

Purchase for Progress - P4P Nicaragua



P4P in Nicaragua

In Nicaragua, P4P focuses on strengthening the capacity of farmers' organizations (FOs) to sell quality commodities to markets beyond WFP. Through a multitude of partnerships with key actors in the region, P4P is providing smallholder farmers with the necessary training and equipment to increase their yields, improve crop quality and strengthen their capacity for collective marketing. P4P is also promoting credit access through the use of revolving funds and by establishing relationships between FOs and credit institutions. To ensure sustainability, P4P connects FOs with other institutional and private buyers that can provide an assured source of demand as an alternative to WFP.

Background

More than 70 percent of the staple grains produced nationally are grown by smallholder farmers, particularly maize and beans. Although agriculture represents 19 percent of the Nicaraguan GDP, many farmers, especially those located in the northern part of the country where P4P operates, derive very little income from their agricultural activities.

QUICK FACTS

Project start date:
February 2009

Number of farmers' organizations (FOs): 15

Number of members:
8,920 (34% women)

Sales to WFP:
US\$ 941,170 (2,386 mt)

Sales to other markets:
An estimated US\$ 1,228,128 (3,114 mt)

Main commodities:
Maize, beans and rice

Main P4P activities

- Improving credit and market access
- Collective marketing
- Capacity development
- Pro-smallholder procurement practices

Funding

P4P Nicaragua is financially supported by the Howard G. Buffett Foundation. All food purchases are financed by donations to WFP's regular operations.

Figures as of March 2014

Learning and sharing

P4P has emphasized an honest and transparent examination of what works and does not. After five years of testing various approaches on the ground, the pilot is currently being evaluated. Key lessons are being compiled and will be shared widely.

Achievements

- **Production:** Since the pilot began, P4P-supported farmers have increased crop production, particularly maize, which has increased by 35 percent.
- **Crop quality:** P4P and partners have assisted FOs to improve crop quality and post-harvest handling practices through the provision of equipment for cleaning, drying, bagging and fumigation as well as training in techniques such as early harvest. Post-harvest losses have decreased by 16 percent since the beginning of the pilot, and processing plants have allowed farmers to earn better prices by adding value to their crops.
- **Gender:** P4P has made efforts to ensure that the equipment provided to FOs reaches women farmers. This empowers women to become active players in the production process and not just providers of labour. P4P and partners have also supported FOs to train both women and men in order to build gender policies within their organizations. More than one third of all farmers trained in Nicaragua are women.
- **Access to credit:** FOs' access to credit has been improved through the use of revolving funds, and by strengthening relationships with credit institutions. One of these institutions, Root Capital, approved a credit worth US\$ 100,000 that has allowed many farmers to purchase inputs on a timely basis, without needing to wait for their seasonal income.
- **Access to inputs:** P4P has assisted FOs to form sustainable commercial partnerships with several agricultural input suppliers. The farmers have learned how to meet suppliers' demands, and how to successfully negotiate input purchases. Because of this, FOs are now in a better position to negotiate prices for farming inputs, including seeds, fertilizers, insecticides and pesticides. In 2013, FOs invested a total of US\$ 221,000 in agricultural inputs. Almost 60 percent of this was purchased using credit.



World Food Programme

wfp.org

For more information
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Martha Janeth Tinoco Castro, a 26-year-old mother of three, joined P4P in 2009 together with 60 other affiliates from the Cooperativa Multifuncional de Fondos Comunitarios (COMFOC).

“I now have a reliable and constant access to loans and I can purchase fertilizers and quality seeds right when I need them most. This has allowed me to increase my yields and diversify my crops, and I now have a higher and more stable income.”

KEY PARTNERS

- Agricultural Technology Integration System Network (RED-SICTA)
- Bank of Production (BANPRO)
- Central American University (UCA)
- Empresa Nicaragüense de Alimentos Básicos (ENABAS)
- Food and Agriculture Organization of the United Nations (FAO)
- Food Technology Laboratory (LABAL)
- Inter-American Institute for Cooperation on Agriculture (IICA)
- International Regional Organization for Animal and Plant Health (OIRSA)
- Ministry of Agriculture (MAGFOR)
- Ministry of the Family, Community, Cooperative and Associative Economy (MEFCCA)
- Nicaraguan Institute for Agricultural Technology (INTA)

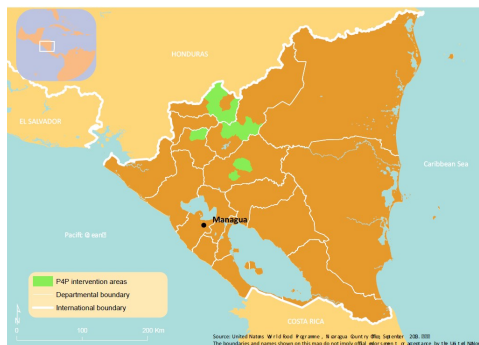
- **Procurement:** P4P-supported farmers have sold quality crops to WFP, as well as to private and institutional buyers, including some 2,100 mt of maize and beans sold to the government-owned food supply company, the Empresa Nicaragüense de Alimentos Básicos (ENABAS).

Challenges

- **Access to credit:** Although P4P has successfully linked many FOs to financial institutions, many smallholders still lack credit with which to purchase seeds and fertilizers in order to increase their productivity. Many farmers still rely on their own seasonal income to purchase these inputs.
- **Crop quality:** In general, smallholder farmers have limited knowledge of modern production practices and lack access to storage facilities. This results in low quality crops and high post-harvest losses. Low profits due to low quality and high marketing costs provide little incentive to invest in increased production.
- **Collective marketing:** Smallholder farmers in Nicaragua tend to be geographically isolated from markets, thereby increasing marketing costs and reducing marketing opportunities. Consequently, many farmers still sell to intermediaries at the farm gate for minimal prices.

Partnerships

The Government of Nicaragua, through the Ministry of Agriculture (MAGFOR); Ministry of the Family, Community, Cooperative and Associative Economy (MEFCCA) and the Nicaraguan Institute for Agricultural Technology (INTA), has been P4P's main partner for project implementation, providing technical assistance and FO classification. MAGFOR also purchases food from P4P-supported farmers through its food supply company ENABAS. P4P coordinates with Root Capital to link FOs to credit. Other partnerships have been created and strengthened to ensure the availability of inputs, implementation of new farming technologies and techniques, and the reduction of post-harvest losses by improving storage facilities. Partners also assist with quality control, transport and infrastructure, thus facilitating access to markets. These include UN agencies, regional organizations, NGOs, the private sector and research institutions.



Read more about

[WFP in Nicaragua](#)

[Improved negotiation skills](#)

[Silos for post-harvest loss reduction](#)

[Improved credit access](#)

[P4P in Central America \(video\)](#)

WFP ACTIVITIES IN NICARAGUA

WFP assists the Government of Nicaragua in strengthening its National Development Programme by supporting health, education and agricultural activities in food-insecure households. Local purchases from smallholder farmers are promoted within the WFP country programme. This includes leveraging results from the P4P initiative to support the food requirements of the national school feeding programme. Nicaragua is also included in a regional protracted relief and recovery operation (PRRO) for Central America, targeting vulnerable and malnourished groups at risk and affected by recurrent natural disasters such as droughts, hurricanes, floods and earthquakes.