



Opportunity for partnership between SFAC and LPOs¹

1. SFAC's flagship Venture Capital Assistance (VCA) scheme for the promotion of agribusiness among small farmers has so far been unable to target producer groups/collectives of farmers/producer companies on a significant scale. This is partly owing to lack of awareness among potential clients, unwillingness of financial institutions to advance credit to farmer collectives due to misgivings about their management structures and capacities, as well as the absence of LPO partners working with SFAC to shepherd the farmer producer groups through the process of institution building to the investment stage.
2. As SFAC gears up for the XII Plan (commencing April 2012), it has identified the following key strategies to sharpen the focus of its VCA towards farmer producer groups and leverage greater investments towards rural, farm-based, farmer managed enterprises:
 - i) Work with LPOs for long term institution building and project financing among small farmers, especially in central, eastern and north eastern India.
 - ii) Develop integrated projects as joint ventures with LPOs, with SFAC acting as lead project promoter to source funding from central and state government schemes.
 - iii) Create partnerships with market players, aggregators, exporters, retailers etc. to link farmer owned institutions/enterprises to market opportunities.
 - iv) Develop at least a dozen large integrated livelihood projects of scale, demonstrating integration along the complete value chain, involving at least 10,000 farmers or more in the next two years.
 - v) Create efficient monitoring and evaluation systems for capturing results of interventions for documentation, dissemination and wider replication.

¹ Livelihood Promotion Organisations

3. The opportunities of partnership between SFAC and LPOs and other players in the value chain are potentially enormous. An indicative, though by no means exhaustive, list of possible areas of partnership is given below:

- (1) Promotion of farmer producer organizations (FPOs), from grassroots mobilization to investment financing, hand-holding, technical and managerial backstopping.
- (2) Linking producer groups to processors, exporters, retail players through development of value chains.
- (3) Setting up farm-based enterprises catering to local, regional and extra-regional demand, with strong backward linkages to primary producers.
- (4) Agriculture services: financial, technical, market intelligence, extension, water management, marketing.

Institutions interested in developing long term project partnerships with SFAC on the above lines may write or e-mail Managing Director, SFAC directly:

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