



### **Abstract**

*SAFI is a finance-led social venture of the Ohala Africa Foundation, conceived as a living systems demonstration that aligns capital, institutions, and stewardship to strengthen enterprises and livelihoods—beginning in Kenya’s Lake Region.*

**<https://ohalakenya.org/safi/>**

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## INTRODUCTION

The Sustainable Agribusiness Financing Initiative (SAFI) is a finance-led social venture of the Ohala Africa Foundation, conceived as a practical response to one of the defining questions of our time: *how societies can realign economic systems, governance, and human dignity within the ecological limits that sustain life.*

Across regions and ideologies, there is growing recognition that today's converging crises—ecological degradation, institutional distrust, and widening inequality—are not isolated failures, but symptoms of deeper systemic misalignment. SAFI engages this challenge not through abstract prescription, but through practice: by operating at human scale within Kenya's Lake Region, an ecologically rich and institutionally fragile landscape where livelihoods, markets, governance, and natural systems are tightly interwoven.

In this sense, SAFI is intentionally designed as more than a development intervention. It functions as a *living systems demonstration*—a bounded, real-world context in which the interaction between finance, institutions, ecology, and dignity can be observed, tested, and refined. As such, it offers a concrete reference point for broader conversations about how economic life might be organized in ways that are regenerative, trustworthy, and socially grounded, and it is deliberately open to collaboration with academic, policy, research, and development partners interested in learning from, contributing to, and adapting its core insights across different contexts.

At the heart of SAFI lies a simple but demanding conviction: durable economic transformation depends not only on capital and technology, but on institutional integrity, responsible stewardship, and respect for human dignity. Finance sits at the center of the initiative, not as an end in itself, but as a formative force—one that shapes incentives, behaviors, organizational culture, and moral norms. When governed with discipline and transparency, capital can strengthen institutions and trust; when misaligned, it accelerates extraction, erodes legitimacy, and deepens vulnerability.

SAFI approaches finance accordingly: as a means of institutional formation rather than a stand-alone solution. The initiative builds on Ohala Africa's wider work in values-based leadership, institutional development, and capacity strengthening, with the explicit aim of aligning economic activity with long-term social and ecological outcomes.

While SAFI was initially conceived in response to the financing and institutional constraints facing smallholder aquaculture enterprises in Kenya's Lake Victoria Region, its scope has deliberately expanded to include selected land-based agribusiness value chains. This reflects the integrated reality of the region's blue and green economies, where households, markets, and ecosystems span both aquatic and terrestrial systems. Across these value chains, enterprises face common challenges: limited access to appropriately structured finance, weak organizational capacity, fragmented markets, environmental stress, and fragile governance arrangements.

In response, SAFI operates through an integrated model that combines targeted financing with structured, grant-funded institutional strengthening led by Ohala Africa. Capital is extended to organized producer groups, cooperatives, savings groups, and other viable enterprise institutions that are simultaneously supported to strengthen governance, leadership, and operational capacity. These enterprises are connected through the SAFI Network—an informal but intentional platform for peer

learning, leadership development, shared identity, and collective voice, including coordinated engagement in policy dialogue.

The name **SAFI**—meaning “clean” in Swahili—captures the initiative’s defining ethos: integrity, transparency, and responsible stewardship. These values are not aspirational add-ons, but core operating principles. In a world struggling to imagine credible pathways beyond extractive economics and brittle institutions, SAFI offers a modest but grounded proposition: that alternative ways of organizing finance, enterprise, and governance can be demonstrated in practice—and that such demonstrations, however local, can inform global conversations about the future we are trying to build.

## THE INSTITUTIONAL CHALLENGE SAFI ADDRESSES

Across the world, societies are grappling with a common set of tensions: economic systems that generate activity without trust, markets that reward scale without responsibility, and institutions that struggle to mediate between short-term pressures and long-term stewardship. In different contexts, these tensions surface as ecological degradation, informalization of work, widening inequality, and declining confidence in both markets and public institutions. Kenya’s Lake Region reflects these dynamics in a particularly concentrated and visible form.

The region possesses significant but underutilized potential across both aquaculture and selected land-based agribusiness value chains. Fertile soils, abundant freshwater resources, expanding consumer markets, and a large base of enterprising producers position it to contribute meaningfully to food security, employment, and sustainable livelihoods. Yet, as in many parts of the world, this potential has not translated into resilient enterprises or durable local economies.

The binding constraint is not effort, opportunity, or entrepreneurial energy. It is the absence of credible institutional pathways capable of aligning producers, capital, and markets over time—a challenge increasingly familiar across geographies and sectors.

Most agribusiness activity in the Lake Region operates at a micro or informal scale, dominated by individual producers, family enterprises, and small, fragmented actors. While resourceful and hardworking, these actors are structurally excluded from commercial value chains. Lacking scale, consistency, governance credibility, and bargaining power, they face many of the same barriers confronting small and medium enterprises globally: difficulty meeting standards, securing reliable offtake, negotiating fair terms, and absorbing capital productively.

Formal financial institutions, for their part, perceive this segment as high risk—citing irregular cash flows, limited collateral, weak records, and exposure to ecological and market volatility. Similar risk perceptions shape capital allocation decisions worldwide, contributing to a persistent mismatch between financial systems and the real economies they are meant to serve. The result, in the Lake Region as elsewhere, is a reliance on informal or short-term finance that prioritizes survival over growth, suppresses productivity, and entrenches vulnerability.

In principle, aggregation through cooperatives, producer groups, and other collective enterprises offers a viable pathway out of this trap. Collective institutions—when well governed—can coordinate production, enforce standards, manage risk, and engage credibly with markets and finance. Yet across many contexts, this institutional promise remains unfulfilled. In the Lake Region, as globally, organizations often exist in form without function: capital is introduced without institutional formation; assets are acquired without accountability; and enterprises are established without the leadership, systems, or values required to sustain them. Over time, this erodes trust and reinforces skepticism among lenders, buyers, and investors.

At its core, the challenge facing the Lake Region is therefore institutional rather than technical. Capital is scarce not simply because of risk, but because credible, investable institutions are rare. Where financing does exist, it is frequently fragmented, short-term, and poorly aligned with production cycles, ecological realities, and long-term value creation—patterns increasingly evident well beyond the region.

SAFI is designed in response to this institutional gap. Its organizing insight is that sustainable enterprise growth emerges where capital, capability, and character are intentionally cultivated and aligned over time. Finance, in this model, is not a stand-alone input or entitlement, but a formative instrument—one that is progressively entrusted to institutions and leaders demonstrating governance discipline, transparency, and stewardship. By integrating patient capital with structured institutional strengthening, SAFI seeks to rebuild trust across producers, markets, and investors, and to demonstrate a credible pathway from fragmentation to institutional maturity.

## THE SAFI MODEL

The SAFI Model translates a globally observed challenge—the persistent misalignment between financial systems, institutional capacity, and long-term stewardship—into a concrete operating design. In many contexts, capital is either inaccessible to viable enterprises or deployed in ways that extract value faster than institutions can sustain it. SAFI responds by treating finance not merely as a resource to be allocated, but as a structuring instrument that shapes governance, incentives, and responsibility.

To do so, SAFI is organized as an integrated, finance-led platform in which capital deployment, institutional formation, and accountability are deliberately aligned. The model is intentionally modular and transferable, designed to be tested in one context and adapted in others where similar institutional and ecological tensions are present.

At the institutional core of the model is **Safi Capital Ltd.**, a dedicated financing company established as a subsidiary of Ohala Africa Foundation and structured to mobilize patient, blended capital from aligned impact investors. Over time, Safi Capital is intended to evolve into a shared-ownership vehicle, bringing together Ohala Africa and its investing partners within a governance framework that balances commercial discipline with long-term mission alignment. A professional management team, accountable to this governance structure, is responsible for the prudent management and growth of the company.

Capital is deployed directly to organized producer groups, cooperatives, savings groups, and other viable enterprises that demonstrate the potential to mature into credible economic actors. Access to finance is deliberately selective and progressive. Rather than being demand-driven, it is earned through demonstrated governance quality, financial discipline, leadership capacity, and responsible enterprise conduct. In this way, finance becomes both an incentive and a disciplining mechanism—encouraging behaviors essential for long-term viability across diverse contexts.

Financing terms are aligned to production cycles, cash-flow realities, and environmental constraints, recognizing that economic activity is embedded within ecological systems. Prior to disbursement, Safi Capital undertakes rigorous commercial, operational, environmental, and governance due diligence. Following disbursement, enterprises receive targeted non-financial support coordinated by Ohala Africa, including governance strengthening, financial management, enterprise planning, and leadership development. These interventions are intentionally practical, aimed at reinforcing institutional maturity rather than substituting for it.

Loan capital mobilized through Safi Capital is reserved exclusively for on-lending to eligible enterprises, preserving fiduciary clarity and investor confidence. The costs of managing the financing vehicle—including investment management, portfolio oversight, and risk administration—are financed separately and, over time, increasingly through portfolio-generated income. Borrower pricing is benchmarked against prevailing commercial rates, underscoring SAFI's commitment to financial realism and the long-term credibility of the model.

Institutional development, ecosystem engagement, and convening functions are financed through grant and catalytic capital, reflecting their public-good character. This separation of functions ensures that loan capital is not diluted by non-lending activities and reinforces a core premise of the SAFI Model: that the central constraint is not the cost of capital, but the absence of credible institutional pathways through which capital can be responsibly deployed.

As the platform matures, the SAFI Model is expected to generate a diversified portfolio across aquaculture, rice, and selected horticulture value chains. Portfolio growth is guided by institutional performance, governance quality, and ecological alignment rather than volume alone. In this way, SAFI functions not only as a regional financing platform, but as a *systems demonstration*—offering transferable lessons on how finance, institutions, and stewardship can be realigned to support durable economic and social outcomes

## THE SAFI NETWORK

The SAFI Network is an informal, collaborative platform that brings together enterprise groups, cooperatives, and agribusinesses engaged through the SAFI initiative. Hosted and convened by Ohala Africa Foundation, the Network complements SAFI's financing and institutional strengthening work by providing a shared space for peer learning, leadership development, and collective reflection across priority value chains.

Membership in the SAFI Network is voluntary and does not confer legal, financial, or fiduciary rights or obligations. Rather, participation reflects a shared commitment to the values that underpin the SAFI initiative: integrity, transparent governance, responsible citizenship, and long-term stewardship. Through the Network, SAFI seeks to reinforce norms of accountability, mutual responsibility, and continuous institutional improvement across the Lake Region's agribusiness ecosystem.

Beyond learning and connection, the SAFI Network provides a platform for collective voice. By bringing together organized producers and enterprise leaders, it enables coordinated engagement in policy dialogue, advocacy, and constructive interaction with regulators, market actors, and development partners. This collective presence helps reduce fragmentation, strengthen confidence, and ensure that enterprise-level perspectives inform decisions shaping the region's agribusiness and ecological landscape.

Ohala Africa Foundation serves as the steward of the SAFI Network, responsible for coordination, communication, and the convening of Network activities. In doing so, Ohala Africa ensures that the Network remains values-anchored, inclusive, and focused on institutional strengthening and leadership formation rather than transactional or short-term interests. The Network thus functions as a social and moral complement to SAFI's financial architecture—reinforcing the idea that durable economic transformation depends not only on capital, but on the quality of the institutions and relationships through which it flows.

## EXPECTED IMPACT

SAFI is designed to generate durable impact by reshaping how finance, institutions, and enterprise interact—first within Kenya's Lake Region, and potentially beyond. Rather than prioritizing short-term outputs or isolated success stories, the initiative focuses on building the underlying conditions required for sustained participation in agribusiness value chains. Central to this approach is a deliberate effort to influence how economic actors understand responsibility, trust, and stewardship in the use of capital, institutions, and natural resources.

At the level of enterprises and producer institutions, SAFI is expected to expand access to appropriately structured finance for cooperatives, producer groups, and small and medium agribusinesses that are

otherwise excluded from conventional lending. By explicitly linking finance with institutional strengthening, the initiative seeks to improve governance quality, financial discipline, operational performance, and asset utilization. Equally important, SAFI aims to shift how finance itself is perceived and practiced—away from entitlement or short-term gain, and toward responsibility, accountability, and long-term viability.

At the level of households and communities, more stable and predictable enterprise performance is expected to support livelihoods, reinforce dignity in work, and strengthen resilience. As producer institutions mature and market participation becomes more reliable, SAFI anticipates indirect benefits such as improved food security, local employment, and stronger community cohesion. Beyond material outcomes, the initiative seeks to affirm personal agency, rebuild confidence, and encourage cultures of responsibility and mutual accountability within families and communities.

At the level of markets and value chains, SAFI seeks to contribute to more reliable aggregation of supply, improved compliance with quality and environmental standards, and stronger, more transparent engagement between producers, buyers, and service providers. Over time, these dynamics are expected to reduce transaction costs, increase market confidence, and reinforce norms of fairness, honesty, and long-term partnership—conditions essential for resilient and inclusive value chains.

At the system level, SAFI is intended to function as a demonstration of a finance-led approach to supporting micro- and small-scale agribusiness in underserved contexts. By operating through a dedicated, well-governed financing vehicle and maintaining clear institutional boundaries between financing, institutional development, and stewardship, SAFI seeks to build confidence among investors, policymakers, and practitioners. The initiative is designed to generate insights into how capital, institutions, and leadership can be aligned in practice—offering lessons that may inform adaptation and application in other settings facing similar institutional and ecological tensions.

Across all levels, SAFI places emphasis on inclusion, resilience, and sustainability. By coupling finance with institutional formation and leadership development, the initiative seeks not only to strengthen enterprises and markets, but to shape the values, behaviors, and decision-making of individuals and institutions. In this sense, SAFI's expected impact is as much about restoring trust, responsibility, and stewardship as it is about economic performance—recognizing that lasting transformation ultimately depends on people who are equipped, accountable, and committed to the common good

## PROJECT STRUCTURE & GOVERNANCE

### Sponsorship, Ownership, and Stewardship

The SAFI initiative is conceived, sponsored, and stewarded by [Ohala Africa Foundation](#), which serves as the originating institution and long-term custodian of the initiative's vision, values, and strategic intent. Ohala Africa led the conceptualization and institutional design of SAFI and retains responsibility for safeguarding its mission integrity, developmental orientation, and long-term coherence.

As sponsor, Ohala Africa is accountable for ensuring alignment between SAFI's financing activities and its broader institutional development objectives in the Lake Region. This includes mobilizing grant and catalytic funding to support non-commercial functions such as capacity strengthening, systems development, and ecosystem engagement, as well as anchoring mission alignment through strategic ownership interests where appropriate.

Ohala Africa's role is deliberately confined to stewardship and accountability, exercised through clearly defined ownership rights, governance arrangements, and contractual frameworks. The Foundation does not manage day-to-day lending operations or exercise operational control over commercial



activities. This separation reflects best practice in institutional governance and is intended to preserve fiduciary integrity, manage conflicts of interest, and reinforce accountability across the initiative.

## Legal Structure and Financial Governance

Financing under the SAFI initiative is carried out through **Safi Capital Ltd.**, a purpose-built company established to mobilize and deploy patient, blended capital in support of viable agribusiness enterprises and producer institutions across priority value chains. The company operates on commercial principles, guided by a clearly articulated investment mandate, defined risk appetite, and performance objectives aligned with long-term value creation.

Safi Capital Ltd. is established as a subsidiary of Ohala Africa Foundation and is structured to transition over time into a shared-ownership vehicle. Its shareholders will comprise Ohala Africa and aligned impact investors who provide risk capital and strategic oversight. This ownership structure is designed to balance commercial discipline with mission alignment, while preserving fiduciary independence and decision-making integrity.

The Board of Directors of Safi Capital Ltd. holds full authority over the company's strategy, investment policy, risk management, financial performance, and regulatory compliance. The Board operates under formal governance policies covering conflicts of interest, related-party transactions, disclosure requirements, and the clear separation of oversight from management responsibilities.

A professional management team, appointed by the shareholders, is responsible for day-to-day operations, portfolio management, credit decisions, and risk controls. The management team operates strictly within the investment mandate and governance framework approved by the Board, ensuring disciplined execution and accountability.

## Management, Implementation, and Capacity Strengthening

While Safi Capital Ltd. is responsible for financing activities, **Ohala Africa Foundation** leads and coordinates the development-oriented components of the SAFI initiative. These include institutional strengthening, leadership development, governance support, and broader ecosystem engagement.

Capacity strengthening and technical support provided alongside financing are delivered through structured programmes financed by grant and catalytic funding mobilized by Ohala Africa. These programmes are designed to prepare enterprise groups for responsible borrowing, strengthen governance and financial discipline, and support long-term enterprise viability.

Where external technical or professional services are required, Ohala Africa and Safi Capital Ltd. engage service providers strictly through arm's-length contractual arrangements. Such providers hold no ownership interest, fiduciary authority, or decision-making power within Safi Capital Ltd., and do not participate in credit approvals, investment decisions, or governance processes.

All management and implementation arrangements are governed by clearly defined scopes of work, performance benchmarks, reporting obligations, and conflict-of-interest provisions. These safeguards are intended to protect institutional integrity, ensure value for money, and maintain confidence among investors, donors, and partners as the SAFI initiative evolves.

## Governance Philosophy

Across all components of SAFI, governance is anchored in three core principles: **integrity, transparency, and responsible stewardship**. These principles guide ownership arrangements, board oversight, management conduct, and relationships with financed enterprises.



By maintaining clear institutional boundaries between stewardship, financing, and capacity development, SAFI seeks to demonstrate that finance-led development initiatives can combine commercial rigor with ethical leadership. In doing so, the initiative responds to a widely observed failure in development and financial systems—the blurring of roles that undermines accountability and trust—and offers a disciplined governance architecture that strengthens institutions, protects capital, and serves the long-term interests of communities and markets alike.

## CONCLUSION

SAFI is a modest but deliberate attempt to engage some of the defining tensions of our time—between finance and stewardship, growth and dignity, institutions and trust—through practice rather than prescription. Grounded in Kenya’s Lake Region, the initiative treats place not as a constraint, but as a lens through which global challenges can be examined at human scale.

By aligning finance with institutional formation and ethical leadership, SAFI seeks to demonstrate that alternative ways of organizing economic life are possible—ways that privilege responsibility over extraction, coherence over fragmentation, and long-term value over short-term gain. Its ambition is not to offer a universal model, but to contribute a credible reference point to wider conversations about how economies might be re-imagined within ecological limits and social realities.

As a living systems demonstration, SAFI remains intentionally open—open to learning, to challenge, and to adaptation. Its value will ultimately lie not only in the outcomes it generates locally, but in the questions it helps surface globally about the relationship between capital, institutions, and the human purposes they are meant to serve