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CATALYZE PERÚ: INCENTIVE PROGRAM FOR FINANCIAL INTERMEDIARIES PAY-FOR-PERFORMANCE

CATALYZE Peru is a U.S. Agency for International Development (USAID) funded project implemented by Palladium LLC. One of its objectives is to increase finance to MSMEs, large enterprises and producer’s organization in the Peruvian Amazon.

WHY IN THE PERUVIAN AMAZON

- Peru’s Amazon accounts for **94%** of the country’s forests.
- **49%** of emissions come from unsustainable practices in agriculture and forestry
- Sustainable agricultural and forestry practices – which can add up to **\$1,140** in value to a hectare of restored land – can support the growing demand for commodities and create jobs while maintaining and expanding forest cover.
- There are an estimated **190,000** farmers in the region, many of whom form part of producer associations.
- The region accounts for only **3.7%** of all financial system lending and **1.9%** of deposits.



WHAT IS THE BENEFIT FOR THE FINANCIAL INSTITUTIONS/ INTERMEDIARIES/ INVESTORS (FI)?



CATALYZE Peru is offering a performance-based grants program targeting financial intermediaries under which it expects to award around **USD 3.75 million** during the life of the program and achieve more than **USD 106 million** during the life of the program (through December 2023).

HOW IS CALCULATED THE PAY-FOR-PERFORMANCE AWARD?

The Pay-for-performance Award will be calculated based on percentage-commission according to the following formula:



$$A = c\% \times F$$

Where:

A = Award to be paid

c% = Commission rate

F = Actual Financing amount to qualified enterprises/clients

The commission rate (c%) here considered is 2%.

Therefore, CATALYZE Peru shall pay to the FI a sum equal to 2% of the financing received by qualified enterprises.

This percentage is subject to adjustments upon program’s review that CATALYZE Peru will conduct before agreement renewals with selected IFs, based on performance and availability of funding.

WHAT IS THE LIMIT THAT A FINANCIAL INSTITUTION CAN AWARD?

Selected FI will be awarded grant for an initial ceiling amount of between \$5,000 and \$150,000 for the first 12 months, with the option of renewal for additional periods, but not beyond December 2023.

WHAT KIND OF COMPANIES ARE ELIGIBLE TO BE FINANCED?

CATALYZE Peru is open to all sectors and companies, however, the key sectors that we will prioritize include:



Agriculture

including the subsectors of rice, coffee, cacao, livestock, oil palm, and non-timber forest products.



Tourism



Commerce



Manufacturing



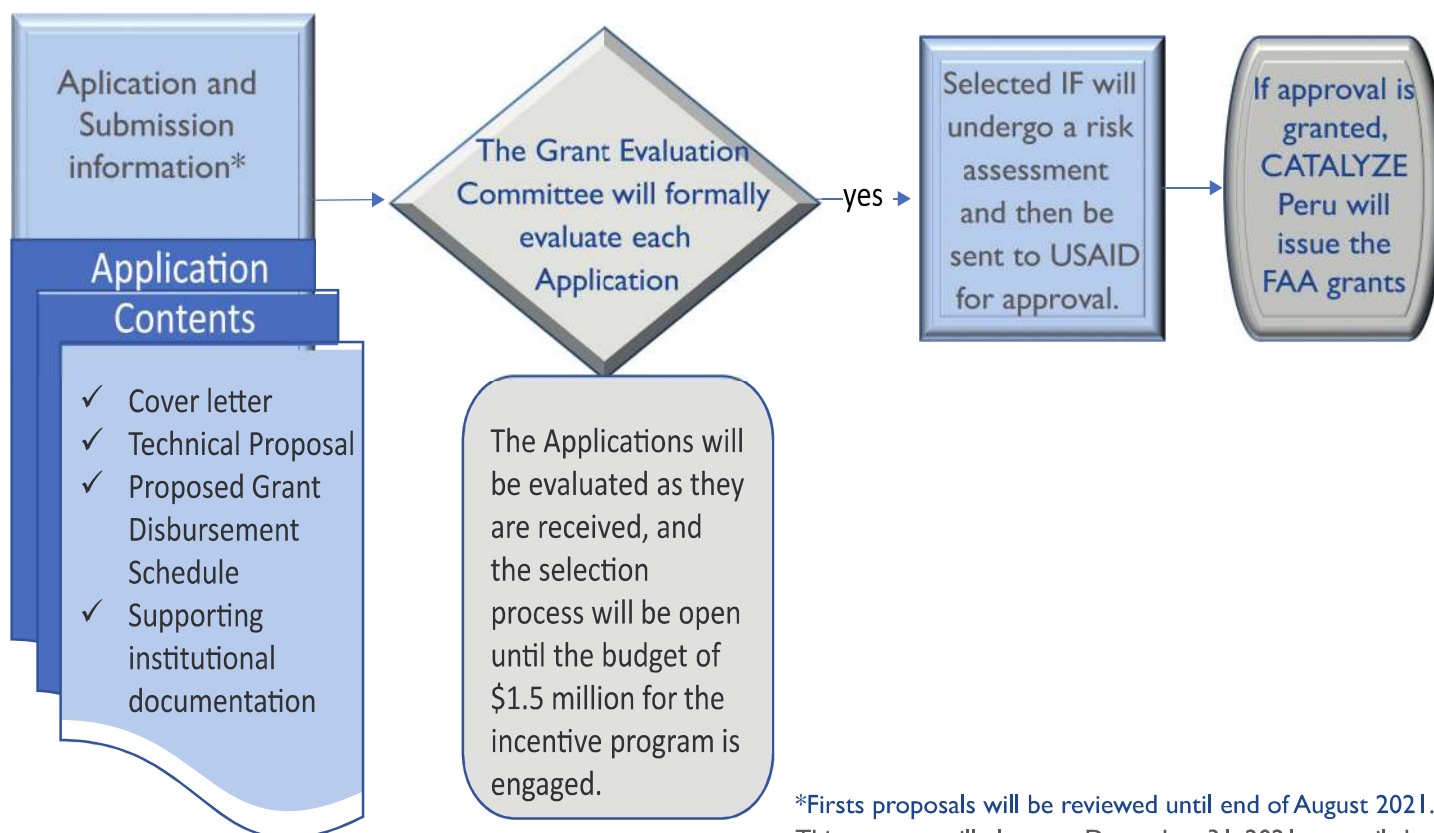
Electricity and Water



Telecommunication

HOW WILL THE PROCESS DEVELOP?

RFA for International Investors



*First proposals will be reviewed until end of August 2021. This process will close on December 31, 2021 or until the budget for this program is engaged, so we encourage to submit the proposals as soon as possible.