



Asociación Forestal Indígena de Madre de Dios (AFIMAD) is a cooperative of wild Brazil nut harvesters (“*castañeros*”) from the Madre de Dios region of Peru, an area that has suffered tremendous environmental degradation due to gold mining. AFIMAD sells peeled Brazil nuts (“*castañas*”) and nut oil harvested by its 185 members belonging to the Amazonian communities of Ese Eja, Yine, Amahuaca, Shipibo, Ashaninka and Kichwa Runa.

The Brazil nut harvest season is from February to May, while peeling is done from March to November. In 2021, AFIMAD exported 47,000 kgs of Brazil nuts, filling 3 containers.

Impact Background

Madre de Dios is a Peruvian department in the Amazonia. As an ecosystem, the Amazon is one of the most biodiverse places on earth. Over 3 million species live in the rainforest, and over 2,500 tree species (or one-third of all tropical trees that exist on earth) help to create and sustain this vibrant ecosystem. Despite this, Madre de Dios’ Forest areas are lost to illegal gold mining –at the greatest rates in the country- and their animal species are prey of loss of habitat, contamination and illegal hunting.

The environmental destruction of illegal gold mining is not limited to the deforestation of the Madre de Dios basin. It has also choked rivers and poisoned water systems with mercury, affecting wildlife and people alike. While this

IMPACT OVERVIEW

Aims to strengthen Indigenous livelihoods of “*castañeros*” (nut harvesters) in the peruvian Amazonia and promotes the sustainable use of the resources.

No. of beneficiaries	185 members
Hectares protected	XXXX

COMMUNITY

	Country	Peru
	Municipalities	Madre de Dios
	Communities	Ese Eja, Yine, Amahuaca, Shipibo, Ashaninka, Kichwa Runa

industry has lifted citizens out of poverty, its adverse effects to the community are undeniable.¹ In this scenario, native Indigenous communities are constantly struggling to make their voice heard against the invasion of mining and oil companies.



Fortunately, Madre de Dios region is blessed with several timber and non-timber forest products that citizens can pursue as alternative sources of income such as rubber and Brazil nuts.

The Brazil Nut concessions are effective ways to reduce deforestation and provide reliable income for people living in the forest. The Brazil nut is one of the world’s most widely consumed non-timber forest products. It is also one of a relatively small number of globally traded commodities that is helping to save threatened forests. Harvested from the fruit-fall of giant trees, Brazil nut extraction involves little more than collection of pods (‘cocos’) from the forest floor. Unlike other well-known nuts like almonds or cashews, Brazil nut cannot be grown in plantations; harvesting can only be sustained in closed canopy Amazonian rainforest.

At present, more than 1,000 individuals in Madre de Dios hold Brazil nut concessions granted by the government. Meanwhile, hundreds of members of Indigenous groups (called “native communities” in Peru) harvest Brazil nuts from communally owned forests. The scale of the industry in the Madre de Dios economy is significant. In 2014, a total of 4,300 metric tons of shelled Brazil nuts were exported from the region, corresponding to nearly USD 31 million in sales. Approximately 15,000 people, or almost 12.5% of the population of the Madre de Dios region, are directly employed in the Brazil nut industry. For most people involved, activity around Brazil nut accounts for more than half of family income. Significantly, nearly a third of the concession holders are women, and women also make up a disproportionate share of the labor force in the processing industry. In a region with one of the highest deforestation rates in the world, the conservation of biodiversity-rich natural forests through harvest and sale of an endemic natural product deserves our support.

Impact Delivery

AFIMAD provides comprehensive support to its members, all of whom are Indigenous:

Outcome

- | | |
|-----------------------------------|--|
| <i>Improvement of livelihood</i> | <ul style="list-style-type: none"> ▪ Technical assistance for fair trade and organic certification to Indigenous Brazil nut collectors, including yield improvement and monitoring ▪ AFIMAD coordinates and represents six native communities in contract negotiations with customers, including access to customers willing to buy certified organic Brazil nuts, which are at least 5% more expensive than conventional Brazil nuts. |
| <i>Environmental preservation</i> | <ul style="list-style-type: none"> ▪ Through its organic practices, AFIMAD contributes to the regeneration of the Madre de Dios basin, improving ecological outcomes such as soil fertility and forest canopy restoration. ▪ Providing a sustainable alternative to illegal mining encourages the native communities of the Peruvian Amazon to protect the rainforest. |

¹ [River transport of mercury from artisanal and small-scale gold mining and risks for dietary mercury exposure in Madre de Dios, Peru - Environmental Science: Processes & Impacts \(RSC Publishing\)](#)

LOAN OVERVIEW

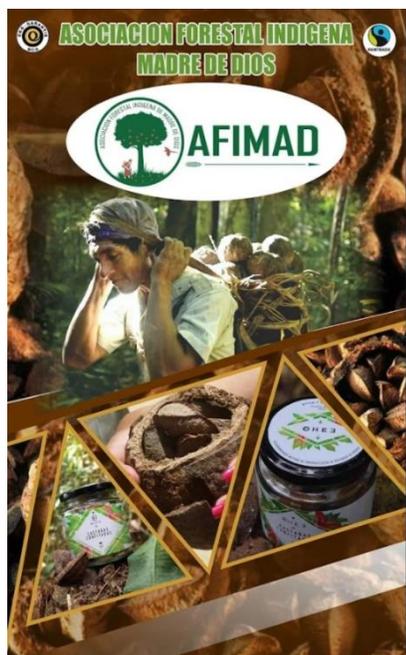
Loan amount	USD 50,000
Purpose	Working capital
Tenor	4-year term loan
Interest rate	8% p.a.
Collateral	None

Financial overview as of Dec 2021

2021 Revenue	USD 485k
Outstanding loans	USD -
Net assets	USD 189k

Company information

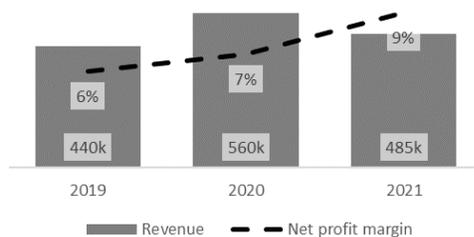
Legal name	Asociación Forestal Indígena de Madre de Dios
Incorporation date	February 2008
Corporate address	



Transaction Overview

AFIMAD is seeking \$50,000 term loan from The Reciprocity Fund to provide financing to farmers between harvest time and point-of-sale. The funds will be used to promptly pay farmers for their harvested nuts and will be repaid from export sales to the US.

Financial Overview



Financial position

in USDk	2020	2021
Cash	38	76
Receivables	0	8
Current assets	38	84
Current liabilities	0	1
Working Capital	38	84
Total assets	157	190
Total liabilities	0	1
Total equity	157	189

AFIMAD exports to one customer, Caro Nut Company, which is an American company based in California. They have been AFIMAD’s customer for more than 7 years. While their current production is focused on supplying Caro Nut Company’s requirements, AFIMAD has also existing relationships with local Peruvian companies to buy their product.

To protect the organization, and in turn, its beneficiary suppliers, AFIMAD requires 50% payment upon signing of the contract, and the balance 50% once the products are loaded in Lima. They are shielded from the erratic supply chain costs as products are currently priced FOB Lima.

Net income and NI margin is positive and consistently improving in the last three years, from 6% to 9% of revenue, driven by improving gross profitability and responsible management of overhead costs.

We commercial risks such as those relating to foreign exchange are sufficiently mitigated by AFIMAD’s increasing profitability and the fact that debt service coverage ratio is 3x.

Financial performance

in USDk	2019	2020	2021
Revenue	440.5	559.9	485.3
Cost of Sales	-402.9	-449.6	-382.9
Gross Profit	37.5	110.3	102.3
Overhead costs	-11.8	-71.9	-56.8
Net Profit	25.7	38.4	45.5