

# USAID Kuza

## Overview

USAID Kuza develops and supports economic opportunities in northern Kenya. The Activity improves the enabling environment for economic opportunities, accelerates public-private investment, expand, and deepens county-level capacity to build resilience, foster self-reliance, and reduce the need for humanitarian assistance. The activity manages the Impact for Northern Kenya Fund (“the Fund”) and is implemented by ACDI/VOCA, in close collaboration with Frontier Counties Development Council (FCDC) and financial institution (FI) partners.



*Northern Kenya Impact Investment Conference, April 2022*

## Objectives

1. Facilitate an enabling environment for expanded economic opportunities in areas of recurring crisis for women, youth, and marginalized groups.
2. Strengthen institutional and governance capacity of county governments and non-governmental organizations.
3. Develop extensive and robust private sector partnerships to expand investment, including the development and management of the Impact for Northern Kenya Fund (“the Fund”) aimed at increasing financial access to micro, small and medium enterprises (MSMEs) in the FCDC counties.
4. Advance progress and accelerate outcomes by integrating monitoring and evaluation with shared learning.

**Activity Duration:** 5 years (2019-2024)  
**Budget:** \$22.5 million  
**Implementing Partner:** ACDI/VOCA  
**Activity Areas:** Policy, Capacity Development, Investment and Monitoring, Evaluation and Learning  
**Impact for Northern Kenya Fund (“the Fund”):** The activity developed and manages a \$14 million fund for increased access to financial services in Northern Kenya. The Fund has disbursed eight loans to FIs totaling over \$11 million. The clients are Fadhili Micro-Enterprises Ltd., First Capital Ltd., Agricultural Finance Corporation, Solargen Technologies Ltd., Middle East Bank Kenya Ltd., Incredito Access Ltd. and Gen  
**Geographic Areas:** Northern Kenya (Garissa, Isiolo, Lamu, Mandera, Marsabit, Samburu, Tana River, Turkana, Wajir and West Pokot counties).

## Methodology and Approach

USAID Kuza builds upon the capacity of county governments and non-governmental organizations to achieve sustainable results, mobilizes public and private sector capital, and improves the enabling environment to support MSME-driven development. Specifically, the activity:

- **Finances Self-Reliance** – The activity supports the FCDC counties by increasing their capacity to govern effectively, efficiently, and responsibly utilize public resources and attract private capital. This will improve the enabling environment for enterprise development, private sector activity and increased local and international investment.
- **Engages the Private Sector** – The activity developed and oversees the Fund to mobilize activity capital and leverage private capital to support institutions, enterprises and individuals that foster economic and social impact in Northern Kenya. The activity will share lessons on the financiers, financial products and clients that foster impact, and this information will be used to design future investment policies, access to finance activities and investment mechanisms.
- **Redefines Relationships with County Governments** – The Fund encourages county participation in the development of deal pipelines, philanthropic fundraising and/or collateral agreements, further developing the counties’ capacity to attract and mobilize investment capital.

# The Impact for Northern Kenya Fund

USAID Kuza established and implements the Impact for Northern Kenya Fund (“the Fund”). The Fund is a \$14 million impact investment wholesale financing vehicle that lends catalytic capital to financial institutions for on-lending to micro, small- and medium-sized enterprises (MSMEs) in agriculture, livestock, and related sectors in Northern Kenya.

As a USAID program-related investment vehicle, the Fund finances clients that are drivers of economic and social growth. Through its loans, the Fund de-risks the opportunity cost of doing business in Northern Kenya. The Fund uses gender, youth, and market systems lenses to identify borrowers that promote equitable financing and business practices and encourage competitive and resilient markets. The Fund’s clients are:

**“Kuza has been a godsend. Before we received a loan from the Fund, AFC was not lending in northern Kenya.”**

Bonano Badia  
Chief Credit Officer  
Agricultural Finance Corporation



**Fadhili Microenterprises Limited** – Fadhili Microenterprises Limited is a Kenyan Microfinance Institution established in 2011. Fadhili has over 40,000 clients, 81% of whom are women. Fadhili uses the Grameen model of group guarantees to make micro-loans to entrepreneurs and farmers and has an average loan size of \$220. Due to its use of group lending with cross-guaranteeing, Fadhili has maintained a consistently low non-performing loan (NPL) ratio of less than 1% in northern Kenya.



**First Capital Limited** – First Capital Limited (FCL) is a credit-only financial institution, operating in Kenya since 2015. FCL offers loans valued between \$5,000 and \$80,000 to MSMEs in and supporting the agribusiness and livestock sectors. FCL’s clients in northern Kenya are in the construction sector and utilize FCL’s loan purchase order (LPO) product to implement projects financed by county governments, the government of Kenya or non-governmental organizations (NGOs). Over 37% of FCL’s clients are involved in drought response or climate adaptation activities.



**Agricultural Finance Corporation** – The Agricultural Finance Corporation (AFC) is a Development Finance Institution (DFI) incorporated by Government of Kenya in 1969. AFC finances producers, processors and service providers in the agriculture and livestock sectors throughout Kenya. The Fund loan has allowed AFC to provide capital to northern Kenyan MSMEs, working in close coordination with regional Saving and Credit Cooperative Organizations (SACCOs).



**Solargen Technologies Limited** – Solargen is a pay-as-you-go solar solutions provider that serves underserved communities by keeping energy, water, and irrigation services affordable. Offerings include off-grid solar power solutions, cold storage power solutions, solar irrigation systems and solarized drinking water. Solargen’s clients include the World Bank, United Nations and numerous MSMEs and low-income households.



**Middle East Bank Kenya Limited** – Middle East Bank Kenya Limited (MEB) is a Kenyan owned financial institution operating in Kenya since 1981. MEB provides financial services to a diverse customer base of over 3,000, which includes retail, MSME and corporate customers. The bank also acts as a wholesale lender to micro-finance institutions (MFIs), savings and credit cooperatives (SACCOs), investment groups, and producer associations.



**IncredoAccess Solution Limited** – Incredo is a non-deposit taking micro-finance instituting (MFI), that provides capital working capital, asset finance, instant credit, personal loans and insurance premium financing to individuals and micro, small and medium enterprises (MSMEs) throughout Kenya. Incredo leverages technology, including mobile applications, mobile money agents, sales agents, and strategic partnerships to end in areas where it does not have a physical branch. Currently, over 55% of the Incredo’s clients are women and women-owned enterprises.



**Centenary Micro Enterprise Services Limited** – Centenary Micro Enterprise Services (CEMES) is a microfinance institution (MFI) that operates with the primary objective of alleviating by providing micro-credit services. CEMES has an average loan size of \$92. Over 50% of this portfolio is invested in Agri-related activities, and 74% of its clients are female. CEMES piloted Kenya’s first micro-credit franchise model.

## Select USAID Kuza Achievements to Date



**10  
Counties of  
Intervention**



**\$118 Million  
Disbursed in  
Northern Kenya Due  
to USAID Kuza**

**58  
Policies Developed  
& Supported**



**9,100  
MSMEs Received  
Loans through  
Fund's Clients**



**1,400  
County Officials &  
Stakeholders  
Trained**



**56%  
of Value of Fund  
Loans Disbursed to  
Women**



**\$12.1 Million  
in Loans from  
Impact for Northern  
Kenya Fund to FIs**



**9%  
of Value of Fund  
Loans to Youth**



**7 Diverse FI Clients  
with End Clients in  
10 Counties**



**16,500 Jobs  
Created due to Fund  
Support**



**\$3.7 Million  
in Financing from  
the Fund for Climate  
Change**



**53  
Learning Platforms,  
Forums & Reports**



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