PART 1: Description and all information of the outcome/impact reported

TITLE

Innovative partnership scheme unlocks US$520,800 credit, boosting hundreds of Kenyan farmers' resilience.

YEAR

2024

OUTCOME IMPACT CASE REPORT

Study #AFR - 2437

Stage of Maturity of change reported: stage 2

GEOGRAPHIC SCOPE: NATIONAL

COUNTRY: Kenya

Comments: Piloted in Meru County

Contributing external partners:

- Shalem Investment Ltd.
- ACRE Africa – Agriculture and Climate Risk Enterprise.

OUTCOME STORY/IMPACT STATEMENT

During a financial product launch, a pre-approved credit line of US$ 520,800, an innovative financing solution, was accessed by 334 farmers in one Kenyan county to procure drought-resistant seeds, manage rainwater runoff, and improve soil health. The bundled product integrates bank risk capital, insurance, and climate-smart advisory services. Enabled by CGIAR innovations, 569 farmers were trained, with 334 receiving funding approval. Partners Acre Africa and Shalem Investments will scale to 1,000 farmers by 2026, with a potential reach of 42,500.

CGIAR INNOVATION(S) OR FINDINGS THAT HAVE RESULTED IN THIS OUTCOME OR IMPACT

The climate-smart agriculture (CSA) investment screening and due diligence module is a methodology that leverages CGIAR-derived science and technical approaches to enhance CSA impact potential investments. By integrating this methodology into typical decision-making processes, investors can identify appropriate risk-mitigating interventions early on and align their portfolios with climate-change adaptation management, through ongoing impact and risk monitoring. In this instance, the innovation informed the development of a climate-smart financing bundle for the sorghum value chain, improving credit access, farmer skills, and confidence among ecosystem players.

GENDER, YOUTH, CAPACITY DEVELOPMENT AND CLIMATE CHANGE

Gender relevance: 1 - Significant. The training and financing of farmers was able to achieve a 68% gender threshold- refer to portal.[7]

Capacity Development relevance: 1 - Significant. A total of 569 farmers received training through a network of trainers. [4]

ELABORATION OF OUTCOME/IMPACT STATEMENT

The Kenya Cooperative Development and Investment Program's (KCDIP) Sorghum Value Chain Project has significantly enhanced the resilience and bankability of 334 sorghum farmers in Meru County, Kenya. KCDIP operates under the umbrella of the Accelerating Impacts of CGIAR Climate Research for Africa (AICCRA) Project [1, 4]. This success was achieved through partnerships with Shalem Investments (aggregator; profiling Trainers of trainers (ToT) [2]; Family Bank and DigiFarm (farmers' financial risk and credit assessment) [4]; and Agriculture and Climate Risk Enterprise, Ltd (ACRE) Africa (insurance provider) [3]. Memoranda of Understanding (MoUs) with Shalem [2] and ACRE [3] further strengthened these activities and supported scaling.

The project's core innovation was leveraging CGIAR's Climate-Smart Agriculture (CSA) solutions to create a bundled financing product. This bundle included input financing, insurance, and mechanized services tailored to sorghum farmers. To ensure adoption, 569 [4] farmers received targeted agronomic and climate training, through a network of trainers-of-trainers (ToTs). These measures reduced climate risks, stabilized cash flows, and attracted private sector investment.

In its initial phase, the project engaged 434 farmers [4] with a pre-approved credit line of US$520,800 [4], leveraging US$130,200 [4] in concessional capital at a mobilization ratio of 4:1. Of these, 334 [4] farmers accessed loans for inputs during the pilot, while 266 were pre-approved for the next planting season. Loans enabled the adoption of CSA practices such as drought-tolerant seeds, rainwater management, and soil health improvement, enhancing farmers' climate resilience.

To address climate variability, the project implemented a dual de-risking strategy. Farmers were trained in pest, disease, and water management to mitigate losses during an abnormally wet season. When these measures fell short, parametric insurance provided timely payouts, preventing a 3.35% default rate [4,5] and ensuring financial stability for farmers, banks, and input providers. 'Parametric insurance' insures a policyholder against the occurrence of a specific event by paying a set amount based on the magnitude of the event, as opposed to the magnitude of the losses in a traditional indemnity policy."

The project directly benefited 569 farmers [1, 4], with 334 [1, 4] accessing funding. Its inclusive design ensured both men and women, particularly those from vulnerable groups, gained from the interventions. By building trust across the value chain, it established a scalable model for addressing climate risks and enhancing smallholder profitability. This initiative highlights AICCRA's CSA innovations' transformative potential, promoting resilience, improving livelihoods, and advancing food security in Meru County. Plans to scale the project aim to reach 1,000 farmers by 2026 and a potential total of 42,500 farmers [1, 4].

PART 2: Mapping to Alliance strategy and structure

KEY CONTRIBUTOR AND STRATEGIC OUTCOMES

Lever 3: Climate Action

SO1: Development partners use tailored climate services in priority countries to help farmers and their institutions reduce the impact of climate risks.

SO2: Development agencies make smarter investments that deliver climate adaptation and mitigation based on agricultural and climate risks profiled.

SDG TARGETS

- **13.1 –** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

PART 3: One CGIAR Alignment

LINK TO IMPACT AREAS AND GLOBAL TARGETS

Impact Area 4: Climate Adaptation and Mitigation

- Equip 500 million small-scale producers to be more resilient to climate shocks, with climate adaptation solutions available through national innovation systems.

PART 4: Evidence, References and COM material

EVIDENCE AND REFERENCES

1. Monitoring portal (not for public sharing)
2. MoU – Shalem Investment Ltd. (not for public sharing)
3. MoU – ACRE Africa. (available upon request)
4. Implementation and Scaling of Climate-Smart Financing Solutions in Kenya's Sorghum Value Chain Post-Investment Report. (available here)
5. Insurance claims payment. (not for public sharing)
6. Development of a Climate Smart Financing Bundle for Sorghum in Kenya. (available here)
7. KCDIP Dashboard - Kuza Digital Platform - Kuza. (available here)

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