

# Ecoflora

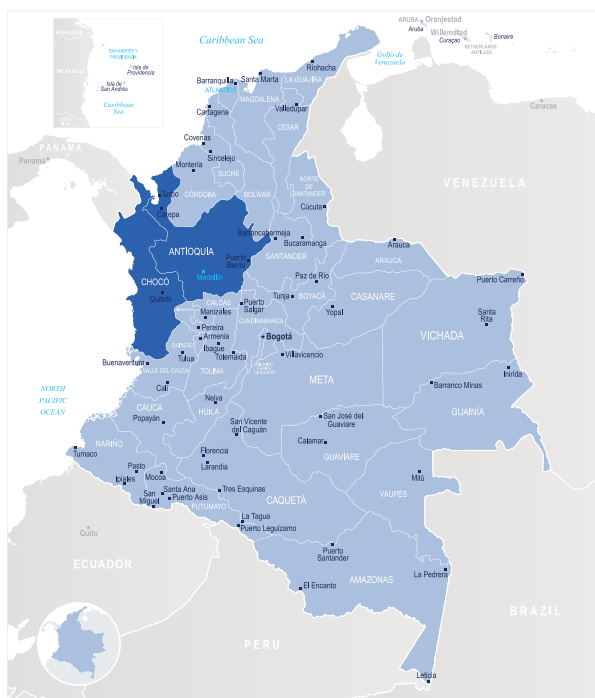
## Case Study



# Introduction

## About Ecoflora

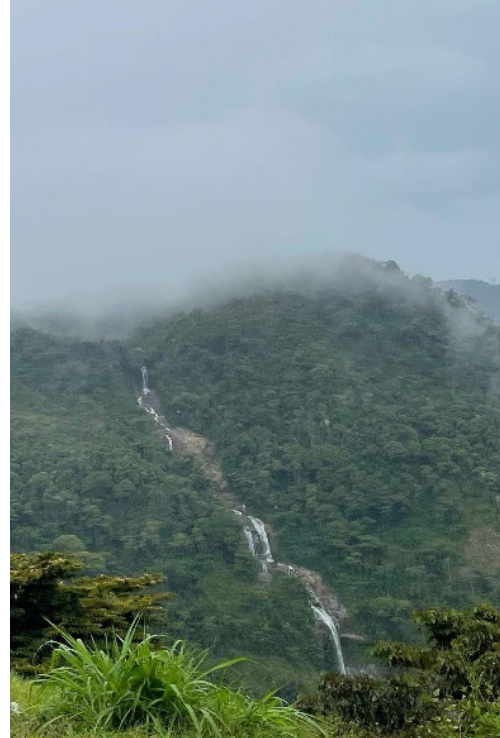
Founded in 1998 by Nicolás Cock as a family-owned and operated flower-growing business, Ecoflora has since transformed into a pioneer biotech company in Colombia, developing innovative natural color technologies for the food and beverage, personal care, cosmetics, and petfood industries, focusing on creating practical, effective, and sustainable alternatives to the largely artificial products currently in the global market. Blue is one of the rarest colors in nature, and Ecoflora has formulated and patented the biotechnology and process to produce Jagua Blue, a natural blue colorant extracted from the jagua fruit (*Genipa Americana*), which comes from a native tropical tree growing naturally in the wild in South and Central American rainforests.



Ecoflora is headquartered in Medellín, Colombia, the capital of the northwest region of Antioquia, with its manufacturing plant just outside the city. Ecoflora's CEO Sandra Zapata grew up in the nearby Chocó, one of the poorest Departments of Colombia, with coastlines on both the Pacific and Atlantic Oceans and very rich tropical rainforests. From a very young age, Sandra knew she wanted to use her passion for science to harness the power of the jungle to help bring economic growth and education to communities like her own. Indigenous communities in Chocó, the Amazon and the rest of Colombia, have been using jagua (or Huito) for centuries to make blue temporary tattoos and sunscreen and in ceremonies. Thus in realizing the world's need for a natural and safe blue colorant, Sandra worked with Ecoflora's founder Nicolás, an entrepreneur originally trained as a civil engineer, to develop a new product from the jagua fruit that no longer dyes the skin blue and is safe for human consumption. Ecoflora initially began working with communities in Chocó to harvest jagua already growing in the wild.

After ten years of rigorous research and development, Ecoflora's Jagua Blue has received technical approval from the [Joint FAO/WHO Expert Committee on Food Additives](#) (JECFA) for Codex Alimentarius certification, and the process for [US Food and Drug Administration](#) (FDA) approval is in its last stage. These approvals will enable Jagua Blue to be accessible to significantly larger international markets, which will necessitate the need to expand production to meet growing global demand. Today, with 103 hectares currently under sustainable management, Ecoflora sources jagua primarily from existing wild trees located in several indigenous, Afro-Colombian, and forcibly displaced rural communities within Colombia, in addition to some new jagua plantations, the first planned crop implemented a year ago. Ecoflora is heavily focused on creating substantive social and environmental impact through its production of Jagua Blue; Sandra sees these two aspects of impact as inextricably intertwined. Ecoflora is a member of the [Union for Ethical Bio Trade](#) (UEBT), a nonprofit that ensures Ecoflora's sourcing of jagua is sustainable and respectful of the region's biodiversity and people. UEBT requires its members to equitably share the commercial benefits of sourcing crops with the communities from which it derives the raw materials. For smallholder farmers harvesting the wild jagua

on their land, there is the obvious economic benefit that they receive from having an income they hadn't previously, and many are able to find new economic opportunities and a dependable livelihood. The impact Ecoflora has already had in their lives is profound: "Ecoflora saved our lives [during the Pandemic]", said Don Horacio, and for another farmer Edison, "Jagua gave me the opportunity to start my life again." In addition to giving farmers new income, increasing jagua production will also necessitate improved infrastructure in the region, as the jagua crops will need to be transported; most of those harvesting the fruit are located in remote, isolated areas, often without decent roads. Growing demand will require better roads which will bring additional economic and social benefits to communities in the region. Ecoflora is also working with local schools to begin integrating a social program, in addition to constructing a women's empowerment program in partnership with [Fundación Mi Sangre](#) for women jagua farmers, as the Foundation has many years of experience creating such programs in Colombia for women and girls.



Ecoflora's plans for jagua tree plantations are a solution to not only carbon dioxide offsetting but also controlling deforestation and reducing extensive cattle breeding. Jagua planting reduces carbon dioxide emissions and restores the soil in areas affected by cattle ranching and the growing of other crops. Most of the land planted with jagua had nothing on it before; jagua planting partially substitutes cattle breeding in the region and simultaneously preserves the rainforest. Beyond the additional direct and indirect jobs created by the expansion of jagua crops and the stable income provided, jagua suppliers are also financially compensated for preventing deforestation through the Payments for Conservation (PSA) program. Ecoflora takes great care to ensure that these payments are true commitments from the growers to care for the land, having [Cornare](#), a Colombian environmental authority, annually verify the growers' commitments.

For Sandra, Ecoflora's impact is not just bringing a natural blue dye to the world or preventing deforestation or providing economic and social benefits to the region, but the fact that all of these benefits are linked together through growing and cultivating jagua. Ecoflora has managed to plant 49,990 trees, reforesting 103 hectares, and by doing so, truly help families. Jagua encompasses all aspects of Ecoflora's impact, "bringing something healthy to the world," said Sandra, "bringing well-being to the world, bringing health, bringing life."



## SEAF Colombia Agribusiness Fund (SCAF) and Ecoflora

The SEAF Colombia Agribusiness Fund (SCAF) promotes rural economic growth in marginalized areas of Colombia. The Activity was formed through a partnership between the [United States Agency for International Development](#) (USAID) and SEAF. As only two percent of Colombia's foreign direct investment goes into agriculture, the country's agricultural sector has the weakest growth in Latin America. However, a quarter of Colombia's population resides in rural communities, and an

improved agriculture sector is key to advancing peace, stability, and equitable development. SCAF improves the lives of people in the rural Colombian regions by fostering employment and improving income, investing in fast-growing, small and medium-sized enterprises. SCAF's investment in Ecoflora comprises funds from Colombian investors, a US grant from USAID—with which SEAF has a long-standing global partnership—and DFA financing facilities.

## SEAF's Impact Process

SEAF began investing in Ecoflora as part of SCAF in late 2021, seeking returns on three fronts: the continued development of Ecoflora's innovative biotechnology for accelerated financial growth; the social impact derived from Ecoflora's value chain; and the environmental impact created in the region which combats climate change. SEAF's investment will allow Ecoflora to expand its production to meet the growing demand that will come with obtaining regulatory approvals and market expansion.



SEAF's impact process is designed to fully understand a company's current and potential social and/or environmental impact and how SEAF's investment can contribute to its improvement. The process and tools have been developed by internal and external research and adheres to several global frameworks and standards. SEAF uses two proprietary tools in its

initial assessment of a company like Ecoflora's impact in order to ensure a rigorous impact analysis: the Gender Equality Scorecard (GES©) and the SEAF Impact Scorecard (SIS©). SEAF incorporates these tools into our due diligence process with all of our companies in order to signal the importance that impact plays in our investment decisions.

SEAF's GES© is a proprietary screening tool to assess women's economic empowerment and gender equality within investment opportunities and portfolio companies. The tool looks at different vectors within a company such as pay equity, benefits and professional development, gender-diverse leadership, and governance, among others.

● Hypothetical company scoring

5 = Role Model

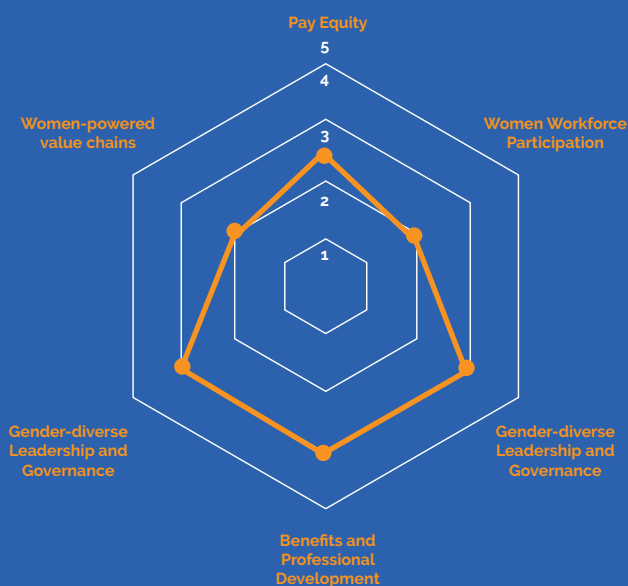
4 = Advancing to Role Model

3 = Getting There

2 = More Work to Do

1 = We Need to Talk

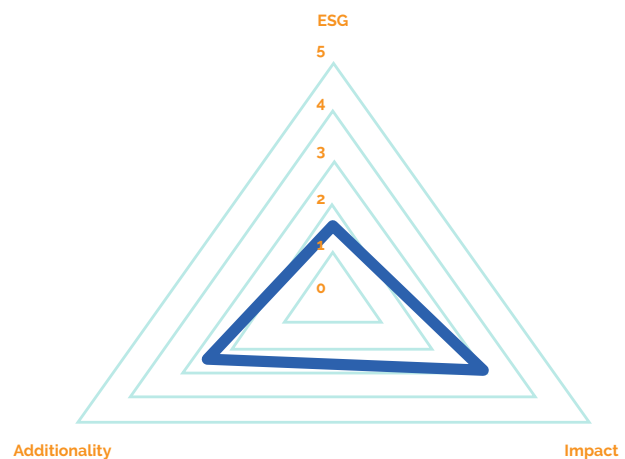
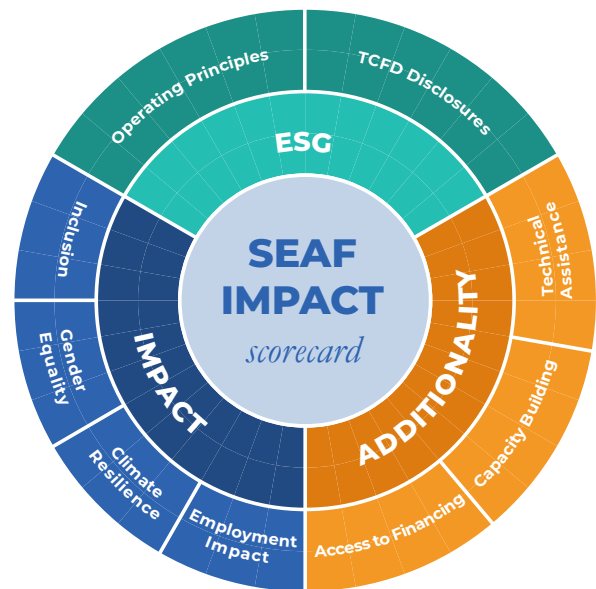
### SEAF Gender Equality Average Rating: 3.5



The SIS© is a comprehensive measurement tool that assesses investments and companies according to ESG, impact, and investment additionality and integrates these findings and financial considerations into the due diligence process. The SIS© is the foundation for creating an action plan for a company's first 100 days to maximize its impact, as well as initiating SEAF's investment process by establishing a company's baseline metrics and identifying its impact performance improvement areas. In addition to these specific metrics, the SEAF team also monitors yearly revenue growth as well as disaggregated job creation data.

Applying the SIS© is the first step in determining a company's singular impact focus and selecting the appropriate indicators to monitor it going forward. The SIS© is not designed as a pass/fail assessment requiring companies to obtain a high score in each area. Instead, it identifies where a company can improve its impact and the most relevant way to do so according to each company's specific activities, resources, and SEAF's contributions.

During the due diligence phase of engaging with Ecoflora, the SEAF HQ team worked closely with the SEAF and Ecoflora team in Colombia in implementing both the GES© and SIS©. The work with Ecoflora was done with its CEO Sandra Zapata to identify the company's main impact areas and the company-specific metrics that will be tracked to monitor Ecoflora's impact. Ecoflora's expansion is closely tied to its social impact outcomes. In this sense, the additional income farmers receive from harvesting jagua, as discussed above, was identified by farmers as a main benefit. Therefore, the company keeps close track of the number of farmers they work with as well as total beneficiaries of the company.



Ecoflora also has a strong environmental presence through its core activities. After understanding the operations of Ecoflora and how the jagua tree benefits the environment, it was clear that the team would track the number of jagua trees planted and the extension of the land under this sustainable management as important metrics.

In addition to identifying metrics, SEAF's Impact Team works closely with investment officers to analyze the GES© and SIS© information and identify areas where the company could receive support to improve their impact. Due to our process's holistic nature, SEAF's team is able to assess the different aspects of a company like Ecoflora and therefore prioritize those areas where impact would benefit most from support.

## Conclusion

Impact is central to SEAF's investment activities. By embedding it into our due diligence process, we can ensure that we are looking at companies thoroughly, assessing all angles of their current and potential future impact. The tools that we have developed as part of this process enable us to identify those areas in which our support could be the most beneficial to our investees. Utilizing our impact due diligence when working closely with companies like Ecoflora allows our Impact Team to truly understand the companies that we work with and how they contribute to their communities and the environment.

When asked about why she partnered with SEAF, Ecoflora's CEO Sandra Zapata said, "We fit perfectly...it is not only the investment, because we are going to have a lot of profitability...but because we can make a positive impact on the world. So I believe that an investor who is aligned with the company's dreams, with the dreams of its partners, is the key to achieving it." Sandra values SEAF's commitment to investing with a gender and impact lens, which aligns with her own passion, as Ecoflora employs many women, all in managerial positions. SEAF and Ecoflora are both focused on improving impact through day-to-day actions to achieve a more just and equitable world, and it is this shared passion and commitment for what can be achieved together in the future that makes SEAF the perfect investment partner for Ecoflora, because, as Sandra puts it, "I know that the impact can be much greater, not only in Chocó, but in many more regions in Colombia."

