

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SYNTHESIS

- 1. Country:** Dominican Republic
- 2. Project number:** DR-T1182 / DR-L1133
- 3. Project name:** Financing for the Sustainable Expansion of Dairy Production in the Dominican Republic
- 4. Executing Agency/Borrower:** Cooperativa Agropecuaria de Ganaderos del Sur, Inc. (COOPESUR)
- 5. IDB unit:** Multilateral Investment Fund (MIF), Special Ordinary Capital Resources for the Social Entrepreneurship Program
- 6. Amount of financing**

	IDB US\$	LOCAL US\$	Total US\$
Reimbursable financing	1,000,000	4,050,000	5,050,000
Non reimbursable Technical cooperation	<u>250,000</u>	<u>234,500</u>	<u>484,500</u>
Total	1,250,000	4,284,500	5,534,500

- 7. Objective and purpose of the project**

The project's impact is expected be an increase in the incomes of small-scale dairy producers resulting from the creation of a system to improve the performance and quality of technically improved livestock management among COOPESUR member producers. The project seeks to consolidate the dairy industry's production and marketing activities by extending a loan to the COOPESUR cooperative to enable it to expand its milk production capacity and make use of UHT technology.

To achieve this purpose, the project will feature two components: one for reimbursable financing and the other for non-reimbursable technical cooperation. Both components will be executed by COOPESUR.

- 8. Components of the project**

Reimbursable financing component. This component will support the growth and consolidation of the marketing of milk and flavored juices, though long-term financing that will allow COOPESUR to expand the productive and commercial infrastructure, particularly new machinery, equipment and works to introduce UHT technology. It will enable the cooperative to collect more milk from larger number of producers and add greater value to it. The financing component is structured as a collaboration and joint investment between several entities that have been working with COOPESUR for several years, such as Tetra Pak and Banco Agrícola.

Nonreimbursable technical cooperation component. The technical cooperation grant will allow small-scale producer members of the cooperative to strengthen their technical-productive capacities in livestock management; increase productivity in terms of liters of milk/day/cow; improve the conservation of soils and areas surrounding the farms; increase technical capacity and quality control in 10 collection centers and to implement a geo-referenced information system for the traceability of producers and their production, accompanied by a technology for disseminating techniques to members in digital form. This technical assistance to COOPESUR members will enable them to increase their productivity by improving their sustainable livestock management practices in a climate-smart way and will also be used to improve the cooperative's information systems and dissemination of technical data to producers.

9. Beneficiaries of the Project

The project will benefit 620 small-scale milk producers that are members of COOPESUR, and it will enable the cooperative to expand to 2,000 supplier members. These small-scale producers are located mainly in the provinces of San Cristobal, San Juan de la Maguana, Barahona and San José de Ocoa. The producers have farms averaging 50 hectares; 70% of members have a herd averaging 40 head of cattle, with an average farm size of 3 hectares, and most of these have just 5 to 10 head of cattle grazing less than 1 hectare. 70% of the producers allocate their livestock to milk production only, while the other 30% have a dual purpose (milk and meat).

10. Expected outcomes and capture of benefits

The Bank's financing will directly benefit around 620 small-scale milk producers who are members of COOPESUR and it will enable the cooperative to expand its number of supplier members to 2,000. Apart from the direct and indirect jobs currently supported by the cooperative in its processing plant, an additional 12 full-time and 48-part time jobs are expected to be created with the new UHT production line. With the technical assistance, about 50 new farm jobs should be created by each of the local associations (18 in all) for a total of 900 new jobs.