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## The United States investment and development assistance policy towards Kenya in the second decade of the 21st century

**SUMMARY** The subject of the paper is the US investment and development assistance policy for Kenya in the second decade of the 21st century. The first section of the paper discusses the investments of American enterprises in Kenya, as well as the programs of the governments of Kenya and the US, which are to improve investment conditions in this country. The second section discusses the development support provided by the US government agencies for Kenya and its residents. The main research questions are whether the level of US investment and development support was significant, and what are the prospects for cooperation in these areas in the future? The main thesis of the paper assumes that in the past decade investment and development cooperation between the US and Kenya was at a relatively high level, but its possibilities are much greater. In the coming years, Kenya might increase its position as one of the most important US economic partners in Africa, including in investment and development assistance.

**KEYWORDS** The United States – Kenya relations, investment policy, development support policy, economic development, social development

### Introduction

Since the independence of Kenya until the end of the Cold War, there was some consistency in economic cooperation with the United States and the West. Economically structured arrangements integrated Kenya into dependence relations with the Western highly developed countries and the global capitalist economy. The scale of economic cooperation was varied as some US administrations

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limited it due to the deepening authoritarian tendencies in Kenya (Wordliczek, 2015, p. 192). Generally, however, this cooperation has increased Kenya's vulnerability towards donor countries, as confirmed by the economic situation after the Cold War (Adar, 1995, p. 101). The government of President Mwai Kibaki, which took the office in 2002, initiated the so-called „Look East” policy. The goal of this policy has been forging closer ties with emerging markets of Asia, mainly China, and other regions (*The East African*, 2009). This strategic shift in Kenya's foreign policy has raised some concern in the West. Although elements of this policy also exist under the rule of President Uhuru Kenyatta, it is clear that Kenya also needs Western development partners.

So far, in the 21st century, the United States has not focused on Africa as a region of particular strategic importance. In cold strategic terms, no matter how big mayhem, humanitarian crisis or poverty occur in Africa, they do not necessarily have to threaten the national security of the United States (Mcmahon & Wedeman, 2006, p. 24). However, for the United States, Africa matters for political, economic and security reasons. For example, energy cooperation is important, which is hindered by the rise of Islamic terrorism and regional conflicts (Walton, 2012, p. 66). In the globalized world with transnational threats, political, social and economic instability in one region often has more or less impact on other, even geographically remote regions.

The election of Barack Obama in 2008 as President of the United States raised hope in Africa, especially in Kenya, for strengthening relations between the superpower and the continent. President Obama's paternal side had African, Islamic and non-upper-class family background. Barack Obama Sr. was an economist working for the Kenyan government who came to the University of Hawaii on a government scholarship (Apeldoorn & Graaff, 2016, p. 191). President Obama's African roots and his perception of being a „moral leader” raised the question about the role that the United States would play in the world, including in Africa (Renshon, 2010, p. 209). Barack Obama's election was received in African countries with great enthusiasm, and Kenya declared his inauguration a public holiday. Many experts and commentators, including African ones, believed that Obama's approach to Africa would be transformative (Kieh, 2014, p. 165). The historic election of a person of African-American descent as President of the US gave hope for strengthening global peace and prosperity (Wang, 2016, p. 9). One of the natural beneficiaries of this change was to be the African continent, including close to his heart Kenya.

In the United States and other Western countries, China's economic expansion is seen as a serious threat to economic interests in Africa, including Kenya. The offer of Chinese authorities and enterprises provides African countries with a convenient alternative to international economic cooperation. This mainly concerns trade in energy resources and infrastructure investments. Moreover, China, unlike Western countries, gives loans without requiring political reforms (Suzuki, 2010, p. 204). Chinese companies are ready to cooperate without regard to partner countries' compliance with the rule of law, democracy and human rights. (Parmar, 2014, p. 252).

West-controlled international financial institutions such as the World Bank (WB) and the International Monetary Fund (IMF) require the countries they grant loans to comply with Structural adjustment programs (SAPs). According to critics, this is a manifestation of the economic imperialism of rich Western countries. They believe that the requirements imposed on SAPs for privatization, economic liberalization and keeping the budget deficit and inflation low have devastating impact on many developing countries and their societies. This policy pushes countries into debt traps, deprives them of control over raw materials, limits the possibility of public investment and pushes the rural poor to growing urban slums (Shor, 2010, p. 83). On the other hand, China also does not attach much importance to whether African governments share profits with societies.

The aim of the paper is to analyze and evaluate the US investment and development assistance policy towards Kenya in the second decade of the 21st century, and to anticipate prospects for the future cooperation in these areas. The main research problem lies in the questions of whether the level of US investment and development support was significant, and what are the prospects for cooperation in these areas in the future? The main thesis of the paper assumes that in the past decade investment and development cooperation between the US and Kenya was at a relatively high level, and in the coming years Kenya might increase its position as one of the most important US economic partners in Africa. This is due to the growing importance of Kenya and Africa in both economic and political terms. Strengthening economic cooperation with Kenya may make it easier for American investors to enter East African markets. American economic support for Kenya should positively translate into the dynamics of the country's development as well as increasing investment attractiveness.

## US investments in Kenya

Kenya is one of the East Africa's largest economies, and a growing business, financial, and transportation hub for the region. In the second decade of the 21st century, it recorded economic growth of 5–6 percent per year (Bureau of African Affairs, 2018). According to the World Bank, in 2018 Kenya had 51,393 thousand inhabitants who generated a GDP of \$87.91 billion, which was \$1710 per capita (The World Bank, 2019a). Kenyans are relatively rich compared to other societies of the region. The population of Kenya is young, relatively well educated and speaks English. However, about 75% of Kenya's population work at least part-time in the agricultural sector (The World Factbook). In 2008, the Kenyan government initiated the „Kenya Vision 2030” long-term development program. The aim of the program is to create „a globally competitive and prosperous country with a high quality of life by 2030” and to transform Kenya into „a newly-industrializing, middle income country providing a high quality of life to all its citizens in a clean and secure environment.” (Kenya Vision 2030). In 2014, the World Bank reclassified Kenya from a low-income country to a lower middle income country. The primary drivers of growth in Kenya are agriculture, manufacturing, and real estate. Nevertheless, Kenya has a dynamically growing telecom industry and is a regional digital innovation hub (Congressional Research Service, 2015, p. 8).

Kenya needs the United States as an economic partner to meet the ambitious goals set in the Vision 2030 program (Caporal, 2020). For most of Barack Obama's presidency, the foreign direct investment (FDI) position of the US in Africa had steadily increased from \$43.9 billion in 2009 through \$57 billion in 2011 to peak \$69 billion in 2014, which was primarily the result of the implementation of the Power Africa program. In 2015, however, there was a decline in USD FDI position in Africa to \$52 billion, which in subsequent years progressed slowly reaching the level of \$43.2 billion in 2019 (Statista, 2020). In the last decade, the US was among the countries, next to the United Kingdom, France and China, that held the largest FDI stock in Africa. However, while the US share was falling, China's share was growing dynamically (China Power Team, 2016).

The administration of President Obama emphasized the role of Kenya as an emerging center for digital innovation and entrepreneurship, and regional hub for transportation and finance. Kenya was to be a platform for the US to increase cooperation with Africa in the fields of trade and investment

(Congressional Research Service, 2015, p. 1). President Obama committed \$7 billion for Kenya, and private US companies added \$4 billion, through project funding (Munyi, 2018, p. 58–59). In Kenya in 2012, FDI inflow was \$1.38 billion, but in subsequent years it systematically fell to \$620 million in 2015. After that it began to increase again to \$1.275 in 2017 and \$1.626 in 2018. It was due to buoyant domestic demand and inflows into information and communication technology industries. This was also a consequence of the introduction by the Kenyan Government of significant tax incentives for foreign investors (UNCTAD, 2019, p. 213). At the end of the decade US FDI in Kenya were primarily allocated in commerce, modern technologies, light manufacturing, and the tourism industry. At that time, approximately 75 American companies had foreign direct investment in Kenya (IBP, 2018). In the last decade, American companies primarily invested in Kenya in the information technology, consumer services, banking, finance sectors, and tourism industry (Bureau of African Affairs, 2018).

According to the World Bank's Doing Business Report 'Ease of Doing Business 2019', Kenya was ranked 56th out of 190 countries (The World Bank, 2019b). In the 'Global Innovation Index 2019' Kenya took 77 place out of 129 countries (Global Innovation Index, 2019). Over the decade, Kenya has gradually advanced in both of the above rankings. Improving investment conditions and Kenya's development programs offer limitless investment opportunities for US companies. This particularly concerns the manufacturing component, which is to become the flywheel of Kenya's economic development (Agutu, 2020).

On the other hand, many investment barriers still persist in Kenya. One of the most serious is mass corruption. According to the 'Transparency International 2010 Corruption Perceptions Index', Kenya was ranked 154th out of 178 classified countries. In the following years there was some progress in this area and in 2019 it was 137 out of 183 classified countries (Transparency International, 2010). Other barriers include instability and political violence, Islamic radicalism and terrorism, and high crime in cities. The north-eastern part of the country is particularly dangerous, which is a consequence of the activity of radical Islamic groups, including the al-Shabab terrorist organization. Many non-Somali Kenyans have left this area for security reasons (Muluvi, Odhiambo, & Otieno, 2015). In December 2014, the World Bank evaluation of the economy noted that "firms in Kenya reported that the obstacles that most constrained them were costly and unreliable electricity; inadequate access to finance; difficulties in trading across borders; competition from the informal sector; and

crime, theft, and disorder.” Additional problems were inflation, high fuel costs, and poor transportation infrastructure (Congressional Research Service, 2015, p. 8). In order to increase the level of Western investment, Kenya must introduce democratic reforms, mainly in the area of governance and transparency. It is equally important to increase security, including economic security, and to develop infrastructure.

While travelling to Africa in June 2013, President Obama initiated the main development program for the continent – ‘Power Africa’. The long-term goal of the initiative was to double access to cleaner, more reliable, and efficient electricity to sub-Saharan Africa. It was to happen through establishing a partnership with donors and the private sector. According to the initiators, access to cheap energy would be a significant stimulus for development in all sectors including business, transport, tourism, education, health, agriculture, and light manufacturing. This would accelerate the economic growth and industrialization of African countries, as well as improve the quality of life for Africans, especially those living in the countryside (Muluvi, Odhiambo, & Otieno, 2015). Kenya became a beneficiary of the program in terms of financing, technical support and promotion of investments in renewable energy (Congressional Research Service, 2015, p. 7). The Power Africa initiative gave electricity access to around one million Kenyans, mainly through new mini grid installations and solar home systems. The program also supported new power generation projects totaling 728 megawatts, of which about 300 megawatts were connected to the grid until 2019. In June 2018, the Power Africa – Government of Kenya Cooperation Framework was signed, to cover the 2018–2023 implementation period (USAID, 2020g).

Trade Africa, launched in July 2013, was the second of Barack Obama’s programs for Africa. It focused on strengthening cooperation with East African countries, including Kenya, in order to significantly expand U.S. – African private and public sector collaboration. One of its goals was to reduce the time of loading goods and transporting them by sea. In 2015, the program was extended to US partners from other parts of Africa (USAID, 2017).

On 25–27 July 2015 in Nairobi, President Obama participated in the Sixth Global Entrepreneurship Summit. The participation of the American president significantly raised the importance of the meeting and created a unique opportunity for Kenyan entrepreneurs to present the entrepreneurial spirit, development potential and innovative capacity. The leaders of the US and Kenya discussed, among others, issues such as investment, trade, health, tourism, renewable energy, human capital development, agriculture, and infrastructure development.

They wondered how to align the U.S. programs focused on the dynamization of economic growth, trade, and investment — such as the New Alliance for Food Security and Nutrition, Open Government Partnership, African Growth and Opportunity Act (AGOA), Partnership for Growth, Trade Africa, and Power Africa — with Kenyan development priorities (Muluvi, Odhiambo, & Otieno, 2015).

In the first year of Donald Trump's presidency, social and political conflicts related to the presidential election in Kenya intensified. A prolonged election cycle in 2017 hurt Kenyan economy, drained government resources, and slowed GDP growth (The World Factbook). However, this did not seriously affect US-Kenyan economic relations. In June 2018, states signed the bilateral commercial Memorandum of Understanding (MoU). The main objectives of the agreement were to increase trade and investment, including the involvement of American enterprises in priority projects identified by Kenyan Government in 2018 in the so-called 'Big Four' agenda (Office of the United States Trade Representative, 2019). The program is focused on stimulating economic and social growth. The agenda includes the appreciation of industry's role in providing economic stability and a high quality of life to all citizens. This is intended to reinforce the belief among investors that Kenya is undertaking a number of reforms to become the best investment destination in East Africa (Gudka). Priority goals under the agenda include: „boosting manufacturing activities, achieving universal health coverage, improving food security and supporting the construction of affordable housing.” (Ng'ang'a, 2019).

On 28 June 2018, the US Chamber of Commerce organized a bilateral economic conference in Nairobi, which was attended by President Kenyatta and the US Under-Secretary for Commerce, Gilbert Kaplan. Agreements worth \$100 million were signed during the conference. The American company Medtronic got a contract to launch a dialysis center for \$20 million. Rendeavor and Unity Homes have concluded an agreement for the construction of 1.200 affordable homes in Tatu City in the northeastern suburbs of Nairobi, worth \$45 million. Whereas the American commercial finance company World Business Capital granted \$10 million credit line to Kenyan Victoria Commercial Bank. On 2 July 2018 one of the US Government's development finance institutions – Overseas Private Investment Corporation (Opic) – launched the Connect Africa program which aimed to invest more than \$1 billion over three years in transportation, communications, and value chains in Africa. To date, Opic already maintained a \$1 billion portfolio investment across 15 different projects in Kenya. Among

them the 300-megawatt Lake Turkana Wind Power Project, 100-megawatt Kipe-to Wind Power Project, and 52-megawatt expansion of a geothermal power plant in Naivasha. Opic representatives visited Kenya and several other East African countries to discuss investment opportunities within Connect Africa. In Kenya, it was particularly interested to support the Nairobi-Mombasa Expressway Project in co-ordination with American engineering company – Bechtel (Odhiambo & Bellows, 2018).

As part of the Prosper Africa initiative, the U.S. Agency for International Development (USAID) has launched the Feed the Future Kenya Investment Mechanism (KIM) program. The five-year project, implemented between August 2018 – August 2023, is unlocking \$400 million in investment for key sectors of Kenya's economy, including agriculture, clean energy production and for regional trade and investment opportunities (USAID, 2020h). In 2018, the Feed the Future program supported 42,000 small and medium enterprises and farmers (USAID, 2020d). This investment program is intended to contribute to both increasing the economic performance of Kenya, mainly the agricultural sector, and increasing food supplies to its inhabitants.

There are at least a few economic sectors in Kenya with potentially large investment opportunities for US investors. Kenyan enterprises operating in textiles, agribusiness and food processing want to collaborate with more experienced American companies. They count on helping, including in improving the manufacturing value chain to become more competitive in the global market (Warutere, 2018). It is worth mentioning that in 2019 the American agricultural machinery manufacturer – AGCO Corporation – opened an office in Nairobi.

Modern technologies is another important and rapidly growing sector in Kenya. Innovative, tech-oriented investors, including Boeing, Microsoft and Oracle, are already operating in Kenya. Given that Kenya has the ambition to become a technological hub at least with the coverage of East Africa, and that the United States is a global leader in this area, it offers potentially great opportunities for investment and cooperation.

Tourism also offers great opportunities for cooperation. In years 2016 and 2017, most tourists visiting Kenya came from the United States, reaching about 35,000 people per year (IBP, 2018, p. 42). Because of that on 28 October 2018 were established direct flights from New York to Nairobi. Before the COVID-19 pandemic Kenya Airways, a SkyTeam partner of Delta Air Lines Inc., had five weekly flights between New York's JFK Airport and Jomo Kenyatta International Airport in Nairobi (Bolton, 2019). However, many governments and travel

agencies advise against visiting north-eastern Kenya because of the high criminal and terrorist threats. Therefore, a requirement for closer tourism cooperation is to support Kenya in maintaining security (Muluvi, Odhiambo & Otieno, 2015).

Oil extraction may also prove to be a prospectively lucrative sector. Kenya ceases to be only a transit country and in the future can join the group of important producers of oil. New oil deposits have been discovered in East African countries, including Kenya, Uganda, Tanzania and Mozambique. American oil companies that have the most advanced mining technologies and a network of global connections should be interested in the Kenyan oil market. Although local tensions appear in oil-bearing areas, mainly of an ethnic and tribal nature, the situation in Kenya is relatively stable in comparison with other resource-rich African countries (Bandeira, 2017, p. 25).

At the end of August 2018 in Washington, President Trump and President Kenyatta decided to raise the profile of bilateral relations to the Strategic Partnership. The parties committed to expand the economic cooperation to the mutual benefit of states and societies. The presidents agreed to establish a Bilateral Strategic Dialogue (BSD), including Trade and Investment Working Group (TIWG) to explore ways to deepen the economic ties. President Kenyatta welcomed President Trump's proposal to build by Bechtel Corporation a modern super-highway from Nairobi to Mombasa. During the meeting, they jointly announced investments worth \$900 million, which were to create thousands of jobs in both countries (The White House, 2018). Kenyan Foreign Minister Monica Juma stated that the goal of the Strategic Partnership of Kenya and the US is „to step up collaboration that grows the economy through generating jobs and building technical capacity” (Mutambo, 2020).

On 7 May 2019 in Washington, took place the inaugural BSD and TIWG meeting. Foreign Minister Juma and US Deputy Secretary of State John Sullivan signed the documents that outline plans to raise bilateral relations to what the US diplomat called „a new level”. Deepening the strategic dialogue was primarily to focus on economic cooperation, including investment and trade policy as well as development and assistance programs. However, to achieve economic goals, it is necessary to jointly counteract threats to peaceful development, jihadist extremism in particular (Kelley, 2019). Participants of the meeting discussed possible infrastructure investments in Kenya, including modernization of the Kenyan government's telecommunications network (Kiplagat, 2019). During the second meeting of the TIWG, which took place in Nairobi in early

November 2019, delegates discussed a number of issues related to trade and investment, including services, digital trade, intellectual property, agriculture, environment, customs and trade facilitation, technical barriers to trade, labor, and state-owned enterprises (Office of the United States Trade Representative, 2019).

President Kenyatta's visit to the United States in February 2020 gave impetus to strengthening trade relations with Kenya by starting negotiations on a free trade agreement (FTA). The US-Kenya FTA would be a great support for Kenya to modernise and open its economy to foreign direct investment and growth (González, 2020). During the speech in the U.S. Chamber of Commerce President Kenyatta said that the FTA could make Kenya a hub for U.S. companies doing business in Africa and beyond (Shalal & Lawder, 2020). Principal Secretary to the Ministry of Foreign Affairs Macharia Kamau said that many sectors of Kenyan economy could benefit from the FTA (Simiyu, 2020). For the United States, the FTA with Kenya is to be a model agreement to set standards for trade cooperation with Africa in the next decades.

The FTA with Kenya is also to be an important step to strengthening the US economic position in Africa, especially in the face of increasing competition with China. In September 2018, Chinese President Xi Jinping pledged \$60 billion in financial aid to Africa, including \$15 billion of aid, interest-free loans and concessional loans, a credit line of \$20 billion, a \$10 billion special fund for China-Africa development, and a \$5 billion special fund for imports from Africa. He also promised to cancel the debts of poor African countries (Shepherd & Blanchard, 2018). Beijing's multi-billion dollar offer to Africa has caused the US concern that China will further strengthen its position on the continent. Secretary of State Mike Pompeo, during his first visit to Sub-Saharan Africa in February 2020, warned African leaders of the risks of Chinese investment. He persuaded entrepreneurs to avoid cooperation with Chinese companies for the benefit of American businesses (Dahir, 2020). However, President Kenyatta said in the US: „It is this shared common value – belief in freedom, democracy and enterprise – that makes me believe that the United States can and should be the partner of choice for the African continent,” (Shalal & Lawder, 2020). He warned the US not to see Africa as a ground for economic proxy war with China (Bearak, 2020). President Kenyatta insisted: „we want to work with everybody, and we think there is opportunity for everybody.” He also argued that countries that believe Africa is ‘for the taking’ should be avoided (Devermont, 2020). Kenya's large development needs mean that the country wants to accept investments and other forms of support from all countries open to partner

cooperation. China, United States and European countries have unique cooperation offers for Kenya (Omolo, Jairo & Wanja, 2016, p. 19).

In the first half of 2020, in Kenya, as in other countries, the spread of the COVID-19 pandemic had serious economic and social repercussions. It strongly hit all sectors of the Kenyan economy, including particularly tourism, transport, and trade. It significantly reduced economic growth and caused serious fiscal problems. At the beginning of May 2020, IMF approved the disbursement of \$739 million to be drawn under the Rapid Credit Facility to support the Kenyan government's response to the COVID-19 pandemic. This loan was to help Kenya to maintain an adequate level of international reserves and help provide the budget financing needed to respond to the pandemic (International Monetary Fund, 2020).

## **US development assistance to Kenya**

The U.S. Agency for International Development for almost 60 years has worked with the Kenyan government, the private sector, and civil society, especially to: advance access to education; improve quality healthcare through nutrition, family planning, supporting maternal and child health, fighting malaria, tuberculosis, HIV / AIDS and strengthening health programs; lay a foundation for long-term economic growth through trade, agriculture, and infrastructure programs; and make devolution work for the benefit of all Kenyans through democracy, governance and conflict programs (USAID). American development assistance to Kenya was also implemented in the second decade of the 21st century. The US focused on goals such as: fighting disease and improving healthcare; fighting poverty; and promoting private sector-led prosperity (GlobalSecurity). This assistance was part of Kenya's main development programs, including „Vision 2030” and „Big Four Agenda”.

The assistance provided by the US in the 21st century is only to some extent related to the level of economic and social development of countries. This is confirmed by the fact that rich Israel has received annually about \$3 billion in bilateral assistance, which was sometimes much more than the amount allocated to the entire Sub-Saharan Africa (Cameron, 2005, p. 52). The distribution of funds for individual countries was primarily based on their strategic importance for the US, especially concerning the 'war on terror' (Kieh, 2014, p. 169). President Barack Obama was in favor of providing more development support to economically backward countries, including African, perceiving this as a path

to strengthening international security and peace (Aaronson, 2014, p. 131). In 2010, the United States allocated \$48.4 billion in international aid, of which \$17.5 billion through USAID, \$15.3 billion through Department of Defense (DoD) and \$6.5 billion through Department of State (DoS). In 2018, the total support amounted to \$46.8 billion, of which under USAID \$20.1 billion, DoD \$13 billion USD and DoS \$7.3 billion (USAID, 2020a). The signature program of President Obama towards Africa was an initiative to boost electricity access – Power Africa (Dahir, 2020). In the years 2011–2016, Kenya was the largest beneficiary of American assistance among Sub-Saharan African countries, ahead of Ethiopia and Sudan (USAID, 2020b).

Chart 1. American assistance to Kenya by all the agencies (in \$ millions)

Category/Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Health and Population	261	515	612	516	453	513	654	704	435	405
Humanitarian	178	226	217	191	215	170	183	170	160	122
Governance	66	65	66	70	62	108	152	117	107	62
Education	17	34	16	22	51	18	54	17	16	19
Commodity Assistance	-	2	11	23	-	9.9	-	-	41	50
Agriculture	14	21	48	24	58	68	51	45	33	63
Economic Growth	3.6	8.5	6.9	0.9	5.1	0.5	1.4	2.9	1.4	3.5
Infrastructure	3	0.6	0.5	0.9	1.4	0.2	4.2	0.6	0.2	0.7
Administrative Costs	15	18	18	24	23	19	25	22	25	23
Other	15.7	10.9	5.2	41.3	25.8	33.4	19.2	14.1	10.8	10.3
<b>Total</b>	<b>573.3</b>	<b>901</b>	<b>1,000.6</b>	<b>913.1</b>	<b>894.3</b>	<b>940</b>	<b>1,143.8</b>	<b>1,092.6</b>	<b>829.4</b>	<b>758.5</b>

Source: Own work on the basis of: U.S. Foreign Aid by Country, <https://explorer.usaid.gov/cd/>.

In 2010, assistance provided to Kenya by all US agencies amounted to \$573.5 million. In 2011, it increased to \$901 million and for the following years remained at a high level between \$894.3 million (2014) and \$1,143.8 million (2016). In the first year of Donald Trump's office, i.e. in 2017, the assistance amounted to \$1,092.6 million, but in 2019 it fell to \$758.5 million (USAID, 2020b). During the decade, most funds for Kenya were spent in the area of health and population, between \$261 million in 2010 and \$704 million in 2017. Within the group most

money was allocated to Global Health Programs and development assistance. Humanitarian aid came second with the amount between \$122 million in 2019 and \$226 million in 2011. Governance was the third main goal, ranging from \$62 million in 2014 and 2019 to \$152 million in 2016. Agriculture and education also had a high share, and to a lesser extent also areas like commodity assistance, economic growth and infrastructure. Kenya was also one of the largest recipients of U.S. security assistance in Africa. The share of military aid reached a maximum of 10 percent of the total aid, which took place in 2015 and 2016, but there were years in which it did not exceed even 1 percent of the aid (USAID, 2020b).

USAID actively works for the strengthening of the health system in Kenya, including assistance in counteracting HIV / AIDS, tuberculosis, malaria, and preventing maternal and child deaths. It also carry out activities in the field of better nutrition, access to clean water and hygienic living conditions (USAID, 2020e). Facing the food crisis in Kenya, the United States finances the Food for Peace program, allocating \$89.3 million in 2018, \$102.1 million in 2019 and \$40 million in 2020 (USAID, 2020c). US assistance to Kenya also includes helping regions affected by floods and droughts, distributing fertilizer to farmers, and helping regions get rid of disease-spreading flies (Paquette, 2019).

USAID helps to increase Kenyan access to education at all levels, and implements illiteracy programs. Within the Global Give Back Circle through scholarships, training, and mentoring, USAID supports continuing education. There is an exchange of pupils and students between states. As part of “people-to-people” programs such as KenSap or Westminster Program, Kenyan students, also from rural areas, can study at prestigious U.S. colleges and universities (Bolton, 2019). As part of the Young African Leaders Initiative (YALI), talented Africans, including Kenyans, can also study at American universities. The YALI also provides young Africans internships at companies and public institutions (Sethi, 2014). In addition, USAID supports the development of skills and competences that help young people function better in the labor market (USAID, 2020f). USAID also supports the access of small businesses to loans and other forms of financing. USAID’s Development Credit Authority (DCA) catalyzed in the last five years over \$29 million in local capital for agriculture, energy, water, sanitation, hygiene, and health (USAID, 2020g). USAID also supports the program to protect women against violence and increase their opportunities in the political, social and economic sphere (USAID, 2020k). American programs in the area of governance are also very important for Kenya, including: devolution and support

to county governments, supporting free and fair elections, empowering civil society, and countering violent extremism (USAID, 2020i).

The US humanitarian aid in Kenya is mainly directed to refugees fleeing neighboring countries affected by armed conflict and other crises. Kenya lends its ports and airports to US humanitarian relief operations in Africa, including in Rwanda, Congo, Sudan and Somalia (IBP, 2018, p. 42). In May 2019, Kenya has undertaken to register all refugees on its territory. The US, in turn, assured the support of the Kenyan government's efforts to provide them with access to health care, education, and jobs (Kiplagat, 2019). American assistance for Kenya also concerns the environmental protection. In this regard, USAID supports initiatives such as: counter wildlife trafficking; biodiversity conservation; clean energy; and climate change adaptation (USAID, 2020j).

At the end of the second decade of the 21st century, American development assistance to Kenya focused on achieving four main goals: limiting birthrate; increasing agricultural productivity; dynamizing private entrepreneurship; and spreading civic education. This assistance was directed primarily to the rural areas which are inhabited by the poorest Kenyans. In 2018, over 6,000 American citizens lived in Kenya, of whom about two-thirds were missionaries and their families. Annually in Kenya U.S. Peace Corps has about 150 volunteers, for example in 2018 had 165 (IBP, 2018, p. 42). In October 2018, the First Lady of the United States – Melania Trump visited Kenya to promote initiatives in the area of health and education.

During the visit to the United States on 5–6 February 2020, President Kenyatta began talks on a number of development projects. He presented investment opportunities in the food and nutrition sector. One of his priorities was to convince American investors to support the affordable housing program, under which Kenya wants to construct 500,000 housing units by 2022. In turn, under the Universal Health Coverage Program, the president called for partnership “especially in the supply of specialized medical equipment, the establishment of pharmaceutical companies, upgrading and management of health facilities, and implementation of innovative health financing options.” (Agutu, 2020).

## Conclusion

The dynamically developing Kenya is a economic gateway to East Africa, and a major commercial hub. Government development programs, increasing population, modernized economy and enriching Kenyan society are creating

increasingly favorable investment conditions. In the second decade of the 21st century, the involvement of American investors in Kenya was at a relatively high level, but there are still large growth opportunities. Among the sectors with high investment potential are agriculture, manufacturing, modern technologies, tourism, and the oil sector. If the global economic situation stabilizes, political and economic reforms in Kenya continue and Africa's strategic importance increase, the prospects for strengthening economic relations between the US and Kenya will look promising. The successes of economic cooperation between states may translate into closer economic cooperation between the US and other partners in East Africa.

While in some regions of the world, including Central and Eastern Europe, American development assistance has had clearly unequivocal effects, in Africa this impact has been limited. Only a few African countries, including Kenya and Nigeria, have benefited greatly from this support. Kenya has been one of the main recipients of development assistance from the United States due to its economic and strategic value to the superpower. The successes of US development assistance in Kenya primarily concern areas such as health, governance, education, and environment. Nowadays, China is the largest development competitor of the United States and the West in Africa. It offers African countries billions of dollars in various forms of cooperation and support. However, the US cannot focus on curbing China's influence in Africa, but on supporting the development of African states and their people.

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## Polityka inwestycyjna i pomocy rozwojowej Stanów Zjednoczonych wobec Kenii w drugiej dekadzie XXI w.

**STRESZCZENIE** Tematem artykułu jest polityka inwestycyjna i pomocy rozwojowej USA wobec Kenii w drugiej dekadzie XXI w. W pierwszej części artykułu omówiono inwestycje amerykańskich przedsiębiorstw w Kenii, a także programy rządów Kenii i USA ukierunkowane na poprawę warunków inwestowania w tym kraju. W drugiej części omówiono wsparcie rozwojowe udzielone Kenii i jej mieszkańcom przez agencje rządowe USA. Główne pytanie badawcze dotyczy tego, czy poziom amerykańskiego wsparcia inwestycyjnego i rozwojowego był znaczący oraz jakie są perspektywy współpracy w tych obszarach w przyszłości? Główna hipoteza artykułu zakłada, że w minionej dekadzie współpraca inwestycyjna i rozwojowa między USA a Kenią realizowana była na stosunkowo wysokim poziomie, ale jej możliwości są znacznie większe. W najbliższych latach Kenia może wzmocnić pozycję jednego z najważniejszych partnerów gospodarczych USA w Afryce, m.in. w zakresie inwestycji i pomocy rozwojowej.

**SŁOWA KLUCZOWE** Stosunki Stany Zjednoczone – Kenia, polityka inwestycyjna, polityka wspierania rozwoju, rozwój gospodarczy, rozwój społeczny

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