

## Kenya

**The Development Challenge:** Kenya is experiencing a unique historical moment. On December 27, 2002, Kenyan voters elected their first new president in 24 years. The new government has already made a clear break from the past by its policy actions, including the introduction of key legislation to address corruption and improve governance, support for free universal primary education, and working to accelerate the constitutional review process. To this end, the Government of Kenya (GOK) has completed financing agreements with the World Bank and the International Monetary Fund (IMF), which are encouraged by the government's commitment to the reform process. Yet, there is much to do. The GOK and its development partners (including USAID) are undertaking an ambitious agenda of reform, with a focus on the implementation of key measures to fight corruption and promote good governance, encourage economic recovery, and combat HIV/AIDS.

Though frustrated by a history of poor policy decisions and lack of foreign direct investment, Kenya still has the largest and most diversified economy and the most developed infrastructure in the East Africa region. Kenya's gross domestic product grew at an annual average rate of 2.2% in the past decade---not sufficient to keep up with population growth. The World Bank, however, estimates that the country could grow by more than 6% per annum with the implementation of a serious reform program as outlined in the GOK's Economic Recovery Strategy. Kenya's external debt has been falling and is about \$5.5 billion. Sound monetary policy has produced low inflation and a stable exchange rate. Kenya has also become a leader in the race to benefit from the U.S. African Growth and Opportunity Act (AGOA), and its garment industry is enjoying spectacular recovery. Factors such as efficiently run export processing zones, good air and sea transport links to Asia and the United States, and a skilled workforce are important attributes in attracting other businesses as the investment climate improves under the new government.

Besides needing to make progress on the goals of democratic transition and economic recovery, the country faces a number of additional challenges in the social sectors. The 2003 Demographic and Health Survey (DHS) shows that fertility increased over the past five years. This reverses a decade of outstanding progress in family planning. The Total Fertility Rate (TFR) in 2000-2002 was 4.9 children per woman, up from 4.7 in 1995-1997. The DHS also shows that after decades of improvement, child mortality rates increased by 28% from the late 1980s to the present. Of 1,000 births in Kenya, 114 children died before age five during the 1998-2002 period, up from 89 deaths per 1,000 births over the 1984-1988 period. The Kenyan educational system is also facing significant challenges, especially the high direct costs of schooling that have kept a significant proportion of the poor away from school. Another challenge is the low level of internal efficiency, as evidenced by the high drop out rate (5%-6%) and repetition rates (15%-16%) at primary levels. There are also regional and gender disparities, with the arid areas being the hardest hit. The new government, however, has introduced free primary education and substantially revised the educational curricula.

Kenya is a high priority country for the United States in terms of regional stability and the fight against terrorism. Other important U.S. foreign policy interests in Kenya include: supporting democratization, encouraging economic prosperity and combating HIV/AIDS.

**The USAID Program:** The overarching goal of USAID assistance is to build a democratic and economically prosperous Kenya. This goal is being addressed through six objectives: improving the balance of power among the institutions of governance, promoting sustainable use of natural resources, improving rural incomes by increasing agricultural and rural enterprise opportunities, improving health conditions, providing education support for children of marginalized populations, and promoting economic development through trade and investment.

HIV/AIDS prevention through positive behavior change, condom availability, blood transfusion safety, and preventing mother-to-child transmission is a program priority. The care and support for people living with HIV/AIDS will be expanded, including a pilot drug treatment program. Support for voluntary counseling and testing; treatment for tuberculosis (TB), malaria, and sexually transmitted infections (STIs); reproductive health; and child health programs also will be continued. The democracy and governance

program focuses on increasing the independence of select government institutions; promoting more transparent and competitive electoral processes, and increasing the effectiveness of civil society organizations in lobbying for reforms, monitoring government activities, and preventing and resolving conflicts. Growth of rural incomes will be encouraged through improvements in smallholder agricultural productivity (including the use of biotechnology approaches), market access, and strengthening the private sector's abilities to manage the production and distribution of key commodities. The Mission utilizes P.L. 480 Title II resources to improve food security and increase incomes in arid and semi-arid areas by increasing agriculture and livestock production and marketing opportunities as well as promoting sustainable natural resources management practices.

Activities to improve the management of wildlife outside of protected areas, forest management and environmental governance, and integrated coastal management will all provide tangible benefits to local communities as well as preserve Kenya's wealth of natural resources. USAID will also implement a social mobilization campaign on education quality in North Eastern and Coast Provinces. USAID will fund a campaign to mobilize communities and schools to raise issues and foster dialogue regarding the value of education and educational quality. This will empower communities to accept responsibility for influencing, implementing and achieving participation within the educational system and for enhancing educational quality. Activities will increase both the demand for quality education and the capacity of the education system to meet that demand. Finally, USAID will also fund a trade and investment program to assist Kenya in implementing bilateral, regional and multilateral trade commitments and to support the GOK's efforts to expand the economy through trade.

Kenya is a focus country under the President's Emergency Plan for AIDS Relief (PEPFAR). All proposed HIV/AIDS activities are being integrated into PEPFAR and are subject to the approval of the U.S. Global AIDS Coordinator. Additional funding from the Global HIV/AIDS Initiative account is anticipated for both FY 2004 and FY 2005.

**Other Program Elements:** USAID/Washington funding supports targeted evaluations in HIV/AIDS and operations research in community and reproductive health. Other central funds provide scholarships for girls and increase access to internet and other electronic communications. Finally, the Mission is programming Anti-Corruption Initiative funds to support the GOK's efforts to increase transparency and accountability throughout the public sector.

**Other Donors:** Donor coordination is generally good with various donors taking the lead in coordinating assistance to different sectors. The United States is the largest bilateral donor, followed by the United Kingdom (UK), Japan, Sweden, Federal Republic of Germany, and France. The United States is the leading donor in the democracy and governance sector. Other donors are the UK's Department for International Development (DFID), European Union (EU), Netherlands, Denmark, Sweden, Germany, and Canada. The World Bank, EU, DFID and USAID work together to support the GOK in developing appropriate policies and macroeconomic and fiscal expenditure frameworks. USAID, the EU, and the World Bank have been instrumental in encouraging the development of an enabling policy environment for agriculture. The World Bank works closely with USAID to provide support to Kenya's agricultural research institutes, while the EU, World Bank, African Development Bank, and USAID support livestock development. The leading donors in the micro- and small enterprise sector are the United States, the UK, the EU, the Netherlands, Denmark, and the United Nations Development Program. In the natural resources management sector, the major donors are the United States, the Netherlands, the UK, Japan, Sweden, Belgium, Finland, Germany, Denmark, the EU, the World Bank, and the United Nations Environment Program. The United States is the leading bilateral donor to Kenya's population and health sector. USAID and DFID both support work in HIV/AIDS, family planning, and malaria. Finally, USAID has recently joined the Sector Working Group on Education which includes DFID, the World Bank, Canada, Japan, and the United Nations organizations.

## Data Sheet

<b>USAID Mission:</b>	Kenya
<b>Program Title:</b>	HIV/AIDS, Population, and Health
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	615-003
<b>Proposed FY 2004 Obligation:</b>	\$34,100,000 CSH
<b>Prior Year Unobligated:</b>	\$1,000,000 ESF
<b>Proposed FY 2005 Obligation:</b>	\$31,962,000 CSH
<b>Year of Initial Obligation:</b>	FY 2001
<b>Year of Final Obligation:</b>	2005

**Summary:** USAID/Kenya's health program focuses on reducing fertility and the risk of HIV/AIDS through efforts to reform the health care sector, to prevent HIV transmission, to provide care and support for those already infected, and to deliver family planning and child survival services. Being a focus country within the President's Emergency Plan for AIDS Relief (PEPFAR), the country team is planning a major expansion of HIV/AIDS programs, with special attention to care and treatment.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Implement comprehensive HIV/AIDS program (\$21,500,000 CSH; \$1,000,000 prior year ESF): USAID, along with other USG partners under PEPFAR, is working to reduce all types of HIV transmission, including use of behavior change communications to reduce sexual transmission. USAID will work with local groups, including faith-based organizations, to establish interpersonal and peer counseling programs, communication campaigns, and community theater. In FY 2004, a popular radio soap opera will be restarted. USAID will also work to prevent mother-to-child HIV transmission (PMTCT). Kenya is poised for a rapid expansion of its PMTCT program. USAID and the Centers for Disease Control in Kenya received Presidential Initiative funds to help the Ministry of Health (MOH) scale up PMTCT during the 2003-2004 period. By the end of 2004, the number of health facilities providing PMTCT services will double. USAID, with its USG partners, will continue to expand its care and treatment programs to mitigate the effects of HIV/AIDS. Community-based programs will improve the ability of local communities to carry out home-based care activities for people living with HIV/AIDS and their families. One project, now working through 29 local partners to bring home-based care, ecumenical support, and orphan care to over 7,000 vulnerable households, will expand its activities. Following an assessment in FY 2004, USAID will support several projects to identify and establish sustainable strategies to enable communities to cope with the needs of HIV-positive children and those orphaned by AIDS.

Crosscutting areas supported by USAID, within the context of PEPFAR, will include voluntary counseling and testing (VCT) and the distribution of products and health messages. Many of the 58 VCT sites USAID has established will be "graduated" in FY 2004. USAID will also use \$1,000,000 in prior year ESF funds to increase the number of VCT centers in strategic locations. USAID's program will encourage abstinence, a reduction in the number of sex partners and a reduction in stigma, as well as promote condom use among those who are already sexually active. Principal HIV/AIDS contractors, grantees, and agencies include: Children of God Relief Institute, Engender Health, Family Health International, Futures Group, John Snow, Inc., Macro International, Marquette University, Pathfinder International, and PSI. Subs include: Kenya AIDS NGO Consortium, Kenya Girl Guides, MAP International, PATH, and the Society for Women and AIDS in Kenya.

Improve reproductive health services (\$8,900,000 CSH): USAID will continue to support public and private sector reproductive health activities. One project will continue to work in 96 health facilities (80% MOH) in 10 districts, increasing the quality of care by training providers and upgrading facilities. The USAID program also increased demand for services and promoted healthier behavior through

community-level interpersonal communications and national-level mass marketing. Within the context of PEPFAR, activities to prevent MTCT will be integrated into this and other projects. An analysis of the 2003 DHS will identify why family planning acceptance has plateaued and develop programs to improve it. Principal contractors, grantees, and agencies include: Engender Health, Family Health International, Futures Group, John Snow, Inc., Macro International, PSI, and the University of North Carolina. Subs include: Aga Khan Health Services, PATH, and the University of Nairobi.

Reduce the impact of infectious diseases (\$2,700,000 CSH): In collaboration with DFID, USAID's distribution program for insecticide treated bednets will expand in FY 2004. USAID will also work with the national malaria control program to improve policy implementation. A new project to continue malaria activities in Bungoma district will begin late in FY 2004. USAID will continue to support the national TB program, especially in urban areas. It will further increase the number of diagnostic centers and integrate TB into VCT sites. Principal contractors, grantees, and agencies include: CDC, Engender Health, Futures Group, John Snow, Inc., JHPIEGO, and PSI.

Assist in national health sector reform (\$1,000,000 CSH): USAID is working with the MOH on national health sector reform and improving health sector financing and sustainability. USAID will assist the MOH to increase its cost-sharing revenue in major public sector facilities by improving its capacity to monitor and supervise the program and by establishing a financial information system. In FY 2004 USAID will help the MOH analyze its National Health Accounts survey to identify financial constraints and develop strategies to overcome these. Principal contractors, grantees, and agencies include: Abt Associates, John Snow, Inc. and the Futures Group.

#### **FY 2005 Program:**

Kenya is a focus country under the President's Emergency Plan for AIDS Relief. Additional funding from the Global HIV/AIDS Initiative account is anticipated for both FY 2004 and FY 2005.

Implement comprehensive HIV/AIDS program (\$21,500,000 CSH). In support of PEPFAR, the program will provide training to health workers and home-based caregivers who will be providing treatment, including antiretrovirals. It will also include prevention activities targeted at young people, further scaling up activities preventing mother-to-child HIV transmission, and improving the quality of VCT services, integrating TB services as appropriate. These activities will be intensified and scaled up in new geographic areas, in coordination with other USG agencies. Implementers are the same as FY 2004.

Improve reproductive health services (\$6,306,000 CSH). Additional reproductive health resources will allow USAID to improve the supply of reproductive health services in target areas and at the national level, and to further improve national systems for planning, budgeting, and distributing essential commodities. Implementers are the same as FY 2004.

Reduce the impact of infectious diseases (\$2,500,000 CSH). USAID funds will be used to further expand the bednet program, support the national malaria program, implement the new malaria prevention and treatment project in Bungoma district, and implement the new urban TB strategy. Implementers are the same as FY 2004.

Assist in national health sector reform (\$1,656,000 CSH). USAID will improve the skills of district health management teams, help develop national health insurance program, and promote the health sector reform process. USAID will continue to strengthen health systems, the Kenya Medical Stores Agency, and assist the GOK in planning a national social health insurance program. USAID will support the creation of a health Geographic Information System (GIS) database, in collaboration with the Ministries of Planning and Health. Implementers are the same as FY 2004.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

**Performance and Results:** Provisional data from the 2003 DHS indicate that sexual activity by unmarried women and men has decreased in the past five years. Sales of socially marketed condoms,

focusing on those who are among the most at risk groups, increased by 12%, consistent with FY 2003 objectives. Lives have been saved due to the new blood transfusion centers. Cost sharing revenue collected by major public sector facilities increased by 25% in FY 2003, greatly exceeding the annual target and providing a small but important addition to facility budgets.

## Data Sheet

<b>USAID Mission:</b>	Kenya
<b>Program Title:</b>	Natural Resources Management
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	615-005
<b>Proposed FY 2004 Obligation:</b>	\$3,151,000 DA
<b>Prior Year Unobligated:</b>	\$450,000 ESF
<b>Proposed FY 2005 Obligation:</b>	\$3,151,000 DA
<b>Year of Initial Obligation:</b>	FY 2001
<b>Year of Final Obligation:</b>	2005

**Summary:** The natural resources management (NRM) program intends to maximize sustainable use of natural resources by working with communities and the Government of Kenya (GOK) to enhance sustainable land use practices. The program focuses on: 1) improving community based wildlife management; 2) strengthening forestry management and environmental governance; and 3) enhancing integrated coastal zone management.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Wildlife Program (\$1,725,000 DA, \$450,000 prior year ESF). USAID will consolidate the gains made in wildlife conservation by: establishing a mechanism that will ensure sustainable, socio-economic benefits to communities and landowners through nature-focused businesses; expanding revenue generation and investment; and strengthening wildlife policy reform. The management capacity of 30 community nature-based businesses and 11 community-based organizations (CBOs) will be enhanced. USAID will focus on governance, management and operating systems of such businesses and/or CBOs. USAID will support the development and implementation of management plans for Samburu, Shaba and Buffalo Springs National Reserves. Income from nature-based businesses will increase from \$524,000 to \$624,000 and the number of community-private sector joint investments will increase from seven to ten. USAID will support the review and revision of the current Wildlife Management Act. Forums for parliamentarians and stakeholders' consultative workshops will be held and support provided to draft a new Wildlife Management Bill. USAID partners are Kenya Wildlife Service, African Wildlife Foundation and other NGOs that will be identified.

Forestry Program (\$1,151,000 DA). The program will focus on reversing forest and rangeland degradation and expanding forest-based enterprises. Funds will provide technical assistance to the GOK Forest Department (FD); support Participatory Forest Management (PFM); and increase the diversity of forest-based businesses. The U.S. Forest Service will provide technical assistance for forest fire management, develop a forest monitoring plan and initiate dialogue with the private sector on the privatization of forest plantations. Kenyan foresters will be trained in forest fire management and in information technology. USAID will support the acquisition of state-of-the-art forest monitoring equipment for the FD. PFM plans will be developed and implemented in project areas to benefit communities adjacent to the forest. Baseline ecological and socio-economic inventories for the Mukogodo Forest Reserve will be completed. USAID support will assist communities to put 30 hectares under woodlots, rehabilitate 100 hectares of denuded range and establish five commercial nurseries. FD will receive technical assistance from the Institute for Environmental Innovation (IEI) to pilot carbon credit marketing. USAID/Kenya, through a public private partnership, will commit \$875,000 to match IEI's \$2.2 million investment in East Africa. In this alliance, 125,000 trees will be planted and 250 families will benefit. A butterfly exhibition center will be built in Mombasa, and 10 non-timber forest products businesses will be established or strengthened to benefit over 200,000 households. USAID partners are the Kenyan Forest Department, Kenya Wildlife Service, Kenya Forestry Research Institute, the National Environmental Management Authority and Nature Kenya.

Marine Program (\$275,000 DA): The USAID Marine Program will build local capacity to demand the development of an integrated marine policy for Kenya by consolidating and strengthening local integrated coastal zone management (ICM); expanding stakeholder capacity and participation in the ICM process; and contributing experience and information to support the ongoing dialogue on Kenya's national environmental policy through three workshops for policy makers. Specifically, USAID/Kenya will support the implementation of ICM technologies by expanding ICM model sites from four to five; securing and improving five fish landing sites; replacing 40 destructive fishing nets; and training 30 beach-based vendors on business skills and linking them to credit organizations. USAID will support three fora to facilitate coordination between private and public beach communities. Local stakeholders' awareness will be enhanced through the dissemination of materials to a target audience of 16,000 coastal resource users, and the circulation of 2,000 copies of the "Kenya Coast" newsletter. The institutional capacity of the Kenya Marine Forum will be strengthened. The GOK's Coast Development Authority is the lead implementing partner.

**FY 2005 Program:**

Wildlife Program (\$1,000,000 DA): USAID will prepare enterprises and CBOs for graduation and link them to commercial credit sources. USAID will provide support to diversify nature-based businesses and explore opportunities presented by non-timber forest products such as herbal medicine, gums, and resins. Communities will continue to develop management plans, allocate land for conservation and raise incomes. A land trust will be registered, and the land under improved management will be increased by 138,000 hectares, raising the total area under improved land management to 862,000 hectares. USAID will support the Ministry of Environment, Natural Resources and Wildlife to draft and present a new wildlife bill to the parliament. Same implementers as FY 2004.

Forestry Program (\$1,612,000 DA): USAID efforts will increase the number of community beneficiaries to 300,000. Opportunities for sustainable, nature-based business will be expanded to more non-timber forest products and 200,000 hectares will be put under improved management. Five hundred households will benefit from improved forestry management. Five CBOs will improve their organizational capacity from 1.5 (nascent) to 2.5 (emerging) on an agreed upon management scale.. Same implementers as FY 2004.

Marine Program (\$539,000 DA): USAID will continue with FY 2004 activities, expanding ICM models as a tool to support local community initiatives. Focal sites will be increased from five to eight, business opportunities will expand for beach operators with their incomes increasing from zero to approximately \$13,158, and the number of beneficiaries will increase to 20,000. Twenty-five hectares of mangrove plantation will be put under improved management. The Kenya Marine Forum's organizational capacity will increase from the "emerging" level to the "expanded capacity" level to enhance advocacy for marine policy and to support the drafting of the new Kenya Marine Policy. Same implementers as FY 2004.

**Performance and Results:** USAID made essential contributions to improving natural resources management in Kenya and is making progress in changing community behavior toward productive and sustainable management of natural resources. Communities have put 65,655 hectares under improved land use and 5,195 individuals have benefited from income, training and employment from enterprises created and from NRM process. Communities made \$159,584 and 155 jobs were created from 30 new businesses. The organizational capacity of CBOs increased, indicating steady progress in these organizations' ability to manage natural resources. A program to strengthen the Forest Department's capacity was developed, and 200 forest guards were trained in improved forestry management. A process to establish a model for an integrated coastal area management site at Mombasa was initiated and integrated water management activities were set up for demonstration. USAID supported communities to build 25 demonstration rainwater-harvesting tanks and a sanitation facility at Jomo Kenyatta Public Beach.

## Data Sheet

<b>USAID Mission:</b>	Kenya
<b>Program Title:</b>	Democracy and Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	615-006
<b>Proposed FY 2004 Obligation:</b>	\$1,000,000 DA; \$4,000,000 ESF
<b>Prior Year Unobligated:</b>	\$700,000 DA
<b>Proposed FY 2005 Obligation:</b>	\$2,859,000 DA; \$4,000,000 ESF
<b>Year of Initial Obligation:</b>	FY 2001
<b>Year of Final Obligation:</b>	2005

**Summary:** This program works to improve the balance of power among the various branches of government in Kenya, specifically by helping to increase the independence of select government institutions with a focus on parliament; promoting more transparent and competitive electoral processes; and increasing the effectiveness of civil society organizations in lobbying for reforms, monitoring government activities, and preventing and resolving conflicts.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Institutional independence (\$700,000 DA \$4,000,000 ESF). ESF funds will be used to implement a program on transparency and accountability, based on the GOK's own strategy. Assistance to the Office of Ethics and Governance will be provided to develop a detailed work plan for the office, design a national campaign on anti-corruption, assist in the establishment of a public complaints office, and provide limited commodities. Support will also go to the Department of Public Prosecution to undertake a needs assessment, develop a work plan, and design a prosecutors' training curriculum to strengthen the institution's capacity. Partners include the Ministry for Justice and Constitutional Affairs, the Office of the President, and the Department of Public Prosecutors (DPP).

Civil society support for advocacy, monitoring and conflict resolution (\$300,000 DA; \$700,000 prior year DA). Prior year DA funds of \$700,000 will be utilized to support NGOs working to prevent conflict and build peace. Four grants will be made to Kenyan organizations to: increase dialogue and collaboration among the GOK and stakeholders and between stakeholders on conflict issues in pastoral areas in North Eastern and the Coast Provinces; advocate for increased GOK investment in resource allocation to these pastoral areas; increase national awareness of the costs and implications of violent conflict in pastoral areas (e.g., socio-economic implications of lost/disrupted lives, lost livestock revenues); and develop capacity at local and national levels to promote peaceful resolutions to potentially violent conflicts. Two grants to civil society organizations that address policy advocacy and monitor GOK progress on implementing its campaign priorities will be awarded. The civil society program is implemented through Kenyan civil society organizations, including Transparency International - Kenya Chapter, the Institute for Economic Affairs, the Center for Governance and Development, the Collaborative Center for Gender and Development, the National Council of Churches of Kenya, and the Wajir Peace and Development Committee.

#### FY 2005 Program:

Institutional independence (\$659,000 DA; \$4,000,000 ESF): A program to strengthen the parliament, with an emphasis on the committees, will be revived. Work with the DPP will likely support the implementation of a training curriculum to train all public prosecutors to effectively prosecute high level fraud and anti-corruption cases and provide required commodities. In the Office of the President support for the Office of Ethics and Integrity will continue. One main intervention will likely support the effective analysis of public officials' assets disclosure forms to assess potential abuse of office, and a review of the process for

assets disclosure to determine whether the system is functioning and whether changes need to be implemented. Same implementers as FY 2004.

Civil society support for advocacy and monitoring activities (\$2,200,000 DA): Support for civil society organizations promoting policy advocacy and monitoring of GOK activities as outlined above will continue. Same implementers as FY 2004.

By program completion, there will be a better balance of power among the institutions of governance, the National Assembly (i.e., parliament) will be independent, the government systems will be more transparent and accountable to the people of Kenya, and civil society organizations will have the full capacity to effectively lobby for national reforms and monitor government activities.

**Performance and Results:** Results during the past year are noteworthy. By all accounts, the 2002 election provides for Kenyans, the continent of Africa, and the world in general, a landmark in many respects. USAID assistance contributed to the Electoral Commission of Kenya's (ECK) institutional capacity, resulting in the most competently and effectively administered elections to date in the pre-election, election-day, and post-election phase. Kenyans, including representatives across party lines, for the first time reported high levels of confidence in the ECK's competence and independence. The election was unprecedented in the vastly reduced levels of violence that had plagued previous elections. It also marked the first opposition victory with the National Rainbow Coalition (NARC) confidently winning both the presidency and the great majority of parliamentary seats. In addition, the year 2003 was a watershed year for tackling corruption in Kenya. Government commitment increased markedly with the installation of an Administration that campaigned on an anti-corruption platform. One dramatic milestone was the release by the Chief Justice of a critical survey of corruption in the Judiciary, recommending the removal of many corrupt judges and magistrates.

## Data Sheet

<b>USAID Mission:</b>	Kenya
<b>Program Title:</b>	Increased Rural Household Incomes
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	615-007
<b>Proposed FY 2004 Obligation:</b>	\$3,359,000 DA
<b>Prior Year Unobligated:</b>	\$452,000 DCA
<b>Proposed FY 2005 Obligation:</b>	\$5,661,000 DA
<b>Year of Initial Obligation:</b>	FY 2001
<b>Year of Final Obligation:</b>	2005

**Summary:** This USAID program to increase rural household incomes focuses on increased productivity of dairy, horticulture and maize in the high- and medium-potential areas and a wide variety of commodities in the Arid and Semi Arid Lands (ASALs); increased agricultural trade in the domestic and international markets; increased access to business support services for micro and small enterprises; and increased effectiveness of smallholder organizations to provide business services to their members.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Raising Productivity and Incomes: The activities initiated in FY 2002 and 2003 will continue in FY 2004. Assistance will be provided to smallholders in horticulture (\$1,100,000 DA), maize (\$300,000 DA) and dairy (\$559,000 DA). Business development services (\$350,000 DA) will also be provided to smallholders. Biotechnology (\$750,000 DA) activities will continue with research, policy and public outreach. Agricultural policy research and dialogue to benefit the GOK policy reform process will be funded (\$300,000 DA). USAID will maintain selective efforts to increase agricultural productivity; decrease costs of production; increase efficiency of markets and trade; increase access of smallholders to business services; strengthen producer business organizations; promote agricultural policy reforms; and transfer agricultural technologies. Prior year DCA funds will be used to fund a microfinance program. Initiative to End Hunger in Africa (IEHA) funds will be used. Implementing partners include ACDI/VOCA, Land O' Lakes, Fintrac, Deloitte Touche, Tegemeo Institute and Kenya Agricultural Research Institute.

It is anticipated that the Mission will submit an IEHA Action Plan by March 2004 for Kenya's program. The Mission has requested assistance to carry out analyses for possible scenarios to supplement this SO's strategy, including: rural agricultural market infrastructure to improve market efficiencies for smallholder farmers and increase the incentives to adopt high yielding technologies; capacity building of agricultural institutions, including policy formulation, implementation, monitoring and evaluation; strategic planning, organizational development, research capacity, including biotechnology; and increased investments in agricultural research to develop and transfer technologies to small farmers. Targeted institutions could include the Ministry of Agriculture, Ministry of Livestock and Fisheries Development, Ministry of Cooperatives Development and Marketing, and the National Council on Science and Technology.

Title II P.L. 480 resources will help food insecure families in the arid and semi-arid lands to maintain nutrition levels, enhance their agricultural productivity and generate income. Cooperating sponsors implementing the Title II program will promote agriculture and livestock production and marketing activities to increase the overall availability of both locally produced and purchased food. Some of the resources will be used to support water, sanitation and health interventions for the pastoral communities. Implementing partners are Catholic Relief Services, CARE, World Vision, Food for the Hungry and Adventist Development and Relief Agency.

#### FY 2005 Program:

USAID plans to use FY 2005 DA resources, including IEHA funds, to maintain a program in maize (\$1,361,000 DA), dairy (\$1,000,000 DA), horticulture (\$1,000,000 DA), biotechnology (\$200,000 DA) and policy (\$1,000,000 DA) with particular emphasis on agricultural productivity, trade, smallholder farmer organizations, and business development services (\$800,000 DA). The microfinance program may be restarted in FY 2005 (\$300,000).

P.L. 480 Title II funds will continue to fund dryland agriculture and livestock production and marketing activities, water, sanitation and health interventions. Implementing partners are the same as for FY 2004, adding the Association of Microfinance Institutions for the financial markets program in FY 2005.

**Performance and Results:** USAID supported the GOK's policy reform agenda over the past year. It provided support for the drafting of the "Economic Recovery for Wealth and Employment Creation" and funded a workshop in which the draft Biosafety Bill was presented to over 50 parliamentarians. USAID also supported the Seed Trade Association of Kenya, which played a major role in streamlining the evaluation, release and registration of 22 seed varieties, compared to only 13 in 2002, and assisted the Association of Microfinance Institutions (AMFI) to draft the microfinance bill, which was presented to the Attorney General's Office for legal redrafting. The microfinance bill will ultimately improve the policy and regulatory framework for microfinance institutions.

Impressive progress was made on activities that will increase agricultural productivity and trade in the maize and dairy sub-sectors. Some 2,370 maize farmers were exposed to production-maximizing technologies and improved crop husbandry practices, including fertilizers, new seed varieties, and conservation tillage, increasing productivity by an estimated 40%. A total of 21,020 smallholder dairy farmers (33% women), received training on artificial insemination (AI), animal husbandry, and dairy business management, against a target of 6,000 farmers, leading to a 10% increase in use of quality imported genetics and a 25% decrease in the cost of AI inputs. With respect to trade, over 1,600 maize farmers and traders (30% women) were trained on post harvest handling, while 140 informal milk traders (35% women) were trained in small-scale milk processing, increasing the average volume of milk handled by cottage dairy processors by 3,790 liters per day.

In order to develop sustainable markets for commercial business development services, the capacity of 59 agribusiness consultants (35% women) was strengthened to provide training to farmers on business management tools, support the formation and management of associations, and help them view farming as a business. Out of the 64 AI technicians trained during the year, 46 successfully established their own businesses or joined existing ones. Meanwhile, 24 service providers have been strengthened to deliver business development services to medium and small enterprises (MSEs) and microfinance institutions have been supported to expand outreach, resulting in many MSEs increasing their income generation capacity. More than 86,000 clients received a total of \$42,500,000 in loans, while cumulative savings stood at over \$25,000,000 by the end September 2003.

Under the P.L. 480 Title II program, grain crops sales increased by 59% for CARE-assisted households, fruit and vegetable sales increased by 282% for the Adventist Development and Relief Agency and by 153% for CARE, compared to the last survey figures in 2001. Similarly, livestock products sales jumped by 64% among households assisted by Technoserve/Heifer International, 75% for those assisted by Catholic Relief Services, and 92% for CARE-assisted households.

## Data Sheet

<b>USAID Mission:</b>	Kenya
<b>Program Title:</b>	Basic Education
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	615-XXX
<b>Proposed FY 2004 Obligation:</b>	\$2,500,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$500,000 DA
<b>Year of Initial Obligation:</b>	FY 2004
<b>Year of Final Obligation:</b>	FY 2008

**Summary:** The USAID basic education objective in Kenya will focus on improving the quality and efficiency of Kenya's education sector with particular attention to the children of marginalized populations including predominantly Muslim communities, other ethnically marginalized populations, and girls. The program will include a social mobilization campaign on the value of education and educational quality for those areas which have historically been underserved by the government. In addition, it will incorporate affirmative action practices such as girls' scholarships, interactive radio programming and community resource centers to accelerate community participation within the national education system. Finally, the program will include a policy dimension to ensure that the GOK's objectives are transparently translated into policy and investment actions.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

North Eastern and Coast Provinces (\$1,750,000 DA). USAID funding will carry out a social mobilization campaign on the quality of education in North Eastern and Coast Provinces. USAID will expand the campaign to mobilize communities and schools to raise issues and foster dialogue regarding the value and quality of education within the community to empower communities to accept responsibility for influencing, implementing and achieving participation within the education system and to enhance educational quality. Activities will increase both the demand for quality education and the capacity to the education system to meet that demand. Principal contractors and grantees are to be determined.

In-Service Teacher Training (\$500,000 DA). USAID will fund in-service teacher training to enhance the capacity of Kenya's primary school teachers to provide relevant learning experiences to the historically marginalized primary school population. Principal contractors and grantees are to be determined.

Policy and Investment Framework (\$250,000 DA). The program in FY 2004 will also assist the GOK in the implementation of its policy and investment framework to enhance the quality of primary education services delivered. Principal contractor and grantees are to be determined.

#### FY 2005 Program:

In-Service Training (\$500,000 DA). In FY 2005, USAID funding will continue the program for in-service teacher training, initiated with African Education Initiative funding in FY 2004, to enhance the capacity of Kenya's primary school teachers to provide relevant learning experiences to the historically marginalized primary school population. Principal contractors and grantees are to be determined.

**Performance and Results:** Principal outcomes at the end of this program will be an increase in school enrollment rates for boys and girls in North Eastern and Coast Provinces by 25%. The number of teachers with improved teaching skills will increase by 1,000.

## Data Sheet

<b>USAID Mission:</b>	Kenya
<b>Program Title:</b>	Trade and Investment Development Program
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	615-YYY
<b>Proposed FY 2004 Obligation:</b>	\$3,953,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$4,000,000 ESF
<b>Year of Initial Obligation:</b>	2004
<b>Year of Final Obligation:</b>	2008

**Summary:** The USAID trade and investment development objective in Kenya will assist the Government of Kenya in addressing three inter-related problems: (a) implementation of Kenya's bilateral, regional and multilateral trade commitments; (b) increasing competitiveness of the economy in preparation for greater foreign competition; and (c) redefinition and strengthening of existing institutions to enable them to adapt and become more efficient in the multilateral trading system.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Integrating Trade with GOK Development Plans (\$500,000 ESF). The program will begin in FY 2004 with efforts to mainstream or integrate trade into Kenya's national development plans through the Public Expenditure Review, Medium Term Expenditure and Budgetary Processes. Principal contractors and grantees are to be determined.

Trade Impact Assessment (\$1,000,000 ESF). USAID will support an assessment of the impact of trade liberalization on the economy to provide a basis for Kenya to determine sectors where market access should be granted, goods and services in which Kenya has a comparative advantage, and to identify policy options for competitive sectors and for its non-competitive sectors. Principal contractors and grantees are to be determined.

Institutional and Human Capacity (\$500,000 ESF). USAID will develop and implement a human and institutional capacity building program for GOK officials, the parliament, private sector operators and farmers to enhance their understanding and analysis of trade agreements, obligations, and potential benefits, and to facilitate their participation in the definition and implementation of WTO standards. Principal contractors and grantees are to be determined.

Legal and Regulatory Environment (\$1,500,000 ESF). USAID will assist the GOK Executive Branch through the provision of technical assistance and office equipment, to begin to adapt the legal and regulatory framework, in order to facilitate a pro-trade and investment environment (\$1,500,000 ESF). Principal contractors and grantees are to be determined.

Legislation Preparation (\$453,000 ESF). Through technical assistance, training and sensitization workshops, USAID will assist the Kenyan Parliament to draft and review bills which are consistent with international trade regulations. Principal contractors and grantees are to be determined.

#### FY 2005 Program:

Trade Capacity Building (\$4,000,000 ESF). In FY 2005, Trade Capacity Building will be undertaken with a focus on funding activities related to compliance and implementation of international agreements on customs valuation, the WTO Agreement on trade-related aspects of intellectual property rights (TRIPS) and sanitary and phyto-sanitary standards. This assistance will complement and reinforce USAID activities that are working to increase productivity and access to markets for smallholder producers and

traders. Assistance on TRIPS will help the GOK to complete its on-going effort to meet international commitments and address USG concerns. Principal contractors and grantees are to be determined.

**Performance and Results:** Principle outcomes will be an increase in the value of Kenya exports by more than 50% by 2008, an increase in total (foreign and domestic) investment by more than 35% by 2008.

## Kenya PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	27,563	36,488	34,100	31,962
Development Assistance	13,547	14,183	10,010	12,171
Development Credit Authority	0	727	0	0
Economic Support Fund	6,000	1,950	7,953	8,000
PL 480 Title II	17,682	34,664	14,682	14,662
<b>Total Program Funds</b>	<b>64,792</b>	<b>88,012</b>	<b>66,745</b>	<b>66,795</b>

STRATEGIC OBJECTIVE SUMMARY				
615-003 HIV/AIDS, Population, and Health				
CSH	27,563	36,488	34,100	31,962
615-005 Natural Resources Management				
DA	3,018	2,913	3,151	3,151
ESF	0	450	0	0
615-006 Democracy and Governance				
DA	2,494	3,550	1,000	2,859
ESF	2,000	1,500	4,000	4,000
615-007 Increased Rural Household Incomes				
DA	8,035	7,720	3,359	5,661
DCA	0	727	0	0
ESF	4,000	0	0	0
615-XXX Basic Education				
DA	0	0	2,500	500
615-YYY Trade and Investment Development Program				
ESF	0	0	3,953	4,000

Mission Director,  
Kiert Toh