

# PROJECT STATUS REPORT

01/01/2020 - 06/30/2020

## SECTION 1: PROJECT SUMMARY

**Operation number:** GY-M1025  
**Suboperation number:** ATN/ME-15864-GY

**Project Name:** Promoting a Cluster Approach for Agricultural Diversification in Guyana  
**Purpose:** To facilitate the integration of contract farms into the cluster for non-traditi

Country admin	Country beneficiary:	Group:	SubGroup:
GUYANA	GUYANA	D	

**Executing Agency:** Carana Corporation  
**Team Leader:** VASHTIED

### Project cycle:

Report Date: 2020 - 07 - 01	Original Execution End Date: 2021 - 02 - 28
Approval Date: 2016 - 11 - 10	Current Execution End Date: 2021 - 02 - 28
Signature Date: 2017 - 02 - 28	Original Last Disbursement Date: 2021 - 08 - 28
First disbursement date: 2017 - 08 - 28	Last Current Disbursement date: 2021 - 08 - 28

## SECTION 2: PERFORMANCE

### Project's performance summary since the beginning

Since the project formally mobilized in June of 2017, CARANA has been achieving all the targeted milestones and intermediary outcomes on time with a very lean operating structure. Under the project, CADP launched a partnership with the Agriculture Department of the University of Guyana, developed and disseminated a production and quality control guide for SME farmers, developed a pipeline of potential partner farms and has directly trained over 80 employees, partner farmers and community stakeholders on modern agriculture methods. To date, five (5) SME farmers have sold their products to CARANA as part of the partner farm network. However, there have been a number of production and climate challenges along the way, including root and viral diseases, and climate change-induced adverse weather conditions. We also gained first hand understanding of local farmers' most pressing needs and capabilities, some of which differed from our expectations at the project design phase. Lastly, although we hope COVID 19 is a temporary challenge, there are indications that the effect on the global economic and food systems will be prolonged. It is therefore critical for us to manage project sustainability across a broad range of potential scenarios, ensuring that the partner farms have the tools and technology to be productive while their produce has a market to ensure improved livelihoods.

### Supervision Team Leader comments

### Project's performance summary in the last 6 months

There were two distinct phases in the last 6 months, before COVID and after COVID. In January and February, the executing agency made great strides in advancing the project. We fulfilled the milestone for the year, began our SQF certification process (receiving a pending letter of SQF certification) and were in final stages of course development at University of Guyana. Once COVID 19 reached Guyana's shores, both of the above efforts are delayed, as a live audit with an international auditor is no longer an operation with closure of airports, and the course launch at University of Guyana will likely be in 2021. As such, our focus rapidly shifted to the health and safety of our communities, including our workers and partner farms. In Guyana, there is no safety net such as unemployment or social security. When someone loses a job or a farmer loses a crop due to a natural disaster, their families is the only safety net they can count on. So we had to up our commitment to protect our communities, in this case, from the spread of Covid-19 and its negative impact, including loss of income and food insecurity. For our employees, our highest concerns are disease transmission and food and income security. In order to reduce disease transmission risk, we provide transportation to all employees so no one has to take public transportation. We have also asked all employees to make a pledge to their coworkers to minimize social contact outside of their immediate family. For food security, we begun purchasing all dry goods in the capital city and deliver it to the workers at cost, as Guyana is experiencing food shortages at retail points similar to other Covid-19 vulnerable countries. Importantly, as a working farm, we benefit from the steady production of fresh vegetables and have ramped up our "kitchen garden" in order to provide the vegetables we grow free of cost to our workers. For our partner farms, although the pandemic put a temporary halt on recruiting efforts, we reupped our commitment to be a market off taker for current partner farms at the contracted year-round price. To minimize these farmers risk of disease exposure, we began collecting harvest at their farmgates weekly, instead of having the farmers share cramped vans to transport goods to us. We continue to pay farmers on receipt of goods so the burden of working capital rests on us instead of the farmers. In terms of long-term effect, we are bracing our operation for the fall out of economic contraction due to the pandemic and will affect our final revenue target as a project indicator. With both local and export markets contracting due to the slowdown of economic activities, we have the need to hold more excess inventory than usual. We are fortunate to both have a shelf stable product and MIF funding allocated for increasing processing capacity. We are utilizing this budget to increase processing and storage capacity to meet the increase inventory as a result.

### Supervision Team Leader comments

## SECTION 3: INDICATORS AND MILESTONES

**C1 : Strengthening the Operational Capacity of Contract Farms** **Weight** 60%

**Qualification** ~not selected~

Indicators	Baseline	Planned	Achieved	Status
<b>I1</b> Contract farmers in CADP pipeline	0	<b>50</b> ( 2022 - 05 - 28)	<b>30</b> ( 2020 - 06 - 30)	In progress
<b>I2</b> Farm managers, trainees and staff trained in modern agriculture practices (sex disaggregated)	0	<b>120</b> ( 2022 - 05 - 28)	<b>80</b> ( 2020 - 06 - 30)	In progress

**C2 : Facilitating Standards, Quality, and Research and Development** **Weight** 25%

**Qualification** ~not selected~

Indicators	Baseline	Planned	Achieved	Status
<b>I1</b> Farm managers, trainees and staff trained in quality control systems	0	<b>60</b> ( 2022 - 05 - 28)	<b>20</b> ( 2020 - 06 - 30)	In progress
<b>I2</b> Number of new methodologies and crops tested	0	<b>30</b> ( 2022 - 05 - 28)	<b>40</b> ( 2020 - 06 - 30)	Finished
<b>I3</b> Number of farmers participating in trade fairs and supplier meetings through buyers	0	<b>6</b> ( 2022 - 05 - 28)	<b>0</b> ( 2020 - 06 - 30)	In progress

**C3 : Knowledge management and strategic communication** **Weight** 15%

**Qualification** ~not selected~

Indicators	Baseline	Planned	Achieved	Status
<b>I1</b> Number of institutions who access MIF knowledge products or knowledge transfer activities (CRF 150100)	0	<b>10</b> ( 2022 - 02 - 10)		In progress
<b>I2</b> One case study on the project's cluster model	0	<b>1</b> ( 2021 - 08 - 10)		In progress
<b>I3</b> one mini video	0	<b>1</b> ( 2021 - 08 - 10)		In progress

Milestones	Planned Value	Achieved Value	Due Date	Achieved Date	Status
Conditions Prior	10	10	2017 - 08 - 28	2017 - 08 - 28	Achieved
Internship program operational	1	1	2018 - 03 - 01	2018 - 08 - 28	Achieved
Quality control, farm management tool, and audit system for contract farms devel	1	1	2018 - 08 - 30	2018 - 08 - 28	Achieved
8 contract farms receive individual assistance in business planning and assistan	8	8	2019 - 02 - 28	2019 - 02 - 28	Achieved
Participants completing CADP Training	50	51	2019 - 08 - 28	2019 - 09 - 17	Achieved
5 contract farms in their first crop cycle	5	5	2020 - 02 - 29	2020 - 02 - 27	Achieved
10 contract farms in their first or second crop cycle	10	0	2021 - 02 - 28		Pending
Net Jobs created	70	70	2020 - 07 - 15	2019 - 12 - 31	Achieved

## CRITICAL FACTS THAT HAVE AFFECTED PROJECT'S PERFORMANCE

Purchase difficulties

Others, Which?

Challenging operational environment in a pandemic

## SECTION 4: RISKS

	Impact Area	Severity	Prob.	Date	Responsible	Mitigation action
<b>Credit Risk:</b> <b>Contract farmers may not be able to repay loans to IPED</b>	Final Outcome, Intermediary Outcome	(3) Medium	Very Low 20%	2020 - 02 - 14	Project Coordinator	Participating farmers have not required financing from IPED, in this regard CADP the Executing Agency has provided inputs on credit.
<b>Execution risks: The success of the contract farmer model depends on the ability</b>	Final Outcome, Intermediary Outcome	(4) High	Low 40%	2020 - 02 - 14	Project Coordinator	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.
<b>Market risks:</b> <b>Currently CADP is supplying only two products for export: hot pepp</b>	Final Outcome, Intermediary Outcome	(3) Medium	Medium 60%	2020 - 02 - 14	Project Coordinator	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.
<b>Pest, diseases and weather-related</b>						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

<b>events: changes in weather patterns and extreme</b>	Final Outcome, Intermediary Outcome	(3) Medium	Medium 60%	2020 - 02 - 14	Project Coordinator	have already proved the efficacy of the technology and will provide technical expertise onsite, thus shortening the contract farm's learning curve.
<b>Market contraction caused by global pandemic</b>	Final Outcome, Intermediary Outcome, Strengthening the Operational Capacity of Contract Farms, Facilitating Standards, Quality, and Research and Development	(3) Medium	Medium 60%	2020 - 07 - 31	Executing Agency	Given that the end export product is shelf-stable, the executing agency should invest in infrastructure and working capital to minimize disruption in the partner farm supply chain. The end goal is to be able to capitalize on market opportunities when the economy rebounds in 18-24 months.

**TOTAL RISKS QUANTITY: 5 IN EFFECT RISKS: 5 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0**

## SECTION 5: SUSTAINABILITY

### Indicate likelihood of project sustainability after project completion:

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#### Justification

The project is anchored by a commercial farm, demand for hot peppers may have been affected by COVID 19 pandemic restrictions to an extent but the model is expected to be sustainable

### ASPECTS THAT PUT THE PROJECT SUSTAINABILITY AT RISK

*[There were no aspects reported during this period]*

### Actions related to sustainability which have been implemented in the project:

Firm is actively investing in its own infrastructure to increase operating efficiency in Guyana, which would lead to commercially competitive cost structure and ensure the partner farm network's longevity in the long term.

## SECTION 6: PRACTICAL LESSONS

	Relative to	Author	Date
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	yanni mohabir	2019 - 10 - 22
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. 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.	Implementation	yanni mohabir	2019 - 10 - 22
Significant ground work is needed to overcome unfavorable regulatory environment . In this case, CADP faced challenges in terms of import permit policy for agrichemicals and is still in the process of obtaining permit for importation. It is a time consuming process and can dampen the impact of our field trials. In the future, CADP will seek to find out about these potential hurdles in advance in order to ample time to resolve them before it becomes on operational hindrance.	Implementation	yanni mohabir	2019 - 10 - 22
Collaboration projects with partner entities can take time and requires persistence. After persistent calls/emails to IICA, CADP finally began initial discussions with the country office. While incentives are aligned, different institutional priorities means that collaborative projects can take extra efforts to get momentum off the ground. Ensure that there is enough time in the implementation cycle to account for potential delays.	Implementation	Yanni Mohabir	2019 - 10 - 22