Info Note

Private sector climate resilient agriculture co-investment reaches over 237,000 farmers in East Africa

John Recha, Joab Osumba, Helena Shilomboleni, Teferi Demissie, Maren Radeny, Gloria Byarugaba, Bright Wandera, Sebastian Oggema, Menno Keizer, Bashir Kasekende, Dawit Solomon

DECEMBER 2020

Key messages

- More than €40 million was jointly mobilized by the Netherlands Development Organisation (SNV), the CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS), Wageningen University & Research (WUR), Agriterra and Rabo Partnerships consortium from the Netherlands Government to increase the availability and accessibility of climate-resilient food for the growing populations in East Africa.
- By the end of December 2020, the Climate Resilient Agribusiness for Tomorrow (CRAFT) project catalyzed a total of €34,369,120 million additional sustainable finance co-investment from the private sector.
- This amount had been jointly co-invested in 36 climate-informed business cases in seven priority value chains in Kenya, Tanzania, and Uganda.
- Leverage of 5:1 was achieved, whereby 83.7% (€28,761,940) of the total co-investment capital was attributed to contributions by the private sector business case champions, while CRAFT's co-investment was 16.3% (€5,607,180), showing significant progress made by the consortium to mobilize sustainable financial investments for resilient food systems in East Africa.

Background information

Farming communities in Eastern Africa face immense challenges in the second decade of the 21st century, including a continuing population increase, rising food prices, declining soil fertility and crop yields, limited access to land, poor market access and high inflation (Kristjanson et al. 2012). Climate change is adding another challenge on top of these others. Africa's climate is warmer than it was 100 years ago, and model-based projections of future greenhouse gas induced climate change for the continent project that this warming will continue, and in most scenarios, accelerate (Christensen et al. 2007).

According to the Food and Agriculture Organization of the United Nations (FAO), more than a quarter of Sub-Saharan Africa's people are currently undernourished and crop production needs to increase by 260% by 2050 to feed the continent's projected population growth.

Thus, Africa's agriculture must undergo significant transformation to meet the simultaneous challenges of climate change, food insecurity, poverty, and environmental degradation. Climate-smart agriculture (CSA) should be part of the solution in addressing this problem. However, this requires joint investments by partners across the supply chain, as well as support agencies in the different value chains such as the CRAFT project. CRAFT was designed to address these climate change related challenges in East Africa. To achieve scale on CSA, CRAFT leverages private sector co-investments in CSA practices that promote market-driven adoption and scaling of inclusive climate-smart business developments along the selected agricultural value chains.

CRAFT investments in commercially viable business cases

To date, CRAFT has co-invested €5,607,180 (16.3% of total capital) in grants to 36 business case champions that have contributed €28,761,940 (83.7% of total capital). The leverage ratio (euros leveraged by grantee for every euro granted by CRAFT project) is therefore 5:1. A total of € 34,369,120 has been jointly invested in seven value chains in Kenya, Tanzania, and Uganda (Table 1).

The total number of smallholder farmers targeted is 237,250 in the three countries.

Table 1: Total investments in commercially viable business cases

Crop and target SHFs	Business case (BC) champion	Grant contributions (euros)		
		CRAFT contribution (euros)	Grantee contribution (euros)	Total activity funds (euros)
Potato **(14,300 SHFs)**	• EA Fruits Farm & Company Ltd • Sai Energy & Logistic Services Company Ltd • Sereni Fries Ltd • Kisoro District Potato Coop • Starlight Coop	681,702 (41.7%)	954,669 (58.3%)	1,636,370
Sorghum **(60,500 SHFs)**	• Farmers Pride Africa Ltd • Kibaigwa Flour Supplies limited • Quinam Inv. Ltd • Musoma F. Ltd • Stawi Ltd • Shallem Ltd	1,024,729 (28.5%)	2,569,000 (71.5%)	3,593,729
Green grams **(10,700 SHFs)**	• Igambang'ombe Multipurpose Cooperative Society (IMCOS) • Farmers Pride Africa Ltd	135164,268 (46.9%)	153,213 (53.1%)	288,377
Common beans **(12,750 SHFs)**	• Rogimwa Agro Company Ltd • Smart Logistics Ltd • Ikuwo Gen. Ent. Ltd	488,967 (41%)	703,763 (59%)	1,192,730
Soybean **(60,000 SHFs)**	• Acila Enterprises Ltd • Alito Joint Coop • Masindi Seed Ltd • Okeba Ug. Ltd • RECO Industries • Transformation Rural Dev. Ltd • SESACO Ltd • Panyimur Coop • AgriNet Ltd	1,471,069 (24.6%)	4,519,397 (75.4%)	5,990,466
Sesame **(36,000 SHFs)**	• Equator Seeds Ltd • Nyekorac Community Farmers' Coop. Society Ltd	300,502 (1.7%)	17,227,296 (98.3%)	17,527,798
Sunflower **(43,000 SHFs)**	• Mwenge Sunflower • Nondo Inv Co. Ltd • Three Sisters Ltd • Jackma Enter. Ltd • Sebei F. SACCO • Global Trade Ltd • Kimolo Sup. Rice • Khebhandza Ltd • Temnar Co. Ltd • Magin Ltd	1,505,047 (36.4%)	2,634,602 (63.6%)	4,139,649
Total (237,250 SHFs)	36 business cases	5,607,180 (16.3%	28,761,940 (83.7%)	34,369,120

Since 2019, the CRAFT project has partnered with business champions to facilitate market linkages for CSA products and services among rural smallholder farmers. CRAFT investments focus on funding interventions that initiate and accelerate the adoption of CSA practices and technologies that make it attractive for co-investment from the partnering champions either through their own funds and/or through commercial funding by financial institutions. The aim is to stimulate the implementation of climate change adaptation, productivity improvements and inclusive business models that demonstrate deliberate efforts to engage youth and women among the targeted actors in the promotion of CSA. The criteria for selection, approval and funding hinges on access to improved climate resilient inputs, for example improved seed varieties and training on CSA practices.

Contributed and leveraged financial resources

The private sector actors invest their own funds and then leverage off the CRAFT grant to attract additional investment from commercial financial institutions. A summary of the leveraged and contributed financial resources by value chain is presented in Figure 1 and Figure 2.

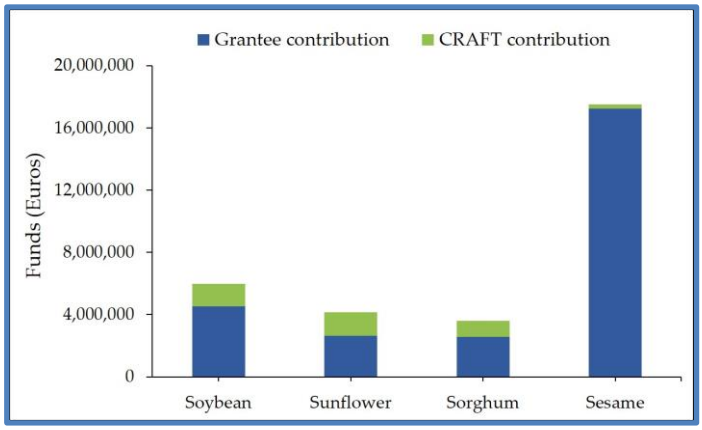

Figure 1. Soybean, sunflower, sorghum, and sesame

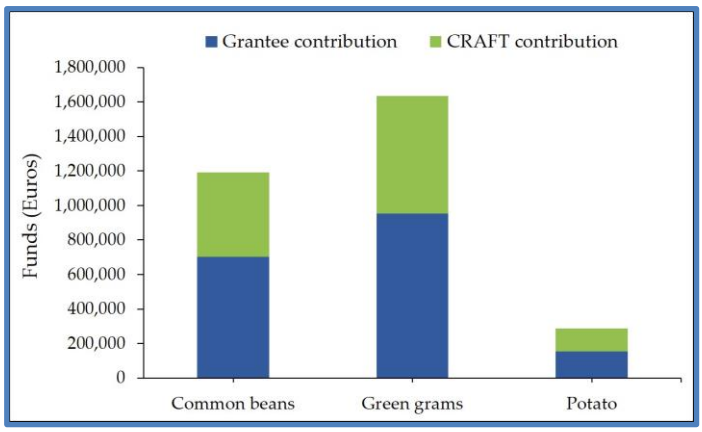

Figure 2. Common beans, green grams, and potato

A summary of the leveraged and contributed financial resources by country is presented in Figure 3.

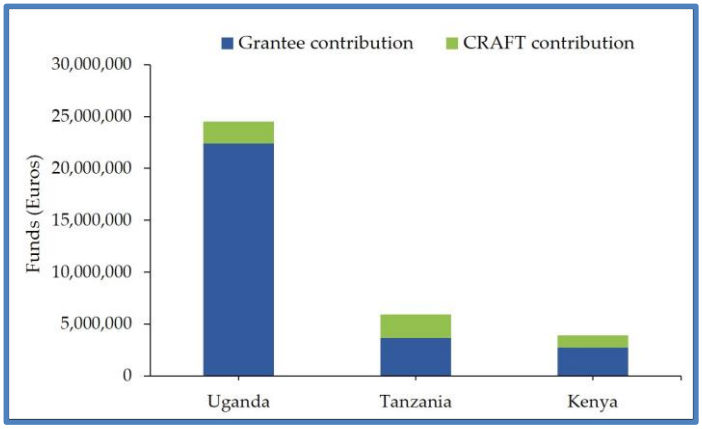

Figure 3. Country comparison

A summary of the leveraged and contributed financial resources by grantee and CRAFT is presented in Figure 4 and Figure 5, respectively.

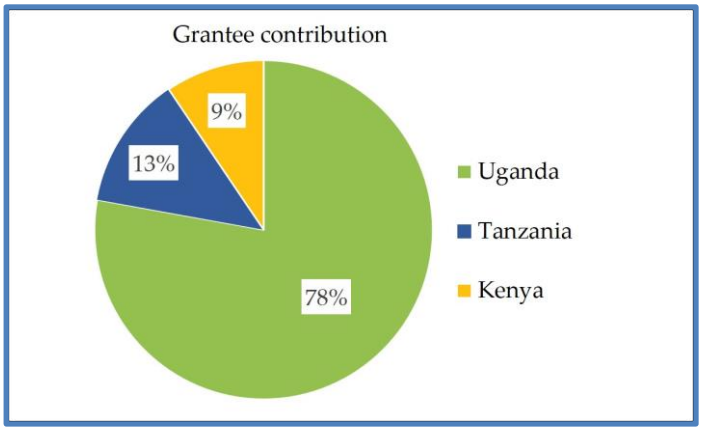

Figure 4. Country comparison of grantee contribution

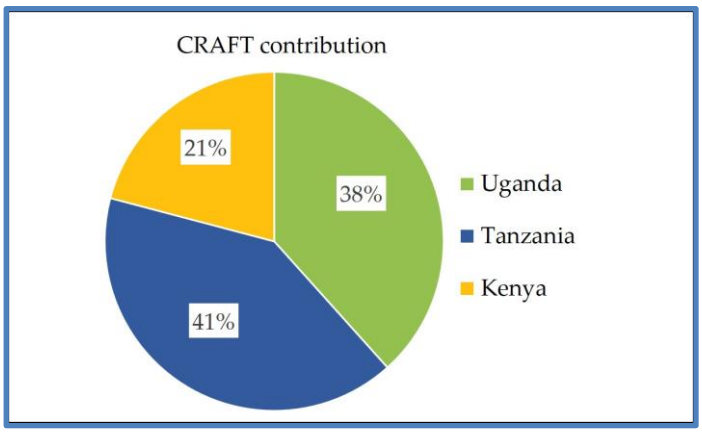

Figure 5. Country comparison of CRAFT contribution

Importance of CRAFT business cases leveraging of resources

The value chains supported by CRAFT (oilseeds, pulses, cereals, and potatoes) are generally low-margin staple food value chains, which are often not well linked or integrated both at the local and national levels, not well anchored on market principles, and generally not well organized, meaning that they are not responsive to actors

along the value chain including smallholder farmers, input and service providers, processors, traders and consumers. The value chains hinge on subsistence productions systems, characterized by low margins, and are inherent of inefficiencies in both input and output markets. The value chains are informal, actors operate on adhoc relationships and vastly lack forward and backward market linkages, missing out on basic ingredients of a functional marketing system. These constraints are further reinforced by low levels of transformation (value addition) due to low public and private investments, the limited availability of extension services to farmers, and limited provision of financial services. To deal with the constraints, CRAFT contributes towards expanding market opportunities of the staple food value chains through adoption of CSA and enhancing incentives for private investors to undertake long-term investments in the sub-sector.

Further reading

- Christensen JH, Hewitson B, Busuioc A, Chen A, Gao X, Held I, Jones R, Kolli RK, Kwon WT, Laprise R, Mgana RV, Mearns L, Menendez CG, Raisanen J, Rinke A, Sarr A, Whetton P. 2007. Regional climate projections. In S. Solomon Ravallion, M. 2012. Benchmarking global poverty reduction, Policy Research Working Paper 6205. The World Bank, Washington, DC.
- Kristjanson P, Neufeldt H, Gassner A, Mango J, Kyazze FB, Desta S, Sayula G, Thiede B, Förch W, Thornton PK, Coe R. 2012. Are food insecure smallholder households making changes in their farming practices? Evidence from East Africa. Food Sec. 4, 381–397.

This Info Note presents a summary of business cases of the Climate Resilient Agribusiness for Tomorrow (CRAFT) project. CRAFT is funded by the Netherlands Ministry of Foreign Affairs and aims to increase the availability and accessibility of climate-resilient food for the growing populations in Kenya, Tanzania, and Uganda. The project is implemented by SNV in partnership with the CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS), Wageningen University and Research (WUR), Agriterra and Rabo Partnerships.

John Recha *(J.Recha@cgiar.org) is Climate Smart Agriculture Policy Scientist and CRAFT project coordinator of CCAFS East Africa*

Joab Osumba *(J.Osumba@cgiar.org) is Climate Smart Agriculture Policy Specialist of CCAFS East Africa*

Helena Shilomboleni *(H.Shilomboleni@cgiar.org) is Climate Smart Agriculture Scaling Scientist of CCAFS East Africa*

Teferi Demissie *(T.Demissie@cgiar.org) is Climate Scientist of CCAFS East Africa*

Maren Radeny *(M.Radeny@cgiar.org) is Science Officer of CCAFS East Africa*

Dawit Solomon (*D.Solomon@cgiar.org) is Regional Program Leader of CCAFS East Africa*

Marieke van Schie (mvanschie@snv.org) *is SNV Regional Project Manager, CRAFT*

Gloria Byarugaba *(gbyarugaba@snv.org) is SNV Regional Climate Innovation and Investment Facility Manager, CRAFT*

Bright Asiimwe Wandera *(basiimwe@snv.org) is SNV Regional Monitoring and Evaluation Lead, CRAFT*

Sebastian Oggema *(soggema@snv.org) is SNV Project Manager - Kenya, CRAFT*

Menno Keizer *(mkeizer@snv.org) is SNV Project Manager - Tanzania, CRAFT*

Bashir Kasekende *(bkasekende@snv.org) is SNV Country Project Manager - Uganda, CRAFT*