Africa and Kenya in particular, has become a center for innovation and entrepreneurship. Kenya is a world leader in mobile-money, driven in part by the market leader, M-PESA. Second generation mobile money driven innovations in Kenya such as the mobile microfinance service M-SHWARI and “pay-as-you-go” home solar systems from M-KOPA show the potential of mobile money to break down barriers to development. Kenya is on the frontlines of innovation more broadly, with creative entrepreneurship incubation spaces such as “iHub,” and companies like Google, IBM, and Intel strengthening operations in Nairobi. In July 2015, the Kenyan and United States governments will co-sponsor the sixth annual Global Entrepreneurship Summit in Nairobi. The 2015 summit will focus on generating new investments in entrepreneurs, particularly women and young entrepreneurs.

Despite the Kenyan people’s talent, drive, and willingness to quickly adopt new innovations, significant difficulties remain for entrepreneurs. The Government of Kenya has recently taken steps to remove obstacles by using technology to streamline and simplify bureaucratic procedures, and reducing or eliminating minimum-capital requirements. USAID partners with the Government of Kenya and numerous private-sector partners to provide support, technical assistance, incubation capacity for new ideas and enterprises, and advocacy for changes in policy.

**PROGRAM AREAS**

**Agriculture & Business**

**Increasing Productivity and Incomes**

The Feed the Future initiative has made substantial investments in enterprise development in support of Kenyan Government efforts. With the right incentives, productivity will increase as young entrepreneurial farmers enter the sector and embrace the use of technology to transform subsistence agriculture into commercial operations. Through various Feed the Future activities, 6,043 food security private enterprises (for-profit), producer organizations, water-users associations, women’s groups, trade and business associations, and community-based organizations received U.S. Government support.

Although private investment is driving agricultural expansion, road blocks are slowing growth. To stimulate growth, strengthen value chains, and encourage young people to view farming as viable economic activity, Feed the Future provided extension services and business development services for smallholder farmers in dairy, horticulture, livestock, and staple crops. Currently, more than 150,000 farmers participate directly in Feed the Future in Kenya. On average, 56 percent of people participating directly in Feed the Future project interventions are women. In FY 2014, largely due to new marketing agreements between buyers and farmers facilitated with the help of USAID, farmers achieved 43 percent annual gross margin increase for maize and more than 100 percent for dairy and French beans. The resulting increase in income for farmers and producers means more resilient and prosperous families and communities.

**OVERVIEW**

Dr. Jane Ambuko, Head of the Horticulture Unit at the University of Nairobi’s Department of Plant Science and Crop Protection and a Kenya Feed The Future Innovation Engine participant.
Incubating and Scaling Innovation

Feed the Future harnesses the ingenuity of the private sector by investing in new ideas and technologies with the potential to improve the productivity and incomes of smallholder farmers and their families. The Kenya Feed the Future Innovation Engine program provides opportunities for innovative Kenyan entrepreneurs to take risks, build pilots, develop technology, and test and expand innovations for widespread impact. In addition to investment capital, innovators also receive technical assistance, coaching, and mentoring to help bring their inventions and technologies to scale.

In FY2014, 14 of the selected innovations focused on integrated soil management, disease, pest, and drought-resistant crop varieties, low-cost farm inputs, and agricultural information. One high-potential innovation is a new seed-dressing and crop management technique for Irish potatoes called “Viazi Power”. Viazi Power was piloted with 11,000 smallholder farmers in two counties, and resulted in increased yields of more than 300 percent—a level that could ultimately allow smallholder farmers to move out of poverty. Other innovations being tested are a low-cost optical sorting method to remove aflatoxins from maize, and a low-cost cold-storage option called the CoolBot system, which can prevent postharvest losses by preserving produce for at least two weeks compared to two days for highly perishable fruits and vegetables exposed to room temperature.

Increasing Access to Finance and Credit

As in many emerging markets, a majority of small businesses and promising entrepreneurs cannot access loans they need to grow. The USAID Development Credit Authority uses risk-sharing agreements to mobilize local private capital to fill this financing gap. Kenya is USAID’s largest Development Credit Authority portfolio, linking loan guarantees with the banking sector and providing technical assistance for new financial products that target small farmers, female entrepreneurs and small businesspersons. In 2014, USAID mobilized $340 million in credit for agriculture and rural businesses and enabled 597,048 micro, small, and medium enterprises to access loans. USAID is also helping financial institutions develop and roll out strategy on agriculture lending to microenterprises, including increasing the quantity of loan products designed to support agriculture microenterprise value chains. New and innovative loan products are helping smallholder farmers and other entrepreneurs purchase improved seeds, fertilizer, and other inputs necessary for growth.

Building a Cadre of Young Entrepreneurs

The largest USAID youth-empowerment activity, Yes Youth Can, has helped Kenyan youth expand their economic opportunities, contribute to their communities, and become responsible members of society. The youths democratically elect their own leadership and speak collectively through youth-led bunges, or parliaments. To date, 22,000 village-level bunges form 30 county bunge forums. Twenty-nine of these county fora have created savings and credit cooperatives (SACCOs) that provide loans for youth entrepreneurship and microenterprise development. At the end of FY2014, the 29 SACCOs were managing a combined total of $1,400,000 in deposits and loans. Other institutions, such as Rafiki Microfinance Bank Kenya, are developing innovative savings and loan products for young people. USAID partners with local organizations such as The Youth Banner and the Housing Finance Foundation to help youth in Nairobi’s informal settlements to develop viable livelihoods through business and vocational skills training, mentorship, and financial and employment linkages.

USAID’s Yes Youth Can activity helps youth expand their economic opportunities and contribute to their communities. In Keiyo South, 28-year-old Abishag Toroitich (photo at left) is a shining example of how young women entrepreneurs are contributing to community development. A member of the Elgeyo Marakwet Youth Bunge County SACCO, Abishag has invested in a clothing shop, the only cyber café in Biretwo Center, and built rental houses—thereby providing essential services to her community. “We used to board a bus to neighboring towns to access typing, printing, binding, and photocopy services. I got tired of this routine and opened a cyber cafe. It is the only one in Biretwo Center,” she said.

"I have been trained in financial management, marketing, branding and customer service. Armed with these skills, I have a vision to grow my businesses beyond Elgeyo Marakwet County. I make profits averaging Ksh 30,000 per months from the three businesses.” Abishag first took a loan of Ksh100, 000 from the Elgeyo Marakwet Youth Bunge County SACCO in 2014. Currently, she is servicing a Ksh 200,000 loan. “I have employed female youth in my businesses. Part of this is because I want to mentor as many as possible girls so they can engage in economic development activities and improve the lives of their families. The girls are better at customer service, bookkeeping and making decisions when I’m away.”

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