

PROJECT ABSTRACT

OCTOBER 2013

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| Country: | PERU |
| Sector: | Agro-industry |
| Project Name: | Danper Trujillo SAC |
| Project Number: | PE-L1143 |
| Borrower: | Danper Trujillo SAC |
| Sponsors: | NA |
| Proposed A Loan: | US\$38.5 million |

PROJECT OVERVIEW

Consumers are increasingly shifting their diets to high-quality and healthy natural food products. This tendency has opened up opportunities for the non-traditional agricultural sector in Peru to produce and export high-quality products like asparagus, artichokes, peppers and fruits to the world markets. Peru is now a world leading producer and exporter of such non-traditional agricultural products which generate important foreign exchange revenues and significant employment in rural areas.

Danper Trujillo S.A.C. (“Danper” or the “Company”) is a leading agro-industrial company in the national and international market that operates in the non-traditional agricultural sector and generates sustainable employment in rural and poor areas close to its agriculture and industrial operations. It is located in Trujillo, La Libertad province in northern Peru.

Danper produces, processes and exports asparagus, artichokes, peppers, grapes and avocados to its primary markets in the US, Europe and Asia, while successfully expanding its presence to new markets such as Brazil and Chile. The Company operates several thousand hectares of land in farm production along coastal and valley areas and provides technical support and assistance to third-party farmers in its supply value chain.

Danper is one of the few companies in the country to obtain the SA8000 social accountability certification standard for decent work place. The Company has an established corporate social responsibility program that promotes the respect, safety, health and skill development of its workforce and that generates business opportunities for hundreds of suppliers along its value supply chain. Furthermore, Danper’s agricultural and industrial processes and ultimately its diversified offering of products are internationally certified for food quality and safety standards.

PROJECT DESCRIPTION

IDB seeks to provide a corporate loan to Danper to: (i) develop additional asparagus and avocado plantations and to invest in related irrigation infrastructure; (ii) acquire agricultural machinery and an industrial complex for food processing ; (iii) implement newer technologies

for processing fruits and vegetables into fresh, frozen and preserved products; (iv) expand packaging and cold storage capacity; (v) finance agriculture and industrial working capital; and (vi) refinance some existing loans (collectively, the “Project”). IDB will complement the Project with a technical cooperation grant to support an energy efficiency evaluation and with a consultancy to conduct a corporate social responsibility impact evaluation assessment.

DEVELOPMENT IMPACT

The Project will create additional direct employment and have a positive effect in terms of indirect employment creation related to the Company’s forward (i.e. transport services, packaging manufacturing) and backward (i.e. SME raw material producers) supply chain and business linkages. Moreover, the Project will increase local entrepreneurship and sector competition and provide a demonstration effect of corporate social responsibility together with agricultural (i.e. highly efficient water saving drip-irrigation systems, integrated pest control) and environmental (i.e. waste recycling for compost or cattle forage) best practices.

The Project will improve Danper’s existing capital structure. The refinancing of certain short-term and medium-term loans with long-term financing will increase the average maturity of the Company’s debt and improve its capital structure as well as the use of its permanent assets as collateral.

IDB’S ADDITIONALITY

IDB will support Danper in the implementation and execution of an Environmental and Social Management action plan as well as provide Danper with a technical cooperation aimed at evaluating the feasibility of implementing energy efficiency measures at Danper’s facilities. Furthermore, IDB will provide Danper a Shared Value assessment to propose a strategy for evolving Danper’s CSR strategic objectives in line with international best practices. IDB will also provide long-term financing, still relatively scarce in this sector in Peru, to better align Danper’s long term productive assets with permanent sources of financing.

PROJECT CONTRIBUTION TO IDB OBJECTIVES

The Project is consistent with IDB’s Strategic Development objectives in its promotion of social inclusion through job creation, training and corporate social responsibility programs. The Project also improves people’s lives and promotes sustainability by disseminating agricultural best practices to the Company’s third-party growers, including numerous SME producers and their workers. The Project is consistent with the IDB Peru Country Strategy (2012-2016), approved by the COW in July 2012 (GN-2668), as it supports the development of rural agriculture and increases competitiveness in the agro-industrial sector. Moreover, the Project also meets GCI-9 criteria related to agriculture productivity, food security and gender inclusion. Lastly, by providing a consistent source of employment in the region, including SMEs in its supply chain, Danper also adheres to SCF’s Vision Targets.