

## Runa - Guayusa Value Chain Creation

Ecuador



Tyler Gage

**Organization type:**

for profit

**Budget:**

\$500,000 - \$1 million

**Website:**

<http://www.runa.org>



- [Biodiversity](#)
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- [Green business](#)
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- [Sustainable agriculture](#)

### Project Summary

#### Elevator Pitch

**Concise Summary: Help us pitch this solution! Provide an explanation within 3-4 short sentences.**

We believe people everywhere can benefit from the bounty of the Amazon without destroying it, and that indigenous knowledge has a critical role to play in our growth as a global community. We work with indigenous people to share the secrets of the Amazon by creating new markets for products that help the Amazon, its people, and their culture thrive. Currently, Runa is focused on creating markets for beverages created with Guayusa ("gwhy-you-sa"), a native Amazonian tree leaf that contains more caffeine and double the antioxidants of any tea.

#### About Project

**Problem: What problem is this project trying to address?**

The Amazonian Kichwa are an indigenous group that live in Eastern Ecuador with a population of approximately 80,000 people divided into hundreds of smaller villages and associations. As the largest of the 8 indigenous groups in the Ecuadorian Amazon, the Kichwa have persevered through a difficult history of colonization and have largely maintained their integrity as a people. Algunos indicadores respecto a la calidad de vida en la zona mencionada, nos muestran aspectos más particulares de la realidad: - 8,1% de los jefes de familia tienen educación superior. - 5% tiene acceso a crédito - 100% no maneja sus plantas de guayusa de forma técnica - 92% no siembra especies forestales en peligro de extinción - 20% han recibido asistencia técnica In 2016, Runa will be capable of purchasing at least \$500,000 of fresh guayusa leaves from farmers, and provide direct market access and technical assistance to rural farming families in the Napo, Pastaza, Morona Santiago, Orellana, and Zamora-Chinchipec provinces of Amazonian Ecuador. This will result in over 5,000 farmers participating as active members in Guayusa Farmer Associations, having greater access to markets, land management training and credit than ever before. We estimate that over 85,000 farming families in the Ecuadorian Amazon would be eligible beneficiaries of Runa's model, all of who currently earn less than \$1,200 per year. La palabra "Runa" en el lenguaje Kichwa significa "persona" o "ser humano que vive plenamente". Hemos escogido este nombre para representar el compromiso de nuestra organización, al hacer realidad un nuevo sueño de vivir responsable e inteligentemente, de forma colaborativa como una comunidad humana en la tierra. Mientras que "Runa" es un término de inmenso orgullo, que conlleva identidad y vitalidad espiritual para los pueblos Kichwas, en la sociedad ecuatoriana moderna la palabra "runa" se considera un término despectivo, irrespetuoso y racista que significa "sin valor". La meta de nuestra organización es revalorizar la identidad cultural indígena, sus tradiciones y su conocimiento ancestral de plantas a una escala internacional, al llevar la palabra Runa como una marca para todos nuestros productos y como un símbolo de nuestro compromiso para vivir plenamente como humanos. Este enfoque único, ofrece una gran oportunidad para que las Provincias de Napo y Pastaza, demuestren el valor de sus culturas ancestrales y productos nativos a un nivel internacional, atrayendo así, más turismo y atención a sus otros sectores.

**Solution: What is the proposed solution? Please be specific!**

Compared to other market-driven development initiatives, Runa stands out with the strength of its vertically integrated supply chain, integrated land management training programs, and its strategy for leveraging Fair Trade social premium funds. Fundación Chankuap and Kallari are examples of two decade-old organizations that have been able to raise annual income for several hundred farmers, but unlike Runa, both have not built lucrative international markets, nor gained significant buy-in from producers due to poor agroforestry management, lack of capacity building initiatives, and unreliable crops. In comparison to Komaza, a similar market-based reforestation NGO in Africa, Runa is reforesting with a native, culturally important, and perennial crop that grows exclusive in biodiverse agroforestry plots, as opposed to mono-crop plantations. Guayusa begins generating income after 3 years (in comparison to 15+ years for hardwood trees in the Amazon), produces harvests every 3 months, and exemplifies the efficacy of the "Specialized Cultivation" strategy for non-timber forest products, proven to be the most effective in cross-country comparisons (Kusters 2006).

Impact: How does it Work

**Example: Walk us through a specific example(s) of how this solution makes a difference; include its primary activities.**

Initiating and ensuring the sustainable growth of Amazonian businesses, Runa serves as a catalyst for systemic change in one of our of the world's most vital ecosystems. Runa primarily provides direct market access and sustainable agricultural training to indigenous farming families in the Ecuadorian Amazon. Our non-profit arm, Fundación Runa, also provides tools and resources to indigenous communities and farmers' associations working towards their vision of sustainable development in the Amazon. We focus on three core areas: social empowerment, community development, and environmental management.

About You

**Organization:**

Runa

About You

**First Name**

Tyler

**Last Name**

Gage

**Twitter**

@runanation

**Facebook Profile**

<http://www.facebook.com/drinkruna>

About Your Organization

**Organization Name**

Runa

**Organization Country**

, N

**Country where this project is creating social impact**

, N

**How long has your organization been operating?**

1 5 years

**Is the project that you are entering related to this organization?**

Yes

The information you provide here will be used to fill in any parts of your profile that have been left blank, such as interests, organization information, and website. No contact information will be made public. Please uncheck here if you do not want this to happen..

Innovation

**What stage is your project in?**

Operating for 1 5 years

**Share the story of the founder and what inspired the founder to start this project**

Tyler, while working with indigenous communities in Ecuador, Peru, and Brazil, witnessed firsthand the tradeoff indigenous communities face: while they want to preserve their cultural heritage, they also experience an immediate need to feed their families and earn cash in an increasingly globalized world. In 2007, Tyler hosted a family of Ecuadorian shamans at his home in California, and they shared an ancestral tea the shaman had carried with him from the Amazon: guayusa. They began imagining how a Fair Trade business could share this rich-tasting tea with a global audience, and pioneer a proactive and culturally valuable way for the Kichwa people to participate in the global economy. Dan, meanwhile, had travelled to Ecuador in his semester off and observed many development projects that had the best intentions but little financial stability or buy-in from communities, and had built a diverse background in non-profit management, sustainable development and conservation. With these experiences providing a grounding and operative view to the goal, Dan and Tyler teamed up in an entrepreneurship class at Brown University to write a business plan for their dream.

Social Impact

**Please describe how your project has been successful and how that success is measured**

In less than two years of full operations, Runa has planted over 160,000 trees in more than 180 hectares of agroforestry plots, and paid over \$6,000 of supplementary income for guayusa leaves harvested from existing trees to over 400 farming families. Runa helped these farmers receive USDA Organic certification in June 2010 and Fair Trade certification in May 2011, and has initially raised their incomes by over 25% each. Runa's 25 person team in Ecuador is composed of production managers, forestry engineers, and indigenous field technicians from the local communities. Runa's highly experienced Board of Advisors includes Yolanda Kakabadse, President of the WWF, and Douglas McMeekin, Ashoka Fellow and President of Yachana. Runa has also formed official partnerships with the indigenous federations in the Ecuadorian Amazon and national and

international universities. With over \$400,000 in grants raised from USAID, Ecuador's Exports Promotion Agency (CORPEI), DED, GTZ, the Andean Development Bank and local governments, Runa has proven itself by achieving early milestones and building high level partnerships. Runa inaugurated the world's first guayusa factory in the Napo Province in early 2010, and is touted as the new "Nokia of Napo" by Ecuador's Minister of Production.

#### Metrics & Measurement

Runa has completed a detailed intake survey of over 4,000 farming families in the Ecuadorian Amazon, which have been so successful that the national government's land planning agency recently offered to buy Runa's farmer database. The survey showed that indigenous farmers earn between \$40 and \$75 of monthly income, derived primarily from illegal deforestation, migrant labor, and cattle farming. Our survey system is derived from a combination of IRIS, World Bank, Acumen Fund, and Asset Map models, and will serve as the basis through which we assess how successfully income generation and capacity building translate to improved land management, health, education, and economic participation by local farmers. A farmer can earn over \$700 per year of direct income per acre from organic guayusa production, and Runa's system monitors a variety of socio-economic factors: income generation, access to credit, health care, etc.)

#### How many people have been impacted by your project?

101-1,000

#### How many people could be impacted by your project in the next three years?

More than 10,000

#### How will your project evolve over the next three years?

Within three years, Runa aims to have reforested over 2,000 acres of rainforest, and plant over 1.5 million trees. Runa will be capable of purchasing at least \$200,000 of fresh guayusa leaves from farmers, and provide direct market access and technical assistance to rural farming families in the Napo, Pastaza, Morona Santiago, and Orellana provinces of Amazonian Ecuador. This will result in over 2,500 farming families participating as active members in Guayusa Farmer Associations, having greater access to markets, land management training and credit than ever before.

#### Sustainability

#### What barriers might hinder the success of your project and how do you plan to overcome them?

##### 1.a. Determinación del riesgo

##### • Desabastecimiento de Materia Prima

Como empresa social, manejamos criterios de cadena de valor, que permiten un impacto social económico real en los pequeños agricultores, por lo que hemos apoyado íntegramente el proceso de organización y consolidación de asociaciones de productores, en este caso la "Asociación Artesanal Napo Runa" y la "Asociación Artesanal Pastaza Runa".

Consecuentemente, dichas asociaciones son ahora organismos con personería jurídica propia, capaces de tomar decisiones independientes de Runatarpuna.

En ese sentido, la empresa no posee terrenos con cultivo propio y depende directamente del abastecimiento de las Asociaciones, por lo que existe el riesgo de inadecuadas decisiones comerciales que tomen las futuras administraciones, que afecten la normal adquisición de materia prima.

##### • Falta de Financiamiento

Se requiere de una fuerte inversión que soporte los diferentes gastos en los cuales incurre el proyecto, especialmente los referidos al desarrollo e investigación de sistemas de producción y control de calidad, con los que garantizaremos un producto final con alto valor agregado, que cumpla con los requisitos de los clientes más exigentes.

Otro financiamiento importante, es aquel designado a los gastos de promoción y ventas, en el mercado nacional e internacional, que tienen objetivo consolidar el consumo de té de guayusa global.

##### • Tendencias de Consumo

El mercado de té en los Estados Unidos es sumamente fuerte, siendo el único segmento en la industria de bebidas que ha seguido creciendo a través de la crisis económica en los Estados Unidos, según la revista "Fast Company". Sin embargo, pese a que la empresa, ha comprobado la preferencia de los consumidores por la guayusa, siempre existe la posibilidad de que cambien de idea y que el producto pierda su expectativa o interés.

El té podría perder su reconocimiento como una bebida saludable o las altas tasas de crecimiento del consumo podrían bajar.

##### • Riesgo para las Comunidades

El riesgo de un mal manejo administrativo al interior de las Asociaciones, es decir, los proveedores de materia prima, podría ocasionar una ruptura de relaciones comerciales con la empresa.

De romper relaciones con la empresa, es muy difícil para las comunidades, cumplir con todos los procesos productivos y comerciales que demanda la distribución y venta de derivados de la guayusa en el mercado local e internacional, por lo que los cultivos de guayusa podrían verse desperdiciados.

Las comunidades podrían perder los beneficios económicos de la producción de guayusa, si las Asociaciones no cumplen con sus responsabilidades

##### • Riesgos Naturales

Como cualquier otro proyecto de carácter agrícola, enfrentamos riesgos naturales, como son: la sequía, inundaciones y plagas, que afectan directamente el volumen de producción, por ende las ventas.

##### • Riesgo de Políticas Gubernamentales del Ecuador

La política económica del Gobierno Ecuatoriano incidirá siempre sobre cualquier negocio que se ejecutó al interior del país, siendo imposible negar los efectos que tendría una política de incremento de sueldos, el alza del precio del combustible, el alza del precio del gas industrial o una modificación en la política arancelaria tributaria.

De igual forma, las relaciones internacionales del Gobierno del Ecuador, afectarán las exportaciones y las ventas globales de la empresa, por lo menos en el corto plazo.

#### 1.b. Mitigaciones principales para cada riesgo

##### • Materia Prima

Con la premisa de que toda decisión administrativa se toma en base a los efectos positivos o negativos que ésta genere sobre la empresa, la medida de mitigación es garantizar precios justos y superiores a los del mercado, amparados en criterios de comercio justo, estableciendo políticas de compra a largo plazo que generen estabilidad económica y productiva a los socios de las Asociaciones.

En el proyecto, se contempla la adquisición de una propiedad que permita contar con viveros y cultivos propios, que sirvan como soporte en un momento de crisis que pudiéramos atravesar con nuestros proveedores, de tal forma que nuestros clientes, no perciban un desabastecimiento total del producto.

También estamos amparados por Convenios de Cooperación Comercial, Técnica y Financiera con la Asociación de Productores, y la suscripción de contratos de compra individuales con cada agricultor, que permitan afianzar los lazos entre la empresa y los proveedores.

##### • Financiamiento

Debido al impacto social y ambiental que genera el proyecto y la fuerza del modelo de negocios, la Empresa cuenta con el apoyo de distintas organizaciones que comparten nuestra visión y objetivos, de las cuales recibimos cooperación financiera no reembolsable, lo que nos permite cumplir actividades primordiales para alcanzar nuestras metas. Entre ellas, se encuentran la CORPEI, la DED y USAID.

Adicionalmente contamos con nuestro principal socio accionista en los Estados Unidos, del cual recibimos inversión directa extranjera, mediante los resultados de gestión de la búsqueda de inversionistas alrededor del mundo, que estén alineados con los propósitos de la empresa.

Grupo Runa incorpora varios actores con y sin fines de lucro, los cuales han demostrado su capacidad de recaudar fondos de diferentes inversionistas y donantes; esta apertura y diversidad de oportunidades para recibir financiamiento, es una característica única de la cadena de guayusa.

##### • Tendencias de Consumo

Las tendencias de consumo de té, son permanentemente monitoreadas por Runa LLC, la empresa ancla de Runatarpuna en los Estados Unidos, la cual ha ganado dos competencias de planes de negocios, debido al hecho de que tiene un producto tan innovador y un conocimiento del mercado muy fuerte.

Una de las fortalezas más importantes de Runa LLC, es la experiencia de su recurso humano, esto lo demuestra su Gerente de Ventas, con 25 años de trabajo en una de las empresas distribución de alimentos y bebidas naturales más grandes del mundo. Adicionalmente, la empresa respalda sus actividades y logros en su Consejo Directivo, que tiene más de 80 años en la industria de productos naturales.

Runatarpuna tiene el beneficio único de poder canalizar sus productos directamente a través de Runa LLC, aprovechando las diferentes oportunidades que ofrece el mercado, como por ejemplo: la guayusa no solo puede ser usada como té o bebida, sino también que puede ser utilizada en Productos de Belleza (por su alto contenido en cafeína), y en suplementos alimenticios, como batidos, barras de energía (por sus antioxidantes). Siendo así, nuestro producto puede entrar en una variedad de mercados.

Contamos con la capacidad de procesar y exportar otros productos innovadores para el mercado internacional, como el ají, balsa, hierba luisa, canela, entre otros. Nuestra estructura de producción, nos permite tener acceso a una diversidad de productos, y así ampliar nuestra oferta en el futuro

##### • Convenios de Cooperación y Contratos con Proveedores

En el caso de una ruptura de buenas relaciones entre Runatarpuna y una de las Asociaciones, la Empresa simplemente empezaría a comprar su materia prima de otra Asociación, o directamente de los proveedores (sin pasar por la mencionada organización).

Al tener una diversidad de productores (Kichwas, Shuar y Colonos) y zonas de producción de guayusa alejadas (desde Morona Santiago hasta Orellana), Runa no depende de ningún proveedor en particular. Esta diversificación de producción, garantiza que Runa tendrá una variedad de opciones para la adquisición de su materia prima a largo plazo.

##### • Factores Naturales

Las plantaciones en mono-cultivos son los sistemas más susceptibles para la propagación de plagas y enfermedades. En contraste, Runatarpuna, se encuentra comprometida a mantener estándares orgánicos y prácticas de sistemas agro-forestales que por naturaleza, utiliza la homeostasis ecológica para proteger las plantas.

Nosotros plantamos guayusa en sistemas integrales agro-forestales, donde la guayusa crece a lo largo de arbustos laterales nitrificantes, conjuntamente con otros cultivos locales. Esta estrategia también protege a las comunidades, garantizando una diversidad de ingresos y nunca dependen 100% de la guayusa

Adicionalmente, se está trabajando con la ESPOCH y el Departamento de Forestaría de la Universidad de Yale para realizar estudios botánicos, fitosanitarios, de plagas y enfermedades, con lo cual se espera obtener un conocimiento exclusivo y profundo sobre la guayusa, que nos permita prevenir y compensar cualquier problema productivo.

##### • Factores Externos Políticos

La diversificación de nuestra cartera de clientes en el mercado local y exterior, además de una correcta planificación tributaria, son herramientas con las que la empresa cuenta, para adquirir la flexibilidad necesaria al enfrentar este tipo de circunstancias.

#### **Tell us about your partnerships**

Aportes Financieros:

PRODEL / USAID:

Aporte de PRODEL: \$175,000

Cronograma: Julio 2010 – Enero 2012

Actividades Financiadas: Asistencia Técnica en Napo, desarrollo organizativo, materiales para agricultores en Napo, inventario, marketing, etc.

Enfoque Geográfico: Napo y Orellana

CORPEI y GTZ

Aporte de CORPEI: \$44,000

Cronograma: Diciembre 2009 – Diciembre 2010

Actividades Científicas: Investigación científica, registros sanitarios, participación en ferias, maquinaria, y talleres.

Enfoque Geográfico: Napo, Pastaza, y Morona Santiago

DED - El Servicio Alemán de Cooperación Social-Técnica

Aporte de DED: \$23,000

Cronograma: June 2010 a Mayo 2012

Actividades Financiados: Sembrar 100 ha de guayusa en Cantón Arosemena Tola en Napo y levantar un vivero forestal

Enfoque Geográfico: Cantón Arosemena Tola en Napo

Ministerio de Coordinación de la Producción, Empleo, y Competitividad – Programa CreEcuador

Aporte de MCPEC: \$16,000 ya entregados y la aprobación de una inversión de \$500,000 millón USD en Julio de 2011

Cronograma: Julio 2011 a Enero 2015

Actividades Financiados: Construcción de nueva fábrica para procesar guayusa, inventario, y campana comercial

Enfoque Geográfico: Napo, Pastaza, y Morona Santiago

Other Partner Organizations

Municipio de Archidona - Co-funded Guayusa Value Chain Development project in conjunction with the Andean Development Bank (CAF)

Napo Provincial Government – Co-funded Guayusa Value Chain Development project in conjunction with the Andean Development Bank (CAF)

Peace Corps – Runa currently hosts 3 Peace Corp volunteers in the Ecuadorian Amazon and works closely with Peace Corp in Ecuador.

PROFAFOR - is an Ecuadorian company financed by the Dutch group, FACE (Forests Absorbing Carbon Emissions), that focuses on conservation and sustainable forest management. PROFAFOR and Runa are co-executing a reforestation program along the border of the Colonso National Reserve to create a land use buffer zone

USFQ - University of San Francisco of Quito sends interns and researchers to Napo to work with Runa.

Seeds of Change - provides 100% organic seeds of vegetables, flowers and herbs. Seeds of change donated over 20,00 organic heirloom seeds to Runa in 2009.

Towne and Forrester - provides environmental consultant and project development services. Partners with Runa on research and volunteer programs.

Trees for the Future - is a US-based non-profit organization that works to improve livelihoods and restore degraded lands to sustainable productivity through planting beneficial trees. Trees for the Future donated 40,000 seeds, 20 training manuals, and \$450 to Runa in 2010.

Yachana Foundation - provides practical education to Amazonian youth to create ongoing community and economic development opportunities. Founder Douglas McMeekin serves on Runa's Board of Advisors, Runa receives Yachana interns, and Runa and Yachana collaborate on reforestation projects along the Napo River.

### **Explain your selections**

Friends and family - Investors in Runa LLC

Individuals - Angel investors in Runa LLC

Foundations - Funders (as described in previous question)

NGOs - Funders and strategic partners

Businesses - Clients for products and donors to non-profit

Regional government - Funder of regional programs

National government - Investor in Ecuadorian S.A. company

Customers - Buy Runa Products

Other - Farmers, Experted Advisers, Local Governments

### **How do you plan to strengthen your project in the next three years?**

Planting Guayusa and Providing Technical Assistance to Farmers

Runa's eight field technicians provide indigenous farmers with training to help them reforest their land with guayusa and other endangered tree species. To date, they have planted over 250 acres of guayusa in agroforestry systems, and continue to plant ~ 40 acres per month, all of which will mature in 2-3 years. Our technical team will expand to include 20 technicians by year 3 to reach 2,500 farmers.

Growing Distribution for Runa Products through a "Cluster" Sales Strategy

Runa is following a "cluster" strategy entering two regions and five cities (Providence, New Haven, Boston, D.C., New York) in 2011, using these hubs to expand regionally. Local tea and coffee shops have responded positively to our great tasting, healthy product and commitment to social and environmental goals. By Year 5 we aim to be in 30% of the 3,000 natural food grocers in the US, and 6% of the 21,000 of the tea and coffee shops (does not include Starbucks).

Consumer Demos and Sampling

The most effective way to attract customers is through sharing a cup of tea. Live demos and tastings will represent the majority of Runa's early marketing efforts. Our sales team and contracted sales representatives, recommended by our natural products advisor Bob Burke, will hit the streets and perform consumer demos and events in local cafés, teashops, and natural food stores. Our goal is to give samples to over 2 million people in the next five years. At Whole Foods Market, we have sold as many as 45 boxes during a 4 hour demo.

### **Challenges**

**Which barriers to employment does your innovation address?  
Please select up to three in order of relevancy to your project.**

#### **PRIMARY**

Restricted access to new markets

#### **SECONDARY**

Lack of skills/training

### **TERTIARY**

Lack of visibility and investment

**Please describe how your innovation specifically tackles the barriers listed above.**

Runa is building a market for guayusa, a native Amazon tree leaf that has been the trusted source of energy and nutrition for Amazonian indigenous groups for thousands of years. However, it had never been processed or commercially exported before Runa. In addition to creating a new market for guayusa, Runa is training farming families to reforest degraded lands with guayusa agroforestry plots, to raise their income and improve local ecosystems. Lastly, Runa is providing grants to indigenous students, entrepreneurs, and groups, to provide additional capital to local businesses and education. Runa pays an additional 15% to a Social Premium Fund that is used to support farmer initiative and local programs.

**Are you trying to scale your organization or initiative?**

**If yes, please check up to three potential pathways in order of relevancy to you.**

### **PRIMARY**

### **SECONDARY**

Enhanced existing impact through addition of complementary services

### **TERTIARY**

Influenced other organizations and institutions through the spread of best practices

**Please describe which of your growth activities are current or planned for the immediate future.**

In order to reach our goal of benefitting 5,000 farming families in 5 years, Runa will grow to provide technical assistance and direct market access in the Napo, Pastaza, Morona Santiago, Orellana, and Zamora-Chinchipec provinces of Amazonian Ecuador. Runa's support of smallholder organic agriculture and Fair Trade commercial structure are jointly designed to support the incorporation of other plant products that promote biodiversity conservation over time (examples being native Amazonian cinnamon, Amazonian lemongrass, and local hot peppers). Additionally, as part of a project funded by the Andean Development Bank that Runa is managing, Runa is transferring knowledge of agroforestry and biodiversity business to local associations, the local governments, and regional government in Napo.

**Do you collaborate with any of the following: (Check all that apply)**

Technology providers, NGOs/Nonprofits, For profit companies, Academia/universities.

**If yes, how have these collaborations helped your innovation to succeed?**

Runa has taken to heart the indigenous tradition of drinking guayusa around a communal fire, and how this shared ritual brings together people in a cohesive manner. We also recognize that the agroforestry plots we plant are ecological strong because they incorporate many species, and that organizations also find strength in diversity.

Runa incorporates a wide range of stakeholders from farmers, to government, to investors, to consumers, and these collaborations are at the core of Runa's success and creativity.

**Source URL:** <https://www.changemakers.com/economicopportunity/entries/runa-guayusa-value-chain-creation#comment-0>