TRANSFORMING SMALL PRODUCER ORGANISATIONS INTO ENTERPRISES

Rain-fed agriculture, climate change, poverty and food insecurity characterise the Indian countryside where small-scale producers make up the majority of farmers. These producers are dependent on traders, input suppliers and moneylenders for growing their crops. There is increasing evidence that producers, if organised into producer organisations, have the capacity to set up successful businesses, break dependency relations and contribute to poverty reduction and food security.

CAPACITY AND CAPITAL
Most small-scale producers, however, lack the necessary access to capacity development (such as technical assistance, training and coaching) and working capital, to establish producer organisations and develop them into viable businesses. Hivos partner The Producer Entrepreneurship Catalyst & Incubation Facility (ProCIF) aims to provide the necessary capacity development and working capital to a significant number of sustainable farming producer organisations in India. It will do so by establishing smart connections with financial institutions and technical service providers.

SMART SOLUTIONS
The purpose of ProCIF is to develop creditworthy and market-ready producer organisations through a proven and systematic process of incubation and graduation. During this process the need for technical assistance and business development services (BDS) gradually reduces, while financial support is increasingly provided on a (semi-)commercial basis. At the end of the graduation process the producer organisations have to perform successfully in the mainstream capital and commodity markets.

AMBITIONS
ProCIF aims to works over a period of 5 years with the following ambitions:
» Provide incubation services to around 100 producer organisations of which at least 40 will have accessed working capital with market-conform interest rates; this means that they are well managed and independent.
» Reduced risk from inputs, indebtedness and trade vulnerability for 92,000 producers, representing some 460,000 rural people in India.
» 184,000 acres of land converted to sustainable farming.
» Increased net income per household of member producers by 150%.

TRANSFORMATION PROCESS
The role of ProCIF is that of an active facilitator, linking supply and demand for business development services and financial services. The diagram below illustrates the graduation process in which demand for services changes in accordance with the lifecycle of enterprises, from incubating to mature. Here you also find the key partners from whom financial assistance will be obtained during this process, gradually transforming from pure subsidies to mainstream finance.

STRATEGIC PARTNERS
ProCIF’s main partners in this programme are the India Foundation for Humanistic Development that supplies handholding and grants for capacity development and small investments, Friends of Women’s World Banking offering soft loans, and Caspian Impact Investment Fund providing loans with market-conform interest rates.

BUDGET
ProCIF can make a difference to almost 100,000 small-scale producers and their families in India, enabling them to work towards a better and sustainable future. Hivos is currently looking for an additional budget of €4 million to support ProCIF’s ambitions.