

# Multi Annual Country Strategy Kenya

## 2023 – 2026

### Executive summary

Kenya is the largest economy in Eastern Africa. Its vibrant and diversified private sector, together with infrastructure investments and revised economic policy, has led to consistent GDP growth. Kenya and the Netherlands have a strong trade relationship. The Netherlands is the 3rd export destination for Kenya and the largest market in the EU. The economy is largely based on extractive activities of which agriculture, in particular horticulture, and mining are the most prominent. For the Netherlands horticulture and flowers stand out as the most important products coming from Kenya. The challenge Kenya's economy is facing is low value addition.

However, this economic growth is not felt by everyone. For example, Kenya has one of the largest percentage of unemployed youth in East Africa. Kenya has a huge population of people living within the Arid & Semi-Arid Areas (ASALS) and is also hosting to over half a million refugees from the region. All of such groups are marginalized, face discrimination and exclusion from political processes. The recurrent drought, as a consequence of climate change in both Kenya, Somalia and the region, is having devastating effects on small-scale farmers who rely on rain-fed agriculture as well as eroding livelihood opportunities for pastoralists and communities in ASALS and hinders their ability to bounce back and be resilient.

Our new strategy, therefore, focuses on both: **sustainable economic growth and leaving no one behind. Both are essential to maintain the current stability of the country which is prerequisite for sustained economic growth.**

In five sectors that we find promising for Dutch interventions, we will **identify opportunities, enhance trade and investment, address challenges in the business climate, and support private sector development.** These sectors may cross-fertilize each other as well. These five sectors are:

- **Agriculture:** working on sustainable production of horticulture, aquaculture and dairy through Dutch innovation and knowledge transfer.
- **Logistics:** strengthening the Kenyan exports through cooled sea-freight.
- **Energy:** promoting renewable and innovative solutions for productive use and e-mobility.
- **Water:** improving access to water through innovative water technologies.
- **Life Sciences and Health:** strengthening PPP- constructions to improve private health care provision in Kenya.

Interventions in these sectors should lead to inclusive sustainable economic growth, with opportunities for women and youth, creating formalized decent jobs, that promote digital, innovative and circular solutions. Crucial element will be the gateway position of Kenya to the EAC and the direct flight connection between Nairobi and Amsterdam (gateway to gateway connection) and the link with the port of Rotterdam. The Netherlands, as an important trading partner of Kenya, recognizes the importance of combatting illegal trade flows now containerized transport is growing rapidly. Organized crime is a potential threat, with Netherlands' sea- and airports being main destinations.

On stability and leaving no-one behind, we will focus on **improving abilities of communities in the ASALS in Kenya to withstand climate-related shocks by partnering with county authorities.** We will work with these authorities and within

the framework of devolution to enhance their capacities in delivery of critical sectors such as: climate resilient approaches for food and nutrition security, integrated water management and enhanced access to renewable energy. We will also work with our partners towards mitigation of natural resource-based conflicts. We are keen to leverage on Netherland's expertise from private sector, knowledge institutions and civil society, with the aim to promote sustainable solutions together with the Kenyan authorities and stakeholders.

Secondly, and critical to our approach, is to ensure that at the heart of our strategic interventions **reducing inequalities (and marginalization)** is the pathway towards ensuring a stable Kenya and region. To this end, we will seek to invest in community-based prevention interventions against radicalization and countering extremism violence, in close collaboration between Kenyan security actors, CSOs and communities. As Kenya is under continuous threat from Al Shabaab, that is rapidly transforming into a regional terrorist power with strong financial means in a highly unstable region, the country is a regional hub for intelligence and information gathering from which also the Netherlands will cater for its security interests.