

MANUFACTURING AFRICA – KENYA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO).

SANERGY SAFELY COLLECTS AND REMOVES ALL FORMS OF ORGANIC WASTE



SANITISATION SOLUTIONS – SANERGY DEAL SUPPORT

Expanding operations to create jobs, improve sanitation, provide waste management services and boost smallholder farmers' productivity

Founded in 2011, Sanergy operates in Kenya's waste management sector, transforming the way cities, including Nairobi, handle their waste. Sanergy has the capacity to safely collect and treat 12,000 tons of organic waste – sanitation, municipal, and agricultural – a year and convert it into valuable products such as insect-based proteins derived from black soldier flies for animal feed, organic fertiliser to restore soil quality and structure, and biomass fuel briquettes.

Sanergy generates revenue from waste collection services and sales of end products. It is constructing an expanded factory in Machakos that will process 72,000 tons of waste by mid-2020. The new factory will produce 3,600 tons of insect-based protein, 7,200 tons of organic fertiliser and 8,400 tons of biomass fuel.



Sanergy has franchised its Fresh Life sanitisation units and created a network across Nairobi's slums to collect waste.

72,000

tons of waste to be converted into animal feed, organic fertiliser and biomass fuel by mid-2020



More than 3,500 Fresh Life toilets serve over

120,000

residents per day

SANERGY UPCYCLES ORGANIC WASTE TO PRODUCE HIGH QUALITY PRODUCTS SUCH AS ORGANIC FERTILISER

680

TRUCKS OF WASTE REMOVED IN 2018

The discussion with the independent expert was one of the highlights as we were able to get a perspective on other players, trends and what investors look for in companies like Sanergy.

DAVID AUERBACH
CO-FOUNDER, SANERGY



THE CHALLENGE

Sanergy has long-term plans to manage 1 million tons of waste a year by launching operations in Rwanda, Uganda and Tanzania and expanding to five cities in Kenya. Sanergy requested Manufacturing Africa's support to raise capital for the first phase of the expansion. Sanergy will use this capital to:

- Complete and operationalise its organic recycling plants in Machakos and Kilifi
- Build out its waste collection operations and create and preserve jobs in an economically difficult time
- Build out distribution for its domestically produced insect-based animal feed and organic fertilizer (both of which are important for food production) and biomass fuel, which provides a clean alternative to charcoal
- Develop replication plans in anticipation of expanding to new cities



Plans to manage

1 MILLION TONS of waste a year

Sanergy's greatest challenge is the disruption to its capital-raising efforts as a result of the COVID-19 pandemic.

OUR SUPPORT

The Manufacturing Africa team is helping Sanergy raise capital for the intended expansion by:

- Developing an investor memorandum to address the concerns of existing and potential investors
- Updating and testing areas of Sanergy's business model for the Nairobi/Machakos expansion
- Developing a view on phasing Sanergy's investment for the expansion

This work has sharpened Sanergy's investment memorandum and its focus on the innovative insect-based protein that will be the main driver of the business. The interactions with the team also built Sanergy's confidence in articulating their phased growth plans to investors.

IMPACT

Sanergy's expansion will have direct and indirect development impact in terms of job creation, societal and environmental benefits, and smallholder farmer expansion.

Job creation is particularly important during the COVID-19 pandemic when many part-time and full-time employees have been laid off. Sanergy operates in sectors that are relatively COVID-resilient and is able to maintain operations during the crisis.

The new factories in Machakos and Kilifi will directly create at least

140
Jobs

The team helped us think/rethink our value proposition to the investment community, how to reframe our business as an agricultural player, and structure our thinking around the business and prospects for growth by providing more fact-based solutions.

DAVID AUERBACH
CO-FOUNDER, SANERGY



1000+

FARMERS USE THE
AGRICULTURAL INPUTS
TO INCREASE THEIR
YIELDS BY 30%

Sanergy's operations have a big impact on society, particularly in the urban slums where it collects most of its waste. Its sustainable sanitisation solutions provide clean toilets and handwashing stations. Again, availability of these utilities is particularly important during COVID-19 when handwashing helps to prevent the spread of the virus. Sanergy's products also have positive environmental impact. Its biomass energy briquettes provide renewable energy for industry and help to reduce the use of the non-renewable energy sources most commonly used in Kenya.

Smallholder farmers are the primary offtakers of Sanergy's fertiliser and animal feed products. Sanergy provides organic fertilisers to more than 1,000 smallholder farmers and will supply many more through the proposed expansion. The fertiliser typically increases farmer yields by 30%, boosting productivity and income and ultimately strengthening food security.

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CONTACT US

Christoph Zipfel, Manufacturing Africa Lead

Email: info@manufacturingafrica.org