

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SYNTHESIS

1. **Country:** Guyana
2. **Project number:** GY-L1062 and GY-T1131
3. **Project name:** Promoting a cluster approach for agricultural diversification in Guyana
4. **Executing Agency/Borrower:** Institute for Private Enterprise Development (IPED)
5. **IDB unit:** Multilateral Investment Fund (MIF), Social Entrepreneurship Program SEP
6. **Amount of financing**

	<u>IDB US\$</u>	<u>LOCAL US\$</u>	<u>Total US\$</u>
GY-L1062-Reimbursable financing:	800,000	200,000	1,000,000
GY-T1131-non-reimbursable technical cooperation:	<u>150,000</u>	<u>70,000</u>	<u>220,000</u>
Total:	950,000	270,000	1,220,000

7. **Objective and purpose of the project**

The project **objective** at the impact level is to sustainably increase the sales of contract farms and to provide year-round employment in the cluster for non-traditional agricultural crops. The **purpose** of the project is to facilitate the integration of contract farms into the cluster for non-traditional crops through the development and delivery of key agri-business support services and access to investment capital.

8. **Components of the project**

The project of the Social entrepreneurship program arises from the alliance between IPED and Carana Agribusiness Development Partnerships (CADP) to support the agricultural diversification in Guyana, the financing of SEP is structured in coordination with the Technical cooperation project of the MIF (GY-M1025) with CADP. The SEP will offer financing for two components to achieve the established objectives and the intent of the project.

Reimbursable financing component. The Bank will extend IPED a loan of US\$800,000 with a counterpart amount of US\$200,000. With the resources of this component, IPED will be a financial intermediary to offer customized financial products that address the needs of farms and agricultural producers who demand working and investment capital for field infrastructure and equipment, land preparation, seasonal inputs and farm operating expenses (fertilizers, chemicals, seeds, labor etc.) for contract farms under the CADP network, to diversify their productions with non-traditional crops such as hot peppers.

Non-reimbursable technical cooperation component. The project will also include a non-reimbursable technical cooperation of US\$220,000, and counterpart contributions of

US\$70,000. This component will contribute substantially to prepare IPED to fulfill its role of financial services provider for the contract farmers as well as to improve its own operations to mitigate the credit risk for the IDB/MIF. In this regard, three subcomponents will be deployed to: (i) Develop the financial products for SME contract farmers; (ii) strengthen IPED's performance and (iii) explore new technologies to improve the financial products designed for farmers and agricultural SME, and others offered by the company. Additionally, the technical cooperation activities will include monitoring and ex post reviews of the IDB resources.

9. Beneficiaries of the project

There will be two target beneficiary groups, contract farms and agricultural workers.

Contract Farm. The project will develop a network of 20 new contract farms, which will supply hot peppers to the main farm of CADP while receiving business services and technical assistance.

Agricultural Workers. Each contract farm will employ about 3 full-time people to run daily operations plus 3-5 part-time workers for regular planting and harvesting depending on its size. Around 120 people are expected to get permanent jobs through this project, making it a diverse workforce that integrates women, youth and indigenous population.

10. Expected outcomes and capture of benefits

The direct benefit from the Bank's resources will be captured by an estimated of 20 small scale farmers who will diversify its production into hot peppers and will be linked to strategic business partners as CADP, a commercial agribusiness startup, allowing them to increase their incomes from farming. These farms will have access to new production technology and technical assistance provided by CADP to cultivate new crops as well as loans from IPED. Out of these 20 small-scale farmers, approximately 120 net jobs will be created benefitting agricultural workers. These workers will receive technical assistance for harvesting new crops. Also, annual sales of the cluster of contract farms will reach up to US\$2.4 million by the end of the project.