

USAID Kuza & Impact for Northern Kenya Fund

USAID Kuza

USAID Kuza, an activity financed by USAID's Resilience Challenge Fund, works to develop and support economic opportunities in Northern Kenya. The activity works in ten arid and semi-arid counties of Northern Kenya (Garissa, Isiolo, Lamu, Mandera, Marsabit, Samburu, Tana River, Turkana, Wajir and West Pokot). The goal of USAID Kuza is to improve the enabling environment for economic opportunities, accelerate public-private investment, build county level capacity to build resilience, foster self-reliance, and reduce the need for humanitarian assistance. The activity is implemented by ACDI/VOCA, in close collaboration with Frontier Counties Development Council (FCDC) and is supported by investment manager AV Ventures LLC. For additional information on USAID Kuza, please see this [link](#).

The Impact for Northern Kenya Fund

In October 2020, the Impact for Northern Kenya Fund ("the Fund") was launched. The Fund is a \$5 million wholesale financing vehicle that lends catalytic capital to financial institutions for on-lending to micro, small- and medium-sized enterprises (MSMEs) in agriculture, livestock, and related sectors in Northern Kenya.

The Fund is financed by USAID Kuza. To maximize its leverage, the financial institution borrowers are required to commit matching capital to the FCDC



Impact for Northern Kenya Fund co-creation session at Gracia Gardens Hotel

region. In addition to capital, the Fund provides technical assistance to financial institution borrowers on financial products, business planning, governance, marketing, and business analytics.

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

The Fund's first investment of \$1.25 million into a Kenyan Commercial Bank was approved and will be disbursed in March 2021. For additional information on the Fund, please see this [link](#).

The Journey to Self- Reliance (J2SR)

The Impact for Northern Kenya Fund supports USAID's Journey to Self-Reliance (J2SR) framework, by mobilizing public and private sector capital and improving the enabling environment to support MSME-driven development.

The Fund, the first of its kind in USAID/Kenya history, was co-created with Kenyan government and private sector partners. To ensure local participation, FCDC counties will support the Fund through philanthropic fundraising, sidecar investment funds, tripartite financing agreements, and incentives to borrowers.

USAID Kuza is working to transfer the ownership of the fund to a Kenyan entity. The Kenyan fundholder will legally own Impact for Northern Kenya Fund, and manage all dividends, legal filings, tax filings and reporting. The fundholder will support strategic planning and fundraising efforts and nominate county participants for the investment committee. USAID Kuza will work with the Kenyan fundholder to strengthen their investment capacity.

The Fund is fully self-sustainable and will continue to provide financing to Northern Kenyan entities beyond the life of USAID Kuza. For additional information on J2SR, please see this [link](#).