USAID | KENYA
FROM THE AMERICAN PEOPLE

2008 Annual Report

Working with Kenyans for improved livelihoods

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Foreword

The United States and Kenya enjoy a vibrant and robust partnership. U.S. main interests in Kenya include promoting democracy and good governance; supporting Kenya's economic development; maintaining its role as a stable partner and contributor to regional peace and security; and mobilizing effective regional counterterrorism efforts.

U.S. assistance in 2008 responded to the post-election crisis and addressed humanitarian needs, the deteriorating food situation due to a prolonged drought, the urgent need for conflict resolution and reconciliation at the grassroots level, the threat of HIV/AIDS and malaria, and the implementation of the reform agenda agreed to by the coalition government in order to address underlying grievances that triggered the violence.

Looking ahead, sustained U.S. engagement will help ensure that fundamental reforms are carried out in order to keep Kenya on the democratic path.

Kenya is one of the long standing beneficiaries of United States Government (USG) financial support administered through the United States Agency for International Development (USAID). As described in the pages following, the USAID program's activities in 2008 were varied and extensive. We look forward to continuing to strengthen the US-Kenya partnership to bring development to the Kenyan people.

Michael E. Ranneberger
Ambassador

"USAID/Kenya's Program pays special attention to rural and marginalized communities, to help reduce poverty levels and in turn increase their incomes."

“We do not view this assistance as an end in itself. We believe that the purpose of aid must be to create the conditions where it is no longer needed, to help people become self sufficient, provide for their families and lift many standards of living.” President Barack Obama, July 10, 2009.

Executive Summary

I am delighted to present to you the 2008 USAID/Kenya Program Annual Report. 2008 was a particularly challenging period for Kenya given the disruptions that resulted from the post election violence, which continued well into mid-year in some parts of the country. Following the violence, our health, agriculture, microfinance, education and governance programs adjusted activities in response to the emergency. This was in addition to major disaster and food assistance from USAID/Washington.

We are proud of our achievements in the emergency and regular programs and the positive impact that our Program continues to have on the people of Kenya.

Through our integrated health outreach services approach, the Health, Population and HIV/AIDS team touched millions of vulnerable women, children and families during the year through a full range of health services. Our malaria control measures for instance protected approximately 1,500,000 people against this deadly disease while separately the Program distributed one million free doses of therapy drugs for malaria treatment. Similarly, USAID/Kenya Program's support for the control of tuberculosis focused on expanding the use of the highly efficacious and cost-effective TB intervention - the Directly-Observed Therapy, Short Course (DOTS) strategy. Indeed, our contribution to the national TB control efforts propelled Kenya to become the first country in Sub Saharan Africa (SSA) to meet the global TB control targets in 2008. When correctly implemented, DOTS produces cure rates of up to 95 percent even in the poorest communities and our expansive HIV/AIDS program saves lives and provides support to thousands of Kenyans everyday.

Safe water and adequate sanitation are essential for the overall improvement of health. Our goal is to assist the government of Kenya to increase access to water and sanitation services in arid and semi-arid areas, and underserved rural communities.

Our Program pays particular attention to the special needs of children from marginalized areas, orphans and other vulnerable children. In 2008, a total of 1,900 students benefited from tuition scholarship program.

Our 2008 achievements in the Governance program largely accrued from our best practice model of building bridges between parliament and Civil Society Organizations (CSOs). The model allows CSOs to serve the dual roles of parliamentary watchdog as well as provider of technical support to strengthen parliament's capacity to bring about reforms. The Parliamentary Initiative Network (PIN) a forum comprising 12 CSOs for instance was instrumental in increasing Parliament's effectiveness in the 2008 budget debate and in the revision of the Standing Orders. The latter paved the way for live broadcasting of parliamentary proceedings and greater participation of women in the House committees.

The Micro and Small Enterprises (MSE) sector continues to be the engine of Kenya's economy as it contributes to about 20 percent of the Gross Domestic Product (GDP) and close to 80 percent of the country's new jobs. The USAID/Kenya Program works to increase incomes of rural MSEs by providing essential business support services and assisting them to be more competitive. By the close of 2008, almost 75,000 MSEs had received the Program's business development services. Thirty percent of the beneficiaries were women entrepreneurs.

Kenya's most valuable natural resources - forests, wildlife, and marine ecosystems, are rapidly facing depletion. To lessen or halt the unsustainable use of natural resources, the USAID/Kenya Program focuses on influencing change in community behavior by promoting favorable incentives that recognize the potential for environmentally sound enterprises to sustain people's livelihoods. Through this approach, communities are not only helping to conserve important biodiversity, but they are also earning incomes from nature-based businesses. In 2008, US$1.27 million was accrued to rural households, mainly pastoral communities from nature-based business.

In 2009, our resources will be channeled towards responding to the post-election crisis and address humanitarian needs, mitigating the deteriorating food security situation due to prolonged drought, conflict resolution and reconciliation at the grass roots level, and supporting the implementation of the national reform agenda agreed on by the coalition government to address underlying grievances that triggered the violence.

Erna Kerst
Mission Director
USAID/Kenya

Investing in People: Health

- 250,000 Kenyans are on ARV treatment for HIV/AIDS
- 930,000 new HIV/AIDS infections prevented
- Kenya's first Sub Saharan African countries meet global tuberculosis targets
- 60,000 treated nets distributed to prevent malaria; 550,000 more procured
- 85,000 children under five years immunized
- 4182 health facilities received health commodities
- 87,000 more people with access to clean drinking water

Health, Population and HIV/AIDS:

Expanded delivery networks enabling better access to Services

The USAID/Kenya health program is anchored on our commitment and determination to prevent suffering, save lives, and create a brighter future for families. The USAID/Kenya's health advancement strategy includes confronting health challenges through improving the quality, availability, and use of essential health services.

USAID/Kenya strives to achieve this goal by focusing on reducing the transmission and impact of HIV/AIDS; preventing and controlling infectious diseases, especially malaria and tuberculosis; reducing maternal and child mortality; improving family planning and reproductive health services; and improving access to safe drinking water and sanitation. The overarching objective of the Program is to strengthen the capacity of Kenyans in order to promote and sustain success and to move Kenya towards greater self reliance.

To deliver on its promise of investing in Kenyan communities, USAID/Kenya employs an integrated health outreach services approach that has helped women and children in the country to access the Program's health and information services. Through this approach, services are extended to households by community health workers through USAID/Kenya's AIDS Population and Health Integrated Assistance (APHIA) projects which implement activities across Kenya's eight provinces. All the APHIA projects receive the President's Emergency Plan for AIDS Relief (PEPFAR) and Family Planning funding, and support both facility and community based services.

Health Systems Strengthening

In 2008, our program continued to strengthen Kenya's health systems. Health systems strengthening projects targeted the six core health systems functions - policy, financing, Human Resources for Health (HRH), commodities supply system, health service management, information management and governance. The formulation of national level policies and disease-specific service delivery guidelines, policy advocacy and implementation and monitoring exercises were also conducted. Activities to increase financial resources and improve their use were implemented through the support of data collection and analysis of expenditure information through national health accounts surveys.

Major investments in human resources for health focused on hiring, training and retaining health workers. The strengthening of commodities supply chain management for FP, HIV/AIDS, and malaria was also a priority activity. The improved operation of the government supply chain was a primary objective. Health service management improvements involved training health facility managers in leadership and management. As part of this effort, USAID/Kenya helped the Government develop information systems to improve data collection, processing, storage and analysis. The Program also supported the development of procedures for the government medical supplies agency to improve government's oversight on drug procurement and distribution.

HIV/AIDS

To combat HIV/AIDS in Kenya, the PEPFAR program aimed to get 250,000 Kenyans on Antiretroviral Treatment (ARV), prevent 930,000 infections and provide care and support to 1.25 million people including orphans and vulnerable children by 2010. Although these are challenging targets, some have already been exceeded. For example, there were over 260,000 Kenyans on ARV treatment by March 2009.

In 2008, USAID/Kenya provided support to strengthen HIV/AIDS prevention, treatment and care services with a focus on expanding access to antiretroviral therapy, increasing the number of trained community health workers to provide home-based palliative care services and improving care and support networks for people and families affected by HIV/AIDS.

Working closely with the Ministries of Health staff at the provincial, district, and sub-district levels, the APHIA teams targeted pregnant and post-partum women and provided them with Voluntary Counseling and Testing (VCT), services on Prevention of Mother-To-Child Transmission (PMTCT), together with HIV/AIDS prevention and FP services. Similarly, women received FP services, and HIV/AIDS and Sexually Transmitted Infections (STI) prevention and treatment services.

Efforts in behavior change communication and counseling and testing at home have helped to increase the numbers of men seeking HIV/AIDS prevention and care

Women's participation in planning and implementation of HIV/AIDs prevention, care and support community activities increased dramatically in 2008.

services. Male clients who received HIV/AIDS home-based care services made it easier for health workers to provide the rest of the family with health information and services.

At the national level, USAID/Kenya was instrumental in the development of a national strategy and tools to guide the implementation of integrated FP/RH and HIV/AIDS services. Together with other sector partners, the Program supports the National AIDS Control Council (NACC) in developing a strategy which emphasizes the critical roles of women as planners of health programs and leading users of health services. As a result, women's participation in the planning and implementation of HIV/AIDS prevention, care and support community activities increased dramatically during the period.

Efforts to curb the spread of HIV/AIDS in Kenya have gradually borne fruit. The 2007 Kenya AIDS Indicator Survey (KAIS) estimates the country's HIV prevalence to be 7.1 - a marginal increase from 6.7 in 2003. USAID/Kenya's collaboration with the Ministries of Health has also contributed to the control of HIV/AIDS in the country.

Tuberculosis

Kenya is the first country in Sub-Saharan Africa (SSA) to have met the global Tuberculosis (TB) control targets, based on the most recently revised incidence estimates by the World Health Organization (WHO). The country is also a pioneer in the initiation of TB control in congregate settings such as prisons. Despite these firsts, TB remains a major cause of morbidity and mortality in the country. While it affects all age groups, it takes its greatest toll on the 25 - 34 age group - the most economically productive and sexually active population. The TB infection rate has also been closely associated with that of HIV/AIDS.

USAID/Kenya's goal is to make a significant contribution to national efforts to prevent and control TB and reduce the morbidity and mortality associated with the disease. The Program channels its support for the fight against TB through the Division of Leprosy, Tuberculosis and Lung Disease (DLTLD) in the Ministry of Public Health and Sanitation.

The Program's support strengthens the expansion of the use of proven and cost-effective interventions to achieve the WHO targets for TB case detection and cure rates. The internationally recognized Directly-Observed Therapy, Short Course (DOTS) strategy is one such intervention. This is done through the USAID/Kenya-funded Management Sciences for Health/Strengthening Pharmaceutical Systems Project (MSH/SPS), Frontiers and the APHIA projects in Nyanza and Coast provinces.

In recent years, the greatest worry about the management of TB has been the emergence of strains resistant to the most useful TB drugs - known as multi drug-resistant TB (MDR TB). Inconsistent or partial treatment is the main cause of MDR TB. DOTS is therefore recommended by WHO as the most effective strategy for ensuring the completion of treatment among TB patients. Once patients with infectious TB have been identified, health and community workers observe and record patients taking the full course of the correct dosage of anti-TB drugs for between six and eight months. The success of the approach requires meticulous recording and reporting systems to document patient's progress and outcomes of the treatment. When implemented correctly, DOTS produces cure rates of up to 95 percent even in the poorest countries. The approach also prevents new infections by curing infectious patients and has been hailed by the World Bank as one of the most cost-effective approaches of all health interventions.

Kenya's long-term goal is to accelerate quality DOTS expansion in order to achieve and sustain the national TB control targets in line with global targets and the Millennium Development Goals (MDGs).

A key challenge associated with TB treatment in Kenya is the increase in cases of unfavorable treatment outcomes. In 2007, when the Program first embarked on the treatment of drug resistant cases, 82 cases of MDR TB were reported although no cases of Extensively Drug Resistant Tuberculosis (XDR TB) had been reported. This is an even more drug resistant form of TB that renders nearly all treatment regimes powerless. Likewise, though the number of TB microscopy centers has increased, the quality of facilities is often doubtful and their outcomes questionable. Although the government's contribution towards TB drugs procurement has increased significantly, this effort is being compromised by the entry of poor quality drugs into the country.

USAID/Kenya has been addressing the emerging threat of MDR and XDR TB by stepping up support to strengthen laboratories to improve case detection, infection control, surveillance, and training of health care providers in the diagnosis and treatment of MDR and XDR TB, all key components of the National Response Plan.

Since the Government prioritized TB as an emergency in the country's health agenda in 2007, the Program has been at the forefront in the provision of administrative, operational and technical assistance for various government-led TB activities. In 2008, MSH/SPS worked with DLTLD staff to improve TB case detection while APHIA II projects in Nyanza and Coast worked with TB centers in the two respective provinces to improve TB treatment initiation and follow-up. For its part, Frontiers worked to close the knowledge gap by studying the integration of TB case-finding during antenatal care. These efforts have contributed to the steady increase of the case notification rate from 54 per 100,000 in 1991 to 329 per 100,000 in 2008.

In 2009, USAID/Kenya will transfer all its TB activities to the Tuberculosis Control Assistance Program (TBCAP). TBCAP has been designed to assist with TB-HIV activities under the PEPFAR program and aims to improve and expand the capacity of the government to respond to the TB epidemic. TBCAP supports the areas of political commitment, DOTS strengthening and expansion, and capacity building, and puts a special emphasis on increasing TB-HIV integrated approaches, managing MDR TB, expanding the involvement of new partners in DOTS at the country level (especially the private sector), and improving drug management systems.

Malaria

Kenya is one of the fifteen African countries benefiting from the President's Malaria Initiative (PMI), a five-year US$1.2 billion USAID-led program to control malaria in Africa. PMI's overriding goal is to cut malaria deaths by 50 percent in the target countries. PMI employs four focused and results-based interventions which include promoting the use of Insecticide-Treated Mosquito Nets (ITNs); Indoor Residual Spraying (IRS), which involves the coordinated and timely spraying of the inside walls of houses with insecticide; intermittent preventive treatment for pregnant women (IPTp); and treatment of malaria with Artemisinin-based Combination Therapy (ACTs).

Because USAID/Kenya considers prevention as the most important first line action in the strategy for fighting malaria, the Program supported an IRS campaign in 2008 in three districts. 364,815 houses were sprayed and an estimated 1,257,666 people were protected against the deadly malaria disease.

The President's Malaria Initiative has been supporting indoor residual spraying for malaria prevention

Sleeping under a LLIN provides protection from malaria-carrying mosquitoes. Such nets were distributed to women and children in malaria endemic districts

IRS is a proven and highly effective malaria control measure which provides protection for between six to nine months.

During the same year, the Program distributed 60,000 Long Lasting Insecticide-Treated Nets (LLINs) to women and children in some of the malaria endemic districts. It is estimated that of 34 million Kenyans, 25 million are at risk of malaria and that pregnant women and children below five years of age are the most vulnerable group. In fact, the disease is estimated to cause 20percent of all deaths in children under five.

The Government's malaria policy supports the distribution of LLINs free to pregnant women at antenatal clinics and to children under the age of one. In 2008, PMI procured 550,000 LLINs which will be distributed through antenatal clinics. Sleeping under an LLIN provides protection from malaria-carrying mosquitoes. Protection lasts up to three years, and the nets do not need re-treatment with insecticide during that period. The Program aims to expand access to free nets for the most vulnerable populations.

In addition to preventing malaria infection and illness, the Program also promotes the effective treatment of cases of malaria, responding to the emergence and spread of drug-resistant malaria, and developing new tools and approaches for malaria prevention and control. Through the Program, 1,281,720 doses of ACT drugs were supplied for the treatment of malaria. ACT drugs are currently the most effective drugs for treating the disease.

Like prevention, USAID/Kenya clearly recognizes the relationship between diagnosis and disease management. In 2008, the Program supported a laboratory needs assessment to identify gaps and needs in diagnostics. It also supported the training of 77 malaria microscopists from various malaria endemic regions around the country. The training aimed to strengthen the health workers' diagnostic skills in order to improve the management of malaria cases.

USAID/Kenya's support during the first year of the implementation of PMI has prepared Kenya to scale up malaria interventions in FY 2009. USAID is working closely with the government through the Division of Malaria Control (DOMC) as well as with the Malaria Interagency Coordinating committee (MICC) to move the country's malaria control efforts forward.

Maternal and Child Health

In 2007, Kenya recognized the need to scale up investments in child health and maternal health to achieve Kenya's long-term goal, as stated in its National Health Sector Strategic Plan, to reduce under five mortality rate (U5MR) to the MDG target of 33 by 2015 and the Maternal Mortality Rate (MMR) to 170 by 2010. Kenya has one of the highest numbers of neonatal deaths in the African region, with 43,600 neonatal deaths per year. Other major causes of child deaths include Acute Respiratory Infections (ARI), diarrhea, malaria, and HIV/AIDS. Malnutrition is an underlying factor in about 70 percent of the illnesses that cause death among under- 5 children.

Between 2008 and 2012, USAID/Kenya will contribute to the reduction of under-5 mortality and maternal mortality by 25percent by supporting the scale-up of high-impact interventions through the continuum of antenatal and post partum maternal health. Community-level work will include a direct focus on birth planning, community midwifery, hygiene, sanitation promotion, water quality interventions, as well as linkages to improvements in drinking water supply and sanitation. In addition, the promotion of exclusive breastfeeding and Oral Rehydration Therapy (ORT) and the scale up of immunization services will form a cost-effective approach to preventing diarrhea and other childhood illnesses. PMI and PEPFAR activities will also accelerate child survival.

During 2008, USAID/Kenya's efforts to reduce maternal mortality and disability focused on building the

capacities of health providers in key sector areas with USAID-assisted partners achieving significant results. 823 health providers were trained in maternal and newborn health and another 3,554 received training in child health and nutrition.

Newborn survival and health are profoundly affected by immunization and nutrition, and are a major focus of USAID/Kenya. During 2008, the Program's support to facility and community based services provided 357,724 children with Vitamin A drops, while 184,739 others were immunized against Diphtheria, Pertusis and Tetanus. Additionally, the Program's relief activities aim is to increase income and improve health to rural households in the food insecure areas, fed over 30,000 infants and young children.

Family Planning and Reproductive Health

During the last few years, Kenya has been grappling with the risk of losing the gains made following the remarkable decline in the country's fertility rate from eight children per woman of childbearing age in the late 1970s to 4.7 children at the end of 1990s. The 2003 Kenya Demographic and Health Survey (KDHS) indicates a slight, but noteworthy, increase in the fertility rate from 4.7 to 4.9 children per woman and a Contraceptive Prevalence Rate (CPR) that has reached a plateau of 39 percent among married women. The latter is still far from Kenya's long-term goal of a CPR of 70 percent.

The government has outlined several measures for the achievement of this goal. In addition to strengthening the policy environment, it aims to ensure commodity security and enhance the capacity of health providers to scale up FP and RH services. USAID/Kenya supports the government's efforts by using its resources to expand support to facility and community services; shore up the commodity distribution system; disseminate contraceptive information through social marketing; and respond to emergency commodity requests from the government.

In 2008, USAID/Kenya increased its support to health facilities five-fold over the previous year. 4,182 health facilities received the Program's support towards training of health workers, supervision, improving contraceptive commodity consumption reporting, and integrating FP services into HIV/AIDS services. Many facilities were also refurbished.

Contraceptive commodity insecurity was particularly acute in this period, due to both government and donor challenges. About 69percent of USAID/Kenya supported sites reported stock-outs. To close the gap, USAID, in conjunction with the UK's Department for International Development (DFID), procured and distributed contraceptives that accounted for 11.4percent of the national requirement. Still, this was six percent below the goal for 2008.

While the Ministries of Health remain committed to improving access to FP/RH services, there are weaknesses in the Kenya Medical Supply Agency (KEMSA) in relation to procurement and distribution. The Health Ministries made attempts to improve distribution by including contraceptive commodities in the health center kits, in 2008, but inadequate commodity utilization data, irregular stock status and distribution information made effective forecasting and quantification difficult. A national task force has identified specific actions which need to be taken to improve KEMSA.

In response, USAID/Kenya stepped up its support for the logistic unit to improve commodity distribution. Separately, the Program was involved in the design and implementation of the new National Contraceptive Security Strategy. The Program also worked with the Division of Reproductive Health to build technical capacity, improve training curricula and strengthen pharmaceutical management systems.

Water Supply and Sanitation

Communities that lack access to safe drinking water and adequate sanitation suffer a disproportionately low quality of life. In Kenya, access to safe water is estimated at 68 percent in urban areas and only 49 percent in rural areas. About 60percent of all households in the country have access to improved sanitation facilities with about 43percent coverage in rural areas. With a fast growing population, the country faces enormous challenges in the provision of adequate and safe water and sanitation services.

USAID/Kenya's goal is to assist the Kenya government and communities to increase access to improved water and sanitation services and to improve hygiene. The Program follows a multi-pronged approach which includes building the capacity of small-scale service providers; strengthening water and sanitation utilities; mobilizing domestic capital for infrastructure development; improving household and community-level hygiene and sanitation; and exploiting

synergies between disaster relief efforts and water and sanitation projects.

Urban, peri-urban, and rural contexts present their own challenges and opportunities. USAID/Kenya customizes its interventions accordingly, promoting shared learning to adapt and modify interventions for success. Through the Program's efforts, 87,000 people accessed clean drinking water and another 35,000 received improved sanitation facilities.

It also promoted appropriate household hygiene interventions and sustainable management of water resources. In addition, more than 1.65 billion liters of drinking water were disinfected for different communities, reducing the prevalence of water-borne diseases.

One of the water projects in Eastern Province constructed by USAID/Kenya and other partners

In 2009, USAID/Kenya will expand the Water and Sanitation Program targeting an additional 150,000 people with clean water and 70,000 people for improved sanitation services.

Emergency Hiring Project Helps to Reach Underserved Communities

EHP nurse Leah Achieng' Chiaji attends to patients at Majengo Dispensary in Tana River District, Eastern Kenya.

Kenya's healthcare sector is weighed down by staffing shortages due to several factors, top among them being the exodus of personnel to other countries in search of greener pastures. This and staff attrition among the few available healthcare providers, means that most Kenyans who depend on public healthcare facilities do not have access to quality health care.

Capacity Project, a USAID/Kenya effort has been helping the Government of Kenya to hire, train and deploy public healthcare workers since 2007. So far, 870 staff have been hired under the Emergency Hiring Project (EPH) and serve in more than 200 health facilities across the country. The government initially received more than 6,500 applications from health workers and winnowed that list to 4,500. The final 870 candidates were screened, interviewed, and deployed just 14 weeks after the positions were first advertised. The governmentís normal hiring process takes a year or longer.

ìIn addition to taking health service to underserved populations, the EHP program has helped to strengthen the recruitment process by working with the government to make its hiring systems transparent, efficient, and rigorous,î says Melahi Pons, Health Sector and Systems Strengthening Team Leader at USAID/Kenya Program.

The work of the new health care providers is considered invaluable in communities that were traditionally underserved. Our priority is to bring services closer to communities in marginalized areas of our country, says Leah Achiengí Chiaji, a community health nurse in Tana River District, an arid and sparsely populated area in eastern Kenya.

ìThe health facility at Tana River was on the verge of closure before we were posted here. That would have been a big loss to the community, ìsays Chiaji, who has worked with EHP for 18 months.

Investing in People: Education

- 35,000 teachers and administrators trained
- All 19 teacher training colleges upgraded with Information Communication Technology
- 1,900 scholarships to orphans and vulnerable children
- 15 facilities including classrooms and toilets rehabilitated/constructed in Muslim communities

Basic Education:

Meeting the special needs of vulnerable and historically marginalized children in Kenya

This Program addresses basic needs of children from marginalized communities in Kenya

Basic education is one of the fundamental pillars for transformational development. The USAID/Kenya Program has over the last few years, designed its Education Sector Support approach to improve the availability, quality and equity of basic education in Kenya.

The Program is aware that without substantial financial inputs and/or creative programming strategies, Kenya may not be able to reach its goal of Education for All by the year 2015. The Program therefore complements the long-term education system reform efforts including Free Primary Education and Free Day Secondary Education with short-term assistance to enable the country to begin to overcome the challenges of too many children out of school (now estimated at one million of primary school age), low quality of learning, lack of teachers, overstretched and dilapidated facilities and inadequate teaching materials. The Program also address gender and disability issues.

The Kenya Education Sector Support Program (KESSP) approach provides a comprehensive implementation framework for USG and other partner's support. Through the Africa Education Initiative (AEI), a special fund dedicated to improving basic education in Africa, the USAID/Kenya Program is helping to meet the immediate learning needs of Kenyan children in selected underserved geographic areas in the mainly Muslim North Eastern and Coast provinces, and seeing the results.

The Program's resolute attention to teacher training is paying off. Interventions include providing textbooks and other learning tools for children; helping more children and teachers use education technology for improved learning; providing scholarships for girls and other vulnerable children; increasing parents' involvement in their children's education; and mitigating the impacts of HIV/AIDS on the education sector.

Primary school enrolment has increased dramatically since the introduction of free elementary education in 2003. The Program recognizes that increased access alone is insufficient. As a result, in 2008, the Program also focused on enhancing the overall education policy environment, information available to the education system, and technical

About 2 million children have enrolled in primary school between 2003 and 2008

School children performing during the launch of the OVC scholarship program. This program targets children who have been orphaned as a results of HIV/AIDS pandemic

and managerial capabilities of teachers and education officials.

In collaboration with the Ministry of Education (MOE) for example, the Program helped to establish an Education Management Information System; developed a framework for teacher competencies; integrated Information Communication Technology (ICT) into education; and strengthened the capacity of community, school and district partnerships. The Program also worked to improve school infrastructure development in marginalized areas.

The USAID/Kenya Program's efforts to improve the efficiency of the MOE during the year concentrated on strengthening the Ministry's management capacity. The Kenya Education Staff Institute (KESI), the education sector institution that trains education managers, institutional management committees, principals and their deputies, members of parents/teachers associations, and school accountants and bursars, was one of the beneficiaries of the Program's capacity building support.

Meanwhile, 3,500 teachers and education administrators were trained in innovative methods that promote interactive learning practices. Improvements in teacher education and the training of administrators specifically helped to increase the quality and availability of teaching and learning materials. The Program also supported the national ICT curriculum development and provided ICT support to all 19 primary teacher training colleges and three other semi-autonomous government institutions namely; the Kenya Institute of Education (KIE), Kenya Educational Staff Institute (KESI) and the Kenya Institute for Special Education (KISE).

During the year, the USAID/Kenya Program entered into alliances with the private sector to improve the relevance of education and ensure the next generation is trained and ready for new employment opportunities. The ICT/GDA Initiative, a public-private partnership between the MOE, Cisco Systems, Intel, Microsoft and USAID/Kenya Program is providing technical and material support to the MOE. The initiative introduces new technologies and methods in teacher training institutions. It equips teachers to identify, develop and utilize appropriate education technology. These partnerships will ensure longer term sustainability and improve education systems to respond to the changing economic climate.

The Program continued to pay attention to the special needs of orphans and vulnerable students by providing individual tuition scholarships. The Program offered 1,900 such scholarships with funding from President's Emergency Plan for AIDS Relief (PEPFAR). Support also extended to issues of HIV/AIDS in teacher education and

ICT capacity building for Ministry of Education staff is a central component of the USAID/Kenya education program

professional development.

The most significant challenge faced was the post election violence which delayed implementation reforms. Many teachers and students were threatened by violence and requested transfer to safer school areas. Implementing partners experienced disruptions and delays in mentorship and teacher training programs. Monitoring of programs was also affected, with a number of schools burnt down, students displaced or transferred, and records destroyed.

Nevertheless, FY08 efforts have laid the foundation for a five-year program of support aimed at increasing the number of children from historically marginalized populations that attend and complete school as well as improving the capacity of education managers and teaching staff to deliver quality basic education.

Finding hope in tragedy

Pre-schoolers from Ngoloko village smile at the future. USAID/Kenya Programs helped upgrade their Educational Center, train teachers and provide learning resources at the Center

Ngoloko village, located 20 miles North of Mombasa Town on Kenya's Indian Ocean coastline, is adjacent to Paradise Hotel, an Israeli-owned facility that was partially destroyed by a terrorist car bomb. Many villagers lost their lives while the subsequent closure of the hotel brought the curtain down on the only source of employment for most of the surviving community members.

Children who lost their parents, as well as those whose parents lost their jobs following the tragedy, were no less affected. Keen to help them, the Education for Marginalized Communities in Kenya (EMACK) Project, together with the communityís Madrassa Resource Center (MRC), teamed up to support the MRC's efforts to provide increased opportunities for the children through upgrading of the MRCs Education Center for Development.

Previously a modest, grass-thatched structure that served 40 preschoolers with one untrained teacher and limited teaching materials, the center is now a modern learning facility as well as contributed to the development of the Education Centre staff.

Through a cost-sharing arrangement, EMACK, a USAID/Kenya Program supported organization provided part financing for the construction of the new ECD facility while the community contributed labor and local materials. Today, the Ngoloko village is proud of its new, community-built ECD facility and the opportunities it provides for the children.

EMACK has also supported the MRC to provide training for its two teachers as well as trained the School Management Committee on effective financial and administrative school management, community mobilization and roles and practices of being an effective community parent-teacher association. The results includes increased enrollment of pupils at the Centre and improved services.

Governing Justly and Democratically

- Support to 12 watchdog Civil Society Organizations
- Strengthening of Parliamentary committees and procedures
- 1.8 million more voters registered and 69 percent turned out on election day
- Voter education reaching every district in Kenya
- New rules and procedures for political party nominations
- Support to conflict mitigation and reconciliation efforts throughout Kenya

Towards Democratic Governance:

Citizens have their say

The process of governing is most legitimate when infused with the democratic principles of transparency, accountability, citizen representation and involvement in decision-making. Citizens' confidence in a government is largely determined by the government's ability to deliver basic services thus, the extent to which a government carries out its functions at different levels is often a determinant of the country's ability to uphold democracy.

The USAID/Kenya Program is particularly concerned with democratic governance in Kenya - that is, the political dimensions of the public management process. FY 2008 was a particularly significant period, as the country's institutions of governance and political democracy were put to the test following the December 2007 disputed presidential election results and during the ensuing post election violence.

The USAID/Kenya Program understands the relationship between democratic governance and sustainable development and continues to advance democracy in the country by improving the balance of power among various branches of government with focus on increasing the effectiveness of select government institutions; promoting more transparent and competitive electoral processes emphasizing the role of women and youth; and counterbalancing these government-focused efforts by empowering the Civil Society Organizations (CSOs) to serve as effective watchdog and advocates for reform.

The model of building bridges between parliament and CSOs, allowing the latter to provide parliament with technical support and at the same time lobby for reforms and serve as an effective watchdog, has emerged as one of the USAID/Kenya Program's most outstanding achievements and best practices.

The model continues to prove its effectiveness in tackling the multiple democratic and good governance challenges in the country - whether it is legislative and anticorruption challenges, political competition and consensus building, civic participation or conflict mitigation and reconciliation.

In a bid to strengthen the legislative function and processes and anti-corruption reforms, for example, the Program supports among other parliamentary watchdog initiatives, the Parliamentary Initiative Network (PIN), a forum comprising 12 CSOs representing professional associations, think tanks and research institutions.

The PIN focuses on influencing the legislature and legislative business. In 2008, PIN was instrumental in increasing the competence of Parliament as evidenced in members' participation in the budget debate and in their revision of Standing Orders that paved the way for greater citizen participation in parliament and better representation of women in House committees.

On the anti-corruption front, the Parliamentary Accounts Committee (PAC), one of the parliamentary watchdog committees supported by the Program, initiated a landmark internal investigation into the role of the Minister of Finance in the purported fraudulent sale of a hotel, which had been acquired by the Government as part of an anti-corruption asset recovery initiative. Not only did the PAC investigate the sale, but Parliament also took a vote of no confidence in the said Minister, forcing him to step aside to facilitate comprehensive investigations.

The USAID/Kenya Program has adopted the Building Bridges description model and used it successfully to influence positive outcomes in promoting political competition in the country. On the one hand, the Program supports the empowerment of political parties to develop issue-based manifestos, and on the other, the empowerment of voters through voter education.

Similar successful results have been posted through adoption of the model for effective conflict mitigation and reconciliation. The Program supports CSOs and Government interventions to address conflict particularly in North Eastern Province where the Program has traditionally focused its peace building support over the years, and more recently, in epicenters across the country that were affected by the 2008 post-election crisis.

Legislative Function and Processes

Efforts targeting improvements in the legislative function and processes are geared specifically towards strengthening the parliamentary committee system. The Program's

activities are designed to increase the committees' capacity to enhance public participation, engage in policy-making, hold the legislative and the executive branches accountable, and oversee the implementation of government programs, budgets, and laws.

Despite being newly seated at the height of the post-election crisis in early 2008, the Kenyan parliament played a significant role in stabilizing the country by reaching an agreement on power-sharing and passing the National Accord and Reconciliation Act (NARA). This piece of legislation not only ended the violence but also entrenched the power-sharing agreement and stabilized the country.

By the end of the year, the new parliamentarians had also recorded improvements in Parliament's oversight systems as well as capacity to interpret and critique the budget.

The USAID/Kenya Program was particularly instrumental in providing a strong foundation for first-time Members of Parliament (MPs) who make up 75 percent of the current House. Some 170 MPs were trained early in the year on the role and functions of the legislature as well as on parliamentary processes and procedures.

To increase their knowledge on parliament's oversight role, the USAID/Kenya Program facilitated various forums that brought together the Finance and Fiscal Analysis and Appropriations Committees (FAAC), CSOs, private sector actors, and the Ministry of Finance. These forums - the pre and post-budget workshops - presented an opportunity for the Committees to conduct in-depth analyses and to question the Executive's rationale on the proposed estimates. The Committees were then able to propose concrete amendments to the Finance Bill.

The Program anticipates continued improvement in this area in the coming year as House Committee members are expected to have attained greater cohesion.

It is worth noting that the proposed Fiscal Management Bill that will institutionalize the Budget Office has gone through the various stages and will most likely be passed in FY 2009. Once fully operational, the Budget Office will further enhance Parliament's expertise and involvement in the budget process.

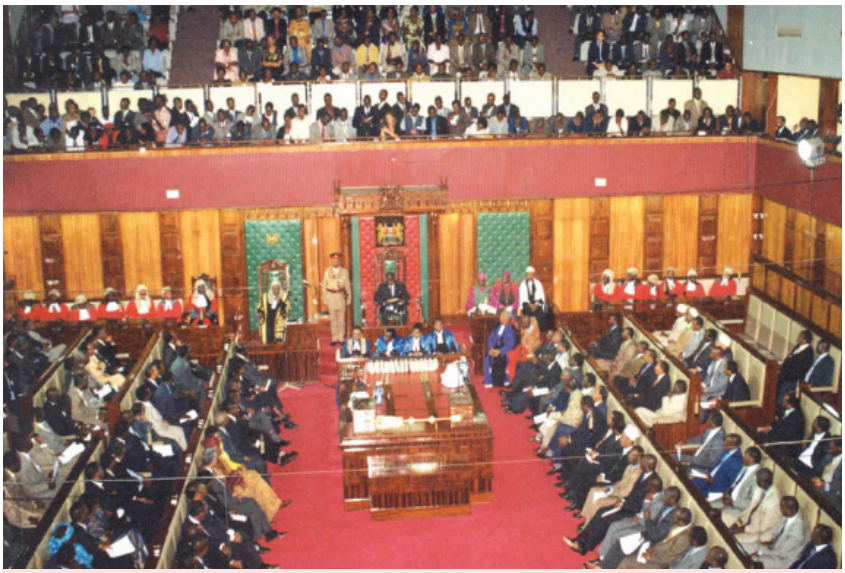
A notable achievement in FY 2008 was Parliament's successful review of the House Rules, also known as Standing Orders. The Standing Orders recognize the new office and role of the Prime Minister, require gender representation on all committees, and open up committee hearings to the public.

Anti-Corruption Reforms

The USAID/Kenya's Parliamentary Strengthening Program continued to support the watchdog committees of the Kenyan Parliament. In FY 08, the investigative and analytical capacities of the PIC and PAC steadily increased as both Committees scrutinized and questioned the Executive's audits and financial decisions. The PAC reviewed audit reports of 36 GOK ministries and summoned senior officials from the ministries, while PIC carried out independent examinations of tenders awarded in three government agencies. In addition, Parliament's staff and Members of Parliament continued to receive training and technical assistance in fiscal analysis and management.

Support to the watchdog committees is complemented by our civil society program. This activity continues to be on course. The program trained 49 individuals in anti-corruption. It also sought to implement three anti-corruption measures and was able to implement five. Monitoring activities were also carried out by CSOs at the local level particularly with regards to monitoring devolved funds. CSOs also conducted independent audits on 48 projects resulting in the exposure of inefficiencies and ethical issues in the overall management of public projects.

The Program's anti-corruption assistance is designed to strengthen



Kenya's parliament in session. The parliament has become one of the most important vessels of pushing for reforms

the system of checks and balances by improving accountability and transparency of governance institutions, processes and policies. Specifically, the Program provides assistance to three parliamentary watchdog committees - the Public Accounts Committee (PAC), the Public Investments Committee (PIC) and the Finance Committee. And of Civil Society Organizations (CSOs), the Public Procurement Oversight Authority (PPOA) benefits from the Program's assistance through the Millennium Challenge Account Threshold Program (MCA TP) which kicked off it's activities in October 2007.

By addressing public procurement reform with a particular emphasis on the healthcare sector, as well as improving the capacity of civil society institutions to effectively monitor and report on public procurement practices, MCA TP contributes to Kenya's efforts to reduce corruption and improve the delivery of quality healthcare. The principal GOK partners in the program include PPOA Ministries of Medical Services and Public Health and Sanitation, and Kenya Medical Supplies Agency (KEMSA).

So far, efforts towards public procurement reform have seen the development of a comprehensive e-procurement strategy which will guide the GOK's formed e-procurement Task Force. Additionally, over 75 GOK procuring entities have received training on good procurement practices under the new procurement law, while training materials on procurement practice, conduct of procurement reviews, and procurement document management were produced to support post-MCA TP activities. At the same time, procurement reviews of major GOK procuring entities have commenced, and are being published on the PPOA website.

In a move to strengthen the capacity of the GOK procurement entity for medical supplies, an assessment of KEMSA management and operations was completed, the results of which were used by the GOK/KEMSA taskforce. A national survey on wastage in the public health supply chain and prices paid for health commodities was also completed and disseminated.

Political Competition and Consensus-Building

A country cannot be truly democratic until its citizens have the opportunity to choose their representatives in free and fair elections. The USAID/Kenya Program recognizes that free and fair elections are attained in environments that promote legitimate contestation for ideas and political power, thriving political parties, and inclusive political processes achieved through participatory consensus building. This is the basis upon which the Program's support elections and political processes and strengthening political parties. USAID together with 10 other donors supported a program that sought to increase the efficiency and professional management of the electoral process; increase the availability of issues based information; and improve the balance, content, and availability of media reporting.

The USAID/Kenya Program's assistance focused on promoting political competition and political and electoral reform dialogue among different actors and increasing the efficiency and professional management of the electoral process.

It is unfortunate that any achievements in the 2007 elections have been overshadowed by violence in the post election period. Notwithstanding, parliamentary and civic elections yielded impressive results. First, the elections recorded genuine competition with 70 percent of incumbent MPs, including 23 Cabinet Ministers, not being re-elected while a record number of women were elected. During the period preceding the elections, voters were educated not only on how to vote, but on actual campaign issues. There were record numbers of issue-based debates facilitated through mass media, and Election Day was largely peaceful. It is not surprising that voter registration and voter turnout exceeded targets. More than 1.8 million voters were added to the registry and 69 percent of eligible voters turned out to cast their votes.

Together with electoral reforms, USAID/Kenya Program continues working on gender equity and youth participation within the political parties. It is notable that ground has been broken in readiness for the removal of barriers to women's full participation in political parties.

Another requisite reform for free and fair elections is a transparent political party nomination process. While 2007 marked some improvements in attempting to open up the process, much still needs to be done. The recently enacted Political Party Finance Act provides the framework for significantly improving the nomination process. This is yet another area that the Program is to support.

Elections and Political Processes

When the Program set out to support Kenya's elections and political processes in 2007, it was committed

to help increase the efficiency and professional management of the electoral process; increase the availability of issue-based information; and improve the balance, content, and availability of media reporting.

As noted previously, the parliamentary and civic elections were successful though the presidential results were contested. The successfully implemented media strategy and voter education campaign initiatives supported by USAID/Kenya Program were central to the many achievements recorded in the general election and election process. Part of the media strategy entailed training local journalists on balanced and equitable reporting. The journalists' efforts were monitored and feedback was provided on a monthly basis.

The Program's harmonized media strategy integrated radio and television programs, print media, a mobile phone messaging initiative and a campaign website. All media activities were designed to encourage public debate and provide opportunities for the electorate to interact with those seeking elective offices. The themes of the campaign were developed around uniquely Kenyan issues and aimed to build an informed citizenry. The themes included youth, women, constitutionalism, ethnicity, poverty, political leadership and accountability, electoral management, corruption, power to vote, peace, security and human rights, inclusion and nationhood, political leaders and development.

From the mobile phone Short Message Service (SMS) which was used to secure feedback from the electorate, a total of 30,190 SMS messages were received. The messages were analyzed and published in the media and on the campaign website which included election news, bloggers, SMS results, and the campaign broadcasting schedule.

The media strategy was complemented by grassroots voter education activities, which utilized the same themes at the local level. Forty-two local CSOs implemented more than 15,896 events, covering every district in the country, directly reaching some 2,300,522 men and 1,893,666 women.

Political Parties

Under the Political Parties Strengthening component, the USAID/Kenya Program focuses on increasing the participation and recognition of women and youth in party affairs; strengthening political parties' capacity to formulate and implement policies; and promoting political/electoral reform dialogue among different actors.

Program activities for 2008 in this area were delayed as most parties spent the year setting up party structures and formalizing membership to comply with the Political Parties Act requirements. The delay was further compounded by the political differences that arose during the elections and post-election period and that have continued to play out in some parties.

The Program did make tangible progress in this area in 2007. Six out of seven targeted political parties successfully developed issues-based manifestos that formed the basis for the December 2007 campaigns. The manifestos enriched the debates and discussions as parties articulated their positions on pertinent national issues. This was a significant departure from previous elections which lacked in-depth policy debates and often promoted ethnicity.

As a follow up to the party manifestos, five out of seven Parties finalized their action plans that aim to remove institutional barriers that

A woman casts her vote. 69 percent of the registered voters turned out to vote in the 2007 general election

Citizens queue outside a polling center to vote during the 2007 elections

affect women's participation. These action plans are currently awaiting approval from the Parties' executive councils. It is noteworthy that there is a steady increase in the number of women and youth who attend and complete leadership training. Of the women and youth who completed training in 2007, fifty percent took up new and, or additional responsibilities within their parties. Much still remains to be done to enable more women and youth to participate meaningfully in party politics and leadership.

One of the key obstacles to the development of strong political parties is lack of proper election procedures. During the period prior to the elections, the leading political parties - for the first time - developed rules and procedures to guide the parties' nomination processes. And although there were cases of irregularities reported during the nomination process, at least the parties had procedures to deal with the irregularities.

Nomination irregularities are not the only reason why women and youth get locked out in party affairs and leadership. Lack of financial resources is yet another thorny issue. In 2007, various interest groups comprising CSOs and political parties successfully lobbied for the enactment of the Political Parties Act. The Act provides for, among other things, party financing and regional representation. These achievements are particularly significant given Kenya's highly challenging political environment that is complicated by the ever-changing composition of party coalitions and the political dynamics created by power-sharing agreements.

Civil Society and Civic Participation

In 2007, the USAID/Kenya Program revised its strategy for supporting civil society. The Program launched the Kenya Civil Society Support Program (KCSSP), designed to improve sustainability, nurture new leadership, and build the advocacy and outreach skills of local CSOs. With the Program's assistance, the CSOs were able to constructively engage the Government on policy and legislative reform topics, and to monitor Government's performance.

Specifically, their work enhanced the transparency and public participation in, the national budget-making process; expanded citizen involvement in the identification, planning, implementation, and monitoring of projects funded at the local level to ensure accountability in the use of decentralized funds; and mainstreamed women's participation in managing public resources, advocating for a gender sensitive budget, and expanding opportunities for young women to participate in decision-making.

During the year, USAID/Kenya Program's support increased the number and diversity of local CSOs assisted, while expanding support to more nascent CSOs, many of which have a gender and/or youth focus. In total, there are 41 CSO partners supported under KCSSP and each has received a grant and accompanying capacity building support.

The capacity building element under Kenya Education Sector Support Program (KESSP) begins with the CSOs completing an Organizational Capacity Assessment (OCA). The OCA results are used to design training and capacity building assistance suitable to strengthen the specific CSOs' internal systems. The CSOs also work on individual ëImprovement Plans' and then meet with other partners to promote ëPeer Learning'. This dual approach works to improve the overall leadership and governance of CSOs while improving their advocacy efforts.

In 2008, 49 CSO staff were trained in monitoring and evaluation, as well as in advocacy. Leadership, board management and governance skills

training will be high priorities in the coming year.

The Coalition for Accountable Political Finance (CAPF), for example brought together a number of CSOs interested in political and legal reforms. Their advocacy led to the enactment of the Political Parties Bill. In addition to establishing a new legal regime for the registration of political parties, the new Act establishes a Political Parties Disputes Tribunal; provides for state funding of political parties; and establishes that the office of the Registrar of Political Parties exercises broad oversight over the activities of political parties, including financial reporting on political financing (both sources and utilization). Over time, this is expected to have an impact on corruption in elections and corruption generally.

FIDA, a leading CSO comprised of female attorneys, has been leading a campaign to increase gender equity in the formation of Government policies. During the past year, the organization developed an advocacy strategy for women's rights to land and property; as well as gave the organization's comments on the National Land Policy to the Ministry of Lands; FIDA also developed a scorecard to monitor and illuminate ways in which MPs can promote gender equality. The organization's other efforts went to reviewing the Truth, Justice and Reconciliation Bill's gender sensitivity, and empowering MPs to effectively articulate the women's concerns on the bill in parliament; and presented a paper to Parliamentarians entitled, ìThe Place of Parliamentarians in the Fight Against Female Genital Mutilation (FMG).î

Although a relatively new program, prospects for KCSSP are bright as evidenced in the vital role CSOs played before the elections and following the post election violence. Indeed, KCSSP partners are working to influence electoral reform, constitutional reform, land reform, equitable inclusion of women and youth and decentralization, while promoting transparency in all activities. These are the fundamental underlying issues that led to the post-election violence. Now more than ever, civil society programs are critical in moving Kenya towards becoming a transformational country.

Conflict Mitigation and Reconciliation

The USAID/Kenya Program strives to address the underlying problems that fuel violent conflict as well as mitigating more immediate threats to peace and stability which often drive cycles of conflict. Mitigation efforts are designed to assess and identify drivers of conflict in order to facilitate development and promote stability. The reconciliation process on the other hand involves helping belligerent groups and parties of conflict work and live together in harmony.

Traditionally, the USAID/Kenya Program has focused its conflict mitigation and reconciliation support to North Eastern province. The post-election violence necessitated that the Program expand its assistance to cover all the areas affected by the crisis as well as seek new strategies for preventing future violence. The Program mobilized 15 partners for the task. 13 of which were Community-Based Organizations (CBOs) in the areas which experienced conflict.

The Program's deliberate strategy to support organizations based in the crisis torn communities meant that less experienced CSOs were selected. Accordingly, a lot of capacity building had to take place to introduce them to effective strategies for promoting peace building.

The greatest success story witnessed thus far with this approach is in the long drawn out Mt. Elgon conflict, where a budding CBO was able to bring elders from two conflicting clans to the table when they previously would not have sat in the same room. The Mosop and the Soy elders finally agreed to meet after a variety of facilitation techniques and

US Ambassador, Michael Ranneberger joins religious leaders and other participants during a seminar organised by Kenya Civil Society Strengthening Program

Elders of the Mosop and Soy communities negotiate on the framework for ending the long drawn out Mt. Elgon conflict

inclusion of chiefs and former civil servants familiar with the conflict. The two sides agreed on a framework for discussing their contentious issues. They also signed a series of resolutions that will be facilitated by the CBO to help address the causes of the conflict and examine durable solutions.

The CBO also plans to have similar meetings with the women, youth and other marginalized groups to bring them into the process. Peace and reconciliation is obviously a long-term process and it is still too early to claim that this has taken root in Mt. Elgon, or in any other epicenters where the CBOs are working.

Separately, the Program supported the training of media practitioners on conflict sensitive journalism to mitigate their role in fuelling the post-election crisis and instead, engage the media to contribute towards conflict transformation.

In the traditionally male dominated conflict mitigation sector, USAID has been striving to achieve greater women's participation. During the period under review, 131 women were trained to build their capacity in handling conflict. The Program has learnt that it is easier to reach women through forums organized to support youth.

The USAID/Kenya Program support to North Eastern Province for capacity building in conflict prevention continued in earnest. The training targeted local peace committees and District Peace Committees (DPCs). Improvement in early conflict warning and rapid response to resolve conflicts was recorded as evidenced in Mandera, where the DPC and local peace committees generated early warning information on a potential post-election violence related conflict and the committees initiated a successful early response.

By and large, the 2008 post-election crisis scuttled much of the prior progress that Kenya had in Conflict Mitigation. The Government-led National Steering Committee (NSC) on Conflict Management and Peace Building, its members and most conflict transformation actors did not have early warning information that would have helped to put in place conflict prevention strategies to stem the crisis. As a result, conflict transformation actors are reflecting on their role or lack thereof in preventing or mitigating the crisis. They are also seeking to learn from this crisis, realizing that they were generally divided along ethnic and political lines and were therefore not objective actors. In addition, they have realized that they focused on conflict transformation without combining this with efforts to address the underlying grievances and structural issues. This is a valuable lesson that will greatly inform the work of the Program in the coming years.

Nonetheless, the apparent ineffectiveness in handling the post-election violence has resulted in some positive developments. For the first time, the transformation actors have recognized the need for Government to provide budget support to the NSC. Additionally, the Government has issued a directive requiring every district to establish a DPC. This is being implemented, though there is concern that the formation and training is not standardized. The NSC is expected to provide the DPCs with clear Terms of Reference and a training manual.

The NSC has continued to provide an open forum for collaboration and partnership between the Government, CSOs and communities and together a number of joint conflict mitigation and reconciliation activities have been implemented.

One of the flagship outcomes of the Program was the development of the draft National Policy on Conflict Management and Peace Building. NSC has received further USAID/Kenya Program support to review the draft policy in light of the post election crisis.

While progress has been achieved in building partnerships, the capacity of the NSC remains weak, owing mainly to lack of resources. It is hoped that this challenge will be effectively addressed through the Program-supported capacity building efforts in the short term, and for the long term once the policy is passed.

Given political will, the policy and its accompanying framework promise to establish an integrated process for conflict management and peace building, which will remain pertinent if Kenya is to move beyond the crisis and effectively break the cycle of violence to ensure that violent conflict is never again an option that the Kenyan people consider to address issues and grievances.

Kenyan Parliament embraces its oversight role with outstanding success

"Parliament remains a critical institution in the governance and political stability of Kenya."

Kenya's Parliament, the legislative arm of the Government has increasingly become seen as an institution which could push for reforms. This is contrary to the long held notion that it was a closed institution, and a rubber stamp for executive authority, which the public had little hope would bring the necessary reforms.

This notable achievement is due to institutional reforms within parliament that have resulted in increased exercise of its oversight role and opening up to the public, especially through the media. The USAID Parliamentary Strengthening Program (PSP) implemented by SUNY-Kenya, has been working to push for Parliament's effectiveness in the delivery of its constitutional mandate of legislation and oversight since 2005.

To achieve its goal, the program has been instrumental in supporting Parliament's reforms through provision of technical assistance that mainly targets institutional strengthening. This comes in form of capacity building both for the staff and Members of Parliament (MPs), improving Parliamentary Committees' effectiveness, strengthening the oversight role of Parliament in budget making process and improving efficiency in legislation making.

A key achievement of PSP towards this end has seen the revision of standing orders of new SOs, which aim to improve efficiency of the House in dispensing its activities. Standing Orders contributes to a more thorough oversight of line ministries, build institutional capacity, and increase MPs' accountability before Kenyan citizens. The creation of the new house rules is also a key milestone towards opening up of Parliament by allowing media accessibility to the work of Parliamentary Committees and live broadcast of entire House proceedings. These rules also obligate the committees to open their proceedings to the public, submit quarterly reports to Parliament, and allows the development of institutional structures to engage stakeholders like the CSOs and legal fraternity in legislation.

Towards Economic Growth

- Making more competitive value chain in horticulture, livestock and dairy benefiting 543,000 rural households
- 180,000 women farmers received training and technical assistance
- Improvements for a more enabling environment for agriculture through new legislation and policies
- US$10 million in microfinance loan guarantees spurring. 21,800 new female borrowers
- Crop diversification and new markets for thousands of Kenyan farmers

Going for Stronger Economic Reforms

Average households make cents of the reforms

Like most African countries, Kenya requires higher levels of economic growth to have significant impact on poverty, improve the living standards of its citizens and reach its potential to become a significant trade and investment partner in the world economy.

Although the country's economy grew by an overall 6.0 percent between 2006 and 2007, thus putting the nation on the ready for the biggest economic expansion this decade, the post election crisis of 2008 and worldwide economic downturn sent the economy spiraling backwards to a real growth rate of just 2.8 percent from 2007 to 2008. This has sent the Government and development partners back to the drawing board to look for ways to jumpstart the economy and put it back on track.

In the USAID/Kenya Program's framework for assistance, economic growth takes a central place as an essential ingredient for securing Kenya's future.

In its strategy to increase economic growth, USAID/Kenya Program supports efforts to broaden and strengthen the country's economic reforms. The Program focuses on increasing agricultural productivity and trade, promoting an enabling environment for the private sector, expanding openness to trade and investment, strengthening Kenyan capacity to manage economic and natural resources, and increasing rural incomes. The Program magnifies its impact by collaborating with other U.S. government agencies, donors, and development partners.

Agriculture

The agricultural sector is central to Kenya's broad based economic growth. An estimated 80 percent of Kenyans derive part of their livelihood from agriculture. The sector accounts for about 60 percent of the country's total export earnings and, fully exploited, can boost incomes, enhance food security and reduce rural poverty.

Unfavorable climatic conditions, lack of policy cohesiveness, inadequate infrastructure and investment, and limited access to financial services by small scale farmers are some of the factors that limit the sector's growth. In 2008, the situation was further aggravated by the post election crisis which led to the destruction of crops and property, and contributed to the large-scale displacement of small scale farmers especially those living in Western Kenya, the main producer of wheat, maize, and dairy products. The sector's contribution to the country's GDP in 2008 fell to 22 percent down from 27 percent realized five years earlier.

The USAID/Kenya Program's assistance to the sector continues to place special emphasis on the revitalization of the maize, wheat, dairy and horticultural sub-sectors. The Program also supports agricultural development through policy dialogue by providing analytical guidance to the inter-ministerial Agricultural Sector Coordination Unit (ASCU). During the post-election period, the USAID/Kenya Program supported Tegemeo Institute of Policy and Analysis of Egerton University to analyze and provide guidance on the food security situation in the country and the estimated extent of loss in assets, value of production and loss of livelihoods by the internally displaced persons.

In spite of the challenges posed by the post election crisis, USAID/Kenya Program's contribution to the horticultural sub-sector during the period paid off handsomely. The sector recorded a steady growth over the previous year, with the value of exports increasing by 28 percent and hitting a record US$1.018 billion revenue. The interventions which targeted increased value addition and improvements in compliance with market standards helped to increase horticulture volumes by 15 percent. In turn, 48,000 producers increased their gross annual sales by an average of US$307 per grower, or a total incremental income of over US$14.7 million.

In contrast, maize and dairy sub-sectors endured massive losses in productivity and revenue in 2008. This notwithstanding, USAID/Kenya Program's support still managed to assist over 380,000 small maize farmers and create estimated incremental household incomes of US$232 million and US$9.9 million in the maize and dairy sectors respectively. In the midst of the crisis, the dairy sub-sector still achieved a 19 percent increase in annual productivity against a target of 40 percent for the year.

Another 543,000 rural households benefited directly from the Program's assistance to re-establish private sector-

Through the Program's assistance, majority of women received short-term agricultural sector productivity training

led growth and productivity. 489,671 individuals, of whom 179,430 were women, received short-term agricultural sector productivity training. Overall, women comprised 37 percent of farmers benefiting from training, technical assistance, technology adoption and market development under the USAID/ Kenya Program assistance.

In fact, a biennial household income survey conducted by Tegemeo Institute established that average household income increased in the medium and high potential areas - where USAID programs are focused - by 14 percent between 2006 and 2008; female-headed households grew their incomes more (19.4 percent) than male-headed households (13.9 percent); and off farm income as a share of total household income increased from 45 percent in 2006 to 46 cent in 2008, reflecting moderate improvements in productivity and trade in the targeted sub-sectors.

Increasingly, during the period there were improvements in the coordination and alignment of Government's and donor policy objectives, approaches and investments. Together with Government prioritizing agriculture among the six sectors that will drive the country to the achievement of Vision 2030 strategy, during the year, the President called for an increase in the FY08/09 budget for the agricultural sector to eight percent of the overall budget up from 6.8 percent in FY07/08.

Enabling Environment

USAID/Kenya Program's efforts to advance policy and institutional reforms which favor the growth of the agricultural sector saw notable progress in 2008. The Program's assistance was mainly channeled towards policy research and analysis and implementation of the Strategy for Revitalizing Agriculture (SRA) through Egerton University's Tegemeo Institute of Policy and Analysis and the inter-ministerial Agricultural Sector Coordination Unit (ASCU), which oversees the implementation of Kenya's SRA respectively.

Kenya's first step towards the implementation of the common African framework for agricultural growth, food security and rural development started with the Program's support for conducting a detailed, stock taking exercise which identified opportunities and gaps in the agricultural sector, as well as strategies that can be employed to curb the underlying challenges. The Comprehensive African Agricultural development Program (CAADP) is an Africa owned-and-led initiative whose goal is to help African countries reach a higher path of economic growth through agriculture-led development. With the stock-taking successfully completed, the country is now ready to sign the Kenya CAADP Compact later in the year.

The USAID/Kenya Program also made significant contributions to the consolidation and harmonization of policies in agriculture that will impact on the work of various ministries which form membership of the ASCU. A Draft Consolidated Agricultural Legislation Bill and a Cabinet Memo, for example, were prepared and are awaiting the Minister's signature and subsequent tabling in Parliament. In addition, an Irrigation and Water Policy, a Water Storage Policy and a new National Agricultural Research Systems (NARS) policy were drafted and are awaiting approval of the Technical Committee of the SRA.

Efforts to support biotechnology culture in the country have started to bear fruit. The Biosafety Bill received strong backing when it was presented in parliament for discussion. The feat is tied to adequate training and sensitization of Parliamentarians and key Parliamentary committees before hand, which resulted in the Bill passing the first and second readings without a hitch. The Bill is expected to govern research, field testing, commercialization and imports of bioengineered crops.

In preparation for the implementation of the Biosafey Act, USAID/Kenya

Program provided capacity building assistance to eight Government of Kenya agencies. The agencies include National Environment Management Authority (NEMA), the Kenya Bureau of Standards (KEBS), the Kenya Plant Health Inspectorate Service (KEPHIS), Pest Control and Produce Board (PCPB), Ministry of Agriculture, Attorney General Chambers, the Kenya Industrial Property Institute (KIPI), and Department of Public Health in the Ministry of Public Health and Sanitation. Additionally the Program also provided technical and financial support to help the Government launch the National Biotechnology Awareness - BioAware - Strategy.

As the Program considers capacity building core to the achievement of its objectives, two female scientists are receiving long-term advanced degree training relevant to agricultural enabling environment in U.S universities.

Sector Productivity

The USAID/Kenya Program works to enhance agricultural sector productivity through investments that foster increasing returns to land, labor, and capital. Targeted interventions with male and female producers provide improvements in technology and management practices, expanded access to markets and credit, increased organizational and market efficiency, restoration and protection of resiliency in production and livelihood systems.

With the exception of horticulture, other agricultural sub-sectors posted a general decline due to the post election disturbances. While the value of horticulture exports increased by 28 percent and raked in US$1.018b in revenue, maize yield per acre decreased by 14 percent and the dairy sub-sector suffered losses estimated at over US$100 million.

Nevertheless, the positive impact of the USAID/Kenya Program's value chain development efforts was felt across the three sub-sectors. At the same time, the Program's partners placed 28 new agricultural technologies under research and 46 others were made available for transfer to farmers.

The impressive increase in quality horticulture yield in 2008 stemmed from the Program pioneering new commercial production techniques for domestic and export crops. The increase surpassed the 2008 target by an average 15 percent. Flowers, cashew and macadamia nuts which were the targeted products for the U.S. market contributed more than 70 percent to the total Kenya export value of US$8.4 million to the U.S. With the new U.S. market beckoning, three Kenyan companies opened sales offices in the U.S in 2008. It is estimated that smallholder producers contributed more than 90 percent of the increased yield and earned more than US$460 million from the domestic market and $70 million from exported products.

Despite the post-election disturbances, the USAID/Kenya Program supported the introduction of 15 new maize technologies in Kenya in partnership with various private sector firms and research institutions. The population benefiting directly from the Program's assistance to the maize sub-sector increased by 15 percent to 373,615 due to the Program's enhanced project field presence. Because more maize farmers participated in the Program activities, their combined earnings increased from $206 million in FYO7 to US$232 million in FY08. On the downside, the average maize yield per acre fell short of a target of 28 (90kg) bags, by 14percent to 24 (90kg) bags. This inevitably lowered the incremental benefits gained per farmer by nine percent to US$628/farmer during the period.

In the dairy sub-sector, the interruption in milk production, collection, distribution and marketing in major parts of Rift Valley, Western and Nairobi provinces during the post election crisis as well as loss of animals subjected farmers to losses estimated

In 2008, the Program made investments in vegetable pack-houses to motivate small producers and create long-term sustainable income for growers

at US$100 million, according to a sub-sector study conducted in 2008. Efforts to resuscitate the sub-sector saw the USAID/Kenya Program's new Kenya Dairy Sector Competitiveness Program (KDSCP) establish a Dairy Task Force to lead the industry's recovery and growth. The Task Force comprises representatives of the industry's key stakeholders.

Despite these setbacks, the Program achieved a 19 percent increase in annual productivity against a target of 40 percent and 91,549 farmers were using the Program's improved technologies compared to a target of 87,000.

Pastoralists who command a huge segment of the livestock sub-sector in Kenya, were the greatest beneficiaries of the USAID/Kenya Program's livestock growth and development efforts in 2008. The Program strengthened the local livestock marketing associations in order to open new markets for livestock and livestock products. The Program also worked to improve the remote pastoral communities' access to animal health services and at the same time helped to improve the food security of communities in arid and semi-arid lands by introducing new farming management practices in those communities.

In addition, during the year, a total of 59,057 rural households benefited from the Program's Business Development Services, surpassing the 2008 target of 52,188.

Private Sector Competitiveness

The key to economic growth is ongoing growth in productivity - turning the same resources into ever-greater amounts of goods and services over time. Productivity growth results from efforts of different producers - each seeking profit and spurred by competition. Thus in private sector competition, firms work to reduce costs, improve quality, serve or create new markets and increase sales. For growth in productivity to be sustained, producers must be motivated to search for and adopt a never-ending stream of such improvements.

The USAID/Kenya Program's support to private sector competitiveness is anchored on the African Global Competitiveness Initiative (AGCI), a US Presidential Initiative which aims at promoting the export competitiveness of enterprises in Sub-Saharan Africa in order to expand African trade with the United States, other international trading partners and regionally within SSA. Through AGCI, the USAID/Kenya Program supports the horticulture sub-sector by addressing the constraints within the horticulture value chain and working to increase the sub-sector's productivity and competitiveness.

Specifically, the Program supports efforts to improve the business and regulatory environment for private sector-led trade and investment, strengthen the knowledge and skills of the horticulture private sector enterprises to take advantage of market opportunities, increase access to financial services for trade and investment, and facilitate investments in infrastructure.

Through the Program's private sector partners, the USAID/Kenya Program made new investments in fruit processing facilities and vegetable pack-houses. This will motivate small producers and create long-term sustainable income for growers. At the same time, more than 3,000 new producers joined producer associations, against the 2008 target of 2,500. This means that small growers can access farm inputs easily and that the associations can negotiate better crop prices with marketing companies on their behalf.

During the year, USAID/Kenya Program provided technical assistance to 37 companies to help them meet market requirements. Three private companies specifically accessed equity finance with the support of the Program. The Program also initiated partnerships with major supermarket

Women comprised 37 per cent of farmers who benefited from USAID/Kenya Program supported training

chains in Kenya to improve food safety, quality and traceability of fresh produce in the domestic market. Meanwhile, the market saw the entry of three new products - organic tea-tree oil, frozen mango pulp, and smallholder flowers introduced by the Program's private sector partners. Additionally, the export of chili and passion fruit products pioneered by the Program continued to grow. The Program's support for the horticultural sector players to participate in the U.S. trade show contributed to a significant increase in Kenya-US trade.

Overall the Program's direct beneficiaries achieved average increases in productivity of more than 15percent over target for a range of vegetable, flower and tree crops. Trade and income earned by the Program's smallholder clients was 23 percent above target.

Delivery of marketing and Business Development Services (BDS) in 2008 was provided by 91 private and public partners. A total of 48,000 smallholder producers benefited from the Program's technical assistance and training. Through the Program's support, the National Taskforce on Horticulture (NTH) comprising of key public and private sector stakeholders received technical support to strengthen its operations. NTH coordinates the overall horticulture sector development and advises the Government in its response to international regulations. This strengthens Kenya's reputation as a responsible trading partner in global markets. The Program also provided technical support to the NTH for the development of much needed new urban wholesale markets. The project was approved by the Government as a public-private investment project and construction of the market is expected to commence in April 2009.

Economic opportunity

In this era of globalization, generating economic growth in developing countries while reducing poverty is a fundamental development challenge. USAID/Kenya's vision for micro-enterprise development involves addressing the needs of poor people within the context of globalization and dynamic domestic and global markets to help them harness the resources they need to participate meaningfully in markets.

It is on this backdrop that USAID/ Kenya Program works to strengthen the productivity of Micro and Small Enterprise (MSE) and increase access to financial services to enhance capacity of the economically vulnerable groups. The Program understands that the MSE sector is crucial in Kenya's economic development and provides an opportunity for economic growth, employment generation and poverty reduction.

Currently the MSE sector is estimated to provide livelihoods to over 3.5 million smallholder farmers and close to two million artisans. It also contributes to about 20 percent of Kenya's Gross Domestic Product (GDP) and close to 80 percent of the country's new jobs. Clearly, these MSEs require business development services, access to credit and inputs and an enabling environment that facilitates rather than inhibits their participation in markets, for them to maximize their contribution to the development of key sectors of Kenya's economy. The Program promotes the growth and competitiveness of the sector by addressing its challenges and providing the essential business support services.

Inclusive Financial Markets

FY 2008 was a particularly challenging year for the MSEs' as well as the Microfinance Institutions (MFIs) as their operations faced disruption from the post election crisis. Most MSEs' ability to repay loans was affected by the disturbances. This resulted in serious liquidity problems for the MFIs and Savings and Credit Cooperative Societies (SACCOs). As normalcy began to return following formation of Kenya's Coalition Government, prospects for economic recovery were again dimmed by the rise in world oil prices and domestic energy costs.

To mitigate the problem, the Program, in collaboration with the UK's Department for International Development-supported Financial Sector Deepening Trust (FSDT) and Association of Micro-Finance Institutions (AMFI), stepped in with a microfinance ërescue package to help restore liquidity in the industry. The three-pronged facility consisted of a Liquidity Fund to support MFIs and SACCOs whose clients experienced repayment problems, a Technical Assistance Fund to aid in due diligence and credit analysis, and a Conflict Prevention and Mitigation Response to promote social reconstruction and peace building through the industry's extensive MFI branch offices network.

USAID/Kenya Program risk-shared lending into the sector with a $10 million Development Credit Authority (DCA) loan guarantee placed with Equity Bank and OikoCredit. In addition, the Program designed and launched two other DCA loan agreements in community-managed commercial water enterprises and micro-health insurance, each with a maximum guaranteed loan of US$5 million.

Working with two non-traditional value chain credit sources and nine local financial service providers, the Program implemented embedded spray credit, produce purchase credit and revolving working capital credit products. Overall lending is expected to steadily grow with the three new and four existing DCA agreements and several thousands of Kenyans, including those affected by the crisis are expected to benefit.

Meanwhile, the USAID/Kenya Program continued to expand its financial services to rural and agricultural households primarily through the DCA mechanisms and other value chain financial products. The number of MSEs receiving finance rose to 6,687 against a target of 4,500 with 20 percent, close to 21,800 women who joined the ranks of new borrowers and depositors during the year.

As a lead partner in Kenya's microfinance sector, consistently providing support to the sector for over 15 years, USAID/Kenya Program was instrumental in transforming K-Rep into a commercial bank, and facilitating the passage of the Microfinance Act. The Program also played a central role in the establishment of AMFI. AMFI is now a financially and managerially self-sufficient institution, able to represent the needs of its expanding membership.

After passage of the Microfinance Act, the Program, through its Kenya Microfinance Capacity Building Program (KEMCAP), produced a set of deposit-taking microfinance regulations and provided capacity-building to the Central Bank of Kenya (CBK) Supervisory Department. KEMCAP, which strengthened the microfinance industry and key participants as a means to facilitate ongoing growth, officially came to an end in January 2008, having placed a DCA portfolio of US$20 million, which substantially contributed to increased access to capital for MSEs. The total value of loans during the year was US$14,278,864 million, above the target of US$7.5 million.

A study undertaken during the year on value chain finance within the fish sub-sector recommended strengthening the weak financial structure, reducing power imbalances and resolving socio-cultural and environmental concerns. The assessment plans to undertake a comprehensive assessment of the financial sector in Kenya, building on the first one done in 2006 that will guide Program interventions, jointly with the CBK, FSDT and other partners.

Omena fish traders pack after sun drying it. The Program has linked 640 such traders with a lead exporter

Strengthening Microenterprise Productivity

USAID/Kenya Program's activities to strengthen micro enterprise productivity aims to increase incomes among rural MSEs, by providing increased access to business development services and markets. In 2008, these activities were implemented under the Kenya Business Development Services (KBDS) program.

Before the KBDS came to a close in September 2008, the number of MSE owners who had received business development services had increased from 73,321 in 2007 to 74,326. This included 30 percent women, demonstrating the Program's commitment to promote gender equity in business. The number of MSEs that received financing stood at 6,687 exceeding the year's target of 4,500.

The Program also developed the capacity of commercial service providers during the year, with a total of 1,592 receiving training. 40 of the trained and accredited agrochemical sprayers and 60 grafters provided their services in the various sub-sectors contributing to the substantial productivity and quality increases. Additionally, as a result of the enhanced capacity of agro-chemical stockists and extension officers, general producer prices in

the Program-supported agricultural sub-sectors increased by 600 percent during the period.

In order to help small holder farmers to become established, grow, and integrate into markets and value chains, the Program primarily works to link the farmers with commercial markets. During the period, women entrepreneurs who benefited from such linkages rose by 642 to 24,501 in 2008, exceeding the target of 20,350. This included over 640 women omena fish traders on Lake Victoria who were linked with a lead exporter through supply contracts.

Meanwhile, the tree fruit sub-sector's long-term sustainability was strengthened as a result of ten leading exporters being linked and enabled to source avocado directly from MSEs through supply contracts, negotiated by commercial rural-based market linkage firms. The sub-sector was also boosted by the development of four industrial-scale avocado oil processors.

USAID/Kenya Program supports research that contributes to economic growth such as the development of new seed varieties that increase crop output and farmers' incomes. A program assessment impact in the tree fruits sector and a value chain finance study in the fish sector conducted towards the end of the year established that USAID contributed to greater integration of smallholders and lead firms, and improved the overall functioning, competitiveness and growth of tree fruit value chains.

Crop Diversification and New Technologies Open New Markets for Smallholders

Felistus Hato (extreme right) and her neighbours who recently formed a producer group of 26 members

For the last 30 years, Felistus Hato has been toiling as a subsistence farmer in Thika District growing maize, beans, spinach, and bananas for her family's consumption and for sale to her neighbors. Lack of high quality seeds, farmer extension services, and poor market information have all contributed to her poor yield, low product quality and limited profits.

In February 2004, Felistus became one of the first lead farmer partners of the new USAID/Kenya Program-funded Horticultural Development Centre (HDC). She donated a portion of her land as an HDC demonstration plot and organized her neighbors to attend weekly extension training sessions provided by an HDC Agronomist.

Together, Felistus and her neighbors learned how to grow different horticultural crops such as the African bird's eye chili, vanilla, tomatoes, onions, cabbages and grafted passion fruit plants.

Not long after the demonstration plots were set up, Felistus incorporated many of the same improved production practices and diversified her crops to include the production of other high value products such as red onions, and improved varieties of capsicum and kales. Her gross sales from the farm have since increased by 30 percent and the net profit by 38 percent.

With HDC's technical assistance, I am able to produce more efficiently and am now focusing on products with a higher market demand, ì reports Felistus.

Felistus, along with 26 of her neighbours who include 16 women and 11 men have now joined together to form the Mwitithia Women Self Help Group. Mace Foods, a Kenyan exporter, has subcontracted the group to supply it with African bird's eye chilli. Meanwhile, almost half of the group has started to produce hybrid tomatoes and an improved capsicum variety. They have prepared land, laid mulch, and planted nearly 8,000 ABE chilli seedlings. With increasing demand for high quality onions in the Kenyan domestic market, more than half of the group has planted hybrid red onions. Felistus has also expanded her irrigation facilities and plans further expansion in the near future. Her farm alone is providing full-time employment to ten neighbours - six women and four men - and part-time employment to13 others.

Environment and Natural Resources Management

- US$1.27 million in increased incomes from conservation enterprises for mainly pastoral communities and 18,500 women
- Improved biophysical conditions of 150,000 hectares
- US$3.7 million tree seedlings planted
- 41,000 people trained in environmental conservation, advocacy and governance
- Community based organizations supported to conserve biodiversity in thousands of hectares

Conservation or Livelihoods?

Communities learn to balance the scale profitably

Kenya's natural resources are among the country's most valuable assets, without which the livelihoods of the nation's 34 million citizens would be under threat. Basic survival requirements - water, food and shelter - emanate from the country's natural resources. The major economic sectors - agriculture, pharmaceutical, mining, fisheries, and timber industries, all rely on raw materials extracted from natural resources.

In 2008, for instance, wildlife-based tourism alone earned Kenya US$300 million comprising a net economic gain of US$27 million and contributing five percent of Kenya's real Gross Domestic Product (GDP), a tenth of formal employment opportunities and over a quarter of total foreign exchange earnings. However, these resources are under threat by high human population growth, land degradation, loss of wildlife habitat, pollution of marine and coastal ecosystems, resource-linked conflicts, destruction of water catchment areas, encroachment and excision of forests and, climate change.

The USAID/Kenya Program supports efforts that lessen, reverse or halt unsustainable use of the natural resource base through an integrated natural resources management (NRM) approach. The focus is on influencing behavioral change by natural resource users by promoting sustainable incentives for NRM. The Program supports environmentally sound conservation enterprises to sustain people's livelihoods while conserving important biodiversity. USAID assists community based organizations (CBOs) and landowners to acquire the technical and management skills needed to manage alternative enterprises, such as eco-tourism, as well as gain access to credit and markets for their products. The Program also supports the development and implementation of policies that promote sustainable NRM.

The high importance the Program places on empowering communities to manage natural resources is rapidly yielding social, economic and environmental impacts. As of 2008, about 150,000 hectares of land in areas of biological significance (e.g. wildlife migration routes outside parks and reserves, critical catchment areas in forests) showed improved biophysical condition. This was five percent more land than the target for the year. During the same period, pastoralists on 500 hectares of land in the Laikipia ecosystem practiced improved grazing management. In time, this will help restore the biodiversity and productivity of this rangeland resource.

Local communities are reaping handsome benefits from their participation in the management of natural resources and the environment. In 2008, a staggering US$1.27 million accrued to rural households mainly pastoral communities - from conservation enterprises. Of the beneficiaries, 18,500 were women, indicating a steady integration of women in NRM. Conflict over natural resources such as water and pasture is a recurrent theme in many of USAID's target areas, but project activities have been able to defuse conflict in some instances by supporting inter-ethnic grazing committees. These groups are trained to interact with warring parties in attempts to reach agreement over equitable natural resource access and use. These CBOs were able to secure peace on the ground due to their leadership and skills in conflict mitigation and resolution.

Natural Resources and Biodiversity

USAID/Kenya's program addresses the country's challenges to natural resources and biodiversity through three key initiatives - management of terrestrial biodiversity, advancement of nature-based enterprises, and improving management information systems to monitor trends in biodiversity and natural resources management.

Because habitat loss is a serious threat to biodiversity, establishing community-managed conservation areas as safe havens for biodiversity is critical to ensuring the survival of the earth's natural heritage. In 2008, the USAID/Kenya program exceeded its target of securing land for improved management purposes by 20 percent. 52,630 hectares of biologically significant areas were set aside for the purpose. But establishing a conservation area requires more than simply setting aside a tract of land. A management plan is required to ensure that biodiversity in the area is in fact protected.

Elephants are considered an endangered species in Kenya, but an aerial survey of the Samburu-Laikipia ecosytem has shown a population increase of five per cent

During the year, the Program initiated a land use master plan on the vast wildlife/livestock ranges adjacent to the Nairobi National Park to conserve critical wildlife dispersal areas. The plan should be completed in 2009.

In Laikipia ecosystem, the Program supported CBOs in bringing 500 hectares under improved grazing management. Additionally, assistance was provided to the Kenya Wildlife Service (KWS) to formulate five national conservation strategies for key species - cheetah, wild dog, sea turtles, lion and wild aloe.

Kenya's closed canopy forests are sources for major water supplies. More than 3.5 million rural households rely on forest and forest products to meet their livelihood needs. As a result, USAID/Kenya emphasizes forest management as a critical component of the Program. During the year under review, the Program supported the formation and training of 12 Community Forest Associations (CFAs) paving the way for participatory forest management (PFM) of state Forest Reserves by the communities and the Kenya Forest Service (KFS). Further, KFS approved a forest management plan for the 340 sq. Km. Mukogodo forest, and a CFA, comprising mainly of pastoralist households, will be ready to negotiate a PFM agreement with KFS in FY09. Meanwhile, over 3.7 million tree seedlings were planted within selected riparian areas, on farms and within degraded forest reserves.

To develop relevant and appropriate strategies to mitigate key threats to Kenya's biodiversity, the Program supported concerted efforts to improve information management systems that monitor trends in biodiversity and natural resources management (NRM). In particular, three databases were developed that profile 15 parameters on wildlife population dynamics, vegetation, tourism numbers and socio-economic variables. While monitoring of wildlife numbers in two peri-urban areas showed a downward trend, ranger-based monitoring across eight community conservancies shows a rise in the numbers of eleven key species. The numbers of wildlife had declined in these areas following 20 years of poaching and general lawlessness. The situation is reversing with the wildlife re-appearing as a result of improved management and security. Of course, many factors contribute to these apparent trends, and they will be compared with data generated from an aerial wildlife census across three districts in early FY09.

Working with Kenyans for better livelihoods

The success of the communities' nature-based businesses was driven on the premise that those who are most dependent on natural resources for their livelihoods have the greatest incentive to manage them responsibly, and often have an intimate knowledge of their local resources. USAID/Kenya's support focused on providing strategic business planning and development services and on expansion of community and private sector business partnerships.

As a result, participating rural households realized US$1.27 million from businesses such as eco-tourism, crafts, livestock sales, processing of essential oil, gum and resin. The Program's support also saw four ecotourism agreements worth over US$2.5 million initiated between communities and the private sector. Further, an innovative, incentive-based model - ëlivestock markets for wildlife conservation' - gained acceptance through regular, transparent and prompt payments

for cattle sales. Pastoralists sold over 600 cattle through the program and received over US$120,000. The program will be scaled-up in four more community conservancies in FY09.

Indeed, the Program realizes that local management of natural resources achieves the best results when communities are involved in the governance of issues that are of direct relevance to them. During the year, USAID/Kenya Program supported the design of four initiatives to reduce conflicts over the access and control of natural resources. Grazing committees and a conflict resolution committee were developed among five pastoralist groups and inter-community by-laws for controlled grazing were implemented. When violent conflict broke out towards the end of FY07, these committees helped to mitigate the severity of the conflict in their communities.

Organizational development and institutional strengthening is a significant component of USAID/Kenya Program's support. In 2008, over 41,000 people were trained in natural resource management, environmental advocacy, business management and governance. At the same time, the Program assisted the newly established KFS to establish critical management systems - procurement, human resource management, fixed asset registry and financial management - needed for its transition to a ëfor-profit' state corporation. This will enable KFS to manage USAID resources in support of technical forestry programs in the future. With the Program's support, KWS developed an impressive, integrated work plan in support of community wildlife conservation, forest restoration, and key species management. The Plan is tightly linked and complementary to the conservation efforts of USAID/Kenya partners.

Though women's access to and control of natural assets remains weak, in 2008, there were indications that gender relations are slowly changing with regards to their participation in project activities. Gender integration was initiated through development of five rangeland rehabilitation demonstration sites, 43 woodlots, 18 small-scale crafts and two ecotourism ventures. Up to 560 women were trained in rangeland improvement techniques and a further 18,500 benefited from participation in nature-based enterprises. However, the representation of women in governance and decision making structures of communities still remained low at an average of 5percent against the target of 40percent for the Program.

While much of USAID/Kenya Program's work is related to on-site biodiversity conservation, the Program also engages in policy dialogue. However, progress on the Wildlife Policy and Legislation review process was impacted by the split of the Ministry of Tourism and Wildlife. The portfolio shifted to the new Ministry of Forestry and Wildlife. The current policy document is more than 30 years old and is not entirely conducive to progressive, beneficial and inclusive wildlife conservation and management. Since 2004, USAID/Kenya has been supporting the Ministry of Lands formulate a draft National Land Policy. This draft was submitted to Cabinet in late 2008, and if approved will create a framework which will be used to address Kenya's long-overdue reforms of land tenure and property rights (LTPR), particularly among economically and socially marginalized populations. In addition, several assessments of LTPR were undertaken, including a review of the draft National Land Policy. These assessments in the northern rangeland and coastal conservation projects showed the need to formalize and strengthen the tenure arrangements through which local communities establish and hold conservancies, particularly those operating on Trust Land. This is an essential building block for attracting private-sector investment and for the long-term sustainability of the conservancies.

Clean productive Environment

Through efforts to promote a clean productive environment, the Program supported farm-forestry and enhanced environmental services. Additional support was also channeled to improve the monitoring and reporting of Carbon sequestered in woodlots and the scaling up of systems to verify Carbon offsets offered in the global markets. Other support went to studies to assess the energy efficiencies of improved stoves. Together, these activities promoted energy conservation, energy efficiency, renewable energy technologies and mitigated climate change through Carbon sequestration. Payment for these services, mainly from a fund tied to the sale of Carbon on global markets, was an important incentive for conservation.

Elephant population on upward trend as communities actively engage in conservation

A November 2008 aerial survey of elephants in the Samburu-Laikipia ecosystem in Northern Kenya revealed an estimated 7,500 elephants, representing an increase of approximately 2,000 elephants in the area in a period of six years. The survey which also recorded increases in numbers of other mammals was conducted by Kenya Wildlife Service (KWS), in partnership with other conservation partners including Northern Rangelands Trust (NRT) and Lewa Wildlife Conservancy (LWC).

In regions where wildlife are not confined by fences or agriculture, security is considered to be one of the major factors that limits elephants' range and dispersal. With development of community conservancies particularly around the Mathew's Range and to the East and North-East of the Samburu-Laikipia ecosystem, return of elephants in areas where they have not been seen for almost two decades, is now evident.

The increase in elephant population as well as expansion of their range is a testament to the success of community conservancies in providing security for elephants. Not only are elephants returning, but they are also remaining in these areas for longer periods rather than merely passing through on a seasonal basis. This anecdotal evidence is supported by the monitoring being carried out by conservancy scouts and also radio-tracking data by Save the Elephants initiative.

Since 2005, USAID/Kenya's support to NRT has been a key contributor to the success and expansion of community conservancies in the region. Currently, there are approximately 792,000 ha of land under community-conservation management compared with only 5,350 ha of formal protected areas (Government National Reserves). Area under community conservation is further expected to hit 900,000 ha with the inclusion of two new community areas, which include Ngare West and Leparua under the umbrella of NRT in 2009. These new conservancies form a critical link between the wildlife dispersal areas of Laikipia and Samburu and will provide a much-needed buffer to Buffalo Springs and Shaba National Reserves.

Over the recent past, poaching of elephants has continued to be a critical challenge to wildlife conservation efforts across the country and Northern Kenya is no exception. However, with the network of trained and equipped conservancy scouts, the close collaboration between KWS and LWC, and the vigilance of community members, it is now easier to address the threat posed by poachers and react swiftly to poaching incidents.

Elephants in Il Ngwesi Conservancy during the aerial survey in November 2008. Over 1,200 elephants were counted in the neighbouring conservancies of Il Ngwesi and Lekurruki, the highest concentration of elephants in the entire Samburu-Laikipia ecosystem

Acronyms and Abbreviations

ACT	Artemisinin-based Combination Therapy
AEI	Africa Education Initiative
AGCI	Agricultural Global Competitiveness Initiative
AIDS	Acquired Immune Deficiency Syndrome
AMFI	Association of Micro Financial Institutions
APHIA	AIDS, Population, and Health Integrated Assistance
ARV	Antiretroviral
ASCU	Agricultural Sector Coordinating Unit
BDS	Business Development Services
CAADP	Comprehensive African Agricultural Development Program
CAPF	Coalition for Accountable Political Finance
CBOs	Community Based Organizations
CFAs	Community Forest Associations
CPR	Contraceptive Prevalence Rate
CSOs	Civil Society Organizations
DCA	Development Credit Authority
DfID	Department for International Development
DLTLD	Division of Leprosy, Tuberculosis and Lung Disease
DOTS	Directly Observed Therapy Short Course
DPC	District Peace Committees
DPP	Department of Public Prosecutions
ECD	Education Center for Development
ECK	Electoral Commission of Kenya
EFA	Education for All
EHP	Emergency Hiring Plan
EMACK	Education for Marginalized Communities in Kenya
FAAC	Finance and Fiscal Analysis and Appropriations Committees
FIDA	Federation of women lawyers
FMG	Female Genital Mutilation
FP	Family Planning
FSDT	Financial Sector Deepening Trust
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology
ITN	Insecticide-Treated mosquito nets
IRS	Indoor Residual Spraying
IPM	Integrated Pest Management
IPTp	Intermittent Preventive Treatment for pregnant women
KAIS	Kenya Aids Indicator Survey
KBDS	Kenya Business Development Services
KCSSP	Kenya Civil Society Support Program
KDHS	Kenya Demographic Health Survey
KDSCP	Kenya Dairy Sector Competitiveness Project
KEBS	Kenya Bureau of Standards
KEMCAP	Kenya Microfinance Capacity Building Program
KEMSA	Kenya Medical Supply Agency
KEPHIS	Kenya Plant Health Inspectorate Service
KESI	Kenya Education Staff Institute
KESSP	Kenya Education Sector Support Program

KFS	Kenya Forest Service
KHDP	Kenya Horticultural Development Program
KIE	Kenya Institute of Education
KIPI	Kenya Industry Property Institute
KISE	Kenya Institute for Special Education
KWS	Kenya Wildlife Service
LLINs	Long Lasting Insecticide-Treated Nets
LTPR	Land Tenure and Property Rights
LWC	Lewa Wildlife Conservancy
MCA-TP	Millennium Challenge Account Threshold Program
MCH	Maternal and Child Health
MDGs	Millennium Development Goals
MDR TB	Multi Drug Resistant Tuberculosis
MICC	Malaria Interagency Coordinating Committee
MFIs	Micro Financial Institutions
MOE	Ministry of Education
MP	Member of Parliament
MRC	Madrassa Resource Center
MSE	Micro Small Enterprises
MSH/SPS	Management Sciences for Health/ Strengthening Pharmaceutical Systems
NACC	National AIDS Control Council
NARA	National Accord and Reconciliation Act
NEMA	National Environment Management Authority
NER	Net Enrollment Rate
NRM	Natural Resources Management
NRT	Northern Rangelands Trust
NSC	National Steering Committee
NTH	National Taskforce on Horticulture
OCA	Organizational Capacity Assessment
OVC	Orphans and Vulnerable Children
PAC	Parliamentary Accounts Committee
PAC	Public Accounts Committee
PCPB	Pest Control and Produce Board
PFM	Participatory Forest Management
PIC	Public Investments Committee
PIN	Parliamentary Initiative Network
PEPFAR	Presidents Emergency Plan for AIDS Relief
PMI	Presidential Malaria Initiative
PSP	Parliamentary Strengthening Program
RH	Reproductive Health
SACCOs	Savings and Credit Cooperative societies
SMC	School Management Committee
SMS	Short Message Service
SOs	Standing Orders
SRA	Strategy for Revitalizing Agriculture
SSA	Sub Saharan Africa
TB	Tuberculosis
TBCAP	Tuberculosis Control Assistance Program
USAID	United States Agency for International Development
USG	United States Government
VCT	Voluntary Counseling and Testing
WHO	World Health Organization
XDR TB	Extensively Drug-Resistant Tuberculosis

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