

## Longitudinal Study

### Inka Moss



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## Acknowledgements

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## Method: Longitudinal Case Study Research

Shared Interest Society is an ethical investment organisation offering fair finance to producers and buyers across the globe. Our model enables over 12,000 individuals to come together and make a positive difference by contributing to social change. These members pool their funds and make a much larger impact than they would be able to achieve individually. Last year, these combined investments totalled £52.3m and this enabled us to make disbursements totalling £51.9m to 204 organisations in 45 countries, improving the livelihoods of 388,320 farmers and artisans in some of the world's most disadvantaged communities.

In 2004, Shared Interest Society established a subsidiary, Shared Interest Foundation. The charity delivers technical assistance, business support and climate change mitigation projects to small-scale producer organisations and community groups across Africa and Latin America.

Our mission is 'to provide financial services and business support to make livelihoods and living standards better for people as they trade their way out of poverty. We work collaboratively and innovatively with those who share our commitment to fair and just trade. With a community of investors and the support of our donors and volunteers, we seek to contribute to a world where justice is at the heart of trade finance.'

Our monitoring and evaluation process involves portfolio-wide social and financial due diligence, and case studies of the organisations we support. Our regional teams maintain regular contact with producers, organise producer committees and surveys and undertake annual reviews.

In 2015, we began to supplement our social and environmental metrics with deeper studies of selected customers and project beneficiaries to evaluate whether and how these businesses support farmer and artisan livelihoods and verify that we are truly reaching underserved businesses.

These case studies are primarily intended to demonstrate two levels of impact: that of our financial support to producer organisations, and the wider impact on the livelihoods of the smallholder farmers or artisans they serve. We qualitatively describe other types of impact on their communities, as well as on the surrounding environment. Finally, we situate this impact within the broader context of the country and value chain, to illustrate how these businesses, end-buyers and social financiers like Shared Interest work together to grow rural prosperity for smallholder producers and their communities.

These studies enable us to better understand both levels of impact (enterprise-level and household-level) and provide both Shared Interest and our customers with the information necessary to continuously improve our services. We are grateful to the contributors who share their stories and lived experiences, so that we can understand this impact as fully as possible.

## Background

Over the past decade, hunger and poverty have significantly decreased in Peru, following consistent economic growth, investments in infrastructure, education and health, and an expansion of social programmes. Despite this, according to the National Statistics Institute (INEI)<sup>1</sup>, 8.55 million Peruvians suffered poverty in 2021.

The rates of poverty and exclusion in rural areas are more pronounced, especially in the highlands. The International Fund for Agricultural Development, suggests that rural poverty rates are three times those of urban areas and in these rural areas, 50% of children and adolescents and 46% of youth (20-29 years of age) live in poverty.<sup>2</sup>

According to the World Bank, Peru's economy did experience a post-pandemic rebound of 13.3% in 2021 and GDP grew by 3.5% in the first half of 2022. However, like other countries, inflation has accelerated, mainly reflecting the global rise in commodity prices and the domestic demand stimulus to support the recovery after the Covid-19 crisis. The improvement in poverty levels has been slow, due to a slow rise in real wages, which remain 12% below their 2019 level, and this is exacerbated by poor levels of job quality<sup>3</sup>.

At 3,200 metres above sea level, the Andean highlands form one of the most challenging terrains to farm. The challenge of growing agricultural production, while conserving or improving the natural environment, is becoming increasingly important.

The United Nations Department of Economic and Social Affairs Programme Analyst Catherine Wong said: "The situation is even more difficult for women living in the rural communities. They have faced significant hardships compared to male agricultural producers."

In this region, women are traditionally responsible for livestock management as well as looking after their household. Historically, the challenging altitudes and landscapes severely limit their income opportunities.

### Sphagnum moss

Scientifically known as *Sphagnum Magellanicum*, the 'white moss' grows wild in the Andean highlands and many communities see the moss that covers their landscape as a nuisance. Traditionally, they burn it away in order to clear the area for planting traditional crops such as potatoes. This practice not only deprived people of an additional and more profitable source of income, it degraded the soil, destroying its natural nutrients and making it infertile after two or three harvests. The moss is a protected natural resource in Peru and cannot be harvested without permission from the regional government. With the help of social enterprise Inka Moss, communities are now learning that the spongy vegetation can provide an income when it is sustainably harvested.



Moss harvester William Musquiano Baltazár, holding freshly harvested moss.

<sup>1</sup> <https://www.inei.gob.pe/prensa/noticias/pobreza-afecto-al-259-de-la-poblacion-del-pais-en-el-ano-2021-13572/>

<sup>2</sup> IFAD Republic of Peru Country Strategic Opportunities Programme 2019-2024. The International Fund for Agricultural Development is an international financial institution and a specialised agency of the United Nations

<sup>3</sup> The World Bank. <https://www.worldbank.org/en/country/peru/overview>





Moss is an internationally traded commodity, with Canada being the biggest exporter. Sphagnum moss produced in Peru is harvested live and then dried, contributing around 5,300 tonnes a year to the export market.

The moss is a valuable commodity, as it acts as a natural anti-bactericide, humidity collector and absorbs heavy metals. The absorbency of moss makes it useful for potting exotic plants like orchids but more recently, it has been recognised for its environmentally friendly water filtration properties. Numerous species of sphagnum moss look very similar so are usually grouped together as 'sphagnum' for easy description. These 'bog mosses' form the amazingly multi-coloured living carpets found in wet places like peat bogs, marshland, heath and moorland. They grow from spores that are produced in fruiting bodies called capsules. When seen up close, they are very beautiful, but they also play an important role in the creation and continuation of peat bogs. They hold water in their spongy forms long after the surrounding soil has dried out, providing essential nutrients and helping to prevent the decay of dead plant material. This organic matter is compressed over hundreds of years to form peat.

## Inka Moss

Inka Moss is a social enterprise dedicated to the production and export of sphagnum moss. It was formed in 2010, after Founder Marco Piñatelli (right), met Anton Becker, a pioneer in the moss industry. The organisation has 20 employees (50% women) and operates with a flat management structure. Marco Piñatelli oversees all operations with the support of seven key team members: Supply Chain Manager, Plant Supervisor, Community Coordinator, Impact Manager, Commercial Coordinator, Logistics Coordinator, and Finance Coordinator.

The business is currently owned by three private shareholders: Incapital 51%, Marco Piñatelli (Managing Director) 35% and elea Foundation 14%.



Inka Moss Founder and CEO  
Marco Piñatelli

#### **elea Foundation for Ethics in Globalization**

Based in Switzerland, elea Foundation is a philanthropic impact investor supporting entrepreneurial solutions that have a substantial and measurable social impact. In 2019, they provided Inka Moss with an equity investment.

#### **Incapital**

Incapital is a group of angel investors focused on financing small business ventures in exchange for equity. In 2020, they provided Inka Moss with an equity investment.

Inka Moss holds B Corp status, in recognition of the high environmental and social impact standards it applies to its operation, as well as showing public transparency.

The organisation operates from two centres: the administrative base in Lima and the production base in Jauja. The management team currently work from home in different parts of Lima. There are also two manufacturing plants, the main one is located in Jauja and a newer plant is in Huánuco.

Today, Inka Moss works with 38 communities in the Andean highlands, supporting over 2,800 people; 64% of the producers are female.

*The Inka Moss website states: 'Our goal is to improve the quality of life in the populations of the areas of influence of our economic activities through inclusion, sustainable and inclusive social and economic development. The sphagnum moss is a true privilege that nature gives us and we work hard to take care of the process of our magical product. We are a family committed to environmental well-being and to the future of all of us.'*

Food insecurity is an issue in rural regions, where many smallholder farmers produce basic food crops, mostly potato, at a subsistence level. Inka Moss offers training to enable communities to learn how to supplement their income from potato farming by collecting moss in a way that complements the natural ecosystem. They purchase the moss at a fair price and sell it internationally for various uses, including in horticulture, to add nutrients to soil. Two thirds of Inka Moss harvesters are women and this additional employment makes a huge difference to families who earn 27% more in their annual income. As a result, fewer men migrate to the city looking for work and women are able to earn their own money alongside caring for their livestock.

Bertha Mendoza Ramos is a moss collector and lives with her husband and two sons in a small rural village called Tambillio. It takes approximately two hours to walk to the area where moss is currently harvested. Sometimes the journey is made by horse and can be completed in less than an hour; however, this is not always possible. Bertha said: "I have been working with the moss for five years. The community as a whole has definitely changed a lot thanks to this additional economic support."

Inka Moss Impact Manager Juanjo said: "It allows for Andean families to thrive together in their communities and protect the ecosystem sustainably, using their natural resources and making sure that cultures and traditions are not lost."

Inka Moss is also starting to explore the moss' ability to purify water. The company, concerned about the needs of its communities, has established natural water treatment plants, arranging the moss in blocks to purify the water and supply the population.

## Business growth and sustainability

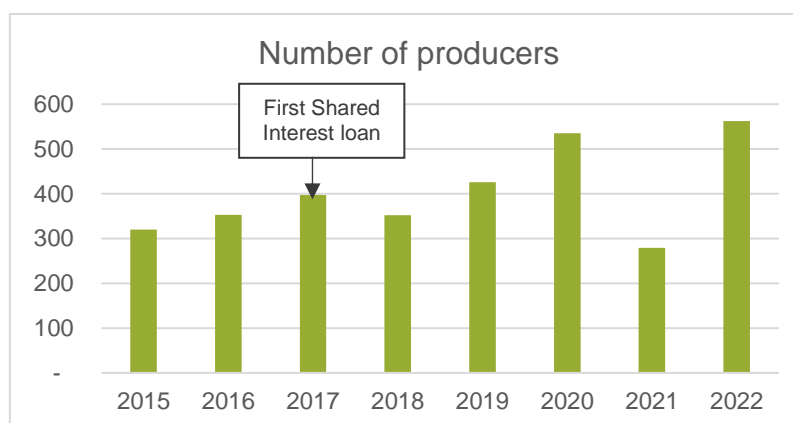
Inka Moss first received a stock facility of 110k USD from Shared Interest in 2017 to pay the moss gatherers all year round. Since then they have received an annual facility, ranging from 100k USD to 200k USD, depending on the projected harvest quantities for the coming year.

Shared Interest facility				
<b>2017</b> 110,000 USD Working capital for moss purchasing	<b>2018</b> 200,000 USD Working capital for moss purchasing	<b>2019</b> 100,000 USD Working capital for moss purchasing	<b>2020</b> 100,000 USD Working capital for moss purchasing	<b>2021</b> 150,000 USD Working capital for moss purchasing

Speaking to Shared Interest in an interview for our member newsletter, Quarterly Return in 2018, Inka Moss Founder Marco Piñatelli said: “We approached Shared Interest for finance so that we can pay the farmers for their moss on delivery to our factory. To meet with demand, we also need to acquire larger stock levels and provide buyers with larger size bags depending on their specifications.....The loan will also give us the opportunity to include more remote communities within our supply chain.”

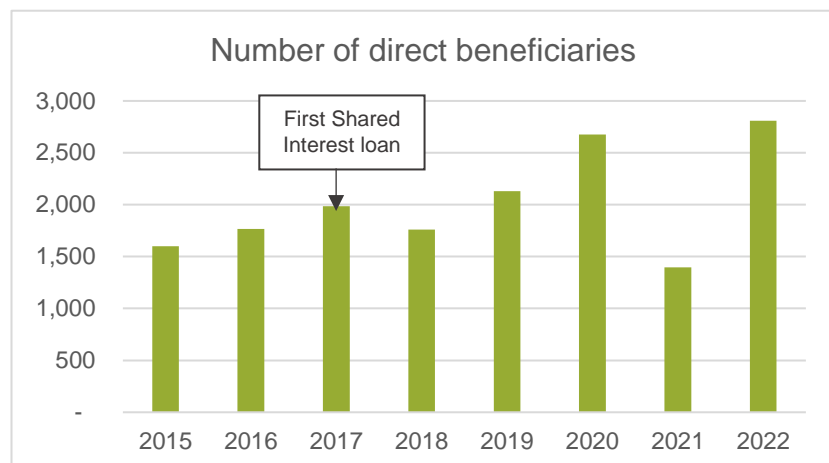
Impact Manager Juanjo Moya Ladines said, “I started working with Inka Moss in 2017, which was historically one of the worst, if not the worst year in the region, because here in Peru we were hit by a really intense environmental phenomenon, El Niño. This is something that happens during the summer and tends to come with heavy rains and heavy landslides. Inka Moss was at a really low point, production was almost non-existent and we were not getting in a supply because nothing could be moved from the communities due to the challenging weather patterns.”

Since 2017, Inka Moss has increased the number of producers they work with from 397 to 562, and the number of direct beneficiaries from 1,985 to 2,810.





We can see from the graphs that 2021 saw a drop in the number of producers and direct beneficiaries. Juanjo said: “2020 and 2021 were really difficult years because of the pandemic, and the effects this had in the communities.”



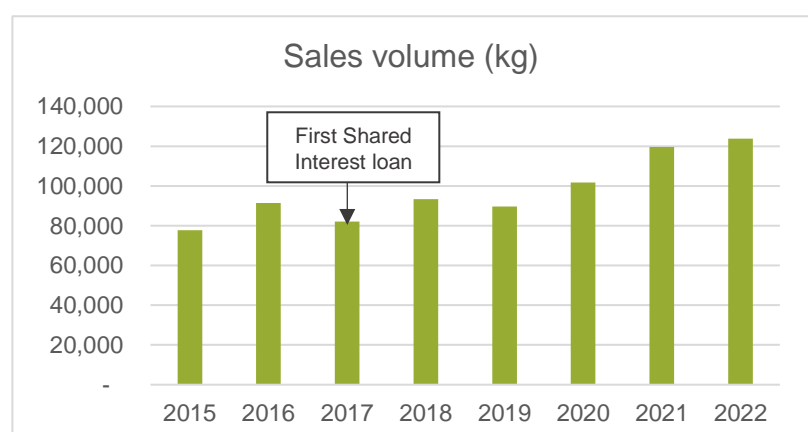
Speaking in July 2020, Shared Interest Head of Lending Paul Sablich said: “When the quarantine started in Peru, Inka Moss suspended operations completely. Once they received authorisation from the Ministry of Production, and subsequently received their transit permit, they began working closely with local communities to co-ordinate safe collection of moss. They carried out extensive research and consultation into how to manage this intricate process in a way that is Covid-secure. So far, Inka Moss has invested almost 3,000 US Dollars, into preventative measures, which include personal protective equipment for communities.

“Out of the 22 communities Inka Moss supports, six have entry protocols in place and five more are working on them. Community patrols monitor entry of people and vehicles into these areas. Some communities have preferred to wait a little longer, as there is fear of spreading the virus. Inka Moss remains in close contact with them, and has assured harvesters that once protocols are in place, they will be able to collect the moss.

“It has been a challenging time for Inka Moss, as their priorities remain in protecting the growth of the moss, as well as ensuring the safety of harvesters during the pandemic. When lockdown started, they had just enough moss to keep production running. In the meantime, the government issued specific regulations for the prevention and control of Covid-19 in remote communities.”

The Peruvian government introduced a programme of long-term loans with low interest rates specifically targeted at SMEs in order to reactivate their operations by providing working capital during the pandemic. Inka Moss met the criteria; Juanjo said: “I heard a lot of cases of companies who needed the funding but did not qualify. We were lucky enough to get a loan, which helped us get through the pandemic.”

Interestingly, during 2020 and 2021, both the sales volume and value continued to rise. Juanjo explained that, although Inka Moss were working with a smaller number of producers, they were fully committed to working with the moss and did so on a full-time basis. This resulted in higher volumes.



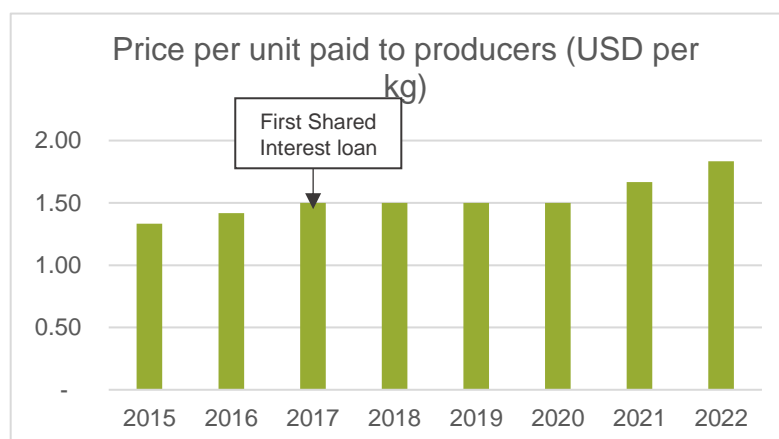
Today, Inka Moss works with 38 areas, compared to 22 communities in 2018. Juanjo explained: “The reason why we had such an increase in the projected number of communities comes mainly from a word of mouth situation. The great result that the starting communities in Huánuco had with the harvesting spread fast and more people were willing to get involved. Although we’ve seen this happen in Jauja in the past, it was definitely way faster in Huánuco.

“I’m referring to those 38 as ‘areas’ and not ‘communities’. This is because not all the harvesting zones in Huánuco qualify as communities. In some cases, they are just areas that have a considerable amount of moss where people from different communities go to harvest. That’s why we’re currently using that term.”

Juanjo also told us about the change in the price paid to producers over the past couple of years. He said: “In terms of increasing the price paid is something that we discussed with the communities.

“Over the years we have been continuously increasing the price, taking into consideration different factors that not necessarily have something to do with the moss. For example, the latest increases we did was a way of helping the communities go through the difficult situations of the

pandemic, taking into consideration the inflation rates that were happening in the country and certain other factors that made us realise that the communities needed more support.”



## Environmental impact and climate change

The moss grows at high altitudes and is collected by the local communities living amidst challenging climatic conditions, including the cyclical weather phenomenon referred to as El Niño. This occurs every few years when a vast pool of water in the western tropical Pacific Ocean becomes abnormally warm. The effects on the Peruvian central mountains are periods of heavy rain, which make the harvesting more complicated.

There is no doubt that climate change is having a complex and fundamental impact on the moss harvesters, working in a region that already experiences erratic weather patterns.



The landscape of the Tambillio region, one of the areas moss is harvested.

Shared Interest Lending Manager Jhonny Cabellos said: “Climate change is becoming an issue of great concern in the region. For example, in Peru, the environmental ministry is taking measures such as recording the carbon footprint of organisations. Many of the businesses we finance are already using these tools.

“Changes in weather conditions are affecting production yields and quality, producers are seeing more pests and diseases, soils are becoming nutrient deficient, and it is difficult to dry the moss due to continuous rain.”

Juanjo said: “Climate change has definitely affected the way that our model works; as it has every single person who is working in the agricultural industry.”

Sphagnum moss grows all year round, however harvesting during wet weather is more labour intensive. Ideally, the gatherers want the moss to dry naturally with the wind and the sun as the dry moss is lighter to carry. A dry sack of moss weighs around 20kg, but when wet can weigh up to 60kg. Therefore, the majority of harvesting takes place during the dry season.

Juanjo explained: “The effects of climate change in the Andean region have been particularly notorious when it comes to the duration of the rainy season. Every year that passes, the rain starts earlier and lasts for longer, which directly affects the community's annual work schedule and makes them prone to rely on environmentally harmful practises like the burning of the moss, to supplement the regions income.”



Moss harvester William Musquiano Baltazár collecting sacks of moss.

Speaking about the sustainability of the Inka Moss model and the impact the business has on the environment. Juanjo said: “Making our model as sustainable as possible has been a focus of Inka Moss since the beginning of our operations. In order to both protect the natural ecosystem of the Andean region and ensure that the communities can always count on the moss as a constant source of income.”

Marco said: “One benefit of moss harvesting is the conservation of the wet forest; this is happening because of the change in the practices that the communities are doing. So, once they realise that the moss is actually something that they can get economic benefits from, and they can sustain and work on it, and increase their additional incomes, they are more willing to put in the effort to protect those areas which in turn transforms into a very positive impact to the natural ecosystem of the region.”

Research has shown that sphagnum moss' main characteristics make it a key part of the natural ecosystem of the region. Its water retention properties allow it to keep the plants growing around it properly humid, while its antibacterial properties keep them healthy. Combined these assure that the plants remain healthy providing a living space for the natural flora and fauna around the moss areas.

The development of a forest management plan together with SERFOR - Peru's National Forestry Service - is something that makes Inka Moss particularly proud. They work with various communities and, in response to the landslides, which have affected them more recently, they have created different access routes to reach the harvesting areas. Inka Moss regularly provides training to community members on sustainable resource management. This includes techniques for land management, the measurement of its biomass and the importance of harvesting without uprooting the moss so that the plant can regenerate and maintain its production without degrading the land.

Juanjo said: “Social enterprises tend to take the load of a lot of work from the Government, which is why I think it is so important to support entrepreneurs. In the case of Inka Moss, if we disappear, there is a huge chunk of the population, and flora and fauna that will be affected by that, because there is no one who does what we do.”

## Case study – Dionicio Jimenez

Dionicio is the Supply Chain Manager at Inka Moss. A native and former President of the Huaychula community, he has been working with Inka Moss since the beginning. As well as this, he plants and harvests crops mainly for his family’s own consumption.

Dionicio said that he never got used to the taste of city food, preferring more organic foods, particularly his own crops. Eighty per cent of these are grown for his own consumption and the remainder is sold on the local market. His family grow potatoes and corn, as well as peppers and other products.



Inka Moss Supply Chain Manager Dionicio Jimenez on a visit to the community of Tambillio.

However, they also use the food harvested to help other people. He said: “Usually when we welcome people to visit our plant, they have come from the communities because they want to do some coordination or they need to ask for something in particular from us. The trip is long, it is very exhausting, and we like to offer these people food when they arrive or maybe something so that they can take back to their own community, so they have some to share with the family.”

Dionicio is currently living with three of his sons and one of his daughters in Jauja. The work he is carrying out, as well as the sales of the crops, is focused on the future of his family and the development of his children. One of his daughters and two of his sons are currently in further education, which provides his motivation to continue working in order to maintain an income.

Dionicio said: “There have definitely been some big, big changes since I started working as part of Inka Moss. The one that was the most impactful is the fact that I used to live in the community full time and would only go to the city to do some business and then return. But now I live more permanently in Jauja, and that definitely brings some changes.

“Those big changes that were for myself or my children and for my family as a whole have been quite positive, specifically because now my children are able to actually get a proper education, which was not possible in the past, and that is one of the main factors.”



Speaking about his work with Inka Moss he said: “The relationship I have with Inka Moss actually comes before the business was formally established. The work I am currently doing is focused on the coordination and keeping in contact with the communities. I help them coordinate everything that is necessary for them to become part of the Inka Moss supply chain. I go to the communities and meet up with the members – I meet the gatherers and the governing staff of the community in order to spark their interest regarding how important the moss can be for their own economies. I also carry out all the different processes that are necessary in order to for these communities to become part of our supply chain.



L to R: Impact Manager Juanjo Ladines, Supply Chain Manager Dionicio Jimenez, moss harvester Anaíz Baldéz Santiago, Frank Egoávil (content gatherer), moss harvester Fiorella Anchiraico Montalvo, Manolo Ladines (content gatherer), moss harvester Jennifer Rodríguez Hurtado, moss harvester María Mendoza Ramos, Nadina Saraswati, moss harvester William Musquiano Baltazar

“These communities are currently very happy and thankful for the access that they have to the moss and particularly in times of economic and political crisis here in the country. This got worse due to the Covid situation. Harvesting the moss helps the communities cover all the expenses that they that they need to cover, that they otherwise would not be able to. There is a lot of value in the moss, and the communities are now realising that.”

Talking about the benefits to the harvesters, Dionicio said: “I still remember that there were some houses built with very basic materials. In some cases, they didn't even have doors or windows. But, they didn't have the income to get anything different from that. Nowadays, if you go and visit the same houses, they have changed. In some cases, the structures are built with better materials, they manage to go down to the city and buy doors and windows, so they are properly covered, and everything is properly done, as they have the chance to actually invest money in their homes. They are now also feeding themselves better and all of this comes from the understanding of the value that the moss has for them.

“There are of course some communities who have resistance to this type of change and maintain their own traditional practices which are not always the best ones. Because they're not properly sustainable and can be harmful for the environment. One of the things that has been working here are the community visits; going into these communities and talking to



them and showing examples of how other communities are working with the moss. We are currently working on the possibility of field visits, so taking people from one community and moving them to a community that is actively working with the moss so they can have the chance to see the whole process with their own eyes. The things that we're saying, what it is that we're asking them to work in the way that we were asking them to work and the importance of actually following all this."

Dionicio went on to talk about how he has experienced changes in the communities over the last five years. He explained: "Being a part of Inka Moss is truly a privilege. I am very happy and thankful with God for allowing me to actually be a part of this, and for allowing all of us in Inka Moss to be able to reach out to all of the families who are currently in this extreme poverty conditions and provide proper support.

#### **Visiting Inka Moss communities**

For Dionicio days can be very different for him depending on if he is visiting the communities or working in his office in Jauja. During a typical day visiting the communities he leaves Jauja early in the afternoon to arrive in Huánuco late at night. The next day he leaves early in the morning to drive his truck to the communities. He explained that all the people in the communities wake up very early and start working so you have to be in the community at 4am or 5am if you plan on meeting up with the settlers.

Once there he starts walking around the fields with the people from the community so they can show him exactly how much moss they have, and the areas where the moss is located so they can take notes of all of those. Dionicio also talks about the model of Inka Moss. What it is that Inka Moss does? How it is that they do it. All the specifications that need to be taken into consideration for them to actually become part of the supply chain. He then goes back to the community and he starts taking notes of all the needs of the community. This could be how many empty sacks are going to be needed, if there a need for pulleys or metal cables to transport the moss.

He then leaves the community to return to Jauja, which will take him until around 7-8 pm. His eldest son is now supporting Dionicio to carry out these visits.

"For me, something that brings a lot of joy is being able to visit the same communities and the same people after a month, a couple of months or a year of my first visit and see how much things have changed since they started working with the moss. All the development that they are doing and all the things that have improved truly make me feel that.

"I am truly happy about the work that I am doing right now as part of Inka Moss; it is something that is not only for me, but also my whole family. Dionicio has aspirations for the Inka Moss model to grow beyond its current remit, and he hopes to be able to pass on his skills so his children can also work with Inka Moss."

He concluded by saying: "I want to thank the [Shared Interest] investors for all the support that you have provided us since the beginning. I know that the funding that we have received and the rest of the support that we have has been amazingly useful and helpful for us to reach the results that we have at this point.

"In the beginning, we could say your support was reaching hundreds of families at that point, and now we can certainly say that that support is now reaching thousands and thousands of families. Their lives have been improved and that is something that would not have been possible at that scale if it wasn't for the support that we have received from Shared Interest. I encourage the investors to continue with the support because I know that the investment is actually going straight to those who need it the most right now.

“The money is making amazing, incredible, important and much needed changes in the lives of people who are really in difficult situations. Keep the support going to keep us really close, so you can also embrace the results of what is happening right now, and push us to keep on pushing, so we can continue moving forward and reach out to further places and scaling this even more, getting more and more people involved.”

### **Case study – Fiorella Anchiraico Montalvo**

Fiorella Anchiraico Montalvo is from the Tambillo region of Peru in the province Huamanga. She began collecting moss eight years ago to earn an income to support her family.

Tambillo is approximately a two-hour walk from the area where the harvesters are collecting moss. The harvesters reach this area by horse (which takes around one hour). If horses are not available, they travel by foot each day.

Fiorella lives with her parents and siblings as well as her aunt and uncle. The family mainly work in agriculture, tending cattle as well as working as moss harvesters.

She said: “The main change I have seen in the community is that the children can now get the proper food that they need to be healthy, and that the community as a whole has an additional source of income to cover the needs we have.”

Since working with Inka Moss Fiorella told us: “The moss is something that is helping me economically because it allows me to afford the purchase of food products and also clothing. I no longer struggle to buy the food that my family requires.”

“I am training to be a nurse, so I would like to be able to finish my training and use my knowledge to provide support to the community of Tambillo.



### **Case study – Bertha Mendoza Ramos**

Bertha Mendoza Ramos is Fiorella’s aunt; they live together along with other relatives. Bertha has been a moss harvester for five years.

Bertha begins her day at 5am to prepare breakfast and lunch, which they take with them to eat in the fields. Around 8am, she goes out to harvest the moss and works until around 5pm. She then returns home to make dinner for the family to eat together.

She began working with the moss around five years ago. She said: “Working with the moss has been a huge economical support as it allows me to have the money to buy groceries for the family, it also helps me to buy proper clothing and shoes for my children.”

Bertha told us how the community has changed a lot since people started working with the moss, and the moss is offering an economical benefit to the community as a whole.

She continued: “The support has been life changing; the main change I see right now compared to the past is that we can support ourselves economically to cover all of my families’ needs. In the past it was difficult and I wasn’t able to do this.”

We asked Bertha about her aspirations for the future and she explained: “Through the support I am getting through the moss I would like to give my children a better education than the one that I had, so in the future they do not have to work in the farms like I did. I would like them to be able to get a profession and go on to be successful.”

## **Interview with Tina Ruchti, Inka Moss Board member**

Tina Ruchti, sits on the Inka Moss Board and represents co-owner, elea Foundation. Based in Switzerland, elea Foundation invests in entrepreneurial solutions that have a substantial and measurable social impact. In 2019, they provided Inka Moss with an equity investment of 200k USD.



Speaking about what motivated elea to support Inka Moss, Tina said: “We really liked the inherent combination between impact and profitable business, and how integrated the impact really is. We liked the fact that they completely built a new value chain from scratch, which is very difficult in a very remote area. I think especially the fact that they built something like that for people who would otherwise not have a lot of opportunities, it is a whole region that has been completely left out of any other economic programme in Peru in the last 10 to 30 years.”

Tina continued: “We saw that the foundations were there, they [Inka Moss] had tried and tested different things, they were struggling with getting out of the start-up phase and access to equity capital was important to help them develop their business.

“Building something like this in this area is really hard; they have faced a lot of challenges. Once they figured out the supply side, there were issues on the factory side, and then they had El Niño, which destroyed many of the crops. There have been many ups and downs, but I think now for the first time, they have really built a stable ground and becoming profitable and are on a good path, which is really exciting.

“Inka Moss play an important role, working with this community to ensure they have the legal papers required to harvest the moss, but this also opens up other opportunities for funding.

“Most of the communities harvest potatoes as well as other subsistence crops. They have built access roads to reach the communities they are working with, to allow access to transport crops.

“What I found really interesting when I visited in 2020 that some of the communities have started their own business ventures, such as one man who is renting out his llamas to transport the moss from the really remote areas back to the village. Many businesses like this have developed out of the moss.

“Inka Moss is also working with the universities on building not only the water filter side, but also on developing more resilient crops. They are currently working on developing seeds, which are grown in sphagnum moss, and they are testing these currently.

“Inka Moss face a lot of challenges on a logistics front, in terms of location they are often five to six hours from the next village so transporting crops is always a challenge. The weather conditions are also really harsh, rain affects life so dramatically – for example there could be heavy rain, which closes the road for two weeks, leaving no access to the community.”

## Plans for the future

It is clear that there is still potential for Inka Moss to grow and the management team have ambitious plans for the future, such as opening an additional manufacturing plant and exploring other uses for the moss.

The pandemic caused delays but they are now in a strong position to grow the business further.

Juanjo said: “Demand for our product is huge and one of the plans that we have in the future is opening up a third manufacturing plant. We are still deciding on the base location, this is going to be focused on increasing the production capacity that we have to continue supplying the product to our customers, but our customers right now are more focused on the industrial and retail market so the more traditional uses of the moss.”

Inka Moss has plans to scale their model to new regions in order to meet demand. They believe that improved seeds for the potatoes would benefit the people living in the Andean regions. The hope is that this will lead to better crops, which would sell at a higher price when exported.

In addition to this, they have plans to develop water filtration methods using the moss. As mentioned by Tina Ruchti in her interview, Inka Moss is working with local universities. They have undertaken research and plan to develop their own brand of water filtration made out of moss.

Juanjo said: “In Africa, we are looking at how we can set up plans to offer clean water. I do believe that we have a huge opportunity here to do something that would make an amazing impact in multiple places all over the world.

“For the people from the communities, they knew about the moss but didn’t pay any attention to it. A knowledge that has been passed through generations. If they are ever walking up the mountain, trying to get to their traditional crops and they run out of water, they would find a little stream going down from the mountain and, if it had moss in the bottom or around it, they would know that water is safe to drink. ....Mother Nature provides: it knows how to treat us and how to help us as long as we are able to open our minds and listen to it.

“I believe everybody has something to bring to the table when it comes to making the world a better place. Everybody in their own way can help with that. I do still believe that everybody wants the world to be a better place. In one way or another, we all want that...you can create this change of good actions and positive powerful impact. It’s all worth it – if you can change just one life your efforts are worth it.”

## Project with Shared Interest Foundation

Inka Moss is also working in partnership with our charity, Shared Interest Foundation, to support 1,125 farmers.



Shared Interest Foundation launched the project in March 2022, supporting women in the Huánuco region. The focus is to generate income for the women and help with the conservation of 5,800 hectares. To support this, gatherers will receive training in sustainable harvesting and conservation techniques.

To date, they have received tools and equipment, including winches and pulley systems, to be transport the moss across the mountains. Practical training in sustainable moss harvesting techniques took place in September, and training in environmental conservation awareness will take place by the end of 2022.

Juanjo said: “One plan that we have been working on, that is in constant development, is our expansion. We have scaled model to the region of Huánuco on our new manufacturing plant, which is going to be the second one that we want to be working with. It is also definitely worth saying and thanking Shared Interest Foundation for helping us with that. We have we have been receiving funding from them to properly work in Huánuco, which has been a true helping hand that we have got from them.”

## Conclusion

In Peru, the rates of poverty and exclusion in rural areas are more evident, especially in the highlands. Inka Moss was formed with the aim to improve the quality of life for these communities, through the sustainable production of sphagnum moss for export. Prior to working with Inka Moss, many of the harvesters earned their only income from potato farming, a low value crop, which failed to provide them with an adequate income to support their families.

Shared Interest started working with Inka Moss in 2017, during a challenging year for the business. Harsh weather patterns caused by El Niño meant harvesting was almost non-existent at times and Inka Moss was in desperate need of working capital to pay producers. During 2020, Inka Moss faced further challenges due to the pandemic when operations stopped completely while they applied for work permits for each community involved. Furthermore, the effects of climate change continue to increase, with changing weather patterns in a region that was already subject to erratic conditions and challenging terrains.

Shared Interest finance, along with support from Shared Interest Foundation, is helping Inka Moss to support an increasing number of communities and rural areas in navigating these challenges, building their resilience by providing a stable income, offering environmental training and improving infrastructure. As Inka Moss' provision continues to grow, we hope that more communities will discover the value of the moss and families will remain united in their work. This additional employment makes a huge difference to families, meaning that fewer men migrate to the city for work and women are able to earn their own money alongside caring for their livestock.