



CVF

CLIMATE
VULNERABLE
FORUM

CPP PROJECT #6

DILMAH TEA: BEYOND NET ZERO AND ETHICAL

PROJECT SNAPSHOT

PROJECT OVERVIEW

- **Project Location:** Sri Lanka
- **Project size/capacity Land Area:** 12,620 hectares under Kahawatte Plantations (KWPL) for tea and other crops.
- **Sector:** Agriculture, energy, and sustainable development.
- **Project stage:** Project Preparation
- **Key partners and stakeholders**
 1. **Government:** Ministries of Finance, Lands, Natural Resources, Sri Lanka Forestry Commission.
 2. **Private Sector:** Dilmah Tea Company, MJF Group, KWPL, Multinational Development Banks (MDBs).
 3. **International Partners:** UNFCCC, Multilateral Development Banks, UN Agencies (UNEP, UNDP), European Union, World Bank, MIGA.
 4. **Civil Society:** Local farmers, community organizations, youth, and farmers' groups.

BANKABILITY & FINANCIAL VIABILITY

- **Total project cost:** Estimated at USD 100 m (To be finalized upon completion of Phase 1 assessments).
- **Funding required:** The exact amount is to be calculated after carbon credit potential and renewable energy transition studies.
- **Financial model/structure:** private sector investment
- **Revenue Streams:** Carbon credit sales from Internationally Transferred Mitigation Outcomes (ITMO), Energy sales from renewable energy projects, Eco-tourism initiatives, and Ethical product premiums from Dilmah's certified sustainable and ethical products.
- **Expected IRR (Internal Rate of Return):** TBD (Subject to financial model finalization).

- **Payback period:** TBD
- **Key investors/partners (if any):**
 1. Multinational Development Banks (MDBs).
 2. Strategic partners from international financial institutions.
 3. Collaborations with businesses with sustainability commitments.
- **Risk mitigation strategies:**
 1. **Insurance:** Natural disaster and extreme weather risk insurance for crops.
 2. **Guarantees:** Financial guarantees from MDBs and international financial institutions to secure capital investments.
 3. **Carbon Market:** Leveraging Dilmah's carbon credits for global carbon trading markets.

CLIMATE RESILIENCE & MITIGATION

GHG Emissions Reduction:

- **Goal:** Achieve a surplus between the GHG emitted and removed through renewable energy and carbon capture.
- Estimated reduction CO₂ equivalent annually (to be quantified during energy transition plan).

Adaptation Strategies:

- Resilient farming practices for local communities, enhancing protection against extreme weather events. Sustainable farming, ensuring premium payments to farmers based on quality. Diversified income streams through eco-tourism and renewable energy.

Alignment with Climate Policies and Regulations:

- Alignment with Sri Lanka's Nationally Determined Contributions (NDCs) under the Paris Agreement.
- Compliant with UN Sustainable Development Goals (SDGs) and the UNFCCC framework.
- Supports Climate Vulnerable Forum (CVF) Climate Prosperity Plan (CPP) objectives.

RESOURCE EFFICIENCY

- **Energy:** Complete transition to renewable energy.
- **Water:** Implement water-efficient agricultural techniques.
- **Raw Materials:** Circular economy principles through recycling and sustainable harvesting of tea and spices.

ALIGNMENT WITH 1.5°C TEMPERATURE THRESHOLD

The project's commitment to net-zero emissions aligns with the 1.5°C goal by reducing emissions, transitioning to clean energy, and registering carbon credits through ITMO.

SOCIAL IMPACT & SDG CONTRIBUTION

Support for Vulnerable Communities:

- Enhances the resilience of farmers and workers by providing sustainable livelihoods through better compensation for high-quality farming outputs.
- Community engagement through local employment and participatory planning processes.

Social Inclusion Measures:

- Promotion of gender equality through equitable labor practices and inclusion of women in management and workforce roles.
- Ethical labor practices certified under SMETA audit guidelines, covering labor standards, health, safety, and environment.

SDG Alignment:

- SDG 8: Decent work and economic growth.
- SDG 12: Responsible consumption and production.
- SDG 13: Climate action.
- SDG 15: Life on land (sustainable farming and conservation).
- SDG 7: Affordable and clean energy.

CONTRIBUTION TO GHANA'S CLIMATE PROSPERITY PLAN & NDC COMMITMENTS

The project aims to exceed national emissions reduction targets and bolster Sri Lanka's capacity to meet its NDC goals under the Paris Agreement.

INVESTMENT OPPORTUNITY & EXIT STRATEGY

Investment Opportunity & Exit Strategy:

Investment Case:

The project is structured to generate multiple revenue streams through carbon credits, ethical product premiums, and renewable energy sales. The clear path to financial viability, combined with strong environmental and social outcomes, presents a unique opportunity for impact investors.

Exit Strategy:

Investors can anticipate returns through carbon credit markets, energy sales, and premium-priced ethical products, with clear timelines and regulatory frameworks in place. Return on investment is supported by Dilmah's established global brand and market presence in premium tea exports.

CONTACT INFORMATION

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