



**AGRICULTURAL FINANCE CORPORATION**  
**Strategic Plan Period (2023-2027)**



*"To provide sustainable financing through participative and collaborative financial and non-financial interventions, innovations, technology and products."*

## FOREWARD

Agriculture remains the core driver of Kenya's economy and a key anchor in the realizing the 10 percent annual economic growth envisaged in the Kenya Vision 2030 and aspirations of the Bottom-up Economic Transformation Agenda (BETA). Despite this strategic importance, access to affordable formal credit by key players remains one of the critical challenges affecting the growth and transformation of the agriculture sector and those at the bottom of the pyramid.

Achieving the country's potential in agriculture is critical for the sustainable growth of the economy, achieving food security, improving our farmers' and rural community livelihoods, lowering the cost of food, alleviating poverty, and ensuring inclusive growth where women and youth are not left behind. This potential largely depends on access to affordable, and sustainable credit.

It is against this backdrop that the Agricultural Finance Corporation developed this strategic Plan to guide its activities for the medium-term period of 2023. The strategy addresses the aspirations of the Kenya Vision 2030, the Agricultural Sector Transformation and Growth Strategy (ASTGS 2019-2029), the Fourth Medium Term Plan of Vision 2030 (MTP IV 2023-2027), and the Kenya Kwanza development priorities as articulated in the Bottom-up Economic Transformation Agenda (BETA). Specifically, the Plan will focus on increasing financial inclusion, mobilizing resources to reach out to more actors in the agri sector, supporting the priority value chains in the government manifesto, supporting adaptation to climate change, and improving the institution's governance and management framework.

The Board of Directors pledges their commitment to support the realization of the goals and objectives set out in this strategic Plan.

I invite our partners and stakeholders to support and collaborate as we seek to transform into the premier agricultural financier that will drive the government's commitment to agriculture transformation and inclusive growth.

On behalf of the AFC Board of Directors and Management, I am pleased to present the AFC 2023 – 2027 Strategic Plan.

**ENGINEER JOHN MRUTTU**

**CHAIRPERSON OF THE BOARD OF BOARD OF DIRECTORS.**

## **PREFACE AND ACKNOWLEDGEMENT:**

The AFC Strategic Plan for 2023 -2027 provides a direction and organizational goals to guide the Corporation for the next five years. This roadmap is well anchored on the Government's Bottom-up Economic Transformation Agenda (BETA), the Medium Term Plan IV, The Agriculture Sector Transformation and Growth Strategy, the Kenya Vision 2030, and the Constitution of Kenya 2010. It also links perfectly to regional and global development aspirations.

This plan was prepared through a consultative process and strict adherence to the strategic plan preparation guidelines provided by the State Department of Economic Planning. The document is organized into eight chapters, namely: Chapter One details the importance of strategic planning for the Corporation, its alignment to the critical development frameworks, the history of AFC, and the approach used; Chapter Two provides the strategic direction; Chapter Three presents the situational and stakeholder analyses; Chapter four details the strategic issues, strategic goals and key result areas; Chapter five provides strategic objectives and strategies; Chapter six captures the implementation and coordination framework; Chapter seven provides resource requirements and mobilization strategies; while Chapter eight provides the monitoring, evaluation and reporting framework.

Over the next five years, the Corporation commits to focus on the following strategic objectives: Drive financial inclusion access in the agriculture sector to actualize the government agenda on Agricultural Transformation and Inclusive Growth; Diversify funding sources and enhance resource utilization; Re-engineer the Business Model; To ensure a high-performing and engaged workforce; Enhance The Corporate Brand and Brand Values; Enhance customized climate innovative agriculture financing and Enhance governance & management framework. By focusing on these areas, I am confident we will continue to increase agricultural production and productivity effectively.

I sincerely appreciate the AFC Board of Directors for providing policy direction and oversight throughout the process. Likewise, I wish to recognize the effort of the team from the Ministry of Agriculture & Livestock Development consisting of Mr. Joseph Musyoka, Mr. J Gicheru, and economists from the State Department of Economic Planning – Ms. Electrine Nannzala and Ms Patricia Gachoki for unwavering technical guidance and support. I also wish to recognize and appreciate all heads of departments, including Mr. Tom Akeno, Mr. Bonano Badia, Mr. Evans Mainga, Mr. Nicholas Njeru, Mr. Jackson Ecoka, Mr Daniel Olilo, Ms. Betty Suge, Ms. Pauline Kathambana and Mr. Evans Mainga for their invaluable contributions. I also convey my sincere gratitude and appreciation to the Strategic Plan Team Lead by our Chief Strategy, Business Development & Planning Officer, Mr. John Mungai and team members, Mr. Godrick Itur, Mr. Christopher Kiburu, Ms. Ruth Okatch, Mr. Joseph Wandera, Mr. Eurry Mabonga, Ms. Marylyn Ronoh, Ms. Elizabeth Akinyi, Ms. Leah Wandera, Ms. Veronicah Auko, Ms. Winnie Cherop, Mr. Savio Sunkuli, Mr. Dennis Mulongo, and Ms. Hellen Kemboi, for providing requisite technical expertise and dedication in ensuring completion of these document. Additionally, I recognize the contributions of regional managers, including Mr. Karanja Thiru, Mr. Benjamin Chepkwony, Ms. Irene Koonyo, Ms. Lillian Kimullany, Ms. Martha Ayodo, and Mr. Erick Muita, and branch manager- Mr. Edwin Simiyu, Mr Samuel Ochieng, Ms Dorris Mugambi, Mr Edward Mwachoki. Special mention to the consultants from Ms Treasure Brook Investments Limited, led by Mr Johnson Kithendu, for providing expert guidance in the strategy formulation.

Lastly, on behalf of AFC, I sincerely thank Financial Sector Deepening (FSD) – Kenya, under the leadership of Ms Tamara Cook, CEO, for the financial support that facilitated this process.

By focusing on the set strategies, AFC will not only be the key driver for realizing the government BETA agenda but will immensely contribute to transforming livelihoods for all Kenyans.

**George Kubai,  
Managing Director,**

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## LIST OF TERMS CONCEPTS AND TERMINOLOGIES

**Climate smart technologies:** Innovative tools, practices, and technologies that help mitigate and adapt to the impacts of climate change, enhancing resource efficiency, reducing greenhouse gas emissions, and increasing the resilience of agricultural systems while promoting sustainable production and food security

**Food security:** The state where all people have reliable access to enough safe and nutritious food for a healthy and active life.

**Green Growth Economy:** An economic model that promotes sustainable agricultural development by achieving environmental objectives alongside economic growth, emphasizing resource efficiency, renewable energy, and environmental stewardship

**Indicator:** An indicator is a sign of progress/change that results from a project. It measures a change in a situation or condition and confirms progress towards achievement of a specific result. It is used to measure a project impact, outcomes, outputs and inputs that are monitored during project implementation to assess progress.

**Outcome Indicator:** This is a specific, observable, and measurable characteristic or change that will represent achievement of the outcome. Outcome indicators include quantitative and qualitative measures. Examples: Enrolment rates, transition rates, mortality rates etc.

**Outcome:** Measures the intermediate results generated relative to the objective of the intervention. It describes the actual change in conditions/situation as a result of an intervention output(s) such as changed practices as a result of a programme or project.

**Output:** Immediate result from conducting an activity i.e. goods and services produced.

**Performance Indicator:** A measurement that evaluates the success of an organization or of a particular activity (such as projects, programmes, products and other initiatives) in which it engages.

**Post-harvest losses:** The reduction in quantity or quality of harvested crops or products that occur during storage, transportation, processing, and marketing stages, resulting in economic and nutritional waste.

**Postharvest handling:** The series of activities and practices undertaken after harvesting crops, including sorting, cleaning, packaging, cooling, and storage, to maintain product quality, maximize shelf life, and reduce losses during transportation and marketing

**Programme:** A grouping of similar projects and/or services performed by an entity or to achieve a specific objective.

**Project:** A project is a set of coordinated activities implemented to meet specific objectives within defined time, cost and performance parameters. Projects aimed at achieving a common goal form a programme.

**Strategic Food Reserve:** A stockpile or reserve of food commodities maintained by governments or organizations to ensure food security during times of emergencies, crises, or supply disruptions, serving as a buffer to stabilize prices, meet nutritional needs, and support vulnerable populations.

**Strategic Planning:** It is the process of defining an organization's strategy or direction, and making decisions on allocating its resources to pursue this strategy; The process involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions.

**Strategic plan** is a document that summarizes and communicates aspirations of an organization, its goals, the actions and resources and how the progress will be tracked, and all of the other critical elements. It's the product of the Strategic planning exercise

**Strategic Objectives:** These are what the organization commits itself to accomplish in the long term; they establish performance levels to be achieved on priority issues and measures of success in fulfilling critical mission statement elements.

**SWOT Analysis:** It is used for understanding the strengths and weaknesses (internal factors) of the organization and for identifying both the opportunities open to the organization and the threats it faces (external factors).

**Target:** A target refers to planned level of an indicator achievement.

**Value Chain Players:** Individuals, businesses, or organizations involved in various stages of the production, processing, distribution, and marketing of agricultural products, including farmers, suppliers, processors, distributors, retailers, and consumers, collectively contributing to the creation and delivery of value-added agricultural goods to the market.

**Value Chains:** The series of interrelated activities and processes involved in the production, processing, distribution, and marketing of agricultural products, from farm to consumer, aiming to create value at each stage and ensure the efficient flow of goods, services, and information while maximizing the economic benefits for all stakeholders involved



## ACRONYMS

Acronym	Definition
<b>ADBC</b>	Agricultural Development Bank of China
<b>AFA</b>	Agriculture and Food Authority
<b>AFC</b>	Agricultural Finance Corporation
<b>AGRA</b>	Alliance for a Green Revolution in Africa
<b>ASTGS</b>	Agricultural Sector Transformation & Growth Strategy
<b>AU</b>	African Union
<b>AUA2063</b>	African Union Agenda 2063
<b>BAAC</b>	Bank for Agriculture and Agricultural Cooperatives
<b>BPR</b>	Business Process Re-engineering
<b>CGS</b>	Credit Guarantee Scheme
<b>DFI</b>	Development Finance Institution
<b>FSD</b>	Financial Sector Deepening Trust -Kenya
<b>FSPs</b>	Financial Service Providers
<b>ICT</b>	Information, Communication and Technology
<b>IFAD</b>	International Fund for Agricultural Development
<b>IRA</b>	Insurance Regulatory Authority
<b>KALRO</b>	Kenya Agricultural & Livestock Research Organization
<b>KYC</b>	Know Your Customer
<b>MD</b>	Managing Director
<b>MFI</b>	Microfinance Institution
<b>MoA&amp;LD</b>	Ministry of Agriculture and Livestock Development
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>MTP IV</b>	Fourth Medium Term Plan of Kenya Vision 2030
<b>NABARD</b>	National Bank for Agriculture and Rural Development
<b>NCPB</b>	National Cereals & Planning Board
<b>NEMA</b>	National Environment Management Authority of Kenya
<b>NPLs</b>	Non-Performing Loans
<b>PPP</b>	Public-Private-Partnership
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>SDGs</b>	Sustainable Development Goals
<b>SFR</b>	Strategic Food Reserve
<b>SME</b>	Small and Medium Enterprises
<b>SP</b>	Strategic Plan

## EXECUTIVE SUMMARY

The Strategic Plan for the Agricultural Finance Corporation has been developed in cognizance of its mandate as stipulated in the AFC Act (Cap 323) of the laws of Kenya. Moreover, it provides the roadmap for the Corporation for the period 2023-2027. The AFC Strategic Plan is well anchored on the Government's Bottom Economic Transformation Agenda (BETA), the Kenya Vision 2030, as well as the constitution of Kenya 2010. It also speaks to the regional and global development aspirations. This plan was prepared through a consultative process and strict adherence to the strategic planning preparation guidelines provided by the State Department of Economic Planning.

The strategy is aimed at helping the Corporation achieve its mandate during the period; the mission, Vision, and Strategic Goals are as follows;

**Vision:** To be the Premier Agricultural Development Financier in Kenya.

**Mission:** To provide sustainable financing through participative and collaborative financial and non-financial interventions, innovations, technology, and products.

### Strategic goals

- i. Realization of government agenda on agricultural transformation and inclusive growth
- ii. Enhance the Corporation Financial Base
- iii. Enhance business growth and sustainability
- iv. Strengthen Institutional Capacity and enhance Brand
- v. Impact climate change mitigation and adaptation by agriculture sector players
- vi. Improve Legal and Policy Framework

### Core values

- Customer Focus.
- Professionalism
- Teamwork and partnerships
- Integrity
- Innovation.
- Social responsibility.

Based on the strategic analysis, the following has been identified as the key strategic issues, the strategic goals and key result areas that the corporation will focus on during the strategy period.

	STRATEGIC ISSUE	GOAL	KRAS
1	Credit Access	Realization of government agenda on agricultural transformation and inclusive growth (through affordable credit)	KRA 1: Access to agricultural Credit
2	Financial Resources	Enhance the Corporations financial Base	KRA 2: Resource Mobilization & utilization

3	Business Model and Efficiency	Enhance business growth and sustainability	KRA 3: Business Operational Efficiency
4	Institutional Capacity	Strengthen Institutional Capacity and enhance Brand	KRA 4: Human Capital KRA 5: Corporate Brand and Image
5	Climate change adaptation and mitigation	Impact climate change mitigation and adaptation by agriculture sector players	KRA 6: Climate Resilience, adaptation and Mitigation
6	Legal & Policy, & Governance Framework	Improve Legal and Policy Framework	KRA 7: Legal, Policy & Governance Framework

The following strategic objectives will be the focus areas for the Corporation during the strategy period.

- a. Drive financial inclusion access in the agriculture sector to actualize government agenda on Agricultural Transformation and Inclusive Growth.
- b. Diversify funding sources and enhance resource utilization for sustainability and increased impact.
- c. Re-engineer the business for efficiency, sustainability, and service delivery.
- d. To ensure a high-performing and engaged workforce.
- e. Enhance The Corporate Brand and Brand Values.
- f. Catalyze funding for climate change, resilience, mitigation, and adaptation financing in the agri-sector.
- g. Enhance governance and management framework for the Corporation's credibility (Locally and internationally).

The strategic Plan will be implemented through a well-articulated internal coordination mechanism, which will include periodic meetings and reporting systems of various management and administrative organs of the Corporation, including the Board of Directors, board committees, the senior management, and other operational units in the organizational structure. The action plan has been created for a shared understanding among the implementers to allow for effective execution, stipulating what will be done, when, and by whom.

A summary of key risks that may arise during the plan implementation has been highlighted, and appropriate mitigation strategies recommended. Projected financial resource requirements for implementing the Strategic Plan over the plan period have been provided.

An elaborate framework for Monitoring the implementation of this strategic Plan has been developed, including systematic tracking of activities and actions to assess progress, which will be measured against specific targets and schedules included in the Plan. Regular reporting will be embedded at all levels with necessary follow-up and appropriate documentation.

## CHAPTER ONE: INTRODUCTION

The chapter gives an introduction to the Strategic plan with an overview on importance of strategic planning, the context of Strategic Planning in relation to Global, Regional and National Development priorities, the history of the Corporation, and the methodology adopted in developing and validation the Strategic Plan.

### 1.1 Strategy as an imperative for organizational success

Strategic planning can be defined as a process in which an organization defines their vision for the future and identify well defined goals and objectives of an organization for a specified period of time. The process includes establishing how the goals will be realized and in what order so as to achieve or reach the stated vision.

The strategic planning is important in defining the direction and organizational goals to work toward and therefore offers the guidance and roadmap to achieve the set goals. Without a strategic plan, organizational direction and goals would be undocumented and undefined and therefore it would be difficult to tell whether an organization is on track to reach its goals or not. A strategic plan therefore aids in establishing realistic objectives and goals that are in line with the vision and mission as defined by an organization.

For Agricultural Finance Corporation, the strategic plan is critical especially in defining and guiding its transformation journey, aligning with the government strategic agenda for the medium term, setting and tracking the targets in line with the agri-sector objectives and ultimately in assessing the progress in achieving the set goals and target. The Board and Management considers strategic planning as an imperative element of business transformation and success because;

- It facilitates setting of well thought out priorities, and ensures focusing of energy and resources for efficient execution.
- It promotes a sense of collaboration and collective responsibility by ensuring that employees and external stakeholders are focused on a common and well defined goals
- It is critical in ensuring that the Corporation is pro-active rather than reactive by ensuring adequate preparation and response to uncertainties and risks.
- It is a tool for planning that facilitates the Corporation to assess, respond and adapt adequately to the changing of the business and economic environment.

### 1.2 The context of Strategic Planning

The AFC Strategic Plan for 2023-2027 is a carefully crafted roadmap that aligns AFC's goals with critical international and regional development commitments, including the Sustainable Development Goals (SDGs), African Union Agenda 2063, and East Africa Vision 2050. Likewise, this strategic plan is well anchored on the Constitution of Kenya 2010, the Kenya Vision 2030, The Agriculture Sector Transformation and Growth Strategy (ASTGS), The Medium Term Plan IV, and the Bottom-up Economic Agenda. The alignment of this strategy to international and national development aspirations is expounded below.

#### 1.2.1 United Nations 2030 Agenda for Sustainable Development

This strategic plan aligns well with the UN Sustainable Development Goals (SDGs) to drive positive impact. The AFC Strategic plan directly contributes to the following SDGs: SDG 1: No Poverty; SDG2: No Hunger; SDG5: Gender Equality; SDG7: Affordable & Clean Energy; SDG 8: Decent Work and Economic Growth; SDG 12: Responsible Consumption and Production; SDG 13: Climate Action.

### **1.2.2 African Union Agenda 2063**

The Strategic plan aligns well with the Africa Union Agenda (AUA) 2063, Africa's blueprint and master plan for transforming the continent into a global powerhouse through inclusive and sustainable development. AFC directly addresses AUA2063 commitments, including Transformed Economies; Modern Agriculture for increased productivity and production; environmentally sustainable and climate resilient economies and communities; full Gender Equality in All Spheres of Life; and Engaged and Empowered Youth and Children, amongst others.

### **1.2.3 East Africa Vision 2050**

The strategic plan fully aligns with the East Africa Vision 2050, which envisions a prosperous, integrated, and globally competitive East Africa region. By promoting agricultural transformation and inclusive growth, AFC contributes to the overall economic development of East Africa, ensuring food security, reducing poverty, and enhancing the livelihoods of rural communities. AFC's focus on sustainable agricultural practices and environmental stewardship aligns with Vision 2050's emphasis on green growth and sustainable development. Additionally, AFC's collaboration with stakeholders and its commitment to excellence and innovation resonate with Vision 2050's call for regional cooperation, knowledge sharing, and fostering a culture of entrepreneurship.

### **1.2.4 Constitution of Kenya**

The AFC strategic plan is well aligned with the constitution of Kenya 2010 by promoting food production and food security. Article 43 (1) (c) of the Constitution of Kenya guarantees every Kenyan the right to be free from hunger and to have adequate food of acceptable quality. In addition, the strategic plan adheres to Kenya's Constitution by emphasizing observing and adhering to national values and principles of governance, public participation, and public service, including accountability, transparency, and professionalism.

### **1.2.5 Kenya Vision 2030 and Forth Medium-Term Plan**

The Kenya Vision 2030 aspires to transform Kenya into a middle-income and industrialized nation with a quality of life for all Kenyans. Agriculture is a crucial sector in delivering the 10% annual economic growth rate as stipulated in the vision and the medium-term plans. The AFC strategic plan 2023-27 aligns well with the vision and the MTP IV as it addresses sustainable access to finance by actors in the agriculture sector. The corporation, therefore, aims to contribute to the 10% annual economic growth directly. Additionally, AFC will play a critical role in driving the achievement of the Medium Term Plan IV, specifically through supporting access to finance, financing agriculture production, financing agro-manufacturing, and agri-based Micro, Small, and Medium Enterprises (MSMEs).

### **1.2.6 Alignment with the Bottom-Up Economic Transformation Agenda (BETA)**

BETA focuses on various priorities, including job creation, cooperatives, agriculture, MSMEs, affordable housing, healthcare, and the digital economy. AFC's strategic plan complements these priorities through the following:



### 1.2.7 Sector Policies - The Agriculture Sector Transformation and Growth Strategy (ASTGS 2019 – 2029)

This Strategic plan is also aligned with the Agriculture Sector Transformation and Growth Strategy (ASTGS 2019 – 2029) ASTGS 2019-2029 vision of “a vibrant, commercial and modern agricultural sector that sustainably supports Kenya’s development in the context of devolution, short-term national aspirations for 100% food security, and longer-term global CAADP and the SDG commitments”. AFC Strategic Plan 2023 – 2027 directly supports the following aspiration of the ASTGS:

- Increase small-scale farmers, pastoralists, and fisherfolk incomes.
- Increase agricultural output and value add.
- Boost household food resilience by reducing the number of food-insecure Kenyans.
- Unlock 50 new large-scale private farms under sustainable irrigation from existing infrastructure.
- Restructure the Strategic Food Reserve (SFR) to better serve 4mn high-needs Kenyans through competitive digital reserve stock and cost management with the private sector and price stability.

## 1.3 History of AFC

Agricultural Finance Corporation (AFC) is a development finance institution wholly owned by the government of the Republic of Kenya and focused on financing agriculture sector value chains to stimulate the development of the agriculture sector and the economy in general. AFC traces its origin to the Land and Agricultural Bank (of Kenya), established in 1933 to serve the interests of white settler farmers in Kenya. In 1963, the Agricultural Finance Corporation was formed as a subsidiary of the Land and Agricultural Bank, with the primary objective of facilitating land transfer from colonial settlers to native Africans. During and after the independence transition, land transfer from colonial settlers to native Africans was successfully and peacefully realized through funding by the Corporation.

In 1969, the Land and Agricultural Bank and Agricultural Finance Corporation were merged, and consequently, a fully-fledged Development Finance Institution was established under the Agricultural Finance Corporation Act (Cap 323 of the laws of Kenya). AFC took over the assets and liabilities of the Land

and Agricultural Bank but remained a credit-only financial institution. The Corporation has its headquarters in Nairobi, and operations are segmented into six regions and has forty-eight (48) branches across the country.

### 1.4 Methodology of developing the Strategic Plan

The AFC's Strategic Plan for 2023 – 2027 results from a collaborative and inclusive process. Upon approval and release of Strategic Plan Preparation Guidelines for the Public Sector, the management team presented to and obtained approval from the Board of Directors to commence the strategic plan preparation process. The process was guided by a competitively procured consultant, M/s Treasurebrook Limited. The preparation process is as presented below;

**i. Initiation of the process**

AFC's Strategic Plan for 2023 – 2027 is the outcome of a collaborative and inclusive process. The management team obtained approval from the Board of Directors to commence the strategic plan preparation process. A consultant, M/s Treasure Brook Investments Limited, was onboarded through a competitive procurement process to lead the consultancy assignment.

**ii. Development of the Strategic Plan**

- a. A detailed desktop review of existing relevant documents was undertaken, and the findings informed the direction of engagements with crucial stakeholders. ,
- b. Review of the Government policy priorities and priority focus areas for partners.
- c. A review of the progress made against the previous Strategic Plan 2018-2022 and other operational operational and strategy documents at AFC was undertaken.
- d. Internal stakeholder engagement- Staff was engaged in various cohorts through interviews and focus group discussions. The staff cohorts consisted of field office staff, head-office staff, a regional leadership team, a top management team, and a Board of Directors.
- e. External stakeholder engagement. Key stakeholders, including clients, banks, peer Development Finance Institutions, development partners, service providers, MDACs, sector experts, and international peers like UDB and TADB, among others, were engaged. This collaborative effort involved key organizations such as ABSA, AGRA, FSD, EAFF, KALRO, KWF, KDC, GIZ, WRSC, C.O.G, TADB, Ministry of Agriculture, State Department for Trade, and Economic planning. The stakeholder engagement was used to gain a balanced view of the policy, demand, and supply side of agriculture and agricultural finance, the needs, market failures, how these could be resolved, and the role of AFC.
- f. Review of the current state of international practice in agriculture financing and development finance followed, thus identifying critical lessons for the Corporation's approach to catalyzing credit and driving the agriculture sector transformation.

**iii. Validation of the Strategic plan.**

The draft strategic plan was subjected to validation by internal stakeholders (staff, management, and the board) and external stakeholders

**iv. Finalization of the Strategic plan.**

The Strategic Plan was finally approved by the board of directors and the State Department of Economic Planning.

## **v. Dissemination**

The AFC Strategic Plan 2023- 2027 was finally disseminated.



## CHAPTER TWO: STRATEGIC DIRECTION

This chapter summarizes the soul of both the corporation and the heartbeat of this SP. It details the vision and mission of the AFC, the core values guiding AFC operations, and the mandate. This chapter also states the strategic goals of the corporation and the quality policy statement, making public the minimum promise the corporation makes to its clients and stakeholders.

### 2.1 Mandate

The Corporation's mandate, as spelled out in the AFC Act, is '*to assist in the development of agriculture and agricultural industries by making loans to farmers, co-operative societies, incorporated group representatives, private companies, public bodies, local authorities and other persons engaging in agriculture or agricultural industries*'. The Corporation is also mandated to provide managerial, technical and administrative advice, or to assist in obtaining such advice, for players in the agriculture sector.

### 2.2 Vision Statement

To be the Premier Agricultural Development Financier in Kenya.

### 2.3 Mission Statement

To provide sustainable financing through participative and collaborative financial and non-financial interventions, innovations, technology and products.

### 2.4 Strategic goals

- i. Realization of government agenda on agricultural transformation and inclusive growth (through affordable credit)
- ii. Enhance the Corporations financial Base
- iii. Enhance business growth and sustainability
- iv. Strengthen Institutional Capacity and enhance Brand
- v. Impact climate change mitigation and adaptation by agriculture sector players
- vi. Improve Legal and Policy Framework

### 2.5 Core values

To fulfil its mandate, pursue the Vision and accomplish its Mission, AFC will be guided by its core values of:

- i) **Customer Focus** - AFC is committed to being customer-centric, to prioritize its customers, and to serve them effectively and efficiently to build strong relationships based on trust and mutual benefit.
- ii) **Integrity** - AFC is committed to adhering to high moral principles or professional standards and always do what is right, with or without supervision.
- iii) **Professionalism** - AFC is committed to maintaining a culture of professionalism, competence, and continuous learning among and delivery of high-quality services to its customers and stakeholders.
- iv) **Innovation**. AFC is committed to continuously develop and introduce customer centric product, services and delivery processes to efficiently serve and impact the clients and sector
- v) **Teamwork and partnerships** - We are committed to teamwork within the organization and partnering with different stakeholders and stakeholders in the delivery of our services.
- vi) **Social responsibility**. We commit and acknowledge our role in socio-economic well-being of the Kenyan population, particularly in rural areas, by supporting agriculture and promoting inclusive growth.

## 2.6 The Quality Policy Statement

Agricultural Finance Corporation (AFC) is a development Finance Institution (DFI) mandated to provide credit for the sole purpose of developing agriculture and agricultural industries by making loans and providing technical advice to entities and persons engaging in Agriculture. The AFC Board of Directors, Management, and Staff are committed to ensuring compliance with applicable policy, statutory, and regulatory requirements in line with its mandate by operating a Quality Management System per ISO 9001:2015 International Standard and aligned with its strategic objectives.

In pursuit of the above, AFC commits to:

- a. Comply with statutory and regulatory requirements;
- b. Identify and enable opportunities to meet and enhance customer satisfaction;
- c. Develop innovative products that meet our clients' needs
- d. Provide and maintain appropriate infrastructure;
- e. Improve internal and external communication systems;
- f. Establish strategic partnerships with stakeholders;
- g. Identify, monitor, and review internal and external issues in line with its strategy;
- h. Implement actions to address risks and opportunities to achieve results.

AFC shall establish, implement, maintain, and continually improve the Quality Management System in Compliance with the requirements of ISO 9001:2015. This Quality policy shall be displayed in all units, communicated to and understood by all employees.



## CHAPTER THREE: SITUATIONAL AND STAKEHOLDER ANALYSIS

This Chapter presents this Chapter and provides the situation analysis focusing on the external and internal environment within which AFC operates through SWOT PESTEL analysis. It also provides an analysis of the performance of the implementation of the AFC Strategic Plan for 2018-2022, as well as a stakeholder analysis. Additionally, it summarizes the insights from international best practices on agricultural finance and development finance.

### 3.1 Situational Analysis

The external environment of AFC encompasses a broad spectrum of factors and influences that exist beyond the immediate boundaries of the organization but have a significant impact on its operations, strategies, and sustainability. In navigating this dynamic landscape, AFC must remain attuned to a multitude of forces, including economic trends, political developments, technological advancements, social shifts, and environmental concerns. Furthermore, global and regional dynamics, market competition, regulatory changes, and the ever-evolving needs and expectations of its stakeholders all contribute to the complex mosaic of the external environment in which AFC operates.

#### 3.1.1 External Environment

A comprehensive analysis of the external environment was undertaken to appreciate the implications of developments in the external environment as manifested in opportunities and/or threats.

##### 3.1.1.1 Macro environment

The following Political, Economic, Social, Technological, Environmental and Legal (PESTEL) factors were identified

#### i. Political Environment

The political environment influences how and to what extent the government intervenes in institutions' operations. National policies and strategies influence the allocating of resources to various national competing needs.

- ✚ *The Constitution of Kenya*, under the Bill of Rights, states that "every person has the right to be free from hunger and to have adequate food of acceptable quality." Agriculture is also identified as a devolved function under the Fourth Schedule. All operations of the Corporation, therefore, must be aligned to the constitution.
- ✚ *The Kenya Vision 2030, The Agricultural Sector Transformation and Growth Strategy (ASTGS) 2019- 2029, Third Medium Term IV, and the BETA Agenda* identify agriculture as a critical delivery sector of the development aspirations. Successful implementations of these policies depend on adequate funding and credit access and, therefore, an opportunity for AFC to deliver responsive products and lobby for increased allocation of resources and collaboration with relevant government agencies and development partners.
- ✚ *Political stability*. Kenya's economic growth is directly affected by political instability and is characterized by slow growth during election periods. The level of political stability, therefore, directly affects the level of business growth.

#### ii. Economic Environment

Various economic factors relevant to the agricultural sector will significantly influence the successful operation of the AFC. These include;

- ✚ **The Global Economic Ecosystem.** The external shocks of rising inflation and interest rates, occasioned by COVID-19-related global supply chain bottlenecks, the economic stimulus spending in the major

economies, and the Russia/Ukraine war. These global shocks result in a surge in commodity prices as well as shortages of commodities, which feed into the rise in the cost of living in Kenya.

- ✚ **Inflation and Exchange Rates.** Fluctuating exchange rates often result in fluctuations in export earnings. A strengthening local currency, for example, results in a decrease in local currency earnings for exporters, and the converse is true. High inflation rates, on the other hand, result in higher business costs due to an increase in the cost of inputs and services.
- ✚ **Economic Growth rate:** Kenya's economy is projected to experience an increasing growth rate. Favorable economic growth indicates expanded business opportunities and, therefore, a favorable credit uptake.
- ✚ **Government investments:** Increased investment in improving enabling environment like transport infrastructure translates into efficient services and opportunities for investors, providing an opportunity for the Corporation to provide financial intervention to actors along agricultural value chains.

### iii. Socio-cultural Environment

Social - Cultural environment refers to influences from interacting with society and communities concerning their values, norms, and customs. Socio-cultural factors that may influence the delivery of AFC services include;

- ✚ **Population increase and rural-urban migration.** Population growth and migration to urban centers increase food demand and diet preferences. Kenya's population, growing at 2.9 percent annually, is expected to reach 66.96 million in 2030<sup>[1]</sup>, and demand for food is projected to double by 2030, with 20 percent of the demand increase being attributable to population growth. By 2030, there is expected to be a maize deficit (based on the current productivity levels) of approximately 3.3 million metric tonnes (3.0 MT supply against 6.33MT demand), which is expected to widen the gap further in 2050 to about 5 MT<sup>[2]</sup>. This implies an opportunity for the AFC to collaborate with relevant agencies to finance the value chains.
- ✚ **Stakeholders Perception.** Stakeholders' perception of AFC's ability to deliver on its mandate due to misinformation or misrepresentation may affect the demand for its products and services. AFC will, therefore, influence perceptions in planning processes to allow the formulation of successful and demand-driven products.
- ✚ **Financial Illiteracy/Business Literacy.** Lack of financial literacy and business management skills contributes to low uptake of credit, low repayment, or loan defaults. This, therefore, will require AFC to develop packages that combine both credit and financial literacy delivery for its clients. AFC will also focus on building the capacity of its staff to be able to impart knowledge on changing agribusiness financial requirements.
- ✚ **Youth and Women in Agribusiness.** Rising youth unemployment is a significant concern for the Government of Kenya, with 500,000 graduates entering the job market annually. The agriculture sector has enormous potential for solving this challenge. However, youth face various challenges in seeking to venture into agribusiness. In Kenya, women provide 75%-89% of the labor force in small-scale agriculture and manage 40% of the small-scale farms, but they are more likely to be excluded from economic opportunities. AFC, in collaboration with various partners, will take deliberate steps to address unique social challenges faced by these demographic groups through responsive financing products.

### iv. Technological Factors.

The financial sector in Kenya has undergone a tremendous technological revolution that has changed credit delivery methods. Mobile money channels characterize delivery and recovery channels. AFC will continue adopting modern technologies and systems to effectively and efficiently deliver its mandate. AFC will also

finance modern technologies in agricultural value chains that focus on efficiency and reducing production costs.

**v. Ecological Factors.**

Degradation of natural resources adversely affects agricultural productivity and, therefore, affects the level of income for agriculture-dependent households. The impacts and effects of climate change and artificial degradation of natural resources, therefore, need to be considered if agriculture is to remain sustainable. AFC will adhere to the Environmental Management and Coordination Act (EMCA) of 1999 (Revised 2012) to ensure that in all its activities, it safeguards a healthy environment for all Kenyans.

**vi. Legal Factors.**

The Corporation operates under the AFC Act, but various national Acts of Parliaments, Regulations, and regional and international laws/regulations directly impact its operation. These factors include the constitution of Kenya that requires fair distribution of public resources, land laws, and laws related to credit collateral in Kenya. Government policy and directives also have a direct implication on the Corporation’s operations. These include affirmative action requirements, directives on employment, labor laws, and policies .

**3.1.1.2 Micro- Environment**

The microenvironment of AFC is defined by a potential culture clash between old staff who are used to a particular way of doing things. This strategic plan strongly aligns with the current GoK agenda, which is intensely disruptive to the status quo. This reality, therefore, calls for having all the staff pulling in the same direction. This SP boldly proposes to deal with these issues and set the corporation on a growth trajectory. AFC must align with the changing technological advancements, buoyed by heavy demands by customers for efficient service access. Micro environment analysis detailing factors affecting AFC’s resource access is summarized below.

Variable	Description
Agricultural Borrowers	Farmers and agricultural businesses are the primary clients of AFC. Their financial needs, creditworthiness, and investment decisions significantly impact AFC's operations. AFC must assess the credit risk associated with lending to different agricultural clients.
Government and Regulatory Bodies	The Ministry of Agriculture and regulatory authorities, play a crucial role in shaping AFC's operations through policies, regulations, and funding. AFC often operates under specific mandates and regulations established by these bodies.
Financial Institutions	AFC may collaborate with or compete against other financial institutions, including commercial banks, cooperative societies, and microfinance institutions, to serve agricultural clients. Partnerships and competition in the financial sector can influence AFC's strategies and services.
Employees	Well qualified staff with good customer relationships. AFC can invest in capacity building to have the employees well equipped for the various roles.

<b>Technology Providers</b>	<p>AFC Providers of financial technology solutions, including digital banking platforms and data analytics tools have ensured a robust ICT network infrastructure supported by a reliable LAN/WAN, Data center and telecommunications system.</p> <p>There is a critical need for integration of new technology to incorporate the newly introduced financing products (warehouse and wholesale financing products), which can influence AFC's ability to provide modern and efficient financial services to agricultural clients.</p>
<b>Local Communities</b>	AFC is well positioned in areas where agriculture is the core business and this impacts its good reputation, social responsibility initiatives, and community engagement efforts.
<b>Media and Public Perception</b>	Media coverage and public perception can influence AFC's reputation and its ability to attract clients and partners.
<b>Climate and Environmental Factors</b>	Given that agriculture is highly sensitive to weather conditions and environmental changes, lack of rainfall leads to poor production which affect the repayment rates of clients thus, high default rates. AFC must consider the impact of climate change and environmental sustainability in its operations and lending practices.

### 3.1.1.3 Industry Environment

In analyzing AFC's industry environment, Porter's Five Forces model was utilized to examine the dynamics shaping AFC's operations. This assessment also includes strategic group and competitive analyses, offering valuable insights for AFC to navigate its industry effectively. The analysis is provided below.

#### Porter's Five Forces model

- i. Threat of new entrants**
- ii. The agricultural finance industry in Kenya has high barriers to entry, including strict regulatory requirements and significant capital investment, with the COVID-19 pandemic disruption potentially increasing the barriers. This deters new entrants and limits competition. Agricultural Finance Corporation (AFC) has a strong market position, providing specialized services and building long-term relationships with borrowers.
- iii. Bargaining Power of Buyers:**
- iv. Borrowers in the agricultural sector have limited bargaining power due to the specialized nature of agricultural finance and a need for alternative financing options. As a result, the limited bargaining power enables AFC to offer competitive interest rates, loan terms, and collateral requirements while maintaining sustainable profitability.
- v. Bargaining Power of Suppliers**
- vi. Agricultural Finance Corporation has diversified funding sources, including collaborations with government institutions and development partners. This allows the AFC to negotiate favorable terms and access funds at competitive rates. Diversified funding sources ensure that AFC can secure sufficient capital to support agricultural finance activities and provide favorable loan terms to borrowers.
- vii. Threat of Substitutes**
- viii. The availability of substitutes, such as grants or subsidies, is limited in the agricultural finance industry. AFC offers unique financial products tailored to the specific needs of farmers and agricultural businesses. Limited substitutes allow AFC to maintain its position as a preferred financial partner for agricultural borrowers, offering specialized services and support that substitutes cannot replicate.



## ix. Competitive Rivalry

- x. The competitive rivalry within the agricultural finance industry in Kenya is moderate, with a few well-established players like MESPT, KDC, KIE, Women Enterprise Fund, and Hustler Fund, among others. These players differentiate themselves through innovative financial products, excellent customer service, and extensive agricultural expertise. Moderate competitive rivalry encourages continuous improvement and innovation among the players, benefiting borrowers with high-quality financial services and fostering a healthy industry ecosystem. In this ideal situation, AFC enjoys a strong market position due to high entry barriers, limited buyer bargaining power, diversified funding sources, limited substitutes, and moderate competitive rivalry. Additionally, this allows the Corporation to provide competitive financial solutions to agricultural borrowers, support the growth of the agricultural sector in Kenya, and contribute to sustainable development.

## a. Strategy group Analysis and Competition Analysis

The competition analysis for AFC includes but not limited to

	Institutions	AFC
<b>Market Focus</b>	<p><b>Oikocredit:</b> An international impact investor and cooperative that provides financing to organizations across various sectors, including agriculture, in developing countries.</p> <p><b>Incofin:</b> A global impact investment company that specializes in agricultural finance and supports financial institutions catering to rural and agricultural clients.</p> <p><b>Imfact Fund:</b> An impact investment fund that focuses on improving access to finance for small and medium-sized enterprises (SMEs), including those in the agricultural sector.</p> <p><b>MESPT (Micro Enterprises Support Programme Trust):</b> Focused on providing support to micro-enterprises and small businesses, including those in the agricultural sector.</p> <p><b>KDC (Kenya Development Corporation):</b> A state corporation that provides financial support to various sectors, including agriculture, for development initiatives.</p> <p><b>KIE (Kenya Industrial Estates):</b> Focuses on promoting industrialization and entrepreneurship, which may include support for agribusinesses.</p> <p><b>Commodities Fund:</b> May play a role in stabilizing commodity prices and supporting various players in the agricultural supply chain.</p> <p><b>Women Enterprise Fund:</b> Supports women-owned and women-led enterprises across different sectors, including agriculture.</p> <p><b>Hustler Fund:</b> While the specific focus is not provided, it may support various economic activities, including agriculture, as part of its broader mandate.</p>	AFC has a dedicated focus on agricultural finance, primarily serving smallholder farmers and agribusinesses in Kenya. Its specialization in the agricultural sector positions it as a key player in addressing the financial needs of this segment.
<b>Geographic Presence</b>	<b>Oikocredit:</b> Operates globally and has investments in various countries, including those in Africa.	AFC primarily operates within Kenya, aligning its

	<b>Institutions</b>	<b>AFC</b>
	<p><b>Incofin:</b> Has a global presence, with investments in multiple countries across Asia, Latin America, and Africa.</p> <p><b>Imfact Fund:</b> May have a more diversified geographic presence depending on its investment portfolio.</p> <p><b>MESPT:</b> Focuses on micro-enterprises across Kenya.</p> <p><b>KDC:</b> Operates within Kenya.</p> <p><b>KIE:</b> Operates within Kenya.</p> <p><b>Commodities Fund:</b> Operates within Kenya.</p> <p><b>Women Enterprise Fund:</b> Operates within Kenya.</p> <p><b>Hustler Fund:</b> Operates within Kenya.</p>	<p>services with the local agricultural market's unique needs and challenges.</p>
<b>Client Base</b>	<p><b>Oikocredit:</b> Invests in a variety of sectors, including agriculture, and targets organizations that promote social impact.</p> <p><b>Incofin:</b> Focuses on agricultural finance and works with financial institutions that cater to rural and agricultural clients.</p> <p><b>Imfact Fund:</b> Supports SMEs, including those in the agricultural sector, with access to finance.</p> <p><b>MESPT:</b> Targets micro-enterprises and small businesses across various sectors, including agriculture.</p> <p><b>KDC:</b> May provide support to development projects across different sectors, including agriculture.</p> <p><b>KIE:</b> Focuses on promoting industrialization and entrepreneurship, potentially supporting agribusinesses.</p> <p><b>Commodities Fund:</b> May support various players in the agricultural supply chain, including farmers and traders.</p> <p><b>Women Enterprise Fund:</b> Supports women-owned and women-led enterprises across sectors, including agriculture.</p> <p><b>Hustler Fund:</b> All citizens</p>	<p>AFC's primary client base consists of smallholder farmers, agricultural cooperatives, and agribusinesses. This targeted approach allows it to tailor its offerings to the specific requirements of the agricultural sector.</p>
<b>Financial Products and Services</b>	<p><b>Oikocredit:</b> Provides financing to various sectors, including agriculture, through loans and equity investments.</p> <p><b>Incofin:</b> Specializes in agricultural finance and supports microfinance institutions and banks serving rural and agricultural markets.</p> <p><b>Imfact Fund:</b> Supports SMEs with access to finance, potentially including agribusinesses.</p> <p><b>MESPT:</b> Provides financial services and non-financial support to micro-enterprises, which may include credit.</p> <p><b>KDC:</b> Offers financial support for development initiatives, potentially including agricultural projects.</p> <p><b>KIE:</b> Focuses on promoting entrepreneurship and industrialization, including financing agribusinesses.</p> <p><b>Commodities Fund:</b> May provide financial and market support to various players in the agricultural supply chain.</p>	<p>AFC offers a range of financial products and services designed to meet the diverse needs of its agricultural clients. This includes loans, credit facilities, and insurance tailored to the agricultural sector.</p>



	<b>Institutions</b>	<b>AFC</b>
	<b>Women Enterprise Fund:</b> Offers financial and non-financial support to women-owned enterprises across sectors. <b>Hustler Fund:</b> Financial support to all citizens	
<b>Impact Focus</b>	<b>Oikocredit:</b> Emphasizes social impact through investments in various sectors, including agriculture. <b>Incofin:</b> Committed to sustainable agriculture and financial inclusion in emerging markets. <b>Imfact Fund:</b> Promotes SME development, potentially benefiting agricultural SMEs. <b>MESPT:</b> Supports the growth of micro-enterprises and small businesses, including those in agriculture. <b>KDC:</b> Aims to promote sustainable development in various sectors, which may include agriculture. <b>KIE:</b> Promotes entrepreneurship and industrialization, potentially benefiting agribusinesses. <b>Commodities Fund:</b> May contribute to price stability and support various actors in the agricultural value chain. <b>Women Enterprise Fund:</b> Focuses on empowering women entrepreneurs across sectors. <b>Hustler Fund:</b> Financial inclusion across the country	AFC's core mission is to contribute to agricultural development and financial inclusion in Kenya. By focusing on the agricultural sector, it plays a pivotal role in supporting rural livelihoods and food security.

## International Benchmarks

An analysis of three international development institutions was carried out to document best practice and lessons for AFC. The selected institutions were. Uganda Development Bank, Tanzania Agriculture Development Bank (TADB), National Bank for Rural & Agriculture Development (NABARD) of India, and the Agrobank of Malaysia. A summary of the international benchmark, business models and lessons for AFC is provided in the table below.

**Table 3.2**

<b>Institution</b>	<b>Business Model</b>	<b>Funding Mix</b>	<b>Lessons For AFC</b>
<b>1. Uganda Development Bank</b>  A Government owned DFI focused providing credit, equity and business advisory to all sectors of the economy	-Direct and Apex lending; equity investment. -Offers debt and equity, -Provides advisory services an -Aligned to government development priority Agenda	-Government funding -Lines of credit from multilateral lenders and development part	<ul style="list-style-type: none"> <li>- Government buy-in is critical in business growth and fundraising. Alignment to government agenda and programmes is key to sustained government support in fundraising</li> <li>- Diversified funding source offers the ability to generate more impact and reduce funding concentration</li> <li>- International certifications and ratings are critical in business transformation and fundraising</li> <li>- Human resource is Key to achievement of any strategic and transformation agenda.</li> </ul>

Institution	Business Model	Funding Mix	Lessons For AFC
<b>2. Tanzania Development Bank</b>  A Government owned DFI focused 100% on agri-financing	A mixture of Direct and Apex lending; equity investment. Offers financial and business development support. Aligned to government development priority Agenda	Government Funding Issuing of bonds Lines of credit (government Backed)	<ul style="list-style-type: none"> <li>- Wholesale lending remains is key in driving impact and outreach.</li> <li>- Supporting other financial institutions to increase lending to the sector can have significant impact.</li> <li>- AFC should leverage existing physical and digital networks of private sector players to attain reach</li> <li>- AFC will need to raise capital from alternative sources (apart from the government) for it to have transformative impact envisioned in the strategy.</li> </ul>
<b>3. Nabard of India</b>  Government owned DFI with regulatory role of supervising agriculture sectors banks.	Apex DFI Offers financial support & development support Regulation mandate to agricultural and rural focused financial institutions	Issuing of bonds, debentures and funds Deposits from co-operative banks and rural banks Reserves and surpluses (Directed Credit)	<ul style="list-style-type: none"> <li>- There are efficiencies to be gained from harmonizing government programs involved in agriculture</li> <li>- In Kenya cooperatives are free to bank with any institution, therefore it is unlikely a similar model will work</li> <li>- Supporting other financial institutions to increase lending to the sector can have significant impact.</li> <li>- A diversified funding source offers the ability to generate more impact and reduce funding concentration</li> </ul>
<b>4. Agrobank Malaysia</b>  Government owned retail bank that provides financial services to the agricultural sector.	Implements broader government agriculture sector strategies and co-ordinates public sector agriculture credit program	Mobilize deposits Government grants/ transfers Reserves and surpluses	<ul style="list-style-type: none"> <li>- There are competing capital needs for different government and therefore need to rethink fundraising approach. AFC will need to raise capital from alternative sources</li> <li>- AFC should take a lead role in developing collaboration with related Government agencies around financing agriculture and achieving government development agenda.</li> </ul>

Source: AFC Benchmark Reports: Websites of UDB, TDB, NABARD & Agrobank Malaysia; Treasure Brook Investment Ltd analysis, 2023

### Competitive Positioning of AFC

- **Specialization:** AFC excels in agricultural finance, making it a specialized and trusted institution for farmers and agribusinesses in Kenya.
- **Local Expertise:** Operating exclusively in Kenya allows AFC to have an in-depth understanding of local agricultural dynamics, which can be a valuable asset when serving clients.
- **Impactful Mission:** AFC's mission of promoting agricultural development and financial inclusion aligns with Kenya's development goals and addresses critical challenges in the agricultural sector.

- a. The large scale farmer, trader or value addition actor who borrows as an individual or partnership for working capital, development or machinery acquisition.
- b. The Small and Medium Enterprise SME borrowing for working capital, asset acquisition or long term development. This may be a company, sole proprietorship or even a cooperative.
- c. The large scale companies which works directly or indirectly with agricultural actors.
- d. The Small and micro actor borrowing as an individual, group or community cooperative directly or indirectly from AFC through
- e. The Small Holder Farmer who engages in agriculture first for food security but also as his main economic activity.

### 3.1.2 Summary of Opportunities and Threats

The table below explores both the opportunities and threats that shape AFC operating environment and which determine AFC's ability to achieve its mission and strategic objectives.

**Table 3.1 summary of opportunities and threats**

<b>Environmental factor</b>	<b>Opportunities</b>	<b>Threats</b>
Political	<ul style="list-style-type: none"> <li>• Clear opportunities to play a prominent role in government BETA Agenda on Agriculture and MSMEs.</li> <li>• Opportunity to tap into the Credit Scheme Guarantee and support farmers venturing into agricultural projects considered risky.</li> <li>• Leveraging Government Agents: Utilizing government agents with a presence on the ground can be a cost-efficient method to increase outreach and marketing efforts to farmers in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Political pronouncements which may affect business operations.</li> <li>• Changes in regulations related to agriculture, finance, or environmental policies may influence AFC's operations and strategy.</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Favorable cost of debt from the Government to the Corporation, enhancing competitiveness of its rates.</li> <li>• Pipeline sources of credit/financial resources (e.g., Mechanization, Enable Youth Fund, SAFER, RK-FINFA).</li> <li>• Green Financing Project: Collaborating with GIZ in the Green financing Project, which utilizes waste from agri-based production facilities, presents an opportunity for sustainable agricultural funding and environmental impact.</li> <li>• Research and Development: Strengthening R&amp;D partnerships with key institutions can provide access to expertise and agricultural information, fostering innovation and growth in the sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Over-reliance on the exchequer for lending funds</li> <li>• High competition from other financial institutions on agri-lending space.</li> <li>• Economic fluctuations and uncertainties can impact the agricultural sector and affect loan repayments and overall financial health.</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Infrastructure and ICT investments can be enhanced to unlock further efficiencies.</li> <li>• Technology-Driven Models: Revamping proposed models to be technology-driven aligns with the</li> </ul>	ICT systems risks associated with hacking which can lead to loss and compromised data.

Environmental factor	Opportunities	Threats
	digital economy focus and can enhance operational efficiency and customer experience.	
Legal	By operating under the AFC Act and adhering to various national Acts of Parliaments, regulations, and regional and international laws/regulations, the Agricultural Finance Corporation (AFC) can gain a competitive advantage by demonstrating its commitment to legal compliance. This can help enhance the Corporation's reputation and build trust with its stakeholders.	AFC is exposed to the risk of frequent changes in laws and regulations, including the risk of long legal processes that may hinder the achievement of legal reforms in the medium term. National Acts of Parliaments, regulations, and regional and international laws/regulations may undergo amendments or updates, requiring the Corporation to adapt its operations and processes accordingly. Failure to keep up with these changes can lead to non-compliance and legal consequences.
Ecological	By proactively addressing the impact and effects of climate change and man-made degradation of natural resources, AFC can seize the opportunity to play a crucial role in ensuring agricultural sustainability. The Corporation can achieve this by providing financial services and support to farmers and agricultural enterprises that embrace environmentally friendly practices, including agroforestry, water conservation, organic farming, and climate-smart techniques.	Climatic changes, such as unpredictable weather patterns, prolonged droughts, or excessive rainfall, can directly impact agricultural productivity. These changes can lead to crop failures, reduced yields, and increased production costs for farmers, which, in turn, affect their ability to repay loans obtained from AFC. This uncertainty can result in higher default rates and increased credit risk for AFC.

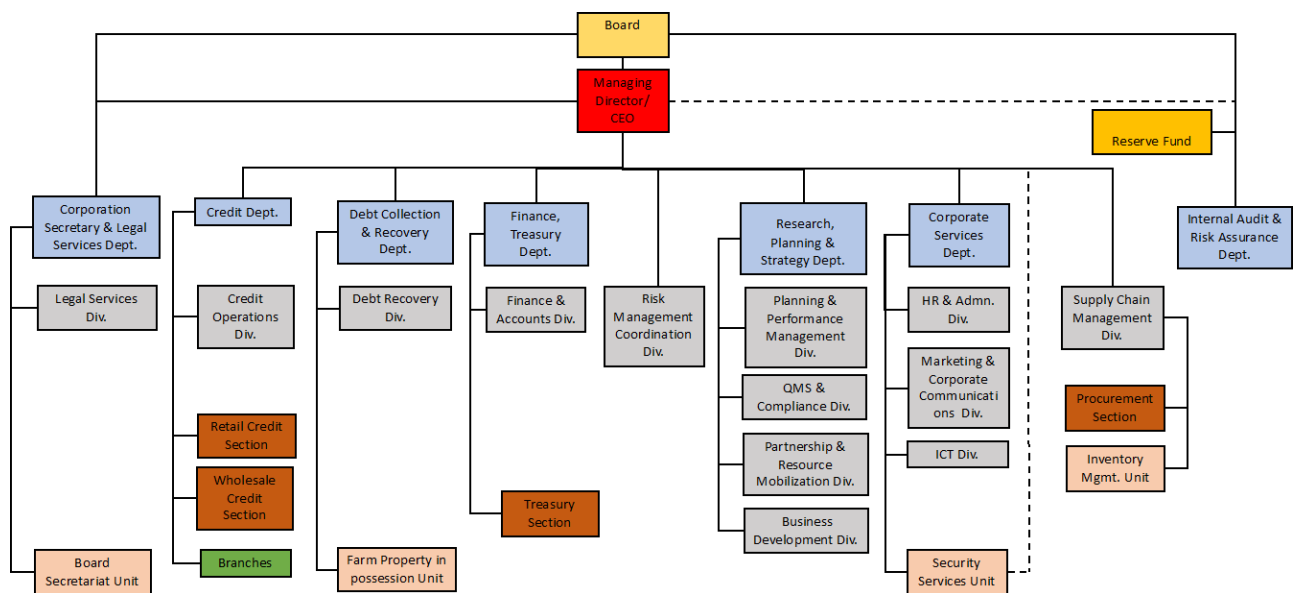
### 3.1.3 Internal environment

### 3.1.3.1 Governance and Administrative structures

AFC benefits from its close government ownership, which facilitates support and influence in the business environment. Its adherence to international standards such as ISO and AADFI builds confidence among partners and stakeholders. The organization's alignment with key government priorities opens doors for support and funding, while its strong partnerships with various stakeholders offer access to resources and expertise. However, the AFC Act's perceived restrictiveness poses a weakness, resulting in slow and cumbersome decision-making processes.

1. Review the performance management process following annual strategic planning to ensure that the outputs from the cascading process of performance contracting, through monitoring, performance based development, reviewing and rewarding are all aligned to boost productivity and enable performance
2. Relook organizational structure and administrative span of control: Employees recommended a relook at the functions that directly report to the MD/CEOs office to ensure optimal administration and governance of all functions. The current structure has evolved in the course of the last strategic plan period, to progressively align functions to better support core aspects of business

### Organizational Structure



With the development of a new strategic plan to guide AFC operations for 2023 to 2027, the organization is advised to further relook its design and ensure future fitness of its structures and work flow s for effective operationalization of its strategy.

AFC has been in the process of reviewing its structure to ensure efficiency and effectiveness, and this process should be prioritized and finalized as a foundation to operationalization of the new strategic plan. The organization has so far engaged key stakeholders to support review of the organizational structure towards positioning all functions and roles to play their rightful role. The engagement is an ongoing one, and is poised to continue as a strategic initiative during the next strategic plan execution. To this end, strategic initiatives have been proposed to guide the process, which shall be conducted in liaison with and in partnership with guidelines from Public Service Commission and State Corporations Advisory Committee[SCAC].

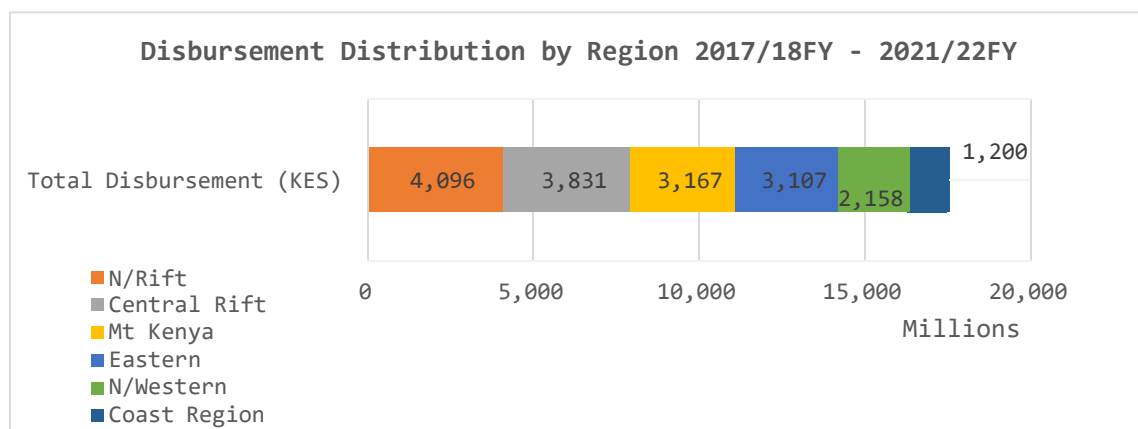
### 3.1.3.2 Internal business processes

Following key strengths that were noted;

- a. **Qualified Staff:** AFC benefits from a workforce comprised of qualified personnel with a high level of expertise and appropriate educational backgrounds. This skilled workforce contributes to the organization's ability to make informed decisions and offer specialized services.
- b. **Competitive Interest Rates:** The corporation offers competitive interest rates compared to the market, making it an attractive option for customers within the agricultural sector. This competitive advantage can help attract and retain clients.
- c. **Elaborate Infrastructure:** AFC has established a robust infrastructure, enabling it to provide efficient services to its customers. This infrastructure supports the organization's operational effectiveness.
- d. **ICT infrastructure:** AFC has several applications and systems that support the operations of AFC including; Bankers Realm.Net (BR.net) core banking system, Farmer Information Technology Network Enterprise System (FITNES), Customer feedback and loan origination system, Microsoft Dynamics - Reporting system, Per Pay (HR system) and FMS – Finance system.

### Key Challenges

- i) **Fundraising Liquidity challenges.** AFC faces severe liquidity constraints as a result limited annual budgetary support and limitations in fundraising from other non-government sources. Over the last four years, the Corporation has only received a total lending financial resource of Ksh 1.26 billion from external non-revenue consisting of Ksh 800 million from government budgetary support, Ksh 141 million from USAID's INK fund, and Ksh320 million from AfDB's ENABLE Youth. Efforts to diversify the Corporation's sources of funding over the last strategic period were moderately successful but several initiatives are yet to be realized. This in turn has limited the Corporation's capacity to enhance its impact. Over the last four years, the corporation has been able to disburse an average of Ksh 4 billion annually.
- ii) **Concentration of AFC portfolio.** The AFC portfolio is highly concentrated in in few regions. 3 regions (North Rift, Central Rift and Mt. Kenya accounted for 63 percent of the total disbursement for the last 5 years with North Rift, Central Rift accounting for 45 percent of the total disbursements. Likewise, 10 branches accounted for 54 percent of the total disbursement for the last 5 years. (Eldoret, Kitale, Nakuru, Narok, Dev House, Ngong, Kilgoris, Meru, Muranga, and T/Taveta). This poses a concentration risk for the corporation.



### 3.1.4 Summary of strengths and weaknesses---based on the write up above

**Table 3.2 summary of strengths and weaknesses**

FACTOR	STRENGTH	WEAKNESS
<b>Governance and administrative structures</b>	<ul style="list-style-type: none"> <li>Government Ownership and relationship makes it possible to acquire support to maneuver business environment.</li> <li>Compliance with internationally accredited bodies (ISO, AADFI) provides assurance to partners and stakeholders that AFC business is run as per international standards.</li> <li>Alignment with government's priorities creates opportunities to acquire support and funding from governmental</li> <li>Strong Partnerships with various key stakeholders, is an opportunity for resourcing and wider market reach.</li> </ul>	<ul style="list-style-type: none"> <li>AFC Act is restrictive and rigid; therefore, decision-making processes are slow and difficult.</li> </ul>
<b>Internal business processes</b>	<ul style="list-style-type: none"> <li>Well established and wide branch network across the country allowing wide reach.</li> <li>High staff retention rate / low cost on staff turnover.</li> <li>Innovative business models with low lending risks. E.g. warehouse lending models.</li> <li>Diverse Value Chains providing multiple revenue streams and reduces dependency on a single sector.</li> </ul>	<ul style="list-style-type: none"> <li>Poor automation processes leading to poor and inadequate data.</li> <li>Weak organization culture leading to inefficiency and low customer focus.</li> <li>Inadequate performance management tools</li> <li>Lengthy and slow lending process.</li> <li>High-Risk Perception for the agricultural sector affecting AFC's fundraising activities.</li> </ul>
<b>Resources and capabilities</b>	<ul style="list-style-type: none"> <li>Qualified staff with a high level of expertise. The Corporation possesses staff with an appropriate educational background.</li> </ul>	<ul style="list-style-type: none"> <li>Low liquidity that limits meeting market demand and impact.</li> <li>Staff attitude and unwillingness to embrace shifts and changes in ways of working</li> </ul>



FACTOR	STRENGTH	WEAKNESS
	<ul style="list-style-type: none"> <li>Competitive interest rates compared to the market. The Corporation has better rates and is therefore attractive to customers in the agricultural sector.</li> <li>Elaborate infrastructure. The Corporation has established infrastructure and therefore efficient services to customers.</li> </ul>	<ul style="list-style-type: none"> <li>Underutilized performance management tools.</li> <li>Weak brand presence and brand awareness</li> <li>High operating cost. OPEX is higher than the market average.</li> <li>Need for technological Upgrades to enhance efficiency.</li> </ul>

### 3.1.5 Analysis of past performance

During the implementation of 2017/18 – 2021/22 Strategic plan, the Corporation realised several milestones based on the three strategic themes upon which it was premised. The overall end-term achievement of the Strategic Plan (2018/19 – 2022) was 72.5%.

#### 3.1.5.1 Key achievements

The implementation of the AFC Strategic Plan for the years 2018-2023 has seen significant progress across various strategic objectives. Here are the milestones achieved:

- 1. Enhancing Government Collaboration:** With 10 planned activities, this objective has achieved a commendable 76% implementation status in 2023. This demonstrates a strong commitment to working in tandem with the government to align the organization's efforts with the Big Four Agenda while minimizing wastage.
- 2. Driving Financial Inclusion in Agriculture:** This objective, with 4 planned activities, has excelled with a 95% implementation status. It signifies a robust push toward ensuring financial inclusion within the agriculture sector, which is critical for economic development.
- 3. Developing a Wholesale Lending Model:** With 8 planned activities, this objective has achieved a 69% implementation status. The development of a wholesale lending model is essential for reducing risks and boosting private sector agriculture financing.
- 4. Diversifying Funding Sources:** While having 6 planned activities, this objective has a 47% implementation status. Diversifying funding sources is a key element in ensuring the organization's sustainability and reducing dependence on a single source of funding.
- 5. Optimizing the Business Model:** This objective, with 18 planned activities, has achieved an impressive 82% implementation status. Optimizing the business model and enhancing operational efficiencies have led to cost savings, contributing to the organization's overall effectiveness.
- 6. Enhancing Governance & Management Framework:** With 12 planned activities, this objective has reached a 67% implementation status. An improved governance and management framework is crucial for maintaining transparency and efficiency within the organization.

**The average implementation status for the entire Strategic Plan for this period is 72.5%. These achievements demonstrate significant progress towards the organization's goals and are a testament to the hard work and dedication of the team in realizing the strategic objectives laid out in the 2018-2023 plan.**



### 3.1.5.2 Challenges

#### a) Insufficient liquidity to actualize the targeted activities.

Corporation's credit demand is estimated at KES 15 billion and is growing upward yet the available credit advances to clients an average KES 4 billion annually therefore an annual deficit of KES 11 billion. Likewise, other targeted initiatives required financial resources to fully implement them. This requires aggressive fundraising. Lack of strong partnerships coordination, poor legacy portfolio and historical financial performance affects other partners' willingness to partner and provide financial resources. This was also affected by poor brand perception and inadequate impact communication. AFC therefore struggled to mobilize additional sources of resources to meet the annual sector demand. On the other hand, AFC has an unaffordable cost structure as evidence by a cost-to-income ratio of above 70%.

#### b) Inadequate in-house human resource capacity.

AFC staff numbers are skewed towards support functions such as personal secretaries, drivers, customer representative, customer care assistant, clerical staff and caretakers logistics, as opposed to core business areas of sales and recoveries. This therefore goes against the aspiration of AFC of achieving significant growth in customer numbers and additionally affected implementation of targeted initiatives e.g. fundraising, product development, partnership.

#### c) Misalignment of priorities and Lack of a defined working agreements between AFC and other public agencies.

Efficient joint execution of assignment with government agencies required alignment from the strategic level. The targeted collaboration areas were therefore not perceived as strategic priority and targeted agencies were not as enthusiastic. Likewise, where collaborations through memorandum of understandings were sought to initiate a discussion, delays in execution was experienced.

#### d) Public Sector dynamics.

AFC sought to mergers or acquisitions of other similar Government agencies to effectively address the targeted impact in the agriculture sector. This requires approvals from different entities and an elaborate public consultation procedure which brings out unnecessary political agenda. For the targeted institutions for merger and acquisitions, the discussion was perceived as infringing on the mandate of other Government agencies.

### 3.1.5.3 Lessons learnt.

During implementation of the 2018-2022 strategic plan, the following key summary lessons upon which future successes will be built on have been identified

- a. **Supporting Government Agenda:** Supporting implementation of the government Agenda and evidence through periodic reporting is key to consistent government support. Impact and evidence thereof, attracts right support by government and partners.
- b. **Collaboration and Partnerships:** Collaborations and partnerships are key in implementation of strategic plans. There is a need to map and identify all collaborators and partners, engaging them from the planning stage through a structured engagement framework.

- c. **Reporting Strategic Corporate Impact** and evidence thereof, attracts right support by government and partners.
- d. Appropriate brand and communication attracts appropriate support.
- e. Alignment with government agencies is key to smooth collaborations and implementation of joint projects.
- f. There is market traction and huge unmet demand for start-ups SMEs in the agri-sector.

### 3.2 Stakeholder Analysis

Agricultural Finance Corporation Strategic Plan recognizes the role of the Authority's stakeholders and their varied expectations. Stakeholders include: those who must implement the strategic plan, those who benefit from its implementation and those who could significantly help or hinder its implementation.

**Table 3.3 Stakeholder Analysis**

NO	STAKEHOLDER	STAKEHOLDER EXPECTATION	AFC EXPECTATION
1	Employees	<ul style="list-style-type: none"> <li>• Conducive work environment</li> <li>• Reward on Performance</li> <li>• Institutional Stability</li> <li>• Capacity Building</li> <li>• Effective Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Optimal productivity</li> <li>• Delivery on performance</li> <li>• Employee Loyalty</li> <li>• Enhanced efficiency</li> <li>• Faster service delivery</li> </ul>
2	AFC customers	<ul style="list-style-type: none"> <li>• Efficient service delivery</li> <li>• Variety of products</li> <li>• Consideration of other forms of collateral</li> </ul>	<ul style="list-style-type: none"> <li>• Prompt loan repayment</li> <li>• Customer loyalty</li> <li>• Increased outreach</li> </ul>
3	The National Treasury and Planning	<ul style="list-style-type: none"> <li>• Support of Implementation of Kenya Vision 2030, MTP IV, and the BETA Agenda</li> <li>• Timely progress reports on project implementation</li> <li>• Attainment of agreed performance targets</li> <li>• Loan repayment to the exchequer</li> <li>• Accountability of Loans &amp; grants from the government</li> </ul>	<ul style="list-style-type: none"> <li>• Support for AFC programs and projects.</li> <li>• Timely feedback on the reports</li> <li>• Continued support on financial and non-financial resources</li> <li>• Total Support of AFC programs</li> <li>• Consideration for more grants</li> </ul>
4	Ministry of agriculture and Livestock Development	<ul style="list-style-type: none"> <li>• Support of Implementation of Kenya Vision 2030, MTP IV, and the BETA Agenda for the agriculture sector</li> <li>• Timely progress reports on project implementation</li> <li>• Attainment of agreed performance targets</li> </ul>	<ul style="list-style-type: none"> <li>• Support for AFC programs and projects.</li> <li>• Timely feedback on the reports</li> <li>• Continued support on financial and non-financial resources</li> </ul>
		Accountability of Loans & grants from the government	Consideration for more grants
5	Development partners	<ul style="list-style-type: none"> <li>• Timely submission of progress and performance reports</li> <li>• Responsive and accountable fund utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Timely consideration of funding proposals</li> <li>• Continued support in our programs.</li> </ul>

<b>6</b>	Suppliers & Creditors	Transparency & Fairness in the procurement process Timely settlement of invoices	Participation and feedback Timely supply of quality goods and services
<b>7</b>	Media	Provision of timely and accurate information on issues/ queries raised	Provide accurate and timely information about AFC
<b>8</b>	General Public	Professionalism and ethical conduct Creation of Employment	Active participation in Corporate Social Responsibility (CSR) programs Improved livelihoods.

## CHAPTER FOUR: STRATEGIC ISSUES, GOALS AND KEY RESULT AREAS

The chapter presents the strategic issues- the fundamental challenges likely to affect achievement of the mission & vision, delivery of the AFC's mandate, product and services, client satisfaction, business operations, growth and sustainability. This is derived from the situational and stakeholder analysis conducted and presented in Chapter 3 and in line with government policies and strategies. Based on the combination of the preceding sections, key Strategic Issues, Strategic Goals and Key Result Areas emerge:

### 4.1 Strategic Issues

<b>S/N</b>	<b><u>Strategic Issues</u></b>	<b><u>Description</u></b>
1	<b>Credit Access</b>	The agriculture sector is a key anchor on realization of the 10 per cent annual economic growth envisaged in the Kenya Vision 2030. The blueprint envisions an innovative, commercially oriented and modern agricultural sector. Despite the high level of financial inclusion achieved over the past years in Kenya, access to affordable formal credit remains one of the key challenges affecting the growth and transformation of the agriculture sector and those at the bottom of the pyramid. According to Finaccess Survey 2021, individuals engaged in agricultural related activities and dependent more on informal channels to access financial services and products. This is also a key focus area of the government agenda. Additionally, core component of the government commitment lies in agriculture – accounting for over sixty percent of the government manifesto. Supporting smallholder farmers and agriculture related MSMEs access affordable credit will therefore be a key component in realizing the government agenda and objectives in the agriculture sector.
2	<b>Financial Resources</b>	AFC demand for financial resources is estimated at fifteen billion shillings (Ksh 15 billion) annually with the available resources only able to meet Ksh 4.0 annually on average. This is expected to grow as agriculture transformation takes hold. As a DFI, AFC receives budgetary allocations that are erratic and insufficient to drive a significant impact in the agricultural sector. Likewise, the debt fundraising capabilities are limited, partly due to the AFC Act and also due to lack of prior experience in fundraising. This limits the Corporation's ability to grow its loan book substantially, thereby limited impact on the sector it serves 100% and continued reliance on National Treasury for funding. To effectively address its mandate, resourcing remains critical.
3	<b>Efficiency and Sustainability of the Business Model.</b>	The current business model is not sustainable due to challenges from the resourcing and deployment of resources. AFC must therefore strengthen its internal capabilities and enhance operational efficiency and business sustainability. The business model segments should be redesigned to speak to the market dynamics and new strategic direction. The business components to be redefined include; customer segments, asset-side partnerships, liability-side partnerships, solutions/products, and resources channels) Likewise, business process re-

<u>S/N</u>	<u>Strategic Issues</u>	<u>Description</u>
		engineering, purposeful automation of key processes, improvement in recoveries mechanisms, and addressing cost efficiency among others.
4	<b>Institutional Capacity.</b>	To effectively implement the envisioned transformation, the Corporation must address the human resource capacity and brand issues. The envisioned business model warrants additional capabilities that are not currently present in the Corporation in addition to effectively positioning and communicating the brand. The new business approach required rebranding if the organization in line with the new business model and strategic direction.
5	<b>Climate Change.</b>	Kenya and the world at large is experiencing a profound climate crisis, a cross-cutting issue that is already exacerbating economic and social inequities, contributing to conflict, and increasing the diversion of resources to humanitarian assistance. The climate change crisis threatens the economic and social progress made in Kenya in building long-term prosperity of communities and national development. Agriculture bears the burden of climate change most given its pivotal role in achieving food security and poverty reduction for agriculture dependent economies like Kenya. The sector simultaneously faces two other challenges of increasing food production to meet population increases and lack of affordable and access to affordable and accessible finance that is specifically tailored to address climate change adaptation and mitigation. A lasting and impactful transformation must address the sustainability and adaptability of climate change impact through multifaceted approach with financial products being at core.
6	<b>Legal &amp; Policy, &amp; Governance Framework</b>	To implement its mandate effectively, AFC must operate under certain governance and regulatory framework. In addition, the corporation must subscribe to national, regional and international standards requirements not only to enhances the governance, but also improve its credibility to both local and international partners for effective fundraising, partnerships and support. Enhanced legal, governance and management framework will also allow the corporation to compete in the market effectively.

## 4.2 Strategic Goals

### STRATEGIC GOALS

- i) Realization of government agenda on agricultural transformation and inclusive growth (through affordable credit)
- ii) Enhance the Corporations Financial Base
- iii) Enhance business growth and sustainability
- iv) Strengthen Institutional Capacity and enhance Brand
- v) Impact climate change mitigation and adaptation by agriculture sector players
- vi) Improve Legal and Policy Framework.

### 4.3 Key Result Areas

The Strategic issues, relevant goals, and key result area(s) for each are summarized below.

**Table 4.1 Strategic issues, Goals and KRA**

	Strategic Issue	Goal	KRAs
1	Credit Access	Realization of government agenda on agricultural transformation and inclusive growth (through affordable credit)	KRA 1: Access to agricultural Credit
2	Financial Resources	Enhance the Corporations financial Base	KRA 2: Resource Mobilization & utilization
3	Business Model and Efficiency	Enhance business growth and sustainability	KRA 3: Business Operational Efficiency
4	Institutional Capacity	Strengthen Institutional Capacity and enhance Brand	KRA 4: Human Capital KRA 5: Corporate Brand and Image
5	Climate change adaptation and mitigation	Impact climate change mitigation and adaptation by agriculture sector players	KRA 6: Climate Resilience, adaptation and Mitigation
6	Legal & Policy, & Governance Framework	Improve Legal and Policy Framework	KRA 7: Legal, Policy & Governance Framework

## CHAPTER FIVE: STRATEGIC OBJECTIVE AND STRATEGIES

The chapter presents outline the strategic issues that the AFC seeks to address during the plan period, the goals to be realized and the key result areas linked to the attainment of the strategic goals. It details the strategic objectives and strategic choices that the corporation will adopt to actualize this strategic plan. The strategic objectives are informed by the situational analysis, the transformation aspirations of the corporation and the government development agenda.

### 5.1 STRATEGIC OBJECTIVES

- Drive financial inclusion & access in agriculture sector to actualize government agenda on Agricultural Transformation and Inclusive Growth.
- Diversify funding sources and enhance resource utilization for sustainability and increased impact
- Re-engineer the business for efficiency, sustainability and service delivery.
- To ensure a high-performing and engaged workforce.
- Enhance The Corporate Brand and Brand Values.
- Catalyze funding for climate change, resilience, mitigation and adaptation financing in the agri-sector.
- Enhance governance & management framework to for the Corporation's credibility (Locally & internationally).

**Table 5.1: Outcomes Annual Projections**












Strategic Objective	Outcome	Outcome Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
<b>KRA 1: Access to agricultural Credit</b>							
<b>Strategic Objective</b> Drive financial inclusion & access in agriculture sector to actualize government agenda on Agricultural Transformation and Inclusive Growth	Increased Access to Agricultural Finance	Number of individuals accessing agricultural finance					
<b>KRA 2: Resource Mobilization &amp; utilization</b>							
<b>Strategic Objective</b> Diversify funding sources and enhance resource utilization for sustainability and increased impact	Increased resource base and better utilization	Amount (Ksh Millions)					
<b>KRA 3: Business Operational Efficiency</b>							
<b>Strategic Objective</b> Re-engineer the business for efficiency, sustainability and service delivery	Increased Business Efficiency	% Business efficiency Rate					
<b>KRA 4: Human Capital</b>							
<b>Strategic Objective</b> To ensure a high-performing and engaged workforce	Increased staff productivity	Staff Productivity level					
<b>KRA 5: Corporate Brand and Image</b>							



















Strategic Objective	Outcome	Outcome Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Strategic Objective</b> Enhance The Corporate Brand and Brand Values.	Increased brand perception	Brand Perception indicator					
<b>KRA 6: Climate Resilience, adaptation and Mitigation</b>							
<b>Strategic Objective</b> Catalyze funding for climate change, resilience, mitigation and adaptation financing in the agri-sector	Increased financing of climate smart agriculture	Number of projects financed					
<b>KRA 7: Legal, Policy &amp; Governance Framework</b>							
<b>Strategic Objective</b> Enhance governance & management framework to for the Corporation's credibility (Locally & internationally)	Increased Governance rating						





## 5.2 STRATEGIC CHOICES

In order to achieve the strategic objectives identified in table 5.3, the following strategies were formulated:



KRA	STRATEGIC OBJECTIVES	STRATEGIES
KRA 1: Credit Access	i) Drive financial inclusion & access in agriculture sector to actualize government agenda on Agricultural Transformation and Inclusive Growth	 Enhance access to affordable agricultural credit by marginalized actors including, MSMEs, women, youth, smallholders, agro-players in the ASALs, artisanal fisher folk etc.
		 Upscale the wholesale lending model to accounts for at least 60% of the loan book and impacts at least 30% of marginalized groups
		 Enhance production of priority value chains
		 Enhance production of priority value chains
		 Enhance access to mechanization through affordable credit
		 Promote post-harvest management and improved farmers returns through affordable credit
		 Establish partnership with public agencies / entities to jointly finance government agenda
KRA 2: Resource Mobilization	ii) Diversify funding sources and resource utilization for Corporation's sustainability and enhanced impact	 Review loan fees to be informed guided by risk parameters and market indicators.
		 Establish alternative revenue generation streams.
		 Enhance recovery for legacy and non-performing loans
		 Prudent investment of resources for maximum returns

KRA 3 Operational Efficiency	Re-engineer the business for efficiency, sustainability and service delivery.	 Strengthening of internal controls for effective utilization of generated resources
		 Strengthen institutional capacity on resource mobilization
		 Enhance partnership engagement for resource mobilization
		 Raise debt capital for operations and business growth
		 Fundraising from the Exchequer, Public private partnership for joint large scale and impactful project financing
		 Public Private Partnership for joint large scale and impactful project financing
		 Re-structure/ develop innovative Business Model
		 Research driven product innovation
		 Reduce cost overheads for increased efficiency
		 Enhanced risk mitigation and advisory
KRA 4: Human Capital	To ensure a high-performing and engaged workforce	 Increased automation and digitalization for operational Efficiency
		 Enhance human capital capacity and development
		 Entrench Productivity and Performance culture
		 Aligning organizational structure to the new business model
		 Enhanced Staff Engagement & welfare.
KRA 5: Brand And Corporate Image	Enhance The Corporate Brand And Brand Value.	 Enhance client satisfaction ethos
		 Positioning of AFC in the perspective of external stakeholders / partners
		 Promote and maintain a positive AFC brand and image in the eyes of the general public.

<b>KRA 6: Climate adaptati on and Mitigatio n</b>	Enhance customized climate smart agriculture financing for resilience, mitigation and adaptation of agri-sector players	 Enhanced partnerships for climate adaptation financing
<b>KRA 7: Legal, Policy and Governance Framework.</b>	Enhance governance & management framework for the Corporation's credibility (Locally & internationally)	 Align AFC Legal and Policy framework to relevant laws.
		 Ensure compliance with national policy and legal framework
		 Ensure compliance with international requirements.

## CHAPTER SIX: IMPLEMENTATION AND COORDINATION FRAMEWORK

This Chapter outlines the implementation plan, coordination framework and risk management framework for operationalizing this strategic plan. The implementation plan consists of the action plan, annual workplan & budgeting and performance contracting. The coordination framework provides the Institutional Framework to support implementation, staff establishment, skills set and competence development, Leadership responsible for execution and systems and procedures required for effective and efficient implementation of the strategic plan.

### 6.1 Implementation Plan

An implementation plan that describes how the strategic plan will be operationalized has been developed. The implementation plan consists of the action plan, budgeting and performance contracting.

#### 6.1.1 Action Plan

The internal coordination mechanism will include periodic meetings and reporting systems of various management and administrative organs of the Corporation, including the Board of Directors, board committees, senior management and other operational units in the organizational structure.

The action plan matrices (Annex 1) provide the operational framework that creates a shared understanding among the implementers to allow for effective execution of the Strategic Plan. The matrix stipulates what will be done, when, and by whom. It gives comprehensive details on

- a) Strategic Issues
- b) Strategic Goals
- c) Key Result Areas
- d) Strategic Objectives
- e) Strategies
- f) Key Activities
- g) Expected Outputs
- h) Output Indicators
- i) Targets
- j) Budget

***(The action plan matrices is attached as Annex 1)***

#### 6.1.2 Annual workplan and budget

The annual workplan and budget will be prepared to reflect the set activities and inline with budget preparation guidelines.

#### 6.1.3 Performance contracting

Annually, the Board of Directors will approve the annual Corporate Performance Contract (PC) with the relevant Ministry as required. The annual performance contract will be linked to this strategic plan and cascaded to the Management team and then cascaded to all unit heads and their respective staff. All departments, division and units will develop their respective annual work plans based on the Strategic Plan Implementation plans with clearly defined performance indicators with specific implementation timelines.

The annual PC targets will be monitored and reported periodically and in line with the performance contract arrangements.

## 6.2 Coordination framework

The implementation coordination framework and mechanism of the Strategic Plan have been well thought out to ensure the practical realization of strategic objectives, and The strategic plan technical team will coordinate this. The critical activities for the implementation and coordination will include:

1. Sensitizing staff on their roles in the Plan implementation;
2. Communicating the Plan to various stakeholders and continuous engagement;
3. Assigning and communicating roles and responsibilities to different players;
4. Allocating resources as per priority activities identified in the Implementation Plan;
5. Setting up a Strategic Plan implementation coordination committee;
6. Preparing the annual work plans;
7. Monitoring and evaluating the implementation process; and
8. Conduct a mid-term and post-implementation review to bring out lessons learnt and share the results with relevant stakeholders.

### 6.2.1 Institutional framework

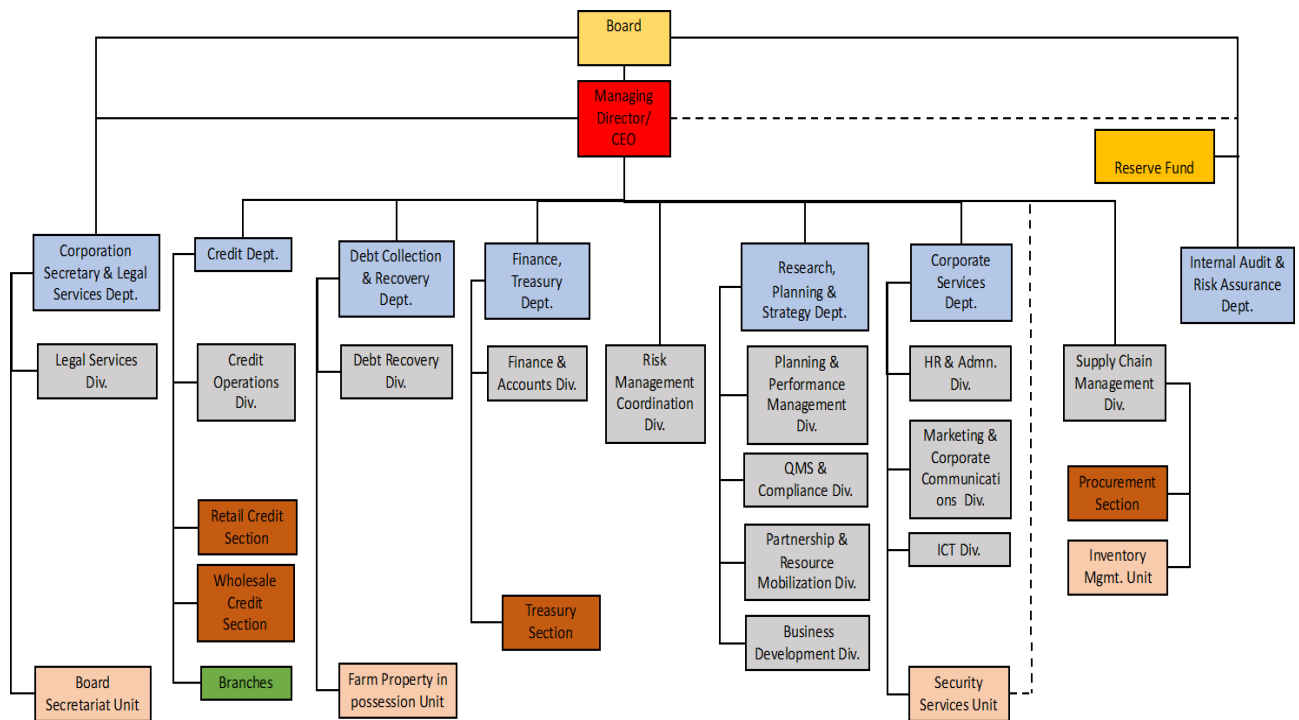
#### Organizational Structure

AFC is supervised by the Ministry of Agriculture and Livestock Development (MoA&LD), and as a financial institution, it also works closely with The National Treasury and Planning. The AFC Board of Directors is the apex policy organ of the institution. It comprises nine (9) members, two (2) ex-officio members representing the Cabinet Secretaries for The National Treasury and Planning and Ministry of Agriculture and Livestock Development, while the rest are appointed based on their technical and professional experience. The Managing Director of the Corporation is competitively sourced through a robust recruitment process based on professional experience and technical background. Under the Managing Director (MD) are the heads of department, the technical leads for each department who support the MD in the day-to-day running of the organization.

With the development of a new strategic plan to guide AFC operations for 2023 to 2027, the organization requires re-alignment to ensure fit for purpose and alignment for effective operationalization of the plan. The alignment must be in line with

the existing guidelines provided by the Public Service Commission and State Corporations Advisory Committee [SCAC].

The high-level organization structure is as shown below;



## 6.2.2 Staff establishment, Skills set and competence development

**Table 6.2: Staff Establishment**

Cadre	Approved Establishment (A)	Optimal Staffing levels (B)	In-Post (c)	Variance D=(B-C)
Number of Roles: 29	Approved Establishment: 562 In Post: 517	562*	In post: 486	

- This may be revised based on outputs of SP process

A summary analysis of the key staff cadres, skill se, skills gap and competence development required is provided in Table 6.3 below.

**Table 6.3**

Cadre	Skill Set	Skills Gap	Competence Development
Senior Management	<ul style="list-style-type: none"> <li>Strategic Planning</li> <li>Financial Acumen</li> <li>Leadership &amp; change management Skills</li> <li>Sustainability Expertise</li> <li>Regulatory and Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Technology Divide</li> <li>Limited Sustainability Exposure</li> <li>Resistance to Change</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Coaching</li> <li>Mentorship</li> <li>Workshop</li> <li>Peer to peer learning</li> </ul>

Cadre	Skill Set	Skills Gap	Competence Development
	<ul style="list-style-type: none"> <li>• Data, Innovation and Technology</li> <li>• Stakeholder Engagement</li> <li>• Risk &amp; crisis Management</li> <li>• Project Management</li> <li>• Communication and Presentation Skills</li> <li>• Performance Management</li> <li>• Emotional Intelligence</li> <li>• Board Paper Writing</li> </ul>	<ul style="list-style-type: none"> <li>• Communication Challenges</li> <li>• Leadership Development</li> <li>• Sustainability Literacy</li> <li>• Mentoring and Succession Planning</li> <li>• Conflict Resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge management and sharing</li> </ul>
Divisional Managers	<ul style="list-style-type: none"> <li>• Strategy and strategic thinking</li> <li>• Analytical skills</li> <li>• Communication and reporting skills</li> <li>• Managerial, mentoring, coaching and leadership skills;</li> <li>• Interpersonal and negotiation skills;</li> <li>• Project Management Skills</li> <li>• Risk &amp; Crisis Management</li> <li>• Stakeholder Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Data driven decision making</li> <li>• Enterprise Risk Management (ERM)</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> <li>• Knowledge management and sharing</li> </ul>
Regional Managers	<ul style="list-style-type: none"> <li>• Financial Acumen</li> <li>• Risk Management</li> <li>• Market Research</li> <li>• Project Management</li> <li>• Stakeholder Engagement</li> <li>• Sustainability Knowledge</li> <li>• Legal and Regulatory Compliance</li> <li>• Leadership and Team Management</li> <li>• Reporting and Documentation</li> <li>• Communication Skills</li> <li>• Networking</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership and mentorship</li> <li>• Succession Planning</li> <li>• Client relationship management</li> <li>• Mentoring and Coaching:</li> <li>• knowledge management &amp; skills transfer.</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> <li>• Knowledge management and sharing</li> </ul>
Branch Managers	<ul style="list-style-type: none"> <li>• Financial Acumen</li> <li>• Agricultural Knowledge</li> <li>• Credit Management Skills</li> <li>• Sustainability Expertise</li> <li>• Risk &amp; compliance</li> <li>• Strategic Planning</li> <li>• Customer &amp; stakeholder Management</li> <li>• Leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Knowledge</li> <li>• Technology Skills</li> <li>• Sustainability</li> <li>• Stakeholder Engagement</li> <li>• Environmental and Social Awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> </ul>

Cadre	Skill Set	Skills Gap	Competence Development
	<ul style="list-style-type: none"> <li>• Change Management</li> <li>• Environmental and Social Awareness</li> <li>• Communication and Presentation Skills</li> <li>• Project Management</li> </ul>	<ul style="list-style-type: none"> <li>• Change Management Skills</li> <li>• Communication Skills</li> <li>• Risk Assessment for Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge management and sharing</li> </ul>
Credit officers	<ul style="list-style-type: none"> <li>• Financial Acumen</li> <li>• Agricultural Knowledge</li> <li>• Credit Management Skills</li> <li>• Regulatory and Compliance Expertise</li> <li>• Risk Assessment</li> <li>• Customer Relationship Management</li> <li>• Data Analysis</li> <li>• Environmental, Social &amp; Sustainability skill</li> <li>• Communication Skills</li> <li>• Team Collaboration</li> <li>• Documentation and Reporting</li> <li>• Legal and Regulatory Compliance</li> <li>• Measuring Impact</li> <li>• Valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Skills</li> <li>• Sustainability Knowledge</li> <li>• Communication Skills</li> <li>• Mentorship and Succession Planning</li> <li>• Regulatory Awareness</li> <li>• Crisis Management Skills</li> <li>• Lack of Valuation competency</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> <li>• Knowledge management and sharing</li> </ul>
Legal Officers	<ul style="list-style-type: none"> <li>• Legal Compliance</li> <li>• Regulatory Knowledge</li> <li>• Environmental, Social &amp; Sustainability skill</li> <li>• Stakeholder &amp; customer Engagement</li> <li>• Strategic Thinking</li> <li>• Data Analysis</li> <li>• Risk &amp; change Management</li> <li>• Communication Skills</li> <li>• Legal and Regulatory Advocacy</li> <li>• Conveyancing &amp; Litigation</li> <li>• Contract Management</li> <li>• Auctioning Procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Limited Awareness</li> <li>• Stakeholder Engagement</li> <li>• Technology Integration</li> <li>• Legal Risk Assessment</li> <li>• Change Management</li> <li>• Communication</li> <li>• Market Research</li> <li>• Strategic Partnership Development</li> <li>• Advocacy</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> <li>• Knowledge management and sharing</li> </ul>
Planning Officers	<ul style="list-style-type: none"> <li>• Regulatory Compliance</li> <li>• Data Analysis</li> <li>• Report writing</li> <li>• Project Management</li> <li>• Stakeholder management</li> <li>• Financial Modelling</li> </ul>	<ul style="list-style-type: none"> <li>• Data Analysis</li> <li>• Financial Modelling</li> <li>• Economic modelling &amp; analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> </ul>



Cadre	Skill Set	Skills Gap	Competence Development
	<ul style="list-style-type: none"> <li>• Risk &amp; crisis Management</li> <li>• Change Management</li> <li>• Communication Skills</li> <li>• Innovation and Technology Proficiency</li> <li>• Monitoring &amp; Evaluation</li> <li>• Performance management skills</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory Awareness</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge management and sharing</li> </ul>
Research Officers	<ul style="list-style-type: none"> <li>• Research &amp; data management</li> <li>• Financial Acumen</li> <li>• Economic Analysis</li> <li>• Agricultural Knowledge</li> <li>• Policy Analysis</li> <li>• Communication Skills</li> <li>• Report Writing</li> <li>• Stakeholder Engagement</li> <li>• Environmental and Social Awareness</li> <li>• Collaboration</li> <li>• Regulatory Advocacy</li> <li>• Impact Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Data Analysis</li> <li>• Financial Modelling</li> <li>• Economic modelling &amp; analysis</li> <li>• Regulatory Awareness</li> <li>• Market Research Skills</li> <li>• Policy Analysis</li> <li>• Data Visualization Competency Gap</li> <li>• Report Writing Skills</li> <li>• Impact Assessment Proficiency Gap</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> <li>• Knowledge management and sharing</li> </ul>
Risk Officers	<ul style="list-style-type: none"> <li>• Risk Management Expertise</li> <li>• Sustainability Knowledge</li> <li>• Data Analysis</li> <li>• Regulatory Compliance</li> <li>• Environmental and Social Awareness</li> <li>• Financial, Stress Testing and Scenario Analysis</li> <li>• Change Management</li> <li>• Communication and Presentation Skills</li> <li>• Innovation and Technology Adoption</li> <li>• Impact Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability and Environmental Risk</li> <li>• Advanced Data Analysis Skills</li> <li>• Scenario and Analysis Stress.</li> <li>• Regulatory Knowledge and Compliance</li> <li>• Technology Integration</li> <li>• Innovation in Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> <li>• Knowledge management and sharing</li> <li>•</li> </ul>
Procurement Officers	<ul style="list-style-type: none"> <li>• Procurement, and Supplier Management</li> <li>• Market Analysis</li> <li>• Negotiation &amp; conflict Skills</li> <li>• Contract Management</li> <li>• Risk Assessment and Management</li> <li>• Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiation Skills</li> <li>• Contract Management</li> <li>• Data Analysis</li> <li>• Technology Proficiency</li> <li>• Communication and Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive Training Programs</li> </ul>

Cadre	Skill Set	Skills Gap	Competence Development
	<ul style="list-style-type: none"> <li>• Communication &amp; reporting Skills</li> <li>• Project Management</li> <li>• Data Analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Project Management</li> <li>• Data Analysis</li> </ul>	
HR officers	<ul style="list-style-type: none"> <li>• Change Management</li> <li>• Compliance</li> <li>• Employee Relations</li> <li>• Performance Management</li> <li>• Strategic HR Planning</li> <li>• Technology Proficiency</li> <li>• Data Analysis &amp; report writing</li> <li>• Communication &amp; Leadership skills</li> <li>• Training Skills</li> <li>• Organizational Development</li> <li>• Labor Market Trends</li> <li>• Legal and Regulatory Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• HR Alignment</li> <li>• Change Management</li> <li>• Technology Adoption</li> <li>• Succession Planning and Leadership</li> <li>• Effective Employee Communications</li> <li>• Performance Management</li> <li>• Mentoring and Coaching</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> <li>• Knowledge management and sharing</li> </ul>
ICT officers	<ul style="list-style-type: none"> <li>• Technical Proficiency</li> <li>• Cybersecurity</li> <li>• System Administration</li> <li>• Software Development &amp; Network and database Management</li> <li>• Database Management</li> <li>• Cloud Computing &amp; Data Management</li> <li>• IT Governance</li> <li>• Disaster Recovery and Business Continuity</li> <li>• Project Management</li> <li>• Problem-Solving</li> <li>• Policy and Compliance</li> <li>• Communication Skills</li> <li>• Innovation and Technology Adoption</li> <li>• Technical Training</li> <li>• Documentation and Reporting</li> <li>• Risk Management</li> <li>• Data Privacy and Protection</li> </ul>	<ul style="list-style-type: none"> <li>• System Administration</li> <li>• Software Development</li> <li>• Network &amp; Database Management</li> <li>• Data Governance Issues</li> <li>• Disaster Recovery</li> <li>• Project Management</li> <li>• Problem-Solving Challenges</li> <li>• Technical Training</li> <li>• Risk Management Gaps</li> <li>• Regulatory Compliance</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Coaching</li> <li>• Mentorship</li> <li>• Workshop</li> <li>• Peer to peer learning</li> <li>• Knowledge management and sharing</li> </ul>

Cadre	Skill Set	Skills Gap	Competence Development
Accountants	<ul style="list-style-type: none"> <li>Financial Analysis</li> <li>Regulatory Compliance</li> <li>Financial Reporting &amp; Accounting Standards</li> <li>Audit and Internal Controls</li> <li>Financial Modeling</li> <li>Data Analysis</li> <li>Environmental and Social Responsibility</li> <li>Sustainability Integration</li> <li>Risk Management</li> <li>Communication Skills</li> <li>Legal and Regulatory Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Technology Proficiency</li> <li>Regulatory Issues</li> <li>Sustainability Integration</li> <li>Financial modelling</li> <li>Communication Skills</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Coaching</li> <li>Mentorship</li> <li>Workshop</li> <li>Peer to peer learning</li> <li>Knowledge management and sharing</li> </ul>
Marketing/ Communication Officers	<ul style="list-style-type: none"> <li>Market Research &amp; Competition Analysis</li> <li>Product Innovation &amp; Development</li> <li>Strategic Marketing</li> <li>Brand Management</li> <li>Digital Marketing &amp; Content Creation</li> <li>Customer Relationship Management</li> <li>Data Analytics</li> <li>Sustainability Integration</li> <li>Effective Communication</li> <li>Project Management</li> <li>Regulatory Compliance</li> <li>Crisis Management</li> </ul>	<ul style="list-style-type: none"> <li>Digital Marketing</li> <li>Data Analytics</li> <li>Innovation</li> <li>Sustainability Knowledge</li> <li>Market Research</li> <li>Crisis Management</li> <li>Problem-Solving</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Coaching</li> <li>Mentorship</li> <li>Workshop</li> <li>Peer to peer learning</li> <li>Knowledge management and sharing</li> </ul>
Customer Care Officers	<ul style="list-style-type: none"> <li>Communication Skills</li> <li>Problem-Solving / Conflict Resolution</li> <li>Product Knowledge</li> <li>Adaptability</li> <li>Multilingual Skills</li> <li>Technical Proficiency</li> <li>Cross-Selling</li> <li>Data Entry and Management</li> <li>Team Collaboration</li> <li>Customer Feedback Analysis</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Technological Adaptability</li> <li>Customer Relationship Building</li> <li>Data Analytics</li> <li>Conflict Resolution and Complaint Handling</li> <li>Feedback Utilization</li> <li>Sustainability Awareness</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> <li>Coaching</li> <li>Mentorship</li> <li>Workshop</li> <li>Peer to peer learning</li> <li>Knowledge management and sharing</li> </ul>

- a. The staff have been guided overall by the Organogram that is being reviewed to align it with this SP, and once completed, the Performance contracts will be fully aligned to the objects of this SP.
- b. The managing Director has communicated that he is the key custodian of achieving the Key Result Areas in this SP. He has, however, appointed a "Champion" for each KRA from among the members of the senior management. The champion will be responsible for the measurement, communication, monitoring, and evaluation and for representing all issues regarding that specific KRA to the senior management team meetings.
- c. The Management has determined to appoint key ambassadors or representatives for some critical activities from amongst the staff members of the corporation. This will allow as many people as possible to have specific roles in achieving this SP.
- d. Quarterly reviews, six monthly reviews, and annual reviews. The quarterly reviews will happen at the regional and Head office, but semi-annual and annual reviews will be done with all the staff.
- e. The current staff arrangement will maintained only restructured where it is essential for the achievement of this SP or upon recommendation of the reviewed Organizational chart, which must be reviewed as guided by the Board of AFC and the relevant authorities in government-mandated to authorize such changes.
- f. Some actions recommended in this SP, especially the staff gaps, capability, and adequacy/excess capacity audits, may result in new hiring, redundancies, and or rationalizations.
- g. The proper staff establishment will be correctly ascertained in year 2 of the SP execution.

### 6.2.3 Leadership

The leadership commitment and consistency of the Board of Directors, Management and staff will determine the success of implementing this strategic plan. Therefore, there will be a deliberate effort to ensure ownership by involvement of all staff and mainstreaming implementation at all levels. This will, therefore, require a comprehensive and carefully designed implementation and coordination framework, and the role of each level is as follows.

#### a. The Board of Directors

The board of directors will have the overall mandate and policy role to oversee the implementation and any possible review of this strategic plan. For effective board leadership, the relevant board committee will provide an oversight role on the strategic plan implementation by management.

#### b. The Management Team

The senior management, under the leadership of the managing director, will be the carrier of the strategic plan and will be responsible for the day-to-day execution of the initiatives to achieve the strategic objectives and overall vision of the Corporation for the strategic period.

#### c. Strategic Plan Implementation Coordination Committee.

The Managing Director will establish a Strategic Plan implementation committee headed by the department responsible for strategy. The committee will guide the Corporation in coordinating and prioritizing the strategic objectives and initiatives identified in the Strategic Plan, identifying major strategic activities that link to the vision and mission, and developing and coordinating the implementation of efficient and practical activities for the Corporation.

### 6.2.4 Systems and procedures

The Corporation has implemented the ISO 9001:2015 Quality Management Systems (QMS) and has achieved the certification requirements. The ISO QMS Standard Operating Procedures are in place for each functional unit. AFC has committed to maintaining the QMS requirements in its operations to uphold its competitiveness in the market. Operational changes will be reflection in the revision of the operating procedures.

In addition, internal processes will be further aligned with the ICT process.

### 6.3 Risk management framework

Implementing the AFC 2023-2027 Strategic Plan faces several risks that may impede its successful realization. In pursuit of strategic excellence, AFC is committed to implementing a comprehensive Risk Management Framework since strategic endeavors are accompanied by inherent risks that could impede the realization of AFC's strategic goals. All the possible risks and potential robust mitigation strategies have been identified to ensure the successful execution of the strategic plan and safeguard the interests of all stakeholders. This framework embodies AFC's dedication to responsible and sustainable growth while striving to navigate challenges with resilience and achieve strategic vision.

Risks	Risk Likelihood	Severity	Overall Risk Level	Mitigation Measures
Failure to secure additional funding and overreliance on a single funding source would curtail the implementation of the envisioned initiatives.	High	High	Medium	There is a need to diversify funding sources, including seeking investments from multiple stakeholders such as public-private partnerships, international financial institutions, and impact investors. Clear and consistent stakeholder engagement and appropriate messaging of the new transformational business model are necessary when lobbying relevant stakeholders - particularly the National Treasury. The messaging must emphasize supporting the government BETA Agenda and alignment to the priority of critical partners.
Inadequate alignment with changing legal and policy frameworks, leading to non-compliance	Medium	High	High	Establish a dedicated team to monitor regulatory changes, engage with relevant governmental bodies, and proactively adapt policies and procedures to remain compliant.
Difficulty in attracting and retaining skilled workforce, hindering institutional growth.	Medium	High	Medium	Develop competitive compensation packages, offer professional development opportunities, and create a positive work culture to attract and retain talented employees.
Changing climate patterns could lead to unpredictable crop yields and agricultural losses.				Invest in climate-resilient farming practices, promote crop diversification, and provide training to farmers on climate-smart techniques.

Inadequate assessment of borrowers' creditworthiness leading to high default rates.	Medium	High	High	Implement a robust credit assessment process that considers historical data, income projections, and collateral valuation. Regularly update and refine the assessment criteria based on performance.
Rapid expansion without proper scalability planning leading to operational inefficiencies.				Prioritize incremental growth with careful monitoring of operational processes. Implement technology solutions for process optimization and resource allocation.

## CHAPTER SEVEN: RESOURCE REQUIREMENTS AND MOBILIZATION STRATEGIES

### 7.1 Financial requirements

**Table 7.1 Financial Requirements for Implementing the Strategic Plan**

Cost Item	Project resource requirements (Ksh. Mn)					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Access to affordable and timely agricultural Credit	63.8	21.6	23.6	15.4	18.2	142.6
Resource Mobilization & utilization	28.1	119.0	120.5	110.5	10.5	388.6
Operational Efficiency	11.6	16.8	5.8	8.8	25.8	68.8
Human Capital	14.7	6.2	6.2	6.2	6.2	39.5
Corporate Brand and Image	14.2	10.1	14.1	11.1	10.1	59.6
Climate adaptation and Mitigation	8.4	0.4	0.4	3.4	0.4	13.0
Legal, Policy & Governance Framework	1.3	2.3	1.3	1.3	2.3	8.5
<b>Total</b>	<b>142.1</b>	<b>176.4</b>	<b>171.9</b>	<b>156.7</b>	<b>73.5</b>	<b>720.6</b>

**Table 7.2 Resource Allocation Gaps**

Financial Year	Estimated Financial Requirements (Ksh. Mn)	Estimated Allocations (Ksh.Mn)	Variance (Ksh. Mn)
Year 1	142.1		
Year 2	176.4		
Year 3	171.9		
Year 4	156.7		
Year 5	73.5		
<b>Total</b>	<b>720.6</b>		

### 7.2 Resource mobilization strategies

Section 15 of the AFC Act provides the sources of funds for the Corporation, consisting of;

- (a) all moneys, funds and securities vested in the Corporation by section 48 of this AFC Act;
- (b) any money provided by Parliament;
- (c) any money borrowed under section 14(1)(b) of AFC Act;
- (d) any money received by way of interest on, or in repayment of, or otherwise in connexion with, loans made by or vested in the Corporation;

(e) such moneys as the Minister may from time to time approve as funds of the Corporation.

Other potential sources of funds that the Corporation will pursue will include floating bonds, grants, charges from consultancy activities, and any other relevant sources.

### **7.3 Resource management**

The financial resources of AFC include loan assets, finances held in bank accounts, funds invested in interest-bearing assets, and all other assets of the Authority. Effectively managing AFA resources is critical in ensuring sustainability and promoting operational efficiency and effectiveness. The Corporation will adopt the following measures for the efficient, effective and economical utilization of resources:

- a. Build capacity of staff involved in the management of resources;
- b. Deploy the use of financial information management systems;
- c. Institute robust internal control systems;
- d. Comply with public finance management laws, policies and procedures;
- e. Maintenance of up-to-date assets registers; and
- f. Address issues raised during the audit of the financial reports.



## CHAPTER EIGHT: MONITORING, EVALUATION AND REPORTING FRAMEWORK

This chapter provides the overall framework for Monitoring the implementation of this strategic Plan. It includes the monitoring framework, standards of reporting and feedback system. This constitutes systematic tracking of activities and actions to assess progress, which will be measured against specific targets and schedules included in the Plan. The monitoring will be designed and implemented to identify critical challenges and success factors and recommend necessary remedial action, ensuring that the relevant targets are achieved. Regular reporting will be embedded at all levels with necessary follow-up and appropriate documentation.

### 8.1 Monitoring framework

The Logical Framework (log frame) approach will be used to monitor the implementation progress of this Strategic Plan to ensure easy tracking of the implementation and achievements of the laid-out initiatives as well as identification of risks that might hinder the attainment of the targets in the following results chain: inputs, processes, outputs, outcomes, and impact.

AFC will be deliberate in ensuring that emerging trends and practices will be integrated to ensure a better understanding of the complexities of planned initiatives, adjust to changing circumstances, and ensure that decisions made are data-driven decisions and will contribute to more effective and impactful programs. Technology Integration, Big data, Analytics, Predictive Analytics, and Cross-sectoral Collaboration, among other emerging models, will be adopted.

The following mechanisms will be used during the implementation of the Strategic Plan:

#### a. Annual Work Plans

Annually, the Board of Directors will prepare and approve an annual workplan that will derive the implementation targets from the strategic plan and form the basis for quarterly and annual monitoring of the implementation progress. The annual workplan will be implemented and reported by the management every quarter. All departments, division and units will develop their respective annual work plans based on the Strategic Plan Implementation plans with clearly defined indicators with specific implementation timelines.

#### b. Annual Strategic Plan Supervision

The Strategic Plan committee shall carry out overall supervision and monitoring of the Strategic Plan's implementation and prepare quarterly and annual reports accordingly. Findings from the supervision monitoring reports will be followed up with appropriate actions to ensure targeted objectives are achieved by addressing any challenges that may be identified. The lesson learnt during the annual supervision missions will, in turn, inform the mid-term and end-term review

### 3. Periodic Surveys and Field Visits.

Periodic surveys and field visits will be conducted to assess the effectiveness and quality of service delivery, the level of awareness and implementation of key deliverables, and the findings of such surveys used to inform appropriate actions.

AFC shall undertake customer satisfaction surveys to establish customer perceptions and determine the index. Likewise, Employee Satisfaction Surveys will be undertaken on the satisfaction levels of the staff and draw recommendations for implementation towards improving their welfare.

### 4. Budgetary Analysis and Control

Under this monitoring, actual revenues and expenses will continually be checked against planned results, and variances will be scrutinized. If necessary, action plans will be changed so that they are in line with the budgeted results, or the budget will be amended to take account of new developments.

**Quality Management Systems (ISO Certification).**

AFC has achieved and is committed to sustaining the ISO 9001:2015 Quality Management System (QMS) to uphold its competitiveness in the market. The external and internal QMS system audits are critical commitments in the QMS and will be used to monitor, document and inform management of the progress, gaps and challenges experienced in the strategy implementation process.

## 5. Programmes and Projects Review

Management will undertake periodic program/project implementation reviews and develop appropriate reports. The objective of these reviews will be to monitor and gather information on the programme and projects' progress to inform the need for replication of success factors and to implement mechanisms to address the challenges encountered.

## 8.2 Performance standards

Annual Performance Contract (PC) shall be prepared and signed between the board and the relevant Ministry. The PC shall be linked to this strategic plan and cascaded to all unit heads and their respective staff. The PC annual targets will be monitored and reported periodically and in line with the performance contract arrangements.

## 8.3 Evaluation framework

The Evaluation framework will be based on two primary approaches:

- **The participatory approach** actively involves a wide range of stakeholders. The Strategy department will ensure that the participation of all stakeholders is achieved.
- **A logical Framework (Log Frame) approach** that clearly defines program goals, objectives and performance indicators, focusing on output and outcomes indicators. It will also identify longer-term changes or impacts the strategy aims to achieve, linking them to impact indicators.

For evaluating medium to long-term outcomes, impact assessment, outcome mapping and the most significant change approaches will be used in addition to the log-frame approach.

**Table 8.1 Outcome Performance Matrix**

Key Result Areas	Outcome	Outcome Indicator	Baseline Value	Year	Mid-Term Period	End-Term Period
Access to affordable and timely agricultural Credit						
Resource Mobilization & utilization						
Operational Efficiency						
Human Capital						
Corporate Brand and Image						
Climate adaptation and Mitigation						
Legal, Policy & Governance Framework						

### 8.3.1 Mid-Term Evaluation

The AFC Board and Management will organize a mid-term review meeting with key stakeholders at the mid-implementation period of this strategy to assess the level of implementation of the Strategic Plan. The objective of the mid-term review will be to gather findings on the successes and challenges of the implementation to inform the management of the need for any changes or improvements in the implementation for the remaining period.

### 8.3.2 End- Term Evaluation

AFC, through the guidance of an external expert, will undertake an end-term review to undertake an in-depth analysis of the implementation results that will inform the development of the subsequent Strategic Planning period. This will involve collecting data and assessing the implementation of the planned strategic activities against pre-selected indicators to determine the extent to which achievement has matched the set standard or target. An external expert will be sourced to provide an unbiased and thorough review.

### 8.4 Reporting framework and Feedback mechanism

Reporting will occur at the management and board level and quarterly, biannually and on an ad-hoc basis. The management-level reporting will be incorporated into the monthly management meetings as appropriate. The reporting will be based on the strategic objectives and results-based, encompassing activity-based and result-based reporting at reporting periods.

The reporting methods adopted will include internal planning and review sessions, written reports, and impromptu reporting when necessary to address the documented challenges. The performance review matrix approach will be adopted to facilitate a comparative analysis of planned versus achieved outputs, variance analysis and explanations for variances.

The strategy department will coordinate the collection and analysis of the data and prepare reports. Meetings will be held to track progress on implementation of the Plan and enable issues to be resolved. Scheduled meetings shall be held as follows:

1. Quarterly review meetings at the departmental/division levels to ensure implementation is on track;
2. Quarterly review meetings at the Board level to receive progress reports based on the Strategic Plan.

The Board will receive reports to track the progress, successes, and challenges of the Strategic Plan. Lessons learned will be used as input to inform the next planning cycle. The information generated from M&E will be reflected upon to identify what was done well and what could have been done better, build on the experiences and contribute to organizational learning.

**Table 8.2 : Quarterly Progress Reporting Template**

#### QUARTERLY PROGRESSIVE REPORT

#### QUARTERLY ENDING....

expected output	output indicator	Annual Target (A)	Quarter for year			Cumulative to Date			Remarks	Corrective Intervention
			Target (B)	Actual (C)	Variance (C-B)	Target (D)	Actual (E)	Variance (E-D)		

**Table 8.3 : Annual Progress Reporting Template**

**ANNUAL PROGRESSIVE REPORT**

**ANNUAL ENDING....**

Expected output	output indicator	Annual Target	Achievement for Year...			Cumulative to Date			Remarks	Corrective Intervention
			Target (A)	Actual (B)	Variance (B-C)	Target (D)	Actual €	Variance (E-D))		

**Table 8.4 : Evaluation Reporting Template**

Key Result Area	Outcome	Outcome Indicator	Baseline		Mid-Term Evaluation		End of plan Period Evaluation		Remarks	Corrective Intervention
			Value	Year	Target	Achievement	Target	Achievement		
Access to affordable and timely agricultural Credit										
Resource Mobilization & utilization										
Operational Efficiency										
Human Capital										
Corporate Brand and Image										
Climate adaptation and Mitigation										
Legal, Policy & Governance Framework										

## APPENDICES

### ANNEX 1: IMPLEMENTATION MATRIX

#### KRA 1: ACCESS TO AFFORDABLE AND TIMELY AGRICULTURAL CREDIT

Strategy	Key Activities	Expected Output	Output Indicators	5-Year Target	Annual Target					Budget (Kshs. Mn)							
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Lead	Support	
STRATEGIC ISSUE 1: CREDIT ACCESS																	
Strategic Goal: Realization of government agenda on agricultural transformation and inclusive growth (through affordable credit)																	
KRA 1: ACCESS TO AFFORDABLE AND TIMELY AGRICULTURAL CREDIT																	
Outcome: Increased customers in different demographics, geographies and agri value chains are accessing cheaper loans than the market rates.																	
Strategic Objective: Drive Financial Inclusion & Access In Agriculture Sector To Actualize Government Agenda On Agricultural Transformation And Inclusive Growth																	
																	Cost per Strategy
Enhance access to affordable agricultural	Review and Develop inclusion strategy and policy	Approved AFC inclusion Strategy	Number of strategies approved by Board	1.0	1.0	-				3.0	-	-	-	-	Strategy, BD & Planning ,	Credit, Risk & Compliance	

credit by marginalized actors including, MSMEs, women, youth, smallholders, agro-players in the ASALs, artisanal fisher folk etc.	Develop alternative collateral lending window/ products targeting the marginalized segments.	Lending products targeting the marginalized and using alternative collaterals	Number of Lending window / products developed	4.0	2.0	1.0	1.0	-	-	2.0	1.0	1.0	1.0	-	Strategy, BD & Planning ,	Credit, Risk & Compliance. Legal	
	Establish partnerships for enhancing AFC capacity to entrenching inclusion in its programs/Projects	Executed Partnership on capacity building (on enhancing inclusion)	Number of capacity building partnerships MOUs/Agreements signed.	3.0	1.0	1.0	1.0	-	-	0.2	0.2	0.2	-	-	Finance & Investments	Credit, Strategy and Business Development	
	Develop partnerships to mobilize funds for lending to the excluded segment	Executed funding partnerships (targeted)	Number of funding partnerships MOUs/Agreements	3.0	1.0	1.0	1.0	-	-	0.4	0.2	0.2	-	-	Finance & Investments	Strategy and Business Development	

		ting the exclud ed segme nts)	ts signed.														
	Develop and roll-out non-credit support services (business support services) for capacity building the marginalized segments	Client access ing Busine ss suppo rt as a servic e	number of benefici aries accessin g the business support services	<b>1,000. 0</b>	10 0.0	20 0.0	20 0.0	25 0.0	25 0.0	1.0	2.0	3. 0	3. 0	3. 0	Strategy, BD & Planning ,	Risk & Complia nce, Credit	
	Measure the Impact of financial Inclusion initiatives/ Activities	Financ ial Inclusi on Impac t Repor t	No of Impact study reports.	<b>3.0</b>	1.0	-	1.0	1.0	-	2.0	2.0	2. 0	2. 0	2. 0	Strategy, BD & Planning ,	Risk & Complia nce, Credit	
<b>TOTAL</b>										<b>8. 6</b>	<b>5. 4</b>	<b>6. 4</b>	<b>6. 0</b>	<b>5. 0</b>			<b>31. 4</b>
<b>Upscale the wholesa le lending model and other on</b>	Develop/ Repackage wholesale products targeting the last-mile financial institutions (SACCOs, farmers' cooperatives, associations, rural based non-predatory MFIs etc.).	Appro ved/ repack aged whole sale lending	Number of product s develop ed/ repacka ged	2.0	1.0	1.0	-	-	-	3.0	3.0	-	-	-	Strategy, BD & Planning ,	Risk & Complia nce, Credit	

lending/agency models accounts for at least 50% of the loan book and impacts at least 30% of marginalized groups		model product (Accessible by last-mile financial institutions, farmers groups, Agri, cooperatives, Saccos, Associations etc.)															
	Measure the impact report on wholesale lending.	Baseline survey and impact study reports	number of impact studies	3.0	1.0	-	1.0	-	1.0	3.0	-	3.0	-	3.0	Strategy, BD & Planning ,	Risk & Compliance, Credit	



	Develop agency lending model and products	Approved agency lending model	No of Lending Models Approved (1)	1.0	-	1.0	-	-	-	-	6.0	-	1.0	-	Strategy, BD & Planning ,	Risk & Compliance, Credit	
	Recruit partners for agency lending	Agency lending partners onboarded	Number of agencies recruited.	20.0	-	5.0	5.0	5.0	5.0	-	1.0	1.0	1.0	1.0	Procurement	Credit, Legal, Risk & Compliance,	
	Review the pricing model of AFC to ensure competitiveness in the agency lending model	A study of pricing and development of the AFC pricing strategy for five years.	One pricing strategy and four reviews annually .	1.0	-	1.0	-	-	-	3.0	0.5	0.5	0.5	0.5	Risk & Compliance,	Finance & Investments, Credit	

	Pursue and negotiate de-risking instruments (risk sharing, credit guarantees, insurance, cash collaterals etc.) targeting the targeted marginalized groups.	Desiking instruments rolled out (targeting the marginalized group)	Number DE risking instruments rolled out	4.0	-	1.0	1.0	1.0	1.0	-	1.0	1.0	1.0	-	Risk	Credit, Strategy and Business Development	
	Revamp credit and service delivery channels to reach out to all the 47 counties of Kenya.	Branch revitalization strategy developed and approved	Number of strategy developed / No. of annual reviews done	3.0	-	1.0	-	1.0	1.0	2.0	1.0	1.0	1.0	2.0	Credit	Credit, Strategy and Business Development	
<b>TOTAL</b>										<b>11.0</b>	<b>12.5</b>	<b>6.5</b>	<b>4.5</b>	<b>6.5</b>			41.0
<b>Enhance production of priority</b>	Finance BETA agenda Priority value chains (Food Security, Export & Reduce Import pillars)	Identify Priority	Number of Annual Reports	5.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-	Strategy and Business	Risk & Compliance, Credit	

value chains		value chains and set financing Targets each year	on Priority Value Chains financing Target													Develop ment		
		BETA priority agricultural value chains financed	Amount advanced to the priority value chains															
<b>TOTAL</b>										-	-	-	-	-				
<b>Enhance access to mechanization through affordable credit</b>	Establish partnership with equipment manufacturers / dealers.	Executed partnerships with mechanization manufacturers / dealers.	No of partnerships executed	6.0	3.0	3.0				0.2	0.2	0.2	0.2	-		Strategy and Business Development	Legal, Credit, Risk.	

	Develop/ mechanization products including repackage financing	Mechanization products approved and rolled out.	Number of products developed and rolled out	5.0	1.0	1.0	1.0	1.0	1.0	2.0	0.5	0.5	0.5	0.5	Strategy and Business Development	Risk & Compliance, Credit	
<b>TOTAL</b>										<b>2.2</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.5</b>			4.8
<b>Promote post-harvest management and improved farmers returns through affordable credit</b>	Develop and Roll-out warehouse receipt financing product etc.	develop, pilot test and roll out warehousing receipts product	Number of products roles out	1.0	1.0	-	-	-	-	14.0	1.0	1.0	1.0	2.0	Strategy & Business Development	Risk & Compliance, Credit	
	Develop post-harvest management infrastructure financing products	Post harvest handling product develop	Number of products developed	1.0	-	1.0	-	-	-	-	4.0	-	-	-	Strategy & Business Development	Risk & Compliance, Credit	

		ped and approved															
	Establish partnerships for capital raising and joint financing of post-harvest management infrastructure.	Established partnerships for capital raising and joint financing.	Number of partnerships established on (on joint financing)	3.0	-	1.0	1.0	1.0		0.2	0.2	0.2	-	-	Finance & Investments	Legal, Risk & Compliance, Credit, Strategy & Business Development	
<b>TOTAL</b>										<b>14.2</b>	<b>5.2</b>	<b>1.2</b>	<b>1.0</b>	<b>2.0</b>			<b>23.6</b>
<b>Establish partnership with public agencies / entities to jointly finance government agenda</b>	Establish partnership with public entities (e.g. counties and other agencies in the Agri-sector)	Signed working agreements other government agencies.	Number of MoUs signed	10.0	2.0	2.0	2.0	2.0	2.0	0.2	0.2	0.2	0.2	0.2	Finance & Investments	Legal, Risk & Compliance, Credit, Strategy & Business Development	
	Jointly finance BETA agenda priority value chains and focus areas.	Joint financed projects on	Number of projects financed	8.0	-	2.0	2.0	2.0	2.0	50.0	50.0	50.0	50.0	50.0	credit	Risk & compliance,	

		BEAT Agenda															
TOTAL										50. 2	50. 2	50. .2	50. .2	50. .2			25 1
TOTAL COST - PER YEAR																	TO TA L CO ST- 5 YE AR S
GRAND TOTAL PER ANNUM										86 .2	74	65	62 .4	64 .2			35 1.8

## KRA 2: RESOURCE MOBILIZATION & UTILIZATION

Strategy	Key Activities	Expected Output	Output Indicators	5 years Targets	Target					Budget (Ksh. Mn)					Responsibility		
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Lead	Support	
<b>STRATEGIC ISSUE 2: FINANCIAL RESOURCES</b>																	
<b>Strategic Goal: Enhance the Corporations financial resources.</b>																	
<b>KRA 2: Resource Mobilization &amp; utilization</b>																	
<b>Outcome: Fund raise adequate resources to support all the strategic goals, optimize cost saving measures and attain optimum relvovement of available funds.</b>																	
<b>Strategic Objective: Diversify funding sources and enhance resource utilization for sustainability and increased impact</b>																	Cost per Strategy
<b>Review loan fees to be informed guided by risk parameters and market indicators.</b>	Obtain Board Approval to implement loan fees/ interests	Baord Approval	Numb er baord approvals obtian ed	1	1	-	-	-	-	-	-	-	-	-	Strategy, BD & Planning,	Legal	
	Review applicable loan charges (to be guided by risk parameter	Approval on Loan charges & pricing	Numb er of Loan Review ws done	1	-	1	-	-	-	-	1.0	-	-	-	Credit	Risk & complian ce; Credit	

	s and market indicators.)																
	Review product mix for the optimum revenue.	Optimal product mix report.	Number of reports developed	1	-	1	-	-	-	-	3.0	-	-	-	Credit	Risk & compliance; Credit	
<b>Total</b>										-	<b>4.0</b>	-	-	-			<b>4</b>
<b>Establish alternative revenue generation streams and fund raising options.</b>	Conduct market survey/comparative learning on appropriate income generating activities for DFIs	A market survey report (on fund raising opportunities for DFIs)	Number Market survey Report	1	-	1	-	-	-	3	-	-	-	-	Strategy, BD & Planning,	Corporate communications, Risk	
	Resource/ Upscale business advisory / consultancy unit	Established and adequately resourced consultancy /advisory unit	Number of (functional and adequately resourced) consul	1	-	1	-	-	-	2	-	-	-	-	Human Capital	Strategy & Business Development	



			tancy units establi shed														
	Establish partnershi ps to build capacity for business advisory services	Partnership s established on business advisory	Numb er of partne rships establi shed (on consul tancy/ busine ss adviso ry)	5	1	1	1	1	1	0	0	0	0	0	Strategy & Business Develop ment	Legal, Credit	
	Engage the GoK for approval to borrow specific agri- focused concession al and longterm sovereign loans and to be revolved through AFC.	Approval by GoK to fund raise a longterm concession al credit	Amou nt of Money raised	15	-	-	5	5	5	-	-	100	100	100	Finance & Investme nt	Risk, Credit, Strategy & Business Develop ment	

<b>TOTAL</b>										<b>4.7</b>	<b>0.2</b>	<b>100</b> <b>.2</b>	<b>100</b> <b>.2</b>	<b>100</b> <b>.2</b>			<b>305</b> <b>.5</b>
<b>Enhance recovery for legacy and non-performing loans</b>	Develop and implement a debt recovery strategy	Approved Loan recovery strategy	Number of approved strategies	1	1	0	0	0	0	0.5	0	0	0	0	Loan Recoveries	Credit, Risk & Compliance	
	Undertake comprehensive hard-core debt analysis/study	Detailed report on hard core loans (with disaggregated data and appropriate recommendations)	Number of reports on hardcore loans	1	1	0	0	0	0	0.5	0	0	0	0	Loan Recoveries	Credit	
	Outsource debt recovery were necessary	Recovery agencies onboarded	Number of debt recovery agents onboarded	5	1	1	1	1	1	1	0.5	0.5	0.5	0.5	Loan Recoveries	Procurement, Legal	
<b>TOTAL</b>										<b>2.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>			<b>4.0</b> <b>0</b>
<b>Prudent investment of resources for maximum returns</b>	Develop/ Review and implement the	Approved Investment Strategy	Number of Strategies	1	1	0	0	0	0	1	0	1	0	0	Finance & Investment	Risk,	

	Corporation's investment strategy		approved														
	Undertake analysis /review of optimize current investment classes/ assets ( asset classes and investment options)	Investment returns analysis report	Number of Reports	1	1	0	0	0	0	0.2	0	0	0	0	Finance & Investment	Risk,	
	Hire/ Upskill a dedicated head of treasury & investment officer	One dedicated Treasury and Investment Officer in Place	Number of officers hired	1	0	1	0	0	0		0	0	0	0	Human Resource	Finance & Investment	
	Undertake asset cost benefit analysis to assess the cost benefit analysis on owning versus leasing	Asset cost benefit analysis report	Number of reports prepared	1	1	-	-	-	-	0.2	-	-	-	0	Finance & Investment	Finance & Investment	

	and make appropriate recommendation.																
	Review the human resource workforce with to align it to needs of the Corporation with appropriate recommendation (eg consolidations and reassignments).	Human resource review report	Number of reports prepared	1	-	1		0	0	0	3	0	0	0	Human Resource	Procurement	
<b>TOTAL</b>										<b>1.4</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>			<b>5.4</b>
<b>Strengthening of internal controls for effective utilization of generated resources</b>	Review and implement finance policies, regulations and manuals (Internal & External)	Reviewed and harmonized internal and external controls manuals	Number manuals reviewed	2	-	1	1	0	0	0	0	0	0	0	Finance & Investment	Risk, Audit	

	Review and implement the Risk and Audit policy regulations and manuals	A reviewed and harmonized risk manual	Number of manual, updated and harmonized.	2		2	-	-	-	-	1	-	-	-	Risk and Compliance, Audit		
	Harmonize Finance/Audit/Risk with Information security policies and systems	Reviewed and harmonized accounting, finance, audit and MIS manuals	Number of manuals, updated, reviewed and harmonized.	3	-	3	-	-	-	-	3	-	-	-	Risk and Compliance,	Audit, ICT	
	Review the pricing models for all products	Revised product pricing model report	Number of product pricing model reports	1	-	2	-	-	-	-	3	-	-	-	Risk	Strategy & Business Development	
<b>TOTAL</b>											- 7.0	-	-	-			7
<b>Strengthen institutional capacity on resource mobilization</b>	Recruit a reputable fundraising/ resource mobilization	Fundraising partnership hired	Number of fundraising agencies	1	1	0	0	0	0	0.1	0	0	0	0	Head, Finance	Head, Strateg, planning and business	

	on agency ( payable on success)		onboarded														development.	
	Train /upskills critical officers on fundraisin g skills.	Capacity building (on fundraising and resource mobilizatio n) implement ed.	Numb er of staffs train ed	100	20	20	20	20	20	4	4	4	4	4	Human Resource	Finance & Investme nt		
	Review partnershi p policy and strategy and align it to current fundraiisn g dynamics	Reviewed / updated partnership policy.	Numb er of policie s review ed	1	1	0	0	0	0	0	1	0	0	0	Finance & Investme nt			
	Hire/appoi nt a dedicated partnershi p and relationshi p officer	A dedicated partnership relationshi p officer hired	Numb er of officer s hired	1	-	1	0	0	0	0	0	0	0	0	Human Resource	Finance & Investme nt		

	Benchmark with other regional and global development finance institutions on resourcing approaches (with clear recommendations for adoption by AFC)	Benchmark reports on resource mobilization	Number of benchmark reports prepared / submitted	5	1	1	1	1	1	2	3	4	2	2	Finance & Investment	Human Resource	
<b>TOTAL</b>										<b>6.1</b>	<b>8.0</b>	<b>8.0</b>	<b>6.0</b>	<b>6.0</b>			<b>34.10</b>
Enhance partnership engagement for resource mobilization	Establish partnerships with non-debt (grant) funders	Executed Partnership agreements / MoUs with non-debt funder	Number of agreements signed	5	1	1	1	1	1	0	0	0	0	0	Finance & Investment	Strategy & Business Development;	
	Organize annual fundraising / investment conference	Annual Investment conference Held	Investors conference Report	5	1	1	1	1	1	2	2	2	2	2	Strategy & Business Development; Corporate	Procurement	

															communications,		
<b>TOTAL</b>										<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>			<b>10.00</b>
<b>Raise debt capital for operations and business growth</b>	Negotiate with National Treasury for a sovereign debt dedicated loan of at least Kshs 15B.	Approval by TNT to get a sovereign loan	Amount of concessional funding accessed	1		1				1	0	0	0	0	Finance & Investment	Risk, Strategy & Business Development; Risk; Credit	
	Develop and operationalize a Cofinancing product where AFC can jointly finance projects with other funders.	Co-financing products developed	Number of products developed	5	1	1	1	1	1	3	0.5	0.5	0.5	0.5	Strategy & Business Development;	Risk & compliance; Credit	



TOTAL										4	0.5	0.5	0.5	0.5			6.00
Fundraising from the Exchequer, Public private partnership for joint large scale and impactful project financing	Train (relevant) staff on Public Investment Management framework	Staff capacity built on Public investment	number of staffs trained.	25	5	5	5	5	5	1	1	1	1	1	Human Capital	Finance & Investment	
	Develop proposals to National Treasury for financing BETA priority agricultural value-chain	Proposals submitted to TNT for financing BETA priority value chains	Number of Proposals	5	1	1	1	1	1	0.1	0.1	0.1	0.1	0.1	Finance & Investment	Startegy & Business Development; Risk & compliance; Credit	
	Collaborate with the National Treasury for advisory and capacity building on PPPs.	Advisory and support on PPP design	Number of PPPs AFC is involved in.	3	-	1	1	1	-	-	-	-	-	-	Finance & Investment	Risk & compliance; Credit	

	Establish partnerships with private entities for joint investment	PPP partnerships established with private entities	Number of PPP Partnerships established	2		1			1	-	-	-	-	-	Finance & Investment	Strategy & Business Development; Risk & compliance; Credit	
	Hire / Train a PPP specialist.	PPP Specialist hired / trained-	number of staff hired/ Trained	1		1	-	-	-	-	-	-	-	-	Human Resource	Head, Finance	
										1	1	1	1	1			3
																	TOTAL COST- 5 YEARS
<b>TOTAL KRA COSTS PER ANNUM</b>										20.8	25.8	112.8	109.8	109.8			379.0

### KRA 3: OPERATIONAL EFFICIENCY

Strategy	Key Activities	Expected Output	Output Indicators	5 year's Target	Target					Budget (Ksh. Mn)					Responsibility		
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Lead	Support	
STRATEGIC ISSUE 3: EFFICIENCY AND SUSTAINABILITY OF THE BUSINESS MODEL.																	
Strategic Goal: Enhance business growth and sustainability																	
KRA 3: Operational Efficiency																	
Outcome: Increased Business Efficiency																	
Strategic Objective: Re-engineer the Business Model for Efficiency, Sustainability and Service Delivery																	Cost Per Strategy
Re-structure/develop innovative Business Model	Review the existing AFC business models (to align market dynamics, government agenda, and funders expectations & to make it attractive to funding)	Reviewed and aligned business model	Number of business model reviewed and aligned	4	1	1	1	1	0	3	3	3	3	0	Strategy, BD & Planning,	Risk & compliance; Credit	
	Re-balance AFC loan book to be at least	Balanced portfolio with	% of wholesale loans in the loan book	60	15	25	30	45	60	0	0	0	0	0	Credit	Risk & compliance	

	50% wholesale																
<b>Total</b>										<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>			<b>12.0</b>
<b>Research driven product innovation</b>	Undertake a detailed review of AFC's product offering and recommend appropriate action.	Product offering review report	number of Product review report	1	0	1	0	0	0	0	4	0	0	0	Strategy, BD & Planning,	Risk & compliance; Cedit	
	Develop/ repackage lending models/ products to align to market dynamics-market demand, client expectations, etc	Repackaged products and models	reviewed, repackage d products / models	4	1	1	1	1	0	4	0	0	4	0	Strategy, BD & Planning,	Risk & compliance; Cedit	
	Undertake market intelligence to enhance market competitiveness.	Market Intelligence Reports	Number of (half-yearly) reports developed.	10	2	2	2	2	2	0.2	0.2	0.2	0.2	0.2	Strategy, BD & Planning,	Risk & compliance	
<b>TOTAL</b>										<b>4.2</b>	<b>4.2</b>	<b>0.2</b>	<b>4.2</b>	<b>0.2</b>			

Reduce cost overheads for increased efficiency	Conduct a comprehensive study to identify key administrative cost drivers	Detailed report with clear identified costs drivers.	number of reports developed.	1	1	-	-	-	-	1	-	-	-	-	Finance & Investments	Risk	
	Develop and implement a cost reduction strategy	Cost Reduction strategy in place	% implementation Level	100	-	100	100	100	100	-	-	-	-	-	Finance & Investments	Risk	
	Conduct a human capital audit	Detailed Human Capital Audit Report	Number of H/Capital Audits developed	1	-	1	-	-	-	-	5	-	-	-	Human Resource	Procurement	
	Develop staff rationalization plan	Detailed Staff rationalization plan	Number of staff rationalization plan developed	1	-	1	-	-	-	-	4	-	-	-	Human Resource	Finance; Procurement	
	<b>Reduce operating expense ratio (OER) to at least 50%</b>	<b>optimize d OER ratio</b>	<b>% of operating expenses ratio</b>	1	65 %	62 %	58 %	55 %	50 %	-	-	-	-	-	<b>Finance &amp; Investments</b>	Risk & Compliance	
Enhanced risk mitigation and advisory	Review risk policy and framework to comprehensively cover	Approved (reviewed ) Risk Policy	Number of Policies Reviewed	1	-	1	-	-	-	-	1	-	-	-	Risk & Compliance	All Departments	

	all business areas																
	Undertake risk audit every year	reviewed risk matrix	number Risk Audits	5	1	1	1	1	1	-	-	-	-	-	Risk & Compliance	All Departments	
	Automate risk and compliance	Automated Risk Management Framework	% of risk register automation	1	-	100%	100%	100%	100%	-	5	-	-	-	Risk & Compliance	ICT, Procurement	
	Enhance compliance with data Protection Act	Full (100%) compliance with data Act	percentage of compliance	1	100%	100%	100%	100%	100%	-	-	-	-	-	ICT	Risk	
<b>TOTAL</b>										<b>1</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>16</b>
Increased automation and digitalization Operational Efficiency and efficient services	Undertake BPR audit across the corporation	BPR Report	Number of BR audit reports	3	-	3	-	-	-	5	-	-	-	-	ICT	Risk & compliance; Strategy, BD & Planning	
	Prioritize processes for digitalization process	Identified priority processes digitized	Number priority processes digitized	15	3	3	3	3	3	-	-	-	-	-	ICT	Procurement	
	Re-engineer the Corporation's information	Dynamic and adaptive MIS	number of comprehensive MIS upgrades.	1	-	1	-	-	-	-	300	-	-	-	ICT	Procurement	

	n manageme nt system (MIS)																
TOTAL										5	30 0	0	0	0			305.0
TOTAL KRA COSTS PER ANNUM										13 .2	32 2	3. 2	7. 2	0. 2			346

#### KRA 4: HUMAN CAPITAL

Strategy	Key Activitie s	Expecte d Output	Output Indicato rs	5- year s Targ et	Annual Target					Budget (Ksh. Mn)					Responsibility				
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Lead	Support			
STRATEGIC ISSUE 4: INSTITUTIONAL CAPACITY.																			
Strategic Goal: Enhance Institutional Capacity																			
KRA 4: Human Capital																			
Outcome:Increased staff productivity																			
Strategic Objective:To ensure a high-performing and engaged workforce																	Cos t Per Stra teg y		
Enhance human capital capacity and development	Undertak e Organizat ional skills and compet ence audit	Audit Report develope d	Number of reports develope d and adopted	1	1	-	-	-	-	3.0	-	-	-	-	Human Capital & Admin	All Depart ments			
	Impleme nt the audit report recomme ndations	Impleme nted Recomm endation s	% recomm endation s impleme nted	1.00		100 %	100 %	100 %			3.0	3.0	3.0	3.0	Human Capital & Admin	All Depart ments			



	Develop and implement staff development eg, Staff development strategy (SDS) & Initiatives including <i>E-learning platforms (ELP), coaching and mentoring programmes (C&amp;M), knowledge Management &amp; sharing (KM&amp;S), peer and champions (P&amp;C).</i>	Approved staff development strategy & Tools	Number strategy and tools developed & Implemented.	5	2 (SDS & ELP)	1 (C&M)	2 (KM&S & P&C)	-	-	2.0	1.0	2.0	-	-	Human Capital & Admin	All Departments		
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	Undertake Annual Staff Development Needs Identification and implement the Professional Development Programmes (PDPs)	Number of PDPs implemented	number of staff benefiting from staff development programmes	300	40	60	100	60	40	2.0	4.0	3.0	2.0	2.0	Human Capital & Admin	All Departments		
	Develop a robust succession planning and management framework.	Approved Succession planning policy	Number of Succession Planning policy approved	1	1	-	-	-	-	-	-	-	-	-	Human Capital & Admin	All Departments		
	Establish strategic partnerships for staff capacity building.	Partnership agreements / MoUs signed	number of such partnerships developed	5	1	1	1	1	1	-	-	-	-	-	Human Capital & Admin	Legal		

<b>TOTAL</b>										<b>7.0</b>	<b>8.0</b>	<b>8.0</b>	<b>5.0</b>	<b>5.0</b>			<b>33.0</b>	
Entrench Productivity and Performance culture	Review the performance management framework	Approved Corporate Performance Management Framework	Number of Performance Management framework approved & implemented	5	5	-	-	-	-	1.0	-	-	-	-	Human Capital & Admin	Strategy & Business Development		
	Develop & implement staff reward, recognition and sanctions policy	Approved staff reward, recognition and sanctions .	Number of policy developed	5	5	-	-	-	-	1.0	-	-	-	-	Human Capital & Admin			
	Review job descriptions across the organization and align to new	Reviewed and executed Job Description for all cadres of staff.	% of staff with reviewed, signed and commented JDs.	100	100	100	100	100	100	1.0	-	-	-	-	Human Capital & Admin	All Departments		

	business model and strategy.																	
	Establish and operationalize a Productivity Mainstreaming Committee;	Operational PM committee.	Number of functional committees in place	1	-	-	-	-	-	-	-	-	-	-	Human Resource			
	Identify and train Productivity Champions	Trained PM Champions.	Number of people trained	13	13	-	13	-	-	0.5	-	0.5	-	0.2	Human Resource			
	Create awareness/sensitization on productivity mainstreaming among staff.	Sensitization forums/exercises implemented	number of PM sensitization events/forum held	10	2	2	2	2	2	0.5	0.5	0.5	0.5	0.5	Human Resource	Corporate Communications		
		Approved productivity	Number of strategies	1	1	-	-	-	-	0.3	-	-	-	-	Human Resource	All departments		

		ity improve ment strategy.	s develope d &approv ed.															
<b>Total</b>										<b>4.3</b>	<b>0.5</b>	<b>1.0</b>	<b>0.5</b>	<b>0.7</b>			<b>7</b>	
Aligning organizational structure to the new business model	Review & Impleme nt the Corporat e organizat ions structure	Approve d organizat ional structure	Number of Organiza tion Structur es approve d.	1	1	-	-	-	-	1.0	-	-	-	-	Human Resourc e			
	Undertak e talent acquisitio n and training to align to new business model and strategy.	Staff alligned to the new business model	% of staff hired / skilled to fit the new business model	100 %	60 %	80 %	100 %	-	-	3.0	5.0	2.0	-	-	Human Resourc e			
<b>Total</b>										<b>4.0</b>	<b>5.0</b>	<b>2.0</b>	<b>-</b>	<b>-</b>			<b>11.0</b>	
Enhancing Staff Engagement & welfare.	Design and impleme nt a staff engagem	Approve d staff engagem ent strategy	Number of policy & engagem ent	2	1	1	-	-	-	0.5	0.5	-	-	-	Corpora te commu nication s	Human Resourc e		

	ent strategy & communication framework	& communication framework	frameworks approved															
	Develop and implement staff welfare policy.	Approved staff welfare policy	Number of approved policies	1	1					0.2	-	-	-	-	Human Resource	Corporate Communications		
	Develop and implement staff wellness initiatives (physical and mental health programs, work life balance programmes).	Approved staff wellness initiatives.	Number of approved initiatives	5	1	1	1	1	1	1.0	3.0	3.0	3.0	3.0	Human Resource	Corporate Communications		
<b>Total</b>										<b>1.7</b>	<b>3.5</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>			<b>14.2</b>	

TOTAL KRA COSTS PER ANNUM										17. 0	17. 0	14. 0	8.5	8.7			65. 2	
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## KRA 5: COORPORATE BRAND AND IMAGE

Strategy	Key Activiti es	Expecte d Output	Output Indicat ors	5-years Target	Target					Budget (Ksh. Mn)					Responsibility		
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Lead	Support	
STRATEGIC ISSUE 4: INSTITUTIONAL CAPACITY.																	
Strategic goal;-Strengthen Institutional Capacity and enhance Brand																	
KRA 5: Corporate Brand and Image																	
Outcome: Increased brand perception																	Cost Per Str ate gy
Strategic Objective: Enhance The Corporate Brand and Brand Values.																	
Enhance client satisfaction ethos	Underta ke annual custome r satisfact ion surveys.	Custome r satisfacti on levels documen ted	% custome rs satisfact ion level.	90%	70%	75%	80%	85%	90%	0.5	0.5	0.5	0.5	0.5	Strategy & Busines s Develop ment	Corpora te Commu nication s; Credit	
	Implem ent custome r satisfact ion surveys recomm endatio ns	Impleme ntation report (on custome r satisfacti on survey recomm	Number of recomm endatio ns implem entation reports	5.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-	All Depart ments	All Depart ments	



		endation s.)															
	Revise the service charter to align it to AFC delivery models and commu- nication s.	Reviewe d custome r service charter	Number of revision of the service charter.	1.0	1.0	-	-	-	-	0.2	-	-	-	-	Corpora te Communi- cation s	All Depart- ments	
	Develop & Implem- ent timely custome- r commu- nication framew- ork [e.g., deliver loan stateme- nts, reminde- rs, and notificat- ions].	Approve d custome- r communi- cation Framew- ork	Number of custome- r communi- cation framew- orks in place	1.0	1.0	-	-	-	-	-	-	-	-	-	Corpora te Communi- cation s	Credit	
<b>Total</b>										<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>			<b>2.7</b>

Positioning of AFC in the perspective of external stakeholders / partners	Periodic reporting of AFC initiatives	Reports shared on AFC initiatives	Number of reports	9.0	1.0	2.0	2.0	2.0	2.0	0.4	0.4	0.4	0.4	0.4	Strategy, BD & Planning,	ICT; Credit; Finance & Investments	
	Undertake Periodic Engagements and Communication with partners.	Partners engagement forums actualized.	Number of engagement forums held	5.0	1.0	1.0	1.0	1.0	1.0	3.5	3.5	3.5	3.5	3.5	Corporate Communications	Strategy, BD & Planning,	
	Document and share AFC's success stories /projects	Corporate Impact and success stories documented and shared.	number of impact/success shared..	5.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	Corporate Communications	Strategy, BD & Planning,	
	Develop Stakeholders engagement Policy	Approved Stakeholder engagement Policy	Number of Policies Approved		1.0	-	-	-	-	0.5	0.5	0.5	0.5	0.5	Corporate Communications	All Departments	
	Undertake annual/bi-annual stakeholder	Stakeholders perception assessment report	Number of reports prepared	3.0	1.0	-	1.0	-	1.0	2.0	-	2.0	-	2	Corporate Communications	Strategy & Business Development	

	der percepti on assessm ents to gather feedbac k for improve ment																
<b>Total</b>										<b>6.9</b>	<b>4.9</b>	<b>6.9</b>	<b>4.9</b>	<b>6.9</b>			<b>31</b>
Promote and maintain a positive AFC brand and image in the eyes of the general public.	Develop and implement elaborate and impact driven CSR	Approve d Corporat e CSR strategy	Number of Strategies Developed	1.0	1.0	-	-	-	-	2.0	-	-	-	-	Corpora te Commu nication s.	Legal	
	Actively participate in relevant forums and events in the agri-and related sector at Regional , Nationa and County level	Active participa tion in agri- sector events and forums	Number Back to Office / Particip ation Report	100.0	20.0	20.0	20.0	20.0	20.0	10. 0	10. 0	10. 0	10. 0	10. 0	Corpora te Commu nication s.	Strategy , BD & Plannin g,	

	Grow digital presence of AFC through active and positive public engagement on website and social media platforms	Growth in number of follower in digital space	Number of people reached through digital platforms	2,500,000.0	500,000.0	500,000.0	500,000.0	500,000.0	500,000.0	0.2	0.2	0.2	0.2	0.2	Corporate Communications.	ICT	
	Ensure access to relevant information by the public.	Rating on Access to information by the CAJ	% Rating	100%	100%	100%	100%	100%	100%	-	-	-	-	-	Corporate Communications.		
Total										12.2	10.2	10.2	10.2	10.2			53.0
TOTAL KRA COSTS PER ANNUM										19.80	15.60	17.60	15.60	17.60			86.2

## KRA 6: CLIMATE ADAPTATION AND MITIGATION

Strategy	Key Activities	Expected Output	Output Indicators	5-year's Target	Target					Budget (Ksh. Mn)					Responsibility		
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Lead	Support	
STRATEGIC ISSUE 5: Climate change adaptation and mitigation																	
Strategic Goal: Impact climate change mitigation and adaptation by agriculture sector players																	
KRA 6: Climate adaptation and Mitigation																	
Outcome:entrenched sensitivit to cimate smart, environmental care and green strategy in all AFC activities.																	
Strategic objective; Enhance customized climate smart agriculture financing for resilience, mitigation and adaptation of agri-sector players																	Cost Per Strategy
Enhanced partnerships for climate adaptation financing Product development and roll-out	Develop Climate-Smart Financing Policy	Approved Climate-Smart Financing Policy	Number of Policies Developed	1	1	0	0	0	0	0.5	0	0	0	0	Finance & Investments	Credit;	
	Establish partnerships to support AFC initiatives in financing climate-smart projects	Established collaborations (on cimate financing initiatives)	Number of partnerships agreements / MoUs developed	5	1	1	1	1	1	0.2	0.2	0.2	0.2	0.2	Strategy, BD & Planning,	Credit; Legal	

	Pursue accreditation to Green Climate Fund	Green Financing Accreditation Achieved	Number of Accreditations achieved	1	0	1	0	0	0	0	0	0.2	0	0	0	Finance & Investments	Strategy, BD & Planning,	
	Develop climate-smart agriculture financing product.	Approved climate-smart agri-finance products	Number of Products	2	0	1	1	0	0	0	3	3	0	0		Strategy, BD & Planning,	Credit; Risk	
Total											0.7	3.4	3.2	0.2	0.2			7.7
TOTAL KRA COSTS PER ANNUM											0.70	3.40	3.20	0.20	0.20			7.7

## KRA 7: LEGAL, POLICY & GOVERNANCE FRAMEWORK

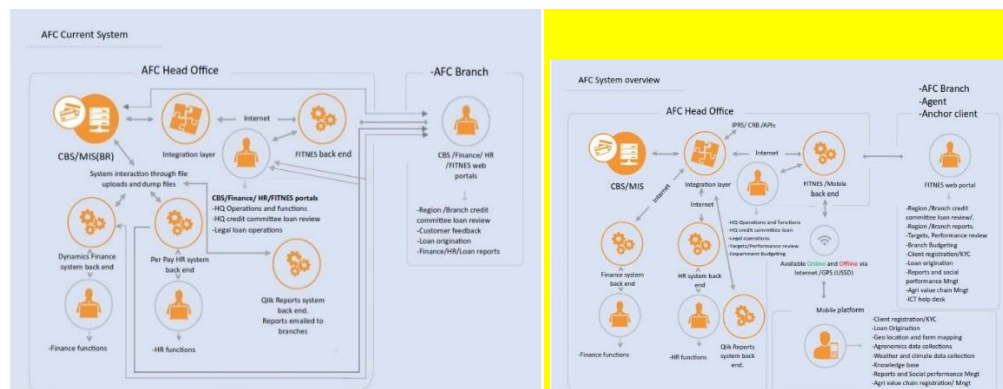
Strategy	Key Activities	Expected Output	Output Indicators	5 years Target	Yearly Target					Budget (Ksh. Mn)					Responsibility			
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Lead	Support		
STRATEGIC ISSUE 7: LEGAL AND GOVERNANCE FRAMEWORK																		
Strategic Goal: Improve Legal and Policy Framework																		
KRA 3: Legal, Policy & Governance Framework																		
Outcome: Better cordination, compliance and resources optimization																		
Strategic Objective:Enhance governance & management framework to for the Corporation’s credibility (Locally & internationally)																	Cost Per Strategy	
Ensure compliance with national policy and legal framework	Undertake annual compliance audit	Compliance Audit Report.	Number of annual implementation reports prepared	5	1	1	1	1	1	0.2	0.2	0.2	0.2	0.2	Risk & Compliance	All Departments		
	Implement audit findings and recommendations advisory.	Audit recommendations implemented.	Reports on level of implementation of the audit	100%	100%	100%	100%	100%	100%	-	-	-	-	-	Risk & Compliance	All Departments		

			resomm endation														
<b>Total</b>											<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>		<b>1.0</b>
Ensure compliance with international requirements	Continue implementing ISO quality management systems	ISO Compliance Certification	% compliance	100%	100%	100%	100%	100%	100%	0	0	0	0	0	0	Strategy, BD & Planning,	All Departments
	Continue adherence and implementation of prudential standards guidelines & Ratings (PSGRS) as defined AADFI.	AADFI annual rating	Number of rating certificates	5	1	1	1	1	1	0	0	0	0	0	0	Strategy, BD & Planning,	All Departments
	Pursue and implement sustainability certification	Sustainability Standards Certification achieved	Number of Certification Achieved	1	0	1	0	0	0	5	5	1	1	1	1	Internal Audit	All Departments



	ion initiative																
	Pursue Rating by a reputable rating agency (e.g. Moody's, Fitch etc.)	Corporat ion Rating	Rating Certifica te	1	0	0	1	0	0	0	2	10	0	0	Strate gy, BD & Plann ing,	All Depart ments	
	Pursue members hip into regional and internati onal organizat ions..	Members hip into regional and internati onal organizat ions	Number of Member ship certificat es	1	0	1	0	0	0	0	5	1	1	0	Strate gy, BD & Plann ing,	All Depart ments	
<b>TOTAL</b>										<b>5</b>	<b>12</b>	<b>12</b>	<b>2</b>	<b>1</b>			<b>32.0</b>
<b>TOTAL KRA COSTS PER ANNUM</b>										<b>5.2</b>	<b>12.2</b>	<b>12.2</b>	<b>2.2</b>	<b>1.2</b>			<b>33.0</b>

## ANNEX 2: RECOMMENDED ICT SUMMARY



### Recommended systems summary

## ANNEX 3: PROJECTED FINANCIALS

### a. Balance sheet

Assets	2023	2024	2025	2026	2027	2028
<b>Non Current assets</b>						
Property and Equipment	1,174,645,000	1,254,893,617	1,300,089,802	1,365,836,348	1,456,262,988	1,591,215,180
Intangible assets	57,971,000	54,093,958	61,907,987	72,459,433	86,336,297	106,433,597
Deffered tax	21,404,000	19,049,560	20,954,516	23,098,163	22,790,957	22,818,990
Reposessed aFarm properties	389,920,000	379,728,195	400,613,246	422,646,974	445,892,558	470,416,649
Net medium loans to customers	9,220,236,000	11,676,053,501	13,793,796,817	16,161,173,891	20,025,603,853	26,396,243,712
<b>Total Non Current assets</b>	<b>10,864,176,000</b>	<b>13,383,818,831</b>	<b>15,577,362,367</b>	<b>18,045,214,809</b>	<b>22,036,886,653</b>	<b>28,587,128,127</b>
<b>Current assets</b>						
Cash and Bank balances	350,526,000	157,240,508	85,835,698	117,328,073	101,553,169	66,003,641
Short term deposits	381,917,000	563,061,400	591,214,470	413,850,129	496,620,155	446,958,139
Net short term loas to customers	768,514,000	1,802,864,396	1,983,150,835	2,495,398,381	3,092,093,419	4,075,764,809
Trade and other receivables	168,922,000	135,245,364	135,716,954	136,190,188	136,665,072	137,141,612
Inventories	5,343,000	4,573,091	4,724,003	4,879,895	5,040,932	5,207,282
<b>Total current assets</b>	<b>1,675,222,000</b>	<b>2,662,984,759</b>	<b>2,800,641,960</b>	<b>3,167,646,666</b>	<b>3,831,972,746</b>	<b>4,731,075,484</b>
<b>Total assets</b>	<b>12,539,398,000</b>	<b>16,046,803,589</b>	<b>18,378,004,327</b>	<b>21,212,861,475</b>	<b>25,868,859,399</b>	<b>33,318,203,611</b>
<b>Equity and Liabilities</b>						
<b>Equity and reserves</b>						
Grants	4,083,923,000	3,783,923,000	3,783,923,000	3,783,923,000	3,783,923,000	3,783,923,000
Government Equity Capital	2,687,766,000	2,687,766,000	2,687,766,000	2,687,766,000	2,687,766,000	2,687,766,000
General Reserve	1,900,555,000	2,088,395,392	2,349,250,616	2,567,338,537	2,926,360,893	3,531,752,222
Revaluatio reserve	787,618,000	787,618,000	787,618,000	787,618,000	787,618,000	787,618,000
<b>Total Equity and resereves</b>	<b>9,459,862,000</b>	<b>9,347,702,392</b>	<b>9,608,557,616</b>	<b>9,826,645,537</b>	<b>10,185,667,893</b>	<b>10,791,059,222</b>
<b>Non Current Liability</b>						
Redeemable government loans and	536,961,000	566,571,000	583,408,496	600,746,374	618,599,502	636,983,195
Risk Sharing fund	380,986,000	385,659,780	386,816,759	387,396,984	388,435,208	390,206,473
Agency Fund	822,218,000	822,218,000	822,218,000	822,218,000	822,218,000	822,218,000
INK Fund	138,830,000	141,334,000	141,334,000	141,334,000	141,334,000	141,334,000
Enable Youth Fund	320,173,000					
<b>New debt</b>		<b>4,000,000,000</b>	<b>6,000,000,000</b>	<b>8,600,000,000</b>	<b>12,800,000,000</b>	<b>19,500,000,000</b>
	<b>2,199,168,000</b>	<b>5,915,782,780</b>	<b>7,933,777,256</b>	<b>10,551,695,358</b>	<b>14,770,586,711</b>	<b>21,490,741,668</b>
<b>Current Liabilities</b>						
Payables	548,617,000	488,566,078	499,314,532	510,299,451	521,526,039	532,999,612
Trade and other payables	270,111,000	204,041,278	208,530,186	213,117,850	217,806,443	222,598,185
Current tax payable	48,549,000	76,142,311	111,795,096	93,466,252	153,866,724	259,453,427
Current account	13,091,000	14,568,750	16,029,642	17,637,025	19,405,590	21,351,500
	<b>880,368,000</b>	<b>783,318,417</b>	<b>835,669,456</b>	<b>834,520,579</b>	<b>912,604,797</b>	<b>1,036,402,723</b>
<b>Total Equity +Liabilities</b>	<b>12,539,398,000</b>	<b>16,046,803,589</b>	<b>18,378,004,328</b>	<b>21,212,861,474</b>	<b>25,868,859,400</b>	<b>33,318,203,612</b>

### b. Income Statement

	2023	2024	2025	2026	2027	2028
<b>Revenue</b>						
<b>Interest income</b>						
Interest on loans	858,497,000	1,239,338,649	1,331,738,661	1,555,618,612	1,823,969,433	2,262,736,931
Interest on short term deposits	57,725,000	72,030,191	67,705,017	53,117,820	59,817,332	51,296,178
<b>Total Interest income</b>	<b>916,222,000</b>	<b>1,311,368,840</b>	<b>1,399,443,678</b>	<b>1,608,736,432</b>	<b>1,883,786,765</b>	<b>2,314,033,109</b>
<b>Interest expense</b>						
Interest on redeemable loans	14,602,000	16,837,496	17,337,877	275,853,129	402,383,692	603,930,023
Interest RSF	9,430,000	9,458,837	9,506,131	9,539,783	9,577,942	9,616,254
Interest on INK Fund	4,254,000					
Rebate Interest	3,583,000	3,739,100	3,868,099	3,871,138	3,874,841	3,878,548
<b>Total Interest Expense</b>	<b>31,869,000</b>	<b>30,035,433</b>	<b>30,712,107</b>	<b>289,264,049</b>	<b>415,836,475</b>	<b>617,424,825</b>
<b>Net Interest income</b>	<b>884,353,000</b>	<b>1,281,333,407</b>	<b>1,368,731,570</b>	<b>1,319,472,383</b>	<b>1,467,950,290</b>	<b>1,696,608,284</b>
<b>Non- interest income</b>						
Other operating income	346,713,000	154,347,721	218,070,953	191,217,463	210,572,502	230,757,167
Fee Income	175,628,000	268,421,108	348,947,440	453,631,672	589,721,174	766,637,526
Income from doubtful debts	47,305,000	92,304,750	106,150,463	122,073,032	140,383,987	161,441,585
<b>Total Non Interest income</b>	<b>569,646,000</b>	<b>515,073,579</b>	<b>673,168,855</b>	<b>766,922,167</b>	<b>940,677,662</b>	<b>1,158,836,278</b>
<b>Total revenues</b>	<b>1,453,999,000</b>	<b>1,796,406,986</b>	<b>2,041,900,426</b>	<b>2,086,394,550</b>	<b>2,408,627,952</b>	<b>2,855,444,562</b>
<b>operating expenses</b>						
Staff Costs	800,956,000	843,899,059	893,341,715	953,589,733	1,031,676,652	1,140,378,579
Board expenses	23,834,000	14,769,930	15,582,276	16,439,301	17,343,463	18,297,353
Administration expenses	339,690,000	339,900,555	370,613,792	405,498,281	445,250,362	490,698,486
Depreciation	109,298,000	92,879,367	96,943,607	102,351,852	109,367,051	119,243,598
Charge for doubtful debts	83,863,000	109,050,372	116,368,716	125,061,211	135,401,344	148,481,790
SP implementation costs		142,100,000	176,400,000	171,900,000	156,700,000	73,500,000
<b>Total expenses</b>	<b>1,357,641,000</b>	<b>1,542,599,283</b>	<b>1,669,250,106</b>	<b>1,774,840,377</b>	<b>1,895,738,872</b>	<b>1,990,599,806</b>
<b>Profit before tax</b>	<b>96,358,000</b>	<b>253,807,703</b>	<b>372,650,320</b>	<b>311,554,173</b>	<b>512,889,080</b>	<b>864,844,755</b>
Tax for the year	38,613,000	76,142,311	111,795,096	93,466,252	153,866,724	259,453,427
<b>Profit for the year</b>	<b>57,745,000</b>	<b>177,665,392</b>	<b>260,855,224</b>	<b>218,087,921</b>	<b>359,022,356</b>	<b>605,391,329</b>