

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SUMMARY

1. **País:** Perú
2. **Nº Proyecto:** PE-L1242 y PE-T1402
3. **Name of Project:** Sustainable cooperative model for exporting avocado and asparagus
4. **Executing Agency:** Ayuda en Acción Perú – (AeA-Perú)
5. **Borrower:** Fundación Ayuda en Acción (Spain)
6. **IDB División:** Multilateral Investment Fund (MIF)

7. **Financing amounts**

	<u>IDB US\$</u>	<u>LOCAL US\$</u>	<u>Total US\$</u>
Reimbursable Financing:	500.000	80.000	580.000
Technical Cooperation:	<u>250.000</u>	<u>204.618</u>	<u>454.618</u>
Total:	750.000	284.618	1.304.618

8. **Objective and purpose of the project:**

The project's expected impact will be to strengthen the asparagus and avocado value chains, consolidate business opportunities, and boost the income of small-scale member producers of REOPA and CACJ. An expected outcome of the project will be that REOPA and CACJ operate under a profitable and sustainable business management model for marketing asparagus and avocados, resulting in an increase of no less than 15% in the income of its member small-scale producers.

9. **Project Components:**

- ***Reimbursable Financing***

The **reimbursable financing component** will finance the expansion and outfitting of REOPA's processing plant with more modern and efficient equipment, as well as working capital for REOPA and CACJ. A-e-A–Spain will channel 100% of the reimbursable funds to these cooperatives in the form of a loan, and will assume the credit risk, adding a 1.5% spread on the interest rate paid to the IDB/MIF. The proceeds of the loan are to be used as follows: (i) US\$250,000 for equipment upgrades at the REOPA plant, with a view to adding two new diversified production lines (asparagus and avocado) with climate-controlled facilities for the handling and processing of export products;10 (ii) US\$250,000 for REOPA working capital, which will enable it to acquire packaging inputs, inventories, and funding to make timely payments to asparagus producers for their produce, and advance funds to them for crop maintenance; (iii) US\$80,000 (provided by A-e-A–Spain) in working capital for CACJ to be used for the same purposes but with avocado growers. The loans A-e-A provides to the two cooperatives will include legally binding and notarized loan contracts, and a collateral guarantee, as appropriate.

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

Under the **technical-cooperation component**, A-e-A–Peru will implement a comprehensive technical-assistance program focused on addressing the aforementioned problems. Over the medium term, it will seek to ensure the profitability and sustainable management of the two

grassroots cooperatives (REOPA and CACJ) and improve the productive and commercial competitiveness of the project beneficiaries' avocado and asparagus crops. The technical-cooperation resources will be structured in the following components:

(i) Improving the management and marketing competencies of small-scale avocado and asparagus producers, with technical assistance in the field and practical training, primarily in improved techniques for harvesting, post-harvest management, product quality, business management, and marketing. Three field promoters and two field technicians will be engaged (one in Ascope and the other in San Miguel) to carry out these activities. This component will also include the participation of producers and representatives of the organizations at national and international agrifood fairs to promote their products in new markets; moreover, 90 avocado growers in San Miguel will receive assistance with organic certification.

(ii) Strengthening the cooperative/business management of REOPA and CACJ, to support them in their transition to becoming profitable and sustainable businesses. This component will include, inter alia, consulting services to identify the best business structure for REOPA (whether as a cooperative or social enterprise) and to see the process through to its end. It will also include measures to strengthen the professional management of both organizations, develop a marketing plan for REOPA and CACJ that will enable them to attract more members and export customers, organize exchanges for members to learn about the successful experiences of other export cooperatives, and install a financial and operational software package to improve the management of both organizations.

This component will also finance a series of project coordination and monitoring activities, including a baseline study, an interim evaluation, ex post review of technical-cooperation processes, a project knowledge product, and financial and administrative coordination and monitoring. Disbursement of the technical-cooperation resources will be conditional upon meeting the performance milestones agreed upon between the IDB/MIF and A-e-A-Peru.

10. Project Beneficiaries: The direct beneficiaries are: (i) **500 small-scale producers**, comprising 350 asparagus producers and 150 avocado producers (from CACJ), who will market their crops through Cooperativa REOPA, which will again offer fair prices, technical assistance, and working capital support. Women will account for 20% of producers; (ii) **two cooperative associations**, REOPA and CACJ, both of which will see their profitability enhanced through the implementation of appropriate business management processes. REOPA will be the lead participant: it will be poised to take advantage of its installed capacity and robust working capital, which will enable REOPA to offer competitive prices to its producers and the associations that buy the cooperative's produce; and (iii) **young people and women (100 persons)**, for whom there will be new jobs (52% of them for women) in REOPA's asparagus and avocado cleaning, processing, and packaging lines.

11. Expected results and capture of benefits: The direct beneficiaries are: (i) 500 small-scale producers, comprising 350 asparagus producers and 150 avocado producers (from CACJ), who will market their crops through Cooperativa REOPA, which will again offer fair prices, technical assistance, and working capital support. Women will account for 20% of producers; (ii) two cooperative associations, REOPA and CACJ, both of which will see their profitability enhanced through the implementation of appropriate business management processes. REOPA will be the lead participant: it will be poised to take advantage of its installed capacity and robust working capital, which will enable REOPA to offer competitive prices to its producers and the associations that buy the cooperative's produce; and (iii) young people and

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