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Preface
The Netherlands believes that sustainable development is key to modern business, not only for the survival of our way of life but also for the survival of your business. Sustainable development has proven to be the most successful business development tool of recent years, with more and more customers and companies demanding sustainable products.

The open and dynamic Peruvian economy provides a lot of opportunities for sustainable business cases and products especially with regards agriculture & food, urban development, logistics, solid waste, the garment/textile industry, fisheries and infrastructure.

The Embassy will continue identifying and developing opportunities in sustainable development together with companies and institutions in Peru and the Netherlands.

In this report, which has been elaborated by MVO Nederland and financed by RVO, we present facts & figures and opportunities in the Peruvian coffee sector.

Wiebe de Boer, Ambassador (Embassy of the Netherlands in Lima, Peru)

Lima, March 2018
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01 | Management summary
In early 2017 MVO Nederland started engaging the Dutch private sector active in the coffee industry. The relevance of this market for the Dutch private sector was indicated in the Sustainable and Inclusive Business (SIB-) scan. The Embassy of the Kingdom of the Netherlands in Peru assigned this study to MVO Nederland in 2016. During this study, MVO Nederland reached out to a large variety of companies in the coffee sector such as multinationals, sourcing and processing 100,000 tons of coffee from all over the world, as well as small enterprises sourcing a couple of hundred exclusive kilograms each year. Companies in other sectors that are relevant to the coffee chain have been identified, resulting in solutions for water management, soil fertility, waste reduction and packaging. It’s a fascinating journey to interact with such a variety of stakeholders and to get an understanding of their business models.

In September 2017, MVO Nederland organised an exploratory business mission to the Selva Central, one of the major (organic) coffee producing regions of Peru. During this visit to Peru by Dutch companies from the coffee sector, multi-stakeholder workshops and visits to cooperatives took place in the Selva Central region, with the purpose of identifying opportunities for Dutch-Peruvian cooperation. An expert on spatial development joined the mission to explore how sustainable development can be translated into landscape design. Therefore, visualisations and maps illustrating the opportunities for follow-up have a central role in this publication.

Prior to this mission, in the summer of 2017, PromPeru brought a group of Dutch importers to the Selva Central. To strengthen the outcome of both missions, both PromPeru and the group of interested importers have been involved in the follow-up process.

Most relevant business opportunities for sustainable development of Selva Central

1. Integral vision for sustainable development of the Selva Central region, connected to both the plans for the Parque Nacional del Café as well as the Coffee Cluster (strategic cooperation between cooperatives and companies) initiated by Central Café y Cacao;
2. Reforestation projects as part of an integral agroforestry approach and business case;
3. Development of a “shoestring” tourism product specifically for the coffee region as a first step to further development of the region;
4. Creating centralised facilities for post-harvest processing such as milling, drying, selection and packaging;
5. Developing centralised facilities for knowledge transfer and communication (centre of excellence);
6. Development of products derived from waste streams such as coffee shell (cascara) and molasses;

Following the mission, 25 Dutch coffee companies came together to learn from the mission outcomes and to discuss the strategic business agenda for a sustainable future for (specialty) coffee. The shared understanding is that the local needs in the Selva Central region offer room for complementary business cases, and that complementary business cases and individual company’s interests are best served in a coalition. This coalition will be set up and strengthened in the months to come.

Next steps in the Netherlands

In 2018 MVO Nederland will organise and host networking sessions to inspire companies, to keep the network engaged and mobilise new stakeholders to join. Moreover, MVO Nederland will be safeguard the process for creating a project that unites a variety of business cases that will have a sustainable impact in both the Selva Central region in Peru and the Netherlands.

Steps MVO Nederland intends to explore:

1. Stimulating next steps for development of an integral plan for Parque Nacional de Café in combination with connecting to the Coffee Cluster Selva Central by Central Café y Cacao, by involving Dutch expertise in this process;
2. Pilot for true cost accounting between Dutch buyers and Peruvian cooperatives;
3. Supporting a private initiative for the development of a commercial tourism/study package to Lima and La Selva Central focusing on gastronomy and specifically on coffee;
4. Network of companies and stakeholders to engage in individual or a joint investment relationship with local partners (for instance through an impact cluster and IMVO vouchers);
5. Communication activities with Dutch companies to increase awareness of sustainable coffee and higher costs for production.
02 | Introduction
2.1 STARTING POINT TO THE COFFEE MISSION

Sustainable and Inclusive Business Scan Peru (2016)

This project is a direct follow-up to a “Sustainable and Inclusive Business Scan” conducted in September 2016, assigned by the Embassy of the Kingdom of the Netherlands in Lima, Peru. During this assignment a number of themes were identified for potential opportunities for Dutch private sector involvement: water management (in relation to) soil management, valorising waste streams, technology and expertise linked to a circular economy, sustainable development of infrastructure and spatial development. These themes relate to a number of sectors and value chains that were assessed: agrifood, urban development, logistics and waste management. The sustainable coffee sector was identified as a high potential, high growth and high impact sector and a number of key stakeholders such as SNV, Agriterra, Solidaridad and Coopchebi were interviewed. This has led to the intention to develop the outlines of a cross sectoral approach, with the aim to contribute to regional improvement of the coffee value chain and improve cooperation between Peruvian stakeholders in the sector and Dutch stakeholders. First step: an exploratory business mission with the Dutch coffee sector to Selva Central.

Coffee mission Selva Central (September 2017)

The Embassy of the Netherlands in Lima requested MVO Nederland to prepare and organise a mission to the ExpoAlimentaria in Lima and to Selva Central with the objective to:

- Bring together the main national and regional players in the value chain;
- Introduce Dutch experts on sustainable regional development and sustainable production;
- Identify business opportunities for Peruvian and Dutch companies.

The following sections will describe the approach of MVO Nederland and its link with the (Dutch) coffee sector.

2.2 APPROACH OF MVO NEDERLAND AND OPENFABRIC

Cross-sectoral approach

No man is an island. The same goes for companies, experts and entrepreneurs. In order to create momentum and positive impact all along the value chain of coffee MVO Nederland look for cooperation and partnerships across the borders of the coffee sector itself. Tourism, the chemical industry, horticulture, waste management and logistics are a number of sectors that are getting involved in the design of partnerships and coalitions.

Business opportunities for SME’s with impact on Sustainable Development Goals

Business opportunities and sustainable impact go hand in hand. Essential to any action taken by MVO Nederland is the potential benefit for Dutch Small and Medium Sized Enterprises. MVO Nederland supports innovative SMEs in creating new business opportunities in international markets. These opportunities should contribute to the Sustainable Development goals as determined by the UN. Any action should be aimed at turn-over as well as positive impact.

Local stakeholders

A key element in sustainable business development is the involvement of local stakeholders, both in Peru and in the Netherlands. In the process of working towards a partnership with the Dutch private sector in Selva Central a great number of relevant stakeholders have been identified, ranging from national institutes, government and NGO’s to local municipalities and Dutch NGO’s active in the coffee sector.

Openfabric

Openfabric is a Landscape Architecture and Urban Design practice based in Rotterdam (NL). Responding to the large variety of possibilities that the intersection of city, society and nature creates, Openfabric projects cover several fields of action. They range from public space design to large landscape strategic masterplans; waterfronts, campuses, parks, and playgrounds. Our interest expanded towards the urban-rural condition. The two words are only seemingly an oxymoron. In-fact, urban areas depend on ecosystem services which are often far from the city itself. Amongst other services, food production in many cases is located in distant landscapes; gastronomy, for instance, can be key to reestablishing a link between food, cuisine, agri-production, people and places, bridging usually disconnected territories. Understanding the relationships between territories in terms of these systems of dependencies is critical, in our opinion, to generate responsible plans and strategies that can take into account complex dynamics of cause and effects.

The role of spatial development approach: Design as the binding factor

In order to keep all stakeholders at the table and let stakeholders from different sectors (agriculture, tourism, processing, spatial development) or levels (national government, local government, local community and entrepreneurs) have a common understanding about “where we are and where we want or need to go”, it is critical to have a common language or framework. Design does exactly that. It creates pictures of present situations and can help build scenarios for the future. It provides a visual context preventing people getting stuck in different languages. Capturing all steps for development in a visual design provides powerful material to communicate to stakeholders and follow-up partners needed to put the ideas into practice.
2.3 THE COFFEE SECTOR AND THE NETWORK OF MVO NEDERLAND

The coffee sector has long been an example of an industry where social and environmental initiatives are numerous. At the same time there are challenges that have not been solved in a system that is dominated by big players and big capital.

There are scores of SME companies in the Netherlands (and Europe) that have a specific view of their sector and want to contribute to a futureproof coffee value chain. The difficulty lies in their firing power. Limited individual size and fierce competition make it difficult to create critical mass and create a meaningful contribution to changing the global coffee market.

That is where MVO Nederland comes in. With 5 years of experience in bringing together SME companies around sustainability challenges and subsequent business opportunities in international value chains, its activities have thus far focused on sectors such as horticulture, textile, leather, shipbuilding, chemical industry, urban development and tourism. The core of our activities is organising companies and providing perspective for action and business, connecting companies to relevant stakeholders and organising public and private activities. All of this with the ultimate goal: creating an impact on the SDG’s.

For the coffee sector we start off with a network of 25 interested companies; majority SMEs, bigger players such as Douwe Egberts and Pelican Rouge, and entrepreneurs from the packaging, processing, waste treatment, chemical sector and tourism industries that are interested in playing a part in the coffee sector.

2.4 THIS PUBLICATION

The following chapters firstly provide an introduction to the coffee sector the La Selva Central region and its challenges when it comes to sustainable coffee production. Key stakeholders are mapped and the outcomes of their input is integrated in this report (chapter 3). The regional spatial strategy, being discussed during the mission with various stakeholders, is translated in a visualisation of the opportunities for the area (chapter 4). The mission report provides a day-to-day overview of the coffee mission to Peru, including a photo impression (chapter 5). The outcome of the mission in terms of business opportunities with a potential sustainable impact and a presentation of the next steps by MVO Nederland (in cooperation with others) are to be found in chapter 6.

The Dutch Coffee sector

The Netherlands is the seventh largest importer of green coffee in Europe, and it is at the epicentre of sustainability initiatives within the coffee sector. The Dutch drink blends of Arabica and Robusta, Arabica being the most popular and accounting for approximately 60% of the market (1).

Total imports of green coffee amounted to 159 thousand tonnes (€ 431 million) in 2015. Despite a small decrease in 2013, imports increased significantly between 2011 and 2015, with an annual average increase of around 20% in volume and 14% in value. Most of these beans are roasted in The Netherlands and subsequently sold on the Dutch market or exported on the European market (with exports around 40%) (2).

The Netherlands, however, also re-exports green beans, as well as importing roasted coffee. Europe’s main coffee ports are Antwerp and Hamburg (1). The most important countries of origin for European coffee are Brazil and Vietnam. Peru is one of the smaller players: in 2015, Peru accounted for 3% of Europe’s coffee imports (3).

Besides the sustained growth of the European coffee market, the market for specialty coffee is growing particularly rapidly (4). The specialty segment is a small niche, but it commands high quality and high value, and offers interesting opportunities for suppliers of high-quality coffees. Specific Europe-wide data on the consumption of specialty coffee is unavailable. This is partly because there is no industry consensus on a clear-cut definition of specialty coffee. Moreover, the European market plays a major role in the recent rapid growth in coffees which are certified for sustainability standards such as UTZ, Rainforest Alliance, Organic and Fair-trade. Both the production and sales of sustainably produced coffee have grown significantly more than conventional coffee. In 2015, 47% of the coffee for the Dutch market was sustainably certified. Although this is a fair share, it is significantly lagging behind the Dutch intention declared in 2010, to have 75% of certified coffee in 2015 (4).

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(2) CBS,
(3) CBI, What is the demand for coffee in Europe?, 2017
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(5) KNVKT: Intentieverklaring: Naar drie kwart duurzame koffie in 2015, 2010
The coffee sector in Selva Central
Coffee sector in Peru

Peru produces around 4 percent of all coffee worldwide (1). Peruvian coffee production in marketing for the year 2017/18 is forecast at 4.5 million bags (60 kilograms per bag), which is an increase of 7 percent compared to the previous year.

The large majority of Peru’s production is destined for export. Coffee was Peru’s largest agricultural export commodity in 2016, accounting for 2.1% of Peru’s total export value (2). In marketing for the year 2017/2018, exports are forecast to be 4.3 million bags. Export prices for Peruvian coffee averaged US$3,164 per metric ton in 2016. The United States is the current lead market for Peruvian coffee, accounting for 27% of total exports. Germany (25%) and Belgium (10%) are also important export markets. The Netherlands ranks as the 10th export country (22%), representing an export value of almost US$16.730 million. Taken together, the European Union imports roughly half of Peru’s coffees. While domestic coffee consumption remains low, it has nonetheless doubled over the past five years (3).

Peru has a long history of quality, organic arabica production (4). It is therefore expected to grow within the high-quality/specialty segments of the European market (5). Peru has special potential within the market for organic coffee, because although Peru only produces 4% of the world’s coffee, it is the main producer of organic coffee, with a global share of 25%. The overlap between organic and Fairtrade certification is almost 100% in Peru. However, on Fairtrade certification Peru ranks second in the world, after Colombia. With 8.2% of Peru’s coffee being Rainforest Alliance-certified, Peru is third in the world for this certification (6).

In 2013/2014, a heavy outbreak of coffee leaf rust (Hemileia vastatrix) affected almost half of the Peru’s coffee crops. Since 2016, however, stable growth has returned to the sector. With the abatement of the outbreak, the Peruvian government has set up a program to renew 80,000 hectares (of a total of 425,400 ha) of coffee production land (7). The government aims to double the export value of coffee between 2016 and 2021.

223,000 Peruvian families rely on coffee cultivation for their household income. 85% of these producers are smallholders that own between 1 and 5 hectares of land. The Peruvian average coffee yield is low: 1.3 t/ha compared to 2.3 - 3.4 t/ha (8) for intensive monocultures practiced in other countries. This gap can be explained by the more traditional methods of Peruvian coffee cultivation, as well as by the significant area of shade-grown coffee. 20% of Peru’s coffee producers is associated into cooperatives (9).

Coffee in La Selva Central

The region of Selva Central (the central jungle) is located in the provinces of Chanchamayo and Satipo, in the region Junín, which is the largest coffee-producing region of Peru (1). Junín is responsible for 27% of Peru’s coffee production, most of it coming from Chanchamayo. La Selva Central has a history of high-quality coffee cultivation, which was opted for in order for the farmers to secure higher income (2).

In 2016, La Selva Central produced almost 56 thousand tonnes of green coffee, originating from 85,5 thousand hectares of cultivated land. This is produced by over 37 thousand small-holder farmers, owning an average of 3.5-5 hectares each (3).

After the coffee leaf rust-outbreak, Junín was supported by the national government with the replantation of almost 18,000 ha of high-quality coffee plants resistant to the pathogen (3). At the start of 2017, the construction of an ‘Instituto Regional del Café’ (Regional Coffee Institute) was initiated by the regional government Junín (4). Its aim is to provide support and technical assistance to farmers, as well as to develop new, locally adapted coffee varieties.

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(a) UNDP. Línea de Base del Sector Café en el Perú, 2017
(b) América Economía. La mitad de producción de café peruano se exporta a Unión Europea, 2015
(7) CBI. What is the demand for coffee in Europe?, 2017
(8) Encyclopaedia Britannica, Coffee production, 2017

(1) Region Junín, Inician construcción del Instituto Regional del Café, 2017
(2) Info Cafés. Producción de café en Perú, 2015
(3) Cluster de café de La Selva Central, 2017
(a) El Comercio, Se plantaron 17 mil 803 hectáreas de café resistente a la roya, 2014
Coffee in Perú

21% Total Peruvian Exportation

25% World production Organic Coffee

1° World Coffee producer Organic Coffee

223,000 Peruvian families rely on coffee cultivation

85% of these producers are smallholders

The geography of Coffee - areas of production, main ports
3.1 THE AMAZONIAN RAINFOREST AND THE PROTECTION BELT

The Amazon, presumed as a virgin natural landscape, is not as pristine as supposed. Human presence has modified its land-use and identity, especially at its peripheral fringes.

Since colonial times, agriculture in Latin America has shifted from subsistence agriculture to exportable monocultures. Such change has provoked consequences to the local culture, biodiversity and ecosystem health; already in the early 19th century, Alexander von Humboldt, returning from his Latin American journey, indicated a relationship between monocultures/deforestation and soil degradation/climate change (A.v.H. Personal Narrative 1814-29).

The shift has put regions characterised by some of the richest ecosystems on the planet under pressure; and this is the case for the Amazon Rainforest, the largest broadleaf forest in the planet that encompasses 7 million km², representing more than half of the world’s rainforest. The “Amazonia” includes territories of several nations, mainly Brazil 60%, Peru 13% and Colombia 30%. The importance of the Amazon for the whole planet is well known, and monoculture is one of its main threats.

The protection belt

The part of the forest most sensitive to anthropic action is its external edge, being more densely covered by infrastructures and closer to cities and harbours that facilitate the commerce of produce. This “belt” can be considered 200-300km deep and is often characterised by agriculture; on the other hand, being an accessible part of the Amazon it bears a very high touristic potential, which is both a threat and an opportunity to sustainably exploit.

This is the case for the Selva Central region in Peru, where the land-use of the “belt” is defined by the monoculture of coffee, a local gastronomic excellence exported worldwide.

Because of the half-shaded growing technique which allows the preservation of the tree canopy above the coffee shrubs, the local landscape has the potential to overtake the monocultural model and become a unique biodiverse mix of commercial production alongside subsistence agriculture. New agriculture patterns are possible in order to improve efficiency of coffee production, re-linking with the traditional agriculture techniques of local communities and strengthening the “belt” as a biodiverse buffer preserving the integrity of the Amazon rainforest.
Selva central is a geographical area located at the edges of Amazon rainforest which includes the administrative Peruvian regions of Junín and Pasco. The focus area overlays Chanchamayo, Perené, Pichanaki, San Luis de Shuar and Villa Rica district, and is located in Chanchamayo and Oxapampa province. Furthermore it is characterized by the presence of three rivers: Paucartambo and Chanchamayo river that flows into Perené river (1).

The Selva Central region presents exceptional value in terms of biodiversity and ecosystems and is characterised by its topography and an intense hydrographic network. As Antonio Raimondi mentions in his pioneer publication “El Perú” (1876) “The first news we had about the trans-Andean region located west of Lima comes from the missionaries...Thanks to them we discover the geography of this wonderful network of navigables rivers, formed by a huge number of tributaries of the Amazon River...”.

The Atlas of Perú (2017) also reports an exceptional of the hydrographic presence and it’s relation with exuberant vegetation “In La Selva Central region the dialogue is between the forest and the rivers. The forest is so dense, so unanimous, that if it was not for its beauty it will look even monotonous. What exalts us are the river: immense water courses which curve their lines, following the topography. The bigger rivers are rivers that screw, meander, create islands, move away and approach villages, to form the immense, material and spiritual greatness of the Amazon”.

The focus area integrates two typologies of “Peruvian Natural regions”, “Yunga fluvial” and “Selva Alta”, with a smaller presence of “Selva Baja” in the Pichanaki district. “Selva Alta” represents the orographic range from 400 m to 1000 m above sea level. Climate is highly humid with intense warmth during the day and a consistent decrease of temperature during the night. Rainfall is between 3000-8000mm per year, with intense rains from November to April and low precipitation between May and October. The relief is steep in the mountains and flat at the bottom of the valleys. Flora is very fertile and extremely variegate, with more than 200 species per hectare.

“Yunga fluvial” represents the orographic range from 1000 m to 2300 m above sea level. Climate is characterised by a constant solar exposition with a drop in temperature during the night. Relief is rough, with close valleys and deep ravines. The bottom of the valleys are characterised by the presence of farmland, orchards and modern villages that suffer from the “huaycos” (a flash flood caused by torrential rains occurring high in the mountains), amplified by bad practice such as deforestation and soil erosion (3).
This geographical conditions allow the presence of a rich agriculture, which supports Coffee cultivation. In fact 25% of Peru’s coffee is produced in the Selva Central area, mostly in the region of Junín but also in Villa Rica district (Pasco Region) on a much more minor quantitative scale but with high qualitative performances thanks to the higher elevations (4).

The coffee production technique mostly used in Selva Central is the “Half-shaded grown coffee”. This technique allows the coexistence of three layers: The coffee, fruit trees and the forest. In terms of landscape this means a very rich presence of biodiversity and bears the potential for polycultural mix-farming, as opposed to the monocultural approach, which is one of the biggest threats to biodiversity and ecosystemic health.

A national park as context for sustainable business development

The area is for a large part covered in primary and secondary rainforest and the coffee is grown using different forms of agroforestry. The coffee plants are shade-grown under a canopy of jungle trees and fruit trees.

Due to this sustainable and traditional land use pattern, some first steps have been taken to create the “Parque Nacional del Café de la Cuenca del Palomar”, approach so far limited to the area around San Luis de Shuaro.

This park aims to enhance coffee production, stimulate tourism development and protect the local environment and coffee varieties. The National Park can help in creating standards and guidelines for high-quality coffee production, branding, and a comprehensive tourism approach.
3.2 CHALLENGES FOR A SUSTAINABLE COFFEE SECTOR

Even though Selva Central can be seen as a good example of mixed farming and agroforestry, when it comes to coffee production the situation in the region is far from perfect. The challenges, caused by economic forces and temptations of modern day society form a constant threat to the vulnerable balance between production, development and preservation of ecosystems, traditions and culture in Selva Central. The following challenges were mentioned by stakeholders during the mission to Selva Central.

Race to the bottom

Despite having organic certification and generally scoring high cupping points, it often happens that cooperatives in the Selva Central need to sell the coffee for the commodity price defined by the world market. Farmers hardly have any knowledge about the world market and are usually not aware of the prices. This leaves them vulnerable to exploitation by middlemen or, in some cases, by large multinationals. Therefore, they express the need for a stable price, also to safeguard investments in sustainability.

Productivity and quality under pressure

The overall challenge for the coffee sector in Peru (as in other coffee production regions) is the fact that coffee systems are becoming increasingly less productive and yields are facing lower quality, caused by the negative effects of climate change. The geographical areas available for coffee production are drastically reduced. Current production areas are facing physical challenges like erosion, soil degradation, rising temperatures, less available water resources and coffee trees suffering from so called “stress” (ProClimate). These challenges create problematic circumstances for (quality) coffee production, causing a shift from coffee production areas to higher altitude (>2000m), leading again to erosion, soil degradation etc.

Deforestation and erosion

Deforestation is a constant threat in Selva Central. Much primary forest has been degraded to secondary forest for coffee and fruit production – not only by locals but also by British and Dutch entrepreneurs. These productive landscapes have a lower tree density and on the steep hills of the region, this may lead to soil erosion. Additionally, the promise that monocultural production would give higher yields (in the short to medium term) threatens the remaining forest cover.

Soil degradation

Farmers in the region have to deal with soil degradation, caused by both the negative impacts of climate change, in many cases combined with inadequate soil management. There is often a lack of knowledge on the impact of the use of toxic chemicals on long-term soil quality. In general, it is a fact that with the production of any crop extraction of nutrients takes place that needs to be compensated with inputs, either natural or chemical. All material that is not used causes an unnecessary extraction of nutrients.

Water pollution and diminishing fish population

A challenge that was encountered at a farm, cooperative and regional level in the Selva Central region are the great volumes of cascara (residue of coffee berries) physically lying on the grounds of farms and cooperatives. The large amounts of husks from coffee beans are normally dumped by farmers. These decay into fermented juices that filter into the soil and ultimately contaminate ground and surface waters. This pollution reduces the water’s oxygen levels (http://coffielands.irro.org/2012/06/23/latin-america-and-water/), which in turn leads to a reduction of fish – an important food source for local communities.

Biodiversity under pressure

There has been a loss in biodiversity in Selva Central, caused by climate change and deforestation. As a consequence, the variety of animals has become smaller as well. The coffee system has become more vulnerable to plagues, like Roya. The Bosque de Protección Pui Pui in the heart of La Selva central region is constantly under pressure from expanding agricultural activities and weak government enforcement of land use issues. At the same time there are several initiatives in the region of NGO’s as well as commercial parties to protect the biodiversity. Examples of this are reforestation efforts by Progresso and the Lazy Monkey project (to protect the natural habitat of the Yellow-tailed woolly monkey) by Pееze coffee, a medium sized coffee roaster from the Netherlands.

Use of fossil fuels in processing

In the Selva Central most cooperatives depend on milling and drying equipment that function on either wood or low-calorie fuels (like coffee shells), in the best case. Often these machines run on diesel and thus cause air pollution and a threat to local health of workers and local community.

Decentralised processing

There has been an incentive due to support from NGO’s at farm level to decentralise all processing including the storing or processing of residues. As a consequence, farmers leave the husks of the coffee berries on their farm or, in the best cases, on the sites of the cooperatives, causing contamination of water and soil. This fact and the lack of willingness to work together make this challenge hard to tackle.

Land management in Selva Central

During one of the sessions of the mission, stakeholders have expressed their concerns on security issues with regard to safeguarding the watersheds/basins (cuencas), the source for water for many coffee farmers. Illegal water use is taking place on a regular base, making the available water sources for coffee producers even more scarce. Another issue are the frequent forest fires, often caused by illegal land burn. Around 60% of the land in the area is registered and owned by either persons or organisations; 40% is therefore public territory, making it very challenging to manage and to guarantee security and to implement laws regarding environmental protection. All these challenges together have led to a reduction in production quantities and a loss of quality of the produce. Consequently, the social-economic position of farmers and their families is under pressure, farmers have a lower income and young people tend to leave the region. In other words, on a more macro-level; the future of the coffee sector is under threat.
04 | The Spatial Framework
4.1 A CROSS-SECTORAL VISION FOR SELVA CENTRAL

The challenges as described in chapter 3 have an impact on the local communities, public and private sector, local economy as well as international value chain (partners).

By tackling these challenges separately without any interlinkage, the solutions will always be suboptimal and the effect of these isolated interventions is hard to predict. It could well be that by working on a living wage or decent income there is a negative effect on biodiversity (for instance by promoting chemical inputs for yield increase) or the other way around: by protecting biodiversity total yield of coffee might go down, endangering the level of income.

Furthermore, these challenges should not be approached either from a landscape perspective or a value chain perspective. By combining both angles, maximum added value of interventions can be reached.

Therefore, an integral approach to these challenges is preferred. An approach that addresses all challenges and involves all the stakeholder groups locally as well as in the international value chain.

4.2 THE THREE LANDSCAPES

**Landscapes and ecosystem services**

The landscape of Selva Central, despite a rather uniform and repetitive appearance, is a complex and rich entity. The dense canopy of the rainforest in-fact, conceals an extremely rich biodiversity, outstanding food production and the cultural heritage of the native communities, amongst other aspects.

The landscape, understood as the result of natural and human processes in time and their interaction, and as the palimpsest of material forms and immaterial symbols, can be seen here, as a multi-layered body. Three landscape typologies can be found simultaneously: the productive landscape, the attractive landscape and the ecological landscape; Selva Central embeds a number of products, natural attractions and ecosystem qualities that can play a role on a global scale.

The landscapes can be also seen as the interaction between different ecosystems in space and time that provide various benefits for humans, gained from the natural environment and from properly-functioning ecosystems.

The benefiting “Ecosystem Services” can be divided into categories: provisioning (fresh water, biomass, food, energy, fibre), cultural (research, recreation, tourism, spiritual, aesthetics), Regulating (natural hazards mitigation, pollution control, air quality, water quality, climate control).

It is clear that Selva Central can provide a broad range of services, from food production to tourism opportunities, with the condition of preserving the natural and cultural environment, and understanding its complexity. Furthermore, more opportunities (including commercial) can be found, while approaching the territory of Selva Central as integrated landscapes, taking advantage of the interlinks between its components as tourism, food and ecology.
Towards “National Park of Coffee Selva Central” (PNCSC)

Although a “National park of Coffee of the Cuenca del Palomar”, located in San Luis de Shuarro district, was recognised in 2016 (N.0571-2016-MINAGRI) it doesn’t yet have an accurate spatial definition nor a clear identity that could attract visitors and business opportunities. A much larger area has the potential to be integrated in the vision for the “National Park of Coffee of the Selva Central”, sharing common environmental, productive and cultural conditions and ambitions.

A clear definition of a ‘National Park of Coffee’ can be the foundation for understanding the complex and multi-layered territory of Selva Central, defining its opportunities and setting the rules for protecting its weaknesses. Such a definition will be beneficial to the environment, it will create a shared entity that can bring together different stakeholders and, last but not least, it bears the potential of generating a strong new branding tool for its products.

Territorial strategy – 10 key points

The “National Park of Coffee Selva Central”, formed by different landscapes and able to provide a wide range of ecosystem services, is the objective of the multifold territorial strategy, and is supported by 10 key points. These points are a number of different principles that can create the foundation of the National Park. They vary in typology, covering different fields of expertise from environmental, gastronomic, agricultural, commercial to touristic and ICT; they altogether constitute a “manifesto of new rurality” to achieve a territorial entity that can generate multi-sectorial business opportunities, while protecting the environment and enriching biodiversity; a region that can take maximum advantage of new technologies while recovering traditions and local agricultural techniques.

1. Three-fold road infrastructure
2. From isolation to network
3. Smart Villages
4. Adapt to climate change
5. Erosion control
6. Gastronomic approach
7. Agrobiodiversity
8. Circular coffee production
9. Comprehensive mapping
10. Integration with existing protected areas
Three-fold road infrastructure

Mobility is an urgent issue in Selva Central. Despite relative proximity to Lima (300km) and to Juaja Airport (150km), reaching the area is uneasy, and is time and energy-demanding. A better connectivity to Lima and the Airport is of crucial importance. Secondly, the main road system inside the park, should be refurbished using permeable asphalt, supporting the food production. And, lastly, a new system of “dirt-roads” can be identified as a panoramic experience of the Selva Central region, meandering between its several natural and cultural attractions.

From isolation to network

The 3 centres under the spotlight (La Merced, Pichanaki, Villa Rica) have different specificities and bear the potential of complementing each other in terms of services (food production, tourism, waste management, water supply, common facilities). It is key that single municipalities that form part of the National Park tighten their links strengthening collaboration, in order to operate coherently as one territorial entity, establishing some virtuous relations of mutual benefit.

Smart villages

The use of new technologies applied to rural areas is strongly encouraged. Energy production can be produced in a small-grid scale, in order to achieve energetic in-dependency for villages, instead of fully relying on the large centralised grid. Bringing a diffuse internet connectivity (using various systems that include innovative solutions such as Google Loon) is key to expanding tourism, and organising waste management and water treatment, while improving the daily lives of the local communities.

Adapt to climate change

Climate change consequences are already affecting the Selva Central area. Because of the rising temperatures, coffee plantations have to be displaced to higher altitudes, in order to grow in their specific habitat. New crop species can be used in the lower altitudes that are becoming too warm for coffee. Cocoa plants, for example, have great potentiality for “filling” such a void, enhancing the richness of the productive landscape, and providing a new produce for the local market and for export.

Erosion control

Erosion process is an environmental emergency severely affecting Selva Central. The soil is weakened by the flowing waters and deforestation, enhancing the risk of (common) landslides and dangerously increasing the runoff speed of rainwater. Deforestation can be only healed with reforestation programs, which can be pursued with the dense vegetation of the half-shaded coffee production model. Erosion is also affecting the river-edges, where the eroding action of water undermines the stability of the soil around waterbodies: such areas can be reinforced with a dense layer of riparian vegetation.

Gastronomic approach

The Coffee produced in Selva Central is considered amongst the best in the world and from Peru it is globally exported. The relation between good coffee and a good landscape should be acknowledged and reinforced. “Good” in terms of flavour richness, in terms of low impact on ecosystems and, in terms of fair working conditions for the farmers. Furthermore, different varieties of coffee should be grown, increasing the supply range, and assuring a high level of agricultural-diversity.

Agrobiodiversity

The half-shaded polyculture is a mix-farming solution that can push Selva Central beyond the monoculture of coffee, assuring self-sustainability to local communities. Selva Central is now dependent on coffee, but much more can be produced in the area: in the lower valleys, orchards of citruses and fruits can be cultivated; at low altitudes, where the coffee plantations are disappearing due to climate change, cocoa plantations can be introduced in order to complement the local agricultural-sector.

Circular Coffee production

Solutions that foster a circular coffee production system should be applied on a territorial scale. Alternative energy production methods (solar-energy, hydro-energy, wind-energy) should be adopted in order to provide the needed electricity for the coffee sector, especially for the “drying” phase. Centralised water-treatment facilities are urgently needed for cleaning and reusing the polluted residual waters contaminated during the “washing phase”; the coffee production leftovers (such as the beans ‘skin’) can be transformed by centralised facilities, in valuable materials such as pellet.

Comprehensive mapping

The mapping of the Park is of crucial importance. A comprehensive map (both in hard-copy and digital) is needed to easily illustrate the main elements of the area. Cultural and natural attractions, vegetation typologies, coffee production centres, gastronomic hotspots and infrastructure systems, will help locals and visitors to understand the richness of the area in a glance. The map is the base tool to enforce the park as a defined entity, triggering a sense of ownership of the local communities, and creating a strong brand for tourism and the coffee business sector.

Integration with existing protected areas

The National Park will be located amid a great number of protected areas. The Yanachaga Chemillen National Park, the San Matias San Carlos protection forest, the Pui Pui protection forest, for instance, are all located within 100km of the proposed “National Park of Coffee”. The latter administrative entity should become the link between the different protected areas, shifting from an “island” setting, where each area is isolated, to a network of natural/agricultural areas of remarkable landscape/ecological value.
Half-shaded polyculture

Although the shade-grown coffee model is already rather diffuse in the area, there is much more still to gain by improving such a model. The scope of proposing a polycultural model is two-fold: it enhances the biodiversity of the forest, while at the same time it increases the diversity of produces: it is an environmental and commercial purpose at the same time.

The half-shaded polyculture can be divided into 6 different levels:

1. The Trees’ canopy level, where the dense forest is maintained: these trees host a great biodiversity, produce more oxygen than other botanical species, and can be used for (sustainable) wood production.
2. The Lower tree level is a new addition to the current model: a broad variety of fruit trees can be grown here, without harming coffee production, and can enhance the productive potential of the area.
3. The Undergrowth level is defined by coffee production.
4. The Ground cover level is defined by plant species which are edible and can function as nitrogen storage, whilst improving soil stability.
5. The Roots level. Because of an increased botanical diversity (from small ground covering plants to large trees), the roots gain extra depth and extension to consolidate the soil, which is so often subject to erosion processes.
6. The Tree lines, is a new agroforestry solution to create land divisions: citrus trees can be planted in lines here, increasing, together with the lower trees level, the productive capacity of Selva Central.
Tourism Taxonomy

Starting from the roots, Selva Central has the potential to aspire and expand to various national and international tourist target groups. Reaching the Selva from Lima or Jauja, the urban centres can function as ‘base camps’ along the rivers. From here tourists can access to a wide range of attractions: from the coffee experience – collection, process, and tasting – through a broad range of natural attractions, to the cultural heritage of native communities. The touristic accessibility of the Selva Central region is organised in loops, creating a multi-base and multi-circular experience of the territory.

Coffee production Taxonomy

The taxonomy tree structure shows different level of organisations: groups of coffee producers are organised around several collection facilities which, in turn, deliver to centralised cooperatives – located in the main villages – for processing. Here, circular opportunities are possible: the energy needed for the drying is reused within the cooperatives, the polluted water is treated and new sub-products are created from the processing leftovers and marketed. The coffee from the cooperatives is then transported to Lima, from where it is exported to both national and international markets.
As a cause of global warming and a significant rise in temperature, coffee will have to be planted at a higher altitude. Cacao plantations can fill the vacant lands.

**Coffee production area**
800m-1800m

**Transition belt**
800m-1000m

**Fruit production area**
400m-1000m
PNCS: Section of Villa Rica area with Chanchamayo river
PNCSC Section of Pichanaki area with Perené river
Visit to the Expoalimentaria, organised by ADEX, the Peruvian association of exporters - Lima, 28 September 2017

During the first day of the mission participants visited the Expoalimentaria, a large international fare with a large range of food products.

Workshop "Role of international SME value chain partners in a more sustainable coffee sector in Peru" - Lima, 29 September 2017

This multi-stakeholder workshop formed the official kick-off for the exploratory mission to Selva Central, with contributions by experts of Progreso, Solidaridad, Oikocredit, SNV, Conservation International and entrepreneurs from the Peruvian cooperative COOP Chebi and the Dutch company Illimani. The session provided an overview of the potential added value of SME companies to sustainable development of the coffee sector in Peru. Elements addressed during the presentations: the role of regeneration of ecosystems, governance of cooperatives, opportunities for sustainable energy and improvements for coffee processing.

Key outcomes:

- Participants acknowledge the need for further cooperation and exchange on their work on the coffee sector in Peru and see an opportunity in joining forces in providing assistance to cooperatives on Technical assistance (Solidaridad), Management & finance (Oikocredit) and Governance (Agriterra)
- An international partnership could contribute to the further sustainable development of the international dimension of the Cluster del Café de Selva Central. This could involve the inclusion involves the inclusion of the private sector from the international value chain.

Field visits coffee cooperatives Selva Central
La Merced & Pichanaki, 30 September & 1 October 2017

Cooperativa Agraria Cafetalera Peréné

Located in the Peréné region of central Peru, the Cooperativa Agraria Cafetalera Peréné is a small coffee producer organisation founded in 1966. The cooperative has grown to more than 298 members today, but it remains small compared to other producer organisations in the region and country. Its size, however, isn’t an issue in the production of specialty coffee. CACP is a cooperative situated close to la Merced and has associated farmers throughout the region, at an altitude of 1000-1650m.

Using Fair Trade premiums, the organisation has developed programs that provide training, technical assistance and capacity building workshops for their members. The organisation firmly believes in the development and social investments made to improve members’ and communities’ living conditions. They hope everyone will soon recognise the importance of small coffee producers and their efforts taken to guarantee the delivery of their product, despite challenges in the global market and recent diseases hitting coffee crops.

Peréné has received financial support from Rabo Rural Fund in the past. The manager explained the challenges the cooperative is facing and how they are working on these challeng-
es such as: a circular approach to waste issues for which the cooperative plans to invest in machinery to produce briquettes and the contribution to the fight against deforestation by supporting development of agroforestry near the Bosque de Protección de Pui Pui.

Opportunities:

- The cooperative gives the impression to be willing to work together with others on themes such as water treatment and purification.
- Options for micro projects: connecting Dutch traders and roasters with Perene on briquette and/or other product development out of waste streams, or agroforestry.
- Perene is connected to the Cluster del Café de Selva Central, coordinated by Centro Café Y Cacao

ACPC Pichanaki

Cooperativa Agraria Cafetalera ACPC Pichanaki is a coffee cooperation in Junín, central Peru. ACPC Pichanaki was founded in 2000 and currently represents around 270 smallholder coffee farmers. Pichanaki was initiated in order to sell coffee directly, without the use of middlemen. Next to this, the association offers technical support for coffee cultivation, in order to improve the quality of the coffee. Pichanaki has organic, Fairtrade and bird-friendly certifications and sells its products on the international specialty coffee market. The number of members, as well as production and sales have increased rapidly over recent years. The organisation is strongly committed to the improvement of coffee quality and production, both for its members and its own income. Through social projects on food security and women’s emancipation, Pichanaki aims to improve the life standards of its members.

ACPC is situated in the centre of the village of Pichanaki and has 300 socios (associated coffee farmers) in the immediate vicinity. The coffee is grown at an altitude of between 1000 and 1600 m and the main types of coffee produced are Catura, Catimor and Bourbon. Recently, due to resistance to the leaf rust epidemic, they have shifted to types such as Marseillesa and Catimor.

The greater part of the coffee for export has a ‘q grade’ of 80 to 82. A smaller part of the export consists of micro lots of 82 to 85 points.

The area is characterised by severe deforestation and intensive land use. In some areas, coffee production is in the hands of farmers that are not originally from the area but who have migrated from the Andes in recent years. This is one of the reasons of the big contrast with the area around Villa Rica where the farming of coffee is mostly in the hands of the local community that works in a more balanced manner with local eco systems.

Opportunities for cooperation lie in connecting to the programme of Progresso promoting agroforestry in the deforested areas. Furthermore, the cooperative has a strong relationship with Dutch based Oiko Credit and Rabo Rural Fund.

ACPC is connected to the Cluster del Café de Selva Central, coordinated by Centro Café Y Cacao.

CAC Sostenible Valle Uribiri

The founding of the Uribiri cooperative was a direct result of the recommendations done in the report “Improving the Quality and Sustainability of Coffee Production in Peru” focused on the area of Pichanaki. The research took place in 2012 and was carried out by the Wageningen University, commissioned by the Douwe Egberts foundation.

The cooperative is thus founded on ideas strongly related to sustainability and making the
future for the coffee sector future-proof.
The cooperative consists of 300 coffee producing families producing Caturra 50%, Typica 25%, Borbón 10%, Pache 10%. Ubiriki is connected to the Cluster del Café de Selva Central coordinated by Centro Café Y Cacao.

Coopchebi

Coopchebi is a relatively small but very relevant cooperative in the area of Villa Rica. The production methods are aimed at maximum sustainability. The area of Villa Rica is a textbook example of successful agroforestry although the system is under constant pressure to increase productivity by cutting away forest. Felix Marin, closely connected to Coopchebi, has reached out to MVO Nederland to work together in creating partnerships that will provide cooperatives with sound business relations that will make it possible to enhance sustainable methods of production. Coopchebi is connected to the Cluster del Café de Selva Central coordinated by Centro Café Y Cacao.

Alto Palomar

Alto Palomar is a young cooperative closely connected to Coopchebi (physically based only 20 metres from Coopchebi). As with most cooperatives in this area the approach of Alto Palomar to coffee production is based on certification and agroforestry. Alto Palomar sells most of their coffee to a single buyer from Italy (Le Piantagioni del Caffe) and has been able to work on development of the cooperative due to this secure relationship. It is therefore an example for the effect of direct trade on the development of activities in land of origin.

Workshop “Development of the Vision for the National Park of Coffee Selva Central” - Pampa Waley, distrito de Perené, 3 October 2017

The final workshop on the 3rd of October was facilitated by Jacopo Gennari Feslikenian, a landscape architect at Openfabric. During this closing workshop all ideas and observations were brought together on sustainable business development in the region and the role of value chain partners. The concept of the National Park was used to shape and envision future developments in coffee production, processing, diversification and social and environmental protection. Together with governmental representatives, coffee cooperatives and entrepreneurs from the Peruvian and Dutch coffee and tourism sector discussion took place on the future of the coffee sector and development of the vision of the National Park del Café de la Selva Central. Challenges and opportunities were addressed in four groups, that focused on either agricultural production, tourism, environmental protection and regional strategy.

Outcomes of this workshop have been integrated into this report (chapter 3 and 6).
Vision for 2040 by group "Environmental protection" (workshop 3-10-17):

“All actors, from both public and private sector, on local, regional and national levels, have a shared responsibility and take an active role in developing agroforestry reforestation systems. Activities like ecotourism and environmental education are in place and embedded in the strategic vision for the region.”

“The state of conservation of the Valles de Chanchamayo y Oxapampa territories has been improved, through ecosystem protection and of the cuencas (watersheds, basins), in order to provide water resources in the quality and quantity that will benefit the local communities.”
Central Café Y Cacao

Café y Cacao is the initiator of the Cluster del Café de Selva Central, an initiative to organise the whole coffee value chain present in the Selva: farmers, cooperatives, corporations, processing companies, research, exporters and roasters. The cluster aims to enhance business opportunities and possibilities for long term development of the coffee sector in the Selva Central region. It is in its starting phase and therefore an interesting party for exploring possible collaboration. This initiative, together with the start of the Parque Nacional de Café de La Selva Central, forms the basis for project development and definition of a joint vision of a sustainable value chain between Peru and the Netherlands (and consequently Europe).

Coopchebi

Felix Marin is one of the driving powers for change in the Selva Central. He is strongly connected to Coopchebi, a small but growing cooperative. Felix has an outward view and is working on connecting cooperatives in the Selva Central region in close cooperation with Central Café y Cacao.

Progreso

Progreso is a Dutch based NGO Working actively on farmer support and reforestation projects in the area of Pichinaki. They have a number of projects in the area and work closely with Rabo Rural Fund. They have supported this project and contributed greatly to the program. Cesar Paz organised a large part of the program in the Selva Central region. We have made use of his enormous experience in the coffee sector.

Solidaridad

Solidaridad are a Dutch based NGO, very active in the coffee sector and have produced the book “Café 2.0” that describes in detail the approach to the development of climate smart coffee production throughout Peru. Solidaridad is a potential local counterpart for developing projects, involving Dutch companies.

SNV

SNV area a Dutch NGO active in support at a farm level, currently involved in projects for waste management and biogas. They are a potential partner for solutions for waste streams in the coffee sector.

Rabo Rural Fund

Rabobank has been active in the central jungle region for many years, providing finance to the cooperatives in combination with technical support provided by parties such as Progreso. The list of cooperatives in their portfolio is long and there is the will to collaborate locally as well as in the Netherlands.

Conservation International

Conservation International are active in landscape recovery in the area of San Martin and are a potential partner for landscape recovery in the Selva Central region.

Commonland

Commonland are a Dutch based foundation working on landscape recovery. They are a potential partner for collaboration on regional level.

Agriterra

Agriterra are a Dutch based NGO specialising in supporting the development and management of cooperatives with a long track record in Peru.

Oikocredit

As a development financial institution, Oikocredit gives credits for productivity improvement and jobs generation to development projects in general with cooperatives, small producers associations, financial intermediaries supporting micro and small enterprises, and directly to small and medium sized enterprises.
Follow up
6.1 IDENTIFIED OPPORTUNITIES FOR FOLLOW-UP IN THE SELVA CENTRAL REGION

This chapter provides insight into the outcome of the mission and the opportunities for follow-up. The table (as attached at the end of this report) provides an overview of all business opportunities observed during the mission, workshops and stakeholder interviews.

The most important take-aways are described below:

- Reforestation projects to form part of an integral agroforestry approach
- Central function for transition to shade-grown farming
- Diversification of activities such as ecotourism and agritourism
- Positioning best practice cooperatives as examples for Peruvian sector and communicating actively
- Secure future sustainable farm management skills and knowledge of the coffee sector: educate and inform younger generations on opportunities and responsibilities for future coffee production in the Selva Central region
- Further develop sustainable farm management skills in the field
- Creating centralised facilities for post-harvest processing such as milling, drying, selection and packaging
- Development of products derived from the coffee shell (cascara). The composting leaves the possibility to extract molasses or chemical components that can be valorised.
- Clean energy solutions for coffee production
- Treatment of the honey (agua miel)
- Enhanced and sustainable eco-friendly soil treatment
- Product diversification for farmers: coffee, sustainable cacao and citrus fruits

6.2 PERUVIAN-DUTCH PARTNERSHIP FOR SUSTAINABLE COFFEE

The overall outcome of the mission is the fact that both Peruvian as well as Dutch stakeholders and business have expressed serious interest in joint future cooperation. MVO Nederland has its field of expertise in creating partnerships with parties willing to make the value chain of coffee more sustainable and to use the case of the Selva Central region as a starting point in the development of activities.

As a result of the mission, MVO Nederland has been introduced to a great number of relevant stakeholders, in Peru as well as in the Netherlands. Exploration for direct partnership is in progress with: Cluster Selva Central

The most important potential local partnership is cooperation with the Central Café y Cacao, initiator of the Cluster Selva Central. An initiative to organise the whole coffee value chain present in the Selva Central region: farmers, cooperatives, corporations, processing companies, research, exporters and roasters.

The cluster aims to enhance business opportunities and possibilities for long term development of the coffee sector in the Selva Central region. The cluster is currently being set up and therefore is an interesting party for exploring possible collaboration.

Ministry of Production

At the time of writing this report there is a Memorandum of Understanding under development between the Dutch Embassy and the Ministry of Production of Peru that will allow collaboration between Dutch consortium and the Cités (Centres of Innovation) that are active in several sectors in Peru. In the case of coffee, it is of course obvious we will focus on the CITE working on production and post-harvest processing of coffee.

Progreso

Progreso has proven to be a natural partner in the preparation and execution of the mission. In the intended follow up steps they are taking an active role to formulate attractive (business) propositions for companies with the ambition to contribute to climate smart coffee.

The ProClimate program (initiated and run by Progreso) aims for regenerating degraded coffee systems by supporting farmers in the transition from full sun to shade-grown coffee. The planting of trees on coffee plantations leads to a positive contribution to biodiversity, a reduction of carbon emissions and a better soil and water quality on the farm. In addition, the produced coffee has a lower CO2 footprint. The impact is monitored with mobile technology, offering the farmers and their business partners the opportunity to show on-farm impact throughout the whole value chain, leading to a larger transparency.

More information can be found online: http://www.proclimate.org/portfolio-item/la-selva-central/

It should be noted that it takes at least 7 years before a positive impact can be observed. For the first phase of their transition to shade-grown coffee, farmers need financial support. In addition, processes in the ecosystem know a different dynamic than economic markets and fluctuating market prices. This stresses the importance of stable financing mechanisms for ecosystem services.

The biggest challenge is to create a financing model where the farmer receives a fixed price
per kilogram for their transition to shade-grown. This challenge could be linked to the idea to develop a pilot on True Cost.

**Koffie en Thee Nederland**

With an extensive network and years of experience with SME’s in the Dutch coffee sector, the federation for coffee and tea companies is a natural partner when working towards a network of active companies to participate in sustainable business development in the Selva Central region. There is an active demand from Koffie en Thee Nederland for more tools specifically for SME’s for working on their due diligence in line with the CSR risk check. This links directly to the concept of true cost accounting and could well be developed hand in hand with the latter. MVO Nederland is considering the options of cooperation.

**CBI**

CBI has several programs running in Peru, that will end in 2018. We will explore possibilities to create follow up opportunities.

**The Leopold Koffie school**

The Leopold Coffee school is an institute in the Netherlands specialising in educating baristas and other professionals in the trade of coffee and coffee preparation. They have articulated the ambition to promote specialty coffee to the wider public. They are a natural partner when reaching out to companies aiming at specialty and high-quality coffee as well as sustainability.

**Retail**

MVO Nederland is, together with companies from the coffee sector, in the process of exploring collaboration with one or more retailers to combine goals for improving production based on themes described earlier with the ambition of small “Craft roasters to create a bigger market share for high quality, sustainable coffee.
Findings from the mission and potential projects for the Selva Central region were shared with a broad audience during a meeting at Santas Coffee in Rotterdam on November 16, 2017. During this session a group of over 20 Dutch companies discussed the possibilities for cooperation in different parts of the coffee value chain including production in regions of origin such as the Selva Central region. Besides commercial interest, the meeting brought together a number of key stakeholders for follow-up and project development: Rabo Rural Fund, Progreso, MVO Nederland, Openfabric, the Leopold Coffee school, The Dutch coffee federation KNVKT and Conservation International.

A first inventory was made of the potential for cooperation on multiple themes for business development in this region and the coffees that were brought from Villa Rica, Perene, Pichinaiki and Palomar were cupped and made available for purchase.

All actors present agree on the following statements:
1. The coffee sector is far from being sustainable and future proof
2. The challenges and hurdles on the road to a sustainable future are difficult to tackle
3. Without cooperation between parties willing to take action, these challenges cannot be overcome

For all these potential follow-up activities it is imperative to create a network of coffee companies and companies originating from adjacent sectors to explore business potential. For that reason, MVO Nederland has identified three directions for development and will focus on the following in 2018:

1. An international coalition of buyers, investors and experts, with the mission to develop market opportunities for sustainable quality coffee and experiment with the principles of true cost accounting
2. Storytelling on the production process, origin, quality of the coffee and implementing a traceability component
3. A Peruvian-Dutch Coffee Impact Cluster, with a central role for circular solutions in the coffee industry

To make these activities as successful as possible we are actively exploring partnerships with the following stakeholders. Alongside, these stakeholders the organisations named in chapter 5 are also potential partners in the execution of any activities.

In 2018 MVO Nederland will be organising and hosting networking sessions to inspire companies, to keep the network engaged and mobilise new stakeholders to join. Moreover, MVO Nederland will be safeguarding the process for creating a project that unites a variety of business cases that will have a sustainable impact in both The Selva Central region in Peru and in the Netherlands.
| Category | Description | Impact | Challenge | Solution
|----------|-------------|--------|-----------|----------|
| Marketing & Communication | Develop a strong brand identity and effective marketing strategies | Increase brand awareness and customer engagement | Limited budget for marketing campaigns | Develop partnerships with influencers and social media personalities
| Customer Experience | Enhance customer satisfaction and loyalty through personalized experiences | High customer expectations | Limited resources for customer support | Implement AI chatbots for automated customer service
| Product Development | Create innovative and unique products to stay ahead of the competition | Rising production costs | Limited resources for research and development | Explore partnerships with suppliers for cost savings
| Logistics & Supply Chain | Optimize supply chain operations to reduce costs and improve delivery times | High transportation costs | Limited access to transportation infrastructure | Explore alternative shipping methods and routes
| Financial Management | Improve financial health and profitability | High debt levels | Limited access to funds | Explore alternative funding options like government grants and loans

**Recommended Next Step:** Develop a comprehensive marketing and customer experience strategy to improve brand awareness and customer engagement.
Together with companies and entrepreneurial individuals MVO Nederland works towards the new economy. We pursue a shared goal: a healthy, futureproof economy in which positive financial results go hand in hand with care for people and planet. Our mission is to inspire, connect and accelerate companies and organisations towards climate neutral, circular and inclusive business.

With our network of over 2500 companies we strive for maximum impact, on a national as well as an international level. We work in partnerships with Dutch and international companies and organisations to create impact in existing value chains. We stimulate and support companies with sustainable innovations and business models to enter into international markets. We lobby for ambitious CSR policies at the level of Dutch and European government for policy supporting a sustainable economy.

www.mvonederland.nl

Openfabric

Is an international landscape architecture and urbanism practice, based in Rotterdam (the Netherlands) and Milan (Italy), focusing on urban and rural geographies.

Beyond the City Our interest expanded towards the urban-rural condition. Amongst other services, food production in many cases is located in distant landscapes; gastronomy, for instance, can be key to reestablish a link between food, cuisine, agri-production, people and places, bridging usually disconnected territories. Understanding the relations between territories in terms of these systems of dependencies is critical, in our opinion, to generating responsible plans and strategies that can take in account complex dynamics of cause and effects.

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