

PROJECT STATUS REPORT

JULY 2018 - DECEMBER 2018

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Introducing a Natural Capital Asset Class in Global Exchange Markets: The Central Suriname Nature Reserve Bond

Project Number: SU-T1096 - Project Num.: ATN/ME-16551-SU

Purpose: Creation of a green sovereign wealth fund for the government and people of Suriname, creating a capital flow to invest in protection of rainforest habitats, capitalize a sustainable economy, combat climate change and create a shared national asset for country and individual wealth creation

Country Admin

SURINAME

Country Beneficiary

SURINAME

Executing Agency:

Intrinsic Value Exchange

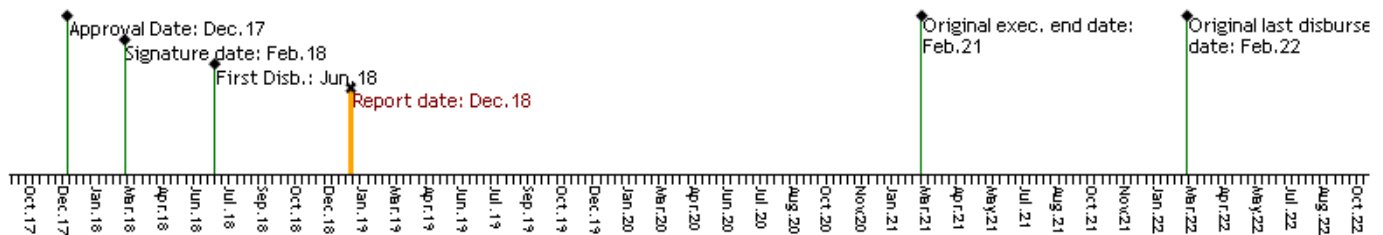
Design Team Leader:

VASHTIE DOOKIESINGH

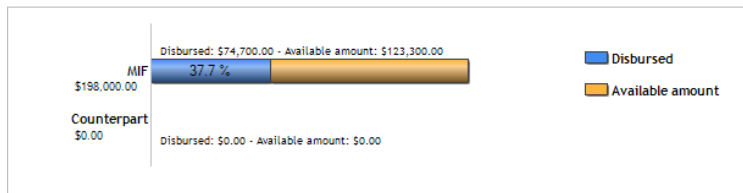
Supervision Team Leader:

VASHTIE DOOKIESINGH

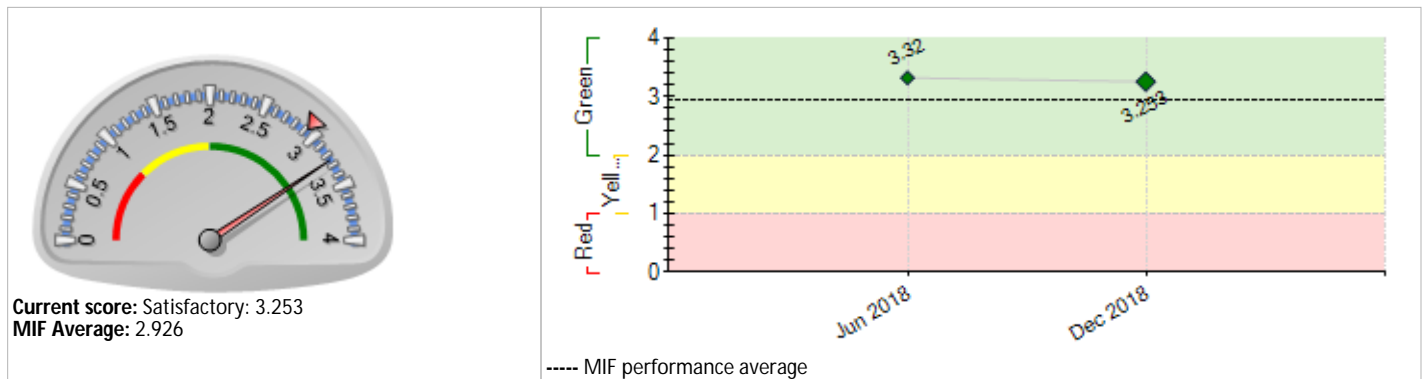
PROJECT CYCLE



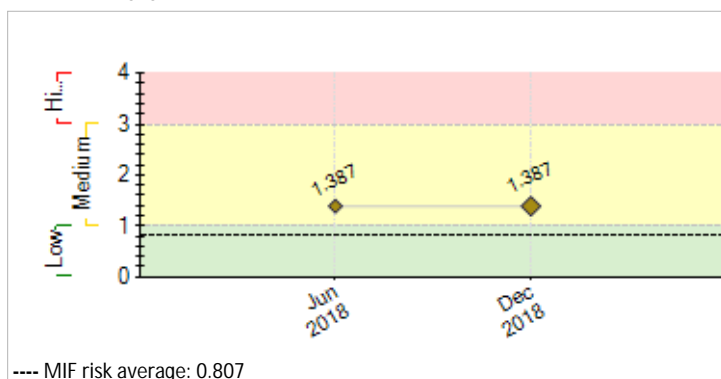
FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS



INSTITUTIONAL CAPACITY

Risk

Financial Management: High

Procurement: 0

Technical Capacity: Medium

SECTION 2: PERFORMANCE

Summary of project performance since inception

Please refer to the semester summary below as this was the first period that work began.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

During the period, July 2018 to December 2018, IVE contracted Earth Economics to draft an environmental and social management system (ESMS) report for the IVE project in Suriname. In this time frame, Earth Economics researched various best practice guidelines for ESMS's and prepared an outline of the ESMS report. The outline was reviewed by IDBs Lead Officer ES&G (Ernani Pilla) and input was received to guide its development. The intent of the ESMS is provide a framework to assess environmental and social risks and outline mitigation measures for the future activities conducted by IVE. Sections of the ESMS were drafted in this semester, including the a risk assessment framework, which has two primary components; 1). An environmental and social risk identification questionnaire, and, 2). a stockholder consultation process. Unlike typical development projects with know activities and potential impacts, the specific activities of IVE in Suriname are yet to be defined (whether it will be ecotourism, water provisioning or REDD+, or all of the above), making the ESMS development slightly more challenging. With this in mind, the framework is being designed to be transferable, allowing IVE to pursue a variety of market development projects while applying a consistent tool to measure a projects potential environmental and social risks. In the next semester, the remaining sections of the ESMS report will be fleshed out.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

SECTION 3: INDICATORS AND MILESTONES

	Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Goal: The primary objective of the project is to value/price the natural assets of the Central Suriname Nature Reserve and to convert this value to financial capital using the tools and exchange mechanism of Intrinsic Value Exchange	I.1 Minimum Capitalization of the CSNR Corporation (either in the form of equity or debt private placements)	0				10000000 Jan 2024	0	
	I.2 CSNR revenue from monetized eco system services	0				5000001 Jan 2024	0	
	I.3 CSNR Corporation has reached operational break even - measured as zero operational loss by year 5	0				1 Jan 2024	0	
Purpose: Creation of a green sovereign wealth fund for the government and people of Suriname, creating a capital flow to invest in protection of rainforest habitats, capitalize a sustainable economy, combat climate change and create a shared national asset for country and individual wealth creation	R.1 Revenue generated through monetizable ecosystem services	0 Mar 2018	4130000 Jan 2021	5820000 Jan 2022	8650000 Jan 2023	11600000 Jan 2024	0	
	R.2 Revenue Generated by currently unmonetizable natural assets and ecosystem services	0 Jan 2019	6900000 Jan 2020	29100000 Jan 2022	43250000 Jan 2023	58000000 Jan 2024	0	
	R.3 Revenue generated by internalized dividends	0 Jan 2019	48000000 Jan 2023			80000000 Jan 2024	0	
	R.4 Capital formation : investment value prior to IPO	0 Jan 2019				2000000 Jan 2021	0	
	R.5 Capital formation: non monetized eco system services valuation	0 Feb 2018	400000000 Jan 2022	960000000 Jan 2023		1600000000 Jan 2024	0	
	R.6 Capital formation: IPO proceeds	0 Feb 2018				80000000 Jan 2022	0	
	R.7 Capital formation: stakeholder capital	0 Feb 2018	400000000 Jan 2022	1008000000 Jan 2023		1680000000 Jan 2024	0	
	R.8 Tons of CO2 saved through land use conservation, carbon storage and forestation (cumulative)	200000000 Jan 2021	400000000 Jan 2022	600000000 Jan 2023		900000000 Jan 2024	0	
	R.9 Creation or direct support of jobs in Central Suriname Nature Reserve (cumulative)	0 Feb 2018	50 Jan 2021	100 Jan 2023		300 Jan 2024	0	
	R.10 Indirect jobs supported in supply chains or service providers (cumulative)	0 Feb 2018	1000 Jan 2021	3000 Jan 2022	5000 Jan 2023	10000 Jan 2024	0	
	R.11 Hectares under sustainable management (cumulative)	0 Feb 2018	800000 Jan 2022	1200000 Jan 2023		1600000 Jan 2024	0	
	R.12 % of enterprises within the project operating on a commercially viable basis	10 Feb 2018	20 Jan 2022			30 Jan 2024	0	
	R.13 % of community members engaged in productive activities that are men	90 Feb 2018	75 Jan 2022			65 Jan 2024	0	
	R.14 % of community members engaged in productive activities that are women	10 Feb 2018	25 Jan 2022			35 Jan 2024	0	
Component 1: Formation of Governance Structure and CSNR Company	C1.I1 Establishment of CSNR company	0				1 Aug 2020		

Weight: 10%
Classification: Satisfactory

Component 2: Valuation and Assignment of Natural Assets/ Closing of Natural Capital Deals /Investor Relations

Weight: 20%

Classification: Satisfactory

Component 3: Financial Structuring of the Initial Public Offering

Weight: 65%

Classification: Satisfactory

Component 4: Institutional Strengthening and Environmental and Social Management System Development

Weight: 5%

Classification: Satisfactory

C2.11	Economic Valuation of Natural Capital Assets completed	0				1		
						Nov 2020		
C3.11	Launch of IPO	0				1		
						Aug 2021		
C4.11	Environmental and Social Safeguards System designed	0				1		
						Mar 2022		

Milestones		Planned	Due Date	Achieved	Date of achievement	Status
M1	Conditions Prior	8	Aug 2018	8	Jun 2018	Achieved

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Delays in fulfilling the contract terms

SECTION 4: RISKS

MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE

	Level	Mitigation action	Responsible
1. External Risks: International Investors do not accept viability of new asset class	Medium	That said, the success of a spate of new assets coming to market with far less intrinsic and far more speculative values, crypto currencies for example, would suggest a viable pathway for an asset class that enjoys general acknowledgment of perceived value.	Project Guest
2. Execution Risk: Potential Conflict of Interest: The Intrinsic Value Exchange (IVE) and related companies, as specialists in an emerging field, will be providing services to the project. IVE is the operator of the exchange and related companies may provide other services, including but not limited to financial advisory, investment banking, and management consulting or direct participation in the management team and or boards.	Medium	To ensure that conflicts of interest are avoided, governance structures will be built to ensure resolution of conflicts of interest. When completed, MIF will review this conflict of interest policy. In all cases, each service provider/company will be a separate legal entity. At a minimum, any potential conflicts of interest will be disclosed and where prohibited, certain services or roles of coincident management will be avoided entirely.	Project Guest
3. Institutional Risk: The Diagnostic Needs Assessment of the Intrinsic Value Exchange suggest low experience and capacity for fiduciary management of the project	Medium	Funding has been budgeted under Component 4 to strengthen IVE's capacity for management of procurement and project finances in accordance with required policies and procedures of the IDBG. In addition IDB will also contract independent auditors to carry out ex-post reviews of procurement processes and of supporting documentation for disbursements. Ex-post reviews will include an analysis of the Financial Statements that the EA will prepare annually as part of its financial management. These additional resources will provide IVE with the training and oversight required to comply with IDB/MIF policy and procedures.	Project Guest

PROJECT RISK LEVEL: Medium **TOTAL NUMBER OF RISKS:** 3 **IN EFFECT RISKS:** 3 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 0

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: P - Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

Actions related to sustainability which have been taken in the reporting period:

No specific actions were taken this semester related to sustainability.

SECTION 6: PRACTICAL LESSONS

[No lessons learned found]