

EUROPEAN JOINT COOPERATION STRATEGY WITH KENYA 2018 - 2022





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WITH KENYA
2018 - 2022**

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Union House, Ragati Road 📍

P. O. Box 45119-00100 Nairobi Kenya 📮

Tel: +254 20 2713020/1, 2712860, 2802000 📞

Fax: +254 20 2711954 📠

Email: Delegation-Kenya@eeas.europa.eu @

Website: <http://eeas.europa.eu/delegations/kenya> 🌐

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@EUinKenya 🐦

@EuropeanUnioninKenya 📷

EU Delegation Kenya 📺

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List of Acronyms and Abbreviations

AfD	<i>Agence Française de Développement/</i> French Development Agency	GoK	Government of Kenya
ASAL	Arid and Semi-Arid lands	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit / German Development Agency
ATVET	Agriculture Technical Vocational Education and Training	JCS	Joint Cooperation Strategy
AU	African Union	JP	Joint Programming
CDP	<i>Cassa Depositi e Prestiti</i>	M&E	Monitoring and Evaluation
CIDP	County Integrated Development Plan	KfW	<i>Kreditanstalt fuer Wiederaufbau/</i> German Development Bank
CSOs	Civil Society Organisations	MIC	Middle-Income Country
DEG	Development Effectiveness Group	MS	Member States
DFID	Department for International Development (UK)	MSMEs	Micro, Small and Medium Enterprises
DoL	Division of Labour	MTP	Medium-Term Plan
DPs	Development Partners	NHIF	National Hospital Insurance Fund
DPG	Development Partner Group	NGO	Non-Government Organisation
EAC	East African Community	NSAs	Non-State Actors
EEZ	Exclusive Economic Zone	PFM	Public Finance Management
EDCSP	Effective Development Cooperation Strategy Plan	PPP	Private-Public Partnership
EDE	Ending Drought Emergencies	PSD	Private Sector Development
EIB	European Investment Bank	SDGs	Sustainable Development Goals
EPA	Economic Partnership Agreement	SMEs	Small and Medium Enterprises
EC	European Commission	TVET	Technical and Vocational Education and Training
EU	European Union	UNDAF	United Nations Development Assis- tance Framework
EUR	Euro	WB	The World Bank
FMO	Netherlands Development Bank		
GDC	German Development Cooperation		
GDP	Gross Domestic Product		



Preface



We must ensure that our youth, women and children have access to the highest attainable standard of living

The government of Kenya appreciates the central role played by our development partners in providing support aimed at improving our socio-economic development. In realisation of our short-term and long-term development priorities, we trust that this Joint Cooperation Strategy will tap into the areas of Kenya's economy that are most productive for our people.

Being a young economy, with a large majority of our population consisting of the youth, any strategies we undertake must lay emphasis on strengthening the economic and social rights of this group. The future of Kenya relies on them. We must ensure that our youth, women and children, have access to the highest attainable standard of health, access to adequate housing and reasonable standards of sanitation, freedom from hunger, and adequate food of acceptable quality, access to clean and safe water in adequate quantities, and access to social security and education.

The government, under the Jubilee administration, has since coming into office looked to implement an Economic Transformation Plan touching on five key pillars that involve; improving the business climate by maintaining macroeconomic stability, addressing security challenges, and reducing the cost of doing business; closing the infrastructure gaps; investing in key sectors such as manufacturing, agriculture and tourism; sharing prosperity by investing in pro-poor programmes in health, education and in social welfare programmes; and fully supporting devolution.

To deliver positive results to our people, the Joint Cooperation Strategy priority areas which have been aligned to these transformational areas, Kenya's Vision 2030 and MTP III, and the Big Four Agenda, should be a gateway for ensuring a significant improvement in the living standards of majority of Kenyans.

Together with the important partnerships forged over many years with the European Union, we look towards a positive future where we can inject positive outcomes in programmes aimed at securing Kenya's posterity.

Henry Rotich
Cabinet Secretary
The National Treasury

Foreword

The European Union and Kenya have a long-standing partnership spanning development, economic, security and political cooperation. Development cooperation is a key pillar of this comprehensive partnership and a central part of our political dialogue.

Our partnership with Kenya is founded on common principles and mutual commitment to sustainable development. To achieve shared Kenyan and European values, we must create synergies, coordinate responses and measure progress.

The European Joint Cooperation Strategy 2018-2022 aims to achieve this through setting out how the EU and its Member States present in Kenya intend to come together to jointly plan, implement and monitor EU development cooperation with Kenya. The strategy is fully aligned to Kenya's national development plans and outlines which sectors the joint response will be directed to and the objectives that we all hope to achieve.

Kenya is at a turning point, marked by the need to consolidate and strengthen economic growth, the rule of law and democratic governance to fulfil its Vision 2030. We are proud to present a Joint Cooperation Strategy that will adapt the EU's approach to best reflect Kenya's lower middle-income status while addressing the major inequalities and development challenges that persist across the country. It is wholly based on the universal values of the EU which promote democracy, equality, the rule of law, good governance and respect for human rights.



As partners, we are proud to present the new EU-Kenya Joint Cooperation Strategy providing a significant contribution to achieving Kenya's development goals

This Joint Cooperation Strategy will give us the opportunity to define a clear and coherent division of labour across sectors as well as enhance joint coordination efforts and policy dialogue with government and other important players. The implementation of the strategy will help us identify gaps and overlaps to make our development efforts more effective.

We trust that this Joint Cooperation Strategy will provide a significant contribution to achieving Kenya's development goals, to enhancing the EU-Kenya partnership and to meeting the needs and aspirations of all Kenyan citizens.

H.E. Stefano A. Dejak
EU Ambassador to Kenya



Executive Summary

The European Union (EU) and its Member States present in Kenya have come together and jointly committed to supporting the priorities and objectives identified by the Government of Kenya in the Third Medium-Term Plan (MTP III) 2018-2022 and the development manifesto of the current government, the “Big Four Agenda” with a **financial envelope of EUR 4.5 billion from 2018-2022**¹. This figure encompasses the indicative financial commitments of the European Union, European Investment Bank (EIB), Denmark, France, Finland, Germany, Italy, Ireland, the Netherlands, Slovak Republic, Sweden, and the United Kingdom. In parallel, this Joint Cooperation Strategy is further supported by Austria, Belgium, the Czech Republic, Greece, Hungary, Poland, Portugal, Romania and Spain, who do not have active cooperation portfolios but engage with Kenya on other levels and are actively involved in the different strands of the joint EU political and policy dialogue with the Government of Kenya (GoK).

To this end, EU Development Partners (EU DPs) have identified priority areas to support Kenya’s long-term vision and **MTP III** during the period 2018-2022. The choice of priorities to be supported responds to both Kenyan and European interests in a context where EU DPs’ cooperation is moving towards a more comprehensive and targeted approach that aims to tackle inequalities, enhance trade and competitiveness and address challenges such as forced and irregular migration and climate change, while at the same time mobilising additional resources through concessional financial funding. It is expected that the Joint Cooperation Strategy (JCS) will support the MTP III’s overarching goals, namely (i) Achieving 10% economic growth rate target by the end of the period; (ii) Meeting the 17 Sustainable Development Goals (SDGs); and (iii) Meeting the goals of the African Union (AU) Agenda 2063.



The Strategy is also aligned with the economic and development agenda elaborated by the Jubilee Party government led by President Kenyatta, known as the **Big Four Plan**. The Plan sets out the policies and measures to be focused on by the government of Kenya over the next 5 years in the following areas: i. Expansion of manufacturing, ii. Affordable housing, iii. Universal healthcare, and iv. Food security and nutrition.

This Joint Cooperation Strategy constitutes the second phase of EU Joint Programming in Kenya. It builds on the previous phase aligned with Kenya’s Second Medium-Term Plan (2013-2017) and presents the opportunity to provide a coordinated and comprehensive framework for EU cooperation in Kenya. It will both enhance the visibility of this partnership and reinforce the position of the EU in Kenya by adapting the EU’s approach to best reflect Kenya’s lower middle-income status while addressing the major inequalities and development challenges that persist across the country.

¹This figure is exclusive of other forms of financial support such as humanitarian assistance, regional programmes and private sector financing which bring substantial additional funds to Kenya

Priorities of the EU Joint Cooperation Strategy

Kenya is in the midst of a transformation process that is marked by the need to consolidate and strengthen economic growth, the rule of law and democratic governance to fulfil its Vision 2030. This transformation will form the backbone of the present strategy between Kenya and EU DPs, which is based on the following **four priority areas**:

Accountability and Governance:

EU DPs consider Accountability and Governance to be both a specific sector of intervention and a cross-cutting issue given its importance to creating an environment conducive to the success of EU interventions. EU DPs will contribute to changes and reforms through:

- Enhancing political dialogue on (i) implementation of the 2010 Constitution, (ii) democratic governance; and (iii) the need to address Human Rights challenges; and
- Strengthening the capacity of national and local institutions to fulfil their mandate, implement reforms and capacitate non-state actors (NSAs) in their different mandates for achieving an inclusive and just society.

Focus will be given to a well-functioning devolution process, strengthened Public Financial Management (PFM) systems, increased access to justice for all, enhanced civic space and improved gender equality.

Sustainable infrastructure:

Through this Strategy, EU DPs will continue to support Kenya to implement infrastructure projects with a focus on energy, transport, water and sanitation, housing and urban development. EU DPs will:

- Support the GoK to provide inclusive, reliable, affordable and sustainable transportation, housing and access to water and energy; and
- Support Kenya's vision to become a regional energy and transport platform.

These objectives will be attained through the provision of finance and support to governance in the infrastructure sector.

“As a partner, and as a friend, the EU and its Member States continually strive to channel their efforts in areas that are of the most direct benefit to the people of Kenya.”

It is in this vein that we present the Joint Cooperation Strategy, seeking to harmonise EU investments and inject resources in line with the country's long-term planning strategies in order to help Kenya reach its development objectives, reduce inequalities and fulfil its Vision 2030.”



Hubert Perr,
EU Head of Development Cooperation

Employment creation:

EU DPs aim to contribute to the institutional and economic reforms that are envisaged in the MTP III to achieve sustainable, inclusive and equitable economic growth and ultimately, create decent jobs and quality livelihoods for all. To achieve these objectives, EU DPs will focus on 4 specific challenges:

- Addressing the skills mismatch between trainings offered (supply side) and industrial requirements (demand side);
- Supporting the supply side, namely via the provision of quality labour market-oriented training in training institutes;
- Supporting the demand side in both the formal and informal sector by focusing on the absorption capacity of the private sector; and
- Strengthening the enabling environment by promoting ease of doing business, access to credit and insurance, land and property rights and a strengthened rule of law and regulatory framework for job creation.





Resilience building:

EU DPs have a common vision that investing in improved food and nutrition security at national and county level and in better resilience to climatic shocks in Arid and Semi-Arid Land (ASAL) areas will generate more broad-based and inclusive development in Kenya. EU DPs will work closely with the relevant humanitarian actors in this sector in order to reinforce the humanitarian-development nexus. Under the thematic area of resilience building, EU DPs will address specific challenges in the following sectors:

- Sustainable drought management;
- Increased food security and nutrition;
- Livelihood diversification and value chain support and;
- Research and adoption of climate-smart agriculture.

This Strategy will focus EU cooperation efforts on the four sectors identified but does not prevent investment from the EU or its Member States in other sectors. EU DPs will continue to cooperate when it comes to interventions in other sectors and strategic areas of interest such as the environment and climate change, irregular migration, forced displacement, women's empowerment, peace, stability and security.

Operationalising the Joint Cooperation Strategy

The JCS will be operationalised through joint implementation, with a Joint Communication and Visibility Strategy and a Monitoring and Evaluation (M&E) Plan.

Most EU DPs see effectiveness and efficiency as the main benefits of joint implementation. It is generally expected that resources will be used in the best way possible, leading to better results and greater impact with lower transaction costs. In the long term, joint programming and implementation improves the efficiency of collaborative work on the ground and helps to create a shared objective toward the joint delivery of results.

EU DPs are also committed to exploring future opportunities for joint action by developing or strengthening joint analyses, joint frameworks, joint implementation modalities and/or joint M&E frameworks.

Finally, the visibility of EU DPs' development cooperation in Kenya is of strategic importance for European DPs, the GoK and the public at large. Visibility is expected to improve transparency around public funding and reinforce its legitimacy and credibility. EU DPs commit to joint and coordinated information and communication efforts aimed at raising awareness of EU cooperation in Kenya among target audiences and the public in general, thereby ensuring success and sustainability.

EU Joint Programming in Kenya

1.1 Strategic objectives of EU Joint Programming in Kenya

Enhancing development effectiveness

Joint Programming (JP) is a process whereby European Institutions and European Union Member States (EU MS) come together to define a joint development cooperation strategy. As an effective tool for improving coordination, JP intends to strengthen the impact, coherence, transparency, predictability and visibility of EU cooperation. An effective division of labour (DoL) and increased complementarity are at the core of this process.

The European Joint Cooperation Strategy with Kenya (JCS) will provide a coordinated and comprehensive framework for cooperation among EU DPs in Kenya including bilateral partners, development agencies and financial institutions. It aims to improve development effectiveness in Kenya, in accordance with the Effective Development Cooperation Strategic Plan 2018-2022, with respect to aligned and coordinated strategies for the enhancement of efficiency, improved policy dialogue, strengthened partnerships and improved communication and visibility. Furthermore, it is expected that a rationalisation of processes across EU DPs will lead to the increased predictability of funds and increased coordination for the GoK, as well as a reduction in transaction costs with reduced demand on strained resources.

The JCS process is closely aligned with the wider frameworks already established such as the Development Partner Group (DPG), the Development Effectiveness Group (DEG) and the relevant Joint Sector Working Groups. Given the strong presence of the United Nations and its agencies in Kenya, EU Joint Cooperation will endeavour to work closely with the United Nations Development Assistance Framework (UNDAF) for Kenya.

Supporting Kenya's development priorities

The EU Joint Cooperation Strategy 2018-2022 builds on Kenya's own development strategy, in line with the principles of alignment and country ownership. To this end, the EU Development Partners (DPs) present in Kenya have come together and jointly committed to supporting GoK's development priorities



enshrined in the Vision 2030, the Third Medium-Term Plan (MTP III) and the Political Manifesto of the current government, the "Big Four Agenda".

Promoting inclusive and sustainable growth

Kenya is in the midst of a transformation process that is marked by the need to consolidate and strengthen economic growth, the rule of law and democratic governance to fulfil its Vision 2030. This transformation will form the backbone of the present strategy between Kenya and EU DPs for the period 2018-2022 with increased focus on political and policy dialogue, inclusion and non-discrimination in governance and service delivery, inclusive economic development and trade cooperation. This will aim to support Kenya to consolidate its middle-income status and achieve inclusive and sustainable growth in line with its development plans and the international agenda framed in the Sustainable Development Goals (SDGs).





1.2 The EU in Kenya

The partnership between Kenya and the EU has existed for more than 40 years, during which time it has matured beyond basic development cooperation to a relationship based on common values and mutual benefits. EU diplomats and Kenyan decision-makers are engaged in a comprehensive and balanced political dialogue embedded in the EU-Africa Partnership and in the Cotonou Agreement, which governs the relations between African, Caribbean and Pacific (ACP) countries and the EU until 2020.

Strengthening the EU-Kenya partnership

The Strategy will both (i) provide a useful framework for EU DPs to consolidate their efforts to work together at policy level; and (ii) further enhance joint political and policy dialogue with the GoK. It will serve to capitalise on the EU as a major partner for Kenya and bring stronger visibility to this partnership.

The choice of priorities to be supported responds to both Kenyan and European interests in a context where cooperation by EU DPs is moving toward a more comprehensive and targeted approach that aims to tackle inequality, enhance trade and competitiveness through the Economic Partnership Agreement (EPA) and address challenges such as forced and irregular migration (through the Valletta Action Plan) and climate change (through the Paris Agreement/COP21), while mobilising additional resources through concessional financial funding.

The role of JP in this broader cooperation context is in line with European policy guidelines such as the new European Consensus for Development and its 5Ps (People, Planet, Prosperity, Peace and Partnership), the EU External Investment Plan, the EU Global Strategy on Foreign and Security Policy, the European Agenda on Migration and EU commitments to the Development Effectiveness Agenda.

The development cooperation of the EU and its MS is based on the universal values of the EU which promote democracy, equality, the rule of law, good governance and respect for human rights. The EU applies a rights-based approach to development cooperation².

JP respects the sovereign decisions of all EU DPs as regards the final level of financial allocations for Kenya and the implementation modalities to be adopted. It allows EU DPs to replace their individual country strategies with this JCS, such as in the case of France.

Development cooperation is a key pillar of Europe's comprehensive partnership with Kenya and supports social, economic and political development through grants and loans from EU institutions (the EC and EIB) and bilateral programmes implemented by EU Member States and the European Development Fund (EDF). Despite the fact that Kenya has 'graduated' to the status of low middle-income country, there is still sizeable development assistance delivered to Kenya by the EU and its MS (who are, together, the largest providers of official development assistance to Kenya).

Eleven (11) EU DPs have active bilateral cooperation programmes in Kenya. They include Denmark, the EU and the EIB, France, Finland, Germany, Italy, Ireland, Slovak Republic, Sweden, the Netherlands and the United Kingdom (see Annex 3 for further reference). Other EU partners present in Kenya are Austria, Belgium, the Czech Republic, Greece, Hungary, Poland, Portugal, Romania and Spain.

The EU is also a major source of humanitarian aid to Kenya and of funding to support regional security. As the largest supporter of the peace process in Somalia, including in terms of financial support to the African Union (AU) Mission to Somalia (AMISOM), the Eastern Africa Standby Forces (EASFCOM), the East African Community (EAC) and the Intergovernmental Authority on Development (IGAD) in terms of peace and security, the EU demonstrates its commitment to the stability of Kenya and the region. Fostering regional integration and cooperation as an opportunity to enhance growth and prosperity is also at the core of the EU DPs' agenda. EU DPs support the EAC's vision for a prosperous, competitive, stable and secure East Africa through widened and deepened economic, political, social and cultural integration.

²http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/foraff/142682.pdf



“The new European “Consensus on Development” (2017) agreed on a common EU approach to development policy and cooperation. In the Consensus, the EU and the EU Member States commit themselves to jointly respond to global challenges and to support partner countries in achieving the SDGs. We in Kenya are proud to be among the first countries to agree on a EU Joint Country Strategy and to engage in EU joint programming and EU joint work and by doing so to start into new era of joint work with partner countries.”

*Adj. Prof. Dr. Hildegard Lingnau,
Head of German Development Cooperation*

Trade relations between Kenya, the EAC and the EU have been improved, contributing to better economic opportunities. The EU remains Kenya’s largest trading partner, accounting for 26% of Kenyan exports. The conclusion of the EU-EAC EPA in 2014 and the efforts made to implement it since its ratification by the Kenyan Parliament³ are evidence of the EU’s support toward Kenya’s integration into both European and global markets. Further to trade in goods, the EPA includes a fully-fledged development cooperation chapter, flexible rules of origin, a full institutional structure and cooperation on a wide range of issues including agriculture, Sanitary and Phytosanitary (SPS) measures and trade facilitation.

Finally, EU DPs are committed to promoting development effectiveness principles in Kenya in accordance with their endorsement of the key international agreements in this area (Paris, Accra, Busan, Mexico and Nairobi). EU DPs aim to align their action behind GoK development priorities while reducing transaction costs and increasing the impact of development cooperation. The EU additionally acknowledges that development depends on the participation of all actors, including civil society and the private sector, in the country’s growth agenda.

³The EAC-EU EPA was ratified by the Parliament of Kenya on 20 September 2016



1.3 Lessons learnt from EU Joint Programming 2013-2017

This Joint Strategy constitutes the second phase of EU Joint Programming in Kenya. The previous phase covered the period 2013-2017 and was aligned with Kenya’s Medium-Term Plan II which aimed to support Kenya in the following priority areas: (i) Agriculture, rural development and Arid and Semi-Arid lands (ASAL); (ii) Energy and transport; (iii) Democratic governance, justice and the rule of law; and (iv) Water and sanitation.

Phase I presented an ambitious strategy which helped confirm the importance of the EU as a key development partner for Kenya, not only in terms of Official Development Assistance (ODA) but also in terms of investment and trade. It proved to be a useful means of enhancing coordination and peer learning among the EU group and helped develop a more dynamic culture of working together among EU DPs. It was instrumental in enhancing not only dialogue among EU partners, but also engagement with other external DPs, including Civil Society Organisations (CSOs) and the private sector.

The first phase of JP also helped to identify specific areas where the EU has added value in terms of its cooperation with Kenya and resulted in a number of joint actions in specific sectors (such as water and sanitation in the ASALs).

Despite this, much remains to be done to further reinforce ties with the GoK in terms of dialogue at both technical and political level, explore potential for increased joint action and where relevant, speak with one voice. Phase II presents the opportunity to do so in a focused and strategic manner with the objective of further reinforcing the position of the EU in Kenya and adapting its approach to best reflect Kenya’s lower middle-income status while continuing to address the major inequalities and development challenges that exist across the country.



2 Kenya's Development Challenges



Kenya's Vision 2030 is the national development blueprint that aims to transform Kenya into a newly industrialising, globally competitive and middle-income country that provides a high quality of life to all its citizens by 2030. The Vision embraces three key pillars: Economic, Social and Political. The Economic Pillar aims to achieve an average economic growth rate of 10% per annum that can be sustained until 2030 and beyond. The Social Pillar seeks to secure a just, cohesive and equitable social development in a clean and secure environment. The Political Pillar aims to realise a people-centred, result-oriented and accountable democratic system. The three pillars are anchored in the foundations of Macroeconomic Stability; Infrastructure Development; Science, Technology and Innovation; Land Reforms; Human Resource Development; Security, Public Sector Reforms and a National Value System.

Kenya's Vision 2030 is being implemented through a series of 5-year Medium-Term Plans (MTPs) which set the framework for policy actions, public investment priorities and expenditure planning. The current Third Medium-Term Plan (MTP III) covers the period 2018-2022 and identifies the following ongoing challenges:

- The agricultural sector remains dependent on rainfall for irrigation and needs to be modernised through investment

in storage and preservation facilities and in value addition to boost income among farmers, pastoralists and fishermen;

- The low and declining shares of the manufacturing, industrial and exporting sectors in the Gross Domestic Product (GDP) constitute a key challenge. The manufacturing sector declined both in terms of share of the GDP (from 11.8% to 10.3%) and of exports of goods and services (from 21.6% to 15.8%) between 2012 and 2015;
- Kenya's relatively low labour productivity is an obstacle to national competitiveness;
- Slow implementation of reforms results in a relatively low ranking on the World Bank Ease of Doing Business Index (Kenya currently ranks 82 out of 189 countries);
- The high cost of capital and high lending rates remain a challenge to investment and job creation by the private sector, despite the passing of recent legislation to cap and bring down lending rates;
- Unemployment and under-employment, including skills mismatch, result in low productivity among young people;
- The land acquisition process for the development of public infrastructure projects remains difficult and includes high compensation and resettlement costs;
- Uptake of Public-Private Partnerships (PPPs) remains low;
- Absorption of development partner funds in the development budget remains low;
- A significant proportion of Kenya's population still lacks access to basic services such as electricity and safe drinking water. Realisation of universal access to water remains a significant challenge and requires huge investments in water supply infrastructure;
- The health sector still suffers from multifaceted challenges, including pressure on the healthcare system exerted by both communicable and non-communicable diseases and the high cost of accessing quality healthcare;
- Climate change, cybersecurity and terrorism are emerging as important challenges; and
- The implementation of devolution is proving problematic.

To address these challenges, the MTP III's economic, social and political pillars are underpinned by a combination of cross-cutting areas that operate as the key enablers of Kenya's national development. This logic is captured in Figure 1 below.

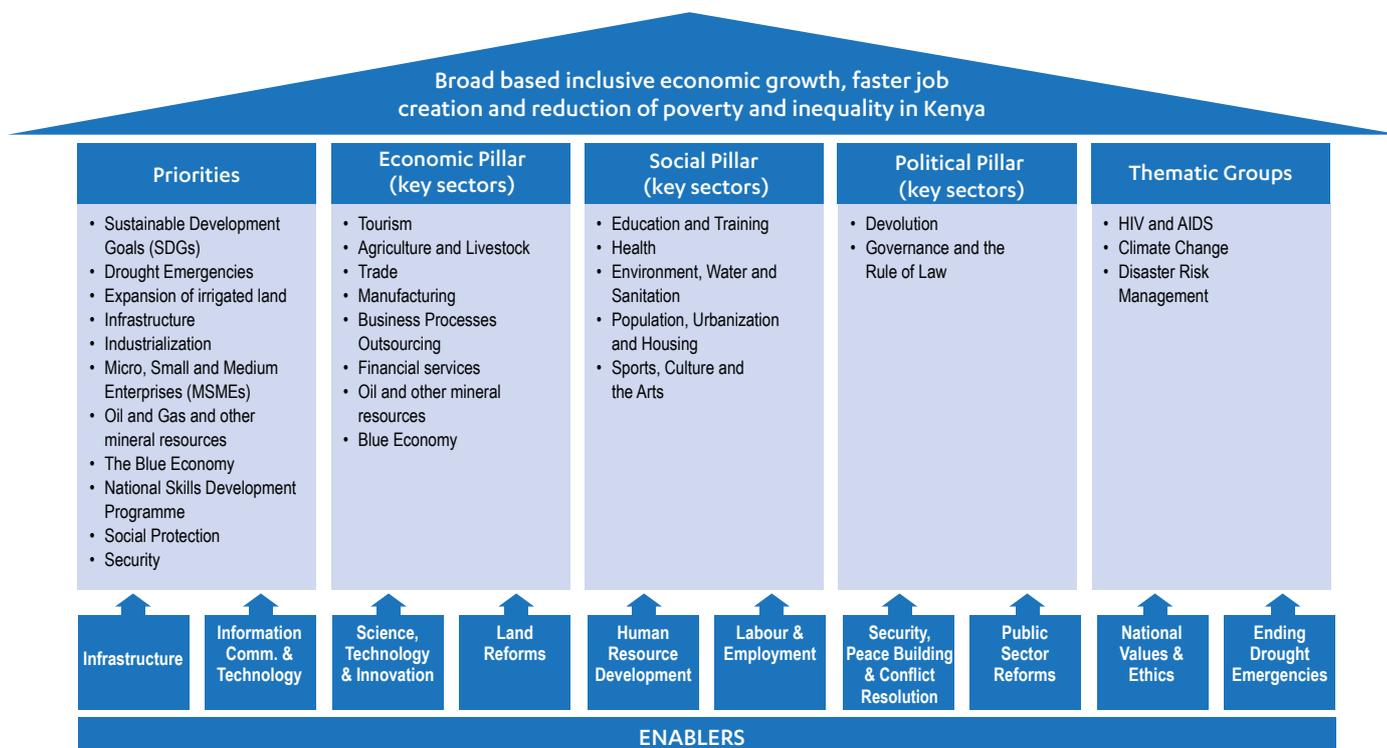


Figure 1: Kenya's Third Medium-Term Plan 2018-2022

The MTP III overarching goals to which EU DPs will jointly contribute during the period 2018-2022, are:

- Achieving the 10% economic growth rate target by the end of the Plan period;
- Meeting the 17 SDGs; and
- Meeting the goals of the AU Agenda 2063.

The EU JCS is also aligned with the economic and development agenda elaborated by the Jubilee Party government led by President Kenyatta, known as the **Big Four Plan**. The Plan sets out the policies and measures to be focused on by the Jubilee administration over the next 5 years in the following areas:

- Expansion of manufacturing**, with the objective of achieving a 10-fold increase in exports from the following strategic sectors: the Blue Economy, Agro-Processing, Leather and Textiles;
- Affordable housing**, with the objective of building 500,000 social housing units and 800,000 affordable units by 2023;
- Universal healthcare**, where the GoK plans to ensure every Kenyan is covered under the National Hospital Insurance Fund's medical insurance cover; and
- Food security and nutrition**, where in order to find a lasting solution to the multiple and interlocking problems responsible for food insecurity and poor nutrition, the GoK will increase large-scale production, boost smallholder productivity and enhance the role played by Small and Medium Enterprises (SMEs) in food processing along the value chain.

⁴See <https://www.au.int/web/en/agenda2063>



Figure 2 summarises the main initiatives under each priority area as well as the overarching goals of the Big Four Plan:



Figure 2: The Big Four Agenda 2018-2022: Priority Areas and Overarching Goals

These policy documents form the basis on which the priorities of the EU JCS have been identified, as shown in the following sections.

“As a trading nation and a partner in development, the Netherlands has a combined agenda for foreign trade and development cooperation with the aim of contributing to sustainable and inclusive growth in Kenya - in line with the Big4 agenda of the Kenyan government and the SDG agenda.”

Ambassador Frans Makken, The Netherlands



Joint EU Response

3.1. Theory of Change and guiding principles

In addition to the challenges acknowledged by the MTP III, EU DPs have identified five additional areas where persistent difficulties could hamper the achievement of Kenya's development goals:

- i. With a population of 46 million that grows at 2.6% per annum, an estimated 1 million Kenyans join the labour market every year. An important challenge will be to **capitalise on this demographic dividend**. It is crucial to build on the enormous potential of Kenyan youth to become a productive part of society rather than a risk to national development by addressing the major issue of unemployment currently affecting the country;
- ii. **Persistent poverty and growing inequalities remain.** Kenya ranks 145th out of 187 as per the United Nations Human Development Index (HDI) and the poverty rate stands at 45% of the population despite strong national growth. Kenya is also characterised by high rates of inequality between the different regions, especially between rural and urban areas;
- iii. **Gender inequalities:** Gender equality is one of the most important conditions for achieving progress in the fight against poverty and inequality. Progress has been made in this area with the introduction of the 2010 Constitution. The vital roles that women and girls can play in Kenyan society as enablers of growth, and the importance of their participation and leadership, will be central to achieving the SDGs;
- iv. Kenya has demonstrated resilience to international crises since the early 2000s, but its **revenues have stagnated despite dynamic national growth**. This points to the need for further tax reform and the gradual implementation of measures to improve the effectiveness of public investment, particularly given the budgetary risks that are inherent to the effective application of devolution; and
- v. Kenya still holds a high level of perception of corruption in political and administrative strata. Whilst performance in economic and financial governance is relatively good, this is undermined by corruption.

EU DPs have formulated the present long-term vision of joint development cooperation in Kenya based on a common analysis and understanding of the above-outlined development priorities and challenges.

It is understood that EU DPs will be supporting sustainable and inclusive development in Kenya by:

- Strengthening effective governance, access to justice, respect for the rule of law, human rights and freedom of expression in Kenya;
- Supporting the provision of inclusive, reliable, affordable and sustainable transportation, housing and access to water and energy for all;
- Fostering sustainable, inclusive and equitable economic growth in Kenya that creates decent jobs and quality livelihoods for all; and
- Promoting climate-smart and resilient agriculture that enhances food security, diversifies livelihoods and value chains and promotes sustainable management of the environment and natural resources.

By focusing on the main political, environmental and social issues affecting the country, EU DPs will contribute to addressing the root causes of poverty and inequality in Kenya.

EU DPs will also be supporting the country's transition to middle-income status and toward a climate-resilient economy. The mutually beneficial nature of the EU-Kenya partnership will be enhanced with an increased focus on trade, competitiveness, private sector development and investment.

“Joint Programming is an instrument based on the principle of division of labour which significantly contributes to the effectiveness of the Official Development Assistance of the particular donors, as well as the EU.”

Resolution of the Slovak Government to the involvement in Joint Programming in Kenya



3.2. Priority sectors for EU JP in Kenya

EU DPs are committed to jointly supporting the implementation of Kenya’s current Development Plan, the MTP III 2018-2022. To this end, they have identified four priority areas for JP as a joint response to the MTP III, as well as the Big Four Agenda, for the 2018-2022 planning cycle. These are:

			
<p>1 Accountability and governance (both economic and democratic governance);</p>	<p>2 Sustainable infrastructure (energy, transport, water and sanitation, sustainable housing and urban development);</p>	<p>3 Employment creation (skilled employees for the private sector, absorption capacity from the private sector and an enabling environment)</p>	<p>4 Resilience building (sustainable drought management, increased food security and nutrition, livelihood diversification, value chains and the research and adoption of climate-smart agriculture).</p>

EU development cooperation will be complemented by intensified policy dialogue in the priority sectors identified, as part of the wider EU-Kenya political dialogue, as well as by sectoral dialogue at DPG level.

This Strategy will focus EU cooperation efforts on the four sectors identified but does not prevent investment from the EU or its Member States in other sectors. EU DPs will also cooperate as regards interventions in

other sectors and strategic areas of interest such as the environment, climate change, irregular migration, forced displacement, women’s empowerment, peace, stability and security. The EU will work with vulnerable people in marginalised areas in accordance with the principle of “leaving no one behind” as set out in the Vision 2030. Tackling inequalities, particularly gender inequality and disability, will be comprehensively integrated as a priority issue across all areas.

Table 1 below summarises the thematic areas of the EU joint response.

Accountability and Governance	Sustainable Infrastructure	Employment Creation	Resilience Building
<ul style="list-style-type: none"> Economic governance; Democratic governance 	<ul style="list-style-type: none"> Energy; Transport; Water & sanitation; Sustainable housing and urban development 	<ul style="list-style-type: none"> Supply side: skilled employees for the private sector; Demand side: Absorption capacity of the private sector; Enabling environment: decent work, access to finance/ financial inclusion, business skills 	<ul style="list-style-type: none"> Sustainable drought management; Increased food security and nutrition Livelihood diversification and value chains Research and adoption of climate-smart agriculture

Table 1: Thematic Areas of EU Joint Country Strategy for the period 2018-2022



Table 2 illustrates the EU DPs' alignment with MTP III and the Big Four Agenda.

THEMATIC AREAS OF EU JOINT RESPONSE		MTP III				BIG FOUR PLAN				
		Economic Pillar	Social Pillar	Political Pillar	Enablers	Manufacturing	Housing	Universal Healthcare	Food Security and Nutrition	Enablers
Sustainable Infrastructure	Energy	X	X	X						X
	Transport	X								X
	Water		X							X
	Sustainable housing and urban development		X				X			
Employment Creation	Supply side: focus on capable and skilled employees for the private sector	X					X			X
	Demand side: manufacturing, agriculture, value chain development, opportunities for youth and disabled, private sector development	X				X				
	Enabling environment: decent work; access to finance and financial inclusion; business skills; harmonization of degrees	X								X
Accountability and Governance	PFM			X						
	Devolution			X						
	Human rights			X						
	Rule of law and access to justice			X						
	CSO and media support			X	X					
Resilience Building	Sustainable drought management				X				X	
	Increased food security and nutrition	X							X	
	Livelihood diversification and value chains	X							X	
	Research and adoption of climate-smart agriculture	X							X	
Migration; Security, and Cross-border Development	Migration and forced displacement									
	Stability and security (refugees, violent extremism and conflict)				X					X
	Cross-border development and spatial development				X					X

Table 2: Alignment of EU Joint Response with MTP III and Big Four Priorities

The joint response is the result of a common understanding and analysis of the sectors and their challenges for Kenya's development. It includes resource allocation and a commitment to work more closely together within specific sectors (joint implementation).



Table 3 presents the planned division of labour for JP in support of MTP III.

EU DPs presence per thematic area and sub-sector/theme														
Thematic areas	Sub-sector/ Theme	BE	DK	DE	FI	FR	EIB	EU	IT	NL	SE	SK	UK	N° of EU DPs
Employment creation	Enabling environment		0	0		0	0		0	0		0	0	8
	TVET	0		0	0	0		0		0	0		0	8
	Agri-business		0	0	0	0	0	0	0	0	0	0	0	11
	Private sector development		0	0	0	0	0			0	0			6
Sustainable infrastructure	Renewable energy		0	0		0	0	0	?	0	0			6
	Transport			0		0	0	0	0				0	6
	Water and sanitation		0	E	0	0	0	0	0	0	0			8
	Housing/ urban development					0			0		0			3
Accountability and governance	PFM		0			0		0			0			4
	Devolution		0		0			0			0		0	5
	Human rights		0		0			0		0	0			5
	Justice and Rule of law		0	0				0		0	0			5
	Elections		0					0			0		0	4
	Anti-corruption and accountability		0	0							0		0	4
	Security and counter-violent extremism		0					0		0			0	3
Resilience building	Food security and nutrition		0	0				0	0	0	0	0	0	8
	Droughts management		0	0				0	0	0	0	0	0	8
	Agriculture development			0			0	0	0	0	0	0	0	8
	Research and adoption of climate-smart agriculture			0					0	0	0	0		5

Legend:

0: Confirmed presence for MTP3

E: Exiting sector

?: Considering entering

Table 3: Planned Division of Labour for JP in support of MTP III





Support to Electoral Processes in Kenya - UNDP BASKET FUND

To support Kenya's efforts in good governance and democracy, the EU is contributing to the UNDP-led "basket fund" to support the organisation of elections in Kenya, as well as sending an Election Observation Mission and funding efforts to promote women's representation and to discourage election-related violence. The project which began in January 2015 and ends December 2019 saw representatives of the EU observe the 2017 electoral process: officials from the EU Delegation to Kenya in Nairobi observed mass voter registration at the start of the year, and the main election process (including October's 're-run' of the Presidential election) was observed by a full EU Election Observation Mission.

3.2.1 Accountability and Governance

The Theory of Change for this area is based on the assumption that sustainable development is not possible without effective and democratic governance at all levels, based on the rule of law, human rights, gender equality and equity. EU DPs consider Accountability and Governance as not only a specific sector of intervention, but also a cross-cutting issue given that improved economic and democratic governance is a pre-condition to the creation of an environment conducive to the success of EU interventions in the priority sectors under this JCS.

The 2010 Constitution encompasses all of the above, but there are a number of obstacles to its full realisation and Kenya's implementation of its international Human Rights

commitments. Therefore, EU DPs will use a two-pronged approach to contribute to changes through: 1) enhancing political dialogue on implementation of the 2010 Constitution, democratic governance and the need to address Human Rights challenges; and 2) development cooperation to strengthen the capacity of national and local institutions to fulfil their mandates, implement reforms and capacitate NSAs in their different mandates for achieving an inclusive and just society. Focus will be given to a well-functioning devolution process, strengthened Public Financial Management (PFM) systems, increased access to justice for all, enhanced civic space and improved gender equality.

EU joint support will focus on both economic and political Accountability and Governance as follows:

a) Economic Governance

Kenya's 2010 Constitution places fiscal decentralisation and PFM at the centre of policy reforms. The PFM Act 2012 sets out to promote transparency and accountability in the management of public finances at both National and County Government level. GoK launched the PFM Reform Strategy in March 2013 to guide the implementation of all government PFM reforms. The Strategy constitutes the single platform for the mobilisation of all financial and technical support by donors in this area.

Some of the most important challenges faced in the area of PFM include improving the quality of planning across sectors and institutions; strengthening the control and management of Kenya's investment programme; increasing the efficiency of Budget Execution and overcoming existing delays to the enactment of legislation and implementation of reforms. Other challenges identified by EU DPs are the lack of coordination in the area of Domestic Resource Mobilisation (DRM) and the low absorption capacity of the government.

Devolution is another of the most ambitious processes ushered in by the 2010 Constitution, given that it involves the simultaneous transfer of power and finances to an entirely new level of government. While devolution has created a new reform space for more responsive, equitable, efficient and accountable local service delivery, converting this into actual improvements in on-the-ground service delivery will depend on the quality of county institutions as well as on the incentives that drive them.





Devolution continues to be poorly implemented due to a number of major challenges, including weak planning; lack of incentives to perform effectively; poor management of public finances; poor translation of county development priorities into budgets and actual projects; corruption; and the need to manage political and ethnic tensions within counties. JP offers the possibility to improve coordination between the larger devolution programmes of UNDP and the World Bank, enhance coherence among the different devolution stakeholders on the GoK side and improve Government ownership of this sector.

This objective can be pursued through the Devolution Donor Working Group. At operational level, coordination among EU DPs can be improved by focusing on the accessibility and quality of service delivery through cooperation with different public and private stakeholders. Another key issue is the need to strengthen the basic machinery required for devolution to work, especially in the area of PFM and starting with the timely release of funds to county governments.

Economic governance presents clear possibilities for joint EU cooperation, coordination and even implementation in the areas of devolution, leadership, ethics and integrity, in line with the following objectives:

- i. Promotion of integrity and accountable, transparent governance, as well as measures against corruption, by promoting awareness and oversight mechanisms at national and local level;
- ii. Ensuring the transparency of PFM and procurement;
- iii. Supporting increased budget reliability (predictability and prioritisation) and sound management of public investment;

- iv. Continuing to support counties to develop comprehensive County Integrated Development Plans (CIDPs) for the 2018-2022 planning cycle;
- v. Improving service delivery at county level;
- vi. Strengthening equity between and within counties (e.g. through improved needs assessment to inform budget priorities, with a focus on the most marginalised counties);
- vii. Strengthening data collection and the transparent sharing of data⁵; and
- viii. Supporting effective resource mobilisation at county level.

b) Democratic governance

The adoption of the Constitution in 2010 has raised expectations among the people of Kenya that they will see tangible benefits from democratic government, including the equal representation of all citizens. Continued reforms, capacity building and awareness raising on the Constitution are needed to enable public institutions to operate efficiently and transparently for the effective implementation of public policies in Kenya. Further strengthening accountability mechanisms in line with the new Constitution will assist the GoK to achieve its objectives in this regard.

EU DPs have identified the fight against impunity – notably in relation to corruption – and the re-emerging of ethnic divides and related discrimination as key challenges related to democratic governance in Kenya. There is also a perceived lack of trust in political institutions. This is further complicated by a weak division of power with an over-dominant executive, which clashes with the judiciary. In addition, increasing inequalities and constraints on the freedom of operation of CSOs and the media are challenges identified by EU DPs.

The objectives of the JCS in this thematic area are:

- i. To support implementation of the 2010 Constitution, in particular the Bill of Rights, the independence of government bodies, Chapter 6 (integrity and zero tolerance of corruption, including the promotion of ‘integrity champions’ across sectors) and devolution;
- ii. To support institutions (including the judiciary) to be more effective and accountable and to fulfil their mandate, ensuring that all rights recognised by the Bill of Rights can be equally upheld for all Kenyan citizens;

⁵For instance, by encouraging collaboration between CSOs funded by EU DPs and the county governments in the collection and collation of data that can be deployed for statistical analysis.

- iii. To strengthen accountability/oversight through CSOs and the media and protect the freedom of expression; and
- iv. To address inequalities (equal access to basic rights, gender inequality) and discrimination.

To achieve these objectives, EU DPs will support the main accountability mechanisms provided for by the Kenyan Constitution, focusing on intergovernmental relations between central and county level (but also between county authorities and the local communities) and increased accountability of public institutions in Kenya through results-based and targeted capacity building. CSOs will be simultaneously supported to strengthen the demand side of governance, especially with regard to legal aid services.

Given the complexity of this thematic area, EU DPs agree that support to the electoral process, as managed by the Independent Electoral and Boundaries Commission, represents a clearly defined area for the JP exercise. The EU Delegation and EU MS have coordinated most of their support to previous elections through a United Nations Development Programme (UNDP) basket fund.

A joint approach to working with NSAs is another potential area for further joint initiatives. EU DPs are also mindful of the importance of public participation at local level in the context of devolution. EU DPs will support Civic Education

“Ireland is working to support Kenya’s development priorities in the areas of economic development, agriculture and education, and to increase the trade and investment links between our countries, and with the EU”.

Dr Vincent O’Neill, Ambassador of Ireland to Kenya

on devolution and public participation, through CSOs and the media, for improved accountability and transparency. Support will be also given to help grassroots CSOs and Faith-Based Organisations (FBOs) to participate in the decision-making processes at county level and exercise their right to participate and supervise.

Finally, EU DPs will support implementing partners to create models of best practice in the area of public participation. Most notable in this regard is the Kenya Accountable Devolution Programme (KADP), which has worked with Makueni and West Pokot counties in developing and enhancing exemplary public participation models. EU DPs will promote and coordinate these actions through the CSO Donor Working Group and the Devolution Donor Working Group to better coordinate existing efforts and assist with the identification of gaps.

The intervention logic of EU DP joint assistance in the area of accountability and governance is shown in Figure 3.

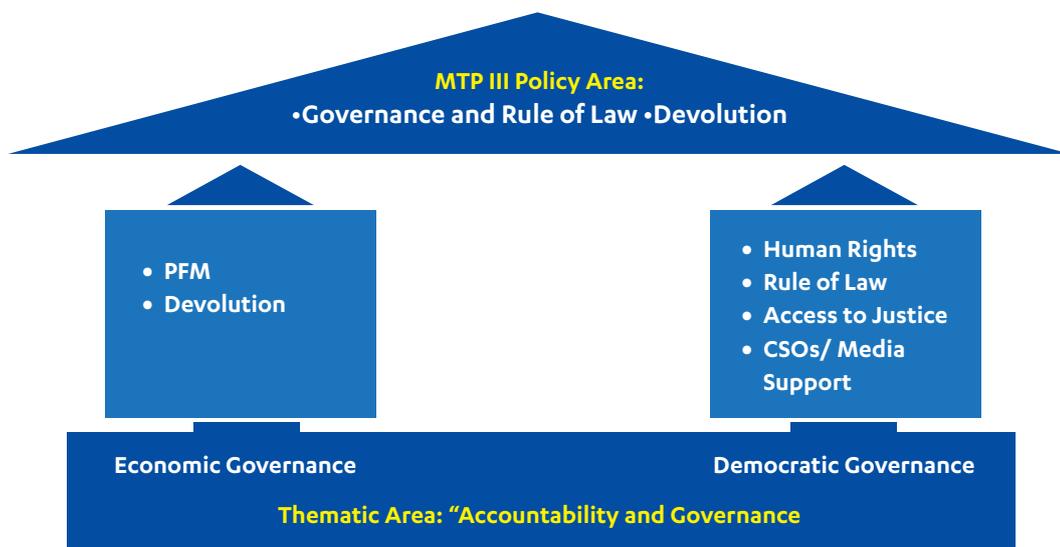


Figure 3: Contribution of Accountability and Governance to MTP III



3.2.2. Sustainable infrastructure

The Theory of Change for this thematic area is based on the assumption that synergies created by EU joint support to energy, transport, water and sanitation and sustainable housing will contribute significantly to key national development outcomes, including the availability of energy sources at an affordable price; water and housing security; improved sanitation; regional integration; and access to markets. In this context, interventions in this sector can bring substantial improvement in areas such as health and the environment and contribute to Kenya's goal of becoming a climate-resilient economy.

Through this Strategy, EU DPs will continue to support Kenya in infrastructure projects with a focus on **energy, transport, water and sanitation, housing and urban development.**

The EU DPs will support Kenya's objectives with respect to infrastructure for the period 2018-2022 by:

- i. Supporting the GoK to provide inclusive, reliable, affordable and sustainable transportation, housing and access to water and energy; and
- ii. Supporting Kenya's vision to become a regional energy and transport platform.

EU DPs have identified two means of achieving the above objectives:

- a. Financing energy, water, transport and housing infrastructure while taking into account the social/ environmental impacts and land acquisition; and
- b. Supporting 'governance' in the infrastructure sector by articulating the investments with dialogue (e.g. on regional integration), institutional strengthening and support to the GoK to strategise public investments.

This is in line with Kenya's overarching goal of becoming a regional energy and transport platform as laid out in its Vision 2030 and supporting the delivery of the MTP III toward the modernisation of energy networks and the generation of renewable, affordable and reliable energy sources. EU DPs' interventions in the area of sustainable infrastructure will be aligned with the National Spatial Plan 2015-2045, the Government's strategic vision that defines the general trend and direction of spatial development for the country, including all 47 counties and the Exclusive Economic Zone (EEZ). Preparation of the National Spatial



Lake Turkana Wind Power Project

The Lake Turkana Wind Power Project is the largest windfarm in sub-Saharan Africa developed by the private sector. This 500+ million Euro project is supported by a 25 million Euro EU grant, with some of the additional financing coming from the European Investment Bank and some from EU Member States. The project comprises of 365 wind turbines, each with a capacity of 850kW, and a high voltage substation that will be connected to the Kenyan national grid through an associated Transmission Line, which is being constructed by the Kenyan Government. Once operational, the wind farm will provide 310MW of reliable, low cost energy to Kenya's national grid i.e. approx. 15% of the country's installed capacity.

Plan is recommended as a flagship project under the Infrastructure Services component of the Vision 2030 as one of the foundations for socio-economic transformation. County governments will be required to use the National Spatial Plan 2015-2045 and the Draft National Land Use Policy to develop the sectors of tourism, industries, infrastructure and the environment in their areas.

In this context, the new approach of blending development grants with loans to attract further funding – often from private equity investors – becomes a crucial element of the EU's action. The intensification of delegated cooperation will also be needed to further improve joint implementation of the JCS.

Regional integration is essential if Kenya is to fulfil its vision of becoming a regional energy and transport platform as laid out in the Vision 2030. Another pressing challenge is the debt ratio to the GDP, which affects the Government's borrowing capacity and hinders public investment in key infrastructure projects.



“AFD’s current Country Strategy 2017-2021 for Kenya contains 4 operational objectives that are the development of low-carbon infrastructure, promotion of access to essential services, especially in urban areas, support to public policies through public and private enterprises and protection and enhancement of biodiversity.”

Ghislain de Valon, Director AFD Kenya

With regard to blending opportunities, the main challenge identified is the need for more partners with enough lending limits and a clear pipeline of bankable projects. Finally, assessments of the social impacts of infrastructure projects and land acquisition are common challenges across sustainable infrastructure sectors.

a) Energy

Fostering the improvement of this sector can also boost market development and economic growth. EU DPs are particularly active in this sector and will remain so during the timeframe of the JCS. Almost 50% of all donor-funded programmes (in terms of number of projects as well as financial support) in the energy sector are financed by European DPs and intensive cooperation and JP in the fields of mini-grids and the last mile/connection of customer programmes is ongoing.

There are also opportunities for the further diversification of Kenya’s ‘energy mix’, which is one of the most favourable in the region, with a focus on renewable energy sources (notably geothermal sources and wind). However, the sector faces pressing challenges as Kenya still lags behind its economic peers in household electrification and *per capita* energy, leading to unequal accessibility of energy services. The inadequate generation of electricity makes it costly to supply. Vulnerability of energy supplies and dependence on imported fuels, traditional biomass and hydropower leave Kenya prone to price volatility, supply instability and power cuts during dry periods which cause both physical and economic hardship. The inadequate, low-quality and highly priced energy supply contributes significantly to the prevailing high cost of doing business in the country.

b) Transport

Kenya’s economic growth objectives as laid out in the Vision 2030 will be heavily dependent on the development of a reliable transport network. The country’s transport infrastructure comprises road, railway, maritime, oil pipeline and air transport networks. Roads account for close to 90% of domestic freight and passenger traffic. The EU has been particularly active in the development of regional road corridors, a road corridor to Ethiopia and the rural road network with the aim of reducing poverty and enhancing market integration.

Despite a significant increase in the financing of development and maintenance in recent years, a number of challenges remain to be addressed. These include: limited access to remote areas of the country; poor quality and maintenance of the road network; poor road safety records; poor enforcement of regulations; environmentally unsustainable transport systems with a predominance of road transport and poor environmental performance of vehicles; and an inefficient urban transport system. An additional challenge is the need to restructure the institutional framework as a result of devolution, as well as strengthening and developing new capacities to fulfil its mandate. Furthermore, the transport sector is a major contributor to greenhouse gas emissions, generates air and noise pollution and is a key consumer of energy.

c) Water and sanitation

EU DPs will remain active in the Water, Sanitation and Hygiene (WASH) sector during the period 2018-2022 to increase access among the Kenyan population to safe and affordable drinking water and sanitation services, particularly in urban areas. The EU contribution will also seek to improve the management and regulation of water resources (e.g. by implementing the Water Act 2016), to strengthen the devolved water sector and to help with the formation of autonomous and financially sustainable water service providers.



Kenya is one of the countries that did not achieve the Millennium Development Goal of increased access to water and sanitation. The shortage of water supply to the large number of unserved urban residents owes both to a general lack of available water and to the manifold infrastructure issues involved in the supply of piped water to informal settlements. The main challenges identified in this area include the need to secure access to safe and affordable drinking water in sufficient quantities; the need to increase annual investment and secure water production by implementing of the Water Act 2016; a rapidly growing demand for water for multi-sectoral uses; and the lack of development of artificial storage capacity to meet demand.

d) Sustainable housing and urban development

The need to make housing more affordable for Kenyans is clearly highlighted in the Constitution of 2010 and is one of the main goals of the Vision 2030. The housing sector in Kenya has great potential to spur economic growth but is yet to be exploited to its full potential. There is an acute need for accessible, affordable, adequate and decently designed houses in a sustainable, inclusive environment. EU DPs will continue their support toward sustainable urban development as well as improving the living conditions of slum residents and enhancing their socio-economic welfare.



Kenya has faced major challenges in the housing sector such as an annual shortfall of housing, notably in a context of rapid urbanisation. The housing deficit has peaked at over 2 million units, with nearly 61% of urban residents living in slums. This deficit continues to rise due to fundamental constraints on both demand and supply and is exacerbated by an urbanisation rate of 4.4%, which is equivalent to 0.5 million new city dwellers every year. Kenya has the right fundamentals in place to achieve results on a significant scale, but collaborative efforts between the GoK and the private sector are required, along with a strengthened and supportive policy and regulatory environment, if the Government's target of establishing 500,000 housing units in the next five years (as stated in the "Big Four" Agenda) is to be achieved.

The intervention logic of EU DP joint assistance in the area of sustainable infrastructure is shown in Figure 4.

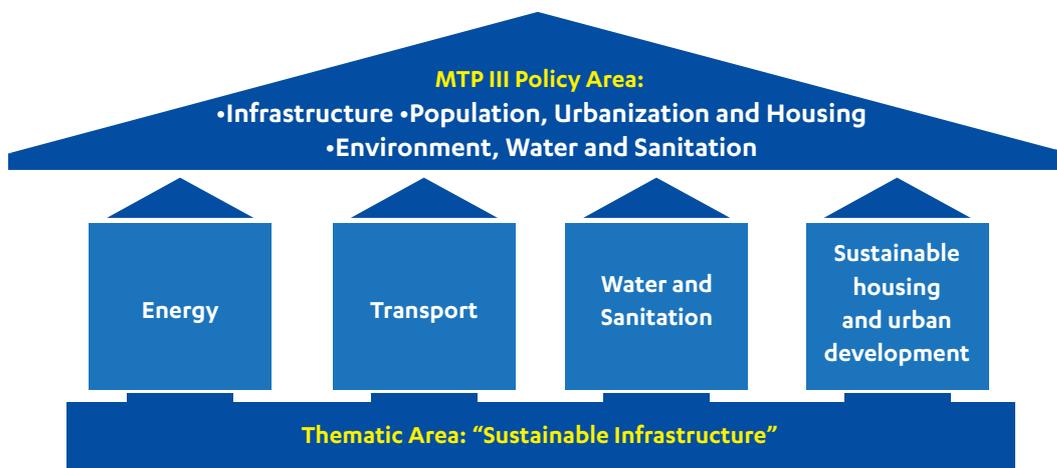


Figure 4: Contribution of Sustainable Infrastructure to MTP III



3.2.3. Employment creation

The Theory of Change for this thematic area is based on the assumption that a joint approach, coupled with (i) strong policy dialogue with the GoK; (ii) the provision of support to the formal and informal private sector through access to finance, financial inclusion and promotion of an enabling environment; and (iii) the improvement of skills and employability among youth, will contribute to the institutional and economic reforms envisaged in MTP III to achieve sustainable, inclusive and equitable economic growth that creates decent jobs and quality livelihoods for all.

Employment creation, particularly among youth, is one of the top priorities of the GoK. The Kenya Vision 2030 highlights the need for institutional and economic reforms to accelerate growth and in turn create more jobs, notably in the informal sector (which accounts for about 75% of the country's workers). However, strong GDP growth in Kenya has not always translated into improved labour market conditions, especially for young people. High youth unemployment, together with a lack of qualified workers and a mismatch of technical and vocational education and training (TVET) with actual labour market demand,

are some of the bottlenecks that hinder employment creation in Kenya. Moreover, underemployment and youth unemployment are recognised by both DPs and the GoK as a root cause of displacement and migration. During the MTP III period, the GoK has committed to creating 1.2 million new jobs annually to address the pressing problem of youth unemployment.

Therefore, in order to benefit from the high growth rates expected during the MTP III timeframe, a stronger link between growth and employment is necessary.

The EU JCS will identify opportunities in sectors with great employment potential, such as agriculture and agri-business, sustainable housing and urban development, sustainable infrastructure, the manufacturing sector and the Blue Economy





Enhancement of livelihoods in the Kenyan Coastal Region by supporting Organic and Fair Trade certification of smallholders - Cashew Nut Project

This is a smallholder cashew grower's project in Kenya's coastal zone funded by the European Union Trust Fund (EUTF). The project supports smallholder cashew growers in coastal Kenya to become included in remunerative value chains. The EUTF project, which started in October 2017 and will be completed in 2021, includes:

- Establishment of three cashew seedling nurseries in Kilifi, Lamu and Kwale with capacity for 1 million seedlings over the project period.
- Support increase in income for 15,000 farmers through training in good agricultural practices for cashew and sesame, distribution of improved varieties of cashew and sesame seedlings and seeds.
- Certification of 15,000 farmers as producers of organic and fair trade cashew and sesame.
- Establish cashew factory in Kilifi to process the cashew products from the farmers.
- Support to 1,000 young people and women (members of self-help groups) to start specialized/skilled service provision businesses within the cashew and sesame value chains (ie: tree pruning, biological spraying), including linkage with financial service providers to access micro-enterprise seed funding.

These sectors form the backbone of the Big Four Agenda and contribute directly to the MTP III goals of socio-economic transformation, increased job creation and improved quality of life for all Kenyans. These will furthermore be propelled through Kenya's continued lead in the ongoing digital transformation of Africa which contains enormous potential, but also risks and challenges. EU DPs will align their interventions with the Government strategy for job creation, with particular focus on increasing the competitiveness of SMEs; facilitating the establishment of Special Economic Zones (SEZs) and industrial parks and supporting skills training and internship programmes for young people and alternative livelihoods for the declining pastoral / agro-pastoral sector. EU DPs will also contribute to creating an enabling environment for investment.

EU DPs have identified several challenges in this thematic area. Challenges related to the **supply side** include the absence of labour market orientation (which also relates to demand), the low level of practical orientation of the current TVET courses (due to missing cooperation between TVET institutions and the industry), lack of information exchange between training institutes, Government agencies and the private sector, lack of investment in public TVET institutes, poor teacher training and the use of outdated curricula.

Challenges related to the **demand side** include poor knowledge of business development, low capacity of the formal private sector to absorb labour, poor working conditions in most parts of the informal private sector, the fact the private sector is predominantly composed of SMEs (which are largely unable to achieve sustainable business development) and a lack of productive and decent employment. Import substitution and the promotion of comparative advantages also remain major challenges due to difficult market access and a lack of inputs (e.g. energy).

Challenges to the establishment of an **enabling environment** are centred around poor labour market information systems, poor planning and funding allocations on part of the GoK (e.g. for infrastructure and equipment), the low capacity of some counties to implement TVET agenda, lack of Government coordination of TVET, poor access to financing and loans for start-ups, poor access to finance, insurance and markets in rural areas, a negative image of agriculture and rural jobs, unclear aggregation between farmers, processors and trade in agribusiness, lack of land rights (especially for youth), poor ease of doing business, insufficient focus on start-ups and on young people/women in agriculture and the need to mainstream inclusive employment creation into the Government policy framework for both the formal and informal sectors.

“Denmark’s development cooperation with Kenya goes back to independence and has a strong focus on support for green growth and jobs, devolved health services, and governance. Not least maintaining and enhancing Kenya’s green growth path will be essential to achieve the SDG’s”

Mette Knudsen, Danish Ambassador to Kenya

In this context, EU DPs will jointly contribute to boosting job creation and in turn, creating and improving employment through sustainable and inclusive economic growth by:

1. Addressing the skills mismatch between the training offered (supply side) and industrial requirements (demand side);
2. Supporting the provision of quality labour market-oriented training in training institutes. Here the approach will focus on industry-oriented, hands-on training and the preparation of skilled TVET graduates

for their entry into the private sector (e.g. through the establishment of linkages between TVET and industry and the provision of access to training for youth and disabled people);

3. Supporting the demand side both in the formal and informal sector (including SMEs, fast-growing start-ups and self-employment through Business Development Services) by focusing on the absorption capacity of the private sector (e.g. manufacturing, agriculture, value chain development, opportunities for youth and the disabled, PSD, etc.); and
4. Further strengthening the enabling environment, including ease of doing business, access to credit and insurance and land and property rights. The regulatory framework for job creation will be strengthened to ensure a focus on decent work, access to finance and financial inclusion, business skills and the harmonisation of degrees. The introduction of an investment climate policy is paramount as jobs are mainly created through private sector investment. Lastly, dialogue on budgetary allocation will be prioritised.

The intervention logic of EU DP joint assistance in the area of employment creation is shown in Figure 5.

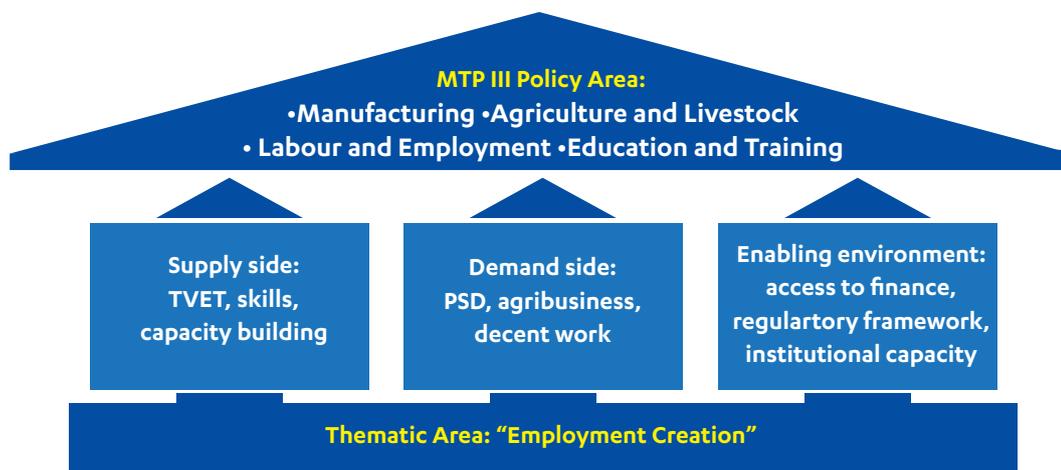


Figure 5: Contribution of Employment Creation to MTP III

The EU joint approach will address the paradox of a skilled worker shortage coupled with a high youth unemployment rate and will further contribute to the following objectives of the GoK:

- i. A reduction in youth unemployment;
- ii. Sustainable economic growth, especially in the manufacturing/industrialised sector;
- iii. Unlocked entrepreneurial potential; and
- iv. An improved image of technical and vocational training.





Support to productive, adapted and market integrated smallholder agriculture – AgriFI Kenya

AgriFI Kenya, through the Kilimo Value Chain Challenge Fund, will help finance projects with high development impact that would not have otherwise been undertaken in the same scale. The programme will introduce a component of financial blending, which is an instrument mechanism combining grants with other innovative financial instruments for the development sector, such as loans, equity investment or financial guarantees, from public and private financiers. The overall EU contribution amounts to 45 million Euro, complemented by contributions by Self Help Africa (2.4 million Euro), KALRO (1.5 million Euro), and a credit facility by the European Investment Bank (EIB) of 50 million Euro.

3.2.4. Resilience building for Food and Nutrition Security

The Theory of Change for this thematic area is based on the assumption that EU DPs' support to the enhanced governance of drought management and food security at national and county level, together with targeted investments in research, infrastructure, private sector development and an improved business environment, will (i) contribute to addressing the immediate hunger gaps; (ii) increase capacity to absorb, anticipate and adapt to climate variability and extremes; and (iii) and improve longer-term nutrition security. These interventions will lead ultimately to a climate-smart and resilient agricultural sector that enhances food security, diversifies livelihoods and value chains and promotes sustainable management of the environment and natural resources.

Agriculture is the bedrock of Kenya's economy. It directly contributes to 26% of the GDP and it is a source of livelihood for 70% of the rural population (consisting mainly of women and youth working on smallholder farms). Agriculture has been negatively impacted by climatic and economic factors. Climate change has led to frequent droughts and floods that have reduced the reliability of rain-fed agriculture while outbreaks of pests and disease, together with the depletion and degradation of land and water, have impacted agricultural productivity. The growing population and the

pressure on water and natural resources (such as in high-potential areas where the soil is more fertile) are affecting food security and resilience to climatic shocks, especially in ASAL areas. In some of these areas, stunting of children under five is still recorded at over 40%, together with high levels of micronutrient deficiencies.

Food security and resilience are therefore key priorities of Kenya's MTP III, and Food and Nutrition Security are one of the "Big Four" priorities of the current Government. During the MTP III period the agricultural sector is projected to grow at a rate of 7%, which should help contribute to the fulfilment of Kenya's regional and global commitments to implementing the Comprehensive Africa Agricultural Development Programme (CAADP), Agenda 2063 of the AU and the SDGs. The GoK has prioritised policies, programmes and projects outlined in the Agricultural Sector Growth and Transformation Strategy (ASGTS) and the Ending Drought Emergencies (EDE) sector plan. It aims to implement some of the flagship programmes for the period 2018-2022 such as the Strategic Food Reserve Trust Fund, the Nutrition Security Project, the Strategic Feed Reserves, the Pastoral Resilience-Building Programme and the Agricultural Research Project. The GoK will partner with both the private sector and farmers to expand the area under irrigation and reduce the country's dependence on rain-fed agriculture, thus contributing to food security as well as growth in the agricultural sector.

EU DPs share the vision that investing in improved food and nutrition security at national and county level, as well as in better resilience to climatic shocks in ASAL areas, will generate broad-based and more inclusive development in Kenya. EU DPs have significant experience in the sector, having implemented programmes in collaboration with other development partners and the private sector. They are also, as a group, very active in this area and are well coordinated as evidenced by the existing joint EU initiatives in agriculture, rural development and the ASALs. EU DPs will work closely with the relevant humanitarian actors in this sector in order to reinforce the humanitarian-development nexus.

Under the thematic area of resilience building, EU DPs will address specific challenges in the following sectors:

- i. Sustainable drought management;
- ii. Increased food security and nutrition;
- iii. Livelihood diversification and value chain support; and
- iv. Research and adoption of climate-smart agriculture.

Additional challenges related to livelihood diversification (particularly for pastoralists) and constraints to the development of fully functioning and competitive value chains persist such as agro-processors, input suppliers, transporters, exporters, retailers and financiers. Reliable market access is critical to unlocking the potential of smallholder farmers but remains inadequate and poorly organised in Kenya. This situation is further complicated by a poor infrastructural network in rural areas, which increases the cost of transport. Other challenges worth noting are the limited capital and

The intervention logic of EU DP joint assistance in the area of resilience building is shown in Figure 6.

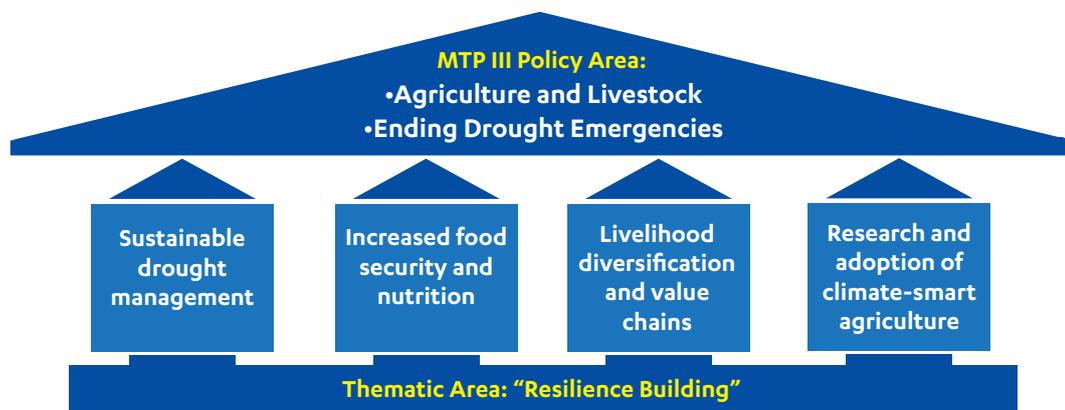


Figure 6: Contribution of Resilience Building to MTP III

26% of the GDP **Agriculture is the bedrock of Kenya's economy**

access to affordable credit among small farmers and the lack of collaboration between National and County Governments on issues related to capacity building and policy implementation.

In response to Kenya's challenges in the sector, EU DPs have decided to jointly address the following objectives for the period 2018-2022 by:

- i. Helping strengthen governance of the thematic area:
 - a. At national level (by enhancing coordination among National Drought Management Authority (NDMA) safety nets);
 - b. At county level (through support to CIDPs and the EDE strategy, along with further investments in rural services); and
 - c. Through community-level work (e.g. with cooperatives);
- ii. Further engaging with the private sector to overcome market and investment barriers and improve the business environment;
- iii. Contributing to increased financing for infrastructure, including small-scale projects; and
- iv. Funding research and training as a public good.



“France is keen to develop a partnership of equals with Kenya and supports its endeavour to build a sustainable, job-intensive and inclusive growth”

Aline Kuster-Ménager, French Ambassador to Kenya

3.2.5. Other areas of EU joint support

EU DPs have also agreed to cooperate in other strategic areas of interest such as migration, forced displacement, stability and security, in alignment with the priority area of the MTP III relating to security, peacebuilding and conflict resolution. The Theory of Change of EU DP’s interventions in these areas is based on the assumption that stability and security provide an enabling environment for individuals and the economy to thrive. All EU interventions in these areas are aligned with the Valletta Action Plan.

Security and stability: Kenya faces increasing levels of extremism and terrorist threats. EU DPs support the ongoing efforts of both the Government and people of Kenya to improve national security and are building on Kenya’s efforts to Prevent and Counter Violent Extremism (P/CVE), notably the operationalisation of the National Strategy to Counter Violent Extremism. Interventions are focussed on helping to increase stability in violence-prone areas and underdeveloped

borderlands by creating jobs for young people, promoting dialogue between vulnerable communities and local authorities and strengthening the resilience of communities in the areas of governance, shared natural resources and service delivery. EU DPs recognise that the role of women in countering extremism and contributing to peace is monumental. The most active EU DPs include Denmark, the EC, the Netherlands and the UK.

In addition, support will continue to improve regional maritime security, prevent piracy and armed robbery off Somalia’s coast and contribute to stabilisation efforts in Somalia (as it is widely recognised that stability in this country is vital to the security of Kenya and of the region as a whole).

Migration and forced displacement: The Horn of Africa is currently hosting almost 4 million refugees, many of which find themselves in increasingly protracted situations of displacement. Support to countries hosting refugees in the Horn of Africa and creating an environment conducive for their voluntary and safe return remain EU priorities. At the same time, recurrent conflict, droughts and other crises continue to force new waves of refugees to flee their homes. Kenya currently hosts around 480,000 refugees mostly from neighbouring countries.

The EU and its MS present in Kenya continue to provide critical humanitarian assistance, notably through ECHO, to those in need.



“The joint programming is a pragmatic approach to the needs of Kenya.”

Ambassador Nicolas Nihon, Belgium

Kenya also hosted the IGAD Special Summit on Durable Solutions for Somali Refugees in March 2017 which was a landmark event that generated a comprehensive regional approach to address their protracted plight. The Nairobi Declaration and Plan of Action agreed at the Summit represent the regional application of the **Comprehensive Refugee Response Framework (CRRF)**. Kenya signed up to be a CRRF pilot country at the end of 2017 and is now in the process of developing its CRRF roadmap and revising the current legislative framework, the Refugee Bill 2006, to better reflect the needs and challenges of the situation in Kenya.

EU DPs will align their support in Kenya to these commitments by providing more development finance to improve the management of refugees and support their longer-term development needs and those of their host communities. The most active EU partners in this sector include Denmark, the EU, Germany, the Netherlands, Sweden and the UK.

EU DPs will also contribute to the disruption of networks involved in human trafficking and the smuggling of migrants by building the capacity of governments in the Horn of Africa to manage migration more effectively and afford protection.

The intervention logic of EU DP joint assistance in the area of security and stability, migration and forced displacement is shown in Figure 7.

Formulation of the JCS constitutes an important milestone in itself in that it has helped define the exact value added that the EU and its Member States can provide in their cooperation with Kenya. The JCS will be operationalised using a three-pronged approach focusing on the following:

1. Joint implementation
2. Joint communication and visibility
3. Monitoring and evaluation

Most EU DPs see effectiveness and efficiency as the main benefits of joint implementation. It is generally expected that resources will be used in the best way possible, leading to better results and impact with lower transaction costs. In the long run, joint programming and implementation improves the efficiency of collaborative work on the ground and helps to create a shared objective toward the joint delivery of results.

Given the strong presence of the United Nations and its agencies in Kenya, EU Joint Cooperation will endeavour to work closely with the UNDAF for Kenya. In addition, the work by the EU and its Member States shall be fully aligned with the larger frameworks (such as the Development Partner Group (DPG), the Development Effectiveness Group (DEG) and the relevant Joint Sector Working Groups) to ensure visibility.



Figure 7. Contribution of other areas of EU cooperation to MTP III



4 Indicative Financial Allocations

This section provides the aggregated indicative financial allocations in the priority thematic areas for EU JP therefore offering predictability to the GoK for resource mobilisation during the implementation of MTP III.

* including both grant and loan assistance

- (1) Denmark: Figures only include grant assistance and do not include humanitarian assistance.
- (2) EU: the Joint Programming Document fully reflects the existing EU country NIP 2014-2020 which remains the legal basis for EU support until its expiration. In addition to the NIP, actions funded through other financing instruments in support of other key EU priorities are also included.
- (3) EIB: Indicative amounts only. Calculation for total EU DPs based on the highest range (EUR 750 million).
- (4) France: includes EUR 515 million in non-sovereign loans for sustainable infrastructure.
- (5) Germany: planning figures based on past commitments. The figures do not express any future funding commitment from Germany. Figures given for the period 2019-2020 (EUR 152 million) have been extrapolated until 2022.

Indicative financial allocations during the MTP III (2018-2022)	
EU Partner	Total Indicative Allocations (million EUR)*
Denmark (1)	151
EU (2)	505.4
EIB (3)	500-750
Finland	33.7
France (4)	1,412.5
Germany (5)	638
Ireland	5.5
Italy	144.4
The Netherlands	216.3
Slovakia	2.5
Sweden	114.8
UK	554
Total EU DPs	4,528.1

Table 4: Indicative financial allocations during the MTP III (2018-2022)

It is estimated that the EU joint financial contribution to Kenya's development will total over **EUR 4.5 billion from 2018-2022**, exclusive of other forms of financial support such as humanitarian assistance, regional programmes and private sector financing which bring substantial additional funds to Kenya.

The indicative financial allocations per EU partner for 2018-2022 are shown in Table 4.

The indicative financial allocations per thematic area for 2018-2022 are shown in Table 5.

Indicative Financial Allocations during the MTP III (2018-2022) per Thematic Area (million EUR)					
EU Partner	Accountability & Governance	Sustainable Infrastructure	Employment Creation	Resilience Building	Other areas (Migration, Security, Humanitarian)
Denmark (1)	38	34	74	5	
EU (2)	84.35	214	29	133	45
EIB (3)		500	200	50	
Finland	16	8.2	9.5		
France (4)	31.5	1,115	266		
Germany (5)	19	200	200	200	19
Ireland	1		1	1.5	1
Italy	25	98.4	11	10	
The Netherlands	35.6	20.8	68.5	28.8	62.6
Slovakia			1.25	1.25	
Sweden	78.8		36		
UK	60	163	9	109	213
Total EU DPs	389.25	2,353.4	906.25	538.55	340.6

Table 5: Indicative Financial Allocations during the MTP III (2018-2022) per Thematic Area

*** including both grant and loan assistance**

- (1) Denmark: Figures given for the period 2016-2020 have been extrapolated for the JCS timeframe.
- (2) EU: the Joint Programming Document fully reflects the existing EU country NIP 2014-2020 which remains the legal basis for EU support until its expiration. In addition to the NIP, actions funded through other financing instruments in support of other key EU priorities are also included.

(3) EIB: Indicative amounts only.

(4) France: includes EUR 515 million in non-sovereign loans for sustainable infrastructure.

(5) Germany: planning figures based on past commitments. The figures do not express any future funding commitment from Germany. Figures given for the period 2019-2020 have been extrapolated until 2022.

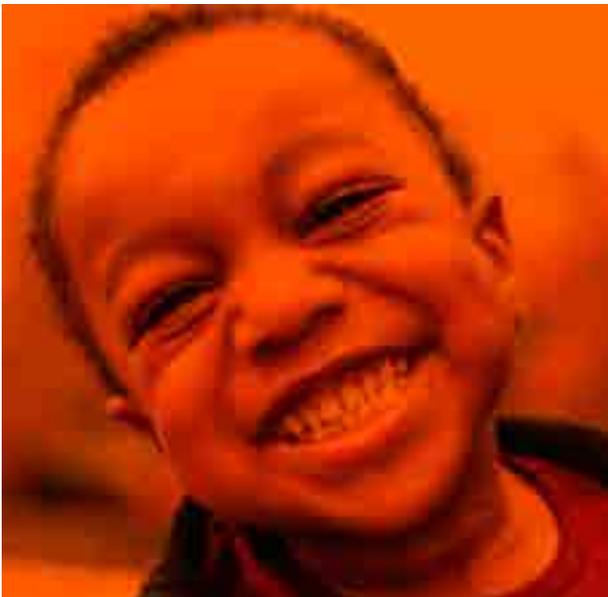
The tables above reflect the contribution of European development partners with active cooperation portfolios, namely Denmark, the EU, the EIB, Finland, France, Germany, Ireland, Italy, The Netherlands, Slovakia, Sweden and the UK. In parallel, JP is further supported by the remaining EU

DPs, which do not have active cooperation portfolios but engage with Kenya on other levels, namely Austria, Belgium, Czech Republic, Greece, Portugal, Romania and Spain and are actively involved in the different strands of the joint EU political and policy dialogue with the GoK.



5 Expected Results and Outcomes

EU DPs aim at contributing to the MTP III's overarching goals, namely:



The thematic areas will be geared toward the achievement of specific results and outcomes as well as explicit SDGs goals and targets. The purpose of the following results framework is to help EU DPs monitor their contribution to Kenya's development objectives in a simple way so as to communicate to the broader audience the results achieved as well as to inform their discussions in the context of the annual EU-Kenya political dialogue with the government.

INDICATIVE RESULTS FRAMEWORK

Accountability and Governance

Key challenges	EU focus	Expected results	Expected outcome	Indicators	SDGs goals and targets alignment
<p>Economic governance:</p> <ul style="list-style-type: none"> Poor planning, control and management of Kenya's investment programme Inefficient budget execution Delays in enactment of legislation and implementation of reforms Domestic Resource Mobilisation Government absorption capacity Implementation of devolution Poor management of public finances Endemic corruption and lack of transparency <p>Democratic governance:</p> <ul style="list-style-type: none"> Impunity Ethnic divides and discrimination Lack of trust in political institutions Weak institutions Increasing inequalities Shrinking civic space Unequal access to justice 	<p>Economic governance:</p> <ul style="list-style-type: none"> Promotion of integrity and accountable, transparent governance Ensuring the transparency of PFM and procurement Supporting increased budget reliability and sound management of public investment Supporting the development of comprehensive County Integrated Development Plans (CIDs) Improving service delivery at county level Strengthening equity between and within counties Strengthening data collection and transparency Supporting domestic resource mobilisation <p>Democratic governance:</p> <ul style="list-style-type: none"> Support the implementation of the 2010 Constitution Strengthen accountability/oversight mechanisms Support to devolution Address inequalities and discrimination Support to Civic space Support to the electoral process 	<p>Expected results</p> <ol style="list-style-type: none"> Ensured equitable and effective allocation of public resources in line with GOK priorities; Enhanced collection and timely report of public revenues at national and county level; Improved capacity of data collection at the national and local level; Improved auditing and financial reporting both at national and county level; Timely transfer of funds from National Government to Counties; Adoption and systematic use of a Public Investment Management tool; Completion of a study on tax expenditure and subsequent reform; Integration of KRA tax systems and public debt management tool with IFMIS; Establishment of an appropriate legislation for counties to collect Own Source Revenue. Full implementation of the 2/3 gender rule; Effective prosecution of high-level corruption cases; Implementation of the PBO act (2013 version); Implementation of the UPR recommendations; Increased number of people having access to justice; 	<p>Expected outcome</p> <p>Effective economic and democratic governance, access to justice, respect for the rule of law, human rights and freedom of expression</p>	<p>Indicators</p> <ul style="list-style-type: none"> Corruption perception index; Monitoring of forecasts from the National Treasury Budget Policy Statement; Central Bank of Kenya reports. % of citizens satisfied with public service delivery; Proportion of the select County Governments that are fully implementing their CIDs; % of counties ranked as high performers in terms of citizen satisfaction, responsiveness, accountability and development achievement Percentage of newly enacted laws, which are HR/GE-compliant; % of citizens satisfied with access to formal justice services; 	<p>SDGs goals and targets alignment</p> <p>SDGs 9, 10 and 16</p>

Table 6: Contribution of EU Joint Support at Result and Outcome and SDG Level

Sustainable infrastructure					
<p>Key challenges to address</p> <ul style="list-style-type: none"> • Vulnerability and dependence of energy supplies; • Unequal accessibility of energy services; • Safeguarding of vulnerable populations; • Poor transport network that hampers market integration and fight against poverty; • Need to secure access to safe and affordable drinking water in sufficient quantities; • Lack of development of artificial storage capacity to meet demand; • Annual shortfall of housing, notably in a context of rapid urbanisation; • Weak project preparation process; • Lack of institutional coordination and poor implementation of institutional policies. 	<p>EU focus</p> <ul style="list-style-type: none"> • Financing energy, water, transport and housing infrastructure; • Generation of renewable, affordable and reliable energy sources; • Support governance of the infrastructure sector. 	<p>Expected results</p> <ol style="list-style-type: none"> 1. Increased energy efficiency and reliability 2. Improved energy mix in Kenya 3. Secured water and sanitation supply 4. Implementation of Water Act 2016 5. Efficient urban and rural transport system 6. Improved road safety 7. Increased access to affordable and decent shelter 8. Improved governance in the energy, water and sanitation and transport sectors through better institutional and organisational management 	<p>Expected outcome</p> <p>Provide inclusive, reliable, affordable and sustainable transportation, housing and access to water and energy</p>	<p>Indicators</p> <ul style="list-style-type: none"> • Access to electricity; • Electricity tariffs; • Levels of regional trade; • % of renewable energy mix sources in total energy use; • % of population with access to regular water and electricity; • No. of new housing units. 	<p>SDGs goals and targets</p> <p>SDGs 5.1; 6.1.1; 6.2.1; 7.1.1; 7.2; 11.2.1; 13.1.</p>

Employment creation

Key challenges to address	EU focus	Expected results	Expected outcome	Indicators	SDGs goals and targets
<ul style="list-style-type: none"> Supply side: absence of labour market orientation, low level of practical orientation of the current TVET courses, lack of information exchange, lack of investment in public TVET institutes, poor teacher training and the use of outdated curricula. 	<ul style="list-style-type: none"> Policy dialogue; Support to private sector; Access to finance; Financial inclusion; Enabling environment; Better skills and youth employability. 	<ol style="list-style-type: none"> Increase in employment rates, especially for youth and women Increased employability and entrepreneurship through more availability of TVET and skills programmes with links to the labour market Increased sustainability of SMEs Improved business climate Improved access to finance for SMEs with a focus on youth and women in rural areas. 	<p>Sustainable, inclusive and equitable economic growth that creates decent jobs and quality livelihoods for all.</p>	<ul style="list-style-type: none"> № Of jobs created in the formal and informal sector; Number of persons engaged in the informal sector by activity, % Of young people engaged in volunteer programmes to gain additional professional experience and skills; № Of supported and capacitated Public and Private Sector Organisations providing SMEs with enhanced services aimed at increasing SME sustainability; % Of youth between the ages of 18 and 35 years graduating with TVET institution certificates/diploma who have gained employment 	<p>SDGs: 4.4; 8.3; 8.5; 8.6; 8.10; 9.3; 17</p>
<ul style="list-style-type: none"> Demand side: poor knowledge of business development, low capacity of the formal private sector to absorb labour, poor working conditions, lack of productive and decent employment. 					
<ul style="list-style-type: none"> Enabling environment: poor labour market information systems, poor planning and funding allocations, low capacity to implement TVET agenda, lack of Government coordination, poor access to finance, insurance and markets in rural areas, poor ease of doing business, insufficient focus on start-ups and on young people/women in agriculture and the need to mainstream inclusive employment creation into the Government policy 					

Resilience building					
<p>Key challenges to address</p> <ul style="list-style-type: none"> • Low agricultural productivity as a result of climate change impacts • Limited technical knowledge and use of research, • Livelihood diversification • Low competitiveness of agricultural value chains • Market access • Poor infrastructural network in rural areas • Limited capital and access to credit for farmers • Lack of collaboration between national and county governments on capacity building and policy 	<p>EU focus</p> <ul style="list-style-type: none"> • Strengthen governance at national, county and community level • Engaging with the private sector to overcome market and investment barriers and improve the business environment; • Contributing to increased financing for infrastructure, including small-scale projects; • Funding research and training as a public good. 	<p>Expected results</p> <ol style="list-style-type: none"> 1. Improved governance at national, county and community level to address food insecurity and drought emergencies. 2. Improved business environment and infrastructure for job creation and value addition in the agriculture sector (especially focused on youth and women) 3. Improved skills and use of research/ technologies for climate-smart agriculture 	<p>Expected outcome</p> <p>A climate-smart and resilient agriculture that enhances food security and diversifies livelihoods and value chains</p>	<p>Indicators</p> <ul style="list-style-type: none"> • Number of people requiring food assistance as a result of drought emergencies. • Small-scale farmer, pastoralist and fisher incomes; • Agricultural output and value-added by 2023; • Malnutrition levels during drought (GAM below 20%) • N° of children under five years stunted 	<p>SDGs goals and targets⁵</p> <p>SDGs: 2.a; 2.2; 2.3 and 2.4</p>

⁵SDGs targets: https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework_A.RES.71.313%20Annex.pdf



Operationalising the Joint Cooperation Strategy

6.1 Joint Implementation and Modalities

Kenya is one of the pioneering countries in terms of the joint implementation of EU development cooperation. The previous Joint Cooperation Strategy (2014-2017) led to the launch of a number of joint actions. EU DPs are committed to exploring future opportunities for joint action by developing or strengthening joint analyses, joint frameworks, joint implementation modalities and/or joint M&E frameworks. This document constitutes the basis on which work will be taken forward to concretise collaboration and joint implementation.

Joint implementation may take a number of different forms and include implementation modalities such as pooled funding, delegated cooperation, parallel funding and joint evaluation, analysis and identification. It may also include joint approaches at sector/thematic level, such as sector analysis, sector strategies, programme design, results frameworks, sector-level DoL and complementarity, dialogue, reporting, missions and M&E.

6.2 Joint Communication and Visibility

The visibility of EU DPs' development cooperation in Kenya is of strategic importance to European DPs, the GoK and the public at large. Visibility is expected to improve transparency around public funding and reinforce its legitimacy and credibility. Greater public understanding, better access to information and improved communication flows between development partners, government and citizens will result in improved performance and delivery of aid.

EU DPs commit to joint and coordinated information and communication efforts aimed at raising awareness of EU cooperation in Kenya among target audiences and the public in general, thereby ensuring its success and sustainability. Measures to enhance joint visibility and communication will clarify what EU partners bring to Kenya, both in terms of sectors of support and in relation to the overall financial envelope, while maintaining the visibility of individual EU DPs.

The Joint Visibility Strategy will focus on the following activities:

- Joint publications, joint messages and joint press releases;
- Joint events and joint signing ceremonies for projects and programmes;
- Joint meetings with stakeholders, including the GoK, CSOs and the private sector;
- Joint missions; and
- Cross-references to EU DPs on partner websites.

Details on how to operationalise work on joint communication and visibility will be defined over the course of implementation and will address matters such as the communication strategy, common objectives, targets and timelines and (if feasible and desired) a joint visibility budget.

A Visibility and Communication group composed of Development Counsellors (or representatives) and press officers of the different Embassies could be set up on a voluntary basis and coordinated by the EU Delegation. The group will aim to regularly monitor progress in terms of communication and visibility actions as well as the linking of outcomes to activities in JP sectors.



6.3 Monitoring and Evaluation (M&E)

EU DPs will meet once a year at an Annual EU Development Forum to take stock of progress made with respect to the operationalisation of the Strategy. They will aim to assess the outcomes achieved and the impact of the European Partners' Joint Cooperation Strategy in Kenya and establish whether targeted results and intended outcomes have been met. This process will rely on existing national processes and data, as well as project specific data, as per Chapter 5 "Expected results and outcomes" and will be carried out in consultation with the GoK.

The European Partners agree that a simple monitoring system, allowing a clear review through measurable targets (as outlined in section 5), could help to measure progress and impact on the ground. External evaluations (*ex-ante* and *ex-post*) could also be carried out as and when needed.

The JP monitoring process could also help determine improvements in DoL, including the increase in jointly implemented interventions and the use of country systems.

EU Development Partners in Kenya

Austria

The Austrian Development Cooperation has a long tradition of supporting the region of East Africa and in particular, the Horn of Africa. Austria has been active especially in the areas of peace and security and sustainable energy on a regional level.

By supporting IGAD as well as the national governments in the region Austria contributes to capacity building in the areas of conflict prediction/early warning, conflict prevention, mediation as well as peace building.

Austria is contributing to the European Trust Fund for Africa (EUTF) and has so far provided three million euros to the Horn of Africa region.

In the field of sustainable energy, Austria supports the EAC center for renewable energy and energy efficiency (EACREEE) as part of a global network of regional sustainable energy centers.

Austria supports Kenya especially in the field of higher education through partnerships of Austrian and Kenyan Universities (through the Austrian Partnership Programme in Higher Education and Research for Development, APPEAR). In one of its programs joint research is undertaken on adaption measures in agriculture due to enhanced climate change vulnerability. Activities of Austrian NGOs concentrate on the health sector with a special focus on maternal and reproductive health, community hygiene and income generation measures.



Belgium

Support to Kenya by the Government of Belgium is focused on the reform of education, the modernisation of the energy sector and better public healthcare. Over the course of 5 years (2017-2021), Belgium supports four programmes focused on people and prosperity. The NGO ACTEC helps to implement a skills-building scheme aimed at growing Kenya's young talent in order to raise the employment prospects of youth; VLIR-UOS seeks to improve the standards of higher education in the country, while AFRICALIA is focused on building capacities of professionals working at various levels in the field of culture in Kenya. Last but not least, the Institute for International Trade Union Cooperation (IFSI) is implementing a programme aimed at strengthening Kenyan unions in the four sectors of engineering, transport, textile and agriculture. Finally, through an export facility instrument dedicated to Belgian companies, the Belgian government supports the financing of development projects in Kenya in fields such as water treatment and distribution, energy production, and medical equipment.





Denmark

Denmark and Kenya have been close development partners since independence in 1963. The objectives for Denmark engagement in Kenya are to support the Kenyan population in advancing inclusive green growth, poverty reduction, support the democratic reform process and promote the respect for human rights. Denmark will strengthen trade and commercial relations between Kenya and Denmark as well as the objective of stability and security in Kenya and the wider region. Gradually, trade and investments are expected to evolve as the most important area of economic cooperation between Kenya and Denmark.

The Denmark-Kenya Partnership Policy 2015-2020 identifies three strategic focus areas:

- a. Implementing the constitution toward a prosperous and equitable Kenya;
- b. Inclusive green growth and employment; and
- c. Promoting regional cooperation and stability.

European Investment Bank

The EIB is the EU's long-term financing arm and has supported Kenya's growth and development agenda since 1976, deploying the whole range of financial instruments available – ranging from equity to senior loans – through both public and private sector counterparts. Over the last five years, EIB has committed close to 500 m euro to Kenya targeting essentially (i) infrastructure investments, notably in the renewable energy sector, but also in the transport and water & sanitation sectors, and usually by blending its loans with EU grants, and (ii) Private Sector Development (PSD), particularly to support microfinance and Small and Medium Enterprises (SMEs). Looking forward, investments supporting climate action (mitigation and adaptation) as well as job creation, especially for the youth, will remain central to the Bank's activities in the country.



⁷Denmark-Kenya Partnership Policy 2015-2020 and Denmark-Kenya Country Programme 2016-2020



European Union

The EU is the biggest market in the world for Kenya’s exports and it is also a major source of funding to support regional security, of investment in Kenya’s economy, of financial support for the country’s development, and of aid to alleviate humanitarian crises that affect Kenya. The EU supports Kenya’s efforts to strengthen its democracy and pluralism, good governance, the rule of law, and respect for human rights.

Based on Kenya’s development strategy Vision 2030, the EU has established the following priorities for EC funding:

- a. Food security and resilience to climatic shocks;
- b. Sustainable infrastructure; and
- c. Accountability of public institutions.

In addition, the EU provides some funding to Kenya for other cross-cutting activities, such as support to strengthen the National Treasury’s role as the national authorising officer of development funding for the country. Kenya also receives funding from various other EU instruments that address key strategic priorities (e.g. migration, displacement, human rights, security) as well as particular topics at a regional (multiple-country) or global level⁸.

⁸EU Delegation in Kenya website

Finland

Finland’s development cooperation with Kenya dates back over 40 years. The Country Strategy Kenya’s development plan Kenya Vision 2030 and the SGDs. The strategy is focused on three thematic impact areas:

- a. Support for strengthening devolved governance including in devolved sectors such as water and sanitation;
- b. Job creation and livelihoods including through the private actors in the forestry sector; and
- c. Strengthening women’s and girls’ rights.

In all these impact areas Finland supports Kenya through policy dialogue, financial inputs, technology transfer and expertise. The fulfilment of girls’ and women’s rights, as outlined in Kenya’s development plans, is a prerequisite for poverty eradication, sustainable development and economic growth as well as for a peaceful and inclusive society. Finland’s support for devolved accountable governance contributes to the development of national and county governance systems and creates offer and demand for better services and management. Finland supports the efforts to strengthen county governance systems including in fighting sexual and gender-based violence, as well as work undertaken to strengthen citizens to claim their rights. In service delivery at county level, Finland’s focus is on the water and sanitation sector through the support to the Water Services Trust Fund: six counties are receiving support for the development of sustainable methods of service provision. In job creation and livelihoods, the focus is on the forestry sector, where Finland has a long and successful track record.

The priority has now shifted to increasing forestry sector productivity and to supporting private sector forestry. Finnish NGOs already working in Kenya and private sector actors contribute to the efforts of the Strategy.





France

The founding act of cooperation between France and Kenya is the bilateral agreement on cultural and technical cooperation of 1971. Ever since, France and Kenya have developed common projects in the field of culture, higher education and research, leading to the opening of three regional institutes of research in Nairobi (on agronomy, sustainable development and social sciences) and more recently to the establishment of a bilateral, co-financed programme of mobility of researchers (“Pamoja”). France’s development cooperation intensified after 1995 with the first activities of the Agence Française de Développement (AFD) in Kenya. In line with Kenya Vision 2030, AFD’s support has mainly focused on infrastructures, particularly energy, water and sanitation and transport. Under the current country strategy of the group (2017-21), four operational objectives have been set: development of low-carbon infrastructure ; promotion of access to essential services, especially in urban areas ; support to public policies through public and private enterprises; and protection and enhancement of biodiversity. Kenya also benefits from the support of the French Treasury through guarantees, grants and loans in the fields of energy, water, infrastructures and public finances management.

Germany

Development cooperation between Kenya and Germany dates back to 1964. At the heart of the partnership is the bilateral technical and financial cooperation provided mainly by the Federal Ministry of Economic Cooperation and Development (BMZ) and primarily implemented through the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH/GIZ, previously GTZ, in the area of technical assistance, e.g. capacity development), KfW Development Bank (in the area of financial assistance, e.g. infrastructure investments) and the German Investment Development Corporation (Deutsche Investitions und Entwicklungsgesellschaft cooperation with the private sector). Based on Kenya’s priorities and GDC’s comparative advantages Kenya and Germany have agreed on the following priorities:

- a. Agriculture and rural development including drought resilience and food security;
- b. Sustainable economic development/youth employment/ TVET (phasing in);
- c. Health (currently on hold and under review); and
- d. Water and sanitation (phasing out).

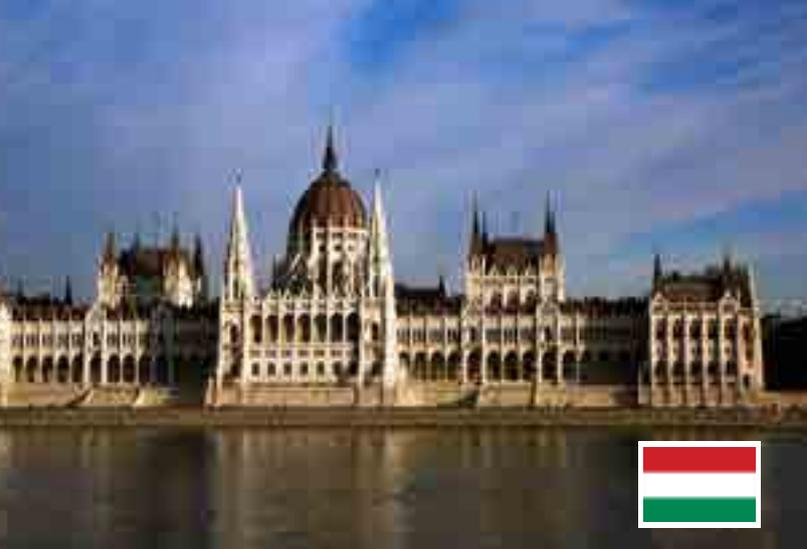
Further areas of cooperation are good governance and energy (renewable energy and energy efficiency). In addition, Germany supports a wide range of other programmes and activities: special initiatives, global and regional projects, projects and programmes funded by other Federal Ministries (especially the Federal Ministry for the Environment, BMU), activities of political foundations, church organisations and civil society, humanitarian assistance including support to refugees.

In addition to bilateral cooperation, Germany supports Kenya’s sustainable development by co-funding programmes and projects of international financing institutions such as the World Bank, the IMF, the AfDB as well as UN agencies and EU development cooperation⁹.



⁹Embassy of the Federal Republic of Germany in Kenya





Hungary

Hungary pursues a policy of humanitarian help and international development which, within the framework of the Hungary Helps Initiative, provides help in the crisis areas themselves, where millions have been forced to leave their homes. This is how Hungary is present in Africa, in school and hospital construction initiatives, humanitarian work and scholarship programmes.

The Hungarian Government through the Stipendium Hungaricum Program sponsored the higher education of 50 Kenyan students in the year 2017. In 2018 this number has been increased to 100, thus Hungary is currently the biggest donor in Kenya in the field of higher education. The Hungarian State covers the tuition fee, accommodation and insurance of these students and also provides them with a monthly allowance. Currently 20 students can apply for Bachelor, 40 for Masters, 20 for PhD programs and 20 can pursue medicine studies. According to the Memorandum of Understanding signed by the two countries the Program will continue until 2020 and can be prolonged as well. By scholarships the Hungarian Government can contribute to the return of the students to their home with a diploma or profession and help the development of their countries with the knowledge and skills they have acquired.

Hungary is committed, within its capabilities, to continue and develop the work started within the framework of the Hungary Helps Initiative in order to create new co-operations with new partners.

Italy

Italian support to the development of Kenya dates back to the early 1980s, mainly focusing over the years in key social sectors (Education and Health), Water and Sanitation, Rural Development and Irrigation.

Since January 2016, the new Italian Law on Development Cooperation provides a comprehensive framework for partnership with priority countries, including the Ministry of Foreign Affairs and International Cooperation (MAECI), the Italian Agency for Development Cooperation (AICS) as executing agency and Cassa Depositi e Prestiti (CDP) as financial institution.

Through this framework, Italy works together with the relevant line Ministries and strive to increase the use of country systems in full respect of Effective Development Cooperation principles. Italy is the first country having undertaken a debt-for-development-swap operation with Kenya. The Kenya Italy Debt for Development Programme (KIDDP) was signed in 2006 with the aim of supporting the Kenyan Government to reduce its external debt burden while reducing poverty, in accordance with the national policies and Millennium Development Goals.

Currently, the bilateral technical and financial cooperation provided by the Italian Government focuses on the following priority areas: Agriculture, Irrigation and Rural Development; Sustainable Infrastructure for Basic Services (Renewable Energy, WASH, Waste Management); Slum Upgrading and Human Development (Education, Health); Youth Employment and SMEs.

Modalities vary from soft loans at high concessional rates, to grants, capacity building and technical assistance, and co-financing of projects implemented by Italian CSOs, social enterprises, universities and local authorities.



Ireland

Ireland's Embassy in Kenya reopened in 2014 and the development cooperation programme therefore is quite recent. The Embassy of Ireland's main sectors of engagement are agriculture, economic development and support to trade promotion and investment opportunities. Ireland supports resilience-building and income generation of smallholder farmers through 'Our Shared Interest – the Ireland-Kenya Agri-food Strategy 2017-21. The strategy seeks to strengthen support for the Kenyan agri-food sector and expand opportunities for Irish and Kenyan agribusinesses. Trade and investment links between Ireland and Kenya are being supported through the Business Ireland Kenya network and support to strengthening of the *Doing Business Environment* in Kenya. Ireland also supports education through the Young Scientists Kenya initiative which provides a platform for secondary school students to demonstrate their science, technology and engineering skills.



Netherlands

The Netherlands Embassy is working on a gradual transition from aid to trade. It will capitalise on its long-standing development programmes in the food, water and agriculture sectors when brokering and facilitating productive cooperation between Dutch and Kenyan companies, knowledge and government institutions. Promoting trade and investment, as well as transfer of expertise, technology and knowledge sharing is demand-driven and hence not limited to these sectors. The Embassy is committed to improving the Business Climate for instance by strengthening Commercial Justice, and the protection of Human Rights. In the policy document for foreign trade and development cooperation "Investing in Global Prospects" (2018) it is explained that the focus of development cooperation of the Netherlands will shift to unstable regions (the Sahel, the Horn of Africa, the Middle East and North Africa) in order to tackle root causes of poverty, migration, terrorism and climate change. Given its strategic role in the region, Kenya will also remain an important partner for the Netherlands through its contributions to the EU, UN, NGOs, the World Bank, the Dutch Development Bank (FMO) and other similar institutions.

Poland

Kenya has been traditionally one of the priority countries of the Polish development cooperation. Within the framework of the *Multiannual Development Cooperation Programme 2016-2020* Poland focuses on three main areas:

- Human capital;
- Entrepreneurship and private sector;
- Environment protection.

As far as the human capital is concerned, Polish assistance particularly aims to secure the access of mothers and their children to healthcare, as well as to increase the quality and availability of education. Improving the livelihoods of vulnerable Kenyans is complemented through a multidimensional support for the entrepreneurship and private sector: championing access to technical education and vocational training, supporting industriousness (particularly among women and youth), promoting competitiveness and cooperatives (especially in the agro-food sector). While enhancing the environment protection, Poland focuses on improving water management (including an increased access to water and sanitary infrastructure and hygiene's promotion), renewable energy sources, countering deforestation, desertification and land degradation, as well as strengthening the capacity in terms of preventing and responding to natural and human-caused disasters.



Portugal

Portugal, through the Camoes Institute (responsible for education and cultural programs abroad), has focused on ways of fostering the teaching of Portuguese in various parts of the world. Kenya is one of the countries where the programme is pursued.

A 2017 agreement paved way for a Portuguese language teacher to begin offering classes at the University of Nairobi. The programme, funded by the Portuguese Government, aims at developing professionals in areas like interpretation and translation.

Portuguese is the fourth most spoken language in the world; third among European languages. It is used by over 261 million people and an official language in nine countries in Africa, America, Asia and Europe. The UN estimates that a total of 380 million people will speak the language by 2050.

It's usage is fast growing in the internet (fifth), social media (third on Facebook) and is the most spoken language in the Southern Hemisphere.

The Camoes Institute spearheads Portuguese language training globally, but mostly in Africa where 112 language programme centres have been set up - the second largest number after Europe. Globally, 70,000 basic language students and 90,000 advanced students undergo language training offered by 815 teachers and 644 lecturers respectively.

Academic cooperation between Kenya and Portugal also includes the EU-managed Erasmus Mundus Plus. Portugal is an active partner in the programme, with several universities open to students from Kenya.

The Embassy of Portugal and the University of Nairobi have partnered in varied cultural programmes showcasing Portuguese music, literature and cinema.





Slovak Republic

The Slovak development cooperation with Kenya dates back to the mid-1990s when the first NGOs, funded exclusively from private resources, began their activities. Since its very beginnings, in 2003, the Slovak Development Aid in Kenya (ODA SR) has been directed toward the sector of human development and education, as it was identified as one of the most strategic areas. The current Country Strategy Paper for Kenya for 2014 – 2018 defines four main objectives of the Slovak development cooperation with Kenya:

- a. Improve the health of Kenyans;
- b. Reduce youth unemployment;
- c. Reduce poverty and strengthen food security; and
- d. Contribute to a stronger democratic political system, rule of law, good governance and the implementation of reforms.

In the new Country Strategy Paper for Kenya for the next five-year period these objectives should remain the same with the main focus on job creation and resilience building of the local communities. The Slovak Republic is also active member of the Visegrad Group/V4 countries (the Czech Republic, Hungary, Poland and Slovakia), which implements projects financed from the EU Trust Fund for Africa¹⁰.

Spain

In the last decades Spain has cooperated with Kenya in very different domains. Through the Spanish Agency for International Cooperation (AECI) Spain has provided individual scholarships in the fields of Humanitarian Law, Diplomacy, Health, Defense and Education. Several Kenyans have benefitted from this scholarship programs providing leadership in various sectors in order to implement the 2030 Agenda.

The Financial Cooperation Agreement between Kenya and Spain signed in 2009 has facilitated implementation of various projects such as the Ngong Hills wind power project, Solar Energy provision for 380 schools and hospital, Electricity transmission lines upgrade in some parts of Kenya among other projects.

Last but not least, the Spanish development private cooperation with Kenya has been directed towards the sector of human development, gender issues, education, promotion of sustainable economic growth, health service and child assistance. For decades, our NGO'S contribute in the full range of Human Development, in accordance with the Sustainable Development Goals.



¹⁰Blue Book 2017 and Slovakia Country Strategy Paper for Kenya for 2014 – 2018



Sweden

Within the framework of Strategy for Sweden's development cooperation with Kenya (2016–2020), Swedish development cooperation will contribute to a better environment, limited climate impact and strengthened resilience; the democratic development of society and improved opportunities for poor people to support themselves. Development cooperation will also contribute to the prevention of social conflicts in Kenya, along with the transition from development cooperation to broader economic relations¹¹.

United Kingdom

DFID's work in Kenya uses the full range of commercial, political, diplomatic and security levers to support the delivery of the UK's objectives and Kenya's long-term development. DFID's main engagement areas are:

- a. Economic development: DFID supports the creation of good quality jobs and stimulates investment through urbanisation and improving the business environment;
- b. Basic services and building resilience to crises: DFID helps the government invest in essential health services to stop women dying in pregnancy and childbirth. DFID supports strategies to cope with drought and conflict and improve the government's ability to respond to humanitarian crises and works with partners to find long-term solutions for refugees in Kenya who have fled their homes in neighbouring countries; and
- c. Building stability and institutions: DFID works to improve government systems and accountability, tackle corruption and reduce conflict and the risks of radicalisation through diplomacy and development expertise. DFID also focuses on improvement of systems that will ensure the government can take on financing and management of poverty reduction programmes without the need for external aid¹².



¹¹Strategy for Sweden's development cooperation with Kenya (2016–2020)

¹²DFID Kenya profile (2017)



EU and Member States Contacts

Delegation of the European Union to the Republic of Kenya

Union House, Ragati Road
P. O. Box 45119-00100 Nairobi Kenya.
Tel.: +254 20 2713020/1, 2712860, 2802000,
Fax: +254 20 2711954
E-mail: Delegation-Kenya@eeas.europa.eu
Website: http://eeas.europa.eu/delegations/kenya/index_en.htm

European Investment Bank – the EU Bank (EIB)

Regional Representation for East Africa
Keystone Park, Block A, 3rd Floor
Riverside Drive 95, Nairobi
P.O Box 40193 – KE-00100 Nairobi
Phone: +254 20 273 52 60/1 or 2987865
Cell: +254 736589077
Email: Nairobi@eib.org
Website: <http://www.eib.org/projects/regions/acp/index.htm>

ECHO

2nd BRITAM Centre, Ragati Road, Upperhill
P.O. Box 49991, 00100 Nairobi, Kenya
Tel: +254 20 297 2000
Fax: +254 2972222
E-mail: Echo.Nairobi@echofield.eu
Website: http://ec.europa.eu/echo/index_en

Austria

No. 356 Limuru Road, Nairobi
P.O. Box 30560-00100
Tel.: +254 20 4060022-24
Fax: +254 20 4060025
Email: Nairobi-ob@bmeia.gv.at
Website: <http://www.bmeia.gv.at/en/embassy/nairobi.html>

Belgium

Limuru Road Muthaiga
P.O. Box 30461 00100 Nairobi, Kenya
Tel.: +254 20 712 20 11, 712 21 81, 712 21 66
E-mail: Nairobi@diplobel.fed.be
Website: <http://diplomatie.belgium.be.kenya>

Czech Republic

745 Tende Drive
P.O. Box 25639 00603 Lavington, Nairobi
Tel: +254 774 420 460
E-mail: nairobi@embassy.mzv.cz
Website: www.mzv.cz/static/145692-1MZV/en/index.html

Denmark

13 Runda Drive Runda
P.O. Box 40412 00100 Nairobi, Kenya
Tel.: +254 20 4253000/2195096
Cell: +254 722 517809, +254 733 614250
Email: nboamb@um.dk
Website: <http://kenya.um.dk>

Finland

Eden Square, Block 3, 6th floor, Greenway Lane, off
Westlands Road
P.O Box 2206, 00606 Westlands
Telephone: +254 20 3750721-4
E-mail: sanomat.nai@formin.fi
Website: www.finland.or.ke

France

Peponi Gardens, Off Peponi Road, Nairobi
P.O. Box 41784 00100 Nairobi, Kenya
Tel +254 20 760 55 55
e-mail: ambafrance.nairobi@diplomatie.gouv.fr
Website: www.ambafrance-ke.org

Germany

Ludwig Krapf House, Riverside Drive 113, Nairobi.
P.O. Box 30180, 00100 Nairobi, Kenya.
Tel: +254 20 4262100
Cell:+254 721 322 443
Email: info@nairobi.diplo.de
Website: www.nairobi.diplo.de

Greece

Nation Centre, 7th floor, Kimathi Street
P.O.Box 30543-00100 Nairobi, Kenya
Tel.: +254-20-340722/44
Fax: +254-20-2216044
E-mail: gremb.nai@mfa.gr
Website: <http://www.mfa.gr/missionsabroad/en/kenya-en>

Hungary

Kabarsiran Avenue, Lavington, Nairobi.
Tel.: 254-738 905187/742 984724
E-mail: mission.nai@mfa.gov.hu
Website: www.mfa.gov.hu

Ireland

4th Floor, Delta Office Suites,
Waiyaki Way, Muthangari, Nairobi (Beside Deloitte &
Touche),
Tel: +254 020 5135300
P.O. Box 30659 – 00100, Nairobi, Kenya
Email: nairobiem@dfa.ie
Website: <https://www.dfa.ie/kenya>

Netherlands

Block B, 95 Keystone Park,
Riverside Drive
P.O. Box 41537 – 00100 Nairobi, Kenya.
Tel.: +254 20 4288000
Cell: +254 727 594727, 727 594767, 734 152763, 734 086102
E-mail: NAI@minbuza.nl
Website: <http://kenia.nlembassy.org/>

Poland

58 Red Hill Road (off Limuru Road),
P.O. Box 30086, 00100 Nairobi, Kenya
Tel.: +254-20-7120019-21
Fax: +254-20-7120106
E-mail: nairobi.secretary@msz.gov.pl
Website: www.nairobi.msz.gov.pl

Portugal

Magnolia Close, House 57, Gigiri
Nairobi, Kenya
P.O. Box 48494-00100
Tel. +254 71 588 3361
Cel.+254 70 76 96 482
Email: nairobi@mne.pt

Romania

119 Eliud Mathu, Runda Estate, Nairobi,
P.O. Box 63240 - 00619, Kenya
Mobile phone - +254-721 214 073
Email: nairobi@mae.ro
Website: www.mae.ro

Italy

United Nations Crescent, Gigiri
P.O. BOX 63389 - 00619, Muthaiga, Nairobi
Telephone: +254 (0) 20 5137500
Fax: +254 (0) 703 136286
e-mail: ambasciata.nairobi@esteri.it
Website: www.ambnairobi.esteri.it

Slovak Republic

Jakaya Kikwete Road, Opp. Heron Portico
P.O. Box 30 204, 00 100, Nairobi, Kenya
Tel.: +254 202721896, +254 202721898
Fax: +254 202717291
Mobil: +254 731282826
Email: emb.nairobi@mzv.sk
Website: <https://www.mzv.sk/web/nairobi>

Spain

CBA Building, 3rd Floor, Upper Hill.
P.O. Box: 45503, Nairobi, Kenya.
Tel.: + 020 272 02 22/3/4/5
Fax: + 254 20 272 02 26
E-mail: emb.nairobi@maec.es
Website: <http://www.exteriores.gob.es/Embajadas/Nairobi/es/Paginas/inicio.aspx>

Sweden

United Nations Crescent Gigiri
P.O. Box 30600-00100, Nairobi, Kenya.
Tel.: +254 20 70909604000/44
Fax: +254 20 4234339
E-mail: ambassaden.nairobi@gov.se
Website: www.swedenabroad.se/Nairobi

United Kingdom

Upper Hill Road, Nairobi
P.O. Box 30465-00100, Nairobi, Kenya.
Tel.: +254 20 287 3000/2844 000
E-mail: Nairobi.Enquiries@fco.gov.uk
Website: <https://www.gov.uk/government/world/organisations/british-high-commission-nairobi>





EUROPEAN UNION DELEGATION TO KENYA

For more information please contact:
Delegation of the European Union to Kenya
Email: delegation-kenya@eeas.europa.eu
Website: https://eeas.europa.eu/delegations/kenya_en