

CEPF FINAL PROJECT COMPLETION REPORT

I. BASIC DATA

Organization Legal Name: Verde Ventures

Project Title (as stated in the grant agreement): *Equator Ventures*

Implementation Partners for this Project: United Nations Development Programme/Equator Initiative

Project Dates (as stated in the grant agreement): June 1, 2005 – March 31, 2009

Date of Report (month/year): May 2009.

II. OPENING REMARKS

Provide any opening remarks that may assist in the review of this report.

Equator Ventures - a partnership between Conservation International/Verde Ventures and United Nations Development Programme (UNDP), with further funding from the DOEN Foundation and the Critical Ecosystem Partnership Fund (CEPF) - is a pilot program working at the biodiversity frontier that blends financial and business development services for small and medium enterprises (SME).

This project was an innovative concept for Verde Ventures and included partnering with the United Nations Development Programme's Equator Initiative to provide technical assistance to Verde Ventures (VV) partners. In addition to providing several enterprises with financial and technical support, the project highlighted the unmet demand for SME financing and related business development services in developing economies.

III. ACHIEVEMENT OF PROJECT PURPOSE

Project Purpose: *Local communities within each project area are actively engaged in conserving their environment because they are realizing long-lasting economic benefits resulting from the conservation of threatened ecosystems and the species they contain.*

Planned vs. Actual Performance

Indicator	Actual at Completion
Purpose-level:	
1. <i>At least 60% of annual conservation and socio-economic targets are being achieved by Equator Ventures funding receipts by the end of the pilot period.</i>	The monitoring of the Equator Ventures projects is underway and the reports submitted thus far indicate that the projects are complying with annual conservation and socioeconomic targets as stipulated in the monitoring plans.

Describe the success of the project in terms of achieving its intended impact objective and performance indicators.

Under this project, six enterprises started a biodiversity and socioeconomic monitoring program. This program will enable Verde Ventures to ensure that the biodiversity and socioeconomic benefits derived from the selected projects are quantified throughout the life of the loan investment. It also empowers VV to make project decisions guided by the information contained in the monitoring reports and, if needed, request adaptations to the project's implementation.

Were there any unexpected impacts (positive or negative)?

There were no unexpected impacts reported for this project.

IV. PROJECT OUTPUTS

Project Outputs:

Planned vs. Actual Performance

Indicator	Actual at Completion
Output 1: Loan finance of at least \$500,000 to a minimum of 5 qualified enterprises invested. (LOAN CAPITAL FROM VERDE VENTURES EXISTING CAPITAL BASE. NOT CEPF. CEPF FUNDS WILL BE USED TO MONITOR THE BIODIVERSITY IMPACTS OF THE INVESTMENTS MADE WITH THIS \$500k FROM VERDE VENTURES)	
<i>1.1. At least 5 enterprises have received funding from Equator Ventures totaling \$500,000 by the end of the pilot period.</i>	VV provided over US\$1.785 million in loans to 6 projects (Comon Yaj Noop Tic and ICEAAC in Mexico, Aprocom/Apodip and ForesTrade in Guatemala, Wildlife Adventures in Mozambique, and Rainforest Exquisite Products in Bolivia).
Output 2: Enterprise development program for each funded project using grant funding developed and implemented. (UNDP/DOEN FUNDED)	
<i>2.1. Each Equator Ventures participant has received business development assistance and/or monitoring assistance by the end of the project period.</i>	Under the Equator Ventures program, VV together with the Equator Initiative designed enterprise development plans for Wildlife Adventures, ForesTrade Guatemala, Rainforest Exquisite Products, Koyam Limitada and Comon Yaj Noop Tic. In some cases the funds were provided directly to the enterprise and in others a third party was contracted to deliver the needed services. Total assistance delivered to enterprises amounted to \$146,180.
Output 3: Baseline biodiversity and socio-economic indicators and a monitoring protocol for each approved project developed. (CEPF FUNDED)	
<i>3.1. Each of Equator Ventures funding recipients has a baseline of both biodiversity and socio-economic data developed.</i>	Baseline and biodiversity monitoring was developed for Wildlife Adventures, Apodip, Rainforest Exquisite Products, Koyam Limitada, Comon Yaj Noop Tic. and Los Andes Private Reserve.
Output 4: Business plan for mature fund utilizing lessons learned during the pilot phase developed. (PARTIAL FUNDING PROVIDING BY CEPF FOR VERDE VENTURES FUND MANAGER'S TIME)	
<i>4.1. A written business plan for a mature</i>	VV developed its business plan and included a

<i>fund has been developed by the end of the pilot period as evidenced by a completed document.</i>	section on a technical assistance facility to be created as a result of the lessons learned from the Equator Ventures Pilot. VV plans to implement the enhanced technical assistance facility.
Output 5: Evaluation of pilot phase completed. (UNDP/DOEN FUNDED)	
<i>5.1. An evaluation document has been produced within 6 months of the end of the pilot operations period as evidenced by a completed document.</i>	The evaluation of the pilot program was conducted by Alain Berranger who was contracted by the UNDP and VV to undertake the evaluation. The document was completed in July of 2007.

Describe the success of the project in terms of delivering the intended outputs.

The launch of Equator Ventures allowed stakeholders to learn more closely about the needs of entrepreneurs and the reality of nature conservation on the ground, as well as the dissemination of such learning. Equator Ventures provided a blended source of finance to projects which had received loan capital. This finance enabled selected enterprises which Verde Ventures had been working with to engage with the communities surrounding them and provide additional benefits.

The pilot phase included 5 projects which received enterprise development support:

- ForesTrade de Guatemala for its Organic and Fair Trade Biosphere Coffee Project (APROCOM and APODIP coffee associations in the Sierra de las Minas Biosphere Reserve, Guatemala;
- Ibo Island Safaris for its Ecotourism Development in Quirimbas Archipelago National Park (a World Heritage Site), Mozambique;
- Rainforest Exquisite Products S.A. for its sustainable harvesting and processing of Brazil nuts from the Amazon High-Biodiversity Wilderness Area, Bolivia;
- Sociedad Koyam Limitada for the reforestation of native tree species in the Lonquimay, Araucania Region, Chile.
- Comon Yaj Nop Tic, Sociedad de Solidaridad Social (COMON) and Indigenas y Campesinos Ecologicos de Angel Albino Corzo, Sociedad de Solidaridad Social (ICEAAC), cooperatives of coffee farmers in the buffer zone of El Triunfo Biosphere Reserve, for providing support from University of Monterrey students to strengthen administrative and managerial skills in those cooperatives

Additionally projects were selected to receive funding for the biodiversity and socioeconomic monitoring covered under the CEPF grant. This monitoring funding enabled VV to track the progress of the enterprises towards the goals which were established at the time of investment. An extension granted by CEPF allowed VV to include an additional project in its monitoring program—the Los Andes Private Reserve in Guatemala. Overall, despite the many delays suffered in the completion of the baselines, this research has been instrumental in strengthening the benefits provided by the selected enterprises. These tools enable VV staff to provide feedback to the entrepreneurs about the benefits of their businesses and adaptively manage the projects.

Were any outputs unrealized? If so, how has this affected the overall impact of the project?

Equator Ventures met its target outputs, but ultimately was only able to reach a limited number of enterprises. Though the timeline for grant-making was lengthier than anticipated, the Equator Ventures pilot shed light on the world of conservation entrepreneurs, both in-situ and intermediaries.

V. SAFEGUARD POLICY ASSESSMENTS

Provide a summary of the implementation of any required action toward the environmental and social safeguard policies within the project.

n/a

VI. LESSONS LEARNED FROM THE PROJECT

Describe any lessons learned during the various phases of the project. Consider lessons both for future projects, as well as for CEPF's future performance.

Equator Ventures has demonstrated that development without appropriate and robust financial services sectors in developing economies and rural areas is not sustained and not sustainable. Indeed, building adequate SME financial sectors in developing countries remains a work in progress.

There is an unmet demand for SME financing and for related business development services in developing economies. Given limited funding under the EV pilot program, only a few enterprises received funding. But it was evident from the inquiries received during the pilot period that there is a significant demand for the blended capital finance provided under this program.

Equator Ventures has shown that to acquire enterprise and development knowledge, there is no better method than to deal directly with the owners, be they communities or entrepreneurs, and to combine financing with Enterprise Development Services. This method would necessitate a decentralized approach that is closer to the entrepreneurs, whether intermediary or community-based.

Project Design Process: (aspects of the project design that contributed to its success/failure)

The pilot illustrated that community-based enterprises, including conservation community enterprises, need very different Business Development Services than do intermediary enterprises. They also differ in the nature, size and timing of their financial services requirements.

The pilot confirmed that community-based enterprises are focused on improving livelihoods, and as a result, on sustaining local resources—first for local consumption and then for marketing outside the community. The intermediary enterprises are focused on making a profit as “green enterprises”, and as a result, they create and expand inclusive markets—ones that not only aggregate the products to the end-consumer but also pay fair value for sustainable practices of the local communities involved in harvesting and production. Both types of enterprises have a critical role to play in the “green” value chain, but they do not respond to the same drivers and need specific business development services.

Project Execution: (aspects of the project execution that contributed to its success/failure)

The Equator Initiative was responsible for disbursing the grants, while Verde Ventures was responsible for disbursing the loans. UNOPS acted as the contracting agent for the Equator Initiative.

VII. ADDITIONAL FUNDING

Provide details of any additional donors who supported this project and any funding secured for the project as a result of the CEPF grant or success of the project.

Donor	Type of Funding*	Amount	Date Received	Notes
DOEN Foundation	Project co-financing	\$350,000	2005	
Verde Ventures	Project co-financing	\$ 1,785,000	2005-2008	Loan funding disbursed directly to participating projects
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		

***Additional funding should be reported using the following categories:**

- A** *Project co-financing (Other donors contribute to the direct costs of this CEPF project)*
- B** *Complementary funding (Other donors contribute to partner organizations that are working on a project linked with this CEPF project)*
- C** *Grantee and Partner leveraging (Other donors contribute to your organization or a partner organization as a direct result of successes with this CEPF project.)*
- D** *Regional/Portfolio leveraging (Other donors make large investments in a region because of CEPF investment or successes related to this project.)*

Provide details of whether this project will continue in the future and if so, how any additional funding already secured or fundraising plans will help ensure its sustainability.

VV will continue to have a technical assistance (TA) facility; however, it will not be structured in the same manner as this pilot program was designed. The TA facility will be managed by Verde Ventures and VV will partner with the Small Grants Programme (SGP) of the Global Environment Facility. VV has already secured approval for \$1 million from the United Nations Foundation (UNF) to fund this project and a loan guarantee facility. This funding will enable VV to support more community-based enterprises that need loan capital and enterprise development services in order to improve their businesses.

VIII. ADDITIONAL COMMENTS AND RECOMMENDATIONS

Through this project Verde Ventures has learned the challenges involved in delivering blended finance to its projects. These lessons will be used in the development and design of subsequent enterprise development assistance programs that VV hopes to establish. Verde Ventures would like to thank CEPF for its support and patience during this process.

VIII. INFORMATION SHARING

CEPF is committed to transparent operations and to helping civil society groups share experiences, lessons learned and results. One way we do this is by making programmatic project documents available on our Web site, www.cepf.net, and by marketing these in our newsletter and other communications.

These documents are accessed frequently by other CEPF grantees, potential partners, and the wider conservation community.

Please include your full contact details below:

Name: Nicole Ayache

Organization name: Verde Ventures/Conservation International

Mailing address: 2011 Crystal Drive, Suite 500 Arlington, VA 22202

Tel: 703-341-2618

Fax: 703-553-0721

E-mail: verdeventures@conservation.org