



AGRICULTURAL FINANCE CORPORATION

Perspectives on Stabilizing Food Systems in Poly Crisis

The Countercyclical role of Public Development Banks in response to the Persian Gulf Crisis- PDB Interventions

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CORPORATE PROFILE

INCORPORATION

- AFC is Kenya's state-owned Agricultural Development Finance Institution previously established under AFC Act Cap 323.
- The Corporation has since transitioned into a Government-Owned Enterprise(GOE) under the Government-Owned Enterprise Act 2025 wef December 2025 and operating as a limited liability

MANDATE

- To provide access to affordable credit to all players along the Agricultural Value Chains.
- **Crops & Livestock Production**
- **Agribusiness**
- **Agro-processing**
- **Machinery**
- **Affirmative Action Financing-Youth, Women and PWDs**
- **Working Capital**

BUSINESS MODEL

- **Wholesale lending** through Saccos, Micro -Finance Institutions Digital Credit Providers, Co-operatives & Anchor Clients
- **Retail Lending-** Direct lending to Small Holder Farmers and Companies
- **Footprint-6 regional offices & 47 Branches**
- **Asset base USD107.7 million**
- **Loan portfolio USD95.7 million**



PDB CRISIS RESPONSE IN ACTION

Challenges due to Crisis

- High Cost of fuel & oil products.
- Low supply of fertilizer leading to increased pricing
- Increased prices of other farm inputs.
- Logistics disruptions due to fuel shortages
- Compromised application of fertilizers due to shortage
- Possibility of lower yields in the next season due to the above challenges
- Foreign Exchange Volatility
- Rise in Inflation

Government and PDB Interventions

- Government reduced Value Added Tax (VAT) on petroleum by 8% to subsidize fuel cost.
- Government has subsidized the cost of fertilizer to KES.2,500 (USD19.3) to cushion farmers. Market prices are almost double.
- Ministry of Agriculture is encouraging use of organic fertilizers as alternative
- AFC allocated additional budget of **KES.1 Billion (USD. 7.7 Million)** to support agricultural MSMEs.
- Restructuring impaired loans for clients directly affected or exposed by the crisis

Impact/Outcome

- Fuel prices reduced from KES.206.84(USD 1.59) to KES. 196.63(USD 1.51) per litre.
- The fertilizer prices will be stable and affordable to farmers.
- Import substitution through use of organic fertilizer in the long run.
- Increased access to credit due to additional funding to agricultural MSMEs.



GOVERNMENT & PDB RESPONSE TO CRISIS

- ❑ Support access to credit to small holder farmers – To date disbursed USD 31million to different value chains
- ❑ Farmers advisory services-Encourage use of organic fertilizers to substitute natural gas based fertilizer. (National & County governments)
- ❑ Collaboration with other Government Agencies, development partners and private sector to mitigate the impact of the crisis.
- ❑ Government ensuring adequate stocking of the Strategic Grain Reserves(SGR) by buying maize and beans from smallholder farmers.
- ❑ Farmer registration in Kenya Integrated Agriculture Management Information System(KIAMIS)- To date over 7.9 million farmers have been registered. This data helps to establish the inputs requirements for the farmers and facilitates distribution of fertilizer to the last mile.



PARTNERSHIPS AND INITIATIVES SUPPORTING INCLUSIVE FINANCE

Wholesale Lending & Financial Inclusion Projects

Project	Partners	Objective	Key Achievements / Impact
Program for Rural Outreach of Financial Innovations and Technologies(PROFIT) Risk Sharing Facility (USD 2.5 million)	IFAD	Expand smallholder access to innovative financial services	<ul style="list-style-type: none"> • Financial inclusion to SHF who could not borrow on conventional lending requirements • Enabled indirect credit access to over 200,000 smallholder farmers through anchor clients and Saccos • Leveraged x 10 times over a period of 5 years
Rural Kenya Financial Inclusion Facility (RK-FINFA) (USD 8.31 million)	IFAD, Government of Kenya, AGRA	Integrate risk management tools into agri-lending and enhance inclusion	<ul style="list-style-type: none"> • Embedded wholesale lending in structured systems to Saccos and Micro-finance Institutions. (9 Saccos and 3 MFIs) • Enhanced financial literacy for over 1,000 farmers.(50% Women) • Improved financial inclusion through alternative collateral option(Member guarantees)
Supporting Access to Finance and Enterprise Recovery(SAFER) (USD 2.31 Million)	World Bank/Kenya Development Corporation	Support MSMEs recover from Covid 19	<ul style="list-style-type: none"> • Provided liquidity and Derisking support to formal and informal businesses. • 181 beneficiaries • Women accessed 50% of the funding



The End

THANK YOU