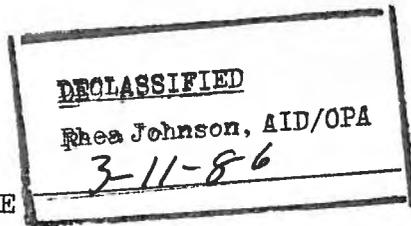


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TO : The Administrator
 THRU : AA/PC *HBC*
 ECM
 FROM : Regional Assistant Administrator, AFE
 SUBJECT: Country Assistance Strategy for Kenya



I recommend that you approve the following assistance strategy and program goals for Kenya.

I. U.S. Interests

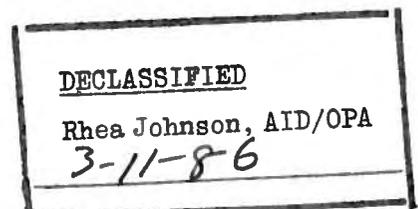
U.S. interests in Kenya, given its still dependent status and present political and economic outlook, center around the achievement of an orderly transition to independence under conditions that will encourage the establishment of a stable, responsible government with moderate leadership which respects the integrity of its neighbors and the rights of its citizens of all races. Related U.S. interests are: the continued reliance on the free world for most external assistance and guidance, a development effort of sufficient breadth to minimize social and political unrest, the denial of sensitive areas of government and economy to the Bloc, and the maintenance of East African regional ties and economic cooperation.

Failure of this British experiment in granting independence to a colony with a substantial white settler population would have a particularly detrimental effect on closely-related Uganda and Tanganyika and would have serious implications for other African areas.

II. Background to Strategy

Kenya is now passing through a period of rapid political and constitutional change in a drive for independence by early 1964. The hazards of transition are heightened by intense rivalries between certain tribal groups and between the two political parties which share the African roles in government. Kenya's financial position since 1961 has been characterized by a substantial ordinary budget deficit covered by the U.K. and almost complete dependence on foreign assistance for the development budget.

Kenya relies on several cash crops for export earnings in an otherwise largely subsistence agricultural economy. Substantial economic development is limited by this dependence on primary products. However, probably the greatest single obstacle to Kenya's development is the serious lack of trained manpower. Kenya possesses a substantial amount of highly-productive land, relatively advanced infrastructure, and a small but significant industrial base which contributed to a creditable rate of economic growth

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prior to 1960. Kenya is already mobilizing her resources by settlement of Africans on lands of high potential, improvement of agricultural field services, strengthening of cooperatives, expansion of secondary and higher education facilities and by training Africans for the public service. By these measures, the 80 percent of Kenya's population now engaged in subsistence agriculture may be able to participate in the country's economic growth and become better equipped to govern themselves.

III. Strategy

The following strategy is an interim one to be reviewed in the light of events during Kenya's transition to independence.

A. U.K. Leadership Role

1. The U.S. Government will continue its policy of encouraging the U.K. to assume responsibility for the continued budget support required for an orderly transition to independence and endeavor to persuade the U.K. to maintain its high level of development assistance.

2. A.I.D. will support U.K. leadership in the coordination of external assistance while seeking to maximize other free-world aid, primarily from the IBRD and West Germany, through bilateral and multilateral devices.

3. A.I.D. will utilize the U.K. initiated Development Assistance Committee's informal coordinating group on East Africa to help influence the composition of external resource allocations, liberalize loan terms, indirectly stimulate increased assistance, and establish a mechanism whereby smaller countries can be encouraged to provide technical operating personnel.

B. Extent of A.I.D. Involvement

1. A.I.D. assistance is designed to supplement that of other donors and provide evidence of U.S. confidence in, and goodwill toward Kenya and interest in her development under efficient self-government.

2. A.I.D. will seek assistance from the Ex-Im Bank, Food for Peace, and non-governmental sources. An effort will be made to encourage a climate conducive to private investment.

C. Forms of Aid and Areas of Emphasis

1. A.I.D. will direct technical assistance to developing and improving institutions to provide the job competence essential for development under self-government. Training for the public service and encouragement of rural and municipal community self-help programs will be emphasized

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to instill a sense of achievement and participation among the population.

2. A.I.D. will finance a small number of selected capital development projects, primarily for construction or capitalization of key institutions within U.S. areas of concentration. This will require:

- a. A substantial Kenyan contribution.
- b. U.S. financing of a substantial portion of local costs in recognition of the indirect foreign exchange impact.

3. Capital projects will be undertaken only after consultation with African leaders so as to reasonably assure continued recurrent cost support after independence. It is anticipated that such assistance will not exceed \$5-10 million over the next three years.

4. A.I.D. will encourage the supply of essential operating personnel from free-world sources outside the U.S. Assistance will be sought from the Peace Corps where appropriate. However, A.I.D. will consider providing such personnel in exceptional circumstances if explicit provision is made for replacement by trained Africans.

5. A.I.D. will assess top priority sensitive areas, encourage other Western donors to pre-empt such areas, and be alert to the possible necessity of providing assistance itself in the event of a serious threat to basic U.S. interests.

IV. A.I.D. Program Goals

A.I.D. will direct its assistance to the achievement of U.S. objectives by helping the Government of Kenya in realizing the following goals:

1. Agriculture - Increasing the cash marketings of African crop and livestock producers through technical advice and capital aid in such areas as cooperatives, extension, education and training.
2. Education - Increasing the annual number of African secondary school graduates and achieving a redirection of the educational system to make it relevant to the manpower and citizenship requirements of a technologically and politically young nation through assistance in school construction, curriculum building, and staff training.
3. Government Management - Maintaining and improving the public service through advisory help and aid in training the approximately 3,200 Africans who will have to replace expatriates expected to depart Kenya by 1967.

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4. Community Development - Building an effective community development program in rural areas of Kenya which will channel latent forces for development into effective community and local government organizations and efforts. A.I.D. will provide assistance in training and demonstration projects.

Annex: The Consensus

This statement may be used, until further notice, as the basis for preparing the Congressional Presentation. Further revisions may be necessary before its issuance as Agency guidance.

Dr. Bee

Administrator

February 23, 1963

Date

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Annex

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Consensus

No major differences of view are apparent.

This statement represents the consensus of interested offices and the Country Team. It has been cleared in substance by AF.

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