



REPUBLIC OF KENYA



AGRICULTURAL FINANCE CORPORATION (AFC)

# **APPLICATION GUIDELINES FOR ALL FINANCIAL INSTITUTIONS TO IMPLEMENT THE GREEN FINANCING FACILITY (GFF) UNDER THE RURAL KENYA FINANCIAL FACILITY (RK-FINFA) PROGRAM**

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## Request For Proposals from Financial Institutions to Implement the Green Financing Facility (GFF)

### Introduction

The Government of Kenya and the International Fund for Agriculture Development (IFAD) are financing a six-year (2022-2028) development project the Rural Kenya Financial Inclusion Facility (RK-FINFA). The project supports the transformation of rural and smallholder agriculture sector through private sector-led development by improving the access of the smallholder farmers and rural micro, small and medium sized enterprises to appropriate financial services. The project goal is “poverty reduction, climate change adaptation and improved livelihoods in rural areas”.

The Green Financing Facility of the RK FINFA Project is established as a permanent investment mechanism and is managed by the Agricultural Finance Corporation (AFC). This facility is intended to (i) alleviate the liquidity constraints of Savings and Credit Cooperative Societies (SACCOS) and Micro-Finance Banks / Institutions (MFBs/MFIs) which are the main financial service providers for smallholders and rural micro-enterprises. It is also to encourage small scale farmers and micro-firms to invest in climate smart and environmentally friendly activities.

The intended end borrowers of the GFF funds are smallholder farmers and MSMEs that participated in the IFAD supported value chain projects within fourteen counties in Kenya. The Counties are **Embu, Meru, Tharaka Nithi, Nyeri, Kirinyaga, Nakuru, Kisii, Nandi, Kakamega, Siaya, Busia, Bungoma Machakos** and **Trans Nzoia**. The IFAD Projects are: Kenya Livestock Commercialisation Project (KeLCOP), Aquaculture Business Development Programme (ABDP), Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window (KCEP CRAL), Smallholder Dairy Commercialisation Projects (SDCP) and Upper Tana Natural Resources Management Project (UTaNRMP).

Eligible activities for financing by GFF funds are those that can address climate change and environmental challenges. These include sustainable farming practices, renewable energy, climate smart agriculture, value chain upgrading, natural resource conservation, biodiversity conservation, and pollution prevention and control. RK FINFA project will provide green finance taxonomy that offers a classification system for identifying activities and investments that will determine eligibility under the GFF. It will help financial actors and others determine which investments can be labelled “green” for their jurisdictions, and to report on the GFF. The project will also provide the financial institutions with capacity to develop and deploy appropriate green finance products for the rural agricultural sector.

Eligible financial institutions for GFF financing must be compliant with the relevant regulatory requirement and able to provide sufficient collateral to secure the wholesale loan facility. They should have, or willing to develop rural finance products appropriately priced for farmers, pastoralists, agribusinesses, and micro, small and medium enterprises. They should also have sufficient rural branch network and proven demand for financial services from rural clientele. The wholesale borrower should be able to leverage the loans to green investment by 25% and be willing to enhance environment and social governance systems in their operation systems. At least 50% of the loans should go to females and 30% to youth borrowers. Ability to provide loans at more client-friendly terms including longer loan duration, appropriate grace periods and competitive interest rates is highly desirable.

The Agricultural Finance Corporation (AFC) is requesting for proposals from Wholesale borrowers of the GFF fund for on-lending to smallholder farmers and MSMEs in rural Kenya. The eligible wholesale borrowers are SASRA regulated SACCOs, Microfinance Banks (MFBs) regulated by Central Bank of Kenya (CBK) and Microfinance Institutions (MFIs) registered under Digital Credit Providers (DCP) by CBK. Interested and eligible financial institutions are requested to submit their proposals by using the

format below. The proposal should be addressed to **AFC MANAGING DIRECTOR** and must be received on or before **27.2.2026 at 5.00pm**

**A) General information**

Name and address of the financial institution \_\_\_\_\_

1) Category of financial institution \_\_\_\_\_

2) Date of establishment \_\_\_\_\_

3) License or Registration Number \_\_\_\_\_

4) Shareholding (For MFIs) or Membership structure (for SACCOs) \_\_\_\_\_

\_\_\_\_\_

5 Total balance sheet as of 31/01/26

6) Total loan portfolio as of 31/01/26

7) % of the loan portfolio financing agricultural value chain actors (with breakdown for smallholder farmers and rural MSMEs) \_\_\_\_\_

\_\_\_\_\_

8) % of the loan portfolio financing green investments \_\_\_\_\_

9) Number of active borrowers as of 31/01/26 \_\_\_\_\_

- Out of which smallholder farmers are \_\_\_\_\_

- Out of which rural MSMEs are \_\_\_\_\_

10) Quality of the loan portfolio as of 31/06/26: (PAR or NPL) with breakdown for smallholder farmers and rural MSMEs: smallholder farmers \_\_\_\_\_ MSMEs \_\_\_\_\_

11) Operational self-sufficiency for the year 2025 was \_\_\_\_\_

12) Is the institution compliant with relevant regulatory requirements? Yes \_\_\_\_\_ No \_\_\_\_\_

If not, specify areas of non-compliance and measures taken to become compliant \_\_\_\_\_

\_\_\_\_\_

13) Number of branches and location of the branches \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

14) Description of mobile banking and internet banking services \_\_\_\_\_

\_\_\_\_\_

15) Brief description of the loan products for the smallholder farmers and rural MSMEs, including for green investments (attach available documentation)

\_\_\_\_\_

16) Brief description of the organization of the financial institution to appraise, disburse and monitor the loans (departments and staff involved, partnerships involved): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

17) Which agricultural value chain is the institution financing or is intending to finance. Are there any excluded value chains? If yes, why? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

18) What are the key challenges to finance smallholder farmers and rural MSMEs, and green investments and how is the institution addressing these challenges or envisaging to address these challenges? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

19) Brief description of other financial services (savings, insurance, etc.) and non-financial services (financial literacy, other training, etc.) offered to the clients, especially for the smallholder farmers and rural MSMEs \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

20) What are the sources of finance for the institution? How is the loan portfolio financed?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

21) Is the institution currently managing lines of credit or has the institution managed lines of credit in the past? (line of credit includes any form of borrowing from a financial partner for on lending to end clients) Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, specify lender, amount, maturity, interest, purpose, number and profile of end beneficiaries and period of the contracts for each line of credit \_\_\_\_\_

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22) Who are the technical partners of the institution? List them and provide a short description of the objectives and modalities of partnership \_\_\_\_\_

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23) MIS systems for monitoring, evaluation and reporting

## **B) Proposal for the use of the GFF**

1) Features of the loan requested to GFF:

- Loan amount \_\_\_\_\_
- Term of the loan \_\_\_\_\_
- Repayment modalities \_\_\_\_\_
- Expected disbursement date for the first tranche \_\_\_\_\_
- First tranche amount \_\_\_\_\_
- Final tranche amount \_\_\_\_\_
- Proposed collateral \_\_\_\_\_
- Proposed co-financing percentage \_\_\_\_\_

2) Projected outreach (by quarters)

- Number and average loan amount for Smallholder farmers (by value chains) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- Number and average loan amount for rural MSME (by value chain, types of businesses)  
\_\_\_\_\_  
\_\_\_\_\_
- Breakdown of the beneficiaries by County and Sub-County  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- Projected outreach for Other IFAD project beneficiaries (by project and category of beneficiaries).  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- Projected outreach for women and youth.

3) Percentage of the portfolio to finance green investments, by quarter or year). Specify targets (smallholder famers, rural MSMEs) and green investments to be financed. Are these green investments in the GFF green taxonomy? (NOT APPLICABLE)

4) Modalities of sourcing of the beneficiaries, including from other IFAD Projects

5) Loan products features, by category of targeted clients, including loans to finance green investments

Feature	Loan Products for Smallholder Farmers			Loan Products for MSMEs		
	E.g Dairy					
Purpose of the loan (eligible investments)						
Eligibility requirements Conditions to access the loan (including documentation)						
Delivery model (partnership with Value chain actors)						
Minimum & Maximum loan amount						
Minimum & Maximum term						
Loan appraisal and disbursement process						
Period of disbursement						
Disbursement modalities						
Repayment schedule						
Repayment modalities						
Prior savings requirements						
Collateral						
Interest rate						
Other fees						
Insurance (s)						

	Loan Products for Smallholder Farmers			Loan Products for MSMEs		
Feature	E.g Dairy					
Penalties for late payment						
Loan recovery procedures						
Savings commitment – Post disbursement						
Non-financial services						
Others						

6. Organization for the delivery of the loans, including partnerships with value chain actors, monitoring of the loan and reporting on the use of the GFF.

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7. Loan disbursement plan and cash flow projections for the GFF. Attach a spreadsheet using template below, with assumptions and basis of calculation. Attach also in annex simplified cash flow projections for the whole portfolio of the institution.

Cash Outflows / Inflows	Q1	Q2	...	...	...	...	Total
GFF disbursements							
<i>Tranche 1</i>							
<i>Tranche 2</i>							
<i>Tranche 3</i>							
Loan disbursements							
<i>SHF</i>							
<i>Rural MSME</i>							
<i>Out of which % for green investments</i>							
Loan repayment							
<i>SHF</i>							

Cash Outflows / Inflows	Q1	Q2	...	...	...	...	Total
<i>Rural MSME</i>							
Repayments to GFF							
<i>Interest</i>							
<i>Principal</i>							
Other Inflows							
-							
-							
Other Outflows							
-							
-							
<b>End of period balance</b>							

8. Risk analysis and risk mitigating strategy

Potential Risks (description of the risk)	Risk probability (High, Medium, Low)	Risk impact (High, Medium, Low)	Mitigation Measures

9. Request for technical assistance (optional)

- Description of the requested technical assistance (TA) and outputs of the TA.

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- How will the TA contribute to improve the services of the institution for the RK-FINFA target groups?

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- How will the TA contribute to improving cost efficiency and risk management for the institution?

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- Will the TA contribute to innovations in the Kenyan context?

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- Proposed modalities of implementation of the TA (internal, consultants, etc.).

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- Estimated timelines and budget to deliver the outputs.

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- Proposed contribution by the PFI.

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10. Other value added elements demonstrating why the PFI is a good candidate to access the GFF.

*Attachments as relevant.*

### **ASSESSMENT CRITERIA FOR ALL PROPOSALS**

The assessment will be conducted in two stages as below:

#### **PART A: Mandatory Documents**

- (i) Certificate of Registration/Incorporation
- (ii) Valid Tax Compliance Certificate or Exemption Certificate or equivalent document
- (iii) A unified Business Permit from host County Government
- (iv) Valid License from the relevant regulatory authority ((CBK, SASRA, AMFI)
- (v) Registered trustees/directors and profile showing the top decision-making organ of the borrower, attach a copy of National IDs.
- (vi) CR 12 not more than 6 months' old from closing date.
- (vii) Audited financial statements for the last three (3) years (2025,2024,2023)
- (viii) Bank reference letter where the borrower holds active bank account(s) stating if it's good for ordinary business dealing.
- (ix) Provide a collateral equivalent or higher in value than amount borrowed (specify and provide copy of ownership document of the collateral that you shall offer which will be charged at loan disbursement)

#### **PART B: Technical Requirements**

Criteria	Max Mark	Modalities of scoring	Actual Score	Comments
Total outreach (total number of borrowers)	20	More than 1,500: 20 Between 750 and 1,499 : 10 Less than 750 : 5		
Outreach for women	10	More than 50%: 10 Between 30 and 50%: 5 Less than 30%: 2		
Outreach for youth	10	More than 30%: 10 Between 20 and 30%: 5 Less than 20%: 2		

Outreach to people with special conditions	5	More than 5%: 5 Between 2 and 3%: 3 Less than 2%: 1		
Percentage of the loan portfolio to the RK- FINFA target groups	20	% of the loan portfolio > 50%: 20 % of the loan portfolio between 30 and 50%: 15 % of the loan portfolio between 15 and 30%: 10 % of the loan portfolio below 15 %: 0		

Quality of the loan portfolio	15	PAR 90 days < 3% : 15 PAR 90 days between 3 and 5% : 10 PAR 90 days between 5 and 10% : 5		
Existence of appropriate loan products and delivery channels for the RK- FINFA target groups, including women and youths	10	Appropriate products for smallholder farmers, rural MSMEs, women and youth, special groups: 10 Appropriate products for 2 to 4 categories of clients: 5 Appropriate products for less than 2 categories of clients: 2		
Existence of staff with specific competences for agricultural finance	5	Existence of staff : 5 Nonexistence of staff : 0		
Recent experience in management of other Lines of Credits (in the last 3 years)	5	Successful recent experience in management of at least 2 lines of credit: 5 Successful recent experience in management of 1 line of credit: 2 No experience in management of other line of credit: 0		
<b>Total</b>	<b>/ 100</b>		<b>/ 100</b>	