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**KENYA ACCESS TO RURAL FINANCE PROGRAM  
YEAR THREE WORKPLAN AND PMP  
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# KENYA ACCESS TO RURAL FINANCE PROGRAM

YEAR THREE WORKPLAN AND PMP

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<i>Indicators 1 and 2 are closely related and therefore contributing activities are the identical.</i>		Year 1				Year 2				Year 3				TOTAL
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Indicator 1	Outreach to new rural borrowers and depositors extended to 250,000	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	50,000	250,000
Indicator 2	Value of loans to new borrowers extended to \$87,500,000 including \$750,000 in value chain lending	-	-	-	7,500,000 62,500	7,500,000 62,500	7,500,000 62,500	7,500,000 62,500	7,500,000 62,500	10,625,000 87,500	10,625,000 87,500	10,625,000 87,500	10,625,000 87,500	87,500,000 750,000
Activity	Technical Support to Expand DCA Guaranteed Rural and Agricultural Finance													
Sub-Activities	<i>DCA's: K-Rep SME DCA, KCB Multi-Purpose, Fina Bank, Oiko MFI Rescue, Equity MFI Rescue, K-Rep Water, Faulu Health Insurance, and other new DCA (current)</i>													
Activity	Technical Support to Transforming Institutions													
Sub-Activities	<i>Track and report on transformation progress and the associated increase in access to finance by institution (under the MF Bill)</i>													
	<i>Track and report on technical assistance, capacity building and other forms of support provided to business linkage firms and other value chain actors as each moves to sustainability through profitability and full-cost recovery</i>													
Activity	Rural and Agriculture Financial Product Development													
Sub-Activities	<i>Opportunistic partnerships with financial institutions (e.g. Equity Bank on fish)</i>													
	<i>Ideal Matunda in the avocado value chain</i>													
	<i>Cameta (decentralized financial services)</i>													
	<i>Uganda cross border maize trade</i>													
	<i>Other potential opportunities: Lake Victoria fish, HIV/AIDs, dairy</i>													
Activity	Support Legal and Regulatory Reforms through the Central Bank and AMFI													
Sub-Activities	<i>Identify policy and regulatory barriers that stifle rural finance; include these obstacles into FinAccess research agenda for additional research and prioritization as action items for industry collaboration and action</i>													
Activity	Build Capacity and Sustainability of AMFI													
Sub-Activities	<i>Assist AMFI to provide transformation support to MFIs</i>													
	<i>Support AMFI in its efforts to respond to the post-election crisis</i>													

Indicators 3, 4 and 5 are closely related and the associated activities are identical.		Year 1				Year 2				Year 3				TOTAL
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Indicator 3	Number of New Rural and Agricultural Finance Products Increased to 10 (agriculture sector) and 10 (non-agriculture sector)	-	-	-	5	1	1	2	2	2	2	2	3	20
Indicator 4	Number of Local Service Providers Utilized Increased to 25 with 10 Able to Carry-on Activities	-	-	1	1	2	2	3	3	3	3	3	4	25
Indicator 5	Non-traditional Value-chain Credit Sources (Exporters, Processors, Input Suppliers) Increased to 38	-	-	2	2	2	2	4	4	5	5	6	6	38
Activity	Pilot Innovative Value Chain Interventions													
Sub-Activities	<i>Opportunistically identify potential value chains and opportunities through interactions with ABEO partners, banks, MFIs, linkage firms, specialized financiers, farmers, exporters, processors, etc.</i>													
	<i>Sign MOUs with selected value chain projects and/or participants will be finalized, identifying roles and responsibilities of each party, and timeline/milestones for design and implementation</i>													
	<i>Conduct analysis on selected value chains and provide recommendations for improving access to finance to support upgrading strategies for selected value chains</i>													
Activity	Build Local Value Chain Finance Expertise													
Sub-Activities	<i>Partner with relevant and engaged value chain participants, ensuring that all endeavors are commercially oriented and market driven with a focus on incremental improvements in profitability and long-term sustainability (e.g. market linkages firms in avocados and other commodities, specialized financial service such as DFS and Cameta, Association of Women Agriculture Network, etc.)</i>													
Activity	Expand Warehouse Receipt Financing													
Sub-Activities	<i>Support the expansion of warehouse receipt financing and other forms of inventory credit, with its current partners, for maize, milk and other commodities that require storage</i>													
		Year 1				Year 2				Year 3				TOTAL
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Indicator 6	Portfolio at Risk for New Rural Borrowers Less Than 2.5%	-	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Activity	Monitor partner performance - financial institutions and value chain actors - and provide support as needed													
Sub-Activities	TBD													
		Year 1				Year 2				Year 3				TOTAL
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Deliverable	Rural and Agricultural Finance Market Assessment (gender analysis included)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	1

# WORKPLAN AND PMP NARRATIVE

The year three workplan and performance monitoring plan presented in the preceding section builds upon the activities undertaken in years one and two. New activities are also added.

Activities are, again, organized to match the indicators and deliverables outlined in the contract. Similar indicators are clustered together (1 and 2 followed by 3, 4 and 5 with 6 alone) and are followed by illustrative activities and sub-activities that contribute to the realization of each grouping.

Indicator 1: Outreach to New Rural Borrowers and Depositors Extended to 250,000

Indicator 2: Value of Loans to New Borrowers Extended to \$87,500,000 including 750,000 in value chain lending

In order to attain the values attributed to both indicators, KARF will first and foremost focus on its current, pending and potential Development Credit Loan Authority guarantees. With the knock-on effects of Post-Election violence diminishing, KARF will build on its work in dairy, omena/daaga, and finger millet finance. KARF will also explore partnerships with others to opportunistically expand into other high-potential value chains. New work is also planned in policy with the Central Bank of Kenya that has the potential to add to numerical results under both indicators.

## **Development Credit Authority Loan Guarantees**

KARF intends to add an additional guarantee with a subsidy USAID Kenya has in its pipeline. Discussions are underway with KWFT to underpin their conversion under the Deposit-Taking Microfinance Act and in the area of new product development. KARF is considering a partnership with the IFC which offers the possibility of a zero-subsidy, thereby creating space for an additional DCA transaction with the available subsidy funds.

## **Rural and Agriculture Finance**

Currently, KARF is supporting lending and other financing in the avocado value chain with Ideal Matunda as the lead firm. The Program is also working in financing the dairy value chain with several Kenyan financial institutions, on a structured trade transaction in finger millet (Uganda to Kenya), involving partners on both sides of the border, and in Lake Victoria fish (omena/daaga). Other areas of engagement are also being considered.

## **Central Bank of Kenya**

KARF is discussing a partnership with the Central Bank of Kenya to support its policy agenda. This new area offers the potential to greatly expand financial inclusion and access to ordinary Kenyans throughout the country.

Indicator 3: Number of New Rural and Agricultural Finance Products Increased to 10 (agricultural sector) and 10 (non-agricultural sector)

Indicator 4: Number of Local Service Providers Utilized Increased to 25 with 10 able to Carry-on Activities

Indicator 5: Non-traditional Value Chain Credit Sources Increased to 38 (exporters, processors, input suppliers, etc.)

In year three, KARF will build upon its achievements reached across indicators 3 through 5. KARF will continue working with its banks, MFIs, value chain partners and others to consolidate gains and increase outreach.

Indicator 6: Portfolio-at-Risk for New Rural Borrowers Less Than 2.5%

KARF will monitor the performance of financial institutions and value chain actors under this metric and provide support where necessary. Nothing new will be incorporated under this indicator in year two.

**Deliverable: Rural and Agriculture Finance Market Assessment**

The RAF Market Assessment was completed in year two with the Central Bank of Kenya through financing provided by FSD Kenya. KARF participated in this assessment as a member of FAP – Financial Access Partnership. KARF continues to working as a member of FAP to guide and participate in future research. The Program is a founding member of the Financial Sector Donor Working Group (FSDWG). Meetings are held every two months, aimed at coordinating activities and engaging the government of Kenya on a unified approach to financial sector development.