

2016



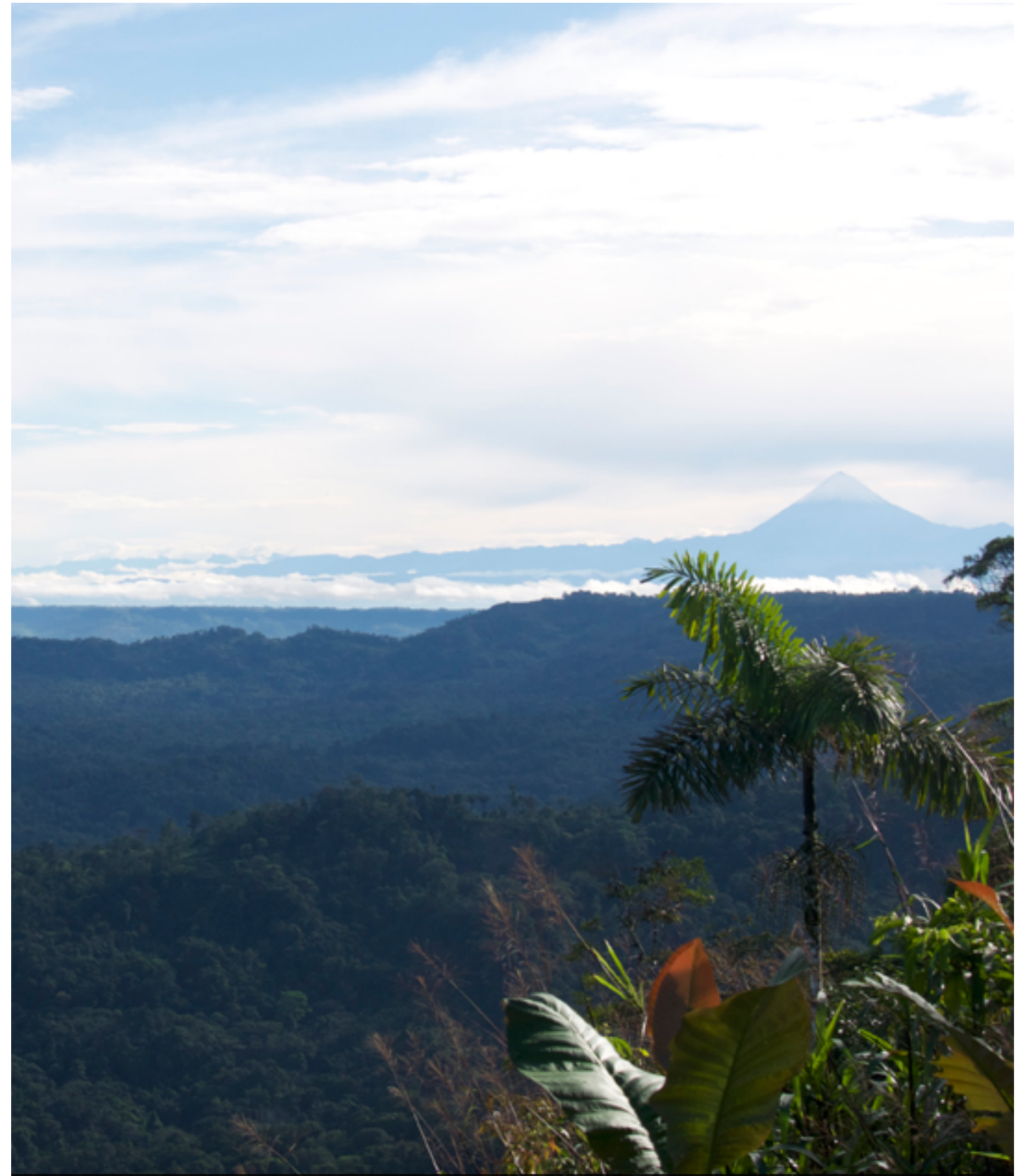
RUNA
FOUNDATION

ANNUAL REPORT

**RUNA FOUNDATION
CREATES NEW VALUE
FOR TROPICAL FORESTS
THAT BENEFIT LOCAL
PEOPLE AND THE
FOREST ECOSYSTEM.**



WE WORK TO CREATE VALUABLE PRODUCTS FROM RAINFOREST PLANTS AND SUSTAINABLE LIVELIHOODS FOR THE PEOPLE OF THE AMAZON,



WHILE PROTECTING ONE OF THE WORLD'S MOST VITAL ECOSYSTEMS.

LETTER FROM THE EXECUTIVE DIRECTOR



At the heart of Runa Foundation's work is the question of how to balance the needs of people and the needs of the ecosystem that supports them. In many cases, those needs are significantly at odds with one another. Industrial agriculture can help to ensure a global food supply, but comes at the cost of destroying great tracts of forest and natural grasslands. Cheap energy from fossil fuels can help lift developing countries out of poverty, yet comes at the cost of global climate change. Most conservationists use a similar but reverse logic – in order to protect ecosystems, we should remove people. National parks and wilderness areas are delineated to be areas where people cannot live or make a livelihood. At Runa Foundation, we take a different approach. How can the sustainable use of an ecosystem protect that ecosystem while also supporting the people that live there?

At the beginning of 2016, we published a paper on the ethno-botanical uses of guayusa in the upper Amazon in the journal Economic Botany. Our research emphasizes how the Amazonian landscape has been shaped for thousands of years by indigenous people. They shaped it in a way that both conserved it and provided for their livelihoods. For me, this was a big wakeup call. Most NGO's are focused on bringing technology and services to rural, developing countries. What if we focused on bringing this ancient Amazonian "technology" to the western world? What would that look like? How could we do that?

This idea has framed much of our work recently. In 2016, we began looking at new value chains based on local ecologies and ancestral knowledge. In the Amazon, we started working with "muru inchi", an heirloom peanut native to southern Ecuador. In the Andes, we have started working with women agave producers who have used agave nectar as medicine for thousands of years. In all of these examples, there is a common thread of creating value for an ancient way of managing local ecosystems. This is our key innovation.

In 2017, we plan to continue work on the research and development of new value chains. We are also creating a long-term research project looking at how ancestral management techniques in the Amazon contribute toward biodiversity conservation and climate change mitigation. Through rigorous science, we want to further prove that these indigenous management systems are the way for us to conserve the rainforest and support the people who live there. You will be able to join us on these adventures through a new web platform we are launching in 2017. This open mapping project will share maps, photos, and updates on our work in the field overlaid on Google Earth. Stay tuned and thank you for your support!

**ELIOT LOGAN-HINES, CEO
RUNA FOUNDATION**

TABLE OF CONTENTS

[6 LETTER FROM THE EXECUTIVE DIRECTOR](#)

[8 LANDSCAPES PROGRAM SUMMARY](#)

[10 REFORESTATION IN NAPO, ECUADOR](#)

[11 WEBMAP](#)

[12 SAPARA FOREST RESERVE](#)

[13 LIVELIHOODS PROGRAM SUMMARY](#)

[14 FARMER PROFILE: ROSA AVILEZ](#)

[15 FARMERS ASSOCIATION PROFILE: 24 DE
MAYO](#)

[16 SOCIAL PREMIUM BREAKDOWN](#)

[17 PLANT RESEARCH PROGRAM SUMMARY](#)

[18 PROJECT HIGHLIGHT : NAKU](#)

[19 CHAGUARMISHKI](#)

[20 OTHER NFTPS](#)

[21 IMPACT METRICS](#)

[22 FINANCIALS](#)



LANDSCAPES PROGRAM SUMMARY



While less than 20% of the Ecuadorian Amazon is under formal conservation, more than half of it is allocated to indigenous people who manage it under communal titles. Indigenous land plays an important role for biodiversity conservation in Ecuador because of its relative intactness and serves as an important ecological corridor connecting different protected areas. Runa Foundation's Landscapes Program supports conservation by working directly with

communities adjacent to protected areas to manage natural and financial resources, restore degraded landscapes, and create new value for sustainably harvested natural products. Our approach is to work in areas where the forest provides livelihoods to local communities, habitat for wildlife, and environmental services for the planet.



One example of this approach is Runa's role in developing the guayusa supply chain. Guayusa has traditionally been grown and consumed by the people of the Amazon, but was not seen as a commercial crop. Runa Foundation has worked to ensure that the guayusa value chain is sourced from highly biodiverse agroforestry systems known as chakras. The chakra is an agricultural system which is composed of a number of planted and wild species that collectively mimic the structure of a native forests. Typically, chakras will have a number of fruit trees, hardwoods, staple crops, medicinal herbs, and increasingly cash crops such as cacao and guayusa, on just a few hectares of land. Chakras provide vital habitat for birds and small mammals as well. By sourcing guayusa from agroforestry systems, we ensure that the guayusa creates value for highly biodiverse systems rather than destroying them, as has been the case with booms related African oil palm, rubber, and coca production.

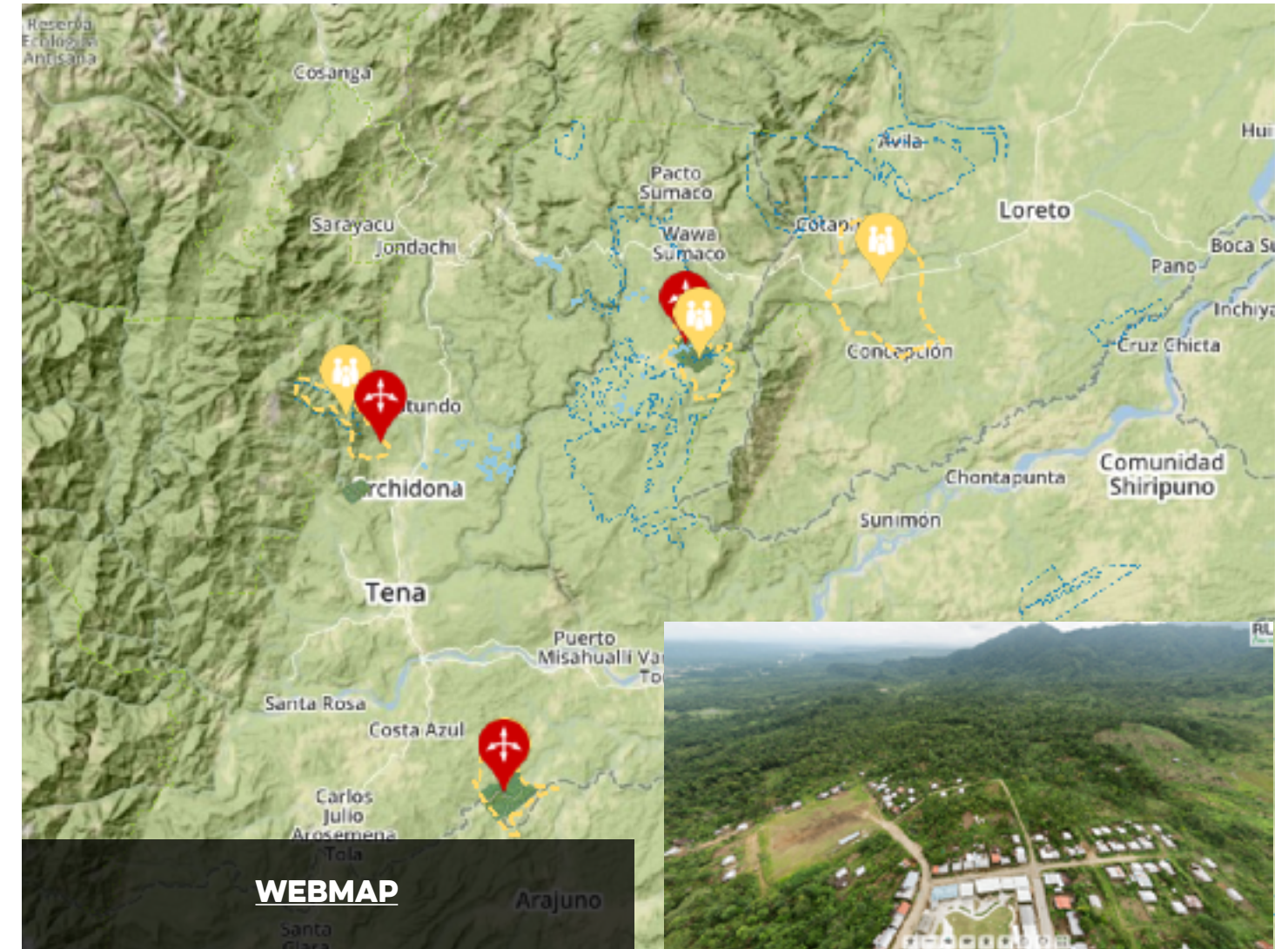
Runa Foundation has leveraged the relationship built with the communities around the production of guayusa to engage in new initiatives at the intersection of sustainable development and conservation. As part of this effort Runa worked with three pilot communities to draft and approve integrated community management plans. The management plans serve to identify a number of activities that communities may take to safeguard natural resources, improve agricultural productivity, and prioritize new activities that will benefit local communities and the environment. This section highlights a few of the projects, which have seen significant progress this year. In 2017 we look forward to continuing the implementation of the management plans and to scaling many of the projects described here beyond the pilot communities.



In 2016, Runa Foundation worked with landholders to identify and prioritize land for restoration. This effort primarily focused on improving enriched forage habitat for wildlife within agroforestry systems by planting fruit trees and timber species. Many of the species selected planted, such as unguhua (*Oenocarpus bataua*), Pítón (*Grias nueberthii*), and Caimito (*Pouteria caimito*), are consumed by both a variety of wildlife species and people. Their presence within agroforestry systems will attract wildlife and will lead to the passive restoration of nearby areas through increased seed shadow and seed dispersal by mammals and birds. Other species such as Ishpingo (*Ocotea quixos*), Copál (*Dacryodes peruviana*), Achiote (*Bixa orellana*), and Cedro (*Cedrela odorata*), will provide future value for landowners as timber and non-timber forest products (NTFPs). This year we will build on this work by using an applied nucleation strategy to spur forest restoration along wildlife and riparian corridors around the Sumaco Napo-Galeras National Park.

Simultaneously, Runa Foundation is working with the same farmers to access the Ecuadorian Ministry of Agriculture's (MAGAP) forestry incentives program, which pays for the establishment of timber plantations. As part of this project Runa Foundation has worked with 137 farmers to apply for the program by providing technical and organizational assistance. Runa Foundation has also worked through the local guayusa producer's association to provide bridge

funding to help cover the 1-year lag between the establishment of the plantations and the first disbursement from the incentive program. To date, we have helped smallholders establish 8-hectares of plantations of a locally important timber species known as chuncho (*Cedrelinga cateniformis*), interspersed as small stands (0.5 - 1.5 hectares) within a larger matrix of agroforestry areas, silvopastoral systems, and natural forest formations. Seedlings were planted alongside short-cycle and shade tolerant crops such as maize, naranjilla, coffee, and guayusa in order to both accelerate income generation and to incentivize management activities that might benefit the plantation, such as weeding and fertilization. In 2017, we look forward to scaling this project to cover more than 50 hectares of land.



In 2016, Runa Foundation worked with the pilot community of Mushullacta to complete a cadastral map delineating all of the community members' landholdings. Community members themselves did the field-based mapping work using handheld GPS units to record the vertices of individual landholdings and then place the vertices on a hand drawn map. The waypoints recorded in the field were then used to create polygons using GIS software showing the location and dimensions of family landholdings. This information is essential for spatial planning purposes and is being used to register landowners with the Ecuadorian Ministry of Environment (MAE) in order to access government incentive programs and to be able generate legal harvest plans for sustainable timber and non-timber forest products. This year Runa Foundation also worked with OpenForests to create an interactive webmap, which combines high-

resolution imagery, polygons, photos, and text to create a rich user experience both for visitors and for community members. This will tell both our story and give visitors an opportunity to donate and be a part of various different initiatives under way. The map also helps us to contextualize and plan specific project activities. In 2017, we look forward to enriching the content and making a virtual visit to the forests, farms, and people of Napo as inspiring and informative as possible.

PROJECT HIGHLIGHT:
SAPARA FOREST RESERVE



The Ecuadorian Province of Pastaza (located directly to the south of Napo) comprises the largest extension of intact natural forest left in the Ecuadorian Amazon. It is also home to the Sápara people: an Amazonian indigenous group that were once widespread throughout the Upper Amazon but were nearly wiped out by genocide and slavery brought about by the rubber boom. Currently there are approximately 500 Sápara people left in Ecuador, and there are thought to be only five people left who can speak the language fluently. Because of this, UNESCO has designated the Sápara language as an Oral and Intangible Heritage of Humanity. The Sápara primarily live in a string of villages spread along the banks of the Conambo River in a vast territory covering some 360,000 hectares that as yet has been untouched by advancing roads. Because of their isolation and strong conservation ethic, the Sápara continue to rely on the forests, rivers, and streams for sustenance, medicine, building materials, and anything else they may need. The close spiritual link which the Sápara share with the

forest is best expressed through their unparalleled knowledge of medicinal plants.

Runa Foundation is working with the Sápara to establish a management plan focused on the formalization of a set of policies and programs meant to ensure the conservation of the landscape, the safeguarding of local plant knowledge, and the creation of new livelihood opportunities that are consistent with the Sápara cosmovision. Specifically, the plan will include ideas to manage, finance, and conserve the 20,000 Kamunkui forest reserve. As part of this work, Runa Foundation staff have visited the communities of the Upper Conambo River to gather local input for the management plan and to assist community members to formalize boundaries with neighboring communities. In 2017, we look forward to continuing to work with the Sápara people to finalize and begin implementing the management plan.



LIVELIHOODS PROGRAM SUMMARY

2016 marks 5 years that Runa Foundation has been working with nearly 3,000 indigenous Kichwa farmers in the Amazon, and it has been a year of organizational growth for guayusa producing associations in the region. Part of Runa Foundation's mission is to strengthen the ability of producer associations to make sustainable financial decisions in order to address the needs of farmers and to responsibly invest their Fair Trade Social Premium fund in a way that will generate visible benefits for all guayusa producers. The Social Premium Fund is an additional payment of 15% of guayusa sales that is paid to the associations to support community development and strengthen organizational capacity. In the past year, farmers from 13 guayusa producing associations participated in over 80 capacity building workshops ranging from learning the fundamentals of the Fair Trade Certification process to more advanced accounting workshops on how to administer community based

rotating funds. This year, over twice as much money from the Fair Trade Social Premium fund was invested in local association initiatives. The associations have made various investment choices based on the needs of their producers. They have invested in agricultural inputs such as equipment, tools, and materials; organization and administrative expenses including the legalization of their association and the purchase of office materials; and the creation of community rotating funds to provide productive emergency funds to their producers. One of Runa Foundation's strengths over the past year has been working with the associations to create adaptive work strategies that benefit all stakeholders and that promote the transparency of the Fair Trade process and the investment of the Social Premium fund.



FARMER PROFILE:
ROSA AVILEZ

Rosa Avilez is a guayusa producer and member of the producer association 'House of the Puma' (ASACAPUM), located in the Kichwa community of Mushullakta. Rosa is one of 28 association members who have received money from their rotating community fund that was established in 2015 with the Fair Trade Social Premium Fund and support from Runa Foundation. This fund was set up to help community members invest in productive activities or provide emergency financing. In May, Rosa received a loan of \$100 so that she could hire local workers to help her weed and prune her guayusa trees and other

crops that she grows in her chakra. This investment allowed her to increase her production of guayusa and other crops, bringing in more profit for herself and her family. Rosa used the income to purchase clothes for her family and to travel to a nearby community to visit her extended family. In their first two years of operation, ASACAPUM's rotating fund has given nearly \$5000 in financing to Runa's guayusa producers in their community.



"THANKS TO THE WORK THAT WE HAVE ACHIEVED WITH THE RUNA FOUNDATION, WE ARE MAKING GOOD PROGRESS"

FARMERS ASSOCIATION PROFILE:
24 DE MAYO

Ricardo Huatatoca is a guayusa farmer from the Kichwa community of 24 de Mayo and President of the guayusa growers' association of the area. Ricardo began his guayusa association in 2011 as one of Runa's first partner cooperatives in the development of commercial guayusa production. Ricardo has successfully led his association to become one of the first of Runa's Fair Trade certified cooperatives, and they have invested \$2,677.93 from the social premium fund in development projects for their community. They have used their Fair Trade Social Premium Fund to begin a community rotating fund, which has

provided over \$10,000 in financing to 64 guayusa producing families its first two years of operation. Due to these successes, the community of 24 de Mayo was chosen to build the world's first community-owned and operated guayusa processing facility. For this project, they have been awarded a \$30,000 loan from the CRISFE Foundation to invest in their new community enterprise, which Ricardo hopes will bring new jobs, skills, and opportunities to his community.

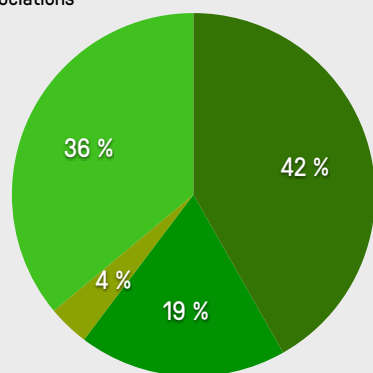
INVESTING IN COMMUNITIES 2016

Runa Foundation's social investments in producer cooperatives, community-based organizations, and indigenous enterprises are a key part of our efforts to create opportunities for sustainable development. In 2016, we worked with 21 different organizations and enterprises to provide financing while also building local capacity to plan and invest community funds. These social investments will provide future benefits that will provide increased income through environmentally and socially sustainable activities.



SOCIAL PREMIUM INVESTMENTS BY GUAYUSA FARMERS' COOPERATIVES

- Investments in sustainable agriculture and forestry
- Establishment of guayusa farmers' associations
- Rotating Community Funds
- Undisbursed Social Premium Fund



TOTAL SOCIAL PREMIUM INVESTMENTS BY COOPERATIVES IN 2016
\$ 36,410

PLANT RESEARCH PROGRAM SUMMARY



While our Landscapes Program looks at the macro view of the Amazonian and Andean landscapes, our Plant Research Program looks in depth at developing plant-based products and improving the management of forest-based products. We work closely with research institutions and local communities to document and share the knowledge generated through our research. In 2016, we continued to work on guayusa-related research. We published an ethnobotanical study of guayusa throughout the Upper Amazon. We

supported the creation of the Naku wellness center with the Sapara people that will serve as a space for continued research on medicinal Amazonian plants. And we have created sustainable harvest plans for wild Amazonian peanuts and Ishpingo, Amazonian cinnamon.

PROJECT HIGHLIGHT:
NAKU



Naku is a community-based enterprise of the Sápara people that is working to preserve, share, and create new value for the Sápara people's cultural and natural heritage. In 2016, Runa Foundation partnered with Naku to construct the world's first traditional Sápara Healing Center. This facility will enable Naku to host retreats welcoming patients from around the world to experience traditional Sápara healing techniques using medicinal plants and the ancestral medicinal knowledge held by Sápara people. In 2016, Naku brought in over \$76,000 from their cultural and medicinal tourism sales, creating jobs and income

for Sápara families, while also inspiring over 100 visitors with their vision to save the rain forest. Runa Foundation worked with Naku to raise over \$325,000 in grants and donations to invest in Naku's infrastructure and facilities in 2016 alone. Naku looks forward to hosting its first medical retreat in 2017, which will combine the expertise of Western doctors with the traditional knowledge of Sápara medicine men and women to treat patients from the US and Europe.



CHAGUARMISHKI

Throughout the Ecuadorian Andes, indigenous groups harvest agave nectar for a variety of medicinal and practical uses. "Chaguar" means raw or crude, and "mishki" means sweet. The "sweet crude" is the agave nectar that is primarily harvested by Kichwa women in the Andean provinces. In 2016, Runa Foundation began working with a women's group in the Ecuadorian province of Cayambe to support them in the creation of an agave association and to look for new markets for their agave-based products. We also conducted an ethnobotanic study on the local uses of agave. We learned that in Ecuador, there are over 30 reported medicinal uses of the nectar and the fermented version "guarango", to treat a range of illnesses from gastritis to arthritis. Our study will be published in 2017. We also will continue working

with the Cayambe women's association to help them scale up production and strengthen their organization.





OTHER NON TIMBER FOREST PRODUCTS

management practices. For example, a well-managed plot of 1,000 m² can yield up to \$600 in additional income for families each year!

In 2016, we began working with the women's group of Puni Kotona to create a seedbank for smallholders interested in producing Muru Inchi. As part of this project, Runa Foundation is working with the 17 women to provide technical assistance, organizational training, and materials to produce enough seeds to expand production to an additional 125 producers. Scaling the number of producers will allow us to meet the minimum volume required by buyers, while maintaining a smallholder production model that is consistent with our focus on agricultural production within agroforestry systems. Because farmers lack farm machinery, the areas put under Muru Inchi cultivation are generally very small (600- 1,500 m²). In order for this production model to significantly improve household incomes, it is essential that yields be optimized through the implementation of best



Known locally as *ishpingo*, Amazonian cinnamon (*Ocotea quixos*) has been used since pre-Columbian times as a spice and medicinal plant. Currently, the calyx and bark of *ishpingo* are harvested for local use. Recently companies have begun buying *ishpingo* leaves for distillation into essential oil. Unfortunately, *ishpingo* is no longer commonly grown in agroforestry systems and many of the large old trees have been harvested for timber. Runa Foundation is working with the communities of Puni Kotona and Puni Ishpingo to conserve remaining trees while creating more value for planting and harvesting the species. As part of this effort, Runa Foundation drafted a sustainable management plan for harvesting leaves and other *ishpingo* products and successfully obtained harvest permits from the Ecuadorian Ministry of Environment (MAE).

Based on this report, we have begun product testing on fresh *ishpingo* leaves to determine whether they can be processed at Runa's factory in Ecuador. Simultaneously, we are working to determine the yield and effect of different harvesting methodologies on leaf production. Product testing is slated for completion in the first quarter of 2017 and will detail microbial levels in processed leaves, taste and product quality, and production costs. In 2017, Runa will work to create a 3,000-seedling nursery based in Puni Kotona. Seedlings will be planted in existing agroforestry systems and will also be used as one of the species included in our forest restoration work.

OUR IMPACT

IN 2016



RUNA FOUNDATION PARTNERED WITH **235 INDIGENOUS COMMUNITIES**, IMPLEMENTING PROJECTS, GENERATING INCOME, AND IMPROVING LIVELIHOODS FOR OVER **2,800 FARMING FAMILIES**.



WE...



... GENERATED **\$242,733** OF REVENUE FROM ORGANIC, FAIR TRADE GAUYUSA TEA FOR INDIGENOUS FARMING FAMILIES.

... PAID AN ADDITIONAL **\$36,409** TO FAIR TRADE CERTIFIED FARMING COOPERATIVES AS A SOCIAL PREMIUM, WORKING WITH FARMERS TO INVEST THOSE FUNDS IN THEIR COMMUNITIES.

... CONTRIBUTED **\$389,717** TO INDIGENOUS ENTERPRISES, PRODUCER GROUPS, AND COMMUNITY-BASED ORGANIZATIONS.

TO DATE

SINCE THE BEGINNING OF OUR WORK IN 2009...



\$939,551.87

REVENUE GENERATED FOR INDIGENOUS FAMILIES THROUGH DIRECT SALES OF AMAZONIAN NTFPS



123,600

NATIVE TREES SUPPLIED TO FARMERS FOR REFORESTATION AND IMPROVED AGROFORESTRY SYSTEMS



1.2 MILLION

GUAYUSA TREES HAVE BEEN PLANTED



WOMEN IN LEADERSHIP POSITIONS HAS GROWN FROM **11%** TO

38%

6,614 HECTARES

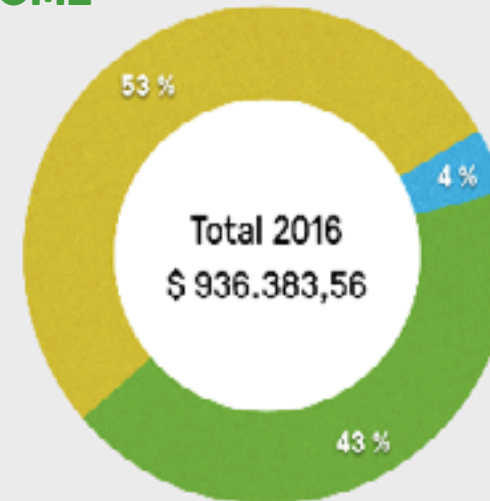
PLACED UNDER AGROFORESTRY & SUSTAINABLE MANAGEMENT SYSTEMS



FINANCIAL SUMMARY

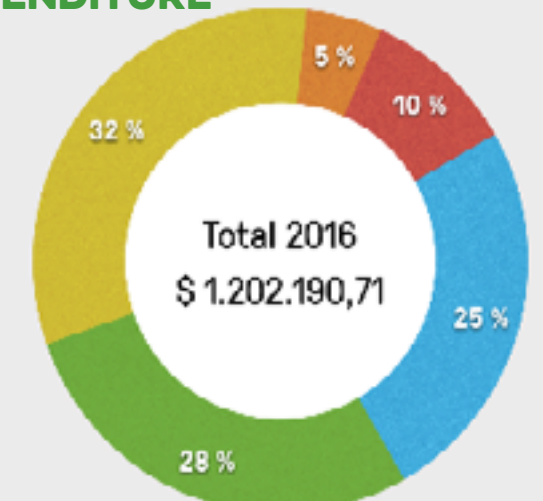
RUNA FOUNDATION, USA

INCOME



Donations & contributions
Grants
program fees

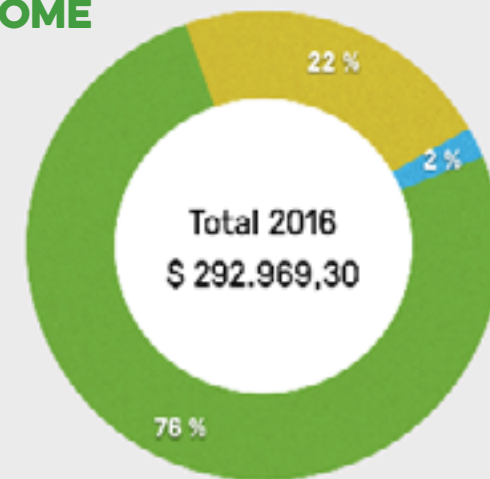
EXPENDITURE



Plant research
Livelihoods program
Landscapes program
admin
education

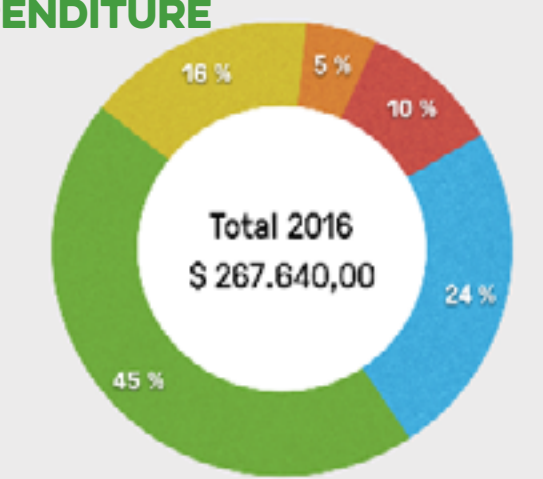
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