

Data Sheet

USAID Mission:	Kenya
Program Title:	Increased Rural Household Incomes
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	615-007
Status:	Continuing
Planned FY 2005 Obligation:	\$7,523,000 DA; \$1,550,000 ESF
Prior Year Unobligated:	\$525,000 DCA
Proposed FY 2006 Obligation:	\$8,171,000 DA; \$2,000,000 ESF
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2008

Summary: The program increases rural household incomes for the smallholder farmers and micro-entrepreneurs in medium- and high-potential areas and improves food security and increased incomes for vulnerable populations in Arid and Semi-Arid (ASAL) areas. The program is an integral part of the Initiative to End Hunger in Africa (IEHA), approved for Kenya through 2009.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Agricultural Productivity (\$4,300,000 DA, \$900,000 ESF). USAID will fund the development and transfer of improved technologies and enhance the efficiency of market systems through support to the Kenya Agricultural Research Institute (KARI). USAID will build capacity and increase public knowledge and awareness in biotechnology and establish a functional National Biosafety Framework in Kenya. USAID's horticulture program will train over 150,000 smallholder farmers on sanitary and phytosanitary standards to increase horticulture exports. USAID will work with Kenyan stakeholders to remove critical policy constraints related to U.S. market access; emphasize export trade, focusing on tree crops and flower exports under the African Growth and Opportunity Act (AGOA); assist in Pest Risk Analysis required by the United States; and assist the Government of Kenya (GOK) to decrease trade in counterfeit products. Principal contractors and grantees: KARI, Land O' Lakes (LOL), Fintrac, ACDI/VOCA, Kenya Plant Health Inspectorate Service (KEPHIS), National Council of Science & Technology (NCST), African Biotechnology Stakeholders Forum (ABSF), Ministry of Trade (MOT).

Increase Private Sector Growth (\$1,400,000 DA, \$200,000 ESF). Micro and small enterprises' (MSEs) access to commercial business development services will be increased. Over 700,000 MSEs, including smallholder farmers and women entrepreneurs, will be made aware of the value of business development services, and 400,000 will have access to the services by 2005. Over 300 farmer groups will be formed and strengthened, with at least 80 linked to private sector markets, input suppliers and other private sector business service providers. More resources will be leveraged through the Development Credit Authority (DCA), Global Development Alliance and other forms of partnerships. Principal contractors and grantees: Emerging Markets Groups (EMG) (prime), ACDI/VOCA, LOL, Fintrac, and others to be determined.

Improve Economic Policy and Governance (\$830,000 DA, \$150,000 ESF). Resources will be used for policy research, analysis and dialogue as part of a reform process for agriculture, microenterprise, microfinance and biotechnology in trade. USAID will support analyses for streamlining agriculture legislation, harmonizing the seed policy within the East African region, enacting the Microfinance Institutions (MFI) Bill, establishing a system of self-regulation within the microfinance sector, and analysis on "Kenyanizing" the Cartagena Protocol. Principal contractors and grantees: Tegemeo Institute for Policy Analysis and Development (Tegemeo), Kenya Institute of Public Policy Research and Analysis (KIPPRA) and NCST.

Strengthen Financial Sector's Contribution to Economic Growth (\$993,000 DA; \$525,000 prior year DCA; \$300,000 ESF). USAID will build capacity of the microfinance industry (MFI) by creating an industry-level enabling environment that promotes MFI growth and product development, setting industry standards, credit reference bureaus. Through the DCA, there will be increased access to growth capital to expand

financial services to medium and small enterprises, including women entrepreneurs and smallholder farmers in the maize, horticulture and dairy sectors. Principal contractors and grantees: Development Alternatives, Inc (DAI) (prime), Association of Microfinance Institutions (AMFI), Cooperative Bank of Kenya, National Industrial Credit Bank.

Increase Food Security of Vulnerable Populations. USAID will increase capacity of vulnerable communities in the ASAL area to mitigate the effects of weather-related disasters that erode livelihoods. Activities include the promotion of drought tolerant crops and sustainable farming technologies, environmental conservation and natural resource management. The activities will increase annual incomes by 24% and the number of food secure families in USAID-targeted areas to 20% by 2005. Principal contractors and grantees: CARE, World Vision, CRS, ADRA, Food for the Hungry.

FY 2006 Program: Increase Agricultural Productivity (\$5,000,000 DA; \$2,000,000 ESF). DA resources will fund ongoing activities in maize, dairy and horticulture, emphasizing IEHA priorities of technology development and transfer, biotechnology and markets. ESF will be used to promote AGOA exports and strengthen trade capacity. Principal contractors and grantees: KARI, LOL, Fintrac, ACIDI/VOCA, KEPHIS, NCST, ABSF, MOT.

Increase Private Sector Growth (\$1,600,000 DA). DA resources will continue to increase MSE access to expanded business support services. Principal contractors and grantees: Emerging Markets Groups (EMG), ACIDI/VOCA, LOL, Fintrac, and others to be determined.

Improve Economic Policy and Governance (\$750,000 DA). USAID will continue increasing local research and analysis capacity and advancing the unification of agriculture sector legislations and financial services policy and regulatory reforms. Principal contractors and grantees: Tegemeo and KIPPRA.

Strengthen Financial Sector's Contribution to Economic Growth (\$821,000 DA). USAID will continue promoting industry-level enabling environment for MFI growth and product development. Principal contractors and grantees: DAI, AMFI, Cooperative Bank and NIC Bank.

Performance and Results: Due to USAID activities, household incomes increased by 12%, from \$1,922 in 2002 to \$2,151 in 2004, exceeding the 10% target. Household incomes in targeted ASAL communities increased from \$1,445 in 2003 to \$1,666 in 2004. The USAID training on improved farming practices increased farmer adoption of technologies. USAID-supported product promotion and consumer awareness campaigns, trade in milk, horticulture and maize increased. Milk trade increased by 32%, (target was 8%), while the traded value increased by 29%. The value of fresh horticultural exports increased by 13% to \$410 million in 2004, while the volume increased by 22% to 162,000 MTs. The fresh fruits exports provided at least \$6 million in additional smallholder incomes. Private sector participation increased significantly in the smallholder sector. Through commercial banks, USAID's DCAs expanded credit access to a large number of MSEs, including smallholder farmers in Kenya. USAID-supported Tegemeo Institute assisted the Parliamentary to develop a unified legislation for the agriculture sector, the first such attempt in Africa. USAID, through Seed Trade Association of Kenya (STAK) made progress towards harmonizing standards in seed quality, certification protocols, release and registration of regional seed variety lists within the East African region.

By the end of the program, rural household incomes for the smallholder farmers and micro-entrepreneurs in medium- and high-potential areas will be increased by 40%. Food security will be improved and incomes for vulnerable populations in ASAL areas will increase by 45%. The Kenya program's contribution to IEHA's objectives will be significant in incomes and agricultural productivity.

US Financing in Thousands of Dollars

Kenya

615-007 Increased Rural Household Incomes	DA	DCA	DFA	ESF
Through September 30, 2003				
Obligations	24,390	275	500	4,500
Expenditures	4,063	0	500	18
Unliquidated	20,327	275	0	4,482
Fiscal Year 2004				
Obligations	4,147	227	0	2,903
Expenditures	9,305	92	0	178
Through September 30, 2004				
Obligations	28,537	502	500	7,403
Expenditures	13,368	92	500	196
Unliquidated	15,169	410	0	7,207
Prior Year Unobligated Funds				
Obligations	0	525	0	0
Planned Fiscal Year 2005 NOA				
Obligations	7,523	0	0	1,550
Total Planned Fiscal Year 2005				
Obligations	7,523	525	0	1,550
Proposed Fiscal Year 2006 NOA				
Obligations	8,171	0	0	2,000
Future Obligations	14,800	0	0	4,000
Est. Total Cost	59,031	1,027	500	14,953