

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SYNTHESIS

1. **Country:** Chile
2. **Project Number:** CH-S1004
3. **Project Name:** “Improving the Supply of Credit for Small Farmers in Cooperativa Campesina Inter-comunal Peumo Ltda.””
4. **Executing Agency:** Cooperativa Campesina Inter-comunal Peumo Ltda. (COOPEUMO)
5. **IDB Unit:** Multilateral Investment Fund (MIF)
6. **Financing Amount and Source:**

	BID US\$	Local US\$	Total US\$
Reimbursable financing:	600.000	320.000	920.000
Technical Cooperation:	250.000	168.910	415.910
Total:	850.000	488.910	1.335.910

7. Goal and Purpose:

The expected impact of the project is to increase the agricultural incomes of small producers who are members of COOPEUMO. The project’s expected outcome is that small producers will be able to access medium-term financing to acquire inputs and productive assets to boost their productivity.

The project will allow COOPEUMO to unfreeze its productive loan program and technical assistance in the field, through the placement of medium-term resources and the strengthening of its lending and other activities, which will boost its productivity and that of its member producers.

8. Description:

- ***Reimbursable financing component (financed by IDB)***

This component is intended to finance an expansion of COOPEUMO’s medium-term credit portfolio, so as to increase the volume of lending to its members, allowing them to increase the productivity of their crops, while providing an incentive for new members to join the cooperative, through the lending program. Although the medium-term loans are for all cooperative members, without regard to the crop, the project will emphasize supporting the cooperative’s strategy of diversification into nontraditional areas such as honey and plums.

- ***Non-reimbursable Technical Cooperation component (financed by the la Caixa Foundation)***

COOPEUMO will carry out various activities (some by hiring consultants) to: (i) strengthen post-harvest capacities and quality of production for export, through assistance in the field

in all stages of growing, as well as during marketing; (ii) improve loan management and expand the cooperative's team of field technicians, who will also provide support in placing, utilizing, and collecting the loans granted through the project; and (iii) disseminate its activities locally with current and potential members, at the national level with potential buyers, and at the international level with regard to export products.

The resources will be used primarily for: (a) contracting a technician and agricultural expert to provide training in post-harvest management; (b) equipping the quality control laboratory; (c) contracting consulting services on quality control; (d) undertaking activities relating to traceability for plums; (e) contracting a consultant to design an export package; (f) consulting services to conduct a study of new plum, honey, and wheat products (value added); (g) consulting on loan management; contracting a professional to provide support on lending and collections, and to improve the collection module; (h) training in partnering; (i) improving the web platform for members; (j) supporting market prospecting tours and preparing materials for dissemination; (k) contracting a field technician coordinator; (l) technical assistance for establishing the baseline, monitoring, measuring project results and impacts, and developing monitoring and tracking capacities at COOPEUMO; and (m) conducting project evaluations and audits.

9. Beneficiaries:

The project seeks to increase the incomes of at least 250 small-scale, low-income producers in the O'Higgins Region who are members of COOPEUMO by boosting their agricultural productivity. The increase in productivity will be achieved partly through access to linked financing, as well as through the support members receive through the commercial and on-site technical assistance program.

10. Expected results and benefits:

The direct benefit of the Bank's resources will be captured by approximately 250 small-scale, low-income producers who are members of COOPEUMO, who will gain access to: (i) medium-term investment loans at very reasonable rates, to improve the productivity of their plantations and the marketing of their products; (ii) specialized technical support in the integral management of honey and plums, with the aim of improving quality for export; and (iii) a credit area in their cooperative that is more efficient and consolidated to meet their credit needs. In terms of quantitative results and impacts, it is expected that: (i) the clients who receive productive loans will increase their net incomes from exports some 20% by the 36th month; (ii) exported volumes of honey and plums will increase from 21,000 kg of honey and 20,000 kg of plums to 126,000 kg and 200,000 kg, respectively, in 36 months; (iii) the number of COOPEUMO members will increase by 50 by the 36th month; and (iv) the total value of the project's outstanding portfolio of productive medium-term loans will increase by US\$920,000 by the 36th month, expanding and consolidating the cooperative's productive loan program as part of the range of financial services it offers its members. COOPEUMO will have granted, by that point, loans to at least 250 member producers, with a portfolio at risk equal to or less than 7%, generating sufficient income to cover all of the loan-related financial and operational expenses. This will allow COOPEUMO to maintain and improve its position as one of the most important cooperatives in the region providing rural financial services to small producers. In addition, COOPEUMO's capacity to offer financial and technical services to its members will be strengthened, along with its installed capacity to monitor and measure the results of its activities on the financial position of its members.