

Government of Maharashtra

Department of Agriculture

(World Bank Assisted)

**Hon. Balasaheb Thackeray Agribusiness and Rural Transformation Project
(SMART)**

CALL FOR PROPOSALS

**Information regarding advertisements published for inviting applications from CBOs and
Buyers of Productive Partnership (PP) and Market Access Plan (MAP) sub-projects**

**1. Background of Productive Partnership (PP) and Market Access Plan (MAP)
Subproject Proposals:**

The SMART Project invites applications from Community Based Organizations (CBOs), Institutional Buyers for Productive Partnerships (PP) and Market Access Plans (MAP) subproject proposals in the State of Maharashtra. These proposals are for Value Chain Development sub-projects of Agricultural commodities, Goats (Meat & Milk) and Back yard poultry (Eggs). The exceptions to these are sugarcane, dairy as well as commercial poultry value chains as they are not entitled to avail benefits under the SMART Project.

- **Eligibility of the CBOs for submission of the Proposals:-** This includes Farmer Groups (FGs), Farmer Producer Companies (FPCs) and their Federations, Cluster Level Federations (CLFs) mobilized by MSRLM, Community Managed Resource Centers (CMRCs) mobilized by MAVIM, etc.

As mentioned above, the applications invited through this advertisement are for preliminary selection of eligible institutions. Based on the information in the application, "Project Concept Note" (PCN) will be prepared through the SMART Project. For this, the organization does not need to take the help of any private consultant and does not spend on it. The beneficiary organization will be selected on the basis of PCN prepared. Thereafter, a "Full Project Proposal - FPP" of the selected organization will be prepared with the help of the project. However, if any of the above organizations which are selected are not registered under one of the following laws/Act, they will be required to get registered under the below mentioned laws/act before preparing a "detailed project plan".

1) Farmer Producing Company under Companies Act.

2) Institutions under the Institution Registration Rules/Act, 1860.

➤ **Eligible Organized/Institutional Buyers for making Application [for Productive Partnership Sub-Project (PP) only] :-**

This includes Corporates / Processors / Exporters / Small and Medium Entrepreneurs / Businesses / Start-ups or Organized Retail Chains, etc. The given value chain development sub-project is expected to provide the above mentioned buyers with the required quality and a consistent supply of the required quantity of the agricultural commodities. This will help to develop a complementary value chain for producers and buyers alike. **Direct grants from the SMART project will be given to the subproject's CBOs only and not to the buyers.** However, buyers can avail other schemes and projects of Agriculture and Allied Departments wherever possible while preparing the project report of value chain development.

The grant will be competitive and will be available for the best of the proposals received by the project. Details of Productivity Partnership (PP) Sub-Project and Market Access Plan (MAP) Sub-Project and eligibility criteria for the application, grants to be given, application forms, etc. are given below.

1.1) Productive Partnership (PP) Subprojects:-

A Productive Partnership involves two core partners, a group of producers (CBO) and one or more buyers. These two Stakeholders will be connected through a business proposal or business plan. The business plan will include the elements like infrastructure required for CBOs to strengthen their relationship with the new institutional buyer / access to alternative markets. This will increase the capacity and skills of the producers.

The project will provide technical and financial assistance only to CBOs to develop productive partnership sub-projects (PPs) between CBOs and buyers. It aims to develop long-lasting, sustainable and professional relationships between manufacturers and buyers. This will help the participating partners to improve competitive pricing, productivity, quality and sales.

While implementing the business plan of the sub-project, productive investment in the areas of post-harvest, processing and marketing infrastructure and technical assistance for capacity building and value chain development school-VCDS will be provided. Through this sub-project partnership, necessary measures will be proposed to achieve economic progress for the farmers. For achieving this, a maximum of 60% grant will be provided by the project under Viability Gap Fund (VGF). The remaining funds are expected to be raised by CBOs. **It is not mandatory to take a bank loan for a sub-project.** As mentioned above, up to 60% will be project grant and 40% will be contribution from the beneficiary CBOs. For doing 40% contribution, a bank loan can be availed by the CBO; but this condition is not binding. If the CBO can raise their full 40% amount from its own funds, then they will be allowed to do so.

a) Who can apply for the Productive Partnership (PP) subprojects:-

Community Based Organizations (CBOs) including Farmer Producer Companies (FPCs) and their Federations, Cluster Level Federations (CLFs) mobilized by MSRLM, Community Managed Resource Centers (CMRCs) mobilized by MAVIM and grower associations and Farmer Groups (FGs) registered with ATMA can apply for Call for Proposal.

However, if any of the above organizations which are selected are not registered under one of the following laws/act, they will be required to get registered under the below mentioned laws before preparing a "detailed project plan".

- 1) Farmer Producing Company under Companies Act.
- 2) Institutions under the Institution Registration Rule/Act, 1860.

b) CBO selection criteria for PP Subprojects:

- 1) CBO should be a legally registered entity. Registration certificate needs to be uploaded while applying online. If CBO is not a legal entity at the time of application then at the stage of Project Concept Note (PCN) development, it

is necessary that CBOs should get themselves registered under the Companies Act or Institutions under the Institution Registration Rule/Act, 1860 before preparing a detailed project plan for the proposed sub-project.

- 2) CBO should be audited by a Chartered Accountant (CA).
- 3) Minimum membership base of CBOs is required to be 250 shareholders for FPC (The shareholders of the Farmer Producer Company should be registered with the RoC), 100 SHGs for CLFs and CMRCs, 10 institutional members for Federations. In case of ATMA registered farmer groups minimum membership base should be 20 farmers. However, farmers group even if selected at the stage of Project Concept Note (PCN) preparation, other conditions have to be fulfilled with registering under the Companies Act or the Institutions Act, 1860 as mentioned above before making a full project proposal-FPP.
- 4) CBO should not have any significant audit observations.
- 5) CBO should not have liability of any loan.
- 6) CBO should have turnover of more than Rs. 5.00 lakh in at least one audited financial statement of last three years (CA audit report). During the submission of the online form, page of audit report which shows turnover should be uploaded.

The above-mentioned selection criteria are mandatory. However, priority will be given to the CBOs as per below-mentioned details:-

- I. CBOs that have entered into a Memorandum of Understanding (MoU) with the buyer, during their online application process are required to download MoU format, take its print out, fill in all the required information and upload the signed MoU agreement softcopy in the application portal.
- II. CBOs which have seen a steady increase in membership in the last 2 years in which proposal is submitted.
- III. CBOs having previous experience of collective buying or selling.

- IV. Preference will be given to the CBO which has its own land (7/12 extract) on its name. CBOs which do not have their own land are expected to enter into a registered lease agreement with the land owner for at least 30 years after the sub-project approval.
- V. Preference will be given to the CBO which have so far distributed the profits earned as dividends to its shareholders. It is also expected that after approval of subproject CBO should also submit a written guarantee of the organization and a resolution of the general meeting regarding the distribution of at least 25% of the profits to its shareholders in the form of dividends through Direct Beneficiary Transfer (DBT).
- VI. CBOs fulfilling the criteria should have:
- i) 80 % percent small and marginal farmers
 - ii) 6 % percent ST producers
 - iii) 7 % percent SC producers and
 - iv) 30 % percent women.

c) Selection criteria for Potential Buyers for PP sub-projects:-

- i) Buyer should be legally registered entity with strong financial and commercial credentials and have minimum turnover of above Rs.50 lakh/annum.
- ii) Preference will be given to entities that have demonstrated partnership with CBOs.
- iii) In case, if the entity is a start-up engaged in agribusiness, the said start-up should be registered and recognized by Government of India or Government of Maharashtra.

d) SMART Project Grants for PP sub-projects:-

Grants will be payable under the Viability Gap Fund (VGF) to CBOs whose proposals that are economically justified but are not financially viable. The grant limit is up to a maximum of 60 %. The remaining amount must be raised by the CBOs. **It is not mandatory to take a bank loan for a sub-project.** As mentioned above, up to 60% will be project grant and 40% will be contribution from the beneficiary CBOs. For doing 40% contribution, a bank loan can be

availed by the CBO; but this condition is not binding. If the CBO can raise their full 40% amount from its own funds, then they will be allowed to do so.

e) Application formats for PP sub-project:-

- i. CBOs are required to fill up online form nos. 1, 2 and 4.
- ii. Buyers are required to fill up online form no. 5.

1.2) Market Access Plan Subprojects (MAP):-

The Market Access Plan (MAP) will be developed when there is set of growers /CBOs, growers associations, federations of farmers like to market their produce to specific market which is known to them but buyer is not identified. In such cases, CBOs and group of growers (associations, federations) will develop plan to access the new market either in domestic preferably outside Maharashtra or overseas for export and undertake the activities to fulfil the requirements of specified markets. This will help in existing value chain or developing new value chain to maximize the returns for growers. MAPs may include a range of activities required across the value chain to access the new markets as given below:

- Support for adoption of Good Agricultural Practices (GAP), Good Hygiene Practices (GHP), Good Manufacturing Practices (GMP), and other relevant global standards.
- Infrastructure support such as collection centres, primary processing and adoption of improved technologies in post-harvest, storage and processing;
- Adoption of food safety standards of the target markets;
- Support for marketing activities - customer acquisition through trade fairs, market promotion, brand development etc.
- Capacity building through skill based training for stakeholders involved in the whole value chain.

a) Who can apply for the MAP Subprojects:-

Community Based Organizations (CBOs) including Farmer Producer Companies (FPCs) and their Federations, Cluster Level Federations (CLFs) mobilized by MSRLM, Community Managed Resource Centers (CMRCs) mobilized by MAVIM and Farmer Groups (FGs) registered with ATMA can apply for Call for Proposal.

However, if any of the above organizations which are selected are not registered under one of the following laws/act, they will be required to get registered under the below mentioned laws/act before preparing a "Full Project Proposal -FPP".

- 1) Farmer Producing Company under Companies Act.
- 2) Institutions under the Institution Registration Rule/Act, 1860.

b) CBO selection criteria for MAP Subprojects:

- 1) CBO should be a legally registered entity. Registration certificate needs to be uploaded while applying online. If CBO which are selected but not a legal entity at the time of application then at the stage of PCN development, it is necessary that CBOs should get themselves registered under the Companies Act, or the Institutions Act, 1860 as mentioned above before preparing a Full Project Proposal-FPP for the proposed sub-project.
- 2) The organization should be audited by a Chartered Accountant (CA).
- 3) **Membership:** - Since MAP is targeting the markets rather than buyer, there is a need to aggregate sufficient quantity of produce to meet the requirements of identified markets. Hence minimum beneficiaries/ members / shareholders should be 750 for sub-project of fruits and vegetables and 2000 beneficiaries/members/shareholders for sub-project of grains and pulses. MAP sub project will typically target the markets outside of the Maharashtra state.

This can be either single or group of CBOs in federation, federation having more than 10 institutional members. Different kinds of CBOs can come together and form association with common commodity, market requirements and understanding.

- 4) The individual CBO should have submitted minutes of at least 2 Annual General Meetings (AGMs) held in two years immediately preceding the year in which proposal is submitted.
- 5) The yearly turnover of the CBO should be more than Rs. 25 lakh and it should have mention in the CA's audit report. During the submission of the online form, upload page of audit report of preceding 2 financial years which shows turnover. In the audit report, there should not be any serious audit para. CBO should not have liability of any loan.
- 6) Preference will be given to those organizations which have seen a steady increase in membership in the last 2 years while submitting their application.
- 7) Priority will be given to CBOs which have previous experience in collective buying or selling.
- 8) Preference will be given to the CBO which has its own land (7/12 extract) on its name. CBOs which do not have their own land are expected to enter into a registered lease agreement with the land owner for at least 30 years after the sub-project approval.
- 9) Preference will be given to the CBO which have so far distributed the profits earned as dividends to its shareholders. It is also expected that after the sub-project approval the CBO should also submit a written guarantee of the organization and a resolution of the general meeting regarding the distribution of at least 25% of the profits to its shareholders in the form of dividends through Direct Beneficiary Transfer (DBT).

- 10) If CBOs is going to export commodities to overseas market by themselves, then at least one CBO of group/ association/ federation should have all necessary permissions, licenses to export the commodity in overseas markets.

c) Market selection for MAP Subproject: The MAPs should be developed by CBOs targeting specific markets within the country (preferably outside Maharashtra) or in the export sector for the selected commodity.

➤ **Domestic market selection should be done on following parameters:-**

- i. Market demand / purchasing power, quality criteria, competitive commodity prices and other factors,
- ii. Market credibility,
- iii. Terms and conditions of transaction,
- iv. Experience gained from last 3 to 4 years,
- v. Demand season

➤ **Export market selection should be done on following parameters:-**

- i. Market Demand / Purchasing Ability - Adequate demand for export of product, export period
- ii. Competitiveness in terms of price/ cost, quality, food safety standards and other market requirements
- iii. Trade relations with importing country
- iv. Authenticity of market and importers in the market
- v. MRL, banned pests/ diseases and chemicals
- vi. Protocol for production and export is available

d) Matching Grant for Market Research:-

If the market research is required to be done to get detailed information about the market, then after the approval of Project Concept Note (PCN), the market research will be financed by SMART Project with 2% of sub-project cost or 100 % of actual cost up to a maximum of up to Rs. 10.00 lakh.

e) SMART Project Grants for MAP Sub-projects:-

Proposals that are technically and financially sound but not viable financially are eligible for availing grant-in-aid, i.e., Viability Gap Fund (VGF). For achieving this, a maximum of 60% grant will be provided by the project under VGF. The remaining funds are expected to be raised by the above mentioned CBOs. **It is not mandatory to take a bank loan for a sub-project.** As mentioned above, up to 60 % will be project grant and 40 % will be contribution from the beneficiary CBOs. For doing 40 % contribution, a bank loan can be availed by the CBO; but this condition is not binding. If the CBO can raise their full 40 % amount from its own funds, then they it will be allowed to do so.

f) Application formats for MAP sub-project:-

CBO with identified Market should apply online in format-1,format-3,and format-4.

2) Technical Assistance to CBOs through the SMART Project appointed Service Providers- State Technical Support Group (STSG) and Regional Technical Support Groups (RTSG) in proposal preparation and evaluation:-

The SMART project will on-board four Regional Technical Support Groups (RTSGs) as service providers to help eligible CBOs to access the new and organized markets. Necessary help and guidance will be provided to CBOs in accessing potential buyers / markets for PP and MAP, selecting the right partners and matchmaking them for preparation of project concept note (PCN). Assistance will be extended to develop bankable Full Project Proposal (FPP), raise equity (own fund or loan), hand holding and technical assistance to roll-out approved FPPs.

The project will on-board State Technical Support Group (STSG) as a Consultant, who will help to evaluate the PCNs & FPPs, approve the subprojects along with grant agreements, and supervise the handholding support given by RTSGs to CBOs and advise RTSGs for effective implementation of subprojects.

➤ **Important Notice -:**

For Productive Partnership Subprojects (PP) or Market Access Plan Subprojects (MAP), CBO should upload following certificates as a Registration Proof:-

- 1) Farmer Producer Company (FPC):- Registration Certificate under the Companies Act.
- 2) Cluster Level Federations (CLF) of MSRLM: Registration Certificate given by State Mission Manager.
- 3) Community Managed Resource Centres (CMRCs) mobilized by MAVIM :- Certificate of Registration under Society Act/Trust.
- 4) Farmers Group: Registration Certificate provided by ATMA
- 5) Chartered Accountant (CA) verified audit report with page on which the turnover is mentioned
- 6) Memorandum of Understanding (MoU), if signed between the CBO and the buyer should be uploaded.

➤ **Regarding online submission of application: -**

Submission of Proposal: - Interested CBO & Buyer should submit online application in the prescribed format on or before **15th December 2020 up to 5.00 pm** through the SMART project's website: <https://www.smart-mh.org>.