KATOOMBA IV
Capturing the value of ecosystem services

“Investing for profit in Latin American Biodiversity”
Environment Funds (in Millions)

- Biodiversity (Terra Capital): US$ 15
- Sustainable Forestry: US$ 115
- Amazon Permanent Fund: US$ 150
- Clean Technologies: US$ 35-75
- Carbon: US$ 3-5
Biodiversity Sectors

- Organic agriculture
- Native species aquaculture
- Reforestation and aforestation
- Old growth forest management
- Non timber forest products
- Nature tourism
Projects Location

: Old Growth

: Planted

: Biodiversity
• Training managers in “green” business
• “Greening” academic programs
• Field schools: forestry and organic
• Reducing the “digital divide”
• Green management trainee program
• Leadership identification

www.ibens.org
Muaná Alimentos, Marajó, Pará
(Assai heart of palm and pulp)

Investment: US$1.5 MM        IRR (e): 26.6%
NTFP  Amazonian Heart of Palm - Marajó

1999 – 5th company in the sector
Sept 2000 – FSC Certification
2001 – 1st company in the sector (5% of market)
Muanã Amazon community Development Program

- Social impact: 7 municipalities = 52’000 people
- Direct 3rd party suppliers:
  - Lisboa 11 families
  - Recreio 13 families
  - Bom Jesus 12 families
  - São Sebastião 11 families
  - Mariai 9 families

- IBENS/CDI-Citizenship school (300 students/year)

Sustainable (FSC?) Harvesting of Assai Fruit & Hearts of Palm
FSO-FAZENDA SANTO ONOFRE Ltda
(organic vegetables, salads, spices)

Investment: US$ 800,000   IRR (e): 24.8%
FSO Ltda, Morungaba São Paulo, Brazil

- AAO Organic Certified
- Yearly sales: + 170% (in one year)
- 16 new 3rd party suppliers
- IBENS Technical School
- IBENS/ CDI – Computer and Citizenship School
- Future: Franchising?
FSO Ltda: Community Impacts

✓ From 80 to 150 new permanent jobs
✓ 16 new 3rd party suppliers of organic produce
✓ New permanent in house training structure:
  • 5 technicians
  • 1 agronomic engineer
✓ + 54 Organic agriculture technicians (2001)
✓ IBENS/CDI-citizenship school (120/year)
1st FSC Certified Tropical Plywood Producer

Certified area: 37,410 ha
Total Forest Reserve: 220,000 ha
Tropical humid old growth sustainable forestry

- US$ 15-35 MM Investment
- Horizon 25-50 years
- Plywood: 30,000 m³/year
- Sawnwood: 60,000 m³/year
- 800-1000 employees
- Forest reserve: 300,000 Ha
- Estimated ROE 14-20% (+50% with IPO)
Community impact

- 3rd party log suppliers (40% of total):
  - Precious Woods Amazonas  12,000 m³/year
  - Valdenor 10,000 m³/year
  - Rose 10,000 m³/year
  - Togo 5,000 m³/year
  - Toinho 5,000 m³/year

- IBENS/CDI-Citizenship school (300/year)
Amazon babassu-nut traditional kernel oil extraction

Quebradeiras Average Yield: 6%
TOBASA, Tocantins

Babassu Integral Utilization

Investment: US$1.8 MM

IRR (e): 29.7%

Epicarp (12%): Energy

Mesocarp (22%): Starch and Alcohol

Endocarp (50%): Activated Charcoal

Kernel (6%): Oil and Amid

Total Yield: 90%
Forestry based green business “in the works”

✓ Forestry based improvement of Certified RIL
✓ Forestry based ecotourism (1-5 day expeditions)
✓ Forestry based NTFP extractivist harvesting
✓ Forestry based biomass thermal energy
✓ Forestry based park management silviculture
✓ Forestry based Carbon and watershed
✓ Forestry based bio-prospecting
“Green Biz” business obstacles

✓ NBR 1: management, management, management,...
✓ Lack of working capital and mezzanine financing
✓ Survival through gov’t subsidies, tax evasion
✓ Requires enormous patience and hand-holding
✓ Needs Business Plan guidance and funding
✓ Investment needs (unwelcome) monitoring
✓ Lack of field/technicians, lawyers, certifiers
✓ No market liquidity => difficult exits
“Green Biz” Business Rewards

- Competitive financial returns
- Promoting SMEs, diversifying risk
- Important poverty alleviation and social benefits
- Tangible positive Environmental Impacts
- Strong demonstration effects (benchmarking)
- Facilitator of Private/Public Sector Partnerships
- Personally rewarding for the Management team
São Paulo, Brazil

www.a2r.com.br