

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SUMMARY

1. **País:** Perú
2. **Nº Proyecto:** PE- T1459 & PE-L1265
3. **Name of Project:** Revitalizing Peru's Gastronomy Sector
4. **Executing Agency:** For the loan: Cinco Millas Sociedad Anónima Cerrada (Cinco Millas) and for the technical cooperation: Peruanos Unidos por la Cocina y la Alimentación (PUCA).
5. **Borrower:** For the loan: Cinco Millas Sociedad Anónima Cerrada (Cinco Millas) and for the technical cooperation: Peruanos Unidos por la Cocina y la Alimentación (PUCA).
6. **IDB División:** Multilateral Investment Fund (MIF) – IDB Lab

7. Financing amounts

	<u>IDB US\$</u>	<u>Cinco Millas/PUCA US\$</u>	<u>Total US\$</u>
Reimbursable Financing:	1000.000	500.000	1.400.000
Technical Cooperation:	<u>250.000</u>	<u>250.000</u>	<u>500.000</u>
Total:	1250.000	650.000	1.900.000

8. Objective and purpose of the project:

The project's main objective is to contribute to a model that will revitalize Peru's gastronomy sector. The model will include sustainability strategies for the supply and input chains and will also promote increased, responsible, and sustainable demand from restaurants in Peru's post-COVID-19 era. The specific objective is to revitalize the Acurio Restaurantes group of restaurants and eateries (under the legal name Cinco Millas) through a program that will strengthen and innovate the group's supply chain. The project also aims to offer employment opportunities to families that are part of the Acurio Restaurantes supply chain, with a focus on the most vulnerable sectors in rural and urban areas that supply products to the group. The target sectors will be fishing, grains, tubers, meat, and fruit. The Cinco Millas Group will work in coordination with Fundación PUCA [Peruvians United by Cuisine and Food], which will establish a support program to improve the competitiveness of the SMEs that supply the group. It will also design a strategy for each chain, in addition to training and advisory services for these SMEs in the selected sectors.

1. Project Components:

- *Reimbursable Financing*

The **reimbursable financing component** consists of an IDB Lab loan of US\$1 million to Cinco Millas. The proceeds of the IDB Lab financing will be used for working capital, which includes operating costs and payments to suppliers and producers who supply agricultural products, fish, seafood, meat, and beverages. The financing's objective is to enable all of the restaurants in the Cinco Millas Group to continue their operations during the pandemic, which has disproportionately affected restaurants and the gastronomy sector. During the pandemic, the group's restaurants have made a

number of adjustments as well as efforts to identify efficiencies with the aim of keeping on as much of their staff as possible and increase the resilience of their operations to COVID-19. The Bank's financing will enable the group to implement a series of improvements to their operating systems and performance so that they can continue operating in the long term. A significant portion of the financing will be coordinated with technical cooperation activities (described below) and will help maintain the group's supply chain by ensuring continuous, uninterrupted purchasing of grains, tubers, artisanal beverages (pisco, chicha), proteins, and fruits and vegetables from producers.

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

The **technical cooperation component** is mainly designed to support the work with the Cinco Millas supply chain, which includes around 200 SMEs in the food, fishing, and agricultural sectors. The technical cooperation component will be executed by Fundación PUCA, a nonprofit association whose goal is create a public-private partnership, along with academia, to make Peruvian cuisine an important business for positive change in Peru's social, economic, and environmental development. The project aims to systematize the efforts Fundación PUCA has been developing in order to educate, train, and bolster the most vulnerable sectors in the Cinco Millas supply chain and other restaurants and culinary business groups. This component's main activities include: (i) diagnostic assessments of the companies, in order to identify the critical aspects of their role in the supply chain; (ii) efforts to include new safety protocols that will be implemented in the post-pandemic era and will strengthen companies within the chain; (iii) designing a digitalization strategy to improve food traceability processes; and (iv) coordination of training, consulting, and advisory services to strengthen the supplier companies and other restaurants (e.g. company strategy, organization of production, certification of products and production processes, and technological updates), specifically post-COVID-19.

In order to execute and finance the project, a strategy will be implemented to co-create solutions with groups of producers, associations, and business centers in rural and urban areas. Financing will be provided for initiatives to improve production and food hygiene (e.g. facilities that handle fish products); improve the cold chain for perishable products; implement traceability technology and protocols; and improve delivery and distribution logistics. Financing for these initiatives will be handled by Fundación PUCA. The aim is to implement at least ten projects for collaborative business innovation, with the participation of over 100 micro suppliers (including microenterprises and small businesses) working in tourism, fishing, and horticultural/agricultural production.

Based on its history and composition, PUCA has experience in generating synergies and collaboration with anchor companies, NGOs, the public sector, and universities, which will take part in the specialized consulting services and training opportunities to be financed with the technical cooperation. Teams will be formed to address each specific area of the intervention. The technical cooperation component is also expected to strengthen the gastronomy ecosystem by creating a solid, sustainable model where producers become direct suppliers. Annex 3 contains detailed information on the technical cooperation and budget.

2. Project Beneficiaries:

Through Acurio Restaurants (CINDO MILLAS), the project will benefit the 200 small- and medium-scale producers and SMEs that work directly or indirectly in the company's supply chain, by promoting fair trade, improved product management, and continuation of the payment chain. The project will also benefit at least 1,000 family members and individuals who depend directly on

and work in these SMEs. Other expected beneficiaries include some 500 professionals and technical experts that work directly in the Acurio Restaurants.

The technical cooperation is expected to provide training for at least 200 small-scale producers and SMEs, enabling them to significantly improve their production and marketing, as well as their relationship with Cinco Millas' gastronomy supply chain and those of other major restaurants and business groups.

Another group of beneficiaries will be some 20 SMEs in the gastronomy sector that will benefit from lessons learned and best practices in managing their supply systems for Cinco Millas.

3. Expected results and capture of benefits:

The following results are expected from the project:

- 200 small producers in the fisheries and agriculture sectors of the Acurio Restaurants (AR) supply network restore their income levels to pre-COVID levels.
- 20 establishments of the restaurant chain (AR) recover the level of demand, through a responsible and sustainable supply from small-scale fishery and agricultural producers.
- An efficient Restaurant - producer supply model validated in operation and scalable.
- An articulated and efficient marketing system for agricultural, livestock and fishery products to meet the supply of restaurants.
- 10 producer clusters formed from the project, which offer diverse products and efficiently meet the demand of restaurants.
- The project outcomes are aligned with several of the Sustainable Development Goals (SDGs), including: (i) SDG 1: No poverty, as the project will support SMEs and small-scale rural producers; (ii) SDG 5: Gender equality, as the project will train women and promote their roles in SME suppliers of the Cinco Millas Group supply chain; and (iii) SDG 12: Responsible production and consumption, as the project will help restore the operating capacity of a restaurant group that focuses on sourcing sustainable, healthy products.