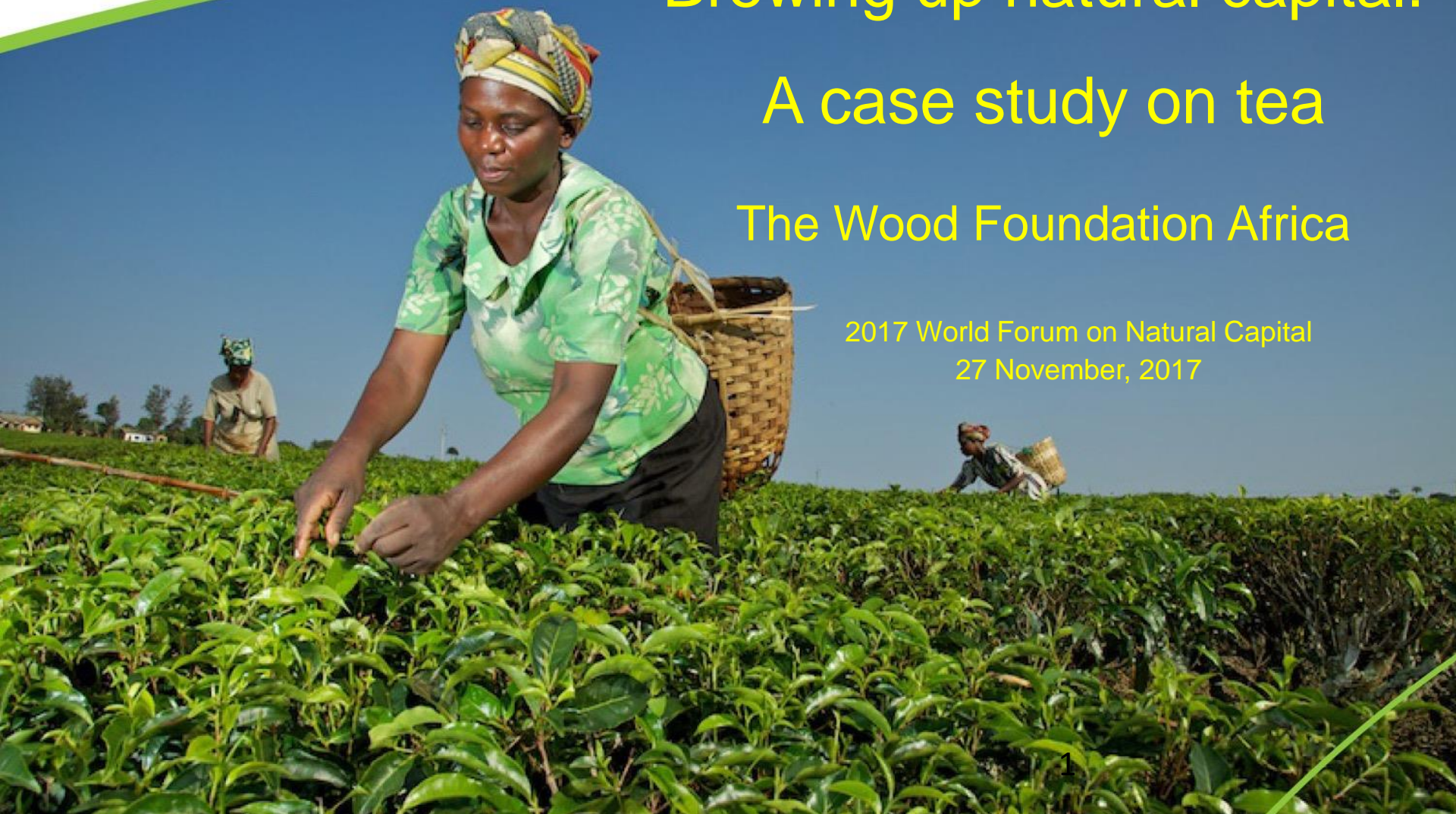


Brewing up natural capital:

A case study on tea

The Wood Foundation Africa

2017 World Forum on Natural Capital
27 November, 2017



The Wood Foundation Africa

- Private Foundation
- Venture philanthropy approach
- Services Company Model for Smallholders
- Working with over 46,000 tea farmers
- \$180m investment portfolio (Rwanda)



- In partnership with Gatsby Charitable Foundation
- \$12M initial investment:
 - 2 smallholder tea factory privatisations
 - 12000 farmers
 - 24% national tea production
- Comprehensive Programme:
 - production
 - quality
 - modernisation
 - premium prices

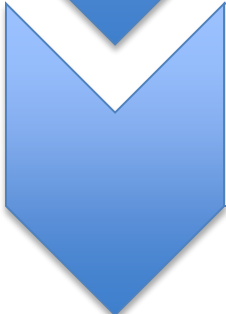




- Inward Investment



- Modernisation & Capacity Built
- Farmer KPIs Achieved



- Investment Recovery – shares will be handed over at NIL return

1st 100% smallholder owned tea factories in Rwanda

- Increasing climate shocks
- Floods, landslides, soil erosion, droughts
- Annual losses
 - 2.0 to 3.3 million tonnes of green leaf
 - Market loss of \$1.1 - 1.8 million



Investments in NC

Protective
Forests

Tree belts

Soil
Conservation

Reduced
Impacts

Enhanced
Productivity

Increased
Profitability



Measures also contribute to Watershed Management

Natural capital investment

- Measure to reduce dependence on fuel wood (1 ha of forest for every 3-4 ha of tea)
- Piloting sustainable forest management
- Trialling hybrid energy systems





Greenfield tea development

- Developing 2 large greenfield sites (DFID co-funding)

District	% poverty rate	% chronic malnutrition (U5s)
Nyaruguru	47.9%	38%
Karongi	45.3%	42%

- Partnering with major private investors to establish tea factories and core estates
- Factories dependent on smallholders for 75-90% of supply
- TWF Role:
 - Out-grower development using Services Company Model

Natural capital for economic development

- New sites in areas of high landslide risk and soil erosion
- Slope planting provides natural stabilisation

NC Investment: Triple Win

SH Economic Development

Reduced Climate Shocks

Watershed Management

Lessons

- Strong economic case for NC investment
- NC = Economic Development

Challenges

- Rate of return: Requires blend of private and public (climate) finance
- NC takes time: Patient capital is key

Next Steps

- Working with IFC to measure (\$)
natural capital
- Insights are shaping our business
portfolio

