

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SYNTHESIS

- 1. Country:** Colombia
- 2. Project Number:** CO-S1011 y CO-X1022
- 3. Project Name:** Social and Business Consolidation of the Association of Women Coffee Growers of Western Huila
- 4. Executing Agency:** Cooperativa Departamental de Caficultores del Huila Ltda. (Cadefihuila)
- 5. IDB Unit:** Multilateral Investment Fund (MIF)
- 6. Financing Amount and Source:**

| | BID US\$ | Local US\$ | Total US\$ |
|-------------------------|----------|------------|------------|
| Reimbursable financing: | 550.000 | 75.000 | 625.000 |
| Technical Cooperation: | 270.000 | 268.520 | 538.520 |
| Total: | 820.000 | 343.520 | 1.163.520 |

- 7. Sources:**

Funds from the Bank's Ordinary Capital for the Social Entrepreneurship Program (SEP), for the reimbursable financing component (CO-S1011)

Fundación Bancaria La Caixa (PSG), for the nonreimbursable technical cooperation component (CO-X1022)

- 8. Goal and Purpose:**

The impact objective of the project is to enhance the income and socioeconomic conditions of women coffee growers in Huila. The outcome objective of the project is to enhance the quality, productivity, and access to financing of producers in the Association of Women Coffee Growers of Western Huila and to consolidate the social and business management of the association.

- 9. Description:**

- Reimbursable financing component (financed by IDB)**

The Bank will provide Cadefihuila a loan of up to US\$550,000, which will be combined with US\$75,000 in counterpart resources. These funds will be used to provide credit to women coffee producers in western Huila, in the area of the municipio of La Plata. The loans will be provided through two loan products tailored to meet the needs of women coffee growers.

The Coffee Investment Credit product will be used to finance inputs and enhancement services for coffee crops, such as soil analyses, fertilization plans, and/or technical

assistance for good agricultural practices, in amounts up to the equivalent of approximately US\$1,700.

The Environmental Management and Cooperative Credit product will be used to finance improvements in the environmental management of coffee plantations, such as modular systems for treating and decontaminating water for washing coffee, and the payment of membership dues to join Cadefihuila.

The project's technical files contain the basic outline of the credit regulations. Through access to financing for these two loan products, at least 250 women coffee producers are expected to implement an investment plan for sustainable coffee farming. This plan, which the women coffee producers will implement with support from Cadefihuila, will include the following elements: (1) soil analysis, to include soil profiling of the productive units, to help adapt the fertilization plan (one time), (2) plan for and procurement of fertilization inputs, to include fertilization three times per year for 1.3 hectares (renewable annually); (3) good agricultural and environmental practices, to improve the coffee production systems in terms of productivity, quality, and pest control; (4) environmental management systems for washing the coffee on the plantation; and (5) payment of dues to Cadefihuila, which will provide access to the cooperative's services, new loan resources, and the benefits of solidarity and education.

- ***Non-reimbursable Technical Cooperation component (financed by the la Caixa Foundation)***

To help achieve the project's objectives, technical cooperation resources will be used to help strengthen the Cooperative University of Colombia by conducting training events under the "My.COOP" model, designated by the International Labor Organization specifically for management of agricultural cooperatives and tailored to circumstances in Colombia by the Institute for Social Economics and Cooperativism (INDESCO). The objective is to strengthen the association at the organizational and business levels, so that the women can address the most important specific management challenges facing producers associations for market-oriented agricultural development. Technical assistance activities are also planned to enhance coffee production and quality, as are other activities to help position a collective brand of specialty coffee produced by women coffee growers in Huila, with a view toward gaining access to specialty markets or differentiated prices.

To this end, resources will be allocated to two subcomponents: (1) support for productive investment; and (2) partnerships and commercial positioning of the association of women coffee growers. The first subcomponent will include efforts to design and implement the two new loan products for women coffee growers, awareness-raising for financial education and savings, and direct rural technical assistance. The second subcomponent will include strengthening of the association's business, management, and governance competencies; demonstration tours; advisory services on the association's branding and business imaging; business assistance in negotiations over specialty coffee and participation in national coffee fairs and events; development of a quality laboratory to improve the cup profile; and access to certifications and quality seals. The technical cooperation will include resources for project coordination, establishment of baseline and closing values, auditing and ex post oversight, and midterm and final evaluations. The plan of operations, which can be found in the project's technical files, contains a detailed list of the activities to be financed.

10. Beneficiaries:

The project will, over its three years, benefit some 250 women coffee producers who are members of the Association of Women Coffee Growers of Western Huila, and this number may increase by an additional 90 women who have expressed interest in joining the association. The beneficiaries are women with an average of 1.3 hectares planted with coffee, and their average income is US\$80 per month from coffee.

11. Expected results and benefits:

As a result of this project, 250 women coffee growers in western Huila are expected to gain access to financing to implement investment plans for their coffee plantations and increase their income by 30% in three years. Specifically, their income will increase as a result of: (1) enhanced coffee quality, which will help them average 105% of the standard benchmark price (compared with 80% currently); and (2) increased productivity, which will reach 2,520 kilograms of dry parchment coffee per hectare (compared with 1,920 kilograms currently). Also, the Association of Women Coffee Growers of Western Huila will benefit from the project's support and be strengthened as an association linked to Cadefihuila, with stronger governance and business management as reflected in an increase in sales as an association (with its own brand recognition) to 230 metric tons (compared with 25 metric tons currently) and in 550 hectares in production, compared with 300 hectares currently.