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PERU

EATING WELL! INNOVATION FOR THE FUTURE OF FOOD IN PERU

(PE-T1409)

DONORS MEMORANDUM

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PROJECT SUMMARY

EATING WELL! INNOVATION FOR THE FUTURE OF FOOD IN PERU (PE-T1409)

Like other countries of the region, Peru faces very complex challenges in its food systems that go beyond a technical solution or implementation of a public policy. Its economy has grown in recent years, and with this have come important changes in the country's demographics and workforce, which in turn have posed major challenges and opportunities in food, the culinary field, and agribusiness.

Rapid urbanization and expansion of metropolitan areas such as Lima continues to create great demand for food products, which are bought and consumed differently than just a few years ago. This new mode of consumption is disrupting food systems, distribution systems, traditional eating habits, and clearly puts pressure on the agricultural sector in general that throws off current systems. People are eating more often at places near their work or school, instead of at home. The availability of fast food, characterized by quick service, flexible hours, and an extensive network of restaurant locations are others factor behind the rapid expansion of this sector. Studies¹ show that more than 70% of Lima residents visit fast food restaurants every two weeks. This, combined with the type of work that they do, and the decrease in physical exercise characteristic of modern, high-tech employment, has resulted in a rate of around 50% overweight and obesity in the adult and youth population.

In this context, the Peruvian gastronomy sector and its business and institutional environment have resolved to address these challenges strategically and proactively, especially given the international prominence of Peruvian cuisine. The project will establish a unique opportunity to address the issue of a healthy diet through the cocreation of a culinary innovation lab, led by Sociedad Peruana de Gastronomía, Asociación Civil [Peruvian Society of Gastronomy, Civil Association] (APEGA), its ecosystem partners, and IDB Lab.

The project's objective is to establish healthy eating options for Peruvian urban consumers, particularly low-income segments of the population. The specific objective is to establish a culinary innovation and training lab to provide technical inputs and communication strategies for small and medium-sized enterprises (SMEs) in the gastronomy sector and for the healthy eating ecosystem in Peru. The main beneficiaries of the project are low-income families in urban areas of Lima, who will have the opportunity to access better and healthier food choices. More than 500 micro and small enterprises in the gastronomy sector will also benefit, including chefs, student entrepreneurs at universities, restaurant owners, women leaders of community kitchens, and other gastronomy industry operators, who will receive technical advisory support from the project.

The project has important partners in the academic sector and public and private sector entities in Peru, as well as international entities leading the dialogue and discussion about the future of food, with which IDB Lab has close relationships. The project is expected to be a model to follow for other countries facing similar healthy diet dilemmas, in a context of accelerated changes in labor and demographic structures.

¹ Article on "Gestión" blog: "Más del 70% de Limeños acude cada 15 días a los fast food." 1 April 2015.

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ABBREVIATIONS

APEGA	Sociedad Peruana de Gastronomía, Asociación Civil [Peruvian Society of Gastronomy, Civil Association]
BCC	Basque Culinary Center
CTI	Competitiveness, Technology, and Innovation Division
INEI	Instituto Nacional de Estadísticas e Informática [National Institute of Statistics and Information Technology]
MIDIS	Ministry of Development and Social Inclusion
MIT	Massachusetts Institute of Technology
SMEs	Small and medium-sized enterprises
USIL	Universidad San Ignacio de Loyola
WHO	World Health Organization

EXECUTIVE SUMMARY

EATING WELL! INNOVATION FOR THE FUTURE OF FOOD IN PERU (PE-T1409)

Country and geographic location:	Peru		
Executing agency:	Sociedad Peruana de Gastronomía, Asociación Civil [Peruvian Society of Gastronomy, Civil Association] (APEGA)		
Focus area:	Accelerating Productivity		
Coordination with other donors/Bank operations:	The Competitiveness, Technology, and Innovation Division (CTI) will coordinate this project with project PE-L1162, "Improved Levels of Productive Innovation at the National Level," the objective of which is to contribute to the growth of business productivity by increasing innovation levels.		
Direct and indirect beneficiaries:	The project's direct beneficiaries are 100 small and medium-sized enterprises in the gastronomy sector, some 500 enterprises in the gastronomy sector value chain with access to the outcomes of culinary innovations and research, and some 650,000 people living in poverty who gain access to better healthy eating options from the innovations provided by the project.		
Financing:	Technical cooperation:	US\$ 903,000	50%
	Counterpart:	US\$ 897,000	50%
	Total budget:	US\$1,800,000	100%
Execution and disbursement period:	36 months for execution, and 42 months for disbursement.		
Special contractual conditions:	Conditions precedent to the first disbursement: (i) presentation of the Operating Regulations; (ii) presentation of the annual work plan (AWP); (iii) creation of the project advisory committee; and (iv) appointment of the project coordinator.		
Environmental and social impact review:	This operation has been prescreened and classified pursuant the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Given the limited impacts and risks, the proposed classification for the project is category "C."		

I. THE PROBLEM

A. Diagnostic assessment of the problem to be addressed

- 1.1 **Background.** Like other countries of the region, Peru faces very complex challenges in its food system that go beyond an ad hoc solution or implementation of a public policy. Its economy has grown in the last 15 years, and with this have come important changes in the country's demographics and workforce, which in turn have posed major challenges and opportunities in food, the culinary field, and business. Due to rapid and largely unplanned growth in cities like Lima, which has more than 10 million inhabitants, where commuting to work or school can take an average of two hours, people do not have time to prepare food at home and are forced to eat more often at places near their work or school.
- 1.2 While healthy eating options have expanded in districts with greater purchasing power, people in lower income districts do not have access to eating options that combine acceptable standards of nutrition, food safety, and price.
- 1.3 Lima has experienced enormous growth in the fast food industry, characterized by fast service, flexible schedules, and an extensive network of establishments, together with an aspirational culture promoting consumption. All these factors help explain the rapid expansion of these establishments.²
- 1.4 Nutrient-rich food choices are significantly more expensive than unhealthy food options. This is in addition to the lack of information about the components of a healthy diet, as well as a change in overall consumption habits toward a style of fast food based on high levels of calories, proteins, fats, sugars, and highly processed foods (World Economic Forum, 2018).
- 1.5 This expansion of fast food restaurants goes hand-in-hand with a growing concern among consumers about eating better and having easy-to-understand information about prices and nutritional content of the products they consume. A Datum study (2018) of healthy lifestyles shows that Peruvian households are increasingly aware of the importance of a healthy, natural, and balanced diet, avoiding chemicals and excess fat. According to the source, the vast majority Peruvians associate a healthy lifestyle with "eating healthy" (68%). Nevertheless, Peruvians do not currently have the time or necessary nutritional information to follow a healthy diet (Datum, 2013). The most recent debate about implementing the healthy diet law³ has brought front and center the need for the food sector and the government to be proactive, in order to put Peru at the forefront of the global healthy eating trend, leveraging the resources and strengths of its gastronomy sector.
- 1.6 **Problem.** Peru is a great paradox. On the one hand, it has an unsurpassed pantry of farm, fish, fowl, and livestock products, which in the past have helped feed the world, as well as an ancient culture, which has made Peruvian cuisine a world favorite. And yet, according to the World Health Organization (WHO), Peru carries the so-called double burden of malnutrition: chronic malnutrition among children

² According to Arbayza, Canepa, Cortez, and Lévano, (2014), the fast food sector has grown steadily at an average annual rate of 20% with annual sales of US\$600 million. They conclude that this industry has emerged in response to the need to eat quickly.

³ Law 30021, Law to Promote a Healthy Diet.

under five years old, and overweight and obesity in more than 50% of the youth and adult population. The fact that Peru is recognized as an international gourmet destination, with restaurants ranked internationally year after year, stands in parallel to the following description in 2015 report of the Instituto Nacional de Salud [National Health Institute] (INS): (i) 15% of children under five years old were chronically malnourished (12.9% in 2017, according to INEI data); (ii) 33% of children between five and nine years old in urban areas were overweight or obese; (iii) 50% of young people were overweight or obese, more predominantly in urban areas; (iv) 67% of adults were overweight or obese, principally in urban areas; and (v) overweight was more prevalent in males, whereas obesity was more prevalent in women.

- 1.7 This entails irreversible damage to the physical and cognitive development of children under five years old, as well as a serious public health problem with the resulting lower productivity among the general population. The above-mentioned report recommends, among other things: (i) promoting healthy eating for schoolchildren in public and private primary and secondary schools; (ii) implementing educational interventions about healthy eating and good food and nutrition knowledge and practices in the general population; (iii) using effective educational and communication strategies to increase healthy eating choices; (iv) promoting healthy eating in young adults and older adults to reduce health risk indicators and promote a culture of prevention of chronic noncommunicable diseases in the population; (v) implementing effective and sustainable public health policies to improve the nutrition of the poorest and most vulnerable populations; and (vi) monitoring and evaluation social programs implemented by the government to reorient them toward prioritizing the main food and nutrition problems and age group in the population, in order to improve the nutrition of the Peruvian population.
- 1.8 Peru is a culinary leader in the region today with a large and varied pantry of agricultural products, including more than 4,000 varieties of potatoes, native peppers, fruits, Andean grains, meats, fish, legumes, etc., and has great potential to address these challenges. Yet in order to leverage this existing endowment and resources in the interest of better nutrition for low-income sectors of the population, Peru will have to overcome the following specific factors: (i) food offerings based on a high-calorie diet reinforced by cooks' intuition and traditional eating habits, without higher levels of research to promote healthy eating; (ii) limited introduction of new technology in the agrifood chain, creating serious bottlenecks in logistics, preservation, and processing that lead to wastage affecting the producer and the end-consumer; (iii) limited information and use of information technology in low-income sectors, so the population lacks access to timely or user-friendly information about health and nutrition; and (iv) the absence of substantive coordination between the government and the private sector to improve food health standards at markets, restaurants, and small businesses.

II. THE SOLUTION

A. Project description

- 2.1 The project's general objective is to establish healthy eating options for Peruvian urban consumers, particularly low-income segments of the population. The specific

- objective is to establish a culinary innovation lab to provide technical and communication inputs for small and medium-sized enterprises (SMEs) in the gastronomy sector and for the healthy eating ecosystem in Peru.
- 2.2 **Innovation.** The project proposes an innovative, sustainable model to address the challenge of a nutritious diet that is affordable to low-income, urban residents of Lima without sacrificing the Peruvian flavor so ingrained in the population's eating preferences/decisions. The model focuses on experimentation, research, use of digital technology, information, training, and consulting services and has as its centerpiece the development and launch of a **culinary innovation lab**. The project will take advantage of the country's agroecological diversity and quality of native agricultural inputs, to influence the eating decisions of the population, as well as the available eating options, to incorporate a variety of healthy food choices.
- 2.3 **Culinary innovation lab.** The design and implementation of this state-of-the-art center for Peruvian cuisine will be the major focus of the intervention. It will be a place for experimentation, research, and development, and will offer culinary services, operating on the basis of collaborative communication, education, and methodologies shared with the different food chain operators in Peru. The culinary innovation lab will build on advances and research related to the country's diverse agroecology and the quality of native agricultural produce, combining these with the creativity of today's Peruvian gastronomy sector. The project will coordinate with research under way on the most nutritious varieties of grains, tubers, and other products by chefs and leaders of the gastronomy sector. The culinary innovation lab will strive to become a national resource for innovation in Peruvian cuisine by triangulating experiences and creating synergies among the different initiatives, projects, and advances, both nationally and internationally.
- 2.4 The lab will also strive to stay up-to-date with important information on trends, new developments, inventions, and potential partners, to more efficiently triangulate experiences and create synergies among SMEs, associations, public and private organizations, research and innovation centers, entrepreneurs, universities, and others. This is therefore the first nationally relevant intervention that focuses on developing a specific proposal based on global healthy eating trends, to address the problems of the future of food in Peru.
- 2.5 **Culinary innovation lab services.** This pilot lab will offer the following services targeted toward gastronomy SMEs, chef entrepreneurs, and other businesses in the gastronomy and cuisine value chain: (i) development of healthy dish prototypes designed for small gastronomy businesses based on Peruvian flavors/seasonings; (ii) development of software applications (apps) to improve food-related business management, supply chain data, food handling, waste management, and alternative sales and distribution channels; (iii) training and experimentation services; and (iv) consulting services at food-related businesses interested in improving their offerings by introducing healthier and more nutritious menus.
- 2.6 **Partnerships.** The culinary innovation lab will be a cocreation of the executing agency, the Peruvian Society of Gastronomy (APEGA), and one of the leading

universities in the food sector,⁴ in partnership with the most forward-thinking organizations in the area of healthy eating such as the Basque Culinary Center (BCC), IDEO Food & Beverages,⁵ and the MIT Media Lab Open Agriculture Initiative (OpenAg)⁶ that have been sounding boards for project ideas and ways of collaborating to develop some of the solutions and methodologies. This will help make the center a hub for new and innovative ways of thinking about food and nutrition in Peru.

- 2.7 The project will support an innovative leap into the future to meet the challenge of developing sustainable, mass gastronomy concepts, so that low-income populations can more easily make better-informed decisions and access healthy eating options that can then be replicated and scaled.
- 2.8 **Communication strategy.** The intervention takes ambitious approach to promoting research on behavior, in order to change consumption and decision patterns at the following levels: (i) the consumer population, guiding demand toward healthy products and renewed appreciation for Peruvian ingredients; (ii) chef entrepreneurs, to lead a rising trend toward local agricultural produce and inputs, and transparency in disseminating information about food products and ingredients; (iii) SMEs offering services to the food sector, to implement more favorable practices for good nutrition and educating the consumer about positive food habits; and (iv) government food programs, such as community kitchens, which can benefit from the development of healthy, nutritious side dishes, and can also systematically take advantage of the vast experience of these programs.
- 2.9 **Use of digital technology.** The project aims to generate a current of public, social, and business opinion interested in developing and promoting an innovative model for healthy national food, tailored to the current demands of Peruvian urban consumers. The project will rely heavily on the Internet and social networks as instruments for management, education, marketing, sales and interaction with youth segments of the population. APEGA has identified a bundle of digital technologies with local technology providers of business and production tools, targeting supply processes with producers, food preparation, transportation, and preservation of products.

B. Project beneficiaries

- 2.10 The project's direct beneficiaries are: (i) the low-income population of metropolitan Lima, who can expect from the project: (a) accurate information that is easy to access and understand, so that they can make healthy food choices more easily; and (b) eating options adapted to Peruvian tastes with improved nutrition and safety standards at affordable prices; (ii) gastronomy SMEs interested in

⁴ Three prestigious universities with culinary schools have been identified in Lima: Universidad San Ignacio de Loyola, Pontificia Universidad Católica del Perú, and Universidad San Martín. The universities have expressed interest in contributing to the project through the launch of the culinary innovation lab, its research faculty, etc. The process for selecting the university will be part of a preliminary study conducted by the project, based on the expression of interest, infrastructure, equipment, track record, international research agreements, and other factors.

⁵ Food and beverages strategic operations area of the American design company [IDEO](#).

⁶ Strategic focus area on food solutions of the MIT Media Lab at the Massachusetts Institute of Technology in the United States.

implementing innovations and practices more conducive to developing healthy main and side dishes, incorporating consumer tastes and preferences; (iii) culinary school students who will have a resource for implementing their innovative ideas on topics related to the intervention; and (iv) users of public sector food programs who benefit from project developments and innovations geared toward improving diets and food logistics and preservation.

- 2.11 **Component I: Diagnostic assessment, strategy, and partnerships (IDB Lab: US\$75,000; Counterpart: US\$1,800).** The project begins with a series of subsector mappings of the gastronomy and food sectors in the metropolitan Lima region. Because there are a number of uncoordinated parallel initiatives with similar purposes, the project will map the different actors and identify the scope, costs, and budgets of such initiatives and possible points of collaboration. Public as well as private sector initiatives will be mapped. In addition to a baseline document, the mapping will result in the creation of an Advisory Committee to guide and monitor the project.
- 2.12 The mapping will also produce a roadmap for project operation and management, which will also provide a basis for the necessary partnerships and institutional arrangements to leverage the reach and scalability of the project.
- 2.13 As part of this component, the project will also conduct a healthy eating strategic development workshop, led by an entity with a similar international profile. The objective of the workshop will be to identify between 5 and 10 targets for Peru's healthy dining sector going forward. Considering all the variables of the current culinary and country contexts described above, the workshop will validate the proposed roadmap with all sector stakeholders, as the basis for how the culinary innovation lab will operate during the following years of the project.
- 2.14 The main activities of this component will be: (i) a baseline, map, and diagnostic assessment of the current state of nutritional food in Lima, including identification of key actors in the fast food chain, mapping of major centers of food spending, food assistance routes for low-income sectors, actors involved in researching healthy food issues, and other factors; (ii) innovation workshop in the gastronomy sector to identify strengths, opportunities, and risks, as well as refine the business model of the intervention; and (iii) implementation and launch of a project Advisory Committee.⁷
- 2.15 **Component II: Technical assistance, training, and creation of the culinary innovation lab (IDB Lab: US\$467,000; Counterpart: US\$565,500).** This component groups together the project research, training, technical assistance and development activities. At the heart of this component is the design and launch of the culinary innovation lab, a state-of-the-art center for the development of scalable solutions and modern management models for Peruvian gastronomy ventures. The culinary innovation lab is not meant to be a specific physical space in the sense of an infrastructure, but rather an agreement among parties to provide

⁷ The project Advisory Committee will be draw broadly on acclaimed chefs in the country, educators, communicators, and researchers in the culinary and nutrition fields, to enrich the project implementation strategy, as well as promote collaboration, synergies with the healthy eating and restaurant business ecosystem, in order to enhance the project's impact. Articles of establishment and commitment will be prepared for the Advisory Committee.

- different resources, knowledge, and management. The project technical team will therefore initially set up operations at APEGA's offices using its institutional infrastructure. There are university and research entities, however, that will contribute their equipment, classrooms, and educational infrastructure to advance several of the project's dissemination and technical education tasks. Lastly, much of the technical assistance and product and prototype recipe dissemination work will be done at the sector SMEs themselves, and occasionally in coordination with the relevant public agencies.
- 2.16 A healthy practices certification system will be created for gastronomy SMEs with certifications to be granted by the executing agency. For example, the project plans to design and promote an "Eat Healthy" contest that rewards establishments whose menus include at least 10% healthy foods, etc. A set of incentives will be designed with consumers in mind, using social media and apps developed by the project, such as "coupons" or "points" for each item purchased from the healthy menu. Existing apps that provide nutritional and calorie information will be made more accessible for mass use, especially among young people.
- 2.17 The culinary innovation lab is expected to be the focal point for sustainability of the intervention, generating resources from consulting and development of healthy dining concepts and technology apps to improve information exchange among users in relation to the type of nutritional diet. The main activities of this component will be: (i) development of main and side dish prototypes; (ii) advisory support to SMEs on improving their logistical processes and gastronomy value chain; (iii) advisory support on developing software apps for food and beverage management, traceability, nutritional information, etc.; and (iv) tracking and competitive intelligence on the future sustainability of Peruvian cuisine and its contribution to the population's healthy eating. For activities geared toward software apps, the project will build on the gains made by IDB Lab in the entrepreneurial ecosystem of Peru, as is the case with the project with Laboratoria, now in execution, to develop technology skills of young women.
- 2.18 The lab will partner with a university or research center that has the infrastructure and human resources to research and develop project prototypes and activities. The culinary innovation lab will initially be a formal arrangement for participation and collaboration, which may evolve into a civil entity set up in parallel or within one of the project participants or the executing agency.
- 2.19 In terms of sustainability, the services offered to SMEs by the culinary innovation lab are expected to be financed up to 50% during project execution, with the participating SMEs covering the remaining 50%. Once the project concludes, a sliding scale of costs is proposed based on the size of the SME and participation of corporate or educational sponsors. The lab will also generate advisory and training services for other gastronomy establishments also serving middle and upper segments of the population, to ensure that it is self-sustaining and profitable.
- 2.20 The expected outcomes of this component are: (i) 500 micro and small enterprises, including chefs, student entrepreneurs, restaurant owners, women leaders of community kitchens, and women entrepreneurs providing services and products to the sector, trained on topics of healthy products; (ii) technical advisory support on better healthy eating options and use of improved products, provided directly to 350 gastronomy enterprises; and (iii) 100 gastronomy sector SMEs

adopting more modern and transparent methods in food preparation and management of their businesses.

- 2.21 **Component III: Dissemination and communication (IDB Lab: US\$160,000; Counterpart: US\$176,000).** The project seeks to promote healthy, delicious, and nutritious eating, taking advantage of the iconic products of Peru's agrobiodiversity. Nimble, creative communications mechanisms will be promoted to help create awareness of the advantages of healthy and nutritious food as the foundation for the well-being of new generations of Peruvians, capitalizing on the wealth and diversity of Peru's different regional agriculture and fisheries. Dissemination will focus on informing public opinion about the importance of a healthy diet and its relationship to cultural identity and a better quality of life. This campaign will make heavy use of social networks, as well as contests and innovative business fairs related to the project components.
- 2.22 Under this component, APEGA will capitalize on the gains made by project ATN/ME-13111-PE, "Inclusive Agrifood Chains," cofinanced by IDB Lab (2013-2016), which had very positive results and allowed for a reappraisal of a group of products typical of family farms in terms of origin, nutritional qualities, forms of production, and establishing a network of farmers' markets in urban areas. Thus far, these agricultural products are accessible to SMEs and end consumers in self-sustaining markets promoted by the previous project. These markets currently operate successfully, as in the case of the Magdalena district market, receiving on average 3,000 visitors each week. The market brings together 60 producer organizations from different parts of the country and has become an attractive meeting point in the district. APEGA channels can be used for disseminating the knowledge generated by the project, such as: (i) the "Eat delicious, eat healthy, eat Peruvian" campaign to promote healthy eating based on ingredients produced by family farms, which resulted in the formation of a Multisector⁸ Commission on Nutrition to create an Andean diet as a means of fighting malnutrition; and (ii) the Mistura International Food Festival, which attracts approximately half a million people, organized by APEGA every two years. This festival will serve as a point of reference and influence to promote healthy eating and the main lines of the project.
- 2.23 The outcomes of this component will be: (i) a document (guide, book, case study) to document project advances and the expected impact at the level of consumers and entrepreneurs; (ii) an infographic and video explaining the advantages of a healthy diet in a simple, direct manner; and (iii) various presentations on project progress to different national and international audiences, explaining the project implementation model and the impact of creating the culinary innovation lab.

C. Project outcomes, impact, monitoring, and evaluation

- 2.24 The project's main indicators will be at different levels. The project is expected to have an impact at the systemic level on: (i) replication of the healthy food initiative at the institutional level at five other public and private operators in the chain or industry; and (ii) the number of key stakeholders (100 SMEs) that adopt the new

⁸ The commission was made up of the ministries of health, agriculture, environment, production, development and social inclusion, and foreign trade, as well as APEGA.

- practices or technologies promoted by the project. At the level of outcomes, 100 small and medium food and beverage companies directly participating in the project are expected to increase their annual sales by at least 30% as a result of implementing new menus and food production techniques. At the level of intermediate outcomes and outputs: (i) at least 350 food and beverage companies are expected to adopt the new practices and techniques promoted by the project; (ii) some 500 micro and small enterprises (chefs, entrepreneurial students at universities, restaurant owners, community kitchen leaders) are expected to receive technical advisory support from the project; and (iii) at least five public or private sector, academic, or civil entities are expected to access and adopt the project outputs or knowledge transfer activities.
- 2.25 In addition to these indicators: (i) some 650,000 low-income people (end customers) are expected to access a healthy food option at affordable prices; (ii) 150,000 people living in poverty are expected to access better healthy food options through the project innovations offered to government programs involved in feeding this sector (e.g., the MIDIS Community Kitchen Program and others); and (iii) a culinary innovation lab are expected to be operating and self-sustaining.
- 2.26 The project indicators contribute directly to Sustainable Development Goals (SDGs) 3 and 11 for good health and well-being and sustainable cities by promoting healthy eating in the context of a growing city, in conjunction with gastronomy sector SMEs. They are also relevant to SDG 9 by seeking innovative processes to implement healthy food manufacture and distribution processes for end consumers.
- 2.27 **Gender considerations.** The project proposes an impact at the level of SMEs and culinary sector entrepreneurs, which APEGA data indicate have a strong component of women, both professional cooks (chefs) and small establishments, catering companies, suppliers of ingredients. Among the community kitchen programs, women's leadership role is indisputable, as well as in other areas of the food and beverage chain. The project will therefore target and reflect gender issues in the design of trainings and technical support modules. The project will emphasize women's roles within the chain and expects to have a positive impact on them. Project impact measurement indicators will be broken down by gender, to ensure this orientation and emphasis.
- 2.28 APEGA's monitoring system, financed by the project, will be used for project monitoring and evaluation. The project will also incorporate a midterm evaluation to evaluate the project and identify areas for improvement. This evaluation will focus on technical areas and those areas identified as more complex, where corrective actions are needed in execution. In the end, results will be documented in case studies and studies for the documentation of experience, as well as in the technical publications included in the itemized budget. The knowledge products generated from the project's outcomes should answer the following questions: To what extent has the lab had an impact on small gastronomy enterprises by improving their food offerings? How innovative are the healthy eating solutions and business models developed by the lab? How relevant have the project's communications mechanisms been in achieving the desired influence on key stakeholders? How well have the beneficiaries accepted them? Are there positive changes in nutrition

statistics in the project target areas (metropolitan Lima and specific districts based on the initial mapping)?

III. ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND PROJECT RISKS

A. Alignment with the IDB Group

- 3.1 The initiative is aligned with the IDB Lab focus area of **Accelerating Productivity**. With the food and beverage innovation model, the project is expected to offer better eating options to low-income populations. The project also includes a strong component of technical support for gastronomy sector SMEs and entrepreneurs in the food service chain, to improve their productivity.
- 3.2 Under the **Bank's country strategy with Peru (2017-2021)**,⁹ the project is aligned with the priority area to "support business development," since it aims to implement innovation strategies in gastronomy SME sector and provide management tools to firms in the gastronomy value chain.
- 3.3 **IDB Invest Business Plan 2016-2019**. The initiatives are also aligned with the IDB Invest priority business areas, specifically those relating to improving MSME access to finance, capacity building, and business sector experience in agroindustry.

B. Scalability

- 3.4 Project scalability is in the replication of the menus and recipes created with the project and adoption of nutritional information transparency techniques by other food and beverage industry actors at the national level. In the first stage, a model culinary lab will be designed inside APEGA, but in close partnership with universities and research centers, to share startup and implementation costs. Over the next two years, the project will begin the process of promoting the model, which it will consolidate through advisory support and knowledge transfer to gastronomy enterprises interested in replicating the proposal. Project scalability is linked to the level of visibility reached in public opinion, so marketing and a mass media campaign are essential. The project will also include a partnership with the Ministry of Development and Social Inclusion (MIDIS), which will work to improve the proposal of healthy food in community kitchens. The Office of the Deputy Minister for SMEs and Industries of the Ministry of Production, and the Metropolitan Municipality of Lima have also expressed interest in partnering with the project to promote a healthy diet agenda among gastronomy SMEs. APEGA has an agreement in place with both institutions. Lastly, scalability will rely on the degree to which the culinary innovation lab achieves financial sustainability. As noted in the previous paragraph, this will be achieved through a sliding scale of fees for advisory support and technical assistance services to operators in the gastronomy chain, particularly those serving higher income segments.

C. Project risks

- 3.5 **Poor response from lab participants.** APEGA is an organization with clear drawing power and leadership in the gastronomy and healthy foods sector.

⁹ [IDB Group country strategy with Peru 2017-2021](#), paragraph 3.21.

Through its channels it has established public and private institutional-level relationships for many years. The project will use this capacity to marshal and maintain relationships with institutional stakeholders and keep them active. The response and willingness to participate has been positive among all the organizations contacted, in particular because APEGA is a nonpartisan, nonpolitical entity with clear objectives for consumers and gastronomy entrepreneurs. Developing a culinary innovation lab is a natural next step to take these institutional collaborations, many of which already exist, to another level of operation. While there is always a risk of nonparticipation, the project is addressing a thematic area that will not go away and likely will continue to grow in importance for the public and private sectors.

- 3.6 **Complexity and cost of adopting technologies for healthy food and beverage production.** Gastronomy entrepreneurs linked to the food supply chain are highly cost-sensitive. In fact, they are always looking for ways to lower production costs. The project has an important role in conveying the importance of using healthy ingredients, and how these do not carry significant additional cost, but fit into a rising trend of nutritional information among consumers. The project aims to monitor increased income from the opportunity of offering new healthy dishes and menus.

D. Cost and financing

- 3.7 The project has a total cost of US\$1.8 million. Of that amount, US\$903,000 (50%) will be contributed by IDB Lab as a nonreimbursable contribution, and US\$897,000 (50%) will be the local contribution.

Total project budget (US\$)

	Total	IDB Lab	Local contribution in cash	Contribution in kind
I. Diagnostic assessment, strategy, and partnerships	76,800	75,000	1,800	-
II. Technical assistance, training, and culinary innovation lab	1,033,000	467,500	162,500	403,000
III. Communication and dissemination	336,000	160,000	176,000	-
IV. Administration component	354,200	200,500	80,000	73,700
Project execution unit	312,700	159,000	80,000	73,700
Audits, evaluations, and contingencies	41,500	41,500		
Total	1,800,000	903,000	420,300	476,700
Percentage		50%	23%	26%

IV. PROJECT PARTNERS AND IMPLEMENTATION STRUCTURE

A. Description of the project executing agency

- 4.1 The executing agency to lead this initiative is Sociedad Peruana de Gastronomía, Asociación Civil [Peruvian Society of Gastronomy, Civil Association] (APEGA), created in 2007 to promote gastronomy as a decentralized and inclusive factor of

identity and sustainable development. The organization includes among its members cooks, gourmets, nutritionists, restaurants, researchers, food writers, food training centers, and universities. APEGA is recognized in the field of gastronomy and development in Peru and internationally and has shown the capacity to marshal and work together with a platform of public and private sector stakeholders. It has cooperation agreements in place with the ministries of Agriculture, Production, Development and Social Inclusion, and Culture, with municipios, farmer unions, and business associations. According to the project team's analysis, APEGA has project delivery capacity and for 10 years has organized the Mistura International Food Festival, the most important food festival in the region, which attracts nearly 400,000 attendees annually, with a budget of almost US\$5 million. Mistura also has more than a million followers on social media and a communications team with vast experience in promoting campaigns in support of food supply chain-related topics.

- 4.2 With its different programs and prior experience executing IDB Lab project ATN/ME-13111-PE, "Inclusive Agrifood Chains" (2013-2016), APEGA is a strategic partner for implementation of the project.

B. Structure and implementation mechanism

- 4.3 The executing agency, APEGA, will execute the project and enter into the agreement with IDB Lab. APEGA will work in close coordination with the project participants, such as universities, research centers, and public actors that coordinate and finance organizations such as community kitchens and innovation programs.
- 4.4 **Project coordination unit.** The project coordination unit (PCU) will be a team within APEGA, comprising a project coordinator, an administrative/financial assistant, and technical staff who will conduct the field work with SMEs. The project coordinator will be responsible for implementing project activities and will coordinate tasks with the rest of the team. The administrative/financial assistant will be responsible for financial and accounting control of the operation, relying on APEGA's financial team.
- 4.5 **Project Advisory Committee.** An Advisory Committee will be formed and will meet every six months to monitor the operation's progress and ensure that it stays on track to achieve the development objectives. The committee will meet more frequently during the first year of the project and will make key decisions regarding the roadmap the project is expected to follow. Its consent and approval will be required for any recommendations regarding redirecting funds, adjusting indicators, and/or any material changes. The committee will comprise the Office of the President of APEGA, the project coordinator, a Ministry of Production representative, a representative of the Ministry of Development and Social Inclusion (MIDIS), and a university representative. Six months prior to project completion, a sustainability workshop will be held to identify specific actions necessary to ensure the continuity of project activities before project financing ends.
- 4.6 Regular coordination meetings will be held to determine action and implementation strategies. IDB Lab will support the executing agency in project implementation and will be involved in strategic decision-making.

V. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 5.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will commit to IDB Lab's standard arrangements relating to results-based disbursements, the Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-9),¹⁰ and the Financial Management Guidelines for IDB-Financed Projects (document OP-273-6),¹¹ or such policies as may replace them.
- 5.2 Based on the findings of the diagnostic needs assessment contained in Annex IV, APEGA has a low level of risk. APEGA is therefore eligible for ex post review of procurement processes for goods and services, as well as matters related to disbursements and financial management.

VI. ACCESS TO INFORMATION

- 6.1 **Access to information.** The information contained in this document is classified as "public upon approval" under the Bank's Access to Information Policy.¹²

¹⁰ [Procurement policies](#).

¹¹ Link to the [Financial Management Guidelines for IDB-financed Projects](#).

¹² Link to the Bank's [Access to Information Policy](#).