



## PROJECT DESCRIPTION: **Development investment proposal**

WEBSITE CLIENT	WWW.BALTONCP.COM/AMIRANKENYA/
REGION	AFRICA
COUNTRY	KENYA
SECTOR	AGRICULTURE
SIGNING DATE	30 DAYS FROM PUBLICATION AT WEBSITE
TOTAL FINANCING	€ 212,230
FUND	GRANT FUNDING (ORIGINATION FACILITY)

- Who is our (prospective) client?

Amiran is part of the Balton CP group of companies headquartered in the United Kingdom. The company, based in Kenya provides complete solutions in all of its fields of expertise in agriculture as a distributor of farm consumables and equipment. Through decades of partnership with Kenya's growers, Amiran has become a "one stop shop" for all of Kenya's agricultural needs in crop production. The Balton CP group also has subsidiaries and representative offices across 7 other African countries (Uganda, Tanzania, Rwanda, Ethiopia, Ghana, Nigeria, Zambia) that provide a similar offering tailored to the needs of the respective agricultural sectors in each country. This provides an opportunity for SNV DFCD to intervene in several countries as Amiran and Project Madaraka scale up business in the region.

Amiran's one-stop-shop model covers a wide range of agricultural inputs across many value chains and comprise (seed, chemicals, fertilizer); agricultural infrastructure (greenhouses & related climate control equipment, coldrooms, shade nets, water tanks / reservoirs), equipment (irrigation systems, farm implements, energy units including solar and biogas generating equipment etc).

- What is the intended funding objective (type of activity)?

Climate change brings with it more frequent extreme downpours with short spans of heavy water flow and has a severe impact on the agriculture sector. This is very evident in Kenya where the sector accounts for 65 percent of the export earnings and provides the livelihood

(employment, income and food security needs) for more than 80 percent of the Kenyan population.

Amiran has been advising farmers on sustainable farming methods for decades. Its long-term goal is an ambitious one: to reshape the relationship between farming and ecosystems. It aims to move farming from being a leading consumer and polluter of water to a key contributor to healthy watersheds and reliable clean water supplies, and from being a leading consumer of fossil fuels to a producer of renewable energy.

The funding will help to build the business by assisting Project Madaraka ("Project Madaraka" or "Credit Capital Management Company" (CCMC)) to finance credit sales of agricultural inputs and equipment to commercially oriented individual, smallholder and SME farming corporations.

The grant will assist Project Madaraka to procure consultancy services and technical assistance for;

Mobilisation of efficient blended financial resources and fund structuring

Capital pool accounting and modelling (IFRS9) systems

Legal and tax advisory for the capital pool structuring and operation

Setting up back and middle offices and operational procedures for managing the capital pool, production of contracts, relevant investor documentation and record-keeping for the credit portfolio

Climate change adaptation, EU SIR & Insurance TA, financial resource mobilisation and capacity building

Preliminary environmental and social impact assessments and safeguards

- Why do we fund this project?

The OF DFCD grant funding is needed to de-risk and prove the concept of innovative solutions with scaling potential for input services to smallholders to boost climate resilient agriculture production. As it is new this has proven to be a barrier to obtain financing.

- Environmental and social rationale

Project Madaraka can be Rio Marked 2 for climate change adaptation as it has explicit objectives for its target beneficiaries around Kenya, including those in the SOKNOT Landscape. The company will adopt the following objectives to deliver triple bottom line results to investors and effect meaningful change on small scale farming in its operational zones in Africa:

i) Environmental: to ensure that farmers produce in a sustainable manner

ii) Social: to serve farmers inclusively irrespective of age or gender

iii) Commercial & financial objectives: positioning as a true one-stop-shop. Grow sales per farmer over time, through a product escalator of increasing price and sophistication.

Sustainable intensification of agriculture: this is achieved through increasing the productivity of land in the production of food. For instance, Project Madaraka will finance smallholder farmers and SME farming entities to acquire i) greenhouses which feature climate control technology; ii) improved crop varieties and breeds which are either drought or pest resistant or short season; iii) through capacity building of farmers and extension officers, entrench the use of best practice farming methods including but not limited to environmental conservation and inter-cropping, both of which help to promote bio-diversity and soil recovery.

This leads to climate smart agricultural land use and mitigate climate risks; thereby leading to climate resilient food security and reduced vulnerability.

- Farmer incomes will also be dramatically improved, with modern farming practices having the capacity to multiply yields by several factors of current production. By working in partnership with off-takers of farm produce, Madaraka will ensure that farmers with increased yields are able to monetise their crop.
- The Project will increase use of and access to renewable energy, and thereby reduce GHG emissions, by providing solar powered equipment and biogas solutions to farmers and SME agribusinesses. This will help reduce the cutting down of trees for firewood and charcoal thus minimizing the chances of deforestation.

Improved health outcomes will result from operation of biogas systems, providing a clean cooking source thereby reducing indoor smoke pollution from charcoal and firewood – a major cause of infant mortality and respiratory disease in mothers.

- Irrigation efficiency: Investments in irrigation efficiency look to address the challenges of scarcer water resources caused by reduced precipitation and overuse.
- Competitively priced financing of solar water pumps, water-harvesting equipment and efficient irrigation systems like drip will result in efficient water utilization, protecting the environment, restoration of ecosystems, such as wetlands and mangroves, which are nature's best defences against extreme floods, droughts and storm surges.
- The majority jobs created are expected to benefit women (as the main operators of farms in many instances) and youth (due to their increased appetite to learn new practices and adopt improved methods of farming for greater commercial gain).