

 Early Warning System

DFC-2024-COOPERATIVEBA
Co-operative Bank of Kenya Limited



Quick Facts

Countries	Kenya
Financial Institutions	US International Development Finance Corporation (DFC)
Status	Approved
Bank Risk Rating	C
Borrower	Co-operative Bank of Kenya Limited
Sectors	Agriculture and Forestry, Finance
Investment Type(s)	Guarantee
Investment Amount (USD)	\$ 19.50 million
Project Cost (USD)	\$ 39.00 million



Project Description

As stated by the DFC, the project consists of a loan portfolio guaranty with 50% coverage to increase the Guaranteed Party's ability to provide loans to individuals, cooperatives, and SMEs in the agricultural value chain in Kenya, thereby stimulating economic growth.

Access to finance is a challenge for SMEs in Kenya, which face an annual financing gap of \$18.2 billion. SMEs in the agricultural sector face additional challenges securing access to financial products that are tailored to their specific needs, for example, loans for high-quality, unadulterated agricultural inputs. While the agricultural sector contributes between 20% and 30% of GDP in East African countries, it receives only between 2% and 7% of total bank credit. Access to finance for women-owned/led SMEs in the agricultural sector is especially challenging, since most programs designed to support women entrepreneurs accessing credit focus on non-agricultural activities.

In response to these challenges, the Project is expected to have a positive development impact in Kenya by de-risking the Co-operative Bank of Kenya's lending to SMEs and cooperatives in the agricultural sector, allowing the Bank to increase its lending in the sector, and increasing access to finance and high-quality agricultural inputs for SMEs. DFC has qualified the Project as 2X based on the Borrower's intent to exceed the 2X criteria for women representation in employment, and the percentage of Project proceeds allocated to 2X eligible portfolio companies. The Project is expected to allocate 34% of proceeds to women-owned/led SMEs in the agricultural sector.



Investment Description

- US International Development Finance Corporation (DFC)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [The Co-operative Bank of Kenya Limited](#) (Financial Intermediary)



Private Actors Description

As stated on the company's website, The Co-operative Bank of Kenya Limited is incorporated in Kenya under the Company Act and is also licensed to do the business of banking under the Banking Act.

The Bank was initially registered under the Co-operative Societies Act at the point of founding in 1965. This status was retained up to and until June 27th 2008 when the Bank's Special General Meeting resolved to incorporate under the Companies Act with a view to complying with the requirements for listing on the Nairobi Securities Exchange (NSE).

The Bank went public and was listed on December 22nd 2008.

Shares previously held by the 3,805 Co-operative Societies and unions were ring-fenced under Coop Holdings Co-operative Society Limited which became the strategic investor in the Bank with a 64.56% stake.

The Bank runs five subsidiary companies.



Contact Information

No project contacts provided at the time of disclosure.

ACCESS TO INFORMATION

Unlike many other development finance institutions, DFC does not currently have an access to information policy.

Under the United States Freedom of Information Act (FOIA), DFC is obliged to respond to reasonably formulated requests for Agency records. However, DFC may apply exemptions from release to certain types of information and may charge fees in responding to requests. DFC has a designated FOIA officer who is trained in how to respond to requests and implement the law. You can learn more about filing a FOIA request at: <https://www.dfc.gov/foia>

ACCOUNTABILITY MECHANISM OF THE UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION (DFC)

The Office of Accountability is an independent office that addresses complaints about environmental or social issues related to DFC-supported projects. The office provides communities an opportunity to have concerns independently reviewed and addressed. If you submit a complaint to the Office of Accountability, it may assist you by either seeking to address your problems by facilitating a problem solving dialogue between you and those implementing the project and/or investigating whether the DFC complied with its policies to prevent environmental, social, human rights, and labor harms.

You can find more information about the Office of Accountability at: <https://www.dfc.gov/who-we-are/office-accountability>



Bank Documents

- [Project Disclosure](#) [\[Original Source\]](#)