



# project results

## IMPROVING INVESTABILITY OF COFFEE VALUE CHAINS ACTORS IN PERU



Market linkages



Internal management



### Beneficiary organisations

The beneficiary organisations are 14 Peruvian small coffee producer organisations (SPOs), legally constituted as 13 cooperatives and 1 small or medium enterprise (SME). Together, these 14 organisations represent 2% of the country's coffee producers and contribute 3% of total coffee exports. These organisations have at least one year of export experience and hold Organic, Fairtrade, or other sustainability certifications. While they are not currently investees of Oikocredit, they meet key investment criteria, including a minimum of three years of continuous operations, acceptable credit ratings, and a demonstrated commitment to sustainable and ethical production practices. They bring together 4,483 smallholder coffee growers, of whom approximately 25% are women. In addition to their members, these SPOs generate employment for approximately 9,000 hired labourers per harvest.

### The challenge

Coffee is the most important crop in Peru, capturing 25% of national agricultural income and supporting the livelihood of 223,000 producer families. While large exporters control the market with conventional coffee, SPOs focus on organic, specialty, and origin coffee. However, these organisations face significant challenges. **Commercial risk** stems from their reliance on a few buyers and the Fairtrade-certified market, which exposes them to demand shifts and instability. This volatility directly affects coffee producers, who depend on steady sales for their livelihood. **Pricing risk** is another issue, as coffee sales are tied to the fluctuating global coffee market price, exposing producers to price drops, leading to income instability. Finally, **regulatory risk** arises as many SPOs focus solely on maintaining sustainable certifications, leaving them vulnerable to changes in environmental regulations, which could threaten their market access and income.

### The proposed solutions

Drawing on the experience of larger coffee cooperatives, which started small but grew rapidly with the support of international funds and experienced management, tailored support to these SPOs can accelerate their growth by improving their ability to attract investment. **Support in reducing commercial, pricing and environmental regulatory risks involved enhancing coffee quality, diversifying market access, improving financial management, and promoting sustainable farming practice**, in order to improve product quality and market appeal, to diversify market segments, and to secure fair prices with better coffee contracts.

### The expected results of the project were:

- 1 The assessment of the SPOs in their operations, sustainability, and finances identifying gaps and priorities for action
- 2 The training of 50 collaborators and members of the SPOs in Price Risk Management (PRM), quality, e-commerce, and reforestation projects
- 3 The provision of the SPOs with access to Beyco, a global independent coffee connection and trading platform on blockchain
- 4 The improvement of the risk profile of SPOs, making them more investable ready

IMPACT INVESTOR



### BENEFICIARY ORGANISATIONS

#### 13 cooperatives

CAC Incahuasi, CAC San Fernando, CAC Huadquiña, CAC Casil, Coopvama, Aprocaes, Copicafe, Gold Coffee, Jumarp, Valles de Café, Aprocansori, Sangareni, Coopain Jovenes

#### 1 SME

Pimpcos

working with 13,582 smallholder farmers

Peru

### AGRICULTURAL VALUE CHAIN

#### Coffee

### START DATE

May 2023

### END DATE

May 2024

### TOTAL EXPENDITURE

€ 162,245

Including € 158,907 (98%) financed by SSNUP





# key results



**14 Price Risk Management (PRM) assessments** of the SPOs developed and complemented with workshops, one-on-one training and mentoring sessions, including situation monitoring, fixing of contracts and PRM hedging strategies



**14 Scorecard assessments** conducted, and **14 action plans** tailored for each SPO, focusing on some components to be strengthened among:

Production | Organisational Management | Economic and Financial Management | Equity & Inclusion



**SPOs representatives** successfully trained:

✓ on **post-harvest processes** for differentiated coffees

coffee value chain and varieties, raw material, anatomy of the fruit and main processing methods, pulping, fermentation, washing, drying, threshing and processing defects, integrated quality control

✓ on the use of **Beyco Platform**



**beyco** is a digital traceability and trading platform for coffee and cocoa that also offers financial services

✓ on **reforestation and EUDR** (European Union Regulation on Deforestation-free products)



- To prepare and implement a basic Systems of Agroforestry (SAF) design per cooperative
- To learn about the Non-Deforestation European Law, its technical implications
- To understand Peru's supporting initiatives to the coffee sector



**Supply of measurement tools** for under equipped cooperatives

**11 cooperatives** uploaded offer(s) on the coffee trading platform

**300k** Among them, **one SPO** accessed a credit line and already **secured 3 export contracts**

**SDGs supported by the project**



- 2. Zero hunger**
- 2.3** Improving agricultural productivity and increasing smallholder farmers' income
- 2.4** Adoption of productive, sustainable and resilient agricultural practices



# lessons learnt

✓ **Training can be more useful and effective when it is scheduled in alignment with key agricultural cycles**

When agroforestry and agronomy training occur after the harvest, technicians can analyse real field data to identify challenges and improvements. PRM training at the end of the export cycle allows commercial managers to assess market risks and adjust strategies accordingly based on recent trends. Commercial training during the harvest helps managers spot new market opportunities in real time. Aligning training with these critical periods ensures that knowledge is both timely and immediately actionable, leading to improved decision-making.

✓ **Early planning better positions cooperatives to ensure long-term stability for growth and market expansion**

Failure to implement PRM strategies to mitigate risk exposure from coffee market volatility can have a negative impact on cooperatives, jeopardizing their sustainability in the industry. New market requirements (EUDR) necessitate additional efforts to ensure organisations comply with the new standards, leading to higher compliance costs and the need to adapt agricultural practices. Early planning acts as a safeguard against risk and a gateway to emerging opportunities.

✓ **Supporting early-stage cooperatives with technical assistance for future investment can be challenging**

Low interest or buy-in from cooperatives can often stem from a lack of immediate perceived benefit, especially when they are more focused on short-term challenges like securing financing for the next harvest. To increase engagement, it is recommended to provide clear incentives that demonstrate how capacity building can directly benefit their bottom line and long-term sustainability. This can include offering financial tools that reduce risk exposure, access to better financing options for those who comply with sustainability standards, or market access to higher-value buyers looking for certified, sustainable coffee.

Learn more about **SSNUP Price Risk Management project in Rwanda**



## Outlook

Following technical assistance, **financing has been secured for the seven SPOs** initially listed in Oikocredit's pipeline, from various sources including Oikocredit, other impact investors, and a development bank, **totalling USD 4.05 million** (ranging from USD 100,000 to USD 750,000 per organization).

