



Ministry of Agriculture, Livestock, Lands and Irrigation

## Smallholder Agribusiness and Resilience Project

# Project Implementation Manual – 4P



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# **Project Implementation Manual 4P**

**Smallholder Agribusiness and Resilience Project (SARP)**

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## 1. Introduction

This SARP 4P Implementation Guidelines serves as a comprehensive, step-by-step manual for all stakeholders. It ensures clarity, accountability, and systematic execution of agribusiness interventions to improve incomes, promote entrepreneurship, and enhance climate resilience in Sri Lanka's dry zone.

The Smallholder Agribusiness and Resilience Project (SARP) employs the 4P approach to transform agri-business in Sri Lanka's dry zone by facilitating partnerships between Public institutions, Private sector companies, and Producer organizations.

### Key Targets by 2027:

- 40,000 rural households (180,000 people) supported
- 30% income increase for beneficiary farmers
- 5,200 small agro-entrepreneurs supported
- At least 15 value chains and 15 promoting companies identified

### 1.1. Background and Rationale

#### A. Value Chain Development:

SARP supports value chain development through improved service delivery and integrated stakeholder involvement, enhancing production, market access, and resilience.

#### B. Justification for Integrated Approach:

To address:

- Scattered and low-volume production
- Exploitation by intermediaries
- Limited value addition
- Poor market access and information
- Inadequate access to finance

The mission emphasized promoting the 4P model, Matching Grants, and Youth Business Promotion (YBP) to build commercial sustainability and climate resilience.

## C. Programme Objectives

- Identify and address gaps in 15 priority value chains
- Engage at least 15 promoting companies for buy-back agreements
- Develop and support 5,200 agro-entrepreneurs
- Build market-oriented businesses to raise incomes by 30%
- Strengthen extension services and institutional capacities

### 1.2. Key Stakeholders and Their Roles

Stakeholder	Role
Producers (FPOs/POs/YGs)	Primary production, raw material supply
Private Companies	Input supply, processing, marketing, buy-back agreements
Government Departments	Regulatory support, extension services
Financial Institutions	Credit and financial services
Research Institutions	Technical innovations, capacity building
Political Leaders	Enabling local-level support and coordination

## 2. Project modality

- The 4P modality operates on a public–private–producer partnership framework:
- Private sector promoters invest in value chain development and ensure long-term market linkages.
- Producers (Small hold farmers) supply produce and adopt improved practices.
- Public sector/project (SARP/line agencies) provides matching grants, technical support, and oversight.
- The model ensures shared risks, co-financing, and sustainable benefits.

## 3. Project locations/Target

Geographical Coverage: SARP districts including Anuradhapura, Kurunegala, Puttalam, Mannar, and Vavuniya .

#### 4. Project development process – calling EOIs etc.

##### **Step 1: Calling for Expressions of Interest (EOI)**

Applications are invited from eligible companies/firms, cooperative societies, and farmer organizations from various sectors (e.g., gherkin, dairy, sweetcorn, etc.) to submit Expressions of Interest (EOIs) for implementing market-driven agribusiness development projects under the 4P approach.

##### **Step 2: Collection and Registration of EOIs**

Interested organizations submit their EOIs through a business concept paper. All EOIs received are duly recorded and registered for further consideration.

##### **Step 3: Evaluation of EOIs**

The Internal Management Committee (IMC) reviews the EOIs.

Shortlisted promoter companies are invited to make a presentation and participate in discussions with the IMC.

Based on this evaluation, EOIs are either accepted or rejected.

##### **Step 4: Submission of Detailed Business Proposal and Rapid Feasibility Assessment (RFA)**

If the concept note is rejected, the promoter is notified accordingly.

If accepted, the respective promoter is formally invited to submit a Detailed Business Proposal. At the same time, a Rapid Feasibility Assessment (RFA) is conducted on the promoter company/FPO/firms. The RFA ensures that the promoter company/FPO/firms is capable of successfully implementing the proposed project.

##### **Step 5: Evaluation of Detailed Business Proposal by IMC**

The IMC evaluates the submitted business proposals in detail. The IMC provides recommendations to strengthen the proposal.

Promoter companies are requested to revise and submit a Final Business Proposal based on IMC recommendations.

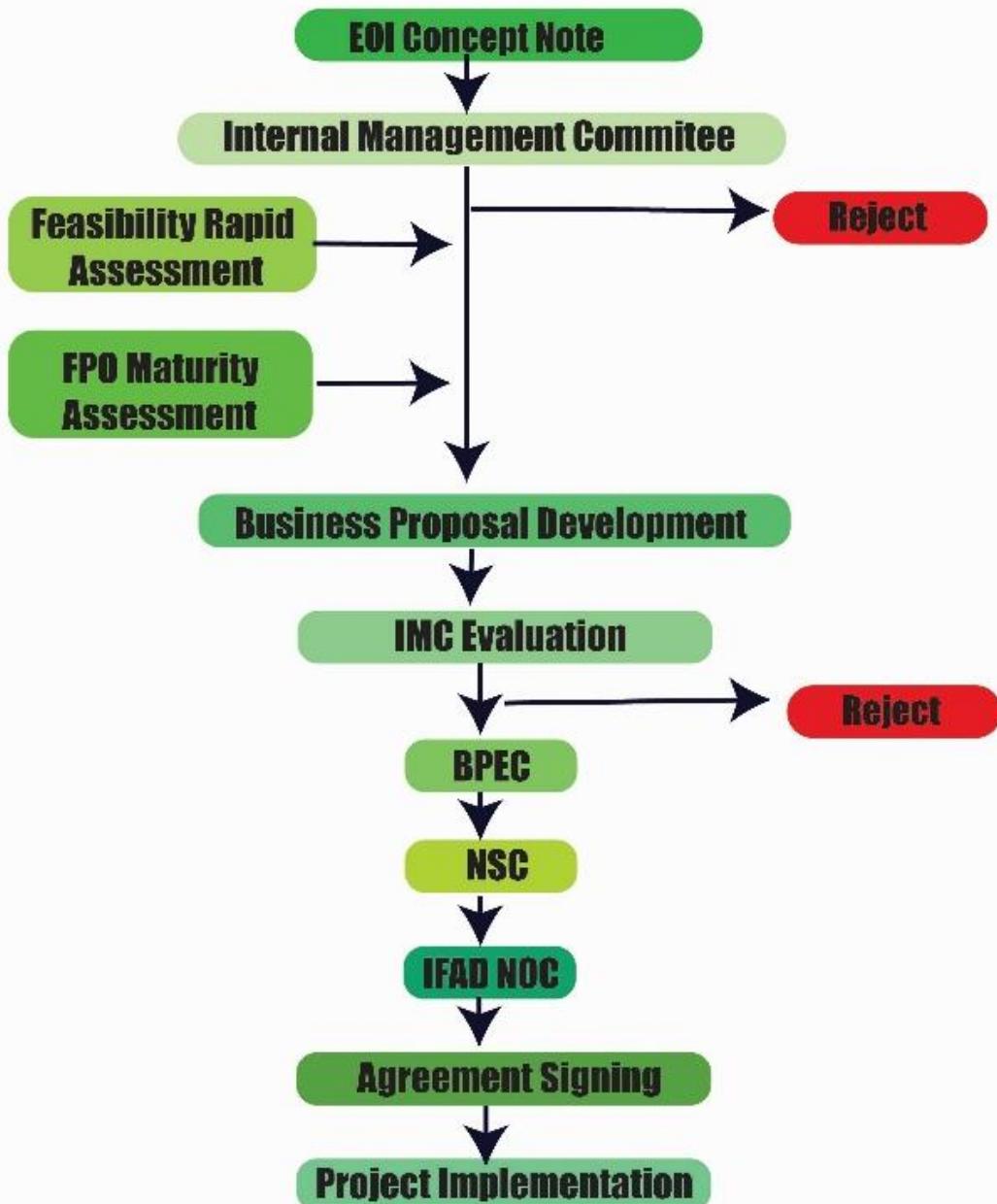
##### **Step 6: Evaluation by the Business Proposal Evaluation Committee (BPEC)**

The Final Business Proposals are forwarded to the Business Proposal Evaluation Committee (BPEC). The BPEC conducts a comprehensive review and provides further recommendations.

Step 7: Final Approval by the National Steering Committee (NSC)

## Business Proposal Development Process - Flow Chart

*Farmer Producer Organisation led 4P*



The proposals that successfully pass through the IMC and BPEC evaluations are submitted to the National Steering Committee (NSC) for final approval.

## 5. 4P Project Promoter Eligibility criteria

**C01:** Should be a reputed company incorporated in Sri Lanka

**C02:** Experience in the field of agribusiness /Direct involvement in agribusiness for a minimum of 2 years

**C03:** Objectives should be to specialized in agriculture, processing of agriculture material and agribusiness / or to deal in agriculture products or related services

**C04:** Unqualified auditor's opinion and sound financial reports

**C05:** Willingness to work with smallholder farmers / Reputation of fair dealing and empathy with smallholder farmers

**C06:** Willingness to invest and the capacity -Sound management and corporate governance systems

**C07:** Capacity to provide significant co-financing and technical expertise

**C08:** Demonstrated long term marketing capability

**C09:** Continued interest in the value chain development

**C10:** Comply with the relevant environmental regulations

**C11:** Newly formed emerging companies, Coops with technically sound proposals will be entertained

**C12:** Willingness to work in SARP project areas

**C13:** The EOIs/ Project proposals submitted by Registered Farmer Organizations comply with the above requirements will be considered.

## 6. Maturity Assessment of Farmer Producer Organizations (FPOs)

### Eligibility Criteria for 4P Lead Role:

- Must be at Mature Stage (score >75%) using a standardized tool
- Registered entity with a strong governance structure
- Active in agri-business with verifiable member participation and financial systems

### Evaluation Tool Covers:

- Governance & planning
- Financial & HR management
- Member participation
- Economic services & partnerships
- Representation & advocacy

## **Evaluation Process:**

A multi-disciplinary team conducts assessment and submits findings to PMU/IMC for FPO qualification

### **7. Beneficiary selection criteria**

#### **1. Eligibility Criteria**

- Farmers residing or farming in the project locations (DS Divisions) of Anuradhapura,
- Kurunegala, Puttalum, Mannar and Vauniya Districts
- Smallholder farmers: 90% of the farmers having land parcels less than 1 hectare.
- Low-income households. 90% of the farmers should be in low-income category
- Land ownership: Farmers with secure land tenure (owned/permit/ rent or leased)
- Resource and Infrastructure: Access to water source - availability of a suitable water source for the project

#### **2. Sector-Specific Criteria**

##### **Agricultural Production**

- Active involvement or willingness to engage in agribusiness activities.
- Willingness to participate in training and capacity building activities organized by the project
- Willingness to work as a member of a farmer group or a team to share skills and experiences
- Willingness to adopt recommended agricultural practices promoted by the project.

##### **Market Orientation**

- Willingness to sign buyback agreement with the project promoter
- Willingness to supply farm produce in the required quantity and quality for the partnership.

#### **3. Ineligibility**

Farmers already benefitted from other agribusiness development projects implemented by government organizations during last five years [SAPP, ASMP, CSIAPI (Climate Smart Irrigated Agriculture Project)] are not eligible for SARP assistance.

## 8. Project Feasibility Rapid Assessment (RFA)

### Objective:

To assess viability of proposed 4P projects, including technical, financial, and social feasibility.

### Assessment Team Composition (Minimum 3 Members):

- Agribusiness Development Specialist (*Team Lead*)
- Youth Entrepreneurship / Livelihood / Rural Finance Specialist
- Social Inclusion Specialist or HUB Coordinator

### Outputs:

- Joint report on project feasibility
- Recommendations to IMC/PMU for proposal approval or revision

## 9. BPEC – TORs

The Business Proposal Evaluation Committee (BPEC) plays a central role in ensuring that all 4P project proposals are evaluated in a fair, transparent, and technically sound manner before submission to the National Steering Committee (NSC) for approval.

### Composition of BPEC

The business proposal evaluation committee is an independent committee appointed by the NSC and will comprise of

- i. Agri-Economist/Value chain specialist
- ii. Subject matter Specialist (Agriculture Specialist/Livestock Specialist/any other relevant subject matter specialist)
- iii. Social Inclusion and Gender Specialist
- iv. Rural Credit Specialist
- v. Line Department/Agency Representative/s – as and when required

### Scope of work

The business proposal evaluation committee (BPEC) has to evaluate the business proposal submitted by the registered companies, COOPs and Mature Farmer Organizations by assessing the project technical and economic feasibility, social acceptability and capacity of the project partners to invest and implementation of the project as proposed and recommend SARP assistance to proceed.

SARP PMU will arrange an online project briefing for the committee members once appointed. SARP PMU will share the project proposal accepted by IMC among the BPEC members and will arrange a convenient date for the proposal evaluation.

## Responsibilities and tasks of BPEC

- i. Review the project proposal submitted and ready for the committee meeting
- ii. BPEC members have to evaluate the project proposal in its technical soundness, economic feasibility and social acceptability – supporting documents will be provided ex- Audit reports at least for three years
  - a. Financial analysis for total project investment and beneficiary investment – IRR, payback period etc.
  - b. Promoter capacity of investment and other resource availability for project implementation  
(Ex Human Resource availability, implementation arrangement, collection, storage, transport of farm produce, processing capacity etc.)
  - c. Marketing experience and arrangement proposed and the benefit to farmers
  - d. Availability of technologies recommended
  - e. Risk assessment and mitigation measures proposed.
  - f. Linkages with other service providers of the value chain
  - g. Value addition and possibilities of upscaling the project
  - h. Project sustainability
- iii. If requested request SARP PMU to arrange a field visit.
- iv. Request additional information or any other material required for project evaluation
- v. Request to resubmit the proposal with suggested improvements for evaluation
- vi. Submit BPEC recommendation in writing.
- vii. If IFAD requested additional information or recommendations for the issues raised kindly address those issues and submit BPEC recommendations.

### **Honorarium Payment arrangement for BPEC members**

BPEC members has to personally attend the BPEC committee meetings arranged and Rupees 8,000 honorarium payment will be made for each project proposal evaluation. In any case or unavoidable circumstances if any committee member not attending physically a 4,000 Rupee payment will be made as an honorarium payment. For the second sitting, 4,000 Rupees will be paid for each committee member who participated for the evaluation. It is pleased to inform you that SARP expects to receive your recommendation by the end of the committee meeting.

Honorarium payment will be released with the submission of a signed BPEC recommendation.

### **10. Project implementation arrangement**

#### **Forward Sales Contract (FSC) Mechanism:**

- Producer Organizations (POs) formed by SPA
- Producer Association (PA) established to represent POs
- FSC agreement signed between PA and buying company
- Agreement specifies price, quantity, quality, and delivery timelines

#### **Stakeholder Linkages:**

- **Public Sector:** Oversight, infrastructure, extension
- **Private Sector:** Market access, investment, services
- **Producers:** Supply raw materials, receive services, and share benefits

#### **Key Principles of 4P Implementation**

1. Mutual Trust and Joint Decision-Making
2. Clear Role Definitions
3. Win-Win Partnerships
4. Participatory, Flexible, and Transparent Execution
5. Sustainability and Scalability Focus

## 11. Guidelines for arranging meetings

### Arrangements for project mobilization meetings

With the approval of the promoter led projects from the NSC and IFAD, farmer mobilization meetings should be conducted at field level to make them aware about the project interventions proposed, project benefits to the farmer, project implementation arrangements and the contributions expected from the project partners to implement the project more effectively. This project mobilization meetings should be conducted in a professional manner and proposed meeting agenda is given below for necessary actions. Depending on the project locations and the farmer number Specialist has to decide the farmer mobilization meetings that need to be conducted.

Respective Specialist is responsible for arranging and conducting the meetings with the support of field staff. Promoter and respective line agency officials should be invited for the meetings.

## 12. Follow up actions, M&E visits/ Progress review meetings

### Approach:

- Baseline and income data collection
- Monthly progress meetings at HUB level
- Quarterly reviews with Ministry and PMU
- Result and impact analysis via surveys
- Adaptation and course correction based on findings

### Outreach & Target Tracking:

- Maintain focus on 144 GN Divisions
- Allow flexibility for 30% of 4P/YED beneficiaries outside core GNDs but within project districts

## 13. Procurement of matching grant items

- All procurement must follow **SARP procurement guidelines**.
- Procurement should be transparent, competitive, and documented.
- Beneficiaries and promoters must maintain invoices, receipts, and asset records.
- Assets purchased must be project-related and verifiable.

## 14. Grant claim and disbursement procedure/formats

### Financing Mechanism: Matching Grants

Category	Grant %	Credit %	Beneficiary Contribution %
4P Beneficiaries	45% SAR P	45% PFI	10% In-kind/Cash
Promoter Companies	25% SAR P	75% Promoter	-

### Grant Sizes:

- 4P Beneficiaries: USD 2,000 (LKR 600,000)
- YED Beneficiaries: USD 3,000 (LKR 900,000)
- 4P Promoters: USD 20,000 (LKR 6,000,000)

## 15. Line agency support/involvement

- **Public Sector:** The Project, the Ministry, line departments (Dept. of Agriculture, Department of Agrarian Development, Department of Animal Production and Health, and others), other local level government agencies – District Secretary, Provincial Chief secretary, Divisional Secretary, Small enterprises development division in District Secretary, Industrial development Board, Department of Export Agriculture, Export development board. and other related agencies. Department of Cooperative Development.
- **Private Sector:** Service provider agencies (Consultancy firms, buying companies, Banks, and other related processors and value adding agencies).
- **Producers:** Individual farmers, Producer Organizations (POs), Producer Associations (PAs), collectors and agencies in related activities. Cooperative societies, Sanasa societies.

## 16. Training arrangement

Capacity building is a core part of the 4P implementation. Training ensures that both farmers and promoters can effectively manage the value chain.

### Types of Training:

- Farmer-Level Training: GAP (Good Agricultural Practices), climate-smart agriculture, integrated pest management, post-harvest handling, collective marketing.
- Entrepreneurship & Business Training: Business planning, financial literacy, record keeping, cooperative management.
- Technology Transfer: Processing, packaging, quality standards, and certification.

### Implementation Responsibility:

- Training organized jointly by PMU, Promoter Companies, Line Agencies etc.
- Cost Sharing: Promoter contribution (mandatory), with partial support from the project.
- Monitoring of Training:
  - Training attendance records maintained.
  - Pre/post-training assessments to measure knowledge gain.

## 17. Record keeping

Accurate and transparent record keeping is vital for accountability and monitoring.

### Promoter Records:

- Beneficiary farmer lists and agreements (including buy-back contracts).
- Records of inputs provided, training conducted, and technical support.
- Financial contributions and use of matching grant.

### Farmer Organizations/POs:

- Membership registers.
- Meeting minutes.
- Production and supply records.
- Internal savings/loan activities (if any).

### PMU & Line Agencies:

- Master database of all 4P projects.
- Copies of contracts, approvals, monitoring reports, and financial audits.
- Centralized reporting system for IFAD and NSC.

### Audit & Access:

- Records should be made available for NSC, IFAD, and government auditors on request.
- All financial records to be maintained for at least five years.

## 18. Summary Implementation Roadmap

Activity	Timeline
EOI Submission & Screening	Month 1
Business Proposal Development	Month 2
RFA & Maturity Assessment	Month 3
Proposal Review by IMC/BPEC	Month 4
NSC Approval & Grant Disbursement	Month 5
PO Formation & Training	Month 6
FSC Agreement Signing	Month 6
Production & Procurement Begins	Month 7 onwards
Monitoring & Evaluation	Ongoing

## 19. Risk Management and Mitigation

Risk	Mitigation
Climate variability	Smart farming & seasonal planning
Stakeholder bureaucracy	Regular coordination meetings
Natural disasters	Rainwater harvesting, drainage maintenance
Ineffective promoters	Regular monitoring and reporting
Weak stakeholder participation	Incentives, capacity building
Procurement delays	Early planning and proactive follow-up
Credit default risk	Use of credit guarantee schemes
Financial losses	Crop insurance and diversification

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