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# USAID Kenya Financial Inclusion for Rural Microenterprises Quarterly Progress Report

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# **Financial Inclusion for Rural Microenterprises, AID 623 BC II 0000 I**

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## Acronyms and Abbreviations

|         |  |
|---------|--|
| ASCU    | Agricultural Sector Coordinating Unit                |
| BCB     | Biometric Credit Bureau                              |
| CMA     | Capital Markets Authority                            |
| CBA     | Commercial Bank of Africa                            |
| CBK     | Central Bank of Kenya                                |
| DCA     | Development Credit Authority                         |
| DTM     | Deposit-Taking Microfinance                          |
| EADD    | East African Dairy Development                       |
| ERC     | Electricity Regulatory Commission                    |
| FIRM    | Financial Inclusion for Rural Microenterprises       |
| FMA     | Fund Managers Association                            |
| FSA     | Financial Services Associations                      |
| FSD     | Financial Sector Deepening                           |
| FTF     | Feed the Future                                      |
| GPS     | Global Positioning System                            |
| IFAD    | International Fund for Agricultural Development      |
| IRA     | Insurance Regulatory Authority                       |
| JOYWO   | Joyful Women's Organization                          |
| KCISI   | Kenya Credit Information Sharing Initiative          |
| KCB     | Kenya Commercial Bank                                |
| KENDBIP | Kenya National Domestic Biogas Program               |
| KFIE    | Kenya Feed the Future Innovation Engine              |
| KHCP    | Kenya Horticulture Competitiveness Program           |
| K-LIFT  | Kenya Livestock Finance Trust                        |
| KMT     | Kenya Market Trust                                   |
| KRA     | Kenya Rainwater Association                          |
| KWFT    | Kenya Women's Finance Trust                          |
| M&E     | Monitoring and Evaluation                            |
| MCL     | Moyln Credit Limited                                 |
| MFI DTM | Microfinance Institution Deposit-Taking Microfinance |
| MFI NGO | Microfinance Institution Non-Government Organization |
| MFS     | Milango Financial Services                           |
| MFT     | Microfinance Trust                                   |
| MRR     | Microenterprise Results Reporting                    |
| MKG     | Mt Kenya Gardens                                     |
| NESC    | National Economic and Social Council                 |
| SHoMaP  | Small Holder Horticulture Marketing Program          |
| SISDO   | Smallholder Irrigation Development Organization      |
| SMEP    | Small and Medium Enterprise Program                  |
| STTA    | Short-Term Technical Assistance                      |
| TTS     | Taka Taka Solutions                                  |
| USAID   | United States Agency for International Development   |
| YEDF    | Youth Enterprise Development Fund                    |

# FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

## I. EXECUTIVE SUMMARY

### Qualitative Impact

Qualitative impact continues to grow as we deepen the achievements from our current partnerships and as we expand our network, especially outside traditional financial institutions, such as banks, DTMs and MFIs.

We continue build upon the successes achieved to date and to add new partners. Currently, FIRM has over 125 partnerships in the following areas:

- Commercial Banks
- MFI DTMs
- NGO MFIs
- SACCOs (Credit Unions)/Specialized Providers
- Government of Kenya Agencies
- Donor Projects/Associations
- Business Service Providers
- Value Chain Businesses

FIRM works throughout the country its network of financial service providers and their nation-wide branch locations but the project is focused on USAID's designated FTF zones.

During the reporting period, FIRM produces a total of 36 deliverables. Those deliverables are discussed in the Key Achievement section the documents are itemized by month in the Annex.

### Quantitative Impact

For this report, we reported on our Feed-the-Future indicators. Indicators 4.5.2 – 12, 4.5.2 – 38, and 4.5.1 – 24 are reported on an annual basis and therefore are not included in this report.

We've exceeded a number of our indicators and we are on course to exceed a number of others. Regarding indicators where we're behind, we've been under-reporting based on miscommunication to our partners. We will make an adjustment during the upcoming quarter. We anticipate this adjustment will bring us close or over the annual targets.

### Project Administration

During this quarter FIRM received approval for our budget realignment request. The total contract price remains the same. Our spending is tracking close to the approved budget.

No problems were encountered during the quarter.

### Next Quarter's Work Plan

We are receiving multiple requests to assist the newly formed county governments with the development of their Integrated Development Plans, following our participation in the Governor's Agriculture Forum held in Mombasa during the month of June. This work is not part of our scope of work. We have notified USAID Kenya and they are aware of these pending requests.

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## II. KEY ACHIEVEMENTS (Qualitative Impact)

### Agriculture

**Northern Rangelands Trust:** FIRM met with Northern Rangelands Trust in August 2013 to identify ways to support their microcredit scheme and also offer capacity building to expand access to finance for communities in the FtF counties of Isiolo and Marsabit. FIRM will support the Trust by linking it to potential funders. FIRM will also review and strengthen their microcredit scheme.

**Kenya Markets Trust (KMT):** FIRM is partnering with KMT to increase financial inclusion in agriculture and water. The targeted value chains for this effort include dairy, sorghum, cotton, and livestock. FIRM met with KMT's Kenya Markets Access Program and TechnoServe to identify how dairy value chain actors in the milk processing and animal feeds nodes can access financing and further capacity development. FIRM will determine a working strategy for KMT and the identified financial institutions. The financial institutions are outside the USAID's Feed the Future (FTF) regions of operation. USAID/FIRM operates within the larger USAID FtF zones.

FIRM has also been working closely with KMT in supporting research on the sorghum value chain in Busia County, as a result KMT began working with sorghum bulkers in the county. FIRM will seek partnership with the Youth Enterprise Development Fund (YEDF) to provide financing to sorghum value chain actors and will support Rafiki DTM, an existing FIRM partner, to design products for lending in the sorghum value chain.

**Oikocredit Kenya:** FIRM is currently assisting Oikocredit to develop their agribusiness, marketing and communication strategies and to train Oikocredit staff on promoting agribusiness lending. Oikocredit is a financial institution that specializes in wholesale lending and financing SMEs in agriculture, health, education, and renewable energy.

**REMU DTM:** During the quarter, FIRM conducted a market assessment exercise for REMU DTM in order to identify new potential financial products and review existing ones. The market assessment provided FIRM with vital information on REMU's current product offering and business processes; the assessment also collected their clients' perception of the same. This process also helped identify REMU's need for a strategic business plan, which FIRM will develop and share with REMU's top management staff for implementation. ;

**BIMAS Kenya:** With FIRM support BIMAS completed its 5-year strategic business plan covering 2013-2017. The strategy's key component is growth in agriculture value chains, clean and renewable energy, and water. BIMAS seeks to grow its customer base from the current 23,000 to 85,000 within the plan's period by focusing on product development and marketing outreach within their current branch network. To propel this growth, FIRM and BIMAS will embark on an intensive staff and systems capacity enhancement.

**Kenya Livestock Finance Trust (K-LIFT):** FIRM is assisting K-LIFT, microfinance trust supporting livestock and livestock related enterprises, to develop a 3-year strategic business plan. FIRM conducted a strategy workshop for the board and management of the Trust to identify the key drivers and pillars of the plan. FIRM conducted a market analysis which will assist in defining strategy. The FIRM-supported strategy will guide K-LIFT in scaling up its growth in profitability and sustainability as it incrementally professionalizes its operations.

**RAFODE MFI:** As a follow-up to the diagnosis study carried out in the previous quarter, FIRM next conducted a market assessment that formed a platform for product development and refinement. In the next quarter, FIRM plans to provide technical assistance to RAFODE in product review and development.

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**Mt Kenya Gardens (MKG):** Recently, FIRM brokered a financing deal between MKG and Kiva which will see MKG's contracted farmers contracted access affordable credit directly from Kiva for inputs, drip irrigation kits, and other services. As part of the ongoing discussions, FIRM facilitated a field trip to familiarize Kiva with farmer activities on the ground and the possible challenges they faced in terms of accessing credit for their agricultural needs. Kiva anticipates using the MKG opportunity to expand their support for agriculture. Meanwhile, FIRM plans to assess MKG's current processes in anticipation for Kiva's onward lending to the firm.

**Taka Taka Solutions (TTS):** This quarter FIRM met TTS, a Nairobi-based social enterprise that provides environmentally friendly waste management solutions, to discuss possible areas for collaboration. Over the next quarter, FIRM will introduce TTS to several large horticulture exporters to facilitate pilot manure trials with the plan to scale-up successful demonstrations in the future. TTS is currently preparing a firm profile and concept note which FIRM can circulate to relevant partners.

**Smallholder Irrigation Development Organization (SISDO) MFI:** FIRM met with SISDO, a credit only microfinance company, whose purpose is to finance smallholder farmers in irrigation schemes. SISDO has 10,000 clients, 16 branches in Central, Rift, and Eastern regions and a financial portfolio of about \$314,000. In the coming quarter, FIRM will work with SISDO to develop their strategic business plan, develop suitable financial products, and increase SISDO's capacity to deliver services to its client and stimulate its growth.

**Juhudi Kilimo Microfinance:** FIRM met with Juhudi Kilimo to explore expansion ambitions in Western Kenya and partnership with Mumias Sugar's dairy initiative. It is expected that Juhudi will be able to work closely with the dairy initiative upon expansion and opening of a Bungoma office.

**Kenya Commercial Bank (KCB):** FIRM and KCB embarked on furthering partnership through development of new agribusiness products, specifically horticulture and staples to boost utilization of the current Ag DCA facility. The enhancement will include development of a new dairy product 'Advance Maziwa', Warehouse Receipting Product prototype for Lesiolo Grain Handlers and financing for the joint World Food Program (WFP) and P4P farmers.

**Small Holder Horticulture Marketing Program (SHoMaP):** FIRM met with ShoMaP to explore partnerships to address the lack of financing opportunities for small holder horticulture farmers and ways to entrench youth initiatives. SHoMaP is a government program under the Ministry of Agriculture and is funded by UN's International Fund for Agricultural development providing grants to scalable agricultural SMEs. To date, SHoMaP has provided grants to over 80 groups running agriculture SMEs in Western, Nyanza, Central, and Eastern regions of Kenya. FIRM is currently working on a Request for Proposal (RFP) for the SHoMaP partnership.

**Jenga Kenya MFI:** FIRM met with Jenga Kenya based in Meru, which is planning to scale up its operations in agriculture lending and reach into rural agricultural sectors. Jenga Kenya targets small holder farmers and SME traders with small loans. Jenga Kenya's current products vary from resell goods, agricultural inputs, and solar powered items. FIRM is awaiting a concept note to assist in planning for appropriate technical assistance to Jenga Kenya.

**Jamii Bora Bank:** FIRM met with Jamii Bora Bank representatives and their executive committee to discuss the adoption of the agribusiness strategy that FIRM helped to develop in the previous quarter.

**Musoni MFI :** FIRM supported Musoni with the development of the branch locator tool which was able to guide Musoni into their rural expansion strategy. The "Hub and Spoke" approach of the expansion strategy will lead Musoni to set up a central location in county. The phase two development of the branch locator tool will include analysis to support identification of satellite office locations in rural areas.

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With FIRM support, Musoni has also developed a new agricultural loan product to support their rural expansion strategy. FIRM opened discussions with Musoni on potential support on the western regions of Kisii, Nyamira and Homa Bay, areas the branch locator tool has identified as priority expansion areas.

**Barclays Bank – Banking on Change:** FIRM met with Barclays Bank and Care Kenya (CK) to discuss the completion of the current technical assistance support and the initiation of Phase II of the Banking on Change Initiative – a Corporate Social Responsibility (CSR) activity that targets village savings groups to build capacity using best practice principles and to encourage a culture of savings within the groups. In the next phase Banking on Change will adopt an IT platform that will facilitate a broader reach into rural areas as well as provide historical financial records that will support access to loans. Last quarter FIRM identified a number of suitable IT platforms; FIRM continued to work with Barclays and CK to support Phase II.

**Vegpro Group, Kenya Rainwater Association (KRA) and USAID’s Kenya Horticulture Competitiveness Project:** Last quarter FIRM linked Vegpro’s contracted smallholder farmers to financing for agricultural inputs such as greenhouse tunnels, water ponds, and irrigation kits. During this quarter, FIRM, along with KRA and KHCP, visited a number of the smallholder farms in Kikuyu to observe the recently disbursed greenhouse tunnels. These new greenhouse tunnels will be piloted during the upcoming rainy season. The findings of this pilot will inform the basis for the low-cost greenhouse tunnels rollout to the rest of the country. Vegpro personnel will provide FIRM periodic updates on the progress of use of the pilot tunnels. If successful, FIRM and KHCP will coordinate a stakeholders’ forum rollout the tunnels on a larger scale.

**Smallholder Financing Stakeholder Forum:** FIRM hosted a forum that brought together Vegpro, Bayer EA, Rafiki DTM, Chase Bank, Kenya Rainwater Association, and Lachlan to discuss smallholder financing. The forum was part of the joint initiative between Vegpro, FIRM, KRA and financial institutions in designing affordable financial products to cater for smallholder farmers groups. As a result of this forum, Rafiki DTM will provide low-cost financial products towards inputs and greenhouse tunnels, while service providers (Bayer EA) will provide inputs to farmers. FIRM has been on the forefront of brokering these end-to-end partnerships.

**Joyful Women’s Organization (JOYWO):** FIRM and JOYWO met to explore opportunities for partnership in developing microfinance for women. JOYWO is a non-governmental organization that focuses on women’s economic empowerment, including table banking and agribusiness market linkages, as well as child protection. JOYWO currently has an outreach of over 100,000 women through 1,700 affiliate groups and has a revolving fund of approximately \$3.9 million. JOYWO presented two concept notes to FIRM on capacity building for table banking and public procurement. During this quarter, FIRM conducted a familiarization visit to JOYWO and its membership to further understand its operations.

**Century DTM SBP:** FIRM will support the development of a 5-year strategic business plan for Century DTM, which seeks to expand its financial operations into agriculture value chains. Century plans to adopt a unique lending model that involves setting up agencies, rather than opening branches, where clients can deposit loan payments via mobile-based electronic system without necessarily going to the bank. The strategic plan will be developed during the following quarter.

**East African Dairy Development (EADD):** FIRM met with EADD, a consortium of development agencies supporting the dairy sector in Kenya, to discuss areas of technical support. As a result of the meeting, FIRM will assist EADD to develop strategic business plans and refine financial products for 11 Financial Services Associations (FSA) as well as assist the merger process for 3 FSAs.

**International Fund for Agricultural Development (IFAD):** This quarter FIRM met with IFAD to explore partnerships in knowledge management in rural finance. This information sharing would

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reduce the gap between scholarly research on rural finance and practical intervention that work. FIRM and IFAD plan to have regular quarterly meetings to share experiences and interventions in various value chain sectors with emphasis on rural finance.

**Youth Enterprise Development Fund (YEDF):** Building off of the cooperation last quarter to strengthen linkages between sorghum farmers in Western Kenya and buyers, FIRM and YEDF met to explore additional areas for partnership. Key areas highlighted during the discussions included a YEDF credit guarantee scheme options and how to conduct a successful pilot. FIRM will also work through YEDF to support youth SACCOs countrywide. YEDF will send FIRM a concept note detailing the technical and operational support required to roll out the credit guarantee scheme targeting youth SACCOs.

**Credit Scoring:** FIRM reviewed credit and saving applications forms from Rafiki DTM, REMU DTM, and Century DTM. The review was meant to recommend revisions to better capture indicators related to risk of lending. FIRM helped the three DTMs in revising their credit scoring system/loan application systems and they are currently in use by the DTMs customers. The new system is expected to reduce delinquency and discrepancies in collection of background information for potential borrowers.

**ECLOF MFI:** FIRM worked closely this quarter with ECLOF to review and refine their agribusiness lending products and develop an agribusiness strategy. The strategy was presented during a workshop and highlighted the field findings and proposal on specific value chains for ECLOF, including dairy, floriculture, fruit and vegetables. The presentation covered the background, the value chain actors, ECLOF's role, and proposed financial product for each value chain. ECLOF will implement this strategy and FIRM will monitor the implementation to ensure it helps them in business growth.

**Biometric Credit Bureau (BCB):** FIRM met with the Biometric Credit Bureau (BCB) and explored options of introduction of BCB to microfinance institutions in Kenya. The BCB offers a biometric identification and profiling of clients of microfinance institutions, which can help in tracking down clients and supplement mechanism such as the Credit Information Sharing (CIS). FIRM's engagement will depend on feedback from the Kenya Credit Information Sharing Initiative (KCISI).

## Development Credit Authority:

### Current Facilities/Enhancements

|     | Partner Financial Institution | Start | End  | Sector        | Value (\$)        | Utilization % | Claims (\$)    | Total Loans (\$) | Subsidy (\$)     |
|-----|-------------------------------|-------|------|---------------|-------------------|---------------|----------------|------------------|------------------|
| 1.  | BOA/Faulu Kenya DTM           | 9/08  | 9/16 | Health        | 5,000,000         | 100%          | 0              | 1                | 250,000          |
| 2.  | Equity Bank                   | 9/08  | 9/15 | Micro         | 1,012,270         | 100%          | 0              | 4                | 0                |
| 3.  | K-Rep Bank                    | 9/08  | 9/16 | Water         | 4,004,614         | 71%           | 0              | 29               | 365,500          |
| 4.  | Oikocredit                    | 9/08  | 9/18 | Micro         | 8,987,730         | 61%           | 578,511        | 12               | 0                |
| 5.  | KCB                           | 9/10  | 9/17 | SME           | 5,750,00          | 100%          | 0              | 845              | 0                |
| 6.  | Fina Bank                     | 9/11  | 9/16 | Ag            | 4,500,000         | 0%            | 0              | 0                | 302,400          |
| 7.  | Acumen Fund                   | 3/12  | 9/17 | Energy        | 1,000,000         | 100%          | 0              | 0                | 90,200           |
| 8.  | KCB                           | 9/12  | 9/18 | Ag            | 15,000,000        | 0.92%         | 0              | 36               | 370,500          |
| 9.  | KCB                           | 9/12  | 9/22 | Water         | 5,500,000         | 0%            | 0              | 0                | 493,350          |
| 10. | KWFT DTM                      | 9/12  | 9/19 | Ag/Energy     | 5,000,000         | 75%           | 0              | 26130            | 120,000          |
| 11. | Micro Africa                  | 9/12  | 9/19 | Ag/Energy     | 2,000,000         | 1.86%         | 0              | 58               | 48,000           |
| 12. | SMEP DTM                      | 9/12  | 9/19 | Ag/Energy     | 4,000,000         | 2%            | 0              | 0                | 96,000           |
| 13. | Multi-Party Reserve           | 9/12  | 9/19 | Ag/Energy     | 2,000,000         | 0%            | 0              | 0                | 48,000           |
|     |                               |       |      | <b>Totals</b> | <b>63,754,614</b> |               | <b>578,511</b> | <b>27,113</b>    | <b>2,183,950</b> |

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## Agriculture Policy

**Agricultural Sector Coordinating Unit (ASCU):** FIRM met with the Agricultural Sector Coordination Unit (ASCU), a secretariat of ten ministries formed to address agriculture and rural development. Their main development challenges are ensuring food security, reducing poverty and unemployment, and transforming agriculture from subsistence to farming as a business. Through the discussions with the ASCU the topic of youth in agriculture was identified as a strong possibility for collaboration. FIRM will begin to work with ASCU to develop appropriate policies to support youth involvement in agriculture and to strengthen the institutional capacity of youth cooperatives in the county.

**KCISI Regional conference:** FIRM supported KCISI to hold the second regional conference which highlighted need for policy on data protection under Credit Information Sharing (CIS). It also launched the Association of Kenya Credit Providers, a result of an earlier forum meetings sponsored by FIRM. The Kenya Credit Information Sharing Initiative (KCISI) was set up in July 2010. To better carry out its mandate of Credit Information Sharing (CIS), the initiative is now registered as Association of Kenya Credit Providers. The Association was officially launched on September 24, 2013 at the 2nd Credit Information Sharing Workshop.

The association aims to promote financial inclusion CIS within the Kenyan credit market. This is expected to reduce market inefficiencies such as information asymmetry in the Kenyan financial sector, soaring non-performing loans, high interest rates and stringent collateral requirements, as lenders try to mitigate the resulting lack of transparency.

**National Economic Social Council (NESC):** FIRM modified NESC's contract to include development of a report that will address the options for dealing with existing credit guarantee schemes (CGS) funds. This report supported the draft Kenya Credit Guarantee Scheme bill and policy developed in the previous quarter.

## Clean/Renewable Energy

**Laptrust:** FIRM, through Viability Africa made a presentation to the Laptrust board on a proposed 10Mw solar PV project that will be based in Kajiado County. Laptrust was introduced to Viability Africa by NESC, a Government of Kenya partner of FIRM. Viability Africa's initial analysis shows a total project cost of \$17 million with an Internal Return Rate of the project is 12-14%. As a result of the presentation, Laptrust will seek financing under Power Africa for a maximum of 4% fixed rate for a period of at least 15 years from OPIC and EXIM Banks of the US. FIRM has also submitted to Laptrust a pre-feasibility study report prepared by Viability Africa for the 10 MW grid-connected Konza Solar energy project.

**ELECTRICITY REGULATORY COMMISSION (ERC):** FIRM and ERC met to discuss energy policy issues including net metering, electricity banking and power wheeling into the Vision 2030 Medium Term Plan. The ERC plans to work closely with the new county governments on energy development as well as energy policy. The meeting proposed that Viability Africa pilot a project for net metering and electricity banking. Viability Africa and FIRM will discuss the potential for this pilot to inform the feasibility of such an undertaking.

**Small Enterprise Development Program (SMEP) DTM:** FIRM conducted a market assessment on the use of clean and renewable energy for SMEP DTM covering the Meru, Maua, Kajiado- Kitengela, Rongai, Machakos, Kitui, Mwingi, Kisii, Nyamira and Keroka. The assessment evaluated community needs for a combined energy solutions for both heating and lighting and renewable energy sources. The report recommended potential loan products that would generate interest and uptake for clean and renewable energy technologies.

**Cummins Co-generation Kenya Limited:** FIRM, through technical support from Viability Africa, provided Cummins with technical assistance in its pursuit to generate 10Mw of power for feeding

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into the KPLC grid through biomass with the *mathenge* weed in Baringo County. Currently, there is sufficient *mathenge* weed to generate up to 100MW of power every year for at least 30 years. The total value of the project is \$ 20 million. Viability Africa advised the lender on the feasibility and viability of the project and is currently leading the carbon asset management.

### Devolved County Governments

**Isiolo County Government:** FIRM met with the Isiolo Governor to discuss FIRM's work in the County and to further understand their needs for technical assistance including the development of their County Integrated Development Plan (CIDP). In addition, the county government expressed a need for capacity building of cabinet secretaries. FIRM agreed on subsequent meetings with the Isiolo county government.

**Meru County Government:** FIRM met with the governor of Meru County to discuss FIRM's work in the county and to understand their need for technical assistance to develop their CIDP. During the discussions, other opportunities available to partner with the county government range from assisting the government to set up an agricultural SACCO that will serve small holder farmers in the region to directly partnering with agricultural exporters in the region. FIRM discussed a SACCO strategy covering development, regulation and financing of SACCOs, to support the Agriculture sector a key driver of the county's economic growth. FIRM is awaiting a concept note from the Cabinet Secretary for planning and note detailing areas that Meru County will require support from FIRM.

**Kisumu County Government:** FIRM met with the Kisumu County Governor to explore possible areas of partnership in financial inclusion. The meeting discussed a range of issues including youth and agriculture, renewable energy and micro-lending. The county has since submitted a concept note to guide a possible future partnership with FIRM.

### Lessons Learned

No significant lessons were learned during the period.

## III. PROGRAM PROGRESS (Quantitative Impact)

The indicator data tables below provide basic information to assess FIRM's progress toward achievement of our Development Objectives. The format is designed to collect data in a consistent manner for each reporting period. The indicators in the tables below require data collection on a quarterly basis and contain unaudited results. Indicators 4.5.2 – 12, 4.5.2 – 38 and 4.5.1 – 24 are reported on an annual basis and therefore are not included here.

Note that 2011 doesn't have targets listed in the tables, since in 2012, FIRM was given new Feed the Future goals and the 2011 targets are no longer tracked. Also, in some tables, no targets were provided for 2012 since FIRM was retrofitted at the fiscal yearend into FTF.

Dates on the tables are US government fiscal year.

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| Indicator 4.5.2 – 5: Number of farmers and others who have applied new technologies or management practices as a result of USG assistance |            |               |               |                            |                            |                            |                  |                  |                  |                  |
|---|------------|---------------|---------------|----------------------------|----------------------------|----------------------------|------------------|------------------|------------------|------------------|
| Baseline 0: FTF indicator   |            |               |               |                            |                            |                            |                  |                  |                  |                  |
| DISAGGREGATE  | FY 2011    | FY 2012       |               | FY 2013                    |                            |                            |                  | FY 2014          | FY 2015          |                  |
| -Gender(M/W)<br>-New/Continuing<br>Clients  |            | Q1 – Q4       |               | 10/01/2012 –<br>03/31/2013 | 04/01/2013 –<br>06/30/2013 | 07/01/2013 –<br>09/30/2013 | TOTAL<br>FY 2013 | Annual<br>Target | Annual<br>Target | Annual<br>Target |
|   |            | Target        | Actual        | Actual                     | Actual                     | Actual                     | Actual           |                  |                  |                  |
| <b>GENDER</b>   | <b>N/A</b> | <b>10,000</b> | <b>36,523</b> | <b>86,946</b>              | <b>79,897</b>              | <b>129,867</b>             | <b>296,710</b>   | <b>104,700</b>   | <b>189,400</b>   | <b>279,900</b>   |
| M   |            |               | 28,006        | 39,995                     | 67,336                     | 42,617                     | 149,948          | 52,350           | 85,230           | 111,960          |
| W   |            |               | 8,517         | 46,951                     | 12,561                     | 87,250                     | 146,762          | 52,350           | 104,170          | 167,940          |
| <b>NEW/CONTINUING</b>   | <b>N/A</b> | <b>10,000</b> | <b>36,523</b> | <b>86,946</b>              | <b>79,897</b>              | <b>129,867</b>             | <b>296,710</b>   | <b>104,700</b>   | <b>189,400</b>   | <b>279,900</b>   |
| New Clients   |            |               | 36,523        | 86,946                     | 79,897                     | 129,867                    | 296,710          | 70,000           | 90,000           | 100,000          |
| Continuing Clients  |            |               | -             | -                          | -                          | -                          | -                | 34,700           | 99,400           | 179,000          |

We have exceeded the fiscal year target for the year for Indicator 4.5.2 – 5.

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

| Indicator 4.5.2 – 11: Number of food security private enterprises (for profit), producer organizations, water users associations, women’s groups, trade and business associations, and community-based organizations receiving USG assistance |            |            |            |                         |                         |                         |                 |               |               |               |
|---|------------|------------|------------|-------------------------|-------------------------|-------------------------|-----------------|---------------|---------------|---------------|
| Baseline 0: FTF indicator   |            |            |            |                         |                         |                         |                 |               |               |               |
| DISAGGREGATE  | FY 2011    | FY 2012    |            | FY 2013                 |                         |                         |                 | FY 2014       | FY 2015       |               |
| - Type of Organization  |            | Q1 – Q4    |            | 10/01/2012 – 03/31/2013 | 04/01/2013 – 06/30/2013 | 07/01/2013 – 09/30/2013 | TOTAL (Q1 – Q4) | Annual Target | Annual Target | Annual Target |
| -New / Continuing clients   |            | Target     | Actual     | Actual                  | Actual                  | Actual                  | Actual          |               |               |               |
| <b>TYPE OF ORG.</b>   | <b>N/A</b> | <b>N/A</b> | <b>313</b> | <b>356</b>              | <b>10</b>               | <b>6</b>                | <b>372</b>      | <b>400</b>    | <b>450</b>    | <b>450</b>    |
| Private Enterprises   |            |            | 36         | 38                      | 8                       | 5                       | 51              | 50            | 60            | 60            |
| Producer Orgs   |            |            | 12         | 12                      | -                       | -                       | 12              | 20            | 25            | 25            |
| Water Users Assoc.  |            |            | 21         | 35                      | -                       | -                       | 35              | 40            | 45            | 45            |
| Women’s Groups  |            |            | 241        | 262                     | -                       | -                       | 262             | 270           | 285           | 285           |
| Trade & Business Assoc.   |            |            | 3          | 9                       | 1                       | 1                       | 11              | 10            | 20            | 20            |
| Community-Based Orgs  |            |            | -          | -                       | 1                       | -                       | 1               | 10            | 15            | 15            |
| <b>NEW/CONTINUING</b>   | <b>N/A</b> | <b>N/A</b> | <b>313</b> | <b>356</b>              | <b>10</b>               | <b>6</b>                | <b>372</b>      | <b>400</b>    | <b>450</b>    | <b>450</b>    |
| New   |            |            | 313        | 43                      | 10                      | 6                       | 59              | -             | -             | -             |
| Continuing  |            |            | -          | 313                     | -                       | -                       | 313             | -             | -             | -             |

Likewise, for Indicator 4.5.2 – 11, FIRM on track with a variance of 7% against the target against our annual target.

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

| Indicator 4.5.2 – 13: Number of rural households benefiting directly from USG interventions |         |                |                |                            |                               |                            |                        |                  |                  |                  |
|---|---------|----------------|----------------|----------------------------|-------------------------------|----------------------------|------------------------|------------------|------------------|------------------|
| Baseline 0: FTF indicator   |         |                |                |                            |                               |                            |                        |                  |                  |                  |
| DISAGGREGATE  | FY 2011 | FY 2012        |                | FY 2013                    |                               |                            |                        | FY 2014          | FY 2015          |                  |
| -Gendered H/H Type<br><br>-New/Continuing Clients   |         | Q1 – Q4        |                | 10/01/2012 –<br>03/31/2013 | 04/01/2013<br>–<br>06/30/2013 | 07/01/2013 –<br>09/30/2013 | TOTAL<br><br>(Q1 – Q4) | Annual<br>Target | Annual<br>Target | Annual<br>Target |
|   |         | Target         | Actual         | Actual                     | Actual                        | Actual                     | Actual                 |                  |                  |                  |
| <b>HOUSEHOLD TYPE</b>   |         | <b>245,000</b> | <b>212,000</b> | <b>125,965</b>             | <b>154,051</b>                | <b>362,847</b>             | <b>642,863</b>         | <b>300,000</b>   | <b>380,000</b>   | <b>450,000</b>   |
| WNM   |         |                |                | 77,004                     | 56,761                        | 180,838                    | 314,603                | 150,000          | 209,000          | 270,000          |
| MNW   |         |                |                | 48,961                     | 95,256                        | 179,397                    | 323,614                | 150,000          | 171,000          | 180,000          |
| M&W   |         |                |                | -                          | 2,034                         | 2,612                      | 4,646                  | -                | -                | -                |
| CNA   |         |                |                | -                          | -                             | -                          | -                      | -                | -                | -                |
| <b>NEW/CONTINUING</b>   |         | <b>245,000</b> | <b>212,000</b> | <b>125,965</b>             | <b>154,051</b>                | <b>362,847</b>             | <b>642,863</b>         | <b>300,000</b>   | <b>380,000</b>   | <b>450,000</b>   |
| New   |         |                |                | 125,965                    | 154,051                       | 362,847                    | 642,863                | -                | -                | -                |
| Continuing  |         |                |                | -                          | -                             | -                          | -                      | -                | -                | -                |

For Indicator 4.5.2 – 13, we have significantly exceeded the annual target.

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

| Indicator 4.5.2 – 25: Number of people with a savings account or insurance policy as a result of USG Assistance |            |            |               |                         |                         |                         |                 |               |               |               |
|---|------------|------------|---------------|-------------------------|-------------------------|-------------------------|-----------------|---------------|---------------|---------------|
| Baseline 0: FTF indicator   |            |            |               |                         |                         |                         |                 |               |               |               |
| DISAGGREGATE  | FY 2011    | FY 2012    |               | FY 2013                 |                         |                         |                 | FY 2014       | FY 2015       |               |
| <i>-Type of A/C-Policy</i><br><i>-Gender of A/C-Policy Holder</i>   |            | Q1 – Q4    |               | 10/01/2012 – 03/31/2013 | 04/01/2013 – 06/30/2013 | 07/01/2013 – 09/30/2013 | TOTAL (Q1 – Q4) | Annual Target | Annual Target | Annual Target |
|   |            | Target     | Actual        | Actual                  | Actual                  | Actual                  | Actual          |               |               |               |
| <b>TYPE OF A/C POLICY</b>   | <b>N/A</b> | <b>N/A</b> | <b>49,772</b> | <b>124,707</b>          | <b>53,577</b>           | <b>39,283</b>           | <b>217,567</b>  | <b>75,000</b> | <b>85,000</b> | <b>90,000</b> |
| Savings   | -          | -          | 46,750        | 123,484                 | 50,246                  | 35,214                  | 208,944         | 37,500        | 42,500        | 45,000        |
| Insurance   | -          | -          | 3,022         | 1,223                   | 3,331                   | 4,069                   | 8,623           | 37,500        | 42,500        | 45,000        |
| <b>GENDER OF OWNER</b>  | <b>N/A</b> | <b>N/A</b> | <b>49,772</b> | <b>124,707</b>          | <b>53,577</b>           | <b>39,283</b>           | <b>217,567</b>  | <b>75,000</b> | <b>85,000</b> | <b>90,000</b> |
| M   | -          | -          | 27,378        | 39,131                  | 30,908                  | 20,207                  | 90,246          | 37,500        | 38,250        | 39,600        |
| W   | -          | -          | 22,394        | 85,576                  | 22,669                  | 19,076                  | 127,321         | 37,500        | 46,750        | 50,400        |

FIRM has significantly exceeded our annual target for Indicator 4.5.2. – 25. Insurance, bundled into agriculture finance, is becoming more widespread as a result of projects effort within the industry.

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

| Indicator 4.5.2 – 27: Number of members of producer organizations and community-based organizations receiving USG assistance |            |         |                |                            |                            |                            |                    |                  |                  |                  |
|--|------------|---------|----------------|----------------------------|----------------------------|----------------------------|--------------------|------------------|------------------|------------------|
| Baseline 0: FTF indicator  |            |         |                |                            |                            |                            |                    |                  |                  |                  |
| DISAGGREGATE   | FY 2011    | FY 2012 |                | FY 2013                    |                            |                            |                    | FY 2014          | FY 2015          |                  |
| -Type of Organization<br>-Gender   |            | Q1 – Q4 |                | 10/01/2012 –<br>03/31/2013 | 04/01/2013 –<br>06/30/2013 | 07/01/2013 –<br>09/30/2013 | TOTAL<br>(Q1 – Q4) | Annual<br>Target | Annual<br>Target | Annual<br>Target |
|  |            | Target  | Actual         | Actual                     | Actual                     | Actual                     | Actual             |                  |                  |                  |
| <b>TYPE OF ORG.</b>  | <b>N/A</b> |         | <b>113,228</b> | <b>80,950</b>              | <b>80,043</b>              | <b>71,973</b>              | <b>232,966</b>     | <b>200,000</b>   | <b>250,000</b>   | <b>300,000</b>   |
| Producer Orgs.   |            |         | 30,728         | 50,950                     | 80,043                     | 43,148                     | 174,141            | 80,000           | 125,000          | 180,000          |
| CBOs   |            |         | 82,500         | 30,000                     | -                          | 28,825                     | 58,825             | 120,000          | 125,000          | 120,000          |
| <b>GENDER OF MEMBER</b>  | <b>N/A</b> |         | <b>113,228</b> | <b>80,950</b>              | <b>80,043</b>              | <b>71,973</b>              | <b>232,966</b>     | <b>200,000</b>   | <b>250,000</b>   | <b>300,000</b>   |
| M  |            |         | 88,845         | 45,305                     | 59,815                     | 50,363                     | 155,483            | 100,000          | 112,500          | 120,000          |
| W  |            |         | 24,383         | 35,645                     | 20,228                     | 21,610                     | 77,483             | 100,000          | 137,500          | 180,000          |

FIRM has met our annual target for Indicator 4.5.2 – 27. However, FIRM’s assistance is targeted at the institutional level in most cases and not at the end user of financial services. Therefore, it should not this indicator should be considered a way to measure general impact, but the project does not guarantee that each of these members directly receive USG assistance.

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

| Indicator 4.5.2 – 29: Value of Agricultural and Rural Loans |             |             |                            |                               |                               |                        |                  |                  |                |
|---|-------------|-------------|----------------------------|-------------------------------|-------------------------------|------------------------|------------------|------------------|----------------|
| Baseline 0: FTF indicator                                   |             |             |                            |                               |                               |                        |                  |                  |                |
| DISAGGREGATE  | FY 2012     |             | FY 2013                    |                               |                               |                        | FY 2014          | FY 2015          |                |
| -Type of Loan Recipient<br><br>-Gender of recipient         | Q1 – Q4     |             | 10/01/2012 –<br>03/31/2013 | 04/01/2013<br>–<br>06/30/2013 | 07/01/2013<br>–<br>09/30/2013 | TOTAL<br><br>(Q1 – Q4) | Annual<br>Target | Annual<br>Target | Annual Target  |
|   | Target      | Actual      | Actual                     | Actual                        | Actual                        | Actual                 |                  |                  |                |
| <b>TYPE OF LOAN RECIPIENT</b>                               | <b>225M</b> | <b>103M</b> | <b>216,588,444</b>         | <b>17,125,880</b>             | <b>26,052,256</b>             | <b>259,766,580</b>     | <b>250M</b>      | <b>375M</b>      | <b>500M</b>    |
| Producers   | -           | -           | -                          | -                             | -                             | 140,273,953            | 150,000,000      | 243,750,000      | 350,000,000.00 |
| Local Traders/Assemblers                                    | -           | -           | -                          | -                             | -                             | -                      | 50,000,000       | 75,000,000       | 125,000,000.00 |
| Wholesalers/Processors                                      | -           | -           | -                          | -                             | -                             | -                      | 25,000,000       | 37,500,000       | 25,000,000.00  |
| Others  | -           | -           | -                          | -                             | -                             | 119,492,627            | 25,000,000       | 18,750,000       | -              |
| <b>GENDER OF RECIPIENT</b>                                  | <b>225M</b> | <b>103M</b> | <b>216,588,444</b>         | <b>17,125,880</b>             | <b>26,052,256</b>             | <b>259,766,580</b>     | <b>250M</b>      | <b>375M</b>      | <b>500M</b>    |
| M   | 146.25M     | 51.68M      | 71,474,186                 | 2,311,994                     | 11,007,408                    | 84,793,588             | 150M             | 187.5M           | 200M           |
| W   | 78.75M      | 51.32M      | 145,114,258                | 14,813,886                    | 14,741,618                    | 174,669,762            | 100M             | 187.5M           | 300M           |
| Joint A/C   |             | -           | -                          | -                             | 303,230                       | 303,230                | -                | -                | -              |
| N/A   |             | -           | -                          | -                             | -                             | -                      | -                | -                | -              |

\*Disaggregate by type not available. It will be reflected in the annual report.

\*\*This number includes Additionality (SME loans). Data on gender for KCB SME was not provided.

Analysis: FIRM has achieved its annual target of \$250 million in agricultural and rural loans.

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

| Indicator 4.5.2 – 30: Number of MSMEs, including farmers, receiving USG assistance to access bank loans |            |         |                |                            |                            |                            |                    |                  |                  |                  |
|---|------------|---------|----------------|----------------------------|----------------------------|----------------------------|--------------------|------------------|------------------|------------------|
| Baseline 0: FTF indicator   |            |         |                |                            |                            |                            |                    |                  |                  |                  |
| DISAGGREGATE  | FY 2011    | FY 2012 |                | FY 2013                    |                            |                            |                    | FY 2014          | FY 2015          |                  |
| -Size of MSME<br>-Gender of Owner   |            | Q1 – Q4 |                | 10/01/2012 –<br>03/31/2013 | 04/01/2013 –<br>06/30/2013 | 07/01/2013 –<br>09/30/2013 | TOTAL<br>(Q1 – Q4) | Annual<br>Target | Annual<br>Target | Annual<br>Target |
|   |            | Target  | Actual         | Actual                     | Actual                     | Actual                     | Actual             |                  |                  |                  |
| <b>SIZE OF MSME</b>   | <b>N/A</b> |         | <b>158,175</b> | <b>80,563</b>              | <b>13,907</b>              | <b>94,698</b>              | <b>189,168</b>     | <b>200,000</b>   | <b>250,000</b>   | <b>300,000</b>   |
| Micro   |            |         | 158,175        | 80,563                     | 13,907                     | 94,698                     | 189,168            | 100,000          | 150,000          | 200,000          |
| Small   |            |         | -              | -                          | -                          | -                          | -                  | 50,000           | 62,500           | 80,000           |
| Medium  |            |         | -              | -                          | -                          | -                          | -                  | 50,000           | 37,500           | 20,000           |
| <b>GENDER OF OWNER</b>  | <b>N/A</b> |         | <b>158,175</b> | <b>80,563</b>              | <b>13,907</b>              | <b>94,698</b>              | <b>189,168</b>     | <b>200,000</b>   | <b>250,000</b>   | <b>300,000</b>   |
| M   |            |         | 79,847         | 21,545                     | 3,548                      | 12,081                     | 37,174             | 100,000          | 112,500          | 120,000          |
| W   |            |         | 78,328         | 59,018                     | 10,359                     | 81,589                     | 150,966            | 100,000          | 137,500          | 180,000          |
| Joint A/C   |            |         | -              | -                          | -                          | 1,028                      | 1,028              | -                | -                | -                |
| N/A   |            |         | -              | -                          | -                          |                            | -                  | -                | -                | -                |

FIRM has met the annual target for Indicator 4.5.2 – 30 with a variance of 5.4%. We resolved a communication issue with our partners regarding reporting, and have a high number for the final quarter of FY 2013.

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

| Indicator 4.5.2-37 Number of MSMEs, including farmers, receiving business development services from USG assisted sources |            |         |           |                         |                         |                    |               |               |               |
|--|------------|---------|-----------|-------------------------|-------------------------|--------------------|---------------|---------------|---------------|
| Baseline 0: FTF indicator  |            |         |           |                         |                         |                    |               |               |               |
| DISAGGREGATE   | FY 2011    | FY 2012 |           | FY 2013                 |                         |                    | FY 2014       | FY 2015       |               |
| -Size of MSME  |            | Q1 – Q4 |           | 10/01/2012 – 03/31/2013 | 04/01/2013 – 09/30/2013 | TOTAL<br>(Q1 – Q4) | Annual Target | Annual Target | Annual Target |
| -MSME Type   |            | Target  | Actual    | Actual                  | Actual                  | Actual             |               |               |               |
| -Gender of Owner   |            |         |           |                         |                         |                    |               |               |               |
| <b>SIZE OF MSME</b>  | <b>N/A</b> |         | <b>38</b> | <b>42</b>               | <b>11</b>               | <b>53</b>          | <b>50</b>     | <b>65</b>     | <b>65</b>     |
| Micro  |            |         | 3         | 3                       | 1                       | 4                  | 25            | 45            | 50            |
| Small  |            |         | 22        | 25                      | 6                       | 31                 | 15            | 15            | 10            |
| Medium   |            |         | 13        | 14                      | 4                       | 18                 | 10            | 5             | 5             |
| <b>TYPE OF MSME</b>  | <b>N/A</b> |         | <b>38</b> | <b>42</b>               | <b>11</b>               | <b>53</b>          | <b>50</b>     | <b>65</b>     | <b>65</b>     |
| Ag Producers   |            |         | 12        | 12                      | -                       | 12                 | 20            | 30            | 35            |
| Input Suppliers  |            |         | -         | -                       | -                       | -                  | 10            | 15            | 15            |
| Traders  |            |         | -         | -                       | -                       | -                  | 5             | 10            | 10            |
| Output Processors  |            |         | -         | -                       | -                       | -                  | 5             | 5             | 5             |
| Non-Agricultural   |            |         | -         | -                       | -                       | -                  | -             | -             | -             |
| Other  |            |         | 26        | 30                      | 11                      | 41                 | 10            | 5             | -             |
| <b>GENDER OF OWNER</b>   | <b>N/A</b> |         | <b>38</b> | <b>42</b>               | <b>11</b>               | <b>53</b>          | <b>50</b>     | <b>65</b>     | <b>65</b>     |

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

|       |  |  |    |    |    |    |    |    |    |
|-------|--|--|----|----|----|----|----|----|----|
| M     |  |  | 1  | 1  | -  | 1  | 5  | 10 | 20 |
| W     |  |  | 1  | 1  | -  | 1  | 15 | 25 | 30 |
| Joint |  |  | -  | -  | -  | -  | 10 | 15 | 15 |
| N/A   |  |  | 36 | 40 | 11 | 51 | 20 | 15 | -  |

FIRM achieved its annual target for Indicator 4.5.2 – 38.

# FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

## IV. PERFORMANCE MONITORING

FIRM's monitoring and evaluation team devoted the early part of the quarter to carrying out the Poverty Assessment Tool (PAT) survey in three FTF focus regions: Western, Nyanza and Rift Valley provinces. Planning is ongoing for the GIS mapping exercise scheduled for Quarter 3. Candidates were interviewed for the new statistician position; negotiations with the potential candidate are underway. The monitoring and evaluation manager worked closely with the COR and ABEO Monitoring and Evaluation Specialists to make changes to the project Performance Management Plan (PMP) and Performance Indicator Reference Sheets (PIRS).

The remainder of the quarter was spent collecting and analyzing data from all partner financial institutions to inform the "Quantitative Impact" section of this report.

## V. PROGRESS ON LINKS TO OTHER USAID PROGRAMS

**USAID's ASAL Projects:** To ensure that there is no overlap and to achieve multi-partner collaboration in carrying out development activities, Regal-IR, Regal – AG, NRT, FIRM and Millennium Water Alliance (MWA) held joint meetings to develop a joint work plan and to operationalize areas of geographical convergence to ensure that two or more organizations do not support the implementation of similar activities within the same county. As part of this process, the five programs reviewed the joint operational work plan and an MOU to capture all issues was developed. A consultant contracted by USAID Kenya to guide the process sent a revised version of the MOU and Operational workplan to all ASAL projects. Each of projects has so far reviewed the documents and sent them back to the consultant.

**Millennium Water Alliance (MWA):** FIRM met with the Millennium Water Alliance (MWA) to discuss leveraging FIRM's existing relationships to further MWA's work. FIRM will link MWA to financiers and assist MWA with strengthening the operations of two commercially viable projects with potential for scalability.

**Frigoken Passion fruit farming project:** FIRM designed financial products for USAID KAVES and Frigoken to enable out growers in Makueni to access financing. The outgrower groups form part of a passion fruit farming initiative by Frigoken Company. FIRM designed the structure of a sustainable revolving fund where KAVES would offer a grant for inputs through an intermediary financial institution for onward lending to farmers. KAVES and Frigoken have since rolled out the revolving fund.

## VI. PROGRESS ON LINKS WITH GOK AGENCIES

Linkages with GOK agencies remain unchanged from the previous period.

## VII. PROGRESS ON USAID FORWARD

During the quarter, FIRM continued to incrementally sustain progress on USAID Forward objectives.

In its partnership with financial institutions, FIRM supports an array of agriculture activities under Feed the Future and in clean/renewable energy and water. Financial institutions appetite for consulting services will remain strong and consistent overtime. FIRM's role in this area is two-pronged.

## FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

First, the project seeks to increase each institution's profitability while demonstrating the value provided by the local consulting industry (i.e. the financial institution grows while increasing profits). After FIRM concludes, these financial institutions are expected to source Kenyan consultants and companies to support ongoing business needs – all forms of technical assistance and capacity building but across increasing levels of sophistication.

Second, FIRM sources Kenyan consultants on behalf of financial institutions to demonstrate the value offered by the local industry. In cases gaps exist in the market for services, FIRM works with local consultants or companies to build the missing capacities and capabilities. In the Kenyan marketplace, the greatest challenge is the over reliance placed on an owner/operator to complete multiple, ongoing, high-quality assignments. In most, if not all cases, these companies are small and entirely dependent on the technical skills and managerial abilities of the owner/operator. If the company has too many assignments at the same time, it does not have the personnel able to fill in for the owner/operator. The key challenge calls for assisting these high-quality individuals build their companies in order to handle multiple assignments while meeting acceptable standards.

# FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

## VIII. SUSTAINABILITY AND EXIT STRATEGY

FIRM's sustainability and exit strategy is grounded on USAID Forward objectives. While seeking to achieve contractual objectives under the Task Order, the project works to enable financial and non-financial service providers to enter new markets and increase profitability. In time, these businesses will source services from the Kenyan consulting industry. Likewise, the local consulting industry will reach of level of technical and managerial capacity necessary to meet the increasing sophistication of Kenya's businesses.

## IX. NEXT QUARTER'S WORK PLAN

FIRM does not anticipate any deviations or setbacks to the project workplan. In fact, the growth of new opportunities outpaces original planning forecasts. These developments have been discussed with the COR; and, as a result, a budget realignment has been drafted and shared with USAID Kenya to better position FIRM to cost effectively advantage these opportunities.

## X. FINANCIAL INFORMATION

[REDACTED]

|   | — | + | + | + | + | + | + |
|---|---|---|---|---|---|---|---|
| ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |

# FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES

[REDACTED]

[REDACTED]

|            |            |            |            |            |            |            |            |            |            |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|            | [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |
| [REDACTED] |

## XI. PROJECT ADMINISTRATION

### Constraints and Critical Issues

USAID Kenya requested that we break down and report upon our spending in 3 categories: agriculture policy, agriculture capacity and energy. To comply with the request, DAI Bethesda must introduce changes to its accounting software so that we can enter information into the categories sought by USAID Kenya. Those modifications are being made and should be done during the upcoming quarter.

We are receiving multiple requests to assist the newly formed county governments with the development of their Integrated Development Plans, following our participation in the Governor's Agriculture Forum held in Mombasa during the month of June. This work is not part of our scope of work. We have notified USAID Kenya and they are aware of these pending requests.

### Personnel

There were no changes to FIRM's personnel during this quarter.

### Changes in the Project

There were no significant changes to the project this quarter.

In this quarter we received have received twenty six DAI forms for VAT exemption in this quarter.

### Contract Modifications and Amendments

There were no modifications or amendments to this contract during the previous quarter.

## **Annexes**

## Annex I: Quarterly Deliverables

### Request for Proposals Issued

| RFP # | RFP Activity  | Issue Date         | Contract Price (Ksh) | BSP/ICA Awardee |
|-------|---|--------------------|----------------------|-----------------|
| 44    | To assist Century DTM develop a five-year Strategic Business Plan                             | 2-July 13          | 8-July 13            | 12-July 13      |
| 45    | Medical Insurance for USAID Kenya FIRM Employees and their dependents                         | 16-July 13         | 19-July 13           | 23-July 13      |
| 46    | Assist Oiko credit to develop an Agribusiness Marketing and Communications Strategy and plan. | 12-Sep 13          | 17-Sep 13            | 20-Sep 13       |
| 47    | Assist Universal Traders SACCO to develop a five year Strategic Business Plan                 | September 27, 2013 | October 3, 2013      | October 7, 2013 |
| 48    | Assist Nyala Vision SACCO to develop a Marketing Plan and refine its products                 | September 27, 2013 | October 3, 2013      | October 7, 2013 |

### Deliverables Produced

#### July 2013

| Date Paid | Deliverables paid  | USD        |
|-----------|--|------------|
| 8-Jul-13  | ICA-014, Del #3- June 2013 Monthly report. Assignment- to provide technical and administrative support to the National Economic and Social Council of Kenya (NESC) through consultants developing a National Credit Guarantee Scheme bill and policy | ██████████ |
| 8-Jul-13  | FIRM-ICA-015. Monthly progressive report, June 2013 signed by the Executive Director AMPK for the month of June 2013   | ██████████ |
| 10-Jul-13 | Credit Guarantee Schemes draft Policy and Bill validation workshop on 06/13/2013   | ██████████ |
| 10-Jul-13 | Credit Guarantee Schemes draft policy and Bill validation workshop on 06/14/2013   | ██████████ |
| 10-Jul-13 | Credit Guarantee Schemes Stakeholders validation workshop on 06/20/2013  | ██████████ |
| 10-Jul-13 | Hire of equipment(Splitter cable) for Credit Guarantee Schemes Stakeholders validation workshop on 06/20/2013  | ██████████ |
| 10-Jul-13 | PO-057 Del #6:3rd Quarter report January 2013 to March 2013 report. Assignment- Operational and Financing support of a pilot program for HCA to develop and test a financial product for rural beekeeping microenterprises                           | ██████████ |

|           |   |            |
|-----------|---|------------|
| 11-Jul-13 | Del# 2, PO-093. A standardized and well documented training manual for each business unit. Assignment to develop and Implement a capacity building program  | ██████████ |
| 11-Jul-13 | Del# 3, PO-093. A training curricula and material for an internal trainer of trainers (TOT) program - Assignment to develop and implement a capacity building program   | ██████████ |
| 11-Jul-13 | Del# 4, PO- 093. A pilot delivery of the TOT program to assigned Rafiki personnel. Assignment to develop and implement a capacity building program  | ██████████ |
| 10-Jul-13 | 75% payment for KLIFT and Management workshop held at Jacaranda hotel on 07/11/2013   | ██████████ |
| 11-Jul-13 | PO.108-Del#2. A draft five-year agribusiness SME finance strategy. Assignment to assist Jamii Bora Ltd develop an agribusiness and SME strategies and related documentation.  | ██████████ |
| 15-Jul-13 | PO-102. Deliverable# 1. Implementation Plan. Assignment: To increase the number of viable renewable energy generation projects and to build local capacity for renewable energy project development   | ██████████ |
| 17-Jul-13 | PO.108-Del#3. A workshop report with recommendations on the draft strategy. Assignment to assist Jamii Bora Ltd develop an agribusiness and SME strategies and related documentation.   | ██████████ |
| 17-Jul-13 | PO.108-Del#4. A final comprehensive five-year agribusiness SME finance strategy.to include A detailed implementation plan, budget, tools and systems to monitor performance against plan. Assignment to assist Jamii Bora Ltd develop an agribusiness and SME strategies and related documentation. | ██████████ |
| 16-Jul-13 | Del#1.PO-103. A Time-lined work plan. Assignment to develop a 5-year strategic business plan for BIMAS  | ██         |
| 16-Jul-13 | Del#2.PO-103. A draft five-year Strategic Business Plan. Assignment to develop a 5-year strategic business plan for BIMAS   | ██████████ |
| 16-Jul-13 | Del#3.PO-103. A workshop on the draft report including recommendations given by BIMAS. Assignment to develop a 5-year strategic business plan for BIMAS   | ██████████ |
| 16-Jul-13 | Del#4.PO-103. A comprehensive five-year Strategic Business Plan. Assignment to develop a 5-year strategic business plan for BIMAS   | ██████████ |
| 16-Jul-13 | Del#5.PO-103. A detailed implementation plan and budget and systems to monitor performance against plan. Assignment to develop a 5-year strategic business plan for BIMAS   | ██████████ |
| 18-Jul-13 | PO-097_Deliverable #4. A two-day validation workshop for experts to review the draft credit guarantee policy and bill documents, including a workshop report. PO 097- Assignment-Develop a Policy and Bill for the Government of Kenya  | ██████████ |
| 18-Jul-13 | PO-097_Deliverable #6. A one-day key stakeholder's validation workshop on the credit guarantee policy and bill documents, including a workshop report. Assignment - to develop a policy and bill for the Government of Kenya  | ██████████ |
| 18-Jul-13 | 75% payment towards BIMAS Strategic plan launch - 255 Guests Luncheon   | ██████████ |

|           |   |          |
|-----------|---|----------|
| 27-Jul-13 | Balance payment for KLIFT and Management workshop held at Jacaranda hotel on 07/11/2013 | ████████ |
|           | <b>Total deliverables paid</b>  | ████████ |

### August 2013

|           | Deliverables paid   | USD      |
|-----------|---|----------|
| 7-Aug-13  | Monthly progressive report signed by the Executive Director AMPK for the month of July 2013. Assignment to assist APMK to develop key operating systems and processes that will form the foundation of its operations as it gears for strategic expansion | ████████ |
| 7-Aug-13  | ICA-014, Del #4- July 2013 Monthly report. Assignment- to provide technical and administrative support to the National Economic and Social Council of Kenya (NESC)  | ████████ |
| 8-Aug-13  | Deliverable # 6.PO-077. A methodology and a timelined workplan to carry out the assignment to assist KWFT DTM to develop and roll-out clean/renewable energy products   | ████████ |
| 8-Aug-13  | Deliverable No 5.PO-086 A detailed implementation plan, budget, tools and systems to monitor performance against plan. Assist Musoni Microfinance Finance Institutions to Develop a Five year Rural Expansion Strategy                                    | ████████ |
| 15-Aug-13 | PO-097_Deliverable #2. A draft national credit guarantee policy document, including an implementation matrix, eventually presented to stakeholders and the GOK's cabinet. Assignment - to develop a policy and bill for the Government of Kenya           | ████████ |
| 15-Aug-13 | PO-097_Deliverable #3. A draft credit guarantee bill (eventually presented to stakeholders and the GOK's cabinet). Assignment - to develop a policy and bill for the Government of Kenya  | ████████ |
| 15-Aug-13 | PO.108-Del#5. A detailed implementation plan, budget, tools and systems to monitor performance against plan. Assignment to assist Jamii Bora Ltd develop an agribusiness and SME strategies and related documentation.                                    | ████████ |
| 20-Aug-13 | Del# 2. PO-102. Site Identification: Three Sites. Assignment; to build local capacity and increase the number of viable renewable energy generation projects  | ████████ |
| 20-Aug-13 | Kenya Credit Information Sharing Initiatives (KCISI) forum IV for 30 participants on 08/07/2013   | ████████ |
| 20-Aug-13 | 25% payment towards Business Initiatives Management Assistance Services (BIMAS) Strategic plan launch - 255 guests Luncheon   | ████████ |
| 29-Aug-13 | Deliverable #4- April 2013 Newsletter- the activities include Rapporteur National Forum April 2013 meeting, Participation in two Committee meetings and writing, design, layout of newsletter and email invitations to forum meeting attendees.           | ████████ |
|           | <b>Total deliverables paid</b>  | ████████ |

### September 2013

|  | Deliverables paid | USD |
|--|-------------------|-----|
|--|-------------------|-----|

|           |  |          |
|-----------|--|----------|
| 3-Sep-13  | Del# 3. PO-102. Site Identification: Three Additional Sites. Assignment; to build local capacity and increase the number of viable renewable energy generation projects  | ████████ |
| 4-Sep-13  | Communications Consultant-August 2013 - A monthly report that includes 4 weekly FTF blurd, 3 weekly success story, website updates done for the month, project photography done and facebook, twitter and tumblr – management report                   | ████████ |
| 4-Sep-13  | ICA-014, Del #5- August 2013 Monthly report. Assignment- to provide technical and administrative support to the National Economic and Social Council of Kenya (NESC) through consultants developing a National Credit Guarantee Scheme bill and policy | ████████ |
| 12-Sep-13 | Del #4 - Client retention production. Assignment - Printing of promotional materials, based on Juhudi Kilimo's marketing strategy  | ████████ |
| 12-Sep-13 | Del #7 - Staff materials production. Assignment - Printing of promotional materials, based on Juhudi Kilimo's marketing strategy   | ████████ |
| 12-Sep-13 | PO-083. Del #2. A workshop and a written report with KADET's recommendations on the draft strategy. Assignment - technical Assistance to KADET to develop an agriculture finance strategy  | ████████ |
| 12-Sep-13 | PO-083. Del #3. A comprehensive agricultural finance strategy. Assignment - technical Assistance to KADET to develop an agriculture finance strategy   | ████████ |
| 12-Sep-13 | PO-083. Del #4. A detailed implementation plan, budget, tools and systems to monitor performance against. Assignment - technical Assistance to KADET to develop an agriculture finance strategy  | ████████ |
| 13-Sep-13 | Deliverable 3: Installation sign off document to certify that the system has been installed and configured as ready for use. Assignment to assist Juhudi Kilimo Implement and Extend A Business Intelligence and Data Warehouse Solution.              | ████████ |
| 17-Sep-13 | PO-096. Deliverable#2. Financial Model with supported notes. Assignment to assist the Kenya Organic Oils Association (KOOFA), Earthoil extracts and the Body Shop (UK) to develop and document a financial model                                       | ████████ |
| 17-Sep-13 | PO-096. Deliverable#3. Tea Tree pricing manual. Assignment to assist the Kenya Organic Oils Association (KOOFA), Earthoil extracts and the Body Shop (UK) to develop and document a financial model  | ████████ |
| 17-Sep-13 | SACCOs Stakeholder workshop meeting held on 08/24/2013   | ████████ |
| 20-Sep-13 | Purchase and installation of three greenhouse tunnel bays for a pilot testing process on snow peas/snap peas growing in Timau, Laikipia from Kenya Rain Water Association  | ████████ |

|                                    |  |            |
|------------------------------------|--|------------|
| 4-Oct-13                           | Del #5 - Juhudi office branding production - 8 Branded roll-out signs, 10 painted office signs, 9 Painted office signs, 9 community sign posts, 50 Large branded stickers & Installation costs | [REDACTED] |
| <b>Total Deliverables Payments</b> |  | [REDACTED] |