Early Warning System

IFC-38764

Subati

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Quick Facts

Countries	Kenya
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	U
Borrower	SUBATI FLOWERS LIMITED
Sectors	Agriculture and Forestry
Investment Amount (USD)	$ 11.73 million
Project Cost (USD)	$ 19.50 million

Project Description

The proposed investment includes an IFC A Loan of up to EUR10 million to part-finance the investment plan of Subati Group (“Subati” or the “Company”) aimed at expanding and diversifying its high-quality rose exports. Subati is undertaking a three-year Project (2016-2018) of USD19.5 million in Kenya comprised of (i) upgrade of existing 80ha rose farms; (ii) development of 15ha new rose farm; and (iii) scale up of fresh herb farm to 40ha with a cold storage facility, water treatment plant, and solar panels. Subati, founded in 2007, is a family-run grower and exporter of roses with three production farms based in Kenya. The company grows ca. 120 different varieties of high-end “spray” and “single head roses” and fully supplies its production (c.60 million stems a year) to the direct market (wholesalers and florist chains; no supply to flower auction markets). This investment will enable the company to (i) consolidate its leading position in the high-end rose export market by increasing scale (c.100ha) and offering a wider product mix; and (ii) diversify its sales through additional high-margin business of fresh herb exports.

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Horticulture is one of the top foreign exchange earners for Kenya generating c.USD1.0 billion annually. Over 500,000 people, including c.100,000 flower farm employees (60% of them women), depend on the floriculture industry, impacting c.2 million livelihoods in Kenya. The proposed project is consistent with IFC’s Agribusiness in Africa Special Initiative (AGASI) and the Agribusiness Strategic Plan (ASAP) as well as a good fit with IFC’s strategy in Kenya by (i) promoting inclusive economic development through a focus on the entire value chain supporting smallholder farmers, SMEs and women, (ii) making environmental and social sustainable practices as key business drivers, and (iii) creating jobs along the food value chain and expand domestic and export markets. In addition, the project has strong potential to improve productivity and E&S standards (including, for example, energy efficiency.) Finally, the project is aligned with the competitiveness and sustainability theme of the World Bank Group (WBG) Country Partnership Strategy (CPS) for Kenya for 2014-2018, as it supports the growth of a local company focused on exports.

The company’s 4 main operations are as follows: (i) Subati Subukia, a brownfield former dairy farm, located 30km south of Lake Bogoria and 80km north of Lake Naivasha, with existing flower greenhouses, acquired in 2008, and now covering 100 ha

Investment Description

- International Finance Corporation (IFC)

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- Project Information