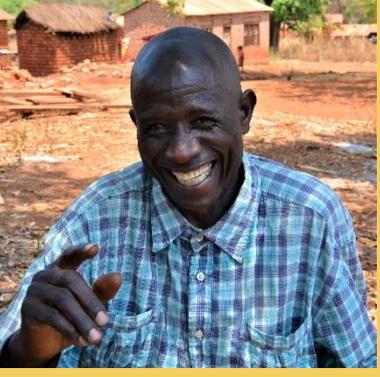
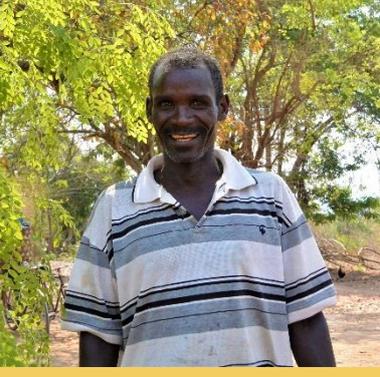
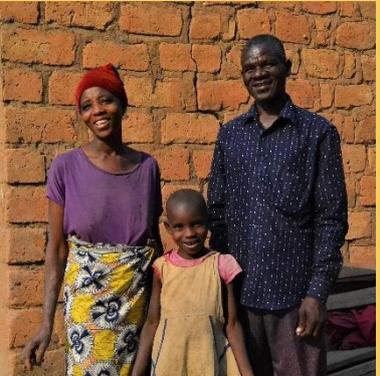


# Impact Report



# Third Man Limited

*December 2020*



# Introduction

## About us

Third Man Limited (TML) is an organic honey and wax company based in Kigoma, Tanzania. We seek to sustainably boost smallholders' income while having a positive environmental impact.

We work with 1,600 traditional beekeepers in very remote forests and game reserves in Western Tanzania to bring high quality organic honey to customers all over the world. We are certified to EU and USDA NOP organic standards and our facility in Kigoma uses modern equipment as well as adheres to HACCP food safety principles and to the Ethical Trading Initiative Base Code.

The core of our philosophy is to help local communities in Western Tanzania, to encourage women empowerment, to support environmental sustainability, and to bring to consumers high quality products with complete transparency and traceability.

Tanzania is one of the poorest countries in the world and Kigoma, our home region, is the poorest region in the country. Uncertainty, non-payment, poor terms, and low pricing are common issues faced by small-scale farmers and beekeepers in Tanzania.

One of the keys to our success is a strong working relationship with the beekeepers registered with our company. We require higher quality standards and adherence to organic and sustainability principles, which we encourage by providing equipment and trainings to the beekeepers. Our network in the region includes 17 company Field Officers and 22 warehouses where hundreds of beekeepers come to sell us their honey on a weekly basis.



## Beekeepers and social impact

By accessing export markets through organic certification and higher quality standards, we provide a **stable market, transparency,** and significantly **increased farm gate prices** for beekeepers. Beekeepers cannot access this market themselves due to aggregation issues (coordination and cashflow), and to the investment required in processing quality and capacity. What this means in practice, is that we increase revenue for beekeepers **between 21% and 40%** depending on the prevailing local market price. Local prices can fluctuate up to 50% season on season. While our price can, and does, go up, we have a **floor price** that we never drop below - even when local prices are low. The decrease of local prices is largely due to unusually large harvests. Our floor price means that when beekeepers have a good harvest, they are still **rewarded** financially.

In addition to a revenue increase on their product, our model of purchasing also has other advantages for beekeepers. We provide financial services to beekeepers by **pre-financing 5 to 10% of their expected harvest.** We pay this money up to a month in advance of purchase as an interest-free down-payment to beekeepers to help them prepare for harvest, and we encourage beekeepers to use bank accounts to be able to save money. We also provide low-cost **bee suits** and **bee smokers** which makes harvesting easier and less painful. At harvest, we pay for **all the crop in one payment.** The beekeepers do not have to process, store or sell their honey over the coming weeks and months. Beekeepers make more money, save time labouring, and have money to invest in other productive activities due to a lump sum payment.

For **Justin Mahene** of Kagerankanda, working with us means that he could benefit from all the previously mentioned advantages. In November 2020 he received an interest-free pre-financing loan of \$35 for him to give to his family while he went into the forest for two weeks of harvesting. Once the hard work harvesting is done, he received a balance payment of \$330 for his honey. In total he earned \$365 for his 265.5kg. Getting over \$300 in one lump sum means it is not only a good pay day, but he also avoids processing labour, waiting for traders, and selling his products in an uncertain market. Premium price given immediately and painlessly.

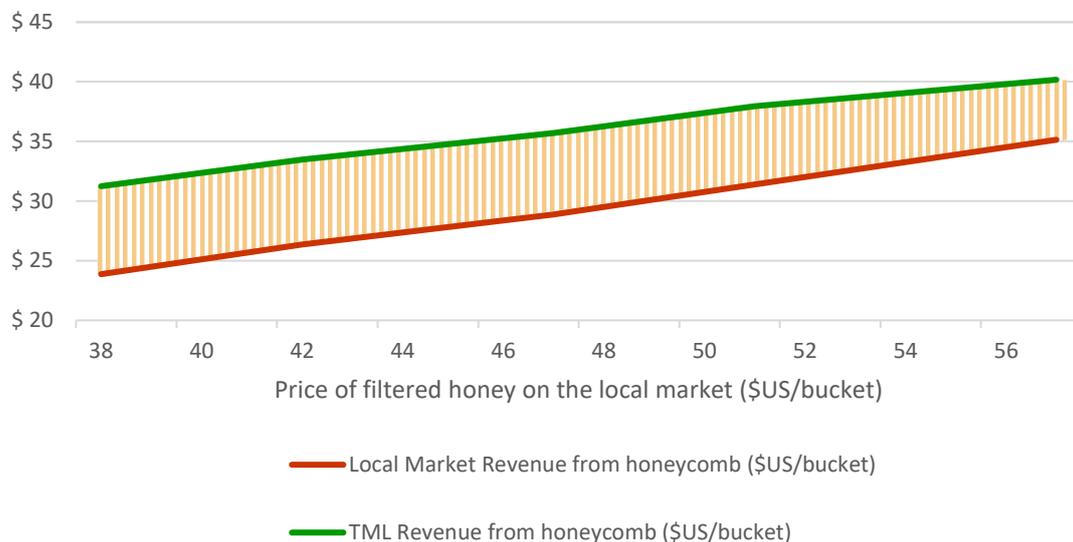
Without us, Justin would anticipate making \$269 after processing his honey and selling on the local market. Our payment of \$365 represents a **36% boost** in revenue for Justin's annual honey production, not counting the money he saved by not processing.

Justin's annual harvest of 265.5kg puts him in the top 20% of beekeepers we purchase from. However, the revenue boost is of a similar magnitude for Lawi Lathanael who sold us 6.5kg (our smallest purchase) right up to Eryas Kasogoro, who sold us 1862kg (our largest purchase). The median beekeeper sold us 104kg (\$129) of honey in 2020.



# Beekeepers and social impact

## Economic impact of TML on beekeepers' revenue



The above graph shows our impact on beekeeper incomes according to different local market conditions. When the price of filtered honey is at its lowest on the local market (~US\$38 per 20L bucket), our presence in the market increases beekeepers' revenues by ~40% (from \$24 to over \$31 per bucket). When the local price is at its highest, our impact is proportionally less but still increases revenues by 21% (\$35 to over \$40 per bucket of honey).



### Revokatus Kasase

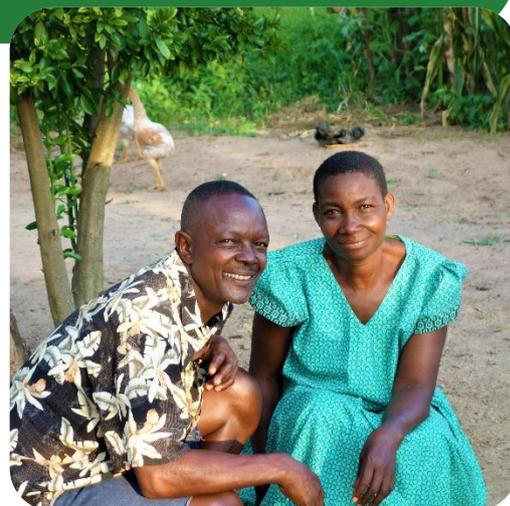
Revokatus is a **beekeeper** from the village Ushirombo (Geita Region, Western Tanzania). He has about 700 beehives in the Kigosi Game Reserve and has been selling honey to *TML* for three years.

For Revokatus, having a secured market through *TML* means being able to **plan and invest** in his family's **future**, particularly in the **education** of his 5 children. His oldest daughter is studying pharmaceutical sciences and plans to open her own pharmacy. His second daughter is studying water engineering, and his third oldest daughter will start college soon.

### James Mageša

James is a **beekeeper** from the village Lumbe (Tabora region, Western Tanzania). He has about 2,000 beehives in the Mpanda Line Forest Reserve and has been selling honey to *TML* for four years.

Since he has been selling honey to *TML*, James has been about to insure a **stable income** and a **house** for his wife and his six children. He also **invested** in a motorbike and a truck. During honey harvesting season, James **employs** people in his village to help him, in turn providing a regular income to other families.



# Beekeepers and social impact

## *Complexity of assessing our impact*

Beyond the benefit of raising incomes for beekeepers, paying a premium allows beekeepers to invest in their beekeeping activity – they purchase more hives, more equipment and employ their own labourers. Our organic honey creates **jobs** and **prosperity** in remote communities which have little of either.

However, it is difficult to assess our impact on beekeepers' **total household income** as they are more than just beekeepers. In fact, beekeeping is mostly a second- or third-income source. Informal labour markets are crucial to rural people's income and at any time our beekeepers may be farmers,

builders, or cooks. Therefore, any gains from working with us are not their only gains or losses from the year. Within the honey sphere, global honey prices largely determine the price we buy honey. A year of good or bad harvests in China can have a great impact on beekeepers' beekeeping income. Nonetheless, we have a floor price which is **always above** the local market price. The access to export markets also means that our price ceiling has a lot of **potential for growth** when conditions align. High world market prices will eventually lift all honey prices on their rising tide – our presence in Kigoma means this price rise is effective **immediately**.



# Forests and environmental impact

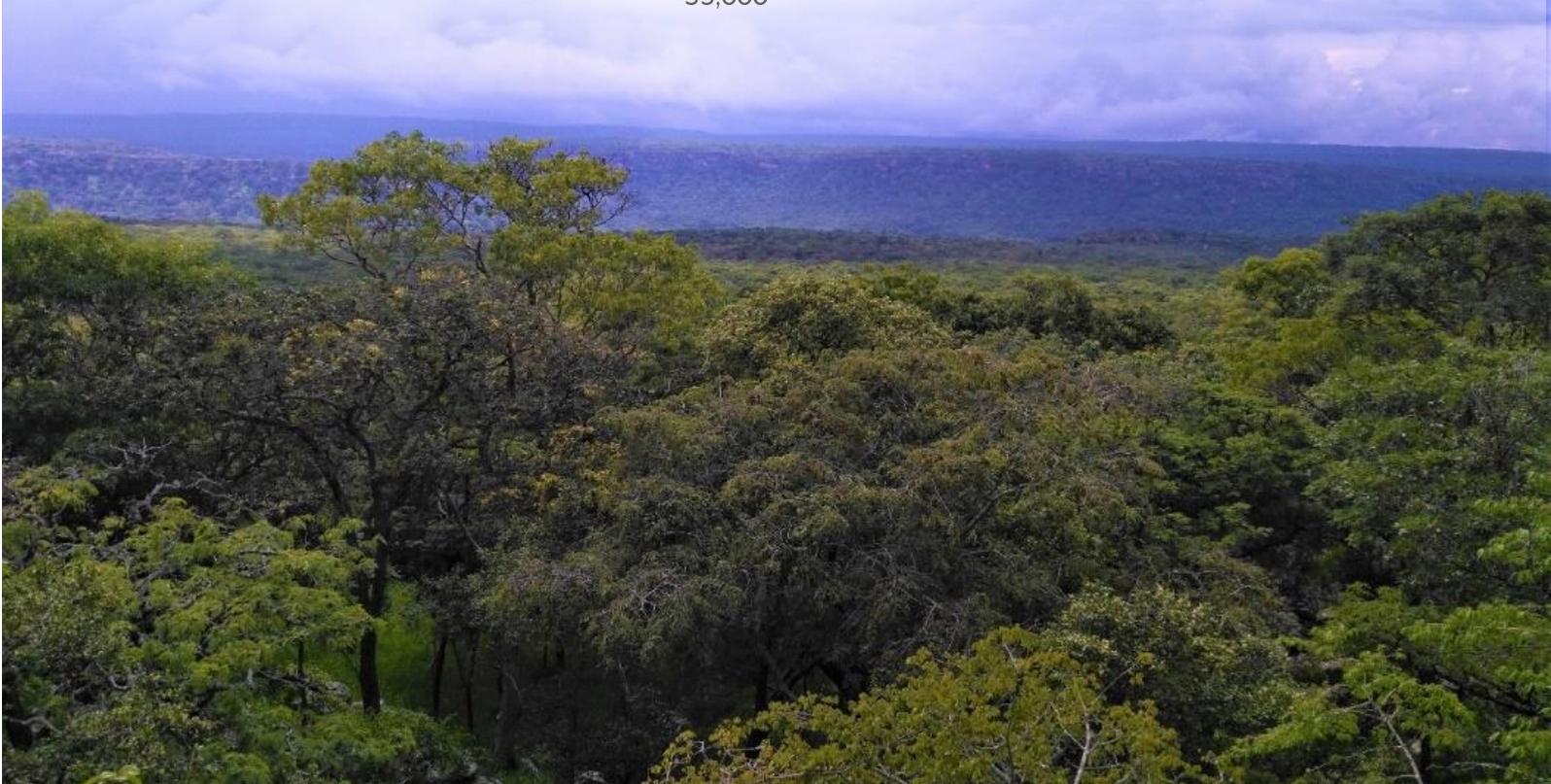
Keeping the world's remaining forest landscapes intact is critical to avoid the worst effects of global climate change. Tanzania, especially the more remote western part, is still endowed with large areas of **pristine miombo forest**, ideal for the harvest of forest honey and wax. By creating a **stable economy** around honey, we can directly contribute to the **conservation** of these large, forested areas. Indeed, by working with beekeepers to actively manage gazetted forest reserves, we help to reduce and even reverse the slow creep of deforestation.

While climate related estimates are an imprecise science, our calculations indicate that our work **removes about 204,152T of CO<sub>2</sub> emissions per year** from the atmosphere. It is a huge net benefit for Tanzania and for the world. Please get in touch for a copy of our more in-depth Carbon Report.

When comparing the total environmental impact of a jar of honey produced by us in Tanzania with a jar of honey produced in a developed country, one can see that our wild organic honey is **better for the planet**: about 27kg of CO<sub>2</sub> are saved per jar!

Comparison of carbon emissions (in g of CO<sub>2</sub> emitted per jar) for our honey and an in-country honey

■ Tanzanian Honey ■ In-Country Honey



# Being a private company in Kigoma

## Creating jobs

In Kigoma, secure well-paid jobs are difficult to find. We provide them for **60 full time** employees. Because **gender equality** is at the heart of our values, we make sure that more than half of our processing employees are women, who often did not complete a lot of formal education. Employees who work with us **know** their legal rights and now know that being paid on time is the norm, not the exception. These things are not givens in rural or developing country setting and we hope that they will bring these standards to their future employers. On top of this, these **trained** workers have higher chances to reach stable jobs in the future. While we know that we are not a perfect company and that jobs are hard to find in Kigoma, our churn rate has always been very low – in over four years of operations only eight people have left to pursue opportunities elsewhere.

## Transferring knowledge

We **train** and almost always **promote** from within. Our small cohort of middle managers (about 5 people) are all young Tanzanians mostly from Kigoma. Many of them are also creating and developing small side businesses. By working for us they learn about professionally (we like to think anyway!) **operating** and **growing** a company. They are also given the opportunity to train and improve their **computer skills** on company time as well as learn about new approaches to manage projects. This knowledge transfer does not solely come from senior management down. As we give our employees **space, time, and materials** to discuss, solve problems and share ideas among themselves, they can grow independently in the company while enjoying our support.



### Rahma Zuberi

Rahma is an **employee** at TML. She started at the factory one year ago and was trained to assist in the processing of honey and wax.

Before working with us, Rahma was a street food vendor making less than \$14 per month. Her salary is now **six times higher** and, together with her husband, allows her to **support** her three young children. She is also **investing** in the **education** of her nephews, who are about to start University. When her two nephews joined her household, they decided to **move** to a bigger house, which incidentally has a stunning view over Lake Tanganyika.

### Yotham Damas

Yotham is the **operational officer** of TML since April 2019. He grew up in Kazuramimba, a small village about 50km from Kigoma, and moved to the “city” of Kigoma to find a job. He first started as a security guard, and thanks to his hard work and dedication has been promoted several times up to his current job.

Yotham likes to be able to have enough **stability** to work on his own projects aside of work. He is currently **investing** in a piece of land, where he dreams to start his own farm. Yotham’s priority, however, are his three young children Kezia, Damas and Angel: “*What I wish the most for my children is for them to be able to choose what they want to do in their life.*”



# Standing out as a Tanzanian company

## *Creating a company-friendly environment*

Our presence in Kigoma as **the largest private sector company** and the only company to directly **export** beyond the immediately neighbouring countries makes the task of setting up and operating another company marginally easier for the next companies who try or are trying to expand. This include increasing the demand for better banking services, working with public sector employees on regulations, and marginally increasing the pool of skilled and semi-skilled workers.

## *Raising the profile of African honey*

Currently, the biggest and most famous honey producing countries are not African, and very few people in the honey industry in the developed world know anything about African honey. Moreover, those who do know about African honey often have bad stories to tell of unscrupulous suppliers or smoky taste. By being a **reliable supplier of high-quality honey**, we raise the profile of honey for the whole continent.





**Alex Chetkovich**

**+255 759 985 751**

**[alex@upendoagri.com](mailto:alex@upendoagri.com)**

**[upendoagri.com](http://upendoagri.com)**

