

## SOCIAL ENTREPRENEURSHIP PROGRAM

### PROJECT SUMMARY

- 1. País:** Colombia
- 2. Nº Proyecto:** CO-L1293
- 3. Name of Project:** AGRICAPITAL: democratizing agricultural lending in Colombia
- 4. Executing Agency and borrower:** AgriCapital S.A.S. (“AgriCapital,” the “company,” or the “borrower”).
- 5. IDB División:** Multilateral Investment Fund (MIF) – IDB Lab
- 6. Financing amounts**

	<u>IDB US\$</u>	<u>Local US\$</u>	<u>Total US\$</u>
Reimbursable Financing:	1800.000		1800.000

### 7. Objective and purpose of the project:

The objective of the loan is to help AgriCapital provide more financing to small farmers and independent rural workers, which is expected to increase access to production-oriented financing for micro, small, and medium-sized enterprises (MSMEs).

The project will support AgriCapital’s expansion strategy, financing the growth of its credit portfolio for small farmers and reaching new customers, with new resources, through its lines of business. Another objective is for AgriCapital to consolidate its national presence and become a model of access to finance for small farmers. Considering that Colombia does not have financial institutions that serve this population with customized financing options, helping AgriCapital grow through reimbursable financing aligns with the strategic objectives of the IDB.

The company’s growth and expansion are expected to have, more generally, positive impact on the small and medium-sized businesses that partner with AgriCapital, the financial inclusion of customers who lack or have more limited access to credit, and the segment of women customers (AgroEmpresarias and AgroEmprendedoras), for whom AgriCapital has specialized financing.

#### 1. Project Components:

- *Reimbursable Financing*

The reimbursable financing component (IDB: US\$1,800,000) will finance the expansion of the active credit portfolio of AgriCapital, a leading ag-fintech in Colombia with B2C (business-to-consumer) and B2B2C (business-to-business-to-consumer) models, serving small farmers in an innovative, efficient manner through various digitally based financial products. The company is currently leveraging a network of 873 partner merchants<sup>11</sup> and has a presence in 28 of the country’s departments, particularly in municipios located in predominantly rural areas made up of small farmers.

AgriCapital has developed a value proposition for small farmers based on three pillars. The first is related to simplicity and agility, in which the customer does not have to invest much time, obtains a quick response, and is asked for a minimum of documentation. The second is related to customization, with all the products tailored to the needs of farmers and the cash flow cycles of their crops. The third

is related to the provision of nonfinancial services, as part of customer support strategies, on subjects such as personal finance and tools to increase sustainability.

## **2. Project Beneficiaries:**

In 2022, the company worked with nearly 5,900 farmers. By 2027, it expects to be serving more than 26,000 farmers in Colombia's various rural areas, improving their access to finance for working capital, inputs, and specialized machinery to manage their crops. Significantly, 45% of AgriCapital's customers (46% of the active portfolio) do not have a previous credit history or have a limited credit history; AgriCapital expects to continue serving the same share of this segment. In turn, estimates show that at least 42% of customers (26% of the active portfolio) have net income below the country's median income.

## **3. Expected results and capture of benefits:**

The company has projected that 54% of total beneficiaries will be small farmers and 24% will be independent workers (46% and 19% of the active portfolio, respectively).

The company will also seek to continue having an impact on women. By 2027, AgriCapital expects to reach nearly 5,396 women.

The majority of AgriCapital's partner merchants are small (of 360 active merchants, 104 are small businesses and 252 are microenterprises). By 2027, AgriCapital expects to reach 1,500 active merchants, 70% of them MSMEs.

Lastly, 90% of the disbursements are made in kind, ensuring that the resources will indeed be used for productive activities and that the amounts disbursed will positively impact the beneficiary population.