



Wood Family Trust
Chairman's Review **2011**





About Us

The Wood Family Trust was established by Sir Ian Wood and his immediate family and officially launched on the 14th September 2007.

The Wood Family Trust (WFT) will aim to invest £50 million into economic, community and enterprise activities in Sub Saharan Africa and the UK with the aim to develop and support individuals to become independent, contributing and caring members of society. We are a Scottish based Trust with a Global Outlook.

We aim to be an open intelligent, thoughtful funder and we recognise that money alone will not solve some of society's greatest inequalities. We apply the principles of venture philanthropy, investing both money and expertise to achieve systemic change within our chosen areas.

WFT either leads projects or takes an active supporting role with strategic partners. We are always engaged in the principles of the project, the initial due diligence the development of the implementation plan and establishment of pragmatic performance evaluation.

WFT has the ability to utilise a range of financing tools within its philanthropic programmes ranging from grants, contracts with consultants, debt, equity and loans.

WFT has two clear areas of programme focus:

Making Markets Work for the Poor Sub Saharan Africa - 75% of the overall fund.

Developing Young People in Scotland - 25% of the overall fund

Executive Summary

The Wood Family Trust has entered its fourth year of operation and we have continued to develop our Venture Philanthropy modus operandi by applying good business principles and practice to our charitable investments and partnerships.

During the last twelve months, we have continued to invest in, and develop, our management team, expand our networks, create partnerships, establish co-funding relationships and ensure WFT is fit for purpose for the successful delivery of our charitable objectives in both Sub Saharan Africa and the UK.

In our Sub Saharan Africa portfolio, WFT, working with Lord David Sainsbury's Gatsby Charitable Foundation (Gatsby), has moved from analysis to implementation in our second year of operating "Chai – Kwa Maendeleo ya Tanzania" (Tea – For the development of Tanzania). We have also commenced, again in partnership with Gatsby, a second tea value chain programme - "Imbarutso – Win Win for Rwanda Tea" (Imbarutso means

"to catalyse" in Kinyarwanda). Here we are looking to commit up to \$9 million USD over a 6 year period to increase the net incomes of smallholder tea farmers in Rwanda and achieve a win - win balance with private factories by increasing throughput, quality, and overall competitiveness.

Since our inception in 2007, WFT's focus in the UK has shifted significantly to concentrate on the citizenship, tolerance and enterprise agenda. We are finding the best opportunities for leverage and creating systemic impact is by working through the Scottish School system. Our principal projects are the

- Youth and Philanthropy Initiative in
- Scotland, an Enterprise Education Pilot in the North East of Scotland,
- Get Into (Prince's Trust),
- Positive Coaching Scotland (Sport Scotland) and
- Global Xchange (VSO).



Charitable activities and financial commitments made during the 2010/2011 year:

Making Markets Work for the Poor in Sub Saharan Africa (implemented by WFT's wholly owned subsidiary – WFT Africa)

The Trust's approach to long term poverty reduction in Sub Saharan Africa is to facilitate an increase in trade and employment through supporting the development of markets in growth sectors. Our approach is to analyse sector value chains and unblock key constraints from primary production through processing, distribution, and eventually to the market and consumer. Our initial countries of focus are Tanzania and Rwanda, with the intention of extending this over time to other countries in East and West Africa.

We believe we will only effect change by helping local people and communities to help themselves in a way that is consistent with their culture and way of life. Money alone cannot buy the vision, but the effective application of market analysis, quality minds, effective delivery partners and local private enterprise will, we believe, create sustainable change.

The key success factor will be the quality and commitment of our small management team headed by David Knopp in Nairobi. During the 2010/2011 period we have made two key appointments – James Foster to head up our Chai project in Tanzania and Garron Hanson to lead on Imbarutso in Rwanda.

Our tea projects in Tanzania and Rwanda are carried out in partnership with The Gatsby Foundation (Lord David Sainsbury's philanthropic vehicle) with WFT leading, but working in full consultation with Gatsby. Reference to the Gatsby Partnership in the body of the accounts allows for the cost share of pre agreed costs of the Chai and Imbarutso projects and the figures are reflective of the WFT cost share. The finance allocation referred to in this Chairman's Review reflects the full costs allocated to each project.



“Chai – Kwa Maendeleo ya Tanzania” (Tea – For the development of Tanzania) - £789,000 (charitable activities including direct project costs and grant commitments).

“Chai” was launched in September 2009 with our partners at Gatsby, and we intend to invest up to \$9 million USD, over a six year period, in the Tanzanian tea sector with the aim of doubling smallholder tea production, increasing farmers’ margins and increasing the competitiveness of the sector. “Chai” has established a Tanzanian based Tea sector advisory committee to advise us in the implementation of our action plan.

Tea is the fourth largest export crop in Tanzania with \$28.7 million USD in export earnings.

Approximately 30,000 smallholders are directly engaged in tea production and from the combination of estate workers and smallholder production, the sector supports over 50,000 families. The Tanzanian tea industry however faces a number of significant challenges:

- Low smallholder productivity and yields – currently the national average is 900 kg made tea per hectare (compared to 2,000 kg in Kenya)
- Limited access to material inputs and quality extension services
- Poor regulation of the industry
- Lack of business experience of farmers

- Low green leaf price and poor margins for farmers – small holders are paid 25% of the made tea price
- Poor rural road and green leaf collection infrastructure
- Low quality of made tea and poor reputation on world markets
- Lack of smallholder ability to represent their business interests in the processing factories

The first year of operation (2009/2010) identified, through extensive research and analysis, a number of priority actions and our operations are now focused on:

- Improving smallholder tea farmers’ yields and productivity, by seeking to increase access to quality extension and business services
- Supporting the strengthening of smallholder member associations
- Encouraging the introduction of a market-based pricing system for green leaf

In our second year of operation, we have moved from analysis to implementation and have started a number of key activities:

Chai Innovation Fund

The innovation fund is directed at processing factories enhancing their range of support services to the smallholder farmers to improve their operations and yield. Factories must provide at least 50% financial contribution to the programme and we anticipate £700,000 will be leveraged from the private sector, over the next 5 years, from the first commitments we have made.

Two innovation fund grants were awarded during 2010/2011 to WATCO Factory and Kagera Factory whose combined leaf purchase from 15,500 smallholder farmers, covers over half the smallholder sector in Tanzania.

Fund activities include: expansion of a professional extension service to smallholders, support infilling and planting of new tea bushes for smallholder farmers, support for shear harvesting of smallholder plots, support for the attainment of Rainforest Alliance certification, enhanced access to fertiliser inputs, restructuring and enhanced governance of Tea Farmer Associations and the diversification of food security through kitchen gardens.

The key desired outcomes for the two projects are as follows:

- Average increase of smallholder yield (from the factories) per kg of made tea increases from 1200 kg in 2010 to 1,600 kg in 2015
- Average smallholder annual gross profit increases from \$282 USD per annum in 2010 to \$726 USD per annum in 2015

In addition to the Chai Innovation Fund, significant activity has taken place to design and tender a pilot to strengthen Tea Farmers' Associations as well as to support the Tea Board of Tanzania to relook at the greenleaf pricing mechanism for smallholders. Both activities are expected to be finalised during the 2011/2012 year.





Imbarutso – Win Win for Rwanda Tea - £134,000 (direct charitable activities)

“Imbarutso” is WFT’s second Making Markets Work for the Poor project in Sub Saharan Africa, launched in March 2011, and is again in partnership with the Gatsby Charitable Foundation.

“Imbarutso” will seek to invest up to \$9 million USD over a six year period with the aim of:

- increasing smallholder net income
- turning smallholder farmers into viable and efficient Micros & Small Enterprises (MSE’s)
- increasing the competitiveness of the sector

Tea is Rwanda’s second most significant export earner, providing among the highest quality tea in world markets. Projected to exceed \$60 million USD in revenues this year with production spread throughout 11 Districts, it is a vital source of rural income and livelihood for over 30,000 smallholder businesses and 60,000 households. The sector is undergoing a historic period of development, with a number of new factory owners, 2 further factories undergoing privatization, 5 Greenfield sites under development, rehabilitation of privatised factories, and OCIR THE (The Government body responsible for Tea) taking on the regulatory function.

In looking to successfully develop Rwanda’s tea industry, there are two important competitiveness issues. Firstly, Rwanda produces 24,000 MTs per annum of made tea – approximately 7% of Kenya’s annual output. Even with a planned increase to 35,000 MTs by 2015, Rwanda’s relative production will remain modest. Secondly, through existing and new planting, about 65% of Rwanda’s tea will come from smallholder farmer production which is sold to the large tea plantations that have a monopoly position in their immediate catchment area.

To expand the area of tea under production and significantly increase the volume and quality of tea, a win-win balance must be achieved whereby smallholder farmers have the appropriate financial incentive and professional support services, while factories are able to improve their throughput and profitability. This has the potential to transform the 30,000 smallholder farmers, many of whom currently operate at or below subsistence level, into 30,000 viable and efficient MSE’s capable of significantly improving their rural economies.



To achieve this win-win position, we will work with Government, factories, co-ops and smallholder farmers to address a variety of constraints along the value chain from production to end market. At the smallholder farmer level, support will focus on enhancing the capabilities of the Cooperatives to provide higher quality and more comprehensive agronomic services, farm management and production logistics and enable them to better represent the smallholder farmer in commercial

negotiations. There's also a need to achieve a fairer distribution of the value chain proceeds between the producer and processor to encourage the smallholder farmers to invest in increased yield, quality and quantity.

Additionally, as the smallholder's capacity and understanding of the tea business develops, there is the potential to increase their stake in the processing sector.



ypiTM

YOUTH AND
PHILANTHROPY
INITIATIVE
SCOTLAND

PAY TO THE
ORDER OF

The Ozanam Club
Three Thousand Pounds

TOSKAN
CASALE
FOUNDATION

yw
Wood Family Trust

Developing Young People in Scotland

Our principal objective here is to improve tolerance and citizenship values and encourage enterprise in young people in Scotland.

Our programmes focus on:

- Citizenship including Global Citizenship
- Enterprise Education
- Promoting Positive Destinations into employment, education and training

Our main projects:



The Youth and Philanthropy Initiative (YPI) £201,000 (grant commitments and direct charitable activities)

In September 2010, WFT took over the responsibility for the management of YPI in Scotland under a franchise agreement with its creators, the Toskan Casale Foundation in Canada.

YPI is an interactive citizenship programme which is delivered by teachers, with YPI staff support, to year groups ranging from S2 to S6 within the secondary school curriculum. Pupils work in small teams to consider the needs of the local community and identify grassroot social service charities they

believe make a positive contribution. The pupils have to learn how to assess the charities' management, budget, strategy and staffing arrangements. The teams then need to use their advocacy and public speaking skills to give a presentation on why their proposed charity deserves to be the winner in their school. The team judged by a panel to have presented the most convincing case, will be given a grant of £3,000 to award to their chosen charity.

In the 2010/2011 academic year, YPI is operational in 44 schools in Aberdeen, Glasgow and Edinburgh, working with 6,000 young people and 300 teachers. There are 200 charities represented at school finals, with £132,000 being granted to the 44 winning local charities.

The interim result, from an external evaluation by York Consultants, published during March 2011, clearly places YPI as a peer leader in citizenship education. Citing its importance in the delivery of the Curriculum for Excellence key learning outcomes, the York report indicated that YPI enhances pupils' skills, school engagement with local communities and the local charities profile.

Key outcomes, of note, include:

- 100% of teachers who engaged with YPI felt that both students' teamwork and presentation skills had been developed.
- 66% of teachers felt YPI engages non traditional learners.
- Through participation in YPI, 75% of pupils know more about charities working in their local area with 60% showing a desire to get involved with volunteering activities and 69% feeling they can make a positive difference in their community.
- In addition to the £3,000 prize fund, charities benefited from increased local awareness and opportunities for volunteer recruitment.

During 2010/2011 YPI in Scotland has attracted funding from a number of sources with particular acknowledgement to the Bank of Scotland who are the exclusive funders for a three year period in the greater Glasgow region.

Going forward, WFT's management of YPI will focus on enhancing the fit within the Curriculum for Excellence, and already YPI has been highlighted by Her Majesty's Inspectorate for Education in Scotland in 6 school reports as examples of best practice in Citizenship Education, with specific reference to its ability to develop wider achievement and enrich the life of the school.

We will continue to enhance the quality and consistency of YPI across Scotland as well as steadily growing YPI into additional schools in existing areas and new geographies. We envisage YPI to be operational in more than 100 schools by the 2013/2014 academic year.





Enterprise Education Pilot - £68,000 (direct charitable activities)

After research on previous schools' Enterprise Education programmes in the UK, WFT launched in September 2010 an Enterprise Education pilot in partnership with Aberdeen City and Aberdeenshire Councils

The Pilot is designed to build on the principles of the Scottish Government's Determined to Succeed strategy, links into the Curriculum for Excellence and supports schools to embed and independently sustain entrepreneurial learning within the school.

The pilot has two objectives - to create a critical mass of business activity within the pilot schools, (Kincorth Academy, Aberdeen and Ellon Academy, Aberdeenshire), and create a more entrepreneurial ethos within students, teachers and the wider school community.

We have engaged two delivery partners, Entrepreneurs in Action (EIA) and Enterprise North East Trust, both highly experienced Enterprise Education agencies, to work with the schools with the aim of delivering innovative and real life enterprise experiences as part of the curriculum and to successfully establish a profit making growth business run by pupils and teachers. It's the intention of the pilot that teachers be fully engaged in delivery at each stage, with the intention that they will independently deliver the programme in the future.

The pilot is being extended into the 2011/2012 academic year and we will measure the impact on pupil, teacher and school levels, and also assess the feasibility of rolling out some components of the pilot to a wider number of schools.



The Prince's Trust – Get Into: (£242,210 committed during 2007/2008 and £49,353 committed during 2009/2010)

The Prince's Trust partners with employers to provide work placements, apprenticeships and direct routes to employment for marginalised young people who wish to find employment but lack the vocational skills, experience and qualifications to find jobs.

The Wood Family Trust's initial investment into The Prince's Trust was to facilitate the expansion of the Get Into programme, supporting 46 courses in Glasgow and Edinburgh over a 3 year period. During this time 622 young people engaged with the programme, of which 84% completed and a further 74% moved into a positive destination within 3 months of completing the programme.

In 2009/2010, the Wood Family Trust made a second, three year commitment to The Prince's Trust, this time supporting the expansion of Get Into Retail in Aberdeen through a new franchise delivery model, which sees Aberdeen Foyer assume responsibility for the management and operational delivery of the programme. Throughout the life of this investment, Aberdeen Foyer will deliver 8 Get Into Retail courses, engaging with an estimated 96 young people not in employment, education or training. To date, 26 young people have completed the programme, 60% of which have moved into employment after 3 months of completing the programme.

sportscotland
the national agency for sport

**Positive Coaching Scotland (PCS)
(£138,000 committed during 2008/2009 and £231,000 committed during 2009/2010)**

WFT made an initial investment of £219,000 over two years in the Winning Scotland Foundation to establish and develop Positive Coaching Scotland (PCS) - a community focused coaching programme which aims to redefine winning and increase young people's participation in sport. The pilot was successfully delivered in four local authorities and with the Fife SFA. The potential for growth was such that in 2010 sportscotland, the lead agency for the development of sport in Scotland, assumed the operational management for national implementation of PCS.

In order to build on the growing success of the programme, WFT invested a further £150,000 over three years to support sportscotland in the wider roll out of PCS. By the end of this second investment, lead delivery tutors in every area will have completed Personal Development Awards and PCS principles will be incorporated into coach education planning throughout Scottish Governing Bodies including the SFA, Scottish Athletics, Scottish Rugby and Scottish Swimming.



Global Xchange (VSO): (£374,401 committed during 2008/2009 and £30,000 committed during 2009/2010)

The Wood Family Trust invested £404,401 over three years in Voluntary Services Overseas (VSO) to provide 54 young people from the UK and Tanzania with the opportunity to volunteer through their youth exchange programme, Global Xchange (GX). Each year GX brings together 18 committed 18-25 year olds from diverse backgrounds, in equal numbers, from the UK and a host country from overseas, in this case Tanzania. As a team, the volunteers then live with local host families and work in cross-cultural pairs alongside each other for six months, spending three months in Aberdeen and three months in Dar es Salaam.

19,258 hours of volunteering on a diverse range of community projects within local schools and grassroots organisations within Aberdeen and Dar es Salaam. October 2011 will see the final Xchange from this investment take place and we predict that the 2010/2011 cohort of volunteers will work closely with local colleges, primary and secondary schools to increase cultural awareness and promote volunteering opportunities at home and overseas.

Since 2009, two Xchanges are complete and 36 volunteers have participated in the Aberdeen/Tanzania Xchange, between them completing over

Project Exits

As part of our strategy to focus on programmes in which we are actively involved, WFT has exited from 4 projects:

Princes Scottish Youth Business Trust, Columba 1400, Project Trust and Inspiring Scotland. We have very much enjoyed our association and contribution to each of these organisations and our role has been enthusiastically acknowledged.



City Garden Project - £412,000 (grant commitment)

This proposed £140m infrastructure project to create a new city centre garden and civic space in Aberdeen is now being developed by Aberdeen City Garden Trust under the direction of the Aberdeen City Council led Project Management Board, who are being supported by Aberdeen City and Shire Economic Future.

Wood Family Trust has undertaken to provide £50 million as part of the private sector anticipated £70 million contribution to the project. £412,000 has been allocated for the calendar year 2011 as pre-development expenditure to help finance an International Design Competition and develop the business plan and case for Tax Incremental Finance funding from the Scottish Government.

The outcome of both of these should be available for Aberdeen City Council to take their decision to support the next stage of the project by the end of 2011. If this is positive, it is anticipated there will be an assessment of public opinion early in 2012, at which time it should become clear whether the project will proceed to detailed design stage and the submission of a planning application.

Plans for the Year Ahead

Our Sub Saharan Africa programmes will be focused on

- Continuing the successful implementation of the Chai project in Tanzania
- Completing the investigation and assessment study of the opportunities for the tea industry in Rwanda with a view to beginning an implementation programme in the third quarter of 2011
- We will aim to continue to grow our in house expertise and knowledge in sector value chain analysis in Sub Saharan Africa and a third value chain project will be looked at in the first quarter of 2012, possibly in the tea industry in another East African country.

Our activities in the UK for 2011/12 will be fourfold:

- We will expand and develop the YPI project across Scotland with a view to increasing to 75 schools for the 2012/2013 school year
- We will continue our commitment to develop the Enterprise Pilot project with a view to deciding whether this can be successfully extended into a wider range of schools
- We will look at developing and enlarging our Get Into Programme
- We will investigate two new project opportunities – one in relation to enhancing teacher training in Enterprise Education and the second in relation to Global Citizenship Education in Scotland.

Management and Staff

Venture philanthropy is very similar to a business in that the success of our efforts to provide philanthropic support is very dependent on the quality and commitment of our management team and staff. The Trustees believe we are building up an excellent team both in the UK and Africa. Under the overall leadership of Jo Mackie, with David Knopp in Africa and Alison MacLachlan in the UK, we have a professional, innovative, dedicated and caring team which gives us the confidence that we will significantly achieve our clearly identified objectives.



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The Wood Family Trust, Scottish Registered Charity No. SC037957 is the Parent Charity of WFT Africa, registered in Scotland as a company limited by guarantee and having charitable status. Company No. SC361033. Scottish Charity No. SC040580.