

SCALING BUSINESS SOLUTIONS FOR WATER AND ENERGY FOR FOOD

Water and Energy for Food (WE4F) and the AlphaMundi Foundation (AMF) are partnering up to support small- and medium-sized enterprises (SMEs) working in the fields of water, energy, and food. How? By providing customized advisory services, which help build the capacity of enterprises to sustainably scale and maximize impact.

Background

Agriculture, like few other sectors, has the potential to achieve broad-based economic transformation in Africa, while contributing to the development of inclusive agribusiness, increasing productivity and incomes for smallholder farmers, and reducing hunger and poverty.

Nevertheless, in many countries in East Africa, agriculture is at a subsistence level due to a complex web of interrelated challenges. They range from low productivity and the use of outdated technologies to climate change, lack of access to finance and markets, poor infrastructure, and a weak enabling environment. SMEs and cooperatives can play a key role in overcoming these challenges and contributing to food security and rural development.

To meaningfully play their role, SMEs need to access business development and investment advisory. Only then, are they able to enhance the potential to innovate, diversify, and grow.

Project in a Nutshell

This project's objective is to strengthen and upscale climate-friendly, energy- and/or water-efficient innovations by SMEs for a more productive and environmentally-sustainable food system. To do this, AlphaMundi Foundation will provide technical assistance to SMEs operating in the water-energy-food nexus and linking them to appropriate financing. Ultimately, this will contribute to:

1. Enhanced business capacities of innovators (SMEs).
2. Improved access to appropriate financing options.

PROJECT TARGETS AT A GLANCE

- 4-6 sustainable business models for the marketing of innovative solutions with potential for CO2 reduction and/or for energy or water conservation have been developed by gender-forward SMEs
- 2-3 SMEs strategize and scale to new markets or customer groups
- 4-6 SMEs that have received support have raised a total of 5-10 million USD in additional funding



Sales point for solar-powered irrigation systems by SME/ Photo Credit: ©GIZ/Boethling

Business models	6 Sustainable business models developed for the marketing of innovative solutions with potential for CO2 reduction and/or for energy or water conservation
Support to smallholder farmers	7,000 small holder farmers supported to introduce climate-friendly, energy and/or water-efficient innovations propagated by SMEs
Market Expansion	6 SMEs have established new products or services in an expanded geographic scope based on market/ business development strategies
Processing companies	2 processing companies supported to introduce climate-friendly, energy- and/or water-efficient innovations.

What has been achieved so far?

AMF is currently selecting SME partners and developing work plans with them. The SMEs themselves define priority support areas for personalized technical assistance (TA) and Result-Based Financing (RBF).

- **Research and/or feasibility studies for new products:** Many SMEs operating at the water-energy-food nexus are using or developing new climate-friendly technologies and/or innovative products and services for smallholder farmers. For example:
 - *Feasibility studies* to replace fossil fuels with renewable energy resources across all, or a portion, of the SMEs' operations.
 - *Research and development* project to gather feedback from customers for the development of a solar-powered freezer.
 - *Market study* of irrigation systems in target markets for a solar-powered water pump company.
- **Financial Planning & Accounting:** including budgeting, fundraising, cash flow management, is at the core of every SME. TA support can help to develop a pay-as-you-go financing program for a solar-powered irrigation company or to design a business model to pivot from local to export markets.
- **Operations:** Operational TA is often very catalytic to early- and growth-stage SMEs, with tasks like supporting new market expansion, conducting profitability analysis and developing models, and optimizing supply chain operations.

Looking Forward

1. Smallholder farmers introducing climate-friendly, energy- and/or water-efficient innovations. Including the use of solar-based solutions in farming.
2. Mobilization of investments to the water-energy-food nexus through the support of the SMEs.
3. Expanded market reach by the SMEs to enhance the scope of the innovative business models' impact.

Farmers can now access solar-powered pumps through a Pay-as-You-Go scheme/ Photo Credit: ©GIZ/Boethling



GENDER-FORWARD INVESTMENT

AlphaMundi uses Value for Women's definition of a "gender forward business" as one that: (i) intentionally seeks to rectify gender inequalities by providing products and services that close gender gaps or meet the needs of women and/or girls; (ii) supports gender diversity through internal policies and practices in the workforce; and/or (iii) strengthens inclusion and diversity across the value chain.

Funded by: Water and Energy for Food (WE4F) Grand Challenge, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union

Main Implementer:
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

Main Partners:
Federal Ministry for Economic Cooperation and Development (BMZ)
European Union (EU)
Ministry of Foreign Affairs of the Government of the Netherlands
Swedish International Development Cooperation Agency (Sida)
US Agency for International Development (USAID)

Duration: July 2021–May 2023
Contact: we4f@giz.de

Photos:
©GIZ/Boethling

More about the global initiative Water and Energy for Food (WE4F) Grand Challenge:
<https://we4f.org/>

Further information about the project: <https://we4f.org/>

As of September 2021