

Brief on ENABLE Youth Kenya Program



Introduction

Empowering Novel Agribusiness-Led Employment (ENABLE) Program is co-funded by the African Development Bank (AfDB) and the Government. This youth initiative is a comprehensive program that builds entrepreneurship in agribusiness through skill acquisition and creates an enabling environment in which the youth become owners of profitable agribusinesses. The main objective of the program is to create gainful employment, generate income for the youth and bridge succession gap in agribusiness and related value chains. The program period is five years from January, 2018 to December, 2022.

The ENABLE Youth Kenya Program will be implemented through eight Youth Agribusiness Incubation Centres (YABICs).

1. Regional Pastoral Training Centre in Narok County;
2. National Aquaculture Development Center in Kirinyaga County;
3. Kenya School of Agriculture in Nyeri County;
4. Dairy Training Institute (DTI) in Nakuru County;
5. Pwani University in Kilifi County;
6. Kisii University in Kisii County;
7. Ramogi Institute of Advanced Technology (RIAT) in Kisumu County
8. University of Eldoret in Uasin Gishu County.

Approach

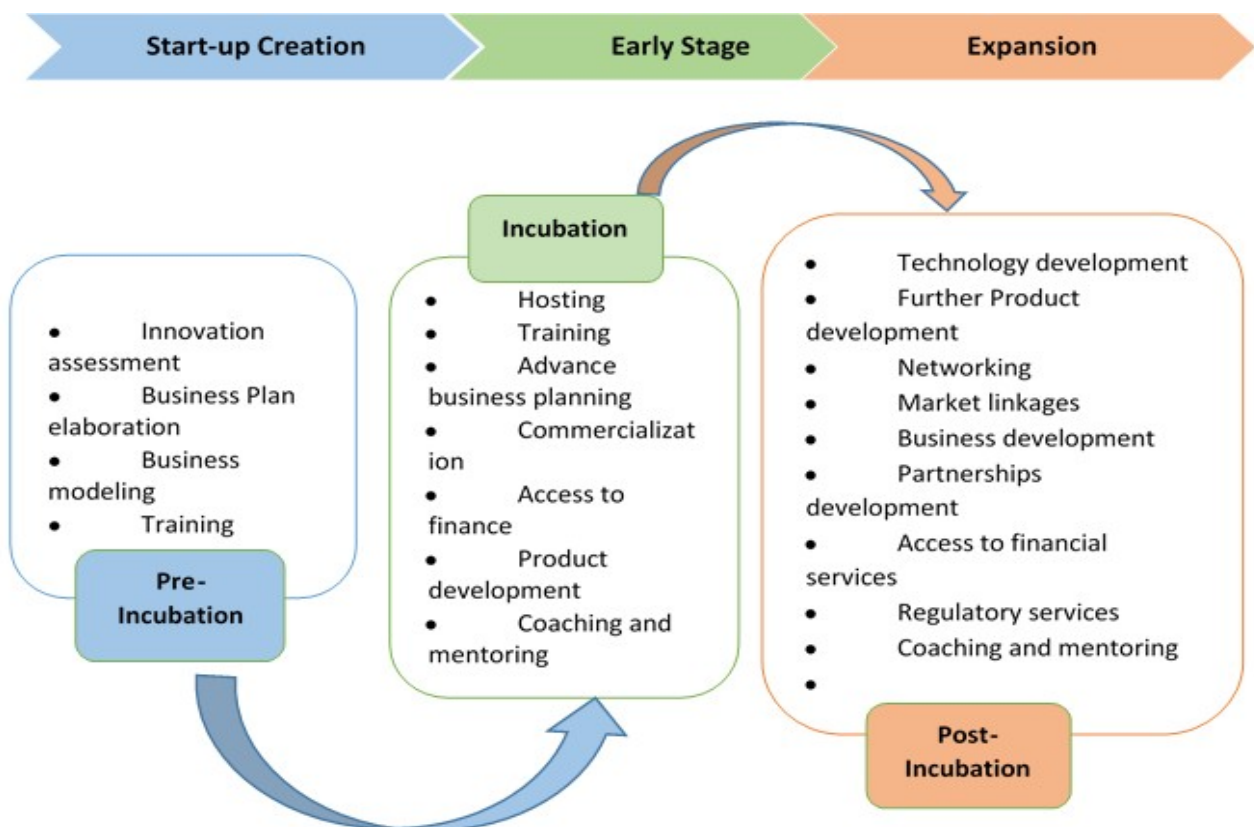
The YABICs will be operated using an incubation model for agriprenurship. The model involves training, nurturing, mentoring, coaching and financing of incubatees. The incubation process will follow three key phases namely pre-incubation, incubation and post-incubation.

Pre-Incubation Stage-Pre-incubation stage will mainly focus on ideation stage, where the agripreneurs having a potential innovative idea are provided with a working space. During this period, the agripreneurs will develop the idea into a proof of concept and prepare for understanding the technical feasibility of the idea proposed. At this stage the following will be done; innovation assessment, business plan elaboration, business modeling and training

Incubation Stage-Incubation stage will be when startup agripreneurs are hosted by the YABICs to graft product development and prepare themselves for commercialization. YABICs will offer a wide array of value added services such as; hosting, training, advance business planning, commercialization, access to finance, product development, coaching and mentoring, technology development, and exchange visits and tours

Post-Incubation Stage- during this stage the incubatee graduates will be offered the following support services; technology development, further product development, networking, market linkages, business development, partnerships development, access to financial services, regulatory services, and coaching and mentorship

This post-incubation will help incubatees with business networking activities, marketing assistance, accounting and other financial management, access to commercial loans and other funds. Linkage to resource centers, training institutions and strategic partners.



Generic incubation process model

Summary

- Rehabilitate and equip the Youth Agribusiness Incubation Centres (YABICs)
- Recruit the incubates through an independent firm
- Carry out skills development for the youth through an incubation process in the YABICs where youth will graduate with competitive bankable proposals
- Referrals to AFC for interest-free and low interest loans upon graduation

Project Components

Component 1: Enabling Environment for Youth Empowerment

Activities under this component

- ▶ Develop and implement an outreach, knowledge management and dissemination strategy i.e. Youth-friendly ICT (social media, networking, community radios, etc.)
- ▶ Establish Resource Centres in each incubation centre
- ▶ Awareness creation and promotion of agriculture as a business
- ▶ Upgrading of Youth Agribusiness Incubation Centres (YABICs).

Component 2: Entrepreneurship and Agribusiness Incubation

Aim: Operationalize the agribusiness incubation programs

- ▶ Selection of the candidates (target at least 30% of either gender)
- ▶ Conduct agribusiness incubations, innovation accelerations and establish networks in each YABIC
- ▶ Develop Bankable agribusiness proposals under the guidance of PFIs

Component 3: Financing Youth Agribusinesses

Aim: To finance the agripreneurs businesses and implement risk sharing mechanism.

The finance component of the ENABLE Youth Kenya Program seeks to support youth-owned agribusinesses by facilitating access to capital through financing and

risk sharing mechanisms. ENABLE Youth Kenya Program will provide US\$2.2 million to finance youths agripreneurs through three financing mechanisms.

1. Interest-free Loan. The total loan resource under this implement is US\$ 5 million targeting to finance at least 450 youth for startups (fresh incubatee graduates). Each youth will access the funds after going through the incubation process for not less than 6 months. Depending on their approved bankable business proposal they will access financing in the range from Ksh 0.5 million to Ksh 1.5 million. The loan is given in form of equipment which also becomes a collateral for the loan.
2. Soft Loan where US\$ 6 million will be committed in the form of low interest credit to the incubation graduates. They will be given preferential debt at an interest rate of 5%, which also serves to provide the essential working capital to these early-stage agripreneurs. AFC has also committed US\$ 3 million as matching fund bringing the total amount of soft loan available to US\$ 9 million. Youth who qualify to apply for this facility will be expected to have undergone the incubation process.
3. Risk Sharing Fund. The program has dedicated US\$ 8 million for a Risk Sharing Fund which will provide back-stopping support to financial institutions that will provide commercial loans to agripreneurs.

Component 4: Program Coordination and Management

- Coordinate day-to-day project 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

ACTIVITIES COMPLETED

Completed deliverables:

- i. Program technical launch on 18th April, 2019
- ii. Signing of MOUs between the Ministry and Youth Agribusiness Incubation Centre's (YABICs) Host Institutions on 18th April 2019
- iii. Project Steering Committee Members visit to YABICs to familiarize themselves with the current status for purposes of rehabilitation, renovations and equipping in February 2019
- iv. Program implementation staff trained on fiduciary (procurement, finance and disbursement processes and procedures) by AfDB in March 2019
- v. Developed criteria for youth selection in May 2019

PLANNED ACTIVITIES

- i. Conduct a market survey
- ii. Development of the framework on Risk Guarantee Fund by a consultant
- iii. Develop and operationalize Risk Sharing Financing Mechanism (RSFM) business plans and monitoring of investments (Interest free, Soft loan and the Risk Guarantee fund)
- iv. Upgrade (rehabilitate) YABICs (Youth Agribusiness Incubation Centers)
- v. Equip YABICs
- vi. Establishment of YABICs retention Centres
- vii. Selection of (youth) incubatees into YABICs
- viii. Conduct incubations and accelerations in each of the 8 YABICs
- ix. Capacity building for PFIs loan officers dealing with agricultural lending
- x. Lending to the successful youth (incubatees) graduates
- xi. Conduct M&E and supervision visits
- xii. Mentorship, coaching and post incubation follow up of incubatee graduates