

PROJECT SUMMARY

PROMOTING A CLUSTER APPROACH FOR AGRICULTURAL DIVERSIFICATION IN GUYANA

(GY-M1025)

Guyana has untapped potential to build a competitive agricultural sector: abundant land and water, favorable weather and a young population. As the only net food exporter in the region, Guyana is often cited as a country that has the potential to become the 'breadbasket of the Caribbean'. Exports are largely concentrated in rice and sugar, followed by fisheries and forestry. The problem Guyana faces in growing non-traditional agricultural exports is not due to lack of demand, but rather to structural challenges facing the sector. In this context, small farms play a key role in domestic food security but are unable to make the leap to regional or international food production networks which require a more coordinated and commercial approach. Nowadays, as high value agricultural markets become more sophisticated, consolidated, and regulated, it is increasingly difficult for small Guyanese farms to access and participate in these value chains.

The Multilateral Investment Fund and Carana Agribusiness Partnerships (CAP) will support an innovative contract farming model focused on non-traditional crops (starting with hot peppers) for specialty markets in the Caribbean, Europe, and the United States. Carana Agricultural Development Partnerships (CADP) – an agribusiness venture in Guyana created by CAP - will create a network of 20 new contract farms. Through this model, contract farms will have access to a guaranteed market as well as inputs, financing, and other critical services needed to capture new opportunities in high value agriculture. The project aims to sustainably increase the sales of contract farms and to provide year-round employment for women, youth and indigenous populations.

This project will be executed in parallel with a Social Entrepreneurship Program (SEP) loan which will improve access to finance for contract farms. This loan program will develop products to finance start-up costs related to farm build out as well as working capital for seasonal inputs and farm operating expenses. The loan program will enable contract farms to invest in technologies that will accelerate their productivity and growth over time. Financing through the SEP loan will be made available through the Institute of Private Enterprise Development (IPED), a non-profit organization specialized in providing financial services to micro, small and medium sized enterprises.

At the end of the four-year execution period, it is expected that all 20 new contract farms will be integrated into the cluster, generating 120 new full-time jobs and sales of approximately US\$2.4 million.