

DOCUMENT OF THE INTER-AMERICAN BANK
MULTILATERAL INVESTMENT FUND

GUYANA

**MARKET DEVELOPMENT FOR CLIMATE RESILIENT FOOD PRODUCTS IN
GUYANA**

(GY-T1143)

DONORS MEMORANDUM

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PROJECT SUMMARY**GUYANA****MARKET DEVELOPMENT FOR CLIMATE RESILIENT FOOD PRODUCTS IN
GUYANA****(GY-T1143)**

Communities that depend on ecosystems in rural areas of Guyana have been undergoing rapid change as they have been transitioning from a subsistence economy to a more cash based / mixed economy. This has positive and negative effects. On the positive side, people in rural areas are seeing potential to engage with markets with some traditional and niche products, which have the potential to generate higher income levels (e.g. coffee, cassava and peanuts). On the negative side, this change has resulted in migration to work in low wage informal jobs in neighboring countries such as Brazil and in the extractive sector (gold mining and logging). This process is severely depriving these communities of critical human and social capital. In addition, agriculture and rural livelihoods are further affected by increased variability in rainfall patterns and temperatures. The variability is more acutely felt in hinterland and low coastal areas that depend on agriculture as a primary livelihood as prolonged droughts and severe floods have negatively impacted yields. Climate change is affecting the traditional and established production systems, and undermining attempts to transition to new production patterns that are more market oriented. New products need to be developed that are not only market driven by demand, but also resilient and adaptable to climate change. This will require access to appropriate technology, organizational development, market access, and integrated natural resources management systems. In addition, farmers have few tools and techniques to bring value added to their products. They lack the knowledge to produce quality products, implementing food processing systems and getting them to higher value market channels.

To address the complex problems stated above, the project proposes an approach to work with smallholder farmers, organized in community based organizations or cooperatives, to implement a **climate-smart** intervention, which includes rainwater harvesting, agroforestry, and livelihoods **diversification**. **This holistic approach** will help **farmers** cope with the negative impacts of **climate** variability and change, and take advantage of market opportunities for a group of pre- identified climate resilient crops. The aim is to accomplish the requirements to get certifications that will allow the local production to compete in higher value niche markets (organic, fair trade, biodiversity, climate change beneficial, etc.), and provide the technical and commercial assistance required to enhance packaging and labeling. The proposed intervention is aligned with the current and forthcoming IDBG Country Strategy for Guyana, as it addresses diversification and sustainable livelihoods for rural and traditional communities in the context of the country's overarching development of a Green Economy. In addition, the proposed project is directly aligned to a US \$15 million IDB operation (GY-L1060) to support agricultural development in the targeted communities of Guyana's Rupununi region.

Conservation International Guyana Inc. (CI-Guyana) was established in Guyana in 1996. It has worked for over 15 years in the Rupununi region, and has extensive networks and established relationships with the indigenous groups with which it proposes to work. CI-Guyana will be the executing agency of this project.

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Draft Resolution

AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF PROJECT INFORMATION SYSTEM

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ACRONYMS AND ABBREVIATIONS

CI-Guyana	Conservation International Foundation Guyana Incorporated
CRF	Corporate Results Framework
DNA	Diagnostic of Executing Agency Needs
FAO	Food and Agriculture Organization of the United Nations
GBTI	Guyana Bank for Trade and Industry
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IFAD	The International Fund for Agricultural Development
IIC	Inter American Investment Corporation
IPED	Institute for Private Enterprise Development for Private Enterprise Development
LAC	Latin America and the Caribbean
MIF	Multilateral Investment Fund
NAREI	National Agricultural Research & Extension Institute

PROJECT INFORMATION

GUYANA MARKET DEVELOPMENT FOR CLIMATE RESILIENT FOOD PRODUCTS IN GUYANA (GY-T1143)

Country and Geographic Location:	Guyana: Primarily Region 9 (Rupununi)		
Executing Agency:	Conservation International Foundation (Guyana) Incorporated (CI-Guyana)		
Focus Area:	Climate Smart Agriculture		
Coordination with Other Donors/Bank Operations:	The project is directly aligned with the US \$15M IDB operations GY-L1060 and an IFAD facility, both of which are designed to support agriculture and agribusiness development in Guyana's Rupununi region		
Project Beneficiaries:	300 farmers, 20 community based technical facilitators, 80 workers employed on farms (30 % women), 14 farmers associations involved in agro-processing		
Financing:	Technical Cooperation:	US\$ 950,000	50%
	Equity:	US\$ 000,000	
	Loan:	US\$ 000,000	
	Other (explain):	US\$ 000,000	
	TOTAL MIF FUNDING:	US\$ 950,000	
	Counterpart:	US\$ 953,000	50%
	Co-financing (if available; include a separate line for IDBG Co-financing if applicable):		00%
	TOTAL PROJECT BUDGET:	US\$ 1,903,000	100%
Execution and Disbursement Period:	36 months of execution and 42 months of disbursement.		
Special Contractual Conditions:	Special conditions precedent to first disbursement will be: (i) IDB/MIF approval of the Annual Operating Plan for the first year; (ii) the appointment of the Project Coordinator; and (iii) establishment of the Advisory Committee of the Project.		
Environmental and Social Impact Review	This operation was screened and classified as required by the IDB's safeguard policy (OP-703). Given the limited impacts and risks, the proposed category for the project is C.		
Unit responsible for disbursements	Country Office Guyana		

I. The Problem

A. Problem Description

- 1.1. The agricultural sector holds promise for the entire Latin America and Caribbean (LAC) region. The United Nations Food and Agricultural Organization (FAO) estimates that by 2050, global food production will have to increase by 60% to feed the world's population¹. With 28% of the world's potentially suitable land for expansion and one third of its fresh water resources, the LAC region is uniquely poised to benefit from the rising global demand for food. If the region pairs its comparative advantage with improved productivity and efficiency enhancements, agricultural production could truly become a regional engine of growth.
- 1.2. In Guyana, agriculture has been and continues to be an important economic sector and source of livelihoods as the country boasts abundant agricultural land and fresh water as well as a year-round growing season that allows for multiple harvests and sales to the European and U.S. markets during winter months. In 2014, agriculture represented almost 18% of total output, contributed 20% of employment (70% in rural areas), and was one of the main sources of foreign exchange earnings, representing 19% of total exports.² To accelerate growth and agricultural diversification, the country has rolled out a 2013-2020 National Agricultural Strategy with the objective of achieving 5% growth by (i) implementing strategies that help Guyana diversify its production, and (ii) offering more support to non-traditional and higher value crops such as coconut, cassava, tomatoes, cabbage, pumpkin, hot pepper, banana, pineapple, grapefruit and passion fruit.³
- 1.3. Guyana's Rupununi region, which borders Brazil and constitutes part of the Guiana Shield⁴, boasts rich biodiversity and is populated by small communities engaged in small scale traditional agriculture for family and small scale local consumption. These communities are not engaged in large scale production of Guyana's primary agricultural exports such as rice, and traditional livelihoods are under threat due to low and falling yields, in part because of climate change, as well as lack of market linkages. As a result, communities are experiencing attrition of men and youth engaging in informal mining and other extractive industries, and remaining farmers engage in additional land clearing at multiple sites in an effort to offset crop failure and low yields induced by changing climate conditions. **These developments result in a degradation of the human, social and ecological capital of the Rupununi region, which can be halted by increasing the viability of sustainable agribusiness in the region via a transition to climate smart agricultural practices, enhanced levels of processing/value addition, and linkages into higher value markets.** Although several of the higher value crops targeted for development at the macro level are cultivated in the Rupununi region, targeted technical support and capacity building is required to translate

¹ Inter-American Development Bank, "[The Next Global Breadbasket: How Latin America can feed the world](#)"

² Guyana Bureau of Statistics, 2016.

³ According to the "National Strategy for Agriculture in Guyana 2013-2020" non-traditional crops are defined as those agricultural commodities outside of the rice and sugar industry, e.g. Fruits, vegetables, ground provision and seasoning

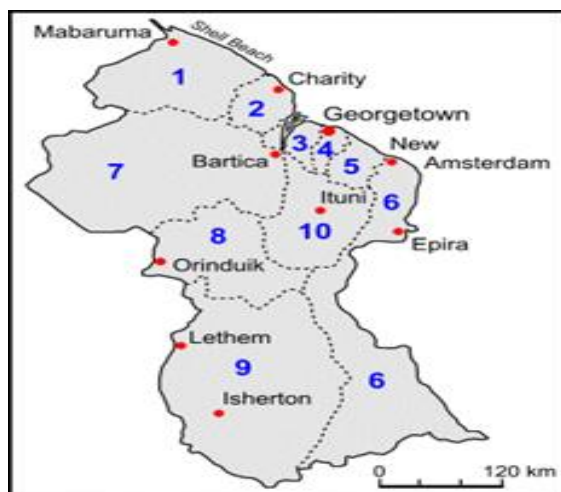
⁴ The Guiana Shield is an eco-region that the United Nations Development Programme (UNDP) describes as being of "regional and global significance," and is home to a variety of ecosystems. Covering 270 million hectares, the Shield encompasses Guyana, Suriname, French Guiana, Venezuela and small parts of Colombia and northern Brazil. The more than two-billion-year-old geological formation represents 18 percent of the world's tropical forest carbon and 20 percent of the world's fresh water allowing it to capture large quantities of carbon dioxide.

market opportunities into higher and sustainable earnings for communities. Problems faced by farmers and agri producers in the Rupununi region include:

- 1.4. **Weak marketing linkages.** Presently, market linkages between farmers and higher value channels are weak due to lack of consistent quality and volume. In addition, logistics and transportation present challenges given the distances and lack of transportation infrastructure between farmers and larger urban centres. However, local and regional markets are viable options for the products coming out of Guyana's Rupununi region. Both, the main urban centre of Lethem and the Rupununi region's proximity to the Brazilian city of Boa Vista, present opportunities on the western side of the country. Georgetown, the capital city, is also a high potential market due to the expansion of supermarkets and retail stores selling locally produced and branded products. Already several brands of local juices, nuts and cassava derivatives are being sold in Georgetown, and the market is expected to grow.
- 1.5. **Low productivity and climate vulnerability.** In part due to climate change and lack of knowledge of modern agricultural practices, small scale farmers in the Rupununi region, using traditional methods of cultivation and harvesting, are unable to produce the level of crop yield required to achieve profitability. Despite access to two processing facilities, the region's primary cassava crop is often characterized by low quality and volumes. Additionally, traditional harvesting methods are under utilizing the full potential of fruit and nut crops, and while potential exists to increase yields, newer techniques need to be implemented and disseminated among the farmers if they are to realize higher yields and quality. In addition to these issues, the vulnerability of farmers to climate change is a problem. Variations in the patterns of rainfall and deforestation are having an effect on farmers resources such as watersheds and forests which are critical to their production capacity.
- 1.6. **Weak capacity for processing or value added.** If the production of primary/raw products can be adequately backed with technical assistance to increase yields, quality and value addition, market opportunities exist. However, an additional factor that needs to be addressed is the business management capacity of small producers and microenterprises in the region. Many of these enterprises have been formed by farmers and locals who recognize a business opportunity to enhance the value of their products, but who lack formal training in business management and marketing. An increase in business management capacity could complement their efforts to reach higher value markets.
- 1.7. **Limited access to finance.** While some credit has been made available to farmers, through the Rupununi Innovation Fund, set up by the Guyana Bank of Trade and Industry (GBTI) as part of a previous MIF operation GY-M1026⁵, these loans currently support small shorter-term cash flow needs. Farmers and enterprises hoping to reach more complex markets need loans to increase their productivity and incorporate improved technologies, but lack the business skills and experience to access financing on the terms required.

⁵ [GY-M1021 - Downscaling Guyana's Low Carbon Development Strategy to SMEs](#)

- 1.8. To address the main market failures that have undermined growth in agribusiness in the Rupununi region, the project will deliver technical support to small scale farmers and will develop a branding and marketing strategy to facilitate sale of core products and processed outputs which currently produced (peanuts, cashews, farine and fruits) in higher value niche markets.
- 1.9. The key beneficiaries of the project include the following:
- 1.10. **Small Producers:** farmers (involved in agriculture and livestock production) – 300 small farmers will receive support in adopting climate smart modern agricultural practices and an additional 100 farmers who are participating in group associations will benefit in the food processing and business management training. Of the farmers involved in processing, at least 30% are expected to be women.
- 1.11. **Community Facilitators:** 20 locally based facilitators from targeted communities will be trained in the technical aspects of agricultural production (crops and livestock) and marketing.
- 1.12. **Farmer Associations.** 4 farmer associations, including the Rupununi Livestock Producers Association and other Village Level Associations, and 10 small scale agro-processors which have been recently developed, will be strengthened to access higher value markets in the capital city, as well as local and regional markets in and around the Rupununi's main town of Lethem.
- 1.13. **Demographics of the beneficiaries.** About 24,000 people live in the Rupununi region spread among 56 indigenous villages with one major township Lethem. The average annual income in the region is about US\$513⁶ per capita, and the main economic activity in the region is farming and agro-processing. The map below shows the Rupununi region (within Region 9) which is located in the southwest of the country.



⁶ [Conservation International Survey](#)

II. The Innovation Proposal

A. Project Description

- 2.1. The project objective at the impact level, is to increase the competitiveness and sustainability of farmers and agri-producers in the Rupununi region, by increasing yields and operational efficiencies, and expanding their position in relevant value chains (markets), while balancing food security, and maintaining the integrity of local ecosystems. The proposed intervention will seek to develop the technical and business skills of local communities in sustainably building and to capture value from traditional products through strategic niche market linkages.
- 2.2. **Innovation:** The conventional development approach of increasing agricultural production is a necessary, but not a sufficient approach to address persistent poverty and can sometimes result in ecosystems degradation and as such, undermine rural livelihoods. Given the importance of the Rupununi's eco-system, the challenge is to increase production via a sustainable approach, while increasing farmers' value realization. This project takes a sustainable market systems approach to ensure balancing of economic/financial gains with the social and environmental sustainability of traditional communities by developing organized groups of farmers around production of strategic crops, which present a viable opportunity for climate resilient and high value production. The project is innovative in the context of Guyana's traditional agriculture development trajectory (which has focused on bulk production of commodities), as it focuses on the development of products for niche markets, and builds on and leverages the value of climate resilience, ecosystem preservation and sustainable practices by small scale traditional producers.
- 2.3. **Component I: Technical Assistance for Agro Ecological Production (MIF: US\$347,730; Counterpart: US\$ 170,160)**
In order to address the problems of low productivity and vulnerability due to climate change, the project will carry out a series of training sessions and technical assistance at the farm level and, with technical staff of the NAREI. In this regard, the specific objective of this component is to provide technical assistance to farmers in agricultural practices that incorporate principles of sustainability and climate change resiliency such as: (i) increased productivity in key crops; (ii) improved management of soils and natural fertilizers; (iii) harvesting techniques; (iv) water conservation and management practices; and (iv) post-harvest management. These activities are meant to build on-farm capacity, and the training and technical assistance will be carried out using a group of community facilitators who can work closely with local farmers. Agronomists with community development expertise will also be assigned to work with the community facilitators. Key short-term consultants will be hired to contribute expertise in the areas of livestock management, cassava production and processing and dried fruit production. These activities in the region will be complemented by external visits and exchange trips to sites with similar production challenges and crops, such as existing MIF projects in Nicaragua and Colombia⁷. The expected results

⁷ Nicaragua: ATN/ME-13542-NI and Colombia: ATN/OC-14761-CO.

of this component are: (i) 300 farmers, (of which at least 30% will be women), trained in good agricultural practices; and (ii) at least 30% increase in yields in the crops and products in which the farmers will be trained in.

2.4. **Component II: Strengthening Community Based Enterprises (MIF: US\$ 91,500; Counterpart: US\$ 210,000)**

The specific objective of this component is to provide training, and to support adoption and management in relevant quality and technical standards by small producers and community based enterprises, so that they can deliver products that are compliant with required standards of targeted niche markets. The training and technical assistance at this level will focus on aspects of business management, basic financial management, technical standards implementation and management, and marketing. Some groups have started to process basic products such as cassava, farine and honey, and other products with potential for further processing and marketing, including nuts, livestock, and dried fruits. As part of this component, trial products will be tested in the market, and market driven product development will be a fundamental element of all training and capacity building.

- 2.5. Required investments to meet market requirements for quality standards and branding, will be facilitated via coordination and communication with existing local financial providers, such as GBTI's Rupununi Innovation Fund and the Institute for Private Enterprise Development (IPED), who will provide critical finance to those community based enterprises and producers that need investment and working capital. Initial consultations with these two agencies confirmed the availability of financing needs, as well as synergies between available products and services, and the financial requirements of targeted beneficiaries. The project will focus on facilitating the engagement between the potential borrowers and these financial organizations, as well as the delivery of business training needed to enable borrowers to structure loan applications that meet lenders' criteria. The expected results of this component are: (i) at least 10 community based enterprises are operating with sustainable production practices, and (ii) at least 120 farms / agri-producers are accessing credit for their business needs.

2.6. **Component III: Brand and Market Development (MIF US\$280,880; Counterpart US\$52,660)**

The objective of this component is to position the products of the farmers and community based enterprises in the Rupununi region in the local and regional markets. Market assessments will be developed for cassava derivatives as well as dried fruits and nuts. All these products offer significant potential for sales with proven markets, but they require further development and comprehensive analysis of volumes, pricing and technical requirements to structure and execute market entry. Local producers are supplying small volumes of these products, but imports are still the biggest source for major local buyers such as supermarket chains and public institutions. CI Guyana has already established working relationships with local supermarkets and distributors, and the initial communications reveal openness exploring new sources of branded local products, particularly from the Rupununi region.

- 2.7. CI Guyana has also identified the local eco-tourism market in the Rupununi region, which attracts approximately 5,000 visitors annually as a niche market for branded products from the region. To leverage this market segment, CI Guyana plans to build upon the established “Visit Rupununi” tourism brand, and develop a new closely related “Buy Rupununi” brand with similar logos and mottos. This brand will be a foundation of the model for product and channel development for the farmers and agri-producers. Climate smart agricultural attributes of products will also be crucial in the development of the brand and marketing strategy, and will be the basis for the value added of the products, as the brand builds heavily on conservation and sustainability factors.
- 2.8. In addition, given the Rupununi region’s geographical proximity to the Brazilian border, a feasibility study of the potential niche market for export of specialty farine to Brazil from the Rupununi region will be undertaken.
- 2.9. The expected key results of this component are: (i) a “Buy Rupununi” brand developed; (ii) at least 200 farmers with established linkages to local and regional markets; and (iii) at least 5 new market channels created for the products coming out of the Rupununi region.
- 2.10. **Component IV: Knowledge and Coordination (MIF US\$216,070; Counterpart US\$519,265)**
 The objective of this component is to systematize, document and disseminate the experience and knowledge generated in this project with the objective of sharing it across other regions in the country, and with other relevant MIF and other donor projects. To accomplish this, the executing agency will establish a Monitoring and Evaluation platform which will collate farmer level data, base line data on the productive capacities of farmers vis-à-vis targeted value-added products and will be used to monitor achievements of targeted project results. In addition, CI Guyana will develop a gender mainstreaming strategy, which will incorporate specific mechanisms to ensure that training and technical assistance reaches women and men equally. CI Guyana will also develop a stakeholder and strategic partnership forum, through which knowledge and experiences developed in the project, are shared among key actors in the country. This component also includes costs for project co-ordination, administrative overheads, project oversight, evaluation and ex post reviews.

B. Project Results, Measurement, Monitoring and Evaluation

- 2.16 At the end of the implementation period, the project is expected to contribute to the MIF’s and Bank’s Corporate Results Framework (CRF) as follows: (i) 200 small and medium sized farmers linked to strategic markets (CRF 230300); (ii) 10 new firms adopting sustainable production practices (CRF 230600); (iii) 150 small and medium sized farmers adopting new practices or technologies (CRF 230100); (iv) 500 hectares of land under sustainable management (CRF 240100);, (v) 300 persons trained (CRF 110100); and (vi) 120 o farms or farmer associations accessing credit (CRF 230500)
- 2.17 The monitoring activities of the project include the following elements: (i) Baseline: a comprehensive baseline assessment will be completed at the beginning of the project, including the capture and analysis of relevant economic and social data

on targeted beneficiaries (i.e., income, gender, income-generating activities, education, etc.) In addition, another baseline assessment will be implemented for farms already engaged in commercial production to gather data on production costs, market penetration, labor wage structure and skill levels, sales and revenues. The information collected will be disaggregated by sex and ethnic/racial groups where are relevant to assess specific benefits for women and Indigenous peoples; (ii) **Monitoring:** Targeted project results and additional project indicators defined during the baseline study will be monitored every 6 months, including: a) sales and jobs created, b) access to finance, and c) harvest and yield production data. Progress toward expected outputs, results, and impacts will be reported semi-annually in the MIF's Project Status Reporting system.

- 2.19 **Evaluation:** The project will incorporate a mid-term and a final evaluation. The mid-term evaluation will be conducted at the mid-point of the project or when 50% of the resources have been disbursed. This evaluation will cover, among other issues: (i) the efficacy of training and the degree to which farms are adopting improved production practices; (ii) progress in meeting production, quality, and marketing targets; and, (iii) evidence of improved access to finance. The scope of the final evaluation may include examination of the following key questions: (i) the extent to which access to new markets for products resulted in sustainable and economic benefits for the farmers and their families; (ii) the profitability of the processing units and /or the community based enterprises and the time needed for them to realize economic benefits; (iii) the sustainability of the linkages created between farms and the markets; (iv) the degree of adoption and acceptance of new production techniques by farmers; (v) the sustainability of participating community based enterprises and its potential for sustainability; (vi) the key success factors and lessons learned from the implementation of the model; (vii) the replication potential for other sectors/regions/countries; (viii) identification of key elements that could strengthen the effectiveness and sustainability of the project; and, (ix) the ability of the farms and the groups to access new markets on their own (without the support of the project).

III. Alignment with IDB Group, Scalability, and Risks

A. Alignment with IDB Group

- 3.1. Alignment with Country Strategy. The project is aligned with the Inter-American Development Group (IDBG)'s current Country Strategy for Guyana 2012-2016 (GN-2690), as well as the Government of Guyana's Green State Development Strategy, which will inform the IDBG Country Strategy 2017-2020 (currently in development). The current Country Strategy focuses on productive and sustainable natural resources management in supporting diversification, objectives where the project is aligned, as it will promote the strengthening of climate smart and market oriented agricultural practices and processing, as well as the development of viable new market channels for targeted products. Additionally, the project responds to the Country Development Challenges (December 2017) in the areas of sustainable growth, management of the environment and inequality in opportunities for communities in the country's interior. Finally, the project demonstrates important synergies with the IDB's Sustainable Agriculture Development Program GY-L1060 and linkages with GY-L1059 Enhancing the National Quality Infrastructure for Economic Development

and Trade Promotion, which focuses on certification, an essential element of market expansion for agri-producers in the Rupununi region.

- 3.2. The project will contribute to the IDBG's institutional strategy goals of reducing poverty, increasing sustainable growth, and fostering development through the private sector by: (i) transitioning subsistence farmers to agri-producers access high value markets; (ii) promoting the adoption and dissemination of specialized climate smart farm management tools, training and quality control systems; and, (iii) creating new opportunities in farm- related activities, particularly for women and youth who are more vulnerable to unemployment and migration. In addition, the project will introduce technologies that constitute an innovation in the country's agricultural sector
- 3.3. Approximately 36% of the total IDB funding for this project is invested in climate change adaptation activities according to the [joint MDB approach on climate finance tracking](#). This contributes to the IDB Group's goal of increasing the financing of projects related to climate change to 30% of total approvals by the end of 2020.

B. Scalability

- 3.4. Scaling of the project will be achieved by integrating activities with broader national initiatives. In this regard, project activities will be developed and implemented under an integrated approach to product and market development that builds upon the executing agency's capacity to convene and work with other organizations in the region. CI-Guyana has established working agreements with a broad range of local development organizations and regional government actors/agencies, which allows its activities to be fully integrated into national and local development plans. As an example, CI-Guyana is on the board of the Plan of Action for Regional Development, a local economic development agency, and also coordinates its activities with leadership and technical teams in the Ministry of Business, the Ministry of Indigenous Peoples Affairs and the Ministry of Agriculture. By working with these public agencies, CI-Guyana will be able to avoid duplication of efforts in similar areas, and will demonstrate to national agencies, the potential and benefits of scaling the project intervention. In addition, the International Foundation for Agricultural Development (IFAD) has approved funding for the Ministry of Agriculture in the sum of US\$9 million, of which US\$7 million will be invested in Region 9, which includes the Rupununi region. Potential synergies and co-ordination with the IFAD operation can support scaling, as well as the provision of infrastructure necessary for further processing and export.

C. Project and Institutional Risks

- 3.5. The project team has identified the following risks and corresponding mitigation strategies which are embedded in the project design:
- 3.6. **Market risks:** The key risk is that producers will be unable to supply formal market channels the volumes and quality standards required. The targeted beneficiaries of the project are very small-scale producers that value sustainable production methods; volumes of output for sale outside of local communities are relatively small. In this regard the project design focuses on: (i) collective models building on traditional community structures to increase productivity and scale; (ii) building

on existing products, specifically peanuts, cashews, farine (cassava derivate) markets and some meats; (iii) focus on local market channels such as local supermarkets in the capital city, institutional buyers in the region (military and schools meals programs) who are already buying intermittently in small quantities; and (iv) design and roll out of simple certification models that are directly relevant to products and market channels targeted.

- 3.7. **Business risks:** Access to finance is difficult for communities in Guyana's interior, including the Rupununi region due to a lack of banking infrastructure, cost and low use of formal financial services in targeted communities. Barriers in accessing capital needed for investment in modern technologies and scaling as well as marketing costs can undermine achievement of project results. To address this risk CI-Guyana will (i) continue to work with and expand access to the Rupununi Investment Fund established by the Guyana Bank of Trade and Industry (as part of a recent MIF operation GY-M-1121); and (ii) work with the largest national microfinance provider IPED to leverage a recent Social Entrepreneurship Program loan extended to that institution by MIF for financing agri-producers (SP/ES-16-22-GY).
- 3.8. **Ecosystem Risk:** Increases in agricultural production can potentially have a negative impact on the Rupununi' s ecosystems due to increased land clearing and use of water resources. To mitigate this risk and support balancing of economic and sustainability goals for the region, the project design includes: (i) introduction and extension of sustainable techniques; (ii) identification and roll out of simple and relevant safeguards that can add to the brand and value proposition targeted agri-products; and, (iii) GI- Guyana as the executing agency brings to the project both trust and respect of local communities as well as a very strong technical background and knowledge in sustainable ecosystems and conservation that will be embedded in all project activities.
- 3.9. **Pest, diseases and weather-related events:** Small farmers in the Rupununi region are vulnerable to climate change as changing weather patterns have challenged traditional practices and timing of land preparation, cultivation and harvesting. These effects can cause excessive clearing and degradation of lands and impact both food security and livelihoods in the region. To address these risks the project design includes specific activities in (i) community based climate forecasting and production planning; and (ii) training and roll out of climate smart agricultural practices and relevant technologies for resilience and sustainability supported by local extension officers.

IV. Instrument and Budget Proposal

- 4.1. The project has a total cost of US\$ 1,903,000 of which US\$950,000 (50%) will be provided by the MIF, and US\$ 953,000 (50 %) by the counterpart. Counterpart resources provided by the executing agency include US \$500,000 in cash and US \$453,000 in kind. The execution period will be of 36 months and the disbursement period will be of 42 months.
- 4.2. The instrument to be used for MIF financing is a non-reimbursable grant. The project budget is summarized in the following table:

	MIF	Counterpart	Total
Project Components			
Component 1: Technical Assistance for Agri production]	347,730	170,160	517,890
Component 2: Strengthening Community Based Enterprises	91,500	210,000	301,500
Component 3: Brand and Market Development	280,880	52,660	333,540
Component 4: Knowledge and Coordination	216,070	519,265	735,335
Contingencies	13,820	915	14,735
Grand Total	950,000	953,000	1,903,000
% of Financing	50%	50%	100%

V. Executing Agency (EA) and Implementation Structure

A. Executing Agency(s) Description

- 5.1. CI-Guyana will be the Executing Agency of this project and will sign the agreement with the IDB. CI-Guyana was established in 1996. The organization has worked for over 15 years in the Rupununi region, and has extensive networks and established relationships with the indigenous groups and communities targeted as beneficiaries as the project. CI-Guyana has successfully managed the implementation of 2 previous MIF projects, GY-M1009 "Community Tourism Enterprise Development" and GY-M1021 "Leveraging Natural Capital in Guyana's Rupununi". CI-Guyana has a strong track record in ecosystems conservation, climate adaptation and supporting sustainable livelihoods in the Rupununi region. Through this work CI-Guyana has established baseline data on the status of small-scale agricultural holdings, and agricultural production chains within the region and country. CI-Guyana also has the convening power to bring together international, local, public and private stakeholders and donors that are delivering services and financing to the Rupununi region to secure financial and technical partnerships and co-ordination required for high impact and sustainability of investment. CI-Guyana operates 2 offices, one in Georgetown, Guyana and another in Lethem, the main urban center in the Rupununi region, which facilitates proximity and continuous engagement of communities and stakeholders in this region.
- 5.2. CI-Guyana will establish an executing unit including a dedicated project manager, marketing specialist and agro-production manager to effectively and efficiently execute project activities and manage project resources. Fiduciary support and executive oversight and steerage will be provided by CI-Guyana's Executive Director, senior technical staff, and other in-house specialists as required.

B. Implementation Structure and Mechanism

- 5.3. The project will be executed by Conservation International Guyana (CI-Guyana) and it will be implemented in 36 months. CI-Guyana will establish a core project execution unit in Lethem, in the Rupununi region, staffed by a team of 5

professional and technical officers. This team will receive administrative and technical support and leadership from CI-Guyana's head office in Georgetown.

- 5.4. An Advisory Committee, chaired by CI-Guyana, will be established to provide strategic oversight and guidance on project implementation. Its role is to oversee the delivery of the project outputs and the achievement of results. The committee will include representatives from the following: CI-Guyana, GBTI, local government organizations, private sector and civil society representatives and the MIF.
- 5.5. To address the main market and co-ordination failures that have undermined the growth of small-scale farms and their access to stable markets, the project activities, which are part of component 3 in particular will be developed within the framework of a business and marketing strategy. This involves several local organizations, which are also committed to working in support of business development in the Rupununi region, and which will assist in implementation and scaling. In this regard, key partners in project implementation include: The Ministry of Agriculture, NAREI, the Guyana Marketing Corporation, the Regional Democratic Council, the Ministry of Indigenous Peoples Affairs, GBTI, IPED, the Ministry of Business (Small Business Bureau), and the local tourism syndicate (Visit Rupununi). The Kanuku Mountains Community Representative Group, the North Rupununi District Development Board and South Rupununi District Toshao Council are also local village and community organizations that will provide critical input into the design of interventions in the region.

VI. Compliance with Milestones and Special Fiduciary Arrangements

- 6.1. **Disbursement by Results, Fiduciary Arrangements.** The Executing Agency will adhere to the standard MIF disbursement by results, Bank procurement policy⁸ and financial management⁹ arrangements as specified in Annex V.

VII. Information Disclosure

- 7.1. **Access to Information:** Project information is not considered confidential under the IDB Access to Information Policy. This document is therefore public in accordance with said policy.

⁸ Link to the Policy: [Procurement of Works and Goods Policy](#)

⁹ Link to the document [Operational Guidelines for Management of Milestones and Financial Supervision for MIF and SEP Technical Cooperation Projects](#)