

## SOCIAL ENTREPRENEURSHIP PROGRAM

### PROJECT SYNTHESIS

1. **Country:** Belize
2. **Project Number:** BL-S1001
3. **Project Name:** Social Entrepreneurship and Integration through Inclusive Financing and Capacity Building
4. **Executing Agency:** Cooperativa de Crédito La Inmaculada (LICU)
5. **IDB Unit:** Multilateral Investment Fund (MIF)

### 6. **Financing Amount and Source:**

	<u>BID</u>	<u>LICU</u>	<u>Total</u>
Reimbursable financing:	US\$750,000	US\$100,000	US\$850,000
Non-Reimbursable Technical Cooperation:	US\$232,000	US\$280,229	US\$512,229
Total:	US\$982,000	US\$380,229	US\$1,362,229

### 7. **Goal and Purpose:**

The goal of the project is to support the economic diversification of poor and low income households in the districts of Orange Walk, Corozal and Cayo through financial inclusion. The purpose is to increase the access of small and micro-entrepreneurs in rural areas, who are interested in diversifying their economic activities, to financial and non-financial services.

### 8. **Description:**

The project seeks to address the situation faced by La Inmaculada Credit Union (LICU)'s current and potential clients in northern and central Belize, who require financing and technical assistance to ensure that their productive diversification can prosper. LICU will provide financing for the development of productive activities that offer an alternative to sugar cane production to rural micro and small entrepreneurs, who are willing to strengthen their enterprises and diversify their economic activities to improve their standard of living. To this effect, IDB/MIF will provide financial support to LICU consisting of two components: (i) a reimbursable financing of US\$750,000 (plus counterpart of US\$100,000), and; (ii) a Technical Cooperation (TC) of US\$232,000 with a counterpart of US\$280,229.

- ***Reimbursable financing component***

The resources of this component will be used to provide financing to rural micro and small enterprises that need financing for alternative productive activities and have participated in training sessions at the SSEDAT Center. Microfinance loans will be eligible for fixed asset investment and working capital loans at various lending rates and

terms and will be used for productive activities only, such as processing, light manufacturing, value adding activities, tourism related activities and services, crafts, and cottage industries. LICU will charge its beneficiaries an interest rate averaging 12.5% with an average term of 24 months.

- ***Non-reimbursable Technical Cooperation component***

The resources of this component will be used to: i) provide funds for a market study to identify the profile of the micro and small entrepreneurs and determine the training and financial services required; ii) training for its final beneficiaries, iii) Institutional Strengthening of LICU by training the microfinance officers in areas of design, appraisal and monitoring of loans and (iv) the coordination, audit and monitoring and evaluation of the project, and dissemination of project results.

## **9. Beneficiaries:**

The beneficiaries of the project will be approximately 400 rural small and micro entrepreneurs of the communities of northeastern Belize in the Orange Walk, Corozal, and Cayo Districts. These micro-entrepreneurs will receive financial services (loans, savings) to finance their operations of commerce, services or productive activities, many of them related to non-traditional crops, inland aquaculture and tourism. It is estimated that the initial average loan for these microentrepreneurs will be the equivalent of US\$2,000. These micro and small entrepreneurs are self-employed and the majority owns their house with or without mortgage. The average size of their household is 4.4 and, in average, 56% live in the rural areas, a percentage higher than the national average.

## **10. Expected results and benefits:**

By the end of the project execution, it is estimated that LICU will have achieved the following: (a) based on the market study, a profile of the micro and small entrepreneurs of Orange Walk, Corozal and Cayo Districts; (b) strengthened institutional capabilities of LICU to deliver enhanced business support services to micro and small entrepreneurs; (c) enhanced entrepreneurial capabilities of micro and small entrepreneurs through training and business support services; (d) at least 400 new clients in LICU's rural areas portfolio; (e) a portfolio at risk over 30 days of less than 5%; (f) a total credit portfolio of at least US\$23.5 million; and (g) improved prudential policies for credit risk and compliance with them.

A very important value-added element of this project will be the fostering and promotion of goodwill in the community through a series of strategic visibility and communication actions. These will aim at promoting a sustained awareness of the action as well as the social responsibility and commitment of IADB/MIF and LICU to the sustainable development of the country at large. This will be achieved by working along with social and community-oriented groups and participating in events that will highlight the action, as well as bring to the forefront the efforts of these groups to uplift those less fortunate.