



Villa Andina - Ucayali, Huanuco, Pasco & Junin, Peru

Development Stage



Villa Andina (VA) was founded in 2007 and is a leading certified organic superfood manufacturer and exporter in Peru. The company works closely with farmers and is active throughout the supply chain of cacao, dried superfoods, and Andean grains, with a total of 30+ final products sourced from 7 regions within Peru. However, VA faces several intricately interwoven problems, including poverty, gender inequality, deforestation, and land degradation in the Ucayali, Huanuco, Pasco & Junin (UHPJ) departments of the Peruvian Amazon. They respond to these social and environmental challenges by implementing a holistic approach to working with smallholder farmers and building sustainable supply chains. With the support of reNature and DIBcoop, VA wants to transition to diverse agroforestry-based cacao production systems and improve operations along the supply chain, in order to increase farmer income and create resilient farming systems.

Finance & Planing



1.900.000

Investment



DIBcoop

Initiator



LOCATION:

Ucayali, Huanuco, Pasco & Junin; Peru

SIZE OF PLANTED PLOT:

3000 ha of organic monoculture

SIZE OF POTENTIAL AREA:

3.000 ha of organic cacao to be converted to agroforestry systems

CLIENT:

Villa Andina

KEY CROP:

Cacao

INDUSTRY:

Agribusiness, Food & Beverage

GOAL:

Introducing regenerative agroforestry systems to smallholder cocoa farmers in the Peruvian Amazon.

MAIN FOCUS:

Scale climate-resilient farming, & improve farmers' livelihoods.

PARTNERS:

DIBcoop



Assignment & Impact

Expected Beneficiaries

The main target group consists of 2.000 smallholder cacao farmers in the UHPJ region, of which 33% are female. With the investment, VA will employ 17 new people.

Development Challenge

In the remote areas where VA sources cacao, farmers struggle to make ends meet. Although poverty fell significantly on a national level, 40% of the population still lives below the poverty line in some regions where VA operates. Gender inequality is also a deep-rooted problem in the rural areas of Peru. Agriculture in the project regions is the largest source of income that supports rural livelihoods. However, smallholder farmers face many challenges such as market access, high dependence on extractive middlemen and intermediaries, inconsistent and below-market prices, low and variable product quality, and limited access to capital. Additionally, land degradation and climate change present serious threats to the ecosystem and livelihoods of local farmer communities.

Intervention

Meeting this challenge requires a shift towards regenerative farming systems that include better soil management, improved water retention, higher biodiversity and increased carbon sequestration through the

establishment of multi-strata agroforestry systems. With the support of reNature and DIBcoop, VA will provide training for farmers to facilitate this transition, which will ultimately help increase productivity and incomes for farmers, improving the resilience of the cacao production systems.

Financial Details

The project has already received a grant of 1,26 million euros which is provided on the condition of 50% co-investment.

Grant: € 600k

Loan: € 1.300k

Objective

VA is seeking to expand and improve its cacao operations in the Ucayali, Huanuco, Pasco & Junin regions. Essential in this project is the improvement of financial sustainability by enhancing social and environmental business parameters, including improved farmer capacity to ensure high-quality cacao yield, implementation of regenerative organic practices, and improved climate resilience through multi strata agroforestry. The overall project objective is to improve the livelihoods of farmers and workers and establish a climate-resilient farming system which together will improve the sustainability of VA's regenerative organic cacao operation.



2.000

Community
Members



61% More

Biodiversity



45% More

Improved Water
Cycles



23% More

Soil Carbon Stock



Inspirational Impact

A participatory Farmer Field School (FFS) approach will be used to train farmer leaders and promote the adoption of best practices in agroforestry and bring about a local multiplier effect in farmer communities. This method aims to generate a larger sense of ownership of farmers over the project. This, in combination with increased skills and knowledge, will ensure the long-term success of the project. Additionally, direct linkage to farmers is essential to VA's business model, so after project closure VA will still be regularly in contact with farmers, allowing for monitoring and follow-up on project measures.

Environmental Impact

The new farming system includes the development and implementation of multi-strata agroforestry systems that are designed in participation with cacao farmers and with support from DIBcoop's FarmTree®Tool (FTT) for modelling agroforestry systems. The intervention will lead to the improved ecological functioning of the farming system, making it more resilient to the extreme effects of climate change. Also, it reduces the risks of losing crops to pests, extreme weather events, or prolonged droughts and reduces the need for chemical inputs. It safeguards farmers' main source of income and the health and productivity of their farms. The positive impacts associated with improved farm management and soil health will benefit farmers and future farmer generations to come.

Social Impact

VA's long-term commercial interest is demonstrated by its proven business track record that is founded on the strength of building relationships with local smallholder farmer communities and a commitment to a fair and transparent raw material purchase process. VA sources directly from smallholder farmers and removes

intermediaries from its supply chain, which ensures traceability and increases the prices paid for the raw materials. By making long-term commitments towards improving farmer capacity and purchasing certified raw material, VA is well-positioned to expand its business model and become a stable economic driver by providing farmers access to international markets. Tree crops such as cacao require a long-lasting commercial interest. In the long term, where cacao is the economic driver, VA wants to expand its business model, products, and services and facilitate the presence of even more market options for farmers (through ginger, for example, which is known to perform well in combination with cacao).

Economic Impact

Central to VA's business model is the shortening of supply chains and establishing direct contact with farmers. By eliminating intermediaries VA can offer farmers a better price and contribute to their livelihood while at the same time increasing traceability and sustainability of their operation and products. By working with VA, smallholder farmers are able to access international markets and benefit from consistent prices and reliable purchase agreements. As part of the new agroforestry system, VA will introduce ginger as a ground cover crop to help boost farmer incomes during non-harvest seasons. Additionally, VA provides ongoing technical assistance, capacity-building workshops, financing support, and additional support related to securing and maintaining organic certifications.



Impact Metrics

Outcome Metrics	Indicators	Evaluation Method	Reporting
Improve sustainability and improve climate resilience by implementing regenerative organic farming practices, including a diversified multi-strata agroforestry system, supported by participatory training methods.	# ha of farmland where regenerative agroforestry practices are adopted / # of farmers that participated in Farmer Field School capacity building / increased vegetation cover & increased on-farm biodiversity / % of canopy cover.	General project administration & VA trainer weekly reports/ registration & attendance lists of Farmer Field School events & other meetings/farm visits & farmer interviews.	Annual project report
Improve livelihoods and incomes for 2.000 smallholder farmers and VA staff members with more inclusivity for young people and women.	higher cacao yields / # farms with ginger diversification / # farms with premium fine-flavoured cacao variety diversification / % of young people and women participating in Farmer Field School capacity building program / # new staff hired and trained.	General project administration & VA trainer weekly reports / on-farm cacao weighing at purchase / registration & attendance lists of Farmer Field School events & other meetings / farm visits & farmer interviews / participatory biodiversity research exercises / FarmTree@Tool (FTT) results.	Annual project report / farmer contracts/ VA staff contracts / FTT report
Increase and improve cacao yields through improved soil quality and water retention.	higher cacao yields / higher soil organic matter content / improved soil nutrient availability / # farms where soil was sampled.	General project administration & VA trainer weekly reports/ on-farm cacao weighing at purchase / soil laboratory analyses.	Annual project report / cacao purchase reports / soil lab results
Reduction of CO2 emissions & increase biodiversity/ improve ecosystem services.	density & diversity of woody species on farm / % of canopy cover / increased on-farm biodiversity.	General project administration & VA trainer weekly reports / farm visits & farmer interviews / participatory biodiversity research exercises	Annual project report