

## **Peru Harvest & Shipment Update**

### **Coopbam**

Even before the State of Emergency was declared, Coopbam had made the decision to suspend all agronomist visits to the communities to prevent the spread of the virus. They also transitioned to having all staff work from home, and at this time they are not requesting permits to resume activities.

Harvest has begun on the lower altitude farms in San Martin, and because none of Coopbam's members hire outside help, producers are able to proceed with harvesting, wet-milling and drying as usual. However, all of Coopbam's warehouses are closed and producers are storing their coffee in their houses. To address the financial needs of their members during this time, Coopbam has implemented a solidarity loan program based on the livestock loan model implemented by Peruvian President Alan Garcia in the 1980s. Coopbam has base committees in each of the communities where they work. The organization is fortunate to have built up a substantial working capital fund, and is coordinating with each base committee "promoter" to make loans to producers until their warehouses open. Because Coopbam cannot verify or receive the coffee at this time, the loans are guaranteed by the rest of the members of the community, so that if one member does not deliver his coffee, the rest of the members are responsible for repaying the loan.

Coopbam's certifier, Biolatina, cancelled their external inspection and will be conducting a remote inspection instead. This inspection will be valid for U.S. imports, and Biolatina is working with European government entities to ensure validity in Europe.

Harvest on the higher elevation farms is expected to begin in June.

### **Pangoa**

The Pangoa Cooperative in the Selva Central is our producer partner in Peru whose activities have been most impacted by the State of Emergency. Harvest has begun on the lower altitude farms and they are behind in the coffee collection process because of local transportation restrictions. In addition to this, many members are facing labor shortages because they depend on migrant workers who are unable to travel. Pangoa estimates that about 20 percent of the lower altitude crop will go unpicked because of this shortage, and producers on higher altitude farms will also likely suffer losses. Earlier this year Pangoa's agronomists estimated their total 2020 production at 25,000 quintals of exportable coffee. In March they reduced this estimate to 22,000 quintals, and in April the estimate was reduced once again, down to 17,000 quintals. All of this being said, the small subset of producers within their membership who supply to Red Fox

are the least affected by these challenges for two reasons: their farms are much smaller than those of the average Pangoa member so they do not depend on hired help, and their farms are at higher elevations where the harvest won't begin until late May.

Many coffee producers in the Selva Central depend on migrant workers who come from other regions of Peru, including Huánuco, Ayacucho, Huancavelica and Ucayali. Travel between regions is strictly prohibited, and most people expect these restrictions will be in place for months to come. Although farmers have more help from their children now that schools are closed (the government has implemented a program called "learn at home," but it is only an hour a day), in most cases the additional help from family members will not be enough to compensate for the absence of migrant workers during the harvest season.

Another factor impacting agricultural activities is the reactivation of the rondas campesinas in the communities surrounding San Martín de Pangoa. Activities on the farm and within the communities are not affected, but the rondas are limiting transit in and out of their communities. They are allowing local trucks to come and go, but not with passengers, and the cooperative staff are not allowed in to pick-up coffee.

About 40 percent of Pangoa's members have farms at or below 1400 meters above sea level, and these farms are heading into peak harvest right now. Pangoa's collection center staff and quality control team are working "behind closed doors" every day until noon (following strict safety protocols). Some producers are able to send their coffee down with neighbors or other community members that have a vehicle, but most are storing their coffees in their houses for the time being. Pangoa is providing financing for producers who are unable to deliver their coffee.

Sixty percent of Pangoa's members have farms at elevations higher than 1400 m.a.s.l., where the harvest will begin in May. Pangoa expects the labor shortage to extend into the harvest period so some of the coffee will inevitably go unpicked, but they anticipate the restrictions on transportation in San Martín de Pangoa and the surrounding communities will let up so that they can collect coffee.

Pangoa had their organic inspection with OCIA scheduled for early April, and the certifier has extended their certification and postponed the inspection until July. OCIA has agreed to postpone the inspection a second time if need be.

The Pangoa cooperative is a very strong organization and is finding ways to support their members through these challenges. In addition to providing financing, they purchased 20 Metric Tons of food and supplies which they brought from Lima to distribute to their members. Pangoa is planning to make a second purchase to distribute for this month.

## **Huadquiña**

Huadquina was having a difficult year prior to facing the challenges presented by COVID-19. On the afternoon of February 23rd, a mudslide tore through the Salkantay river basin with catastrophic results. In addition to the loss of human lives, more than 30 of Huadquiña's members lost their homes and farms. Seventy percent of the roads in the area were also damaged. Huadquiña has been supporting their members in the aftermath, coordinating food distributions and other humanitarian aid with the municipality. The municipality and other local government entities are also working to get the roads cleared and operational.

The communities around Huadquiña operate autonomously under the "law for peasant communities," and since the State of Emergency was declared in March, individual communities have organized to block people who are not from the community from entering, and, when they do allow someone in, making sure that they are isolated for the first 15 days. Producers who live on their farms are continuing with their usual activities, but they are not coming and going.

The policy of the cooperative has been to respect the government restrictions to prevent the spread of the virus. They have postponed all of the activities they had scheduled for March and April and adjusted their 2020 work plan accordingly. As of right now, their external organic inspection is scheduled to take place in early June, before the start of the harvest. Huadquiña is also working with their lenders to renew their credit lines for the 2020 season.

All of this being said, production estimates are up this year, with the harvest expected to begin in June. As of right now, the cooperative leadership does not anticipate that COVID-19 will have too much of an impact on the harvest activities or logistics this season. Their biggest concern is making sure they have a market for all of their coffee.

## **Incahuasi**

In the Incahuasi valley, harvest has begun on the lower elevation farms in communities of Apalla, Erapata and Pacaybamba. Transportation in and out of the valley is restricted by the rondas campesinas (explained in the main shipping update), but producers are able to store their coffee in their houses for the time being. The vast majority of Incahuasi's members won't begin harvesting until June, with harvests on the highest altitude farms extending into November. The cooperative is expecting a production increase of about 20 percent, in part because of newly planted areas that will begin producing this year.

The Incahuasi valley is an area that has traditionally harvested in "Ayni," with 30-40 community members working together to pick through a parcel in one or two days before moving on to the next plot. As a safety protocol, the community members have decided that for now everyone will harvest their own coffee. Farmers can work with their neighbors, but no more than three people are allowed on a parcel at a given time. This is a break from tradition and may limit their ability to pick all of the ripe coffee in time, though we won't know until the harvest begins in earnest

whether it has an impact or not. If there is a negative impact, the cooperative does not expect it to be significant.

Incahuasi has suspended nearly all of their activities during the State of Emergency, including the provision of agronomic assistance, organic and fair trade inspections, and their general assembly. They are still managing to pay producers their “reintegros,” or premium payments, from last year’s harvest. The savings and loan cooperative offices in the valley that Incahuasi usually uses to make these payments are out of cash, but Incahuasi’s general manager and president came up with a solution by working with the merchants who are bringing supplies in and out of the Incahuasi valley. The merchants, who enter the valley every two weeks, leave their revenues from the day’s sales with Incahuasi’s president in Amaybamba, and Incahuasi’s general manager pays the merchants back in Andahuaylas, the city where the cooperative offices are located.

IMOCERT, Incahuasi’s organic certifier, is working with them to maintain their certification. They have requested production estimates for the season and will be doing a virtual certification until they are able to travel to the valley to verify. The fair trade inspections have been postponed until September, if not longer. Many organizations in Peru, Incahuasi among them, have not been able to hold their general assemblies and have their financials approved by the members, a requirement for certification.

Many of Incahuasi’s members are older in age, placing them at a higher risk if they were to get sick. Incahuasi is looking into using part of the fair trade premiums from last year to purchase masks and soap for producers, and also to hire trucks to pick up coffee on individual farms rather than having members expose themselves when bringing their coffee down to the collection centers. The co-op is in the process of requesting permission from the local authorities for these activities.