

## SOCIAL ENTREPRENEURSHIP PROGRAM

### PROJECT SYNTHESIS

1. **Country:** Guatemala
2. **Project Number:** GU-S1023
3. **Project Name:** Improving the Beekeeping Production of Associated Small-scale Producers in the Southwest
4. **Executing Agency:** Cooperativa de Producción Integral Apicultores del Sur Occidente, Responsabilidad Limitada (COPIASURO, R.L)
5. **IDB Unit:** Multilateral Investment Fund (MIF)

**6. Financing Amount and Source:**

	<u>IDB</u>	<u>Local</u>	<u>Total</u>
Reimbursable financing:	US\$350,000	US\$125,000	US\$475,000
Technical Cooperation:	US\$160,000	US\$108,300	US\$268,300
Total:	US\$510,000	US\$233,300	US\$743,300

**7. Goal and Purpose:**

As an impact objective, the project will contribute to improve the incomes of smallscale beekeepers in the Department of San Marcos in Guatemala. The expected outcome is that COPIASURO-member beekeepers will have access to the financing necessary to increase their production, meeting the volume and quality requirements of high-value market demand.

**8. Description:**

The project model is to provide COPIASURO with resources that it can channel to small-scale producers, to increase their output volume, finance diversification of their crops, and improve the marketing of those crops, within a context of sustainable growth that promotes gender inclusion in the region’s apiculture sector. COPIASURO members are expected to increase their incomes by diversifying their revenue from honey, training them in integrated exploitation (production of pollen, queen bees, etc.) and diversifying their production to include organic cacao for sale on the local market where there is excess demand. Small-scale beekeepers will also have access to “premiums” on the value of their honey obtained through replanting their plots with nectar-producing species as established by fair trade standards. The model include women beekeepers joining as members of COPIASURO. There are also plans to encourage diversification to include honey from small-scale producers of cacao and/or organic coffee in the Department of San Marcos, promoting mergers of groups of up to ten small-scale producers who will join COPIASURO as member groups to guarantee the sale of their new honey output. This initiative is also supported by a Root Capital program as part of a MIF financing project to support agriculture and livestock value chains in Central America (ATN-ME- 12851-RG). Part

of the grant funds will be provided to COPIASURO for long-term financing of its own working capital. The other part will be used to finance its lending program for members.

Two components will be financed to meet the objectives: a reimbursable financing component for US\$475,000 (IDB: US\$350,000; and COPIASURO local contribution: US\$125,000); and nonreimbursable technical cooperation component for US\$268,300 (IDB: US\$160,000; and COPIASURO local contribution: US\$108,300).

- ***Reimbursable financing component***

The financing component will have the following basic terms: (i) a loan of US\$350,000 in U.S. dollars; (ii) an interest rate of 6% per annum; (iii) a total loan repayment period of 8 years; and (iv) a 36-month grace period for principal. These funds will be used for: (i) working capital for the microlending program for small-scale producers to develop apiculture production and a lesser amount as working capital for consolidating the diversification of crops to include cacao and/or nectar-producing species that will also be marketed by COPIASURO. The loans will be used for the production of honey and related beekeeping products. Under this line, loans will be made for the following purposes: (a) maintenance of hives and apiaries (average loan of US\$200); (b) expansion of hives and apiaries (average loan of US\$400); and (c) beekeeping refurbishment (purchase of equipment and tools for extracting honey). The interest rate on the loans made by the cooperative will be a fixed 18% on the balance, and the loan amount per member will be a minimum of 1,000 quetzales (US\$125) and a maximum of 30,000 quetzales (US\$3,750). Collateral will be sought only for amounts in excess of US\$3,000. The loan can be repaid with the beekeeping produce itself at the time the honey is sold, and the terms may be up to one year for maintenance and two and three years for new hives and equipment, respectively; and (ii) working capital for COPIASURO to market the output of the cooperative's members.

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

The technical cooperation resources will be used to provide technical assistance activities for: (i) strengthening of the administrative and business capacity of COPIASURO and its members; (ii) technical assistance to improve the productivity and quality of members; (iii) technical assistance to support productive and commercial diversification; (iv) activities related to COPIASURO's growth in terms of the number of members; (v) gender integration; and (vi) project monitoring and evaluation.

## **9. Beneficiaries:**

The project's beneficiaries will be 240 members of COPIASURO. The beneficiaries are rural small-scale beekeepers in the Department of San Marcos that is home to COPIASURO, where the rural population represents 78.2% and the indigenous population represents 31.28%. The poverty rate in this area is above the national average at 86.70%, and the extreme poverty rate is 61.70%, out of a population of 1,070,215 according to the INE's 2013 population estimate.

Seventy-nine percent of members are male, with an average age of 45 (minimum age of 20 and maximum age of 81). Their families have an average of four members, and range from three to ten members. The principal source of income is beekeeping and other economic activities, including growing products like cacao and coffee. The members have a low level of schooling. Although 94% of members know how to read and write, only 32% have any level of formal education. Members work on a small scale, on their own, loaned, or leased

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land with average landholdings of 17 cuerdas each, where they combine beekeeping with cultivation of corn, coffee, and other agricultural products to a lesser extent.

**10. Expected results and benefits:**

The direct benefit of the Bank's resources will be captured by: (a) 960 members from 240 families (171 existing member families and 69 new members) of smallscale producers who are members of COPIASUROs and will have access to: (i) loans on terms suitable for financing investment capital (new hives and work equipment) and working capital (inputs) for maintaining hives; (ii) knowledge and technical assistance on apiculture production according to quality standards required for marketing at the local and international level (fair trade); (iii) adoption of good business practices, improvement of production processes, and application of technical knowledge gained; (iv) productive diversification; (v) women beekeepers and cacao producers who join and will benefit by administering their earnings and accessing loans; and (vi) a 30% increase in their incomes; (b) **COPIASURO, which will benefit** by gaining new clients, increasing their honey production, making its loan portfolio grow, and having additional long-term working capital resources. These outcomes will enable the cooperative to increase its income from sales by 30% by the third year of the project and venture into the marketing of cacao and/or nectar-producing species, increasing and diversifying its income.