

## SOCIAL ENTREPRENEURSHIP PROGRAM

### PROJECT SYNTHESIS

1. **Country:** El Salvador
2. **Project number:** ES-S1019
3. **Project name:** Expansion of Community and Agricultural Credit to communities with young leaders
4. **Executing Agency/Borrower:** Sociedad Cooperativa de Ahorro y Crédito Credicampo de Responsabilidad Limitada de Capital Variable (CREDICAMPO)
5. **IDB unit:** Multilateral Investment Fund (MIF)
6. **Amount of financing**

	<u>IDB US\$</u>	<u>LOCAL US\$</u>	<u>Total US\$</u>
Reimbursable financing	1,000,000	350,000	1,350,000
Non reimbursable Technical cooperation	<u>250,000</u>	<u>110,000</u>	<u>360,000</u>
Total	1,250,000	460,000	1,710,000

7. **Objective and purpose of the project**

The **objective** of the project is to help increase the income derived from the productive activities of small producers and rural inhabitants who are clients of Credicampo. The **purpose** of the project is to support the expansion of rural households' access to Credicampo financing, by offering new financial products and increasing community participation by young leaders.

8. **Components of the project**

In order to achieve the objective and purpose described above, the project will consist of two components: one involving reimbursable financing, the other, nonreimbursable technical cooperation funding. Both components will be executed by Credicampo.

**Reimbursable financing component.** These resources will be used to grant community credit, utilizing the methodology developed by Credicampo. The loans will be extended to new clients—small producers and community residents in the department of San Vicente and in other departments in which Credicampo has a presence—to be used for working capital and for investments in productive activities, with an emphasis on agricultural activities and marketing of production. In the event that the pilot exercise with the beekeepers is successful, resources from this component could be used to support small producers in the beekeeping value chain, in partnership with Swisscontact. These producers may be located in the western or central region of the country.

**Nonreimbursable technical-cooperation component.** This component will be used to achieve three specific objectives: (i) the design of new products and expansion of Credicampo's coverage, which will cover the design, research, and promotion of

microleasing products in other sectors (based on the beekeeping pilot), liquid and programmed savings, renewable energy products, and market research for opening a new branch; (ii) strengthening of the cooperative's technology platform by supplementing the recently implemented system with new modules and researching the implementation of a platform for nonbank correspondents; (iii) strengthening of the cooperative's human talent and the empowerment and leadership of its young clientele, which will be achieved through the strengthening of governance at the management and executive levels, training of mid-level managers and operational staff, and the establishment of a leadership program for young managers at ADESCOs and on loan committees with which the cooperative works.

Resources from this component will also finance project coordination and execution, as well as the evaluations and ex post reviews required by the IDB/MIF.

## **9. Beneficiaries of the project**

There will be three types of project beneficiaries: (i) rural clients who will benefit from community credit resources; (ii) beekeepers who will receive financing for microleasing for rural beekeepers; and (iii) youth participating in ADESCOs. In general, the rural clients of Credicampo's community credit will be small producers or area residents involved in a variety of income-producing activities. These clients grow basic grains (corn, beans) and/or raise small animals. At the same time, they receive remittances and their family members (spouses/children) are involved in other activities, participate in small businesses, or provide services. They have one to five hectares of land and their incomes range from US\$300 to US\$350 per month. The beekeepers who will participate in the project are located in the western region, where Credicampo does not have branches. These producers are members of two producer associations and have an average of 100 hives each, with average monthly income of US\$650. The young people are rural residents who belong to rural communities targeted by Credicampo; they are between the ages of 20 and 29, have at least completed primary education, know how to read and write, in some cases have had two or more years of secondary school, have entrepreneurial skills, and are articulate.

## **10. Expected outcomes and capture of benefits**

The direct benefits of the Bank's resources will be captured by: (a) approximately 975 rural clients of Credicampo, who will have access to loans to finance their productive activities (agriculture, services, etc.), with terms and conditions adapted to their needs; (b) at least 100 small-scale beekeepers, who will benefit from credit to invest in food-grade stainless steel kits that will allow them to meet the safety and quality requirements demanded by European markets; (c) 300 young people residing in rural communities, who will benefit from training, as part of a youth empowerment and leadership program. It is estimated that, by the end of the project, rural clients will have increased their incomes from productive activities (not counting remittances, help from relatives, etc.) by 15%. Similarly, 15% will have increased their assets, defined as tools, machinery, animals, etc., while the participation of youth leaders in ADESCOs and on-lending committees will also have increased by 15%; and (d) Credicampo will have benefited by an increase in its outstanding portfolio and the expansion of its savings and loan products for its target population. In addition, Credicampo will have enhanced capacities in regard to governance, competencies of its staff, and improved information technology systems.