



**AGRICULTURAL FINANCE CORPORATION**

# **Agri - Finance Digest**

**A publication of Agricultural Finance Corporation**



**AFC launches Strategic Plan 2023 -2027**

**AFC secures Sh600 Million loan for livestock sector development**

**Kireka Farm: Generational commitment to sustainable agriculture**





## AGRICULTURAL FINANCE CORPORATION



### Open-Line Agribusiness Product

The Open-Line Credit for agribusiness is a financing arrangement designed by the Corporation to afford efficiencies to clients with Agribusiness loans to charge their loans once in six (6) years to cover three cycles of two (2) years each. This saves time and cost in comparison with other conventional agribusiness products where for every cycle, the clients would be required to charge and discharge their facilities.

### Product Features

<b>Open Line Duration</b>	6 years( 3 terms of two (2) years each)
<b>Loan Cycles</b>	Two years
<b>Interest Rate</b>	10 % on reducing balance
<b>Processing Fee</b>	Based on loan size
<b>Repayment Plan</b>	Monthly/with option to align to business cash flow periods
<b>Loan Frequency</b>	On clearance of existing facility and upon application
<b>Loan Size</b>	Determined on financial assessment of the client
<b>Security</b>	Title Deed- to be charged for the period of credit (six (6) years maximum to cater for three loan cycles of two (2) years each)
<b>Enterprises</b>	All existing agribusiness enterprises/business



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# AFC launches Strategic Plan 2023 -2027



*AFC Board Chairman, Eng. John Mrutt receives the 2023-2027 Strategic Plan from Principle Secretary, Jonathana Muene of State Department of Livestock Development after the launch. Looking on from left: Project Coordinator, RK-FINFA, National Treasury, John Kibutha, Board Member, Dr. Zablon Ayiera, Board Chairperson,, Warehouse Receipt System Council, Felicity Mbiriri, Managing Director, George Kubai, Board Members, Julius Metethia, Hassan Haji, Eng. Muriuki Karue, Senior Program Manager, AGRA, Ezra Anyango and Agriculture & Processing Project Manager FSD Kenya, Duncan Oyaro*

**By Priscilla Angwenyi**

In a momentous gathering filled with optimism and strategic foresight, the Corporation launched its ambitious 2023-2027 Strategic Plan on June 20, 2024, at Safari Park Hotel. The event was graced by the Principal Secretary for Livestock Development, Hon. Jonathan Mueke.

In his speech delivered by Mr. Mueke, the Cabinet Secretary for Agriculture, Livestock Development, Hon. Mithika Linturi, highlighted AFC's significant role in the agricultural sector, providing an average of 26% of the total credit to the sector since independence.

"The Corporation has participated in various agricultural development programs funded both by the Government and its development partners. This is why the Kenyan government has decided to extend more support to the Agricultural Finance Corporation," said Linturi.

"This AFC Strategic Plan 2023-2027 aligns with our Ministry's commitment to developing Kenya's agriculture and livestock sectors. It supports our vision of increasing agricultural productivity, promoting climate-smart agriculture, sustainable practices, and improving access to finance for farmers." added Linturi

Hon. Linturi encouraged AFC to forge strong partnerships with the Ministry of Agriculture and Livestock Development, other government agencies, financial institutions, the private sector, and organizations, emphasizing that collaboration is crucial for success.

"Together, we can cultivate a more vibrant and prosperous agricultural sector in Kenya. I urge debtors to settle their dues promptly to ensure the Corporation's uninterrupted operations." emphasized Linturi.

Managing Director George Kubai elaborated on the Strategic Plan 2023-2027, outlining the Corporation's strategic direction to sustain its pivotal role in providing affordable credit for Kenya's agricultural sector.

"The Strategic Plan aims to enhance financial inclusion, increase agricultural

productivity, and promote sustainable practices among farming communities. Key focuses include providing affordable credit for smallholder farmers, capacity, building programs for modern farming techniques and improving market access.

"Aligned with Kenya's Bottom-Up Economic Transformation Agenda (BETA), the Strategic Plan emphasizes grassroots economic development and food security," said Kubai.

The MD highlighted AFC's mission to address national farming challenges, stating the Corporation's commitment to enabling every farmer to thrive. He pledged to integrate climate-resilient practices and focus on smallholder farmers, youth, and women in agriculture to maximize impact. He further announced plans to upscale the wholesale lending model to 65%, with the remaining 35% dedicated to retail lending.



*Managing Director, George Kubai giving his welcoming remarks*

AFC Board Chairman Eng. John Mruttu underscored the 2023-2027 Strategic Plan's dedication to empowering a new generation of farmers and agribusinesses.

"Through innovative financial solutions, strategic collaborations, and an emphasis on technological advancements, we aspire to drive sustainable growth and development in the agricultural sector," said Mruttu.

Country Director of FSD), Tamara Cook, expressed FSD's commitment to supporting AFC in implementing its Strategic Plan. Cook highlighted efforts to align AFC's business models with the BETA Agenda and develop innovative financing solutions using digital technologies for farmers and agri-MSMEs.

"AFC's new strategy will not only enable the Corporation to create a robust loan offering of for the agricultural sector, but also forge key partnerships with agriculture sector players, ensuring finance can significantly improve the livelihoods of smallholder farmers," said Cook.

Looking ahead, the Strategic Plan sets the stage for AFC to propel the agricultural sector to unprecedented heights, contributing significantly to building sustainable agri-food systems in Kenya.

With determination, AFC anticipates that this Strategic Plan will address current challenges and pave the way for a resilient and prosperous agricultural future.



*From left: Board Member, Dr. Zablon Ayiera, Ag. Regional Manager Coast, Edward Mwachoki, Regional Manager, Mt. Kenya, Eric Muita, Regional Manager, Nyanza/Western, Martha Ayodo, Head of Credit,, Chris Kiburu, Board Chairman, Eng. John Mruttu, Managing Director, George Kubai, Regional Manager, North Rift, Lilian Kimulany, Regional Manager, Central Rift, Irene Koonyo, Regional Manager, Eastern, David Thiru and Board Member, Julius Mutethia*

## Pictorial



*Board Chairman, Eng. John Mruttu*



*Principal Secretary, State Department for Livestock Development Hon. Jonathan Mueke*



*Board Member, Dr. Zablon Ayiera*



*Chief Finance & Investments Officer, Tom Akeno*



*Country Director, Financial Sector Deepening, Tamara Cook*



*Board Chairperson, Warehouse Receipt System Council, Felicity Mbiriri*

## Pictorial



*From left: ICT Officer, Savio Sunkuli, Regional Manager, Eastern, David Thiru, Chief ICT Officer, Daniel Olilo, Branch Manager, Kiambu, Doris Kagendo, Senior Credit Officer, Johnson Njane and Senior Accountant, Henry Kimani*



*From left: Accountant, Finance Department, Tabitha Wanjue, Branch Manager, Kajiado, Robert Muchiri and Regional Manager, Nyanza/Western, Martha Ayodo*



*From left: Internal auditor, Francis Ndegwa, Regional Manager, Central Rift, Irene Koonyo and Head of Finance, Cornelius Onsongo*



*From left: Branch Manager, Ngong, Maurine Paswa and Risk and Evaluation Officer, Tracy Soi*



*From left: Research and Business Development Officer, Elizabeth Otieno, Planning Officer, Joseph Wandera and Credit Officer, Beth Mwangi*



*Research and Business Development Officers Leah Wandera and Charity Cheruiyot*



# Advancing African Development: AADFI Annual General Assembly 2024



*Managing Director, George Kubai giving his welcoming remarks during the AADFI2024 Annual General Meeting*

By Benta Itivi

The Corporation partnered with the Kenya Development Corporation (KDC) and Kenya Industrial Estates (KIE) to jointly host the Annual General Workshop and General Assembly of the Association of African Development Finance Institutions (AADFI). The event which centered on the theme "A Practical Road Map for African DFIs in Accessing Green Funds," was held from 26th to 28th May, 2024, at the Kenyatta International Convention Centre (KICC).

The pivotal gathering provided an invaluable platform for evaluating the Association's activities, deliberating current issues in development finance, and delving into topics of mutual interest among

member institutions and the broader DFI community.

The AADFI Annual Meetings commenced with the Board of Directors meeting on the 26th, followed by the AADFI Working Group/ Traditional Annual Workshop gathering on climate change on May 27, 2024.

Managing Director, George Kubai, spoke at the Ordinary General Assembly highlighting the critical need for financial support in agriculture, emphasizing its role in driving national economic prosperity. He stressed the importance of directing this support in a way that safeguards ecological integrity, thereby promoting sustainable development for future generations.

“AFC, we believe that the agricultural sector is pivotal to the economic prosperity of our nation and requires robust financial support to thrive. However, it is equally essential that this support is channeled in a manner that promotes ecological integrity,” said Kubai.

Mr. Kubai also participated in a vital panel discussion titled "Accessing Climate Finance for African DFIs: Challenges & Opportunities," which extensively explored the urgent issues surrounding climate finance, analyzing the barriers and potential for African Development Finance Institutions (DFIs).

The AADFI activities wrapped up on the 28th with an advocacy session bringing together the AADFI Board and Kenya Government authorities, aimed at raising awareness of the issues affecting development finance institutions and sharing possible solutions to enhance their optimal functioning.

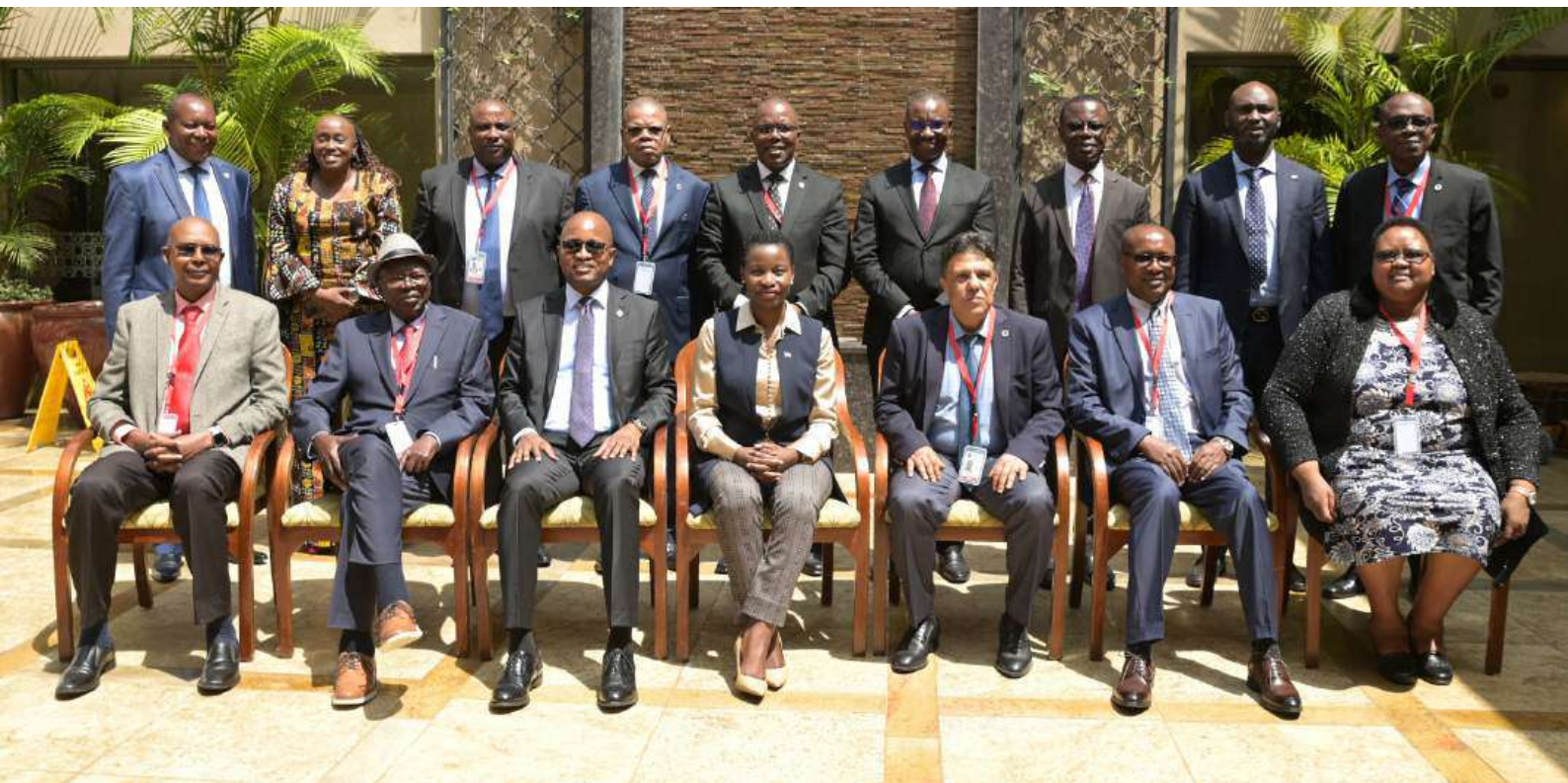
DFIs play a critical role in addressing national development needs through

interventions such as job promotion and addressing gender and climate change issues.

The event culminated with a luncheon and award ceremony at the Serena Hotel in Nairobi, Kenya, recognizing institutions for their outstanding contributions to African development finance. The ceremony, attended by over 150 delegates, was graced by Hon. Susan Mang'eni.

AADFI was established in 1975 under the auspices of the African Development Bank (AFDB). It stands as the central body for development finance institutions throughout Africa.

With over 80 members, including national, regional, and multilateral institutions, AADFI is dedicated to advancing sustainable development and fostering economic integration across the continent. The Association, headquartered in Abidjan, Côte d'Ivoire, leads these transformative efforts



*Advocacy members together with Government Officials, Board Members and Chief Executive Officers of AFC, Kenya Development Corporation and Kenya Industrial Estates*



## Pictorial



*From left: AADFI Chairman, Thabo Thamane, presenting a certificate of appreciation for co-hosting AADFI Annual General Assembly to Managing Director, George Kubai and Board Chairman, Eng. John Mruttu*



*Managing Director, George Kubai, gives his views during the panel discussion*



*From left: Managing Director, George Kubai, Board Chairman, Eng. John Mruttu and Chief Finance & Investments Officer, Tom Akeno share light moments*



*From left: Cabinet secretary, Ministry of Labour and Social Protection, Simon Chelugui, EGH, AADFI Chairman, Thabo Thamane and Managing Director, George Kubai, exchange ideas at the venue*



*From left: Board Members, Julius Mutethia, Eng. Muriuki Karue, Senior Planning Officer, Sarah Wacheke, Research Officer, Elizabeth Akinyi and Planning Officer, Joseph Wandera (back row)*

## Pictorial



*Principal Secretary, State Department of SME's, Hon. Susan Mang'eni*



*Chairman AADFI, Thabo Thamane*



*Kenya Development Corporation, Board Chairman, Hon. Dr. Sakwa Bunyasi*



*Kenya Industrial Estates, Board Chairperson, Hon. Lily Ng'ok*



*Kenya Development Corporation, Managing Director, Norah Ratemo*



*Kenya Industrial Estates, Ag. Managing Director, CPA Charles Mativo*

## Pictorial



*Head of Corporate Communications, Pauline Kathambana*



*Head of Loan Recoveries, Anastacia Wachira*



*State Department for Investment Promotion, Joseph Nguyo*



*Secretary General, AADFI, Cyril Okoye*



*A section of the participants*



*Part of Bomas of Kenya entertainment group*



# AFC secures Sh600 Million loan for livestock sector development



*From left: AFC Board Chairman Eng. John Mruttu, Managing Director, George Kubai, Cabinet Secretary, for Investment, Trade and Industry, Ms. Rebecca Miano and Director General, Norah Ratemo, Kenya Development Corporation during a sh.600 million cheque presentation.*

By Priscilla Angwenyi

For generations, pastoralism has served as the bedrock of livelihoods in various regions across our country, especially in arid and semi-arid lands. Despite its vital contribution to our economy, pastoralism grapples with a myriad of obstacles from climate shifts and limited resources to difficulties in market access and financial inclusion. These hurdles have long hindered the prosperity of pastoral economies and the communities dependent on them.

To drive financial inclusion in this key sector, the Corporation secured Kshs. 600million for De-risking, Inclusion and Value Enhancement (DRIVE) of Pastoral

Economies Programme and Supporting Access to Finance and Enterprise Recovery (SAFER) project from Kenya Development Corporation (KDC). The funds will be used to support livestock farmers and small enterprises in the agriculture sector in arid and semi-arid across 21 counties.

Of the total, Ksh 300 million is dedicated to the (DRIVE) project, while the remaining Ksh300million is reserved for the (SAFER) project.

Speaking during the cheque handover ceremony, Cabinet Secretary for Investment, Trade and Industry, Ms.

Rebecca Miano, highlighted the importance of the dual projects that came at a critical time, following the severe drought, the worst in Kenya in 40 years, and the impact of the COVID-19 pandemic.

She emphasized that the projects lay a strong foundation for sustainable development within pastoral communities and additionally enhance economic resilience, particularly for women and youth.

Through strategic investments in livestock value chains, entrepreneurship and infrastructure development, DRIVE will not only transform the economic landscape of Kenya pastoral dominions but also enrich our nation.” said Miano.

On the other hand, our Managing Director, Mr. George Kubai, while speaking to the media during the event, expressed the Corporation’s pride in supporting transformative initiatives.

“With the Ksh300 million we are receiving today, the Corporation will be in a position to immediately lend funds to support investment opportunities in the targeted livestock value chains.

“Mr. Kubai further emphasized that the Corporation will leverage its expertise, resources and networks to support the sustainable development of pastoral economies.

AFC Chairman, Eng. John M. Mruttu, stressed the Corporation’s strong commitment to supporting pastoral communities and MSMEs. He emphasized that partnering with KDC aims not just to provide financial aid, but also to create a platform for innovation and growth within communities.

“AFC is proud to be a part of these transformative initiatives as it will enable AFC to break down financial barriers for MSMEs through policy reforms, innovative financing, and capacity building. We are confident that through these initiatives, we will ignite a spark of economic revitalization across Kenya.” said Mruttu.

Eng. Mruttu further mentioned that AFC is committed to expanding its outreach and ensuring that pastoral communities have access to the financial services they need.

On her part, Norah Ratemo, Director General of KDC, highlighted the significant challenges pastoralism has encountered despite its economic importance. Ratemo stressed the need to expand interventions to address these shortcomings within the sub-sector.

“We intend to scale up beyond Ksh600 million. This is just the first tranche and based on the absorption, we shall then be facilitating them with more funds, bearing in mind that the assistance is not only on financial inclusion, but about breaking down barriers, fostering growth, and creating a sustainable future for our business and communities,” she stated.

The 21 counties targeted in this program, include; Samburu, Tana River, Wajir, Garissa, Turkana, Marsabit, Isiolo, Kajiado, Mandera, Laikipia, Narok, Lamu, Tharaka Nithi, Meru, Baringo, West Pokot, Makueni, Kitui, Taita Taveta, Kilifi, and Kwale.



*Managing Director, George Kubai shares a word with Cabinet Secretary of the Ministry of Investment, Trade, and Industry, Hon. Rebecca Miano. Looking on is Managing Director, Kenya Development Corporation, Norah Ratemo*



*Board Chairman, Eng. John Mruttu (3rd left) gives his remarks. Looking on from left: AFC Board Member, Julius Mutethia, Managing Director, George Kubai, Cabinet Secretary of the Ministry of Investment, Trade, and Industry, Hon. Rebecca Miano. and Managing Director, Kenya Development Corporation, Norah Ratemo*



# Financing Agriculture Sustainably Conference (FINAS 2024)



*Managing Director George Kubai giving his views during panel discussion*

By Harun Njago

Amidst the tranquil oasis nestled in the heart of Nairobi, the Safari Park Hotel stood as a beacon of elegant African architecture, adorned with sparkling water gardens and meticulously landscaped surroundings. On this particular day, the hotel played host to a pivotal gathering, the Financing Agriculture Sustainably Conference (FINAS 2024).

Organized by Rotooba in collaboration with the Ministry of Agriculture and allied development partners, FINAS 2024 sought to confront a pressing concern that plagued the agricultural industry: the daunting funding gap. At an estimated Sh2.94 trillion, this chasm loomed large, threatening the stability and growth of the sector.

Amidst the grandeur of the conference hall, with its banners adorned with images of

golden wheat fields and thriving livestock, experts and policymakers delved into the intricacies of financing agriculture. Two days of intense discussions and deliberations unfolded, each session dedicated to exploring sustainable financing models tailored for the unique landscape of Kenyan agriculture.

The revelations unveiled during FINAS 2024 painted a stark picture. Despite being the backbone of Kenya's economy, with its hands deeply woven into the fabric of daily life for millions, the agricultural sector found itself woefully underfunded. It stood as the largest contributor to Kenya's GDP, employing a significant portion of the population, yet languished as the least funded sector, with its share of gross loans a mere fraction of the total lending pie.

Kawira Mutegi, the visionary director orchestrating the conference, articulated the urgency of the situation. She emphasized the need for accurate assessments of agricultural financing levels to craft effective policies. Furthermore, Mutegi envisioned a centralized platform where agricultural enterprises of all sizes could connect with financial solution providers, fostering a symbiotic relationship essential for sustainable growth.

Prime Cabinet Secretary Musalia Mudavadi echoed Mutegi's sentiments, declaring Kenya's readiness for a revamped financing mechanism. He underscored the importance of the country's medium-term plan, which

outlined ambitious strategies to propel the agricultural sector forward, including the Agricultural and Rural Financial Inclusion Project.

"Our country's fourth medium-term plan 2023-2028 which was officially launched last week by President William Ruto outlines the key policies, programmes and projects that the government plans to implement to support the growth and transformation of this important sector of our economy," he said.

Mithika Linturi, the stalwart voice of the Ministry of Agriculture and Livestock



*Managing Director, Mr. George Kubai, engaged in a sideline discussion with Dr. Paul Ronoh, Principal Secretary of the State Department for Agriculture among other guests*

Development, emphasized the significance of the conference outcomes as a guiding compass for future initiatives. It was a sentiment shared by all, as stakeholders recognized the pivotal role of coordinated agrifinancing in propelling Kenya's agricultural landscape into a new era of prosperity.

On a panel discussion on the establishment of one focal point for Agifinance in Kenya, George Kubai, the Managing Director of the Agricultural Finance Corporation (AFC), articulated a vision of synergy and collaboration. He highlighted the potential of aligning agrifinancing efforts to leverage diverse funding sources and mitigate risks associated with agricultural lending. Through strategic partnerships and

innovative solutions, Kubai envisioned a future where AFC could fulfill its mandate of fostering agricultural development and supporting the livelihoods of rural communities.

As FINAS 2024 drew to a close, a sense of determination lingered in the air. The conference had not only exposed the funding gap plaguing the agricultural sector but had also ignited a beacon of hope. Armed with newfound insights and a shared commitment to change, stakeholders departed with a renewed sense of purpose, ready to chart a course towards a brighter future for Kenyan agriculture.



*Prime Cabinet Secretary Hon Musalia Mudavadi giving his key note speech*

## FINAS 2024 pictorials



*Head of Corporate Communication Pauline Kathambana pitching during the conference*



*Corporate Communications Officer, Priscilla Angwenyi guides Hon. Simon Chelugui, EGH, Cabinet Secretary of the Ministry of Cooperatives & Micro, Small and Medium Enterprises (MSMEs) and Henry Kinyua, Advisor Crops and Value Chains at the Executive Office of the President Economic Transformation Secretariat (PETS) to their respective seats*



*Chief Finance and Investments Officer, Tom Akeno (3rd from right) follows the proceedings*



*Personal Assistant to the Managing Director, Boaz Korir listens keenly to the speakers*



*Senior Planning Officer, Sarab Wacheke and Planning Officer, Joseph Wandera could not let that moment pass without taking a shot*



*Credit Officer, Junetapelin Karimi attends to participants at the exhibition stand*



## Fourth Huduma Ombudsman awards



*From left: Managing Director, George Kubai, Board Chairman, Eng. John Mtuttu received commendation from Commission on Administrative Justice (CAJ) Chairperson, Florence Kajuju*

By Priscilla Angwenyi

The Corporation was commended in the Public Service Delivery: Institutional Category during the Huduma Ombudsman Award fourth edition that took place at the Kenyatta International Convention Center (KICC), Nairobi on 23<sup>rd</sup> November 2023. The event was officiated by Cabinet Secretary for Public Service and Performance Delivery, Hon. Moses Kuria. AFC's chairman Eng. John Mruttu and Managing Director George Kubai received the award certificate from the Commission on behalf of AFC.

The event which run under the theme "Improved Public Service Delivery by Deepening and Strengthening Administrative Justice and Access to Information" is one of the approaches the Commission has adopted to enhance accountability and responsiveness in the public service as well as promote compliance with administrative justice and access to information.

The objective of the awards is to enhance a more effective, accountable and responsive public service to promote accountability in access to information held by government bodies, motivate public officers, enhance professionalism to transform the image of the public service, enhance trust in government and confidence in public service and identify and share best practices in service delivery for the benefit of the Kenyans.

Speaking during the event the State Department for Performance and Delivery Management Principal Secretary, Veronica Nduva said that the feedback through complaints and compliments helped assess performance of public institutions and improve on services offered and in so doing enable citizens access services efficiently.

“It is vital to not only recognize the complaints but also the compliments of Kenyans for this will help the concerned institutions to continue or improve on areas of weakness highlighted by the members of the Public,” she said.

She urged public servants to serve with humility, grace and recognition of the job at hand. She echoed the sentiments of Wycliffe Thirikwa, a beneficiary of the ombudsman office, who stated that public officers should not undermine citizens' complaints and should serve wholeheartedly since they are only custodians of the office.

On her part the Commission on Administrative Justice (CAJ) Chairperson, Florence Kajuju underscored the need to sensitize Kenyans on the use of the public portal of the Complaints Management Information System (CMIS) to lodge their



*From left: Head of Credit, Chris Kiburu, Legal Officer, Eurry Mabonga, Chief Risk and Compliance Officer, Jackson Echoka and Customer Care Officer Janet Ruto at the venue*

complaints. “The commission has strengthened the complaints turning mechanism by training government officers, Ministries, Departments and Agencies (MDAs) to build their capacity to manage walk-ins” she said.

During the event, several institutions and individuals bagged prestigious accolades in different categories. The awards consisted of individual, institutional and Ombudsman valor Award categories that appreciate effective, accountable and a responsive public service. The commission has adopted this approach to promote compliance with

administrative justice and access to information.

The Commission is a constitutional entity established under article 59(4) of the Constitution and the Commission on Administrative Justice Act, 2011. The Commission has a mandate, inter-alia, to investigate and conduct in state affairs or any act or omission in public admission in any sphere of Government and complaints of abuse of power, unfair treatment, manifest injustice or unlawful, oppressive, unfair or unresponsive official conduct.



## AFC clinches top award



*Managing Director, George Kubai receives the prestigious award from the organisers. Looking on is Eng. John Kipchumba Tanui, MBS, Principal Secretary, State Department for Information Communications Technology (ICT) and Digital Economy*

By Priscilla Angwenyi

The Agricultural Finance Corporation (AFC) proudly clinched the prestigious "Leader, Digital Innovation in Agriculture" award at the Digital Transformation Public Sector Forum and Awards 2024, held from 22nd to 23rd February 2024 in Mombasa. This esteemed event, graced by ICT Cabinet Secretary Eliud Owalo, saw the attendance of AFC Board Chairman Eng. John Mruttu, Managing Director George Kubai, and Chief ICT Officer Daniel Olilo.

The awards recognized public sector organizations that continuously leverage technology to enhance effectiveness, efficiency, transparency, and service delivery to Kenyan citizens, with a citizen-centric approach. In his address, Hon. Owalo highlighted the significant progress achieved, the challenges encountered, and future strategies. He emphasized the importance of policy frameworks that align with the digital landscape while ensuring compliance with data security and cybersecurity standards across all

entities."This forum serves as a platform for leaders in state agencies to exchange insights and share successful strategies for advancing digitization. It's an occasion to applaud and spotlight accomplishments within public institutions, inspiring others to

follow suit," said Owalo. Mr. Owalo encouraged Kenyans to embrace digital technology within the public sector, highlighting its potential to foster transparency in government service



*Managing Director, George Kubai gives his views during the panel discussion*

## Kireka Farm: Generational commitment to sustainable agriculture



*Director, Kireka Farm, Michael Lugonzo at the farm*

By Priscilla Angwenyi

To him, farming is a humanity thing that gives him pleasure in feeding the world population with sufficient, nutritional and safe food.

Saying that their relationship with AFC is more less generational, being that his late grandfather secured financing from Agricultural Finance Corporation and his father doing the same and now himself, Lugonzo says AFC has always been a trusted partner for many years.

“Year on year, they have come to sensitize us on their products and through that, they have

assisted us in narrowing down on products that are more suitable to the farm,” says Michael Shamalla Lugonzo, director of Kireka Farm.

Having narrowed down to Water Development Loan to develop their water resources for irrigation, Lugonzo says AFC financing is different because they understand the farmers.

“Technically other financial institutions are more risk averse when it comes to farmers because it is considered a risky venture in many aspects but AFC understands the risks

and are able to schedule loan repayment accordingly,” he says.

With the financing, Lugonzo says they are now producing more efficiently, consistently and continuously and more volumes not to mention high turnovers yearly adding that it has also reduced reliance on rainfall.

Lugonzo says that Kireka Farm still needs more money because there is still potential to partner with an institution to develop the resource they have.

“Our biggest resource is land and we require additional financing to put the remaining 80% of the farm under irrigation even explore market for our produce,” adds Lugonzo.

With the irrigation system, Lugonzo says Kireka Farm produces French beans which is the main crop, cabbages and sorghum as they target other enterprises like capsicum, tomatoes and onions.

He adds that their strategy for the next 5 years is to have 80% of the remaining arable area under irrigation and they are looking at pivot irrigation and setting bigger water resource reservoirs such as dams, improve on mechanization and leverage on technology to increase output.

## **Diversification.**

The entrepreneur says that diversified production comes in basically when you need to maintain cash flows at a certain level in order to meet working capital needs.

“We started off with singular enterprises complementing each other – dairy to produce manure for crop production and in turn, crop production to feed the animals and later on moving to other ventures,” says Lugonzo.

He says horticulture injects working capital as it ensures the farm has quarterly income



*Water development equipments financed by AFC*

and with other crops maturing at different periods, that helps them in managing cash flow well.

Lugonzo says that their main challenge is climate change not only as individuals but for every farmer across the world.

“We are trying to tackle climate change with technologies such as drip irrigation systems, water conservation using water pans, reservoirs and use of techniques such as raised beds, minimal tillage,” explains Lugonzo.

Lugonzo says Kireka Farm employs 150 permanent staff and between 300 to 400 casual workers during the peak periods such as harvesting, planting, fertilization etc.

“The impact on the community is big and without the workers, we cannot move as much output as we do currently. For the employees, we are happy to give them employment and a dignified living,” he adds.

## Market

Lugonzo says Kireka Farm has tried to uniquely set itself up in the market through contract farming except the rotational crop of cabbage.

“The biggest contract we have is seed maize production with Kenya Seed Company followed by seed beans multiplication with KALRO.”

The other big contract they have signed is with Vegpro Group for French beans and tender stem broccoli offtake.

However, produce like cabbage are yet to find a continuous and assured market forcing Kireka Farm to rely on aggregators who takes to Lodwar, West Pokot, Turkana and as far as Southern Sudan.

“The market still fluctuates for the non-contracted produce and that's where the challenge is because sometimes the injected capital does not reflect the output.”



*Director, Kireka Farm, Michael Lugonzo inspecting the cabbages*



## From pandemic to prosperity: Milka's agricultural journey



*Milka Korir at the farm*

**By Priscilla Angwenyi**

Milka Korir never had the vision of being a farmer but when COVID-19 pandemic struck in 2020 and the subsequent containment measures put by the Government to reduce the spread of the deadly virus, she decided to go back to the farm to plant vegetables.

"I had started dairy keeping in a small way before then decided to do some horticulture but since the farm was small, I decided to purchase 32.5-acre piece of land from my neighbour," opens Milka Korir, proprietor of Iron River Farm.

At that time, Mrs. Korir says she had no idea about AFC but a friend advised her to give it a try mainly due to the Corporation's friendly loan terms, a matter that drew her interest.

She adds that her conversation with AFC staff made her think more about farming, something that made her ponder on which venture is best to get into upon retirement - agri-business.

"I'm so grateful because that thought has taken me far. I had some income but never

had plans of pumping my income into agriculture so expansion and growth of this farm actually originated from AFC," says Korir.

She clarifies that her initial plan was to buy land for dairy farming but AFC's support motivated her to think wider about agriculture, drive her farm to the next level and produce at least 1,000liters of milk per day.

"AFC will change lives and this country at large because the only way forward at the moment is agriculture and many people are looking for finances therefore if AFC considers farmers, wonders will be done in Kenya," she says.

She says that dairy farming has been the farm's main key stay and even though she is yet to breakeven, she sees huge potential for growth.

"I'm at a point of learning and I do not want to make any mistake and with our 8 cows, we are still able to produce about 300litres in a day" she adds.

## Constraints

Korir says she has been having challenges of getting committed workers passionate about dairy farming with the other being low market price for milk which currently averages Ksh 50.

Despite the challenges, Korir that she has to come to realize that farming is stress-free and that's what keeps her motivated every morning she wakes up.

Apart from dairy and horticulture farming, Korir has started breeding the dooper sheep having import the ram from South Africa to diversify her farm income.



*Some of the cows at the farm*



## From farming passion to agribusiness success



*Samuel Nyorri attending to his pigs*

By Harun Njago

**M**r. Samuel Nyorri, hailing from Kiambu County, is a passionate farmer and entrepreneur with an inspiring story that intertwines his love for farming with sharp business acumen. Although he identifies as a farmer, his approach to agriculture is deeply rooted in agribusiness. Growing up in a farming household with a mother who was an agricultural officer and a teacher at Farmers Training College in Kenya, Sammy was introduced to farming from a young age. His family's livelihood and education were sustained through farming, instilling in him a deep appreciation for the land.

In his early years, Sammy's family engaged in poultry and dairy farming, which shaped his initial farming

ventures. He began his farming career in poultry, specifically focusing on broilers, and quickly became a significant supplier to Nairobi's restaurants. However, after years in the poultry business, he realized the profit margins were slim. This led him to transition to dairy farming, where he managed a large setup with 60 cows and became a pioneer in introducing hydroponic fodder for dairy cows in Kenya. Despite his innovations, the dairy business didn't yield the financial returns he expected, leading him to reevaluate his strategy.

After extensive research, Sammy discovered the potential in pig farming, a sector where profits were more predictable and margins higher. If he had known about pig farming earlier, he believes he would have been even more successful. However, farming is a

journey, and Sam embraced it with determination, taking baby steps as he transitioned into this new venture.

In 2016, during a politically charged period in Kenya, Sammy found himself at a crossroads. With no significant farm activity and financial constraints from previous ventures, he decided to start pig farming on a small scale. He began with four piglets, testing the knowledge he had gathered from his travels to China and South Africa. The results were promising, and by January 2017, he expanded his operations, gradually increasing his pig population and investing in superior breeds from Zambia, South Africa, and a local breed called Max Grow from Farmer's Choice.

Today, Sammy operates a thriving farm with over 200 pigs, a testament to his resilience and dedication. Strategic partnerships, particularly

with Farmers Choice, a prominent player in the pork industry, have been instrumental in his success. Sammy supplies both porkers and baconers to Farmers Choice, with whom he secured a contract. Baconers are raised specifically for bacon production and porkers for pork. These pigs, weighing up to 60 kilograms and aged between four to six months, fetch 19,000 Ksh per pig.

Balancing his farming endeavors with his business in outdoor advertising, Sammy found solace and satisfaction in working on the farm. The serene environment, coupled with his love for animals, provided a much-needed escape from the hustle and bustle of city life. During the COVID-19 pandemic, his son, who shared his passion for farming, took on a more active role, helping to manage the farm.

Sammy spends several days a week at the farm, especially on weekends, where he finds peace and fulfillment. The profits from his pig farming enterprise are also



*Samuel Nyorri with workers at the processing plant*

rewarding, validating his decision to pivot from dairy to pig farming.

A crucial partner in Sammy's journey has been the Agricultural Finance Corporation (AFC). The Corporation's support, through affordable financing and understanding of agricultural needs, has enabled him to scale his operations. Unlike traditional financial institutions, Sam says AFC's terms are more favorable for farmers, providing them with the necessary time and resources to grow their businesses without undue pressure.

On challenges, Sammy says that there is no venture without a single hurdle. Quality feed supply and diseases are some of the major challenges he faces. Diseases including boils that have ever attacked some animals and the constant threat of African swine fever, for which there is currently no cure.

To address challenges with feed quality,

Sammy began mixing his own pig feeds. This venture quickly grew into a full-fledged business, supplying feeds to other farmers through several retail outlets. The success of this feed business is a testament to Sammy's entrepreneurial spirit and commitment to quality.

Reflecting on his journey, Sammy believes pig farming is one of the easiest forms of livestock farming, provided one is disciplined and committed. His advice to new farmers is to be prepared, ensure they have a reliable feed supply, and never compromise on the quality and availability of feed, as this directly impacts the growth and profitability of their pigs.

As he continues to grow his agribusiness, he remains grateful for the support of partners like AFC, and he looks forward to expanding his ventures even further.



*Mr. Nyorri weighing the feeds*



## Transforming dreams into success: Muragania Farm



*Margaret at her farm*

By Priscilla Angwenyi

Growing up at the family farm in Githunguri, Kiambu County, Margaret developed a passion for farming especially dairy farming at an early age and even though it was a difficult thing, her passion for it pushed her along.

“We wanted to take farming to another level in terms of income generation. It was tough but we were focused and trusted the process,” opens Margaret.

Margaret says that at some point, a friend introduced her to AFC Kiambu Branch where she got information about access to credit by farmers, something she described as a good deal as it came at the right time

because they needed financial support to expand their project.

“We started with indigenous cows but with the loan from AFC, we upgraded to highbred dairy cows which pushed up our production,” says Margaret, adding that they have also been able to increase feed production as well as improve the sheds.

Margaret adds that increasing the herd size from five cows to 24 at present has enabled them increase milk production from 30 liters per day to 300 liters per day which they sell to Githunguri Dairy Farmers Cooperative Society.

To ensure the cows produce high quality milk, Margaret says they monitor the daily feeding

regime as well as engage a veterinary officer because a cow's health affects quality and quantity of milk being produced.

Margaret says that dairy farming has its own share of challenges like high cost of feeds, drought and that getting adequate and good quality feeds is an issue not to mention diseases.

### **Planning for the future**

She says that their plan is to expand the business, increase the herd size and consequently production.

“In due course, we shall install biogas system to cut down the cost of fuel we are experiencing.”

The agripreneur say that the project has created direct and indirect employment opportunities which positively impacts the local community

### **Access to finance**

Margaret advises entrepreneurs in agriculture value chain and in need of investment or working capital to visit AFC for financial support.

“They have walked this journey with us. They came in, helped and seen us grow and we believe we will go far. I encourage farmers to visit AFC offices for financial assistance they need,” she adds.

She advises that farmers interested in dairy farming should first consider the distance to milk collection or delivery points and a space to keep the animals.



*A worker at the farm*



## The Farmer's Notebook



**C**apsicum/bell pepper, also called sweet pepper. It is a horticultural vegetable crop that belongs to the family Solanaceae. It has a mild flavor, not hot and rich in vitamin A and C with natural elements such as Potassium and Phosphorous.

### **Ecological requirements**

The ideal growing conditions for capsicum include, altitude range of 0-2000 metres above level, rainfall of between 600- 1200 mm p.a, temperature range of 18-30 C. The crop does well on drained loamy soils with pH 5.5- 6.8 and high in organic matter content.

### **Varieties**

There are two main types; determinant (open field) and Indeterminate (greenhouse) varieties.

**.Determinant varieties :** are bushy with defined growth and development period. Examples include Yolo Wonder and California Wonder.

**.Indeterminat varieties :** achieve through a single apical stem with few secondary branches. Examples Commandant F1, Admiral F1, Nemalite F1, Green Bell F1

### **California Wonder is :**

- .Suitable for home and market gardening
- .Fruits are thick walled, 4 lobed, blocky and compact
- .Yield: 6000 kg per acre

### **Yolo Wonder**

- .A popular variety for export and local market
- .Fruits are shiny dark green, 3-4 lobed, firm and blocky
- .It is vigorous, compact and high yielding
- .Yield :6000 kg per acre

## **Commandant F1**

- Growth both in open field and green house
- Resistant to Potato virus, Tomato mosaic and Tobacco Mosaic, pepper mild mottle and bacterial spot
- Has long harvesting period : 10 weeks and 4-6 months for open and greenhouse, respectively
- Fruits can be harvested green (75 days) or red (90 days)
- Yield : 25000 kg per acre (open field), 50000- 60000 kg per acre (green house)

## **Admiral F1**

- Can be grown in open field and greenhouse
- Has similar characteristics to commandment F1
- Fruits can be harvested green (75 days) or yellow (90 days)
- Yield : 25000 kg per acre (open field), 50000 – 60000 kg per acre (green house)

## **Agronomic Practices**

**Land Preparation.** Land should be prepared early enough so that the field is free of weeds and ready for planting at the onset of rains. The land should be prepared to a fine tilt and leveled so as to enhance moisture absorption and retention, easy germination and root penetration, ensures better surface contact between the seed and the soil and for uniform depth.

**Planting.** The crop is normally raised in nursery before transplanting to the main field but it can also be directly sown. Nursery for capsicum should be selected /sited in an area that has not been planted with the crop from the same family at least not less than two years and should be well drained. Seedlings are ready for transplanting when they are at 4-6 through leaf stage or 6-8 weeks after transplanting. The recommended spacing is 60cm X 45 cm or 70 cm X30 cm depending on the variety.

**Fertilizer Requirement.** The choice, type and amount of fertilizer for use will depend on the soil analysis report. The recommendation is to apply 100kg per acre of DSP/TSP during transplanting. It should be mixed well with the soil to avoid scorching and burning of the roots. Top dressing should be done with organic and inorganic/chemical fertilizers to produce high yields but the general recommendation is that; 1<sup>ST</sup> top dressing to be done with 40kg per acre of CAN 2-3 weeks after transplanting and the 2<sup>ND</sup> top dressing is done with 80kg per acre of CAN 4-6 weeks after transplanting. During flowering high amount of nitrogenous fertilizer should be avoided.

**Training and Staking.** To keep the fruit clean by avoiding contacts with the soil. It keeps canopy intact and prevents fruits from sunscald, holds heavy loaded fruits to avoid splitting/breaking out from the stem to minimize lodging.

**Weeding.** It is critical practice that needs to be timely done during the vegetative growth stages of the crop. It should start 3 weeks after transplanting to minimize competition and harbor other pests.

# Asset Financing



## Asset Financing Product

Asset finance is a credit facility designed for an individual or company to buy new agricultural machinery to facilitate production, processing and transportation of produce across the agricultural value chain. The asset to be purchased will serve as collateral for the loan..

## Product Features

Parameter	Proposed Terms	Remarks
<b>Type of machinery to be financed</b>	Strictly new machinery	
<b>Interest</b>	10% p.a	
<b>Processing fees</b>	At 5% of the loan	As per existing loan charges
<b>Loan Tenure</b>	Up to 36 months	Aligned to the asset value and depreciation
<b>% Financed</b>	70%	
<b>Clients Contribution</b>	30%	
<b>Insurance</b>	Comprehensive cover	Paid for by the client(client pays for year 1, AFC pays for the subsequent years but load the cost to the client)
<b>Collateral</b>	Asset acquired	To be jointly registered AFC as applicable
<b>Installments</b>	Monthly	May be aligned to the enterprise cycle
<b>Others</b>	Tracking of the insured asset	Client to cater for tracking expenses



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Ministry of Agriculture, Livestock and Development



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WAREHOUSE RECEIPT SYSTEM COUNCIL





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