

The Kibwezi Hortipreneur Youth Group and their Agribusiness Opportunities in Kenya



Kibwezi Hortipreneur Youth Group (KHYG)

KHYG is a member of the IITA Youth Agripreneur Movement and funded through a grant from the International Fund for Agricultural Development

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Front cover photos

Erected Finished Tent-style Greenhouse	One of the Agripreneur erecting the Tent-style Greenhouse
Hybrid cucumber production in one of three greenhouses operated by KHYG	Hybrid Tomato production in one of three greenhouses operated by KHYG.

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Purpose of these Guidelines

This booklet first and foremost is intended to assist Youth Agripreneurs nearing the end of their experiential learning internships to prepare a winning business plan. It specifically addresses the situation in Kenya in support of the Kibwezi Youth Hortipreneur Group (or KHYG). This group started their activities in April 2015 and are expected to conduct a two year agribusiness incubation at facilities provided them by the University of Nairobi Dryland Research Station. At first it was not easy going as the farm is rather isolated and the greenhouse facilities run down. Farming there is not simple, it is next to the Kibwezi Forest and monkeys and baboons are serious threats to every food crop. There are also snakes and crocodiles, the nearby Kibwezi River is a trickle at times, and a torrent at others, and conditions are placed on how much and when irrigation can take place. But the necessary ingredients were there in terms of funds, a good growing climate and an enthusiastic approach by the intern recruits.

Since then, the group has established several experiential learning enterprises including greenhouse vegetable production, fish farming, and the manufacture of nutritious snacks. Many skills needed to be developed such as making potting mixture and raising thousands of vegetable seedlings, selecting the best vegetable varieties and rotating them in a way that minimizes pest and disease, repairing and expanding greenhouses, establishing settling ponds to clarify water and installing drip irrigation systems for efficient irrigation, building fish ponds, nurturing baby fish to maturity and blending cost effective fish feeds. Marketing was at first a challenge, but Kibwezi is along the Mombassa-Nairobi trade corridor and once the necessary contacts were made it was only a matter of timing harvest to peak prices. Within a year, these youth were confidently operating a commercial vegetable and fish farm.

But it is one thing to manage a farm and another to start your own business. First, conditions are unfairly stacked against youth entering the business community (unless they come from wealthier families). Banks do not consider youth to be creditworthy, and youth lack the collateral needed to qualify for most commercial loans. Too often, even university graduates with strong technical skills do not understand how to set up and manage an agribusiness. IITA established guidelines and training tools that strengthen business skills and identified mentors to assist in making the transition from skilled intern to bankable businessperson. These skill sets included: perspectives built upon creativity and innovation, assumed responsibility, teamwork, leadership, and need for rural transformation; understanding business models, creative value, value chain intervention, product development and new venture experimentation; discovering the customer and the business start-up environment, and scaling sales to demand; commercial due diligence, feasibility assessment and competitive advantage; creating a marketing strategy; and working with loan officers to develop viable start-up strategies, and how to negotiate with investors. Now this training must take root.

During their internship, youth were advised not to become too comfortable because they are expected to launch a successful agribusiness venture following their departure. It is hoped that this booklet helps them to do so!

The IITA Agripreneurs

The IITA Agripreneur initiative is a youth in agribusiness model that was established to address the issue of widespread youth unemployment and to provide a platform that propels youth toward self-employment in agriculture. Basically, higher education has grown faster than the economies they were intended to support causing large numbers of recent graduates unable to find decent employment. At the same time, there is a mismatch between graduate skill sets and those sought by employers, and youth with strong technical and innovation skills lack the necessary business acumen to become self-employed. Pathways out of this dilemma were greatly needed.

IITA devised one such innovative solution, the Agripreneur Movement. The IITA Youth Agripreneurs have expanded from their recent, modest beginnings in Nigeria into a force poised to empower youth and transform agriculture across Africa. They have achieved this by harnessing the energies and ambitions of youth, while also understanding their need for reorientation given the economic and cultural forces that operate to their disadvantage. It is based upon the inabilities of too many recent university educated youth to find decent employment and the increasingly-accepted developmental strategy to transition them into self-employed, successful agribusiness operators able to revitalize stagnating rural economies and offer decent employment to others. The IYA style of youth-led agribusiness incubation and balanced



The Director General of IITA and founder of the Agripreneurs, Dr. N. Sanginga, poses with two Kenyan youth, Tabitha Muli and Elizabeth Muema, at the ENABLE Youth International Symposium in Abuja, Nigeria

experiential learning became an accepted approach to youth empowerment that was favorably compared to other more established mechanisms, particularly short-term agribusiness attachment. Projects followed that brought Agripreneurs to DR Congo, Kenya, Tanzania, Uganda and Zambia. Officers from the African Development Bank visited these Agripreneurs and incorporated them into their plans for the Bank's Agricultural Transformation Agenda under its new Empowering Novel AgriBusiness-Led Employment Program (ENABLE-Youth).

Based upon the experiences of the early Agripreneurs, a set of guiding principles emerged. From the very beginning groups were gender balanced and always led by one woman and one man. Groups are multi-disciplinary and allow for creative contribution by those from outside of agriculture and business. Groups are transparent and allowed to conduct their own business transactions and maintain their own books. Groups are democratic and elect their own officers

and vote on important issues, but at the same time avoid "tyranny of the majority" by allowing individuals to explore new avenues of opportunity. Groups are outward looking, conduct exchange visits, work with and train other youth groups and advocate the interests of youth other than themselves. Groups are increasingly self-sufficient over time as their learning enterprises become more profitable. And groups have a beginning, middle and end, they are not intended as long-term employment but rather as a springboard to self-employment. At the same time, groups operate in a flexible manner so that their example may be adopted by others interested in youth empowerment. But a central principle is that the Agripreneur Movement exists to accelerate youth self-employment in agriculture.

The Kibwezi Hortipreneur Youth Group

The Kibwezi Hortipreneur Youth Group (KHYG) is a group of enthusiastic graduates formed and steered under The International Institute of Tropical Agriculture (IITA) Youth Agripreneurs Program. Its goal is to build the capacity of youth and expose them to numerous opportunities in agribusiness. IITA launched a series of thirteen agribusiness incubations in six countries based upon its novel Agripreneurs model. The Kibwezi Hortipreneurs Youth Group (KHYG) in Kenya is one such group, founded in March 2015.

The group started by offering several weeks training to a Youth Coordinator by IYA in Nigeria who then returned to Kibwezi to begin intern recruitment based upon voluntary participation of qualified candidates between the ages of 18 and 35 holding university degrees across a range of disciplines. Two IITA scientists, Dr. Kristina Roing and Dr. Paul Woomer, emerged as early mentors. The University of Nairobi offered to host an Agripreneur group at its Kibwezi Dryland Research Station where it had an abandoned greenhouse complex remaining from an earlier project. This location certainly met the "remote" criteria as it is located 216 km from Nairobi and 15 km at the end of an unpaved, unmarked road, has poor mobile phone coverage and no internet. On the other hand, it sits along the spring-fed Kibwezi with a pump and irrigation system, the soil is a fertile sandy loam and the climate has warm days and mild nights, perfect for vegetable production.



Members of the KHYG conduct profitable agribusiness and represent youth empowerment in Kenya

After three months of operations, group elections were held to enable the transition from leadership by a youth coordinator to democratically elected officials. This was to facilitate registration of the group with government offices of Gender and Social Services, prerequisite for opening a group bank account. Following registration with local authorities, the group developed its Standard Operating Procedures to govern decision making, recruitment, financial

management and changes of leadership. Members were assigned responsibilities to various departments, such as production, marketing, communication, capacity building, finance and facilities. There has been unexpected turnover in group membership, but it has stabilized and the youth are now intent on developing viable independent businesses based upon their learning internships.

KHYG developed several pilot enterprises included greenhouse vegetable production, fish farming and the manufacture of a sweet potato based snack food. Some of its important innovations by the group include the development of fish pond aeration and feeding systems, and propagation of large numbers of hybrid vegetable seedlings.



KHYG members prepare tomatoes harvested from their Kibwezi greenhouse for market

Several group members have developed detailed business plans and now seek investors. It is important to identify financial partners that understand agribusiness seasons, income and expenses. These aspiring businesspersons seek investors able to structure financial services that recognize the role and potential of youth-led start-up and offer affordable loans. This manual is largely intended to help KHYG and similar groups better develop relations with these commercial lenders. Some of the business plans developed by group members are included within this booklet.

ENABLE Kenya

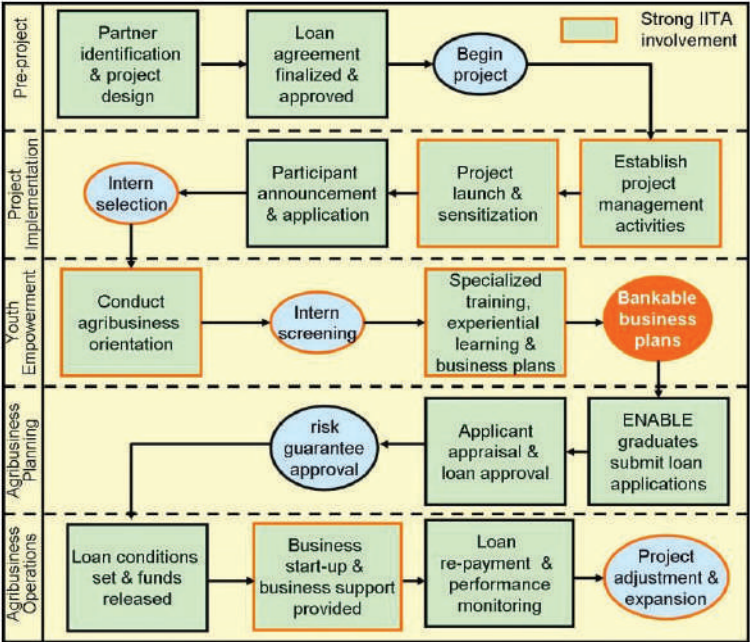
Kenya is currently designing an activity for funding within the African Development Bank ENABLE Youth Program. The overall goal of ENABLE is to contribute to job creation, food security and nutrition, rural income generation and improved livelihoods for youths in both urban and rural areas. Plans are underway to implement it in 31 African countries.

The Program has four components, namely: *Enabling Environment for Youth Empowerment* intended to create better opportunity for unemployed recent university graduates in Kenya; *Entrepreneurship and Agribusiness Incubation* where youth first participate in a two-week agribusiness orientation training organized by IITA in partnership with MoALD, the University of Nairobi, and other identified partners, and then youth serve either as interns within existing or newly-formed Agripreneur groups or are attached to an existing agro-industries in order to

obtain experience in modern farming and agribusiness operations; *Business Development and Financing* where youth transition from agribusiness interns to successful owners of agribusinesses or employees in going concerns and credit risk sharing is initiated with commercial banks; and *Program Coordination, Monitoring and Evaluation* that provides support for youth empowerment and advancement at the national and local levels.

It is hoped that the project will be implemented over a period of five years between January 2018 and December 2022. The Executing Agency of the program is the Ministry of Agriculture and Livestock Development through its Department of Gender and Youth. Key Indicators of outcomes of the ENABLE Youth Program include: (i) the number of new agriculture-related businesses established; (ii) and the number of jobs created by the participating agripreneurs including both agribusiness incubation interns and agro-industrial attachments, and their disaggregation by gender, age, state, and size of business; and (iii) the average annual revenues generated by the emergent businesses.

The proposed program will be implemented across Kenya through the participation of 16 agricultural research, development and vocational institutions. These parties will serve as agribusiness incubation hosts and be responsible for identifying matching agro-industrial mentors. The targeted youth beneficiaries will be in two categories. The first are unemployed young Kenyan university graduates, from any field of study but with preference for agriculture- and business-related degrees. The second are graduate youths who are already successfully engaged in agribusiness but have little access to affordable commercial loans to grow their businesses. The program will target a 50:50 male and female participation, and will target youth aged 18-35 years. Most of the initial loans will be about US \$28,000 per business, and some reaching as high as \$85,000 per enterprise. Agripreneurs can have individual or joint businesses and these must be duly registered by regulatory authorities. The target is to reach 2,560 agripreneurs over five years who will establish enterprises with an employment factor of 1:6 resulting in a total of at least 15,360 additional jobs created.



The ENABLE approach to youth empowerment and agribusiness start up, and the role of IITA within this process

Developing a Business Plan

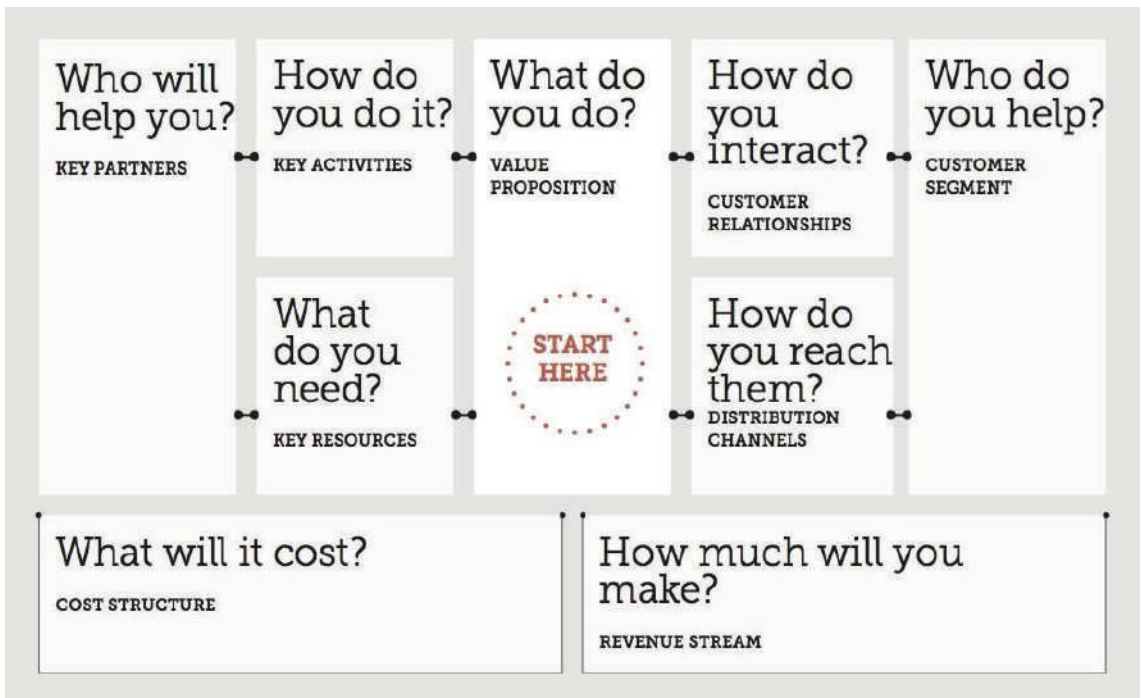
A solid business plan is a must for any new enterprise and is intended to accompany and reinforce a loan application. The business plan consists of a concise narrative and financial worksheets. The real value of creating a business plan is not in having the finished product in hand, rather it lies in the process of investigating your business idea in a systematic manner. The act of planning helps you to think things through to better anticipate one's requirements, risks and opportunities, and to evaluate your ideas more critically. It requires time in the near-term, but avoids costly, even catastrophic, mistakes later during business establishment.

It typically takes several weeks to complete a solid business plan. Most of that time is spent in research and re-thinking your ideas and assumptions. But then, that is the underlying purpose of the process. Take the time necessary to do the job carefully. Be sure to keep detailed notes on your sources of information and on the assumptions underlying your financial data. A step-wise approach to business planning includes: summary; business vision; description of the market and customer base; details of products and services; organization and management strategy; marketing and sales strategy; the competitive advantage; and financial management and cost and revenue projection. This plan is meant to be studied by others, and should not exceed 12 to 20 pages, with detailed information and calculations appearing as Appendices.

- *Summary* offers an enthusiastic snapshot of the enterprise, explaining the what, who and why the enterprise was created. It should not exceed two pages.
- *Business Description and Vision* clearly states the mission and vision of the enterprise. It explains briefly its history, goals and objectives, and plans for growth.
- *Market Description* covers the business outlook, targeted customer segments and anticipated market share.
- *Products and Services* describe what the business will produce and how the enterprise offers competitive advantage; production processes and product descriptions should be summarized but need not be overly detailed.
- *Business Organization and Management* provides a description of how the company is organized, including an organogram showing the roles and responsibility of each member, and includes the business legal structure (partnership, sole proprietorship, corporation); as well as required operating conditions, licenses and



Agripreneurs are trained in developing bankable business plans and delivering effective business pitches



A business canvas presents a business plan in a holistic, practical manner

permits.

- *Marketing and Sales Strategy* identifies the customer base and expected demand for products and services, and their distribution channels as guided by the "FOUR Ps"; products, pricing, promotion and placement.
- *Competitive Advantage* includes a market analysis that answers "Why would clients buy from you and not a similar product from another; What makes your product unique; Is your pricing in line with product value; What image do you project; Which similar products are in the market; and How is your product differentiated from them?".
- *Financial Management* covers loan request, start-up costs, projected balance sheet, income statement and cash flows over time; it offers assurances of loan repayment by quantifying expected return on investment.
- Business plans should be accompanied by *Appendices* that contain company brochures, job descriptions or resumes of key employees, list of business equipment, copies of press articles and advertisements, detailed product specifications, and existing or proposed business agreements.

Note that business plans are intended to accompany loan applications and various lenders may require different formats and level of detail. A conceptual diagram of a business plan may be effectively captured as a "business canvas".

KHYG Business Plans

Daima Fresh Produce

Daima Fresh Produce Ltd. is a sole proprietorship designed by Ms. Beatrice Peter built around vegetable production and marketing. She intends to establish a 2.5 acre farm at Mwingi sub-county (east Kenya) for intensive production of high value vegetables. The farm will be under drip irrigation and also feature Integrated Pest Management (IPM) and Integrated Soil Fertility Management (ISFM) technologies to ensure year round production, while maintaining top-end customer acceptability. It will focus primarily upon tomatoes, capsicum and leafy green vegetables. Tomatoes will be grown in a one acre greenhouse producing over 60 tons per year with average price of Ksh 50 per kg (= Ksh 3.0 million). Capsicum is planned for 0.25 acres in open field or as a rotation with tomatoes and leafy greens and will produce about 10 tons per year with an average price of Ksh 40 per kg (= Ksh 400,000). Leafy vegetables are scheduled for one acre of open field producing 20 tons per year at a price of Ksh 30 per kg (= Ksh 600,000). In this way, revenues are expected to be at least Ksh 4 million per year. Daima Fresh Produce Ltd seeks a loan of Ksh 3.4 million to finance the its start-up activities including purchase of a farm, establishing irrigation, greenhouse and other facilities as well as cover business expenses during the first six months (before tomato revenues commence). The loan and interest will be fully repaid at the end of second year. Ms. Peter has extensive experience in vegetable production gained while working with International Institute of Tropical Agriculture in its Agripreneur incubation project at Kibwezi. Her skills include vegetable production and seedling operations, drip irrigation installation and operation, greenhouse construction, developing a marketing strategy and financial planning.



Beatrice Peter (right) prepares hybrid tomato prunings for rooting

Fresh Farms Ltd.

Fresh Farm Limited is a business plan developed by Ms. Elizabeth Mukulu Muema and projected to start in 2017. The business plans to produce



Ms. Muema has experience growing and marketing a wide range of vegetables, such as these hybrid greenhouse cucumbers

and market horticultural crops under greenhouse management. It will be located at Tala in Machakos County and requires a loan of Ksh 5 million used to purchase land, a pick up, build greenhouses and install an irrigation system. Ms. Muema has already contacted the county government for necessary permits and located suitable land available for sale. Ms. Muema is a graduate from the Catholic University of Eastern Africa with a B.A in Sustainable Human Development that specializes in project management and community development. A suite of greenhouse production and marketing skills were obtained during a two year internship with the Kibwezi Hortipreneurs, organized by the International Institute of Tropical Agriculture and the University of Nairobi. Major horticultural input suppliers and reliable vegetable buyers for Fresh Farm produce are already identified. Total revenues of Ksh 7 million per year are expected, allowing for loan repayment within three years.

Octopus Fish Farm Ltd.

Octopus Limited, despite its name, is a proposed fish farm operation developed by Mr. John Mugo that intends to produce catfish, tilapia and later ornamental fish. It will operate both a fish nursery and production ponds. Also it will establish a shop for fish farming inputs and the manufacture of fish feed. It will operate in Makueni County. Mr Mugo is a graduate of the University of Nairobi and has obtained extensive knowledge of fish farming and fish feed manufacture over the past year while working with the Kibwezi Hortipreneurs Youth Group operated by the International institute of Tropical Agriculture Agriprenneur Program and the University of Nairobi. Its goals include helping to achieve self-sufficiency in fish production in Kenya, supplying nutritious fish at a reasonable price and providing self-employment to its operator and employment to others. The management team will consist of three permanent employees and several other casual workers depending on the work load at different times. The permanent employees will be Managing Director, Procurement and Accounts Officer and an Operations officer. It requires a loan of Kshs 3.4 million for start up and operating capital. Revenues are expected within nine months of start up. By the second year of operations its revenues will be Ksh 5.3 million and its loan will be repaid after three years.



John Mugo and one of the five fish ponds he manages in Kibwezi.

TabChick

Tabchick Company Limited is a privately operated company designed by Ms. Tabitha Mutheu Muli that intends to raise and market poultry for meat and and produce chicken feed. It will be located at Kibwezi-west sub-county along the Mombasa-Nairobi commercial corridor. The target markets are at Mtito-Andei, Makindu, Emali and Nairobi. Its mission is to build a semi-mechanized poultry firm that is efficient and profitable, and to provide customers with the highest quality chicken. Its keys to success are meeting the demand of the customer, building strong customer relationships, and to create rewarding employment opportunities for others. A survey commissioned by the Makueni County

government shows the county produces approximately 35 million kg of chicken meat per year compared to an annual demand of 170 million kg, leaving a huge potential market. It will raise both industry standard broilers and larger "Improved Kienyeji" chickens (also known as road runners due to their long legs). Broilers are raised over seven weeks and Kienyeji over three months in successive, overlapping batches of 1000 birds each. Kienyeji eggs will also be produced and sold. Tabchick seeks a loan Ksh 3.7 million to finance its start-up activities including purchase of a farm, set up poultry and slaughter/store houses, machinery, transport and other facilities as well as cover other expenses of the business for the six months. The farm will begin to make reasonable profits after one year of operation and the loan will be repaid over four years. It expects revenues of KSh 6.1 million by Year 2 increasing to Ksh 7.3 by Year 4.

Kamkalange Food Industries

Kamkalange Food Industries is a business idea forwarded by McEnroe Nzomo. It is based upon a pilot enterprise at the KHYG farm near Kibwezi that manufactures crisps from sweet potato, a product named "Beta Crisp". The product was test marketed with favorable response, particularly among children. It is undergoing certification by the Kenya Bureau of Standards. Kamkalange Foods will provide a combination of excellent food at value pricing, with fun packaging and atmosphere. The business motto will be "YOUR HEALTH OUR HAPPINESS". The main activities for this business will include processing and marketing foods, particularly healthy snacks. State-of-the-art packaging and labeling will meet customer satisfaction. The owner will manage the business along with a production supervisor. The product will be sold both wholesale and directly to larger retailers. A 100 g package of Beta Crisp that sells for Ksh 80 can be offered for Ksh 45 to distributors. To ensure higher nutrition, it will process the "orange fleshed" variety of sweet potato rich in vitamin A. No similar product appears on the Kenyan market.



McEnroe Nzomo displays a package of Beta Crisp, a nutritious snack prepared from sweet potato

Kamkalange Foods is the answer to an increasing demand for healthier snack foods. It will operate as a sole proprietorship. The factory currently in operation in Kibwezi will be replicated in Machakos town in order to expand its production capacity and customer base, and reach the Nairobi and surrounding markets. Kamkalange Foods seeks a loan of Ksh 6.5 million to finance its start-up including rental and renovation of a factory building, purchase of equipment, and to cover other expenses during the first year. Anticipated revenues are Ksh 2.4 million in Year 1 increasing to Ksh 9.6 million by Year 4. The firm will repay the loan within three years.

Operating in a Tricky Finance Arena

Too few of the loan facilities available to youth in Kenya are convenient and too many farmers who take agricultural loans have difficulties in repayment. In many ways, what is available are commercial loans disguised as agricultural loans that do not factor into consideration the risks involved in farming such as climate extremes and poor harvest. Also, some banks do not recognize that agriculture runs on seasons, and instead base loans upon financial calendars, making it more difficult to arrange and clear debts. As a result, loan conditions may lock out those who are otherwise serious about going into agribusiness. But do not become discouraged because many opportunities for finance exist once one understands this tricky arena!

Indeed, business start up is difficult in agriculture where one must have land, inputs, favorable growing conditions and sufficient funds to carry through a production cycle. Raising capital is perhaps the most difficult element of youth-led agribusiness start-up but there are several pathways to success. Savings and Credit Cooperative Societies offer low interest loans to members, but becoming a member in good standing takes time. The Agricultural Finance Corporation is a government owned financial institution that provides loans to agriculture. Some commercial banks offer loan packages targeting agribusiness but they are not really different than other commercial loans. The Women Enterprise Fund is a semi-autonomous government agency that helps women start or expand their businesses. Merry-Go-Round savings groups provide funds to members depending on past contributions. There are loans available from various micro-finance institutions. Other options include The Youth Enterprise Development Fund, credit from local traders and independent investors, and advances through arranged contract growing. Each route has advantages and disadvantages and youth require perspective in weighing their options.

The most widespread means of available finance is through bank loans. After operating an account for several months, one becomes eligible for a loan depending upon banking history. But most individual youth lack sufficient income to deposit regularly and are better positioned to start youth groups that transition into agribusiness. Loans may be awarded to groups with as little as 25 to 30% co-funding. The Kenyan Government also supports funding programs including the Youth Fund, but demand for them is high and procedures somewhat cumbersome. One good source of business financing is business loans from family, friends and equity investors, usually formalized through promissory notes.

Given these complexities, organizations have emerged that assist in agribusiness start up. The **Graduate Farmer** is a "one stop shop for all farmers across Kenya". It connects farmers with practical training, farm equipment, information and consultation through its IT platforms. Its aim is to "empower and guide the youth and women from becoming job seekers to creators through agribusiness". Its platforms are intended to provide them with guidance toward this end. It promotes mindset change away from employment toward agribusiness through four main on-line platforms available through www.graduatefarmer.co.ke.

- A Training Portal that connects farmers to practical agricultural training
- A Blog Platform that provides current information about farming.

- A Consultation Portal connects farmers to expert advice and consultation services.
- A Market Platform assists farmers to purchase affordable farm supplies

Other groups offer useful perspectives and assistance in agribusiness start up including Nuru Kenya Agriculture, Juhurdi Kilimo and ECLOF. Those interested in start up should consult these and other websites for more information.

Lending Opportunities

Some preliminary opportunities for commercial lending were identified that offer start up loans for small to medium sized agribusinesses.

BOOST Africa

BOOST Africa is a joint initiative between the African Development Bank and the European Investment Bank. It is part of the Jobs for Youth in Africa strategy that seeks to create opportunities that: enable and enhance entrepreneurship and innovation; create new and quality jobs for young Africans; contribute to the development of an efficient entrepreneurial ecosystem; address the financing gap at the earliest and riskiest stages of enterprise creation; and strengthen skills and expertise with young entrepreneurs. In this way it is a natural partner with the Agripreneur Movement.

Boosting the entrepreneurial power of Africa's young people will create compelling modern businesses that compete regionally and globally and attract both domestic and foreign investment. It will both contribute significantly to job creation and become a leading platform to launch a wide range of competitive companies across Africa. Supporting business start-ups will also better balance African economies through more equal distribution of wealth.

BOOST Africa has three major components. Its *Investment Program* will span the whole venture segment, including seed funds, incubators, accelerators, follow-on funds, venture capital funds and other mechanisms that support innovative and scalable business start-ups. This investment component will be structured as a partnership between EIB and AfDB with the



Agripreneur Evelyn Ohanwusi and AfDB President Akinwumi Adesina at the announcement of the BOOST Africa partnership

public and the private sector invited to co-invest. A *Technical Assistance Pool* provides capacities for investment readiness of both investors and entrepreneurs, and to establish investors' networks for "business angels". The *Innovation and Information Lab* will act as a catalyst for knowledge and partnerships by piloting new ideas and disseminating resultant best practices.

The focus of BOOST Africa is not exclusively upon agribusiness, but includes it at its core as investment in this sector is ripe with opportunity and directly improves the lives rural households. The target is to leverage €1 billion in investments, launching 1,500 new businesses and creating at least 25,000 jobs; with particular emphasis on youth and women as final beneficiaries. The Agripreneur Movement stands to benefit enormously from close partnership with BOOST Africa by better accessing investment in agribusiness, while BOOST Africa gains from the Movement's expertise in project management, capacity development and youth advocacy; clearly a win-win combination. For more information visit the website www.afdb.org/en/topics-and-sectors/initiatives-partnerships.

Agricultural Finance Corporation



The Agricultural Finance Corporation (AFC) is a Government Development Finance Institution that was established in 1963 as a subsidiary of the Land and Agricultural Bank. In 1969, it was incorporated as a full-fledged financial institution under the Agricultural Finance Corporation Act. It was then tasked in "assisting in the effective and peaceful transfer of land to indigenous farmers, as well as injecting new capital to farm owners to spur development". Today it is the leading Government Credit institution mandated to provide credit for the sole purpose of developing agriculture. It offers several loan packages including those for agribusiness, cash crop and animal production, and horticulture. For more information, access its internet site www.agrifinance.org

Agribusiness Trading. These are loans designed to benefit agribusiness traders and intended to provide start-up capital for agricultural enterprises. There exist huge opportunities for the youth in agricultural small- and medium-sized enterprises across commodity value chains. Thus, beneficiaries of this loan facility engage in wealth creation and offer employment. Loans are judged on the viability of the business plan, tangible security for the loan and 20% equity contribution towards the project. This requirement for "tangible security" may pose a challenge to youth with great business ideas and too little collateral.

Cash cropping. This credit facility is intended for cash production of tea, coffee, sugarcane, pyrethrum, cashew nuts, citrus, mango, bananas, and other cash crops. It requires tangible security for the loan and use of approved crop varieties. In some cases there must be availability of processing facilities within reasonable distances. Loan repayment is expected within 2 to 5 years with annual installments. This facility is intended for both individuals and groups but is intended more for ongoing business expansion rather than start-ups.

Animals and Fisheries. These are loans for livestock and fisheries production, an area with huge potential for investment. Enterprises include dairy and beef, sheep and goat, beekeeping, piggery, poultry and fish farming enterprises. It provides for both capital expenses and working capital. Repayment is expected over 2 to 5 years at annual installments. This facility is also designed for both individuals and groups and offers support to business start-ups.

Horticulture. These are loans intended to finance horticultural and floricultural projects, specifically fruits, vegetables and flowers. It provides funds for greenhouses, irrigation, electricity and processing facilities and equipment. Repayment period is 2 to 5 years in annual installments. Eligibility requirements include relevant experience in horticulture, compliance with regulatory requirements and access to an adequate water supply.

Equity Bank

Equity Bank is one of the leading banks in Kenya that has taken it upon themselves to tailor their products to benefit small- and medium sized enterprises. They have numerous products that fit particular needs of their clients. One of them is Agribusiness financing. Under Agribusiness financing, they have seven different products that fit any criteria of farmer/enterprise. For more information contact



<http://ke.equitybankgroup.com/business/products/business-loans/agriculture-loans>

Kilimo Biashara Loan for Small-Scale Agribusiness. This is mainly for smaller-scale farming and agribusinesses that offers loans from Ksh 5,000 to 100,000. The repayment period is a maximum of 1 year or crop production period/cycle whichever is shorter. This product does not finance land leasing. The target beneficiaries of this product are the small-scale commercial food producers. Accepted collateral security includes any combination of chattels mortgage over farm and household assets and livestock. Conventional securities in form of motor vehicle log books, land title deeds are also acceptable. One must have at least two guarantors who are active account holders in the Bank. Group guarantees may also be applied as per the agriculture group lending policy. Under this product, the client benefits from access to the region's most competitive loan rates. Special consideration is given to those emerging from training and mentorship programs. There are several, and with respect to youth seemingly too many eligibility requirements:

- Be active account holders with Equity Bank
- Submit their loan applications within a reasonable time (preferably one month) before the setting in of planting season
- Demonstrate ability to repay
- Be ready to attend group meetings on weekly basis as per agriculture group lending policy (for borrowers under this category)
- Be in commercial farming with farming experience of at least one (1) successful season

- Be able to clearly demonstrate existence of other sources of income that could be used for loan payment in case of crop failure, loss of harvest and/or poor marketing due to adverse weather and/or any other factors
- Provide documentary evidence of ownership of the farm to be used for the production or a valid lease agreement covering at least two future seasons; the same must be signed and witnessed by a lawyer
- Identify inputs suppliers, negotiate the inputs prices and obtain quotations/pro-forma invoices for the inputs to be financed
- Be able to demonstrate understanding of the market for the commodity being financed

Kilimo Maendeleo Loan. This loan is a credit facility to help farmers to undertake farm developments such as construction of farm houses, zero grazing yards, biogas plants, purchase of motor vehicles, land, etc., and to meet social development needs. The target beneficiaries of this product are farmers operating monthly remittance accounts with EBL such as coffee, tea and dairy farmers. They are able to get a loan of Ksh 50,000 to 1,000,000 with a maximum repayment period of 24 months depending on the amount taken. Requirements include:

- Be remittance account holders with Equity Bank for a minimum period of three years
- Have received at least one month remittance through their EBL account and provide three years account statement from the previous bankers
- In case of buy-offs, the borrower should provide formal clearance from the previous bankers to transfer remittances to Equity Bank and provide a three years account statement from the said institution(s)
- Demonstrate ability to repay and provide at least the immediate three months payment slip
- Provide documentary evidence of ownership of the farm used for production or a valid lease agreement covering at least two future seasons; the same must be signed and witnessed by a lawyer.
- Present evidence of the subject to be financed such as proforma invoices; bills of quantity etc.

Kilimo Kisasa Loan – Modern Agribusiness. The target beneficiaries of this product are both smallholder and commercial farmers. Kilimo Kisasa is a credit product specially designed to cater for modern agricultural tools and equipment. These will include but not limited to irrigation equipment, greenhouses, and spraying equipment. Loan amount depends on the individual requirements and ability to repay with a minimum amount of Ksh 30,000. The loans will be repaid in a period of not more than 24 months depending on the crop cycle; a shorter repayment period is always encouraged. Loan eligibility requirements include:

- Available to account holders in Equity Bank
- The beneficiary is required to contribute 20% of the project cost while the Bank finances the remaining 80%

Kilimo Supa – Modern Agribusiness. Kilimo Supa is designed to expand and deliver innovative financial services to medium-scale agricultural producers, agribusinesses and agriculture-based entrepreneurs. This product targets farming businesses both in livestock and crop production, agricultural traders and agro-processors such as dairy processors, farm output buyers, agricultural service providers such as equipment hiring services, soil testing, veterinary services, technical training and support, etc. Loan amounts reach up to Ksh 3,000,000 depending on the borrower's requirement and ability to pay. The maximum repayment period is 12 months for seasonal production loans or maximum of 24 months for capital investment. Eligibility requirements include:

- Be an active account holder with Equity Bank
- Demonstrate existence of other reliable sources of income that could be used in loan repayment in case of crop failure, poor harvest, poor markets etc.
- Be in commercial farming with experience of at least two successful seasons and good knowledge of the market
- Demonstrate knowledge of the financial requirement for their type of farming
- Provide documentary evidence of ownership of the farm used for production or a valid lease agreement covering at least two future seasons/cycles

Commercial Agriculture Loan. The target beneficiaries of this product are medium- and large-scale farmers irrespective of their nature of farming; from large-scale agricultural-based organizations to medium and large agricultural traders and processors. The minimum loan amount for this product is Ksh 100, 000 and the maximum based on the borrower's needs and ability to pay. The maximum repayment period is 18 months for production financing and a maximum of 60 months for agricultural development financing. The purpose of this loan is to finance bulk purchase of farm inputs such as certified seeds, fertilizers and chemicals, pay for lease of or purchase of additional agricultural land, sinking of bore holes, buying of hybrid livestock, construction of biogas plants, farm houses and support any other agribusiness or social development needs. Eligibility requirements include:

- Be active account holders with Equity Bank
- Demonstrate ability to repay
- Already be in commercial farming with experience of one year or one successful production cycle
- Able to clearly demonstrate existence of other sources of income that could be used in loan repayment in case of crop failure, loss of harvest and/or poor marketing due to adverse weather and/or any other factors
- Provide documentary evidence of ownership of farm to be used for production or a valid lease agreement covering at least two future production cycles
- Farming project to be financed must be within a radius of 50 km from the Bank branch and easily accessible to the Bank officials
- Able and willing to provide conventional security to cover the loan

Chase Bank

www.chasebankkenya.co.ke



Chase Bank is committed to developing agribusiness as one of their priority objectives. They signed a partnership agreement with Green Farming, a group of Dutch horticultural technical suppliers and knowledge partners. This partnership will see Chase Bank customers gain easier access to greenhouse technology, input supplies, capacity building and access to financial services. Growing Solutions is a program managed by Green Farming that aims at improving local entrepreneurship in Kenya on the theme of food security and food safety and is executed by a consortium of Dutch private partners in close co-operation with local partners. There are four main areas of agriculture in which Chase Bank invests: Dairy Farming, Horticulture, Cereals and Warehousing. Requirements for this credit program include:

- Must be Kenyan and be a Chase Bank account holder
- Establish current supply contracts in large-scale agricultural marketing
- Minimum loan Ksh 100,000
- *Financing:* Used vehicles 80% repayable in 48 months, Equipment 90% repayable in 48 months, Leasing equipment 100% financing, and Working capital - Overdrafts up to 12 months, the limit is based on business turnover
- *Insurance Cover:* Crop and livestock, and greenhouse, irrigation and farm equipment insurance

Kenya Commercial Bank



Kenya Commercial Bank Limited (KCB) is a financial services provider headquartered in Nairobi, Kenya. It is licensed as a commercial bank by the Central Bank of Kenya. KCB is the largest commercial bank in Kenya with assets of more than US \$3.7 billion (Ksh 366 billion) and US \$2.8 billion (Ksh 276 billion) in customer deposits. KCB Bank Kenya roots trace back to July 1896 when its parent company was formed as a branch of the National Bank of India in Mombasa. Upon independence, the Government of Kenya acquired 60% shareholding and in 1970, the Government took full control of the Bank and renamed it to Kenya Commercial Bank Group. KCB does not have a distinct agricultural loan program, but it offers a wide range of personal and business loans and overdraft protection through its large network of branches. It also operates in five neighboring countries. KCB is "aware that there are many people who remain unable to participate in the modern economy due to lack of access. We will strive to reach all demographics through adoption of technology and embracing innovation to deliver services to all marginalised communities". One special feature is its Mavuno Account (Farmers Account). This is an affordable account for farmers that offers no minimum operating balance, no maintenance fees, no handling charges and waives account activation charges due to the Cyclical Nature of these accounts. More information is available over the internet through www.kcb.co.ke.

The Co-operative Bank of Kenya



The Co-operative Bank of Kenya Limited is licensed to do banking in Kenya and is listed with the Nairobi Securities Exchange. The Bank's stated vision is to "be the leading and dominant Kenyan bank with a strong countrywide presence, playing a central role in the Co-operative movement and providing relevant and innovative financial services to our customers for the optimum benefit of all our stakeholders". Its loan portfolio includes *Vuna Kilimo Biashara* to enable individual farmers or associations and co-operatives to access farm inputs; and agrodealers to access working capital under the Ministry of Agriculture credit guarantee scheme. It focuses upon farmers engaged in production of cereals and horticulture. Farmer applicants must be engaged in commercial crop production, farming on their own or leased land, and have been in crop production for a minimum two crop seasons and able to provide cash flow records. Applicants must be account holders, channel sales revenues through the Bank and meet many other detailed prerequisites. Eligible agrodealers must be in business for two years, have certified business management skills, hold licenses from regulatory agencies and stock certified products. Maximum loans range between KSh 300,000 to 1 million at interest rates of 12%. Repayment is expected within one year. This loan portfolio is thus difficult to apply to business start up but can reinforce ongoing ventures.

Short-term Loans

There are other small holder lending companies that give short term unsecured loans. Most of these provide from Ksh 5,000 to 50,000 but this is a graduated process because the more one pays back, the more one is entitled to borrow in the future.

Mshwari – Safaricom, a local mobile provider came up with this application that allows one to save money and borrow small loans for a period of 30 days at minimum interest rates.

KCB-MPesa loans – Kenya Commercial Bank also teamed up with Safaricom to allow its clients to be able to access small loans at the rate of 1.16% per month. Umati Capitals is a local company that handles invoice funding. This means that it is short term funding whilst your business waits for the customer to pay. This comes in handy when suppliers need to be paid and there are no funds at hand. They fund 80% of the invoice and recover once the customer has paid, charging a fee for the service.



Members of KHYG rehearse their agribusiness pitches in a training workshop organized by Agroteq, a Kenyan consultant firm

Granting Agencies

Coca-Cola Foundation



The Coca-Cola Foundation has been closely involved in community development over the last three decades and has committed to giving back 1% of their prior year's income toward this objective. They have heavily invested in women economic empowerment and entrepreneurship as well as active involvement in healthy living, education and youth development. They offer grants for applications in any of these categories and will finance them according to their specific strengths. More information on these opportunities is available over the internet from www.coca-colacompany.com/our-company/the-coca-cola-foundation.

USAID Kenya



USAID focuses on reaching very poor agricultural producers, especially livestock herders and women. Programs also emphasize ecological sustainability through a proactive approach to climate change adaptation. In addition, USAID works with the Kenyan government to enact and implement policies that encourage growth among smallholders and the private sector. It has helped over 228,000 women farmers adopt new methods of farming that contribute to higher incomes. AID supported the enactment of two critical pieces of land legislation, both reaffirm women's equal rights to property; and assisted more than 105,000 women-owned, small businesses to access bank loans. To qualify for a grant, you must submit a proposal which would be vetted against their requirements. More information on these opportunities is available over the internet from www.usaid.gov/kenya.

Next Steps

Most of the Agripreneurs that are completing their internships in Kenya and elsewhere are intended to start agribusinesses. In some countries, this transition is assisted by the African Development Bank through the ENABLE Program, but in others like Kenya this is not the case. The ENABLE Kenya Program is not progressing as quickly as many would prefer, so our efforts in identifying avenues for agribusiness finance are more diversified. But an important first step is now evident. Six months before the completion of their internships, KHYG youth are in the advanced stages of preparing detailed agribusiness plans. There are four important next steps that can specifically advance the Kenyan Agripreneurs, Kenyan youth in general and the larger Agripreneur Movement.

Improve Financial Mentorship. KHYG in particular, and the Agripreneur Movement as a whole is slow to introduce financial mentorship into its agribusiness incubations. By financial mentorship, we refer to representatives of finance companies that are willing to coach youth in the process of finalizing their business plans and preparing loan applications. KHYG has six

month remaining of its current agribusiness incubation cycle and additional mentorship will be sought from the organizations described in this booklet.

Implement ENABLE-TAAT is a component of the larger AfDB Technologies for African Agricultural Transformation Program. Its purpose is to operate technology and innovation centers for young people on specific commodity value chains, and to stimulate youth-led agribusiness start-up in support of the TAAT's eight Priority Intervention Areas. Youth in Kenya are particularly well positioned to move forward in the areas of horticulture, fish farming and the production of blended animal feeds. In this way, ENABLE-TAAT's beneficiaries are youth that are assisted to initiate these agribusinesses and the employees offered decent wages through them. There are two of these youth centers planned for Kenya, one in Kibwezi and another in Busia.

Develop Youth Agribusiness Parks. The feasibility of Youth Agricultural Parks is being explored by IITA and the University of Nairobi LARMAT Department. These parks would provide opportunities in rural enterprise development to ambitious youth completing their IITA Agripreneur internships. It intends to establish a self-supporting agribusiness park near Kibwezi offering opportunities in modern farming, aquaculture and light agro-industry and extend this concept to the larger Agripreneur Youth Movement. This business park would provide the rental location, irrigation, land preparation services and consolidated marketing activities for the establishment of 12 to 18 independent, youth-led agribusinesses. Plans to start a second park in Busia are under discussion as well.

Reinvigorate ENABLE Kenya. Kenya is moving slowly compared to many other countries participating in the AfDB ENABLE Youth Program. Reasons for this delay are unclear other than difficulties in preliminary agreements between the Bank and Government. Current controversy surrounding other Government youth programs as probably not helped. IITA and the University of Nairobi stands prepared to assist in the design of ENABLE Kenya, and has drafted a preliminary Project Concept Note based upon those prepared in other countries. Similarly, youth must find access to loans leveraged by the AfDB-EIB BOOST Africa Program.

So many opportunities! Kibwezi is located in semi-arid eastern Kenya in an area renowned for its irrigated vegetable and fruit production. KHYG occupies a greenhouse complex provided by the University of Nairobi at its LARMAT Drylands Research Station. These greenhouses were abandoned several years ago when the youth group approached the university to restore them to productivity. After establishing a settling pond and drip irrigation system, tomatoes, cucumbers and sweet melons were grown with excellent results. Next the group established a series of fish ponds and started to produce their own fish feed. The farm is somewhat remote, so a small depot was founded in Kibwezi town to assist in communications and marketing. Recently the group began to manufacture nutritious snacks from sweet potato. All this was achieved in only 18 months and we are eager to see what the final six months will bring!.

Back cover photos: KHYG youth showcasing their enterprises to dignitaries, including Deputy President William Ruto, at a farmer field day in Makueni (upper left); the group displays production of its sweet potato crisps (upper right); steps in raising catfish (bottom).



Meet the Agripreneurs. The IITA Agripreneurs are becoming the missing link to jumpstart rural transformation in Africa. It is a means to build the confidence and skill sets of under-employed, educated African youth, and to transform them into agribusiness persons able to recognize and capitalize upon opportunities that abound along agricultural value chains. IITA's youth-led, gender-balanced, interdisciplinary agribusiness incubation works with relatively modest investment but requires the engagement of committed hosts and experienced mentors. The Kibwezi Hortipreneur Youth Group is the first Youth Agripreneur Group started in Kenya and joins in developing experiential learning and agribusiness development by other groups in DR Congo, Nigeria, Tanzania, Uganda and Zambia.



Group excavates two 33 m³ ponds



Liners installed and ponds filled



260 juvenile catfish introduced per pond



Feeding schedules established