



**World Food
Programme**

Ken Davies, P4P Coordinator
ken.davies@wfp.org

Purchase for Progress (P4P) in fragile contexts with a focus on P4P in the Islamic Republic of Afghanistan

Using Food Assistance to Build Long Term Solutions

**Seminar Employment and Income in Fragile Contexts,
Berne, 11th May 2011**

P4P's 3 pillars

Demand-base

***WFP's comparative advantage =
procurement and logistics expertise***

- Test innovative procurement modalities:
 - pro-smallholder competitive tendering
 - direct /forward contracting
 - linking farmers to processing opportunities
- Share knowledge on PHH, transport & storage

Partnerships

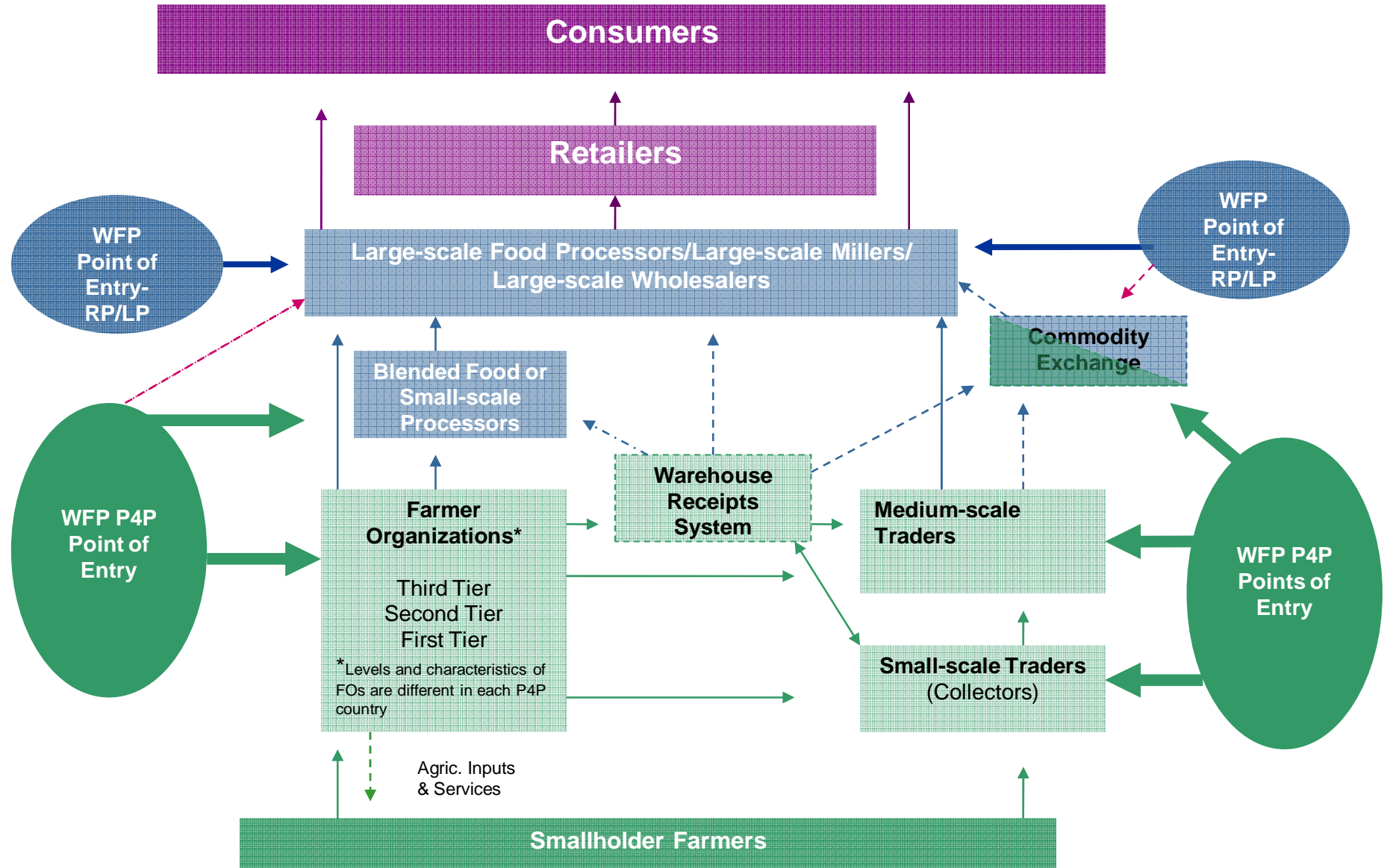
- Through supply-side partnerships, ensure quality and reliability of local supply by
 - Providing technical expertise in agriculture + market development
 - Developing capacity
- Align with and feed into national development frameworks and investments

Learning & Sharing

- Learning from experience and identifying best practices
- M&E system
- Technical Review Panel (TRP)
- Annual Reviews (National/Regional/Global)
- Contributing to policy debates

WFP local procurement – the foundation of P4P

Targeted P4P Points of Entry in Markets



P4P approaches with an array of partnerships

- differs from one country to another

		Countries
<p>Approach 1: <i>Farmers' Organisations and Supply-side Partnerships</i></p> <ul style="list-style-type: none"> • Receiving support on production + marketing • Various purchasing methods + progression strategy • FO's at different capacity levels – high, medium and low • Main challenges – governance, access to finance, limited availability of infrastructure and equipment to facilitate group marketing, meeting contract requirements 	<p> Approach 2 Support to emerging structured trading systems</p> <ul style="list-style-type: none"> • Supporting the roll-out of warehouse receipts systems in two ways <ul style="list-style-type: none"> • direct support for the establishment of the system • Purchasing through the system • Purchasing through commodity exchanges to create a “pull-in/follow-in effect” • Working with farmers' organisations to build their capacities to participate in structured trade 	Ethiopia Malawi Tanzania Uganda Zambia
	<p> Approach 3 Small and medium traders</p> <ul style="list-style-type: none"> • Enhancing competitiveness in the market • Providing an alternative market for farmers' surpluses • Procurement modality – modified tendering • Training provided on WFP procurement and contract requirements • Investment in marketing equipment – stitching machines, weighing scales 	Mozambique Kenya
	<p> Approach 4 Developing local food processing capacities</p> <ul style="list-style-type: none"> • Connecting farmers' organizations to established food processors • Developing local processing capacity – biscuits, supplementary feeding products 	Afghanistan Ethiopia Guatemala Mozambique Zambia

Common approach in all countries

Approaches are combined to fit country context

P4P VISION OF SUCCESS:

by 2015, agricultural markets will have developed in such a way that many more small-holder or low income farmers, the majority of whom are women- will produce food surpluses, sell them at a fair price and increase their incomes.

How Impact is achieved

**Smallholder
Productivity
Increased**



**Profitable access to
markets increased
f(organisation, markets,
enabling environment)**



**Sustainable
and profitable
engagement in
markets**

P4P in Fragile Contexts

- Afghanistan
- Democratic Republic of Congo
- Liberia
- Sierra Leone
- Southern Sudan

Purchase for Progress (P4P)

Programme Objectives

Using resources as responsibly and far-sightedly as possible

- ❑ Bringing demand closer to smallholder producers
by using WFP's purchasing power
- ❑ Acting as a catalyst to create links with supply-side partners
by using WFP purchasing footprint in an organised and planned way with
partners
- ❑ Learning and sharing experiences
by taking stock of best practises and lessons learnt



World Food
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Purchase for Progress (P4P)

3 PROGRAMME COMPONENTS

	Implementation Challenges and Objectives		
	Immediate (2010)	Mid Term (2011-2013)	Long Term (beyond 2013)
<i>Roles & Responsibilities</i>	<i>WFP</i>	<i>Working with the private sector</i>	<i>Afghan Authorities</i>
1. Local Procurement (Raw Commodities)	<ul style="list-style-type: none"> • Quality • Competitiveness 	<ul style="list-style-type: none"> • Diversification & Linkage with Food Industry • Increase Production 	<ul style="list-style-type: none"> • Adoption of international food quality standards • Regulation of the Food Industry <ul style="list-style-type: none"> • Regional Competitiveness
2. Food Processing (Fortified Commodities)	<ul style="list-style-type: none"> • Quality & Safety • Market Integration 	<ul style="list-style-type: none"> • Increase Production 	
3. Food Safety and Quality	<ul style="list-style-type: none"> • No Capacity • No Control • No Standards 	<ul style="list-style-type: none"> • Lab Analysis Capacity at Central Level 	

RESULTS IN 2010

Wheat Local Procurement

4700 mt of wheat grain - 5 Farmers Organizations

RESULTS

- ▶ **4,701.5 mt** Wheat Grain
- ▶ 5 farmers' organizations
- ▶ 4 provinces (Kunduz, Faryab, Balkh and Baghlan)

▶ **188,200** beneficiaries

▶ **28,653 US\$** saved

▶ Addressed immediate pipeline break

CHALLENGES FACED

Cost Effectiveness

- ▶ Kazakhstan and Pakistan

Geographic Targeting

- ▶ Selection of remote locations

Quality

- ▶ Local origin of the wheat
- ▶ Foreign matter content
- ▶ Moisture content

Preparatory Visits

- ▶ Q&Q supervision of the cleaning
- ▶ Supply side partner supervision

Market Integration

- ▶ Limited market intelligence
- ▶ Procurement rules

Simplified Procurement Rules

- ▶ Preparatory work/Sensitization
- ▶ Direct negotiation, simplified rules

**RESULTS IN
2010**

Food Processing Activities

65.000 mt fortified flour – 100 mt High Energy Biscuits

RESULTS

- ▶ **65,000 mt Fortified Flour**
- ▶ 8 mills
- ▶ 5 cities (Kabul, Jalalabad, Mazar, Kunduz, Herat)

- ▶ On voluntary basis
- ▶ On commercial basis
- ▶ Covered the needs of **355,000** people

- ▶ **100 mt High Energy Biscuits (HEB)**
- ▶ 2 private factories in Herat

- ▶ **11,000 US\$** saved
- ▶ **4,115** beneficiaries
- ▶ Addressed immediate pipeline break

CHALLENGES FACED

Child Labor

Family Alternative

Quality

- ▶ WFP nutritional standards
- ▶ Food Safety/Hygiene standards

Step by step approach

- ▶ Trials and small first commercial batch
- ▶ Constant monitoring (analysis)
- ▶ Expertise, technical recommendations

Market Integration

Simplified Procurement Rules

RESULTS IN 2010

Quality Control and Hygiene

CHALLENGES FACED

- ▶ Absence of capacity: no control at the border, insufficient in-country lab. capacity
- ▶ Regulation of the food industry spread across several entities
- ▶ No national quality standard for wheat



Application of WFP Standards

RESULTS

Short Term Strategy

Answering WFP needs in term of analysis

Step by step approach

- ▶ High Performance Liquid Chromatography (micronutrients)
- ▶ Spectrophotometer (minerals)

Long Term Strategy

Provide technical and financial support to scale up

Partnership with FAO

- ▶ Food Standards Adoption, Quality Control, Regulation of the Food industry

2011 and Forward

Food Processing Activities

A Step Toward HEB Autonomy

Increasing the production to ultimately answer WFP operational needs

Area Office	Private Factories	Containerized Factories (CFPU)	Max. Production Capacity (mt)	Area Office HEB needs in 2011 (mt)
Herat	2	-	3,200	8,482
Mazar	1	-	1,600	5,899
Kabul	1	-	1,600	11,718
Jalabad	-	1	800	4,793
Faizabad	-	1	800	2,617
TOTAL	4	2	8,000	26,099

Transferring Roles & Responsibilities from WFP to the Afghan Government



WFP

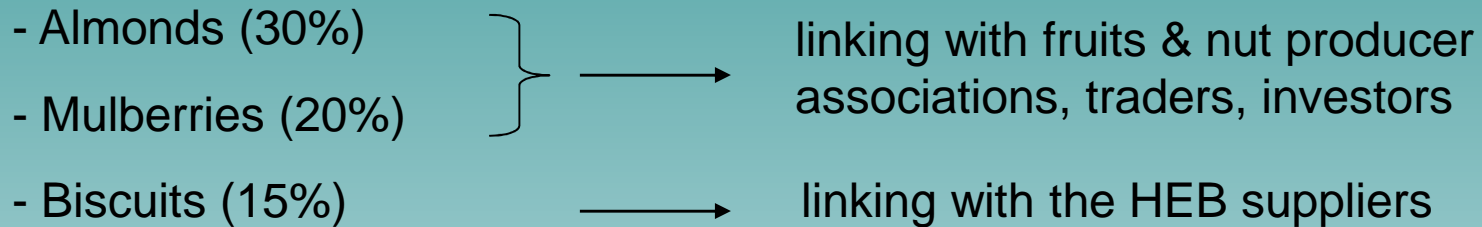
Working with the private sector

Afghan Authorities

Diversifying Local Procurement / Creating market outputs for fruits and nuts

▶ R&D stage: Tripartite agreement between GAIN, COMPACT and WFP

Outline of the recipes have been established to maximize local sourcing of the main ingredients



Answering WFP Operational Needs in the Mid Term

- ▶ 1st Containerized Food Processing Unit to be manufactured by the end of 2011
- ▶ More community oriented / more simple equipment / for remote locations first

Approx. Production Capacity per CFPU (mt/year)	Approx. Yearly Needs (mt/year)	Number of CFPU to cover the needs
2000	3,500-4,000	2

Diversifying Local Procurement / Creating market outputs for soybeans

Composite fortified flour of soya and wheat

- ▶ Signing a partnership with NEI to improve soya production and processing
- ▶ Purchasing 50 mt of soya flour and distribute 500 mt in 2011 of composite flour (representing 10% of country needs for this commodity)
- ▶ 6,700 beneficiaries
- ▶ Include women's participation in the blending process

Linking the food industry with local soy production

- ▶ Soy is a cost effective source of protein with regards to imports
- ▶ WFP recipe for HEB has been established for Afghanistan

Diversifying Local Procurement

- ▶ **Edible Fortified oil:** Safflower, Canola, Soybean oil
- ▶ **Iodized Salt**
- ▶ **Nutritious foods (fruit-bars or filled biscuit)**

WFP COUNTRY PROGRAMME NEEDS

QUANTITY

(8 Commodities, Yearly Req. > 200,000 mt)

QUALITY

(GMP, Quality and Nutritional Standards)

Stimulate Markets

Stimulate Local Authorities

Substituting Imports

(WFP to start with but not exclusively)

Creating Market Opportunities

(Incentive to diversify and produce more)

Building Government Capacity

(Controlling Quality)

Federating Producers

(raising concerns, ex: millers ass.)

AFGHAN AUTHORITIES PROGRESSIVE OWNERSHIP