

Investing in Kenya's People: Valuing the Benefits of the U.S.-Kenya Relationship

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Appendix

To access the technical annex for this report, please refer to the electronic version which can be found at: <http://www.aiddata.org/publications/investing-in-kenyas-people>

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ACRONYMS

AGOA	African Growth and Opportunity Act
CRS	Creditor Reporting System
DFC	U.S. International Development Finance Corporation
FDI	Foreign Direct Investment
GAVI	Global Alliance for Vaccines
GDP	Gross Domestic Product
GEF	Global Environment Facility
IDA	International Development Association
KSH	Kenyan Shillings
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-governmental organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OPIC	Overseas Private Investment Corporation
PEPFAR	President's Emergency Plan for AIDS Relief
PIOET	Pandemic influenza and other emerging threats
PPFD	Private Philanthropy for Development
U.S.	United States
USAID	United States Agency for International Development
USD	United States Dollars
WHO	World Health Organization

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U.S. Annual Contributions to Kenya's Development USD 3.05 Billion / KSH 310 Billion

U.S. GOVERNMENT
USD 1.68 B
KSH 171 B

Direct Contributions
USD 1 B
KSH 102 B

Bilateral Assistance
USD 931 M
KSH 95 B

Multilateral Assistance
USD 73.5 M
KSH 7.5 B

Benefits of Policies
USD 678 M
KSH 69 B

Trade
USD 576 M
KSH 59 B

Investment
Guarantees
USD 82 M
KSH 8 B

Scholarships
USD 20 M
KSH 2 B

U.S. SOCIETY
USD 1.36 B
KSH 139 B

Remittances
USD 518 M
KSH 53 B

Foreign Direct Investment
USD 294 M
KSH 30 B

NGO Operations
USD 270 M
KSH 27.5 B

Tourism
USD 191 M
KSH 19 B

Private Foundations
USD 87 M
KSH 9 B

Microloans and
Individual Donations
USD 5 M
KSH 500 M

Note: Small differences due to rounding.

EXECUTIVE SUMMARY

The United States is an important ally in Kenya's bid to realize its Vision 2030 development blueprint, but little information is readily available for Kenyans to assess the value of this partnership in their daily lives. This report examines the benefits of the U.S.-Kenya partnership to Kenya's growth and prosperity from a whole-of-society perspective. Collectively, U.S. government agencies, organizations, and individuals contribute an estimated USD 3.05 billion annually (KSH 310 Bn) to Kenya's development.

The U.S. government contributes approximately USD 1.68 billion annually (KSH 171 Bn), heavily emphasizing the health, security, governance, and infrastructure sectors. This includes direct bilateral (USD 931 million) and multilateral (USD 73.5 million) assistance, as well as USD 678 million in indirect contributions from supportive trade, immigration, and investment policies.

U.S. non-governmental sources contribute approximately USD 1.36 billion annually (KSH 139 Bn). These include: USD 517.6 million in remittances from overseas Kenyans working in the U.S., USD 294.2 million in foreign direct investment, USD 270 million in NGO operations, USD 190.7 million in tourism related flows, USD 87.3 million from private foundations, and USD 4.6 million in microloans and individual donations.

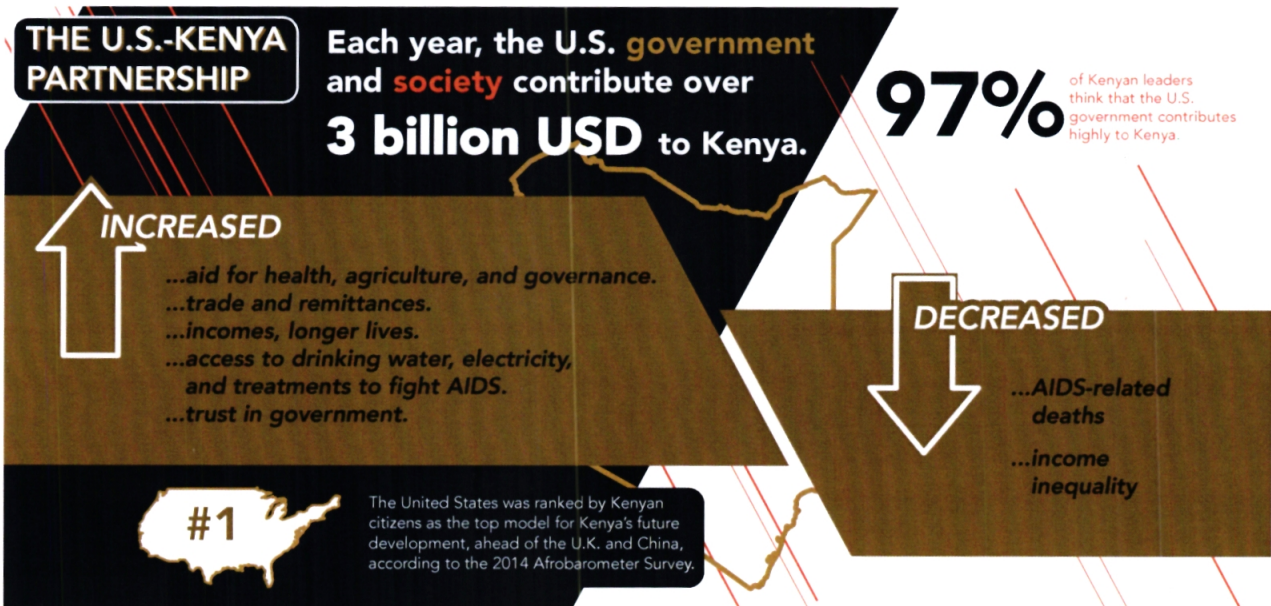
Beyond these monetary gains, the United States-Kenya partnership contributes to growth and prosperity in other tangible ways.

U.S. health-focused assistance not only helps save lives, but also contributes to Kenya's economic productivity as people stay in the workforce longer. As the single

largest provider of HIV/AIDS related funding (USD 4.5 billion between 2009-2018), the United States has mobilized resources and expertise to support Kenya's front-line health workers in their efforts to combat the epidemic. We estimate that these efforts have helped save just over a million lives to date. As life expectancy increases, so too does the economic productivity of an average Kenyan's life by 15 years.

In directing an estimated USD 19.6 million annually (KSH 2 Bn) in governance-focused assistance, the United States helps Kenyan officials improve how they deliver services and respond to citizen concerns. A recent Afrobarometer survey suggests that as Kenya creates space for a growing diversity of political parties and citizens exercise their voice at the ballot box, households are more optimistic about their government's ability to reliably and equitably deliver critical services. For example, there has been a 15 percent increase in households with access to clean water and a 40 percent increase in access to electricity between the years 2000 and 2017.

U.S. agriculture sector-focused assistance helps increase Kenya's rural productivity by mitigating climate risk, increasing market yields, and boosting market access. Agriculture generated 34 percent of the country's growing GDP in 2018, up from 22 percent in 2008. Meanwhile, incomes per capita have steadily risen since 2008 and income inequality has declined since the 1990s. Since 3/4 of Kenya's population relies either partly or completely on agriculture for their livelihoods, at least some of these gains are likely due to increasing agricultural productivity and associated revenues.



CHAPTER ONE

Introduction

Kenya aspires to become “a globally competitive and prosperous nation with a high quality of life by 2030” (First Medium Term Plan, 2008-2012). To achieve this ambitious vision, the country must modernize its infrastructure, boost manufacturing and exports, and mainstream good governance practices to ensure all citizens benefit from Kenya’s growing prosperity.¹

Strategic partnerships with allies like the United States (U.S.) are an important asset in Kenya’s bid to realize its Vision 2030 plan. For over 50 years,² the U.S. government has invested in Kenya’s people and institutions, working hand-in-hand with public, civil society, and private sector actors. However, U.S. contributions to Kenya’s development go beyond government assistance alone. U.S. companies, universities, charities, non-governmental organizations (NGOs), and individuals have increasingly engaged with their counterparts in Kenya over the last several decades.

Despite this long-standing relationship, Kenyan leaders and the public do not have information readily available to assess the value of their country’s partnership with the United States.³ Although it is difficult to capture the universe of benefits to Kenya from its relationship with the United States, this report provides a conservative estimate of U.S. contributions to Kenya’s growth and prosperity, including those from government and non-

governmental actors. At a minimum, we estimate this total contribution to be approximately USD 3.05 billion annually, on average (see Table 1).

In chapter two, we examine approximately USD 1 billion per year on average in direct contributions from the U.S. government to support Kenya’s Vision 2030 plan. We also capture an additional estimated USD 678 million on average per year that the U.S. government has indirectly mobilized through domestic policies and institutions that benefit Kenya.

In chapter three, we quantify an estimated USD 1.36 billion per year in average contributions from U.S. individuals, organizations, and companies to Kenya’s prosperity. These contributions take various forms, from the actions of individuals (e.g., tourism, remittances, individual donations) to more institutionalized efforts (e.g., grants from U.S.-based philanthropies, activities of U.S.-based NGOs, foreign direct investment).

In chapter four, we analyze the results of AidData’s 2020 survey of Kenyan public, private, and civil society leaders to understand how they assess their country’s partnership with the United States, as well as examine potential downstream economic, social, and governance benefits of U.S. engagement in Kenya. We conclude in chapter five by recapping the major takeaways from this research.

For over 50 years, the U.S. government has invested in Kenya’s people and institutions.



Courtesy of U.S. Embassy Nairobi.

- 1 For the newest phase of policy implementation, President Uhuru Kenyatta has set forward four critical areas of focus: food security, affordable housing, manufacturing, and affordable healthcare for all.
- 2 Kenya and the United States have been allies since the former’s independence in 1963. Formal diplomatic relations between the two countries began in 1964 with the establishment of the U.S. Embassy at Nairobi accompanied by a USD 21 million grant and technical aid.
- 3 Past studies narrowly focus on evaluating individual projects financed by U.S. government agencies, rather than capturing the universe of U.S. contributions.

Table 1. Breakdown of estimated annual U.S. contributions to Kenya’s growth and prosperity, millions USD/KSH

Total U.S. contributions	USD 3,047.1	Ksh 310,015.1
U.S. government contributions	USD 1,682.7	Ksh 171,198.4
Direct U.S. contributions	USD 1,004.5	Ksh 102,194.6
Bilateral assistance	USD 931.0	Ksh 94,721.3
Multilateral assistance	USD 73.5	Ksh 7,473.3
Benefits of U.S. policies	USD 678.2	Ksh 69,003.8
Trade	USD 576.2	Ksh 58,622.6
Investment guarantees	USD 82.4	Ksh 8,387.1
Scholarships	USD 19.6	Ksh 1,994.1
U.S. society contributions	USD 1,364.4	Ksh 138,816.7
Remittances	USD 517.6	Ksh 52,660.2
Foreign direct investment	USD 294.2	Ksh 29,931.7
U.S.-based NGO operations	USD 270.0	Ksh 27,469.8
Tourism	USD 190.7	Ksh 19,406.7
Philanthropic contributions	USD 87.3	Ksh 8,882.0
Microloans	USD 4.2	Ksh 427.3
Individual donations	USD 0.4	Ksh 39.0

Notes: This table shows average annual U.S.-based contributions to Kenya’s growth and prosperity in constant 2019 USD by category. We generated the estimated annual contribution for each type of assistance by taking an average for all years of data available between 2014 and 2018, with some exceptions. The number of years used to construct the average varied depending on the years available in the source data. A conversion factor of 1USD = 101.74 KSH was used.

Source: AidData estimates. See the Technical Annex that accompanies this report for further details.



U.S. contributions to Kenya’s development go beyond government assistance alone.

Courtesy of U.S. Embassy Nairobi.

CHAPTER TWO

How does the U.S. government contribute to Kenya's prosperity?

Kenya is a strategic partner and ally of the United States in promoting peace and security throughout East Africa. In 2020, the two countries celebrated 57 years of diplomatic ties that facilitate strong economic, development, and security cooperation. The U.S. government supports Kenya's growth and prosperity in three important ways: (1) bilateral assistance, (2) multilateral assistance, and (3) creating a favorable policy environment to facilitate trade, immigration, and investment.

Taken together, we estimate that U.S. government-driven assistance contributes approximately USD 1.68 billion annually to the Kenyan economy. This includes USD 1 billion in direct bilateral and multilateral assistance per year on average, as well as USD 678 million in indirect contributions from supportive policies. In the remainder of this chapter, we examine each of these three channels in turn to understand how they generate value for the Kenyan people.

2.1 Direct U.S. government contributions to Kenya

Official development assistance (ODA)—including grants, concessional lending, and technical advice—is an important channel of U.S. government support to Kenya's growth and prosperity. The United States has historically been Kenya's single largest development partner in terms of gross bilateral ODA flows (OECD-DAC, n.d.). In addition, the U.S. government has been a leading supporter of multilateral organizations (e.g., UN agencies, development banks) and multi-donor funds operating in Kenya. In this section, we examine how U.S. bilateral and multilateral assistance work together to help the Kenyan people achieve their goals outlined in Vision 2030.

Finding #1: The U.S. government contributed an estimated USD 931 million on average in bilateral assistance to Kenya annually over the last five years, predominantly in the health sector.

Twenty U.S. government agencies and departments have directly contributed to Kenya's growth and development since 2001.⁴ Among these, the United States Agency for International Development (USAID) spearheads U.S. bilateral efforts in critical areas such as: agriculture and food security, education, health, making devolved governance work for all, peace building, environment, and sustained economic growth (USAID Kenya, n.d.).

Between 2001 and 2018, the U.S. government increased its annual bilateral assistance to Kenya tenfold, from USD 106 million to 986.54 million (see Figure 1).⁵ Over the last five years,⁶ the United States has contributed on average USD 931 million in bilateral assistance per year.

Sixty-two percent of U.S. bilateral assistance to Kenya between 2010 and 2018 was focused in the health sector (see Figure 2). This assistance complements and extends the Kenyan government's efforts to deliver affordable healthcare for all. For example, in 2017, total U.S. government bilateral assistance to the health sector was USD 598.7 million, topping up the roughly USD 367.5 million that Kenya mobilized domestically to meet its healthcare needs (National Treasury, 2017).

The U.S. government targets a large proportion of its health sector assistance towards helping Kenya combat its HIV/AIDS epidemic. In fact, the United States is the single largest funder of HIV/AIDS prevention and treatment programs in the country (see Box 1). In addition, the United States has also ramped up funding since 2008 (see Figure 3) to help Kenya address other priority health concerns, such as: tuberculosis, malaria, family planning and reproductive health, maternal and child health, and emerging pandemic threats.

- 4 The full list of contributing agencies includes: African Development Foundation, U.S. Department of Agriculture, U.S. Department of Commerce, U.S. Department of Defense, U.S. Department of Energy, U.S. Department of Health and Human Services, U.S. Department of Homeland Security, U.S. Department of Justice, U.S. Department of Labor, U.S. Department of State, U.S. Department of the Air Force, U.S. Department of the Interior, U.S. Department of the Treasury, U.S. Department of Transportation, U.S. Environmental Protection Agency, U.S. Federal Trade Commission, Millennium Challenge Corporation, Peace Corps, Trade and Development Agency, and U.S. Agency for International Development.
- 5 U.S. funding to combat HIV/AIDS under the President's Emergency Plan for AIDS Relief (PEPFAR) has been the greatest driver of this increase.
- 6 Based on a five-year average of 2014-2018, in constant 2019 USD.

Figure 1. Annual bilateral assistance from the U.S. government to Kenya, 2001-2018

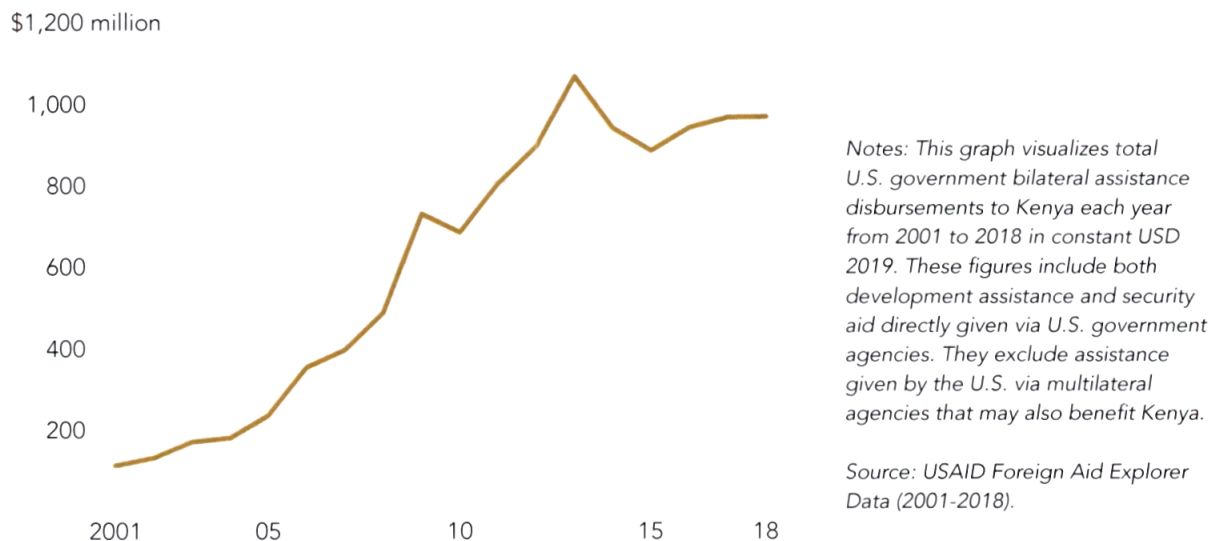


Figure 2. Bilateral assistance from the U.S. government to Kenya by sector, 2010-2018

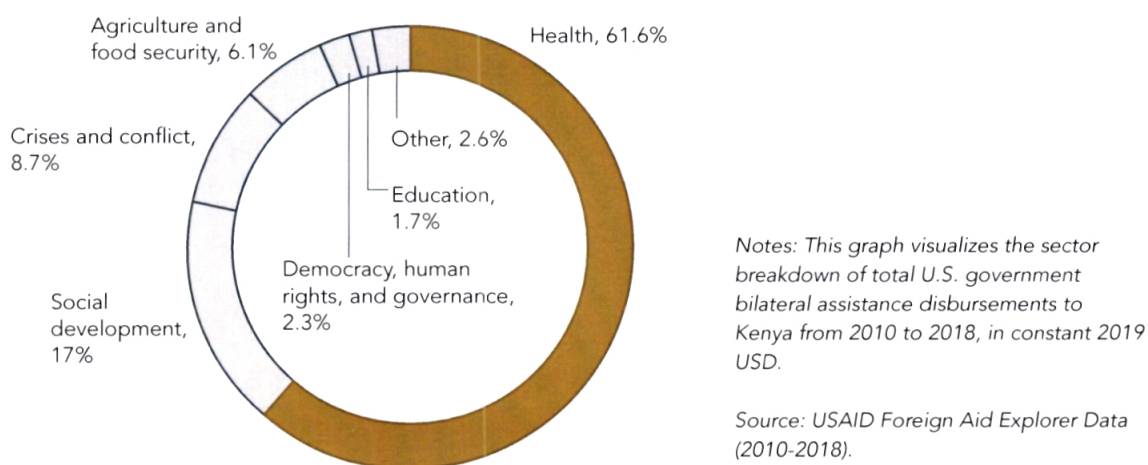
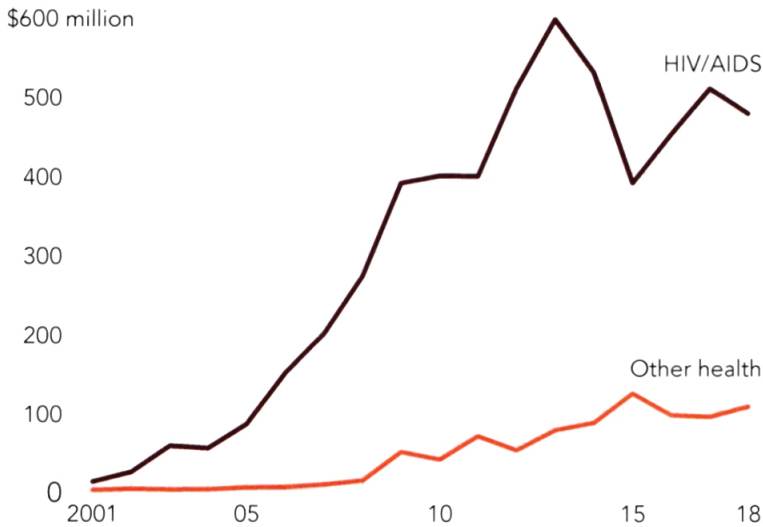


Figure 3. Bilateral assistance from the U.S. government to Kenya's health sector, 2001-2018



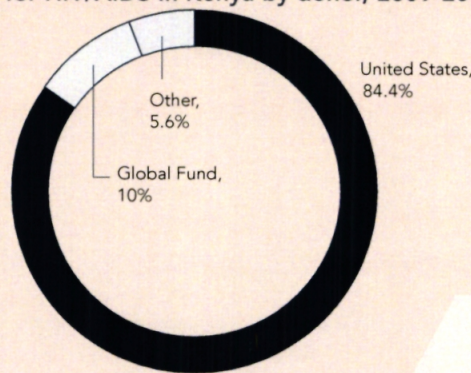
Notes: This graph visualizes the sub-sector breakdown of total U.S. government bilateral assistance disbursements in health to Kenya from 2001 to 2018, in constant 2019 USD.

Source: USAID Foreign Aid Explorer Data (2001-2018).

Box 1. Combating HIV/AIDS in Kenya through comprehensive programs and research

HIV/AIDS funding has been a critical part of U.S. bilateral support to Kenya following the 2003 launch of the President’s Emergency Plan for AIDS Relief (PEPFAR). Today, however, the U.S. response has evolved to include a number of programs, such as the AIDS, Population, and Health Integrated Assistance (APHIAplus) program, which takes a holistic approach to health in combining family planning, maternal/child health, nutrition, and malaria and tuberculosis prevention to build a more comprehensive healthcare program alongside Kenyan health officials. With annual disbursements of over USD 400 million, the United States remains the largest single funder for HIV/AIDS programming in Kenya, well exceeding all other donors combined.

Funding for HIV/AIDS in Kenya by donor, 2009-2018



Notes: The chart visualizes the largest bilateral and multilateral donors to Kenya in terms of HIV/AIDS prevention and treatment spending between 2009-2018 in constant 2019 USD.

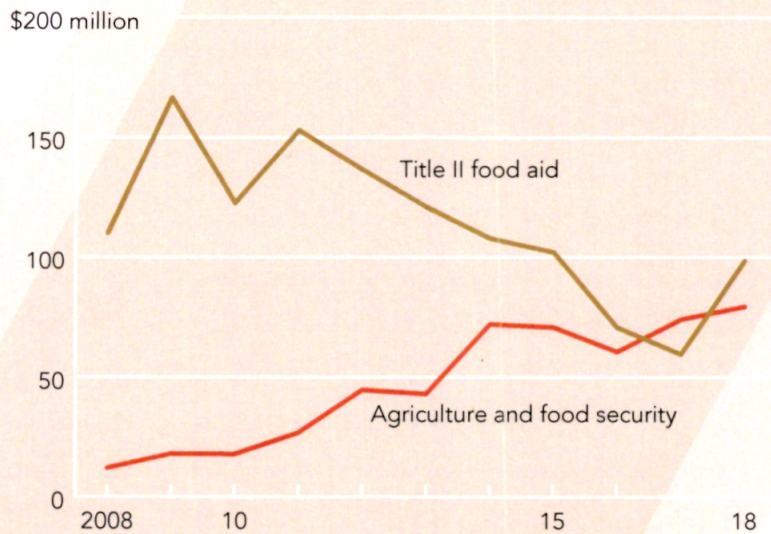
Source: OECD CRS Database (2009-2018).

Apart from funding public health programs in Kenya, the U.S. government’s Department of Defense also supports groundbreaking research on infectious diseases in Kenya. The Kenya Medical Research Institute (KEMRI) has hosted the U.S. Army Medical Research Directorate (USAMRD) headquarters since 1969. Over the nearly five decades of its operation, the research lab based in Nairobi, as well as its field sites in Kisumu, Kisian, Kombewa and Kericho, have been at the forefront of biomedical research contributing to the development of major vaccines and medicines for treatment of diseases such as malaria, trypanosomiasis, leishmaniasis, HIV/AIDS, and arboviruses.

Box 2. From hunger emergencies to food security

Between 2008 and 2018, the U.S. government delivered an estimated USD 1.2 billion (an average of USD 109 million per year) in assistance to combat hunger in Kenya under Title II of the U.S. Food for Peace Act. Initially, this assistance focused on the direct delivery of food produced by the United States to those at risk of hunger or starvation. While much of the United States' food aid to Kenya coincided with the response to the East African Drought of 2011-2012, the United States still channeled an average of USD 70.5 million per year in Title II food aid to Kenya between 2014 and 2018. As the severity of the hunger emergency from the 2011-2012 drought subsided, U.S. assistance has pivoted from providing emergency food aid to longer-term food security focused on helping communities mitigate the risk of future emergencies through efforts to prevent malnutrition and support agricultural production.

Annual disbursements in U.S. title II food aid and U.S. agricultural aid to Kenya, 2008-2018



Notes: This graph visualizes the annual disbursement value of U.S. Title II food aid to Kenya and the annual disbursement value of U.S. agricultural aid Kenya between 2008 and 2018, in constant 2019 USD.

Source: USAID - Food for Peace Funding Overview Fact Sheet (2008-2018) and USAID Foreign Aid Explorer Data (2001-2018).



U.S. assistance has pivoted from providing emergency food aid to longer-term food security.

Courtesy of USAID/Neil Thomas.

In addition to supporting Kenya's longer-term development priorities in line with Vision 2030, the U.S. government marshaled emergency assistance to help the Kenyan people recover from shocks, such as channeling USD 95.6 million in food aid to over 4.4 million Kenyans affected by the 2011-2012 East African Drought (see Box 2). In Box 3, we also take a closer look at the estimated USD 85.8 million in U.S. bilateral assistance focused on investing in Kenya's growing youth population between 2009 and 2018.

Finding #2: The U.S. directed USD 95.6 million on average of its annual bilateral assistance between 2014 and 2018 to help Kenya counter terrorism, secure its border, and responsibly enforce the country's laws.

Between 2010 and 2018, eight U.S. government agencies collectively delivered an estimated USD 705.1 million in economic and military assistance (31 percent and 69 percent, respectively) to support Kenya's security sector reform, peace building, and conflict management efforts.⁷ The majority of this assistance (53 percent) was focused on strengthening the country's ability to counter terrorist threats from Al Shabaab, the Al Qaeda-affiliated Somali insurgent group, and improve border security (see Figure 4). Over the last five years, the United States directed on average USD 95.6 million per year of its bilateral assistance programming to Kenya's overall peace and security.⁸

The Global Train and Equip program, which "provides training, services, and equipment to national security services," has been an important cornerstone of the U.S.-Kenya security partnership since 2011 (DSCA, 2020). Accounting for USD 329.9 million (47 percent) of all U.S. peace and security-focused assistance to the country between 2010 and 2018, the program has enabled Kenya's security services to access equipment (e.g., helicopters, unmanned aerial vehicles), special operations training, and technical assistance to successfully contribute to the African Union Mission in Somalia alongside four other troop-providing countries.

This emphasis on building the capacity of Kenyan civilian law enforcement and military is not limited to the Global Train and Equip program alone. The U.S.

government trained 3,407 Kenyan security sector officials between 2010 and 2018 across 15 different programs, covering topics from counterterrorism and peacekeeping operations to maritime law enforcement and counternarcotics. According to a 2019 report, the dollar value of training programs for Kenyan security sector personnel held in fiscal year 2018 alone was approximately USD 4.9 million.⁹ Table 2 breaks down the estimated number of Kenyans trained across U.S. government-facilitated security assistance programs between 2010 and 2018.

Finding #3: The U.S. government contributed an estimated USD 73.5 million per year on average to Kenya via multilateral partnerships, primarily in the health, governance, and infrastructure sectors.

In recent years, the United States has channeled an increasing amount of its overall official development assistance dollars via multilateral organizations (e.g., UN agencies, regional development banks) and multi-donor funds related to specific sector priorities (Pipa et al., 2018). However, its individual contributions are hidden from view, as multilateral organizations pool funding from the United States with those of other donors.

Beyond its bilateral assistance program, the U.S. government contributed an estimated USD 73.5 million per year¹⁰ on average to Kenya between 2014 and 2018, through its core support to 20 multilateral organizations active in the country (see Figure 5).¹¹ Over the last five years, the majority of U.S. contributions via multilateral organizations and funds working in Kenya were in the health (62 percent) and industry and infrastructure (12 percent) sectors. These figures do not include U.S. government contributions to regional inter-governmental organizations such as the Common Market for East and Southern Africa, East African Community or the Inter-governmental Authority on Development, which are discussed separately in Box 4.

The sector emphasis of U.S. contributions to multilateral organizations and funds varies depending on the focus of each institution. Annual U.S. government contributions via the World Bank (USD 15.74 million)¹² and the African Development Bank

7 This includes contributions from the Department of Defense, Department of Energy, Department of Homeland Security, Department of Justice, Department of State, Department of the Air Force, the Trade and Development Agency, and the U.S. Agency for International Development.

8 Based upon a five-year average from 2014 to 2018 using constant 2019 USD.

9 This Foreign Military Training Report was a global study on U.S. government training programs and contains estimates for the number of individual students and dollar value of those courses by country, including Kenya. https://www.state.gov/wp-content/uploads/2019/12/FMT_Volume-I_FY2018_2019.pdf

10 Based on a five-year average of 2014-2018, in 2019 constant USD.

11 The United States uses a range of financing vehicles to contribute to multilateral organizations, the most important of which are core contributions to support the organizations' operations across all their activities. Using percentages derived from U.S. shares held and core contributions, we estimated the U.S. share of multilateral funding to Kenya disbursed from 20 multilateral organizations in the OECD Creditor Reporting System (CRS) database between 2014 and 2018.

12 With the exception of USD 851,528 in grants disbursed from 2009 to 2012, the World Bank's IDA activities in Kenya have been through concessional loans, averaging USD 579.4 million per year from 2014 to 2018. The IDA calculates a grant element of 22.82 percent of the total loans, for an average of USD 132.2 million per year in disbursed grants. Given a 11.9 percent U.S. share of funding to IDA replenishments from 2010, the estimated U.S. share of the IDA grant elements to Kenya averages USD 15.74 million per year.

Box 3. Youth education, leadership, and livelihoods

With 75 percent of its population under the age of 35 (Baraza, 2020), investing in Kenya's growing youth population is critical to realizing its aspiration to achieve middle-income status by 2030. To this end, the U.S. government mobilized an estimated USD 85.8 million in direct bilateral assistance for programs benefiting Kenyan youth between 2009 and 2018. Youth-focused economic empowerment accounts for the largest share of this assistance (37 percent), followed by programs providing shelter and livelihood skills training, among other types of support, for youth refugees (18 percent), and support to basic and higher education opportunities (14 percent).

U.S. government support to many youth-focused programs emphasizes the importance of public-private partnerships to invest in the next generation of leaders and workers. The Kenya Youth Employment and Skills (K-YES) program creates opportunities for public and private sector leaders to work together to solve the challenges of youth unemployment through customized job training programs that help young people fill critical skill gaps in target industries. The Young African Leaders Initiative (YALI), meanwhile, engages 40 U.S. universities to provide skills and support for Kenyan young people through its Mandela Washington Fellowship Program and the Regional Leadership Center for East Africa based in Nairobi.

Note: The total amount of direct U.S. bilateral assistance to youth-oriented projects was estimated through applying a filter to identify activities that explicitly reference youth or adolescents in the project title. This could be an underestimate of the total value of U.S. assistance dollars that benefit Kenya's youth population. All disbursement numbers are in constant 2019 USD.

Source: Foreign Aid Explorer (2009-2018).

Box 4. U.S. assistance to regional intergovernmental organizations

In addition to the multilateral institutions and funds described in section 2.1, the United States supports several regional intergovernmental organizations of which Kenya is a member state. The three largest of these, in terms of U.S. disbursements between 2001 and 2018, are: the Common Market for East and Southern Africa (COMESA), the East African Community (EAC), and the Intergovernmental Authority on Development (IGAD).

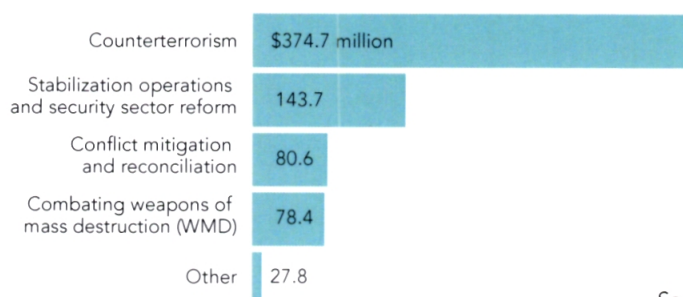
The United States channeled USD 47.5 million in assistance to the region via COMESA between 2001 and 2018, fifty-nine percent of which was focused on agriculture and food security. Between 2010 and 2018, the U.S. government channeled USD 25.3 million in assistance via the EAC. Three-quarters of these assistance dollars were split across the following areas: agriculture and food security (24 percent), economic growth and trade (25 percent), and the environment (27 percent). Meanwhile, the United States devoted over half (52 percent) of its USD 21.3 million in disbursements to IGAD for helping the region address crises and conflict.

We did not include contributions to regional intergovernmental organizations in the overall multilateral assistance numbers, as they were not specific to Kenya; however, these contributions still likely create cascading benefits for Kenya.

Note: All numbers are in constant 2019 USD.

Source: OECD DAC Creditor Reporting System (2001-2018).

Figure 4. U.S. contributions to Kenya's security, peace building, and conflict management, 2010-2018



Source: Foreign Aid Explorer (2010-2018).

Table 2. Kenyan security sector personnel trained by program, 2010-2018

Training program name	Kenyans trained, 2010-2018
Peacekeeping Operations	806
Unified Command Administered Training	676
Regional Centers for Security Studies	451
Foreign Military Sales -- Training Related to Equipment Purchases	304
Section 1206 Train and Equip Authority	284
International Military Education and Training	268
Combating Terrorism Fellowship Program	230
Section 333 Building Partner Capacity	186
U.S. Coast Guard Training Activities	126
Foreign Military Financing -- Bilateral Military Training & Education	40
Counterterrorism Partnerships Fund	17
Section 1004 Counter-Drug Assistance	10
Service Academy Training (U.S. Military, Navy, Air Force)	4
Aviation Leadership Program	3
Exchange Training	2
All security assistance training programs	3,407

Source: *Security Assistance Monitor (2010-2018)*.

(USD 1.42 million),¹³ for example, largely benefit Kenya's infrastructure and industry, energy, and water supply and sanitation sectors, in line with the mandates of these two organizations. The World Bank's International Development Association (IDA)—which provides loans and grants to boost economic growth, reduce inequalities, and improve people's living conditions—has increasingly funded good governance projects, such as improving Kenya's public administration through its National Safety Net Program for Results project.

The United States funded approximately 18 percent (USD 6.44 million) of the United Nations' operations in Kenya annually between 2014 and 2018.¹⁴ This core support funds 12 UN agencies active in the country with a dominant focus in two sectors: (1) agriculture and food security (USD 3.2 million per year) and (2) crises, conflict, and humanitarian response (USD 1.4 million per year). These efforts complement U.S. bilateral assistance to agricultural development and drought response. For example, U.S. assistance to multilaterals such as the Food and Agricultural Organization supports projects that are helping Kenya and other countries in the region sustainably combat

moths, locusts, and other invasive pests that threaten agricultural yields.

The World Food Programme (WFP) is the largest recipient of U.S. support among all UN agencies, which accounts for 38 percent of the agency's overall funding in Kenya. The average annual U.S. support of USD 4.1 million to the WFP is about 2.7 times that of the next highest donor and contributes towards advancing Kenya's development priority of food security.

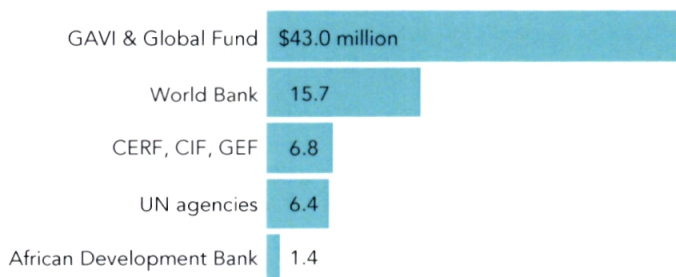
In addition, the United States contributes an estimated USD 49.85 million per year to five other multilateral funds active in Kenya.¹⁵ The Global Fund and the Global Alliance for Vaccines and Immunization (GAVI) capture 96 percent of these contributions (USD 43.02 million per year), in line with the strong emphasis of U.S. bilateral assistance on combating infectious diseases (HIV/AIDS, malaria, and tuberculosis). Through the Central Emergency Response Fund (CERF), the Climate Investment Funds (CIFs), and the Global Environment Facility, the United States contributed an estimated USD 6.83 million annually to environmental disaster response, environmental protection, adaptation to climate change, and renewable energy projects.

¹³ Through the African Development Fund (ADF), AfDB has disbursed an average of USD 1.06 million a year in grants and an average of USD 217.6 million in concessional loans to Kenya. With Kenya receiving "blend" financing terms from the ADF, 43.56 percent of ADF concessional loans can be categorized as grant elements, totaling USD 95.8 million per year. The United States is the second-largest shareholder in the AfDB and the leading non-African stakeholder in the bank, at 6.65 percent of total equity. This makes the United States responsible for USD 6.44 million of AfDB grant funding to Kenya per year (grants and grant elements within concessional loans).

¹⁴ Total UN operations during the 2009-2018 period were worth approximately USD 45.6 million annually.

¹⁵ Based on a five-year average of 2014-2018, in constant 2019 USD.

Figure 5. Estimated yearly U.S. share of multilateral spending in Kenya by agency, 2014-2018



Notes: This graph visualizes the estimated yearly share of multilateral spending in Kenya that can be attributed to the U.S. based on data for the years 2014-2018. Amounts are in constant 2019 USD.

Source: OECD CRS Database, calculations by AidData.

Finally, the United States also contributed a grant element of USD 53.8 million as part of the USD 909.6 million in concessional loans granted to Kenya by the International Monetary Fund (IMF) between 2009 and 2013, for an average of USD 10.8 million per year during that period.¹⁶

2.2 Indirect U.S. government contributions to Kenya

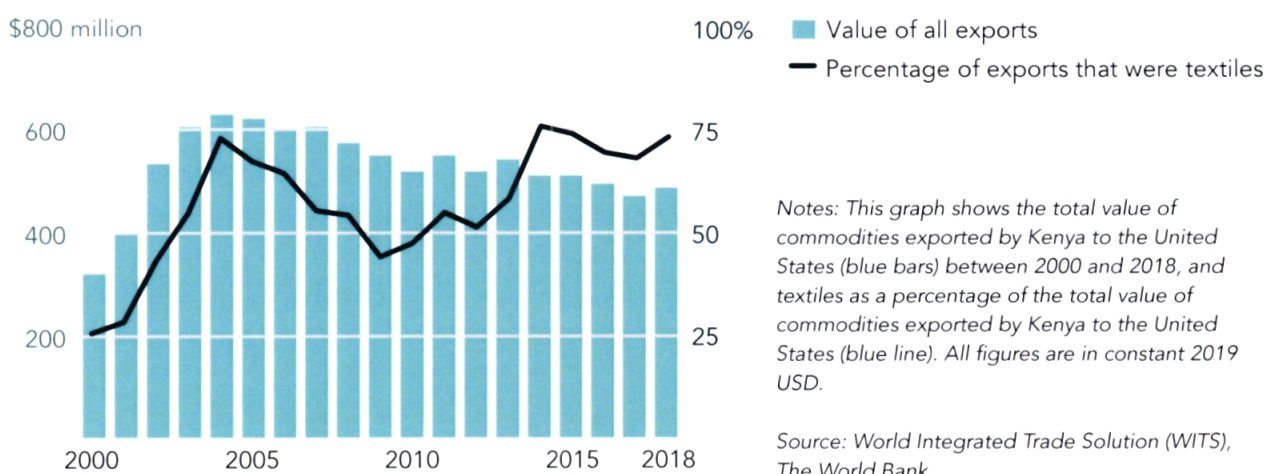
Trade, investment, and a skilled workforce are critical ingredients in Kenya's bid to become a rapidly industrializing middle-income nation by 2030.¹⁷ In each of these respects, the U.S. government is an indispensable partner in creating an enabling

environment for Kenya to modernize its economy. In this section, we examine how favorable U.S. trade, immigration, and investment policies are helping Kenya transform its economy in line with Vision 2030.

Finding #4: The African Growth and Opportunity Act created an enabling environment for Kenya to boost its exports to the United States by 285 percent between 2000 and 2018.

Since the 1980s, Kenya has made strides to liberalize its economy through a series of reforms to its trade and economic policies (Zepeda et. al., 2009). More recently, President Uhuru Kenyatta identified boosting the country's manufacturing and exports as one of four key priorities in Kenya's Vision 2030 plan. The United States is an important trading partner as the destination

Figure 6. Value of all Kenyan exports to the United States and their share of textiles, 2000-2018



Notes: This graph shows the total value of commodities exported by Kenya to the United States (blue bars) between 2000 and 2018, and textiles as a percentage of the total value of commodities exported by Kenya to the United States (blue line). All figures are in constant 2019 USD.

Source: World Integrated Trade Solution (WITS), The World Bank.

16 During this period, the IMF, via its Extended Credit Facility, disbursed one concessional loan to Kenya in each of the following years: 2008, 2011, 2012, and 2013. These loans carry extremely low interest, with a grant element estimated at 31.32 percent of the total value of the loan and provide general budget support to the Kenyan government. This value has not been included in our contribution via multilateral channels estimate due to no recent activity.

17 From Kenya's Vision 2030 goals: <http://vision2030.go.ke>

Box 5. The African Growth and Opportunity Act (AGOA) and the Kenyan textiles industry

The African Growth and Opportunity Act was passed into law by the U.S. Congress on May 18, 2000. This legislation significantly enhances access to the U.S. market for qualifying sub-Saharan African countries that meet a set of conditions contained in the legislation. These conditions require countries to work on improving their rule of law, human rights, and labor standards. The Act was initially passed for a period of eight years but has been since renewed until 2025. A special dispensation clause relating to textiles and apparel was also added to the AGOA Act, which required the United States to import textiles from AGOA-eligible countries before sourcing from other countries. This preferred textile sourcing condition has likely contributed to the increasing Kenyan exports to the United States.

market for 8.7 percent of Kenya's exports in 2017 alone, the vast majority of which are from the textiles industry (WITS, n.d.).

Over the last two decades, Kenya increased its export revenues from the United States by 285 percent (see Figure 6). From 2014 to 2018, Kenya's yearly export revenues from the United States were approximately USD 576 million on average. Notably, Kenya's textiles industry largely drove this growth, comprising more than 60 percent of all commodity exports to the United States in recent years (see Box 5). The U.S. government's passage of favorable trade legislation, such as the 2000 African Growth and Opportunity Act (AGOA), arguably helped open the path for the United States to become the largest overseas market for Kenyan textiles.

AGOA offers trade preferences to eligible African countries, including Kenya, that allow almost all marketable goods to enter the U.S. market duty-free, including textiles, which saw dramatic growth after AGOA came into effect.

The legislation also creates positive incentives for the Kenyan government to make progress in areas aligned with the emphasis on inclusive growth and good governance in Vision 2030—establishing a market-based economy, strengthening the rule of law, combating corruption, and protecting workers' rights—that are also required in order to maintain AGOA eligibility (U.S. Trade Representative).

Finding #5: Kenyan students, scholars, and skilled workers benefit from U.S. educational assistance and favorable immigration policies to advance their careers.

Investing in Kenya's workforce to gain new skills is essential to the country's efforts to modernize its economy toward a smaller and more productive agriculture sector and increased industrialization. In support of this objective, the U.S. government facilitates opportunities for Kenyan students and scholars to advance their training and education at U.S. institutions of higher learning through its visa programs designed for students (F-1 visas) and scholars (J-1 visas). Figure 7 visualizes the overall volume of new Kenyan students and scholars coming to the United States each year from 2010 to 2018.

Besides offering Kenyans the opportunity to acquire marketable skills necessary for high-paying jobs, U.S. institutions also foster the next generation of Kenya's leaders, global thinkers, and innovators. Graduating from Amherst College in Massachusetts in 1985 with a degree in economics and political science, President Uhuru Kenyatta is perhaps the most notable Kenyan today who received a higher education in the United States.

Many Kenyan students and scholars receive financial support over the course of their study through scholarships provided by U.S. universities or U.S. government programs, such as the Fulbright Scholarship or the International Visitors Leadership Program (IVLP). We estimate that Kenyan students and scholars in the United States receive at least USD 19.6

Figure 7. Volume of new Kenyan students and scholars coming to the United States, 2010-2018



Notes: This graph visualizes the volume of new Kenyan students and scholars granted visas to come to the United States between 2010 and 2018.

Source: U.S. Department of State.

Box 6. The Kipeto Wind Power Project and the OrPower 4 Geothermal Power Station

The Kipeto Wind Power Project and the expansion of the Olkaria III Geothermal Power Station are two of the highest-value projects supported by U.S. investment guarantees in Kenya, and both showcase engagement with a breadth of U.S. actors and U.S. channels of funding. Together, these two projects play a key role in supporting Kenya's Vision 2030 goals of increasing electricity access and the development of new and renewable sources of energy (Vision 2030).

The Kipeto Wind Farm, located 70 kilometers southwest of Nairobi, has been the intended site of a large-scale wind farm since the Belgian government installed a turbine there in 1993 (Power Africa, 2019). Large-scale development of the Farm has only been realized more recently, however, thanks to a partnership between General Electric and Kipeto Energy Limited. This partnership between American and Kenyan companies was able to secure an OPIC commitment for USD 232.56 million dollars in 2015 (USD 251.16 million in constant 2019 dollars), roughly 72 percent of the total estimated costs for the project (DFC, 2020). With an additional USD 50 million in risk insurance underwritten by OPIC in 2018 (USD 51 million in constant 2019 dollars), the wind farm installed the first of 60 GE turbines in December 2019 (Kipeto Energy, 2019). While construction is ongoing, the Kipeto Wind Farm will eventually produce 100 megawatts of power, enough to provide energy for 40,000 homes in the region (General Electric, 2018).

The expansion of the Olkaria III geothermal power station, located 90 kilometers northwest of Nairobi, similarly demonstrates the multiple channels of U.S. support to Kenya's energy sector. In 2011, OPIC provided a guarantee of USD 215.1 million to Ormat Technologies (USD 245.3 million in constant 2019 dollars) to support the expansion, in parallel with the World Bank's MIGA guarantee of USD 134 million (USD 152.8 million in constant 2019 dollars). With support from these two additional investment guarantees, the Olkaria III power station increased its generation capacity from 48 megawatts to 84 megawatts, nearly doubling its productive output (World Bank, 2020).

million in support each year. This estimate is based on the average of 400 Kenyan students that were actively pursuing a PhD program at U.S. institutions in any given year between 2014 and 2019.¹⁸

Kenyan students pursuing doctorate degrees in the United States are generally fully funded by their host institutions, including tuition fees, health insurance, and monthly stipends.¹⁹ This is likely an underestimate of total U.S. educational assistance to Kenyan students and scholars, as some Kenyans pursuing other levels of education (e.g., bachelors, masters, certificate programs) may also receive financial assistance from their host institution.

While most students and scholars return to Kenya following completion of their educational programs, some choose to join the U.S. workforce in specialty occupations through the H-1B visa program. This program allows highly skilled workers from foreign countries to become a part of the U.S. workforce and acquire other valuable skills and experience. From 2014 to 2018, the U.S. government granted 130 H-1B visas for Kenyans annually. With the average visa tenure of 6 years and an approximate annual salary of USD 80,600 for H-1B visa recipients, we make a conservative estimate that Kenyan citizens earned about USD 62.86 million while employed in the United States.²⁰

Between 2009 and 2018, the United States granted Legal Permanent Resident (LPR) status, popularly known as the Green Card, to 70,136 Kenyans. The holders of this legal status are eligible for a wide range of highly sought-after employment opportunities not available to other immigrants. According to the U.S. Department of Homeland Security's statistics, Kenya is among the top five African countries in terms of Green Card holders. Most Kenyan LPRs as well as H-1B workers maintain strong ties with Kenya and continue to support their families, friends, and communities through investments in Kenyan businesses and real estate, as well as remittances.

Finding #6: U.S. government-backed insurance guarantees have helped Kenya attract an estimated USD 742 million in private sector investments since 2010.

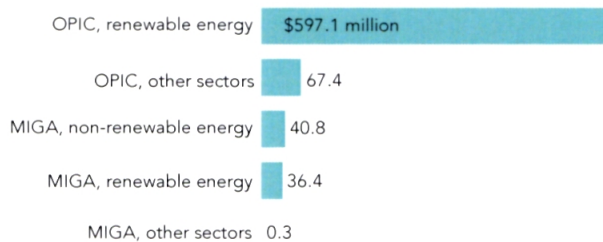
Kenya's Vision 2030 acknowledges the importance of attracting Foreign Direct Investment (FDI) to support the country's critical infrastructure needs. U.S. government-backed insurance guarantees play an important role in increasing the confidence of prospective foreign investors through reducing political and economic barriers to invest in Kenya's economy.

18 The U.S. Department of Homeland Security's Immigration and Customs Enforcement (ICE) branch maintains a record of all active international students studying at U.S. institutions in their Student Exchange Visa Information System (SEVIS).

19 The typical tuition fee and health insurance cost of a graduate student in the United States is USD 25,000 per year and the typical monthly stipend received by doctoral candidates is USD 2000.

20 This estimate excludes those individuals who are transitioning from an H-1B visa to Legal Permanent Residency, and therefore are not classified under either category.

Figure 8. U.S. investment guarantees in Kenya's energy and other sectors, 2010-2018



Source: DFC (formerly OPIC) and MIGA, the World Bank.

The U.S. International Development Finance Corporation (DFC), formerly known as the Overseas Private Investment Corporation (OPIC), is an independent government agency that assists American corporations looking to do business and invest in developing countries.²¹ Between 2010 and 2018, the U.S. government through OPIC provided bilateral financing and risk insurance for 16 projects in Kenya, totaling USD 664 million (approximately USD 74 million annually). The majority of these funds spurred investment in infrastructure projects to build Kenya's capacity in renewable energy (see Figure 8), including the Kipeto Wind Power Project and the OrPower 4 Geothermal Power Station expansion (see Box 6). Other projects supported economic growth through improving access to banking, school and housing construction, and agricultural value chains.

Similarly, the United States has also supported the operations of the World Bank's Multilateral Investment Guarantee Agency (MIGA) to provide guarantees for corporations looking to invest in Kenya from other advanced and emerging economies. Through its core support to the World Bank's International Development Association, the United States has underwritten roughly 12 percent of MIGA guarantees since 2010, for an estimated USD 77 Million of the total USD 840.3 million guaranteed for investment projects over that period (roughly USD 8.6 million per year). These also primarily funded renewable and non-renewable energy projects, but some supported banking, financial services, and agricultural enterprises.

Through its OPIC and MIGA guarantees, the US government has created an enabling environment for Kenya to attract USD 742 million in private sector investments since 2010.

In this chapter, we examined three ways in which the U.S. government contributes to Kenya's growth and prosperity. However, the United States-Kenya partnership is about more than government intervention alone. In fact, U.S.-based private philanthropies, companies, non-governmental organizations, and individuals have developed close ties with their Kenyan counterparts over the last two decades. In the next chapter, we explore how these relationships benefit Kenya's economy and its people.



Over the last two decades, Kenya increased its export revenues from the United States by 285 percent.

Courtesy of U.S. Embassy Nairobi.

²¹ Originally created in 1971 by Richard Nixon, OPIC was merged with the Development Credit Authority of USAID in December 2019 to form the U.S. International Development Finance Corporation (DFC).

CHAPTER THREE

How do U.S. companies, organizations, and individuals contribute to Kenya's prosperity?

There are many different faces to U.S. engagement in Kenya. In the previous chapter, we highlighted U.S. government assistance. In this chapter, we examine U.S. contributions from a whole-of-society perspective—from companies mobilizing private sector capital and private foundations funding program implementers, to non-governmental organizations supporting grassroots community development and individuals generating revenues that improve people's livelihoods.

Taken together, we estimate that assistance from U.S. companies, organizations, and individuals contributes roughly USD 1.36 billion annually to the Kenyan economy. These annual contributions include approximately: USD 87.3 million from private foundations, USD 4.6 million in microloans and individual donations, USD 270 million in NGO operations, USD 294.2 million in foreign direct investment, USD 190.7 million in tourism related flows, and USD 517.6 million in remittances from overseas Kenyans working in the United States. In the remainder of this chapter, we examine each of these six channels in turn to understand how these generate value for the Kenyan people.

3.1 U.S. private philanthropy and people-to-people assistance to Kenya

U.S. private foundations and individuals are increasingly important partners in Kenya's efforts to spur development and entrepreneurship. Philanthropic institutions mobilize private sector dollars to directly finance grassroots development projects, as well as provide core support to international organizations and domestic civil society operating in Kenya. Meanwhile, the growth of information and communication technologies has dramatically increased connections

and cooperation between the American people and their counterparts in Kenya. In this section, we examine how U.S. private philanthropic institutions and people-to-people assistance are helping Kenya achieve its growth and development goals in line with Vision 2030.

Finding #7: The seven largest U.S. private foundations funded development activities worth approximately USD 87.3 million annually, emphasizing health, food security, and good governance.

U.S. philanthropies include seven of the world's largest private donors: the Arcus Foundation, the Bill & Melinda Gates Foundation, the Conrad N. Hilton Foundation, the David & Lucile Packard Foundation, the Ford Foundation, the John D. & Catherine T. MacArthur Foundation, and the William & Flora Hewlett Foundation. Collectively, these seven U.S.-based philanthropic foundations gave an average of approximately USD 87.3 million²² per year from 2014 to 2018 to fund development activities in Kenya.²³ This includes USD 76.2 million in direct support to domestic and international organizations working in Kenya, as well as an estimated USD 11.1 million provided by the Bill & Melinda Gates Foundation via its core funding to GAVI, the Global Fund, and the World Health Organization (WHO).

In 2018, 57 percent of the total funding from these seven US philanthropies was directed towards promoting the health and wellbeing of Kenyan citizens, improving agricultural practices, and strengthening overall food security. Meanwhile, 11 percent of the funding went to projects supporting Kenya's efforts to improve its governance practices and human rights.

²² To estimate U.S.-based philanthropic contributions to Kenya, we used data from the OECD Credit Reporting System (CRS) database on Private Philanthropy for Development (PPFD). These data capture self-reported contributions to Kenya from U.S.-based philanthropic foundations. While there are likely other significant U.S.-based philanthropies in Kenya, reported donations from the CRS by the seven foundations mentioned above give us a conservative estimate of the scale of U.S. philanthropic contributions to Kenya. PPFD data goes back to 2009. However, it only includes coverage of the top seven U.S.-based foundations for 2017 and 2018 since many philanthropies only started reporting to the CRS in 2017.

²³ Based on a five-year average of 2014-2018, in constant 2019 USD.

Finding #8: Individual Americans mobilized an estimated USD 4.6 million annually in private donations and low- or no-interest loans for development projects in Kenya using three crowd-funding platforms.

Over the past decade, there has been unprecedented growth in online crowd-funding platforms that facilitate people-to-people assistance in two forms—donations and microloans.

GlobalGiving—a crowd-funding platform that vets and facilitates donations for local community organizations—reports that 77 percent of the over USD 5.6 million raised for Kenyan projects and individuals between 2004 and 2019 came from American donors. In the past five years, this averaged to USD 383,000 per year in total donations from Americans to Kenyans via GlobalGiving.²⁴ These donations funded hundreds of projects across a variety of sectors including education, economic growth and trade, and health (see Figure 9).

Microlending platforms such as Kiva and Zidisha, which connect individual lenders with borrowers in need of capital, have experienced a surge in new users in recent years. Borrowers typically reside in rural areas with limited financial infrastructure or are individuals that are unable to access traditional loans due to high barriers to entry. These microlending platforms play a vital brokering role in helping many Kenyan small businesses and individual entrepreneurs get access to capital through low-interest loans.

Kiva is one of the largest microlending platforms, with over 3.6 million borrowers in 76 countries, including Kenya. On Kiva, individual lenders that are identified as being U.S.-based accounted for nearly USD 3.6 million in microloans to Kenya per year from 2014 to 2018. This figure, however, is an underestimation of total contributions from American users, given that nearly half of Kiva users do not specify their home country when setting up their accounts. The vast majority of Kiva loans to Kenya went to support agricultural enterprises and local agricultural cooperatives such as Ann’s group, a cooperative of nine smallholder farmers.

Zidisha is an example of a smaller, more targeted microlending platform that operates in just five countries: Kenya, Ghana, Indonesia, Nigeria, and Zambia. American users have lent an average of USD 611,000 per year²⁵ in interest-free loans to Kenyan entrepreneurs via the Zidisha platform.

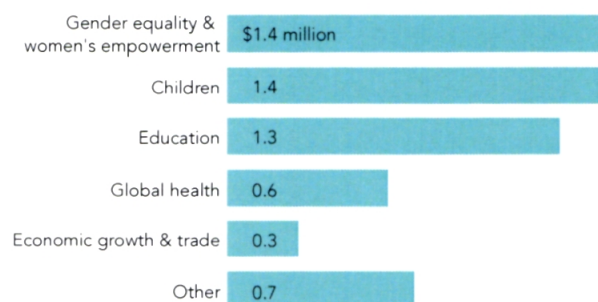
Between these two platforms, Kiva and Zidisha, American users directly lent an average of USD 4.2 million per year to Kenyans,²⁶ providing low- or no-interest loans to help start and expand small businesses across the country.

24 Based on a five-year average of 2014-2018, in constant 2019 USD.

25 Based on a five-year average of 2014-2018, in constant 2019 USD. (Personal communication, January 27, 2020).

26 Based on a five-year average of 2014-2018, in constant 2019 USD.

Figure 9. Total donations to Kenya from U.S.-based individual donors by project category on GlobalGiving, 2004-2019



Notes: “Children” is a cross-cutting sector defined by GlobalGiving. Projects in the “children” category overlap with the gender equality and women’s empowerment, education, and health sectors. The high level of contributions toward projects classified under this sector illustrates the people-to-people motivations of individual philanthropy. Amounts are in constant 2019 USD.

Source: GlobalGiving.

3.2 U.S.-based non-governmental organizations active in Kenya

The United States is home to approximately 1.5 million non-governmental organizations (NGOs), many of which are actively engaged in supporting overseas development activities. U.S.-based NGOs add value for the Kenyan people in a variety of ways—from direct service delivery and education to advocacy and research. In this section, we examine how U.S. non-governmental organizations active in Kenya are improving livelihoods in line with Kenya’s Vision 2030.

Finding #9: Over 1,000 U.S.-based non-governmental organizations active in Kenya contributed approximately USD 270 million per year to the economy, excluding bilateral aid flows.

Beyond direct giving and microfinance, over 1,000 U.S.-based non-governmental organizations (as of 2017) were actively implementing community-based development projects in Kenya. These non-profit organizations range in scale from small community-based organizations with budgets in the thousands of dollars to organizations with multinational operations and budgets in the hundreds of millions, such as the International Rescue Committee (IRC).

Using tax-filing information for the 2017 tax year from a database of registered U.S. nonprofits, we estimate that over 1,000 U.S.-based NGOs contributed nearly USD 270 million in 2017 to the Kenyan economy through their activities. This amount excludes USD 42 million of U.S. government grants given to these NGOs to implement development projects, as these are already counted in the bilateral aid flows.²⁷

3.3 Foreign direct investments that promote prosperity in Kenya

U.S. companies increasingly see Kenya as a destination for investment: they are building new facilities, expanding existing operations, and creating manufacturing jobs in line with Kenya’s goals of modernizing its economy that is predominantly occupied by domestic workers.

Finding #10: American companies have contributed approximately USD 294.2 million annually in foreign direct investment (FDI), creating roughly 1,009 new local jobs each year since 2015 to grow the Kenyan economy.

Since 2010, 85 American companies have invested an estimated total of USD 2.93 billion in Kenya through greenfield investments and acquiring physical assets (as opposed to mergers and acquisitions or leasing of existing facilities). Foreign direct investment varies from year to year, but U.S.-based companies have generated about USD 294.2 million annually in investment capital and 1,009 new jobs per year on average from 2015 onwards to benefit the Kenyan economy (Financial Times, n.d.). The United States leads all countries in creating jobs that are occupied by Kenyans. Table 3 shows the top ten U.S.-based companies in terms of foreign direct investment dollars between 2010 and 2019.

Table 3. Top 10 U.S. companies investing in Kenya, 2010-2019

Rank	Company	Sector	Total FDI (in millions USD)	Estimated jobs created
1	Cummins	Renewable energy	USD 460	251
2	Dupre Investments	Transportation and warehousing	USD 398	216
3	General Electric (GE)	Renewable energy, medical devices, transportation and warehousing	USD 359	80
4	Coca-Cola	Food and beverages	USD 243	2,616
5	IBM	Software and IT services	USD 127	359
6	Ormat Technologies	Renewable energy	USD 104	60
7	Alternet Systems	Non-automotive transport OEM	USD 73	1,361
8	Mars	Food and beverages	USD 65	847
9	MasterCard	Financial services, software and IT services	USD 62	91
10	Microsoft	Software and IT services	USD 55	83

Notes: This table breaks down foreign direct investment dollars and local jobs created by the 10 largest U.S. companies active in Kenya based upon the size of their investments. FDI dollars are in millions of constant 2019 USD.

Source: Financial Times fDi Markets database.

²⁷ To estimate the number of U.S. non-profit organizations active in Kenya and the scale of their activities, we used Candid’s GuideStar database of organizations registered under 501(c)(3) status in the United States. This tax-exempt status is accorded to a wide variety of charitable, faith-based, and other non-profit institutions. Using the most recent publicly available tax filings for a random sample of non-profits from the GuideStar database, we derived an estimate of the average expenditures of all U.S.-based non-profits operating in Kenya. These expenditures include direct financial flows, material goods, and salaries to all employees in Kenya.

Figure 10. Total FDI from the United States to Kenya and jobs created by sector, 2010-2019



Notes: These two graphs visualize by sector the total foreign direct investment dollars and total jobs created for the local economy by U.S. companies investing in Kenya. Dollar amounts are in constant 2019 USD.

Source: Financial Times fDi Markets database

Renewable energy, transportation and warehousing operations, and food and beverage industries attracted the largest volume of U.S. investment capital, for a total of USD 1.8 billion invested since 2010 (see Figure 10). Job creation is led by manufacturing operations in the food and beverage and transportation industries, followed by software and information technology services. With recurring investments from leading American tech companies, such as Oracle and Microsoft, and more recent investments from Amazon and Facebook, American companies are making investments in future technologies as well as more traditional manufacturing operations.

3.4 U.S. tourism and remittance dollars benefiting the Kenyan economy

Tourism is a booming business in Kenya, and the United States remains one of the top source markets for international visitors, which generate valuable revenues to fuel Kenya's economy. The United States, meanwhile, has been an attractive destination to live and work for overseas Kenyans who maintain close ties with their home country, such as sending remittances back to their families and communities. As Kenya's Central Bank (2017) notes, "these remittance flows are now being recognized as an important contributor to the country's growth and development," as they can improve livelihoods and facilitate new investment. In this section, we examine how revenues from U.S. tourists and remittances from Kenyans living in the United States contribute to Kenya's growth and prosperity in line with Vision 2030.

Finding #11: Visiting U.S. tourists generate an estimated USD 190.7 million in annual revenues for the Kenyan economy through tourism receipts and visa-related fees.

Between 2013-2017, 15.4 percent of Kenya's total annual exports on average have been in the form of international tourism (WDI). U.S. tourists comprise about 10 percent of the 1.1 million tourists that visit Kenya from around the world every year, which translates into an annual U.S. contribution of roughly USD 190.7 million into the Kenyan economy (see Figure 11).

As the third largest tourism economy in sub-Saharan Africa, 9.3 percent of Kenya's employment is in the tourism sector (World Travel and Tourism Council, 2019). Hotels, wildlife safaris, handicrafts, and other industries offer livelihood opportunities to Kenya's low- and middle-income households to help secure a better future for their families.

Beyond direct expenditures in the Kenyan economy, U.S. tourists also account for visa and administrative revenues for the Kenyan government of roughly USD 5 million every year, through the levy of visa and administrative fees on American visitors.

Finding #12: Overseas Kenyans living and working in the United States sent home USD 517.6 million annually on average to their families and communities.

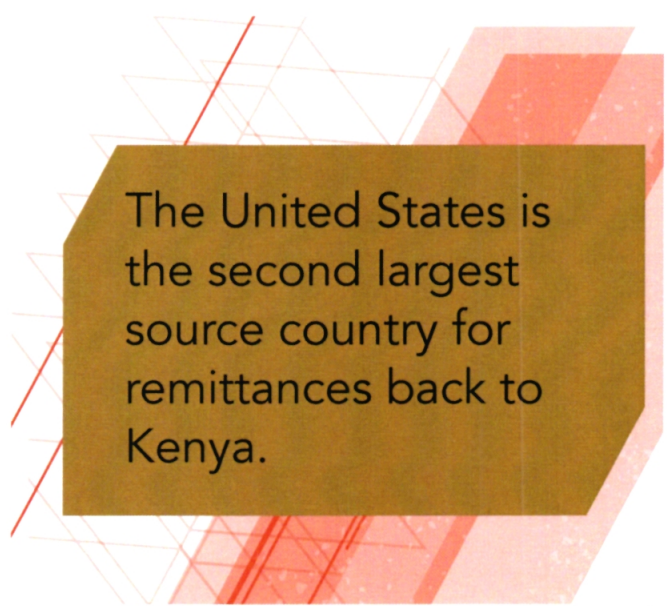
In Chapter 2, we discussed the volume of Kenyan students, scholars, and workers that reside in the United States, either temporarily or permanently. Many of these Kenyans living overseas continue to maintain strong ties to their families and communities back in Kenya, such as through sending remittances: a transfer of money usually by a foreign worker to an individual in their home country. These remittances are an important

form of financial support to family members to weather shocks or supplement their earnings, but they can also provide capital to spur individual entrepreneurial activity or invest in Kenyan businesses or real estate.

The United States is the second largest source country for remittances back to Kenya. Kenyan individuals, families, and enterprises received an average of USD 517.6 million annually from senders in the United States between 2013 and 2017 (see Figure 12). These transfers from the United States to Kenya have risen steadily over the past decade, despite the fallout from the great recession of 2008. In recent years, the amount of yearly remittances received by Kenya has exceeded the total remittances received by all other Eastern African countries combined (KNOMAD, 2019).

In this chapter, we examined several ways in which the United States is supporting Kenya's growth and prosperity outside of traditional government-to-government cooperation. In the next chapter, we examine ways in which this cooperation may contribute to downstream economic, social, and governance

benefits for Kenya, as well as how Kenya's partnership with the United States is perceived by Kenyan leaders.



The United States is the second largest source country for remittances back to Kenya.

Figure 11. U.S. tourists and associated revenues for Kenya, 2009-2017

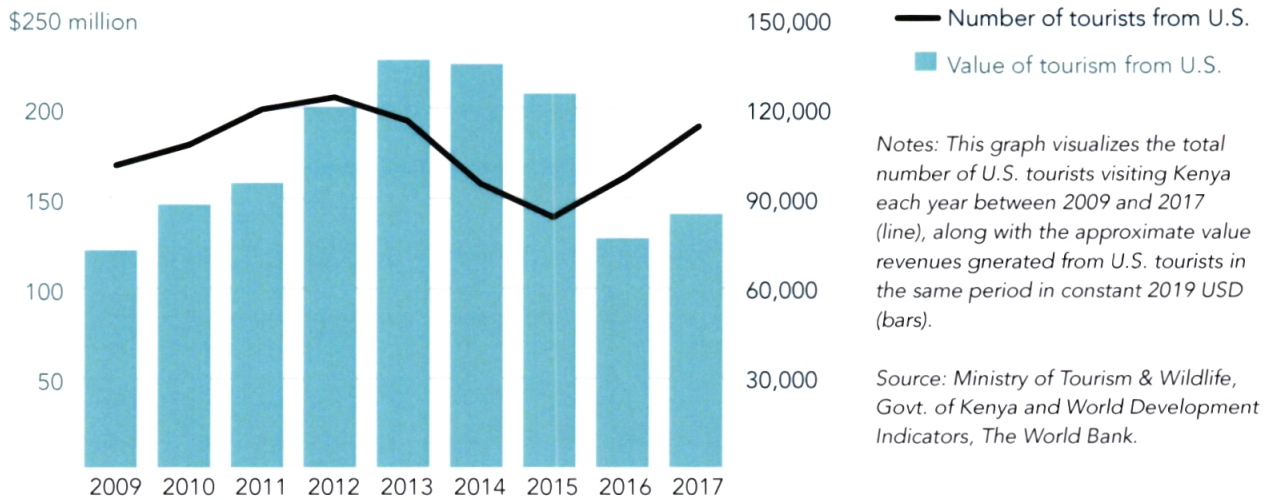
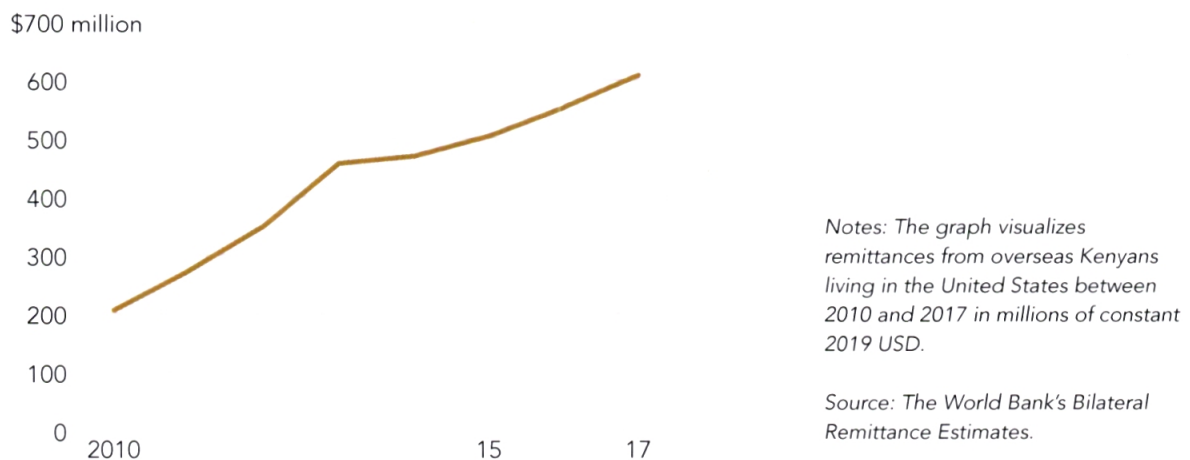


Figure 12. Remittances from the United States to Kenya, 2010-2017



CHAPTER FOUR

What are the real and perceived benefits to Kenya from the U.S.-Kenya partnership?

Thus far, we have examined U.S. contributions to Kenya's growth and prosperity in a fairly bounded way—dollars mobilized annually on average via a number of public, private, and individual sources. However, the United States-Kenya partnership is about more than financing alone. At the end of the day, both countries have a shared interest in seeing Kenya make real progress against its economic, social, and governance goals in line with its Vision 2030 plan.

In this chapter, we review Kenya's progress in three prominent areas of U.S. engagement—health, democracy and governance, and agricultural productivity—to trace how partnering with the United States may contribute practically to improvements Kenyan people see in their daily lives. We also surveyed Kenyan leaders working across 14 sectors and 5 stakeholder groups to gauge how they perceived the United States' contributions to helping Kenya achieve its goals. Our 2020 Kenya Snap Poll asked public, private, and civil society leaders to share their views on the level of U.S. activity they see in their sector, the significance of U.S. contributions to Kenya's development progress, and their preferred development model for their country.

4.1 How does the U.S.-Kenya partnership benefit the Kenyan people in their daily lives?

To answer this question, we examine three discrete examples from sectors where the United States has concentrated a disproportionate share of its financial and technical assistance to Kenya over the last two decades:

- First, we look at Kenya's performance over time on HIV/AIDS prevention and treatment as part of its social and health objectives. Kenya's health sector overall, and its efforts to combat HIV/AIDS in particular, has historically attracted the largest volume of U.S. whole-of-society assistance (from

government and non-governmental sources).

- Second, we explore Kenya's performance on improving its democratic practices as part of its political and governance objectives. The United States has mobilized substantial financial and technical resources over the years to support competitive elections and diverse political representation to create positive incentives for public services to be delivered reliably and equitably for all of Kenya's people.
- Third, we review Kenya's performance in the agriculture sector, where a range of U.S. actors, including the government, are actively engaging and contributing through technical assistance, microloans, and grants.

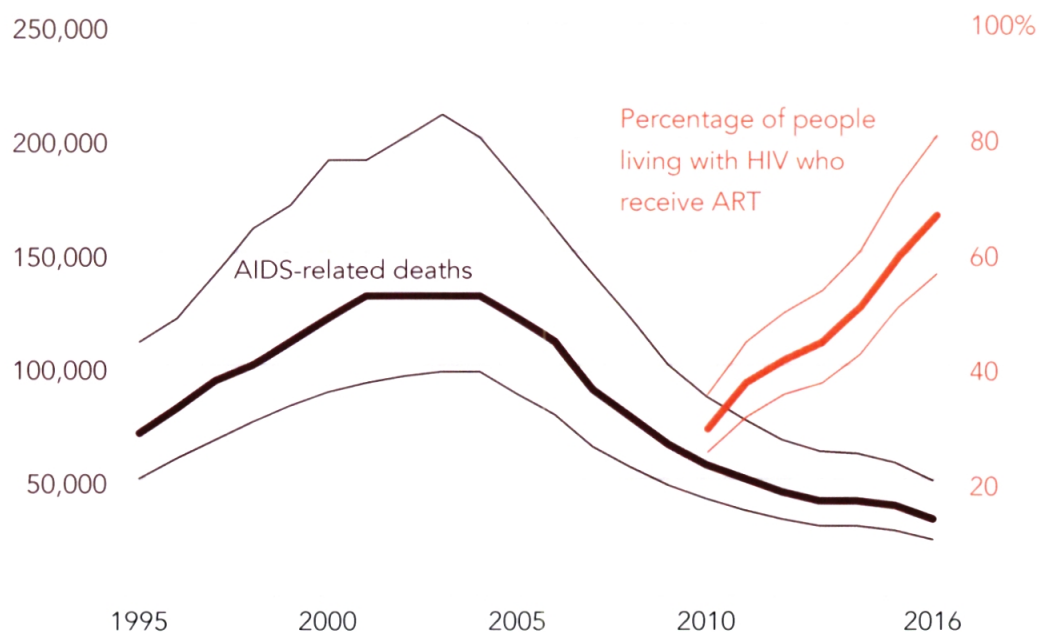
Finding #13: U.S. health sector-focused assistance not only helps save lives, but also contributes to Kenya's economic productivity, as people stay in the workforce longer.

A healthy, productive workforce is critical to achieving Kenya's long-term vision of creating a globally competitive and prosperous nation by 2030. In this respect, the HIV/AIDS epidemic represents "one of the greatest threats to socio-economic development" (National Aids Control Council, 2020). As a case in point, Kenya saw a massive increase in new HIV infections in the late 1990s, becoming one of several African countries with high HIV prevalence.

Following a peak in AIDS-related deaths in 2004, Kenya has made steady improvements in curbing fatalities from the disease (see Figure 13), as well as reducing the number of new HIV infections by 55 percent since 2010 (UNAIDS, 2020). Kenya's increasing ability to deliver prevention and treatment programs at scale—such as dramatically expanding coverage of antiretroviral therapy (ART) for its affected populations (see Figure 13), as well as improving access to affordable healthcare for all—are important factors in this success story.

We estimate that efforts to combat HIV/AIDS in Kenya have been able to save just over a million lives to

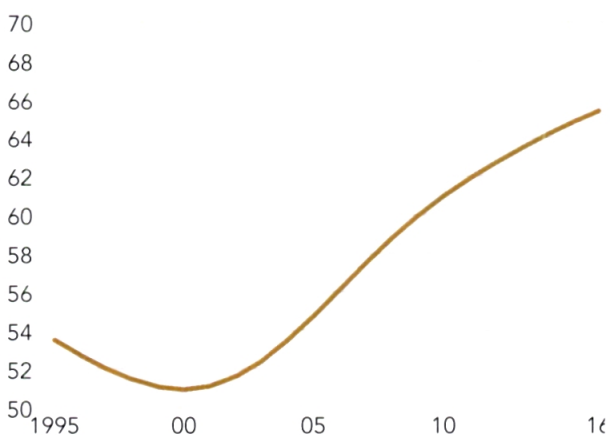
Figure 13. AIDS-related deaths in Kenya (1995-2016) and the percentage of people living with HIV who are receiving ART (2010-2016)



Notes: The purple line depicts the estimated number of AIDS-related deaths in Kenya between 1995 and 2016, and its associated confidence intervals. The red line depicts the estimated percentage of people living with HIV who are receiving ART in Kenya between 2010 and 2016, and its associated confidence intervals.

Source: UNAIDS 2019 Estimates.

Figure 14. Kenya's life expectancy at birth, 1995-2017



Notes: This graph depicts the average life expectancy of Kenyans at birth from 1995 to 2017.

Source: World Development Indicators, The World Bank.

date.²⁸ Moreover, as Kenya's average life expectancy has steadily increased over the past two decades—from 51 years in 2000 to 66 years in 2018 (see Figure 14)—this has corresponded to an increase of 15 years of economic productivity in each Kenyan's life on average.

Kenya's partnership with the United States has been vital in mobilizing the necessary resources and expertise to support front-line health workers in their efforts to combat the HIV/AIDS epidemic. Since 2000, the U.S. government has increasingly directed substantial technical assistance and funding towards Kenya's health sector (see Figure 3). A large portion of this contribution has gone toward combating HIV/AIDS in Kenya and making ART accessible. In fact, the U.S. government has been the largest contributor amongst all international donors to Kenya's HIV/AIDS treatment and management efforts.

It is important to state that this assessment is not an evaluation of the effectiveness of particular development interventions, which is beyond the scope of this research, and that any number of factors may have contributed to Kenya's declining HIV/AIDS-related deaths. That said, the fact that Kenya has experienced an increase in ART coverage that

²⁸ This is a rough estimate that calculates the sum of differences between the peak death rate of 2004 and actual deaths in all subsequent years as total lives saved. The methodology assumes that the observed number of deaths in 2004 is a function of all efforts directed towards combating HIV/AIDS in prior years, and that the volume of these efforts remains constant beyond 2004.

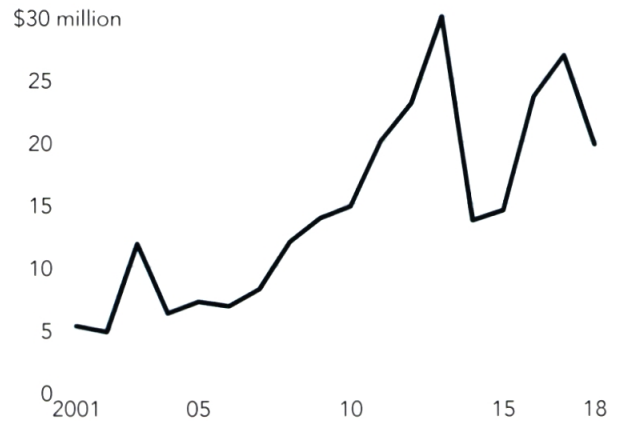
coincides with an increase in U.S. assistance in this area and a corresponding decline in fatalities suggests that the partnership with the United States is potentially generating value for the Kenyan people through improved quality of life and increased economic productivity.

Finding #14: U.S. governance sector-focused assistance helps Kenya create the right incentives for its elected officials to improve how they deliver services and respond to citizen concerns.

Kenya’s Vision 2030 calls for the country to “move to the future as one nation” and overcome a legacy of political division and preferential access to services along ethnic or religious lines (Masakhalia, 2011; Wanjobi, 2014). Under President Uhuru Kenyatta, Kenya has committed to ensuring greater representation of diverse voices (e.g., political ideologies, ethnic groups) in decision-making, strengthening civil society, improving transparency, and facilitating constructive political dialogue, among other initiatives.

The United States and Kenya share a common interest in promoting good governance and strengthening democratic institutions that are inclusive of all Kenyans. Over the past two decades, the U.S. government has conducted 37 technical assistance programs and channeled over USD 257 million into activities to support and improve Kenya’s governance practices (see Figure 15). Between 2014 and 2018, the United States directed approximately USD 19.6 million annually to activities related to democracy, human rights, and governance.

Figure 15. U.S. government-directed democracy, governance, and human rights assistance to Kenya, 2001-2018

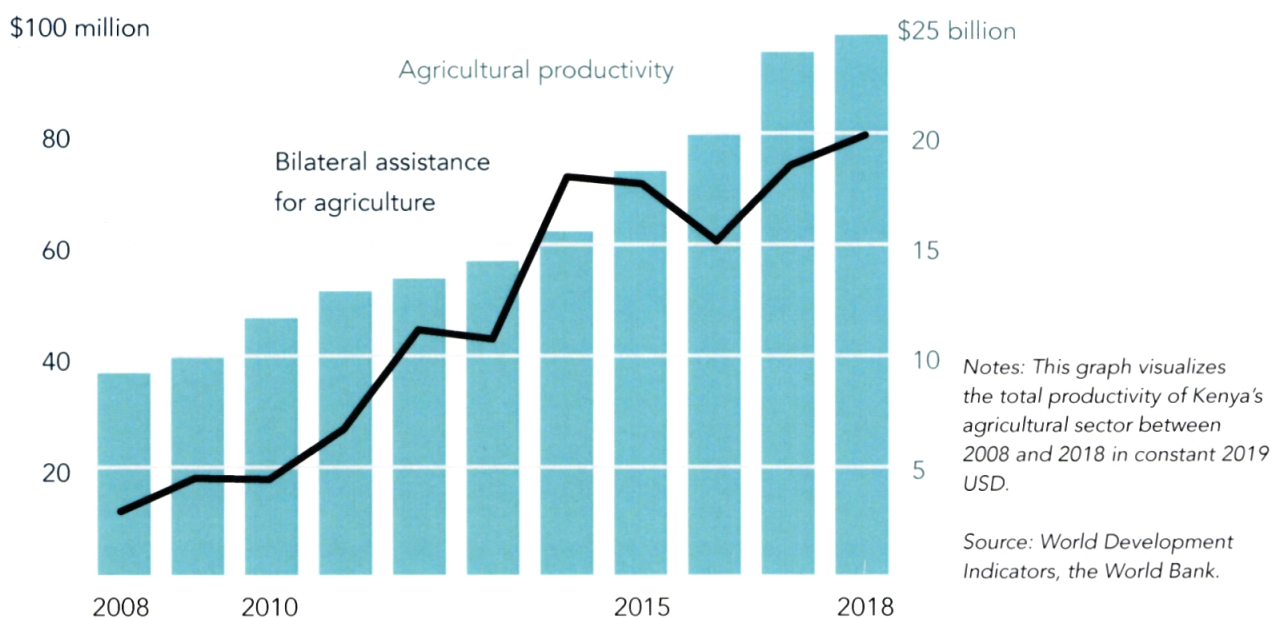


Notes: This graph depicts U.S. official development assistance disbursements to Kenya that are earmarked for democracy, governance, and human rights between 2001 and 2018 in constant 2019 USD.

Source: USAID Foreign Aid Explorer Data

Governance interventions, by nature, take many years to bear fruit, but Kenya has already made important strides forward. The country has created space for a growing diversity of political voices. Historically a one-party state (1982-1991), Kenyans formed 17 new

Figure 16. U.S. agricultural aid and productivity of Kenya’s agricultural sector, 2008-2018



Notes: This graph visualizes the total productivity of Kenya’s agricultural sector between 2008 and 2018 in constant 2019 USD.

Source: World Development Indicators, the World Bank.

Table 4: Kenya's GINI coefficient as a measure of income inequality

Year	GINI
1992	57.5
1994	43.1
1997	45.0
2005	46.5
2015	40.8

Notes: The Gini coefficient is a summary measure of the degree of inequality in the distribution of family income in a country. This table reports Kenya's Gini coefficient from 1992 to 2015. Higher coefficients are associated with higher levels of income inequality, while lower coefficients indicate lower levels of inequality.

Source: World Development Indicators, The World Bank.

political parties between 2000 and 2009, and more than 14 parties have been registered from 2010 to the present. Meanwhile, citizens have had greater opportunities to exercise their voices at the ballot box, as there has been a steady increase in the level of free and fair elections over the past decade, according to the Bertelsmann Transformation Index for Kenya (BTI, 2018).

Competitive elections and diverse political representation create powerful incentives for elected officials to improve access to services and respond to voter concerns (Sen, A. 1999; Mehrotra, S. 2008). Therefore, we would expect to see higher levels of access to services and citizen satisfaction with the government in line with Kenya's growing political diversity and practice of free and fair elections.

In this respect, it is encouraging to see Kenyan households reporting increased access to clean water (a 15 percent increase) and electricity (a 40 percent increase) between 2000 and 2017, according to the World Bank (WDI, n.d.). Kenyans' optimism about their government's ability to reliably deliver these essential services and overall confidence in their government officials are also on the rise. Recent waves of the Afrobarometer survey suggest that almost 70 percent of Kenyan citizens perceive the government's response to public demand for electricity positively in 2018, up from only around 45 percent in 2008. Similarly, yearly rounds of citizen surveys conducted by Gallup World Poll indicate that the share of citizens who have confidence in Kenya's national government has also

gone up, from 25 percent in 2009 to nearly 70 percent in 2019.

Kenya still has a long journey ahead to deliver on its Vision 2030 commitments. Nonetheless, the country has come far in terms of creating political space through a growing diversity of political parties and the practice of free and fair elections. This political progress also appears to correspond with improving access to critical services and growing confidence of citizens in their government to respond to their needs. There are many factors that likely contribute to Kenya's success in realizing its good governance commitments, but it is fair to say that the United States has been an important partner in this effort in supplying critical financial and technical support.

Finding #15: U.S. agriculture sector-focused assistance helps boost Kenya's rural productivity in order to increase incomes and reduce inequality.

As Kenya positions itself to become a rapidly industrializing middle-income nation by 2030, modernizing its agriculture sector to increase crop yields will be essential to not only ensure the country's food security, but also improve rural livelihoods. The United States has been a major financial and technical assistance partner to Kenya's agricultural sector, through both its bilateral and multilateral assistance programs (see Figure 16), as well as through microloans, grants, and technical assistance from U.S.-based organizations and individuals.

Nearly three-quarters of Kenya's population rely on agriculture for either all or part of their income (USAID Kenya, n.d.). Agriculture is also a large revenue generator for Kenya's economy: it generated 34 percent of the country's GDP in 2018, up from 22 percent in 2008.²⁹ Notably, this does not reflect a shrinking economy, by any means, as Kenya's overall GDP experienced a steady growth rate of 5.15 percent on average during this same period.³⁰

Meanwhile, incomes per capita have steadily risen from roughly USD 1,050 in 2008 to about USD 1,400 in 2018³¹ and income inequality has declined since the 1990s (Table 4). Although many factors could contribute to rising incomes and declining inequality, the fact that the vast majority of Kenya's population relies on the agricultural sector for their livelihoods makes it likely that at least some of these gains are due to increases in agricultural productivity and associated revenues.

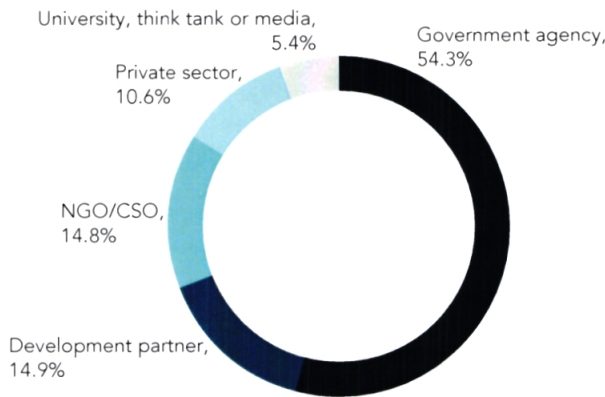
U.S. assistance has helped Kenya boost its agricultural productivity in several important ways. One emphasis

29 Kenya's agricultural productivity went up from USD 9.19 billion (2019 constant) in 2008 to USD 24.58 (2019 constant) in 2018 (see Figure 16).

30 Kenya's economy is noteworthy not only for its steady growth over the past decade, but also for its relative stability compared to other emerging economies in sub-Saharan Africa and the world. From 2008 to 2018, Kenya's GDP grew from USD 43.08 billion to USD 90.54 billion (in constant 2019 dollars).

31 Income per capita was calculated in USD 2019 constant using the World Bank's WDI database on gross national income and associated national population of Kenya in 2008 and 2018.

Figure 17. Respondents to AidData’s 2020 Kenya Snap Poll by stakeholder group



Notes: 133 respondents total.

Source: AidData’s 2020 Kenya Snap Poll.

of U.S. assistance has been on introducing improved agricultural techniques, such that farmers are able to generate higher crop yields and minimize disruptions due to climate-related shocks. This creates a dual benefit for Kenya in both strengthening food security through more stable supplies of staple crops—a priority following the 2011-2012 East African drought—as well as helping farmers minimize the risk from a potential loss of income. A second emphasis of U.S. assistance has been in increasing access to global export markets for smallholder farmers. Trade agreements like AGOA have provided a helpful enabling environment for Kenyan farmers to boost their incomes.

4.2 How do Kenyan leaders perceive U.S. contributions to Kenya’s development?

In the previous sections, we discussed how there is some evidence to suggest that Kenya is making progress on its development priorities on several fronts where the United States is contributing. However, we cannot say with certainty how these contributions are seen and perceived by public, private, and civil society leaders who are making and implementing

development policies in Kenya. To obtain a better understanding, we conducted a short online survey of Kenyan leaders from a systematic sampling frame of government agencies, universities and think tanks, non-governmental and civil society organizations, development partners that are active in Kenya, and the private sector. The 133 survey respondents shared their views from their work across 14 sectors, including health, governance, and agriculture (see Figure 17).³²

Finding #16: Kenyan leaders view the United States as an active partner in their country’s development and as having an attractive development model to emulate.

Ninety-five percent of the leaders surveyed reported the United States as being actively engaged in their areas of work in contributing to Kenya’s development.³³ Eighty-five percent of these respondents felt that the United States made a substantial contribution to helping Kenya achieve its development goals between 2010 and 2020.³⁴ The minority of leaders who reported that the United States contributed little or nothing to Kenya’s development most frequently cited insufficient funding, that funding came with too many restrictions, and that projects had been poorly implemented as the reasons for their perception.³⁵

In Chapters 2 and 3, we showcased the diversity of U.S. actors that mobilize resources and broker relationships to benefit Kenya’s growth and prosperity. The survey results indicate that while Kenya’s leadership generally value the contribution that these diverse institutions and individuals bring to the table, the activities of these actors are not equally visible in practice.

The vast majority of Kenyan leaders surveyed cited U.S. government agencies and private philanthropic foundations as actively engaged in Kenya’s development (see Figure 18). Among those who identified the U.S. government as actively engaged in their sector, only a quarter of survey respondents underestimated the annual dollar value of those contributions relative to actual financial assistance amounts.

Comparatively, other U.S. actors were mentioned much less frequently. Strikingly, however, leaders were far more inclusive when it came to valuing the contributions that U.S. institutions and individuals

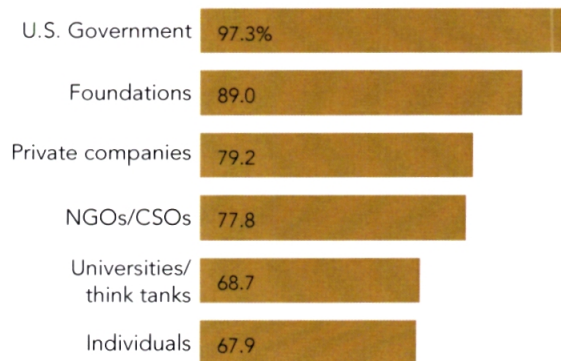
32 More information on the sampling frame construction, questionnaire, and response rates is included in the Technical Appendix.

33 Respondents answered the following question: “To your knowledge, how active are the following external actors in supporting Kenya’s development (e.g., making investments, providing assistance, brokering partnerships) between 2010 and 2020?” Respondents could select the level of activity on a scale of 1 (not at all active) to 4 (very active). Ninety-five percent of respondents to this question identified the United States being at least somewhat (3) or very (4) active.

34 Respondents answered the following question: “You identified the following external actors as active in supporting Kenya’s development between 2010 and 2020. How much do their activities contribute to Kenya’s development progress in the time period?” Respondents could select the level of contribution on a scale of 1 (no contribution at all) to 4 (a lot of contribution). Eighty-five percent of respondents (of the 95 percent that identified the United States as somewhat or very active) identified the United States as making a fair amount (3) or a lot (4) of contribution.

35 Respondents answered the following question: “You indicated that the United States overall or some U.S. organizations made little or no contribution to Kenya’s development progress between 2010 and 2020. In your opinion, why is this the case?” Respondents could select up to three reasons out of a set list of seven and/or write-in up to three other responses.

Figure 18. U.S. actors most active in Kenya, according to Kenyan leaders



Notes: This graph shows the percentage of Kenyan leaders that reported U.S. actors as somewhat or very active, by actor group.

Source: AidData's 2020 Kenya Snap Poll.

made to Kenya's growth and prosperity. For each of the categories of U.S. engagement in Kenya, over sixty percent of respondents identified these actors as making substantial contributions (see Figure 19).

Overall, U.S. government agencies, private foundations, and companies were valued most highly for their contributions to Kenya's development progress; this is perhaps indicative of the scale of funding these actors are able to mobilize and may reveal a preference for capital over in-kind support.

Over a quarter of respondents to AidData's 2020 Kenya Snap Poll valued not only these past contributions to Kenya's development, but also identified the United States as having the best model of development to

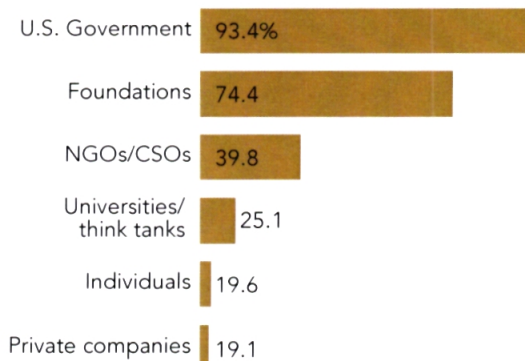
Figure 20. Leader perceptions of the best development model for Kenya to follow



Notes: This graph shows the percentage of Kenyan leaders that identified a given country's development model as the best for Kenya to follow.

Source: AidData's 2020 Kenya Snap Poll.

Figure 19. U.S. actors most contributing to Kenya's development, according to Kenyan leaders

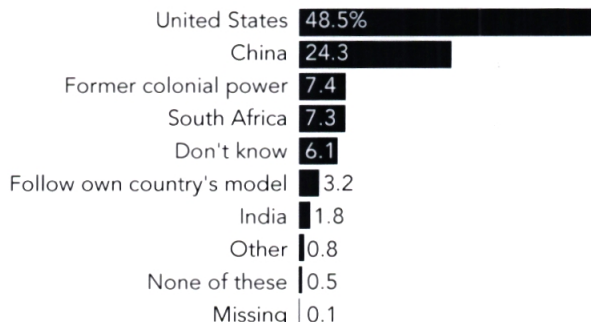


Notes: This graph shows the percentage of Kenyan leaders that reported U.S. contributions to Kenya's development to be quite or very high, by actor group.

Source: AidData's 2020 Kenya Snap Poll.

which their country should aspire (see Figure 20). Kenyan citizens are even more convinced of the merits of learning from America's liberal democracy. Over 50 percent of respondents to the 2014 Afrobarometer, a nationally representative household survey, identified the U.S. model of development to be the best for Kenya to follow (see Figure 21).

Figure 21. Citizen perceptions of the best development model for Kenya to follow



Notes: This graph shows the percentage of Kenyan citizens that identified a given country's development model as the best for Kenya to follow.

Source: Afrobarometer Kenya Survey Round 4, 2014.

CHAPTER FIVE

Conclusion


In this report, we posed a simple question: How can Kenyans assess the value of their country's partnership with the United States?

In Chapter 2, we documented that U.S. government-driven assistance delivers tangible benefits for the Kenyan people to the tune of USD 1.68 billion annually. The U.S. channels much of its assistance via bilateral official development assistance—including grants, concessional lending, and technical advice. In addition, the U.S. government has been a leading supporter of multilateral organizations (e.g., UN agencies, development banks) and multi-donor funds operating in Kenya. Finally, we also attempted to quantify how favorable U.S. trade, immigration, and investment policies are helping Kenya transform itself to become a rapidly modernizing middle-income economy by 2030.

In Chapter 3, we uncovered an additional USD 1.36 billion annually in value generated by growing people-to-people ties between companies, organizations, and individuals that are advancing Kenya's growth and prosperity. U.S. companies provide job opportunities, invest capital, and buy goods and services that support the Kenyan economy. U.S. philanthropic organizations crowd-in private sector funds to complement government expenditures to invest in Kenya's people and institutions, while U.S.-based NGOs deliver projects that directly improve livelihoods. Moreover, our increasingly globalized world has facilitated individual U.S. donations and microloans via crowd-funding sites, revenues from visiting American tourists, and remittances from Kenyans working in the United States.

Taken together, we estimate that the United States-Kenya partnership generates a total of approximately USD 3.05 billion each year to support Kenya's growth and prosperity. In Chapter 4, we examined how U.S. assistance may help Kenya advance discrete economic, social, and governance goals in line with its Vision 2030 agenda. We also learned that the majority of Kenyan leaders surveyed viewed the United States as actively engaged and making a substantial contribution to their country's development progress, though citizens were substantially more inclined than leaders to view the United States as the best model of development for their country to aspire.

Given the difficulties of quantifying non-official investments and financial flows, the numbers in this report are conservative estimates, and the total contribution of the United States to Kenya's growth and development may, in fact, be far greater. Nonetheless, we hope that this report has provided a helpful baseline for Kenyan citizens and leaders to assess for themselves the value they derive from their country's partnership with the United States.



The United States-Kenya partnership generates roughly USD 3.05 billion each year to support Kenya's growth and prosperity.

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