

Strategy Statement

FY 2006-2011



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Additional information on the attached can be obtained from Julia Escalona in USAID/AFR/EA.

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USAID Kenya Strategy Statement FY 2006-2011

I. Program Rationale

A. Country Context

The United States and Kenya have a special relationship that extends back to American support for pre-independence Kenya. The U.S. is appreciated by its Kenyan partners as a practical, honest broker in the arena of donor-host country coordination. Kenya stands out among African nations of special interest to the U.S. due to its location, relative stability, and economic potential. While there are elements of fragility, Kenya is an island of relative stability in a sea of conflict within the Greater Horn of Africa. As a long-time friend and partner of the U.S., the Government of Kenya has been instrumental in the achievements of the Sudanese and Somali Peace processes. Kenya has also been the victim of two major terrorist attacks in the past seven years and is today an important ally of the U.S. in the global war against terrorism.

Currently, Kenya finds itself at a unique place in its history. In December 2002, Kenyan voters elected a president who represented a coalition of parties other than KANU (Kenya African National Union) for the first time since independence in 1964. The current administration has attempted to make a break from the recent past by initiating a policy agenda of reform and an Economic Recovery Strategy (ERS) that focuses on economic growth, social services, and reducing the role of the Government. Perhaps more significantly, each of the Ministries has or is completing an individual Ministerial Strategy that supports the ERS and the Government is taking steps to rationalize public spending. While the Government has not met expectations in terms of its legislative reform agenda, it has successfully passed the Public Officer Ethics Act (2003), the Procurement Reform Act (2005), and the Privatization Act (2005). In addition, the Government has made remarkable progress through reforms within the educational sector, with notable improvements in school enrollment.

Not all has been rosy within the coalition government, however. While all parties were in agreement that they wanted to replace the KANU administration, there is not a common vision as to what the structure, conduct, and performance of the Government should be. This was demonstrated by the failure to pass the November 2005 constitutional referendum. What is encouraging, however, is that in spite of differing political opinions as well as personal and ethnic rivalries, Kenya has a history of non-violence and dialogue to resolve conflict.

B. Relevance to U.S. Strategic Interests and Foreign Policy Interests and USAID Priorities for the Region

The United States' most important foreign policy interests in Kenya include:

- Addressing security issues in the country and the region that threaten U.S. national security, especially international terrorism, HIV/AIDS, the transshipment of illegal drugs, and threats to biodiversity.
- Supporting democracy and good governance. A more democratic and well-governed Kenya will remain a stable and reliable partner of the United States. A government that is responsive to its citizens will improve the quality of life of the Kenyan population and create an environment that is essential for private investment and the provision of social services.
- Promoting economic development. A more prosperous and healthy Kenya will be more stable, will become more attractive for trade and investment, and will contribute as an engine for growth for the East African region, especially Uganda, Tanzania, Rwanda, Burundi, Sudan, Ethiopia, and Somalia.

- Providing humanitarian assistance to Kenyans who experience periodic famines (because of drought or flooding) and epidemics, as well as to refugees from neighboring countries, who currently number some 200,000 in Kenya.
- Protecting the well-being of thousand of Americans who live in or travel throughout Kenya.

C. Development Challenges

Kenya's democratic, economic, and social transformation continues to advance. While the country has made progress since the adoption of USAID's previous Strategic Plan in 2001 and updated in 2004, many of the challenges discussed at that time continue to be relevant. The challenges articulated below reflect the understanding of Kenya and her development partners.

Democracy and Institutions of Governance. Kenya's democratic promise has been tarnished by the reality that personal rule within the executive continues to eclipse the rule of law. The rise of personal rule began during the tenure of Jomo Kenyatta, the first President, with the dismantling of the independence constitution, its protections for minorities, and its institutional checks and balances. This paved the way for abuse of executive power and privilege that tends to reinforce ethnic divisions by giving unfair advantage and opportunities to select ethnic groups. While there is agreement that constitutional reforms are necessary, there is no clear consensus on the ideal institutional arrangement for the country. This was demonstrated during the referendum of November 2005, when a majority of Kenyans voted against a government-supported draft constitution. The proposed constitution would have improved protections for individual rights, while maintaining a high degree of executive control with minimal devolution of authority.

Weak Governance and Corruption. Kenya has experienced moderate economic growth over the past two years and it has adopted a number of economic reforms, including a much-improved Public Procurement Act. Nevertheless, the country continues to suffer from an economic malaise, caused in part by mismanagement and corruption. Public administration in Kenya is slow, ineffective, inefficient, and less than transparent. These factors result in implementation delays, financial leakages, misallocation of resources, and difficulty in ensuring that the Kenyan taxpayer receives good value for money. The lack of strong management systems also facilitates corruption, which is endemic at the national level and at the level where the average citizen interacts with local regulatory authorities and service providers.

Low Levels of Investment. Although the stock of foreign investment is higher than in neighboring countries, the levels of new foreign and domestic investment have not increased as much as expected following the 2002 elections. Inconsistent policies, laws, and regulatory frameworks add significantly to the costs of doing business and offer powerful disincentives to invest. Many sectors remain over-regulated and hindered by an ad hoc approach to liberalizing the economy. Additional factors affecting the low level of investment include the poor state of Kenya's physical infrastructure, and concerns about security, law, and order.

Low Productivity. Low income is directly related to low labor productivity, which is correlated with the educational and health status of the population. HIV/AIDS worsens the situation by affecting primarily young adults who should be the most productive segment of society. The Government has recently undertaken significant reforms in the education sector and plans similar measures in the health sector. These social sector reforms, however, must be broadened and deepened -- with a focus on quality and access -- to reach the population over the next generation. In addition, the Government is developing initiatives to enhance productivity and incomes within the agriculture and natural resource sectors. In rural Kenya, where the vast majority of the population lives, productivity is further constrained by poor primary health care, food insecurity, inadequate infrastructure and telecommunications, low access to improved varieties and technologies, and poor market development.

HIV/AIDS. HIV/AIDS contributes to low productivity. The pandemic has become such a threat to the nation that it merits its own listing among development constraints. While the sero-prevalence rate has fallen from 10 percent among Kenyan adults in 1999 to 7 percent in 2003, the impact remains. Not only does HIV/AIDS affect the well being and productivity of the individual, the human resource losses weaken governance and national institutions, while the need to treat those affected, including orphans and

vulnerable children, is resulting in the re-allocation of public and private resources away from productive investment.

Rapid Population Growth. After falling throughout the late 1980s and 1990s, the total fertility rate has increased from 4.7 children per woman in 1998 to 4.9 in 2003. While HIV/AIDS has increased mortality rates, high fertility has kept the overall population growth rate above 2 percent. Each year more than a half million young Kenyans enter the labor force. The formal sector is only able to absorb a small percentage of this growth with most people finding employment either in the informal sector or on increasingly small parcels of agricultural land.

Gender. Women are the primary economic agents in food production and are important contributors of labor to both the formal and informal economy. While progress is being made in addressing gender inequities as evidenced by the efforts to expand educational opportunities for girls and the debate over women's rights associated with the recent constitutional referendum, there is much to be done. There are significant cultural and legal factors that limit the ability of women to inherit property, have title to land, access financial markets, and invest in businesses. Gender imbalance in health is an additional problem in that women experience high maternal mortality and are more likely to be HIV-positive.

Environment. Kenya's extraordinary biodiversity and its habitats are under continual threat from the pressure of rapidly increasing human populations and the illegal exploitation by loggers, fishing trawlers, and poachers. Many agricultural, grazing, migratory, and forested areas are declining in quality from overuse and encroachment. Farming continues to expand into marginal areas, resulting in decreased yields, degradation of land, and increased conflict among users of resources. More sustainable stewardship and use of these resources by the Government and by the populations that live on and adjacent to them are prerequisites to long-term, sustainable development.

C. The Kenyan Response

In early 2003, the Government developed the Economic Recovery Strategy (ERS) and the subsequent Investment Program in coordination with the IMF, World Bank, and other interested donors including USAID. Individual Ministries then developed their respective strategies and investment plans, which are incorporated within the Medium-Term Expenditure Framework and annual budget cycle. One of the key assumptions of the Government's ERS is that the Government cannot be all things to all people. Government investments need to become more strategic and focus on the social sector investment in education and health as well as infrastructure, with the private sector assuming a greater role as an engine for economic growth. Furthermore, the Government, private sector, and NGOs must work collaboratively based on comparative advantage to improve the effectiveness of service delivery.

D. The USAID Response

Vision, Goals and Operational Goals

The USAID response is fully consistent with the efforts of the Government of Kenya and the coordinated efforts of the development partners. Kenya is a Transformational Development Country. The vision is for Kenya to be a democratic nation, on a sustainable growth path with reducing poverty and dependence on foreign aid. While it is unlikely for Kenya to achieve middle-income status within the medium-term, a growth rate of 7-8 percent per annum is possible given the 5 percent recorded this year in a time of political uncertainty. The medium-range goal is therefore to position Kenya to achieve eventual middle-income status with a more equitable distribution of income, improved standards of living, quality of life, and accountable, participatory governance. The Mission's Operational Goals are to: (1) Foster a healthier, better-educated, and more productive population; and (2) Increase the effectiveness of Kenyan institutions in promoting a vibrant private sector and democratic governance. While Kenya has the foundation for sustainable development, it also demonstrates elements of fragility. The country is surrounded by fragile states and has porous borders; it includes citizens who have been marginalized politically, socially and economically over a sustained period of time; it has significant populations that are food insecure; and there is a history of localized conflicts over resources. Conflict mitigation, humanitarian assistance, and support to marginalized and vulnerable populations are therefore integrated into the Kenya country program.

This USAID Kenya Strategy Statement provides the bilateral framework to achieve the objectives of USAID's White Paper "U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century," the Strategic Framework for Africa, and the Mission Performance Plan (MPP). This Strategy Statement also complements the REDSO/ESA Strategy Statement, which address the regional and cross-border issues within the region. Within Kenya, the Strategy Statement fully supports the Government of Kenya's Economic Recovery Strategy, as well as the forthcoming Kenya Joint Assistance Strategy to promote development coordination as agreed upon in the Paris Declaration on Aid Effectiveness.

Linkage to Global, Presidential, and Agency Initiatives

USAID programs support activities to strengthen institutions of governance and civil society; improve access to and quality of basic education; increase the environmental and economic benefits of increased agricultural productivity and community-based natural resource management; and improve the health status of the population. USAID extends the aims of transformational development to address two Agency-wide global issues and special concerns – HIV/AIDS and biodiversity. USAID Kenya also pursues the Agency-wide operational goal of providing humanitarian assistance when required based on the criterion of urgent need. This assistance, provided in collaboration with the Offices of Foreign Disaster Assistance and Food for Peace contributes to USAID's programs in Kenya and helps address vulnerability that might impede development gains or increase fragility.

USAID Kenya also participates in U.S. Government initiatives addressing the important challenges of HIV/AIDS, good governance, economic growth and food security, and education. Specifically, as Kenya is a President's Emergency Plan for AIDS Relief (PEPFAR) focus country, these resources contribute significantly to the Mission's program to expand the prevention, care, and treatment of people affected by HIV/AIDS. The Africa Bureau's Anti-Corruption Initiative, the Women's Justice Empowerment Initiative and, if approved, the Millennium Challenge Account Threshold Program will contribute to addressing governance issues within the Kenya context. Similarly, the Mission participates in the Initiative to End Hunger in Africa (IEHA) and the African Competitive Growth Initiative (ACGI), which facilitate the Mission's efforts to address economic growth and food security issues. Finally, the African Education Initiative contributes to the Kenyan program through the efforts to strengthen Kenyan teacher and managerial capacity within the Ministry of Education, Science and Technology and through the Ambassador's Girls Scholarship Program.

Millennium Challenge Account

USAID supports Kenya in its efforts to promote sustainable economic growth and self-reliance, including the Kenyan proposal to the MCA Threshold Program. The Government of Kenya proposes to address two areas of weak performance with respect to MCA eligibility criteria: control of corruption and improvements in the health sector. If approved, this program will enable the Government to undertake necessary public financial management reforms, including procurement reforms, across Ministries and the full implementation of planning, procurement, accounting, and auditing reforms within the Ministry of Health. Through the program, the GOK would both address the critical management issues that are hindering current performance as well as develop the foundation to become eligible as an MCA Compact Country in the years to come.

II. Program Structure

The medium-range goal embodied in this Strategy Statement is to position Kenya to achieve eventual middle-income status with a more equitable distribution of income, improved standards of living, quality of life, and participatory and accountable governance. While ambitious, this goal is attainable provided that there is continued incremental progress in the areas of (1) good governance and effective and efficient resource allocation; (2) strengthened human and institutional capacity; and (3) coordination amongst the Government, donors, the private sector and the NGO community. The implication of this goal is that the Government of Kenya, the donor community, and other development partners must have appropriate policies and investments that contribute to enhancing the role and capacity of the private sector, increasing productivity and incomes, investing in human resources (health and education), preserving natural resources, and fostering good governance. As presented below, the USAID Kenya program has five Strategic Objectives (SOs). These SOs are consistent with the priorities identified by the Government's Economic Recovery Strategy and are influenced by the programs and activities of other

development partners. In addition to these SO Statements, the following section discusses a number of crosscutting areas of interest that the Mission is addressing through the coordinated programming of resources across SOs.

SO 615-003: Reduced Transmission and Impact of HIV/AIDS and Improved Reproductive, Maternal and Child Health

Funding: FY 1995 – FY 2010

End Date: September 30, 2011.

Program Description and Logical Connection to the Strategic Framework

Kenya continues to face significant health challenges. HIV prevalence is declining but remains high: prevalence peaked at 10 percent in the late 1990s and has now fallen to 7 percent. There are still, however, 1,400,000 Kenyans infected with HIV, two-thirds of whom are women. Every year, 150,000 adults die from AIDS, and there are 1,700,000 orphans, one third of whom lost parents to AIDS. Fertility has recently plateaued, the first reversal in this successful family planning program. Child mortality rates continue to increase, with 115 children dying before age five for every 1,000 births.

To achieve the Strategic Objective, the Mission will focus on reducing fertility and the risk of HIV/AIDS transmission as well as improving the prevention and of common health problems that threaten maternal and child well being. The Mission's underlying development hypothesis is that to achieve this Strategic Objective there must be both an increase in the awareness and demand for health services by the Kenyan population as well as an increased capacity by the Government and NGO partners to provide those services in a timely and cost effective fashion. The SO therefore promotes effectiveness, efficiency, accessibility, and sustainability of health services in the public and private sectors. The Mission will address these factors through activities to: (1) improve the enabling environment for the provision of health services (including complementary assistance in public administration under the MCA Threshold Program); (2) increased use of proven and effective interventions to prevent HIV transmission, treat those infected, and provide care and support to those affected by HIV/AIDS; and (3) increase customer use of family planning, reproductive health, and child health services.

This Strategic Objective contributes directly to the Africa Bureau's Strategic Framework Goal of fostering a healthier, better educated, and more productive population. It will contribute to this operational goal through the health sectoral objectives of: (1) reducing the transmission and impact of HIV/AIDS; (2) preventing and controlling infectious diseases of major importance, including malaria and tuberculosis; (3) reducing maternal, infant, and child mortality; and (4) improving reproductive health. In addition, this SO will contribute to improving nutritional status, in collaboration with the Mission's food security programs, and in improving water and sanitary conditions for vulnerable people in marginalized areas.

This SO will address several program components¹, global issues and special concerns, and initiatives. The most important of these is the President's Emergency Plan for AIDS Relief, which funds prevention, care, and treatment. Kenya is also poised to begin participation in the President's Malaria Initiative. Global issues and special concerns for Africa that the SO addresses include child survival and maternal health, HIV/AIDS, infectious diseases, especially malaria and TB, and vulnerable children (in the context of HIV/AIDS). By integrating earmarks, directives, and initiatives into this SO, USAID will improve coordination and increase Kenyan ownership, participation, and capacity.

Expected Results by 2011

With continued support from the President's Emergency Plan for AIDS Relief, USAID and its USG partners will achieve significant results by 2011. HIV prevalence will be reduced through a balanced prevention program using the "ABC" model (Abstinence, Be faithful, and correct and consistent Condom

¹ Reduce Transmission and Impact of HIV/AIDS; Prevent and Control Infectious Diseases of Major Importance; Address Other Health Vulnerabilities; Improve Child Survival, Health and Nutrition; Improve Maternal Health and Nutrition; and Support Family Planning.

use) and by activities such as reducing mother-to-child HIV transmission. Treatment of Kenyans with AIDS will expand through scaling-up the provision of antiretroviral drugs. Orphans, other vulnerable children, and families affected by HIV/AIDS will receive community-based care and support. Family planning will be reinvigorated, resulting in a resumption of increasing contraceptive use and reduction in fertility. Similarly, through the efforts of USAID, other donors, and the Government of Kenya, the recent increase in child mortality will be reversed.

Factors that Raise the Risk of Backsliding

The Mission considers this Strategic Objective to be low risk. As discussed above, the achievement of this Strategic Objective requires both an improvement in the delivery of services and an increase in demand. Factors which may contribute to potential backsliding include: (1) inadequate resources flowing to the sector; (2) inefficiency of resource allocation within the sector; and (3) reversals in behavior change trends because of socio-economic pressures upon the household. An extension of the President's Emergency Plan for AIDS Relief beyond 2008 is a critical assumption.

SO 615-005: Improved Natural Resources Management in Targeted Biodiverse Resource Areas

Funding: FY 2001 – FY 2010

End Date: September 30, 2011.

Program Description and Logical Connection to the Strategic Framework

The SO will enhance sustainable and equitable management of Kenya's rich biodiverse resource areas that are essential to the protection of the human environment and natural ecosystems. The program will focus on enhancing the financial and social benefits associated with conservation. Based on the Kenyan experience since the 1990s, these benefits are expected to attract and motivate local communities and individuals to change their behavior regarding natural resources. The program will address relevant ecological and socioeconomic issues facing communities and management of the biodiverse areas in Kenya.

The SO will advance Kenya's economic growth and contribute to the Operational Goals of a more productive population as well as promoting a vibrant private sector and democratic governance. The SO will also contribute to the achievement of the Africa Bureau's Environment Sector Objectives of: (1) improving natural resource management (NRM) and conservation across diverse landscapes; (2) expanding equitable natural resource governance and promoting management of competing claims on resources; and (3) increasing the sustainable production, marketing and trade of natural-resource based products and services. The SO includes three Agency Program Components.² Specific approaches to achieve these objectives include: site-specific initiatives for NRM implemented outside protected areas; encroachment and subdivision of land reduced; management of protected areas improved; and environmental and natural resource management policy and legislation reforms advanced. SO activities will include use of easements, land trusts, development of natural resource management plans, park management plans, ecosystems integration, and collaborative management promotion of eco-tourism businesses, and strengthening and establishment of civil society groups to advocate for legal and policy reforms.

Expected Results by 2011.

The program will expand the number of hectares and households employing sustainable natural resource management in targeted biodiverse areas. Specifically, it will deliver the following long-term impacts: (1) vibrant, community-based, civil society organizations that advocate for biodiversity conservation established and undertaking conservation measures; (2) an improved legal and policy framework to support natural resource management; (3) a national biodiversity strategy developed and 1.5 million hectares put under improved natural resources management; and (4) constituencies for public/private sector investment in natural resource management established.

²Strengthen civil society, Improve private sector competitiveness, Improve sustainable management of natural resources and biodiversity conservation.

Factors that May Lead to Backsliding

The Mission considers the risk of this SO to be moderate. Access to land and natural resources is both an important underlying factor in Kenya's socio-economic development and a potential source of conflict. The current Government has taken progressive measures in terms of the country's land, wildlife, and environmental policies. However, sustained political commitment is required for the program to achieve its objectives. A wavering of commitment or an increase in either political or social disenchantment could lead to an intensified competition for resources and possible conflict.

SO 615-006: Improved Balance of Power through Transparent and Accountable Democratic Institutions

Funding: FY 2001 – FY 2010

End Date: September 30, 2011.

Program Description and Logical Connection to the Strategic Framework

The Democracy and Governance (DG) program supports targeted GOK institutions, assisting them to be effective alternative poles of power, to check and balance other branches of government, and to become increasingly transparent and accountable to the people of Kenya. This program also fosters effective advocacy for reform via civil society organizations (CSOs). CSOs are essential to providing the government with accurate information, serving as citizen watchdogs, and promoting peace in the country. The SO consists of seven Program Components.³

The DG strategy is organized around three of the Africa Bureau's five Democracy and Governance Sectoral Objectives: Increase civil society's effectiveness in advancing reforms; Strengthen institutions of democratic governance and rule of law; and Increase the fairness of political processes. AFR's two other Sectoral Objectives – Reduce corruption and strengthen the anti-corruption environment and Increase participation of marginalized populations in decision making – are integrated throughout USAID Kenya's programs. For example, while the program enhances the capacity of CSOs to demand anti-corruption reform, it also strengthens the oversight and analytical capacities of the National Assembly and increases the effectiveness of the Department of Public Prosecutions so that anti-corruption measures can be properly enforced. Likewise, Mission programs strengthen the leadership, conflict management, and peace building skills of marginalized populations, such as women, youth, and minority groups, empowering them to engage more meaningfully in democratic processes. The program is further defined by concentrating on the policy objectives that are critical to the overall Mission operational goals.

By focusing on both the institutional (supply) and civil society (demand) elements of participatory good governance, the Strategic Objective supports the AFR Transformational Development Operational Goal 2, "Increase the effectiveness of African institutions in promoting a vibrant private sector and democratic governance." USAID Kenya's DG interventions, including management of the MCA Threshold Program for Kenya, the AFR Anti-Corruption Initiative, and the Women's Justice Empowerment Initiative, will contribute to improvements in corruption perceptions and government effectiveness, which are Goal-level indicators.

Expected Results by 2011

By 2011, Kenyan institutions will be more effective, transparent, and accountable with a sustainable system of checks and balances. This will be evidenced by: Parliamentary Committees that enact quality legislation and that effectively check the Executive via informed, transparent, and timely reviews of the budget as well as government audits and investigations; a vibrant civil society that effectively advocates for reforms and peace building while effectively monitoring government implementation; national elections that are transparent and competitive; and decreased impunity and opportunities for corruption, for instance, through government procurement that is more transparent and efficient.

³ Mitigate Conflict and Support Peace, Promote and Support Anti-Corruption Reform, Promote and Support Credible Elections Processes, Strengthen Civil Society, Strengthen Democratic Political Parties, Strengthen the Legislative Function/Legal Framework.

Factors that Raise the Risk of Backsliding:

The Mission considers the risk manageable in light of the potential benefits. Factors that have the potential to contribute to backsliding include: the risk of flagging political will at senior levels of government; the lack of institutional capacity to develop and implement reforms; the likely fragmentation of the ruling coalition and the evolution of new coalitions; uncertainty regarding the appropriate structure of government and the rules of political engagement; high unemployment and disenfranchised youth; weak and fragmented civil society that is unable to provide government oversight; poor government performance and credibility resulting in citizen dissatisfaction that could be mobilized for violence; and regional instability coupled with porous borders.

SO 615-007: Increased Rural Household Incomes

Funding: FY 2001 – FY 2010

End Date: September 30, 2011.

Program Description and Logical Connection to the Strategic Framework

Some 80 percent of Kenya's population lives in rural areas, and 75 percent of these rural dwellers rely on agriculture, either wholly or in part, for their livelihoods.

The underlying approach taken by this Strategic Objective is one of market-led, value chain development that primarily targets three of Kenya's most important agricultural commodities – maize, dairy, and horticulture. The program aims to expand adoption of productivity-enhancing, sustainable agricultural technologies; enhance viable business linkages throughout the value chains, from small farmer to end consumer -- including producer and marketing associations; and promote domestic, regional, and international trade in agricultural products, thereby improving Kenyan agricultural products' access to global markets. In addition, the program will identify and support appropriate roles of the public and private sectors in agriculture and business services -- especially in rural areas, and advocate for policy, regulatory and legal reforms that heighten performance in the sector.

While most of the SO program will focus on high and medium potential geographic areas, a concerted effort will be made to integrate programming of DA, ESF, and food aid resources effectively and apply the above principles as feasible within the Mission's continuing Title II and humanitarian assistance programs. The latter programs focus on reducing food insecurity, increasing incomes, and strengthening coping mechanisms in the face of natural disasters among Kenya's pastoral and agro-pastoral communities in Arid and Semi Arid Lands (ASALs). The SO will tailor its humanitarian assistance interventions to improve recovery rates from previous droughts and to assist vulnerable communities in their transition from relief to development.

The SO contributes directly to the Africa Bureau's Operational Goals of a more productive population and a vibrant private sector as well as all of the Economic Growth and Agriculture sectoral objectives. Moreover, the SO is fully consistent with and contributes to the achievement of the USAID/EGAT Agricultural Strategy – "linking producers to markets" and IEHA objectives, as well as those of the NEPAD-Comprehensive African Agricultural Development Program (CAADP). The SOs' food aid and other humanitarian assistance programs support the Agency's core Humanitarian Assistance goal and are congruent with DCHA/FFP's 2006-2010 Strategic Framework. The SO consists of five Agency Program Components.⁴

Expected Results by 2011

The program is expected to achieve the following results by 2011: (1) rural household incomes increased by 40 percent in high and medium potential areas and by 50 percent in Title II focus areas; (2) sustainable and consistent increases in productivity of targeted agricultural commodities; (3) expanded agricultural trade opportunities as evidenced by greater volume and value of targeted commodities sold in

⁴ Improve private sector competitiveness; Strengthen the financial services sector and increase access to capital; Increase agricultural sector productivity; Protect and increase the assets and livelihoods of the poor; and Improve economic policy and business environment.

domestic, regional and international markets; (4) enhanced access to business support services for micro-, small and medium enterprises and smallholder farmers; and (5) policies that are more conducive to sustainable long-term increases in rural incomes.

Factors that May Lead to Backsliding

The Mission considers the risks to this SO to be moderate. The program recognizes that certain factors, i.e., drought, heightened regional or domestic ethnic strife, corruption, and failures on the part of Government to support a liberalized agricultural sector may adversely affect program performance. Vested political interests, particularly in the run-up to the 2007 elections, may also obstruct or delay growth-inducing programs.

SO 615-008: Equitable Access to Quality Basic Education Increased

Funding: FY 2004 – FY 2010

End Date: September 30, 2011.

Program Description and Logical Connection to the Strategic Framework:

This Education Strategic Objective, adopted in consultation with the GOK and the development partners within the Kenyan Educational Support Program, incorporates a two-tiered approach. The principal aim of the SO is to assist the Government of Kenya's efforts in selected underserved geographic areas to increase access to primary education, improve quality, and raise enrollment rates of children from marginalized populations. Recognizing, however, that increased access is insufficient, USAID will also strategically focus on improving and influencing the overall quality and participatory nature of primary education. The SO activities thus seek to enhance the overall education policy environment, the information available to the education system, and technical and managerial capabilities of the teachers and education officials. The SO activities will also focus on improving the teaching and learning environment; building governmental, non-governmental, and community capacity to promote, direct and organize quality education services; developing linkages between the public education sector and civil society; and consequently, promoting good governance and increasing efficiency in the education sector. This SO will complement the Health SO by strengthening the capacity of the Ministry of Education to integrate HIV/AIDS education into its programs.

This SO contributes directly to the achievement of the Strategic Framework for Africa's first Operational Goal of fostering a healthier, better-educated, and more productive population. The SO also contributes directly to the USAID overall Agency Goal, Human Capacity Built through Education and Training, while at the same time serving as one of the contributors to the Kenya U.S. Mission Program Plan (MPP) goals of Economic Growth and Security. Moreover, inasmuch as this SO focuses the community participation efforts in within marginalized areas, the SO contributes to the goals of the Fragile States Strategy⁵ and the USG's efforts to reduce extremist behavior. The SO includes two Agency Program Components.

Expected Results by 2011:

By 2011: (1) there will be a measurable/quantifiable increase in the number of children from historically marginalized populations that are attending and completing primary school; (2) teacher training and practices will be improved for teachers and the Kenya Education Staff Institution will have the capacity to continue to provide quality professional education and development for educators in Kenya; and, (3) the policy/investment framework will be in place to institutionalize access to education for marginalized peoples over the long-term.

Factors that Raise the Risk of Backsliding

Because of the demonstrated GOK and USG commitment to responding to the local level needs and aspirations, the program is likely to achieve its objectives. The marginalized areas of Kenya, however, are vulnerable, volatile, and prone to shocks. Such shocks may include heightened economic distress, disturbances in border areas, or a growing sense of disenfranchisement – whether social, economic, or

⁵ Achieve Equitable Access to Quality Basic Education; and Strengthen Civil Society

political grow within the marginalized community. USAID will monitor these issues closely with the GOK and development partners and remain flexible in implementation of program activities.

Strategic and Crosscutting Issues⁶

As noted above, however, many of the development challenges facing Kenya are strategic or crosscutting in nature.

Counter-Extremism. The Mission is working closely with the Embassy to counter extremism within Kenya. To address this issue, USAID Kenya has developed national programs with specific components that respond most effectively to the needs and aspirations of local communities. In collaboration with REDSO/ESA, the Mission supports national, local, and cross-border conflict-mitigation activities. The Mission is actively engaged in supporting Kenya's efforts to provide primary education, especially for girls in the marginalized areas of Northeastern and Coast Provinces. In addition, the Mission is supporting the provision of health and HIV/AIDS, pastoral livelihood and micro-finance programs to these provinces. The Mission plans to work closely with Department of Defense (DOD) civil affairs programs.

HIV/AIDS: The impact of the AIDS epidemic is multisectoral, adversely affecting economic development, and social improvement throughout Kenya. Since the epidemic primarily affects young adults, the direct economic impact in Kenya, which is reliant on labor-intensive industries, is significant. At the household level, HIV/AIDS increases medical expenses and decreases income, exacerbating poverty. Education, a critical investment for Kenya's future, is reduced as teachers fall ill and children, especially orphans, cannot afford the costs of schooling.

USAID/Kenya has a multisectoral response to this development challenge. In the health sector, antiretroviral drugs keep workers alive and productive, and workplace activities encourage HIV prevention. The education program will directly address HIV/AIDS in the workplace and with youth both in and out of school through training teachers on HIV/AIDS curriculum and supporting teachers and students who are infected and those that are affected. The micro-enterprise program works in communities especially affected by HIV/AIDS, assisting those infected and affected earn a livelihood. PL 480 Title II programs and other agricultural activities tailor interventions to improve the nutrition of HIV/AIDS affected persons. Programs supporting orphans and vulnerable children help provide them the education, nutrition, and psychosocial support needed to prepare them to be productive members of society.

Gender Inequities: The current cultural environment and legal framework provide a unique set of challenges to women. The Mission will work with Kenyan counterparts to address the legal framework through the Democracy and Governance Program. Current efforts include work with USAID Washington to expand women's participation in economic growth and trade, and efforts to increase the access to health services. In the longer-term, it is expected that the Ambassador's Girls Scholarship Program, community outreach efforts within the Education program, and efforts to provide support to orphans and vulnerable children under PEPFAR will provide the next generation with increased social and economic opportunities. The health program also explicitly considers men as partners, and works with couples to achieve gender equality.

Youth and Urbanization: USAID/Kenya activities enhance economic opportunities and social services, especially in high and medium potential rural areas and secondary cities. This is addressed through concerted efforts to increase rural household incomes and help facilitate the provision of goods, services, and business opportunities in medium-sized cities and trading centers. The Mission also is working with its developmental partners to improve the access to and quality of health and educational services in secondary cities as well as rural areas. The youth are Kenya's future. The Mission will therefore implement programs that focus on improving the quality of education and health services as well as increasing economic opportunities through investments in the agricultural and natural resource sectors. Youth are a priority for HIV/AIDS activities in order to protect them from infection and prolong their productive lives.

⁶ Kenya does not currently have a significant extractive industries sector.

Regional Aspects: Kenya is the anchor for economic development and political stability in East and Central Africa. The Mission therefore will work closely with REDSO/ESA and other bilateral Missions on issues, which by their definition are cross-border. Most significantly in Kenya is the support the bilateral Mission has received from REDSO/ESA on regional trade and AGOA issues. Secondly, the Mission works closely with both REDSO/ESA and DOD's Combined Joint Task Force for the Horn of Africa on regional security issues. The Mission coordinates with other USG Agencies as well as the REDSO/ESA on health and education issues with the regional dimension being to assure coordinated planning and strategies across countries within the region. Finally, USAID Kenya shares knowledge and assistance activities with neighboring bilateral Missions as issues arise.

Donor Coordination, Public-Private Partnerships, and Indigenous Expertise: Coordination with other development partners is essential if USAID is to achieve the desired outcomes in a cost-effective fashion. Furthermore, Kenya is blessed to have considerable expertise locally. The Mission has learned that the use of local resources, or local resources complemented by specific foreign skills and experience, is an effective mechanism for delivering necessary assistance to Kenya. Similarly, experience confirms the importance of working with the private sector to achieve mutual objectives. Some of these efforts take the form of formal Global Development Alliance (GDA) programs. In others instances, the private sector serves as a keenly interested stakeholder that provides advice and guidance to the development process but invests resources in a complementary fashion.