



Delegation of the
European Union to Kenya

Funding For
**BUSINESSES
IN KENYA**

FACT SHEET

https://eeas.europa.eu/delegations/kenya_en

MAY 2020



Foreword

EU Ambassador to Kenya

Dear reader,

The European Union is increasingly trying to use its development funding to leverage private sector investment and support the rise up the value chain of investments in its partner countries. I am delighted that the Republic of Kenya is among these partner countries.

Our toolbox on this co-operation is evolving and more innovative instruments like guarantees are being added as key elements of the European External Investment Plan.

Normally the EU delivers its support through development banks, including the EU's own bank, the European Investment Bank (EIB). These development banks then sometimes work with and through local financial institutions, including local commercial banks and microfinance institutions. Sometimes they work through investment funds.

I am aware that for private sector companies and investors, finding out how to benefit from this support is sometimes complex and not always as easy to grasp as it should be. This little factsheet, which is not exhaustive, aims therefore to help you to get a first overview so that you can then follow up more easily on opportunities.

The factsheet makes a distinction between big loans or other financing (provided by the EIB) and EU-supported financing to SMEs or MSMEs (provided through European and other Development Financing Institutions). For the latter group we have applied some grouping per sector.

Of course these instruments keep moving- some funding gets exhausted other funding instruments and sources are added- and we will therefore endeavour from time to time update it.

I hope this is useful for you and we look forward to seeing and celebrating jointly with you the successes of your endeavours!

The EU is firmly committed to supporting Kenya and businesses in Kenya in the COVID 19 crisis. Details of our 300 Meuro Covid related support are still evolving and this has thus not yet been included in this brochure. Please follow our website and social media on it.

Simon MORDUE,
Ambassador

Contents

4

Part 1

Direct financing from EIB

6

Part 2

SMEs and MSMEs

15

Part 3

Useful Contacts



PART 1

Direct financing from EIB

(Financing volume > 20 mn EUR)



European
Investment
Bank



Kenya country link
to EIB website



Catherine COLLIN,
Head of the European Investment Bank,
Regional Representation in East Africa.

The European Investment Bank (EIB) is the long-term financing arm of the European Union. Its shareholders are the 27 Member States of the European Union. EIB provides long term loan finance for large economic and social infrastructure (greenfield or brownfield) that are key enablers for private sector development, alongside support to a large spectrum of private sector operators from large and medium-sized corporates to micro and SMEs (on an intermediated basis – see part II below) across all productive sectors of Kenya's economy.

The main features of EIB loans are the following:

EIB has a significant and longstanding footprint in Kenya's financial sector and extends credit lines to financial intermediaries (usually local commercial banks or microfinance institutions but also regional development institutions) for on lending to SMEs and microenterprises across all eligible sectors of activity. The list of active credit lines currently available for Kenyan enterprises is regularly updated on the [EIB website](#). 



SECTORS:

Energy (Green Generation / Transmission / Distribution),
Water & Sanitation (Green Generation / Transmission / Distribution),
Transport (Road/Rail/ Ports/Airports),
Telecommunication
Agriculture
Manufacturing
Climate Action (mitigation/adaptation) is a high priority.

BORROWERS:

Public.
Private. *including project finance structures
* Normally no direct loans to start-ups.

EIB LOAN:

Minimum EUR 20m or equivalent in other major currencies and (under certain conditions) Kenya Shillings. EIB can lend up to 50% of total project costs, i.e. minimum project size should be around EUR 40m. Exceptions are possible where a project has very high development impact.

Information to be provided in a first step:

The above information will allow EIB to carry out a first review of the potential project. If considered potentially eligible for EIB financing, further information would then be requested, such as a Feasibility Study (or Pre-Feasibility Study).

Conditions: EIB's financing conditions are generally seen as attractive, including long loan maturities and possibility of lending in local currency.

Short summary (1 – 2 pages) of what is intended, ideally including information on the following:

Description, purpose and location of the proposed project; overall project costs; status of preparation of the project; envisaged financing structure, including own funds contribution; identity and key financials of the promoter/borrower; envisaged collateral structure if any; envisaged procurement process; envisaged timing; contact person / contact details.

Blending: EIB financing can sometimes be combined with grant financing from the EU. Such grant financing is potentially also available to assist with project preparation / implementation.

Contact: EIB's Regional Representation for East Africa, based in Nairobi, can be contacted under nairobi@eib.org

Equity: EIB also supports infrastructure projects through equity investments in infrastructure funds, which in turn invest in infrastructure projects. For Kenya, these funds are currently the following:

- [- Argan Infrastructure Fund \(ARIF\)](#)
- [- Global Climate Partnership Fund \(GCPF\)](#)
- [- Meridiam Infrastructure Africa Fund plus Top-Up](#)



Any EIB financing is subject to a satisfactory outcome of due diligence by the Bank on technical, environmental & social, financial, economic, procurement and legal aspects of the project, as well as to approval by the Bank's governing bodies and satisfactory legal documentation.

PART 2

SMEs and MSMEs

EU funded Guarantees



In this part you will find a non-exhaustive list of instruments, projects and funds financed or co-financed by the EU, which provide funding to SMEs and MSMEs, often within a wider geographic scope but including Kenya. A word upfront on an innovative one of these instruments: guarantees.

The EU's External Investment Plan, under the European Fund for Sustainable Development, has created a new instrument: Guarantees for private sector companies. Guarantees are offered in the following areas:

MSMEs and Agriculture; Sustainable energy; Sustainable cities; Digitalisation; Local currency financing.

While some of these guarantees will be for large corporates, a significant amount will also benefit SMEs. The linked

brochure provides summaries and contains further details including contacts of the implementers (financial institutions).

Not all, but a considerable number are applicable to Kenya. To date some of these are signed while others are still under negotiation between the European Commission and financial institutions.

Link

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EU supported projects and funds



Often on a regional or even wider basis, the EU finances projects and invests, typically via Development Finance Institutions, in equity funds. The EU also provides support for intermediate lending.

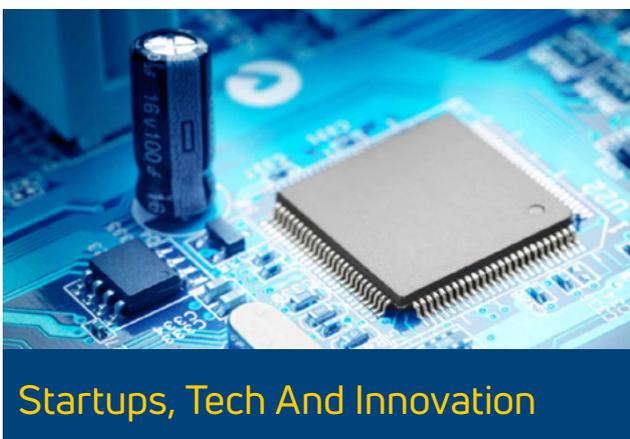
Please note the following list is indicative and does not aim to provide a complete overview.¹



Energy



Agriculture



Startups, Tech And Innovation



Multi-Sectors

¹ For a more complete overview of equity funds in the ACP regions, in which EIB has invested for the support of SMEs, please see the [this](#) link:





Energy Access Ventures (EAV)

EAV is an equity fund with EIB participation. It focusses on smart energy infrastructure and invests in startups operating in Sub-Saharan Africa, even if they are based elsewhere. Equity investments range from USD 100,000 to 8,000,000. EAV is an equity fund with EIB participation among other DFIs.

Further under <https://eavafrica.com/> and <https://vc4a.com/energy-access-ventures/>



ElectriFI

ElectriFI is an impact investment facility, managed by EDFI MC, investing in early stage private companies and projects, focusing on new/improved electricity connections as well as on generation capacity from sustainable energy sources in emerging markets. Typical business models include mini-grids, solar home systems, independent power projects (IPP) and captive power production. ElectriFI is funded by the European Commission. A specific Kenya Country window with EU funding is foreseen. Investments (equity, loans) are typically in the range of EUR 2-5 mn.

Link: <https://www.electrifi.eu>



Sunref

SUNREF is a lending and advice initiative developed by the Agence Française de Développement (AFD). Its objective is to support financial institutions and their clients in order to boost financing for projects for sustainable natural resources management, with a focus on clean energy. AFD's action firstly involves offering long-term financial instruments and, secondly, contributing to building the technical capacities of banks and their client companies. The SUNREF program benefits from EU support and has specific activities in East Africa

<https://www.sunref.org/en/>, contact-sunref@kam.co.ke



Get.invest

Provides technical assistance for companies to obtain funding. GET.invest supports investment in decentralised renewable energy. It has a focus on sub-Sahara Africa. The programme works across different market segments of decentralised renewables, such as small on-grid independent power producers (IPPs), commercial and industrial power, mini-grids, small stand-alone solar systems including solar home systems, and clean cooking solutions. Its main donor is the European Union

<https://www.get-invest.eu>



Facility for Energy Inclusion (FEI OGEF)

FEI OGEF is an offgrid energy facility created by AfDB and managed through a fund manager ('Lions Head Global Partners'). The European Union contributes financially to this facility which lends to companies and SPVs domiciled in Africa; at ticket sizes of USD 2-10 million ticket in the applicable local currency at competitive lending rates depending on transaction structure and risk profile; with a flexible tenor of 12-60 months.

www.ogef africa.com and <https://lhgp.com/our-funds>



Geothermal Risk Mitigation Facility (GRMF)

GRMF is a facility for alleviating risks in the early stages of geothermal developments. It is managed by the German Development Bank, KfW and benefits from EU funding. The Geothermal Risk Mitigation Facility (GRMF) was established to fund, facilitate, and accelerate geothermal development in Eastern Africa. The overall objective of the GRMF is to encourage public and private sector investment into geothermal power generation. The GRMF therefore acts as a catalyst in establishing geothermal energy as a strategic option for power generation capacity expansion in eleven partner countries in the Eastern African Rift region.

<https://grmf-eastafrika.org/>



Green Mini Grids Facility Kenya

The GMG Facility Kenya provides Grants and Technical Assistance to mini grid developers. Its current, second phase is supported by the European Union. The Agence Française de Développement (AFD) is the implementing partner of the facility. Two types of grants can be considered: Investment Grants and Output-Based Grants.

<https://www.gmgfacilitykenya.org/>

Climate
Investor One
(CIO)

Climate Investor One (CIO)

Climate Investor One (CIO) is a blended finance facility mandated with delivering renewable energy infrastructure projects in emerging markets by contributing to the entire lifecycle of a project. CIO comprises of a Development Fund which seeks to provide technical assistance and finance in the planning and development stage of a project by utilizing donor capital and of a Construction Equity Fund which seeks to provide all equity financing for the construction phase of the project in three tiers of capital. The European Union is amongst CIO's Investors. Its Fund Managers are based in The Hague, Netherlands

<https://www.climateinvestorone.com>

ARESUF

Africa Renewable Energy Scale Up Facility (ARESUF)

ARESUF is a technical assistance and guarantee facility that aims at reinforcing the public sector's capacities and supporting private sector projects in the off-grid and mini-grid sub-sectors focusing on solar (in Africa) by covering with a partial guarantee up to 50% of the equity investment of Proparco and up to 90% Proparco's losses. It is composed of a Technical Assistance component, managed by AFD and a Guarantee Facility managed by Proparco. Proparco will provide equity or quasi-equity funding for between 5 and 10 African businesses with innovative, high-potential projects. While priority will be given to solar energy projects, other technologies (biomass, mini-hydro, etc.) will also be considered. Companies should be in an active commercial phase (ability to scale up beyond the pilot phase, proven technology, and significant customer base);

The European Union supports ARESUF with EUR 24 mn: <https://www.proparco.fr/en/are-scale>

Energy guarantees projects under the EIP Guarantee Facility:

https://ec.europa.eu/europeaid/guarantees-investment_en

- European Guarantee for Renewable Energy (through EIB, KfW, CDP, AfDB)
- Africa GreenCo (through AFD)
- Room2Run (through AfDB)
- DESCO Financing Programme (through AfDB)
- Renewable Energy Support Programme for Mainly Rural Areas (through AECID, COFIDES)
- Boosting investment in renewable energy (through EDFI)



AgriBiz

AgriBiz is a new programme funded by the EU and DANIDA to support youth and women in agribusiness: this programme will include:

- a) A technical assistance and financial support (micro-grants for proof of concept, small soft loans for scaling up) by the Kenya Climate Innovation Centre, in 8 county Business Incubation Hubs (Uasin Gishu, Kiambu, Machakos, Meru, Isiolo, Kilifi, Bungoma, Kisii) and the Nairobi national hub. Contact info@kenyacic.org
- b) A guarantee facility to be set up by the African Guarantee Fund: info@agf.africa



AgriFI Kenya

The AgriFI Kenya programme seeks to support the integration of smallholder farmers in Agricultural Value Chains, through a variety of interventions including support to SMEs. The grant element of support is now closed. But there will be further access to agricultural loans through a EUR 25M EIB line of credit with Equity Bank whereby long term Kenya Shillings loans can be made available to companies operating along the agri value-chain. For information on this, please contact George M. Irungu, Head of Agriculture Credit at Equity Bank Kenya (George.macharia@equitybank.co.ke); Link: <https://agrifichallengefund.org/>



The African Agriculture Trade and Investment Fund (AATIF)

The AATIF provides direct or indirect investments in the form of debt, mezzanine and equity in small, medium and large scale agricultural farms as well as agricultural businesses along the entire agricultural value chain. Eligible investments and investment instruments, and modalities to apply are listed at the link

<https://www.aatif.lu/home.html>



The AGRIFI Facility

This is an EU-funded blending facility aiming to unlock, accelerate and leverage investments with a value chain approach in developing countries, focusing on smallholder's inclusiveness and/or MSME agri-businesses.

For more information, please visit the website <https://www.agrifi.eu/> or send an e-mail to agrifi@edfimc.eu



The ABC Fund

This is a private impact investment fund with support from the European Union, the Africa Caribbean Pacific Group of States (ACP), the Government of Luxemburg and the Alliance for a Green Revolution in Africa (AGRA). The Fund is managed by Bamboo Capital Fund with Injaro Investments Limited, as investment advisor. The ABC Fund will provide loans and equity investments adapted to the needs of rural SMEs, farmers' organizations, agri-preneurs and rural financial institutions.

For more information, please visit the website <https://www.ifad.org/en/abcfund>



Agri-Vie Fund II

Agri-Vie Fund II is a private equity fund in which EIB is invested, focusing on mid-market growth investments in the food & agribusiness sector of Sub-Saharan Africa. The Investment approach supports business expansion and consolidation with a minimum ticket size of USD 5m equivalent.

Website: www.agrivie.com



AGRIF www.incofin.com/portfolio - in which EIB is an investor

agRIF is a third generation fund, following on Rural Impulse Fund I and Rural Impulse Fund II, which also used closed-ended, leveraged private equity structures to support investments in financial inclusion for the rural sector. agRIF takes this model one step further by specifically targeting the agricultural sector and smallholder farmers, as well as rural micro-entrepreneurs. In addition to the equity investments targeted by the fund, agRIF provides debt investments in agricultural SMEs and agricultural focused financial intermediaries. Kenyan companies are eligible for AGRIF / Incofin support.



Agriculture guarantees projects under the EIP Guarantee Facility:

https://ec.europa.eu/europeaid/guarantees-investment_en

- Intermediated Lending for MSMEs and Agricultural Businesses (through a range of DFIs)
- FISEA + SMEs and Agribusiness Investment Guarantee : (through AFD)

Startups, Tech And Innovation



The Kenya Climate Innovation Centre (KCIC)

KCIC supports SMEs to develop innovative projects in the renewable energy, agri-business and water management sectors.

For more information, please visit the website <https://kenyacic.org/>



Novastar Ventures

Novastar is a venture capital manager dedicated to finding and supporting the next generation of exceptional entrepreneurs designing and executing innovative business models to profitably serve Africa's mass markets. It has an advisory office in Nairobi. Investment range: USD 250.000 – 8,000.000. EIB is a core investor in Novastar Ventures.

Contact: <https://novastarventures.com/> ; Email: info@novastarventures.com



TLcom TIDE Africa - www.tlcomcapital.com

EIB is a core investor in this TLCom Tide, a regional venture capital fund focusing on innovative technology-based African SMEs, across all stages of the venture capital cycle, targeting an investment range of USD 0.5 to 10 m with a particular focus on East Africa and Kenya in particular.



Startups, tech and innovation guarantees under the EIP Guarantee Facility:

https://ec.europa.eu/europeaid/guarantees-investment_en

- NASIRA Risk-Sharing Facility (through FMO)
- IncludiFI (through AECID, COFIDES, CDP)
- Archipelagos –One 4A (through CDP and AfDB)
- FMO Ventures Programme (through FMO)

Multi-Sectors

The EIB (often alongside other EU DFIs) is a core investor in a number of multi-sector / multi-country funds from which Kenyan companies could seek support:

Catalyst Fund II

www.catalystprincipal.com - provides growth capital to SME and mid-caps in East Africa with a focus on consumer goods and retail; financial and business services; industrials, manufacturing and value-add processing; technology and telecommunications.

Investment For Health in Africa (IFHA) II

www.ifhafund.com – provides growth equity or quasi-equity funding to Sub-Saharan African private companies (SMEs and mid-size companies) active in various segments of the health sector, including healthcare clinical services providers, health insurance companies as well as manufacturers and distributors of pharmaceutical products and medical equipment. Investment range USD 5 to 10m.

Vantage Mezzanine Fund III

www.vantagecapital.co.za – provides mezzanine finance to mid-markets growth companies in Africa.



Besides, EIB supports microenterprises on an indirect/intermediated basis through equity investments in funds (primary intermediaries), which in turn provide financing to microfinance institutions (secondary intermediaries) for on-lending to microenterprises. Primary intermediaries in which EIB has invested and from whose financing Kenyan microenterprises can in principle thus indirectly benefit, are the following (for further information, please see the relevant websites):

- Luxembourg Microfinance and Development Fund (LMDF) - www.lmdf.lu/en
- Microfinance Enhancement Facility - www.mef-fund.com
- REGMIFA Microfinance Fund for Africa – www.regmifa.com





<https://www.aecfafrica.org/>

Kakuma Kalobeyei Challenge Fund (KKCF)

The KKCF has been set up by the IFC to (i) assist private business companies and social enterprises to enter the Kakuma and Kalobeyei market; (ii) develop refugee and host communities' entrepreneurship potential; (iii) support policy dialogue and advocacy efforts on a more conducive business environment and attracting private sector companies to the Kakuma and Kalobeyei area. The EU Trust Fund for Africa has earmarked a contribution of €5 million. To implement the activities, which have started in early 2020, the IFC is working with the Africa Enterprise Challenge Fund.



Guarantees under the EIP Guarantee Facility:

https://ec.europa.eu/europeaid/guarantees-investment_en

- African Local Currency Bond Guarantee Programme (through KfW)
- Resilient City Development (RECIDE) (through AECID)
- Sustainable Cities Investment Fund Platform (through EIB)
- European Guarantee to Increase Local Governments' Access to Financing (through AfDB)
- European Health Guarantee Platform for Africa (through EIB)
- Social Impact Fund for Africa (SIFA) (through AfDB)
- Local Currency Lending in SubSaharan Africa (through EIB)

PART 3

Useful Contacts

European Financial Institutions with an office in Kenya are:



European Investment Bank EIB
nairobi@eib.org



German Investment Corporation
kfw.nairobi@kfw.de; Antje.Steiner@deginvest.de



French Development Agency
afdairobi@afd.fr



Netherlands Development Finance Company
<https://www.fmo.nl/contact>

Kenyan Trade Associations (open to membership by EU companies)



Kenya Private Sector Alliance (KEPSA)
www.kepsa.or.ke



Kenya Association of Manufacturers (KAM)
www.kam.co.ke



Kenya National Chamber of Commerce and Industry
www.kenyachamber.co.ke/

KenInvest



Responsible for facilitating the implementation of new investment projects, providing After Care services for new and existing investments, as well as organizing investment promotion activities both locally and internationally.

<http://www.invest.go.ke/>



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