

PROJECT IMPLEMENTATION REPORT

Project ID:	10219
Project Name:	Development of an enabling environment for sustainable businesses based on the native biodiversity of Ecuador
Countr(ies):	Ecuador
Implementing Agency:	CAF

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I. Overview

A. Description

Project name

Development of an enabling environment for sustainable businesses based on the native biodiversity of Ecuador

Country

Ecuador

GEF ID

10219

Implementing Agency

CAF

Executing Entity

Ministry of Environment, Water and Ecological Transition

Trust Fund

GET

Project Type

FSP

PIR Submission

9/17/2025

Fiscal Year , PIR Number

FY 2025 , 3rd PIR

Objective

To create basic conditions in Ecuador that facilitate the development of businesses that sustainably use biodiversity

B. Ratings and Disbursements

Implementation Progress

Satisfactory

Development Objective

Satisfactory

Overall risk

Low Risk

Project Financing

3,400,000.00

Cumulative Disbursement

1,870,079.98

C. Key Dates

CEO Endorsement/Approval

12/14/2021

Agency Approval

4/22/2022

Implementation Start

7/18/2022

First Disbursement

1/17/2023

Expected MTR 8/11/2025	Actual MTR
Expected Completion 11/7/2025	Actual Completion

II. PROGRESS STATUS AND ISSUES

A. Progress: Information on progress and outcomes of project implementation activities

Outcome 1: Institutional arrangements that support the development of businesses based on the sustainable use of native biodiversity. To date, the Project's actions have contributed to: agreeing on a conceptual framework for bioendeavours, filling key regulatory gaps, and building collaborative arrangements between relevant entities. Progress has been made as follows:

Regulatory and conceptual framework: Technical support was intensified for the reform of Ministerial Agreement No. 034. The new regulatory instrument—currently in the process of being formalized—incorporates key definitions such as bioendeavours and bioentrepreneurship, expanding its scope and comprehensive approach to the sustainable use of biodiversity, including a gender perspective. <https://bionegociosecuador.org/bionegocios-ecuador-concluyo-su-asistencia-en-la-actualizacion-del-acuerdo-ministerial-034/>

National Registry of Biodiversity-related Activities: A standard was developed to establish the procedure for the National Registry of Activities for the Use, Processing, Management, and Sustainable Use of Biodiversity. This standard constitutes the starting point for the development of the corresponding module in the Single Environmental Information System (SUIA-Sistema Único de Información Ambiental). <https://bionegociosecuador.org/registro-nacional-de-bionegocios/>

In parallel, work has been done to implement a support tool, the registry of commercial species. For this registry, 805 species have been processed, including 222 new species and 583 updated ones. Of these, 604 have documented uses or are in the threatened category, and 107 are endemic. Flora species predominate, followed by medicinal and food species. One hundred and twenty wildlife species summaries have been prepared (115 flora species and 5 cartilaginous fish species), including endemic, native, migratory, and exotic species, representing 40% progress toward the goal of 300 records. All this work will strengthen the Natural Heritage Catalog, which will be linked to the Registry of Use Activities module. Therefore, consolidating and updating information on species in use or threatened categories is key for more efficient and sustainable biodiversity management. To implement the national registry of biodiversity-related activities, an agreement has been signed with the Export and Investment Promotion Corporation (CORPEI). Within the framework of this alliance, a work plan and communications strategy will facilitate the gradual development of the registry. <https://bionegociosecuador.org/grupo-nucleo-construye-lineas-estrategicas-para-el-plan-de-uso-y-manejo-de-la-biodiversidad/>

Biodiversity Promotion Plan: The project supported the development of the Plan by hiring a consultant specializing in the analysis of economic and productive aspects related to biodiversity. It also contributed to the feedback processes for the Plan, which is currently under internal review by the MAATE and is scheduled for dissemination in May 2025.

Internal Bioeconomy Group: Actions have been generated that have contributed to the progressive integration of the gender perspective into internal workspaces related to bio trade and bioeconomy. Three capacity-building processes were carried out on the inclusion of a gender perspective in the development of public policy.

- **An in-person workshop** was aimed at delegates from the bioeconomy group working at the Ministry's central office.
- **Two virtual workshops** were aimed at delegates from the Ministry's various regional directorates, allowing for national coverage and broader participation.

Mortiño Management Plan in two Protected Areas: A study on the conservation status of the mortiño and the development of tools for its sustainable use began within the framework of an agreement signed between INABIO and HEIFER. Currently, the following are available:

- A baseline compiling information from recent years on the use and exploitation of the mortiño.
- Scientific research related to the species.
- Predictive modeling of its distribution and concentration.
- Identification of businesses and activities linked to the mortiño.
- Taxonomic, ecological, socioeconomic, and genetic characterization of representative populations of mortiño in the country.
- A georeferenced database with thematic maps.

Additionally, the outline of the Management Plan has been approved by the MAATE, with the aim of optimizing review times and advancing its construction.

It is important to note that this information contributes to management for the conservation and sustainable use of the mortiño.

Stakeholder coordination spaces: The project seeks to support the development of biodiversity-based businesses and value chains, improving the enabling environment through the creation of inter-institutional coordination mechanisms.

To date, the process of working with three priority value chains has begun: mortiño, palms, and ecotourism. This seeks to create a participatory process that promotes coordination among stakeholders linked to these chains, to identify weaknesses and strengths, and build a roadmap for their strengthening.

Outcome 2: Improved capacities for the development of sustainable value chains based on native biodiversity, the following progress has been made:

National registry: The project seeks to support the development and implementation of the National Registry of Biodiversity-Related Activities, in accordance with Article 246 of the Regulations to the Organic Environmental Code. This registry, administered by the MAATE and linked to the Single Environmental Information System (SUIA), must be public and will ensure transparency and access to information on bioendeavours. To date, progress has been made in the preparatory phase with the development of the terms of reference for the registry module. This work has been carried out by the Project in conjunction with technicians from the Biodiversity Directorate and SITEA of MAATE. These specifications seek to include the functional requirements for the registry design in the Biodiversity Information System (SIB). The proposals received for the consultancy contract for the development of the module are currently under review. This represents a key step prior to its development, which will take approximately eight months before its implementation of the system.

Identification of incentives: Based on the project document, which proposes a basic package of short- and long-term incentives aimed at generating business opportunities, boosting economic growth, and promoting sustainable livelihoods. The project developed a catalog based on a detailed analysis of economic and non-economic incentives. The identified incentives cover both tax and non-tax aspects, expanding the scope of support available for the sector's sustainable development.

Communication campaigns: Based on the conceptual definitions established in the Ministerial resolution proposal AM034 and the results of the incentive consultancy, materials are being prepared to begin the dissemination campaign on the conceptual basis of bioendeavours and their guidelines, targeting different key audiences. This awareness-raising campaign will launch the campaign's actions to promote registration in the National Bioendeavours Registry. As part of the organic campaign to promote bioendeavours, various events have been held and resources have been created to disseminate progress, as well as promotional and institutional image materials to generate awareness among the entities participating in the project.

Strengthening Bioendeavours: To contribute to improving the knowledge of key stakeholders in the bioendeavours ecosystem, the 1st International Bio Trade Seminar was held in the city of Tena in partnership with the Amazonian University (IKIAM). The event was attended by more than 300 people over the two days (<https://www.bionegociosecuador.org/1-er-seminario-de-biocomercio/>).

Additionally, in coordination with the Universidad Técnica Particular de Loja, the discussion 'Building Financial Bridges for the Conservation of Biodiversity and its Local Communities' was held in Loja, with the participation of 80 people.

Seed capital allocations for businesses based on native biodiversity:

- In coordination with the company contracted to operate the competition, a comprehensive communications strategy was implemented. The call for proposals began in September 2024 with national reach, attracting more than 300 applicants, and was disseminated through the official Heifer Ecuador accounts and strategic partners. <https://bionegociosecuador.org/la-innovacion-en-bionegocios-recibe-un-fuerte-impulso-con-la-entrega-de-capital-semilla-a-25-iniciativas-sostenibles/>
- The application validation and evaluation process were carried out in three stages by a jury, comprised of representatives from public and private institutions, academies, and experts in various fields. The result: 119 proposals entered the competition, of which 61 were reviewed by the First-tier jury to move on to the training phase. The Second-tier jury then scored the 35 best projects, which then went on to final evaluation.
- The Third-tier jury selected the 25 winning projects that will receive the funding. It is noteworthy that among the winners, 9 businesses are led by men and 15 by women, demonstrating the contest's affirmative action initiatives aimed at promoting gender equality in the business world and highlighting the important role women play in the development of bioendeavours.
- The winners are in the provinces of Azuay, Cañar, Chimborazo, Cotopaxi, Imbabura, Loja, Manabí, Morona Santiago, Napo, Orellana, Pastaza, Pichincha, Tungurahua, and Zamora Chinchipe.
- They represent businesses in the following sectors: food and beverages (14), ecotourism services (5), natural fibers and handicrafts (1), and others (4). The most representative species used in bioendeavours are: tagua, native bees, Andean camelids, Andean tubers, crickets, and guayusa.
- The winners will also receive technical support and follow-up during the investment plan execution process, with a view to making the most of the seed capital.
- The winning businesses of the Seed Fund competition (25) participated in the awards ceremony held on March 28 in Quito.

Outcome 3. Financial mechanisms and instruments in support of business ventures based on the sustainable use of native biodiversity, the following progress has been made:

Significant progress has been made in the design, structuring, and validation of financial mechanisms and instruments aimed at business initiatives that promote the sustainable use of native biodiversity in Ecuador. These advances are framed within four strategic axes:

- Design of specialized financial products: Progress was made in building the profile of a financial product for bioendeavours in partnership with Banco Pichincha, leveraging its access to CAF resources for sustainable financing. Key instruments were developed, such as:
 - o Bioendeavours evaluation form that includes technical eligibility and exclusion criteria, as well as financing destinations linked to good practices.
 - o Structuring of a technical operating document for the financial product, describing the credit conditions, evaluation procedures, governance mechanisms, and the loan reporting model.
 - o Framework cooperation agreement with Fundación Heifer Ecuador, which establishes the bases for coordination for technical assistance, methodological support, and territorial integration of the financial product.
 - Institutional alignment and pilot: A strategic alliance was consolidated with BanEcuador to develop a pilot credit product focused on Amazonian bioendeavours. The following were agreed upon:
 - o Provision of specialized technical assistance for the design of the product and its operational mechanisms.
 - o Development of an implementation roadmap, with phases, responsible parties, and a defined timeline.
 - o Signing of a Non-Disclosure Agreement (NDA) that formalizes the institutional commitment to the secure exchange of information.
 - o Commitment from BanEcuador to allocate resources to the pilot phase, including the development of internal criteria and evaluation mechanisms aligned with the bioendeavours form.
 - Planning and traceability tools: Specific operational roadmaps were developed for Banco Pichincha and BanEcuador, defining the activities, timelines, responsible parties, and tools required to pilot, evaluate, and scale financial products. These tools ensure strategic planning, rigorous technical monitoring, and effective traceability of loan placements for sustainable bioendeavours.
 - Capacity building and knowledge management: The project's training modules (in-person and online) were reviewed and adjusted, targeting technical teams from financial institutions, addressing key topics such as:
 - o Bioeconomy, biodiversity, and ecosystem services.
 - o Project evaluation and application of the bioendeavours form.
 - o Applicable environmental regulations and institutional guidelines.
 - o Success stories and financial sustainability tools.
- These efforts ensure that participating institutions have the technical and conceptual capabilities to identify, evaluate, and finance bioendeavours with a focus on sustainability, inclusion, and resilience.

Outcome 4: Optimized demonstration sustainable supply chains, the Project's actions have emphasized improving companies' management capacity to ensure their sustainability. In this regard, the following progress has been made:

Wikiri-Oophaga S.A.

The company has improved its production and marketing capacity through the following actions:

- **Design and development of the pilot website:** Support was provided in the creation of visual resources and in the development and implementation of this bioendeavours 's website. This consisted of an information platform that also integrates a reservation system, Ticket purchases, and products from its online souvenir shop, which is supporting increased sales and visits. <https://wikiri.com.ec/>
- **Cricket farm upgrade:** All requirements defined by the pilot for this process were met, including the provision of ironmongery materials, installation of polyurethane panels, windows, doors, countertops, and stainless steel accessories.

Ethniessence:

The company has improved its product and production process through the following actions:

- **Packaging for new products:** Support was provided for contracting the development of packaging for three new products that the company will market.
- **Marketing plan:** Support was provided with advice for the development of the company's marketing plan, and support was provided for contracting a digital marketing strategy to update the company's social media accounts and implement a relaunch campaign, with the goal of boosting sales through its digital channels.
- **Machinery:** A lupin peeling machine was provided to the supplier, COOPGRANACH. This optimizes the peeling time, resulting in a reduction in costs for the supplier, while ensuring product delivery in the quantities required by the company.
 - o A vacuum fryer has been imported and provisionally delivered to Ethniessence. The machine has not been put into operation due to a disagreement between the machine supplier and the participating company, which the project is working to resolve.

COPROBICH:

The corporation's families have received the post-pandemic recovery package, which has helped improve their guinea pig production capacity at home.

Furthermore, the company has managed to maintain its organically certified quinoa production and thus retain its customer base in the European market. The Project, together with the corporation's technical staff, has confirmed the need to update the technological application for recording plot production. Significant progress has been made in the development of the GIS-type PWA web application for COPROBICH, a key tool for maintaining, updating, and generating reports on the record of plots for certification. This platform will optimize the management of georeferenced data, improving efficiency in monitoring and traceability.

SUMAK MIKUY:

UNORCAC- La Unión de Organizaciones Campesinas de Cotacachi and the management of Sumak Mikuy have continued to receive advice from the Project for the implementation of the company's comprehensive strengthening plan. The commitments made by UNORCAC and the company were not fulfilled as agreed. The Project has held working meetings with the organization's new leadership to define the course of action with this company.

In summary, it can be stated that the main progress toward improving the enabling conditions for the development of businesses based on native biodiversity in Ecuador has occurred in three key areas. The first is the creation of important policy and regulatory instruments that establish a conceptual framework that provides clarity on the activities that will be recognized as bioendeavours by the Environmental Authority; as well as having a medium-term course of action agreed upon by public and private sector stakeholders in the form of the National Plan for the Use of Biodiversity within the framework of Bio Trade. The second is the boost to innovation that the Project is providing to bioendeavours through the allocation of seed capital; in this regard, 25 companies from different regions of the country have been selected from among more than 200 to receive resources and technical assistance. The third is also related to access to financing and concerns the

availability of credit resources for bioendeavours through the Banco de Pichincha. The Project has jointly defined, with the Bank and the Environmental Authority, the eligibility criteria for businesses and the procedure that will facilitate their placement in the coming months.

B. Challenges: Information on challenges of project implementation activities

During this period, significant challenges have arisen, which have been overcome through various strategies. Below is a breakdown of the most significant:

Changes in the technical teams and authorities of the public institutions involved, as well as the need to wait for decisions regarding the formation of inter-institutional forums, have influenced the pace of progress of some activities, especially those related to the coordination of the internal bioeconomy group and the formation of the inter-agency group.

The process of developing public policy, particularly in relation to the reform of the Ministerial Agreement for the Promotion of Bioentrepreneurship, has been complex and lengthy. This situation has limited the availability of clear and consolidated definitions of bioendeavours, which has influenced the coordination of concrete actions and the generation of operational guidelines. However, spaces for dialogue and coordination have been opened that allow for progress in positioning the bioendeavours approach.

The operation of the seed capital fund for bioendeavours demonstrated the need to verify prerequisites for the delivery of resources to the winners to minimize any risk of mismanagement. To this end, agreements were signed, and a due diligence process was conducted for each of the winning bioendeavours.

The implementation process of financial mechanisms for bioendeavours demonstrates that coordination with committed institutions, the participatory development of technical eligibility criteria and road maps, as well as ongoing and adaptive technical assistance, are determining factors for moving toward effective and sustainable financial products. This experience highlights the importance of training financial staff and ensuring formal cooperation frameworks to build institutional trust. Furthermore, these experiences will allow for the validation and adjustment of instruments in the field, laying solid foundations for their national scaling and ensuring the genuine channeling of resources toward business initiatives that promote the sustainable use of native biodiversity. During the initial training activities for financial institution staff, there was little response, so the project intensified and diversified the channels for promoting training events. This led to the achievement of the desired participation rates.

Regarding the work with the pilot companies, there were difficulties in ensuring the sustainability of investments with associative companies. Both COPROBICH and Sumak Mikuy held board elections, which slowed down implementation. In the case of COPROBICH, the organization expressed concerns about ensuring the management of local permits for the biofactory's civil works. Discussions have been held with the board to ensure these conditions are met. With Sumak Mikuy, however, weaknesses have been found in management and compliance with commitments regarding the milestones established in the letter of agreement. Consequently, dialogues have also been initiated with the new leaders, thanks to which support for producers of native biodiversity has been prioritized over investments in the company.

Meanwhile, reaching an agreement with the Ethniessense company for the receipt and commissioning of a requested vacuum fryer has been a significant challenge. There is a conflict of opinions between the machine supplier and the company regarding production capacity. This is exacerbated by the non-compliance with electricity supply conditions and operating procedures. The Project has agreed with the parties to an evaluation of the machine with independent experts.

A critical challenge for the Project is to consolidate the actions it is developing in the time remaining until its completion. In this regard, the 'execution agreement' signed between CAF and Heifer establishes closure in the fourth year. However, the main results of the Project will require additional time to consolidate. In this regard, the creation of the National Registry on the MAATE information platform entails a testing period and data migration, activities that would be more feasible with the support of the Project. Similarly, the development and scaling of credit placement in bioendeavours will require additional support from the Project. To consolidate the Project's results, an extension of twelve additional months is proposed without additional resources beyond those allocated to the Project.

C. Stakeholder Engagement

During this period, joint work with MAATE has focused on developing and strengthening regulations related to the sustainable use of biodiversity, also advancing strategic processes such as the national registry of biodiversity use, management, and exploitation activities that support the conservation and responsible use of biological resources. In addition, support has been provided for the development of the National Biodiversity Use Plan and the update of the Action Plan for the Conservation of Amphibians in Ecuador (<https://bionegociosecuador.org/ecuador-actualiza-su-plan-de-accion-para-la-conservacion-de-anfibios/>). The later is emerging as a technical-legal document aimed at implementing five strategic lines, including the in situ and ex situ management of this group of priority species for the country. The broad involvement of actors directly and indirectly linked to the promotion of bioendeavours in the development of the instruments and regulations has been notable and sustained.

Regarding the Internal Bioeconomy Group, the process of strengthening capacities to mainstream the gender approach into public policy continued. Likewise, intersectoral working spaces were created between MAATE and Agrocalidad to identify joint actions for the organic certification process for wild-harvested species. At the same time, a coordination process was initiated with the Bio Trade Program at the Amazonian University (IKIAM), with whom the First International Bio Trade Seminar was organized. This event brought together nearly 200 participants and provided a space for knowledge exchange and capacity building on topics such as regulations, quality infrastructure, and traditional knowledge linked to Bio Trade.

Likewise, in partnership with IICA, within the framework of its Sacha Ñawi project—a joint initiative of IICA, MAATE, INIAP, and the GEF—a territorial work process has been initiated in the province of Imbabura, focused on the conservation and sustainable management of the mortiño, an emblematic species of high cultural and ecological value, with the aim of coordinating actions for its protection and responsible use. At the same time, the consultancy project for strengthening mortiño cultivation has been successfully completed, yielding results that will contribute to its sustainability. Furthermore, ongoing agrobusiness support is underway, aiming to strengthen the productive and commercial capacities of associated farmers with a view to obtaining certifications and BPAs.

D. Gender Equality

Significant progress has been made in disseminating the assessment on women's participation through meetings and dialogue spaces that have allowed for the validation and enrichment of the findings with various stakeholders, including the pilot projects. Within this framework, the documents containing the main results and recommendations are currently being reviewed and finalized, with a view to their imminent dissemination.

Work has also been done to strengthen institutional capacities, providing technical support to the SNAP Gender Action Plan, with the goal of incorporating a gender perspective across all sectors. Furthermore, the

webinar 'Women and Sustainability: Challenges and Opportunities in Sustainable Businesses' was held, creating a space for reflection and dialogue on the role of women in sustainable economic initiatives, highlighting good practices and challenges for their full and equal participation.

As part of the process of strengthening women's savings groups, the second period of workshops has begun, leading up to the second national meeting of savings banks. This new cycle began with a workshop on savings accounts, aimed at the UNORCAC women's group. The goal was to deepen their knowledge and strengthen their capacities in community financial management, promoting economic autonomy and collective organization from a gender perspective.

E. Knowledge Management

The Project has managed knowledge in various ways, as outlined below:

On the one hand, it has contributed to the creation of a common conceptual framework as a starting point for reaching agreements on measures to promote biodiversity-based businesses. This framework was developed in a participatory manner, involving stakeholders from the public, private, and third sectors in various consultation spaces. This knowledge, shared within a representative circle of stakeholders, will be widely disseminated once it is formalized by the Environmental Authority through Ministerial Agreement 034. This framework is a basic input for the creation of the national bioendeavours registry as a fundamental information platform for public management to promote this type of business. The database is currently being updated, and this management is being implemented through a partnership with the Export and Investment Promotion Corporation. At the same time, the registry's information structure will allow for the collection of strategic information that will provide feedback to partner financial institutions on financing opportunities that promote businesses based on native biodiversity and that implement sustainable practices.

Furthermore, valuable experiences have been gathered regarding the operation of savings accounts for productive purposes in Ecuador and their applicability to businesses based on native biodiversity. The project will develop a guideline, which will also be developed with the input of key stakeholders and subsequently disseminated through a specific strategy.

Additionally, the project has held several opportunities to share valuable information related to a diverse range of topics related to the sustainable development of bioendeavours. In this regard, webinars and discussion groups have been organized to address issues related to biodiversity and gender financing. Regarding knowledge management activities from a communications perspective, and with the aim of creating an environment for learning and collaboration with Bionegocios Ecuador's network of partners and stakeholders, several actions were carried out in FY25 to identify, collect, organize, store, and share the knowledge generated by the implementing team regarding project implementation.

III: Minor Amendments

CONTEXT	
Result Framework	
Components and Cost	

Institutional And Implementation Arrangements	
Financial Management	
Implementation Schedule	
Executing Entity	
Executing Entity Category	
Minor Project Objective Change	
Safeguards	
Risk Analysis	
Increase of GEF Financing up to 5%	
Co-Financing	
Location of Project Activity	
others	

IV: Geographic Coordinates of Project Activities

Location Name	Latitude	Longitude	GeoName ID
Pichincha	-0.17857	-78.59676	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Cotopaxi	-0.712399	-78.441901	

Location Description:

Activity Description:

Location Name	Latitude	Longitude	GeoName ID
Chimborazo	-1.475222	-78.832905	

Location Description:

Activity Description:

V. ANNEX

Uploaded Document

Document Category	Title
M and E Document	Annual report PIR 2025
