

Objectives not achieved, but positive effects

The *Qorichacra* Project in Peru – an impact assessment

Masters student Nora Hurcik recently investigated the continued development of an initiative by our Foundation after its handover to local partners. Her conclusions are less than flattering, but include important lessons for the future. For the farmers involved in the project, some things have improved...

“Some time has passed since my interim report* in October 2018 about the *Qorichacra* project in Peru”, writes the Lucerne student. “In the meantime, I’ve evaluated the data collected in Cusco for my impact assessment. My Master’s thesis has been marked by the university. My research has uncovered both positive and negative aspects of the project.” She presents her findings below.

Positive Aspects

The *Qorichacra* project has resulted in many positive changes. The farmers involved now have the know-how to grow produce in greenhouses, and continue to use this technology. Those who participated in my questionnaire were all satisfied with the new cultivation method. Some small technical problems emerged over time, but these were solved rapidly by the farmers themselves.



It is interesting to see that the farmers have diversified their range of produce since 2015. They are now cultivating more strawberries and flowers, as these can be sold at the market for high prices. This shows they are adapting supply to demand. Previously most strawberries and flowers came from Arequipa, 500 km away. Today the market is dominated by produce from the Cusco region.

The *Qorichacra* farmers now have adequate market access – they can sell all their produce at the local market.

A large proportion of farmers involved in the project were able to stabilize or improve their income since 2015. The quality of life of all farmers participating in my study has improved. After the project ended, numerous families built additional greenhouses and renovated their houses, clear indications of increased income.

The development efforts undertaken by the local community In Huillcapata are visible. A new road is under construction, which will allow farmers to transport their produce to market more easily. One of the residents would like to build a library to improve the local standard of education. Some people see ‘green tourism’ as a great opportunity, and would like to establish facilities in this sector. The local community has set itself the goal of renewed cooperation with hotels and restaurants.

Also positive is the widespread acceptance of the greenhouse idea since *Qorichacra*. Further projects using this cultivation method have been carried out in numerous communities around Cusco. Many farmers have recognized the potential of this method in the Andes highlands. Thanks to greenhouse technology they can now grow produce throughout the year, which was previously impossible.



Negative Aspects

In the course of my interviews with farmers, several mentioned that the disposal of old plastic sheeting from greenhouse renovation work was a problem – they didn't know how to do this properly. There are companies which specialize in the disposal of plastic: it is collected, processed and transported to Lima for reuse in new products such as washing machines. However, these companies apparently do not work with small communities such as Huillcapata or Chita Pampa. This problem with plastic urgently requires a solution, as it leads to severe environmental pollution and has a negative impact on quality of life in these communities.

I mentioned in my interim report that farmers in Huillcapata are no longer working with McDonald's. During my research trip I discovered that cooperative agreements with other hotels and restaurants involved in the *Qorichacra* project (e.g. Novotel and Greens) have also ended. The Huillcapata farmers now sell their produce only at the local market.



There are a variety of reasons for this (from a project standpoint) lack of success. Severe problems were experienced in particular with payment delays – McDonald's and other large companies paid their suppliers after 30 days. Although this period is normal for the sector, it is too long for the many farmers without savings who depend on prompt payment. There were also disagreements about prices. Farmers producing to the Global G.A.P. Standard** incurred increased costs, so they charged higher prices than at the local market. However, the hotels and restaurants were not prepared to

pay more for G.A.P. quality. An additional problem was presented by the very small quantities purchased by many hotels and restaurants: for example, Novotel's weekly order of strawberries was only 6 kg. Mini-orders such as these have a negative effect on farmers' transport costs.

Given these circumstances, the easiest solution for farmers is to sell their vegetables, fruit and flowers at the local market. They can sell their produce within a few hours, and are paid directly. In addition, transport costs are lower.

The goal of Arcos Dorados (McDonald's) was to repeat the *Qorichacra* project in other Latin American countries. The company has initiated similar projects in Argentina and Puerto Rico, but these were abandoned after a short time. Finding staff proved to be difficult, and the obstacles encountered locally were too great. Arcos Dorados no longer carries out such projects, so overall it can be said that the objectives were not achieved.

Conclusion

The technical part of the project was successful; farmers are now familiar with greenhouse methods. Some of the farmers have increased their income since 2015. Many have made further investments and renovated their houses, with a consequent improvement in their quality of life. The importance of the new greenhouse technology in the Andes has increased dramatically.

Cooperative agreements between farmers and McDonald's and other hotels & restaurants present a major challenge. Two completely different organizational cultures collide: the economic and the chronological. A restaurant intending to work with local communities must take the special circumstances of these communities into consideration, for example by reducing payment delays. In

addition, restaurant owners must have a greater awareness of quality, and be prepared to pay higher prices for it. This was not the case during the *Qorichacra* project. In future projects it is therefore vital to select partner hotels and restaurants carefully, and to ensure from the outset that requirements are met.

McDonald's recognized the problem of payment delays two years ago, and declared its intention to reduce them. However, in an interview with the restaurant manager in Cusco I learned that since then nothing has changed – payments are still made after 30 days. It is evidently difficult to effect changes in a highly regulated restaurant operation such as McDonald's. In addition, the company probably has higher-priority activities than projects of this kind. This leads me to question the suitability of McDonald's as a partner for such projects.

During my stay in Cusco I came to the conclusion that direct cooperation between farmers and the catering industry is currently not essential. My interview partners frequently emphasised that market culture in Cusco has a strong tradition. Most of the hotels and restaurants now prefer to buy produce at the local market, and are not willing to pay more for better quality. The farmers also find it easier to sell their entire production at the local market. They have adequate market access, and are not dependent on direct cooperation with the catering industry.



It may be only a matter of time before the demand for high-quality biological products in Cusco increases. Consequently, at some point in the future the topic of cooperation between farmers and hotels & restaurants may once again become significant.

* <https://www.syngentafoundation.org/news/recent-news/benefits-bag-time-new-look>

** <https://www.globalgap.org/de/> (German) / <https://www.globalgap.org> (English)