

Investment case

KAVADI®© HUB

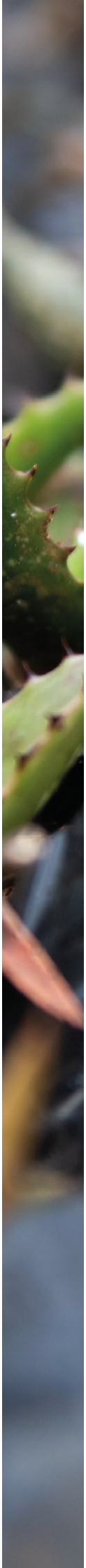
KENYA ARID LANDS VALUE CHAINS DEVELOPMENT INITIATIVE

Seeking USD 500,000 in catalytic investment matched by USD 500,000 already secured to unlock technology improvements in an existing factory for internal and toll-processing, expand incubation to 30+ enterprises, and restore 200+ hectares of degraded rangeland across Isiolo, Kilifi, Laikipia, Marsabit, Samburu, and West Pokot.

KAVADI Hub is a private-sector platform in Kenya's Arid and Semi-Arid Lands (ASAL) turning high-value non-timber forest products into traceable, export-ready ingredients through community sourcing, shared processing infrastructure, and enterprise incubation. Led by AGAR Ltd., USD 340,000+ is generated annually across domestic retail, business-to-business hospitality supply, and international exports.

PROJECT OVERVIEW

- **Location:** Northern and Coastal Arid and Semi-Arid Lands in six Kenyan counties: Isiolo, Kilifi, Laikipia, Marsabit, Samburu, and West Pokot
- **Lead Organization:** African Agency for Arid Resources Ltd. (AGAR Ltd). Founded 2018
- **Business Model:** Integrated non-timber forest products value chain: community sourcing shared processing enterprise incubation multi-channel market access
- **Core Partners:** USD 350,000 already committed by *Wyss Academy for Nature* and *develoPPP*



African Agency for Arid Resources Ltd. (AGAR Ltd.) is a Kenya-based, for-profit social enterprise operating at the intersection of natural resource development, value chain integration, and landscape restoration.

Since 2018, AGAR has built a vertically integrated system that spans:

- Community-based sourcing of non-timber forest products across six Arid and Semi-Arid Lands counties.
- Processing of resources into high-value oils, and powders.
- Expanded retail operations through the JUA by Agar™ cosmetics line, sold at flagship stores in Nairobi (Village Market), Malindi, and Diani and to more than 150 hospitality structures across Kenya, Uganda and Tanzania.
- Bulk and export trade in frankincense (Boswellia neglecta), indigenous aloe (Aloe secundiflora) based retail products, and gum Arabic.

The platform generates over USD 300,000 in annual revenue

with growing export relationships in Germany, China, Uganda and Tanzania, AGAR Ltd. works directly with 550+ pastoralist collectors and smallholder producers — predominantly women's groups in Laikipia and Isiolo — combining sustainable harvesting with agroforestry enrichment planting of indigenous species. The company has an established nursery producing 150,000+ adapted seedlings annually, which are distributed to organizations and communities for land restoration.

This model achieves a rare alignment — ecosystem recovery and commercial production reinforce each other, because the same trees that restore degraded land produce the resins and oils that generate income.



SUSTAINABLE PRODUCTION MODEL

KAVADI operates through **four mutually reinforcing layers**.

1. Community Sourcing and Restoration

Pastoralist collectors and smallholder producers form the production base, sustainably harvesting frankincense resin by tapping Boswellia neglecta trees, collecting gum Arabic from Acacia senegal, harvesting aloe leaves from Aloe secundiflora farms established by women's groups in Laikipia, and sourcing baobab and moringa seeds and powder from dryland communities across Isiolo, Samburu, and Marsabit.

Sustainable harvesting protocols with controlled tapping frequencies, seasonal rest periods, and enrichment planting protect tree health and maintain long-term yield.

Restoration is embedded in production. Biodiverse agroforestry plantations of frankincense, gum Arabic, and aloe trees rehabilitate degraded rangelands while simultaneously building the raw material supply base for future value chain growth. The KAVADI nursery in Nanyuki produces 150,000+ adapted seedlings annually and serves as both a supply hub and a demonstration site for regenerative agroforestry.

2. Structured Aggregation and Traceability

This layer transforms fragmented smallholder supply into consistent, market-ready inputs. Structured aggregation networks consolidate and check raw materials for quality before they reach the processing facility. AGAR Ltd. applies traceability systems at the collection level and records species, location, collector identity, and harvest quantity to document sustainable provenance, which is what premium cosmetics, wellness, and food ingredient buyers increasingly require.

3. Shared Toll-Processing Facility in Nanyuki

The facility's current capacity constraints limit both AGAR's own production volumes and the number of enterprises that can be incubated, making it the single highest-leverage point for investment. It provides:

- Cold pressing for baobab, moringa, and carrier oils
- Steam distillation for frankincense and myrrh essential oils
- Drying and milling for baobab and moringa powder
- Aloe processing gel extraction, preservation, and filling

SMEs and individual producers access equipment on a fee basis, removing the capital barrier that has historically prevented value addition at the community level. Processing fees are projected to represent 60–70% of incubator revenues, providing AGAR Ltd. with a recurring, asset-backed income stream.

4. Multi-Channel Market Access

Market access operates across three simultaneous channels:

- JUA by Agar™ retail stores sell directly to consumers — tourists, expatriates, and urban Kenyan professionals — at premium price points reflecting the products' organic, artisanal, and ethically sourced character.
- B2B hospitality supply contracts serve hotels and resorts in Nairobi, Malindi, and Diani with the aloe amenity line in 5-litre and 20-litre bulk jerricans and refillable bottles for room amenity use.
- Bulk export relationships with buyers in Italy, Uganda, Tanzania, and South Sudan supply essential oils, resins, and powders at wholesale.

The enterprise incubation programme multiplies this market access by progressively integrating supported SMEs into the same value chains, expanding the platform's commercial footprint without increasing AGAR's own operating costs.

Safeguards: Social, Environmental, and Animal Welfare

As the platform scales, AGAR Ltd. applies the following measures to prevent harm and ensure inclusive growth:

- Social equity: Enterprise incubation prioritizes women- and youth-led businesses in the first cohort. Sourcing contracts include fair price floors and are not renegotiated downward as volumes grow. Governance of community partnerships is participatory with written use-rights agreements.
- Environmental protection: All harvesting is conducted in accordance with sustainable protocols (controlled tapping cycles, seasonal rest periods, and enrichment planting). Expansion of sourcing areas requires prior ecological assessment. No new land clearance is undertaken.
- Biodiversity: Species selection in nurseries and agroforestry plantations is restricted to indigenous or naturalized Arid and Semi-Arid Land (ASAL) species; no invasive introductions.
- Animal welfare: No livestock component is involved in processing or product lines. Pastoralist households' livestock assets are not used as collateral or encumbered by the programme.

FINANCING & INVESTMENT OPPORTUNITY



KAVADI® is investment-ready: Commercial operations are generating revenue. Value chains are validated across six ASAL counties. Market access is established domestically and internationally, and co-financing of USD 500,000 is already committed by Wyss Academy for Nature, DeveloPPP, and AGAR's own contribution. The remaining constraint is infrastructure, not proof of concept; specifically, shared processing capacity and the expansion of the incubation system. USD 500,000 in catalytic capital will close this gap.

Total Capital Required: USD 1,000,000 (USD 500,000 catalytic + USD 500,000 co-financing already secured)

Investment Horizon: 3–5 years, aligned with incubator scale-up phase

Entry Point and Ticket Size: Minimum ticket of USD 100,000; the full catalytic tranches of USD 500,000 is available as a single investment or through a syndicate of two to four co-investors.

Financing Structure: The catalytic tranche is structured as concessional debt or grant-equivalent capital, reflecting the early-stage infrastructure nature of the facility. Equity or revenue-share arrangements can be discussed with strategic investors. Blended finance structures combining grant, concessional debt, and commercial investment are welcome.



Use of Secured Funds



Funds will be deployed across four areas:

- **USD 170,500:** Expansion of the shared toll-processing facility with spray dry equipment for aloe and gum Arabic, in addition to steam distillation, drying, and milling of frankincense, myrrh, aloe, baobab, and moringa, and factory line additions (packaging, labelling, printing) from secured funding.
- **USD 70,200:** Training, technical support, and SME onboarding. AI-enabled business learning systems. Enterprise Development and Incubation.
- **USD 186,500:** Biodiverse pilot plantations (30+ hectares, own plantation, 70+ hectares of outgrower areas); seedling production scaling; outgrower and restoration site development. Restoration and Production Systems.
- **USD 72,800:** Product development and ISO certifications. Trade fair participation in East Africa and beyond. Retail expansion (2 stores) and operational overheads. Market Integration and Operations.

Revenue Streams and Expected Returns

The platform generates revenue across five streams, reducing single-channel dependency:

- Toll-processing fees from SMEs using the shared facility (projected 60–70% of incubator revenues).
- Bulk ingredient exports (frankincense oil, gum Arabic, myrrh oil, baobab, and moringa products).
- JUA by Agar™ retail sales across three Kenya stores.
- B2B hospitality amenity supply (150+ establishments between Kenya, Uganda, and Tanzania).
- Consultancy and advisory services to development partners and governments.

Processing infrastructure investment is expected to drive a step-change in revenue in Year 2–3 as raw materials are converted into higher-margin processed ingredients at significantly greater volume. Financial projections and assumptions are available to interested investors upon request.

ANTICIPATED ENVIRONMENTAL, SOCIAL & ECONOMIC IMPACT

KAVADI's integrated restoration and production model delivers measurable outcomes across ecological, livelihood, and commercial dimensions. Baseline data is already established through AGAR's existing operations. The project will implement a robust Measurement, Reporting, and Verification system combining field-based data collection, digital tracking of production and enterprise performance, quarterly nursery and plantation surveys, and periodic impact assessments aligned with Sustainable Development Goal indicators.

Environmental Impact

Agroforestry enrichment planting of frankincense, gum Arabic, and indigenous aloe directly rehabilitates degraded rangeland. Tree cover improves soil organic matter, reduces erosion, and enhances water infiltration. Controlled harvesting prevents the overextraction that characterizes unmanaged non-timber forest product collection.

Environmental benefits over a 5-year investment horizon

Indicator	Target	Notes
Rangeland restored	100+ hectares	Across Isiolo and Kilifi, Laikipia, and Samburu through agroforestry enrichment planting
ASAL-adapted seedlings	150,000+ per year	Nursery at full capacity from Year 1; species: frankincense, gum Arabic, aloe, baobab, moringa
Indigenous species planted	6–8 key species	Frankincense (Boswellia neglecta), gum Arabic (Acacia senegal), aloe (A. secundiflora), baobab, moringa, neem
Soil health and carbon	Positive trajectory	Measured by quarterly soil organic matter and erosion assessments at restoration sites
Water retention	Improved infiltration	Tracked at pilot plantation sites via standard soil infiltration protocols



Social Impact

KAVADI targets 1,000+ smallholder pastoralist collectors, of whom at least 70% are women and youth and engages them across the six ASAL counties through structured sourcing networks, training, and enterprise incubation. This directly addresses one of the most persistent market failures in ASAL regions: producers with access to high-value raw materials but no pathway to formal markets or consistent income.

Social benefits over a 5-year investment horizon

Indicator	Target	Notes
Producers benefiting	1,000+ smallholders	Pastoralist collectors across Isiolo, Kilifi, Laikipia, Marsabit, Samburu, and West Pokot
Women and youth	≥70% of producers	Women's groups form primary collection and agroforestry planting units
Direct employment	50+ positions	Hub operations, field coordination, processing, enterprise support roles
Indirect employment	200+ livelihoods	Across enterprise ecosystem, aggregation networks and supply chains
Enterprises incubated	20 (Yr 1) 30+ (Yr 5)	Youth- and women-led enterprises prioritized in first cohort
Household income increases	20–50% estimated	Through value addition: collectors earn processing margins, not just raw material prices

Economic Impact

Investment in shared processing infrastructure is projected to unlock a step-change in commercial performance by Year 2–3, as higher volumes of raw material are converted into higher-margin processed ingredients. The enterprise incubation programme multiplies this effect by creating 20–30+ revenue-generating nodes across the platform — a distributed commercial ecosystem rather than dependence on a single production system.

Economic benefits over a 5-year investment horizon

Indicator	Value / Target	Notes
Annual revenue (current)	USD 340,000+	Across JUA by Agar™ retailers, B2B hospitality supply, bulk ingredient exports, and advisory services
Processing revenue share	60–70% of incubator revenues	Toll-processing fees: recurring, asset-backed income stream from SME facility use
Revenue growth (target)	Step-change, Year 2–3	Unlocked by shared processing facility; raw materials converted to higher-margin processed ingredients
Export markets	Italy, Uganda, Tanzania, South Sudan, China, and Germany	Growing relationships with cosmetics manufacturers and wellness ingredient buyers. Existing channels for bulk exports (China, Germany)
B2B hospitality clients	150+ establishments	Aloe amenity line in 5L/20L bulk and refillable formats across Kenya, Tanzania, and Uganda
Enterprises generating revenue	20 (Yr 1) 30+ (Yr 5)	Revenue-generating nodes across the platform, not a single production system

INVESTOR VALUE PROPOSITION

KAVADI offers investors a rare combination: a functioning, revenue-generating business platform seeking capital to scale — not to experiment. The value proposition differs by investor type:

For Impact and Sustainability Investors

- 100+ hectares of degraded Arid and Semi-Arid Land (ASAL) restored through agroforestry enrichment planting, with a Measurement, Reporting, and Verification framework under development for transparent reporting.
- 1,000+ smallholder pastoralists engaged (≥70% women and youth) directly addressing market exclusion in Kenya's most underserved landscapes.
- Alignment with Sustainable Development Goal 1 (No Poverty), 5 (Gender Equality), 8 (Decent Work), 13 (Climate Action), and 15 (Life on Land).
- A proven model with baseline data, active community partnerships, and institutional backing from Wyss Academy for Nature and develoPPP.

For Commercial and Financial Investors

- USD 340,000+ in annual revenue is already being generated across five channels. This is a scaling investment, not a startup.
- Processing infrastructure creates a recurring, asset-backed income stream (toll-processing fees projected at 60-70% of incubator revenues).
- Step-change revenue growth projected in Year 2–3 as processing capacity is unlocked.
- Diversified revenue across retail, B2B hospitality, bulk export, and advisory services reduces single-channel risk.
- Scalable hub-and-spoke model: 30+ incubated enterprises in Year 5 expand their commercial footprint without a proportional increase in costs.

For Strategic and Corporate Investors

- Direct access to traceable, sustainably sourced natural ingredient supply chains in frankincense, gum Arabic, sweet myrrh, aloe, baobab, and moringa to meet growing global demand from cosmetics, wellness, and food ingredient manufacturers.
- Supply chain diversification into East African non-timber forest products supply, with documented sustainable harvesting protocols and community provenance.
- A credible sustainability and environmental safeguards narrative supported by third-party validation through regional media coverage, the Wyss Academy, the Italian Agency for Development Cooperation (AICS), and the Food and Agriculture Organization of the United Nations.
- White-label and contract manufacturing options are available for brands seeking African natural ingredient positioning.



For Philanthropic and Public-Good Funders

- Capital deployed into one of Africa's most underserved landscapes — the Arid and Semi-Arid Lands regions, which receive a fraction of development investment relative to their population and land area.
- Demonstrated additionality: AGAR's model creates formal markets, quality standards, and regulatory pathways in sectors that have historically operated entirely informally.
- Strong gender and youth lens embedded in programme design, not added as a reporting category.

IN SHORT

Kenya's arid and semi-arid lands cover more than 70% of the country's territory and are home to millions of pastoralist and smallholder communities who sit at the intersection of two global crises: climate change and market exclusion. AGAR Ltd. has spent seven years building an operational platform, market relationships, community trust, and technical capacity to change this. KAVADI® is the structure that formalizes, scales, and makes that platform investable.

This is not a pilot. Revenue is being generated. Export relationships are active. Community partnerships are operational. The nursery is producing seedlings. The stores are open. What is missing is the shared processing infrastructure and incubation capacity to take a working model from USD 300,000 to the next level — and to bring 30+ enterprises with it.

USD 350,000 in catalytic capital, matched by USD 500,000 already committed, will restore 200+ hectares, create livelihoods for 1,000+ producers, incubate 30+ enterprises, and unlock a step-change in revenue from traceable, organic, East African natural ingredients that global markets are actively seeking. The opportunity is here. The platform is built. The investment will make it count.




BODY CREAM

OUR CONTACTS

AGAR

African Agency for Arid Resources Ltd.

info@agarlimited.com

STELARR

Fiona Flintan, ILRI, STELARR lead *f.flintan@cgiar.org*

Lennart Hientz, ILRI, global livestock investment specialist *l.hientz@cgiar.org*

STELARR (**Sustainable Investments for Large-Scale Rangeland Restoration**) facilitates private sector finance for rangeland restoration through sustainable livestock value chains. STELARR is funded by the **Global Environmental Facility (GEF)**, implemented by the **International Union for Conservation of Nature (IUCN)** and executed by the **International Livestock Research Institute (ILRI)** supported by the **International Center for Agricultural Research in Dry Areas (ICARDA)**, the **Alliance of Bioversity and the Center for Tropical Agriculture (CIAT)**,and the **Landscape Alliance** including the **Center for International Forestry Research and World Agroforesty (CIFOR-ICRAF)**, the **Sustainable Fibre Alliance** and **GMV**. ILRI and partners are not responsible for the accuracy of the figures used in this Investment Case.

This brief is published by **ILRI**, Nairobi with support from the **Global Environment Facility** and the **CGIAR Science Program on Multifunctional Landscapes**. We would like to thank all funders who supported this research through the contributions to the **CGIAR Trust Fund**: *www.cgiar.org/funders*

Photo: KAVADI HUB, Kenya. **Design**: Federico Pinci, *http://www.federicopinci.info*

International Livestock Research Institute (ILRI), July 2026.