

# George Kubai:

## Financial inclusion is our goal

By Murimi Gitari

*Agricultural Finance Corporation (AFC) is a government-owned development finance institution (DFI) mandated to assist in the development of agriculture and agricultural industries by issuing loans to farmers, co-operative societies, and organised groups. PanAfrican Agriculture spoke to George Kubai, the AFC managing director, on the organisation's contribution to Kenya's agricultural transformation.*

**How has AFC aligned its goals and strategies with the Malabo Declaration's commitments to transforming Africa's agriculture?**

AFC's mandate is to support agricultural development by providing sustainable credit to both smallholders and commercial farmers. This aligns with the Malabo Declaration's goal of increased agricultural funding. Due to the inherent risks and uncertainties of agriculture, many financial institutions avoid lending to this sector, resulting in financial exclusion,



← particularly for youth, women, and rural populations. The corporation's strategic plan directly addresses this issue by prioritising financial inclusion for these underserved groups.

**Can you highlight specific initiatives AFC has implemented to support the financial goals outlined in the Malabo Declaration?**

The corporation has developed products utilising alternative collateral to enhance access to credit and improve repayment rates for smallholder farmers. This includes warehouse receipt finance, asset financing, and wholesale lending through savings and credit cooperative societies (saccos), microfinance Institutions (MFIs), and anchor models. In partnership with its strategic partners, the corporation has also conducted capacity-building initiatives to educate existing and potential clients on financial literacy, farming as a business, and related topics. The corporation has also implemented joint projects under the public-private partnerships arrangements to accelerate funding in the agricultural sector.

**How is AFC addressing the Malabo Declaration's emphasis on inclusivity, particularly in supporting smallholder farmers and vulnerable groups?**

AFC recognises that equitable access to agricultural financing is essential for achieving inclusive agricultural growth, food security, and poverty reduction. The corporation has launched programmes that promote financial inclusivity within the agricultural sector through strategic collaborations. Notably, in collaboration with the African Development Bank through the Ministry of Agriculture and Livestock Development and the National Treasury, the corporation initiated the Enable Youth Programme (EYP). The programme targeted graduate

youth interested in agribusiness, and was grounded in the urgent need to address rising youth unemployment and underemployment in Kenya, particularly in rural areas, through the provision of unsecured or non-collateralised loans, soft loans and interest-free loans. Additionally, AFC has implemented targeted financing programmes that prioritise women, youth, and farmers in arid and semi-arid lands (ASALs), including the Frontier Counties Development Council (FCDC) regions. The corporation has also partnered with development organisations such as ACIDI VOCA to extend affordable credit to farmers in marginalised areas, ensuring that underserved populations are not left behind. In line with the Malabo Declaration, the corporation continues to champion inclusive financing as a critical lever for agricultural transformation and national development.

**What financial products or services has AFC introduced to ensure smallholder farmers have better access to credit?**

Among other interventions, the corporation has introduced innovative financial products such as warehouse receipt financing, a wholesale lending product, the anchor client model, and asset financing—all aimed at enhancing access to credit for smallholder farmers and agribusinesses. Warehouse receipt financing enables farmers to use stored produce as collateral to access credit, allowing them to sell at favourable market prices rather than immediately after harvest. The wholesale lending product targets cooperatives, saccos, and other financial intermediaries by extending bulk credit facilities, which are then on-lent to smallholder farmers—enhancing outreach and impact. Through the anchor client model, AFC partners with large-scale aggregators or value chain actors who act as guarantors or off-takers,

reducing lending risks while ensuring market access for smallholders. Additionally, asset financing has been developed to help farmers acquire essential agricultural machinery and equipment such as irrigation kits, tractors, and milk coolers, promoting mechanisation and productivity with manageable repayment terms.

**How else is AFC leveraging technology and innovation to improve access to agricultural finance?**

AFC has strategically integrated technological innovations and digital solutions to enhance agricultural finance accessibility, streamline processes, and promote sustainable agricultural growth in line with the Malabo Declaration's goals. This includes automation of the Loan Origination and Appraisal System (LOAS) - AFC has digitised loan processing, enabling faster approvals, seamless credit assessments, and real-time integration with banking systems. The corporation has also Customized Credit Scoring Model, which incorporates risk assessment, agro-ecological conditions, farm capacity, and alternative financial data, ensuring more inclusive financing for smallholder farmers. Further, there are alternative financial delivery channels - farmers access loans through USSD, mobile apps, and with automated repayments reducing reliance on physical branch visits. AFC also collaborates with FinTechs to enhance risk analytics and introduce technology-based solutions to increase impact and outreach.

**What risk management strategies has AFC adopted to safeguard agricultural investments and support farmers' resilience against climate change and market fluctuations?**

AFC has implemented a comprehensive set of risk management strategies to safeguard agricultural investments and enhance







farmers' resilience against climate change and market fluctuations. These strategies include diversification of financial products, climate-smart agricultural loans and market linkages and value chain development.

### **How is AFC aligning with the new Kampala Declaration?**

AFC is actively aligning with the implementation of the Kampala Declaration through its Strategic Plan 2023–2027. The strategic plan was formulated in consideration of key continental frameworks such as the African Union's Agenda 2063 and the Malabo Declaration, which form the foundation of the Kampala Declaration. Notably, the first strategic objective of the plan — Driving Sustainable Agri-food Systems — directly supports the core commitments of the Kampala Declaration, particularly in promoting food security, climate resilience, inclusive growth, and access to affordable agricultural financing. Through ongoing implementation of this objective, AFC is committed to fostering transformative, inclusive, and sustainable agricultural development in Kenya and beyond.

**The Malabo Declaration reaffirmed Africa's commitment to agriculture-led growth for food security and shared prosperity. The subsequent Kampala Declaration sought to strengthen these aspirations, especially in light of emerging threats such as climate change, disease outbreaks and economic shocks. Significant financial and institutional gaps, however, persist in realising the vision of agricultural transformation. How can AFC help in ensuring the full implementation of the Malabo and Kampala commitments?**

AFC is uniquely positioned to respond to the persistent gaps and advance Kenya's alignment with the Malabo and Kampala Declarations.



*George Kubai, the AFC managing director. PHOTO CREDIT: AFC*

To facilitate access to agricultural credit, particularly for smallholders and medium-scale farmers, AFC is implementing key transformative interventions which include enhancing efficiency and impact of agricultural financing, catalysing private sector participation and operationalising inclusive and targeted finance windows. The corporation is also shifting toward results-based financing, where every investment is tied to clear development goals in food security, climate resilience, and competitiveness.

In line with the Kampala Declaration's call for enabling policy environments, the corporation is collaborating with the government and development

partners to de-risk agricultural investments. Through blended finance structures and risk-sharing facilities, such as Enable Youth Kenya, AFC is crowding in local private capital, predominantly in high-impact areas like agro-processing, mechanisation and irrigation. To support inclusive growth, AFC has launched specialised lending windows tailored for women, youth, agri-SMEs, and smallholders. In pursuit of transparency and accountability and inclusion AFC is adopting digital platforms, early warning systems, geospatial analytics and data-driven decision-making tools to improve credit targeting, risk profiling, and loan performance ■