



AGRICULTURAL FINANCE CORPORATION

Strategic Plan

2023
-
2027





Agricultural Finance Corporation

Strategic Plan (2023-2027)

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“To drive sustainable Agri-food systems through participative and collaborative financial and non-financial interventions, innovations, technology and products”.



Vision

To be the Leading Agricultural Development Financier in Kenya.



Mission

To drive sustainable Agri-food systems through participative and collaborative financial and non-financial interventions, innovations, technology and products.

Core Values

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

Foreword



I am delighted to present the Agricultural Finance Corporation's (AFC) Strategic Plan for the period 2023-2027. This comprehensive document outlines the Corporation's strategic direction aimed at sustaining its pivotal role in provision of affordable credit for the growth and transformation of the agricultural sector in Kenya.

The significance of the agricultural sector as the cornerstone of our economy cannot be overstated, and its continued success is fundamental to national prosperity. Nonetheless, the sector encounters various challenges, including limited access to financial resources, fragmented value chains, and the adverse effects of climate change. This Strategic Plan underscores AFC's steadfast dedication to addressing these challenges head-on. Through a blend of innovative financial solutions, strategic collaborations, and an emphasis on technological advancements, we aspire to empower a new generation of farmers and agribusinesses.

This strategy aligns with the aspirations of 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). Key focal points of the Plan include:

- **Enhancing Financial Inclusion:** We endeavor to broaden access to affordable credit across all segments of the agricultural value chain, with particular emphasis on smallholder farmers, youth, and women in agriculture.
- **Promoting Climate-Smart Agriculture:** Integration of climate-resilient practices into our financing mechanisms to foster sustainable agricultural development.
- **Embracing Technological Innovation:** Leveraging technology to optimize our operations, enhance service delivery, and equip farmers with data-driven decision-making tools.
- **Mobilizing Resources:** Mobilization of resources to extend support to a wider array of stakeholders in the agricultural sector and bolstering priority value chains outlined in Government agenda.
- **Improving Governance and Management Framework:** Enhancing the institution's governance and management structures to ensure effectiveness and transparency.

This Strategic Plan serves not as a static blueprint but as a dynamic roadmap adaptable to the evolving needs of the agricultural sector. We remain steadfast in our commitment to ongoing monitoring and evaluation to uphold accountability and achieve tangible outcomes.

The Board of Directors wholeheartedly commits to supporting the realization of the objectives outlined in this Strategic Plan and the successful execution of this Plan necessitates unwavering dedication and collaborative effort from all stakeholders. We are resolute in our pledge to collaborate closely with staff, clients, partners, and the broader agricultural community to realize our collective vision. With confidence, I anticipate that this Strategic Plan will propel the Corporation to unprecedented heights, enabling us to significantly contribute to building more sustainable Agri-food systems in Kenya.

A handwritten signature in blue ink, appearing to read 'John Mruttu', with a long horizontal line extending to the right.

Hon. Eng. John Mruttu

Chairman, Board Of Directors

Preface and Acknowledgement



The agricultural sector is the backbone of our nation's economy, and its continued success is paramount to achieving sustainable growth and development. As Managing Director of the Agricultural Finance Corporation (AFC), I am proud to present our Strategic Plan for 2023-2027. This plan outlines a comprehensive roadmap for AFC to play a pivotal role in empowering our agricultural sector and unlocking its full potential.

This document reflects extensive analysis of current trends, challenges, and opportunities within the agricultural landscape. We have engaged with key stakeholders, including farmers, financial institutions, and government agencies, to ensure our plan aligns with national priorities and addresses the critical needs of those who drive our agricultural engine.

The AFC Strategic Plan for 2023-2027 is a bold yet achievable vision. We are committed to fostering a thriving agricultural ecosystem, where innovation and financial inclusion pave the way for increased productivity, profitability, and resilience. Through strategic investments, targeted financing solutions, and unwavering dedication to our core values, AFC will be a

catalyst for progress in the years to come.

The development of this Strategic Plan would not have been possible without the dedication and expertise of a remarkable team. I extend my sincere gratitude to AFC Board of Directors for their unwavering guidance and support. My deepest appreciation goes to our talented staff, whose unwavering commitment to our mission is the cornerstone of our success. Their insights, strategic thinking, and tireless efforts have shaped this plan and will ensure its effective implementation.

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 National Treasury, State Department of Economic Planning, Ms. Electine Nanzala and Ms. Patricia Gachoki for unwavering technical guidance and support.

I recognize in a profound way the technical and financial support from Financial Sector Deepening – Kenya under the leadership of the Chief Executive Officer, Ms. Tamara Cook, and her project team comprising of Mr. Jared Ochieng, Mr. Duncan Oyaro and Mr. Francis Gwer.

I recognize and appreciate the invaluable contributions of all head of departments, namely, CPA Tom Akeno, Ms. Betty Suge, Mr. Daniel Olilo, Ms. Anastacia Wachira, Mr. Evans Mainga, Mr. Nicholas Njeru, Mr. Jackson Echoka and Ms. Pauline Kathambana.

I take cognizance of the commitment and efforts of the Strategic Plan Technical Team led by our Chief Strategy, Business Development & Planning Officer, and Chief Finance and Investments Officer CPA Tom Akeno and the team members, Mr. Christopher Kiburu, Ms. Sarah Wacheke, Mr. Joseph Wandera, Mr. Eurry Mabonga, Ms. Daisy Tum, Ms. Marylyn Ronoh, Ms. Elizabeth Akinyi, Ms. Leah Wandera, Ms. Veronicah Auko, Mr. Savio Sunkuli, Mr. Dennis Mulongo, Mr. Harun Njago, Mr. Duncan Aura, Mr. Sidney Bukeke and Ms. Hellen Kemboi, for providing requisite technical expertise and dedication in ensuring completion of this document.

Similarly, I acknowledge the contributions of our Regional Managers, Mr. David K. Thiru, Mr.

Benjamin Chepkwony, Ms. Irene Koonyo, Ms. Lillian Kimulany, Ms. Martha Ayodo and Mr. Eric Muita and our Branch Managers, Mr. Ronald Simiyu, Mr. Samuel Ochieng, Ms. Doris Mugambi, Mr. Edward Mwachoki, Ms. Regina Musyoka and Ms. Irene Choge.

Lastly, I acknowledge the valuable contributions of our valued partners, including Government agencies, financial institutions, agricultural associations, and the farming community. We look forward to collaborating with all stakeholders to propel our agricultural sector towards a brighter and more prosperous future.

I am confident that this Strategic Plan will drive AFC to new levels of success, helping it play a key role in shaping a more prosperous and sustainable agricultural future for Kenya.

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.

Post-Harvest 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 are aimed at achieving a common goal from 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: This 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 & Abbreviations

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


Executive Summary

The Agricultural Finance Corporation (AFC) is embarking on a transformative journey outlined in its Strategic Plan for 2023-2027, aiming to drive sustainable growth and development within the agricultural sector. With a focus on becoming a pivotal force in agricultural financing, Climate smart financing, innovation, and rural prosperity, AFC's blueprint delineates strategic initiatives. Through collaboration with stakeholders, AFC seeks to address emerging challenges and leverage opportunities for inclusive agricultural growth.

This strategy aligns with 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). The Plan will particularly focus on increasing financial inclusion, mobilizing resources to reach more actors in the agricultural sector, supporting priority value chains, adapting to climate change, and improving the institution's governance and management framework.

Prepared through a consultative process and in strict adherence to the strategic plan preparation guidelines provided by the State Department for Economic Planning, the document is organized into eight chapters. These include the importance of strategic planning for the Corporation, its alignment with critical development frameworks, the history of AFC, the approach used, strategic direction, situational and stakeholder analyses, strategic issues, goals, and key result areas, strategic objectives and strategies, implementation and coordination framework, resource requirements and mobilization strategies, and monitoring, evaluation, and reporting framework.

Over the next five years, the Corporation is committed to focusing on key strategic objectives such as driving financial inclusion in the agriculture sector, diversifying funding sources, re-engineering the business model, ensuring a high-performing and engaged workforce, enhancing the corporate brand and brand values, promoting customized climate innovative agriculture financing, and enhancing the governance and management framework. By prioritizing these areas, AFC aims not only to drive the Government's BETA agenda but to significantly contribute to sustainable Agri-food systems in Kenya.

A photograph of a greenhouse filled with rows of tomato plants. The plants are supported by wooden stakes and have several green tomatoes hanging from them. The floor is covered with white plastic mulch. The entire image is overlaid with a semi-transparent green filter. In the bottom right corner, there are three overlapping circles: a large white one, a medium red one, and a small yellow one.

Chapter One

Introduction

Chapter One: Introduction

This chapter underscores the significance of various national, regional, and global frameworks and agendas in shaping Agricultural Finance Corporation (AFC) strategic direction. The Corporation aligns its objectives with key targets outlined in the United Nations 2030 Agenda for Sustainable Development, African Union Agenda 2023, East African Community Vision 2050, and Kenya Vision 2030. Additionally, it integrates goals from the Bottom-Up Economic Transformation Agenda, Kenya's Fourth Medium-Term Plan, and sector-specific policies and laws. Drawing insights from AFC's historical trajectory, the chapter also outlines the methodology employed in developing the Strategic Plan.

1.1 Strategy as an Imperative for Organizational Success

Strategic planning stands as the bedrock of organizational success, shaping a vision for the future and defining clear objectives over defined horizons. It serves as the compass guiding the Corporation on the transformation journey, harmonizing with Government policy such as the Medium-Term Plan IV, and facilitating progress tracking within the agricultural sector. The commitment of the Board of Directors and Management to strategic planning is evident in their recognition of its fundamental role in driving sustainable agri-food systems, enhancing access to agricultural credit, expanding the funding base, enhancing operational efficiency, strengthening institutional capacity, and fostering mitigation and adaptation to climate change.

Central to this commitment is the strategic prioritization and allocation of resources, ensuring that the Corporation's endeavors are aligned with its strategic issues and Key Result Areas (KRAs). By fostering collaboration among internal and external stakeholders, strategic planning engenders a culture of shared responsibility and accountability, essential for achieving multifaceted objectives. Moreover, it empowers the organization to proactively manage risks, fortifying the resilience in the face of uncertainties inherent in agricultural finance.

Strategic planning also equips AFC with the agility required to navigate evolving business and economic landscapes effectively. As a Government Development Finance Institution (DFI) mandated under the Agricultural Finance Corporation Act Cap 323 of the laws of Kenya, the Corporation plays a pivotal role in driving agricultural development through

the provision of loans to various stakeholders across the sector. Strategic planning ensures alignment with Government objectives to attain sustainable growth and impact within the agricultural landscape. Through strategic foresight and deliberate planning, AFC reaffirms its commitment to advancing agricultural development and fostering economic resilience in Kenya.

1.2 The Context of Strategic Planning

The Strategic Plan for 2023–2027 is a carefully crafted roadmap that aligns the Corporation'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 Government's Bottom-up Transformation Economic Agenda (BETA). The alignment of this strategy to international and national development aspirations is expounded below.

1.2.1 United Nations 2030 Agenda for Sustainable Development

The Agenda is a Plan of action for people, planet and prosperity that seeks to strengthen universal peace in larger freedom by eradicating poverty in all its forms and dimensions including extreme poverty by the year 2030. Extreme poverty is recognized as the greatest global challenge and an indispensable requirement for sustainable development. The Agenda is achieved through 17 Sustainable Development Goals (SDGs) and 169 targets.

The goals and targets aim to stimulate action in areas of critical importance for humanity and planet as described below:

People: End poverty and hunger in all their forms and dimensions to ensure that all human beings can fulfill their potential in dignity and equality and in a healthy environment.

Planet: Protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.

Prosperity: Ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.

Peace: Foster peaceful, just and inclusive societies which are free from fear and violence. There can be no sustainable development without peace and no peace without sustainable development.

Partnerships: Determined to mobilize the means required to implement this Agenda through a revitalized global partnership for sustainable development based on a spirit of strengthened global solidarity, focused in particular on the needs of the poorest and most vulnerable and with the participation of all countries, all stakeholders and all people.

This Agenda is relevant to the Corporation considering its mandate of financing agriculture using climate smart technologies, thereby contributing directly to areas of critical importance to humanity and planet in eradicating poverty, economic development, and foster peace by reducing conflicts occasioned by resource constraints. Accomplishment of the mandate is achieved through partnerships.

Additionally, supporting agricultural development increases food production, income and creates employment directly or indirectly. This directly supporting: SDG 1. No Poverty in all its forms everywhere, SDG 2: End Hunger, achieve food security and improved food nutrition through and promote sustainable agriculture and SDG 12: Ensure sustainable consumption and production patterns.

In financing Agriculture, the Corporation endeavors to promote climate smart agricultural technologies and financial inclusion through creating products that are tailor made to suit women, youth and persons with disabilities who are mostly financially excluded. This goes a long way in supporting SDG 5: Achieve Gender equality by empowering all women & girls and SDG 7 Clean Energy.

1.2.2 African Union Agenda 2063

African Union Agenda 2063, commonly referred to as “Agenda 2063” is Africa’s endogenous, shared strategic framework for inclusive growth and sustainable development that builds upon Africa’s recent positive performance in the economic, social and political fields to put the continent on a new positive trajectory of growth, peace and prosperity. The Agenda is implemented in ten-year plans. It is based on three dimensions namely:

(i) The Vision for 2063: This is based on the African Union Vision and the seven aspirations emanating from the voices of the stakeholders consulted, projecting where Africans would like to see their continent by the year 2063.

(ii) The Transformation Framework: It presents the foundations on which Agenda 2063 is built, as well as the detailed milestones towards 2063 in the form of goals, priority areas, targets and indicative strategies.

(iii) Making it Happen: outlines the “how to get there” of Agenda 2063, detailing aspects related to implementation, monitoring and evaluation principles and responsibilities. It is envisioned that Agenda 2063 will be actioned through 7 aspirations, that are further divided into 20 goals and 41 priority areas. The Agenda is relevant to the Corporation as firstly Kenya is in the African Continent and development of her economy directly contributes to the development of the Continent’s economy. Agriculture is a key sector contributing to the economic growth in Kenya. Secondly attainment of first aspiration of the Agenda **(A Prosperous Africa based on Inclusive Growth and Sustainable Development)** would mean that “Agriculture is modernized for scaled-up production, improved productivity and value addition through commodity transformation and services, contributes to farmer and national prosperity and food and nutrition security”

The Corporation commits to enhance financing the agricultural sector and is intentional in ensuring that its portfolio is gender balanced and also supports youth in the agricultural sector. By so doing the Corporation will directly support aspiration one of the Agenda and aspiration six **“An Africa whose Development is people driven, especially relying on the potential offered by its women and youth, and well cared for children”.**

Ultimately the Corporation will contribute to the Agenda’s priority areas including incomes and jobs, poverty and hunger, health and nutrition, sustainable and inclusive economic growth, agricultural production and productivity,

sustainable consumption patterns and finally women and youth empowerment. The Corporation is fully committed to support the attainment of the Agenda.

1.2.3 East Africa Community Vision 2050

The East African Community (EAC) vision 2050 articulates the dreams and aspirations of the East African peoples and make a commitment to what they will do to achieve these dreams. It follows closely the development of the African Union Agenda 2063. The vision identifies priority areas that underpins the region's vision for the next 35 years till 2050. The vision's overarching theme is transformation, value addition and growth.

Enhanced agricultural productivity for food security and a transformed rural economy is one of the goal of the EAC Vision 2050 with agriculture, food security and rural development is captured as one of the pillars of the vision.

Agriculture forms the backbone of the EAC economies, with the sector contributing to approximately 36% of the region's Gross Domestic Product (GDP). Despite the importance of this sector in the region, poverty levels remain high particularly in the rural areas owing to the poor performance of the sector.

The Vision is relevant to the Corporation as the two share a common goal of enhancing agricultural productivity for food security and a transformed rural economy. By financing development of the agricultural sector, the Corporation's activities are well aligned with the EAC vision 2050.

The Strategy commits to enhance financing to the sector, by so doing the Corporation will be directly contributing to the goal of **"Enhanced Agricultural productivity for food security and a transformed rural economy"** as well as the Pillar on **"Agriculture, food security and rural development"**.

1.2.4 Constitution of Kenya

The AFC strategic plan is well aligned with the Constitution of Kenya 2010 which promotes economic and social rights and specifically provision of food security, clean and safe water. 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 Article 10 of the Constitution on observing and adhering to national values and principles of governance, public participation, and public service, including accountability,

transparency, and professionalism. Further the Strategic plan embeds the provision of Public Finance Management principles as enumerated under Article 201 of the Constitution.

1.2.5 Kenya Vision 2030, Bottom – up Economic Transformation Agenda and 4th Medium Term Plan

The Kenya Vision 2030 aspires to transform Kenya into a middle-income and industrialized nation with an improved quality of life for all Kenyans. The AFC strategic plan 2023-27 seeks to align under the economic pillar and social pillar of the Vision 2030. Through agricultural financing to farmers countrywide, the Corporation seeks to contribute to the prosperity of all Kenyans with the aim of achieving a GDP growth rate of 10%.

By increasing the value of agriculture, the Corporation will be in line with increasing incomes in the sector as per the economic and strategy in the vision. Under the social pillar which focuses on gender, youth and vulnerable groups, the Corporation is fully committed in the development of strategies on inclusive finance that will be solely focused in the improvements on inclusive financial access to these groups. The Corporation has developed partnerships with sector partners i.e. African Development Bank through the (Enable Youth Program), Warehouse Receipt Systems Council, Kenya Development Corporation, Financial Sector Deepening(FSD), Rural Kenya Financing Facility (RK-FINFA) through the International Fund for Agricultural Development (IFAD) and the Government(GOK) to help in the achievement of these policy documents.

The Corporation will play a critical role in driving the achievement of the Medium Term Plan IV, through realization of the strategic direction under Vision 2030 and increased focus in the implementation of the BETA core pillars mainly the Agriculture and Micro, Small, and Medium Enterprises (MSMEs). BETA is geared towards economic turnaround through value chain approach. BETA has five core pillars that have the most impact to drive economic recovery namely: Agriculture, MSMEs, Affordable, Housing, Digital & Creative Economy and Health.

Under the BETA model the Corporation act as an enabler in all the five pillars but directly aligned to two pillars of Agriculture and MSMEs. Under the Agriculture pillar, a major portfolio product concentration has been focused in the various value chains in crop production, livestock and fisheries. This is well represented by the corporate portfolio leaning towards seasonal crops and livestock loans.

Whilst in the MSMEs pillar the direction is towards provision of financing in partnership with key sector players. The focus on BETA priority value chains will contribute to food security, reduction

in imports and growth in exports which in turn increase the country's foreign exchange earnings.

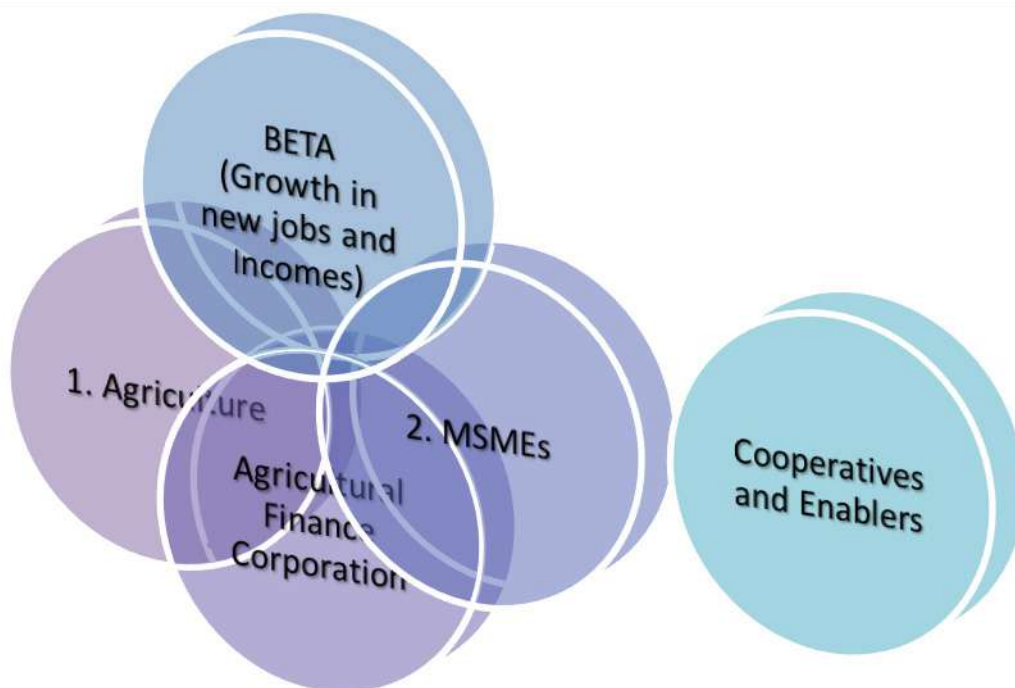


Figure 1: AFC alignment to the BETA Model

1.2.6 Sector Policies and Laws

The Corporation operates within a regulatory framework defined by various laws and policies in Kenya's agricultural sector, including the Constitution of Kenya, the Agricultural Finance Corporation Act Cap 323 (1969) of the laws of Kenya, the Land Act No. 6 of 2012, the Agricultural Policy of 2021, the Public Finance Management Act of 2012, the Warehouse Receipt System Act of 2019, the Agricultural Soil Management Policy of 2023, the Agricultural Sector Transformation and Growth Strategy (2019-2029), the National Livestock Policy (Sessional Paper No. 2 of 2008), the Climate Change Act (No. 11 of 2016), and the Data Protection Act of 2019 to mention a few.

Each of these instruments provides guidance on land management, financial regulation, agricultural practices, and sectoral development. The strategic plan aligns closely with these policies and laws, ensuring adherence to legal requirements and integration of their principles into the Corporation's objectives. Through collaboration with stakeholders and adherence to regulatory standards, AFC aims to facilitate agricultural financing in a manner that promotes sustainability, productivity, and inclusivity in Kenya's agricultural sector.

The Constitution of Kenya establishes the fundamental principles on governance, land ownership, and property rights. The Land Act No. 6 of 2012 further delineates the legal framework for land management, ensuring fair access, tenure security, and resolution of land-related disputes. These laws are crucial for AFC's operations as they directly impact land-based collateral, which often underpins agricultural financing.

The Agricultural Policy of 2021 delineates the Government's strategies to enhance agricultural productivity, food security, and rural development, emphasizing sustainable practices, technology adoption, and market access for smallholder farmers, aligning with the Corporation's mission to provide financial support to the sector. Simultaneously, the Agricultural Soil Management Policy of 2023 focuses on soil conservation, fertility enhancement, and sustainable land use practices, critical for agricultural productivity and climate resilience. This strategic plan integrates measures to bolster sustainable land management practices among clients, ensuring viability of agricultural investments.

Furthermore, the Agricultural Sector Transformation and Growth Strategy (2019-2029) provides a road map for sectoral advancement,

emphasizing value addition, market linkages, and agribusiness development, necessitating AFC's alignment with objectives through prioritized financing for value chain development, technology adoption, and market-oriented agriculture.

The National Livestock Policy (Sessional Paper No. 2 of 2008) guides sustainable management and development of the livestock sector, necessitating AFC's financing support to enable livestock farmers to adopt best practices and access markets, thereby enhancing their productivity and livelihoods.

The Public Finance Management Act of 2012 sets standards for financial management and accountability in the public sector, including budgeting, expenditure control, and reporting. The Corporation, being a public financial institution, adheres to these regulations to ensure transparent and efficient use of public funds.

The Warehouse Receipt System Act of 2019 establishes a legal framework for warehouse receipt systems, enabling farmers to use agricultural produce as collateral for obtaining credit. This promotes market access, price stability, and risk management for farmers, enhancing their ability to access financing through AFC.

The Climate Change Act (No. 11 of 2016) is the first comprehensive legal framework for climate change governance in Kenya. The objective of the Act is to "Enhance climate change resilience and low carbon development for sustainable development of Kenya." The Act establishes the National Climate Change Council (Section 5), Climate Change Directorate (Section 9), and Climate Change Fund (Section 25). The strategic plan will integrate climate change resilience and adaptation measures to support sustainable agricultural practices and ensure the long-term viability of agricultural investments in the face of climate change impacts.

The Data Protection Act of 2019 is particularly relevant to AFC operations as it governs the handling, processing, and protection of personal data. The Corporation deals with sensitive financial information of clients and stakeholders and therefore compliance with data protection regulations is paramount to safeguarding privacy and maintaining trust.

The AFC Act Cap 323 outlines the mandate, providing a legal framework for its operations within the agricultural sector. The strategic plan comprehensively aligns with these policies and laws to ensure legal compliance, stakeholder engagement, and sustainable agricultural financing practices. By integrating the principles and objectives outlined in these regulations, the Corporation will effectively contribute to the

growth and transformation of Kenya's agricultural sector while promoting inclusive and sustainable development.

1.3 History of Agricultural Finance Corporation

The Agricultural Finance Corporation's journey, spanning over six decades, is intricately woven into the fabric of Kenya's agricultural development. AFC has a long history, stretching from the 1930s when the first intervention by the state in provision of agricultural credit happened through the establishment of the Central Agricultural Advances Board (CAAB).

The colonial Government created the CAAB under an Act of parliament in 1930 and made available public funds for lending to settler farmers. The lending was mainly concentrated on funding for crop and not land assets. As a result of increasing demand for land, and considering the fact that the CAAB only provided financing for crop production, it became necessary for the colonial Government to establish a bank for this purpose. The CAAB was dissolved in 1933 and replaced by the Land and Agricultural Bank (LandBank) to advance funds for purchase of land, amongst other services.

Indigenous Kenyans were excluded from its lending up to 1952, when, due to land pressure by Africans, the Swynnerton Plan was passed enabling land registration and consolidation for Africans and allowing them to enter into export crops production.

At the time of independence in 1963, it became necessary for the new Government to establish an institution to serve indigenous African farmers who had hitherto been excluded from lending by the LandBank. The Agricultural Finance Corporation (AFC) was thus formed as a subsidiary of LandBank.

Early Days (1963–1969)

The story of the Agricultural Finance Corporation (AFC) begins in 1963, nestled within the Kenyan development narrative. Initially established as a subsidiary of the Land and Agricultural Bank, AFC's role was clearly defined: to assist in the smooth and peaceful transfer of land ownership to indigenous farmers. This focus stemmed from the country's recent independence and the need to empower a previously marginalized population.

However, AFC's ambitions went beyond land redistribution. It also aimed to inject fresh capital into the hands of farm owners, thereby stimulating agricultural development. This financial impetus was crucial for a sector yearning to modernize and increase productivity.

1969: Transition to a Corporation

The year 1969 marked a significant turning point for AFC. It transitioned from a subsidiary to a full-fledged financial institution, christened under the Agricultural Finance Corporation Act (Cap 323) of the laws of Kenya. This legislative recognition solidified AFC's position as a key player in Kenya's agricultural landscape. The Kenyan Government, recognizing AFC's strategic importance, established a clear oversight structure. The Cabinet Secretary for the Ministry of Agriculture and Livestock development assumed responsibility for setting the general policy direction of the Corporation. This ensured alignment of AFC's activities to the Government's broader agricultural development goals.

In the mid-1980's, liberalization of the economy started, leading to price decontrol, the opening up of the input and output commodity trade, removal of foreign exchange restrictions, deregulation of cooperatives and other collective actions, and the withdrawal and privatization of Government support services. The institutions servicing the agricultural sector including AFC, failed to compete effectively leading to collapse of produce markets and diminished ability of farmers to repay their loans. The consequence was a buildup of non-performing loans in the agricultural sector and the discontinuation of most lending programmes by AFC. By 2002 the Corporation's lending programmes had virtually ground to a halt and more than half of its branches were closed. Commercial banks also withdrew from rural areas.

In view of the key role played by AFC, the Government commenced its revival in January 2003. The revival involved implementation of Sessional Paper No. 1 of 2002 on Restructuring of the Agricultural Finance Corporation (AFC), leading to the write-off of a substantial amount of loans owed to Government, conversion of the balance to equity, restructuring of loans owed to Government and recapitalization through a capital injection of KES.1.3 billion spread over five years from 2003 through 2007. These measures enabled the Corporation to restart lending programmes which had stalled prior to 2003.

In 2011, the Corporation commenced a transformation journey which entailed a turn-around strategy aimed at optimal utilization of the resources available. The strategy resulted in improvement of profitability, liquidity levels and asset base and reduction of nonperforming loans. A notable key achievement was the improved peer review ratings by the Association of African Development Finance Institutions (AADFII) from D in 2011/2012, B+ in 2013/2014, A in 2014/2015, A+ in 2016/2017 and B+ in 2018/2019 to 2022/2023.

The Corporation has since 2011 worked on its relationship with the Government and donors leading to establishment of solid partnerships with institutions that include the International Fund for Agricultural Development (IFAD), Financial Sector Deepening (FSD) Kenya, AGRA and the African Development Bank (AfDB), amongst others.

Furthermore, AFC is actively integrating technology into its operations. This not only streamlines loan application processes but also facilitates financial inclusion for a wider range of population, particularly those in remote areas. The focus on sustainability is another defining characteristic of AFC's modern approach. The Corporation recognizes the interconnections of environmental and economic well-being. By providing affordable agricultural financing, AFC aims to ensure that its financial interventions contribute to long-term sustainable Agri-food systems in the country.

1.4 Methodology of Developing the Strategic Plan

The development of AFC Strategic Plan 2023 – 2027 was done through a collaborative and inclusive process, in accordance with the guidelines for preparation of Fifth-Generation Strategic Plans, 2023-2027, issued in June 2023 by the National Treasury and Economic Planning, State Department for Economic Planning.

i. Initiation of the process

The Board of Directors mandated the management to commence the process of preparing a new strategic plan that would steer the Corporation for the next five years upon expiry of the AFC Strategic Plan 2018-2022. The management lead by the Managing Director formed a technical committee to develop the Corporation's new Strategic Plan in accordance with the Government guidelines and Terms of Reference issued by the management.

ii. Strategic Plan development

Development of this Strategic Plan was made through the following steps;

- 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 and strategy documents at AFC was undertaken.

d. Internal stakeholder engagement- Members of Staff were engaged in various cohorts through interviews and focus group discussions. The cohorts consisted of branch offices staff, head-office staff, regional managers, management team and 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, KfW, TDB, KDC, GIZ, WRSC, WFP (World Food Programme), Council of Governors, Ministry of Agriculture and Livestock Development, the National Treasury and Economic Planning and Ministry of Trade, Investments and Industry State Department for Trade. The stakeholders' 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 and the other stakeholders.

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

iii. Validation of the Strategic plan.

The draft strategic plan was subjected to validation by both external and internal stakeholders who included customers, Government agencies, Board of Directors, and staff. The validated strategic plan was then submitted to the National Treasury, State Department for Economic Planning where feedback was received and incorporated in the final plan.

iv. Finalization and Dissemination of the Strategic Plan.

The Strategic Plan for 2023 to 2027 was approved by the Board of Directors, publicized and disseminated for implementation.



Chapter
Two

Strategic Direction

Chapter Two: Strategic Direction

This chapter summarizes the strategic direction of the Corporation for the period 2023 to 2027. It details the Corporation's vision and mission, the core values guiding business operations, and the mandate. The strategic goals and the quality policy statement are highlighted, making public the promise the Corporation makes to its clients and stakeholders.

2.1 Mandate

AFC is a state Corporation supervised by the Ministry of Agriculture and Livestock Development and works closely with The National Treasury and Economic Planning.

The Corporation's mandate, as spelled out in the AFC Act Cap 323 of the Laws of Kenya, 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'.*

Further, the Act empowers the Corporation as follows;

Section (14) *The Corporation shall, subject to this Act, have powers to do all such things and to enter into all such transactions as it considers necessary for or conducive or incidental to, the proper discharge of the functions described in section 3(2) of this Act, including, without prejudice to the generality of the foregoing, power –*

- a) *To make loans of money in accordance with Part III of this Act and accept repayments thereof;*
- b) *with the concurrence of, and subject to such limitations as may be imposed by, the Treasury, to borrow money or obtain credit either in Kenya or abroad;*
- c) *to furnish managerial, technical and administrative advice, or to assist in obtaining such advice, for agricultural industries;*
- d) *after consultation with the Treasury, to invest money which is not for the time being needed for discharging the functions of the Corporation in investments for the time being authorized by law for the investment of trust moneys, or to place any such money on deposit at interest with any public body;*

- e) *to create, make, draw, accept, endorse, execute, issue, discount, buy, sell, negotiate and deal in bills, notes, warrants, coupons, stock, debentures and other negotiable or transferable instruments;*
- f) *subject to this Act, to mortgage the property of the Corporation to secure the repayment of money borrowed by the Corporation.*

2.2 Vision Statement

To be the Leading Agricultural Development Financier in Kenya.

2.3 Mission Statement

To drive sustainable Agri-food systems through participative and collaborative financial and non-financial interventions, innovations, technology and products.

2.4 Strategic Goals

- i) Drive sustainable Agri-food systems
- ii) Enhance access to agricultural credit
- iii) Expand funding base
- iv) Enhance operational efficiency
- v) Strengthen institutional capacity
- vi) Mitigation and adaptation to climate change
- vii) Align the institutional governance framework with the existing legal, policy & governance framework.

2.5 Core Values

The Corporation will be guided and committed by the following values to fulfil its mandate, pursue the Vision and accomplish its Mission.

- i) **Customer Focus** - prioritizing customers, and to serve them effectively and efficiently to build strong relationships based on trust and mutual benefit.
- ii) **Integrity** - adhering to high moral principles and professional standards.

iii) Professionalism - excellence, ethical conduct, respectful interactions and continuous improvement in serving the agricultural sector.

iv) Innovation - driving positive change within the agricultural sector through creative solutions that benefit farmers and promote sustainable development.

v) Teamwork and partnerships - teamwork within the organization and partnering with other stakeholders in the execution of our mandate.

vi) Social responsibility - promoting sustainable agricultural practices, engaging in community development initiative and participating in environmental conservation efforts.

2.6 The Quality Policy Statement

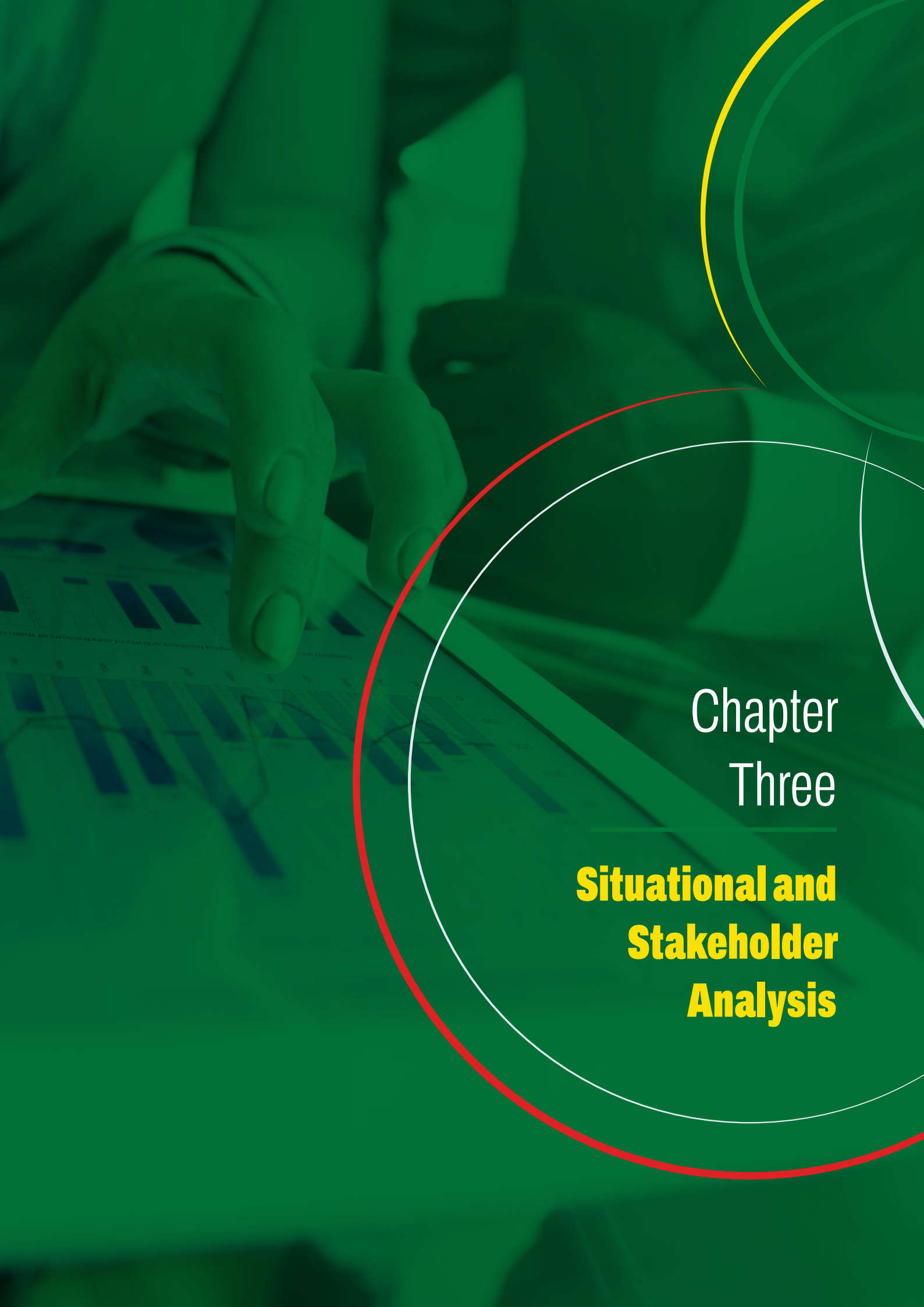
Agricultural Finance Corporation (AFC) is a Development Finance Institution (DFI) mandated to provide credit for the sole purpose of developing agriculture and agricultural industries by making loans and providing technical advice to entities and persons engaging in Agriculture. The Board of Directors, 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 diverse 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.

The Corporation 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**

Chapter Three: Situational and Stakeholder Analysis

This Chapter presents and provides the situation analysis focusing on the external and internal environment within which AFC operates through SWOT PESTEL analysis. It 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, the Corporation 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 in.

3.1.1 External Environment

A comprehensive analysis was undertaken to appreciate the implications of developments in the external environment as discussed below.

3.1.1.1 Macro Environment

The Political, Economic, Social, Technological, Environmental and Legal (PESTEL) factors were analyzed as below.

i. Political Environment

The political environment influences how and to what extent the Government intervenes in institutions' operating systems and policies. National policies and strategies influence the allocation 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, Fourth Medium Term Plan (MTP 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, 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 stability/instability and is characterized by slow growth during election periods. The level of political stability, therefore, directly affects the level of business growth of the Corporation.

ii. Economic Environment

Various economic factors relevant to agricultural sector significantly influence the operations of AFC which include;

- **The Global Economic Ecosystem.** The external shocks of arising inflation and interest rates, post 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 thus causing strain in business operations of the Corporation.
- **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 foreign 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, the Corporation envisages increase in credit uptake that boosts food security in the Country, increased customer outreach and business growth.
- **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 interactions within the society and communities concerning their values, norms and customs. Socio-cultural factors affecting the Corporations service delivery include;

- **Population growth 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[1], and demand for food is projected to double by 2030, with 20 per cent 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), (acknowledge source) which is expected to widen the gap further in 2050 to about 5 MT[2]. This provides an opportunity for AFC to collaborate with relevant agencies to finance food production.
- **Stakeholders Perception.** Stakeholders' perception of the Corporation'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. Stakeholders perception has significant impact on the Corporation's success and sustainability. The Corporation will manage and respond

to Stakeholders perceptions to enhance reputation, build stronger relationships and achieve its strategic goals.

- **Financial and Business Literacy.** Lack of financial literacy and business management skills contributes to low uptake of credit, low repayment and loan defaults. This, therefore, will require AFC to develop packages that combine both credit and financial literacy delivery for its clients. Additionally, the Corporation will focus on building the staff capacity to be able to impact 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 channels. Digital platforms characterize delivery and recovery channels. The Corporation will continue adopting modern technologies and systems to effectively and efficiently deliver its mandate. Further, the Corporation will finance enterprises for adoption of 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. The Corporation will adhere to the Environmental Management and Coordination Act (EMCA) of 1999 (Revised 2012) to ensure all operations safeguards a healthy environment for all Kenyans.

vi. Legal Factors.

The Constitution of Kenya 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. The Corporation operates under the AFC Act Cap 323 with various national Acts of Parliaments, regulations, regional and international laws directly impacting on its operations.

3.1.1.2 Micro- Environment

The micro-environment of the Corporation includes specific internal and external factors that directly influence operations, performance and decision making processes. The key variables include; customers, suppliers, competitors, employees, shareholders, regulatory environment, public perception, partnerships and organizational culture and values.

Table 1: Micro environment analysis

Variable	Description
Customers	Farmers and agricultural enterprises are the primary clients of the Corporation whose financial needs, creditworthiness, and investment decisions significantly impact on the institution's operations. The Corporation has developed a risk framework to assess risks associated with lending to different value chain actors and the mitigation measures.
Government and Regulatory Bodies	The Ministry of Agriculture and Livestock development, The National Treasury and Economic Planning and other Government agencies play a crucial role in shaping the Corporation's operations through policies, regulations, and funding.
Financial Institutions	AFC collaborates with and seeks to compliment other financial institutions, including commercial banks, Saccos, co-operative societies, and microfinance institutions, to serve agricultural clients. Partnerships and competition in the financial sector influence the Corporation's strategies and services through funding, de-risking facilities and development of competitive products that guarantees growth .
Employees	Qualified staff with relevant skill sets, committed to the Corporation's goals and objectives are invaluable assets to the institution. Continuous capacity building of employees ensures productivity with improved performance and customer satisfaction levels.
Technology Providers	Through various providers of technological solutions, AFC leverages a robust Information and Communications Technology (ICT) infrastructure to deliver financial services. This includes secure and scalable digital banking platforms, advanced data analytics tools, and a reliable network architecture encompassing LAN/WAN connectivity, data centers, and telecommunications systems. To ensure continued efficiency and meet the evolving needs of clients, the Corporation requires the integration of new financing products like warehouse receipt, wholesale financing and digital lending with existing technology stack. This seamless integration will be crucial for providing modern and efficient financial services.
Society	The Corporation is well positioned in areas where agriculture is the core business and this impacts its good reputation, social responsibility initiatives, and community engagement efforts.
Media and Public Perception	Media coverage and public perception can impact the Corporation's reputation and brand image. Therefore, management of brand image is critical in ensuring stability of business.

3.1.1.3 Industry Environment

AFC operates in the financial services industry focusing on provision of agricultural credit. Other actors in this industry include commercial banks, deposit takers Saccos, cooperative societies, MFIs and FinTechs Commodities Fund among other players.

In analyzing the Corporation's industry environment, the Porter's Five Forces model, Strategic group and competitive analyses were utilized to examine the dynamics shaping the institution's operations offering valuable insights to navigate the industry effectively. The analysis is provided below:

a. The Porter's Five Forces model

i. Threat of New Entrants

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. AFC has a strong market position, providing specialized services and building long-term relationships with customers.

ii. Bargaining Power of Buyers:

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 which are responsive to customers' needs.

iii. Bargaining Power of Suppliers

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.

iv. Threat of Substitutes

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 the Corporation to maintain its position as a preferred financial partner for agricultural borrowers, offering specialized services and support that substitutes cannot replicate.

v. Competitive Rivalry

The competitive rivalry within the agricultural finance industry in Kenya is moderate, with a few well-established players like Oikocredit, Incofin, IMFact fund, 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.

The competition analysis for AFC was based on market focus, geographical presence, client base, products and services and impact as described in the table below:

Table 2: Competition Analysis for AFC

	Institutions	AFC
Market Focus	<p>Oikocredit: An international impact investor and cooperative that provides financing to organizations across various sectors, including agriculture, in developing countries.</p> <p>Incofin: A global impact investment company that specializes in agricultural finance and supports financial institutions catering to rural and agricultural clients.</p> <p>IMFact Fund: 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>MESPT (Micro Enterprises Support Programme Trust): Focused on providing support to micro-enterprises and small businesses, including those in the agricultural sector.</p> <p>KDC (Kenya Development Corporation): A State Corporation that provides financial support to various sectors, including agriculture, for development initiatives.</p> <p>KIE (Kenya Industrial Estates): Focuses on promoting industrialization and entrepreneurship, which may include support for agribusinesses.</p> <p>Commodities Fund: May play a role in stabilizing commodity prices and supporting various players in the agricultural supply chain.</p> <p>Women Enterprise Fund: Supports women-owned and women-led enterprises across different sectors, including agriculture.</p> <p>Hustler Fund: While the specific focus is not provided, it may support various economic activities, including agriculture, as part of its broader objectives.</p>	<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.</p>
Geographic Presence	<p>Oikocredit: Operates globally and has investments in various countries, including those in Africa.</p> <p>Incofin: Has a global presence, with investments in multiple countries across Asia, Latin America, and Africa.</p> <p>IMFact Fund: May have a more diversified geographic presence depending on its investment portfolio.</p> <p>MESPT: Focuses on micro-enterprises across Kenya. KDC: Operates within Kenya.</p> <p>KIE: Operates within Kenya.</p> <p>Commodities Fund: Operates within Kenya.</p> <p>Women Enterprise Fund: Operates within Kenya.</p> <p>Hustler Fund: Operates within Kenya.</p>	<p>AFC primarily operates within Kenya, aligning its services with the local agricultural market's unique needs and challenges.</p>

	Institutions	AFC
Client Base	<p>Oikocredit: Invests in a variety of sectors, including agriculture, and targets organizations that promote social impact.</p> <p>Incofin: Focuses on agricultural finance and works with financial institutions that cater to rural and agricultural clients.</p> <p>IMFact Fund: Supports SMEs, including those in the agricultural sector, with access to finance.</p> <p>MESPT: Targets micro-enterprises and small businesses across various sectors, including agriculture.</p> <p>KDC: May provide support to development projects across different sectors, including agriculture.</p> <p>KIE: Focuses on promoting industrialization and entrepreneurship, potentially supporting agribusinesses.</p> <p>Commodities Fund: May support various players in the agricultural supply chain, including farmers and traders.</p> <p>Women Enterprise Fund: Supports women-owned and women-led enterprises across sectors, including agriculture. Hustler Fund: 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>
Financial Products and Services	<p>Oikocredit: Provides financing to various sectors, including agriculture, through loans and equity investments.</p> <p>Incofin: Specializes in agricultural finance and supports microfinance institutions and banks serving rural and agricultural markets.</p> <p>IMFact Fund: Supports SMEs with access to finance, potentially including agribusinesses.</p> <p>MESPT: Provides financial services and non-financial support to micro-enterprises, which may include credit.</p> <p>KDC: Offers financial support for development initiatives, potentially including agricultural projects.</p> <p>KIE: Focuses on promoting entrepreneurship and industrialization, including financing agribusinesses.</p> <p>Commodities Fund: May provide financial and market support to various players in the agricultural supply chain.</p> <p>Women Enterprise Fund: Offers financial and non-financial support to women-owned enterprises across sectors.</p> <p>Hustler Fund: Financial support to all citizens</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>

	Institutions	AFC
Impact Focus	<p>Oikocredit: Emphasizes social impact through investments in various sectors including agriculture</p> <p>Incofin: Committed to sustainable agriculture and financial inclusion in emerging markets</p> <p>IMFact Fund: Promotes SME development, potentially benefiting agricultural SMEs.</p> <p>MESPT: Supports the growth of micro-enterprises and small businesses, including those in agriculture.</p> <p>KDC: Aims to promote sustainable development in various sectors, which may include agriculture.</p> <p>KIE: Promotes entrepreneurship and industrialization, potentially benefiting agribusinesses.</p> <p>Commodities Fund: May contribute to price stability and support various actors in the agricultural value chain.</p> <p>Women Enterprise Fund: Focuses on empowering women entrepreneurs across sectors.</p> <p>Hustler Fund: Financial inclusion across the country.</p>	<p>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.</p>

3.1.1.4 Market Analysis

i. Composition of Customers

The Corporation's customers comprise mainly; farmers, co-operative societies, incorporated group representatives, County Governments, associations, private companies, public bodies, and other persons engaging in agriculture or agricultural industries.

ii. Customer Location

The Corporation serves diverse agricultural value chain actors spread across the country through the branch network complemented by digital channel

iii. Customer Preferences

Through periodic customer satisfaction surveys and customer feedback, the Corporation determine its customer needs and preferences. Additionally, through field engagement during shows, field days and market campaigns more information on customers and areas of improvements are identified.

iv. Market Segmentation

In a bid to enhance access to credit to all actors in the agricultural value chains, the Corporation targets diverse segments of the agricultural

sector. These segments include; direct and indirect (through wholesale lending to Saccos and MFIs) customers, gender and age groups, Small-scale and large scale customers and Small and Medium Enterprises.

v. Unserved Segments

In the course of the provision of products and services, there are segments that are unserved due to various factors. Some of the unserved segments include religious based groups, potential customers in locations lacking AFC presence such as Northern Kenya Counties. The Corporation will endeavor to reach these unserved segments through initiatives such as innovative lending models such as agency model, digital lending and products that meet unique customer needs.

3.1.2 Summary of Opportunities and Threats

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

Table 3: Summary of Opportunities and Threats

Environmental factor	Opportunities	Threats
Political	<ul style="list-style-type: none"> • Favorable Government policies can create an environment conducive to investment and economic growth. A stable political climate reduces uncertainty for investors and financial institutions, potentially leading to increased investments. • AFCs strategic goals aligns with the Government agenda, positioning the Corporation to deliver the priorities on agriculture food and nutritional security. • Opportunity to tap into the Credit Guarantee Scheme and support farmers venturing into agricultural projects considered risky. • Leveraging Government agents by 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. 	<ul style="list-style-type: none"> • Social unrest, conflicts, and political instability during election cycles disrupts agricultural activities, hamper loan repayments, and undermine the operating environment for the Corporation. • Political patronage-Non performing loans to PEPs.
Economic	<ul style="list-style-type: none"> • Favorable cost of debt from the Government to the Corporation, enhancing competitiveness of its rates. • Pipeline sources of credit/ financial resources (e.g., Mechanization, Enable Youth Fund, SAFER, RK- FINFA). These programs can provide much-needed capital for individuals and businesses that might not qualify for traditional loans from AFC. This can be especially helpful for new businesses, startups, or those in underserved communities. • The collaboration with GIZ in the Green Financing Project involving utilization of waste from agricultural production facilities to create sustainable agricultural funding while positively impacting the environment. 	<ul style="list-style-type: none"> • Over-reliance on Government funds (exchequer) limits the Corporation's ability to execute its mandate and lending flexibility, while unpredictable budgets and political shifts create funding instability. Additionally, easy access to Government loans can also discourage responsible borrowing and private investment, hindering market development. • High competition from traditional banks (larger farms), FinTechs startups (smaller farms, data-driven approach), microfinance institutions (smallholder farmers), and even non-traditional lenders. Who are highly adaptive and does not rely on Government funds. • Economic fluctuations and uncertainties can impact the agricultural sector and affect loan repayments and overall financial health.

Environmental factor	Opportunities	Threats
	<p>This project creates a mutually beneficial scenario for farmers and the environment by combining sustainable agricultural funding with environmental benefits.</p> <ul style="list-style-type: none"> • Research and Development: Strengthening R&D partnerships with key institutions in agriculture presents a wealth of opportunities that can benefit all stakeholders involved. 	
<p>Technological</p>	<ul style="list-style-type: none"> • Infrastructure and ICT investments can be enhanced to unlock further efficiencies. • Technology-Driven Models: Revamping proposed models to be technology-driven aligns with the digital economy focus and can enhance operational efficiency, customer experience and outreach 	<ul style="list-style-type: none"> • Cyberattacks: These include hacking, malware, phishing, and ransomware attacks. Cybercriminals target financial institutions to steal sensitive information, such as customer data, login credentials, and financial records. • Data breaches: Breaches can occur due to vulnerabilities in systems or human error, leading to unauthorized access to sensitive information. This can result in financial loss, reputational damage, and regulatory penalties. • Insider threats: Employees or contractors with access to sensitive systems and information may misuse their privileges intentionally or unintentionally, leading to data breaches or other security incidents. • Third-party risks: The Corporation often rely on third-party vendors for various services, such as cloud hosting, software development, and payment processing. However, these third parties may introduce security vulnerabilities that can be exploited by attackers. • Mobile banking risks: With the increasing popularity of mobile banking apps, there's a corresponding increase in mobile-related threats, such as malware targeting mobile devices, fake banking apps, and SIM swapping attacks. • Regulatory compliance challenges: The Corporation must comply with various regulations related to data protection, cybersecurity, and customer privacy. Failure to meet these requirements can result in regulatory sanctions and legal consequences. • Operational disruptions: Technological failures, such as system outages, network failures, or hardware malfunctions, can disrupt financial operations, leading to financial losses and reputational damage.

Environmental factor	Opportunities	Threats
Legal	By operating under the AFC Act and adhering to various National Acts of Parliaments, regulations, and regional and international laws/regulations, 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.	<ul style="list-style-type: none"> AFC is exposed to frequent court injunctions and lengthy court processes which have a negative impact in loan collections hence increasing non-performing loans. The lengthy legal process of repealing/ amending the AFC Act Cap 323 has a negative impact on the Corporation's business operations.
Ecological	<ul style="list-style-type: none"> 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. This can be achieved 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. 	<ul style="list-style-type: none"> Climatic change, 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 immensely from its Government ownership status which facilitates support and influence in the business environment. The Corporation's adherence to international standards such as ISO certification and AADFI rating 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, hence requires review to enable the Corporation enhance the mandate to operate effectively in the current business environment.

With the development of a new strategic plan to guide operations for 2023 to 2027, the Corporation will relook at its design and ensure future fitness of structures and work flows for effective operationalization of its strategy.

The Corporation commenced the process of reviewing the organizational structure to ensure efficiency and effectiveness. This process will 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

An analysis the Corporation's Internal Business processes; revealed the following key strengths were identified:

- i. A well-established and wide branch network across the country that consists of forty-seven (47) branches country-wide allowing for a wide outreach.
- ii. Good human resource practices that result in high staff retention rate. This alleviates the cost on staff turnover.
- iii. The Corporation boasts of innovative business models such as anchor clients and wholesale lending models and retail lending that are proved to have low lending risks.
- iv. The Corporation has an established robust risk management framework used to assess and manage all business risks in projects and operations.

The identified weaknesses in relation to the Corporation's internal business processes include;

- i. Limited revenue streams and high operating costs leading to low bottom lines.
- ii. Lengthy turnaround time on loan processing as a result of reliance on revolved funds.
- iii. Limited brand visibility – the Corporation's low brand visibility hinders client outreach to the intended beneficiaries and limits the opportunities for partnerships and collaborations.
- iv. Legacy non-performing loans affecting the quality of the loan book.

3.1.3.3 Resources and Capabilities

The following are the strengths in the Corporation's resources and capabilities that were identified;

- i. **Qualified Staff:** The Corporation boasts of a workforce comprised of qualified staff with a high level of expertise and experience in agricultural projects financing. This contributes to the organization's ability to make informed decisions and offer specialized services.
- ii. **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.
- iii. **ICT Infrastructure:** AFC has a robust infrastructure, enabling it to provide efficient services to its customers. This infrastructure supports the organization's operational effectiveness. The Corporation 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 Financial Management System(FMS) and Per Pay (Human Resources Management system).

The Corporation faces the following weaknesses in terms of resources and capabilities in the course of operations;

- i. Liquidity constraint's due to limited funding sources
- ii. Lengthy turnaround times in loan processing
- iii. Misaligned organization structure that is bottom heavy
- iv. High non-performing loans as a result of legacy loans
- v. Resistance to change and unwillingness to embrace shifts in business operations
- vi. Underutilized performance management tools.



3.1.4 Summary of Strengths and Weaknesses

Table 4: Summary of Strengths and Weaknesses

FACTOR	STRENGTH	WEAKNESS
Governance and administrative structures	<ul style="list-style-type: none"> Government ownership and relationship places the Corporation in a strategic position of discharging Government priorities that align to the Corporation mandate and the Corporation could leverage in this for funding. Compliance with internationally accredited bodies (ISO, AADFI), by obtaining certification, provides assurance to partners and stakeholders that AFC business is run as per international standards. Alignment with Government's priorities creates opportunities to acquire support and funding from Governmental Strong Partnerships with various key stakeholders, is an opportunity for resourcing and wider market reach. 	<ul style="list-style-type: none"> AFC Act is yet to undergo any review since its enactment to align it with the current changes in other related laws. A crowded organizational structure with a wide span of control that hinder effectiveness in operational management
Internal business processes	<ul style="list-style-type: none"> Well established and wide branch network across the country allowing wide reach. High staff retention rate / low cost on staff turnover. Innovative business models with low lending risks. E.g. Wholesale lending models. Robust risk management framework for identification, assessment and management of business operational risks. 	<ul style="list-style-type: none"> High operating costs and limited revenue growth as a result of Interest rate cap at 10%. Limited AFC brand visibility that hinders client outreach to the intended beneficiaries and limits the opportunities for partnerships and collaborations.
Resources and capabilities	<ul style="list-style-type: none"> Qualified staff with a high level of expertise. The Corporation possesses staff with an appropriate educational background. Competitive interest rates compared to the market. The Corporation has lower interest rates and is therefore attractive to customers in the agricultural sector. Elaborate infrastructure. The Corporation has established infrastructure and therefore efficient services to customers 	<ul style="list-style-type: none"> Dependency on Government funding leads to low liquidity due to budget constraints as a result of competing funding priorities Resistance to change by members of staff resulting to unwillingness to embrace shifts and changes in business operations Lack of elaborate succession planning framework A bottom heavy organization structure contributing to high staff costs Underutilized performance management tools.

3.1.5 Analysis of Past Performance

The Corporation's Strategic Plan for 2018-2022 focused on five main objectives namely: enhancing Government collaboration to support the Big Four Agenda and minimize waste, driving financial inclusion in the agriculture sector,

developing a wholesale lending model to de-risk private sector agriculture financing, diversifying funding sources for organizational sustainability, and optimizing the business model to enhance operational efficiencies and achieve cost savings. The key achievements, challenges and lessons learnt are highlighted overleaf:

3.1.5.1 Key Achievements

During the last strategic plan period, the overall performance of Corporation was 62.50%.

The Corporations performances as at December 2022 was as presented below:

No.	Strategic Objective	Strategic Objective Score	Corporate Score
1	Collaboration with the Government to support the Big Four Agenda and reduce waste	75%	62.5%
2	Financial inclusion efforts in the agriculture sector	62.5%	
3	Development of a wholesale lending model to de-risk private sector agriculture financing	64%	
4	diversify funding sources for organizational sustainability	44%	
5	Enhancement of operational efficiency	60%	

3.1.5.2 Challenges

AFC encountered numerous challenges during the implementation of the preceding strategic plan. The greatest challenge was inadequate funding which significantly hindered the lending activities and other activities that required resources for implementation. Moreover, delays in the legislative process, particularly in amending the Corporation's act, posed obstacles to certain activities such as offering reinsurance products and changing borrowing restrictions. The absence of a national policy assigning the Corporation enhanced mandates further complicated implementation. Dependency on scattered subsidy programs across different Government agencies for targeted products like input subsidy financing added to the challenge. Additionally, the lack of working agreements between AFC and other public entities affected commitment to key initiatives and hindered information sharing. Multi-layered approval processes within the Public Investment Management framework also created hurdles, alongside inadequate human resource capacity due to financial constraints and hiring freezes in the public sector. Furthermore, disruptions caused by the Covid-19 pandemic impacted

working modalities and the implementation of targeted initiatives, posing additional challenges.

3.1.5.3 Lessons Learnt

Reflecting on the successes and challenges, AFC has garnered valuable lessons for the future. Advocacy for streamlined legislative processes and securing adequate funding are crucial for smooth implementation. Developing a comprehensive national policy framework can provide clarity and guidance for the Corporation's mandate and operations. Strengthening collaboration with other public entities and leveraging technology for efficient information sharing are essential for effective implementation.

Moreover, targeted training and recruitment efforts are necessary to address human capital adequacy gap. In addition, integrating resilience-building measures into future plans is crucial to navigate unforeseen challenges such as the Covid-19 pandemic. Lastly formulating risk mitigation measures to secure the loan book and development of products which are responsive to the customers' preferences will be a focal point.

3.2 Stakeholder Analysis

The Strategic Plan recognizes the role of the Corporations' stakeholders and their varied expectations. A stakeholders mapping was undertaken as analyzed below:

Table 5: Stakeholder Analysis

NO	STAKEHOLDER	ROLE	STAKEHOLDER EXPECTATION	AFC EXPECTATION
1	Board of Directors	<ul style="list-style-type: none"> Oversight and policy direction 	<ul style="list-style-type: none"> Policy and decisions implementation and reporting 	<ul style="list-style-type: none"> Vision bearers Lobbying for government and partners support Approvals of management business, financials, administrative recommendations Brand ambassadors
2	Employees	<ul style="list-style-type: none"> Responsible for the day-to-day operations in the Corporation. Ensure efficient service delivery to customers and other stakeholders 	<ul style="list-style-type: none"> Conducive work environment Commensurate remuneration Institutional Stability Capacity Building 	<ul style="list-style-type: none"> Optimal productivity Commitment to results based performance Institutional loyalty Enhanced efficiency and timely service delivery
3	Customers	<ul style="list-style-type: none"> Patronize AFC loans products. Implementing projects financed Timely servicing of loan facilities 	<ul style="list-style-type: none"> Efficient service delivery Variety of products responsive to their expectation Consideration of other forms of collateral 	<ul style="list-style-type: none"> Prompt loan repayment Customer loyalty Implementing projects financed Increased outreach
4	The National Treasury Economic and Planning	<ul style="list-style-type: none"> Providing fiscal policy direction. Regulatory oversight Budgetary Allocation support 	<ul style="list-style-type: none"> Support of implementation of Kenya Vision 2030, MTP IV, and the BETA Agenda Timely progress reports on project implementation Attainment of agreed performance targets Loan repayment to the exchequer Accountability of loans & grants from the Government 	<ul style="list-style-type: none"> Support for AFC programs and projects. Timely feedback on the reports Continued support on financial and non-financial resources Total Support of AFC programs Consideration for more grants

NO	STAKEHOLDER	ROLE	STAKEHOLDER EXPECTATION	AFC EXPECTATION
4	Ministry of Agriculture and Livestock Development	<ul style="list-style-type: none"> • Providing policy direction. • Guarantees to enhance the AFC's capacity to fulfil its mandate. • Budgetary support. 	<ul style="list-style-type: none"> • Support implementation of Kenya Vision 2030, MTP IV, and the BETA Agenda for the agriculture Sector. 	<ul style="list-style-type: none"> • Support for AFC programs and projects.
			<ul style="list-style-type: none"> • Timely progress reports on project implementation 	<ul style="list-style-type: none"> • Timely feedback on the reports
			<ul style="list-style-type: none"> • Attainment of agreed performance targets 	<ul style="list-style-type: none"> • Continued support on financial and non-financial resources
			<ul style="list-style-type: none"> • Accountability of Loans & grants from the Government 	<ul style="list-style-type: none"> • Consideration for more grants
5	Development partners	<ul style="list-style-type: none"> • Support agricultural financing initiatives • Provide technical assistance • Provide funding • Support capacity-building programs to strengthen AFC's operations • Promote sustainable agriculture practices. 	<ul style="list-style-type: none"> • Timely submission of progress and performance reports 	<ul style="list-style-type: none"> • Timely consideration of funding proposals
			<ul style="list-style-type: none"> • Responsive and accountable fund utilization 	<ul style="list-style-type: none"> • Continued support in our programs.
6	Suppliers and creditors	<ul style="list-style-type: none"> • Provide goods and services as required 	<ul style="list-style-type: none"> • Transparency & Fairness in the procurement process 	Participation and feedback
			<ul style="list-style-type: none"> • Ensure timely conclusion of procurement processes 	<ul style="list-style-type: none"> • Meeting delivery deadlines
			<ul style="list-style-type: none"> • Timely settlement of invoices 	<ul style="list-style-type: none"> • Timely supply of quality goods and services
			<ul style="list-style-type: none"> • Foster collaborative and successful partnership 	<ul style="list-style-type: none"> • Innovation and new technologies

NO	STAKEHOLDER	ROLE	STAKEHOLDER EXPECTATION	AFC EXPECTATION
7	Tenants	<ul style="list-style-type: none"> Honoring the tenancy agreements 	<ul style="list-style-type: none"> Regular building maintenance Adequate security Timely execution of tenancy agreements Clean environment Prompt resolution of complaints/issues 	<ul style="list-style-type: none"> Timely rental obligation remittances Compliance to the tenancy agreements Timely communication of issues for resolution
8	Media	<ul style="list-style-type: none"> Disseminate information about AFC 	<ul style="list-style-type: none"> Provision of timely and accurate information on issues/ queries raised 	<ul style="list-style-type: none"> Provide accurate and timely information about AFC
9	General public	<ul style="list-style-type: none"> To support AFCs mandate 	<ul style="list-style-type: none"> Professionalism and ethical conduct 	<ul style="list-style-type: none"> Active participation in Corporate Social Responsibility (CSR) programs
			<ul style="list-style-type: none"> Creation of Employment 	<ul style="list-style-type: none"> Enhance food security



A hand holding a chess piece, with a green overlay and decorative circles. The background is a close-up of a hand holding a chess piece, with a green overlay. There are several decorative circles in yellow, red, and white. The text is positioned on the right side of the image.

Chapter Four

Strategic Issues, Goals and Key Result Areas

Chapter Four: Strategic Issues, Goals and Key Result Areas

This chapter focuses on the strategic issues that the Corporation has identified for the strategic plan period. These issues are fundamental challenges that affect the operational efficiency and effectiveness of the Corporation in delivery of the mission and vision. The underlying issues are derived from situational and stakeholders' analysis.

4.1 Strategic Issues

Based on the SWOT analysis in the preceding chapter, the Corporation identified the following seven (7) strategic issues as key focus areas in the plan period.

i) Unsustainable Agri-food systems

Driving sustainable Agri-food systems involves financing environmentally sustainable practices and innovative agricultural technologies to support AFC clients in enhancing resilience and productivity in the agriculture sector, as well as improving infrastructure and market access, thereby positioning agriculture as a central pillar of economic growth and sustainability.

ii) Limited access to Agricultural credit

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 agricultural 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 Fin-access Survey 2021, individuals engaged in agricultural related activities and dependent more on informal channels to access financial services and products. This is a key focus area in the Government agenda, considering on of the key pillars in the BETA manifesto is Agriculture. 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.

iii) Limited funding sources

The annual demand for loans from the Corporation is estimated at shillings fifteen billion (KES.15 Billion). However, currently the Corporation revolves an average of KES. 4 Billion annually representing 27% of demand. Considering the competing Government funding priorities, the Corporation periodically receives budgetary allocations that are insufficient to meet the funding gap in the agricultural sector. This limits the Corporation's ability to grow the loan book sustainably.

iv) Sub-optimal operational efficiency

The Corporation's current level of operations is sub-optimal and not sustainable. To optimize operations, AFC must therefore strengthen internal capabilities and enhance operational efficiency.

The segments to be focused on include: market dynamics, customers, products development, product delivery channels. Likewise, business processes re-engineering, investment in robust Enterprise Resource Planning(ERP) Management Information Systems, automation of key processes, improvement in loan recoveries mechanisms, and addressing cost efficiency.

v) Organizational Capabilities

To effectively implement the envisioned transformation, the Corporation must address the human Capital capacity gaps and brand repositioning. The envisioned business model warrants additional capabilities that are not currently present in the Corporation. Effective positioning and communicating the new brand will be very paramount in the new strategic direction.

vi) Climate Change

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 especially 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 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.

vii) Legal, Policy & Governance Framework

AFC must operate under certain governance and regulatory framework to implement its mandate effectively. In addition, the Corporation must

subscribe to national, regional and international standards requirements to enhance governance, improve 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 have a positive profile in the market.

4.2 Strategic Goals

Arising from the strategic issues, the following strategic goals were formulated for the plan period.

- i. Drive Sustainable Agri-food systems
- ii. Enhance access to Agricultural credit
- iii. Diversified funding sources
- iv. Enhance operational efficiency
- v. Strengthen organization Capabilities and enhance Brand
- vi. Mitigation and adaptation to climate change
- vii. Align with the existing Legal, Policy & Governance Framework.

4.3 Key Result Areas

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

Table 6: Strategic Issues, Goals and KRAs

	Strategic Issue	Goal	KRAs
1	Unsustainable Agri-food systems	Drive Sustainable Agri-food systems	KRA 1: Finance priority Agri-food value chains
2	Limited access to Agricultural credit	Enhance access to Agricultural credit	KRA 2: Access to agricultural credit
3	Limited funding sources	Diversified funding sources	KRA 3. Resource Mobilization
4	Sub optimal operational efficiency	Enhance operational efficiency	KRA 4: Business Operational Efficiency
5	Organizational Capabilities and Brand	Strengthen organizational capabilities and enhance Brand	KRA 5: Development of human capital
			KRA 6 :Corporate brand and image
6	Climate Change	Mitigation and adaptation to climate change	KRA 7: Mitigation and adaptation to climate smart technologies
7	Legal, Policy & Governance Framework	Align the institutional Governance Framework with the existing legal, policy & Governance Framework.	KRA 8: Legal, Policy & Governance Framework



Chapter
Five

**Strategic Objectives
and Strategies**

Chapter Five: Strategic Objectives and Strategies

This chapter presents the strategic issues that the Corporation 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

- i. Optimize financing of Agri-food value chains
- ii. Drive financial inclusion and access in agricultural sector
- iii. Diversify funding sources and enhance resource utilization for sustainability and increased impact
- iv. Re-engineer the business model for efficiency and sustainable service delivery.
- v. To ensure a high-performing and engaged workforce.
- vi. Enhance the Corporate Brand and Brand values
- vii. Catalyze funding for climate change, resilience, mitigation and adaptation financing in the Agri-sector.
- viii. Enhance governance & management framework.

Table 7: Outcomes Annual Projections

Strategic Objective	Outcome	Outcome Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
KRA 1: Finance priority Agri-food value chains							
Strategic Objective Optimize financing of Agri-food value chains	Increased financing in priority value chains (Wheat, Dairy, Rice, Maize & beef)	Amount (KES. Millions) in the value chains	2,500	4,998	3,808	4,108	4,138
KRA 2: Access to agricultural Credit							
Strategic Objective Drive financial inclusion and access in agriculture sector	Increased Access to Agricultural Finance	Number of individuals accessing agricultural finance	248,681	314,314	380,278	445,213	514,267
KRA 3: Resource Mobilization							
Strategic Objective Diversify funding sources and enhance resource utilization for sustainability and increased impact	Increased resource base and better utilization	Amount (KES. Millions)	7,093	10,411	8,926	9,810	10,287

Strategic Objective	Outcome	Outcome Indicator	Year 1	Year 2	Year 3	Year 4	Year 5
KRA 4: Business Operational Efficiency							
Strategic Objective Re-engineer the business model for efficiency and sustainable service delivery	Optimized Operational Efficiency Ratio	Operating Expenses Ratio	65%	62%	58%	55%	50%
KRA 5: Development of Human Capital							
Strategic Objective To ensure a high-performing and engaged workforce	Increased staff productivity	Corporate Productivity Index	-	3.0	3.5	4.0	4.5
KRA 6: Corporate brand and image							
Strategic Objective Enhance the Corporate Brand and Brand values	Increased Brand Perception	Brand Perception Index	60%	-	80%	-	100%
KRA 7: Mitigation and adaptation to climate smart technologies							
Strategic Objective Catalyze funding for climate change, resilience, mitigation and adaptation financing in the Agri-sector	Increased Financing of Climate smart agriculture	Number of projects financed	640	808	978	1,145	1,322
KRA 8: Legal, Policy & Governance Framework							
Strategic Objective Enhance governance & management framework	Increased Governance rating	Annual AADFI Rating	93%	95%	98%	100%	100%


5.2 Strategic Choices

In order to achieve the strategic objectives identified in table 7 above, the following strategies were formulated:

Table 8: Strategic Objectives and Strategies

KRA	STRATEGIC OBJECTIVES	STRATEGIES
KRA 1: Finance priority agri-food value chains	Optimize financing of Agri-food value chain	Enhance financing of priority Agri-food value chains
		Promote post-harvest management and improved farmers returns through affordable credit
KRA 2: Access to agricultural Credit	Drive financial inclusion & access in agriculture sector	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 account for at least 65% of the loan book and impact at least 30% of marginalized groups
		Enhance access to mechanization through affordable credit
		Establish partnership with public /private entities to jointly finance Government agenda
KRA 3: Resource Mobilization	Diversify funding sources and resource utilization for Corporation's sustainability and enhanced impact	Review lending rate and loan fees to be informed by risk parameters and market indicators.
		Establish alternative revenue generation streams.
		Enhance recovery for legacy and non-performing loans
		Prudent investment of resources to maximize returns
		Strengthening of internal controls for effective utilization of generated resources
		Strengthen institutional capacity on resource mobilization
		Enhance partnership engagement for resource mobilization
		Blended financing to capitalize the Corporation
		Fundraising from the Exchequer and public and private partners.
KRA 4: Business Operational Efficiency	Re-engineer the business for efficiency and sustainable service delivery.	Re-structure/ develop innovative Business Models
		Research driven products innovation
		Reduce cost overheads for increased efficiency
		Enhance risk mitigation and advisory
		Increase automation and digitalization for operational efficiency

KRA	STRATEGIC OBJECTIVES	STRATEGIES
KRA 5: Human Capital Development	To ensure a high-performing and engaged workforce	Continuous human capital capacity building and development
		Entrench productivity and high Performance culture
		Aligning organizational structure to the new business model
		Enhance staff engagement & welfare.
KRA 6: Enhance the Corporate Image	Enhance the Corporate Brand and Brand value	Enhance client Ethos
		Positioning of AFC in the perspective of external stakeholders/partners
		Promote and maintain a positive Corporate brand and image in the eyes of the general public.
KRA 7: Mitigation & adaptation to Climate smart technologies	Catalyze funding for climate change, resilience, mitigation and adaptation financing in the Agri-sector.	Enhanced partnerships for climate adaptation financing
KRA 8: Legal, Policy and Governance Framework.	Enhance governance & management framework	Align AFC Legal and Policy framework to relevant laws.
		Ensure compliance with national policy and legal framework
		Ensure compliance with international best practice



Chapter
Six

**Implementation
and Coordination
Framework**

Chapter Six: Implementation and Coordination Framework

This chapter outlines the implementation plan, co-ordination and risk management frameworks for operationalizing this strategic plan. The implementation plan consists of the action plans annual work plan & budgeting and performance contracting. The co-ordination framework provides the institutional framework to support implementation, staff establishment, skill set and competencies development, Leadership responsible for execution, 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 as per Annex 1.

6.1.1 Action Plan

The internal coordination mechanism will include periodic meetings and reporting systems of various management and administrative levels of the Corporation, including the Board of Directors, Board Committees, senior management and other levels in the organizational structure.

The action plan matrices (Annex 1) provide the operational framework that creates a shared understanding among the implementors to allow for effective execution of the Strategic Plan. The matrix stipulates what will be done, when, how 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

6.1.2 Annual work plan and budget

The annual work plan is derived from the strategic plan implementation matrix. The implementation matrix is a roadmap that translates the high-level goals and puts them into actionable steps. The annual work plan has been developed through the following steps.

- a) Identification of key strategic issue
- b) Breaking down of strategic objectives
- c) Identification of the key result areas
- d) Identification of key activities
- e) Breaking down of the key activities into timeframe and allocate resources
- f) Identification of measurable outcomes

6.1.3 Performance Contracting

Annually, the Board of Directors will sign the annual Corporate Performance Contract (PC) with the relevant Ministry of Agriculture and Livestock Development as required. The annual performance contract will be linked to this strategic plan and cascaded to the Management an all unit heads and their respective staff. All departments, divisions and units will develop their respective annual work plans based on the Strategic Plan Implementation matrix 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. The strategic plan technical team will be responsible for the coordination. 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.
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

AFC is supervised by the Ministry of Agriculture and Livestock Development (MoA&LD), and as a financial institution, works closely with The National Treasury and Economic Planning. The Board of Directors is the apex policy organ of the institution. The Board is comprised of not less than four and not more than six persons appointed by the Cabinet Secretary Ministry of Agriculture and Livestock Development. The Principal Secretaries from the ministries of Agriculture and Livestock Development and The National Treasury are also members of the Board.

The Managing Director is the 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 Departments who are 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].

6.2.2 Staff Establishment, Skills Set and Competence Development

Staffing will be guided by the organogram which is under review. 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.

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.

Quarterly reviews, semi-annual 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.

The current staff arrangement will be maintained and only restructured where it is essential for the achievement of this SP or upon recommendation of the reviewed organizational structure, which shall be reviewed as guided by the Board of Directors and the relevant authorities in Government-mandated to approve such changes.

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. The proper staff establishment will be correctly ascertained in year 2 of the SP execution.

The current staff establishment is presented in Table 9 below.

Table 9: AFC Staff Establishment

S/N	Designation	Approved Establishment (A)	Optimal Staffing Levels (B)	In-post staff (C)	Variance D= (B-C)
1	Managing Director	1	1	1	0
2	Heads of Department	11	11	9	2
3	Regional Managers	6	6	6	0
4	Divisional Heads	19	19	5	14
5	Branch Managers	47	47	47	0
6	Accountants	78	78	55	23
7	Marketing Officers	1	1	2	-1
8	Planning Officers	4	4	5	-1
9	Research & Business Development Officers	5	5	4	1
10	Personal Assistants	1	1	1	0
11	Credit Officers -Operations	68	68	91	-23
12	Credit Officers- Loans Recoveries	9	9	7	2
13	Legal Officers	6	6	10	-4
14	Risk Officers	4	4	2	2
15	Personal Secretaries	11	11	13	-2
16	Clerks	68	68	44	24
17	Human Resource Officers	6	6	7	-1
18	Auditors	7	7	6	1
19	Telephone Operators	3	3	2	1
20	Welfare Officers	1	1	0	1
21	Customer Service	3	3	1	2
22	ICT Officers	10	10	7	3
23	Corporate Communications Officers	2	2	2	0
24	Procurement Officers	3	3	4	-1
25	Customer Care Assistant	52	52	23	29
26	Caretaker/Logistics and Support	54	54	51	3
27	Drivers	78	78	61	17
28	Security Officers	4	4	2	2
		562	562	468	94

In an effort to ensure staff productivity and excellent service delivery to the customers, the Corporation will ensure that capacity building is done to equip staff with the required competencies and skill sets during the strategic plan period. A detailed analysis is provided in Table 10.

Table 10: Skills Set and Competence Development

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
MARKETING OFFICERS	<ul style="list-style-type: none"> (i) Good Communication skills (iii) Analytical skills (iv) Time management skills (v) Organizational skills (vi) Leadership skills (vii) Negotiation skills (viii) Decision making skills (ix) Problem solving skills 	<ul style="list-style-type: none"> (i) Analytical skills (ii) Organizational skills (iii) Leadership skills (iv) Negotiation skills (v) Decision making skills (vi) Problem solving skills 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Sensitization (iv) Mentoring
RESOURCE MOBILIZATION OFFICERS	<ul style="list-style-type: none"> i) Resource Mobilization and Management (i) Team work (ii) Interpersonal skills (iii) Analytical skills (iv) Time management skills (v) Organizational skills (vi) Leadership skills (vii) Negotiation skills (viii) Decision making skills (ix) Problem solving skills 	<ul style="list-style-type: none"> (i) Analytical skills (ii) Time management skills (iii) Organizational skills (iv) Leadership skills (v) Negotiation skills (vi) Decision making skills (vii) Problem solving skills 	<ul style="list-style-type: none"> i) Training ii) Coaching iii) Sensitization iv) Mentoring
ARCHIVES AND DOCUMENTATIONS OFFICERS	<ul style="list-style-type: none"> (i) Film archiving and documentation skills (ii) Good communication (iii) Negotiation skills (iv) Analytical skills (v) Good interpersonal skills (vi) Problem-solving skills 	<ul style="list-style-type: none"> i) Modern archiving skills ii) Electronic Data Management skills iii) Good interpersonal skill iv) Problem-solving skills 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Sensitization (iv) Mentoring
CREDIT OFFICERS	<ul style="list-style-type: none"> i) Financial analysis ii) Credit Management Skills iii) Regulatory and Compliance skills iv) Risk Assessment v) Customer relationship Management vi) Data Analysis vii) Environmental, Social & Sustainability skill viii) Communication Skills ix) Team Collaboration x) Documentation and Reporting xi) Legal and regulatory Compliance xii) Valuation 	<ul style="list-style-type: none"> i) Risk Management Skills ii) Communication Skills iii) Regulatory Awareness iv) Crisis Management Skills v) Valuation Skills 	<ul style="list-style-type: none"> i) Training ii) Coaching iii) Mentorship iv) Workshops v) Peer to peer learning vi) Knowledge sharing management

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
CUSTOMER CARE OFFICERS	<ul style="list-style-type: none"> (i) Communication Skills (ii) Problem-Solving / Conflict Resolution (iii) Resolution (iv) Product Knowledge (v) Adaptability (vi) Multilingual Skills (vii) Technical Proficiency (viii) Cross-Selling (ix) Data Entry and Management (x) Team Collaboration (xi) Customer Feedback Analysis (xii) Regulatory Compliance 	<ul style="list-style-type: none"> (i) Technological Adaptability (ii) Customer Relationship Building (iii) Data Analytics (iv) Conflict Resolution and Complaint Handling (v) Feedback Management 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Mentorship (iv) Workshop (v) Peer to peer learning
RESEARCH OFFICERS	<ul style="list-style-type: none"> (i) Research & data Management (ii) Financial Acumen (iii) Economic Analysis (iv) Agricultural Knowledge (v) Policy Analysis (vi) Communication Skills (vii) Report Writing (viii) Stakeholder Engagement (ix) Environmental and Social Awareness (x) Collaboration (xi) Regulatory Advocacy (xii) Impact Assessment 	<ul style="list-style-type: none"> (i) Data Analysis (ii) Market Research Skills (iii) Policy Analysis (iv) Report Writing Skills (v) Impact Assessment 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Mentorship (iv) Workshop (v) Peer to peer learning
RISK AND COMPLIANCE OFFICERS	<ul style="list-style-type: none"> (i) Analytical skills (ii) Problem solving skills (iii) Risk identification and management skills (iv) Communication and interpersonal skills. (v) Management and leadership skills (vi) Skills in numerical and statistical analysis. (vii) IT skills (viii) Organizing skills. (ix) Report writing skills. 	<ul style="list-style-type: none"> i) Analytical skills ii) Problem solving skills iii) Risk identification and management skills iv) Communication and interpersonal skills. (i) Report writing skills. 	<ul style="list-style-type: none"> (i) Training (ii) On the Job Training (iii) Seminars (iv) Workshops

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
RECORDS MANAGEMENT OFFICERS	<ul style="list-style-type: none"> (i) Communication skills (ii) Time management skills (iii) Data analytical skills (iv) Information management skills. (v) IT skills (vi) Customer Care skills. (vii) Records management skills 	<ul style="list-style-type: none"> (i) Communication skills (ii) Time management skills (iii) Data analytical skills (iv) Technological skills (v) Customer Care skills 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Sensitization (iv) Mentoring (v) Bench Marking on best practices (vi) Peer review
ACCOUNTANTS AND AUDITORS	<ul style="list-style-type: none"> (i) Analytical skills (ii) Communication skills (iii) Report writing skills (iv) Management and leadership skills (v) Audit and accounting skills (vi) Problem solving skills (vii) Computer literacy skill. (viii) Financial management skills 	<ul style="list-style-type: none"> (i) Analytical skills (ii) Communication skills (iii) Report writing skills (iv) People management and leadership skills (v) Auditing techniques (vi) Problem solving skills 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Sensitization (iv) Mentoring (v) Bench Marking on best practices and implementing the findings. (vi) Peer review
LEGAL OFFICERS	<ul style="list-style-type: none"> (i) Analytical skills; (ii) Communication skills; (iii) Strategic and innovative thinking. (iv) Interpersonal skills; (v) Negotiation skills; and (vi) Leadership Skills. (vii) Skills in drafting legal documents. 	<ul style="list-style-type: none"> (i) Analytical skills; (ii) Communication skills; (iii) Strategic and innovative thinking; (iv) Mediation and conciliation skills; (v) Organization skills (vi) Leadership Skills. 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Sensitization (iv) Mentoring (v) Bench Marking on best practices and implementing the findings.
PROCUREMENT OFFICERS	<ul style="list-style-type: none"> (i) Procurement, and Supplier Management (ii) Market Analysis (iii) Negotiation & conflict (iv) Skills (v) Contract Management (vi) Risk Assessment and Management (vii) Regulatory Compliance (viii) Communication & reporting Skills (ix) Project Management (x) Data Analysis 	<ul style="list-style-type: none"> (i) Negotiation Skills (ii) Contract Management (iii) Data Analysis (iv) Technology (v) Proficiency (vi) Communication and Reporting (vii) Project Management (viii) Data Analysis 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Sensitization (iv) Mentoring (v) Bench Marking on best practices and implementing the findings.

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
PLANNING OFFICERS	<ul style="list-style-type: none"> (i) Regulatory Compliance (ii) Data Analysis (iii) Report writing (iv) Project Management (v) Stakeholder management (vi) Financial Modelling (vii) Risk & crisis Management Change Management (viii) Communication Skills (ix) Innovation and (x) Technology Proficiency (xi) Monitoring & Evaluation (xii) Performance management skills 	<ul style="list-style-type: none"> (i) Research skills (ii) Project management skills (iii) Report writing skills (iv) Monitoring and evaluation skills (v) Statistical Analytical skills (vi) Computer/Data/digital literacy (vii) Statistical analysis 	<ul style="list-style-type: none"> i) Training ii) Coaching iii) Mentorship iv) Workshop v) Peer to peer learning vi) Knowledge sharing
RISK AND COMPLIANCE OFFICERS	<ul style="list-style-type: none"> (i) Risk Management Expertise (ii) Sustainability Knowledge (iii) Data Analysis (iv) Regulatory Compliance (v) Environmental and Social Awareness (vi) Financial, Stress Testing and Scenario Analysis (vii) Change Management (viii) Communication and Presentation Skills (ix) Innovation and Technology Adoption (x) Impact Assessment 	<ul style="list-style-type: none"> (i) Advanced Data Analysis Skills (ii) Scenario and Analysis (iii) Regulatory Knowledge and Compliance (iv) Technology Integration (v) Innovation in Risk 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Mentorship (iv) Workshop (v) Peer to peer learning (vi) Knowledge management and sharing
HUMAN RESOURCE MANAGEMENT OFFICERS	<ul style="list-style-type: none"> (i) Change Management (ii) Compliance (iii) Employee Relations (iv) Performance Management (v) Strategic HR Planning (vi) Technology Proficiency (vii) Data Analysis & report writing (viii) Communication & Leadership skills (ix) Training Skills (x) Organizational Development (xi) Labor Market Trends (xii) Legal and Regulatory Knowledge 	<ul style="list-style-type: none"> (i) Change Management (ii) Mediation, counselling and conciliation skills (iii) Conflict and dispute resolution (iv) Technology Adoption (v) Succession Planning (vi) Performance Management 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Mentorship (iv) Workshop (v) Peer to peer learning

CADRE	SKILLS SET	SKILLS GAP	COMPETENCE DEVELOPMENT
INFORMATION COMMUNICATION TECHNOLOGY OFFICERS	<ul style="list-style-type: none"> (i) Technical Proficiency (ii) Cybersecurity (iii) System Administration (iv) Software Development & Network and database Management (v) Database Management (vi) Cloud Computing & Data Management (vii) IT Governance (viii) Disaster Recovery and Business Continuity (ix) Project Management (x) Problem-Solving (xi) Policy and Compliance (xii) Communication Skills (xiii) Innovation and Technology Adoption (xiv) Technical Training (xv) Documentation and Reporting (xvi) Risk Management (xvii) Data Privacy and Protection 	<ul style="list-style-type: none"> (i) Data Governance (ii) Disaster Recovery (iii) Project Management (iv) Problem-Solving and decision making (v) Risk Management (vi) Regulatory Compliance 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Mentorship (iv) Workshop (v) Peer to peer learning (vi) Knowledge management and sharing
CORPORATE COMMUNICATION OFFICERS	<ul style="list-style-type: none"> (i) Communication skills (ii) Analytical skills (iii) Social media management skills (iv) Public relations skills (v) Event management skills (vi) Customer care and management skills (vii) Problem solving skills (viii) Communication crisis Management skills (ix) Strategic thinking skills (x) Time management skills 	<ul style="list-style-type: none"> (i) Report writing and presentation (ii) Analytical skills (iii) Digital integration (iv) Social media management (v) Customer care management (vi) Complaints resolutions (vii) Strategic thinking skills (viii) Time management 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Mentorship (iv) Workshop (v) Peer to peer learning (vi) Knowledge management and sharing
ADMINISTRATION OFFICERS	<ul style="list-style-type: none"> (i) Communication skills (ii) Time management skills (iii) Problem solving skills (iv) Interpersonal skills (v) Negotiation skills (vi) Security management skills (vii) Customer Care and Management skills (viii) Security management skills (ix) Fleet management skills 	<ul style="list-style-type: none"> (i) Project Management (ii) Analytical skills (iii) Problem solving and decision making (iv) Customer care and management skills (v) Fleet and property management skills 	<ul style="list-style-type: none"> (i) Training (ii) Coaching (iii) Mentorship (iv) Workshop (v) Best practices

Staffing will be guided by the organogram which is under review. The current staff arrangement will be maintained and only restructured where it is essential for the achievement of this SP or upon recommendation of the reviewed organizational structure, which shall be done as guided by the Board of Directors and the relevant authorities in Government mandated to approve such changes. 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. 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. The Managing Director will take responsibility for the achievement of the Key Result Areas in this SP. However, a "Champion" for each KRA will be appointed 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. The Management will 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.

Quarterly reviews, semi-annual 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.

a. The Board of Directors

The Board 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 Finance and Resource Mobilization Committee of the Board 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 has appointed 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

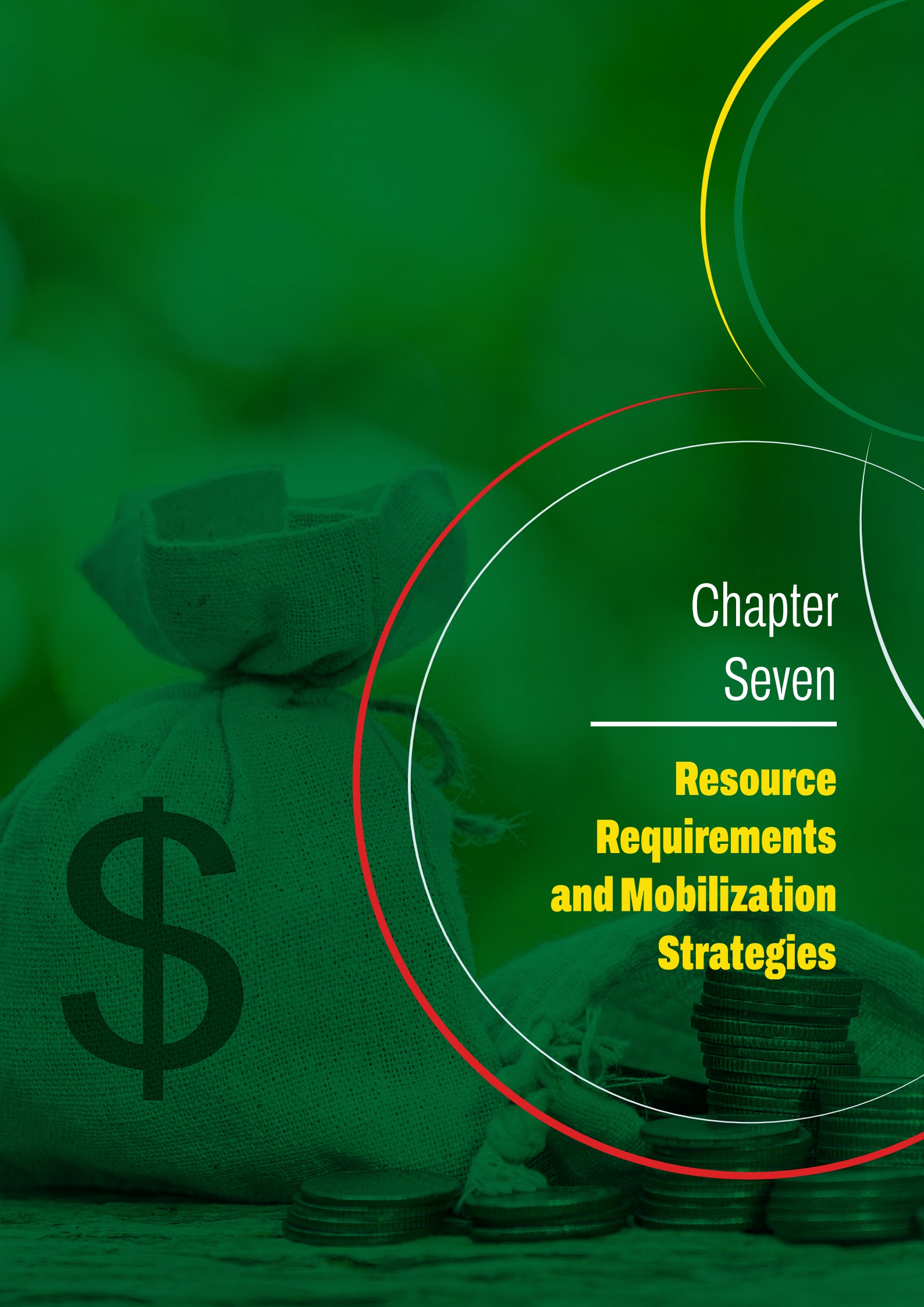
The Corporation has implemented the ISO 9001:2015 Quality Management Systems (QMS) and has achieved the certification requirements. The ISO QMS Standard Operating Procedures are in place for each functional unit. AFC has committed to maintaining the QMS requirements in its operations to uphold its competitiveness in the market. Operational changes will be reflected in the revision of the operating procedures. In addition, internal processes will be aligned with the ICT digitalization plan that will be developed upon execution of this strategic plan. The value chain execution framework has been outlined in the standard operating procedures and quality manual. By adopting this, the Corporation has therefore demonstrated its value chain execution framework.

6.3 Risk Management Framework

The Corporation acknowledges the inherent risks accompanying the implementation of the Strategic Plan 2023-2027, which could impede the realization of the set strategic goals. To address these challenges, AFC is committed to implementing a comprehensive Risk Management Framework. Through diligent identification of potential risks and the development of robust mitigation strategies, AFC aims to ensure the successful execution of the strategic plan while safeguarding the interests of all stakeholders. This framework reflects the Corporation's dedication to responsible and sustainable growth, demonstrating resilience in navigating challenges and realizing its strategic vision.

Table 11: Risk Management Framework

S/No	Risk	Likelihood	Severity (Impact)	Overall Risk Level	Mitigation Measures
1	Market Risk	Moderate	High	High	<ul style="list-style-type: none"> Conduct detailed market research; Regular updates on market data; Quarterly reports on market trends
2	Credit Risk	High	High	High	<ul style="list-style-type: none"> Perform comprehensive appraisals of potential clients Quality collaterals Market contracts Risk sharing facilities Insurance
3	Liquidity Risk	High	High	High	<ul style="list-style-type: none"> Engage multiple funding sources; Review funding sources monthly; Bi-annual financial reports
4	Operational Risk	Moderate	High	High	<ul style="list-style-type: none"> The right people policies, processes and procedures to address business operations Business continuity plans
5	Interest rate Risk	High	High	Moderate	<ul style="list-style-type: none"> Forward Rate Agreements (FRAs) Interest Rate Caps and Floors Fixed-Rate Debt Diversified Debt Portfolio. Natural Hedging Securitization Gap Analysis Duration matching
6	Currency Risk	Moderate	High	High	<ul style="list-style-type: none"> Borrowing in local currency Hedging
7	Environmental and social Risks	Moderate	High	High	<ul style="list-style-type: none"> Promote climate finance products; Track climate-resilient investments; Annual climate finance reports
8	Regulatory Risks	Moderate	High	Medium	<ul style="list-style-type: none"> Regular audits, adherence to best practices; Regular governance audits; Annual governance reports
9	Reputational Risks	Moderate	High	Medium	<ul style="list-style-type: none"> Ethical and transparent business practices Effective communication and building trust with stakeholders
10	Political Risk	High	High	High	<ul style="list-style-type: none"> Conduct thorough risk assessment to PEPs Build relationships with government and International agencies to navigate political challenges



Chapter Seven

Resource Requirements and Mobilization Strategies



Chapter Seven: Resource Requirements and Mobilization Strategies

This Chapter provides an overview of resource requirements and mobilization strategies to be used by the Corporation to source, allocate and utilize resources effectively to achieve the set goals. The Corporation currently gets funding mainly from internally generated funds namely, revenues from interest and non-interest income and revolving funds from the loan portfolio. Occasionally the Government injects funds through budgetary allocation, guarantee of loans from development partners and private partnerships. The Corporation's resource mobilization strategy will ensure continuous flow funds for lending in a sustainable manner during the strategic plan period.

7.1 Financial requirements

Arising from the Strategic Plan implementation matrix developed (Annex I), estimates of resource requirements for the implementation of the have been done. The costing of the strategic

plan includes funding requirements for lending, costs for implementing the strategies to realize the identified key result areas as well as the associated administrative costs which total to KES 79.9 billion. The resource requirements for this strategic plan period are presented in table 12 below;

Table 12: Resource Requirements

Cost Item	Projected resource requirements (Ksh. Million)					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Funds for Lending	15,000	15,000	15,000	15,000	15,000	75,000
Finance priority agri-food value chains	14	5	1	1	2	24
Access to agricultural Credit	72	69	64	61	62	328
Resource Mobilization	21	26	113	110	110	379
Business Operational Efficiency	13	322	3	7	0	346
Development of Human Capital	17	17	14	9	9	65
Corporate Brand and Image	20	16	18	16	18	86
Mitigation and adaptation to climate smart technologies	1	3	3	0	0	8
Legal, Policy & Governance Framework	5	12	12	2	1	33
Administrative Costs	1,464	1,568	1,807	1,907	1,886	8,632
Total	16,627	17,038	17,035	17,113	17,088	84,901

Implementation of this strategic plan requires the Corporation to identify the resource gaps that will inform the strategies that will be employed during the plan period. As per the resource requirements projected in table 7.1 above, which require KES.79.9 billion, the projected available

resources amount to KES48.1 billion, giving a resource gap of KES. 31.8 billion to ensure full implementation of the strategic plan. An annual breakdown of the resource gaps is as presented in table 13 below;

Table 13: Resource Allocation Gaps

Financial Year	Estimated Financial Requirements (KES. MILLION)	Estimated Allocations (KES. MILLION)	Variance (KES. MILLION)
2023/24	16,627	7,092	9,535
2024/25	17,038	10,410	6,628
2025/26	17,035	8,926	8,109
2026/27	17,113	9,810	7,303
2027/28	17,088	10,287	6,801
Total	84,901	46,525	38,376

7.2 Resource Mobilization Strategies

The Corporation aims to establish a cohesive framework and synchronize all efforts in resource mobilization and partnership engagements. The goal is to ensure effective fund raising to meet the requirements for implementation of the strategic plan. Below are some of the strategies that the Corporation purposes to implement to mobilize adequate resources during the strategic plan period;

- i. Diversification of Funding Sources:** The Corporation will seek to expand funding sources beyond traditional sources by seeking support from international donors, private investors, and financial institutions.
- ii. Partnerships Development:** AFC to forge strategic partnerships with Government agencies, NGOs, development agencies and private sector entities to access additional resources, expertise, and networks.
- iii. Impact Investors:** The Corporation will seek to attract investments from impact investors who are interested in generating both financial returns and positive social or environmental impact.
- iv. Capacity Building and Sustainability:** The Corporation will continue to invest in organizational capacity building, including financial management, monitoring and

evaluation, and strategic planning, to enhance ability to attract and manage resources effectively over the long term.

- v. Other potential sources of funds that the Corporation will pursue will include floating a green bond,** Capital and Revenue grants from, charges from consultancy activities, and any other relevant sources.

7.3 Resource Management

The financial resources of AFC mainly include the loan book, funds held in bank accounts, funds invested in interest-bearing assets, Properties and equipment, reposed properties. Effectively managing these 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:

- i. Continuous capacity building of staff involved in the management of resources
- ii. Deploy the use robust Enterprise Planning Resources (ERP) management systems
- iii. Institute robust internal control systems.
- iv. Comply with Public Finance Management laws, policies and procedures.
- v. Compliance with Public Sector Accounting Standards (PSAS), International Accounting Standards (IAS) and international financial reporting standards (IFRS).

The background of the page is a photograph of a greenhouse interior, showing rows of green plants growing in a structured environment. The image is overlaid with a semi-transparent green filter. Several decorative circles are present: a large white circle, a red circle, and a yellow circle, all partially visible and overlapping the text and the background image.

Chapter Eight

Monitoring, Evaluation and Reporting Framework

Chapter Eight: **Monitoring, Evaluation and Reporting Framework**

This chapter provides the overall framework for monitoring, evaluation and reporting. It includes the monitoring, feedback system and standards of reporting during the strategic plan period. 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 work plan 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 work plan will be implemented and reported by the management every quarter. All departments, divisions 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 Performance Contracts

Annual Performance Contracts (PCs) shall be prepared and signed between the Board and the Ministry of Agriculture and Livestock Development. The PC shall be linked to this strategic plan and cascaded to all unit heads and their respective staff. The annual PC targets will be monitored and reported periodically and in line with the performance contract arrangements.

c) Annual Strategic Plan Supervision

The Strategic Plan committee shall will be responsible for overall supervision and monitoring of the 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 lessons learnt during the annual supervision missions will, in turn, inform the mid-term and end-term reviews.

d) 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.

The Corporation 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.

e) Budgetary Analysis and Control

Under this monitoring tool, 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.

f) 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 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.

g) Programs 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 programs' 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

The Corporation will adopt the Logical Framework (log frame) approach in monitoring the implementation of this strategic plan. The log frame is a widely recognized performance management tool which is a structured methodology for planning, implementing, monitoring and evaluating projects/programs. Budgetary analysis and control, a key monitoring and evaluation tool for this strategic plan. The Portfolio analysis will mainly be based on the International Financial Reporting Standards (IFRS 9).

As a certified ISO 9001:2025 institution the Corporation continues to consistently provide products and services that meet customer and regulatory requirements, as well as enhancing customer satisfaction. The continued attainment of ISO certification will further act as a monitoring and evaluation tool for this strategic plan.

The Corporation subscribes to the annual AADFI peer reviews based on the Prudential Standards, Guidelines and Ratings System (PSGRS) which assesses the Corporation's performance in governance, financial and operational aspects. Further, the Corporation is pursuing Sustainability Standards Certification Initiative (SSCI) certification as well as rating by a credible international credit rating agency for international recognition.

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 outcome 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 14: Outcome Performance Matrix

Key Result Areas	Outcome	Outcome Indicator	Baseline		Target	
			Value	Year	Mid- Term Period	End- Term Period
Finance priority Agri-food value chains	Increased financing in priority value chains (Wheat, Dairy, Rice, Maize & beef)	Amount (KES. Millions) in the value chains	1,600	2023	9,404	19,552
Access to agricultural Credit	Increased Access to Agricultural Finance	Number of individuals accessing agricultural finance	199,099	2023	380,278	514,267
Resource Mobilization	Increased resource base and better utilization	Amount (KES. Millions)	4,000	2023	21,967	46,527
Business Operational Efficiency	Optimized Operational Efficiency Ratio	Operating Expenses Ratio	70%	2023	58%	50%
Development of Human Capital	Increased staff productivity	Corporate Productivity Index	-	2023	3.5	4.5
Corporate Brand and Image	Increased brand perception	Brand Perception index	-	2023	80%	100%
Mitigation and adaptation to Climate smart technologies,	Increased Financing of climatesmart agriculture	Number of projects financed	512	2023	978	1,322
Legal, Policy & Governance Framework	Increased Governance rating	Annual AADFI Rating	88%	2023	98%	100%

8.3.1 Mid- Term Evaluation

The 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

Towards the end of the strategic plan period, the Corporation will undertake an in-depth analysis of the implementation results that will inform the development of the subsequent Strategic Plan.

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.

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 special 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:

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

The management and 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 15: Quarterly Progress Reporting Template

**AGRICULTURAL FINANCE CORPORATION
 QUARTERLY PROGRESSIVE REPORT
 QUARTER 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 (E)	Actual (F)	Variance (F-E)		

Table 16: Annual Progress Reporting Template

**AGRICULTURAL FINANCE CORPORATION
 ANNUAL PROGRESSIVE REPORT
 YEAR ENDING.....**

Expected output	Output Indicator	Achievement for Year.....			Cumulative to Date			Remarks	Corrective Intervention
		Target (A)	Actual (B)	Variance (B-A)	Target (D)	Actual (E)	Variance (E-D)		

Table 17: 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		
Finance priority Agri-food value chains	Increased financing in priority value chains (Wheat, Dairy, Rice, Maize & beef)	Amount (KES. Millions) in the value chains	1,600	2023	9,404		19,552			
Access to agricultural Credit	Increased Access to Agricultural Finance	Number of individuals accessing agricultural finance	199,099	2023	380,278		514,267			
Resource Mobilization	Increased resource base and better utilization	Amount (KES. Millions)	4,000	2023	21,967		46,527			
Business Operational Efficiency	Optimized Operational Efficiency Ratio	Operating Expenses Ratio	70%	2023	58%		50%			
Development of Human Capital	Increased staff productivity	Corporate Productivity Index	-	2023	3.5		4.5			
Corporate Brand and Image	Increased brand perception	Brand Perception index	-	2023	80%		100%			
Mitigation and adaptation to Climate smart technologies,	Increased Financing of climate smart agriculture	Number of projects financed	512	2023	978		1,322			
Legal, Policy & Governance Framework	Increased Governance rating	Annual AADFI Rating	88%	2023	98%		100%			

APPENDICES

Annex 1: Implementation Matrix

Strategy	Key Activities	Expected Output	Output Indicators	5-Year Target	Annual Target					Budget (Ksh. Mn)					Responsibility	
					Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Lead	Support
STRATEGIC ISSUE 1: UNSUSTAINABLE AGRIFOOD SYSTEMS																
Strategic Goal: Drive Sustainable Agri-food systems																
KRA 1: FINANCE PRIORITY AGRIFOOD VALUE CHAINS																
Outcome- Increased financing in priority value chains (Wheat, Dairy, Rice, Maize & beef)																
Strategic Objective: Optimize financing of Agri-food value chain																
Enhanced production of priority value chains	Identify BETA Priority value chains (Food Security, Export & Reduce Import pillars)	Identify Priority value chains and set financing Targets each year	Number of Annual Reports on Priority Value Chains financing Target	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	Risk & Compliance, Credit
	Finance BETA Priority value chains (Food Security, Export & Reduce Import pillars)	BETA priority agricultural value chains financed	Amount advanced to the priority value chains (KES B)	19.5	2.5	5.0	3.8	4.1	4.1	4.1	-	-	-	-	-	Legal, Risk & Compliance, Finance
TOTAL																
Promotion of post-harvest management and improved farmers returns through affordable credit	Develop and Roll-out warehouse receipt financing product etc.	develop, pilot test and roll out warehousing receipts product	Number of products rolled out	1.0	1.0	-	-	-	-	-	14.0	1.0	1.0	1.0	2.0	Risk & Compliance, Credit
	Develop post-harvest management infrastructure financing products	Post-harvest handling product developed and approved	Number of products developed	1.0	-	1.0	-	-	-	-	-	4.0	-	-	-	Risk & Compliance, Credit
	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	1.0	1.0	0.2	0.2	0.2	-	-	Legal, Risk & Compliance, Credit; Strategy BD & Planning
TOTAL											14.2	5.2	1.2	1.0	2.0	
TOTAL KRA COSTS PER ANNUM											14.2	5.2	1.2	1.0	2.0	

	Hire/appoint a dedicated partnership relationship officer	A dedicated partnership relationship officer hired	Number of officers hired	1	-	1	0	0	0	0	0	0	0	0	0	0	0	Human Resource	Finance & Investment
	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	2	3	4	2	2	2	2	2	2	Finance & Investment	Human Resource
TOTAL	Establish partnerships with non-debt (grant) funders	Executed Partnership agreements/MoUs with non-debt funders	Number of agreements signed	5	1	1	1	1	0	0	0	0	0	0	0	0	0	Finance & Investment	Strategy, BD & Planning
	Organize annual fundraising / investment conferences	Annual Investment conference Held	Investors conference Report	5	1	1	1	1	2	2	2	2	2	2	2	2	2	Strategy, BD & Planning; Corporate Comms	Procurement
TOTAL	Negotiate with National Treasury for a sovereign debt dedicated loan of at least Ksh 15B.	Approval by TNT to get a sovereign loan	Amount of concessional funding accessed	1	-	1	-	0	1	0	0	0	0	0	0	0	0	Finance & Investment	Risk, Strategy, BD & Planning; Risk; Credit
	Develop and operationalize a Co-financing product where AFC can jointly finance projects with other funders.	Co-financing products developed	Number of products developed	5	1	1	1	1	3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	Strategy, BD & Planning;	Risk & compliance; Credit
TOTAL	Train (relevant) staff on Public Investment Management framework	Staff capacity built on Public investment	Number of staff trained.	25	5	5	5	5	1	1	1	1	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	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	Finance & Investment	Strategy, BD & Planning; 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	-	1	-	-	-	-	-	-	-	-	-	Finance & Investment	Strategy, BD & Planning; Risk & compliance; Credit
	Hire/Train a PPP specialist.	PPP Specialist hired/ trained	Number of staff hired/ Trained	1	-	-	1	-	-	-	-	-	-	-	-	-	-	Human Resource	Head; Finance
TOTAL									1	1	1	1	1	1	1	1	1		
TOTAL KRA COSTS PER ANNUM									20.8	25.8	112.8	109.8	109.8	109.8	109.8	109.8	109.8		

Automate risk and compliance	Automated Risk Management Framework	% of risk register automation	1	-	100%	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%	100%	-	-	-	-	-	ICT	Risk
TOTAL										15	1	-	-	-		
Increased automation and digitalization	Undertake BPR audit across the corporation.	Number of BPR audit reports	3	-	-	-	-	-	-	5	-	-	-	-	ICT	Risk & compliance; Strategy, BD & Planning,
Operational Efficiency and efficient services	Prioritize processes for digitalization	Number of priority processes digitized	15	3	3	3	3	3	3	-	-	-	-	-	ICT	Procurement
	Re-engineer the Corporation's information management system (MIS)	number of comprehensive MIS upgrades.	1	-	1	-	-	-	-	300	-	-	-	-	ICT	Procurement
TOTAL										300	5	0	0	0		
TOTAL KRA COSTS PER ANNUM										322.2	13.2	3.2	7.2	0.2		
STRATEGIC ISSUE 5: LIMITED INSTITUTIONAL CAPACITY																
Strategic Goal: Strengthen Institutional Capacity and enhance Brand																
KRA 5: DEVELOPMENT OF HUMAN CAPITAL																
Outcome: Increased staff productivity																
Strategic Objective: To ensure a high performing and engaged workforce																
Enhance human capital capacity and development	Undertake Organizational skills and competence audit	Audit Report developed	1	1	-	-	-	-	-	3.0	3.0	-	-	-	Human Capital & Admin	All Departments
	Implement the audit report recommendations	Implemented Recommendations	1.00		100%	100%	100%	100%	100%						Human Capital & Admin	All Departments
	Develop and implement staff development e.g. (SPS) & initiatives including E-learning platforms (ELP), coaching and mentoring programs (C&M), knowledge Management & sharing (km&s), peer and champions (p&c)].	Approved staff development strategy & Tools	Number strategy and tools developed & Implemented.	5	2 (SPS & ELP)	1 (C&M)	2 (KM&S) & P&C)				2.0	1.0	2.0	-	Human Capital & Admin	All Departments
	Undertake Annual Staff Development Needs Identification and implement h Professional Development Programs (PDPs)	Number of PDPs implemented	number of staff benefiting from staff development programs	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	-	-	-	-	-	-	-	-	-	Human Capital & Admin	Legal
	Establish clear career progression guidelines	Approved career progression policy & guideline document.	Number of policy documents approved	1	-	1	-	-	-	-	-	-	-	-	-	-	Human Capital & Admin	All Departments
TOTAL																		
Entrench Productivity and Performance culture	Review the performance management framework	Approved Corporate Performance Management Framework	Number of Performance Management framework approved & implemented	5	1	-	-	-	-	-	-	-	-	-	-	-	Human Capital & Admin	Strategy, BD & Planning
	Develop & implement staff reward, recognition and sanctions policy	Approved staff reward, recognition and sanctions.	Number of policy developed	5	1	-	-	-	-	-	-	-	-	-	-	-	Human Capital & Admin	
	Review job descriptions across the organization and align to new business model and strategy.	Reviewed and executed Job Description for all cadres of staff.	% of staff with reviewed, signed and documented JDs.	100	100	100	100	100	100	100	100	100	100	100	100	100	Human Capital & Admin	All Departments
	Establish and operationalize a Productivity Mainstreaming Committee;	Operational PM committee.	Number of functional committees in place	1	1	-	-	-	-	-	-	-	-	-	-	-	Human Resource	
	Identify and train Productivity Champions	Trained PM Champions.	Number of people trained	13	13	-	-	-	-	-	-	-	-	-	-	-	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	2	2	2	2	2	2	2	Human Resource	Corporate Communications
Total	Develop and implement productivity improvement strategy (with clear productivity matrices)	Approved productivity improvement strategy.	Number of strategies developed & approved.	1	1	-	-	-	-	-	-	-	-	-	-	-	Human Resource	All departments
	Review & implement the Corporate organizational structure	Approved organizational structure	Number of Organization Structures approved.	1	1	-	-	-	-	-	-	-	-	-	-	-	Human Resource	
	Undertake talent acquisition and training to align to new business model and strategy.	Staff aligned to the new business model	% of staff hired / skilled to fit the new business model	100%	60%	80%	100%	-	-	-	-	-	-	-	-	-	Human Resource	
Total																		

Enhancing Staff Engagement & welfare.	Design and implement a staff engagement strategy & communication framework	Approved staff engagement strategy & communication framework	Number of policy & engagement frameworks approved	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0.5	0.5	-	-	-	Corporate communications	Human Resource		
	Develop and implement staff welfare policy.	Approved staff welfare policy	Number of approved policies	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0.2	-	-	-	Human Resource	Corporate Communications			
	Develop and implement staff wellness initiatives (physical and mental health programs, work life balance programs)	Approved staff wellness initiatives.	Number of approved initiatives	5	1	1	1	1	1	1	1	1	1	1	1	1	1	1.0	3.0	3.0	3.0	3.0	Human Resource	Corporate Communications		
Total																	1.7	3.5	3.0	3.0	3.0					
TOTAL KRA COSTS PER ANNUM																	17.0	17.0	14.0	8.5	8.7					
STRATEGIC ISSUE 5: LIMITED INSTITUTIONAL CAPACITY.																										
Strategic goal: Strengthen Institutional Capacity and enhance Brand																										
KRA 6: CORPORATE BRAND AND IMAGE																										
Outcome: Increased brand perception																										
Strategic Objective: Enhance The Corporate Brand and Brand Values.																										
Enhance client satisfaction ethos	Undertake annual customer satisfaction surveys.	Customer satisfaction levels documented	% customers satisfaction level.	90%	70%	75%	80%	85%	90%	90%	90%	90%	90%	90%	90%	90%	90%	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
	Implement customer satisfaction surveys recommendations	Implementation report (on customer satisfaction survey recommendations.)	Number of recommendations implementation reports	5.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-	-	-	
	Revise the service charter to align it to AFC delivery models and communications.	Reviewed customer service charter	Number of revision of the service charter.	1.0	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-	-
	Develop & implement timely customer communication framework [e.g., deliver loan statements, reminders, and notifications].	Approved customer communication Framework	Number of customer communication frameworks in place	1.0	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
	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	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	
	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	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
	Develop Stakeholders engagement Policy	Approved Stakeholder engagement Policy	Number of Policies Approved	1.0	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5

STRATEGIC ISSUE 7: LEGAL AND GOVERNANCE FRAMEWORK																								
Strategic Goal: Improve Legal and Policy Framework																								
KRA 8: LEGAL, POLICY & GOVERNANCE FRAMEWORK																								
Outcome: Better coordination, compliance and resources optimization																								
Strategic Objective: Enhance governance & management framework																								
	Undertake annual compliance audit	Compliance Audit Report.	Number of annual implementation reports prepared	5	1	1	1	1	1	1	1	1	1	1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	Risk & Compliance	All Departments	
Ensure compliance with national policy and legal framework	Implement audit findings and recommendations advisory.	Audit recommendations implemented.	Reports on level of implementation of the audit recommendation	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	-	-	-	-	-	-	-	Risk & Compliance	All Departments	
Total	Continue implementation of ISO quality managements systems	ISO Compliance Certification	% compliance	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0	0	0	0	0	0	0	0	0	0	All Departments
Ensure compliance with international requirements	Continue adherence of prudential standards and implementation of guidelines & Ratings (PSGRS) as defined by AADF.	AADF annual rating	Number of rating certificates	5	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	All Departments
	Pursue and implement sustainability certification initiative	Sustainability Standards Certification achieved	Number of Certification Achieved	1	0	1	1	0	0	0	0	0	0	5	5	1	1	1	1	1	1	1	All Departments	
	Pursue Rating by a reputable rating agency (e.g. Moody's, Fitch etc.)	Corporation Rating	Rating Certificate	1	0	0	0	1	0	0	0	0	0	0	2	10	0	0	0	0	0	0	All Departments	
	Pursue membership into regional and international organizations..	Membership into regional and international organizations	Number of Membership certificates	1	0	1	0	0	0	0	0	0	0	5	5	1	1	1	1	0	0	0	All Departments	
TOTAL														5	12	12	2	2	2	1				
TOTAL KRA COSTS PER ANNUM														5.2	12.2	12.2	2.2	2.2	1.2					

Annex 2: Annual Work Plan - Year One

Strategy	Key Activities	Expected Output	Output Indicators	5-Year Target	Annual Target	Budget (Ksh. Mn)	Responsibility
					2023/24	2023/24	Lead
STRATEGIC ISSUE 1: UNSUSTAINABLE AGRICULTURE-FOOD SYSTEMS							
Strategic Goal: Drive Sustainable Agri-food systems							
KRA 1: FINANCE PRIORITY AGRICULTURE-FOOD VALUE CHAINS							
Outcome- Increased financing in priority value chains (Wheat, Dairy, Rice, Maize & beef)							
Strategic Objective: Optimize financing of Agri-food value chains							
Enhanced financing of priority value chains	Identify BETA agenda Priority value chains (Food Security, Export & Reduce Import pillars)	Identify Priority value chains and set financing Targets each year	Number of Annual Reports on Priority Value Chains financing Target	5	1.0	-	Strategy and Business Development
	Finance BETA agenda Priority value chains (Food Security, Export & Reduce Import pillars)	BETA priority agricultural value chains financed	Amount advanced to the priority value chains (KES B)	19.5	2.5	-	Credit Department
TOTAL						-	
Promotion of post-harvest management and improved farmers returns through affordable credit	Develop and Roll-out warehouse receipt financing product etc.	develop, pilot test and roll out warehousing receipts product	Number of products rolled out	1	1.0	14.00	Strategy & Business Development
						14.00	
TOTAL						14.00	
TOTAL KRA COSTS PER ANNUM						14.00	
							Support

STRATEGIC ISSUE 2: LIMITED ACCESS TO AGRICULTURAL CREDIT

Strategic Goal: Enhance access to agricultural credit

KRA 2: ACCESS TO 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

Enhancement of access to affordable agricultural credit by marginalized actors including, MSMEs, women, youth, smallholders, agro-players in the ASALs, artisanal fisher folk etc	Develop a financial inclusion Strategy	Approved AFC financial inclusion Strategy	Number of strategies approved by Board	1.0	1.0	3.00	Strategy, BD & Planning,	Credit, Risk & Compliance				
	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	2.00	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	0.20	Finance & Investments	Credit, Strategy and BD & Planning				
	Develop partnerships to mobilize funds for lending to the excluded segment	Executed funding partnerships (targeting the excluded segments)	Number of funding partnerships MOUs/Agreements signed.	3.0	1.0	0.40	Finance & Investments	Strategy and Business Development				
	Develop and roll-out non-credit support services (business support services) for capacity building the marginalized segments	Clients accessing Business support as a service	Number of beneficiaries accessing the business support services	1,000.0	100.0	1.00	Strategy, BD & Planning,	Risk & Compliance, Credit				
	Measure the Impact of financial Inclusion initiatives/ Activities	Financial Inclusion Impact Report	No of Impact study reports.	3.0	1.0	2.00	Strategy, BD & Planning,	Risk & Compliance, Credit				
	TOTAL					8.60						

Upscaled wholesale lending model and other on lending/ agency models accounts for at least 50% of the loan book and impacts at least 30% of marginalized groups	Develop/ Repackage wholesale products targeting the last-mile financial institutions (SACCOs, farmers' cooperatives, associations, rural based non-predatory MFIs etc).	Approved/ repackaged wholesale lending model product (Accessible by last-mile financial institutions, farmers groups, agri, cooperatives, Saccos, Associations etc.)	Number of products developed/ repackaged	2.0	1.0	3.00	Strategy, BD & Planning,	Risk & Compliance, Credit
	Measure the impact of wholesale lending.	Baseline survey and impact study reports	Number of impact studies	3.0	1.0	3.00	Strategy, BD & Planning,	Risk & Compliance, Credit
TOTAL						6.00		
Enhanced access to mechanization through affordable credit	Establish partnership with machinery/ equipment manufacturers / dealers.	Executed partnerships with machinery/ equipment manufacturers / dealers.	No of partnerships executed	6.0	3.0	0.20	Strategy, BD & Planning,	Legal, Credit, Risk.
	Develop/ repackage mechanization financing products	Mechanization products approved and rolled out.	Number of products developed and rolled out	5.0	1.0	2.00	Strategy, BD & Planning,	Risk & Compliance, Credit
TOTAL						2.20		
Establish partnership with public agencies / entities to jointly finance Government agenda	Establish partnership with public entities (e.g. counties and other agencies in the agri-sector)	Signed working agreements with other Government agencies.	Number of MoUs signed	10.0	2.0	0.20	Finance & Investments	Legal, Risk & Compliance, Credit, Strategy & Business Development
TOTAL						0.20		
TOTAL KRA COSTS PER ANNUM						17.00		

STRATEGIC ISSUE 3: INSUFFICIENT FUNDING SOURCES

Strategic Goal: Expand funding base

KRA 3: RESOURCE MOBILIZATION & UTILIZATION

Outcome: Increased resource base and better utilization

Strategic Objective: Diversify funding sources and enhance resource utilization for sustainability and increased impact

Establishment of alternative revenue generation streams and fund raising options.	Establish partnerships to build capacity for business advisory services	Partnerships established on business advisory	Number of partnerships established (on consultancy/business advisory)	5	1	0.20	Strategy & Business Development	Legal, Credit
TOTAL				0.20				
Enhanced recovery for legacy and non-performing loans	Develop and implement a debt recovery strategy	Approved Loan recovery strategy	Number of approved strategies	1	1	0.50	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	0.50	Loan Recoveries	Credit
	Outsource debt recovery agencies where necessary	Recovery agencies on boarded	Number of debt recovery agents on boarded	5	1	1.00	Loan Recoveries	Procurement, Legal
TOTAL				2.00				
Prudent investment of resources for maximum returns	Develop/ Review and implement the Corporation's investment strategy	Approved Investment Strategy	Number of Strategies approved	1	1	1.00	Finance & Investment	Risk,

	Undertake analysis / review of current investment classes/ assets (asset classes and investment options)	Investment returns analysis report	Number of Reports	1	1	0.20	Finance & Investment	Risk,
	Undertake asset cost benefit analysis to assess the cost benefit analysis on owning versus leasing and make appropriate recommendations.	Asset cost benefit analysis report	Number of reports prepared	1	1	0.20	Finance & Investment	Finance & Investment
TOTAL						1.40		
Strengthening of institutional capacity on resource mobilization	Recruit a reputable fundraising/ resource mobilization agency (payable on success)	Fundraising partnership hired	Number of fundraising agencies onboarded	1	1	0.10	Head, Finance	Head, Strateg, planning and business development.
	Train /upskills critical officers on fundraising skills.	Capacity building (on fundraising and resource mobilization) implemented.	Number of staffs trained	100	20	4.00	Human Resource	Finance & Investment
	Review partnership policy and strategy and align it to current fundraising dynamics	Reviewed / updated partnership policy.	Number of policies reviewed	1	1	-	Finance & Investment	
	Bench mark 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	2.00	Finance & Investment	Human Resource
						6.10		
TOTAL								

Enhanced partnership engagement for resource mobilization	Establish partnerships with non-debt (grant) funders	Executed Partnership agreements / MoUs with non-debt funders	Number of agreements signed	5	1	-	Finance & Investment	Strategy & Business Development;
	Organize annual fundraising / investment conferences	Annual Investment conference Held	Investors conference Report	5	1	2.00	Strategy & BD & planning; Corporate Comms	Procurement
TOTAL						2.00		
Raise debt capital for operations and business growth	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		1.00	Finance & Investment	Risk, Strategy & BD & Planning; Risk; Credit
	Develop and operationalize a Co-financing product where AFC can jointly finance projects with other funders.	Co-financing products developed	Number of products developed	5	1	3.00	Strategy & Business Development;	Risk & compliance; Credit
TOTAL						4.00		
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 staff trained	25	5	0.50	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	0.10	Finance & Investment	Strategy & Business Development; Risk & compliance; Credit
TOTAL						0.60		
TOTAL KRA COSTS PER ANNUM						16.30		

STRATEGIC ISSUE 4: SUB OPTIMAL BUSINESS EFFICIENCY
Strategic Goal: Enhance operational efficiency.
KRA 4: BUSINESS OPERATIONAL EFFICIENCY
Outcome: Optimized Operational Efficiency Ratio
Strategic Objective: Re-engineer the business Model for Efficiency and Sustainable Service Delivery

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 models	Number of business models reviewed and aligned	1	1	3.00	Strategy, BD & Planning,	Risk & compliance; Credit						
	Re-balance AFC loan book to be at least 65% wholesale	Balanced portfolio	% of wholesale loans in the loan book	65	15	-	Credit	Risk & compliance						
Total						3.00								
Research driven product innovation	Develop/ repackaging lending models/products to align to market dynamics-market demand, client expectations, etc	Repackaged products and models	Reviewed, repackaged products / models	4	1	4.00	Strategy, BD & Planning,	Risk & compliance; Credit						
	Undertake market intelligence to enhance market competitiveness.	Market Intelligence Reports	Number of (half-yearly) reports developed.	10	2	0.20	Strategy, BD & Planning,	Risk & compliance						
TOTAL						4.20								
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	1.00	Finance & Investments	Risk						
	Reduce operating expense ratio (OER) to at least 50%	optimized OER ratio	% of operating expenses ratio	50%	65%	-	Finance & Investments	Risk & Compliance						

Enhanced risk mitigation and advisory	Undertake risk audit every year	Reviewed risk matrix	Number of Risk Audits	1	1	-	Risk & Compliance	All Departments
	Enhance compliance with data Protection Act	Full (100%) compliance with data Act	% (percentage) of compliance	1	100%	-	ICT	Risk
TOTAL						1.00		
Increased automation and digitalization for Operational Efficiency and efficient services	Prioritize processes for digitalization process	Identified priority processes digitized	Number of priority processes digitized	15	3	-	ICT	Procurement
TOTAL						-		
TOTAL KRA COSTS PER ANNUM						8.20		
STRATEGIC ISSUE 5: LIMITED INSTITUTIONAL CAPACITY								
Strategic Goal: Strengthen Institutional Capacity and enhance Brand								
KRA 5: DEVELOPMENT OF HUMAN CAPITAL								
Outcome: Increased staff productivity								
Strategic Objective: To ensure a high performing and engaged workforce								
Enhance human capital capacity and development	Undertake Organizational skills and competence audit	Audit Report developed	Number of reports developed and adopted	1	1	3.00	Human Capital & Admin	All Departments
	Develop and implement staff development eg, Staff development strategy (SDS) & Initiatives including E-learning platforms (ELP), coaching and mentoring programmes (C&M), knowledge Management & Sharing (KM&S), peer and champions (P&C)].	Approved staff development strategy & Tools	Number of strategy and tools developed & implemented.	5	2 (SDS & ELP)	2.00	Human Capital & Admin	All Departments

	Undertake Annual Staff Development Needs Identification and implement Professional Development Programmes (PDPs)	Number of PDPs implemented	Number of staff benefiting from staff development programs	300	40	2.00	Human Capital & Admin	All Departments
	Develop a robust succession planning and management framework.	Approved Succession planning policy	Number of Succession Planning policies 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	-	Human Capital & Admin	Legal
	TOTAL					7.00		
	Entrench Productivity and Performance culture	Review the performance management framework	Number of Performance Management frameworks approved & implemented	1	1	1.00	Human Capital & Admin	Strategy & Business Development
	Develop & implement staff reward, recognition and sanctions policy	Approved staff reward, recognition and sanctions policy	Number of policies developed	1	1	1.00	Human Capital & Admin	
	Review job descriptions across the organization and align to new business model and strategy.	Reviewed and executed Job Descriptions for all cadres of staff.	% of staff with reviewed, signed and documented JDs.	100	100	1.00	Human Capital & Admin	All Departments
	Establish and operationalize a Productivity Mainstreaming Committee;	Operational PM committee .	Number of functional committees in place	1	1	-	Human Capital & Admin	
	Identify and train Productivity Champions	Trained PM Champions.	Number of people trained	13	13	0.50	Human Resource	

	Create awareness/sensitization on productivity mainstreaming among staff.	Sensitization forums/ exercises implemented	Number of PM sensitizations events/forum held	10	2	0.50	Human Capital & Admin	Corporate Communications
	Develop and implement productivity improvement strategy (with clear productivity matrix)	Approved productivity improvement strategy.	Number of strategies developed & approved.	1	1	0.30	Human Resource	All departments
Total						4.30		
Aligning organizational structure to the new business model	Review & Implement the Corporate organizational structure	Approved organizational structure	Number of Organization Structures approved.	1	1	1.00	Human Resource	
	Undertake talent acquisition and training to align to new business model and strategy.	Staff aligned to the new business model	% of staff hired / skilled to fit the new business model	100%	60%	3.00	Human Resource	
Total						4.00		
Enhancing Staff Engagement & welfare.	Design and implement a staff engagement strategy & communication framework	Approved staff engagement strategy & communication framework	Number of policy & engagement frameworks approved	2	1	0.50	Corporate communications	Human Resource
	Develop and implement staff welfare policy.	Approved staff welfare policy	Number of approved policies	1	1	0.20	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	1.00	Human Resource	Corporate Communications
TOTAL						1.70		
TOTAL KRA COSTS PER ANNUM						17.00		

STRATEGIC ISSUE 5: LIMITED INSTITUTIONAL CAPACITY.
Strategic goal: Strengthen Institutional Capacity and enhance Brand
KRA 6: CORPORATE BRAND AND IMAGE
Outcome: Increased brand perception
Strategic Objective: Enhance The Corporate Brand and Brand Values.

Enhanced client satisfaction ethos	Undertake annual customer satisfaction surveys.	Customer satisfaction levels documented	% of customer satisfaction level.	90%	70%	0.50	Strategy & Business Development	Corporate Communications; Credit
	Implement customer satisfaction surveys recommendations	Implementation report (on customer satisfaction survey recommendations.)	Number of recommendations implementation reports	5.0	1.0	-	All Departments	All Departments
	Revise the service charter to align it to AFC delivery models and communications.	Reviewed customer service charter	Number of revisions of the service charter.	1.0	1.0	0.20	Corporate Communications	All Departments
	Develop & Implement timely customer communication framework [e.g., deliver loan statements, reminders, and notifications].	Approved customer communication Framework	Number of customer communication frameworks in place	1.0	1.0	-	Corporate Communications	Credit
Total						0.70		
Positioning of AFC in the perspective of external stakeholders / partners	Periodic reporting of AFC initiatives	Reports shared on AFC initiatives	Number of reports	1.0	1.0	0.40	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	3.50	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 stories shared. .	5.0	1.0	0.50	Corporate Communications	Strategy, BD & Planning,

	Develop Stakeholders engagement Policy	Approved Stakeholder engagement Policy	Number of Policies Approved	1.0	1.0	1.0	0.50	Corporate Communications	All Departments
	Undertake annual/bi-annual stakeholder perception assessments to gather feedback for improvement	Stakeholders perception assessment report	Number of reports prepared	3.0	1.0	2.00	2.00	Corporate Communications	Strategy & Business Development
Total						6.90			
Promotion and maintenance of a positive AFC brand and image in the eyes of the general public.	Develop and implement elaborate and impact driven CSR Strategy	Approved Corporate CSR strategy	Number of Strategies Developed	1.0	1.0	2.00	2.00	Corporate Communications.	Legal
	Actively participate in relevant forums and events in the agri-related sector at Regional, National and County level	Active participation in agri-sector events and forums	Number of Back to Office / Participation Reports	100.0	20.0	10.00	10.00	Corporate Communications.	Strategy, BD & Planning, Credit
	Grow digital presence of AFC through active and positive public engagement on website and social media platforms	Growth in number of followers in digital space	Number of people reached through digital platforms (M)	2.5	0.5	0.20	0.20	Corporate Communications.	ICT
	Ensure access to relevant information by the public.	Rating on Access to information by the CAJ	% Rating	100%	100%	-	-	Corporate Communications.	All Departments
Total						12.20			
TOTAL KRA COSTS PER ANNUM						19.80			

STRATEGIC ISSUE 6: CLIMATE CHANGE ADAPTATION AND MITIGATION

Strategic Goal: Mitigation and adaptation to climate change

KRA 7: MITIGATION AND ADAPTATION TO CLIMATE SMART TECHNOLOGIES

Outcome: Increased Financing of Climate smart agriculture

Strategic objective; Catalyze funding for climate change, resilience, mitigation and adaptation financing in the agri-sector

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	0.50	Finance & Investments	Credit;
Establish partnerships to support AFC initiatives in financing climate-smart projects	Established collaborations (on climate financing initiatives)	Number of partnerships agreements / MoUs developed	5	1	1	0.20	Strategy, BD & Planning,	Credit; Legal
Total						0.70		
TOTAL KRA COSTS PER ANNUM						0.70		

STRATEGIC ISSUE 7: LEGAL AND GOVERNANCE FRAMEWORK

Strategic Goal: Improve Legal and Policy Framework

KRA 8: LEGAL, POLICY & GOVERNANCE FRAMEWORK

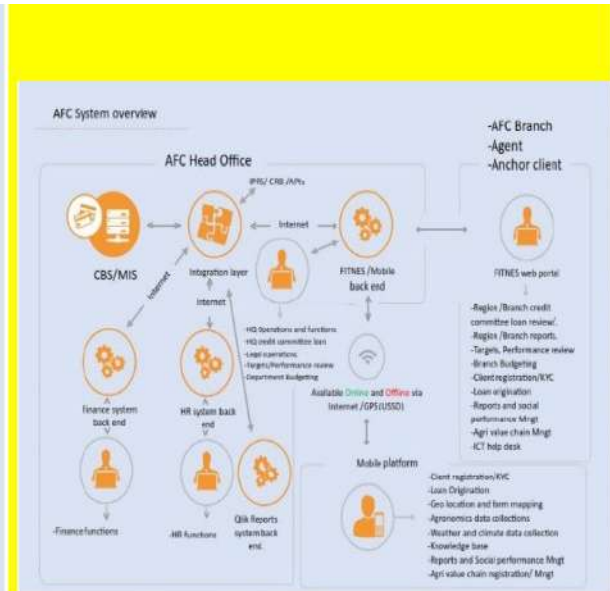
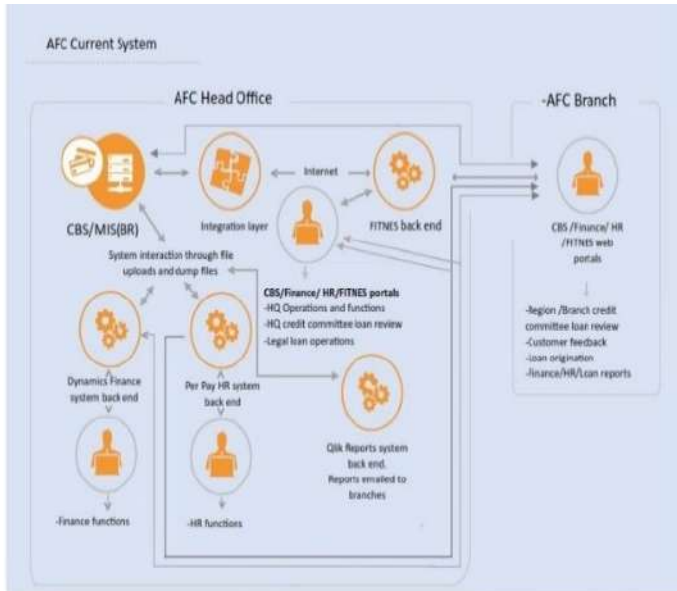
Outcome: Better coordination, compliance and resources optimization

Strategic Objective: Enhance governance & management framework

Ensure compliance with national policy and legal framework	Undertake annual compliance audit	Compliance Audit Report.	Number of annual implementation reports prepared	5	1	0.20	Risk & Compliance	All Departments
Implement audit findings and recommendations advisory.	Audit recommendations implemented.	Reports on level of implementation of the audit recommendation	100%	100%	100%	-	Risk & Compliance	All Departments
Total						0.20		
Ensure compliance with international requirements	Continue implementation of ISO Quality Managements Systems	ISO Compliance Certification	% compliance	100%	100%	-	Strategy, BD & Planning,	All Departments

	Continue adherence to and implementation of prudential standards guidelines & Ratings (PSGRS) as defined by AADFI.	AADFI annual rating obtained	Number of rating certificates	5	1	-	Strategy, BD & Planning,	All Departments
TOTAL						-		
TOTAL KRA COSTS PER ANNUM						0.20		
GRAND TOTAL COSTS FOR ALL KRAS PER ANNUM						93.20		

Annex 3: Recommended ICT Summary



Annex 4: Projected Financials

a. Projected Statement of Financial Position

ASSETS	30.06.2023	30.06.2024	30.06.2025	30.06.2026	30.06.2027	30.06.2028
Non- Current Assets	000'	000'	000'	000'	000'	000'
Land ,Building & Plant	883,692	874,317	920,480	966,504	1,316,735	1,382,572
Property & Equipment	242,198	413,724	330,980	347,528	371,855	409,041
Motor Vehicles	30,799	25,133	114,500	120,225	128,641	115,777
Computers & Softwares	75,930	80,632	240,400	467,923	570,089	855,134
Medium Term Loans	9,193,566	10,570,161	12,114,873	14,020,960	15,235,520	14,805,666
Deferred Tax Asset	20,185	24,685	15,800	16,590	15,769	-
Repossessed Farm Properties	389,920	387,709	277,839	277,839	277,839	333,406
Total -Non Current Assets	10,836,291	12,376,361	14,014,871	16,217,569	17,916,448	17,901,596
Current Assets						
Inventories	5,195	4,956	4,800	5,040	5,393	8,089
Accounts Receivables	168,863	144,839	121,484	127,558	136,487	163,785
Short Term Loans	795,177	934,688	2,287,252	2,795,954	3,172,466	4,459,346
Cash & Bank Balances	350,526	636,874	843,081	900,059	200,952	15,241,142
Short Term Deposits	381,917	928,347	977,215	603,334	446,967	491,664
Total Current Assets	1,701,678	2,649,704	4,233,832	4,431,945	3,962,264	20,364,025
TOTAL ASSETS	12,537,969	15,026,065	18,248,703	20,649,514	21,878,713	38,265,622
Financed By:						
Government Equity Capital	2,687,766	2,687,766	2,687,766	2,687,766	2,687,766	2,687,766
Govt Grants	4,083,923	4,083,923	4,083,923	4,083,923	4,083,923	4,083,923
GOK MSMEs Grant	-	500,000	1,500,000	2,500,000	3,500,000	4,500,000
Capital Reserves	787,618	787,618	787,618	787,618	787,618	787,618
Revenue Reserves	1,921,152	1,893,937	2,103,292	2,707,456	3,339,971	4,053,371
Shareholders Funds	9,480,459	9,953,245	11,162,599	12,766,763	14,399,278	16,112,678
Non-Current Liabilities						
Long Term Borrowing	536,961	540,483	508,261	585,343	554,895	610,385
Agency Commitments	822,218	822,218	631,734	431,734	231,734	31,734
Risk Sharing Funds (RSF)	380,986	390,416	390,416	390,416	390,416	390,416
Ink Fund Loan	131,861	105,983	79,983	-	-	-
ENABLE (loan Facilities)	320,173	600,000	1,100,000	1,100,000	1,100,000	1,100,000
AfDB Enable Youth (RGF)	-	400,000	800,000	800,000	800,000	800,000
KDC (SAFER) Loan	-	300,000	1,070,000	2,060,000	1,854,000	1,668,600
IFAD RK-FINFA	-	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
KDC (DRIVE) Loan	-	-	500,000	450,000	400,000	350,000
GOK Sovereign Loan	-	-	-	-	-	15,000,000
Total Non-Current Liabilities	2,192,199	4,239,100	6,160,395	6,897,493	6,411,045	21,031,135
Current liabilities						
Accounts Payables	548,617	558,665	614,531	645,012	696,010	730,810
Statutory Obligations	34,156	38,656	42,300	37,800	39,690	41,675
Others(Advance loan repayment)	269,447	224,065	268,878	302,446	332,690	349,325
Current Accounts	13,091	12,335	-	-	-	-
Total Current Liabilities	865,310	833,720	925,709	985,258	1,068,390	1,121,809
TOTAL EQUITY & LIABILITIES	12,537,969	15,026,065	18,248,703	20,649,514	21,878,713	38,265,622

b. Projected Income Statements

	2023	2024	2025	2026	2027	2028
Revenue						
Interest income						
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
Total Interest income	916,222,000	1,311,368,840	1,399,443,678	1,608,736,432	1,883,786,765	2,314,033,109
Interest expense						
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	3,615,900	3,073,515	2,612,488	2,220,615	1,887,522
Rebate Interest	3,583,000	3,739,100	3,868,099	3,871,138	3,874,841	3,878,548
Total Interest Expense	31,869,000	30,035,433	30,712,107	289,264,049	415,836,475	617,424,825
Net Interest income	884,353,000	1,281,333,407	1,368,731,570	1,319,472,383	1,467,950,290	1,696,608,284
Non- interest income						
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
Total Non-Interest income	569,646,000	515,073,579	673,168,855	766,922,167	940,677,662	1,158,836,278
Total revenues	1,453,999,000	1,796,406,986	2,041,900,426	2,086,394,550	2,408,627,952	2,855,444,562
Operating expenses						
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
Total expenses	1,357,641,000	1,542,599,283	1,669,250,106	1,774,840,377	1,895,738,872	1,990,599,806
Profit before tax	96,358,000	253,807,703	372,650,320	311,554,173	512,889,080	864,844,755
Tax for the year	38,613,000	76,142,311	111,795,096	93,466,252	153,866,724	259,453,427
Profit for the year	57,745,000	177,665,392	260,855,224	218,087,921	359,022,356	605,391,329







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