Institutional food procurement programmes and producer organizations: catalysts for the transformation of small-scale producers’ food supply systems

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Abstract
Smallholder farmers are the main food producers in most of the developing world but their capacity to access the market is often limited, and this constitutes one of the main constraints on the improvement of their livelihoods in many developing countries. In this context, state intervention to increase demand for smallholders’ production through public procurement can be an important instrument to promote marketing opportunities for these producers while also contributing to the development and transformation of local small-scale producers’ food supply systems. Producer Organization (POs) may play an important role in this process. This paper builds on the experience of Brazil’s ongoing National School Feeding Programme (PNAE), its public Food Purchase Programme (PAA), and the Purchase for Progress (P4P) pilot initiative of the United Nations World Food Programme. It aims to explore the roles of Institutional Food Procurement Programmes (IFPPs) and POs in promoting marketing opportunities to smallholders or family farming producers and in acting as catalysts for the transformation of small-scale producers’ food supply systems.

Keywords: Family farming. Institutional Food Programmes. Rural Development.

Programas institucionais de aquisição de alimentos e organizações de produtores: catalisadores para a transformação de sistemas de abastecimento de alimentos de pequenos produtores

Resumo
Os pequenos agricultores (ou agricultores familiares) são os principais responsáveis pela produção de alimentos em grande parte dos países em desenvolvimento. No entanto, a capacidade de acesso ao mercado é geralmente limitada, representando um dos principais obstáculos para a melhoria de seus modos de vida. Neste contexto, intervenções estatais que visam aumentar a demanda por produtos da agricultura familiar por meio de compras públicas de alimentos representam um importante instrumento para promover o acesso destes produtores ao mercado. Ao mesmo tempo, tais intervenções podem contribuir para

1 This paper has been developed within FAO Nutrition and Food System Division (ESN) work on institutional procurement and sustainable food systems and value chains.
o desenvolvimento e transformação dos sistemas locais de fornecimento de alimentos. As organizações de pequenos produtores, na qualidade de instrumento de ações coletivas, podem desempenhar um papel importante nesse processo. Esse estudo se baseia na experiência brasileira do Programa Nacional de Alimentação Escolar (PNAE) e do Programa de Aquisição de Alimentos (PAA), assim como na iniciativa Compras para Progresso (P4P) do Programa Mundial de Alimentos das Nações Unidas. Ele tem como objetivo explorar o papel dos programas institucionais de compras públicas de alimentos e das organizações de produtores na promoção de oportunidades de comercialização para pequenos produtores e como catalisadores para a transformação de sistemas locais de fornecimento de alimentos da agricultura familiar.

Palavras-Chave: Agricultura familiar. Mercados institucionais. Desenvolvimento rural.

Programas institucionales de adquisición de alimentos y organizaciones de productores: catalizadores para la transformación de los sistemas de abastecimiento de alimentos de pequeños productores

Resumen
Los pequeños agricultores (o los agricultores familiares) son los principales responsables de la producción de alimentos en gran parte de los países en desarrollo. Sin embargo, sus capacidades de acceso al mercado son generalmente limitadas, y esto constituye uno de los principales desafíos (o limitaciones) para la mejora de sus medios de vida. En este contexto, las intervenciones del estado que tienen por objetivo aumentar la demanda de productos de la agricultura familiar mediante compras públicas de alimentos son un importante instrumento para promover el acceso de estos productores al mercado. Del mismo modo, estas intervenciones pueden contribuir al desarrollo y a la transformación de los sistemas locales de suministro de alimentos. Como herramienta de acciones colectivas, las organizaciones de pequeños productores pueden desempeñar un rol importante en este proceso. Este estudio está basado en la experiencia brasileña del Programa Nacional de Alimentación Escolar (PNAE) y del Programa de Adquisición de Alimentos (PAA), y en la iniciativa piloto Compras para el Progreso (P4P) del Programa Mundial de Alimentos de las Naciones Unidas. Su objetivo es investigar el papel de los programas institucionales de compras públicas de alimentos y de las organizaciones de productores en la promoción de oportunidades de comercialización para pequeños productores, así como en sus acciones como agentes catalizadores para la transformación de sistemas locales de suministro de alimentos de la agricultura familiar.


1 Background

Smallholder farmers are the main food producers in most of the developing world but their capacity to access the market is often limited, and this constitutes one of the main constraints on the improvement of their livelihoods in many developing countries. Several factors explain this limitation, including their limited access to production inputs and credit, a lack of infrastructure, scale, skills and market information (such as on prices and quantity and quality required) and limited organizational capacity. In this context, state intervention to increase demand for smallholders’ production through public procurement can be an important instrument to promote marketing opportunities for these producers while also contributing to the development and transformation of local small-scale producers’
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food supply systems. The guiding principle behind these initiatives – often referred to as Institutional Food Procurement Programmes (IFPPs) – is that connecting large predictable sources of demand for agricultural products to smallholder producers reduces risks for them and encourages them to improve the quality and diversity of their produce, leading to improved local food systems, higher and steadier incomes and ultimately reduced poverty (MITCHEL, 2011).

Another key characteristic of these programmes is the potential that IFPPs may have not only to enable smallholder producers to obtain access to institutional markets but also to act as a learning path, preparing smallholders to gain access to other formal public and private markets (IPC & WFP, 2013; KELLY & SWENSSON, 2017). Despite a limited availability of data and a lack of rigorous impact evaluation systems, an increasing number of studies, especially of the Brazilian and World Food Programme (WFP) IFP initiatives, have indicated this path and the role that Producer Organizations (PO) have to play in it.

This paper aims to explore the roles of IFPPs and POs in promoting marketing opportunities to smallholders or family farming producers and in acting as catalysts for the transformation of small-scale producers’ food supply systems.

2 IFPPs as a policy instrument to support smallholder producers’ inclusion in the market

IFPPs are initiatives that are intentionally designed to link an institution’s demand for food to broader development objectives (KELLY and SWENSSON, 2017). These programmes are based on the premise that when public institutions use their financial capacity and procurement power to award contracts they can go beyond the immediate scope of simply responding to the state’s procurement needs by addressing additional social, environment or economic objectives that contribute to the state’s overall public good (DE SCHUTTER, 2015; QUINOT, 2013).

In recent years, and especially after the 2008 world food price crisis, there has been increasing development of IFPPs aiming to support local and smallholder food producers and their access to formal markets. Among the most important of these experiences, the Brazilian case with its two institutional procurement programmes – the Food Purchase Programme (PAA) and the National School Feeding Programme (PNAE) – and the WFP’s Purchase for Progress (P4P) initiative occupy key positions.

Back in 2003, Brazil was the first country to develop a national institutional food procurement programme using the demand for food generated by its food security strategy to create a structured market for smallholder producers (i.e. family farmers and rural family entrepreneurs). The PAA was established as part of the ‘strengthening family farming’ component of Brazil’s Zero Hunger strategy. It is underpinned by nine goals and has three objectives, which are: to support family farmers’ and rural family entrepreneurs’ production and access to the market; to distribute food to people with food and nutritional insecurity; and to build up strategic stocks. Its specific goals include: (i) to support family farming production by promoting its economic and social inclusion with sustainable surplus growth and the processing and industrialization of food products; (ii) to supply institutional food markets; (iii) to strengthen local and regional networks for food commercialization; (iv) to promote and enhance biodiversity, organic and agro-ecological food
production and encourage healthy eating habits at the local and regional levels; and (v) to stimulate the development of cooperatives and associations.

The PAA purchases food directly from smallholder producers and their organizations to supply social programmes and to build up strategic stocks. It aims to provide a stable predictable market-based-price market for smallholder producers, accessible through a smallholder-friendly tender procedure. This procedure substitutes the standard bidding process and is designed to suit the characteristics and capacities of small suppliers and their organizations.

The PNAE is the other programme that represents an important step towards creating a structured market for smallholder produce in Brazil. Although it has existed since the 1950s, it was only in 2009 that the Brazilian Government linked the school feeding programme with family farming policies. Under the programme, states, municipalities and federal schools must purchase at least 30 percent of the food for school meals directly from family farmers and rural family entrepreneurs. Like the PAA, the PNAE uses market-based prices and an adapted smallholder-friendly procurement procedure to support smallholder access to the public food market. Indeed, Brazilian IFPPs do not provide any subsidy for the procurement of food from smallholders, but they keep to the market price, which often already constitutes an advantage for those producers that may not reach these prices, especially in informal markets.

Providing farmers with market opportunities to sell their crops is also at the heart of Purchase for Progress (P4P), a World Food Programme (WFP) pilot project that connects smallholder farmers to markets. The project was launched in September 2008 in 20 countries in Africa, Asia and Latin America with the aim of “pilot[ing] and learn[ing] from innovative programme and food procurement activities that have potential to stimulate agricultural and market development and maximize benefits to low-income smallholder farmers” (WFP, 2011). Through P4P, WFP moved a small share of its local and regional procurement from the higher levels of the marketing chain – large-scale traders and processors – to the lower levels represented by POs and small/medium-scale traders. The P4P approach leverages WFP’s reliable buyer status to stimulate smallholder productivity and collective marketing to engage with formal markets.

One key characteristic of both the Brazilian and P4P initiatives is that they share the understanding that strengthening POs’ institutional capacity to interact with institutional buyers has the potential not only to enable smallholder producers to obtain access to these institutional markets and comply more easily with their requirements but also to prepare smallholders to gain access to other formal public and private markets (KELLY & SWENSSON, 2017).

Within this context, all of these IFPP initiatives adopt formal organizations as the preferred market intermediaries. They also include – or support linkages to – capacity building initiatives for the development and strengthening of POs (for an overview of such capacity building initiatives, see Kelly and Swensson, 2017).

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2 The countries involved in the pilot phase (2008–2013) were Afghanistan, Burkina Faso, Democratic Republic of Congo, El Salvador, Ethiopia, Ghana, Guatemala, Honduras, Kenya, Liberia, Malawi, Mali, Mozambique, Nicaragua, Rwanda, Sierra Leone, South Sudan, the United Republic of Tanzania, Uganda and Zambia.
3 The role of Producer Organizations

Although supporting smallholders’ market access is one of the main objectives of Brazil’s IFPPs, both of its programmes must also comply with the objective of providing an efficient food supply to meet their demands. To obtain access to these markets, smallholder producers must therefore comply with requirements related to quality and safety, the volume and regularity of supplies, market prices, etc.

In response to the limited capacity of individual smallholder farmers (in terms of complying with, among other things, buyers’ volume, regularity, quality, safety and logistic requirements), the main strategy adopted by both Brazilian and WFP IFPPs to promote smallholders’ access to institutional markets is based on POs. In the case of the Brazilian IFPPs, POs include both formal and informal groups of producers. Formal groups must be constituted as legal entities recognized by Brazilian private law, and in particular as cooperative or non-profit associations (Law No. 12.512/2011, FNDE Resolution No. 26/2013). Furthermore, in order to be eligible to access the Brazilian IFPPs, at least 70 percent of POs’ members must also have a PRONAF Eligibility Declaration (DAP). The DAP is the document which certifies that the producer complies with all the requirements established by Law No. 11.326/2006 and therefore may be classified as a ‘family farmer’ or ‘rural family entrepreneur.’

In the case of P4P, the definition of target POs depends on the country context. According to the country, WFP adapts its model to the governance structures of POs and the preferred organizational model (KELLY and SWENSSON, 2017, WFP, n.d.).

In Brazil, although individuals can access Brazilian IFPPs, POs take priority in the selection process over individual access. This strategy is in line with the understanding shared by both programmes that channelling support and strengthening PO institutional capacity to interact with institutional buyers not only enables smallholder producers to obtain access to these institutional markets and comply more easily with their requirements, but also prepares smallholders to gain access to other formal markets.

Indeed, POs represent important instruments to overcome smallholder’s lack of scale and their inability to produce the amounts required by the market. On the institutional buyers’ side, POs represent instruments to overcome the high transaction costs of dealing with individual producers, allowing contractual arrangements which would otherwise be very costly for buyers to negotiate, monitor and enforce among many dispersed individual farmers (SHIFERAW & MURICHO, 2011).

Nevertheless, the benefits of POs go much beyond economies of scale. Among other things, POs can also improve the access of smallholder farmers to critical services (including credit and technical assistance), to (cheaper) production inputs and to relevant information. POs can promote the dissemination of

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A common definition of a producer (or farmer) organization is that of a rural business owned and controlled by producers and engaged in collective marketing activities (PENROSE-BUCKLEY, 2007 in BIJMAN et al., 2012). The World Development Report 2008 on agriculture development also defines these organizations as “membership-based organizations or federations of organizations with elected leaders accountable to their constituents. They take on various legal forms, such as cooperatives, associations, and societies” (WORLD BANK, 2008).
information and the building of social capital and collaboration to reduce risks (ARIAS et al., 2013; FERNANDEZ-STARK et al., 2012). There is also evidence that POs can help reduce the barriers to smallholders’ entry to markets by improving their bargaining power with buyers and intermediaries and overcoming the market failures commonly present in developing countries (MARKELOVA et al., 2009).

As empirical and theoretical studies demonstrate, these are important elements that may open up opportunities for smallholders not only to obtain access to the market, but also for them to upgrade, enter new and higher-value chains and achieve superior outcomes (CAFAGGI et al., 2012; MARKELOVA et al., 2009; SHIFERAW & MURICHO, 2011).

4 Positive impacts

Although further research is required, the qualitative case studies and data currently available indicate that the strategy of group access adopted by the Brazilian and WFP IFPPs is likely to bring positive impacts for smallholder producers and their access to formal markets (ANADUMBA & GALLAT, 2014; CUNHA et al., 2017; FONSECA et al., 2014; GRISA et al., 2011; GÁLVEZ-NOGALES, 2014; IPC & WFP, 2013; KELLY & SWENSSON, 2017; SANTOS et al., 2012; SILVA & SCHULTZ, 2017; SOUZA, 2012; VIEIRA et al., 2010; WFP, n.d.). In the Brazilian case, qualitative case studies also demonstrate that the development of collaborative action has been key to successful implementation of the institutional programmes themselves (BOTELHO FILHO & CARVALHO, 2006; GRISA et al., 2011; MÜLLER et al., 2007). On the other hand, these studies also show the current challenges this strategy faces in the IFPP context.

4.1 Strengthening and developing farmer organizations

One of the key impacts assessed by different studies of P4P and the Brazilian IFPPs regards the strengthening and development of POs (CHMIELEWSKA & SOUZA, 2010; COSTA et al., 2015; DORETTO & MICHELLON, 2007; FONSECA et al., 2014; GRISA et al., 2011; KELLY & SWENSSON, 2017; SANTOS et al., 2012; SILVA & SCHULTZ, 2017; TRICHES & SCHNEIDER, 2012; VOGT & SOUZA, 2009; WFP, n.d.; WFP & OXFORD POLICY MANAGEMENT, 2014). This impact, together with (i) increased and diversified production and (ii) increased income, represent the most commonly assessed impacts of Brazilian IFPPs (SAMBUICHI et al., 2013).

Qualitative studies in different Brazilian municipalities have demonstrated that participation in the PAA has contributed to strengthening participating POs. An example is Vogt and Souza’s case study in two municipalities of the Rio Grande do Sul state, which assesses that the PAA has stimulated an improvement of the planning and managerial capacities of the cooperatives analysed and contributed to their interaction with new institutions (in particular the local government, civil-society associations and consumers), expanding their social and cooperation networks (Vogt and Souza, 2009). Similar observations are also made by Grisa et al. (2011). In addition, Chmielewska and Souza (2010) find that in three municipalities in Sergipe state participation in the PAA encouraged POs to regularize their legal situation, to allocate resources to infrastructure improvement and to open bank accounts. Regarding the latter, the study shows that a PO facilitated dialogue with a
bank and encouraged its members to open an account to receive the PAA resources. Most of the farmers involved had never had access to banking services before joining the programme.

Similarly, a case study in Minas Gerais state finds that the PNAE has also contributed to the tax regularization of formal organizations (cooperatives and associations). Furthermore, according to this study, 48 of the 78 POs studied were also able to issue electronic tax invoices, which is obligatory for their participation in the PNAE (SANTOS et al., 2012). This is of particular importance as difficulty in issuing tax invoices was considered one of the main challenges for the implementation of the programme (GGPAA, 2010) and is one of three exceptions recognized by legislation for institutional buyers to not comply with the minimum 30 percent purchase from smallholder producers.

Other positive impacts of participation in Brazilian IFPPs through POs include an increase in the level of technology used in production, better access to information and acquisition and/or improvement of managerial and commercialization skills and planning and delivery capacities (DORETTO & MICHELLON, 2007; SOUZA, 2012; TRICHES & SCHNEIDER, 2012). Not only a strengthening of producer organizations but also the creation of new ones is among the results of the PAA. Studies demonstrate that they have been created both with the aim of allowing family farming producers to access the programme and also to help the participants in the programme access other markets and/or mobilize political and economic resources (COSTA et al., 2015; GRISA et al., 2011; SANTOS et al., 2012).

The NUTRE project, which analysed the inclusion of family farming in school meals in São Paulo state, found that by prioritizing access through formal organizations, both the PAA and PNAE represent stimuli to the organization of producers. This study shows that a significant proportion of the organizations that access the programme in São Paulo state were created recently or re-organised with the aim of exploiting the opportunities offered by the institutional market (SOUZA, 2012).

As for P4P, both country case studies and P4P evaluations report a positive impact of IFPPs at the PO level, both regarding a strengthening of their capacities and their development.

According to a WFP and Oxford Policy Management evaluation report (2014), data available from Tanzania, El Salvador and Ethiopia demonstrate substantial positive improvements in indicators of PO capacity.4 In other countries where less information is available, POs participating in P4P were also demonstrated to have both increased and diversified the services they offer to their members. As the report shows, many have expanded into areas like weighing and bagging, transport and other marketing-related services (WFP & OXFORD POLICY MANAGEMENT, 2014).

Furthermore, an FAO case study of El Salvador shows the development of PO capacities can be observed through key elements such as the formalization of POs and increases in their numbers of members. According to the research team, the

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4 Although P4P was designed to include comprehensive M&E, the system was scaled back because of the complexities of the programme. As a result, quantitative impact assessments have only been carried out in four countries – Ghana, the United Republic of Tanzania, Ethiopia and El Salvador (Kelly and Swensson, 2017).
significant change among smallholders from individual to collective marketing should be considered an achievement of the P4P programme (FONSECA et al., 2014).

4.2 Access to Markets

Second, and very importantly, qualitative case studies indicate that POs have been key in allowing smallholder producers to obtain access to the formal market of the PAA and in particular to upgrade for access to the more demanding institutional market of the PNAE (GAZOLLA & SCHNEIDER, 2017; GRISA et al., 2011; IPC & WFP, 2013; SANTOS et al., 2012; SOUZA, 2012).

Research developed by the International Policy Centre for Inclusive Growth and the WFP shows that the increased scale and improved quality of the produce of smallholder POs that participate in the PAA have been core factors allowing these organizations to meet the more demanding requirements (in terms of quantity, quality, regularity and diversity of their production and their logistic and organizational capacities) of the PNAE (IPC & WFP, 2013). According to this study, the larger scale and improved quality of production can be associated with the previous experience of the smallholder farmer organizations in supplying the PAA. Similarly, the NUTRE project assessed that of the 24 family farm organizations studied in the São Paulo region that were PNAE suppliers, only two were not previously suppliers to the PAA (VANNUCHI and REINACH, 2012).

Other studies have also shown that by incentivizing more diverse production the PAA also helps to expand other channels of commercialization (VOGT and SOUZA, 2009). Nevertheless, this result is not unanimous. Similar studies have found that producers’ access to other sales channels are quite limited (CHMIELEWSKA & SOUZA, 2010; GRISA et al., 2011).

In the case of P4P, similar results have also been found. Its evaluation report shows that data available for 9 of the 20 pilot countries demonstrate that between 2009 and 2013 78 percent of the participating POs increased their marketing services and sold over 200,000 mt to non-WFP buyers (WFP & OXFORD POLICY MANAGEMENT, 2014). In Kenya, for instance, targeted PO sales to markets other than the WFP grew from zero in 2009 to 3.448 tons of grain in 2012 (KELLY & SWENSSON, 2017).

In the case of Tanzania, the final evaluation report also states that the data available for this country indicates that the POs that sold to the WFP were more likely than non-P4P POs to have engaged with other buyers. By 2013 the percentage of P4P POs that had sold to other buyers (including the National Strategic Grain reserve) had grown steadily from 12 percent to 36 percent while it stagnated at 12 percent for non-P4P POs. Nevertheless, the report highlights that similar statistically significant results do not seem to have taken place in Ethiopia and El-Salvador (WFP, 2015; WFP & OXFORD POLICY MANAGEMENT, 2014). The report also shows an increased capacity of the P4P PO participants to access credit and financial services (WFP, 2015). Figure 1 from the WFP report shows the P4P PO capacity results framework.

Figure 1 - P4P PO capacity results framework
Finally, it is worth mentioning that qualitative case studies in Brazil assessing the importance of collective action in the IFPP context demonstrate that the greater the involvement of associations and cooperatives with other social actors (including the local government, civil society associations and non-profit organizations) and the stronger the consolidation of these institutions, the more effective the results of the PAA are (BOTELO FILHO & CARVALHO, 2006; GRISA et al., 2011; MÜLLER et al., 2007).

Analysis of the Brazilian and P4P experiences, nevertheless, not only shows the potential of POs. It also shows the challenges of this strategy in the IFPP context.

5 Constraining factors

Despite all these potentials, Brazilian and P4P experiences show that there are also a number of factors constraining POs from acting as entry points for IFPPs. The constraining factors are both endogenous, involving governance, trust leadership and overall institutional capacity, and exogenous, relating to the country context, history and national policy and legal frameworks governing POs (KELLY & SWENSSON, 2017).

For Brazil, producer mistrust in associativism and in particular a resistance to self-organization in formal groups has been assessed and discussed in various studies (SOUZA, 2012; TRICHES & SCHNEIDER, 2012). In the case of the PNAE, for instance, producers’ mistrust and their resistance to forming POs are among the main difficulties for the proper implementation of the programme pointed out by both producers and implementing agencies (SOUZA, 2012). This was particularly relevant in the context of the previous PNAE Resolution, which established that in certain cases producers could only access the programme if they were organized in formal organizations. According to the previous regulation (Art 23, FNDE Resolution no. 38/2009) acquisitions valuing BRL100 000.00 per year or more could only be made through formal POs. The absence of this type of organization represented a significant obstacle to the implementation of the FNDE programme. As a result, in 2013 the new FNDE resolution dropped this condition and introduced the possibility
for family farm producers to access the programme individually also in these cases. Although individual access is currently allowed, access through POs still has priority. Although there is no explicit reference, in practice this new condition can be understood as a strategy to overcome the problem, while not providing a complete solution (SWENSSON, 2015). A more comprehensive solution would be to address the challenges faced by POs in their effective organization, formalization, and acquisition of the required skills for accessing institutional and other formal markets. This would include training programmes and also a conducive regulatory framework.

Similar difficulties have been perceived by P4P (KELLY & SWENSSON, 2017). In Ethiopia, for example, producer mistrust is considered one of the most important constraints on the implementation of the programme. Training programmes have been advocated that incorporate cultural and social issues that may underlie this lack of trust by cooperative members. Related to trust is the issue of leadership, which has also been highlighted as an important constraint on P4P implementation (KELLY and SWENSSON, 2017).

Among the challenges faced by POs there is also the legal form or legal structure adopted to regulate their organizational structure. An inappropriate legal structure can limit the utility and restrict the functions of POs and become an obstacle for their long-term development (GONZÁLEZ et al., 2006; SWENSSON, 2016). The support of a proper legal framework is therefore of major importance for the effective performance of POs that aim to link smallholders to markets, including institutional ones, and help them to upgrade.

The limits imposed by inadequate regulation of POs can be seen in the Brazilian IFPPs. In this country, although the development of cooperatives and associations is supported by the Federal Constitution of 1988 (FC), cooperatives are still regulated mainly by a law issued back in 1971 (Law No. 5764). The regulation provided by this law, which was issued even before the FC, is obsolete and inadequate for the family farming producers and groups that are precisely the target of IFPPs (SWENSSON, 2015; TRICHES & SCHNEIDER, 2012). According to the regulation on non-profit associations, they may not have a commercial purpose, cannot pursue profits and cannot share any eventual gains among their members. Although it is often the chosen option (especially to avoid the costly bureaucracy associated with cooperatives), the non-profit association structure is not compatible with the long-term functions or vision of market access through collective action (CAFAGGI et al., 2012; CAROLINA GONZÁLEZ, 2006; SHEPHERD, 2007; SWENSSON, 2012), including through IFPPs (SWENSSON, 2015).

Another challenge regards whether the cooperative or association effectively constitutes a collective institution representing the interests of its members and not a mere intermediary in the commercialization of their products (Baccarin et al., 2017). Particularly in the Brazilian context, attention has been raised regarding large cooperatives that are therefore eligible to access IFPPs, but the members of which

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5 In Brazil, non-profit associations are regulated by the Federal Constitution (Art. 5, XVII–XXI, Art.174, para. 2) and by the Civil Code (Arts 53 to 61).
6 In Minas Gerais state, for example, it has been shown that of the 234 formal groups eligible to supply IFPPs, only 31 were cooperatives and 203 were non-profit associations (Santos et al., 2012). Similarly, in three municipalities in the Sergipe region, non-profit associations alone supplied the PAA, with no cooperatives registered (Chmielewska and Souza, 2010).
are considered practically to be just suppliers (Baccarin et al., 2012). In these cases, smallholder producers may not even know that their products are being sold to IFPPs and they may not profit from most of the benefits that IFPPs have the potential to deliver and that have been discussed in this study.

6 Concluding remarks

IFPPs are policy instruments which have the potential to address one of the key constraints on smallholder production: access to markets. This potential, however, is not limited to the provision of access to public market opportunities per se. One of the key elements of these initiatives is the potential they may have to act as a learning path, supporting smallholder producers in their access to other formal private and public markets, and thus contributing to the development and transformation of local small-scale farmer food supply systems.

The Brazilian and P4P experiences show positive results that contribute to this understanding and also to the importance that POs can have in these initiatives. Although there is a limitation of data availability and a lack of strong monitoring and evaluation systems, the data currently available – despite being mostly qualitative – do indicate positive impacts. They show that by using POs IFPPs can stimulate their development and in particular contribute to strengthening them through the acquisition of important skills and attributes. These include: increased planning and managerial skills; legal and tax formalization; broader social and cooperative networking; improved infrastructure; and better access to credit, among others mentioned in various studies.

The acquisition of these attributes by POs constitutes one important path to overcoming the most common barriers that smallholder producers generally face in accessing markets, and therefore in increasing their – at least potential – access to other formal markets too.

Although specific data on smallholder access to other market are still quite scarce – but positive – these elements provide significant support to the affirmation that IFPP can be an important instrument in promoting marketing opportunities for smallholder producers within and beyond public institutions while also contributing to the development and transformation of local small-scale farmer food supply systems. They also prove the key role that POs can have in this process.

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