



KENYA

INCLUSIVE ECONOMIC GROWTH

With a gross domestic product (GDP) of over \$100 billion, Kenya recently attained lower-middle income status. It has successfully established a diverse and dynamic economy. Kenya serves as the point of entry to the East African market of 300 million people. However, this economic growth has not been inclusive, and as a result, many Kenyans continue to live in poverty. This has been exacerbated by COVID-19, alongside persistent constraints including corruption, inefficient and inequitable systems, exclusion of youth and women, lack of reliable electricity and sanitation, and increasing crises such as droughts. USAID works to address these challenges to increase economic opportunities, reduce poverty, and boost job creation. To achieve this, USAID partners with the Government of Kenya (GoK), the private sector, and the Kenyan people to strengthen market systems to be more inclusive, accountable, efficient, and competitive; improve the resilience of vulnerable households in the face of recurrent crises and shocks; and leverage Kenya’s position as an economic hub in the region.

CATALYZING PRIVATE SECTOR INVESTMENT

USAID works with small and medium enterprises (SMEs) to improve market systems, increase access to finance, and foster job creation, especially for marginalized youth and women. USAID invests in an improved business enabling environment and supports pro-investment policy formulation and the capacity of the national and county governments to attract domestic and foreign investment. USAID supports capital market reforms and institutional investor initiatives such as the Kenyan Pension Funds Investment Consortium to mobilize private investment in energy and infrastructure in support of the G7’s Build Back Better World initiative. USAID partners with Kenyan commercial banks, microfinance institutions, and investment funds to provide partial credit guarantees for loans targeting underserved borrowers, including rural farmers and SMEs. USAID works directly with U.S. and Kenyan private sector firms and industry associations and other U.S. Government institutions, such as the U.S. International Development Finance Corporation and the U.S. Trade Development Agency, to support greater U.S. foreign direct investment into Kenya.

EXPANDING TWO-WAY TRADE

USAID connects American and East African businesses, to expand two-way trade between the U.S. and the region and advance the U.S. government's Prosper Africa initiative. USAID promotes opportunities provided by the African Growth and Opportunity Act, strengthens business-to-business relations, and supports the exchange of best practices in areas like small business training. USAID establishes partnerships between U.S. sourcing firms, local exporters, and industrial parks to enhance the volumes and complexity of Kenyan and East African exports. In addition, USAID works to mitigate non-tariff barriers to trade, supports cross-border women traders to trade more easily, and has enabled safer trade during the COVID-19 pandemic.

ENHANCING AGRICULTURE LED-GROWTH

Agriculture is central to Kenya's economy, contributing to more than a third of Kenya's GDP. However, agricultural productivity has stagnated in recent years. Kenya is a target country under the U.S. Government's Global Food Security Strategy, which implements the Feed the Future initiative. Feed the Future works to strengthen inclusive agricultural-led economic growth that help farmers embrace new technologies, increase their access to finance, and connect them to markets and private sector solutions. Feed the Future, recognizing nutrition as critical to early development and ultimately economic productivity, also supports nutrition-sensitive agriculture at the household level to increase the access, availability, and consumption of nutritious foods.

INCREASING ACCESS TO ENERGY

Kenya's power sector is one of the most developed in sub-Saharan Africa and is a global leader in the off-grid solar and geothermal markets. Over 90% of Kenya's power is generated from renewable energy sources. While Kenya has aggressively connected households and businesses to the national grid, 40% of rural areas are still not covered primarily due to cost. Through the Power Africa initiative, USAID supports the GoK's universal electrification goals by increasing access to clean, adequate, reliable, and cost-effective electricity supply to drive Kenya's inclusive economic growth, while providing opportunities for more private sector participation. The interventions include financing, grants, technical assistance, advocacy, and investment promotion in the energy sector.

INCREASING ACCESS TO WATER, SANITATION AND HYGIENE (WASH)

USAID works to improve water security, increase access to water services, and improve household WASH practices. USAID partners with the government, the private sector, and civil society to strengthen the systems that ensure sufficient water and sanitation service delivery now and in the future.

BUILDING RESILIENCE OF VULNERABLE HOUSEHOLDS

Recurrent crises such as drought in Kenya's arid and semi-arid areas have exacerbated the vulnerability of basic livelihoods. USAID partners with the GoK, county governments, and private sector to strengthen local and national capacity to respond to and recover from droughts, floods, pests, and other shocks to break the cycle of chronic poverty and dependence on humanitarian assistance.

KEY PARTNERS

Government of Kenya
National, County & Local
Governments, Council of Governors

Private Sector

Financial Institutions, Business
Associations, Businesses

Civil Society

Local Development Organizations,
International Organizations

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