculture. This is an important finding emerging from P4P and should be vigorously communicated to donors and other parties.

Figure 18: Who is supplying grain to P4P in Mali?



Source: M&E data form WFP Mali office.

111. In Liberia there appears to be a process of concentration of farmers with each successive crop cycle (i.e. fewer farmers delivering more rice). This evidence is obviously sketchy but it should not be surprising. Any process of private sector development will tend to result in the upper quintile of participants gaining disproportionately because these will be the group with the assets and social and human capital to respond most quickly to a process of development. These are the households most able to 'move up' in rural social structures (as discussed in the context section). Before criticising P4P for reinforcing inequality in the countryside, it is worth noting that previous green revolutions have tended to exhibit this pattern. It should also be noted that most of households in the upper quartile will still be poor by the international US\$1.25 per person per day (they are just less poor than their neighbours). The pursuit of equality should not become an obstacle to the urgent need for a class of entrepreneurial farmers in Africa in particular.
112. Many of the farmers in the left-hand tail of the distribution curve from Mali are not really surplus producing farmers, but rather farmers who sell a small amount of grain to P4P after harvest (because the household needs cash) and then purchase grain from the mainstream market later. The danger that P4P could face if it sought to purchase grain from the poorest of the poor is partly that it would be difficult to collect enough food from beneficiaries with this profile. In addition, it becomes increasingly questionable whether WFP *should* be seeking to extract a surplus from households which are often buying staples for three or more months per year.

Farmer income

113. The evidence collected by the evaluation team on the average effects of P4P on farmer incomes is patchy and anecdotal and, even if it was comprehensive, can be criticised for being preliminary – appearing after just two cropping cycles in most P4P countries.
114. Demonstrating that P4P is having a positive impact on the target smallholders should be easy but in reality it is not. This is because, paradoxically for a project whose goal is to increase farmers' incomes, P4P does not have available information about the farm-gate prices paid for local procurement in all countries. Second, in most P4P countries, only indirect information about farm-gate prices paid for P4P grain is available (because farmers organisations are paid by WFP and take a margin before paying farmers). These are the two most important pieces of information that should be collected by the project because, without them, it is not possible to demonstrate impact. Providing this information will, and should, raise issues about the value for money and impact of different P4P modalities.
115. However, the evidence from Mali, Liberia and Kenya suggests that the additional net income from P4P for a farmer with average sales to WFP is around US\$20 per household. This figure could be increased nearer to the target of US\$50 per household per year if yields doubled and there was not a corresponding increase in input costs. The evidence presented (see Box 2 below) illustrates the marginal nature of the farming operations which P4P is supporting.

Box 2: Estimated preliminary farmer net income effects from P4P

Mali	<p>A median WFP supplier of millet or sorghum in Mali supplies about 400 kg per household per year. The P4P premium over conventional markets does range from 4–10 US cents per Kg depending upon the type of organisation which the farmer is located (i.e. small FO, Union of Faso Jigi). The most typical premium is that for farmers in a Union, which amounts to about US\$44 per tonne. This implies, in the absence of any increase in output per farmer, that the farmer, who has a median output of 400 kg millet or sorghum and has additional input prices subsidised, will have a household gain of US\$18–22 per year. Only the largest 25% of WFP suppliers (with sales of about 900 kg millet or sorghum per year) would have any chance of realising the \$50 net income target.</p>
Kenya	<p>There is a potential premium of US\$20 per tonne from P4P (i.e. above regular market prices) which will be eroded somewhat by the costs carried by farmers for aggregation and improving the quality of their output. Our assessment is of a net income gain of US\$24 per household per year.</p>
Liberia	<p>Some 2,883 farmer sales of paddy rice have amounted to 936 tonnes of total sales since 2009. This suggests median sales of 325 kg per farmer. Interviews with farmers revealed that the price premium of P4P was US\$2.80 per 50 kg bag (the difference between the P4P price of US\$17 per bag and the market price of US\$14.20) or US\$56 premium per tonne. This implies a maximum net income gain per farmer of US\$18 per year – provided no additional funds were spent on inputs.</p>

116. The benefit to farmers is limited to the P4P premium on prices paid (including any quality premium), any increase in productivity at farm level and the extent to which the farmer association has gained the capacity to be a marketing channel for smallholders. The evidence suggests that the price premium paid by P4P is rather modest compared with regular market prices available to smallholders (less than 10%) which is small because of the very modest typical sales and is eroded as a result of FOs value addition and the costs imposed on farmers as a result of WFPs inability to match the payment terms of commercial traders (cash paid on uplift with limited concern with quality issues).

117. The most significant unintended negative impact of P4P is the evidence of raised expectations amongst frustrated potential smallholders and also farmers within the project who face real hardship engaging with a buyer whose payment terms impose significant costs on farmers. In Uganda, farmers complain about the heavy registration process to become a WFP supplier. This has resulted in only a very small percentage of registered groups becoming suppliers to date. WFP have a rigorous registration process in order to assess whether the FOs are serious potentially suppliers, the fact that so many organizations stumble at this hurdle highlights the low capacity of many FOs. However, quite reasonably, farmers compare WFP payment terms with those of their alternative marketing channel - private traders. Traders usually pay cash on uplift and, to the

extent quality is assessed, this will be done on-site prior to the transaction. Quick cash payment for crops is critical for farmers because for many it is the main source of financial livelihood in year – so loans and major items of expenditure are tied to crop sales. There are, of course, instances where this comment does not apply. In El Salvador women farmers have an almost universally positive experience of working with WFP and in Mali and Liberia, the achievements of WFP bringing payment terms down from 30 days to less than two weeks resonate with farmers.

118. The price of slow payment to farmers, particularly for the end of year crop, is that school fees cannot be paid (so children drop out of school or their parents face the money lenders); debts cannot be paid on time and parents are socially embarrassed by being unable to meet the expense of the seasonal celebrations in Christian countries. Farmers selling crops to WFP complain of protracted price negotiation, late payment, payment through farmers groups rather than direct to farmers, the risk of rejection for quality control reasons after uplift. WFP has been quite successful at bringing payment periods down towards 30 days. This is an improvement - but the benchmark for farmers is cash on uplift. This explains why farmers with a P4P contract at 'fair' prices will often accept a slightly lower farm-gate price from commercial trader with cash in hand.
119. Given that most smallholders have variable but generally rather good access to grain markets, as producers, consumers and often traders and that the P4P price premium is not particularly significant (particularly when the costs of doing business with WFP are considered), it is likely that productivity enhancement would have the most significant impact on smallholder incomes.
120. Raising the productivity of farmers in some of the most vulnerable local economies on earth will not be a quick result. However, there are some very preliminary indications from Kenya and West Africa that productivity is being enhanced. In Mali this appears to be a result of access to credit and inputs that has resulted from forward contracts. The leveraging of commercial credit against warehouse receipts in Uganda has simultaneously allowed farmers to access cash that is needed for agricultural inputs and school fees directly after the harvest, without having to sell their produce when prices are at their lowest.

Capacity development

121. The P4P design does not envisage direct contracts being a permanent state – but rather an interim step towards farmers' associations competitively tendering for work. This 'graduation' is vital to ensure the sustainability of benefits to farmers and there are several examples where FOs are strengthening their capacity to first operate as service-provider organisations to farmers and then make the transition to becoming market actors within the marketing chain. P4P has a strategy to 'progress' relatively low capacity FOs, through training and capacity building, to the status of 'mature FOs' that regularly participate in competitive tendering, in trading systems such as commodity exchanges and warehouse receipt systems, sell further down the chain and have alternative buyers. Strengthening FOs is, therefore, a central element of the market development goal of P4P and, how this is implemented, has an important impact on women farmers.
122. The P4P strategy of working with FOs, many of which are 'old-style' cooperatives, in order to transform them is already generating limited signs of success – mainly in terms of improved formal governance (i.e. elections and a change of personnel in the management Board). This is unexpected in the sense that conventional wisdom suggests that instituting organisational change

in a farmers' organisation is a task that should be approached with a ten-year time horizon – and P4P is already showing some results after two years.

123. In conclusion:

- It appears unlikely that the farmer number targets will be met by P4P. This is partly because directly engaging with farmers is resource-intensive and also that there are difficulties identifying the beneficiary farmers when working through new market institutions;
- P4P appears to be successfully identifying surplus producing smallholder farmers and, given the dominance of 'male' crops in the procurement basket, has done well to have achieved the level of sales from women farmers;
- The gross income gains, which farmers are making from P4P in Africa, appear to be about half the US\$50 target level. This is because the P4P price premium over regular market prices is modest and average farm sales are very low;
- The analysis in 2.2.1 suggests that almost all of the additional cost of P4P is absorbed by the costs of WFP running the project rather than by farmers getting higher prices for grain at the farm gate. This is legitimate if these expenses are making one-off investments which will benefit FOs. However, if the additional costs are being used to finance operational inefficiency, this raises important value-for-money and sustainability issues. Working directly with farmers is expensive on a per farmer basis and the scale of the return will often be disproportionate to the costs of achieving them.

2.2.3. Results on market development

Design of farmer support



124. In agricultural development circles there is an active debate raging about the extent to which market development principles are appropriate to kick-start smallholder production in Africa. Conceptually, many Western donors are hostile to the notion that private goods (like seeds and fertiliser) should be provided on a concessionary basis to low-income smallholders. However, the empirical success of initiatives – like the Malawi fertiliser scheme⁴, where vouchers were distributed to smallholders with which to purchase subsidised fertiliser – in boosting agricultural output, has caused many to question their uncritical acceptance of the so-called post-Washington consensus.

125. The P4P project is piloting a range of different models for delivering support to smallholder farmers. These differ depending upon the nature of the partnership which is delivering the

⁴ Wiggins, S (2010) *Policy for marginal farmers with few assets* Policy Instrument Note #4 – A Train4Dev/OECD POVNET DAC Joint Learning Event promoting Pro-Poor Growth

service. For instance the Food and Agriculture Organisation (FAO) in partnership with P4P is providing training utilizing a Farmer Field School Approach. This has resulted in rather patchy delivery of inputs to farmers and clearly provides a strong disincentive for commercial input suppliers developing the market – but it has certainly delivered inputs to farmers who might have faced affordability problems with purchasing from the market⁵. By contrast, some commercial banks (both formally part of the P4P initiative and outside it) have started offering credit to farmers and FOs against the security of forward contracts with WFP or warehouse receipts. This could create an effective demand for agricultural inputs to which the market may respond.

126. P4P has a golden opportunity to monitor the impact, effectiveness and sustainability of these different models – which it is piloting anyway - for supporting smallholders. This information would be extremely useful for practitioners designing interventions in the smallholder sector.

Choice of modality

127. Moving away from direct procurement toward more market-based local procurement modalities such as new market institutions (commodity exchanges or warehouse receipt systems) or traders makes it more difficult for P4P (in most places) to identify and exclude farmers who are not from the target group and to directly control the price for staples received by farmers. However, this tends to be a much less costly (as shown in section 2.2.1 and more sustainable way of buying grain for P4P because it introduces resources and institutions which incentivise the existing market actors to source locally, rather than having to develop a new supply chain.

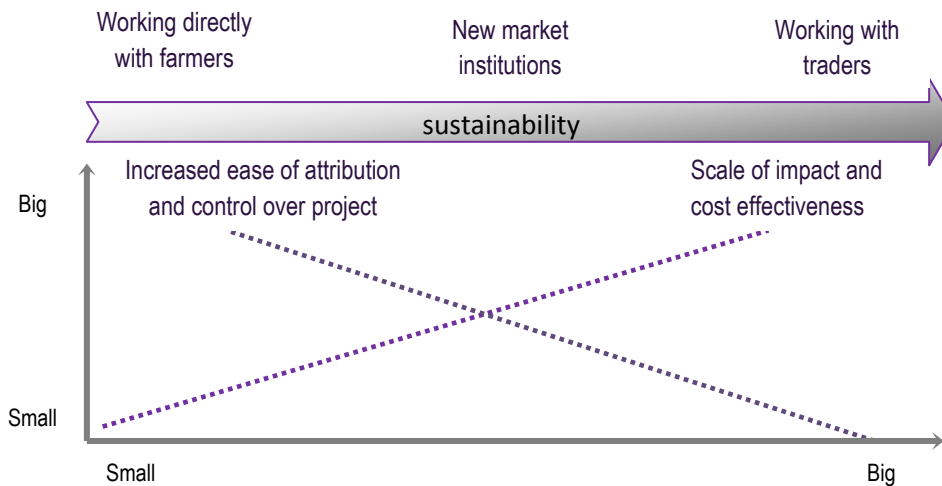
128. Using WFP procurement to leverage a change in the market through local traders, CE or WRS modalities can impact on large numbers of farmers usually on a more sustainable basis but with benefits over and above the mainstream market which may be less traceable, attributable and less obvious. Informing this debate from the experience of P4P is not a sign of weakness for P4P; it is a potentially great service that P4P could provide to the rural development sector.

129. Figure 18 below suggests there may be a trade-off in objectives between scale of impact (tonnage and number of farmers) targets and the:

- sustainability with the heavily-subsidised direct engagement with the farmers tending to be least sustainable and more market-based solutions being more sustainable;
- unit cost of operating different modalities (continuum from forward contract with farmers association as most expensive to commodity exchange as most efficient);
- effectiveness with which the poorest smallholders can be targeted and project impacts attributed; and
- Reliability of supply.

⁵ See discussion on market development in section 1.2 and Donor Committee for Enterprise Development (2011) *Why have standards for measuring results?*

Figure 19: Scaling up P4P, trade-offs and market engagement



Source: ODI evaluation team

130. In some P4P countries – and particularly in post-conflict contexts in Africa – the level of dependence upon WFP by smallholder farmers is considerable. For example, WFP logistics resources are being used to aggregate grains at FO level and collecting wood and supplying fuel for processing activities. In other countries a more sustainable approach to smallholder support is being taken with a deliberate effort to avoid a culture of free ‘hand-outs’ developing around P4P. P4P staff are aware of the dangers of exacerbating a dependency culture amongst smallholders, and inadvertently suppressing the development of commercial markets in activities where P4P is providing goods and services on a subsidised basis (i.e. input suppliers, transportation services, etc).
131. The theoretical advantages of WRS in grain market development are currently only strongly relevant to Uganda within the timescale of P4P. If the system works well in Uganda it may then motivate policy-makers to consider this approach elsewhere in east and southern Africa at some later date. However, the lack of time and policy constraints in countries other than Uganda suggests it would be a mistake to test this modality beyond Uganda in the context of the P4P project. Similarly, evidence on the functioning of commodity exchanges in the countries visited is mixed. In Uganda the evaluation team believe that the exchange has potential to support the P4P and Agriculture Market Support interventions. In Zambia, the commodity exchange is almost certainly operating independently of the P4P supply-side interventions - because smallholder farmers are selling their grain to the Government-run Strategic Grain Reserve Agency at inflated prices. Using P4P funding in a context where government policy is undermining the prospects of success does suggest, at the least, that WFP should continue having very serious discussions with the Government of Zambia about the sustainability of their current grain policy and the relevance of P4P in this Country.
132. So the advocacy of a move towards the right-hand-side of figure 18 towards interventions with greater impact and sustainability is most certainly not an implicit ‘pitch’ for new market institutions across all pilot countries. In the view of the evaluation team, focusing the WRS/CE approach in Uganda and possibly even reducing the number of countries where CEs are being piloted - to those countries with a conducive policy environment – makes sense. The main point

of the Figure is to see how far P4P can make the important but incremental transition towards sustainable and meaningful benefits for smallholders.

133. This evaluation has generated some evidence to support the existence of these trade-offs. We do not have sufficient information to determine under what circumstances, which modality is the most appropriate for smallholder development. To gather the information to inform this decision it is important that P4P maintains its current plurality of modalities across the pilot countries. What is important though is to measure the variables in the model above to be able to demonstrate what modalities are most appropriate in what circumstances. It is only by doing this that the two overarching evaluation questions posed by the M&E framework can be adequately addressed.

134. In conclusion:

- Providing support services to smallholder farmers can provide a laboratory to experiment with different models and to assess their impact, effectiveness and sustainability. These findings would have considerable value to many engaged in rural development issues; and
- The overarching evaluation questions in the monitoring and evaluation relate to the effectiveness of different modalities of local purchase to deliver efficiency, market development impact and livelihood improvements. In this context, it is important for P4P to maintain a diversity of procurement modalities and diversity of approaches within each modality.

2.2.4. Research and development (R&D)



135. Our assessment of available learning outcomes so far is that they are supported by a conducive M&E **framework** – meaning that the correct research questions are framing the analysis (see the analysis in Section 2.1.2). However, the M&E **system** appears to be undermining the potential of the framework in three different ways. First, a pragmatic and rather understandable focus to date on project implementation rather than generating learning. Second, the choice of indicators to monitor should be questioned. Third, inappropriate research methods are making it difficult to answer the research

questions. Fourth, the institutional framework for M&E is sensible but is unlikely to be able to remedy the all the challenges facing the M&E system for P4P over the next two years. Finally, we are impressed with the way that the P4P Coordination Unit has responded to the challenge of learning from the intervention.

Focus on project management

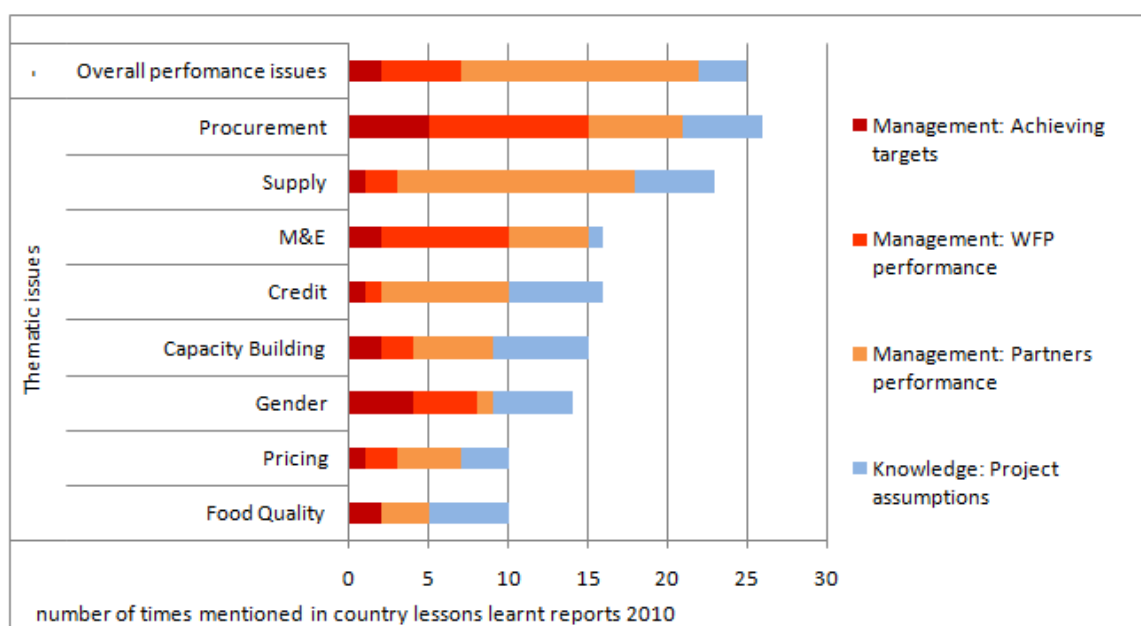
136. Project management is clearly important to the P4P initiative – WFP is developing a new approach and would like to be able to mainstream it in its business practices by the end of the 5-year pilot

phase. This timeframe is also not overly generous. However, we believe that the current learning system is unlikely to pick up issues such as the existence of underlying assumptions that are not valid or the adoption of models which are not appropriate. This is putting beneficiaries' livelihood and WFP's image at risk and, we believe, WFP should respond to these threats.

137. Figure 19 below illustrates this issue: it presents an analysis of country lessons learnt, captured in the run-up of P4P Annual Review workshop organised in December 2010 in Maputo. Lessons prepared to be presented at this workshop have been classified in several groups: (1) according to the kind of issue they relate to, either overall performance issues or thematic issues. We have selected these 8 themes (procurement, supply, M&E, credit, capacity building, gender, pricing, and food quality) as they were highlighted as the most critical themes by the Maputo workshop synthesis and classified lessons according to a second dimension; (2) does the lesson related to project management or to knowledge and understanding of the issue. Classification in thematic issues naturally confirms finding of the Maputo workshop analysis: procurement, supply, and M&E are issues on which learning has focused in all countries.

138. The clear picture emerging from this figure is that most learning related to management issues. Country teams are much more focused on identifying solutions to make the project work and achieve its targets than on learning about P4P underlying assumptions and design. Clearly this is not, in itself, a bad thing – that a complex initiative is trying to make sure that implementation is successful. However, this would be true of any traditional development project. The extent to which P4P is able to raise its aspirations above simply getting the project implemented, towards generating and disseminating learning from deeper lessons, will determine the success with which the pilot project aspect of the initiative is addressed. Of course the lessons generated at the mid-point of a project will not be as robust as those produced at the end. But, as this evaluation process itself illustrates, P4P is already generating useful learning which should be captured, analysed and disseminated.

Figure 20: Analysis of the nature of lessons learnt documented in 2010



Source: Country Lessons Learnt Reports 2010 prepared in the run to the 2010 Maputo learning workshop for Guatemala, Kenya, El Salvador, Mali, Liberia, Uganda and Zambia.

139. There are important lessons have been learnt since the launch of P4P, and changes have been incorporated in the project focus and organisation systems – such as a series of pro-smallholder procurement guidelines have been issued since the start of the initiative and a new qualitative research method has been launched in May 2011 (write shops). It is also the case that country-level lessons have been learnt too (e.g. in Mali, forward contracts are now issued before the planting season; in Uganda, the CO and partners have decided to reduce the first phase targets in terms of community-based warehousing infrastructures).
140. What is not clear is whether the responses above are sufficient in all pilot countries. For instance, the response of WFP to the challenge of buying grain directly from smallholder farmers has been the classic bureaucratic response – the adoption of incremental improvements to existing rules some time after it has become clear that the current approach is not working. What is clear from the field visits is that farmers in different pilot countries have differing levels of tolerance for dealing with WFP (and that P4P offers a very different smallholder-facing service in different pilot countries). However supportive of P4P farmers are, they will default on contracts and side-sell when the balance of risk and reward tips against WFP. In this context, the important point is to have a detailed understanding of the project beneficiaries to understand their requirements and use this information to drive the development of pro-smallholder reforms in WFP.

Choice of indicators

141. The starting point is the choice of indicators for impact assessment. The target of an annual income increase of US\$50 per household was proposed by donors when the project proposal was negotiated. Initially, the WFP team questioned the relevance of this target, but the donors insisted on it, arguing that the main objective of using this target was to push the project to go for rigorous impact assessment but that failure to achieve the target should not be considered as a shortcoming.
142. Our assessment of this approach is that it is still not fit for the purpose and this for several reasons. First, the very nature of the chosen indicator makes it very difficult to measure household-level impact. Household income measures are very technical, but also the variability of incomes in time and across households makes it unlikely that surveys will be able to capture and attribute the effect of an annual increase of US\$50 over a 5-year time frame. Even for the poorest countries, US\$50 represents only around 5% of annual average rural household income (and very much less for others). Given the multitude of potential reasons why household incomes may vary by 5% over the years, it is unlikely that any measured change will be attributable. Using much more direct impact indicators such as price differentials and tradable volumes would be recommended.
143. Conscious that income would be difficult to measure, and willing to measure wider effects of the approaches and potential undesired effects, the M&E system also collects a series of livelihood indicators. This is clearly seen as an extra burden to the CO and their partners and our assessment is that it will be equally difficult to measure change overtime for these indicators and that any measured change will be difficult to attribute, since transmission channels from grain marketing to these dimensions could be very weak.

144. In addition to focusing too heavily on difficult-to-measure indicators taken from the intervention log-frame, the M&E system does not monitor the critically important meta-assumptions, the results of which will have a very significant impact on the extent to which intervention activities generate the outcomes foreseen by P4P.

Inappropriate research methods

145. The M&E system for P4P does include qualitative research methods – but is characterized by an emphasis on quantitative information (see Box 3). Staff at CO level are not statistical or social survey specialists and complain of having to implement household survey questionnaires which take two hours to complete per household. The consequence of this is that the M&E system has been characterized by delays resulting from too much information being collected without sufficient quality control which has created a bottleneck to generating learning from P4P. The fact that three years into P4P initiative, the eighteen country baseline studies cannot be disseminated because they are recognized as being inaccurate, does question the current approach.

146. The Technical Review Panel have recognized this issue and expressed concerns about the demanding nature of the impact assessment approach and of the possibility of measuring and attributing income gains over a 5-year period. To reduce this burden of quantitative data collection and analysis, the TRP have recommended to: (i) limit the number of countries where impact would be formally assessed to eight; (ii) use a randomized sampling method of treatment and control groups of households and Farmer organisations and; (iii) track panels of households and FO of over the years to allow for a smaller sample size and a finer analysis.

QUANTITATIVE INFORMATION

- **Surveys of smallholder farmers** – A household *panel* data set collected through *biennial* surveys of smallholder farmers collects most of the quantitative data on smallholder farmers’ agricultural practices, production, and marketing; food security; housing and household characteristics; livelihood sources; and welfare.

- **Surveys of farmers’ organizations** – An *annual* panel data set collected through surveys of farmers’ organizations provides the primary quantitative data on farmers’ organizations’ structure and membership; facilities and services provided to members; and marketing activities.

Impact Assessment: Countries selected for impact assessment run these surveys to random samples of participating farmers / farmers’ organisations and similar non-participating farmers / farmer’s organisation to facilitate impact assessment.

- **Surveys of traders** – *Biennials* surveys of commodity traders are the main sources of quantitative information about traders’ activities; capacities; purchases and sales; suppliers; buyers; and marketing.

- **Farmers’ organization records** – *Seasonal* review of farmers’ organization records provides additional quantitative data on farmers’ organizations’ membership and sales. When not available prior to the project, P4P partners are meant to help FO to keep such records.

- **Prices and Markets:** When available, P4P also draws from secondary data sources whenever possible to support the monitoring and evaluation system: **Market data** and **Agricultural statistics**. If such data are not available or compile, The M&E guidelines propose that the CO should collect or compile these.

QUALITATIVE INFORMATION

- **Case studies of smallholder farmers, farmers’ organizations, and traders** – Panel case studies follow a relatively small number (min 11 per country) of participating smallholder farmers and farmers’ organizations and a selection of traders throughout the P4P pilot.

- **Write shops (from 2011)** – Qualitative research across a selected sample of countries and focusing on a specific theme. This process is facilitated by a KIT consultant in country and involves qualitative interviews of various stakeholders relevant to the selected them.

- **Feedback/input from country offices, stakeholders, and other experts** – Country annual reviews, international annual reviews, and country coordinators visits to other pilot countries, farmers’ forums (e.g. Mali), and MTE process.

WFP PROCUREMENT DATA

Monitoring procurement – Ongoing monitoring of WFP’s local procurement will produce detailed data about all aspects of local procurement (i.e., tender participants, winners, and performance; purchases from farmers’ organizations; procurement modalities; quantities; prices; quality; etc.).

LRP IMPACT EVALUATION

This evaluation is subcontracted to MSU, and is focusing on 3 east African countries (Zambia, Mozambique, and Kenya). Productivity, prices, and smallholder income and livelihood impact of regular LRP will be assessed through a modelling approach. The effectiveness of WFP procurement and impact on the trading sector will be assessed through case studies.

147. **Procurement data** is a critical set of accurate already-largely present quantitative information to be able to learn about, monitor and evaluate the P4P pilot. Our assessment is that procurement data is not currently collected or analysed by P4P staff in a way that is helpful to actually measure effectiveness and reliability of the approach and compare it with regular LRP. First, procurement logs do not report deals that failed at negotiation time and that potentially represent a serious cost and burden. Second, procurement data should be combined with logistics data on transport costs, quality control and other additional transaction costs (e.g. transport cost and time for procurement officers when they have to go on site to sign contracts with farmers). Furthermore, a **full cost analysis** should not only cover variable costs but should also account for amortization of relevant capital expenditures related to the P4P approach. Incremental changes in the way that procurement data is collected would make it much more valuable to P4P staff.
148. In addition to lightening the burden of large quantitative surveys, there is plenty of scope to raise the profile of qualitative research outputs. The M&E system has included qualitative **case studies** since inception yet, in most countries, these case studies have only been implemented recently. Also, the objective and the focus of these studies has not always been clear. M&E guidelines clearly detail the method, but are quite vague about objectives and potential utilisation of the data (e.g. Liberia, Mali). The result is that case studies tend to tell stories of various stakeholders involved in P4P, but are rarely structured around research or learning questions. Yet, in some countries visited, case studies generated helpful learning (e.g. Kenya, Zambia), but this learning process remains poorly connected to the formal M&E system.
149. **Write-shops** are potentially going to help fill that gap. This method is clearly articulated around research questions relevant to selected groups of countries, and facilitated by qualified researchers in qualitative analysis. This is a positive step forward. The initiative for write-shop to be facilitated by external technical experts from the Royal Tropical Institute, The Netherlands (KIT) is particularly welcomed.

Institutional framework for the M&E system

150. In Rome: The pilot nature and explicit R&D objectives of P4P (objective 1 is totally focused on R&D and objectives 3 and 4 have a strong R&D emphasis). This has demanded significant investments in M&E and learning, with an overall M&E budget of US\$5 m. P4P is clearly adequately resourced for M&E and learning.
151. P4P is a very visible program, and does not lack profile. The support of senior management for P4P is important and welcome, but should not constrain P4P from being a learning initiative (which means making mistakes and learning from them). Communication channels are wide open both at country and global levels. There are two main knowledge dissemination tools: the P4P website and monthly P4P updates. Both instruments mostly communicate about project news and implementation progress, but few materials looked at successes and challenges across thematic issues. The availability of analytical documents on the P4P website is still very limited

152. However, the P4P Updates are changing: four of the five P4P monthly newsletters in 2011 actually focused on lessons learnt when earlier newsletters (except three others) focused on progress update and project news. This development has positively resonated with a range of highly influential external commentators. This trend resonates with the evaluation teams view that the P4P Coordination Unit has some very skilled practitioners and an enthusiasm to develop a genuine learning programme.
153. At country level: The overall model is that partners collect data: either capacity building and supply side implementation partners (in most cases), or specific M&E partners (e.g. in Uganda large-scale surveys are implemented by the Makerere University, while WFP is collecting case studies data itself). Household and FO surveys run important data-quality risks and several quality issues were identified by country visits. Technical difficulties to measure some indicators come into play, but the standard P4P organisation and management of surveys does not make it easier. Several intermediaries between data collection and data analysis often makes quality control difficult, huge amount of sometimes unnecessary information leads to interviewer and interviewee fatigue, too weak training and supervision systems, and limited experience of running such data collection campaigns by some partners. Qualitative data collection and analysis is not less sensitive to quality issues, but until the write-shops were launched recently, the major concern was conceptual. Case study objectives were not clearly defined and could therefore not be used as an effective learning tool.
154. Critical learning tools for CO's are the coordination meetings with regular partners, capital project or sector coordinators, as well as P4P annual review meetings, to which governmental and technical partners are invited. Sometimes, additional learning forums have been set up. Farmers' forums in Mali as well as the Technical Review Panel, takes the opportunity to observe specific implementation issues affecting particular countries. Important efforts have been made to organise and manage these meetings and they have generated valuable lessons. A challenge would be the need to better incorporate views of independent partners and of the private sector in these forums. It is important that they are really learning-orientated events and do not become project management coordination meetings. Yet, external communication and sharing was much less effective and developed in countries like Liberia and Kenya. At **global level**, a number of learning meetings have been organised, such as annual review meetings (2009 and 2010), MTE, or more thematic workshops (e.g. Technical Review Panel meetings). Across country visits have also been organised to stimulate learning.
155. Overall, a strong emphasis has been made and important resources have been invested in learning forums. A shortcoming is the limited participation of independent and private sector partners to these forums. One would expect a vibrant market development initiative to crowd in interest from input suppliers, farmers unions, financial institutions, traders and large-scale buyers.
156. The African Economic Research Council (AERC) hub: The quality of analysis in the baseline surveys, which were made available from the countries visited by the evaluation team, is poor and descriptive – as has been recognized by the P4P Coordination Unit. All these reports are currently undergoing a validation process. What came as a surprise to the evaluation team was the magnitude of inaccuracies in basic socio-economic information contained in the baseline surveys, and the apparent lack of quality control at country level. For instance, the lack of clarity in the Country Profile for Uganda about the statistic for the average (mean and median) household size

for P4P and non-P4P households indicates that more work is needed in this area⁶). The first round of survey data was analysed in-country by some technical partner assisted by the Vulnerability, Analysis and Mapping (VAM) unit to produce codes for statistical analyses.

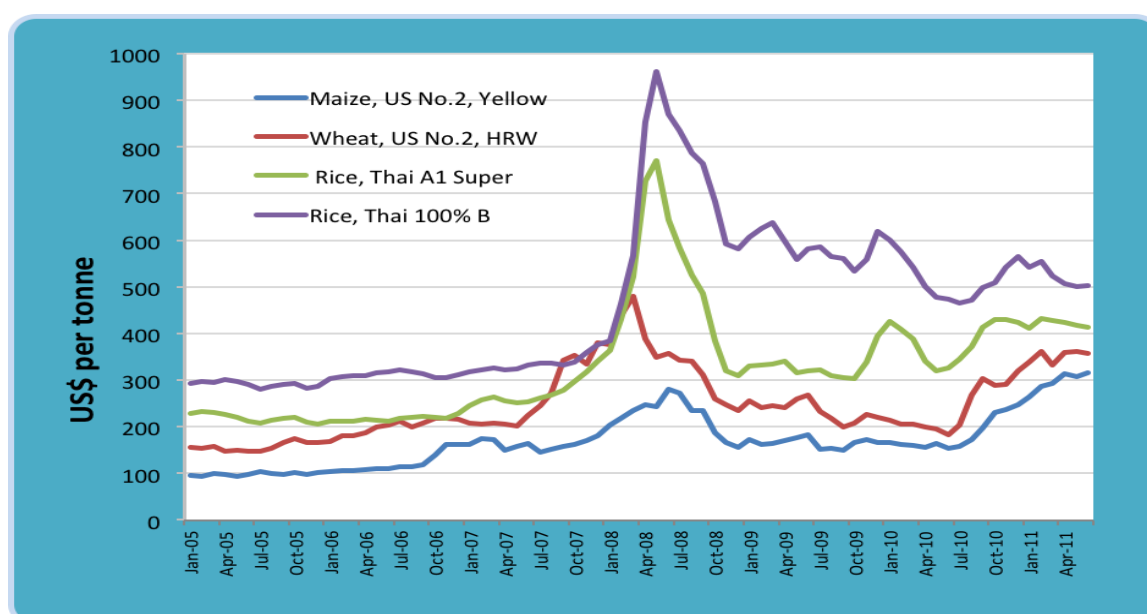
157. In the future, data quality control, database consolidation, and data analysis will be carried out in Nairobi by a ‘data hub’ subcontracted to AERC⁷. This is probably a good move, in terms of quality of the analysis and ability to generate lessons from survey data sets – and also providing a specialist facility to support non-specialist staff at country level. But, how AERC will deal with the data quality issue remains a challenge. Data quality primarily lies in the experience of data enumerators, and with the second round of surveys due to start by the end of 2011 or the beginning of 2012, AERC may not always have the time to review baseline data for each country and identify quality issues and implement potential corrective measures prior to this next round.

2.3. Contributing /Explanatory factors

2.3.1. External factors

158. P4P has benefitted from a range of benign trends in the external environment, including high food prices. P4P was launched in 2008 at the height of the food price spike and this evaluation took place at the secondary peak in Q1 of 2011. Figure 20 below illustrates the most dramatic price peak in the first half of 2008, followed by a decline – but to levels much higher than prevailed before the price spike. Clearly it is easier to link producers to a rising market than a less buoyant market.

Figure 21: Monthly staple prices (Jan 2005–June 2011)



Source: ODI (2011)

⁶ The Country Profile indicates that the mean and median family size is 22 – which implies 22 people per household which is about five times larger than the official demographic figures in the Census. However, the CO have clarified that this figure relates the average size of a farmer group.

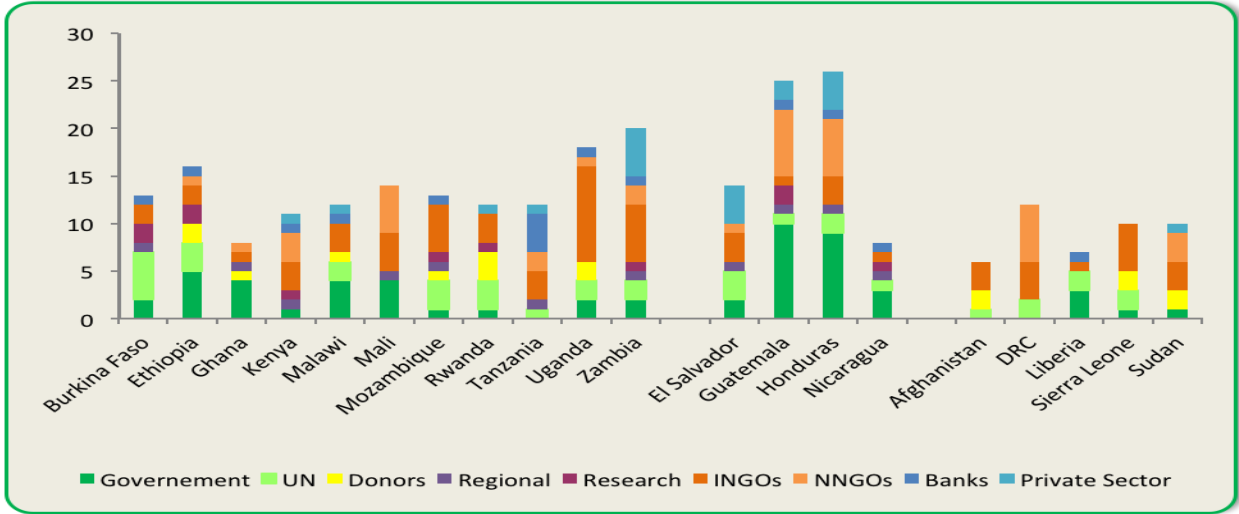
⁷ African Economic Research Council

159. In addition, the existence of innovative market institutions with which to collaborate (e.g. the Faso Jigi FO in Mali and the commodity exchanges in eastern and southern Africa) as well as existing institutions being prepared to engage with smallholder farmers in a new way (e.g. banks engaging with FOs to provide credit) has allowed P4P to engage with a truly diverse set of implementing partner organisations.
160. However, there have been several examples where government actions ran against the P4P objectives. For instance, the activities of the Zambian Government buying up almost one million tonnes of maize at prices up to US\$70 per tonne above the market value, will not encourage smallholder farmers to become competitive players in the market place (the approach of the Food Reserve Agency also makes it impossible for P4P in Zambia to purchase the output of the smallholder which the project supports). The inability of governments to make the Uganda/Kenya border conducive for regular trade – estimates suggest that about 120,000 tonnes of maize is exported to Kenya annually, 80% of which crosses the border ‘informally’.
161. These examples illustrate the need for a powerful and independent authority to advocate strongly on behalf of smallholders to hold their governments to their policy commitments to develop a viable and competitive smallholder sector. The enabling environment, which governments create for smallholder production, is often the result of the interaction of powerful political economy factors. This is not an area where outside stakeholders should enter unless they are well informed about government decision-making processes and are prepared for bruising policy debates.

Partnerships

162. WFP has clearly made substantial efforts to develop partnerships on all fronts. The P4P partnership report gives a quantitative appreciation of P4P partners. The overall statistics are impressive: more than 250 partnerships have been formed in 20 countries within two years of the launch of P4P. This is a positive achievement in itself, but this should be qualified with information on the kind of partnership that have been formed and with the effectiveness of P4P work with or through partners.
163. Figure 21 below gives an overview of the types of partnerships that have been formed. The bulk is represented by two kinds of partners: political and policy partnerships with Government and UN agencies; and operational partnerships with NGOs and other non-state actors. Most NGOs receive grants from P4P, but these grants are often limited and the bulk of their supply-side work tends to be funded by other financial partners, leaving P4P to fund market development and M&E activities.
164. Partnerships with financial institutions are rare and more innovative. Some agreements have been suspended, several are still being negotiated and some are ongoing. Notwithstanding a few successes (noticeably with forward contracts in West Africa), getting banks or microfinance institutions into the equation remains a challenge to P4P. Building partnerships with private sector buyers or processors remains a challenge except in a few countries (Zambia, Central America). Not surprisingly, partnerships tend to be least developed in conflict or post-conflict situations. Partnerships are particularly diversified in Central America.

Figure 22: P4P partnerships at country level



Source: Summary P4P analysis report: Partnerships – updated March 2011

165. The evaluation team can only refer to global partnerships and partnerships in countries we have visited, but a few points stand out in terms of the effectiveness of supply side and market development partnerships with **NGOs** and **implementing partners**. In most cases, partners were highly committed to the P4P approach had long-standing relationships with farmers groups and had developed part or all the technical expertise required. Operational partners were largely happy with WFP management and coordination of the program, as well as its willingness to learn. Yet, country visits highlighted specific challenges: large numbers of partners running programmes which are new to WFP proved difficult to manage and supervise ; time and skills needed to collect M&E information was underestimated and puts a heavy burden on partners (e.g. Mali, Kenya, Guatemala and El Salvador); operational capacity has sometimes been prioritised at the expense of technical knowhow and institutional knowledge of market development (majority of partners in Uganda).

166. Beyond implementation partners, P4P exchanges and collaboration with other agencies involved in market development programs (e.g. Danida and USAID Lead in Uganda, USAID IICEM in Mali) have so far been too limited. **Technical expertise institutions** (e.g. TechnoServe in Uganda and Liberia, MSU in Mali) and not much been consulted beyond the design phase. While WFP and its operational partners often miss technical expertise in market development, inputs from non-financial partners such as the Technical Review Panel have not been sufficiently shared with P4P operational staff.

167. WFP operational partners on market development are almost always involved in supporting **crop productivity** through traditional supply side orientated programs. This partnership strategy therefore offers large scope for synergies between P4P and supply side support. Such complementarities have been important to restore focus on grain productivity in Guatemala and El Salvador. But this evaluation is unable to conclude whether such synergies will bear fruits: even for countries such as Mali where forward contracts have clearly incentivised farmers to market more it is yet difficult to conclude whether farmers are really investing in crop productivity. On that front, strategic partnerships with institutions such as AGRA have not yet being rolled out in most countries visited. It is too early to tell whether further investments should be made through

operational or strategic partners, but it is important that P4P generates the information to assess the performance of such partnerships in the future. Perhaps more importantly than incomes, yields and planting decisions are important indicators the M&E system should seek to carefully measure. As outlined in the design section, host **Governments** are very enthusiastic about P4P. **But when it comes** to quality of collaboration or to changing some practices, commitments appear less clearly: massive pre-electoral interventions in grain markets in Zambia; the not infrequent closing of borders to grain trade in East Africa in response to grain price spikes; failure to harmonise commodity standards in common market areas; restrictions put on WFP for local grain purchase when there are concerns about food shortages in urban areas. The profile of P4P and its political traction has been wisely utilised to build multiple partnerships with government institutions, but WFP should now work on leading government to make stronger commitments.

168. With the exception of Uganda and Zambia, relationships with **traders** have been rather cold or inexistent. In Mali, for example, traders clearly perceive P4P as a threat. In the problem trees, which were developed in Central America, traders are revealing. Traders are regarded as part of the problem with current grain value chains – absorbing large profits at the expense of smallholder farmers receiving fair farm gate prices. Traders are referred to by the disparaging – if ubiquitous – term *coyote*. Beyond Central America, partnerships with potential private buyers and **processors** have been limited so far. This gap was acknowledged at the last Maputo annual review and in various documents by the Rome P4P coordination unit. This is a manifestation of the under prioritisation of market development objectives by P4P so far.

169. Experiences of partnerships with the International Fund for Agricultural Development (**IFAD**) and the Food and Agriculture Organisation (**FAO**) are mixed. Partnerships with FAO have mostly been engaged on the production side, sometimes as implementing partners, while FAO contribution could have been more strategic, especially on the analysis and understanding of the targeted value chains and policy environment. IFAD is still not fully engaged, especially at country level. A few formal IFAD–P4P partnerships are up and running. Corporately, IFAD supports the P4P initiative, but still has reservations about two critical issues: how much WFP has learnt and is learning from past experiences; and how realistic P4P’s targets are over a 5-year period. Overall, our assessment is that WFP and its sister Rome-based UN agencies have not fully seized the opportunities for partnership presented by P4P, despite its strategic position at the interface of their mandates.

170. To conclude, four points stand out: (1) P4P has encouraged WFP to establish a rich diversity of partnerships; (2) Partnership diversity is an asset, but it introduces an extra-management burden. WFP has been effective at working through implementation partners so far, but it has failed to fully capitalise from capabilities within some potential non-financial or technical partners. (3) Partnerships with private sector operators, including traders and credit institutions have been too limited so far; (4) WFP should work on strengthening commitments of host governments to good governance within grain markets. Links to IFAD and FAO are important because these organisations can add significant value to P4P. Partnership strategies at this level should be formulated and guided by better analyses by the country and P4P teams of barriers to such commitments.

Internal factors

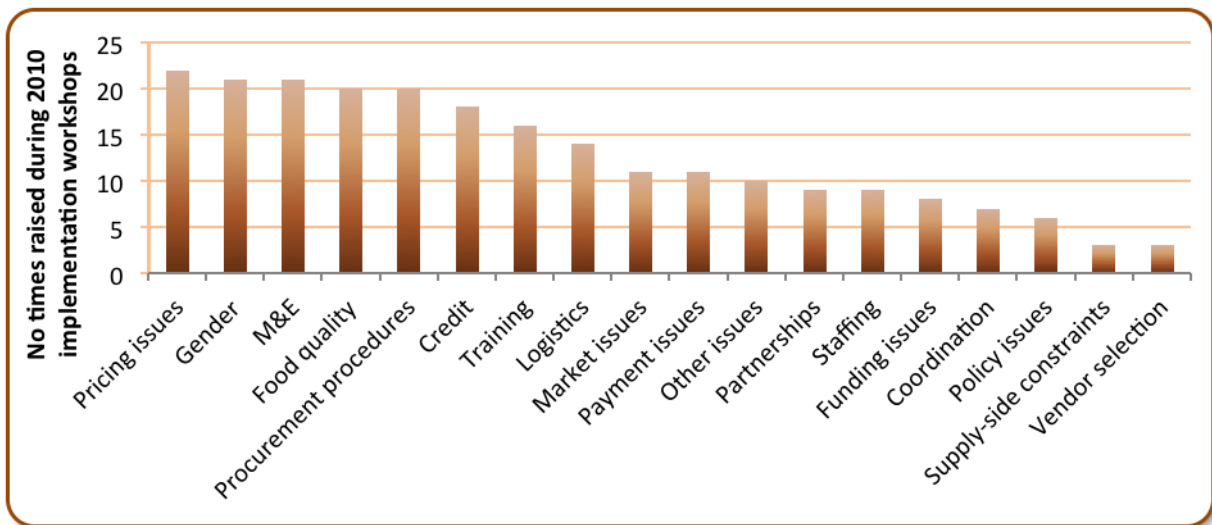
171. Globally, WFP staff are enthusiastic about P4P across units and offices. The level of awareness of P4P and support for the aims of the project is very high. P4P is making WFP staff proud of their organisation. The detailed picture is a bit more nuanced. In some visited countries (Central America and Mali), P4P has federated the whole office. In Mali, P4P has actually become the engine of the WFP CO, covering for part of the overheads of a financially fragile office and helping other programs to access donors' funds. In Rome and in other offices we heard more reserved judgments from procurement and logistics departments in particular. We believe that WFP should encourage these healthy internal debates. P4P is positively challenging WFP staff to change their ways of doing business. Procurement has been criticised for resisting changing procedures, but new guidelines have been issued in the last few months. The finance department also faces significant challenges with accelerating payments but although procedures have not been adapted yet, experiments are being carried out in some countries (e.g. Mali). The third major system discussion is about adapting the financial systems of the organisation so WFP can more easily manage budgets which, like that of P4P, are not directly linked to food purchases.

Implementation challenges

172. Unsurprisingly, in the midst of this implementation effort, challenges have been encountered. The most common implementation challenges reported by COs in 2010 related to (in descending order of frequency):

- pricing issues caused by the heightened expectations of farmers about P4P prices and the constraints on WFP staff to offer prices above the IPP;
- gender issues related mainly to the inability of the project to achieve the project's gender outcomes;
- M&E issues related to institutional capacity in managing data collection and analysis (attempts have been made to solve this through the creation of 'a data analysis hub' through external networks), identification and management of meaningful control groups;
- food quality issues centered on inadequate storage facilities for meeting WFP buying standards; and
- Procurement-related issues chiefly related to lengthy procurement procedures and lack of procurement capacity.

Figure 23: Overview of frequency implementation challenges raised by COs in a workshop during 2010



Source: WFP (2010) Workshop meeting note

Management skills and know-how

173. WFP staff attitude and management is highly appreciated by its operational partners. A key comparative advantage of WFP is its important field presence and outreach in most visited countries. Experienced sub-offices staff have contributed to effective project management. In most cases, P4P coordinators have had longstanding prior experience with WFP, which was an important advantage to implement a new approach and influence systems within the organisation.

Communications

174. Again, P4P scores highly on this criterion. With some exceptions, country directors strongly supported P4P internally and externally. Internally, the profile of P4P is high and regarded as a dynamic unit, or project, which communicates well. External communication is more problematic as it is often difficult to find the right balance between disseminating information on P4P, marketing the project and creating expectations. In most countries, one or two seasons were needed before partners and farmers could get a good understanding of P4P.

How effective are mechanisms in place for learning and sharing lessons?

The attitude of WFP teams towards learning has been remarkable in most of the countries visited, despite a heavy workload and pressure coming from Rome and partially transmitted to their partners. Country teams have highlighted the scope they were given by their management and the Rome P4P unit to innovate, potentially make mistakes and try again. WFP partners in-country had to manage challenging objectives too, yet they almost all hailed WFP's willingness to learn and drive to innovate. The times were clearly favourable to opening dialogue around staple food productivity and marketing, but attractiveness of the P4P concept and attitude of WFP staff have also facilitated technical and policy dialogues. It is clear that the 'showcase' status of P4P amongst senior staff at WFP does impinge upon the ability of operational staff to openly discuss the negative as well as the positive learning from P4P.

3 – Conclusions and Recommendations

3.1. Overall assessment

175. The global design of P4P had several important weaknesses and some of these are echoed in the subsequent implementation problems highlighted in this analysis. However, the project can make a virtue out of this inauspicious beginning by actively testing and reviewing the assumptions on which the logic of the project is based – and changing aspects of the design as necessary. This will require an iterative, action-research approach to project implementation, but this is entirely within the design parameters of P4P.
176. There is a difference between being in the right place at the right time and participating effectively. We have suggested in this evaluation that P4P is positioned very strategically with respect to several interwoven strands of development debates. However, there is limited evidence that P4P is currently either generating the material to contribute to these debates or is using its unique institutional location to advocate for more progressive food grain policies with national governments. P4P gives WFP a window of opportunity to do both.
177. It is our belief that maintaining a diversity of modalities to generate learning is more important for P4P than achieving the largest direct socio-economic impact ‘on the ground’. The evaluation team have some evidence (some weak, some much less so) to support the view that some of the ‘old style’ direct linkages with relatively weak farmer organisations are likely to be less cost-efficient and have lower impact and sustainability than working with more market-based solutions. However, only very rarely does one have the chance to explore the impact of different modalities within the same programme and a proper comparative research framework. It is for this reason that we believe P4P should maintain a rich mix of modalities – even those which we feel may not work particularly well – provided the impacts of these are monitored to generate learning which will be of great value to many.
178. We see the longer-term implications of P4P for WFP as three-fold. One end of the spectrum of possibilities is to continue the current approach, where almost all local procurement follows the mainstream approach – although hopefully with some monitoring of impact. The developmental focus is upon the small percentage of WFP local procurement which makes use of P4P or other ‘pro-smallholder’ approaches. The other end of the spectrum of possibilities would be for WFP to become fully engaged with the rural development agenda. Working with its’ partners, WFP would provide a full range of services, from infrastructure provision to production support and marketing services. Between these two points are a multitude of options in which WFP takes the learning which P4P is generating about their supply chain impacts (both P4P and standard LRP) and brings incremental and tested pro-poor innovations to its core business.
179. Looking at P4P in terms of the four different facets of the project, it is clear that not all are given equal focus. In the early stages of P4P implementation, most effort and attention has been placed on the smallholder development and the food aid facets. Although market development is central to the logic of P4P, it has not been as strong a focus – as evidenced by the many missed opportunities to engage commercial service providers in logistics services rather than providing in-house services, for instance. Similarly, although M&E has a sound framework and is adequately resourced, the learning component has not had sufficient prominence. The mid-term of a project

is a suitable moment to change this and raise the profile of these two, relatively neglected, facets of P4P.

Recommendations

180. This is a mid-term evaluation and, not surprisingly, outcomes and impacts were sometimes difficult to measure. We have tried to be very clear about how firm are the empirical foundations of the findings we have reported upon. Time to learn the final lessons with completely robust analysis will come later. Notwithstanding this, we believe that important lessons and risks have emerged from the first two-and-a-half years of implementation and from this evaluation process. Based on these, we propose three sets of recommendations.

1. *One for now*: P4P must remain a pilot project;
2. *A direction of travel*: P4P should prioritise its market development objective; and
3. *One to facilitate the journey*: P4P should adapt its M&E system to encourage R&D.

181. More detail follows. However, the key strategic recommendation is the second point above that WFP should seek to promote effective market institutions and work with or through traders or structured FOs rather than try to compete with traders for the business of smallholders by improving its procurement and financial procedures.

1. P4P must remain a pilot project until the end of year five

182. *Do not expand P4P*: spreading a pilot project over 21 countries is inefficient because a disproportionate amount of energy is absorbed simply by keeping project implementation going across three continents. Senior management should protect P4P from any increase in the number of pilot countries (including some evidence of pressure to expand AMS beyond Uganda as a means of expanding P4P 'by the back door'); careful consideration should be given to whether new activities should be initiated which will require ongoing external support from WFP beyond September 2013.

183. *Test assumptions & adapt country design*: this pilot phase should be seen as an opportunity for WFP to test underlying P4P assumptions. In some cases, this implies fairly straightforward literature review work or discussions within in-country partnerships, in others cases it may need some specific qualitative research work.

184. *Precautionary principle (i.e. do no harm)*: any project seeking to encourage inherently risky enterprise amongst groups of people who do not have the assets to absorb shocks and stresses (like smallholder farmers) has an obligation to act responsibly. P4P should carefully monitor the risks which P4P project beneficiaries are taking and propose straightforward mechanisms to mitigate them. Withholding a proportion of farmers crop payments (i.e. in the form of a fund held at farmers organisation level) to help support farmers when crops fail is an example of this.

185. P4P should *review projects targets* and, now that the intervention has a better empirical base for discussions with donors, renegotiate those which are unrealistic with the funders on a country-by-country basis.

186. *Communicate on successes and challenges*: the project should continue to learn actively from implementation experience and transmit learning to external stakeholders and expand what has been successfully started in the monthly updates to other channels of communication. At the same time, top management at WFP should provide sufficient space for P4P to allow the project to make mistakes and encourage the sharing of learning from these publicly.
187. *Carefully manage expectations*: do not signal to farmers that WFP is a generous buyer; make sure that project partners avoid this also. Openly communicate about risks, impact and sustainability.

2. P4P should prioritise market development objectives

188. *Do not engage in a context where potential market development benefits of P4P are unclear, and seriously consider withdrawal* from contexts where such benefits are absent (particularly in contexts where government actions in the grain market are undermining the potential benefit of P4P). We already know that damaging government policies can harm smallholder farmer livelihoods. Criteria to assess the opportunity to engage or to withdraw should be developed, and should include following analytical approaches and cover the issues below.
189. *Market system analysis*: a detailed market system analysis should be conducted to determine the bottlenecks and blockages, and assess whether WFP purchasing power could usefully contribute to unlocking them and how? Ideally these assessments should be taken before interventions are implemented, although in many cases with P4P, analysis will need to take place on on-going interventions.
190. *Rethink the gender strategy*: P4P should reflect the extent to which gender is a strategic objective. If gender is re-affirmed as a strategic objective, this implies a review of P4P design, which would probably mean a much greater focus – not just at the margins – on other crops and other nodes of the value chains in most contexts. The IDS gender study should help inform these strategic choices.
191. *Prioritise modalities that can be taken over by market intermediaries*. WFP should seek to work with the grain of current market intermediaries - and promote new market institutions in the few locations where these are appropriate – rather than trying to provide commercial services in-house. A market development project should not risk undermining the very market it proports to be support. A good strategy, and one in alignment with the current M&E framework, would be to help build the capacity of smallholders to engage with the market.
1. Farmer Organisations should be categorised and P4P should only work with farmers' organisations if they have a credible progression strategy and can realistically win competitive tenders by September 2013.
 2. Cost effectiveness: P4P costs and smallholder and market efficiency benefits should be analysed and compared with those of regular local procurement and other approaches for market development – as this is the counterfactual scenario for P4P

3. P4P should adapt the M&E system to encourage R&D

192. *Skip the second round of household surveys* and give enough time to AECR to review and analyse the first round. The next and final round of household survey data should be collected in year four

so there is enough time for data analysis and learning before the project ends. This will generate savings that could be used for the purposes below.

193. *Implement a practical system that will quickly collect and analyse proxy and process indicators* such as: farm gate prices, margins along the chain, payment delays and the level of farmers' satisfaction. Collect this information every year and allow comparison with regular LRP. Standardise the approach across countries and procurement modalities.
194. *Expand on the write-shops type of approach:* identify a list of 10 priority learning-themes through the 21 countries and run them as soon as possible. Once completed, organise a lessons-sharing conference followed up by action plan review.
195. *A full cost monitoring exercise* should be conducted, on an ongoing basis in all pilot countries, and disaggregated by commodity and procurement modality. This will require time-recording and cost allocating systems so non-P4P staff and other costs can be appropriately recognised and allocated accordingly.

Annexes

Annex 1: Summary Terms of Reference

Mid-term Evaluation of the 2008-2013 "Purchase for Progress" Pilot Project Summary Terms of Reference

The Purchase for Progress (P4P) Initiative

Purchase for Progress (P4P) is the umbrella name for a five-year project launched in September 2008 to pilot and learn from innovative programme and food procurement activities that have the best potential to stimulate agricultural and market development in a way that maximises benefits to low-income smallholder farmers. The project aims for an annual income gain of US\$50 for a total of 500,000 smallholder farmers. Women feature prominently in an attempt to redress gender inequalities affecting their roles as agricultural producers.

The P4P objectives are:

- To identify and share best practices for WFP, NGOs, governments and agricultural market stakeholders to increase profitable smallholder/low-income farmers engagement in markets.
- To increase smallholder/low-income farmers' capacities for agricultural production and market engagement in order to raise their income from agricultural markets.
- To identify and implement best practices for increasing sales to WFP and others with a particular focus on smallholder /low-income farmers.
- To transform WFP food purchase programmes so that they better support sustainable small scale production and address the root causes of hunger.

P4P is being piloted in 21 countries. Ten donors have thus far contributed US\$137.2 million and three of them contributed 83% of the total, namely the BMGF (46%), the Cultural Industries Development Agency CIDA (20%) and HGBF (17%). P4P relies on the successful engagement, collaboration and input of a wide range of actors, especially on the supply side. Partnerships aim to strengthen farmers' organizations, ensure availability of inputs, improve farming technology and techniques, reduce post-harvest losses and improve farm storage.

Objectives and users of the evaluation

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 learning dimension will take precedence and the evaluation will seek to inform the implementation of later stages of the project and the prioritisation of improvements; contribute to the development

of normative work; and support decision-making on a possible mainstreaming and scaling-up of the project.

The main users will be the P4P Unit and pilot countries, the WFP management, Executive Board, donors and P4P partners. To a lesser extent, practitioners from government and UN agencies, NGOs and academics involved in agricultural market support programmes are also expected to use the evaluation findings.

Key Questions

The evaluation will address the following three key questions:

Q1 – Relevance of the project and appropriateness of the design. The extent to which: i) the project goal is in line with the international development agenda and with the priorities of recipient countries in terms of poverty alleviation and agricultural development; ii) the project is coherent with the WFP mandate and capacities; iii) the project assumptions are valid; and iv) the project design is appropriate to the stated goal notably as far as the selection of objectives, target groups (including women), activities, countries and partnerships are concerned.

Q2 – Quality of performance and extent of results:

- The level of efficiency i.e. the measure of the observed outputs (quantitative and qualitative) produced through P4P in relation to the inputs (funds, expertise and time).
- The extent to which the intended objectives as defined are likely to be achieved and have the potential to collectively lead to the intended impact. Attention will be placed on the extent to which women are brought into the project and what has proven most effective in this regard.
- The less tangible and unintended effects of the projects (both positive and negative).
- The level of cost-effectiveness likely to be achieved and where trade-offs are being made between the competitiveness and development objectives.
- The extent to which the overall results are in harmony with and supportive of WFP's main mission – as a provider of cost-efficient, timely and appropriate food aid to food-insecure beneficiaries and as an evolving organisation seeking innovative ways to tackle hunger.
- The extent to which the approaches being tested by P4P are likely to be sustainable and whether the results are likely to lead to sustainable benefits for low-income smallholder farmers.

Q3 - Contributing/Explanatory Factors: In order to draw lessons for the future, the evaluation will build an understanding of the factors, which affect the project performance and results, how and why. In particular:

- Factors outside of WFP in the external operating environment including, e.g. donors' policies and programmes and the policy environment and other prevailing conditions in the pilot countries. In addition, partners' mandates, programmes, capacity and resource (particularly of supply-side partners) will be considered as well as how effectively WFP has worked in partnerships with others in the design and delivery of P4P to optimise impact by creating synergies based on respective comparative advantages and by 'enabling others to do'.

- Factors related to WFP’s organizational capacity including the structures and systems set up to design, manage, support and disseminate messages about P4P; the extent to which these are embedded in a supportive organisational framework reinforcing links with key business areas; and the change management process related to the introduction of a large scale innovative project.
- Factors related to the capacity of WFP staff including their skills, knowledge, etc.

Evaluation roles and responsibilities

The evaluation is managed and funded by the WFP Office of Evaluation (total estimated cost US\$ 300,000). It will be conducted by a team of independent consultants composed of experts in the fields of development and agriculture economics, local procurement, organisational change management and gender. An internal reference group composed of a cross-section of key WFP stakeholders from various business areas and an external reference group composed of selected practitioners and academics with a cross-section of expertise and perspectives on the subject contribute to the evaluation quality assurance by providing informed peer feedback on the evaluation process and products.

Timing and consultations with Stakeholders

The evaluation will start in January 2011 with the inception phase. The field mission phase will take place from March to April 2011 and the evaluation team will visit six countries, namely: El Salvador, Guatemala, Kenya, Liberia, Mali and Zambia where it will conduct site visits and meet with stakeholders from Government, partner organizations, smallholder farmers and traders to solicit their views on the role that P4P has played and on its performance. Internal and external stakeholders will be invited to a debriefing on the findings of the evaluation at the end of the fieldwork. The draft evaluation report will be shared for comments in May–June 2011.

Opportunities to actively disseminate findings will be sought and 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.

Annex 2: Summary of evaluation matrix

Adapted questions from TOR	Sub-questions
Q1: Relevance of the project and appropriateness of the design	
1.1: Project alignment with international development agenda and with the poverty alleviation and agricultural development priorities of recipient countries	1.1a: Is P4P and AMS aligned with international smallholder development; food aid and market development agendas? 1.1b: Is P4P and AMS at country level aligned with poverty alleviation and agricultural development priorities?
1.2: The project assumptions are valid	1.2a: Are risks and assumptions in the log-frame for P4P and AMS valid? 1.2b: What project assumptions were made during project design, which do not appear in the log-frame?
1.3: Project design is appropriate to the stated goal (selection of objectives, target groups, activities, countries and partnerships)	1.3a: On what criteria are P4P and AMS smallholder farmers selected (including efforts to recruit women farmers)? 1.3b: Was the strategic framework for P4P/AMS set appropriately? 1.3c: Is P4P/AMS based on an appropriate understanding of market systems and gendered market analysis? 1.3d: How were activities selected in Country Implementation Reports and Uganda Country Strategy? 1.3e: Is partnership strategy in project design appropriate to achieve project targets and are the roles of WFP, farmer organisations and others appropriate? 1.3f: Is P4P/AMS an appropriate project to target women beneficiaries? 1.4g: Are the project targets and logical framework indicators an appropriate measure of project progress?
Q2: Quality of performance and extent of results	
2.1: Level of efficiency (i.e. observed qualitative and	2.1a: What is the full cost of different P4P/AMS modalities compared with LP and international procurement?

<p>quantitative outputs produced through P4P compared with financial, expertise and time inputs) compared with alternative approaches?</p>	
<p>2.2: Extent to which intended objectives defined are likely to be achieved and have the potential to collectively lead to intended impact?</p>	<p>2.2a: Who supplies most P4P/AMS and LP food?</p> <p>2.2b: \$50 farmer income increase and agricultural production target: Broad estimate of the difference that P4P/AMS has made for smallholder suppliers compared with LP suppliers and those working with non-WFP commercial market?</p> <p>2.2c: 50% gender target: is it achievable? What is being done to increase women’s involvement and what is the gender context into which the project is being implemented?</p> <p>2.2d: 500,000 smallholder target: is it achievable?</p> <p>2.2e: P4P as 10% as an upper limit of LRP: is it achievable?</p> <p>2.2f: Market engagement: Are there indications that P4P/AMS has facilitated sustainable market engagement for target smallholders through programmes of empowerment?</p> <p>2.5g: Does the AMS approach to developing market infrastructure, improving post-harvest handling and diversification have a different impact compared with P4P as implemented elsewhere?</p>
<p>2.3: Less tangible results?</p>	<p>2.3a: Evidence of less tangible impacts of P4P/AMS (both positive and negative) not captured elsewhere</p>
<p>2.4: Unintended effects of the projects (e.g. both positive and negative effects on markets, prices the supply vs. Demand balance, regular LRP practices, WFP operations, etc?</p>	<p>2.4a: Evidence of impact on P4P/AMP, LRP or other WFP operations on the market?</p>
<p>2.5: Level of cost-effectiveness likely to be achieved and where trade-offs are being made between the competitiveness and development objectives. Issues related to commodity pricing will be carefully reviewed?</p>	<p>2.5a: What is the full cost of different P4P/AMS modalities compared with LP and international procurement (taking care to distinguish variable and fixed costs)?</p> <p>2.5b: What difference has P4P/AMS made for smallholder suppliers compared with LP suppliers and those working with non-WFP commercial market?</p>

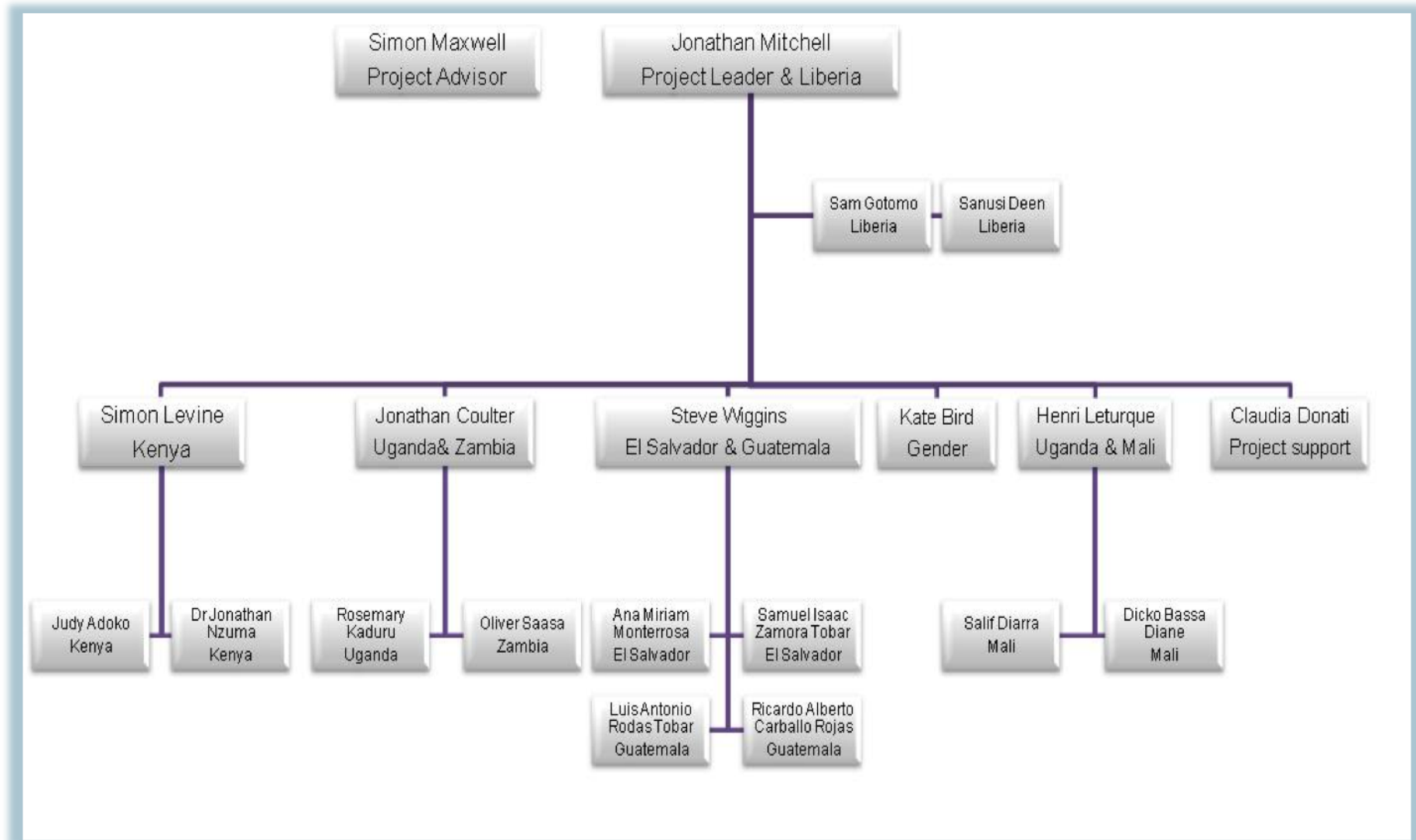
<p>2.6: Extent to which overall results are in harmony with and supportive of WFP’s main mission – as a provider of cost-efficient, timely and appropriate food aid to food-insecure beneficiaries</p>	<p>2.6a: What is reliability of P4P/AMS deliveries compared with other modalities? 2.6b: How appropriate is food delivered through different modalities?</p>
<p>2.7: Extent to which the project in itself is sustainable in light of the observed efficiency and cost effectiveness levels and whether its results are likely to lead to sustainable benefits for low-income farmers.</p>	<p>2.7a: Can project modalities be sustained without project technical and financial support? 2.7b: Are income gains by project smallholders sufficient to incentivise continuation of market engagement?</p>
<p>Q3: Contributing /Explanatory factors: in order to draw lessons from the future, the evaluation will build an understanding of the factors which affect the project performance and results</p>	
<p>3.1: Factors outside WFP in the external operating environments, including donors’ policies and programmes and the policy environment and prevailing conditions in the pilot countries. In addition, partners’ mandates, programmes, capacity and resource (particularly supply-side partners) will be considered as well as how effectively WFP has worked in partnership with others in design and delivery of P4P to optimize impact.</p>	<p>3.1a: What external factors have accounted for the observed performance of P4P/AMS (donor, policy environmental or prevailing conditions)? 3.1b: What has determined the effectiveness with which WFP has worked with partners?</p>
<p>3.2: Factors relating to WFP’s organisational capacity including the structures and systems set up to design, manage, support and disseminate messages about P4P; the extent to which these are embedded in a supportive organisational framework reinforcing links with key business areas; the change management process related to the introduction of large scale innovative projects; and organisational hurdles</p>	<p>3.2a: What lesson is P4P/AMS trying to learn? <ul style="list-style-type: none"> • What information about P4P/AMS is project seeking to capture? • How is M&E system working and being managed? <p>3.2b: Is P4P/AMS setting out to systematically answer these questions <ul style="list-style-type: none"> • Is relevant data being captured? • Is correct amount of data being captured? • Is data quality good enough to be meaningful? • How well is process being managed in terms of resources and capacity? <p>3.2c: What mechanisms are in place for sharing lessons? <ul style="list-style-type: none"> • Are lessons generated by project being captured and disseminated within project, WFP and externally? • What systems exist to record lessons and incorporate them into WFP business practices? </p></p></p>

	3.2d: What is impact of P4P/AMS on WFP internally and externally?
3.3: Factors related to the capacity of WFP staff including their skills, knowledge and attitudes	3.3a: What is the skills capacity of WFP staff to implement P4P/AMS? 3.3b: What is knowledge capacity and attitudes of WFP staff to implementing P4P/AMS?

Source: Inception Report

Annex 3: Evaluation team

Figure 23: Evaluation team



Annex 5: People consulted

People met during January inception briefing

Date	Time	Room	Focus	Participants WFP	Participants Eval team (ODI)
25/01/2011 pm	1500 -1600	6 G 30	ED	<p>Josette Sheeran, Executive Director</p> <p>Manuel Aranda Da Silva, Snr Advisor to the ED</p>	Jonathan Mitchell, Christopher Coles, Jonathan Coulter, Henri Leturque
	1600 - 1730	7B00	OE	Claire Conan, Evaluation Manager	Jonathan Mitchell, Christopher Coles, Jonathan Coulter, Henri Leturque
26/01/2011 am	0900 - 1030	7 B 00	OE	<p>Caroline Heider, Director Office of Evaluation</p> <p>Claire Conan, Evaluation Manager</p>	<p>Full team: Jonathan Mitchell, Christopher Coles, Jonathan Coulter, Henri Leturque, Steve Wiggins, Simon Levine</p>
	1100 - 1300	7 B 00	P4P Steering committee	<p>Terri Toyota - Director Resource Mobilisation Division</p> <p>Valerie Guarnieri - Director Programme division</p> <p>Pedro Guazo - director Finance Division</p> <p>Finbarr Curran, Director Procurement Division</p> <p>Brenda Barton, Deputy Director Communication</p> <p>Ken Davies - P4P Coordinator - P4P coordination Unit</p>	

26/01/2011 pm	1400 - 1730	7 B 00	P4P Coord Unit	<p>Ken Davies - P4P Coordinator - P4P coordination Unit - (Policy, Planning and Strategy Division)</p> <p>Sarah Longford - Senior Programme Advisor, Partnerships - P4P Coordination Unit</p> <p>Clare Mbizule - Senior Programme Advisor, M&E - P4P Coordination Unit</p> <p>Jorge Fanlo - Senior Programme Advisor - P4P Coordination Unit</p> <p>Mary-Ellen McGroarty - Senior Programme Advisor - P4P Coordination Unit</p> <p>Elaine Reinke, M&E Officer, P4P Coordination Unit</p> <p>Alessia De Caterina, Reports Officer, P4P Coordination Unit</p>	Full team: Jonathan Mitchell, Christopher Coles, Jonathan Coulter, Henri Leturque, Steve Wiggins, Simon Levine
27/01/2011 am	0830 - 0930	7B00	Procurement	Bertrand Savignol - Head Food technology unit	Group one - Jonathan Mitchell, Jonathan Coulter, Simon Levine
	0930 - 1130	7 B 00	Procurement	<p>Jeffrey Marzilli - Snr Advisor - P4P focal point</p> <p>Joop Menkveld - Chief Food Procurement Service</p> <p>Pascal Joannes , Procurement Officer - Sudan</p> <p>Francois Buratto, Regional Proc Officer - Asia</p> <p>Brigitte Labbe Regional Proc Officer - West Africa</p>	
	1130 - 1200	7 B 00	Procurement	Finbarr Curran, Director Procurement Division	
	1200-13:00		Senior	Ramiro Lopez DaSilva - Deputy Executive Director (Chair)	

			Management		
27/01/2011 pm	1400 -1530	5G98	Logistics	Chris Nikoi, Chief Logistics and Transport Service Jean-Pierre Leroy, Filed Support Unit	Group one - Jonathan Mitchell, Jonathan Coulter, Simon Levine
	1530 - 1630	5G98	Finance	Robert Van Der Zee, Chief Treasury and Financial Risk Management	
	1630 -1730	5G98	Budget	Helen Kamau-Waweru, P4P Finance Officer and Serena Baldelli, Budget Officer	
27/01/2011 am	0900 -1100	2Y97	Policy	StevenWere Omamo Deputy Director - Policy, Planning and Strategy Division.	Group two - Christopher Coles, Henri Leturque, Steve Wiggins
	1100 - 1300	2Y97	Gender	Ngassam Tchaptchet, Programme Officer - Gender Service (Policy, Planning and Strategy Division). Clare Mbizule - Senior programme Advisor - P4P Coordination Unit and gender focal point	
27 Jan 2011 pm	1400 - 1530	2Y97	Programme	Al Kelher - Director - Programme Support unit	Group two - Christopher Coles, Henri Leturque, Steve Wiggins
	1530 - 1730	2Y97	P4P Coord Unit	Ken Davies - P4P Coordinator - P4P coordination Unit - Jorge Fanlo - Senior Programme Advisor - P4P Coordination Unit Mary-Ellen McGroarty - Senior Programme Advisor - P4P Coordination Unit	
28/01/2011 am	0900 - 1000	2Y97	Procurement	Jack Keulemans, head ODPFF	Group one - Jonathan Coulter, Jonathan Mitchell, Christopher Coles
	1000 - 1100	2Y97	Legal	Ariona Aubrey , Legal Officer	

28/01/2011 am	0900- 1100	7B00	FAO	Jennifer Nyberg and Ahmed Shukri	Group two - Steve Wiggins, Henri Leturque
	1100 - 1300	7B00	IFAD	Francisco Rispoli, technical advisor	
28/01/2011 pm	1400 - 1600	2Y97	OE	Caroline Heider, Director Office of Evaluation Claire Conan, Evaluation Manager	Full team : Steve Wiggins, Henri Leturque, Jonathan Coulter, Jonathan Mitchell, Christopher Coles
31/01/2011 am	0900 - 1000	4G98	VAM	Joyce Luma, Head of Food Security Analysis Service	Christopher Coles
	1000 - 1200	4G98	VAM	Issa , Market Specialist	

List of Persons interviewed - Kenya	
Name	Institution
1. Pippa Bradford	WFP, Deputy Country Director
2. Martin Kabaluapa	WFP, P4P Coordinator
3. Zippy Mbatl	WFP, P4P
4. Lorna Likhanga	WFP, P4P
5. Abed Mutemi	WFP, P4P
6. Michael Onyango	WFP, P4P
7. Catherene Nyaunde	WFP, P4P
8. Peter Kimotho	WFP, P4P
9. Esther Muiruri	Equity Bank
10. Dragica Pajavic-Alp	P4P, Longistics
11. Yvonne	WFP, VAM
12. David Nyamieno	Cereal Growers Association
13. Sabastian Odanga	JICA
14. Philip Ochieng	WFP, P4P Eldoret
15. Cleophas Wesoli	AMPATH
16. Michael Rono	PISU, Eldoret
17. Pradip Patel	Export Trading Company
18. Rosemary Babu	WFP, P4P, Eldoret
19. Tom Kombe	Transporter Eldoret
20. Joshua Kimurto	Transporter Eldoret
21. Apollo Wekesa	WFP, RUPA Warehouse, Eldoret
22. James Mutonyi	AGMARK-Kenya
23. George Masila	East Africa Grain Council
24. James Kundu	Kenya Agricultural Commodity Exchange
25. Ernest Moturi	National Cereals and Produce Board
26. Paul Omanga	FAO, Kenya
27. Aisha Maulid	WFP, procurement
28. Abner Ingosi	Ministry of Agriculture

List of people interviewed - Zambia	
Felix Edwards	Head of Procurement & P4P Unit, WFP
Pablo Recalde	Representative & Country Director, WFP
Evans Mwangwe	Market Analyst, P4P Unit
Orient Muloongo	Senior Programme Assistant, M&E
Maiko Uchida	Programme Officer, P4P Unit
Justin Sikokwani	Senior Procurement Assistant, P4P Unit
Efrida Nyirenda	Procurement Assistant, P4P Unit
Rob Munro	Senior Market Development Advisor, USAID/PROFIT project
Brian Tembo	MD, Zambia Agricultural Commodity Exchange Ltd. (ZAMACE)
Ngozi Chizola Daka	Accountant/Trading Officer, ZAMACE
Thomas Kayombo	Director, Affairs and Finance, ZAMACE
Coillard Hamusimbi	Head of Outreach, Member Services & Admin., Zambia National Farmers' Union (ZNFU)
George Liacopoulos	MD, Zdenakie Ltd., grain traders
Marc Bragge	Trading Manager, AFGRI Corp. Ltd., grain traders
Al-Noor Manji	MD, Quality Commodities Ltd., grain traders
Chanda	Savanna Commodities, grain brokers
Chris Hawke	CHC Commodities, grain brokers
Piet Theron	MD, Parmalat Zambia Ltd.
Martin Njovu	Parmalat Zambia Ltd.
Lazarous Mawele	Food Reserve & Marketing Manager, Food Reserve & Marketing Manager, Food Reserve Agency, FRA
Joseph Mulabu	Market Information Coordinator, FRA
Chisanza	Business Adviser, ZAMACE, Choma
Lyness Kayumba	ZAMACE Coordinator, Monze
The Manager	Dunavant Ltd., Monze
Mr Wilber	MSP beneficiary and farmers attending MSP demonstration, Magoye, Monze

	District
Moomba Investments	market trader and ZAMACE-certified warehouse operator, Monze
Members of Basanje Cooperative	Monze District
Members of Mujika Cooperative	Monze District
Lucia Di Troia	Administrator, Food Facility Project, Monze and Mazabuka, CELIM Italian Volunteers, Monze
Silvia Dietoni	Chief Financial Officer, CELIM, Monze
Camos Mokonka	Project Officer, Food Facility Project, CELIM, Monze
Prof. Thom Jayne	Food Security Research Project (FSRP)/Michigan State University (MSU)
Dick Siame	Country Officer, IFAD
Julius Shawa	Director for Policy and Planning, Ministry of Agriculture and Cooperatives (MACO)
Mrs M.A. Sitwala	i/c Cooperatives, MACO

List of people interviewed - Uganda	
Team members (Rosemary Kaduru, Maria Pardo) and Elvis Odeke, AMS/P4P Coordinator	Initial briefing
Stanlake Samkange, CD, Hakan Tongul, Deputy Director, and Elvis Odeke, AMS/P4P Coordinator	Meeting with Country Director, WFP
Director and senior staff	Meeting with senior staff of WFP-Uganda
Tom Mugisa, Programme Officer, Technical Services	Meeting at the Programme for the Modernisation of Agriculture (PMA) Secretariat, GoU
Peter Wathum, George Kaweesi	USAID/LEAD project
Mr Barake, Tarek Keshavjee, Head of Logistics	Logistics Dept.
Stephen Samba	Human Resources Dept.
Hakan Tongul, Deputy Country Director and Sarah Laughton, Head of Programmes	Lunchtime meeting with WFP staff (Coulter)
Julia Tagwireyi, Snr. Nutrition Advisor	Discussion re nutrition
Elvis Odeke, AMS/P4P coordinator	Discussion re infrastructure development

Daniel Molla	Vulnerability & Market Assessment (VAM)
Martin Muwaga , Head of M&E	Discussion of M&E Activity
Arben Casilli, Head of Procurement	Discussion of procurement under different modalities
Elvis Odeke, AMS/P4P coordinator	Further discussion of AMS/P4P
Alex Lwakuba, Commisioner Crop Prod. & Resources; Beatrice Namaloba, Snr. Agric. Officer, Food Prod. & Marketing; Mulwezi Dues, Asst. Commissioner Agribusiness, in Planning Dept.; Samuel Semanda, Commissioner Agricultural Planning	Meeting at Ministry of Agriculture, Entebbe
AMS team: Josephine Ojera – Programme Officer Robert Gensi – PHH Vincent Sembatya – PHH Patricia Elotu - Partnerships	AMS work plan
John Magnay, Opportunity International	Interview of member of AMS/P4P Advisory Committee
Alex Rwego, Executive Director	Meeting at Uganda Commodity Exchange (UCE)
Erastus Kibugu, Country Manager; Edward Agaba, banana programme in SW Uganda	Meeting with TechnoServe (represented on AMS/P4P advisory committee)
Dipak Bhojkar Godfrey Kirumira Kalule	Premier Commodities, leading supplier to WFP
Harold Buayamugisha	Aponye/Rubya Commodities, leading supplier to WFP
Chris Kaijuka, M.D.	Afrokai Ltd. (traders)
Mario Samaja, Senior Emergency & Rehabilitation Coordinator; Carine Malardeau, P4P Project Manager	FAO
John Ssemaku-, Head of Iganga S.O., Vincent and Andrew, Senior Programme Assistants.	Meeting with Iganga S.O. reps., Jinja
Leaders of CAO • Ben Otime Oguette, CAO Production Team & NAADS	Jinja District HQ.

<ul style="list-style-type: none"> • Dr Kiwemba Steven – District Production and Marketing officer • Ibanga Mussa Agriculture Officer 	
Richard Ibengo, Manager Herbert Kyeyamwa – Managing Director (Monday 14 th)	Agroways (U) Ltd., Licensed Warehouse
John Kisoro; John Nkutu; Abass Gidina	HL visits small traders - JIK farmers association, Jinja
Wambedla Aggrey – Secretarial Manager	HL visits Atenesitala Farmers Group – Working under the ACE Umbrella
Moses Mock, Acting Manager and group of farmers	Baida (Bugiri Agribusiness Development Association)
BASAIKA KIRALA, Bugiri	Focus group meeting with farmers not participating in P4P, control group
Abraham Batambuze, Field Officer	LEAD Project, Bugiri
office and team	HL visit ORDS, Jinja
John Kisoro – agent	HL visits Aponye warehouse, Jinja
Kayayo Battson R. Emmanuel Associate Director Peter Mubiru	HL visits Sasakawa Global 2000
BAWAJAJI AGRO PROCESSORS AND MARKETERS TRAINING-BAMTA (they have sold to WFP through the warehouse). Semi- structured interview (SSI) with the chairperson and the manager; focus group discussion with members of the group	RAK and MP travel to Nyenga (Busoga)
SIMUNTU FARMERS – MBULAMUNTU (they have sold to WFP directly). SSI with the chairperson and group discussion	RAK and MP travel to Kamuli (Busoga)
Amos Mwesigye, Head of S.O. Juma Afrida, Senior Programme Asst., AMS	Meeting at WFP Sub-Office, Mbarara
Karim, Millennium Foundation + members	Visit to Ruhiru Women’s Group bulking beans for sale to WFP
Seare Maheri, Director Jonas Haile, Financial Manager Philip, Production Manager	Elshaday General Trading Co. Ltd., UCE-Licensed Warehouse

Hope, Supervisor of Quality Control Olivia, Storekeeper Baluku, Quality Grader	
Francis Mugisha, Warehouse Keeper Mahindu Selevest, Operations Manager Sabit Godfrey, Accountant Baluk Robert, Accountant and Grader Kule Jovenal, Internal Auditor Kima Augustine, Grader	Nyakatonzi Cooperative Union, UCE-Licensed Warehouse
11 farmers including 2 women who had deposited maize	Meeting with farmers at Nyakatonzi Cooperative Union
Mr Silver, MD William, General Manager	Surface Contractors Uganda Ltd., Rwimi
Benon Twinobusigye, Field Officer	LEAD Project
Godfrey Pukamagona, District Commercial Officer; Alfred Kamanyire, District Production Coordinator	District Offices
Rosetti Mugisha, Project Manager, P4P Katusa Robert, National Agric. Livelihoods Project Manager; Ahanga Ambrose, Construction Supervisor; Richard K., M&E Coordinator	Samaritans Purse
Abdul Kyanika Nsibambi, Manager, Agricultural Lending	Centenary Bank
Warwick Thomson, by phone & email	Danish Embassy
Stella Mutumba, Trade Finance	Equity Bank
Chris Baine, Executive Director	Coronet Group
Richard Pelrine, by phone	Inspire International
Herbert Kyeyamwa, M.D.	Agroways Ltd., UCE-licensed warehouse
Valery Alia, Chief Warehouse Examiner	Uganda Commodity Exchange
Sean Paavo Krepp, Uganda Country Director Whitney Gantt, Technical Program Manager, ICT	Grameen Foundation

Innovation	
Paul Nuwagaba, Head, Business Banking	Housing Finance Bank
Rashit Pertev and William Odwongo	World Bank
Harriet Nabirye, Uganda Representative (by phone)	Eastern African Grain Council
Tiziana Zoccheddu, Head of WFP Gulu Sub-Office	WFP
David Dicken Ogwan _ P4P project manager Brenda Pibiva – Head of sub office	FAO
Robert Kalega, AMS coordinator for Acholi / Senior Program Assistant	WFP
Emmanuel Zole, Food Security Program Manager	ACF Gulu
Helen ACHAN – Program coordinator	ACTED Gulu
Achan Mickale / Richard Odong / Florence Odong	Small Traders in Gulu
Jackson Akena	Medium scale trader / miller in Gulu
Lakro Jackson and Okiri Ochora	Gulu district agriculture office
Farmer Field School Bungatira Network (working with FAO) SSI with chairperson of one of the FFS and group discussion	RAK and MP meet farmers groups
Koro Community Centre Control Grup	
	USAID LEAD project – Gulu office
Chaired by Helen Odong.	Omon Chong Women’s group
Awere Subcounty Farmers Association (working with Food for the Hungry) SSI with a small group of chairpersons from different FOs and group discussion with wider group of members	RAK and MP travel to Awere subcounty
Daniel Wanzala, managing director & Godfrey, warehouse keeper.	Massgl licenced warehouse operator, Massindi
	MADFA

Elly Kyaligonza	USAID Lead project
Ntooma Parish – Bwijanga Subcounty group discussion with members including the chairperson (they have sold to WFP through the MASSGL warehouse)	RAK and MP meet farmers groups
Wicliff Berwanga	Small trader Massindi
Bernard Karuemera, Exec Director	Agrovet
David Katende	MADFA - Massindi District Farmers association
Pakanyi United Farmers Cooperative Society Ltd. (they have sold to WFP directly) SSI with the manager of the cooperative and group discussion with members of the group	RAK and MP meet FO
Theresa Tuano, Director, Economic Growth Team; Jenna Diallo, Private Enterprise Development Officer; Jacqueline Wakhweya, Development Finance Specialist	USAID
Mike Opagi (by phone)	IFC Nairobi
Bernard Bashaasha, Assoc. Prof., Makerere University	Adviser to AMS/P4P
Rohit and Livingstone	Logistics department, WFP
Stanlake Samkange	Feedback meeting with Country Director

Note: JC = Jonathan Coulter; HL = Henri Leturque; RAK = Rosemary Kawino; MP = Maria Pardo

List of people interviewed - Mali	
Country Director, P4P coordinator, P4P team	WFP CO
Programs & Depute CD, Logistics, Finance, Human Resources, and complementary discussions with P4P team	WFP CO
Ministère Agriculture Politique (Makiyou + CT)	Bamako

Ministère Agriculture Technique (Directeur National Agri)	
Commerçant 1 Siré Bah	
Commerçant 2 Hamadoun Bocoum	
SAP (EWS) Mary Diallo	
Direction Promotion Féminine (Boubacar Samaké)	
FAO Manda Keita	
APCAM (Coulibaly Djénébou Traoré)	
OPAM (PDG) -National Food Stocks	
Afrique Verte (Yacouba Ballo)	
CSA (Guindo) - Food Security Committee	
Sasakawa (Directeur Abou Berthé)	
CRS (Directeur Timothy Bishop et Moussa Sangaré)	
Agriculture (Chef secteur Gaoussou Coulibaly)	Dioila
Farmers Organisation Dioila	
Encadrement (Directeur technique ULPC Dramane Keita)	
Office of Agriculture	Béléko
Farmers Organisation Beleko	
Encadrement (Directeur technique USCPMD Dramane Diabaté)	
Faso Jigi (Abdoulaye Sissouma)	Segou
OP faso Jigi	
Agriculture (Chef secteur Koné)	
Commerçants (Salah Soumounou et Cheick Oumar Hanne)	
OP témoin (Faira) contacter Chef secteur Koné	
Afrique Verte (Diallo Yah Diakité)	Koutiala
Farmers Organisation Koutiala	
Commerçant (Sidiki Badjan Doumbia)	
Faso Jigine (Credit Organisation)	

Encadrement Motorises de Koutiala (control FO)	
Agriculture (Directeur régional et Chef secteur Tamboura)	Sikasso
Sasakawa (Idrissa Bina Coulibaly)	
Control Farmers Organisation (Dêh)	
Denebalo de Ouré (Président Youssouf Sangaré)	
Encadrement Sasakawa (Filifing)	
Sabati de Zantièbougou (Women FO)	Bougouni
Encadrement (CAEB Toumagnon)	
Agriculture (Chef secteur Fousseyni Mariko)	
Societe des Moulins du Sahel (ED)	Bamako
MSU - Nango Dembele	
IIECM - USAID	
SNV	

List of people interviewed - Liberia	
Moses N. Philips, Chairman, Board of Directors Rebecca Paye, Member, Board of Directors Nohn Wilson, Member, Board of Directors Jefferson N. Tokpah, General Manager Randolph M. Zekeh, Finance Manager	<u>Dokodan Farmers Cooperative Society</u> Gbedin Camp 3, Sanniquellie-Mah District, Nimba County, Liberia
Annie Kruah, Gbehlay-Geh Statutory District Chairlady Madusu Jabateh, Gbehlay-Geh Admin. District Chairlady Martha Zain, Zor Clan Chairlady Doris Zorror, Soe Chiefdom Co-Chairlady Ophelia Qwiwonkpa, Zor Chiefdom Chairlady Dalo Demah, Gbeh Chiefdom Chairlady Susannah Troh, Stroh Chiefdom Chairlady Anna Paye, Tuah River District Chairlady	<u>Gbehlay-Geh Rural Women Structure</u> Karnplay, Gbehlay-Geh District, Nimba County, Liberia

Coop Board	<u>Corcacie Farmers Cooperative Society</u> Sanniquellie, Sanniquellie-Mah District, Nimba County, Liberia
Board of Women's structure	<u>Palala Rural Women Structure</u> Location: Palala, Panta-Kpaai District, Bong County, Liberia
Yonkor George, Co-Chairlady, Pulukpeh Farmers Cooperative Society James G. K. Singbe, Cooperative Aide, CDA	<u>Pulukpeh Farmers Cooperative Society</u> Location: Kpatawee, Jorquelleh District, Bong County, Liberia
Adolfo Cires Alonso,	Delegation office of the European union in Liberia, Food Security and Rural Development
<ul style="list-style-type: none"> • Lara Eldredge, Program Officer P4P • Lansana Wonneh, P4P Coordinator & Livelihood Advisor • Getachew Diriba, Representative and Country Director • Dilip Nedungadi, Finance Officer • Calvin Apire, Procurement Officer 	WFP Liberia Country Office staff: Country Director, P4P team, Logistics, Finance, HR, VAM, Procurement
John Walker, Assistant Resident Representative	UNDP Liberia
G. Momoh Tulay, Registrar General of Cooperatives	Cooperative Development Agency
<ul style="list-style-type: none"> • Kola Adeleke, MD • Prince Nipen, Relationship Officer, Corporate Banking • Comfort Dakana, Relationship Officer, Corporate Banking 	Ecobank Liberia
Syed Abdul Razak, Emergency Coordinator	Food and Agriculture Organisation of the United Nations (FAO)
<ul style="list-style-type: none"> • Ezzeddine Aziz, General Manager • George N. Nehme, CEO 	Supplying West Africa Trader Incorporated (SWAT)
<ul style="list-style-type: none"> • Emily D. Weedon, Social Protection Consultant Africa Region (AFTSP) • Louis Tian-Pierquin, Agriculture & Forestry AFTAR 	The World Bank

Mario Boivin, Charge de Programme	SOCODEVI
Joe-Hoover Gbadyi, Economic Growth Office	USAid Liberia

List of people interviewed –El Salvador
Monsanto: Juan Francisco Ortíz D., Gerente Comercial
Iris Villalobos, Andrea Macz, Villalobos y Asociados, Guatemala
Disagro, Oscar Domínguez, Gerente de Ventas
Programa de Desarrollo de Proveedores, Claudia Dubón, PNUD y Godofredo Pacheco, Coordinador PDP
FAO: Jaime Tobar, Director Nacional, Rehabilitación Productiva-Ahuachapán
ACALESE, San Esteban Caterina, Farmer assocaition
CENTA, Unidad de Género, Marta Trigueros
Prodemoro, Coordinador, Frank Escobar
MAG, Juan José Rodríguez A., Asesor
CRS: Santos Hernández
PREMODER, Wilberto Hernández y Mauricio Albanés
Universidad de El Salvador, Fac. de Ciencias Agronómicas, Reynaldo López L., Decano y Efraín Rodríguez U, coordinador de posgrado
CENTA, Director Dr Rene Rivera M.
BFA, Ing. Serafín Cardoso, Jefe, Depto Crediticio
CEN-POSCO, Edgar Morales B.
FAO: Jaime Tobar, Director Nacional, Rehabilitación Productiva-Ahuachapán

List of people interviewed –Guatemala
Rancho Fortaleza, Escuintla, Consejo de Desarrollo: farmer co-operative, interview with the Committee
Nueva Concepción, XX Martínez, Pres; Lionel Zépeda Vice Pres., Irma Castellanos B, Tesorera, Azucena, Secra: farmer association, interviews with officials
IICA, Keith Andrews, Representante, Abelardo Viana, Especialista en Tecnología e Innovación
CRS Catholic Relief Services. Anne Bosquet, Directora
Secretaría de Seguridad Alimentaria y Nutricional (SESAN), Carlos Cazali, Sub-Secretario y Lily Caravantes, Secretaria
Asociación para el Desarrollo de las Comunicaciones Sociales ADCS, Adolfo Barrera, Director, Brenda Gutiérrez, Profesional
Fondo Nacional de Desarrollo Social FONADES, Humberto Tejada
Ministerio de Agricultura MAGA: Ing. Alfredo Orellana, Vice-Ministro y Dra. Carmen Sandoval, Vice-Ministra
Fondo de Tierras, Lic. Luís Fernando Peña, Gerente General; Ing. Mario Páez, AT
CIDA, Christina Laur, Jefe de Equipo
Unión Europea, Claudia Antonelli, Oficial de Programas
HELPS International, José Luis Loarca, Coordinador de Desarrollo Económico, Mauricio Rosales, Coordinador Regional de Desarrollo Comunitario, Richard Grinnell, Vice-Presidente Ejecutivo
Instituto Nacional de Comercialización Agrícola, INDECA, Ing Calderón, Director
PLAMAR, Departamento de Riego del MAGA, Ing. José Daniel Tistoj, Jefe de Departamento
MAGA< ICTA, José Franco, Elias Raymundo, Julio XXX
MAGA, ICTA Pos-cosecha, Ing Jaime Ochoa S., Jefe de Departamento
FAO, Ernesto Sinópoli, Representante
Disagro, Alberto Mazariegos, Gerente de Ventas

Annex 6: Internal and external reference group

Internal Reference Group members			
Emmanuela Mashayo	P4P Coordinator	WFP	Rwanda
Martin Kabaluapa	P4P Coordinator	WFP	Kenya
Sheila Grudem	Deputy Country Director	WFP	Tanzania
Francois Buratto	Regional Procurement Officer	WFP	Bangkok
Simon Denhere	Regional Procurement Officer	WFP	Johannesburg
Allan Jury	Director, Liason office	WFP	Washington
Joyce Luma	Chief, food security analysis service	WFP	HQ
Were Omamo	Chief, food security and safety nets service	WFP	HQ
Domenico Scalpelli	Deputy Director, Government donor delations Division	WFP	HQ
Robert Van der Zee	Chief, treasury and financial risk management service	WFP	HQ
Jeffrey Marzilli	Procurement division – Senior Prog Advisor	WFP	HQ
Clare Mbizule / Sarah Longford	P4P Unit – Senior Programme Advisors	WFP	HQ

Technical Review Panel members	Specialisation	Institution
Shukri Ahmed	Economist	FAP
Jamie Anderson	Technical Advisor, Rural Finance	IFAD
IFAD replacement: Francisco Rispoli	Technical Advisor, Rural Finance	
Chris Dowswell	Agriculture, rural development and antural resource management	Sassakawa Africa Association
Lydia Kimenye	Agricultural Economist	Association for Strengthening Agricultural Rresearch in Eastern and Central Africa (ASARE CA)
Chris Muyunda	Argribusiness, natural resource, commodity marketing and policy professional	Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) a specialised agency of Common Market for East and Southern Africa (COMESA)
COMESA replacement: Bridget Chilala	Director of Trade	
Maximo Torero	Market, Trade and Institutions	IF PRI
Dave Tschirley	Market specialist	Michigan State University
Marta Valdez	M&E specialist	Oxfam Intermon
Miguel Garcia	Market specialist	IICA
Eija Pehu (yet to attend a meeting)	M&E and gender specialist	World Bank

Annex 7: P4P Summary log-frame

Component	Indicator	Data source	Risks and assumptions
Impact: To facilitate increased agricultural production and sustained market engagement and thus increase incomes and livelihoods for participating smallholder/low income farmers, the majority of whom are women.	Participating smallholder/low income farmers' annual household incomes (relative to baseline and comparison groups, disaggregated by gender of household head)	Smallholder farmer household surveys	
Objective 1. To identify and share best practices for WFP, NGOs, governments, and agricultural market stakeholders to increase profitable smallholder/low income farmer engagement in markets.			
Outcome 1.1: WFP and other agricultural development stakeholders collaborate to identify procurement and market development best practices from P4P experience	Number of completed compilations (by WFP) of best practice programming and policy recommendations on prosmallholder local procurement	Document review	Local procurement is an effective method for accomplishing development objectives without risk to WFP's and other stakeholders' core objectives
Output 1.1.1: Mechanisms and procedures to collect and manage P4P performance data developed & functioning	Completed global level M&E system including M&E plan, implementation guidelines, M&E manual, and analysis and reporting routines/templates	Document review	WFP, and particularly the country offices, embed learning objective and have the capacity and funding necessary to support countrylevel M&E activities
	Number of P4P pilot countries implementing M&E system (e.g., collecting data, producing required reports, etc.)	WFP P4P Unit records	
Output 1.1.2: Monitoring and evaluation results compiled, analyzed, and disseminated.	Percentage of required M&E reports delivered to, or developed by, P4P Unit (disaggregated by country/unit and report type)	WFP P4P Unit records	P4P Unit reviews and assimilates country office reports and data
Output 1.1.3: Engagement of agricultural market stakeholders (e.g., governments, NGOs, partners, private sector, etc.) in dialogue to interpret findings and validate best practices facilitated	Average percentage of invited/expected organizations represented at event/meeting (disaggregated by event/meeting)	Meeting minutes or event attendance/participation records. Applicable events include country level action reviews, regional P4P meetings, global events, technical review panels, and lessons learnt events	WFP is able to engage a sufficiently wide range of experts who actively participate in the learning process. Stakeholders are willing to participate in collaborative learning.

Component	Indicator	Data source	Risks and assumptions
	Number of meetings of agricultural development stakeholders at which either policy or programming proposals are tabled by P4P implementers	Records of WFP, P4P Unit, country offices, and implementing partners documenting formal presentation of P4P programming or policy recommendations at meetings/conferences with other stakeholders.	
Objective 2. To increase smallholder/low income farmers' capacities for agricultural production and market engagement in order to raise their income from agricultural markets.			
Outcome 2.1: By the end of the project, participating smallholder/low income farmers have increased their marketable surpluses of staple commodities.	Average per farm marketable surplus of staple commodities produced by smallholder members of participating farmer organizations (relative to baseline and comparison group, disaggregated by commodity and gender of farmer)	Smallholder farmer household surveys	P4P is successful at building sustainable access to markets for smallholder/low income farmers at prices that reflect the cost of production.
	Average per farm quantity of staple commodities sold by participating smallholder/low income farmers (relative to baseline and comparison group, disaggregated by gender of household head)	Smallholder/low income farmer household surveys	
	Average (per smallholder farm) postharvest losses of staple commodities as a percentage of annual production (relative to baseline and comparison group, disaggregated by commodity and gender of household head)	Smallholder/low income farmer household surveys	
Output 2.1.1: Smallholder/low income farmers trained in improved agricultural production inputs and practices	Percentage of participating farmer organizations for which WFP has signed agreements with partners to improve agricultural	Country office activity records	Training is effective, inputs are available, and farmers have sustainable markets at prices sufficient to

Component	Indicator	Data source	Risks and assumptions
Outcome 2.2: By the end of the project, participating smallholder/low income farmer organizations have increased their capacity to aggregate and market their smallholder members' marketable surpluses of staple commodities	Average proportion of smallholder members' staple commodities sold through participating farmer organizations (relative to baseline and comparison group, disaggregated by commodity and gender of registered farmer organization member)	Smallholder/low income farmer household surveys Farmer organization records and surveys	Smallholder farmers have increased their production of staple commodities and are choosing to sell more of their surpluses through the farmer organization.
	Average (per registered member) quantity of staple commodities sold through participating farmer organizations (relative to baseline and comparison group, disaggregated by gender of registered farmer organization member)	Farmer organization survey and records	
	Average (over participating smallholder farmer organizations) price received for commodities as a percentage of the highest price in that locality during the marketing season	Farmer organization records Secondary market data (source varies by country)	
Output 2.2.1: Participating smallholder/low income farmer organization management staff trained in organizational management (e.g., governance, administration, financial)	Percentage of smallholder/low income farmer organization management staff who have completed training in governance, administration, or financial management of farmer organizations (disaggregated by gender)	Supply side partner activity records	Training is effective, trainees implement lessons in running their organizations, smallholder farmers increase production and choose to sell their staple commodities through the farmer organization.
Output 2.2.2: Participating smallholder/low income farmer organizations trained in contracting	Number of farmer organizations with at least one member of the management staff trained in organization management (i.e., governance, administration, or financial management of farmer organizations)	Farmer organization survey and records	Training is effective, trainees implement lessons in running their organizations, contract opportunities exist, smallholder farmers increase production and choose to sell their staple commodities through the farmer organization.
	Average (over farmer organizations) percentage of contracts successfully delivered. (relative to baseline and comparison group, disaggregated by country and primary reason for default)	Farmer organization surveys and records	
	Number of participating smallholder/low income farmer	WFP procurement data and	

Component	Indicator	Data source	Risks and assumptions
	Average attrition (dropout) rate of participating smallholder/low income farmer organization members (i.e., percentage of members at beginning of year who were not members at the end of the year) (disaggregated by gender of farmer organization member)	Farmer organization surveys and records	
Output 2.2.4: Mechanisms established to address participating smallholder/low income farmers' cash flow constraints	Number of participating smallholder/low income farmer organizations with ability to offer their members some form of financing for crops at harvest (e.g., by pre-purchase, credit, access to warehouse receipt systems, or other full or partial prepayment for crops) (relative to baseline and comparison group, disaggregated by type of financing)	Farmer organization survey and records	Addressing cash flow constraints is sufficient to provide smallholder farmers greater flexibility in how they sell their commodities and they then choose to sell those commodities through the farmer organization.
	Number of participating farmer organizations depositing commodities in a warehouse with a receipt system	Farmer organization survey and records	
Outcome 2.3: By the end of the project, participating smallholder/low income farmer organizations have increased access to markets for staple commodities	Average quantity of staple commodities sold by participating farmer organizations (relative to baseline and comparison group, disaggregated by commodity)	Farmer organization surveys and records	Smallholder farmer members increase production of staple commodities and choose to sell their surplus through the farmer organization.
	Average size of sale of staple commodities by participating smallholder/low income farmer organization (relative to baseline and comparison group, disaggregated by commodity)	Farmer organization surveys and records	
	Average number of different geographic markets sold into by participating smallholder/low income farmer organizations (relative to baseline and comparison group)	Farmer organization surveys and records	
Output 2.3.1: Partnerships for addressing identified constraints facing smallholder/low income farmer organizations' access to markets established and monitored	Percentage of participating smallholder/low income farmer organizations for which WFP has signed agreements with partners to provide market access support	WFP country office records	Partners are effective in working with farmer organizations to address the identified constraints to market access.

Component	Indicator	Data source	Risks and assumptions
	Average food consumption score of participating smallholder/low income farmer households (relative to baseline and comparison groups, disaggregated by gender of farmer organization member)	Smallholder/low income farmer household surveys	
	Average household asset score (HAS) of participating smallholder/low income farmer households (relative to baseline and comparison groups, disaggregated by country and gender of farmer organization member)	Smallholder/low income farmer household surveys	
	Average annual household expenditure (food and non-food) by smallholder farmer households (relative to baseline and comparison groups, disaggregated by gender of household head)	Smallholder/low income farmer household surveys	
	Percentage of participating smallholder/low income farmers who are net sellers of staple commodities (i.e., produce more than they consume) (relative to baseline and comparison group, disaggregated by commodity)	Smallholder/low income farmer household surveys	
Objective 3. To identify and implement best practices for increasing sales to WFP and others with a particular focus on smallholder/low income farmers.			
Outcome 3.1: The quantity of WFP's purchases from smallholder/low income farmer associations increases by 30% annually throughout the five-year P4P pilot phase	Quantity of food purchased annually by WFP from smallholder/low income farmer organizations (disaggregated by commodity, procurement modality, and country)	WFP procurement records	Farmers have sufficient surpluses and WFP has sufficient need and capacity to support the target increase in procurement.
Output 3.1.1: A clear (country-specific) strategy for increasing procurement of staple commodities from smallholder/low income farmers documented	Number of P4P pilot countries with a documented plan for achieving the required growth increment	CIP, specific strategy for increasing local procurement to achieve the 30% growth target	External factors (i.e., production shocks, prices, etc.) not curtail quantity available, WFP's need for staple commodities, or ability to procure locally without disrupting markets (i.e., local price is below IPP).
Output 3.1.2: Country offices' local procurement strategies explicitly document impacts on local markets and traders	Number of P4P pilot countries with documented local-specific decision rules to minimize/avoid market distortions	P4P country office records/documents	None.
	Number of P4P pilot countries producing timely market intelligence/impact reports	P4P country office records/documents	
Output 3.1.3: Country office staff trained in P4P procurement	Percentage of country offices with at least one staff member trained in some aspect of local procurement specific to P4P.	WFP country offices, P4P Unit records	Training is effective and addresses a relevant context to P4P procurement.
Output 3.1.4: WFP contracts for processed foods establish	Average (over participating farmers' organizations) sales of staple	WFP's P4P and Procurement Units	Processors represent a large enough market for

Component	Indicator	Data source	Risks and assumptions
Outcome 4.1: By 2013, WFP has transformed its programming, policies, rules, and regulations to incorporate a strategic focus on local procurement with a focus on smallholder/low income farmers	Financial regulations and procedures revised to incorporate pro-smallholder procurement	Review of WFP financial regulations	The P4P pilot concludes that an inc procurement delivers the desired de and that risks to markets and WFP's manageable.
	Job descriptions reflect needs/skills required to effectively manage local procurement	Review HR job descriptions for relevant positions (country directors and procurement, logistics, finance, programming staff). Job descriptions need to include managing/implementing P4P.	
	Program guidance manual revised to reflect a strategic approach to Local Procurement.	Document review	
	Number of P4P pilot countries in which risk management strategies explicitly acknowledge risks associated with pro-smallholder procurement	Document review	
	Percentage of PRROs, EMOPs, and country programmes that incorporate pro-smallholder local procurement as a programme component (disaggregated by country)	Review of documents	Projects have sufficient untied fundi
Output 4.1.1: WFP policies reflecting pro-smallholder procurement best practices endorsed by Executive Board	Percentage of pro local procurement policy proposals presented to WFP's Executive Board that are adopted.	P4P Unit documents and activity records	Local procurement serves WFP's ne priority for the organization.
Output 4.1.2: Integration and coordination across WFP operational units relevant to P4P implementation established	Percentage of required Steering Committee and Stakeholder group meetings convened.	P4P Unit records	Local procurement accepted by all r
Output 4.1.3: Country offices reliance on identified best procurement practices for local food procurement increased	Percentage of total annual procurement from local sources (disaggregated by supplier, i.e., trader, farmer organization, etc.)	WFP procurement monitoring	WFP funding constraints (i.e., tied a availability) and external factors (de prices) do not constrain local procu

Annex 8: CAR process in countries visited

Table 5: The activities in CIP are largely drawn from the recommendations of the Country Assessment Report

Country	Resources for Assessment	P4P Resources
Liberia	12 days for assessment 3 WFP staff (Procurement x2 and VAM) 4 FAO staff 2 Ministry of Agriculture staff No evidence of any private sector stakeholders met other than FOs	\$4.53m
Uganda	19 days for assessment 3 external specialists Unclear who was met during assessment mission	\$4.99m
Kenya	50 days for assessment 1 external consultant and 1x VAM staff member 31 people met (no evidence of private sector or farmers)	\$4.98m
Mali	18 days 3 WFP staff (2 program, 1 procurement) 27 people met (2 private sector – an independent FO and women’s enterprise group)	\$4.11m
Zambia	20 day for assessment 2 external consultants 31 people met (2 traders, 3 commercial suppliers)	\$4.32m
El Salvador	Length of assessment is not specified 1 external consultant 17 people highlighted as having been met	\$5.12m
Central America	30 days 8 member team (1x external, 1x P4P, Programmes x1, procurement x1, comms x1, IICA x 3)	\$7.71m

Source: Country Assessment Reports, financial estimates are indicative only and are taken from P4P sources (P4P TF contributions by CO)

Annex 9: Comparison of P4P and non-P4P costs

Figure 11 in the text compares the price of P4P food with non-P4P food and concludes that, because the P4P figure is lower that P4P food is more cost-effective and saves WFP money.

Our analysis suggests that this analysis is incorrect for two main reasons: first, the analysis of P4P and non-P4P prices is distorted because the non-P4P figure is artificially high as it includes more expensive commodities. Second, the P4P price is artificially low because it excludes many costs items. The result of making a more comprehensive cost analysis is that P4P is revealed as generally a more expensive way of purchasing food than standard local purchase.

Comparing apples with apples

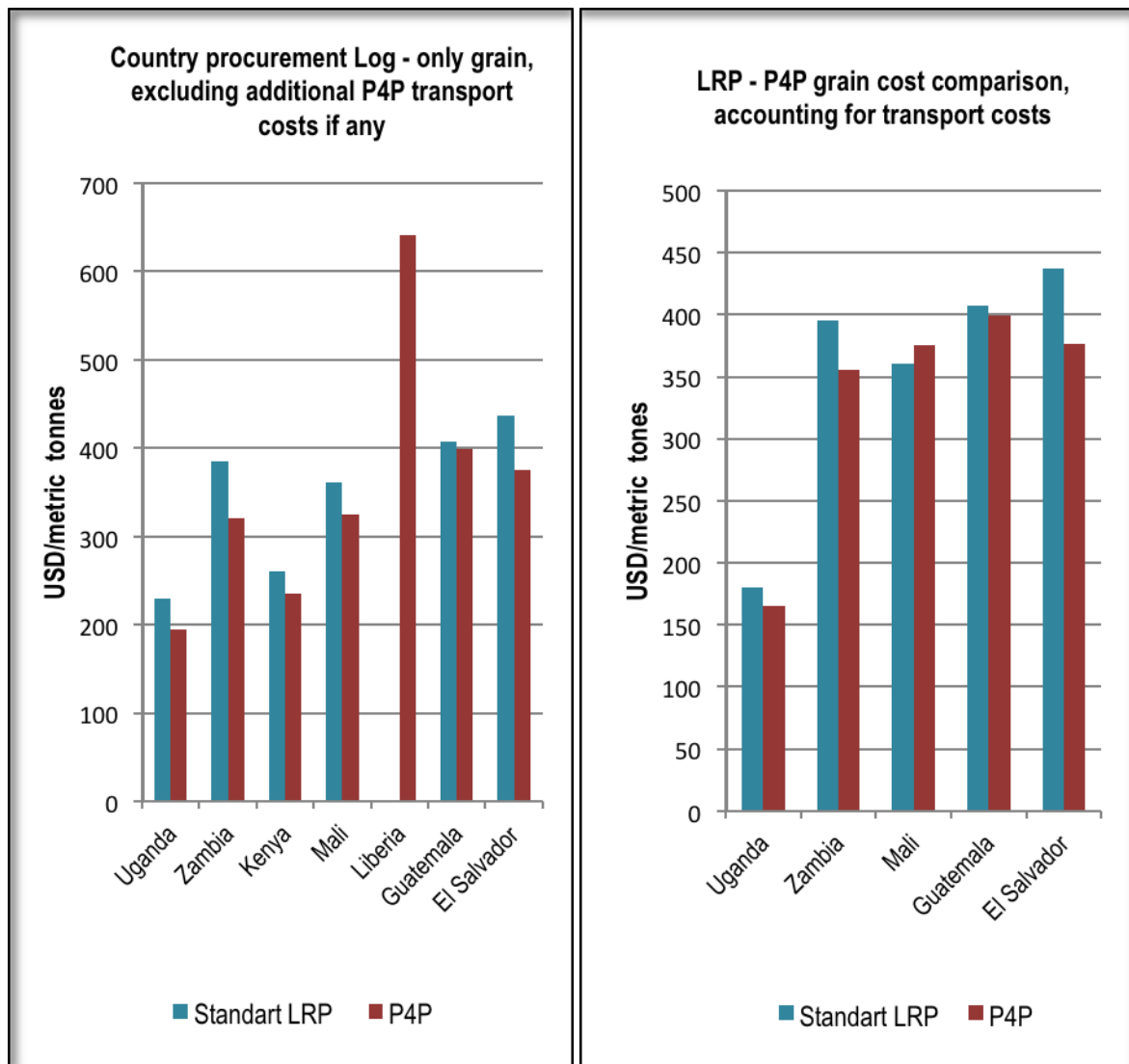
Figure 25a below suggests that the bulk of the price difference between P4P and non-P4P food costs is explained by the fact that these two categories include different types of food which, unsurprisingly, have different prices. Thenon-P4P mix tends to be of higher value (more pulses, flour, CSB, oil in regular LRP basket) than P4P purchases (which as we have seen a predominantly low-value maize and other cereals). When comparing the prices of similar products, most of the apparent cost effectiveness of P4P, compared with standard LRP, disappears.

Including transport costs Almost all LRP purchases are priced on a DDU basis (meaning the price includes the cost of transporting the goods to a specified warehouse or other destination) while most P4P purchases reflect the purchase price from the farmers association (so exclude most of the transportation costs). Figure 25b shows that, if the costs of transporting P4P goods are included in the analysis, the purchase prices are most often higher than LRP procurement. This adjustment makes little difference for Guatemala and El Salvador (as all P4P purchases are made DDU). However, for Mali, P4P becomes more expensive than non-P4P when transport costs are included. And for Uganda, the difference between P4P and non-P4P prices reduces when comparing purchases made on similar terms.

Figure 25: LRP/P4P price comparisons

a. Comparing apples with apples: comparing grain purchase prices for P4P and non-P4P

b. Grain purchase price comparisons between P4P and non-P4P on similar transport terms



Source: Country Procurement Logs by April 2011. Food prices are calculated as average values over the whole period 2009/April 2011.

Note: Uganda, Kenya, Guatemala, El Salvador: maize. Mali: millet and sorghum. LRP purchases - all DDU except for Zambia (mix of FAC and DDU). Uganda, Mali - Mix of FCA and DDU for P4P purchases. Kenya and Zambia - FCA. Guatemala and El Salvador - DDU.

Source: Country Procurement Logs by April 2011. Food prices are not calculated as average values over the whole period, but only refer to purchases for which comparisons were possible between Standard LRP and P4P (similar timing and similar destination for delivery).

Note: Uganda, Kenya, Guatemala, El Salvador: maize. Mali: millet and sorghum. LRP purchases - all DDU. Uganda, Mali - Mix of FCA and DDU for P4P purchases. Kenya and Zambia - FCA. Guatemala and El Salvador - DDU.

Even having taken account of different types of food and different transportation arrangements, this comparison between P4P and non-P4P still flatters the former. This is because the P4P prices exclude some costs: more procurement staff time, logistic costs for quality control, training, equipment and infrastructure costs. In addition, default rate tend to be much higher for P4P contracts, which inflates the P4P unit costs. Figure 12 in the main text estimates to take all these factors into account in comparing P4P and non-P4P costs.

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Acronyms

AERC: African Economic Research Consortium

AGRA: Alliance for a Green Revolution in Africa

AMS: Agriculture and Market Support project

BMGF: Bill and Melinda Gates Foundation

CAR: Country Assessment Report

CE: Commodity Exchange

CIDA: Canadian International Development Agency

CIP: Country Implementation Plan

CO: Country Office

CSB: Corn-Soy Blend

DDU: Delivery Duty Unpaid

EC: European Commission

FAO: Food and Agriculture Organization

FCA: Free Carrier

FO: Farmers' Organisation

GNI: Gross National Income

HGBF: Howard G. Buffett Foundation

IFPRI: International Food Policy Research Institute

IFAD: International Fund for Agricultural Development

IICA: Inter-American Institute for Cooperation on Agriculture

IPP: Import Parity Price

KIT: Royal Tropical Institute, The Netherlands

LRP: Local and Regional Procurement

M&E: Monitoring and Evaluation

MMW4P: Making Markets Work for the Poor

M4P: Making Markets Work for the Poor (abbreviation)

MTE: Mid-Term Evaluation

ODI: Overseas Development Institute

P4P: Purchase for Progress

PRC: Programme Review Committee

R&D: Research and Development

TRP: Technical Review Panel

USAID: United States bilateral development agency

USDA: United States Department of Agriculture

VAM: Vulnerability Analysis and Mapping

WFP: World Food Programme

WRS: Warehouse Receipt System

Office of Evaluation
www.wfp.org/evaluation



World Food Programme