

Strengthening Farmers' Organizations

P4P Experiences in Systemic Change

Individually, smallholders face numerous constraints that limit their ability to access remunerative markets and profit from their work. Working collectively, often through farmers' organizations (FOs), can help farmers address many of these constraints. As FOs gain capacity to function as businesses, they can facilitate smallholders' access to goods, services and formal markets. Working collectively strengthens farmers' ability to negotiate, add value to their crops, gain favourable prices for agricultural inputs and enjoy the benefits of lowered interest rates on agricultural loans.

P4P and Farmers' Organizations

Smallholder farmers tend to have limited production and marketing capacities, financial resources, transportation and storage infrastructure. They also have little access to price information and lack connections to established market actors. On the other hand, large-scale buyers prefer to work with intermediaries, such as traders, who engage smallholder farmers on an informal basis. To help smallholder farmers more directly access remunerative markets, Purchase for Progress (P4P) primarily engaged with FOs to incentivize farmers to work collectively to build stronger businesses and overcome these challenges.

By providing FOs with storage infrastructure and equipment, inputs, access to credit and training, P4P has strengthened their capacity to improve production and aggregation, reduce post-harvest losses and efficiently market members' commodities.

FO capacity and selection

- FOs can take many forms. FOs can generally be differentiated by internal structure; legal status; type of services offered; access to goods, services and infrastructure; and level of functional capacity.
- Although the majority of FOs targeted by P4P were community-based, WFP engaged with farmers across different FO levels, from small, grassroots organizations and women's only groups to large-scale regional federations and unions.
- The type of FOs to be selected is dependent upon the desired outcomes of a project. For FOs to benefit from demand-driven interventions, it is crucial to target FOs with minimum capacity to aggregate sufficient quantities. P4P found that developing country- and context-specific selection criteria helped inform programme objectives and activities.



Achievements

- P4P has supported over **1,000 FOs** from 2008 to 2014, with a total membership of **1.7 million farmers**.
- Impact assessments showed that **P4P substantially increased FO marketing capacity** in El Salvador, Ethiopia and Tanzania.
- Participating in P4P has enabled **FOs to function as businesses**, offering more and higher quality services to their members.
- **Farmers are now better able to access financial services, storage facilities, inputs and agricultural training** in a sustainable fashion through their FOs.
- Evidence shows that **women are increasingly benefitting from sales to WFP**, with women's participation in P4P-supported FOs tripling since the pilot began, and women increasingly able to control the proceeds from crop sales.
- Smallholder FOs have been empowered to participate fully as actors in agricultural markets.

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Capacity development

- Smallholder farmers and FOs tend to require substantial capacity development in a wide variety of areas, including: marketing, access to finance, production and productivity, post-harvest handling and gender. Participatory methods can be useful in determining the most critical needs, as well as how to fulfil these.
- Supply-side support is crucial to reap the benefits and opportunities created by demand-driven interventions. Where possible, P4P worked with FOs already receiving supply-side support from partners. This is critical to ensuring FOs are able to produce adequate surplus.
- Membership in a P4P-supported farmers' organization is associated with statistically significant increases in yields relative to that which farmers would have achieved without P4P. This held particularly true in El Salvador, where P4P-supported farmers benefited from improved extension services as well as crop and region-specific input packages. Yield increases attributable to P4P were also observed in Ethiopia, but to a lesser extent. In Tanzania, where supply side efforts focused on strengthening the marketing infrastructure and skills of farmers' organizations, the yields of P4P-supported farmers were not significantly greater than those of non-participants. This result reaffirms the importance of accompanying procurement efforts with production support.
- Often support is required in "soft skills", as well as "hard capacities". To ensure all farmers benefit equally and that the organization can function as a successful business, FOs must have a common vision for success and shared goals for the future. Farmers themselves must trust the leadership and direction of their organization. They must also feel ownership of the organization and see their own values and desires reflected within it.

Further reading

- Article: [Impact Assessments Show Benefits, Suggest Improvements for Future Efforts](#)
- Report: [Final Consolidated Farmers' Organizations and Capacity Development \(January 2009 – December 2013\)](#)
- Report: [Snapshot: P4P Farmers' Organizations, Capacity Development and Partnerships \(September 2008 - December 2014\)](#)
- Report: [P4P Impact Assessments](#)
- Publication: [P4P Story – Connecting farmers to markets](#)
- Publication: Building and Measuring the Capacity of Farmers' Organizations: the Case of the United Nations World Food Programme's Purchase for Progress (*Forthcoming*)



Angela Marko Malle is a member of the Mbulumbulu Umoja Savings and Credit Cooperative in the United Republic of Tanzania. In 2010, she marketed 1,000 kg of maize to WFP through her cooperative. Not only is she benefiting from engaging with a formal market and premium payments for her quality produce, but the main benefits she sees in P4P are: "The benefits of P4P go beyond the extra money I'm earning; it is mainly the knowledge that I am acquiring. Thanks to the training, I have learned to increase quality, better store my maize and avoid postharvest losses, to keep records and to work together with the other members of our group."

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Capacity to work with other buyers

With support, smallholder farmers' organizations (FOs) can gain the skills, infrastructure, resources and experience needed to engage with private sector buyers sustainably.

Under P4P, FOs have gained the knowledge and experience required to engage sustainably with private sector buyers. These skills enable FOs to build and reinforce mutually beneficial relationships with other value chain actors. FOs have become professional businesses in their dealings with WFP, raising their profile as reliable economic partners by a wide range of economic actors along the value chain.

- By marketing their crops to WFP, FOs demonstrate that they are reliable and professional suppliers. This builds FOs' reputation and raises their profile with large, private sector buyers beyond WFP.
- Purchasing crops from FOs through modalities such as forward contracting has helped bridge the gap between financial institutions and FOs by providing FOs with collateral to access loans. Financial institutions now provide smallholder farmers larger loans with better conditions that help FOs invest in the infrastructure and inputs they need to improve production.
- With confidence, skills and experience built by selling to WFP under P4P, many smallholder farmers have been able to engage more effectively with private sector actors, from financial institutions to input suppliers and buyers. Many FOs have begun building relationships with these actors and negotiating for improved conditions.

Case study: Engaging with supermarkets in El Salvador

Sales to markets beyond WFP in El Salvador, Guatemala, Honduras and Nicaragua demonstrate the potential for P4P-supported farmers' organizations to expand into higher-value retail markets, such as Walmart. In El Salvador, organizations have grouped together into "clusters" for marketing larger volumes of grain, adding value to their products and negotiating better prices. Through this cluster system, with support from P4P, FOs create brands and patents for selling beans directly to retail and supermarkets. This process enabled farmers to reach sustainable formal markets more directly, to understand the importance of meeting marketing criteria and to strengthen their business skills.



Achievements

- During the pilot, P4P-supported FOs marketed **US\$60 million** worth of crops to markets beyond P4P showing sustainability. Although challenges with defaults and quality persist, these sales represent a massive achievement for smallholder farmers and their organizations, many of which had never sold to formal markets previously.
- Impact assessments in Ethiopia revealed **improvements in the marketing capacity** of P4P-supported cooperative unions, increased the sales to buyers beyond WFP.
- Through their engagement with WFP, FOs have demonstrated their ability to meet quality requirements and deliver on contracts. This has built critical trust amongst private sector actors and led to increased purchases of crops from smallholder farmers supported by WFP.
- The success of P4P in enabling farmers' potential to engage with formal markets inspired WFP to initiate the Patient Procurement Platform, a new initiative to connect smallholders to markets beyond WFP.