



Runa Foundation 2014 Annual Report



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A Letter From The Executive Director

In the Amazon, there exists an intricate and complex relationship between the landscape and local livelihoods. For thousands of years, indigenous people have lived from and altered the Amazonian landscape. Through farming, hunting, and foraging indigenous people used the landscape for food, housing, and medicine to support their livelihoods. In the Ecuadorian Amazon, newly wed Achuar and Kichwa people would plant a guayusa tree at the site of their new homes to provide their new families with strength and energy. Farming was done in small-scale rotations giving time for land to recuperate and for forests to regrow.

Pressure from modernization has changed how these people interact with the landscape. In many places, indigenous people have become more sedentary as they need to send their children to school, work in the city, and make an income. This in turn has put greater stress on the landscape as people look for cash from logging or agriculture.

For the past five years, we have worked hard to create a new value chain of *Ilex guayusa* in the Ecuadorian Amazon. We use the word "value chain" to reflect our vision that guayusa farmers are more than just mere "suppliers" of guayusa in a "supply chain". A value chain creates value for the entire system including the economic, social, cultural, and environmental components of that system. Certifications play an important part in creating this value chain. Runa's Fair Trade and Organic certifications create safe guards and annual audits to ensure that this value chain is delivering on its commitment to both people and planet.

2014 also marked a shift in Runa Foundation's strategy to look beyond guayusa at how we can create more value for people and the forest. Through a grant from the MacArthur Foundation, we have begun to work with three pilot communities in the Napo Province of Ecuador to develop integrated forest management plans that will leverage community resources to invest in conservation and sustainable development. We have also started a large medicinal plant research project in Peru and Ecuador to document the vast indigenous knowledge of native plants and begin to research their effectiveness in treating chronic diseases.

In 2015, we plan to scale-up our new sustainable forest management and medicinal plant programs in Ecuador and Peru. We will be working to identify new rainforest products that we can bring to market through inclusive value chains. We will be working closely with our indigenous partners to identify and research medicinal plants. We are looking forward to a great year of new partnerships and growth. Thank you to all who have supported and continue to support our work!

Sincerely,

A handwritten signature in black ink, consisting of stylized, overlapping letters that appear to read 'ELH'.

Eliot Logan-Hines
Executive Director
Runa Foundation

Guayusa Value Chain



For the past five years, our main work has focused on creating a new value chain of *Ilex guayusa* in the Ecuadorian Amazon. A traditional crop that once had little to no economic value has become an engine of economic development in the Napo Province of Ecuador. More than 2500 families in Napo produce now produce guayusa and their annual incomes have increased by an average of 10% directly from guayusa production. For the past five years, we have focused on creating a new value chain of *Ilex guayusa* in the Ecuadorian Amazon. A traditional crop that once had little to no economic value has become an

engine of economic development in the Napo Province of Ecuador. More than 2500 families in Napo produce now produce guayusa and their annual incomes have increased by an average of 10% directly from guayusa production. Beyond the economic impact this has had in the Napo Province, the guayusa value chain has become a tool for community development and a model of sustainable production.

A key element to this value chain is the Fair Trade Social Premium Fund. As of Jan 1st, 2015, over \$70,000 has been invested directly from Runa into this community development fund. Ten newly formed guayusa farmers associations have started using this fund for a variety of projects including micro lending, creation of guayusa nurseries, and investments in sustainable farming. Runa Foundation has supported these farmers' organizations through capacity building workshops to create investment plans and ensure that voices of all community members including women and the youth are incorporated into these projects.



Beyond our commitment to Fair Trade, we also have worked to ensure that guayusa production creates value for and benefits the forest ecosystem. Led by Dr. Florencia Montagnini, senior research scientist in tropical forestry at Yale University, we have spent the past five years researching how to increase organic-certified guayusa production within agroforestry systems in the Ecuadorian Amazon. With the support of the Inter-american Institute for the Cooperation in Agriculture and the Finnish Foreign Ministry, we developed a Best Practices Guide to guayusa production for small-scale farmers that summarizes the findings of our research for the past five years. A copy of our best practices manual can be found [here](#).

Community Enterprise Model

The ability of smallholder farmers in the Amazon to organize themselves toward common development objectives is an important component in the value chain. Successful farmer cooperatives are able to expand credit options for their producers, negotiate partnerships with other institutions and gain access to public funds and projects. To achieve this, cooperatives need to develop strong management capacities, effective financial institutions, and manage participation and communication with their members well.



In the first half of 2014, Runa Foundation provided Fair Trade training workshops to guayusa producer association leaders. These workshops focused on transmitting knowledge and providing tools to support producer compliance with Fair Trade USA (FTUSA) standards. This included work plan design and implementation, social premium fund budgeting and management, participation, communication and reporting. Participant evaluation of the workshops was very favorable. The FTUSA audit in February 2014 went well, with no major non-compliances regarding producer organization responsibilities. The above-mentioned workshops were key in this respect.

In the second half of 2014, Runa Foundation expanded training processes into the associations themselves. By strengthening association constituencies, alongside leaders, more robust organizations can be fostered. This marks the first step in a strategic shift for us towards building sustainable community enterprises. In 2014, we collaborated with a technical partner organization, PlanJunto, to conduct training workshops with two guayusa producer associations. We are currently negotiating longer-term cooperation agreements with three other associations with the broad objective to strengthen community enterprise through 2015.

Conservation and Landscape Management



In Ecuador, we work at the intersection of the Andes mountain range and the Amazon basin. This area has some of the highest levels of plant biodiversity on Earth but is threatened by a number of activities related to the expansion of road networks as well as oil infrastructure. These issues; chiefly deforestation for agricultural land, unsustainable timber harvesting and commercial hunting point to the need for alternative and more sustainable modes of economic development. Working with a grant from the Rufford Foundation, Runa helped the community of Santa Rita to establish agroforestry buffer zones around the recently formed Colonso-Chalupas National Park. This buffer zone was then planted with timber species, fruit trees and guayusa in order to mimic the structure of nearby forests while providing additional income for farmers. This will serve to relieve pressure on nearby forests in both the medium and short term by providing alternative sources of income from guayusa and eventually timber.

In July Runa began work with three pilot communities in Napo Province through a grant from the MacArthur Foundation to develop integrated forest management plans. These plans will serve to prioritize programmatic areas related to conservation, sustainable resource management, community planning and social investment. Once established the management plans will be implemented using communal funds generated through Ecuador's payment for forest conservation program (Socio Bosque), the Fair Trade Social Premium Fund, outside funds and incentive programs offered by the Ecuadorian government. Each pilot community owns and manages working forestland with significant conservation value.

As part of this program, Runa has recently completed a baseline survey focusing on rural livelihoods, the management of conservation areas and land use in these communities. We welcomed the addition of three local, Kichwa extension agents to our team – Leonides Narvaez, Efrain Alavarado and Hendry Mamallacta, who assisted in the baseline study and helped organize workshops related to land use and conservation. They are currently mapping areas in the communities that are suitable for reforestation using mixed tree plantations. They have also selected and georeferenced a number of particularly well formed trees in the pilot community of Mushullacta that will be used to create site specific seed banks for reforestation purposes.

Peru Pilot Project

As Runa continues to grow, we are scaling up and expanding our activities into San Martin, Peru. In order to successfully grow guayusa in the region, we are working to understand how to adapt the crop management to the different ecological and social conditions of the Peruvian Amazon. We have been working with farmers and local organizations to find the best solutions for overcoming these challenges.



This year our team in Peru carried out a planning process in collaboration with local partner organizations. As the first step towards

creating a new guayusa value chain, Runa Foundation is carrying out a Pilot Project with six communities in the Peruvian upper Amazon. The planning process included various participatory workshops with the members of the local cooperative, Oro Verde, in addition to other local organizations from both the private and public sectors. An initial study of improved propagation techniques will allow us to overcome the shortage of existing guayusa in the area and produce enough seedlings to carry out a large-scale pilot project.

The pilot project will establish 20 experimental guayusa parcels with local farmers to study guayusa's adaptability to the varied ecological, social, and economic conditions in San Martin. Ecologically, we are looking at how to design agroforestry systems that are compatible with the local ecosystem and climatic conditions. The social and economic components of the study are designed to ensure that we are creating inclusive markets that recognize the importance of participation by local farmers and provide sustainable livelihood opportunities for Amazonian communities. The results will help Runa to understand the most effective method for implementing guayusa production throughout the region. Runa Foundation was awarded funding for implementation of the pilot project from Open Road Alliance and the Hampshire Foundation's Peru Opportunity Fund.



Medicinal Plant Research



Over the course of millennia, the indigenous people of the Amazon have developed extensive knowledge of their ecosystem, its plants, and their vast potential to heal. Runa Foundation is collaborating with indigenous communities to understand the healing power of the Amazon and use these traditional methods to address health problems facing the global community today. We aim to show the world the true value of the Amazon, in a way that preserves cultural and ecological heritage and improves local livelihoods.

Runa Foundation is using a dual approach to both scientifically study the efficacy of traditional Amazonian medicine and also understand how this traditional knowledge can be used as an engine for sustainable development.

In collaboration with Peruvian NGO, Rios Nete, Runa Foundation is working to establish a state-of-the-art research and healing center in San Martin, Peru. The center will bring together practitioners of traditional Amazonian medicine and Western doctors to clinically study Amazonian healing methods. In 2014, the building's infrastructure and architectural designs were finalized, with construction ready to begin once final approval from the health ministry is received. Additionally, our field team produced over 50 species of medicinal plants and constructed a vast medicinal garden on site, as well as 5 hectares of mixed-use agricultural and agroforestry systems to supply the center with organic food and medicine. Rios Nete is scheduled to open in January of 2016.



In May of 2014, Runa Foundation began working with the Sápara people of Ecuador to create Naku, a community based enterprise focused on preserving, sharing, and creating new value for the knowledge held by the Sápara people. There are only 575 Sápara left in the Ecuadorian Amazon, and their wisdom, culture, and lands are rapidly disappearing. Naku is based in the community of Llanhamacocha, and is managed and run by community members. In 2014 the community built basic infrastructure and lodging

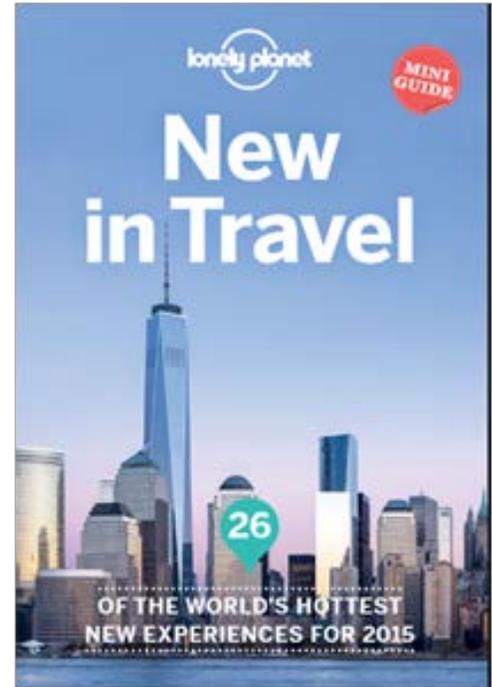
for visitors. They also participated in extensive community development workshops in preparation for their new venture. Visitors to Naku have the opportunity to learn about the Sápara way of life, experience the healing powers of Amazonian plants, and understand the importance of holistic healing and living.

The Guayusa Trail



In 2013, Runa Foundation began an eco-tourism project called the Guayusa Trail, to combine forest conservation, community development, and sustainable travel. It is a unique opportunity for tourists to learn about the Kichwa culture and the importance of guayusa in the Ecuadorian Amazon. It contributes to local livelihoods in a sustainable manner by protecting the environment and preserving local culture.

We work with several communities in Napo province to offer visitors a chance to sit by a communal fire with a Kichwa family in the early morning and listen to stories of their ancestors, Amazonian mythology, and guayusa traditions. Next, they may visit a farmer's forest garden and witness the first steps of the guayusa value chain. Lastly, they visit Runa's grounds and factory to learn more about our unique business model and guayusa processing and exportation. In 2014 we welcomed over 60 visitors to the Guayusa Trail from all over the world. We are proud to announce that in December 2014 we were named on the list of "Top 26 of the World's Hottest New Experiences for 2015" by Lonely Planet travel guide.



Volunteer Program

Since 2009, Runa interns and volunteers have had an important role in the execution of our projects in Ecuador and Peru. 2014 was an exciting year, with our interns and volunteers working on many projects including sustainable agriculture, community development, traditional medicine and public health.

In Ecuador, we partnered with an organization called WaterEcuador to provide access to clean drinking water and sanitation education to guayusa farming communities in the Napo Province. Interns determined quality of drinking water and conducted household surveys to determine sanitation practices in two rural indigenous communities in the province of Napo. In 2015, interns will continue this project to help communities gain access to clean drinking water and education on proper sanitation.



In Peru, we had our first group of interns in Tarapoto, who worked on community workshops, health surveys, and gathering information on medicinal plant knowledge. The health survey was used to determine common health risk factors, disease burden, access to health and use/knowledge of traditional medicines. Public health workers were also interviewed to create a diagnostic of local health service delivery systems.

Conferences and Presentations



In November, Aliana Pineiro, our Director of Evaluation and Development, traveled to Sweden to speak at Lund University in Lund and Chalmers Technical University in Gothenburg. The presentation, “Ilex guayusa: A new driver for sustainable development in agroforestry systems in the Western Amazon” was well received and Runa’s guayusa research and work with producer associations were considered best practices by academics and practitioners alike.



In December, Eliot Logan-Hines, our Executive Director, spoke at Voices for the Climate in Lima during the annual UN climate conference (COP 20) on guayusa production as a sustainable alternative to mitigate climate change in the Amazon. Voices for the Climate brought together NGOs and civil society groups from around the world to share their experiences and work together to strategize how we as a global community can stop climate change and ensure that the most vulnerable people to climate change can live full and healthy lives.

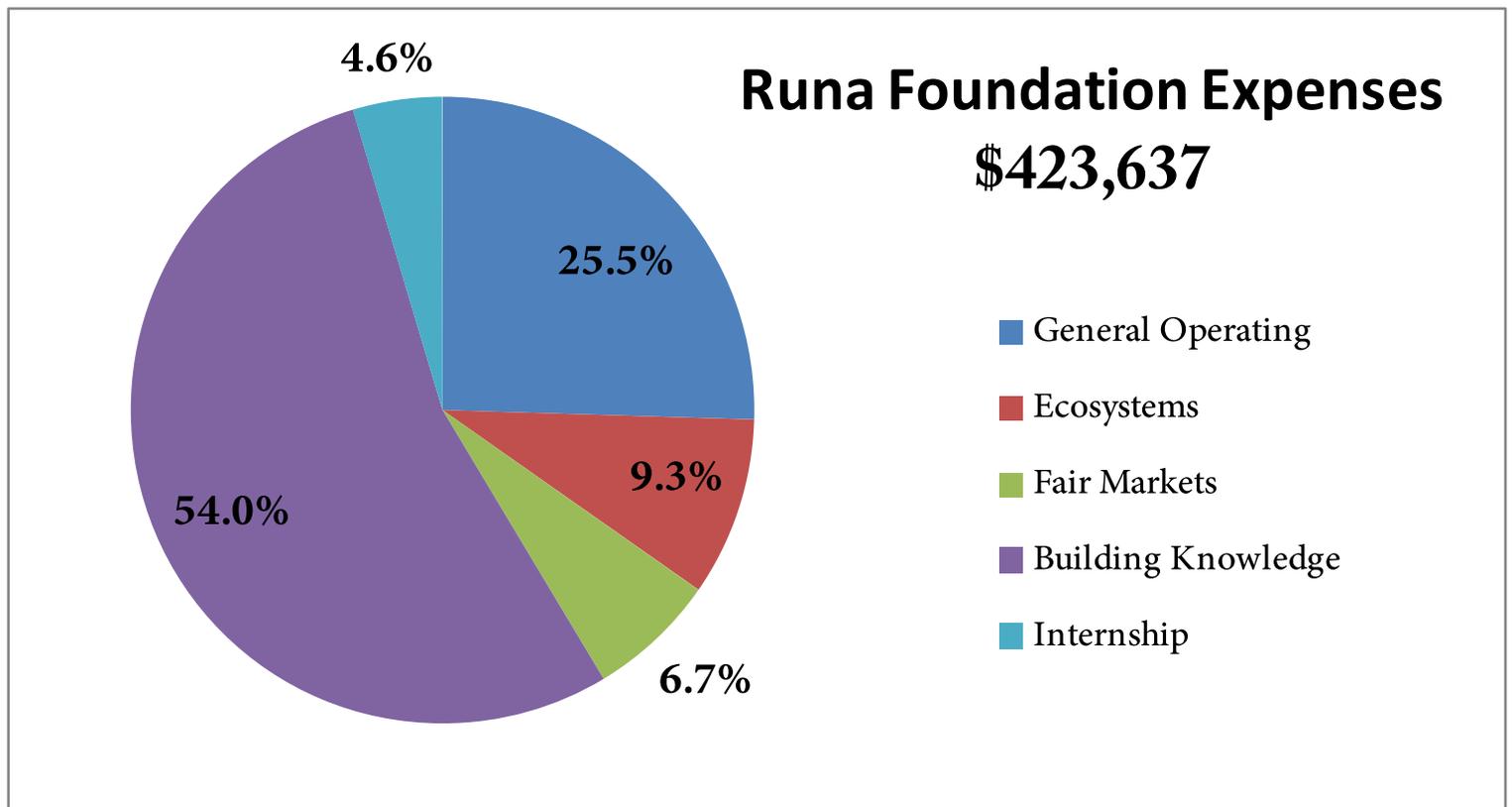
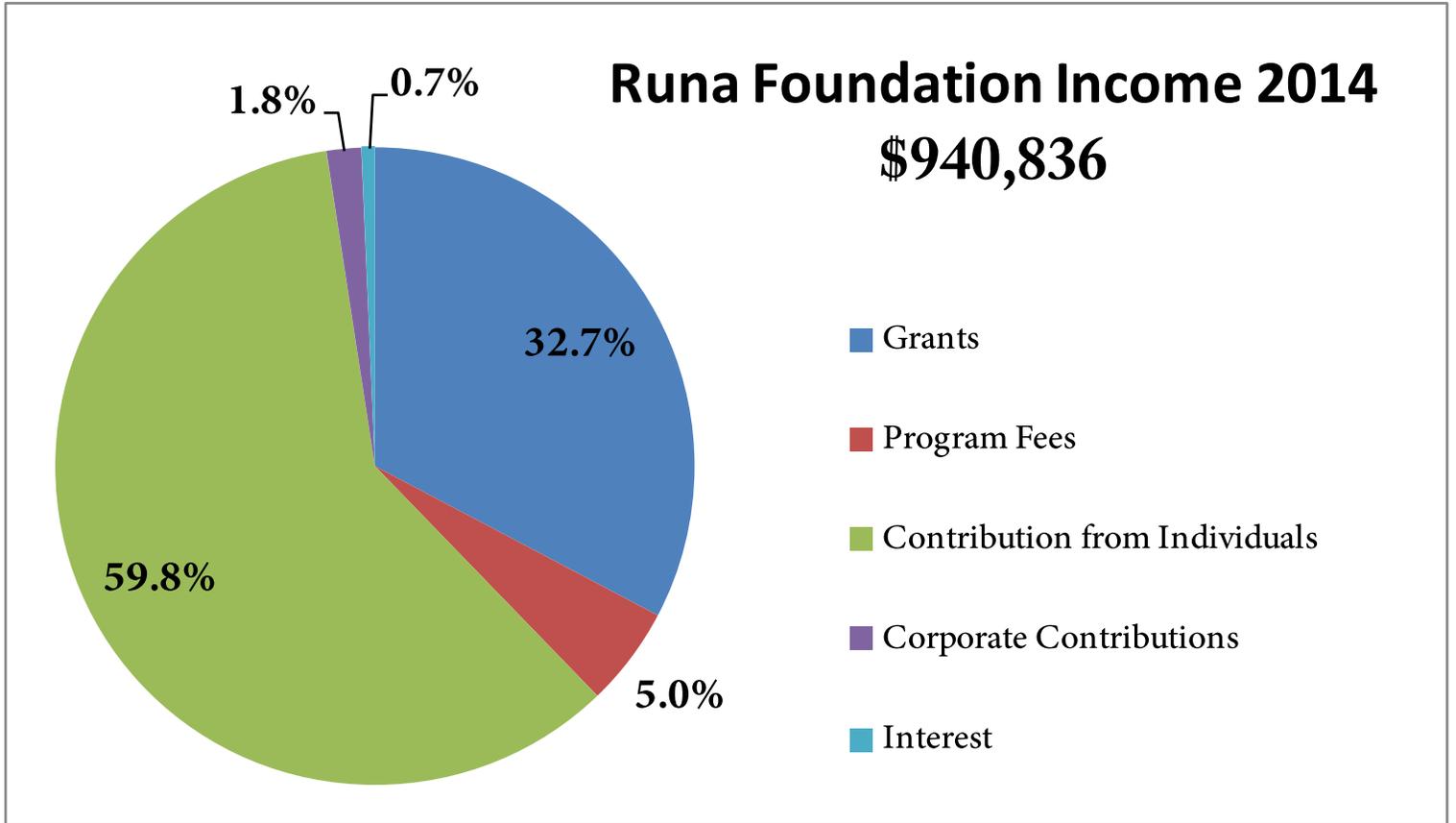
Impact Reporting

Program	Indicator	2012	2013	2014
Fair Markets	Number of organic certified farmers	1,352	2,356	2,300
	Market Access Partners for non-timber forest products (NTFPs)	1	1	4
	Total average income per farming family	\$1,174	\$1,212	\$1,640
	Average income from guayusa per farming family	\$55	\$118	\$120
	Fair Trade Social Premium Fund payment	\$11,500	\$30,260	\$28,018
Knowledge Building	Investment and business plans written with associations and community enterprises	1	8	11
	Partnerships with indigenous Amazonian groups	1	1	3
	Technical assistance partnerships with associations and community enterprises	1	1	4
	Women's participation in decision-making	11%	42%	42%
Ecosystems	Guayusa and native timber trees donated to producers for forest gardens	100,000	**	15,000
	Community partnerships for integrative landscape management planning	**	**	3
	Number of hectares of agroforestry management systems†	**	**	900
	Number of hectares of sustainably managed forests†	**	**	2,000
	Number of hectares of formal conservation†	**	**	22,500

** Part of new project initiative started in 2014

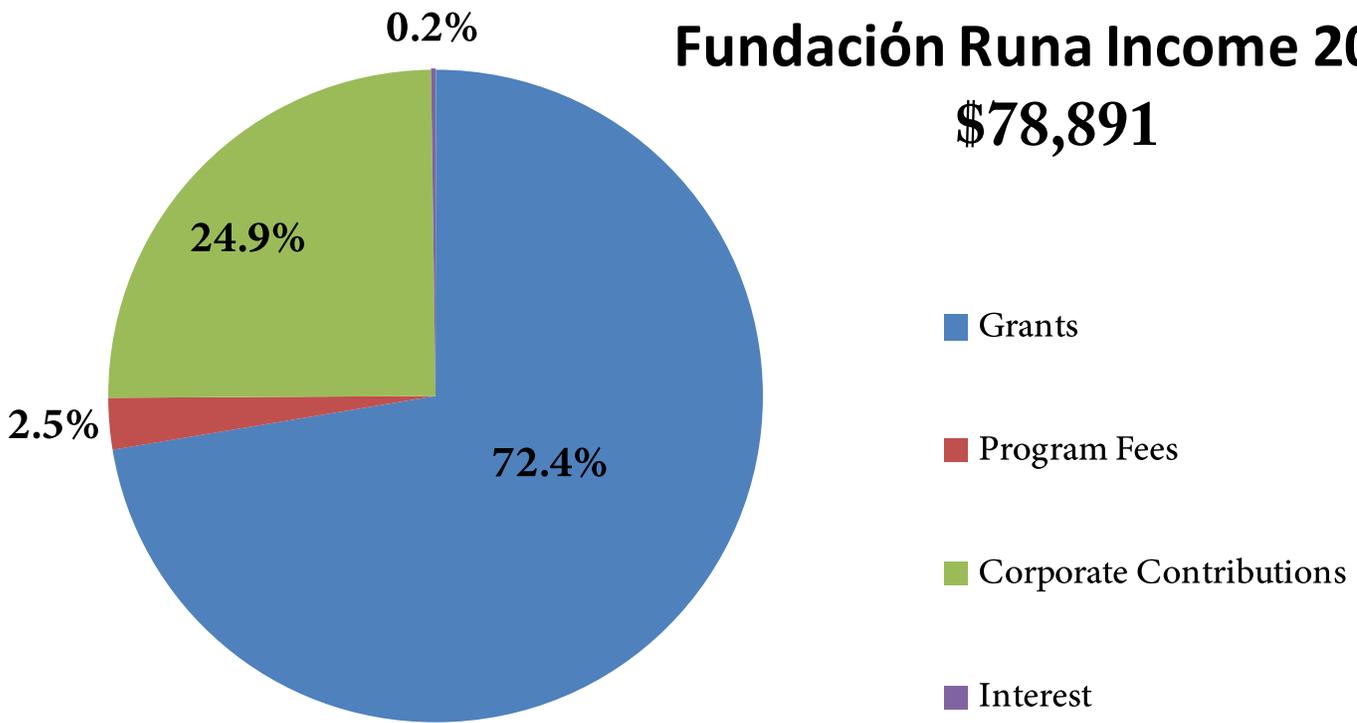
† Figure refers to 3 pilot communities in Sustainable Forest Management Program

Financials



Fundación Runa Income 2014

\$78,891



Fundación Runa Expenses 2014

\$157,769

