



Project Implementation Status of

“Accelerating Incomes” – accelerating farm incomes and improving climate resilience in Anantapur district, Andhra Pradesh

Submitted by

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May 2022

Accelerating Incomes – Andhra Pradesh

PROJECT OVERVIEW

Executive Summary

Program Area	Anantapur, Andhra Pradesh
Country/ US State	India
Project Number	IN0910
Project Name	Accelerating farm incomes and improving climate resilience in Anantapur district
Project Holder Name	Snehakunja
Project Period	April 2021 to December 2022
Total Budget	Rs. 5,05,76,731/-
No. of FPOs supported	03
No. of Farmers supported	~2800

1. Project Background

The Hatching Hope Global Initiative (HHGI) is a joint effort by Heifer International (Heifer) and Cargill Animal Nutrition and Health (Cargill) with the goal of improving the nutrition and economic livelihoods of 100 million people by 2030 through the promotion, production, and consumption of poultry. Launched in 2018, HHGI combines Heifer's holistic community development approach and Cargill's expertise in animal health and productivity, extensive knowledge of the poultry industry, and global market connections. Heifer's mission is to end hunger and poverty while caring for the Earth. Heifer's approach centers on boosting smallholder farmer households to a living income -- ensuring all members of a household can afford a dignified standard of living. HHGI interventions are designed to improve the productivity, incomes, nutrition and resilience of poultry producers through the promotion of nutrition education and best practices for production and improving access to products, services, and markets. Our current Hatching Hope project in Odisha, India, is increasing poultry production and incomes for smallholders by building them up to become sustainable market actors, with potential to scale up to reach 62 million people under the HHGI framework.

After launch, HHGI drew interest from Walmart Foundation, a key funding partner of Heifer. The Walmart Foundation grants focus on strengthening Farmer Producer Organizations (FPOs) to sustainably improve the livelihoods of vulnerable smallholders. Heifer, Cargill and the Walmart Foundation held a series of discussions between 2019

and 2020 to explore possibilities to align and leverage investments toward achieving mutual goals with lasting impact. Out of these discussions, Accelerating Incomes was envisioned as a joint initiative to generate a proof of concept for an “FPO-down” approach to sustainably improving smallholder livelihoods, while expanding and replicating the HHGI framework in India to the state of Andhra Pradesh. The FPO-down approach will be piloted as a strategy for more efficiently and effectively improving the smallholder livelihoods compared to the traditional approach of working directly with farmers. Andhra Pradesh is an area new to Heifer but capitalizes on Cargill’s strong local presence as well as Walmart Foundation’s investments in FPOs in the area.

Accelerating Incomes launched in July 2020, beginning with an assessment phase to understand the current state of FPOs in Andhra Pradesh and determine the potential for backyard poultry (BYP) as a profitable value chain. The assessment, conducted by Ernst & Young Global Limited (E&Y), concluded in January 2021 and generated insights into challenges and opportunities for FPOs within the emerging BYP value chain, which guided project design for the implementation phase.

Accelerating Income interventions will be clustered in East Godavari and Anantapur, districts with high numbers of smallholder farmers experiencing high levels of poverty, and thus high need for income enhancement. The main crops grown in these districts are also well suited for BYP integration. The FPOs in each district are in different stages of maturity, and climate conditions, farming systems and levels of women’s participation vary, offering an opportunity to develop and validate the FPO-down model in different contexts. The FPOs are situated close enough to medium or large cities to take advantage of growing demand in urban areas. In East Godavari, the project also builds on previous Walmart Foundation investments.

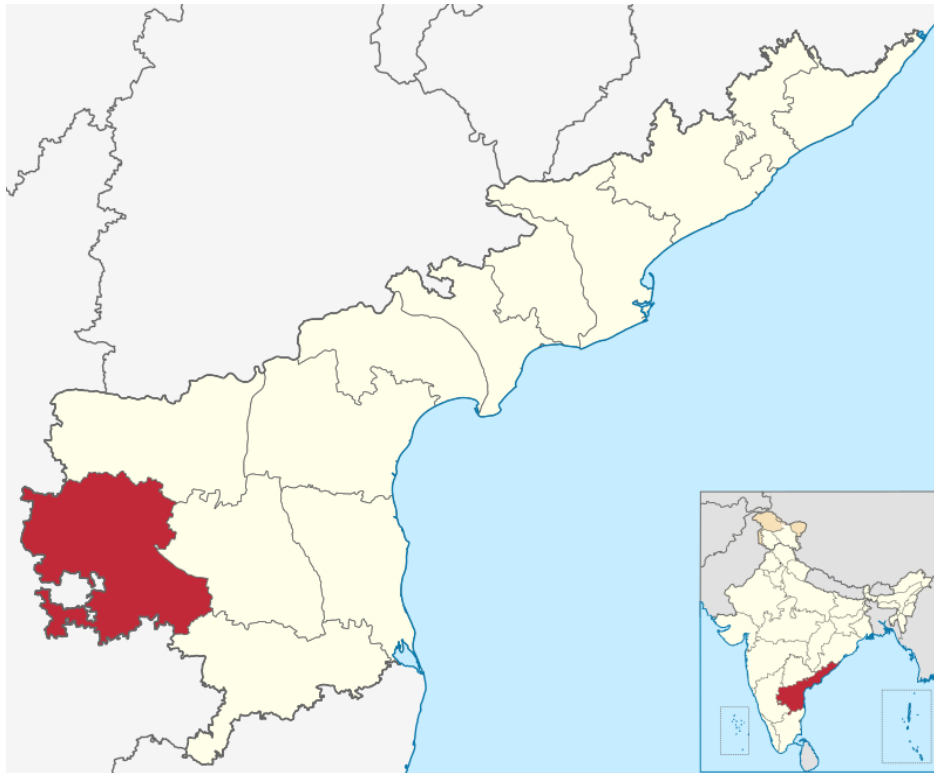
This proposal puts forth a plan to build FPO business capacities and improve incomes for their members over an initial time frame through December 31, 2022. It is designed considering a longer-term perspective toward formalizing and developing a thriving BYP value chain in Andhra Pradesh, with FPOs and their smallholder members at the center. Accelerating Incomes invests in FPOs and BYP, building capacity and establishing viable business plans to attract financing for future scaling up of operations and infrastructure.

The proposed project shall be undertaken with 3 Farmer Producer Organizations covering 2,800 small farmer households, spread across 39 villages in 21 Gram Panchayats in Rolla, Narpala and Tanakal mandals in Anantapur district in the drought prone Rayalaseema region of Andhra Pradesh, with the aim of improving their income and resilience through strengthening farmer collectives and collective backyard poultry value chain interventions.

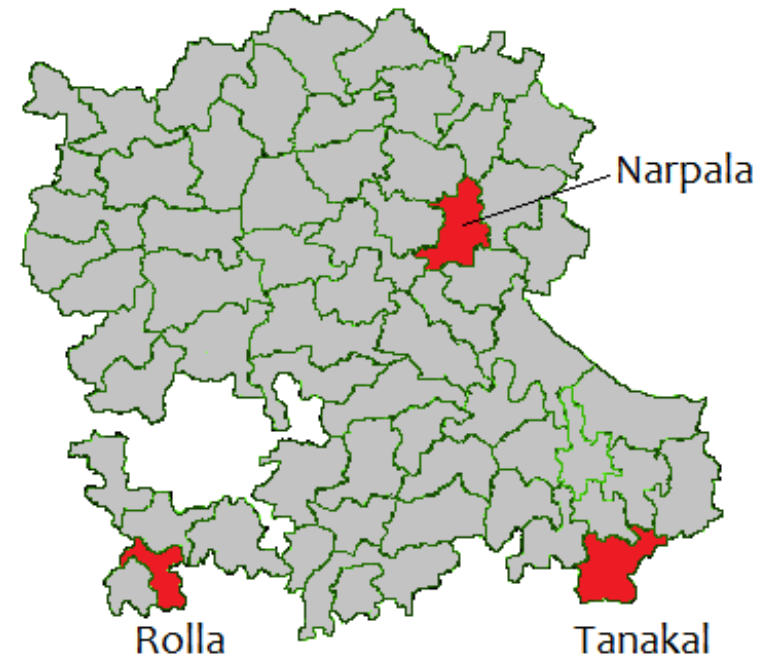
2. Description of the Project Population and Location

2.1 Project Population and Location

Anantapur district lies in the south-western corner of the Indian state of Andhra Pradesh and is the largest district in the state. It is among the 4 districts that constitute the drought prone Rayalaseema region of Andhra Pradesh, which is among the most backward regions in India.



ANANTAPUR DISTRICT MANDALS



Narpala lies in the Anantapur division in the north-eastern part of the district, Rolla lies in the Penukonda division in the south-western part of the district while Tanakal lies in the Kadiri division in the south-eastern part of the district. Located in the rain shadow region of the Western Ghats and far from the east coast, Anantapur is deprived of both the South-west and the North-east monsoon winds and it receives only 560 mm of average annual rainfall. Less than 10% of the net sown area is irrigated. As a result, there is a huge dependency on groundwater for agriculture, domestic and commercial use, resulting in over-exploitation and critical levels of the groundwater resources.

2.2 Description about Project Participants

71.2% of the population in the district is rural. The average literacy rate is 56.1%, which is lower than the state average of 61%. 72% of the farmers have small and marginal landholdings of less than 2 ha of land. Scheduled castes (SC) and scheduled tribes (ST) account for 17.5% of the population in the district. Sugali (Lambadi/ Banjara), Yerukula, Yannali, Mali, Konda Kapu, Kammara, Gond (Naikpod) are the dominant scheduled tribes in the district¹. These marginalized groups have a higher share of small and marginal farmers.

Section	% Small and marginal farmers	Average size of landholding
Scheduled Caste (SC)	83.5%	1.18 ha
Scheduled Tribe (ST)	80%	1.31 ha
All social groups	72%	1.63 ha

The 2,800 farmer members across the 3 FPOs are small and marginal landholders owning less than 2 ha of land. Majority belong to scheduled castes, scheduled tribes and other backward classes. ~29% of the identified farmers are women. Almost all of them have had only primary education (till class 5).

Mandal	SC population	SC literacy rate	ST population	ST literacy rate
Narpala	9,319	36.63%	860	27.02%
Rolla	6,999	40.04%	511	40.67%
Tanakallu	7,313	38.81%	5,029	36.79%

The small and marginal farmers have been mobilized into Farmer Producer Organizations by Snehakunja's technical partner – India Foundation for Humanistic Development, as per the directives of the Horticulture Department, Government of Andhra Pradesh. Farmers were mobilized across 3 Mandals, covering around 51 villages, into 3 FPOs. Small and marginal farmers were identified in high potential production clusters to improve their incomes through collective FPO business models.

Mandal	Members in FPO	% women shareholders in FPO	Avg. household income	Average landholding	% marginal groups (OBC, SC, ST)
Narpala	1,100	30.0%	Rs 80,000	1.0 ha	54%
Rolla	900	24.7%	Rs 50,000	0.8 ha	61%
Tanakallu	800	31.7%	Rs 45,000	0.5 ha	83%

The main source of livelihood among the farmers is the sale of horticulture produce such as mango, pomegranate, sweet lime, banana, vegetables and areca-nut and agricultural produce such as groundnut, cotton, paddy, millets, etc. Some households are also engaged in backyard poultry and sheep and goat rearing on a small scale. Majority of the FPO members belong to scheduled castes, scheduled tribes and other backward classes. Tanakallu has the highest share of marginalized sections. Women in the producer household are engaged in backyard poultry and goat rearing and also work on the fields.

¹ <https://aptribes.gov.in/pdfs/table6.pdf>

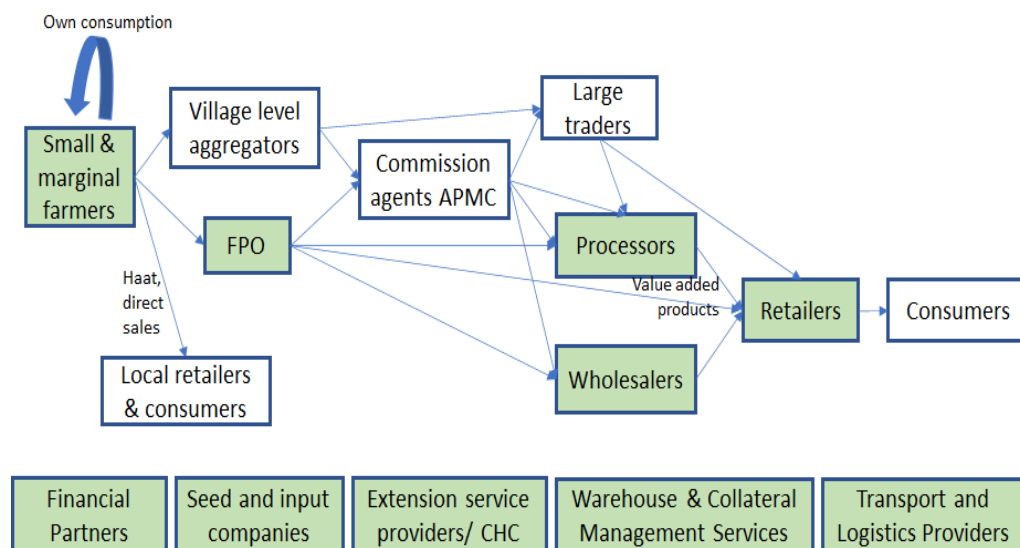
2.3 FPOs and their Location

Table 3: FPOs and their location

Incubation Agency	FPC Name	Mandal	No. of Villages	No. of FPC Members		
				Female	Male	Total
Snehakunja	Rolla Kamdhenu Farmer Producer Company	Rolla	17	223	677	900
	Tanakallu Chaitanya Farmer Producer Company	Tanakallu	20	254	546	800
	Narpala Rythu Nestham Farmer Producer Company	Narpala	14	330	770	1100

3. Situation Analysis

3.1 BYP and Agriculture Value Chain in Anantapur



Presently, the FPOs are focused on marketing and sale of horticulture produce and agri inputs. The ongoing FPO intervention under the ProCIF (Producer Enterprise Catalyst and Incubation Facility) program has been highlighted (in green) as a subset within the overall horticulture value chain focused primarily on banana, mango, pomegranate, sweet lime and vegetables. Horticulture and agriculture production has a high dependency on rainfall in the dryland and drought-prone region. Hence, it is proposed to develop and strengthen the capabilities of the FPOs to also facilitate input and marketing support for its members engaged in backyard poultry and the subsequent backyard poultry interventions can be integrated into the FPO's business model, to diversify its risks and add another income generating activity that can be taken up throughout the year unlike the seasonal nature of agriculture and horticulture.

Estimation of demand - BYP

The said region of Andhra Pradesh has always had huge demand for chicken and as per the Indian Council of Food and Agriculture, the per capita chicken consumption in India is 3.1 kg per annum². With a population of ~40 lakhs in Anantapur district, and assuming a 30% non-vegetarian population, this translates to a demand for 37 lakh kg of chicken meat annually. The major share of this demand is catered by organized poultry sector (broilers, commercial large poultry farms). Assuming a 20% market share of backyard/ unorganized poultry³ and 2 kg meat per bird on average, there is a demand for 3.7 lakh birds annually in the district. Given the proximity of Rolla and Tanakallu to Bangalore, poultry product retailers, supermarkets and online retailers in Bangalore can also be targeted. Based on the above-mentioned data there is a huge opportunity for the households in the region to develop their BYP into a successful revenue generating model which would then translate into meeting the demands as well as increase financial support to the respective households, while also mitigating the production risk, price risk, and climate change risks in the horticulture and agriculture sector.

Add to this, the recent consumer interest in “natural, free-range, country/desi/nati” chicken breeds points to a clear business opportunity to cater to this growing “healthy chicken and eggs” demand in nearby urban markets. With the required technical and business incubation support in production, finance and marketing activities, the FPOs have the potential to become strong institutional vehicles to improve the nutritional status as well as income enhancement of their farmer members’ households, through BYP in their value- chain development.

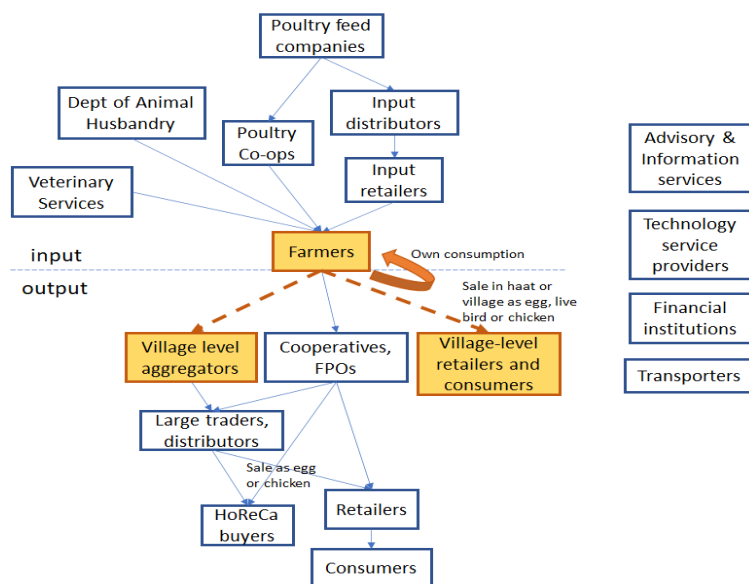
Value Chain Framework

² https://www.icfa.org.in/assets/doc/reports/Indian_Poultry_Market_Overview.pdf

³ <https://www.pashudhanpraharee.com/status-of-poultry-production-in-india/>

While backyard poultry has a good demand potential, most of the farmers in the target area do not take it up at a commercial level. It is mostly reared for self-consumption for special occasions or sold as live bird, egg or retailer, haat or the occasional aggregator. Minimal backyard poultry is quite resilient and self-sustaining, manage to feed on grains and insects in the yard.

The adjoining figure shows the unorganized backyard (highlighted within the overall poultry value chain). existing FPOs, leveraging available institutional targeting premium organized buyers, it is possible to improve producer incomes. Local prices for the live purchasing chicks is around \$0.5 per chick. and aggregator retain ~35% of the value of the intervention there is a potential to retain this margin



chicken (meat) to neighbors, local chicken shop, care and feed are provided by the farmers since with minimal external intervention - the birds

poultry value chain in Anantapur as a subset Through the collectivization and strengthening support, adopting scientific rearing practices and address the inefficiencies and constraints and bird ranges from \$1 to \$2 per kg, while the cost of Preliminary research has revealed that middleman chicken in the supply chain process. In the FPO-led within the FPO itself.

3.2 Opportunities for Assistance

Intervention Area	Specific Interventions
Institution Building	<ul style="list-style-type: none"> Strengthening Farmer Interest Groups (FIGs) Capacity building on governance and organizational systems Strengthening the FPOs in developing their business and marketing strategies
Backyard Poultry	<ul style="list-style-type: none"> Rearing/ Production support – mini feed mills (maize based), deworming, vaccination, paravets, sheds, etc. Aggregation and marketing of eggs, live birds, chicken
Horticulture	<ul style="list-style-type: none"> Continued marketing support Value addition opportunities
Common for BYP and horticulture	<ul style="list-style-type: none"> Information services on rearing/production and market prices Shared infrastructure for value addition and logistics (collection center, transportation, storage)

4. Project Development Hypothesis

Backyard poultry has the potential to improve income levels as well as nutrition security. In case of a crop failure, it can also act as a secondary income source, if managed properly. It requires minimal inputs and the desi birds are resilient and well-adapted to the Indian climate, and are thus a high potential asset to the small and marginal

farmer, who is exposed to the effects of climate change. It can also ensure round the year income instead of depending on seasonal crops for income. While BYP livelihood models are disaggregated and unorganized, there is potential for collectivization through FPO and opportunities for rearing, aggregation & value addition at scale. Also, since women are mainly engaged in rearing and marketing, strengthening this livelihood would improve gender equity, empower women and ensure nutrition security and improved savings for the family.

5. Project Goal and Objectives

The **overall project goal** is to accelerate income growth for 3 FPOs, by strengthening their existing horticulture and input business lines and leveraging the potential of backyard poultry to improve the livelihoods of ~2,800 smallholder farmers across the 3 FPOs in Anantapur, by 2022.

As nascent FPOs, the farmer engagement and volumes traded through the FPO are low at present - In 2020, the 3 FPOs facilitated market linkages worth \$10,000 to \$12,500 for its members. The project aims to engage at least 50% of the FPO members by 2022 across their various lines of business - horticulture, backyard poultry and inputs and realize 10-12x increase in revenue worth approximately \$125,000 for each of the FPOs. The backyard poultry business line is estimated to generate revenue worth \$25,000 to \$40,000, while horticulture and agriculture business lines (including both input distribution and output marketing) has the potential to generate approximately \$90,000 to \$100,000. There are opportunities to integrate both business lines through circular value chains such as poultry feed mills that would procure maize and other cereal or millet-based nutrients from the FPO members and market the processed poultry feed to its members (and non-members) engaged in backyard poultry.

By introducing a complementary value chain, strengthening FPO systems and adopting collective business models for setting up and utilizing common infrastructure, Accelerating Incomes aims to improve incomes and reduce risks at both the FPO and member levels and provide an assured market for its members.

The project objectives are the achievement of four interconnected results and related activities that support the overall goal.

6. Project Status

6.1 Deliverables vs Achievements

Deliverables	Achievements
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FIGs Formation	<ul style="list-style-type: none"> ● No. of FIG Formed: 97 ● Total members in FIGs: 1057 ● Male: 779 ● Female: 278 ● No. of FIG's opened Bank Accounts: 74 ● No. of FIG's Started savings:32 ● Total savings amount deposited in the banks : Rs. 69,500
Share Capital Collection	<ul style="list-style-type: none"> ● No. of Shares collected: 1007 ● Total Amount: Rs.10,07,000 ● Male - 775 ● Female - 232
Meetings Held	<ul style="list-style-type: none"> ● BOD Meetings: 48 ● FIG Meetings: 466 ● PMC meetings: 5 ● FPO Staff Meetings:25 ● Staff Monthly Review Meetings: 5

Deliverables

Achievements

COOP Constructions

Fattening Farmers

1. Total Target:220
2. Total Identified:220
3. COOP Construction materials dumped:220
4. Mapping given :157
5. Earth work Excavation start: 57
6. Foundation work Completed:26
7. Roof work completed No.:06

Day Old Chicks Indent

1. 1st phase no. of chicks Target: 11,000
2. No. of chicks indent given: 12,100 (5 chicks/farmer has been added to address any mortality issue)
3. Expected Chicks delivery date: June 1st week

Breeder Farmers

1. Target: 14
2. Identified: 14
3. Material Dumped: Tentatively planned for next month

45 days old chicks Indent

1. Target: 1400
2. Indent given: 1400
3. Expected Chicks delivery: June 2nd week

Deliverables	Achievements
TOTs & Trainings	<p>TOTs for the SKT-HHAI team</p> <ul style="list-style-type: none"> ● We had a CS training TOT for 4 days and BYP training TOT for 3 days at Ecology Centre ATP. ● We had Gender and Justice TOT at Vijayawada by Jamuna Ma'am. ● We Conducted a CAVEs / Vaccinator 1st level training at RAHTC Anantapur ● We had business plan training for 4 days at Hyderabad APMASS regional office ● We had a Financial orientation at Hyderabad for 2 days. <p>Community Level Trainings</p> <ul style="list-style-type: none"> ● Delivered 20 CS trainings engaging 524 farmers representing 35 FIG groups ● Completed 10 BYP trainings attaining 243 farmers from 20 FIG groups ● Imparted a training of Book writers at FPO level for FPO Representatives. ● We have a FIGs strengthening capacity building training to staff at SK office ● We had a BYP refresher training by AWB officer and project Manager to related team members. ● We had a CS refresher training on Innovative methods at SKT office in ATP by the HEIFER Team. ● We had a 3 trainings regarding PME Software at HEIFER office by Janardhan Rao sir, Warris and Uday sir ● We had a Gender and Justice Refresher training on virtual call.

Deliverables	Achievements
Special days	<ul style="list-style-type: none"> ● We celebrated world's women day at 3 FPOs ● We celebrated Republic day at 3 FPO's ● We celebrated world Egg day celebrations at 3 FPO's ● Independence Day Celebrations at 3 FPOs
Other Activities	<ul style="list-style-type: none"> ● We had apportioned covid fund to 114 farmers from three FPO's ● we got sanctioned 2 collection centres one for Rolla and other for Tanakal Mandal from Horticulture Dept.it costs 15 lakhs for each FPO ● Rolla FPO getting sanctioned one acre land for FPO Activities from Revenue Dept it is under process. ● For Rolla FPO cold storage and packing house proposal is under process.

6.2 Challenges faced during implementation

Challenges	Solution	Support required
During clusterization approach, the POG village members raised an issue regarding the benefit of the shareholders and their capital when they don't get any direct benefit out of it. So they requested what is the use of our share capital when we didn't get any profit from project so they want to add their villages to OG	We discussed with BOD meeting and FIG level meetings and convinced them as per Project guidelines	FPO's need financial support for adding POG villages as OG village.
1-Day old chicks vs 45-days old chick for fattening farmers	The community level convincing for the accepting the concept of 1-day chick took a good amount of time and with a series of meetings & awareness the community finally agreed to it	
Clarity on COOP Measurement & Construction (FF)	There were multiple discussions regarding it and after a series of exchange of information between the SKT and Heifer; the team of SKT was able to communicate the approach to the selected members and now the construction work is going smoothly	

6.3 Action plan for May and June 2022

Activities	No Events	Timeline
Agriculture Equipment and Supplies:		

Establish Collection Centres	03	by the end of May-2022
Construct BYP model housing units and distribute Birds for Breeder FPO Members	14	by the end of May-2022
Construct BYP model housing units and distribute Birds for Fattening FPO Members	220	by the end of May-2022
Support to MSMEs	05	by the end of June-2022
Set up of Hatchery	03	by the end of June-2022
Set up of Feed Processing unit	03	by the end of May-2022
Trainings and workshops:		
Conduct campaign on improved BYP (deworming and vaccination), promote consumption of BYP Products for improved nutrition	07	by the end of Nov-2022
Facilitate meetings with potential buyers to establish formal and informal agreements	03	by the end of June-2022
FPO Members exchange/exposure for peer learning	04	by the end of Aug-2022

Activities	No Events	Timeline
Other Trainings Activities:		
Financial and Operations mgt. training for FPOs	03	by the end of Jun2022
Financial Literacy for FPO Members	140	by the end of Oct2022
Financial Literacy - TOT - Community Facilitators/Master Trainers	01	by the end of May2022
Board of Directors/members FPO governance and mgt. training	03	by the end of May-2022
Business plan development - FPO	03	by the end of June-2022
Financial inclusion trainings - FPO	03	by the end of May-2022
Training for the MSME on the business products - FPO Members	03	by the end of June-2022

Training on BYP Management - FPO Members	130	by the end of Nov-2022
Training of FPO Members- Strengthening Social Capital (12 Cornerstones)	120	by the end of Oct-2022
Training of FPO Members Spouse- Strengthening Social Capital (12 Cornerstones)	140	by the end of Nov-2022

Activities	No Events	Timeline
Training of FPO Members- Gender Justice	140	by the end of Nov-2022
Training of FPO Members Spouse- Gender Justice	140	by the end of Nov-2022
Training of FPO Master Trainers- Kitchen garden and Nutrition - TOT	01	TOT Not Yet Done
Training of FPO Members- Kitchen garden, Nutrition and CSA	140	by the end of Nov-2022
CAVEs - LEGS training	02	by the end of Aug-2022
Leadership development trainings to FPO BODs	01	by the end of May-2022
Identify areas for value addition activities for FPO at State Level	03	by the end of June-2022
Training for CAVEs (MSMEs)	02	by the end of June-2022
Vaccinator Training	01	by the end of June-2022
Family Business Plan Training	140	by the end of Nov-2022
Finance and PME Orientation to RI Staff	02	by the end of July-2022
Breeder Farmer Training - FPO Member	02	by the end of June-2022
Hatchery Operation training to selected FPO Members	08	by the end of Aug-2022

6.4 Success Story

Redemma, a women member of Tanakallu Chaitanya Farmer Producer Company Limited, resides in Kanasavaripalli, and is a widow. Currently she is of the member of the Gangamma FIG which is part of the said FPC. Before associating with the group, she was earning a widower stipend of Rs. 1,000/- per month from the state government and usually works as a labor by farming in her property, to earn her livelihood. Once she joined as a member in the FPCL she also participated in the CS trainings conducted to promote the values of the HHAJ project. The entrepreneurial and leadership skills imparted during the training was highly motivating for her and post which she was able to invest herself in passing-on-the-gift approach of the HHAJ project, where she gifted 2 chickens to her co-villagers.

