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STRENGTHENING THE COFFEE VALUE CHAIN IN PERU PROGRAM

Final Report

February 1, 2011 – September 30, 2013

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(AOTR)

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1. Financial Status Report, September 30, 2013

LIST OF ACRONYMS

ADISA	Asociación Distrital Agropecuaria
APAVAM	Association of Agricultural Producers of the Alto Mayo Valley
APROCASS	Asociación de Productores de Café Agrario Selva Soritor
APROECO	Asociación de Productores Ecológicos
CAC	Cooperativa Agraria Cafetalera
CAI	Cooperativa Agraria Industrial
CAPEMA	Asociación Central Agropecuaria Perla del Mayo
CEDRO	Centro de Información y Educación para la Prevención del Abuso de Drogas
CONACAFE	Consejo Nacional de Café
COOPAIN	Cooperativa Agroindustrial Naranjillo
CPCC	Peruvian Chamber of Coffee and Cocoa
CQI	Coffee Quality Institute
CVC	Coffee Value Chain
DEVIDA	La Comisión Nacional para el Desarrollo y Vida sin Drogas
DRASAM	San Martín Regional Government's Agriculture Directorate
FaaB	Farming as a Business
FLO	Fairtrade Labeling Organization
GAP	Good Agricultural Practices
GDA	Global Development Alliance
GRSM	Regional Government of San Martín
HQ	Headquarters
ICP	In-Country Partner
ICS	Internal Control Systems
JNC	Junta Nacional de Café
LTC	Let's Talk Coffee
M&E	Monitoring and Evaluation
MINAG	Ministry of Agriculture
PEAM	Special Program of the Alto Mayo
PIR	Proyecto de Impacto Rápido
POs	Producer Organizations
PP	Program Progresso
SCAA	Specialty Coffee Association of America
SENASA	National Agrarian Sanitation Service
SIGC	Sistemas de Gestión de Calidad
SH	Sustainable Harvest
SCVC	Strengthening the Coffee Value Chain
USAID	United States Agency for International Development
VEO	Valorización del Estado Organizacional

I. EXECUTIVE SUMMARY

On February 1, 2011, USAID awarded Cooperative Agreement No. AID-527-A-11-00001 to ACDI/VOCA for the implementation of a 32-month, \$3.6 million dollar GDA program titled “**Strengthening the Coffee Value Chain in Peru**” (SCVC). The SCVC program was designed to improve the competitiveness and sustainability of the Peruvian coffee sector and to increase coffee production and quality to ensure that interested smallholder farmers receive the highest premiums for their coffee and maintain licit economic activities. The program objectives were: 1) enhanced productivity and production on coffee farms; 2) improved farmer access to new and profitable markets; and 3) increased technical and management capacity of Peruvian coffee organizations and institutions. ACDI/VOCA and its implementing partners, Coffee Quality Institute (CQI), Solidaridad and Sustainable Harvest, worked with smallholder farmers and producer organizations in the departments of San Martín, Huánuco and Ucayali.

The SCVC program worked with organized producer organizations, municipalities and other institutions in the coffee sector to ensure the long-term sustainability of our work. We signed agreements with 13 producer organizations (POs), five municipalities and seven resource partners to coordinate activities and resources among value chain actors.

The program provided direct technical assistance and conducted 361 trainings in the following topics: coffee cupping, systematic high pruning, organic fertilizers, natural pest management, roasting technique, certifications, harvest and post-harvest handling, crop management and financing, Farmer Field School methodology, and financial risk management, among others.

Improved coffee quality was a cornerstone of the SCVC program. We installed two coffee cupping labs and strengthened the capacity of POs, private exporters, retail coffee shop owners and individuals to evaluate quality by training coffee cuppers and licensing 48 new Q Graders in Peru. We also provided roaster and barista trainings to improve the quality of coffee for domestic consumption.

In August of 2012, the program organized a workshop with Peruvian coffee sector stakeholders to develop a strategic plan with a proposal to fund the coffee sector and ensure the sustainability and competitiveness of the Peruvian coffee value chain. The proposal was submitted to the Ministry of Agriculture.

SCVC facilitated the involvement of POs in

Signed Collaboration Agreements

San Martin

- *Asociación Distrital Agropecuaria (ADISA)*
- *Asociación Productores Agropecuarios del Valle del Alto Mayo (APAVAM)*
- *Asociación de Productores de Café Agrario Selva (APROCASS)*
- *Asociación de Productores Ecológicos (APROECO)*
- *Asociación de Productores Cafetaleros Frutos de Selva*
- *Cooperativa Agraria Cafetalera Tocache (CAC Tocache)*
- *CAFÉ DONCEL, Asociación de Productores Sostenibles*
- *Cooperativa Agraria Cafetalera Oro Verde*
- *Cooperativa de Servicios Múltiples (CAPEMA)*
- *Cooperativa Agraria Sostenible El Dorado (CAS El Dorado)*
- *Municipality of Jepelacio*

Huanuco

- *Cooperativa Agraria Industrial Naranjillo Ltda. (La COPAIN)*
- *Cooperativa Agraria Cafetalera Cordillera Azul*
- *Municipality of Hermilio Valdizán*
- *Municipality of Daniel Alomía Robles (Pumahuasi)*
- *Municipality of Mariano Damaso Beraún (Las Palmas)*
- *Municipality of Felipe Crespo y Castillo (Aucayacu)*

Ucayali

- *Asociación de Productores Forestales Julio C. Tello*

Resource Partners

- *Cámara Peruana de Café y Cacao (CPCC)*
- *Conservation International*
- *Junta Nacional de Café (JNC)*
- *Ministry of Agriculture*
- *Neumann Foundation*
- *Programa Especial de Alto Mayo (PEAM)*
- *Progreso*

events designed to promote Peruvian coffee, raise domestic consumption and increase networking and marketing opportunities. Events included Sustainable Harvest's Let's Talk Coffee® regional and global conferences, the Specialty Coffee Association of America (SCAA) conferences, the Peruvian National Barista Championship, the Peruvian National Coffee Contest, ExpoAlimentaria, ExpoAmazonica, Expo Café, Mistura, National Coffee Day celebrations, and regional and municipal fairs. In addition, the program organized two food security forums to train women and agronomists in farm diversification techniques, improve the quality of life for families, and empower women leaders in the community.

After three years of project implementation, participating coffee producers have seen higher yields, improved coffee quality and as a result increased market access to speciality buyers like Green Mountain Coffee Roasters, Hamburg Coffee, Belaroma Coffee Roasting Company and Caffe Sospeso, among others.

II. SUMMARY OF ACTIVITIES – THIRD QUARTER 2013

The Strengthening the Coffee Value Chain in Peru (SCVC) program has completed 32 months of activity. This summary covers the final quarter of the program, from July 1 to September 30, 2013. The primary focus of this quarter was the program closeout, including administrative, financial and reporting tasks as well as the conclusion of our work in the field.



SCVC Volunteer Consultant Lilly Espitia conducts an introductory training for baristas in Moyobamba.

During the reporting period, we conducted trainings and workshops for coffee cuppers, baristas, producers and technicians; supported PO and regional coffee competitions in San Martín and Huánuco; and supported events, including National Coffee Day and ExpoAmazonica.

The program's technical team continued to focus on mitigating the effects of the coffee leaf rust epidemic, which has devastated farmers for the second year in a row. The Ministry of Agriculture began distributing kits containing organic fertilizers and preventative fungicides for coffee producers

affected by leaf rust, and program technicians provided follow-up technical assistance to producers on the use of these kits.

In July and August, SCVC staff met with the Consejo Nacional de Café as a group and individually to follow up on the 2012 Coffee Sector Stakeholders' Workshop. The meetings showed considerable progress toward achieving sector goals of improving quality and productivity, building capacity, promoting and increasing domestic consumption, funding coffee sector activities and fostering innovation and technology. The latter is critical in that it is geared toward research related to importing coffee varieties through quarantine and responding to Coffee Rust Disease. Most importantly, the group discussed a congressional act to formally move forward with the formation of a national coffee institute. The SCVC program, together with

the Junta Nacional de Café (JNC), hired a legal consultant to draft a bill for the formation of a national coffee institute.

The program also received several international consultants and volunteers, including Edgar Blandon, a Colombian fertilizer and eco-agriculture expert who provided follow-up technical assistance for the program's centralized fertilizer plants; Lelly Espitia, an ACDI/VOCA volunteer who provided introductory barista courses in Tingo Maria, Moyobamba, and Lima; and Alvaro Tobón, a Colombian private sector coffee producer and exporter with extensive experience in the development of coffee curricula for universities and shared value networks.

The quarter ended with the successful closeout of the program, including the submission of the Closeout Plan and Disposition List to USAID, financial and administrative preparations, and the SCVC Closeout Ceremony Dinner.

III. PROGRAM ADMINISTRATION AND MANAGEMENT

General Program Administration

In preparation for program closeout, the HQ-based SCVC Project Coordinator, Alba Bautista, visited the program. Ms. Bautista reviewed the administrative closeout procedures with local staff and implementing partners, visited program beneficiaries in Alto Mayo, and provided support with the second quarterly report.

As part of ACDI/VOCA's standard program oversight, the HQ-based SCVC Program Director, T.J. Ryan, visited the program. Mr. Ryan met with program staff, implementing partners, and resource partners, including the Consejo Nacional de Café members. He also visited program beneficiaries in Alto Mayo and Alto Huallaga.

During the quarter, the program's administrative staff prepared for a successful program closeout. We held meetings with our lawyer and implementing partners to review reporting requirements and ensure that all legal and financial matters were in order. The Tingo Maria and Lima office leases were terminated, and assets valued at less than \$5,000 were donated to local coffee sector organizations. ACDI/VOCA submitted the Closeout Action Plan and Disposition List to USAID and attended a meeting at USAID to present on the program results and lessons learned. The transfer of assets with a value greater than \$5,000 is pending approval from the Regional Acquisition and Assistance Office.

A program closeout ceremony dinner was held in September at the Plaza del Bosque Hotel in San Isidro. The event highlighted SCVC's successful efforts over the past three years to improve the competitiveness and sustainability of the Peruvian coffee sector and encourage farmers to continue to engage in licit economic activities. The evening included speeches by Ted Gehr (Deputy Mission Director, U.S. Embassy),



The mayor of the municipality of Jepelacio shares his experience with the SCVC program during the closeout ceremony dinner.

Mario Rios (Alternative Development Director, DEVIDA), Lorenzo Castillo (Manager, Junta Nacional de Café), José Antonio Bardalez Dávila (Mayor, Municipality of Jepelacio, Moyobamba) Álvaro Prada (Manager, ADISA), and Mery Lida Quiñones Sifuentes (Mayor, Community of Chipaco, Monzón).

Resource Partner and Stakeholder Coordination

Under the SCVC program we have multiple resource partners and stakeholders with whom we collaborate and coordinate on a regular basis. Meetings this quarter were held with the following:

PRODATU II: SCVC's Tingo Maria based staff, in conjunction with PRODATU II, provided trainings to the manager, administrative staff and board members of Cooperativa Agraria Cafetalera (CAC) Tocache on the analysis and classification of coffee beans at the cooperative's coffee reception station. Trainings included hands-on practice at Cooperativa Agroindustrial Naranjillo (COOPAIN). The trainings were conducted by SCVC program staff and financed by PRODATU II.

Mesa Técnica de Café y Cacao: Program staff participated in meetings with the Technical Committee on Coffee and Cocoa in Huánuco to coordinate regional coffee competitions and the National Coffee Day Celebration. The program provided logistical support and financed cuppers for Huánuco's regional competition, and it provided an introductory barista course as part of the National Coffee Day activities.

United Nations: SCVC Program Director Rómulo Echeagaray and Organizational Strengthening Specialist Limber Trujillo advised a group of producers organized by the United Nations in the formation of a new cocoa and coffee cooperative, the Cooperativa de Cacao fino de Aroma de Bolsón Cuchara, located in Venenillo.

DEVIDA: SCVC participated in the "Caravana del Desarrollo," an informational fair in the Monzon Valley with over 1,400 producers in attendance. During the fair, SCVC staff distributed bulletins and factsheets, and showed videos on coffee crop management, including pruning, fertilization, the preparation of organic fungicides, seed selection and coffee-drying methods.

San Martín Regional Coordination: In San Martín, SCVC staff continuously coordinated with POs regarding their activities in the field as well as their organizational and business initiatives. We also participated in meetings with the Special Program of the Alto Mayo (PEAM), San Martín Regional Government's Agriculture Directorate (DRASAM), the Agrarian Agency, San Martín's Technical Committee on Coffee (Mesa Técnica de Café), the National Agrarian Sanitation Service (SENASA) and the regional government of San Martín (GRSM) to coordinate and collaborate on coffee-related activities in the region. Lastly, we coordinated with the technical teams from the main coffee-buying companies in San Martín to ensure consistency in the information that is communicated to producers.

Short-Term Staffing Actions

Twelve short-term technical assistance assignments were completed in Peru during the third quarter, as detailed in the Table 1 below.

Table 1: Summary of short-term program support

Name	Dates of duration	Source of program support	Topic/purpose
Rolando Cañas	June 13 – September 30, 2012	CQI Consultant (Honduras)	CQI consultant from Mexico who conducted Pre-Q and Q courses, a Q Cupper Calibration (recertification) and a Single Origin Coffee Cupping course in Lima.
Laureano del Castillo	June 25 – July 9, 2012	ACDI/VOCA Consultant (Peru)	Drafting of new bylaws for the Consejo Nacional de Café.
David Roche	July 10 – 12, 2013	CQI Staff (U.S.)	Program closeout and meeting with the Consejo Nacional de Café to follow up in the August 2012 stakeholders' workshops and discuss next steps, including a congressional act to create a national coffee institute.
Edgar Blandón	July 8 – 12, 2013	SH Consultant (Colombia)	Final follow-up technical assistance visit for four centralized organic fertilizer plants in San Martín (ADISA, APAVAM, CAPEMA, Frutos de Selva).
Harrysson Neira López	August 9 – 14, 2013	ACDI/VOCA Consultant (Peru)	Peruvian barista who demonstrated a variety of coffee preparation methods at the SCVC program/GRSM booth during Expoamazónica in Iquitos.
David Torres Bisetti	August 14 – 16, 2013	SH Consultant (Peru)	Training and assistance in coffee preparation methods for Moyobamba's coffee shop staff.
Anthony Alvarez Naveras	August 21 – 23, 2013	ACDI/VOCA Consultant (Peru)	Mr. Alvarez was a judge for the IX National Coffee Competition at the regional level in Huánuco.
Juan Carlos Balcázar	August 21 – 21, 2013	ACDI/VOCA Consultant (Peru)	Mr. Balcázar was a judge for the IX National Coffee Competition at the regional level in Huánuco.
Lelly Espitia	August 18 – 31, 2013	ACDI/VOCA Volunteer (Colombia)	Ms. Espitia conducted four introductory barista trainings in Tingo Maria, Moyobamba and Lima. She also participated in Tingo Maria's National Coffee Day celebration.
Roberto Caldas Portugal	August 29 – 30, 2013	Sustainable Harvest Consultant (Peru)	Mr. Caldas, Peru's National Barista Champion, demonstrated espresso and coffee brewing methods at a stand at the Moyobamba Coffee Festival.
Walter Gomez	September 27, 2012 – September 27, 2013	ACDI/VOCA Consultant (Peru)	Supported ADISA with eligibility and business plan development for AGROIDEAS.
Alvaro Tobón	September 15 – 24, 2013	ACDI/VOCA Volunteer and Consultant (Colombia)	Mr. Tobón conducted a workshop on Shared Value Networks for COOPIAN's staff and board members and Huánuco's Mesa Técnica. He also held meetings in Lima and Tingo Maria to promote the design and implementation of a Technological Park in Tingo Maria and follow up on the 2012 stakeholders' workshop.

USAID Implementer Coordination Meetings and Field Visits by AOTR

Shawn Wozniak, Agriculture Officer for USAID Peru, visited program areas in Alto Huallaga during the reporting period. Mr. Wozniak visited the SCVC program-supported organic fertilizer plant at the municipality of Aucayacu and met with the mayor to learn about the program's work with the municipality. Mr. Wozniak also participated in the National Coffee Day celebration in Tingo Maria and spoke during the closing ceremony.

SCVC program staff coordinated with USAID implementers CARANA and Technoserve and provided logistical support for USAID Political Officer Nicholas Novak's visit to San Martín. ACDI/VOCA staff organized and facilitated a tour of the Oro Verde Cooperative where Mr. Novak saw their coffee and cocoa processes.

During the quarter, the program provided support to a group of consultants from the U.S. Embassy who visited the San Martín region to collect information regarding gender inclusion as well as the activities of individual producers. SCVC staff provided logistical support and arranged interviews with four female SCVC program beneficiaries.

IV. COMPONENT ONE: ENHANCED PRODUCTION AND PRODUCTIVITY OF COFFEE FARMS

The SCVC program built the capacity of coffee producers to increase the productivity of their coffee farms by improving technical and human resources, input application and management of natural resources. This was done by focusing on the rehabilitation and renovation of coffee farms through the promotion and implementation of good agricultural practices (GAP) for production, harvest and post-harvest practices. Despite the effects of coffee leaf rust disease, production on the farms of SCVC beneficiary producers increased from 16.78 quintals per hectare to 17.59 quintals per hectare since the program began.

Demonstration Plots: In 2011 SCVC program technicians, together with beneficiary POs, identified 125 producers (promoters) whose farms would serve as demonstration plots and an additional 625 producers who would replicate the techniques taught on the demonstration plots on their own farms (voluntary rehabilitation plots). SCVC technicians conducted demonstrations and trainings on the farm, and interested members of each PO visited demonstration plots to learn skills and techniques to replicate on their own farms with the assistance of program technicians. The SCVC program financed the majority of the supplies and inputs required for the 125 demonstration plots. All of the demonstration plots were georeferenced, and soil analyses were completed to identify deficiencies and select the appropriate fertilizers to achieve adequate production levels. Annual Operation Plans were developed for all demonstration plots.

Technical Training for Agronomists: At the field level, the program focused on improving the technical capacities of technicians from POs and other coffee organizations in the regions to increase the program's outreach and ensure the sustainability of the techniques promoted by the program. In the 32 months of program implementation, we trained 212 technicians and specialists in topics including organic fertilizer production, systematic high pruning, selective harvesting, measurement of the sugar content (Brix degrees) of the coffee cherry, integrated pest management and proper drying methods.

SCVC program implementer Solidaridad, via its virtual platform developed in Colombia, provided training to technicians in San Martín and Huánuco through e-learning courses. A total of 45 technicians (from the SCVC program and producer organizations), promoters, and producers participated in 10 e-learning courses during the program. Course topics included: GAP in Coffee Production, Methods for Training Rural Producers, Continuous Improvement System for Coffee Production, and Rules and Implementation of Certifications. Most technicians participated in multiple courses.

Organic Fertilizer Training: Our organic fertilizer program combined training for producers and technicians on the production of organic fertilizers, the development of 42 miniplants on farms, and the development of eight centralized fertilizer plants with POs and municipalities. Organic fertilizer training and miniplants emphasized the use of efficient micro-organisms to rapidly breakdown biodegradable matter and the use of natural additives (milk, yeast, chicken manure, phosphorous, potassium, etc.) to produce balanced fertilizer that meets local needs. Organic fertilizer compost using micro-organisms and natural additives effectively stores nutrients to allow the plant to utilize them when necessary, compared with standard chemical fertilizers, which often are over applied or easily dissipate or wash away and become unavailable to the coffee tree.

The eight centralized organic fertilizer plants were developed with support from the program to help increase coffee productivity, address environmental concerns and reduce costs for producers. SCVC program technicians provided support with the design, sourcing of organic inputs (including natural waste) and implementation of these plants, and provided ongoing technical assistance to maximize fertilizer production levels and quality.

PO/Municipality	Production (metric tons/month)
ADISA	50
APAVAM	50
CAPEMA	50
FRUTOS DE SELVA	50
ORO VERDE	30
COOPAIN	20
MUNICIPALITY OF AUCAYACU	25
MUNICIPALITY OF JEPELACIO	100
TOTAL MONTHLY PRODUCTION	375

Farming as a Business Training: The SCVC program implemented ACDI/VOCA's signature Farming as a Business (FaaB) training in San Martín, Huánuco and Ucayali. FaaB is geared toward PO members and trains them in the following: understanding business terms and concepts as they relate to coffee farming; comparing costs and benefits of differing approaches to farming and business management; developing risk-management strategies; understanding the benefits of collective actions; keeping simple and accurate farm records; maintaining

farm accounts for good decision making and business performance monitoring; and developing indicators to measure progress of the farm as an enterprise. A total of 50 FaaB trainings were conducted as part of the SCVC program.

Quarter Three Activities

Coffee Leaf Rust: In San Martín, SCVC program staff met with SENASA, DRASAM and PEAM to coordinate activities for the prevention, monitoring and control of coffee leaf rust

disease in the region. SCVC technicians also helped register coffee growers affected by leaf rust so that they could receive a kit from the Ministry of Agriculture (MINAGRI) containing organic fertilizers and preventative fungicides to control the disease. Program technicians provided follow-up technical assistance to ensure the correct application of the fertilizers and fungicides. The program also helped POs to assess the number of hectares affected by leaf rust and the average age of the coffee trees to develop a renovation plan for their coffee farms.

In Huánuco, SCVC staff participated in the Mesa Técnica's meetings to coordinate the distribution of leaf rust kits. MINAG provided 710 kits, and the regional government of Huánuco provided funding for an additional 3,000, bringing the total number of kits for the region to 3,710.

Plant Nurseries: The program's reforestation initiative concluded in August, with over 50,000 trees planted in the Alto Mayo region alone. These trees will provide shade and income for farmers in the coming years.

Didactic Materials: During the reporting period, the SCVC harvest and post-harvest handling video was filmed in Tingo Maria. The instructional video demonstrates the use of technology, such as a brix degree measurement tool, which measures the sugar content of coffee cherries for optimal coffee quality. Two videos that were previously recorded to document the SCVC project activities were consolidated into one video, which has been approved by USAID.

The Coffee Collection Manual was developed by SCVC program technicians for COOPAIN's technical team.

Demonstration Plots: As part of SCVC's work to ensure the sustainability of the program, we provided technical assistance to La Central Café y Cacao de Peru's specialty coffee production project in Tingo Maria. SCVC technicians trained Central Café's five technicians in the region on georeferencing coffee farms, installing organic fertilizer miniplants, and following good harvest and post-harvest processing practices, including the use of pH-meters, refractrometers, and humidity and temperature measuring devices to optimize coffee quality. SCVC technicians georeferenced 10 of La Central's demonstration plots and directly assisted with the installation of seven organic fertilizer miniplants. To maximize coffee quality in the post-harvest processing phase, SCVC technicians cupped coffees with varying fermentation times to determine the adequate fermentation time and advised La Central's producers on post-harvest processes. All of these practices will be replicated and continued by La Central's technicians on their project's 80 demonstration plots in Huánuco.

In July and August, the SCVC technical team pruned the program's demonstration plots at low and mid-altitude in San Martín. The systematic high-pruning method has proven very effective, and all of the program beneficiary POs in San Martín are using this coffee farm rehabilitation approach.

The harvest season continued in high-altitude zones of San Martín, with SCVC technicians providing training and technical assistance in selective harvesting and the improvement of post-harvest processes. The adoption of GAPs among beneficiary producers is notable. Throughout the program, demonstration plot promoters received training to improve their

fermentation boxes, optimize water use, calibrate coffee pulpers and handle wastewater responsibly, and the majority follow these harvest and post-harvest practices today.

Organic Fertilizer Training: During the reporting period, the program implemented 12 organic fertilizer miniplants in Huánuco with producers from the municipality of Hermilio Valdizán and La Central Café y Cacao de Peru’s coffee project. In collaboration with the Proyecto de Impacto Rápido (PIR) projects of the municipalities of Hermilio Valdizán, Daniel Alomia Robles, Mariano Damaso Beraund and Chaglla, SCVC technicians provided trainings in organic fertilizer production and harvest and post-harvest handling to the technicians of these programs. Participants will replicate these trainings with coffee producers in their respective municipalities.

In San Martín, SCVC Technical Coordinator Fernando Reategui conducted a workshop for technicians from the program, beneficiary POs and PEAM to reinforce the criteria for the elaboration for solid and liquid organic fertilizers.

Component One Cumulative Work Plan Advances *Changes to previously reported advances appear in **light blue**.

Activities	Responsible	2013 Target/Deliverable	Advances/Notes
1.1	<i>Training materials and aids developed for technicians and producers</i>		
1.1.1	Training aids and materials developed	ACDI/VOCA (Solidaridad, SH, CQI)	<p>One informational brochure/handout harvest & post-harvest. One informational calendar.</p> <p>1,000 harvest and post-harvest informational calendars for 2013 printed and distributed. Coffee Leaf Rust Disease Management, Fungicide Preparation and Application, and Selection and Preparation of Coffee Seed fact sheets approved by USAID.</p> <p>Developed two factsheets:</p> <ol style="list-style-type: none"> 1. Use of pH-meters, refractrometers and humidity and temperature measuring devices for quality assurance 2. Quality assurance guidelines <p>Coffee Collection Manual developed for COOPAIN’s technical team.</p>
1.1.2	Multimedia materials developed	ACDI/VOCA (SH)	<p>One harvest and post-harvest training video developed.</p> <p>Development of script for harvest and post-harvest video in conjunction with CEDRO’s communications team.</p> <p>Two videos documenting SCVC program experiences in Alto Mayo and Alto Huallaga.</p> <p>Sustainable Harvest developed an informational coffee leaf rust toolkit, including a DVD that was distributed to POs in Alto Mayo.</p> <p>Harvest and Post-harvest video completed.</p> <p>SCVC program experiences consolidated into one video.</p>
1.2	<i>Coffee sector training conducted with program and PO technicians</i>		

1.2.1	Quarterly agricultural extension methodology and technical uniformity training sessions among field technicians.	Solidaridad (ACDI/VOCA, SH, POs)	Four training sessions: One on fertilizing, one on harvest and post-harvest handling, and two on extension methodology.	<p>Record Management workshop with 31 technicians and promoters.</p> <p>Training of field technicians in the use of evaluation surveys to evaluate the prevalence and economic impact of leaf rust in Huánuco.</p> <p>Solar dryer workshop with technicians and producers in Alto Huallaga.</p> <p>Solar dryer workshop for improved post-harvesting methods held in Jorge Chavez, Alto Mayo on March 8.</p> <p>One workshop on the interpretation of soil analyses and use of organic fertilizers for 23 technicians and 20 producer leaders from Progreso's PIR project.</p> <p>One harvest and post-harvest quality assurance workshop for 14 technicians and 16 producer leaders from the Las Palmas PIR project.</p> <p>One workshop on the calibration of coffee pulpers for SCVC and PO technicians in Alto Mayo.</p> <p>One solar dryer construction workshop for technicians from the SCVC program, POs, the municipality, PEAM and producers in Alto Mayo.</p> <p>One workshop on protocols and technical uniformity for quality assurance in harvest and post-harvest practices for technicians from the SCVC program and APROECO.</p> <p>One workshop for technicians from beneficiary POs, PEAM and SCVC to reinforce the criteria for the elaboration for solid and liquid organic fertilizers.</p> <p>Trained five technicians from La Central Café y Cacao de Peru's specialty coffee production project in Tingo Maria on georeferencing coffee farms, the installation of organic fertilizer mini-plants and harvest and post-harvest processing.</p>
1.2.2	Training for field technicians and farmer leaders via e-learning (internet platform) on GAP, farm evaluation techniques, and other field practices.	Solidaridad, ACDI/VOCA	Three E-learning courses	Three e-learning courses on organic certification processes with POs from Alto Mayo and Alto Huallaga.

1.2.3	FaaB training.	ACDI/VOCA (Solidaridad, SH)	Twelve POs continue participating in one or more FaaB modules	<p>Follow-up with members of 12 POs on recordkeeping and marking of coffee sacs from the 2013 harvest.</p> <p>FaaB training with technicians from the municipality of Mariano Damaso Beraund (Las Palmas).</p> <p>One FaaB workshop for 34 producers (including 11 women) from the Cesar Vallejo community in the district of Mariano Damaso Beraun.</p> <p>SCVC program technicians provide ongoing follow-up to producers who were previously trained in Alto Mayo and Alto Huallaga to ensure that the skills taught have been adopted and to provide individualized support as necessary.</p>
1.2.4	Select and develop demonstration plots on beneficiary farms.	ACDI/VOCA (Solidaridad)	Maintain and improve 125 demonstration plots and establish 10 new plots in Alto Huallaga.	<p>10 demonstration plots established with farmers from POs and PIR projects in Alto Huallaga.</p> <p>Monitoring of 125 demonstration plots in Alto Mayo.</p> <p>SCVC program technicians continue to monitor and control the presence of pests and diseases in Alto Mayo with support from PO technicians.</p> <p>Georeferenced 10 of La Central's demonstration plots and directly assisted with the installation of seven organic fertilizer miniplants.</p>
1.2.5	Training of trainers in organic fertilizer production	ACDI/VOCA (SH)	Five training sessions in Alto Huallaga and follow-up and technical reinforcement in Alto and Bajo Mayo.	<p>One training on organic fertilizer production with microefficient organisms conducted for technicians of the municipality of Aucayacu's fertilizer plant..</p> <p>One organic fertilizer production training for the technical teams of the municipalities of Hermilio Valdizan and Mariano Damasco Beraund's PIR projects and technicians from Café Peru.</p> <p>One workshop on organic fertilizers and efficient microorganisms for 14 technicians and 13 producer leaders from the Las Palmas PIR project.</p> <p>One workshop on organic fertilizers and efficient microorganisms for nine technicians and 23 producer leaders from the Progreso PIR project.</p> <p>Workshop on organic fertilizers and microefficient organisms for CAPEMA's technical team and fertilizer plant manager.</p>

1.2.6	Producer/farm-level organic fertilizer production training	ACDI/VOCA (MDHV)	Five training sessions monthly (35 sessions) in Alto Huallaga, follow-up and technical reinforcement in Alto and Bajo Mayo.	<p>The municipality of Hermilio Valdizán distributed supplies and materials for the implementation of mini-plants to 49 producers in Alto Huallaga. SCVC staff will provide technical assistance, training and follow-up for the implementation of these modules.</p> <p>In Alto Mayo SCVC staff provided follow-up and made improvements to input formulas for existing organic fertilizer miniplants.</p> <p>The municipality of Hermilio Valdizán's PIR project implemented 49 miniplants on their project's demonstration plots. This PIR project implemented an additional 45 miniplants in the third quarter, five of which were completed by SCVC technicians.</p> <p>Five workshops for PO producers on the production of organic fertilizers using microefficient organisms. Four in Alto Mayo and one in Alto Huallaga.</p> <p>Seven miniplants implemented with La Central Café y Cacao's project beneficiaries.</p>
1.2.7	Construction and implementation of organic fertilizer production plants	ACDI/VOCA (SH)	Five industrial organic fertilizer production plants operational (two POs and three with municipalities).	<p>Four fertilizer plants operational: ADISA, APAVAM, the Municipality of Aucayacu and the Municipality of Hermilio Valdizán.</p> <p>Two PO fertilizer plants operational (CAPEMA and Frutos de Selva)</p>
1.3	<i>Coffee producers rehabilitate and renovate coffee farms with technical assistance from the PO technicians and program technical team</i>			
1.3.1	Registration and follow-up with PO members rehabilitating coffee plantations	Solidaridad (ACDI/VOCA)	Documenting of experience and results on the 135 demonstration plots in Alto & Bajo Mayo and Alto Huallaga.	Technical information collected from 50 demonstration plots in San Martín.
1.3.2	Production planning with select producers of each PO	Solidaridad (ACDI/VOCA, POs, producers)	Follow-up and updating of existing production plans	<p>SCVC technicians worked with producers from each organization to update production information in preparation for certifier inspections.</p> <p>Supported POs with the resolution of certifier observations.</p>
1.3.3	Training of field technicians in the production and selection of coffee seeds	ACDI/VOCA (POs, Coffee Advisory Board of San Martín and Huánuco, JNC San Martín Affiliate)	Two workshops for field technicians on seed selection and management in Alto & Bajo Mayo. Two workshops for field technicians on seed selection and management in Alto Huallaga.	<p>One seed selection, germination, nursery and transplant workshop held with 27 technicians the Municipality of Mariano Damaso Beraund (Las Palmas).</p> <p>Two seed selection workshops, one in Monzón and one in Alto Mayo.</p>

1.3.4	POs begin to establish nurseries following technically sound protocols for production of planting material	ACDI/VOCA, POs	Two nurseries established in Alto Huallaga (Pumahuasi, Las Palmas). One nursery in Alto y Bajo Mayo.	In Alto Mayo, nurseries at CAPEMA and ADISA are in full production with native species germinated and in development. Assisted APAVAM with the construction of their nursery. One coffee plant nursery established with the Association of Gallito de Roca in Chipaco, Monzón.
1.4 PO environmental planning and improvement with oversight by PO technicians and SCVC technical team				
1.4.1	Development of annual environmental plans	ACDI/VOCA (Solidaridad, SH, Pos)	Five environmental plans with POs	Environmental plans developed with four POs: COOPAIN, CAC, Tocache, ADISA y CAPEMA. Environmental plan developed with CAC El Dorado.
1.4.2	Training on environmental and farm plans	ACDI/VOCA (SH, Solidaridad)	One environmental planning workshop and follow-up and plans developed in 2012.	Environmental Plan Development workshops held with 4 POs: COOPAIN, Julio C. Tello, CAC Tocache and CAC Cordillera Azul. Monitoring of the environmental plans developed with each PO.
1.4.3	Promote the enrichment of coffee farms through the planting of trees	SH (ACDI/VOCA, Solidaridad)	50,000 trees or seedlings planted	10,000 seedlings planted in Alto Mayo. 13,000 seedlings planted in Alto Mayo during the quarter. 20,000 seedlings planted in the Municipality of Hermilio Valdizán during the quarter. 5,000 seedlings planted in the Municipality of Jepelacio during the quarter. 28,238 seedlings planted in Alto Mayo during the quarter.
1.4.4	Establish or expand tree nurseries	SH (ACDI/VOCA, Solidaridad)	Four tree nurseries	Established nurseries with CAPEMA, ADISA, and Fruto de Selva. Established nurseries with Café Doncel and APAVAM.

V. COMPONENT TWO: IMPROVED FARMER ACCESS TO NEW AND PROFITABLE MARKETS

To improve market access for Peruvian coffee producers, the SCVC program worked with the Peruvian coffee sector to identify and communicate the quality of their specialty coffee to internal and external markets. The program's work under this component was multifaceted and diverse; it included barista training, coffee shop development and participation in the international specialty coffee arena (World Coffee Events), roaster training, specialty coffee buyer visits, and basic and advanced (Q Grader) cupping training. Quality identification and differentiation is critical to Peru's ability to access the global specialty coffee market and specialty coffee buyers.

Q Coffee System Training: The Q Coffee System, an internationally recognized program for evaluating cup quality, is based on a standardized system using the Specialty Coffee

Association of America (SCAA) protocols. It is a proven mechanism to increase the value and volume of coffee exports by creating a common language for quality that links quality sellers with quality buyers. The key components of this system are certification of professional cuppers as licensed Q Graders, building the capacity La Central Café y Cacao del Peru as CQI's in-country partner to manage and oversee the Q Grading Services and implementing Q Grading Services on a national scale.

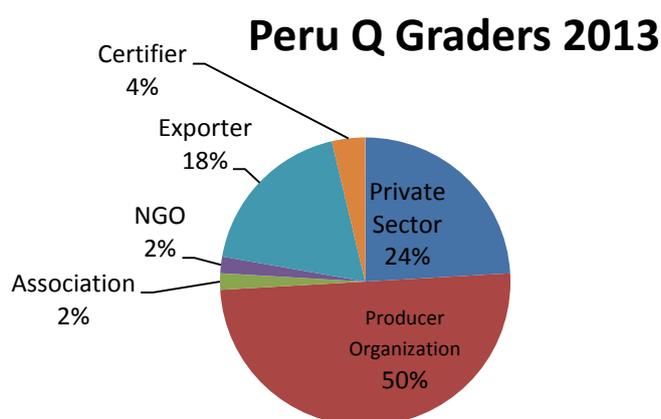
CQI's point-based quality assessment of green coffee (Q Grading) uses SCAA protocols to distinguish coffee quality according to recognized global coffee standards. This understanding of product quality allows a marketable assessment of their coffee linked to value and more successful business negotiations. More than 2,800 Q Graders in 59 countries use these specialized Q Grading skills and protocols to facilitate contract negotiations with customers around the world. They implement methodology and standards for grading green coffee in their organizations and develop processes for cup profiling. They work to identify production areas with different profiles using the CQI point-based technical language of flavor.



Moyobamba Q Grader students practice sensory skills during a Q Course.

Peru currently has a total of 85 Q Graders—48 of whom were certified by the program—working for POs and private coffee businesses (see chart). Many of them are involved with extension services for farmers, quality control and processing infrastructure, experimentation on processing methods, etc. A few of them are also linked to roasting, coffee shop businesses and the barista movement in Peru.

At the conclusion of the SCVC project, many coffee professionals remarked that holding a Q Grader license has shifted from being a “desired” to a “required” qualification for quality control personnel in Peru. This is a great step forward in unifying protocols and standards, and displacing coffee cuppers who refuse to be evaluated.



Rolando Cañas, a coffee expert from Honduras and frequent CQI trainer, comments on the positive progress in this area, “The Q Grader cupper training program has made a noticeable difference in Peru between standard coffee evaluations and classification per cup score. A lot of Peru’s Q Graders are from the producer-cooperative sector. And, these cooperatives are creating new, differentiated product offerings, and are in the position to negotiate in the marketplace, which results in direct benefits for these

cooperative member-farmers. This has all been possible through CQI’s targeted training of young farmers and cooperative technicians to become certified Q Graders. This approach

has resulted in a market distinction between conventional and specialty grade coffees in Peru.”

Cupping Skills Training: The Q Grader course is an advanced cupping education that results in a professional cupping accreditation. However, the success of this program requires ongoing basic cupping training throughout the value chain, and pre-Q Training to ensure that students are prepared to succeed. The SCVC program provided ongoing training in coffee cupping and quality evaluation for POs and individuals from the Peruvian coffee industry. During the trainings, participants worked on their skills to identify different characteristics of coffee, detect defects, sample roast and triangulate coffees.

Training of Trainers: Under the SCVC program, CQI trained 18 Q assistant instructors and 25 cupping instructors. While not all will go on to become fully qualified instructors, CQI has identified several who are capable of being good cupping instructors. Moreover, any future cupping or Q Grader training in Peru will draw from this trained pool of cupping instructors as *instructional assistants*. Producer and other coffee organizations can benefit from the *basic cupping curriculums* that these individuals can now teach. CQI will mentor these instructors and oversee their development as full Q Instructors over a 2-3 year period.

Roaster Trainings: SCVC roaster trainings assisted with improving processes and practices of local roasters in Lima, Huánuco and San Martín. K.C. O’Keefe, CQI trainer and coffee business owner in Lima, said, “As a result of CQI training, the Peruvian artisan roasting community is not just ‘dark’ roasting all of its coffees, but lightening it up to reveal the inherent coffee characteristics. This is a significant, positive step toward reaching new markets and supporting local businesses that are directly tied to Peru’s coffee sector.” There was also a focus on using higher-quality coffees internally to enhance the consumer experience.

Baristas Trainings: SCVC’s barista trainings resulted directly in not only training their coffee professionals to prepare and promote specialty grade and differentiated origin coffees, but also enabled La Central Café y Cacao del Peru to apply for and receive the World Coffee Events (WCE) license for Peru. As a WCE partner, La Central is authorized to host sanctioned barista competitions and request judges and event organization support. With direct support and training from SCVC implementing partner CQI, Café Peru has now hosted two Peru National Barista Competitions during the scope of this project and sent their national champions on to the World Barista Competitions (Bogotá and Melbourne). This work represents progress for Peru toward differentiating and marketing their coffees in an international arena and competing successfully with neighboring countries. Peru now has much more contact and involvement with the international coffee culture, which allows them to position their coffees into new and profitable markets.



SCVC hands on barista training in Lima, was lead by Raul Rodas, 2012 World Barista Champion.

Internal Control Systems and Certifications: SCVC program technicians participated in the organic fair trade and sustainability (Rainforest Alliance, UTZ) process with each beneficiary producer organization. All 13 beneficiary POs have certifications that must be renewed annually, and some opted to obtain additional certifications. Program staff

supported POs with the implementation of certifications and annual evaluations. This included the provision of technical assistance, training and follow-up to each organization for their annual certification plans, accompanying the organizations during internal inspections and evaluation processes prior to external audits by certifiers, accompanying organizations during external audits, and assisting with the resolution of observations cited by certifiers.

SCVC technicians formed part of the Internal Control Systems (ICS) committees and assisted with all processes needed to obtain certification. Throughout the program 100 percent of ICS committee members from beneficiary POs were trained on inspection and certification processes.

Let's Talk Coffee Regional: Let's Talk Coffee Regional gathered more than 100 people represented by 25 POs that belong to the SCVC implementing partner Sustainable Harvest's (SH) supply chain. During the three year project, SH negotiated many of its contracts at Let's Talk Coffee Regional, Sustainable Harvest helped 06 SCVC program beneficiary POs to negotiate their contracts with Green Mountain Coffee Roasters (GMCR). Detailed contracts in the following chart.

PO	2011	2012	2013
ADISA	6	5	4
Frutos de Selva	6	6	8
CAPEMA	2	4	3
APROECO	8	8	5
APAVAM	5	5	4
Oro Verde	8	8	8

In addition to the contracting, other outcomes accomplished during Let's Talk Coffee Regionals Peru (2011-2013) included creating a strategy to ship coffee on time and facilitate shipping logistics, strategies to strengthen cupping calibration and quality control, facilitating conversations about financial risk management, and discussing a new strategy to fix contracts between suppliers and SH.

Let's Talk Coffee Global (LTC): Sustainable Harvest's Let's Talk Coffee is the largest private event in the specialty coffee industry. With an audience that has grown to nearly 500 representatives from 20 different countries, the entire value chain comes together annually for four days to discuss, debate and do business. SCVC financed the participation of 15 program beneficiaries at LTC El Salvador in 2011, and 20 participants at LTC Colombia in 2012.

Producer Organization Roasted Coffee Marketing & Sales: ACDI/VOCA provided direct support to six POs to obtain their sanitary registration for roasted coffee and to six POs to trademark their coffee brands so that they could sell roasted coffee in the local and national markets. ADISA, APAVAM, APROECO, Frutos de Selva, CAC Cordillera Azul and CAC Tocache obtained their sanitary registration from DIGESA (La Dirección General de Salud Ambiental) with logistical and financial support from the program. ACDI/VOCA also provided support to ADISA (ADISA Quality Coffee), APROECO (Kuntu Coffee), Fruto de Selva (Café Muyupampa), CAC Cordillera Azul (Oro de Montaña), Julio C. Tello (Tulumayo Café) and CAC Tocache (Bello de Plata) to register their roasted coffee brands with Indecopi, including

assistance with branding, preparation of required documents, and completing all transactions at the Indecopi/El Peruano offices in Lima. **Internal Consumption Promotion:** Recognizing that the domestic market is one of the largest untapped markets for Peruvian coffee, SCVC supported local baristas in launching the the "CAFETERO" magazine in 2013. The magazine, distributed free-of-charge and advertisement-free in its first editions, is presented in a folded form on a single sheet. When unfolded, the reverse side reveals a full-sized infographic poster. 2,000 copies of the first two editions were printed and distributed, mainly in Lima but also in San Martín and Huánuco. CAFETERO provides a unique opportunity to promote specialty coffee consumption and educate Peruvians about the product and the industry, thus fostering a culture of coffee consumption. Coffee consumption per capita in Peru is among the lowest of coffee producing countries, so there is great potential for producers to generate local business.

Quarter Three Activities

ExpoAmazónica: ExpoAmazónica was held from August 10th – 13th in Iquitos. The SCVC program, together with PEAM, the Provincial Municipality of Moyobamba, and private sector companies such as Agroriente SAC, supported the participation of four beneficiary POs from the Alto Mayo: CAPEMA (Nua Coffee), ADISA (Adisa Coffee of Quality), Frutos de Selva (Café Frutos de Selva) and APROECO (Kuntu Coffee). Activities at the “Alto Mayo Specialty Coffee” stand included the sale of roasted coffee and iced coffee beverages, coffee roasting and packaging demonstrations, and coffee preparation demonstrations by Peru’s second-place barista champion, Harrysson Neira López. APROECO also took advantage of the event’s business round tables, where they met with companies from Colombia, Mexico and Peru. SCVC staff provided logistical support throughout the event, and financed two stands as well as Mr. Neira’s participation.

SCVC also provided financial and logistical support for the participation for two POs from Huánuco: COOPAIN and CAC Cordillera Azul. The program purchasing flights for a Naranjillo representative and stand decorations, and SCVC technicians worked at the stands throughout the event.



Peru's National Champion barista Roberto Caldas (left) prepares latte art for the crowds at the Moyobamba Coffee Festival.

National Coffee Day: SCVC sponsored the Moyobamba Coffee Festival in Commemoration of National Coffee Day, held in Moyobamba on August 29 and 30. In addition to covering the costs of setting the event up at the Punta San Juan park in the city, Sustainable Harvest hired Peru's reigning National Champion barista Roberto "Tito" Caldas to demonstrate espresso and coffee brewing methods at a stand at the festival. The stand proved popular, with over 500 espresso drinks, mainly cappuccinos featuring latte art by Caldas, and nearly 100 cups of brewed coffee served over the two days. The non-stop pulling of shots ended

only when the stand ran out of the eight kilos of locally-sourced coffee roasted for the event at 9pm on the final day.

In Tingo Maria, SCVC participated in Expo Café Huánuco in celebration of National Coffee Day. SCVC staff provided logistical support, and ACIDI/VOCA Volunteer Consultant Lelly Espitia provided an introductory barista training and participated in a barista show as part of the celebration.

Sanitary Registration for Roasted Coffee: During the reporting period ACIDI/VOCA financed and completed the paperwork for CAC Cordillera Azul to obtain their sanitary registration for roasted coffee. Registration allows the cooperative to sell their roasted coffee brand, “Oro de Montaña,” in local and national markets, and is required for participation in many events and fairs.

Internal (PO) and Regional Coffee Competitions: In Tingo Maria, the program helped organize COOPAIN’s Internal Competition of Specialty Coffees. We provided technical assistance to 16 producers in the preparation of coffees for the competition, developed the competition rules, and hired judges to evaluate the coffees and award prizes. SCVC also helped organize and hired judges for the IX Regional Specialty Coffee Competition in Huánuco. The winner of the contest, Mr. Amancio Zuñiga Aquino, is a member of the Cordillera Azul cooperative and an SCVC program beneficiary.

In Alto Mayo, SCVC technicians assisted with the organization of Frutos de Selva, Café Doncel and CAPEMA’s internal competitions, and with the organization of the regional competitions in Moyobamba and Lamas. Simon Garcia Garcia, a program beneficiary and member of CAPEMA won first place in the regional competition and placed second in Peru’s National Coffee Competition with an 88 point coffee.

Visit from Hamburg Coffee: During the quarter Mr. Paul Steussloff of Hamburg Coffee in Germany visited Tingo Maria. Hamburg Coffee purchased 540 containers of Fair Trade Organic (FTO) certified coffee from Peru in 2013 (contracts signed in 2012). SCVC staff organized visits to coffee farms and POs and facilitated meetings with COOPAIN, the Puerto Alegre Association in Hermilio Valdizán and CAC Tocache. As a result, Hamburg Coffee agreed to purchase six containers from COOPAIN for the 2014 harvest.

Harvest and Postharvest Handling: Coffee quality is often diminished due to poor harvest and postharvest practices. During the reporting period SCVC trainings focused on coffee quality during the harvest and postharvest processes. Program technicians promoted the efficient use of water during the fermentation process. Technicians also checked on coffee pulpers that were previously calibrated and ensured wastewater treatment wells were working properly.

Barista Training: ACIDI/VOCA volunteer consultant Lelly Espitia, a licensed Q Grader, international coffee cupping judge and expert in evaluating specialty coffee beverages visited the program in August. Ms. Espitia taught two-day introductory barista workshops in Tingo Maria, Moyobamba and Lima, and conducted a one-day instructional visit to La Bodega Verde, a popular restaurant in Barranco. Baristas from local coffee shops, PO staff, and employees from private sector companies such as Romex were among those trained in coffee preparation using an espresso machine, dripper, French press, aeropress, siphon and chemex. These trainings aimed to build the capacity of local coffee industry professionals to

produce and offer quality specialty coffee beverages as part of SCVC’s goal to increase domestic consumption of coffee.

Cupping Training: The final cupping training of the SCVC took place in Moyobamba August 14–16. While originally designed to be a course attended by the local hospitality industry, economic conditions within the industry forced a change in plans, and instead Sustainable Harvest consultant David Torres Bisetti and Sustainable Harvest cupping expert Oscar Gonzalez traveled to different coffee dispensaries in Moyobamba and nearby Rioja working with their staffs on how to detect quality in coffee and how to use different brewing methods like Chemex and French press to improve the customers' experience. The sessions were part instructional and part advisory, transmitting to managers and employees proper equipment maintenance as well as coffee preparation techniques.

Specialty Coffee Market Training: SCVC Program Director Rómulo Echegaray led a training on specialty coffee market trends and organizational strengthening as part our agreement with the municipality of Hermilio Valdizan’s PIR project. Nineteen individuals participated, including Mr. Paul Steussloff of Hamburg Coffee.

Internal Control Systems and Certifications: During the quarter, SCVC, together with PRODATU II, supported CAC Tocache’s technical team in the process of obtaining Organic and Fair Trade Certifications. SCVC technicians trained CAC Tocache’s technicians in the certification process and completed the required documentation together with CAC Tocache’s staff, and PRODATU II financed the process. It is expected that the organization will obtain both certifications this year, upon completion of site visits by both certifiers.

CAFETERO Magazine Publication: The second edition of CAFETERO was published in August. A total of 2,000 issues were printed and distributed, primarily in coffee shops and restaurants in Lima. A list of distributors is available on the CAFETERO facebook page: www.facebook.com/revistacafetero

Component Two Cumulative Work Plan Advances *Changes to previously reported advances appear in **light blue**.

Activities	Responsible	2013 Target/Deliverable	Advances/Notes
2.1	<i>Provide training and TA to POs and producers regarding their coffee quality and what harvest and post-harvest practices should be modified to improve quality</i>		
2.1.1	Pre-and-post-harvest training	SH (ACDI/VOCA)	<p>Two workshops for field technicians and a minimum of eight workshops for POs</p> <p>Five workshops for producers and y technicians in Alto Mayo (ADISA, CAPEMA, Frutos de Selva, Café Doncel and CAC el Dorado).</p> <p>Three workshops for field technicians (SCVC program, ADISA and CAPEMA).</p> <p>Three workshops in Alto Huallaga on Specialty Coffee Markets with producers and promoters (COOPAIN, Café Perú and the Municipality of Las Palmas).</p> <p>Four harvest and post-harvest trainings including protocols for quality assurance for producers in Alto Mayo.</p> <p>Two Coffee Processing “General Best Practices” trainings for agronomists, extension agents, cuppers and coffee farmers. One in Alto Mayo and one in Alto Huallaga. 100 participants total.</p>

Activities		Responsible	2013 Target/Deliverable	Advances/Notes
				One harvest and post-harvest training with technicians and producers from the Las Palmas PIR Project.
2.1.2	Technical assistance to PO administration and management on proper coffee selection, buying and storage.	ACDI/VOCA (SH)	PO plan and internal regulations for selection, buying and storage of coffee including price differentials for low humidity and high quality coffee.	One workshop with CAC Julio C. Tello on coffee collection and marketing. One workshop with COOPAIN on the Collection of Coffee Cherries and Parchment.
2.2	<i>Provide TA and training of technicians and producers in the management, adjustment, and calibration of coffee processing equipment</i>			
2.2.1	Farm-level technical assistance for improvements to post-harvest infrastructure and maintenance.	SH, (ACDI/VOCA, Solidaridad)	Minimum of 30 solar dryers installed and functioning at seven Alto Mayo OPs. Continual TA	30 solar dryers delivered, 8 of which were installed as of March 31st, 2013. Completed the installation of solar dryers (30 total) with producers from ADISA, CAPEMA, APROECO, Café Doncel, APROCASS, CAI El Dorado, Frutos de Selva and APAVAM.
2.3	<i>Develop Value Chain Market Linkages</i>			
2.3.1	Connect POs and coffee producers to buyers	ACDI/VOCA (SH, Solidaridad)	Participation in national and international events (see section 2.4) and established direct relationships with buyers.	See section 2.4
2.3.2	Sustainable Harvest roaster client visits.	SH (ACDI/VOCA)	At least one visit by SH clients.	Visit by Belaroma Coffee Roaster of Australia on February 21. Visit by Green Mountain Coffee Roasters (USA) March 14–16. Visit by Alberto Song from Caffè Sospeso to Alto Mayo and Tingo Maria. Visit by Paul Steussloff of Hamburg Coffee, who agreed to purchase six containers from COOPAIN for the 2014 harvest.
2.3.3	Technical assistance to POs on improvements to post-harvest infrastructure and maintenance.	SH (ACDI/VOCA, CQI, Solidaridad)	12 POs receiving technical assistance and three municipalities implementing improved technology.	SCVC team worked with 12 POs in Alto Mayo and Alto Huallaga to improve wet processing modules and assure quality. TA included the design and costs for fermentation tubs, dryers and wooden pallets. Two trainings for technicians and producers (Cafe Peru and the Municipality of Hermilio Valdizan) on the design and construction of wet processing modules. One training for the technicians, promoters and interns from Cafe Peru on the maintenance and calibration of coffee pulpers. Provided POs with 16 measurement tool kits including refractometers, PH measures, digital thermometers and

Activities		Responsible	2013 Target/Deliverable	Advances/Notes
				humidity measures. Follow-up TA on demonstration plots in the Alto Mayo to check coffee pulpers that were previously calibrated and ensure wastewater treatment wells were working properly.
2.4	Support the promotion of Peruvian coffee and local consumption			
2.4.1	Let'sTalk Coffee Regional	SH (ACDI/VOCA, POs)	Let's Talk Coffee Regional – Lima – March 2013	Rescheduled for May 1–2, 2013. Held May 1–2 with 153 participants.
2.4.2	ExpoAmazonica	ACDI/VOCA (SH, Solidaridad, POs)	This year in Chachapoyas, Amazonas, the SCVC program will support 5 stands for 7 POs	Coordinated participation of POs from San Martín and Huánuco. Supported the participation of four POs from Alto Mayo (ADISA, APROECO, CAPEMA, Frutos de Selva) and two POs from Alto Huallaga (COOPAIN and Cordillera Azul).
2.4.3	Specialty Coffee Association of America (SCAA) Conference	ACDI/VOCA (JNC, SH)	In Boston the program will support one Peruvian stand and participation of ACDI/VOCA and SH staff and PO managers.	The SVCV program provided \$7,000 to finance the Perú booth and participated in meetings with the coordinating committee to organize Peru's participation at the event. Six PO representatives participated in the event April 10–15, 2013, in Boston. Sponsored the participation of six PO representatives.
2.4.4	Internal consumption of coffee campaign based on a behavior change strategy.	ACDI/VOCA, GRSM (DEVIDA CEDRO, SH, Technoserve)	Internal consumption campaign	Participation in meetings with Peruvian baristas. Began developing a coffee publication for distribution in Lima. First edition of CAFETERO published May 2013. Second edition of CAFETERO published August 2013.
2.4.5	Roasters training	CQI, ACDI/VOCA	One training in Lima	Five Roaster Industry Capacity Building Trainings; beginner and intermediate level; Lima, Moyobamba and Tingo Maria.
2.4.6	Barista training	ACDI/VOCA	Two workshops in Lima, one in Moyobamba, one in Tingo Maria	Two workshops in Lima, one in Tingo Maria and one in Moyobamba.
2.5	Training conducted in coffee quality and cupping			
2.5.1	Cupping training	SH (CQI, ACDI/VOCA)	Three basic cupper formation courses in Alto & Bajo Mayo. Two Q-grader preparation courses, one in Alto & Bajo Mayo and one in Alto Huallaga. One Know Your Cup course for producers.	Basic cupping course for producers held in Moyobamba Feb. 11–12. Cupper calibration for Alto Mayo cuppers held Feb. 13–15 in Moyobamba. Cupper calibration with SH and Green Mountain Coffee Roasters cuppers held in Lima March 11–13. Two cupping trainings conducted by Sustainable Harvest in Lima. Two trainings (Lima and Moyobamba): Train-the-Trainer "Introduction to Cupping" Visits to Moyobamba coffee shops by SCVC consultant to provide instruction on coffee preparation methods.

Activities		Responsible	2013 Target/Deliverable	Advances/Notes
				One Introduction to Coffee Cupping by Origin workshop in Lima.
2.5.2	Q-Graders training & exam	CQI (ACDI/VOCA)	Exam retakes and one Q-grader course/exam.	<p>One Pre- Q Training: specialty coffee green grading</p> <p>One Q Grader Training, Exam, and Retakes</p> <p>One Calibration of expired Q Graders.</p> <p>Results: A total of 21 new or renewed Q Grader licenses.</p>
2.5.3	Promotion of regional and national coffee quality competitions. Concurso Nacional de Café	ACDI/VOCA (JNC, SH, CQI)	Strengthen the capacity of those responsible for managing the Concurso Nacional de Café at the regional and national level to increase participation of all coffee producers, independent and organized.	<p>SCVC staff, in conjunction with POs, established the regulations established for coffee competitions at the PO level.</p> <p>Internal competitions planned with Café Doncel, Fruto de Selva and CAPEMA.</p> <p>Provided TA to 16 producers to participate in COOPAIN's competition, developed the competition rules, and provided volunteer judges.</p> <p>Supported the organization and hired judges for the IX Regional Specialty Coffee Competition in Huánuco.</p> <p>Assisted with the organization of Frutos de Selva, Café Doncel and CAPEMA's internal competitions, and with the organization of the regional competitions in Moyobamba and Lamas.</p>
2.6	Identification and mapping zones for niche or specialty coffees with stakeholders			
2.6.1	Mapping coffee quality profiles	ACDI/VOCA (SH)	During 2013 one PO will develop a coffee quality profile map.	<p>Café Peru collected the necessary information from the 195 members of COOPAIN's specialty coffee program. SCVC staff are developing the profile map (will complete by August 2013).</p> <p>COOPAIN profile maps completed.</p>
2.7	Educate stakeholders on the certification and verification protocols and processes and in the design and implementation of Internal Control Systems (ICS)			
2.7.1	Provide TA to PO leadership, technicians, promoters and internal inspectors in certification processes and design and implementation of ICS	Solidaridad, ACDI/VOCA	Continuous TA to 12 POs and four municipalities.	In Alto Mayo the SCVC technical team supported nine POs with improvements and data collection for ICS.
2.7.2	Training technicians, promoters certification processes of FLO, FairTrade US, Organic, and UTZ	Solidaridad (ACDI/VOCA)	One workshop for technicians and farmer leaders.	<p>Three workshops held with POs in Alto Huallaga on Organic Certification and ICS.</p> <p>Supported CAC Tocache in the Organic and Fair Trade certification application process.</p>
2.8	Monitoring and adjustments in multiple certification programs			
2.8.1	Monitoring and improving the SIGC	Solidaridad (ACDI/VOCA)	Continuous TA to 12 POs	One training for CAC Tocache's board members on Internal Control Systems.

Activities		Responsible	2013 Target/Deliverable	Advances/Notes
				12 Organizations implement the SIGC. SCVC provided ongoing follow-up and monitoring of POs.
2.8.2	Correction to the internal inspection system	Solidaridad (ACDI/VOCA)	Continuous TA to 12 POs	All POs completed their internal inspections with support from SCVC staff. Ongoing follow-up and monitoring.
2.8.3	External inspection accompanying & support in addressing external inspection observations	Solidaridad (ACDI/VOCA)	Continuous TA to 12 POs	External inspections by certifiers scheduled for April and May. Monitoring and follow-up of external inspections including advising POs on the resolution of certifier observations.

VI. COMPONENT THREE: INCREASED TECHNICAL AND MANAGEMENT CAPACITY OF PERUVIAN COFFEE ORGANIZATIONS AND INSTITUTIONS

SCVC program activities aimed to increase the technical and management capacity of Peruvian coffee institutions at the national, regional and PO level.

Peruvian Coffee Sector Stakeholder Workshop: In August 2012, the SCVC program brought together Peru’s diverse industry participants to consider how to strengthen the institutionalism of their sector and to design a plan to enhance the competitiveness of Peruvian coffee in domestic and international markets. These players have a history of a lack of cooperation, but this workshop significantly changed the tone to a more constructive one.

Five CQI Coffee Corps Volunteers, who are recognized coffee industry experts in their respective countries—Rodolfo Trampe, AMECAFE, Mexico; Christian Rausch, ANACAFE, Guatemala; Carlos Brando, P&A Marketing, Brazil; Victor Molina, IHCAfe, Honduras; and Laura Esquivel, ICafe, Costa Rica—gave formal presentations on their countries’ coffee organization structures, conveyed success stories, and described how they overcame barriers to success. Each country presentation offered a number of experiences applicable to Peru’s situation, some more relevant than others. Overall, the richness of the experiences shared, both positive and negative, laid an excellent foundation for an open and productive dialogue among Peruvian stakeholders.



Peruvian Coffee Sector Stakeholder Workshop participants, August 2012.

A work plan to build the organizational capacity of a national Peruvian coffee institution was finalized in a meeting of the reinvigorated Consejo Nacional de Café that took place on August 17, 2012, with active participation from Junta Nacional de Café, the Camara de Café y Cacao, and the Ministry of Agriculture (Competitiveness Division). The six strategic objectives of the plan are as follows:

1. *Quality and Productivity*: Increase sustainable productivity and quality of Peruvian coffee
2. *Capacity Building*: To strengthen the capacities of human resources as a tool for improving organizational management
3. *Institutional*: To strengthen the institutional framework of the coffee sector in Peru
4. *Promotion and consumption*: To promote and position the Peruvian coffee in the domestic and international market
5. *Funding*: To promote access to competitive financing for the different actors of the value chain
6. *Innovation and technology*: To investigate, transfer and adopt technologies to increase the competitiveness and sustainability of the coffee value chain.

The plan was submitted to the Ministry of Agriculture in January of 2013. In July of 2013, SCVC and the Junta Nacional de Café hired a legal consultant to draft the bylaws for a national coffee institute that could implement the plan.

Traceability: In 2013, the program piloted the ACOPIO traceability system (www.acopio.org) with three POs in the Alto Mayo region: ADISA, CAPEMA and Frutos de Selva. The ACOPIO system was chosen after careful evaluation of the Sustainable Harvest-developed Relationship Information Tracking System platform, Cropster, and iForms. The ACOPIO system was the best suited due to its offline component, adaptability to all technology platforms, user-friendly features, and capacity to track complex information demanded by SCVC partners and the beneficiary organizations.

Agribusiness Management Certificate “Diplomado” Program: The Agro-Export Business Management course was held at the *Universidad Peruana La Unión* in Tarapoto, with classes taught by specialists from the national coffee and cocoa sectors. The SCVC program, together with a local NGO, CAPIRONA, supported the participation of 20 technicians and PO representatives. This course was part of a greater aim of developing and strengthening the managerial and administrative skills of young and qualified individuals working within each organization to improve the business management capacity of the POs participating in the SCVC program.

Building Capacity to Access Government and Non-government Funding Sources: In an effort to strengthen the technical capacity and resources available to beneficiary POs and municipalities, the SCVC program supported the preparation and submission of proposals to AGROIDEAS, Fondo Empleo, PROCOMPITE.

AGROIDEAS: AGROIDEAS, funded by the Peruvian Ministry of Agriculture, funds projects to stimulate the competitiveness of the agricultural sector. The SCVC program worked with five organizations to meet the requirements and prepare business plans to access AGROIDEAS funding. Of these, a total of three projects were funded for the following organizations: Cooperativa Agraria Industrial (CAI) Progreso, and Frutos de Selva. Program

staff provided continuous support and technical assistance for the implementation of these projects.

PROCOMPITE: The PROCOMPITE law establishes that local and regional governments can use ten percent of their budget to finance projects to improve productive competitiveness and strengthen value chains. ACDI/VOCA helped finance a consultant who developed a business plan for the Municipality of Chipaco (Asociación Gallitos de las Rocas) which was submitted to and approved by the Regional Government of Huánuco. SCVC program staff provided technical assistance and support for the implementation of the project, and the program is financing the installation of a demonstration plot. The program also financed a consultant to develop a business plan for Julio C. Tello, though this proposal did not receive funding.

Fondo Empleo: Fondo Empleo (Fondo Nacional de Capacitación Laboral y Promoción del Empleo) finances projects that train workers and promote opportunities for sustainable employment. In 2012, the program financed consultants to develop Fondo Empleo proposals for APROECO, CAI Progreso, and the Municipality of Jepelacio. None of these projects was funded.

Coffee Quality Institute (CQI) In Country Partner: CQI focused a great deal of time and



Peruvian barista faced World Coffee Event judges and newly trained Peruvian barista judges for top honors at Peru's first nation barista competition in 2011.

training on the development of La Central Café y Cacao del Peru as CQI's In-Country Partner (ICP), ultimately responsible for management and training of Q Graders, implementation of the Q Coffee System, encouraging Q Grading green coffee, cupper education and promotion of specialty coffee standards. A CQI ICP is expected to be a neutral body to the local coffee industry and maintain integrity in its implementation of CQI program activities and the Q Coffee System. La Central was identified as the best organization to organize and host Peru's national barista

competitions and participate in the international barista marketing arena, namely World Coffee Events.

At the end of this project, Café Peru is reasonably capable of managing, training and utilizing their Q Graders, with support and guidance always available from CQI. Café Peru is also working on expansion plans to become a specialized training institute in Peru, to teaching cupping, roasting and barista training for the entire value chain. While staffing is a challenge for Café Peru, the framework is in place for strong growth and positioning in the international market.

Quarter Three Activities

Meeting with the Consejo Nacional de Café: In July and August, SCVC program staff held meetings with the Consejo Nacional de Café (CONACAFE) to follow-up on the Stakeholder's Workshop held in August of 2012. As a result of these meetings, SCVC and the Junta Nacional de Café jointly financed a legal consultant to draft the new by-laws for a national coffee institute. This consultant is responsible for the following:

1. Develop a legal proposal (a bill) based on the experience of organized coffee producers at the national, regional and local level.
2. Systematization of comments and suggestions from meetings with the current members of the Consejo Nacional del Café (CONACAFE).
3. Presentation and validation of the final proposal to CONACAFE members (The JNC will take responsibility for moving the bill through congress).

Valoración del Estado Organizacional (VEO) Workshops: VEO workshops were held during the reporting period with CAC Tocache where 24 members participated, and with the Julio C. Tello Association where 25 members participated.

Organizational Strengthening Workshop: During the reporting period ACDI/VOCA's Organizational Strengthening specialist, Limber Trujillo, conducted a workshop with CAC Tocache's board of directors and technical team to improve the POs management. During the workshop the organization's bylaws were reviewed, as well as the roles and responsibilities of their leaders and staff.

Field Trips: In August, DEVIDA led a group of 32 ex-coca producers from Monzón to visit SCVC program activities in the Alto Mayo. ACDI/VOCA's Harvest and Post-harvest Specialist Samuel Quispe led the group in visits to the program's demonstration plots and organic fertilizer plants.

In August, ACDI/VOCA facilitated a visit by representatives of COCLA, a second-tier coffee and cocoa cooperative, to the Alto Huallaga. The program set up meetings between the COCLA representatives and POs in Tocache and Tingo Maria to discuss the possibility of incorporating these organizations into COCLA's membership base. The benefits of affiliation with a second-tier cooperative include increased market access, financing for coffee and cocoa collection, and processing and exporting services.

Component Three Cumulative Work Plan Advances* Changes to previously reported advances appear in **light blue**.

Activities	Responsible	2013 Target/Deliverable	Advances/Notes
3.1	Identify constraints and develop intervention plans to address needs		
3.1.1	Conduct organizational diagnostic - Valoración del Estado Organizacional (VEO)	ACDI/VOCA (Solidaridad, SH)	One workshop for technicians and farmer leaders. One VEO workshop was held with 10 Agraria Cafetalera Cordillera Azul Cooperative members in Ucayali. Two VEO workshops were held with CAC Tocache (24 participants) and the Julio C. Tello Association (25 participants).

Activities		Responsible	2013 Target/Deliverable	Advances/Notes
3.1.2	Develop organizational action plans with POs, including training and capacity building needs.	ACDI/VOCA (Solidaridad, SH)	Monitoring and adjustments in multiple certification programs	Ongoing monitoring and follow-up of certification programs.
3.1.3	Review and provide recommendations on bylaws of POs to increase participation of women and youth.	ACDI/VOCA (POs)	Continuous TA to 12 POs	Reviewed bylaws for CAC Tocache and Café Doncel. Reviewed bylaws for CAC. Cordillera Azul, Asoc. Julio C Tello, CAPEMA, Frutos de Selva and ADISA.
3.1.4	Train women with leadership and management potential	ACDI/VOCA (POs)	Continuous TA to 12 POs	One workshop on edible mushroom production to increase food security in Alto Huallaga. 52 women (wives of CAPEMA members) trained on bio farm/homestead farm development.
3.1.5	National coffee sector competitiveness agenda follow-up and support.	CQI (ACDI/VOCA)	One consultant (Enrique Aldave) will follow-up with stakeholders on the actions they have taken to achieve agenda targets and benchmarks.	Stakeholders' meeting held with the Consejo Nacional de Café, CQI and ACDI/VOCA on July 11.
3.2	Improve financial management and access to capital and credit			
3.2.1	Risk management and finance facilitation.	SH (ACDIVOCA)	One workshop on risk management for PO managers	One risk management workshop with 23 participants May 1-2, 2013.
3.2.2	National and international financial institution workshop on coffee financing strategies.	ACDI/VOCA (SH)	One workshop prior to or after Let's Talk Coffee Regional in Lima	This workshop was cancelled upon discussion with the POs as it is no longer necessary.
3.3	Implement pilot traceability system for three Pos			
3.3.1	Traceability system piloted	SH	Three POs in Alto & Bajo Mayo implementing a pilot traceability system.	ACOPIO contracted to develop traceability system, needs assessment visit held March 14-22, three organizations to participate in pilot project (ADISA, CAPEMA, Fruto de Selva). ACOPIO traceability system pilot program launched with three POs (CAPEMA, ADISA and Frutos de Selva).
3.4	Improve Access to International and National Funds			
3.4.1	POs prepare and present proposals to AGROIDEAS for approval.	ACDI/VOCA, POs	Three POs present proposals to AGROIDEAS.	ADISA's plan is pending approval.
3.4.2	Facilitate and prepare proposals for national and international	ACDI/VOCA, POs	Three proposals submitted to different donors.	ACDI/VOCA consultant prepared and presented a business plan for Julio C. Tello. Presented to PROCOMPITE in February. SCVC program financed a consultant (50%) to develop a business plan for the Municipality of Chipaco. The project was submitted to and approved

Activities		Responsible	2013 Target/Deliverable	Advances/Notes
	donors.			by the Regional Government of Huánuco and is being implemented.

VII. PROGRAM MONITORING & EVALUATION

I. Monitoring and Evaluation Plan

M&E Team: ACDI/VOCA led the design and implementation of the performance monitoring plan to track project activity progress and measure project goals. Consultants were contracted to complete the data collection and baseline study using the survey designed by the SCVC M&E Specialist.

Coordination with implementing partners: ACDI/VOCA coordinated closely with Sustainable Harvest, Solidaridad and CQI personnel to use and implement uniform tools to collect quality data included in the all the quarterly reports. The SCVC team also met regularly to review indicators and review project achievements.

Monitoring: SCVC M&E Specialist Jean Paul Collazos was part of the M&E committee comprising USAID, DEVIDA and other USAID implementers. This group was created to standardize methodologies and avoid duplication of efforts among partners working in the same target regions. Members actively participated in the planning and design of evaluations, led annually by DEVIDA.

Data Collection: Data sources varied. The M&E Specialist relied on the following sources:

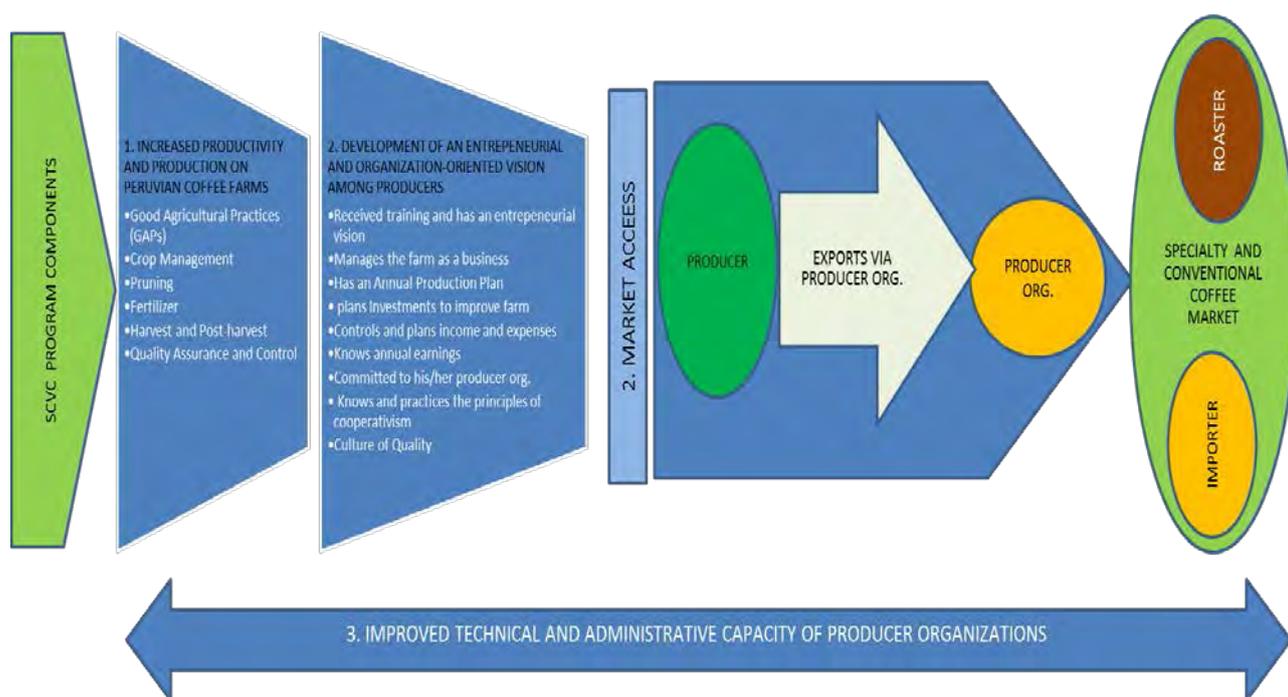
- Annual beneficiary surveys conducted by DEVIDA
- Training sign-in sheets
- SCVC team monthly reports
- Participating PO managers (structured interviews)
- Information generated by implementing and alliance partners
- Impact surveys developed by DEVIDA

Database: SCVC used ACDI/VOCA's centralized M&E system CAPISC (Capturing Performance and Impact on a Statistical Canvas) throughout the life of the project. This program allows for the quick visualization of the project results framework, highlighting the progress of the key program indicators. Project managers are able to monitor progress, make methodology improvements, and learn through M&E processes using this database.

II. Program Evaluation: Goals and Objectives

SCVC project objectives were achieved through a coffee value chain development approach. Figure 1 demonstrates how the three project components fit into the value chain approach and the project implementation strategy.

Figure 1. SCVC Program Implementation Strategy



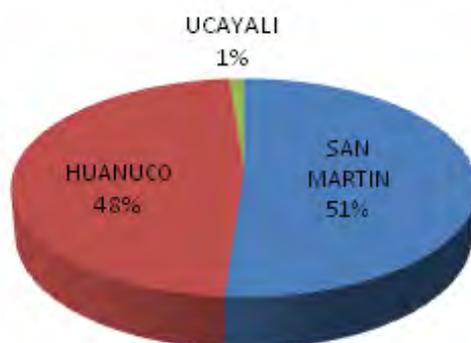
2.1. Program Results

All activities contributed to the goal of the program and led to an improvement of life of the participating partners. This section presents the results and activities at the program level.

2.1.1. Principal Indicators

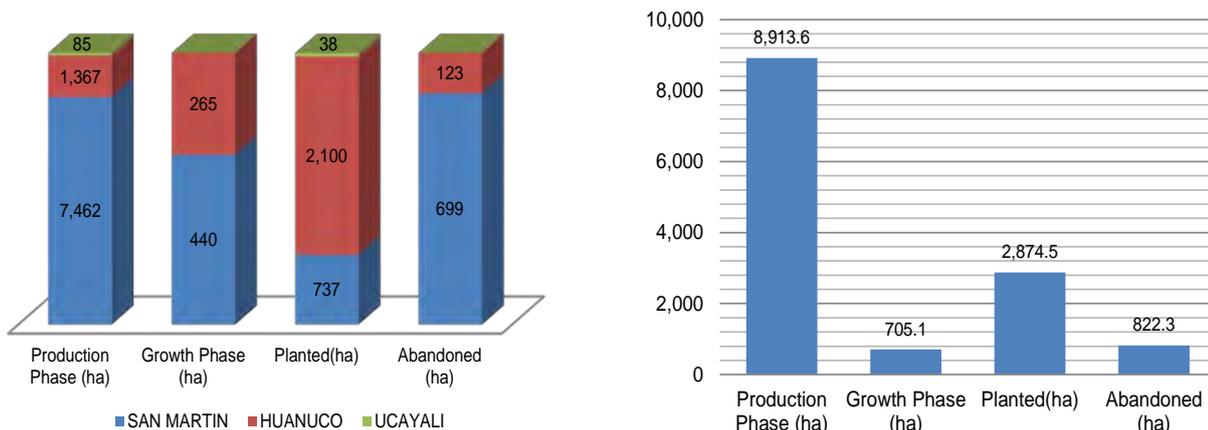
The program assisted 4,900 families. This exceeded the program target of 3,543 families. As illustrated in Figure 2, most of the beneficiaries were from San Martín and Huánuco. It should be noted that the 1,500 families in Huánuco also participated in the following Quick Impact Projects (PIRs) projects: Hermilio Valdizan, Daniel Robles and Mariano Damaso Alomia Beraun. The SCVC program leveraged resources with these local governments to increase the outreach of local coffee projects in the region and signed agreements to expand project activities.

Figure 2. Number of Participants by Region



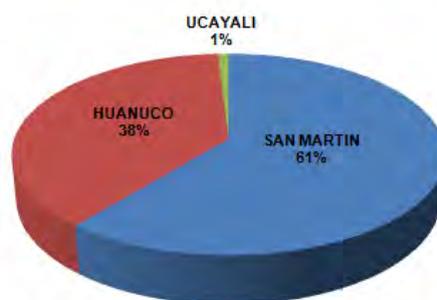
The SCVC program directly and indirectly assisted coffee producers representing 13,300 hectares of coffee in San Martín, Huánuco and Ucayali, which exceeded the program target by 1,300 hectares. The majority of these coffee hectares are located in San Martín (9,357 ha), followed by the Huánuco (3,820 ha). Figure 3 shows project intervention areas by coffee production phase. Most of the newly planted coffee is located in Huánuco (2,100 ha) with assistance from the PIR projects.

Figure 3. Project Coffee Area by Region and Coffee Production Phase



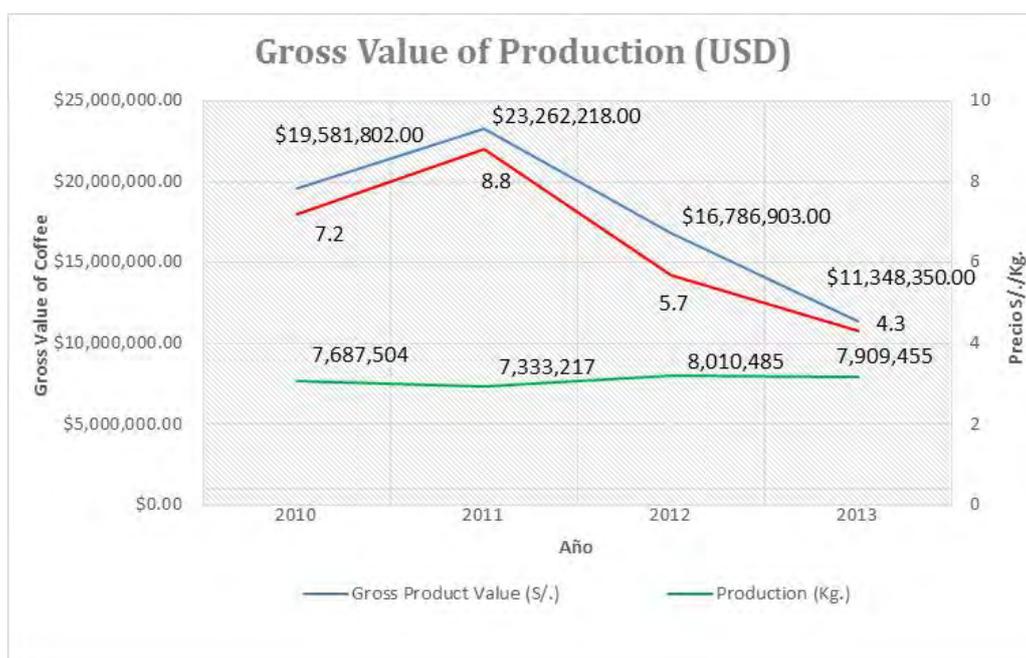
In terms of job creation, the SCVC program generated 4,072 full-time jobs related to coffee cultivation, exceeding the target of 2,875.

Figure 4. Jobs Created by Region



SCVC coffee producer-generated gross value of production, as a function of sales, was largely driven by commodity prices. As shown in Figure 5, coffee production increased in SCVC intervention areas, but coffee prices peaked in 2011 and later declined (DEVIDA Impact Survey). The direct relationship between coffee prices and the gross value of production can be seen in the graph below.

Figure 5. Gross Value of Production (USD)



The public and private sector leverage contributed by alliance partners, including regional governments, PEAM, JNC, and producer organizations, totaled \$4,900,572. Table 1 summarizes the final results for the five main targets.

Table 1. Project Indicators

Indicator	Target	Actual	Percentage
Number of hectares devoted to licit agricultural production in areas supported by the activity	12,000	13,300	111%
Number of families receiving productive assistance	3,543 familias	4,900 familias	138%
Number of full-time equivalent jobs generated through productive activities	2,875 empleos a tiempo completo	4,072 empleos a tiempo completo	144%
Annual gross value of sales for selected products of activity clients	\$25,056,096.00	\$11,348,350.58	45%
Annual investment from public and private sector leveraged by the activity	\$3,675,885.00	\$4,532,065.00	123%

1.1. Program Objectives

1.1.1. Objective 1: Enhance production and productivity of coffee farms

SCVC achieved this objective through the implementation of GAP coffee production training assistance. Training was provided to producer organization technicians, producers and municipal project staff. Table 2 lists the trainings provided under this objective; in all, there were 361 trainings and 22 percent of the participants were female.

Table 2. Production and Productivity Training Topics

Training Topics	No. of Trainings	Trainings		
		M	F	Total
Good Agricultural Practices	82	1,194	413	1,607
Farming as a Business	50	633	195	828
Harvest and Post-Harvest	64	884	289	1,173
High-systematic pruning	85	767	115	882
Organic Fertilizer Production	80	1,381	374	1,755
TOTAL	361	4,859	1,386	6,245

Source: SCVC September 2013.

Table 3 includes key indicators and results under objective 1: Producers saw significant results through the application of GAP practices.

Table 3. Component One Indicators: Enhanced Production and Productivity

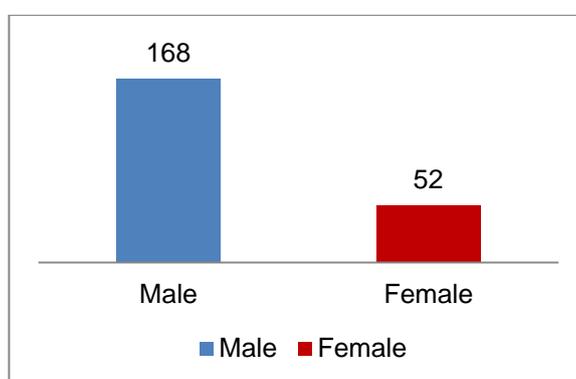
Indicador	Target	Actual	Percentage
Number of farmers demonstrating GAPs in rehabilitation, renovation and maintenance of coffee farms	2,657 households	3,375 households	123%
Number of technicians implementing / promoting GAPs in rehabilitation, renovation and maintenance as part of their support to producers	75	212	282%
Number of POs with completed farm plans, environmental management plans and a strategy for the implementation of	10 OPs	10 OPs	100%

these tools			
Average number of quintals per hectare of coffee produced	20 qq/ha	17.8 qq/ha	89%
Number of trees planted on program beneficiary farms.	50,000.00	75,000.00	150%

Source: SCVC, September 2013.

The SCVC program trained 212 technicians, including 90 in San Martín, 114 in Huánuco and eight in Ucayali. These technicians adopted, promoted and implemented GAP in their respective POs and projects.

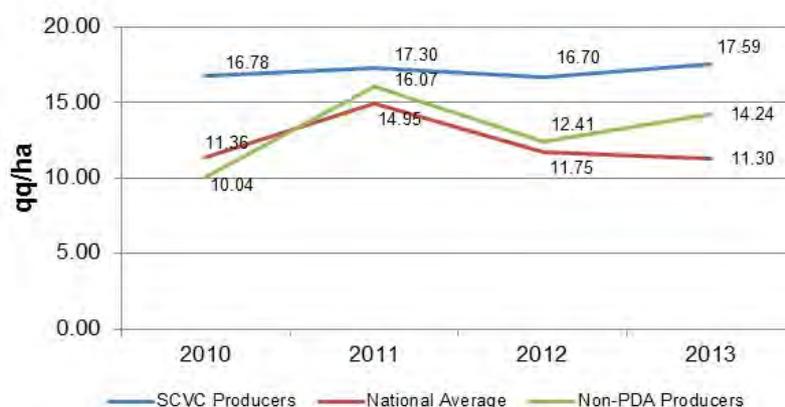
Figure 6. Technicians Implementing GAP



All program activities abided by the Environmental Mitigation and Monitoring Plan and M&E plan. For example, the SCVC promoted organic-based production and the development of environmental farm management plans, which is a prerequisite for certification. SCVC-assisted POs that have developed an environmental plan include: ADISA, Frutos de Selva, CAPEMA, CAS el Dorado, CAC Tocache, COOPAIN, Asoc. Julio C. Tello, as well as the the Hermilio Valdizan, Mariano Damaso Beruan, Daniel Alombia Robles PIR projects.

SCVC production interventions contributed to 17.5 qq/ha in productivity, which was higher than the productivity for similar farmers that were not assisted by the program. SCVC beneficiaries also saw higher productivity than the national average during all three project years.

Figure 7. Coffee Productivity



The program assisted with the production and planting of 75,000 tree seedlings for the enrichment of agroforestry systems. The trees can be used to provide shade for coffee trees and will provide income for farmers in the years to come as they can be sold for wood. To achieve this, POs built seven nurseries, six in San Martín (ADISA, CAPEMA, APAVAM, Frutos de Selva, Café Doncel and the municipality of Jepelacio), and produced 55,000 tree seedlings. The other nursery was built in Huánuco and produced 20,000 seedlings with agricultural foam.

2.2.2. Objective 2: Access to new and profitable markets

For this component, SCVC conducted coffee quality control trainings, including coffee cupping, roasting, grinding, and packaging, and provided lectures on specialty coffee market trends. SCVC also trained PO members to be internal inspectors in preparation for certification audits and assisted POs with updating organic production norms. In total there were 110 courses and workshops for this component of the training, with 2,744 people attending and 26 percent female participation. In Table 4, the training topics are shown in more detail.

Table 4. Main Topics Addressed in the Trainings, New Access to Markets

Training topics	No. of Trainings	Training Attendance		
		M	F	Total
Access to new markets				
Quality control	59	796	376	1,172
Certifications	21	356	108	464
Specialty Coffee Markets	30	881	227	1,108
TOTAL	110	2,033	711	2,744

Source: Monitoring y Evaluation SCVC, September 2013.

In Table 5, results and main indicators corresponding to Component 2 are shown.

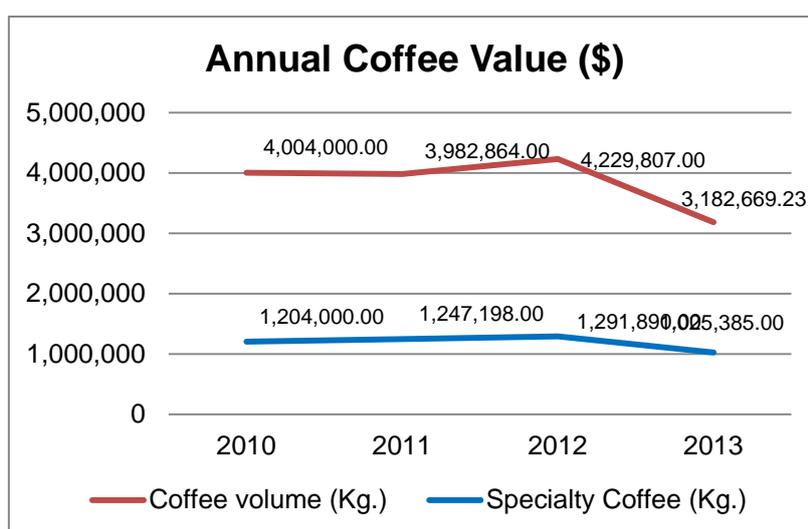
Table 5. Indicators Component 2: Access to new and profitable markets

Indicator	Goal	Final Result	Percentage
Component 2. Access to new and profitable markets			
Volume of specialty coffee exported	1,987 MT of specialty coffee exported	1025.4 MT of specialty coffee exported	52%
Increments in the value of annual coffee sales	\$16,000,000.00	\$13,837,692.00	86%
Number of cuppers with Q-Graders certification	50 Cuppers grade Q	45 Cuppers grade Q	96%
Number of POs that have/ maintain one or more value certifications.	12 OPs with value certifications	10 OPs with value certifications	83%

Source: SCVC, September 2013.

The volume of specialty coffee sales at the end of the SCVC program represented 32 percent of the total of coffee sold by participating POs. This represents a 2 percent increase of specialty coffee sales since project inception.

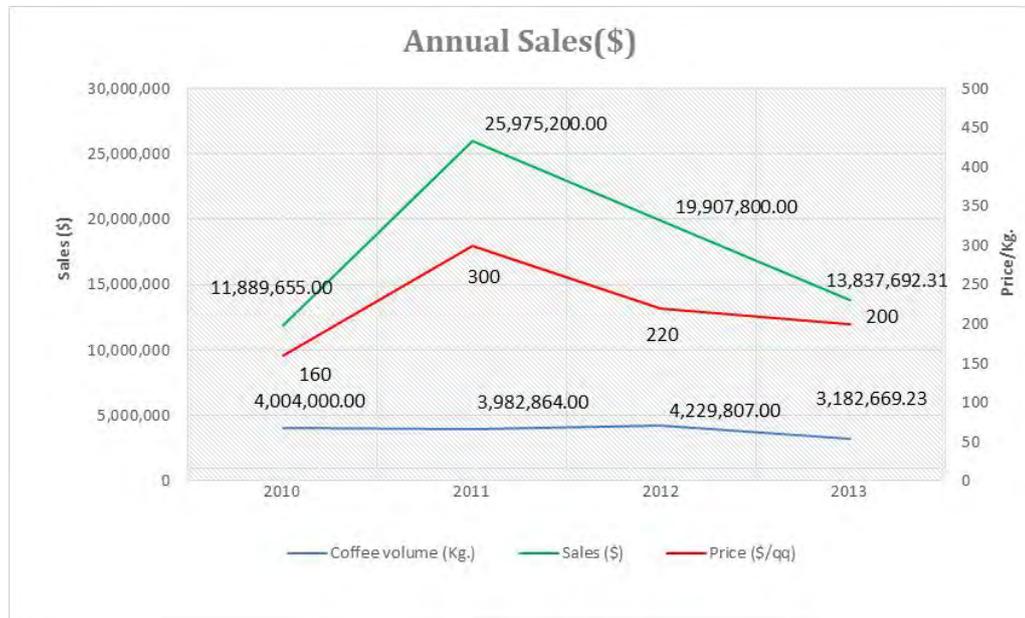
Figure 8. Volume of Specialty Coffee



The volume of specialty coffee exported by the participating POs in the program saw a slight decline in 2013 due to issues resulting from “la Roya Amarilla,” which affected production. Similarly, because sales are a function of international market prices (per bag), which

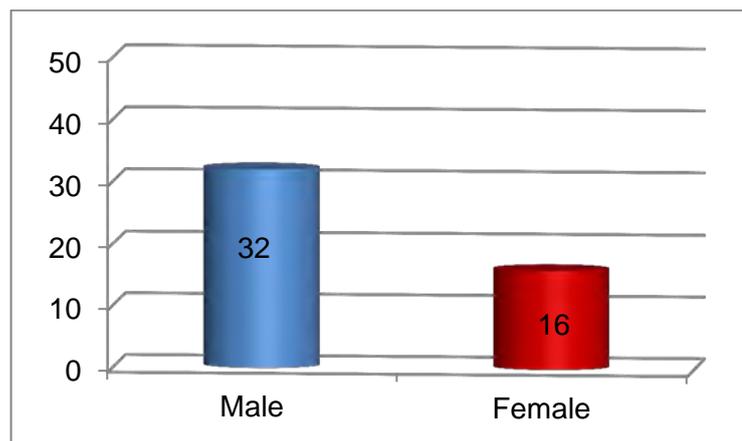
peaked in 2011, sales declined as a result of the market price decrease in 2012 and 2013, directly affecting the values of coffee sales.

Figure 9. Value of Coffee Sales (USD)



Throughout the 32 months of implementation of SCVC, there were five “Q” exams to obtain the “Q” certification. Forty-eight people achieved certification in the entire country, including 16 female cuppers with Q certification (33 percent).

Figure 10. Q Certified Coffee Producers



2.1.2. Component 3: Improve productivity and production

Table 6 indicates the topics of workshops and training courses that were implemented under component three. In total, there were 90 courses and workshops for this training component; a total of 1,764 people attended, of whom 20 percent were women.

Table 6. Main topics addressed in the workshops, organizational strengthening

Training Topics	No. trainings	Training Attendance		
		M	F	Total
Organizational Strengthening				
Organizational strengthening	44	663	198	861
Presentation of the CVC program	10	103	7	110
Coordination meetings	28	482	112	594
Organization capacity assessment	8	167	32	199
TOTAL	90	1,415	349	1,764

Source: SCVC September 2013

Table 7 details the main results and indicators corresponding to Component 3.

Table 7. Objective 3 Indicators : Increased technical and management capacity of the institutions and organizations

Indicator	Target	Actual	Percentage
Number of POs using the pilot traceability system established under the program	3	3	100%
Number of POs applying to AGROIDEAS	10	10	100%
Number of individuals and POs applying for credit through financial institutions or credit programs.	500	1800	360%
Number of PO leaders trained in operational and financial management	60	100	167%

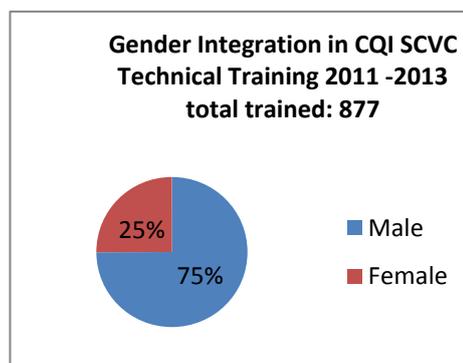
Fuente: Monitoreo y Evaluación SCVC, Setiembre 2013.

SCVC successfully supported Frutos de Selva and CAI Progreso in accessing funding from AGROIDEAS.

Gender: ACDI/VOCA and our partners continued to reduce existing gender disparities and enhance women’s participation in the economic development of their families by incorporating female beneficiaries into the program’s training activities. The two food security forums organized by the program are a good example of the SCVC team creating opportunities for greater female participation and capacity building.

ACDI/VOCA’s FaaB training program emphasizes family-managed farm enterprises and makes a concerted effort to incorporate female members of the household in the training. FaaB provides practical farm business management concepts and practices, including work planning, registration, cash flow and profit/loss analysis.

CQI’s technical trainings presented excellent professional growth opportunities for women in Peru. In particular, women performed well in Instructor Q Grader Trainings (7 out of 18 trainees were women) and Cupping Instructor Training (16 out of 25). CQI will continue to stay connected with these women and oversee their Cupping Instructor development, particularly as Q Instructors, and utilize their talents in Q Trainings in South America.



Program Leveraging: The table below shows contributions to date.

Table 8: Program Leverage

Name	Leverage to Date (USD)
ACDI/VOCA	\$26,363
CQI	\$215,550
Sustainable Harvest	\$671,452
Solidaridad	\$368,024
JNC	\$11,382
Café Perú	\$237,229
San Martin Regional Government/PEAM	\$18,654
APAVAM	\$56,213
ADISA	\$23,722
CAPEMA	\$273,360
Fruto de Selva	\$1,225,668

APROCASS	\$95,597
APROECO	\$59,999
Café Doncel	\$294,060
Café Verde	\$2,681
CAI Progreso	\$146,231
Daniel Alomia Robles	\$197,551
Jepelacio	\$24,533
Huanuco	\$139,901
Hermilio Valdizán	\$812,402
Total	\$4,900,572

VIII. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

1. The SCVC-sponsored Peruvian coffee sector stakeholders workshop resulted in the development of a strategic plan with a proposal to fund the coffee sector and ensure the sustainability and competitiveness of the Peruvian coffee value chain. The meeting was the first step in making considerable progress toward achieving sector goals of improving quality and productivity, building capacity, promoting and increasing domestic consumption, funding coffee sector activities and fostering innovation and technology. The latter is critical in that it is geared toward research related to importing coffee varieties through quarantine and responding to Coffee Rust Disease. In July 2013, SCVC brought together these stakeholders once again to discuss a congressional act to formally move forward with the formation of a national coffee institute. The SCVC program, together with the Junta Nacional de Café (JNC), hired a legal consultant to draft a bill for the formation of a national coffee institute.
2. The program trained the technicians of POs, coffee projects and municipalities to transfer the most up-to-date and innovative coffee crop management technologies to help ensure the long-term sustainability of the Peruvian coffee sector. A total of 4,900 families benefited from the program in the regions of San Martín (2,507 families), Huánuco (2,336 families) and Ucayali (57 families). SCVC provided assistance on 13,300 hectares and generated 4,072 fulltime jobs in the coffee sector with a Gross Production Value of \$11,348,350.00.
3. A total of 561 trainings were provided and attended by 10,753 participants, 23% of whom were women.¹

¹ Some individuals participated in more than one training.

4. A total of 212 technicians and extension agents were trained in Good Agriculture Practices (GAPs), Farming as a Business, organic production. Of these participants 25 percent are women. These individuals will continue to provide technical assistance to coffee producers and related coffee enterprises.
5. 200 individuals were trained in the evaluation of specialty coffees, 49 of whom obtained the Q Grader license under the program bringing the total number of Q Graders in Peru to 85. Thirty-three percent of participants were females. Many of those trained work in the quality control department of POs, and exporters which has helped increase the classification of coffee lots by quality, fulfillment of quality coffee contracts with buyers, and the identification of micro lots for participation in regional and national coffee competitions, and sell to specialty coffee buyers who pay higher prices. In 2013, one micro lot from SCVC beneficiary CAPEMA received second place in Peru's National Coffee Competition.
6. The introduction of coffee traceability systems among the POs ADISA, CAPEMA and Frutos de Selva, allowed these POs to provide detailed coffee origin information to local and international buyers large and micro lots.
7. The development of coffee quality maps developed with ADISA, CAPEMA and Frutos de Selva, using each organization's traceability system, program staff worked with the quality control staff from these POs to develop coffee cup profiles for the farms that were mapped, identifying high value single origin coffees.
8. The implementation of GAPs, primarily systematic high pruning and the production and application of organic fertilizers, led to an increase in productivity on program beneficiary farms from 16.78 quintals per hectare to 17.59 quintals per hectare, despite the pervasiveness of coffee leaf rust disease. This number is higher than the productivity of producers who did not participate in the program (14.24 quintals/hectare) and the national productivity average (11.30 quintals/hectare).
9. The total volume of coffee purchased by beneficiary POs at the end of the program was 3,183,669.23 kg, which resulted in \$13,837,692.31 in income. Of the coffee purchased, 32% had a cup quality above 85 points, allowing POs to fulfill specialty coffee contracts and sign additional contracts with new specialty coffee buyers for the 2014 harvest.
10. Ninety-six PO leaders and board members were trained in operations and financial management, including risk mitigation mechanisms available to PO managers when buying and selling coffee.
11. The program supported Frutos de Selva, CAI Progreso and the Gallitos de Las Rocas Association (Municipality of Chipaco, Monzón) to access S/. 2,688,459.77 (USD 977,171) in funding from the Ministry of Agriculture's AGROIDEAS program and the Regional Government of Huánuco's PROCOMPITE funding. SCVC promoted and assisted with the design, construction, and operation of centralized organic fertilizer production plants for six POs and provided follow-up technical assistance. The combined monthly production of these plants is 250 Metric Tons, which is used to fertilize member farms at a low cost. The program also worked with the municipalities of Jepelacio and Aucayacu to design and install organic fertilizer plants that convert solid waste from their districts into composted fertilizer. This fertilizer is sold to local companies, and to local coffee farmers at low cost.
12. Government response to the current Coffee Leaf Rust crisis will further increase international collaboration with research institutions and the private sector, such as

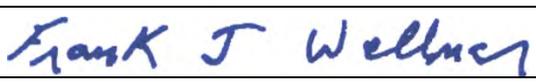
the importation of improved resistant varieties from Colombia and Central America, and mass propagation of coffee varieties.

Recommendations

- Reinforce technical knowledge and promote crop management innovations and good farm administration among coffee sector technicians and professionals to ensure that producers have the tools to manage costs and take the appropriate measures to ensure business profitability.
- Strengthen agricultural extension, ensuring up-to-date Good Agriculture Practices (GAPs) and environmental interventions, including the introduction of coffee pest and disease resistant varieties; soil classification and mapping fertility by growing region with appropriate fertilization plans. This should be done jointly or in close coordination with coffee sector institutions, universities and regional technical committees (Mesas Técnicas) with a combination of public and private sector resources.
- Support the establishment, with one or two universities, a coffee specialization within their agriculture extension and engineering degrees. In addition, support the establishment of cooperative and association management specialization, potentially as part of a related master's program or undergraduate degree.
- Continue support for quality control and management throughout the value chain to meet the specialty coffee market demands, with special emphasis on post-harvest handling innovations and storage.
- Promote traceability systems to ensure coffee meets export/import requirements, so that it can be traced back to the farm or origin for marketing purposes and to access to new markets. Explore geographic denomination- of -origin certification.
- Promote organizational, regional and national coffee competitions to increase the production and national awareness of high quality specialty coffee as well as foster a culture of quality coffee production to increase internal consumption and demand.
- Strengthen POs' education committees to improve the training of managers, leaders and members in the implementation of their bylaws, strategic and operation plans, and to perform their functions with values and principles that ensure the solid administration and management of their organizations.
- Continue training PO managers and leaders in project management and the development of business plans to access financial resources and programs to finance the marketing, technical assistance, field trips to exchange experiences, organizational strengthening, and technological innovation.
- Continue to work in coordination with local and regional governments (through regional technical committees) to replicate the SCVC program's organic fertilizer plant model which uses solid organic waste to produce compost fertilizers using micro efficient organisms. These plants are self-sustaining, reduce pollution and contamination of local rivers and produce fertilizers that the municipalities can sell to local coffee producers to increase the productivity of coffee farms or any agriculture production.

- Qualified candidates for Cupper and Train-the-Trainer Programs need to be identified early and pre-screened to make trainings more effective and produce better results to build the capacity of Peru's coffee sector.
- Continue to build national leadership of the Consejo Nacional de Café (CONACAFE), Coffee Institute, La Central Café y Cacao del Perú and other similar organizations because although this is underway, it still requires more attention, organization and leadership to achieve success.
- Increase collaboration with international coffee research organizations and other coffee organizations to develop Peru's agricultural knowledge and expertise of coffee agronomy, disease control and prevention, and increase competitiveness and risk management factors. In the future, CONACAFE will also be positioned to establish national norms and standards for training and TA; support and conduct research; gather, analyze and share statistics; promote internal consumption and coffee curriculum at universities.
- Through oversight by the CONACAFE or a similar entity, establish a website, radio programs, SMS and or other media sources to provide updated information on financial resources, specialty coffee market demands and trends, statistics, opportunities to connect buyers with coffee producers and exporters, etc.
- More work is needed to build leadership and capacity to market specialty coffees, including growth of the internal consumption sector.

FEDERAL FINANCIAL REPORT

1. Submitted to:  <p align="center">USAID</p>		2. Federal Identifying Number: <p align="center">AID-527-A-11-00001-04</p> Technical Office : Alternative Development			Page 1	of 1 pages	
3. Recipient Organization:		 50 F Street, NW, Suite 1000 Washington, DC 20001					
4a. DUNS: 08-351-0842 4b. EIN: 52-0811461	5. ACDI/VOCA ID: J689 Recipient note: LOC HHS-08A1P	6. Report Type <input checked="" type="checkbox"/> Quarterly	7. Basis <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual				
8. Funding/Grant Period From: 01-Feb-2011 To: 30-Sep-2013		9. Reporting Period End Date <p align="center">30-Sep-2013</p>					
10. Transactions:					Cumulative		
Federal Cash:							
a. Cash Receipts					n/a		
b. Cash Disbursements					n/a		
c. Cash on Hand (line a minus b)					n/a		
Federal Expenditures and Unobligated Balance:							
d. Total Federal funds authorized					3,675,885.00		
e. Federal share of expenditures					3,650,148.15		
f. Federal share of unliquidated obligations					0.00		
g. Total Federal share (sum of lines e and f)					3,650,148.15		
h. Unobligated balance of Federal funds (line d minus g)					25,736.85		
Recipient Share:							
i. Total recipient share required					0.00		
j. Recipient share of expenditures					15,834.41		
k. Remaining recipient share to be provided (line i minus j)					(15,834.41)		
Program income:							
l. Total Federal program income earned					0.00		
m. Program income expended in accordance with the deduction alternative					0.00		
n. Program income expended in accordance with the addition alternative					0.00		
o. Unexpended program income (line l minus line m or line n)					0.00		
11. Indirect Expense	a. Type	b. Rate	c. Period from	Period to	d. Base	e. Amount charged	f. Federal Share
g. Totals:					1,761,405.71	596,367.15	596,367.15
12. Remarks: Reported amounts for outlays made prior to the expiration date of 30-Sep-2013. NICRA for performance years remains provisional.					Leverage requirement: 3,675,885.00 Leverage provided to date: 4,900,572.00		
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)							
a. Frank J Wellner Office of Accounting and Finance					c. Telephone: (202) 383-9766 d. Email: FWellner@acdivoca.org		
b. 					e. Date report submitted: <p align="center">29-Oct-2013</p>		
14. Agency use only:							