

## Data Sheet

<b>USAID Mission:</b>	Kenya
<b>Program Title:</b>	Increased Rural Household Incomes
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	615-007
<b>Proposed FY 2004 Obligation:</b>	\$3,359,000 DA
<b>Prior Year Unobligated:</b>	\$452,000 DCA
<b>Proposed FY 2005 Obligation:</b>	\$5,661,000 DA
<b>Year of Initial Obligation:</b>	FY 2001
<b>Year of Final Obligation:</b>	2005

**Summary:** This USAID program to increase rural household incomes focuses on increased productivity of dairy, horticulture and maize in the high- and medium-potential areas and a wide variety of commodities in the Arid and Semi Arid Lands (ASALs); increased agricultural trade in the domestic and international markets; increased access to business support services for micro and small enterprises; and increased effectiveness of smallholder organizations to provide business services to their members.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Raising Productivity and Incomes: The activities initiated in FY 2002 and 2003 will continue in FY 2004. Assistance will be provided to smallholders in horticulture (\$1,100,000 DA), maize (\$300,000 DA) and dairy (\$559,000 DA). Business development services (\$350,000 DA) will also be provided to smallholders. Biotechnology (\$750,000 DA) activities will continue with research, policy and public outreach. Agricultural policy research and dialogue to benefit the GOK policy reform process will be funded (\$300,000 DA). USAID will maintain selective efforts to increase agricultural productivity; decrease costs of production; increase efficiency of markets and trade; increase access of smallholders to business services; strengthen producer business organizations; promote agricultural policy reforms; and transfer agricultural technologies. Prior year DCA funds will be used to fund a microfinance program. Initiative to End Hunger in Africa (IEHA) funds will be used. Implementing partners include ACDI/VOCA, Land O' Lakes, Fintrac, Deloitte Touche, Tegemeo Institute and Kenya Agricultural Research Institute.

It is anticipated that the Mission will submit an IEHA Action Plan by March 2004 for Kenya's program. The Mission has requested assistance to carry out analyses for possible scenarios to supplement this SO's strategy, including: rural agricultural market infrastructure to improve market efficiencies for smallholder farmers and increase the incentives to adopt high yielding technologies; capacity building of agricultural institutions, including policy formulation, implementation, monitoring and evaluation; strategic planning, organizational development, research capacity, including biotechnology; and increased investments in agricultural research to develop and transfer technologies to small farmers. Targeted institutions could include the Ministry of Agriculture, Ministry of Livestock and Fisheries Development, Ministry of Cooperatives Development and Marketing, and the National Council on Science and Technology.

Title II P.L. 480 resources will help food insecure families in the arid and semi-arid lands to maintain nutrition levels, enhance their agricultural productivity and generate income. Cooperating sponsors implementing the Title II program will promote agriculture and livestock production and marketing activities to increase the overall availability of both locally produced and purchased food. Some of the resources will be used to support water, sanitation and health interventions for the pastoral communities. Implementing partners are Catholic Relief Services, CARE, World Vision, Food for the Hungry and Adventist Development and Relief Agency.

#### FY 2005 Program:

USAID plans to use FY 2005 DA resources, including IEHA funds, to maintain a program in maize (\$1,361,000 DA), dairy (\$1,000,000 DA), horticulture (\$1,000,000 DA), biotechnology (\$200,000 DA) and policy (\$1,000,000 DA) with particular emphasis on agricultural productivity, trade, smallholder farmer organizations, and business development services (\$800,000 DA). The microfinance program may be restarted in FY 2005 (\$300,000).

P.L. 480 Title II funds will continue to fund dryland agriculture and livestock production and marketing activities, water, sanitation and health interventions. Implementing partners are the same as for FY 2004, adding the Association of Microfinance Institutions for the financial markets program in FY 2005.

**Performance and Results:** USAID supported the GOK's policy reform agenda over the past year. It provided support for the drafting of the "Economic Recovery for Wealth and Employment Creation" and funded a workshop in which the draft Biosafety Bill was presented to over 50 parliamentarians. USAID also supported the Seed Trade Association of Kenya, which played a major role in streamlining the evaluation, release and registration of 22 seed varieties, compared to only 13 in 2002, and assisted the Association of Microfinance Institutions (AMFI) to draft the microfinance bill, which was presented to the Attorney General's Office for legal redrafting. The microfinance bill will ultimately improve the policy and regulatory framework for microfinance institutions.

Impressive progress was made on activities that will increase agricultural productivity and trade in the maize and dairy sub-sectors. Some 2,370 maize farmers were exposed to production-maximizing technologies and improved crop husbandry practices, including fertilizers, new seed varieties, and conservation tillage, increasing productivity by an estimated 40%. A total of 21,020 smallholder dairy farmers (33% women), received training on artificial insemination (AI), animal husbandry, and dairy business management, against a target of 6,000 farmers, leading to a 10% increase in use of quality imported genetics and a 25% decrease in the cost of AI inputs. With respect to trade, over 1,600 maize farmers and traders (30% women) were trained on post harvest handling, while 140 informal milk traders (35% women) were trained in small-scale milk processing, increasing the average volume of milk handled by cottage dairy processors by 3,790 liters per day.

In order to develop sustainable markets for commercial business development services, the capacity of 59 agribusiness consultants (35% women) was strengthened to provide training to farmers on business management tools, support the formation and management of associations, and help them view farming as a business. Out of the 64 AI technicians trained during the year, 46 successfully established their own businesses or joined existing ones. Meanwhile, 24 service providers have been strengthened to deliver business development services to medium and small enterprises (MSEs) and microfinance institutions have been supported to expand outreach, resulting in many MSEs increasing their income generation capacity. More than 86,000 clients received a total of \$42,500,000 in loans, while cumulative savings stood at over \$25,000,000 by the end September 2003.

Under the P.L. 480 Title II program, grain crops sales increased by 59% for CARE-assisted households, fruit and vegetable sales increased by 282% for the Adventist Development and Relief Agency and by 153% for CARE, compared to the last survey figures in 2001. Similarly, livestock products sales jumped by 64% among households assisted by Technoserve/Heifer International, 75% for those assisted by Catholic Relief Services, and 92% for CARE-assisted households.

## US Financing in Thousands of Dollars

Kenya

615-007 Increased Rural Household Incomes	DA	DCA	DFA	ESF
<b>Through September 30, 2002</b>				
Obligations	16,478	0	500	0
Expenditures	286	0	500	0
Unliquidated	16,192	0	0	0
<b>Fiscal Year 2003</b>				
Obligations	7,912	275	0	4,500
Expenditures	3,777	0	0	18
<b>Through September 30, 2003</b>				
Obligations	24,390	275	500	4,500
Expenditures	4,063	0	500	18
Unliquidated	20,327	275	0	4,482
<b>Prior Year Unobligated Funds</b>				
Obligations	0	452	0	0
<b>Planned Fiscal Year 2004 NOA</b>				
Obligations	3,359	0	0	0
<b>Total Planned Fiscal Year 2004</b>				
Obligations	3,359	452	0	0
<b>Proposed Fiscal Year 2005 NOA</b>				
Obligations	5,661	0	0	0
Future Obligations	0	0	0	0
Est. Total Cost	33,410	727	500	4,500