PRESS RELEASE

Grain stakeholders set to benefit from an Integrated Financing solution to increase their competitiveness.

[Nairobi, Kenya, 29th January 2018] The Eastern Africa Grain Council (EAGC) has today inked two partnerships with RentCo East Africa Limited and Centerprise Holdings to provide an Integrated Financing Solution for the Grain Sector. With these partnerships, RentCo East Africa Ltd will offer EAGC members equipment-leasing services at a preferential benefit while Centerprise Holdings will offer Financial Advisory Services.

Through these MOUs, EAGC members will acquire post-harvest management equipment through leasing and will gain exposure to capital raising opportunities. Speaking at the MoU signing ceremony, the EAGC Executive Director, Mr Gerald Masila said that “Equipment leasing option is more flexible and customizable to meet unique grain business needs than most funding options which have standardized repayment schedules.”

Grain farmers and other enterprises in the sector often lack access to long-term credit needed to acquire equipment because they do not have the required collateral. Most assets they own cannot be used as collateral and are often non-existent and movable assets such as livestock and warehouse receipts which are not yet legally permissible as collateral. Mr Kefa Nyakundi, the Managing Director of the Centreprise Holdings noted “both Centerprise and EAGC are desirous of working together to facilitate access to capital as well as capacity building of EAGC members in finance and risk management.”

Mr. Henry Emuye, the Chief Operating Officer of RentCo East Africa stated that: “RentCo East Africa Ltd will act as a partner in the grain business and will own the equipment while at the same time permitting the lessee to use it in exchange for periodic payments.” With simple documentation required, the leases will also be a means of acquiring equipment not just for its use but also for its ultimate ownership, which will be transferred to the lessee at the end of the lease period, automatically, or at a token price.

Mr. Masila emphasized that equipment leasing would provide EAGC members with the advantage of not being constrained by restrictions such as interest rate ceilings and sector quotas for credit allocation. Similarly, EAGC plans to establish a Fund (or funds) to ease access to finance for its members through which Centreprise Ltd will offer transaction advisory services to ensure the fund fits its purpose.

Representing EAGC Kenya members in the EAGC board, Ms Rose Mutuku asserted that: “Many companies in the grain sector find their financial conditions not rebounding fast enough to purchase new equipment outright, despite the prevailing need.” For a small to mid-sized company, regardless of the economic and market conditions, financing the acquisition
of equipment rather than using cash will offer significant benefits while mitigating business risks. “This will enable grain businesses to stay competitive while conserving their working capital and retaining the cash flow.” Noted Ms. Rose

Among a myriad of other benefits, EAGC members will enjoy substantial tax advantages that cannot be achieved through 100% cash payments or finance through a traditional bank. Depending on the type of lease which EAGC members will decide to choose, there are major tax benefits to financing equipment such as the operating lease which is treated as a monthly general operating expense. Such expenses are thereby accounted for on the company’s income statement and do not impact the debt-to-worth ratios that can ultimately affect the overall business credit.

NOTES TO THE EDITOR

- Today’s economy is uncertain and the costs associated with running a business continue to increase, so leasing is an excellent way to help grain value chain actors save money, improve productivity and keep their companies in good financial standing.
- With Kenyan Government’s plan to achieve 100% food security in Kenya by 2022, such collaborations will facilitate the importation of more efficient and advanced equipment thereby improving the economy by releasing demand for capital equipment.
- Increased production, improved efficiency and value added processing of agricultural commodities would also lead to improved incomes for the sector players.
- In an effort to structure grain trade in the Eastern Africa Region, EAGC has been striving to build the capacity of grain stakeholders to improve grain quality for food safety and nutrition. The Council has inspected over 200 large warehouses and documented their equipment needs which will determine the level of investment on the type of equipment and its expected usage for maximum benefits.
- Flexibility of the lease options and customization will be key for EAGC Members. RentCo Group and EAGC will ensure that the leases are designed around members’ specific business needs, such as crop seasonality, cash flow and budget fluctuations.

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About Eastern Africa Grain Council (EAGC)

The Eastern Africa Grain Council is a regional organization with membership drawn from across the Eastern and Southern Africa. Membership is drawn from grain value chain stakeholders currently with presence in 10 countries across Africa including Burundi, Kenya, Uganda, Rwanda, Tanzania, Zambia, Malawi, South Sudan, DRC Congo and Ethiopia. EAGC’s key products and services include promotion of structured trading system (STS) through the warehouse receipting systems (WRS), and Regional Grain Trading platform (G-Soko), Market Information Systems (MIS) offered through the Regional Agricultural Trade Intelligence Network (RATIN- [www.ratin.net](http://www.ratin.net)) and evidence-based Policy Advocacy and Training and Capacity Building through the Eastern Africa Grain Institute (EAGI).
About RENTCO LTD

RENTCO is a company specializing in leasing of equipment and structuring asset solutions that meet specific customer needs while satisfying global accounting standards in the region. RentCo boasts a leadership position due to its ability to design leases to reflect customer’s specific priorities; whether it be lowering payments, monetizing assets, preserving cash, or optimizing either operating or capital budgets.

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