

## **GOVERNMENT OF THE REPUBLIC OF KENYA & EQUITY BANK SIGN CREDIT GUARANTEE SCHEME (ACGS) AGREEMENT**

*Government signs Ksh. 300m support for Farmers*

The Government of Kenya, through the Ministry of Agriculture, Livestock and Fisheries has signed an agreement of Sh. 300m with Equity Bank (Kenya) Limited to support farmers for the second phase of the Agricultural Credit Guarantee Scheme (ACGS).

The signing of Phase II of the ACGS agreement marks the 3rd time that the Ministry is partnering with Equity Bank, with the first being in 2008 through the Kilimo Biashara Partnership and the second being in 2011 through the ACGS Phase 1 agreement. ACGS aims at scaling up and magnifying lessons learnt throughout the previous years of implementation. The partnership is a risk sharing arrangement where Government provides a guarantee fund to cushion the Participating Financial Institutions (PFIs) for any proven credit loss of the outstanding credit amount in default. In addition to credit, Participating Financial Institutions (PFIs) offer farmers other services such as capacity building, savings/deposits and linkage to crop insurance and markets.

The initiative, under the Public Private Partnership framework, will facilitate access to affordable financial services for the small holder farmers, thus spurring commercialization of farming in a sector that has been plagued by low production, poor marketing, low financial literacy and misconception. Speaking during the signing ceremony, Agriculture, Livestock and Fisheries Cabinet Secretary Mr. Willy Bett said, “This signing ceremony clearly symbolizes the strengthening of the Public Private Partnership between private organization and the Government. Our partnership with Equity Bank will help accelerate efficient and effective service delivery to low income beneficiaries in the agricultural sector thus bringing them into the formal financial system” On his part, Equity Bank Chief Executive Officer Dr. James Mwangi said the total Kilimo Biashara loans disbursed by the end of 2016 were over Sh. 7b having benefited 472,632 individuals since 2008. “Kilimo Biashara has been a flagship partnership from which lessons have been used across the continent due to its impact to farming and related businesses” Dr. Mwangi said. “Implementation of Kilimo Biashara partnership also gave us an opportunity to enhance our technology as we realized that farmers required to do their banking closer to their farms so as to save on costs and time.

Equity Bank was the first bank to introduce agency banking in Kenya and currently have over 29,000 agents spread across the country. We have enhanced this with self-service channels such as Equitel and Eazzy Banking digital products that encourage banking anywhere anytime,” he added.

To support this process, the Ministry will provide Policy guidance through the Inter-Ministerial Coordination Committee (ICC), mobilize and strengthen farmers groups, capacity building of players in various value chains, monitor scheme performance, report and follow-up.

Agriculture Cabinet Secretary, Willy Bett (L) and Equity Bank CEO, Dr. James Mwangi after signing an agreement between the Ministry and Equity Bank. The partnership between the Ministry and the Bank known as Kilimo Biashara will help accelerate efficient and effective service delivery to low income beneficiaries in the agricultural sector. Equity Bank CEO, Dr.

James Mwangi (R) share a light moment with Agriculture Cabinet Secretary, Willy Bett (L) before signing an agreement that will spur commercialization of farming in a sector that has been affected by low production, poor marketing and low financial literacy.

Ends...

**Alex Muhia**

Equity Bank Group

T: 0763 618871 Office 0763 026007

E: [Alex.Muhia@equitybank.co.ke](mailto:Alex.Muhia@equitybank.co.ke)

E: [corporatecommunications@equitybank.co.ke](mailto:corporatecommunications@equitybank.co.ke)

**John Mwangi**

State Department of Agriculture

0722 582 248

[jmmwangi@kilimo.go.ke](mailto:jmmwangi@kilimo.go.ke)

[mbaumwangi@gmail.com](mailto:mbaumwangi@gmail.com)