SUSTAINABLE AGRIBUSINESS FINANCING INITIATIVE

Abstract

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

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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, widening inequality, and persistent hunger—are not isolated failures, but symptoms of deeper systemic misalignment. Nowhere is this more evident than in food systems that simultaneously leave millions undernourished while losing or wasting a substantial share of what is produced. These losses represent not only economic inefficiency, but also a failure of stewardship—of land, labor, capital, and human effort.

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 context, food loss and waste are not peripheral concerns. They are visible indicators of weak institutions, fragmented value chains, misaligned incentives, and the absence of patient, appropriately structured capital capable of supporting durable enterprise formation.

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, stewardship, and human dignity can be observed, tested, and refined. By working across aquaculture and selected land-based agribusiness value chains, SAFI addresses not only the challenge of production, but also the often-overlooked failures of handling, storage, aggregation, processing, and market coordination that give rise to significant food loss and waste.

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, reduce waste, and enable more efficient use of resources; when misaligned, it accelerates extraction, inefficiency, and vulnerability across food systems.

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, ecological, and food-system outcomes. Reducing avoidable food loss and waste is therefore not treated as a separate thematic objective, but as a natural consequence of stronger institutions, better-governed enterprises, and more coherent value chains.

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 high levels of post-harvest loss and waste.

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, operational capacity, and value-chain coordination. By addressing these institutional constraints, SAFI seeks to improve enterprise performance, enhance food availability, reduce avoidable losses, and strengthen livelihoods—while generating practical insights relevant to national and global conversations on food systems transformation.

THE INSTITUTIONAL CHALLENGE SAFI ADDRESSES

Across the world, societies are grappling with a common set of structural 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. These tensions surface in different ways across contexts, but their effects are increasingly visible in food systems that simultaneously fail producers, consumers, and the environment.

One of the most telling symptoms of this misalignment is the persistence of high levels of food loss and waste alongside widespread food insecurity. Large quantities of food are lost not because they are unnecessary or unwanted, but because the institutional arrangements required to handle, store, aggregate, process, finance, and distribute them efficiently are weak or absent. Food loss and waste, in this sense, are not merely technical inefficiencies; they are institutional failures—signals that value chains are fragmented, incentives misaligned, and responsibility poorly distributed across actors.

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 this potential has not translated into resilient enterprises, efficient value chains, 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, markets, and infrastructure over time. Where such pathways are weak, food systems become inefficient by default: harvests are poorly timed, handling is rough, storage inadequate, processing capacity limited, and market access unreliable. The result is high post-harvest loss, depressed incomes, volatile prices, and wasted ecological and human effort—patterns increasingly familiar well beyond the Lake Region.

Most agribusiness activity in the 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, coordination, governance credibility, and bargaining power, they face many of the same barriers confronting small and medium enterprises globally: difficulty meeting standards, securing reliable offtake, investing in storage or cold-chain solutions, 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. These risk perceptions are reinforced by high levels of loss and waste along value chains, which undermine predictability and erode confidence among lenders, buyers, and investors. The result is a persistent mismatch between financial systems and the real economies they are meant to serve, driving reliance on informal or short-term finance that prioritizes survival over growth and perpetuates inefficiency.

In principle, aggregation through cooperatives, producer groups, and other collective enterprises offers a viable pathway out of this trap. Well-governed collective institutions can coordinate production, improve handling and storage, enforce quality standards, invest in shared infrastructure, and engage credibly with markets and finance. They are also better positioned to reduce food loss and waste by addressing critical bottlenecks at harvest, storage, processing, and distribution.

Yet across many contexts, including the Lake Region, this institutional promise remains unfulfilled. 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 incentives required to sustain them. In such environments, investments in technology or infrastructure—whether storage facilities, cold chains, or processing equipment—frequently underperform or fail altogether, reinforcing skepticism and mistrust.

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 capable of managing risk, coordinating value chains, and stewarding assets over time are rare. Where financing does exist, it is often fragmented, short-term, and poorly aligned with production cycles, ecological realities, and post-harvest requirements—conditions that exacerbate food loss and waste rather than reduce it.

SAFI is designed in direct response to this institutional gap. Its organizing insight is that sustainable enterprise growth and more efficient food systems emerge where capital, capability, and character are intentionally cultivated and aligned over time. Finance, in this model, is not a stand-alone input, but a formative instrument—progressively entrusted to institutions and leaders who demonstrate governance discipline, transparency, and responsible stewardship. By integrating patient capital with structured institutional strengthening, SAFI seeks to rebuild trust across producers, markets, and investors, while addressing the underlying conditions that drive inefficiency, waste, and vulnerability in agribusiness value chains.

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 agribusiness enterprises or deployed in ways that extract value faster than institutions can absorb it. The consequences are visible not only in weak enterprise performance, but also in fragmented value chains, high post-harvest losses, inefficient use of natural resources, and diminished returns to labor.

SAFI responds by treating finance not merely as a resource to be allocated, but as a structuring instrument that shapes governance, incentives, coordination, and responsibility across the agribusiness system. The model is therefore organized as an integrated, finance-led platform in which capital deployment, institutional formation, and accountability are deliberately aligned. It is intentionally modular and transferable—designed to be tested in one context and adapted in others where similar institutional, ecological, and food-system challenges 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, will be responsible for prudent capital allocation, portfolio management, and risk oversight.

Uner the model, capital is deployed selectively to organized producer groups, cooperatives, savings groups, and other viable enterprise institutions that demonstrate the potential to mature into credible economic actors. Access to finance is not demand-driven, but earned progressively through demonstrated governance quality, financial discipline, leadership capacity, and responsible enterprise conduct. In this way, finance functions both as an incentive and a disciplining mechanism—encouraging behaviors essential for long-term viability, coordination, and efficient resource use across value chains.

Financing terms are deliberately aligned with production cycles, cash-flow realities, and ecological constraints. This alignment is critical in agribusiness systems where mismatches between financing structures and biological or seasonal realities often drive distress sales, premature harvesting, poor storage decisions, and avoidable losses. By matching capital to how value is actually created and preserved, SAFI seeks to improve enterprise performance while reducing inefficiencies that manifest as food loss and waste.

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 Foundation, including governance strengthening, financial management, enterprise planning, and leadership development. These interventions are intentionally practical and sequenced, aimed at reinforcing institutional maturity rather than substituting for it.

Crucially, SAFI does not treat infrastructure, equipment, or technology as stand-alone solutions. Investments in storage, aggregation, processing, or logistics are pursued only where the institutional capacity exists—or is being deliberately built—to govern shared assets, coordinate supply, enforce standards, and maintain accountability. In this way, reductions in post-harvest loss and waste emerge not from isolated technical fixes, but from stronger institutions capable of managing complexity over time.

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, learning, and convening functions are financed through grant and catalytic capital, reflecting their public-good character. This separation of functions reinforces a core premise of the SAFI Model: that the central constraint in agribusiness systems is not the availability of capital alone, but the absence of credible institutional pathways through which capital can be productively and 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 not by volume alone, but by institutional performance, governance quality, and alignment with ecological and market realities. In this way, SAFI functions both as a regional financing platform and as a living systems demonstration—offering transferable insights into how finance, institutions, and stewardship can be realigned to strengthen enterprises, reduce inefficiency and waste, and support more resilient and inclusive food systems.

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 institutional and financial conditions required for sustained participation in agribusiness value chains. Central to this approach is a deliberate effort to influence how economic actors understand responsibility, coordination, and stewardship in the use of capital, assets, and natural resources.

Impact at the Enterprise and Institutional Level

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.

As institutions mature, enterprises are better positioned to coordinate production, invest in shared infrastructure, manage post-harvest processes, and engage reliably with markets. These improvements are expected to reduce avoidable losses across harvesting, handling, storage, processing, and distribution—translating into higher realized output from existing production, improved margins, and more predictable cash flows. In this way, reductions in food loss and waste emerge as a direct consequence of stronger institutions and better-aligned finance, rather than as stand-alone technical interventions.

Impact at the Household and Community Level

At the level of households and communities, more stable and predictable enterprise performance is expected to strengthen livelihoods, reinforce dignity in work, and improve resilience to economic and climatic shocks. As producer institutions become more reliable economic actors, households benefit not only from higher incomes, but also from reduced volatility, fewer distress sales, and greater confidence in planning for the future.

Improved coordination and reduced post-harvest losses are also expected to contribute indirectly to local food availability and affordability, particularly in regions where inefficiencies rather than absolute scarcity drive food insecurity. Beyond material outcomes, SAFI seeks to affirm personal agency, rebuild trust, and encourage cultures of responsibility and mutual accountability within families, enterprises, and communities.

Impact at the Market and Value-Chain Level

At the level of markets and value chains, SAFI aims to support more reliable aggregation of supply, improved compliance with quality and environmental standards, and stronger engagement between producers, buyers, and service providers. As institutions strengthen and losses decline, transaction costs are expected to fall, market confidence to improve, and longer-term relationships to become viable.

Over time, these dynamics can contribute to more efficient food systems—systems in which a greater share of what is produced reaches consumers in usable form, with lower environmental footprints and reduced waste of land, water, energy, and labor. By addressing inefficiency at its institutional roots, SAFI contributes to value chains that are not only more inclusive, but also more economically and ecologically rational.

Impact at the System and Policy Level

At the system level, SAFI is intended to function as a demonstration of a finance-led approach to strengthening 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 deliberately designed to generate practical insights into how capital, institutions, and incentives can be aligned to improve enterprise performance, reduce inefficiency and food loss, and strengthen resilience in food systems. These insights are expected to inform policy dialogue, investment strategies, and development practice at national and global levels—particularly in contexts grappling with the dual challenge of food insecurity and high levels of food loss and waste.

Cross-Cutting Outcomes

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 also to shape the values, behaviors, and decision-making norms of individuals and institutions.

In this sense, SAFI's expected impact extends beyond economic performance. It aims to contribute to the restoration of trust, responsibility, and stewardship in agribusiness systems—recognizing that reducing waste, strengthening food security, and sustaining livelihoods ultimately depend on institutions and leaders capable of governing resources well over time.

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, efficiency and waste, 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 in food systems, finance, and governance 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. In doing so, the initiative addresses not only the challenge of expanding production and access to capital, but also the pervasive inefficiencies that undermine food security, erode livelihoods, and waste scarce ecological and human resources.

SAFI's ambition is intentionally dual. At the local level, it aims to strengthen enterprises, institutions, and livelihoods by rebuilding trust, improving coordination, and enabling more productive use of capital and assets. At the same time, SAFI is designed as a reference point for wider learning—offering practical insights into how finance, institutions, and incentives can be realigned to support more resilient, efficient, and inclusive food systems.

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 within the Lake Region, but in the questions it helps surface and the conversations it informs beyond it—among policymakers, investors, practitioners, and researchers grappling with similar tensions in other contexts.

In a world struggling to reconcile economic ambition with ecological limits and social responsibility, SAFI offers a grounded proposition: that durable transformation emerges where capital is governed with integrity, institutions are formed with care, and stewardship is treated not as an aspiration, but as a discipline. Whether in Kenya's Lake Region or elsewhere, the lessons that emerge from SAFI are intended to contribute to the collective effort to imagine—and practice—more coherent pathways toward shared prosperity and food systems that truly serve people and the common good.