

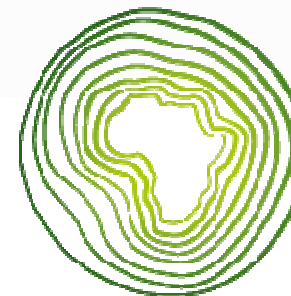


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Moringa | A Sustainable Agroforestry Fund

New Forests For Africa ! Ghana – March 2016

Clément Chenost – Investment Director



**Forests for
the Future
New Forests
for Africa!**

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)



Technical Partner Core team GP – Financial Partner



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



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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

Objectives

Outcomes

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

Donors



Science Partners

TA manager



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

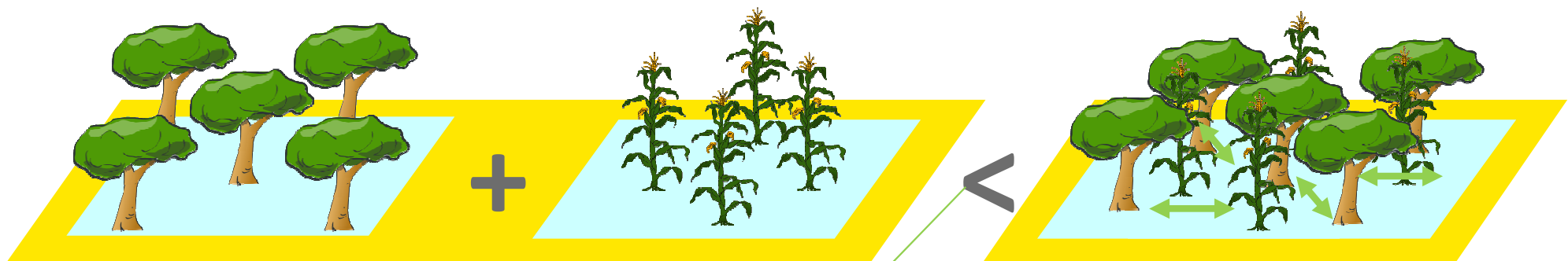
Social return

- 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

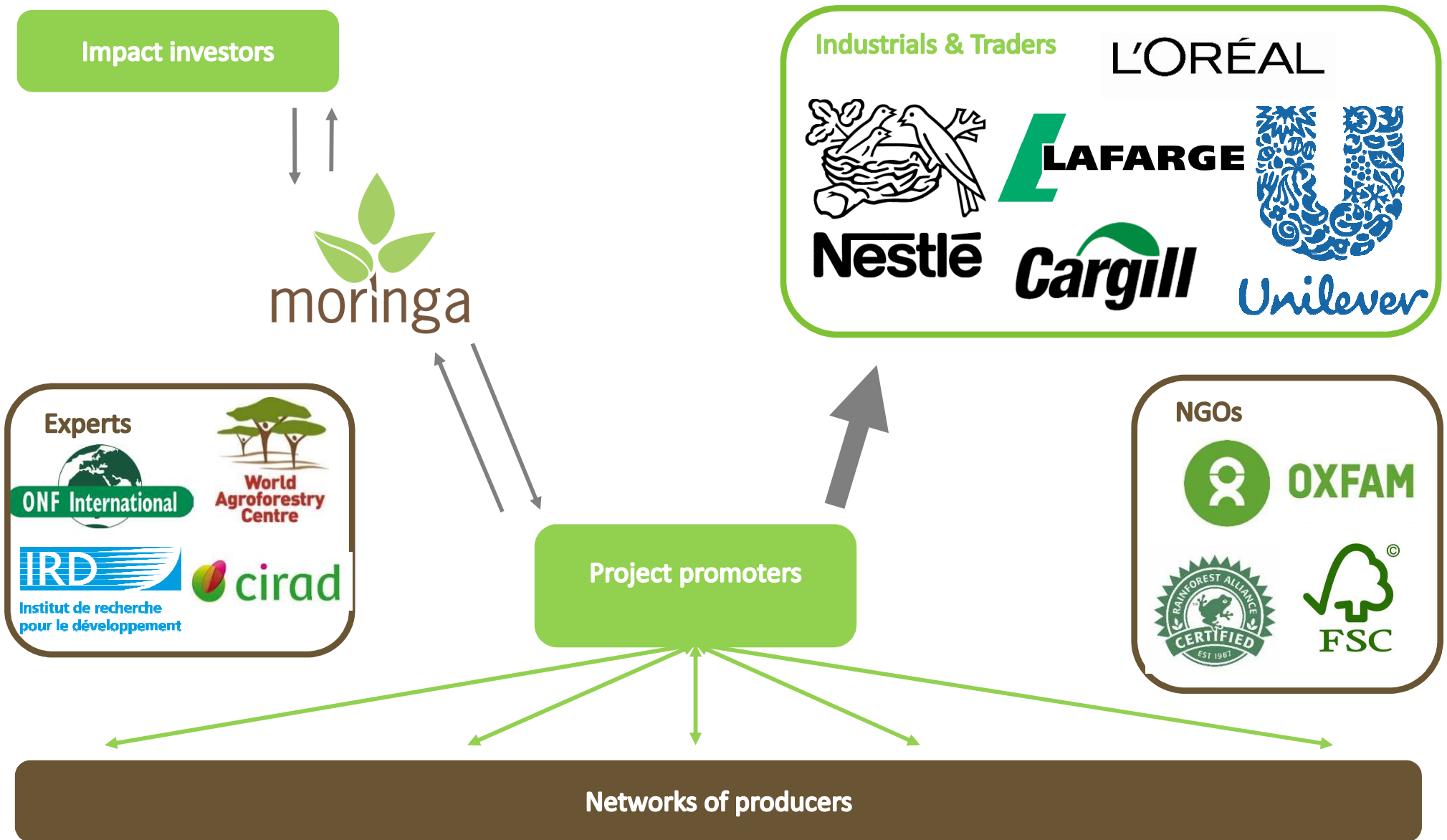


Global profitability
Social benefits
Environmental impacts

Examples of **biological interactions** :

- Better use of sun light
- Better use of water
- Biological regulation of pests

Outgrower programs | the need to develop innovative production schemes



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NFO | an agroforestry case study

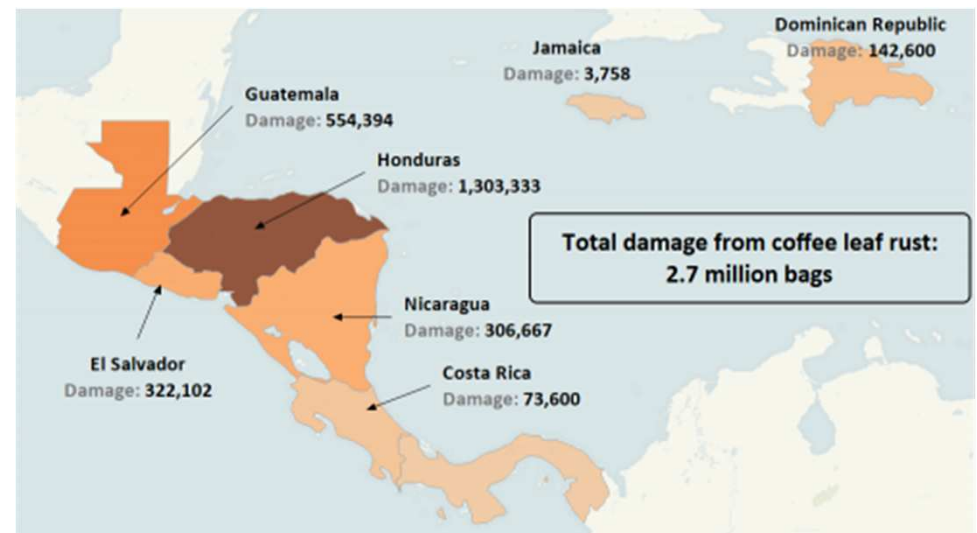


- Nicafrance is a Nicaraguan agroforestry company specialized in the production of high quality shade-grown coffee and timber for high-end applications
- Nicafrance is a large independent coffee farm of over 1,500 Ha, of which 660 Ha is coffee plantations under tree shade
- Moringa is financing an outgrower 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



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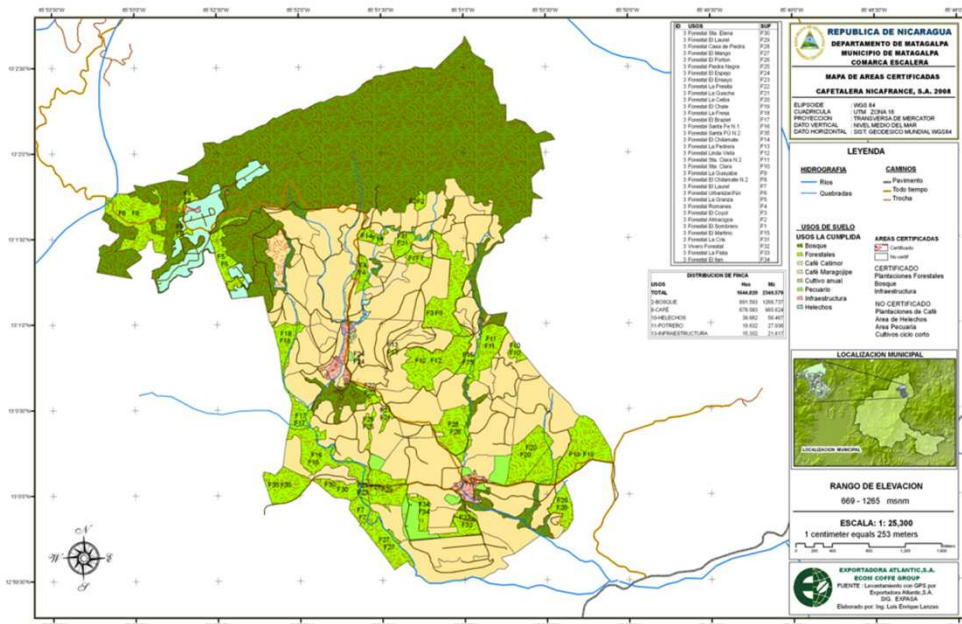
La Cumplida | a flagship agroforestry plantation



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



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NFO | outgrower scheme

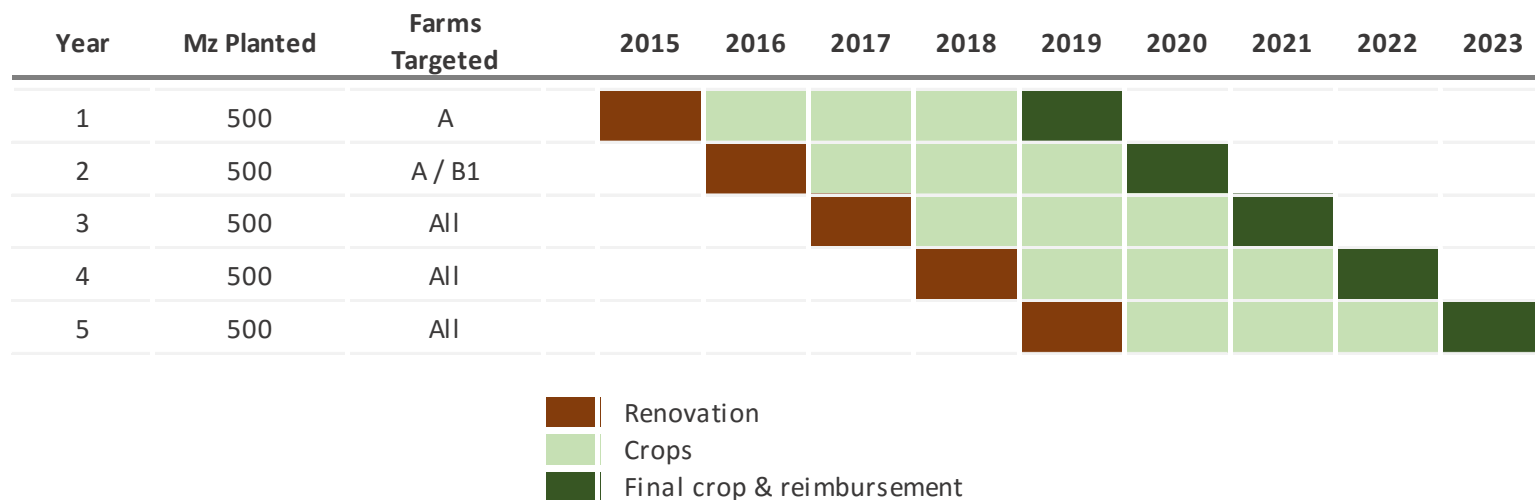


Scheme Overview

- 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

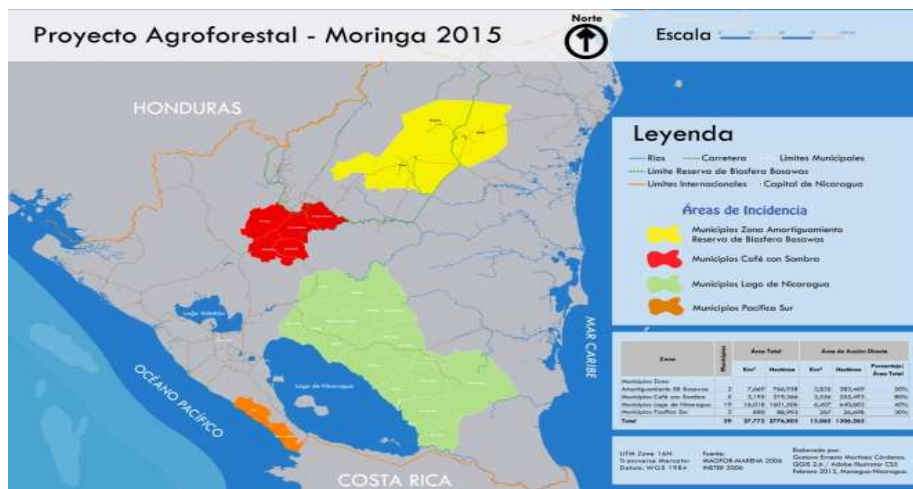


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MATRICE | the need to upscale @ landscape level



- 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

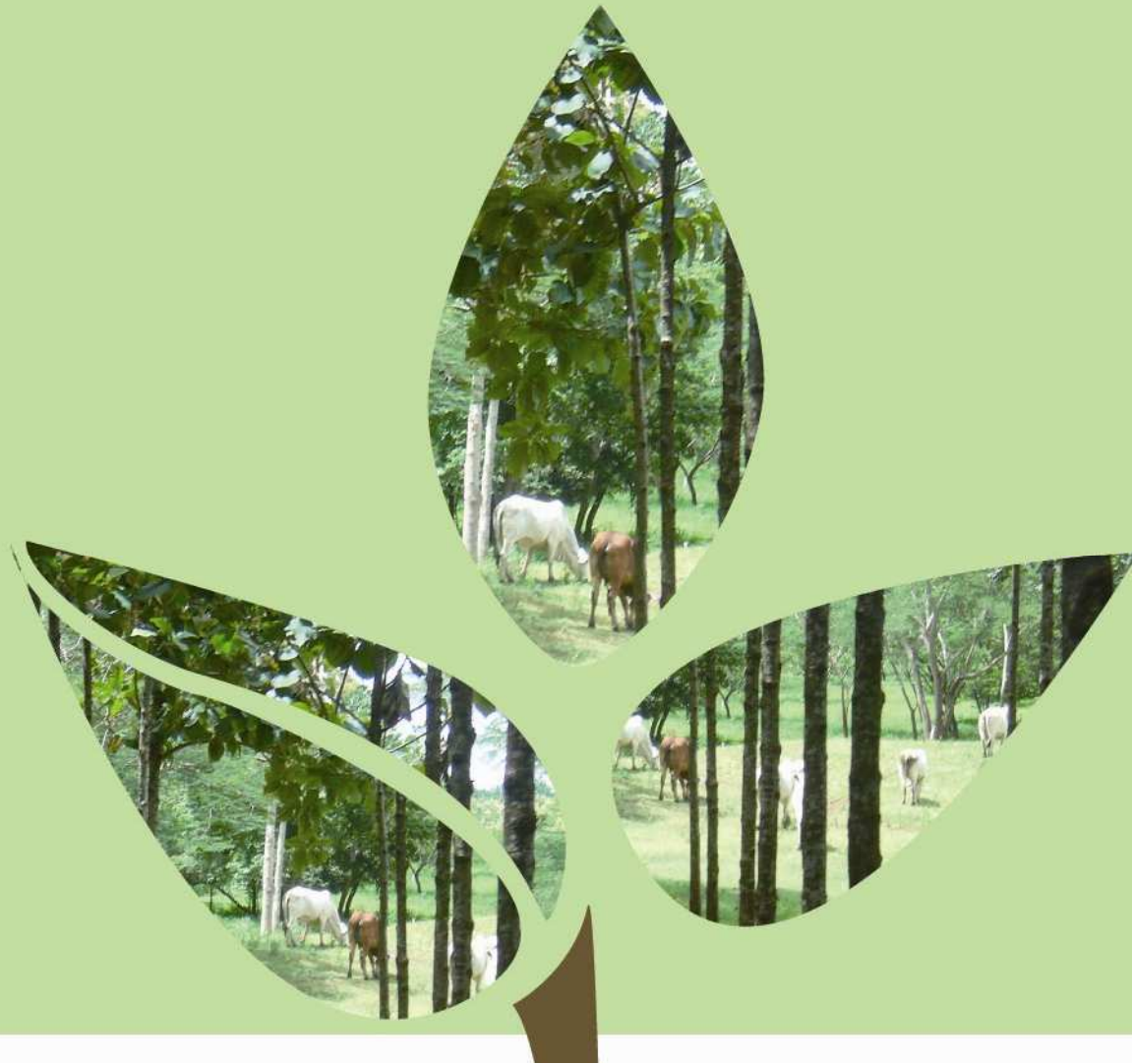
6 000 Jobs
500 Farmers empowered
26 000 Individuals impacted

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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



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