

PROJECT STATUS REPORT

JULY 2017 - DECEMBER 2017

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Promoting High Value Agricultural Crops through a Cluster Model

Project Number: GY-M1025 - Project Num.: ATN/ME-15864-GY

Purpose: 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

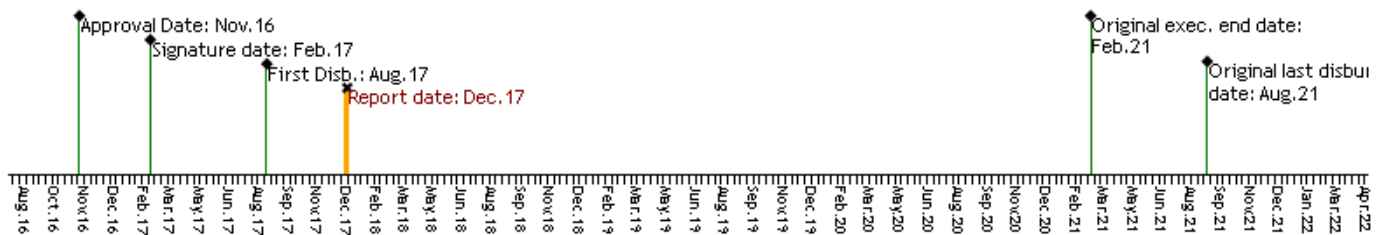
Country Admin
GUYANA

Country Beneficiary
GUYANA

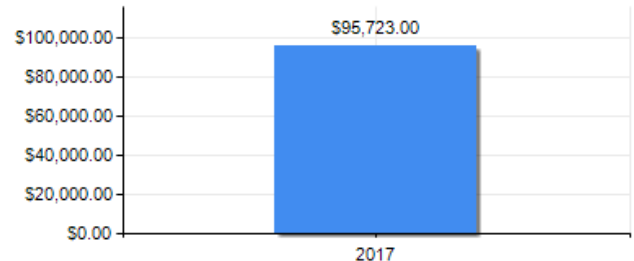
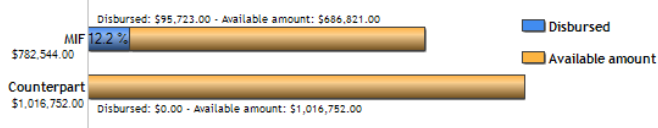
Executing Agency: CARANA CORPORATION

Design Team Leader: YOLANDA STRACHAN
Supervision Team Leader: VASHTIE DOOKIESINGH

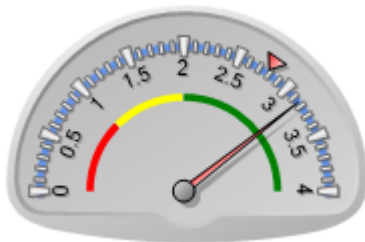
PROJECT CYCLE



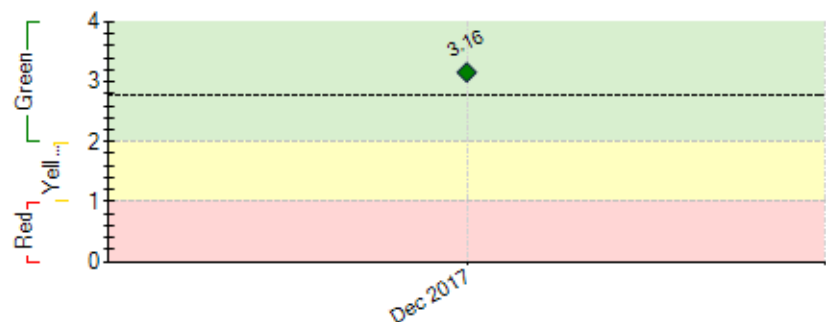
FUNDS



PERFORMANCE SCORE



Current score: Satisfactory: 3.16
MIF Average: 2.783

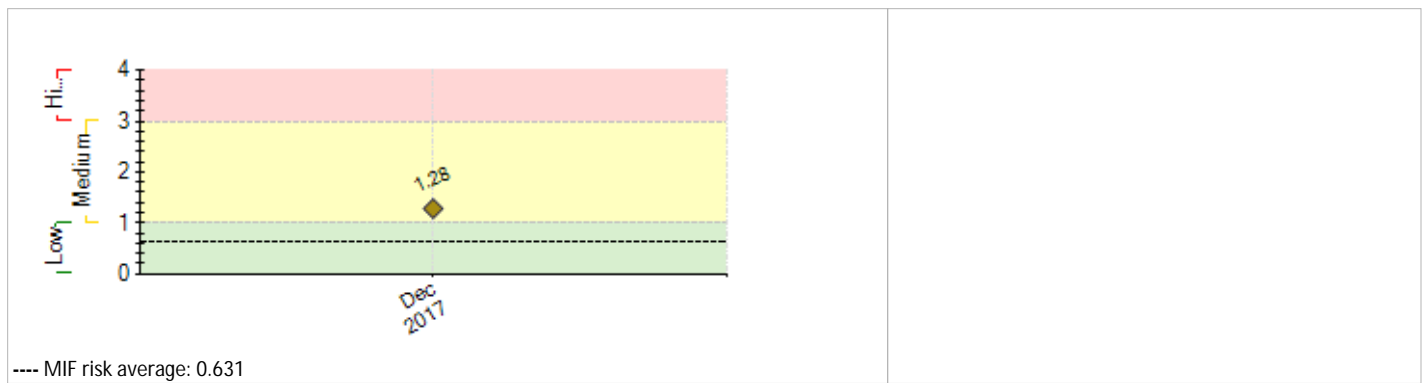


----- MIF performance average

EXTERNAL RISKS

INSTITUTIONAL CAPACITY

Risk
Financial Management: Medium
Procurement: Medium
Technical Capacity: Low



SECTION 2: PERFORMANCE

Summary of project performance in the last six months

1. Main achievements

a. Satisfying conditions precedents

b. Conducted significant agriculture trials (varieties, methods, etc) and laboratory testings that would contribute to increasing operational capacity of partner farms

c. To facilitate access to export markets, processing standards and facility capacity have been expanded to meet the near term needs. Significant capital investments made by CADP and it's management partner.

d. CADP's current work force trained in: modern irrigation methods, post harvest handling, processing.

2. Areas of challenge and delay

a. IPED signed MIF agreement months after CADP. However, partnership discussions will resume.

b. Time and logistics required to procure inputs and import into Guyana has significantly increased in the last 2 years, which makes the operating environment challenging to not only import input for ourselves but for partner farms. Mitigation: CADP will try to build an inventory buffer with inputs that will take potential delays into account.

3. Critical actions for the current semester

a. Currently in final stages to University of Guyana partnership to give practical experience to their agriculture students. Training program will be operational for about 30-50 students this upcoming semester, with plans to expand after the initial program launch and feedback.

b. Small trials with first partner farms will be operational and will help us refine the program, the responsibilities, logistics, support level, etc.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Goal: The impact objective of the project is to sustainably increase the sales of contract farmers and to provide year-round employment in the cluster for non-traditional agricultural crops.	I.1	Number of net jobs created by firms and farms (CRF 330301)	0	70		120	40	
		Feb 2017	Feb 2020			Feb 2021	Dec 2017	
	I.2	Average value of annual sales to new domestic or export markets by firms and farms (CRF 330600)	0	500000		1400000	0	
		Feb 2017	Feb 2020			Feb 2021		

Purpose: 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

R.1	Number of new commercial farms established (CRF 230300)	0	10			15	0	
		Feb 2017	Aug 2020			Feb 2021		
R.2	Number of firms or farms accessing credit or other financial products (CRF 230500)	0	10			15	0	
		Feb 2017	Feb 2020			Feb 2021		
R.3	Number of firms or farms with links to strategic business partners (CRF 230200)	0	10			15	0	
		Feb 2017	Feb 2020			Feb 2021		

Component 1: Strengthening the Operational Capacity of Contract Farms

Weight: 60%

Classification: Satisfactory

C1.1	Contract farmers in CADP pipeline	0	25			50	2	On Course
		Feb 2017	Feb 2020			Feb 2021	Dec 2017	
C1.12	Farm managers, trainees and staff trained in modern agriculture practices (sex disaggregated)	0	90			120	48	On Course
		Feb 2017	Feb 2020			Feb 2021	Dec 2017	

Component 2: Facilitating Standards, Quality, and Research and Development

Weight: 25%

Classification: Satisfactory

C2.1	Farm managers, trainees and staff trained in quality control systems	0	30			60	5	On Course
		Feb 2017	Feb 2019			Feb 2021	Dec 2017	
C2.12	Number of new methodologies and crops tested	0	20			30	13	On Course
		Feb 2017	Feb 2020			Feb 2021	Dec 2017	
C2.13	Number of farmers participating in trade fairs and supplier meetings through buyers	0				6		
		Feb 2017				Feb 2021		

Component 3: Knowledge management and strategic communication

Weight: 15%

Classification: Satisfactory

C3.1	Number of institutions who access MIF knowledge products or knowledge transfer activities (CRF 150100)	0				10		
						Feb 2021		
C3.12	One case study on the project's cluster model	0				1		
						Aug 2020		
C3.13	one mini video	0				1		
						Aug 2020		

Milestones	Planned	Due Date	Achieved	Date of achievement	Status	
M0	Conditions Prior	1	Aug 2017	10	Jul 2017	Achieved
M1	[*] Internship program operational	1	Mar 2018			
M2	Quality control, farm management tool, and audit system for contract farms developed	1	Aug 2018			
M3	[*] 8 contract farms receive individual assistance in business planning and assistance in securing financing	8	Feb 2019			
M4	Participants completing CADP Training	50	Aug 2019			
M5	5 contract farms in their first crop cycle	5	Feb 2020			
M6	10 contract farms in their first or second crop cycle	10	Feb 2021			

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Purchase difficulties

SECTION 4: RISKS

MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE

	Level	Mitigation action	Responsible
1. Market risks: Currently CADP is supplying only two products for export: hot peppers and tambaqui fish. The product concentration of exposes the company and its contract farmers to declines in prices, which may affect profitability and employment	Medium	CADP's produce mix was selected to include crops with an unsatisfied global demand. To further mitigate this risk, CADP has secured long term contracts with its existing buyers. CADP will proactively look to diversify its customer base as well as product mix based on market opportunities.	Project Coordinator
2. Pest, diseases and weather-related events: changes in weather patterns and extreme events such as droughts may affect production.	Medium	the drip irrigation technology required for production minimizes the impact of climate events and controls diseases by delivering nutrients and fertilizers to the root of the plant. CAP's own farms have already proved the efficacy of the technology and will provide technical expertise onsite, thus shortening the contract farm's learning curve.	Project Coordinator
3. Execution risks: The success of the contract farmer model depends on the ability to generate a pipeline of qualified contract farmers	Medium	CADP has done preliminary outreach to identify farmers interested in the contract farmer program and has prepared a long list of potential beneficiaries. The project will work to identify additional farmers and to screen applicants so that entrepreneurial farmers who understand the model and are committed to farming as a business are selected.	Project Coordinator
4. Credit Risk: Contract farmers may not be able to repay loans to IPED	Medium	Contract farmers approved for financing will be carefully screened by both CADP and IPED to determine their capacity to produce and repay the loan. The credit program will be designed to reduce risk through a three-way arrangement where when farmer delivers the harvest, part of the proceeds are automatically deducted by CADP as payment of the loan. There will be careful monitoring of technical assistance by CADP to help farmers meet their production targets.	Project Coordinator

PROJECT RISK LEVEL: Medium **TOTAL NUMBER OF RISKS:** 4 **IN EFFECT RISKS:** 4 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 0

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: P - Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

Actions related to sustainability which have been taken in the reporting period:

The sustainability of the project depends on achieve scale needed to be commercially viable in the long run. In this semester, a lot of headway had been made to 1) ensure that this is a market of scale and 2) ensure that small farmers who become partners can grow profitably. For the former, CADP is working with existing buyer to refine product formulation, meet buyer specification and explore possibilities of product extensions. For the latter, a number of innovative technical trials have been conducted for the first time in Guyana to maximize potential yield for both CADP and partner farms. Processing facility capacity is also in the process of extended to the necessary scale through a lot of investment from both CADP and its management partner.

SECTION 6: PRACTICAL LESSONS

1. The working capital cycle to link small farms to export markets is extremely long, which calls for flexible / sensible payment mechanism that does not erode small farmers' livelihood.	Relative to Implementation	Author mohabir, yanni
While we can envisioned CADP to play a role in facilitating loan repayment from the small farmers, the reality of the industry suggest that CADP needs to bear the cost of working capital and pay farmers at farm gate. The working capital cycle from harvest to export buyer payment is 90-150 days, which is not a cost that small farmers can bear. By getting paid at farm gate, the partner farms will receive income sooner, and can make repayment to financial institutions at their discretion and is in line with their personal cash flow. CADP will see significant increases to its WC, and hope to negotiate payment terms with its partner buyers based on increased supply volume.		
2. Organizational / HR structure need to fit with the stage of the project: in previous projects executed by CADP, high priority had been placed on define TORs and filling vacancies as soon as a project has been signed. However, given the execution time (48 months) for this MIF project, and the complexity of ensuring commercial viability while delivering project goals, CADP made the decision to delay the hiring of personnel defined in the project until there is a real need and a full-time workload. This has both conserved project resources and helped CADP focus on immediate project targets without unnecessary team expansion.	Implementation	mohabir, yanni