

# CASE STUDY

## Livelihoods Mount Elgon Project

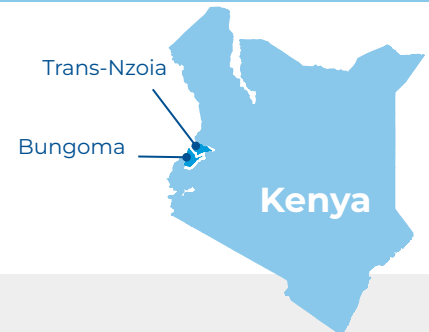
### PROJECT OVERVIEW

#### At a glance

**Implementing partner:** [Vi Agroforestry](#)

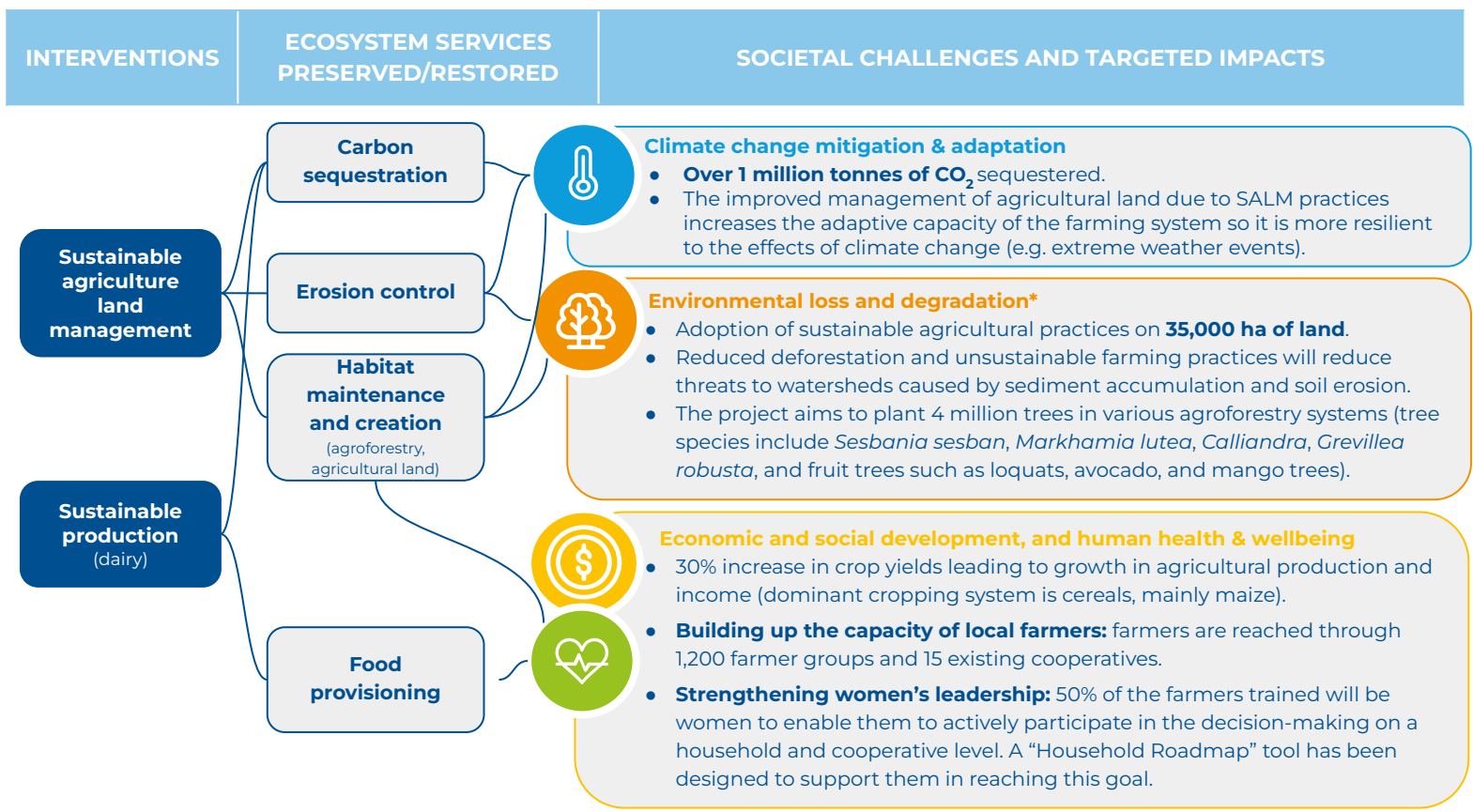
**Location:** Bungoma and Trans-Nzoia counties (Kenya)

**Stage:** ongoing implementation (2016-2026)



#### Project description

The project is implemented by NGO Vi Agroforestry, in cooperation with the Livelihoods Carbon Fund (LCF) and Brookside Dairy Limited in the Mount Elgon region of Kenya. It aims to preserve biodiversity and water resources, as well as boost the local economy. The local population is highly dependent on subsistence agriculture, characterised by unsustainable practices and low yields, which causes severe soil degradation and threatens the watershed due to additional sediment deposits. The project seeks to promote sustainable agriculture land management (SALM) practices and improved livestock husbandry practices, increasing food and the income benefits for the local population. These SALM practices include mulching, composting, cover crops and green manure, soil and water conservation, and agroforestry on croplands, as well as improved feeding, housing, watering, breeding and disease control for livestock management.



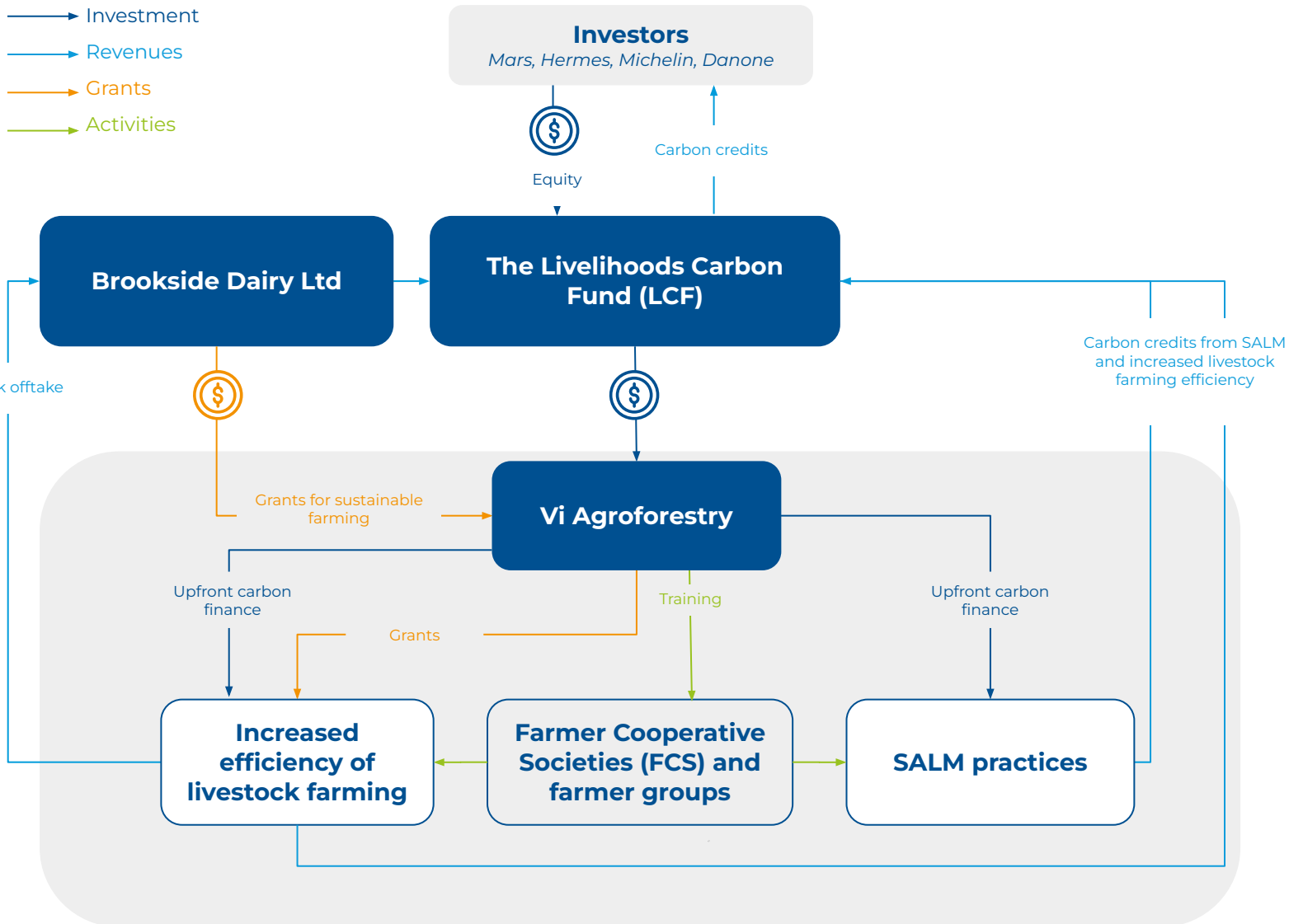
\*Metrics linked to biodiversity when addressing environmental loss and degradation will be introduced next year.

Beneficiaries	Other stakeholders
<ul style="list-style-type: none"> <li>30,000 farmers</li> <li>15 partner Farmer Cooperative Societies involved in milk marketing</li> </ul>	<ul style="list-style-type: none"> <li><b>Investors/payors:</b> Brookside Dairy, corporates investing in the LCF</li> <li><b>Public stakeholders:</b> political leaders, county government, and district and local administrators were consulted and supported the project design (setting project boundaries) and mobilisation of farmers.</li> <li><b>Civil society stakeholders:</b> Vi Agroforestry, community-based organisations and farmer groups.</li> </ul>

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## Livelihoods Mount Elgon Project

### INVESTMENT MODEL



**How it works:** The Livelihoods Mount Elgon project is financed by the Livelihoods Fund, which was established by the French food and beverage company Danone and Credit Agricole, Schneider Electric and CDC Climat in 2011. The Fund provides upfront carbon financing and investors are repaid through the delivery of Gold Standard-certified carbon credits. Vi Agroforestry, an international NGO experienced in agroforestry, implements and monitors project activities. Brookside Dairy Ltd provides guarantees to buy the supply of raw milk over a period of ten years. Moreover, Brookside Dairy pays a share of the increased milk sales to the Livelihoods Fund.

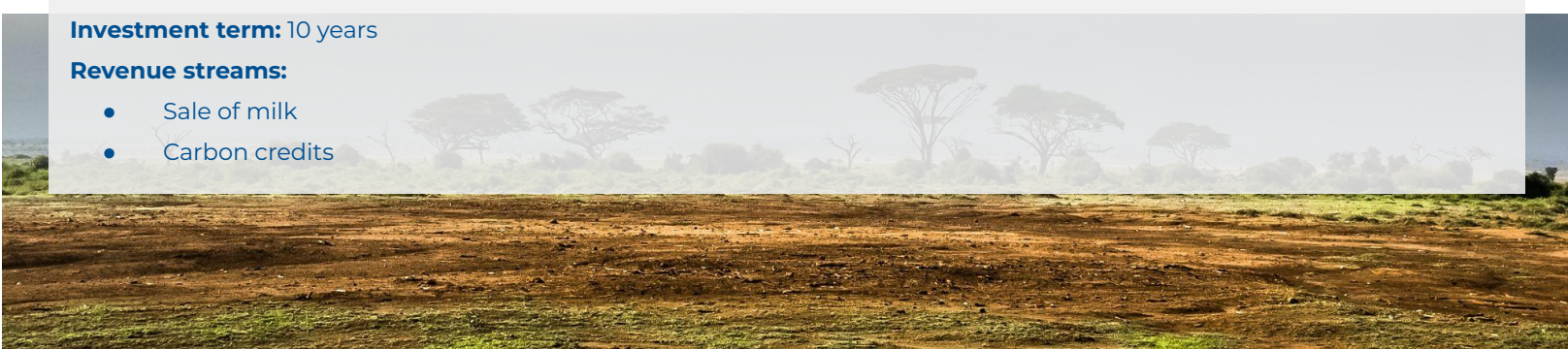
**Asset classes:** Equity, debt and grants

**Investment raised:** USD 3.5 million

**Investment term:** 10 years

**Revenue streams:**

- Sale of milk
- Carbon credits



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## Livelihoods Mount Elgon Project

### KEY SUCCESS FACTORS

The most important success factors are indicated with 

#### SET UP & DESIGN

##### Project partners' expertise

The project developer, Vi Agroforestry, has extensive experience in working with farmer organisations and providing training in sustainable agriculture land management in East Africa. Together, the proven technical solutions that Vi Agroforestry developed to support the agricultural production of smallholder farmers and Vi Agroforestry's experience in setting up a similar carbon project were crucial factors in the LCF coming onboard as an investor.

##### Securing cross-sector partnerships

The LCF has strong relationships with Danone, which holds a significant share of Brookside: this fosters an innovative linkage between partners and sectors. The project cooperates with the East Africa Marketing Development Association to support cooperatives in establishing dairy business hubs.

#### FEASIBILITY & PILOTING

##### Capacity building & technical assistance grants

Capacity and technical assistance grants represent a key component of the project and enable training in SALM and improved dairy management practices for farmers. Farmers receive continuous training from Vi Agroforestry through its field advisors, field officers and community facilitators who are responsible for knowledge transfer. Farmers are reached through 1,200 farmer groups and 15 existing cooperatives. The French Facility for Global Environment also financed activities relating to gender inclusion and developed Village Savings and Loan Associations.

#### STRUCTURING INVESTMENTS

##### Combining asset classes and investment terms

The project combines various asset classes, including equity, debt and grants. The project has an innovative investment model, which combines finance from the Livelihoods Funds and Brookside Dairy, with the latter co-investing and paying according to milk production. The Livelihoods Funds is repaid through carbon credits, which are redistributed to investors, as well as a share of increased milk sales from Brookside.

#### REVENUE & IMPACT

##### Combining revenue streams

The project combines various revenue streams, generating revenue from increased milk production (which could reach a near 30-time increase in five years) and carbon credits through increased sequestration.

##### Securing a market

Farmers sell their milk directly to consumers, cooperatives and milk companies on the local market. Brookside Dairy – East Africa's largest dairy processing company – provides guarantees to buy the supply of raw milk from dairy cooperatives over a period of ten years. The cooperatives will be able to make a profit from price margins between the price paid at the farmgate and the price paid by Brookside for the milk. Most products are directed towards the domestic market, although some processed dairy products (yogurt, UHT, ice cream) may be sold on the regional or international market.

##### Measuring impact

The project uses a web-based Management Information system (MIS), which displays the status of the farms, their current activities and practices, and their inputs and outputs, such as crops and milk. The MIS system includes all the calculations to monitor the project's performance. Monitoring activities are conducted by the farmers themselves once they have received extensive training.