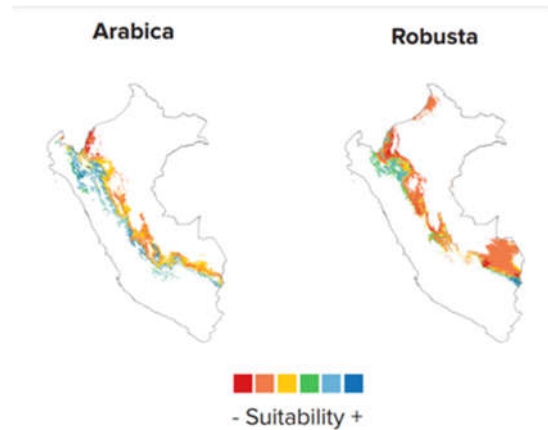


## Appendix 15: Executive Summary - Climate Change in the coffee sector in Peru

The impacts of climate change in Peru, often intensified by the El Niño phenomenon, are exacerbating pre-existing challenges in the coffee sector. These challenges include ageing coffee plants, water security, soil fertility and degradation and pests and diseases. The impacts of climate change are expected to alter the suitability of land for growing coffee across the country, including in all areas Shared Interest currently has coffee producer customers.



**Map 1:** Regions (outlined in red) where coffee producers supplying Shared Interest customers are located.



**Map 2:** Predicted changes in suitability of growing regions for Arabica and Robusta coffee between 2018/19 and 2030.

As of February 2024, we have £9,367,000 lent to Peruvian coffee customers, representing around 18% of share capital. The north east of the country is expected to be the most affected with a recent report predicting a 31% net decline in suitable growing area across three of the regions there.

Currently, it appears that there are four focus activities being carried out by those hoping to build resilience to climate change in the coffee sector, including at the producer level. These are, Climate Smart Agriculture (CSA), which is an integrated approach to managing landscapes that addresses the interlinked challenges of food security and climate change. In the coffee sector in Peru, CSA includes, agroforestry (the interaction of agriculture and trees, including the agricultural use of trees) and organic fertiliser use, a further two of the focus activities. The fourth activity is renovation and rehabilitation of coffee plants (strategies to rejuvenate plantations that suffer from aging and to replace diseased or poorly managed coffee trees with improved coffee varieties). Common challenges reported across these techniques are lack of access to finance, weak and inconsistent technical assistance (including from government) and low knowledge and understanding of the activity among farmers.

The climate resilience activities being carried out by Shared Interest customers in the region (as reported via the Customer Survey and Producer Committee) are crop diversification, agroforestry, reforestation, organic fertiliser, irrigation and carbon footprint / carbon credits. Some customers have experience of accessing finance to support their resilience activity including from other social lenders, national government, USAID and, in one case, a buyer organisation.

A survey carried out among Shared Interest coffee customers in Peru in January this year (2024) showed the following responses to the question 'What climate adaptation / mitigation activity would your organisation like to perform, that you are currently unable to achieve, and

why?' They are listed with those mentioned most often first, organic fertilizer (purchase and / or production), reforestation, irrigation, technical assistance and training about climate change (for producers), agroforestry and energy efficient / renewable energy based equipment.

The most frequently referred to barriers to adoption of these activities were lack of access to finance and resistance to activities that may lead to a drop in production, even if temporary.

An ecosystem map has been produced to show some of the key organisations, potential partners, working in this sector who may have valuable experience, knowledge and capacity to support Shared Interest in our response to support our customers. These include CABI, a research centre which supports the agriculture sector with knowledge of pests and diseases as well as bio and organic solutions and CLAC, the Latin American and Caribbean Network of Fair Trade Small Producers and Workers which hosts the Center of Excellence for Climate and Environment.