Moringa | A Sustainable Agroforestry Fund

New Forests For Africa ! Ghana – March 2016

Clément Chenost – Investment Director
Moringa | introduction

- Agroforestry is a promising approach to dealing with the growing need for agricultural and timber products while preserving the environment and enhancing the livelihood of small farmers.

- To be competitive and achieve greater adoption, agroforestry needs better access to markets and patient capital to scale up. The private sector could play a key role.

- The Moringa fund was developed by a partnership of public and private institutions to upscale successful pilot projects and unlock the potential of agroforestry.

- It is a triple bottom line fund answering the growing interest of the Financial and the Development sector in investments that provide for a financial, as well as an environmental and a social return at the same time.
Moringa | in a nutshell

Moringa SICAR SCA: a blend of public & private investors (€84m)

Agro-forestry investments in Latin America and Sub-Saharan Africa

Technical Partner | Core team | GP – Financial Partner

ONF International | moringa | Edmond de Rothschild

€4-10m
Moringa | ATAF

An Agroforestry Technical & Assistance Facility to boost Environmental & Social impact, replicate and upscale projects

- **Preserve & improve the environment**: definition and dissemination of agroforestry techniques curbing deforestation and suitable for smallholders and the specific region
- **Improvement of smallholders living conditions**: Development of value chains and creation of a local label; capacity-building of smallholders
- **Assistance & boost of business creation focusing on agroforestry and inclusive agriculture**: Promotion of a viable agroforestry model advanced thanks to a public-private partnership

**Total amount for the ATAF**: **US$ 4,000,000**

**Donors**

**Science Partners**
- Fonds Français pour l’Environnement Mondial
- Proparco

**TA manager**
- World Agroforestry Centre
- IRD
- Cirad

**Projects**
Moringa | objectives and benefits

- **Economical return**
  - Develop sound agroforestry projects providing a reasonable commercial return to its investors
  - Development capital: scale up successful agroforestry initiatives
  - Clear and positive market trends
  - €4-10m per investment, mostly in equity
  - 7-8 years with clear exit strategy

- **Environmental return**
  - Have a positive environmental impact
  - Restoration of degraded lands
  - Climate Change mitigation & adaptation
  - Biodiversity conservation
  - Promotion of highest standards (FSC, IFC PS, Rainforest Alliance, etc.) and quantification through relevant impact methodologies

- **Social return**
  - Have a positive social impact
  - Development of sound outgrowing programs with a fair benefit sharing between companies and farmers
  - Jobs creations, increase of revenues of farmers
  - Promotion of highest standards and quantification through methodologies
Agroforestry | the need to develop new and innovative land use solutions

- Agroforestry is the spatial or temporal combination of trees and crops or animals, with biological, social and economic synergies leading to higher productivity, reduced risks, a more stable income for local populations, and positive environmental impacts.

Examples of biological interactions:
- Better use of sun light
- Better use of water
- Biological regulation of pests

Global profitability
Social benefits
Environmental impacts

Coffee under shade
Sylvopastoralism
Acacia intertwined with cassava
Outgrower programs | the need to develop innovative production schemes
NFO | an agroforestry case study

- Nicafrance is a Nicaraguan agroforestry company specialized in the production of high quality shade-grown coffee and timber for high-end applications
- Nicafrance is a large independent coffee farm of over 1,500 Ha, of which 660 Ha is coffee plantations under tree shade
- Moringa is financing an outgrower program targeting small and medium scale farms in the Matagalpa region, that have been severely affected by rust and the effects of global warming
- The cluster aims at producing c.5,000t of specialty coffee per year for high-end roasters
Coffee challenges | rust and climate change

- Coffee leaf rust appeared in 1976
- The process to renew coffee farms is slow: planting higher-yielding varieties that are varieties more resistant to major diseases and pests takes time
- Although not a new phenomenon, the outbreak of coffee rust in 2012 is considered one of the worst ever recorded
- The rust outbreak is attributable to changes in rainfall patterns, temperature, poor plant nutrition, failure to monitor coffee rust and inadequate fungicide application

Source: International Coffee Organization.
Building a coffee & timber cluster

By refocusing its production on higher quality varieties (such as La Marsellesa & Hybrids), Nicafrance will be able to target quality-driven international roasters, that typically pay $0.40/lbs above traded price.
La Cumplida is a unique example of profitable, sustainable large scale agroforestry system

- CIRAD and ECOM have developed specific agroforestry rust tolerant varieties and hybrids
- A whole timber industry has been created to valorize > 10 native tree species
- The farm is UTZ, Rainforest Alliance and FSC certified
- This model could be replicated in the region
The scheme selects small and medium sized farms in need of renovations each year:

- Complete restoration of the farm over 5 years
- The farmer monitors the plantation and may contribute its workforce
- Renovation services to the farmer are valued at $4,000 per MZ, which is transformed into a loan, to be reimbursed by the Farmer after year 5 (the project charging no interest)

### Outgrowers’ Schedule

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- Renovation
- Crops
- Final crop & reimbursement
A global landscape / territory approach developed thanks to a dedicated TA facility program
Agroforestry model of the project could be further developed to be spread to smaller producers of the region
Ultimate objective would be to have a positive impact at the landscape level and preserve natural assets in the region
Project concept in development and is part of the engagement of Nicaragua in the 20*20 initiative (restoration of 2.7 M° ha of land by 2020) of the World Resources Institute

**CO2 impact objective**
- 505 493 tCO2
- 0.5 MtCO2

**Land impact objectives**
- 1 700 hectares reforested
- 3 200 hectares sustainable land managed
- 4 000 hectares natural areas impacted

**Social impact objectives**
- 6 000 Jobs
- 500 Farmers empowered
- 26 000 Individuals impacted
Moringa | what we bring to projects

- Long term equity capital (€4-10m)
- Relation with institutional investors with a leverage on project investment
- Strong technical added value from partners: ONFI, research institutes (ICRAF, CIRAD, CATIE, IRD), etc.
- A TA facility (grant money) to reinforce the viability of projects
- Clear positive environmental & social objectives quantified by specific methodologies and discussed with major NGOs
Contact:

Clément Chenost: c.chenost@moringapartnership.com