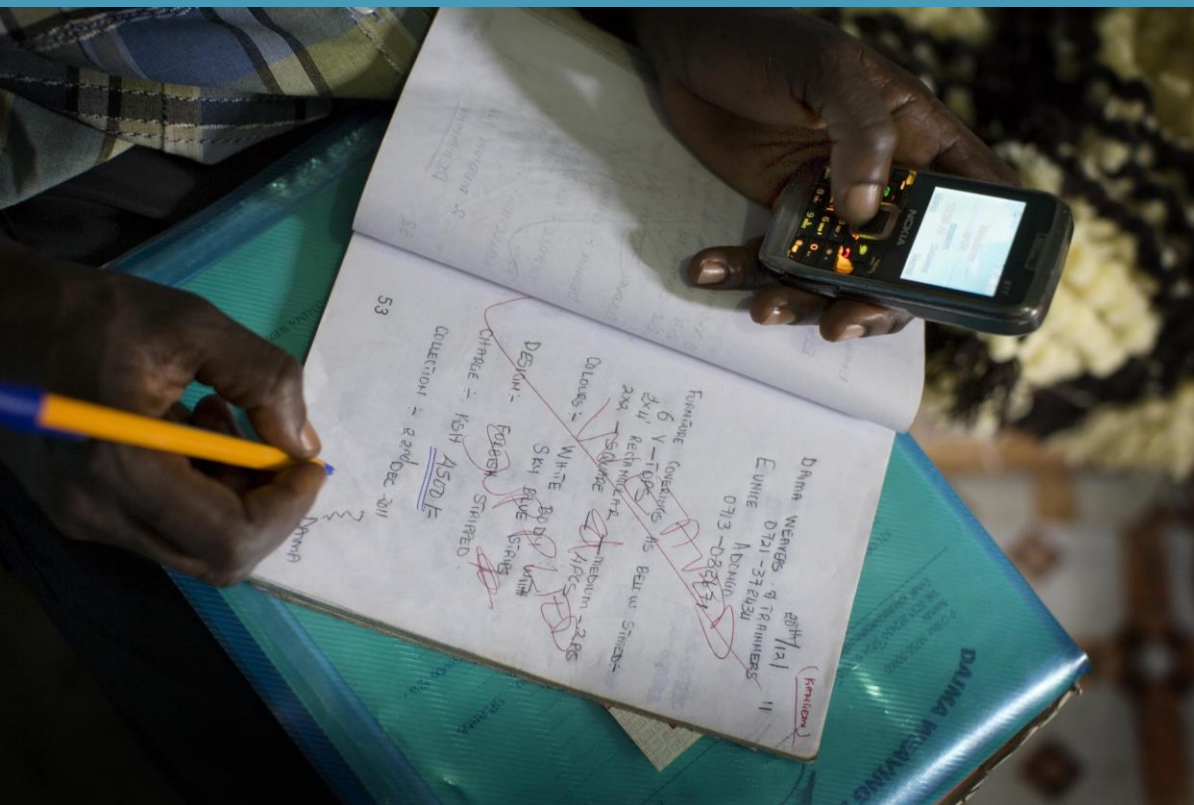




# FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



## Financial Service Provider Inventory Scan

### *Updated Seed-Financing Landscape Analysis in Kenya*



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**Authors:** Ghai, A, Hane, E., Mandanda, S., Moon, K. and Strong, T.

**Sponsoring USAID office:** LOC Unit, Federal Center Plaza (SA-44)/M/CFO/CMP

**Technical office:** USAID/RFS/CA

**AOR name:** Daniel Thomson

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**Submitted on behalf of:** Opportunity International, Inc.

**Submitted by:** Jason Sullivan, Chief of Party S34D Activity  
Catholic Relief Services  
228 West Lexington Street, Baltimore, MD 21201  
[Jason.Sullivan@crs.org](mailto:Jason.Sullivan@crs.org)

**Cover page photo credit:** Kate Holt, Opportunity International

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**Feed the Future Consortium Partners** in the Feed the Future Global Supporting Seed Systems for Development activity:



## Table of Contents

List of Figures.....	v
List of Acronyms .....	vi
Executive Summary .....	1
Background Information .....	3
Activity and Report Overview .....	3
Overview of the Agricultural Sector in Kenya.....	4
A Critical Economic Driver .....	4
Climate Change and Other Challenges.....	5
Capacity of Financial Service Providers in Kenya .....	7
Availability of Agricultural Financial Services in Kenya .....	9
Overall Financial Health of FSPs in Kenya .....	9
Recommendations .....	10

## List of Figures

Figure 1: Agriculture Value Added (% of GDP) .....	4
Figure 2: Top 5 Major Shocks Experienced by Wealth Quintile .....	5
Figure 3: Bank Capital to Assets Ratio (%).....	7
Figure 4: Banking Industry Risk Indicators .....	7
Figure 5: Updated Landscape of Kenyan Financial Service Providers.....	<b>Error! Bookmark not defined.</b>

## List of Acronyms

BHA	U.S. Bureau for Humanitarian Assistance
BIRI	Banking Industry Risk Indicator
CIAT	International Center for Tropical Agriculture
FSPs	Financial Service Providers
GDP	Gross Domestic Product
IFDC	International Fertilizer Development Center
MFI	Microfinance Institutions
MSMEs	Micro, Small, and Medium-Sized Enterprises
NPL	Nonperforming Loans
PABRA	Pan-African Bean Research Alliance
RFS	Bureau for Resilience and Food Security
S34D	Global Supporting Seed Systems for Development

## Executive Summary

Despite governmental policy capping all loan interest rates at 4% above the central bank rate, during the 2019 inventory scan, Kenya stood out as a leader among East African countries in terms of market maturity and the potential to improve seed systems through increased financing efforts. Initially intended to address poor affordability and availability of credit to working people, the interest rate cap went into effect in September 2016 and decreased banks' abilities to offer riskier loan products, such as agricultural loans to last-mile farmers, due to the inability to offset non-payment with appropriate interest rate revenues. Citing unintended consequences such as reducing credit to the private sector and damaging economic growth, the Kenyan parliament repealed the interest rate cap in November 2019. This significant policy shift created the need for an updated inventory scan in Kenya.

This report revisits the agricultural sector, the capacity of financial service providers (FSPs) post-interest rate repeal, the availability of agricultural financial services, and the overall health of FSPs. It also provides new recommendations to increase financing flow to the seed sector through gender-sensitive approaches. Overall, compared to other countries in the region, Kenya is still a good market for agricultural lending. Kenya has more crop-specific products, where the terms of the loans are tailored to a particular crop, its growing cycles, and the financing needs of those cultivating that crop (e.g., tea loans have different terms and repayment rates compared to sugar cane loans). This indicates that Kenya's agricultural lending market is more mature due to the availability of more specialized, crop-specific loan products.

Despite the repeal of the interest rate cap in 2019, there has not been a significant increase in agricultural lending. Even though FSPs now have more flexibility in loan terms, agricultural lending has not grown substantially, showing that the lack of agricultural lending is not only a supply-side financing issue – it is an overall value chain structure issue. Smallholder farmers and their surrounding seed system actors will not access finance to purchase improved agricultural inputs unless it makes economic sense to do so. Low profit margins, lack of collective bargaining power, limited market access, and limited ability to participate in value-added activities are all market structure issues that prevent the demand for agricultural financing. To increase access to financing for seed-sector value chain actors, the entire market structure must be supported, and key challenges must be mitigated.

Once it becomes economically viable for farmers to access loans, the increased demand for finance will have a ready supply, and the flow of finance to the seed sector will increase. Yet, careful attention must be paid to ensure market stabilization practices that enhance existing value chain structures are gender-sensitive. Too often, structured value chains are male-dominated, and without intentional support in Gender Lens Investing, crop selection, and mechanisms to ensure women retain control of the value they produce, activities that strengthen a value chain run the risk of exacerbating existing gender inequalities. Improving market structure will increase the flow of financing to the seed sector by increasing demand from smallholder farmers. Taking it a step further, improving market structures using gender-sensitive value chain approaches will help mitigate the risk of exacerbating inequitable power relations within the seed sector.

Key recommendations include:

- 1.) **Promoting a stable market structure.** Introducing market stabilization techniques, such as transparent pricing with floor prices and guaranteed offtake of products, is key to increasing the flow of financing to the seed sector. As seed value chains become more structured, women are less likely to be able to take advantage of new economic opportunities compared to men if they are not deliberately designed to benefit and empower women. Simply addressing the supply of available finance will not increase the uptake of such loans for seed-sector actors without appropriate market stabilization, and further, market stabilization techniques will not benefit women unless they are designed to intentionally address on the unique market needs and barriers of women and young women.
- 2.) **Increase access to improved seeds, especially domestically grown seeds.** The domestic seed market both strengthens the local economy and helps ensure seed varieties are well-adapted to the changing climate in the region. Climate resiliency is increasingly important, and improved

seed quality will benefit the 60% of Kenyans directly involved in agriculture, particularly when using genetic varieties that are specifically cultivated for low-water use or other drought-resistant varieties.

- 3.) **Support Climate Adaptation.** Increasing farmers' climate resiliency is paramount for forward progress – for crop growth, for poverty reduction, for family and community stabilization. Agricultural financing plays a unique role in adapting to climate challenges because when farmers have built-in protection, there is the ability to take on more risk (e.g., use more sustainable practices that may produce less up front but protect crop yield over time). Given that women are disproportionately impacted by the effects of climate change, coupled with women's limited financial inclusion, there is a need for developing financial products specifically for women in the agricultural sector participating in the seed value chain. Findings from this report result in recommending financial products that promote regenerative agriculture as well as including different insurance options as part of financing deals, such as weather index insurance. Both factors help protect farmers' bottom line and encourage practices that protect the planet.

Above all, the need for and ability to provide agricultural financing in Kenya remains high. While the repeal of the 2016 interest rate cap improves FSPs' ability to create financial products that are tailored to the agricultural sector, improving the supply of financing alone is insufficient to increase financial flows to the seed sector. There is a need to help stabilize the overall market using a gender-sensitive approach, ensure availability of improved seeds, and help mitigate against risks, particularly climate risks.



## Background Information

### Activity and Report Overview

Feed the Future Global Supporting Seed Systems for Development (S34D) activity is funded by the Feed the Future Initiative, through the Bureau for Resilience and Food Security (RFS) and by USAID through the U.S. Bureau for Humanitarian Assistance (BHA), to facilitate the development of high impact, inclusive seed systems to ultimately improve smallholder farmers' crop production and resilience.

The activity was granted to Catholic Relief Services as a five-year Leader with Associates Cooperative Agreement award to implement the activity. Current consortium partners include the International Center for Tropical Agriculture (CIAT), International Fertilizer Development Center (IFDC), Opportunity International, Pan-Africa Bean Research Alliance (PABRA), Agri Experience and Purdue University.

S34D aims to strengthen national and regional seed sectors around the world, focusing on Feed the Future priority countries, by scaling new business models to effectively expand seed inventories for a broader range of crops beyond maize while improving the delivery of quality seed across formal, informal, and chronic/emergency seed systems. By strengthening linkages within seed systems, the activity will support service extension to reach more customers in more remote and fragile contexts to provide more farmers with better access to higher-yielding seed varieties.

This report is an updated analysis of the financing potential of the seed sector, specifically in Kenya. The initial Inventory Scan was completed in September 2019 and focused on an East Africa regional overview and country-level assessments for Malawi, Uganda, Kenya, and Tanzania. Since the initial inventory scan, Kenya repealed the 4% interest rate cap that had been in place since September 2016. Given this significant policy shift, there is a need for an updated analysis of the financing potential of the seed sector in Kenya. This report provides an updated overview of the agricultural sector in Kenya, an analysis of the capacity of FSPs, the availability of agricultural financial services, the overall financial health of FSPs, as well as revised recommendations specific to this new operating environment.

On behalf of the S34D team, Opportunity International wishes to extend its deepest gratitude to all those who participated in this assessment and for the in-depth feedback and information provided to compile this report. Thank you for your time and collaboration and for your interest in supporting the S34D activity.

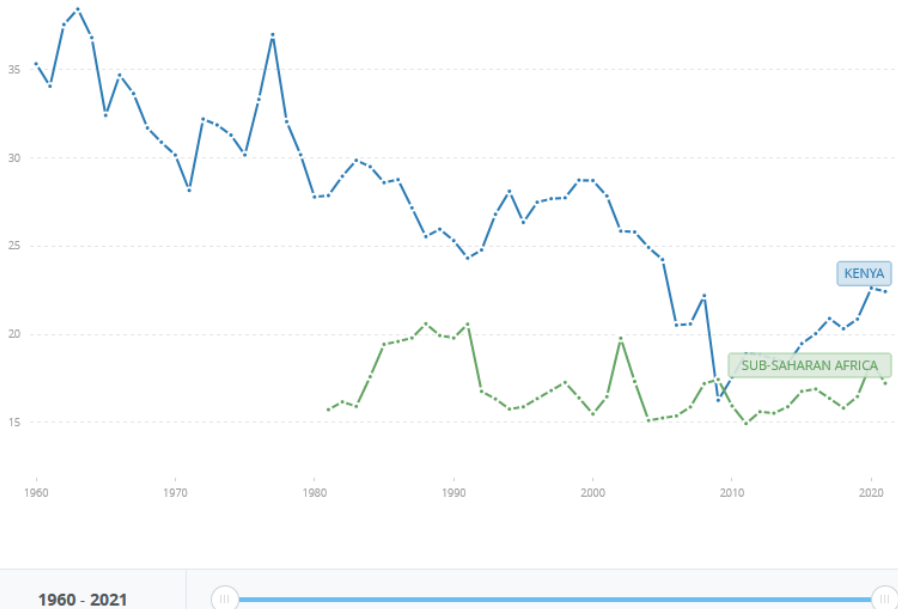
## Overview of the Agricultural Sector in Kenya

The agricultural sector in Kenya remains a critical economic driver, both for the overall economy and for the household livelihood of millions of smallholder farmers. However, population growth, poverty, food insecurity, and climate change present significant challenges for the sector's growth.

### A Critical Economic Driver

Kenya's agricultural sector plays a critical role in its economy, contributing 33% to its Gross Domestic Product (GDP) and employing over 40% of the population. The sector also accounts for 65% of export earnings and provides livelihoods for over 80% of the population.<sup>1</sup>

Compared to the Sub-Saharan Africa region in general, the agricultural sector in Kenya has an above average contribution to the overall GDP.<sup>2</sup> Despite this relative agricultural success, which is primarily driven by exported cash crops like tea and coffee, many smallholder farmers remain stuck in unproductive agricultural practices.



**Figure 1: Agricultural Value Added (% of GDP)**

Taking action to strengthen and improve performance of the agricultural sector is critical for alleviating poverty in rural areas where agriculture is concentrated and the primary means of earning a living. Engaging the poorest and most vulnerable populations in the sector is crucial for equitable economic mobility and ensuring increased food production. This is particularly true for women, who are deeply involved in agricultural production and most often responsible for managing household food supplies.

<sup>1</sup> "Fao.Org." Kenya at a Glance | FAO in Kenya | Food and Agriculture Organization of the United Nations, 2023. Retrieved from <https://www.fao.org/kenya/fao-in-kenya/kenya-at-a-glance/en/>.

<sup>2</sup> The World Bank, OECD National Accounts data files (2021). Agriculture, Forestry, and fishing, value added (% of GDP), Line method. Retrieved from <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=KE-ZG>

### Climate Change and Other Challenges

There are multiple challenges facing the agricultural sector in Kenya, including population growth which heightens food insecurity and poverty. The poorest Kenyans are also among those most likely to be affected by climate change. Women and girls are significantly and disproportionately impacted by the effects of climate change due to their dependence on natural resources (e.g. traditional role of sourcing food, water, and fuel for families), and their increased barriers to climate adaption (e.g. limited mobility, lack of access to financial resources, limited decision-making powers.)<sup>3</sup> Climate change presents significant challenges in the agricultural sector, including droughts, floods, and an increase in crop-damaging pests like locusts.

Investing in sustainable agricultural practices can promote resilience to climate change, increase food production, and ensure households withstand climate-related shocks. Despite this, access to finance for green technology for agricultural purposes is woefully lacking. According to the 2021 FinAccess Household Survey, only 6% of households reported having the capacity to invest in solutions that mitigate the main causes of climate-related crop failure (drought, floods, and pests).<sup>4</sup>

Further, climate-related shocks have a disproportionate impact on the lowest wealth quintile, reinforcing the importance of affordable financing options for the purpose of investing in sustainable, climate-resilient agricultural practices as a key poverty alleviation tool.

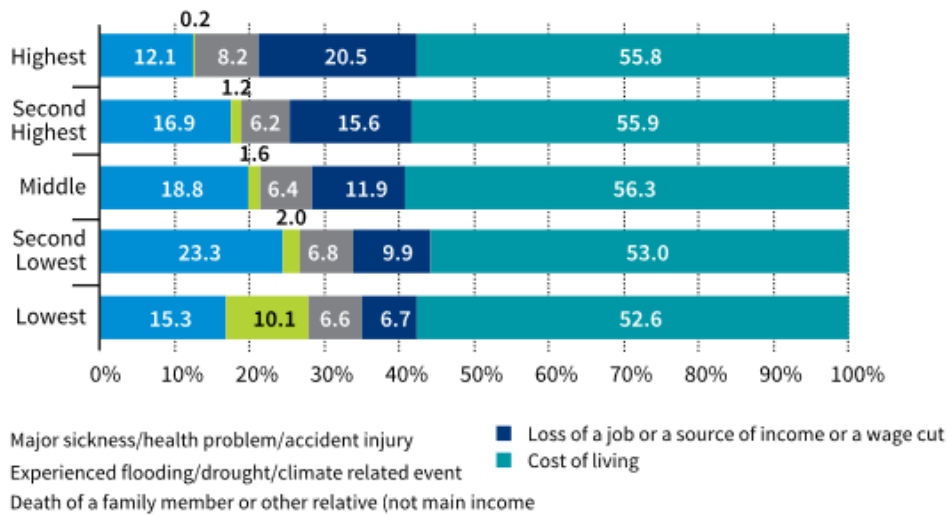


Figure 2: 5 Top 5 Major Shocks Experienced by Wealth Quintile

At the highest wealth quintile, climate-shock is reported as the major shock experienced by households just 0.2% of the time, whereas that number jumps to 10.1% for the lowest wealth quintile. Climate-shocks also disproportionately affect rural households. Rural households report climate-shock as their main economic shock 4.9% of the time, compared to 0.7% for urban respondents.<sup>4</sup>

<sup>3</sup> 2022, 28 February. Explainer: How gender inequality and climate change are interconnected. UN Women – Headquarters. <https://www.unwomen.org/en/news-stories/explainer/2022/02/explainer-how-gender-inequality-and-climate-change-are-interconnected>

<sup>4</sup> Central Bank of Kenya, Kenya National Bureau of Statistics, FSD Kenya, 2021, 2021 *FinAccess Household Survey*. Retrieved from <https://www.knbs.or.ke/wp-content/uploads/2021/12/2021-Finaccess-Household-Survey-Report.pdf>

This gap for financing to withstand climate-shocks is amplified for women according to a 2023 CGAP study. While there are improved crop varieties, fertilizers, and pesticides on the market, these improved agricultural inputs are not free or widely accessible. Women specifically experience limited access to agricultural resources, including training in good agricultural practices, improved seed, and fertilizer. In addition to societal barriers, there are real institutional barriers preventing women from accessing finance for climate adaptation. These institutional barriers include lack of access to government-issued identification documents, limited collateral due to land rights issues, and nonexistent or limited credit history.

To date, many financial service providers do not disaggregate portfolio data by gender, severely limiting the ability to interpret and use data to refine products specifically for women. Intentional effort must be paid to adapt financial products to meet the needs of women. As CGAP explains, “While many financial services are considered gender neutral, in reality, this means they are designed for men by default.”<sup>5</sup> The study concludes by identifying the limited academic work at the intersection of gender, climate change, and financial inclusion and calls for a deeper understanding of the interconnection between the three through a detailed research and action agenda, including building the case for FSPs to offer financial products and services that support women’s climate resilience and adaptation.<sup>5</sup>

Support, design, and financial inclusion approaches need to consider the capabilities and businesses of rural women and not be based on gender alone. One approach is analysis through segmentation: financially excluded, marginalized; excluded, high potential; included, yet underserved; and included, served. These categories are helpful for understanding the different opportunities, constraints, and pathways available to each group of individuals and designing programs accordingly. For example, portfolio analyses have identified that accessibility of finance, rather than affordability of finance, represents the principal limiting factor - collateral has been a significant constraint on accessing finance for rural women in the first two categories. Collateral Easement Vehicles, particularly those leveraged through guarantee schemes, have had a demonstrable effect in unlocking access to finance for rural women. This is particularly pertinent in the seed sector, where regulatory principles disallow the use of biological assets as collateral within Financial Institutions.

The gender-climate nexus is an important and growing field. Inequalities in areas like control over productive assets, land tenure, and influence create huge impediments to making longer-term investments in land improvement and resilience building. Disproportionate responsibility for childcare and household chores means less access to income diversification, especially off-farm. Limitations to mobility compound challenges for rural women to adapt to new risks posed by climate change. Pay discrepancies for manual labor on neighboring farms and quality of farmland - women tend to have access to less valuable land, be it less fertile soils, proximity to a water source, or areas of high erosion risk. This all compounds to women having fewer options and access to alternative income sources when there is a loss in their primary source of income. Ultimately, there is a big gap between the threat of climate change and climate-specific financing available, especially to smallholder farmers with the lowest income and to women. Without a significant investment in resilient agricultural practices, climate risks will continue reducing crop potential and damaging family livelihoods.

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<sup>5</sup> Notta, Sabba, and Peter Zetterli. 2023. “Bolstering Women’s Climate Resilience and Adaptation through Financial Services.” Washington, D.C.: CGAP.

## Capacity of Financial Service Providers in Kenya

In the 2019 Inventory Scan, Kenya's FSPs ranked among the most capable for making agricultural loans, and the capacity of FSPs in Kenya remains high.

Kenyan banks are well capitalized<sup>6</sup>, and Kenya's bank capital to assets ratio (%) remains strong, particularly when compared to other Sub-Saharan African countries.

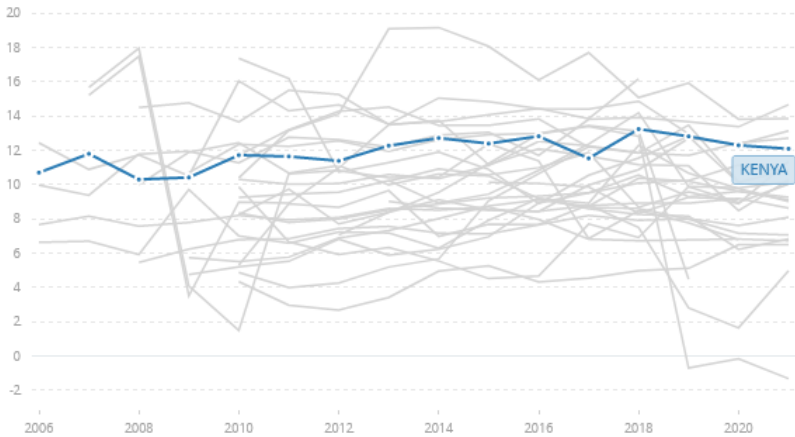


Figure 3: Bank Capital to Assets Ratio (%) – Kenya<sup>7</sup>

While the sector is healthy, particularly when compared to the region, there are constraints that keep the financial sector from being as robust as possible. Government finance and regulation remain a drag on the overall Banking Industry Risk Indicator (BIRI) scores and the lowest score area.<sup>8</sup> The deep history of and continued propensity for government intervention in the banking sector remains a weakness in the financial services landscape.

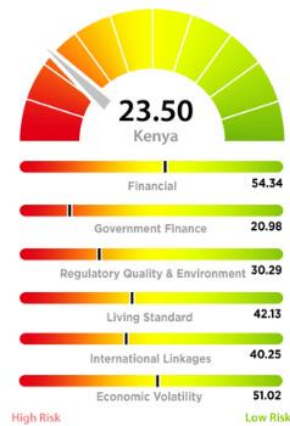


Figure 4: Banking Industry Risk Indicators<sup>4</sup>

<sup>6</sup> Fitch Solutions. Kenya Banking & Financial Services Report. Q4 2022.

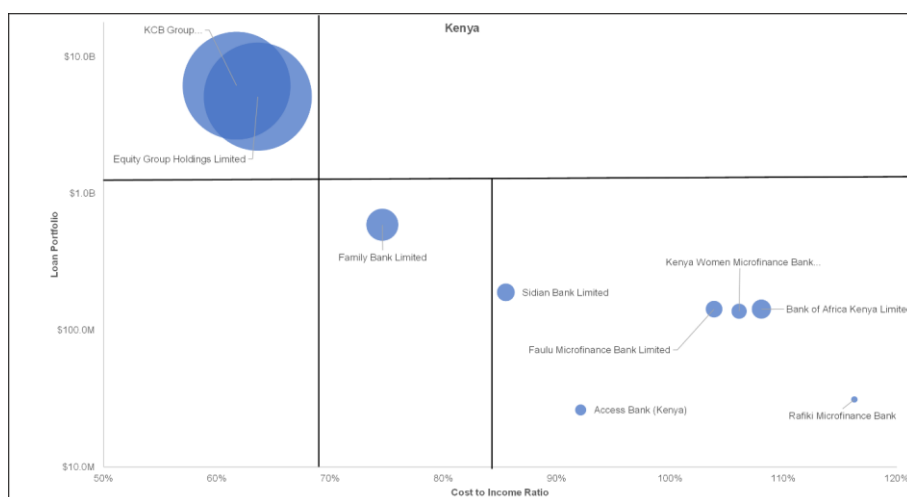
<sup>7</sup> The World Bank, International Monetary Fund, Financial Soundness Indicators data files (2021). Bank capital to assets ratio (%), Line method. Retrieved from <https://data.worldbank.org/indicator/FB.BNK.CAPA.ZS?contextual=region&locations=KE&view=chart>

<sup>8</sup> Fitch Solutions. Kenya Banking & Financial Services Report. Q4 2022.

Additionally, Kenya's nonperforming loans (NPL) rate is higher than the Sub-Saharan African average of 10% and significantly higher than the East African Regional Average of 6.2%.<sup>9</sup> Agricultural loans make up less than 3.5% of the total loan volume, and yet they represent more than 5% of total NPLs<sup>10</sup>. This data is interesting for two reasons. First, it shows that the overall portfolio size is relatively small, suggesting a potential loan demand problem. Secondly, the repayment rates of agricultural loans are disproportionately underperforming, underpinning the importance of appropriate loan product design as well as the need to stabilize the market to increase profit margins at the smallholder farmer end of the value chain.

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Despite these concerns, the overall evidence suggests the banking sector is in decent health, and the overall outlook is positive. Kenya continues to have a robust mix of FSPs, as shown by the matrix of FSP graphed by current loan portfolio value (in USD) and cost-to-income ratio. The size of each data point is the total value of deposits at each institution.



**Figure 5: Updated Landscape of Kenyan Financial Service Providers**

#### Implications of the Repealed Interest Rate Cap

Given the timing of the interest rate cap repeal (November 2019) and the onset of COVID-19, it is difficult to determine which sector shifts are a direct result of the interest rate cap repeal vs. a result of COVID-19. The key change since the 2019 Inventory Scan is that the largest banks (KCB Bank and Equity Bank) got larger. Additionally, a few smaller microfinance institutions could not survive post-interest rate cap repeal.

During the time the interest rate cap was in effect, the lack of agricultural lending was diagnosed as a supply-side financing issue. Yet, after the repeal of the cap, agricultural lending has not substantially increased. It is clear there are other barriers along the value chain preventing agricultural financing from reaching last-mile farmers, indicating there may be a need to do more to structure the market.

<sup>9</sup> The World Bank, International Monetary Fund, Financial Soundness Indicators data files (2021). Bank nonperforming loans to total gross loans (%), Line method. Retrieved from <https://data.worldbank.org/indicator/FB.BNK.CAPA.ZS?contextual=region&locations=KE&view=chart>

<sup>10</sup> Central Bank of Kenya. Bank Supervision Annual Report 2022. Retrieved from [www.centralbank.go.ke/uploads/banking\\_sector\\_annual\\_reports/1620216033\\_2022%20Annual%20Report.pdf](http://www.centralbank.go.ke/uploads/banking_sector_annual_reports/1620216033_2022%20Annual%20Report.pdf).

## Availability of Agricultural Financial Services in Kenya

Compared to other countries in Sub-Saharan Africa, Kenya remains the most mature market for agricultural lending. Given the prevalence of digital financial services, rates of financial inclusion have increased dramatically over the past decade. Even still, rural populations tend to be financial excluded at a 2x higher rate (14.7% vs. 6.2%)<sup>11</sup> compared to urban populations. Improved financial inclusion does not automatically translate to improved access to finance due to urban-rural exclusion gap and existing gender dynamics. Despite the growth of mobile money services, the existing gender gap remains with regards to accessing finance from formal financial institutions, with a 6% gap between men and women, with only 19.17% of women borrowing compared to 25.34% recorded for their male counterparts.<sup>12</sup>

Overall, Kenya has a more mature agricultural lending market than other countries in the region due to the comparatively high levels of financial inclusion and stable financial sector. Currently both commercial banks and microfinance institutions offer agricultural loan products.

The two largest commercial banks, KCB Group and Equity both offer specific agricultural financing where the market ensures minimum levels of guaranteed offtake (e.g., both offer tea-specific crop lending because factories will purchase tea of a specified quality at a guaranteed price.) This shows there is interest for commercial banks to step in and lend at specific points in the agricultural value when there is a clearly structured market because a structured market helps mitigate the risk of nonrepayment.

For commercial banks, agricultural loans to Micro, Small and Medium-Sized Enterprises (MSMEs) make up only 2.4% of their overall lending.<sup>13</sup> Microfinance Institutions (MFIs) make significantly more agricultural loans, with 13.4% of MSME loans going to the agricultural sector. In general, MFIs make fewer and smaller loans than commercial banks, yet their proportion of agricultural lending is higher.

Finally, it's important to note that recent changes in the financial policy environment have not resulted in substantially greater proportions of agricultural lending. Beyond the 2019 removal of the interest rate cap, in March 2020, the Cash Reserve Ratio was lowered to 4.25%, availing additional liquidity of Ksh.35.2 billion to the banking sector. The amount disbursed from that additional liquidity supported lending mainly to tourism, trade, transportation, and communication, with only 10% of the additional liquidity supporting agriculture. Liquidity does not necessarily increase agricultural lending, and it's critical to distinguish between the availability of consumptive finance (short-term, low Delayed Draw loans) with business finance needs for agriculture.

## Overall Financial Health of FSPs in Kenya

In general, FSPs in Kenya are financially healthy, but not overly resilient. The market continues to be dominated by larger commercial banks, as many smaller institutions struggle to keep operational costs low. The most troubling indicators on the BIRI analysis remain government finance and regulation, yet the overall sector remains stable.

There are clear opportunities for partnership in Kenya to support S34Ds mission. The sector is more dynamic than many other Sub-Saharan African countries, and both the FSP capacity and capital exist to finance activities if the economics of the underlying activity are financeable. The fact that there is not more agricultural lending in Kenya currently indicates the need to deeply investigate the market structure to increase loan demand and to analyze product design (loan supply) to ensure it reaches all segments of the seed value chain and is tailored to the needs of women borrowers.

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<sup>11</sup> Central Bank of Kenya, Kenya National Bureau of Statistics, FSD Kenya, 2021, *2021 Fin.Access Household Survey*. Retrieved from <https://www.knbs.or.ke/wp-content/uploads/2021/12/2021-Finaccess-Household-Survey-Report.pdf>

<sup>12</sup> World Bank Findex Database, 2021. Retrieved from <https://www.worldbank.org/en/publication/globalindex/Data>

<sup>13</sup> Central Bank of Kenya. Bank Supervision Annual Report 2022. Retrieved from [www.centralbank.go.ke/uploads/banking\\_sector\\_annual\\_reports/1620216033\\_2022%20Annual%20Report.pdf](http://www.centralbank.go.ke/uploads/banking_sector_annual_reports/1620216033_2022%20Annual%20Report.pdf).

## Recommendations

- 1.) Promoting stable market structure through gender-sensitive value chain development.**

Introducing market stabilization techniques, such as transparent pricing with floor prices and the guaranteed offtake of products following production, is key to increasing the flow of financing to the seed sector. Simply addressing the supply of available finance will not increase the uptake of loans for seed-sector actors, as demonstrated through the stagnant lending despite the repeal of the interest rate cap. This type of market stabilization is particularly recommended in Kenya, where open markets are often manipulated by policy and political actors. Seed farmers want working capital on credit as well as the ability to sell their products. The current value chain is structured against smallholder farmers. Due to lack of bargaining power and other market issues, farmers are forced to sell their products at low margins for low prices. Once the underlying economies are improved so that smallholder farmers retain more value, there will be increased demand for agricultural financing.

At the same time, value chain development must incorporate a gender-sensitive approach, not only for good programmatic practice and social justice reasons but also because of the business case for gender equality.<sup>14</sup> Structured value chains are male-dominated,<sup>15</sup> and gender-intensified constraints (e.g. access to land, finance, physical infrastructure, and support services), limit women's abilities to advance from low-value stages of production into higher-value roles.<sup>16</sup> And even in instances when new market opportunities emerge, these opportunities typically intensify men's control over benefits of production, further exacerbating gender disparities and placing women in a more disadvantaged position due to the commercialization of agricultural products.<sup>17</sup>
- 2.) Increase access to improved seeds, especially domestically grown seeds.** The domestic seed market both strengthens the local economy and helps ensure seed varieties are well-adapted to the changing climate in the region. Climate resiliency is increasingly important, and improved seed quality will benefit the 60% of Kenyans directly involved in agriculture, particularly when using genetic varieties that are specifically cultivated for low-water use or other drought-resistant varieties.
- 3.) Support climate adaptation.** Increasing farmers' climate resiliency is paramount for forward progress – for crop growth, for poverty reduction, for family and community stabilization. Agricultural financing plays a unique role in adapting to climate challenges because when farmers have built-in protection, there is the ability to take on more risk (e.g. use more sustainable practices that may produce less upfront but protect crop yield over time). Given women are disproportionately impacted by the effects of climate change, coupled with women's limited financial inclusion, there is a need for developing financial products specifically for women in the agricultural sector participating in the seed value chain to help adapt to climate shocks. Farmers need financial products that encourage improved agricultural practices that protect the planet as

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<sup>14</sup> International Labour Organization (2022). *Gender-Sensitive Approaches to Value Chain Development: A Complete Guide*. [https://www.ilo.org/empent/areas/womens-entrepreneurship-development-wed/WCMS\\_850695/lang-en/index.htm](https://www.ilo.org/empent/areas/womens-entrepreneurship-development-wed/WCMS_850695/lang-en/index.htm)

<sup>15</sup> McCarthy, L., Soundararajan, V., & Taylor, S. (2020). The hegemony of men in global value chains: Why it matters for labour governance. *Human Relations*, 74(12), 2051–2074. <https://doi.org/10.1177/0018726720950816>

<sup>16</sup> Bamber, P., Staritz, C. (September, 2016) International Center for Trade and Sustainable Development *The Gender Dimensions of Global Value Chains*. <https://www.tralac.org/images/docs/10585/the-gender-dimensions-of-global-value-chains-ictsd-september-2016.pdf>

<sup>17</sup> Brisebois A, Eriksen SH and Crane TA (2022) The Politics of Governing Resilience: Gendered Dimensions of Climate-Smart Agriculture in Kenya. *Front. Clim.* 4:864292. doi: 10.3389/fclim.2022.864292



well as financial terms and market structures that protect smallholder farmers' bottom line without reinforcing existing gender disparities. This may include strategies such as:

- a. **Promoting Regenerative Agriculture through Specialized Loan Products.** Farmers need upfront capital to invest in equipment that is less disruptive to soil conditions or other green agricultural technology like improved irrigation systems. Lending to help finance more holistic agricultural practices leads to more resilient farmers, because cultivating 3-4 crops (vs. monocropping) helps offset crop risk while also improving soil health and increasing soil moisture retention, which is particularly necessary as weather patterns change.
- b. **Incorporating Weather or Area Yield Index Insurance in Loan Products.** Index insurance is a relatively new tool to help farmers manage risks. Providing coverage in the case of drought (or other indexable weather patterns), helps farmers take on more risk.