USAID
FROM THE AMERICAN PEOPLE

FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES ACTIVITY

FINAL EVALUATION
USAID/KENYA OFFICE OF ECONOMIC GROWTH

NOVEMBER 15, 2016

This publication was produced for review by the United States Agency for International Development. It was prepared by John A. Berry, Carolyne Njihia, Gordon Wanzare, Dan Killian and Management Systems International.

Financial Inclusion for Rural Microenterprises Activity:

Final Evaluation

USAID/Kenya Office of Economic Growth

Contracted under Task Order # AID-615-TO-15-00015
Final Performance Evaluation for USAID/FIRM

TABLE OF CONTENTS

LIST OF ACRONYMS

ABEO	Agriculture Business and Environment Office
AHADI	Agile and Harmonized Assistance for Devolved Institutions
AMFI	Association of Microfinance Institutions
APR	Annual Percentage Rate
CBK	Central Bank of Kenya
CIDP	County Integrated Development Plan
CIS-K	Credit Information-Sharing Association of Kenya
COFI	Community-Owned Financial Institution
COMESA	Common Market for Eastern and Southern Africa
CRB	Credit Reference Bureau
CTS	Crescent Takaful SACCO
DAI	Development Alternatives Inc.
DCA	Development Credit Authority
DTMFI	Deposit-Taking Microfinance Institution
EAC	East African Community
FIIF	Financial Inclusion and Innovation Fund
FIRM	Finance Inclusion for Rural Microenterprise Activity
FSA	Financial Services Association
FSD	Financial Sector Deepening
FtF	Feed the Future
FtFMS	Feed the Future Monitoring System
GDP	Gross Domestic Product
GI	Group Interview
IFAD	International Fund for Agricultural Development
ICT	Information and Communications Technology
KARF	Kenya Access to Rural Finance Program
KCB	Kenya Commercial Bank
KCISI	Kenya Credit Information-Sharing Initiative
KDLDP	Kenya Drylands Livestock Development Program
KEMCAP	Kenya Microfinance Capacity-Building System
KES	Kenyan Shilling
KFIE	Kenya Feed the Future Innovation Engine
KHCP	Kenya Horticulture Competitiveness Program
KII	Key Informant Interview
KLIFT	Kenya Livestock Finance Trust
KMT	Kenya Market Trust
KOOFA	Kenya Organic Oil Farmer Association
KWFT	Kenya Women's Finance Trust
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MSI	Management Systems International
MFS	Milango Financial Services
MFT	Microfinance Trust

MRR	Microenterprise Results Reporting
MSME	Micro, Small and Medium-Sized Enterprise
NESC	National Economic and Social Council
NGO MFI	Non-Governmental Organization Microfinance Institution
NPL	Non-Performing Loan
OEG	Office of Economic Growth
PAT	Poverty Assessment Tool
PMP	Performance Management Plan
PPP	Public-Private Partnership
PROFIT	Program for Rural Outreach of Financial Innovations and Technologies
RFP	Request for Proposal
ROSCA	Rotating Savings and Credit Association
SACCO	Savings and Credit Cooperative
SIP	Strategic Investment Plan
SME	Small and Medium-Sized Enterprise
SMEP	Small and Medium Enterprise Program
SOW	Statement of Work
STTA	Short-Term Technical Assistance
TCF	The Credit Factory
USAID	United States Agency for International Development
USG	United States Government
VCFC	Value Chain Finance Center
WASH	Water, Sanitation and Hygiene

GLOSSARY OF TERMS

A **Performance Evaluation** focuses on descriptive and normative questions: What has a particular program, project or activity achieved — either at an intermediate point or at the conclusion of an implementation period? How is it being implemented? How is it perceived and valued? Are expected results occurring? It also explores questions that are pertinent to program design, management and operational decision-making. Performance evaluations often incorporate before-and-after comparisons, but generally lack a rigorously defined counterfactual, i.e., the difference the program, project or activity made (how indicators behaved with the project compared to how they would have been without it).[1]

An **Impact Evaluation** measures the change in a development outcome that is attributable to a defined intervention. Based on models of cause and effect, it requires a credible and rigorously defined counterfactual to control for factors other than the intervention that might account for the observed change. Impact evaluations that compare randomly assigned beneficiaries to either a treatment or a control group provide the strongest evidence of a relationship between the intervention under study and the outcome measured.

The **Theory of Change** is a tool to design and evaluate social change initiatives. It is a blueprint of the building blocks needed to achieve long-term goals of a social change initiative.

A **Development Hypothesis** identifies causal linkages between USAID actions and the intended strategic objective (highest-level result).

An evaluation has **External Validity** if the findings, conclusions and are applicable to other settings and contexts.

USAID uses the **Results Framework** as a management tool to present the logic of a program as a diagram. It links higher-level objectives to intermediate and lower-level results. The diagram (and descriptive text) may also indicate main activities, indicators and strategies used to achieve the results. Managers use the results framework to ensure that the overall program is logically sound and considers all the inputs, activities and processes needed to achieve the higher-level results.

A **Logical Framework** is a management tool to improve the design and evaluation of projects and activities. It is a type of logic model that identifies strategic project or activity elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators and the assumptions or risks that may influence success and failure.

Findings are empirical facts collected during the evaluation.

Conclusions are interpretations and judgments based on the findings

Recommendations are proposed actions for management. According to USAID guidance, recommendations should be specific, directed at a particular audience and supported by findings.

1 2010. Performance Monitoring and Evaluation TIPS: Rigorous Impact Evaluation. USAID.

ACKNOWLEDGMENTS

Responsibility for the development and content of this evaluation lies with the assessment team, but it would not have been possible without input from a host of stakeholders and supporters. Primary among these, we acknowledge Benson Kimithi, Jaynnie Mulle, Albert Waudo, Trisha Savage and Michael Jones of USAID/Kenya for their support and guidance on this evaluation. The team would also like to thank Meron Tesfamichael for her help with designing and implementing the research tools.

This evaluation would not have been possible without the participation and support of scores of Kenyan men and women who offered their time in responding to our research questions in individual interviews and focus groups. We are grateful for their openness and their confidence.

Authors:
John A. Berry (Team Leader)
Carolyne Njihia
Gordon Wanzare
Dan Killian

EXECUTIVE SUMMARY

Evaluation Purpose and Evaluation Questions

The purpose of this evaluation is to provide evidence-based recommendations to inform the design of possible follow-on financial sector activities and interventions, as well as for future support to county governments' economic investment strategies and policies. To do this, the evaluation will assess the Financial Inclusion for Rural Microenterprises (FIRM) activity's effectiveness at and relevance in increasing access to financial services for USAID/Kenya's beneficiaries in targeted counties and sectors. The design and implementation of this evaluation flowed directly from this purpose and approach.

The evaluation addresses the overarching question of the extent to which FIRM interventions increased access to finance. The specific questions are:

- To what extent did the FIRM activity increase access to finance for targeted populations (i.e., smallholder farmers, microenterprises) in targeted sectors (i.e., agriculture, clean energy, WASH) and how?
- How effective were the key innovations in generating results and how could they be improved?
- How relevant has the FIRM activity's support to county governments' investment efforts been, and how effective has it been in helping governments set investment priorities?

Audience and Intended Use

The intended audiences for this evaluation are USAID/Kenya's leadership and the management and technical staff of the Mission's Office of Economic Growth (OEG). The report will also be shared with USAID/Washington and other stakeholders, as directed by USAID/Kenya. This evaluation will be submitted to the Development Experience Clearinghouse (DEC) for general distribution. Findings and lessons learned will also be disseminated through a fact sheet prepared by Management Systems International (MSI). Recommendations from this evaluation are expected to inform the design and implementation of a future OEG activity.

Activity Background

The FIRM activity is a nationwide initiative funded by USAID's Feed the Future (FtF) and Power Africa partnerships to expand financial access and inclusion in rural and agricultural sectors in Kenya, in particular for women and youth.[2] The activity specifically targets expanding access to financial services for rural microenterprises and smallholder farmers in the water, sanitation and hygiene (WASH) and clean energy sectors.

FIRM's methodological approach is based on providing technical support to partner financial institutions in capacity building, strategic planning and product development, and managing USAID's DCA portfolio in Kenya, with the aim of expanding inclusion and access to financial services, particularly for rural and agricultural clients. FIRM also supports policy and regulatory reform to improve the enabling environment for lending to these targeted populations.

FIRM contributes to Kenya's Vision 2030 agenda and to USAID's FtF and Power Africa initiatives in helping Kenya achieve food security — in both the availability of food and consumers' ability to purchase it — by

2 FIRM is funded through the FtF initiative, but it began as a pre-FTF activity and was retrospectively incorporated into the FtF framework.

promoting access to financial services for smallholders and micro, small and medium-sized enterprises (MSMEs) to improve production, processing and marketing of foods and other crops.

Evaluation Design, Methods and Limitations

This evaluation offers a qualitative assessment of the processes, outputs and outcomes of the FIRM activity, including a quantitative survey with loan beneficiaries. The evaluation focuses on counties in the Eastern and Western regions of Kenya in which FtF activities are implemented. The counties were purposively selected based on the level of investment to include counties that receive the highest level of support.

The primary research methods for this evaluation included 45 key informant interviews (KIIs), 23 group interviews (GIs) and 2,000 interviews with loan beneficiaries, complemented by a secondary document review. Interview respondents included institutional partners, national and county-level government officials, and private sector and civil society actors. Smallholder farmers and micro-entrepreneurs were also sampled in both group interviews and a subsequent survey, with a particular focus on women and youth. Data analysis examined content and patterns and research findings triangulation used multiple sources of data and multiple methods to enhance the reliability of findings.

Data limitations — such as poor quality and lack of secondary data, including baseline data — hampered the evaluation team's findings. Changes in the activity's M&E Plan, all USAID initiated, resulted in inconsistencies and rendered life-of-activity data analysis impossible (see Annex 7). Financial partners reported their own performance data to FIRM, which then reported the data to the evaluation team. While FIRM provided beneficiary information for the survey sample, the quality of this information was poor; subsequently, only 10 percent of the financial institutions supported by FIRM are represented among survey respondents. The survey sample is therefore not representative of all beneficiaries for all financial institutions with which FIRM works. Additional details regarding the survey sampling are documented in Annex 14. In addition, some financial institutions and other key informants were either unavailable or could not be located for various reasons (see Annex 12). Finally, county sampling was not representative of the country as a whole.

Findings and Conclusions

This evaluation's primary field research data indicate that the availability of financial services has increased in the past five years in regions in which FIRM works and among its target populations and sectors. This finding is corroborated by secondary data on FIRM partners and by sector-wide data documenting significant growth in access to finance since FIRM began implementation in January 2011. The suitability of financial services also improved through the development and refining of products for rural clients and financial institutions gaining capacity to serve those clients. Outreach was increased by, among other things, expanding branches into new rural locations and improving marketing and communications. To support these results, FIRM built the capacity of partner institutions at both the headquarters and branch levels.

FIRM based its strategy for increasing access to finance on improving the *availability* and *suitability* of financial services through short-term technical support to a broad range of partners. FIRM promoted availability of financial services through initiatives such as development of a software tool to help partners select appropriate locations for new branches. FIRM improved the suitability of financial services by supporting the development of new products, particularly in the agricultural, energy and WASH sectors. Interviews with all three respondent groups (financial institutions, government agencies and individuals) confirmed the relevance of this approach to the objectives and target groups of the activity.

FIRM focused on a third key element of access to finance, *affordability*, albeit with limited success. The high cost of finance was mentioned by each of the three categories of respondents interviewed (i.e., financial institutions, beneficiaries and government). Despite overall satisfaction with borrowing processes among loan beneficiaries, high interest rates and transaction costs were cited as a key barrier to accessing financial services. Lack of flexibility and excessive conditionalities also emerged as important barriers.

This evaluation concludes that FIRM's support to financial institutions and government partners increased access to financial services, outreach of financial institutions and suitability of financial products. As intended, this support focused on the target clients and sectors identified by USAID: smallholder farmers and microenterprises in the agriculture, clean energy and WASH sectors.

FIRM's design used a broad and open approach to selecting and supporting partners. A limitation of this approach was that it resulted in short-term partnerships with a large number of diverse institutions, but prevented FIRM from focusing on long-term, targeted and systematic capacity building for specific groups of institutions. For example, 45 FIRM partners received one form of support from the activity, while only nine partners received three types of support.

In 2014, the fourth year of activity implementation, a modification to FIRM's task order added support for county governments in developing investment strategies. FIRM provided technical assistance to develop strategic investment plans, as well as county-level cooperative policies. This evaluation concludes that FIRM's support was both relevant and appropriate for early stage planning and capacity building of these new county governments. While county government officials appreciated that FIRM's approach was demand-driven, flexible and participatory, the type and quality of support received a mixed reception. In part, this is a product of the relatively short period that FIRM has had to build relationships, as well as the activity ending too soon to allow for full implementation of investment strategies. FIRM's support has been effective at attracting investment in two counties, but given the relatively short time that FIRM has been working with county governments, it is difficult to fully assess these interventions' effectiveness.

Recommendations

To effectively improve access to finance, USAID programming should continue to address both supply and demand constraints. Improving the availability of financial services through a variety of delivery mechanisms will address barriers to the supply. Client education and training, particularly in financial literacy and business management skills, can address barriers to demand carried out in partnership with extension service. providers.

Support should include both formal approaches such as savings and credit cooperatives (SACCOs) and informal approaches such as table-banking (a type of small group cooperative) rotating savings and credit associations (ROSCAs). In addition, support for development of alternative financial services driven by information and communications technology (ICT) should focus on developing services targeted at marginalized and excluded populations. Development of new services or adaptation of existing services can achieve this.

Addressing demand-side constraints will require building capacity of financial institutions to support the non-financial business needs of their clients. There was strong consensus among interview participants that the unmet need for financial literacy and business management training and extension services acts as a barrier for poor borrowers to access financial services. In addition, physical collateral requirements prevent many potential borrowers from being able to access financial services. Alternatives to collateralized lending can take the form of cash-flow-based risk assessment and promotion of credit information sharing, which can allow lenders to consider a potential borrower's credit history in the loan application process. Using value-chain-based approaches to sharing risk and returns is another approach to circumventing collateral requirements.

USAID should continue to support innovations, selecting partners through a focus on sustainably scaling up new services with the potential to reach a significant number of clients in targeted sectors. USAID should also continue to provide long-term support to county governments, particularly in the operationalization of their strategic plans. However, the Mission should consider which mechanism is most appropriate for this form of assistance.

EVALUATION PURPOSE AND QUESTIONS[3]

As a final performance evaluation, the purpose of this report is to assess the processes, outputs and outcomes of the FIRM activity and to provide recommendations for using lessons learned from the activity to inform the design of a similar, future activity.

The following evaluation questions focused the evaluation to ensure that USAID/Kenya, and specifically its Office of Economic Growth, received a useful final product.

Research Question 1

To what extent did the FIRM activity increase access to finance for targeted populations (i.e., smallholder farmers, microenterprises) in targeted sectors (i.e., agriculture, clean energy, WASH) and how?

Research Question 2

How effective were the key innovations in generating results and how could they be improved?

Research Question 3

How relevant has the FIRM activity's support to county governments' investment efforts been and how effective has it been in helping governments set investment priorities?

ACTIVITY BACKGROUND

Overview of the Kenyan Economy

Kenya, now officially a lower-middle-income country according to the World Bank, has become one of Africa's major economic hubs. The World Bank reports an economic growth rate of 5.4 percent in 2014 and projects that it will reach 6 percent in 2015.[4] A stable macroeconomic environment and improvements in infrastructure, business environment and exports currently sustain this growth. Although inflation rose significantly as a result of past political unrest, the Kenya National Bureau of Statistics estimated average annual inflation of 6.3 percent in 2014, rising to 7.5 percent by mid-2015.[5] Interest rates have also declined as a result of lower inflation. While the overall economic outlook is favorable, risks exist from insecurity, decreased tourism and slower growth in exports.

Since his election in 2013, President Uhuru Kenyatta has focused on implementing the August 2010 Constitution, which established 47 county administrations under a transformative devolution program. Devolution, improved governance, accountability and service delivery are key national priorities. However, major challenges remain with security, poverty, youth unemployment and inequity in the distribution of resources. Although poverty has declined from 47 percent in 2005 to 42 percent in 2013, high disparities remain and poverty reduction is still a serious challenge. The World Bank reports that nearly half of the country's population could not meet daily nutritional requirements in 2014.[6]

As a blueprint for the country's future, Kenya Vision 2030 aims to reduce poverty and increase growth to

3 This section is taken from the evaluation Statement of Work in Annex I.
4 http://data.worldbank.org/country/kenya
5 http://www.businessdailyafrica.com/Inflation-hits-families-living-outside-Nairobi/-/539546/2715724/-/wpbqrgz/-/index.html
6 World Bank, op. cit.

transform Kenya into an industrializing economy.[7] Key objectives of Kenya Vision 2030 are to improve stability, enhance efficiency in the delivery of credit and other financial services and improve access to financial services and products for Kenya's 44.3 million citizens.

According to the International Fund for Agricultural Development (IFAD), more than three-quarters of Kenya's population live in rural areas and these households rely on agriculture for most of their income. About 70 percent of Kenya's poorest are in the Central and Western regions, living in areas that have medium to high potential for agriculture. Poverty and food insecurity are particularly acute in arid and semi-arid Northern and Eastern Kenya.

The Central Bank of Kenya (CBK) notes that agriculture is the mainstay of the Kenyan economy, directly contributing 26 percent of the gross domestic product (GDP) annually, and 65 percent of Kenya's total exports.[8] The rural economy depends mainly on Kenya's 4 million smallholder farmers, who not only produce the majority of Kenya's agricultural output, but also account for more than 75 percent of the country's total labor force. In addition, Kenya's 1.6 million small and microenterprises (SMEs) account for 96 percent of the registered businesses and represent the key income source for the rural and urban poor in the nation.[9] However, the percentage of smallholders and entrepreneurs who have no access to formal financial services is important. Although support for agricultural production is one function that has devolved to the counties, the structures and functions of the new county governments are nascent.

Overview of the Financial Sector

According to the CBK, 44 financial institutions are licensed in Kenya, including 40 commercial banks, one mortgage finance company and three public financial institutions.[10] Of these, 31 are locally owned and 13 are foreign-owned. In addition, 12 licensed microfinance banks are registered with the CBK. A progressive regulatory framework and multiple forms of microfinance have made Kenya's microfinance sector one of the most developed in sub-Saharan Africa. As of December 2012, the Association of Microfinance Institutions (AMFI) had 59 members, including regulated MFIs, commercial banks, non-bank financial institutions, financial wholesalers, insurance companies and development institutions.[11]

The M-Pesa mobile banking system has grown to one of the largest and most successful financial service providers in Kenya. According to the FinAccess Kenya Survey for 2013,[12] mobile financial services use has doubled since 2009, with more than 11.4 million users; the number of bank clients stands at 5.4 million.

At the same time, FinAccess reports[13] that more than 25 percent of Kenyans are financially excluded. Access to finance is most difficult in rural areas, where close to 80 percent of Kenyans reside. Many formal banks have begun to close rural branches due to high risk and costs. Even when finance is available, stringent terms and conditions, with collateral requirements as high as 150 percent, render them inaccessible, particularly to poorer smallholders and MSMEs. In addition, poorer Kenyans are often turned away by high interest rates and fees, sometimes adding up to 233 percent annual percentage rate of charge (APR), according to Microfinance Transparency.[14]

7 The Kenya Vision 2030 is based on three pillars: economic, social and political. The economic pillar aims to improve the prosperity of all Kenyans through an economic development program; the social pillar seeks to build a just and cohesive society with social equity in a clean and secure environment; and the political pillar aims to realize a democratic political system founded on issue-based politics that respects the rule of law and respects the rights of individuals.
8 https://www.centralbank.go.ke/index.php/cbk-annual-reports
9 ibid.
10 https://www.centralbank.go.ke/index.php/bank-supervision/commercial-banks-mortgage-finance-institutions
11 http://amfikenya.com/membership/
12 http://fsdkenya.org/publication/finaccess-national-survey-2013-profiling-developments-in-financial-access-and-usage-in-kenya/
13 ibid.
14 http://www.mftransparency.org/microfinance-pricing/kenya/#

Overview of Development Problem

Kenya will achieve its full potential as an African success story only if the country is able to address the challenges of poverty, inequality and governance. Kenya's rural smallholders and microenterprises face a myriad of challenges, including poor infrastructure, lack of access to finance and markets, and inadequate technical and entrepreneurial skills, all of which negatively affect the economic viability of their activities. Among these challenges, lack of financial access has a major impact on food insecurity and rural poverty.[15] While access to financial services has generally been on the rise in Kenya, demand still outstrips supply. In addition, many smallholder and micro-entrepreneurs are reluctant to take loans because of the high cost of credit, collateral requirements and aggressive collections techniques. Certain populations, in particular women and youth, have traditionally faced greater obstacles in accessing financial services. Even in a country with relatively good access to mobile money and other financial services, challenges remain to the accessibility, affordability and suitability of financial services for rural smallholders and micro-entrepreneurs. Simply put, many micro-entrepreneurs still do not have access to affordable financial products and services that are within their proximity and tailored to their needs and circumstances.

FIRM ACTIVITY BACKGROUND

Identifying Information

- Program: OEG
- Activity Title: Financial Inclusion for Rural Microenterprises (FIRM)
- Award Number: AID – 623-BC-11-00001
- Award Dates: January 2011–December 2015
- Funding: $22,465,094
- Implementing Organization: Development Alternatives, Inc.

Target Group

FIRM has focused its support on financial institutions serving marginalized and excluded populations, including rural smallholder farmers and microenterprises, with a particular emphasis on women, youth and very poor people.[16] According to FIRM's revised Performance Management Plan (PMP),[17] the priority groups for which USAID requires regular reporting are farmers, micro, small and medium-sized enterprises (MSMEs), rural households and members of community-based organizations and producer associations. The target regions where FIRM has focused its support comprise the 27 Feed the Future (FtF) priority counties.[18] (See Figure 1, Annex 1 for map of FtF counties.)

15 http://www.state.gov/s/globalfoodsecurity/129952.htm

16 Screening criteria for group interview participants included cultivation of less than 2.5 hectares of land (for smallholders) and having less than 10 employees (for micro-entrepreneurs). Youth were defined as people aged 18 to 35.

17 The revision to the PMP followed the retrofitting of the activity into FtF, resulting in a revision of the indicators.

18 Counties identified by Feed the Future as priority intervention zones include: Bomet, Bungoma, Busia, Garissa, Homa Bay, Isiolo, Kakamega, Kericho, Kisii, Kisumu, Kitui, Machakos, Elgeyo Marakwet, Makueni, Marsabit, Meru, Migori, Nandi, Tharaka Nithi, Nyamira, Siaya, Taita Taveta, Trans Nzoia, Turkana, Uasin Gishu, Vihiga and Wajir.

Activity Theory of Change

As an activity, FIRM's structure and focus is founded on the basis of the following development hypothesis:

If financial service providers gain the capacity to develop suitable products and services targeting rural microenterprises and marginalized groups, and government agencies are supported to create an enabling environment for financial inclusion, then access to financial services to farmers, marginalized groups, and rural microenterprises will increase and overall food security in Kenya will be improved.

The desired outcome of the FIRM activity is that partnerships formed with financial and nonfinancial sector participants will increase access to and affordability of financial products and services, therefore boosting the performance of rural microenterprises in the Kenyan economy and improving the living standards of individuals, families, and small businesses previously excluded from finance. By improving access to financial services, specifically tailored to the needs of smallholders, women and youth, FIRM will pull rural households into income-generating activities, reducing poverty and improving food security.

When FIRM began implementation in 2011, the goal of its original results framework was to increase the productivity and growth of on- and off-farm agriculture value chains by increasing financial services to underserved groups throughout Kenya, particularly in rural areas FIRM realigned its goals. At that time, the activity had two components: development of a full package of financial services models and promotion of financial, regulatory and market infrastructure reforms. Its six Intermediate Results (IRs) were: increased access to financial services for rural and agricultural enterprises; expanded access to and use of clean/renewable energy; incorporate innovative ICT solutions to enhance inclusion; promote new financial models for youth, women and very poor groups; maximize the use of DCA loan guarantee facilities; and enhance financial sector policy reforms. Under these IRs, FIRM reported on 31 indicators in its PMP.

As implementation of FtF's 2011–2015 Multi-Year Strategy for Kenya began, , objectives and PMP indicators to ensure that all activity interventions contributed to the objectives in the Strategy and its Results Framework. (See Annex 6 for a diagram of FIRM's Results Framework.) Since 2012, FIRM has operated with three FtF IRs and 12 FtF performance indicators.[19] FIRM's three FtF IRs are: increase financial market players' ability to serve rural microenterprises, increased used of innovative financial services models targeting rural off-farm and agricultural enterprises, and improved financial market infrastructure and regulatory framework to facilitate expanded financial inclusion. (See Annex 7 for the full list of FIRM's 12 PMP results indicators.)

Several critical assumptions underlie the successful implementation of USAID/Kenya's programs. Any or all of the following assumptions, if they do not hold, could have a major impact on FIRM's theory of change:

- The security situation in implementation areas does not worsen;
- Extreme events due to climate change do not directly or indirectly (e.g., through diversion of funds to disaster relief) affect program implementation;
- Macroeconomic shocks and dysfunctional economic policies do not adversely impact program implementation; and
- Smooth and successful devolution of authority to county governments.

19 See Annex 6for full results framework.

Overview of Activity Implementation Approach

To achieve the results described above, FIRM has supported a range of financial service models, approaches and strategies serving the needs of target population groups operating in the rural, agricultural and energy sectors. FIRM has also promoted increased use of clean energy sources and strengthening of water, sanitation and hygiene (WASH) infrastructure. FIRM supported a wide variety of financial services industry actors, Government of Kenya agencies and stakeholders, associations, donors, business service providers and consultants.

FIRM's principal forms of support included capacity building and strategic planning, with a focus on rural and agricultural product development and roll out. FIRM generally supported strategic planning first, then operationalization and specific product development.

FIRM worked to build the capacity of financial service providers working with marginalized and excluded populations, particularly women and youth, in the agriculture, WASH and clean/renewable energy sectors. FIRM has thereby sought to enable smallholders and MSMEs to further FtF objectives by investing in improved production, processing and marketing of staple and commercial crops.

To finance the capital needs of these partners, and to increase their lending in targeted sectors, FIRM has managed USAID's Development Credit Authority (DCA) loan guarantee scheme.[20]

FIRM has also supported national-level policy and regulatory reform to improve the enabling environment for lending to these targeted populations and county-level capacity to develop and implement strategic investment plans and cooperative policies.

In addition, FIRM supported promising innovations in service delivery to increase access to finance. These innovations included tools, such as a software program to locate new branch offices; methodologies, such as Sharia-compliant lending; or non-institutional lending models, such as The Credit Factory.

EVALUATION METHODS & LIMITATIONS

Design of the Evaluation

This performance evaluation focused on assessing the processes, outputs and outcomes of the FIRM activity. To assess the activity's influence on access to finance, innovation and county government capacity, the evaluation design utilized a range of sources and analytical methods. To triangulate findings, the team addressed each evaluation question using a combination of primary research through field interviews and secondary research through document review. Data gathered during the evaluation was analyzed using qualitative techniques, including content and pattern analyses to identify and assess patterns in responses. Because FIRM focused exclusively within FtF intervention zones, evaluation counties were purposively selected to offer an indicative sample of activity interventions. The evaluation design took into account limitations of time, budget, data availability and quality.

20 USAID's Development Credit Authority (DCA) is a partnership between USAID and financial institutions designed to encourage lending in areas that are underserved due to the perception of high risks. The DCA partial credit guarantees access to lending for target borrowers and sectors that are constrained by a variety of factors, such as the lack of formal collateral that most formal financial institutions require, lack of financial literacy and inadequate property registry systems (Kenya DCA 2006 and 2010 Guarantees Evaluation Report). FIRM worked with specific partners to develop strategies and products that benefitted from these guarantees.

Evaluation Methods and Data Analysis

Data Collection Methods

This evaluation used a mix of methodologies to gather evidence from a range of sources. The sample for key informant and group interviews was purposively selected and analyzed using a combination of quantitative techniques. The types of evidence included were description, comparison and explanation. Research methods used include desk review and primary and secondary research. Data sources include data and reports from FIRM, reports from third-party sources and key informant and group interviews (KIIs and GIs) with FIRM stakeholders. The evaluation team developed interview questionnaires for each respondent group (MSMEs and smallholders, financial institutions and government policy actors). Data collection instruments are in Annex 3.

The sampling technique used for key informant interviews was purposive, with stakeholders selected at the institutional level in counties that benefited from significant FIRM support. A randomly selected sample of 2,000 loan beneficiaries was drawn from a universe of 4,950 participants,[21] but group interviews with smallholder farmers and micro-entrepreneurs relied on a purposive sampling strategy. A desk review of secondary documents included activity documents and other external literature providing relevant information for the evaluation. Data analysis methods included cross-tabulation, comparison and content analysis. (A detailed description of the evaluation's "getting to answers" strategy, which includes data collection and analysis methods by evaluation question, is in Annex 1.)

Secondary Research

The evaluation began with a desk review of documentation provided by USAID and FIRM, as well as relevant secondary sources (including online research of technical and country-specific information). Secondary data sources included activity implementation documents such as the program description, work plans, quarterly reports, USAID evaluations and strategy documents, county government strategic plans and FIRM performance monitoring data. Other technical and country data were sourced from World Bank, U.S. Government and UN websites. Secondary data were used to triangulate findings for each evaluation question. (A detailed list of key sources is in Annex 11.)

Key Informant Interviews

The evaluation team identified key informants based on the document review, key contacts provided by USAID and information received from FIRM. These included representatives from financial institutions, policy institutions, county governments, the Public-Private Partnership (PPP) Secretariat, the USAID technical team and FIRM. Selection of key informants used a purposive approach targeting individuals who played a relevant role in implementing the activity.

While FIRM partnered with more than 90 financial institutions, the evaluation team selected a sample of 29 for inclusion in the evaluation. Of these, 19 institutions were successfully interviewed. Key informant interviews (KIIs) with financial institutions focused on those in FtF priority counties. KIIs provided information on the experiences and perceptions of a broad range of partners and stakeholders. A total of 46 individual KIIs were implemented. KIIs with financial institutions were implemented in Nairobi and six counties: Bomet, Homa Bay, Kisumu, Isiolo, Meru and Machakos. Interviews with government and policy actors took place in Nairobi and in three counties: Bomet, Homa Bay and Machakos. Table 1 details the

21 While a randomly selected sample of 2,000 respondents was originally selected, 536 of these were replacements selected from a randomly generated list of substitutes. Replacements mainly occurred when respondents were unreachable.

number of interviews implemented with each respondent category. (Annex 4 is a detailed list of interviewees.)

KIIs with staff from the implementing partner[22] targeted the activity senior management team, including the Chief of Party and partnership specialists who were responsible for supporting FIRM partners. The team conducted KIIs with chief executives, executive directors, general managers, finance officers, agribusiness, project and production managers, as well as loan officers at financial institution stakeholders. KIIs with county-level stakeholders were organized with directors and managers in each of the three sectors of interest (WASH, clean energy and agriculture) with a view to understanding their perceptions of the relevance and quality of FIRM's support and deliverables. The evaluators requested interviews with county governors, but were not able to get appointments. However, the team met with one deputy governor as well as consultants who provided strategic investment support to the counties. The evaluation team implemented the most KIIs (26) in Nairobi at the recommendation of FIRM partner institutions because the staff members who best understood their institution's relationship with FIRM were based at headquarters offices.

Group Interviews

GIs with citizen participation groups took place in three counties selected based upon the investment support they received from FIRM (Bomet, Homa Bay and Machakos). Citizen participation groups included representatives from the public and private sectors who participated in developing county investment plans. The key criterion used to select GI participants was attendance in a citizen participation workshop, as verified by FIRM. Participants were selected purposively from workshop attendance lists provided by FIRM; individual participants were selected to ensure diversity within each group with regard to gender as well as sector (agriculture, energy, education, finance and environment) for a mix of representatives from various backgrounds. The survey firm contacted each of the participants, and each GI was organized into groups of six to eight. Table 2 details the breakdown of group interview participants. Group interviews with smallholder farmers and micro-entrepreneurs took place in six of seven sample counties: Bomet, Homa Bay, Kisumu, Isiolo, Meru and Machakos. (GIs were not implemented in Nairobi County.) In all, 51 percent of group interview participants were clients of a FIRM partner. InfoTrak, the survey firm MSI hired to assist with data collection, identified rural localities representing a variety of sub-counties in each county. Within each sub-county, data collectors approached smallholder farmers and recruited them from their homes. InfoTrak employees approached micro-entrepreneurs at their places of business to recruit them. Findings from the group interviews were inconclusive,[23] and MSI proposed to carry out a targeted survey with loan beneficiaries from FIRM supported institutions to provide a more comprehensive understanding of client experiences of accessing credit.

Beneficiary Survey

To complement the data already collected and analyzed from the group interviews with beneficiaries, the evaluation team carried out a quantitative survey of a larger sample size of this population. MSI curated an initial data bank of nearly 8,000 loan beneficiaries to arrive at a fully documented sampling frame of 4,950. A random sample of 2,000 respondents was drawn from this pool across the eight evaluation counties and nine lending institutions,[24] with 1,700 having taken a loan for agricultural development and 300 for renewable energy uses. Beneficiaries of WASH loans were excluded from the sample as only a small number of recipients were identified in the participant universe, rendering a meaningful analysis of this category impossible. A structured questionnaire in line with the evaluation purpose and questions was designed. Enumerators from Research Solutions Africa (RSA), a research firm, administered the survey telephonically in partnership with MSI.

22 Development Alternatives Incorporated (DAI)

23 Because the group interviews featured both FIRM and non-FIRM clients, findings could not be wholly attributed to beneficiaries of FIRM's support. As such, an additional survey with FIRM clients was conducted.

24 MSI received usable beneficiary information from nine institutions: BIMAS, MicroAfrica (Letshego), SMEP, ECLOF, Faulu, K-LIFT, Bomet Women's SACCO, Vision Fund and Century.

TABLE 1: SUMMARY OF EVALUATION SAMPLE

Source	County						
	Nairobi	Bomet	Homa Bay	Kisumu	Isiolo	Meru	Mackakos
Financial institutions	16	0	0	2	0	1	0
Target total: 28 / Actual total: 19							
County governments	3	6	4	0	0	0	1
Target total: 17 / Actual total: 14							
Citizen participation groups	0	1	1	0	0	0	1
Target total: 3 / Actual total: 3							
Policy institutions	4	0	0	0	0	0	0
Target total: 6 / Actual total: 4							
MSMEs/ smallholders*	56	404	24	149	27	647	577
Target total: 23 / Actual total: 23							
Implementing partners	3	0	0	0	0	0	0
Target total: 3 / Actual total: 3							
Total	**80**	**383**	**14**	**17**	**13**	**607**	**549**
Target total: 80 / Actual total: 66							

* The MSMEs/smallholders were interviewed in 16 GIs, seven KIIs and 2,000 survey interviews. About 12 percent (n=241) of the survey beneficiaries were located outside the evaluation counties at the time of the interview.

Sample Selection

The evaluation focused on FtF counties, with sample counties purposively selected from the Eastern and Western regions based on their high levels of FIRM investment. Level of investment was assessed in three ways: level and type of investment in financial institutions at both national and county level (with particular emphasis on ensuring representation of the agriculture, WASH and clean energy sectors, and representation of women and youth), investment in county government support, and implementation of FIRM funded innovations. Type of investment was determined by the target population and the form of support provided. Counties with a large number of FIRM partners and types of investment had the highest chances of inclusion in the study. Interviews took place in a total of six counties and Nairobi.[25]

Interviews with citizen groups were all GIs (3). Interviews with MSMEs and smallholders included GIs (16), where 12 of 16 GIs were with randomly selected participants and 4 of 16 GIs were with purposively selected groups of FIRM partner clients. Additional interviews with loan beneficiaries of FIRM supported institutions were conducted via a survey (2000). A few FIRM partner institutions provided names and contact information for a total of 29 clients, either smallholder farmers or micro-entrepreneurs, who had benefited from financial services. The evaluation team held KIIs and GIs with these institution-selected clients. All other interviews were individual interviews. Table 2 details the number of respondents targeted and interviewed.

25 Not all respondent groups were interviewed in each location. For example, entrepreneurs and smallholders were not interviewed in Nairobi and government officials were interviewed in only three counties and Nairobi.

TABLE 2: GROUP INTERVIEW EVALUATION SAMPLE

Interviewee Type	Groups	Participants
Target Groups*	**23**	**125**
Total male groups	10	59
Total female groups	9	66
Mixed-gender groups	4	22
Youth groups	4	33
Occupation: Smallholder farmers	**14**	**67**
Female smallholder farmers	5	36
Male smallholder farmers	7	31
Total micro-entrepreneurs	**9**	**58**
Female micro-entrepreneurs	4	30
Male micro-entrepreneurs	5	28

* Mixed youth groups are subsets of the total male and total female groups (i.e., all youth group participants are counted both as youth and by sex).

Sample Selection for National Level Policy Institutions

The census included each of the four key policy institutions supported by FIRM to strengthen the enabling environment. These institutions were the National Treasury, the Central Bank, the National Social and Economic Council (NESC) and the Credit Information Sharing Association of Kenya (formerly the Association of Kenya Credit Providers).

Sample Selection for Innovations

FIRM solicited concept papers which organically resulted in a range of interventions that were subsequently identified as 'innovations.' The four studied by this evaluation were a subset of approximately 24 FIRM-supported innovations and not necessarily representative of its most successful partnerships.[26] USAID identified innovations that were selected for this evaluation.

FIRM terminated the Value Chain Finance Center as an innovation in 2011 due to institutional strategic differences between FIRM and its implementing partner, Financial Sector Deepening (FSD) Kenya. Evaluation of this innovation drew on KIIs with representatives from the two partners (FIRM and FSD).

The Credit Factory (TCF) Ltd. is a financial services start-up designed to serve the smallholder agriculture sector by offering low-cost loans for inputs and assets. This innovation was implemented in three evaluation counties: Homa Bay, Kisumu and Bomet. The TCF-supported community groups/associations included in the sample were: No Sex for Fish (Kisumu), Nyahera Commercial Village (Kisumu), Onger Commercial Village (Migori) and Kadem Commercial Village (Migori).[27] Other respondents interviewed for this innovation were FIRM and TCF staff who played a role in implementing the innovation.

The FIRM technical team in Nairobi directly managed the branch locator innovation. The innovation supported financial institutions in mapping regions for expansion, using the tool to select the most suitable county sites for new branches. The sample included the four financial institutions supported by this

26 The evaluation team was informed by USAID and FIRM of other successful innovations supported by the activity. These innovations did not form part of the team's SOW and the team had limited data about them.
27 While Migori was not one of the evaluation counties, these two groups were located on the border between Homa Bay and Migori counties and were therefore captured in the data collection exercise.

innovation (REMU Microfinance Bank, Musoni, Juhudi Kilimo and Crescent Takaful).

FIRM supported the development of a Sharia-compliant livestock-lending methodology in the predominantly Muslim Northeastern Region. The evaluation team met with FIRM's partner, Crescent Takaful SACCO (CTS), at its Nairobi headquarters.[28] Although this innovation is still under development, USAID expressed specific interest in better understanding the progress of this initiative. In the near future, CTS plans to roll out the innovation to village-level SACCO partners in Wajir, Garissa and Isiolo counties.

Data Analysis

To gather evidence on actual results, the team relied on activity documents, secondary sources and primary data collected during KIIs, GIs and the beneficiary survey. The team also studied technical documents with relevant information on the local and national levels. Descriptive statistics were used to analyze the quantitative data the implementing partner provided to the evaluation team, and the primary data collected during the telephone survey. Where possible, comparisons were made using financial services access data for target sectors and populations (e.g., youth and women) from secondary sources.

For qualitative data from KIIs and GIs, the team documented narrative responses from each interview at a sufficient level of detail to permit a systematic content analysis. Review of these responses provided an in-depth understanding of beneficiary and stakeholder experiences and perceptions.

The evaluation team summarized responses to each interview question (for both KIIs and GIs) in spreadsheets, with one sheet for each respondent group. Themes that emerged in a GI were counted if they were mentioned once, but do not necessarily represent group consensus.[29] In addition, all GI responses were noted, but were not attributed to individual group participants. GI responses were cross-tabulated by sex, age, occupation (MSME or smallholder) and county. KII responses were organized by institution and by county. Survey responses were summarized by interview question, and analyzed by county, gender, age and lender using descriptive statistics.

To implement pattern analysis, each occurrence of a response from a GI or KII was totaled across GIs and KIIs. The team noted patterns of responses among common responses for each respondent group. GI responses were analyzed by sex, age, occupation and county. The evaluation team then examined whether themes that emerged from the interviews appeared to be correlated with factors such as geography, partner institution, age and sex.

Since the evaluation relied on mixed methods, data from primary and secondary sources were triangulated to reach findings. After analyzing primary data for patterns, the team compared them with trends identified in secondary literature. Primary data and secondary data supported each other in several key areas. Major areas of data convergence included increase in access to finance and access to finance by sex.

Evaluation Team

The evaluation team comprised four evaluators and an independent survey firm to support field interviews. The team included evaluation team leader John Berry, an evaluation specialist and three evaluation team members: Carolyne Njihia, Gordon Wanzare and Meron Tesfamichael. All of the evaluation team members are external to USAID and all signed conflict of interest forms. InfoTrak and Research Solutions Africa, both independent survey firms, supported field interviews. They sampled and mobilized study participants, booked and prepared interview venues, ensured participant consent, took notes during interviews, recorded interviews and transcribed and translated the recorded interviews.

---

28 USAID supported another Sharia-compliant SACCO, Community-Owned Financial Initiative (COFI) in Northeastern Kenya. However, CTS was the sole organization included in the evaluation SOW.

29 Group interviews captured only verbal responses. It was not possible to capture or interpret a question that received no response.

Data Limitations

The unavailability of interviewees and data created limitations for the evaluation team. Data quality was also a limitation, particularly because much of the information that the evaluation team received from FIRM was self-reported both to and by FIRM staff. In addition, all data were collected from a subset of FtF counties that are not necessarily representative of every county in Kenya.

Of 29 financial institutions contacted from the sample, nine were either unreachable or unavailable during the data collection period. In a few cases, staff turnover resulted in the contact person who was identified as a key informant in the financial institution sample being unaware of FIRM's support. The evaluation team was unable to schedule interviews with any of the governors in the three counties selected for government interviews (Bomet, Homa Bay and Machakos). While senior county leaders were unavailable, county government representatives interviewed were the key focal persons engaged in implementing FIRM-supported activity at the county level; they were fully informed of FIRM's activities.

The evaluation team faced limitations in the availability and quality of data provided by FIRM. No baseline data were available at the start of the activity,[30] and only limited "before and after" data were available on FIRM partner portfolio status when they began and ended their collaboration with the activity. The lack of baseline and comparison data prevented comprehensive trend analysis of performance data, rendering it difficult to assess FIRM's impact. Changes in FIRM's M&E Plan[31] also resulted in inconsistencies in data and rendered life-of-activity data comparisons impossible (see Annex 7). In addition, most of the data FIRM presented to the evaluation team (and reported to USAID) was aggregated, which made assessing changes in individual partners problematic. All changes to the PMP were driven by USAID and not DAI, and USAID's contractual agreements with the implementer did not require disaggregation of monitoring data. Because of these limitations, the evaluation team gave greatest weight to primary data captured in group and individual interviews, using data from FIRM and secondary sources for comparison purposes.

Usable beneficiary data was available from only nine financial partners, while FIRM worked with 95 lenders, representing a select number of institutions rather than the entire population of loan beneficiaries. Data from FIRM's financial partners were not disaggregated either, making it impossible to analyze FIRM's role in improving access to financial services by type of client, sex, location or loan purpose. Self-selection therefore took place at both the level of lender and beneficiary data by lender. Since complete documentation of beneficiaries would likely reflect better-performing loan recipients, recipients that banks value more highly or better-performing lenders. Hence the findings of this survey, describing the population of FIRM's lending partners and their loan recipients is not considered fully representative.

Finally, FIRM's partners reported their own data to FIRM, which FIRM presented to the evaluation team. FIRM management stated that they occasionally spot-checked data for quality assurance during field visits, but the team was unable to verify this. In addition, detailed portfolio data were unavailable for the branch locator, The Credit Factory and the Sharia-compliant lending innovations.

Transfer of Evaluation Data to USAID

Primary and secondary data will be transferred electronically to USAID, along with the final version of the evaluation report. These data include interview notes, content analysis tally sheets and performance monitoring data.

30 FIRM did not gather baseline information from each of the financial institutions it supported prior to its engagement with lenders. As a result, it is not possible to determine how much each institution was lending in the agriculture, renewable energy and WASH sectors prior to receiving FIRM support, which would be necessary to make before and after comparisons. However, the memoranda of understanding with each institution did not obligate them to provide any such data, whether aggregate or disaggregated, as they were FIRM partners and not contractually bound to release this information to USAID.

31 Key changes to the PMP included the revision of indicators, specifically after the activity began receiving funding from FtF.

FINDINGS, CONCLUSIONS & RECOMMENDATIONS

Research Question 1 Findings

To what extent did the FIRM activity increase access to finance for targeted populations (i.e., smallholder farmers, microenterprises) in targeted sectors (i.e., agriculture, clean energy, WASH) and how?

Findings from primary research indicate that financial institutions and individual Kenyan smallholders and micro-entrepreneurs feel that access has increased over the last five years. Secondary data further confirm that access to finance has increased significantly since FIRM implementation began in 2011.

Financial Partners

Partner Selection

FIRM's open process attracted concept papers from a range of organizations, including banks, MFIs, SACCOs, producer organizations, self-help groups, financial services associations, professional associations, NGOs and private companies. (While no preference was given to any particular type of financial institution, FIRM ended up partnering with 21 SACCOs and 13 banks, the two largest groups of institutions supported.) FIRM eventually partnered with 91 institutions and companies with a presence in 31 counties. Although FIRM offered a variety of forms of support, it focused on seven key tools, detailed in Table 3.

In addition, FIRM offered various forms of support to partner organizations. As FIRM began implementation, staff contacted financial industry actors, associations and government agencies to request concept papers focused on increasing access to finance. In selecting partners, FIRM used a handful of unobtrusive screening criteria. The basic qualification criterion for all concept papers was presence in FtF counties. Initial financial institution screening used three criteria: 1) lending to agriculture (specifically FtF commodities) or renewable energy, 2) lending to women and youth and 3) profitability.

Once a concept paper was filtered and prior to selection, FIRM staff visited the institution. If they were satisfied with their visit, they drafted a request for proposal (RFP) that was circulated to a competitively selected group of local consultants. After the consultant was selected, a memorandum of understanding was developed and the partnership began. To increase the range and amount of support that the activity's six technical staff could offer, FIRM relied on local and international consultants to implement most of the technical assistance to its partners. A total of 53 RFPs were issued to pre-selected independent consultants to provide support to FIRM partners.

FIRM's open selection process attracted concept papers from a range of organizations, including banks, MFIs, SACCOs, producer organizations, self-help groups, financial services associations, professional associations, NGOs, and private companies. (While no preference was given to any particular type of financial institution, FIRM ended up partnering with 21 SACCOs, and 13 banks, the two largest groups of institutions supported). FIRM eventually partnered with 91 institutions and companies with a presence in 31 counties. Although FIRM offered a variety of forms of support, it focused on seven key tools, as detailed in Table 3.

FIRM Support to Partners

TABLE 3: FORMS OF SUPPORT TO PARTNERS

Form of FIRM Support	Number of Partners	Number of Partners Interviewed*
Capacity building	74	11
Strategy for rural and agricultural financing	41	9
Development Credit Authority guarantee	18	3
Strategy for product roll-out	13	-
Product development	11	8
ICT to enhance agricultural lending	5	2
Strategy for development of clean energy/WASH products	2	-

* Only financial institutions that specifically mentioned receiving a particular form of assistance are counted here. It is possible they received other support and did not mention it in their interview.

FIRM offered a broad range of support to a few partners and limited support to the vast majority of its partners. Almost half of FIRM's partners — 45 of 91 — received only one form of support, while a third — 37 — received two forms of support. Only nine organizations received more than two forms of support. Just under half of FIRM's partners received support for capacity building, with more than half of those receiving only capacity-building support. Among the 37 partners who received two forms of support, the most frequent combination (24 partners) was capacity building and strategy for rural and agricultural finance.

In addition to FIRM's engagement with financial institutions, the activity offered support to national policy-level institutions with the goal of increasing access to finance through an improved enabling environment. These policy institutions included the Treasury Department, the Central Bank of Kenya, the National Economic and Social Council and the Credit Information Sharing Association of Kenya (formerly the Association of Kenyan Credit Providers).

FIRM's support to the Treasury Department and the National Economic and Social Council focused on technical assistance with the National Credit Guarantee Bill and Policy and the Program for Rural Outreach of Financial Innovations and Technologies (PROFIT) credit guarantee scheme. The Central Bank of Kenya (CBK) received capacity-building support and training for its microfinance staff to help them understand microfinance systems and products.

CBK staff described this capacity-building support as relevant, particularly since microfinance was still relatively new to the Central Bank, and important in demystifying microfinance for CBK staff. In addition, the CBK specifically mentioned that support it received from FIRM was useful in facilitating review of the Banking Act, the Microfinance Act and the creation of a Credit Information Sharing policy. FIRM also described helping CBK develop regulations for agency banking, financial services from mobile network operators and deposit-taking capacity for MFI marketing field offices.[32]

According to FIRM, the activity's support to the Credit Information Sharing Association of Kenya (CIS-K) focused on building the capacity of the association and its 65 members to share information. As part of this support, FIRM carried out needs assessments for 37 microfinance institutions in relation to credit information sharing and developed a credit reference bureau reporting template. FIRM also oversaw the pilot of credit information sharing among the microfinance institutions.

FIRM collaborated with six other USAID-funded activities, either through active support or the continuation

32 Agency banking allows financial institutions to establish partnerships with third-party service providers (such as corner shops) to outsource certain financial transactions. Financial institutions own and operate marketing field offices, which are points of service that do not meet the regulatory requirement for being an official branch office.

of interventions of an activity that had reached closeout.[33] The forms of collaboration included: support for credit enhancement facilities (DCA guarantees), supporting development of financial products for activity clients (horticulture, agriculture, dairy and WASH loans), capacity building of joint partners and coordination and information sharing on its activities.

To improve outreach of financial services by financial institutions, FIRM supported capacity building, installation of new branches, development of new products and marketing and communications, as well as training for staff (focused on internal management processes and new product roll out) and clients (focused on consumer education and financial literacy). Data from group and key informant interviews indicate that outreach increased in both the number of financial services outlets and suitability of the services they provide.

Interviews with financial institutions confirmed that they expanded their branch network, particularly to rural areas; developed new products, particularly in agriculture; and increased the number of rural clients. Specifically, seven of 19 financial institutions stated that support they received from FIRM helped them expand access to financial services in rural areas. In addition, four of 19 financial institutions reported that support from FIRM helped them improve internal processes (e.g., loan turnaround time) and serve their clients better.

A significant amount of FIRM's capacity building focused on branch office staff, with seven of 19 financial institutions describing FIRM support as directly focused on their branch network. In addition, three financial institutions described improving the management practices and processes at the branch level. (Two of these partners described their capacity building at the branch level as part of institution-wide strategy "from board to branch.") KIIs with financial institutions confirmed that FIRM's branch locator tool also helped them select locations for new branches in three counties.[34] Secondary data from AMFI's Annual Report on the Microfinance Sector in indicate that the number of financial services branches grew from 319 in 2009 to 566 in 2013.[35]

FIRM supported the development of new financial products as well as the improvement of existing products. According to FIRM data, 74 products were developed with their support (48 new products and 26 improved products). The range of new products developed with FIRM support is broad, but many focused on FIRM's priority sectors: agriculture, energy and WASH. For example, financial partners developed new loan products to finance dairy and livestock production, chicken raising, cotton and horticulture.

FIRM data indicates that the activity's assistance helped develop the following: 25 agricultural loan products, seven microenterprise loan products, six energy loan products, two WASH loan products and one women's loan product. In addition, traditional products such as asset loans, working capital loans, invoice discounting loans and micro-leasing were developed, as well as an emergency loan product. In KIIs with 19 financial institutions, eight FIRM partners confirmed that they received support on product design, review or strategy. Another eight partners described FIRM assistance as relevant to their product development needs.

FIRM support helped develop clean energy loan products to finance the purchase of lamps, cook stoves and biogas generators. In addition, WASH loan clients[36] used funding for water tanks to set up businesses selling water to their neighbors. Feedback from group interviews with smallholders and micro-entrepreneurs receiving this support indicated a desire to bundle such sector-specific support with finance for income-

33 FIRM collaborated with the following USAID-funded activities: Kenya Access to Rural Finance (KARF), Kenya Horticulture Competitiveness Project (KHCP), Kenya Drylands Livestock Development Program, USAID Kenya Arid and Semi-Arid Lands (ASALs) Projects/FIRM Collaboration, USAID Kenya Agricultural Value Chain Enterprises (KAVES) and USAID Agile and Harmonized Assistance to Devolved Institutions (AHADI).
34 FIRM partner Musoni opened one branch in Kisii using the locator and REMU located a new branch in Nairobi. Other new branches are scheduled to open in Wajir (Crescent Takaful Sacco), Chogoria and Tharaka Nithi (REMU) and Busia (Jamii Bora).
35 Since FIRM did not capture data on the number of partner branches (except for the branch locator innovation), it is impossible to compare overall sector growth with growth of the FIRM partner branch network.
36 Though the survey did not sample any WASH beneficiaries, a small number of beneficiaries indicated in the group interviews that they had taken a WASH loan.

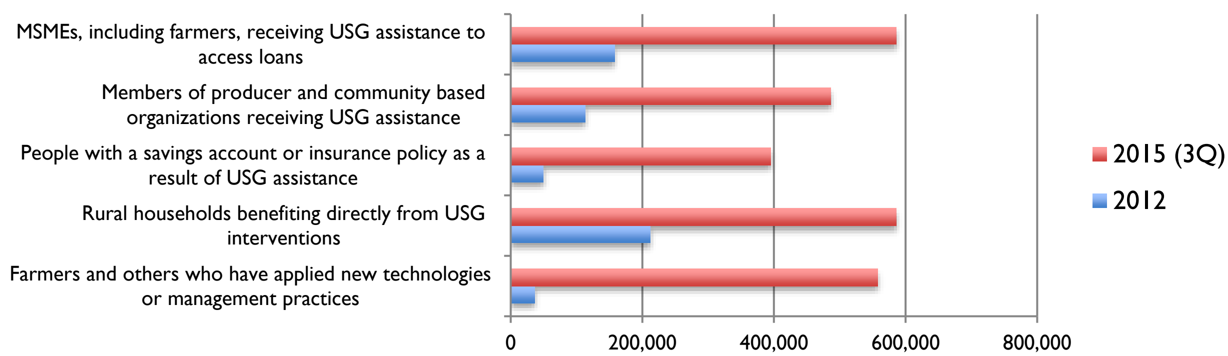
generating activities. Interviews with financial institutions revealed that clean energy products (such as solar lamps) are affordable for most households without using a specific loan product, therefore they are reluctant to take out a loan specifically for a solar lamp. In recognition of this, FIRM's partner Kenya Women's Finance Trust (KWFT) bundled loans for solar lamps and clean cook stoves with other business loans.

Interviews with financial institutions confirmed that their outreach has increased with FIRM support. For example, seven of the 19 financial institutions interviewed confirmed that FIRM helped them develop new products; another six specified that these new products were in the target sectors of water, energy and dairy. Five financial institutions said that FIRM support was relevant to their needs, helping them to increase their rural client base. Two partners specifically mentioned FIRM assistance in overcoming the risks of lending to rural borrowers.

FIRM Performance Data

Although the evaluators were unable to independently verify FIRM's PMP data, reporting submitted to the team from June 2015 indicated that U.S. Government (USG) assistance resulted in 394,865 clients gaining access to savings or insurance services (up from 49,772 in 2012) and 184,416 gaining access to loans (up from 158,175). In FIRM's specific target sectors, PMP data from June 2015 indicate partners were serving 60,039 women borrowers and 250,219 women savers.[37] Secondary data from the World Bank's Consultative Group to Assist the Poor MIX Market website confirm that FIRM's 13 largest partners increased the value of client deposits by more than KES 1.3 billion (USD 13 million),and increased the number of savers by 1.6 million between 2011 and 2015 (Chart 1).[38]

CHART 1: FIRM PERFORMANCE DATA



Loan Beneficiaries

Respondent Profile

The survey sample was split equally between men and women, with most respondents drawn from the counties of Meru (31 percent), Machakos (28 percent), and Bomet (19 percent). BIMAS was the most common lender in the sample (53 percent), followed by MicroAfrica (17 percent), SMEP (14 percent), and ECLOF (11 percent). Most respondents were over the age of 40. Thirty-seven percent were youth ages 18-35, while 3.2 percent were age 18-25. A slight majority of respondents were engaged in small business (54 percent) as opposed to farming (45 percent). Participation in small business was skewed toward youth (64 percent), and those engaged in entrepreneurship were also more likely to have taken out a loan for renewable

37 These data are self-reported by partners to FIRM and FIRM then reported them to the evaluation team. The evaluators were not able to independently verify these numbers.
38 http://www.mixmarket.org/mfi/country/Kenya/organizations

energy purposes (65 percent).

Most entrepreneurs (58 percent) engaged in small-scale retail operations. Fewer than half employed any workers; of those who did employ, they employed five or fewer workers in all but a few cases. Of those engaged in farming, most tilled fewer than five acres (85 percent) and the majority fewer than two (43 percent). Farmers mostly cultivated cereals, while the 21 percent of farmers engaged in dairy production typically owned one to three dairy animals.

The majority of respondents had taken out a single loan in the 2014-2015 period, and the 13 percent who had taken out more than one loan in 2014-2015 typically took out only one additional loan. The average loan was around $600, or $1,500 in purchasing power parity terms.

Access to Financial Services, Loan Utilization and Results

Findings from the survey revealed that loan beneficiaries mainly used their facilities toward working capital (60 percent), which included purchasing new stock or materials. Some beneficiaries reported using their loans for personal needs such as school fees or family emergencies (31 percent), farm inputs (27 percent) such as seeds and chemicals, or productive assets (23 percent) including land, water pumps or vehicles. Women were more likely to use the loan for working capital (53 percent vs. 47 percent) and personal expenses (60 percent vs. 40 percent), while youth were more likely to use the loan as working capital and less likely for personal expenses.

Increased access to financial services was a key finding from the group interviews. Although half of women's groups reported not having access to credit five years ago, eight of 10 said they have access now. These interviews also indicated that table-banking[39] group membership was particularly prevalent among women, with six of 10 groups reporting that they received credit from alternative sources such as table banks or merry-go-round groups, which are formally identified as rotating savings and credit associations (ROSCAs).[40]

Survey respondents reported that the loan enabled them to invest for the long term (27 percent), followed by boosting production (24 percent) and increasing revenues (23 percent). Ten (10) percent noted that they were able to cover day-to-day operating expenses using their loans. Three percent reported hiring more workers. The majority of respondents (88 percent) reported perceiving a positive shift in their economic situation since taking the loan.

Barriers to Accessing Financial Services

Beneficiaries cited high interest rates as the primary constraint in accessing the loan (54 percent), followed by insufficient flexibility with the loan product (29 percent). Further, about a third of survey respondents reported that repayment periods were too short (29 percent), while a smaller proportion found that there were too many conditions on the loan (21 percent).

It became clear during field interviews that FIRM interventions did not prioritize some obstacles to financial access that interview participants commonly held as key issues. For example, all of the smallholder farmer and micro-entrepreneur respondent groups mentioned lack of collateral and lack of financial literacy and business skills as barriers to finance. However FIRM did not operate at the retail level.

Other financial inclusion obstacles that FIRM only tangentially addressed include lack of transparency in financial services pricing and overly aggressive debt collections methods. Smallholders and micro-

39 Table banking is a group funding strategy where members meet once a month, place their savings, loan repayments and other contributions on the table and then borrow immediately as either long-term or short-term loans to interested members. (Action Aid 2016)

40 Randomly selected group interview participants who happened to be clients of FIRM partners had no knowledge of FIRM support for their financial institution; therefore, it is impossible to link client responses with institutions or products supported by FIRM.

entrepreneurs in eight of 23 group interviews complained of hidden fees and other costs (such as legal and administrative fees) that were not included in the interest rate described by their financial institution.[41] In addition, respondents in 13 group interviews cited overly aggressive collections techniques (e.g., reclaiming household assets and materials such as iron roofing sheets) from defaulting borrowers; this created "credit-phobia" among potential borrowers.

Client Satisfaction and Future Support

Borrowers reported a high level of satisfaction with the facilities they utilized and the services they received. Seventy-eight (78) percent reported that the loan met their specific business needs, and 80 percent reported that the lender understood their business needs. Eighty-one (81) percent said they felt more valued by lenders compared to five years ago. Eighty-four (84) percent reported that access to financial products had improved over the last five years, and 87 percent reported that they would take out another loan in future. Similarly, the majority of beneficiaries (88 percent) felt somewhat or very satisfied with the borrowing process in general. Group interviews further corroborated these findings, reporting that their access to financial services improved in several important ways: of the 23 groups, 11 reported more financial institutions and access points, four reported more visibility and engagement from marketing officers; and four reported improved access to banking technology (internet/mobile).

Beneficiaries received one or more forms of support from financial institutions. About one third of survey respondents reported that the lender helped them most by providing financial education (67 percent), followed by assistance with completing the loan (30 percent) and selecting the right loan product (25 percent). Eleven (11) percent reported receiving no help from the lender, and this group was 4 percent to 13 percent lower in its evaluation of their loan and the lending institution. In group interviews, smallholders and micro-entrepreneurs agreed that financial institutions' client outreach had improved in the last five years. Seventeen of 23 groups described learning about services from financial institution staff in the field and four noted that financial institution staff visited their businesses more often. In addition, eight groups mentioned receiving training from a financial institution

When queried about how their borrowing experience could have been made better, roughly a third of beneficiaries noted that it would have been helpful to simplify the loan process (33 percent), followed by improved customer care (23 percent), more information about the loan and application process (22 percent) and more financial education (16 percent). Similarly, more than half of group interviews (13 of 23) and all four youth group interviews mentioned needing financial education, while nine groups mentioned the need for technical training and extension services and six mentioned the need for business skills training. While it was clear that most beneficiaries received some degree of financial education from the lender, financial education and training was still highlighted as a continued need among borrowers.

While the evaluative measures were generally stable across disaggregates of sex, youth, primary source of income, and loan type, some slight patterns did emerge. Beneficiaries engaged in farming typically assessed their borrowing experience 2 percent to 6 percent lower than those engaged in small business. Youth also exhibited a 2 percent to 7 percent lower assessment on evaluative measures; women showed no general trend.

Research Question 1 Conclusions

Both primary and secondary data indicate that FIRM increased access to finance among targeted populations in target sectors. Comments during interviews with smallholder and micro-entrepreneur groups point to increased financial services access and inclusion during FIRM's implementation; this was true among men, women and youth. Interviews with financial institutions that received FIRM support confirm that technical

41 As of July 1, 2014, the Central Bank of Kenya required all banks to disclose the total costs associated with the loan, the loan repayment schedule and the annual percentage rate (which takes into account the interest rate, bank charges and fees and third-party costs, including legal fees, insurance costs, valuation fees and government levies). Not all microfinance institutions follow this policy.

assistance from the activity focused on increasing access to finance, in particular for targeted groups (women and youth) and sectors (agriculture, energy and WASH). Further, FIRM partners described support from the activity as helping them increase their outreach to rural areas and improve the quality of their services through new financial products.

The increase in access to finance that FIRM influenced can be estimated in the improved availability and suitability of financial services. The growth of the financial services industry in Kenya is a multi-year, national-level trend that, although not directly attributable to FIRM interventions, coincided with FIRM's implementation. However, according to both FIRM data and secondary sources, the activity's partners are reaching more clients with more valuable services. Field interviews confirmed that FIRM partners have developed new financial products designed with a particular focus on meeting the needs of agricultural clients. In some cases, FIRM supported the development of completely new products (e.g., K-REP bank's water loan product) or entry into new markets (with the branch locator tool) where the impact of FIRM's assistance can be more clearly measured. However, it is impossible to know if those products or markets would have been developed without FIRM support or if all of their impact is attributable to FIRM.

Data indicate that FIRM has also increased financial services outreach. This increase can be measured in financial services providers' improved capacity to reach rural clients, the proximity of newly opened rural branch offices and improvements in marketing and communications. In addition, branch-level staff frequently took part in capacity-building interventions so that headquarters-level support could translate to increased capacity at the branch level and, eventually, better client services.

FIRM's partner selection process, which was based on open solicitation of concept papers and unobtrusive selection requirements, resulted in a large number and broad range of partners that included well-established formal banks, small savings and credit groups and private companies. This approach to partner selection had the advantage of spreading FIRM's support across a broad spectrum of financial services market actors. However, it limited the amount of support that FIRM could offer any specific sector of the market (e.g., SACCOs or producer organizations or financial institutions in a particular county).

Similarly, the fact that FIRM chose to work with more than 90 partners created a broad presence in the market, but also limited FIRM's ability to work intensively with those partners. (FIRM did not describe a specific strategy behind its approach to selecting partners for intensive assistance.) Only one of ten FIRM partners received more than two forms of support, while the rest received limited short-term support. Trends in the number of forms of assistance offered to individual partners indicate that partners receiving more assistance tended to be larger institutions, but this was not always the case. Some smaller partners (e.g., Skyline SACCO) received three forms of assistance, while some larger partners (e.g., K-REP bank) received only one form of assistance. Typically, smaller organizations such as savings and credit organizations received only one form of support (capacity building).

This approach limited FIRM's ability to develop longer-term relationships with individual partners. (During one partner interview, respondents claimed that no one in their office knew of FIRM because of staff turnover.) Also, FIRM's focus on capacity building, though needed, was frequently generalized, again limiting its ability to have an intensive, specific effect on individual partners. Only one FIRM partner in 10 received the kind of multiple forms of support that would allow for an integrated and coordinated approach to building capacity, developing products and increasing outreach.

FIRM's reliance on consultants to provide technical assistance to partners increased the number of partners it could support. However, reliance on consultants can hinder long-term relationship building, as demonstrated by comments from county government officials and financial institution partners about consultant selection. When FIRM had a direct relationship with government officials, such as its support for the Central Bank of Kenya and the Treasury Department, it was able to effect positive changes in the legal and regulatory environment that helped improve access to financial services. When FIRM relied on a pool of pre-selected consultants, some partners complained about not being able to choose the consultant selected to assist them.

With FIRM support, partners developed financial products focused on the target sectors identified by USAID: WASH, agriculture and energy. Both clients and financial institutions cited links between sector-focused lending to priority areas (like WASH and clean energy) and support for income-generating activities as a way to increase interest in these products.

Although FIRM was effective at improving access and outreach by improving the products and proximity of service providers, interviews with all three respondent groups indicate that FIRM's implementation strategy was not focused on the other agreed-upon major barriers to financial services access. These include cost of credit, financial education and entrepreneurship and business skills training. FIRM's focus on supporting capacity building and product development was identified in part as a strategic choice by activity managers and in part a reaction to partner demand. The end-result was that the activity spread its resources on a wide range of issues, but did not invest significantly in the three issues identified by respondents.

Research Question 2 Findings

How effective were the key innovations in generating results and how could they be improved?

With intentions to develop new approaches to access to finance, FIRM identified and supported approximately 24 innovative concepts in financial service delivery. The SOW for this evaluation focused on four innovations: the Value Chain Finance Center (VCFC), The Credit Factory (TCF), branch locator software and a Sharia-compliant lending product outsourced through SACCOs. Among the innovations that were not included in the scope of this study were successful FIRM-supported partnerships that OEG felt were well-enough documented to not require further study. These include M-Kopa, a solar lending product, and iCow, a mobile-based livestock extension platform. Both FIRM and USAID/Kenya cited both of these as particularly successful innovations.

Interventions were not selected specifically as innovations, but were identified through the normal application process as concept papers which potential partners submitted. There was no separate call for proposals for innovations. Partners submitted concept papers to FIRM, which subsequently singled out those that, in FIRM's judgment, proposed new and promising approaches to providing financial services. Once innovative concept papers were selected, FIRM noted them and reported on them as case studies.[42] Although partners proposed these innovations, FIRM took a direct role in their development and implementation. Notably, FIRM consultants and staff continue to have key management roles in the implementation of the branch locator tool and The Credit Factory.

After an earlier successful collaboration on a dairy value chain study, FIRM identified Financial Sector Deepening (FSD)/Kenya as a locally based partner with expertise in implementing value chain studies. (FSD is registered in Kenya as a trust, operating on internally generated funds and donor contributions.) FIRM and FSD went through lengthy negotiations to agree on a business plan, but their partnership eventually collapsed because of corporate differences.[43] Before the dissolution of the partnership, FIRM and FSD identified 17 promising value chains for further research. FSD studied one of these value chains (cotton), but found it to be unprofitable; FSD shelved the study. Nothing else came of this collaboration. Nonetheless, three interviewed financial institutions expressed a need for value chain studies to identify potential new sectors and loan clients. One financial institution (SMEP Microfinance Bank) stated its intention to become a "value

42 "Number of product/service innovations created and implemented" was an indicator in FIRM's original (2011–2012) performance management plan, but was subsequently dropped. However, FIRM continued to support innovations through its regular partner selection mechanism.
43 During the evaluation team's interview with FSD, the significance of differences in the approach and pace of work between FIRM and FSD became clear. FSD revealed that it took them a year to identify a consultant to implement a value chain study and seven months to get the consultant started with fieldwork. FIRM's implementation timeline and work style were completely out of synch with this management approach.

chain bank" and its interest in value chain studies to plan their investment strategy.

To address the high cost of credit, FIRM began supporting The Credit Factory, a small MFI focused on reaching underserved, vulnerable and poor clients and offering a significantly lower interest rate (8 percent) than its larger competitors.[44] As a non-institutional financial model, The Credit Factory relies on field agents to identify clients and disburses loans either in kind (e.g., in the form of fishing nets or fertilizer) or by mobile money, with repayment via mobile money. The Credit Factory has depended on free lending capital from Kiva (a California-based crowdfunding mechanism that supports MFIs) and on a FIRM technical officer serving as its managing director.

To date, The Credit Factory has reached 1,610 clients with $95,000 in loans. The Credit Factory clients expressed appreciation for the low interest rates and the client-centered approach to lending. Group interviews indicated that The Credit Factory reaches poor and marginalized clients, some of whom might not otherwise have access to credit, and offers terms and conditions far more generous than its competitors.

To improve outreach of microfinance services, FIRM supported the design of a sophisticated software application to identify suitable locations for new branch offices. Jamal Rahal, an international programming expert whom FIRM brought to Kenya, developed the tool. FIRM technicians and FIRM-hired consultants were directly responsible for the development and implementation of the tool. Technical support to partners using the branch locator was provided under the FIRM contract. No institution paid full price for use of the tool.

Proper implementation of the branch locator tool requires an experienced and qualified consultant as well as high-quality data from the partner institution. Few consultants in Kenya are experienced with the tool and able to implement it correctly. FIRM management intends to find a local organization to carry on implementation of the tool, but has not yet found a partner with the capacity to implement the tool independently.

Three partner institutions that the evaluation team interviewed used the branch locator tool: Juhudi Kilimo (which opened a branch in Bungoma), Musoni Kenya (which opened a branch in Kisii) and REMU Microfinance Bank (which opened a branch in Nairobi).[45] In KIIs, these three partners described the tool as useful and relevant to their need for expansion and increased information regarding markets and clients. They further said that branches located using the tool had improved accessibility, customer uptake and traffic. Although all of the partners who used it described the branch locator as effective and rigorous, they also said that it is data heavy, time consuming and difficult to implement.

Another FIRM-supported innovation aimed at increasing outreach of financial services is a Sharia-compliant livestock value chain loan. Crescent Takaful is developing this product, which uses an innovative combination of value chain finance and outsourcing to rural SACCO franchises. (FIRM's partnership with Crescent Takaful just began in 2014.)

This product is intended for rollout in Northeastern Kenya, a predominantly Muslim region with little infrastructure, low population density, vast territory and regular insecurity. The product was developed with these conditions and the prevailing socioeconomic context of the region in mind. Group interviews in Isiolo universally described the availability of Sharia-compliant banking as the most important influence on access to financial services. The predominance of livestock as a key source of revenue was similarly mentioned in group interviews.

Crescent Takaful managers explained how the different actors and elements of the livestock value chain were

44 According to Microfinance Transparency, APR offers by Kenya MFIs average 59 percent, but go as high as 223 percent. The lowest interest captured was 16 percent. (http://www.mftransparency.org/microfinance-pricing/kenya/#)
45 The evaluation team was unable to access information regarding the number and value of loans issued by these new branches or on their relative effectiveness at attracting clients.

incorporated into the lending model. This includes Crescent Takaful as the funding organization, village-based SACCOs as the distributing agents, Mercy Corps technical advisers as extension agents and a commercial abattoir as the purchasing agent. Although promising, this innovation is still in the development phase.

Research Question 2 Conclusions

FIRM's support for innovations to improve access to finance was an organic outgrowth of its regular partner identification process. FIRM's direct involvement in the development and management of innovations such as the branch locator tool and The Credit Factory has exposed the inherent barriers to sustainability when an implementation partner becomes essential to the success of the innovation.

The structure and management of The Credit Factory have created significant challenges to the management and financial sustainability of the institution. Until a qualified management and a low cost capital source are found, existence of The Credit Factory will depend on FIRM staff and low-cost funds. In addition, unless The Credit Factory is able to overcome the limitations of its small scope and scale, its ability to reach a significant number of clients will be limited and its overall impact on access to finance will be minimal. If The Credit Factory is unable to continue to access free or very inexpensive capital, it will, at a minimum, be unable to continue offering below-market interest rates and potentially be unable to replenish its loan portfolio. Replacing The Credit Factory's Managing Director—currently a FIRM technical staff member—will require identifying qualified local management and generating funds to pay them. If The Credit Factory is unable to overcome the three challenges of scale, access to capital and management, its viability as an institution is questionable.

Similarly, until a qualified local partner is found, implementation of the branch locator will be dependent on FIRM staff and consultants. FIRM partners who have used the tool are happy with its results in terms of the placement of their new branches. However, it is uncertain that they will be able to replicate the complex process without FIRM's assistance. In addition, it is unclear whether local consultants have adequate capacity to continue to implement the tool without FIRM support. Both of these threats to sustainability result from FIRM's approach to the development and implementation of the tool. By bringing in an international expert, FIRM ensured the development of a high quality software tool. Yet while powerful, the tool demands large amounts of detailed data and requires a highly qualified consultant. If a sufficient cohort of qualified local consultants is able to implement the branch locator after FIRM's departure, the question remains whether a large enough number of financial institutions will be willing to pay market rates for the tool. Unless there is sufficient local capacity and demand for the tool post-FIRM, the sustainability of this initiative is also uncertain.

The evaluation team found that the Value Chain Finance Center (VCFC) was the least successful innovation studied. Essentially, the VCFC was never implemented. FIRM's approach to implementing the VCFC was to enhance the sustainability of the intervention by partnering with the locally-based organization, FSD/Kenya. However, in the brief course of this evaluation the significance of the differences between the two organizations in terms of approach and management were abundantly apparent. Whatever the case, the fact that FIRM and FSD were not able to overcome their institutional differences and implement the VCFC as planned represents a missed opportunity. There remains a clear and ongoing demand for value chain studies from financial institutions seeking new markets and development of new products. However, challenges remain in identifying a local partner who can assure the long-term sustainability of the intervention and creating partnerships between organizations with different cultures, priorities and approaches to management.

By contrast, FIRM's support for the development of a Sharia-compliant livestock lending model remains a promising work in progress. Among smallholder farmers interviewed, demand for such a product is high. The product is appropriate for the cultural and geographic context of North Eastern Kenya. Using a value chain finance approach to product development will ensure that the necessary financial, institutional, technical and market elements are in place to set up the product for success. Further, using an outsourcing model in collaboration with locally-based SACCOs will aid Crescent Takaful in overcoming obstacles of distance and infrastructure. If the eventual development and roll-out are successful, this model has the potential to achieve significant scale and be adapted for other value chains.

Research Question 3 Findings

How relevant has the FIRM activity's support to county governments' investment efforts been and how effective has it been in helping governments set investment priorities?

In February 2014, FIRM's contract was modified to include support for county government strategic investment plans and county support with an additional $4.5 million in funding. These additional initiatives required FIRM to shift its focus and resources in a departure from its original strategic direction. FIRM hired additional staff to manage its county-level portfolio and reoriented its pool of pre-qualified consultants to focus on capacity building of county governments. While FIRM continued to provide support to financial institutions, the addition of county-level work required a significant shift of management and technical resources. The five counties supported through this initiative include Bomet, Machakos, Homa Bay, Taita Taveta and Meru. FIRM also provided limited support to Nairobi City County.

County governments were created as part of the devolution process envisioned in Kenya's new constitution. Being less than two years old, local governments have a pressing need to develop and operationalize County Integrated Development Plans (CIDPs), economic development strategies and investment plans. To support county governments, FIRM stepped in to offer the following forms of assistance: PPP prioritization, development of strategic plans and strategic investment plans (SIPs), writing a business plan for Bomet Water Company, promotion of county cooperative policies and implementation of feasibility studies for the energy sector. In addition to support for county governments, the FIRM also offered support to the Council of Governors to develop county PPP regulations and model county-level policy, legislation and regulations for the cooperative sector.[46] Further, FIRM worked with county governments to customize the county-level cooperative policy, legislation, and regulations and with government departments to build capacity to implement the policy. Although FIRM describes working with FtF county governments, significant progress was only achieved with 18 counties, almost three quarters of which are still at an early stage, and just three counties have reached the final stage of passing and implementing cooperative policy. A table detailing FIRM's reported progress on supporting cooperative policy development follows.

TABLE 4: COUNTY COOPERATIVE POLICY DEVELOPMENT

Stage of progress	Form of Progress	Number of interventions
Stage 1	Drafting and analysis stage by the technical and legal experts	13
Stage 2	Presented for public/stakeholder consultation	0
Stage 3	Bill presented to the County Assembly for debate	0
Stage 4	Passed by County Assembly (awaiting approval)	2
Stage 5	Passed into law, administrative procedures developed, implementation begins	3

In KIIs, county officials confirmed the relevance of FIRM support to their needs. County officials in Machakos, Bomet and Homa Bay counties all expressed that FIRM was responsive and gave them a voice in both the type of support provided and the selection of consultants to provide it. Citizen participation groups were consulted in the development of county SIPs; groups in Machakos and Homa counties described FIRM's approach as participatory and inclusive.

Given the relatively short time since FIRM began implementing support to county governments,[47] it is too early to fully assess the effectiveness of this intervention. However, county officials in Meru and Homa Bay

46 The evaluation team contacted the Council of Governors, but was not able to secure an interview.
47 For example, FIRM signed a memorandum of understanding with Bomet in April 2014 and with Homa Bay and Meru in May 2014.

mentioned that they have been able to use investment plans developed with FIRM support to attract support from other donors. Officials in Homa Bay further mentioned that since the development of their FIRM-supported strategic plan, they have sunk 41 boreholes and renovated a stadium and rehabilitated 40 ward-level playgrounds.

Reception to FIRM's support has been mixed, as noted by both positive and negative comments in KIIs and GIs. In some cases, county officials were critical of FIRM assistance while citizen participation groups were complimentary. In Machakos County, officials described FIRM support as too soft and incomplete, saying they were dissatisfied with the quality of the strategic plan developed. These officials said they were frustrated by a lack of clarity regarding expectations and changes in direction that amounted to FIRM moving the goal posts. Meanwhile, citizen participation groups in Machakos described FIRM assistance as a "game changer," motivating the county to solidify planning and boosting the morale of civil society groups. Comments from Homa Bay county officials and citizen participation groups were similarly mixed.

Research Question 3 Conclusions

Newly formed county governments have faced the challenge of building their own capacity and a lack of strategies and tools to deliver needed services. Although FIRM's support for county governments is a relatively new intervention, preliminary indications from interviews at the county level suggest that this support has been relevant to local needs and effective in developing investment strategies (even attracting two investments).

Based on key informant and group interviews, it appears that the support offered by FIRM in developing strategic plans, strategic investment plans and business plans was timely and relevant to the needs of county government partners. FIRM's support for the development of decentralized county-level cooperative policy frameworks is still at the beginning in many counties, but FIRM can point to a small number of successes in moving cooperative policy from conceptualization through legislation. To maximize the value of these new cooperative policies, significant capacity-building assistance will be needed at the county level of the financial management capacity of SACCO leadership, as well as the financial literacy and business skills of SACCO members.

According to county government officials, FIRM's approach was demand-driven, flexible and participatory. (FIRM's outreach to citizen participation groups was particularly effective at motivating local leaders.) Integrating policy-level work with strategic planning and capacity building ensured that FIRM's support had an impact on several levels. However, the type and quality of support FIRM offered garnered a mixed reception. Several interviewed county government officials clearly expected more concrete assistance. In addition, some county officials expressed frustration at changes in FIRM's direction and personnel. This frustration can be explained in part by lack of clarity in expectations between FIRM and the county governments and in part by the relatively short period that FIRM staff has had to build relationships with county government officials. It was unclear to the evaluation team whether these frustrations resulted from a need for FIRM to better manage expectations or from unrealistic expectations on the part of county governments.

Given the significant and urgent needs of county governments for support in all sectors and the fact that FIRM's support was added in the last years of activity implementation, some degree of disappointment on the part of county governments is understandable. However, FIRM's use of consultants to provide support and the activity's changes in personnel likely contributed to these misunderstandings.

From field interviews, it is clear that policy and strategic support was needed at the county level and additional support will be needed in resource mobilization and capacity building. However, this work will require long-term, full-time commitment. Short-term technical assistance, while useful, is unlikely to offer the most effective approach to addressing the need for ongoing support.

Recommendations

From the evidence the evaluation team compiled, FIRM was successful in achieving its primary objective of increasing access to finance. However, the evaluation team recommends that the Mission consider a number of lessons learned in designing subsequent activities in the microenterprise sector. Unless otherwise noted, the following recommendations are intended for USAID/Kenya, Feed the Future and Power Africa to act upon when designing and implementing a FIRM successor activity.

Access to Finance

To improve access to finance, USAID programming should continue to address both supply and demand constraints,[48] Improvements to the availability of financial services through SACCOs, table banking and ICT applications can address supply barriers. Client education and training, particularly in financial literacy and business management skills, can address demand barriers.[49]

SACCOs are well placed to expand outreach to financial services among their members; however, their capacity to deliver services is often limited. Because SACCOs are locally based, their proximity to clients, particularly in rural areas, is often better than that of formal financial institutions. However, the member-management aspect of SACCOs creates frequent barriers in institutional and management capacity, as well as the ability to access lending capital. By specifically targeting rural SACCOs with capacity building and training, USAID can increase their ability to provide financial services to their members.

Continued support to table banking through informal rotating savings and credit associations (ROSCAs) is another alternative means to increasing the availability of financial services in future programming. Group interviews indicated that membership in table-banking groups was particularly prevalent among women. (Self-managed table banking groups are popular among women who feel marginalized or excluded by the formal banking sector.) A wide body of literature and experience exists regarding improving the management and measurement of ROSCAs. (Recent experiments in Egypt linked ROSCAs and Islamic banking with a bank-insured loan repayment scheme.[50]) Building the capacity of ROSCAs through training in financial and group management, as well as linkages between ROSCAs and formal financial institutions, could provide valuable alternative mechanisms to reach marginalized clients, particularly women.

While USAID cannot initiate or dictate on matters of financial policy, it can continue to make contributions toward regulatory strengthening, recognizing that these efforts require significant time before policies change. USAID should, however, continue to provide this support in future activities to the extent that it is feasible.

Kenya is a recognized world leader in the use of mobile phone technology to increase access to financial services. FIRM has successfully promoted mobile-based mechanisms for service delivery such as iCow (mobile phone-based veterinary extension services) and M-Kopa (financial products for packaged solar energy equipment), as well as working with the Central Bank of Kenya to develop regulation for delivery of financial services through mobile network operators (e.g., Safaricom). By continuing to prioritize the identification and funding of ICT innovations, USAID can continue to contribute to the growth of this dynamic sector.

Working with organizations that are known innovators in ICT services, and specifying ICT as a special area

48 Currently, the FIRM activity supports a range of financial and non-financial institutions, addressing both ends of the supply and demand spectrum. These include producer organizations, banks and SACCOs.
49 USAID is already addressing these needs through other activities, such as the Kenya Agricultural Value Chain Enterprises (KAVES), which is designed to work with smallholder farmers, businesses and national and county government partners to address constraints up and down the value chain (such as agro-processors, input suppliers, transporters, exporters, retailers, financiers) and develop fully functioning, competitive value chains. However, FIRM and KAVES may not have targeted the same pool of beneficiaries.
50 Bank-Insured ROSCA For Microfinance: Experimental Evidence In Poor Egyptian Villages, *Journal Of Economic Behavior & Organization*, by Mahmoud El-Gamal, Mohamed El-Komi, Dean Karlan, Adam Osman.

of interest in the selection criteria for future USAID-supported partnerships, will increase the Mission's impact on technology-driven access to finance. To maximize impact of USG support to the sector, OEG should consider where financial markets are functioning effectively (e.g., Safaricom's M-Pesa and other mobile money service providers) and where market gaps remain. Adapting existing platforms or developing new applications to fill market gaps and reach underserved rural and agricultural clients could be an area of strong potential impact.

Beneficiaries expressed a need to receive technical training to improve production, as well as business training to improve their sales. Focusing future USAID technical and financial support on the development of agricultural loan products in specific value chains, as well as promoting up and down linkages between value chain actors (e.g., farmers, producer organizations, extension services, financial services and final markets), will help to ensure that the production, financing and marketing of agricultural products are synchronized. This can be accomplished by working with known actors in value chain development and by specifying value chain finance as a special area of interest in the criteria for selecting future USAID-supported partnerships.

The use of DCA guarantees enabled FIRM to leverage more than $111 million in loans to targeted sectors such as agriculture, energy and water. The OEG should continue to support the identification of potential DCA partners and provide them with technical assistance to ensure the full utilization of their guarantee. In addition, OEG should explore how DCA guarantees can be used to encourage partners to enter new or targeted sectors and lower interest rates. While it may not be possible to make these criteria for DCA selection, technical assistance and other support could be an added incentive to engage marginalized populations in priority sectors and reduce the cost of financial services to poorer clients.

Although FIRM effectively addressed supply-side issues in access to finance, such as the availability of financial services, it did not place a priority on reducing demand-side barriers. All three respondent groups (financial institutions, policy actors, smallholders and micro-entrepreneurs) agreed that an unmet need exists for financial education and improved business management skills. Several FIRM partners (Musoni, REMU, The Credit Factory) provide training to all of their clients; however, many do not. In a follow-on activity, USAID can promote provision of financial and business education through financial institution partners by building their training capacity with training of trainers. Because of their proximity to their clients, SACCOs could be specifically targeted for capacity building and training of trainers to increase members' financial and business skills.

FIRM offered support to some partners, such as Crescent Takaful, to develop financial products focused on a specific value chains. Building a value chain component into the development of future financial products should be a priority in future partner selection. While the technical process of developing a value chain finance loan product is the same as other loan products, including consideration for the structure, functions and actors of the value chain, and linking financial services to market access, business support and extension services add a unique element to value chain finance. Consideration should be given in the selection of future USAID grant partners for financial institutions (and non-financial partners) using a value chain approach. In addition, technical assistance should be offered to develop both products and linkages in priority value chains.

As confirmed in interviews with a range of respondents, the over-reliance of financial institutions on rigorous conditions including physical collateral as a form of loan guarantee is a barrier to access to finance for many smallholder farmers and micro-entrepreneurs. Alternatives to physical collateral are available, but are not widely used. USAID should promote the development and use of these collateral alternatives. For example, a potential borrower's business cash flow and credit history can be considered in analyzing credit-worthiness. Increasing the use of cash flow as a collateral alternative (or complement) will require developing the capacity of financial partners to capture and analyze these data and clients to produce it. The former can be accomplished by revising credit processing and management systems and by training on alternative credit analysis methodologies. The latter will require training clients on basic financial reporting and management skills (or training of trainers, so financial institutions can train their clients themselves).

USAID should continue to support initiatives already under way to increase credit information-sharing. Building the capacity of the Credit Information Sharing Association (CIS Kenya) to capture and distribute client data and the capacity (and willingness) of financial institutions to report to CIS Kenya will require USAID-funded technical assistance and financial support. As part of its follow-on activity, USAID can strongly encourage all of its financial institution partners to report to CIS Kenya.

The issues of lack of transparency in pricing financial services and overly aggressive debt collection methods were mentioned in 13 of 23 group interviews. In a follow-on activity, USAID should provide technical support to the efforts of the Central Bank of Kenya and groups like the Kenya Bankers Associations (KBA) and the Association of Microfinance Institutions (AMFI) to promote truth in pricing of financial services, particularly cost of credit. This will require building industry-wide awareness of the use of annual percentage rate of charge (APR) to enable consumers to compare loan costs based on standardized parameters and a common computation model. It will also require building the capacity of individual financial services providers to calculate APR and to explain it to their clients. (For many MFIs on a global level, capacity to calculate true interest rates is more of an issue than intent.) Finally, in collaboration with organizations like KBA and AMFI, a national public awareness campaign to raise understanding of APR pricing among clients will help create pressure on financial institutions to improve pricing transparency.

Curbing overly aggressive collections policies falls in the realm of enhancing consumer protection. Encouraging financial institutions to voluntarily comply with basic consumer protection principles will require that the follow-on activity work with actors at all levels of the industry, including the government, consumer protection organizations, professional associations and individual financial institutions. In addition, a national public awareness campaign could help raise understanding of consumer protection among clients and pressure financial institutions to end aggressive tactics.

FIRM both benefitted from and continued to enhance USAID's long-term support of the Central Bank of Kenya (CBK) and the National Economic and Social Council (NESC). This collaboration positively influenced regulations that significantly increased the number of financial services outlets in rural areas. Continued technical support for the CBK and NESC through a follow-on activity is recommended. This can include participation in technical committees, supporting training and capacity building, legislative research (including review and revision of CBK policies and regulations) and organizing industry events. It is further recommended that, to the extent logical and possible, permanent activity staff (rather than consultants) be appointed to provide direct support to the CBK and NESC.

Engagement with government agencies such as the CBK has allowed FIRM to take an integrated top-to-bottom strategic approach to building capacity in the microfinance sector. For example, working on the national and county levels on cooperative policy, then building the capacity of SACCOs at the local level was an effective strategy. This approach should be replicated with other initiatives (such as the above-mentioned initiatives to increase transparency and consumer protection). SACCOs' proximity to their client members make them a well-placed partner for reaching rural populations, but institutional strengthening in the form of training (for management and members), as well as training of trainers, will improve their effectiveness at delivering credit and savings services.

While FIRM's open approach to partner selection resulted in a large number and broad range of partners, the lack of focus on specific types of partners (e.g., SACCOs) and the short-term nature of their support to the majority of their partners limited their ability to affect the growth of the sector and individual partner institutions. It is recommended that the follow-on activity pursue a more selective (though not exclusive) approach to partner identification. Institutions serving rural clients should receive specific priority in the selection process and SACCOs should receive special consideration. In addition, the follow-on activity should focus on building partnerships based on broad, integrated and long-term support. For example, partners who receive support in developing a new rural lending strategy should also receive a long-term commitment to support development of new products and capacity building to deliver these products at the branch level.

Innovation

According to OEG, FIRM's support for innovations has had some notable successes (which the evaluation team did not study) and some notable failures (which the evaluation team did study). It is recommended that OEG continue to support innovative ideas for increasing access to finance, with the expectation that, as with Silicon Valley start-ups in the U.S., both hits and misses will occur. The evaluators see no fundamental reason to change the selection process used to identify innovations, or limit the range of institutions or companies who can submit concept papers. But, as mentioned, more structure and focus should be given to the selection process, with special consideration to institutions working in rural areas. Although not all concept papers supported by the follow-on activity need to be innovations, those that are labeled so must be sustainable and scalable, as a matter of principle, or have the promise of becoming so before the end of the follow-on activity. It follows logically from this principle that the staff of the follow-on activity should not be directly engaged in managing the innovations that they fund. Finally, more work needs to be done in capturing lessons learned from the innovations as case studies (of both successes and failures) and as an indicator that the initiative should close (if unsuccessful). If the managers of the follow-on activity identify an intervention as innovative, it should be documented as such. If it turns out to not be innovative (or successful), then funding for the intervention should cease.

The collapse of the Value Chain Finance Center was a notable missed opportunity. However, an ongoing need remains for value chain studies, particularly those focused on sectors where local interest is strong and local actors have demonstrated intent to invest in the sector. To build sustainable national capacity to implement value chain studies, the follow-on activity should work with local government agencies, organizations and consultants to fund implementation of value chain studies.

A takeaway from the FSD/Kenya experience is that identification of value chains for study should be grounded on strong economic research, but must take into consideration the priorities and interests of local actors such as county governments, private businesses, producer organizations, MFIs and cooperatives. The demand for value chain information should be a determining factor in the selection of value chains to study. For example, FIRM has already supported the development of strategic investment plans at the county level. With these plans, county governments have identified priority areas for investment. To operationalize these plans, further study of specific value chain opportunities may be necessary. Coordinating with county governments and taking into consideration the interests of private sector actors (business and financial institutions) will help to ensure that the study, once produced, has an interested audience.

The eventual use of the information should also serve as a practical guide to the design of the studies. For example, are financial institutions interested in developing a loan product for the horticulture sector? The study design process should include consideration to who will use its results and how the results can be developed into tools and products (e.g., a dairy loan product) demanded by financial institutions and borrowers.

Based on available data regarding The Credit Factory's scope and scale of operations, their need for free lending capital and their dependency on FIRM staff for management support, it is unlikely that the institution will be sustainable after FIRM ends. Therefore, FIRM staff should proceed with a gradual wind-up of support and capture what lessons can be learned from the experience. When funding innovations in the future, the follow-on activity's management should give priority to those that are scalable and sustainable within the relatively short life of the activity.

As a tool, the branch locator application has had some success in identifying high potential sites for new branch offices. However, the complexity of the tool has raised questions about the sustainability of the intervention post-FIRM. It is therefore recommended that FIRM immediately begin looking for, and (if necessary) building the capacity of, local partners for transfer of the tool to local management. (As a public good, the tool cannot be sold and should be made available to more than one organization.) National organizations such as KBA or AMFI could house the tool and provide it to association members. The organization(s) housing the branch locator will need capacity-building assistance from FIRM to understand how to use it. The institutions and consultants who will eventually implement the tool will also need training and capacity building. To make the branch locator more accessible and easier to use, FIRM should also develop a simplified version that can be implemented without requiring the support of an international expert.

As Crescent Takaful's Sharia-compliant livestock loan product is still a work in progress, it is too early to make recommendations based on the implementation of the model. Key informant and group interviews both indicate that the methodology is appropriate for the market and the geographic and cultural context and demand for the product exists. In addition, the SACCO-outsourcing component of the methodology could hold interesting lessons for the development of similar products. FIRM should continue to support the implementation of loan product development and roll-out and document lessons learned from the experience as a case study before the end of the activity. If the model is successful, the follow-on activity should make the case study available to other financial institutions. In addition, the follow-on activity should offer technical assistance to qualified partners who want to adapt and use the Branch Locator tool.

Support to County Governments

FIRM support to county governments came at a key time in the devolution process. Supporting the development of strategic investment plans was relevant to the needs of county governments as they grappled with prioritizing economic development activities.

USAID should definitely continue to support county governments as they implement the strategies that FIRM helped them develop. Building the capacity of county governments to operationalize their plans and to mobilize resources to fund them is a key next step. Funding technical assistance and training for county officials in developing market studies and business plans and designing PPPs will help realize this. In KIIs, county officials expressed a particular need for training in value chain development, monitoring and evaluation and infrastructure finance. In addition, supporting the implementation of new county-level cooperative policies will require training and capacity building for both county government officials and SACCO leadership and members.

Although it is too early to fully assess the effectiveness of FIRM's interventions at the county level, comments from field interviews led the evaluation team to question whether an economic growth activity is the most appropriate mechanism for supporting county governments. Despite the challenges that FIRM has faced in beginning a distinctly new intervention in the last years of activity implementation, its approach has inherent weaknesses. USAID should reconsider offering limited support to short-term technical assistance through a follow-on activity focused solely on economic growth.

While county governments need technical assistance in planning and implementing economic growth activities, needs on the ground are greater than basic technical assistance or economic growth. County officials expressed the need for more comprehensive and concrete support, indicating that USAID needs to use a broader strategy to support local governments. In addition, an activity such as Agile and Harmonized Assistance for Devolved Institutions (AHADI), which is more clearly aligned in its nature and approach to the governance sector, could provide a more appropriate mechanism for building overall county government capacity.

Whichever activity USAID uses to support county governments, a mix of short-term and long-term support will be required to build relationships between USAID and local government officials. Short-term assistance from technical experts is needed, but should build on a foundation of long-term support from dedicated or seconded activity staff. One approach could be to offer short-term economic growth support through the FIRM follow-on activity to complement long-term support from a multi-sectoral activity such as AHADI. In a sense, the mechanism used is less important than long-term capacity and relationship building.

Data Quality

Whilst FIRM was envisaged to increase access to financial services for smallholder farmers, the model and the theory of change were based on working with financial institutions that are not contractually bound to USAID. As such, the financial institutions' had limited requirements to systematically collect monitoring data about the value of the loans disbursed or the demographics of the borrowers for M&E reporting purposes. In the future, USAID may wish to consider incorporating recommendations for baseline and continuous monitoring information into contractual agreements with financial institutions during the design process. This will allow for comparative analysis across institutions, and will further allow for a more comprehensive examination of the activities contribution to increasing financial access across various disaggregated metrics including county, gender, loan type and amount. However, USAID should engage the financial institutions to determine what approaches for quality data collection may be most feasible for these partners, given the constraints which include limited human resources and client confidentiality.

ANNEXES

Annex 1: Statement of Work

1. BACKGROUND INFORMATION

1.1 Identifying Information

1. Program: OEG
2. Activity Title: FINANCIAL INCLUSION FOR RURAL MICROENTERPRISES (FIRM)
3. Award Number: AID – 623-BC-11-00001
4. Award Dates: JANUARY 2011-DECEMBER 2015
5. Funding: $22,465,094
6. Implementing Organization: DEVELOPEMENT ALTERNATIVES, INC.
7. Contracting Officer's Representative (COR): BENSON KIMITHI
8. Period to be evaluated: JANUARY 2011-FEBRUARY 2015

1.2 Development Context

1.2.1 Problem or Opportunity Addressed

Inadequate financial services in rural and agricultural sectors constitute the main causes of poverty and food insecurity in Kenya. These sectors are crucial for food security, poverty reduction and generation of employment opportunities for the bulk of Kenya's population. Over 4 million rural smallholders rely on agriculture for their livelihood and another eight million people are employed in agriculture - accounting for over 75 percent of the country's total labor force. About 96 percent (1.6 million) of all business enterprises registered by the Ministry of Trade are micro and small enterprises, which comprise the key source of incomes for the rural and urban poor in Kenya. However, a large percentage of these people are excluded from formal financial services.

Financial access stimulates economic activities and increases household incomes. Adequate savings and credit services enable farmers to invest in infrastructure, finance land preparation and inputs, and bridge income slumps between planting, harvest and sale. Similarly, increased financial services enable small scale firms to finance production expansion and emerging entrepreneurs to fund new ventures that spur innovation and competition. Increasing financial service access to rural and agriculture enterprises is critical to addressing the current widespread economic under-development in Kenya. It is in recognition of this that the Government of Kenya (GOK) has pegged the success of Vision 2030 on a vibrant and globally competitive Kenyan financial sector, which can drive high levels of savings and investment. The GOK plans to expand financial service access to over 80 percent of the adult population by 2030.

Demand for microfinance services in Kenya remains largely unmet, especially amongst rural-based small-scale farmers and non-farm micro-entrepreneurs. According to a 2009 FinAccess survey, 33 percent of Kenyans are excluded from both formal and informal financial services, which include services from microfinance institutions and savings and credit co-operative societies. Not surprisingly, this trend is more pronounced in rural areas, among people with low levels of education and those younger than 24 years, groups that comprise the majority of Kenya's adult population.

tF), and Global Climate Change Initiative. By increasing productivity and growth of various agricultural value chains, including those that may not be growth-oriented, but are nevertheless important for food security, the activity will contribute to the USAID/Kenya's Economic Growth office's overall goal of increased household incomes and food security among rural small scale farmers and micro- and small entrepreneurs. Under this activity, USAID plans to employ a full package of financial service models, approaches and strategies that can effectively address the needs of specific groups of people operating in the rural, agricultural and energy sectors. FIRM will also promote increased use of clean energy sources in order to mitigate impacts of climate change and address energy shortfalls that contribute to rural poverty and increase potential for substantial economic costs in rural value chains.

In support of Kenya's Vision 2030 agenda and USAID's Feed the Future Initiative, FIRM works to help Kenya achieve food security — in terms of both the availability of food and consumers' ability to purchase it — by developing financial models that enable smallholders and micro-, small, and medium- sized enterprises (MSMEs) to invest in improved production, processing, and marketing of staple foods and other important commercial crops. Targeted support is provided to partner financial institutions by way of financial product development, organizational capacity development to better understand and analyze the potential of agriculture and underserved markets, and incentives to encourage the adoption of such products and approaches. FIRM also supports policy and regulatory reform to improve the enabling environment for lending to these targeted populations.

Development Hypothesis

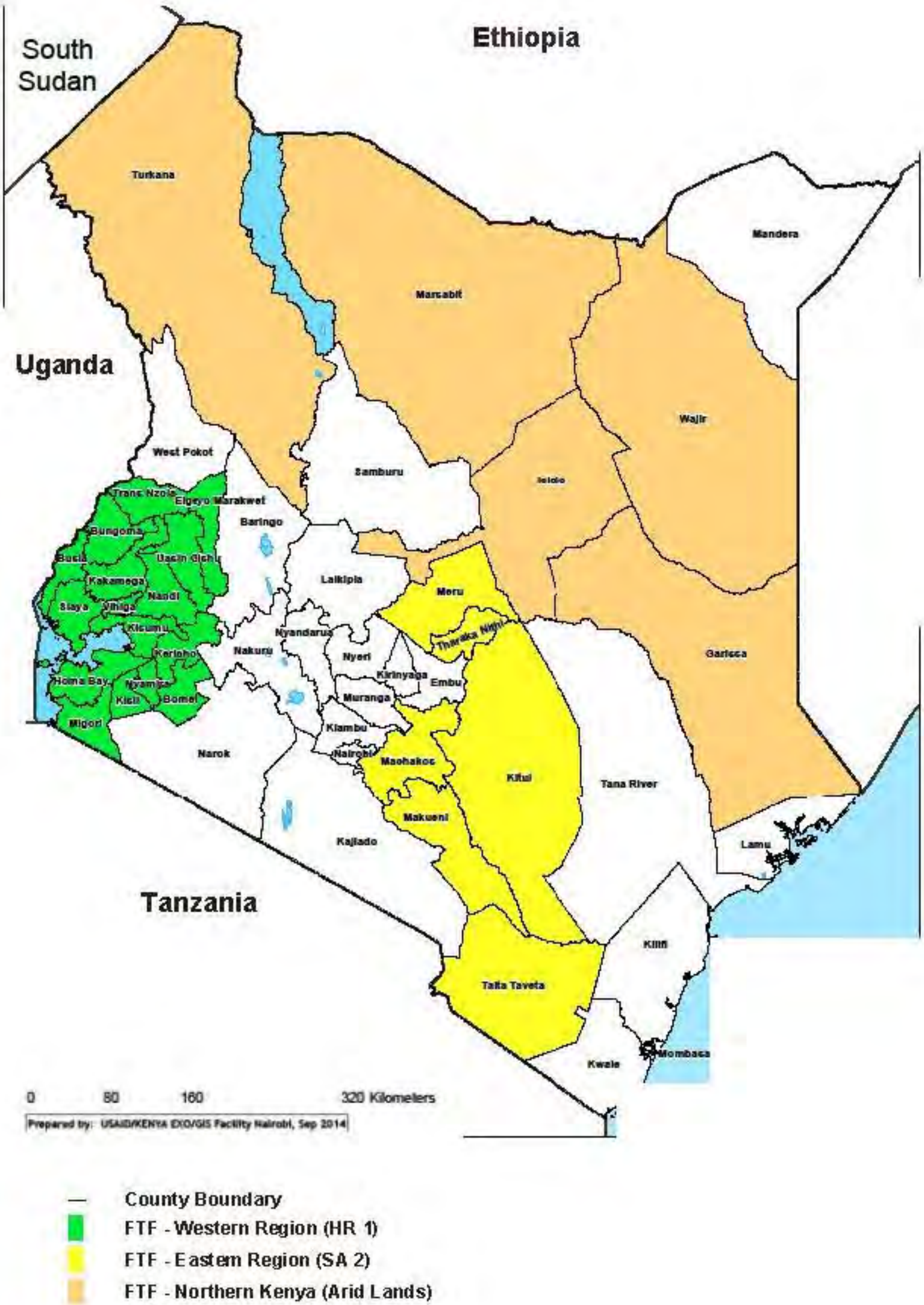
If financial service providers gain the capacity to develop suitable products and services targeting rural microenterprises and marginalized groups, and government agencies are supported to create an enabling environment for financial inclusion, then access to financial services to farmers, marginalized groups, and rural microenterprises will increase and overall food security in Kenya will be improved.

The desired outcome of the FIRM activity is that the partnerships formed with financial and nonfinancial sector participants will increase access to and the affordability of financial products and services, therefore, boosting the performance of rural microenterprises in the Kenyan economy and improving the living standards of individuals, families, and small businesses previously excluded from finance such as farmers and other value chain actors.

1.2.2 Target Areas and Groups

The activity was implemented on a nationwide scale, with emphasis on 27 priority Feed the Future counties: Bomet, Bungoma, Busia, Garissa, Homa Bay, Isiolo, Kakamega, Kericho, Kisii, Kisumu, Kitui, Machakos, Elgeyo Marakwet, Makueni, Marsabit, Meru, Migori, Nandi, Tharaka Nithi, Nyamira, Siaya, Taita Taveta, Trans Nzoia, Turkana, Uasin Gishu, Vihiga and Wajir.

FIGURE 1: MAP OF KENYA FEED THE FUTURE ZONES OF INFLUENCE



1.3 Intended Results

Goal

The goal of FIRM is to expand access to affordable and convenient financial services to excluded groups throughout Kenya, particularly in rural areas. The program is intended to promote economic growth and significantly contribute to USAID/Kenya's Feed the Future goal to sustainably reduce poverty and hunger in Kenya.

Objectives

1. To increase ability of financial market players to better serve rural microenterprises and agricultural and energy value chains

2. To package innovative financial services models targeting rural off-farm and agricultural enterprises and designed to enhance sustainable production systems and food security

3. To improve financial market infrastructure and regulatory framework that facilitates expanded financial inclusion to the underserved rural and agricultural populations

Results

FIRM planned to achieve the activity goals and objectives through three intermediate results that included:

IR 1: Increased financial market players' ability to serve rural microenterprises

IR 2: Increased use of innovative financial services models targeting rural off farm and agricultural enterprises

IR 3: Improved financial market infrastructure and regulatory framework to facilitate expanded financial inclusion

1.4 Approach and Implementation

In terms of approach, FIRM delivers on its mandate in partnership with Kenyan institutions. FIRM designs profitable and sustainable financial services models focused on agriculture and rural microenterprises that enable agricultural-led economic growth, improve livelihoods, and contribute to overcoming food security challenges. FIRM is results-focused and prioritizes women, youth, and the very poor, and builds sustainable financial models and markets using innovative tools developed in—and refined for—the Kenyan financial sector. FIRM also applies a proven method for product development, institutional partnership, and Development Credit Authority (DCA) guarantee utilization that, over the life of the activity, will result in promoting new financing for the agricultural sector, clean energy, and micro-, small, and medium-sized enterprises (MSMEs), enabling improved productivity and market linkages in at least six targeted value chains— benefitting farmers and other agricultural value chain participants.

FIRM designs financial models that address barriers and implement solutions to effectively reach and integrate women, youth, and the very poor into agricultural and financial markets in partnership with financial institutions, community groups, and value chain actors. Through outreach and product development, FIRM specialists ensure that optimal approaches for each segment are assessed, developed, implemented, and measured. The FIRM's Results Framework is derived from the overall USAID/Kenya Feed the Future Results Framework with guidance from the former Agriculture Business and Environment Office (ABEO) Performance Management Plan (PMP) and FIRM's Causal Model.

The activity has had five modifications in the course of its implementation. Four modifications were for incremental funding, while the fifth was aimed at supporting the county governments in their investment efforts through three key activities that included support in the development of the following: county investment plans; county context relevant public private partnership policies (PPPPs); and county cooperative policies.

1.5 Existing Data

1. Program description document
2. Program modifications (5 modifications)
3. Annual work plans
4. Activity PMP
5. Quarterly reports
6. Meeting reports
7. Feed the future strategy
8. DCA evaluation report
9. Value chain assessment report, 2009

Data are still missing and will need to be provided by the IP or USAID. If not provided before the evaluation, experience shows it is often never recovered and will become a major data limitation. The missing information was outlined in emails on May 27 and June 15:

- Branches of the national financial institutions that were supported by the FIRM Activity
- Branch Locator Activities
- Sharia lending branches
- Other contact information

The implementing partner has noted that the following data will not be available from them:

- The FTF indicators in their PMP (now M&E plan) do not require disaggregation of data by county, therefore, their partners that have national presence are not mandated to report their data disaggregated by county.
- County governments have citizen participation forums data.
- County governments have stakeholders from the SIP process.

2. EVALUATION RATIONALE

2.1 Evaluation Purpose

The FIRM activity is scheduled to end in December 2015. This evaluation will assist the Mission in reaching decisions related to:

1. Understanding and utilizing the effectiveness of FIRM's current approach to increasing financial services access for USAID/Kenya's targeted beneficiaries and areas;
2. Informing the type of possible financial sector interventions that can be included in the new planned

financial inclusion activity; and

3. Determining the feasibility of supporting county governments' economic investment efforts and the formulation of policy decisions that impact other county investment priorities.

2.2 Audience and Intended Use

The key audience for this evaluation is the USAID/Kenya front office and DO 3 technical team. The report will also be shared with USAID/Washington and with other stakeholders in summarized formats that suit the needs of such stakeholders, as may be determined by USAID. The evaluation will be used by the project technical team to inform the design of a new activity under this DO.

2.3 Evaluation Questions

Research Question 1: To what extent did the FIRM activity increase access to finance for targeted populations (i.e., smallholder farmers, microenterprises) in targeted sectors (i.e., agriculture, clean energy, WASH) and how?

This question will seek information on what the activity achieved and whether or not the activity realized the intended outcome of financial access across the targeted populations and sectors. The question provides answers to whether or not FIRM's capacity building activities for financial and government institutions were effective in building capacity and products to meet the financing needs of smallholder farmers, and clean energy and WASH microenterprises. It will also assess the effect of the outreach strategy on expanding financial access.

The evaluation will explore the support package provided to the financial institutions to establish how the processes contributed (or did not contribute) to the results. The package includes: product development; implementation strategy of the products; and capacity building for the financial institutions (to strengthen their understanding of the sector). It will focus on both the supply-side support provided to beneficiary financial and government institutions and on the outcome at the loan recipient level.

The evaluation, through this research question, will also determine the role the activity played in shaping the policy environment and whether or not any changes in policy contributed to greater financial accessibility. To answer this question, the evaluation will focus on the policy institutions that FIRM targeted, such as Central Bank of Kenya, government ministries and the Treasury.

The evaluation will review data in the activity database and quarterly reports to determine activity achievements. Other primary data sources including KIIs and group interviews will be used to validate the data captured in the system, by seeking stakeholder perceptions on FIRM's achievements. Through qualitative data collection approaches, the evaluation will determine how/ why the activity achieved (or did not achieve) the intended results. Assessment on support to the financial institutions will focus on the 3 tiers of results below:

Tier 1: Were the activity's capacity building activities for financial institution headquarters staff and government institutions effective in building capacity and products to meet the financing needs of smallholder farmers and other targeted loan recipients (e.g., microenterprises in clean energy and WASH)?

Tier 2: The extent to which capacity building at the HQ level translated to action at the branch office level and encouraged loan officers to engage more actively with smallholder farmers and other targeted loan recipients (e.g., microenterprises in clean energy and WASH). Did it increase outreach to the target populations?

Tier 3: Was increased outreach at the branch office level achieved and did it lead to enhanced access to loans among the target populations/enterprises?

For the first and second tier results, the primary data source will be key informant interviews with headquarters and branch office staff of partner financial institutions, including cooperatives and SACCOs. Questions at the HQ level will focus on the effectiveness and quality of the TA FIRM provided, how that TA affected the institutions' attitudes about lending to smallholder farmers, how the institution disseminated information or guidance to the branches, loan products it developed, and how it rolled these out to the branches.

Questions at the branch office level will ask about the guidance and TA the branches received from HQ, the relevance of the guidance and products (from the banks' perspectives), and what the branches have done in terms of marketing the products to the target populations/enterprises. Quantitative data on number and value of loans to target populations for some period of time prior to FIRM and since FIRM will also be assessed.

Evidence of third tier results will come to some extent from quantitative data provided by the banks. These data will indicate whether the banks had increased lending (number of loans and total value of loans) to target populations. The evaluation will consider loan purpose and value chain (crop) where possible, but initial research confirmed this information may be difficult to obtain during the course of the evaluation.

Under this research question, the evaluation will provide recommendations on how the design of the future activity can better support financial institutions and strengthen the policy environment to increase financial access for the target populations.

To the extent possible and assuming all data is available, the evaluation team will look at effectiveness relative to USAID results (specifically DO 3, IR 3.2 and the FTF framework) for which FIRM is already reporting on.

Research Question 2: How effective were the key innovations in generating results and how could they be improved?[51]

This research question will seek to explore what has worked and what has not worked among the three key innovations. The key innovations selected by the technical team include: branch locator, credit factory and value chain finance center. USAID selected these from among a number of innovations because they already have sufficient information on the other innovations to guide decision making. Under this research question, the evaluation will provide recommendations on how the effectiveness of the key innovations can be improved in the new design, to increase financial access for the target populations.

Research Question 3: How relevant has the FIRM activity's support to county governments' investment efforts been and how effective has it been in helping governments set investment priorities?

This question will assess the activities implemented by FIRM toward strengthening investment at the county level. It will focus on assessing support in investment planning at the county level and in the formulation of policy decisions that impact on county investment priorities. Evaluation of the county support in the current activity will be used to generate information that will guide inclusion of this component in the new activity design. Since the implementation of county support is only about a year old, the evaluation will only focus on the effectiveness of the processes than at the outcome level. For example, it will examine the quality of TA provided, priority setting for the support areas, the magnitude of support versus the required support etc., rather. The question will be answered through case studies in the counties where the support has been implemented: Bomet (where the investment plan was launched); Machakos where the investment plan development is in progress will be the target counties for addressing this evaluation question; and Homa Bay where the county investment plan had been delayed, but where according to USAID, support was fairly advanced.

Under this research question, the evaluation will provide recommendations on how the support to the county government's investment efforts can be more relevant and effective in helping governments set investment priorities. These recommendations will guide the new activity design in incorporating more relevant and

51 The key innovations include: "branch locator," "sharia lending," "value chain finance center" and "credit factory"

effective support to county government's investment efforts.

3. EVALUATION DESIGN AND METHODOLOGY

3.1 Evaluation Design

This will be an end line performance evaluation aimed at assessing the processes, outputs and outcomes of the FIRM activity to inform the design of a future activity of a similar nature. The evaluation will focus on the 27 FTF counties, with sample counties purposively selected from the Eastern and Western regions of the country.

3.1.1 Selection of Counties in the Eastern and Western Region

The selection of the counties from each of the two regions was guided by the level of investment in the counties. The level of investment was assessed in three dimensions that took into consideration the respective interventions under evaluation at sub-national level, (i.e. support to the financial institutions, activities to strengthen county investment efforts and distribution of the three innovations across the counties). Investment in FIRM support to the financial institutions was determined from the number of financial institutions supported in the county. It also took into consideration the number of sectors that were supported in the counties, for example whether all three sectors of agriculture, WASH and clean energy were included in the scope and, therefore, the counties where the three sectors were targeted will have higher chances of inclusion in the study, compared to counties where only one or two sectors were targeted.

Selection of counties also took into consideration the level of support provided to the county investment efforts. The counties that have been supported in the development of county investment plans, development of county cooperative policies and Public Private Partnership (PPP) formed the sample frame for county selection. Acknowledging that the support to the county investment efforts started late and that the counties have received support to different extents, the level of support (determined by number of activities and activity milestones) was used to sample counties in which the study will be implemented to gather information required to answer evaluation question 3.

While certain aspects of the innovations targeted institutions, some aspects also targeted populations in certain sites. The sampling of the counties for study on the innovations was guided by the geographical spread of such innovations. The number of sites in which the innovation was implemented in a county determined the site selection for interviews with the beneficiaries and partners.

3.1.2 Sample selection for financial institutions

Financial institutions will be selected from the sampled counties. Sample selection for the financial institutions will be determined, first by the level of operation, whether the financial institution is classified as national or as a local level[52] institution, including cooperatives and SACCOs. Selection of the institutions will also be guided by sector so that the sample includes institutions targeting the three focus sectors. The target population classified as women and youth will also be taken into consideration so that the sample includes institutions supporting inclusion of each category (i.e. youth and women). The scope of support provided by FIRM to the institutions will also guide the selection so that there is representation of capacity building, product development and strategy development, components of FIRM support to the financial institutions. Looking at the range of interventions provided to the institutions, support in strategies for product roll out will be take into consideration the new and preexisting products so that both are included in the study. Although not classified as national, some financial institutions were expected to increase financial inclusion at a wider geographical scale, covering more than one county. The sample selection will, therefore, take into

52 Local level financial institutions are those that served one or more counties but that did not operate on a national scale.

consideration the geographical coverage of the institutions. Sample frame description of the financial institutions at the national level and in the six[53] counties is provided in Annex VII.

3.1.3 Sample selection for national level policy institutions

The sample frame will include all the policy institutions targeted by the FIRM activity to strengthen the policy environment. These institutions include the National Treasury, the Central Bank, National Social & Economic Council (NESC), the Association of Kenya Credit Providers and the Association of Microfinance Professionals of Kenya.

3.1.4 Sample selection for counties supported in county investment support

From the review of the activity implementation progress, it was noted that in a majority of the counties, FIRM was still in the preliminary phase, with the ongoing discussions mainly focused on planning and priority setting for support. Three counties where implementation has progressed and that have been purposively sampled for inclusion in the evaluation are Machakos, Homa Bay and Bomet counties. FIRM has been working with the Machakos County Investment Promotion Board to develop a Strategic Investment Plan (SIP) document called Machakos Vision 2020, an activity that is in progress. The other planned activities for Machakos County included PPP support and county cooperative policy development. In PPP support, FIRM conducted reviews of PPP best practices and the draft county regulations in Bomet County. FIRM supported Bomet County to identify and prioritize two PPP ideas out of the initial list of ten, as viable PPP projects. Currently, FIRM is supporting Bomet County to customize the model county-level policy, legislation, and regulations. Bomet was the first county to be supported by the FIRM activity to complete a Strategic investment plan (SIP). FIRM develops TA packages in line with the SIP activities and is currently supporting renewable energy and the Bomet County Water Department. In Homa Bay, FIRM is discussing potential PPP projects, for which it will help the county to conduct initial pre-feasibility analysis and will develop a concept note for submission to the national PPP Unit. FIRM is currently working with Homa Bay to develop an SIP. This activity initially launched in September 2014, but the county investment plan was delayed due to a change of subcontractor and political wrangling in the county. Information from the implementing partner is outstanding regarding specific interventions, but evaluators will look at PPP and county cooperative policy support.

In addition to the individual county support, FIRM also worked with the Council of Governors as a focal institution through which county government investment efforts could be cascaded to individual counties. The Council of Governors will, therefore, be included in the sample for the evaluation of the FIRM activity support of county investment efforts. Sample respondents will include private sector representatives from the three sectors supported by FIRM. Governors in the two counties, Cabinet Ministers/ Directors for the three sectors and MCAs will also be sampled in the evaluation. The Governor for Bomet County, who doubles as the Council of Governors chairman will also be included as a key informant on behalf of the COG.

3.1.5 Sample selection for Innovations

Branch Locator

The branch locator was directly supported by the FIRM implementation team at the activity office in Nairobi. It supported financial institutions in mapping regions for expansion, using the tool to select the most suitable counties to establish new branches. The financial institutions that were supported by this innovation will form the frame for sample selection. The financial institutions included are: Musoni MFI, REMU, Transnational Bank, Crescent Takaful Sacco and Rafiki DTM. The counties where new branches were established aided by the branch locator, included: Busia, Kisumu, Kisii, Isiolo, Garissa, Wajir, Tharaka-Nithi, Meru and Embu. The financial institutions that were supported by this innovation in Meru and Kisumu counties will be included in

53 These are the six counties that received intensive investment from FIRM, narrowing down from the entire universe of 27 FTF counties.

the study sample.

Sample respondents from the institutions will include staff in charge of expansion and establishment of new branches and those working in the business development units. Desk review of secondary documents will focus on financial access information at the newly established branches, including those established with support of the branch locator and new branches established without this support. The evaluation will assess the "effect" of the Branch Locator as a tool for identifying ideal locations for new branches during expansion. Comparison between the new branches identified by the Branch Locator and other branches identified without the use of Branch Locator will enable the evaluators to determine if the Locator resulted in any difference.

Value Chain Finance Center

The value chain finance model as an innovation was terminated in 2011 due to institutional strategic differences between FIRM and its implementing partner, Financial Sector Deepening (FSD). The evaluation of this innovation will draw on a sample from the two partners (FIRM and FSD). The evaluation sample will also include other stakeholders[54] involved in the value chain finance center implementation.

Credit Factory

The Credit Factory Ltd. (TCF) is a financial services start-up designed to serve the smallholder agriculture sector by offering low cost loans for inputs and farm assets. TCF is centered on smallholder farmers, most of whom have never received a loan. Credit is modeled and customized for specific agriculture value chains, based on farmer needs, production cycles and repayment capacities. Loans are disbursed and collected via mobile phones. The innovation was implemented in five counties including Migori, Homa Bay, Kisumu, Vihiga and Bomet. The community groups/ associations supported through TCF included: No Sex for Fish (Kisumu); Nyahera Commercial Village; Sori Commercial Village (Sori); Onger Commercial Village (Onger); Kadem Commercial Village (Kadem); Matunda Women Group; Eramba Women Group; Greater Kadhiambo group.

TCF will be evaluated for its overall contribution to financial inclusion across all the target counties and community groups. Primary data collection from the beneficiaries will, however, be from three counties (Kisumu, Homa Bay and Bomet). These counties have been considered for inclusion in the sample based on the number of community groups supported through this innovation in each county and also considering the level of support to these counties through other FIRM activities.

Sample respondents for this innovation will include the key staff responsible for innovation in TCF and group leaders in the sampled community groups. FIRM's involvement was limited to design and not implementation, so the evaluation of FIRM's assistance will do the same.

Sharia Lending

According to the IP, under the Brach Locator Services, the Strategy for Sharia banking is that of developing processors (Sharia compliant financial institutions (FIs)) and nurseries for embryonic SACCOs, cooperatives and individuals in predominant Muslim regions. Emerging SACCOs and cooperatives that reach critical mass are absorbed by these FIs. This requires a shift in corporate culture and will require additional investments in IT by FIs. Sharia lending was implemented in Wajir, Garissa and Isiolo counties.

54 Other stakeholders may be identified in the course of the evaluation. As it stands now, very little is known and one potential limitation may be the lack of information and that the innovation was only implemented in part of 2011.

TABLE 1: SUMMARY OF EVALUATION IMPLEMENTATION COUNTIES[55]

Evaluation Focus		Study Location						
		Nairobi	Bomet	Kisumu	Meru	Machakos	Isiolo[56]	Homa Bay[57]
Financial institutions and beneficiaries of financial services (RQ1)		✓	8	15	7	3	2	
Innovations	Credit factory	✓	✓	✓				
	Value Chain Finance Center	✓						
	Branch locator			✓	✓		✓	
	Sharia Lending						✓	
County investments support (RQ3)			✓			✓		✓

3.2 Data Collection and Analysis Methods

3.2.1 Data Collection Methods

Evaluation data will be gathered both from primary and secondary sources. The evaluation questions will be answered using the following framework as a guide to data collection and analysis *Getting to Answers*- (Annex IV). The evaluation team is expected to review and refine the methodology as part of the development of the work plan. The evaluation design will use a mix of data collection and analysis methods to generate answers. Below are the three evaluation questions, with the evaluators' interpretation of each and a summary of how each question will be answered:

TABLE 2: DATA COLLECTION METHODS FOR THE 3 EVALUATION QUESTIONS

Data Collection Methods	Evaluation Questions
Desk Review	1,2,3
Key Informant Interviews	1,2,3
Group Interviews	1,2,3

Desk Review

The evaluation team will review all documentation provided by USAID on the activity, and any relevant secondary research they collect (if necessary sampling documents collected during fieldwork, if needed). They will also be responsible for using online resources and on-site inquiries to identify documents that describe parallel efforts. Secondary data sources will be mainly from activity implementation documents such as the program description, work plans and periodic reports. Other secondary sources will include activity output products such as county investment plans, policy documents and financial product description documents. The product of the team's document review will be an organized presentation of information found in relation to each of the evaluation questions. A matrix is viewed as being an efficient way to present this information. The evaluation team will present initial findings internally as part of the Team Planning

55 These seven counties are the actual sample, which is based on all sampling considerations. These are distinct from the six counties of FIRM's intensive support, mentioned above. Isiolo and Homa Bay were added during the evaluation design for Sharia lending (Isiolo) and county level support (Homa Bay).
56 Isiolo was added by USAID mainly for the purpose of investigating sharia lending, but other aspects will be investigated as well.
57 The project supported two financial institutions in Homa Bay, but Homa Bay has been added by USAID to the sample solely for the purpose of looking at county investment support.

Meeting (Section 4.1) at the beginning of the evaluation to MSI.

Summary of key secondary documents are outlined below:

1. Financial product description documents
2. Program description document
3. Annual work plans
4. Activity PMP
5. Quarterly reports
6. Meeting reports
7. Feed the future strategy
8. DCA evaluation report
9. Value chain assessment report, 2009
10. County investment plans
11. PPP and county cooperative policy support implementation plans

Key Informant Interviews

Key informants, in this case, are considered as people who are knowledgeable on the FIRM activity in their specific areas of involvement. The sampled participants will provide information on their experiences with and perceptions of the various activity components addressed in the evaluation. This cadre of stakeholders is, therefore, relevant to providing information that will guide the evaluation of FIRM activity processes and outcomes.

The evaluation team will identify key informants based on the document review, key contacts provided by USAID and information received from FIRM. These will likely include representatives from: financial institutions; policy institutions such as the Central Bank & Treasury; county governments; PPP Secretariat; Ministry of Devolution &Planning; Commission for the implementation of the new constitution; the USAID technical team; and FIRM. KIIs with the implementation staff will target the activity senior management team, including the Chief of Party and the staff responsible for key activity components that are of interest to this evaluation. Key informant interviews will also be conducted with the stakeholders at the financial institutions, mainly the product managers and the microfinance facility managers. KIIs with outreach managers will be included to explore their experience with the roll out of the outreach strategy for the newly established and supported products. KIIs with county level stakeholders will target the Directors/ Cabinet Ministers in each of the three sectors of interest (WASH, clean energy and agriculture). KIIs will also be conducted with the governors and key private sector representatives in each of the three sectors to understand their perception of the quality of the support process and the quality of the output products derived from the support. Women and youth representatives will be interviewed as key stakeholders in the county investment efforts, considering the activity focus on youth and women. Financial product beneficiaries will be sampled for KIIs to explore their experiences with the products and how the new products, if in any way, have changed their access to credit. Sampling of the institutions is purposive and targets only those institutions that were involved in the implementation as stakeholders. Key informant sampling will also be purposive and will target relevant staff (i.e. staff who have valuable information on the activity or who played relevant role in the course of implementation).

Key informant interviews will be conducted by the evaluation team members using a semi-structured interview tool that will be developed as part of the Team Planning Meeting. Notes will be taken, and available in electronic format, if requested. A draft list of key informants to be interviewed (which can be used as an illustrative number of KIIs) is included as Annex II for USAID approval prior to data collection.

Group Interviews

Group interviews (GIs) are planned with the following categories of stakeholders: financial product beneficiaries, private sector stakeholders, the County Investment Committee, citizen participation groups, and representatives from cooperatives and SACCOS. The group interview participants (2-5 per GI) will be selected from stakeholder lists, including financial product beneficiaries provided by implementing partners. FIRM will seek the lists from the financial institutions and will provide them to MSI.[58] Sampling of the financial product beneficiaries will take into consideration both low and high end products. It will also take into consideration product classification (i.e. youth and women targeted products). GIs will target branch officials selected from the financial institutions that were supported under this activity to develop and implement the strategy for financial product roll out and that received capacity building to strengthen their understanding of the sector.

In regard to the support to the county government investment efforts, GIs will be conducted with the stakeholders involved in the county development plans. The sample for group interviews will include representatives from both the public and private sector. The sample selection will also be cognizant of public participation and group interviews will be conducted with key public stakeholders that participated in investment plan development.

The institutional stakeholder sample for the group interviews will be purposive and will only target the institutions that were involved in the aspects of the activity that are under evaluation. Sampling of individual participants within the institutions will also only target those who were either directly or indirectly involved in the respective activity activities under evaluation. Information from the county investment committee, for example, will be useful in understanding the kind of support provided by FIRM, the relevance of the support to the investment committee and to the county, the effects of the support on the process and the quality of the output, among other aspects of the county investment efforts support activities. Through this sampling approach, only individuals with relevant information required to respond to the evaluation questions will be sampled. The sample will also include beneficiaries of the various financial products/ innovations. This sample category will be important in providing information on their experiences with the products including the ways in which the products changed the financial access landscape, if any. A draft GI plan (which can be used as an illustrative number of KIIs) is included as Annex II to this document.

A survey firm engaged by MSI will contact/ mobilize a sample of the stakeholders for participation in the GIs, and be responsible for note taking and recording GIs. A preliminary, illustrative list of KII and GI participants by evaluation question can be found in Tables 3-5 below. A detailed indicative sample of respondents can be found in Annex II. The final interview list may include additional relevant interviewees identified by the evaluators and/or USAID during the detailed work-planning phase. Also, depending on interviewee availability, some interviews may not be feasible.

58 MSI has not yet received these lists and was not able to view the FIRM database before the submission of this proposal. MSI may need to seek additional time or budget, especially in cases where the lists to recruit from are very short or contain many inaccuracies.

TABLE 3: INDICATIVE SAMPLE RESPONDENTS FOR EVALUATION QUESTION 1

Data Collection Method	Sample Category	Indicative Sample Respondents
KII	Financial Institutions	Product Managers
		Outreach Manager
		Branch Officials (where not more than 1 respondents are available for GIs)
	Policy Actors (National level)	Central bank focal staff
		NESC focal staff
		AKCPs focal staff
		Treasury focal staff
	Financial product beneficiaries	Beneficiaries classified by product, gender, youth and region
		Group leaders/ executive committee members for associations that have accessed financial services (classified by product, gender, youth and region)
	Implementation partner/ USAID	Key activity implementation staff
		COR
Group Interviews	Financial Institutions	Branch Officials, including SACCOS and cooperatives (where more than 1 officials are available for group interviews)
	Beneficiaries	Beneficiaries classified by product, gender, youth and region
		Group leaders/ executive committee members for associations that have accessed financial services (classified by product, gender, youth and region)

TABLE 4: INDICATIVE SAMPLE RESPONDENTS FOR EVALUATION QUESTION 2

Data Collection Method	Sample Category	Indicative Sample Respondents
KII	Partner institutions	Key staff from partner institutions
	Implementation partner/ USAID	Key activity implementation staff responsible for the innovation
		COR
	Direct beneficiaries of the innovation	Beneficiaries classified by gender, youth and region
		Group leaders/ executive committee members for associations that have benefited from the innovation (classified by innovation, gender, youth and region)
	Other stakeholders (TBD from FIRM data)	
Group Interviews	Financial Institutions	Branch Officials
	Beneficiaries	Beneficiaries classified by product, gender, youth and region
		Group leaders/ executive committee members for associations that have accessed financial services (classified by product, gender, youth and region)

TABLE 5: INDICATIVE SAMPLE RESPONDENTS FOR EVALUATION QUESTION 3

Data collection method	Sample category	Indicative sample respondents
KII	National Level	Head of PPP secretariat
		Ministry of devolution and planning (PS)
		Commission for implementation of the Kenyan constitution
		Chairman, Council of governors
	County Government	Members of the county assembly engaged in the 3 processes
		County Governor
		County cabinet minister / directors for each of the 3 sectors
		County cabinet minister for planning and development.
	Private sector	Private sector players in each of the 3 sectors (WASH; clean energy; Agriculture)
	Public/ citizen participation groups	Public/ citizen participation groups that were involved in any of the 3 activities (PPP; CC policy; County investment planning
	Implementation partner/ USAID	Key activity implementation staff
		COR
Group Interviews	County government	County committee members in charge of the county investment plan development
	National Level	Members of the PPP secretariat
		Commission for the implementation of the new constitution

3.2.2 Data Analysis Methods

Some key aspects of the data analysis that the evaluation will use include the following:

Frequency distributions and cross tabulations

The team will use descriptive statistics to analyze quantitative data obtained from documents and IP data bases, to the extent data is available and accurate. The two main analytical tools the team will use include frequency distributions and cross-tabulation analysis. Comparisons will be done on financial services access across sectors and sub-populations (e.g. youth and women), where possible. The team will also use comparisons to assess outputs and outcomes in relation to the targets and actual achievements based on the activity indicators.

To gather evidence on the actual achievement of results, the team will rely on activity documents, secondary sources and primary data collected during interviews and group interviews. The team will also explore any other documents with relevant information on the outcomes of interest measured at the local/national level. For example, data on financial access from key institutions such as the central bank of Kenya. Such data, where possible, will be used for trend comparisons between other institutions and the FIRM supported institutions operating at the same levels.

Content/Pattern Analysis

For qualitative data from key informant interviews and group interviews, the team will document narrative responses at a sufficient level of detail to permit a systematic content analysis of these data. Narrative reviews of interview and interview responses are expected to provide an in-depth understanding of beneficiary and stakeholder experiences and perceptions. The team will also examine written documentation of interview results for patterns, using content analysis and other relevant approaches, to determine whether some responses received appear to be correlated with other factors, such as geography, partner institution, age, and gender. Looking at trends in financial service access over time will also allow the team to consider changes in implementation that may have occurred over time.

Mixed Methods

Since the team is using a mixed methods approach, data collected from the various methods will be triangulated to arrive at findings. Information from different methods that converge to yield a finding supported by multiple data types will be noted. When different methods produce conflicting evidence, the evaluation team will, to the extent possible, double back to examine the degree to which findings from different methods on the same question diverged to determine why these data conflict. If the team decides to weight data from various methods or participant groups to express the strength (validity/reliability) of various lines of evidence, the weighting approach will be documented and explained as USAID will need to understand why one method was given precedence over others in reaching conclusions.

Divergence/Convergence

The team will review all qualitative and quantitative data collected to determine where there is significant response convergence from the various stakeholders and beneficiaries. Where divergence is found, the team will follow-up to better understand the context and reasons for divergence in facts, experiences or perceptions.

TABLE 6: SUMMARY DATA COLLECTION AND ANALYSIS METHODS FOR THE THREE EVALUATION QUESTIONS

Evaluation Question: Research Question 1: To what extent did the FIRM activity increase access to finance for targeted populations (i.e., smallholder farmers, microenterprises) in targeted sectors (i.e., agriculture, clean energy, WASH) and how?			
Data Collection Methods	Secondary Data	KII	Group Interviews
	X	X	X

Description of how methods chosen will generate the data needed to answer this question; why these methods were selected.

Data will be extracted from the activity reports and activity data bases and used to determine if, and to what extent, the activity increased financial inclusion. Secondary data sources documenting the activities implemented to support financial and policy institutions will be reviewed to guide development of study tools aimed at evaluating the processes through which the activity outputs and outcomes were achieved. The evaluation team will also explore the possibility of obtaining information on financial access through the financial institutions so that access through the FIRM supported financial institutions can be compared against access through other financial institutions in other regions.

This data collection approach has been selected since it is mainly through the activity data bases and reports that the activity achievements in increasing financial access are documented. It is also the activity background documents including activity description, activity concept papers, activity/event reports, etc. that provide details on how the activity intended to achieve the results and hence essential in guiding the process evaluation. This data was selected as a source because it is available, relevant, and representative of the activity and provides key information on the intended high level (outcome level) result of FIRM activity.

KIIs will be conducted with key stakeholders from financial institutions; policy actors (national level); financial product beneficiaries and implementing partner/ USAID. The financial institutions benefited directly from FIRM activity through a combination of activities. The financial institutions have had enough experience with the FIRM activity both as secondary and as primary targets of USAID interventions. By nature of their businesses, the financial institutions have relevant information on the financial trends in the sectors of interest to FIRM, both in terms of financial access levels, barriers to and enhancers of access. The policy actors were targeted with interventions that were aimed at strengthening the policy environment for financial inclusion and will be relevant in providing information on the relevance of the support, effectiveness of the support and recommendations of how such support can be improved. Financial beneficiaries are the ultimate end product users. They will be useful in providing feedback on their perception about the products including why they opted for the products and if, at all, there have been any observed/experienced changes in access to financial services, as well as recommendations about how FIRM could better improve access and strengthen services. Both USAID and the IP had the initial concept of what the activity intended to achieve through financial institutions and support to the policy environment. The two were also involved in implementation (including performance monitoring) of the activity, and, therefore, are knowledgeable about the implementation path including any deviations from the initial design, challenges, achievements, successes, etc. The information generated through these KIIs will be triangulated with other sources to arrive at the conclusions and recommendations addressing this research question.

Group interviews will be used to gather information from financial institutions and beneficiaries, in instances where/when more than one staff is relevant to responding to the evaluation question and there is a potential synergy in enriching the study through a joint interview with both/ all. Group interviews will also be relevant in instances where the loan beneficiary was a group and not an individual. Group interviews with executive/committee members will be important in this case since the decision to take up the product was a collective.

Data Analysis Methods	Frequency Distribution	Cross-Tabs	Content Analysis	Mixed Method data integration	Comparison
	X	X	X	X	X

Description of how methods chosen will be used with the various types of data collected; why these methods were selected.

Comparisons will be done across the financial institutions to determine any difference in financial access through women and youth centered institutions. Depending on availability of data from the Central

Bank, the evaluation team will explore the possibility of conducting a comparative analysis of differences in access between FIRM supported institutions and other institutions.

Other comparisons will include the level of investment across the three sectors of interest to FIRM. Achievements in financial inclusion across the three sectors will also determine any disparities in need vs. support (i.e. if the response to the need across the sectors were equitably addressed).

Cross tabulation will be used to compare access across different products by category (i.e. new vs. pre- existing), and within the categories. Evaluation of financial access through the FIRM supported institutions will also seek to determine the effect of a combination of interventions on access, assessing the outcome across a mix of interventions. For example, comparing institutions that received capacity building support against those that received support in product development.

Content analysis will be used for analysis of all qualitative data generated through the KIIs and group interviews. Mixed method triangulation will be used to harmonize information collected through the different methods before making conclusions.

Frequency distribution will be used to show the number/amount of grants accessed through the diverse products, financial institutions and sectors.

Evaluation Question: Research Question 2: How effective were the key innovations in generating results and how could they be improved[59]?			
Data Collection Methods	Secondary Data	KII	Group Interviews
	X	X	X

Describe how methods chosen will generate the data needed to answer this question; why these methods were selected

KIIs will be conducted with staff responsible for the various innovations at the partner institutions. This cadre of respondents is directly responsible for the day to day implementation as well as performance reviews of the innovations. Similarly, the key USAID and FIRM implementation staff at the IP level that is responsible for each specific innovation will also be included in the evaluation as key informants. In the case of the branch locator, for example, interviews will be conducted with the available FIRM IP technical staff in charge of the branch locator. The Financial institution staff in charge of business development/expansion will also be sampled to provide information on the support process as well as the effect of the locator on the effectiveness of expansion site selection. The KIIs will give accurate information on the design of the innovation, experiences with implementation and effectiveness of the innovation.

Where more than one staff is relevant in the innovation implementation, whether at the IP or other partner level, the evaluation will seek to engage the staff in a group interview. Such group interviews will enrich the study since it will involve participation of more than one person in an institution and therefore diversify sources of information, thereby, enriching the information/feedback on the innovation. In cases where the innovations supported community groups/associations as direct beneficiaries (as was the case with credit factory), group interviews will be conducted with the group leaders/ executive committee members.

Desk review of secondary documents will focus on financial access information at the newly established branches, including those established with support of the branch locator and the new branches established without this support.

Data Analysis Methods	Content Analysis	Comparison	Mixed Method data integration
	X	X	X

Description of how methods chosen will be used with the various types of data collected; why these methods were selected.

Where data is available on financial access as a result of the innovations, and where data is available for other similar settings where the innovation was not implemented, comparison will be done between the two scenarios. An example is in the case of 'branch locator'. Comparison will be done across financial access in the branches that were established through this innovation, against the branches that were established without using the innovation.

Comparisons will be done at various levels (financial institution, community, etc.) on stakeholders perceptions of the effect of the innovation on financial inclusion to determine whether or not the innovations have increased financial access. Comparisons will also be done on what the stakeholders perceive as the strengths and weaknesses of the innovation, against the recommendations provided by the stakeholders for improvement (current vs. envisioned innovation design from the perspective of various stakeholders)

Content analysis will be used for analysis of all qualitative data generated through the KIIs and group interviews. Mixed method integration will be used to triangulate information collected through the different methods before making conclusions.

59 The key innovations include: "branch locator," "sharia lending," "value chain finance center" and "credit factory"

Evaluation Question:

Research Question 3: How relevant has the FIRM activity's support to county governments' investment efforts been and how effective has it been in helping governments set investment priorities?

Data Collection Methods	Secondary Data	KII	Group Interviews
	X	X	X

Describe how methods chosen will generate the data needed to answer this question; why these methods were selected

A KII with the Council of Governors (COG) chairman and Machakos Governor as a member of the COG, will enrich the evaluation with important information on FIRM support to county governments through the COG. The two will also be key informants specifically to provide feedback on FIRM's support to their respective counties. The Ministry of Devolution and Planning is key in providing information on the envisioned planning process for the county governments, including some of the successes and challenges experienced during and the post transition period. PPP Secretariat, on the other hand, is a national body that oversees the implementation of the PPP and will be relevant in providing important information on how devolution of PPP was envisioned, achievements in devolution and how the county governments can be supported to implement PPP at the sub-national levels. The commission for the implementation of the Kenyan institution has been a central point in devolution and will provide information, including devolution reports that will be important in determining the strengths and gaps in the county government investment efforts. Sample key informants from the ministries in the three sectors of WASH, clean energy and agriculture as well as private sector players in these sectors will also provide useful feedback on the support process and how the support can be made better. The evaluation will determine if there were any public/citizen participation groups that were involved in any of the three activities (PPP, CC policy, county investment planning), especially representation of the youth and women as primary target beneficiaries of FIRM activities. If these groups were represented, the evaluation team will interview this cadre of respondents to determine their level of participation in the process and how their participation can be enhanced in future processes of this nature.

GIs will be conducted with the county committee members in charge of the county investment plan development. This committee is relevant to the evaluation since it is the core stakeholder in the county investment planning process, engaged in the process throughout the entire planning cycle. The committee has experiences with the planning cycle every year including before FIRM support started and, hence, will provide important information on the relevance of FIRM support and how it can be made more relevant. Their experience with the support process will also help determine how effective the process was and how the process can be made more effective. Where the key members are available as a group, GIs will be conducted with the commission for the implementation of the new constitution and members of the PPP secretariat.

Desk review of secondary documents will help compare how, for example, the county of Bomet was able to develop a context specific plan from the more generic County Integrated Development Plans (CIDPs) that were developed by the national government for all counties. Review of activity progress reports will provide information on how the FIRM activity has supported the counties. PPP policy documents both at national level and those developed for the county government through FIRM support will be reviewed to assess the relevance and effectiveness of support. The county cooperative assessment reports and policies will be reviewed in the analysis of the cooperative policy component of FIRM support to the county governments.

Data Analysis Methods	Comparison	Content Analysis	Mixed Method Data Integration
	X	X	X

Describe how methods chosen will be used with the various types of data collected; why these methods were selected.

Comparison will be done between the generic country integrated development plans and the county specific investment plans developed with support from FIRM.

Review of the national PPP policy document will allow comparison between what is considered ideal for the supported counties and what is provided for in the national policy document, as part of criteria in assessing the relevance of FIRM support in PPP for the counties

Content analysis will be used for analysis of all qualitative data generated through the KIIs and group interviews. Mixed method integration will be used to triangulate information collected through the different methods before making conclusions.

3.3 Gender

As per Automated Directives System (ADS) 203.3.1.5, gender will be considered when looking at all questions. Since the FIRM activity targeted women and youth, the analysis will seek to determine the number and range of products that specifically targeted women for financial inclusion. The evaluation will also seek to determine the number of women focused financial institutions that were supported under this activity. At an outcome level, and if financial access data will support such an analysis, the evaluation will determine the proportion of financial service beneficiaries of either gender.[60] The evaluation will also assess the extent to which women and youth representation is included in the county government support, so that they can take part in decision making for resource allocation in the county.

3.4 Methodological Strengths and Limitations

Since the main purpose of the evaluation is to generate information that would be helpful in guiding the new activity design, qualitative approaches provide an important platform through which feedback from the stakeholders can be sought. Evaluation of the current activity through interviews with stakeholders provides an opportunity for inclusion of the local stakeholders' perspectives into the design and therefore enhancing participatory approaches to design of development programs. A preliminary review of the activity documents and other information sources will enrich the data collection tools with context relevant issues to explore with the stakeholders. The use of different data collection methods will enable the evaluation team to tap diverse data sources and to integrate such information before making conclusions. While primary data sources and other secondary sources will be mainly used to determined how the activity performed and why the activity was/ was not effective in achieving the results, the financial access data from the activity reports/ financial institutions will be explicit on financial access through the newly developed products and through activity supported institutions.

Since there is no control group for impact assessment, the evaluation cannot determine with certainty, whether any changes in financial inclusion can be attributed to the FIRM activity. The effect of the activity on financial access can only be measured in nominal terms, considering that there were other players supporting financial inclusion in the sector. A survey on the target population would provide important quantitative information on the effect of the FIRM activity on the population and would be triangulated with the information from the financial institutions to validate findings and conclusions on financial access. The survey was not warranted, however, considering the level of resources required for such a survey against its value addition to the evaluation. Another limitation is on access to information from the financial institutions. It will not be possible to access financial information with the required disaggregation levels from all the financial institutions supported by the activity. Finally, a limitation may be lack of interviewee availability. This will be mitigated through participant mobilization and recruitment that will emphasize the importance of the evaluation and will be designed to minimize non-response. Participant replace will be cognizant of the information needs and only some respondents who exhibit the similar characteristics of those originally selected will be recruited for replacement. Having beneficiary data before the evaluation will also mitigate

60 MSI has not yet received these lists and was not able to view the FIRM database before the submission of this proposal. The assumption is that an up to date database will be available to allow this level of analysis

information loss from lack of interviewee availability.

4. EVALUATION PRODUCTS

4.1 Deliverables

For the full deliverables table see Section F.

A detailed breakdown of the process is listed below:

Week 1	Desk Review In order to initiate data collection, the evaluation team will review all the documents from their home base. These initial findings will be presented to MSI as part of the Team Planning Meeting.
Week 2	Team Planning Meeting (TPM) and Work plan submission The TPM will be held in MSI offices once the evaluation team is in country. On the second day of the TPM, the consultants will hold a meeting with the USAID technical team to discuss the evaluation and build consensus on the working modalities. The outcomes of the team planning meeting include: - Presentation of the initial findings of the document review by evaluation question (MSI-only); - Clear understanding of TOC model for the evaluation; - Clarification of team members' roles and responsibilities; - Establishment a team atmosphere, share individual working styles, and agree on procedures for resolving differences of opinion; - Review of the final evaluation questions; - Review and finalization of the assignment timeline and share with USAID; - Development of data collection and analysis methods, instruments, tools, and guidelines; - Review and clarification of any logistical and administrative procedures for the assignment; - Development of a preliminary draft outline of the team's report; and - Assignment of drafting responsibilities for the final report. - Review of work plan and methodology based on the document review Key deliverables: Work plan and tools submitted to USAID for approval
Week 3	- Meeting with USAID and partners to discuss the tools and the work plan in Nairobi - Approval of tools by USAID (By Tuesday of the second week) - Data collection in Nairobi including KII with USAID technical team and IP (To start by Wednesday of the 2nd week)

Weeks 4-6	Data Collection and Updates on Progress: MSI will present weekly reports by email to USAID starting at the end of the first week of data collection and continuing through the end of week 6, the end of data collection and the beginning of analysis. The report will discuss ongoing activities during the course of the evaluation describing the process, any issues encountered, and relevant emerging findings. The reports will also be used to inform the design team for a follow-on project therefore will include relevant data and notes as available. In addition to the weekly email reports, MSI will facilitate a weekly phone call between the evaluation team and USAID to discuss progress.
Weeks 7-8	Data Analysis, Validation Meeting and Presentation: After returning from the consultants will analyze both the quantitative and qualitative data. An MSI- only workshop on mapping findings, conclusions and recommendations will also take place during this period. The consultant use the analysis to develop the presentation of findings, conclusions and recommendations for all evaluation questions. The evaluation team will present the major findings of the evaluation to USAID and partners in a PowerPoint presentation in two separate presentations (morning for USAID, afternoon for partners). The presentation will follow a similar structure to the final report and present major findings, conclusions, and recommendations. Both the partners and USAID will have an opportunity to comment and provide input/feedback as part of the presentation. These comments will be incorporated into the draft report, as appropriate.
Week 9-10	KSP Review of Report, Editing and Submission of Draft: The written report clearly describes findings, conclusions, and recommendations, fully supported by triangulated evidence.
Week 11-12	USAID and IP Review of draft report: USAID will provide comments on the draft report within two weeks of submission.
Week 13-14	Final Evaluation Report: The team will submit the final report that incorporates the team responses to Mission comments and suggestions. The format will adhere to the standard reporting guidelines listed in 4.2. USAID has one week thereafter for approval. If there are some outstanding questions, MSI will attempt to answer/incorporate them into the report as appropriate. Otherwise, USAID can consider a Statement of Differences.

The evaluation report will adhere to USAID Evaluation Policy and as such all raw quantitative data will need to be shared with USAID. Qualitative data will also be shared, if specifically requested by USAID. It is expected that USAID will approve no later than ten days after submitting the final evaluation report.

4.2 Reporting Guidelines

The evaluation report will follow USAID standard report guidelines and will be a maximum of 30 pages not including the cover page, table of contents, acronyms list, or annexes. The report format should be restricted to Microsoft products. In accordance with USAID's Evaluation Report Template, it should use USAID fonts: Gill Sans or Gill Sans MT (bold for headlines, subheads and highlighted text; regular or light for body text; italic for captions), or Garamond or Arial if Gill Sans is not available. An electronic copy in MS Word shall be submitted. Five hard copies of the report will also be submitted to USAID, together with the raw data sets in a CD. If the report contains any potentially procurement sensitive information, a second version excluding this information shall be submitted (also electronically, in English). The guideline for the report structure is as follows:

a. **Executive Summary**—concisely state the most salient findings and recommendations (3 pg.);

b. **Table of Contents** (1 pg.);

c. **Evaluation Purpose and Evaluation Questions**—purpose, audience, and synopsis of task (1 pg.);

d. **Activity Background**—brief overview of development problem, USAID project strategy and activities implemented to address the problem, and purpose of the evaluation (2-3 pg.);

e. **Evaluation Design, Methods, Limitations**—describe evaluation methods, including constraints and gaps (1 pg.);

f. **Findings/Conclusions/Recommendations**—for each evaluation question (20-25 pp);

g. **Annexes** that document the evaluation methods, schedules, interview lists and tables should be succinct, pertinent and readable. These include references to bibliographical documentation, meetings, interviews and group interviews.

5. TEAM COMPOSITION

The evaluation team will be composed of three evaluators along with an independent survey firm to support the group interviews in the field. The selection of the team leader was guided by a combination of academic and professional qualifications, together with sector experience in similar assignments. The team members were selected from qualified consultants with qualification in qualitative research, knowledge of the local context and some sector experience either as evaluators, researchers or program implementers. The survey firm was selected from MSI prequalified vendors with extensive experience in facilitating field work activities, including participant mobilization, securing venues for KIIs and GIs, note-taking, transcription and translation, among other qualifications. The CVs for the lead consultant and the team members are attached as Annex VIII.

Infotrack has been selected as the independent survey team. They will be sampling and mobilizing study participants, booking and preparing interview venue, ensuring participant consent, note-taking during interviews, recording interviews, and conducting transcription and translation of recorded interviews.

6. EVALUATION MANAGEMENT

6.1 Logistics

USAID/Kenya will provide input through an initial in-briefing to the evaluation team, identify key documents, and assist in introducing the evaluation team to the implementing partner. It will also be available for consultations regarding sources and technical issues with the evaluation team during the evaluation process, and communicate critical times reflected in the task order to the implementing partners.

MSI will assist in arranging meetings with key stakeholders identified prior to the initiation of field work. The evaluation team will be responsible for arranging other meetings as identified during the course of the evaluation. It will advise USAID/Kenya of any meetings with the Government of Kenya and seek advice from USAID/Kenya on whether they choose to participate. MSI is responsible for arranging vehicle rental and drivers as needed for site visits around Nairobi and in the field. MSI will also provide hotel arrangements office space, internet access, printing, and photocopying. It will also make all payments to vendors directly after team members arrive in country.

ANNEXES TO AID-615-TO-15-00015

Annex I: Appendix 1 of the Evaluation Policy

CRITERIA TO ENSURE THE QUALITY OF THE EVALUATION REPORT

- The evaluation report should represent a thoughtful, well-researched and well organized effort to objectively evaluate what worked in the activity, what did not and why.
- Evaluation reports shall address all evaluation questions included in the scope of work.
- The evaluation report should include the scope of work as an annex. All modifications to the scope of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline need to be agreed upon in writing by the technical officer.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists and discussion guides will be included in an Annex in the final report.
- Evaluation findings will assess outcomes and impact on males and females.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
- Evaluation findings should be presented as analyzed facts, evidence and data and not based on anecdotes, hearsay or the compilation of people's opinions. Findings should be specific, concise and supported by strong quantitative or qualitative evidence.
- Sources of information need to be properly identified and listed in an annex.
- Recommendations need to be supported by a specific set of findings.
- Recommendations should be action-oriented, practical and specific, with defined responsibility for the action.

Annex II: Draft KII and GI Schedule

County	Category of support	Sample Category	Sampled Respondents	Type of interview	Lead Interviewer
Nairobi County	County investment efforts	PPP	Head of PPP secretariat	KII	John
		Ministry of devolution and planning	PS	KII	John
		Commission for implementation of the Kenya constitution	Devolution Focal Staff	KII	Gordon & Caroline
	National level Financial institutions	KREP Bank	FI staff	KII	John
		KCB	FI staff	KII	John
		Faulu	FI staff	KII	Gordon & Caroline
		KWFT	FI staff	KII	Gordon & Caroline
		Youth Fund	FI staff	KII	Gordon & Caroline
		SMEP	FI staff	KII	Gordon & Caroline
	Policy institutions	Central bank focal staff		KII	John
		NESC focal staff		KII	Gordon & Caroline
		AKCPs focal staff		KII	Gordon & Caroline
		Treasury focal staff		KII	John
	Branch locator	IP	Focal staff	KII	All
		Transnational Bank	Focal staff	KII	Gordon & Caroline
		Musoni MFI	Focal staff	KII	Gordon & Caroline
	Value chain center	FSD	Focal staff	KII	John
		FIRM	Focal staff	KII	John
	Credit factory	IP	Focal staff	KII	All

County	Category of support	Sample Category	Sampled Respondents	Type of interview	Lead Interviewer
		Head office	Focal staff	KII	All
	Sharia lending	Antone Wambura	CEO	KII	Gordon
	USAID	Technical team	COR	KII	All
Kisumu County	Financial institutions	ADOK Timo	Product beneficiaries (3 products)	GI	Caroline
			FI staff	KII	Gordon
		Kenya rural SACCO societies	FI staff	KII	Gordon
		Smart ladies women group	FI staff	GI	Caroline
		Stars of the Hills SHG association	FI staff	GI	Gordon
		Juhudi Kilimo	FI staff	KII	Gordon
		ECLOF	FI staff	KII	John
			Product beneficiaries (3 products)	GI	John
	Credit factory	No sex for fish		GI	Caroline
		Nyahera commercial Village		GI	Caroline
		Credit factory staff		KII	John
Isiolo County	Financial institutions	Northern Rangelands Trust		KII	John
				GI	Carolyne
		Mt. Kenya Meru Greens		KII	John
				GI	Gordon
	Financial institutions supported to implement Sharia Lending	Not yet available	TBD - awaiting input from IP - assuming two institutions	KII	John
				KII	John
				GI	Carolyne
				GI	Gordon
Homa Bay County	County investment efforts	Governor	TBD - awaiting input from IP	KII	John
		Private sector stakeholders	TBD - awaiting input from IP	GI	Carolyne

County	Category of support	Sample Category	Sampled Respondents	Type of interview	Lead Interviewer
		County investment committee	TBD - awaiting input from IP	GI	Gordon
		Citizen participation groups	TBD - awaiting input from IP	GI Women	Carolyne
				GI Youth	Gordon
		Representatives from the cooperatives	TBD - awaiting input from IP	GI	Gordon
		Consultant/ subcontractor who supported county investment efforts	TBD - awaiting input from IP	KII	John
				KII	John
		PPP stakeholders	TBD - awaiting input from IP	KII	John
				KII	John
Machakos County	County investment efforts	Governor		KII	John
		Private sector stakeholders	(3 sectors)	GI	John
		County investment committee		GI	John
		Citizen participation groups	Women and Youth	GI	Caroline
	Financial institutions	Rafiki microfinance Bank	FI staff	KII	Gordon
			Loan beneficiaries (2 products)	GI	Caroline
		BIMAS	FI staff	KII	Gordon
			Loan beneficiaries (Maji Loan product)	GI	Caroline
Meru County	Financial institutions	Vegpro Kenya	FI staff	KII	John
			Loan beneficiaries (3 products)	GI	Caroline
		Kenya Livestock finance Trust	FI staff	KII	John
			Loan beneficiaries	GI	Gordon
		Smallholder Irrigation Schemes Development Organization (SISDO)	Loan beneficiaries	GI	Caroline
Bomet County	County investment efforts	Governor		KII	John
		Cabinet Ministers	3 sectors	GI	John
		Private sector stakeholders	(3 sectors)	GI	Gordon

County	Category of support	Sample Category	Sampled Respondents	Type of interview	Lead Interviewer
		Citizen participation groups	Women and Youth	GI	Caroline
		County investment plan development committee	Committee members/ executive	GI	John
		Representatives from the cooperatives		GI	Caroline
	Financial Institutions	Viability Africa	FI staff	KII	Gordon
		Zevan Technologies	FI staff	KII	Gordon

Annex III: Getting to Answers

<table>
<tr><th rowspan="2">Evaluation Questions</th><th rowspan="2">Type of Answer/Evidence Needed (Check one or more, as appropriate)</th><th colspan="2">Methods for Data Collection, e.g., Records, Structured Observation, Key Informant Interviews, Mini-Survey[61]</th><th rowspan="2">Sampling or Selection Approach, (if one is needed)</th><th rowspan="2">Data Analysis Methods, e.g., Frequency Distributions, Trend Analysis, Cross-Tabulations, Content Analysis</th></tr>
<tr><th>Data Source(s)</th><th>Method</th></tr>
<tr><td>Research Question 1: To what extent did the FIRM activity increase access to finance for targeted populations (i.e., smallholder farmers, microenterprises) in targeted sectors (i.e., agriculture, clean energy, WASH) and how?</td><td>Yes/No
Description Yes
Comparison[62] Yes
Explanation[63] Yes</td><td>Activity data bases
Activity reports
Activity stakeholders</td><td>Desk review of secondary sources
KII
GIs</td><td>Purposive sampling of stakeholders and documents</td><td>Frequency Distribution
Cross-Tabs
Content Analysis
Mixed Method data integration
Comparison</td></tr>
<tr><td>Research Question 2: How effective were the key innovations in generating results and how could they be improved[64]?</td><td>Yes/No
Yes/No
Description Yes
Comparison Yes
Explanation Yes</td><td>Activity data bases
Activity reports
Activity stakeholders</td><td>Desk review of secondary sources
KII
GIs</td><td>Purposive sampling of stakeholders and documents</td><td>Content Analysis
Comparison
Mixed Method data integration</td></tr>
<tr><td>Research Question 3: How relevant has the FIRM activity's support to county governments' investment efforts been and how effective has it been in helping governments set investment priorities?</td><td>Yes/No
Description Yes
Comparison Yes
Explanation Yes</td><td>Activity data bases
Activity reports
Activity stakeholders</td><td>Desk review of secondary sources
KII
GIs</td><td>Purposive sampling of stakeholders and documents</td><td>Comparison
Content Analysis
Mixed Method Data Integration</td></tr>
</table>

61 Data from evaluations are a deliverable and methods should indicated how data will be captured, i.e., for focus groups USAID requires a transcript.
62 Comparison – to baselines, plans/targets, or to other standards or norms
63 Explanation – for questions that ask "why" or about the attribution of an effect to a specific intervention (causality).
64 The key innovations include: "branch locator," "sharia lending," "value chain finance center" and "credit factory."

Annex IV: Work Plan

Day	Date	Location	Activity
July 2015			
	27th - 31st	Remote	Desk review of documents
August 2015			
Friday	1st - 8th		Team planning meeting and work plan submission
Monday	10th	Nairobi	Meeting with USAID and partners (discussion on work plan and tools)
Tuesday	11th	Nairobi	USAID to approve work plan and tools
Wednesday	12th	Nairobi	KIIs with USAID and other stakeholders in Nairobi
Thurs.-Fri.	13-14th	Nairobi	KIIs with other stakeholders in Nairobi
Saturday	15th	Nairobi	Preliminary data analysis
Sun.-Mon.	16- 17th	Bomet	Team travels to and data collection in Bomet
Tues.-Thurs..	18- 20th	Homa Bay	Data collection (Travel to and data collection in Homa Bay)
Thurs.-Mon.	21st-24th	Kisumu	Data collection (Travel to and data collection in Kisumu)
Tues.-Wed.	25-26th	Machakos	Data collection (Travel to and data collection in Machakos)
Thurs. - Sat.	27-29th	Meru	Data collection (Travel to and data collection in Meru)
Sun-Wed.	30th - 2nd	Isiolo	Data collection (Travel to and data collection in Isiolo)
September 2015			
Thurs.- Wed.	3rd- 9th	Nairobi	Data analysis/ Findings, Conclusions and Recommendations (FCR)
Monday	14th	Nairobi	Validation meeting with partners
Tues.-Wed.	15th- 16th	Nairobi	Incorporating comments from stakeholders and preparing presentation
Thursday	17th	Nairobi	Presentation to USAID, Report writing
Fri.-Mon.	18th - 5th	Nairobi	Report writing, editing, reviewing

October2015			
Tuesday	6th	Nairobi	Submission of draft report to USAID
Tuesday	20th	Nairobi	USAID & IP comments due to MSI
Tuesday	30th		
November 2015			
Tuesday	3rd	Nairobi	Final Report due to USAD
Tuesday	17th	Nairobi	USAID approval of final report and notification on statement of difference
Tuesday	24th	Nairobi	MSI to incorporate statement of differences into final report with delivery of raw data on CD and five hard copies of the final report
December 2015			
Tuesday	1st	Nairobi	USAID approval of the final report and upload to DEC
Tuesday	8th	Nairobi	Submission of one-page fact sheet
Tuesday	15th	Nairobi	Approval of one-page fact sheet

Annex V: Calendar

~ July 2015 ~						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26 Week 1	27 Document review	28 Document review Task Order meeting with USAID	29 Document review	30 Document review	31 Document review	25

~ August 2015 ~						
Sun	**Mon**	**Tue**	**Wed**	**Thu**	**Fri**	**Sat**
						1
2 Week 2 Lead consultant flies in to Kenya	**3** TPM	**4** TPM Initial meeting with USAID	**5** TPM	**6** TPM Partner meeting	**7** TPM Submission of the draft work plans and tools to USAID	**8**
9 Week 3	**10** Meeting with USAID and stakeholders to review and approve workplan and tools	**11** USAID approval of workplan	**12** Fieldwork (Data collection in Nairobi) USAID KII interviews	**13** Fieldwork (Data collection in Nairobi)	**14** Fieldwork (Data collection in Nairobi) Weekly field report to USAID	**15** Preliminary data analysis
16 Week 4 Team travel to Bomet Flight to Kisumu Road from Kisumu to Bomet	**17** Fieldwork (Data collection in Bomet)	**18** Fieldwork (Data collection in Bomet) Afternoon travel to Homa Bay)	**19** Fieldwork (Data collection in Homa Bay)	**20** Fieldwork (Data collection in Homa Bay - afternoon drives to Kisumu)	**21** Team travel back to Nairobi Data collection in Kisumu Weekly field report to USAID	**22** Preliminary data analysis in Kisumu
23 Week 5 Overnight in Kisumu	**24** Fieldwork (Data collection in Kisumu - afternoon fly to Nairobi)	**25** Team travels Machakos Data collection in Machakos	**26** Data collection in Machakos	**27** Team travels to Meru	**28** Data collection in Meru Weekly field report to USAID	**29** Preliminary data analysis in Meru
30 Week 6 Travel to Isiolo	**31** Data collection in Isiolo	**Notes:**				

~ September 2015 ~						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
Week 6		1 Data collection in Isiolo	2 Travel back to Nairobi	3 Team working in MSI office in Nairobi- Data analysis Finalization of any pending interviews in Nairobi	4 Data analysis	5 Data analysis
6 Week 7	7 Labor Day Data analysis	8 FCR	9 FCR	10 FCR	11 FCR	12 FCR
13 Week 8	14 Validation meeting with partners	15 Preparation of presentation	16 Preparation of presentation	17 Presentation to USAID	18 Report writing	19 Report writing
20 Week 9	21 Report writing	22 Report writing	23 Lead consultant flies out of the country	24	25	26
27 Week 10	28	29	30	Notes:		

~ October 2015 ~						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
Week 10				1	2	3
4 Week 11	5	6 Submission of draft to USAID	7	8	9	10
11 Week 12	12 Columbus Day	13	14	15	16	17
18 Week 13	19	20 USAID & IP comments due to MSI	21	22	23	24
25 Week 14	26	27	28	29	30	31

~ November 2015 ~						
Sun	**Mon**	**Tue**	**Wed**	**Thu**	**Fri**	**Sat**
1	**2**	**3** Election Day Final Report due to USAID	**4**	**5**	**6**	**7**
8	**9**	**10**	**11** Veterans' Day	**12**	**13**	**14**
15	**16**	**17** USAID approval of final report and notification on statement of difference	**18**	**19**	**20**	**21**
22	**23**	**24** MSI to incorporate statement of differences into final report with delivery of raw data on CD and five hard copies of the final report	**25**	**26** Thanksgiving Day	**27**	**28**
29	**30**	**Notes:**				

~ December 2015 ~						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1 USAID approval of the final report and upload to DEC	2	3	4	5
6	7	8 Submission of one-page fact sheet	9	10	11	12
13	14	15 Approval of one-page fact sheet	16	17	18	19
20	21	22	23	24	25 Christmas	26
27	28	29	30	31	Notes:	

Annex VI: Description of Sample Frame for Selection of Financial Institutions and Beneficiaries in the Counties

Description of Sample Frame for Financial Institutions working at the national level

Faulu microfinance bank, K-Rep Bank, Housing Finance and KCB were all national level institutions supported to expand financial inclusion. K-Rep Bank, Housing Finance and KCB focused on WASH, through the DCA. Other interventions provided to KCB were support on product development; capacity building and on strategy for product roll out. The new products by KCB were: herd improvement; dairy asset finance loan. Faulu microfinance bank benefitted from two components of the support package: capacity building and on Strategy for rural and agriculture financing. Other institutions that benefitted from the two intervention components included Jamii Bora Bank;

Another financial institution, i- cow was supported through support on ICT to enhance agriculture lending and on Strategy for product roll out. Kenya Women Finance Trust was targeted to expand financial inclusion for women and was supported on strategy development for rural and agriculture financing; ICT to enhance agriculture lending; strategy for product development and lending on clean /renewable energy. 5 new financial products were developed by KWFT, under FIRM support and the products included: Accendo lantern; 3 mini bulb; JikoKisasa 2 burner; JikoKisasa 1 burner; Multipurpose Jiko

Organizations that received capacity building intervention as a single package support included: Technoserve Kenya, Joyful Women Organization; Association of Microfinance Associations; Kenya Renewable Energy Association; Association of Microfinance Professionals of Kenya; M-lab East Africa; African Women Entrepreneurship Program.

Molyn Credit, in addition to support on strategy development for rural and agricultural lending, also received support on development of new products. The new products included: Biogas, Maziwa Bora and Pamba Mkulima. Another product supported by FIRM was Mazao Bora, a preexisting product. Micro Africa Kenya received a 3 components package of FIRM support that included: capacity buildings; product development, strategy for product roll out and strategy for rural and agriculture financing. The new products developed included horticulture working capital loan and Horticulture input loan

Institutions supported on strategy for rural and agriculture lending (as a combine package of the two interventions) included: Small and Micro Enterprise Program (SMEP), Microfinance Bank. SMEP received support on development of new products and the new products included: Horticulture loan and Livestock loan. This was in addition to support to expand access for preexisting products such as Kuku loan, Asset loan and dairy loan.

Commercial Bank of Africa was supported in product development and product roll out strategies. 3 new products were developed: Invoice discounting loan; Dairy loan and Short term working capital. The institution was also supported on strategy development to increase access to a preexisting product- Asset loan. Honey Care Africa was a beneficiary of product development support and capacity building. Hive loan was the new product produced under FIRM support to Honey Care Africa.

Mobi Pay, Opportunity Kenya, Imperial Bank and Kenya Agency for Development of Enterprise Technology (KADET), all received support on strategy for rural and agriculture lending. Federation of Women Entrepreneur Associations, through capacity building and support on product development by FIRM, developed 3 new products: Short term loan; Asset finance loan and Check off loan

Stima Sacco and Oiko Credit received a combination of capacity building and on strategies for rural and agriculture financing. Youth fund was supported through capacity building and product development of strategies for roll out of a preexisting product- Sorghum value chain product

Century Microfinance Bank received 3 sets of the FIRM intervention- product development; capacity building and support on products roll out. The three products (Ag. Farmers; Ag. input suppliers; Ag. Processors) developed under FIRM support are however still in the initial phase of concept development.

The pre-existing products supported included: Karne Fixed Deposit Account and Bidii Savings plan

Description of Sample Frame for Financial Institutions at the County levels

Kisumu County

'Adok Timo' was supported in the development of 3 new products: Imarisha Kilimo; Mkopo Dharura and Imarisha Biasharia. The institution was also supported to expand access to 3 preexisting products: Market Day; Agro processing; Imarisha Maisha. The support package included: Product development; capacity building and Strategy for rural and agriculture financing. Kenya Rural Sacco Societies Union received support to expand financial access in Siaya, ***Kisumu*** and Homa Bay. The support package included capacity building and Strategy for rural and agriculture financing. On the other hand, Rafode Microfinance received capacity building package of FIRM.

Smart Ladies Women Group; Savings and Credit Associations; Ochwado Women GroupSavings and Credit Associations; Achego Women Group Savings and Credit Associations; By Grace; Savings and Credit Associations; Ayot Savings and Credit Associations; Okanowach Junior Women Group Savings and Credit Associations; Stars of The Hill SHG Savings and Credit Associations; Stars of The Hill SHG; Savings and Credit Associations; Kawu-Piyo SHG Savings and Credit Association; Moringa "A" Savings and Credit Associations; Ngongo Tailoring Women Group Savings and Credit Association; Umoja Urudi Savings and Credit Associations received capacity building interventions in Siaya and ***Kisumu*** Counties

Bomet County

Viability Africa was supported by FIRM on Strategy for product development and lending in the clean /renewable energy sub sector. The institution was supported to increase financial inclusion in: Nandi; ***Bomet*** and Taita Taveta. Sot Financial Services Association received capacity building and support in Strategy for rural and agriculture financing. Transnational Bank was supported by FIRM activity to achieve financial inclusion in two counties: ***Bomet*** and ***Uasin Gishu***. The support package included: capacity building and Strategy for rural and agriculture financing. Zevan Technologies was supported by FIRM through product development, capacity building and strategy for product roll out. The support aimed at expanding financial inclusion in ***Uasin Gishu*** and ***Bomet*** Counties. The brand product developed under this support was the 'Post harvest potato loan'. Lesiolo Grain Handlers received ICT support from FIRM to enhance agriculture lending in ***Bomet***, ***Uasin Gishu*** and Trans Nzoia

Uasin Gishu County

Skyline SACCO received a combination of 3 interventions including: Product development; capacity building and strategy for product roll out. Moi Nab SACCO received capacity building and support in Strategy for rural and agriculture financing. Lessos Financial Services Association and Sirikwa Financial Services Association received two components of the support package from FIRM, focusing on capacity building and development of strategy for rural and agriculture financing. Metropol Corporation was targeted with capacity building activities to increase financial inclusion in Kakamega, Vihiga, Busia, Siaya, ***Uasin Gishu,*** Kisii and Trans Nzoia. Metkei Financial Services Association received capacity building intervention and support in strategy development for rural and agriculture financing. Metkei Financial Services targeted financial inclusion in ***Uasin Gishu*** and Nandi counties. ECLOF Kenya was supported to develop 3 new products: Dairy loan; Sunflower loan and Horticultural role. The institution was also supported to increase access to a preexisting product- Horticulture loan. Support by the FIRM activity was in Product development and capacity building. The institution covered 6 counties including: ***Uasin Gishu***; ***Kisumu***; Trans Nzoia; ***Meru***; Kakamega and ***Bomet***.

Bungoma County

Smallholder Irrigation Schemes Development Organization (SISDO) was supported through capacity building, development of strategy for rural and agriculture financing and in the development of two new products: Ukulima loan and Ufangaji products. The counties targeted by the bank included ***Meru***, ***Machakos***, ***Bungoma*** and ***Uasin Gishu***.

Juhudi Kilimo received FIRM activity support including: capacity building; Strategy for product roll out and ICT strengthening to enhance agriculture lending. The institution was supported to expand access to 3 preexisting products: Poultry loan; Cow loan and Ag. Asset finance loan. The counties targeted under this support included: ***Bungoma***; ***Kisumu***; Kisii and Nyamira. Mumias Sugar Company was supported through capacity building to expand financial inclusion in Kakamega and ***Bungoma*** Counties.

Machakos County

Rafiki Microfinance Bank was supported in the development of two new products: Sorghum invoice discounting and Mkopa Mali. The institution was supported through three intervention components of the FIRM support to the financial institutions: product development; capacity building; strategy for rural and agriculture financing. Business Initiative Management Assistance (BIMAS) was supported by FIRM to expand financial access in 4 counties: ***Meru***; Kitui; ***Machakos***; Makueni. Capacity building and development of strategy for rural and agriculture financing were the two interventions received by the bank. The institution was also supported to develop and roll out one new product: 'maji loan'.

Meru County

The financial institutions in the County included Vegpro Kenya that was supported to develop 3 new products: Horticulture loans; Water loans; Low cost greenhouse tunnels. The institution received capacity building interventions of the FIRM activity. REMU Microfinance Bank was supported in the development of 2 new products, agriculture loan and current account. The REMU was also supported to expand access to a preexisting product: asset finance loan and intervention to the financial institution was on strategy development for rural agriculture financing.

Grameen Foundation was supported in development of strategy for rural and agriculture financing. Kenya Livestock Finance Trust (KLIFT) received a combination of capacity building and strategy development for rural and agriculture financing in the following counties: Kisii; Nyamira; Migori; ***Meru***; Kakamega; Kericho. Mount Kenya Meru Greens on the other hand received capacity building intervention. African Banking Corporation also received the same combination of interventions ***Meru*** and ***Uasin Gishu*** Counties.

Annex I: Final Evaluation Work Plan

Day	Date	Location	Activity
July 2015			
Week of	27th - 31st	Nairobi	Team planning meeting
Tuesday	28th	Nairobi	USAID In-brief
Wednesday	29th	Nairobi	Submission of workplan and draft instruments
Thursday	30th	Nairobi	• Meeting with USAID (discussion on work plan and tools) • Interviews with USAID and FIRM
Friday	31st	Nairobi	USAID approval of work plan and tools
August 2015			
Saturday	1st	Travel	Team Leader leaves country to remotely oversee data collection
Week of	3rd - 8th	Nairobi	• Document Review • Instrument testing • Scheduling of Interviews
Week of	10th – 15th	Nairobi	Data collection and preliminary analysis in Nairobi
Sunday	16th	Travel	Fly from Nairobi to Kisumu then drive to Bomet
Mon-Tue	17th – 18th	Bomet	Data collection
Tuesday	18th	Travel	Drive from Bomet to Homa Bay
Wed-Thur	19th – 20th	Homa Bay	Data Collection
Thursday	20th	Travel	Drive from Homa Bay to Kisumu
Friday	21st	Kisumu	Data collection
Saturday	22nd	Kisumu	Preliminary data analysis
Monday	24th	Kisumu	Data collection
Tuesday	25th	Travel	Fly from Kisumu to Nairobi then drive to Isiolo
Wed	26th	Isiolo	Data collection
Thursday	27th	Travel	Drive from Isiolo to Meru
Thu-Fri	27th – 28th	Meru	Data collection
Friday	28th	Travel	Drive from Meru to Nairobi
Saturday	29th	Nairobi	Preliminary Data Analysis
Monday	31st	Travel	Drive from Nairobi to Machakos
Monday	31st	Machakos	Data collection
September 2015			
Tuesday	1st	Machakos	Data collection
Tuesday	1st	Travel	Drive from Machakos to Nairobi
Wed-Sat	2nd - 5th	Nairobi	• Data analysis • Conduct any remaining Nairobi interviews
Sunday	6th	Travel	Team Leader returns to country
Mon-Sat	7th – 12th	Nairobi	• Finalize data analysis • Findings, Conclusions, and Recommendations
Monday	14th	Nairobi	Validation meeting with partners
Tue-Wed	15th – 16th	Nairobi	Preparation for USAID presentation
Thursday	17th	Nairobi	Presentation to USAID
Thu-Wed	17th – 23rd	Nairobi	Report Writing
Wednesday	23rd	Travel	Team Leader leaves country
Fri.-Mon.	25th - 5th	US & Nairobi	Report writing, editing, reviewing

Day	Date	Location	Activity
October2015			
Tuesday	6th	Nairobi	Submission of draft report to USAID
Tuesday	20th	Nairobi	USAID & IP comments due to MSI
November 2015			
Tuesday	3rd	Nairobi	Final Report due to USAD
Tuesday	17th	Nairobi	USAID approval of final report and notification on statement of difference
Tuesday	24th	Nairobi	MSI to incorporate statement of differences into final report with delivery of raw data on CD and five hard copies of the final report
December 2015			
Tuesday	1st	Nairobi	USAID approval of the final report and upload to DEC
Tuesday	8th	Nairobi	Submission of one-page fact sheet
Tuesday	15th	Nairobi	Approval of one-page fact sheet

Annex 2: Modification to Scope of Work

ANNEX 1 – ADDITION TO SECTION C

Evaluation Methodology: Client Survey

Background

MSI completed an initial evaluation of the FIRM activity in October 2015, targeting a range of FIRM partners and stakeholders including financial institutions, government representatives and loan beneficiaries. USAID/Kenya requested a modification of the task order, calling for a deeper investigation of individual FIRM beneficiaries' experiences with loan products. To accomplish this, MSI is proposing to complement the data already collected and analyzed with a quantitative survey of a larger sample size of this population. This proposal focuses exclusively on the proposed methodology for this survey.

Purpose and Questions

The purpose of the beneficiary survey is to provide a more comprehensive understanding of how the clients of the financial institutions supported by FIRM have made use of their loans and the extent to which these loans have facilitated economic growth in the sectors targeted by FIRM. This survey will enable USAID/Kenya to understand to what extent the activity has contributed to expanding access to affordable financial services for excluded and marginalized smallholder farmers and individuals in select parts of the country, focusing on rural areas. To this end, the survey will focus on Evaluation Question 1 and several of its sub-questions (Table 1), as extracted from the SOW. The sub-questions that will be the focus of the survey were reviewed and approved by USAID/Kenya.

Table 1: Evaluation 1 and Sub-Questions

Evaluation Question 1	***To what extent did the FIRM activity increase access to finance for targeted populations (i.e., smallholder farmers, microenterprises) in targeted sectors (i.e., agriculture, clean energy, WASH) and how?***
Sub-Questions	a) To what extent and how did the activity lead to the development of products and services that met the financing needs of the target populations and sectors? • How did the beneficiaries utilize these products/services? • How satisfied were the beneficiaries with these products/services? b) To what extent and how did the activity lead to an improved outreach strategy for reaching the target

	populations and sectors? • To what extent were the beneficiaries aware of an outreach strategy? What were their perceptions of it? • How satisfied were the beneficiaries with these outreach strategies? c) To what extent did beneficiaries perceive the financial institutions to have a strong understanding of their sector? d) What were the outcomes/results for loan beneficiaries in the target populations/sectors? e) To what extent did beneficiaries in the target populations/sectors feel that the financial institutions engaged actively with them? f) To what extent did beneficiaries in the target populations/sectors feel that they had better access to loans than they did 5 years ago? g) To what extent and how did the beneficiaries in the target populations/sectors perceive that the financial institutions attitudes about lending to them had changed in the last 5 years? h) How did beneficiaries in the target populations/sectors learn about the products/services they received from the financial institutions? i) How did beneficiaries utilize the loan(s) taken? j) What sectors did beneficiaries use their loans towards? k) How do beneficiaries perceive financial institutions can improve access to finance for beneficiaries in the target populations/sectors in the future?

Preliminary Sampling

MSI received four years' (2011 – 2015) worth of loan beneficiary data from 53 out of 91 financial institutions with which FIRM works. These institutions were distributed as follows (Table 2):

Table 2: Types of Institutions Providing Loan Beneficiary Data

Institution Type	Total
SACCOs	15
MFIs	15
Community Based Organizations	8
Producer Organizations	6
Commercial Banks	3
Other*	6
Total	**53**

'Other' institutions were comprised of the Development Credit Authority (DCA), Oiko Credit (a funder), Bomet Water Company (a utility company) and Metropol (a credit reference bureau). While these institutions provided a list of client names, they are not lending institutions and this information was found to be unusable.

Data from all 53 institutions was systematically sorted to identify which ones provided usable information. MSI focused on 2014–2015 data for three reasons: reduced recall bias, reduced redundancy among respondents who had multiple loan records over several years, and because this year contained the largest volume of beneficiary information relative to previous years. MSI identified the following key issues within the 2014–2015 dataset:

- Highly aggregated, incomplete or irrelevant data (e.g. savings records)
- Data sets that were not in Excel format, therefore not importable
- Beneficiary data that did not contain information on loan type
- Irrelevant loan types (e.g. school fees, housing)
- Beneficiary data that did not contain adequate location information

After eliminating unusable data, usable data from 32 financial institutions remained. Thereafter, the data was filtered by county, eliminating loan beneficiaries that did not fall within the seven evaluation counties (Nairobi, Bomet, Homa Bay, Kisumu, Isiolo, Meru and Machakos). MSI maintained the same geographic coverage as the first phase of the evaluation for purposes of triangulation while ensuring a reasonable sample size. Usable data from 15 institutions remained. However, three institutions (KCB, Rafiki and Kotagbor SACCO) yielded a particularly small number of potential respondents and were therefore excluded from the final dataset, which represents the universe from which the survey sample will be drawn. In total, 12 institutions offered sufficient loan beneficiary data. Out of these 12, a total of 9 institutions responded with contact telephone numbers for the selected beneficiaries. Therefore, a total of 9 institutions will be represented in the survey. **Table 3** depicts the distribution of these institutions by type.

Table 3: Names and Types of Institutions with Usable Loan Beneficiary Data

Type of Institution	% of Contacts	Total Contacts	Faulu	Bomet Women's SACCO	K-LIFT	Vision Fund	ECLOF	BIMAS	SMEP	Micro Africa	Century
MFI	98%	4839	14	0	0	25	722	2590	588	882	18
SACCO	2%	94	0	94	0	0	0	0	0	0	0
Producer Organization	0%	17	0	0	17	0	0	0	0	0	0
	100%	**4950**	**14**	**94**	**17**	**25**	**722**	**2590**	**588**	**882**	**18**

MSI, in collaboration with FIRM, then identified and categorized loan names into the key sectors of interest to USAID for this evaluation: 1) agriculture (specifically the horticulture, dairy and cereals sub-sectors), 2) water, sanitation and hygiene (WASH), and 3) renewable energy. The 12 institutions with usable information provided sufficient data for beneficiaries who received loans in any of these categories.

To complete the dataset that comprises the universe from which the survey sample will be drawn, USAID and FIRM gathered contact information for loan beneficiaries that were identified as possible survey respondents from the 12 institutions. Loan beneficiaries for which contact information was not available were eliminated as possible respondents.

MSI received contacts for 4950 beneficiaries out of anticipated possible 7486. This forms the basis of our final universe. **Table 4** below provides a breakdown of the loan beneficiary contacts received by institution and by sub-sector.

Table 3: Number of Beneficiary Contacts Provided by Institution and Sub-Sector

Sub-Sector	% of Contacts	Total Contacts	Faulu	Bomet Women's SACCO	K-LIFT	Vision Fund	ECLOF	BIMAS	SMEP	Micro Africa	Century
Ag - General	82%	4074	14	94	17	0	612	1878	559	882	18
Ag - Dairy	2%	121	0	0	0	0	98	23	0	0	0
Ag - Horticulture	0%	11	0	0	0	0	11	0	0	0	0
Ag - Cereals	0%	0	0	0	0	0	0	0	0	0	0
Renewable Energy	15%	738	0	0	0	25	1	688	24	0	0
WASH	0%	6	0	0	0	0	0	1	5	0	0
	100%	**4950**	**14**	**94**	**17**	**25**	**722**	**2590**	**588**	**882**	**18**

Final Sampling

Due to the relatively few numbers of contactable beneficiaries who received dairy, horticulture or cereals loans, MSI decided to aggregate all the agriculture beneficiaries into the general agriculture category. Questions about the sub-sector to which these loans were applied to will be captured in the survey tool. Similarly, WASH loan recipients are excluded from the sample, as it would be impossible to derive any meaningful findings about so few beneficiaries. For institutions with small categories of respondents (e.g. Faulu), 100% of the population is included.

Using this approach, MSI will derive a sample of 2000 participants from the possible universe (Table 5). This will comprise a randomly selected proportion of renewable energy loan recipients to equal a total sample size of 250 (i.e. 15% of the overall sample), and a randomly selected proportion of agricultural loan recipients to equal a total sample size of 1750 (i.e. 85% of the overall sample).

Table 4: Final Sampling Universe

Sub-Sector	% of Contacts	Total Contacts	Faulu	Bomet Women's SACCO	K-LIFT	Vision Fund	ECLOF	BIMAS	SMEP	Micro Africa	Century
Ag - General	82%	4074	14	94	17	0	612	1878	559	882	18
Ag - Dairy	2%	121	0	0	0	0	98	23	0	0	0
Ag - Horticulture	0%	11	0	0	0	0	11	0	0	0	0
Ag - Total	**85%**	**4206**	14*	94*	17*	**0**	721^	1901^	559^	882^	**18***
Renewable Energy	15%	738	0	0	0	25*	1	688∞	24*	0	0
	100%	4944	**14**	**94**	**17**	**25**	**722**	**2589**	**583**	**882**	**18**

**100% of beneficiaries included*
^Randomly select proportion of total to complete sample size of 1750
∞Randomly select proportion of total to complete sample size of 250

This sampling approach reflects the relative proportion of loan types, with agriculture being the dominant category, and also captures the diversity of relevant loan institutions that provided beneficiary contact information. It will allow for meaningful comparison between smaller and larger institutions, agriculture and renewable energy sectors, and across value chains based on survey responses. It will further ensure that the statistical significance of results will be maximized, while simultaneously capturing as much of the broad diversity in participating institutions as possible. It is, however, important to note that the sample will not be representative of all beneficiaries for all financial institutions with which FIRM works.

Data Collection

The evaluation team, in collaboration with MSI, will design a structured questionnaire in line with the evaluation purpose and question. MSI will partner with a research firm, Research Solutions Africa (RSA), who will be responsible for the administration of the survey.

To reduce costs and data collection time, the questionnaire will be administered through a phone survey. Face-to-face interview would require calling respondents prior to the start of the survey to identify their exact location within the county before reaching out for the actual interview. MSI will provide detailed training and oversight to the research firm and its enumerators once the tool has been approved by USAID/Kenya.

The questionnaire will contain 10-15 fully closed categorical questions (i.e. multiple choice with single or multiple options) that will be well suited to the phone survey. MSI envisions that each interview will last approximately 15 - 20 minutes.

MSI will draw a sample of 2,000 respondents from the 4,944 contacts. Each of these 2,000 beneficiaries will be contacted up to three times, or until MSI has a reason to replace the contact, if they are either unreachable, unable/unwilling to participate or if the phone number is incorrect. MSI will continue replacing unsuccessful contacts with alternative respondents who will be randomly selected from the remaining 2,944 from the initial sample, so as to reach as close to 2,000 total respondents as possible. MSI will continue adding to the sample using this approach, with the goal of achieving 2,000 interviews (100%), so as to mitigate the low response rate typically associated with a telephone survey.

MSI envisions that the data collection exercise will require four weeks. The 20 days of data collection, which provides for survey preparation (including translation and training) up to the end of actual data collection, is broken down as follows:

- Week 1: Survey set-up, translation of survey tool, training of enumerators, and piloting
- Week 2 – 4: Data collection

Given the challenges with telephone surveys, to ensure the highest possible response rate, MSI plans to allocate as much time as possible to contacting respondents and making substitutions where necessary. MSI will only cease data collection if and when: 1) 2,000 interviews are completed; 2) the list of possible respondents is exhausted; or 3) the allocated data collection period of four weeks expires. Four weeks will allow for adequate preparation and interviewing of as many respondents as possible.

Limitations

One of the key limitations of the beneficiary survey is that it will not be representative of the general population of FIRM loan beneficiaries in the agriculture and renewable energy sectors, as it relies on a database of loan beneficiaries from a select number of financial institutions rather than the entire population of loan beneficiaries from all FIRM supported financial institutions. As a result, the findings will not be generalizable to the all the sectors and populations targeted by USAID through FIRM. However, the sample reflects the diversity of FIRM support across sub-sectors and financial institutions in the seven evaluation counties. Selection bias also poses a limitation to the survey, as the methodology relies on self-selected participants. The beneficiaries who are most likely to participate in the phone survey may share characteristics that introduce undesirable bias into the sample. For example, they may be more likely to be urban-based. Selection bias will be adjusted for using weighting, prior to the data analysis stage.

The success of the survey will be heavily dependent on the quality of the beneficiary contact information provided by FIRM and its partner institutions. MSI assumes that the phone numbers provided for each beneficiary are both reliable and accurate. It is not possible, however, for MSI to establish this before data collection starts, as the exercise of verifying a proportion of phone numbers ahead of data collection has both time and cost implications. While MSI is able to do this, only a relatively small number would be tested, and this initial verification would not necessarily reflect the accuracy of the entire sample of phone numbers. Proper vetting of phone numbers would require more time, and MSI, therefore, proposes to verify the contact list during the data collection, as this is the most efficient method in terms of time and cost. At the data collection stage, respondents will be contacted, based on the sampling parameters described above. Where telephone numbers are either incorrect or not functional, MSI will randomly select additional names from the larger universe to maintain a total sample size as close to 2000 as possible.

While MSI will make all attempts to ensure maximum participation of beneficiaries in the phone survey, the general response rate for phone surveys is approximately 30. Where respondents are either unwilling to participate or unreachable after three attempts, MSI will randomly select additional names from the larger universe, so as to achieve as close to a total sample size of 2000 as possible.

Data Analysis

Data cleaning cannot be done until all the data is collected and data analysis cannot begin until a complete, clean data set is available. Every endeavor will be made to complete the data collection as soon as possible while still maximizing the number of respondents. RSA will be responsible for data cleaning and carrying out preliminary data analysis (descriptive statistics). The evaluation team will then use additional and more advanced descriptive statistics to analyze the quantitative data obtained from the beneficiary survey. The two main analytical tools that will be used are frequency distributions and cross-tabulation analysis. Comparisons will be made on financial services access across sectors and sub-populations (e.g. youth and women), where possible.

Data collected from the beneficiary survey will be triangulated with the qualitative and secondary data from the initial evaluation phase to arrive at findings. Findings that converge to yield a view supported by multiple data types will be noted. When different methods produce conflicting evidence, the evaluation team will, to the extent possible, double back to examine the degree to which findings from different methods on the same question diverged to determine why these data conflict.

Deliverables

MSI will submit the following as final deliverables from the client survey:

- Survey tool
- Updated evaluation report containing integrated Findings, Conclusions and Recommendations
- A final presentation
- 1 – 2 page briefer

Team Composition

The evaluation team will be composed of two evaluators along with an independent survey firm to support the beneficiary survey. The Social Scientist / Gender / Disability / Other Cross-Cutting Technical Advisor will fulfill the role of evaluation team lead. The selection of the team leader was guided by a combination of academic and professional qualifications, together with sector experience in similar assignments. The team lead will be responsible for designing the survey questionnaire, coordinating and carrying out data analysis, and incorporating the survey results into the existing draft report, thereby creating a new draft report.

The second evaluation team member was selected from qualified consultants with experience in quantitative and qualitative research, knowledge of the local context and sector experience. The team member will provide input into the survey tool, as well as support with enumerator training, data analysis and report revision.

The survey firm, Research Solutions Africa (RSA), was selected from MSI's prequalified vendors with extensive experience in facilitating field work activities, including participant mobilization and survey administration. RSA will be responsible for translation of the survey tool, recruitment and training of enumerators (in collaboration with MSI/evaluation team), piloting, recruitment of respondents, interview scheduling, and data collection.

ANNEX 2 – MODIFIED DELIVERABLES TABLE

Through this Modification, the deliverables table under Section F.4 of the Task Order is replaced in its entirety in lieu thereof with the following deliverables table. The changes to the original deliverables table are highlighted below in yellow.

Deliverable	Responsible Party	Date *
Letter of Introduction to be used with local stakeholders.	USAID/ OEG Team	within 5 days of task order award
Initial meeting between COR, contractor, relevant USAID personnel, and contractor evaluation team key personnel to clarify roles and responsibilities, logistical issues, and timelines.	MSI/OEG Team	Tuesday, 4 August, 2015
A draft Work Plan developed and shared with USAID. The work plan will provide a projected timeline and describes in detail the final data collection methods (including draft interview questions and data collection tools) to be used.	MSI	Friday, 7 August 2015
USAID/Partner/Stakeholder Workshop (1/2 day) to review, refine and accept the work plan and tools	MSI/OEG team/ Partners	Monday, 10 August 2015
Work plan approved by USAID	USAID/ OEG team	Tuesday, 11 August 2015
Key Informant Interviews with USAID and IP staff	MSI/ OEG team /COR	Wednesday, 12 August 2015
Updates on progress, in person, by phone or via email as agreed at the initial meeting, including any issues, relevant data, notes or problems encountered	MSI	Weekly for 3 weeks of fieldwork 14, 21, 28 August 2015
Validation meeting with partners	MSI/OEG team /Partners	Monday, 14 September 2015
Submission of draft evaluation report to USAID	MSI	Tuesday, 6 October 2015
Work plan and survey tool submitted to USAID for approval	MSI	May 3, 2016
Presentation of integrated findings and conclusions of the evaluation to USAID/Kenya and key stakeholders	MSI	Between o/a June 13 – o/a June 24
Second draft report containing integrated Findings, Conclusions and Recommendations submitted to USAID	MSI	Two weeks after the presentation
Final Report submitted to USAID	MSI	One week after USAID comments
USAID approval of final report and notification on statement of difference	USAID/ OEG team	Two weeks after final submission
One-page fact sheet about the evaluation	MSI	One week after Final Report approval

MSI to incorporate statement of differences into final report with delivery of raw data on CD and five hard copies of the final report	MSI	One week after approval of final
USAID approval of the DEC submission and MSI submission of DEC	USAID/ OEG team	One week after incorporation of statement of differences

[END OF ANNEX 2]

Annex 3: Final Data Collection Instruments

KEY INFORMANT INTERVIEWS

GOVERNMENT AND CIVIL SOCIETY ACTORS

INTERVIEW QUESTIONS

1. Given the experience of your institution, what are the enabling factors for inclusive financial access in rural areas?
2. Given the experience of your institution, what are the barriers to inclusive financial access in rural areas?
3. From a policy perspective, what is the best way to reduce barriers to financial access in rural areas?
4. From a policy perspective, what is the best way to improve the enabling environment for finance?
5. What has been your relationship with FIRM?
6. In your opinion to what extent did the support from FIRM increase access to finance in rural areas for the following groups/sectors:
   - Women
   - Youth
   - Smallholder farmers
   - Clean energy
   - Water, Hygiene and Sanitation (WASH)
7. Do you know of any notable examples of how FIRM impacted rural Kenyans, positively or negatively?
8. In general, how would you describe your experience with FIRM?
9. How can county governments' be supported to improve their investment priorities?
10. In which other ways, can the support offered by FIRM be improved?
11. If USAID were to fund another activity similar to FIRM, what kind of support would you like to receive?

KEY INFORMANT INTERVIEWS

FINANCIAL INSTITUTIONS AND PRIVATE SECTOR ACTORS

INTERVIEW QUESTIONS

1) What is the mission or mandate of your financial institution?
2) Given the experience of your financial institution, what factors enable access to finance in rural areas?
3) Given the experience of your financial institution, what are the barriers to access to finance in rural areas?
4) Does your institution offer financial products targeted at any of the following groups/sectors:
   a) Rural borrowers
   b) Women
   c) Youth
   d) Smallholder farmers
   e) Clean energy
   f) Water, Hygiene and Sanitation (WASH)

   Please describe.
5) What kind of support did you receive from FIRM?
6) To what extent did this support from FIRM affect your financial services to the above listed groups/sectors? How?
7) How did you pass this support on to branch offices? (HQ)

   What support did you receive from headquarters? (Branches)
8) Was the support your institution received from the FIRM activity relevant to your needs? How?
9) Was the support your institution received from the FIRM activity effective in expanding access to financial services in rural areas, more specifically to smallholder farmers and microenterprises? How?
10) Did support from FIRM change the way your institution does business? How?
11) Did you develop innovative financial services as a result of FIRM activity support? Were these new or existing innovations? Please describe.
12) Do you know of any notable examples of how FIRM impacted rural Kenyans, positively or negatively? Please describe.
13) In general how would you describe your experience with FIRM?
14) How would you improve the support offered by the FIRM activity?
15) If USAID were to fund another activity similar to FIRM, what kind of support would you like to receive?

GROUP INTERVIEWS

FINANCIAL SERVICES CLIENTS

INTERVIEW QUESTIONS

1) How many of you have received financial services (credit or savings) over the last five years?
2) In your experience, what would be the biggest help in increasing (?) your access to financial services?
3) In your experience, what is the biggest challenge in accessing financial services?
4) In your experience, what is the most important thing influencing your access to financial services?
5) What financial institutions, if any, do you have accounts with?
6) If you have accounts with any financial institutions, what kinds of services did you receive from them?
7) How did you learn about these services?
8) What is your main source of income?
9) If you have accessed credit in the last five years, how did you use it?
10) What was the source of credit you received?
11) Did you have access to credit five years ago?
12) Has your access to credit improved in the last five years?
13) How would you describe your experience with the process of accessing credit?
14) Were you happy with the credit you received? Why?
15) Was the credit you received fairly priced? Explain?
16) Was the credit application process easy? Why or why not?
17) How could your experience have been better?
18) What type of support would you most like to receive in the future?

SURVEY TOOL: LOAN BENEFICIARIES

A. Introduction

Good morning/afternoon. My name is __________ calling from Research Solutions Africa, a research company based in Nairobi. We are carrying out a survey among smallholder farmers and micro-entrepreneurs that have received loans from various financial institutions. The study is being conducted on behalf of international donors who are interested in making investments and improvements in financial access and services.

You have been identified as someone who recently benefitted from a loan. The purpose of this survey is to understand how you have used your loan and whether your access to affordable financial services has changed over the last 5 years. The information you provide will help financial institutions improve the type of services they offer to smallholder farmers and micro-entrepreneurs.

The interview will take about 20 minutes and will be carried out over the phone. There are no right or wrong answers. We are interested in your own views and opinions, which are very important. Your participation is entirely voluntary. Please be assured that neither your identity, information nor responses will be shared publicly and that any information you provide will be used only for the purposes of this study.

Is it a good time to talk to you now?

B. Identification

B1	**Respondents ID**	
B2	**Name of the Respondent (*optional)***	
B3	**Respondent's contact**	
B4	**County**	1. Nairobi 2. Bomet 3. Kisumu 4. Meru 5. Machakos 6. Isiolo 7. Homa bay 8. Other (specify)__________
B5	**Respondent category**	1. Agriculture 2. Renewable Energy
B6	**Date of interview**	
B7	**Time of interview**	
B8	**Gender of the respondent**	1. Male 2. Female
B9	**Name of the Interviewer**	

C. Survey Questions

C1. Which age bracket are you in?

(prompted response; interviewer to code accordingly)
1.18-25 years
2.26-30 years
3.30-35 years
4.35-40 years
5. 41 and above years

C2. What is your main source of income?
(prompted response; interviewer to code accordingly)
1.Farming
2.A small business
3. Something else (specify): ___________________

If '2' or '3' selected, skip to question C6.

C3. What is the size of your land?
(prompted response; single response)
1.Less than 2 acres
2. 2-4 acres
3. 5-7 acres
4. 8-10 acres
5.More than 10 acres

C4. What do you farm?
(spontaneous response; select all that apply)
1.General agriculture commodities (e.g. tea, coffee, sugarcane, beef, pork, poultry, eggs)
2.Dairy
3.Horticulture (e.g. fruits, vegetables, legumes)
4.Cereals (e.g. maize, wheat, rice, barley)
5.Other (specify): _________________

C5. If you are a dairy farmer, how many animals do you keep?

Animal	Number
Dairy cattle	

If '1' selected at C4, skip to C8

C6. What is your main business? *Interviewer: prompt for business that gives the most income*
(spontaneous response; single response; interviewer to code accordingly)
1.Renewable energy products (e.g. clean cook stoves, solar electrical/thermal panels and accessories)
2. Water and sanitation (e.g. water products/services, water supply, irrigation equipment, exhauster services)
3.Retail (clothing, foodstuffs, soaps, supplies, appliances, pharmaceuticals, stationary, construction materials, etc.)
4.Hotel/restaurant/bakery
5.Transport (motorbike, trucks, etc.)
6.Tailoring/textiles
7. Auto repair/auto part sales
8. Hair dressing/beauty services

9. Construction
10. Other (specify):

C7. How many employees do you have?

(spontaneous response; single response; interviewer to code accordingly)

1. 0
2. 1 - 5
3. 6 - 10
4. 11 – 15
5. 16 - 20
6. More than 20

C8. From which banks/ MFIs/ SACCOs have you taken a loan in 2014 or 2015?

(Spontaneous response; multiple response. Interviewer: code appropriately)

1. Faulu
2. Bomet Women's SACCO
3. K-LIFT
4. Vision Fund
5. ECLOF
6. BIMAS
7. SMEP
8. MicroAfrica
9. Century
10. Other bank/MFI/SACCO(Specify) _______________

C9. Please tell me the name(s) of the loan(s) you took.

(spontaneous response; specify name of loan; interviewer to code accordingly; select 'don't' know' if the respondent does not know or remember)

1.Faulu (Nafaka; Other: specify; Don't Know)

2.Bomet Women's SACCO (Agri-business; Other: specify; Don't Know)

3.K-LIFT (Dairy/Goat; Agrovet; Other: specify; Don't Know)

4.Vision Fund (Solar Equipment; Other: specify; Don't Know)

5.ECLOF (Ag-Dairy; Ag-General; Other: specify; Don't Know)

6.BIMAS (Dairy; Msingi; Jikokoa; Energy Saving; Solar; Other: specify; Don't Know)

7.SMEP (Mavuno; Kilimo Biashara; Energy Savings Jiko; Solar Panel; Other: specify; Don't Know)

8.MicroAfrica (Agriculture and Rural; Other: specify; Don't Know)

9.Century (Crop Farming; Other: specify; Don't Know)

10.Other bank/MFI/SACCO(Specify) _______________ (Loan name; Don't Know)

C10. What was the total amount you borrowed from these institutions in 2014-2015?

(Enter exact amount or best estimate)

99. Don't know

998. Refused to answer

C11. How did you use your loan(s)?
(spontaneous response; multiple response; interviewer to code accordingly)

1.Bought an asset (e.g. truck, machine, water pump land, car, motorcycle, dairy cow, chicken) – specify

2.Bought farm inputs (e.g. seeds, fertilizers, herbicides, insecticides, other agriculture chemicals)

3.Construction (e.g. zero grazing unit, poultry house, borehole, storage facilities, other farm structures)

4.Working capital (e.g. purchase of new stock/materials)

5.Other personal expense (

6.Unexpected emergency (e.g. funeral, sickness, economic setback)

C12. How did you learn about your loan(s)?
(spontaneous response; multiple response; interviewer to code accordingly)

1. I visited a local bank branch
2. 2.I was visited by a representative of a financial institution at my home/place of work
3. 3.Word of mouth (e.g. from friends, family, colleagues)
4. 4.TV
5. 5.Radio
6. 6.Print advertisement (e.g. newspaper, magazine, flier)
7. 7.Road shows in the community
8. 8.Through another organization/ formal groups
9. 9.Other

* **C13. Using a scale of 1 to 5 where 1 is not at all and 5 is completely, how well did the loan(s) meet your specific business needs? (1 = not at all, 2 = a little, 3 = somewhat, 4 = quite well, 5 =completely)**
(prompted response; single response)

1	2	3	4	5

C14. What did the loan(s) allow you to do that you could not have otherwise?
(spontaneous response; multiple response; interviewer to code accordingly)
1. Cover annual operating expenses
2. Make investments in the long-term growth of my business (e.g. purchase additional land, purchase new equipment/assets, build a new storage facility, etc.)
3. Pay off debts
4. Increase sales/revenues
5. Increase production
6. Hire new employees
   Number of new employees hired: _______________
7. Start my business
8. Other (specify)___________

C15. Using a scale of 1 to 5 where 1 is much worse and 5 is much better, how would you say your overall economic situation has changed since taking the loan? (1 = much worse, 2 = somewhat worse, 3 = about the same, 4 = somewhat better, 5 = much better)

(prompted response; single response)

1	2	3	4	5

C16. How did the bank/MFI/SACCO help you in getting your loan(s)?

(spontaneous response; single response)

1. Help preparing my loan application
2. Help selecting a loan product that met my needs (e.g. interest rate, collateral requirements, size, repayment schedule)
3. Financial literacy education/training
4. No help
5. Other: specify_______

C17. On a scale of 1 to 5 where 1 is not at all satisfied and 5 is very satisfied, how satisfied were you with the process of getting the loan? (1 = not at all, 2 = somewhat dissatisfied, 3 = neutral, 4 = somewhat satisfied, 5 = very satisfied)

(prompted response; single response)

1	2	3	4	5

C18. On a scale of 1 to 5 where 1 is not at all and 5 is completely, how well did the bank/MFI/SACCO that gave you a loan understand your business needs? (1 = not at all, 2 = a little, 3 = somewhat, 4 = quite well, 5 =completely)

(prompted response; single response)

1	2	3	4	5

C19. On a scale of 1 to 5 where 1 is not at all and 5 is completely, to what extent do you feel that banks/MFIs/SACCOs value you as a customer now compared to 5 years ago? (1 = not at all, 2 = a little, 3 = somewhat, 4 = quite well, 5 = completely)

(prompted response; single response)

1	2	3	4	5

C20. In the 5 years before 2014, did you ever try to borrow money from a bank/MFI/SACCO?

(spontaneous response; single response)

1. Yes
2. No

C21. On a scale of 1 to 5 where 1 is much worse and 5 is much better, how has access to financial services changed compared to 5 years ago? (1 = much worse, 2 = somewhat worse, 3 = about the same, 4 = somewhat better, 5 = much better)

(prompted response; single response)

1	2	3	4	5

C23. If you had the same need and opportunity in the future, on a scale of 1 to 5 where 1 is not at all and 5 is very likely, how likely would you be to take out this loan again? (1 = not at all, 2 = somewhat unlikely, 3 = neutral, 4 = somewhat likely, 5 = very likely)

(Prompted response; single response)

1	2	3	4	5

C24. In your experience, what are your three biggest challenges in accessing financial services?

(Spontaneous response; multiple response; interviewer to code accordingly)

1. High interest rate
2. High costs of transaction (e.g. application fee, loan insurance, bank fees)
3 .Financial services/products are not available
4. Financial services/products are not suitable i.e. not tailored to my needs
5. Lack access to collateral (e.g. title deeds)
6. Loan application process is tedious/complicated
7. Loan repayment period is too short
8. Too many conditions (e.g. collateral requirements)
9. Financial institutions are not flexible
10. Financial institutions are not friendly
11. Other (specify)
12. None

C22. How could your borrowing experience have been better?

(spontaneous response; multiple response)

1.Improved customer care

2.More information/transparency from the financial institution

3.More training from the institution

4.Simplified application process

5.More outreach

6.Other (specify):______________________

Thank you very much for your time.

Annex 4: Final List of Achieved Interviews by Type, Date and Location

Group Interviews: Smallholder Farmers and Micro-entrepreneurs

Summary of Group Interviews by Category, Gender and Age

Categories	Total Interviews	Gender	Total Interviews	Youth	Total Interviews
Group Interviews	16	Male	6	Total	4
Smallholder Farmers	7	Female	7	Female Youth	2
Micro-entrepreneurs	9	Mixed Gender	3	Male Youth	2

Group Interviews

Methodology	Category	Gender	Institution Name	County	Interview Date
Group Interview	Smallholder Farmers	Female	Bomet County	Bomet	17-Aug-15
Group Interview	Micro-entrepreneurs	Male*	Bomet County	Bomet	17-Aug-15
Group Interview	Micro-entrepreneurs	Female	Homa Bay County	Homa Bay	19-Aug-15
Group Interview	Smallholder Farmers	Male	Homa Bay County	Homa Bay	19-Aug-15
Group Interview	Micro-entrepreneurs	Mixed	Nyahera Commercial Village Group (Credit Factory Clients)**	Homa Bay	19-Aug-15
Group Interview	Smallholder Farmers	Male*	Isiolo County	Isiolo	26-Aug-15
Group Interview	Micro-entrepreneurs	Male	Isiolo County	Isiolo	26-Aug-15
Group Interview	Micro-entrepreneurs	Mixed	ADOK Timo Clients**	Kisumu	20-Aug-15
Group Interview	Micro-entrepreneurs	Female	Star of the Hill (KERUSSU Clients)**	Kisumu	20-Aug-15
Group Interview	Smallholder Farmers	Mixed	Smart Ladies Group (KERUSSU Clients)**	Kisumu	24-Aug-15
Group Interview	Micro-entrepreneurs	Male	Kisumu County	Kisumu	24-Aug-15
Group Interview	Smallholder Farmers	Female*	Kisumu County	Kisumu	24-Aug-15
Group Interview	Micro-entrepreneurs	Female	Machakos County	Machakos	31-Aug-15
Group Interview	Smallholder Farmers	Male	Machakos County	Machakos	31-Aug-15

Methodology	Category	Gender	Institution Name	County	Interview Date
Group Interview	Smallholder Farmers	Female	Meru County	Meru	27-Aug-15
Group Interview	Micro-entrepreneurs	Female*	Meru County	Meru	28-Aug-15

*Groups were specifically carried out with youth

**These groups were carried out exclusively with clients of the financial institution as identified by the financial institutions

Key Informant Interviews: Financial Institutions and Policy Institutions

Methodology	Category	Institution Name	County	Interview Date
Group Interview	Financial Institution	REMU Microfinance	Meru	7-Aug-15
Key Informant Interview	Financial Institution	Viability Africa	Bomet	12-Aug-15
Key Informant Interview	Financial Institution	Crescent Takaful	Isiolo	11-Aug-15
Key Informant Interview	Financial Institution	ADOK Timo	Kisumu	20-Aug-15
Key Informant Interview	Financial Institution	Credit Factory	Kisumu	24-Aug-15
Key Informant Interview	Financial Institution	ECLOF	Kisumu	24-Aug-15
Key Informant Interview	Financial Institution	Rafiki Microfinance	Machakos	11-Aug-15
Key Informant Interview	Financial Institution	BIMAS	Meru	12-Aug-15
Key Informant Interview	Financial Institution	Mt Kenya Meru Greens	Meru	28-Aug-15
Key Informant Interview	Financial Institution	Musoni	Nairobi	11-Aug-15
Key Informant Interview	Financial Institution	Jamii Bora Bank	Nairobi	13-Aug-15
Key Informant Interview	Financial Institution	Kenya Rural SACCOs Society Union	Nairobi	13-Aug-15
Key Informant Interview	Financial Institution	Juhudi Kilimo	Nairobi	14-Aug-15
Key Informant Interview	Financial Institution	K-REP	Nairobi	14-Aug-15
Key Informant Interview	Financial Institution	KWFT	Nairobi	14-Aug-15
Key Informant Interview	Financial Institution	SMEP	Nairobi	14-Aug-15

Methodology	Category	Institution Name	County	Interview Date
Key Informant Interview	Financial Institution	Kenya Livestock Finance Trust (K-LIFT)	Nairobi	17-Aug-15
Key Informant Interview	Financial Institution	Liki Outgrowers (VegPro)	Nairobi	27-Aug-15
Key Informant Interview	Financial Institution	Zevan Technologies	Nairobi	28-Aug-15
Key Informant Interview	Policy Institution	Central Bank of Kenya	Nairobi	4-Sep-15
Key Informant Interview	Policy Institution	National Economic and Social Council	Nairobi	12-Aug-15
Key Informant Interview	Policy Institution	Treasury	Nairobi	13-Aug-15
Key Informant Interview	Policy Institution	Credit Information Sharing Association Kenya	Nairobi	14-Aug-15

Key Informant Interviews: County Government

Methodology	Interview Type	Institution Name	County	Interview Date
Key Informant Interview	County Government	Bomet County	Bomet	17-Aug-15
Key Informant Interview	County Government	Bomet County	Bomet	17-Aug-15
Key Informant Interview	County Government	Bomet County	Bomet	17-Aug-15
Key Informant Interview	County Government	Bomet County	Bomet	18-Aug-15
Key Informant Interview	County Government	Bomet County	Bomet	18-Aug-15
Key Informant Interview	County Government	Bomet Water Company	Bomet	18-Aug-15
Key Informant Interview	County Government	Homa Bay County	Homa Bay	19-Aug-15
Key Informant Interview	County Government	Homa Bay County	Homa Bay	19-Aug-15
Key Informant Interview	County Government	Homa Bay County	Homa Bay	19-Aug-15
Key Informant Interview	County Government	Homa Bay County	Homa Bay	19-Aug-15

Methodology	Interview Type	Institution Name	County	Interview Date
Key Informant Interview	County Government	Machakos Investment Promotions Board	Machakos	1-Sep-15
Key Informant Interview	County Government	Consultant - Homa Bay and Machakos County	Machakos	1-Sep-15
Key Informant Interview	County Government	Consultant - Homa Bay and Machakos County	Nairobi	14-Aug-15
Key Informant Interview	County Government	Consultant - Bomet County	Nairobi	14-Aug-15
Group Interview	County Government	Bomet County	Bomet	18-Aug-15
Group Interview	County Government	Homa Bay County	Homa Bay	20-Aug-15
Group Interview	County Government	Machakos County	Machakos	1-Sep-15

Key Informant Interviews: Implementing Partners

Methodology	Interview Type	Institution Name	County	Interview Date
Group Interview	Implementing Partner	FIRM	Nairobi	10-Aug-15
Key Informant Interview	Implementing Partner	FIRM	Nairobi	25-Aug-15
Key Informant Interview	Implementing Partner	FSD Kenya	Nairobi	14-Sep-15

Annex 5: Summary of Interviews Achieved with Smallholder Farmers and Micro-entrepreneurs

Total Participants: Smallholder Farmers and Micro-entrepreneurs (Random Groups Only)

	Total (n=96)	Bomet (n=16)	Homa Bay (n=16)	Kisumu (n=15)	Isiolo (n=16)	Meru (n=17)	Machakos (n=16)
Smallholder Farmers	48	8	8	8	8	8	8
Micro-entrepreneurs	48	8	8	7	8	9	8
Female Smallholder Farmers	24	8	0	8	0	8	0
Male Smallholder Farmers	24	0	8	0	8	0	8
Female Micro-entrepreneurs	25	0	8	0	0	9	8
Male Micro-entrepreneurs	23	8	0	7	8	0	0
TOTAL	96	16	16	15	16	17	16

Total Participants: Smallholder Farmers and Micro-entrepreneurs (Non-Random Interviews Only)

	Total (n=29)	Bomet (n=2)	Homa Bay (n=2)	Kisumu (n=23)	Isiolo (n=0)	Meru (n=1)	Machakos (n=1)
Smallholder Farmers	19	2	2	13	0	1	1
Micro-entrepreneurs	10	0	0	10	0	0	0
Female Smallholder Farmers	12	1	0	10	0	0	1
Male Smallholder Farmers	7	1	2	3	0	1	0
Female Micro-entrepreneurs	5	0	0	5	0	0	0
Male Micro-entrepreneurs	5	0	0	5	0	0	0
TOTAL	29	2	2	23	0	1	1

Some of these were referred to us by the FIs when we requested them for client contacts in our initial email communication. ADOK Timo clients (n=4), Juhudi Kilimo clients (n=2), K-LIFT client (n=1), Musoni client (n=1) therefore they were not randomly selected.

Other 'client' groups/interviews were already in our sample (Kadem Commercial Village (n=1), Onger Commercial Village (n=1), Nyahera Commercial Village (n=6), Star of the Hill Group (n=6) and Smart Ladies Group (n=6), No Sex for Fish (n=1) and are included in this non-random interview summary.

Total Number of Participants	**125**
Total male participants	59
Total female participants	66
Total smallholder farmers	67
Total micro-entrepreneurs	58
Total youth participants in youth GIs	33
Total female youth in youth GIs	17
Total male youth in youth GIs	16

Total Number of Interviews (KIIs and GIs): Smallholder Farmers and Micro-entrepreneurs

	Total (n=23)	Bomet (n=4)	Homa Bay (n=4)	Kisumu (n=7)	Isiolo (n=2)	Meru (n=3)	Machakos (n=3)
Smallholder Farmers	14	3	3	3	1	2	2
Micro-entrepreneurs	9	1	1	4	1	1	1
Youth	4	1	0	1	1	1	0
Female Smallholder Farmers	5	2	0	1	0	1	1
Male Smallholder Farmers	7	1	3	0	1	1	1
Mixed Gender Group Smallholder Farmers	2	0	0	2	0	0	0
Female Micro-entrepreneurs	4	0	1	1	0	1	1
Male Micro-entrepreneurs	3	1	0	1	1	0	0
Mixed Gender Group Micro-entrepreneurs	2	0	0	2	0	0	0
TOTAL	23	4	4	7	2	3	3

Exclusive Youth Groups (n=4)

Total Number of Interviews	**23**
Total number of random group interviews	12
Total number of client only group interviews	4
Total number of key informant interviews with clients	7

Annex 6: FIRM Results Framework

Development Hypothesis: IF financial service providers gain the capacity to develop suitable products and services for rural microenterprises AND government agencies are supported to create an enabling environment for financial inclusion, THEN access to financial services will be improved.

Goal: Expand access to affordable and convenient financial services to excluded groups throughout Kenya, particularly in rural areas

IR 1: Increased financial market players' ability to serve rural microenterprises.

FTF Sub-IR: Increased access and private sector investment

Illustrative Activities
- TA to FIs (institutional strengthening, strategy development, product development, etc.)
- Value Chain Finance Centre (ag value chain research) and other financial institutions
- DCA

Illustrative Indicators
- 4.5.2 – 12 Number of public-private partnerships formed as a result of FtF assistance
- 4.5.2 – 37 Number of MSMEs receiving business development services from USG assisted sources
- 4.5.2 – 30 Number of MSMEs receiving USG assistance to access bank loans

IR 2: Increased use of innovative financial services models targeting rural off-farm and agricultural enterprises

FTF Sub-IR: 2.1: Increased market access and trade
2.2: Increased private sector investment
2.3: Increased access to rural finance
3:2 Enhanced technology development, dissemination, management and innovation.

Illustrative Activities
- DCA
- TA to FIs and non-FIs to develop appropriate and innovative products that target rural microenterprises
- Clean and renewable energy financing models and products

Illustrative Indicators
- 4.5.2 – 38 Value of new private sector investment in the agriculture sector or food chain leveraged by FtF implementation
- 4.5.2 – 29 Value of agricultural and rural loans
- 4.5.2 – 13 Number of rural households benefitting directly from USG assistance

IR 3: Improved financial market infrastructure and regulatory framework to facilitate expanded financial inclusion

FTF Sub-IR: 1.1 Improved agricultural policy environment
1.2 Enhanced capacity development for agriculture sector

Illustrative Activities
- Work with NESC on national credit guarantee scheme, changes to RBA investment categories
- Kenya Pension Funds investment into PE
- CBK (Kenya Credit Information Sharing Initiative)
- Work with AMPK (strategy development)

Illustrative Indicators
- 4.5.1 - 24 Number of Policies/Regulations/Administrative Procedures in each of the stages of development as a result of USG assistance in each case: (Stage 1: Analysed; Stage 2: Drafted and presented for public/stakeholder presentation; Stage 3: Presented for legislation/decree; Stage 4: Passed/approved; Stage5: Passed for which implementation has begun)

Annex 7: FIRM Performance Monitoring Plan

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
FIRM Goal: To improve productivity and growth of agricultural and off-farm value chains through expanded financial services access to underserved groups, geographical locations and new product areas and to increase access to modern energy services in rural areas						
Project Level Impact Indicators *A number of illustrative indicators proposed in the RFP and additional indicators proposed by DAI relate to several or all of FIRM's components. These high-level indicators are listed below as project level impact indicators. Further in this table, illustrative outcome and output indicators are organized by component. Comments are provided on the application of each of the illustrative RFP and additional indicators proposed by DAI.*						
1. Value of loans disbursed	Total value of all credit disbursed to targeted beneficiaries tracked cumulatively for each reporting period over the LOP.	Indicates the targeted beneficiaries' access/increased access to financial services as a result of FIRM's intervention.	US Dollars	Gender Region Age	Partner financial institutions. *Reported quarterly*	Baseline: 0 Cumulative Target: 2011: TBD 2012: " 2013: " 2014: " 2015: "
2. Number of loans disbursed	Total number of loans disbursed to targeted beneficiaries tracked cumulatively for each reporting period over the LOP.	Used as a proxy for outreach, indicating the uptake of various financial products and services among target groups.	Number	Gender Region Age	Partner financial institutions. *Reported quarterly*	Baseline: 0 Cumulative Target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
3. Number of new deposit accounts	Tracking growth in the number of deposit accounts opened cumulatively for each reporting period over the LOP.	An indication of increase in disposable incomes among the target groups; increased ability to save and have cushion.	Number	Gender Region Age	Partner financial institutions. *Reported quarterly*	Baseline: 0 Cumulative Target: 2011: TBD 2012: " 2013: " 2014: " 2015: "
Component 1: A full Package of Financial Services Models						
Sub-Component 1: Value Chain Finance						
1. Number of rural households benefiting from USG assisted programs	A household is a beneficiary if it contains at least one individual who has benefited from FIRM's intervention	Indicates the extent to which the rural households (majority of whom are small-holder farmers participating in various commodity value chains) are accessing financial products and services.	Number	Region Value chain sector	Financial Institutions Value Chain Finance Center Lead Firms Value Chain Partners (Non-FI) *Reported quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
2. Value chain actors accessing financing	Number of borrowers in target value chains accessing loans from partner financial institutions.	Strong indication of credit uptake. Shows the effectiveness of financial services and products for the target value chains.	Number	Gender Age Region	Financial Institutions Value Chain Finance Center *Quarterly*	Baseline: 0 Annual Target: 2011: 10,000 2012: 20,000 2013: 50,000 2014: 100,000 2015: 200,000 **LOP: 380,000**
3. New products implemented	Number of new products developed and implemented for value chain actors.	Interest of the value chain actors in various financial products and services; ability to take up these new products and services. Also shows the innovations of financial institutions to service the agricultural value chains.	Number	Product Commodity	Value Chain Finance Center *Quarterly*	Baseline: 0 Annual Target: 2011: 5 2012: 5 2013: 5 2014: 5 2015: 5 **LOP: 25**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
4. Firms and consultants trained in value chain finance method	Number of participants trained.	Knowledge, expertise and skills acquired to sustain all value chain activities even after the LOP.	Number	Age Gender	Financial Institutions Project records *Quarterly*	Baseline: 0 Annual Target: 2011: 10 2012: 10 2013: 10 2014: 10 2015: 10 **LOP: 50**
5. Number of financial institutions and other non – financial actors offering finance to value chains	Number of institutions.	A measure of the willingness of FIs and non-FIs to provide products and services to target groups; sustainability of these services; the demonstration effect of financial inclusion for a target group or region.	Number	Financial Institution / Non- Financial Institution	Financial Institutions Value Chain Finance Center Project Records *Quarterly*	Baseline: 0 Annual Target: 2011: 5 2012: 5 2013: 5 2014: 5 2015: 5 **LOP: 25**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
6. Trade finance deals transacted	Trade finance deals/transactions (for agricultural commodities under FtF) that FIRM assists in structuring.	Increased domestic, regional and international trade in agricultural commodities; food variability and availability; better food prices.	Number	Domestic / International	Financial Institutions Value Chain Finance Center Project Records *Quarterly*	Baseline: 0 Annual Target: 2011: 1 2012: 1 2013: 1 2014: 2 2015: 2 **LOP: 7**
7. Expenditures of rural households (proxy for income)	Households' expense records sampled and collected in the same geographical areas at the same time every other year	There is often a high correlation between increased expenditures and improved food security, better nutritional status and poverty reduction.	US Dollars	Gender (head of h/hold) Region	USAID Household surveys *Every two years*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "
8. Value of agricultural and rural loans made to MSMEs (FtF indicator)	Total amount of credit disbursed to MSMEs	Making more loans to MSMEs is an indication of improved access and use of business development services and financial products and services, thus reducing poverty and increasing food security	US Dollars	Gender of loan recipient	Financial Institutions Partner MSMEs *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
9. Number of people with a savings account or insurance policy (FtF indicator)	How many people have a savings account or an insurance policy as a result of FIRM's intervention	Having a savings account or insurance cover protects a household against financial shocks like loss of property, sickness or death which may result in food insecurity	Number	Gender	Financial Institutions *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "
Sub-Component 2: Development Credit Authority (DCA)						
1. Number of households benefiting from USG assisted programs	A household is a beneficiary if it contains at least one individual who has benefited from a DCA guarantee	Track the number of individuals/households accessing credit through DCA and Additionality	Number	Gender Region Age	Partner Financial Institutions *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
2. Total value of loans/financing mobilized through DCA	Amount of credit disbursed under the DCA facility for each partner financial institution.	Indication of the partner financial institutions' utilization of DCA; effectiveness of the DCA in reaching the target underserved groups.	US Dollars	Gender Age Region	Partner financial Institutions DCA reporting system (CMS) *Quarterly; Biannually*	Baseline: 0 Annual Target: 2011: $ 50M 2012: $ 75M 2013: $100M 2014: $ 125M 2015: $ 150M **LOP: $ 500M**
3. Total value of **additional** loans attributable to DCA	Total amount of non-DCA loans disbursed during each reporting period.	Non-DCA (but attributable to DCA) loans disbursed are an indication that financial institutions have the capacity to lend to underserved groups without the DCA facility; grounds for several success stories.	US Dollars	Gender Age Region	Partner Financial Institutions *Quarterly; Biannually*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
4. Total number of loans mobilized through DCA guarantee	Number of clients able to access credit because of the DCA facility	Capacity of the DCA facility to increase access to various financial products and services targeting the underserved groups.	Number	Gender Youth Region	Partner Financial Institutions DCA reporting system (CMS) *Quarterly; Biannually*	Baseline: 0 Annual Target: 2011: 35,000 2012: 50,000 2013: 67,000 2014: 83,000 2015: 100,000 **LOP: 335,000**
5. Total number of **additional** loans attributable to DCA	Total number of non-DCA loans disbursed during each reporting period	Measure the capacity of financial institutions to lend to the target groups without a DCA guarantee.	Number	Gender Youth Region	Partner Financial Institutions *Quarterly; Biannually*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
6. Innovations generated using DCA	Number of product or process innovations generated as a result of DCA guarantee	An indicator of innovations that have led to increased access to financial products and services by the target groups as a result of DCA	Number	Product type	Project Records *Quarterly*	Baseline: 0 Annual Target: 2011: 2 2012: 2 2013: 2 2014: 2 2015: 2 **LOP: 10**
Sub-Component 3: ICT Solutions for Reaching Down-Market						
1. Number of partners	Number of FIRM's partners engaging in ICT solutions	Track the expanded outreach of financial services to the target groups as a result of these partnerships	Number	None	Partner organizations Project records *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
2. Number of innovations implemented	New innovations to increase access to financial products and services in the rural areas, for women, youth and the very poor groups.	ICT innovations in the financial services sector gives farmers, and other agricultural value chain actors, better access to market information, knowledge of good farm and off-farm practices, weather patterns, environmental impacts of farm activities, etc. This can have a positive impact on food production and security. They can also lower the cost and access barriers to financial services, increasing client access	Number	Sector	Partner organizations Project records *Quarterly*	Baseline: 0 Annual Target: 2011: 1 2012: 1 2013: 1 2014: 1 2015: 1 **LOP: 5**
3. Number of beneficiaries / users	Number of clients able to access financial services as a result of ICT innovations	ICT solutions reduce cost and increase outreach of financial products and services to the poor populations, which leads to expanded outreach of partner financial institutions	Number	Gender Age Region Sector	Financial Institutions Partner organizations Project records *Quarterly*	Baseline: 0 Annual Target (cumulative): 2011: 15,000 2012: 75,000 2013: 150,000 2014: 300,000 2015: 500,000 **LOP: 500,000**

Sub-Component 4: Financial Models for the Youth, Women, and the Very Poor Groups

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
1.Number of households benefiting from USG assisted programs	A household is a beneficiary if it contains at least one individual who has benefited from USG assistance	Indication of how many women, youth and the very poor populations have access to financial products and services as a result of FIRM's intervention	Number	Gender Age Region	Financial Institutions CBK *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "
2.Growth in deposit accounts	Increase in the number of deposit accounts as a result of USG assistance	Indicates increase in disposable incomes among the target groups; increased ability to save and have cushion	US Dollars	Gender Age Region	Financial Institutions CBK *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "
3. Total number of depositors and borrowers	An aggregate of depositors and borrowers – women, youth and the very poor	Increase in savings accounts is attributable to increase in disposable incomes for these vulnerable groups. Increase in number of borrowers means the targeted groups have access to loan products that require little or no collateral.	Number	Gender Age	Financial Institutions MFIs SACCOs *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
4. Youth as % of clients	Percentage of total clients that are between the ages of 15 – 24 at financial institutions receiving USG support	Outreach and uptake of financial products and services targeting the youth	% aged 15 – 24	Gender Region	Financial Institutions MFIs SACCOs *Quarterly*	Baseline: 0 Annual Target: 2011: 50 2012: 50 2013: 50 2014: 50 2015: 50 **LOP: 50**
5. Women as % of clients	Percentage of total clients that are women at financial institutions receiving USG support	Outreach and uptake of financial products and services targeting women	%	Gender Region	Financial Institutions MFIs SACCOs *Quarterly*	Baseline: 0 Annual Target: 2011: 50 2012: 50 2013: 50 2014: 50 2015: 50 **LOP: 50**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
6. New products implemented	Number of new financial products adopted	Track increase in the number of new financial products and services developed for smallholder farmers, micro entrepreneurs, youth and women	Number	Product / Client Types (age, gender, region)	Financial Institutions *Quarterly*	Baseline: 0 Annual Target: 2011: 2 2012: 2 2013: 2 2014: 2 2015: 2 **LOP: 10**
7. Loans under $300	Total number and amount of loans made to the very poor populations	Outreach and uptake of financial products and services targeting the very poor groups	Number	Gender Region	Financial Institutions Microenterprise Results Reporting (MRR) *Quarterly*	Baseline: 0 Annual Target: 2011: 20,000 2012: 25,000 2013: 30,000 2014: 35,000 2015: 40,000 **LOP: 150,000**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
8. Innovations generated	Number of innovative products, services or delivery channels to increase outreach to women, youth and the very poor	An indicator of innovations that have led to increased access to financial products and services by women, youth and the very poor	Number	None	Project Records *Quarterly*	Baseline: 0 Annual Target: 2011: 2 2012: 2 2013: 2 2014: 2 2015: 2 **LOP: 10**
9. Number of individuals that successfully accessed loans as a result of USG assistance	Women, youth and the very poor groups who have access to credit as a result of USG intervention	Access to credit by these marginalized groups as a result of increased productivity in agricultural and non-agricultural value chains, and this translates to increased food security	Number	Gender Age	Financial Institutions *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "
10. Number of new delivery vehicles that improve financial services access in rural areas	New MFI and bank branches and agents opened in the rural areas	An increase in MFI and bank branches and agents in rural areas means a wider outreach, therefore more women, youth and the very poor groups will be able to access financial services and products	Number	None	Fin Access CBK *Annually*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
Sub-Component 5: Expanded Access to Small-Scale Clean Energy Systems						
1. Number of households with increased access to modern energy services as a result of USG interventions	Households that buy or access clean energy technology or services as a result of FIRM assistance	Clean energy mitigates climate change and can provide poor and rural households with access to energy to improve their health and productivity	Number	Age Region	Project Records *Quarterly*	Baseline: 0 Annual target: 2011: TBD 2012: " 2013: " 2014: " 2015: "
2. Number of financial institutions or other types of institutions making loans to clean energy sector	Financial institutions and other types of organizations that partner with FIRM and offer financing for clean energy services and technology	A measure of the willingness of FIs and non-FIs to provide products and services for clean energy; sustainability of these services; the demonstration effect of financing for clean energy and target group	Number	Institutional Type	Financial Institutions *Quarterly*	Baseline: 0 Annual Target: 2011: 1 2012: 1 2013: 2 2014: 2 2015: 2 **LOP: 8**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
3.Amount of financing extended for small-scale clean energy	Total amount of credit disbursed for small-scale clean energy	Making more loans for small-scale clean energy is an indication of improved sustainability of and demand for clean energy products and services, contributing to climate change mitigation and improved household welfare	US Dollars	Region Type	Financial Institutions Clean Energy Firms *Quarterly*	Baseline: 0 Annual Target: 2011: 100,000 2012: 200,000 2013: 500,000 2014: 1,200,000 2015: 2,000,000 **LOP: 4,000,000**
Component 2: Financial Regulatory and Market Infrastructure Reforms						
1. Number of legal/regulatory policies/procedures enacted and/or implemented in support of rural finance activities	Total number of financial sector acts and regulations enacted or modified as a result of USG assistance	Reforming financial sector acts and regulations will increase penetration and lower risks and costs of financial products and services in rural Kenya	Number	None	CBK Other govt documentation Project Records *Quarterly*	Baseline: 0 Annual Target: 2011: 1 2012: 2 2013: 3 2014: 3 2015: 3 **LOP: 12**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
2. Number of regulatory/supervisory staff trained in new guidelines/regulations	Total number of staff trained	Legal and regulatory reforms require staff training for effective implementation	Number	Institutional Type Gender	Project Records *Quarterly*	Baseline: 0 Annual Target: 2011: 10 2012: 10 2013: 10 2014: 10 2015: 10 **LOP: 50**
3. Increase in rural financial services delivery points	Number of new MFI branches and bank agents opened in the rural areas	Agency Banking Act and MFI Act reviewed to remove requirements that favor banks over MFIs and SACCOs, therefore increasing the outreach of these in the rural areas	Number	Region	CBK Financial Institutions Project Records *Quarterly*	Baseline: 8,900 Annual Target: 2011: 1,000 2012: 2,000 2013: 4,000 2014: 6,000 2015: 9,000 **LOP: 22,000**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
4. New deposit accounts opened	New deposit accounts opened as a result of refining the MFI Act	Having a savings account protects a household against financial shocks like loss of property, sickness or death which may result in food insecurity	Number	Gender Age Location	CBK SASRA *Quarterly*	Baseline: 0 Annual Target: 2011: 200,000 2012: 400,000 2013: 800,000 2014: 1,500,000 2015: 2,100,000 **LOP: 5,000,000**
5. Additional MFIs licensed as DMFIs	Number of new MFIs licensed as DMFIs	Tracks effect of reforms of the MFI Act to enable and encourage more MFIs to get licensed as DMFIs and expand outreach to the target groups	Number	None	CBK *Annually*	Baseline: 5 Annual Target: 2011: 0 2012: 1 2013: 0 2014: 1 2015: 1 **LOP: 3**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
6. Financial institutions using credit reference bureaus	Number of financial institutions using CRBs	Evaluates impact of reforms in the CRB Act on the usefulness and utilization of CRBs by non-bank lenders	Number	Institutional Type	CRB *Annually*	Baseline: 42 Annual Target (cumulative): 2011: 5 2012: 23 2013: 44 2014: 89 2015: 100 **LOP: 100**
7. Growth in CRB verifications	Number of credit reference checks conducted during each reporting period	Tracks increase in financial institutions' use of CRBs in credit decisions	%	None	KBA CBK CRB *Annually*	Baseline: TBD Annual Target: 2011: 10 2012: 20 2013: 20 2014: 20 2015: 10 **LOP: 80**

Project Management Level Indicators

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
1. Quarterly reports submitted	N/A	N/A	N/A	None	Project Records *Quarterly*	Baseline: 0 Annual Targets: Y1: 4 Y2: 4 Y3: 4 Y4: 4 Y5: 4 **LOP: 20**
2. Annual work plans submitted	N/A	N/A	N/A	None	Project Records *Annually*	Baseline: 0 Annual Targets: Y1: 1 Y2: 1 Y3: 1 Y4: 1 Y5: 1 **LOP: 5**
3. Website established	N/A	N/A	N/A	None	Project Records *One-time, within 6 months of start*	Baseline: 0 Annual Targets: Y1: 1 **LOP: 1**

Performance Indicator	Definition of Indicator	Justification / Management Utility	Unit of Measurement	Disaggregate by	Data Source/Frequency of Data Collection	Baseline and Annual Targets
4. Environmental assessment completed	N/A	N/A	N/A	None	Project Records *One-time, before project implementation*	Baseline: 0 Annual Targets: Y1: 1 **LOP: 1**
5. Number of FIIF activities implemented by Kenyan firms/consultants	N/A	N/A	Number	With/Without USG Finance	Project Records *Quarterly*	Baseline: 0 Annual Targets: Y1: 10 Y2: 10 Y3: 10 Y4: 10 Y5: 10 **LOP: 50**
6. Counterpart contribution ratio	N/A	N/A	US Dollars	International/Local	Project Records *Annually*	Baseline: 0 Annual Targets: Y1: .25:1 Y2: 1:1 Y3: 1.5:1 Y4: 2:1 Y5: 3:1 **LOP: 1.5:1**

Annex 8: FIRM Performance Against Target

<table>
<tr><th rowspan="2">Results Indicators
PMP 2012/2015</th><th>2014</th><th colspan="2">2014</th><th>2014</th></tr>
<tr><th>Forecast</th><th colspan="2">Actual</th><th>% Achieved</th></tr>
<tr><td>4.5.2(5): Number of farmers and others who have applied new technologies or management practices as a result of USG assistance</td><td>189,400</td><td colspan="2">584,528</td><td>308.6%</td></tr>
<tr><td>4.5.2(11): Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance</td><td>450</td><td colspan="2">331</td><td>73.6%</td></tr>
<tr><td>4.5.2(12): Number of public-private partnerships formed as a result of FTF assistance</td><td>ND</td><td colspan="2">ND</td><td>ND</td></tr>
<tr><td>4.5.2(13): Number of rural households benefiting directly from USG interventions</td><td>730,000</td><td colspan="2">666,094</td><td>91.2%</td></tr>
<tr><td>4.5.2(25): Number of people with a savings account or insurance policy as a result of USG assistance</td><td>85,000</td><td colspan="2">320,960</td><td>377.6%</td></tr>
<tr><td>4.5.2(27): Number of members of producer organizations and community based organizations receiving USG assistance</td><td>250,000</td><td colspan="2">484,068</td><td>193.6%</td></tr>
<tr><td>4.5.2(29): Value of Agricultural and Rural Loans</td><td>375,000,000</td><td colspan="2">287,288,115</td><td>76.6%</td></tr>
<tr><td>4.5.2(30): Number of MSMEs, including farmers, receiving USG assistance to access loans</td><td>250,000</td><td colspan="2">597,048</td><td>238.8%</td></tr>
<tr><td>4.5.2(37): Number of MSMEs, including farmers, receiving business development services from USG assisted sources</td><td>65</td><td colspan="2">241</td><td>370.8%</td></tr>
<tr><td>4.5.2(38): Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation</td><td>ND</td><td colspan="2">ND</td><td>ND</td></tr>
<tr><td rowspan="3">4.5.1(24): Numbers of Policies/Regulations/Administrative Procedures in each of the following stages of development as a result of USG assistance in each case: (Stage 1/2/3/4/5)</td><td rowspan="3">ND</td><td>Stage 1</td><td>13</td><td rowspan="3">ND</td></tr>
<tr><td>Stage 4</td><td>2</td></tr>
<tr><td>Stage 5</td><td>3</td></tr>
<tr><td>4.5.1(27): (CBLD 5) Score, in per cent, of combined key areas of organization capacity amongst USG direct and indirect local implementing partners</td><td>ND</td><td>ND</td><td>ND</td><td>ND</td></tr>
</table>

Annex 9: FIRM Performance 2011-2015

Results Indicators **PMP 2011/2012**	**2011**
1. Total number of rural households benefiting from USG interventions	58,000
2. Total number of microenterprises receiving finance from firms participating in a USG assisted value chain	22,616
3. Total value of credit (financing, loans) disbursed to target beneficiaries from USG assistance ($)	117,000,000
4. Total amount of private financing mobilized with a DCA guarantee ($)	110,000,000
5. Total number of product/service innovations created and implemented	12

Results Indicators **PMP 2012/2015**	**2012**	**2013**	**2014**	**2015 (3Q)**
4.5.2(5): Number of farmers and others who have applied new technologies or management practices as a result of USG assistance	36,523	296,710	584,528	557,431
4.5.2(11): Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	313	372	331	224
4.5.2(12): Number of public-private partnerships formed as a result of FTF assistance	ND	ND	ND	ND
4.5.2(13): Number of rural households benefiting directly from USG interventions	212,000	642,863	666,094	586,077
4.5.2(25): Number of people with a savings account or insurance policy as a result of USG assistance	49,772	217,567	320,960	1,248,095

4.5.2(27): Number of members of producer organizations and community based organizations receiving USG assistance	113,228	232,966	484,068	486,654	
4.5.2(29): Value of Agricultural and Rural Loans	103,000,000	259,766,580	287,288,115	92,740,192	
4.5.2(30): Number of MSMEs, including farmers, receiving USG assistance to access loans	158,175	189,168	597,048	586,097	
4.5.2(37): Number of MSMEs, including farmers, receiving business development services from USG assisted sources	38	53	241	224	
4.5.2(38): Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	ND	ND	ND	ND	
4.5.1(24): Numbers of Policies/Regulations/Administrative Procedures in each of the following stages of development as a result of USG assistance in each case: (Stage 1/2/3/4/5)	ND	ND	ND	Stage 1	13
				Stage 4	2
				Stage 5	3
4.5.1(27): (CBLD 5) Score, in per cent, of combined key areas of organization capacity amongst USG direct and indirect local implementing partners	ND	ND	ND	ND	ND

Annex 10: FIRM Partner Information

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
K-Rep Bank	DCA	National	Water loans	PE	√	
Housing Finance	DCA	National	Water loans	N	√	
KCB	DCA	National	Water loans	N	√	
Faulu Microfinance Bank	AgFi, CB	National			√	
Milango Financial services	PR, CB	TaitaTaveta	Business loan	PE	√	
			Emergency loan	PE		
			Micro leasing	PE		
Technoserve Kenya	CB	National				√
Kenya Women Finance Trust	AgF, Eng, ICT,	National	Multipurpose Jiko	N	√	
			JikoKisasa 1 burner	N		
			JikoKisasa 2 burner	N		
			3 mini bulb	N		
			Accendo lantern	N		
Small and Micro Enterprise Program (SMEP)	AgF	National	Horticulture loan	N	√	
			Dairy loan	PE		
			Livestock loan	N		
			Asset loan	PE		
			Kuku loan	PE		
Molyn Credit	AgF	National	PambaMkulima	N	√	
			Maziwa Bora	PE		

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
			Mazao Bora	N		
			Biogas	N		
Micro Africa Kenya	PR, CB, AgFi	National	Horticulture working capital loan	N	√	
			Horticulture input loan	N		
Commercial Bank of Africa	PR	National	Short term working capital	N		√
			Asset loan	PE		
			Dairy loan	N		
			Invoice discounting loan	N		
Kenya Agency for Development of Enterprise Technology (KADET)	AgF	National			√	
Imperial Bank	AgF	National				√
Kenya Commercial Bank	PD, CB, PR	National	Herd improvement	N	√	
			Dairy asset finance loan	N		
Honey Care Africa	PD, CB,		Hive loan	N	√	
Barclays Bank of Kenya	ICT	Homabay				√
i-cow	PR, ICT	National			√	
Opportunity Kenya	AgF	National	Tee tree loans	N	√	
Earth Oil Extracts, Kenya limited	PD, CB		Premium Trust funds	N		
			Revolving fund			
Musoni Microfinance	PR, CB	Kisii			√	

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
		Migori				
Vegpro Kenya	CB	Meru County	Horticulture loans	N		√
			Water loans	N		
			Low cost greenhouse tunnels	N		
Jamii Bora Bank	AgFi, CB	National			√	
REMU Microfinance Bank	AgF	Meru	Asset finance loan	PE	√	
			Current account	N		
			Agriculture loan	N		
Mobi Pay	AgF	National			√	
Rafiki Microfinance Bank	AgFi,CB,PD	Makueni	Mkopa Mali	N	√	
		Machakos	Sorghum invoice discounting	N		
Northern Rangelands Trust	CB,	Isiolo	Ongoing assignment			√
Century Microfinance Bank	PD, CB, PR	National	Ag. farmers	N	√	
			Ag. input suppliers	N		
			Ag. processors	N		
			Bidii Savings plan	PE		
			Karne Fixed Deposit Account	PE		

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
Oiko Credit	CB, AgFi	National				√
Stima Sacco	CB, AgFi	National				√
NeemaHeep	CB,	Meru			√	
African Banking Corporation	CB,AgFi	Meru				√
		UasinGishu				
Business Initiative Management Assistance (BIMAS)	CB, AgFi	Meru	Maji Loan	N	√	
		Kitui				
		Machakos				
		Makueni				
Sky Sacco	CB, AgFi	Kisii			√	
		Nyamira				
Kenya Livestock Finance Trust (KLIFT)	CB, AgFi	Kisii			√	
		Nyamira				
		Migori				
		Meru				
		Kakamega				
		Kericho				
Kenya Rural Sacco Societies Union	CB, AgFi	Siaya				√
		Kisumu				
		Homabay				
Smallholder Irrigation Schemes Development Organization (SISDO)	CB, AgFi	Meru	Ukulima loan	N	√	
		Machakos	Ufangaji	N		
		Bungoma				
		UasinNgishu				

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
East African Dairy Development Organization	CB,AgFi	Kericho			√	
Nyala Vision SACCO	CB, AgFi	Nyandarua	Tunzajamii	PE	√	
			KuzaBiashara	PE		
			Asset Finance loan	PE		
			Agrivijana	N		
			Dada Jiimarishe	N		
Universal Traders SACCO Limited (UTs)	CB, AgFi		Dairy loans		√	
			Horticulture loans			
			Bee keeping			
			Uwezo loans			
			Energy loans			
Nawiri Dairy Cooperative	CB,	Kisii				√
		Nyamira				
Crescent Takaful SACCO	CB, PR	National	Sharia-compliant finance			√
Nitunze SACCO	PD,CB	Kakamega	Asset finance loan	PE		√
		Vihiga	Sugar cane loan	PE		
			Post- harvest loan	PE		
Skyline SACCO	PD, CB, PR	UasinGishu				√
WakenyaPamoja	CB	Kisii				√
Joyful Women Organisation	CB,	National			√	
AdokTimo	PD, CB, AgFi	Kisumu	ImarishaKilimo	N	√	

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
			ImarishaBiasharia	N		
			Agro processing	PE		
			MkopoDharura	N		
			ImarishaMaisha	PE		
			Market Day	PE		
Transnational Bank	CB, AgFi	Bomet				√
		UasinGishu				
African Women Entrepreneurship Program	CB,	National				√
Moi Nab SACCO	CB, AgFi				√	
Grameen Foundation	AgF	Meru				√
Juhudi Kilimo	CB, PR, ICT	Bungoma	Cow loan	PE	√	
		Kisumu	Ag. asset finance loan	PE		
		Kisii	Poultry loan	PE		
		Nyamira				
m-lab East Africa	CB	National			√	
Association of Microfinance Professionals of Kenya	CB	National				√
Zevan Technologies	PD, CB, PR	UasinGishu	Post harvest potato loan	N	√	
		Bomet				
Yehu Microfinance Trust	CB, PR	TaitaTaveta	Agriculture loan	N	√	
			Business loan			
			Consumer loan			

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
			Development loan			
Federation of Women Entrepreneur Associations	CB, PD	National	Check off loan	N		√
			Asset finance loan	N		
			Short term loan	N		
ECLOF Kenya	PD, CB	UasinGishu	Sunflower loan	N	√	
		Kisumu	Horticulture loan	PE		
		Trans Nzoia	Horticultural role	N		
		Meru	Dairy loan	N		
		Kakamega				
		Bomet				
Lesiolo Grain Handlers	ICT	Bomet				√
		UasinGishu				
		Trans Nzoia				
Kenya Renewable Energy Association	CB	National				√
Viability Africa	Eng	Nandi				√
		Bomet				
		TaitaTaveta				
Metropol Corporation	CB	Kakamega			√	
		Vihiga				
		Busia				
		Siaya				
		UasinGishu				

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
		Kisii				
		Trans Nzoia				
Sirikwa Financial Services Association	CB, AgFi	UasinGishu				√
Kina Financial Services Association	CB,AgFi	Nandi				√
LessosFinancial Services Association	CB,AgFi	UasinGishu				
Kabiyet Financial Services Association	CB, AgFi	Nandi				√
Lelchego Financial Services Association	CB,AgFi	Nandi				√
Lelan Financial Services Association	CB,AgFi	West Pokot				√
Sot Financial Services Association	CB, AgFi	Bomet				√
Olengurone Financial Services Association	CB, AgFi	Nakuru				√
Met Kei Financial Services Association	CB, AgFi	UasinNgishu				√
		Nandi				
Kipkelion	CB, AgFi	Kericho				√
Financial Services Association						
Chepkorio Financial Services Association	CB, AgFi	ElgeyoMarakwet				√
Association of Microfinance Associations	CB	National				√
Rafode Microfinance	CB	Kisumu				√
Mumias Sugar Company	CB	Kakamega				√
		Bungoma				
Youth Fund	CB, PR		Sorghum value chain product	PE		√
Mount Kenya Meru Greens	CB	Meru				√
		Tharaka				
		Isiolo				
Nyache Women Group	CB	Taita				√

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
		Taveta				
Nyache Youth Group	CB	TaitaTaveta				√
Smart Ladies Women Group Savings and Credit Associations	CB	Kisumu				√
		Siaya				
Ochwado Women Group Savings and Credit Associations	CB	Kisumu				√
Achego Women Group Savings and Credit Associations	CB	Kisumu				√
		Siaya				
By Grace Savings and Credit Associations	CB	Kisumu				√
		Siaya				
Ayot Savings and Credit Associations	CB	Kisumu				√
		Siaya				
Okanowach Junior Women Group Savings and Credit Associations	CB	Kisumu				√
		Siaya				
Stars of The Hill SHG Savings and Credit Associations	CB	Kisumu				√
		Siaya				
Kawu-Piyo SHG Savings and Credit Associations	CB	Kisumu				√
		Siaya				
Moringa "A" Savings and Credit Associations	CB	Kisumu				√
		Siaya				
Ngongo Tailoring Women GroupSavings and Credit Associations	CB	Kisumu				√
		Siaya				

Financial Institution	Support Provided	Region	Product	New (N) or Pre-Existing (PE) Product	Data Accessibility	
					Data Accessible	Data not Accessible
Umoja Urudi Savings and Credit Associations		Kisumu				
		Siaya				
COFI SACCO	CB	Wajir				√
		Garissa				
		Tana river				
		Mandera				

SUPPORT PROVIDED KEY:
AgFi = Strategy for rural and agriculture financing
CB = Capacity building
DCA = Development Credit Authority guarantee
Eng/Wa = Strategy for product development - Clean energy/WASH
ICT = ICT to enhance agriculture lending
PD = Product development
PR = Strategy for product roll out

Annex 11: Innovation list

Innovation	Description
1. MobiPay	Digital lending platform
2. Sky SACCO	Youth lending model--conversion from One Hen Campaign to the SACCO, creating conditions to intermediate
3. Honey Care Africa	Direct farmer lending model, intermediating Kiva funds at a lower cost than the market)
4. Zevan Technologies	Soko Shambani lending model
5. Higher Education Loans Board (HELB)	Lending decision-making linked to CRB and dramatically increasing repayment
6. Meru County	Microfinance Corporation
7. Kenya Organic Oil Farmers Association	Earthoil and Body Shop UK direct farmer lending model
8. Bomet Credit Cooperative Union	On-lending model made possible through work on the County Cooperative Policy and Bill--see below under "Policy")
9. Nyala Vision SACCO	(conversion from dairy FSA/Cooperative to SACCO/Cooperative, creating conditions to intermediate)
10. mKopa	Rent-to-own solar energy products
11. iCow	Agricultural information sharing ICT service used to enhance agriculture lending and productivity
12. Value Chain Finance Center	Partnership for the development of value chain studies
13. Branch Locator	Software application designed to identify suitable locations for new branches by financial services providers, based on key metrics
14. The Credit Factory	Small MFI reaching underserved rural clients with low interest rates
15. Crescent Takaful SACCO	Sharia compliant livestock lending model
16. National Credit Guarantee Policy and Bill	Support towards Credit Guarantee Schemes as a key policy tool to address the SME financing gap, to guarantee lenders in respect of credit facilities extended to eligible borrowers
17. National Credit Information Sharing Bill	Support towards facilitating the use of accurate credit information for the benefit of all participants in the credit market
18. County Cooperatives Policy and Bill	Support towards promoting the growth and development of cooperative societies
19. Retirement Benefits Authority	Clause that allows pension funds to invest up to 10% of their assets in private equity and venture capital funds
20. MobiPay	Digital lending platform
21. Sky SACCO	Youth lending model--conversion from One Hen Campaign to the SACCO, creating conditions to intermediate
22. Honey Care Africa	Direct farmer lending model, intermediating Kiva funds at a lower cost than the market)
23. Zevan Technologies	Soko Shambani lending model
24. Higher Education Loans Board (HELB)	Lending decision-making linked to CRB and dramatically increasing repayment

Annex 12: List of Unavailable Informants

The following institutions were sampled for key informant interviews, however each of them were unsuccessful for a variety of reasons including non-response. A formal introduction to the evaluation and invitation to participate was delivered to each informant at the beginning of the evaluation. This letter was signed by USAID and delivered by MSI. Each institution/respondent was contacted at least three times via phone and email over the course of the data collection period.

List of Unavailable Informants
1. Association of Microfinance Professionals of Kenya
2. KCB
3. Faulu
4. Youth Fund
5. Transnational Bank
6. KIVA
7. Smallholder Irrigation Schemes Development Organization (SISDO)
8. Lesiolo Grain Handlers
9. Barclays Bank of Kenya
10. Governor of Machakos County
11. Governor of Homa Bay County
12. Governor of Bomet County
13. Council of Governors

Annex 13: Data Limitations

One of the key limitations of the sampling for key informant interviews is that it was purposive, and therefore a degree of selection bias was unavoidable, particularly because respondent names were provided by FIRM. Limitations of the qualitative methodology meant that the evaluation focused on a small sample size with a reduced scope, and that statistical analysis or comparison was not possible. Instead, in-depth analysis of patterns and trends was conducted.

One of the key limitations of the beneficiary survey was that it was not representative of the general population of FIRM loan beneficiaries in the agriculture and renewable energy sectors, as it relied on a database of loan beneficiaries from a select number of financial institutions rather than the entire population of loan beneficiaries from all FIRM supported financial institutions. A complete database of all of the FIRM supported institutions clients was not available to generate a representative sample frame. In addition, the beneficiaries represented in the survey represent roughly 10% of the financial institutions that FIRM supported, with the majority of the institutions being smaller microfinance banks and SACCOs. None of the large commercial banks that FIRM partners with (e.g. KCB, Equity) provided usable client information for sampling purposes.

As a result, the findings are not generalizable to the all the sectors and populations targeted by USAID through FIRM. However, the sample reflects the diversity of FIRM support across sub-sectors and financial institutions in the seven evaluation counties. Selection bias also posed a limitation to the survey, as the methodology relied on self-selected participants.

The lack of portfolio data for innovations also resulted in secondary data limitations.

Annex 14: Survey Sampling Methodology

MSI received four years' worth of (2011 – 2015) of loan beneficiary data from 53 out of 91 financial institutions with which FIRM works. These institutions were distributed as follows (Table 1):

Table 1: Types of Institutions Providing Loan Beneficiary Data

Institution Type	Total
SACCOs	15
MFIs	15
Community Based Organizations	8
Producer Organizations	6
Commercial Banks	3
Other*	6
Total	**53**

'Other' institutions were comprised of the Development Credit Authority (DCA), Oiko Credit (a funder), Bomet Water Company (a utility company) and Metropol (a credit reference bureau). While these institutions provided a list of client names, they are not lending institutions and this information was found to be unusable.

Data from all 53 institutions was systematically sorted to identify which ones provided usable information. MSI focused on 2014–2015 data for three reasons: reduced recall bias, reduced redundancy among respondents who had multiple loan records over several years, and because this year contained the largest volume of beneficiary information relative to previous years.

MSI identified the following key issues within the 2014–2015 dataset:

- Highly aggregated, incomplete or irrelevant data (e.g. savings records)
- Data sets that were not in Excel format, therefore not importable
- Beneficiary data that did not contain information on loan type
- Irrelevant loan types (e.g. school fees, housing)
- Beneficiary data that did not contain adequate location information

After eliminating unusable data, usable data from 32 financial institutions remained. Thereafter, the data was filtered by county, eliminating loan beneficiaries that did not fall within the seven evaluation counties (Nairobi, Bomet, Homa Bay, Kisumu, Isiolo, Meru and Machakos). MSI maintained the same geographic coverage as the first phase of the evaluation for purposes of triangulation while ensuring a reasonable sample size. Usable data from 15 institutions remained. However, three institutions (KCB, Rafiki and Kotagbor SACCO) yielded a particularly small number of potential respondents and were therefore excluded from the final dataset, which represents the universe from which the survey sample will be drawn. In total, 12 institutions offered sufficient loan beneficiary data. However, a total of 9 out of 12 institutions provided phone numbers for the selected beneficiaries. Table 2 depicts the distribution of these institutions by type.

Table 2: Names and Types of Institutions with Usable Loan Beneficiary Data

Type of Institution	% of Contacts	Total Contacts	Faulu	Bomet Women's SACCO	K-LIFT	Vision Fund	ECLOF	BIMAS	SMEP	Micro Africa	Century
MFI	98%	4839	14	0	0	25	722	2590	588	882	18
SACCO	2%	94	0	94	0	0	0	0	0	0	0
Producer Organization	0%	17	0	0	17	0	0	0	0	0	0
	100%	**4950**	**14**	**94**	**17**	**25**	**722**	**2590**	**588**	**882**	**18**

MSI, in collaboration with FIRM, then identified and categorized loan names into the key sectors of interest to USAID for this evaluation: 1) agriculture (specifically the horticulture, dairy and cereals sub-sectors), 2) water and sanitation (WASH), and 3) renewable energy. The 12 institutions with usable information provided sufficient data for beneficiaries who received loans in any of these categories.

To complete the dataset that comprises the universe from which the survey sample will be drawn, USAID and FIRM gathered contact information for loan beneficiaries that were identified as possible survey respondents from the 12 institutions. Loan beneficiaries for which contact information was not available were eliminated as possible respondents.

MSI received contacts for 4950 beneficiaries out of anticipated possible 7486. This forms the basis of our final universe. Table 3 below provides a breakdown of the loan beneficiary contacts received by institution and by sub-sector.

Table 3: Number of Beneficiary Contacts Provided by Institution and Sub-Sector

Sub-Sector	% of Contacts	Total Contacts	Faulu	Bomet Women's SACCO	K-LIFT	Vision Fund	ECLOF	BIMAS	SMEP	Micro Africa	Century
Ag - General	82%	4074	14	94	17	0	612	1878	559	882	18
Ag - Dairy	2%	121	0	0	0	0	98	23	0	0	0
Ag - Horticulture	0%	11	0	0	0	0	11	0	0	0	0
Ag - Cereals	0%	0	0	0	0	0	0	0	0	0	0
Renewable Energy	15%	738	0	0	0	25	1	688	24	0	0
WASH	0%	6	0	0	0	0	0	1	5	0	0
	100%	**4950**	**14**	**94**	**17**	**25**	**722**	**2590**	**588**	**882**	**18**

Due to the relatively few numbers of contactable beneficiaries who received dairy, horticulture or cereals loans, MSI decided to aggregate all the agriculture beneficiaries into the general agriculture category. Questions about the sub-sector to which these loans were applied to will be captured in the survey tool. Similarly, WASH loan recipients were excluded from the sample, as it would be impossible to derive any meaningful findings about so few beneficiaries. For institutions with small categories of respondents (e.g. Faulu), 100% of the population is included.

Using this approach, MSI derived a sample of 2000 participants from the possible universe (Table 4). This comprise da randomly selected proportion of renewable energy loan recipients to equal a total sample size of 250 (i.e. 15% of the overall sample), and a randomly selected proportion of agricultural loan recipients to equal a total sample size of 1750 (i.e. 85% of the overall sample).

Table 4: Final Sampling Universe

Sub-Sector	**% of Contacts**	**Total Contacts**	**Faulu**	**Bomet Women's SACCO**	**K-LIFT**	**Vision Fund**	**ECLOF**	**BIMAS**	**SMEP**	**Micro Africa**	**Centu**
Ag - General	82%	4074	14	94	17	0	612	1878	559	882	18
Ag - Dairy	2%	121	0	0	0	0	98	23	0	0	0
Ag - Horticulture	0%	11	0	0	0	0	11	0	0	0	0
Ag - Total	**85%**	**4206**	14*	94*	17*	**0**	721^	1901^	559^	882^	**18***
Renewable Energy	**15%**	**738**	0	0	0	25*	1	688∞	24*	0	0
	100%	**4944**	**14**	**94**	**17**	**25**	**722**	**2589**	**583**	**882**	**18**

**100% of beneficiaries included*

^Randomly select proportion of total to complete sample size of 1750

∞Randomly select proportion of total to complete sample size of 250

This sampling approach reflects the relative proportion of loan types, with agriculture being the dominant category, and also captured the diversity of relevant loan institutions that provided beneficiary contact information. It allowed for meaningful comparison between smaller and larger institutions, agriculture and renewable energy sectors, and across value chains based on survey responses. It further ensured that the statistical significance of results was maximized, while simultaneously capturing as much of the broad diversity in participating institutions as possible. It is, however, important to note that the sample is not representative of all beneficiaries for all financial institutions with which FIRM works.

Annex 15: Summary of Survey Respondents

Table 5: Summary of successful interviews by category and gender

Respondent category	Target number of interviews	Total achieved Interviews	Gender	
			Male	Female
Agriculture	1700	1700	919	781
Renewable Energy	300	300	84	216
Total	**2000**	**2000**	**1003**	**997**

Table 6: Outcome of total interview attempts

Outcome	Total	Percentage of total attempts
Successful	**2000**	**46%**
Number is unreachable	1037	24%
Wrong number	259	6%
No response	249	6%
Refusal	145	3%
Network problem	365	8%
Language barrier	52	1%
Out of service	110	3%
Call back	145	3%
Total attempts	4362	100%

Table 7: Summary of institutions represented in beneficiary survey

Lender	No. of respondents interviewed
BIMAS	716
Other*	362
MicroAfrica	218
SMEP	170
ECLOF	152
Faulu	34
K-LIFT	12
Bomet Women's SACCO	11
Vision Fund	4
Century	4

*Other institutions represent institutions that beneficiaries borrowed from outside the 12 financial institutions where beneficiaries were originally sampled from.

Annex 16: Team Composition

The evaluation team was composed of four evaluators along with an independent survey firm to support the group interviews in the field. This included the evaluation Team Leader, John Berry, an Evaluation Specialist, and three evaluation team members: Carolyne Njihia, Gordon Wanzare and Meron Tesfamichael. All of the members of the evaluation team are external to USAID and all signed Non-Disclosure Agreement forms.

Infotrak was selected as the independent survey firm. They sampled and mobilized study participants, booked and prepared interview venues, ensured participant consent, took notes during interviews, recorded interviews, and transcribed and translated the recorded interviews.

Annex 17: Sources

1. County Government of Bomet, "Strategic Investment Plan 2013-2018."
2. County Government of Machakos, "Vision 2020 Strategic Plan."
3. Development Alternatives Incorporated, "Financial Inclusion for Rural Microenterprises (FIRM) Technical Proposal" (2010).
4. Financial Inclusion for Rural Microenterprises (FIRM) Proposal for Cost Extension: County Investment Support (Revised)" (2014).
5. FIRM, "Activity Performance Monitoring Plan (PMP)," May 2013.
6. FIRM, "Add-on Revised Activity Performance Monitoring Plan (PMP)" (June 2014).
7. FIRM, "Annual Work Plans 2011-2015."
8. FIRM, "Memorandum of Understanding (MOUs) 2011-2015."
9. FIRM, "Performance Monitoring Data 2011-2015."
10. FIRM, "Quarter 2, 2011 – Quarter 2, 2015 Reports."
11. FIRM, "Request for Proposals (RFPs) 2011 – 2015."
12. Government of Kenya "Micro and Small Enterprises Act, No. 55 of 2012."
13. Government of Kenya, "Agricultural Sector Development Strategy 2010–2020."
14. Government of Kenya, "Credit Guarantee Schemes: The Road to Expanding Business and Investment in Kenya" National Economic and Social Council (NESC) (2012).
15. Government of Kenya, "Economic Survey 2015," Kenya National Bureau of Statistics (KNBS).
16. Government of Kenya, "Kenya Credit Guarantee Scheme Policy, June 2013 (Draft)," National Economic and Social Council (NESC).
17. Government of Kenya, "Kenya Vision 2013 (Popular Version)."
18. Government of Kenya, "National Agribusiness Strategy," Agricultural Sector Coordination Unit (ASCU) (2012).
19. Government of Kenya, "The Kenya Credit Guarantee Scheme Bill, 2013 (Draft)," National

Economic and Social Council (NESC).

20. International Fund for Agricultural Development (IFAD), "Enabling poor rural people to overcome poverty in Kenya", (2013).

21. Mahmoud El-Gamal, Mohamed El-Komi, Dean Karlan, Adam Osman, "Bank-Insured Rosca For Microfinance: Experimental Evidence In Poor Egyptian Villages," Journal Of Economic Behavior & Organization, July 2015.

22. Mwangi, B. "Draft Report on Cotton Value Chain Analysis Study in Nyanza Province, Western Kenya," Financial Inclusion for Rural Microenterprises (FIRM), (2013).

23. Pelrine, R.J. "Agricultural Value Chain Financing in Kenya: Assessment of Potential Opportunities for Growth," FSD Kenya, (2009).

24. USAID, "Feed the Future Multi-Year Strategy 2011-2015."

25. USAID, "Kenya DCA 2006 and 2010 "Guarantees Evaluation Final Report" (June 2013).

26. USAID, Financial Inclusion for Rural Microenterprises (FIRM), "Activity Approval Document (AAD)" (June 2010).

27. USAID, Financial Inclusion for Rural Microenterprises (FIRM), "Activity Overview" (August 2014).

28. USAID, Financial Inclusion for Rural Microenterprises (FIRM), Success Stories "Small Loan Improves Woman's Business and Livelihood," http://www.kenyafirm.org.

29. USAID, Financial Inclusion for Rural Microenterprises (FIRM), Success Stories, "Affordable Energy Loan Lights Up Rural Households," http://www.kenyafirm.org.

30. USAID, Financial Inclusion for Rural Microenterprises (FIRM), Success Stories, "FIRM Supports Development of Credit Guarantee Policy and Bill," http://www.kenyafirm.org.

31. USAID, Financial Inclusion for Rural Microenterprises (FIRM), Success Stories, "USAID FIRM Supports Growth of MFI Loan Portfolio," http://www.kenyafirm.org.

32. USAID, Financial Inclusion for Rural Microenterprises (FIRM), Success Stories, "USAID Water DCA improves livelihoods and resiliency," http://www.kenyafirm.org.