

SOCIAL ENTREPRENEURSHIP PROGRAM
Project Summary

1. Country: Perú

2. Operation number: PE-T1450 Y PE-L1260

3. Operation Name: Peruvian Amazon Chestnut for the World

4. Executing Agency: RCR Comercializadora y Procesadora Sociedad Anónima Cerrada (SAC)

5. Borrower: RCR Comercializadora y Procesadora Sociedad Anónima Cerrada (SAC)

6. IDB Organizational Unit: Multilateral Investment Fund (FOMIN) – IDB Lab

7. Financial Information:

	IDB (SEP) US\$	RCR US\$	RONAP US\$	Total US\$
Reimbursable financing:	1.000.000	330.000	0	1.330.000
Technical cooperation:	250,000	127.500	130.000	507.500
Total:	1.250.000	457.500	130.000	1.837.500

Source: Special Ordinary Capital resources for the Social Entrepreneurship Program.

8. Impact and outcome

The project's impact objective is to enhance the incomes of families working in the Brazil nut value chain in Peru by strengthening quality and traceability processes and thereby improving future export levels.

The proposed solution will use traceability and processing technologies to improve quality and competitiveness in every stage of the value chain (e.g. harvesting, processing, and commercialization). This will be implemented through a partnership between an organization of Brazil nut producers/pickers and a processing company that is a leading exporter in Peru's Brazil nut sector. During harvesting, emphasis will be placed on obtaining data and information on Brazil nut groves, their location, owners, and good practices for harvesting Brazil nuts. In its capacity as an organization of producers and pickers, RONAP aims to improve the productivity of its Brazil nut groves by incorporating the use of payoles¹⁰ at its members' bulking centers. This strategy will ensure that the Brazil nuts are stored and dried without being exposed to moisture. In that way, the Brazil nuts will not develop imperfections or spoil, and processing will produce better yields. These practices will be documented by drones and cameras installed at each bulking center. A coding system will be used to identify the data, photos, and videos of each batch of Brazil nuts and their journey from the tree to the processing plant.

9. Operation components

Reimbursable financing component: The proposed Social Entrepreneurship Program financing will be used to implement an innovative and sustainable processing method for improving the ultimate quality of the product by automating the shelling process, resulting in higher yields and lower operating costs. This clean production technology uses the main waste product from these processes (nutshells) as fuel for the ovens and autoclaves. The process for drying the shelled nuts will also be optimized by installing an energy efficient drying room that will produce a better dried product—one that is more uniform and has an appropriate moisture content. The project and the investment will ensure that the best working conditions are provided for employees and workers, especially for the pickers and producers.

The financing consists of a loan of US\$1 million to RCR, with Fast Trade serving as the loan's guarantor. The loan tenor is eight years, with principal and interest to be repaid in semiannual installments. The loan will be used to improve the processing plant and to acquire additional processing equipment. The plant where these improvements and equipment will be implemented is located in the industrial district of El Triunfo, which is on the outskirts of Puerto Maldonado, in the department of Madre de Dios, Peru. The financing will be used to develop a processing innovation that will reduce fuel consumption and supply most of the equipment with steam from a boiler that uses Brazil nut shells as its primary fuel source, thereby making the operation much more profitable and environmentally friendly. Additionally, protocols will be implemented for the disposal of solid waste, which will reduce operating costs by 15%. Up to US\$100,000 of the loan will go towards RCR's working capital for coordination with RONAP, improvements to the payoles, and capital advances to the families that pick the Brazil nuts. These advances, which are used to purchase the Brazil nuts, are generally provided in January and recovered in August or September. Additionally, the project's financing will be used to set up a quality assurance laboratory in the processing plant, which will also serve as a Brazil nut innovation center. RCR will have a technical team in the laboratory comprising one laboratory technician and one agroindustrial engineer/technician. The team will conduct laboratory tests and pilot processing tests in order to develop Brazil nut products and finished products for consumers (e.g. oil, flour, and energy bars). RCR's financial contribution will be used to build and outfit part of this laboratory, as well as provide working capital for the plant's equipment.

No reimbursable technical cooperation component: Technical cooperation resources will be used to begin the process of obtaining HACCP, organic, and GFSI certification. These certifications will allow for significant improvements to be made to the safety, quality, efficiency, and security of the processes, which is an innovation that will provide greater confidence to end consumers. Additionally, RCR will work jointly with RONAP to implement a traceability system for providing information on the origin of the Brazil nuts, thereby resolving a market issue that no company in the sector has been able to address. The project will finance the implementation of this traceability system in the field, where Brazil nut picking depends on the technical capacity of RONAP's members. RCR will implement the traceability system in the plant in order to continue traceability for the entire value chain. It will also set up an operation management system to manage the different processes using indicators and alerts, which will support the implemented traceability system. The traceability system, in turn, will provide information on the origin of the Brazil nuts, producers and groves, conditions, yields, productivity, laboratory analysis results, and stage of Brazil nut processing and final products. The training and technical assistance fieldwork will have a gender focus, since more than 50% of RONAP's members are women.

Currently, RCR has 60 workers, 50 of whom are women in the area of Mavila (Madre de Dios). The period to transition from conventional to certified production is one year for HACCP and organic, and two years for GFSI. During that time, workers will receive ongoing training for these certifications. Moreover, all of

the workers on the RONAP and RCR team in charge of picking the Brazil nuts and reaching certain volumes will also receive job-specific training, particularly on good bulking practices, with the aim of producing higher yields.

10. Project beneficiaries: Bank resources will directly benefit some 500 families in the Brazil nut value chain in Madre de Dios. These include around 187 families of concession holders and processing plant workers, as well as 300 families that pick Brazil nuts. The project also seeks to establish partnerships with at least three additional Brazil nut producer organizations in the region that are less developed. The project is expected to have a positive impact on their organizations.

11. Expected outcomes and capture of benefits: In terms of technical assistance, at least 105 RONAP members are expected to develop conditions for cleaner and more organic production, and certified organic products are expected account for 40% of total sales. Lastly, it is expected that the implementation of production techniques, processing methods, and new equipment will increase exports by 120% compared to 2020 baseline sales projections (292,000 kilos of Brazil nuts).

The project outcomes are aligned with several of the Sustainable Development Goals (SDGs), including: (i) SDG 1: Ending poverty, as the project will support small producers and rural workers located primarily in the region of Madre de Dios, where 67% of the population lives in poverty; (ii) SDG 2: Zero hunger, as the project will help increase income for small-scale pickers and concession holders who are members of RONAP and RCR, through various training and technical assistance initiatives in the field that focus on quality, positioning on special markets, and certification; and (iii) SDG 12: Responsible production and consumption, as the project will increase producer technical capacity and help them develop a strategy to produce nutritious, organic Brazil nuts under fair conditions.