



Food and Agriculture Organization
of the United Nations



WORLD
FOOD
FORUM

FAO
HAND-IN-HAND
INVESTMENT

Peru in the Investment Forum

Investment Forum | Rome, Italy | October 17-20, 2023

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Organización de las Naciones
Unidas para la Alimentación
y la Agricultura



PERÚ

Ministerio
de Agricultura y Riego



Iniciativa
Mano de la mano

SOCIO-ECONOMIC OVERVIEW

16.6 million people (50.5%) suffer moderate/severe food insecurity (SOFI, 2021)

41.1% of rural poverty (INEI, 2022) and 42.4% of childhood anemia in 2022

97% agricultural units of family farming: Only 3.8% receive technical advisory and 8.2% have access to credit

Family farming provides: 90% of NPV, 53% of food supply and 83% of agricultural employment.

COMPARATIVE AND COMPETITIVE ADVANTAGES

- High agrobiodiversity (diversity of climates and microclimates)
- Consolidated agro-export markets, with increasing participation of family farming
- Potential for organic and sustainable agriculture: integrating modern technology and traditional knowledge
- Public incentives and investments

THE INVESTMENT CLIMATE



22 trade agreements and 56 open markets.



Peru ranked 5th in Latin America in the World Bank's Ease of Doing Business



Peru member of the WTO and full member of APEC, CAN and MERCOSUR



Maritime transport (2021-2022)
99 operational, tendered and certified port facilities.

- 58 Port Terminals and 41 Wharves

Main ports for public use:
- Callao, Salaverry y Pisco

Cargo capacity: 110.8 million tonnes.

Chancay mega-port under construction:
1 million containers per year by 2025.
- The largest in the Pacific



Air transport (2021)
30 airports and more than 50 aerodromes operating for passengers and cargo traffic.

Passenger transport capacity: 20 million.

Cargo capacity: 227 million tons.



Land transportation (2021-2022)
Road Network: 173'611.26 Km.

Projected Road Network: 6'664.66 Km.

8 operational railway lines
- Public: 1,700.8 km (87.09%)
- Private: 252.1 km (12.9%)

INVESTMENT FORUM 2022 RESULTS

Alliances for the cocoa and coffee chain value in Jaén and San Ignacio corridor, Cajamarca



Conversion of the corridor into an organic agroforestry system for the carbon bonds market



Collaborative work with the Cocoa Technical Roundtable and the Multi-Stakeholder Coffee Platform in Jaén and San Ignacio.



14 thousand hectares of coffee and cocoa incorporated into the HiH initiative



Initial investment of 1.8 million, requested in the first IF 2022



Rabobank



GOBIERNO REGIONAL
CAJAMARCA



Instituto Nacional de Innovación Agraria



15 Cooperatives



Universidad de Jaén

OTHER ALLIANCES 2022 - 2023



Agro-exporters (ADAS Group) for technical irrigation and pasture improvement in La Libertad (dairy chain)



Camposol and La Cobriza mining for commercial and productive improvement of organic high altitude avocado.



IPC and CITE Papa: articulation of the native potato chain of Junín and Huancavelica in the OCOP initiative



VALUE CHAIN NOTES

1

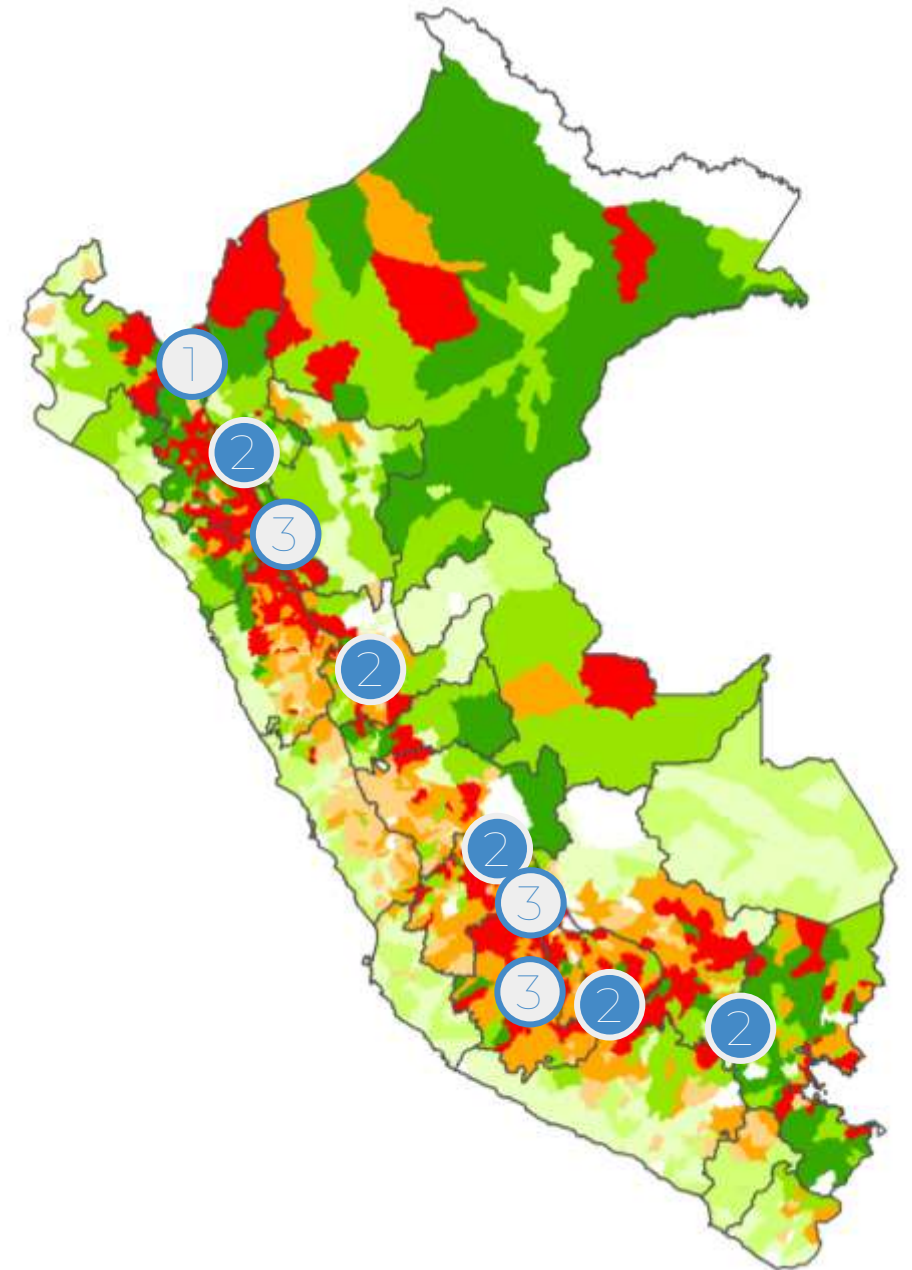
Coffee and native cocoa in Jaén and San Ignacio - Cajamarca

2

Native potato in 5 economic corridors

3

High altitude avocado in 3 economic corridors



INCENTIVES FOR INVESTMENT

Tax benefit: in Jaén and San Ignacio income tax between 10% and 15% compared to 29.5% at the national level (Amazonian competitiveness law)

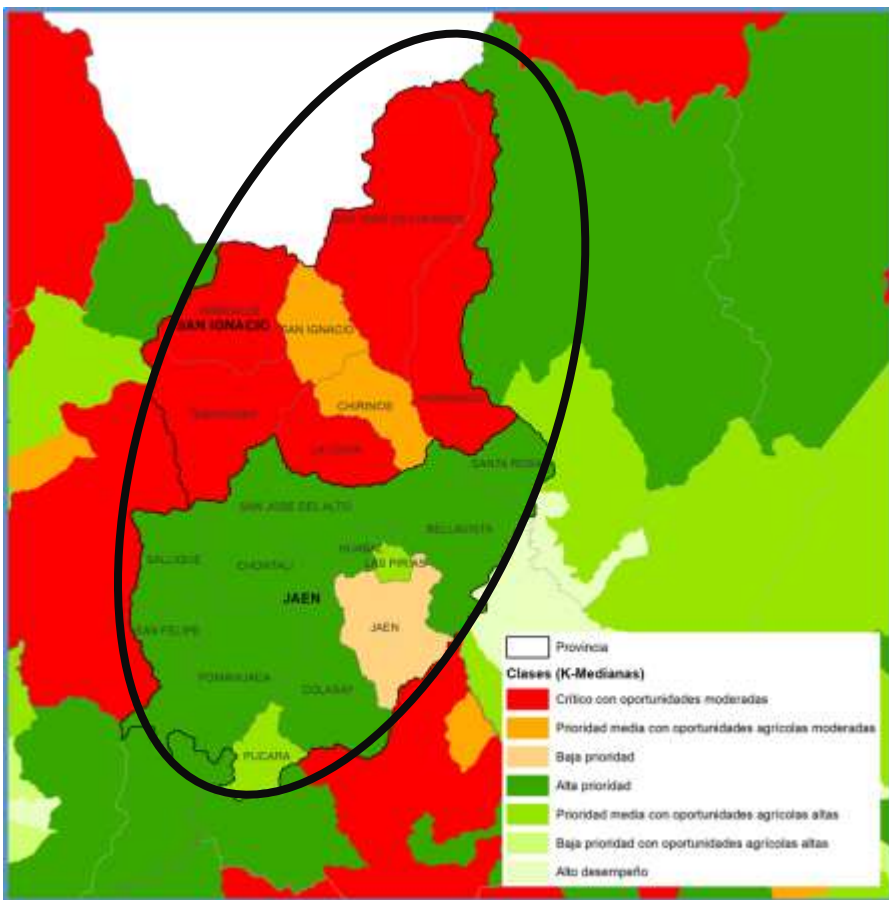
Expansion of supply for the domestic and external avocado market

Increase in supply and business opportunities for demand for a unique produce (native potato)

Expansion of the green financial market (carbon capture bonds)



NATIVE COCOA AND ORGANIC COFFEE AGROFORESTRY SYSTEM



Diversified and sustainable organic cocoa and coffee production

NATIVE COCOA AND ORGANIC COFFEE AGROFORESTRY SYSTEM

Jaen and San Ignacio



Dominant region: 26% of the total MT of organic coffee is from Jaén and San Ignacio.



Perú 3^o largest producer of cocoa in LATAM and 9^o worldwide.



Fine/flavour cocoa (internationally awarded) with minimal cadmium levels



Jaén, cradle of cocoa domestication: - 5300 years → Cacao Tourist Route (Complejo Montegrande)

- Export potential to EU: Low cadmium
- Approximately 14 thousand hectares without deforestation or expansion of the agricultural frontier.
- Robust cooperative sector: 11 coffee and 4 cocoa
- Germplasm and genetic material bank for native and genetic material of native cocoa in alliance with INIA and the National University of Jaén.

NATIVE COCOA AND ORGANIC COFFEE AGROFORESTRY SYSTEM

Total investment USD 2,775,000

Investment description	Initial investment
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Cocoa nibs transformation plant.	USD 419,022
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Bio-fertiliser plant for coffee and cocoa soil regeneration.	USD 340,678
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Microfinance to sustain productive activity at low interest rates	USD 1,162,000
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Chocolate plant in Jaén.	USD 452,000
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4 cocoa collection and primary processing centres, to make use of mucilage	USD 402,000
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Addressed problems:

Bulk marketing without added value : low prices

Soil degradation risk: Amazonian soil fragility and low productivity

Limited financial access for family farmers

Cost-benefit metrics

Financial analysis	USD
NPV	3,802,950
IRR	27.4%
B/C Ratio	1.45

Economic analysis	USD
NPV	5,550,661
IRR	44%
B/C Ratio	1.85

Beneficiaries: 2,500 families directly and 12,500 indirectly

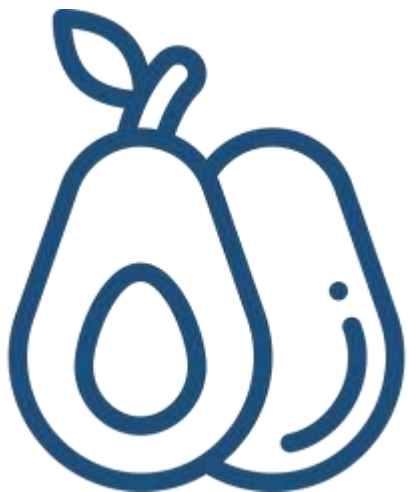
Increased income by 58% for cocoa and 30% for coffee, with additional improvement by collecting and credit access.

R: difficulties in accessing the European market, due to new regulations

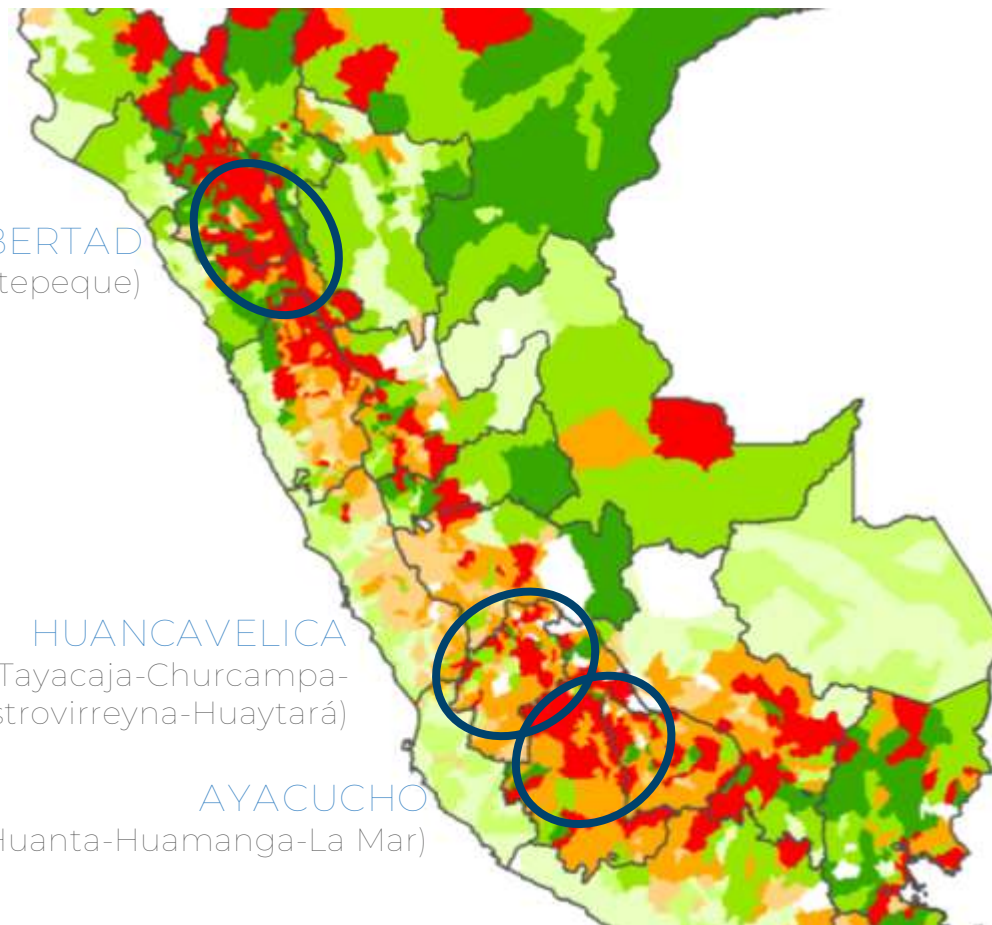
M: cocoa with 0 cadmium, and together with coffee, they have production under agroforestry systems, without deforestation and 100% organic

ORGANIC HIGH ALTITUDE AVOCADO CHAIN

3 corridors



Organic high altitude avocado:
permanently feeding Peru and the world



INVESTMENT CONTEXT OF THE ORGANIC HIGH ALTITUDE AVOCADO CHAIN

Huancavelica



Different seasonality from that of coastal Hass avocado (harvest peak between January to April. VS coastal harvest peak: March – August)

All-year round availability of avocado



33% more yield than that of coastal production. Availability of technical irrigation.

High performance

75%

75% of producers in Huancavelica and Churcampa meet the conditions to be certified.

Organic certification



Peru: 3rd avocado producer and exporter worldwide.



Main markets: The Netherlands, Spain, the United States and the United Kingdom.



Peruvian organic avocado market in sustained growth between 18% and 25% annually since 2019.

INVESTMENT OPPORTUNITY - ORGANIC HIGH ALTITUDE AVOCADO

Total investment USD 8,802,000

Investment description	Initial investment
Cluster of primary processing and technical assistance in organic production - Huancavelica corridor	USD 2,934,000
Cluster of primary processing and technical assistance in organic production - Ayacucho corridor	USD 3,912,000
Cluster of primary processing and technical assistance in organic production - Cajamarca-La Libertad corridor	USD 1,956,000

Addressed problems:

lack of organic certification for exports

Low productivity and uncoordinated production

Individual, bulk marketing, no quality grading and post-harvest losses: low prices

Cost-benefit metrics

Financial analysis	USD
NPV	4,913,856
IRR	24%
B/C Ratio	1.19
Economic analysis	USD
NPV	8,802,000
IRR	42%
B/C Ratio	1.25

Beneficiaries 4,500 families directly and 22,500 indirectly throughout the chain.

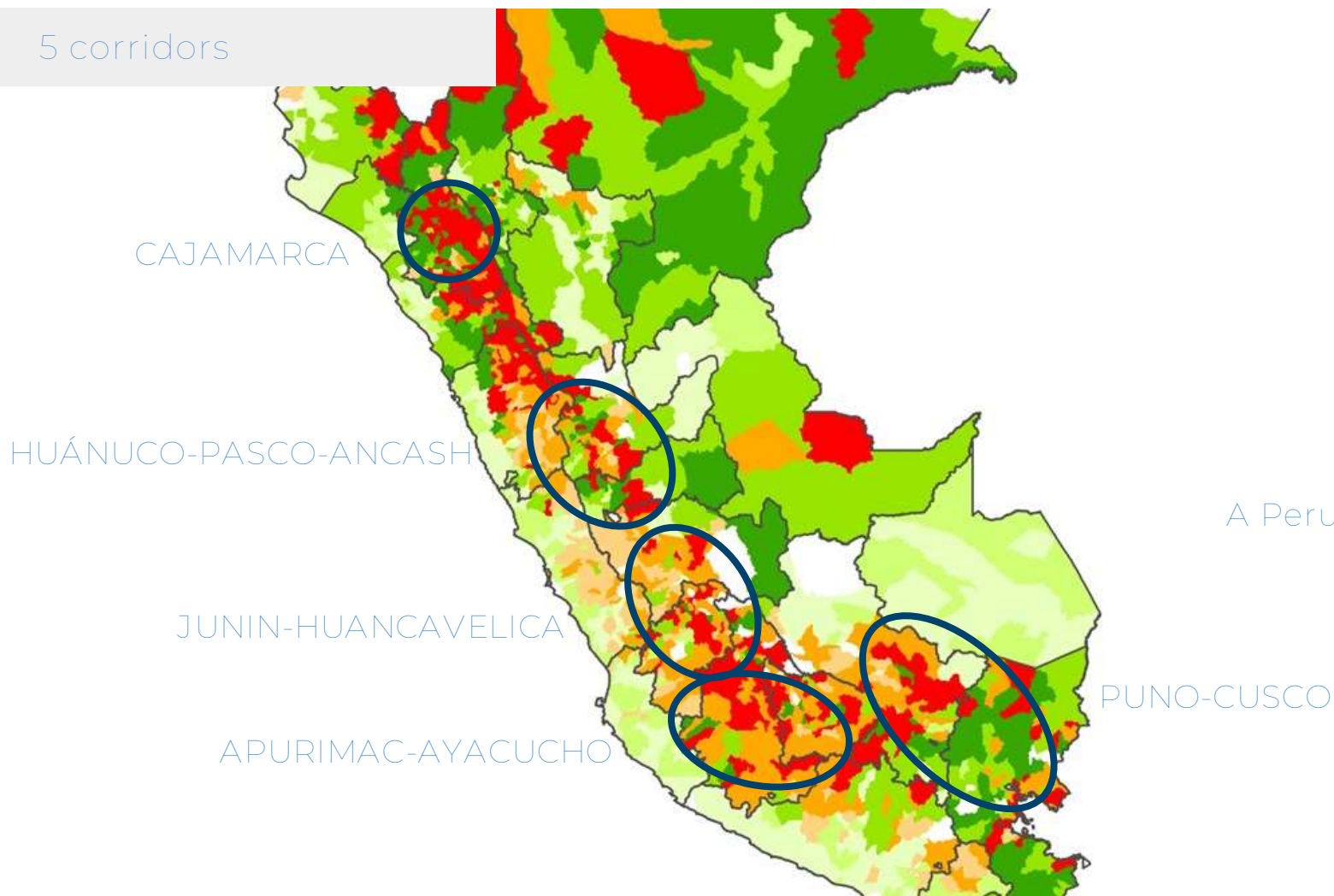
Increase in income: 40% -vertical transfer of profits by collecting and increase in sales price.

R: Reduction in international demand for avocado.

M: High altitude avocado production offers the advantage of providing supply in the months when the coast has no production.

ORGANIC NATIVE POTATOES

5 corridors



A Peruvian potato to feed the world

INVESTMENT CONTEXT IN THE NATIVE POTATO CHAIN

Junin and Huancavelica



Peru +4000 species, predominantly native.

Potato biodiversity



Origin center and domestication by ancient civilizations (+7,000 years). Guarded by high Andean communities

Historical and cultural Identity



Organic production and/or best agricultural practices in native potatoes, with growing associativity.

Organic certification, with associativity

- Consumption of 92 kg/p/year in Peru with a tendency to keep growing
- Prices and growing production of native potatoes – Potential scaling of 7,500 additional hectares
- 5.5% increase of processed potato products in the global market 2020-26
- First produce eligible for public procurement (National School Feeding Programme)
- Peruvian legal framework for organic certification strengthened

INVESTMENT OPPORTUNITIES - Improvement in the production, processing and transformation of the native potato

Total investment USD 34,242,360

Investment description Initial investment

7 Certified seed production units	USD 2,055,635
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Microfinance to strengthen capacity in increased potato production	USD 2,958,108
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5 clusters of potato collection, selection, and primary processing (cleaning and packaging): <i>10 plants of collection, selection and primary processing</i>	USD 17,097,190
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5 Clusters of processing: <i>8 potato chips plants, 8 potato flour plants, 8 dehydrated potato plants and 1 potato starch plant. Total = 25 plants</i>	USD 12,121,427
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Productive Surface Increase 10,000 Ha in 5 economic corridors

Addressed problems:

Low productivity and low commercial quality: low prices

Limited financial access

Individual, bulk marketing, no quality grading and no value addition: low profitability

Cost-benefit metrics

Financial analysis	USD
NPV	52,251,582
IRR	36%
B/C Ratio	1.22

Economic analysis	USD
NPV	52,387,823
IRR	29%
B/C Ratio	1.15

Beneficiaries: 11,000 families directly and 30,000 indirectly throughout the chain.

Increase in income: 153% as a direct result of the primary processing plant.

R: Climate disasters: Lack of rainfall.

M1: Use of varieties with higher resilience

M2: Exploitation of growing demand for native potatoes

SUSTAINABILITY AND SUPPORT FROM PUBLIC INVESTMENT

Native potato
(5 corridors)

USD 179.4 million for the potato chain.

Cocoa and coffee
Jaén and San Ignacio

USD 11.8 million for coffee and cocoa chains.

Avocado
(3 corridors)

USD 17.4 million for the avocado chain.

Partly thanks to HIH support, the government is now investing \$208.6 million in 2023-24 to support the enabling conditions for these value chains.



FAO also facilitates partnerships with subnational governments to mobilize additional public investments in prioritized chains

PERU INVESTMENT PLAN

Summary



USD 45,820,360
Total Investment
Plan

28%
Average IRR

18,000
Direct beneficiaries
65,000
Indirect beneficiaries

USD \$1,226
Increase in
income

1,025 MT *
Emissions reduction
per capita (not include potato)

Intervention

NATIVE COCOA AND ORGANIC COFFEE
AGROFOREST SYSTEM – Jaén and San Ignacio

Cost (USD): 2,775,000
IRR (%): 27.4%
NPV: USD 3,802,950

Beneficiaries: 2,500 directly and 12,500 indirectly

Net Income increase per year:
USD 958/ per capita for cocoa and **USD 611/** per
capita for coffee

Reduction of emissions per capita: 163.78 MT

Partners: Partial investments in the form of
carbon capture with Rabobank.

Intervention

HIGH ALTITUDE AND ORGANIC AVOCADO CHAIN
– 3 economic corridors

Cost (USD) : 8,802,000
IRR (%): 24%
NPV: USD 4,913,856

Beneficiaries: 1,000 directly and 5,000 indirectly

Net Income increase per year: USD2703/ per capita

Reduction of emissions per capita: 39.51 MT Per
capita emissions reduction: 39.51 MT (Huancavelica
corridor only) *

Partners: Partial investments in plantations in
Churcampa and technical assistance, with possible
funding of UD\$500,000 with the Cobriza mine
partnership and Camposol to secure international
market.

Intervention

ORGANIC NATIVE POTATO CHAIN – 5 economic
corridors

Cost (USD) : 34,243,360
IRR (%): 26%
NPV: USD 52,251,582

Beneficiaries: 2,200 directly and 12,000 indirectly

Net income increase per year: USD1,175/ per capita

Per capita emissions reduction: TBD

Partners: With the National Institute of Agrarian
Innovation (INIA), International Potato Center (CIP),
CITE Papa and companies of potato industry.