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Updated Project Information Document (PID)

Technical Design Stage | Date Prepared/Updated: 10-Sep-2026 | Report No: PIDIA01792

Public Disclosure Authorized

BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Kenya	EASTERN AND SOUTHERN AFRICA	P517246	Kenya Agriconnect Implementation Support Project
Financing Instrument		Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)		25-Nov-2026	Farming and Agribusiness
Borrower(s)	Implementing Agency		
National Treasury	Ministry of Agriculture and Livestock Development		

Is this an Urgent Need / Capacity Constraint situation?

No

Proposed Development Objective(s)

To generate more and better jobs in agribusiness value chains prioritized by the program and enhance food and nutrition security of targeted beneficiaries

Sector & Institutional context / Problem Statement

Kenya's agrifood sector is central to the economy, jobs, and rural livelihoods. However, it is constrained by structural weaknesses that limit its contribution to job creation and food security. It is dominated by low productivity, fragmented, and largely informal smallholder systems. Weak aggregation, limited market integration, and high transaction costs restrict access to higher value markets and discourage commercialization. Downstream segments, processing, logistics, and services, remain underdeveloped, limiting off farm employment. Institutional fragmentation and infrastructure gaps raise costs, increase post harvest losses, and deter private investment. Access to finance is limited due to high risk, weak collateral, and underdeveloped financial products. Climate change and natural resource degradation further increase risks and reduce long term productivity. Therefore, there is a need for for coordinated reforms and targeted investments in priority agribusiness value chains.

Summary Description

The Kenya Agribusiness Value Chains Development Project (KAVDP) operationalizes the AgriConnect Initiative in Kenya. It aims to generate more and better jobs in prioritized agribusiness value chains while improving food and nutrition security. The project targets key constraints across priority value chain clusters through a set of integrated, mutually reinforcing interventions. On the production side, the project strengthens farmer capacity, improves access to inputs, and builds resilience to climate and market shocks. It also expands aggregation, value addition, and market linkages to enable smallholders and agribusinesses to capture greater value along the chain. To underpin these efforts, the project invests in digital public infrastructure and service delivery systems that improve efficiency and transparency across value chains. Finally, it works to improve the policy and regulatory environment to reduce barriers to private investment and crowd in commercial capital at scale.

Components

C1: Increasing On-Farm Productivity and Resilience (US$125 million)
C2: Expanding Agro-processing, Value Addition, and Market Access (US$150 million)
C3: Strengthening the Agricultural Digital Public Infrastructure for Service Delivery (US$75)
C4: Improving the Policy and Enabling Environment (US$100 million)
C5: Project Coordination and Management (US$50 million)

Environmental And Social Risk Classification

Substantial

Decision

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PROJECT FINANCING DATA (US$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Total Operation Cost	**670.00**
Total Financing	**640.00**
of which IBRD/IDA	**500.00**
Financing Gap	**30.00**

DETAILS

World Bank Group Financing

International Development Association (IDA)	500.00
IDA Credit	500.00

Non-World Bank Group Financing

Commercial Financing	140.00
Unguaranteed Commercial Financing	140.00

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Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Decision

B. Proposed Development Objective(s)

Development Objective(s)

To generate more and better jobs in agribusiness value chains prioritized by the program and enhance food and nutrition security of targeted beneficiaries

Key Results

Table 1. Agribusiness Development Project PDO-Level Indicators

	Indicator	Baseline	Targets
1	Number of more and better-paid jobs (millions, % female, % youths)[1]	0	1.25 (50%, 30%)
2	Number of people with strengthened food and nutrition security (millions, % female, % youths)	0	4 (50%, 30%)
3	Number of farmers benefiting from activities that improve production, value addition, and market linkages (millions, % female, % youths)	0	3 (50%, 30%)

C. Project Description

1. **The project aims to generate MBJs, both on- and off-farm, by transforming Kenya's agrifood sector into a more productive and commercially oriented engine of inclusive growth**. To achieve this objective, the project is structured around five components delivered through geographically defined agribusiness clusters that align investments across production, aggregation, processing, and market access. Cluster investment gaps have been identified and will be further refined during preparation (Annex 2 provides a summary). Component 1 focuses on raising on-farm productivity and resilience; Component 2 supports value addition, aggregation, and market access; Component 3 builds sector-wide digital

[1] The MBJ estimate is under validation and may still change in the final document.

and knowledge infrastructure; Component 4 strengthens the policy and institutional enabling environment; and Component 5 provides coordination, fiduciary management, and learning systems.

2. **The project will apply AgriConnect's scalable solutions to convert public investments into jobs and improved food and nutrition security across agribusiness value chains. The scalable solutions include agtechs, financial ecosystems for agriculture, aggregation models, physical infrastructure, public expenditures and reforms, skills, extension and research.** It will strengthen and professionalize FPOs, improve governance, and link them to offtakers and structured markets (Component 2). It will support agtech by investing in digital public infrastructure that connects farmers to climate information, inputs, markets, and financial services (Component 3). It will finance strategic infrastructure, including cold storage and logistics hubs, to reduce transaction costs and enable value addition across priority value chains (Component 3). It will also upgrade skills, extension, and research systems by strengthening research–extension linkages and building technical capabilities (Component 3). It will expand access to finance through risk-sharing facilities, blended finance, matching grants, and digital financial services (Component 2). Finally, it will advance policy and institutional reforms to improve the enabling environment for private investment in agribusiness value chains (Component 4)**.**

Component 1: On-Farm Productivity and Resilience (US$125 million)

3. **This component aims to strengthen the production systems and service ecosystems that underpin productivity, resilience, and commercialization in targeted value chains.** It will address binding constraints affecting crop and livestock productivity by expanding access to improved seed and genetic resources, animal health services, and mechanization services. By increasing on-farm productivity and creating new rural service employment, this component will serve as the foundation for the project's job creation and food and nutrition security objectives. It will finance a combination of technical assistance (TA), goods and services, and works. This component supports Pillars 2 and 4 of the MPA program.).

Subcomponent 1.1: Strengthening Crop Production Systems (US$50 million)

This subcomponent aims to enhance access to quality seed and plant protection through support for five interconnected systems. To this end, it will finance:

i. *Seed multiplication, aggregation, and distribution*. This includes rehabilitating early-generation seed production and storage facilities. It will also provide technical assistance, training, and business development services for private seed companies and Seed Producer Groups (SPGs). Support will further strengthen certification and agro-dealer networks to extend last-mile delivery.

ii. *Integrated crop pest and disease management*. This will include establishing low pest and disease prevalence zones within production clusters. This encompasses expanding and equipping national and county surveillance networks. It will also rehabilitate diagnostic laboratories and develop a digital early warning system linked to county extension services. Extension staff, agro-dealers, and farmer groups will be trained in integrated pest management (IPM) practices through farmer field schools and digital extension platforms.

iii. *Climate-smart extension and advisory services*. Participatory innovation platforms will connect farmers with research and extension actors to deepen uptake of improved practices. Youth-operated Conservation Agriculture equipment hubs will be established to expand access to mechanized CSA inputs.

iv. *Soil health systems*. This includes digital soil mapping, integration of soil sampling data into KIAMIS, site-specific fertilizer recommendations accessible through a mobile application. It will also support a centralized open-access soil information system integrating data from research institutions, county governments, and private laboratories. Farmer training on integrated soil fertility management (ISFM) will be delivered through farmer field schools, cooperatives, and peer learning networks.

v. *Sustainable Land Management*. The activity will strengthen sustainable land management to improve the productivity and climate resilience of agricultural landscapes in priority value chain clusters. It will finance conservation, and sustainable land management technologies to reduce soil erosion, improve in-situ moisture retention and rehabilitate degraded farmland. Implementation will be supported through technical assistance to county governments, Farmer Producer Organizations, and youth-led service providers, complementing soil health and climate-smart agriculture investments to promote integrated landscape management and sustain long-term productivity and resilience.

Subcomponent 1.2: Livestock Production Systems (US$50 million)

4. **This subcomponent aims to enhance livestock productivity, resilience, and competitiveness by improving livestock feeds, breeds, animal health services, and sector standards.** It will finance:

i. *Feed and fodder systems*. This includes TA and demonstration activities to support smallholder and pastoral livestock keepers in adopting improved, climate-resilient fodder planting material. It will also finance training and equipment for hay and silage production and storage for smallholder farmers and agropastoral households and establish cluster-level feed reserves. Support will further strengthen feed quality assurance systems by building capacity of feed inspectors, laboratory personnel, and agro-dealers, accrediting six private feed testing laboratories, and upgrading the National Veterinary Reference Laboratory for feed manufacturers and distributors. The activity will also establish a centralized feed data platform for use by national and county planning and regulatory agencies.

ii. *Genetics and breeding systems*. This includes rehabilitation and upgrading of breeding infrastructure and multiplication and conservation centers. It will support TA to harmonize national breeding frameworks, build capacity in semen and embryo production, quality assurance, and assisted reproductive technologies, and strengthen the Kenya Livestock Breeders Organization. In addition, it will support community-based breeding programs facilitating acquisition of climate-smart germplasm for pastoral and agropastoral households in ASALs.

iii. *Animal health systems*. This includes strengthening of disease surveillance systems, diagnostic and laboratory capacity, and veterinary emergency response systems for national and county veterinary agencies. It will also support vaccine production and quality assurance and national vaccination campaigns targeting at least 70 percent of the livestock population for transboundary diseases. Additional support will include the establishment of disease-free compartments and export zones with farm-level biosecurity, improvement of community-based animal health and digital advisory platforms and roll out of ANITRAC to underpin food safety, residue monitoring, and market access.

iv. *Quality-based pricing systems for milk*. This includes TA to scale up the quality-based milk payment pilot under the National Agricultural Value Chain Development Project (NAVCDP, P176758) to additional milk sheds, cooperatives, and smallholder dairy farmers, strengthening incentives for improved quality across the dairy value chain.

v. *Sustainable Rangeland Management.* The activity will restore rangeland productivity to support viable, climate-resilient pastoralist systems. It will develop commercial pasture enterprises including certified seed multiplication, undertake seasonal condition monitoring and feed balance assessments, and implement participatory communal management plans to reduce degradation and enhance grazing efficiency. Mechanized reseeding will support carbon projects, while investments in soil moisture conservation will strengthen long-term sustainability across ASAL clusters.

Subcomponent 1.3:* Access to Agricultural Mechanization Services *(US$25 million)

5. **This subcomponent aims to expand access to affordable agricultural mechanization services for smallholder farmers** generating skilled off-farm jobs in project counties, while reducing labor bottlenecks that limit on-farm productivity. It will support cooperative-led machinery platforms, equipment sharing, and youth- and women-led enterprises across priority value chains through the following activities.

i. *Operator and Technician Training.* The activity will harmonize the National Agricultural Mechanization Training Curriculum, train value chain-linked operators, technicians, and mechanics under a Mechanization-as-a-Service model, establish personnel certification systems, and support local assembly and manufacturing of agricultural equipment to reduce import dependence.

ii. *Machinery Testing and Quality Assurance.* The activity will review and update mechanization standards and establish testing and calibration protocols ensuring machinery meets performance and safety standards for local agro-ecological conditions, protecting farmer investments and building market confidence in mechanization services.

iii. *Digital Service Platforms.* The activity will develop a national digital mechanization platform incorporating booking, payment, and real-time machinery tracking. A national machinery database will support planning and investment decisions, with capacity-building provided to service providers and county governments for effective adoption.

Component 2: Agro-processing, Value Addition, and Market Access (US$150 million)

6. **This component aims to accelerate commercialization, value addition, and job creation in priority agribusiness value chains through a graduated pathway that strengthens producer organizations, facilitates productive alliances with commercial partners, expands access to finance, and modernizes agricultural marketing system.** Through the financing of TA, goods and services, matching grants, and works, it is expected to be a primary driver of new jobs in processing, quality control, packaging, logistics, and sales, and to contribute to food security by reducing post-harvest losses and expanding the supply of value-added products. The component supports Pillars 2 and 4 of the MPA program and applies AgriConnect Scalable Solutions 1 (agtech), 2 (financial ecosystems for agriculture), 3 (aggregation models), and 4 (physical infrastructure).

Subcomponent 2.1: Professionalization and Commercialization of Farmer Producer Organizations (US$15 million)

7. **This subcomponent aims to build the organizational, governance, financial management, and commercial capacity of FPOs** so they can anchor collective post-harvest operations, participate as partners in Productive Alliances with processing firms, and engage in structured market transactions. This subcomponent serves as the entry point into the Component 2 commercialization pathway by strengthening the institutional and commercial capabilities required for participation in Productive Alliances under Subcomponent 2.2.

8. The subcomponent will support formation of new primary cooperatives through Common Interest Group (CIG) and Vulnerable and Marginalized Group (VMG) formation in targeted value chains, focusing on youth and women inclusion. It will also strengthen the capacity of existing FPOs, providing inclusion grants for institutional development, governance strengthening, digitalization, business planning, and commercialization readiness**.** Linkages to SACCOs, microfinance institutions, and insurance providers will be facilitated. Eligible FPOs will be consolidated into county unions and nine national apex bodies covering priority value chains to enhance collective bargaining and market coordination

9. Capacity building support will be provided to FPOs through a structured program focused on strengthening governance, financial management, business planning, and market orientation, alongside commercial readiness assessments and digitalization of enterprise systems. TF resources will be mobilized to deliver IFC' Agribusiness Leadership Program (ALP) through accredited higher education institutions including the Cooperative University of Kenya, the Kenya School of Agriculture or Technical and Vocational Education and Training (TVET) institutions, which in turn deliver the program to targeted FPOs. The ALP will provide standardized benchmarks for business skills development, track improvements in professionalism and commercial performance, and strengthen market and finance readiness. Where TF

resources are not available, the project will deploy an equivalent curriculum aligned with the ALP framework to ensure consistent standards in business skills development, organizational strengthening, and market readiness. Advanced FPOs that complete the full development pathway and demonstrate sustained commercial performance may receive targeted support for legal transformation, including conversion to corporate structures with equity participation and strengthened board governance, and facilitation of access to financing opportunities available under Subcomponent 2.3.

Subcomponent 2.2: Post-Harvest Systems, Aggregation, and Agro-Processing (US$75 million)

10. **This subcomponent aims to increase value addition and strengthen market linkages in priority agribusiness value chains through a Productive Alliance approach that links organized producers with commercial buyers, processors, aggregators and financial institutions.** Implementation will be anchored in the geographic agribusiness clusters prioritized described above, with investments tailored to the production potential, value chain opportunities, and market constraints of each cluster. This subcomponent constitutes the primary commercialization platform under Component 2 and will be implemented through a Productive Alliance model. By aligning downstream agribusiness investments with areas benefiting from increased productivity and production volumes, including irrigated production systems, the project will help translate farm-level productivity gains into commercialization, value addition, private investment, and job creation.

11. The subcomponent will be implemented through a Productive Alliance model under which Farmer Producer Organizations (FPOs) establish commercial partnerships with buyers, processors, aggregators, exporters, and other market actors. Participating alliances will prepare business plans that identify market opportunities, investment requirements, financing needs, and commercial arrangements. Eligible alliances will receive a package of support comprising technical assistance, business development services, productive investments, and facilitation of access to markets and finance.

12. Eligibility for productive alliance investments will be linked to a commercial readiness assessment. FPOs that have successfully completed the Agribusiness Leadership Program (ALP), or an equivalent project-supported capacity-building program, will receive priority access to alliance development support and investment financing. This will create a graduated pathway from organizational strengthening under Subcomponent 2.1 to commercialization and investment under this subcomponent. While Subcomponent 2.1 focuses on strengthening the internal capabilities of producer organizations, this subcomponent focuses on building commercial relationships between producers and market actors through investment-ready business partnerships.

13. Support will include market studies and surveys, commercial matchmaking and alliance-development services, and targeted facilitation to connect producers, processors, aggregators, exporters, and buyers around clearly defined commercial opportunities. Leveraging IFC engagement, the sub-component will support the identification and screening of credible off-takers in priority value chains. Eligible productive alliance investments will be tailored to the needs and maturity of participating alliances and may include:

i. *post-harvest handling, storage, and aggregation infrastructure*. This includes rehabilitation and construction of aggregation centers (including County Aggregation and Industrial Parks (CAIPs), community grain storage facilities, and drying and grading infrastructure at FPO level. It also includes TA on post-harvest loss assessment, good handling practices, and storage management;

ii. *cold chain development.* This includes cold chain equipment, milk cooling tanks, and temperature-controlled storage and transport for perishable value chains including dairy, horticulture, and meat; and support for FPO-led cold chain service enterprises. Targeted investments will also include centralized meat cold storage in Nairobi, Mombasa, and Lake clusters, and milk coolers for the dairy camel value chain across ten counties;

iii. *last-mile logistics and rural market infrastructure*. This includes rehabilitation and construction of rural market centers, collection points, and trading facilities in project counties. It also includes support for youth- and women-led logistics and transport enterprises providing aggregation, transport, and distribution services linking FPO collection points to processing and trading hubs;

iv. *product quality, grading, and food safety systems. This includes* equipment and TA for grading, sorting, and quality testing at aggregation and processing level. It also supports development and implementation of enterprise-level food safety management systems (FSMS) and product traceability systems, enabling compliance with domestic and export market standards. Geographical Designation of Origins will be promoted for cluster-specific products to enhance market differentiation and support producer premiums in domestic and export channels.

14. In parallel, the project will facilitate linkages between productive alliances and financial institutions participating in Subcomponent 2.3, enabling commercially viable alliances to access investment finance, risk-sharing instruments, and blended finance opportunities.

Subcomponent 2.3 Agricultural Finance, De-Risking, and Private Investment Facilitation (US$60 million)

15. **This subcomponent will expand access to fit-for-purpose financial services and de-risk private investment in targeted agrifood value chains.** It will support smallholder farmers, FPOs, SACCOs, agribusiness SMEs, anchor firms, and agricultural service providers through a combination of catalytic financing, technical assistance, and risk-management instruments. Supported investments will be private sector-led, commercially viable, aligned with priority value chains, and expected to generate clear benefits for smallholder farmers. Climate adaptation or mitigation co-benefits will be a core eligibility criterion across investment windows, and implementation will prioritize women and youth beneficiaries. The subcomponent will finance the following activities:

i. *De-risking facility for private investment and local productive capacities*. The facility will support eligible investments through three financing windows. The first window will provide loans for eligible investments by farmer cooperatives and producer organizations. The window will prioritize commercially viable opportunities emerging from Productive Alliances supported under Subcomponent 2.2, while remaining open to other eligible investments that contribute to the project’s development objectives. The second window will provide wholesale lending to SACCOs and other participating financial institutions for on-lending to their members. The third window will provide a dedicated financing or risk-sharing product for anchor firms and offtakers that demonstrate credible smallholder sourcing, service delivery, or integration arrangements. The facility will apply transparent eligibility criteria, technical and financial appraisal, climate screening, and investment tracking. The Agriculture Finance Corporation, AFC, will manage the de-risking facility.

ii. *Technical assistance and institutional strengthening.* The subcomponent will provide technical assistance to participating financial institutions, including Agriculture Finance Corporation (AFC), SACCOs, and microfinance banks, to strengthen agricultural finance products, portfolio management, digital financial services, and environmental and social risk management.

iii. *Agricultural insurance product development.* The subcomponent will support the development and refinement of crop and livestock insurance products for smallholder farmers, drawing on lessons from earlier World Bank-supported operations in Kenya, including KCSAP and NARIG, and relevant ongoing initiatives such as DRIVE. Support will include technical work on product design, data systems, actuarial analysis, delivery channels, and institutional arrangements to improve the availability and relevance of agricultural insurance solutions.

iv. *SACCOs institutional strengthening.* Building on the foundation laid by current projects, the subcomponent will support the unionization and federation of primary, ward-based SACCOs into Agriculture Secondary Cooperatives (SACCO Unions) across all counties, with further linkage to national-level entities. Inclusion grants and Matching Grants will be provided to the SACCOs and their Unions.,

v. *Results-based financing for agricultural mechanization services.* The subcomponent will support a results-based financing window to incentivize mechanization and other agricultural service providers to expand services to smallholders in targeted value chains. Payments will be linked to verified service delivery and may include differentiated incentives to encourage outreach to women, youth, and underserved areas. The results-based financing window will be managed through a national RBF Fund Manager, using shared platform infrastructure, verification systems, and operational capacity where feasible.

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Component 3: Strengthening the Agricultural Digital Public Infrastructure for Service Delivery, Research, Extension and Skills Systems (US$75 million)

16. **This component aims to strengthen the shared digital and knowledge infrastructure that underpins efficient and competitive agrifood value chains.** It will do so by upgrading digital infrastructure, skills, and service delivery systems that support regulatory, data exchange, and extension and advisory services. Its investments are expected to improve transparency, coordination, and service quality across agrifood value chains. The component will support Pillars 1 and 4 of the MPA program and apply AgriConnect Scalable Solutions 1 (agtech) and 4 (skills and research).

Subcomponent 3.1: Strengthening Digital Public Infrastructure and Service Delivery in Agriculture (US$20 million)

17. **This subcomponent aims to (i) build the foundational, government-owned digital public infrastructure layer that underpins service delivery, regulatory administration, and market transparency across targeted agrifood value chains, and on which all other digital investments across the project and MPA depend, and to (ii) strengthen the digital agriculture service delivery systems**.

18. *Strengthening the Agricultural Digital Public Infrastructure for Service Deli*very. This activity will finance three core areas. First, it will finance digital registries and foundational data platforms, including farmers, producer organizations, agrifood enterprises, input suppliers, and service providers. The registries will serve as a common beneficiary identification and tracking system for the sector and will support the planning, targeting, delivery, and monitoring of publicly supported services financed under the project and the MPA. Second, the activity will support digital governance, interoperability, and data stewardship frameworks. These will incudes standards for data exchange, privacy protection, cybersecurity, and open-data principles. The activity will also support the designation and capacity building of a formal institutional data steward within MoALD and strengthen the policy, institutional, and technical foundations required for a future national agricultural digital coordination function. Subject to completion of the relevant legal and institutional processes, the proposed Kenya Agricultural Digital Information Centre (KADIC) could serve as this coordination function for agricultural data and digital services. Third, the subcomponent will also support the development of modular, open-source agricultural digital public infrastructure (DPI) building blocks. These will connect to Kenya's foundational whole-of-government DPI, including Maisha Namba, mobile payment rails, ensuring interoperability with national identity and payment systems. All digital systems financed under this subcomponent will be designed for interoperability with relevant existing digital platforms, including under the Irrigation project of the MPA, and in accordance with the good practice principles. These include open standards, mobile-first design, inclusive user experience, and interoperability with existing national and county systems. They will build on Kenya's foundational Digital Public Infrastructure (DPI). The component will also leverage whole-of-government data sharing capabilities as well as broader World Bank investments in connectivity, trust and security enablers, data centers, and digital skills under the Kenya Digital Economy Acceleration Project (KDEAP, P512788). This approach will ensure that project-financed systems can support, and later integrate with, any formally established national agricultural digital coordination institution, including the proposed KADIC, once the relevant legal and institutional arrangements are in place.

19. *Digital Agricultural Service Delivery Systems.* This will finance KADIC institutional and operational strengthening. This will enable KADIC to function as the central steward of agricultural data and coordination hub for digital agricultural services. It will also support Digital Agriculture Technology (DAT)service provider partnerships and service bundling. It will mobilize DAT providers to deliver integrated packages of climate information, climate-smart TIMPs, inputs, market information, digital finance, and e-commerce to farmers in project counties. In addition, the activity will finance agripreneur enterprise development, scaling and professionalizing the agripreneur network established under NAVCDP to at least 10,000 youth (with a minimum of 50 percent women). A prioritized set of digital service delivery

platforms will be financed on the DPI layer, including market intelligence, contract farming, e-voucher harmonization, agricultural credit profiling, commodity certification, crop and livestock traceability, and AI-based advisory services drawing on KALRO research outputs. Finally, the subcomponent will integrate digital advisory tools within county extension systems, formally recognizing agripreneurs as service delivery partners alongside public extension agents, and establishing county-level agripreneur helpdesks to support last-mile accountability.

Subcomponent 3.3: Agricultural Research (US$30million)

20. **This subcomponent aims to strengthen Kenya's agricultural research and innovation systems to accelerate productivity, resilience, commercialization, and job creation across priority crop and livestock value chains**. To this end, it will finance six interconnected areas:

i. *Plant breeding and germplasm systems*. Activities will support participatory variety development at KALRO, alongside the rehabilitation and equipping of breeding facilities, field trial infrastructure, germplasm conservation and characterization, digital seed and input management systems, and access to improved germplasm from CGIAR centers.
ii. *Adaptive and applied research*. This activity will finance research–into–use platforms and adaptive trials, including structured collaboration between KALRO, CGIAR centers, and county governments to co-develop, test, and validate climate-smart TIMPs for priority value chains, with on-farm adaptive trials and feedback loops from farmers and agripreneurs to researchers.
iii. *Commercialization and market innovation*. Activities will support the transformation of research outputs into market-ready products and enterprises. This includes strengthening seed and seedling systems, livestock genetics, and animal health product delivery; improving intellectual property management; and promoting technology transfer through public-private partnerships.
iv. *Research automation and digitalization*. Investments will modernize research systems through digital technologies, including AI, drones, robotics, remote sensing, and data-driven tools. Applications will support crop and livestock monitoring, pest surveillance, yield estimation, geospatial mapping, and precision agriculture.
v. *Impact measurement and analytics*. This will support the development of models and analytical tools to assess the impacts of TIMP adoption on productivity, food security, resilience, and job creation. Activities include strengthening data systems, adoption tracking, and economic and nutrition impact analysis.
vi. *Strategic partnerships*. The subcomponent will strengthen collaborations between public research institutions (KALRO, universities, NARS, CGIAR) and private sector actors. Activities will support joint research, innovation platforms, and demand-driven solutions aligned with market needs.

Subcomponent 3.3: Extension and Skills Development (US$25million)

21. **This subcomponent aims to strengthen extension and skills systems to deliver farmer-centered, market-oriented, and digitally enabled advisory and training services across priority value chains.** It will finance two core activities. The first activity, *strengthening extension services,* will finance modernization and coordination of public extension systems. This includes providing harmonized extension packages for priority value chains, strengthened county extension planning and performance management, and county-level coordination mechanisms that align public extension agents, agripreneurs, and private service providers. It will also support *digitally enabled advisory services*, including integration of digital advisory tools and climate information into routine extension delivery, using KALRO's Big Data platform and KADIC's data architecture to generate site-specific recommendations and target messages, supported by structured engagement with Digital Agriculture Technology providers. Finally, it will finance *capacity building for extension agents and agripreneurs*, including joint training and certification on climate-smart agriculture, market-oriented production, and data-driven, digitally supported advisory services. Investments in Agricultural Training Centres, lead farmers, and extension agent retooling will expand hands-on learning, demonstration systems, and peer-to-peer knowledge transfer. Finally, the subcomponent strengthens knowledge management, farmer networks, and youth engagement to enhance adoption, inclusion, and sustainable job creation across value chains.

22. The second activity, s*kills Development and Transformation,* will build an agribusiness-ready workforce, in close coordination with the Skills4Jobs MPA. It will support an assessment of skills demand and the skilling ecosystem, including TVETs, agricultural colleges, universities, short courses, enterprise-based training, and private sector providers. The assessment will identify priority skills gaps and guide the balance across three complementary interventions: institutional-based training, enterprise-based training, and system-level innovations.

i. *Institutional-Based Training (IBT):* The project will competitively select and support agriculture-related training programs in TVETs, universities, and agricultural colleges under the Ministries of Agriculture and Education. Support will focus on updating curricula, expanding accredited short professional courses, and strengthening certification and licensing for priority occupations such as agribusiness managers, extension workers, and other value-chain specialists. Kenya produces approximately 7,000 agriculture-related degree graduates annually, yet about 40 percent are unemployed or underemployed within one year after graduation, reflecting limited formal opportunities, mismatch with market needs, and insufficient practical skills. IBT will help retool these graduates and strengthen practical, digital, climate-smart, and market-relevant training. It can draw on a broad institutional base, including over 70 TVETs under the Ministry of Education offering agriculture-related courses and about 12 specialized agriculture training institutions under the Ministry of Agriculture.
ii. *Enterprise-Based Training (EBT):* The project will support work-based learning, apprenticeships, and on-the-job upskilling for workers and youth entering agribusiness enterprises. EBT will build structured partnerships among training institutions, cooperatives, SACCOs, producer organizations, and private firms. The objective is to link training directly to productivity improvements, technology adoption, and better employment outcomes through practical learning and private sector collaboration.
iii. *System-level innovations:* At the system level, the project will pilot performance-based financing for selected training and research institutions and support mechanisms to track training outcomes. It will also strengthen assessment, certification, and licensing systems for priority occupations, including extension workers, regulators, and quality assurance personnel. Periodic skills assessments will help keep curricula, professional standards, and continuous professional development aligned with evolving market needs.

Component 4: Improving the Policy and Enabling Environment (US$100 million)

23. **This component will support a more coherent, predictable, and investment-friendly policy and institutional environment for agribusiness value chains**. It will address systemic enabling environment constraints, including policy incoherence, overlapping mandates, and weak institutional performance that limit value chains from achieving their potential. Removing the constraints will also enhance the impact of investments under other components. Selected reforms will be supported through Performance-Based Conditions (PBCs), with disbursements linked to the achievement of agreed and verified reform milestones. Complementary reforms will be supported through technical assistance and institutional capacity-building activities. This combination of instruments is intended to ensure that policy commitments translate into measurable institutional and regulatory change. This Component supports Pillar 4 of the MPA program and applies AgriConnect Scalable Solutions 5 (Public Expenditures and Reform).

4.1: Agricultural Policy Coherence, Regulatory Reform, and Institutional Modernization (US$60 million)

24. **This subcomponent will support a sequenced program of policy and institutional reforms organized around three tracks aligned with realistic implementation timelines, institutional readiness, and the degree to which reforms build on ongoing Government initiatives.** Short-term reforms focus on administrative and regulatory measures that can be implemented within existing institutional frameworks. Medium-term reforms require changes to sector regulations and stakeholder incentives. Long-term reforms involve deeper institutional restructuring, cross-sector coordination arrangements, and establishment of foundational public systems that require legislative, organizational, and financing reforms**.** Illustrative reforms are presented below and will be further refined during project preparation.

- *Short-term reforms (Years 1–2): Streamlining regulatory and administrative procedures*. This track will address administrative and procedural bottlenecks that most immediately affect value chain actors. First, the subcomponent will streamline import–

export processes, licensing procedures, and input registration to reduce compliance costs and processing times for agribusiness operators. Second, it will support modernization of Kenya's seed regulatory framework to accelerate variety release, strengthen seed certification, and expand access to quality seed. This will include review and amendment of the Seeds and Plant Varieties Act and associated regulations to streamline variety release and registration procedures, reduce approval timelines, and enable a risk-proportionate, demand-led approach to variety registration. Additional seed systems reforms include operationalization of a digital variety registration and certification tracking system within KEPHIS, aligned with EAC and ISTA standards; the development of a regulatory framework for quality declared seed (QDS) to enable smallholder seed producers and Seed Producer Groups (SPGs) to supply certified seed to local markets; and initiation of harmonization of Kenya's seed regulatory framework with EAC regional seed trade regulations to facilitate cross-border seed access. This reform is linked to **PBC 1: Kenya's Seed Regulatory Framework Modernized to Accelerate Variety Release, Strengthen Certification, and Expand Access to Quality Seed.** Third, the subcomponent will support harmonization of selected county-level agricultural regulations that affect inter-county trade and value chain operations. A diagnostic will map county levies, market fees, produce movement requirements, and business licensing procedures to identify where fragmentation constrains firms and producer organizations operating across county boundaries. The project will facilitate national-county and inter-county dialogue, including through the Council of Governors and relevant national ministries, to develop a harmonized framework for core agricultural regulations and model county by-laws aligned with national policy. A structured public-private dialogue mechanism will also be supported to prioritize reforms, co-design solutions, monitor implementation, and escalate unresolved regulatory constraints.

- *Medium-term reforms (Years 2–4): Strengthening value chain regulatory frameworks*. This track will support the review and updating of regulatory frameworks that govern market transactions, food safety, and trade. First, it will review and update the regulatory frameworks for contract farming to strengthen commercial linkages and investment across aggregation, processing and logistics. Second, it will review the regulatory framework of cooperatives to increase their ability to grow into commercially oriented entities, including by addressing constraints related to equity participation, retained earnings, governance, access to finance and transfer of value. Finally, it will also review and modernize food safety, quality standards, and sanitary and phytosanitary (SPS) compliance frameworks. These will be aligned with Codex Alimentarius, WOAH, and EAC standards to enable domestic producers and processors to meet domestic and export market requirements. The project will also support reforms to strengthen quality incentives in the dairy value chain. Current cooperative payment systems are largely rewarding volume rather than milk quality, limiting incentives for on-farm quality improvements and value addition. The reform is linked to **PBC2 — "Government Establishes the Regulatory and Institutional Enabling Framework for Quality-Based Milk Pricing"**, which will incentivize demonstrated uptake of quality-based payment practices.
- *Longer-term reforms (Years 3–5): Institutional coordination and system strengthening*. This activity will support deeper institutional changes needed for sustained policy implementation. First, the activity will support the establishment of a national food systems governance framework—comprising a National Food Systems Council, Technical Coordination Committee, and Food Security Intelligence Platform within KADIC—to strengthen food systems planning, resilience, and cross-sector coordination. Enabling legislation and operational mandates for each body will be developed, along with secretariat capacity and inter-agency data sharing protocols. Second, it will strengthen agricultural digital public infrastructure by making KIAMIS, digital farmer identity, smart e-vouchers, warehouse receipts, digital contracts, traceability, food safety, SPS compliance, and export certification into an interoperable system. This digital infrastructure is a foundational precondition for effective service delivery across all MPA projects and the project components. Its establishment is anchored by **PBC3 —** "Establishment of Digital Agriculture Public Infrastructure". All other digital investments under the project will build on this foundation, making PBC3 both a reform trigger and a systemic enabler.

25. The subcomponent will also support institutional strengthening for key sector institutions, including commodity organizations in the coffee, tea, dairy, and livestock subsectors; the State Departments responsible for Agriculture, ASALs, Cooperatives and MSMEs Development, and Lands and Public Works; as well as market institutions such as the Warehouse Receipt System Council and the Commodity Exchange. Support will focus on strengthening policy implementation, regulatory oversight, service delivery, and inter-agency coordination through investments in institutional capacity, human resources, digital systems, operational processes, and related infrastructure

.Table. Purpose, Financing and Cost Associated with Performance-Based Conditions

Purpose of PBC	PBC	Financing Allocated (US$ m)	Key Underlying Cost Items
Accelerate access to quality seed by reducing regulatory bottlenecks, modernizing certification systems, and strengthening seed sector governance.	PBC 1: Kenya's Seed Regulatory Framework Modernized to Accelerate Variety Release, Strengthen Certification, and Expand Access to Quality Seed.	5	• TA: Regulatory gap assessment and benchmarking of variety release procedures against EAC standards • TA: Drafting of revised Variety Release and Registration Regulations • TA: Technical preparation and drafting of EAC seed trade harmonization plan • Goods: Cloud hosting and server infrastructure for digital system • Stakeholder consultations and reforms roll-out
Improve milk quality, strengthen incentives for quality upgrading, and support value addition in the dairy value chain.	PBC 2: Government Establishes the Regulatory and Institutional Enabling Framework for Quality-Based Milk Pricing.	5	• TA: draft national milk quality standards aligned with Codex Alimentarius and EAC standards • TA: Development of milk grading standards and testing protocols; • Stakeholder consultations and reforms roll-out
To improve service delivery, traceability, and coordination across agribusiness value chains by establishing a foundational, government-owned digital infrastructure layer that underpins all digital investments across the project and MPA and enables interoperability among existing and future agricultural systems.	PBC 3: Establishment of Digital Agriculture Public Infrastructure.	5	• TA: Design the interoperability framework, open API standards, and data exchange protocols for the agricultural digital public infrastructure • TA: Review and update the data governance framework compliant with Kenya's Data Protection Act • TA: Design and implement data protection, encryption, and public key infrastructure protocols • Goods: Government cloud hosting infrastructure or sovereign cloud subscription procured for secure data storage and system deployment

Subcomponent 4.2: Cross-Cutting Coordination, Private Sector Dialogue, and Investment Facilitation (US$40 million)

26. **This subcomponent will support coordination mechanisms and stakeholder engagement processes that promote coherent policy implementation and sustained private sector engagement across value chains and institutions**. It will finance TA and goods and services to support: (i) multi-sector value chain platforms, (ii) investment facilitation, and (iii) peer learning and inter-governmental coordination. Support for multistakeholder value chain platforms will bring together producers, processors, traders, financiers, researchers, and public agencies for structured policy dialogue and

investment coordination around priority value chains, including dedicated dialogue platforms for the seed sector involving KEPHIS, KALRO, private seed companies, and farmer organizations to address systemic bottlenecks in seed system regulation and market development. Support for investment facilitation and business environment monitoring will include investment promotion targeting domestic and international agribusiness investors, TA for public–private dialogue on regulatory constraints, and systematic monitoring of the business environment for agribusiness value chain actors to track reform progress and identify emerging constraints. Support for peer learning and inter-governmental coordination will include structured peer-learning exchanges between county governments on agricultural regulatory implementation, and facilitation of joint national–county forums to align subnational regulatory practice with national reform priorities.

Component 5: Project Coordination and Management (US$50 million)

27. This component will finance the national and county-level coordination, fiduciary management, safeguards oversight, and monitoring, evaluation, and learning (MEL) functions required for effective, accountable, and adaptive project implementation. It includes a contingent emergency response component (CERC) for rapid fund reallocation in the event of a national disaster affecting the agricultural sector. The component will finance TA, goods and services, operating costs, and works. It supports all four pillars of the MPA program.

Subcomponent 5.1: National and County-Level Project Coordination and Fiduciary Management (US$30 million).

28. **This subcomponent will finance the operations of the National and County Project Coordination Units (NPCU and CPCUs) to ensure that project implementation is compliant with all fiduciary and safeguard obligations**. It will finance (a) NPCU and CPCU operations, office space, equipment, vehicles, communication, and audit costs at national and county level; (b) financial management and procurement systems, covering budgeting, accounting, disbursement, reporting, and internal audit functions; (c) compliance with environmental and social safeguards, including ESMP implementation oversight, grievance redress mechanism (GRM) activities, and E&S performance reporting; (d) project governance and oversight, including operations of the National Project Steering Committee (NPSC) and CPSCs.

Subcomponent 5.2: Monitoring, Evaluation, and Learning (US$20 million).

29. **This subcomponent will finance internal project MEL and adaptive management functions covering performance tracking, impact evaluation, and operational learning.** It will finance (a) the Agribusiness MIS, providing real-time georeferenced data capture, geospatial aggregation from community to national level, FM and procurement reporting modules, and county-level performance dashboards linked to disbursement milestones; (b) routine monitoring and results reporting against the project Results Framework, including beneficiary feedback surveys disaggregated by gender, age, and geography; (c) baseline, midterm, and end-of-project impact evaluations covering PDO-level outcomes (including MBJ generation), gender gaps, and food security impacts; and (d) structured learning reviews linking performance findings to operational adjustments across components and counties. The Agribusiness MIS will be fully integrated with program-wide management information systems as well as digital platforms supported under Component 3, sharing data standards and reporting infrastructure, and linking county performance dashboards to disbursement milestone decisions.

Subcomponent 5.3: Contingency Emergency Response Component (US$0 million)

30. **This subcomponent will finance short-term response activities following natural disasters or other crises affecting the agrifood sector.** The CERC will be activated upon: (a) a formal declaration of a national emergency by a designated agency of the GoK; and (b) a formal request by the National Treasury to reallocate project funds to support emergency response activities. Upon activation, resources from other project components may be reallocated to finance eligible emergency expenditures needed to address the impacts of the crisis. The procedures and institutional arrangements governing the activation and implementation of the CERC will be detailed in the CERC Implementation Manual, which will be prepared and adopted by the GoK.

D. Environmental and Social Risks and Impacts

Summary of Assessment of Environmental and Social Risks and Impacts

Operation 1 (Agribusiness Development Project) is a large-scale, nationwide operation implemented across all 47 counties through multiple subprojects supporting agricultural productivity, agribusiness development, agro-processing, storage, mechanization services, market infrastructure, digital foundations, and agricultural finance instruments. The overall Environmental and Social (E&S) risk rating for Operation 1 is Substantial, reflecting the program's breadth, decentralized implementation arrangements, reliance on county-level execution, and the cumulative nature of impacts that may arise across diverse ecological and social contexts, including ASAL counties. Environmental risks under Operation 1 are rated Substantial. Anticipated risks include construction-related impacts from the rehabilitation and construction of aggregation centers, markets, storage and cold-chain facilities, agro-processing infrastructure, and mechanization service centers, such as dust, noise, waste generation, traffic safety, and occupational health and safety risks. Additional risks may arise from soil erosion and localized water resource pressures associated with productivity enhancement related activities, as well as pollution risks linked to waste, effluent, and agrochemical use. Indirect impacts on natural habitats and biodiversity may also occur as a result of agricultural intensification. These risks are expected to be site-specific, moderate in magnitude, largely reversible, and manageable through the application of standard mitigation measures and good international industry practice. Social risks are also rated Substantial. Key risks include potential land acquisition, temporary land use, or livelihood impacts associated with infrastructure investments; labor and working conditions risks for direct, contracted, and supply-chain workers; community health and safety risks related to construction activities and labor influx, including SEA/SH; risks of exclusion of women, youth, and vulnerable and marginalized groups; and stakeholder engagement challenges inherent in a devolved governance context. These risks require structured mitigation, strong institutional oversight, and sustained capacity support. Effective operation of an accessible, inclusive, and SEA/SH-responsive GRM will be critical to managing social risks at scale given the Project's nationwide footprint and decentralized implementation. The project applies a framework-based risk management approach consistent with ESS1. Key instruments to be prepared and implemented include an Environmental and Social Management Framework (ESMF), Resettlement Framework (RF), Labor Management Procedures (LMP), Stakeholder Engagement Plan (SEP) with grievance mechanisms, and an Integrated Pest Management Framework (IPMF), with site-specific ESIAs/ESMPs, RAPs, and related instruments prepared as required during implementation. Binding commitments will be captured in the Environmental and Social Commitment Plan (ESCP). beneficiary investments to MSMEs through FI will establish ESMS to manage the E&S risks of the investments/ beneficiary activities. Based on the current scope, ESS1–ESS8 and ESS10 are applicable to Operation 1. ESS9 is to be determined applying to Component 2.3, which supports partial credit guarantees and blended finance through participating financial institutions. ESS4 Annex 1 (Safety of Dams) does not apply, as the operation does not support finance irrigation activities. Overall, the assessed risks are considered manageable with appropriate instruments, capacity strengthening, and close supervision throughout implementation.

Grievance Redress Services:

Grievance Redress. Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit https://accountability.worldbank.org

E. Implementation

Institutional and Implementation Arrangements

31. **The projects will be implemented through a three-tier structure, defined at the national, county, and community levels**. At the national level, a fully functional National Project Coordination Unit, NPCU, will be established, with subject-matter specialists in financial management, procurement, and environment and social safeguards, supporting county implementation units. NPCU will support cluster-based investments. Implementation responsibilities will lie largely with county governments, and all 47 counties will establish fully functional implementation and coordination units—County Project Coordination Units, (CPCUs)—staffed with trained subject-matter specialists, financial management specialists, procurement specialists, and environmental and social safeguard specialists.

32. Counties will lead planning and execution through the integration of program-supported activities into County Integrated Development Plans (CIDPs) and annual work plans and budgets. This arrangement will ensure the co-location and convergence of investments across sectors and levels of government, while maintaining clear accountability for results delivery at both national and county levels. At the community level, the project will leverage existing community institutions, including community interest groups and vulnerable and marginalized groups (CIG/VMGs), FPOs, and savings and credit cooperatives (SACCOs), to deliver services to the target beneficiaries. Strong technical and fiduciary systems will be developed, which will allow the project to have higher implementation efficiency.

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Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

APPROVAL

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