

**Final Report of Project Phase I**  
San Martín, Peru, Nov. 30<sup>th</sup>, 2013



**Promoting Organized Farmers in San Martín, Peru**

**Project Coordinator:** Oscar Lopez Guanilo

**Project Duration:** 1.12.2010 – 30.11.2016

**Project Objective:**

Increased flow of income to the project region contributes to improved livelihoods of smallholder farmers in the provinces of Lamas, Moyobamba y Rioja in the department of San Martín, Peru.

**Main activities of project**

- Training of project staff on the Farmer Field School (FFS) methodology and topics such as sustainable coffee production, business management and key aspects for running farmer organization.
- FFS on sustainable coffee production and management workshops to increase profitability of the farms and the farmer organizations.
- Direct technical assistance to APAVAM's members to ensure GAP adoption at farm level.
- Ongoing support and coaching to APAVAM's general manager, staff, and leadership.

**Main achievements of project**

- 13 FFS have been set up, realizing 3.508 training contacts (male: 2.873; female: 635)
- Direct technical assistance provided on a monthly basis to 150 members of APAVAM.
- Many project farmers adopted 9 GAPs that will allow their farms to recover faster from rust.
- 97 out of the 150 farmers kept cost registries, compare the results to the goals set at the beginning of the crop cycle, analyze how to make their business more efficient.
- Approval of APAVAM's business plan submitted to AGROIDEAS, an initiative of the Ministry of Agriculture, for about USD 275,000.

**Main challenges encountered**

- Two years of low prices limit the capacities of farmers to invest into farms, having impact on productivity.
- Rust attack has affected 50% of the area under coffee and lead to a yield decrease of 40%.

**Main lessons learnt**

- Creating transparent farmer organizations with good governance is the basis for improvement.
- In order to strengthen farmer organizations and make them sustainable in the long term, these organizations must consolidate their membership rolls to those farmers that are dedicated and motivated, and remove farmers that are inactive.
- Technical assistance must become self-sufficient in the farmer organization. A viable extension model for the Alto Mayo must include two components: farmer training, and field-level follow-up support. Both must be institutionalized as long-term structures within the farmer organizations.
- Change processes need time and are hard to visualize. Partnerships between donors are important but take time.

## Table of Content

Background .....	3
High Level Progress & Project Outreach .....	4
Project Objective .....	4
Project Outreach .....	4
Progress on Specific Objectives .....	5
Specific Objective I.....	5
Profitability of farm activities has increased.....	5
Specific Objective II.....	7
Specific Objective III.....	10
Specific Objective IV .....	10
Lessons Learnt.....	11
Intervention Phase II .....	13
Project Finance & Strategic Partners.....	14
Project Context.....	14
Appendix.....	16

## Background

Despite the strong economic development of Peru and connected country wide rising production costs, coffee remains an important source of income for many rural families. It can be observed that differences in income levels between rural and urban areas are increasing and that migration towards the city is imminent. For many families, however, migration is not an option. The policy of the Peruvian government of the 90s to provide land to new settlers in the north has additionally motivated families to invest and stay in agriculture. As coffee is a perennial crop with a long investment horizon, many farmers are inclined to stay on their farms and try to make a living from coffee, despite the problems of price and low productivity experienced.

The northern regions of Peru, where the ICP project is implemented, are a relatively new area for coffee growing with many settlers from the “sierra”, the mountainous corridor in the west of the country. This fact brings a lot of potential as well as problems; the coffee sector of Peru is relatively little organized with hardly any technical or financial support to coffee farmers. Therefore, productivity remains low, income level at minimum, farmer organizations weak with limited market connection. An estimated 70% of farmers in Peru do not belong to any kind of organized structures which makes them vulnerable and hard to access for any support measures.

Due to the prevailing poverty in the rural areas, many donors have worked in the promotion of rural development, also in connection to “alternative development” (coffee as alternative to coca). The results of these interventions have not always been positive, creating structures with limited internal strength, transparency or services, leading to wide spread frustration of farmers with cooperatives while at the same time creating dependencies on donor money. Before this background, ICP can add considerable value by creating new and alternative development models based on the experience of the wide ICP project network.

The first phase of the project was an important learning on how to work in such environment and laid a good basis for the second phase. When the first phase started, APAVAM was characterized as follows:

### Organizational level

- Central office located in Moyabamba (San Martín)
- Around 320 active members (close to 500 members in total)
- Members organized in 35 committees or regions
- Weak administrative structures
- Low member commitment
- No relevant services supplied to members

### Field Level

- Average farm size around 3 ha of coffee
- Low productivity (under 1 ton parchment/ha)
- Some farmers are organic and/or FairTrade certified
- Despite the certification schemes, application of best practices is not widespread

The intervention of ICP with its business based approach and focus on technical assistance on field and organizational level has large potential to create change.

## High Level Progress & Project Outreach

### Project Objective

Increased flow of income to the project region contributes to improved livelihoods of smallholder farmers in the provinces of Lamas, Moyobamba y Rioja in the department of San Martín, Peru.

	Indicator	Crop 2010/11	Crop 2012/13
1	Average Gross Margin per hectare (in €)	1,733.00	228.00
2	Average productivity (60 kg bags gbe / ha)	11.20	6.61

In 2011, when the project started, the market prices were high, the labor costs only started to increase and there were no considerable problems with pests and diseases. However, the scenario changed completely in 2012 and 2013. Prices plummeted, labor costs went up, rust attacked at least 50% of the area in the region diminishing the production by 40%. As part of the rust recovery strategy, many farmers started to renovate their farms with the intention of obtaining higher productivity in subsequent harvest. The above mentioned factors explain the reduction of the average gross margin<sup>1</sup> and the final average productivity by hectare (see Annex 1). Current production shocks (rust) and market conditions (price decreases) demonstrate the difficult situation farmers find themselves.

### Project Outreach

	Indicator	1.12.2010	30.11.2013	Progress
1	Total beneficiaries	295	490	+195
2	Total household members	1,000	2,372	+1,372
3	Total farmer organizations	1	1	+00
4	Coffee sold through farmer organizations (60 kg bags gbe)	5,618	2,254	-3,364
5	Total of impacted farmland (ha)	2,706	3,195	+489
6	Area under coffee (ha)	1,016	1,330	+314
7	Total production of project coffee (60 kg bags gbe)	8,500	8,737	+237

Following the sensitization meetings and ongoing outreach to inactive members and independent farmers throughout the project 195 additional farmers joined APAVAM. Rust was responsible for productivity decrease and forced farmers to renovate their coffee plantations. Despite a 60% increase in beneficiaries since project start, rust reduced the coffee sold through the farmer organization by 40%. From the total production of project coffee the production commercialized through the farmer organizations decreased from 34% at baseline (2011) to 26% in 2013.

<sup>1</sup> Data derived from *Farmer Field Book database*

## Progress on Specific Objectives

### Specific Objective I

#### Profitability of farm activities has increased

Result	Indicator	1.12.2010	30.11.2013	Progress
1.1	% of farmers participating at training events	10%	51%	+40
	# of GAPs adopted fully or partially by each project farmer	0	9	+9
1.2	Average yield 60 kg gbe /ha	11.2	6.3	-4.8
	% of active farmers with farm management plan	0%	47%	+47%
1.3	Average production costs per hectare (€)	887.57	452.66	-439.9
	Average production cost per 60 kg gbe (€)	79.2	71.7	-7.4
	# of farmers that keep cost registries	0	97	+97
1.4	Average green coffee outturn ratio (ratio of exportable quantity to delivered quantity) (%)	65	68	+3
	Average moisture content of delivered coffee (%)	25%	20%	-5

*Result 1.1: An extension system has been established that is able to deliver high quality, relevant, and effective technical assistance to farmers on an ongoing basis*

#### Progress

- APAVAM has created structures which allow permanent technical assistance to their members.
- A strategy for sustainable delivery and cost sharing for technical assistance is under implementation.
- More time is needed to institutionalize the technical advisory services in APAVAM.

*Result 1.2: Agricultural productivity has increased and stabilized*

#### Progress

- Productivity of last crop has been declining due to efforts of renovation and rust attack.
- Productivity for the 13/14 (July) crop is expected to be still lower compared to baseline as rust has attacked the farms severely. Actions were taken to counteract the rust, however, many times too late.
- Farmers keep records to be able to evaluate their performance and have adopted key practices which will help them to improve productivity in the mid-term. Farm renovations have been carried out.

*Result 1.3: Farmers have reduced their costs of production by the application of more efficient farming activities*

#### Progress

- Production costs are monitored closely, but due to higher costs for spraying against rust, cost reductions are not expected.

- As soon as rust attack is under control and renovation activities are bearing fruit, productivity is expected to increase again and production costs for affected farmers are expected to fall (2014).

*Result 1.4: The quality of coffee produced by project farmers has improved*

Progress

- Coffee quality has improved due to the introduction of solar driers on farm as well as renovation of coffee processing machinery.
- Samples were sent to buyers which have shown commercial interest.
- Further investments are planned in a processing station which will be financed by the Peruvian government, partly as credit, partly as donation.

*Result 1.5: A diversification strategy with a focus on cocoa has been elaborated*

Progress

- Diversification with cocoa has not yet been in the focus of the project, however, other alternative income projects were promoted by the project and partners. Especially against the background of the rust attack, a more structured approach to diversification is needed. The possibilities of including cocoa in lower growing areas are tested.

### Main activities and achievements of project on specific objective

At project startup ICP assembled a technical team within APAVAM to provide training to farmers on improved practices in production, farm management, post-harvest processing, and management topics during the project. ICP conducted a Training of Trainers (ToT) session for this technical team to prepare them to set up a Farmer Field School (FFS) system and implement FFS with farmers. ToT was introduced APAVAM's extensionists to both technical (e.g. production practices, business management practices) and methodological topics (e.g. principles of adult education). Two extensionists were in charge of implementing the FFS with APAVAM's members. During the project, 13 FFS were set up, realizing 3.508 training contacts (male: 2.873; female: 635) on the following topics.

- **Environmentally sustainable practices** were promoted to APAVAM farmers as the central issue in all FFS sessions of the agronomic component: Nursery management; Pruning and stumping; organic fertilizer and bio-fertilizer preparation; fertilization and nutrient management; pest and disease control; soil conservation and management; regulations of organic production; regulations of Fair Trade; Maintenance and calibration of pulpers; good harvest and postharvest practices; integrated rust management.
- **Business management practices** were promoted as the central issue in all FFS sessions of the business and organizational component: basic maths for business, prices and markets, cost registries and Farmer Field Book, farm management plan including investment plan, cooperative rules and statutes, organizational and business management.

Direct technical assistance<sup>2</sup> had been provided on a monthly basis to 150 farmers (31%). These farmers filled out their farm management and investment plans for the 2012/2013 harvest. At the end of 2013, 65% (95)<sup>3</sup> out of the 150 farmers kept cost registries (Farmer Field Book). In the FFB system, farmers record all farm-related activities and inputs and keep a registry of costs, which they

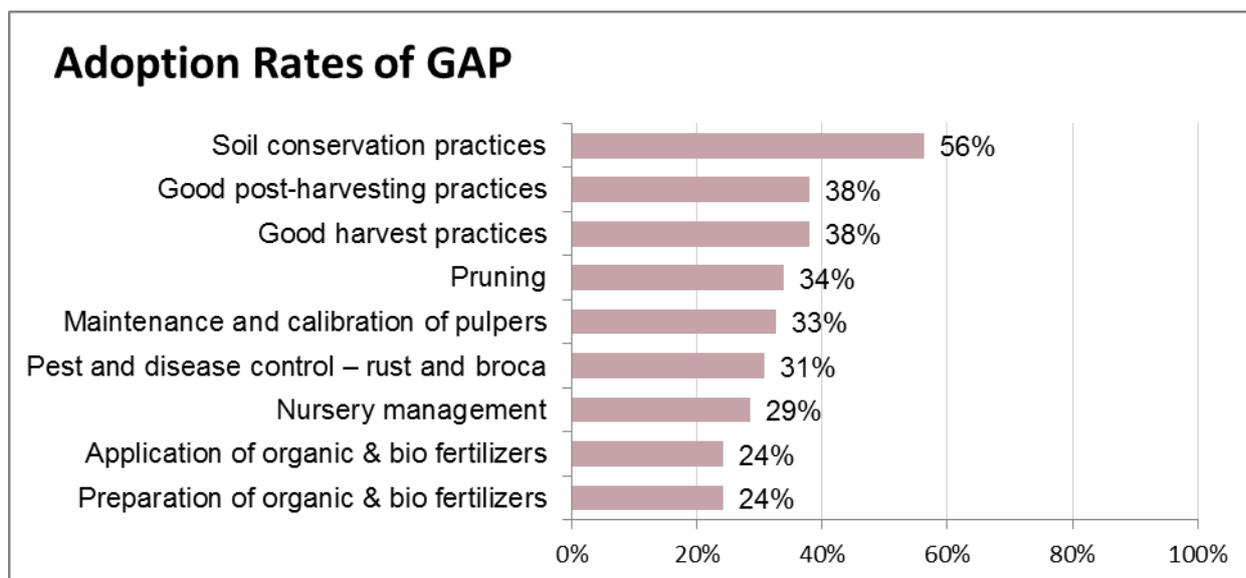
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<sup>2</sup> Field-level follow-up support per farmer

<sup>3</sup> Due to the rust attack, the rest of the farmers had to migrate to make a living.

use (with support from ICP team) to calculate (among other things) their gross income, total costs, and net income (i.e. profit or loss). Part of the analysis made by the farmers were to compare the results to the goals set at the beginning of the crop cycle, how to make their business more efficient and be more competitive on the market.

As a result from the FFS and the direct technical assistance 9 good agricultural practices (GAP) had been adopted by project farmers.



Coffee yields decreased substantially from the baseline, from 11,2 kg gbe /ha to only 6,31 kg gbe/ha – a decrease of 44%. This significant decrease in yields results from two principal factors: production decreases due to *rust*, and the fact that several farmers collecting FFB data were renovating their plantations (stumping and replanting), resulting in reduced production. Average production costs per hectare went down by € 439,91 from € 887,57, as labor demand decreased and labor costs fall due to the rust attack.

Overall coffee quality improved due to better harvesting and post-harvesting practices as well as to the introduction of solar driers on farm and the renovation of coffee processing machinery. In turn, the average green coffee outturn increased by 3 points and the average moisture content of delivered coffee improved by 5% compared to baseline.

### Specific Objective II

**Farmer organizations have been strengthened and are delivering demand driven services to their members**

Result	Indicator	1.12.2010	30.11.2013	Progress
2.1.	# of active members in the Coop	295	318	+23
	# of Board members trained	0	10	+10
	% of farmers that have benefited from at least one bulk input purchase	0%	16%	+16 pp
	% of farmers that have benefited from at least one bulk sale	30%	51%	+21 pp
2.2.	# of sales contracts signed with exporters	10	7	-3

	<b>Average price increase for improved quality (%)</b>	<b>0%</b>	<b>20%</b>	<b>(+20%)</b>
<b>2.3.</b>	<b>% of farmers who have benefited from loans procured by their Coop</b>	<b>17%</b>	<b>32%</b>	<b>(+15%)</b>
	<b>% of default rate for loans procured by their Coop.</b>	<b>15%</b>	<b>15%</b>	<b>+ / 0 pp</b>
<b>2.4</b>	<b># of business plans approved and financed</b>	<b>0</b>	<b>1</b>	<b>(+1)</b>
	<b>% of sales income destined to support the capitalization of the FO</b>	<b>3%</b>	<b>5%</b>	<b>(+2%)</b>
	<b># of persons (manager and technical team) paid by the Coop</b>	<b>2</b>	<b>2</b>	<b>+ / - 0</b>

*Result 1. Farmers are members of strong, member-oriented, effective, efficient, and democratically-organized farmer organizations*

Progress

- The strongest focus of the project was put on organizational development. It was soon realized that without a solid basis in the farmer organization, none of the other project results will be successful.
- The entire membership was revised and renewed which led to a smaller, but stronger farmer organization (on paper APAVAM had 450 members when the project started. The 295 beneficiaries reported for the beginning of the project are based on the revised membership list).
- The management team of the cooperative is starting to assume its leadership role and members are increasingly recognizing the benefit of participation.

*Result 2. Farmer organizations and their affiliated farmers have advanced within the value chain*

Progress

- APAVAM realized an international visit to Germany on an organic product fare, financed by their cooperation partner PROGRESO from the Netherlands. Important learning and contacts have been made.
- APAVAM is in the position to export directly; however, it is increasingly realizing that the close connection to local buyers can also be an option to avoid risk.

*Result 3. Farmer organizations have improved their capacity to manage credit and provide affordable credit to members*

Progress

- APAVAM has achieved access to credit from Rabobank at good rates. Credits are available for crop pre-financing, not for investments.
- Structures must be further strengthened to be able to receive credits from local banks for longer term investments.

*Result 4. A development and growth strategy for the farmer organizations has been developed and is implemented*

Progress

- As part of the revision and rejuvenation of members, a new growth strategy was developed with the support of the project including a much clearer orientation of supply of services.

### **Main activities and achievements of project on specific objective**

ICP managed to convert APAVAM from an association to a multiple service cooperative through a relatively rapid participatory process involving APAVAM's management, leadership, and members. Main reason to choose this model were the multiple benefits – economic, legal, and fiscal – by the Peruvian government. A self-sustaining model for individual technical assistance, funded with the profits of the coffee sales, has been developed and implemented to provide an efficient service to the farmers.

As part of the development and growth strategy, ICP supported APAVAM in reviewing the organization's membership rolls and cleaned it from inactive (e.g. those not attending meetings) and non-committed members (not delivered coffee in the last harvest), leaving the organization with 295 active members and providing it with a strong base of motivated farmers. This action enabled the project staff to improve its efficiency and effectiveness by focusing its initial activities on this core group and motivated so far 23 farmers to join the organization.

ICP provided ongoing support and coaching to APAVAM's general manager, staff, and leadership. Areas of support included management, operations, administration, and commercialization. ICP assisted APAVAM in re-designing its internal inspection forms and procedures, and in designing an information system to help the organization better organize, manage, and make use of information about its members and their coffee. Farmers were trained to support their organization's operations and management through the series of management workshops.

As a result of the organizational strengthening for the first time, 16% of the farmers benefited from at least one bulk input purchase and a 21% increase of farmers were recorded compared to the baseline that benefited from at least one bulk sale.

As for APAVAM's commercial performance, 10 containers of coffee were sold in 2011 and 2012. Only in 2013, due to the rust attack and subsequent productivity decrease, the sales went down to 7 containers.

Overall coffee quality improved due to better harvesting and post-harvesting practices as well as to the introduction of solar driers on farm and the renovation of coffee processing machinery. In turn the average price for improved quality increased by 20% over baseline.

APAVAM has been accessing credit for commercialization from Alterfin (Belgium), Fopepro (El Salvador), WCCN (USA), Verde Ventures (USA) and Rabobank (Netherlands). In 2013, it also received credit for farm rejuvenation (pruning and fertilization) and farm management from Agrobanco (Peru). APAVAM's credit portfolio enabled more of its members (15% more compared to baseline) to receive credit.

ICP supported APVAM to submit a business plan to AGROIDEAS, an initiative of the Ministry of Agriculture for about USD 275,000, which was approved in the second semester of 2013. Execution has been approved for the second trimester of 2014, due to the internal restructuring process of APAVAM.

As part of the capitalization strategy, the contribution over sales income from farmers to APAVAM was increased to 5% compared to the 3% at project inception.

### Specific Objective III

**The environmental impact of coffee production, processing and commercialization has decreased**

Result	Indicator	1.12.2010	30.11.2013	Progress
3.1.	# of GAPs adopted fully or partially by each project farmer	0	9	+9

*Result 1. Farmers have reduced environmental impact through the application of sustainable production and processing practices*

Progress

- Farmers are widely applying organic matter to their farms as result of composting of coffee pulp.
- During the rust attack, effective organic applications were developed with farmers, as well as organic foliar fertilizer. Both practices reduce costs and environmental impact.

*Result 2. The rate of deforestation in project communities has decreased*

Progress

- Farmers used to cut down forest due to a lack of education and control.
- A change process has been induced to establish farming systems which are not endangering forest resources.
- More work has to be done to change the attitude and understanding of farmers.

### Main activities and achievements of project on specific objective

9 GAPs have been adopted by project farmers due to the training on environmentally sustainable practices (FFS) and especially the direct technical assistance. ICP indirectly addressed deforestation among farmers participating in the project by introducing sustainable coffee production and land management practices and by encouraging intensification (increasing production by increasing yields) and discouraging extensification (increasing production by increasing the area farmed).

ICP made contact with the Peruvian headquarters of Conservation International (CI) in Lima, and met with the local CI representatives in Moyobamba regarding their work to improve forest conservation and eliminate deforestation in and around the Bosque de Protección Alto Mayo (BPAM).

### Specific Objective IV

**Project is being implemented efficiently and integration of project into regional development approaches has been safeguarded**

The project has implemented an efficient M&E system to monitor production cost, organizational progress and environmental performance in a quantitative and qualitative way, allowing comparison against a baseline. Strategic alliances have been established on regional and national level to increase impact. Please refer to the chapter on project context for more information on strategic alliances.

## Lessons Learnt

Based on the above described progress, the following learnings can be summarized, providing the basis for the Phase II:

- Creating transparent farmer organizations is the basis for improvement: many organizations in the project region have little incentive to change as steady “income streams” arrive from donors. Such support arrives mostly in cash or large investments, opening the doors for corruption of those who run the farmer organizations. A good example for this was the “CAS El Dorado” which was not further supported by the project after signs of corruption surfaced. Hence, clear and transparent decisions must be taken by the project to communicate unacceptable practices as well as a “code of ethics” as mandatory for participation. This approach worked with APAVAM, which is now undergoing a change process which is long and difficult but is bearing fruits. The basis for any change must be a sound and transparent organization.
- Good governance and transparency: ICP has confirmed past experience that good governance and transparency within farmer organizations are essential for improving farmer livelihoods. Poorly governed and non-transparent organizations fail to provide the essential services and support their members need to improve their livelihoods and incomes and protect themselves from shocks (such as rust, price decreases, etc.). Organizations with limited transparency create conditions where graft and corruption can occur with impunity. Limited service provision and the potentials for corruption reduce farmer trust in and commitment to their organizations, and in the worst cases can result in farmers deciding they are better off working individually.
- Membership consolidation: ICP has confirmed its earlier conclusion that in order to strengthen farmer organizations and make them sustainable in the long term, these organizations must consolidate their membership rolls to those farmers that are dedicated and motivated, and remove farmers that are inactive and free-riding. ICP’s experience in the Alto Mayo has shown that even if such consolidation drastically reduces the size of an organization (and thus the volume of coffee it can commercialize), it is absolutely essential for putting organizations on a sustainable path to growth and self-sufficiency.
- Technical assistance must be self-sufficient: Related to the above, donors have been financing technical assistance for many years in farmer organizations so that the value of it is not accounted for by farmers, nor have trainers incentives to improve farmers’ performance. This fact leads to a situation that there is basically standstill at farm level. On the basis of joint evaluation and cost sharing between farmers and project, value of technical assistance has to be visualized. A business case for technical assistance has to be developed (better productivity = better income = reward for trainer and farmer).
- Extension model: as a result of feedback from farmers and the farmer organizations and low initial up-take of introduced practices by farmers, HRNS has come to the conclusion that a viable extension model for the Alto Mayo must include two components – farmer training, and field-level follow-up support – and that both must be institutionalized as long-term structures within the farmer organizations. ICP is has been executing the former component (farmer training) since the beginning of the project via FFS and management workshops. In late 2012 HRNS began executing the latter component (on-farm follow-up support) via its project technicians, who started visiting farmers individually and supporting them to develop and implement individual farm management plans. In the absence of the latter component,

HRNS found that farmers were not adopting the improved practices they were learning and were unable to respond to severe shocks such as rust. ICP is working to institutionalize this direct technical assistance within the farmer organization so that all members have ongoing access to such support in the long term.

- Field technicians: ICP has learned that field technicians employed by many farmer organizations are not performing their most essential role to provide technical assistance to farmers, and must be made more accountable to the farmers they are paid to support. APAVAM had a technical team when ICP began implementing the project, but their technicians were not active in the field, were not training farmers, and were not supporting farmers to improve their production systems, profitability, or incomes. The demonstrated to farmers how a good field technician should perform: actively circulating in the field, training farmers on improved practices, and actively and consistently supporting farmers on their farms. HRNS hopes that this will encourage farmers to demand higher quality field technicians, and push their organizations to either make existing technicians to do their jobs, or replace them with technicians who will.
- Change processes need time and are hard to visualize: Change processes at farm level and organization level take a lot of time. Changes happen slowly and many times in a qualitative way, such as change of attitude and business skills which do not always immediately translate into better income, but are supporting the generation of local leaders who convince others by giving an example. Such “soft processes” are hard to monitor but are the most important effects as they are long term. In this relation, the entire family must become part of an intervention, especially women and the young generation. Within APAVAM and among their farmers, we have identified leaders who perceive the large potential of transparent and service orientated organizations and are implementing change. These positive processes require further facilitation and coaching in order to help establish APAVAM as a modern style farmer organization.
- Partnerships between donors are important but take time: ICP has achieved a number of important partnerships in the project, ranging from ministries to international donors. It took time before ICP achieved visibility as coffee project and efficient project concept. After 2 years of project implementation, ICP has become visible and many organizations look for co-operation. For the Phase II of the project, USAID and Conservation International will play an important co-funding role. Local government are equally investing into the strategies of ICP.

## Intervention Phase II

The project area for the Phase II will remain in the same area of influence as Phase I, i.e. the area of influence of APAVAM. Within this area, the regional outreach will be increased to the wider San Martín region.

Within phase II, the project plan of phase I will be continued in its strategic components, however, success indicators will be reviewed and adopted. The key focus areas for phase II will be:

- Organizational strengthening and working towards more inclusion of members, in particular, farmer who have not been affiliated.
- Productivity improvement through realization of renovation activities and as result of rust control.
- Counteracting deforestation through close cooperation with Conservation International and USAID in protected forest regions.
- Climate change adoptions will be tackled strategically with the support of the recommendations of the C&C initiative.
- Scaling up with regional government programs as well as more intensive networking on national level.
- Topics related to generational change will be included in the project.

It is expected to reach up to 1.000 farmer families in the region directly.

## Project Finance & Strategic Partners

### Financial contributions to project

	Private Partners	Public Partners	NGO / Foundation
ICP	275,000		
Sustainable Harvest/GMCR	29,630		
PEAM/Regional Government of San Martín		17,778	
Progreso Foundation			17,911
ACDI/VOCA			14,074
Solidaridad Foundation			7,044
% Share	84%	5%	11%
<b>Total Contributions (Euros)</b>	<b>361,437</b>		

As shown in the table above, there is a strong co-funding for the ICP investment. For the Phase II of the project, USAID and Conservation International will play an important co-funding role. Conservation International has already signed an agreement over a contribution of 220,070 EUR (300,000 USD) for the second phase. Local governments are equally investing into the strategies of ICP.

## Project Context

The project was implemented in the Alto Mayo region in parallel with interventions from other private and public institutions, both national and international.

**ACDI/VOCA:** A U.S. based NGO that focuses on agricultural development, ACDI/VOCA is in the process of applying for USAID funding for a large 'alternative development' program in San Martín. Since its activities under this program focused on improving the livelihoods of coffee farming families, ACDI/VOCA has recruited many partners (Solidaridad, Sustainable Harvest, etc.) to implement this program. A cooperation agreement was signed. However in practice the cooperation was limited as their goal was to reach as much farmers as possible through specific trainings, regardless the sustainability of the intervention.

**PROGRESO Foundation:** Dutch Foundation which implements its projects directly with the farmer organizations. Towards the end of the project, PROGRESO saw the need to cooperate with HRNS to ensure a coherent project intervention from their side, as they realized that APAVAM was still a weak organization that did not spend the money efficiently nor on the activities planned.

**Solidaridad:** A Dutch NGO with an office in Peru, Solidaridad is active in San Martín and provides training on management practices at field and organizational level. Solidaridad was a party to the ACDI/VOCA project and provided some technical support to APAVAM. Several workshops for technicians and farmers on specific topics could be coordinated.

**Sustainable Harvest:** Sustainable Harvest (SH) is a specialty coffee importer that is an important supplier of certified and relationship coffees to Green Mountain. SH cultivates long-term relationships with farmer organizations and often provides training on quality control and commercialization to its partner organizations. SH was an additional partner in the ACDI/VOCA

Final Report Peru, San Martín – 2013

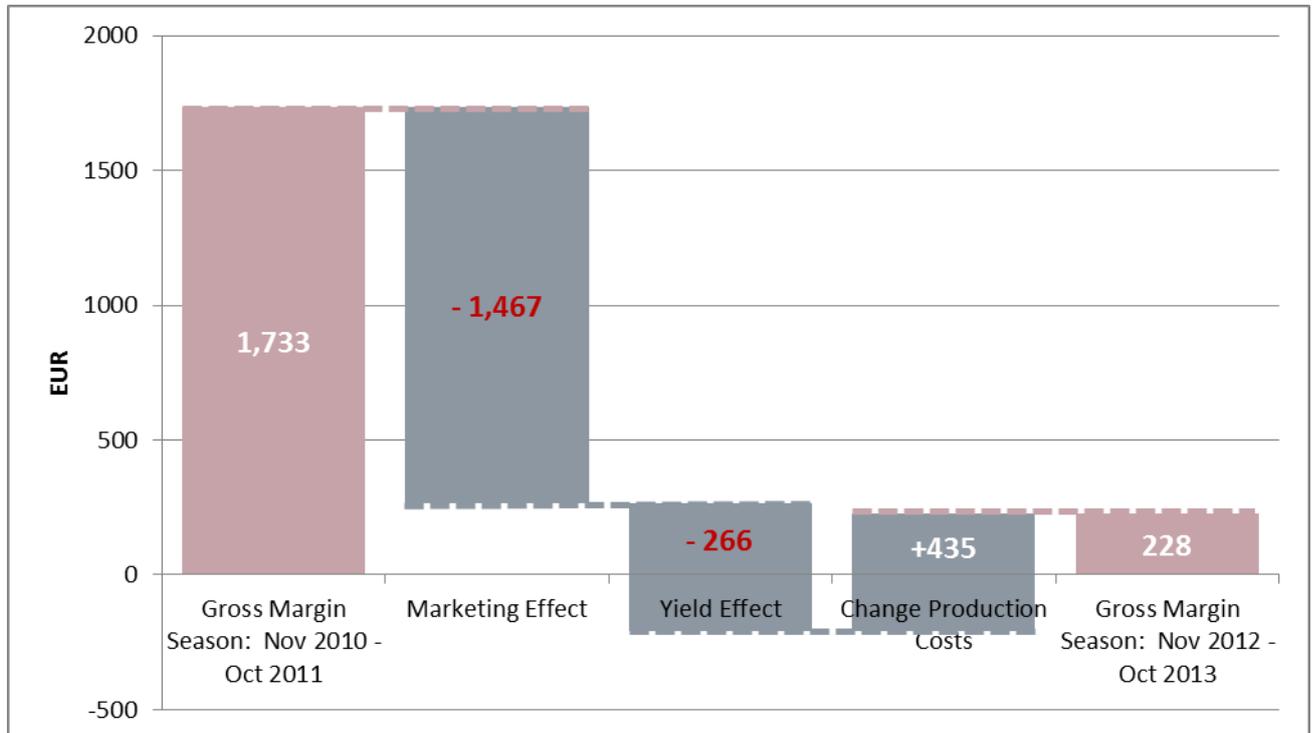
‘alternative development’ program. Training activities on quality had been closely coordinated with HRNS.

**Proyecto Especial Alto Mayo (PEAM):** PEAM is a wide-ranging agricultural development program for the Alto Mayo region implemented by the San Martín regional government. Among the crops promoted in the program – which include cacao, rice, and livestock – coffee has received significant attention. Some training workshops on specific topics were provided to technicians and members of APAVAM.

**Ministry of Agriculture:** The Peruvian Ministry of Agriculture has special funds available for promoting agri-business through a program called Programa de Compensaciones para la Competitividad (PCC) through the division of **AGROIDEAS**. In the PCC program, farmer organizations submit business plans and receive startup capital and technical assistance if they are approved. APAVAM with support of the project team, prepared and submitted its business plan which was approved by AGROIDEAS in the second semester of 2013 and will be executed in 2014.

## Appendix

### Average Gross Margin of Coffee Production per hectare



Due to coffee rust and plummeting world market prices, project farmers saw their gross margin from coffee production greatly diminished. As the above graph shows, the marketing effect (i.e. the effect due to price changes) has contributed significantly. Prices per bag of green bean dropped from 234 EUR in the season 2010/11 to 103 EUR in the last season of 2012/13. At the same time, coffee rust triggered increased production costs and lower productivity. As pointed out in the report, the project will work actively with project farmers to improve their production systems under these challenging framework conditions.