

Promotion of Public, Private, Producer
Partnerships for Value Chain
Development

**National Agribusiness Development
Programme
Presidential Secretariat**

Goal

Contribute to poverty eradication and sustainable livelihood improvement of rural poor farming community by making them agro-entrepreneurs

Project component – (1)

- Marketing Chain Development and linkages
 - Private sector companies work with small producers and submit business plans

Component – (2)

- Micro-finance and training of youth
 - Provide financing and training to the landless & youth for improved and increased employment
 - Landless poor, Women , Youth
 - Encourage savings

4 P project goals

Assist smallholder farmers to

- Increase their income through participation in marketing chain development and linkages to improve
 - Production
 - Productivity
 - Quality and value addition

Objectives

- 20 to 30% increase in farm income
- Upgrade living stds.
- Encourage women and youth participation

Stratergies

- Improve farm gate prices
- Improve on farm productivity
- Participation in value adding processing

Target group

- Small scale farmers
 - < 1 ha (80% of the target group)
 - 50% income from agriculture
- Women
- Youth

Project partners

- Private company
- Farmers - outgrowers
- Government – NADeP
- Financial Institutions (PFIs) – Banks
- Research and Extension Institutions
- NGOs
- Insurance

Company eligibility criteria

- Should be a company incorporated in Sri Lanka
- Willing to work with farmers on contract farming
- Direct involvement in agribusiness
- Unqualified auditors opinion and a sound financial position as evidence by its balance sheets

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- Reputation of fair dealing and empathy with smallholders and the poor, sound management and corporate governance systems
 - Comply with the relevant environmental regulations on preventing water and air pollution and agriculture practices

Private companies involved

Company	No of Projects
Cargills	02
CIC	02
Hayleys	05
Fonterra	01
Chello	01
Nelna	01
Land Mark	01
CBL	01
Lanka Eco products	01

Sub sectors covered

Sector	No of projects
Dairy	04
Maize	02
Bee keeping	02
Seeds	02
Fruits and vegetable	01
Gherkin	01
Kitul	01
Sea weeds	01
Jalapeno pepper	01

New Projects

- Maize – Five Star Grains
- Sugar cane – Gal Oya Plantation
- Herbs – Link Natural Products
- Organic products – turmeric, moringa and cassava – Bio Foods

Private sector led marketing chain development

- Selection of agri-business companies based on EOIs
- Submit business plans
- Evaluation
- NSC and IFAD approval
- Agreement signing
- Implementation

Information required for the concept paper

- Brief description of the company
- Brief description of proposed value chain
- Target group description
- Geographical coverage (Agro ecological, commercial and / or social reasons for choice
- of area
- Present production and market situation
- Proposed value chain activities
- Approach for farmer selection

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- Implementation plan
 - Cost of the project and financial plan
 - Benefits of the project

Project investment

- Farmer 33.33%
- Company 33.33%
- Government 33.33%

- Per farmer grant - 500 US\$
- Farmer contribution through micro finance facility – 6.5% loan

Company contribution

- Organization of production base
- Education, extension and training
- Maintaining a Sustainability fund
- Insurance cover
- Certification - ex; GAP/ GMP, Organic ect.
- Procurement, transportation and storage cost
- Maintain documents (files and ledgers)

Our Services

- Grants facilities for on-farm development and infrastructure facilities.
- Micro credit facilities (6.5%) to support working capital (seeds, fertilizer, etc) and fixed assets (machineries, equipment and civil construction etc) for farming and other income generating activities.
- Support for farmer training on improved good agricultural practices(GAP/GMP) and value addition technology.

Role of the company

- Private sector will lead the value chain and take the ownership of the project
- Selection and registration of farmers
- Conduct a feasibility study before submitting proposal
- Identify resource persons and conduct training
- Identify the technologies to be introduced to farmers
- Implement business plan

- Select a PFI
- Plan and implement capacity building programme
- Employ field level officers
- Establish a project management unit
- Maintain documents and files separately
- Attend meetings
- Establish monitoring system and report progress
- Willingness to come to an agreement
- Willingness to sign an agreement with farmers assuring buy back guarantee.

- Willingness to establish a sustainability fund
- Provide insurance coverage
- Willingness to share the risk
- Coordinate with the bank and assist farmers in opening a bank account and getting credit facilities
- Procurement of goods and civil works – procurement procedures should be followed.
- All money transactions will be done through the bank account

Microfinance facility available for farmers

- Capital loan
 - Max. amount – Rs. 300,000
 - 6.5% interest
 - 6 months grace period
 - 36 months repayment period
- Working capital (Seasonal) loan
 - Max. amount Rs. 150,000 (6.5% interest)
 - Repayment period 6 to 12 months
- “Buy back agreement” signed by respective company with farmers can be considered as a collateral.

We are looking forward to
hearing from you soon.

Thank you