

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SYNTHESIS

1. **Country:** Uruguay
2. **Project Number:** UR-S1002
3. **Project Name:** Sustainable Social Entrepreneurship Facility
4. **Executing Agency:** Acciona Microenergía Perú (AMP)
5. **IDB Unit:** Multilateral Investment Fund (MIF)
6. **Financing Amount and Source:**

	<u>IDB</u>	<u>Local</u>	<u>Total</u>
Reimbursable financing:	US\$1.000.000	US\$900.000	US\$1.900.000
TCF:	<u>US\$500.000</u>	<u>US\$100.000</u>	<u>US\$600.000</u>
Total	US\$1.500.000	US\$1.000.000	US\$2.500.00

7. **Goal and Purpose:**

The goal of the project is to increase the investments and income of microentrepreneurs and the low-income population in the rural and peri-urban areas of Uruguay. The purpose is to develop a sustainable mechanism of financial and technical support for social entrepreneurship projects in Uruguay.

8. **Description:**

The project has two components: one for US\$1.9 million in reimbursable financing (IDB: US\$1 million; local counterpart: US\$900,000), and another for US\$600,000 in nonreimbursable technical-cooperation funding (IDB: US\$500,000; local counterpart: US\$100,000). Both components will be executed by the CND.

- ***Reimbursable financing component***

(IDB: US\$1 million; CND: US\$900,000). The CND and the Bank will develop a facility or umbrella program⁷ to provide reimbursable financing (loans) and nonreimbursable technical assistance to productive projects in Uruguay that develop sustainable, scalable solutions for increased investment and improved living conditions for the country's rural and peri-urban population. The loan to the CND will be denominated in Uruguayan pesos at a fixed interest rate of 6.5%; the term of the loan will be 10 years, with a 42-month grace period for repayment of principal.

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

The technical cooperation funding will have a dual purpose. First, technical assistance will be provided to help executing agencies of social entrepreneurship subprojects strengthen

areas critical to sustainability or improve the entrepreneurial, social, environmental, or institutional viability of the subprojects to be financed, when they involve associations of enterprises and there is an unmet need for technical assistance such as for business and marketing plans, basic market studies, etc. Technical cooperation will also be used to support the CND in program monitoring and coordination, including the generation of knowledge and tools for financing and scaling social entrepreneurship projects under this facility. This component will be executed in coordination with the Microfinance Program for Productive Development, executed by the Regional Policy Unit of the OPP, which may provide technical support and institutional strengthening to the MFIs that use program resources.

9. Beneficiaries:

This project will have two main groups of beneficiaries. First, the project will benefit some 600 Uruguayan rural and peri-urban microentrepreneurs whose credit needs have not yet been met, or whose needs have been underserved in that they only have consumer loans, or microloans for working capital, while their investment needs have gone unmet. These beneficiaries' living conditions are expected to improve as a result of the project. The second group of beneficiaries will be at least six participating first-tier entities that will provide financial assistance to microentrepreneurs through adapted or new financial products, thereby improving the positioning and scale of Uruguayan intermediary financial institutions (IFIs) financing the peri-urban and rural population.

10. Expected results and benefits:

The project will benefit: (i) at least 600 low-income rural and peri-urban microentrepreneurs in Uruguay, who will receive financing for their productive activity or meet their needs for basic services through social entrepreneurship initiatives financed by the project; and (ii) at least six Uruguayan MFIs, which will use project resources and technical assistance to improve their services for the target population in terms of quality (measured as customer satisfaction), variety (including new products for financing productive projects or projects for basic services), cost (reduced cost of financial services, with this cost reduction transferred to the population), and impact (increased investment in businesses and families).