
AFRICAN DEVELOPMENT FUND



KENYA

ENABLE YOUTH

APPRAISAL REPORT

AHAI/RDGE DEPARTMENTS

December 2017

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Currency Equivalents
(October 2017)

1 UA	=	1.41 USD
1 UA	=	145.92 KES
1 USD	=	103.25 KES

Fiscal Year

1 July – 30 June

Weights and Measures

1 metric tonne (t)	=	2,204 pounds (lbs)
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

ADF	African Development Fund	KYEDP	Kenya Youth Development
AECF	Africa Enterprise Challenge Fund	MALF	Ministry of Agriculture, Livestock and Fisheries
AFC	Agricultural Finance Corporation	NGO	Non-Governmental Organization
AGRA	Alliance for Green Revolution in Africa	PIU	Program Implementation Unit
Agripreneur	Agricultural Entrepreneur	RSFM	Risk Sharing and Financing
ASDS	Agricultural Sector Development	SMEs	Small and Medium scale Enterprises
AWARD	African Women in Agricultural Research and Development	UA	Unit of Account
CAADP	Comprehensive Africa Agriculture Development	USAID	United States Agency for International Development
CSP	Country Strategy Paper	UWEZO Fund	Youth Flagship Program under Kenya Vision 2030
CT	Country Team	WDF	Women Development Fund
DRSLP	Drought Resilience and	YABICs	Youth Agri-Business Incubation
EA	Executing Agency	YEDF	Youth Enterprise Development Fund
ENABLE	Empowering Novel Agri-Business-Led Employment	Y-MAP	Youth in Modern Agriculture Project
EU	European Union		
FAO	Food and Agricultural		
GDP	Gross Domestic Product		
GOK	Governments of Kenya		
IFAD	International Fund for Agricultural Development		
IITA	International Institute of Tropical Agriculture		
JICA	Japan International Cooperation Agency		

Loan Information

Client's information

BORROWER: **The Republic of Kenya**

EXECUTING AGENCY: **Ministry of Agriculture, Livestock and Fisheries**

Financing plan

Source		Amount (millions)		%	Instrument
		USD	UA		
ADF		30	21.28	82.58	Loan
GOK	National Government	3.33	2.36	9.16	Own fund
	AFC	3.0	2.13	8.26	Own fund
Total Cost		36.33	25.77	100	

Important Financial Information

Loan Currency	Unit of Account
Type of Interest	1%
Interest Rate Margin	Not Applicable
Commitment Charge/Fee	0.50% per annum on the un-disbursed loan amount
Service Charge	0.75% per annum on amount disbursed and outstanding
Tenor:	30 years
Grace Period:	5 years
FIRR, NPV (base case)	23%, NPV value at 12% is KES 130. 11 million
EIRR, NPV (base case)	26%, NPV value at 12% is KES 330.25 million

Timeframe - Main Milestones (expected)

Concept Note Approval	June, 2017
Program Approval	November, 2017
Effectiveness	January, 2018
Completion	December, 2022
Closing Date	June, 2023

PROGRAM SUMMARY

1. **Program Overview:** ENABLE Youth Kenya is one of AfDB's ENABLE Youth Initiatives under the Bank's Feed Africa Strategy for Agricultural Transformation in Africa. The objective of the program is to create business opportunities and decent employment for young women and men along priority agricultural value chains in Kenya through the provision of entrepreneurship skills, funding and business linkages. The program is expected to train and empower 2,080 Agricultural Entrepreneurs (Agripreneurs), out of which 1,200 agribusinesses are expected to be generated. Each of the agribusinesses is expected to employ on average five other support workers, generating about 8,000 direct jobs (including at least 4,000 for young women) in the first five years of the program. Agripreneurs that are not successful in establishing businesses will be better positioned to enter the professional agriculture jobs market and find employment with the private sector. The program cost is estimated at UA 25.77 million, of which AfDB is financing UA 21.28 million or 82.58 % and the Government of Kenya will contribute UA 4.49 million or 17.42%. The program is expected to start in 2018 with a duration of five years.

2. The proposed ENABLE Youth Kenya will contribute to the objectives of Kenya's Vision 2030, Agricultural Sector Development Strategy and Kenya Youth Agribusiness Strategy objectives by identifying innovative potential-oriented entrepreneurs who are willing to pursue business opportunities in agribusiness. In the process of doing so, the program will engage all stakeholders along the value chain, thus strengthening the innovation and entrepreneurship ecosystem affecting the start-up and growth of innovative agribusiness enterprises. The proposed program will strive to have a demonstration or catalytic effect, encouraging a new generation of entrepreneurs to enter, grow, and advance the agribusiness sector.

3. **Needs Assessment:** Rising youth unemployment, particularly recent graduates from universities, colleges and other tertiary institutions is a major concern for the Government of Kenya since nearly 500,000 youth graduate from tertiary institutions and are ready to enter the job market every year. The agricultural sector is the country's largest employer of labour and offers huge potential in providing solutions to the problems of youth unemployment. However, young people face various challenges in seeking to venture into agribusiness. These include access to credit, land, requisite skills, markets, as well as other logistics and services for agribusiness development. The Bank's ENABLE Youth initiative is a comprehensive program that builds entrepreneurship in agribusiness via skill acquisition and creates an enabling environment in which young men and women become owners of profitable agribusinesses. The Government of Kenya was among the countries in the continent that expressed keen interest in participating in the Bank's ENABLE Youth Program and requested Bank's support for financing.

4. **Bank's Added Value:** ENABLE Youth is a flagship program under the Bank's Feed Africa Strategy for Agricultural Transformation (2016 – 2025) and Jobs for Youth Strategy (2016-2025). The program is also in line with the Bank's Ten Year Strategy (2013-22) particularly in its operational focus areas (private sector development), areas of special emphasis (agriculture and food security) and the promotion of inclusive growth by offering support to young women and men, and the concept of green growth by promoting low carbon climate resilient agricultural practices; the Bank's High 5s especially Feed Africa and Improve the Lives of Africans; the Bank's Gender Strategy (2014-18) for the promotion of gender equality; and the Bank's Strategy for "Addressing Fragility and Building Resilience in Africa (2014-2019). The program is also part of the Bank's "Say No to Famine Framework" to build sustainable and resilient food systems in the Horn of Africa.

5. **Knowledge Management:** The ENABLE Youth Kenya is one of first ENABLE Youth operations to introduce a grant component under its financing instruments for financing early-stage agripreneur start-ups. The program is expected to generate substantial knowledge that will add value to the overall design and management of subsequent phases of the same or other ENABLE Youth projects across the continent. The Bank will share this knowledge with other development partners and stakeholders engaged in youth empowerment in agribusiness. PIU will collect, collate, and analyse data from all Youth Agri-Business Incubation Centres (YABICs) activities, including standardized M&E reports. The Bank will share this knowledge with other development partners and stakeholders engaged in youth empowerment in agribusiness.

RESULTS-BASED LOGICAL FRAMEWORK(RBLF)

Country and Program Name: Kenya: ENABLE Youth

Purpose of the Program: Create business opportunities and decent employment for young women and men along priority agricultural value chains.

RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS /MITIGATION MEASURES
		Indicator (Including CSI)	Baseline	Target		
IMPACT	Improved youth livelihoods, food security and reduced vulnerability to climate change	1. Agriculture GDP Growth	1. 5.7 % in 2015	1. 7 % in 2030	National Statistics and program reports	
		2. Youth unemployment level, gender disaggregated	2. 25% in 2016	2. decreased by 3% in 2023		
OUTCOMES	1. Increased youth employment.	1. No. of skilled and unskilled jobs created (50 % Female)	<u>2017</u> 1. (0)	<u>By 2023</u> 1. (8,000)	Program reports Kenya Bureau of Statistics M&E reports	Risk: Youth may not be attracted to Agriculture Mitigation: Change of mind-sets through outreach strategy targeting youth to promote Agriculture as a business
	2. Increased agribusinesses ventures	2.1 No. of business plans developed	2.1 (0)	2.1 (1955)		
		2.2 No of business proposals approved for financing	2.2 (0)	2.2. (1200)		
		2.3 No. of youth agribusinesses established (50% female)	2.3 (0)	2.3 (1200)		
	COMPONENT 1: ENABLING ENVIRONEMENT FOR YOUTH EMPOWERMENT IN AGRIBUSINESS					
OUTPUTS	Output 1.1. Agriculture promoted as viable business	1.1.1 Outreach strategy developed & implemented	<u>2017</u> 1.1.1. (0)	<u>By 2023</u> 1.1.1. (1) by 2018	Program Progress Reports Midterm reports	Risk: Delays in implementation at County level due to challenges of devolution in Kenya Mitigation: Counties consulted during preparation and appraisal missions. Concerned Counties will be represented in the program Steering Committee.
		1.1.2. No. of operational YABIC Resources Centres	1.1.2. (0)	1.1.2. (8)		
		1.1.3. No. of youth sensitized (gender disaggregated)	1.2.3. (0)	1.1.3. (100,000)		
	Output 1.2. Improved access to land and financial services for youth led agribusinesses.	1.2.1. Report on land accessibility by youth agripreneurs completed.	-	1.2.1. By Dec. 2018		
		1.2.2 Risk sharing & financing mechanisms established	-	1.2.2. By Sept. 2018		
	Output 1.3. YABICs upgraded, equipped and operational	1.3.1. Agreements with YABICs hosting partners signed	1.3.1. (0)	1.3.1. (8)		
		1.3.2 Detailed needs assessment of YABICs completed.	1.3.2.	1.3.2. By June 2018		
		1.3.3 Nb of YABICs upgraded and operational	1.3.3. (0)	1.3.3. (8)		

	COMPONENT 2. ENTREPRENEURSHIP AND EMPLOYMENT THROUGH AGRIBUSINESS INCUBATION					
	Output 2.1. Agribusiness incubation & acceleration activities conducted	2.1.1. Agripreneurs selection criteria developed. 2.1.2. No. of candidates selected & trained (50% females) under incubation program 2.1.3. No. of candidates selected & trained (50% females) under accelerator program.	- 2.1.2. (0) 2.1.3. (0)	2.1.1 March 2018 2.1.2. (1250) 2.1.3. (830)	Program Progress Reports Midterm reports Pilot sites results M&E Reports	Risk: Weak capacity of the PIU Mitigation: Technical assistance and backstopping will be provided to the PIU in managing the incubation centres
	COMPONENT 3. FINANCING YOUTH AGRIBUSINESSES					
	Output 3.1. Risk sharing and early stage financing funds operational	3.1.1. No. of early stage youth agribusinesses funded (50 % female) under grant facility 3.1.4. No. of early stage youth agribusinesses funded (50 % female) under credit facility (soft loans) 3.1.5. Volume of additional finance leveraged through the Risk Guarantee Fund	2017 3.1.1. (0) 3.1.2. (0) 3.1.3 (0)	2023 3.1.1. (450) at least 3.1.2 (750) at least 3.1.3. USD 50 million	Program Progress Reports Midterm reports M&E Reports	Risk: Commercial banks still shy away from lending to agripreneurs even with existence of risk sharing mechanism Mitigation: ENABLE Youth Kenya is structured to have grant and soft loan facilities to finance early-stage agribusinesses
	COMPONENT 4. PROGRAM COORDINATION AND MANAGEMENT					
	Output 4. Work plan, activities monitored and regularly evaluated as due	4.1. Gender action plan developed 4.2. Program implemented and delivered on time & within budget	4.1 (0) -	4.1 (1) 4.1. completion by Dec. 2023	Annual Reports Midterm reports M&E Reports Technical reports	Risk: Weak capacity of the PIU Mitigation: Capacity building training will be provided to the PIU in managing the incubation centres.
	COMPONENTS				Inputs	
KEY ACTIVITIES	Component 1: Enabling Environment for Youth Empowerment in Agribusiness: <i>Sub-Component 1:</i> Awareness creation and promotion of agriculture as a business; <i>Sub-Component 2:</i> Access to land and financial services for youth agribusiness ventures; <i>Sub-Component 3:</i> Upgrading of Youth Agribusiness Incubation Centres (YABICs). Component 2: Entrepreneurship and agribusiness incubation: <i>Sub-Component 1:</i> Agribusiness Incubation and Acceleration Activities; <i>Sub-Component 2:</i> Business plans and loan applications Component 3: Financing Youth Agribusinesses: Operationalizing risk sharing & financing mechanism (RSFM) Component 4: Program Management and Coordination: Program planning, implementation, supervision and monitoring activities.				Program Cost in USD millions: 36.33 Sources: ADF Loan: 30; GoK: 6.33 Component 1: 4.1 Component 2: 3.6 Component 3: 22.5 Component 4: 2.9	

PROGRAM TIME FRAME/IMPLEMENTATION SCHEDULE¹

Year	2017		2018				2019				2020				2021				2022				2023	
Quarter	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
INITIAL ACTIVITIES																								
Loan negotiations and approval																								
Signature of Loan Agreement																								
Publication of the GPN																								
Fulfilment of first disbursement condition																								
Program launching																								
Signature of agreements with YABIC hosts																								
ENABLING ENVIRONMENT FOR YOUTH EMPOWERMENT IN AGRIBUSINESS																								
Recruitment of the incubation and acceleration service provider																								
Establishment of YABIC Resources Centers																								
Establishment of a Risk-Sharing and Financing Mechanism (RSFM)																								
Development and implementation of an outreach, knowledge management and dissemination strategy																								
YABICs needs assessment, upgrading and equipping																								
ENTREPRENEURSHIP AND EMPLOYMENT THROUGH AGRIBUSINESS INCUBATION																								
Criteria for youth selection developed & selection committee established																								
Agripreneurs selection and uptake																								
Conduct incubations and accelerations in YABICs																								
Bankable agribusiness proposals & loan applications developed by Agripreneurs																								
Mentorship, coaching and monitoring																								
FINANCING YOUTH AGRIBUSINESSES																								
Grant, Credit and Risk Sharing Facilities operational																								
Capacity building for PFIs loan officers dealing with agricultural lending																								
Financing Agripreneurs business start ups																								
Mentorship, coaching and monitoring.																								
PROGRAM MANGEMENT AND COORDINATION																								
Development of an M&E system																								
Quarterly Progress Reports																								
Annual workplans and budgets																								
Annual financial audits																								
Mid-term review																								
Completion Report																								

¹ This is a general program implementation schedule. Detailed annual work schedule will be developed before the beginning of each Program Year.

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE AFDB GROUP TO THE BOARD OF DIRECTORS ON PROPOSED LOAN FOR THE ENABLE YOUTH KENYA PROGRAM

Management submits the following Report and Recommendation on a proposed ADF loan of USD 30.00 million (UA 21.277 million) to finance the ENABLE Youth Kenya.

I – STRATEGIC THRUST & RATIONALE

1.1. Program Linkages with Country Strategy and Objectives

1.1.1 The ENABLE Youth Kenya is well in line with Government of Kenya (GOK)'s long term development goals, which are expressed in its Vision 2030 (2007-2031) and under the economic and social pillars of the Second Medium Term Plan (2013 to 2017). The program is also in line with the Agricultural Sector Development Strategy (ASDS) which aims at positioning the agricultural sector strategically as a key driver for delivering the 10 per cent annual economic growth rate envisaged under the economic pillar of the Vision 2030. Among the objectives of the ASDS include innovating, modernizing and commercializing farming to attain climate-smart agriculture, higher rural incomes and increased productivity for food security. Part of the strategy to achieve this objective is the enhancement of agricultural value chain agri-business and catering for more involvement of youth in income generating ventures in the sector. Further, under the social pillar, the 2030 Vision aims to improve the livelihoods of youth through various means such as the development and implementation of youth entrepreneurship strategies.

1.1.2 The program is also in line with the recently launched Kenya Youth Agribusiness Strategy (KYAS) 2017-2021 which aims at providing opportunities for the youth to benefit from the various agribusiness enterprises along the agricultural value chains. The program will contribute to the implementation of the KYAS objectives by identifying and supporting innovative potential-oriented entrepreneurs who are willing to pursue business opportunities in agribusiness. In the process of doing so, the program will engage all stakeholders along the value chain, thus strengthening the innovation and entrepreneurship ecosystem affecting the start-up and growth of innovative agribusiness enterprises. The proposed ENABLE Youth program, though not included in the indicative program of the Bank's current Country Strategy Paper (CSP 2014-2018) for Kenya directly contributes to its second Pillar :Developing skills for the emerging labour market of a transforming economy. The program will contribute to Kenya's Intended Nationally Determined Contribution (INDC) to the Paris Agreement whose priority adaptation actions include enhancing the resilience of the agriculture, livestock and fisheries value chains by promoting climate smart agriculture and livestock development; and it will contribute to Kenya's achievements of the Sustainable Development Goals (SDGs) particularly goals 1, 2, 4 and 8.

1.2. Rationale for Bank's Involvement

1.2.1 Youth unemployment is a major socio-economic problem facing African nations. At present, 60 percent of Africa's unemployed are young adults. In Kenya, the increasing trend of youth unemployment, particularly recent graduates from universities, colleges and other tertiary institutions, is a major concern for the Government since nearly 500,000 youth graduates from tertiary institutions and are ready to enter the job market every year. The overall national unemployment rate of Kenya is around 10% while youth unemployment is as high as 35%, depending on the age group. According to a recent study, 80% of the currently unemployed are youth between 15 and 34 years of age (UNDP, 2013). There is also a substantial problem of underemployment that does not support an adequate living wage. The agricultural sector, the backbone of Kenya economy and largest employer of labour, offers huge potential in providing solutions to the current problems of youth unemployment in the country. However, there are many challenges

young people face in the quest for earning a decent livelihood from agriculture and agribusiness. These include access to credit, land, requisite skills, markets, as well as other logistics and services for agribusiness development.

1.2.2 The solution lies in developing comprehensive programs and policies, which reach out to youth, changes their mind-sets and promotes agriculture as a business. Youth must be reoriented towards agriculture and agribusiness, while creating an enabling environment in which young men and women become the proud owners of profitable agribusinesses. The AfDB's ENABLE Youth Program employs these principles and has the potential of reversing rural-urban migration and mitigating youth disenfranchisement. Further, the Program aims to encourage growth of sustainable commercially viable agribusiness small and medium scale enterprises (SMEs) by supporting the development of well-structured agribusiness projects, and providing commercial loans and other financial products/services available for investment in a range of agribusiness ventures, market access, capacity development, risk management, and networking support.

1.2.3 The ENABLE Youth Program is now being designed for many countries across the African continent and Kenya is among the countries that has requested Bank's support in participating in the Program. The ENABLE Youth Kenya is also consistent with the principles of key regional and national initiatives as well as Bank Group policies and strategies. These include the Comprehensive Africa Agriculture Development Program (CAADP); Bank's Ten Year Strategy (2013-22) particularly in its operational focus areas (private sector development) and areas of special emphasis (agriculture and food security) and green growth; the Bank's High 5s especially Feed Africa and Improve the Lives of Africans; the Bank's Gender Strategy (2014-18) for the promotion of gender equality; and the Bank's Strategy for "Addressing Fragility and Building Resilience in Africa (2014-2019). The program is also part of the Bank's Say No to Famine framework to build sustainable and resilient food systems in the Horn of Africa.

1.3. Donors Coordination

1.3.1 Donor co-ordination in Kenya falls under the responsibility of the National Treasury. The Bank actively participates in donor coordination activities in the country via the Sector working groups. The AfDB, European Union (EU), World Bank, JICA and GIZ are the top development partners in the Agriculture Sector in Kenya. The main framework for donor coordination in the sector is Agriculture and Rural Development Partner's Group currently chaired by FAO, with GIZ and USAID as the co-chairs, and it meets once a month. One of its main objectives is to contribute to strengthening coherence among development partners in Kenya by consulting and sharing information on programs and projects interventions thus avoiding overlap and duplication of resources. During the preparation and appraisal missions, consultations were made with relevant DPs including FAO, USAID, WORLD BANK, and IFAD to ensure that ENABLE Youth Kenya is designed in a harmonized manner with other DPs. The Bank will continue to coordinate with these and other partners in the implementation of this program and other Bank financed operations in Kenya.

Table: 1.1 Donor Support to Agriculture (2015)

Table 1.1: Donor Support to Agriculture (2015)						
Sector or subsector*	Size (%)					
	GDP	Export s	Labour Force			
Agriculture	24	60	80			
Players - Public Annual Expenditure (average) : xxxx Budget						
UA m %	Government	Donors	EC	26.5%	IFAD	11.9
			IDA	21.2%	SIDA	6.9%
			AfDB	18.5%	USAID	5.8%
	47	53				
Level of Donor Coordination						
Existence of Thematic Working Groups (this sector/sub-sector)				[Y]		
Existence of SWaps or Integrated Sector Approaches				[N]		
ADB's Involvement in Donors Coordination				[M]		

Key: L: Leader. M: Member but not leader. N: No involvement. Y: Yes. N: No.

II – PROGRAM DESCRIPTION

2.1. Program Objectives and Components

2.1.1 The overall goal of the Bank's ENABLE Youth Program is to contribute to job creation, food security and nutrition, income generation and improved low carbon climate resilient livelihoods for youths in both urban and rural areas. The specific objective of the ENABLE Youth Kenya is to create business opportunities and decent employment for young women and men along priority agricultural value chains through the provision of entrepreneurship skills, funding and business linkages. The program components are described in Table 2.1 below, with details provided in Annex C1 (Technical Annexes).

Table 2.1: Description of Program Components

No	Component Name	Cost (USD million) and % allocation	Component Description
1	Enabling Environment for Youth Empowerment	4.1 (12.3%)	<p>The aim of this component is to create an enabling environment for building entrepreneurship in agribusiness for young unemployed graduates and those already engaged in agribusiness. A change in mind-set that will see agriculture as a viable business and career opportunity will be the objective. Activities will be carried out under the following three sub-components:</p> <p><i>Sub-component 1: Awareness creation and promotion of agriculture as a business:</i></p> <ul style="list-style-type: none"> Develop and implement an outreach, knowledge management and dissemination strategy using youth-friendly ICT (social media, networking, community radios, etc.), to promote program and opportunities in modern agriculture, with a particular attention to gender equity. This will include documenting and connecting successful youth agripreneurs throughout the program; YABIC Resources Centres in each incubation centre for target youth to access all the information and services under this program; Partner with public and private stakeholders involved in youth employment promotion. Assess the agribusiness education and training curricula of ATVET institutions in the country. <p><i>Sub-component 2: Improve access to land and financial services for youth</i></p>

No	Component Name	Cost (USD million) and % allocation	Component Description
			<p><u>agribusiness ventures:</u></p> <ul style="list-style-type: none"> • Conducting an assessment of land accessibility by youth agripreneurs; • Establishing Risk Sharing and Financing Mechanism (Grant, Soft loans, and Risk Guarantee Fund) for financing youth led agribusinesses. <p><u>Sub-component 3: Upgrading of Youth Agribusiness Incubation Centres (YABICs):</u></p> <ul style="list-style-type: none"> • Conduct detailed value chain mapping and needs assessment of incubation centres • Rehabilitate and upgrade YABICs • Procure and equip YABICs. • Establish measures in YABICs to ensure retention such as childcare support, disability access, boarding rooms.
2	Entrepreneurship and Agribusiness Incubation	3.6 (10.8%)	<p>This component aims at the operationalization of the agribusiness incubation and acceleration programs. A service provider responsible for conducting agribusiness incubation and acceleration trainings, training of trainers (TOT), business to business (B2B) networking and exchange, and providing technical assistance to the PIU and YABICs will be recruited through a competitive process. Activities to be carried out under this component include the following two sub-components:</p> <p><u>Sub-component 1: Agribusiness Incubation and acceleration Activities:</u></p> <ul style="list-style-type: none"> • Develop criteria for youth selection: the activity seeks to develop selection criteria and screening methods to identify youth based on aptitude and interest in agribusiness entrepreneurship. This will be developed by a selection committee drawn from main stakeholders of the program and Program Steering Committee (PSC); • Selection of the candidates (target of 50% of each gender) process to be outsourced to an independent firm or NGO to guarantee transparency, fairness and efficiency; • Conduct agribusiness incubations, innovation accelerations and B2B networking in each YABIC, expected to train and empower 2080 youths over the five-year program. <p><u>Sub-component 2: Business plans and loan applications</u></p> <ul style="list-style-type: none"> • Bankable agribusinesses proposals developed by Agripreneurs as individuals or in partnership under the guidance of ENABLE Youth Kenya partners and other experienced mentors drawn from the research, development, finance and business communities. • Agripreneurs develop business loan applications under the guidance of Investment/Loan Officers from participating financial intuitions; • Establish partnerships with agribusiness companies and other stakeholders for effective transition, market access and other financing services through collaborative agreements.
3	Financing Youth Agribusinesses	22.5 (68.1%)	<p>This component addresses the financial services enabling the agripreneurs business start-ups and the implementation of the financing and risk sharing mechanism. At least USD 14 million of the program resources will be allocated for financing early-stage agripreneur start-ups in the form of grant and repayable grants (5 million) and soft loans (9 million), while another USD 8 million will be reserved as risk guarantee fund intended for catalysing additional resources through de-risking PFIs. Moreover, Agripreneurs will</p>

No	Component Name	Cost (USD million) and % allocation	Component Description
			<p>be able to access other existing GOK financing resources such as the Youth Enterprise Development Fund (YEDF), the Women Enterprise Fund (WEF) and UWEZO fund. Other activities under this component include:</p> <ul style="list-style-type: none"> • Development of detailed requirements and guidelines for youth agribusiness plans and loan applications in collaboration with PFIs, including a report metrics on assessing youth creditworthiness; • Capacity building for PFIs loan officers dealing with agricultural lending. Kenya School of Monetary Studies, a premier institution already undertaking such training for banks in the region including Kenya, Tanzania and Malawi, was identified as the potential partner in the capacity building training for PFIs loan officers and developing RSFM business plans and monitoring of investments. • Post incubation follow up and monitoring
4	Program coordination and management	2.9 (8.7%)	<ul style="list-style-type: none"> • Coordinate day to day program activities and undertake supervision, monitoring, evaluation, reviews and reporting functions; • Conduct inception, planning, thematic, interim and synthesis meetings • Program procurement, disbursement, financial management, audit and reporting.
Total Base Cost		33.1 (100%)	

2.2. Technical Solutions Retained and Other Alternatives Explored

The framework of the Bank's ENABLE Youth Program is based on the IITA Youth Agripreneurs model. The IITA approach, piloted in several African countries, provides mentorship and hands-on training to youth through agribusiness incubation centres to help them develop agribusiness enterprises along agricultural value chains. However, some adjustments were made to the IITA approach in the context of ENABLE Youth Kenya. These include shorter incubation period: the concept of agribusiness incubations for youth is not new in Kenya, and therefore incubation period is reduced from 18 months to a maximum of 12 months. In addition to unemployed graduates, the program target youth has been also extended to those already engaged in agribusiness but lack access to finance and market linkages. This group will be trained under an accelerated incubation program with short training durations customized to their specific needs. This will allow cost saving for the program and training more youth. Program resources have also been structured to accommodate not only the risk sharing fund to de-risk Participating Financial Institutions (PFI), but also financing youth in the form of grants and soft loans.

Table 2.2: Alternatives Considered and Reasons for Rejection

No	Alternative Name	Brief Description	Reasons for Rejection
1.	18 month long Incubation period	IITA Youth Agripreneurs model recommends	Too long and too costly. In Kenya, there is an already existing experience in agribusiness incubations for youth.
2.	Program to focus on one target group	Target beneficiaries to be limited to youth unemployed graduates.	Adding accelerated incubation program to accommodate those already engaged in agribusiness but lack access to finance and market linkages, will be more impactful as it allows more youth to be covered under the program resources.

No	Alternative Name	Brief Description	Reasons for Rejection
3.	Focus on Risk Sharing Facility	Program resources to be used as a guarantee fund to leverage financing resources from PFI, but not for financing agripreneurs.	Funding agripreneurs with seed or start-up capital to launch their own businesses before they graduate to commercial lending is very critical for the survival of early-stage agribusinesses and therefore for the success of this program.

2.3. Project Type

2.3.1 The ENABLE Youth Kenya is a skills and capacity development program for youth, whose Bank financing will come from the ADF window. The program largely entails training of Youth on business skills and development of business plans; providing mentorship and linkages to markets and financing. The training will be conducted in selected incubation centres, which will be rehabilitated and outfitted to cater for better interaction, networking and exchange of innovative ideas. The incubation centres will also serve as focal points for innovation and dissemination of information on markets, agricultural, and financial services products.

2.4. Program Cost and Financing Arrangements

2.4.1 The total cost of the program is estimated at UA 25.769 million (USD 36.334 million) net of taxes and comprising UA 12.255 million (47%) in local costs and UA 14.074 million (53%) in foreign costs. The Government contribution is UA 2.36 million essentially in terms of staff salaries, office spaces and operating costs. The Agricultural Finance Corporation of Kenya will also contribute USD 3 million (UA 2.13 million) to the program. All program costs are tax and customs exempt.

Table 2.3: Program cost estimates by component

							%	% Total
Components	(USD '000)			(UA '000)			Foreign	Base
	Local	Foreign	Total	Local	Foreign	Total	Exchange	Costs
Component I: Enabling Environment for Youth Empowerment	1,828	2,235	4,063	1,296	1,586	2,882	55	13
Component 2: Entrepreneurship and Agribusiness Incubation	1,828	1,756	3,584	1,296	1,246	2,542	49	12
Component 3: Financing Youth Agribusiness	9,008	13,512	22,520	6,389	9,583	15,972	60	65
Component 4: Project coordination and management	2,342	549	2,891	1,751	299	2,050	19	10
Total base costs	15,006	18,052	33,058	10,732	12,714	23,446	54	100
Physical Contingencies	828	972	1,800	588	689	1,277	54	6
Price Contingencies	1,077	399	1,476	764	283	1,047	27	5
Total project costs	16,911	19,423	36,334	12,084	13,686	25,770	52	

Table 2.4: Sources of financing

	ADF				The Government				AFC			
	Amount (UA '000)				Amount (UA '000)				Amount (UA '000)			
	Local	F.E	Total	%	Local	F.E	Total	%	Local	F.E	Total	%
Works	232	604	836	84	26		26	-				
Goods	840	1,185	2,025	92	64	-	64	-				
Services	1,493	1,724	3,217	82	730		730	4				14
Operating costs	1,498	229	1,727	117	1,545	-	1,545	83	0	0	0	0
Miscellaneous	3,528	9,944	13,472						2,128		2,128	
Total Program costs	7,591	13,686	21,277		2,365	-	2,364	87	2,128	-	2,128	

Table 2.5: Program cost by category of expenditure

	Local	F.E	Total
Works	259	603	862
Goods	904	1,185	2,089
Services	1,579	2,369	3,948
Operating costs	3,042	229	3,271
Miscellaneous	6,300	9,300	15,600
Total Program costs	12,084	13,686	25,770

Table 2.6: Expenditure schedule by component [amounts in '000' UA equivalents]

+	Y1	Y2	Y3	Y4	Y5
Component 1: Enabling Environment for Youth Empowerment	2,927	104	65	34	34
Component 2: Entrepreneurship and Agribusiness Incubation	589	618	618	618	346
Component 3: Financing Youth Agribusiness	7,855	3,464	2,725	2,024	1,261
Component 4: Program coordination and management	641	401	404	401	404
Total program costs	12,012	4,587	3,812	3,077	2,045

2.4.2 Financing Youth Agribusinesses: In Kenya's Small and Medium Enterprise (SME) sector, securing capital, through commercial banks is typically hard to access and expensive. This situation is particularly apparent in the agriculture sector, where in spite of the large financing needs of agricultural actors, the public and private sector in Africa have not devoted sufficient financial resources for impact. According to recent survey², commercial bank lending to the sector in 2016 stood at 3%, and focus more on transactions perceived to be less risky. Even with the introduction of risk sharing financing facilities to encourage increased agricultural lending by commercial banks, these have not been widespread enough to make a meaningful impact as there continues to be a general unwillingness of commercial banks to put their balance sheets to work in the agriculture sector.

2.4.3 Although SMEs have typically been cited as the biggest victims of this agri-financing gap, referred to as the "Missing Middle", there is a group that has fared even worse than SMEs in accessing capital – Start-up and Early Stage Agripreneurs. These new emerging businesses are either still at the 'business plan' stage or have only up to 2 to 3 years of operations, and are typically in need of start-up or working capital to fund the proof-of-concept or growth of the business. The owners are excited to embrace

² "Economic Survey 2017" (Kenya National Bureau of Statistics, 2017)

the new opportunity of ‘agriculture as a business’ but are quickly disenchanted by the lack of financing to support their agribusiness dreams.

2.4.4 These start-up and early-stage businesses are what will emerge from the ENABLE Youth Kenya program, and so the program aims to ensure that there are suitable financing options available to support them. ENABLE Youth Kenya will provide \$22 million in financing to graduating youths from the incubator and accelerator canters. Specifically, the program has been designed to provide three (3) financing instruments to the graduates namely: Grant Facility, Soft Credit Facility, and Risk Sharing Facility.

2.4.5 **Grant Facility: \$5 million** will be committed in the form of grants and repayable grants ranging from \$5,000 to \$15,000 to the graduates of the incubator and accelerator components of the program. Such seed capital is essential to support the early stage business activities including, among others, acquiring of critical equipment. This allows the ENABLE Youth agripreneurs purchase critical assets that will later become useful as a form of collateral when they approach banks for working capital or longer-term financing. Clear milestones and ‘uses of funds’ must be set-out by the ENABLE Youth candidates in order to qualify for the funding. A specialized firm with the experience and skill-set required to assess and invest in early-stage businesses, will be recruited competitively to manage the Grant facility. The PIU in collaboration with Fund Manager will develop eligibility criteria and guidelines on how these grants are awarded and repayments are collected. In addition, MALF will establish a revolving fund to utilize the repaid amount for the same purpose.

2.4.6 **Credit Facility (Soft loans): \$6 million** will be committed in the form of low interest credit facilities to the graduates of the incubator and accelerator programs. Basically, they will be given **preferential debt**, which also serves to provide the essential working capital needs to these early-stage agripreneurs. The facility will be managed by the Agricultural Finance Corporation (AFC) of Kenya, given their expertise in financing agribusinesses across the country. The National Treasury (TNT) and AFC will enter into a subsidiary loan agreement to pass the allocated amount to AFC. The AFC has also committed **\$3 million** as matching fund to this dedicated pool of credit for the ENABLE Youth Agripreneurs, bringing the total amount of credit financing available to **\$9 million**.

2.4.7 **Risk Guarantee Fund:** The program will dedicate **\$ 8 million** to act as a risk guarantee fund which will provide back-stopping support to financial institutions that will provide commercial loans to agripreneurs. Given its strong linkage to the GoK as well as its vast experience working with the agricultural sector, AFC will host and manage the risk sharing facility. Again, TNT will enter a subsidiary agreement with the AFC in hosting and managing the Risk Guarantee Fund. Under ENABLE Youth Kenya risk sharing framework, AFC will assume 10-50% of the risk while participating lending financial institutions will assume the remaining. At the beginning it’s anticipated that higher level of risk exposure (up to 50%) will be borne by AFC. The AFC risk coverage is however expected to go down when agripreneurs’ businesses become more established and participating commercial banks gain enough comfort in taking increased credit risk on familiar and repeated transactions.

2.4.8 Under this risk sharing framework, lending to agripreneurs will be open to all licensed financial institutions in the country, hence, there will be no need to pre-qualify or run a “request for proposals” because lessons learnt from the PROFIT³ program indicate that this can be a great hindrance to the success of the entire Enable Youth Kenya Program. Discussions held with IFAD has also indicated that financial institutions funding Enable Youth Kenya graduates may also be guaranteed under PROFIT which effectively expands the risk sharing capacity for this program.

³Initiated by the Government of Kenya with funding from the International Fund for Agriculture Development and implemented/administered by the AFC

2.4.9 More details of the financing instruments of the ENABLE Youth Kenya including draft Terms of References for Grant facility manager and Risk Guarantee Fund are provided in Annex C2 (Technical Annexes).

2.5. Program Target Area and Population

2.5.1 ENABLE Youth Kenya will be implemented in eight (8) Youth Agri-Business Incubation Centres (YABICs) in the country: Kenya School of Agriculture (Nyeri), Sagana Fisheries Training Centre (Kirinyaga), Egerton University (Nakuru), University of Kisii (Kisii), University of Eldoret (Uasin-Gishu), Kenya Industrial Research and Development Institute (KIRDI, Kisumu), Pwani University (Kilifi), and Laikipia University (Samburu). The selection of program locations and sites was made based on the number and concentration of unemployed graduate youth (main urban centres), availability of markets, host institutions with required capacity, financial services, roads and other market infrastructures. Host institutions were evaluated based on the availability of space, land, and the basic structures that met the needs for operating an incubation centre, plus qualified staff and training facilities and equipment.

2.5.2 The targeted youth beneficiaries will be in two categories. The first are unemployed graduates who have completed post-secondary education (incubation). The second group are graduate youths who are already engaged in agribusiness but have no or limited access to commercial loan to grow their businesses (acceleration). ENABLE Youth Kenya is expected to train and empower about 2080 Agripreneurs, out of which 1200 agribusinesses are expected to be generated. Agripreneurs whose business proposals did not secure financing now find themselves better positioned to enter the professional agriculture jobs market and find employment with the private sector. Moreover, each of the agribusinesses is expected to employ on average five other support workers, generating about 8,000 direct jobs in the first 5 years. Additionally, the program will have an impact on Kenya's social, human and financial capital at farm and rural enterprise levels in targeted commodities value chains of agricultural, horticultural, livestock and aquaculture products, as well as from input supplies, equipment leasing, value addition and marketing. Breakdown of number and type of agripreneurs trained, business applications funded, and jobs created are detailed in the Annex C1 (Technical Annexes).

2.5.3 All youth selected will be graduates with at least a post-secondary diploma/certificate in any field of study and aged 18 to 35 years, with 50% participation of each gender. There will be subsequent phases of the program to ensure coverage for the entire country.

2.6. Participatory Process for Program Identification, Design and Implementation

2.6.1 The request for this program came from the GoK and its components and activities were identified as part of broad consultations undertaken during the preparation and appraisal missions. Extensive consultations were conducted with senior government officials of the National Treasury, Ministry of Agriculture, Livestock and Fisheries, Ministry of Public Service, Youth and Gender Affairs, Council of Governors (COG) representing counties, AFC, and Insurance Companies. The Mission also consulted with technical staff of MALF, Youth Associations, private sector, NGOs and other relevant stakeholders including African Women in Agricultural Research and Development (AWARD), Alliance for Green Revolution in Africa (AGRA), Africa Enterprise Challenge Fund (AECF), Root Capital and international development partners (FAO, IFAD, USAID, WORLD BANK, etc.). Some of the concerns raised during consultations with business groups and NGOs were related to ensuring transparency and fairness in the agripreneurs selection process and access to financing. As a result, it was agreed with the government and other stakeholders to outsource the youth selection and screening process to an independent firm.

2.6.2 The participatory process will continue throughout program implementation to ensure ownership and sustainability. In particular, the counties and institutions hosting the incubation centres will be involved in the selection of youths and program monitoring. The involvement of trainers and mentors from the private sector and business associations in the program will further engender participation. The identification, planning and implementation of the most promising value chain interventions during Agripreneur trainings as well as the coordination of activities in the YABICs and the establishment of agribusinesses will be driven by youth.

2.7. Bank Group Experience and Lessons Reflected in Program Design

2.7.1 The Bank currently has 32 operations in Kenya with a total commitment of UA 2.17 billion. Of these commitments, UA 83.1million are in Agriculture supporting two projects namely, “*Drought Resilience and Sustainable Livelihoods Program (DRSLP-I)*” and “*Small Scale Irrigation and Value Addition Project (SIVAP)*” with no issues in satisfying conditions precedent to first disbursements. The performance of the Bank’s portfolio in Kenya is assessed to be satisfactory, with an overall rating of 3.18 and cumulative disbursement of 43%. There are no Problematic Projects (PP), no Potentially Problematic Projects (PPP). There were however, weaknesses identified during implementation of these operations as documented in project reviews and completion reports.

2.7.2 Formulation of this program drew lessons learnt from these ongoing agriculture projects and other similar Bank operations on the continent such as ENABLE Youth projects in Sudan, Nigeria, DRC, Malawi, Cameroon, and various youth-employment related initiatives of the Bank’s Human Development Department were taken into account. The design of the program also benefitted from the experience of ongoing risk sharing and financing programs for agricultural lending in Kenya by AFC, IFAD, AGRA, AECF, and Root Capital. Additionally the design of this program has drawn lessons from successes and challenges of GOK efforts in Youth Employment. These include Youth in Modern Agriculture Project (Y-MAP) which aims at empowering the youth with skills in modern farming technologies to enable them to participate in the various agricultural business value chains. Other Government efforts include the Kenya Youth Development Programme (KYEDP), the Youth Enterprise Development Fund (YEDF), the Women Development Fund (WDF) and recently launched UWEZO fund, a GOK flagship program under Kenya vision 2030.

2.7.3 The lessons learned from the above mentioned interventions are detailed in Annex B1 (Technical Annexes). The main lessons applied to the program are described in Table 2.7

No	Lessons Learnt	Actions incorporated in the Program design
1.	Commercial banks still shy away from lending to Agripreneurs even with existence of risk sharing mechanism.	Funding agripreneurs with seed or start-up capital to launch their own businesses before they graduate to commercial lending is very critical for the survival of early-stage agribusinesses. ENABLE Youth Kenya is therefore structured to have Grant and Soft Loan facilities to finance early-stage agribusinesses.
2.	Involvement of counties at conception and preparation stages of projects is critical given that agriculture is one of the functions devolved to county governments.	The counties were consulted during the preparation phase of the program and they will have roles in activities such as development of the youth selection criteria, oversight and approval of the youth selection and participating in monitoring and follow up activities.
3.	Weak credit appraisal by commercial banks due to lack of technical capacity in delivering agricultural credit	Resources for capacity building for agricultural lending officers of the PFIs are included in this program.
4.	Inadequate consultation with stakeholders in some project designs and preparations compromised	Components and activities under this program were designed and prepared with full participation of all stakeholders including government, target youth, private

No	Lessons Learnt	Actions incorporated in the Program design
	sustainability and ownership	sector, universities, commercial banks, insurance companies, and development partners.
5.	Frequent changes in key PIU staff resulted in significant delays in implementation.	The MALF has assured the Bank that the PIU once approved by the Bank will be maintained throughout the program life.

2.8. Program Performance Indicators

2.8.1 The Program's key performance indicators to be measured throughout its life span are presented in the Results Based Logical Framework. The M&E expert of the PIU will carry out internal program monitoring and evaluation in collaboration with the recruited technical implementing partners to monitor performance. Regular implementation progress will be measured through Quarterly Progress Reports, bi-annual Bank supervision missions, and annual technical and financial audits. The main indicators defined for monitoring the program outputs and impact include (i) No. of candidates selected & trained (50% females) under incubation and acceleration program (ii) the number of new businesses established by young men and women; (iii) number of skilled and unskilled jobs created (at least 50 % Female) by agripreneurs; and (iv) youth unemployment level decrease, again interpreted in a disaggregated manner and (v) Number of business plans developed, submitted and financed including business pitches by agripreneurs. Various supervision missions, backstopping by technical partners and periodic progress reports will systematically render an account on the achievement level of indicators. These will be regularly presented to decision and policy makers to guide program mid-term review and to facilitate program management after completion.

III – PROGRAM FEASIBILITY

3.1. Economic and Financial Performance

3.1.1 **Basic assumptions:** Youth entrepreneurship in agriculture and agroindustry is hampered by the lack of entrepreneurship skills and value chain development, difficulties accessing financing and an unfavorable entrepreneurship development ecosystem. The program will address these issues through training in agribusiness development in incubation centers, facilitate agripreneurs access to financing and enhance agribusiness enabling environment. The program is expected to train 2,080 Agripreneurs, of which 1,200 will receive enterprise start-up grants to set-up their own enterprises.

3.1.2 Globally, the expected output of the program investment is a significant improvement of value addition creation and decent job generation. On the average each enterprise is expected to create 5 jobs. The program will generate about 8,000 direct jobs within 5 years. Other benefits include enhancing the agricultural transformation, improving food security and nutrition, expanding exports and reducing imports of food.

3.1.3 The economic and financial analysis is based on the incremental net benefit arising from the program investment. It is underpinned by the principle of ensuring the capture of the best value at all stages of a commodity transition from input supply, primary production, processing, trade and consumption.

3.1.4 For the purpose of financial analysis, the market prices were used for the costing of the different inputs and outputs. For economic analysis, shadow prices were used to reflect economic values. Costs and margins were sourced from the extensive works on value chain analysis done by USAID, World Bank Group, DFID, etc), and updated with primary data obtained through field discussions and Bank's financed projects.

3.1.5 The value chains retained are maize, dairy, horticulture and aquaculture. We assume that (i) 30% of the enterprises will be involved in maize value chain of which 20% in production and 80% in value addition; (ii) 30 % in horticulture; (iii) 25% in dairy and, (iv) 15% in aquaculture. Agripreneurs will start with small scale enterprises and successful ones will may up-scale using set financing mechanisms. On that basis processing plants, but milk processing, are not included in our analysis. Only the following value chain actors are considered:

- Maize: producers, collectors, and small-scale processors.
- Milk: milk bulking/cooling and dairy producers.
- Horticulture: French beans are used as proxy. Value chain actors considered are producers and wholesalers.
- Aquaculture: producers (ponds and fish) and wholesalers.

3.1.6 **EIRR and FIRR:** The EIRR is 26% with a NPV of KES 330 253 270 at 12% opportunity cost of capital. The FIRR is 23% with a NPV of KES 130 112 209 at 12% opportunity cost of capital. The program is economically and financially sound.

3.1.7 **Sensitivity analysis:** Both EIRR and FIRR are sensitive to price and cost changes. A 10 % increases in prices increases the EIRR to 28% and the FIRR to 25%. Similarly a 10% decrease in program costs increases the EIRR to 27% and the FIRR to 24%. A 10% fall in prices decreases the EIRR to 24% and the FIRR to 21%.

FIRR, NPV (12%)	23%, KES 130 112 209
EIRR, NPV (12%)	26%, KES 330 253 270

3.1.8 More details of financial and economic analysis is presented in Annex B7 of the technical annexes.

3.2. Environmental, Social and Climate Change Impacts

3.2.1 **Environmental Issues:** The operation is a primarily skills training and capacity building program and its impact on the physical environment is minimal. The program's activities will take place within existing institutions and no resettlement or displacement is envisaged. The program is classified as category III and therefore, no environmental and social impacts assessments (ESIA) is required. In regards to climate change, screening for climate risk is not relevant for this program. However, training activities in the program will include subjects related sustainable natural resources management, and climate change risks and adaptation measures.

3.2.2 **Gender Issues:** Kenya ranks 48 out of 145 countries in the Global Gender Gap Index, giving a measure on Kenyan women's participation in economic activities, education attainment, political empowerment and health and survival. While the index indicates an increased participation of women in the labour force (ranking 63 out of 145), there is a significant wage inequality at 0.62 and ranking at 87 out of 145. Women earn on average \$2800, which is lower than the \$3,020 earned by men. Only 19.3% are salaried workers, while 77.7% are self-employed, owning a small business or work in a non-salaried sector, such as agriculture. It is estimated that only 7% of women have access to credit in Kenya. This program represents an opportunity for female graduates to break through this ceiling and improve earnings, however, attracting females to apply may be a challenge. At the same time, stakeholder consultations have indicated that retention of male agripreneurs throughout incubation period may also be difficult as males are under pressure to provide for families post-graduation.

3.2.3 This program will compliment government efforts, such as Women's Enterprise Fund, to increase this low rate. In order to ensure parity in selection and retention of youth entrepreneurs, specific attention needs to be given towards a targeted outreach campaign.

3.2.4 The program will include a package of activities aimed at ensuring gender equality: (i) one-on-one support to women and men at risk of dropout; (ii) targeted selection to ensure equal number of female and male for incubation/acceleration (iii) equal number of jobs created for women and men; (iv) targeted outreach strategy that appeals to male and female youth; (v) availability of bursary for special needs such as childcare or disability access (vi) concerted effort by PIU to measure indicators in a gender sensitive manner. In terms of financing, the program aims to ensure that credit and grant facilities are accessed by at least 50% of female led-businesses.

3.2.5 The program will seek to bolster the capacity of MALF and incubators in matters of gender, mainly by recruiting a gender expert. The budget allocated to activities which solely benefit females is estimated at \$11,225,000. This is in addition to indirect benefits from other investments under the program.

3.2.6 **Social Issues:** According to recent estimates, the Kenyan youth population is estimated to be 13.7 million, or around for 35.4% of the total population. At 60% of the total labour force (World Bank 2014), this presents a rich labour force. However, youth unemployment in Kenya is estimated at 64% of the total unemployed, which only further compounds the increasing rural to urban migration in search of opportunities.

3.2.7 Even with the Government's commitment to youth inclusion (such as mentioned in Article 55 of Constitution and Vision 2030) in political, social and economic development of the country, persistent challenges face youth, namely; insufficient financial support, inadequate technical capacity, limited access to pre-established markets, and weak implementation of policies to name a few.

3.2.8 A large divide exists in the agricultural sector, despite the sector emerging as the second largest foreign exchange earner in the Kenyan economy. The youth population has tended to abandon agriculture in pursuit of white collar job opportunities in urban centers and cities. However there are quite a number of youth-led agribusiness, labelled "dotcom" farmers, due to the reliance of ICT in the business model.

3.2.9 This program will ensure that training has a strong component on changing mind-sets and shifting perceptions amongst youth, their communities and general population on the opportunities presented by the private sector in agriculture. This program will also fall in line with the MALF Youth in Agribusiness Strategy 2016-2020 "Positioning the youth at the forefront of Agricultural Growth and Transformation"

3.2.10 **Climate Change Screening** per se is not necessary for this operation however the curricula for training should be checked to ensure that they delivery low carbon climate resilient solutions for agripreneurs. This will increase their chances of success by ensuring that they develop businesses which are resource efficient and less vulnerable to long term climate change and short term events such as droughts and floods.

3.2.11 **GHG Accounting and Reporting** is not relevant to this program as the emissions associated with its implementation will be very small however, the curricula should be assessed to ensure that agripreneurs are aware of the need to mitigate GHG emissions and that, for example, land use and landuse change is the largest source of GHG emissions in Africa. Climate Smart Agriculture practices can help address GHG emissions as well as improve climate resilience.

3.2.12 Contribution to Climate Finance: According to the MDB Joint Adaptation Climate Finance Tracking methodology, climate aware training in the water and agri-sectors are eligible adaptation actions. This program will help Kenyan Youth and the Kenyan economy become less vulnerable to climate change by increasing the number of successful agribusinesses, creating income for households and communities and boosting food security, all of which help reduce vulnerability to climate change.

3.2.13 Conclusion: On the basis of this analysis, this program is considered to be 100% climate adaptation finance and will contribute to the Bank's climate adaptation finance target.

IV – IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1 The Ministry of Agriculture, Livestock and Fisheries (MALF) is the implementing agency of ENABLE Youth Kenya. In compliance with PD 02/2015 and to ensure timely start-up, the MALF has already set up Program Implementation Unit (PIU) team at the national level with key program staff including a Coordinator, procurement officer, M&E officer, an accountant, a gender and diversity expert nominated and submitted to the Bank for clearance. Other PIU staff will include agribusiness officer, ICT officer, investment officer (who will play the role of interfacing between the AFC, Grant facility fund manager, and PIU), focal person for each YABIC and some support staff. The Program Steering Committee (SC) will be the already existing Agricultural Sector Steering Committee (JASSCOM) co-chaired by the Cabinet Secretary, Ministry of Agriculture, Livestock and Fisheries and the Council of Governors. JASSCOM is a platform for consultation and cooperation between County Governments and the national Ministry of Agriculture. The SC will responsible for program oversight, overall policy guidance, and strategic direction.

4.1.2 A service provider responsible for conducting incubation trainings and providing technical assistance to the PIU and YABICs will be recruited through a competitive process. The service provider will initially dedicate more time for the first three years of the program but will gradually pull off as the PIU, YABICs hosts, a team of dedicated mentors and coaches and the program gain traction. The service provider will also be responsible for matching incubates to mentors and coaches, and development of the incubation process documents in collaboration with PIU.

4.1.3 AFC will be in charge of hosting and administering both the Credit Facility and the Risk Sharing Facility (RSF) of the ENABLE Youth program. A subsidiary agreement which guides the manner in which these funds will be managed will be arranged between National Treasury and AFC. Governance and reporting structure between the AFC and ENABLE Youth PIU allowing for oversight of the Treasury will also be developed. Other activities under AFC will include development of detailed requirements and guidelines for screening youth agribusiness plans and loan applications in collaboration with PIU, including a report metrics on assessing youth creditworthiness, and developing RSF business plans and monitoring of investments.

4.1.4 Role of County Governments: Given the nature and design of this program its activities are largely undertaken by specialized service providers and therefore role of Government is mainly coordination and oversight. Given that agriculture is one of the functions devolved to county governments, the counties were consulted during the preparation phase of the program and they will have roles in activities such as development of the youth selection criteria, oversight and approval of the youth selection and participation of monitoring and follow up activities

4.1.5 Procurement Arrangements: All procurement of goods, works, and related services and acquisition of consulting services financed under the ADF resource will be in accordance with the Bank's Procurement Policy, dated October 2015, using the Bank's Procurement Methods and Procedures (PMPs), the relevant Bank Solicitation Documents, and the provisions stipulated in the Financing Agreement.

4.1.6 The various items under different expenditure categories and related procurement arrangements for each contract to be financed by the Loan together with the respective procurement methods or consultant selection methods, estimated costs, prior-review requirements, and time frame as agreed between the Borrower and the Bank are detailed in the Procurement Plan under Annex B5 of the Technical Annexes. In order to fast track program implementation, Advance Contracting is recommended for Consulting Services to conduct detailed value chain mapping and needs assessment of incubation centres.

4.1.7 The Ministry of Agriculture Livestock and Fisheries will be responsible for the procurement of all goods, works and related consultancy services for the program. The Ministry is currently implementing two Bank-financed projects, namely Drought Resilience and Sustainable Livelihoods Program in the Horn of Africa – Kenya Project and Small Scale Irrigation and Value Addition Project (SIVAP). The resources, capacity, expertise and experience of the program team at MALF to conduct procurements envisaged under the program have been assessed and the findings, together with the relevant capacity enhancement recommendations are specified in the Technical Annexes. A key issue noted was that, even though the Ministry has a procurement unit staffed with eight (8) officers, the turnover of staff at the unit over the last two years has been very high. This has adversely affected implementation progress and quality of procurement record-keeping on the two Bank-financed projects under the Ministry. In this regard, procurement risk for the program is considered to be high. In order to mitigate this risk, it is recommended that the Ministry assigns a specific procurement officer for the program – before Negotiations, and assures continuity of deployment in the first three years of program implementation

4.1.8 Financial Management: The Financial Management (FM) capacity of the MALF was assessed as moderately adequate for the program. FM overall risk rating is substantial based on the performance of the current bank financed projects implemented at the Ministry. Mitigation measures to address the identified weaknesses are indicated in section B4 of the Technical Annexes. The Ministry is currently implementing two bank funded projects and the FM arrangements of this program will be handled the same way as the existing projects. Although FM reports are prepared manually, the Ministry will ensure that all project financial transactions are captured through the Integrated Financial Management Information System (IFMIS). The Ministry will produce and submit to the Bank quarterly financial reports which will be due forty five days (45) after the closure of the quarter.

4.1.9 The Ministry's budgeting arrangements are in order and adequate for the purposes of the program's implementation. The Ministry however needs to ensure that the required budget for every year is approved and included in the printed estimates so that program implementation is not affected by under budgeting.

4.1.10 Audit: The Implementing Agency will also produce annual financial statements which will be submitted to the auditors three months (by 30 September) after the closure of the financial year. The program financial statements will be audited by the Office of the Auditor General (OAG) using the Bank's audit terms of reference. The complete audited program financial statements accompanied by a management letter will be submitted to the Bank within six months after the close of the financial year.

4.1.11 Disbursement: The Bank's direct payment and special account disbursement methods will be available to be used during program implementation for eligible expenditures. To facilitate the

implementation of the Program and taking into account the nature of the Program, three special accounts in USD will be opened for the Program to effect payments for operating costs, and the grant and soft loan facilities. Detailed disbursement arrangements is indicated in section B4 of the Technical Annexes. The Bank's Disbursement Letter will be issued stipulating key procedures and practices regarding the method.

4.2. Monitoring

4.2.1 ENABLE Youth Kenya will put in place an adequate Monitoring and Evaluation (M&E) system based on a results-based framework with an emphasis on outcomes and impacts, as well as the regular monitoring of inputs and outputs covering the four main components. Effort will be made to ensure gender-disaggregated data is gathered at every level and where applicable. The program will make use of national data sets produced by Kenya National Bureau of Statistics (e.g. Youth employment statistics, Household surveys) and Program reports whenever possible. M&E tools developed by IITA for ENABLE Youth projects in other countries will also be adopted for the Kenyan context. The Bank will field supervision missions at least twice a year. The PIU will prepare and submit quarterly progress reports according to the format and procedures of the Bank. The Mid-Term Review will be undertaken in PY3. Program Completion Report will be prepared during PY5. The Implementation Progress Reports (IPR) from the missions will be shared with GoK. Below is a summary of provisional program implementation schedule.

Activity	Responsible Entity	Timeframe
Appraisal	ADF	June/July 2017
Negotiations	Government/ADF	November 2017
Program Approval	ADF	December 2017
Signature of Loan Agreement	Government/ADF	January 2018
Fulfilment of 1 st Disbursement Conditions	ADF	January/February 2018
Program Launching	ADF/ Government/ PIU	January/February 2018
Service Delivery	PIU/Service providers	March 2018/ December 2022
Mid-term Review	ADF/Government/PIU	June 2020
Completion Report	ADF/ Government/ PIU	December 2022 or when 85% disbursement rate achieved
Auditing	Government/ PIU	Annually

4.3. Governance

4.3.1 International assessments show that Kenya has improved its accountability and transparency ratings and indicators of Governance including corruption control, rule of law, regulatory quality and Government effectiveness. Kenya ranked 12th out of the 54 countries in the 2015 Ibrahim Index of African Governance (IIAG) which ranks countries' performance across four categories of governance namely (a) Safety & Rule of Law, (b) National Security, (c) Gender, and (d) Human Development. The 2016 World Bank Institute's Worldwide Governance Indicators rated Kenya (on a scale of -2.5 to +2.5 with higher values corresponding to better governance) as follows: (a) voice and accountability = -0.15; (b) political stability and absence of violence/terrorism = -1.33; (c) Government effectiveness = -0.31; (d) regulatory quality = -0.30; (e) rule of law = -0.53; and (f) control of corruption = -0.90.

4.3.2 The main governance issues for the program are related to contracting and bidding processes mainly to due lack of adequate familiarization with the Bank procurement rules and procedures. To mitigate the problem, the program will (i) ensure the use of standard bidding documents and procedures of the Bank (ii) provide financial management manual to guide Program staff; (iii) promote regular submission of progress reports; and (iv) ensure recruitment of qualified and Program Coordinator, Procurement Specialist and Accountant for the PIU. The Bank will also ensure that PIU is trained on

Bank requirements and guidelines during the program start-up. Supervision missions and audits will monitor adherence the Bank standards and procedures to ensure value for money is achieved.

4.4. Sustainability

4.4.1 The ENABLE Youth Kenya aims to create a pool of young entrepreneurs who will receive support to set up their businesses. The technical and business training designed to meet the needs of the agricultural value chains will be institutionalized through existing incubation centres in different institutions in the country. The program will equip local YABICs hosting institutions with the agribusiness incubation management and implementation capacities needed to provide quality support services to youth over the long term. In addition, capacity building of the PIU, participating financial institutions and other stakeholders on planning, delivery, and monitoring of youth entrepreneurship programming will provide the necessary knowledge, experience, and ownership for successfully managing a youth entrepreneurship program beyond the program lifespan.

4.4.2 Another key factor of the project's sustainability is the establishment of Risk Sharing Mechanism for the program to facilitate sustainable access to finance for agripreneurs even after the operation closes. Early stage grant provision and soft loans, launching and testing of their business cases during the incubation stage is also another element of sustainability. Furthermore, the GoK attaches special significance to this program as it's being prepared at a time the country was rolling out its first National Youth in Agribusiness Strategy. In fact, the program is designed to contribute to the implementation of some the key objectives of the strategy including: changing the mind-set and perceptions of youth towards agriculture through awareness creation and promotion of agriculture as a business; identifying innovative potential-oriented entrepreneurs who are willing to pursue business opportunities in agribusiness; equipping youth with appropriate agribusiness skills, knowledge and information; and providing youth agripreneurs with access to affordable and youth friendly financial services.

4.5 Risk Management

4.5.1 A potential risk to the successful execution of the program could stem from a potential reluctance of financial institutions in financing new agripreneurs. Even with the existence of risk sharing mechanism, the Banks may still prefer to wait until they see more established youth agribusinesses before committing to finance. To mitigate this risk, part of the program resources is allocated for to financing of early-stage agripreneur start-ups in the form of grants and low interest loans. Potential failure of youth agribusiness start-ups as a result of entrepreneurial endeavours which are high-risk and generate low added-value is another risk. Building youth business skills and agribusiness start-ups management through mentorship and coaching, built-in sustainable exit strategy, and post incubation follow-up, advisory and monitoring services will be in place to mitigate the risk. Other potential risks include weak enabling environment to support youth entrepreneurship. The establishment of a Risk-Sharing Mechanism for providing affordable financing for youth-led agribusiness ventures will mitigate this risk. Delays in implementation due to challenges of devolution in Kenya. Counties were brought on board during the preparation of the program to ensure their buy-in and collaboration for smooth program implementation. They will also have defined and agreed roles during program implementation.

4.6 Knowledge Building

4.6.1 The ENABLE Youth Kenya is one first ENABLE Youth projects to introduce a grant component under its financing instruments. The program will generate considerable knowledge that will add value to the overall design and management of subsequent phases of the same or other ENABLE Youth projects across the continent. Progress reports, audit reports, mid-term review reports, and completion reports as well as other information routinely collected, as part of monitoring and evaluation framework will be used to document the lessons learnt. PIU will collect, collate, and analyse data from all YABIC activities,

including standardized M&E reports. The Bank will share this knowledge with other development partners and stakeholders engaged in youth empowerment in agribusiness.

V – LEGAL INSTRUMENTS AND AUTHORITY

5.1. Legal instrument

5.1.1 ADF Loan Agreement to be signed between GOK and the Fund.

5.2. Conditions associated with the Fund's intervention

5.2.1 Conditions precedent to Entry into Force: The Loan Agreement shall enter into force upon the fulfilment by the Borrower, to the Fund's satisfaction, of the conditions set forth in Section 12.01 of the General Conditions Applicable to the Fund's Loan Agreements and Guarantee Agreements.

5.2.2 Conditions precedent to First Disbursement: The obligation of the Fund to make the first disbursement of the Loan shall be conditional upon the entry into force of the Loan Agreement.

5.2.3 Other Conditions

- (i) In the event that Special Account disbursement method is used, the Borrower shall submit to the Bank a withdrawal request with a foreign currency denominated Special Account and a local currency account in a bank acceptable to the Fund, for deposit of the proceeds of the Loan.
- (ii) No later than three months from the date of signature of the Loan Agreement, the Borrower shall submit program annual work plan and procurement plan covering the first 18 months approved by the Program Steering Committee.
- (ii) Not later than three months from the date of entry into force of the Loan Agreement, the Borrower shall submit a subsidiary agreement signed between the Borrower and AFC, with respect to hosting and management of the Risk Guarantee Fund and Soft Loan instruments for youth agribusinesses as described under component 3 of the Program. The agreement should indicate governance and reporting structures between the AFC and ENABLE Youth PIU allowing for oversight of the National Treasury. The RGF resources will be disbursed in two equal tranches upon the fulfilment of the following conditions:
 - a. First tranche: the opening of a dedicated account by the Borrower in a bank acceptable to the Fund, for deposit of the RGF resources.
 - b. Second tranche: the submission of evidence by the Borrower in form and substance acceptable to the Fund, of the establishment of youth-led agribusiness start-ups financed by program resources or pipeline of bankable business proposals submitted by Agripreneurs and approved for financing by AFC and PIU.
- (iv) MALF shall submit regular justification reports on the use of the special accounts for the two existing projects currently under implementation by the ministry. The first of such reports to be submitted by the end of March 2018;

5.3. Compliance with Bank Policies

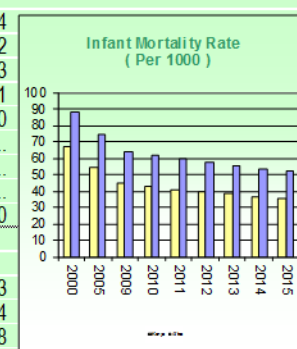
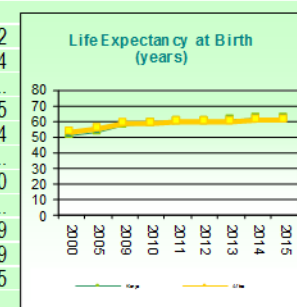
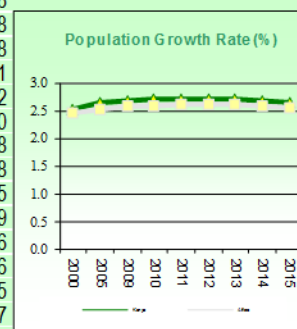
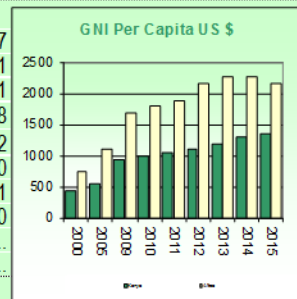
5.3.1 This program complies with all applicable Bank policies.

VI – RECOMMENDATION

6.1 Management recommends that the ADF Board of Directors approves the proposed Loan of UA 21.277 million to the Republic of Kenya for the purposes of this program and subject to the conditions stipulated in this document.

Appendix 1: Kenya - Comparative Socio-economic Indicators

	Year	Kenya	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2016	580	30,067	97,418	36,907
Total Population (millions)	2016	47.3	1,214.4	6,159.6	1,187.1
Urban Population (% of Total)	2016	26.4	40.1	48.7	81.1
Population Density (per Km²)	2016	83.0	41.3	65.1	33.8
GNI per Capita (US \$)	2015	1340	2 153	4 509	41 932
Labor Force Participation *- Total (%)	2016	67.2	65.7	63.5	60.0
Labor Force Participation **- Female (%)	2016	62.3	55.7	48.9	52.1
Sex Ratio (per 100 female)	2016	99.9	100.1	106.0	105.0
Human Develop. Index (Rank among 187 countries)	2015	146	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2005	33.6	...	24.2	...
Demographic Indicators					
Population Growth Rate - Total (%)	2016	2.6	2.5	1.3	0.6
Population Growth Rate - Urban (%)	2016	4.3	3.6	2.4	0.8
Population < 15 years (%)	2016	41.7	40.9	27.9	16.8
Population 15-24 years (%)	2016	19.4	19.3	16.9	12.1
Population ≥ 65 years (%)	2016	2.9	3.5	6.6	17.2
Dependency Ratio (%)	2016	80.3	79.9	54.3	52.0
Female Population 15-49 years (% of total population)	2016	24.4	24.0	25.7	22.8
Life Expectancy at Birth - Total (years)	2016	62.6	61.5	69.9	80.8
Life Expectancy at Birth - Female (years)	2016	64.7	63.0	72.0	83.5
Crude Birth Rate (per 1,000)	2016	33.5	34.4	20.7	10.9
Crude Death Rate (per 1,000)	2016	7.8	9.1	7.6	8.6
Infant Mortality Rate (per 1,000)	2015	35.5	52.2	34.6	4.6
Child Mortality Rate (per 1,000)	2015	49.4	75.5	46.4	5.5
Total Fertility Rate (per woman)	2016	4.2	4.5	2.6	1.7
Maternal Mortality Rate (per 100,000)	2015	510.0	476.0	237.0	10.0
Women Using Contraception (%)	2016	63.2	31.0	62.2	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005-2015	19.9	41.6	125.7	292.2
Nurses and midwives (per 100,000 people)	2005-2015	86.8	120.9	220.0	859.4
Births attended by Trained Health Personnel (%)	2010-2015	61.8	53.2	69.1	...
Access to Safe Water (% of Population)	2015	63.2	71.6	89.4	99.5
Access to Sanitation (% of Population)	2015	30.1	39.4	61.5	99.4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2015	5.9	3.4	...	...
Incidence of Tuberculosis (per 100,000)	2015	233.0	240.6	166.0	12.0
Child Immunization Against Tuberculosis (%)	2015	87.0	81.8	...	...
Child Immunization Against Measles (%)	2015	75.0	75.7	83.9	93.9
Underweight Children (% of children under 5 years)	2010-2015	11.0	18.1	15.3	0.9
Prevalence of stunting	2010-2014	26.0	33.3	25.0	2.5
Prevalence of undernourishment (% of pop.)	2015-2016	21.2	16.2	12.7	...
Public Expenditure on Health (as % of GDP)	2014	3.5	2.6	3.0	7.7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2016	109.0	101.2	104.9	102.4
Primary School - Female	2010-2016	108.7	98.4	104.4	102.2
Secondary School - Total	2010-2016	67.6	52.6	71.1	106.3
Secondary School - Female	2010-2016	65.2	50.2	70.5	106.1
Primary School Female Teaching Staff (% of Total)	2010-2016	50.2	47.1	59.8	81.0
Adult Literacy Rate - Total (%)	2010-2015	78.0	66.8	82.3	...
Adult Literacy Rate - Male (%)	2010-2015	81.1	74.3	87.1	...
Adult Literacy Rate - Female (%)	2010-2015	75.0	59.4	77.6	...
Percentage of GDP Spent on Education	2010-2015	5.3	5.0	4.0	5.0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2014	10.2	8.7	11.2	10.3
Agricultural Land (as % of land area)	2014	48.5	41.7	37.9	36.4
Forest (As % of Land Area)	2014	7.7	23.2	31.4	28.8
Per Capita CO2 Emissions (metric tons)	2014	0.3	1.1	3.5	11.0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

June 2017

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Appendix 2: AfDB's Active Portfolio in Kenya (as of September 2017)

Sector Name	Long name	Loan Number	Company Name	Approval Date	Completion Date	Loan Amount (UA m)	Disb. Ratio /1
A. Public Sector							
Agriculture	KENYA EMERGENCY HUMANITARIAN ASSISTANCE FOR PERSONS AFFECTED	5000199004918	SRF	07/03/2017	12/29/2017	0.7	
	SMALLSCALE IRRIGATION & AGRICULTURE VALUE CHAIN DEVELOPMENT	2000130014530	ADB	11/18/2015	06/30/2022	27.9	2.8%
		5570155000751	GAFSP Trust Fund	11/18/2015	06/30/2022	16.1	3.4%
	KENYA-DROUGHT RESILIENCE & SUSTAINABLE LIVELIHOOD PROGRAM IN	2100150028345	ADF	12/19/2012	12/31/2018	37.4	19.6%
Agriculture Total						82.1	10.6%
Power	ADF PRG MENENGAI	2100140000151	ADF	10/22/2014	12/31/2020	9.0	
	ADF - PRG FOR TURKANA T-LINE	2100140000101	ADF	10/02/2013	03/15/2019	16.8	0.0%
	KENYA - LAST MILE CONNECTIVITY PROJECT	2100150032195	ADF	11/19/2014	12/31/2019	90.0	59.3%
	LAST MILE CONNECTIVITY PROJECT - 2	2000200000152	ADB	06/27/2016	12/31/2022	94.9	0.1%
	MENENGAI GEOTHERMAL DEVELOPMENT PROJECT	2100150026101	ADF	12/14/2011	12/31/2017	80.0	84.2%
		5565130000101	SCF	12/14/2011	12/31/2017	5.3	63.9%
		5565155000401	SCF	12/14/2011	12/31/2017	12.3	53.5%
	ETHIOPIA-KENYA ELECTRICITY HIGHWAY(KENYA)	2100150027845	ADF	09/19/2012	12/31/2018	75.0	49.3%
	KENYA - TANZANIA INTERCONNECTION (KENYA)	2100150032846	ADF	02/18/2015	12/31/2019	27.5	15.4%
Power Total						410.7	42.8%
Social	SUPPORT TO HIGHER EDUCATION SCIENCE AND TECHNOLOGY TO ENHANC	2100150027993	ADF	11/14/2012	06/30/2018	28.0	74.1%
	SUPPORT TO TVET AND TRAINING FOR RELEVANT SKILLS DEVELOPMENT	2100150033295	ADF	07/01/2015	06/30/2021	41.0	8.2%
	EAST AFRICA CENTERS OF EXCELLENCE KENYA	2100150031997	ADF	10/03/2014	12/31/2019	25.0	3.1%
Social Total						94.0	26.5%

Sector Name	Long name	Loan Number	Company Name	Approval Date	Completion Date	Loan Amount (UAm)	Disb. Ratio /1
Transport	NAIROBI OUTER RING ROAD PROJECT IMPROVEMENT PROJECT	2100150030144	ADF	11/13/2013	12/31/2018	77.0	57.9%
		2100155026117	ADF	11/13/2013	12/31/2018	0.6	45.1%
	MOMBASA-MARIAKANI ROAD HIGHWAY PROJECT	2100150032743	ADF	03/11/2015	06/30/2021	80.0	7.9%
	SIRARI CORRIDOR ACCESSIBILITY & ROAD SAFETY IMPROVEMENT PROJ	2000130015238	ADB	03/30/2016	12/31/2021	160.7	14.5%
		5580155000451	EU AITF	03/30/2016	12/31/2021	8.4	0.0%
	MOMBASA-NAIROBI-ADDIS CORRIDOR II - KEN	2100150020744	ADF	07/01/2009	11/30/2017	125.0	86.3%
	MULTINATIONAL: ARUSHA-HOLILI/TAVETA-VOI ROAD (KENYA)	2100150028894	ADF	04/16/2013	12/31/2018	75.0	66.9%
	MOMBASA -NAIROBI-ADDIS ABABA CORRIDOR PHASE III - KENYA	2100150025546	ADF	11/30/2011	12/31/2018	120.0	73.5%
	KAPCHORWA - SUAM - KITALE AND ELDORET BYPASS ROADS PROJECT (	2000200001052	ADB	03/29/2017	12/31/2022	57.8	0.0%
		2100150037300	ADF	03/29/2017	12/31/2022	35.1	0.0%
	KENYA - LAKE VICTORIA MARITIME COMMUNICATIONS AND TRANSPORT	2100150036247	ADF	10/24/2016	12/31/2016	3.8	0.0%
Transport Total						743.4	43.2%
Water Supply & Sanitation	THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM	2100150029993	ADF	10/30/2013	12/31/2019	61.7	1.3%
		2100155025973	ADF	10/30/2013	12/31/2019	1.2	40.3%
	KENYA TOWNS SUSTAINABLE WATER SUPPLY AND SANITATION PROGRAM	2000200000501	ADB	11/09/2016	12/31/2021	268.7	0.0%
		2100150036294	ADF	11/09/2016	12/31/2021	5.1	0.0%
		2100155033467	ADF	11/09/2016	12/31/2021	0.5	0.0%
		5500155011104	MIC	11/09/2016	12/31/2021	1.2	0.0%
Water Supply & Sanitation Total						338.4	0.4%
Public Total						1,668.5	31.8%

Sector Name	Long name	Loan Number	Company Name	Approval Date	Completion Date	Loan Amount (UA m)	Disb. Ratio /1
B. Private Sector							
Finance	EQUITY BANK (KENYA) LIMITED	2000130013731	ADB	11/05/2014	12/31/2024	104.3	100.0%
	COMMERCIAL BANK OF AFRICA LIMITED	2000130017482	ADB	01/25/2017	12/31/2019	35.2	
	DIAMOND TRUST BANK LOC I	2000130016784	ADB	11/18/2016	05/20/2020	35.2	
		2000130016785	ADB	11/18/2016	05/20/2020	17.6	
	COMMERCIAL BANK OF AFRICA - TFLOC	2000130017430	ADB	01/25/2017	01/25/2017	28.2	
Finance Total						220.6	100.0%
Power	THIKA THERMAL POWER PROJECT	2000130008130	ADB	12/07/2011	05/30/2027	23.6	100.0%
		5060140000062	PSCEF	11/04/2015	05/30/2027	5.8	0.0%
	LAKE TURKANA WIND POWER PROJECT	2000130011533	ADB	04/26/2013	03/23/2029	96.5	100.0%
		5060140000063	PSCEF	11/04/2015	03/23/2029	31.8	0.0%
	LAKE TURKANA WIND POWER PROJECT - SUB DEBT TRANCHE	2000130010533	ADB	04/26/2013	01/19/2028	4.2	100.0%
	LAKE TURKANA WIND POWER EKF	2000130011534	ADB	04/26/2013	01/19/2028	16.8	100.0%
Power Total						178.6	79.0%
Private Total						399.2	86.7%
Grand Total						2,067.8	39.8%

1./ Cumulative disbursement. Calculations exclude guarantees, emergency grants and projects not yet effective.

SRF: Special Relief Funds

SCF: Strategic Climate Fund

EU AITF: EU Africa Infrastructure Trust Fund

MIC: Middle Income Countries Fund

PSCEF: Private Sector Credit Enhanced Facility

Appendix 3: Similar Projects (on-going) Financed by the Bank and Other Development Partners (as of December, 2016)

Project	Donor	Total Project Cost (Million)
Cereal Enhancement Programme – Climate-Resilient Agricultural Livelihoods Window (KCEP-CRAL)	IFAD, EU	USD 116.0
Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT)	IFAD	USD 83.2
Upper Tana Catchment Natural Resources Management Project	IFAD	USD 68.8
Smallholder Dairy Commercialization Programme	IFAD	USD 36.8
Drought Resilience and Sustainable Livelihood Program (DRSLP I)	AfDB	UA 41.8
Small Scale Irrigation and Value Addition Project (SIVAP)	AfDB	USD 70.7
Agricultural Sector Development Support Programme (ASDSP)	SIDA	KES 6,087
Smallholder Horticulture Empowerment Promotion Project P for Local and Up scaling (SHEP-PLUS)	JICA	KES 420
Project on Enhancing Gender Responsive Extension Services in Kenya (PEGRES)	JICA	KES 134
Kenya Climate Smart Agriculture Project (KCSAP)	WB	KES 220
Project name: Rice-based and Market-oriented Agriculture Promotion Project(RICEMAPP)	JICA	KES 158
Science and Technology Research Partnership for Sustainable Development (SATREPS)	JICA	KES 165
Strengthening Fertilizer Quality and Regulatory Standards in Kenya (SFQRS)	AGRA	KES 41

Appendix 4: Map of Program Area

