

## SOCIAL ENTREPRENEURSHIP PROGRAM

### PROJECT SYNTHESIS

1. **Country:** Jamaica
2. **Project Number:** JA-S1002
3. **Project Name:** Advancing Financial Inclusion for Rural Microentrepreneurs in Jamaica
4. **Executing Agency:** Access Financial Services Limited
5. **IDB Unit:** Multilateral Investment Fund (MIF)

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

	IDB (US\$)	Local (US\$)	Total (US\$)
Reimbursable financing:	888,000	150,000	1,038,000
Nonreimbursable Technical Cooperation:	250,000	143,750	393,750
<b>Total:</b>	<b>1,138,000</b>	<b>293,750</b>	<b>1,431,750</b>

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

The goal of this project is to improve the socio-economic conditions of small-scale entrepreneurs and producers living in rural areas of Jamaica. The purpose of the project is to improve access to financial services for microenterprises engaged in productive economic activities in rural areas. The project will do so by providing loan funds for the expansion of the rural business portfolio and the introduction of a mobile lending unit. It will also provide technical cooperation for market research, the design of new loan products, capacity building in agricultural finance, and technology upgrades to increase mobile lending outreach.

#### 8. **Description:**

In order to achieve these objectives, the project will finance two components: a reimbursable financing component for US\$1,038,000 (IDB: US\$888,000; Access US\$150,000) and a non-reimbursable technical assistance component for US\$393,750 (IDB: US\$250,000 and Access US\$143.750).

- ***Reimbursable financing component***

To this end, the Bank will extend Access a loan of US\$888,000 with a counterpart amount of US\$ 150,000. The loan component will be used to: (i) finance the expansion of the rural and agri-business portfolio (IDB US\$788,000; Access US\$100,000) and (ii) establish the company's first mobile branch lending unit to improve delivery in rural areas (IDB US\$100,000; Access US\$50,000). Launching the mobile lending unit would include the purchase a four-wheel drive vehicle that would make regular visits to rural communities to process and administer loan products. The vehicle will be equipped with laptop computers and a wireless telephone/internet network to provide access to account

information and permit immediate updates through a web based system. Funds would be disbursed directly to Access and utilized exclusively for the project.

With financing from the Bank, Access plans to introduce at least two new loan products that will expand its client base in rural areas: 1 agribusiness loan product and 1 rural finance product. These new products will be designed with longer term loans, lower interest rates, and payment structures that are more adequate for the cycle of agricultural and productive rural activities. With these new products, the project will promote lending on more reasonable terms for agricultural and rural enterprises. The details and financial terms of these products will be designed with the technical support of the nonreimbursable component.

Expected outputs under this component at the end of the project are: (i) an expansion in agribusiness lending from US\$164,000 to US\$750,000; (ii) an expansion in overall rural lending from US\$1,100,000 to US\$1,900,000; and (iii) 1 mobile lending vehicle fully equipped to write loans and serve customers in 4 new rural communities.

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

The project will also include a technical cooperation grant of US\$250,000, and counterpart contributions of US\$143,750. This non reimbursable component will be used to build Access' capacity to successfully expand its rural and agribusiness portfolio. Grant funds for this project will focus on 3 main areas: (i) building internal knowledge and capacity to serve rural markets more effectively; (ii) designing and launching new loan products that meet rural and agricultural client needs, especially as it pertains to the terms of the loan; and (iii) improving IT infrastructure and delivery channels for cost effective outreach in rural areas. The following specific activities will be financed: (i) market research and data collection on the demand for lending services in rural areas; (ii) a learning exchange with an experienced microfinance entity in Latin America and the Caribbean; (iii) basic staff training on rural microfinance; (iv) intensive staff training on new loan products and credit methodologies; (v) specialized consulting for the design of new agribusiness loan packages; (vi) upgrading the loan information system and introducing a web based platform; and (vii) coordination, audit and evaluation of project implementation. To systematize and disseminate knowledge, the TC component will finance a video case study on Access' expansion into rural areas and agribusiness.

Expected outputs under this component are: (i) 1 market study completed to inform the development of new agribusiness loan products; (ii) 1 knowledge exchange completed with a leading rural MFI; (iii) 50 Access staff trained in the basics of rural microfinance; (iv) 2 new agribusiness products designed and piloted in rural areas; (v) 1 new credit methodology for rural finance developed; (vi) 25 credit officers trained on the requirements of new agribusiness loan products; (vii) 1 new LMS developed and appropriate for rural lending; (viii) 1 web based operations system; (ix) 1 video case study.

## **9. Beneficiaries:**

The project is expected to directly benefit 1,400 rural micro enterprises and small scale producers who will increase their access to finance through new products and services

---

offered by Access. Approximately 650 are existing clients (who will increase their average loan sizes) and 750 will be new customers. At least 60% of the clients will be women.

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

The project is expected to benefit 1,400 small scale entrepreneurs and producers engaged in productive economic activities, the majority of which will be located in rural areas and secondary cities. The expected results at the end of the project are as follows: (i) 750 *new* agribusiness clients in rural areas, and a total of 1,400 clients in the portfolio; (ii) 4 new rural communities served, including the establishment of at least 2 new branches in rural areas; (iii) an expansion in agribusiness lending from US\$164,000 to US\$750,000; and (iv) an expansion in overall rural lending from US\$1,100,000 to US\$1,900,000. At least 60% of agribusiness clients will be women.

In terms of impact on the beneficiaries, it is expected that at least 70% of borrowers will show positive changes in the following variables: (i) total business assets, (ii) net income, and (iii) total sales.