



The Voice of the Private Sector in Kenya

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# East African Breweries Limited

## Increasing Climate Resilience through the Promotion of Sorghum-based Beer



Photo credit: Jo-Ellen Parry/ISD

### Actions to Address Climate Change

The promotion of sorghum as a replacement for barley was driven by cost considerations on the part of EABL, which was looking for a substitute for high-price barley. EABL introduced Senator Keg into the local market in 2003, a sorghum-based alcohol drink that was cheaper than barley-based beer. Senator was targeted at low-income consumers as a cheap and safe alternative to illicit liquors. Some analysts estimate that Senator now controls about 40 per cent of Kenya's regulated beer market, with a supply chain that employs over 100,000 people.

Sorghum production for beer brewing was encouraged by a public-private partnership formed in by the Ministry of Agriculture, KARI, the provincial administration, Smart Logistics Ltd., Equity Bank, and EABL. The partnership:

- Encouraged local production of high quality sorghum by smallholder farmers in the Eastern Province by creating commercial production clusters of 20 to 30 farmers to facilitate collection of the grain;
- Provided cheap loans for farmers; and

### Box 1: East African Breweries Limited (EABL)

EABL is East Africa's leading branded alcohol beverage producer renowned for its Tusker brand and a selection of products that range from beer and spirits to adult non-alcoholic drinks. The group is headquartered in Nairobi and has breweries, distilleries, support industries and a distribution network across the East African region.

### Box 2: EABL Partnership with the European Co-operative for Rural Development

This project aimed to improve the level of food security and living standards of sorghum farmers in Eastern Africa by increasing the yields and overall quality of, and providing a sustainable market for, sorghum. The project trained farmers on modern agricultural methods relevant to sorghum farming, provided subsidized seeds, and arranged agents for harvest collection. Improved agricultural practices meant that farmers produced up to 600 kilograms of sorghum per acre in 2011, which translated into Ksh 10,200 per acre.

- Guaranteed a fair price to farmers, with timely payment.

Over a three-year period, EABL invested Ksh 35 million in farmer mobilization, recruitment, and training on sorghum farming and markets. KARI helped to produce and supply certified gaddam sorghum seeds to 3,000 farmers in Eastern province.

An additional incentive for sorghum cultivation was government and development partner efforts to reduce food insecurity in semi-arid lands. An example is the EABL partnership with the European Co-operative for Rural Development that was launched in 2011 (see Box 2). Another innovative partnership between EABL, KARI and Jubilee Insurance Company provides weather-indexed insurance; meaning that farmers who lose their produce because of poor weather conditions

Changing and unpredictable weather patterns contributed to increased costs for local and imported barley, a main raw ingredient in beer making. Anticipating possible cost increases for barley, East African Breweries Limited (EABL) saw an opportunity to develop a new product. They developed a low-cost beverage brewed with sorghum, a drought resistant local crop that is less expensive than barley. EABL's transition to sorghum as a main ingredient in its low-cost beverage was facilitated by dryland crop research undertaken by the Kenya Agricultural Research Institute (KARI). The move to a sorghum-based beverage has created new market opportunities for EABL while providing a cash crop for farmers in the semi-arid lands, helping them improve livelihoods, increase climate resilience and address food security.

### Box 3: Benefits of Sorghum Promotion

The promotion of sorghum for use in EABL's low-cost beverage has created numerous benefits:

- Commercialization of sorghum as a cash crop.
- Enhanced climate resilience for farmers through improved and reliable income streams and enhanced food security.
- Diversification of markets and lines of products for EABL, helping to hedge against the risk of barley price increases.
- Reliable supply of raw materials at a price that benefits the producer and the buyer.

will be compensated and have money to buy farm inputs for the next planting season. KARI also remains a strategic partner in the promotion of sorghum and works to improve sorghum varieties for commercial use. Sorghum farmers also benefit from micro-credit programmes that offer loans for the purchase of seeds and other inputs to improve farm productivity, while EABL reaps the benefits from greater quantity and quality of production. EABL supports commercial sorghum growing in other parts of Kenya – including Nyanza, Mwingi, and Western regions, and Kirinyaga and Meru counties – In an effort to secure raw material for its low-cost beer brands.

**EABL has helped to create a common market for sorghum, providing fixed prices and income security to farmers.** The

creation of a sustainable value chain for the grain has supported EABL's strategic goal of substituting locally produced sorghum for imported barley as a raw ingredient for its low-cost beer.

**EABL views corporate social responsibility as integral to its business** and supports adaptation-related efforts through its EABL Foundation. Its Water of Life programme supports projects that provide safe, reliable and sustainable water supply to communities living in water-stressed areas.

### Business Benefits of Climate-smart Action

The promotion of sorghum by EABL has provided a market for a crop that is more reliable and adaptable than maize. Sorghum has proven to be a drought resistant crop that has helped farmers in the semi-arid lands, areas that are vulnerable to climate change and variability, and characterised by frequent and prolonged droughts and floods. Farmers in the semi-arid lands will get a good crop of maize once every five to six seasons, with this scenario expected to worsen with more frequent and severe droughts in a changing climate. A viable market with a fair price means that a farmer growing sorghum can buy maize to meet her food requirements from income earned through sorghum sales. Households also keep some of the sorghum for food, enhancing food security at the household level. Increased sorghum production and productivity builds climate resilience in these communities by ensuring incomes and enhancing food security.

Sorghum provides an excellent substitute for barley, which is expensive and not always locally available. As a main raw ingredient in EABL's Senator beer, sorghum is now a commercial crop that helps EABL diversify their market and line of products, assists in

hedging against the risk of further barley price increases, bolsters local economies, and increases climate resilience while enhancing food security in Kenya's semi-arid regions. This all makes sound business sense. These measures provide EABL with a local affordable supply of raw material, while providing a reliable income for farmers. EABL's initiatives demonstrate how private sector leadership – in partnership with government, research institutions, and non-profit organizations – can improve business performance while boosting local economies, increasing climate resilience and enhancing food security in Kenya's semi-arid regions.

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